



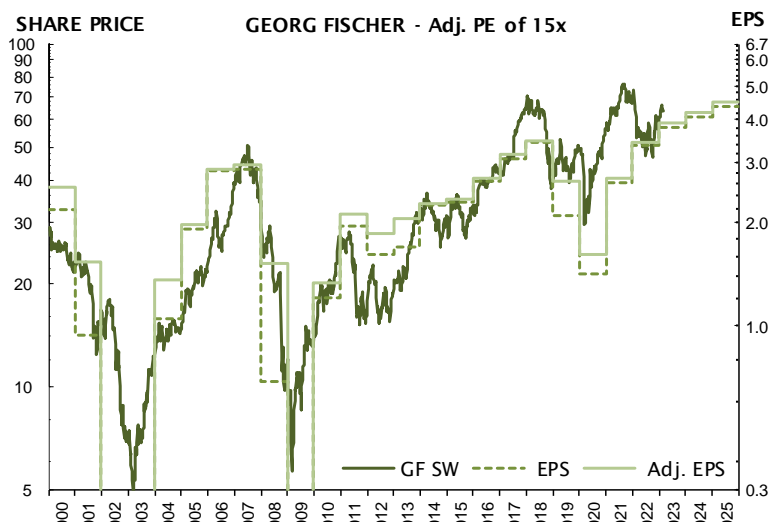
RESEARCH FLASH NOTE

June 14, 2023

BLOOMBERG GF
 PRICE (13.06.23) 65
 RATING HOLD
 PRICE TARGET (CHF) 69
 MARKET CAP (CHF bn) 5.3
 ENTERPRISE VALUE (CHF bn) 4.6
 NEXT EVENT: H1 2023 Result JULY 2023

GEORG FISCHER	2021	2022	2023E	2024E
Adj. P/E	25.9	16.9	16.6	15.5
EV/Adj. EBITDA	13.7	9.2	9.4	8.7
% ROIC	11.5%	16.0%	16.3%	16.5%
% FCF Yield	2.6%	3.4%	4.0%	4.2%
% Div. Yield	1.4%	2.1%	2.3%	2.7%
ADJ EPS (CHF)	53.9	3.5	3.9	4.2
% growth	65.9%	28.1%	13.1%	7.1%
DIVIDEND (CHF)	20.0	1.3	1.5	1.8
% payout	38%	37%	40%	43%
# SHARES (m)	4.1	82.0	82.0	82.0

Alessandro Foletti



Aliaxis Says It Keeps All Options Open

- Aliaxis withdraws its public tender offer for all shares of Uponor (from 22.5.2023). Further, it informs that this does not (quote) “[...] limit Aliaxis’ right to consider making a new tender offer for shares in Uponor in the future. No decisions have been taken to either make or refrain from making a new tender offer at a later point in time.”
- Initially, we had the impression that Aliaxis was exiting Uponor’s takeover battle. The contrary is true; or at least no final decision has been taken. If wanted to keep its options open, Aliaxis had to make a statement, given its Tender Offer had been pre-announced.
- **Georg Fischer’s bid for Uponor** would be big step of strategic relevance. We published yesterday our thoughts in our note *“Uponor Takeover Insanely Complementary”*. See following [link](#) and our estimates on page 2 of this note.

Conclusion

- **This is not the end of the takeover battle for Uponor, but perhaps the beginning.**
- Remember, for Uponor’s Board to consider a new offer it would have to be at least 10% above GF’s bid of EUR 28.85.
- At an Adj. PE of 15.5x and EV/EBIT of 11.1x (2024E) GF’s valuation is not overly demanding with a ~5-10% discount to recent (peak) valuations. However, trading in the second half of the year could imply a certain risk of slowing, for Uponor as well.
- **We have a Hold rating with a price target of CHF 67.**



Georg Fischer's Offer for Uponor. Financial Implications (Octv. Estimates)

Uponor (EURm)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	1196	1103	1136	1313	1386	1327	1358	1403
EBITDA		145.0	195.0	209.6	208.2	196.0	209.6	222
% margin		13.1%	17.2%	16.0%	15.0%	14.8%	15.4%	15.8%
EBIT	99.0	93.0	143.0	160.5	153.7	143.0	154.7	167.3
%margin	8.3%	8.4%	12.6%	12.2%	11.1%	10.8%	11.4%	11.9%
FCF				75.0	37.9			

<-- Source: Uponor Source: Bloomberg -->

	Uponor 2022	% of sales	GF Piping
Capex	50.5	3.6%	4.5%
R&D	23.2	1.7%	2.5%
Market Capitalisation (@28.85 EUR)	2097		
Net Debt + Pension	63		
EV	2160		

EV/EBITDA (without synergies) 10.4 **Georg Fischer 22: 8.9x**

GF + Uponor	2022 PF	2023E*	2024E	2025E
Combined Sales (CHFm, no synergies)	5'355	5'369	5'547	5'751
Combined EBITDA (CHFm, no synergies)	710	730	774	820
% margin combined	13.3%	13.6%	14.0%	14.3%
Synergies (50% sales / 50% cost; fully reached 3-4 years after closing)	0	5	20	40

Capital Increase (8m Shares @ CHF 60 to 65 per share) 500

Leverage after 28.85 EUR / Share transaction and Cap. Increase 2.3 x
Exp. GF Net Debt (EV as above; Operating Cash of ~CHF 250m) -1'598

EPS Accretion (no synergies, avg. int rate of 3.5, no deleverage) **	15.4%	10.2%	11.4%	12.5%
EPS Accretion (with synergies, avg. int rate of 3.5, no deleverage) **	15.4%	10.9%	13.8%	17.0%

* With Uponor annualised. If transaction consummated, Uponor will be consolidated for ~1/4 year.

** This is calculated on GF Group. On a hypothetical "Piping-Only" business, accretion could be ~25-30% higher.

Source: Companies, Bloomberg, Octavian Estimates



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