

05 November 2021

Closing prices as of 04/11/21: €150.00

Company / Sector	Fair Value	Recommendation
Basler AG	€159.9	Neutral
Technology	(€106)	(unchanged)

High order backlog secures next year's growth

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	6.7	5.6
EV/EBITDA	30.6	24.9
EV/EBIT	45.8	35.7
PER	64.1	50.7
Div. Yield	0.5%	0.6%
RoCE	25.1%	29.8%
RoE	17.7%	19.1%

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Investment case

Supply bottlenecks slowed Basler's growth in Q3 and are expected to do so in Q4. But the demand for Basler's products remains high and we expect Basler to return to the fast lane once frictions disappear. While we have slightly lowered our FY21 forecast we have increased growth rates for FY22e and the subsequent years. As a consequence, our fair value increases to €159.9, which is in line with the current share price. We thus stick to our Neutral rating.

➤ Q3 – BOTTLENECKS INFLATE BACKLOG ...

Despite strong demand from the semiconductor, electronics and logistics sectors sales were 'only' at €49m/+22% as supply bottlenecks limited the production volume. This and customers' tendency to place orders earlier due to longer lead times widened the order backlog to more than €70m.

➤ ...AND WEIGH ON MARGINS

Q3 gross margin (49.1% vs 54.3% in Q2) reflected the price hikes for electronic components. Higher OPEX from the ongoing hiring program additionally weighed on EBT (€3.8m/-29%).

➤ Q4 – SHOULD ALSO FACE PRODUCTION LIMITS

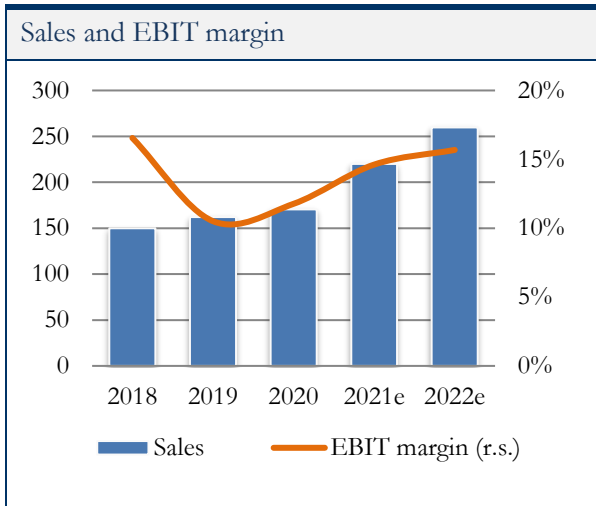
While mgmt expects order intake to remain high in Q4, supply bottlenecks should continue to limit the production volume. Mgmt therefore slightly narrowed its guidance to sales of €210-220m (€205-225€) and a pre-tax margin of 13-15% (13-15.5%).

➤ OUR FAIR VALUE INCREASES TO €159.9

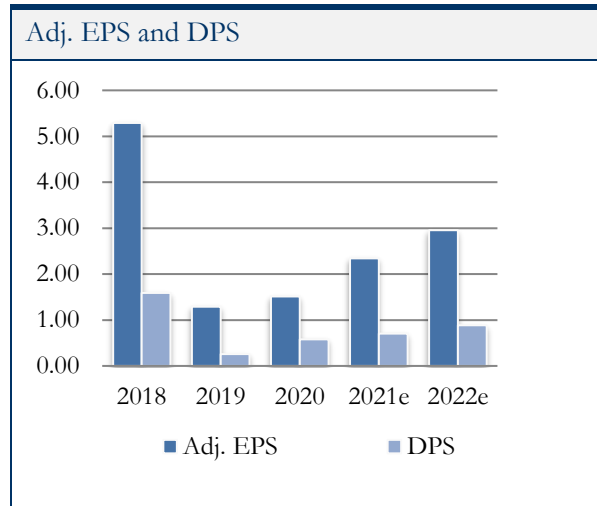
We slightly lower our FY21 forecast. However, due to the high order backlog and the smart factory trend gaining further traction we raise our medium-term growth rates and lower the risk premium.

