COMPANY UPDATE

MOTODYNAMICS

Shifting gears on margins near-term; long-term growth prospects intact

More volume, less margin but overall healthy – Motodynamics serves as the distributor for Yamaha in Greece, Bulgaria, and Romania, as well as Porsche in Greece. The company also holds the SIXT rent-a-car (RaC) franchise in Greece and participates in the sale of used cars. Leveraging positive domestic macroeconomic conditions, growth in inbound Greek tourism, and a normalization in car and motorcycle registrations, Motodynamics continues to deliver strong volume growth, but with price/mix pressures partially offsetting this momentum, something we see continuing through to 2025e. Following healthy 9M'24 results (laid out below), we have recalibrated our numbers making trivial changes to FY24e, still eyeing revenue growth of 15.4% and a 2024e EBIT of c€19m (+8% yoy). We have trimmed our 2025-26e numbers modelling lower price/mix across the segments than before, thus ending up with c€2m lower operating profit numbers coalescing to 5% EBIT growth in 2025 followed by 11% in 2026e, as price/mix pressures ease. We anticipate EBIT margins to stabilize near 10% by 2026e, following a further contraction to 9.5% in 2025e. With the shares discounting a rather pessimistic setup already, we reiterate our Buy rating, lowering our PT to €3.80/share as our estimate downgrade is partly offset by the rolling forward of our valuation to 2025e and lower capex.

Healthy 9M'24, but with pressure on margins; fleet sales to propel numbers in Q4 – 9M'24 revenue increased 14.2% yoy, with run rates accelerating in Q3 to +17.5% from +12% in H1. Growth was fuelled by higher volumes for Yamaha and Porsche, which more than offset lower sales of used cars, which are set to shift to the final quarter. Operating leverage was rather limited though, with 9M'24 EBIT just €0.9m higher than the same period last year as the group was cycling tough comps given the higher selling prices in 2023. Net profit in the 9M period remained steady at €10.7m at group level (vs €10.6m in 9M'23) as the increase in operating profits was diluted by elevated interest expenses.

Strong RaC Fleet Investment; Healthy Balance Sheet; Lower Capex Ahead; FCF inflection – Despite the heavy fleet investment (c€61m since 2019), and an additional c€24m in 2024e according to our estimates, the group has managed to grow without overly gearing the balance sheet (net debt / EBITDA at c1.2x in 2024e, group net debt <70% of the vehicle book value). Even more importantly, the high capex cycle seems to be close to completion given MOTO's strategy for Sixt — focused on consolidating its presence in existing locations and enhancing operational efficiency. As such, we have lowered the capital intensity embedded in our model to c€19m annually in 2025-26e vs €22m assumed before. As such, we anticipate FCF to stay negative in 2024 but envisage a switch to positive FCF in 2025-26 and material inflection in 2027e.

Valuation: decreasing our PT to €3.8, keeping Buy – Motodynamics has lost c20% YTD, a performance which is similar to both foreign peers and that of Autohellas amid pressure from the growing presence of low-cost Chinese brands (related to Yamaha), pricing competition at its RaC business and rising financial expenses. Our new PT of 3.8€ places MOTO at 4.8x 2024e EV/EBITDA, still at discount vs its peers.

Estimates					
€m unless otherwise stated	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Revenues	132.0	170.0	196.2	211.1	228.0
EBITDA	24.9	29.1	31.9	34.2	38.6
EBIT	15.5	17.7	19.1	20.0	22.3
Net profit	9.2	11.8	11.9	13.1	15.1
EPS (€)	0.31	0.39	0.40	0.44	0.50
DPS (€)	0.09	0.12	0.12	0.13	0.15
Valuation					
Year to end December	**2022**	**2023**	**2024e**	**2025e**	**2026e**
P/E	6.8x	7.5x	6.6x	6.0x	5.2x
EV/EBITDA	3.7x	4.2x	3.7x	3.4x	2.9x
EBIT/Interest Expense	12.6x	7.5x	6.0x	8.0x	10.1x
Dividend Yield	4.2%	4.0%	4.4%	4.9%	5.6%
ROE	37.5%	34.8%	30.5%	26.5%	25.4%

Source: Eurobank Equities Research.

Recommendation	**BUY**
Target Price	**€ 3.80**
Prior Target Price	**€ 4.00**
Closing Price (02/12)	€2.63
Market Cap (mn)	€79.1
Expected Return	44.8%
Expected Dividend	4.4%
Expected Total Return	49.2%

Motodynamics Share

Stock Data

Reuters RIC	MOTr.AT
Bloomberg Code	MOTO GA
52 Week High (adj.)	€3.39
52 Week Low (adj.)	€2.12
Abs. performance (1m)	-0.4%
Abs. performance (YTD)	-20.2%
Number of shares	30.2mn
Avg Trading Volume (qrt)	€48k
Est. 3yr EPS CAGR	8.6%
Free Float	39%

Analysts

Stamatios Draziotis, CFA
Equity Analyst, Head of Research
☏: +30 210 37 20 259
✉: sdraziotis@eurobankequities.gr

Christiana Armpounioti
Equity Analyst, Small Caps & Real Estate
☏: +30 210 37 20 254
✉: carmpounioti@eurobankequities.gr

Sales /Trading
☏: +30 210 37 20 117 / 168 /110

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Investment Summary

Yamaha drives revenue growth amid rising competition

Motodynamics has achieved growth across all its activities over the past year. For **Yamaha**, which accounts for approximately 50% of the company's revenue, favourable economic conditions and improved product availability have driven a c20% yoy increase in registrations by the end of October, with Yamaha alone reporting a c40% rise. As a result, Yamaha's market share in powered two-wheelers is expected to exceed 11% by year-end, up from 10% in 2023, according to management. However, intensifying competition from new entrants, particularly Chinese brands, has exerted pressure on profitability margins. Meanwhile, the marine business remains subdued following the surge in subsidy-driven investments in rental boats during 2021-23.

Porsche outperforms market decline with NEV growth and Macan launch

For **Porsche**, despite total car registrations declining by approximately 12% by the end of October, the brand remains well-positioned. Luxury car market penetration in Greece is still lower compared to most European countries, offering room for growth. As a result, Porsche registrations rose by 18% by the end of October (an increase of 34 cars), with the newly launched Macan expected to further drive sales in the coming months.

Sixt sales boosts by 14% in 9M'24; focus shifts to market consolidation

In the **RaC business**, growth in tourism—particularly in the premium segment where Sixt is more focused—along with an extended tourism season, increased inbound arrivals, new locations in Aktio and Rhodes, and improved utilization rates, drove a 14% increase in 9M'24 sales (excluding used car sales), effectively offsetting price pressures. Looking ahead, the focus shifts to Sixt consolidating these gains in the RaC market.

