

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 60.7
Enterprise value (mns)	CHF 2,201
Market cap (mns)	CHF 2,039
Reporting Currency	EUR

Buy **PT: CHF 95.0 (NEW)**

Income Stat. (mns)	2021A	2022E	2023E	2024E
Revenues	2042	2304	2388	2608
EBITDA	333	362	379	411
EBIT	194	210	217	245
Net profit	92.3	162	166	188
Growth (%)	2021A	2022E	2023E	2024E
Revenues	33.5	12.8	3.7	9.2
Net profit	188	75.0	2.8	13.1
EPS (rep.)	151	21.5	2.84	13.1
Margin analysis (%)	2021A	2022E	2023E	2024E
Gross margin	29.1	29.4	29.5	29.6
EBITDA margin	16.3	15.7	15.9	15.7
EBIT margin	9.5	9.1	9.1	9.4
Balance sheet (%)	2021A	2022E	2023E	2024E
NWC/Revenues	7.9	8.3	9.9	9.7
Net debt (mns)	190	161	68.7	-41.0
Equity to tot. assets	37.6	41.2	45.3	48.7
Gearing	24.8	17.9	6.6	-3.4
Net debt/EBITDA	0.6	0.4	0.2	-0.1
CF statement (mns)	2021A	2022E	2023E	2024E
Capex	-181	-193	-196	-194
Operating FCF	186	64.1	128	149
Inc(+)/Dec(-) in cash	155	8.86	42.3	79.7
CF analysis (%)	2021A	2022E	2023E	2024E
Op. CF margin	18.0	11.2	13.6	13.1
Capex/Revenues	8.9	8.4	8.2	7.4
Capex/Depreciation	130	127	121	117
Per-share data (CHF)	2021A	2022E	2023E	2024E
EPS (rep.)	3.85	4.68	4.82	5.44
EPS (adj.)	3.88	4.68	4.82	5.44
Net cash	-5.9	-4.7	-2.0	1.2
Dividend	1.05	1.07	1.17	1.22
Payout ratio (%)	27.2	22.9	24.3	22.4
Valuation (X)	2021A	2022E	2023E	2024E
P/E	24.4	13.0	12.6	11.1
P/E (adj.)	24.2	13.0	12.6	11.1
P/B	3.96	2.35	2.03	1.77
EV/EBITDA	11.0	6.1	5.6	4.9
FCF yield %	6.2	3.1	6.1	7.1
Dividend yield %	1.1	1.8	1.9	2.0
Profit ratios (%)	2021A	2022E	2023E	2024E
ROIC	13.2	13.4	12.9	14.1
ROE	16.5	19.5	17.3	17.0
ROA	8.2	7.7	7.5	8.0
BB Consensus (mns)	2021A	2022E	2023E	2024E
Revenues	2040	2219	2410	2558
EBITDA	331	352	374	407
EBIT	187	202	223	241
Net profit	115	140	151	171
EPS	3.67	4.39	4.72	5.08

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Optimistic for 2H22 and 2023 due to low inventories, new models and geographic expansion - Fine-tuning estimates - New PT of 95 (108) - Buy confirmed

FACTS & COMMENT:

Optimistic outlook: With an easing supply situation, PMAG was able to ship the "stranded" units from end of 1H22. NWC build-up is therefore expected to largely reverse in 2H22 with a +ve FCF in FY22 (VTe: 2.8%/sales). Demand remains solid and PMAG expects to win back market shares as supply improves. +ve FY23 outlook due to low dealer inventories (outside Europe), geographic expansion (e-bicycles), new models and e-motorcycles in late 2023. Price adjustments likely also to help top-line.

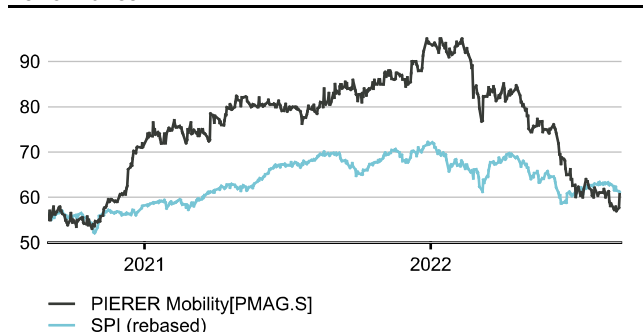
Model update: Our overall estimate changes are limited. We reflected the increased 2H22 outlook and remain conservative on profitability due to higher input costs (i.e. energy). Our FY23 motorcycle unit forecast turned more cautious (-8% y/y) but expect mix/pricing to support revenues with 1st impacts from E-Pilen/E-Duke in late 2023. We expect accelerating momentum in e-bicycles in FY23. Largest changes are to FCFs due to higher NWC intensity assumptions.

DCF params: We lifted our risk free rate/market premium assumptions with a corresponding impact on discount rates. New terminal WACC of 8.1% (old: 7.8%)

OUR CONCLUSION:

After a challenging H1, an improving supply situation is expected to result in an accelerating momentum for e-bikes and a robust motorcycle development. Profitability is set to increase with a strong FCF in 2H22. Despite a weakening consumer environment, we expect an overall +ve development in FY23, driven primarily by the e-bicycles segment. The launch of the 1st e-motorcycles in late FY23 to likely mark a new m-t growth phase. New PT of CHF 95 (108) due to lower EUR/CHF & higher WACCs. Buy

Performance



Source: Bloomberg, Vontobel Equity Research

Changes to Vontobel estimates

(EUR m)	FY22 new	FY23 new	FY24 new	FY22 old	FY23 old	FY24 old	FY22 chg	FY23 chg	FY24 chg
Revenues	2304	2388	2608	2217	2396	2596	3.9%	-0.3%	0.4%
EBITDA	362	379	411	362	388	413	-0.1%	-2.3%	-0.5%
- margin	15.7%	15.9%	15.7%	16.3%	16.2%	15.9%			
EBIT	210	217	245	207	222	246	1.4%	-2.5%	-0.5%
- margin	9.1%	9.1%	9.4%	9.3%	9.3%	9.5%			
Group profit (incl. Minorities)	159	163	185	156	168	187	1.4%	-2.8%	-0.9%
Operating FCF	64	128	149	102	131	153	n.m.	-1.9%	-2.5%
FCF/sales	2.8%	5.4%	5.7%	4.6%	5.5%	5.9%			

Source: Vontobel Equity Research

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 Investis[IREN.S] was last changed from Hold to Buy on 15-05-19
 Komax[KOMN.S] was last changed from Suspended Coverage to Buy on 16-05-17
 PIERER Mobility[PMAG.S] was last changed from Hold to Buy on 04-10-17
 Partners Group[PGHN.S] was last changed from Hold to Buy on 19-01-15
 Stadler[SRIL.S] was last changed from No Rating to Buy on 05-10-21
 UBS[UBSG.S] was last changed from Hold to Buy on 04-11-09
 Vaudoise[VAHN.S] was last changed from Suspended Coverage to Hold on 05-07-19
 dormakaba[DOKA.S] was last changed from Reduce to Hold on 09-09-16

4. Global rating breakdown

	VT Research universe		Share of Bank VT clients in rating category	
	No.	As %	No.	As %
Buy	37	37		43
Hold	63	63		27
Reduce	0	0		0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 June 2022 .

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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
SMIM	Swiss Market Index Mid stocks
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)
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