GREECE | EQUITY RESEARCH | Consumer (Car rental, auto/moto trading)
April 16, 2024 09:22

INITIATION OF COVERAGE

MOTODYNAMICS

In growth gear

Leading auto/moto company in Greece diversified across segments – Motodynamics operates as the distributor for Yamaha in Greece, Bulgaria, and Romania, and for Porsche in Greece. It also holds the franchise for SIXT rent-a-car (RaC) in Greece and engages in the sale of used cars. Motodynamics's diverse portfolio allows for both year-round revenue streams and seasonal income, thus positioning the group advantageously to capitalize on the positive domestic macro prospects (affecting all segments), growth in inbound Greek tourism (propelling RaC and marine), urbanization dynamics (e.g. more traffic underpinning the Yamaha moto business) and the retracement of car/moto registrations towards more normal levels.

Solid track record of revenue growth; profitability reset at EBIT levels near €18-20m – Motodynamics has delivered an impressive c23% sales CAGR over 2018-2023, growing its revenue base to €170m in 2023 from just €55m in 2017. The group has managed to sustain strong 2-digit growth in all years except for 2020, when the operations were affected by the pandemic. It enjoys industry-leading gross margins, although at EBIT level there is certainly scope for improvement as the business grows and enjoys scale benefits. Thanks to organic growth and the acquisition of Lion Rental (franchisee of SIXT in Greece), Motodynamics has seen its EBIT being reset from c€4m in 2019 to a whopping c€18m in 2023.

Record 2023; c11% EBIT CAGR over 2023-26e – Following a record 2023, with revenues +29% and EBIT +14%, we expect 9-10% annual revenue growth in the coming years supported by healthy Greek tourism prospects, fleet expansion, increasing car/moto registrations and market share gains. This will filter through to c11% constant annual growth in EBIT, quite a compelling proposition we reckon.

Significant investment in RaC fleet in recent years but balance sheet remains healthy; focus on returns – Despite the heavy fleet investment (c€61m since 2019), the group has managed to grow without overly gearing the balance sheet (net debt / EBITDA at c1.1x in 2023, group net debt just 70% of the vehicle book value). Management also seems quite focused on generating sustainably elevated returns on capital, having delivered ROIC (pre-tax) near 30% in both 2022 and 2023. Looking ahead, we expect net fleet investments – i.e. capex for fleet growth and replacement net of the fleet sold – to be in the €21m-€22m area as the group expands its short-term fleet by some 2.1K vehicles (c+50% vs 2023 levels). As such, we anticipate FCF to stay negative in 2024 given the ongoing investments but envisage inflection from 2026e onwards. This will help Motodynamics sustain post-tax ROICs in the high teens on our estimates.

Valuation – Motodynamics has lost c10% in the last year outperforming its international peers but lagging the return generated by its closest peer Autohellas (+7%) and other Greek non-financials. As such, the stock is trading at <4x 2024e EV/EBITDA, >40% discount to its international peers and c15% discount to Autohellas. Our DCF valuation predicated on a 10.2% WACC yields a €4.0 PT, placing the stock at a conservative 4.6x 2024e EV/EBITDA, still >25% discount vs the broad peer group. We thus initiate coverage with a Buy rating.

Estimates					
€m unless otherwise stated	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Revenues	132.0	170.0	186.0	205.1	224.9
EBITDA	24.9	29.1	32.3	36.2	40.9
EBIT	15.5	17.7	19.6	22.1	24.3
Net profit	9.2	11.8	12.8	14.8	16.7
EPS (€)	0.31	0.39	0.44	0.51	0.58
DPS (€)	0.09	0.12	0.14	0.16	0.18
Valuation					
Year to end December	**2022**	**2023**	**2024e**	**2025e**	**2026e**
P/E	6.8x	7.5x	6.6x	5.7x	5.0x
EV/EBITDA	3.7x	4.2x	3.6x	3.3x	2.9x
EBIT/Interest Expense	12.6x	7.5x	7.5x	9.4x	11.5x
Dividend Yield	4.2%	4.0%	4.7%	5.4%	6.1%
ROE	37.5%	34.8%	32.5%	29.4%	27.2%

Source: Eurobank Equities Research.

Recommendation	**BUY**
Prior Recommendation	**N/A**
Target Price	**€ 4.00**
Prior Target Price	**NA**
Closing Price (15/04)	€2.89
Market Cap (mn)	€87.1
Expected Return	38.4%
Expected Dividend	4.7%
Expected Total Return	43.1%

Motodynamics Share

Stock Data

Reuters RIC	MOTr.AT
Bloomberg Code	MOTO GA
52 Week High (adj.)	€3.77
52 Week Low (adj.)	€2.50
Abs. performance (1m)	-7.6%
Abs. performance (YTD)	-11.9%
Number of shares	30.2mn
Avg Trading Volume (qrt)	€38k
Est. 3yr EPS CAGR	18.3%
Free Float	33%

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Investment Summary

Leading automotive company diversified across segments

Motodynamics operates as the distributor for Yamaha in Greece, Bulgaria, and Romania, and for Porsche in Greece. Additionally, it holds the franchise for SIXT rent-a-car (RaC) in Greece and engages in the sale of used cars. The group's diverse portfolio allows for both year-round revenue streams, such as motorcycle and car sales, and seasonal income from rent-a-car services, marine engines, and wave runners. This diversification positions the group advantageously to capitalize on the positive domestic macro prospects (affecting all segments), growth in inbound Greek tourism (propelling RaC and marine), urbanization dynamics (e.g. more traffic underpinning the Yamaha moto business) and the retracement of car/moto registrations towards more normal levels.

Solid track record of revenue growth; profitability reset at EBIT levels near €18m-20m

Motodynamics has delivered an impressive c23% sales CAGR over 2018-2023, growing its revenue base to €170m in 2023 from just €55m in 2017. The group has managed to sustain strong 2-digit growth in all years except for 2020, when the operations were affected by the pandemic. It enjoys industry-leading gross margins, although at EBIT level there is certainly scope for improvement as the business grows and enjoys scale benefits. Thanks to organic growth and the acquisition of Lion Rental (franchisee of SIXT in Greece), Motodynamics has seen its EBIT being reset from c€4m in 2019 to a whopping €18m in 2023.

After a record 2023 we expect c10% revenue CAGR in the coming years, filtering through to c11% CAGR in EBIT

Following a record 2023, with revenues +29% and EBIT +14%, we expect c9-10% annual sales growth in the coming years reflecting: 1) c17% revenue growth in car rental underpinned by rising utilization (growth in tourism) and supply growth only partly offset by pricing in the face of intensifying competition; 2) partial mean reversion in Porsche registrations (c16% CAGR over 2023-26e) driven by macro further supported by scope for an uptick in the brand's market share in view of the launch of new models (e.g. Taycan, BEV versions); 3) Mid single-digit growth of the Yamaha brand, underpinned by motorbike sales as the category grows and Yamaha gains back part of the lost share. Overall, we model sales CAGR c10% in the next 3 years filtering through to a c11% CAGR in EBIT, quite a compelling proposition we reckon. We stress that our forecasts already take into account the decelerating fundamentals for car rental companies given macro headwinds in the EU and normalizing industry conditions (second-hand car market slowdown).

Significant fleet investment in recent years but balance sheet remains healthy

The group's growth has been underpinned by a significant investment in the fleet, with Motodynamics having allocated c€61m towards vehicle fleet investments since 2019. Fleet capex reflects both the cost of replacing sold vehicles and investment in new cars. Despite the big capex envelope, the group has managed to grow without overly gearing the balance sheet (net debt/reported EBITDA at c0.9x in 2023, 1.1x incl. leases). In fact, during the COVID-affected years, cash preservation meant that the business generated positive FCF, with the situation naturally reversing in 2022-23 as the investment program gathered pace. Looking ahead, we expect net fleet investments – i.e. capex for fleet growth and replacement net of the fleet sold – to be in the €21-22m area as the group expands its fleet by some 2.1K vehicles (+50% vs 2023 levels). As such, we anticipate FCF to stay negative in 2024 given the ongoing investments but envisage inflection from 2026e onwards.

Focus on sustaining high returns on capital

In addition, the group seems quite focused on generating sustainably elevated returns on capital, having delivered ROIC (pre-tax) near 30% in both 2022 and 2023, while being on track to sustain ROICs in the high teens on our estimates.

Compelling valuation

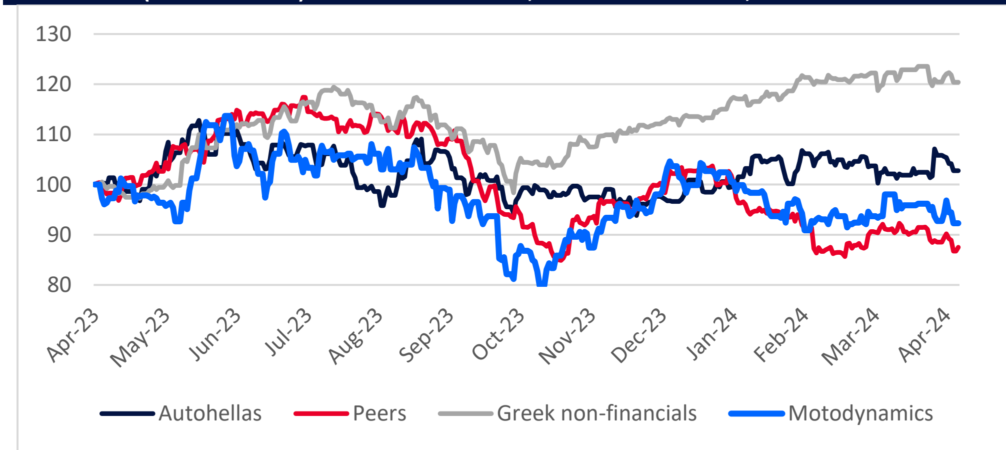
Motodynamics has shed c10% in the last year outperforming its international peers but lagging the return generated by its closest peer Autohellas (and trailing even more other Greek non-financials). The shares reached their peak in June 2023 in view of what proved to be record-breaking half-year results. However, since then the shares have struggled and remain c20% lower than their 2023 peak. From a valuation perspective, this has left the stock trading at <4x 2024e EV/EBITDA, >40% discount vs its international peers. Our DCF valuation predicated on a 10.2% WACC yields a €4.0 price target, placing the stock at a conservative 4.6x 2024e EV/EBITDA, still >25% discount vs the broad peer group due to the smaller size.

Share price performance and valuation

A. Stock price performance

Motodynamics share price is down c12% YtD after posting a stellar 2023 performance (62% total return). Overall, in the last 12 months the stock has outperformed somewhat its international peers but lagged the return generated by its closest peer Autohellas and other Greek non-financials. The shares reached their peak in June 2023 in view of what proved to be record-breaking half-year results. However, since then the shares have struggled and remain c20% lower than their 2023 peak.

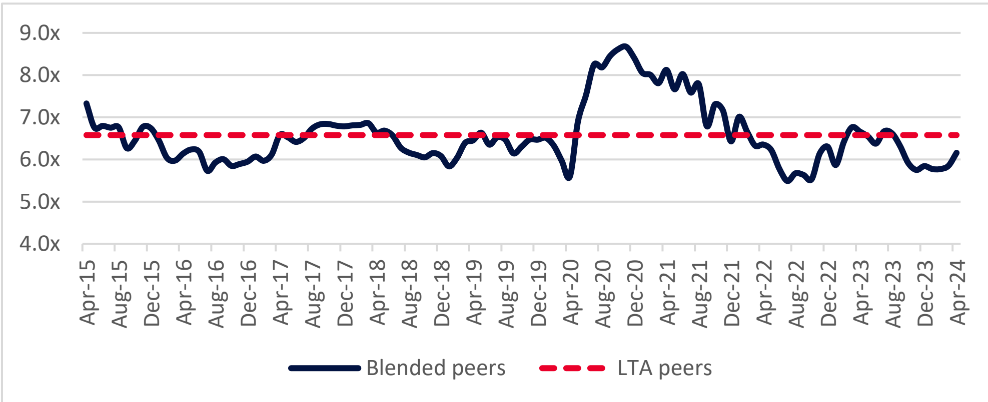
Total return (rebased to 100) vs International Peers, Greek non-financials, Autohellas



Source: Eurobank Equities Research, Bloomberg.

From a valuation perspective, investors normally focus on EV/EBITDA multiples in order to assess the relative attractiveness of car rental or auto/motorcycle trade businesses. Given the cyclical nature of the industry, multiples tend to be higher during periods of depressed earnings (e.g. COVID period), with multiple compression following as earnings increase and the economic cycle matures. Historically, international car rental peers have traded between 5x and 9x 1yr fwd EV/EBITDA, which corresponds to a long-term average of c6.5x. Auto/motorcycle trade peers, have traded at a similar valuation in the long-run (within a slightly narrower range of 5.5x to 8.3x). Blending those two subsets, we arrive at the below historic valuation range for the broader peer group.

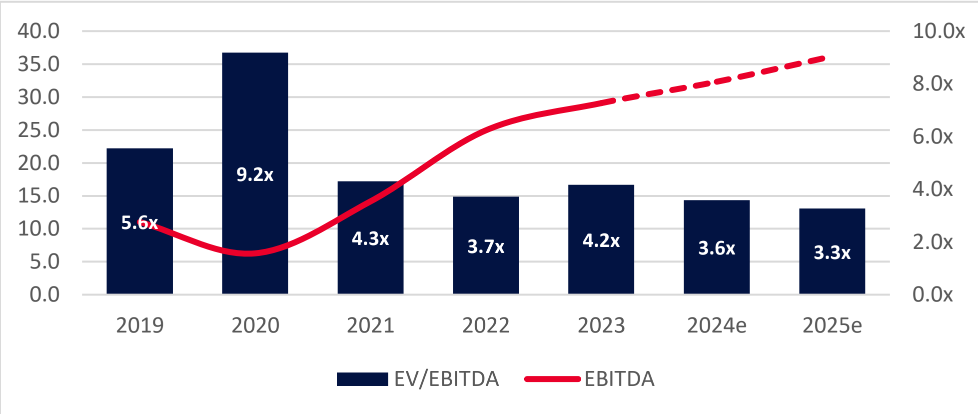
12m forward EV/EBITDA valuation – Peers group



Source: Eurobank Equities Research, Bloomberg.

In Motodynamics' case, there is limited forward-looking historic valuation track record since the stock has not been widely covered. Using actual EBITDA figures and average market cap data during each year, the stock seems to have traded within a c3.7-5.6x EV/EBITDA range (with the exception of 2020 when multiples shot up due to the low profit base), materially lower than its peers, indicative of the information gap created by the lack of coverage. The current valuation remains depressed, at <4x 2024e EV/EBITDA.

EV/EBITDA valuation (RHS) and EBITDA (€m, LHS)



Source: Eurobank Equities Research, Bloomberg.

In the table below, we look in more detail at the current valuation of Motodynamics and several peers, including car rental companies (e.g. Sixt, Avis, Hertz) as well as automotive/motorcycle trade companies (e.g. Piaggio, Honda, Porsche). As can be observed, Motodynamics trades at a significant discount across traditional metrics, such as P/E and EV/EBITDA multiples, while enjoying an equally healthy balance sheet and offering a dividend yield in sync with most of its peers.

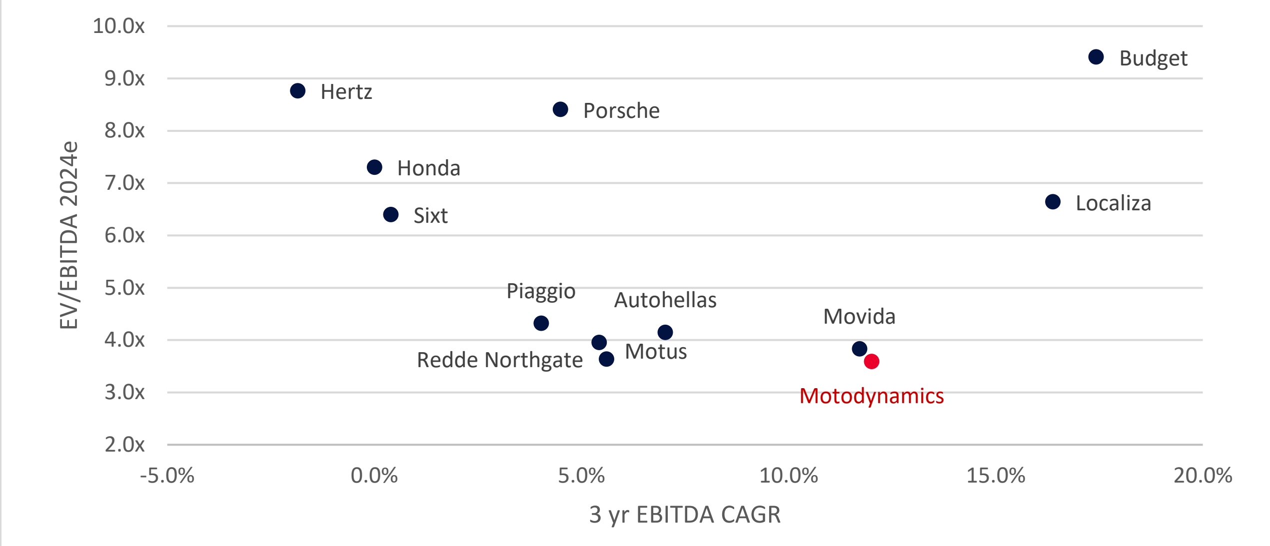
Peer group valuation

		PE		EV/EBITDA		Dividend yield		Net debt/EBITDA
Stock	**Mkt Cap**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
Motodynamics	**87**	**6.6x**	**5.7x**	**3.6x**	**3.3x**	**5%**	**5%**	**1.0x**
AUTOHELLAS SA	644	7.7x	6.6x	4.1x	3.8x	5%	6%	2.0x
HERTZ GLOBAL HLD	1,962	24.2x	8.3x	8.8x	6.5x			18.2x
AVIS BUDGET GROU	3,819	7.1x	6.4x	6.7x	6.4x			3.3x
SIXT SE	3,816	12.7x	11.5x	6.4x	5.9x	4%	5%	2.5x
REDDE NORTHGATE	995	7.0x	7.4x	3.6x	3.5x	7%	7%	1.7x
UNITED INTERNATI	1,547	19.3x	16.8x	9.4x	8.5x	3%	3%	0.7x
MOVIDA PARTICIPA	518	8.4x	4.8x	3.8x	3.4x	3%	5%	3.7x
LOCALIZA	10,195	15.5x	11.5x	6.6x	5.7x	2%	3%	2.9x
MOTUS HOLDINGS L	770	4.6x	4.2x	4.0x	3.7x	8%	8%	1.6x
PIAGGIO & C. SPA	1,011	10.4x	9.2x	4.3x	4.1x	8%	8%	1.2x
HONDA MOTOR CO	59,865	8.4x	7.8x	7.3x	7.1x	4%	4%	1.8x
PORSCHE	84,978	17.7x	15.3x	8.4x	7.5x	3%	3%	0.3x
Median		**9.4x**	**8.1x**	**6.5x**	**5.8x**	**4%**	**5%**	**1.9x**
Premium / (Discount) vs peers		***-30%***	***-30%***	***-45%***	***-44%***			

Source: Eurobank Equities Research, Bloomberg.

