

## WHAT'S NEW?

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 82.5
Enterprise value (mns)	CHF 2,278
Market cap (mns)	CHF 1,843
Reporting Currency	EUR

**Buy** **PT: CHF 92.0**

Income Stat. (mns)	2020A	2021E	2022E	2023E
Revenues	1530	1999	2132	2326
EBITDA	234	319	343	368
EBIT	107	170	188	208
Net profit	34.9	65.6	74.6	85.8
Growth (%)	2020A	2021E	2022E	2023E
Revenues	0.7	30.6	6.6	9.1
Net profit	-35.9	87.9	13.7	15.0
EPS (rep.)	-37.7	90.1	13.7	15.0
Margin analysis (%)	2020A	2021E	2022E	2023E
Gross margin	27.9	28.7	29.1	29.2
EBITDA margin	15.3	16.0	16.1	15.8
EBIT margin	7.0	8.5	8.8	8.9
Balance sheet (%)	2020A	2021E	2022E	2023E
NWC/Revenues	14.5	9.1	9.9	10.5
Net debt (mns)	312	257	196	104
Equity to tot. assets	38.8	42.0	45.7	49.6
Gearing	47.8	33.7	22.2	10.2
Net debt/EBITDA	1.3	0.8	0.6	0.3
CF statement (mns)	2020A	2021E	2022E	2023E
Capex	-148	-175	-178	-180
Operating FCF	165	101	86.6	117
Inc(+)/Dec(-) in cash	105	-4.36	40.9	41.6
CF analysis (%)	2020A	2021E	2022E	2023E
Op. CF margin	20.4	13.8	12.4	12.8
Capex/Revenues	9.7	8.7	8.3	7.7
Capex/Depreciation	117	117	114	112
Per-share data (CHF)	2020A	2021E	2022E	2023E
EPS (rep.)	1.67	3.18	3.61	4.16
EPS (adj.)	1.67	3.18	3.61	4.16
Net cash	-15.1	-12.4	-9.5	-5.1
Dividend	0.54	0.54	0.54	0.54
Payout ratio (%)	32.0	17.0	15.0	13.0
Valuation (X)	2020A	2021E	2022E	2023E
P/E	42.5	25.9	22.8	19.8
P/E (adj.)	42.5	25.9	22.8	19.8
P/B	4.08	4.16	3.65	3.18
EV/EBITDA	8.5	7.0	6.4	5.7
FCF yield %	11.1	6.0	5.1	6.9
Dividend yield %	0.8	0.7	0.7	0.7
Profit. ratios (%)	2020A	2021E	2022E	2023E
ROIC	7.2	11.5	12.1	12.8
ROE	10.0	17.1	17.0	17.1
ROA	4.2	7.1	7.3	7.7
<b>BB Consensus (mns)</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenues	1499	1956	2064	2233
EBITDA	221	318	333	357
EBIT	93	171	180	202
Net profit	29	59	68	78
EPS	1.33	2.91	3.11	3.46

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

## Shareholder simplification of KTM AG confirmed - details of capital increase - positive impact on economic value expected - Buy

## FACTS &amp; COMMENT:

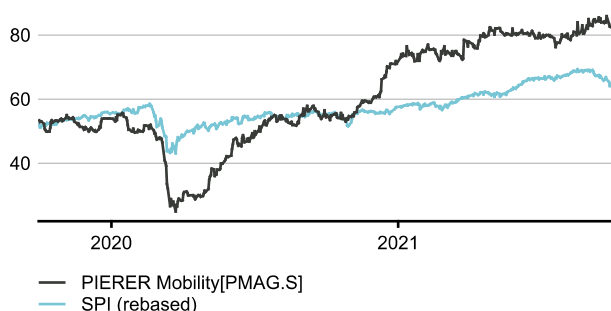
**Shareholder simplification:** Following an agreement in principle end of July and the receipt of all regulatory approvals, Bajaj and Pierer yesterday have agreed on the valuation of the 48% KTM AG stake held by Bajaj and signed the corresponding contracts. In a first step Bajaj - via its Bajaj Auto International Holding B.V. - will contribute 97% of its KTM AG stake into PTW Holding AG, the majority shareholder of PMAG. In return, Bajaj will receive a 49.9% stake in PTW Holding AG (50.1% held by Pierer Industries).

**Capital increase by end of October:** In a 2nd step, 46.5% of KTM AG shares will be contributed to PMAG in kind against granting of new PMAG shares. The KTM AG stake has been valued at EUR 895mn, equivalent to 49.9% of the existing share capital. The new shares will be issued at EUR 79.5 (CHF 86), above yesterday's closing price, implying 11.257m new shares being created. Due to the nature of the transaction, subscription rights are excluded. The capital increase is expected to be concluded by end of October. Following the transaction, PMAG will hold >98% of KTM AG.

## OUR CONCLUSION:

While the valuation of the minority stake is at the upper end of the initially targeted range, it is in-line with our expectations given the structurally improved motorcycle demand environment. The simplification eliminates the complex ownership structure and substantial minority charges in the P&L. Despite the 50% capital increase, we calculate an EPS accretion of >20% for FY22 and see positive economic value impacts (i.e. minority dvds fall away) and rising dividend payouts for PMAG. Buy.

## Performance



Source: Bloomberg, Vontobel Equity Research

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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 Bank VT clients in rating category As %
Buy	32	32	28
Hold	67	67	13
Reduce	1	1	100

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 June 2021 .

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Rating	Definition
<b>SMI/SLI (ex SMI)</b>	Swiss Market Index/Swiss Leader Index stocks
Buy	Price target (when set) implies 10% or more upside on a 12-month horizon
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
<b>SMIM</b>	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
<b>Other</b>	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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