

<b>Buy</b> <b>CHF 80.00</b> (CHF 90.00)  Price CHF 50.40 Upside <b>58.7 %</b>	<b>Value Indicators:</b> CHF DCF: 79.90 FCF-Value Potential 21e: 58.19	<b>Share data:</b> Bloomberg: PMAG GR Reuters: PMAG.VI ISIN: AT0000KTM102	<b>Description:</b> Europe's largest manufacturer of sports motorcycles.
	<b>Market Snapshot:</b> CHF m Market cap: 1,136 No. of shares (m): 23 EV: 2,057 Freefloat MC: 432 Ø Trad. Vol. (30d): 407.30 th	<b>Shareholders:</b> Freefloat 38.0 % Pierer Industrie AG 62.0 % Remaining management 1.1 %	<b>Risk Profile (WRe):</b> 2019e Beta: 1.4 Price / Book: 3.1 x Equity Ratio: 40 % Net Fin. Debt / EBITDA: 1.6 x Net Debt / EBITDA: 1.7 x

## Transition year in 2020; Further growth ahead

PMAG laid the foundation for further growth in 2019. With 234,449 KTM motorcycles and 45,650 HUSQVARNA motorcycles sold in 2019, the sales volume increased by about 7% compared to the previous year. While 2019 was already marked by major strategic decisions, the largest chunk of investment costs will be incurred in 2020.

### Updated guidance

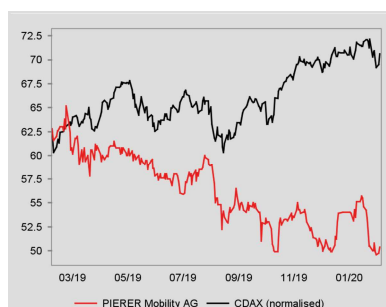
PMAG announced a new guidance for 2020. The company is targeting revenue growth of 8-10% (previously, 1-5%) in 2020 (consensus, 8.3%) and is aiming for 6-8% EBIT margin while consensus stood at 8.4%. The following points are worth mentioning:

- PMAG's eBike business is consolidated as of 31.12.2019. While the company booked a positive one-off effect of ca. EUR 10m in FY19, the consolidation will dilute group margins as PMAG expects the eBike unit to contribute EUR ~100m revenues and reach breakeven in 2020e.
- The second effect is the GASGAS acquisition announced in Autumn 2019. We expect ca. 10k unit sales, ~50m revenues and margins to be at PMAG's legacy business level. In the first year, the integration/roll-out will certainly be accompanied by costs (WRe: ~20m).
- The acceleration of PMAG's e-mobility strategy and the changeover from emission standard EURO 4 to 5 in 2020e, put margins under pressure as the company sells EURO 4 motorcycles at discounts to dealers. However, this is a temporary effect in 2020e.

### Conclusion

PMAG delivered on its 2019 targets although with help of a one-off consolidation effect (PEXCO). Our investment case, which is based on further profitable growth and FCF acceleration (new guidance EUR 45-55m in 2020e), is fully intact. However, 2020e will be a year of transition, marked by integration efforts and further growth investment, which will temporarily burden margins. PMAG remains in the fast lane and is preparing for the e-mobility wave. After adjusting our estimates and updating the CHF/EUR rate (1.07) our DCF-based PT decreases to CHF 80 per share, which still offers ~60% upside.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -	
Sales	1,523	-0.2 %	1,636	1.7 %	1,799	1.8 %	<ul style="list-style-type: none"> <li>In 2020e we expect a margin of 7.5% in the core motorcycles business and breakeven in the eBike unit.</li> <li>For 2021e we factor in EBIT margins of 8.5% and 2%.</li> </ul>
EBITDA	242	-0.5 %	263	-11.4 %	288	-6.2 %	
EBIT	134	-1.7 %	147	-20.4 %	166	-10.8 %	
EPS	1.88	28.7 %	2.20	-15.5 %	2.73	-10.6 %	

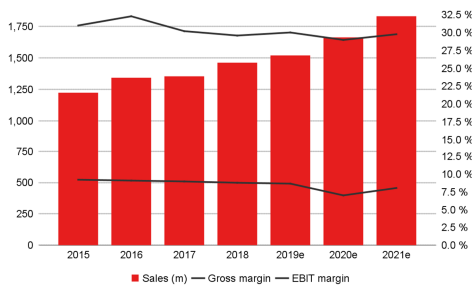


Rel. Performance vs CDAX:	
1 month:	-6.5 %
6 months:	-25.7 %
Year to date:	-6.8 %
Trailing 12 months:	-30.9 %

