

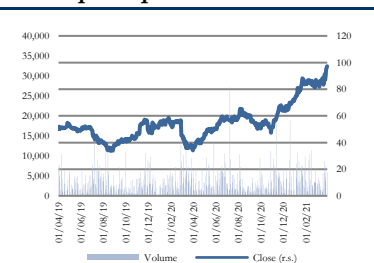
31 March 2021

Closing prices as of 30/03/21: €91.80

Company / Sector	Fair Value	Recommendation
<b>Basler AG</b>	<b>€87.1</b>	<b>Neutral</b>
Technology	(€78.6)	(unchanged)

## Strong year is already reflected in the share price

### Share price performance



### Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	10.01
Monthly volume	15,529
Free float	38.0%
Market cap. (m)	918.7
EV (m)	908.5

Valuation	2021e	2022e
EV/Sales	4.3	3.7
EV/EBITDA	19.8	17.2
EV/EBIT	30.7	26.3
PER	43.3	37.8
Div. Yield	0.8%	0.9%
RoCE	22.3%	24.3%
RoE	16.3%	16.4%

### Analyst

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### Investment case

FY20 finals again highlighted that Basler's business was not affected by the pandemic. Also, prospects for this year remain excellent as Basler should continue to profit from high demand from the semiconductor, electronics and logistics industries. We have adjusted our model accordingly and our new fair value comes to €87.1. This is still around five percent below the current share price. We therefore keep our neutral rating unchanged.

#### ➤ FY20 FINALS: GROWTH IN AMERICA AND ASIA

FY 20 sales and EBT came in as preliminarily reported (€170.5m/+5.3% and €20.4m/+21%). FY20 free cash (€14m vs. €-9.7m) and order intake (€181.6m/+9.1%) also remained unchanged. Segment reporting provided some insights into the performance of the regions: surprisingly, sales performance was best in America (€26m/+11.4%). Business in Asia also went well (€94.8m/+7.1%) while business in EMEA declined slightly (€49.6m/-1%).

#### ➤ HIGH TARGETS FOR FY2021

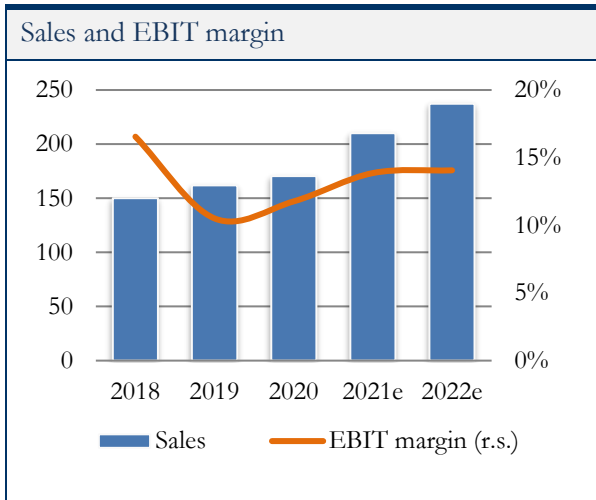
For FY21, the mgmt targets sales of €190-210m and an EBT margin of 12 %-14 % (i.e. €22.8m-29.4m). For FY23, mgmt reiterated its targets of sales of €250m and an EBT margin of 12 %.

#### ➤ OUR NEW FAIR VALUE IS TO €87.1

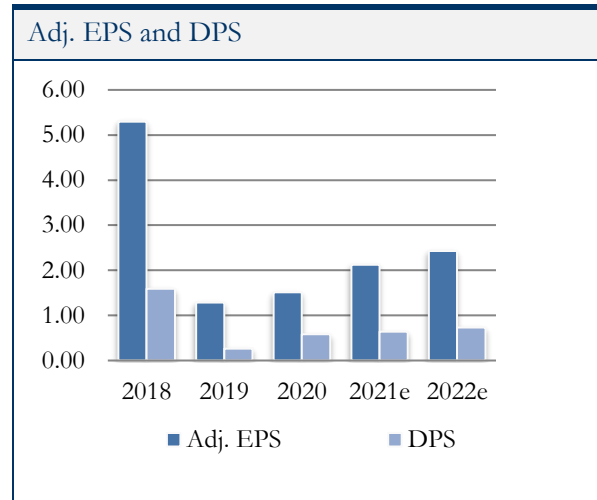
Recalculating our model come to an increase in our FY21 sales forecast to €210m/+23% (€200m) and a higher cash generation. For the medium term, we slightly reduce our average EBT-margin to 14.2% but increase free cash generation. In addition, we further reduce the risk premium in our DCF model. As the net effect of these changes is positive, our fair value increases to €87.1 (€78.6).

