

Clasquin Hold

France | Support services

MCap: EUR71.4m

Target Price: EUR 28.00
Current Price: EUR 31.00
Up/downside: -9.7%
Market data: 27 August 2020

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Free float	39%
Avg. daily volume (EURm)	0.0
YTD abs performance	-11.4%
52-week high/low (EUR)	41.20/18.50

Strong within chaos

Key points:

- Q2 numbers beat expectations.
- Gross profit is only down 2% in Q2 (probably negative mid-single digit in like-for-like). The performance is particularly impressive in air freight.
- Clasquin better addressed a chaotic situation, where the standard offering has disappeared and where flexibility matters.
- Market view: normalisation almost achieved in sea freight, air services continues to be disrupted.
- Positive reaction expected on the share price.

Resilient volume

- In a global market where volumes in sea freight fell by 15-20% in Q2 and air freight volumes fell by 25-30% according to WTO estimates, Clasquin proved to be rather resilient:
- 1) Sea freight: TEU volumes down 0.6% LFL and & number of shipments down 11.5% LFL (up 4.2% & number of shipments down 7.2% on a reported basis, i.e. including the October 2019 Cargolution acquisition).
- 2) Air freight: tonnage down 23.6% and 45.1%, respectively (down 21.0% and number of shipments down 40.4% on a reported basis, i.e. including Cargolution acquisition).
- 3) Roll-on/roll-off (RORO) operations run by group subsidiary LCI Clasquin also saw a sharp decline in business (number of shipments down 35.2%) with North Africa.

Stands out in air freight

- The gross profit is “only” down 7% LFL in H1 (flat in reported). It is better than we expected (KECH: -18% LFL) considering the health crisis, which led to an unprecedented fall in production and consumption besides disrupting global logistics chains.
- The performance achieved in the air freight business was particularly impressive in Q2 (GP up +10.3% LFL). In a chaotic situation where the standard offering had disappeared, Clasquin stood out among the competition.
- We understand that Clasquin’s ability to provide custom solutions like exceptional air freight shipments at high margins (chartering planes, etc.), in particular from Asia, was crucial to achieve that performance. It contrasts with global freight forwarders that are more comfortable with standard operations.
- On top of greater flexibility, we assume that the diversity of the Clasquin’s business activities (air and sea freight, RORO, customs, logistics, etc.), the broad range of client sectors served (luxury goods, electronics, industry, retail, etc.) and the group’s global footprint helped it to withstand the crisis more strongly than the market.
- The shipments included protective and medical equipment required to tackle the COVID pandemic. We do not know yet to what extent it contributed to the volume and GP performance.

Outlook

- With all the precautions regarding the uncertainty surrounding the health situation, Clasquin expects to post 2020 business volumes in line with WTO market forecasts (-10-15% in international goods trade for 2020).

Appendix 1: Research framework

Last model update: 04 May 2020

Investment case

- Clasquin capitalises on its differentiating profile in the freight forwarding industry (medium-sized global player), which enables it to offer end-to-end solutions like industry giants do, but with higher degrees of customisation and flexibility. Growth at Clasquin is balanced (the largest customer does not exceed 3% of gross profit) and diversified (a mix of new clients and growing market shares at existing clients). In a somewhat moderate and uncertain context for trade (though still firmly above the post-financial crisis average), we see Clasquin as capable of continued growth that is faster than market benchmarks, while returning to low double-digit profitability.

Catalysts

- Development of niche expertise and verticals (wine and spirits, fairs and events, fine arts)
- Broadening of its offering (logistics, supply chain)
- Business ramp-up in fast-growing regions for trade

Valuation methodology

- DCF based on a 7.5% WACC, 2.5% terminal growth and an 11% terminal conversion ratio.

Risks to our rating

- Slowdown in world trade growth
- Overcapacity in freight

Appendix 2: Company description

Clasquin is an air and sea freight forwarder with a focus on Asia/Europe, Asia/US and Europe/Latam flows. Thanks to external growth operation managed in 2008 Clasquin also operates road transport and logistics in France under the name Gueppe-Clasquin.

