

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

 Capital Markets
 Day (CMD)

RATING

PRICE TARGET

Return Potential

Risk Rating

BUY

€ 75.00

46.5%

High

STRONG MOMENTUM TO CONTINUE

Knaus Tabbert hosted its Capital Markets Day in Bavaria that included: (1) a tour of its Jandelsbrunn production halls; (2) dinner with top brass and other senior team members; and (3) a detailed presentation outlining its “One Step Ahead” strategy. The latter highlighted a number of EV initiatives (ePower Drive), plus new caravan and motorhome models under development. Management also unveiled mid-term financial targets, underpinned by a 16% to 18% topline CAGR for 2023 to 2027, and are aiming to double sales to €2bn by YE27 with an EBITDA margin topping 10%. These are consistent with our positive outlook for KTA, and we also expect recent good business momentum to continue throughout 2023. Our TP moves to €75 (old: €71) on upticks to midterm FBe. We remain Buy-rated on KTA.

Expect good business momentum to continue Management struck a confident tone in talking about the supply chain issues and the ability to maintain the production mix seen during the past two quarters, which featured a higher motorhome mix. This gives us increased confidence in a strong earnings cadence throughout the year, and we will reassess 2023 FBe with H1 reporting in August. KTA now targets €2bn in sales for 2027, and we have bumped our mid-term targets towards this new topline guide. Supporting evidence for management's bright outlook comes from the CIVD (Caravanning Industry Association), an outfit that tracks such data, who see KTA as commanding leading market shares (overleaf) across several RV categories.

Other CMD highlights KTA is also straining to help Germany decarbonize its motorways with its ePower technology advancements for motorhomes and caravans. Recent progress was crystallised by a demonstration ride around the factory grounds in a hybrid motorhome prototype that now has a total range of 600km and weighs in at ~3.200kg. While there is still work to be done to boost performance metrics even further, at KTA it appears electric RVs are no longer a question of if, but when. The company is also rethinking its . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	794.59	862.62	1,049.52	1,237.69	1,367.84	1,514.34
Y-o-y growth	1.8%	8.6%	21.7%	17.9%	10.5%	10.7%
EBIT (€m)	46.56	38.39	45.47	73.88	98.28	115.35
EBIT margin	5.9%	4.4%	4.3%	6.0%	7.2%	7.6%
Net income (€m)	31.33	25.90	29.62	48.76	66.80	79.73
EPS (diluted) (€)	7.63	2.50	2.85	4.70	6.44	7.68
DPS (€)	1.50	1.50	1.40	2.30	3.20	3.80
FCF (€m)	50.89	-20.69	-69.89	13.58	101.14	40.97
Net gearing	44.1%	74.8%	136.1%	113.9%	59.6%	47.7%
Liquid assets (€m)	8.94	9.68	12.61	8.82	14.43	11.99

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 16 Jun 2023

Closing Price	€ 51.20
Shares outstanding	10.38m
Market Capitalisation	€ 531.30m
52-week Range	€ 24.10 / 53.00
Avg. Volume (12 Months)	8,095

Multiples	2022	2023E	2024E
P/E	17.9	10.9	8.0
EV/Sales	0.7	0.6	0.5
EV/EBIT	16.0	9.8	7.4
Div. Yield	2.7%	4.5%	6.3%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2023

Liquid Assets	€ 12.40m
Current Assets	€ 394.80m
Intangible Assets	€ 23.40m
Total Assets	€ 615.00m
Current Liabilities	€ 317.00m
Shareholders' Equity	€ 164.80m

SHAREHOLDERS

H.T.P. Investments1 B.V.	41.0%
Catalina Capital Ptnrs B.V.	25.0%
Free Float	34.0%

Figure 1: Motorhome assembly in Jandelsbrunn



Source: First Berlin Equity Research; Knaus Tabbert AG

. . . towed caravans by tackling weight and surface-area issues to accommodate Germany's growing EV community. Nearly 50% of all German passenger car registrations in 2022 featured alternative drives, and owners will want to hitch up their caravans without worrying about decreased ranges.

