

OHB SE

Technology - Germany



Sell (old: Sell)

10.11.2023

EUR 44.00 (old: EUR 44.00)

Delisting still intended, squeeze-out not possible for now

Topic: After the end of the extended tender period on November 3rd, the **Fuchs Family Pool and KKR** together now **control 93.39%** of shares.

With the Fuchs Family in control of 71.89% and KKR in control of 21.51%, a **substantial controlling interest** has been reached, but **not the required 95% for a squeeze-out**. Even with the planned 10% capital increase (without subscription rights), which KKR will solely subscribe to, KKR and the Fuchs Family Pool would only reach **94.0% of shares** (i.e. **94.51% of voting rights** due to treasury shares without voting rights; see p. 2).

The tender offer **still requires regulatory approval** (by investment and subsidy control authorities of each state, that OHB operates in), but the remaining offer conditions (1. approval by merger control authorities, 2. no dividends, capital measures or insolvency within the tender period and 3. no regulatory prohibition of the offer) are already fulfilled. Hence, the actual transfer of shares to KKR in return for the cash settlement of € 44.00 per share should take place in H1 24e.

While we do not participate in speculation, it is worth highlighting that **it seems unlikely that KKR raises the offer price** to attract the remaining 0.5% of shares required to reach the 95% threshold. Also, the Fuchs Family and KKR indicate to delist **the company anyway** (without squeeze-out majority), which would bear the risk of not being able to sell OHB shares in the future.

The stock now trades on very low volumes and the **ability to liquidate existing positions should continue to decrease** going forward, as free float now stands at a mere 6% (5.5% after capital increase). Furthermore, KKR might be willing to **buy blocks from the remaining shareholders OTC** or via the stock exchange, which **could lead to KKR and the Fuchs Family Pool exceeding the 95% squeeze-out threshold shortly**. Should it be reached, existing shareholders can be forced to sell for € 44.

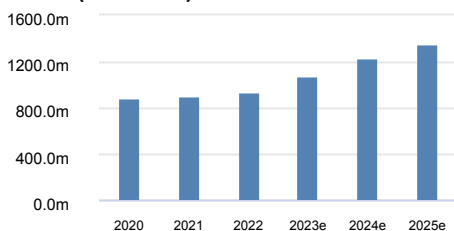
Hence, we recommend to **SELL at € 44.00** per share due to the decreasing liquidity of the stock, the potential of a squeeze-out as well as the planned delisting.

On a side note, OHB continues to operate well this year, with record Q3 results reported yesterday, however this should not have an impact on the share price for now.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	880.3	905.0	944.5	1,086.2	1,227.4	1,362.4
Sales growth	-12.4%	2.8%	4.4%	15.0%	13.0%	11.0%
EBITDA	77.0	83.6	99.3	107.1	122.7	136.2
Net debt (if net cash=0)	65.3	144.9	247.4	199.3	157.2	105.1
FCF	23.0	-39.9	-11.4	58.5	55.1	68.3
Net Debt/EBITDA	0.8	1.7	2.5	1.9	1.3	0.8
EPS pro forma	1.20	1.58	1.97	2.56	3.18	3.73
EBITDA margin	8.7%	9.2%	10.5%	9.9%	10.0%	10.0%
ROCE	8.7%	8.7%	10.1%	10.8%	13.0%	14.8%
EV/sales	1.1	1.1	1.1	0.9	0.8	0.6
EV/EBITDA	12.2	12.1	10.3	9.1	7.6	6.5
PER	36.8	27.9	22.4	17.2	13.8	11.8
Adjusted FCF yield	7.3%	7.5%	8.9%	7.8%	9.2%	10.7%

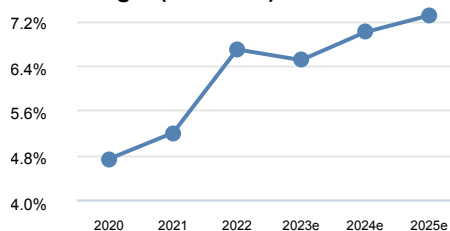
Source: Company data, NuWays, Close price as of 09.11.2023

