

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

 Q1/22
 update
RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 87.00**

142.3%

High

LIGHT AT THE END OF THE TUNNEL

First quarter reporting was close to our targets and, as expected, below the prior year figures, due to ongoing supply bottlenecks of motorised chassis. The order backlog remained high at €1.3bn, thanks to order intake of some 6k units in Q1. The production mix still favours caravans to mitigate the chassis bottlenecks, which led to the lower Y/Y profitability, and management still see supply roadblocks clearing in H2. An improving supplier mix and expected higher chassis delivery volumes from Mercedes and MAN underpin this optimism. We maintain our Buy rating and €87 target price.

Supply chain snarl-ups still holding back operations . . . Management remain cautiously optimistic in their outlook signalling that Q2 will still be burdened by chassis shortages with current visibility of only 2 to 3 weeks. The chassis shortage resulted in "stop-and-go" production, which hurt Q1 profitability and carried over into Q2. The company has done a good job in pivoting production towards a higher caravan mix, which saw a 45% Y/Y increase to help offset the 35% and 50% respective declines in high-end motorhomes and vans. Due to still low visibility, management again did not quantify the 2022 outlook but confirmed March guidance calling for "significant revenue growth before price increase effects. The company also expects AEBITDA and the AEBITDA margin "to improve moderately in line with the targeted revenue growth and the resulting economies of scale".

. . . but there is light at the end of the tunnel KTA shares are down some 35% YTD having been hit by the one-two punch of bruising market sell-offs and the discussed operational constraints. But a record high order backlog (€1.3bn), an improving supplier mix (figure 1 overleaf), and unbridled demand in the caravanning sector—"2023 models are already sold-out"—are reasons for optimism that the share price will bounce back. Nevertheless, stock market whiplash has shaken investors' confidence, and we don't. . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	780.39	794.59	862.62	1,040.10	1,253.74	1,401.55
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 booming demand.

MARKET DATA

As of 11 May 2022

Closing Price	€ 35.90
Shares outstanding	10.38m
Market Capitalisation	€ 372.53m
52-week Range	€ 35.90 / 69.10
Avg. Volume (12 Months)	4,215

Multiples	2021	2022E	2023E
P/E	14.4	10.1	6.5
EV/Sales	0.5	0.4	0.4
EV/EBIT	11.9	8.1	5.4
Div. Yield	4.2%	4.9%	7.7%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2021

Liquid Assets	€ 17.40m
Current Assets	€ 230.00m
Intangible Assets	€ 22.00m
Total Assets	€ 409.30m
Current Liabilities	€ 228.20m
Shareholders' Equity	€ 140.20m

SHAREHOLDERS

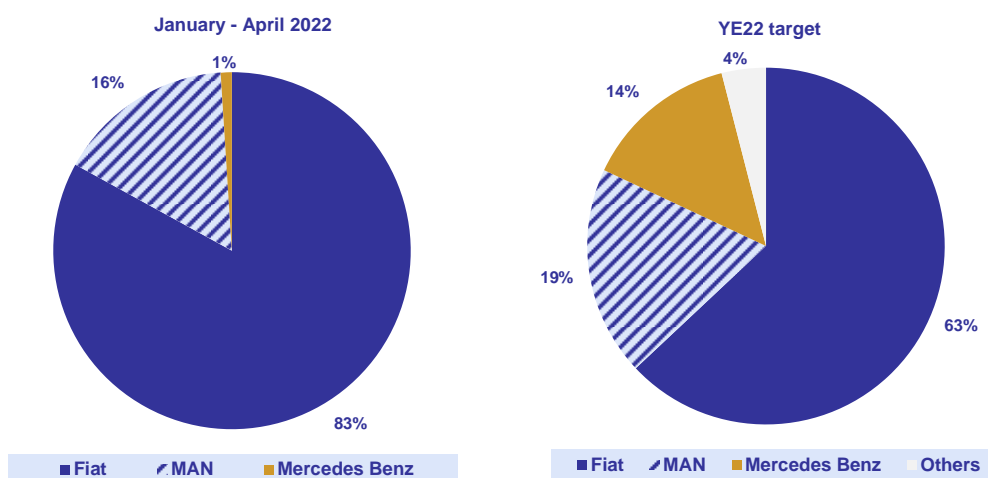
Willem Paulus de Pundert	37.6%
Catalina Capital Ptnrs B.V.	25.1%
Caledonia Private Investmt	5.5%
T Rowe Price	5.0%
Free Float	23.6%



