

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 77.00**

172.1%

High

2022 CARAVAN SALON IMPRESSIONS

We recently attended the Caravan Salon 2022 in Düsseldorf to get a first-hand look at the latest RVs—including the 18 new models rolled out by Knaus Tabbert, take the pulse of the industry, and meet with KTA management. That new generations are embracing the caravanning lifestyle is not mere industry marketing buzz, as evidenced by the multi-generational crowds. We think Knaus Tabbert is set to be a dominant player in the European motorhome, camper van, and towed caravan segments with an unrivalled variety of brands for all ages and budgets. Management also shared their experiences in meeting the various challenges of the past 12 months, while keeping focus on long-term targets and profit recovery. We are Buy-rated on KTA with a €77 TP.

Momentum building for a good H2 Aside from touring the Caravan Salon halls, we had a chance to sit down with management to discuss the operational adversity of the past year and the task of restoring investor sentiment. Investors generally see the current industry boom but remain sceptical about a production rebound and are unconvinced by KTA's margin upside. After speaking with Messieurs Speck (CEO) and Hundsdorf (CFO), we are confident a turnaround will start to become visible in H2 after learning that: (1) KTA's production lines are running extra shifts, while many rivals are still idling capacity; (2) KTA production lots are beginning to fill up with delivered chassis from its new suppliers; and (3) that the bold decision to keep workers on during the margin squeeze will pay off with higher production volumes and yes better margins. It also became even clearer how important the right staff is to KTA's culture and its ability to innovate and deliver the quality customers expect. Thus, the option to let workers go to boost short-term profitability and then rehire and train new hands in a tight labour market made no sense.

Not just for pensioners and the middle-aged The RV industry now makes cool, agile models aimed at younger travellers, who covet bohemian, go-anywhere lifestyles. Type #VanLife into Instagram and... (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	36.45	82.73	102.44
EBIT margin	5.9%	5.9%	4.4%	3.5%	6.6%	7.3%
Net income (€m)	31.17	31.33	25.90	22.57	54.68	69.10
EPS (diluted) (€)	6.30	7.63	2.50	2.17	5.27	6.66
DPS (€)	7.31	1.50	1.50	1.10	2.60	3.30
FCF (€m)	16.00	50.89	-20.69	-65.63	77.32	32.05
Net gearing	97.6%	44.1%	70.2%	127.8%	65.2%	53.1%
Liquid assets (€m)	7.60	8.94	9.68	30.72	75.80	58.29

RISKS

Risks include, but are not limited to: supply chain, labour, macro-economic, competitive, and 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 flourishing demand.

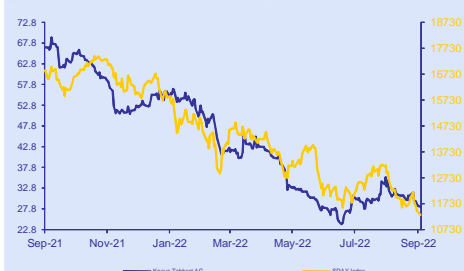
MARKET DATA

As of 19 Sep 2022

Closing Price	€ 28.30
Shares outstanding	10.38m
Market Capitalisation	€ 293.67m
52-week Range	€ 24.10 / 69.10
Avg. Volume (12 Months)	6,195

Multiples	2021	2022E	2023E
P/E	11.3	13.0	5.4
EV/Sales	0.5	0.4	0.3
EV/EBIT	11.2	11.8	5.2
Div. Yield	5.3%	3.9%	9.2%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2022

Liquid Assets	€ 11.35m
Current Assets	€ 279.22m
Intangible Assets	€ 21.93m
Total Assets	€ 462.74m
Current Liabilities	€ 197.78m
Shareholders' Equity	€ 125.81m

SHAREHOLDERS

H.T.P. Investments1 B.V.	38.0%
Catalina Capital Ptnrs B.V.	25.0%
Free Float	37.0%

. . . nearly 14m posts appear often featuring images of pristine landscapes, some form of camper-van resembling a studio apartment on wheels, a 20-something single or couple, and an accessory dog. While social media influencers spread the RV-lifestyle gospel, a lucrative segment catering to younger caravaners has blossomed, and Knaus has a number of brands and models for this demographic. This now includes a camper van based on the iconic VW Bulli unveiled at the trade show. Production is set to kick off this fall, and if the accompanying buzz in Düsseldorf is any indication, the new VW T6.1 models promise to be a big hit in the 2023 season.

Figure 1: TOURER CUV based on the VW T6.1



Source: Knaus Tabbert AG

Then for the well-heeled, there is the Morelo Modern motorhomes are impressive, leather-upholstered land yachts fitted with flat-screen televisions, hard wood flooring, and espresso machines, making them the perfect vessels to explore the European continent. These are typically equipped with a bedroom, a kitchen and a bathroom that match the luxury and feel of a five star hotel. Then for those who want to bring along their Porsche, several models even feature a rear garage.

