

# Einhell Germany AG

Consumer Goods - Germany



**Buy** (old: Buy)

09.10.2023

**EUR 225.00** (old: EUR 240.00)

## Guidance cut as market environment remains volatile; chg.

While Einhell's better-than-feared Q2 results recently indicated an upcoming recovery against easier comps in H2, market volatility especially seems to have increased especially in the DACH region (40% of sales). While DIY stores restarted to build inventories in Q2, the effect seems to have been short-lived, explaining a weak performance in Q3 and the subsequent cut of Einhell's FY 23 guidance.

In fact, sales should have contracted by c. 7% yoy to € 225m in Q3 despite easier comps and positive M&A effects to the tune of c. € 6m from recent acquisitions in South-east Asia. Adverse FX effects and a muted market environment contributed to the sales decline while Einhell should still have been able to gain market share on the back of its Power X-Change platform. Overall, sales are now expected to reach € 1.0bn in FY 23 (previously: € 1.06bn, eNuW: € 991m, eCons: € 1,050m). In Q4, this implies a pick-up to high single-digit growth yoy, which the company expects to achieve thanks to an expected improved order behaviour and easier comps. Our new estimate of € 991m is positioned a bit more cautious as visibility on the turnaround remains relatively low.

EBT margin is now expected to arrive at the low end of the 8.0-8.5% range in FY 23 (eNuW: 8.0%, eCons: 8.1%). Considering the lower top-line guidance, this implies a 5% miss to market expectations. While tight cost control and positive mix effects supported profitability in H1 (EBT margin 8.4%, -0.1pp yoy), EBT margin is seen to contract towards 7.5% in H2 compared to 8.4% in H2 22, mostly driven by negative operating leverage and adverse FX effects. Still, profitability should continue to exceed pre-CoV levels (5.4% EBT margin in FY 19) thanks to scale and mix effects.

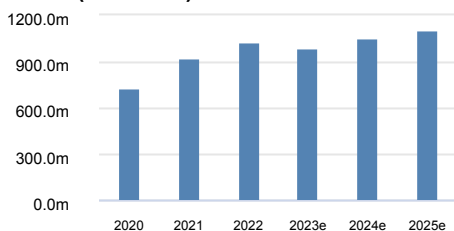
In FY 24e, Einhell should return to growth on the back of easier comps, sustained market share gains, positive M&A and FX effects. Hence, we model 6% sales growth yoy to € 1,050m in FY 24e and EBT margin is seen to recover slightly by 0.2pp yoy to 8.2% thanks to lower input costs, positive mix effects and FX, which should turn into a tailwind latest in H2 2024e. Against this backdrop, valuation looks undemanding, trading at 8.2x PER 24e and an 11.3% FCF yield.

**BUY, new PT € 225.00 (old: € 240.00), based on DCF.**

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	724.7	927.4	1,032.5	991.0	1,050.5	1,113.5
Sales growth	19.6%	28.0%	11.3%	-4.0%	6.0%	6.0%
EBITDA	68.6	94.4	107.2	96.9	105.4	115.1
Net debt (if net cash=0)	7.3	211.1	224.3	150.9	73.3	9.9
FCF	18.9	-168.9	32.2	104.7	67.5	74.7
Net Debt/EBITDA	0.1	2.2	2.1	1.6	0.7	0.1
EPS pro forma	10.92	15.53	15.83	15.41	16.85	18.51
EBITDA margin	9.5%	10.2%	10.4%	9.8%	10.0%	10.3%
ROCE	21.8%	18.3%	14.9%	12.6%	13.0%	13.3%
EV/sales	0.6	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	5.8	8.5	7.3	7.3	6.0	4.9
PER	6.6	9.9	8.7	9.0	8.2	7.5
Adjusted FCF yield	9.2%	6.9%	9.3%	8.9%	11.3%	14.0%

