

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

Q2/23 results

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 83.00**

40.9%

High

BACK-TO-BACK-TO-BACK RECORD SALES

Q2 reporting again featured a record topline and headline figures ahead of street forecasts and FBe. KTA's multi-brand chassis strategy continues to pay off with a high ratio of motor vehicles continuing to roll off the production lines (H1: 57%). Strong market share gains published by market watcher CIVD are keeping the order books full (backlog: €1.2bn). The Q2 9.6% EBITDA margin firmly beat of the upper end of 2023 guidance (7.5% to 8.5%), but KTA brass are sticking to their outlook to stay conservative, while also noting that H2/23 will encompass costs for the upcoming Caravan Salon as well as a higher number of holidays. Nevertheless, we regard the upper end of the guide (8.5%) rather as the floor. We remain Buy-rated on KTA with a €83 target price.

Back-to-back-to-back record sales After racking up record sales of €368m in Q1, revenue for Q2 set a new high mark at €386m vs FBe of €370m (street €350m) and €225m (+71%) in the prior year period. EBITDA of €37m also easily beat the street (€31m; +19%). The company again pointed to its decision to keep idle staffing on the books during the production lulls last year and to its bolstered chassis supply chain for the quality results. The latter has paved the way for the high ratio of motorised vehicles currently driving the operational performance. The topline was also boosted by the inflation related 6% to 8% price increases which are already being passed through to dealers.

Backlog up 3.8% Q/Q New orders (overleaf) tallied 8.8k units vs 8.3k vehicles sold in Q2. The overall backlog (overleaf) totalled €1.2bn compared to €1.4bn in the prior year period despite the drop in total units to 25.2k vs 36.6k over the same period. The 61% ratio of motor vehicles (Q2/22: 50%) explains the strength of the backlog despite the lower unit total. Management also noted on the earnings call that the increased production numbers have helped trim the 12 to 24 month delivery times down to a 9 to 12 month range, which should cheer eager customers. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	794.59	862.62	1,049.52	1,357.96	1,501.25	1,665.89
Y-o-y growth	1.8%	8.6%	21.7%	29.4%	10.6%	11.0%
EBIT (€m)	46.56	38.39	45.47	82.80	109.24	128.13
EBIT margin	5.9%	4.4%	4.3%	6.1%	7.3%	7.7%
Net income (€m)	31.33	25.90	29.62	55.10	74.60	88.81
EPS (diluted) (€)	7.63	2.50	2.85	5.31	7.19	8.56
DPS (€)	1.50	1.50	1.40	2.70	3.60	4.30
FCF (€m)	50.89	-20.69	-69.89	16.49	95.63	49.24
Net gearing	44.1%	74.8%	136.1%	108.5%	59.9%	46.2%
Liquid assets (€m)	8.94	9.68	12.61	11.73	7.68	9.35

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 11 Aug 2023

Closing Price	€ 58.90
Shares outstanding	10.38m
Market Capitalisation	€ 611.21m
52-week Range	€ 25.40 / 62.40
Avg. Volume (12 Months)	7,807

Multiples	2022	2023E	2024E
P/E	20.6	11.1	8.2
EV/Sales	0.8	0.6	0.5
EV/EBIT	17.9	9.8	7.5
Div. Yield	2.4%	4.6%	6.1%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2023

Liquid Assets	€ 14.00m
Current Assets	€ 419.47m
Intangible Assets	€ 24.00m
Total Assets	€ 647.77m
Current Liabilities	€ 342.90m
Shareholders' Equity	€ 170.57m