Company events:	
30.04.20	AGM
07.05.20	Ex-Divi
31.08.20	H1

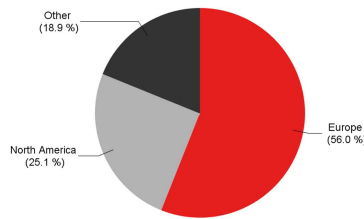
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	7.8 %	1,224	1,343	1,354	1,462	1,520	1,664	1,832
Change Sales yoy		n.a.	9.8 %	0.8 %	8.0 %	4.0 %	9.5 %	10.1 %
Gross profit margin		31.0 %	32.3 %	30.2 %	29.6 %	30.0 %	29.0 %	29.8 %
EBITDA	8.6 %	178	198	194	211	241	233	270
Margin		14.6 %	14.8 %	14.3 %	14.4 %	15.8 %	14.0 %	14.7 %
EBIT	4.7 %	113	122	122	129	132	117	148
Margin		9.2 %	9.1 %	9.0 %	8.8 %	8.7 %	7.0 %	8.1 %
Net income	-6.6 %	30	52	45	67	55	42	55
EPS	-6.6 %	1.33	2.30	1.98	2.99	2.42	1.86	2.44
EPS adj.	10.3 %	1.33	2.30	1.77	1.82	2.42	1.86	2.44
DPS	0.0 %	0.03	0.03	0.30	0.30	0.30	0.30	0.30
Dividend Yield		0.1 %	0.1 %	0.6 %	0.5 %	0.6 %	0.6 %	0.6 %
FCFPS		-1.16	1.05	-0.77	-4.35	4.19	1.59	1.61
EV / Sales		1.3 x	1.4 x	1.6 x	1.6 x	1.4 x	1.2 x	1.1 x
EV / EBITDA		9.1 x	9.4 x	11.4 x	11.4 x	8.5 x	8.3 x	7.6 x
EV / EBIT		14.3 x	15.2 x	18.2 x	18.7 x	15.6 x	16.4 x	13.9 x
P / E		18.5 x	15.7 x	26.0 x	20.8 x	19.5 x	25.3 x	19.3 x
P / E adj.		18.5 x	15.7 x	29.1 x	34.1 x	19.5 x	25.3 x	19.3 x
FCF Potential Yield		5.7 %	6.0 %	4.6 %	6.0 %	6.6 %	6.5 %	7.1 %
Net Debt		408	388	399	348	417	398	381
ROE		30.5 %	22.0 %	15.1 %	21.9 %	17.0 %	11.6 %	13.6 %
ROCE (NOPAT)		20.5 %	12.2 %	10.0 %	10.7 %	10.4 %	8.2 %	9.9 %
Guidance:	Revenue growth 8-10%; EBITDA 14-16%; EBIT 6-8%; FCF 45-55m							

Sales & margin development in EUR m



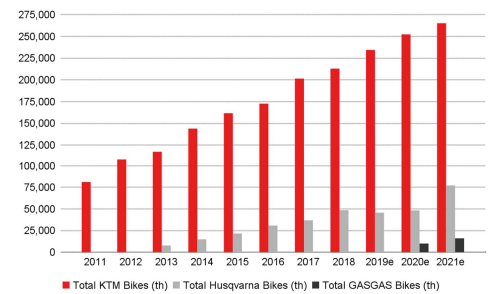
Source: Warburg Research

Sales by regions 2018; in %



Source: Warburg Research

Motorcycles unit sales by brand in units



Source: Warburg Research

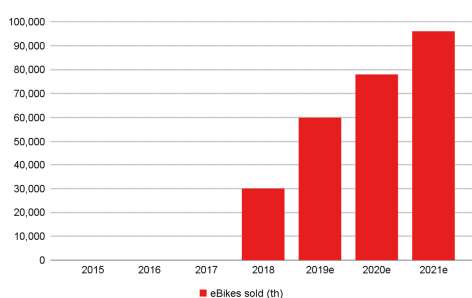
Company Background

- PMAG, is the biggest European motorcycle manufacturer and a global leader in off-road motorcycles. The company operates under the brands KTM, Husqvarna Motorcycles & GASGAS which are marketed separately.
- Racing plays an important role in generating new sales and winning new customers in both segments. In motorcycle racing, the driver is the hero and the brand is associated with the face of the winning driver.
- According to PMAG, wins can be translated 1-to-1 into off-road sales, while this effect is less pronounced for street motorcycles.
- Besides motorcycles, PMAG has set ambitious sales targets for its eBike business (PEXCO) of more than 80K units and roughly EUR 100m sales for 2020e already, while only targeting Europe in a first step.

