

Knaus Tabbert AG

Germany / Leisure Vehicles
 Xetra
 Bloomberg: KTA GR
 ISIN: DE000A2YN504

Nine month
 results

RATING
BUY

PRICE TARGET
€ 86.00

Return Potential 92.2%
 Risk Rating High

GREEN LIGHTS FOR STRONG 2023 FINISH

Q3 reporting was in line with our forecasts and beat prior year comps by a wide margin. As expected, profitability in the July-to-September period took a seasonal Q/Q dip, but this is a normal earnings cadence for the RV maker. Q3 encompasses costs for the Caravan Salon and other trade shows, while the high number of summertime worker holidays cut into Q3 production times. The order backlog remained high Q/Q at €1.2bn buoyed by the surging popularity of the caravanning lifestyle, and management confirmed full-year guidance setting up a strong sequential pick-up in Q4 sales and earnings. We remain Buy-rated on KTA with an €86 target price.

Conference call takeaways Market demand and order backlog topics were in focus, given the volatile macro backdrop that has again rattled the markets. The €1.2bn backlog (figure 2 overleaf) was virtually unchanged Q/Q and encompassed some 25k units, giving KTA good production visibility deep into 2024. This KPI is also well above the minimum roughly 50% production coverage ratio (~15k units) noted by management on the earnings call. There is also no sign of increased order cancellations, and delivery times remain around 9 months after peaking at 18 to 24 months during the supply chain related logjam. Inventories remain high and are flush with 4.6k chassis (Q3/22: 3.2k) on hand, but management reckon there will be some working capital release in 2024 to support better cash flows.

KTA share attractively valued after latest market retreat Since peaking at €62 this summer, KTA shares have shed some 30% in value in the wake of escalating geopolitical concerns and rising bond yields. The stock now trades at an attractive 2024 EV/ EBIT multiple of 6.0x. We think RV demand will remain resilient. In these days of war alerts and market jitters, the opportunity to escape onto the open road is more appealing than ever, and buyers are reluctant to scrap or postpone their go-anywhere lifestyle visions. Full order books point to continued... (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	794.59	862.62	1,049.52	1,444.26	1,543.11	1,704.20
Y-o-y growth	1.8%	8.6%	21.7%	37.6%	6.8%	10.4%
EBIT (€m)	46.56	38.39	45.47	97.81	115.22	139.93
EBIT margin	5.9%	4.4%	4.3%	6.8%	7.5%	8.2%
Net income (€m)	31.33	25.90	29.62	65.21	77.50	96.16
EPS (diluted) (€)	7.63	2.50	2.85	6.28	7.47	9.27
DPS (€)	1.50	1.50	1.40	3.10	3.70	4.60
FCF (€m)	50.89	-20.69	-69.89	-32.00	84.82	92.24
Net gearing	44.1%	74.8%	136.1%	127.9%	85.0%	52.4%
Liquid assets (€m)	8.94	9.68	12.61	15.44	14.54	8.71

RISKS

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

COMPANY PROFILE

Knaus Tabbert AG is a leading manufacturer of leisure vehicles in Europe with headquarters in Jandelsbrunn, Lower Bavaria. The company covers all RV segments from towable caravans, motorhomes, and camper vans to its flagship luxury motorhomes (Morello). KTA has four manufacturing facilities and is currently expanding capacity to keep pace with flourishing demand.

MARKET DATA

As of 08 Nov 2023

Closing Price	€ 44.75
Shares outstanding	10.38m
Market Capitalisation	€ 464.37m
52-week Range	€ 25.40 / 62.40
Avg. Volume (12 Months)	8,740

Multiples	2022	2023E	2024E
P/E	15.7	7.1	6.0
EV/Sales	0.7	0.5	0.4
EV/EBIT	15.2	7.1	6.0
Div. Yield	3.1%	6.9%	8.3%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2023

Liquid Assets	€ 19.40m
Current Assets	€ 438.98m
Intangible Assets	€ 24.00m
Total Assets	€ 678.18m
Current Liabilities	€ 363.74m
Shareholders' Equity	€ 176.76m

SHAREHOLDERS

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



. . . business momentum, and we expect KTA brass to keep their foot on the gas. We have thus bumped up our 2023 sales target (table 4 overleaf) to the upper end of the revenue guide (€1.35bn to €1.45bn).

