



Blackstone

Batteries-Battery Sys / Switzerland

All focus shifts to the battery promise

Banking big on battery technology breakthrough(s) - 18/01/2021

Change in EPS

2020 : CHF 0.38 vs 0.38
 2021 : CHF 0.27 vs 0.50 **-46.3%**

Near-term performance estimates (particularly for 2021) reset materially lower – due to the delayed kick-start at the non-battery divisions.

Change in NAV

CHF 24.6 vs 12.4 **+97.4%**

Battery's valuation has been re-assessed (using GAV methodology) in our NAV, with the division's EV now resetting at CHF1.1bn. This takes on board Blackstone's R&D progress plus KPMG's divisional assessment (of February 2020).

Change in DCF

CHF 4.12 vs 3.66 **+12.4%**

Considering the battery R&D progress, the out-year EBITDA growth estimate has been increased to 6% (vs. 5.5% earlier). However, given the near-term spending binge, which is expected to result in negative FCFs, the DCF upside is limited.



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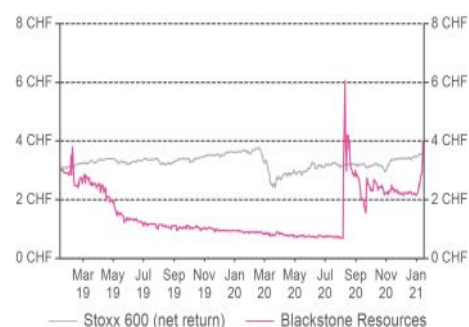
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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy **Upside : 249%**

Target Price (6 months)	CHF 12.5
Share Price	CHF 3.60
Market Cap. CHFM	154
Price Momentum	STRONG
Extremes 12Months	0.69 ▶ 6.05
Bloomberg	BLS SW Equity
Reuters	BLS.S


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PERF	1w	1m	3m	12m
Blackstone Resources	37.4%	60.7%	55.2%	291%
Capital Goods	-3.29%	5.72%	12.0%	17.2%
SXXR Index	-0.79%	3.05%	12.7%	-0.73%

Last updated: 18/01/2021	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	12.8	3.90	13.3	4.29
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-83.4	-35.6	7.03	2.84
Adjusted EPS (CHF)	0.13	0.38	0.27	0.84
Growth in EPS (%)	n/a	200	-29.6	211
Dividend (CHF)	0.00	0.00	0.00	0.00
Sales (CHFM)	0.00	0.00	302	509
EBITDA/R margin (%)	ns	ns	11.2	15.8
Attributable net profit (CHFM)	5.31	16.4	11.5	35.8
ROE (after tax) (%)	26.7	49.4	16.4	25.2
Gearing (%)	123	58.2	27.4	15.8

[Company Valuation](#) - [Company Financials](#)

Sales by Geography

Valuation Summary

Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	CHFM	0.00	0.00	302
Change in sales	%	0.00	0.00	ns
Change in staff costs	%	24.1	382	64.9
EBITDA	CHFM	-1.75	-3.68	33.7
EBITDA(R) margin	%	ns	ns	11.2
Depreciation	CHFM	-0.52	-1.32	-20.6
Underlying operating profit	CHFM	-2.27	-5.00	13.1
Operating profit (EBIT)	CHFM	5.45	17.2	13.1
Net financial expense	CHFM	-0.36	-0.57	-0.39
of which related to pensions	CHFM		0.00	0.00
Exceptional items & other	CHFM	-0.06	0.00	0.00
Corporate tax	CHFM	-0.11	0.00	-0.64
Equity associates	CHFM	0.00	0.00	0.00
Minority interests	CHFM	0.39	-0.26	-0.57
Adjusted attributable net profit	CHFM	5.37	16.4	11.5
NOPAT	CHFM	3.82	12.0	9.18