Competitive Quality

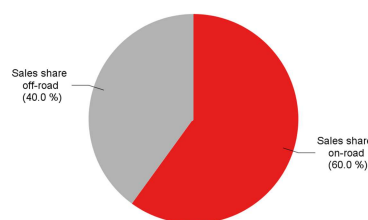
- PMAG is the market leader in Europe and has a strong footprint in USA (market share 12% and 9% respectively). Despite that, off-road is PMAG's legacy business where it benefits from a 70% market share in Europe.
- Customers look for quality and brands, which PMAG can offer as its products offer technically differentiated product features. A substantial amount of time and capital is needed to achieve the technology level of PMAG.
- Even stricter emission regulation disadvantages smaller players and new entrants and serve as a barrier to entry. At the same time it generates chances for M&A.
- PMAG is the industry leader in R&D spending, which enables it to defend its existing product offering and quickly understand new trends.
- PMAG created a unique vertical supply chain which ensures production of all critical and performance related components in house (WP, engines).

eBike unit sales development in units



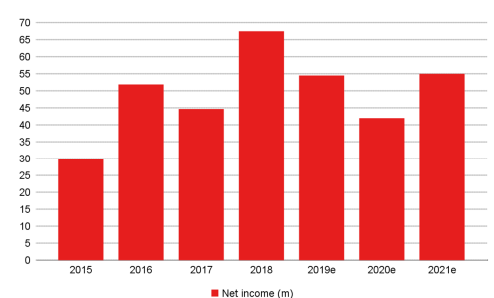
Source: Warburg Research

Sales share on/off-road 2018; in %



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	1,520	1,664	1,832	2,015	2,187	2,345	2,490	2,621	2,738	2,842	2,934	3,015	3,086	
Sales change	4.0 %	9.5 %	10.1 %	10.0 %	8.5 %	7.2 %	6.2 %	5.3 %	4.5 %	3.8 %	3.2 %	2.8 %	2.3 %	2.0 %
EBIT	132	117	147	181	194	206	216	225	232	238	243	247	250	
EBIT-margin	8.7 %	7.0 %	8.0 %	9.0 %	8.9 %	8.8 %	8.7 %	8.6 %	8.5 %	8.4 %	8.3 %	8.2 %	8.1 %	
Tax rate (EBT)	23.0 %	25.0 %	25.0 %	25.0 %	25.5 %	25.9 %	26.4 %	26.9 %	27.4 %	27.9 %	28.4 %	28.9 %	29.5 %	
NOPAT	102	88	110	136	145	153	159	164	169	172	174	176	176	
Depreciation in % of Sales	109 7.2 %	116 6.9 %	123 6.7 %	131 6.5 %	138 6.3 %	145 6.2 %	150 6.0 %	153 5.9 %	156 5.7 %	158 5.6 %	159 5.4 %	159 5.3 %	158 5.1 %	
Changes in provisions	0	2	2	3	3	3	2	2	2	2	1	1	1	
Change in Liquidity from														
- Working Capital	25	-7	22	17	21	19	16	13	11	9	7	5	4	
- Capex	160	160	160	161	168	172	175	176	177	176	174	171	168	
Capex in % of Sales	10.5 %	9.6 %	8.7 %	8.0 %	7.7 %	7.3 %	7.0 %	6.7 %	6.4 %	6.2 %	5.9 %	5.7 %	5.4 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	25	52	54	92	98	109	120	130	139	147	154	160	165	169
PV of FCF	25	50	48	77	77	81	83	85	85	84	82	80	78	1,735
share of PVs	4.62 %			30.40 %										64.98 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	35.00 %	Financial Strength	1.30
Cost of debt (after tax)	1.7 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.40
		Others	1.30
<b>WACC</b>	<b>6.59 %</b>	<b>Beta</b>	<b>1.40</b>

Valuation (m)

Present values 2031e	935		
Terminal Value	1,735		
Financial liabilities	514		
Pension liabilities	25		
Hybrid capital	0		
Minority interest	576		
Market val. of investments	6		
Liquidity	123	No. of shares (m)	22.5
<b>Equity Value</b>	<b>1,683</b>	<b>Value per share (EUR)</b>	<b>74.67</b>

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.68	7.6 %	45.24	47.29	49.51	51.94	54.59	57.50	60.71	1.68	7.6 %	31.00	37.98	44.96	51.94	58.92	65.90	72.88
1.54	7.1 %	53.74	56.30	59.10	62.17	65.57	69.33	73.52	1.54	7.1 %	39.20	46.86	54.52	62.17	69.83	77.49	85.14
1.47	6.8 %	58.57	61.45	64.61	68.10	71.96	76.27	81.11	1.47	6.8 %	43.95	52.00	60.05	68.10	76.14	84.19	92.24
1.40	6.6 %	63.87	67.11	70.70	74.67	79.11	84.08	89.70	1.40	6.6 %	49.23	57.71	66.19	74.67	83.15	91.64	100.12
1.33	6.3 %	69.69	73.37	77.46	82.02	87.13	92.91	99.49	1.33	6.3 %	55.12	64.08	73.05	82.02	90.98	99.95	108.91
1.26	6.1 %	76.13	80.33	85.01	90.27	96.21	102.97	110.75	1.26	6.1 %	61.74	71.25	80.76	90.27	99.78	109.28	118.79
1.12	5.6 %	91.26	96.82	103.09	110.25	118.47	128.02	139.25	1.12	5.6 %	77.78	88.60	99.42	110.25	121.07	131.89	142.72

- Sales growth slows from 10% to 2% in perpetuity.
- EBIT margin declines during transitional phase from 9% to 8%.
- EBIT used in our DCF differs from EBIT in the P&L as we exclude at-equity earnings...
- ... and separately add at-equity participations at book value. We deduct minority interest at 14x minority earnings.

### Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2015	2016	2017	2018	2019e	2020e	2021e	
Net Income before minorities	65	89	84	114	96	75	98	
+ Depreciation + Amortisation	66	76	72	82	109	115	122	
- Net Interest Income	-23	-13	-13	-16	-8	-17	-17	
- Maintenance Capex	61	67	68	73	76	83	92	
+ Other	0	0	0	4	0	0	-1	
<b>= Free Cash Flow Potential</b>	<b>92</b>	<b>111</b>	<b>101</b>	<b>144</b>	<b>137</b>	<b>124</b>	<b>145</b>	
FCF Potential Yield (on market EV)	5.7 %	6.0 %	4.6 %	6.0 %	6.6 %	6.5 %	7.1 %	
WACC	6.59 %	6.59 %	6.59 %	6.59 %	6.59 %	6.59 %	6.59 %	
<b>= Enterprise Value (EV)</b>	<b>1,618</b>	<b>1,858</b>	<b>2,214</b>	<b>2,401</b>	<b>2,054</b>	<b>1,921</b>	<b>2,044</b>	
<b>= Fair Enterprise Value</b>	<b>1,400</b>	<b>1,681</b>	<b>1,530</b>	<b>2,177</b>	<b>2,071</b>	<b>1,885</b>	<b>2,202</b>	
- Net Debt (Cash)	323	323	323	323	392	371	352	
- Pension Liabilities	25	25	25	25	25	27	29	
- Other	0	0	0	0	0	0	0	
- Market value of minorities	654	654	654	654	576	462	602	
+ Market value of investments	26	26	26	26	6	6	7	
<b>= Fair Market Capitalisation</b>	<b>423</b>	<b>705</b>	<b>553</b>	<b>1,201</b>	<b>1,084</b>	<b>1,031</b>	<b>1,226</b>	
Number of shares, average	23	23	23	23	23	23	23	
<b>= Fair value per share (EUR)</b>	<b>18.78</b>	<b>31.28</b>	<b>24.55</b>	<b>53.29</b>	<b>48.07</b>	<b>45.75</b>	<b>54.38</b>	
premium (-) / discount (+) in %					2.1 %	-2.8 %	15.5 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	9.59 %	n.a.	7.95	3.33	23.08	19.34	19.59	23.82
	8.59 %	4.33	13.92	8.76	30.81	26.69	26.28	31.64
	7.59 %	10.60	21.45	15.61	40.57	35.97	34.74	41.51
WACC	<b>6.59 %</b>	<b>18.78</b>	<b>31.28</b>	<b>24.55</b>	<b>53.29</b>	<b>48.07</b>	<b>45.75</b>	<b>54.38</b>
	5.59 %	29.89	44.62	36.69	70.57	64.50	60.71	71.85
	4.59 %	45.82	63.76	54.11	95.36	88.09	82.18	96.94
	3.59 %	70.64	93.57	81.22	133.96	124.80	115.61	135.98

- We expect maintenance Capex at 5% of sales.
- "Others" include the adjustments from at-equity earnings which we separately add at book value.
- Additionally, we deduct minority interest at 14x minority earnings.

Valuation							
	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.8 x	3.0 x	3.7 x	4.7 x	3.1 x	2.8 x	2.5 x
Book value per share ex intangibles	-5.72	-3.89	-3.49	-5.56	-5.52	-5.84	-5.41
EV / Sales	1.3 x	1.4 x	1.6 x	1.6 x	1.4 x	1.2 x	1.1 x
EV / EBITDA	9.1 x	9.4 x	11.4 x	11.4 x	8.5 x	8.3 x	7.6 x
EV / EBIT	14.3 x	15.2 x	18.2 x	18.7 x	15.6 x	16.4 x	13.9 x
EV / EBIT adj.*	14.3 x	15.2 x	18.2 x	18.0 x	15.6 x	16.4 x	13.9 x
P / FCF	n.a.	34.5 x	n.a.	n.a.	11.2 x	29.6 x	29.3 x
P / E	18.5 x	15.7 x	26.0 x	20.8 x	19.5 x	25.3 x	19.3 x
P / E adj.*	18.5 x	15.7 x	29.1 x	34.1 x	19.5 x	25.3 x	19.3 x
Dividend Yield	0.1 %	0.1 %	0.6 %	0.5 %	0.6 %	0.6 %	0.6 %
FCF Potential Yield (on market EV)	5.7 %	6.0 %	4.6 %	6.0 %	6.6 %	6.5 %	7.1 %

