

28 February 2023

Closing prices as of 27/02/23: €31.30

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

Momentum of order intake has not turned yet

Share price performance



Share data

Reuters	BSLG.DE
Bloomberg	BSL.GY
No. of shares (m)	31.50
Monthly volume	9,408
Free float	38.0%
Market cap. (m)	720.4
EV (m)	908.3

Valuation	2022e	2023e
EV/Sales	3.6	3.3
EV/EBITDA	19.7	19.4
EV/EBIT	30.9	27.0
PER	42.7	37.6
Div. Yield	0.7%	0.8%
RoCE	16.0%	16.5%
RoE	15.6%	15.7%

Analyst

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Investment case

In Q4, Basler once again profited from its high order backlog and an easing of bottlenecks on the supply side. Profitability was lower than expected but only as a result of one-offs. All in all, results appeared solid and as the order backlog is still sufficient to secure a good first quarter we do not change our forecast despite the still negative momentum in the order intake. As the share currently trades close to our fair value our Neutral recommendation remains unchanged.

➤ Q4 PRELIMS SALES +33%, EBT +17% ...

Preliminary Q4 sales (€66.8m/+33%) came in a bit higher than anticipated (e: €64.8m) but as a result of a couple of one-offs (i.e. an inflation bonus of €2.2m paid to employees, lower sales share of proprietary products due to an SAP transition) EBT (€4.0m/+17%) remained below our forecast (e: €8m). FY 22 EBT margin of 10.6% nevertheless remained within mgmt's target range of 10-12%.

➤ ...AND INCOMING ORDERS -54%

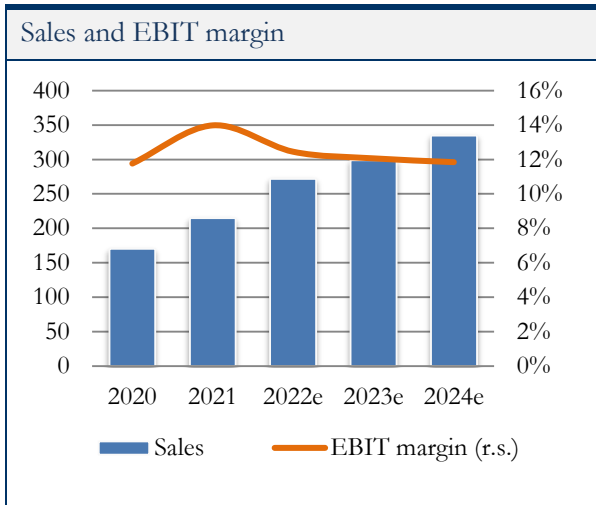
Q4 order intake was at €38.7m which is 54% below the extraordinary high order intake of Q4 21 but also 23% below the more normalized level of Q3 22. The order backlog at the end of Q4 was nevertheless still at €102.5m/-27%.

➤ FY23 TARGETS TO BE RELEASED ON MARCH 30

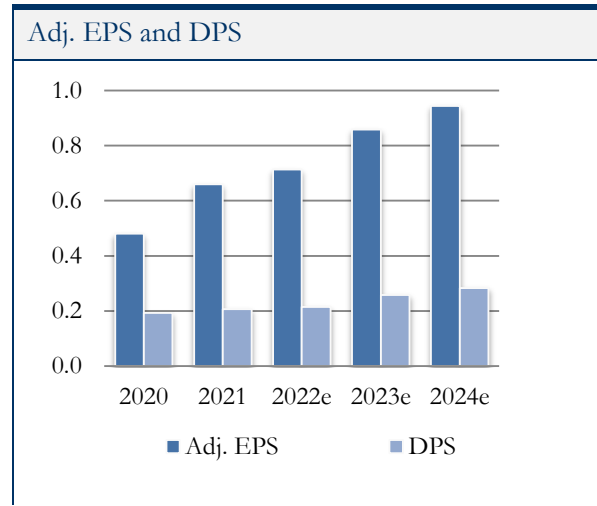
For the first weeks of 2023, mgmt reports a continuing weak order intake and states that the celebration of Chinese New Year additionally clouds visibility at the time being. Targets for FY2023 will thus be published on March 30th together with the release of final FY2022 figures.

