

# PIERER Mobility

Market dynamics remain favourable

FY21 prelims/Bajaj shares

Automobiles & parts

**PIERER Mobility delivered an impressive year in 2020 despite disruptions caused by the pandemic. Market share in its main motorcycle sales regions rose 177bps to 13.1%, the GASGAS acquisition was completed in July, and the newly consolidated e-bikes business exceeded planned sales and profitability. We expect the strong H220 momentum to continue into FY21 with group returns exceeding FY19 levels. The potential change to the ownership structure may also unlock additional value for shareholders.**

Year end	Revenue (€m)	EBIT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/19	1,520	131.7	2.42	0.00	28.9	N/A
12/20	1,530	107.2	1.55	0.30	45.2	0.4
12/21e	1,829	154.7	2.62	0.30	26.7	0.4
12/22e	2,014	179.0	3.13	0.30	22.4	0.4

Note: \*EBIT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

## Strong momentum into FY21

PIERER Mobility delivered a resilient FY20 performance despite the global pandemic. Record revenues of €1.53bn were achieved, up 1% on FY19 (€1.52bn), and EBIT of over €107m was generated, a margin of 7.0%. The motorcycles performance was nevertheless very strong in H220 following the temporary manufacturing halt in H120 due to COVID-19. The group achieved record market share in its three main markets of Europe (13.3%), the US (11.6%) and Australasia (20.4%), with all three markets growing in FY20. The e-bike division saw unit sales grow more than 33% on the prior year. We expect the encouraging demand trends to continue in FY21, with PIERER targeting further motorcycle market share growth largely through organic development. The rapidly growing e-bike business will expand into Europe beyond the traditional DACH region and enter the US market in 2022. The e-scooter project with Bajaj is also expected to launch next year, adding another revenue stream in urban e-mobility.

## Positive changes to shareholder structure

It is being proposed that Bajaj Auto should transfer its shareholder interest from the KTM subsidiary levels to be part of the parent ownership thus cementing its involvement in both the historical motorcycle core of PIERER Mobility and its growing e-mobility activities. The legal framework for the transaction is subject to free-float shareholder approval at an EGM on 26 February 2021. It would appear that the proposed transaction should significantly enhance returns for shareholders, including the free-float, although the level of benefit is contingent to a degree on the yet to be agreed valuation. The strong partnership across all activities supports e-mobility growth through both technology development and marketing reach.

## Valuation: e-mobility value yet to be reflected

Our DCF value currently stands at €71.3 per share for the core motorcycles operations only. A separate DCF for the e-bikes operation shows €23.6 per share of potential value, which we feel the proposed ownership change may help to unlock.

15 February 2021

Price **€70.00**

Market cap **€1.58bn**

€0.93/CHF

Net debt (€m) at 31 December 2020 312

Shares in issue 22.5m

Free float 34%

Code PMAG

Primary exchange SIX Swiss Exchange

Secondary exchange Frankfurt Stock Exchange

## Share price performance



% 1m 3m 12m

Abs 0.0 29.9 44.8

Rel (local) (0.1) 6.9 52.6

52-week high/low €70.50 €22.60

## Business description

PIERER Mobility is a leading manufacturer of powered two wheelers, focusing on premium motorcycles and two-wheeled electric vehicles including e-bikes. With its well-known brands – KTM, HUSQVARNA and GASGAS – it is the largest sports motorcycle manufacturer in Europe.

## Next events

EGM 26 February 2021

FY20 accounts 30 March 2021

## Analyst

Andy Chambers +44 (0)20 3681 2525

[industrials@edisongroup.com](mailto:industrials@edisongroup.com)

[Edison profile page](#)

