

05 May 2023

Closing prices as of 04/05/23: €20.85

Company / Sector	Fair Value	Recommendation
Basler AG	€18.8	Neutral
Technology	(€21.3)	(unchanged)

Order intake shows first improvement

Share price performance



Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	29.89
Av. volume	14,788
Free float	27.0%
Market cap. (m)	623.2
EV (m)	645.8

Valuation	2023e	2024e
EV/Sales	2.6	2.3
EV/EBITDA	22.2	15.1
EV/EBIT	52.7	26.7
PER	74.5	37.1
Div. Yield	0.4%	0.8%
RoCE	6.4%	12.1%
RoE	5.7%	10.5%

Analyst

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Investment case

Weak sales in Q1 met high costs, leading to a dip in earnings into the red. However, order intake showed a first q-o-q improvement and parts of the high costs should be phasing out. We therefore factor the weak Q1 into our model but continue to expect an improvement of results, particularly in H2. Our new fair value is €18.8 leaving the share fairly valued at the time being. Therefore, our rating remains Neutral.

➤ WEAK FIRST QUARTER

Q1 sales came in at only €56.3m/-15% as weakness in China and the US could not be offset by a stronger development in Europe. As high prices for components ordered during last year's shortage and higher operating costs due to last year's business expansion weighed on margins, EBIT dipped to €-1.2m (€9.3m in Q1 22).

➤ ORDER INTAKE SHOWS IMPROVEMENT

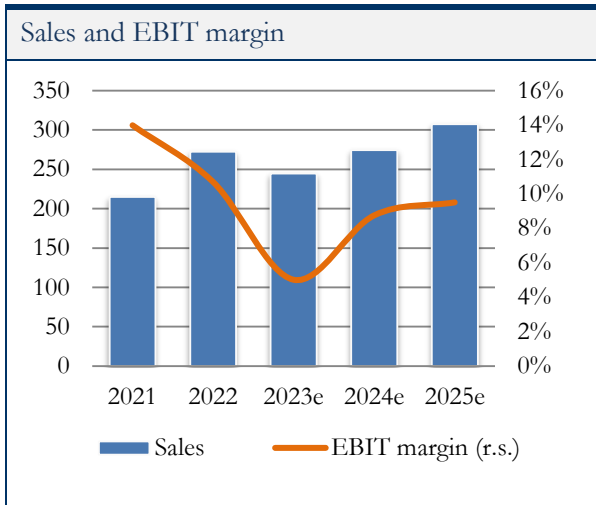
Q1 order intake - adjusted for the cancellations of old orders - was at €54.1m, which is clearly below last year's inflated order intake of €88.5m. However, after 3 quarters of consecutive decline it's a first q-o-q increase of 40% from Q4 22.

➤ WE FURTHER REDUCE OUR FORECAST

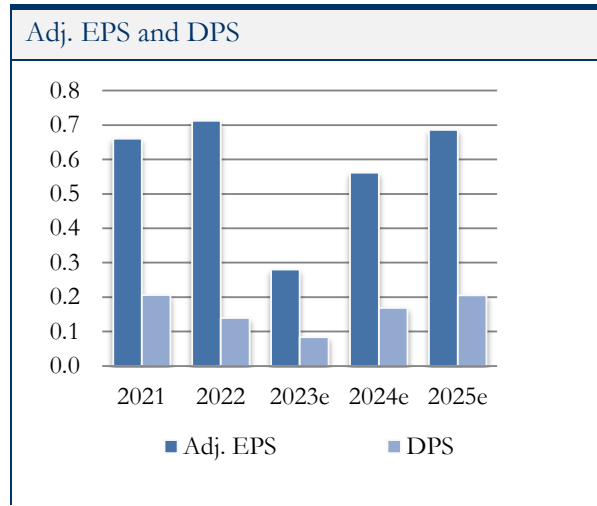
Factoring in the weak Q1 numbers, our sales and EBIT forecast decrease to €244.8m/-10% and €12.3m/-58% (from €265m and €21.2m), respectively. As a result, our fair value comes down to €18.8 (from €21.3).