For additional disclosures please refer to the appendix

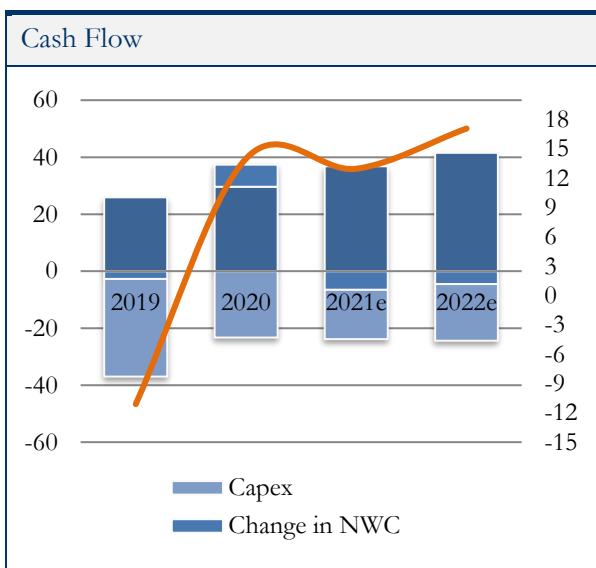
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	210.0	237.3	265.8
EBITDA (€m)	30.0	34.6	45.1	50.9	56.3
EBIT (€m)	17.0	20.1	29.1	33.4	37.0
EPS (€)	1.29	1.51	2.12	2.43	2.69
Dividend (€)	0.26	0.58	0.64	0.73	0.84
Oper. CF (€m)	24.7	37.3	30.2	36.9	42.1
Free CF (€m)	1.3	-9.6	13.8	11.1	14.5