**PIERER Mobility is a research client of Edison Investment Research Limited**

## Strong H220 provides momentum into 2021

Following a resilient H120 performance in the face of the pandemic, PIERER Mobility saw a strong recovery in trading performance in H220 as demand for powered two-wheelers (PTWs) remained very high. While economic disruption due to lockdowns continued, the trends towards private transport and leisure activity benefited demand for both e-bikes and motorcycles, especially in the off-road segment. In part the availability of funding was driven by changes to spending patterns as areas such as travel reduced sharply. The performance more than compensated for the disrupted H120, including the temporary eight-week suspension of production in Austria. Record revenues and a stronger than expected operating margin augmented strong cash flow management and leaves PIERER well positioned to benefit from the positive demand momentum, despite ongoing COVID-19 lockdowns in various markets as it enters FY21. Key financial highlights were:

- Having fallen 21% in H120, group revenues rose 1% in the full year to €1.53bn (FY19: €1.52bn), including a first full consolidation of €112.5m from the e-bikes activity.
- EBITDA was slightly lower at €239.0m (FY19: €240.8m), a margin of 15.6%, with the strong H220 performance almost recovering the H120 shortfall.
- EBIT fell 19% to €107.2m (FY19: €131.7m) following a 21% increase in depreciation and amortisation, partially due to the consolidation of the e-bikes business, but primarily reflecting high levels of investment in the core motorcycle business, including the addition of GASGAS.
- Net income fell 36% to €34.9m (FY19: €54.5m).
- Net debt at the end of FY20 stood at €312.2m, down from €395.8m at the start of the year reflecting a strong operating cash inflow of €313.0m (FY19: €257.4m).

**Exhibit 1: PIERER Mobility FY20 results summary**

€m	2019			2020			% change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
<u>Revenue</u>									
Motorcycles	749.9	762.9	1512.8	529.4	884.6	1414.0	-29%	16%	-7%
PIERER E-bicycles*				68.3	44.2	112.5			
Other	5.0	2.3	7.3	2.3	1.5	3.8	-54%	-36%	-48%
<b>Group revenue</b>	<b>754.9</b>	<b>765.2</b>	<b>1520.1</b>	<b>600.0</b>	<b>930.3</b>	<b>1530.3</b>	<b>-21%</b>	<b>22%</b>	<b>1%</b>
<u>EBITDA</u>									
Motorcycles	97.5	131.5	229.0	57.2	174.0	231.2	-41%	32%	1%
PIERER E-bicycles*	-0.7	9.4	8.7	5.6	0.9	6.5	N/A	-90%	-26%
Other	1.2	1.2	2.4	1.4	-0.1	1.3	17%	n.m.	-46%
Consolidation	0.5	0.2	0.7	0.0	0.0	0.0	-90%	-123%	-100%
<b>EBITDA</b>	<b>98.5</b>	<b>142.3</b>	<b>240.8</b>	<b>64.2</b>	<b>174.8</b>	<b>239.0</b>	<b>-35%</b>	<b>23%</b>	<b>-1%</b>
<u>D&amp;A</u>									
Motorcycles	-51.3	-56.4	-107.7	-59.7	-66.2	-125.9	16%	17%	17%
PIERER E-bicycles*					-2.1	-2.2	-4.3		
Other	-0.6	-0.8	-1.4	-0.7	-0.9	-1.6	17%	11%	13%
<b>D&amp;A</b>	<b>-51.9</b>	<b>-57.2</b>	<b>-109.1</b>	<b>-62.5</b>	<b>-69.3</b>	<b>-131.8</b>	<b>20%</b>	<b>21%</b>	<b>21%</b>
<u>Operating profit</u>									
Motorcycles	46.2	75.1	121.3	-2.5	107.8	105.3	n.m.	44%	-13%
PIERER E-bicycles*	-0.7	9.4	8.7	3.5	-1.3	2.2			
Other	0.6	0.4	1.0	0.7	-1.0	-0.3	17%	-356%	-130%
Consolidation	0.5	0.2	0.7	0.0	0.0	0.0	-90%	-125%	-100%
<b>Operating profit</b>	<b>46.6</b>	<b>85.1</b>	<b>131.7</b>	<b>1.7</b>	<b>105.5</b>	<b>107.2</b>	<b>-96%</b>	<b>24%</b>	<b>-19%</b>
<b>Profit after tax</b>	<b>29.3</b>	<b>66.4</b>	<b>95.7</b>	<b>-9.6</b>	<b>79.0</b>	<b>69.4</b>	n.m.	19%	-27%
Minorities	-14.5	-26.7	-41.2	4.8	-39.3	-34.5	n.m.	47%	-16%
<b>Net income</b>	<b>14.8</b>	<b>39.7</b>	<b>54.5</b>	<b>-4.8</b>	<b>39.7</b>	<b>34.9</b>	n.m.	0%	-36%
<b>EPS (€)</b>	<b>0.66</b>	<b>1.76</b>	<b>2.42</b>	<b>-0.21</b>	<b>1.76</b>	<b>1.55</b>	n.m.	0%	-36%
Number of shares for EPS (m)	22.5	22.5	22.5	22.5	22.5	22.5			

