

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

2021 Annual Results

RATING PRICE TARGET

Return Potential
Risk Rating

BUY € 87.00

109.6%
High

SUPPLY CHAIN ROADBLOCKS EXPECTED TO CLEAR LATE Q2

Full year reporting confirmed preliminary results. Net income totalled €26m, and management will propose a €1.5 per share dividend to the AGM, equal to ~60% of the bottom line. The company exited the year with a record €1.3bn order backlog and is optimising its chassis purchasing strategy. This is expected to have favourable effects on the 2022 topline and margins, assuming macro issues do not run rampant through the economy. We remain Buy-rated on Knaus Tabbert, but our price target moves to €87 (old: €95) after adjusting our WACC estimate to account for increased macroeconomic risks and rising bond yields.

Supply chain roadblocks expected to clear late Q2 A chip shortage hobbled a number of industries in 2021, including carmakers, who were unable to install a myriad of key electronics that control entertainment systems, safety features, and driving aids. For Knaus Tabbert, supply chain bottlenecks also resulted in component delivery shortfalls—especially motorised chassis from Fiat and MAN—meaning vehicle production numbers undershot original 2021 planning. But management acted swiftly to beef up its supply chain and added Mercedes Benz as a chassis supplier in February and want to add a fourth supplier in H2. Although chip shortages have persisted into 2022, chassis delivery bottlenecks are expected to ease towards the end of Q2 (see note of 28 February 2022).

Primed for a strong jump in 2022 performance KTA exited 2021 with a record order backlog topping €1.3bn or around 32,500 vehicles. Assuming supply chain bottlenecks ease, and the company can fully exploit these orders, we expect a substantial annualised uptick in turnover (+21%) and profitability (+52%) in 2022 helped by: (1) improved capacity; (2) optimised business processes; and (3) an announced price increase. A thriving addressable market also underpins our optimism. The Caravanning Industry Association (CIVD) put 2021 European registrations at 260k and looks for the figure to hit 273k or so in 2022 (+7.0% Y/Y). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	780.39	794.59	862.62	1040.10	1253.74	1401.55
Y-o-y growth	n.a.	1.8%	8.6%	20.6%	20.5%	11.8%
EBIT (€m)	45.87	46.56	38.39	56.11	84.44	104.85
EBIT margin	5.9%	5.9%	4.4%	5.4%	6.7%	7.5%
Net income (€m)	31.17	31.33	25.90	36.73	57.00	72.03
EPS (diluted) (€)	6.30	7.63	2.50	3.54	5.49	6.94
DPS (€)	7.31	1.50	1.50	1.77	2.75	3.47
FCF (€m)	16.00	50.89	-20.69	12.07	37.82	44.88
Net gearing	88.3%	36.9%	64.0%	60.4%	40.5%	27.7%
Liquid assets (€m)	7.60	8.94	9.68	8.68	8.87	4.37

RISKS

Risks include, but are not limited to: supply chain, labour, macro-economic, competitive, regulatory factors

COMPANY PROFILE

Knaus Tabbert AG manufactures vehicles for the European leisure vehicle industry. One of the industry's top 3 players, Knaus Tabbert participates in all vehicle segments: caravans, motorhomes, camper vans and luxury motorhomes. The company has four manufacturing facilities, of which three are undergoing expansion to keep pace with thriving demand.