For additional disclosures please refer to the appendix

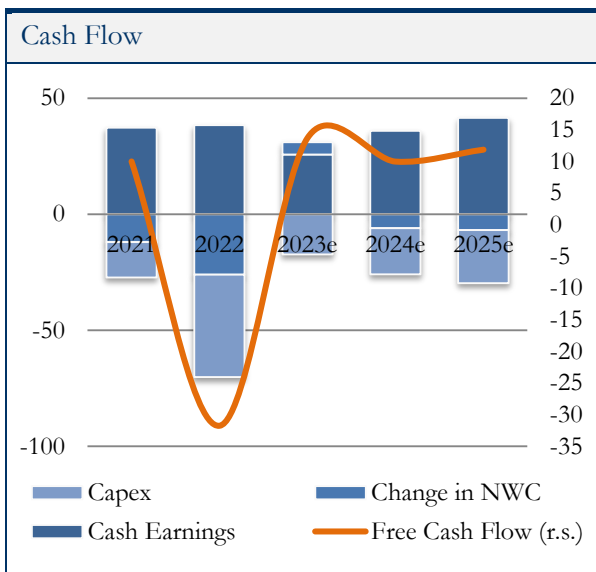
Forecasts	2020	2021	2022e	2023e	2024e
Sales (€m)	170.5	214.7	272.2	244.8	274.2
EBITDA (€m)	34.6	46.2	45.9	29.1	42.5
EBIT (€m)	20.1	30.0	29.1	12.3	24.0
EPS (€)	0.48	0.66	0.71	0.28	0.56
Dividend (€)	0.19	0.21	0.14	0.08	0.17
Oper. CF (€m)	37.3	25.3	12.4	31.1	29.9
Free CF (€m)	14.0	10.0	-31.7	13.8	10.0



