

WHAT'S NEW?

PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 74.1
Enterprise value (mns)	CHF 1,963
Market cap (mns)	CHF 1,588
Reporting Currency	EUR

Buy **PT: CHF 79.0**

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	44.3	29.1	23.5
P/E (adj.)	23.4	44.3	29.1	23.5
P/B	3.24	3.97	3.68	3.25
EV/EBITDA	6.8	8.6	7.2	6.2
FCF yield %	9.8	9.0	2.4	5.2
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	1499	1747	1915
EBITDA	241	221	281	308
EBIT	132	93	142	156
Net profit	50	29	52	58
EPS	2.30	1.33	2.32	2.76

Conference call/analyst meeting

Conf call at 10am CET. Dial-in: +41 (0) 58 310 5000.

Preliminary profit figures beat expectations - FCF well above targets - Focus on organic growth - Buy

FACTS & COMMENT:

Preliminary figures: Sales of EUR 1.53bn were already pre-announced while EBIT of EUR 107.2m exceeded our and consensus forecasts. FCF was strong with EUR 166m, well ahead of PMAG's own guidance (EUR >130m) and VTe (EUR 132m). Net debt came in at EUR 312.2m (VTe: EUR 329m).

Market share gains in all markets: In both its European and North America, PMAG outperformed the underlying markets and was able to increase market shares by 130 bps (Europe) and 280bps (North America). Due to the pandemic, India remained weak but PMAG also performed better than the market (registrations -18% y/y; PMAG -6%).

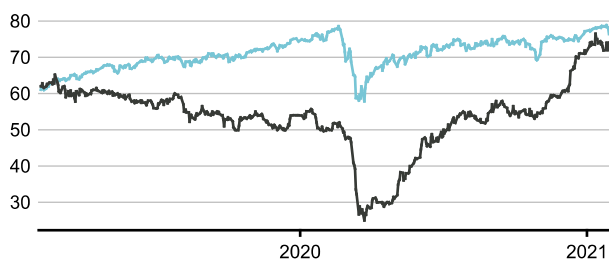
Focus on organic growth: The company did not issue a guidance yet. E-Bikes distribution will expand to Pan-Europe (DACH only so far) while the focus of the traditional motorcycles will be on organic growth in its key markets and new models for the Chinese market and production for overseas through its CFMOTO partnership.

e-bike 2025 target: PMAG confirmed its e-bike mid-term target of EUR 500m sales by 2025. In cooperation with Baja, Huskie-branded electric scooter models will be launched in 2022.

OUR CONCLUSION:

Except for the already pre-announced sales level, all key figures exceeded our and consensus forecasts. Despite higher Capex (+5% y/y), cash generation was very strong thanks to lower inventories by year-end. While PMAG did not issue a guidance yet, we assume +ve top-line growth in both segments also supported by a recovery in Europe and India wholesale while FCF (relative to sales) is expected to normalize. Shareholder simplification with Bajaj could unlock even further value. Buy.

Performance



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

Source: Bloomberg, Vontobel Equity Research

Results FYH20

EUR (mn)	Reported	VTe	Cons	YoY (%)	vs VT (%)	vs C (%)
Revenues (already reported)	1530	1530	1519	1	0	1
- o/w powered two-wheeler	1414	1416	-	-7	0	-
- o/w e-bicycles	113	114	-	n.a.	-1	-
EBITDA	239	227	228	-1	5	5
EBITDA margin (IFRS) (%)	15.6	14.8	15.0	-22 bp	79 bp	64 bp
EBIT	107.2	102.6	101.3	-18.6	4	6
EBIT margin (%)	7.0	6.7	6.7	-166 bp	30 bp	34 bp
Net profit after minorities	35	33	33	-35.8	5	7
Net margin (%)	2.3	2.2	2 bp	-36 bp	11 bp	13 bp
FCF	166	132	-	54.3	26	-

Source: Company data, Vontobel Equity Research

1. Analyst declaration

This Vontobel Report has been produced by the organizational unit responsible for investment research (Research unit, sell-side analysis) of Bank Vontobel AG. Bank Vontobel AG is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA). The authors listed on page 1 confirm that this report gives a complete and precise reflection of their opinion of the analyzed company and that they have neither directly nor indirectly received compensation for their assessment or opinion. The compensation of the authors of this report is not directly related to the investment banking volume generated between Vontobel Group and the analyzed company.