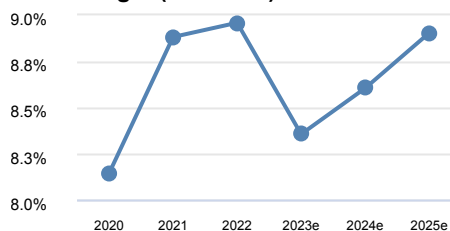
Source: Company data, NuWays, Close price as of 05.10.2023

### Sales (2020-25e)



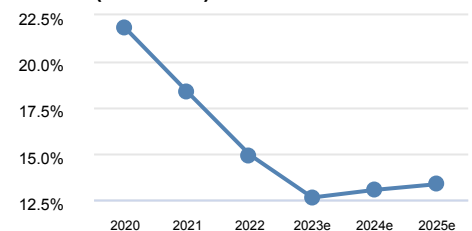
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

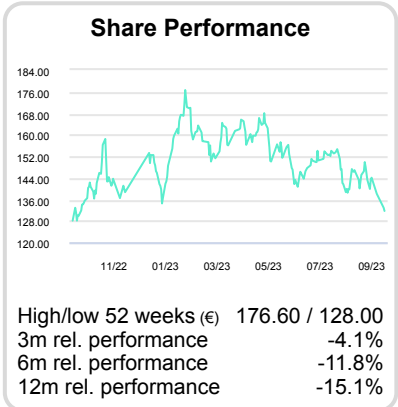
### ROCE (2020-25e)



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.



### Market data

Share price (in €)	131.60
Market cap (in € m)	520.9
Number of shares (in m pcs)	3.8
Enterprise value (in € m)	704.0
Ø trading volume (6 months)	2,600

### Identifier

Bloomberg	EIN3 GR
Reuters	EING_p
WKN	565493
ISIN	DE0005654933

### Key shareholders

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

### Estimates changes

	2023e	2024e	2025e
Sales	-7%	-7%	-6%
EBIT	-9%	-11%	-9%
EPS	-9%	-11%	-10%

### Comment on changes

- Estimates are reduced to reflect a slower-than-expected recovery in H2 and FY 24e