Sales (2020-25e)



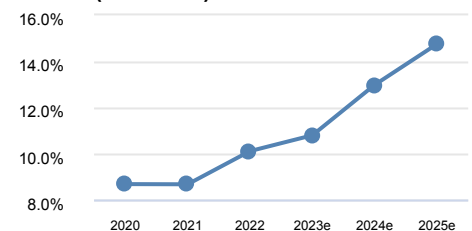
Source: NuWays Research

EBIT margin (2020-25e)

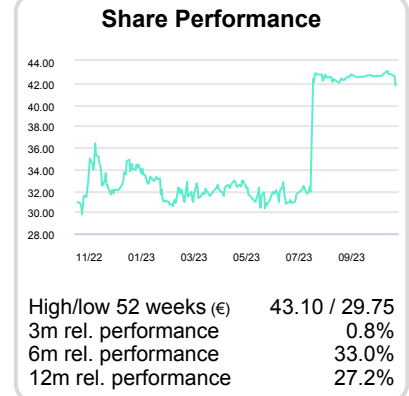


Source: NuWays Research

ROCE (2020-25e)



Source: NuWays Research



Market data

Share price (in €)	41.75
Market cap (in € m)	763.9
Number of shares (in m pcs)	17.4
Enterprise value (in € m)	979.0
Ø trading volume (6 months)	3,208

Identifier

Bloomberg	OHB GR
Reuters	OHB.DE
WKN	593612
ISIN	DE0005936124

Key shareholders

Fuchs Family	69.7%
Treasury Shares	0.6%
Free Float	29.7%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Company description

OHB is a leading manufacturer of space systems, namely satellites for all kinds of purposes. Also, OHB supplies launcher components and tanks for rockets and aircrafts, manufactures ground systems, antennas & telescopes and provides satellite data, cybersecurity and encryption services.

Guidance

- FY 2023 Total Sales: € 1,176m
- FY 2023 EBITDA: € 109m
- FY 2023 EBIT: € 70m

OHB Shareholder Structure

Shareholder	Pre Tender Offer as of 07.08.2023		Post Tender Period as of 08.11.2023		Post 10% Capital Increase planned	
	# of shares	in %	# of shares	in %	# of shares	in %
Fuchs Family Pool	12.557	71.89%	12.557	71.89%	12.557	65.35%
Treasury Shares	0.106	0.61%	0.106	0.61%	0.106	0.55%
Free Float	4.805	27.51%	1.048	6.00%	1.048	5.46%
KKR	0.000	0.00%	3.756	21.50%	5.503	28.64%
Total	17.468	100.00%	17.468	100%	19.215	100%
KKR & Fuchs Family Pool	12.557	71.89%	16.314	93.39%	18.061	93.99%
KKR & Fuchs Family Pool (excl. Treasury Shares w/o voting rights)	12.557	72.33%	16.314	93.96%	18.061	94.51%
Delta to Squeeze-out Threshold (95%)	4.037	22.67%	0.281	1.04%	0.194	0.49%