Management Yves Revol, CEO | Philippe Lons, CFO

Key shareholders Yves Revol: 47.20% | Zenlor: 6.60% | Staff: 7.80% | Others: 1.80%

Appendix 4: SWOT analysis**Strengths**

- International integrated network (US, Europe, Asia)
- Differentiated profile (family-owned business, medium-size company)
- Diversified and balanced customer base (first customer <3% of GP)
- Strong presence in China

Opportunities

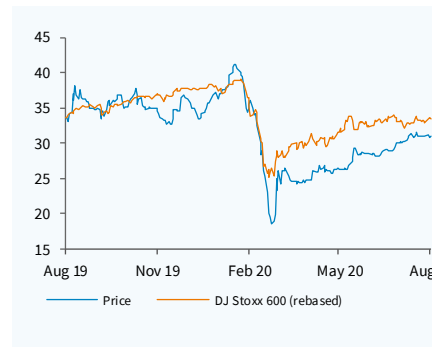
- Development of niche expertise /verticals (e.g. wine, fairs, fine arts, etc.)
- New TMS deployed (2018) to boost productivity in the medium term
- Broadening of offering (overseas logistics, supply chain consulting, etc.)

Weaknesses

- Limited presence in the US
- Lower volume shipped, GP/volume, and conversion rate than competitors

Threats

- Slowing worldwide trade (2018-19)
- High volatility of sea freight rates

Appendix 3: share price perf.

Appendix 5: Key financials

Last model update: 04 May 2020

Market data date: 27 August 2020

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Income Statement (EURm)										
Sales	198.1	201.7	234.2	235.0	290.6	308.3	331.3	289.5	308.5	347.6
% Change	7.3%	1.8%	16.1%	0.3%	23.6%	6.1%	7.4%	-12.6%	6.6%	12.6%
EBITDA adjusted	6.3	4.6	8.2	7.1	7.4	9.3	13.9	9.0	12.5	14.5
EBITDA adj. margin (%)	3.2%	2.3%	3.5%	3.0%	2.5%	3.0%	4.2%	3.1%	4.1%	4.2%
EBIT adjusted	4.5	3.1	6.3	4.0	5.4	5.8	8.3	2.5	5.9	7.5
EBIT adj. margin (%)	2.3%	1.5%	2.7%	1.7%	1.9%	1.9%	2.5%	0.9%	1.9%	2.2%
Net financial items & associates	-0.4	-0.4	-0.1	-0.5	-0.6	-0.2	-0.6	-0.6	-0.6	-0.6
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-1.6	-0.9	-1.9	-1.5	-1.9	-2.1	-3.2	-0.7	-1.9	-2.5
Net profit from continuing operations	2.5	1.8	4.2	2.0	2.9	3.4	4.5	1.2	3.4	4.4
Net profit from discontinuing activities	0.0	0.7	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	2.5	2.5	4.0	2.0	2.9	3.4	4.5	1.2	3.4	4.4
Net profit reported	2.2	2.1	3.3	1.6	2.5	2.8	3.9	0.6	2.8	3.8
Net profit adjusted	2.2	2.1	3.3	1.6	2.5	2.8	3.9	0.6	2.8	3.8
Cash Flow Statement (EURm)										
Levered post tax CF before capex	5.1	6.1	7.8	1.3	2.4	4.5	16.1	4.9	9.1	9.9
Capex	-2.8	-2.9	-2.4	-3.6	-3.6	-3.6	-2.5	-3.7	-3.9	-4.4
Free cash flow	2.3	3.2	5.4	-2.2	-1.2	0.9	13.6	1.2	5.1	5.4
Acquisitions & divestments	0.0	-1.8	-8.5	-0.6	0.1	-1.8	-7.1	0.0	0.0	0.0
Dividend paid	-2.0	-2.2	-2.1	-2.9	-1.9	-2.6	-1.6	-0.1	-0.8	-1.5
Others	-0.5	-0.4	1.5	-0.1	-1.5	0.0	0.0	-0.2	-0.2	-0.2
Change in net financial debt	0.1	1.1	3.6	5.9	4.6	3.6	-4.9	-0.9	-4.1	-3.7
Balance Sheet (EURm)										
Intangible assets	8.4	11.4	17.3	19.1	19.6	22.0	30.6	29.5	28.4	27.4
Tangible assets	5.5	6.2	3.8	5.2	5.1	5.7	13.2	12.1	11.0	10.0
Financial & other non-current assets	1.5	1.8	2.9	2.8	2.8	2.6	2.2	2.2	2.2	2.2
Total shareholders' equity	22.2	23.3	23.8	23.2	22.9	24.5	26.8	27.9	30.4	33.3
Pension provisions	1.0	1.4	1.1	1.2	3.6	3.3	10.8	10.8	10.8	10.8
Liabilities and provisions	na	73.0	85.4	93.4	100.2	112.4	134.9	172.5	181.1	198.5
Net debt	0.9	2.1	6.3	12.8	16.4	19.3	24.4	23.5	19.4	15.7
Net financial debt	-0.1	0.7	5.2	11.6	12.7	16.0	13.6	12.7	8.6	4.9
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net working capital	na	6.2	6.3	9.2	12.7	14.3	6.2	8.7	9.3	10.4
Invested capital	na	23.8	27.3	33.5	37.4	42.0	50.0	50.2	48.6	47.8
Per share data (EUR)										
EPS adjusted	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.27	1.21	1.65
EPS adj and fully diluted	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.26	1.20	1.65
% Change	4.8%	-3.4%	57.0%	-52.5%	56.6%	13.9%	37.0%	-84.3%	354.2%	37.0%
EPS reported	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.27	1.21	1.65
Cash flow per share	2.20	2.65	3.39	0.58	1.04	1.94	7.01	2.14	3.94	4.29
Book value per share	9.14	9.22	9.42	8.78	8.57	9.31	9.54	9.74	10.59	11.58
Dividend per share	0.75	0.80	1.25	0.80	0.80	0.65	0.00	0.30	0.60	0.65
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Ratios										
ROE (%)	10.4%	10.1%	15.6%	7.6%	12.5%	13.8%	18.0%	2.8%	11.9%	14.9%
ROIC (%)	na	na	16.9%	7.6%	9.2%	9.2%	11.4%	3.2%	7.6%	9.9%
ND(F+IFRS16) / EBITDA (x)	0.0	0.2	0.6	1.6	1.7	1.7	1.0	1.4	0.7	0.3
Gearing (%)	-0.5%	3.0%	21.9%	50.0%	55.7%	65.2%	50.6%	45.5%	28.2%	14.6%
Valuation										
P/E adjusted	21.9	27.7	20.3	42.9	30.7	29.7	20.4	116.7	25.7	18.8
P/E adjusted and fully diluted	21.9	27.7	20.3	42.9	30.7	29.7	20.5	117.1	25.8	18.8
P/BV	2.3	2.8	3.1	3.4	3.9	3.9	3.6	3.2	2.9	2.7
P/CF	9.5	9.6	8.7	50.8	31.9	18.8	4.9	14.5	7.9	7.2
Dividend yield (%)	3.6%	3.1%	4.2%	2.7%	2.4%	1.8%	0.0%	1.0%	1.9%	2.1%
FCF yield (%)	4.8%	5.5%	8.0%	-3.2%	-1.6%	1.0%	17.1%	1.7%	7.2%	7.6%
EV/Sales	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBITDA adj.	7.9	13.8	9.2	11.8	13.0	11.5	7.8	11.1	7.7	6.5
EV/EBIT adj.	11.1	20.3	12.1	20.9	17.6	18.4	13.2	39.9	16.3	12.4

