

06 August 2021

Closing prices as of 05/08/21: €124.00

Company / Sector	Fair Value	Recommendation
Basler AG	€106	Neutral
Technology	(€106.0)	(unchanged)

Supply shortages pose a risk for H2

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

Anne Gronski
 Tel.: +49 228 227 99 238
 Anne.gronski@matelan.de

Investment case

Q2 results are excellent and so is order intake. Our H2 estimates are thus now rather conservative but as supply shortages of semi components could pose a risk for H2, we keep them unchanged for the time being. Our fair value therefore remains at €106. This is below the current share price, which already now factors in a strong H2 without supply constraints. Against this background we stick to our Neutral rating.

➤ STRONG Q2 FIGURES AND ORDER INTAKE

Due to a strong demand from the semiconductor, electronics and logistics sectors and its strong position in Asia, Basler's Q2 sales (€60.6m/+34%) and order intake (€85.1m/+116%) reached all-time highs despite the supply shortages in procurement markets. Also, earnings (Q2 EBIT €11.1m/+69%) came in strong.

➤ ...BUT BOTTLENECKS INCREASE UNCERTAINTY

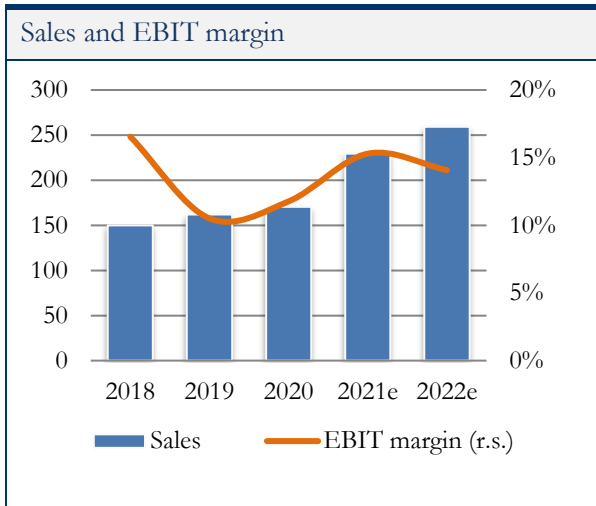
As the ongoing supply shortages in semiconductor components may affect Basler's business in H2, the management left its current FY21 outlook (sales €205-225m and an EBT margin of 13-15.5%) unchanged. In October, mgmt may revise its outlook based on a better visibility. In addition, mgmt plans to update its mid-term sales target, as the current target (€250m in 2023) should already be surpassed in 2022.

➤ WE KEEP OUR FORECAST UNCHANGED

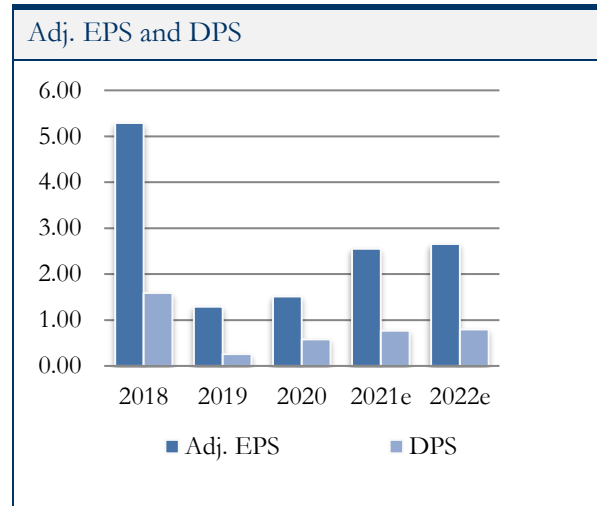
In H1, Basler already has achieved 50% of our sales (€229m) and 59% of our EBT forecast (€35.5m). Given the order backlog and the market momentum this is on the conservative side. However, due to the risk of supply shortages also remain conservative.

For additional disclosures please refer to the appendix

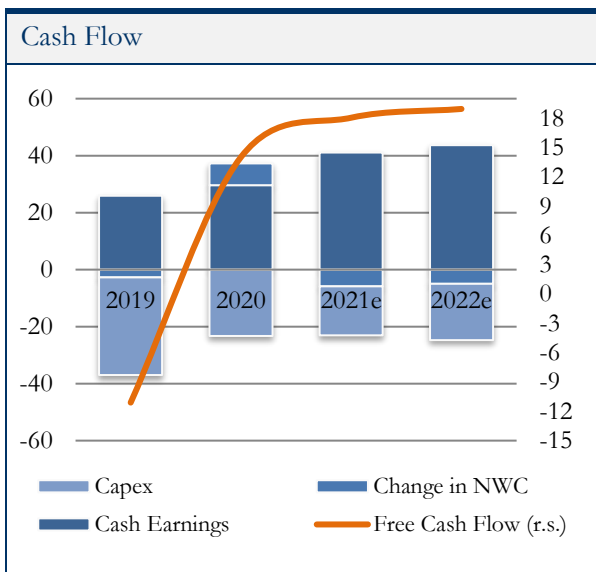
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	229.4	259.2	292.9
EBITDA (€m)	30.0	34.6	51.0	54.1	61.1
EBIT (€m)	17.0	20.1	35.1	36.5	41.8
EPS (€)	1.29	1.51	2.55	2.65	3.03
Dividend (€)	0.26	0.58	0.77	0.80	0.94
Oper. CF (€m)	24.7	37.3	35.3	38.8	44.2
Free CF (€m)	-9.6	14.0	18.0	18.9	21.4



