

05 May 2022

Closing prices as of 04/05/22: €103.00

Company / Sector	Fair Value	Recommendation
Basler AG	€110.3	Neutral
Technology	(€110.3)	(unchanged)

High order backlog secures FY22 forecast

Share price performance



Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	10.01
Monthly volume	6,680
Free float	38.0%
Market cap. (m)	918.7
EV (m)	908.5

Valuation	2022e	2023e
EV/Sales	4.0	3.4
EV/EBITDA	21.3	18.0
EV/EBIT	34.1	27.9
PER	48.1	40.0
Div. Yield	0.6%	0.8%
RoCE	16.9%	18.9%
RoE	14.8%	15.8%

Analyst

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Investment case

Q1 results support our FY22 growth forecast and the high order backlog would even justify an increase in figures in normal times. However, as a result of the increased uncertainties arising from geopolitical tensions we keep our forecast constant for the time being. As a result, our fair value remains unchanged at €110.3, leaving the share fairly valued at the current price. We therefore keep our Neutral rating unchanged.

➤ **CHIP SHORTAGE WEIGHS ON PROFITABILITY ...**

Although the chip shortage continued to limit the expansion of production, Q1 sales increased to €66.3m/+21%. But higher material costs and one-offs from acquisitions weighed on gross margin so that gross profit increased under-proportionally (€33.3m/+12%). Higher OPEX from the business expansion further burdened earnings (Q1 EBT €6.8m/-13%).

➤ **...AND FURTHER INCREASES BACKLOG**

With Q1 order intake continuing to be high (€84.2/+25%), the order backlog further increased to €150m. OCF (Q1 22 €-5.1m), on the other hand, reflected the higher needs for WC.

➤ **MGMT REMAINS OPTIMISTIC FOR FY22**

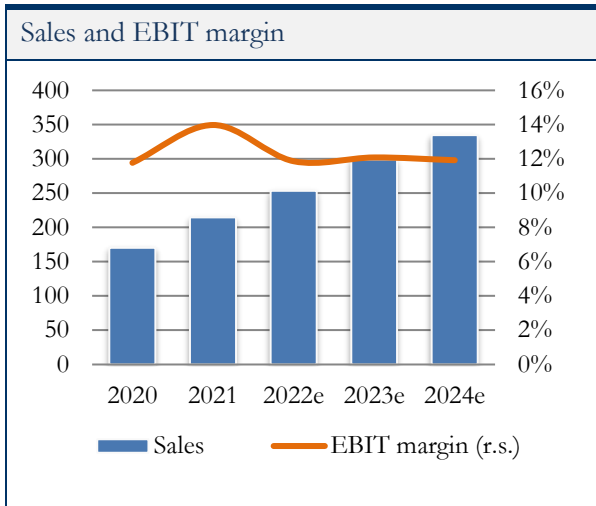
While mgmt feels optimistic due to the high order backlog, it keeps its FY22 sales (€235-265m (+9%-23%)) and EBT margin (9-12%) targets unchanged due to the increased global and economic uncertainties.

➤ **WE KEEP OUR FORECAST UNCHANGED**

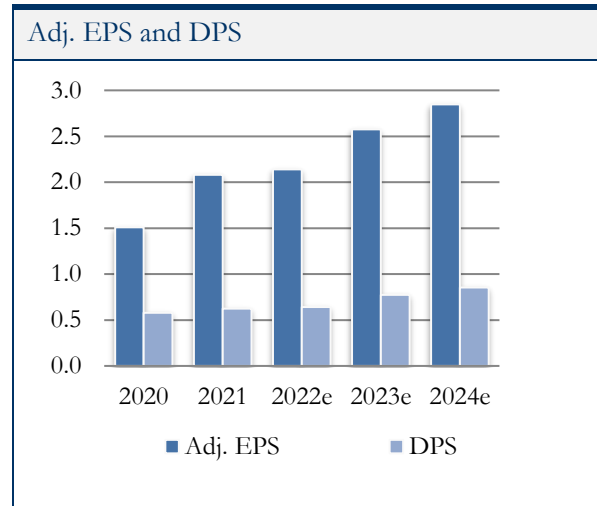
Having achieved 26% of FY22 sales and 32% of our EBT forecast in Q1, Basler is well on track to reach our FY 22 forecast.