ZOOMING IN ON 9M RESULTS

Q3 revenue and earnings landed just shy of FBe. The company racked up sales of around €319m in the July-to-September period, while EBITDA rose some 238% Y/Y. The strong increase in earnings is mainly traced to the easy comps in the prior year, when operations were still gated by chassis supply issues. We thus believe Q4 will provide a better gauge of Y/Y metrics. Sales and earnings in the nine months to October also grew by double and triple digits respectively, again owing to the easy comps for 9M/22.

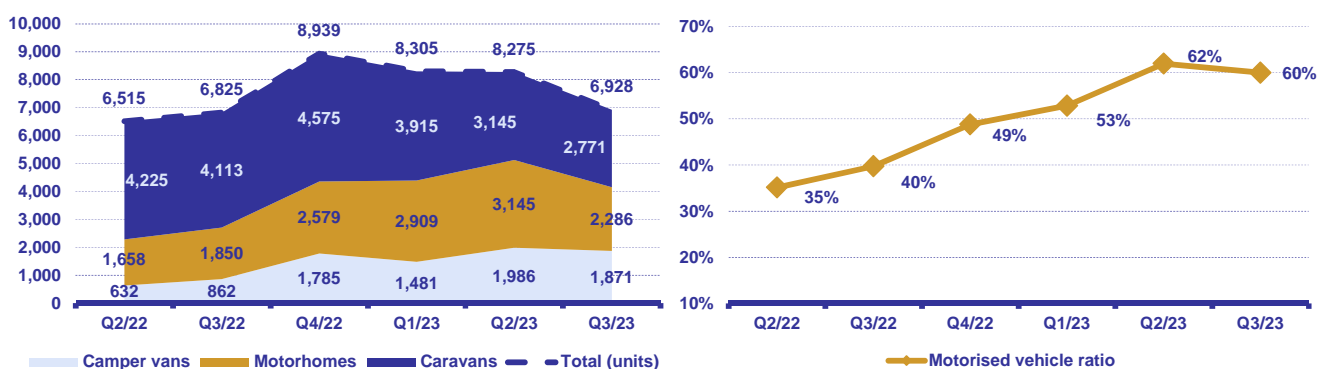
Table 1: Nine month reporting vs FBe and prior year

All figures in €m	Q3/23	Q3/23E	variance	Q3/22	variance	9M/23	9M/22	variance
Revenue	319	322	-1%	247	30%	1,074	694	55%
Gross profit	90	92	-2%	67	35%	295	200	47%
Margin	28.3%	28.6%	-	27.2%	-	27.5%	28.8%	-
EBITDA	19	19	-2%	6	238%	89	31	188%
Margin	5.9%	6.0%	-	2.3%	-	8.3%	6.1%	-
AEBITDA	19	19	-2%	6	220%	89	31	185%
Margin	5.9%	6.0%	-	2.4%	-	8.3%	4.5%	-

Source: First Berlin Equity Research estimates; Knaus Tabbert AG

Earnings nearly trebled in the January-to-September period Powered by the high motor vehicle production ratio (+20PPS Y/Y), the Q3 EBITDA margin (5.9%) was well above the prior year KPI but down vs the previous quarter (Q2: 9.6%). This is a normal earnings cadence for the company since the third quarter traditionally has to absorb around three weeks of worker holidays leading to fewer production shifts.