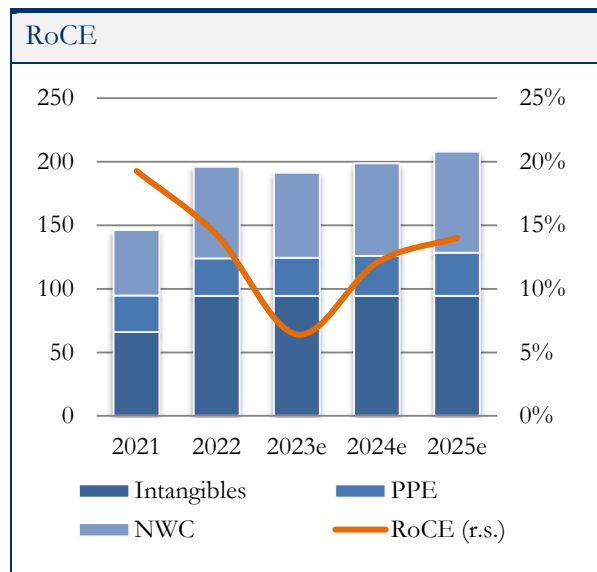
In EURm



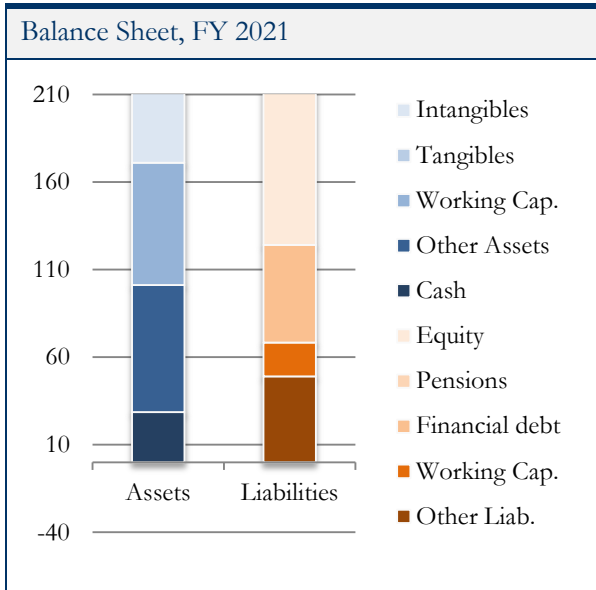
In EUR, adj. for bonus shares



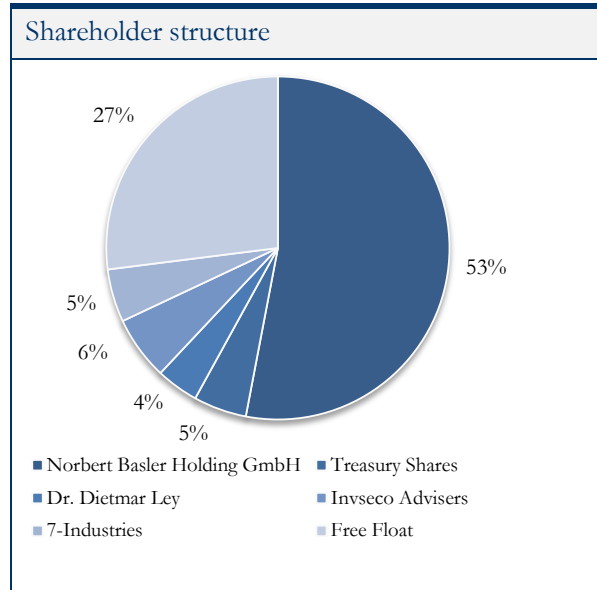
In EURm



In EURm



In EURm



P & L					
EURm	2021	2022	2023e	2024e	2025e
Sales	214.7	272.2	244.8	274.2	307.1
<i>Growth</i>	<i>26.0%</i>	<i>26.8%</i>	<i>-10.1%</i>	<i>12.0%</i>	<i>12.0%</i>
Cost of sales	-102.5	-140.4	-125.6	-134.4	-150.5
Gross profit	112.2	131.8	119.2	139.8	156.6
<i>Gross margin</i>	<i>52.3%</i>	<i>48.4%</i>	<i>48.7%</i>	<i>51.0%</i>	<i>51.0%</i>
Other operating costs	-66.1	-85.9	-90.2	-97.4	-107.1
EBITDA	46.2	45.9	29.1	42.5	49.5
<i>Margin</i>	<i>21.5%</i>	<i>16.9%</i>	<i>11.9%</i>	<i>15.5%</i>	<i>16.1%</i>
Depreciation	-16.2	-16.8	-16.8	-18.5	-20.3
EBIT	30.0	29.1	12.3	24.0	29.2
<i>Margin</i>	<i>14.0%</i>	<i>10.7%</i>	<i>5.0%</i>	<i>8.7%</i>	<i>9.5%</i>
Financial result	-0.4	-0.6	-0.6	-0.7	-0.7
EBT	29.6	28.5	11.6	23.3	28.5
Taxes	-7.2	-7.0	-3.3	-6.5	-8.0
Net profit	20.8	21.4	8.4	16.8	20.5
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	20.8	21.4	8.4	16.8	20.5
<i>Growth</i>	<i>37.4%</i>	<i>2.9%</i>	<i>-60.8%</i>	<i>100.6%</i>	<i>22.2%</i>
No of shares	10.0	30.0	29.9	29.9	29.9
EPS	2.08	0.71	0.28	0.56	0.69
Adj. EPS	0.66	0.71	0.28	0.56	0.69
<i>Growth</i>	<i>37.5%</i>	<i>7.9%</i>	<i>-60.7%</i>	<i>100.6%</i>	<i>22.2%</i>
Dividend	0.21	0.14	0.08	0.17	0.21