### Guidance

- Sales: € 1bn
- EBT margin: 8%

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>724.7</b>	<b>927.4</b>	<b>1,032.5</b>	<b>991.0</b>	<b>1,050.5</b>	<b>1,113.5</b>
<i>Sales growth</i>	19.6%	28.0%	11.3%	-4.0%	6.0%	6.0%
Increase/decrease in finished goods and work-in-process	1.0	0.4	0.4	0.4	0.4	0.4
<b>Total sales</b>	<b>725.7</b>	<b>927.8</b>	<b>1,032.9</b>	<b>991.4</b>	<b>1,050.9</b>	<b>1,113.9</b>
Other operating income	8.9	9.3	17.8	16.3	14.6	15.5
Material expenses	464.8	594.2	659.1	612.8	647.4	684.1
Personnel expenses	92.1	107.8	118.7	123.5	128.8	136.5
Other operating expenses	109.1	140.7	165.7	174.4	183.8	193.7
<b>Total operating expenses</b>	<b>657.1</b>	<b>833.4</b>	<b>925.7</b>	<b>894.4</b>	<b>945.5</b>	<b>998.9</b>
<b>EBITDA</b>	<b>68.6</b>	<b>94.4</b>	<b>107.2</b>	<b>96.9</b>	<b>105.4</b>	<b>115.1</b>
Depreciation	9.6	12.0	14.7	14.2	15.0	15.9
<b>EBITA</b>	<b>59.0</b>	<b>82.4</b>	<b>92.5</b>	<b>82.8</b>	<b>90.4</b>	<b>99.2</b>
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
<b>EBIT (inc revaluation net)</b>	<b>59.0</b>	<b>82.4</b>	<b>92.5</b>	<b>82.8</b>	<b>90.4</b>	<b>99.2</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	2.6	0.5	5.1	3.7	3.9	4.1
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.6	-0.5	-5.1	-3.7	-3.9	-4.1
<b>Recurring pretax income from continuing operations</b>	<b>56.4</b>	<b>81.8</b>	<b>87.4</b>	<b>79.1</b>	<b>86.5</b>	<b>95.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>56.4</b>	<b>81.8</b>	<b>87.4</b>	<b>79.1</b>	<b>86.5</b>	<b>95.0</b>
Income tax expense	14.6	21.7	26.6	21.0	22.9	25.2
<b>Net income from continuing operations</b>	<b>41.8</b>	<b>60.2</b>	<b>60.8</b>	<b>58.2</b>	<b>63.6</b>	<b>69.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>41.8</b>	<b>60.2</b>	<b>60.8</b>	<b>58.2</b>	<b>63.6</b>	<b>69.9</b>
Minority interest	0.6	1.5	1.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>41.2</b>	<b>58.6</b>	<b>59.8</b>	<b>58.2</b>	<b>63.6</b>	<b>69.9</b>
Average number of shares	3.8	3.8	3.8	3.8	3.8	3.8
<b>EPS reported</b>	<b>10.92</b>	<b>15.53</b>	<b>15.83</b>	<b>15.41</b>	<b>16.85</b>	<b>18.51</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	19.6%	28.0%	11.3%	-4.0%	6.0%	6.0%
Increase/decrease in finished goods and work-in-process	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	1.2%	1.0%	1.7%	1.6%	1.4%	1.4%
Material expenses	64.1%	64.1%	63.8%	61.8%	61.6%	61.4%
Personnel expenses	12.7%	11.6%	11.5%	12.5%	12.3%	12.3%
Other operating expenses	15.1%	15.2%	16.0%	17.6%	17.5%	17.4%
<b>Total operating expenses</b>	<b>90.7%</b>	<b>89.9%</b>	<b>89.7%</b>	<b>90.3%</b>	<b>90.0%</b>	<b>89.7%</b>
<b>EBITDA</b>	<b>9.5%</b>	<b>10.2%</b>	<b>10.4%</b>	<b>9.8%</b>	<b>10.0%</b>	<b>10.3%</b>
Depreciation	1.3%	1.3%	1.4%	1.4%	1.4%	1.4%
<b>EBITA</b>	<b>8.1%</b>	<b>8.9%</b>	<b>9.0%</b>	<b>8.4%</b>	<b>8.6%</b>	<b>8.9%</b>
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%
<b>EBIT (inc revaluation net)</b>	<b>8.1%</b>	<b>8.9%</b>	<b>9.0%</b>	<b>8.4%</b>	<b>8.6%</b>	<b>8.9%</b>
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.4%	0.1%	0.5%	0.4%	0.4%	0.4%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>7.8%</b>	<b>8.8%</b>	<b>8.5%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>8.5%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>7.8%</b>	<b>8.8%</b>	<b>8.5%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>8.5%</b>
