

06 May 2021

Closing prices as of 05/05/21: €110.20

Company / Sector	Fair Value	Recommendation
Basler AG	€106	Neutral
Technology	(€87.1)	(unchanged)

Bright prospects ahead

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	4.7	4.1
EV/EBITDA	21.0	19.5
EV/EBIT	30.6	28.9
PER	43.2	41.5
Div. Yield	0.7%	0.7%
RoCE	27.1%	26.7%
RoE	19.0%	17.3%

Analyst

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Investment case

In Q1, Basler could profit from strong semicon/electronics industries demand. This should continue in Q2. In H2, the company should benefit from the broader economic recovery that is expected to gain momentum once economies return to normality. To reflect these prospects, we have increased our forecast and reworked our DCF model. As a result, our fair value increases to 106€, which is slightly below the current share price. We thus stick to our Neutral rating.

➤ VERY STRONG Q1 FIGURES

With a top line increase to €54.6m/+25% and an EBT increase to €9.9m/+59%, final Q1 figures came in as strong as reported preliminarily. Also, Q1 order intake (€67.3m/+27%) showed a strong increase and despite the strong growth momentum Q1 operating cash flow more than doubled (€4.7m vs. €2m in Q1 20).

➤ MGMT REPEATS NEW FY21 TARGETS

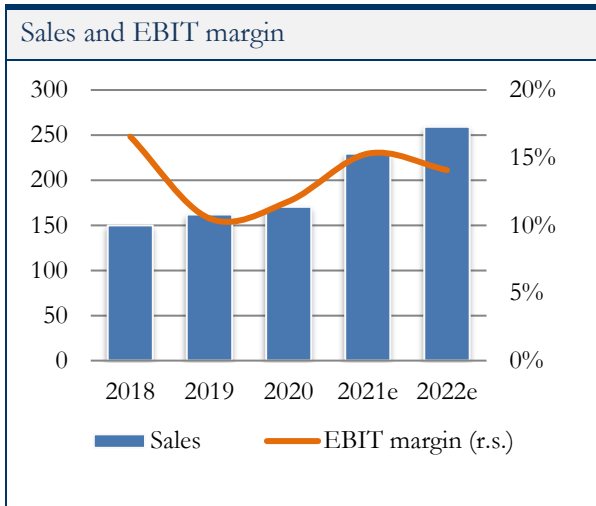
Due to the strong order intake in Q1 and a continuing high order increase in April, mgmt repeated the previously raised FY21 targets of sales between €205-225m and an EBT-margin of 13-15.5%. The main challenge is bottlenecks in the material markets which have prolonged Basler's delivery times and increased the order backlog.

➤ WE STRONGLY INCREASE OUR FORECAST

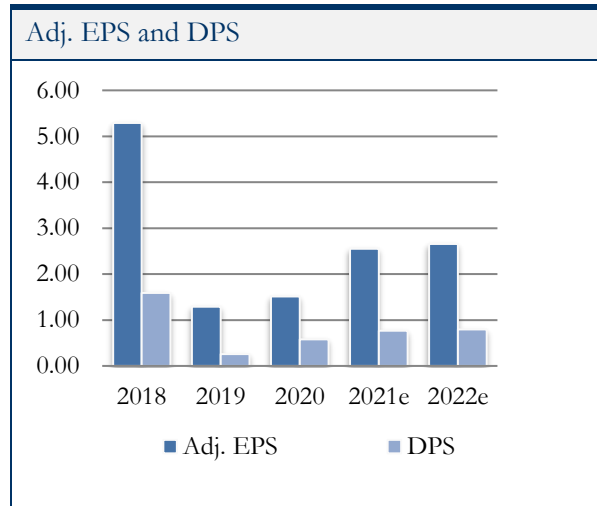
We raise our FY21 sales forecast to €229m/+34.6% and our EBT to €35.5m/+74% (€210m and €29.8m). With 23.8% and 28% of our full year forecast achieved in Q1, we believe that the company can beat its guidance. In addition, we have upped our mid-term growth rates and margins and once again reduced the risk premium in our DCF model. As a result, our fair value increases to 106€.

