

Clasquin Buy

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France | Support services

MCap: EUR129.1m

Target Price: EUR79.00
Current Price: EUR56.40
Up/downside: 40.1%
Market data: 17 January 2023

| | |
|--------------------------|-------------------|
| Bloomberg: ALCLA FP | Reuters: ALCLA.PA |
| Free float | 45% |
| Avg. daily volume (EURm) | 0.1 |
| YTD abs performance | -5.4% |
| 52-week high/low (EUR) | 75.80/45.60 |

Expands in Africa

Key points:

- Clasquin is acquiring Timar Group, an important road transporter and logistics agent in Morocco and the Euromed region.
- With this deal, Clasquin extends its footprint in north Africa. The acquisition of Timar comes after a series of acquisitions made since 2015 to enhance services offering in Africa (LCI, Favat, Transport Petit International, CVL).
- Clasquin specifically spotted Africa/Maghreb as an axis for growth. The strategy is unfolding well.

Clasquin extends footprint in Africa

- Historically, Timar Group has operated mainly as a road transporter in Morocco (its core business). The company also offers freight forwarding services (sea and air freight) and logistics services (logistics, events logistics, and customs brokerage).
- Timar is a leader in transport and Logistics in Morocco where it has a strong footprint. The company is listed on the Casablanca stock exchange.
- The company employs 450 people across its 13 subsidiaries in Morocco, France, Portugal, Spain, Tunisia, Mauritania, Mali, Senegal, and the Ivory Coast.
- Clasquin and Timar have been cultivating a strong business relationship for few years, particularly since the 2015 takeover of LCI.
- With this acquisition, Clasquin:
 - 1) strengthens its road brokerage/RORO business (RORO = Roll-on / Roll-off: refers to heavy goods vehicles or trailers driven on and off specifically designed chips). The road brokerage/RORO generated EUR12m in 2021, 10% of group's GP.
 - 2) expands its service offering to Timar's existing clients, thus creating opportunities to grow these accounts.
 - 3) acquires a valuable asset in North Africa (renowned brand, strong positioning, integrated network) as a platform to boost its development strategy in the Euromed region.
- The acquisition of Timar comes after a series of acquisitions made since 2015 to enhance the group's service offering in Africa (LCI, Favat, Transport Petit International, and CVL).
- Timar generated consolidated sales of EUR50m in 2021 (c. 7% of Clasquin's consolidated sales) and EUR1.1m in net profit (c. 6% of Clasquin's consolidated net profit).
- Clasquin is acquiring 63.57% of Timar's share capital from the Puech family. A mandatory takeover bid will follow on the remaining shares.
- Olivier Puech, the CEO will remain on board to ensure continuity of the business.
- We assume that Clasquin will spend c. EUR10m to acquire 100% of shares (c. 10x P/E).

Appendix 1: Research framework

Last model update: 28 July 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).

Risk to our rating

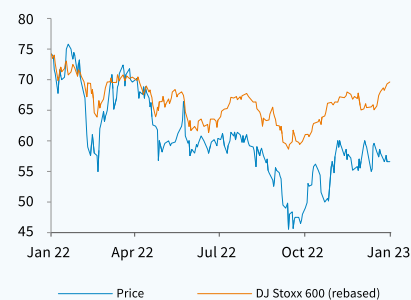
- Lower freight rates due to overcapacity.