Used car sales shifted to Q4; Price normalization expected from 2025

As for the **used car segment**, the extended tourism season has pushed sales into Q4, with the majority of the defleeting program already "locked in" through agreements with major used car handlers and buy-back deals. However, starting in 2025, we expect a normalization of used car sale prices, which remain elevated due to the lingering effects of low supply in the aftermath of Covid.

Revised projections reflect price/mix pressures; solid revenue growth, constrained profitability

IIn light of the price/mix pressures that have prevailed since the beginning of the year, we have recalibrated our projections to reflect this price/mix dynamic, assuming it persists – to a lesser extent – until 2025e. Summing up, we expect revenues to increase 15.4% in 2024e, followed by 7-8% thereafter. However, we see EBIT remaining constrained at approximately €19mn and €20mn in 2024-25e, a rather limited operating leverage effect. We project EBIT margins to decline to 9.7% in 2024e and 9.5% in 2025e, down from 10.4% in 2023, before stabilizing around 10% by the end of the forecast period. These adjustments reflect the ongoing pressures on profitability despite solid revenue growth.

Increased investments in 2024e, lower onwards. FCF inflection from 2025e

In terms of cash flow generation, despite significant fleet investments (approximately €61mn since 2019) and an additional estimated c€24mn in 2024e, the group has successfully grown without placing excessive strain on its balance sheet. Net debt/EBITDA is projected at around 1.2x for 2024e, with group net debt representing <70% of the vehicle book value. Looking ahead and considering this year's elevated investment level and the company's strategy for Sixt—focused on consolidating its presence in existing locations and improving operational efficiency—we have adjusted our forecasts to reflect slightly lower net fleet investments of €19m annually in 2025-26e, down from our previous estimate of €22m. As a result, while we expect FCF to remain negative in 2024, we anticipate a shift to positive FCF in 2025-26, with a significant inflection point projected for 2027e. This reflects the group's ability to balance growth investments with long-term cash flow improvement.

9M'24 overview

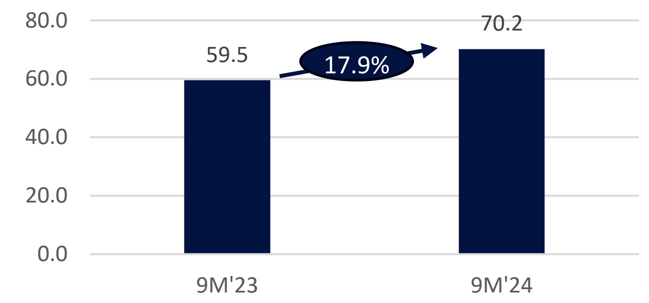
Motodynamics reported 14.2% revenue growth yoy in the 9M period, with sales in Q3 accelerating to +17.5% yoy from +12% in H1. This growth was largely fuelled by higher volumes for Yamaha and Porsche, which more than offset slow sales of used cars, which are set to shift to the final quarter. Despite the stronger top line, operating leverage was rather limited, with 9M'24 EBIT at €16.9m—€0.9m higher than the same period last year, as the group was cycling tough comps given the higher selling prices in 2023. That said, we note that Q3 EBIT increased c€1.9m yoy to c€12.9m, fully offsetting the H1 EBIT decline of c€1m. Net profit in the 9M period remained steady at €10.7m at group level (vs. 10.6m in 9M'23) as the increase in operating profits was diluted by elevated interest expenses.

In more detail:

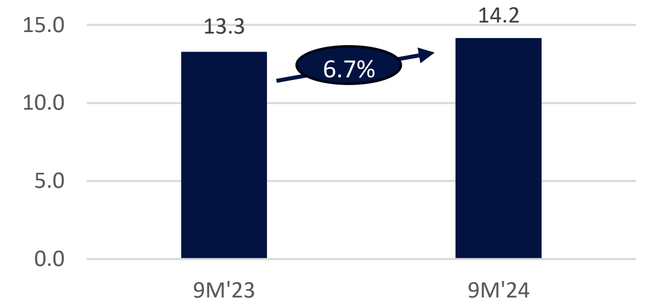
- Yamaha led the segments, with revenue surging to €70.2m (+17.9% yoy) in the 9M period thanks to increased motorbike sales.
- Porsche sales grew by 26.0% yoy to €33.8mn, with material growth in Q3 as base effects rolled off.
- SIXT's sales reached €40.6m, marking a 1% yoy increase, but with very low contribution this year from used car sales (which are set to shift to the fourth quarter this year). The rental business alone experienced a nearly 14% yoy increase (+11% in Q3), largely thanks to an increased market share and positive overall tourism trends, including higher passenger traffic and an extended season.

Sales and gross profit per category 9m yoy

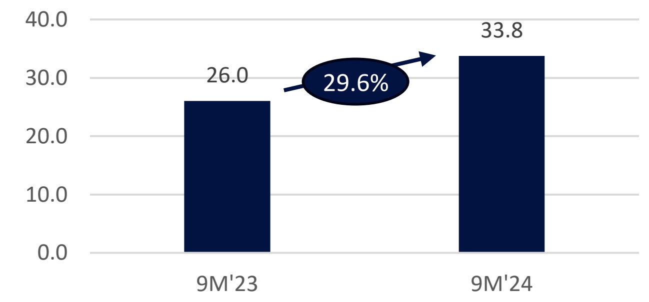
Sales Yamaha



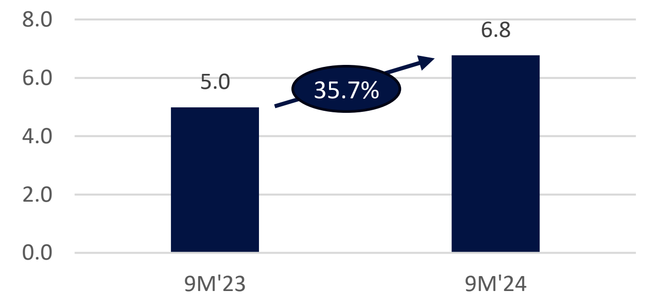
Gross profit Yamaha



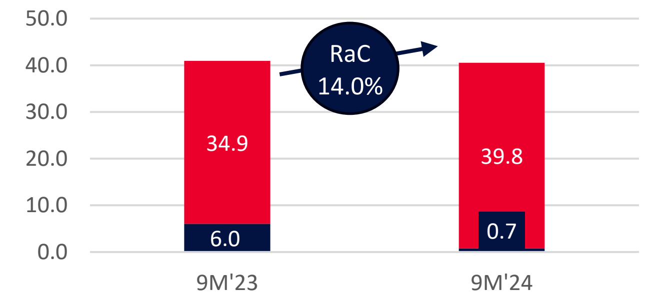
Sales Porsche



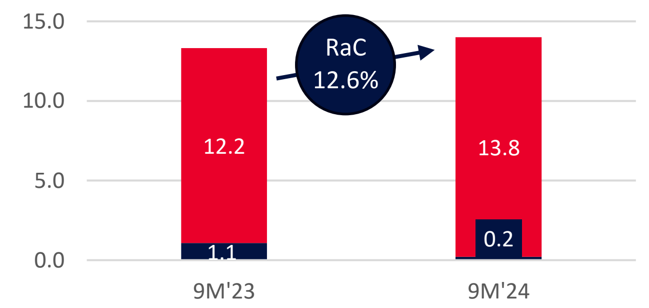
Gross profit Porsche



Sales Sixt



Gross profit Sixt



Source: Eurobank Equities Research, Company data.

