

Knaus Tabbert AG

Germany / Leisure Vehicles

Xetra

Bloomberg: KTA GR

ISIN: DE000A2YN504

Update

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 54.00**

120.9%

High

MORE BUMPS IN THE ROAD

An eventful week continued at Knaus Tabbert yesterday with news that CEO, Mr Wolfgang Speck, is stepping down from the management board on 31 October for "personal reasons". This comes on the heels of the latest profit warning—the second downward adjustment in H2/24. KTA will continue to throttle down production to help its dealer network that is still struggling to finance its inventories. Sales are now expected to reach €1.3bn (old: €1.3br to €1.4bn), and the EBITDA margin will "be significantly below the updated 17 July forecast (7% to 8%)". The company also reiterated its commitment to whittle down its own stock levels and expects working capital release to drive good cash flows this year. Investors hit the bid on the news, and we reckon KTA will have to spend time in the forecasting sin bin, while it rebuilds its guidance credibility. We have lowered FBe to match the updated topline guide and now look for the 2024 EBITDA margin to land near 5.5% (old: 7.5%). An updated DCF model points to a €54 TP (old: €69), and we maintain our Buy rating.

More bumps in the road KTA brass extended the reduced production rate initiated this summer to support its independent dealers straining to pare down inventories. Knaus Tabbert has also been vocal this year regarding its goal to reduce working capital, and the production slowdown will help the company trim down its own inventories of finished goods and work in progress. The RV maker also noted that CapEx will be lower over the mid-term, and that the combined effects should lead to greatly improved FCF this year.

New management board in the works Mr Werner Vaterl (COO) will take over as interim CEO and lead a temporary two-member Board alongside CSO Gerd Adamietzki. The Supervisory Board is also looking to appoint a new CFO. Mr Speck has held both the CEO and CFO positions since the previous CFO, Ms Carolin Schürmann, left the company at the end of March. The search for a new financial boss is in the late stages. We will look to gather more details if possible on the upcoming Q3 earnings call still set for 7 November. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023	2024E	2025E
Revenue (€m)	794.6	862.6	1,049.5	1,441.0	1,296.6	1,301.1
Y/Y growth	1.8%	8.6%	21.7%	37.3%	-10.0%	0.4%
EBIT (€m)	46.6	38.4	45.5	95.4	43.1	55.6
EBIT margin	5.9%	4.4%	4.3%	6.6%	3.3%	4.3%
Net income (€m)	31.3	25.9	29.6	60.3	22.9	33.2
EPS (diluted) (€)	7.63	2.50	2.85	5.81	2.21	3.20
DPS (€)	1.50	1.50	1.50	2.90	1.10	1.60
FCF (€m)	50.9	-20.7	-69.9	-21.7	56.1	34.3
Net gearing	44.1%	74.8%	136.1%	123.7%	120.1%	100.6%
Liquid assets (€m)	8.9	9.7	12.6	11.7	11.1	11.5

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 following the latest capacity expansion.

MARKET DATA

As of 28 Oct 2024

Closing Price	€ 24.45
Shares outstanding	10.38m
Market Capitalisation	€ 253.72m
52-week Range	€ 24.45 / 48.00
Avg. Volume (12 Months)	16,578

Multiples	2023	2024E	2025E
P/E	4.2	11.1	7.6
EV/Sales	0.4	0.4	0.4
EV/EBIT	5.3	11.8	9.1
Div. Yield	11.9%	4.5%	6.5%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets	€ 12.20m
Current Assets	€ 441.70m
Intangible Assets	€ 22.20m
Total Assets	€ 683.90m
Current Liabilities	€ 362.00m
Shareholders' Equity	€ 193.00m

SHAREHOLDERS

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



Market data good but unconvincing Meanwhile, KTA noted that German motorhome registrations were up 6% Y/Y in September. The CIVD (Caravanning Industry Association) also reported that registrations were 11% higher Y/Y for the October to September period. Although registration numbers are a positive, investors are largely discounting the CIVD data and are more focused on the forward-looking order backlog. KTA said its backlog stood at "well over €0.5bn," which is the same level communicated with Q2 reporting. It is understandable that the market is basically shrugging at vehicle registrations, when production is throttled down and the backlog appears to be stagnating.

