

Sell (old: Sell)

28.08.2024

EUR 44.00 (old: EUR 44.00)

Deorbiting from Wall Street

Topic: KKR announced that all offer conditions are met and the transfer of shares for Sept. 6th.

Belgian FDI approval: Following Germany's FDI approval from May '24, Belgium has also given green light for KKR's takeover of OHB's free float. This was anticipated as early as Sept. '24 (see update from Aug. 8th) as Belgium's FDI authority has only started to look into the case after Germany. This was the last remaining offer condition that needed to be fulfilled before the long-stop date (Sept. 30th 2024) in order for the tender offer to go through.

Transfer of shares on Sept. 6th: According to the offer document, KKR will now pursue the transfer of shares against a € 44 per share cash settlement latest after 8 banking days (i.e., Sept. 9th), but plans to execute the transfer on Friday, Sept. 6th.

New shareholder structure post share transfer: Following the transfer, OHB will be controlled by the Fuchs Family (65.35%) and KKR (28.64%). Together they will thus hold 93.99% of shares. Excluding treasury shares (0.33%), that are not equipped with voting rights, Fuchs Family and KKR will thus make up 94.3% of voting rights, which is only 0.7% short of the squeeze-out (SO) threshold of 95% of voting rights. - see p. 2 for details

Filling the gap to 95%: We deem it likely, that KKR will acquire the missing 0.7% either from the remaining free float (4.91%) or from the special situation fund SYQUANT (0.78%) to overcome the SO threshold. As the free float shares are trading at low volumes, an OTC block trade seems more likely in our view.

Delisting and SO at once, but not in the short-term: Given that KKR and Fuchs Family have no time pressure to pursue the delisting, we expect them to wait for the SO threshold to be reached before the final decision to delist, which will likely not fall before the next AGM in mid-2025.

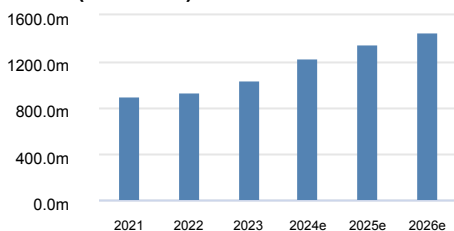
Recommendation: The remaining free float shareholders should avoid the risk of owning an illiquid stock in the upcoming delisting for which a SO seems very likely. Therefore, we **recommend to SELL** at current levels (yesterdays closing price of € 45.90 above the € 44.00 offer price) while one still can.

- Coverage discontinued -

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	905.0	944.5	1,047.8	1,227.4	1,362.4	1,457.8
Sales growth	2.8%	4.4%	10.9%	17.1%	11.0%	7.0%
EBIT (inc revaluation net)	47.0	63.2	125.0	85.9	99.5	118.1
Net debt (if net cash=0)	144.9	247.4	259.7	164.3	112.3	32.3
FCF	-39.9	-11.4	-85.6	106.8	59.3	88.5
Net Debt/EBITDA	1.7	2.5	1.6	1.3	0.8	0.2
EPS pro forma	1.58	1.97	3.72	2.34	2.74	3.30
EBIT margin	5.2%	6.7%	11.9%	7.0%	7.3%	8.1%
ROCE	8.7%	10.1%	17.2%	10.9%	12.7%	14.9%
EV/sales	1.2	1.1	1.1	0.9	0.7	0.6
EV/EBIT	22.3	16.8	9.2	12.2	10.1	7.8
PER	29.1	23.3	12.3	19.6	16.8	13.9
Adjusted FCF yield	7.5%	8.9%	13.4%	7.8%	8.9%	11.5%

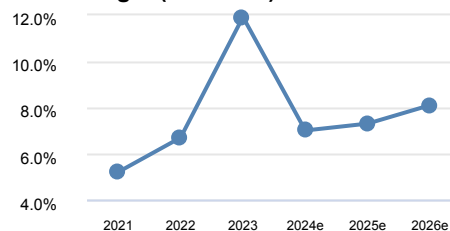
Source: Company data, NuWays, Close price as of 22.08.2024

