

Kardex

Cyclical Services

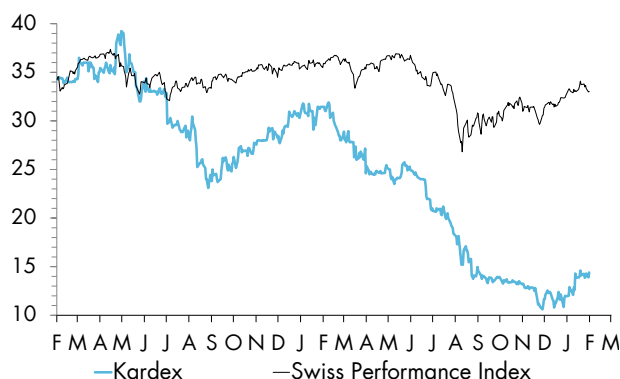
Price R: CHF 14.40
 Bloomberg: KARN SE
 Market Capitalisation: CHF 111 mn
 Sustainable investment universe: No

ZKB Issuer Rating: BB
 SIX Telekurs: KARN
 Free float: 80 %

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Market Perform



Key figures

in EUR	2010	2011E	2012E		2010	2011E	2012E
EPS	-1.75	0.30	1.23	P/E	na	40.1x	9.8x
- Change	-1332.0 %	-117.1 %	310.1 %	EV/EBITDA	22.8x	5.8x	4.8x
Dividend yield	0.00 %	0.00 %	0.00 %	EBIT margin	-1.80 %	1.82 %	3.25 %

*Exchange rate EUR/CHF 1.2

Source: Zürcher Kantonalbank

Kardex showing a net profit again for 2011

Surprise release of key figures

Kardex released the following numbers yesterday evening (1/31/2012) :

Sales and order intake for 2011

in EUR mn	ZKB E	Actual	Δ in % YoY
Order intake	499.7	480	23%
Sales	463	459	29%

Source: Zürcher Kantonalbank

Our expectations for Kardex were slightly above the results just released. We had expected EUR 463 mn in sales and an order intake of EUR 499.7 mn. Similar trends to those already seen in the case of Interroll a few days ago, can also be observed in Kardex's order intake. Momentum has definitely slacked off significantly in 2H compared to 1H. We expect many clients to have postponed their orders due to economic uncertainty. If the economy improves, these orders should be reactivated, however. Sales have picked up again in the second half of the year, on the other hand. We expect all Kardex divisions (Stow, Remstar and Mlog) will have been able to post gains across the board. A clue to this effect was provided by Kardex itself in reporting growth rates that have been adjusted for acquisitions (order intake +15% and sales +23%). These rates show that not only Mlog has grown, but the two other divisions as well. This is positive.

Net earnings for 2011 in the black

Kardex has likewise announced that it turned a net profit for 2011. We had been conservative and estimated a loss. Accordingly, we have now revised our net profit and EBIT estimates upwards. In the absence of details, however, estimating exactly how the earnings came about, i.e. how much the switch to Swiss GAAP FER has contributed to them, remains a difficult task. Kardex additionally released some of its balance sheet figures. Net debt was brought down to EUR 15 mn, and the firm's capital ratio now stands at 25%. We had previously expected 23.5%. These somewhat more stable balance sheet conditions are likewise a positive factor.

Turnaround achieved?

At the present time, it looks like Kardex is on the right track to a turnaround (in part thanks to the switch to Swiss GAAP FER). In order to evaluate just how sustainable this turnaround might be, however, we would need a more detailed set of numbers and a little more time. Should the current year turn out to be significantly worse after all (against our expectations), Kardex's net earnings could get lean again. At the time being we are assuming a positive scenario. But since we do not yet have all the numbers, our tendency remains on the conservative side as far as our estimates are concerned. The stock is attractively valued but attached to risks. Our rating is market perform.