Source: Company data, KKR, NuWays

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	880.3	905.0	944.5	1,086.2	1,227.4	1,362.4
<i>Sales growth</i>	-12.4%	2.8%	4.4%	15.0%	13.0%	11.0%
Increase/decrease in finished goods and work-in-process	21.1	11.5	56.8	43.4	12.3	13.6
Total sales	901.4	916.5	1,001.3	1,129.6	1,239.7	1,376.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	533.6	534.5	588.4	673.4	738.9	820.2
Personnel expenses	244.8	249.9	257.8	271.3	306.9	340.6
Other operating expenses	46.0	48.6	55.7	77.8	71.2	79.0
Total operating expenses	824.4	832.9	902.0	1,022.5	1,116.9	1,239.8
EBITDA	77.0	83.6	99.3	107.1	122.7	136.2
Depreciation	35.4	36.6	36.1	36.5	36.8	36.8
EBITA	41.6	47.0	63.2	70.6	85.9	99.5
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	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	41.6	47.0	63.2	70.6	85.9	99.5
Interest income	1.3	1.3	1.8	0.4	0.5	0.6
Interest expenses	8.7	6.4	9.7	10.5	10.5	10.5
Investment income	-4.4	-0.4	-5.3	3.0	3.0	3.0
Financial result	-11.8	-5.4	-13.2	-7.1	-7.0	-6.9
Recurring pretax income from continuing operations	29.8	41.6	50.0	63.5	78.9	92.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	29.8	41.6	50.0	63.5	78.9	92.6
Income tax expense	10.1	13.8	15.8	19.1	23.7	27.8
Net income from continuing operations	19.7	27.7	34.1	44.5	55.2	64.8
Income from discontinued operations (net of tax)	0.0	0.0	1.9	0.0	0.0	0.0
Net income	19.7	27.7	32.2	44.5	55.2	64.8
Minority interest	-1.1	0.3	-0.0	-0.0	-0.0	-0.0
Net profit (reported)	20.9	27.5	32.2	44.5	55.3	64.8
Average number of shares	17.4	17.4	17.4	17.4	17.4	17.4
EPS reported	1.20	1.58	1.86	2.56	3.18	3.73

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	-12.4%	2.8%	4.4%	15.0%	13.0%	11.0%
Increase/decrease in finished goods and work-in-process	2.4%	1.3%	6.0%	4.0%	1.0%	1.0%
Total sales	102.4%	101.3%	106.0%	104.0%	101.0%	101.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Material expenses	60.6%	59.1%	62.3%	62.0%	60.2%	60.2%
Personnel expenses	27.8%	27.6%	27.3%	25.0%	25.0%	25.0%
Other operating expenses	5.2%	5.4%	5.9%	7.2%	5.8%	5.8%
Total operating expenses	93.7%	92.0%	95.5%	94.1%	91.0%	91.0%
EBITDA	8.7%	9.2%	10.5%	9.9%	10.0%	10.0%
Depreciation	4.0%	4.0%	3.8%	3.4%	3.0%	2.7%
EBITA	4.7%	5.2%	6.7%	6.5%	7.0%	7.3%
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%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	4.7%	5.2%	6.7%	6.5%	7.0%	7.3%
Interest income	0.1%	0.1%	0.2%	0.0%	0.0%	0.0%
Interest expenses	1.0%	0.7%	1.0%	1.0%	0.9%	0.8%
Investment income	-0.5%	-0.0%	-0.6%	0.3%	0.2%	0.2%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	3.4%	4.6%	5.3%	5.8%	6.4%	6.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	3.4%	4.6%	5.3%	5.8%	6.4%	6.8%
Tax rate	33.8%	33.3%	31.7%	30.0%	30.0%	30.0%
Net income from continuing operations	2.2%	3.1%	3.6%	4.1%	4.5%	4.8%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Net income	2.2%	3.1%	3.4%	4.1%	4.5%	4.8%
Minority interest	-0.1%	0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Net profit (reported)	2.4%	3.0%	3.4%	4.1%	4.5%	4.8%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	185.8	185.0	182.3	182.3	182.3	182.3
Property, plant and equipment	97.2	104.7	107.2	111.7	109.9	109.1
Financial assets	70.1	63.6	82.7	82.7	82.7	82.7
FIXED ASSETS	353.0	353.3	372.3	376.8	374.9	374.2
Inventories	62.1	32.0	25.7	29.5	33.4	37.0
Accounts receivable	366.2	435.7	508.5	491.0	554.9	615.9
Other assets and short-term financial assets	14.9	18.5	50.5	75.5	75.5	75.5
Liquid assets	92.5	96.6	106.1	140.8	185.9	241.0
Deferred taxes	23.4	24.8	17.7	17.7	17.7	17.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	559.0	607.6	708.5	754.5	867.3	987.1
TOTAL ASSETS	912.1	960.8	1,080.7	1,131.3	1,242.2	1,361.3