Given that the range of valuation multiples may also reflect differences in companies' growth profile, we have also examined the current valuation of the broad peer group in conjunction with the 3-year profit outlook (2023-26e). As can be seen, Motodynamics' valuation seems compelling compared to its peers given that it offers one of strongest growth profiles among its peers.

Motodynamics and broad peer group – 2024e EV/EBITDA vs 3-year CAGR



Source: Eurobank Equities Research, Bloomberg.

B. Valuation

We value Motodynamics using a DCF valuation aiming to capture the firm's cyclicality, medium-term/normalized earnings capacity and capital-intensive nature of the industry. Our base case DCF yields a 12-month PT of €4.0 per share. This is predicated on the following assumptions:

- Sales CAGR of c9% over 2023-2027e, driven by inbound tourism (propelling the utilization of RaC) and Greece's positive economic outlook (set to drive an increase in motorbike and car registrations).
- EBIT CAGR of c11% over 2023-2027e, conservatively assuming modest operating leverage.
- We use a long-term growth rate of 1% based on a reinvestment rate of c23% and a conservative mid-single digit perpetual incremental ROIC, assuming that the group's competitive advantage will fade in the long run.
- We end up with an implied FCF EBITDA cash conversion (FCF/EBITDA) which will gradually increase to c35-40% when top line growth fades and fleet expansion runs its course, a level we consider feasible.
- We use a 10.2% WACC, which we believe captures the relative risk profile of the business vis-à-vis the rest of our coverage universe while also considering factors such as stock liquidity.

DCF

€m unless otherwise stated	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TV
Cash NOPAT	14.7	16.6	18.2	19.8	22.6	22.4	22.2	22.0	21.8	22.5	
Depreciation	12.7	14.1	16.6	19.1	19.0	19.5	19.8	20.1	20.2	20.3	
Working Capital/other	(1.2)	(1.8)	(2.1)	(2.1)	(2.3)	(4.1)	(4.2)	(4.4)	(4.5)	(4.7)	
Capex	(23.9)	(23.8)	(23.6)	(23.2)	(24.2)	(23.7)	(23.1)	(22.3)	(21.5)	(20.5)	
Unlevered Free Cash Flow	**2.3**	**5.1**	**9.1**	**13.6**	**15.1**	**14.1**	**14.8**	**15.4**	**16.0**	**17.5**	**15.9**
Sum of PV of FCF	83.5										
PV of terminal value	65.6										
Enterprise Value	**149.1**										
- Net debt incl. claims (adj.)	(36.4)										
Equity value ex-div	**112.7**										
no. of shares	29.0										
Per share	3.9 €										
12-month fair value per share ex div	**4.0 €**										

Source: Eurobank Equities Research

A basic sensitivity on a combination of WACC and terminal growth rates is presented in the table below. As can be seen, flexing our WACC and perpetuity growth inputs by 0.5% each yields a fair value range between c€3.6 and c€4.5 per share.

DCF Sensitivity of our calculated group fair value per share to the WACC and LT growth assumptions

		WACC				
	3.88 €	**11.2%**	**10.7%**	**10.2%**	**9.7%**	**9.2%**
	0.0%	3.3 €	3.5 €	3.8 €	4.0 €	4.4 €
Terminal growth	**0.5%**	3.4 €	3.6 €	3.9 €	4.2 €	4.5 €
	1.0%	3.5 €	3.7 €	**4.0 €**	4.3 €	4.7 €
	1.5%	3.6 €	3.9 €	4.2 €	4.5 €	4.9 €
	2.0%	3.7 €	4.0 €	4.3 €	4.7 €	5.1 €

Source: Eurobank Equities Research.

Segment overview

Leading automotive & car rental company, diversified across segments and geographies

Motodynamics is a leading motor trade company engaged in the import, distribution and trade of: 1) **motorcycles & marine products** (outboard motors, inflatable boats, wave runners) through the Yamaha brand, and of 2) **cars**, holding the official rights of distribution for Porsche brand, as well as spare parts and lubricants. The firm's motorcycle and auto trade business accounts for c68% of group sales (of which c45% Yamaha and c24% Porsche) as of 2023. Its core activities also include **car rental services and the sale of used cars**, both summing up to c32% of revenues. The car rental services are offered through the SIXT brand, as Motodynamics holds the franchise rights in Greece. The main source of car rental revenues comes from short-term RaC (96% of car leases revenue), with only a small portion arising from long-term rentals (4% of car leases revenue). Motodynamics also has a small international presence as it is the sole distributor of Yamaha products in Romania and Bulgaria (c7% of sales).

The differentiated business structure smoothens seasonality and exposes the group to various demand drivers

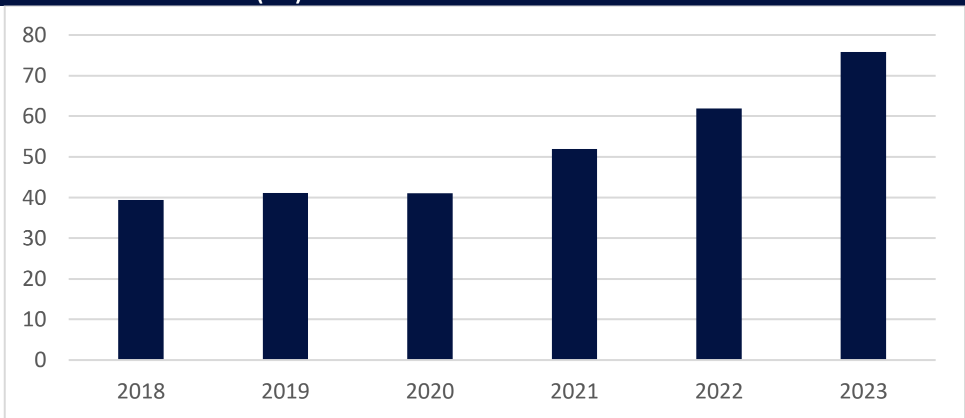
The diversification across segments serves as a key driver for sustained growth. The motorcycle and auto trade sectors give the group exposure to macro/cyclical drivers while the car rental segment exposes Motodynamics to the structural theme of inbound tourism. The latter is obviously more seasonal, with Yamaha and Porsche offsetting to some extent this seasonality diversifying the overall profile.

From a business segment standpoint, Motodynamics originates its revenues from three different sources, namely: 1) motorbikes, marine products, and other related products (Yamaha brand), 2) Cars (Porsche brand), 3) car leases and sales of used cars (SIXT).

We describe the main components of the sales breakdown in more detail below:

1. **Motorbikes, marine outboard engines, and related products:** This segment accounted for c45% of the firm's total revenue and c44% of the firm's total gross profit in 2023. Yamaha motor/after sales revenues (c56% of Yamaha total) have grown at c23% CAGR in the post-pandemic period. In 2022, revenues amounted to c€62m, with sales of marine products accounting for c18% of Yamaha's revenue and sales of powered 2-wheelers for c55%. In 2023, divisional growth accelerated to c22% yoy. The importance of this segment lies in the fact that it has a critical mass and thus supports the growth of Motodynamics' fleet without the need to take up leverage. The segment is characterized by some seasonality as marine engine sales (c16% of the Yahama mix) are skewed towards spring and summer months.

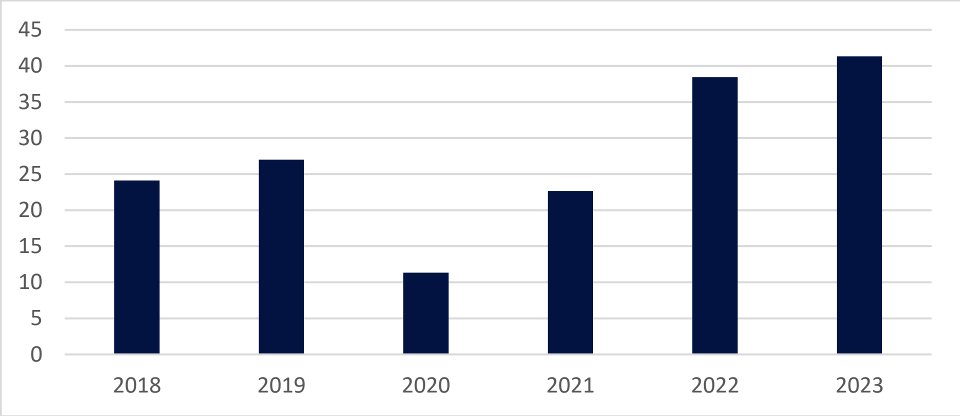
Yamaha revenue evolution (€m)



Source: Eurobank Equities Research, Company data.

2. **Car leases (SIXT):** This segment accounted for c24% of the group's total revenue in 2023. It carries higher profit margins than the other individual segments, ranging between 26% and 34% in 2021-2023. Renting fleet stands near 4K vehicles, mostly used for short-term RaC (c3.6K).

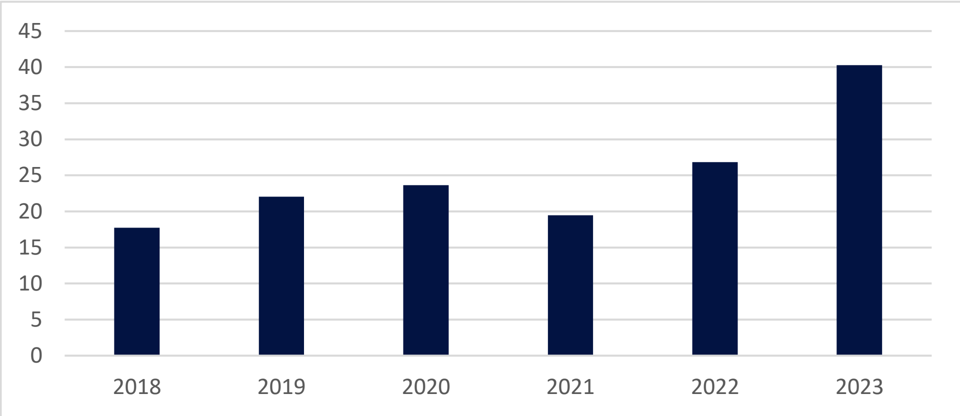
Car leases revenue evolution (€m)



Source: Eurobank Equities Research, Company data.

3. **Cars:** This segment encompasses Porsche car sales and accounted for c24% of the group's total revenue and c20% of gross profit in 2023. The standalone revenue of the segment was c€27m in 2022 but surged to c€40m in 2023. This was on the back of a bounce in Porsche new car registrations to 168 in 2022 and 234 in 2023, which however remains well below the peak and indicates plenty of scope for future growth.

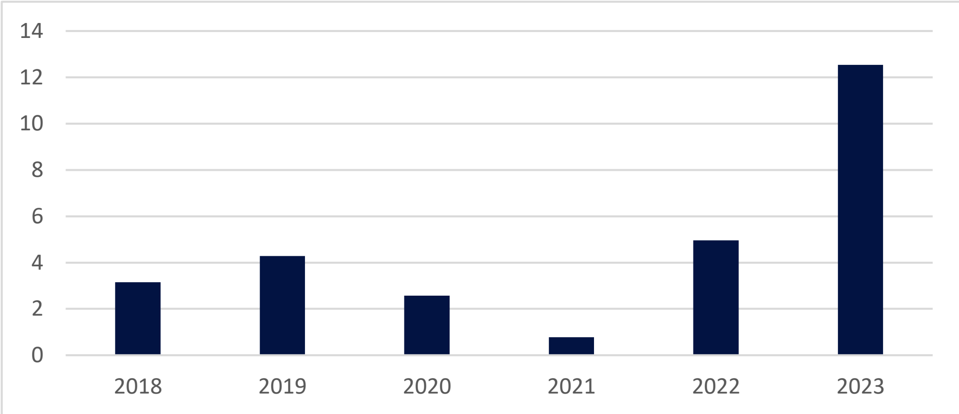
Porsche revenue evolution (€m)



Source: Eurobank Equities Research, Company data.

4. **Fleet sales:** This business segment generates revenues through the sale of used cars and is quite useful for renewing SIXT's rental fleet. The firm sells its cars on the secondary market a few years after buying them, with the typical holding period being 4-5 years for most rental companies. With this in mind, this is not really a stand-alone business but rather more of an accounting segment. In FY'23, Motodynamics capitalized on the strong demand for used cars to dispose some of its oldest car models so as to maintain a young fleet, and, as a result, it saw a c€12.5m contribution from car sales. This segment has usually accounted for no more than 4% of group revenue.

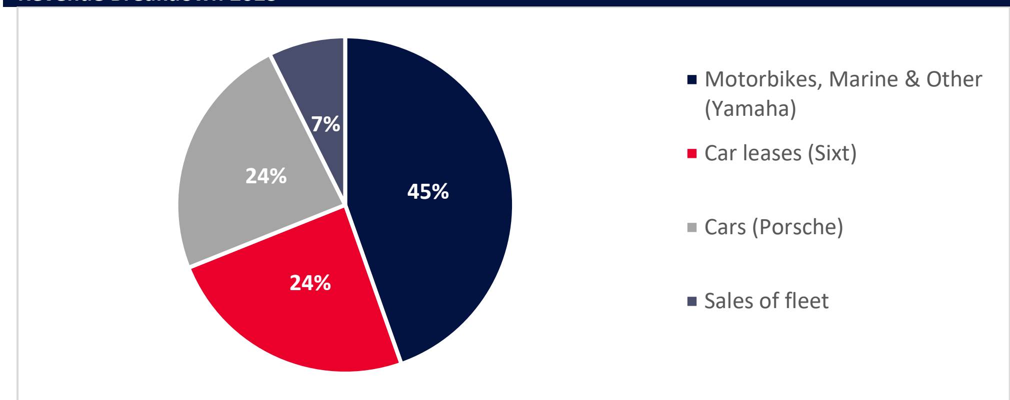
Car Fleet sales revenue evolution (€m)



Source: Eurobank Equities Research, Company data.

We showcase the group's revenue breakdown evolution in the charts below.

Revenue Breakdown 2023



Source: Eurobank Equities Research, Company data.

Regarding the group's structure, it consists of 4 subsidiaries segmented into 4 divisions.

In the four subsidiaries, outlined below, Motodynamics holds participation rights of 100%:

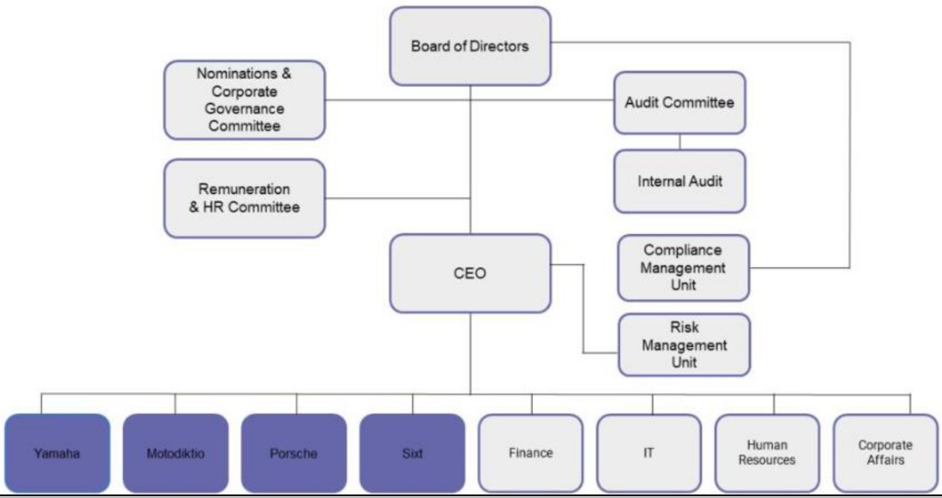
- Motodiktyo SA: the official Yamaha dealer in Attica, offering 3 vertical locations.
- Motodynamics Srl.: the official importer and dealer of Yamaha products in Romania.
- Motodynamics Ltd.: the official importer and dealer of Yamaha products in Bulgaria.
- Lion Rental SA: It holds the exclusive rights for the SIXT franchise in Greece.

The 4 main business divisions include:

- **Yamaha division:** This division is responsible for the wholesale aspect of Yamaha motor products such as powered two-wheelers and other vehicles, marine products, parts, and accessories in Greece. The products are dispersed through a network consisting of 56 partners for land products and 87 partners for marine products. It also handles the Group's operations in Romania and Bulgaria.

- **Motodiktyo division:** It manages the retail aspect of Yamaha Motor Co. products through 3 locations in Attica. It is also responsible for the imports and sales of a range of motorcycle accessories and rider equipment.
- **Porsche division:** It handles the wholesale and the retail sales of Porsche AG products such as vehicles, parts and accessories in Greece. The vehicles are available through three different locations, 2 in Athens and 1 in Thessaloniki.
- **SIXT division:** Lion Rental holds the exclusive rights for SIXT in Greece. A network of 18 rental stations across the country supports the activities of this segment.

Motodynamics organizational structure



Source: Company data.

Strategy

Two-tiered approach to organic growth through car rentals and trading activities

Motodynamics's business model is built on its dual purpose as: 1) an importer and distributor of cars and powered two-wheelers, marine products, spare parts and lubricants, and 2) short-term leasing company. The group has been optimizing operations through targeted investments in its existing portfolio, while remaining open to identifying new business opportunities which will not be competitive and could create synergies within its existing businesses.

Given the dual focus on both short-term leasing and distribution of cars and powered two-wheelers, the group has a two-tiered approach to enabling further organic growth. Within car leases, the focus is on international air traffic, as SIXT has strategic presence across the country's most important airports. Within the car and motorbike segments, the focus is on capitalizing on the growing registrations while gaining share.