On the cost side, lower selling prices in Yamaha and SIXT's segments, as well as increased operating costs (marketing, personnel, etc.) led to a modest EBIT margin contraction of 0.9 pps yoy, with EBIT shaped at €16.9m namely 5.8% higher yoy (vs. €16m in 9M'23). We anticipate further margin contraction for the full year, due to the margin-dilutive nature of used car sales.

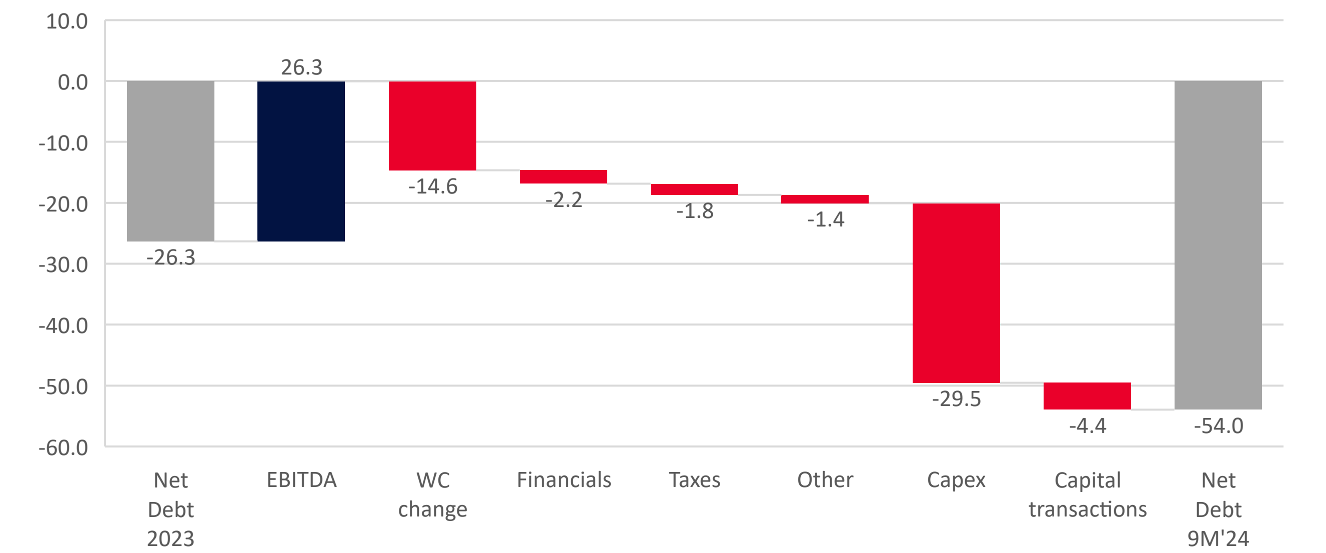
Motodynamics - 9M'24 results

EURm	9M'23	9M'24	yoy	Q3'23	Q3'24	yoy
Revenues	**126.5**	**144.5**	**14.2%**	**49.7**	**58.4**	**17.5%**
- of which Yamaha	59.5	70.2	17.9%	19.7	22.7	14.9%
- of which Porsche	26.8	33.8	26.0%	6.0	10.9	80.8%
- of which SIXT	34.9	39.8	14.0%	22.2	24.7	11.1%
- of which SIXT fleet sales	6.0	0.7	-87.6%	1.7	0.1	-93.6%
Gross Profit	**31.6**	**34.9**	**10.6%**	**16.4**	**19.3**	**17.9%**
Gross margin	*25.0%*	*24.2%*	*-0.8 pps*	*33.0%*	*33.1%*	*0.1 pps*
EBIT	**16.0**	**16.9**	**5.8%**	**11.0**	**12.9**	**17.1%**
EBIT margin	*12.7%*	*11.7%*	*-0.9 pps*	*22.2%*	*22.1%*	*-0.1 pps*
EBT	**14.4**	**14.5**	**0.7%**	**10.4**	**11.8**	**13.5%**
Net profit	**10.6**	**10.7**	**1.1%**	**7.9**	**8.7**	**10.4%**
EBITDA	**25.1**	**26.2**	**4.3%**	**15.0**	**16.6**	**10.9%**
EBITDA Margin	*19.8%*	*18.1%*	*-1.7 pps*	*30.1%*	*28.4%*	*-1.7 pps*
	FY'23	**9M'24**				
Net debt	26.3	53.97				

Source: Company, Eurobank Equities Research

On the cash flow front, fleet investments, higher financial costs, and the deferral of defleeting to year-end due to an extended tourist season more than offset the profits generated. Additional cash outflows from dividends and buybacks further contributed to an c€28m increase in the group's net debt, bringing it to c€54m (excluding leases) as of 9M'24. It is worth reminding that Motodynamics's leverage typically peaks in H1 and gradually decreases in the second half of the year.

Net debt bridge FY2023 to 9M'24, excluding leases (€m)



Source: Eurobank Equities Research, Company data.

Estimates and main assumptions overview

Following the release of 9M results, we have revised our estimates to reflect the price/mix pressures observed this year across both the Yamaha and Sixt segments and a lighter investment plan for Sixt's fleet. From a P&L perspective, these adjustments result in a slight downward revision to our profit estimates. Valuation-wise, this effect is offset by our assumption for lower capex, thus resulting in a broadly unchanged valuation.

Double digit top line growth for 2024e, high single digit growth thereafter; price/mix pressures

In short, our projections reflect c15% top line growth in 2024e, which aligns with 9M'24 trends (+14% yoy). We expect the relatively high profit margins achieved in 2022-23, driven by favourable pricing, to normalize to an extent in 2024e, with further mild dilution embedded in our outer year estimates. That said, with sustained volume growth we still project EBIT to rise c8% in 2024e, just €0.5m lower compared to our previous estimates. We model persisting price/mix pressures in 2025e, thus estimating more tepid growth in 2025e (+5%), accelerating to >10% in 2026e.

