

Clasquin

Indy - Trucking / France

Target Price EUR 22.00

Expected performance (12 mth) 20.9%

BUY EUR 18.20 (Closing price 08-Dec-06)

Small but formidable!

11 December 2006

Analyst

Claire Deray

Tel: +33 1 55 67 72 43

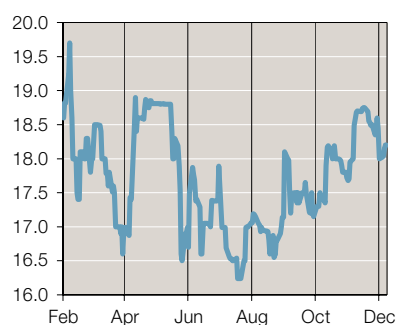
Email: claire.deray@fortis.com

Opinion on qualitative criteria

Accounting	Local reporting
Quality of track record	Neutral
Solvency	High
Currency risk	Neutral
Risk of asset write-off	Low

Share price performance/EPS revision (EUR)

Price Fortis EPS est. 2007



Source: JCF, Fortis Equity Research

Market capitalisation (EUR m)	40.6
No. of shares (m)	2.2
Free float	25.0%
1/3/12 mth perf. (%)	(2.2)/4.1/(3.3)
High/low 52 weeks (EUR)	19.70/16.24
Next results due	1 March 2007
Price/book value (x)	2.9
Volatility (β) (5yrs/)	
Reuters symbol	ALC PA
Bloomberg symbol	ALCLA FP
Website	www.clasquin.com

Investment case

Thanks to the capital increase made in early 2006 (EUR5m), the group is expected to both accelerate its internal development and seize opportunities for external growth. Moreover, as the group has already put in place a structure to achieve around EUR300m in sales, we do not expect a significant increase in fixed costs. Thus margin improvement should go hand in hand with sales growth and in turn, strong net results growth.

Listed on Alternext since 31/01/06 at EUR15.5 (top of the range of the public offer), the share price has been boosted by 1) FY05 results coming in above the business plan (sales of EUR92.3m vs. at least EUR85m targeted, Gross Profit of EUR21.7m vs. at least EUR20.8m, and EBIT at EUR3.3m vs. at least EUR2.7m), and 2) promising buoyant sales growth over the first nine months of FY06 (+19.6%).

Despite the share price rally (+17%), Clasquin is still trading at a discount of 35% compared with its European peers (Kuehne Nagel and Panalpina) in terms of EV/EBIT multiples. Although Clasquin's small size and lower liquidity may justify a discount, we consider that in view of the potential offered by the group the current discount is too high and should gradually decrease. We thus initiate coverage of Clasquin with a BUY rating on the name, and EUR22 TP (DCF, peer comparison, and transaction multiples).

Year to December	2004	2005	2006e	2007e	2008e
Sales (EUR m)	70.6	92.3	105.7	118.4	125.5
EBITDA (EUR m)	3.2	4.3	4.3	5.1	5.8
Net profit excl. extr. & amort. (EUR m)	1.1	2.1	2.4	2.9	3.5
Net profit (EUR m)	1.1	2.1	2.4	2.8	3.5
EBITDA margin (%)	4.6	4.7	4.1	4.3	4.6
ROCE (incl. goodwill) (%)	31.8	28.0	25.2	28.2	33.8
Net gearing (%)	70.2	75.1	(20.3)	(30.5)	(41.9)
EPS before extr. & amort. (EUR)	0.67	1.12	1.18	1.28	1.57
EPS (EUR)	0.66	1.10	1.17	1.27	1.55
DPS (EUR)	0.00	0.23	0.32	0.38	0.46
% change sales	8.5	30.7	14.5	12.0	6.0
% change EPS (excl. extr. & amort.)	248.4	65.5	5.8	8.5	22.5
EV/Sales			0.36	0.31	0.27
EV/EBITDA			8.9	7.1	5.8
P/E (excl. extr. & amort.)			15.4	14.2	11.6
P/E			15.6	14.4	11.7
PE/growth (excl. extr.)			0.5	1.9	0.7

IMPORTANT: PLEASE READ DISCLOSURES AND DISCLAIMERS AT THE END OF THIS DOCUMENT

Sales by segment 2005 (%)

Air	57.0
Sea	40.0
Others	3.0

Source: Company, Fortis Equity Research

Sales by region 2005 (%)

