

Clasquin Buy

France | Support services

Beta Profile: 
MCap: EUR137.3m

Target Price: EUR 79.00
Current Price: EUR 60.00
Up/downside: 31.7%
Market data: 28 July 2022

Bloomberg: ALCLA FP Reuters: ALCLA.PA
 Free float 45%
 Avg. daily volume (EURm) 0.1
 YTD abs performance -21.1%
 52-week high/low (EUR) 76.00/48.60

Unwavering growth

Key points:

- In a market shaped by lower volumes and gross yields in the second quarter, Clasquin keeps outperforming.
- Gross profit was up sharply by a double-digit figure in both air and sea freight.
- The management sees higher gross profit in 2022 versus 2021, which contrasts with the cautiousness displayed after Q1.
- Clasquin reported a strong customer acquisition rate, as well as solid commercial momentum for its existing accounts.
- The setup of a dedicated sales force in H1 with a global approach is paying off.
- Clasquin is establishing a foothold in Africa and is extending its offering in niche markets via two small acquisitions.
- Buy rating confirmed.

Clasquin beat expectations

- Clasquin reports very solid gross profit of EUR37m in Q2, 32% higher than a year ago, even exceeding the GP recorded in Q1 (EUR35m). Reported GP growth exceeds our forecasts (KECH: +20% to EUR33m). GP Growth in H1 amounts to 38% yoy.
- The performance is remarkable considering the slowdown in volume resulting from lower demand (volume up 3% in air freight in Q2 after +11% in Q1, volume down 1% in sea freight versus +6% in Q1).
- Clasquin does better than industry giants. In Q2, K+N reported 3% growth in air freight and 3% decline in sea freight. DSV reported 1% decline in air freight and 6% decline in sea freight.
- Clasquin has deployed a new sales team during the first half to win and manage customers globally (compared to locally previously). The new organisation enabled to achieve great results. In particular, it enabled to extend the business with existing customers in new geographies.
- It is illustrated by the win of new clients which accounts for nearly one fourth of reported growth.
- Growth in GP was helped by solid yields despite the easing of freight rates (about 30% decline since January).
- The company is confident to achieve growth in gross profit this year despite the lack of visibility (already factored in our forecasts). Clasquin intends to continue gaining market share as well.
- Clasquin acquired two companies in July (EUR4m GP combined). The company establish a first significant base in French-speaking Africa by acquiring a majority stake in CVL in Dakar, Senegal. The acquisition of A.M.C Logistique (based in Paris and Lyon) strengthens Clasquin's offering in humanitarian logistics, hazardous materials and aerospace.

Table 1: Key figures

	Q1-22	Q2-22	H1-22	H1-21	Change yoy H1
Volume					
Air freight ton	18,409	15,163	33,572	31,216	8%
Sea Freight TEU	63,255	71,186	134,441	131,991	2%
GP/volume					
Air freight EUR	581	673	623	497	25%
Sea freight EUR	299	294	296	205	44%
Gross profit					
Air Freight EURm	10.7	10.2	20.9	15.5	35%
Sea freight EURm	18.9	20.9	39.8	27.1	47%
Other (RO/RO, etc.)	5.3	5.7	11.0	9.2	20%
Group	34.9	36.8	71.7	51.8	38%

Source: Kepler Cheuvreux

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Appendix 1: Research framework

Last model update: 07 April 2022

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.
- In recent history, revenues at Clasquin have usually grown faster than those of competitors.
- In 2021, as well as in the first half of 2022, the disrupted supply conditions appear supportive for Clasquin (and the freight forwarding industry in general). Clasquin is able to reap bigger profits per load as a result of a shortage of options for shippers. We anticipate a normalisation of gross profit yields from H2 2022.

Catalysts

- Surge in freight rates due to high demand and tight supply chain conditions.
- Broadening of offering (logistics, supply chain, digital offer).
- Business ramp-up in fast-growing regions for trade.

