

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 55.2
Enterprise value (mns)	CHF 1,707
Market cap (mns)	CHF 1,233
Reporting Currency	EUR

Buy **PT: CHF 71.0**

Income Stat. (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1432	1692	1874
EBITDA	241	204	255	283
EBIT	132	79.5	125	157
Net profit	54.5	24.8	45.8	61.2
Growth (%)	2019A	2020E	2021E	2022E
Revenues	-2.5	-5.8	18.2	10.7
Net profit	-19.2	-54.5	84.5	33.6
EPS (rep.)	-19.4	-55.4	84.5	33.6
Margin analysis (%)	2019A	2020E	2021E	2022E
Gross margin	29.3	27.8	28.7	29.0
EBITDA margin	15.8	14.2	15.1	15.1
EBIT margin	8.7	5.6	7.4	8.4
Balance sheet (%)	2019A	2020E	2021E	2022E
NWC/Revenues	16.9	18.8	15.9	14.8
Net debt (mns)	396	425	382	325
Equity to tot. assets	38.3	42.6	45.7	48.6
Gearing	64.0	64.4	52.5	39.5
Net debt/EBITDA	1.6	2.1	1.5	1.1
CF statement (mns)	2019A	2020E	2021E	2022E
Capex	-150	-149	-158	-156
Operating FCF	108	35.6	59.8	75.1
Inc(+)/Dec(-) in cash	71.3	-109	-17.2	37.9
CF analysis (%)	2019A	2020E	2021E	2022E
Op. CF margin	16.9	12.9	12.9	12.3
Capex/Revenues	9.9	10.4	9.4	8.3
Capex/Depreciation	137	120	122	124
Per-share data (CHF)	2019A	2020E	2021E	2022E
EPS (rep.)	2.68	1.20	2.21	2.95
EPS (adj.)	2.30	1.20	2.21	2.95
Net cash	-19.5	-20.5	-18.4	-15.6
Dividend	0.00	0.33	0.33	0.33
Payout ratio (%)	0.0	27.6	15.1	11.3
Valuation (X)	2019A	2020E	2021E	2022E
P/E	20.1	46.1	25.0	18.7
P/E (adj.)	23.4	46.1	25.0	18.7
P/B	3.24	3.20	2.96	2.66
EV/EBITDA	6.8	8.2	6.5	5.6
FCF yield %	9.8	3.1	5.2	6.6
Dividend yield %	0.0	0.6	0.6	0.6
Profit. ratios (%)	2019A	2020E	2021E	2022E
ROIC	9.4	5.2	7.9	9.6
ROE	17.1	7.1	12.3	15.0
ROA	6.5	3.0	5.4	6.7
BB Consensus (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1434	1676	1854
EBITDA	241	198	258	293
EBIT	132	75	125	148
Net profit	50	23	47	54
EPS	2.30	1.08	2.09	2.48

Conference call/analyst meeting

No conference call or analyst meeting scheduled

Modest estimate changes - E-Mobility portfolio expansion ahead - Comprehensive offering on both ends of 2-wheeler engines spectrum - BUY

FACTS & COMMENT:

Modest estimates changes: Following y'days detailed results, we have adjusted our estimates. The key figures have not materially changed except for higher D&A impacting EBIT/net income, particularly in 2020, but not FCF. The latter estimates were largely unchanged.

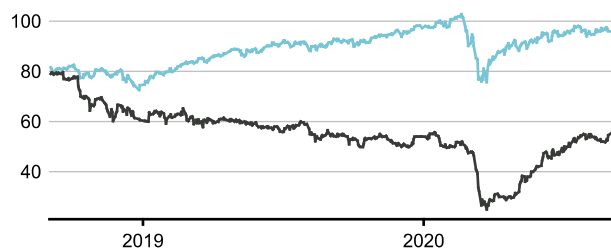
E-Bicycle mid-term target: As a result of changed consumer behavior, demand is expected to remain positive also mid-term. PMAG sees the e-bicycles business reaching EUR 500m sales by '24 (o/w 20% e-scooters), also due to brand (i.e. Husqvarna/GasGas next to existing R Raymon) and regional expansion. EBIT-margin is expected to reach a 5-8% by '24E (motorcycle 8-10%). As some of the production will be utilizing existing platforms (i.e. E-Scooter is based on Bajaj's Chetak), Capex will not have to be substantially increased, expected to result in solid FCFs.

E-motorcycles: Short-range motorcycles are increasingly electrical-based due to combustion engines being banned in cities. A European consortium - incl. PMAG - is working on swappable batteries, strengthening their market position against Asian competitors. Market launch in '22.

OUR CONCLUSION:

A boom in e-bicycles, a consumer shift towards 2-wheelers globally and stringent cost control is expected to result in an overall FY20 result, impacted by the health crisis. A clear positive is also the solid FCF FY20 guide despite the sales boost in 2H20. COVID-19 has accelerated the company's efforts in electrical 2-wheelers with the company soon offering a very comprehensive portfolio on both sides of the engine spectrum, making PMAG the ideal play in this segment. BUY/PT of CHF 71 confirmed.

Performance



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

Source: Bloomberg, Vontobel Equity Research

Changes to Vontobel estimates	FY20 new	FY21 new	FY20 old	FY21 old	FY20 chg	FY21 chg
Revenues	1432	1692	1446	1696	-1%	0%
EBITDA	204.2	255.4	203.5	252.9	0%	1%
- margin	14.3%	15.1%	14.1%	14.9%		
EBIT	79.5	124.9	83.9	127.9	-5%	-2%
- margin	5.6%	7.4%	5.8%	7.5%		
Net profit	24.8	45.8	27.6	47.0	-10%	-2%
Operating FCF	35.6	59.8	31.6	59.7	n.m.	0%
FCF/sales	2.5%	3.5%	2.2%	3.5%		

Source: Vontobel Equity Research

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

4. Global rating breakdown

	VT Research universe No.	VT Research universe As %	Share of VT IB clients in rating category As %
Buy	33	31	33
Hold	66	63	15
Reduce	6	6	17

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 June 2020 .

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Rating	Definition
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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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