

WHAT'S NEW?

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 75.0
Enterprise value (mns)	CHF 1,963
Market cap (mns)	CHF 1,588
Reporting Currency	EUR

Buy **PT: CHF 79.0**

Income Stat. (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1528	1788	1975
EBITDA	241	227	271	303
EBIT	132	103	141	166
Net profit	54.5	33.3	52.7	65.3
Growth (%)	2019A	2020E	2021E	2022E
Revenues	-2.5	0.5	17.0	10.5
Net profit	-19.2	-38.9	58.5	23.9
EPS (rep.)	-19.4	-40.2	58.5	23.9
Margin analysis (%)	2019A	2020E	2021E	2022E
Gross margin	29.3	27.8	28.7	29.1
EBITDA margin	15.8	14.8	15.1	15.3
EBIT margin	8.7	6.7	7.9	8.4
Balance sheet (%)	2019A	2020E	2021E	2022E
NWC/Revenues	16.9	15.0	12.0	12.9
Net debt (mns)	396	329	310	251
Equity to tot. assets	38.3	42.5	45.7	48.6
Gearing	64.0	48.2	40.1	28.4
Net debt/EBITDA	1.6	1.4	1.1	0.8
CF statement (mns)	2019A	2020E	2021E	2022E
Capex	-150	-164	-168	-169
Operating FCF	108	132	35.4	77.0
Inc(+)/Dec(-) in cash	71.3	-12.9	-41.6	39.8
CF analysis (%)	2019A	2020E	2021E	2022E
Op. CF margin	16.9	19.4	11.4	12.5
Capex/Revenues	9.9	10.7	9.4	8.6
Capex/Depreciation	137	132	130	124
Per-share data (CHF)	2019A	2020E	2021E	2022E
EPS (rep.)	2.68	1.60	2.54	3.15
EPS (adj.)	2.30	1.60	2.54	3.15
Net cash	-19.5	-15.8	-15.0	-12.1
Dividend	0.00	0.33	0.33	0.33
Payout ratio (%)	0.0	20.6	13.1	10.6
Valuation (X)	2019A	2020E	2021E	2022E
P/E	20.1	44.3	29.5	23.8
P/E (adj.)	23.4	44.3	29.5	23.8
P/B	3.24	3.97	3.73	3.29
EV/EBITDA	6.8	8.6	7.2	6.2
FCF yield %	9.8	9.0	2.4	5.2
Dividend yield %	0.0	0.5	0.4	0.4
Profit. ratios (%)	2019A	2020E	2021E	2022E
ROIC	9.4	6.9	9.2	10.2
ROE	17.1	9.4	13.4	14.7
ROA	6.5	3.9	6.0	6.7
BB Consensus (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1499	1747	1915
EBITDA	241	221	281	308
EBIT	132	93	142	156
Net profit	50	29	52	58
EPS	2.30	1.33	2.37	2.76

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Strong 2nd half of 2020 - Outlook remains positive as PMAG is hiring another 4% FTEs - Buy

FACTS & COMMENT:

Preliminary sales: PMAG released preliminary FY20 sales which came in at EUR 1.53bn. This is ahead of the company's recently revised guidance (>EUR 1.5bn), in-line with our estimate but slightly above consensus of EUR 1.52bn. We assume the e-bicycles activities, which were not yet consolidated in 2019, contributed around EUR 112mn. Motorcycles revenues declined by c6.5% y/y due to lower units and -ve FX. A total of 270'407 motorcycles (63% outside Europe) were sold, a decrease of 3.5% y/y (organically -6.6% y/y excl. GasGas models). PMAG won market share in all key regions, particularly in Australia (+24% y/y) and North America (+23% y/y).

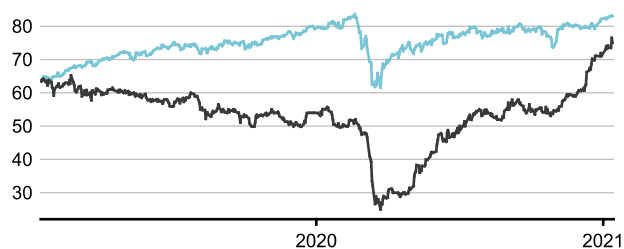
FTE expansion: The regional and product expansion of the KTM and Husqvarna brands as well as the addition of new GasGas models are all supporting the FY21 top-line. Moreover, the e-bicycles activities are expanding outside DACH (pan-Europe) also providing upside. PMAG stated that it is hiring an additional 4% FTEs mainly in production, confirming the positive demand trend.

Next event: FY20 prelims on 1 February 2021.

OUR CONCLUSION:

The strong demand recovery for motorcycles seen since mid-2020 has continued in 2H20 with the demand for e-bicycles remaining very high. With sales surpassing PMAG's guidance, the FY20 targets for EBIT (approx. EUR 100m; margin 6.5%) and FCF (>EUR 130m) will very likely be met. We expect the positive growth momentum to continue in FY21 (VTe sales +17% y/y) with solid margin improvements in both segments and we expect PMAG in FY21 reaching the low-end of the 8-10% EBIT margin target range.

Performance



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

Source: Bloomberg, Vontobel Equity Research

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The Ratings and/or Rating Outlook of the analyzed companies were last changed as follows:

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

4. Global rating breakdown

	VT Research universe No.	VT Research universe As %	Share of VT IB clients in rating category As %
Buy	34	33	29
Hold	66	63	17
Reduce	4	4	25

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 September 2020 .

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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
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)
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