2021 adj. EPS include bonus shares

Cash Flow					
EURm	2021	2022	2023e	2024e	2025e
EBIT	28.4	28.9	12.3	24.0	29.2
Depreciation	16.2	16.8	16.8	18.5	20.3
Other non-cash items	0.0	-0.4	0.0	0.0	0.0
Cash taxes	-7.2	-7.0	-3.3	-6.5	-8.0
Cash earnings	37.3	38.4	25.8	35.9	41.5
Change in NWC	-12.0	-25.9	5.3	-6.0	-6.7
CF from operations	25.3	12.4	31.1	29.9	34.8
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	-12.5	-5.0	-1.9
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	20.9	20.9	20.9
x No of shares	10.0	29.9	29.9	29.9	29.9
Market Capitalisation	1,585.9	687.5	623.2	623.2	623.2
+ Net financial debt	-9.3	27.0	22.6	16.3	5.8
+ 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	645.8	639.6	629.1
Sales	214.7	272.2	244.8	274.2	307.1
Adj. EBITDA	46.2	45.8	29.1	42.5	49.5
Adj. EBIT	28.4	28.9	12.3	24.0	29.2
Adj. Net profit a.m.	20.8	21.4	8.4	16.8	20.5
EV / Sales	6.9	3.3	2.6	2.3	2.0
EV / EBITDA	32.5	19.9	22.2	15.1	12.7
EV / EBIT	52.5	31.4	52.7	26.7	21.6
PE	72.2	41.3	74.5	37.1	30.4

Source: Matlan 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	29.9	31.3	33.8
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	124.4	125.8	128.4
Inventories	37.1	50.3	45.3	49.7	54.7
Receivables	33.3	41.2	39.0	42.7	46.9
Cash	54.8	28.7	30.0	35.0	45.0
Other current assets	6.5	14.4	51.3	66.7	85.1
Current Assets	131.8	134.6	165.6	194.2	231.6
Total assets	227.3	265.5	290.0	320.0	360.0
Equity	128.7	141.5	145.7	159.9	175.4
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	128.7	141.5	145.7	159.9	175.4
Long-term fin. liab.	41.4	51.7	48.5	47.3	46.8
Pension provisions	0.0	0.0	0.0	0.0	0.0
Other long-term liab.	11.0	26.5	17.1	13.3	11.9
Non-current liabilities	52.4	78.1	65.6	60.6	58.7
Short-term fin. liab.	4.1	4.0	4.0	4.0	4.0
Payables	18.8	19.4	17.5	19.6	21.9
Other short-term liab.	23.2	22.5	57.2	75.8	99.9
Current liabilities	46.2	45.9	78.7	99.4	125.8
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	105.4	120.8	138.4
<i>Change</i>	<i>0.0%</i>	<i>19.4%</i>	<i>-27.5%</i>	<i>14.6%</i>	<i>14.5%</i>
Sales	214.7	272.2	244.8	274.2	307.1

Key operational indicators					
	2021	2022	2023e	2024e	2025e
Equity ratio	56.6%	53.3%	50.2%	50.0%	48.7%
Gearing	0.4	0.4	0.4	0.3	0.3
Asset turnover	2.2	2.1	2.0	2.2	2.4
NWC / sales	24.0%	26.5%	27.3%	26.6%	25.9%
Payable days outstanding	32.0	26.0	26.0	26.0	26.0
Receivable days outstand:	56.6	55.2	58.2	56.9	55.7
Fix operating assets	95.5	130.9	124.4	125.8	128.4
NWC	51.6	72.1	66.9	72.9	79.6
Capital employed	147.1	203.0	191.3	198.7	208.0
RoE	16.1%	15.1%	5.7%	10.5%	11.7%
RoA	12.5%	10.9%	4.2%	7.5%	8.1%
RoCE	19.3%	14.2%	6.4%	12.1%	14.0%
Gross margin	52.3%	48.4%	48.7%	51.0%	51.0%
EBITDA margin	21.5%	16.8%	11.9%	15.5%	16.1%
EBIT margin	13.2%	10.6%	5.0%	8.7%	9.5%
Net profit margin	9.7%	7.8%	3.4%	6.1%	6.7%

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

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