

WHAT'S NEW?

PIERER MOBILITY

Analyst:	mark.dietheim@vontobel.com
Bloomberg: PMAG SE	Price: CHF 49.9
Enterprise value (mns)	CHF 2,458
Market cap (mns)	CHF 1,217
Reporting Currency	EUR

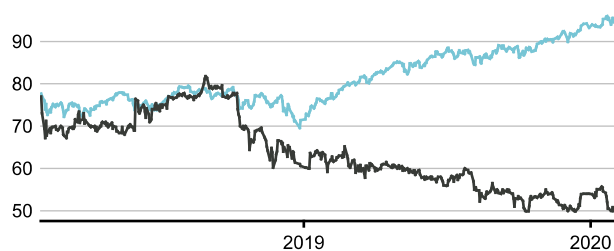
Buy **PT: CHF 89.0**

Income Stat. (mns)	2018A	2019E	2020E	2021E
Revenues	1560	1519	1660	1858
EBITDA	255	228	232	266
EBIT	161	133	132	166
Net profit	67.6	46.6	46.4	59.3
Growth (%)	2018A	2019E	2020E	2021E
Revenues	1.7	-2.6	9.3	12.0
Net profit	51.2	-31.0	-0.5	27.8
EPS (rep.)	57.5	-35.2	-1.72	27.8
Margin analysis (%)	2018A	2019E	2020E	2021E
Gross margin	29.8	29.3	28.7	29.2
EBITDA margin	16.4	15.0	14.0	14.3
EBIT margin	10.3	8.7	8.0	8.9
Balance sheet (%)	2018A	2019E	2020E	2021E
NWC/Revenues	15.6	15.3	13.7	13.3
Net debt (mns)	323	294	267	216
Equity to tot. assets	40.7	42.7	43.6	44.7
Gearing	58.7	47.2	38.4	27.3
Net debt/EBITDA	1.3	1.3	1.1	0.8
CF statement (mns)	2018A	2019E	2020E	2021E
Capex	-158	-167	-159	-162
Operating FCF	-72.8	76.4	45.9	69.7
Inc(+)/Dec(-) in cash	-80.0	29.7	26.8	50.9
CF analysis (%)	2018A	2019E	2020E	2021E
Op. CF margin	5.5	16.0	12.4	12.5
Capex/Revenues	10.1	11.0	9.6	8.7
Capex/Depreciation	168	175	159	162
Per-share data (CHF)	2018A	2019E	2020E	2021E
EPS (rep.)	3.46	2.24	2.21	2.82
EPS (adj.)	2.45	2.24	2.21	2.82
Net cash	-16.2	-14.2	-12.7	-10.3
Dividend	0.34	0.34	0.34	0.34
Payout ratio (%)	9.8	15.1	15.3	12.0
Valuation (X)	2018A	2019E	2020E	2021E
P/E	17.5	24.1	22.6	17.7
P/E (adj.)	24.7	24.1	22.6	17.7
P/B	4.07	3.03	2.38	1.95
EV/EBITDA	10.2	10.5	9.8	8.9
FCF yield %	-6.2	6.8	4.0	6.1
Dividend yield %	0.6	0.6	0.7	0.7
Profit. ratios (%)	2018A	2019E	2020E	2021E
ROIC	12.2	9.8	9.1	10.7
ROE	22.0	14.0	11.4	12.1
ROA	8.1	6.5	6.0	6.9
BB Consensus (mns)	2018A	2019E	2020E	2021E
Revenues	1511	1519	1634	1829
EBITDA	235	236	250	277
EBIT	147	134	142	166
Net profit	67	45	48	60
EPS	2.17	2.06	2.21	2.77

Conference call/analyst meeting

Conf call 11am CET. Dial-in: Switzerland / Europe: +41 (0) 58 310 50 00; UK: +44 (0) 207 107 0613

Performance



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

Source: Bloomberg, Vontobel Equity Research

FY19 prelim: Solid operating development with better than expected cash generation - 2020 outlook reflects E-Mobility expansion - FCF generation to remain solid in 2020 and beyond - BUY.