SHAREHOLDERS EQUITY	206.1	234.5	268.8	309.9	359.2	414.7
MINORITY INTEREST	17.2	18.1	24.7	24.7	24.7	24.6
Provisions for pensions and similar obligations	111.0	104.3	71.6	71.6	71.6	71.6
Other provisions and accrued liabilities	31.0	35.6	34.2	42.7	48.3	53.6
Short-term liabilities to banks	93.1	145.9	133.4	110.0	103.0	96.0
Accounts payable	278.7	211.1	252.7	267.8	319.5	373.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	58.3	53.8	55.8	55.8	55.8	55.8
Deferred taxes	44.5	52.3	62.8	62.8	62.8	62.8
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	337.0	264.9	308.5	323.6	375.3	429.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	912.1	960.8	1,080.7	1,131.3	1,242.2	1,361.3

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	20.4%	19.2%	16.9%	16.1%	14.7%	13.4%
Property, plant and equipment	10.7%	10.9%	9.9%	9.9%	8.8%	8.0%
Financial assets	7.7%	6.6%	7.7%	7.3%	6.7%	6.1%
FIXED ASSETS	38.7%	36.8%	34.4%	33.3%	30.2%	27.5%
Inventories	6.8%	3.3%	2.4%	2.6%	2.7%	2.7%
Accounts receivable	40.1%	45.3%	47.0%	43.4%	44.7%	45.2%
Other assets and short-term financial assets	1.6%	1.9%	4.7%	6.7%	6.1%	5.5%
Liquid assets	10.1%	10.1%	9.8%	12.4%	15.0%	17.7%
Deferred taxes	2.6%	2.6%	1.6%	1.6%	1.4%	1.3%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	61.3%	63.2%	65.6%	66.7%	69.8%	72.5%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	22.6%	24.4%	24.9%	27.4%	28.9%	30.5%
MINORITY INTEREST	1.9%	1.9%	2.3%	2.2%	2.0%	1.8%
Provisions for pensions and similar obligations	12.2%	10.9%	6.6%	6.3%	5.8%	5.3%
Other provisions and accrued liabilities	3.4%	3.7%	3.2%	3.8%	3.9%	3.9%
Short-term liabilities to banks	10.2%	15.2%	12.3%	9.7%	8.3%	7.1%
Accounts payable	30.6%	22.0%	23.4%	23.7%	25.7%	27.4%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	6.4%	5.6%	5.2%	4.9%	4.5%	4.1%
Deferred taxes	4.9%	5.4%	5.8%	5.6%	5.1%	4.6%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	37.0%	27.6%	28.5%	28.6%	30.2%	31.5%
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)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	33.9	39.7	48.8	51.6	62.2	71.7
Depreciation of fixed assets (incl. leases)	35.4	36.6	36.1	36.5	36.8	36.8
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-7.5	-5.3	-7.7	0.0	0.0	0.0
Cash flow from operating activities	32.9	-24.3	-2.3	84.5	73.3	85.8
Increase/decrease in inventory	-34.6	61.9	6.4	-3.9	-3.8	-3.7
Increase/decrease in accounts receivable	84.9	-108.7	-107.5	17.5	-63.8	-61.0
Increase/decrease in accounts payable	-59.3	21.8	16.5	15.2	51.6	53.8
Increase/decrease in other working capital positions	-13.0	-65.5	14.8	-25.0	0.0	0.0
Increase/decrease in working capital	-22.0	-90.5	-69.8	3.8	-16.0	-10.9
Cash flow from operating activities	44.1	-17.3	9.1	99.5	90.1	104.3
CAPEX	21.2	22.6	20.5	41.0	35.0	36.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	4.9	24.5	-2.8	0.0	0.0	0.0
Cash flow from investing activities	-16.3	1.9	-23.3	-41.0	-35.0	-36.0
Cash flow before financing	27.8	-23.0	-22.5	48.1	42.1	52.1
Increase/decrease in debt position	-12.6	34.5	39.1	-13.4	3.0	3.0
Purchase of own shares	0.0	3.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	7.5	8.3	10.4	13.0	16.2
Others	-7.5	-5.3	-7.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.8	1.3	0.0	0.0	0.0	0.0
Cash flow from financing activities	-20.2	18.8	23.1	-23.8	-10.0	-13.2
Increase/decrease in liquid assets	6.9	4.7	9.0	34.7	45.1	55.1
Liquid assets at end of period	91.9	96.6	105.6	140.2	185.3	240.4