MARKET DATA

As of 25 Apr 2022

Closing Price	€ 41.50
Shares outstanding	10.38m
Market Capitalisation	€ 430.65m
52-week Range	€ 40.05 / 72.70
Avg. Volume (12 Months)	4,145

Multiples	2021	2022E	2023E
P/E	16.6	11.7	7.6
EV/Sales	0.6	0.5	0.4
EV/EBIT	13.5	9.2	6.1
Div. Yield	3.6%	4.3%	6.6%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 9.68m
Current Assets	€ 190.96m
Intangible Assets	€ 18.05m
Total Assets	€ 344.65m
Current Liabilities	€ 179.01m
Shareholders' Equity	€ 133.88m

SHAREHOLDERS

Willem Paulus de Punder	37.6%
Catalina Capital Ptnrs B.V.	25.1%
Caledonia Private Investmt	5.5%
T Rowe Price	5.0%
Free Float	23.6%



BREAKING DOWN 2021 RESULTS

Table 1: Performance vs 2021 guidance and prior year

	Unit	2020	2021	Guidance*
Revenue growth	%	1.8	8.6	7.0
Revenue	€m	795	863	850
AEBITDA margin	%	8.5	7.0	~7.0
*Updated November 2021				

Source: First Berlin Equity Research; Knaus Tabbert AG

Flexible workforce helps compensate for supply chain issues Knaus Tabbert reported 9% annualised sales growth to €863m (2020: €795m), thanks to production flexibility that allowed management to pivot assembly lines away from motorhomes and van conversions to caravans, which do not require engines. On a quarterly basis, KPIs were close to FBe but were unable to match the prior earnings performance, due to the discussed roadblocks.

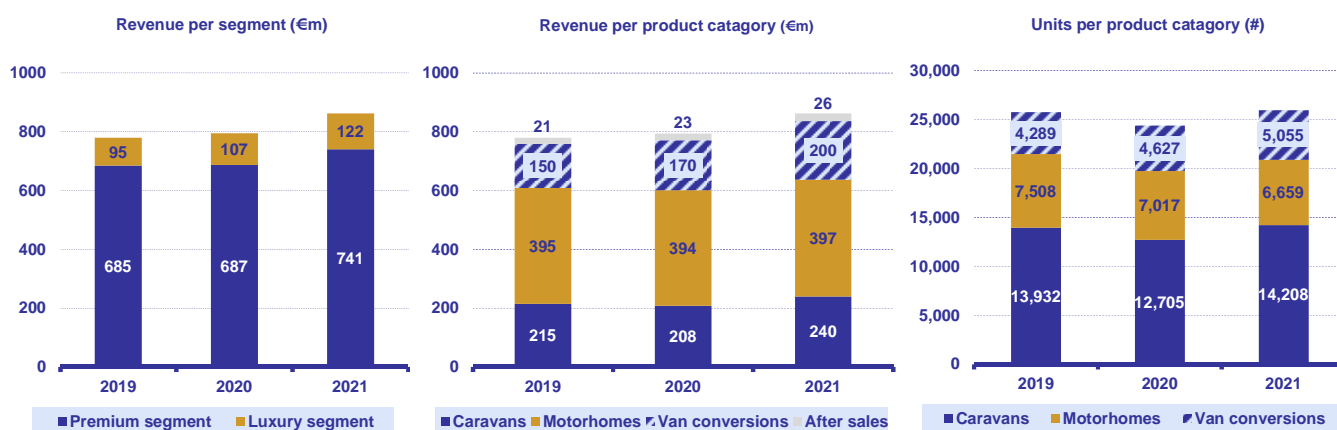
Table 2: 2021 results vs prior year and FBe

All figures in €m	Q4/21	Q4/21E	variance	Q4/20	variance	2021	2020	variance
Revenue	228	226	1%	222	3%	863	795	9%
Gross profit	63	62	2%	69	-8%	261	245	7%
Margin	27.7%	27.5%	-	31.0%	-	30.3%	30.8%	-
EBITDA	14	14	2%	20	-28%	59	66	-10%
Margin	6.2%	6.1%	-	8.8%	-	6.9%	8.3%	-
AEBITDA	14	14	2%	20	-30%	61	68	-10%
Margin	6.3%	6.2%	-	9.2%	-	7.0%	8.5%	-

