

## FINANCIAL MODEL UPDATE

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 14.7
Enterprise value (mns)	CHF 1,864
Market cap (mns)	CHF 495
Reporting Currency	EUR

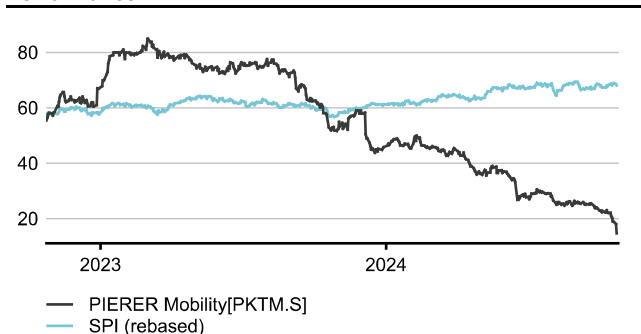
**Hold** **PT: CHF 16.0 (NEW)**

Income Stat. (mns)	2023A	2024E	2025E	2026E
Revenues	2662	2099	2203	2365
EBITDA	325	-18.6	263	347
EBIT	161	-196	79.9	160
Net profit	76.8	-209	-50.0	33.8
Growth (%)	2023A	2024E	2025E	2026E
Revenues	9.2	-21.2	4.9	7.4
Net profit	-53.7	-372	NA	NA
EPS (rep.)	-55.0	-367	NA	NA
Margin analysis (%)	2023A	2024E	2025E	2026E
Gross margin	25.7	23.8	25.4	26.4
EBITDA margin	12.2	-0.9	12.0	14.7
EBIT margin	6.1	-9.3	3.6	6.8
Balance sheet (%)	2023A	2024E	2025E	2026E
NWC/Revenues	13.3	34.8	34.7	21.6
Net debt (mns)	776	1521	1273	1080
Equity to tot. assets	30.8	22.2	21.7	25.0
Gearing	85.3	217	192	152
Net debt/EBITDA	2.4	-81.9	4.8	3.1
CF statement (mns)	2023A	2024E	2025E	2026E
Capex	-313	-278	-240	-225
Operating FCF	-424	-685	249	193
Inc(+)/Dec(-) in cash	-19.8	-196	174	-107
CF analysis (%)	2023A	2024E	2025E	2026E
Op. CF margin	-4.2	-19.4	22.2	17.7
Capex/Revenues	11.8	13.3	10.9	9.5
Capex/Depreciation	191	157	131	120
Per-share data (CHF)	2023A	2024E	2025E	2026E
EPS (rep.)	2.20	-5.85	-1.41	0.95
EPS (adj.)	2.27	-4.69	-1.41	0.95
Net cash	-22.2	-42.7	-35.8	-30.4
Dividend	0.48	0.00	0.00	0.00
Payout ratio (%)	21.9	0.0	0.0	0.0
Valuation (X)	2023A	2024E	2025E	2026E
P/E	20.9	NM	NM	15.5
P/E (adj.)	20.1	-3.1	-10.5	15.5
P/B	1.77	0.75	0.79	0.74
EV/EBITDA	7.2	-107	6.6	4.5
FCF yield %	-26.4	-131	47.5	36.9
Dividend yield %	1.0	0.0	0.0	0.0
Profit. ratios (%)	2023A	2024E	2025E	2026E
ROIC	7.6	-7.1	2.8	6.1
ROE	8.5	-26.0	-7.3	4.9
ROA	2.7	-6.9	-1.6	1.2
BB Consensus (mns)	2023A	2024E	2025E	2026E
Revenues	2640	2237	2344	2528
EBITDA	325	58	307	393
EBIT	186	-129	98	167
Net profit	116	-160	3	68
EPS	2.95	-4.59	0.98	2.02

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

## Performance



Source: Bloomberg, Vontobel Equity Research

## A great deal of patience and even more faith in majority shareholders required - Higher net debt and reduced estimates results in substantial PT cut to CHF 16 (30).

## FACTS &amp; COMMENT:

**No quick fix:** Motorcycle demand has worsened in 2H24 and thus high channel inventory cannot not be reduced as quickly with PKTM's own inventories to remain high. As destocking is delayed, NWC reduction in FY25 will be also be less pronounced as dealership support continues (inventory turned into receivables will be collected later). Consequently, net debt reduction will be a slower process. In bicycles, demand is also softer and destocking/turnaround takes longer.

**No debt triggers:** PKTM reiterated that there are no covenants in place to be breached or any repayment triggered due to the higher debt & slower deleveraging.

**Estimate changes:** We now expect a 21% drop in FY24 organic group sales (old: 15%). The impact on profit is more pronounced as motorcycles will likely be loss making. We adjusted our FY24 EBIT to EUR -196m (old: EUR -124m) not reflecting additional impairments. As the destocking/turnaround takes longer, we lowered our FY25 EBIT forecast by 27%. FY24 net debt estimate up 19% (EUR -7/share impact on fair value) with FY25 net debt/EBITDA estimated to be still ~4.8x (old: 3.3x).

## OUR CONCLUSION:

The earnings recovery is prolonged amid weaker demand in both segments and a great deal of patience is required as a significant turnaround on earnings but even more so on the debt reduction can only be expected by FY26. Moreover, despite reassurance from PKTM, balance sheet fears will remain and requires a lot of faith & trust in management and the majority shareholders. Due to higher net debt, reduced estimates and lower ESG rating (e.g. governance, free float) our PT falls to CHF 16 (30).

## Changes to Vontobel estimates

(EUR m)	FY24 new	FY25 new	FY26 new	FY24 old	FY25 old	FY26 old	FY24 chg	FY25 chg	FY26 chg
Revenues	2099	2203	2365	2262	2354	2548	-7%	-6%	-7%
EBITDA	-19	263	347	53	293	368	n.m.	-10%	-6%
- margin	-0.9%	12.0%	14.7%	2.4%	12.4%	14.4%			
EBIT	-196	80	160	-124	109	176	n.m.	-27%	-9%
- margin	-9.3%	3.6%	6.8%	-5.5%	4.6%	6.9%			
Group profit (incl. Restructuring)	-213	-48	38	-160	-2	68	n.m.	n.m.	-45%
Operating FCF	-685	249	193	-442	309	113	n.m.	-20%	72%
FCF/sales	-32.7%	11.3%	8.2%	-19.5%	13.1%	4.4%			
Net debt	1521	1273	1080	1278	969	856	19%	31%	26%

Source: Vontobel Equity Research

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

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	VT Research universe No.	VT Research universe As %	Share of Bank VT clients in rating category As %
Buy	40	42	23
Hold	55	58	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 September 2024.

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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
SMIM	Swiss Market Index Mid stocks
Buy	Price target (when set) implies 15% or more upside on a 12-month horizon
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
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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