

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 82.0
Enterprise value (mns)	CHF 2,267
Market cap (mns)	CHF 1,832
Reporting Currency	EUR

Buy **PT: CHF 92.0 (NEW)**

Income Stat. (mns)	2020A	2021E	2022E	2023E
Revenues	1530	1999	2132	2326
EBITDA	234	319	343	368
EBIT	107	170	188	208
Net profit	34.9	65.6	74.6	85.8
Growth (%)	2020A	2021E	2022E	2023E
Revenues	0.7	30.6	6.6	9.1
Net profit	-35.9	87.9	13.7	15.0
EPS (rep.)	-37.7	90.1	13.7	15.0
Margin analysis (%)	2020A	2021E	2022E	2023E
Gross margin	27.9	28.7	29.1	29.2
EBITDA margin	15.3	16.0	16.1	15.8
EBIT margin	7.0	8.5	8.8	8.9
Balance sheet (%)	2020A	2021E	2022E	2023E
NWC/Revenues	14.5	9.1	9.9	10.5
Net debt (mns)	312	257	196	104
Equity to tot. assets	38.8	42.0	45.7	49.6
Gearing	47.8	33.7	22.2	10.2
Net debt/EBITDA	1.3	0.8	0.6	0.3
CF statement (mns)	2020A	2021E	2022E	2023E
Capex	-148	-175	-178	-180
Operating FCF	165	101	86.6	117
Inc(+)/Dec(-) in cash	105	-4.36	40.9	41.6
CF analysis (%)	2020A	2021E	2022E	2023E
Op. CF margin	20.4	13.8	12.4	12.8
Capex/Revenues	9.7	8.7	8.3	7.7
Capex/Depreciation	117	117	114	112
Per-share data (CHF)	2020A	2021E	2022E	2023E
EPS (rep.)	1.67	3.18	3.61	4.16
EPS (adj.)	1.67	3.18	3.61	4.16
Net cash	-15.1	-12.4	-9.5	-5.1
Dividend	0.54	0.54	0.54	0.54
Payout ratio (%)	32.0	17.0	15.0	13.0
Valuation (X)	2020A	2021E	2022E	2023E
P/E	42.5	25.8	22.7	19.7
P/E (adj.)	42.5	25.8	22.7	19.7
P/B	4.08	4.14	3.63	3.16
EV/EBITDA	8.5	7.0	6.4	5.7
FCF yield %	11.1	6.0	5.1	6.9
Dividend yield %	0.8	0.7	0.7	0.7
Profit. ratios (%)	2020A	2021E	2022E	2023E
ROIC	7.2	11.5	12.1	12.8
ROE	10.0	17.1	17.0	17.1
ROA	4.2	7.1	7.3	7.7
BB Consensus (mns)	2020A	2021E	2022E	2023E
Revenues	1530	1870	2053	2330
EBITDA	239	301	329	359
EBIT	107	156	179	205
Net profit	36	58	68	77
EPS	1.62	2.61	3.09	3.42

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Uncertainties result in conservative guidance - Outlook remains favorable - Buy confirmed with new PT of CHF 92 (90)

FACTS & COMMENT:

Uncertainties continue in 2H21: The FY21 sales guidance implies a H2 sales level which is 14-23% below H1. While there is no pronounced seasonality in motorcycles, there is some in e-bikes, albeit small. PMAG stated its working at full capacity, more than double production in Austria in 2H21 vs. H1 with re-stocking continuing in 2H21. As such, the guidance is rather on the cautious side as PMAG sees component shortages, logistic issues and regional lockdowns affecting both supply and demand. Strongly rising freight costs and normalizing Opex (i.e. travel costs) expected to have an impact on H2 margins.

FCF should remain strong: With re-stocking continuing, NWC increase should be limited this year with PMAG seeing FY21 FCF/sales of >5%.

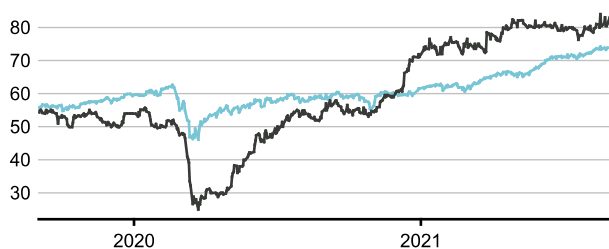
Estimate changes: We lifted our sales estimates for FY21/FY22 by 7% and 4% and are at the upper end of the FY21 sales guidance. We increased our profitability assumptions to reflect a better 1H21 with EBIT estimates moving up similarly as revenues (leverage offset by higher costs).

Next event: Shareholder simplification details of KTM AG in the next 4 weeks.

OUR CONCLUSION:

The outlook for the 2H21 is characterized by higher uncertainties vs. 1H21 while underlying demand continues to be robust as PMAG also expects a good 2022. The launch of electric two-wheelers in FY22 (<125cc) will further enlarge the company's addressable market and clearly support top-line growth in the mid-term. The simplification of the shareholder structure of KTM AG should be completed in 2H21 and have a positive impact on FCFs/dividends. Buy confirmed with an increased PT of CHF 92 (90).

Performance



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

Source: Bloomberg, Vontobel Equity Research

Changes to Vontobel estimates	FY21 new	FY22 new	FY21 old	FY22 old	FY21 chg	FY22 chg
Revenues	1999	2132	1871	2042	7%	4%
EBITDA	319.4	343.2	296.7	326.1	8%	5%
- margin	16.0%	16.1%	15.9%	16.0%		
EBIT	170.1	187.6	155.9	180.0	9%	4%
- margin	8.5%	8.8%	8.3%	8.8%		
Net profit (after minorities)	65.6	74.6	60.4	72.2	9%	3%
Operating FCF	101.3	86.6	40.1	84.6	153%	2%
FCF/sales	5.1%	4.1%	2.1%	4.1%		

Source: Vontobel Equity Research

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PIERER Mobility[PMAG.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	32	32	28
Hold	67	67	13
Reduce	1	1	100

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 June 2021 .

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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
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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
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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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