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: 28 July 2022

Market data date: 17 January 2023

| FY to 31/12 (EUR) | 12/17 | 12/18 | 12/19 | 12/20 | 12/21 | 12/22E | 12/23E | 12/24E | na | na |
|--|-------|-------|--------|-------|--------|--------|--------|--------|----|----|
| Income Statement (EURm) | | | | | | | | | | |
| Sales | 290.6 | 308.3 | 331.3 | 392.0 | 752.2 | 847.8 | 795.1 | 776.1 | na | na |
| % Change | 23.6% | 6.1% | 7.4% | 18.3% | 91.9% | 12.7% | -6.2% | -2.4% | na | na |
| EBITDA adjusted | 7.4 | 9.3 | 13.9 | 16.7 | 38.2 | 39.2 | 33.8 | 30.7 | na | na |
| EBITDA adj. margin (%) | 2.5% | 3.0% | 4.2% | 4.3% | 5.1% | 4.6% | 4.2% | 4.0% | na | na |
| EBIT adjusted | 5.4 | 5.8 | 8.3 | 9.6 | 27.3 | 32.3 | 27.1 | 24.1 | na | na |
| EBIT adj. margin (%) | 1.9% | 1.9% | 2.5% | 2.5% | 3.6% | 3.8% | 3.4% | 3.1% | na | na |
| Net financial items & associates | 0.8 | 0.8 | 1.1 | -0.4 | -0.3 | -0.3 | -0.3 | -0.3 | na | na |
| Others | -1.4 | -1.1 | -1.7 | -1.2 | -1.9 | -1.9 | -1.9 | -1.9 | na | na |
| Tax | -1.9 | -2.1 | -3.2 | -2.6 | -6.1 | -9.9 | -8.1 | -7.2 | na | na |
| Net profit from continuing operations | 2.9 | 3.4 | 4.5 | 5.4 | 18.9 | 20.2 | 16.7 | 14.7 | na | na |
| Net profit from discontinuing activities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | na | na |
| Net profit before minorities | 2.9 | 3.4 | 4.5 | 5.4 | 18.9 | 20.2 | 16.7 | 14.7 | na | na |
| Net profit reported | 2.5 | 2.8 | 3.9 | 5.1 | 17.4 | 18.7 | 15.2 | 13.2 | na | na |
| Net profit adjusted | 2.5 | 2.8 | 3.9 | 5.1 | 17.4 | 18.7 | 15.2 | 13.2 | na | na |
| Cash Flow Statement (EURm) | | | | | | | | | | |
| Levered post tax CF before capex | 2.4 | 4.4 | 16.2 | 2.1 | 15.5 | 23.7 | 26.2 | 22.7 | na | na |
| Capex | -3.6 | -3.6 | -2.5 | -1.5 | -1.9 | -3.4 | -3.2 | -3.1 | na | na |
| Free cash flow | -1.2 | 0.8 | 13.7 | 0.6 | 13.6 | 20.3 | 23.0 | 19.6 | na | na |
| Acquisitions & divestments | 0.1 | -1.8 | -7.1 | 0.3 | -0.1 | 0.0 | 0.0 | 0.0 | na | na |
| Dividend paid | -1.9 | -2.6 | -1.7 | -0.6 | -3.2 | -8.1 | -8.1 | -8.1 | na | na |
| Others | -3.4 | -2.1 | -1.2 | -2.5 | -1.2 | -0.8 | -0.8 | -0.8 | na | na |
| Change in net financial debt | 6.5 | 5.7 | -3.7 | 2.2 | -9.2 | -11.4 | -14.1 | -10.7 | na | na |
| Balance Sheet (EURm) | | | | | | | | | | |
| Intangible assets | 19.6 | 22.0 | 30.6 | 29.6 | 32.2 | 31.2 | 30.1 | 29.0 | na | na |
| Tangible assets | 5.1 | 5.7 | 14.9 | 13.5 | 16.9 | 14.7 | 12.6 | 10.4 | na | na |
| Financial & other non-current assets | 2.8 | 2.6 | 2.3 | 2.8 | 2.5 | 2.5 | 2.5 | 2.5 | na | na |
| Total shareholders' equity | 22.9 | 24.5 | 26.8 | 30.9 | 45.4 | 57.6 | 66.2 | 72.9 | na | na |
| Pension provisions | 0.9 | 0.8 | 1.1 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 | na | na |
| Liabilities and provisions | 99.0 | 111.9 | 144.4 | 161.9 | 241.4 | 252.6 | 230.9 | 217.7 | na | na |