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	-12.4%	2.8%	4.4%	15.0%	13.0%	11.0%
EBITDA growth	20.0%	6.7%	29.0%	28.1%	23.6%	27.2%
EBIT growth	-12.8%	-4.3%	51.8%	50.1%	36.0%	40.9%
EPS growth	n.a.	7.6%	55.0%	62.2%	71.4%	45.8%
Efficiency						
Sales per employee	295.3	302.1	313.0	353.4	399.3	443.2
EBITDA per employee	25.8	27.9	32.9	34.8	39.9	44.3
No. employees (average)	2,981	2,996	3,018	3,074	3,074	3,074
Balance sheet analysis						
Avg. working capital / sales	16.4%	22.4%	28.5%	24.6%	22.4%	19.5%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	151.8	175.7	196.5	165.0	165.0	165.0
Accounts payable turnover	115.6	85.1	97.6	90.0	95.0	100.0
Cash flow analysis						
Free cash flow	23.0	-39.9	-11.4	58.5	55.1	68.3
Free cash flow/sales	2.6%	-4.4%	-1.2%	5.4%	4.5%	5.0%
FCF / net profit	67.8%	neg.	neg.	113.4%	88.5%	95.3%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	65.3	144.9	247.4	199.3	157.2	105.1
Net Debt/EBITDA	0.8	1.7	2.5	1.9	1.3	0.8
Dividend payout ratio	35.9%	30.4%	32.3%	29.3%	29.3%	29.3%
Interest paid / avg. debt	6.9%	3.2%	4.2%	4.0%	3.6%	3.7%
Returns						
ROCE	8.7%	8.7%	10.1%	10.8%	13.0%	14.8%
ROE	10.1%	11.7%	12.0%	14.3%	15.4%	15.6%
Adjusted FCF yield	7.3%	7.5%	8.9%	7.8%	9.2%	10.7%
Dividend yield	1.0%	1.1%	1.4%	1.7%	2.1%	2.5%
DPS	0.4	0.5	0.6	0.8	0.9	1.1
EPS reported	1.20	1.58	1.86	2.56	3.18	3.73
Average number of shares	17.4	17.4	17.4	17.4	17.4	17.4
Valuation ratios						
P/BV	3.7	3.3	2.8	2.5	2.1	1.8
EV/sales	1.1	1.1	1.1	0.9	0.8	0.6
EV/EBITDA	12.2	12.1	10.3	9.1	7.6	6.5
EV/EBIT	22.6	21.6	16.3	13.9	10.9	8.9

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

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Company	Disclosures
OHB SE	2,8

Historical target price and rating changes for OHB SE

Company	Date	Analyst	Rating	Target Price	Close
OHB SE	07.08.2023	Wendisch, Henry	Sell	EUR 44.00	EUR 31.85
	13.04.2023	Wendisch, Henry	Buy	EUR 48.00	EUR 31.45

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8. Miscellaneous

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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