Sales (2021-26e)



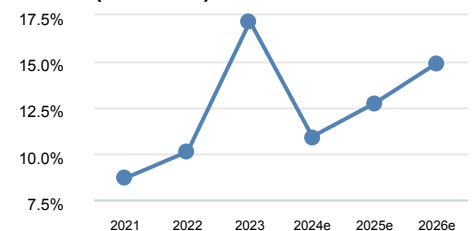
Source: NuWays Research

EBIT margin (2021-26e)

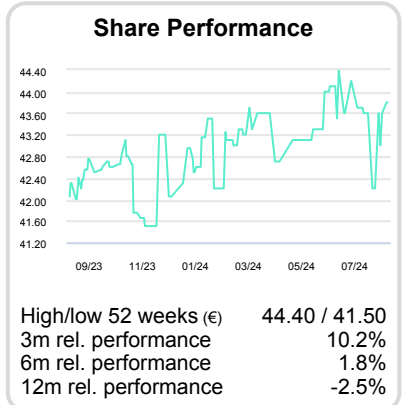


Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research



Market data

Share price (in €)	43.80
Market cap (in € m)	882.0
Number of shares (in m pcs)	19.2
Enterprise value (in € m)	1052.2
Ø trading volume (6 months)	1,772

Identifier

Bloomberg	OHB GR
Reuters	OHB.DE
WKN	593612
ISIN	DE0005936124

Key shareholders

Fuchs Family Pool	65.4%
KKR	28.6%
Free Float	4.9%
SYQUANT CAPITAL	0.8%
Treasury Shares	0.3%

Estimates changes

	2024e	2025e	2026e
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 aircraft, 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 as of 31.12.2023		Post Share Transfer as of 06.09.2024	
	# of shares	in %	# of shares	in %	# of shares	in %	# of shares	in %
Fuchs Family	12.557	71.89%	12.557	71.89%	12.557	65.35%	12.557	65.35%
KKR (directly)			0.164	0.94%	1.911	9.94%	5.503	28.64%
KKR (indirectly, tendered shares)			3.592	20.57%	3.592	18.70%		
Treasury Shares	0.106	0.61%	0.106	0.61%	0.063	0.33%	0.063	0.33%
SYQUANT CAPITAL							0.149	0.78%
Free Float	4.805	27.51%	1.048	6.00%	1.092	5.68%	0.942	4.91%
Total	17.468	100.00%	17.468	100.00%	19.215	100.00%	19.215	100.00%
KKR & Fuchs Family	12.557	71.89%	12.721	72.83%	14.468	75.30%	18.061	93.99%
KKR & Fuchs Family (excl. Treasury Shares)	12.557	72.33%	12.721	73.27%	14.468	75.54%	18.061	94.30%
Delta to Squeeze-out Threshold (95%)	4.037	22.67%	3.873	21.73%	3.786	19.46%	0.194	0.70%
SYQUANT + KKR + Fuchs Fam (excl. Treasury Shares)	12.557	72.33%	12.721	73.27%	14.468	75.54%	18.210	95.08%
Delta to Squeeze-out Threshold (95%)	3.937	22.67%	3.773	21.73%	3.726	19.46%	-0.015	-0.08%

