

21 May 2021

Gigaset AG

Rating Buy
Share price (EUR) 0.32
Target price (EUR) 0.71

Bloomberg GGS GY
Sector Technology

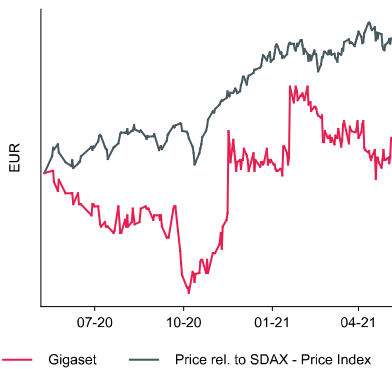
Share data

Shares out (m) 132.5
Daily volume shs (m) 0.0
Free float (%) 100.00
Market cap (EUR m) 44
EV (EUR m) 33
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 0.0

Performance

ytd (%) 6.7
12 months (%) 6.7
12 months rel. (%) -38.8
Index SDAX

Share price performance



Source: Bloomberg

Next triggers

16.09.2021: Q2 figures

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Gigaset with solid Q1 2021 results

Yesterday, May 20th, Gigaset published a better than expected set of Q1 2021 results. Revenues were up a strong 55.9% yoy and better than we anticipated. EBITDA came in at EUR 1.6m, from EUR -7.4m last year and well above our expectation. In 2020, Gigaset suffered particularly from the closure of stationary retail stores in the course of the covid-19 lockdown. The situation is gradually improving and clearly reflected in Gigaset's results. However, the results should also include strong catch-up effects, which we expect to weaken over time. Our view remains positive and we expect the business to pick up further once stationary retail trade will increase further. Also, in December 2020 Gigaset signed an exclusive agreement with Unify that we expect to significantly contribute to top line growth over the next years. We confirm our target price of EUR 0.71 and our rating remains Buy.

Performance of segments

Revenues in the largest segment Phones increased by almost 40% yoy to EUR 35.3m in Q1 2021. However, the company assumes that this very positive trend will level off again in the medium-term. The Professional segment for B2B customers was up 16.7% yoy to EUR 11.2m and also supported by catch-up effects. The Smartphones segment was up from EUR -3.7m in Q1 2020 to now EUR 3.6m.

Guidance 2021 unchanged

Management kept their guidance unchanged but still sees great uncertainty. In case there will not be any serious deterioration in the coronavirus pandemic, management expects a slight increase in revenues and EBITDA, as well as a positive free cash flow at pre-coronavirus level.

Gigaset AG - Q1 2021

EUR m	Q1 2021	Q1 2020	yoy	Quirin est.	delta
Revenues	50.5	32.4	55.9%	47.8	5.6%
EBITDA	1.6	-7.4	nm	1.5	3.9%
EBITDA margin	3.2%	-22.8%	nm	3.2%	-5 BP

Source: Gigaset AG, Quirin Privatbank AG

Key figures		2019	2020	2021e	2022e	2023e
Sales	EUR m	258	214	223	231	238
EBITDA	EUR m	29	2	3	12	25
EBIT	EUR m	14	-13	-15	-6	9
EPS	EUR	0.09	-0.08	-0.10	-0.04	0.04
Sales growth	%	-8.0	-17.0	4.0	3.6	3.1
EBITDA margin	%	11.1	0.9	1.5	5.0	10.5
EBIT margin	%	5.3	-6.1	-6.8	-2.4	3.9
Net margin	%	4.4	-4.9	-5.8	-2.2	2.4
EV/Sales	ratio	0.09	0.07	0.14	0.13	0.07
EV/EBITDA	ratio	0.9	7.3	9.2	2.5	0.7
EV/EBIT	ratio	1.8	-1.1	-2.0	-5.2	1.9
P/E	ratio	3.7	-4.0	-3.3	-8.4	7.4

Source: Bloomberg, Company data, Quirin Privatbank estimates

Profit & loss statement

Profit & loss statement (EUR m)	2019	YOY	2020	YOY	2021e	YOY	2022e	YOY	2023e	YOY
Sales	257.9	-8.0 %	214.2	-17.0 %	222.7	4.0 %	230.8	3.6 %	238.0	3.1 %
Unfinished Goods	0.0		0.0		0.0		1.0		2.0	
Other own work capitalized	30.6		13.8		22.3		23.1		23.8	
Other operating earnings	0.0		0.0		0.0		1.0		2.0	
Cost of goods	-130.9		-103.7		-107.4		-110.8		-113.8	
Gross profit	288.5		228.0		245.0		253.9		261.8	
Personnel expenses	-59.4		-58.5		-51.2		-50.8		-52.1	
Depreciation	-14.8		-15.0		-18.4		-17.1		-15.7	
Other operating expenses	-69.7		-63.9		-83.0		-80.7		-70.9	
EBITDA	28.5	28.8 %	1.9	-93.2 %	3.3	73.2 %	11.5	245.5 %	25.0	116.6 %
EBITDA margin (%)	11.05		0.90		1.50		5.00		10.50	
EBIT	13.7	61.1 %	-13.0	nm	-15.1	nm	-5.6	nm	9.3	nm
EBIT margin (%)	5.32		-6.09		-6.78		-2.42		3.92	
Net financial result	0.8		-0.9		-1.0		-1.1		-1.1	
Exceptional items	0.0		0.0		0.0		0.0		2.0	
Pretax profit	14.5	94.6 %	-14.0	nm	-16.1	nm	-6.7	nm	8.2	nm
Pretax margin (%)	5.63		-6.53		-7.21		-2.90		3.46	
Taxes	-3.2		3.5		3.2		1.7		-2.5	
Tax rate (%)	22.11		25.03		20.00		25.00		30.00	
Earnings after taxes	11.3		-10.5		-12.9		-5.0		5.8	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	11.3	233.1 %	-10.5	nm	-12.9	nm	-5.0	nm	5.8	nm
No. of shares (m)	132.5		132.5		132.5		132.5		132.5	
Earnings per share (EUR)	0.09	233.1 %	-0.08	nm	-0.10	nm	-0.04	nm	0.04	nm