Figure 1: Production mix developments

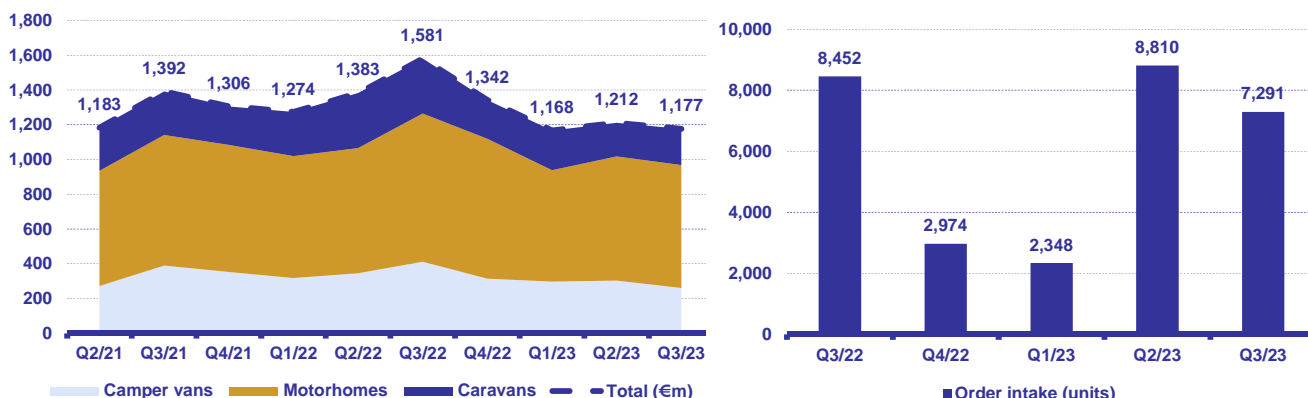


Source: First Berlin Equity Research estimates; Knaus Tabbert AG

Trade fair costs are also baked into Q3 other operating expenses. The combined effects account for the usual 2 to 3 percentage point drop in the third quarter EBITDA margin. That said, we believe the EBITDA margin could approach double digits in Q4.



Figure 2: Order backlog developments



Source: First Berlin Equity Research; Knaus Tabbert AG

Short-term debt increased to €145m (YE22: €89m) to help cover working capital needs, but the net debt / EBITDA metric is now well below the 2.75x bank covenant at 1.9x. Despite the latest hike in interest rates, the company should be able to secure bank debt for next year at rates comparable to current terms, thanks to improved balance sheet measurables.

Table 2: Financial highlights

All figures in €m	9M/23	2022	variance
Cash & liquid assets	19	13	54%
Financial debt (short- and long-term)	263	205	28%
Net debt	244	193	26%
Total assets	678	557	22%
Total equity	177	147	20%
Equity ratio	26%	26%	-
Net gearing	138%	131%	-
Net debt / EBITDA*	1.9x	2.8x	-

*adjusted EBITDA

Source: First Berlin Equity Research; Knaus Tabbert AG

Working capital ratio steady at 18% (Q2: 19%) Q3 inventory levels remained high at €329m (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 €45m net income result for the nine month period. Management hinted that KTA could see an easing in working capital needs in 2024, which should improve operating cash flows.

Table 3: Cash flow breakdown

All figures in €m	9M/23	9M/22	variance
Net operating cash flow	12	-35	n.a.
Cash flow from investing	-35	-52	n.a.
Cash flow from financing	29	88	-67%
Net cash flow s	6	1	613%
Free cash flow (FCF)	-23	-87	-
FCFPS (€)	-2.25	-8.42	-
FCF conversion*	n.a.	n.a.	-

*percent of EBITDA

Source: First Berlin Equity Research; Knaus Tabbert AG



VALUATION MODEL

Looking for a strong finish to the year KTA brass confirmed 2023 guidance calling for revenue of €1.35bn to €1.45bn and an AEBITDA margin of 8.5% to 9.0%. We have bumped up 2023 FBe to the upper end of the revenue guide and still look for the AEBITDA margin to hit 8.8% in anticipation of a strong Q/Q uptick in Q4 earnings on the back of higher capacity utilisation.

Table 4: Changes to FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	86.0	86.0	0.0%	92.2%	3.1%	95.3%
2023E						
All figures in €m	old	new	revision	old	new	revision
Revenue	1,406	1,444	2.7%	1,501	1,543	2.8%
EBITDA	124	127	2.9%	143	147	3.3%
Margin (%)	8.8%	8.8%	-	9.5%	9.6%	-
AEBITDA	124	128	2.8%	144	148	3.3%
Margin (%)	8.8%	8.8%	-	9.6%	9.6%	-

We have also upped the risk-free rate in our WACC estimate to 2.70% (old: 2.45%) to track the increase in German bond yields since our last update. This combined effects point to an unchanged target price of €86. We remain Buy-rated on KTA.

In EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales	1,444,263	1,543,115	1,704,205	1,878,718	2,051,210	2,185,879	2,317,414	2,426,746
NOPLAT	69,443	81,804	99,348	117,032	134,879	149,191	163,439	174,902
(+) depreciation & amortisation	29,449	32,207	35,460	38,160	41,105	46,054	51,221	57,956
Net operating cash flow	98,892	114,011	134,808	155,192	175,984	195,246	214,660	232,858
(-) Total investments (CAPEX and WC)	-133,043	-34,751	-50,250	-86,739	-88,956	-110,596	-115,866	-117,829
(-) Capital expenditures	-62,103	-66,354	-56,239	-61,998	-67,690	-93,993	-99,649	-104,350
(-) Working capital	-70,939	31,603	5,988	-24,742	-21,266	-16,603	-16,217	-13,479
Free cash flows (FCF)	-34,151	79,259	84,557	68,453	87,028	84,650	98,794	115,029
PV of FCF's	-33,609	69,724	66,491	48,115	54,679	47,541	49,596	51,618

In EUR '000	
PV of FCFs in explicit period	651,003
(+) PV of FCFs in terminal period	444,563
Enterprise value (EV)	1,095,566
(+) Net cash / (-) net debt	-199,996
(+) Investments / minority interests	0
Shareholder value	895,571
Fair value per share (€)	86.0

		Terminal EBIT margin						
		10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%
WACC	8.9%	125.07	131.83	138.59	145.35	152.11	158.88	165.64
	9.9%	104.69	109.92	115.15	120.38	125.61	130.84	136.07
	10.9%	88.95	93.07	97.19	101.30	105.42	109.54	113.66
	11.9%	76.44	79.72	83.01	86.30	89.59	92.87	96.16
	12.9%	66.26	68.92	71.57	74.23	76.88	79.53	82.19
	13.9%	57.84	60.00	62.16	64.33	66.49	68.66	70.82
	14.9%	50.75	52.53	54.31	56.09	57.87	59.64	61.42

Cost of equity	13.7%
Pre-tax cost of debt	4.5%
Tax rate	29.0%
After-tax cost of debt	3.2%
Risk free rate	2.7%
Terminal growth rate	2.0%
WACC	11.9%

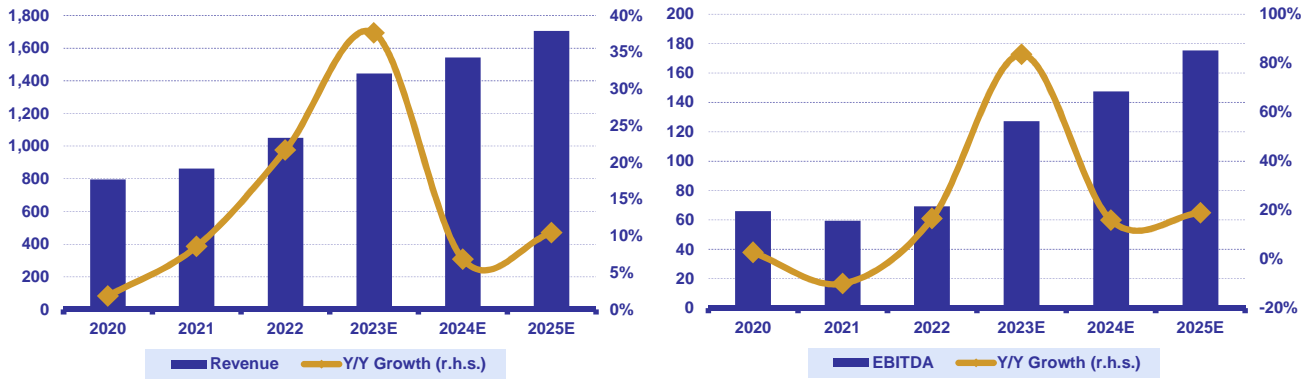
		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	8.9%	128.43	133.35	138.94	145.35	152.78	161.47	171.80
	9.9%	108.59	112.07	115.98	120.38	125.39	131.12	137.77
	10.9%	92.84	95.37	98.18	101.30	104.80	108.75	113.23
	11.9%	80.08	81.96	84.03	86.30	88.81	91.62	94.75
	12.9%	69.57	70.99	72.54	74.23	76.08	78.12	80.38
	13.9%	60.79	61.88	63.05	64.33	65.72	67.23	68.90
	14.9%	53.36	54.20	55.11	56.09	57.14	58.29	59.54

