

FINANCIAL MODEL UPDATE

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 66.2
Enterprise value (mns)	CHF 1,857
Market cap (mns)	CHF 1,479
Reporting Currency	EUR

Buy **PT: CHF 79.0 (NEW)**

Income Stat. (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1528	1788	1975
EBITDA	241	227	271	303
EBIT	132	103	141	166
Net profit	54.5	33.3	52.7	65.3
Growth (%)	2019A	2020E	2021E	2022E
Revenues	-2.5	0.5	17.0	10.5
Net profit	-19.2	-38.9	58.5	23.9
EPS (rep.)	-19.4	-40.2	58.5	23.9
Margin analysis (%)	2019A	2020E	2021E	2022E
Gross margin	29.3	27.8	28.7	29.1
EBITDA margin	15.8	14.8	15.1	15.3
EBIT margin	8.7	6.7	7.9	8.4
Balance sheet (%)	2019A	2020E	2021E	2022E
NWC/Revenues	16.9	15.0	12.0	12.9
Net debt (mns)	396	329	310	251
Equity to tot. assets	38.3	42.5	45.7	48.6
Gearing	64.0	48.2	40.1	28.4
Net debt/EBITDA	1.6	1.4	1.1	0.8
CF statement (mns)	2019A	2020E	2021E	2022E
Capex	-150	-164	-168	-169
Operating FCF	108	132	35.4	77.0
Inc(+)/Dec(-) in cash	71.3	-12.9	-41.6	39.8
CF analysis (%)	2019A	2020E	2021E	2022E
Op. CF margin	16.9	19.4	11.4	12.5
Capex/Revenues	9.9	10.7	9.4	8.6
Capex/Depreciation	137	132	130	124
Per-share data (CHF)	2019A	2020E	2021E	2022E
EPS (rep.)	2.68	1.60	2.54	3.15
EPS (adj.)	2.30	1.60	2.54	3.15
Net cash	-19.5	-15.8	-15.0	-12.1
Dividend	0.00	0.33	0.33	0.33
Payout ratio (%)	0.0	20.6	13.1	10.6
Valuation (X)	2019A	2020E	2021E	2022E
P/E	20.1	41.3	26.0	21.0
P/E (adj.)	23.4	41.3	26.0	21.0
P/B	3.24	3.70	3.29	2.90
EV/EBITDA	6.8	8.1	6.8	5.9
FCF yield %	9.8	9.6	2.6	5.6
Dividend yield %	0.0	0.5	0.5	0.5
Profit. ratios (%)	2019A	2020E	2021E	2022E
ROIC	9.4	6.9	9.2	10.2
ROE	17.1	9.4	13.4	14.7
ROA	6.5	3.9	6.0	6.7
BB Consensus (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1452	1700	1885
EBITDA	241	202	264	296
EBIT	132	75	125	145
Net profit	50	22	45	53
EPS	2.30	1.02	2.01	2.35

Conference call/analyst meeting

No conference call or analyst meeting scheduled

FY20 guidance increase - very strong FCF and solid profitability - 2021 another growth year with margins returning to normality - PT up to CHF 79 (75). Buy

FACTS & COMMENT:

FY20 guidance upped: Last Friday, PMAG revised its FY20 guidance upwards the 2nd time in 2H20 due to the continued strong motorcycle demand. Clear driver has been North American, where Pierer recorded another record month in October (+27% y/y in registrations). Europe, Australia but also China developed positively with India improving. As a result, sales are now seen above EUR 1.5bn (VTe: EUR 1.53bn) with an EBIT of about EUR 100mn (VTe: EUR 102.6m.) This implies over EUR 900m in sales (at least +17% y/y) and close to EUR 100m EBIT (margin ~11%) in 2H20.

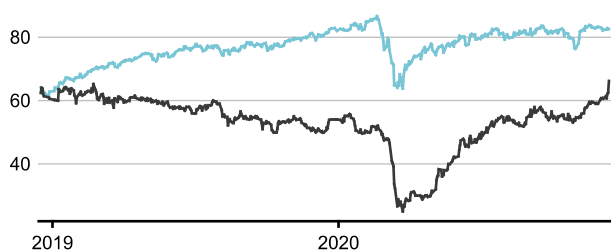
Record FCF : PMAG expects an FCF of above EUR 130mn (incl. higher Capex). After a soft 1H20, 2H benefitted from a strong operating result but also very positive NWC effects as inventory in the dealer network remains very low.

Positive 2021 outlook : Despite the 'demand rally' in 2H20, we expect solid growth in FY21 again driven by North America/Australia/China as well as a market recovery in Europe and India. Profitability in MCs should reach pre-Covid level in FY21 again with e-Mobility margins to improve strongly (VTe >250bps).

OUR CONCLUSION:

For FY21, we have lifted our sales estimates by 4% and our EBIT margin assumptions by 50bps. On the flipside, FCF next year will likely be burdened by an increase in NWC given the low level end FY20 and the top-line growth. On average (2020E/21E), however, the FCF/Sales ratio is estimated to be 5% (previously: 3%), at the upper end of the mid-term guidance. We forecast a normalization by FY22 (3.9% FCF/sales). The positive estimate revisions led to an increase in our PT to CHF 79 (75). Buy.

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	1528	1788	1456	1713	5%	4%
EBITDA	227.4	271.0	204.3	256.5	11%	6%
- margin	14.9%	15.2%	14.0%	15.0%		
EBIT	102.6	140.5	80.1	126.5	28%	11%
- margin	6.7%	7.9%	5.5%	7.4%		
Net profit	33.3	52.7	25.1	46.4	33%	14%
Operating FCF	132.1	35.4	36.3	59.7	264%	-41%
FCF/sales	8.6%	2.0%	2.5%	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

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	VT Research universe No.	VT Research universe As %	Share of VT IB clients in rating category As %
Buy	34	33	29
Hold	66	63	17
Reduce	4	4	25

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