

## FINANCIAL MODEL UPDATE

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 53.9
Enterprise value (mns)	CHF 1,620
Market cap (mns)	CHF 1,204
Reporting Currency	EUR

**Buy** **PT: CHF 71.0 (NEW)**

Income Stat. (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1446	1696	1881
EBITDA	241	203	253	283
EBIT	132	83.9	128	158
Net profit	54.5	27.6	47.0	61.3
Growth (%)	2019A	2020E	2021E	2022E
Revenues	-2.5	-4.9	17.3	10.9
Net profit	-19.2	-49.3	70.1	30.6
EPS (rep.)	-19.4	-50.5	70.1	30.6
Margin analysis (%)	2019A	2020E	2021E	2022E
Gross margin	29.3	28.3	28.8	29.1
EBITDA margin	15.8	14.1	14.9	15.0
EBIT margin	8.7	5.8	7.5	8.4
Balance sheet (%)	2019A	2020E	2021E	2022E
NWC/Revenues	16.9	18.7	16.1	15.1
Net debt (mns)	396	364	321	271
Equity to tot. assets	38.3	43.1	46.1	49.1
Gearing	64.0	54.2	43.3	32.3
Net debt/EBITDA	1.6	1.8	1.3	1.0
CF statement (mns)	2019A	2020E	2021E	2022E
Capex	-150	-152	-156	-154
Operating FCF	108	31.6	59.7	68.1
Inc(+)/Dec(-) in cash	71.3	-48.4	-17.3	30.9
CF analysis (%)	2019A	2020E	2021E	2022E
Op. CF margin	16.9	12.7	12.7	11.8
Capex/Revenues	9.9	10.5	9.2	8.2
Capex/Depreciation	137	127	125	124
Per-share data (CHF)	2019A	2020E	2021E	2022E
EPS (rep.)	2.68	1.33	2.26	2.95
EPS (adj.)	2.30	1.33	2.26	2.95
Net cash	-19.5	-17.5	-15.5	-13.0
Dividend	0.00	0.33	0.33	0.33
Payout ratio (%)	0.0	24.8	14.7	11.3
Valuation (X)	2019A	2020E	2021E	2022E
P/E	20.1	40.6	23.9	18.3
P/E (adj.)	23.4	40.6	23.9	18.3
P/B	3.24	3.06	2.83	2.55
EV/EBITDA	6.8	7.8	6.2	5.4
FCF yield %	9.8	2.8	5.3	6.1
Dividend yield %	0.0	0.6	0.6	0.6
Profit. ratios (%)	2019A	2020E	2021E	2022E
ROIC	9.4	5.5	8.1	9.7
ROE	17.1	7.8	12.3	14.7
ROA	6.5	3.3	5.5	6.7
BB Consensus (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1434	1669	1817
EBITDA	241	199	257	291
EBIT	132	71	130	147
Net profit	50	21	42	53
EPS	2.30	0.99	2.08	2.35

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

### Model update to reflect 1H20 development and strong implied sales rebound in 2H20 - E-Mobility supporting long-term growth - PT lifted to CHF 71 (60). BUY reiterated

## FACTS &amp; COMMENT:

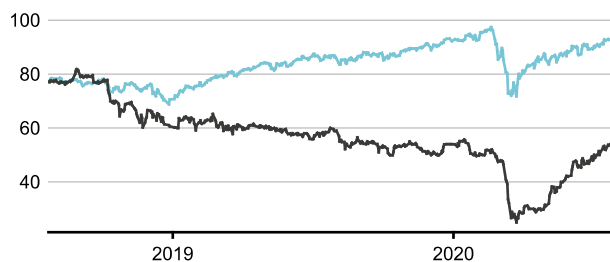
**Estimate changes:** Following y'days prelims, we reduced our FY20 motorcycle while simultaneously increasing our e-bicycles revenue estimates. Overall, group sales estimates fell by 4% and 3% for '20E and '21E. Due to stringent cost control as well as diminishing headwinds from the Euro 4 to Euro 5 emission transition, our EBITDA forecasts only moved lower by 2% and 1% for the same period. We assume a higher profitability for Pexco (e-bicycles) amid a likely a step change in (structural) demand, offsetting lower near-term license fees from Bajaj. The latter, however, seeing improving trends too. We have also lifted our FCF forecasts on improved NWC and slightly lower Capex. We also revised upwards our l-t growth assumptions by 30bps to reflect a change towards higher individual mobility.

**Changes to discount rate:** We have reduced our equity risk premium by 50bps in our DCF-valuation framework as confidence has returned to the market. On the other hand, we also reduced our debt ratio assumptions, leading only to small changes to the cost of capital. Our exit WACC moved from 7.2% to 7.1%.

## OUR CONCLUSION:

PMAG's FY20 sales outlook in excess of EUR 1.4bn implies a strong sales rebound in 2H20 for its traditional motorcycle business. We expect the positive demand trends to continue as it seems the health crisis not only has resulted in a structurally changed consumer demand for e-bicycles - supporting regional footprint expansion - but also a increased demand for powered two-wheelers while profitability and FCF are improving. We lift our PT to CHF 71 (old: 60) and reiterate our BUY rating.

## 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	1446	1696	1511	1743	-4%	-3%
EBITDA	204.0	253.4	207.8	256.6	-2%	-1%
- margin	14.1%	14.9%	13.8%	14.7%		
EBIT	83.9	127.9	88.3	131.5	-5%	-3%
- margin	5.8%	7.5%	5.8%	7.5%		
Net profit	27.6	47.0	29.3	47.9	-6%	-2%
Operating FCF	31.6	59.7	2.0	59.2	n.m.	1%
FCF/sales	2.2%	3.5%	0.1%	3.4%		

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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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
<b>Other</b>	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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