

## Aves One AG\*4,5a,6a,11

**Rating: BUY**  
**Target price: €13.50**  
**(previously: € 13.60)**

Current rate: € 8.90  
24.09.20 / XETRA closing price

Currency: EUR

ISIN: DE000A168114  
WKN: A16811  
Ticker symbol: AVES

Number of shares<sup>3</sup>: 13.02  
Marketcap<sup>3</sup>: 115.83  
Enterprise Value<sup>3</sup>: 1054,30  
<sup>3</sup> in million / in million EUR

Free float: 22.84%.

Transparency level:  
Prime Standard

Market segment:  
Regulated market

Accounting standard:  
IFRS

Financial year: 31.12.

Designated Sponsor:  
Hauck & Aufhäuser

### Analysts:

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Date (time) of completion:  
05.10.2020 10:30

Date (time) first transmission:  
05.10.2020 12:00

Validity of the course target: un-  
til max. 31.12.2021

\* Catalogue of possible conflicts  
of interest on page 7

### Company profile

Industry: Asset Management

Focus: Rail, Container

Employees: 44 Status: 31.12.2019

Foundation: 2013

Head office: Hamburg

Executive Board: Tobias Aulich, Jürgen Bauer, Sven Meiß-  
ner



The Aves Group holds a rapidly growing portfolio of long-life logistics assets with stable cash flows focused on rail. Containers and swap bodies are also part of the portfolio. The company plans to further increase their asset volume significantly by the end of 2020. The strategy is geared towards continuous optimisation of the company's own portfolio and the further expansion of their logistics portfolio.

P&L in EUR million \ FY end	31.12.2019	31.12.2020e	31.12.2021e	31.12.2022e
Sales	116.78	119.15	127.87	142.80
EBITDA	84.60	86.44	93.49	105.29
EBIT	51.70	48.89	57.19	65.29
Net profit	11.95	4.16	10.45	11.87

### Key figures in EUR

Earnings per share	0.92	0.32	0.80	0.91
Dividend per share	0.00	0.00	0.00	0.00

### Key figures

EV/Sales	9.03	8.85	8.25	7.38
EV/EBITDA	12.46	12.20	11.28	10.01
EV/EBIT	20.39	21.57	18.44	16.15
P/E RATIO	9.69	27.85	11.09	9.76
KBV	2.78			

### Financial calendar

November 2020: Quarterly release Q3

08 December 2020:

MKK Munich Capital Market Conference

### \*\*last research by GBC:

Date: Publication / Target price in EUR / Rating

18.05.2020: RS / € 13.60 / BUY

05.12.2019: RS / € 13.60 / BUY

04.10.2019: RS / € 13.87 / BUY

06.06.2019: RS / € 12.80 / BUY

27.05.2019: RS / € 12.80 / BUY

\*\* the above-mentioned research studies can be viewed at [www.gbc-ag.de](http://www.gbc-ag.de) or requested from GBC AG, Halderstr. 27, D86150 Augsburg

**Good performance in HY 2020 especially in the rail segment with results slightly above last year's level, target price adjusted to € 13.50 (previously: € 13.60); Rating: Buy.**

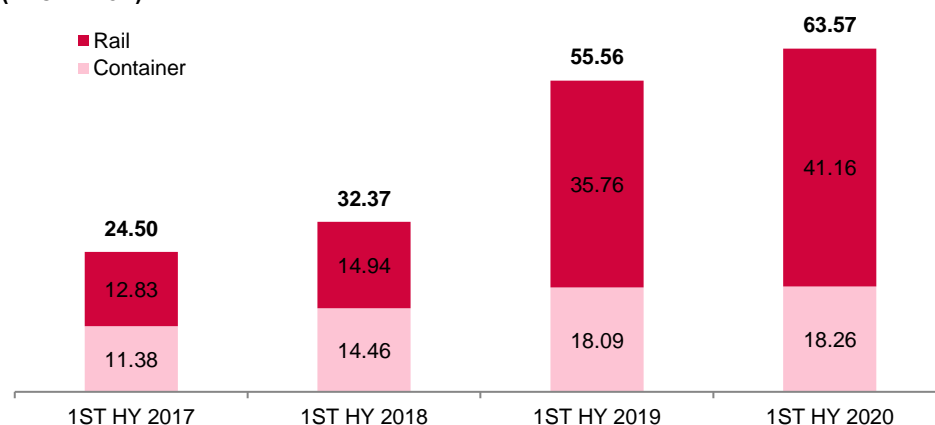
in million €	HY 2018	HY 2019	HY 2020
Revenues	32.37	55.56	63.57
EBITDA	21.97	41.85	42.16
EBITDA margin	67.9%	75.3%	66.3%
EBIT	13.25	26.46	23.27
EBIT Margin	40.9%	47.6%	36.6%
Net result	4.63	5.05	1.37
EPS in €	0.36	0.39	0.11