For additional disclosures please refer to the appendix

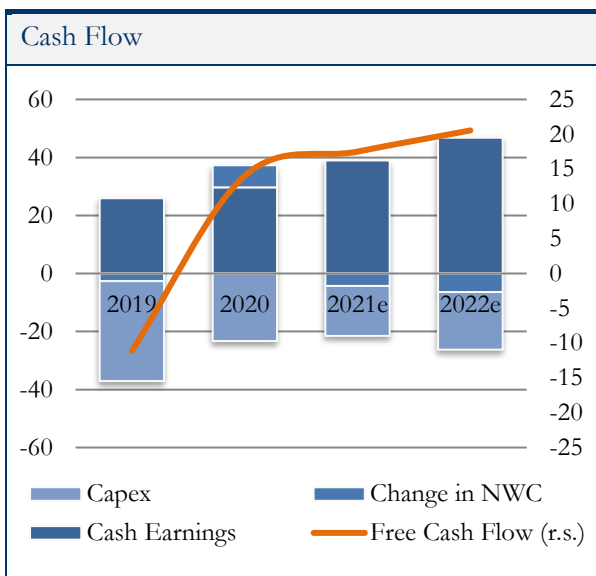
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	220.0	259.6	306.3
EBITDA (€m)	30.0	34.6	48.1	58.3	72.5
EBIT (€m)	17.0	20.1	32.2	40.7	53.2
EPS (€)	1.29	1.51	2.34	2.96	3.85
Dividend (€)	0.26	0.58	0.70	0.89	1.19
Oper. CF (€m)	24.7	37.3	34.7	40.4	50.5
Free CF (€m)	-9.6	14.0	17.5	20.5	27.6



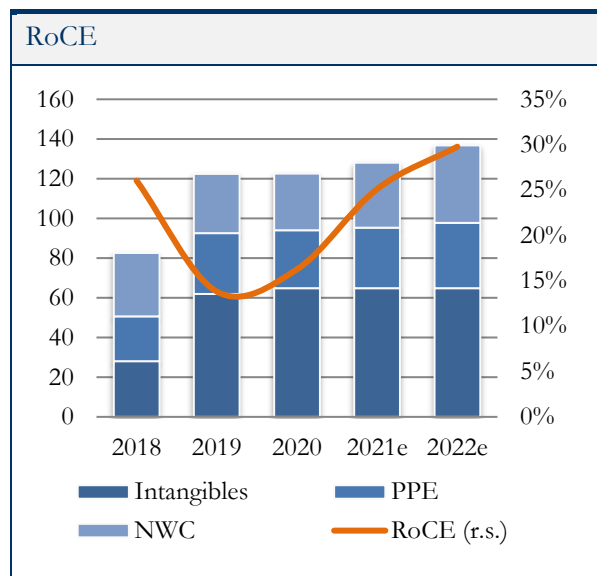
In EURm



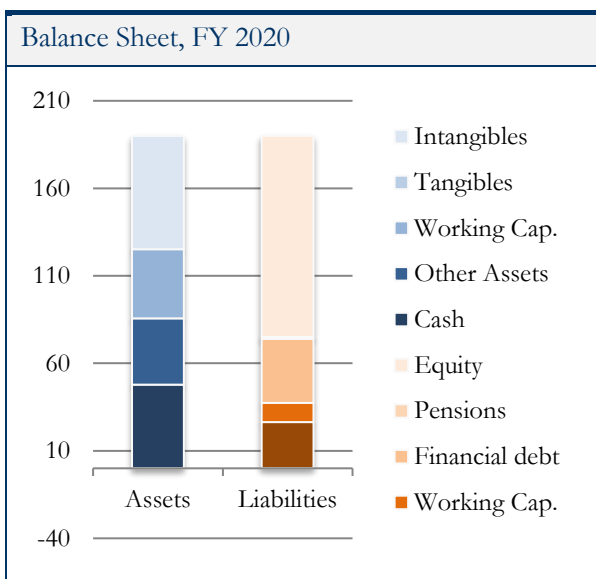
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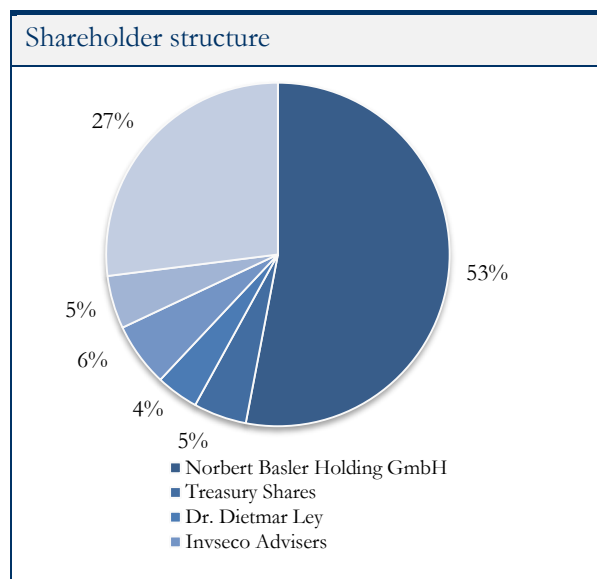
In EURm



