

## GOOD TO KNOW

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 87.2
Enterprise value (mns)	CHF 3,196
Market cap (mns)	CHF 2,930
Reporting Currency	EUR

**Buy** **PT: CHF 105**

Income Stat. (mns)	2020A	2021E	2022E	2023E
Revenues	1530	2003	2142	2334
EBITDA	234	319	347	380
EBIT	107	176	195	220
Net profit	34.9	126	140	160
Growth (%)	2020A	2021E	2022E	2023E
Revenues	0.7	30.9	7.0	8.9
Net profit	-35.9	261	11.2	13.8
EPS (rep.)	-37.7	142	11.2	13.8
Margin analysis (%)	2020A	2021E	2022E	2023E
Gross margin	27.9	28.7	29.1	29.2
EBITDA margin	15.3	15.9	16.2	16.3
EBIT margin	7.0	8.8	9.1	9.4
Balance sheet (%)	2020A	2021E	2022E	2023E
NWC/Revenues	14.5	8.5	8.9	9.7
Net debt (mns)	312	242	192	102
Equity to tot. assets	38.8	41.7	44.9	49.1
Gearing	47.8	31.7	22.1	10.1
Net debt/EBITDA	1.3	0.8	0.6	0.3
CF statement (mns)	2020A	2021E	2022E	2023E
Capex	-148	-196	-172	-174
Operating FCF	165	98.7	91.5	124
Inc(+)/Dec(-) in cash	105	10.8	29.5	40.2
CF analysis (%)	2020A	2021E	2022E	2023E
Op. CF margin	20.4	14.7	12.3	12.8
Capex/Revenues	9.7	9.8	8.0	7.5
Capex/Depreciation	117	137	113	109
Per-share data (CHF)	2020A	2021E	2022E	2023E
EPS (rep.)	1.67	4.06	4.51	5.14
EPS (adj.)	1.67	4.06	4.51	5.14
Net cash	-15.1	-7.8	-6.2	-3.3
Dividend	0.54	1.08	1.08	1.30
Payout ratio (%)	32.0	26.6	23.9	25.2
Valuation (X)	2020A	2021E	2022E	2023E
P/E	42.5	21.5	19.3	17.0
P/E (adj.)	42.5	21.5	19.3	17.0
P/B	4.08	3.61	3.16	2.73
EV/EBITDA	8.5	9.9	9.0	8.0
FCF yield %	11.1	3.6	3.4	4.6
Dividend yield %	0.8	1.2	1.2	1.5
Profit. ratios (%)	2020A	2021E	2022E	2023E
ROIC	7.2	11.9	12.5	13.5
ROE	10.0	22.7	17.4	17.3
ROA	4.2	7.3	7.5	8.1
<b>BB Consensus (mns)</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenues	1499	2032	2127	2284
EBITDA	221	326	344	374
EBIT	93	183	193	215
Net profit	29	110	134	151
EPS	1.33	3.54	3.83	4.47

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

## Acquisition of FELT bicycles - Entering North America's bicycle market as a prelude for the regional expansion of its e-bike business. Buy

## FACTS &amp; COMMENT:

**Acquiring FELT Bicycles:** Pierer announced the acquisition of FELT bicycles, which was established in 1991 in California and has a focus on high-performance road, triathlon, track, cyclocross and adventure bicycles and is not yet present in e-bikes yet. FELT was taken over by Rossignol in 1997 but Rossignol is exiting its multi-brand strategy and has already offloaded two other bicycles brands this year in a strategy of re-focusing on its own brand.

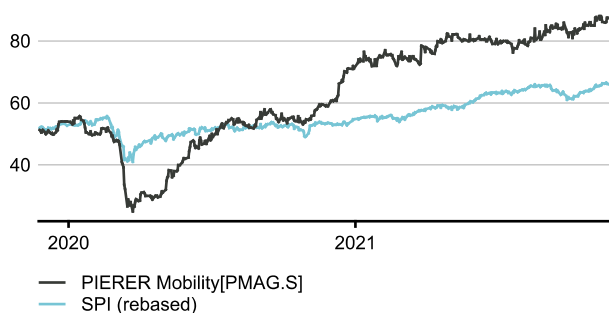
**Strategic bolt-on acquisition:** We believe the move is a strategic acquisition as it opens the bicycle market for Pierer as it can capitalize on FELT's bicycle dealer network in North America. FELT does not have e-bike products yet, so this is complementary expansion. Additionally, FELT has different component suppliers than Pierer, diversifying the supplier base as well.

**No financial disclosed:** Pierer has not announced financial details but we assume that FELT sells about 10'000 bicycles p.a. with an estimated revenue of around USD 30mn. We believe Pierer acquired the brand name as well as inventories at rather attractive prices (VTe <USD 8m).

## OUR CONCLUSION:

This is a small bolt-on acquisition providing PMAG with the necessary bicycle dealer network in the North American market to support its regional expansion strategy of its e-bicycle business. So far, PMAG's Huski e-bikes have been mainly sold through PMAG's motorcycle dealerships in the U.S. and Canada since the start of the year. We expect the acquisition to only marginally impact the company's top-line in FY22E (circa 1%) with also a small but +ve impact on the E-Bike segment's profitability.

## 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	25
Hold	68	67	15
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 September 2021 .

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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)
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