

05 April 2022

Closing prices as of 01/04/22: €104.60

Company / Sector	Fair Value	Recommendation
<b>Basler AG</b>	<b>€110.3</b>	<b>Neutral</b>
Technology	(€159.9)	(unchanged)

## Demand remains high but costs weigh on profitability

### Share price performance



### Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	10.01
Monthly volume	6,680
Free float	38.0%
Market cap. (m)	918.7
EV (m)	908.5

Valuation	2021e	2022e
EV/Sales	3.7	3.1
EV/EBITDA	19.6	16.6
EV/EBIT	31.4	25.7
PER	45.1	37.4
Div. Yield	0.7%	0.8%
RoCE	19.0%	21.0%
RoE	14.8%	15.8%

### Analyst

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

### Investment case

**Demand remained high during Q4 and is expected to do so in H1 22. However, the continuing chip shortage shows traces on cash flow and profitability. A further expansion of the workforce should additionally weigh on profitability in FY22. We have reflected this as well as the increased geopolitical tensions and the changing interest environment into our DCF model. This brings our FV down to €110.3 which is about in line with the current share price.**

#### ➤ Q4 – CHIP SHORTAGE REMAINED AN ISSUE

Chip shortage again limited Q4 sales and gross profit to 'only' +22%/21% (€50.2m/€25.3m). EBIT more than doubled though from a low base (€3.5m vs. €1.5m). Long lead times again resulted in a high Q4 order entry (€84.9m/+59.3%).

#### ➤ ...AND WEIGHED ON CASH FLOW

Higher inventories and accounts receivable due to the chip shortage and the cyberattack weighed on Q4 OCF (€-6.4m). FY21 OCF came in €35.2m (-32%) and FY21 free cashflow at €10m/-28%.

#### ➤ NEW FY2022 TARGETS

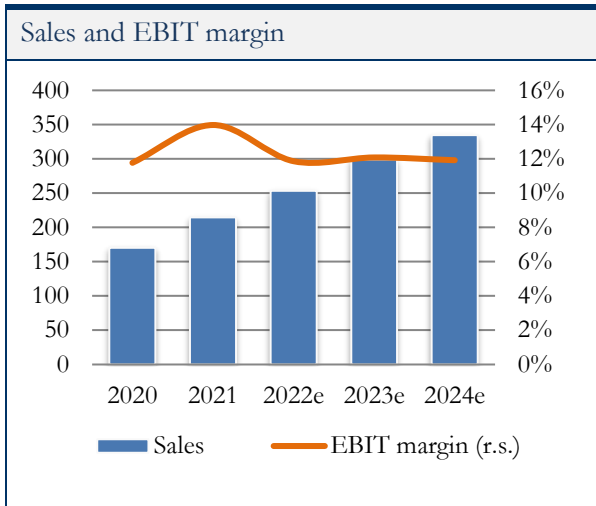
For FY22, mgmt expects sales of €235-265m (+9%-23%) and an EBT of €21.2-31.8m (-25%+12%). Order entry should remain strong in H1. Supply constraints and higher OPEX due to a further expansion of the workforce should weigh on margins.

#### ➤ WE REFLECT HIGHER COSTS AND RISKS

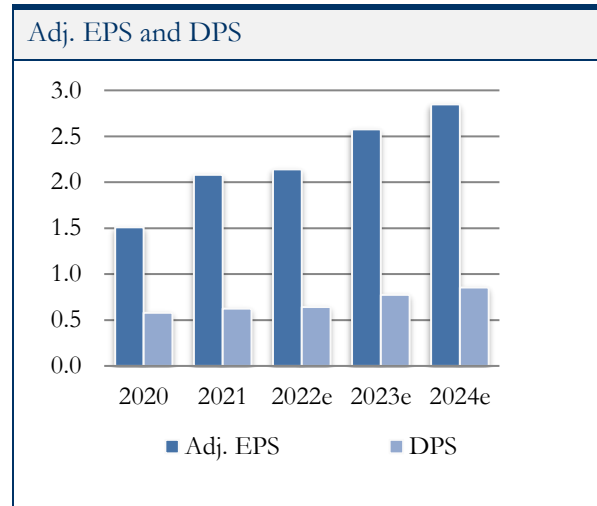
We lower FY22 EBIT to €30.1m/+6% (from €40.7m). In addition, we increase both cost of capital and the beta in our DCF model. As a result, our FV comes down to €110.3 (€159.9).