Source: Company reports. Note: \*Equity accounted 2019, fully consolidated 2020.

As can be seen from Exhibit 1, the H220 performance showed significant year-on-year improvement in total group revenues (+22%), EBITDA (+23%), EBIT (+24%) and profit after tax (+19%). After a proportionately larger minority charge, net income was flat on H219.

Free cash improved 74% to an inflow of €166.0m (FY19: €91.6m) before the €40.5m consolidation and recapitalisation of KTM Motohall. Management had guided for free cash flow to be around €130m in December 2020 and the additional improvement seems to have been due to working capital declines, primarily in motorcycle dealership inventories where an anticipated rebuild of stock levels was deferred due to the continued strong levels of demand. We still expect dealership inventories to return to more normal levels in 2021, as reflected in management guidance for aggregate free cash flow for 2020 and 2021 of €200m.

A €13.7m cash dividend was paid to the minority shareholder in KTM AG (Bajaj 48%) and the anticipated return of this in H220 does not appear to have occurred, presumably due to the stronger than expected overall cash performance.

## Strong motorcycle demand maintained through H220

H220 saw a strong recovery in motorcycle performance following the lockdown disruptions that shut dealerships in many countries in the first half. After a 29% decline in H120 revenues to €529.4m, H220 revenues grew 16% to €884.6m. Some 30k units were lost because of the eight-week production shutdown in H120 in Austria, but around half of that was recovered through higher year-on-year output in H220. Full year production in Austria was 142k motorcycles. Following the accelerated takeover that was completed in July, GASGAS added 3,433 units from its Girona, Spain, facility. GASGAS with its strong MotoX presence becomes the third major motorcycle brand in the PIERER portfolio alongside KTM and HUSQVARNA and is positioned as entry level models for a younger rider demographic.

**Exhibit 2: PIERER Mobility main motorcycle markets\* and registrations in FY20**

Units	2019			2020			% change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
<b>Total Market</b>									
Europe	374,531	242,769	617,300	319,478	323,053	642,531	-14.7%	33.1%	4.1%
North America	240,852	179,237	420,089	245,057	203,231	448,288	1.7%	13.4%	6.7%
AUS/NZ	30,090	32,401	62,491	33,447	39,295	72,742	11.2%	21.3%	16.4%
<b>Total</b>	<b>645,473</b>	<b>454,407</b>	<b>1,099,880</b>	<b>597,982</b>	<b>565,579</b>	<b>1,163,561</b>	<b>-7.4%</b>	<b>24.5%</b>	<b>5.8%</b>
India	470,637	418,096	888,733	265,545	462,478	728,023	-43.6%	10.6%	-18.1%
<b>KTM &amp; Husqvarna</b>									
Europe	42,412	31,857	74,269	37,590	47,661	85,251	-11.4%	49.6%	14.8%
North America	22,558	18,295	40,853	26,677	26,844	53,521	18.3%	46.7%	31.0%
AUS/NZ	4,253	5,624	9,877	5,926	8,148	14,074	39.3%	44.9%	42.5%
<b>Total</b>	<b>69,223</b>	<b>55,776</b>	<b>124,999</b>	<b>70,193</b>	<b>82,653</b>	<b>152,846</b>	<b>1.4%</b>	<b>48.2%</b>	<b>22.3%</b>
India	32,001	31,443	63,444	19,807	39,745	59,552	-38.1%	26.4%	-6.1%
<b>Market share</b>									
							<b>Change (bps)</b>		
Europe	11.3%	13.1%	12.0%	11.8%	14.8%	13.3%	44	163	124
North America	9.4%	10.2%	9.7%	10.9%	13.2%	11.9%	152	300	221
AUS/NZ	14.1%	17.4%	15.8%	17.7%	20.7%	19.3%	358	338	354
<b>Total</b>	<b>10.7%</b>	<b>12.3%</b>	<b>11.4%</b>	<b>11.7%</b>	<b>14.6%</b>	<b>13.1%</b>	<b>101</b>	<b>234</b>	<b>177</b>
India	6.8%	7.5%	7.1%	7.5%	8.6%	8.2%	66	107	104