Source: OHB, NuWays

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	905.0	944.5	1,047.8	1,227.4	1,362.4	1,457.8
<i>Sales growth</i>	2.8%	4.4%	10.9%	17.1%	11.0%	7.0%
Increase/decrease in finished goods and work-in-process	11.5	56.8	135.0	12.3	13.6	14.6
Total sales	916.5	1,001.3	1,182.8	1,239.7	1,376.0	1,472.4
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	534.5	588.4	628.6	738.9	820.2	865.9
Personnel expenses	249.9	257.8	283.1	306.9	340.6	376.1
Other operating expenses	48.6	55.7	109.0	71.2	79.0	71.4
Total operating expenses	832.9	902.0	1,020.7	1,116.9	1,239.8	1,313.5
EBITDA	83.6	99.3	162.1	122.7	136.2	158.9
Depreciation	36.6	36.1	37.1	36.8	36.8	40.8
EBITA	47.0	63.2	125.0	85.9	99.5	118.1
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	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	47.0	63.2	125.0	85.9	99.5	118.1
Interest income	1.3	1.8	3.7	2.0	2.1	2.1
Interest expenses	6.4	9.7	20.1	13.5	14.0	14.0
Investment income	-0.4	-5.3	-4.5	3.0	3.0	3.0
Financial result	-5.4	-13.2	-20.9	-8.5	-8.9	-8.9
Recurring pretax income from continuing operations	41.6	50.0	104.1	77.4	90.6	109.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	41.6	50.0	104.1	77.4	90.6	109.2
Income tax expense	13.8	15.8	18.0	23.2	27.2	32.8
Net income from continuing operations	27.7	34.1	86.1	54.2	63.4	76.4
Income from discontinued operations (net of tax)	0.0	1.9	0.2	0.0	0.0	0.0
Net income	27.7	32.2	85.9	54.2	63.4	76.4
Minority interest	0.3	-0.0	14.6	9.2	10.8	13.0
Net profit (reported)	27.5	32.2	71.3	45.0	52.6	63.4
Average number of shares	17.4	17.4	19.2	19.2	19.2	19.2
EPS reported	1.58	1.86	3.71	2.34	2.74	3.30

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>	2.8%	4.4%	10.9%	17.1%	11.0%	7.0%
Increase/decrease in finished goods and work-in-process	1.3%	6.0%	12.9%	1.0%	1.0%	1.0%
Total sales	101.3%	106.0%	112.9%	101.0%	101.0%	101.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Material expenses	59.1%	62.3%	60.0%	60.2%	60.2%	59.4%
Personnel expenses	27.6%	27.3%	27.0%	25.0%	25.0%	25.8%
Other operating expenses	5.4%	5.9%	10.4%	5.8%	5.8%	4.9%
Total operating expenses	92.0%	95.5%	97.4%	91.0%	91.0%	90.1%
EBITDA	9.2%	10.5%	15.5%	10.0%	10.0%	10.9%
Depreciation	4.0%	3.8%	3.5%	3.0%	2.7%	2.8%
EBITA	5.2%	6.7%	11.9%	7.0%	7.3%	8.1%
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%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	5.2%	6.7%	11.9%	7.0%	7.3%	8.1%
Interest income	0.1%	0.2%	0.4%	0.2%	0.2%	0.1%
Interest expenses	0.7%	1.0%	1.9%	1.1%	1.0%	1.0%
Investment income	-0.0%	-0.6%	-0.4%	0.2%	0.2%	0.2%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	4.6%	5.3%	9.9%	6.3%	6.6%	7.5%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	4.6%	5.3%	9.9%	6.3%	6.6%	7.5%
Tax rate	33.3%	31.7%	17.3%	30.0%	30.0%	30.0%
Net income from continuing operations	3.1%	3.6%	8.2%	4.4%	4.7%	5.2%
Income from discontinued operations (net of tax)	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Net income	3.1%	3.4%	8.2%	4.4%	4.7%	5.2%
Minority interest	0.0%	-0.0%	1.4%	0.8%	0.8%	0.9%
Net profit (reported)	3.0%	3.4%	6.8%	3.7%	3.9%	4.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	185.0	182.3	184.1	184.1	184.1	184.1
Property, plant and equipment	104.7	107.2	105.5	103.7	102.9	98.1
Financial assets	63.6	82.7	171.9	171.9	171.9	171.9
FIXED ASSETS	353.3	372.3	461.5	459.7	458.9	454.1
Inventories	32.0	25.7	31.4	36.7	40.8	43.6
Accounts receivable	435.7	508.5	656.6	638.9	709.2	758.8
Other assets and short-term financial assets	18.5	50.5	28.6	28.6	28.6	28.6
Liquid assets	96.6	106.1	141.1	239.5	294.5	374.5
Deferred taxes	24.8	17.7	21.9	21.9	21.9	21.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	607.6	708.5	879.6	965.6	1,095.0	1,227.5
TOTAL ASSETS	960.8	1,080.7	1,341.1	1,425.3	1,553.8	1,681.5