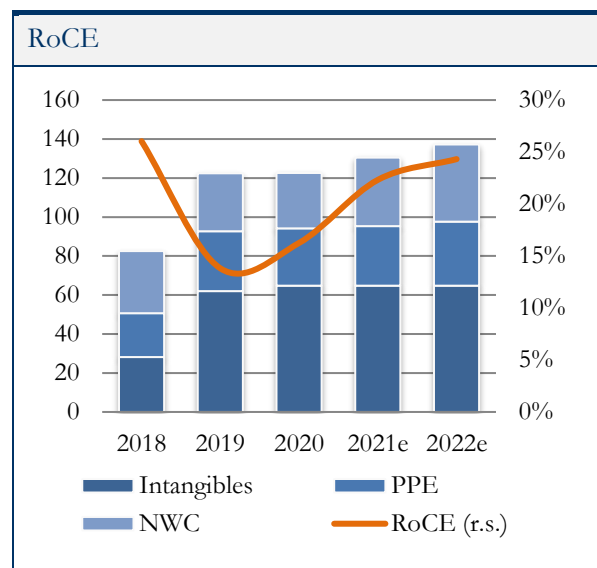
In EURm



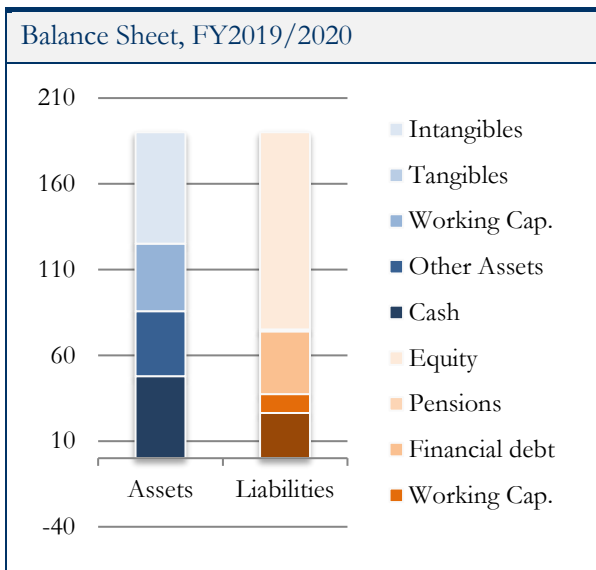
In EUR



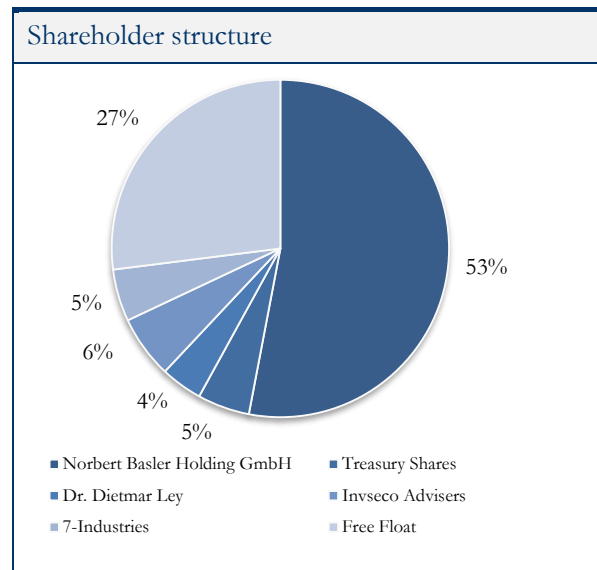
In EURm



In EURm



In EURm



P & L					
EURm	2019	2020	2021e	2022	2023
<b>Sales</b>	<b>162.0</b>	<b>170.5</b>	<b>210.0</b>	<b>237.3</b>	<b>265.8</b>
<i>Growth</i>	8.0%	5.2%	23.2%	13.0%	12.0%
Cost of sales	-79.9	-81.7	-103.7	-117.2	-131.3
<b>Gross profit</b>	<b>82.0</b>	<b>88.7</b>	<b>106.3</b>	<b>120.1</b>	<b>134.5</b>
<i>Gross margin</i>	50.6%	52.0%	50.6%	50.6%	50.6%
Other operating costs	-52.1	-54.2	-61.2	-69.1	-78.1
<b>EBITDA</b>	<b>30.0</b>	<b>34.6</b>	<b>45.1</b>	<b>50.9</b>	<b>56.3</b>
<i>Margin</i>	18.5%	20.3%	21.5%	21.5%	21.2%
Depreciation	-12.9	-14.5	-16.0	-17.6	-19.3
<b>EBIT</b>	<b>17.0</b>	<b>20.1</b>	<b>29.1</b>	<b>33.4</b>	<b>37.0</b>
<i>Margin</i>	10.5%	11.8%	13.9%	14.1%	13.9%
Financial result	-0.1	0.4	0.4	0.4	0.4
<b>EBT</b>	<b>16.9</b>	<b>20.4</b>	<b>29.5</b>	<b>33.8</b>	<b>37.4</b>
Taxes	-4.0	-5.3	-8.3	-9.5	-10.5
Net profit	12.9	15.1	21.2	24.3	27.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Net profit a.m.</b>	<b>12.9</b>	<b>15.1</b>	<b>21.2</b>	<b>24.3</b>	<b>27.0</b>
<i>Growth</i>	-24.3%	17.4%	40.5%	14.5%	10.9%
No of shares	10.0	10.0	10.0	10.0	10.0
EPS	1.29	1.51	2.12	2.43	2.69
<b>Adj. EPS</b>	<b>1.29</b>	<b>1.51</b>	<b>2.12</b>	<b>2.43</b>	<b>2.69</b>
<i>Growth</i>	-75.7%	17.4%	40.5%	14.5%	10.9%
Dividend	0.26	0.58	0.64	0.73	0.84

Cash Flow					
EURm	2019	2020	2021e	2022	2023
<b>EBIT</b>	<b>17.0</b>	<b>20.1</b>	<b>29.1</b>	<b>33.4</b>	<b>37.0</b>
Depreciation	12.9	14.5	16.0	17.6	19.3
Other non-cash items	0.0	0.4	0.0	0.0	1.0
Cash taxes	-4.0	-5.3	-8.3	-9.5	-10.5
Cash earnings	25.9	29.6	36.8	41.5	46.9
Change in NWC	-2.7	7.7	-6.6	-4.6	-4.7
<b>CF from operations</b>	<b>24.7</b>	<b>37.3</b>	<b>30.2</b>	<b>36.9</b>	<b>42.1</b>
Capex	-34.5	-15.0	-17.2	-19.8	-22.8
Other investments/divestments	0.1	-8.3	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>-34.4</b>	<b>-23.3</b>	<b>-17.2</b>	<b>-19.8</b>	<b>-22.8</b>
<b>CF from fin. and other act.</b>	<b>13.0</b>	<b>-1.3</b>	<b>-10.8</b>	<b>-15.1</b>	<b>-15.3</b>
<b>Change in cash</b>	<b>3.3</b>	<b>12.7</b>	<b>2.1</b>	<b>2.0</b>	<b>4.0</b>

Valuation multiples					
	2019	2020	2021e	2022	2023
Share price	49.0	91.8	82.0	82.0	82.0
× No of shares	10.0	10.0	10.0	10.0	10.0
<b>Market Capitalisation</b>	<b>490.4</b>	<b>918.7</b>	<b>918.7</b>	<b>918.7</b>	<b>918.7</b>
+ Net financial debt	0.8	-11.3	-24.2	-41.3	-50.4
+ Pension provision	0.9	1.1	0.0	0.0	0.0
+ Minorities	0.0	0.0	0.0	0.0	0.0
- Participations	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>492.1</b>	<b>908.5</b>	<b>894.5</b>	<b>877.4</b>	<b>868.3</b>
Sales	162.0	170.5	210.0	237.3	265.8
Adj. EBITDA	30.0	34.6	45.1	50.9	57.3
Adj. EBIT	17.0	20.1	29.1	33.4	38.0
Adj. Net profit a.m.	12.9	15.1	21.2	24.3	28.0
EV / Sales	3.0	5.3	4.3	3.7	3.3
EV / EBITDA	16.4	26.3	19.8	17.2	15.1
EV / EBIT	28.9	45.3	30.7	26.3	22.8
PE	38.1	60.8	43.3	37.8	32.9