Car rentals focus on short-term leasing

As far as the car rental segment is concerned, the focus is mainly on short-term leasing offers, rather than mid-term leasing (1 to 12 months). According to the management team, the group does not plan to further expand into long-term leasing due to the low return on invested capital of the particular subsegment.

SIXT operates a short-term fleet of more than 3.6K vehicles through 18 points of service (set to increase to >20 in the coming months on our understanding). The rental car (RaC) points of service cover several important tourist stations, such as the Athens International Airport, the port of Piraeus, and many other stations at popular locations. In 2022, the company expanded its tourist destination footprint by adding two new branches at the airports of Alexandroupoli and Kefalonia. The company's long -term leasing fleet is immaterial, at just above c400 vehicles, and as we mentioned above not of primary focus.

Distributor of the iconic Porsche brand

Motodynamics operates as the Greek distributor for Porsche, an iconic brand benefiting from wealth trends. This segment was weighed down in the previous decade by weak macro and adverse regulation (as well as some form of social backlash being prevalent) but has bounced materially in recent years. The expansion of Porsche's model range (e.g. Macan, a smaller SUV than Cayenne) has helped drive volume growth but Porsche registrations remain >50% below peak. Recently completed renovations in all three Porsche centers in Greece have helped improve both pre and after sales service, with Motodynamics seeking to ensure the highest-level of service for its customers.

Customer-centric approach

Motodynamics' revenue line is diversified by customer type as well, as 2 divisions provide both B2C and B2B services, while the third serves consumers exclusively. In specific, the Yamaha segment is responsible for the wholesale aspect of the motor vehicle business, enjoying a large network of 56 partners for land products and 87 partners for marine products, while Motodiktyo manages the B2C channel of the Yamaha brand. The Porsche division provides B2C services through the Porsche centres located in Athens, Thessaloniki, and since Dec 2022 in Glyfada, with the latter also providing B2B services. Finally, SIXT brand provides B2C services through its own network of 35 stations positioned close to several key travel points.

Sustainable development key for the strategy

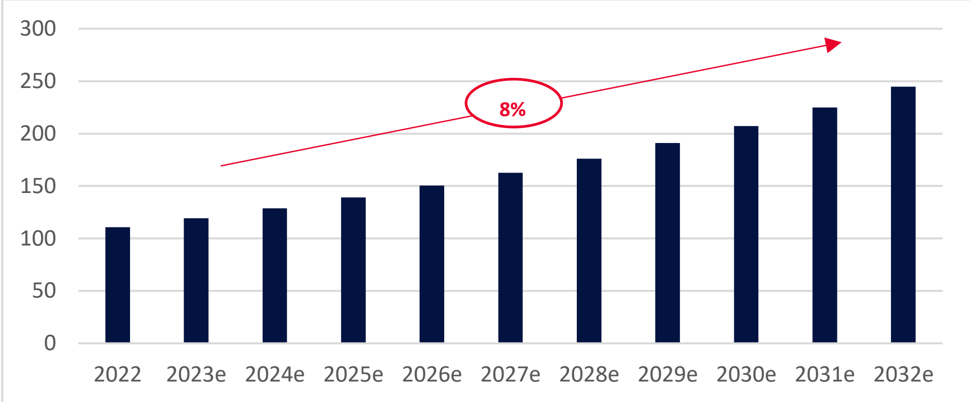
In a sector where sustainability is of the utmost importance, Motodynamics is taking steps towards the reduction of the environmental impact of its vehicles by importing new environmentally friendly models, such as the partially electric Taycan, hybrid Cayenne PHEV (expected in 2024), full electric Macan (expected in 2024), as well as Yamaha electric scooters (e.g. Neos). The group is also expected to introduce three new electric bicycles. In addition to the above, Motodynamics has built one of the most powerful charging stations in its Porsche centre located in Metamorphosi and is in continuous talks with manufacturers to further expand its charging station footprint.

Market and competitive landscape

A. Car rental market

The global car rental market was worth $110.7bn in 2022 and is set to grow to $244.6bn by 2032, according to Precedence Research, exhibiting a c8% CAGR during the forecast period. The disruptions caused by the pandemic have largely run their course and, as such, tourism has risen to pre-pandemic levels or even higher in many countries. The sector revenues are highly interrelated with global GDP growth given the cyclicality of the industry and its correlation with the global travel.

Car rental market size (USD bn) – Global



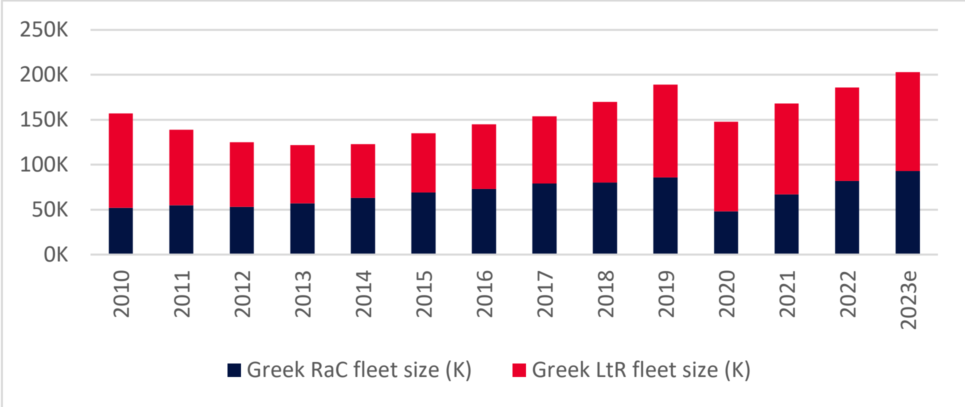
Source: Eurobank Equities Research, Precedence Research

The car rental market size in Europe was c$14.2bn and is forecasted to reach $17.1bn by 2027, according to Statista. Key players include Europcar (c15% market share), Avis (c11%), SIXT (c11%), Hertz (c6%). According to Statista, 72% of total revenue for the sector will be generated through online sales by 2027. Contrary to the US, where the market is dominated by the 5 largest firms (Hertz, Enterprise Rent-a-Car, Avis, Getaround, and Budget controlled 85% of the market in 2022), Europe is a rather fragmented market with 51% being controlled by smaller players. As a result, the competition is fierce and the barriers to entry are low. However, given the highly capital-intensive nature of the sector, the barriers to scale are extremely high (fleet capex expenses are really demanding both from a procurement and financing cost perspective).

In terms of competition, international peers include both big multinational companies (such as Avis Budget Group, Hertz Global Holdings) and smaller market players like Movida and Motus who are active mainly in Brazil and South Africa, respectively. Domestic peers include Autohellas, which has the exclusive rights for Hertz in Greece and 7 other markets in the greater European area and is also the exclusive distributor of Hyundai, Kia and Seat brands and more recently FCA Hellas brands through a JV.

Below we elaborate further on the Greek rent-a-car market. This consisted of a fleet of about 190K vehicles prior to the eruption of COVID-19, having increased by >60K vehicles in the period 2013-2019 (trough to peak). We estimate that 2020 must have resulted in some attrition, potentially in the 35-40K area, mainly in short-term leasing, reflecting the temporary effect of the pandemic, but we believe the market has retraced the previous levels in 2023. The industry is just slightly skewed towards long-term fleet management (with the exception of the pandemic-affected 2020 obviously).

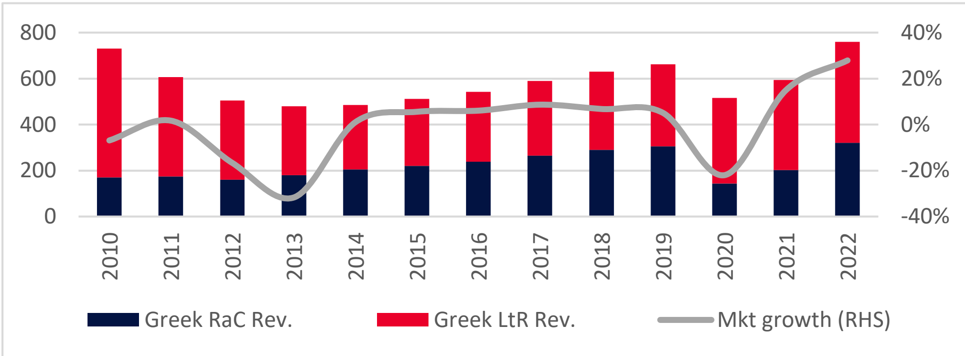
Greek Rental car fleet size split into RaC & LtR fleet (000's vehicles)



Source: Eurobank Equities Research, Company data, ICAP.

In nominal terms, we estimate the total market size at c€650-660m in 2019, slightly tilted (c55%) to long-term leasing. The pandemic year weighed materially on the performance of short-term RaC, but given data by Leaseplan Hellas (predominantly long-term rentals), we do not believe it affected substantially long-term leasing. As such, with short-term RaC bouncing strongly in 2021 and 2022, we expect the total market to have exceeded €700m in 2022, more than fully recovering from the COVID-induced drop.

Greek rental car revenues (EUR m) & growth rate



Source: Eurobank Equities Research, Company data.

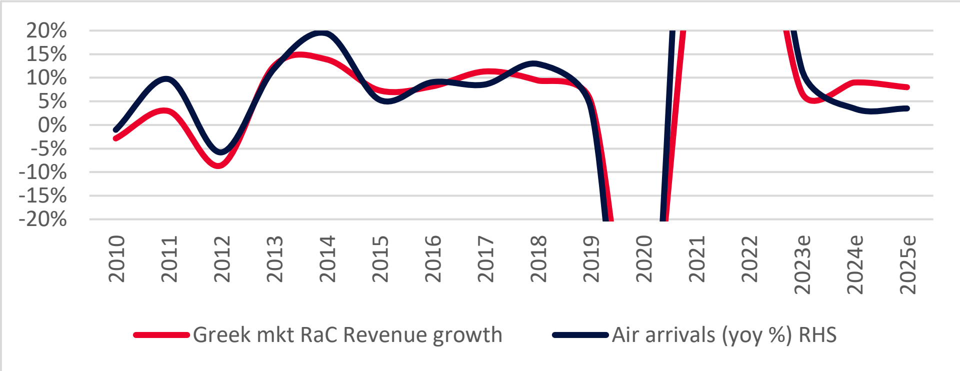
Motodynamics is not involved in long-term fleet management, as management considers it a rather low ROIC business not worth the risks, given the scale required and the competitive intensity. It is thus focused solely on traditional Rent-a-Car activities targeting international leisure arrivals at Greek airports (and in some cases ports). As such, this is the segment which we will dig into further detail in the section below.

We estimate the Greek short-term rent-a-car market was worth >€340m in 2023e, some >10% above the 2019 level, in sync with the retracement in incoming tourism traffic. In general, the industry depends more on-air traffic than is the case for other tourism-related sectors (e.g. hotels), since car rental companies cannot create significant incremental short-term demand simply by discounting or offering special deals. Inbound travel is thus the overriding driver of RaC performance, as validated by the chart below, where we show that RaC market revenues have been moving in broad tandem with international air arrivals (with the multiplier usually being 1-2x).

Greek RaC poised to grow in the low to mid-single-digits in the coming years

Given the solid prospects for Greek tourism, underpinned by the emergence of Athens (c29% of international arrivals annually) as a city break destination and the expansion of capacity/investment in infrastructure of the regional airports, **we believe the Greek RaC market is primed for high single-digit growth in the coming years.**

Greek RaC Market vs Inbound Tourism by Air (yoy growth)

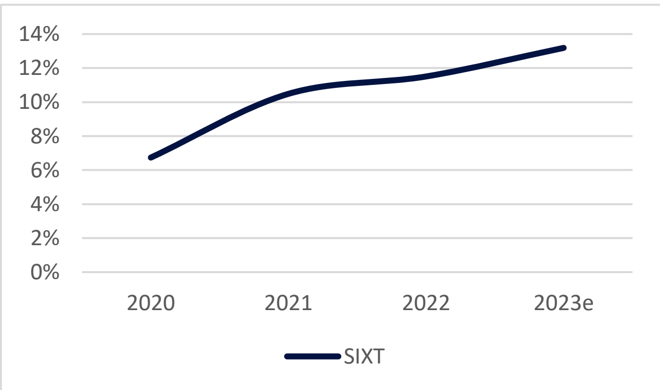


Source: Eurobank Equities Research, Company data, SETE.

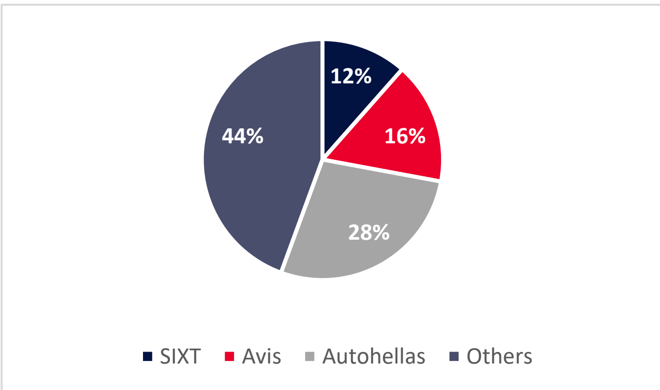
SIXT has emerged as strong player in recent years

In terms of market structure, the domestic short-term RaC segment is highly fragmented, with Autohellas and Avis, the two market leaders, accounting for more than 40% of the market. On its part, Sixt has managed to gradually increase its market share to >10% capitalizing on the strong brand recognition (especially after the franchisor's entry into the US market). Indicative of the industry fragmentation is the fact that the remaining >40% is accounted for by over 2,000 companies. That said, the market is more consolidated in key tourist points (e.g. airports) which tend to be dominated by the 3 main players. Despite the commoditized nature of the industry, there is scope for differentiation through reward programs, strategic partnerships (e.g. Aegean-Autohellas) and innovation. **Overall, with gaps remaining in terms of points of sale in some areas in Greece, we believe there is scope for SIXT to gain further market share in the coming years.**

Sixt market share evolution in Greek RaC market



Greek RaC market shares – main players



Source: Eurobank Equities Research, Companies' data.

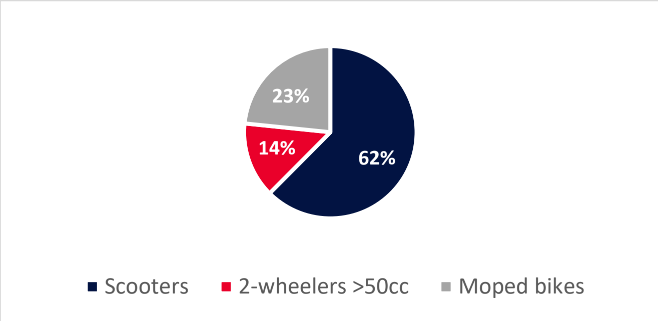
B. Powered two-wheeler trade market

Motodynamics's powered two-wheeler segment includes the distribution of Yamaha products. Yamaha motor is a leading maker of land mobility/motorcycle products, an industry hinging not only on the overall state of the economy but also on other factors affecting personal mobility decisions, including urbanization profiles, population dynamics and regulation (e.g. driving licence laws).

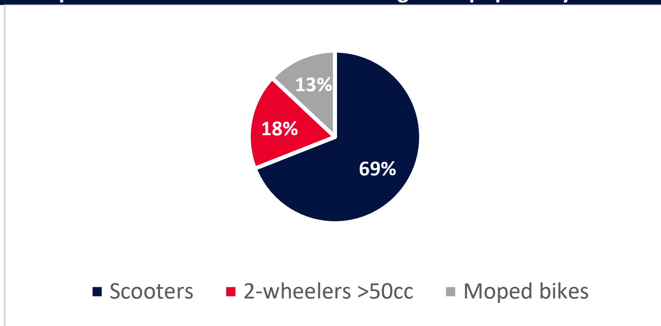
In Greece, the overall market has entered on an upward trajectory since 2020, not only bouncing to pre-COVID levels but further closing the gap vs the peak. In particular, peak registrations reached c100K in 2007-08, corresponding to 9 per 1000 people. In the years of the Greek recession the market troughed at 29K (2013) followed by only a small uptick in the ensuing years. In 2017 the market returned to trough numbers before gradually ticking higher until 2019. Post COVID, with people seeking to avoid public transportation means, demand for powered two-wheelers strengthened, with the market posting strong growth despite supply shortages. That said, registrations as of 2023 remain >30% lower than the 2007 peak.

As far as the mix is concerned, scooters have gained significantly in popularity with registrations almost doubling between 2019 and 2023 (to c44K, namely c69% of the total). 2-wheelers of higher cubic capacity have also seen substantial growth accounting for 18% of registrations in 2023, while moped bikes (<50 cc, aka mopeds) have stalled near 8K (c13% of the mix).

2019 powered 2-wheeler mix in Greece



2023 powered 2-wheeler mix: scooters gain in popularity

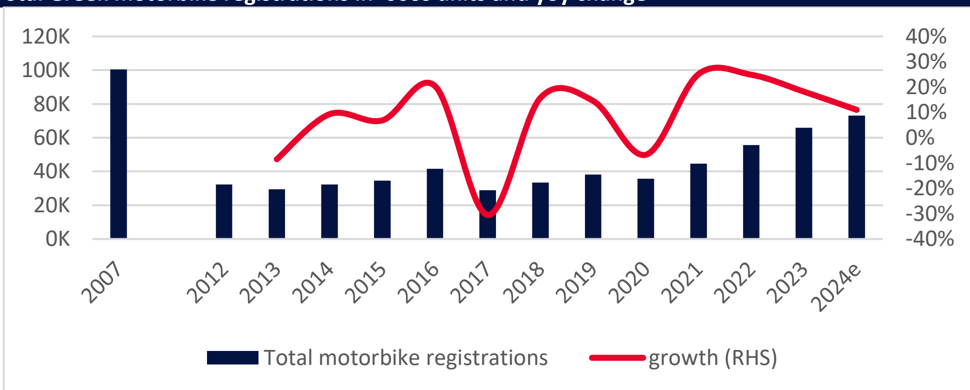


Source: Eurobank Equities Research, ELSTAT, Company data.

Underpinning the local motorcycle market was also an amendment in the Greek regulation – in May 2021 – which effectively permits car drivers to ride light motorbikes up to 125cc (subject to conditions).