Main estimates and assumptions						
EURm	2022	2023	2024e	2025e	2026e	2027e
Revenues	**132.0**	**170.0**	**196.2**	**211.1**	**228.0**	**244.1**
yoy	***39.4%***	***28.7%***	***15.4%***	***7.6%***	***8.0%***	***7.1%***
- of which Yamaha	61.9	75.8	87.8	93.4	97.7	101.4
- of which Porsche	26.8	40.3	49.0	54.8	60.3	65.8
- of which SIXT	38.5	41.3	47.7	54.0	61.3	68.2
- of which SIXT fleet sales	5.0	12.5	11.7	8.9	8.6	8.7
Gross Profit	**33.6**	**39.0**	**43.6**	**45.8**	**49.6**	**53.6**
yoy	***46.9%***	***16.1%***	***11.8%***	***5.0%***	***8.4%***	***7.9%***
Gross margin	*25.5%*	*23.0%*	*22.2%*	*21.7%*	*21.8%*	*21.9%*
Operating expenses	-18.2	-21.4	-24.6	-25.8	-27.4	-28.8
EBIT	**15.5**	**17.7**	**19.1**	**20.0**	**22.3**	**24.8**
EBIT margin	*11.7%*	*10.4%*	*9.7%*	*9.5%*	*9.8%*	*10.2%*
Net financial expenses	-1.2	-2.3	-3.2	-2.5	-2.2	-2.2
EBT	**14.2**	**15.3**	**15.9**	**17.5**	**20.1**	**22.6**
-Tax	-3.7	-3.8	-4.0	-4.4	-5.0	-5.6
Net profit	**10.5**	**11.5**	**11.9**	**13.1**	**15.1**	**16.9**
D&A	-9.5	-11.4	-12.9	-14.2	-16.3	-18.7
EBITDA	**24.9**	**29.1**	**31.9**	**34.2**	**38.6**	**43.5**
EBITDA Margin	*18.9%*	*17.1%*	*16.3%*	*16.2%*	*16.9%*	*17.8%*

Source: Company, Eurobank Equities Research

Top line in more detail:

- **Yamaha –** For Yamaha brand, our forecasts incorporate a projected c10% CAGR for the period (2023-2027e) driven by:
    - Rising motorbike registrations ahead of economic expansion, with the market narrowing the gap vs the pre-crisis peak (c100K) but remaining c15% lower than that in 2027e. We remind that the segment has seen registrations growing by 20% yoy in 9M'24. With this in mind, we have increased our forecasts by c5% for 2024e envisaging 16% yoy growth followed by mid-single digit growth for 2025-27e, with growth in volumes offset by modest price/mix pressures.
    - This growth also reflects the impact of the recently introduced Y-AMT technology, a two-mode fully automatic transmission that management anticipates will contribute positively to sales. We caveat thought that the two-cycle market remains highly competitive, with Chinese brands like Voge and CF Moto gradually expanding their market share.
    - A subdued growth outlook for marine motors, as the positive impact of inbound tourism growth is offset by market normalization. The outboard motors segment is returning to pre-boom levels after the surge in demand driven by EU-funded

programs, which have now expired. For Yamaha after-sales, a category with higher gross profit margins, we have incorporated low single-digit growth into our forecasts. This takes into account a lag of 3-4 years before the impact of increased sales is reflected in the aftersales market.

Yamaha snapshot						
EURm unless otherwise stated	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**
Motorbike registrations	**55.7K**	**65.8K**	**77.0K**	**80.9K**	**84.1K**	**86.6K**
yoy %	24.9%	18.2%	17.0%	5.0%	4.0%	3.0%
Yamaha registrations	**5.1K**	**5.4K**	**7.1K**	**8.0K**	**8.4K**	**8.6K**
yoy %	6.8%	5.9%	32.0%	13.0%	5.0%	3.0%
Yamaha division sales	**61.9**	**75.8**	**87.8**	**93.4**	**97.7**	**101.4**
yoy %	*19%*	*22%*	*16%*	*6%*	*5%*	*4%*
of which:						
Motor bikes	33.8	42.5	54.4	59.6	63.2	66.1
yoy %	39%	26%	28%	10%	6%	5%
Marine and other	28.1	33.3	33.4	33.8	34.5	35.3
yoy %	2%	19%	0%	1%	2%	2%
Source: Eurobank Equities Research						

- **Porsche –** We forecast a 18% CAGR in Porsche sales over 2023-2027e, fueled by economic growth, a gradual normalization of the car market (albeit still >40% below its peak in 2026e), higher penetration of premium vehicles, and Porsche's growing market share supported by new model launches such as the Macan. For 2024e, we have incorporated a growth of 22%, supported by a 4% increase in price/mix. Looking ahead, growth will be primarily volume-driven on our estimates, and as such, we model abating momentum, albeit still 2-digit growth until 2026e.

Porsche snapshot						
EURm unless otherwise stated	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**
Car registrations (K)	**105.3K**	**134.5K**	**136.9K**	**143.1K**	**151.0K**	**159.3K**
yoy %	4.3%	27.7%	1.8%	4.5%	5.5%	5.5%
Porsche registrations	**168**	**234**	**274**	**309**	**340**	**368**
yoy %	57.0%	39.3%	17.0%	13.0%	10.0%	8.0%
Price/mix yoy	-19%	11%	5%	-1%	0%	1%
Porsche division sales	**26.8**	**40.3**	**49.0**	**54.8**	**60.3**	**65.8**
yoy %	*38%*	*50%*	*22%*	*12%*	*10%*	*9%*
Source: Eurobank Equities Research						

- **Sixt (incl. fleet sales)** – As far as SIXT is concerned, our forecasts envisage a c9.3% CAGR over 2023-27e as a result of:
  - The considerable fleet expansion which occurred in 2024 (approximately €28mn investment in H1’24) as the group sought to boost capacity in key areas with identified gaps, particularly in Aktio and Rhodes, where operations started within the year. Looking ahead, we expect the group to focus on operational efficiency and on increasing market share at existing locations. Against this background, we have also revised down our fleet capex estimates for the forecast period.
  - Rising vehicle utilization rates on the back of continued growth in inbound tourism (arrivals in Greece settled +22% vs 2019 mark for the period Jan-Sept according to INSETE data), which we expect is headed for >2% annual growth in the coming years. We assume this trend will support SIXT in achieving higher utilization rates (around 54% by 2026e, narrowing the gap vs intl peers), which will help mitigate price/mix pressures (evident in 2024, more moderate in 2025e). We remind that Sixt primarily serves the RaC (Rent-a-Car) segment, with only a minor exposure to the LtR (Long-term Rentals).

