

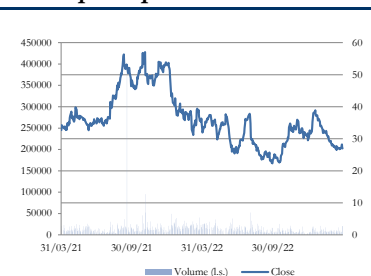
31 March 2023

Closing prices as of 30/03/23: €23.00

Company / Sector	Fair Value	Recommendation
Basler AG	€21.3	Neutral
Technology	(€34.8)	(unchanged)

FY2023 targets are cautious

Share price performance



Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	29.89
Monthly volume	9,114
Free float	27.0%
Market cap. (m)	687.5
EV (m)	710.5

Valuation	2023e	2024e
EV/Sales	2.7	2.4
EV/EBITDA	20.1	14.3
EV/EBIT	33.5	20.9
PER	46.5	28.9
Div. Yield	0.6%	1.0%
RoCE	10.6%	16.0%
RoE	9.7%	13.9%

Analyst

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Investment case

Given the still high order backlog of €103m and anticipating a recovery of the order intake in H2, we expect that Basler will be able to achieve the upper end of its very cautious FY2023 targets. However, this already shaves off more than €10m from our old FY2023 EBIT forecast. In addition, we increase the cost of capital in our DCF model. Both results in a decrease in our fair value to €21.3, leaving the share with no upside despite its recent slump. Therefore, our rating remains Neutral.

➤ FY2022 FINALS CONFIRM PRELIMS

While final FY2022 sales (€272m/+27%) and EBT (€28.9m/+2%) came in as previously reported, finals provided some insights into the market dynamics which led to a decrease in order intake by 54% in Q4: the downturn was due to weak demand in China and the US in addition to the cancellation of old orders from 2021 in an amount of €3m. Europe remained surprisingly strong. However, order backlog of €103m remained high at year end.

➤ VERY CAUTIOUS FY2023 TARGETS

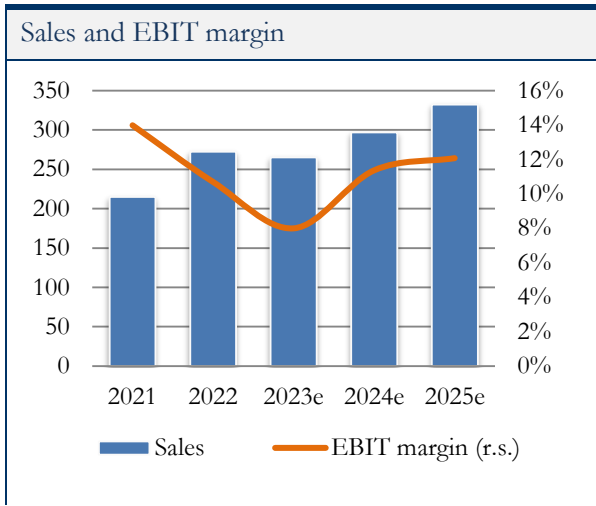
At present, mgmt sees no recovery of the order intake as demand from China and the US remain weak. As a result of this and the difficult macroeconomic environment, mgmt provides very cautious FY2023 targets with sales in the range of €235-265m and an EBT margin of between 5-8% (i.e. €11.8m-21.2m).

➤ OUR FAIR VALUE COMES DOWN TO €21.3

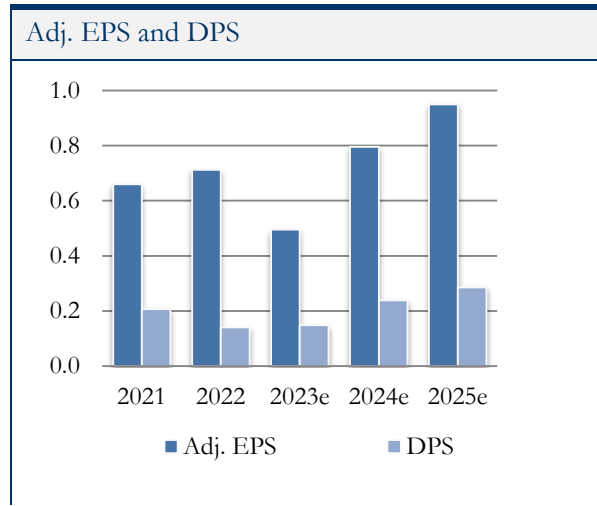
We lower our FY2023 sales forecast to €265m/-2.6% (from €299m/+10%) and our EBT forecast to €20.5m/-27% (from 36.1m) and – due to the interest rate hikes in the recent months - increase the WACC in our DCF model. Our new FV is €21.3.