Figure 2: Morelo with rear garage



Source: Knaus Tabbert AG

Looking around the trade show, no other motorhomes embodied these state-of-the-art comforts quite like the Morelo. The luxury mobile home maker dominates the segment with a > 50% market share (502 vehicles sold in 2021) and had a full array of vessels on display in Düsseldorf. Guided by the well-versed Morelo staff, we got an eye-opening look at their line of RVs, and it became clear why the company champions the luxury segment.

With price tags of up to €1 million, the Morelo is reserved for the well-heeled, but that doesn't mean it has a limited target market. Morelo's order books are full, capacity is running at full throttle, and customers have no problem waiting 12-18 months to take delivery.

Trailblazing electromobility Several KTA innovations, such as the new KNAUS AZUR with its self-healing membrane as well as the E.POWER DRIVE, were also on display in Düsseldorf. We asked management about the status of an all-electric motorhome. They confirmed that KTA is making steady headway in this area and that commercialisation of e-campers remains a high strategic priority.

All-electric camper vans have been slow to materialise on the roads as major producers race to solve range limitations. In June, US motorhome giant, Winnebago, completed a 1,380-mile (2,220km) journey with its e-RV, but this test trip required hour-long recharges roughly every two hours. Despite steady industry progress, we reckon commercial e-campers are still a few years away, but we expect Knaus to remain among the e-RV trailblazers.

Figure 3: Knaus E.POWER DRIVE



Source: Knaus Tabbert AG

Who needs Mallorca? The pandemic pushed more travellers to try out the van life, especially with renting more accessible, which Knaus is also capitalising on with its RENT AND TRAVEL platform. Meanwhile, getaways to popular summer spots like Mallorca and Ibiza were often associated with serpentine security queues at airports, last-minute flight cancellations, and misplaced luggage this past summer. Plus, the normalisation of remote working is allowing digital-nomads to hit the road. All of these factors point to prolonged tailwinds for the industry.



VALUATION MODEL

Meeting KTA management reinforced our convictions that the company is close to rebound in profitability, while touring the trade fair improved our confidence in consumer's willingness to stump up for big-ticket items even with recession worries mounting. We remain Buy-rated on KTA with a €77 TP.

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	25,881	58,737	72,729	85,340	99,635	115,507	123,457	132,815
(+) depreciation & amortisation	28,034	29,983	33,367	38,452	43,110	47,328	55,537	62,085
Net operating cash flow	53,915	88,720	106,097	123,791	142,746	162,835	178,993	194,900
(-) Total investments (CAPEX and WC)	-123,534	-21,700	-81,488	-73,340	-88,589	-114,469	-127,072	-131,555
(-) Capital expenditures	-94,649	-33,287	-74,282	-66,958	-73,814	-99,526	-115,904	-122,708
(-) Working capital	-28,884	11,587	-7,206	-6,381	-14,775	-14,943	-11,167	-8,847
Free cash flows (FCF)	-69,618	67,020	24,608	50,452	54,157	48,365	51,922	63,345
PV of FCFs	-67,691	58,993	19,609	36,396	35,368	28,594	27,790	30,693

In EUR '000	WACC	Terminal EBIT margin							
		7.9%	8.4%	8.9%	9.4%	9.9%	10.4%	10.9%	
PV of FCFs in explicit period	460,391	7.5%	119.07	127.73	136.39	145.04	153.70	162.36	171.02
(+) PV of FCFs in terminal period	437,329	8.5%	95.89	102.29	108.70	115.10	121.50	127.91	134.31
Enterprise value (EV)	897,719	9.5%	79.00	83.86	88.72	93.58	98.44	103.30	108.16
(+) Net cash / (-) net debt	-93,992	10.5%	66.17	69.93	73.69	77.45	81.21	84.98	88.74
(+) Investments / minority interests	0	11.5%	56.11	59.06	62.02	64.98	67.93	70.89	73.85
Shareholder value	803,727	12.5%	48.03	50.38	52.73	55.09	57.44	59.79	62.14
Fair value per share (€)	77.0	13.5%	41.41	43.30	45.19	47.08	48.97	50.87	52.76

	WACC	Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	12.0%	7.5%	122.91	129.14	136.42	145.04	155.42	168.15	184.12
Pre-tax cost of debt	4.5%	8.5%	100.66	104.82	109.59	115.10	121.54	129.17	138.34
Tax rate	29.0%	9.5%	83.76	86.64	89.89	93.58	97.80	102.68	108.38
After-tax cost of debt	3.2%	10.5%	70.55	72.61	74.90	77.45	80.33	83.60	87.34
Share of equity capital	83.0%	11.5%	60.01	61.51	63.15	64.98	67.01	69.27	71.83
Share of debt capital	17.0%	12.5%	51.43	52.54	53.76	55.09	56.55	58.17	59.97
WACC	10.5%	13.5%	44.35	45.19	46.09	47.08	48.16	49.34	50.65