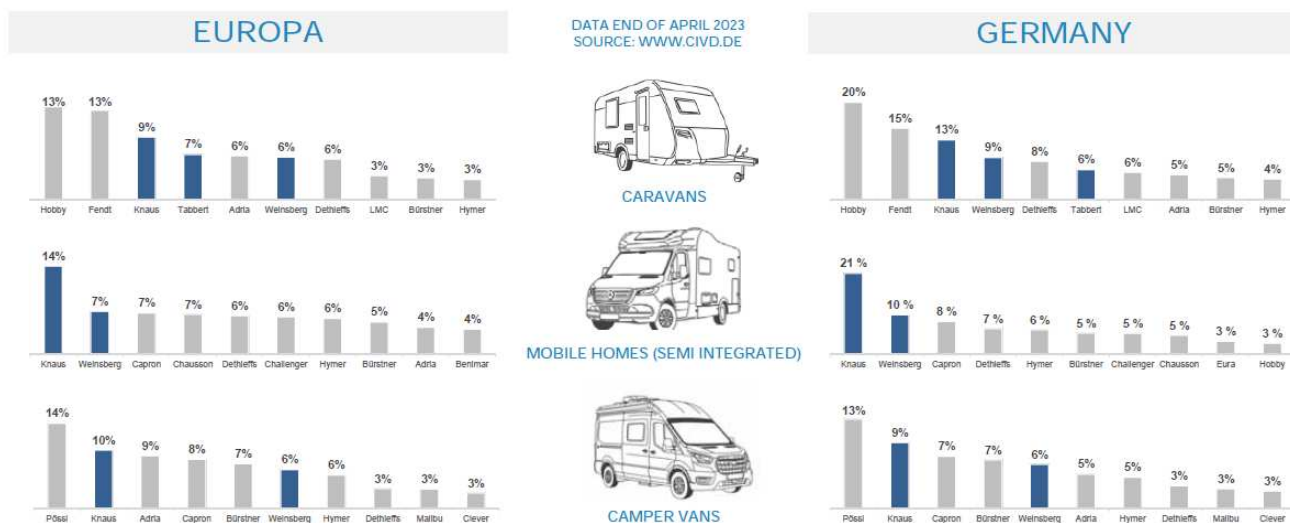
To address this, the KTA team introduced a new caravan that has shrunk ~14% externally and shed around 300kg (-18%) in weight to around 1,100kg. Importantly, this has not compromised the effective usable interior space. The new YASEO caravan will house 11.7m² of effective interior space, the *exact same* area as its bulkier predecessor.

This spatial slight-of-hand is particularly impressive and highlights the innovative drive and culture evident throughout the factory tour as well as the company's focus on solving problems lurking in the not so distant future with the proliferation of EVs.

Other operational notes We had a chance to visit with KTA's new financial boss over dinner to discuss her integration into the board, company expansion plans, and operational challenges in a still tricky macro environment. Ms Schürmann said chassis deliveries are quite satisfactory now thanks to the bolstered supplier portfolio and that the need for safety-stocks to guard against component shortages appears to be easing.

We also learned that capacity expansions are well on track including the second production line to double Morelo output by YE24. These coveted luxury cruisers remain the market leader in their category and still command delivery times between 24 to 36 months. Overall, management looks for unit production across all brands and models to top 44k vehicles by YE27.

Figure 2: Market share positioning ranked by CIVD



Source: First Berlin Equity Research; CIVD; Knaus Tabbert AG

VALUATION MODEL

Our target price moves to €75 (old: €71) on an uptick to our mid-term revenue forecasts towards the mid-term guide. We look for sales to top €1.8bn in 2027 vs KTA plans to double revenue to €2bn by then. But operations are just hitting their stride after a fiendishly challenging pandemic period, and we prefer to stay conservative for now. CMD reinforced our positive views on the company and its team, and we remain Buy-rated on KTA.

In EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales	1,237,690	1,367,842	1,514,344	1,675,087	1,843,414	1,955,295	2,065,223	2,156,195
NOPLAT	52,455	69,780	81,899	95,585	110,461	121,463	132,472	143,242
(+) depreciation & amortisation	29,467	31,779	36,492	40,831	46,582	52,716	58,972	63,508
Net operating cash flow	81,922	101,559	118,391	136,416	157,043	174,179	191,444	206,751
(-) Total investments (CAPEX and WC)	-61,764	-6,704	-84,055	-90,204	-113,620	-123,988	-128,151	-103,347
(-) Capital expenditures	-61,884	-58,817	-65,117	-72,029	-97,701	-113,407	-119,783	-92,716
(-) Working capital	121	52,113	-18,939	-18,175	-15,919	-10,580	-8,368	-10,631
Free cash flows (FCF)	20,158	94,856	34,335	46,213	43,423	50,191	63,293	103,404
PV of FCFs	19,008	80,130	25,985	31,331	26,375	27,311	30,854	45,157