SHAREHOLDERS

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

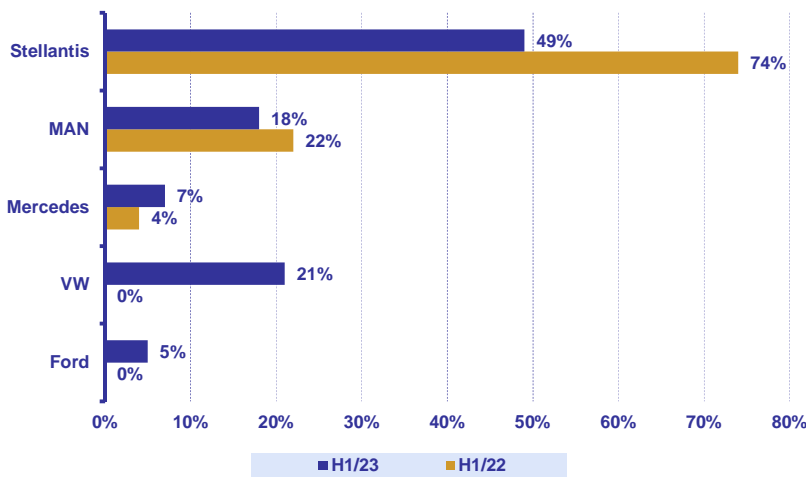


Table 1: Q2 vs FBe and prior year

All figures in €m	Q2/23	Q2/23E	variance	Q2/22	variance	H1/23	H1/22	variance
Revenue	386	370	4%	225	71%	754	447	69%
Gross profit	106	101	5%	66	60%	204	133	53%
Margin	27.5%	27.3%	-	29.4%	-	27.1%	29.8%	-
EBITDA	37	33	13%	9	311%	70	25	177%
Margin	9.6%	6.1%	-	4.0%	-	9.2%	6.1%	-
AEBITDA	37	33	13%	9	298%	70	25	177%
Margin	9.6%	8.9%	-	4.1%	-	9.2%	5.6%	-

Source: First Berlin Equity Research; Knaus Tabbert AG

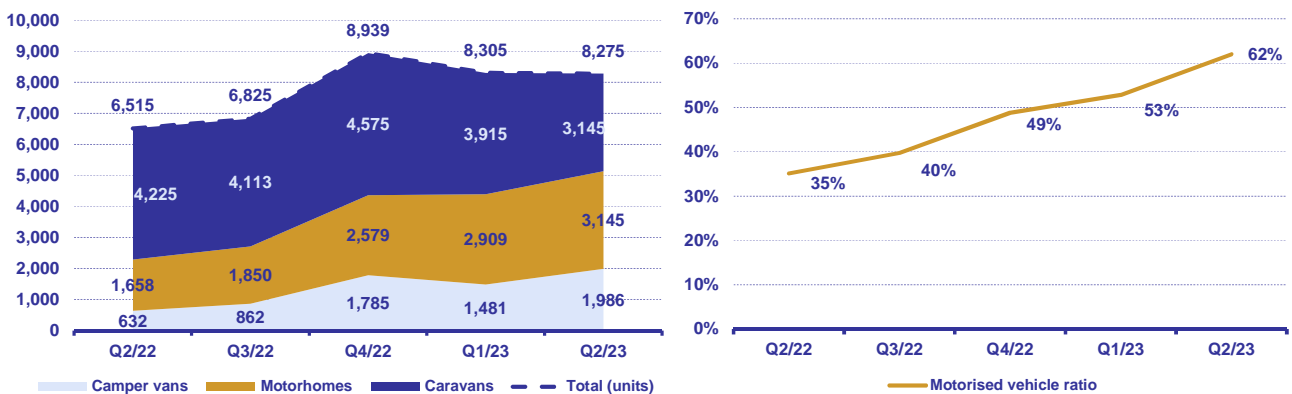
Figure 1: Impact of multi-brand strategy on production mix



Source: First Berlin Equity Research; Knaus Tabbert AG

Motor vehicle production continues to power results Sales rose 71% Y/Y and topped the previous quarterly record set in Q1. We recently upgraded our estimates (note of 26 July 2023) after visiting the production facilities and sitting down with management at the CMD in June, but sales and earnings still beat our topped-up Q2 forecasts. Management continue to hammer home the benefits of their multi-brand chassis portfolio that now includes blue chip names such as VW and Mercedes. The strategy is clearly bearing fruits (figure 1) and diversifying the mix after one year.

