

12 May 2022

BAUER GROUP

Rating Buy
Share price (EUR) 9.00
Target price (EUR) 13.00

Bloomberg Sector B5A GY
Capital Goods

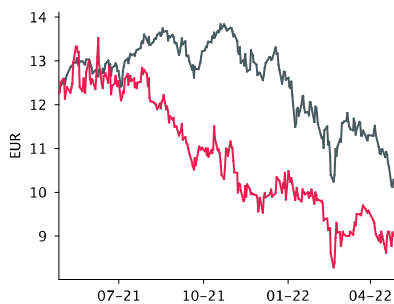
Share data

Shares out (m) 26.1
Daily volume shs (m) 0.1
Free float (%) 33.98
Market cap (EUR m) 250
EV (EUR m) 680
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 0.0

Performance

ytd (%) -9.1
12 months (%) -26.1
12 months rel. (%) -9.7
Index SDAX

Share price performance



— Bauer
— Price rel. to SDAX - Price Index

Source: Bloomberg

Next triggers

23 June 2022 – AGM
11 August 2022 - H1 report

Analysts

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Positive start into the year

This morning BAUER published a positive start into 2022 as Total Group Revenues increased by 17% yoy to EUR 417.9m and EBIT significantly improved from EUR 1.8m to EUR 4.1m in Q1 2022. Main driver was the strong development of the Equipment segment. Order backlog increased by 12% yoy to EUR 1,478.5m. Positively, material bottlenecks as well as price increases did not yet have an impact on the business in Q1. BAUER also confirmed its forecast and still expects a significant increase in Total Group Revenues and EBIT. However, the following risk factors may influence its business: further impact of COVID-19 pandemic, consequences of Russia's war with Ukraine, price increases for raw material prices, availability of production materials and global supply bottlenecks. Overall, we expect a recovery of profitability as we assume equipment markets to pick up and that the huge order backlog of the Construction segment (EUR 865.7m) will be worked down efficiently. Benefitting from global mega trends such as urbanization and infrastructure the construction markets have big growth potential. Note that the order intake in the Equipment segment is increasing since Q4 2021. For 2022e we stick to our forecast of Total Group Revenues of EUR 1,598.5m, EBIT is expected to reach EUR 58.6m and we estimate an EBIT margin of 3.9%, mainly driven by the Equipment segment. We confirm our Buy rating with a TP of EUR 13.00.

Q1 2022 in detail

The strong development of Total Group Revenues (+17% yoy) was mainly driven by a significant increase of the Equipment segment. Total Group Revenues in the Equipment segment improved by 26% yoy to EUR 191.5m while Total Group Revenues in the Construction segment improved by 8.3% yoy to EUR 183.8m and the Resources segment was down by 7.1% yoy. Also driven by a strong development of the Equipment segment EBIT of the group improved from EUR 1.8m to EUR 4.1m. Due to an improved operating and financial result Earnings after taxes increased from -EUR 5.1m to EUR 1.6m.

Q1 2022

in EUR m	Q1 2021	Q1 2022	yoy
Total Group Revenues	356.6	417.9	17%
EBIT	1.8	4.1	128%
Earnings after taxes	-5.1	1.6	n.m.
Order backlog	1322.1	1478.5	12%

Source: BAUER, Quirin Privatbank

Key figures		2020	2021	2022e	2023e	2024e
Sales	EUR m	1,343	1,433	1,501	1,568	1,623
EBITDA	EUR m	165	153	174	201	219
EBIT	EUR m	56	36	59	81	99
EPS	EUR	-0.49	-0.02	0.35	1.18	1.66
Sales growth	%	-8.7	6.7	4.7	4.5	3.5
EBIT growth	%	64.8	-35.1	62.6	38.3	22.3
EPS growth	%	-77.6	-95.0	-1530.7	237.2	41.3
EBITDA margin	%	12.3	10.7	11.6	12.8	13.5
EBIT margin	%	4.1	2.5	3.9	5.2	6.1
Net margin	%	-0.6	0.0	0.6	2.0	2.7
EV/Sales	ratio	0.55	0.48	0.45	0.27	0.25
EV/EBITDA	ratio	4.5	4.5	3.9	2.1	1.8
EV/EBIT	ratio	13.4	19.2	11.6	5.2	4.1
P/E	ratio	-19.7	-393.6	27.5	8.2	5.8
P/BV	ratio	0.5	0.5	0.5	0.5	0.4
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

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Sales and EBIT by Segment (EUR m)