Looking ahead, we argue there is plenty of room for market growth, most likely more than economic expansion in the near-term, considering urbanization dynamics (e.g. more traffic) and the aforementioned favourable law amendment. In essence, we argue that two-wheelers enjoy both strong demand – given their convenience – and support by the state, as the latter views them as a means to reduce traffic congestion and alleviate the demand for large parking areas, thus supporting urban space management.

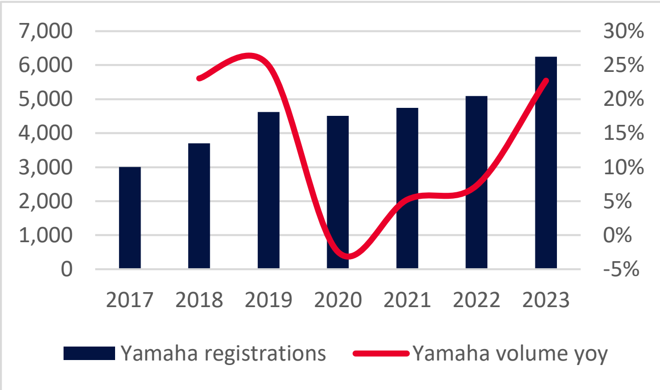
Total Greek motorbike registrations in '000s units and yoy change



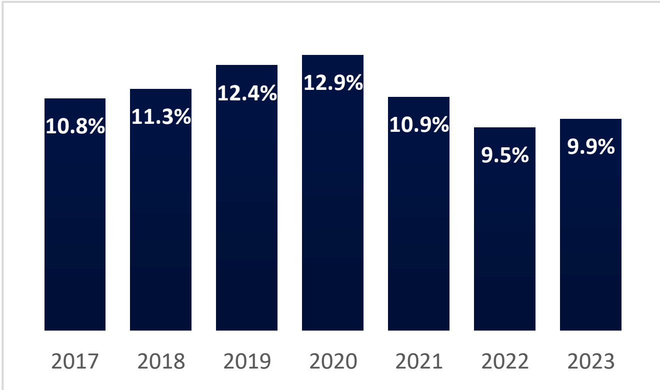
Source: Eurobank Equities Research, SEAA.

The motorbike registration data suggests that the Yamaha brand commanded a c10% share in the total domestic motorbike market in 2023, with c6.2K unit sales in a market of c63K. Despite the notable volume growth, c+7% in 2022 and +23% in 2023, Yamaha seems to have lost share between 2020 and 2022, affected by supply chain snarls. Product mix seems to have played a role as well, with a spike over 2019-23 for scooter registrations (+87%), a category dominated by SYM (31% category share), Honda (23% share) and Piaggio (19% share), with Yamaha placing 4th with a high single digit share in the subsegment on our estimates.

Yamaha two-wheeler registrations (LHS) and yoy growth



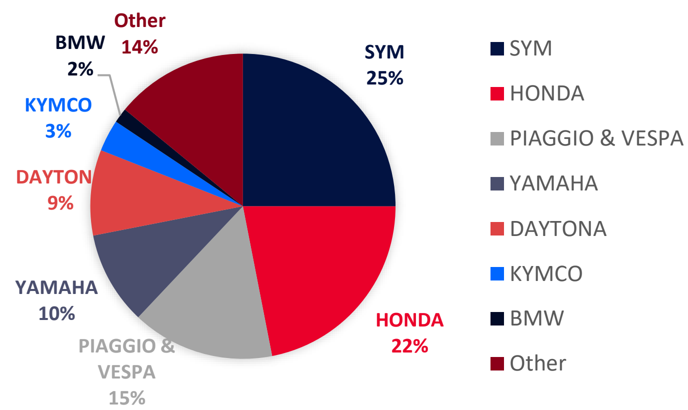
Yamaha 2-wheelers (volume share)



Source: Eurobank Equities Research, ELSTAT, Company data.

SYM (Sanyang Motor Co), the Taiwanese manufacturer, has emerged as the leader in the powered two-wheel category, with other key players including Honda and Piaggio. According to data from the Hellenic Statistical Authority, SYM enjoys a 25% overall market share, boasting the top best-selling models: the SYM Symphony ST200 and the SYM Symphony SR 125. Key for SYM's dominance is the price point and the offering, as the Taiwanese manufacturer is renowned for its scooters at attractive prices. Following closely is Honda, capturing c22% of the two-wheeler market (with Honda PCX 125 being its top selling model). Piaggio/Vespa secures the third position with a 15% share, with the Beverly 300 HPE being its best-selling model. As for Yamaha, we note that in 2023 its Tracer 9 GT model was the second-best selling model among higher cc 2-wheelers.

Two-wheeler brands (volume shares in 2023)



Source: Eurobank Equities Research, ELSTAT.

C. Marine products market

Marine products, such as outboard motors, inflatable boats and wave runners, constitute a core offering for the franchise owner Yamaha Motor and the same holds for Motodynamics. This segment is tied both to tourism and the overall state of the economy, being largely discretionary in nature and rather seasonal (tilted towards the summer period).

In general, marine leisure is already an established part of lifestyle in Greece, and in that regard, the domestic market is somewhat more mature than the other areas where Motodynamics is present. This sub-segment's revenues are already c76% higher than the 2019 levels as of 2023, propelled by the surge in tourism and the boost from EU-funded projects in recent years supporting investments in outboard boats.

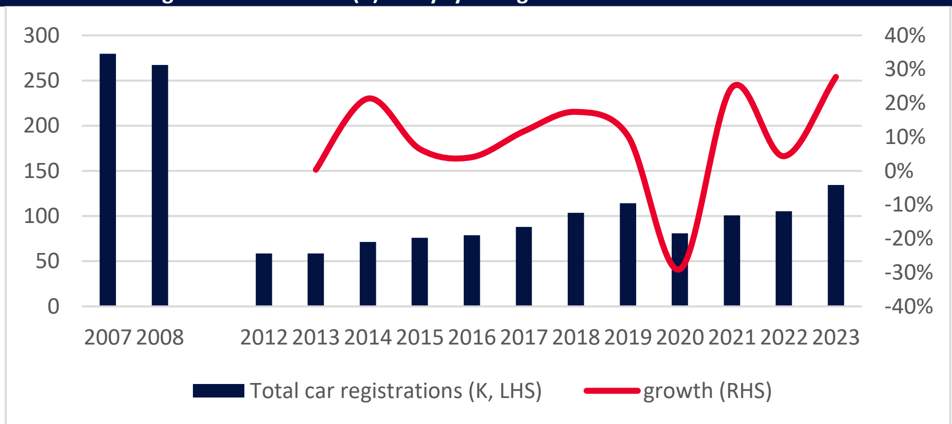
Looking ahead, we expect demand related to outdoor leisure activities to be underpinned by the rising inclination toward outdoor recreational activities and awareness regarding the health benefits of water sports. On the other hand, we anticipate a payback in demand in the short-term following the strong growth in previous years. Overall, in the absence of another round of support from EU structural funds, we expect this segment to tread water in the forecast period, oscillating around 2023 levels.

D. Auto trade market

Motodynamics' auto trade segment encompasses the exclusive distribution of Porsche AG products in Greece. In that regard, this business line is affected both by generic car trends (e.g. business cycle, interest rates and availability of financing) and by drivers underpinning premium car demand (e.g. disposal income, trend towards premiumization, electric vehicle adoption, SUV penetration).

In Greece, total car registrations peaked at 267K in 2008, dipping to just 59K at the trough in 2012 before gradually climbing to 114K by 2019, but still at levels >50% below those of the peak. Following another drop induced by the pandemic, car registrations bounced in the 100K area in 2021-22, still affected by challenges such as semiconductor shortages and supply chain snarls. In 2023 registrations popped 28% but with the market remaining some 52% below the 2007 peak.

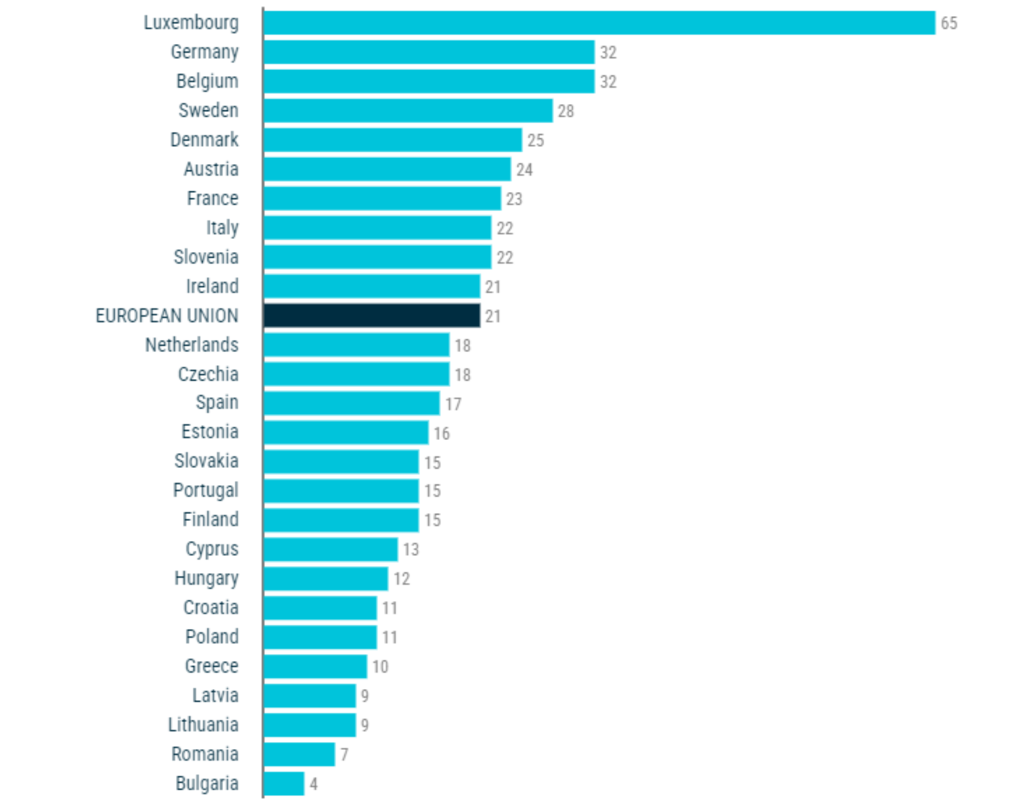
Total Greek car registrations in units (K) and yoy change



Source: Eurobank Equities Research, SEAA.

Looking ahead, we expect the auto trade market to remain on an upward trajectory in the coming years, most likely in the high single digits, taking into account: 1) 2-3% real GDP growth; 2) a still depressed market in terms of new registrations (as shown below); 3) an aging fleet, with Greece having in fact the oldest fleet of passenger cars in the European Union (18 years vs EU average of 12 years).

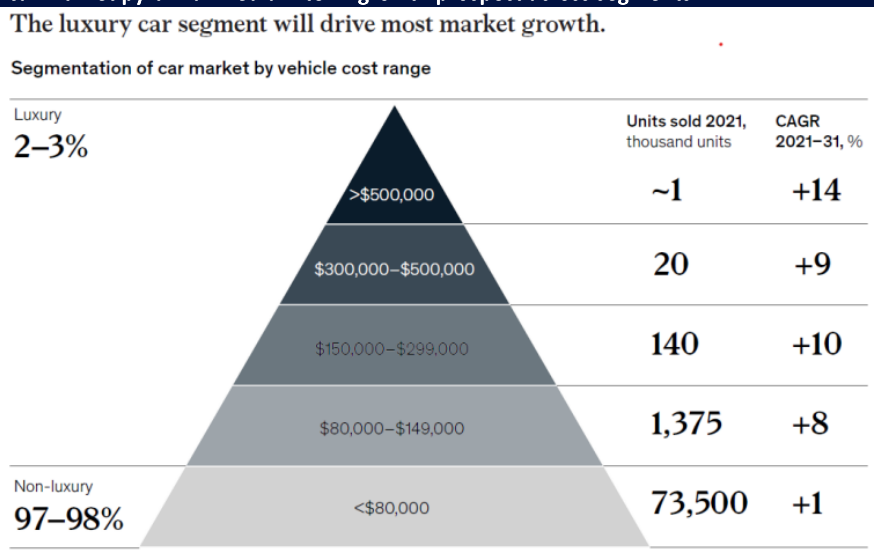
New car registrations per 1K inhabitants - 2022



Source: Eurobank Equities Research, ACEA.

More pertinent for Motodynamiki are the prospects for the premium car segment. According to McKinsey, this segment is set to see material growth on a global basis, at least in the high teens (depending on the exact cost cohort), propelled by BEV (Battery Electric Vehicles) penetration, rising SUV adoption and growth in HNWI numbers (and wealth).

Luxury car market pyramid: medium term growth prospect across segments

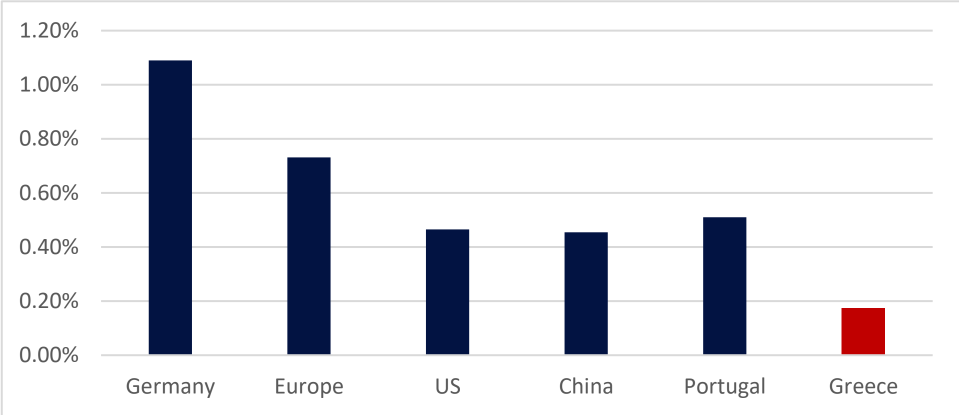


Source: McKinsey.

In Greece's case, premium car registrations remain rather limited, at <4% of the total market in 2023. In the premium car segment – encompassing various sports, luxury, and SUV models manufactured by brands such as Lexus, Jaguar, Alfa Romeo, Ferrari, and Tesla – Porsche commanded around 5.1% market share (234 registrations). Overall, Porsche's overall share stood at c0.2% of the total domestic market as of 2023.

When contrasting the aforementioned figures with those of a comparable economy such as Portugal, the Greek market looks rather underpenetrated both in terms of the premium segment in general and the Porsche brand in particular. In more detail, the premium car market in Portugal accounts for 7.8% of total car registrations, more than twice the respective level in Greece. Similarly, Porsche holds a c6.5% share within the premium car market in Portugal and c0.5% of the overall Portuguese car market, again markedly above the level in Greece.

Porsche market shares (% of overall car registrations)



Source: Eurobank Equities Research, Porsche.

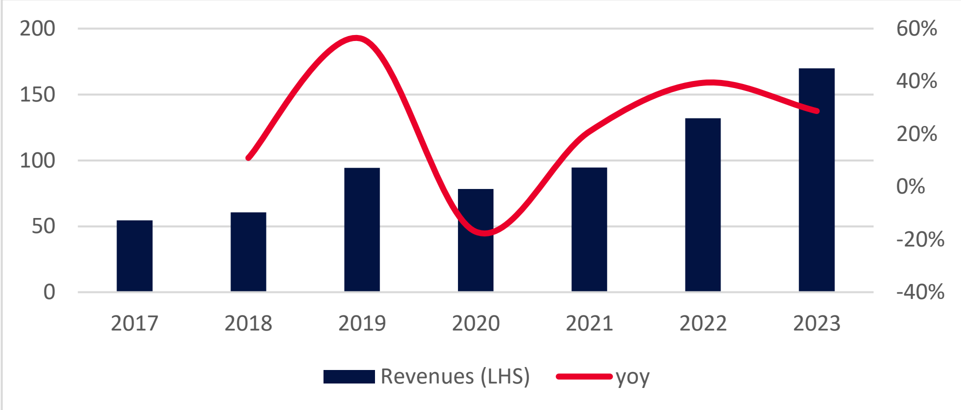
With this in mind, there seems to be material upside by the potential for the Greek market to narrow the premium brand penetration gap vs other countries and by the scope for Porsche to increase its share to levels more in sync with foreign markets.

Top line overview

A. Historic performance

Motodynamics has delivered an impressive c23% sales CAGR over 2018-2023, growing its revenue base to c€170m in 2023 from just €55m in 2017. The group has managed to sustain strong 2-digit growth in all years except for 2020, when the operations were affected by the pandemic. That said, even during the COVID-affected year, two out of the group's three segments exhibited remarkable resilience (namely Yamaha and Porsche). Weighing on the overall performance in 2020 was naturally the car rental business, as a result of the sharp decline in tourism, which however bounced strongly in the next 3 years. In any case, the track record looks quite solid and serves as testament to the company's well-balanced and robust structure.

Revenues (€m) and growth (RHS), historic overview

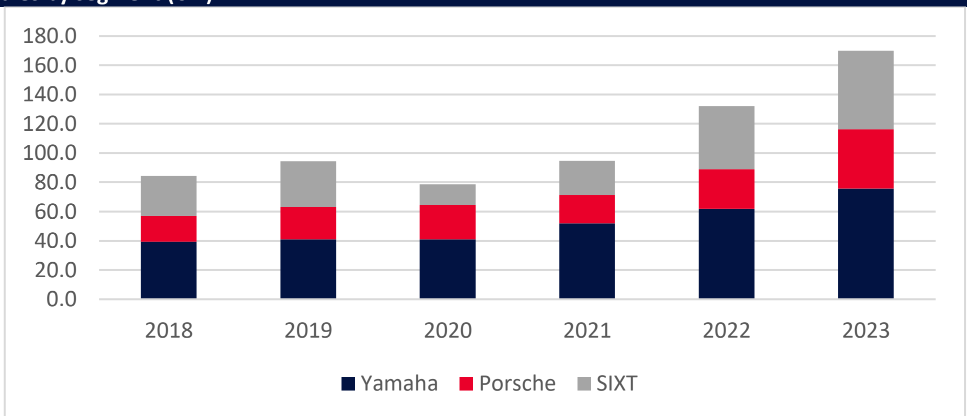


Source: Eurobank Equities Research, Company data.