For additional disclosures please refer to the appendix

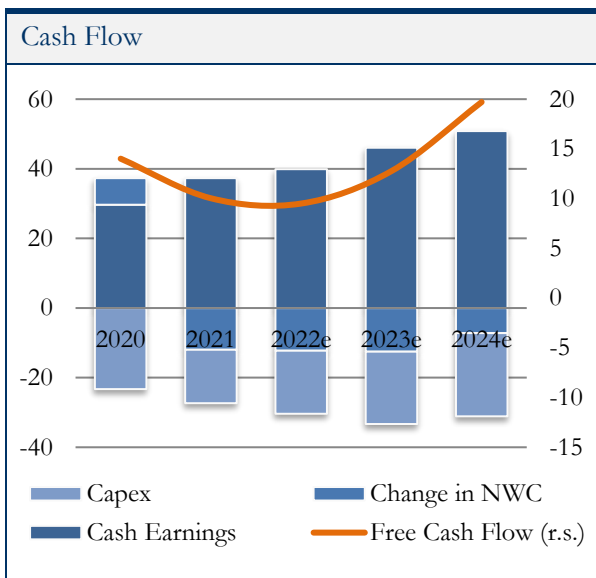
Forecasts	2019	2020	2021e	2022e	2023e
Sales (€m)	162.0	170.5	214.7	253.4	299.0
EBITDA (€m)	30.0	34.6	46.2	48.2	56.1
EBIT (€m)	17.0	20.1	30.0	30.1	36.1
EPS (€)	1.29	1.51	2.08	2.14	2.58
Dividend (€)	0.26	0.58	0.62	0.64	0.77
Oper. CF (€m)	24.7	37.3	25.3	27.6	33.6
Free CF (€m)	-9.6	14.0	10.0	9.5	12.8