	2021	yoy	2022e	yoy	2023e	yoy
Construction segment						
Total Group Revenues	682.4	2.0%	734.0	7.6%	765.0	4.2%
EBIT	-8.6	n.m.	12.0	n.m.	20.0	66.7%
<i>EBIT margin</i>	<i>n.m.</i>		<i>1.7%</i>		<i>2.7%</i>	
Equipment segment						
Total Group Revenues	681.5	11.6%	685.0	0.5%	710.0	3.6%
EBIT	36.9	22.6%	38.0	3.1%	50.0	31.6%
<i>EBIT margin</i>	<i>6.7%</i>		<i>6.8%</i>		<i>8.8%</i>	
Resources segment						
Total Group Revenues	272.5	-7.0%	273.5	0.4%	277.0	1.3%
EBIT	9.5	210.0%	9.6	1.2%	12.0	25.0%
<i>EBIT margin</i>	<i>3.9%</i>		<i>4.0%</i>		<i>4.8%</i>	
Bauer Group						
Sales revenues	1433.1	6.7%	1500.5	4.7%	1568.3	4.5%
Total Group Revenues	1537.6	5.8%	1598.5	4.0%	1658.0	3.7%
EBITDA	153.5	-7.1%	173.6	13.1%	201.0	15.8%
EBIT	36.0	-35.1%	58.6	62.6%	81.0	38.3%
<i>EBIT margin</i>	<i>2.5%</i>		<i>3.9%</i>		<i>5.2%</i>	
Financial result	-14.7		-25.8		-25.0	
EBT	21.3		32.8		56.0	
Taxes	-17.3		-19.7		-21.3	
Net profit	4.0		13.1		34.7	
Non-controlling interests	4.6		4.0		4.0	
Net profit after minorities	-0.6		9.1		30.7	