Motodynamics has enjoyed a mix of organic and acquisition-driven growth, with the latter being the result of its expansion into the car rental segment in 2018, when it acquired an 80.5% stake in Lion Rental S.A., which has the exclusive rights for SIXT in Greece. This was followed by the acquisition of the remaining 19.5% in April of 2023. By completing this deal, Motodynamics aims to benefit from the upward trend of incoming traffic in Greece, the extension of the tourist season, and the solid long-term tourism prospects, especially in view of the significant infrastructure projects planned for the next few years in Greece.

Across the segments, leading the growth has been Porsche, which has enjoyed an 18% CAGR over 2018-23, with sales soaring from a mere €17.7m in 2018 to c€40m in 2023. Yamaha has exhibited c14% CAGR over 2018-2023, underpinned by the rising demand for motorbikes and marine motors. On its part, SIXT has delivered c15% CAGR since 2018, driven by fleet expansion and the influx of tourism flows driving rising utilizations and improved pricing.

Sales by segment (€m)



Source: Eurobank Equities Research, Company data.

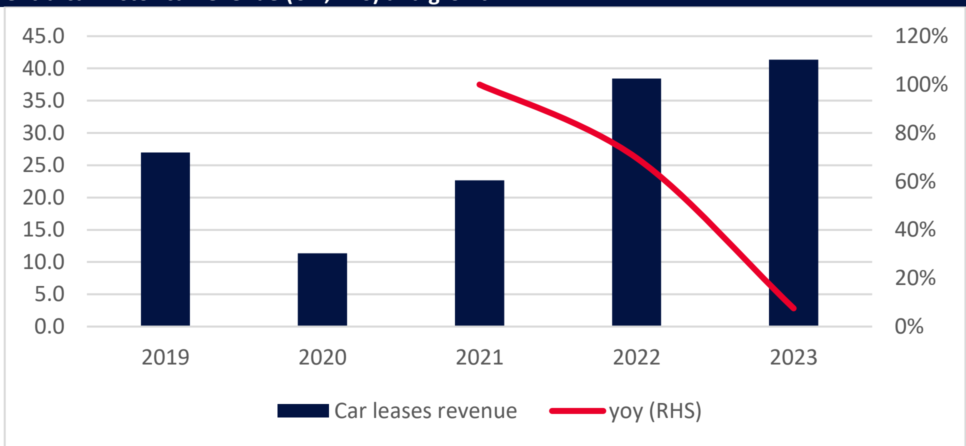
The specific drivers of each business segment are further analysed below:

1. SIXT

SIXT includes revenues from both car renting and vehicle sales. As far as the former is concerned, car rental income is primarily driven by: a) supply (i.e. number of vehicles), b) utilization (% of days these vehicles are rented), and c) pricing. We thus calculate revenues as the number of vehicles times the utilization rate times the rental transaction days times a unit revenue per day (RPD), which reflects the rental fee per vehicle per day.

Looking at past data for SIXT, rent-a-car revenues fell significantly in 2020 affected by the COVID outbreak. RaC bounced markedly in the ensuing years owing to higher utilization rates (i.e., demand) coupled with capacity growth (i.e. fleet). As of end 2023, we estimate Motodynamics had a RaC fleet of >3,600 cars having increased from c2,600 in 2019 (c9% CAGR).

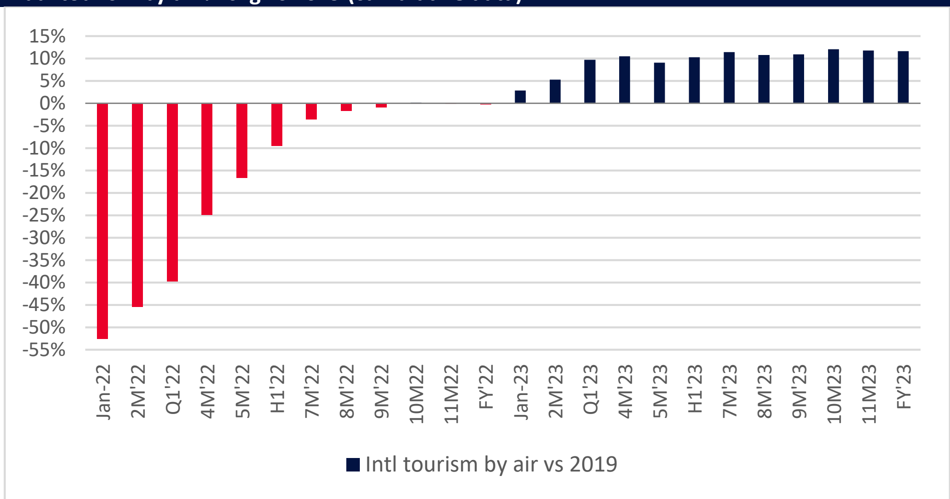
Rent-a-car historical revenue (€m, LHS) and growth



Source: Eurobank Equities Research, Company data.

Demand, and consequently utilization rates, depends to a great extent on tourism levels. As can be seen below, in 2023 tourism bounced at levels c12% higher than the pre-COVID mark, rising c12% on a yoy basis as well.

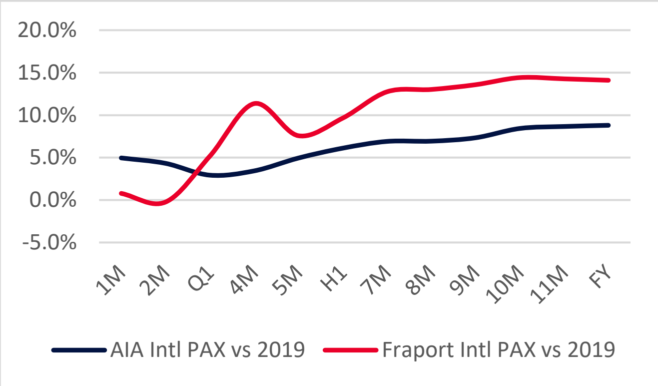
Annual tourism by air % chg vs 2019 (cumulative data)



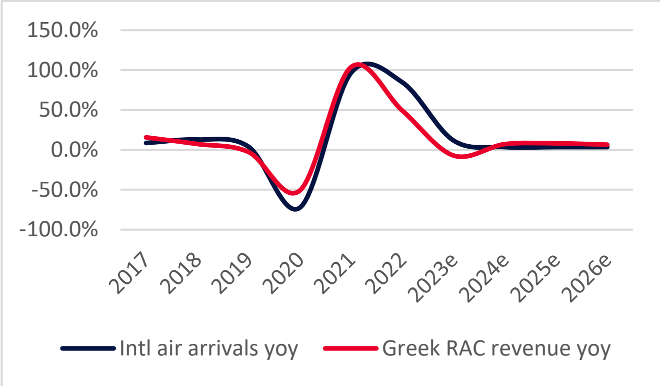
Source: Eurobank Equities Research, SETE, BoG Travel data

Looking closer into traffic figures per airport, where SIXT has many of its bases, we notice a significant increase in the international passengers of regional airports serviced by Fraport (+14% vs 2019, +6% yoy) led by solid growth in Crete, Rhodes and Corfu, with Thessaloniki also bouncing above 2019 levels. In Athens, 2023 traffic more than fully recovered from the pandemic, with international traffic settling c9% higher than 2019 levels (+26% yoy), while 3M'24 figures continue strong, pointing to a further acceleration (+19% yoy).

AIA and Fraport airports traffic recovery map 2023 vs 2019



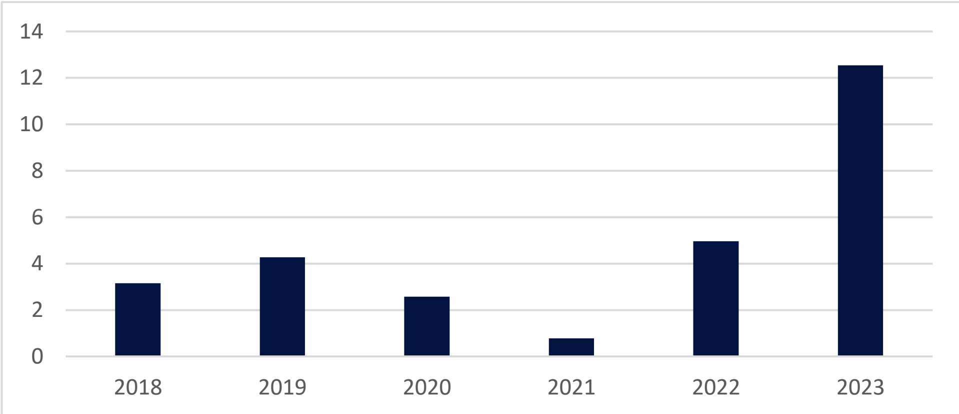
Renting revenue growing, moving in sync with inbound tourism



Source: Eurobank Equities Research, AIA traffic data, Fraport traffic data

As far as the sales of used vehicles are concerned, performance in this subsegment hinges on the residual value of the vehicles, which, in turn, is influenced by the interplay of supply (new vehicle production by manufacturers, off-lease cars) and demand (consumers and dealers navigating choices between late-model cars and price affordability). In the period spanning 2022-2023, Motodynamics has enjoyed a notable upswing in used car sales (2023 settled c2.9x the level of 2019), propelled by enhanced liquidity conditions in the Greek economy and a relatively limited new car supply, with the latter being further exacerbated by supply chain frictions in the aftermath of COVID.

Motodynamiki used cars sales (€m)

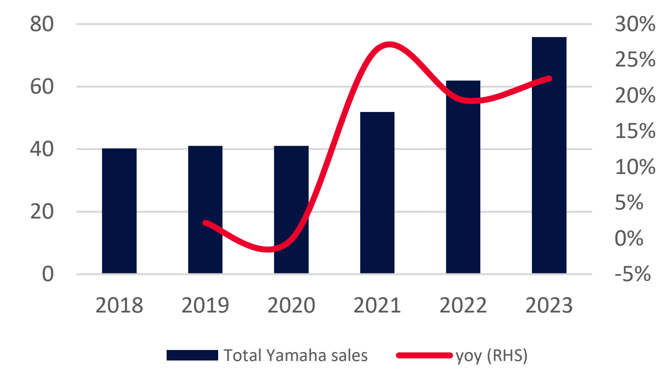


Source: Eurobank Equities Research, Company data.

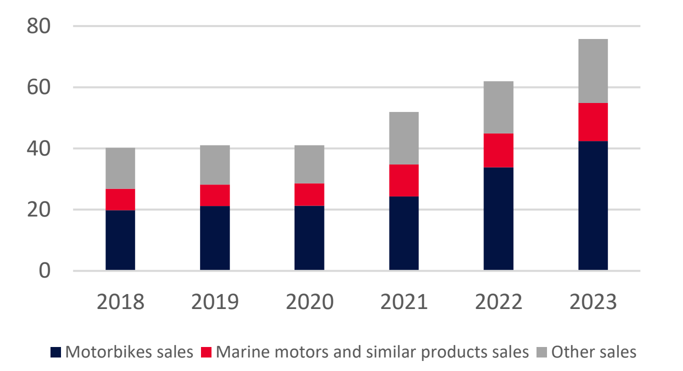
2. Yamaha (motorbike trade)

The Yamaha segment comprises revenues associated with motorbikes, marine motors and other products (including sales from abroad). Yamaha motorbike sales account for almost half of the segment sales, with another c28-33% coming from other products and services and the remaining from marine products. Volumes (registrations) and average selling prices (price/mix) constitute the main driver, followed by after sales services and products. As can be seen below, the particular business division was little-changed over 2018-2020 but entered on a strong upward trajectory in 2021-23 propelled by continued market growth, better sales mix and acceleration of after-sales services.

Yamaha sales evolution (€m, LHS) and % growth yoy



Yamaha sales split in €m



Source: Eurobank Equities Research, Company data.

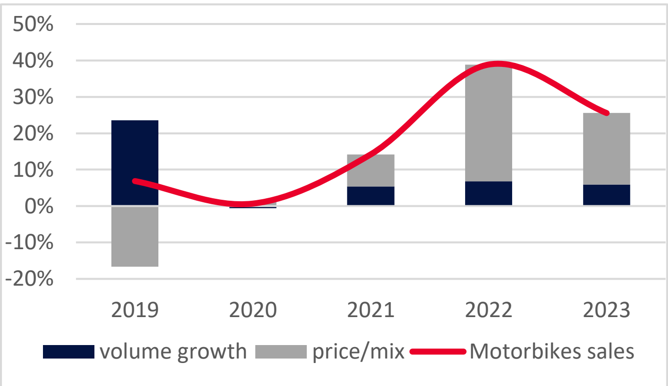
Looking into more detail by subsegment:

i. Motorbikes:

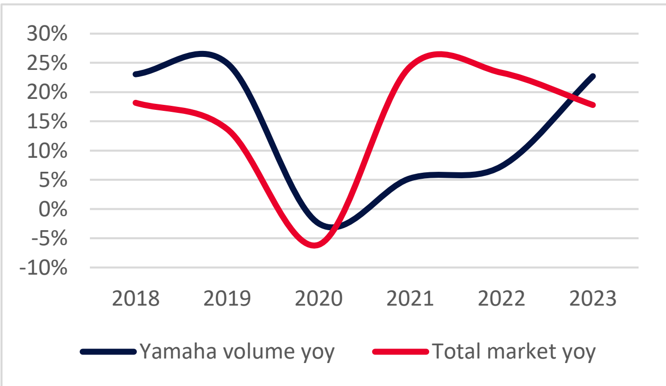
As far as motorbikes are concerned, volume is influenced by the overall state of the economy, but as we mentioned above there are additional factors at play including urbanization dynamics and regulation. Although Yamaha has been losing market share due to supply chain snarls, the lack of a new core model offering and the proliferation of scooters, Motodynamics has managed to deliver very strong motorbike growth in the last 3 years, mainly as a result of price/mix.

We display this in the chart below, where we show that Yamaha registrations were up c12% on average over 2021-23 compared with a c22% average growth for the market. Still, the increase in volumes coupled with price/mix drove c26% average growth over the same period for Motodynamics's land mobility subsegment.

Motorbike sales growth & split across volume and price/mix



Yamaha motorbike registrations vs market growth



Source: Eurobank Equities Research, Company data, ELSTAT.

ii. Marine motors and other products

As far as marine products are concerned, the upsurge in incoming tourist traffic and favourable climate conditions (which have effectively resulted in the extension of the summer period) have led to an upsurge in the segment's contribution to >€12m from just €7m in 2018. Driving this re-set has also been the boost from EU-funded projects supporting investments in outboard boats.

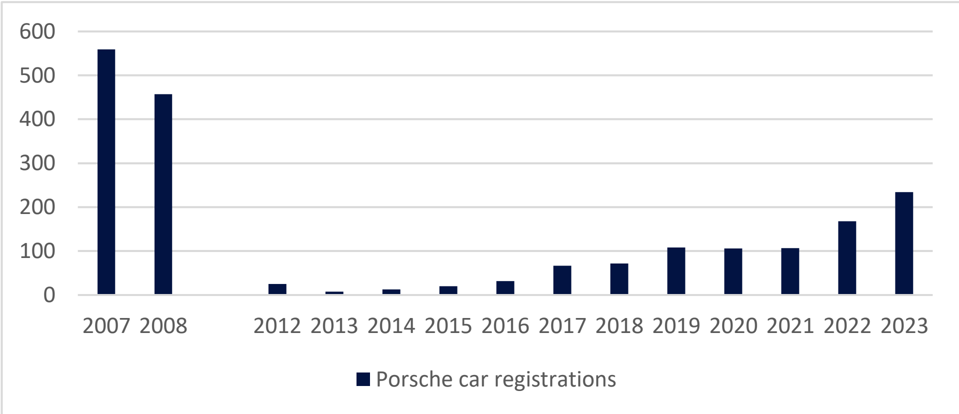
iii. Product and services sales

Other revenue sources in the segment contribute almost 30% of revenues and encompass sales from lubricants, accessories, spare parts, etc. This sub-segment seems to have been growing in tandem with motorbike sales and the overall penetration of the Yamaha brand.

3. Porsche (auto trade)

Porsche is an iconic brand and therefore tends to be a beneficiary of wealth trends, with the opposite holding true during periods of recession, as was the case in Greece over 2010-2016. Following the 2007 peak of 559 cars in 2007, Porsche car registrations tumbled in the ensuing years (to <10 in 2013) and stayed subdued until 2016, weighed down by luxury taxes, wealth destruction and tighter credit conditions in the Greek market. Volumes have bounced markedly since then, although they remain 58% below the peak.

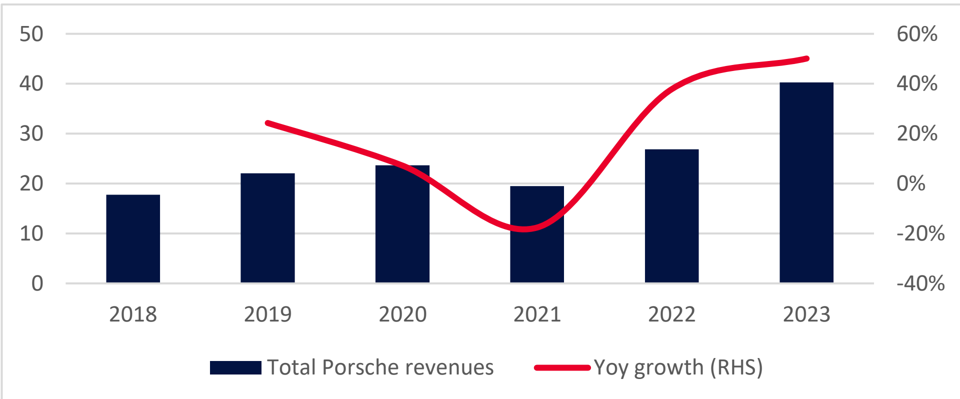
Porsche car registrations



Source: Eurobank Equities Research, SEAA.

The expansion of Porsche's model range (e.g. Macan, a smaller SUV than Cayenne) has helped drive volume growth but on the flip side it has weighed somewhat on price/mix. Offsetting this has been the growth in after sales and the launch of new services (e.g. online car configurator, Porsche approved warranty). Overall, Porsche revenues have been re-based to c€40m in 2023 from just €18m in 2018, posting impressive growth rates except for 2021.