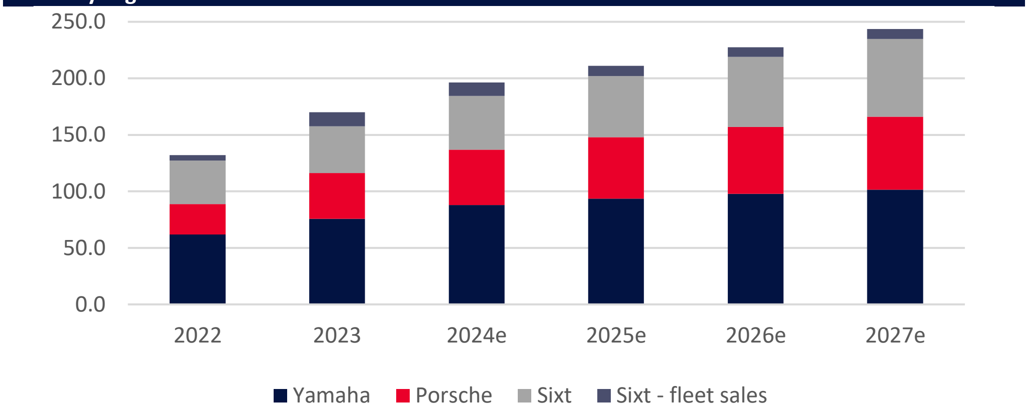
- Regarding used car sales, there is potential for gains relative to book values in 2024, as used car prices remain elevated and part of the fleet (specifically 2019 models) has been significantly depreciated by Sixt's previous owners. We assume these gains will normalize in 2025, with a gain of approximately 10-15% over book value deemed reasonable by our math.

Sixt rental estimates						
EURm unless otherwise stated	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**
Vehicles (average) RaC & LTR	3,551	4,018	4,879	5,544	6,156	6,795
yoy	35%	13%	21%	14%	11%	10%
Vehicle Utilization rates	57%	55%	56%	56%	57%	57%
Total Transaction days	737	813	991	1,138	1,279	1,411
Total RPD (RaC & LtR)	52.2	50.9	48.2	47.4	47.9	48.3
yoy	34%	-3%	-5%	-1%	1%	1%
SIXT Rental Revenues	**38.5**	**41.3**	**47.7**	**54.0**	**61.3**	**68.2**
yoy	70%	8%	15%	13%	14%	11%
SIXT Fleet Sales	**5.0**	**12.5**	**11.7**	**8.9**	**8.6**	**8.7**
yoy	536%	153%	-7%	-24%	-3%	1%
SIXT Total	**43.4**	**53.9**	**59.5**	**62.9**	**69.9**	**76.9**
yoy	85%	24%	10%	6%	11%	10%

Source: Eurobank Equities Research

Taking all the above into account, we anticipate group revenue growth of c15% in 2024e and 8% in 2025-26e.

Sales by segment in €m



Source: Eurobank Equities Research, Company data.

In what follows, we lay out the key assumptions underpinning our model. In more detail:

1. Slight compression of gross profit margins due to price mix pressures

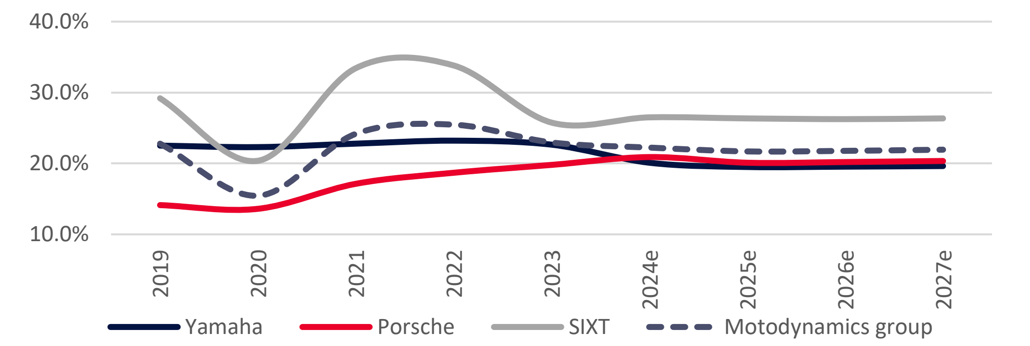
We incorporate a slight reduction in the gross profit margin to 22.2% in 2024e (down from 23% in our previous estimates and compared to 23% in 2023), reflecting ongoing price/mix pressures. We see a further decline to 21.7% in 2025e, with limited variation assumed in the outer years.

By segment, we model somewhat more intense margin compression at Yamaha due to increased competition from Chinese brands and shifts in the sales mix. Having in mind the Moto's strategic focus on expanding market share—particularly in subcategories such as scooters—we have input negative price/mix of 3-4% for two-wheel sales in 2024-2025, with the category's gross profit margins stabilizing at c20%.

For **Porsche**, we estimate a gross profit margin of 21% in 2024e (up from 19.8% in 2023), tapering to approximately 20% in 2025e before stabilizing at 20.5% by 2028e—a level we view as sustainable, supported by Greece's favourable economic outlook and increasing demand for luxury cars.

For Sixt, we project an increase in margins to 26.5% in 2024e (up from 25.8% in 2023), driven by a strong tourism year, with pricing pressures partially offset by higher fleet utilization and contributions from newly established locations. Looking ahead, we model little-changed margins.

Gross profit margin by segment

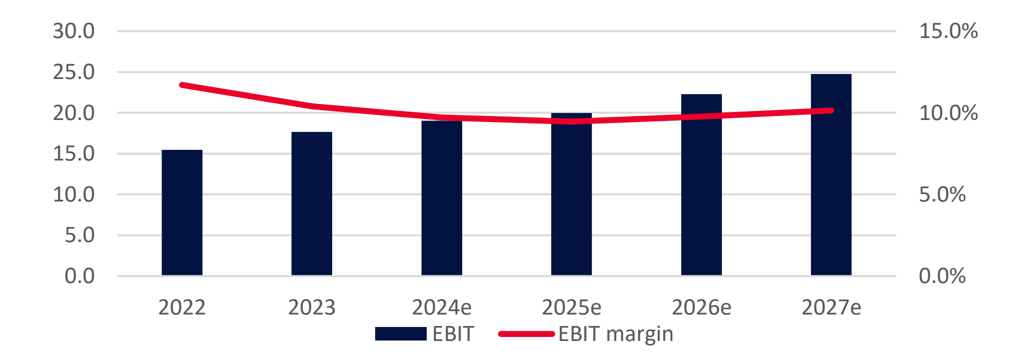


Source: Eurobank Equities Research, European Commission – Agriculture and rural development

2. Opex outlook

Moto's operating profitability has been reset materially in recent years, with EBIT increasing from just a few million in the pre-2019 period to over €15mn in 2022 and approximately €18mn in 2023. For 2024e, we project EBIT to reach €19.1mn (+8% yoy), though with a slight decline in margins due to higher payroll and marketing expenses. We model 5% growth in 2025e and strengthening momentum in the outer years as the pendulum of operating leverage remains positive.