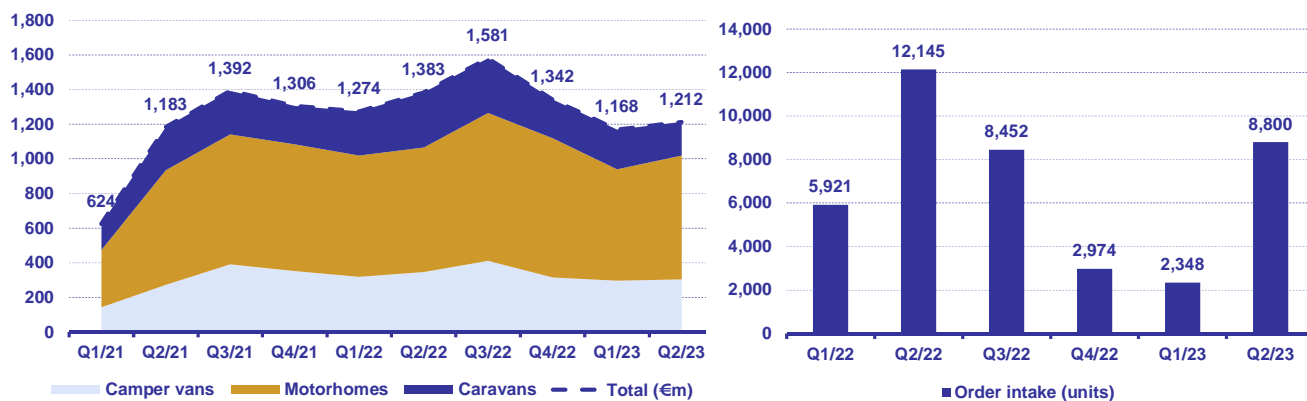
Figure 2: Production mix developments



Source: First Berlin Equity Research; Knaus Tabbert AG

Earnings up 29% Y/Y in the April-to-June period The 9.6% EBITDA margin was helped by the high capacity utilisation that allowed KTA to compress the personnel cost ratio down to 11% (Q2/22: 16%). Other operating expenses also dipped 200 basis points Y/Y to 7.5% of turnover. Knaus Tabbert will showcase its family of recreational vehicles at the Caravan Salon in Düsseldorf at the end of August. The associated costs will likely make a repeat of the Q2 margin unlikely for Q3, which also explains management's conservative approach to the EBITDA margin guide.

Figure 3: Backlog and order intake developments



Source: First Berlin Equity Research; Knaus Tabbert AG

Figure 4: Financial highlights

All figures in €m	H1/23	2022	variance
Cash & liquid assets	14	13	11%
Financial debt (short- and long-term)	218	213	2%
Net debt	204	200	2%
Total assets	649	557	16%
Total equity	171	147	16%
Equity ratio	26%	26%	-
Net gearing	120%	136%	-
Net debt / EBITDA*	1.8x	2.8x	-

*adjusted EBITDA

Source: First Berlin Equity Research; Knaus Tabbert AG

Working capital ratio steady at 19% (Q1: 18%) Q2 inventory levels remained high at €306m (YE22: €253m), due to the continued stockpiling of chassis and other components. The increase in the balance sheet total stemming largely from the inventory build-up meant that equity ratio is unchanged YTD at 26%, despite the €38m net income result for the six month period. While WC will likely tie up potential FCF this year, we still expect the picture to improve in 2024.