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Source: Kepler Cheuvreux

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	21/02/2020 09:39	Equity Research	Hold	36.00	39.50
	19/03/2020 08:20	Equity Research	Hold	28.00	20.00

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Europe

 **Amsterdam**
Kepler Cheuvreux Benelux
Johannes Vermeerstraat 9
1071 DK Amsterdam
+31 20 573 06 66

 **Brussels**
Kepler Cheuvreux Belgium
Rogier Tower
Place Rogier 11
1210 Brussels
+32 11 491460

 **Frankfurt**
Kepler Cheuvreux Germany
Taunusanlage 19
60325 Frankfurt
+49 69 756 960

 **Geneva**
Kepler Cheuvreux SA
Route de Crassier 11
1262 Eysins
Switzerland
+41 22361 5151

 **London**
Kepler Cheuvreux UK
5th Floor
95 Gresham Street
London EC2V 7NA
+44 20 7621 5100


 **Madrid**
Kepler Cheuvreux Espana
Paseo de la Castellana, 52
28046 Madrid
+34 914 36 5100

 **Milan**
Kepler Cheuvreux Italia
Via C. Cornaggia 10
20123 Milan
+39 02 8550 7201

 **Oslo**
Kepler Cheuvreux Norway
Filipstad Brygge 1
Pb. 1671 Vika
0120 Oslo
+47 23 13 9080

 **Paris**
Kepler Cheuvreux France
112 Avenue Kleber
75016 Paris
+33 1 53 65 35 00

 **Stockholm**
Kepler Cheuvreux Sweden
Malmskillnadsgatan 23
11157 Stockholm
+46 8 723 51 00

 **Vienna**
Kepler Cheuvreux Austria
Schottenring 16/2
1010 Vienna
+43 1 537 124 147

 **Zurich**
Kepler Cheuvreux Switzerland
Stadelhoferstrasse 22
8001 Zurich
+41 43 333 66 66

North America

 **New York**
Kepler Capital Markets, Inc.
Tower 49
12 East 49th Street, Floor 36
10017 New York, NY USA
+1 212 710 7600