Porsche sales in €m (LHS) and growth rate (RHS)



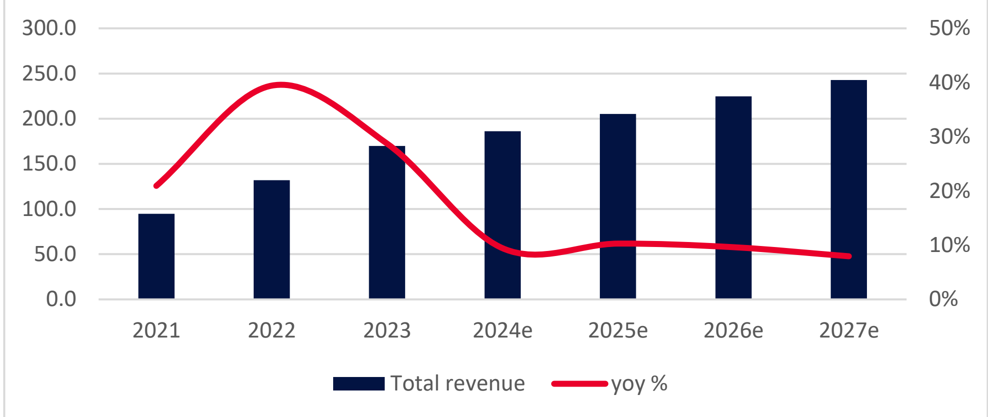
Source: Eurobank Equities Research, Company data.

B. Looking ahead: c10% sales CAGR over 2023-2026e

We forecast 3-year group sales CAGR of c10% over 2023e-2026e driven by:

- The continuing growth of inbound tourism, which is the main driver of the Greek economy and is poised to propel the sales of SIXT at new record-high levels. We envisage c10% revenue CAGR for SIXT in particular, underpinned by rising utilization rates, as we show below.
- A partial mean reversion in the Porsche segment driven by macro further supported by scope for an uptick in the brand's market share in view of the launch of new models (e.g. Taycan, BEV versions);
- Mid-single-digit growth of the Yamaha brand, underpinned by motorbike sales as the category grows and Yamaha gains back part of the lost share.

Group sales in €m (LHS) and growth rate (RHS)



Source: Eurobank Equities Research, Company data.

A summary of our segmental estimates can be seen in the table below:

Motodynamics snapshot							
EURm unless otherwise stated	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**
Total revenue	**94.7**	**132.0**	**170.0**	**186.0**	**205.1**	**224.9**	**242.8**
yoy %	20.9%	39.4%	*28.7%*	*9.4%*	*10.3%*	*9.6%*	*8.0%*
By segment							
Yamaha	**51.9**	**61.9**	**75.8**	**80.4**	**85.4**	**89.0**	**92.8**
yoy %	27%	19%	22%	6%	6%	4%	4%
of which:							
Motor bikes	24.4	33.8	42.5	47.0	50.8	53.9	57.2
yoy %	14%	39%	26%	11%	8%	6%	6%
Marine and other	27.5	28.1	33.3	33.4	34.6	35.1	35.6
yoy %	40%	2%	19%	0%	4%	1%	1%
Porsche	**19.5**	**26.8**	**40.3**	**47.7**	**55.6**	**63.5**	**69.2**
yoy %	-18%	38%	50%	18%	16%	14%	9%
Sixt	**23.4**	**43.4**	**53.9**	**57.9**	**64.2**	**72.4**	**80.8**
yoy %	69%	85%	24%	7%	11%	13%	12%
of which:							
Car leases	22.7	38.5	41.3	49.7	56.7	65.7	74.5
yoy %		70%	8%	20%	14%	16%	13%
Other	0.8	5.0	12.5	8.2	7.5	6.7	6.3

Source: Eurobank Equities Research

Across the segments, we use the following assumptions:

i. SIXT

As far as SIXT is concerned, our forecasts envisage a c10% CAGR over 2023-26e as a result of:

- A c53% fleet increase vs 2023 levels as the group is looking to increase capacity to bolster its presence in some key areas where there are still gaps.
- Rising vehicle utilization rates on the back of continued growth in inbound tourism, which we expect is headed for at least 2-3% annual growth in the coming years following a more than full retracement of pre-COVID levels in 2023 (tourism arrivals in Greece settled +12% above the 2019 mark). We assume this will help SIXT enjoy higher utilization rates (close to 56-57% by 2026e, similar to peers).
- A c1% decline in revenues per day by 2025e as the balance between supply and demand becomes less benign than in recent years. We assume some pricing is possible in the ensuing years, also bolstered by mix.

Sixt rental estimates

EURm unless otherwise stated	2023	2024e	2025e	2026e	2027e
Vehicles RaC & LtR (average)	4,018	4,835	5,485	6,149	6,763
yoy	13%	20%	13%	12%	10%
Vehicle utilization rates	55%	56%	56%	57%	58%
Total RPD	50.9	50.6	50.3	51.4	52.4
yoy	-3%	0%	-1%	2%	2%
SIXT Rental Revenues	**41.3**	**49.7**	**56.7**	**65.7**	**74.5**
yoy	8%	20%	14%	16%	13%
SIXT Fleet Sales	**12.5**	**8.2**	**7.5**	**6.7**	**6.3**
yoy	153%	-35%	-9%	-10%	-7%
SIXT Total	**53.9**	**57.9**	**64.2**	**72.4**	**80.8**
yoy	24%	7%	11%	13%	12%

Source: Eurobank Equities Research

ii. Yamaha

As for the Yamaha brand, our forecasts incorporate a projected c5.5% CAGR driven by:

- Rising motorbike registrations ahead of economic expansion, with the market narrowing the gap vs the pre-crisis peak (c100K) but remaining c22% lower than that in 2026e.
- A flattish growth profile for marine motors and similar products as the effect from growth in inbound tourism is counterbalanced by the normalization of the market, as the outboard motors segment steams back down to previous levels following the excess demand induced by EU funded programs.

Yamaha snapshot

EURm unless otherwise stated	2023	2024e	2025e	2026e	2027e
Motorbike registrations	**65.8K**	**73.1K**	**76.0K**	**78.3K**	**80.6K**
yoy %	18.2%	11.0%	4.0%	3.0%	3.0%
Yamaha registrations	**5.4K**	**5.8K**	**6.1K**	**6.3K**	**6.5K**
yoy %	5.9%	9.0%	5.0%	3.0%	3.0%
Yamaha division sales	**75.8**	**80.4**	**85.4**	**89.0**	**92.8**
yoy %	*22%*	*6%*	*6%*	*4%*	*4%*
of which:					
Motor bikes (2-wheelers)	42.5	47.0	50.8	53.9	57.2
yoy %	26%	11%	8%	6%	6%
Marine and other	33.3	33.4	34.6	35.1	35.6
yoy %	19%	0%	4%	1%	1%

Source: Eurobank Equities Research

iii. Porsche

We envisage c16% CAGR in Porsche sales over 2023-2026e driven by economic expansion, retracement of the car market towards more "normal" levels (albeit still some 30% below the peak in 2026e), increasing penetration of premium cars and rising market shares for Porsche underpinned by new model launches. The roll-out of hybrid and BEV models is also set to bolster price/mix and as such, we have penciled in 2-4% growth over 2024-26e.

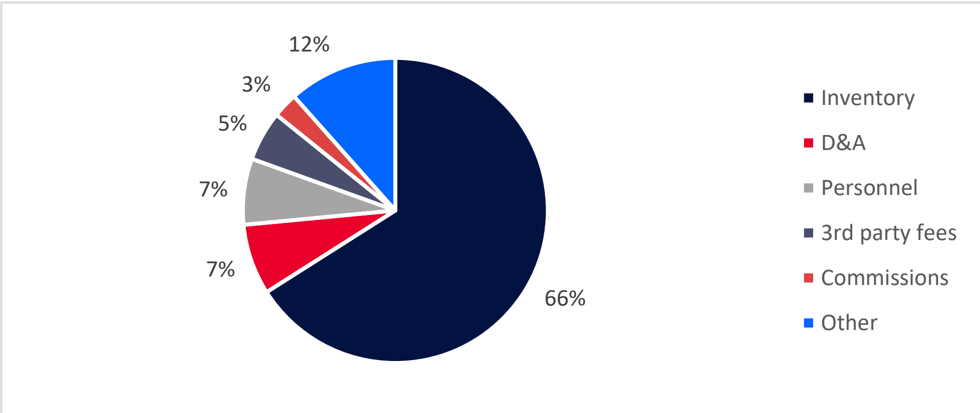
Porsche snapshot									
EURm unless otherwise stated	**2019**	**2020**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**
Car registrations (K)	**114.1K**	**81.0K**	**100.9K**	**105.3K**	**134.5K**	**148.5K**	**162.5K**	**176.5K**	**190.4K**
yoy %		-29.0%	24.6%	4.3%	27.7%	10.4%	9.4%	8.6%	7.9%
Porsche registrations	**108**	**106**	**107**	**168**	**234**	**269**	**301**	**338**	**368**
yoy %		-1.9%	0.9%	57.0%	39.3%	15.0%	12.0%	12.0%	9.0%
Price/mix yoy		9%	-19%	-19%	11%	3%	4%	2%	0%
Porsche division sales	**22.0**	**23.6**	**19.5**	**26.8**	**40.3**	**47.7**	**55.6**	**63.5**	**69.2**
yoy %		7%	-18%	38%	*50%*	*18%*	*16%*	*14%*	*9%*

Source: Eurobank Equities Research

Cost structure and margins

The cost structure of Motodynamics consists mainly of inventory costs (c66% of total costs), followed by depreciation (c7% of total costs), and personnel expenses (c7% of total costs). The remaining cost structure is a mixture of third-party fees (c5%), commissions (c2%), leases (c3%), insurance premiums (c1%), repairs and maintenance (c4%), advertising and promotion expenses (c2%) and other costs. The total cost base amounted to c€152m in 2023, namely c90% of revenue, thus leaving c10% in EBIT margin for the group.

Cost structure (% of total operating costs)



Source: Eurobank Equities Research, Company data.

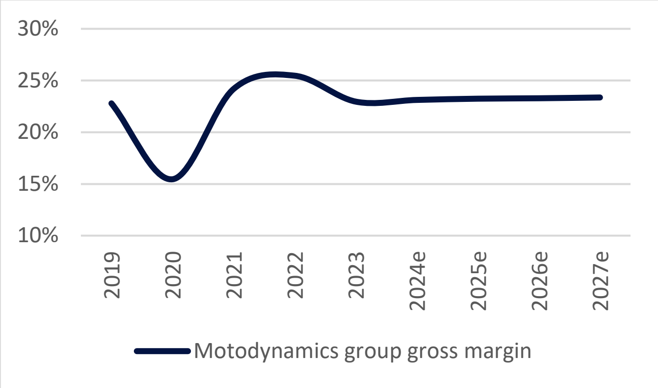
Gross profit margins have ranged between 18% and 26% in recent years, affected by several drivers including segment mix. Indicatively, the incorporation of Lion Rental (i.e. SIXT) into the group drove a significant margin expansion from 2019 onwards, as this segment carries superior margins than Porsche. In more detail:

- **Yamaha:** Since 2018 Yamaha's gross margin has been quite consistent, oscillating between 22% and 23%. We envisage limited variation in the coming years.

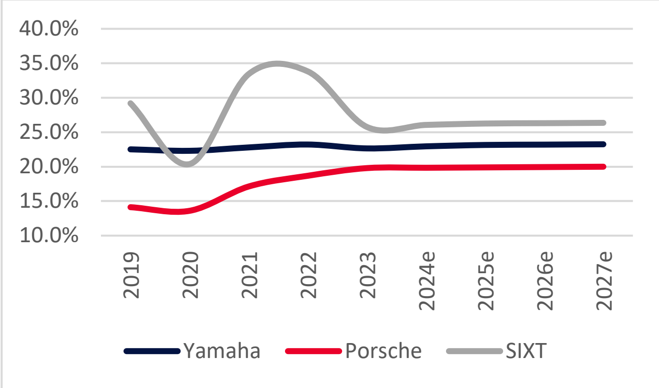
- **Porsche:** Porsche's gross margins have showcased greater variation, quite natural given the cyclicality of the business and the different dynamics between volume-led and price-led growth. 2018-2021 saw Porche's margins range between 14%-17%, but with the segment enjoying quite notable margin enhancement in 2022-23. We envisage a further accretion in 2024e driven by sales mix (more expensive cars), but of mild magnitude.

- **SIXT:** Except for the COVID-affected 2020, this segment has enjoyed quite significant margin expansion, with gross margins now in the 33-34% area, normalizing somewhat in 2023. Looking ahead, we expect mild acceleration in margins due to scale benefits.

Motodynamics group gross margin



Gross margin by segment

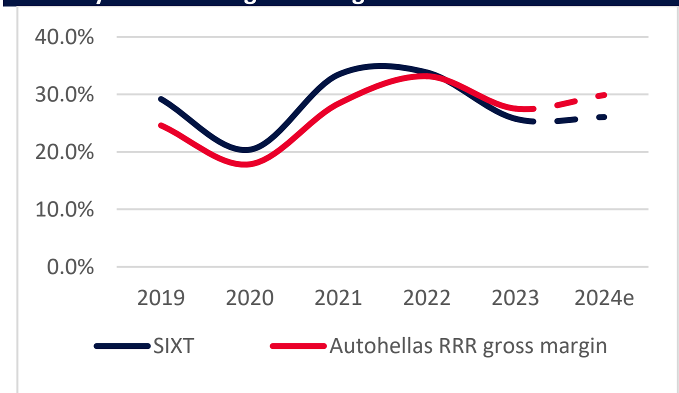


Source: Eurobank Equities Research

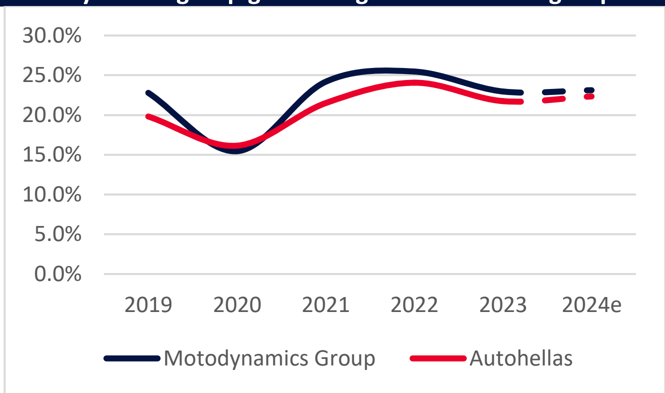
Comparing Motodynamics' profit margins with those of its counterparts, we note the following:

- As far as gross margins are concerned, Motodynamics's rental segment has been moving in broad tandem with the respective division of Autohellas. In fact, SIXT seems to have been delivering a bit higher margins in most years. The same picture is painted at group level, with Motodynamics sustaining margins similar to those of Autohellas or a bit higher.

Motodynamics' RaC gross margin vs Autohellas RRR



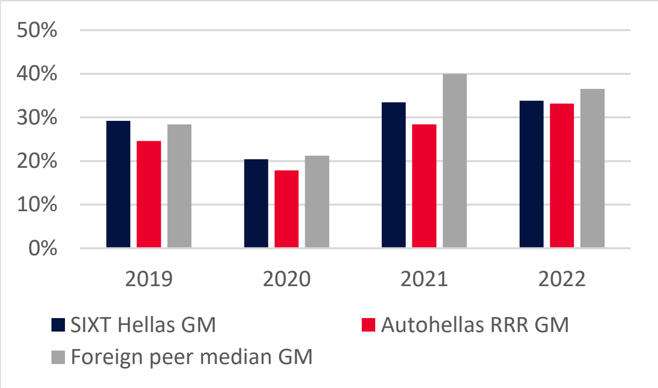
Motodynamics group gross margin vs Autohellas group



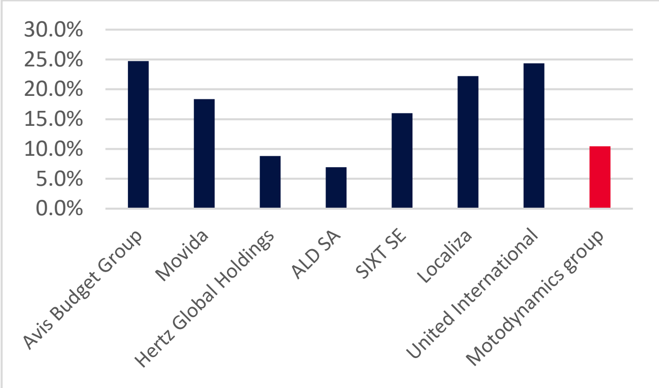
Source: Eurobank Equities Research, Companies' data

- Motodynamics's RaC segment is quite efficient – from a gross margin perspective – even compared with international peers, as shown in the chart below.
- That said, at EBIT level the group's smaller size means that there is less scope for fixed costs to get spread over the total product sold, and as such Motodynamics's EBIT margins are at the low end of the broad peer group.

RaC gross margin comparison



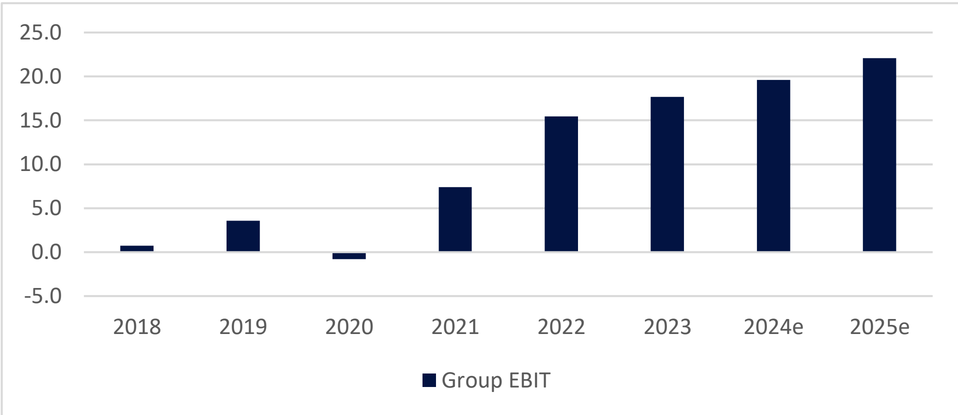
Group EBIT margins: Motodynamics vs intl peers



Source: Eurobank Equities Research, Companies' data

Overall, as far as nominal operating profits are concerned, the group has seen its EBIT get reset from just a few million until recently to >€15m in 2022 and c€18m in 2023. We argue this ought to be seen as the new base of profitability, given the cyclical drivers for Yamaha and Porsche and the secular pillars of growth for SIXT (tourism).