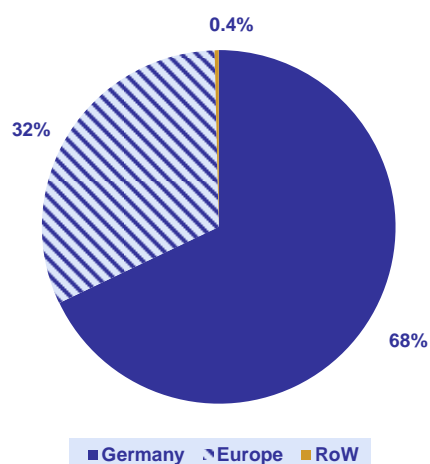
Source: First Berlin Equity Research; Knaus Tabbert AG

However, KPIs for the underlying segments showed continued growth led by a 13.7% increase in Luxury segment sales with 501 vehicles sold (2020: 452; +11%). The Premium segment was up 7.8% on an annualised basis, and this was spearheaded by the Camper Vans product category, which notched 17% growth.

Table 3: 2021 sales KPIs



Source: First Berlin Equity Research; Knaus Tabbert AG

Figure 1: Sales by region in 2021

Source: First Berlin Equity Research; Knaus Tabbert AG

BALANCE SHEET AND CASH FLOW

Total assets climbed to €345m owing chiefly to property, plant, and equipment investments that included some €36.6m into capacity for the Premium segment—Jandelsbrunn (Germany) and Nagyoroszi (Hungary)—and another €4.6m in the Luxury segment in Schlüsselfeld. Intangible investments (€4.6m) mainly entailed the new development of caravans and motorhomes, including work on the Knaus E-Power Drive electric motorhome. Current assets increased ~18% Y/Y to €191m led by a €21m rise in inventories traced to the significant increase in unfinished vehicles which could not be invoiced by YE21.

Table 4: Financial highlights

All figures in €m	2021	2020	variance
Cash & liquid assets	10	9	8%
Financial debt (short- and long-term)	95	55	75%
Net debt	86	46	88%
Total assets	345	286	21%
Total equity	134	124	8%
Equity ratio	39%	43%	-
Net gearing	64%	37%	-
Net debt / EBITDA	1.4x	0.7x	-

Source: First Berlin Equity Research; Knaus Tabbert AG

Knaus Tabbert ended the year with cash and equivalents of €9.7m, but net debt increased sharply to €86m. The repayment of long-term bank debt was offset by an increase in ST loans from banks to finance the aforementioned inventory build-up and investments in buildings and equipment. The net debt / EBITDA ratio stood at a comfortable 1.4x, and the company met all financial covenants. We also note that a syndicated loan agreement was extended with a total volume of €190m of which €85m had been drawn down.

Shareholders' equity was up 8% on the year to €134m equal to a 39% equity ratio. The company booked €26m in net profit for the year and will propose a €1.5 per share dividend to the AGM on 25 May 2022.

Table 5: Cash flow KPIs

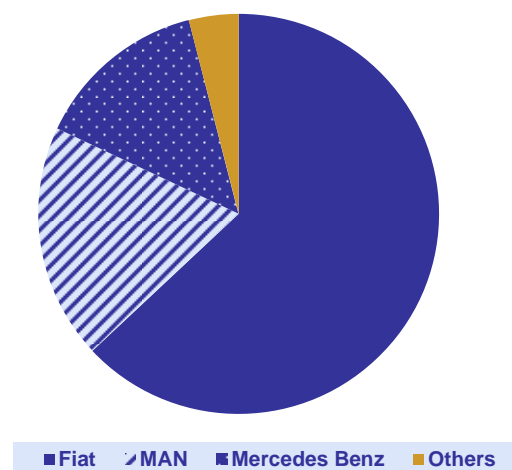
All figures in EURm	2021	2020	variance
Net operating cash flow	27	71	-62%
Cash flow from investing	-48	-20	n.a.
Cash flow from financing	21	-50	n.a.
Net cash flows	0	1	n.a.
Free cash flow (FCF)	-21	51	n.a.
FCFPS (€)	-2.0	4.9	n.a.