Cashflow Statement

EBITDA	CHFM	-1.75	-3.68	33.7
Change in WCR	CHFM	2.43	-1.17	-21.4
Actual div. received from equity holdi...	CHFM	0.00	0.00	0.00
Paid taxes	CHFM	-0.11	0.00	-0.64
Exceptional items	CHFM	0.06	0.00	0.00
Other operating cash flows	CHFM	-0.82	0.00	0.00
Total operating cash flows	CHFM	-0.19	-4.84	11.7
Capital expenditure	CHFM	-0.17	-7.39	-73.4
Total investment flows	CHFM	2.28	-7.39	-27.0
Net interest expense	CHFM	-0.36	-0.57	-0.39
Dividends (parent company)	CHFM	0.00	0.00	0.00
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	0.13	0.00	0.00
Total financial flows	CHFM	-1.30	13.2	15.7
Change in cash position	CHFM	0.80	0.98	0.48
Free cash flow (pre div.)	CHFM	-0.72	-12.8	-62.1

Per Share Data

No. of shares net of treas. stock (year...	Mio	42.7	42.7	42.7
Number of diluted shares (average)	Mio	42.1	42.7	42.7
Benchmark EPS	CHF	0.13	0.38	0.27
Restated NAV per share	CHF			
Net dividend per share	CHF	0.00	0.00	0.00

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 4.12	40%	<ul style="list-style-type: none"> ● Umicore ■ Johnson Matthey ■ Boliden ■ Eramet
NAV/SOTP per share	CHF 24.6	40%	
P/E	CHF 7.20	5%	
EV/Ebitda	CHF 7.20	5%	
P/Book	CHF 7.20	5%	
Dividend Yield	CHF 0.00	5%	
TARGET PRICE	CHF 12.5	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	CHFM	95.8	95.8	95.8
Total intangible	CHFM	95.8	95.8	95.8
Tangible fixed assets	CHFM	12.5	18.6	71.4
Financial fixed assets	CHFM	0.00	0.00	0.00
WCR	CHFM	-1.09	0.08	21.5
Other assets	CHFM	1.14	1.14	1.14
Total assets (net of short term liab.)	CHFM	109	116	190
Ordinary shareholders' equity	CHFM	25.0	41.3	99.2
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM	48.1	48.4	48.9
Provisions for pensions	CHFM	0.07	0.02	0.03
Other provisions for risks and liabilities	CHFM	0.00	0.00	0.00
Total provisions for risks and liabilities	CHFM	0.07	0.02	0.03
Tax liabilities	CHFM	7.16	7.16	7.16
Other liabilities	CHFM			
Net debt (cash)	CHFM	28.7	19.3	35.0
Total liab. and shareholders' equity	CHFM	109	116	190

Capital Employed

Capital employed after depreciation	CHFM	107	114	189
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Profits & Risks Ratios

ROE (after tax)	%	26.7	49.4	16.4
ROCE	%	3.56	10.5	4.87
Gearing (at book value)	%	123	58.2	27.4
Adj. Net debt/EBITDA(R)	x	-16.4	-5.26	1.04
Interest cover (x)	x	-6.33	-8.70	34.0

Valuation Ratios

Reference P/E (benchmark)	x	12.8	3.90	13.3
Free cash flow yield	%	-1.03	-20.1	-40.4
P/Book	x	2.80	1.54	1.55
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	CHFM	69.9	63.8	154
+ Provisions	CHFM	0.07	0.02	0.03
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	28.7	19.3	35.0
+ Leases debt equivalent	CHFM	0.00	0.00	0.00
- Financial fixed assets (fair value)	CHFM	0.59	0.59	0.59
+ Minority interests (fair value)	CHFM	48.1	48.4	48.9
= EV	CHFM	146	131	237
EV/EBITDA(R)	x	-83.4	-35.6	7.03
EV/Sales	x	ns	ns	0.78

Analyst : Varun Sikka, Changes to Forecasts : 18/01/2021.