SHAREHOLDERS EQUITY	234.5	268.8	409.5	451.5	505.7	569.5
MINORITY INTEREST	18.1	24.7	29.0	38.2	49.0	62.0
Long-term liabilities to banks	10.5	74.2	71.7	81.7	91.7	98.7
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	85.2	90.1	41.4	41.4	41.4	41.4
Provisions for pensions and similar obligations	104.3	71.6	77.0	77.0	77.0	77.0
Other provisions and accrued liabilities	35.6	34.2	41.2	48.3	53.6	57.3
NON-CURRENT LIABILITIES	235.5	270.1	231.3	248.3	263.6	274.4
Short-term liabilities to banks	145.9	133.4	216.6	209.6	202.6	195.6
Accounts payable	211.1	252.7	302.5	319.5	373.3	419.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	9.7	12.4	7.1	13.1	14.5	15.6
Other liabilities (incl. from lease and rental contracts)	53.8	55.8	71.1	71.1	71.1	71.1
Deferred taxes	52.3	62.8	74.0	74.0	74.0	74.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	472.7	517.1	671.3	687.3	735.5	775.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	960.8	1,080.7	1,341.1	1,425.3	1,553.9	1,681.5

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	19.2%	16.9%	13.7%	12.9%	11.8%	10.9%
Property, plant and equipment	10.9%	9.9%	7.9%	7.3%	6.6%	5.8%
Financial assets	6.6%	7.7%	12.8%	12.1%	11.1%	10.2%
FIXED ASSETS	36.8%	34.4%	34.4%	32.3%	29.5%	27.0%
Inventories	3.3%	2.4%	2.3%	2.6%	2.6%	2.6%
Accounts receivable	45.3%	47.0%	49.0%	44.8%	45.6%	45.1%
Other assets and short-term financial assets	1.9%	4.7%	2.1%	2.0%	1.8%	1.7%
Liquid assets	10.1%	9.8%	10.5%	16.8%	19.0%	22.3%
Deferred taxes	2.6%	1.6%	1.6%	1.5%	1.4%	1.3%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	63.2%	65.6%	65.6%	67.7%	70.5%	73.0%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	24.4%	24.9%	30.5%	31.7%	32.5%	33.9%
MINORITY INTEREST	1.9%	2.3%	2.2%	2.7%	3.2%	3.7%
Long-term liabilities to banks	1.1%	6.9%	5.3%	5.7%	5.9%	5.9%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	8.9%	8.3%	3.1%	2.9%	2.7%	2.5%
Provisions for pensions and similar obligations	10.9%	6.6%	5.7%	5.4%	5.0%	4.6%
Other provisions and accrued liabilities	3.7%	3.2%	3.1%	3.4%	3.4%	3.4%
NON-CURRENT LIABILITIES	24.5%	25.0%	17.2%	17.4%	17.0%	16.3%
Short-term liabilities to banks	15.2%	12.3%	16.2%	14.7%	13.0%	11.6%
Accounts payable	22.0%	23.4%	22.6%	22.4%	24.0%	24.9%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	1.0%	1.1%	0.5%	0.9%	0.9%	0.9%
Other liabilities (incl. from lease and rental contracts)	5.6%	5.2%	5.3%	5.0%	4.6%	4.2%
Deferred taxes	5.4%	5.8%	5.5%	5.2%	4.8%	4.4%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	49.2%	47.8%	50.1%	48.2%	47.3%	46.1%
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	39.7	48.8	107.0	62.7	72.3	85.3
Depreciation of fixed assets (incl. leases)	36.6	36.1	37.1	36.8	36.8	40.8
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.5	-2.9	-147.7	0.0	0.0	0.0
Cash flow from operating activities	-24.3	-2.3	-76.8	125.1	76.8	104.3
Increase/decrease in inventory	61.9	6.4	-5.7	-5.4	-4.0	-2.9
Increase/decrease in accounts receivable	-108.7	-107.5	-148.1	17.7	-70.3	-49.6
Increase/decrease in accounts payable	21.8	16.5	49.8	17.0	53.8	46.1
Increase/decrease in other working capital positions	-65.5	14.8	21.9	0.0	0.0	0.0
Increase/decrease in working capital	-90.5	-69.8	-82.1	29.3	-20.5	-6.4
Cash flow from operating activities	-17.3	9.1	-61.8	141.8	95.3	124.5
CAPEX	22.6	20.5	23.8	35.0	36.0	36.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	-0.2	0.0	0.0	0.0
Income from asset disposals	24.5	-2.8	4.0	0.0	0.0	0.0
Cash flow from investing activities	1.9	-23.3	-19.6	-35.0	-36.0	-36.0
Cash flow before financing	-23.0	-22.5	-91.8	95.3	52.0	80.0
Increase/decrease in debt position	34.5	39.1	68.5	3.0	3.0	0.0
Purchase of own shares	3.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	74.3	0.0	0.0	0.0
Dividends paid	7.5	8.3	10.4	11.5	7.3	8.5
Others	-5.3	-7.7	-15.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	1.3	0.0	0.3	0.0	0.0	0.0
Cash flow from financing activities	18.8	23.1	116.7	-8.5	-4.3	-8.5
Increase/decrease in liquid assets	4.7	9.0	35.6	98.3	55.0	80.0
Liquid assets at end of period	96.6	105.6	141.1	239.5	294.5	374.5

