

WHAT'S NEW?

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 26.1
Enterprise value (mns)	CHF 1,700
Market cap (mns)	CHF 877
Reporting Currency	EUR

Hold **PT: CHF 34.0**

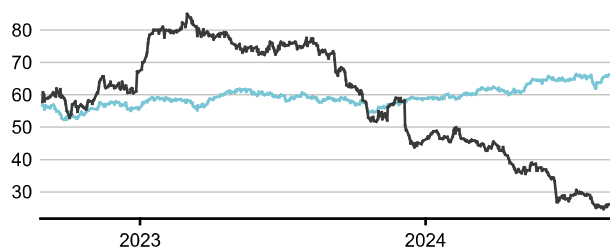
Income Stat. (mns)	2023A	2024E	2025E	2026E
Revenues	2662	2288	2393	2543
EBITDA	325	65.7	299	360
EBIT	161	-114	101	163
Net profit	76.8	-184	21.2	74.1
Growth (%)	2023A	2024E	2025E	2026E
Revenues	9.2	-14.1	4.6	6.3
Net profit	-53.7	-339	NA	249
EPS (rep.)	-55.0	-337	NA	249
Margin analysis (%)	2023A	2024E	2025E	2026E
Gross margin	25.7	24.0	25.5	26.6
EBITDA margin	12.2	2.9	12.5	14.1
EBIT margin	6.1	-5.0	4.2	6.4
Balance sheet (%)	2023A	2024E	2025E	2026E
NWC/Revenues	13.3	21.5	15.2	10.6
Net debt (mns)	776	929	734	640
Equity to tot. assets	30.8	26.0	29.3	32.5
Gearing	85.3	128	96.4	75.2
Net debt/EBITDA	2.4	14.1	2.5	1.8
CF statement (mns)	2023A	2024E	2025E	2026E
Capex	-313	-248	-217	-207
Operating FCF	-424	-93.8	195	94.1
Inc(+)/Dec(-) in cash	-19.8	-103	54.6	-5.86
CF analysis (%)	2023A	2024E	2025E	2026E
Op. CF margin	-4.2	6.7	17.2	11.9
Capex/Revenues	11.8	10.8	9.1	8.1
Capex/Depreciation	191	138	110	105
Per-share data (CHF)	2023A	2024E	2025E	2026E
EPS (rep.)	2.20	-5.20	0.60	2.10
EPS (adj.)	2.27	-4.05	0.60	2.10
Net cash	-22.2	-26.3	-20.8	-18.1
Dividend	0.48	0.00	0.00	0.28
Payout ratio (%)	21.9	0.0	0.0	13.6
Valuation (X)	2023A	2024E	2025E	2026E
P/E	20.9	NM	43.5	12.5
P/E (adj.)	20.1	-6.5	43.5	12.5
P/B	1.77	1.27	1.22	1.09
EV/EBITDA	7.2	27.2	5.4	4.3
FCF yield %	-26.4	-10.2	21.1	10.2
Dividend yield %	1.0	0.0	0.0	1.1
Profit ratios (%)	2023A	2024E	2025E	2026E
ROIC	7.6	-4.6	4.3	7.3
ROE	8.5	-22.6	2.9	9.2
ROA	2.7	-6.5	0.8	3.0
BB Consensus (mns)	2023A	2024E	2025E	2026E
Revenues	2640	2389	2498	2750
EBITDA	325	60	323	394
EBIT	186	-115	137	197
Net profit	116	-81	47	91
EPS	2.95	-4.13	0.43	2.69

Conference call/analyst meeting

Webcast 3pm CET. Link:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=bCdINbQ1>

Performance



— PIERER Mobility [PKTM.S]
— SPI (rebased)

Source: Bloomberg, Vontobel Equity Research

Significantly higher than expected operating losses in both segments - Further NWC expansion almost doubles net debt - FY24 reiterated implies substantial (and ambitious) improvement in 2H24 - Hold

FACTS & COMMENT:

Strong revenue decline: Sales declined 27% y/y with motorcycles (MC) - 27% y/y (volumes -21% y/y) and bicycle sales -36% (e-bikes -26% y/y). Sales were 17% below VTe, particularly due to a weaker than expected performance in MCs.

Large operating loss: Due to the stronger MC sales decline and a mix shift, EBIT was well below expectations (EBIT EUR -78m vs. VTe EUR -11m), which also includes the production shift costs to Asia. Bicycle EBIT loss was also higher than expected (EUR -117 mn vs. VTe EUR -77m). The latter includes EUR 75m in product revaluation losses. Group EBIT loss of EUR 195m was significantly higher than expected (VTe: EUR -88m).

Gearing above 200%: OpFCF of EUR -565 mn (1H23: EUR 98 m) was very weak with further NWC expansion. As a result, net debt increased to EUR 1.47bn (+89% since end-2023), resulting in a gearing of 203%.

FY outlook reiterated: FY24 outlook unchanged (-10% to -15% y/y group revenues) with a group EBIT of EUR -110 to -130m (motorcycle EBIT around zero) with a significant improvement expected in 2H24 also due to additional measures (i.e. 25% production cut).

OUR CONCLUSION:

Pierer Mobility' 1H24 results are worse than expected with both segments well below expectations. Net debt expanded to an alarmingly high level (gearing 203%), however, PKTM has secured financing to address balance sheet concerns and will cut 2H24 production to lower NWC intensity. FY24 guidance confirmation implies a substantially better motorcycle 2H24 result, almost fully recovering the 1H24 operating loss - with bicycles in 2H24 getting closer to break-even, the latter seems ambitious.

1H24 results

EUR (mn)	Reported	VTe	Cons	YoY (%)	vs VT (%)	vs C (%)
Revenues	1007	1214	-	-27	-17	-
EBITDA	-102	-4	-	-157	n.m.	-
EBITDA margin (IFRS) (%)	-10.1	-0.3	-	-	n.m.	-
EBIT	-195	-88	-	-	n.m.	-
EBIT margin (%)	-19.4	-7.3	-	-	n.m.	-
Net profit	-172	-117	-	-	n.m.	-
Net margin (%)	-17.1	-9.6	-	-	n.m.	-
OpFCF	-565	-98	-	n.m.	n.m.	-

Source: Company data, Vontobel Equity Research

Disclaimer & Disclosures – Equity Research

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HIAG[HIAG.S] was last changed from Buy to Hold on 08-11-16

PIERER Mobility[PKTM.S] was last changed from Buy to Hold on 20-06-24

Sandoz[SDZ.S] was last changed from Hold to Buy on 11-07-24

Swiss Prime Site[SPSN.S] was last changed from Hold to Buy on 06-08-24

Swiss Re[SRENH.S] was last changed from Hold to Buy on 02-11-21

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	No.	As %	As %
Buy	35	36	20
Hold	62	64	31
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 June 2024.

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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
SMIM	Swiss Market Index Mid stocks
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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
Other	All other Swiss stocks
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Reduce	Price target (when set) implies 15% downside on a 12-month horizon
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