Source: First Berlin Equity Research; Knaus Tabbert AG

Operating cash flow tallied €27m in 2021 (2020: €71m). The decline was occasioned by higher working capital consumption from the inventory build-up related to unfinished vehicles, which could not be offset by a slight rise in liabilities to suppliers. Factoring in the investments, FCF totalled €-21m for 2021, while cash flow from financing amounted to €21m leading to net cash flows of €0m for the year.

THE ROAD AHEAD

De-risking the supply chain Historically, over 90% of all motorised vehicles at Knaus Tabbert were assembled using the Fiat Ducato chassis, and management have taken steps to diversify the chassis supplier base. In February, Mercedes Benz was added to the procurement mix, and the company plans to add a further supplier in H2 to reduce the overreliance on Fiat (figure 2).

Figure 2: Targeted chassis supplier mix for 2022

Source: First Berlin Equity Research; Knaus Tabbert AG



Updated forecasts and guidance Given the current market environment management want to monitor market developments before providing a quantitative outlook but currently call for “significant improvements in revenue, adj. EBITDA (AEBITDA), and AEBITDA margin” in 2022. Price increases towards the Knaus Tabbert dealers are planned in a range of 6% to 8% and should more than offset higher input costs. The company hinted at more specific guidance later in 2022.

Table 6: Changes to forecasts and target price

	old	new	revision	upside	dividend yield	total return
Price target (€)	95.0	87.0	-8.4%	109.6%	3.6%	113.3%
All figures in €m	2022E			2023E		
	old	new	revision	old	new	revision
Revenue	1,014	1,040	2.6%	1,240	1,254	1.1%
EBITDA	70	80	14.1%	109	113	3.5%
Margin (%)	6.9%	7.7%	-	8.8%	9.0%	-
EBIT	49	56	14.0%	83	84	1.4%
Margin (%)	4.9%	5.4%	-	6.7%	6.7%	-

Source: First Berlin Equity Research estimates

Our updated forecasts now factor in: (1) a bump-up in pricing in line with management comments; (2) an adjustment in gross margin assumptions to reflect better than expected 2022 performance; and (2) operating costs realigned to current market conditions and expanded capacity. These changes mainly impact near term forecasts, which had previously considered overly harsh pandemic effects for 2022. We have also increased our WACC estimate to 9.9% (old: 9.5%) to account for the recent jump in 10 year German bond yields and lingering supply chain risks. The increases in our 2022 estimates are outweighed by the higher WACC, and our updated DCF model yields a €87 target price (old: €95). We remain Buy-rated on KTA.



VALUATION MODEL

In EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Sales	1,040,104	1,253,738	1,401,552	1,557,171	1,716,602	1,877,850	1,998,351	2,115,647
NOPLAT	39,838	59,950	74,440	87,050	101,346	115,741	124,937	134,295
(+) depreciation & amortisation	23,978	28,274	30,957	36,042	40,701	46,998	53,452	60,001
Net operating cash flow	63,816	88,224	105,398	123,093	142,047	162,739	178,389	194,296
(-) Total investments (CAPEX and WC)	-55,682	-60,250	-67,473	-73,340	-88,589	-114,469	-127,072	-133,578
(-) Capital expenditures	-44,724	-53,911	-60,267	-66,958	-73,814	-99,526	-115,904	-122,708
(-) Working capital	-10,957	-6,340	-7,206	-6,381	-14,775	-14,943	-11,167	-10,870
Free cash flow s (FCF)	8,134	27,974	37,925	49,753	53,458	48,270	51,317	60,718
PV of FCF's	7,626	23,858	29,426	35,119	34,328	28,198	27,272	29,356