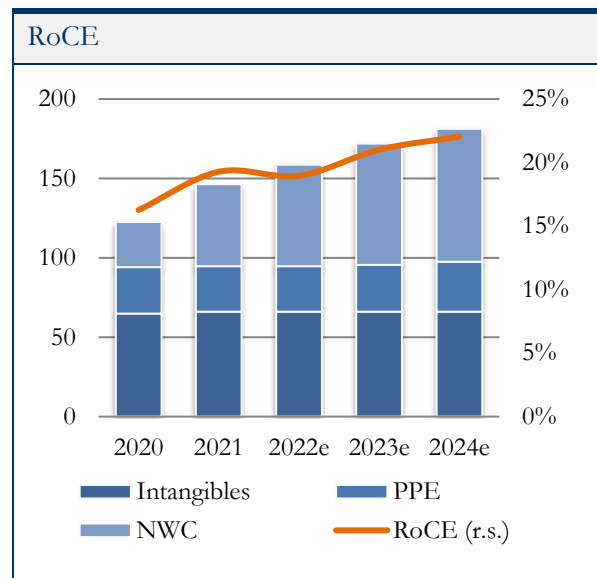
In EURm



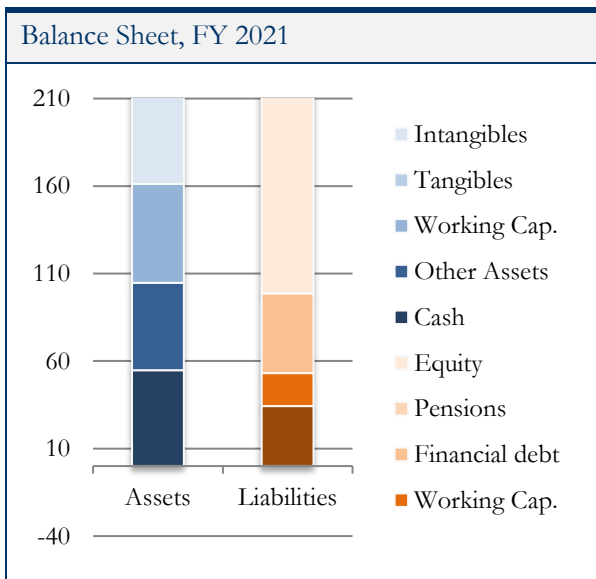
In EUR



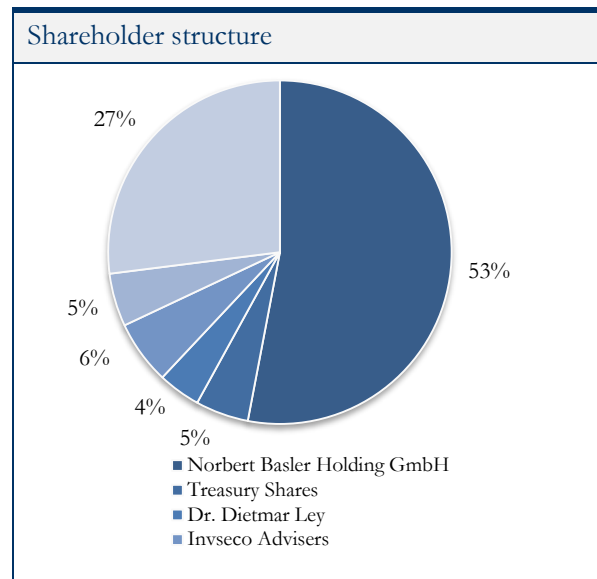
In EURm



In EURm



In EURm



P & L					
EURm	2020	2021	2022e	2023e	2024e
<b>Sales</b>	<b>170.5</b>	<b>214.7</b>	<b>253.4</b>	<b>299.0</b>	<b>334.9</b>
<i>Growth</i>	5.2%	26.0%	18.0%	18.0%	12.0%
Cost of sales	-81.7	-102.5	-125.9	-148.6	-166.4
<b>Gross profit</b>	<b>88.7</b>	<b>112.2</b>	<b>127.4</b>	<b>150.4</b>	<b>168.4</b>
<i>Gross margin</i>	52.0%	52.3%	50.3%	50.3%	50.3%
Other operating costs	-54.2	-66.1	-79.3	-94.3	-106.6
<b>EBITDA</b>	<b>34.6</b>	<b>46.2</b>	<b>48.2</b>	<b>56.1</b>	<b>61.8</b>
<i>Margin</i>	20.3%	21.5%	19.0%	18.7%	18.5%
Depreciation	-14.5	-16.2	-18.1	-19.9	-21.9
<b>EBIT</b>	<b>20.1</b>	<b>30.0</b>	<b>30.1</b>	<b>36.1</b>	<b>39.9</b>
<i>Margin</i>	11.8%	14.0%	11.9%	12.1%	11.9%
Financial result	0.4	-0.4	-0.4	-0.5	-0.5
<b>EBT</b>	<b>20.4</b>	<b>29.6</b>	<b>29.6</b>	<b>35.7</b>	<b>39.5</b>
Taxes	-5.3	-7.2	-8.5	-10.0	-11.0
Net profit	15.1	20.8	21.3	25.7	28.4
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Net profit a.m.</b>	<b>15.1</b>	<b>20.8</b>	<b>21.3</b>	<b>25.7</b>	<b>28.4</b>
<i>Growth</i>	17.4%	37.4%	2.8%	20.4%	10.6%
No of shares	10.0	10.0	10.0	10.0	10.0
EPS	1.51	2.08	2.14	2.58	2.85
<b>Adj. EPS</b>	<b>1.51</b>	<b>2.08</b>	<b>2.14</b>	<b>2.58</b>	<b>2.85</b>
<i>Growth</i>	17.4%	37.9%	2.8%	20.4%	10.6%
Dividend	0.58	0.62	0.64	0.77	0.85