For additional disclosures please refer to the appendix

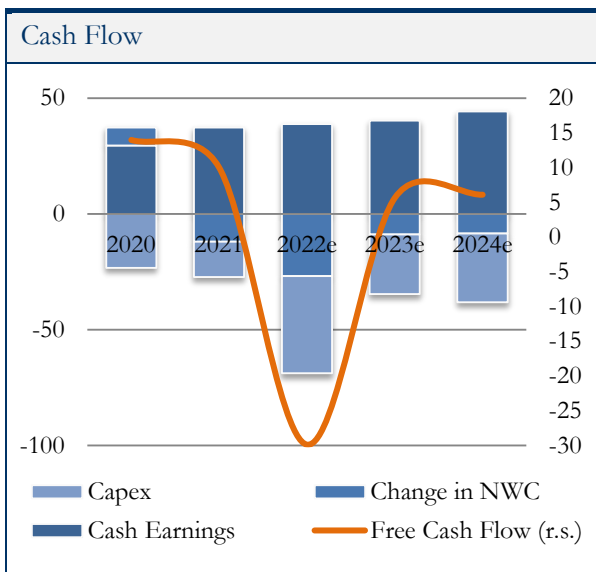
Forecasts	2019	2020	2021	2022e	2023e
Sales (€m)	162.0	170.5	214.7	272.0	299.0
EBITDA (€m)	30.0	34.6	46.2	45.8	50.3
EBIT (€m)	17.0	20.1	30.0	31.8	36.1
EPS (€)	1.29	0.48	0.66	0.71	0.86
Dividend (€)	0.09	0.19	0.21	0.21	0.26
Oper. CF (€m)	24.7	37.3	25.3	12.1	30.9
Free CF (€m)	-9.6	14.0	10.0	-31.8	5.1