In EUR '000	
PV of FCFs in explicit period	509,485
(+) PV of FCFs in terminal period	474,512
Enterprise value (EV)	983,997
(+) Net cash / (-) net debt	-85,708
(+) Investments / minority interests	0
Shareholder value	898,289
Fair value per share (€)	87.0

WACC	Terminal EBIT margin							
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
	6.9%	134.97	144.94	154.92	164.89	174.86	184.84	194.81
	7.9%	107.80	115.03	122.26	129.49	136.72	143.95	151.18
	8.9%	88.53	93.93	99.33	104.74	110.14	115.54	120.94
	9.9%	74.18	78.31	82.44	86.57	90.70	94.82	98.95
	10.9%	63.11	66.32	69.53	72.74	75.95	79.16	82.37
	11.9%	54.33	56.86	59.39	61.92	64.45	66.98	69.51
	12.9%	47.21	49.23	51.24	53.26	55.28	57.29	59.31

Cost of equity	11.3%
Pre-tax cost of debt	4.5%
Tax rate	29.0%
After-tax cost of debt	3.2%
Share of equity capital	83.0%
Share of debt capital	17.0%
WACC	9.9%

WACC	Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
	6.9%	137.84	145.33	154.21	164.89	177.99	194.42	215.66
	7.9%	112.36	117.24	122.89	129.49	137.30	146.71	158.24
	8.9%	93.35	96.67	100.43	104.74	109.71	115.53	122.42
	9.9%	78.72	81.04	83.64	86.57	89.89	93.69	98.08
	10.9%	67.18	68.84	70.69	72.74	75.04	77.62	80.55
	11.9%	57.88	59.10	60.44	61.92	63.55	65.36	67.39
	12.9%	50.27	51.18	52.18	53.26	54.45	55.75	57.20

*Please note our model runs through 2036 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	780	795	863	1,040	1,254	1,402
Cost of goods sold	-565	-558	-625	-727	-876	-978
Gross profit	232	245	261	313	377	423
Personnel expenses	-108	-111	-127	-151	-178	-198
Other OpEx	-66	-71	-78	-87	-92	-95
Other income	6	3	3	5	5	6
EBITDA	64	66	59	80	113	136
Depreciation & amortisation	-18	-19	-21	-24	-28	-31
Operating income (EBIT)	46	47	38	56	84	105
Net financial result	-2	-2	-1	-4	-4	-4
Other financial result	0	0	0	0	0	0
Pre-tax income (EBT)	44	44	37	52	80	101
Income taxes	-13	-13	-11	-15	-23	-29
Minority interests	0	0	0	0	0	0
Net income / loss	31	31	26	37	57	72
Diluted EPS (in €)	6.3	7.6	2.5	3.5	5.5	6.9
AEBITDA	65	68	61	79	112	135
Ratios						
Gross margin	29.8%	30.8%	30.3%	30.1%	30.1%	30.2%
EBITDA margin on revenues	8.2%	8.3%	6.9%	7.7%	9.0%	9.7%
EBIT margin on revenues	5.9%	5.9%	4.4%	5.4%	6.7%	7.5%
AEBITDA margin on revenues	8.3%	8.5%	7.0%	7.6%	8.9%	9.6%
Net margin on revenues	4.0%	3.9%	3.0%	3.5%	4.5%	5.1%
Tax rate	0.0%	28.7%	28.9%	29.9%	28.9%	28.9%
Expenses as % of revenues						
Personnel expenses	13.9%	14.0%	14.8%	14.5%	14.2%	14.1%
Other OpEx	8.4%	8.9%	9.0%	8.4%	7.3%	6.8%
Depreciation & amortisation	2.4%	2.4%	2.4%	2.3%	2.3%	2.2%
Y-Y Growth						
Revenues	-	1.8%	8.6%	20.6%	20.5%	11.8%
Operating income	-	1.5%	-17.6%	46.2%	50.5%	24.2%
Net income/ loss	-	0.5%	-17.3%	41.8%	55.2%	26.4%