Cash Flow					
EURm	2020	2021	2022e	2023e	2024e
<b>EBIT</b>	<b>20.1</b>	<b>28.4</b>	<b>30.1</b>	<b>36.1</b>	<b>39.9</b>
Depreciation	14.5	16.2	18.1	19.9	21.9
Other non-cash items	0.4	0.0	0.0	0.0	0.0
Cash taxes	-5.3	-7.2	-8.5	-10.0	-11.0
Cash earnings	29.6	37.3	39.9	46.1	50.8
Change in NWC	7.7	-12.0	-12.3	-12.5	-7.2
<b>CF from operations</b>	<b>37.3</b>	<b>25.3</b>	<b>27.6</b>	<b>33.6</b>	<b>43.6</b>
Capex	-15.0	-15.7	-18.1	-20.8	-23.9
Other investments/divestments	-8.3	0.4	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>-23.3</b>	<b>-15.3</b>	<b>-18.1</b>	<b>-20.8</b>	<b>-23.9</b>
<b>CF from fin. and other act.</b>	<b>-1.3</b>	<b>-3.1</b>	<b>-10.3</b>	<b>2.2</b>	<b>-18.7</b>
<b>Change in cash</b>	<b>12.7</b>	<b>7.0</b>	<b>-0.8</b>	<b>15.0</b>	<b>1.0</b>

Valuation multiples					
	2019	2020	2021e	2022	2022
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
<b>Market Capitalisation</b>	<b>490.4</b>	<b>918.7</b>	<b>1,501.2</b>	<b>1,501.2</b>	<b>1,501.2</b>
+ 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
<b>Enterprise Value</b>	<b>492.1</b>	<b>908.5</b>	<b>1,472.4</b>	<b>1,451.9</b>	<b>1,433.7</b>
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: Matelan Research

Balance Sheet					
EURm	2020	2021	2022e	2023e	2024e
Intangible assets	64.8	66.0	66.0	66.0	66.0
Tangible assets	29.3	28.7	28.7	29.6	31.6
Participations	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.9	0.8	0.0	0.0	0.0
<b>Non-current assets</b>	<b>95.0</b>	<b>95.5</b>	<b>94.7</b>	<b>95.6</b>	<b>97.6</b>
Inventories	20.0	37.1	46.8	54.2	59.8
Receivables	19.5	33.3	39.3	48.4	53.2
Cash	47.9	54.8	54.0	69.0	70.0
Other current assets	8.5	6.5	10.2	2.8	-0.5
<b>Current Assets</b>	<b>95.2</b>	<b>131.8</b>	<b>150.3</b>	<b>174.4</b>	<b>182.4</b>
<b>Total assets</b>	<b>190.0</b>	<b>227.3</b>	<b>245.0</b>	<b>270.0</b>	<b>280.0</b>
Equity	114.9	128.7	143.8	163.0	183.7
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>114.9</b>	<b>128.7</b>	<b>143.8</b>	<b>163.0</b>	<b>183.7</b>
Long-term fin. liab.	32.5	41.4	31.1	31.7	27.0
Pension provisions	1.1	0.0	0.0	0.0	0.0
Other long-term liab.	10.3	11.0	11.0	12.7	-1.3
<b>Non-current liabilities</b>	<b>43.9</b>	<b>52.4</b>	<b>42.1</b>	<b>44.3</b>	<b>25.6</b>
Short-term fin. liab.	4.1	4.1	4.1	4.1	4.1
Payables	11.1	18.8	22.2	26.2	29.4
Other short-term liab.	16.1	23.2	32.8	32.3	37.1
<b>Current liabilities</b>	<b>31.3</b>	<b>46.2</b>	<b>59.1</b>	<b>62.6</b>	<b>70.6</b>
<b>Total liabilities</b>	<b>190.0</b>	<b>227.3</b>	<b>245.0</b>	<b>270.0</b>	<b>280.0</b>

Segments					
EURm	2020	2021	2022e	2023e	2024e
EMEA	49.6	57.0	62.7	69.0	75.9
<i>Change</i>	-1.0%	15.0%	10.0%	10.0%	10.0%
America	26.0	29.2	32.1	35.3	38.8
<i>Change</i>	11.4%	12.0%	10.0%	10.0%	10.0%
Asia	94.8	128.5	158.6	194.7	220.2
<i>Change</i>	7.1%	35.5%	23.4%	22.8%	13.1%
<b>Sales</b>	<b>170.5</b>	<b>214.7</b>	<b>253.4</b>	<b>299.0</b>	<b>334.9</b>

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 outstanding	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%

## ADDITIONAL DISCLOSURES

This report has been prepared by Matelan Research GmbH, Koblenzer Str. 79, 53177 Bonn. All rights are reserved. Copyrights and database rights protection exists in this publication. It may not be reproduced or redistributed without prior express permission of Matelan.