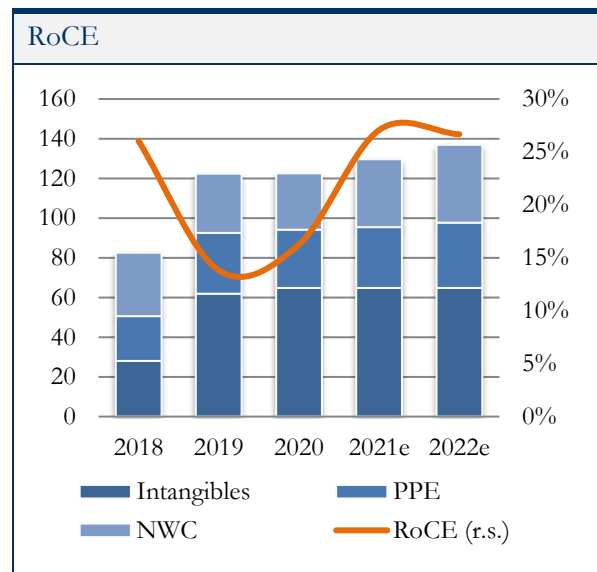
In EURm



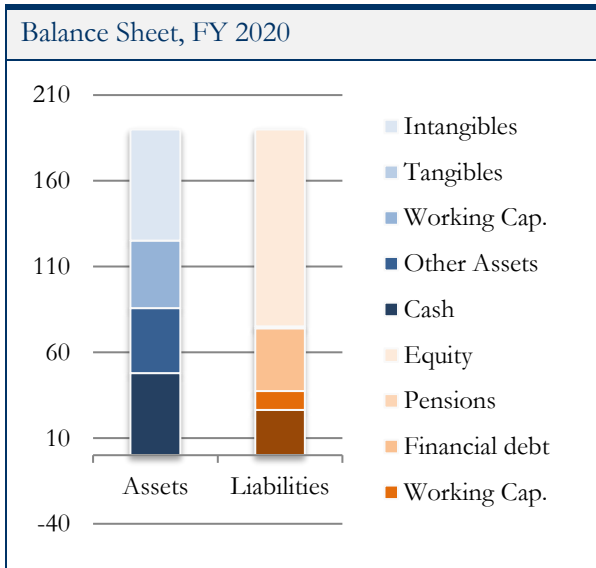
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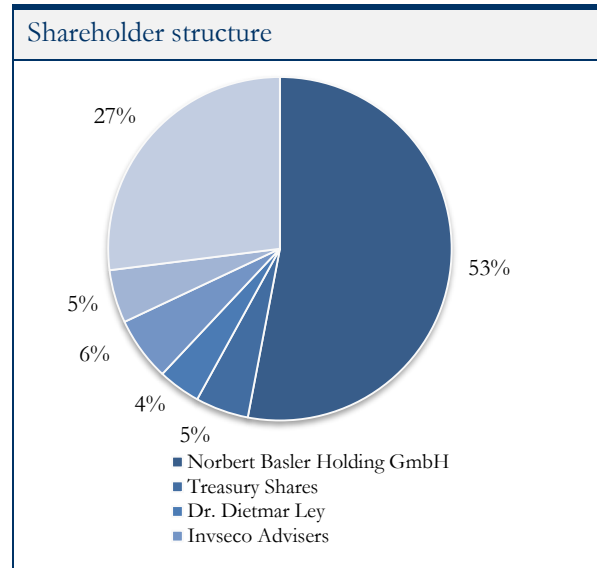
In EURm



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>	8.0%	5.2%	34.6%	13.0%	13.0%
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>	50.6%	52.0%	52.0%	50.6%	50.6%
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>	18.5%	20.3%	22.3%	20.9%	20.9%
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>	10.5%	11.8%	15.3%	14.1%	14.3%
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>	-24.3%	17.4%	68.9%	4.0%	14.3%
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>	-75.7%	17.4%	68.9%	4.0%	14.3%
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	124.2	124.2	124.2
x No of shares	10.0	10.0	10.0	10.0	10.0
Market Capitalisation	490.4	918.7	1,243.0	1,243.0	1,243.0
+ 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	1,213.7	1,194.7	1,178.1
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	5.3	4.6	4.0
EV / EBITDA	16.4	26.3	23.8	22.1	19.0
EV / EBIT	28.9	45.3	34.6	32.7	27.5
PE	38.1	60.8	48.7	46.8	39.6

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>	-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	143.2	164.4	188.6
<i>Change</i>	30.0%	7.1%	51.0%	14.8%	14.7%
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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Buy:	75%
Neutral:	25%
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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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CONTACT DATA

For further information, please contact:

Matelan Research GmbH Koblenzer Straße 79 53177 Bonn www.matelan.de	Head Analyst: Anne Gronski Tel: +49 228 227 99 238 e-mail: anne.gronski@matelan.de
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