Lower earnings will pressure net debt / EBITDA covenant Assuming 2024 EBITDA lands close to our updated target (€71m), and that the company succeeds in substantially cutting working capital, KTA may still be in breach of its net debt/EBITDA covenant ($\leq 2.75x$) at YE24. However, management have successfully negotiated waivers in the past, and we suspect they will be able to work out a solution again, should the KPI indeed come in higher with 2024 reporting.

Table 1: 2024 guidance evolution

	Unit	Initial	2024 guidance		2024 FBe	
			1st update	2nd update	Old	New
Revenue	€bn	1.40 to 1.55	1.3 to 1.4	1.3	1.35	1.30
Y/Y Growth	%	-3.0 to +7.6	-9.7 to -3.0	-9.7	-5.9	-9.7
AEBITDA margin	%	8.0 - 9.0	7.0 - 8.0	*	7.5	5.5

** significantly below the previous EBITDA margin guide*

Source: First Berlin Equity Research; Knaus Tabbert AG

Adjusted forecasts now factor in: (1) a 2024 topline reset in line with the latest €1.3bn revenue guide; (2) a reduction in the 2024 EBITDA margin to 5.5% (27% below the midpoint of the previously guided range of 7% to 8%); (3) greater working capital release traced to reduced inventory levels; and (4) lower capital expenditures allowing operating cash flow to sift more abundantly to FCF. Moreover, we have dialled back previous growth assumptions for 2025, given that production continues at a reduced rate. The combined effects on our DCF model point to a €54 TP (old: €69).

Table 2: Changes to FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	69	54	-21.7%	120.9%	6.1%	127.0%
All figures in €m	old	2024E new	revision	old	2025E new	revision
Revenue	1,357	1,297	-4.4%	1,501	1,301	-13.3%
EBITDA	101	71	-29.6%	123	84	-31.8%
Margin (%)	7.5%	5.5%	-	8.2%	6.5%	-
AEBITDA	101	71	-29.6%	123	84	-31.8%
Margin (%)	7.5%	5.5%	-	8.2%	6.5%	-

Source: First Berlin Equity Research estimates



VALUATION MODEL

Upshot History suggests it takes time for companies to rebuild credibility with the market after a guidance reduction. After hitting investors with a one-two guidance reduction punch in H2, we expect incoming management to be ultra-conservative with their outlook going forward. Although recent share selling looks overdone, we reckon the company will need to register some operational positives to support a robust share price recovery. Delivering good free cash flow with YE24 reporting will be a positive step forward, and the markets can also look forward to the launch of the new Xperian brand in early 2025 (see note of 11 September 2024). We remain Buy-rated on KTA.

Table 3: DCF model

In EURm	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Sales	1,297	1,301	1,350	1,445	1,548	1,649	1,735	1,812
NOPLAT	30	39	51	60	72	82	91	100
(+) depreciation & amortisation	28	28	29	30	27	29	32	34
Net operating cash flow	59	68	80	90	100	111	123	134
(-) Total investments (CAPEX and WC)	9	-36	-44	-55	-63	-65	-65	-66
(-) Capital expenditures	-36	-36	-36	-39	-45	-48	-50	-53
(-) Working capital	45	0	-8	-16	-18	-18	-15	-13
Free cash flows (FCF)	68	32	36	34	37	46	58	68
PV of FCFs	67	28	28	25	24	27	30	32

In EUR '000	
PV of FCFs in explicit period	432
(+) PV of FCFs in terminal period	369
Enterprise value (EV)	801
(+) Net cash / (-) net debt	-238
(+) Investments / minority interests	0
Shareholder value	563
Fair value per share (€)	54.0

		Terminal EBIT margin							
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	
WACC	8.0%	80.9	87.5	94.2	100.9	107.6	114.3	121.0	
	9.0%	65.3	70.4	75.5	80.7	85.8	90.9	96.0	
	10.0%	53.7	57.7	61.7	65.7	69.7	73.7	77.7	
	11.0%	44.7	47.9	51.1	54.2	57.4	60.6	63.8	
	12.0%	37.5	40.1	42.7	45.2	47.8	50.4	52.9	
	13.0%	31.7	33.8	35.9	38.0	40.1	42.2	44.3	
		14.0%	26.8	28.6	30.3	32.0	33.8	35.5	37.2

Cost of equity	12.6%
Cost of debt	4.5%
Tax rate	29.5%
After-tax cost of debt	3.2%
Share of equity capital	83.2%
Share of debt capital	16.8%
WACC	11.0%

		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
WACC	8.0%	85.1	89.6	94.8	100.9	108.1	116.8	127.3	
	9.0%	69.9	73.0	76.6	80.7	85.4	90.9	97.4	
	10.0%	58.1	60.3	62.9	65.7	68.9	72.6	76.8	
	11.0%	48.7	50.4	52.2	54.2	56.5	59.1	62.0	
	12.0%	41.1	42.4	43.7	45.2	46.9	48.7	50.8	
	13.0%	34.9	35.8	36.8	38.0	39.2	40.6	42.1	
		14.0%	29.6	30.4	31.2	32.0	33.0	34.0	35.1

*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	2023	2024E	2025E
Revenues	795	863	1,050	1,441	1,297	1,301
Cost of goods sold	-558	-625	-776	-1,071	-980	-976
Gross profit	245	261	296	394	338	348
Personnel expenses	-111	-127	-142	-158	-159	-157
Other OpEx	-71	-78	-91	-122	-113	-112
Other income	3	3	6	10	5	5
EBITDA	66	59	69	124	71	84
Depreciation & amortisation	-19	-21	-24	-28	-28	-28
Operating income (EBIT)	47	38	45	95	43	56
Net financial result	-2	-1	-4	-10	-11	-9
Other financial result	0	0	0	0	0	0
Pre-tax income (EBT)	44	37	42	86	33	47
Income taxes	-13	-11	-12	-25	-10	-14
Minority interests	0	0	0	0	0	0
Net income / loss	31	26	30	60	23	33
Diluted EPS (in €)	7.6	2.5	2.9	5.8	2.2	3.2
AEBITDA	68	61	70	124	71	84
Ratios						
Gross margin	30.8%	30.3%	28.2%	27.3%	26.1%	26.8%
EBITDA margin on revenues	8.3%	6.9%	6.6%	8.6%	5.5%	6.5%
EBIT margin on revenues	5.9%	4.4%	4.3%	6.6%	3.3%	4.3%
AEBITDA margin on revenues	8.5%	7.0%	6.7%	8.6%	5.5%	6.5%
Net margin on revenues	3.9%	3.0%	2.8%	4.2%	1.8%	2.6%
Tax rate	28.9%	29.9%	29.1%	29.7%	29.5%	29.5%
Expenses as % of revenues						
Personnel expenses	14.0%	14.8%	13.5%	10.9%	12.3%	12.1%
Other OpEx	8.9%	9.0%	8.7%	8.5%	8.7%	8.6%
Depreciation & amortisation	2.4%	2.4%	2.3%	2.0%	2.2%	2.2%
Y-Y Growth						
Revenues	1.8%	8.6%	21.7%	37.3%	-10.0%	0.4%
Operating income	1.5%	-17.6%	18.5%	109.8%	-54.8%	29.0%
Net income/ loss	0.5%	-17.3%	14.3%	103.7%	-62.0%	44.9%



BALANCE SHEET

All figures in EURm	2020	2021	2022	2023	2024E	2025E
Assets						
Current assets, total	161	191	344	430	353	353
Cash and equivalents	9	10	13	12	11	11
Other ST assets	16	24	38	23	24	24
Trade receivables	11	7	33	85	89	89
Inventories	124	145	253	309	228	227
Tax receivables	2	6	7	1	1	1
Non-current assets, total	124	154	214	253	261	269
Property, plant and equipment	103	131	184	222	230	237
Intangible assets	16	18	23	23	23	24
Deferred tax assets	3	3	5	7	7	7
Other LT assets	2	2	2	2	2	2
Total assets	286	345	557	682	614	622
Shareholders' equity & debt						
Current liabilities, total	128	179	279	355	293	280
Trade payables	35	38	113	122	91	91
ST debt	49	93	90	141	125	111
Provisions	6	8	18	24	24	24
Other current liabilities	37	40	59	68	53	53
Long-term liabilities, total	34	32	132	135	135	136
LT provisions	13	14	5	6	6	7
LT debt	6	2	103	102	102	102
Deferred tax	7	8	10	11	11	11
Other non-current liabilities	9	8	14	15	15	16
Shareholders' equity	124	134	147	193	185	207
Total consolidated equity and debt	286	345	557	682	614	622
Ratios						
Current ratio (x)	1.3	1.1	1.2	1.2	1.2	1.3
Quick ratio (x)	0.3	0.3	0.3	0.3	0.4	0.4
Equity ratio	43%	39%	26%	28%	30%	33%
Net debt / (net cash)	55	100	200	238	223	208
Net gearing	44%	75%	136%	124%	120%	101%
Net debt / EBITDA	0.8	1.7	2.9	1.9	3.1	2.5
Return on equity (ROE)	25%	19%	20%	31%	12%	16%
Capital employed (CE)	219	262	381	516	478	486
Return on capital employed (ROCE)	21%	15%	12%	18%	9%	11%



CASH FLOW STATEMENT

All figures in EURm	2020	2021	2022	2023	2024E	2025E
Net income	31	26	30	60	23	33
Depreciation & amortisation	19	21	24	28	28	28
Change to LT accruals	3	2	2	7	0	0
Other non-cash items	0	1	3	0	-15	0
Asset disposals	1	0	0	0	0	0
Income tax	12	11	12	25	10	14
Net interest expense	2	1	3	10	11	9
Operating cash flow	69	63	73	131	57	84
Change in working capital	11	-24	-58	-88	45	0
Tax paid	-10	-11	-12	-10	-10	-14
Net operating cash flow	71	27	3	32	92	71
Cash flow from investing	-20	-48	-73	-54	-36	-36
Equity inflow, net	25	0	0	0	0	0
Debt inflow, net	-39	41	94	50	-16	-14
Interest paid	-3	-1	-3	-11	-11	-9
Dividend paid to shareholders	-30	-16	-16	-16	-30	-11
Other financial cash flow	-3	-3	-3	-4	0	0
Cash flow from financing	-50	21	72	19	-57	-34
Net cash flows	1	0	3	-2	-1	0
Cash, start of the year	2	3	3	6	3	3
Cash, end of the year	3	3	6	3	3	3
Cash on deposit	6	7	7	8	8	8
Free cash flow (FCF)	51	-21	-70	-22	56	34
FCF/share (in €)	4.9	-2.0	-6.7	-2.1	5.4	3.3
Y-Y Growth						
Operating cash flow	61%	-62%	-90%	1047%	188%	-23%
Free cash flow	218%	n.m.	n.m.	n.m.	n.m.	-39%

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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...19	↓	↓	↓	↓
20	12 February 2024	€39.85	Buy	€86.00
21	22 February 2024	€45.80	Buy	€86.00
22	3 April 2024	€41.25	Buy	€86.00
23	10 May 2024	€45.95	Buy	€86.00
24	15 July 2024	€37.40	Buy	€86.00
25	18 July 2024	€33.20	Buy	€69.00
26	11 September 2024	€32.35	Buy	€69.00
27	11 September 2024	€30.00	Buy	€69.00
28	Today	€24.45	Buy	€54.00

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