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2019	YOY	2020	YOY	2021e	YOY	2022e	YOY	2023e	YOY
Assets										
Cash and cash equivalents	36.6		42.0		28.0		29.8		41.4	
Accounts receivables	45.4		24.6		88.4		91.6		94.5	
Inventories	35.2		23.5		84.5		87.5		90.3	
Other current assets	27.0		18.5		18.5		18.5		18.5	
Tax claims	9.4		15.8		15.8		15.8		15.8	
Total current assets	144.2	3.0 %	108.7	-24.6 %	219.3	101.9 %	227.4	3.7 %	244.6	7.6 %
Fixed assets	23.3		18.9		13.9		8.3		4.5	
Other intangible assets	33.8		51.4		51.4		51.4		51.4	
Financial assets	7.7		6.7		6.7		6.7		6.7	
Deferred taxes	9.4		15.8		15.8		15.8		15.8	
Other fixed assets	4.3		3.5		3.5		3.5		3.5	
Total fixed assets	78.4	7.3 %	96.3	22.8 %	91.2	-5.3 %	85.6	-6.1 %	81.9	-4.4 %
Total assets	222.6	4.5 %	204.9	-7.9 %	310.5	51.5 %	313.0	0.8 %	326.5	4.3 %
Equity & Liabilities										
Subscribed capital	132.5		132.5		132.5		132.5		132.5	
Reserves & other	86.1		86.1		86.1		86.1		86.1	
Revenue reserves	69.0		69.0		56.1		51.1		57.9	
Accumulated other comprehensive	-269.0		-285.6		-285.6		-285.6		-285.6	
Shareholder's equity	18.5	-25.9 %	1.9	-89.8 %	-11.0	-678.0 %	-16.0	45.9 %	-9.2	-42.3 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	18.5	-25.9 %	1.9	-89.8 %	-11.0	-678.0 %	-16.0	45.9 %	-9.2	-42.3 %
Long-term liabilities										
Pension provisions	92.5		98.3		98.3		98.3		98.3	
Financial liabilities	10.2		12.7		12.7		12.7		12.7	
Tax liabilities	4.9		1.8		1.8		1.9		2.0	
Other liabilities	6.6		4.7		4.9		5.1		5.2	
Total long-term debt	114.2	6.5 %	117.4	2.8 %	117.7	0.2 %	117.9	0.2 %	118.1	0.2 %
Short-term debt										
Other provisions	14.8		13.1		13.6		14.1		14.5	
Trade payables	51.2		45.0		161.8		167.6		172.9	
Financial debt	5.7		3.8		3.8		3.8		3.8	
Other liabilities	23.1		25.5		26.6		27.5		28.4	
Total short-term debt	94.8	-1.1 %	87.4	-7.8 %	205.7	135.3 %	213.0	3.6 %	219.6	3.1 %
Total equity & liabilities	222.6	4.5 %	204.9	-7.9 %	310.5	51.5 %	313.0	0.8 %	326.5	4.3 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2019	2020	2021e	2022e	2023e
Per share data (EUR)					
EPS	0.09	-0.08	-0.10	-0.04	0.04
Book value per share	0.1	0.0	-0.1	-0.1	-0.1
Free cash flow per share	0.0	0.1	-0.1	0.0	0.1
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.09	0.07	0.14	0.13	0.07
EV/EBITDA	0.9	7.3	9.2	2.5	0.7
EV/EBIT	1.8	-1.1	-2.0	-5.2	1.9
P/E	3.7	-4.0	-3.3	-8.4	7.4
P/B	2.3	22.4	-3.9	-2.7	-4.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	-8.0	-17.0	4.0	3.6	3.1
EBITDA growth (%)	28.8	-93.2	73.2	245.5	116.6
EBIT growth (%)	61.1	-195.0	15.9	-63.1	-267.5
EPS growth (%)	233.1	-192.7	22.6	-60.9	-214.7
Profitability ratios					
EBITDA margin (%)	11.1	0.9	1.5	5.0	10.5
EBIT margin (%)	5.3	-6.1	-6.8	-2.4	3.9
Net margin (%)	4.4	-4.9	-5.8	-2.2	2.4
ROCE (%)	10.7	-11.1	-14.4	-5.6	8.7
Financial ratios					
Total equity (EUR m)	18.5	1.9	-11.0	-16.0	-9.2
Equity ratio (%)	8.3	0.9	-3.5	-5.1	-2.8
Net financial debt (EUR m)	71.8	72.7	86.7	84.9	73.3
Net debt/Equity	0.1	0.0	0.0	-0.1	0.0
Interest cover	8.8	-9.5	-10.4	-3.8	5.0
Net debt/EBITDA	2.5	37.7	26.0	7.4	2.9
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	29.4	3.1	11.1	11.5	11.9
Working capital/Sales	0.11	0.01	0.05	0.05	0.05

Source: Company data, Quirin Privatbank estimates

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
21.05.2021	0.71	Buy	
22.04.2021	0.71	Buy	
21.04.2021	0.68	Buy	21.04.2021

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