FACTS & COMMENT:

FY19 prelim in-line: Sales of EUR 1520mn (VTe: 1519mn), a growth of 4% vs. 1-5% guidance with EBIT reaching EUR 131.7m (VTe: 132.8m) vs. guidance of >130mn. Net profit of EUR 54mn above our f'cast and consensus (EUR 44.8mn).

Strong cash generation : FCF at EUR 92.1mn (6.1% of sales vs. guidance of 3-5%) is well ahead of our estimate. Following extensive Capex in previous years, investments remained stable while NWC mgmt improved substantially.

Continued market share gains: Market share expansion continued in almost all its markets and particularly in the key motorcycle markets (>120cc) with registrations up 14.5% y/y vs. market -6.3% y/y.

2020 FCF stronger than expected: 2020 outlook reflects the entry into e-mobility (Pexco acquisition) driving sales growth to 8-10% y/y (organic 1%-3% y/y; Pexco adding EUR 100m revs) but temporarily dragging down profitability. Sales outlook in-line while EBIT lower than expected but mid-point of FCF guide is strong and 9% ahead our forecast. FCF/sales target of 3%-5% confirmed for '21 and beyond, implying accelerating cash generation.

OUR CONCLUSION:

FY19 without surprises except for FCF, which came in stronger than expected. 2020 sales guide is in-line while investments into the new growth pillar are impacting profitability stronger than expected but only temporarily (EBIT-margin guide mid-point 7% vs. VTe 8%). FCF in 2020 will remain solid and above our forecast with the FCF/sales target of 3%-5% confirmed for 2021 (VTe: 3.8%) and beyond, signaling Capex to remain stable while e-mobility and Bajaj license model starting to take off. BUY.

Differential FY19

(EUR mns)	VT	Cons	Reported	YoY (%)	vs VT (%)	vs C (%)
Sales	1519	1543.0	1520.1	4.0%	0%	-1%
Organic sales growth (%)	3.9%	5.5%	4.0%		14 bps	-
EBIT	132.8	135.1	131.7	-18.3%	-1%	-3%
EBIT margin (%)	8.7%	8.8%	8.7%	NA	-1%	-1%
Net profit (after minorities)	46.6	44.8	54.5	-19.2%	17%	22%
FCF	76.4	87.6	92.1		21%	5%
- FCF / sales	5.0%	5.7%	6.1%	n.m.	103 bps	7%

Source: Company data, Factset, Vontobel Equity Research

Disclaimer & Disclosures – Equity Research

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The Ratings and/or Rating Outlook of the analyzed companies were last changed as follows:

Alcon[ALC.S] was last changed from No Rating to Reduce on 11-04-19

Bachem[BANB.S] was last changed from Buy to Hold on 27-08-18

Lonza[LONN.S] was last changed from Hold to Buy on 11-10-18

Siegfried[SFZN.S] was last changed from No Rating to Hold on 22-10-10

Sonova[SOON.S] was last changed from Hold to Reduce on 24-06-19

Straumann[STMN.S] was last changed from Hold to Buy on 17-01-14

Tecan[TECN.S] was last changed from Buy to Hold on 03-10-11

Ypsomed[YPSN.S] was last changed from Suspended Coverage to Buy on 08-01-20

LEM[LEHN.S] was last changed from Reduce to Hold on 28-09-18

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

Bucher[BUCN.S] was last changed from Buy to Hold on 29-04-12

Mobimo[MOBN.S] was last changed from Buy to Hold on 10-03-10

4. Global rating breakdown

	VT Research universe		Share of VT IB clients in rating category	
	No.	As %		As %
Buy	34	31		29
Hold	69	63		17
Reduce	6	6		0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 31 December 2019.

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The data used for the share price and/or price target chart may have to be adjusted to reflect corporate actions undertaken by the company.

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Rating	Definition
SMI/SLI (ex SMI)	Swiss Market Index/Swiss Leader Index stocks
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
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)
Suspended Coverage	Coverage is temporarily suspended (no price target)

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Buy: When upside to price target falls below: 5% for SMI/SLI stocks for 30 calendar days; 10% for SMIM stocks for 30 calendar days; 15% for all other stocks for 45 calendar days.

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