In EUR '000	
PV of FCFs in explicit period	549,600
(+) PV of FCFs in terminal period	428,195
Enterprise value (EV)	977,796
(+) Net cash / (-) net debt	-199,996
(+) Investments / minority interests	0
Shareholder value	777,800
Fair value per share (€)	75.0

WACC	Terminal EBIT margin							
	8.6%	9.6%	10.6%	11.6%	12.6%	13.6%	14.6%	
8.6%	114.01	120.20	126.38	132.57	138.76	144.94	151.13	
9.6%	93.68	98.43	103.17	107.91	112.66	117.40	122.15	
10.6%	78.23	81.94	85.65	89.35	93.06	96.77	100.47	
11.6%	66.13	69.07	72.01	74.95	77.89	80.83	83.77	
12.6%	56.42	58.78	61.14	63.50	65.86	68.22	70.58	
13.6%	48.48	50.40	52.31	54.22	56.13	58.05	59.96	
14.6%	41.89	43.45	45.02	46.58	48.14	49.71	51.27	

Cost of equity	13.4%
Pre-tax cost of debt	4.5%
Tax rate	29.0%
After-tax cost of debt	3.2%
Risk free rate	2.4%
Terminal growth rate	2.0%
WACC	11.6%

WACC	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
8.6%	115.42	120.38	126.04	132.57	140.17	149.13	159.85	
9.6%	96.10	99.58	103.49	107.91	112.96	118.78	125.55	
10.6%	80.96	83.47	86.25	89.35	92.84	96.79	101.30	
11.6%	68.84	70.69	72.71	74.95	77.43	80.21	83.32	
12.6%	58.96	60.35	61.85	63.50	65.31	67.31	69.54	
13.6%	50.79	51.85	52.98	54.22	55.57	57.05	58.67	
14.6%	43.95	44.76	45.64	46.58	47.60	48.71	49.92	

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



INCOME STATEMENT

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Revenues	795	863	1,050	1,238	1,368	1,514
Cost of goods sold	-558	-625	-776	-890	-980	-1,085
Gross profit	245	261	296	348	388	429
Personnel expenses	-111	-127	-142	-152	-159	-172
Other OpEx	-71	-78	-91	-98	-104	-111
Other income	3	3	6	5	5	6
EBITDA	66	59	69	103	130	152
Depreciation & amortisation	-19	-21	-24	-29	-32	-36
Operating income (EBIT)	47	38	45	74	98	115
Net financial result	-2	-1	-4	-5	-4	-3
Other financial result	0	0	0	0	0	0
Pre-tax income (EBT)	44	37	42	69	94	112
Income taxes	-13	-11	-12	-20	-27	-32
Minority interests	0	0	0	0	0	1
Net income / loss	31	26	30	49	67	81
Diluted EPS (in €)	7.6	2.5	2.9	4.7	6.4	7.7
AEBITDA	68	61	70	104	131	153
Ratios						
Gross margin	30.8%	30.3%	28.2%	28.1%	28.3%	28.3%
EBITDA margin on revenues	8.3%	6.9%	6.6%	8.4%	9.5%	10.0%
EBIT margin on revenues	5.9%	4.4%	4.3%	6.0%	7.2%	7.6%
AEBITDA margin on revenues	8.5%	7.0%	6.7%	8.4%	9.6%	10.1%
Net margin on revenues	3.9%	3.0%	2.8%	3.9%	4.9%	5.3%
Tax rate	28.7%	28.9%	29.9%	29.1%	28.9%	28.9%
Expenses as % of revenues						
Personnel expenses	14.0%	14.8%	13.5%	12.3%	11.6%	11.3%
Other OpEx	8.9%	9.0%	8.7%	7.9%	7.6%	7.4%
Depreciation & amortisation	2.4%	2.4%	2.3%	2.4%	2.3%	2.4%
Y-Y Growth						
Revenues	1.8%	8.6%	21.7%	17.9%	10.5%	10.7%
Operating income	1.5%	-17.6%	18.5%	62.5%	33.0%	17.4%
Net income/ loss	0.5%	-17.3%	14.3%	64.6%	37.0%	20.9%