*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	-166	-178	-198
Other OpEx	-66	-71	-78	-87	-92	-95
Other income	6	3	3	5	5	6
EBITDA	64	66	59	64	113	136
Depreciation & amortisation	-18	-19	-21	-28	-30	-33
Operating income (EBIT)	46	47	38	36	83	102
Net financial result	-2	-2	-1	-5	-6	-5
Other financial result	0	0	0	0	0	0
Pre-tax income (EBT)	44	44	37	32	77	97
Income taxes	-13	-13	-11	-9	-22	-28
Minority interests	0	0	0	0	0	0
Net income / loss	31	31	26	23	55	69
Diluted EPS (in €)	6.3	7.6	2.5	2.2	5.3	6.7
AEBITDA	65	68	61	65	114	137
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%	6.2%	9.0%	9.7%
EBIT margin on revenues	5.9%	5.9%	4.4%	3.5%	6.6%	7.3%
AEBITDA margin on revenues	8.3%	8.5%	7.0%	6.3%	9.1%	9.8%
Net margin on revenues	4.0%	3.9%	3.0%	2.2%	4.4%	4.9%
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%	16.0%	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%	2.7%	2.4%	2.4%
Y-Y Growth						
Revenues	-	1.8%	8.6%	20.6%	20.5%	11.8%
Operating income	-	1.5%	-17.6%	-5.0%	126.9%	23.8%
Net income/ loss	-	0.5%	-17.3%	-12.9%	142.3%	26.4%



BALANCE SHEET

All figures in EURm	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	186	161	191	253	297	294
Cash and equivalents	8	9	10	31	76	58
Other ST assets	20	16	24	24	25	25
Trade receivables	37	11	7	23	27	31
Inventories	120	124	145	169	163	174
Tax receivables	1	2	6	6	6	6
Non-current assets, total	125	124	154	220	224	265
Property, plant and equipment	106	103	131	195	196	234
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	473	521	559
Shareholders' equity & debt						
Current liabilities, total	172	128	179	130	137	147
Trade payables	47	35	38	50	60	67
ST debt	82	49	93	30	17	15
Provisions	4	6	8	8	8	8
Other current liabilities	38	37	40	43	51	57
Long-term liabilities, total	41	34	32	202	200	185
LT provisions	12	13	14	14	14	14
LT debt	12	6	2	172	170	155
Deferred tax	7	7	8	8	8	8
Other non-current liabilities	9	9	8	8	8	9
Shareholders' equity	98	124	134	141	184	226
Total consolidated equity and debt	311	286	345	473	521	559
Ratios						
Current ratio (x)	1.1	1.3	1.1	1.9	2.2	2.0
Quick ratio (x)	0.4	0.3	0.3	0.6	1.0	0.8
Equity ratio	32%	43%	39%	30%	35%	40%
Net debt / (net cash)	96	55	94	180	120	120
Net gearing	98%	44%	70%	128%	65%	53%
Net debt / EBITDA	1.5	0.8	1.6	2.8	1.1	0.9
Return on equity (ROE)	32%	25%	19%	16%	30%	31%
Capital employed (CE)	231	219	262	358	349	397
Return on capital employed (ROCE)	20%	21%	15%	10%	24%	26%



CASH FLOW STATEMENT

All figures in EURm	2019	2020	2021	2022E	2023E	2024E
Net income	31	31	26	23	55	69
Depreciation & amortisation	18	19	21	28	30	33
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	9	22	28
Net interest expense	2	2	1	5	6	5
Operating cash flow	65	69	63	67	121	142
Change in working capital	-11	11	-24	-29	12	-7
Tax paid	-10	-10	-11	-9	-22	-28
Net operating cash flow	44	71	27	29	111	106
CapEx	-25	-14	-41	-86	-23	-63
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	-95	-33	-74
Equity inflow, net	0	25	0	0	0	0
Debt inflow, net	4	-39	41	107	-15	-17
Interest paid	-2	-3	-1	-5	-6	-5
Dividend paid to shareholders	-15	-30	-16	-16	-11	-27
Other financial cash flow	-3	-3	-3	0	0	0
Cash flow from financing	-16	-50	21	87	-32	-50
Net cash flows	0	1	0	21	45	-18
Cash, start of the year	1	2	3	3	24	69
Cash, end of the year	2	3	3	24	69	52
Free cash flow (FCF)	16	51	-21	-66	77	32
FCF/share (in €)	1.5	4.9	-2.0	-6.3	7.5	3.1
Y-Y Growth						
Operating cash flow	-	61.0%	-61.7%	6.7%	281.1%	-3.9%
Free cash flow	-	218.1%	n.m.	n.m.	n.m.	-58.5%

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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...1	↓	↓	↓	↓
2	28 February 2022	€48.60	Buy	€95.00
3	26 April 2022	€41.50	Buy	€87.00
4	12 May 2022	€35.90	Buy	€87.00
5	9 June 2022	€30.10	Buy	€87.00
6	4 August 2022	€30.20	Buy	€77.00
7	11 August 2022	€31.30	Buy	€77.00
8	Today	€28.30	Buy	€77.00

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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/>

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