### (1) Analyst certification

The analysts responsible for the content of this research report hereby certify that (1) all views expressed in this report accurately reflect their views about any and all of the subject securities or issuers and (2) no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or view(s) of this report.

Matelan may have sent extracts of this research report to the subject company for the purpose of verifying factual accuracy. The information provided by the latter was taken into consideration in the report. However, this entailed no change of the assessment.

### (2) Disclosures about potential conflicts of interest

Matelan Research GmbH has/will receive(d) compensation for advisory services provided in the current calendar year from the company under review.

### (3) Rating definitions

Security firms use a variety of rating terms and systems. Investors should carefully read the definitions of the rating system used in each research report. In addition, since the research report contains more complete information concerning analyst's views, investors should carefully read the entire research report and not infer its contents from the ratings alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

MATELAN Research GmbH uses an absolute rating system, which varies considerably from relative rating systems (such as "Overweight", "Equal Weight" or "Underweight"). Stock ratings are defined as follows:

Strong Buy:	In the next 6 to 12 months, we expect a potential absolute change in value of over 20% with high forecast certainty.
Buy:	In the next 6 to 12 months, we expect a potential absolute change in value of more than 10%.
Neutral:	In the next 6 to 12 months, we expect a potential absolute change in value of over 0% up to a maximum of 10%.
Reduce:	In the next 6 to 12 months, we expect a potential absolute negative change in value of up to -10%.
Sell:	In the next 6 to 12 months, we expect a potential absolute negative change in value of over -10 % with high forecast certainty.

The change in stock price results from the difference between the current share price and the analyst's performance expectations, which are generally based on a fair value calculation performed on the basis of a discounted cash flow model and a key comparison analysis but can also consider other effects such as market sentiment.

### (4) Rating distribution

Stock ratings within the coverage universe of MATELAN Research GmbH as of the publication date of this report are distributed as follows:

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

### (5) Recommendation history

Stock ratings for the company covered in this report have developed as follows:

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

**(6) Additional information for clients in Germany and other countries**

This research report has been produced in Germany. It was approved and distributed by MATELAN Research GmbH, which is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). Laws and regulations in other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In particular, this document may not be distributed in the United States, Canada, Australia or Japan or to any U.S. person.

**DISCLAIMER**

This research publication has been prepared by MATELAN analysts based on publicly available data that is believed to be accurate and complete. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, MATELAN provides no representation or warranty in relation to its accuracy, completeness or reliability. Possible errors or incompleteness of the information do not constitute grounds for liability, either with regard to indirect or to direct or consequential damages. In particular, MATELAN is not liable for the statements, plans or other details contained in the information concerning the examined companies, strategies, economic situations, market and competitive situations, regulatory environment, etc.

Neither MATELAN nor its employees are liable for the accuracy and completeness of the statements, estimates and conclusions derived from the information contained in this report. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of MATELAN shall be restricted to gross negligence and wilful misconduct. In any case, the liability of MATELAN is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

This report does not constitute an offer to sell, or a solicitation of an offer to purchase, any security. MATELAN may perform services to other companies mentioned in this report. Directors or employees of MATELAN may serve on the board of directors of companies mentioned in this report. Any opinions contained herein are subject to change without notice.

The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. MATELAN does not accept any liability for any loss or damage out of the use of all or any part of this report. Additional information will be made available upon request.

Past performance is not necessarily indicative of future results. Investors should make their own investment decisions without relying on this publication. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuers or market discussed herein and other persons should not take any action on the basis of this publication.

Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and not be suitable for all investors. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Any documents or information we provide is solely for informational purposes and directed only to persons we reasonably believe to be investment professionals.

All such communications and any activity to which they relate are available only to such investment professionals; any activity arising from such communications will only be carried out with investment professionals. Persons who do not have professional experience in matters relating to investments should not rely upon such communications.

**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
--	---