

WHAT'S NEW?**PIERER MOBILITY**

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 58.3
Enterprise value (mns)	CHF 2,188
Market cap (mns)	CHF 1,959
Reporting Currency	EUR

Buy **PT: CHF 91.0**

Income Stat. (mns)	2022A	2023E	2024E	2025E
Revenues	2437	2672	2819	2956
EBITDA	381	396	435	467
EBIT	235	225	254	275
Net profit	166	129	170	196
Growth (%)	2022A	2023E	2024E	2025E
Revenues	19.3	9.6	5.5	4.9
Net profit	79.6	-22.0	31.5	15.3
EPS (rep.)	26.6	-22.7	28.4	15.3
Margin analysis (%)	2022A	2023E	2024E	2025E
Gross margin	28.4	29.5	29.6	29.7
EBITDA margin	15.6	14.8	15.4	15.8
EBIT margin	9.7	8.4	9.0	9.3
Balance sheet (%)	2022A	2023E	2024E	2025E
NWC/Revenues	6.8	6.8	6.2	5.9
Net debt (mns)	257	238	163	90.7
Equity to tot. assets	35.8	40.8	44.0	47.7
Gearing	28.1	23.8	14.5	7.1
Net debt/EBITDA	0.7	0.6	0.4	0.2
CF statement (mns)	2022A	2023E	2024E	2025E
Capex	-247	-256	-252	-257
Operating FCF	33.8	85.1	141	140
Inc(+)/Dec(-) in cash	-94.8	-36.4	25.1	22.0
CF analysis (%)	2022A	2023E	2024E	2025E
Op. CF margin	11.5	12.8	13.9	13.4
Capex/Revenues	10.1	9.6	8.9	8.7
Capex/Depreciation	169	150	139	134
Per-share data (CHF)	2022A	2023E	2024E	2025E
EPS (rep.)	4.88	3.77	4.84	5.58
EPS (adj.)	4.83	3.77	4.84	5.58
Net cash	-7.5	-6.9	-4.6	-2.6
Dividend	1.98	1.96	2.01	2.06
Payout ratio (%)	40.5	52.0	41.5	36.8
Valuation (X)	2022A	2023E	2024E	2025E
P/E	13.8	15.5	12.0	10.4
P/E (adj.)	13.9	15.5	12.0	10.4
P/B	2.51	2.01	1.83	1.62
EV/EBITDA	6.6	5.5	4.9	4.4
FCF yield %	1.5	4.3	6.9	6.8
Dividend yield %	2.9	3.4	3.4	3.5
Profit ratios (%)	2022A	2023E	2024E	2025E
ROIC	14.4	12.5	13.6	14.2
ROE	19.9	13.6	16.1	16.5
ROA	7.3	5.2	6.8	7.5
BB Consensus (mns)	2022A	2023E	2024E	2025E
Revenues	2428	2683	2883	3225
EBITDA	386	397	448	499
EBIT	233	235	259	297
Net profit	162	147	177	213
EPS	4.75	4.62	5.42	6.10

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Focusing on powered two-wheelers impacting FY23 - Partial relocation of R&D and production due to unfavorable European economics leads to larger restructuring in 2024

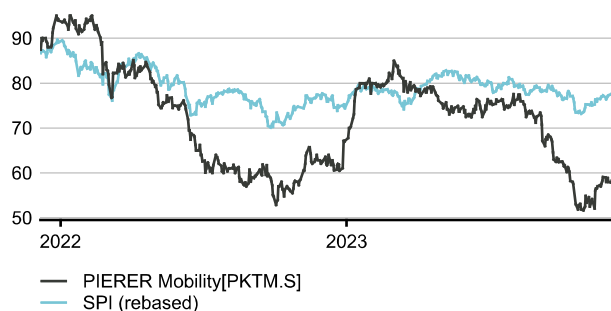
FACTS & COMMENT:

Exit of non-e-bike biz impacting FY23: Given a difficult environment in the traditional bicycle market, PKTM has decided to exit the non-e-bicycle business by divesting R Raymon (signed) and Felt (by mid-2024) and focus on the e-bike business only. The weak bicycle development and the decision to divest R Raymon (non-cash) resulted in a new EBIT margin guide of 5-7% (old: 8-10%). The motorcycle business has remained in-line with expectations but given higher interest rates, PKTM will support its suppliers and reduce payment terms, leading to a hit on its FY23 FCF.

Restructuring in FY24: Due to unfavorable economic conditions in Europe and stronger R&D capabilities for electric motorcycle in Asia, Pierer decided to move some of the (electric) R&D and production of certain mid-range models to manufacturing partners Bajaj and CFMoto. This strategic decision will result in a reduction of 300 FTEs in Austria with the restructuring costs - estimated to be above EUR 50mn - to negatively affect FY24 with the reported EBIT-margin around 5-7% with FY24 revenues expected at similar levels to FY23.

OUR CONCLUSION:

The struggling bicycle segment led to the decision to focus on the powered 2-wheeler market. The revised strategy is the main culprit for the FY23 profit warning. The transfer of R&D/production with a restructuring in Europe due to unfavorable economics of electronic powertrains will substantially impact FY24 but should result in lower Capex/R&D mid-term. We expect a negative share price reaction due to likely larger cons. estimate cuts for FY23/FY24 (excl. e.o. items c10-20%; shares YTD -13%).

Performance

Source: Bloomberg, Vontobel Equity Research

Disclaimer & Disclosures – Equity Research

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Ascom[ASCN.S] was last changed from Buy to Hold on 15-11-19

Clariant[CLN.S] was last changed from Buy to Hold on 07-03-22

Novartis[NOVN.S] was last changed from Hold to Buy on 08-12-21

PIERER Mobility[PKTM.S] was last changed from Hold to Buy on 04-10-17

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	No.	As %	As %
Buy	40	41	43
Hold	57	59	35
Reduce	0	0	0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as of 30 September 2023 .

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Rating	Definition
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Hold	Price target (when set) implies 0-10% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 10% downside on a 12-month horizon
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Hold	Price target (when set) implies 0-15% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 10% downside on a 12-month horizon
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Hold	Price target (when set) implies 0-20% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 15% downside on a 12-month horizon
Restricted	Coverage is temporarily restricted (no price target)
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