Tax rate	25.8%	26.5%	30.5%	26.5%	26.5%	26.5%
<b>Net income from continuing operations</b>	<b>5.8%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.3%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>5.8%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.3%</b>
Minority interest	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>5.7%</b>	<b>6.3%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.3%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	19.8	19.6	38.6	37.0	39.2	41.6
Property, plant and equipment	46.2	57.2	57.6	55.3	58.6	62.1
Financial assets	0.9	15.5	7.2	6.9	7.3	7.8
<b>FIXED ASSETS</b>	<b>66.9</b>	<b>92.3</b>	<b>103.4</b>	<b>99.2</b>	<b>105.1</b>	<b>111.5</b>
Inventories	194.8	450.0	473.5	430.9	437.7	445.4
Accounts receivable	119.2	135.9	143.7	138.5	146.8	155.6
Other assets and short-term financial assets	52.5	124.8	93.9	142.8	142.8	142.8
Liquid assets	32.1	11.5	10.7	60.5	101.8	165.2
Deferred taxes	13.0	17.4	17.6	16.9	16.9	16.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>411.5</b>	<b>739.6</b>	<b>739.3</b>	<b>789.5</b>	<b>845.9</b>	<b>925.8</b>
<b>TOTAL ASSETS</b>	<b>478.4</b>	<b>831.9</b>	<b>842.7</b>	<b>888.7</b>	<b>951.1</b>	<b>1,037.3</b>
<b>SHAREHOLDERS EQUITY</b>	<b>243.0</b>	<b>340.9</b>	<b>355.5</b>	<b>423.0</b>	<b>489.8</b>	<b>554.3</b>
MINORITY INTEREST	2.4	3.4	11.3	11.3	11.3	11.3
Provisions for pensions and similar obligations	9.1	37.7	33.5	32.2	34.1	36.2
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	3.4	90.9	102.9	92.6	74.1	74.1
Accounts payable	96.8	137.5	116.3	117.0	129.8	143.7
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)	83.8	69.3	75.8	79.0	96.3	102.1
Deferred taxes	3.9	20.5	15.3	14.7	14.7	14.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>180.6</b>	<b>206.8</b>	<b>192.1</b>	<b>196.0</b>	<b>226.1</b>	<b>245.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>478.4</b>	<b>831.9</b>	<b>842.7</b>	<b>888.6</b>	<b>951.1</b>	<b>1,037.3</b>
<b>Balance sheet (common size)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Intangible assets	4.1%	2.4%	4.6%	4.2%	4.1%	4.0%
Property, plant and equipment	9.6%	6.9%	6.8%	6.2%	6.2%	6.0%
Financial assets	0.2%	1.9%	0.9%	0.8%	0.8%	0.7%
<b>FIXED ASSETS</b>	<b>14.0%</b>	<b>11.1%</b>	<b>12.3%</b>	<b>11.2%</b>	<b>11.1%</b>	<b>10.7%</b>
Inventories	40.7%	54.1%	56.2%	48.5%	46.0%	42.9%
Accounts receivable	24.9%	16.3%	17.1%	15.6%	15.4%	15.0%
Other assets and short-term financial assets	11.0%	15.0%	11.1%	16.1%	15.0%	13.8%
Liquid assets	6.7%	1.4%	1.3%	6.8%	10.7%	15.9%
Deferred taxes	2.7%	2.1%	2.1%	1.9%	1.8%	1.6%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>86.0%</b>	<b>88.9%</b>	<b>87.7%</b>	<b>88.8%</b>	<b>88.9%</b>	<b>89.3%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>50.8%</b>	<b>41.0%</b>	<b>42.2%</b>	<b>47.6%</b>	<b>51.5%</b>	<b>53.4%</b>
MINORITY INTEREST	0.5%	0.4%	1.3%	1.3%	1.2%	1.1%
Provisions for pensions and similar obligations	1.9%	4.5%	4.0%	3.6%	3.6%	3.5%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.7%	10.9%	12.2%	10.4%	7.8%	7.1%
Accounts payable	20.2%	16.5%	13.8%	13.2%	13.6%	13.9%
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)	17.5%	8.3%	9.0%	8.9%	10.1%	9.8%
Deferred taxes	0.8%	2.5%	1.8%	1.7%	1.5%	1.4%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>37.8%</b>	<b>24.9%</b>	<b>22.8%</b>	<b>22.1%</b>	<b>23.8%</b>	<b>23.7%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	41.8	60.2	60.8	58.2	63.6	69.9
