

## FINANCIAL MODEL UPDATE

## PIERER MOBILITY

|                        |                            |
|------------------------|----------------------------|
| Analyst:               | mark.diethelm@vontobel.com |
| Bloomberg: PMAG SE     | Price: CHF 72.4            |
| Enterprise value (mns) | CHF 2,662                  |
| Market cap (mns)       | CHF 2,432                  |
| Reporting Currency     | EUR                        |

**Buy** **PT: CHF 91.0 (NEW)**

| Income Stat. (mns)    | 2022A | 2023E | 2024E | 2025E |
|-----------------------|-------|-------|-------|-------|
| Revenues              | 2437  | 2672  | 2819  | 2956  |
| EBITDA                | 381   | 396   | 435   | 467   |
| EBIT                  | 235   | 225   | 254   | 275   |
| Net profit            | 166   | 129   | 170   | 196   |
| Growth (%)            | 2022A | 2023E | 2024E | 2025E |
| Revenues              | 19.3  | 9.6   | 5.5   | 4.9   |
| Net profit            | 79.6  | -22.0 | 31.5  | 15.3  |
| EPS (rep.)            | 26.6  | -22.7 | 28.4  | 15.3  |
| Margin analysis (%)   | 2022A | 2023E | 2024E | 2025E |
| Gross margin          | 28.4  | 29.5  | 29.6  | 29.7  |
| EBITDA margin         | 15.6  | 14.8  | 15.4  | 15.8  |
| EBIT margin           | 9.7   | 8.4   | 9.0   | 9.3   |
| Balance sheet (%)     | 2022A | 2023E | 2024E | 2025E |
| NWC/Revenues          | 6.8   | 6.8   | 6.2   | 5.9   |
| Net debt (mns)        | 257   | 238   | 163   | 90.7  |
| Equity to tot. assets | 35.8  | 40.8  | 44.0  | 47.7  |
| Gearing               | 28.1  | 23.8  | 14.5  | 7.1   |
| Net debt/EBITDA       | 0.7   | 0.6   | 0.4   | 0.2   |
| CF statement (mns)    | 2022A | 2023E | 2024E | 2025E |
| Capex                 | -247  | -256  | -252  | -257  |
| Operating FCF         | 33.8  | 85.1  | 141   | 140   |
| Inc(+)/Dec(-) in cash | -94.8 | -36.4 | 25.1  | 22.0  |
| CF analysis (%)       | 2022A | 2023E | 2024E | 2025E |
| Op. CF margin         | 11.5  | 12.8  | 13.9  | 13.4  |
| Capex/Revenues        | 10.1  | 9.6   | 8.9   | 8.7   |
| Capex/Depreciation    | 169   | 150   | 139   | 134   |
| Per-share data (CHF)  | 2022A | 2023E | 2024E | 2025E |
| EPS (rep.)            | 4.88  | 3.77  | 4.84  | 5.58  |
| EPS (adj.)            | 4.83  | 3.77  | 4.84  | 5.58  |
| Net cash              | -7.5  | -6.9  | -4.6  | -2.6  |
| Dividend              | 1.98  | 1.96  | 2.01  | 2.06  |
| Payout ratio (%)      | 40.5  | 52.0  | 41.5  | 36.8  |
| Valuation (X)         | 2022A | 2023E | 2024E | 2025E |
| P/E                   | 13.8  | 19.2  | 14.9  | 13.0  |
| P/E (adj.)            | 13.9  | 19.2  | 14.9  | 13.0  |
| P/B                   | 2.51  | 2.50  | 2.28  | 2.01  |
| EV/EBITDA             | 6.6   | 6.7   | 6.0   | 5.4   |
| FCF yield %           | 1.5   | 3.4   | 5.5   | 5.5   |
| Dividend yield %      | 2.9   | 2.7   | 2.8   | 2.8   |
| Profit ratios (%)     | 2022A | 2023E | 2024E | 2025E |
| ROIC                  | 14.4  | 12.5  | 13.6  | 14.2  |
| ROE                   | 19.9  | 13.6  | 16.1  | 16.5  |
| ROA                   | 7.3   | 5.2   | 6.8   | 7.5   |
| BB Consensus (mns)    | 2022A | 2023E | 2024E | 2025E |
| Revenues              | 2428  | 2646  | 2856  | 3235  |
| EBITDA                | 386   | 410   | 446   | 491   |
| EBIT                  | 233   | 247   | 266   | 309   |
| Net profit            | 162   | 175   | 186   | 216   |
| EPS                   | 4.75  | 5.17  | 5.62  | 6.39  |