For additional disclosures please refer to the appendix

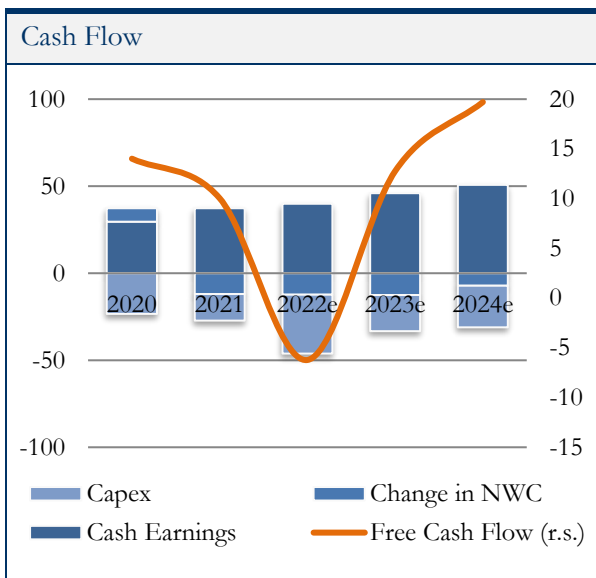
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	214.7	253.4	299.0
EBITDA (€m)	30.0	34.6	46.2	48.2	56.1
EBIT (€m)	17.0	20.1	30.0	30.1	36.1
EPS (€)	1.29	1.51	2.08	2.14	2.58
Dividend (€)	0.26	0.58	0.62	0.64	0.77
Oper. CF (€m)	24.7	37.3	25.3	27.6	33.6
Free CF (€m)	-9.6	14.0	10.0	-6.2	12.8



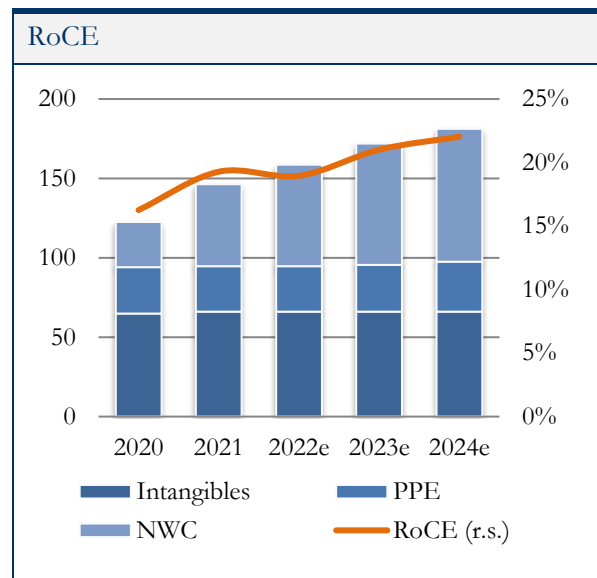
In EURm



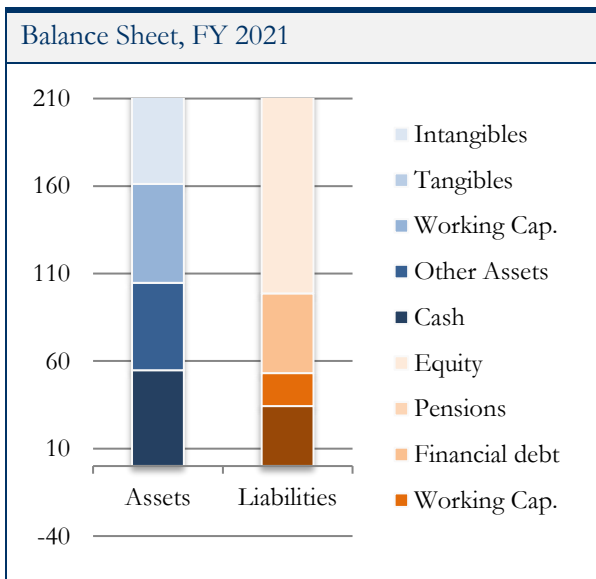
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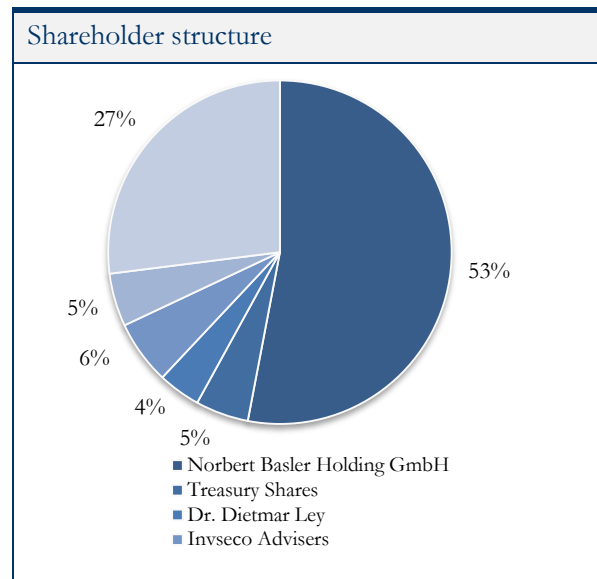
In EURm