BALANCE SHEET

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Assets						
Current assets, total	161	191	344	301	257	277
Cash and equivalents	9	10	13	9	14	12
Other ST assets	16	24	38	38	39	40
Trade receivables	11	7	33	27	30	33
Inventories	124	145	253	219	167	184
Tax receivables	2	6	7	7	7	7
Non-current assets, total	124	154	214	246	274	302
Property, plant and equipment	103	131	184	213	236	260
Intangible assets	16	18	23	27	31	36
Deferred tax assets	3	3	5	5	5	5
Other LT assets	2	2	2	2	2	2
Total assets	286	345	557	547	531	579
Shareholders' equity & debt						
Current liabilities, total	128	179	279	236	177	178
Trade payables	35	38	113	73	75	77
ST debt	49	93	90	94	27	20
Provisions	6	8	18	18	18	19
Other current liabilities	37	40	59	51	56	62
Long-term liabilities, total	34	32	132	130	130	130
LT provisions	13	14	5	5	6	6
LT debt	6	2	103	100	100	100
Deferred tax	7	8	10	10	10	10
Other non-current liabilities	9	8	14	14	14	14
Shareholders' equity	124	134	147	181	224	271
Total consolidated equity and debt	286	345	557	547	531	579
Ratios						
Current ratio (x)	1.3	1.1	1.2	1.3	1.5	1.6
Quick ratio (x)	0.3	0.3	0.3	0.3	0.5	0.5
Equity ratio	43%	39%	26%	33%	42%	47%
Net debt / (net cash)	55	100	200	206	134	129
Net gearing	44%	75%	136%	114%	60%	48%
Net debt / EBITDA	0.8	1.7	2.9	2.0	1.0	0.9
Return on equity (ROE)	25%	19%	20%	27%	30%	29%
Capital employed (CE)	219	262	381	413	388	436
Return on capital employed (ROCE)	21%	15%	12%	18%	25%	26%



CASH FLOW STATEMENT

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Net income	31	26	30	49	67	80
Depreciation & amortisation	19	21	24	29	32	36
Change to LT accruals	3	2	2	0	0	0
Other non-cash items	0	1	3	-8	5	6
Asset disposals	1	0	0	0	0	0
Income tax	12	11	12	20	27	32
Net interest expense	2	1	3	5	4	3
Operating cash flow	69	63	73	95	135	157
Change in working capital	11	-24	-58	0	52	-19
Tax paid	-10	-11	-12	-20	-27	-32
Net operating cash flow	71	27	3	75	160	106
CapEx	-14	-41	-66	-52	-48	-53
Proceeds from disposals	0	0	0	0	0	0
Investments in intangible assets	-6	-7	-7	-10	-11	-12
Interest income	0	0	0	0	0	0
Cash flow from investing	-20	-48	-73	-62	-59	-65
Equity inflow , net	25	0	0	0	0	0
Debt inflow , net	-39	41	94	2	-67	-7
Interest paid	-3	-1	-3	-5	-4	-3
Dividend paid to shareholders	-30	-16	-16	-15	-24	-33
Other financial cash flow	-3	-3	-3	0	0	0
Cash flow from financing	-50	21	72	-17	-96	-43
Net cash flows	1	0	3	-4	6	-2
Cash, start of the year	2	3	3	6	2	8
Cash, end of the year	3	3	6	2	8	5
Cash on deposit	6	7	7	7	7	7
Free cash flow (FCF)	51	-21	-70	14	101	41
FCF/share (in €)	4.9	-2.0	-6.7	1.3	9.7	3.9

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Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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The production of this recommendation was completed on 19 June 2023 at 13:53

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

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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...5	↓	↓	↓	↓
6	4 August 2022	€30.20	Buy	€77.00
7	11 August 2022	€31.30	Buy	€77.00
8	20 September 2022	€28.30	Buy	€77.00
9	21 November 2022	€25.70	Buy	€77.00
10	16 February 2023	€45.10	Buy	€77.00
11	5 April 2023	€44.05	Buy	€71.00
12	28 April 2023	€45.85	Buy	€71.00
13	11 May 2023	€51.20	Buy	€71.00
14	Today	€51.20	Buy	€75.00

INVESTMENT HORIZON

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

UPDATES

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