Source: Matelan Research

Balance Sheet					
EURm	2019	2020	2021e	2022e	2023e
Intangible assets	62.0	64.8	64.8	64.8	64.8
Tangible assets	30.6	29.3	30.6	32.8	36.3
Participations	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.8	0.9	0.0	0.0	0.0
<b>Non-current assets</b>	<b>93.5</b>	<b>95.0</b>	<b>95.4</b>	<b>97.7</b>	<b>101.1</b>
Inventories	20.9	20.0	24.7	27.9	31.2
Receivables	19.4	19.5	24.0	27.1	30.4
Cash	35.2	47.9	50.0	52.0	56.0
Other current assets	12.2	8.5	0.0	0.4	2.3
<b>Current Assets</b>	<b>87.7</b>	<b>95.2</b>	<b>98.6</b>	<b>107.3</b>	<b>119.9</b>
<b>Total assets</b>	<b>181.2</b>	<b>190.0</b>	<b>194.0</b>	<b>205.0</b>	<b>221.0</b>
Equity	103.0	114.9	130.3	148.3	167.9
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>103.0</b>	<b>114.9</b>	<b>130.3</b>	<b>148.3</b>	<b>167.9</b>
Long-term fin. liab.	30.7	32.5	21.6	6.6	1.4
Pension provisions	0.9	1.1	0.0	0.0	0.0
Other long-term liab.	9.4	10.3	10.3	10.3	0.1
<b>Non-current liabilities</b>	<b>41.0</b>	<b>43.9</b>	<b>32.0</b>	<b>16.9</b>	<b>1.6</b>
Short-term fin. liab.	5.3	4.1	4.1	4.1	4.1
Payables	10.6	11.1	13.6	15.4	17.3
Other short-term liab.	21.4	16.1	13.9	20.3	30.1
<b>Current liabilities</b>	<b>37.3</b>	<b>31.3</b>	<b>31.7</b>	<b>39.8</b>	<b>51.5</b>
<b>Total liabilities</b>	<b>181.2</b>	<b>190.0</b>	<b>194.0</b>	<b>205.0</b>	<b>221.0</b>

Segments					
EURm	2019	2020	2021e	2022e	2023e
EMEA	50.1	49.6	57.0	62.7	69.0
<i>Change</i>	-13.9%	-1.0%	15.0%	10.0%	10.0%
America	23.4	26.0	29.2	32.1	35.3
<i>Change</i>	-1.6%	11.4%	12.0%	10.0%	10.0%
Asia	88.5	94.8	123.8	142.5	161.5
<i>Change</i>	30.0%	7.1%	30.6%	15.1%	13.3%
<b>Sales</b>	<b>162.0</b>	<b>170.5</b>	<b>210.0</b>	<b>237.3</b>	<b>265.8</b>

Key operational indicators					
	2019	2020	2021e	2022e	2023e
Equity ratio	56.8%	60.5%	67.2%	72.3%	76.0%
Gearing	0.3	0.3	0.2	0.1	0.0
Asset turnover	1.7	1.8	2.2	2.4	2.6
NWC / sales	18.4%	16.7%	16.7%	16.7%	16.7%
Payable days outstanding	23.9	23.7	23.7	23.7	23.7
Receivable days outstand	43.7	41.7	41.7	41.7	41.7
Fix operating assets	93.5	95.0	95.4	97.7	101.1
NWC	29.7	28.4	35.0	39.6	44.3
Capital employed	123.2	123.4	130.4	137.2	145.5
RoE	12.5%	13.1%	16.3%	16.4%	16.1%
RoA	9.4%	10.6%	15.0%	16.3%	17.2%
RoCE	13.8%	16.3%	22.3%	24.3%	26.1%
Gross margin	50.6%	50.6%	50.6%	50.6%	50.6%
EBITDA margin	18.5%	20.3%	21.5%	21.5%	21.2%
EBIT margin	10.5%	11.8%	13.9%	14.1%	13.9%
Net profit margin	7.9%	8.9%	10.1%	10.2%	10.1%

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Date	Rating
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25/03/20	Buy
13/05/19	Neutral
25/03/19	Buy
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