Group EBIT in €m: reset at €18-20m in 2023-24e



Source: Eurobank Equities Research, Company data.

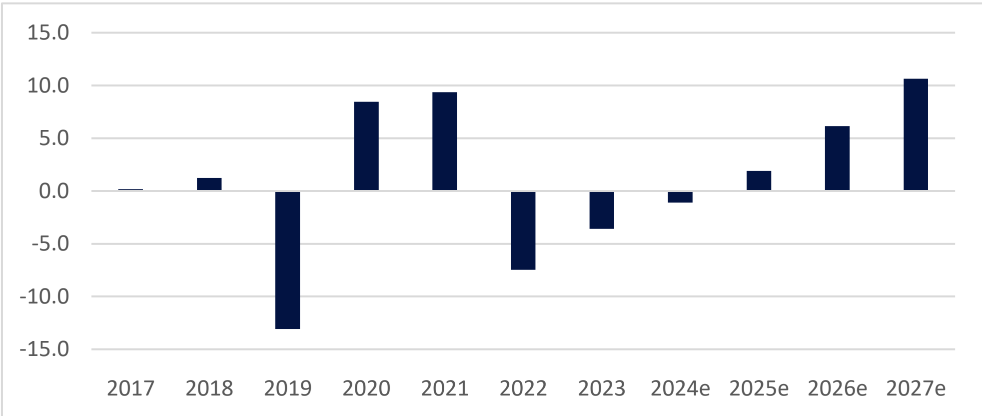
Cash flow generation

Since 2019, Motodynamics has been able to generate healthy operating cash flow (excluding car inventory movements), with OCF cash conversion at times exceeding 100% of EBITDA thanks to working capital efficiencies. Looking ahead, we do not model significant variations related to working capital, anticipating cash conversion near 75%.

Since acquiring an initial 80.5% stake in Lion Rental, Motodynamics has allocated c€61m towards vehicle fleet investments. The largest amount was spent in 2019 (€24m), one fiscal year after the acquisition of Lion Rental. Fleet capex reflects both the cost of replacing sold vehicles and investment in new vehicle capex. Looking ahead, we expect net fleet investments – i.e. capex for fleet growth and replacement net of the fleet sold – to be in the €21-22m area as the group expands its rent-a-car fleet by some 2K vehicles (+53% vs 2023 levels). This will correspond to c50%-65% of EBITDA over 2024-27e, thus leaving some optionality regarding the deployment of capital.

In terms of overall cash flow generation, namely equity Free Cash Flow, the healthy OCF conversion thanks to disciplined working capital management has allowed Motodynamics to finance its fleet purchases without gearing the balance sheet, as shown in the next page. In fact, during the COVID-affected years, cash preservation meant that the business generated positive FCF, with the situation naturally reversing in 2022-23 as the investment program gathered pace (with 2023 also weighed down by the outflows related to the acquisition of the remaining stake in Lion Rental). Looking ahead, we expect FCF to stay negative in 2024 given the ongoing investments but envisage meaningful inflection from 2026e onwards.

Motodynamics' Equity FCF evolution in €m

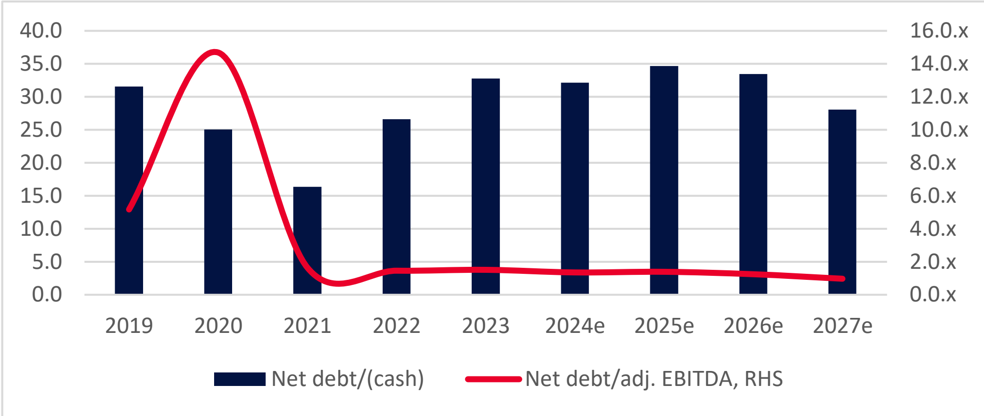


Source: Eurobank Equities Research, Company data.

Balance sheet and shareholder returns

Motodynamics maintains a healthy financial position, with a net debt/EBITDA ratio of 1.1x in 2023 (and 1.5x on adj. EBITDA, namely post vehicle depreciation). As such, the group is well-placed to continue using its internally generated FCF and leverage to keep growing. On our estimates, net debt/adj. EBITDA will stay little-changed in 2024-25e while fading towards 1x in 2027e on adjusted EBITDA and just 0.6x on reported EBITDA (namely c0.5x lower) thanks to increasing positive free cash flow generation post 2025e.

Motodynamics' net debt/(cash) in €m and ratio over adj. EBITDA

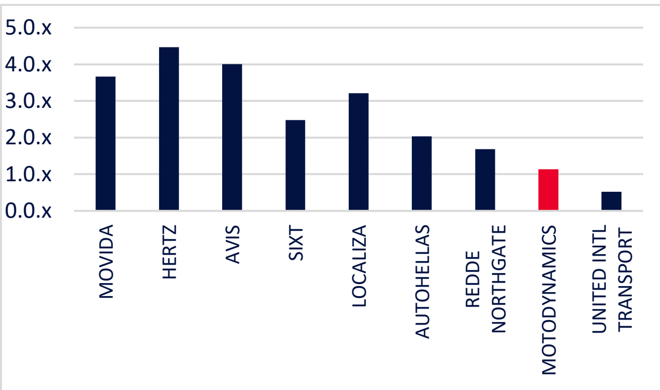


Source: Eurobank Equities Research, Company data.

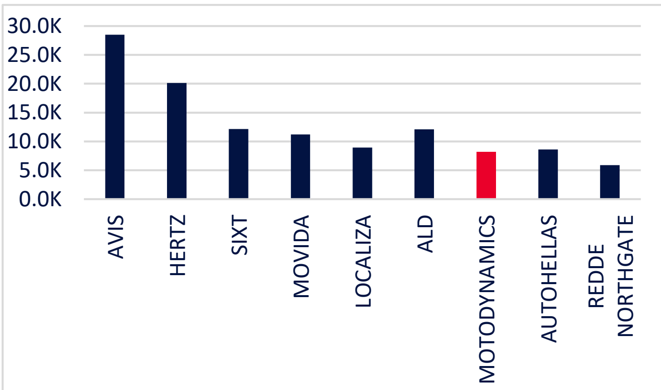
As context regarding the car rental balance sheet structure, normally these companies have quite high debt positions since most of them use securitizations to fund the purchase of cars, with LTV typically at high levels (>80%). With securitized fleet-related debt being backed by vehicle assets (which in many cases are guaranteed through pre-agreed buy-back prices), normally car rental businesses top up their leverage by using loans on top of fleet debt. This is contrary to the case of Motodynamics, which has a very prudent capital structure with total net debt being lower than the vehicle book value (group net debt excl. leases stands at c56% of vehicle BV) and no "corporate" debt on top.

The aforementioned point is validated in the chart below, where we show that Motodynamics's leverage remains markedly below the levels of other big international car rental companies. In fact, as mentioned above, given that these companies normally have extra leverage on top of fleet debt, Motodynamics looks unlevered in that respect. This is also evident on a per unit basis, with Motodynamics's net debt at <€9K per vehicle, namely far lower than the level of most other car rental companies.

Net debt/EBITDA



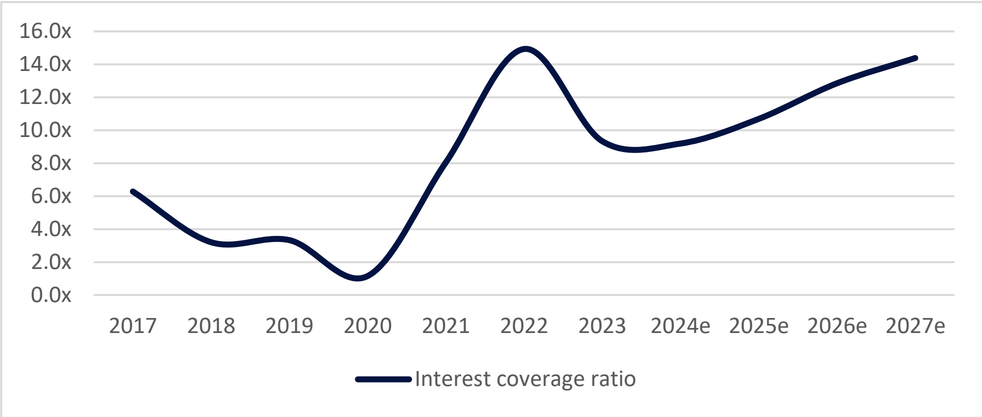
Net debt/vehicle (€K)



Source: Eurobank Equities Research, Bloomberg

Against this background, and taking into account the cyclicality of costs, it becomes clear that the ability to generate enough returns to cover interest costs is a sine qua non. As we display below, Motodynamics's interest coverage has increased to >8x since 2021. In that regard, the group's resilient cash flow generation provides a material cushion against last year's increase in interest rates and the resulting uptick in fleet financing costs.

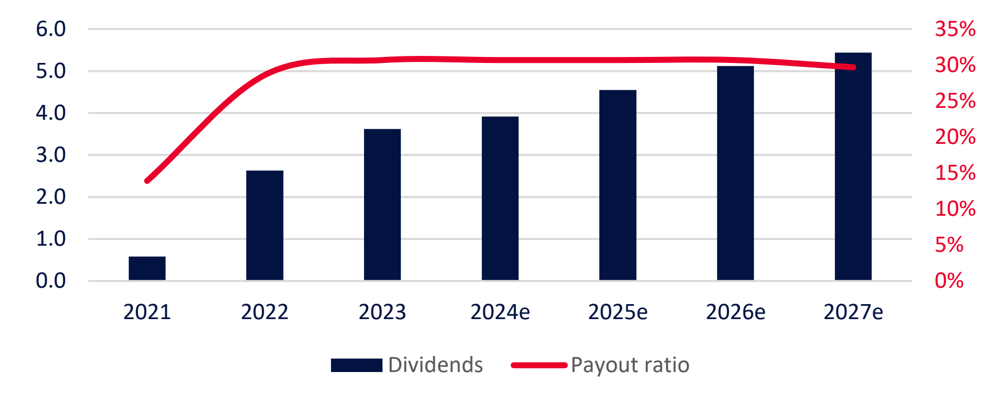
Interest coverage ratio (Adj. EBITDA post cars D&A/Interest expense)



Source: Eurobank Equities Research, Company data.

As far as shareholder returns are concerned, Motodynamics started paying dividends in 2020. The payout for fiscal years 2021-22 was close to 14%. In 2023, in the light of the record-high profitability the dividend per share increased further to €0.12, reflecting a c31% payout. Looking ahead, our assumptions include a steady payout ratio of c30-31%, which we believe reflects a well-balanced approach between rewarding shareholders and funding growth.

Dividends in €m (left) and as % of net income (right)



Source: Eurobank Equities Research, Company data.

2023 results overview

Motodynamics reported solid 2023 results, with both revenues and EBITDA at new record high levels. Revenues surged to €170m (29% yoy), while EBITDA increased 17% yoy to €29m. Revenues generated from the Porsche segment amounted to €40m (+50% yoy) propelled by the easing of supply chain disruptions and positive macro. Yamaha's revenues also increased in the light of robust demand and thanks to a mild share gain. SIXT fleet sales reached an all-time high and the demand for used cars was strong throughout the year. SIXT RaC revenues rose to €41m (8% yoy) driven by ongoing tourism momentum. Margins were lower yoy due to the price pressures arising from the normalization of the supply chains.

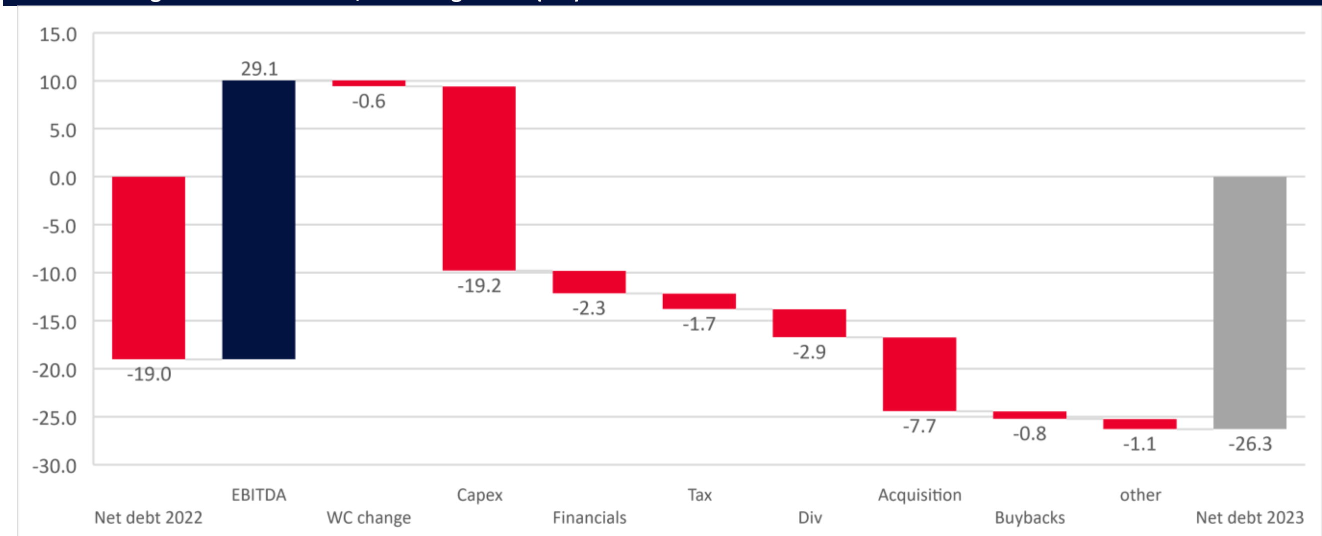
FY23 results overview

EURm unless otherwise stated	FY22	FY23	yoy
Yamaha	61.9	75.8	22%
Porsche	26.8	40.3	50%
Sixt rental	38.5	41.3	8%
Sixt fleet sales	4.8	12.5	
Total revenues	**132.0**	**170.0**	**29%**
EBITDA	**24.9**	**29.1**	**17%**
EBITDA margin	18.9%	17.1%	-1.79 pps
EBIT	**15.5**	**17.7**	**14%**
EBIT margin	11.7%	10.4%	-1.31 pps
PBT	**14.2**	**15.3**	**8%**
Taxes	-3.7	-3.8	
Effective tax rate	26%	25%	
Net profit	**9.2**	**11.8**	**28%**

Source: Eurobank Equities Research, Company data

On the cash flow front, fleet investments and the acquisition of Lion Rental's remaining stake were coupled with higher financial costs, thus more than fully offsetting the profit generated. Dividends and buybacks also absorbed cash flow, thus leading to a c€7m increase in the group's net debt position, to c€26m excluding leases as of end 2023 (c€33m including leases).

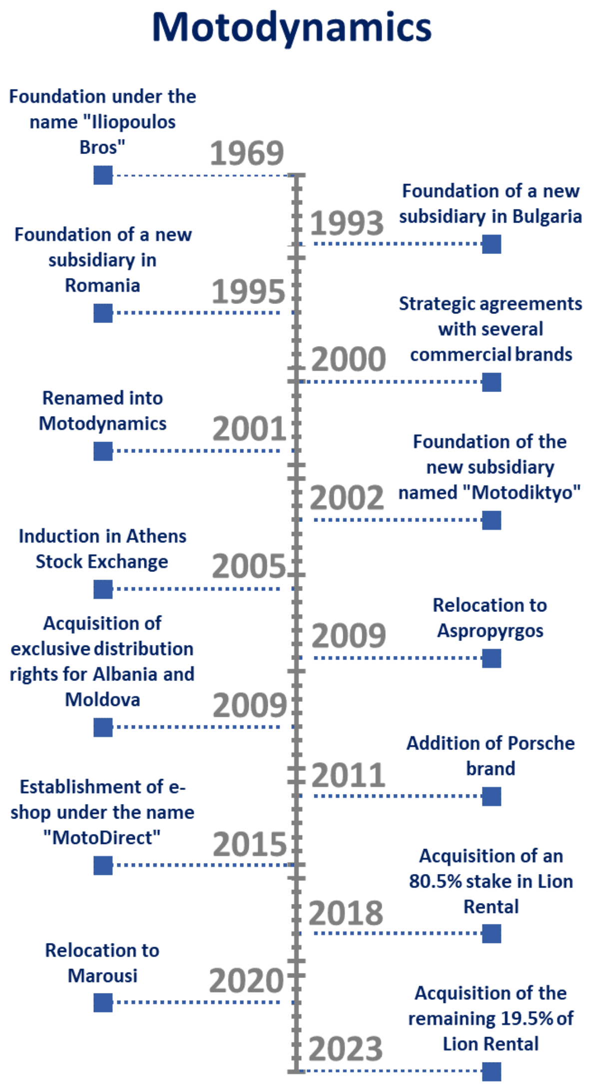
Net debt bridge FY2022 to FY2023, excluding leases (€m)



Source: Eurobank Equities Research, Company data.

History and shareholder structure

Group history overview



Source: Eurobank Equities Research, Company data.

Motodynamics was founded in 1969 under the name "Iliopoulos Bros", as the company started importing Yamaha products back then. As the company expanded its presence through the years, two new subsidiaries were founded in 1993: one in Greece with the name Yamaha Motor Hellas A.E., and one in Bulgaria, acquiring the rights as the official importer of Yamaha Motor Co. in 1994, a subsidiary in Romania was the new addition to the structure of the firm.