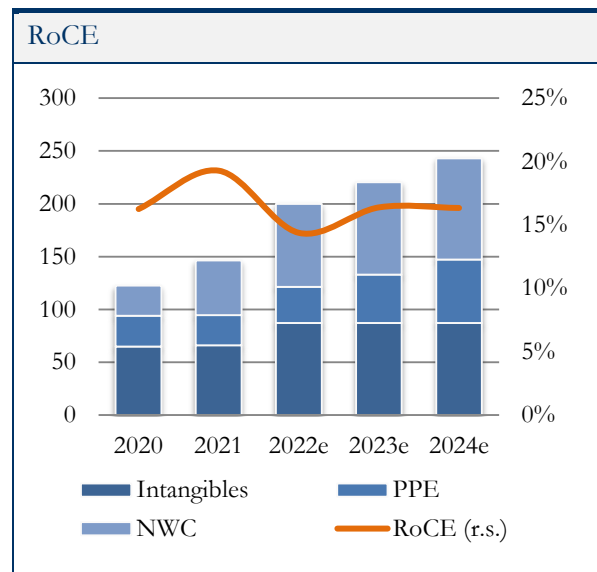
In EURm



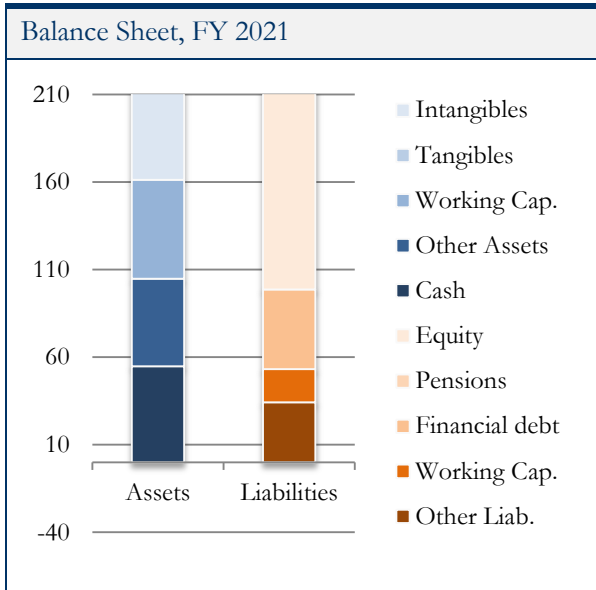
In EUR, adj. for bonus shares



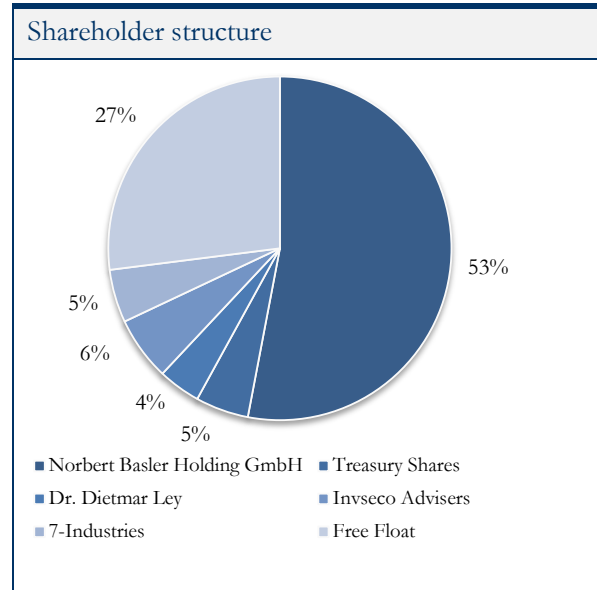
In EURm



In EURm



In EURm



P & L					
EURm	2020	2021	2022p	2023e	2024e
Sales	170.5	214.7	272.0	299.0	334.9
<i>Growth</i>	<i>5.2%</i>	<i>26.0%</i>	<i>26.7%</i>	<i>9.9%</i>	<i>12.0%</i>
Cost of sales	-81.7	-102.5	-135.2	-146.5	-164.1
Gross profit	88.7	112.2	136.8	152.5	170.8
<i>Gross margin</i>	<i>52.0%</i>	<i>52.3%</i>	<i>50.3%</i>	<i>51.0%</i>	<i>51.0%</i>
Other operating costs	-54.2	-66.1	-85.9	-102.2	-115.5
EBITDA	34.6	46.2	50.9	50.3	55.3
<i>Margin</i>	<i>20.3%</i>	<i>21.5%</i>	<i>18.7%</i>	<i>16.8%</i>	<i>16.5%</i>
Depreciation	-14.5	-16.2	-17.1	-14.2	-15.6
EBIT	20.1	30.0	33.9	36.1	39.7
<i>Margin</i>	<i>11.8%</i>	<i>14.0%</i>	<i>12.5%</i>	<i>12.1%</i>	<i>11.9%</i>
Financial result	0.4	-0.4	-0.4	-0.5	-0.5
EBT	20.4	29.6	33.4	35.6	39.2
Taxes	-5.3	-7.2	-6.9	-10.0	-11.0
Net profit	15.1	20.8	21.4	25.7	28.2
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	15.1	20.8	21.4	25.7	28.2
<i>Growth</i>	<i>17.4%</i>	<i>37.4%</i>	<i>3.1%</i>	<i>19.9%</i>	<i>10.0%</i>
No of shares	10.0	10.0	30.0	29.9	29.9
EPS	1.51	2.08	0.71	0.86	0.94
Adj. EPS	0.48	0.66	0.71	0.86	0.94
<i>Growth</i>	<i>-62.9%</i>	<i>37.5%</i>	<i>8.1%</i>	<i>20.3%</i>	<i>10.0%</i>
Dividend	0.19	0.21	0.21	0.26	0.28

2020 and 2021 adj. EPS include bonus shares

Cash Flow					
EURm	2020	2021	2022e	2023e	2024e
EBIT	20.1	28.4	28.7	36.1	39.7
Depreciation	14.5	16.2	17.1	14.2	15.6
Other non-cash items	0.4	0.0	0.0	0.0	0.0
Cash taxes	-5.3	-7.2	-6.9	-10.0	-11.0
Cash earnings	29.6	37.3	38.9	40.3	44.3
Change in NWC	7.7	-12.0	-26.8	-8.8	-8.5
CF from operations	37.3	25.3	12.1	31.5	35.9
Capex	-15.0	-15.7	-22.5	-25.9	-29.7
Other investments/divestments	-8.3	0.4	-19.5	0.0	0.0
CF from investing activities	-23.3	-15.3	-42.0	-25.9	-29.7
CF from fin. and other act.	-1.3	-3.1	7.1	5.2	0.9
Change in cash	12.7	7.0	-22.7	10.9	7.0