Valuation methodology

- DCF (7.7% WACC, 3% terminal growth, 13% conversion ratio).
- Target multiple: 25x P/E on 2026E, corresponding to ten-year average multiple (7.7% discount rate).

Risks to our rating

- Lower freight rates due to overcapacity.

Appendix 2: Company description

Clasquin is an air and sea freight forwarder with a focus on Asia/Europe flows.

Management Hugues Morin, CEO | Philippe Lons, CFO | Laurence Ilhe, General Secretary

Key shareholders Free float: 45.00% | Yves Revol: 41.90% | Employees: 12.60% | Others: 0.50%

Appendix 3: share price perf.**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

- Disruption of global supply chain.
- Development of niche expertise /verticals (e.g. wine, fine arts).
- Broadening of offering (overseas logistics, consulting, etc.).

Weaknesses

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

Threats

- Ukraine war/inflation and potential impact on consumption.
- High volatility of sea freight rates.

Appendix 5: Key financials

Last model update: 07 April 2022

Market data date: 28 July 2022

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
Income Statement (EURm)										
Sales	234.2	235.0	290.6	308.3	331.3	392.0	752.2	847.8	795.1	776.1
% Change	16.1%	0.3%	23.6%	6.1%	7.4%	18.3%	91.9%	12.7%	-6.2%	-2.4%
EBITDA adjusted	8.2	7.1	7.4	9.3	13.9	16.7	38.2	39.2	33.8	30.7
EBITDA adj. margin (%)	3.5%	3.0%	2.5%	3.0%	4.2%	4.3%	5.1%	4.6%	4.2%	4.0%
EBIT adjusted	6.3	4.0	5.4	5.8	8.3	9.6	27.3	32.3	27.1	24.1
EBIT adj. margin (%)	2.7%	1.7%	1.9%	1.9%	2.5%	2.5%	3.6%	3.8%	3.4%	3.1%
Net financial items & associates	1.4	0.7	0.8	0.8	1.1	-0.4	-0.3	-0.3	-0.3	-0.3
Others	-1.5	-1.1	-1.4	-1.1	-1.7	-1.2	-1.9	-1.9	-1.9	-1.9
Tax	-1.9	-1.5	-1.9	-2.1	-3.2	-2.6	-6.1	-9.9	-8.1	-7.2
Net profit from continuing operations	4.2	2.0	2.9	3.4	4.5	5.4	18.9	20.2	16.7	14.7
Net profit from discontinuing activities	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	4.0	2.0	2.9	3.4	4.5	5.4	18.9	20.2	16.7	14.7
Net profit reported	3.3	1.6	2.5	2.8	3.9	5.1	17.4	18.7	15.2	13.2
Net profit adjusted	3.3	1.6	2.5	2.8	3.9	5.1	17.4	18.7	15.2	13.2
Cash Flow Statement (EURm)										
Levered post tax CF before capex	8.2	1.3	2.4	4.4	16.2	2.1	15.5	23.7	26.2	22.7
Capex	-2.4	-3.6	-3.6	-3.6	-2.5	-1.5	-1.9	-3.4	-3.2	-3.1
Free cash flow	5.8	-2.2	-1.2	0.8	13.7	0.6	13.6	20.3	23.0	19.6
Acquisitions & divestments	-8.5	-0.6	0.1	-1.8	-7.1	0.3	-0.1	0.0	0.0	0.0
Dividend paid	-2.1	-2.9	-1.9	-2.6	-1.7	-0.6	-3.2	-8.1	-8.1	-8.1
Others	1.5	-4.1	-3.4	-2.1	-1.2	-2.5	-1.2	-0.8	-0.8	-0.8
Change in net financial debt	3.2	9.9	6.5	5.7	-3.7	2.2	-9.2	-11.4	-14.1	-10.7