Sources: Aves One, GBC

### Development of revenues

In the first half of 2020, revenues were up 14.4% to €63.57m (previous year: €55.56m). This significant increase in revenue was achieved despite the corona crisis, with € 3.39 million coming from the sale of the last property activity in the first quarter. The rail segment continues to account for the largest share of revenue at €41.16m (previous year: €35.76m) and, thanks to the additional assets, was also able to increase revenue by 15.1%. Revenues from the container segment increased slightly by 0.9% to €18.26m (previous year: €18.09m) and reflect the strategy of focusing on the rail segment.

### Sales performance of the main segments Rail and Container on a half-yearly basis (in € million)



Source: Aves One, GBC; \*Holding activities and consolidation not shown

The significant increase in sales is primarily the result of investment activities in the previous year as well as in the current financial year and the associated increase in sales. Property, plant and equipment as at 30 June 2020 rose by 16.0% to €973.86m (previous year: €839.34m). While adjustments were made in the container segment, where property, plant and equipment fell by 6.8% to €260.42m (previous year: €279.51m), property, plant and equipment in the rail portfolio increased by 27.5% to €713.44m (previous year: €559.40m). Investments of €65.3m were made and 669 almost fully leased freight wagons were acquired. Due to the streamlining of the container portfolio, gross returns (revenue / property, plant and equipment) rose to 7% (previous year: 6.5%), while gross returns in the rail sector fell to 5.8% (previous year: 6.4%).

Slightly lower gross returns in the rail segment is due to lower capacity utilisation. However, capacity utilisation is still at a very high level, although it has nevertheless declined slightly. This is due, on the one hand, to the corona crisis, which has caused individual customer sectors to be more cautious with regard to rents and, on the other hand, to the

ongoing crisis in the steel sector, which had begun even before the corona crisis. According to the management, Aves One has leased almost all wagons that can only be used in the steel industry on a long-term basis and therefore does not expect any further negative consequences from this. If, in addition, the state players decide to implement an infrastructure programme to reduce the negative consequences of the corona crisis, Aves One should benefit disproportionately from this, as many customer segments would be positively affected.

Property, plant and equipment (in million €)	HY 18	HY 19	HY 20	Gross returns (in %)	HY 18	HY 19	HY 20
Container	269.05	279.51	260.42	Container	5.4%	6.5%	7.0%
Rail	244.10	559.40	713.44	Rail	6.1%	6.4%	5.8%
<b>Group</b>	<b>523.77</b>	<b>839.34</b>	<b>973.86</b>	<b>Group</b>	<b>6.2%</b>	<b>6.6%</b>	<b>6.5%</b>