\*Adjustments made for: One-offs and Pankl deconsolidation effect

Company Specific Items							
	2015	2016	2017	2018	2019e	2020e	2021e
Total KTM Bikes	161,613	172,636	201,451	212,898	234,449	252,324	265,192
Total Husqvarna Bikes	21,560	30,787	36,883	48,554	45,650	48,347	77,128
Total GASGAS Bikes	0	0	0	0	0	10,000	16,000
Sales share off-road	46.0 %	50.0 %	45.0 %	40.0 %	39.0 %	36.0 %	34.0 %
Sales share on-road	54.0 %	50.0 %	55.0 %	60.0 %	61.0 %	64.0 %	66.0 %
eBikes sold	0	0	0	30,000	60,000	78,000	96,000

Consolidated profit and loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Sales</b>	<b>1,224</b>	<b>1,343</b>	<b>1,354</b>	<b>1,462</b>	<b>1,520</b>	<b>1,664</b>	<b>1,832</b>
Change Sales yoy	n.a.	9.8 %	0.8 %	8.0 %	4.0 %	9.5 %	10.1 %
COGS	844	909	945	1,029	1,064	1,181	1,286
<b>Gross profit</b>	<b>379</b>	<b>434</b>	<b>409</b>	<b>433</b>	<b>456</b>	<b>483</b>	<b>546</b>
<i>Gross margin</i>	<i>31.0 %</i>	<i>32.3 %</i>	<i>30.2 %</i>	<i>29.6 %</i>	<i>30.0 %</i>	<i>29.0 %</i>	<i>29.8 %</i>
Research and development	30	40	34	27	30	37	42
Sales and marketing	149	170	165	172	198	200	220
Administration expenses	69	80	60	71	73	80	88
Other operating expenses	22	28	32	30	31	58	58
Other operating income	4	5	4	0	8	8	9
Unfrequent items	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>178</b>	<b>198</b>	<b>194</b>	<b>211</b>	<b>241</b>	<b>233</b>	<b>270</b>
<i>Margin</i>	<i>14.6 %</i>	<i>14.8 %</i>	<i>14.3 %</i>	<i>14.4 %</i>	<i>15.8 %</i>	<i>14.0 %</i>	<i>14.7 %</i>
Depreciation of fixed assets	37	43	38	43	61	63	66
<b>EBITA</b>	<b>141</b>	<b>156</b>	<b>156</b>	<b>168</b>	<b>180</b>	<b>170</b>	<b>204</b>
Amortisation of intangible assets	28	33	34	39	48	52	56
Goodwill amortisation	0	0	0	0	0	0	0
<b>EBIT</b>	<b>113</b>	<b>122</b>	<b>122</b>	<b>129</b>	<b>132</b>	<b>117</b>	<b>148</b>
<i>Margin</i>	<i>9.2 %</i>	<i>9.1 %</i>	<i>9.0 %</i>	<i>8.8 %</i>	<i>8.7 %</i>	<i>7.0 %</i>	<i>8.1 %</i>
<b>EBIT adj.</b>	<b>113</b>	<b>122</b>	<b>122</b>	<b>134</b>	<b>132</b>	<b>117</b>	<b>147</b>
Interest income	2	3	2	3	3	3	3
Interest expenses	18	20	13	18	19	18	18
Other financial income (loss)	-7	3	-2	-1	8	-2	-2
<b>EBT</b>	<b>90</b>	<b>109</b>	<b>109</b>	<b>112</b>	<b>124</b>	<b>100</b>	<b>131</b>
<i>Margin</i>	<i>7.4 %</i>	<i>8.1 %</i>	<i>8.1 %</i>	<i>7.7 %</i>	<i>8.2 %</i>	<i>6.0 %</i>	<i>7.1 %</i>
Total taxes	25	20	30	27	29	25	33
<b>Net income from continuing operations</b>	<b>65</b>	<b>89</b>	<b>79</b>	<b>85</b>	<b>96</b>	<b>75</b>	<b>98</b>
Income from discontinued operations (net of tax)	0	0	5	5	0	0	0
<b>Net income before minorities</b>	<b>65</b>	<b>89</b>	<b>84</b>	<b>114</b>	<b>96</b>	<b>75</b>	<b>98</b>
Minority interest	35	37	39	47	41	33	43
<b>Net income</b>	<b>30</b>	<b>52</b>	<b>45</b>	<b>67</b>	<b>55</b>	<b>42</b>	<b>55</b>
<i>Margin</i>	<i>2.5 %</i>	<i>3.9 %</i>	<i>3.3 %</i>	<i>4.6 %</i>	<i>3.6 %</i>	<i>2.5 %</i>	<i>3.0 %</i>
Number of shares, average	23	23	23	23	23	23	23
<b>EPS</b>	<b>1.33</b>	<b>2.30</b>	<b>1.98</b>	<b>2.99</b>	<b>2.42</b>	<b>1.86</b>	<b>2.44</b>
EPS adj.	1.33	2.30	1.77	1.82	2.42	1.86	2.44