... expect sentiment to improve until there is *visible evidence* that chassis bottlenecks are indeed clearing. A well-entrenched brand should also help separate KTA from the caravanning pack. According to The Caravanning Industry Association; Knaus Tabbert's Knaus, Weinsberg, and Tabbert brands control a 25% market share of its domestic caravanning market.

The upshot If the company can secure enough motorised chassis to convert its sizeable backlog into sales and take advantage of the resilient caravanning market, operational performance should begin to be reflected in the share price.

Figure 1: Supply chain mix developments



Source: First Berlin Equity Research; Knaus Tabbert AG

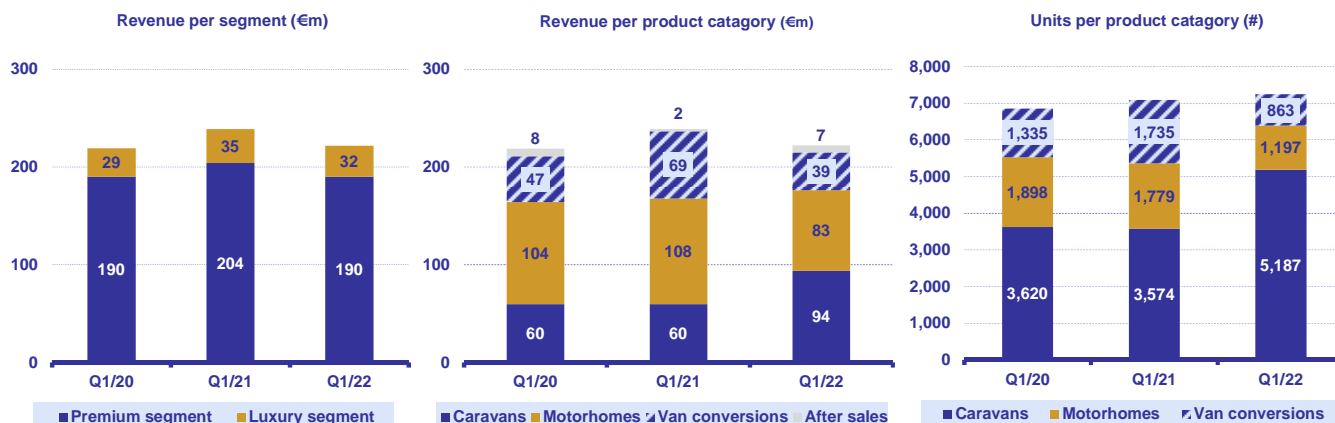
FIRST QUARTER RESULTS

Table 1: First quarter results vs FBe and prior year

All figures in €m	Q1/22	Q1/22E	variance	Q1/21	variance
Revenue	222.3	235.2	-5%	238.9	-7%
Gross profit	66.1	67.0	-1%	74.9	-12%
Margin	29.7%	28.5%	-	31.4%	-
EBITDA	16.2	15.5	5%	27.6	-41%
Margin	7.3%	6.1%	-	11.6%	-
AEBITDA	16.2	15.8	3%	28.1	-42%
Margin	7.3%	6.7%	-	11.8%	-

Source: First Berlin Equity Research; Knaus Tabbert AG

Topline development Knaus Tabbert reported a 7% annualised decline in sales to €222m (Q1/21: €239m), owing to aforementioned production constraints, which the flexible production mix could not compensate for. First quarter deliveries totalled 7k vehicles, and the company recorded order intake of around 6k units, on the back of still strong demand.