For additional disclosures please refer to the appendix

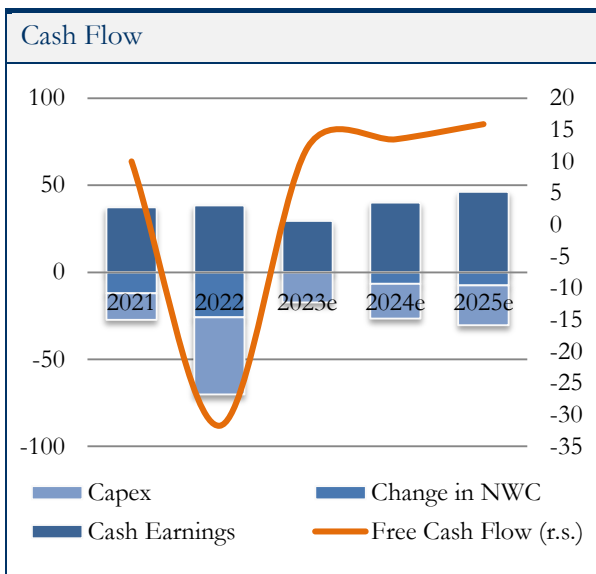
Forecasts	2020	2021	2022e	2023e	2024e
Sales (€m)	170.5	214.7	272.2	265.0	296.8
EBITDA (€m)	34.6	46.2	45.9	35.4	49.3
EBIT (€m)	20.1	30.0	29.1	21.2	33.7
EPS (€)	0.48	0.66	0.71	0.49	0.80
Dividend (€)	0.19	0.21	0.14	0.15	0.24
Oper. CF (€m)	37.3	25.3	12.4	29.5	33.4
Free CF (€m)	14.0	10.0	-31.7	12.2	13.5



