

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 47.0
Enterprise value (mns)	CHF 2,194
Market cap (mns)	CHF 1,539
Reporting Currency	EUR

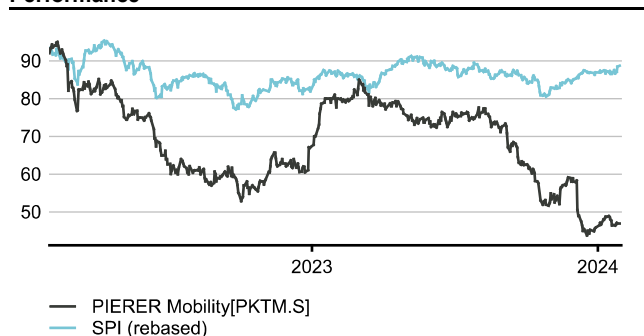
Buy **PT: CHF 75.0**

Income Stat. (mns)	2022A	2023E	2024E	2025E
Revenues	2437	2662	2625	2821
EBITDA	381	324	349	421
EBIT	235	160	153	234
Net profit	166	68.6	71.6	145
Growth (%)	2022A	2023E	2024E	2025E
Revenues	19.3	9.2	-1.4	7.5
Net profit	79.6	-58.7	4.4	103
EPS (rep.)	26.6	-59.8	1.46	103
Margin analysis (%)	2022A	2023E	2024E	2025E
Gross margin	28.4	29.0	28.9	29.0
EBITDA margin	15.6	12.2	13.3	14.9
EBIT margin	9.7	6.0	5.8	8.3
Balance sheet (%)	2022A	2023E	2024E	2025E
NWC/Revenues	6.8	14.4	21.6	18.2
Net debt (mns)	257	775	735	574
Equity to tot. assets	35.8	35.0	39.0	44.8
Gearing	28.1	82.4	72.4	49.4
Net debt/EBITDA	0.7	2.4	2.1	1.4
CF statement (mns)	2022A	2023E	2024E	2025E
Capex	-247	-284	-273	-247
Operating FCF	33.8	-432	56.0	177
Inc(+)/Dec(-) in cash	-94.8	-38.1	-110	-39.1
CF analysis (%)	2022A	2023E	2024E	2025E
Op. CF margin	11.5	-5.5	12.6	15.0
Capex/Revenues	10.1	10.7	10.4	8.8
Capex/Depreciation	169	174	140	132
Per-share data (CHF)	2022A	2023E	2024E	2025E
EPS (rep.)	4.88	1.96	1.99	4.04
EPS (adj.)	4.83	2.39	2.92	4.04
Net cash	-7.5	-22.1	-20.4	-15.9
Dividend	1.98	0.48	0.47	0.93
Payout ratio (%)	40.5	24.5	23.5	23.1
Valuation (X)	2022A	2023E	2024E	2025E
P/E	13.8	23.4	23.6	11.6
P/E (adj.)	13.9	19.2	16.1	11.6
P/B	2.51	1.71	1.67	1.46
EV/EBITDA	6.6	7.0	6.4	5.0
FCF yield %	1.5	-26.9	3.4	10.7
Dividend yield %	2.9	1.0	1.0	2.0
Profit. ratios (%)	2022A	2023E	2024E	2025E
ROIC	14.4	7.6	6.1	9.5
ROE	19.9	7.4	7.3	13.4
ROA	7.3	2.5	2.7	5.6
BB Consensus (mns)	2022A	2023E	2024E	2025E
Revenues	2428	2640	2617	2818
EBITDA	386	325	334	415
EBIT	233	186	187	267
Net profit	162	116	129	181
EPS	4.75	2.95	3.25	4.80

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Performance



Source: Bloomberg, Vontobel Equity Research

A transition year with a stronger 2nd half and a return to positive profitability in bicycles by year-end - Revised strategy to lower capital intensity - Buy and PT of CHF 75 confirmed

FACTS & COMMENT:

Robust profitability (expected): FY23 profitability was hit by wage increases and heavy discounting in the bicycle segment. The former resulted in partial motorcycle production shifting to Asia and the latter to the exit of the non-electric bicycles segments. Excluding the transformation costs, FY24 profitability in the bicycle segment should turn positive by year-end and remain robust in motorcycles.

Asset intensity to decline : The decision to focus European manufacturing on high-end models only and shift volume models (<1000ccm) Asia will result in lower capacity expansion and tooling Capex and lower NWC in the mid-term. The decline in asset intensity should support ROIC expansion.

Model update: Our top-line estimates are unchanged while we slightly lifted our FY24 margin assumption due to a robust underlying motorcycle profitability. Our net profit estimates fell due to higher financing costs (higher net debt). We expect a positive FCF in FY24 but this depends on dealer inventory movements. For FY25, we assume a clear FCF improvement as Capex is starting to decline next to lower NWC.

OUR CONCLUSION:

The revised strategy and the support for its suppliers/dealers has resulted in a painful transition period. However, the challenges have accelerated the company's decision to focus on producing only the premium motorcycles in Europe while relying on its manufacturing partners for the volume models and the electric portfolio. This will lead to lower asset intensity and an improving FCF/ROIC profile in the mid- and long-term. 2H24 should see a recovery and we confirm our Buy and PT of CHF 75.

Changes to Vontobel estimates

(EUR m)	FY24 new	FY25 new	FY24 old	FY25 old	FY24 chg	FY25 chg
Revenues	2625	2821	2621	2818	0.2%	0.1%
EBITDA	349	421	326	418	7.1%	0.8%
- margin	13.3%	14.9%	12.4%	14.8%		
EBIT	153	234	146	234	4.4%	-0.1%
- margin	5.8%	8.3%	5.6%	8.3%		
adj. EBIT (excl. restructuring)	198	234	201	234	-1.8%	-0.1%
- margin	7.5%	8.3%	7.7%	8.3%		
Group profit (incl. Restructuring)	76	148	86	159	-12.2%	-6.7%
Operating FCF	56	177	136	150	n.m.	17.6%
FCF/sales	2.1%	6.3%	5.2%	5.3%		

Source: Vontobel Equity Research

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

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	VT Research universe No.	VT Research universe As %	Share of Bank VT clients in rating category As %
Buy	41	42	41
Hold	57	58	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 December 2023.

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The data used for the share price and/or price target chart may have to be adjusted to reflect corporate actions undertaken by the company.

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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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Buy	Price target (when set) implies 20% or more upside on a 12-month horizon
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)
Suspended Coverage	Coverage is temporarily suspended (no price target)

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