

Editor: Mario Dürst

**Week ahead by BLUE MOSAIC**

FY reporting momentum slows a little this week with 18 of our Swiss companies publishing FY results.

**Tuesday (09.03.2021)**

**BALOISE** should show a good operational non-life performance with a Combined Ratio of 91.2%. Good solvency and strong balance sheet reflected in valuation.

BLUEMOSAIC: BALN is +4% YTD and has been range bound in that CHF 150 – 165 range since mid-November. BALN is coming in towards the upper end of that range, however still not looking over-cooked rel to the broader SXIP. No SI to speak of.

**DUFREY** sales should be down -70.5% but focus will be on cost containment and the impact on EBIT.

BLUEMOSAIC: Having bounced +211% from the March lows and now trading close to its post Covid highs comments on profitability will be closely watched. With SI at 13% of the FF we could easily see some squeeze if they deliver above expectations. Implied 1day 6.4%

**GALENICA** sales should grow +3.5% but EBIT margin expected to contract by 10bps. Outlook is key.

BLUEMOSAIC: Been fairly range-bound in the CHF 58 – 61 range since mid-October and comes in at the bottom of that recent range, having come back with the broader sector. No SI to consider in this one so should trade on the outlook statement. Sell side neutral to bullish with 14.3% upside to avg PT

**HUBER & SUHNER** already announced order intake and sales in January and guided for EBIT margin at lower end of 8-10% range so outlook is key.

BLUEMOSAIC: HUBN has been range bound in a CHF 65 – 75 range since May and is firmly in the middle of that range coming in to the print. This is close to 2yr lows sector relative. With really no systematic signals to speak of, it should trade on fundamentals on the day.

**RIETER** has already pre-announced order intake and sales and guided for EBIT margin so no surprises expected. Outlook is key.

BLUEMOSAIC: RIEN is +56% since the end of October and coming in hot towards 12 month highs and a 14% outperformance vs SXNP. RSIs getting close to overbought levels both absolute and sector relative. The latest move leaves it with 4.3% downside to avg. PT. SI has been falling steadily from 5% in January to 2.2% today (% of FF). Implied 1day 4.6%

**VP BANK** provided preliminary information for the FY in January. Any decline in performance is down to non-recurring effects so look for comments on the capacity to raise the dividend.

BLUEMOSAIC: up 9% ytd and overbought absolute, it has been underperforming the Banks sector by 10% ytd and comes in at sector relative 1yr lows. Valuation towards 2yr lows this one is consensus buy with 9.8% upside to avg PT. No short interest.

**Wednesday 10.03.2021**

**GEBERIT** reported FY sales in mid-Jan with a decline of -3.1%. They also reported and EBITDA margin ahead of the guided range at 31%. Outlook therefore is key.

BLUEMOSAIC: trading flat ytd absolute but underperforming SXOP (Construction & Materials) by 7.6%

and trading at relative 1yr lows, RSI 33. With not many bulls out there it trades 4.5% above avg PT. SI as % of FF has nearly doubled over the last month (from a very low base) currently at 1.4% or 5dct. Implied 1day 2.7%.

**MEDARTIS** should have staged a significant recovery following a sales decline of c12.5% in H1. Pent up demand could push organic growth to +7% but outlook will be key as the environment is far from normalising.

**BLUEMOSAIC**: up 14% ytd it has outperformed the SXDP by 11% now trading at relative 1yr highs. A bullish consensus sees 5.7% upside to avg PT. SI at 2.7% of FF is at 1yr lows but still 14.5 days to cover.

**ORIOR** guided for sales at the upper end of CHF585m to CHF595m range as well as an EBITDA margin at the upper end of 8.6% to 8.8%. We expect them to achieve that. Outperform.

**BLUEMOSAIC**: ORON continued it's rangebound sideways path it has been on since Nov last year, still hovering towards the 5yr relative lows vs. SX3P. Sell side overall pretty neutral on the name with 10.4% upside to avg. PT, not surprising given the valuation at the higher end of its historical range. SI still elevated on a 1yr view at 1.7% of FF or 9.2 days to cover.