In EURm



In EURm



P & L					
EURm	2020	2021	2022e	2023e	2024e
Sales	170.5	214.7	253.4	299.0	334.9
<i>Growth</i>	5.2%	26.0%	18.0%	18.0%	12.0%
Cost of sales	-81.7	-102.5	-125.9	-148.6	-166.4
Gross profit	88.7	112.2	127.4	150.4	168.4
<i>Gross margin</i>	52.0%	52.3%	50.3%	50.3%	50.3%
Other operating costs	-54.2	-66.1	-79.3	-94.3	-106.6
EBITDA	34.6	46.2	48.2	56.1	61.8
<i>Margin</i>	20.3%	21.5%	19.0%	18.7%	18.5%
Depreciation	-14.5	-16.2	-18.1	-19.9	-21.9
EBIT	20.1	30.0	30.1	36.1	39.9
<i>Margin</i>	11.8%	14.0%	11.9%	12.1%	11.9%
Financial result	0.4	-0.4	-0.4	-0.5	-0.5
EBT	20.4	29.6	29.6	35.7	39.5
Taxes	-5.3	-7.2	-8.5	-10.0	-11.0
Net profit	15.1	20.8	21.3	25.7	28.4
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	15.1	20.8	21.3	25.7	28.4
<i>Growth</i>	17.4%	37.4%	2.8%	20.4%	10.6%
No of shares	10.0	10.0	10.0	10.0	10.0
EPS	1.51	2.08	2.14	2.58	2.85
Adj. EPS	1.51	2.08	2.14	2.58	2.85
<i>Growth</i>	17.4%	37.9%	2.8%	20.4%	10.6%
Dividend	0.58	0.62	0.64	0.77	0.85

Cash Flow					
EURm	2020	2021	2022e	2023e	2024e
EBIT	20.1	28.4	30.1	36.1	39.9
Depreciation	14.5	16.2	18.1	19.9	21.9
Other non-cash items	0.4	0.0	0.0	0.0	0.0
Cash taxes	-5.3	-7.2	-8.5	-10.0	-11.0
Cash earnings	29.6	37.3	39.9	46.1	50.8
Change in NWC	7.7	-12.0	-12.3	-12.5	-7.2
CF from operations	37.3	25.3	27.6	33.6	43.6
Capex	-15.0	-15.7	-18.1	-20.8	-23.9
Other investments/divestments	-8.3	0.4	-15.7	0.0	0.0
CF from investing activities	-23.3	-15.3	-33.8	-20.8	-23.9
CF from fin. and other act.	-1.3	-3.1	5.4	2.2	-18.7
Change in cash	12.7	7.0	-0.8	15.0	1.0