Balance Sheet (EURm)										
Intangible assets	17.3	19.1	19.6	22.0	30.6	29.6	32.2	31.2	30.1	29.0
Tangible assets	3.8	5.2	5.1	5.7	14.9	13.5	16.9	14.7	12.6	10.4
Financial & other non-current assets	2.9	2.8	2.8	2.6	2.3	2.8	2.5	2.5	2.5	2.5
Total shareholders' equity	23.8	23.2	22.9	24.5	26.8	30.9	45.4	57.6	66.2	72.9
Pension provisions	0.0	0.0	0.9	0.8	1.1	1.3	1.2	1.2	1.2	1.2
Liabilities and provisions	80.5	89.6	99.0	111.9	144.4	161.9	241.4	252.6	230.9	217.7
Net debt	5.2	11.6	13.6	16.8	40.0	30.0	27.8	16.4	2.3	-8.3
Net financial debt	5.2	11.6	12.7	16.0	29.3	19.8	15.5	4.1	-10.0	-20.7
IFRS 16 debt	0.0	0.0	0.0	0.0	9.7	9.0	11.1	11.1	11.1	11.1
Net working capital	0.2	4.0	8.7	11.3	22.1	17.9	31.6	35.6	33.4	33.6
Invested capital	21.3	28.3	33.3	39.0	67.7	61.0	80.7	81.5	76.1	73.1
Per share data (EUR)										
EPS adjusted	1.45	0.69	1.08	1.21	1.68	2.22	7.60	8.17	6.63	5.76
EPS adj and fully diluted	1.45	0.69	1.08	1.21	1.68	2.21	7.53	8.10	6.57	5.71
% Change	57.0%	-52.4%	56.5%	12.3%	38.1%	31.8%	240.8%	7.6%	-18.8%	-13.2%
EPS reported	1.45	0.69	1.08	1.21	1.68	2.22	7.60	8.17	6.63	5.76
Cash flow per share	3.57	0.58	1.04	1.92	7.01	0.91	6.79	10.36	11.46	9.93
Book value per share	9.42	8.78	8.57	9.31	9.53	11.68	17.07	22.39	26.17	29.08
Dividend per share	1.25	0.80	0.80	0.65	0.00	1.30	3.40	3.40	3.40	3.40
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.29	2.29	2.29	2.29
Ratios										
ROE (%)	15.6%	7.6%	12.5%	13.6%	17.9%	21.0%	52.7%	41.4%	27.3%	20.9%
ROIC (%)	22.8%	9.3%	10.6%	9.8%	9.1%	10.1%	28.5%	26.8%	23.1%	21.7%
ND(F+IFRS16) / EBITDA (x)	0.6	1.6	1.7	1.7	2.8	1.7	0.7	0.4	0.0	-0.3
Gearing (%)	21.9%	50.0%	55.7%	65.2%	109.2%	63.9%	34.1%	7.1%	-15.1%	-28.4%
Valuation										
P/E adjusted	20.3	42.9	30.7	30.1	20.6	13.8	7.0	7.3	9.0	10.4
P/E adjusted and fully diluted	20.3	42.9	30.7	30.1	20.6	13.9	7.0	7.4	9.1	10.5
P/BV	3.1	3.4	3.9	3.9	3.6	2.6	3.1	2.7	2.3	2.1
P/CF	8.2	50.8	31.9	19.0	4.9	33.6	7.8	5.8	5.2	6.0
Dividend yield (%)	4.2%	2.7%	2.4%	1.8%	0.0%	4.2%	6.4%	5.7%	5.7%	5.7%
FCF yield (%)	8.6%	-3.2%	-1.6%	1.0%	17.1%	0.8%	11.2%	14.8%	16.7%	14.3%
EV/Sales	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.2	0.2	0.2
EV/EBITDA adj.	9.1	11.5	12.8	11.3	9.2	6.4	4.3	4.3	4.5	4.6
EV/EBIT adj.	11.9	20.3	17.3	18.1	15.4	11.0	6.0	5.2	5.7	5.9

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Rating Breakdown	A	B
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Clasquin (EUR)	02/09/2021 08:45	Equity Research	Buy	65.00	57.80
	29/10/2021 07:02	Equity Research	Buy	76.00	71.00
	07/04/2022 05:02	Equity Research	Buy	79.00	69.00

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