Figure 2: First quarter turnover KPIs

Source: First Berlin Equity Research; Knaus Tabbert AG

Prioritising long-term growth Q1 profitability was much lower Y/Y, due in part to hard prior year comps that benefited from a more normalised business environment. The company has also chosen not to compromise its medium and long-term growth targets to boost short-term profitability. This meant that personnel expenses rose 2.7% Y/Y despite revenue contraction. Knaus Tabbert has retained a surplus of qualified staffing, so that it can quickly exploit its high order backlog once material bottlenecks ease.

Table 2: Financial highlights

All figures in €m	Q1/22	2021	variance
Cash & liquid assets	17	10	80%
Financial debt (short- and long-term)	102	95	7%
Net debt	85	86	-1%
Total assets	409	345	19%
Total equity	140	134	5%
Equity ratio	34%	39%	-
Net gearing	60%	64%	-
Net debt / EBITDA	1.6x	1.4x	-

Source: First Berlin Equity Research; Knaus Tabbert AG

On the balance sheet, property, plant, and equipment line item is up 15% YTD, owing to capacity investments at the Jandelsbrunn (Germany), Schüsselfeld, and Nagyoroszi (Hungary) production sites. Total equity edged up 5% on the back of the positive net income, but the equity ratio dipped five percentage points to 34%, due to the 19% increase in the size of the balance sheet.

Table 3: Cash flow overview

All figures in €m	Q1/22	Q1/21	variance
Net operating cash flow	26	37	-28%
Cash flow from investing	-22	-5	n.a.
Cash flow from financing	3	-30	n.a.
Net cash flows	8	2	420%
Free cash flow (FCF)	5	31	-85%
FCFPS (€)	0.44	3.03	-85%

Source: First Berlin Equity Research; Knaus Tabbert AG



Positive free cash flow for the period Operating cash flow tallied €26m in Q1/22 (Q1/21: €37m). The decline was occasioned by lower net income. Cash flow from investing amounted to €-22m and is traced to the aforementioned capacity investments in the Premium and Luxury segments. FCF totalled €5m for the period, while cash flow from financing amounted to €3m leading to net cash flows of €8m for the first quarter.

VALUATION MODEL

First quarter results were close to our forecast, and we leave our full year targets unchanged. We remain Buy-rated on Knaus Tabbert with an €87 target price.

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 flows (FCF)	8,134	27,974	37,925	49,753	53,458	48,270	51,317	60,718
PV of FCF's	7,658	23,958	29,548	35,264	34,470	28,315	27,386	29,478

In EUR '000	
PV of FCFs in explicit period	511,602
(+) PV of FCFs in terminal period	476,484
Enterprise value (EV)	988,086
(+) Net cash / (-) net debt	-85,708
(+) Investments / minority interests	0
Shareholder value	902,378
Fair value per share (€)	87.0

		Terminal EBIT margin						
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
WACC	6.9%	135.39	145.39	155.40	165.40	175.40	185.40	195.41
	7.9%	108.18	115.44	122.69	129.95	137.20	144.46	151.71
	8.9%	88.89	94.32	99.74	105.16	110.58	116.01	121.43
	9.9%	74.53	78.67	82.82	86.96	91.11	95.25	99.40
	10.9%	63.44	66.66	69.89	73.11	76.33	79.56	82.78
	11.9%	54.64	57.18	59.72	62.27	64.81	67.35	69.89
	12.9%	47.51	49.53	51.56	53.59	55.61	57.64	59.67

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%

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	6.9%	138.27	145.78	154.69	165.40	178.53	195.02	216.32
	7.9%	112.76	117.66	123.33	129.95	137.79	147.23	158.79
	8.9%	93.73	97.06	100.84	105.16	110.16	115.99	122.91
	9.9%	79.08	81.42	84.02	86.96	90.30	94.11	98.52
	10.9%	67.52	69.19	71.05	73.11	75.41	78.01	80.96
	11.9%	58.21	59.44	60.78	62.27	63.91	65.73	67.77
	12.9%	50.59	51.50	52.50	53.59	54.78	56.09	57.55

*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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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	26 April 2022	€41.50	Buy	€87.00
10	Today	€35.90	Buy	€87.00

INVESTMENT HORIZON

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

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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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