Thermador Groupe

17/10/2019
Materials, construction & infrastructure

Prospective val. 2023 (€)	**70.6**
Present value (€)	**60.0**
Entry point (€)	**50.0**
Price (€)	**53.0**
Closing 16/10/19	
Bloomberg ticker	THEP FP
Market cap. (M€)	**483**

	12/18	12/19e	12/20e
Sales (EURm)	315	360	379
EBIT (EURm)	44	49	52
EBIT margin (%)	14.0	13.6	13.6
EBIT (adj) (EURm)	43	49	52
Net Profit (adj.) (EURm	29	33	35
EPS adjusted (EUR)	3.04	3.65	3.87
Revision (%)	0.0	0.0	0.0
Leverage (x)	0.5	0.5	0.4
EV/EBIT (adj.)(x)	12.5	10.4	9.8
P/E (adj.)(x)	18.4	14.5	13.7
Dividend yield (%)	3.1	4.0	4.3

Crédit Mutuel Alliance Fédérale holds over 0,5% of Thermador Groupe.CM-CIC Market Solutions was exclusive bookrunner when the 5.6% stake in Thermador Groupe was reclassified in October 2019.

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Thermador posts strong momentum and surprises in Q3

The facts: Thermador this morning reported Q3 revenues up 22% and 11% on a constant scope basis. We were expecting growth of 15% in Q3. The group is cautious about Q4, but it is set to benefit from a favourable base effect.

Our analysis: Upbeat market conditions enabled all the subsidiaries to post growth. We were expecting a stock shortage at major heat pump suppliers but the slowdown did not take place and Thermador and Isocel posted growth of 12% and 6% respectively. Sodeco showed an increase of 5.8% at end Q3.

French industry association FNAS's figures were positive at and August (+4.8%) and Q4-2019 is set to benefit from a favourable base of comparison; Q4-2018 growth was just 1.5%.

Note that Thermador continues to improve its WCR management with a slight decline in inventories y-o-y.

On the strength of the strong business momentum and WCR control, Thermador is set to improve its cash generation (FCF/EBITDA of 27% in 2018) and ROCE (13% in 2018) if it manages to keep its EBIT margin at the same level as in 2018 (14.9%).

The margin eroded slightly in H1, but we expect a slight catch-up in H2 and 14.7% at the year-end.

Conclusion & Action: *This publication underpins our scenario of a gradual return to normalised ROCE, after the latter deteriorated due to the string of acquisitions carried out by the group over the past few years. We confirm our target price of EUR60 which is based on 2018-2023E organic revenue growth of 6.5% p. a. and stabilisation of the EBIT margin.*