For additional disclosures please refer to the appendix

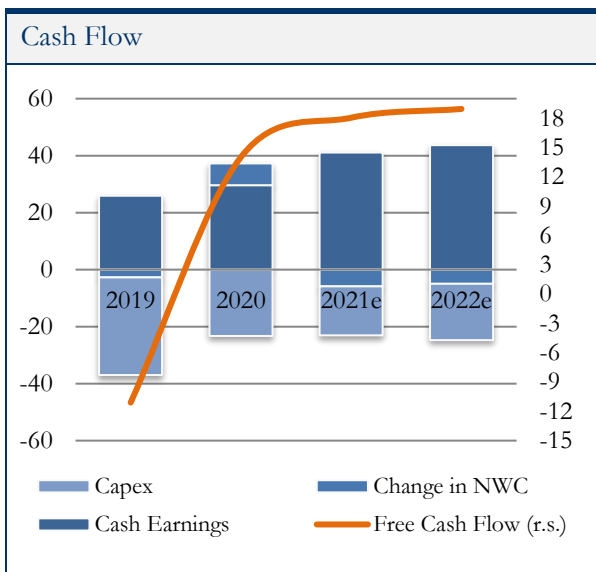
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	229.4	259.2	292.9
EBITDA (€m)	30.0	34.6	51.0	54.1	61.1
EBIT (€m)	17.0	20.1	35.1	36.5	41.8
EPS (€)	1.29	1.51	2.55	2.65	3.03
Dividend (€)	0.26	0.58	0.77	0.80	0.94
Oper. CF (€m)	24.7	37.3	35.3	38.8	44.2
Free CF (€m)	-9.6	14.0	18.0	18.9	21.4



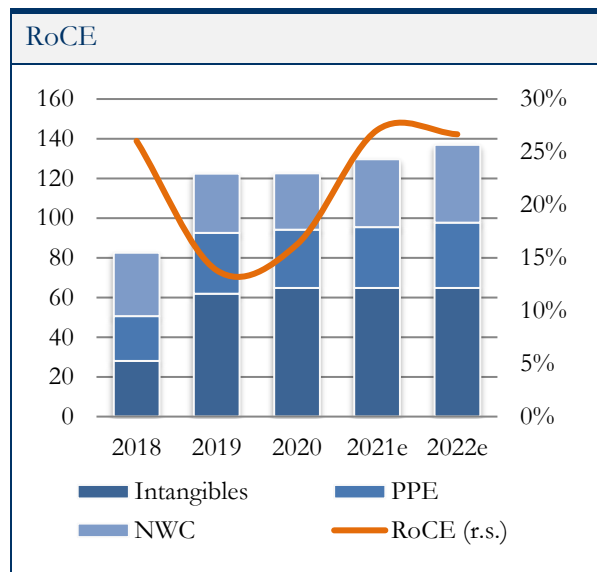
In EURm



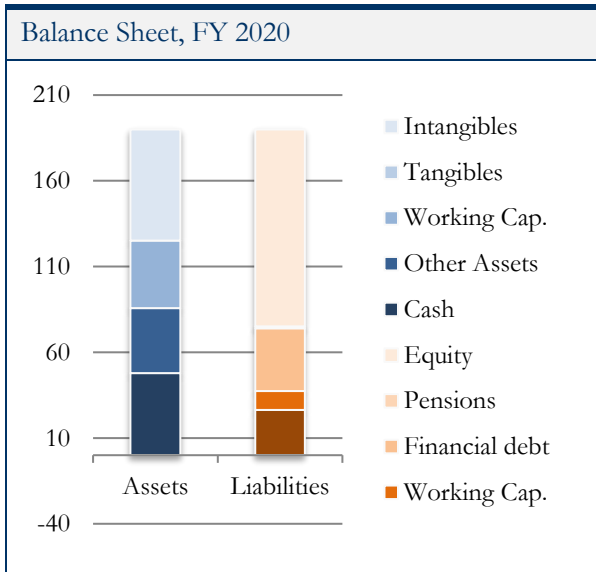
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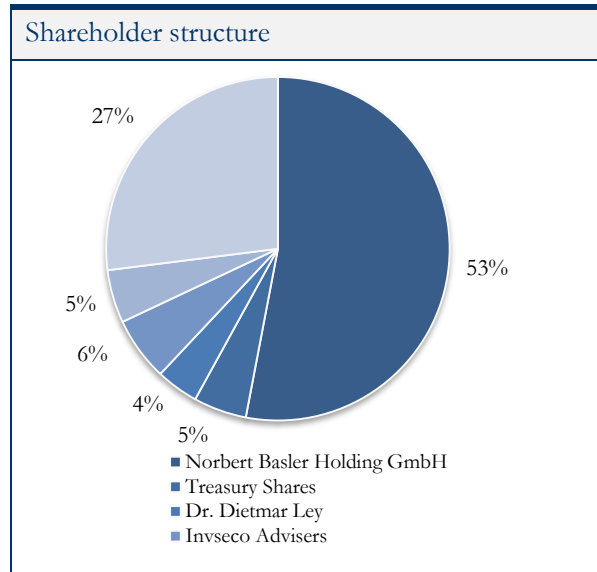
In EURm