Valuation multiples					
	2020	2021	2022e	2023e	2024e
Share price	91.8	150.0	103.0	103.0	103.0
x No of shares	10.0	10.0	10.0	10.0	10.0
Market Capitalisation	918.7	1,495.7	1,027.0	1,027.0	1,027.0
+ Net financial debt	-11.3	-9.3	-3.1	-17.5	-23.2
+ Pension provision	1.1	0.0	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
Enterprise Value	908.5	1,486.4	1,024.0	1,009.5	1,003.8
Sales	170.5	214.7	253.4	299.0	334.9
Adj. EBITDA	34.6	46.2	48.2	56.1	61.8
Adj. EBIT	20.1	28.4	30.1	36.1	39.9
Adj. Net profit a.m.	15.1	20.8	21.3	25.7	28.4
EV / Sales	5.3	6.9	4.0	3.4	3.0
EV / EBITDA	26.3	32.2	21.3	18.0	16.2
EV / EBIT	45.3	52.4	34.1	27.9	25.1
PE	60.8	72.1	48.1	40.0	36.2

Source: Matelan Research

Balance Sheet					
EURm	2020	2021	2022e	2023e	2024e
Intangible assets	64.8	66.0	85.5	85.5	85.5
Tangible assets	29.3	28.7	28.7	29.6	31.6
Participations	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.9	0.8	0.0	0.0	0.0
Non-current assets	95.0	95.5	114.2	115.1	117.1
Inventories	20.0	37.1	46.8	54.2	59.8
Receivables	19.5	33.3	39.3	48.4	53.2
Cash	47.9	54.8	54.0	69.0	70.0
Other current assets	8.5	6.5	0.7	3.3	0.0
Current Assets	95.2	131.8	140.8	174.9	182.9
Total assets	190.0	227.3	255.0	290.0	300.0
Equity	114.9	128.7	143.8	163.0	183.7
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	114.9	128.7	143.8	163.0	183.7
Long-term fin. liab.	32.5	41.4	46.8	47.4	42.7
Pension provisions	1.1	0.0	0.0	0.0	0.0
Other long-term liab.	10.3	11.0	11.0	12.7	-1.3
Non-current liabilities	43.9	52.4	57.8	60.1	41.4
Short-term fin. liab.	4.1	4.1	4.1	4.1	4.1
Payables	11.1	18.8	22.2	26.2	29.4
Other short-term liab.	16.1	23.2	27.1	36.6	41.4
Current liabilities	31.3	46.2	53.4	66.9	74.9
Total liabilities	190.0	227.3	255.0	290.0	300.0

Segments					
EURm	2020	2021	2022e	2023e	2024e
EMEA	49.6	57.0	62.7	69.0	75.9
<i>Change</i>	-1.0%	15.0%	10.0%	10.0%	10.0%
America	26.0	29.2	32.1	35.3	38.8
<i>Change</i>	11.4%	12.0%	10.0%	10.0%	10.0%
Asia	94.8	128.5	158.6	194.7	220.2
<i>Change</i>	7.1%	35.5%	23.4%	22.8%	13.1%
Sales	170.5	214.7	253.4	299.0	334.9

Key operational indicators					
	2020	2021	2022e	2023e	2024e
Equity ratio	60.5%	56.6%	56.4%	56.2%	61.2%
Gearing	0.3	0.4	0.4	0.3	0.3
Asset turnover	1.8	2.2	2.2	2.6	2.9
NWC / sales	16.7%	24.0%	25.2%	25.6%	25.0%
Payable days outstanding	23.7	32.0	32.0	32.0	32.0
Receivable days outstand:	41.7	56.6	56.6	59.1	58.0
Fix operating assets	95.0	95.5	114.2	115.1	117.1
NWC	28.4	51.6	63.9	76.4	83.6
Capital employed	123.4	147.1	178.1	191.4	200.6
RoE	13.1%	16.1%	14.8%	15.8%	15.5%
RoA	10.6%	12.5%	11.8%	12.5%	13.3%
RoCE	16.3%	19.3%	16.9%	18.9%	19.9%
Gross margin	52.0%	52.3%	50.3%	50.3%	50.3%
EBITDA margin	20.3%	21.5%	19.0%	18.7%	18.5%
EBIT margin	11.8%	13.2%	11.9%	12.1%	11.9%
Net profit margin	8.9%	9.7%	8.4%	8.6%	8.5%

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Buy:	75%
Neutral:	25%
Reduce:	0%
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Date	Rating
12/08/20	Neutral
25/03/20	Buy
13/05/19	Neutral
25/03/19	Buy
28/03/18	Neutral
09/11/17	Reduce

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