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	2.8%	4.4%	10.9%	17.1%	11.0%	7.0%
EBITDA growth	8.6%	18.7%	63.3%	-24.3%	11.0%	16.6%
EBIT growth	12.9%	34.4%	97.8%	-31.3%	15.8%	18.7%
EPS growth	31.8%	17.6%	99.8%	-36.9%	17.0%	20.6%
Efficiency						
Sales per employee	302.1	313.0	340.9	399.3	443.2	474.2
EBITDA per employee	27.9	32.9	52.7	39.9	44.3	51.7
No. employees (average)	2,996	3,018	3,074	3,074	3,074	3,074
Balance sheet analysis						
Avg. working capital / sales	22.4%	28.5%	31.8%	26.0%	28.0%	25.4%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	175.7	196.5	228.7	190.0	190.0	190.0
Accounts payable turnover	85.1	97.6	105.4	95.0	100.0	105.0
Cash flow analysis						
Free cash flow	-39.9	-11.4	-85.6	106.8	59.3	88.5
Free cash flow/sales	-4.4%	-1.2%	-8.2%	8.7%	4.4%	6.1%
FCF / net profit	neg.	neg.	neg.	170.4%	82.0%	103.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	144.9	247.4	259.7	164.3	112.3	32.3
Net Debt/EBITDA	1.7	2.5	1.6	1.3	0.8	0.2
Dividend payout ratio	30.4%	32.3%	16.2%	16.2%	16.2%	16.2%
Interest paid / avg. debt	3.2%	4.2%	7.0%	4.3%	4.2%	4.2%
Returns						
ROCE	8.7%	10.1%	17.2%	10.9%	12.7%	14.9%
ROE	11.7%	12.0%	17.4%	10.0%	10.4%	11.1%
Adjusted FCF yield	7.5%	8.9%	13.4%	7.8%	8.9%	11.5%
Dividend yield	1.0%	1.3%	1.3%	0.8%	1.0%	1.2%
DPS	0.5	0.6	0.6	0.4	0.4	0.5
EPS reported	1.58	1.86	3.71	2.34	2.74	3.30
Average number of shares	17.4	17.4	19.2	19.2	19.2	19.2
Valuation ratios						
P/BV	3.4	3.0	2.2	2.0	1.7	1.5
EV/sales	1.2	1.1	1.1	0.9	0.7	0.6
EV/EBITDA	12.5	10.7	7.1	8.6	7.3	5.8
EV/EBIT	22.3	16.8	9.2	12.2	10.1	7.8

Source: Company data, NuWays

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Company	Disclosures
OHB SE	2

Historical target price and rating changes for OHB SE

Company	Date	Analyst	Rating	Target Price	Close
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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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