Figure 5: Cash flow breakdown

All figures in €m	H1/23	H1/22	variance
Net operating cash flow	36	12	204%
Cash flow from investing	-22	-34	n.a.
Cash flow from financing	-13	23	n.a.
Net cash flow s	1	2	-50%
Free cash flow (FCF)	14	-22	-
FCFPS (€)	1.33	-2.10	-

Source: First Berlin Equity Research; Knaus Tabbert AG



VALUATION MODEL

Maintain Buy rating and €83 target price After another record quarter, there is now little doubt that KTA will hit its EBITDA margin guidance (7.5% to 8.5%). Management prudently stuck to their outlook after taking a few hard knocks in the past with an overly optimistic outlook. But business momentum is good, and we expect this to continue in the second half of the year.

In EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales	1,357,960	1,501,248	1,665,889	1,829,855	1,992,489	2,115,667	2,236,585	2,336,727
NOPLAT	58,787	77,563	90,969	104,926	119,443	131,544	143,655	155,505
(+) depreciation & amortisation	30,592	33,503	38,912	43,887	50,280	56,872	63,596	68,446
Net operating cash flow	89,378	111,066	129,881	148,813	169,723	188,416	207,251	223,951
(-) Total investments (CAPEX and WC)	-71,253	-22,268	-88,031	-93,546	-120,343	-133,874	-140,682	-109,556
(-) Capital expenditures	-67,898	-64,554	-71,633	-78,684	-105,602	-122,709	-129,722	-100,479
(-) Working capital	-3,355	42,285	-16,397	-14,862	-14,741	-11,165	-10,960	-9,077
Free cash flows (FCF)	18,125	88,797	41,851	55,267	49,379	54,542	66,569	114,395
PV of FCF's	17,381	76,272	32,200	38,088	30,483	30,159	32,971	50,752

In EUR '000	
PV of FCFs in explicit period	597,994
(+) PV of FCFs in terminal period	468,270
Enterprise value (EV)	1,066,265
(+) Net cash / (-) net debt	-199,996
(+) Investments / minority interests	0
Shareholder value	866,269
Fair value per share (€)	83.0

		Terminal EBIT margin						
		9.8%	10.3%	10.8%	11.3%	11.8%	12.3%	12.8%
WACC	8.6%	125.53	132.30	139.07	145.83	152.60	159.37	166.14
	9.6%	103.58	108.78	113.98	119.18	124.38	129.58	134.78
	10.6%	86.88	90.95	95.02	99.09	103.16	107.23	111.30
	11.6%	73.79	77.02	80.25	83.48	86.72	89.95	93.18
	12.6%	63.27	65.87	68.47	71.06	73.66	76.26	78.86
	13.6%	54.66	56.77	58.88	60.99	63.10	65.21	67.31
	14.6%	47.50	49.23	50.95	52.68	54.41	56.13	57.86

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%

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	8.6%	127.20	132.59	138.75	145.83	154.08	163.80	175.43
	9.6%	106.32	110.11	114.37	119.18	124.68	131.00	138.37
	10.6%	89.94	92.67	95.71	99.09	102.90	107.20	112.11
	11.6%	76.81	78.83	81.04	83.48	86.20	89.22	92.63
	12.6%	66.10	67.61	69.26	71.06	73.05	75.23	77.66
	13.6%	57.23	58.38	59.63	60.99	62.46	64.08	65.86
	14.6%	49.80	50.69	51.65	52.68	53.80	55.02	56.34

*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	1,358	1,501	1,666
Cost of goods sold	-558	-625	-776	-976	-1,076	-1,194
Gross profit	245	261	296	382	425	472
Personnel expenses	-111	-127	-142	-166	-175	-189
Other OpEx	-71	-78	-91	-107	-114	-123
Other income	3	3	6	5	6	7
EBITDA	66	59	69	113	143	167
Depreciation & amortisation	-19	-21	-24	-31	-34	-39
Operating income (EBIT)	47	38	45	83	109	128
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	77	105	125
Income taxes	-13	-11	-12	-22	-30	-36
Minority interests	0	0	0	0	0	1
Net income / loss	31	26	30	55	75	90
Diluted EPS (in €)	7.6	2.5	2.9	5.3	7.2	8.6
AEBITDA	68	61	70	114	144	168
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%	6.1%	7.3%	7.7%
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%	4.1%	5.0%	5.4%
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%	2.3%	2.2%	2.3%
Y-Y Growth						
Revenues	1.8%	8.6%	21.7%	29.4%	10.6%	11.0%
Operating income	1.5%	-17.6%	18.5%	82.1%	31.9%	17.3%
Net income/ loss	0.5%	-17.3%	14.3%	86.0%	35.4%	20.4%