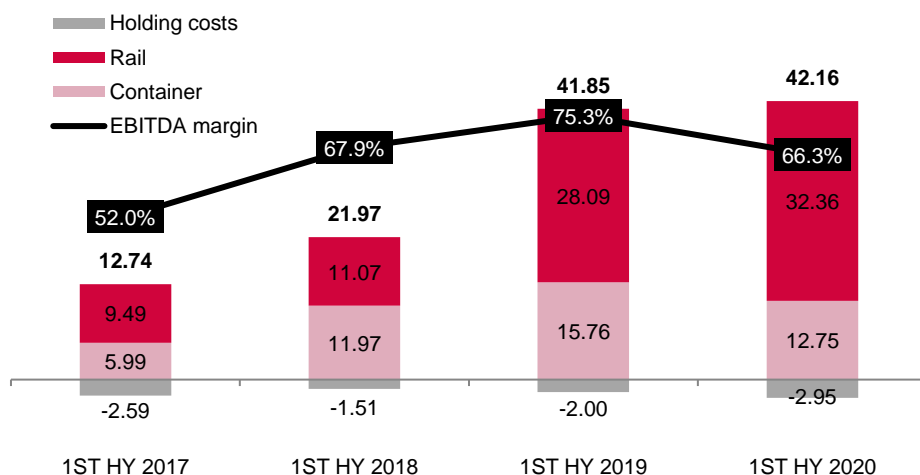
Sources: Aves One, GBC

All in all, good sales growth was thus achieved, as achieved through asset expansion in the rail division.

### Development of earnings

Despite the increase in revenue, EBITDA remained virtually unchanged from the previous year, rising only slightly by 0.8% to €42.16 million (previous year: €41.85 million). This reduced the EBITDA margin to 66.3% (previous year: 75.3%). The reason for this was the lower contribution to earnings from the container segment.

### Development of EBITDA and EBITDA margin



Source: Aves One, GBC, the former real estate segment is no longer reported, but is included in Group EBITDA

In the rail segment EBITDA rose by 15.2% to €32.36 million (previous year: €28.09 million), thus parallel to sales and corresponding to a stable EBITDA margin of 78.6% (previous year: 78.6%). The container segment recorded a 19.1% decline in EBITDA to €12.75 million (previous year: €15.76 million) with an EBITDA margin in the segment falling to 69.9% (previous year: 87.1%). This decline in earnings is due to losses of €1.83 million (previous year: €0.57 million) from the disposal of assets and €1.07 million in other income. Thanks to our lean management approach, staff costs remained virtually unchanged year on year at €2.42m (previous year: €2.34m) despite the expansion of assets and the increase in sales.

Interest expenses rose by 11.4% to €21.32m (previous year: €19.14m) as a result of taking out further loans, particularly to finance the increase in assets under management.

As a result, EBT fell by 71.3% to €2.28m (previous year: €7.94m), divided before holding activities and consolidation into €9.41m (previous year: €10.00m) for the rail segment and €-4.22m (previous year: €-0.26m) for the container segment. Adjusted for non-cash exchange rate effects, EBT amounted to €1.78 million (previous year: €6.77 million).

The net result amounted to €1.38 million (previous year: €5.05 million). Thus, net profitability was maintained. Nevertheless, against the background of the corona crisis, 2020 must be seen as a transitional year.

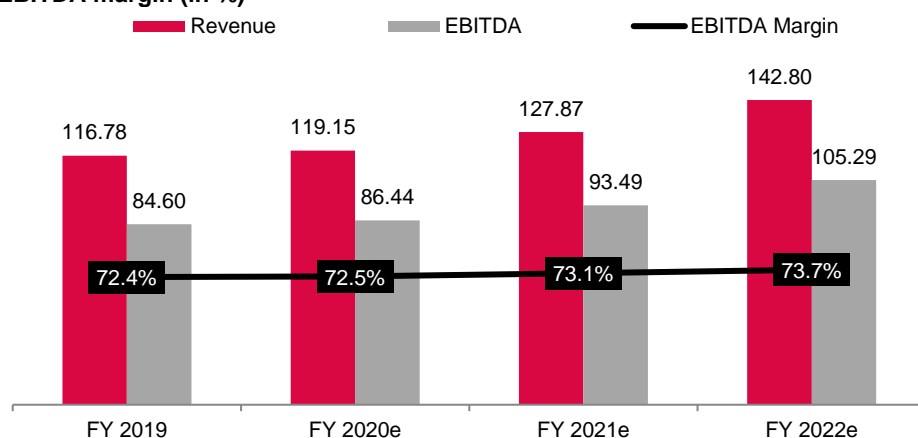
### Forecast and model assumptions - guidance confirmed