In EURm



In EURm



P & L					
EURm	2019	2020	2021e	2022	2023
Sales	162.0	170.5	229.4	259.2	292.9
<i>Growth</i>	<i>8.0%</i>	<i>5.2%</i>	<i>34.6%</i>	<i>13.0%</i>	<i>13.0%</i>
Cost of sales	-79.9	-81.7	-110.1	-128.0	-144.7
Gross profit	82.0	88.7	119.3	131.2	148.2
<i>Gross margin</i>	<i>50.6%</i>	<i>52.0%</i>	<i>52.0%</i>	<i>50.6%</i>	<i>50.6%</i>
Other operating costs	-52.1	-54.2	-68.2	-77.1	-87.1
EBITDA	30.0	34.6	51.0	54.1	61.1
<i>Margin</i>	<i>18.5%</i>	<i>20.3%</i>	<i>22.3%</i>	<i>20.9%</i>	<i>20.9%</i>
Depreciation	-12.9	-14.5	-16.0	-17.6	-19.3
EBIT	17.0	20.1	35.1	36.5	41.8
<i>Margin</i>	<i>10.5%</i>	<i>11.8%</i>	<i>15.3%</i>	<i>14.1%</i>	<i>14.3%</i>
Financial result	-0.1	0.4	0.4	0.4	0.4
EBT	16.9	20.4	35.5	36.9	42.2
Taxes	-4.0	-5.3	-9.9	-10.3	-11.8
Net profit	12.9	15.1	25.5	26.6	30.4
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	12.9	15.1	25.5	26.6	30.4
<i>Growth</i>	<i>-24.3%</i>	<i>17.4%</i>	<i>68.9%</i>	<i>4.0%</i>	<i>14.3%</i>
No of shares	10.0	10.0	10.0	10.0	10.0
EPS	1.29	1.51	2.55	2.65	3.03
Adj. EPS	1.29	1.51	2.55	2.65	3.03
<i>Growth</i>	<i>-75.7%</i>	<i>17.4%</i>	<i>68.9%</i>	<i>4.0%</i>	<i>14.3%</i>
Dividend	0.26	0.58	0.77	0.80	0.94

Cash Flow					
EURm	2019	2020	2021e	2022	2023
EBIT	17.0	20.1	35.1	36.5	41.8
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	-9.9	-10.3	-11.8
Cash earnings	25.9	29.6	41.1	43.7	50.3
Change in NWC	-2.7	7.7	-5.8	-5.0	-6.1
CF from operations	24.7	37.3	35.3	38.8	44.2
Capex	-34.5	-15.0	-17.2	-19.8	-22.8
Other investments/divestments	0.1	-8.3	0.0	0.0	0.0
CF from investing activities	-34.4	-23.3	-17.2	-19.8	-22.8
CF from fin. and other act.	13.0	-1.3	-15.9	-14.9	-6.4
Change in cash	3.3	12.7	2.1	4.0	15.0

