

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 50.5
Enterprise value (mns)	CHF 2,366
Market cap (mns)	CHF 1,697
Reporting Currency	EUR

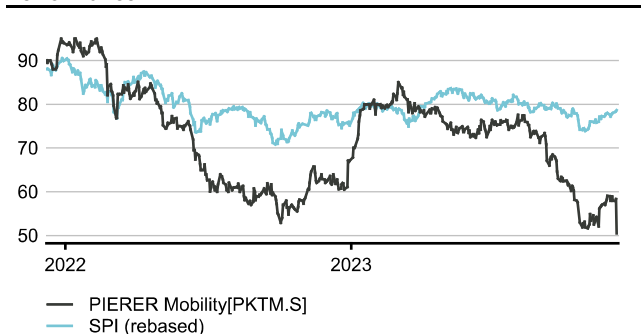
Buy **PT: CHF 75.0 (NEW)**

Income Stat. (mns)	2022A	2023E	2024E	2025E
Revenues	2437	2641	2628	2817
EBITDA	381	336	325	420
EBIT	235	165	146	237
Net profit	166	97.7	83.3	158
Growth (%)	2022A	2023E	2024E	2025E
Revenues	19.3	8.4	-0.5	7.2
Net profit	79.6	-41.1	-14.7	89.8
EPS (rep.)	26.6	-42.8	-15.6	89.8
Margin analysis (%)	2022A	2023E	2024E	2025E
Gross margin	28.4	29.0	28.9	29.0
EBITDA margin	15.6	12.7	12.4	14.9
EBIT margin	9.7	6.2	5.6	8.4
Balance sheet (%)	2022A	2023E	2024E	2025E
NWC/Revenues	6.8	13.5	18.3	14.8
Net debt (mns)	257	702	597	478
Equity to tot. assets	35.8	39.5	41.8	44.9
Gearing	28.1	72.4	57.5	40.5
Net debt/EBITDA	0.7	2.1	1.8	1.1
CF statement (mns)	2022A	2023E	2024E	2025E
Capex	-247	-256	-250	-245
Operating FCF	33.8	-379	137	150
Inc(+)/Dec(-) in cash	-94.8	-170	29.8	68.5
CF analysis (%)	2022A	2023E	2024E	2025E
Op. CF margin	11.5	-4.6	14.7	14.0
Capex/Revenues	10.1	9.7	9.5	8.7
Capex/Depreciation	169	150	139	134
Per-share data (CHF)	2022A	2023E	2024E	2025E
EPS (rep.)	4.88	2.79	2.36	4.47
EPS (adj.)	4.83	3.23	3.55	4.47
Net cash	-7.5	-20.0	-16.9	-13.5
Dividend	1.98	0.96	0.95	1.42
Payout ratio (%)	40.5	34.4	40.3	31.9
Valuation (X)	2022A	2023E	2024E	2025E
P/E	13.8	18.1	21.4	11.3
P/E (adj.)	13.9	15.7	14.2	11.3
P/B	2.51	1.84	1.73	1.52
EV/EBITDA	6.6	7.1	7.0	5.2
FCF yield %	1.5	-21.4	7.7	8.4
Dividend yield %	2.9	1.9	1.9	2.8
Profit. ratios (%)	2022A	2023E	2024E	2025E
ROIC	14.4	8.1	6.4	10.6
ROE	19.9	10.4	8.4	14.4
ROA	7.3	3.9	3.4	6.2
BB Consensus (mns)	2022A	2023E	2024E	2025E
Revenues	2428	2648	2791	3087
EBITDA	386	382	412	469
EBIT	233	223	238	285
Net profit	162	134	156	199
EPS	4.75	4.34	4.94	5.82

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Performance



Source: Bloomberg, Vontobel Equity Research

2024 a transition year - Growth returning to high single digit with profitability back within mid-term target range by 2025 - Buy retained with new PT of CHF 75 (91)

FACTS & COMMENT:

E-mobility target confirmed: The decision to divest the non-electric bicycle business has not altered PKTM's goal to reach EUR 500m revenues with its e-mobility segment by 2026/27. We believe new E-mobility categories will be launched in 2024 which will lay the foundation for growth in FY25.

Temporarily higher net debt: The financial support to both suppliers and dealers will temporarily increase net debt but PKTM guides for a full normalization of the balance sheet by FY25 with a clear positive FCF in FY24.

Returning to 8-10% margin by FY25: Excluding an estimated EUR 55m in restructuring costs, we assume PKTM to remain below the lower end of the mid-term EBIT margin target of 8-10% in FY24 (VTe: 7.6%). By 2025E, we forecast a profitability within the margin target range with motorcycle EBIT-margin back to 9%.

Estimate changes: Due to the exit from the non-e-bicycle business, we removed EUR 60m from our FY24 revenue estimates and lowered our motorcycle sales estimates by 5% and 4% for FY24/FY25. Excluding the e.o. charges, we reduced our adj. EBIT forecasts for FY23-FY25E by 18%/21%/14%.

OUR CONCLUSION:

The bicycle strategy change and the adjustment in the motorcycle production setup results in a (painful) reset in expectations with FY24 being a transition year. However, we expect a +ve impact on Capex and R&D costs mid-term due to these actions. On our revised estimates, PKTM trades on 14x/11x adjusted P/E's for FY24/25E, which we consider too low as we expect a return to high single digit top-line growth and profitability returning to the mid-term target range by FY25. We thus retain our Buy.

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	2641	2628	2817	2672	2819	2956	-1.2%	-6.8%	-4.7%
EBITDA	356	380	420	396	435	467	-10.1%	-12.6%	-10.1%
- margin	13.5%	14.5%	14.9%	14.8%	15.4%	15.8%			
EBIT	165	146	237	225	254	275	-26.7%	-42.6%	-13.9%
- margin	6.2%	5.6%	8.4%	8.4%	9.0%	9.3%			
adj. EBIT (excl. restructuring)	185	201	237	225	254	275	-17.8%	-21.0%	-13.9%
- margin	7.0%	7.6%	8.4%	8.4%	9.0%	9.3%			
Group profit (incl. Restructuring)	106	86	161	137	174	201	-23.1%	-50.8%	-19.8%
Operating FCF	-379	137	150	85	141	140	n.m.	-2.8%	7.8%
FCF/sales	-14.3%	5.2%	5.3%	3.2%	5.0%	4.7%			

Source: Vontobel Equity Research

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

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	VT Research universe No.	VT Research universe As %	Share of Bank VT clients in rating category As %
Buy	40	41	43
Hold	57	59	35
Reduce	0	0	0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as of 30 September 2023 .

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Rating	Definition
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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
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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
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)
Suspended Coverage	Coverage is temporarily suspended (no price target)

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