P&L (in million €)	FY 2019	previously: FY 2020e	new: FY 2020e	FY 2021e	FY 2022e
Revenue	116.78	119.15	119.15	127.87	142.80
EBITDA	84.60	86.44	86.44	93.49	105.29
EBITDA margin	72.4%	72.5%	72.5%	73.1%	73.7%
EBIT	51.70	51.59	48.89	57.19	65.29
EBIT Margin	44.3%	43.3%	41.0%	44.7%	45.7%
Net profit	11.95	7.24	4.16	10.45	11.87
EPS in €	0.92	0.56	0.32	0.80	0.91

Source: GBC

The guidance was confirmed in the context of the half-year figures. The guidance is currently slightly above the previous year's level with revenues of over €117.00 million and EBITDA of over €84.00 million. Against the background of the ongoing corona crisis, management has issued comparatively cautious guidance in this regard. We also confirm our forecast (research report dated 18 May 2020) and are forecasting revenue of €119.15m for the current financial year. We anticipate a slight increase in capacity utilisation and additional revenue from the acquisition of further assets. For subsequent years we forecast revenues of €127.87m in the 2021 financial year and €142.80m in 2022.

### Forecast of sales development (in € million), EBITDA (in € million) and EBITDA margin (in %)



Source: GBC

The background to the lowering of the forecast is higher depreciation in the Container Segment and slightly higher financing costs. In addition, it is difficult to forecast further developments in the year of the corona crisis. We assume that the corona crisis year could also be used to bring forward further potential for write-downs, which could then lead to

improvements in subsequent years. The development in container prices, demand for containers and prices for used containers are also decisive factors in this respect.

Aves One AG has medium to long-term rental contracts which ensure a good sales basis and the rental rates should also remain at a very good level. The company has a very young wagon portfolio, which is in demand during the crisis period. Nevertheless, there are also individual sectors affected by Corona in which there is still restraint. In the medium term, we assume that the rail portfolio is well equipped to benefit from the growth market. Thus, in the wake of the possible economic crisis, investments in infrastructure projects will most likely be made to boost the economy. In addition, the company will benefit from the liberalization of rail freight transport and the EU's emission targets. We assume that there will be further comparatively small transactions in the rail sector of up to €50 million. All in all, we are assuming good medium-term growth and regard 2020 as a year of transition.

In terms of earnings, we expect a slight improvement in the current 2020 financial year. EBITDA will increase to €86.44 million (previous year: €84.60 million), as the asset portfolio has increased during the course of the 2019 financial year, thus creating a higher sales and earnings base. On the other hand, capacity utilisation will be slightly lower, which will reduce revenue and earnings. We assume that revenue growth will continue to have a disproportionately high impact on EBITDA and expect an EBITDA margin increase from 72.4% (2019) to 72.5% (2020), or 73.1% (2021) and 73.7% (2022), respectively. Accordingly, we forecast EBITDA of €86.44 million for the current financial year 2020, followed by €93.49 million in 2021 and €105.29 million in 2022.

On a net level, interest expense should be the decisive influencing factor. We assume that interest expenses will continue to rise as assets under management increase, as future portfolio acquisitions will most likely be financed with debt. We expect improvements in the financing mix, especially from the 2021 financial year onwards, and assume that net earnings will continue to rise in the medium term. For the current fiscal year 2020, we expect a decline to € 4.16 million and then solid growth to € 10.45 in 2021 and € 11.87 in 2022.

We are confident that Aves One's business model is well equipped to weather the corona, trade & economic crisis. Nevertheless, future developments are difficult to predict, as the duration and extent of the crisis are difficult to estimate.

**Due to the slight forecast adjustment for the current 2020 financial year, we are adjusting our price target to € 13.50 (previously: € 13.60) and continue to assign the Buy rating.**

## ANNEX

### I.

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The expected return, based on the price target determined, including dividend payment within the relevant time horizon is  $\geq + 10\%$ .

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