| Net debt | 13.6 | 16.8 | 40.0 | 30.0 | 27.8 | 16.4 | 2.3 | -8.3 | na | na |
| Net financial debt | 12.7 | 16.0 | 29.3 | 19.8 | 15.5 | 4.1 | -10.0 | -20.7 | na | na |
| IFRS 16 debt | 0.0 | 0.0 | 9.7 | 9.0 | 11.1 | 11.1 | 11.1 | 11.1 | na | na |
| Net working capital | 8.7 | 11.3 | 22.1 | 17.9 | 31.6 | 35.6 | 33.4 | 33.6 | na | na |
| Invested capital | 33.3 | 39.0 | 67.7 | 61.0 | 80.7 | 81.5 | 76.1 | 73.1 | na | na |
| Per share data (EUR) | | | | | | | | | | |
| EPS adjusted | 1.08 | 1.21 | 1.68 | 2.22 | 7.60 | 8.17 | 6.63 | 5.76 | na | na |
| EPS adj and fully diluted | 1.08 | 1.21 | 1.68 | 2.21 | 7.53 | 8.10 | 6.57 | 5.71 | na | na |
| % Change | 56.5% | 12.3% | 38.1% | 31.8% | 240.8% | 7.6% | -18.8% | -13.2% | na | na |
| EPS reported | 1.08 | 1.21 | 1.68 | 2.22 | 7.60 | 8.17 | 6.63 | 5.76 | na | na |
| Cash flow per share | 1.04 | 1.92 | 7.01 | 0.91 | 6.79 | 10.36 | 11.46 | 9.93 | na | na |
| Book value per share | 8.57 | 9.31 | 9.53 | 11.68 | 17.07 | 22.39 | 26.17 | 29.08 | na | na |
| Dividend per share | 0.80 | 0.65 | 0.00 | 1.30 | 3.40 | 3.40 | 3.40 | 3.40 | na | na |
| Number of shares, YE (m) | 2.30 | 2.30 | 2.30 | 2.30 | 2.29 | 2.29 | 2.29 | 2.29 | na | na |
| Ratios | | | | | | | | | | |
| ROE (%) | 12.5% | 13.6% | 17.9% | 21.0% | 52.7% | 41.4% | 27.3% | 20.9% | na | na |
| ROIC (%) | 10.6% | 9.8% | 9.1% | 10.1% | 28.5% | 26.8% | 23.1% | 21.7% | na | na |
| ND(F+IFRS16) / EBITDA (x) | 1.7 | 1.7 | 2.8 | 1.7 | 0.7 | 0.4 | 0.0 | -0.3 | na | na |
| Gearing (%) | 55.7% | 65.2% | 109.2% | 63.9% | 34.1% | 7.1% | -15.1% | -28.4% | na | na |
| Valuation | | | | | | | | | | |
| P/E adjusted | 30.7 | 30.1 | 20.6 | 13.8 | 7.0 | 6.9 | 8.5 | 9.8 | na | na |
| P/E adjusted and fully diluted | 30.7 | 30.1 | 20.6 | 13.9 | 7.0 | 7.0 | 8.6 | 9.9 | na | na |
| P/BV | 3.9 | 3.9 | 3.6 | 2.6 | 3.1 | 2.5 | 2.2 | 1.9 | na | na |
| P/CF | 31.9 | 19.0 | 4.9 | 33.6 | 7.8 | 5.4 | 4.9 | 5.7 | na | na |
| Dividend yield (%) | 2.4% | 1.8% | 0.0% | 4.2% | 6.4% | 6.0% | 6.0% | 6.0% | na | na |
| FCF yield (%) | -1.6% | 1.0% | 17.1% | 0.8% | 11.2% | 15.7% | 17.8% | 15.2% | na | na |
| EV/Sales | 0.3 | 0.3 | 0.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | na | na |
| EV/EBITDA adj. | 12.8 | 11.3 | 9.2 | 6.4 | 4.3 | 4.1 | 4.3 | 4.4 | na | na |
| EV/EBIT adj. | 17.3 | 18.1 | 15.4 | 11.0 | 6.0 | 4.9 | 5.4 | 5.6 | na | na |

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|-------------------------------------|------|------|
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| Reduce | 7% | 2% |
| Not Rated/Under Review/Accept Offer | 1% | 2% |
| Total | 100% | 100% |

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| Clasquin (EUR) | 07/04/2022 05:02 | Equity Research | Buy | 79.00 | 69.00 |

Credit research does not issue target prices. Left intentionally blank.

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