France	48.0
Rest of Europe	5.0
USA	6.0
Asia & Pacific	41.0

Source: Company, Fortis Equity Research

Capital ownership (%)

Yves Revol	46.0
Banque de Vizille	13.0
Staff	9.0
Others	7.0
Free Float	25.0

Source: Company, Fortis Equity Research

Peer group

Eagle
Expeditors
Geodis
Kuehne Nagel
Panalpina Welttransport
Uti Worldwide

Management

Yves Revol
Philippe Lons

Investor relations**Next dividend date**

29 June 2007

Profile and strategy

Clasquin is focused on air and sea freight forwarding management. Thanks to its presence in Asia, the group has benefited from strong growth in flows from and to this region. Clasquin runs 36 offices in North America, Europe (France and Southern Europe) and in Asia Pacific. To offer its clients a global service, Clasquin uses local players in the Rest of the World via the World Freight Alliance network. The group's strategy is geared towards 1) the penetration of new countries (Canada in October and India and Germany at a later stage) to support existing clients, and win local contracts, 2) the development of branches in existing countries (higher volumes to generate economies of scale), via internal or external growth (France, Spain, Switzerland, Germany, etc.).

Risk factors

As this business (low capital intensive) is based on the *savoir faire* of commercial teams, the group might lose its best employees to its competitors, and in turn might lose major contracts (no long-term contracts). Management could fail to integrate external growth (no track record for M&A operations).

Latest news

Q3 sales were EUR26.3m up 17.4% (o/w 6% of price adjustment linked to oil prices), in line with the trend posted in the first six months, i.e. +20.8% (o/w 7% of price effect). As price adjustments have no impact on Gross Margin, in a context of oil price hikes, Gross Profit's growth is lower than sales growth. Q3 GP was EUR5.9m up 10.3%, after +14.7% in H1.

Earnings forecast

Management had already announced a slowdown in sales growth in Q4 due to an unfavourable base effect. We thus anticipate EUR105.7m in sales in FY06 up 14.5%, compared with +19.6% for the first nine months. As we have not integrated external growth in our estimate, we cautiously anticipate a slowdown in sales growth to 12% in FY07 and to 6% in FY08.

The sharp increase in staff in FY05 (+22% in order to support the strong sales growth anticipated in the coming years), should weigh on margins in FY06. We have thus integrated a 50bp decrease in EBIT margin for FY06 to 3.1%. However thanks to the ramp-up of agencies, strong organic growth, etc., we are confident in the group's ability to improve margins from 2007, with an EBIT margin expected at 3.5% in FY07 and 3.9% in FY08.

Combining strong sales growth and margin improvement, Clasquin's net result should register a strong growth in the coming years: +15% expected in FY06, +20% in FY07 and FY08.

SWOT analysis**Strengths**

- Good knowledge of Asian markets
- High operating margin compared with peers and ability to improve

Opportunities

- Penetration of new countries
- External growth

Weaknesses

- Small size compared with peers
- Low liquidity
- Small own network

Threats

- Walkout of commercial team
- Failure to integrate external growth

Source: Fortis Equity Research

Clasquin

P & L Statement (EUR m) Year to December	2003	2004	2005	2006e	2007e	2008e
Net sales	65.1	70.6	92.3	105.7	118.4	125.5
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Personnel costs	(9.0)	(9.6)	(11.3)	(13.4)	(14.9)	(15.7)
Other operating costs	(53.8)	(57.8)	(76.8)	(88.0)	(98.4)	(104.0)
EBITDA	2.3	3.2	4.3	4.3	5.1	5.8
Depreciation	(1.1)	(1.2)	(1.0)	(1.0)	(0.9)	(0.9)
EBITA	1.1	2.1	3.3	3.3	4.1	4.9
Reported provisions	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
EBIT	1.1	2.1	3.3	3.2	4.1	4.9
Net financials	(0.3)	(0.3)	(0.4)	(0.0)	0.0	0.1
Profit Before Taxes (PBT)	0.5	1.3	2.7	3.2	4.1	5.0
Taxes	(0.2)	(0.2)	(0.6)	(0.8)	(1.3)	(1.5)
Income from associates	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net profit before extraordinary	0.3	1.1	2.1	2.4	2.8	3.5
Extraordinary items	(0.3)	(0.4)	(0.2)	0.0	0.0	0.0
Net reported profit	0.3	1.1	2.1	2.4	2.8	3.5
% change in Sales		8.5	30.7	14.5	12.0	6.0
% change in EBITDA		42.8	32.3	(0.3)	18.9	13.9
% change in EBITA		84.6	60.4	(1.6)	26.5	18.7
% change in PBT		152.7	103.4	18.7	28.2	21.6
% change in Net profit before extraordinary		316.7	86.3	15.2	17.4	22.7