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

### Temporary margin set-back in bicycles with normalization starting next year - Robust motorcycle with new 2024 line-up to support growth - Buy confirmed with new PT of CHF 91 (95)

## FACTS &amp; COMMENT:

**De-stocking in bicycle market:** The bicycle industry is experiencing a painful de-stocking period as competitors over-ordered during the supply crisis. With lead-times shrinking from >18 to 3 months, discounting (up to 50%) of inventory is a significant margin headwind. A normalization is expected by 2Q24.

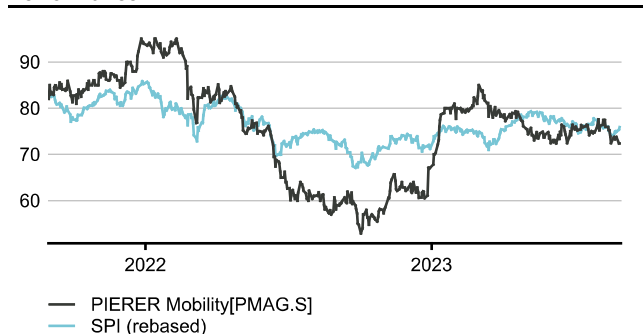
**Robust motorcycles :** Motorcycle have seen strong wholesale sales (sell-in) with retail also being robust. Both July and August remained solid as well. Profitability expected to sequentially improve due to mix. 2024 top-line should be supported by a new line-up.

**Model update:** We slightly lifted our revenue assumptions in FY23 due to the stronger than expected motorcycle growth in 1H23 and assuming a flattish 2H23. Our growth assumptions in the bicycle segment have been lowered due to the overstocking situation. However, we still assume close to EUR 500m sales by FY27. Our FY23 EBIT margin estimate fell by 80bps (-20bps in '24), resulting in a 7% lower group EBIT (-3% in FY24E). Due to the higher interest rates and dealer financing, FY23 net profit forecast fell by 23% (-10% in '24).

## OUR CONCLUSION:

Motorcycles continued its solid growth path even though some softening is visible. A model refresh in 2024 should support sales growth but we expect a flattish motorcycle development given a softer economic backdrop. In bicycles, the de-stocking effect is a short-term negative but creates opportunities as it washes out (smaller) rivals, laying the foundation for stronger and more profitable growth in the medium-term. We lower our PT to CHF 91 (95) and confirm our Buy recommendation.

## Performance



Source: Bloomberg, Vontobel Equity Research

## Changes to Vontobel estimates

| (EUR m)                         | FY23 new | FY24 new | FY25 new | FY23 old | FY24 old | FY25 old | FY23 chg | FY24 chg | FY25 chg |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenues                        | 2672     | 2819     | 2956     | 2637     | 2807     | 2931     | 1.3%     | 0.4%     | 0.9%     |
| EBITDA                          | 396      | 435      | 467      | 421      | 450      | 476      | -5.9%    | -3.3%    | -1.9%    |
| - margin                        | 14.8%    | 15.4%    | 15.8%    | 16.0%    | 16.0%    | 16.3%    |          |          |          |
| EBIT                            | 225      | 254      | 275      | 242      | 263      | 279      | -7.1%    | -3.3%    | -1.2%    |
| - margin                        | 8.4%     | 9.0%     | 9.3%     | 9.2%     | 9.4%     | 9.5%     |          |          |          |
| Group profit (incl. Minorities) | 137      | 174      | 201      | 179      | 194      | 208      | -23.2%   | -10.2%   | -3.6%    |
| Operating FCF                   | 85       | 141      | 140      | 85       | 152      | 147      | -0.1%    | -7.5%    | -4.9%    |
| FCF/sales                       | 3.2%     | 5.0%     | 4.7%     | 3.2%     | 5.4%     | 5.0%     |          |          |          |

Source: Vontobel Equity Research