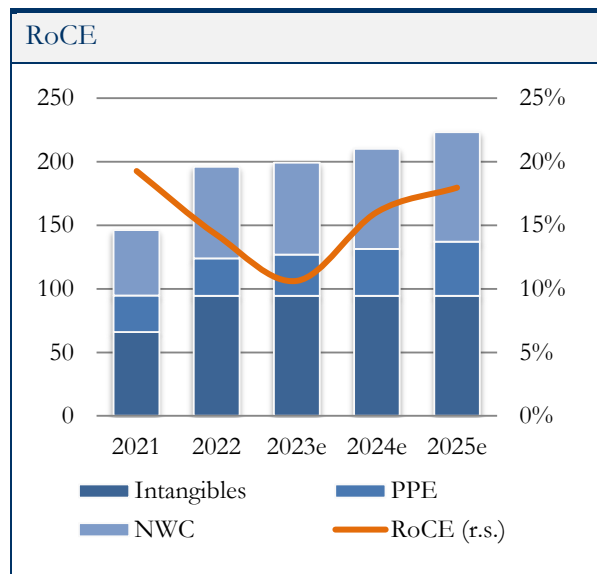
In EURm



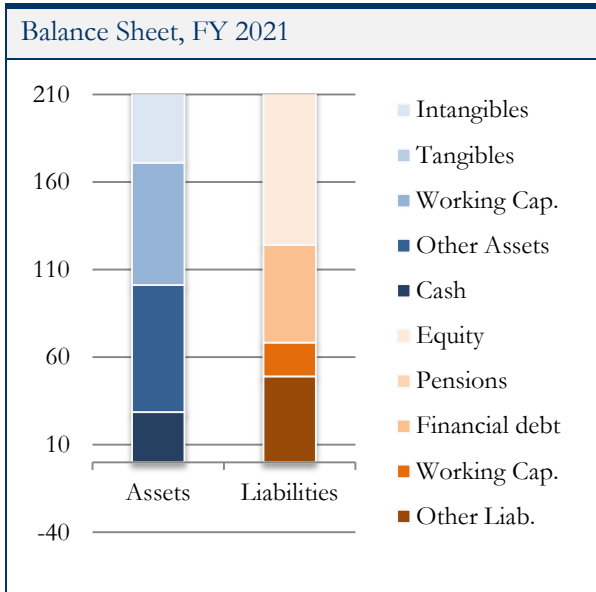
In EUR, adj. for bonus shares



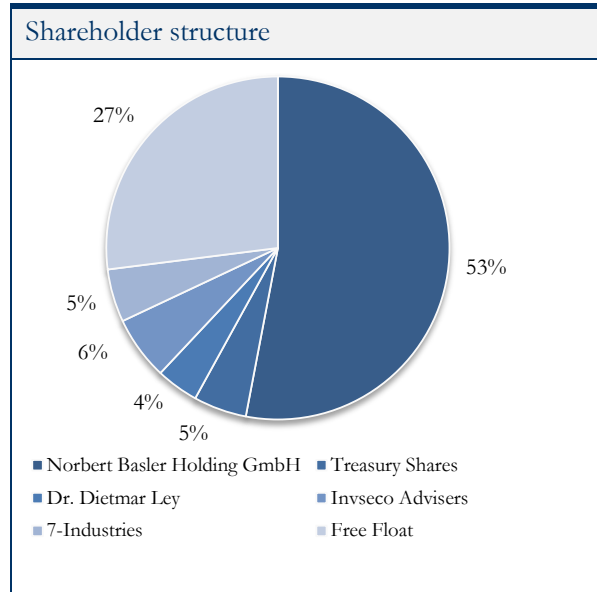
In EURm



In EURm



In EURm



P & L					
EURm	2021	2022	2023e	2024e	2025e
Sales	214.7	272.2	265.0	296.8	332.4
<i>Growth</i>	<i>26.0%</i>	<i>26.8%</i>	<i>-2.6%</i>	<i>12.0%</i>	<i>12.0%</i>
Cost of sales	-102.5	-140.4	-135.2	-145.4	-162.9
Gross profit	112.2	131.8	129.9	151.4	169.5
<i>Gross margin</i>	<i>52.3%</i>	<i>48.4%</i>	<i>49.0%</i>	<i>51.0%</i>	<i>51.0%</i>
Other operating costs	-66.1	-85.9	-94.5	-102.0	-112.2
EBITDA	46.2	45.9	35.4	49.3	57.3
<i>Margin</i>	<i>21.5%</i>	<i>16.9%</i>	<i>13.4%</i>	<i>16.6%</i>	<i>17.2%</i>
Depreciation	-16.2	-16.8	-14.2	-15.6	-17.2
EBIT	30.0	29.1	21.2	33.7	40.1
<i>Margin</i>	<i>14.0%</i>	<i>10.7%</i>	<i>8.0%</i>	<i>11.4%</i>	<i>12.1%</i>
Financial result	-0.4	-0.6	-0.6	-0.7	-0.7
EBT	29.6	28.5	20.5	33.1	39.4
Taxes	-7.2	-7.0	-5.8	-9.3	-11.0
Net profit	20.8	21.4	14.8	23.8	28.4
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	20.8	21.4	14.8	23.8	28.4
<i>Growth</i>	<i>37.4%</i>	<i>2.9%</i>	<i>-30.8%</i>	<i>60.9%</i>	<i>19.3%</i>
No of shares	10.0	30.0	29.9	29.9	29.9
EPS	2.08	0.71	0.49	0.80	0.95
Adj. EPS	0.66	0.71	0.49	0.80	0.95
<i>Growth</i>	<i>37.5%</i>	<i>7.9%</i>	<i>-30.5%</i>	<i>60.9%</i>	<i>19.3%</i>
Dividend	0.21	0.14	0.15	0.24	0.28

2021 adj. EPS include bonus shares

Cash Flow					
EURm	2021	2022	2023e	2024e	2025e
EBIT	28.4	28.9	21.2	33.7	40.1
Depreciation	16.2	16.8	14.2	15.6	17.2
Other non-cash items	0.0	-0.4	0.0	0.0	0.0
Cash taxes	-7.2	-7.0	-5.8	-9.3	-11.0
Cash earnings	37.3	38.4	29.6	40.1	46.3
Change in NWC	-12.0	-25.9	-0.1	-6.7	-7.5
CF from operations	25.3	12.4	29.5	33.4	38.8
Capex	-15.7	-30.0	-17.3	-19.9	-22.9
Other investments/divestments	0.4	-14.2	0.0	0.0	0.0
CF from investing activities	-15.3	-44.2	-17.3	-19.9	-22.9
CF from fin. and other act.	-3.1	5.7	-10.9	-8.5	-5.9
Change in cash	7.0	-26.1	1.3	5.0	10.0