The author(s) of this document owns securities in the analyzed companies: None

The document was not submitted to the analyzed companies before publication or distribution

2. Disclosure of conflicts of interest

As an internationally active company, Vontobel Group is subject to a number of provisions in drawing up and distributing its investment research documents. The maker and distributors of this financial analysis point out the following potential conflicts of interests: The author and its associated companies

- will or are attempting to generate investment banking business with the analyzed companies within the next three months,
- conduct transactions with securities of the analyzed companies from time to time
- have participated in capital market transactions/the issue of securities of the following analyzed companies in the last 12 months: PIERER Mobility AG
- have been active as Market Maker in equities of the following analyzed companies in the last 12 months: PIERER Mobility AG
- have provided other publicly known Investment Banking services for the following companies mentioned in this report in the last 12 months: None
- have received compensation for products and services outside Investment Banking from the following analyzed companies: None
- hold mandatory disclosable (%) of the voting rights of the following analyzed companies: None
- have executives who are members of the board of the analyzed companies: None and
- have executives who are members of the board of Bank Vontobel AG or affiliated companies: None
- have no significant financial interest in the analyzed companies and
- have reached no agreement with the analyzed companies regarding this financial analysis.

3. Research rating history

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

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	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 .

5. Rating plotter charts

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.

Not Rated: Currently Restricted, Suspended Coverage, or no rating assigned to company due to e.g. advising of analyzed company in a capital market transaction, temporary suspension of analyst coverage or a similar reason.

For company specific disclosures, such as Research rating history or Rating plotter charts, please refer to the most recent company specific information provided by Bank Vontobel under "<https://research.vontobel.com/en/disclaimers/companies>" and/or contact Bank Vontobel for further information.

6. Methodology/Rating system

Bank Vontobel's financial analysts apply a variety of valuation methodologies (e.g. DCF and EVA modelling, 'sum-of-the-parts', break-up and event-related analysis, peer group and market multiple comparisons) to their own financial projections for the companies they cover. Overall, our investment recommendations take into consideration an assessment of the company in its entirety and of the sector to which it belongs ("bottom-up approach"). Price target calculation is based on a number of factors, observations and assumptions, including but not limited to: key business performance indicators and ratios, public and private valuation multiples, comparison with one or more peer groups of comparable companies, overall equity market valuations, and with the company's own history and track record.

The stock recommendations published by Vontobel's research team are defined as follows:

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)

Analysts are required to review their recommendations under the following conditions:

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.

Hold: When upside to price target reaches or exceeds: 10% for SMI/SLI stocks for 30 calendar days; 15% for SMIM stocks for 30 calendar days; 20% for all other stocks for 45 calendar days; or when downside to price target reaches or exceeds: 10% for SMI/SLI stocks for 30 calendar days; 15% for SMIM stocks for 30 calendar days; 20% for all other stocks for 45 calendar days.

Reduce: When downside to price target reaches or falls below: 5% for SMI stocks for 30 calendar days; 10% for all other stocks for 45 calendar days.

We reserve the right to waive repeated changes of recommendation during periods of unusually high equity market or specific stock price volatility

Share prices used in this financial report are closing prices on the date given. Deviations from this rule are disclosed. The underlying figures of a company valuation, i.e. the profit and loss statement, capital flow and balance sheet are estimates based on date and thus bear certain risks. These may change at any time and without prior notice if other, different models, assumptions, interpretations, and/or estimates are applied.

The use of the valuation methods does not rule out the risk that the stock fails to achieve the "fair value" within the projected period. Numerous factors influence share price performance. Unforeseen changes can arise from the emergence of competitive pressure, from a change in demand for the products of an issuer, technological development, from macroeconomic activity, exchange rate fluctuation or from a shift in society's moral concept. Changes in taxation law or supervisory regulations can often have a grave, unforeseen impact. This discourse on valuation methods and risk factors does not claim completeness.

7. Disclaimer & Sources

Although Vontobel Group believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this report

This research report is for information purposes only and does not constitute a solicitation to invest or investment advice. This report has been written without regard for the financial interests of individual recipients. The author maintains the right to change and/or revoke all opinions expressed in this report at any time. The author also points out that the statements contained in this report are on no account to be considered as advice on tax, accounting, legal or investment matters.