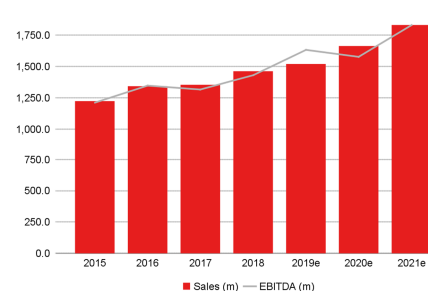
\*Adjustments made for: One-offs and Pankl deconsolidation effect

Guidance: Revenue growth 8-10%; EBITDA 14-16%; EBIT 6-8%; FCF 45-55m

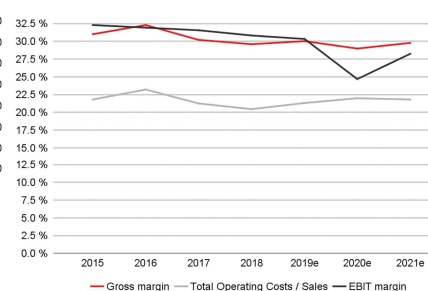
Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	21.8 %	23.2 %	21.2 %	20.5 %	21.3 %	22.0 %	21.8 %
Operating Leverage	n.a.	0.9 x	-0.4 x	0.7 x	0.6 x	-1.2 x	2.6 x
EBITDA / Interest expenses	10.0 x	10.2 x	15.3 x	11.4 x	13.0 x	12.8 x	15.1 x
Tax rate (EBT)	27.8 %	18.5 %	27.6 %	24.2 %	23.0 %	25.0 %	25.0 %
Dividend Payout Ratio	1.0 %	0.8 %	8.6 %	7.9 %	7.1 %	9.0 %	6.9 %
Sales per Employee	268,739	264,936	322,856	339,817	339,817	339,817	339,817

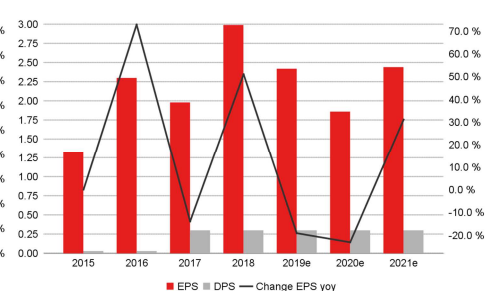
Sales, EBITDA in EUR m



Operating Performance in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

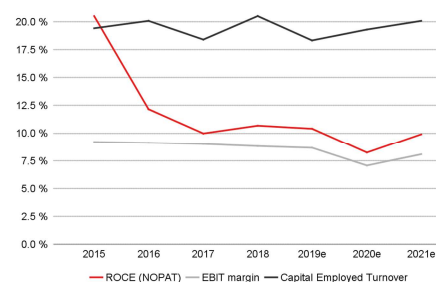
**Consolidated balance sheet**

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>							
Goodwill and other intangible assets	326	362	397	423	470	512	551
thereof other intangible assets	208	244	280	327	373	416	454
thereof Goodwill	118	118	117	96	96	96	96
Property, plant and equipment	274	303	357	283	377	379	378
Financial assets	4	6	15	26	6	6	7
Other long-term assets	26	11	6	9	10	11	12
<b>Fixed assets</b>	<b>630</b>	<b>682</b>	<b>775</b>	<b>742</b>	<b>862</b>	<b>908</b>	<b>947</b>
Inventories	243	252	297	287	304	314	346
Accounts receivable	111	122	120	149	175	187	206
Liquid assets	135	284	169	89	123	135	146
Other short-term assets	57	84	104	87	91	99	109
<b>Current assets</b>	<b>546</b>	<b>741</b>	<b>691</b>	<b>612</b>	<b>692</b>	<b>735</b>	<b>807</b>
<b>Total Assets</b>	<b>1,176</b>	<b>1,424</b>	<b>1,465</b>	<b>1,354</b>	<b>1,554</b>	<b>1,643</b>	<b>1,754</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	225	225	225	23	23	23	23
Capital reserve	10	10	10	10	10	10	10
Retained earnings	0	0	0	0	0	0	0
Other equity components	-39	39	83	265	313	348	396
Shareholders' equity	197	274	318	297	345	380	429
Minority interest	190	181	211	253	284	309	341
<b>Total equity</b>	<b>387</b>	<b>455</b>	<b>529</b>	<b>551</b>	<b>629</b>	<b>689</b>	<b>770</b>
Provisions	33	41	50	43	43	45	47
thereof provisions for pensions and similar obligations	21	24	24	25	25	27	29
Financial liabilities (total)	523	648	544	413	514	506	498
thereof short-term financial liabilities	57	191	171	73	40	40	40
Accounts payable	111	131	178	191	208	237	266
Other liabilities	123	149	164	157	160	166	173
<b>Liabilities</b>	<b>789</b>	<b>969</b>	<b>937</b>	<b>803</b>	<b>925</b>	<b>954</b>	<b>984</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,176</b>	<b>1,424</b>	<b>1,465</b>	<b>1,354</b>	<b>1,554</b>	<b>1,643</b>	<b>1,754</b>