Valuation multiples					
	2019	2020	2021e	2022	2023
Share price	49.0	91.8	110.2	110.2	110.2
x No of shares	10.0	10.0	10.0	10.0	10.0
Market Capitalisation	490.4	918.7	1,102.9	1,102.9	1,102.9
+ Net financial debt	0.8	-11.3	-29.3	-48.3	-64.9
+ 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
Enterprise Value	492.1	908.5	1,073.5	1,054.6	1,038.0
Sales	162.0	170.5	229.4	259.2	292.9
Adj. EBITDA	30.0	34.6	51.0	54.1	62.1
Adj. EBIT	17.0	20.1	35.1	36.5	42.8
Adj. Net profit a.m.	12.9	15.1	25.5	26.6	31.4
EV / Sales	3.0	5.3	4.7	4.1	3.5
EV / EBITDA	16.4	26.3	21.0	19.5	16.7
EV / EBIT	28.9	45.3	30.6	28.9	24.3
PE	38.1	60.8	43.2	41.5	35.2

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
Non-current assets	93.5	95.0	95.4	97.7	101.1
Inventories	20.9	20.0	25.0	28.7	31.4
Receivables	19.4	19.5	24.2	27.3	32.9
Cash	35.2	47.9	50.0	54.0	69.0
Other current assets	12.2	8.5	0.5	0.3	0.5
Current Assets	87.7	95.2	99.6	110.3	133.9
Total assets	181.2	190.0	195.0	208.0	235.0
Equity	103.0	114.9	134.6	153.5	175.9
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	103.0	114.9	134.6	153.5	175.9
Long-term fin. liab.	30.7	32.5	16.6	1.6	0.0
Pension provisions	0.9	1.1	0.0	0.0	0.0
Other long-term liab.	9.4	10.3	10.3	10.3	5.6
Non-current liabilities	41.0	43.9	26.9	12.0	5.6
Short-term fin. liab.	5.3	4.1	4.1	4.1	4.1
Payables	10.6	11.1	14.9	16.8	19.0
Other short-term liab.	21.4	16.1	13.4	21.6	30.3
Current liabilities	37.3	31.3	32.4	42.5	53.5
Total liabilities	181.2	190.0	194.0	208.0	235.0

Segments					
EURm	2019	2020	2021e	2022e	2023e
EMEA	50.1	49.6	57.0	62.7	69.0
<i>Change</i>	<i>-13.9%</i>	<i>-1.0%</i>	<i>15.0%</i>	<i>10.0%</i>	<i>10.0%</i>
America	23.4	26.0	29.2	32.1	35.3
<i>Change</i>	<i>-1.6%</i>	<i>11.4%</i>	<i>12.0%</i>	<i>10.0%</i>	<i>10.0%</i>
Asia	88.5	94.8	143.2	164.4	188.6
<i>Change</i>	<i>30.0%</i>	<i>7.1%</i>	<i>51.0%</i>	<i>14.8%</i>	<i>14.7%</i>
Sales	162.0	170.5	229.4	259.2	292.9

Key operational indicators					
	2019	2020	2021e	2022e	2023e
Equity ratio	56.8%	60.5%	69.0%	73.8%	74.9%
Gearing	0.3	0.3	0.2	0.0	0.0
Asset turnover	1.7	1.8	2.4	2.7	2.9
NWC / sales	18.4%	16.7%	14.9%	15.1%	15.5%
Payable days outstanding	23.9	23.7	23.7	23.7	23.7
Receivable days outstand	43.7	41.7	38.5	38.5	41.0
Fix operating assets	93.5	95.0	95.4	97.7	101.1
NWC	29.7	28.4	34.3	39.2	45.3
Capital employed	123.2	123.4	129.6	136.9	146.5
RoE	12.5%	13.1%	19.0%	17.3%	17.3%
RoA	9.4%	10.6%	18.0%	17.5%	18.2%
RoCE	13.8%	16.3%	27.1%	26.7%	29.2%
Gross margin	50.6%	50.6%	52.0%	50.6%	50.6%
EBITDA margin	18.5%	20.3%	22.3%	20.9%	20.9%
EBIT margin	10.5%	11.8%	15.3%	14.1%	14.3%
Net profit margin	7.9%	8.9%	11.1%	10.2%	10.4%

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Date	Rating
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25/03/20	Buy
13/05/19	Neutral
25/03/19	Buy
28/03/18	Neutral
09/11/17	Reduce

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