Valuation multiples					
	2020	2021	2022e	2023e	2024e
Share price	72.0	158.8	29.0	29.0	29.0
× No of shares	10.0	10.0	29.9	29.9	29.9
Market Capitalisation	720.4	1,585.9	865.4	865.4	865.4
+ Net financial debt	-11.3	-9.3	20.6	11.0	4.2
+ Pension provision	1.1	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	908.3	1,490.0	886.0	876.4	869.6
Sales	170.5	214.7	272.0	299.0	334.9
Adj. EBITDA	34.6	46.2	45.8	50.3	55.3
Adj. EBIT	20.1	28.4	28.7	36.1	39.7
Adj. Net profit a.m.	15.1	20.8	21.4	25.7	28.2
EV / Sales	5.3	6.9	3.3	2.9	2.6
EV / EBITDA	26.3	32.3	19.3	17.4	15.7
EV / EBIT	45.3	52.5	30.8	24.3	21.9
PE	60.8	72.2	40.4	33.7	30.6

Source: Matelan Research

Balance Sheet					
EURm	2020	2021	2022e	2023e	2024e
Intangible assets	64.8	66.0	87.3	87.3	87.3
Tangible assets	29.3	28.7	34.1	45.8	59.9
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
Non-current assets	95.0	95.5	121.4	133.1	147.2
Inventories	20.0	37.1	53.0	57.3	63.2
Receivables	19.5	33.3	46.2	52.8	58.1
Cash	47.9	54.8	32.1	43.0	50.0
Other current assets	8.5	6.5	2.8	3.8	1.5
Current Assets	95.2	131.8	134.2	156.9	172.8
Total assets	190.0	227.3	255.6	290.0	320.0
Equity	114.9	128.7	143.9	163.1	183.6
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	114.9	128.7	143.9	163.1	183.6
Long-term fin. liab.	32.5	41.4	48.6	49.9	50.1
Pension provisions	1.1	0.0	0.0	0.0	0.0
Other long-term liab.	10.3	11.0	11.0	14.9	15.6
Non-current liabilities	43.9	52.4	59.6	64.8	65.7
Short-term fin. liab.	4.1	4.1	4.1	4.1	4.1
Payables	11.1	18.8	20.9	22.9	25.7
Other short-term liab.	16.1	23.2	27.2	35.1	40.9
Current liabilities	31.3	46.2	52.2	62.1	70.7
Total liabilities	190.0	227.3	255.6	290.0	320.0

Segments					
EURm	2020	2021	2022e	2023e	2024e
EMEA	49.6	57.0	74.1	81.5	89.7
<i>Change</i>	<i>-1.0%</i>	<i>15.0%</i>	<i>30.0%</i>	<i>10.0%</i>	<i>10.0%</i>
America	26.0	29.2	34.1	37.5	41.3
<i>Change</i>	<i>11.4%</i>	<i>12.0%</i>	<i>17.0%</i>	<i>10.0%</i>	<i>10.0%</i>
Asia	94.8	128.5	163.8	179.9	203.9
<i>Change</i>	<i>7.1%</i>	<i>35.5%</i>	<i>27.4%</i>	<i>9.9%</i>	<i>13.3%</i>
Sales	170.5	214.7	272.0	299.0	334.9

Key operational indicators					
	2020	2021	2022e	2023e	2024e
Equity ratio	60.5%	56.6%	56.3%	56.2%	57.4%
Gearing	0.3	0.4	0.4	0.3	0.3
Asset turnover	1.8	2.2	2.2	2.2	2.3
NWC / sales	16.7%	24.0%	28.8%	29.1%	28.5%
Payable days outstanding	23.7	32.0	28.0	28.0	28.0
Receivable days outstand:	41.7	56.6	62.0	64.4	63.3
Fix operating assets	95.0	95.5	121.4	133.1	147.2
NWC	28.4	51.6	78.4	87.1	95.6
Capital employed	123.4	147.1	199.8	220.3	242.8
RoE	13.1%	16.1%	14.9%	15.7%	15.4%
RoA	10.6%	12.5%	11.2%	12.4%	12.4%
RoCE	16.3%	19.3%	14.4%	16.4%	16.3%
Gross margin	52.0%	52.3%	50.3%	51.0%	51.0%
EBITDA margin	20.3%	21.5%	16.8%	16.8%	16.5%
EBIT margin	11.8%	13.2%	10.6%	12.1%	11.9%
Net profit margin	8.9%	9.7%	7.9%	8.6%	8.4%

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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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