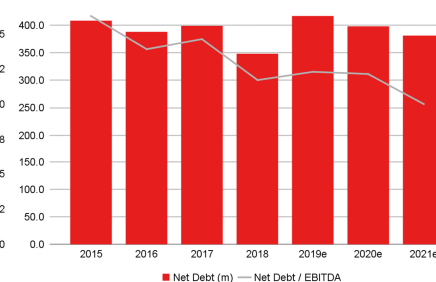
**Financial Ratios**

	2015	2016	2017	2018	2019e	2020e	2021e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	2.4 x	2.5 x	2.3 x	2.8 x	2.3 x	2.6 x	2.8 x
Capital Employed Turnover	1.5 x	1.6 x	1.5 x	1.6 x	1.5 x	1.5 x	1.6 x
ROA	4.8 %	7.6 %	5.8 %	9.1 %	6.3 %	4.6 %	5.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	20.5 %	12.2 %	10.0 %	10.7 %	10.4 %	8.2 %	9.9 %
ROE	30.5 %	22.0 %	15.1 %	21.9 %	17.0 %	11.6 %	13.6 %
Adj. ROE	30.5 %	22.0 %	13.5 %	13.4 %	17.0 %	11.6 %	13.6 %
<b>Balance sheet quality</b>							
Net Debt	408	388	399	348	417	398	381
Net Financial Debt	387	365	375	323	392	371	352
Net Gearing	105.6 %	85.3 %	75.5 %	63.2 %	66.2 %	57.8 %	49.5 %
Net Fin. Debt / EBITDA	217.1 %	183.7 %	193.3 %	153.2 %	162.7 %	159.5 %	130.4 %
Book Value / Share	8.7	12.2	14.1	13.2	15.3	16.9	19.0
Book value per share ex intangibles	-5.7	-3.9	-3.5	-5.6	-5.5	-5.8	-5.4

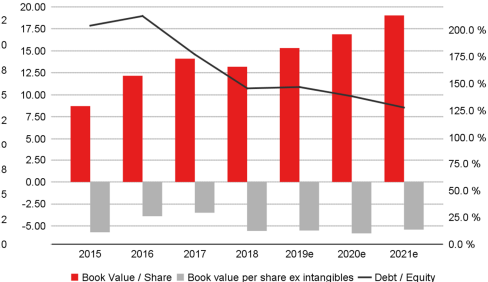
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

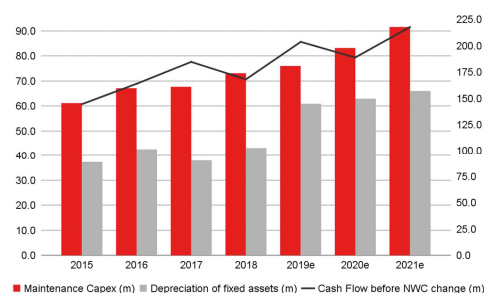
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	65	89	84	114	96	75	98
Depreciation of fixed assets	37	43	38	43	61	63	66
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	28	33	34	39	48	52	56
Increase/decrease in long-term provisions	0	3	0	1	0	2	2
Other non-cash income and expenses	14	-4	28	-29	-1	-3	-5
<b>Cash Flow before NWC change</b>	<b>145</b>	<b>164</b>	<b>185</b>	<b>168</b>	<b>204</b>	<b>189</b>	<b>218</b>
Increase / decrease in inventory	-21	13	-36	-58	59	-10	-32
Increase / decrease in accounts receivable	-18	-25	-44	-26	-26	-12	-19
Increase / decrease in accounts payable	0	16	56	1	18	29	29
Increase / decrease in other working capital positions	1	0	0	0	0	0	0
Increase / decrease in working capital (total)	-38	4	-23	-83	51	7	-22
<b>Net cash provided by operating activities [1]</b>	<b>107</b>	<b>168</b>	<b>161</b>	<b>85</b>	<b>254</b>	<b>196</b>	<b>196</b>
Investments in intangible assets	-54	-69	-74	-93	-95	-95	-95
Investments in property, plant and equipment	-79	-75	-105	-90	-65	-65	-65
Payments for acquisitions	0	0	0	0	0	0	0
Financial investments	0	0	9	16	0	0	0
Income from asset disposals	2	7	27	70	0	0	0
<b>Net cash provided by investing activities [2]</b>	<b>-110</b>	<b>-159</b>	<b>-154</b>	<b>-102</b>	<b>-160</b>	<b>-160</b>	<b>-160</b>
Change in financial liabilities	71	206	-97	-39	-44	-8	-8
Dividends paid	-15	-18	-20	-19	-7	-7	-7
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	-5	-49	0	-6	-10	-8	-11
<b>Net cash provided by financing activities [3]</b>	<b>51</b>	<b>139</b>	<b>-118</b>	<b>-63</b>	<b>-61</b>	<b>-23</b>	<b>-26</b>
Change in liquid funds [1]+[2]+[3]	47	148	-111	-80	33	13	11
Effects of exchange-rate changes on cash	-2	0	-4	0	0	0	0
<b>Cash and cash equivalent at end of period</b>	<b>46</b>	<b>283</b>	<b>169</b>	<b>89</b>	<b>123</b>	<b>135</b>	<b>146</b>