Group EBIT % EBIT margin



Source: Eurobank Equities Research.

3. Capital expenditures / cash flows

Decrease in our estimates for fleet capex

Fleet capex reflects both the cost of replacing sold vehicles and investment in new vehicles. For 2024e, fleet capex looks set to exceed our initial estimates, as indicated by the H1'24 investments (€28m). However, this figure does not account for proceeds from fleet sales (used cars), which are planned for Q4 this year, bringing FY net capex down to around €24m (vs our forecast of €21.4m).

Looking ahead, considering the higher investment bill this year and the company's strategy for Sixt—focused on consolidating its presence in existing locations and enhancing operational efficiency—we now model slightly lower net fleet investments (€19m in 2025-26e), compared to our previous forecast (€22m).

In terms of overall cash flow generation, we expect FCF to stay mildly negative in 2024 given the ongoing investments but envisage a switch to positive FCF in 2025-26 and material inflection in 2027e.

4. Balance sheet

Despite its capex plan, Motodynamics maintains a healthy financial position, with a net debt/EBITDA ratio of 1.2x in 2024e (and 1.7x 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 2025e while fading towards 1x in 2027e on adjusted EBITDA and just 0.6x on reported EBITDA thanks to increasing positive free cash flow generation from 2025e.

5. Dividends

On the dividend front, we anticipate an unchanged DPS of €0.12/ share. Looking ahead we have assumed a similar payout, namely near 30%.

6. Summary of changes

Taking all these factors into account, we have trimmed our estimates for Motodynamics by c€2m at operating level, primarily reflecting price/mix pressures. We have also recalibrated our model incorporating lower capex for Sixt's fleet (2025-2027e) given the higher-than-expected investments in 2024e.

For FY'24, we have raised our top-line growth forecast by 5%, driven by higher volumes in both the Yamaha and Porsche segments, while factoring in only a modest uptick in growth from 2025e onward. However, price/mix pressures, the normalization of profit margins in used car sales, and higher operating costs have resulted in a c€2m reduction in our EBIT projections for 2025-26e. This flows through to a c€1.5m downgrade to our net profit estimates.

Motodynamics estimates

	New estimates			Previous estimates			% change		
EURm	**2024e**	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**
Revenues	**196.2**	**211.1**	**228.0**	**186.0**	**205.1**	**224.9**	**5%**	**3%**	**1%**
- of which Yamaha	87.8	93.4	97.7	80.4	85.4	89.0	9%	9%	10%
- of which Porsche	49.0	54.8	60.3	47.7	55.6	63.5	3%	-1%	-5%
- of which SIXT	47.7	54.0	61.3	49.7	56.7	65.7	-4%	-5%	-7%
- of which SIXT fleet sales	11.7	8.9	8.6	8.2	7.5	6.7	43%	19%	28%
EBIT	**19.1**	**20.0**	**22.3**	**19.6**	**22.1**	**24.3**	**-3%**	**-9%**	**-8%**
Net profit	**11.9**	**13.1**	**15.1**	**12.8**	**14.8**	**16.7**	**-7%**	**-11%**	**-9%**
Capex (incl vehicle purchases net)	**-23.7**	**-18.9**	**-19.3**	**-21.4**	**-21.8**	**-21.6**	**11%**	**-13%**	**-11%**

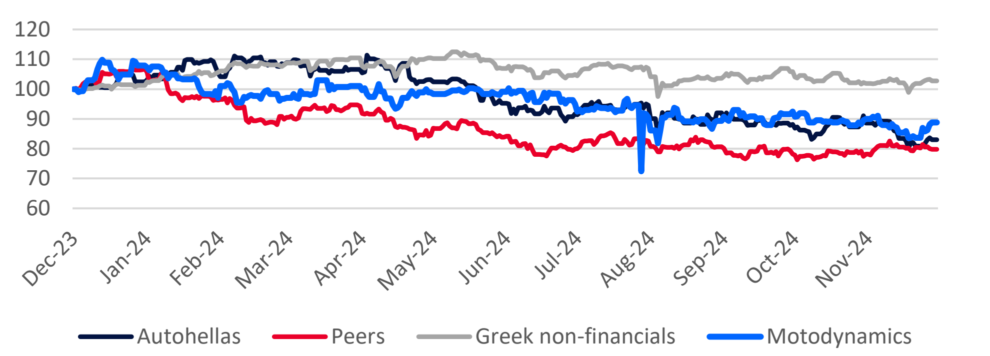
Source: Company, Eurobank Equities Research

Share price performance and valuation

A. Stock price performance

Motodynamics share price is down c20% YtD, a similar performance vs its peers. The sector has effectively come under pressure due to sign of somewhat intensifying competition in the mobility sector, as a result of the growing presence of Chinese brands benefiting from significantly lower production costs. The tighter policy conditions during the previous year have also weighed on the sector (given the significant investments and the associated rising financial expenses).

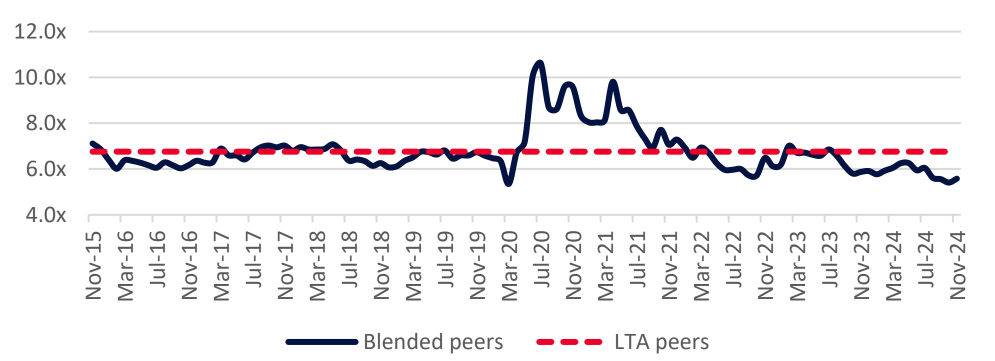
Total return (rebased to 100) vs International Peers, Greek non-financials, Autohellas



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, materially lower than its peers, indicative of the information gap created by the lack of coverage. The current valuation remains depressed, at <4x EV/EBITDA.

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.