In EURm



In EURm



P & L					
EURm	2019	2020	2021e	2022	2023
Sales	162.0	170.5	220.0	259.6	306.3
<i>Growth</i>	8.0%	5.2%	29.1%	18.0%	18.0%
Cost of sales	-79.9	-81.7	-105.8	-126.7	-149.5
Gross profit	82.0	88.7	114.2	132.9	156.8
<i>Gross margin</i>	50.6%	52.0%	51.9%	51.2%	51.2%
Other operating costs	-52.1	-54.2	-66.1	-74.7	-84.4
EBITDA	30.0	34.6	48.1	58.3	72.5
<i>Margin</i>	18.5%	20.3%	21.9%	22.4%	23.7%
Depreciation	-12.9	-14.5	-16.0	-17.6	-19.3
EBIT	17.0	20.1	32.2	40.7	53.2
<i>Margin</i>	10.5%	11.8%	14.6%	15.7%	17.4%
Financial result	-0.1	0.4	0.4	0.4	0.4
EBT	16.9	20.4	32.5	41.1	53.6
Taxes	-4.0	-5.3	-9.1	-11.5	-15.0
Net profit	12.9	15.1	23.4	29.6	38.6
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	12.9	15.1	23.4	29.6	38.6
<i>Growth</i>	-24.3%	17.4%	55.0%	26.3%	30.4%
No of shares	10.0	10.0	10.0	10.0	10.0
EPS	1.29	1.51	2.34	2.96	3.85
Adj. EPS	1.29	1.51	2.34	2.96	3.85
<i>Growth</i>	-75.7%	17.4%	55.0%	26.3%	30.4%
Dividend	0.26	0.58	0.70	0.89	1.19

Cash Flow					
EURm	2019	2020	2021e	2022	2023
EBIT	17.0	20.1	32.2	40.7	53.2
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	-9.1	-11.5	-15.0
Cash earnings	25.9	29.6	39.0	46.8	58.5
Change in NWC	-2.7	7.7	-4.3	-6.4	-8.0
CF from operations	24.7	37.3	34.7	40.4	50.5
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	-15.4	-16.5	-12.6
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	150.0	150.0	150.0
x No of shares	10.0	10.0	10.0	10.0	10.0
Market Capitalisation	490.4	918.7	1,501.2	1,501.2	1,501.2
+ Net financial debt	0.8	-11.3	-28.8	-49.3	-67.5
+ 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	1,472.4	1,451.9	1,433.7
Sales	162.0	170.5	220.0	259.6	306.3
Adj. EBITDA	30.0	34.6	48.1	58.3	73.5
Adj. EBIT	17.0	20.1	32.2	40.7	54.2
Adj. Net profit a.m.	12.9	15.1	23.4	29.6	39.6
EV / Sales	3.0	5.3	6.7	5.6	4.7
EV / EBITDA	16.4	26.3	30.6	24.9	19.5
EV / EBIT	28.9	45.3	45.8	35.7	26.5
PE	38.1	60.8	64.1	50.7	37.9

Source: Matlan 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	23.9	28.7	32.8
Receivables	19.4	19.5	23.1	27.3	34.2
Cash	35.2	47.9	50.0	54.0	69.0
Other current assets	12.2	8.5	2.6	0.4	-2.2
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	132.5	155.1	184.8
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	103.0	114.9	132.5	155.1	184.8
Long-term fin. liab.	30.7	32.5	17.1	0.6	-2.6
Pension provisions	0.9	1.1	0.0	0.0	0.0
Other long-term liab.	9.4	10.3	10.3	10.3	0.9
Non-current liabilities	41.0	43.9	27.5	10.9	-1.7
Short-term fin. liab.	5.3	4.1	4.1	4.1	4.1
Payables	10.6	11.1	14.3	16.9	19.9
Other short-term liab.	21.4	16.1	15.6	21.0	27.9
Current liabilities	37.3	31.3	34.0	42.0	51.9
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>	-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	133.8	164.8	202.0
<i>Change</i>	30.0%	7.1%	41.1%	23.2%	22.6%
Sales	162.0	170.5	220.0	259.6	306.3

Key operational indicators					
	2019	2020	2021e	2022e	2023e
Equity ratio	56.8%	60.5%	68.0%	74.6%	78.6%
Gearing	0.3	0.3	0.2	0.0	0.0
Asset turnover	1.7	1.8	2.3	2.7	3.0
NWC / sales	18.4%	16.7%	14.9%	15.1%	15.4%
Payable days outstanding	23.9	23.7	23.7	23.7	23.7
Receivable days outstand:	43.7	41.7	38.4	38.4	40.8
Fix operating assets	93.5	95.0	95.4	97.7	101.1
NWC	29.7	28.4	32.7	39.1	47.1
Capital employed	123.2	123.4	128.1	136.7	148.3
RoE	12.5%	13.1%	17.7%	19.1%	20.9%
RoA	9.4%	10.6%	16.5%	19.6%	23.1%
RoCE	13.8%	16.3%	25.1%	29.8%	36.5%
Gross margin	50.6%	50.6%	51.9%	51.2%	51.2%
EBITDA margin	18.5%	20.3%	21.9%	22.4%	23.7%
EBIT margin	10.5%	11.8%	14.6%	15.7%	17.4%
Net profit margin	7.9%	8.9%	10.6%	11.4%	12.6%

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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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