BALANCE SHEET

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Assets						
Current assets, total	161	191	344	314	271	292
Cash and equivalents	9	10	13	12	8	9
Other ST assets	16	24	38	38	39	40
Trade receivables	11	7	33	30	33	37
Inventories	124	145	253	227	184	200
Tax receivables	2	6	7	7	7	7
Non-current assets, total	124	154	214	251	282	315
Property, plant and equipment	103	131	184	217	244	272
Intangible assets	16	18	23	27	32	37
Deferred tax assets	3	3	5	5	5	5
Other LT assets	2	2	2	2	2	2
Total assets	286	345	557	565	553	608
Shareholders' equity & debt						
Current liabilities, total	128	179	279	248	189	192
Trade payables	35	38	113	80	83	85
ST debt	49	93	90	94	27	20
Provisions	6	8	18	18	18	19
Other current liabilities	37	40	59	56	62	68
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	188	234	286
Total consolidated equity and debt	286	345	557	565	553	608
Ratios						
Current ratio (x)	1.3	1.1	1.2	1.3	1.4	1.5
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	203	140	132
Net gearing	44%	75%	136%	109%	60%	46%
Net debt / EBITDA	0.8	1.7	2.9	1.8	1.0	0.8
Return on equity (ROE)	25%	19%	20%	29%	32%	31%
Capital employed (CE)	219	262	381	422	410	459
Return on capital employed (ROCE)	21%	15%	12%	20%	27%	28%



CASH FLOW STATEMENT

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Net income	31	26	30	55	75	89
Depreciation & amortisation	19	21	24	31	34	39
Change to LT accruals	3	2	2	0	0	0
Other non-cash items	0	1	3	-3	5	6
Asset disposals	1	0	0	0	0	0
Income tax	12	11	12	22	30	36
Net interest expense	2	1	3	5	4	3
Operating cash flow	69	63	73	110	148	173
Change in working capital	11	-24	-58	-3	42	-16
Tax paid	-10	-11	-12	-22	-30	-36
Net operating cash flow	71	27	3	84	160	121
CapEx	-14	-41	-66	-57	-53	-58
Proceeds from disposals	0	0	0	0	0	0
Investments in intangible assets	-6	-7	-7	-11	-12	-13
Interest income	0	0	0	0	0	0
Cash flow from investing	-20	-48	-73	-68	-65	-72
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	-28	-37
Other financial cash flow	-3	-3	-3	0	0	0
Cash flow from financing	-50	21	72	-17	-100	-48
Net cash flows	1	0	3	-1	-4	2
Cash, start of the year	2	3	3	6	5	1
Cash, end of the year	3	3	6	5	1	3
Cash on deposit	6	7	7	7	7	7
Free cash flow (FCF)	51	-21	-70	16	96	49
FCF/share (in €)	4.9	-2.0	-6.7	1.6	9.2	4.7
Y-Y Growth						
Operating cash flow	61%	-62%	-90%	2915%	90%	-25%
Free cash flow	218%	n.m.	n.m.	n.m.	480%	-49%

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PRICE TARGET DATES

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

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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...7	↓	↓	↓	↓
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	19 June 2023	€51.20	Buy	€75.00
15	26 July 2023	€61.40	Buy	€83.00
16	Today	€58.90	Buy	€83.00

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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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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