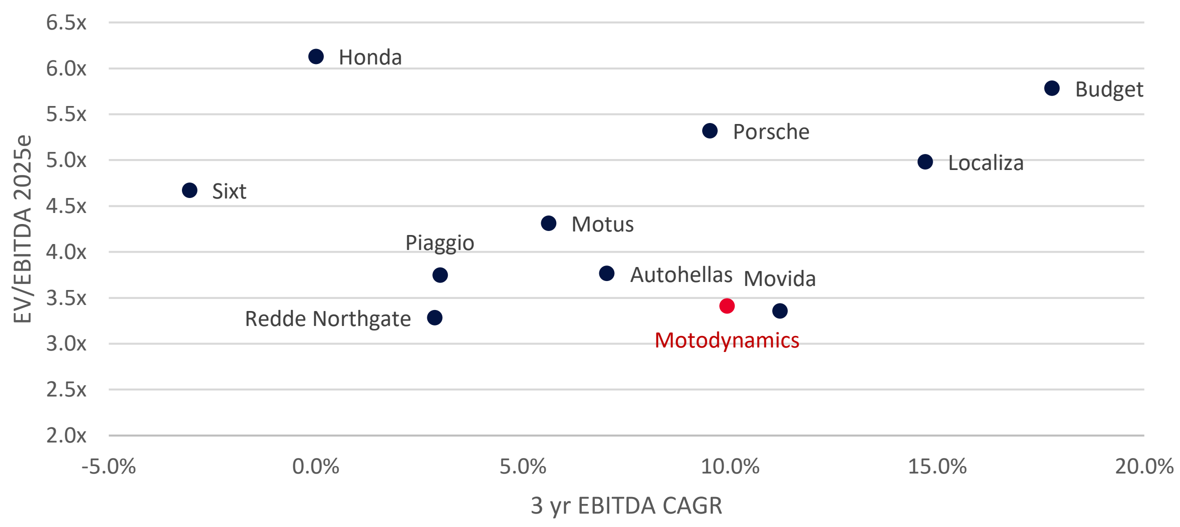
Peer group valuation

		PE		EV/EBITDA		Dividend yield		Net debt/EBITDA
Stock	**Mkt Cap**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Motodynamics	**79**	**6.0x**	**5.2x**	**3.4x**	**2.9x**	**5%**	**6%**	**1.1x**
AUTOHELLAS SA *	510	6.6x	6.1x	3.8x	3.6x	7%	7%	2.5x
HERTZ GLOBAL HLD	1,374	N/A	168.6x	21.0x	9.7x			42.1x
AVIS BUDGET GROU	3,549	10.0x	7.5x	8.5x	7.4x			4.4x
SIXT SE	2,949	9.7x	8.4x	4.7x	4.5x	6%	7%	2.5x
ZIGUP PLC	1,021	8.0x	7.2x	3.3x	3.2x	7%	7%	2.0x
UNITED INTERNATI	1,529	15.4x	13.4x	5.8x	5.4x	3%	3%	1.0x
MOVIDA PARTICIPA	291	4.8x	2.7x	3.4x	3.0x	7%	13%	3.3x
LOCALIZA	6,312	10.5x	7.8x	5.0x	4.5x	4%	5%	2.6x
MOTUS HOLDINGS L	1,154	6.1x	5.5x	4.3x	4.1x	6%	7%	1.4x
PIAGGIO & C. SPA	714	8.6x	7.7x	3.7x	3.6x	10%	11%	1.3x
HONDA MOTOR CO	43,815	5.7x	5.3x	6.1x	6.0x	6%	6%	2.0x
PORSCHE	54,405	11.7x	10.8x	5.3x	5.1x	4%	4%	0.2x
Median		**8.6x**	**7.6x**	**4.8x**	**4.5x**	**6%**	**7%**	**2.2x**
Premium / (Discount) vs peers		***-30%***	***-31%***	***-29%***	***-35%***			

Source: Eurobank Equities Research, Bloomberg, *consensus

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 (2024-27e). 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 – 2025e EV/EBITDA vs 3-year CAGR



Source: Eurobank Equities Research, Bloomberg.

B. Valuation

We have updated our model incorporating the aforementioned changes to our estimates, still using a DCF to capture the firm's cyclicality, medium-term/normalized earnings capacity and capital-intensive nature of the industry. Rolling our valuation forward to December 2025, we come up with a PT of €3.8/share, thus reiterating our Buy rating on the stock. Our PT places Motodynamics at c4.4x 2025e EV/EBITDA, still at discount vs the current valuation of the peer group.

Our DCF is predicated on the following assumptions:

- Sales CAGR of c10% 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 c9% over 2023-2027e, on the back of price mix/pressures and 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% 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	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**TV**
Cash NOPAT	15.0	16.7	18.6	20.5	20.6	20.8	20.9	21.0	22.0	
Depreciation	14.2	16.3	18.7	18.6	19.1	19.5	19.8	20.0	20.2	
Working Capital/other	0.7	(0.2)	(0.7)	(0.8)	(4.1)	(4.2)	(4.4)	(4.5)	(4.7)	
Capex	(20.9)	(21.3)	(22.9)	(23.5)	(23.3)	(23.0)	(22.7)	(22.2)	(21.7)	
Unlevered Free Cash Flow	**9.0**	**11.6**	**13.6**	**14.9**	**12.4**	**13.0**	**13.7**	**14.3**	**15.8**	**15.6**
Sum of PV of FCF	87.3									
PV of terminal value	70.8									
Enterprise Value	**158.1**									
- Net debt incl. claims (adj.)	(43.4)									
Equity value ex-div	**114.7**									
no. of shares	30.2									
Per share	3.8 €									
12-month fair value per share ex div	**3.8 €**									
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€3.4 and c€4.2 per share.

DCF Sensitivity of our calculated group fair value per share to the WACC and LT growth assumptions						
				WACC		
		11.2%	**10.7%**	**10.2%**	**9.7%**	**9.2%**
Terminal growth	**0.0%**	3.1 €	3.3 €	3.5 €	3.8 €	4.0 €
	0.5%	3.2 €	3.4 €	3.6 €	3.9 €	4.2 €
	1.0%	3.3 €	3.5 €	**3.8 €**	4.1 €	4.4 €
	1.5%	3.4 €	3.6 €	3.9 €	4.2 €	4.6 €
	2.0%	3.5 €	3.8 €	4.1 €	4.4 €	4.8 €
Source: Eurobank Equities Research.						