Between 1999 and 2004, the group signed strategic agreements with a variety of commercial brands (Continental, Alpinestars, Shark, Richa, Selva) to exclusively distribute products such as boats, tyres, and motorcycle rider wear. During the same period, and specifically in 2001, the group was renamed into Motodynamics. One year later, a new subsidiary was created under the name "Motodiktyo SA", with the purpose of selling Yamaha products directly to consumers. In 2005, the group was listed in the main market of the Athens Stock Exchange. Four years later, Motodynamics relocated its offices and warehouses to a new building located in Aspropyrgos. In 2011, Motodynamics added Porsche to its product portfolio by acquiring the exclusive distribution rights for Greece. Four years later, the firm established its own e-shop under the name "MotoDirect". In 2018, the group acquired 80.5% of Lion Rental S.A., which holds the exclusive rights for SIXT in Greece. Its objective was a complete turnaround and repositioning of the brand in Greece. As of 2023, Motodynamics owns 100% of Lion Rental after acquiring the remaining 19,5% stake.

In October 2020, the entirety of administrative services and divisions moved to Marousi. As of 2023, Motodynamics employs a team of 292 professionals in total.

According to Motodynamics, the goal of the company is to continue to lead in the mobility sector, following all contemporary trends and applying them in the Greek market.

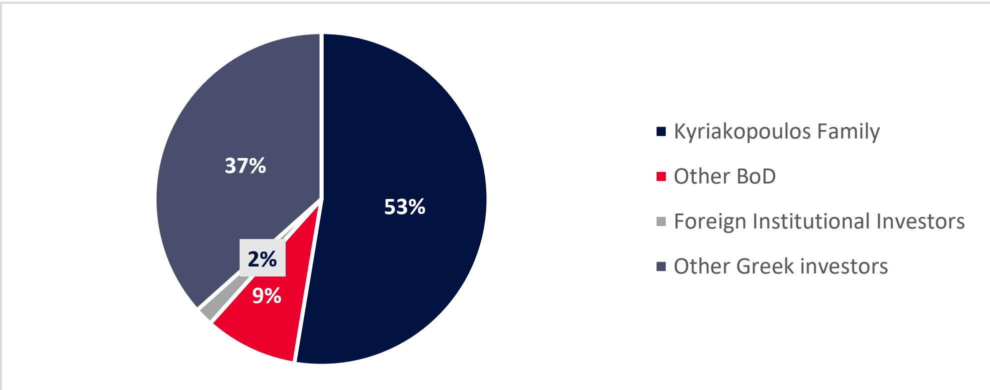
Regarding the group's BOD, Mr. Paris Kyriacopoulos is both the Chairman of BOD and CEO of the group. Mr. Kyriacopoulos assumed the duties of CEO after the resignation of Mr. Sotirios Hatzikos in 2022. Until then, he was the Chairman of Motodynamics BOD. He holds a BA degree in Philosophy, Politics, Economics (PPE) from the University of Pennsylvania in Philadelphia, PA, USA and an MBA with High Distinction from Harvard Business School in Cambridge, MA, USA. He has also served as CEO at FiberLean Technologies Ltd. and as a Director at the ALBA Association.

Mr. Ioannis-Stylianos Tavoularis has been an Executive Director of Motodynamics since 2007. He studied Political Science and obtained a Master's degree from the University of Boston. He also holds a BSc in Economics from Bentley University, USA. He has served as CEO of ELEFSIS' SHIPBUILDING AND INDUSTRIAL ENTERPRISES S.A. and as a Director of the Hellenic Federation of Enterprises (SEV) from 2002 until 2008.

Mr. Sotirios Hatzikos has been a non-executive Director since January 2023. He was the CEO of Motodynamics from January 2008 until December 2022. He contributed extensively to the growth trajectory of Motodynamics during the period when SIXT and Porsche were added to its business model. He has served as Chairman of the Board of Directors of Hellenic Association of Motorcycle Importers and worked at S&B Group INDUSTRIAL MINERALS SA as the group's Chief Financial Officer.

In terms of shareholder structure, Kyriakopoulos family owns 53% of the group. Excluding the family, other members of the management team have c11% of the share capital. Foreign institutional investors own c2%, with the remaining being held by Greek investors (mostly retail).

Shareholder structure



Source: Eurobank Equities Research, Bloomberg.

ESG Overview

Recognizing the increasing significance of ESG considerations for investors, we have expanded our analysis to include an overview of noteworthy findings derived from the group's ESG data. Our focus primarily centres on Motodynamics's approach to addressing environmental sustainability issues, ethical responsibilities towards employees and suppliers, and adherence to best practices in corporate governance.

A. Environmental and social overview

Motodynamics has consistently adhered to environmental regulations over the years, prioritizing sustainability in its code of ethics. The company seeks to implement initiatives for the protection of the environment, while remaining committed to investing in eco-friendly vehicles.

Motodynamics strongly focuses on volunteerism and the collective efforts of its employees on the social front. It actively promotes diversity and inclusion through the organization of various events featuring speakers who share their diverse life experiences. Additionally, the group has engaged in numerous charitable endeavours and consistently supports several non-governmental organizations (NGOs), including Humanity Greece, Andros Yacht Club, Poseidon Kalamata Yacht Club, and ExcelleSeas, underscoring its commitment to social responsibility and community engagement.

A key goal for the company includes the professional training and development of its workforce. According to Motodynamics' ESG Reporting Guide of 2022, the investment in employee training reached €30,000. Regarding gender diversity, women constituted 30% of the company's workforce in 2022, and they held 15% of managerial positions, highlighting the company's efforts toward promoting inclusivity and professional growth opportunities for all employees.

B. Governance overview

As far as corporate governance is concerned, we have utilized our own framework for evaluating compliance with best practices, as laid out in the new Greek Code of Corporate Governance published in June 2021. We have focused our study on key metrics of governance which we believe are closely watched by investors, including board structure and independence, executive compensation, monitoring through independent committees etc. We note that we have proceeded to a similar analysis for all stocks in our universe and are thus able to gauge Motodynamics' relative positioning vis-à-vis the other companies under our coverage.

The KPIs we have used to measure performance in each broad category related to corporate governance are the following:

1. BoD Structure

a. **BoD size:** Best practice suggests that the BoD should be made up of 7-15 members (3-15 stipulated under the Greek law). In the case of Motodynamics, the BoD consists of 12 members.

b. **Chairman/CEO separation:** We consider best practice the separation of the two roles, in line with the corporate governance framework in most OECD jurisdictions. In the case of Motodynamics, there is CEO duality with the CEO also serving as Chairman of the BoD.

c. **Term of BoD members (period of election):** we consider best practice cases where BoD members are submitted for election every 4 years or less (in sync with the Code). The current term period for Motodynamics BoD members is from 24/06/2021 to 24/06/2024, which constitutes a period of 3 years.

d. **Average tenure of BoD members:** we score more highly companies where directors serve on the board for an average period of 3 years or less. Although shorter average tenure may not be directly linked to operational performance, it does reinforce internal discipline and control while also minimizing the likelihood of director misconduct.

e. **BoD diversity:** One of the main features of a diverse group of BoD members is gender representation, with the law suggesting that this should be 25% at minimum. In our analysis we give credit to companies that go a bit beyond this level (min 30%), which is indeed the case for Motodynamics.

2. **Board Independence and System of Internal Controls**

a. **% of independent directors in the BoD:** The most recent law for corporate governance suggests that independent directors should account for at least 1/3 of the members of the board. That said, the recommendation included in the Code calls for a minimum of 50% independent directors (e.g., Australia, UK, Sweden, Austria, France, Denmark, Netherlands, Portugal), something which would be in sync with the framework in other jurisdictions and which we also consider as best-practice. In Motodynamics's case, independent directors are indeed 50% of the BoD members.

b. **% of non-executive members in the BoD:** A board of directors in which non-executive members constitute at least 60% is the best practice principle we assess. Motodynamics' board comprises of 82% non-executive members, which is a percentage that conveniently exceeds the threshold.

c. **Independent vice-chairman:** Credit is given to companies that have an independent Vice-Chairman who safeguards the independence of the board. This is also the case for Motodynamics.

d. **Independence of remuneration committee:** The Greek law was recently amended to not only make the existence of a remuneration committee mandatory but also to safeguard its independence (majority independent members), as a way of introducing a mechanism for normative controls on management's pay. We credit companies where all members of the remuneration committee are independent. Motodynamics' remuneration committee is made up of 2 independent members and 1 non independent.

3. **Alignment of Incentives**

a. **Granularity on executive remuneration:** alignment of the various stakeholders' incentives is facilitated through a good level of disclosure regarding executive pay, e.g., how remuneration of executive directors is determined, balance between fixed and variable components, KPIs for executive bonus, other contractual arrangements (pensions, stock options, long-term incentive schemes etc.).

4. **Audit Firm Quality**

a. **Big-6:** Our exercise rewards listed entities audited by Big-6 accounting firms. In this case, the group is audited by KPMG.

We lay out a snapshot of our findings for Motodynamics in the table below. Overall, we do observe some deviations from several key standards, such as the combined Chairman/CEO roles and the extended board tenure. On the contrary, we commend the representation of non-executive/independent directors in the BoD and are reassured by the engagement of a Big-6 company as auditor.

Overall, relative to the rest of our Greek universe, Motodynamics seems to stand in the middle of the spectrum in terms of compliance with typical corporate governance performance indicators. That said, although these deviations could be seen as a reason for investor scepticism, we do not believe they signal inadequate internal controls or misalignment with the interests of minority shareholders but are mainly the result of the family-type of shareholding ownership, as is typical for many Greek-listed corporations in the small cap space.

Corporate Governance Overview	
Board Structure	
Board Size	12
CEO/Chairman separation?	No
Board duration	3
Tenure of the CEO	1 year, but long-term tenure as Chairman
Average Tenure of BoD	Long-term
Female representation on the BoD	33%
Board Independence and system of internal controls	
% of non-executive directors on the BoD	83%
% of independent directors on the BoD	50%
Nomination committee Chair Independence	Yes
Independent directors on compensation committee	67%
Independent Deputy Chair?	Yes
Alignment with minority shareholders	
Granularity on CEO max compensation	Yes
Criteria for CEO bonus	No
Quality of auditor	
Big 6	Yes
Source: Eurobank Equities Research, Company data.	

Group Financial Statements

EUR mn					
Group P&L	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Sales	**132.0**	**170.0**	**186.0**	**205.1**	**224.9**
Gross Profit	33.6	39.0	43.0	47.7	52.4
EBITDA	**24.9**	**29.1**	**32.3**	**36.2**	**40.9**
EBITDA margin	18.9%	17.1%	17.4%	17.6%	18.2%
Corporate EBITDA (ex-cars D&A)	**18.2**	**21.7**	**23.7**	**24.9**	**26.9**
EBIT	**15.5**	**17.7**	**19.6**	**22.1**	**24.3**
Net financials - income/(costs)	-1.2	-2.3	-2.6	-2.3	-2.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
PBT	**14.2**	**15.3**	**17.0**	**19.7**	**22.2**
Income tax	-3.7	-3.8	-4.2	-4.9	-5.5
Net profit - reported	**9.2**	**11.8**	**12.8**	**14.8**	**16.7**
EPS (EUR)	**0.31**	**0.39**	**0.44**	**0.51**	**0.58**
DPS (EUR)	**0.09**	**0.12**	**0.14**	**0.16**	**0.18**
Group Cash Flow Statement	**2022**	**2023**	**2024e**	**2025e**	**2026e**
EBITDA	24.9	29.1	32.3	36.2	40.9
Changes in Working Capital (ex-fleet)	-6.2	-0.6	-1.2	-1.8	-2.1
Net Interest	-1.5	-2.3	-2.6	-2.3	-2.1
Tax	-0.9	-1.7	-4.2	-4.9	-5.5
Other	-0.2	0.7	0.0	0.0	0.0
Operating Cash Flow	**16.2**	**25.2**	**24.2**	**27.1**	**31.1**
Capex (incl vehicle purchases net)	-21.3	-16.6	-21.4	-21.8	-21.6
Other investing (acquisitions/disposals)	-1.0	-10.4	-2.5	-2.0	-2.0
Net Investing Cash Flow	**-22.3**	**-26.9**	**-23.9**	**-23.8**	**-23.6**
Dividends paid	-1.2	-2.9	-3.6	-4.5	-5.1
Other	-1.6	0.3	5.3	0.1	0.2
Net Debt (cash), incl. leases	**26.6**	**32.8**	**32.1**	**34.7**	**33.5**
Free Cash Flow	**-7.5**	**-3.6**	**-1.1**	**1.9**	**6.1**
Group Balance Sheet	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Tangible Assets	46.8	55.7	66.6	78.1	86.6
Intangible Assets	7.2	6.3	5.5	4.9	4.6
RoU Assets	0.6	0.8	0.8	0.8	0.8
Other non-current Assets	7.0	5.9	5.9	5.9	5.9
Non-current Assets	**61.5**	**68.7**	**78.7**	**89.7**	**97.9**
Inventories	14.4	22.6	24.7	27.2	29.8
Trade & Other receivables	11.3	10.6	12.4	14.9	17.7
Cash & Equivalents	6.4	2.5	4.7	5.1	5.6
Current Assets	**32.2**	**35.8**	**41.8**	**47.2**	**53.1**
Total Assets	**93.6**	**104.5**	**120.5**	**136.9**	**151.0**
Shareholder funds	28.8	33.4	45.3	55.5	67.0
Non-controlling interest	4.1	0.0	0.0	0.0	0.0
Total Equity	**32.9**	**33.4**	**45.3**	**55.5**	**67.0**
Long-term debt (incl securit. & leases)	15.7	21.8	20.8	18.3	15.8
Other long-term liabilities	6.4	5.5	4.6	3.7	2.8
Long Term Liabilities	**22.1**	**27.3**	**25.4**	**22.0**	**18.5**
Short-term debt (incl securit. & leases)	11.7	8.8	12.2	18.6	21.4
Trade Payables	16.7	24.8	27.0	29.8	32.6
Other current liabilities	10.3	10.2	10.6	11.0	11.5
Current Liabilities	**38.7**	**43.8**	**49.9**	**59.5**	**65.5**
Equity & Liabilities	**93.6**	**104.5**	**120.5**	**136.9**	**151.0**
Key Financial Ratios	**2022**	**2023**	**2024e**	**2025e**	**2026e**
P/E	6.8x	7.5x	6.6x	5.7x	5.0x
P/BV	1.9x	2.6x	1.9x	1.5x	1.2x
Adj. EV/EBITDA	3.7x	4.2x	3.6x	3.3x	2.9x
EBIT/Interest expense	12.6x	7.5x	7.5x	9.4x	11.5x
Net Debt (Cash)/EBITDA	1.1x	1.1x	1.0x	1.0x	0.8x
Dividend Yield	4.2%	4.0%	4.7%	5.4%	6.1%
ROE	37.5%	34.8%	32.5%	29.4%	27.2%
Free Cash Flow yield	-12.0%	4.7%	-1.3%	2.3%	7.3%
Payout Ratio	28.6%	30.7%	30.7%	30.7%	30.7%

Source: Eurobank Equities Research.

Company description

MOTO engages in the car, motorbike, marine motors, and equipment import and distribution, while also holding the rights for the SIXT brand. The Company's core services comprise ST Car Rentals, selling of Porsche cars in Greece, powered 2-wheelers & marine motors in Greece, as well as in Romania, Bulgaria, and Albania (through Yamaha).

Risks and Sensitivities

•**Macro:** Motodynamics top line hinges on tourism trends and demand from businesses/consumers. In that regard, there is a downside risk to our estimates in a weaker macroeconomic backdrop. Revenues and profitability may also be affected by events such as pandemics.

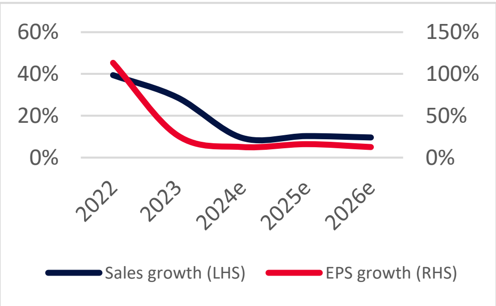
•**Industry structure:** The industries it operates in are quite competitive with lack of pricing power and limited barriers to entry (although there are clear scale/network benefits). In addition, the short-term rental segment is rather seasonal, thereby exposing companies to the risk of underutilization of their fleet if demand is poorer than expected.

•**Quite complex business model:** The model of car rental companies is quite complex involving high holding costs and quite elevated leverage in most cases. In addition, cost deleveraging becomes pronounced in a downturn, as several expenses increase (higher financing costs, higher depreciation, lower residual values) exacerbating the impact of falling revenues.

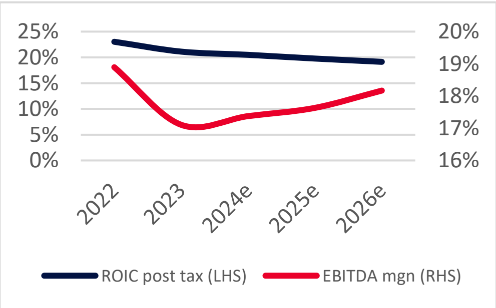
•**Technological disruption:** The fast pace and constant evolution of the industry and shared mobility transportation give rise to risks for the business model of car rental companies in the long run (e.g. car sharing, autonomous driving).

•**Sensitivity:** We estimate that a 1% change in utilization drives a 4% change in EBITDA.

Sales and EPS growth



Profitability and returns



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This report has been written by Stamatios Draziotis, CFA (Equity Analyst) and Natalia Svyriadi (Equity Analyst).

Analyst Compensation:

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Stamatios Draziotis and Natalia Svyriadi do not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this report, had or could reasonably be expected to have access to this report prior to its dissemination to customers or the public.

Planned Frequency of Updates:

Eurobank Equities Investment Firm S.A. provides updates on Motodynamics based on the terms of the agreement between the two parties and at least but not limited to bi-annually after the publication of financial statements of Motodynamics.

12-month Rating History of Motodynamics

Date	Rating	Stock price	Target price
16/04/2024	Buy	€ 2.89	€ 4.00

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Apr 2024	
	Count	Total	Count	Total	Count	Total
Buy	22	69%	3	14%	10	48%
Hold	2	6%	0	0%	1	50%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	2	6%	1	50%	2	100%
Not Rated	5	16%	2	40%	3	60%
Total	**32**	**100%**				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available here.

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review
Not Rated:	Refers to Sponsored Research reports