Financial Ratios

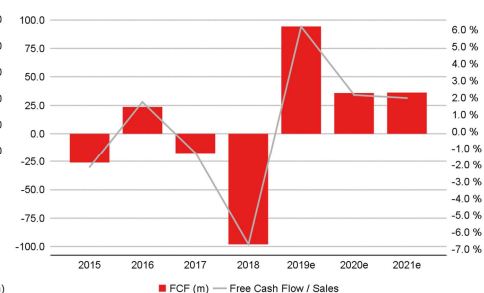
	2015	2016	2017	2018	2019e	2020e	2021e
<b>Cash Flow</b>							
FCF	-26	24	-17	-98	94	36	36
Free Cash Flow / Sales	-2.1 %	1.8 %	-1.3 %	-6.7 %	6.2 %	2.2 %	2.0 %
Free Cash Flow Potential	92	111	101	144	137	124	145
Free Cash Flow / Sales	-2.1 %	1.8 %	-1.3 %	-6.7 %	6.2 %	2.2 %	2.0 %
Free Cash Flow / Net Profit	-87.0 %	45.6 %	-38.7 %	-145.4 %	173.1 %	85.3 %	65.9 %
Interest Received / Avg. Cash	2.3 %	1.3 %	1.0 %	2.7 %	2.8 %	2.3 %	2.1 %
Interest Paid / Avg. Debt	6.8 %	3.3 %	2.1 %	3.9 %	4.0 %	3.6 %	3.6 %
<b>Management of Funds</b>							
Investment ratio	10.9 %	10.7 %	13.2 %	12.6 %	10.5 %	9.6 %	8.7 %
Maint. Capex / Sales	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
Capex / Dep	202.8 %	189.4 %	248.0 %	223.0 %	146.6 %	138.6 %	130.7 %
Avg. Working Capital / Sales	9.9 %	18.1 %	17.8 %	16.6 %	17.0 %	16.1 %	15.0 %
Trade Debtors / Trade Creditors	99.5 %	93.1 %	67.4 %	78.4 %	84.0 %	78.8 %	77.4 %
Inventory Turnover	3.5 x	3.6 x	3.2 x	3.6 x	3.5 x	3.8 x	3.7 x
Receivables collection period (days)	33	33	32	37	42	41	41
Payables payment period (days)	48	53	69	68	71	73	75
Cash conversion cycle (Days)	90	82	78	71	75	65	64

CAPEX and Cash Flow

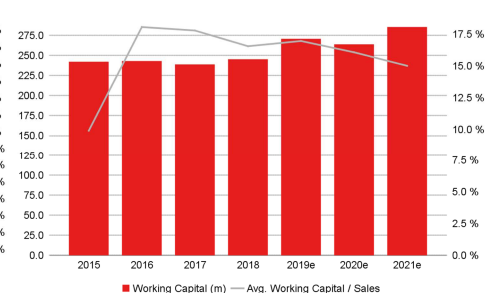
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research



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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING**

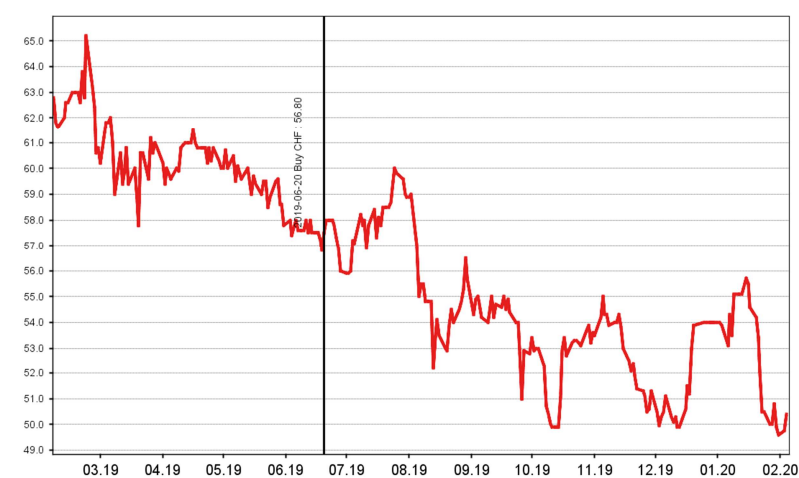
Rating	Number of stocks	% of Universe
Buy	119	59
Hold	72	35
Sell	7	3
Rating suspended	5	2
<b>Total</b>	<b>203</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	33	80
Hold	6	15
Sell	0	0
Rating suspended	2	5
<b>Total</b>	<b>41</b>	<b>100</b>

**PRICE AND RATING HISTORY PIERER MOBILITY AG AS OF 05.02.2020**



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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