Source: PIERER Mobility. Note: \*Market for motorcycles >120cc excluding ATV, scooters and e-motorcycles.

Motorcycle demand recovered very strongly in KTM's major markets of Europe, North America and Australasia throughout H220, with an aggregate increase of almost 25% following a year-on-year decline of 7.5% in H120. Even the Indian market rose by 11% in H220 year-on-year following a near 44% decline in H120.

PIERER continued to outperform the major markets despite the pandemic, increasing market share in all of its main territories. In addition, the share increased in each market in both H120 and H220.

The market share of its main addressable markets globally rose by 177bps to 13.1%. In India the market share improved 104bps to 8.2%.

The European market recovered strongly following the H120 decline to finish the year up 4%. While higher-volume countries such as France, Italy, Spain, the UK and Austria did not fully recover, strong demand continued in the largest market, Germany (+30%) and Sweden (+23%). Overall PIERER Mobility brands saw registrations in Europe rise by almost 15% to 85.2k (FY19: 74.3k) units. Market share rose to 13.3%.

In North America, PIERER's brands achieved healthy growth in market share to 11.9% (+221bp), with registrations increasing by 31% to 53.5k motorcycles, driven primarily by strong off-road demand. The US market grew for the first time since 2015. In the smaller Australia and New Zealand market, the strong growth apparent in H120 accelerated in H220 and PIERER Mobility brands increased registration by 43% in FY20, representing an FY20 market share of 19.3%, exceeding 20% in H220.

Demand in India bounced back strongly with sales increasing by almost 11% in H220 year-on-year following a 44% decline in H120. Again, KTM and HUSQVARNA units distributed by KTM outperformed the market in both halves, although recording a full-year decline of 6%. Licence fee models produced and distributed by Baja Auto were also down by 7%, still outperforming the market and benefiting from the first HUSQVARNA models produced in Chakan, India, as well as new KTM model launches. The total India volume for KTM and HUSQVARNA of around 125.5k units in 2020 is expected by management to grow rapidly to around 200k units in 2022, of which around 120k will be licenced production, double the 2020 level.

Wholesales to dealers fell by just 3.5% to 270,407 motorcycles (including 8,648 GASGAS bikes) in FY20 following the 33% H120 fall, as production resumed to meet demand following the eight-week production stoppage in Austria from mid-March to manage COVID-19 and supply chain disruption at suppliers. PIERER's extensive global dealership network now totals almost 3,300 dealers.

**Exhibit 3: PIERER Mobility global motorcycle wholesales**

Wholesales	H119	H219	FY19	H120	H220	FY20
Europe	59,545	49,150	108,695	41,634	58,133	99,767
India	32,547	33,659	66,206	20,160	41,434	61,594
North America	20,833	30,907	51,740	11,683	41,109	52,792
South America	7,211	10,333	17,544	4,619	15,398	20,017
Australia/NZ	6,691	8,652	15,343	6,296	10,211	16,507
Asia	7,337	8,948	16,285	4,790	11,040	15,830
Africa/Middle East	1,555	2,731	4,286	1,149	2,751	3,900
<b>Total</b>	<b>135,719</b>	<b>144,380</b>	<b>280,099</b>	<b>90,331</b>	<b>180,076</b>	<b>270,407</b>
Unit change				-45,388	35,696	-9,692

