

WHAT'S NEW?

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PKTM SE	Price: CHF 33.3
Enterprise value (mns)	CHF 1,788
Market cap (mns)	CHF 1,119
Reporting Currency	EUR

Buy **PT: CHF 75.0**

Income Stat. (mns)	2023A	2024E	2025E	2026E
Revenues	2662	2595	2791	3018
EBITDA	325	343	420	456
EBIT	161	147	231	265
Net profit	76.8	73.1	143	173
Growth (%)	2023A	2024E	2025E	2026E
Revenues	9.2	-2.5	7.5	8.1
Net profit	-53.7	-4.8	95.3	21.2
EPS (rep.)	-55.0	-7.47	95.3	21.2
Margin analysis (%)	2023A	2024E	2025E	2026E
Gross margin	25.7	28.9	29.0	29.0
EBITDA margin	12.2	13.2	15.1	15.1
EBIT margin	6.1	5.7	8.3	8.8
Balance sheet (%)	2023A	2024E	2025E	2026E
NWC/Revenues	13.3	20.3	18.0	13.7
Net debt (mns)	776	735	570	279
Equity to tot. assets	30.8	36.1	43.6	49.3
Gearing	85.3	71.4	46.6	19.5
Net debt/EBITDA	2.4	2.1	1.4	0.6
CF statement (mns)	2023A	2024E	2025E	2026E
Capex	-313	-274	-250	-246
Operating FCF	-424	56.6	181	323
Inc(+)/Dec(-) in cash	-19.8	-110	-34.6	211
CF analysis (%)	2023A	2024E	2025E	2026E
Op. CF margin	-4.2	12.7	15.4	18.8
Capex/Revenues	11.8	10.5	8.9	8.1
Capex/Depreciation	191	140	132	129
Per-share data (CHF)	2023A	2024E	2025E	2026E
EPS (rep.)	2.20	2.03	3.97	4.81
EPS (adj.)	2.28	2.97	3.97	4.81
Net cash	-22.2	-20.4	-15.8	-7.7
Dividend	0.48	0.47	0.93	1.40
Payout ratio (%)	21.9	23.0	23.5	29.1
Valuation (X)	2023A	2024E	2025E	2026E
P/E	20.9	16.4	8.4	6.9
P/E (adj.)	20.1	11.2	8.4	6.9
P/B	1.77	1.17	0.98	0.84
EV/EBITDA	7.0	5.3	4.0	3.1
FCF yield %	-26.4	4.7	15.1	26.9
Dividend yield %	1.0	1.4	2.8	4.2
Profit. ratios (%)	2023A	2024E	2025E	2026E
ROIC	7.7	6.0	9.4	10.9
ROE	8.5	7.6	12.7	13.1
ROA	2.7	2.5	5.1	6.1
BB Consensus (mns)	2023A	2024E	2025E	2026E
Revenues	2640	2616	2821	3067
EBITDA	325	347	420	483
EBIT	186	165	234	261
Net profit	116	79	135	156
EPS	2.95	2.95	4.25	4.59

Conference call/analyst meeting

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Hefty FY24 profit warning with a significant operating loss amid demand contraction and restructuring in both segments with cost savings being intensified

FACTS & COMMENT:

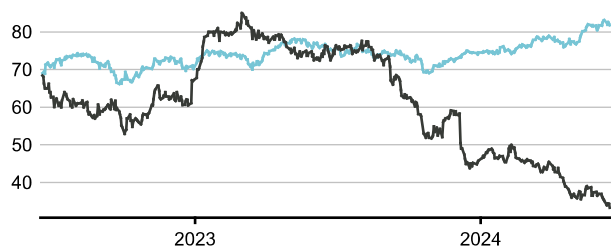
10-15% revenue contraction in FY24: Due to soft demand in Europe and high interest rates impacting North America volumes, PKTM expects motorcycle volumes to decline by 10-15% y/y in FY24. Previously, a flattish development was expected. The already announced exit from the traditional bicycle segment continues, however, very high bicycle inventories in the market are pressuring selling prices, resulting in an expected FY24 revenue decline of c10-15%.

Significant operating loss: Despite the volume decline in the motorcycle segment, PKTM expects a break-even/slightly positive FY24 EBIT margin, thanks due to the initiated cost measures. The FTE reduction target of initially 300 FTEs seems to have increased to ca. 500 (8% of FTEs). In the bicycle segment, PKTM guides for an operating loss of EUR 110-130mn, largely due to the impairments and exit/restructuring efforts. The realignment of the bicycle segment will be fully concluded by year-end. As PKTM's financial aid to its dealers continues and NWC will remain high, debt will remain high and financial income again be a larger burden in FY24.

OUR CONCLUSION:

The profit warning is hefty with a significant loss for FY24 but a large portion is due to impairments & restructuring. We believe PKTM is using the transitional year to further adjust its production/cost structure with more a much lower cost base by 2025. We expect the remaining bicycle segment to return to profitability by FY25 and motorcycles to reach the historic margin range of 8-10% again within 2 years. Nonetheless, shares will remain under pressure as estimates have to be further cut.

Performance



— PIERER Mobility[PKTM.S]
— SPI (rebased)

Source: Bloomberg, Vontobel Equity Research

Disclaimer & Disclosures – Equity Research

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

Roche[ROG.S] was last changed from Buy to Hold on 07-02-24

4. Global rating breakdown

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	No.	As %		As %
Buy	41	42		41
Hold	57	58		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 December 2023.

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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 0-20% 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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