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



COMPANY SNAPSHOT

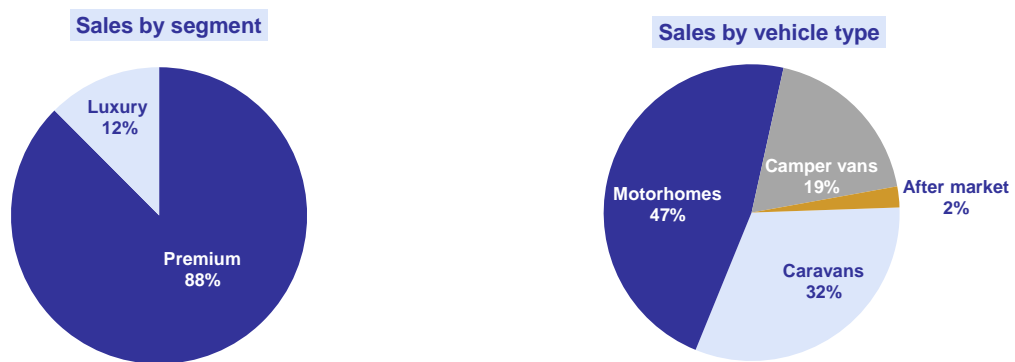
Figure 3: Sales and earnings developments



Source: First Berlin Equity Research; Knaus Tabbert

Knaus Tabbert’s rich history dates back to 1912. Caravanning trailblazer, Alfred Tabbert, and his team built the company’s first camper van in 1953. Today, KTA is a leading maker of recreational vehicles in Europe. Some 30k vehicles rolled off production lines last year. The company is in the midst of a large capacity expansion, and management want to double 2022 turnover to > €2bn in 2027. The RV maker markets premium motorhomes and towable caravans under the brands Knaus, Tabbert, Weinsberg and T@B, while its Morelo motorhomes have dominated the luxury segment since taking the top spot in 2019. The company also generates revenue with its Rent and Travel portal. Knaus Tabbert is led by CEO Wolfgang Speck and CFO Carolin Schürmann and floated its shares on the Frankfurt Stock Exchange in 2020.

Figure 4: 2022 segment breakdown



Source: First Berlin Equity Research; Knaus Tabbert



INCOME STATEMENT

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Revenues	795	863	1,050	1,444	1,543	1,704
Cost of goods sold	-558	-625	-776	-1,079	-1,147	-1,263
Gross profit	245	261	296	406	434	480
Personnel expenses	-111	-127	-142	-163	-171	-185
Other OpEx	-71	-78	-91	-121	-123	-127
Other income	3	3	6	6	6	7
EBITDA	66	59	69	127	147	175
Depreciation & amortisation	-19	-21	-24	-29	-32	-35
Operating income (EBIT)	47	38	45	98	115	140
Net financial result	-2	-1	-4	-6	-6	-5
Other financial result	0	0	0	0	0	0
Pre-tax income (EBT)	44	37	42	92	109	135
Income taxes	-13	-11	-12	-27	-32	-39
Minority interests	0	0	0	0	0	0
Net income / loss	31	26	30	65	77	96
Diluted EPS (in €)	7.6	2.5	2.9	6.3	7.5	9.3
AEBITDA	68	61	70	128	148	176
Ratios						
Gross margin	30.8%	30.3%	28.2%	28.1%	28.2%	28.2%
EBITDA margin on revenues	8.3%	6.9%	6.6%	8.8%	9.6%	10.3%
EBIT margin on revenues	5.9%	4.4%	4.3%	6.8%	7.5%	8.2%
AEBITDA margin on revenues	8.5%	7.0%	6.7%	8.8%	9.6%	10.3%
Net margin on revenues	3.9%	3.0%	2.8%	4.5%	5.0%	5.6%
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%	11.3%	11.1%	10.8%
Other OpEx	8.9%	9.0%	8.7%	8.4%	8.0%	7.5%
Depreciation & amortisation	2.4%	2.4%	2.3%	2.0%	2.1%	2.1%
Y-Y Growth						
Revenues	1.8%	8.6%	21.7%	37.6%	6.8%	10.4%
Operating income	1.5%	-17.6%	18.5%	115.1%	17.8%	21.4%
Net income/ loss	0.5%	-17.3%	14.3%	120.1%	18.9%	24.1%



BALANCE SHEET

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Assets						
Current assets, total	161	191	344	394	361	353
Cash and equivalents	9	10	13	15	15	9
Other ST assets	16	24	38	38	39	40
Trade receivables	11	7	33	32	34	37
Inventories	124	145	253	301	267	259
Tax receivables	2	6	7	7	7	7
Non-current assets, total	124	154	214	247	281	302
Property, plant and equipment	103	131	184	211	239	253
Intangible assets	16	18	23	29	35	42
Deferred tax assets	3	3	5	5	5	5
Other LT assets	2	2	2	2	2	2
Total assets	286	345	557	641	642	654
Shareholders' equity & debt						
Current liabilities, total	128	179	279	313	270	223
Trade payables	35	38	113	89	88	90
ST debt	49	93	90	147	100	45
Provisions	6	8	18	18	18	19
Other current liabilities	37	40	59	59	63	70
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	198	243	301
Total consolidated equity and debt	286	345	557	641	642	654
Ratios						
Current ratio (x)	1.3	1.1	1.2	1.3	1.3	1.6
Quick ratio (x)	0.3	0.3	0.3	0.3	0.4	0.4
Equity ratio	43%	39%	26%	31%	38%	46%
Net debt / (net cash)	55	100	200	253	206	157
Net gearing	44%	75%	136%	128%	85%	52%
Net debt / EBITDA	0.8	1.7	2.9	2.0	1.4	0.9
Return on equity (ROE)	25%	19%	20%	33%	32%	32%
Capital employed (CE)	219	262	381	485	487	502
Return on capital employed (ROCE)	21%	15%	12%	20%	24%	28%



CASH FLOW STATEMENT

All figures in EURm	2020	2021	2022	2023E	2024E	2025E
Net income	31	26	30	65	77	96
Depreciation & amortisation	19	21	24	29	32	35
Change to LT accruals	3	2	2	0	0	0
Other non-cash items	0	1	3	0	4	6
Asset disposals	1	0	0	0	0	0
Income tax	12	11	12	27	32	39
Net interest expense	2	1	3	6	6	5
Operating cash flow	69	63	73	128	151	182
Change in working capital	11	-24	-58	-71	32	6
Tax paid	-10	-11	-12	-27	-32	-39
Net operating cash flow	71	27	3	30	151	148
CapEx	-14	-41	-66	-51	-54	-43
Proceeds from disposals	0	0	0	0	0	0
Investments in intangible assets	-6	-7	-7	-12	-12	-14
Interest income	0	0	0	0	0	0
Cash flow from investing	-20	-48	-73	-62	-66	-56
Equity inflow , net	25	0	0	0	0	0
Debt inflow , net	-39	41	94	55	-47	-55
Interest paid	-3	-1	-3	-6	-6	-5
Dividend paid to shareholders	-30	-16	-16	-15	-32	-38
Other financial cash flow	-3	-3	-3	0	0	0
Cash flow from financing	-50	21	72	35	-86	-98
Net cash flows	1	0	3	3	-1	-6
Cash, start of the year	2	3	3	6	9	8
Cash, end of the year	3	3	6	9	8	2
Cash on deposit	6	7	7	7	7	7
Free cash flow (FCF)	51	-21	-70	-32	85	92
FCF/share (in €)	4.9	-2.0	-6.7	-3.1	8.2	8.9

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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...10	↓	↓	↓	↓
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	14 August 2023	€58.90	Buy	€83.00
17	6 September 2023	€54.20	Buy	€83.00
18	20 September 2023	€52.00	Buy	€86.00
19	Today	€44.75	Buy	€86.00

INVESTMENT HORIZON

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

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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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