Source: PIERER Mobility

## E-bike demand remains strong and ahead of plan

The newly formed e-bike business operates as PIERER E-Bikes selling under the Husqvarna, R-Raymon and GASGAS brands. The currently European business is fully consolidated in the income statement for the first time in FY20. It sells through a largely independent dealership network of around 1,280 dealers in a European e-bike market estimated by PIERER Mobility at 3.4m units and expected by management to grow to 5m units by 2025. Management has been extending the dealership reach beyond the traditional DACH (Germany, Austria and Switzerland) selling region, in order to increase European share. It is also increasing the number of its own motorcycle dealerships that sell the e-bikes with 140 accredited in 2020, which will extend to 340 in 2021. We also expect PIERER to use its global motorcycle dealership network to help facilitate expansion into markets such as the US in 2022. Management maintains its target of 250k unit sales by 2025 generating revenues of approximately €500m. FY20 revenues of €112.5m exceeded guidance of €110.0m but this had been originally set at €100m earlier in the year.

**Exhibit 4: FY20 PIERER e-bike sales**

Units	H120	H220	FY20
e-bikes	34,351	21,713	56,064
Traditional bicycles	8,492	8,721	17,213
<b>Total</b>	<b>42,843</b>	<b>30,434</b>	<b>73,277</b>

Source: PIERER Mobility

In FY20 PIERER e-bikes sold 56,064 Husqvarna and R-Raymon e-bikes entirely in Europe, an increase of around a third on FY19. The GASGAS e-bike brand will be added alongside the pan European roll-out in the current year. Production is carried out by a supplier in Bulgaria where there are no perceived capacity constraints at present, enabling a strong ramp up in volumes sold.

The market opportunity is also growing rapidly as reflected in management estimates shown below.

**Exhibit 5: Selected e-bike market development estimates (m)**

	2020	2025e
Europe	3.4	5.0
North America	0.3	1.0
Oceania	0.1	0.2

Source: PIERER Mobility

## Outlook

The encouraging trends seen in the major markets have continued and while renewed lockdowns have been apparent in many markets in January, we think the main drivers remain supportive. These include a shift in attitudes towards public transport and the relative freedom for individuals offered by PTWs. Off-road and e-bike demand has been particularly strong, according to the company, benefiting from a trend towards healthy lifestyles as well as changes to income allocation (eg lower holiday spend).

## Earnings revisions

**Exhibit 6: PIERER Mobility earnings estimates revisions**

Year to 31 December €m	2020			2021e			2022e
	Prior	Prelim	Change	Prior	New	Change	New
<b>Revenues</b>							
Core Motorcycle business	1,403.7	1,403.5	0.7%	1,623.8	1,641.2	1.1%	1,739.7
e-bikes	110.0	112.5	2.3%	154.0	169.9	10.3%	230.3
E-motorcycles		10.5			12.0		40.0
Other		3.8			3.8		3.8
<b>Total revenues</b>	<b>1,513.7</b>	<b>1,530.3</b>	<b>1.1%</b>	<b>1,777.8</b>	<b>1,828.8</b>	<b>2.9%</b>	<b>2,013.8</b>
<b>EBITDA</b>	<b>225.5</b>	<b>239.0</b>	<b>6.0%</b>	<b>297.6</b>	<b>306.3</b>	<b>2.9%</b>	<b>335.0</b>
D&A	(126.0)	(131.8)	4.6%	(144.3)	(151.6)	5.1%	(156.0)
<b>EBIT</b>	<b>99.5</b>	<b>107.2</b>	<b>7.7%</b>	<b>153.3</b>	<b>154.7</b>	<b>0.9%</b>	<b>179.0</b>
PBT (2020 estimated)	84.0	91.4	8.8%	141.0	142.9	1.3%	167.6
<b>Net Income</b>	<b>32.2</b>	<b>34.9</b>	<b>8.5%</b>	<b>58.3</b>	<b>59.1</b>	<b>1.3%</b>	<b>70.5</b>
<b>EPS (€)</b>	<b>1.43</b>	<b>1.55</b>	<b>8.5%</b>	<b>2.59</b>	<b>2.62</b>	<b>1.3%</b>	<b>3.13</b>
Dividend (€)	0.30	0.30	0.0%	0.3	0.30	0.0%	0.30
Adjusted net debt	322	312	-3.1%	296	302	1.9%	215