The author neither guarantees that the equities discussed in this report are accessible to recipients nor that they are suitable for them. This research report has been produced for institutional investors only.

If non-institutional investors receive this report it is recommended they seek advice from an asset manager or investment advisor prior to making an investment decision.

The maker of this report does not regard recipients of this report as clients if there are no other business or contractual relations.

No part of this material may be reproduced or duplicated in any form, by any means, or redistributed, without acknowledgement of source and prior written consent from Vontobel Research. Bank Vontobel AG has taken internal organizational measures to prevent potential or, if unavoidable, to disclose existing conflicts of interest. For more details on handling conflicts of interest and maintaining the independence of financial analysis as well as other disclosures relating to the recommendations of Bank Vontobel AG, see www.vontobel.com. Unless otherwise indicated, the source of the data presented in the tables/graphs of this report is "Vontobel Equity Research". "Company data" refers to company-specific sources of information such as annual/interim reports or press releases.

8. Country-specific guidelines and information

This research report may not be distributed to persons whose nationality or domicile do not permit the distribution of this report or where a special license is required, unless the author or distributor already has such a license. With the exception of the special distribution channels listed below, this report is distributed by the company on the front page.

Additional information for US institutional clients

In the United States of America, this publication is being distributed solely to persons that qualify as "major US institutional investors" under SEC Rule 15a-6. Vontobel Securities, Inc. accepts responsibility for the content of reports prepared by its non-US affiliate when distributed to US institutional investors. US investors who wish to effect any transaction in securities mentioned in this report should do so with Vontobel Securities, Inc. at the address hereafter and not with Bank Vontobel AG: Vontobel Securities, Inc., 1540 Broadway, 38th Floor, New York, NY 10036, Tel: 1 212 792 5820, fax: 1 212 792 5832, e-mail: vonsecny@vonsec.com. Vontobel Securities Inc. New York, with headquarters at Vontobel Securities AG, Gotthardstrasse 43, 8022 Zurich, Tel +41 (0)58 76 17, Fax +41 (0)58 283 76 49, is a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA). Bank Vontobel Zurich is a foreign broker dealer which is not delivering services into the USA except for those allowed under the exemption of SEC Rule 15a-6.

Additional information for UK clients

Bank Vontobel AG is a company limited by shares with a Swiss Banking license which has no permanent place of business in the UK and which is not regulated under the Financial Services and Markets Act 2000. The protections provided by the UK regulatory system will not be applicable to the recipients of any information or documentation provided by Bank Vontobel AG and compensation under the Financial Services Compensation Scheme will not be available. However, as regards distribution of this research document by Bank Vontobel Europe AG, London Branch, Third Floor, 22 Sackville Street, W1S 3DN London, Great Britain, Bank Vontobel Europe AG possesses the required permission by the Financial Services Authority and the Prudential Regulation Authority and is subject to these authorities supervision.

Past performance is not a guide to the future. The price of securities may go down as well as up and as a result investors may not get back the amount originally invested. Changes in the exchange rates may cause the value of investments to go down or up. Any literature, documentation or information provided is directed solely at persons we reasonably believe to be investment professionals. All such communications and the activity to which they relate are available only to such investment professionals; any activity arising from such communications will only be engaged in with investment professionals. Persons who do not have professional experience in matters relating to investments should not rely upon such communications. Any contact with analysts, brokers or other employees of Bank Vontobel AG must be directed with Bank Vontobel AG directly and not through offices or employees of Vontobel Group affiliates in London/UK.

Information for clients in Germany

Bank Vontobel Europe AG, Cologne Branch, Auf dem Berlich 1, D-50667 Cologne is responsible for distribution within the meaning of the German Securities Trading Act (WpHG). Bank Vontobel Europe AG is authorized and regulated by the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Strasse 108, D-53117 Bonn. The Vontobel employees responsible for the distribution of investment research are subject to the respective valid legally and regulatorily required compliance regulations. In particular, measures have been implemented to prevent conflicts of interest (e.g. regulating the exchange of information with other employees, ensuring the independence of remuneration of relevant employees, preventing undue influence on these employees, ensuring compliance with guidelines for employee transactions etc.). Adherence to the respective compliance regulations and organizational instructions is monitored by Compliance offices.