

## FINANCIAL MODEL UPDATE

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 76.0
Enterprise value (mns)	CHF 2,455
Market cap (mns)	CHF 2,254
Reporting Currency	EUR

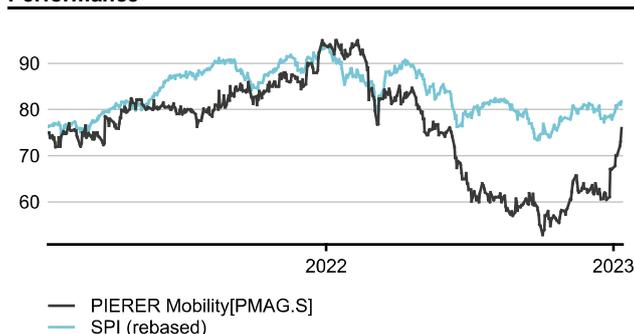
**Buy** **PT: CHF 95.0**

Income Stat. (mns)	2021A	2022E	2023E	2024E
Revenues	2042	2425	2626	2794
EBITDA	333	401	417	444
EBIT	194	235	238	260
Net profit	92.3	179	180	196
Growth (%)	2021A	2022E	2023E	2024E
Revenues	33.5	18.7	8.3	6.4
Net profit	188	93.4	0.9	8.9
EPS (rep.)	151	36.3	0.88	8.94
Margin analysis (%)	2021A	2022E	2023E	2024E
Gross margin	29.1	29.4	29.5	29.7
EBITDA margin	16.3	16.5	15.9	15.9
EBIT margin	9.5	9.7	9.1	9.3
Balance sheet (%)	2021A	2022E	2023E	2024E
NWC/Revenues	7.9	9.2	12.3	13.0
Net debt (mns)	190	220	197	120
Equity to tot. assets	37.6	41.5	45.1	48.8
Gearing	24.8	24.0	18.9	10.2
Net debt/EBITDA	0.6	0.5	0.5	0.3
CF statement (mns)	2021A	2022E	2023E	2024E
Capex	-181	-211	-222	-220
Operating FCF	186	5.18	89.8	147
Inc(+)/Dec(-) in cash	155	-50.1	-6.61	26.9
CF analysis (%)	2021A	2022E	2023E	2024E
Op. CF margin	18.0	8.9	11.9	13.1
Capex/Revenues	8.9	8.7	8.4	7.9
Capex/Depreciation	130	127	124	120
Per-share data (CHF)	2021A	2022E	2023E	2024E
EPS (rep.)	3.85	5.25	5.30	5.77
EPS (adj.)	3.88	5.25	5.30	5.77
Net cash	-5.9	-6.5	-5.8	-3.5
Dividend	1.05	1.98	2.08	2.08
Payout ratio (%)	27.2	37.6	39.2	36.0
Valuation (X)	2021A	2022E	2023E	2024E
P/E	24.4	12.8	14.3	13.2
P/E (adj.)	24.2	12.8	14.3	13.2
P/B	3.96	2.50	2.50	2.22
EV/EBITDA	11.0	6.2	5.9	5.4
FCF yield %	6.2	0.2	3.9	6.4
Dividend yield %	1.1	2.9	2.7	2.7
Profit ratios (%)	2021A	2022E	2023E	2024E
ROIC	13.2	14.6	13.2	13.6
ROE	16.5	21.4	18.5	17.9
ROA	8.2	8.5	8.0	8.4
BB Consensus (mns)	2021A	2022E	2023E	2024E
Revenues	2040	2358	2473	2783
EBITDA	331	377	390	465
EBIT	187	219	220	NA
Net profit	115	148	153	NA
EPS	3.67	4.77	4.88	5.63

## Conference call/analyst meeting

No conference call or analyst meeting scheduled

## Performance



Source: Bloomberg, Vontobel Equity Research

## Lifting revenue and profit forecasts - Capex rises in parallel due to digitization - Short-term FCF pressure - Buy and PT of CHF 95 reiterated

## FACTS &amp; COMMENT:

**Robust growth in FY23:** PMAG is optimistic about its FY23 motorcycle sales development as it expects to recapture market shares in Europe with North American growth to continue. Low/mid-single digit price increases will also support top-line. While European e-bicycles demand has turned soft, PMAG sees nonetheless healthy growth (incl. Europe).

**Digitalization Capex:** PMAG is increasing Capex in IT & digitalization of dealership/supply information systems as well as the product portfolio (i.e. connectivity). As a result, FY23 Capex is expected to further rise, however, the FCF/sales mid-term target of 3-5% has been confirmed.

**Model update:** We have increased our sales by 9.9%/6.4% for FY23/FY24 assuming solid demand, particularly outside Europe. We left our margin forecasts unchanged (product mix, higher energy costs). We also lifted our Capex estimates for FY23 and FY24 with a further -ve impact on FY23 NWC due to accelerating growth in e-bicycles. This depresses FY23 FCF while our FY24 FCF estimate is largely unchanged as higher operating profit forecasts are offset by higher Capex.

## OUR CONCLUSION:

Despite more challenging end-markets, PMAG continues its growth path and is confident in recapturing motorcycle market shares in Europe. Bicycle sales are expected to regain momentum due to an improving supply situation. PMAG is investing into IT/digitalization, which, together with rising NWC due to bicycle growth, will pressure FCF in the near-term. The electric motorcycle product portfolio is nearing launch, which we see as growth driver for FY24 and beyond. Buy and PT of CHF 95 reiterated.

## Changes to Vontobel estimates

(EUR m)	FY22 new	FY23 new	FY24 new	FY22 old	FY23 old	FY24 old	FY22 chg	FY23 chg	FY24 chg
Revenues	2425	2626	2794	2420	2389	2626	0.2%	9.9%	6.4%
EBITDA	401	417	444	387	376	410	3.6%	10.7%	8.3%
- margin	16.5%	15.9%	15.9%	16.0%	15.7%	15.6%			
EBIT	235	238	260	235	218	247	0.0%	9.3%	5.0%
- margin	9.7%	9.1%	9.3%	9.7%	9.1%	9.4%			
Group profit (incl. Minorities)	177	178	195	178	163	186	-0.5%	9.2%	4.6%
Operating FCF	5	90	147	38	126	147	n.m.	-28.9%	0.1%
FCF/sales	0.2%	3.4%	5.3%	1.6%	5.3%	5.6%			

Source: Vontobel Equity Research

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Bossard[BOS.S] was last changed from Reduce to Hold on 04-03-20

Holcim[HOLN.S] was last changed from Hold to Buy on 30-06-16

Logitech[LOGN.S] was last changed from Hold to Buy on 24-07-14

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

VAT Group[VACN.S] was last changed from Hold to Buy on 19-11-20

### 4. Global rating breakdown

	VT Research universe	VT Research universe	Share of Bank VT clients in rating category
	No.	As %	As %
Buy	37	37	43
Hold	63	63	27
Reduce	0	0	0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as of 30 September 2022 .

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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
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
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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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