Source: Company reports, Edison Investment Research estimates

We have modestly increased our earnings estimates, as shown in Exhibit 6. We have assumed slightly increased motorcycles sales with a volume increase of over 20% on FY20 as production recovers to above FY19 levels to meet strong demand and rebuild dealership inventories.

We have also assumed a slight acceleration in the e-bikes development as demand appears to be driving performance at least in line with management's plan, and the target for 2025 looks increasingly attainable. Our e-bike revenues continue to track below that goal.

We have also shown our expectations for e-motorcycles revenues for the first time. There were already €10.5m of revenues in 2020, which relate to existing smaller e-motorcycles for children that KTM produces. From 2022, e-scooter revenues from the launch in Europe of the first HUSQVARNA model based on a Bajaj platform will be sold in Europe.

Overall, we continue to expect the positive momentum from H220 to be maintained in FY21 despite the pandemic. Our revenue expectations increase by 2.1% in FY21. We also introduce our FY22 estimates, showing further growth of around 10% in group revenues.

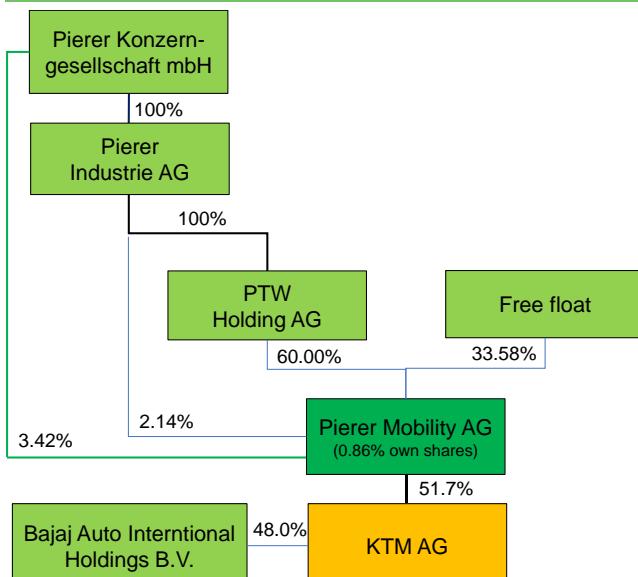
## Potential Bajaj shareholding adjustment

At present Baja Auto holds a 48% stake in PIERER Mobility's motorcycle operating subsidiary, KTM AG. However, in order to participate in the expected growth of e-mobility, which is external to KTM, it is being proposed that the ownership structure should be simplified. It is being proposed that Bajaj exchanges its current holding in KTM for participation in a parent entity of PIERER Mobility.

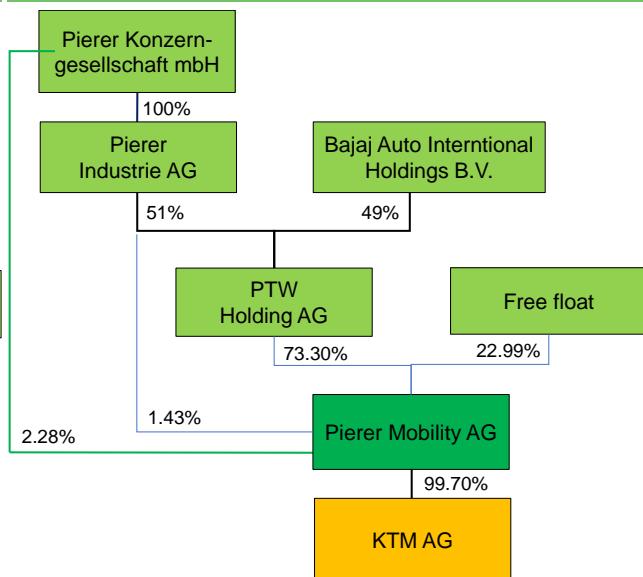
To facilitate the proposed transaction, PIERER Industrie has already created a new holding company, PTW Holdings, and transferred a 60% holding in PIERER Mobility to it. Bajaj would transfer its interest in KTM AG as a payment in kind into PTW Holdings in exchange for new PIERER Mobility shares held by PTW. PIERER Mobility has also sold the treasury shares (0.86% of the existing capital) in the market, becoming part of the free float.