Cash Flow Statement (EUR m)	2003	2004	2005	2006e	2007e	2008e
EBITDA	2.3	3.2	4.3	4.3	5.1	5.8
Change in provisions excluding tax provisions	(0.0)	0.1	0.2	0.0	0.0	0.0
Change in net working capital	0.7	0.0	(3.7)	(0.8)	(0.3)	0.2
Gross operating cash flow	2.9	3.3	0.8	3.5	4.8	6.0
Taxes paid	(0.2)	(0.2)	(0.6)	(0.8)	(1.3)	(1.5)
Capex	(0.8)	(0.6)	(1.1)	(1.0)	(1.0)	(1.0)
Free cash flow	1.9	2.5	(0.9)	1.7	2.5	3.5
Net interest received	(0.4)	(0.3)	(0.3)	(0.0)	0.1	0.1
Other	0.0	(0.0)	(0.0)	0.0	0.0	0.0
Acquisitions	(0.1)	(0.0)	(0.1)	0.0	0.0	0.0
Divestments	0.0	0.0	0.0	0.0	0.0	0.0
Share issues/buybacks	0.0	2.0	0.0	5.0	0.0	0.0
Dividend (adj. stock dividend)	(0.0)	0.0	0.0	(0.5)	(0.7)	(0.9)
Extraordinary items (after tax)	0.0	0.0	0.0	0.0	0.0	0.0
Change in interest-bearing debt	(0.9)	0.8	(0.1)	(0.5)	(0.5)	(0.5)
Change in cash & cash equivalents	0.5	4.9	(1.4)	5.7	1.4	2.2

Balance Sheet (EUR m)	2003	2004	2005	2006e	2007e	2008e
Net intangible fixed assets	1.7	1.4	1.3	1.3	1.2	1.2
Net tangible fixed assets	0.8	0.7	1.0	1.0	1.0	1.2
Financials fixed assets (FFA)	0.3	0.3	0.4	0.4	0.4	0.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade debtors	12.8	16.4	24.7	27.7	28.8	28.2
Other debtors	4.5	4.5	5.4	6.0	6.3	6.1
Cash & securities	(2.9)	1.0	0.1	5.8	7.2	9.4
Total Assets	17.3	24.2	32.8	42.1	44.9	46.4
Shareholder's equity	(0.3)	2.7	4.8	11.7	13.9	16.5
Other equity	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.1	0.1	0.2	0.2	0.2	0.2
Provisions	0.5	0.6	0.5	0.5	0.5	0.5
Long-term interest bearing debt	0.9	2.0	2.1	2.5	2.2	1.6
Short-term interest bearing debt	1.8	0.9	1.7	0.9	0.6	0.8
Trade creditors	12.6	15.9	20.4	22.9	23.8	23.3
Other non-interest bearing liabilities	1.7	2.0	3.0	3.4	3.5	3.5
Total Liabilities & Capital	17.3	24.2	32.8	42.1	44.9	46.4
Enterprise Value (EV)				38.0	36.1	33.4
Net Debt	5.6	2.0	3.7	(2.4)	(4.3)	(7.0)
Capital Employed incl. goodwill (avg.)	5.6	5.2	9.1	9.9	10.2	10.2
Cumulative goodwill (as of 1991)	0.2	0.3	0.3	0.3	0.3	0.3
Capital Employed (avg.)	5.6	5.1	8.9	9.7	10.0	9.9
Net working capital	3.0	3.0	6.6	7.4	7.7	7.5
Discounted value of leases						
Adjusted equity	(0.1)	3.0	5.2	12.1	14.3	16.9