Source: BAUER, Quirin Privatbank

Profit & loss statement

Profit & loss statement (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Sales	1,343.2	-8.7 %	1,433.1	6.7 %	1,500.5	4.7 %	1,568.3	4.5 %	1,623.3	3.5 %
Unfinished Goods	-16.8		5.4		13.0		15.0		17.0	
Other own work capitalized	8.1		15.1		10.0		10.0		4.7	
Other operating earnings	66.8		18.8		10.0		10.0		10.0	
Cost of goods	-626.1		-729.7		-741.3		-790.0		-813.4	
Gross profit	1,401.3		1,472.4		1,533.5		1,603.3		1,655.0	
Personnel expenses	-394.9		-430.4		-444.9		-443.0		-448.0	
Depreciation	n.a.		n.a.		n.a.		n.a.		n.a.	
Other operating expenses	-224.8		-170.1		-185.0		-180.6		-183.6	
EBITDA	165.2	23.1 %	153.5	-7.1 %	173.6	13.1 %	201.0	15.8 %	219.0	9.0 %
EBITDA margin (%)	12.30		10.71		11.57		12.81		13.49	
EBIT	55.5	64.8 %	36.0	-35.1 %	58.6	62.6 %	81.0	38.3 %	99.0	22.3 %
EBIT margin (%)	4.13		2.51		3.90		5.16		6.10	
Net interest	-39.2		-14.7		-25.8		-25.0		-25.0	
Income from Participations	9.8		11.3		11.3		11.3		9.0	
Net financial result	-29.4		-3.5		-14.5		-13.7		-16.0	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	16.3	-244.3 %	21.3	30.3 %	32.8	53.9 %	56.0	70.8 %	74.0	32.2 %
Pretax margin (%)	1.22		1.49		2.18		3.57		4.56	
Taxes	-24.6		-17.3		-19.7		-21.3		-26.6	
Tax rate (%)	150.36		130.00		60.00		38.00		36.00	
Earnings after taxes	-8.2		4.0		13.1		34.7		47.4	
Minorities	0.2		4.6		4.0		4.0		4.0	
Group attributable income	-8.4	-77.4 %	-0.6	-93.3 %	9.1	-1717.1 %	30.7	237.2 %	43.4	41.3 %
No. of shares (m)	18.8		26.1		26.1		26.1		26.1	
Earnings per share (EUR)	-0.49	-77.6 %	-0.02	-95.0 %	0.35	-1530.7 %	1.18	237.2 %	1.66	41.3 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Assets										
Cash and cash equivalents	46.0		41.3		44.4		41.9		51.2	
Accounts receivables	241.4		243.0		248.0		246.0		242.0	
Inventories	424.6		446.7		456.7		451.7		451.7	
Other current assets	180.5		182.0		182.0		182.0		182.0	
Tax claims	2.4		4.3		4.0		4.0		4.0	
Total current assets	894.9	-4.4 %	917.4	2.5 %	935.2	1.9 %	925.7	-1.0 %	931.0	0.6 %
Fixed assets	452.5		506.4		490.4		510.4		535.4	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	14.6		15.9		15.9		15.9		15.9	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	66.9		65.4		65.4		65.4		65.4	
Other fixed assets	115.1		134.4		145.6		156.9		165.9	
Total fixed assets	649.1	-6.3 %	722.1	11.2 %	717.4	-0.7 %	748.6	4.4 %	782.6	4.5 %
Total assets	1,544.0	-5.2 %	1,639.5	6.2 %	1,652.6	0.8 %	1,674.3	1.3 %	1,713.7	2.4 %
Equity & Liabilities										
Subscribed capital	80.3		111.2		111.2		111.2		111.2	
Reserves & other	47.1		91.7		91.7		91.7		91.7	
Revenue reserves	237.4		275.2		275.2		275.2		275.2	
Accumulated other comprehensive	0.0		0.0		9.1		39.8		83.2	
Shareholder's equity	364.7	-4.5 %	478.1	31.1 %	487.2	1.9 %	517.9	6.3 %	561.2	8.4 %
Minorities	0.8		3.0		7.0		11.0		15.0	
Shareholder's equity incl. minorities	365.5	-5.5 %	481.1	31.6 %	494.2	2.7 %	528.9	7.0 %	576.2	9.0 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	280.5		254.9		258.9		251.9		249.9	
Tax liabilities	20.6		18.4		18.4		18.4		18.4	
Other liabilities	210.9		209.5		209.5		209.5		209.5	
Total long-term debt	512.0	56.5 %	482.8	-5.7 %	486.8	0.8 %	479.8	-1.4 %	477.8	-0.4 %
Short-term debt										
Other provisions	32.9		30.3		30.3		30.3		30.3	
Trade payables	179.6		198.0		198.0		198.0		198.0	
Financial debt	235.3		218.8		214.8		208.8		202.8	
Other liabilities	218.6		228.5		228.5		228.5		228.5	
Total short-term debt	666.4	-27.1 %	675.6	1.4 %	671.6	-0.6 %	665.6	-0.9 %	659.6	-0.9 %
Total equity & liabilities	1,544.0	-5.2 %	1,639.5	6.2 %	1,652.6	0.8 %	1,674.3	1.3 %	1,713.7	2.4 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2020	2021	2022e	2023e	2024e
Per share data (EUR)					
EPS	-0.49	-0.02	0.35	1.18	1.66
Book value per share	19.4	18.3	18.7	19.8	21.5
Free cash flow per share	2.1	n.a.	-1.3	0.4	0.7
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.55	0.48	0.45	0.27	0.25
EV/EBITDA	4.5	4.5	3.9	2.1	1.8
EV/EBIT	13.4	19.2	11.6	5.2	4.1
P/E	-19.7	-393.6	27.5	8.2	5.8
P/B	0.5	0.5	0.5	0.5	0.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	-8.7	6.7	4.7	4.5	3.5
EBITDA growth (%)	23.1	-7.1	13.1	15.8	9.0
EBIT growth (%)	64.8	-35.1	62.6	38.3	22.3
EPS growth (%)	-77.6	-95.0	-1530.7	237.2	41.3
Profitability ratios					
EBITDA margin (%)	12.3	10.7	11.6	12.8	13.5
EBIT margin (%)	4.1	2.5	3.9	5.2	6.1
Net margin (%)	-0.6	0.0	0.6	2.0	2.7
ROCE (%)	6.3	3.7	6.0	8.0	9.4
Financial ratios					
Total equity (EUR m)	364.7	478.1	487.2	517.9	561.2
Equity ratio (%)	23.6	29.2	29.5	30.9	32.8
Net financial debt (EUR m)	528.8	497.2	494.1	483.7	466.3
Net debt/Equity	0.2	0.3	0.3	0.3	0.3
Interest cover	0.8	0.6	1.0	1.4	1.7
Net debt/EBITDA	3.2	3.2	2.8	2.4	2.1
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	486.5	491.7	506.7	499.7	495.7
Working capital/Sales	0.36	0.34	0.34	0.32	0.31

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

BUY > +10%

HOLD <=-10% and < = +10%

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
12.05.2022	13.00	Buy	
08.04.2022	13.00	Buy	
07.03.2022	13.00	Buy	
23.02.2022	13.00	Buy	23.02.2022

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Competent supervisory authority

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