The result of the current structure and an example of the new structure are shown below:

**Exhibit 7: Current shareholder structure**



**Exhibit 8: Potential shareholder structure\***



Source: PIERER Mobility

Source: PIERER Mobility. \* based on 49.78% capital increase

The proposed change would result in an increase in the capital of PIERER Mobility depending on the valuation placed on the Bajaj stake in KTM AG. As the stake is being used as a payment in kind to access the overall future potential e-mobility of PIERER Mobility, we would expect Bajaj's indirect holding through PTW Holdings to be smaller than the current 48% held in KTM.

PIERER Industrie would retain control through at least a 51% share in the main shareholder, PTW Holdings, providing for the appointment of the majority of board members.

In our view, from a free-float shareholder's perspective the proposed transaction would mean:

- No change to the number of shares in free float, although the proportional ownership of PIERER Mobility would decrease in line with the capital increase derived from the value of the Bajaj stake.
- Elimination of the minority payment to Bajaj by KTM leading to an enhanced earnings per share for PIERER Mobility according to the documentation values.
- Potential for increased dividends. If Bajaj wants to maintain its dividend stream, PIERER Mobility is likely to have to increase the payout ratio and probably initiate a progressive future dividend policy, which would benefit all shareholders.
- A sacrifice of a proportion of the future value potential from the e-mobility operations that Bajaj currently had no direct stake in, but where it is an active partner.
- Enhanced cooperation with Bajaj on technology and market reach for the e-mobility business.

Clearly the ultimate proposition depends on the value placed on the Bajaj stake.

From the documentation submitted ahead of the EGM, a range of between around €600m (requiring a 39.55% capital increase in PMAG) and €760m (requiring a 49.78% capital increase, used in Exhibit 8) is implied for Bajaj's KTM stake, which compares to a book value of just over €300m and implies an FY21 P/E of between 12.1x and 15.4x (value/FY21 estimated minority share of net income) for the stake. As the amount is core to the negotiation it is unclear whether these are mere indications or likely values as Bajaj is undoubtedly making its own value assessment.

Assuming the more conservative higher value we calculate the following impacts:

- FY21 and FY22 EPS enhanced by just over 20%.
- Adjusting the DCF valuation for the motorcycles business would result in an increase of €20.2 per share (from €71.3 to €91.5) as the minority deduction in our DCF was much higher than the indicated value.
- Similarly, the sacrifice of value from the e-bikes activity would equate to around €7.8 per share (from €23.6 to €15.8). When we initiated last year, the value was €9.5 per share but since then we have significantly increased our estimates for growth, and profitability has been ahead of plan. An initial drag on cashflow has been eliminated, and the model assumptions are higher although still well below management guidance for €500m of revenues by 2025. Historically we have not included this in our DCF based valuation for PIERER Mobility and have seen it as upside potential.
- The overall aggregated DCF value adjustment would be an uplift of €12.4 from €94.9 to €107.3 per share, a 13% increase.

This takes no account of the future potential for e-motorcycles where we expect a meaningful revenue stream to be established beyond 2025.