Clasquin

Per Share Data (EUR)	2003	2004	2005	2006e	2007e	2008e
Avg. no. of shares (m)	1.5	1.7	1.9	2.1	2.2	2.2
Eoy. no. of shares (m)	1.5	1.9	1.9	2.2	2.2	2.2
Avg. no. of shares fully diluted (m)	1.5	1.9	1.9	1.9	1.9	1.9
Enterprise Value (EV)				17.03	16.20	15.00
Net debt less FFA plus minorities	3.60	0.96	1.86	(1.17)	(2.00)	(3.20)
Sales	43.39	41.55	48.60	51.20	53.10	56.29
EBITDA	1.52	1.91	2.26	2.07	2.28	2.60
EBITA	0.75	1.22	1.75	1.59	1.86	2.21
EBIT	0.74	1.21	1.74	1.57	1.85	2.19
Net profit before extr. & amort. (EUR)	0.19	0.67	1.12	1.18	1.28	1.57
Net profit before extraordinary (EUR)	0.18	0.66	1.10	1.17	1.27	1.55
Cash Flow (EUR)	0.96	1.22	1.62	1.54	1.71	1.96
Gross Dividend (EUR)	0.00	0.00	0.23	0.32	0.38	0.46
Book value (EUR)	(0.20)	1.42	2.54	6.17	7.32	8.69
Adjusted equity	(0.05)	1.56	2.72	5.41	6.39	7.56
Free Cash Flow	1.28	1.48	(0.46)	0.82	1.14	1.55
% change in EPS before extr. & amort.		248.36	65.52	5.80	8.53	22.46
Valuation	2003	2004	2005	2006e	2007e	2008e
P/E (excl. extr. & amort.)				15.4	14.2	11.6
P/CF (x)				11.8	10.7	9.3
P/Book (x)				2.9	2.5	2.1
Dividend yield (%)				1.8	2.1	2.5
EV/Sales (x)				0.4	0.3	0.3
EV/EBITDA (x)				8.9	7.1	5.8
EV/EBITA (x)				11.6	8.7	6.8
EV/EBIT (x)				11.7	8.8	6.8
EV/Capital Employed (x)				3.9	3.6	3.4
EV/CE (incl. goodwill) (x)				3.8	3.5	3.3
Share price : High (EUR)				19.70		
Share price : Low (EUR)				16.24		
Share price : Average (EUR)				18.20	18.20	18.20
Share price : Year end (EUR)				18.20	18.20	18.20
Capital Efficiency/Solvability	2003	2004	2005	2006e	2007e	2008e
Sales/CE (incl. goodwill)	11.7	13.5	10.2	10.7	11.6	12.3
Sales/Fixed assets (x)	80.0	101.0	93.2	107.1	113.9	108.1
Sales/Net working capital (x)	21.3	23.5	14.0	14.3	15.4	16.7
Inventories/Sales (days)	0.0	0.0	0.0	0.0	0.0	0.0
Trade debtors/Sales (days)	71.8	84.6	97.6	95.6	88.8	82.0
Trade creditors/Sales (days)	70.5	82.0	80.7	79.1	73.5	67.8
CAPEX/Depreciation (%)	68.2	52.5	114.1	99.6	105.6	113.8
Equity/Total assets (%)	(1.8)	11.1	14.7	27.8	31.0	35.6
Net debt/Equity (%)	(3,043.0)	70.2	75.1	(20.3)	(30.5)	(41.9)
Interest cover (x)	high	high	high	high	high	high
Dividend payout (%)	0.0	0.0	20.6	29.3	30.0	29.3
ROCE (average) (%)	1.3	32.8	28.6	25.8	28.9	34.8
ROCE (incl. goodwill) (average) (%)	1.3	31.8	28.0	25.2	28.2	33.8
Operating Efficiency & Profitability ratios	2003	2004	2005	2006e	2007e	2008e
Sales per FTE employee ('000s)	286.7	283.7	311.9	320.4	333.5	324.8
Wage costs per FTE employee ('000s)	39.5	38.4	38.1	40.7	42.0	40.7
EBIT per FTE employee ('000s)	4.9	8.2	11.2	9.8	11.6	12.7
Gross margin (%)	24.2	24.9	23.5	22.6	22.8	23.0
EBITDA margin (%)	3.5	4.6	4.7	4.1	4.3	4.6
Operating margin (%)	1.7	2.9	3.6	3.1	3.5	3.9
Net margin (%)	0.5	1.6	2.3	2.3	2.4	2.8
Tax rate (%)	43.7	14.2	21.8	24.2	30.7	30.2