#### **Thursday (11.03.2021)**

**ASCOM** – We know the key figures after preliminaries on 27<sup>th</sup> Jan, with only PAT still to learn (ZKBe: 6.4mn, following the 0.3mn loss at the H120 mark). The focus will be on outlook, and how the order book is looking after recently hitting all-time high levels. Currently we are at an optimistic 5.7% revenue growth figure for FY21, with 10.8% EBITDA margins. We have a BUY on Ascom.

**BLUEMOSAIC**: up 8% absolute and sector relative. This one is a consensus buy with 13.8% upside to avg PT, no short interest.

**TX GROUP** has felt the ill effects of a reeling advertising market in Switzerland, but we expect some stabilisation to -12.7% in 21H after -18% in 1H20. A write-down to the main business of CHF 85mn will have left both EBIT and PAT deep in the red, but adjusted for this we est an EBIT of CHF 56mn. We see a fairly slow and painful recovery for this name, SELL.

**BLUEMOSAIC**: Illiquid/no view

#### **Friday (12.03.2021)**

**BACHEM** achieved a record high 36% organic growth in 1H20, and we expect a still impressive 21% for the second half (reported 16.3% due to fx drag). Also of interest will be comments about progress on the oligonucleotide biz, where the co targets 100mn of sales within 3 years. We are at EBITDA margins of 29.5% for the year, so a little shy of the co's 30% target, but still 1.7% better vs 2019.

**BLUEMOSAIC**: Stock -18.7% ytd and from its peak in January, now in oversold RSIs territory. 200day MA where stock found support back in March will now act as a resistance on the upside. Consensus heavily skewed to Hold, with PT average standing 5% higher. SI middle of 1yr range at 1.5% of FF and 7 days to cover. Vol shifted about 10 points higher across the strikes. Implied 1day 7.1%!

**FLUGHAFEN ZURICH'S** release will reflect the clear challenges it has faced as passenger numbers declined by 74% in 2020. We have 2H20 sales -48% in our model but expect a clearly positive EBITDA (162mn) and a -ve PAT (-98mn). With the share-price only marginally below the pre-COVID levels it feels like the market is discounting a virtually completely smooth recovery to the business from here.

**BLUEMOSAIC**: Stock up 3.5% ytd, with a balanced consensus and an average PT showing 6% return from here. Supported by its 100day MA on two occasions since January while open gap at CHF 167 remains the immediate resistance. Short interest close to 1yr highs at 9% of FF or 21.5 !!! days to cover. Implied 1day 3.9%

**U-BLOX** withdrew guidance earlier in the year, and we expect sales to decline -12% YoY (of which 5% is -ve fx effect). FY20 EBIT will be c. -CHF 60mn, with most of that negative figure explained by the weak H1, impacted by a hefty development cost write-down. The company should be confident enough to issue guidance for FY21, where we expect 10% sales organic growth, with EBIT margins in 4-5% range, aided by an ongoing cost savings programme.

**BLUEMOSAIC**: Strong performance within the sector, up nearly 17% ytd but retraced its January peaks by 15%. Conjunction of 100- and 200-day MA should be supportive. Consensus hold in majority with an average PT sitting 4% lower. Short interest at high 9% of FF or 15 days to cover. Implied 1day 8.8%.

**\*\*\*\* Disclaimer:** This document is intended for institutional and professional investors only. It may not be reproduced, redistributed or published and it is not intended for persons who, due to their nationality, place of residence or domicile, are not permitted access to such information under applicable law. Zürcher Kantonalbank does not make any representation as to the accuracy or completeness of any information contained herein and assumes no liability for any losses arising from the use hereof. It does not constitute an offer or personal recommendation for the purchase, holding or sale of financial instruments. This document has been produced by ZKB Equity Sales for marketing purposes and is not to be considered independent research subject to and produced in accordance with the rules of the “Directives on the Independence of Financial Research” by the Swiss Bankers Association.

This document and the information contained in it must not be distributed or redistributed to, used or relied upon by, any person (whether individual or entity) who may be a US person under Regulation S under the US Securities Act of 1933. «US persons» include any US resident; any corporation, company, partnership or other entity organized under the any law of the United States; and other categories set out in Regulation S. \*\*\*\*