

Einhell Germany AG

Consumer Goods - Germany



Buy (old: Buy)

15.11.2024

EUR 86.00 (old: EUR 86.00)

Final Q3 results out & guidance confirmed; chg. est.

Topic: Einhell released strong final Q3 numbers in line with preliminary results. Further, Einhell confirmed its previously increased FY24e guidance (company news 10 October).

Q3 sales increased 14.5% yoy to € 263m thanks to the ongoing strong demand for the company's Power X-Change products (9M'24: 50% PXC share; +5ppts yoy). Q3 sales in Western Europe incl. DACH increased 24.7% to € 146m, still making up the bulk of overall revenue with c. 55% of Group sales. Sales in Eastern Europe came in at € 29.8m, a 7.6% increase yoy supported by a strong demand from Turkey despite the difficult local economic environment. Overseas and Other Countries showed a flat yoy sales development at € 72.8m, driven by a solid performance of Einhell Australia but offset by top-line challenges in Einhell Canada and South Africa.

EBT for Q3'24 increased disproportionately by 22.5% to € 22.6m with an EBT margin of 8.6% (+0.6ppts yoy) mainly due to a decreased material cost ratio and operating leverage leading to a decreased personnel cost ratio. The ratio of material cost declined 2.1ppts yoy to 58.2% thanks to the increasing share of PXC products, which tend to deliver higher gross margins. While personnel costs rose 8.5% yoy to € 36.4m due to wage inflation and higher variable compensation, headcount decreased 2.5% yoy predominantly due to reductions in Thailand and the sale of Einhell Colombia on 31 May 2024. However, despite the absolute increase in personnel costs, the expense ratio decreased 0.8ppts yoy thanks to a higher turnover. On the other hand, other operating expenses increased disproportionately by 19.5% to € 45.3m (17.2% of sales; +0.7ppts yoy) mainly due to higher advertising costs.

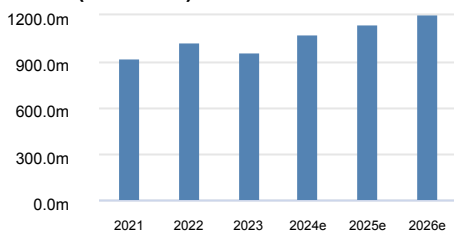
Einhell confirmed its FY24e guidance of € 1,070m sales and an EBT margin in the range of 8.0-8.5%. In our view, the new guidance looks still plausible thanks to the strong demand for Einhell's Power X-Change products and the favorable top-line development in 9M. Further, we expect a 0.4ppts yoy increase in EBT margin to 8.2% as an increasing PXC share and operating leverage is kicking in. Going forward, we expect the positive momentum to continue during FY25e (eNuW sales: € 1,145m).

Reiterate BUY with an unchanged PT of € 86 based on DCF.

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	118.3	129.2
Net debt (if net cash=0)	211.1	224.3	67.6	42.8	-0.8	-42.8
FCF	-168.9	32.2	197.4	35.7	56.4	56.1
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	5.83	6.45
EBITDA margin	10.2%	10.4%	10.1%	10.3%	10.3%	10.8%
ROCE	18.3%	14.9%	13.6%	16.0%	15.8%	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	6.5	5.7
PER	9.9	4.1	4.8	12.0	11.1	10.0
Adjusted FCF yield	8.2%	14.6%	18.0%	9.0%	10.0%	12.4%

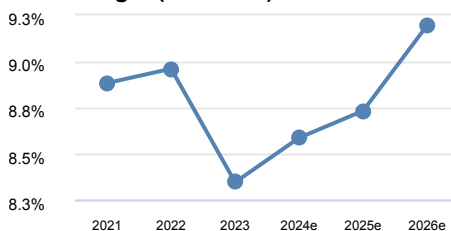
Source: Company data, NuWays, Close price as of 04.11.2024

Sales (2021-26e)



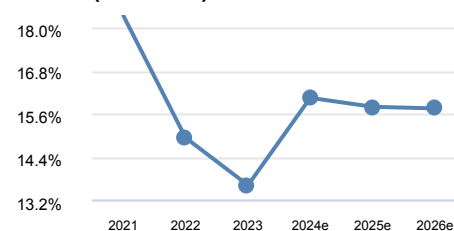
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

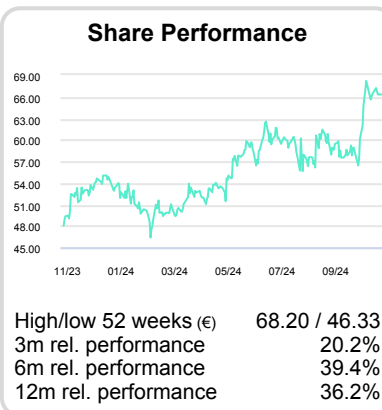
ROCE (2021-26e)



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.