Valuation multiples					
	2021	2022	2023e	2024e	2025e
Share price	158.8	23.0	23.0	23.0	23.0
x No of shares	10.0	29.9	29.9	29.9	29.9
Market Capitalisation	1,585.9	687.5	687.5	687.5	687.5
+ Net financial debt	-9.3	27.0	22.9	15.8	4.3
+ Pension provision	0.0	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	1,490.0	908.8	710.5	703.3	691.8
Sales	214.7	272.2	265.0	296.8	332.4
Adj. EBITDA	46.2	45.8	35.4	49.3	57.3
Adj. EBIT	28.4	28.9	21.2	33.7	40.1
Adj. Net profit a.m.	20.8	21.4	14.8	23.8	28.4
EV / Sales	6.9	3.3	2.7	2.4	2.1
EV / EBITDA	32.3	19.9	20.1	14.3	12.1
EV / EBIT	52.5	31.4	33.5	20.9	17.2
PE	72.2	41.3	46.5	28.9	24.2

Source: Matelan Research

Balance Sheet					
EURm	2021	2022	2023e	2024e	2025e
Intangible assets	66.0	94.5	94.5	94.5	94.5
Tangible assets	28.7	29.4	32.5	36.7	42.4
Participations	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.8	7.0	0.0	0.0	0.0
Non-current assets	95.5	130.9	127.0	131.3	137.0
Inventories	37.1	50.3	49.0	53.9	59.4
Receivables	33.3	41.2	42.1	46.1	50.7
Cash	54.8	28.7	30.0	35.0	45.0
Other current assets	6.5	14.4	41.9	53.7	68.0
Current Assets	131.8	134.6	163.0	188.7	223.0
Total assets	227.3	265.5	290.0	320.0	360.0
Equity	128.7	141.5	152.1	171.5	192.7
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	128.7	141.5	152.1	171.5	192.7
Long-term fin. liab.	41.4	51.7	48.9	46.8	45.3
Pension provisions	0.0	0.0	0.0	0.0	0.0
Other long-term liab.	11.0	26.5	18.2	11.9	7.4
Non-current liabilities	52.4	78.1	67.2	58.6	52.7
Short-term fin. liab.	4.1	4.0	4.0	4.0	4.0
Payables	18.8	19.4	18.9	21.2	23.7
Other short-term liab.	23.2	22.5	47.8	64.7	86.8
Current liabilities	46.2	45.9	70.7	89.9	114.6
Total liabilities	227.3	265.5	290.0	320.0	360.0

Segments					
EURm	2021	2022	2023e	2024e	2025e
EMEA	61.4	78.9	86.8	95.5	105.0
<i>Change</i>	<i>23.9%</i>	<i>28.5%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>
America	31.5	47.9	52.6	57.9	63.7
<i>Change</i>	<i>21.1%</i>	<i>51.7%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>
Asia	121.8	145.4	125.6	143.4	163.7
<i>Change</i>	<i>0.0%</i>	<i>19.4%</i>	<i>-13.7%</i>	<i>14.2%</i>	<i>14.1%</i>
Sales	214.7	272.2	265.0	296.8	332.4

Key operational indicators					
	2021	2022	2023e	2024e	2025e
Equity ratio	56.6%	53.3%	52.4%	53.6%	53.5%
Gearing	0.4	0.4	0.3	0.3	0.3
Asset turnover	2.2	2.1	2.1	2.3	2.4
NWC / sales	24.0%	26.5%	27.2%	26.6%	26.0%
Payable days outstanding	32.0	26.0	26.0	26.0	26.0
Receivable days outstand	56.6	55.2	58.0	56.7	55.6
Fix operating assets	95.5	130.9	127.0	131.3	137.0
NWC	51.6	72.1	72.2	78.9	86.3
Capital employed	147.1	203.0	199.2	210.1	223.3
RoE	16.1%	15.1%	9.7%	13.9%	14.7%
RoA	12.5%	10.9%	7.3%	10.5%	11.1%
RoCE	19.3%	14.2%	10.6%	16.0%	18.0%
Gross margin	52.3%	48.4%	49.0%	51.0%	51.0%
EBITDA margin	21.5%	16.8%	13.4%	16.6%	17.2%
EBIT margin	13.2%	10.6%	8.0%	11.4%	12.1%
Net profit margin	9.7%	7.8%	5.6%	8.0%	8.5%

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Buy:	75%
Neutral:	25%
Reduce:	0%
Sell:	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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