Financial data

Kardex (in EUR mn)	2008	2009	2010	2011E	2012E	2013E
Income statement						
Net revenue	460	343	356	459	480	499
– change in %	8.88%	–25.5%	3.79%	29.0%	4.60%	4.00%
<i>Kardex Remstar</i>	258	200	193	218	225	232
– change in %	1.90%	–22.5%	–3.41%	13.2%	3.10%	3.00%
<i>Kardex Stow</i>	205	144	136	169	176	184
– change in %	19.9%	–30.1%	–5.51%	24.78%	4.1%	4.65%
<i>Kardex Mlog</i>	na	na	27.8	71.6	75.2	79.1
– change in %	na	na	na	158%	5.0%	5.20%
Gross profit	122	83.6	77.3	103.3	109	113
– % of net revenue	26.5%	24.4%	21.7%	22.5%	22.7%	22.7%
Operating expenses	–71.0	–67.6	–73.0	–82.8	–83.5	–81.3
EBITDA	51.4	16.5	7.10	20.4	25.0	31.6
– % of net revenue	11.2%	4.81%	1.99%	4.45%	5.20%	6.33%
Depreciation	–7.60	–7.80	–8.30	–6.06	–6.06	–6.06
EBITA	43.8	8.70	–1.20	14.4	18.9	25.5
– % of net revenue	9.52%	2.54%	–0.34%	3.13%	3.94%	5.11%
Amortization of intangibles	–1.50	–2.40	–5.20	–4.50	–3.32	–2.86
EBIT	42.3	6.30	–6.40	8.4	15.6	22.7
– % of net revenue	9.20%	1.84%	–1.80%	1.82%	3.25%	4.54%
– change in %	n.a.	–85.1%	–202%	–231%	86%	45.3%
<i>Kardex Remstar</i>	28.9	6.80	2.10	7.6	9.4	14.1
– EBIT margin in %	11.8%	3.53%	1.09%	3.30%	4.20%	6.10%
<i>Kardex Stow</i>	15.9	2.10	0.00	3.60	4.40	7.7
– EBIT margin in %	7.75%	1.46%	–0.20%	1.70%	2.50%	4.20%
<i>Kardex Mlog</i>	na	na	–3.80	–1.00	0.98	2.61
– EBIT margin in %	na	na	–13.7%	–1.40%	1.30%	3.30%
Financial result	–3.00	–4.60	–6.10	–6.15	–4.49	–3.16
Profit before tax	39.3	1.70	–12.5	2.22	11.1	19.5
Taxes	–6.30	–0.90	2.70	–0.33	–1.67	–3.51
Tax rate	16.0%	52.9%	21.6%	15.0%	15.0%	18.0%
Net profit	33.0	0.80	–9.80	1.88	9.4	16.0
– change in %	51.4%	–97.6%	–1 325%	–119%	401%	69.4%
– % of net revenue	7.17%	0.23%	–2.75%	0.41%	1.97%	3.20%
Cash flow statement						
EBITDA	51.4	16.5	7.10	20.4	25.0	31.6
Investments in net working capital	9.21	–13.8	6.90	7.67	13.3	–2.48
Operating cash flow	42.2	30.3	0.20	12.8	11.7	34.1
Investments	19.8	9.80	35.6	5.00	7.00	9.0
of which CAPEX	11.0	5.80	5.40	4.00	6.00	8.00
Free cash flow	23.2	15.2	–16.6	5.6	–2.21	16.9
Balance sheet						
Balance sheet total	279	243	309	305	301	320
Shareholders' equity	107	98.1	92.6	72.7	82	94
Equity ratio	38.5%	40.4%	30.0%	23.8%	27.3%	29.5%
Goodwill	28.8	30.6	43.9	0.0	0.0	0.0
– as % of shareholders' equity	26.8%	31.2%	47.4%	0.0%	0.0%	0.0%
Net debt	23.5	20.0	42.6	14.9	17.1	0.2
Gearing	21.9%	20.4%	46.0%	20.5%	20.8%	0.21%
Profitability ratios						
ROE	36.4%	0.78%	–10.3%	2.28%	12.2%	18.2%
ROIC excl. Goodwill	32.4%	4.06%	1.13%	9.75%	11.0%	13.0%
ROIC incl. Goodwill	21.2%	2.70%	0.68%	5.67%	6.5%	7.9%
Key valuation data						
Enterprise value/EBITDA				7.1x	5.8x	4.8x
Enterprise value/net revenue				0.3x	0.3x	0.3x
Price/net revenue				0.2x	0.2x	0.2x
Price/book				1.3x	1.1x	1.0x
P/E				40.1x	9.8x	5.8x
Per share data						
Net profit	9.09	0.22	–2.58	0.36	1.47	2.49
Shareholders' equity	29.6	26.7	24.3	11.3	12.8	14.7
Operating cash flow	11.6	4.18	1.52	0.94	0.50	3.25
Dividend	2.62	0.00	0.00	0.00	0.00	0.62
Capital structure						
Registered shares	Par value	No. of shares	Market cap.	Free float	TK symbol	Swiss sec. no.
	CHF 11.00	7 698 317	CHF 111 mn	79.7%	KARN	10 083 728

Source: Zürcher Kantonalbank

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