Market data

Share price (in €)	66.30
Market cap (in € m)	732.6
Number of shares (in m pcs)	11.3
Enterprise value (in € m)	814.1
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%	0%	0%
EPS	-1%	0%	0%

Comment on changes

- We slightly decreased EPS due to higher than expected taxes in Q3.

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	0.4	0.4
Total sales	927.8	1,032.9	972.3	1,084.1	1,145.2	1,196.7
Other operating income	9.3	17.8	18.8	10.7	16.0	10.8
Material expenses	594.2	659.1	583.7	645.9	696.7	716.6
Personnel expenses	107.8	118.7	129.6	139.7	139.0	144.0
Other operating expenses	140.7	165.7	179.8	197.6	207.2	217.7
Total operating expenses	833.4	925.7	874.3	972.5	1,026.9	1,067.6
EBITDA	94.4	107.2	98.0	111.7	118.3	129.2
Depreciation	12.0	14.7	16.2	18.9	18.3	19.1
EBITA	82.4	92.5	81.7	92.7	100.0	110.0
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	100.0	110.0
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	96.1	106.1
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	96.1	106.1
Income tax expense	21.7	26.6	23.8	26.9	28.8	31.8
Net income from continuing operations	60.2	60.8	51.6	61.1	67.2	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	67.2	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	66.0	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	5.83	6.45

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%	0.0%	0.0%
Total sales	100.0%	100.0%	100.1%	100.4%	100.0%	100.0%
Other operating income	1.0%	1.7%	1.9%	1.0%	1.4%	0.9%
Material expenses	64.1%	63.8%	60.1%	59.8%	60.9%	59.9%
Personnel expenses	11.6%	11.5%	13.3%	12.9%	12.1%	12.0%
Other operating expenses	15.2%	16.0%	18.5%	18.3%	18.1%	18.2%
Total operating expenses	89.9%	89.7%	90.0%	90.0%	89.7%	89.2%
EBITDA	10.2%	10.4%	10.1%	10.3%	10.3%	10.8%
Depreciation	1.3%	1.4%	1.7%	1.8%	1.6%	1.6%
EBITA	8.9%	9.0%	8.4%	8.6%	8.7%	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%	8.7%	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%	8.4%	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%	8.4%	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%	5.9%	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%	5.9%	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%	5.8%	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	143.1	165.1
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	803.4	870.0
TOTAL ASSETS	831.9	842.7	810.0	883.3	970.6	1,044.7

SHAREHOLDERS EQUITY	340.9	355.5	340.9	404.4	469.5	551.6
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	970.6	1,044.7

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%	10.4%	10.1%
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%	44.1%	44.5%
Accounts receivable	16.3%	17.1%	18.5%	18.9%	18.2%	17.7%
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%	14.7%	15.8%
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%	48.4%	52.8%
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%	2.5%	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%	12.4%	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%	19.4%	18.5%
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%	11.1%
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%	37.8%	31.3%
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	67.2	74.3
Depreciation of fixed assets (incl. leases)	12.0	14.7	16.2	18.9	18.3	19.1
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	57.9	61.6
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	71.2	69.8
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	43.6	42.0
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	14.1
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	-34.1
Increase/decrease in liquid assets	-20.6	-0.9	88.8	0.1	43.6	22.0
Liquid assets at end of period	11.5	10.7	99.4	99.6	143.1	165.1

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%	5.9%	9.2%
EBIT growth	39.6%	12.3%	-12.4%	14.4%	7.8%	10.1%
EPS growth	42.3%	1.9%	-15.5%	-59.7%	8.2%	10.7%
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	56.4	56.1
Free cash flow/sales	-18.2%	3.1%	20.3%	3.3%	4.9%	4.7%
FCF / net profit	neg.	52.9%	382.9%	58.4%	83.8%	75.5%
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	-0.8	-42.8
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%	19.4%	19.3%
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%	15.8%	15.7%
ROE	17.2%	16.8%	14.8%	15.1%	14.1%	13.3%
Adjusted FCF yield	8.2%	14.6%	18.0%	9.0%	10.0%	12.4%
Dividend yield	1.7%	4.4%	4.4%	1.7%	1.9%	2.1%
DPS	2.5	2.8	2.8	1.1	1.2	1.4
EPS reported	15.53	15.83	13.38	5.39	5.83	6.45
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	6.5	5.7
EV/EBIT	8.2	5.4	4.3	8.8	7.7	6.7

Source: Company data, NuWays

Disclosures

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

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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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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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