BALANCE SHEET

All figures in EURm	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	186	161	191	213	230	240
Cash and equivalents	8	9	10	9	9	4
Other ST assets	20	16	24	24	25	25
Trade receivables	37	11	7	23	27	31
Inventories	120	124	145	151	163	174
Tax receivables	1	2	6	6	6	6
Non-current assets, total	125	124	154	175	200	230
Property, plant and equipment	106	103	131	149	172	199
Intangible assets	15	16	18	20	23	25
Deferred tax assets	3	3	3	3	3	3
Other LT assets	1	2	2	2	2	2
Total assets	311	286	345	387	430	470
Shareholders' equity & debt						
Current liabilities, total	172	128	179	130	137	132
Trade payables	47	35	38	50	60	67
ST debt	82	49	93	30	17	0
Provisions	4	6	8	8	8	8
Other current liabilities	38	37	40	43	51	57
Long-term liabilities, total	41	34	32	102	100	100
LT provisions	12	13	14	14	14	14
LT debt	12	6	2	72	70	70
Deferred tax	7	7	8	8	8	8
Other non-current liabilities	9	9	8	8	8	9
Shareholders' equity	98	124	134	155	194	237
Total consolidated equity and debt	311	286	345	387	430	470
Ratios						
Current ratio (x)	1.1	1.3	1.1	1.6	1.7	1.8
Quick ratio (x)	0.4	0.3	0.3	0.5	0.5	0.5
Equity ratio	32%	43%	39%	40%	45%	50%
Net debt / (net cash)	87	46	86	94	78	66
Net gearing	88%	37%	64%	60%	41%	28%
Return on equity (ROE)	32%	25%	19%	24%	29%	30%
Capital employed (CE)	231	219	262	294	326	362
Return on capital employed (ROCE)	20%	21%	15%	19%	26%	29%



CASH FLOW STATEMENT

All figures in EURm	2019	2020	2021	2022E	2023E	2024E
Net income	31	31	26	37	57	72
Depreciation & amortisation	18	19	21	24	28	31
Change to LT accruals	1	3	2	0	0	0
Other non-cash items	1	0	1	3	9	6
Asset disposals	-1	1	0	0	0	0
Income tax	12	12	11	15	23	29
Net interest expense	2	2	1	4	4	4
Operating cash flow	65	69	63	83	121	142
Change in working capital	-11	11	-24	-11	-6	-7
Tax paid	-10	-10	-11	-15	-23	-29
Net operating cash flow	44	71	27	57	92	105
CapEx	-25	-14	-41	-36	-44	-49
Proceeds from disposals	4	0	0	0	0	0
Investments in intangible assets	-7	-6	-7	-8	-10	-11
Interest income	0	0	0	0	0	0
Cash flow from investing	-28	-20	-48	-45	-54	-60
Equity inflow, net	0	25	0	0	0	0
Debt inflow, net	4	-39	41	7	-15	-17
Interest paid	-2	-3	-1	-4	-4	-4
Dividend paid to shareholders	-15	-30	-16	-16	-18	-29
Other financial cash flow	-3	-3	-3	0	0	0
Cash flow from financing	-16	-50	21	-13	-38	-49
Net cash flows	0	1	0	-1	0	-4
Cash, start of the year	1	2	3	3	2	2
Cash, end of the year	2	3	3	2	2	-2
Free cash flow (FCF)	16	51	-21	12	38	45
FCF/share (in €)	1.5	4.9	-2.0	1.2	3.6	4.3

Y-Y Growth

Operating cash flow	-	61.0%	-61.7%	108.8%	61.5%	14.6%
Free cash flow	-	218.1%	n.m.	n.m.	213.4%	18.7%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	13 January 2022	€57.00	Buy	€95.00
2	28 February 2022	€48.60	Buy	€95.00
3	Today	€41.50	Buy	€87.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles

- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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