Depreciation of fixed assets (incl. leases)	9.6	12.0	14.7	14.2	15.0	15.9
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-17.5	-28.1	-16.3	0.0	0.0	0.0
Cash flow from operating activities	18.9	-168.9	32.2	104.7	68.9	76.2
Increase/decrease in inventory	-21.4	-255.2	-23.5	42.6	-6.8	-7.7
Increase/decrease in accounts receivable	-26.3	-16.7	-7.8	5.2	-8.3	-8.8
Increase/decrease in accounts payable	18.6	40.7	-21.2	0.8	12.8	13.9
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-29.2	-231.2	-52.6	48.6	-2.4	-2.6
<b>Cash flow from operating activities</b>	<b>36.3</b>	<b>-151.4</b>	<b>40.8</b>	<b>119.6</b>	<b>82.2</b>	<b>89.2</b>
CAPEX	17.4	17.5	8.6	14.9	14.7	14.5
Payments for acquisitions	0.3	0.0	19.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.7	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-17.7</b>	<b>-17.4</b>	<b>-26.9</b>	<b>-14.9</b>	<b>-14.7</b>	<b>-14.5</b>
Cash flow before financing	13.1	-177.4	3.3	93.9	57.1	63.4
Increase/decrease in debt position	12.4	183.2	12.4	-23.5	-36.4	0.0
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	5.5	8.6	10.5	10.8	10.4	11.3
Others	-17.5	-28.1	-16.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	-1.6	1.7	-0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-10.6</b>	<b>146.5</b>	<b>-14.5</b>	<b>-34.3</b>	<b>-46.7</b>	<b>-11.3</b>
Increase/decrease in liquid assets	6.4	-20.6	-0.9	70.4	20.7	63.4
<b>Liquid assets at end of period</b>	<b>32.1</b>	<b>11.5</b>	<b>10.7</b>	<b>81.0</b>	<b>101.8</b>	<b>165.2</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	19.6%	28.0%	11.3%	-4.0%	6.0%	6.0%
EBITDA growth	57.9%	37.6%	13.6%	-9.6%	8.7%	9.2%
EBIT growth	68.4%	39.6%	12.3%	-10.5%	9.2%	9.7%
EPS growth	69.4%	42.3%	1.9%	-2.7%	9.3%	9.9%
<b>Efficiency</b>						
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.
<b>Balance sheet analysis</b>						
Avg. working capital / sales	28.0%	35.9%	46.0%	48.1%	43.2%	40.9%
Inventory turnover (sales/inventory)	3.7	2.1	2.2	2.3	2.4	2.5
Accounts receivable turnover	60.0	53.5	50.8	51.0	51.0	51.0
Accounts payable turnover	48.8	54.1	41.1	43.1	45.1	47.1
<b>Cash flow analysis</b>						
Free cash flow	18.9	-168.9	32.2	104.7	67.5	74.7
Free cash flow/sales	2.6%	-18.2%	3.1%	10.6%	6.4%	6.7%
FCF / net profit	45.2%	neg.	52.9%	180.0%	106.1%	106.9%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	7.3	211.1	224.3	150.9	73.3	9.9
Net Debt/EBITDA	0.1	2.2	2.1	1.6	0.7	0.1
Dividend payout ratio	13.4%	14.6%	17.6%	18.6%	16.3%	16.2%
Interest paid / avg. debt	8.0%	0.4%	2.2%	1.6%	2.0%	2.3%
<b>Returns</b>						
ROCE	21.8%	18.3%	14.9%	12.6%	13.0%	13.3%
ROE	17.0%	17.2%	16.8%	13.8%	13.0%	12.6%
Adjusted FCF yield	9.2%	6.9%	9.3%	8.9%	11.3%	14.0%
Dividend yield	3.0%	1.7%	2.1%	2.0%	2.2%	2.4%
DPS	2.1	2.5	2.8	2.7	3.0	3.3
EPS reported	10.92	15.53	15.83	15.41	16.85	18.51
Average number of shares	3.8	3.8	3.8	3.8	3.8	3.8
<b>Valuation ratios</b>						
P/BV	1.1	1.7	1.5	1.2	1.1	0.9
EV/sales	0.6	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	5.8	8.5	7.3	7.3	6.0	4.9
EV/EBIT	6.8	9.7	8.4	8.5	7.0	5.7

Source: Company data, NuWays

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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	02.12.2022	Sandherr, Christian	Buy	EUR 230.00	EUR 136.40

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