Group Financial Statements

EUR mn					
Group P&L	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Sales	**132.0**	**170.0**	**196.2**	**211.1**	**228.0**
Gross Profit	33.6	39.0	43.6	45.8	49.6
EBITDA	**24.9**	**29.1**	**31.9**	**34.2**	**38.6**
EBITDA margin	18.9%	17.1%	16.3%	16.2%	16.9%
Corporate EBITDA (ex-cars D&A)	**18.2**	**21.7**	**23.2**	**22.8**	**24.9**
EBIT	**15.5**	**17.7**	**19.1**	**20.0**	**22.3**
Net financials - income/(costs)	-1.2	-2.3	-3.2	-2.5	-2.2
Exceptionals	0.0	0.0	0.0	0.0	0.0
PBT	**14.2**	**15.3**	**15.9**	**17.5**	**20.1**
Income tax	-3.7	-3.8	-4.0	-4.4	-5.0
Net profit - reported	**9.2**	**11.8**	**11.9**	**13.1**	**15.1**
EPS (EUR)	**0.31**	**0.39**	**0.40**	**0.44**	**0.50**
DPS (EUR)	**0.09**	**0.12**	**0.12**	**0.13**	**0.15**
Group Cash Flow Statement	**2022**	**2023**	**2024e**	**2025e**	**2026e**
EBITDA	24.9	29.1	31.9	34.2	38.6
Changes in Working Capital (ex-fleet)	-6.2	-0.6	-6.1	0.7	-0.2
Net Interest	-1.5	-2.3	-3.2	-2.5	-2.2
Tax	-0.9	-1.7	-4.0	-4.4	-5.0
Other	-0.2	0.7	0.0	0.0	0.0
Operating Cash Flow	**16.2**	**25.2**	**18.7**	**28.0**	**31.2**
Capex (incl vehicle purchases net)	-21.3	-16.6	-23.7	-18.9	-19.3
Other investing (acquisitions/disposals)	-1.0	-10.4	-2.5	-2.0	-2.0
Net Investing Cash Flow	**-22.3**	**-26.9**	**-26.2**	**-20.9**	**-21.3**
Dividends paid	-1.2	-2.9	-3.6	-3.9	-4.4
Other	-1.6	0.3	5.8	0.2	0.2
Net Debt (cash), incl. leases	**26.6**	**32.8**	**39.5**	**37.4**	**33.1**
Free Cash Flow	**-7.5**	**-3.6**	**-8.9**	**5.7**	**8.5**
Group Balance Sheet	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Tangible Assets	46.8	55.7	68.7	77.2	83.7
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**	**80.8**	**88.8**	**94.9**
Inventories	14.4	22.6	30.5	30.6	31.2
Trade & Other receivables	11.3	10.6	13.6	15.6	18.0
Cash & Equivalents	6.4	2.5	4.9	5.3	5.9
Current Assets	**32.2**	**35.8**	**49.1**	**51.5**	**55.2**
Total Assets	**93.6**	**104.5**	**129.9**	**140.3**	**150.1**
Shareholder funds	28.8	33.4	44.9	54.2	64.8
Non-controlling interest	4.1	0.0	0.0	0.0	0.0
Total Equity	**32.9**	**33.4**	**44.9**	**54.2**	**64.8**
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	19.8	21.6	21.3
Trade Payables	16.7	24.8	29.0	31.4	33.9
Other current liabilities	10.3	10.2	10.8	11.2	11.6
Current Liabilities	**38.7**	**43.8**	**59.7**	**64.2**	**66.8**
Equity & Liabilities	**93.6**	**104.5**	**129.9**	**140.3**	**150.1**
Key Financial Ratios	**2022**	**2023**	**2024e**	**2025e**	**2026e**
P/E	6.8x	7.5x	6.6x	6.0x	5.2x
P/BV	1.9x	2.6x	1.8x	1.5x	1.2x
Adj. EV/EBITDA	3.7x	4.2x	3.7x	3.4x	2.9x
EBIT/Interest expense	12.6x	7.5x	6.0x	8.0x	10.1x
Net Debt (Cash)/EBITDA	1.1x	1.1x	1.2x	1.1x	0.9x
Dividend Yield	4.2%	4.0%	4.4%	4.9%	5.6%
ROE	37.5%	34.8%	30.5%	26.5%	25.4%
Free Cash Flow yield	-12.0%	4.7%	-11.2%	7.2%	10.8%
Payout Ratio	28.6%	30.7%	29.5%	29.5%	29.5%

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.

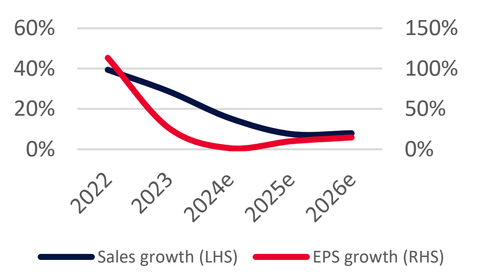
•**Industry structure:** The industries it operates in are quite competitive with lack of pricing power and limited barriers to entry (although there are clear scale/network benefits). In addition, the short-term rental segment is rather seasonal, thereby exposing companies to the risk of underutilization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

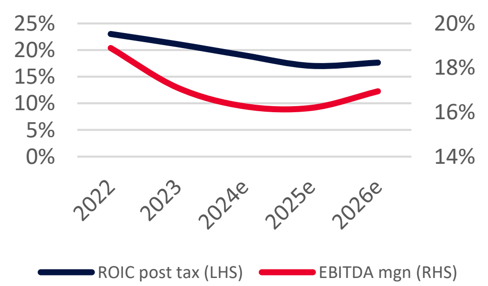
•**Technological disruption:** The fast pace and constant evolution of the industry and shared mobility transportation give rise to risks for the business model of car rental companies in the long run (e.g. car sharing, autonomous driving).

•**Sensitivity:** We estimate that a 1% change in utilization drives a 0.4% change in EBITDA.

Sales and EPS growth



Profitability and returns



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VAT No: 094543092, Reg. No. 003214701000

10 Filellinon Street
105 57 Athens, Greece

Telephone: +30 210-3720 000
Facsimile: +30 210-3720 001
Website: www.eurobankequities.gr
E-mail: research@eurobankequities.gr

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

Analyst Compensation:

The remuneration of Stamatios Draziotis, CFA and Christiana Armpounioti is not tied to the investment banking services performed by Eurobank Equities Investment Firm S.A. or any of its related legal persons.

Stamatios Draziotis, CFA and Christiana Armpounioti did not receive or purchase the shares of Motodynamics prior to a public offering of such shares.

Stamatios Draziotis, CFA and Christiana Armpounioti 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
03/12/2024	Buy	€ 2.63	€ 3.80
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 Oct 2024	
	Count	Total	Count	Total	Count	Total
Buy	25	69%	4	16%	11	46%
Hold	4	11%	1	25%	2	67%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	2	100%
Not Rated	5	14%	1	20%	2	40%
Total	**36**	**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