**Exhibit 9: Financial summary**

Accounts: IFRS, year-end: December, €m	2018	2019	2020P	2021e	2022e
<b>INCOME STATEMENT</b>					
Total revenues	1,462	1,520	1,530	1,829	2,014
Cost of sales	(1,031)	(1,074)	(1,094)	(1,310)	(1,446)
Gross profit	431	446	437	518	567
SG&A (expenses)	(194)	(191)	(173)	(186)	(203)
R&D costs	(27)	(24)	(25)	(26)	(29)
Other income/(expense)	1	10	(0)	(0)	(0)
Depreciation and amortisation	(82)	(109)	(132)	(152)	(156)
Reported EBIT	129	132	107	155	179
Finance income/(expense)	(15)	(14)	(15)	(12)	(11)
Other income/(expense)	(1)	0	(1)	0	0
Reported PBT	112	118	91	143	168
Income tax expense	(27)	(22)	(22)	(34)	(40)
Minorities	(44)	(41)	(35)	(50)	(57)
Reported net income (post-minorities)	41	54	35	59	71
Basic average number of shares, m	23	23	23	23	23
Basic EPS (€)	2.99	2.42	1.55	2.62	3.13
Dividend per share	0.30	0.00	0.30	0.30	0.30
Adjusted EBITDA	211	241	239	306	335
Adjusted EBIT	129	132	107	155	179
Adjusted PBT	112	118	91	143	168
Adjusted EPS (€)	1.82	2.42	1.55	2.62	3.13
Adjusted diluted EPS (€)	1.82	2.42	1.55	2.62	3.13
<b>BALANCE SHEET</b>					
Property, plant and equipment	283	326	403	391	377
Goodwill	96	130	131	131	131
Intangible assets	327	392	431	451	469
Other non-current assets	39	29	27	26	26
Total non-current assets	745	878	992	1,000	1,003
Cash and equivalents	89	161	218	209	275
Inventories	287	322	262	311	326
Trade and other receivables	220	248	225	259	280
Other current assets	13	5	5	5	5
Total current assets	609	736	710	784	886
Non-current loans and borrowings	339	470	433	413	393
Other non-current liabilities	95	118	120	121	122
Total non-current liabilities	435	589	552	534	515
Trade and other payables	191	223	233	251	277
Current loans and borrowings	73	86	98	98	98
Other current liabilities	104	98	105	105	105
Total current liabilities	368	407	436	454	480
Equity attributable to company	297	338	400	432	474
Non-controlling interest	253	280	314	364	421
<b>CASH FLOW STATEMENT</b>					
Profit for the year	114	96	69	109	127
Taxation expenses	29	22	22	34	40
Net finance expenses	(16)	(18)	12	14	13
Depreciation and amortisation	91	109	132	152	156
Movements in working capital	(83)	71	94	(65)	(9)
Interest paid / received	(15)	(13)	(13)	(12)	(11)
Income taxes paid	(36)	(10)	(4)	(34)	(40)
Cash from operations (CFO)	85	257	313	197	276
Capex	(167)	(157)	(150)	(160)	(160)
Acquisitions & disposals net	70	(13)	3	0	0
Other investing activities	(6)	4	0	0	0
Cash used in investing activities (CFIA)	(102)	(166)	(147)	(160)	(160)
Movements in debt	(38)	5	(54)	(20)	(20)
Dividends paid	(19)	(20)	(14)	(26)	(29)
Other financing activities	(6)	(0)	(37)	0	0
Cash from financing activities (CFF)	(63)	(21)	(109)	(46)	(49)
Currency translation differences and other	0	0	0	0	0
Increase/(decrease) in cash and equivalents	(80)	72	57	(10)	67
Cash and equivalents at end of period	89	161	218	209	275
Net (debt)/cash	(323)	(396)	(312)	(302)	(215)
Movement in net (debt)/cash over period	52	(73)	84	10	87

Source: Company reports, Edison Investment Research estimates. Note: \*P = preliminary.

---

## General disclaimer and copyright

This report has been commissioned by PIERER Mobility and prepared and issued by Edison, in consideration of a fee payable by PIERER Mobility. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2021 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960

Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700

280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026

1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342

Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia