

Einhell Germany AG

Consumer Goods - Germany



Buy (old: Buy)

08.01.2025

EUR 86.00 (old: EUR 86.00)

Another strong year ahead for Einhell; chg. est.

Topic: After an already strong FY24e, Einhell should in our view also in FY25e convince with solid sales growth and a further margin expansion.

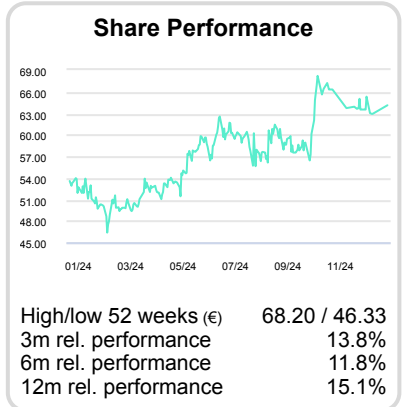
Sales are expected to increase to € 1,145m in FY25e due to a strong demand for Einhell's Power X-Change products and steadily increasing market share in Einhell's core markets. In H1'24, Einhell was already by far the largest player for cordless garden tools with a market share of 39% in Germany (vs. 36% in FY23) and 19% for cordless tools (vs. 17% in FY23). Next to the Western European region, Einhell Australia is also growing fast with € 148m sales in 9M'24 (vs. € 126m in 9M'23), accounting for c. 18% of total sales.

Furthermore, we expect Einhell to increase its EBT margin to 8.6% (eNuW) next year thanks to the increasing share of PXC products (9M'24: 50% share; +5ppts yoy), lower freight costs, a decrease in headcount and positive operating leverage.

Going forward, Einhell should benefit from the structural trend towards cordless battery-powered tools thanks to **(1)** high convenience of cordless tools compared to conventional tools as they are more flexible, offer a high level of safety and have less emissions and maintenance. **(2)** A rising technological capability of Li-Ion battery systems, including improved recharging speed, durability, energy management and maximum load. **(3)** Reasonable pricing of Li-Ion battery systems thanks to mass market production, making powerful battery systems applicable for a wide range of semi-professional DIY products.

On top of that the current **valuation of the stock is undemanding** not only based on an intrinsic valuation via DCF but also compared to its listed peers as the stock is currently trading at only 12x trailing P/E and 9x trailing EV/EBIT, despite its strong fundamentals.

Hence, we reiterate BUY with an unchanged PT of € 86 based on DCF.



Market data

Share price (in €)	64.10
Market cap (in € m)	732.6
Number of shares (in m pcs)	11.3
Enterprise value (in € m)	769.7
Ø trading volume (6 months)	2,600

Identifier

Bloomberg	EIN GR
Reuters	EING_p
WKN	A40ESU
ISIN	DE000A40ESU3

Key shareholders

Free float (Preference shares)	100.0%
Thannhuber AG (Ordinary shares)	93.0%
Others (Ordinary shares)	7.0%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	3%	0%
EPS	0%	3%	0%

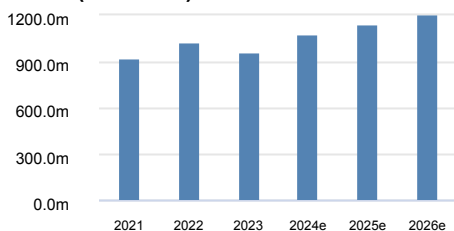
Comment on changes

- We slightly decreased our OPEX estimates for FY25e.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	927.4	1,032.5	971.5	1,080.0	1,144.8	1,196.3
Sales growth	28.0%	11.3%	-5.9%	11.2%	6.0%	4.5%
EBITDA	94.4	107.2	98.0	111.7	122.3	129.8
Net debt (if net cash=0)	211.1	224.3	67.6	42.8	-3.9	-46.1
FCF	-168.9	32.2	197.4	35.7	59.5	56.7
Net Debt/EBITDA	2.2	2.1	0.7	0.4	0.0	0.0
EPS pro forma	15.53	15.83	13.56	5.39	6.01	6.46
EBITDA margin	10.2%	10.4%	10.1%	10.3%	10.7%	10.9%
ROCE	18.3%	14.9%	13.6%	16.0%	16.2%	15.7%
EV/sales	0.7	0.5	0.4	0.8	0.7	0.6
EV/EBITDA	7.2	4.7	3.5	7.3	6.3	5.6
PER	9.9	4.1	4.8	12.0	10.8	10.0
Adjusted FCF yield	8.2%	14.6%	18.0%	9.0%	10.4%	12.6%

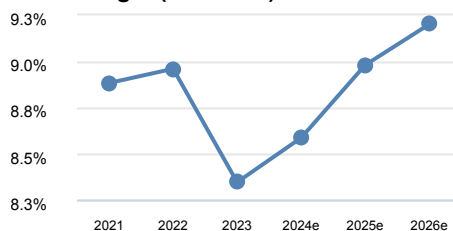
Source: Company data, NuWays, Close price as of 06.01.2025

Sales (2021-26e)



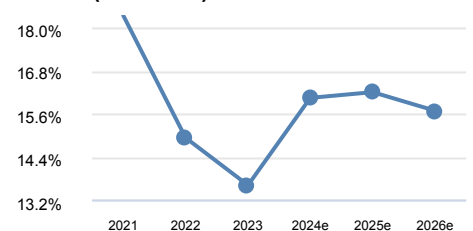
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research

Company description

Einhell is a supplier of power tools and equipment for DIY and semi-professional use. The Bavarian company is active internationally and recently expanded its product portfolio to include the innovative Power X-Change cordless tools, securing market leadership in this segment.

Guidance

- 2024 Sales: € 1,070m
- 2024 EBT margin: 8.0-8.5%

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	927.4	1,032.5	971.5	1,080.0	1,144.8	1,196.3
<i>Sales growth</i>	28.0%	11.3%	-5.9%	11.2%	6.0%	4.5%
Increase/decrease in finished goods and work-in-process	0.4	0.4	0.7	4.1	0.7	0.7
Total sales	927.8	1,032.9	972.3	1,084.1	1,145.5	1,197.0
Other operating income	9.3	17.8	18.8	10.7	14.9	15.6
Material expenses	594.2	659.1	583.7	645.9	693.9	715.4
Personnel expenses	107.8	118.7	129.6	139.7	143.9	149.6
Other operating expenses	140.7	165.7	179.8	197.6	200.3	217.7
Total operating expenses	833.4	925.7	874.3	972.5	1,023.2	1,067.2
EBITDA	94.4	107.2	98.0	111.7	122.3	129.8
Depreciation	12.0	14.7	16.2	18.9	19.5	19.7
EBITA	82.4	92.5	81.7	92.7	102.8	110.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.7	0.0	0.0	0.0
EBIT (inc revaluation net)	82.4	92.5	81.1	92.7	102.8	110.1
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.5	5.1	5.7	4.7	3.9	3.9
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.5	-5.1	-5.7	-4.7	-3.9	-3.9
Recurring pretax income from continuing operations	81.8	87.4	75.4	88.0	98.9	106.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	81.8	87.4	75.4	88.0	98.9	106.2
Income tax expense	21.7	26.6	23.8	26.9	29.7	31.9
Net income from continuing operations	60.2	60.8	51.6	61.1	69.2	74.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	60.2	60.8	51.6	61.1	69.2	74.3
Minority interest	1.5	1.0	1.1	0.1	1.2	1.2
Net profit (reported)	58.6	59.8	50.5	61.0	68.0	73.1
Average number of shares	3.8	3.8	3.8	11.3	11.3	11.3
EPS reported	15.53	15.83	13.38	5.39	6.01	6.46

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	28.0%	11.3%	-5.9%	11.2%	6.0%	4.5%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.1%	0.4%	0.1%	0.1%
Total sales	100.0%	100.0%	100.1%	100.4%	100.1%	100.1%
Other operating income	1.0%	1.7%	1.9%	1.0%	1.3%	1.3%
Material expenses	64.1%	63.8%	60.1%	59.8%	60.6%	59.8%
Personnel expenses	11.6%	11.5%	13.3%	12.9%	12.6%	12.5%
Other operating expenses	15.2%	16.0%	18.5%	18.3%	17.5%	18.2%
Total operating expenses	89.9%	89.7%	90.0%	90.0%	89.4%	89.2%
EBITDA	10.2%	10.4%	10.1%	10.3%	10.7%	10.9%
Depreciation	1.3%	1.4%	1.7%	1.8%	1.7%	1.6%
EBITA	8.9%	9.0%	8.4%	8.6%	9.0%	9.2%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	8.9%	9.0%	8.3%	8.6%	9.0%	9.2%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.1%	0.5%	0.6%	0.4%	0.3%	0.3%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	8.8%	8.5%	7.8%	8.1%	8.6%	8.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	8.8%	8.5%	7.8%	8.1%	8.6%	8.9%
Tax rate	26.5%	30.5%	31.6%	30.6%	30.0%	30.0%
Net income from continuing operations	6.5%	5.9%	5.3%	5.7%	6.0%	6.2%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	6.5%	5.9%	5.3%	5.7%	6.0%	6.2%
Minority interest	0.2%	0.1%	0.1%	0.0%	0.1%	0.1%
Net profit (reported)	6.3%	5.8%	5.2%	5.6%	5.9%	6.1%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.6	38.6	47.9	53.3	56.5	59.0
Property, plant and equipment	57.2	57.6	85.4	94.9	100.6	105.1
Financial assets	15.5	7.2	8.6	9.6	10.2	10.6
FIXED ASSETS	92.3	103.4	141.9	157.8	167.2	174.8
Inventories	450.0	473.5	363.6	404.2	428.4	465.1
Accounts receivable	135.9	143.7	149.8	166.6	176.6	184.5
Other assets and short-term financial assets	124.8	93.9	32.0	32.0	32.0	32.0
Liquid assets	11.5	10.7	99.4	99.6	146.3	168.5
Deferred taxes	17.4	17.6	23.3	23.3	23.3	23.3
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	739.6	739.3	668.1	725.6	806.5	873.3
TOTAL ASSETS	831.9	842.7	810.0	883.3	973.7	1,048.1

SHAREHOLDERS EQUITY	340.9	355.5	340.9	404.4	472.6	554.9
MINORITY INTEREST	3.4	11.3	14.0	14.0	14.0	14.0
Long-term liabilities to banks	91.4	88.3	92.2	73.8	23.8	53.8
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	40.3	43.8	58.0	55.1	55.1	55.1
Provisions for pensions and similar obligations	37.7	33.5	34.8	38.7	41.0	42.9
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
NON-CURRENT LIABILITIES	169.3	165.6	185.0	167.6	119.9	151.8
Short-term liabilities to banks	90.9	102.9	16.8	13.5	63.5	13.5
Accounts payable	137.5	116.3	154.3	174.5	188.1	193.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	69.3	75.8	93.8	104.3	110.5	115.5
Deferred taxes	20.5	15.3	5.2	5.2	5.2	5.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	318.2	310.2	270.1	297.4	367.2	327.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	831.9	842.7	810.0	883.3	973.7	1,048.1

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	2.4%	4.6%	5.9%	6.0%	5.8%	5.6%
Property, plant and equipment	6.9%	6.8%	10.5%	10.7%	10.3%	10.0%
Financial assets	1.9%	0.9%	1.1%	1.1%	1.0%	1.0%
FIXED ASSETS	11.1%	12.3%	17.5%	17.9%	17.2%	16.7%
Inventories	54.1%	56.2%	44.9%	45.8%	44.0%	44.4%
Accounts receivable	16.3%	17.1%	18.5%	18.9%	18.1%	17.6%
Other assets and short-term financial assets	15.0%	11.1%	4.0%	3.6%	3.3%	3.1%
Liquid assets	1.4%	1.3%	12.3%	11.3%	15.0%	16.1%
Deferred taxes	2.1%	2.1%	2.9%	2.6%	2.4%	2.2%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	88.9%	87.7%	82.5%	82.1%	82.8%	83.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	41.0%	42.2%	42.1%	45.8%	48.5%	52.9%
MINORITY INTEREST	0.4%	1.3%	1.7%	1.6%	1.4%	1.3%
Long-term liabilities to banks	11.0%	10.5%	11.4%	8.4%	2.4%	5.1%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	4.8%	5.2%	7.2%	6.2%	5.7%	5.3%
Provisions for pensions and similar obligations	4.5%	4.0%	4.3%	4.4%	4.2%	4.1%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NON-CURRENT LIABILITIES	20.4%	19.7%	22.8%	19.0%	12.3%	14.5%
Short-term liabilities to banks	10.9%	12.2%	2.1%	1.5%	6.5%	1.3%
Accounts payable	16.5%	13.8%	19.0%	19.8%	19.3%	18.4%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	8.3%	9.0%	11.6%	11.8%	11.4%	11.0%
Deferred taxes	2.5%	1.8%	0.6%	0.6%	0.5%	0.5%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	38.2%	36.8%	33.3%	33.7%	37.7%	31.2%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	60.2	60.8	51.6	61.1	69.2	74.3
Depreciation of fixed assets (incl. leases)	12.0	14.7	16.2	18.9	19.5	19.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-21.0	21.9	0.9	4.0	4.0	14.0
Cash flow from operating activities	-168.9	32.2	197.4	37.2	61.0	62.2
Increase/decrease in inventory	-255.2	-23.5	109.9	-40.6	-24.3	-36.7
Increase/decrease in accounts receivable	-16.7	-7.8	-6.1	-16.7	-10.0	-7.9
Increase/decrease in accounts payable	40.7	-21.2	38.0	20.2	13.6	5.2
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-231.2	-52.6	141.8	-37.1	-20.6	-39.4
Cash flow from operating activities	-151.4	40.8	211.7	50.8	74.4	70.5
CAPEX	17.5	8.6	14.2	15.1	14.9	13.8
Payments for acquisitions	0.0	19.0	4.7	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.7	0.1	0.0	0.0	0.0
Cash flow from investing activities	-17.4	-26.9	-18.9	-15.1	-14.9	-13.8
Cash flow before financing	-177.4	3.3	181.3	24.8	46.7	42.2
Increase/decrease in debt position	183.2	12.4	-67.9	-24.7	0.0	-20.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	8.6	10.5	11.4	10.8	12.8	14.5
Others	-28.1	-16.3	-23.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	1.7	-0.3	-1.2	0.0	0.0	0.0
Cash flow from financing activities	146.5	-14.5	-102.8	-35.5	-12.8	-34.5
Increase/decrease in liquid assets	-20.6	-0.9	88.8	0.1	46.7	22.2
Liquid assets at end of period	11.5	10.7	99.4	99.6	146.3	168.5

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	28.0%	11.3%	-5.9%	11.2%	6.0%	4.5%
EBITDA growth	37.6%	13.6%	-8.6%	14.0%	9.5%	6.2%
EBIT growth	39.6%	12.3%	-12.4%	14.4%	10.9%	7.1%
EPS growth	42.3%	1.9%	-15.5%	-59.7%	11.5%	7.5%
Efficiency						
Sales per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
No. employees (average)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Balance sheet analysis						
Avg. working capital / sales	35.9%	46.0%	44.3%	35.0%	35.5%	36.5%
Inventory turnover (sales/inventory)	2.1	2.2	2.7	2.7	2.7	2.6
Accounts receivable turnover	53.5	50.8	56.3	56.3	56.3	56.3
Accounts payable turnover	54.1	41.1	58.0	59.0	60.0	59.0
Cash flow analysis						
Free cash flow	-168.9	32.2	197.4	35.7	59.5	56.7
Free cash flow/sales	-18.2%	3.1%	20.3%	3.3%	5.2%	4.7%
FCF / net profit	neg.	52.9%	382.9%	58.4%	85.9%	76.3%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	211.1	224.3	67.6	42.8	-3.9	-46.1
Net Debt/EBITDA	2.2	2.1	0.7	0.4	0.0	0.0
Dividend payout ratio	14.6%	17.6%	22.6%	17.7%	18.8%	19.8%
Interest paid / avg. debt	0.4%	2.2%	2.8%	3.1%	2.7%	2.9%
Returns						
ROCE	18.3%	14.9%	13.6%	16.0%	16.2%	15.7%
ROE	17.2%	16.8%	14.8%	15.1%	14.4%	13.2%
Adjusted FCF yield	8.2%	14.6%	18.0%	9.0%	10.4%	12.6%
Dividend yield	1.7%	4.4%	4.4%	1.7%	2.0%	2.1%
DPS	2.5	2.8	2.8	1.1	1.3	1.4
EPS reported	15.53	15.83	13.38	5.39	6.01	6.46
Average number of shares	3.8	3.8	3.8	11.3	11.3	11.3
Valuation ratios						
P/BV	1.7	0.7	0.7	1.8	1.6	1.3
EV/sales	0.7	0.5	0.4	0.8	0.7	0.6
EV/EBITDA	7.2	4.7	3.5	7.3	6.3	5.6
EV/EBIT	8.2	5.4	4.3	8.8	7.5	6.6

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
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Company	Disclosures
Einhell Germany AG	2

Historical target price and rating changes for Einhell Germany AG

Company	Date	Analyst	Rating	Target Price	Close
Einhell Germany AG	11.10.2024	Salis, Christian	Buy	EUR 86.00	EUR 57.20
	23.08.2024	Salis, Christian	Buy	EUR 84.00	EUR 56.10
	09.04.2024	Salis, Christian	Buy	EUR 227.00	EUR 52.33

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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