

Aerospace & Defence

Commentary

Czech Republic

Colt CZ Group SE

Reduced stake in Vista Outdoor

Buy

Price 13.03.24	CZK 618
12m target	CZK 921
Upside to TP	49.0%
Dividend	CZK 31
Total return	54.0%

Sector stance
Overweight

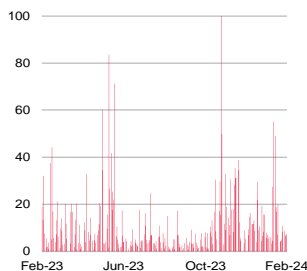
Investment type
Growth story

1 year performance



Source: Bloomberg

Trading volume (in ths of shares)



Source: Bloomberg

Share data

RIC CZG.PR	Bloom CZG CP
52-week range	518 - 625
Market cap. (CZKb)	21.8
Market cap. (EURb)	0.9
Free float (%)	19
Performance (%) 1m	3m 12m
Share	1.6 18.1 6.2
Rel. to PX Index	1.6 12.2 -2.9

Source: Bloomberg

The latest analysis and report:

https://bit.ly/Colt_analysis_Feb24_EN
https://bit.ly/Colt_swissAA_EN
https://bit.ly/Colt_2Q23_EN
https://bit.ly/Colt_3Q23_EN
https://bit.ly/Colt_perrollamSB_EN

Colt CZ Group SE has reported in a regulatory filing with the U.S. Securities and Exchange Commission (SEC) that Colt, together with other reporting persons, have **reduced their stake in the share capital and voting rights of Vista Outdoor Inc.** below 5 %. The other reporting persons are René Holeček, majority owner of Colt CZ, and Jan Drahota, CEO of Colt CZ. Colt CZ Group SE now controls 1.9%, or 1,131,081 shares of Vista.

Colt alone held 2.7% and, **together with other reporting persons, 5.7% of Vista shares.** We believe that the **increase to this level was related to the proposed merger of Colt CZ and Vista. However, as this transaction seems unlikely, the Vista shareholding has now decreased.** The offer to Vista shareholders was made in November 2023. The total announced sale of Vista shares could be worth approximately CZK1.5bn. (Colt's market capitalization is CZK21.9bn.)

Vista had already agreed to sell off its ammunition business, which was probably Colt's largest interest. Colt's subsequent acquisition of another small caliber ammunition manufacturer, Sellier & Bellot, is already in place. For these reasons, **we didn't give the deal much of a chance.** Therefore, today's news of Colt's reduced stake in Vista should come as no surprise to the market.



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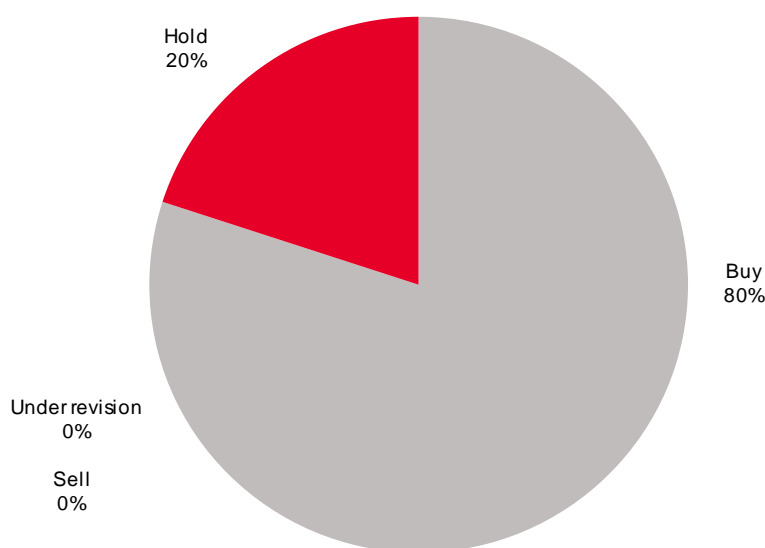
The recommendation in this document and/or the document itself was not disclosed to the issuer before its dissemination.

This recommendation is not updated at regular intervals. The date of the next update has not yet been determined and finally will be influenced by relevant changes of the facts used as the ground for this recommendation to reflect proper development in the industry and/or the analyzed company.

The main methods KB is using for setting target price for stocks are discounted free cash flow analysis and sector comparison. Other methods may also be used if deemed appropriate by the analyst (e.g. sum of parts valuation, discounted dividend valuation, discount / premium to NAV). Target price is set for the time period of 12 months. KB is using three grades of investment recommendation: buy, hold and sell. The recommendation is set for the time period of the next 3-6 months. The most important factor for setting the recommendation is the difference between actual market price and target price calculated by KB equity research. The recommendation also reflects other factors the analyst expects to influence the stock and market in the time period of 3-6 months after its publication. The target price substantially above current price does not automatically mean a buy recommendation for the 3-6 months following the first period of 3-6 months since publication of the recommendation. Valuation methods and factors key for setting the recommendation are explained in the text of each analysis.

The chart below shows the structure of grades of valid investment recommendations of equity research of KB Economic & Strategy Research (8 recommendations).

Investment recommendations of KB equity research



Source: Economic & Strategy Research, Komerční banka

KB Equity Research ratings on a 12 month period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Overview of recommendations published by KB and relationships with particular issuers

	CEZ	Colt CZ Group SE	Kofola	MONETA Money Bank	Philip Morris CR	Avast	O2 CR
Overview of last investment research and recommendations related to stocks of particular issuers							
Recommendation	Buy	Buy	Buy	Buy	Hold	End	End
Target price	CZK1,034	CZK921	CZK313	CZK102.8	CZK18,349	of coverage	of coverage
Date	07.09.2023	09.02.2024	29.05.2023	19.10.2023	03.03.2023	07.09.2022	25.02.2022
Price on the day of the publication	CZK923	CZK574	CZK244	CZK84	CZK17,200	CZK205.1	CZK270
Investment horizon	12 months	12 months	12 months	12 months	12 months		
Author	B. Trampota	B. Trampota	B. Trampota	B. Trampota	B. Trampota		
Overview of investment researches and recommendations for last 12M (quarterly)							
Recommendation	Buy	Buy	Buy	Buy	Buy	Buy	Buy
Target Price	CZK1,393	CZK652	CZK381	CZK104.6	CZK18,183	GBp600	CZK362
Date	07.06.2022	16.12.2022	12.05.2022	05.09.2022	11.02.2022	11.02.2021	26.03.2021
Recommendation	In revision	Buy	In revision	Buy	Buy	Buy	Buy
Target Price	In revision	CZK645	In revision	CZK109.7	CZK16,512	GBp466	CZK293
Date	10.05.2022	17.01.2022	15.02.2022	31.08.2021	20.11.2020	30.08.2019	08.01.2020
Recommendation	Buy	In revision	Buy	In revision	Buy	In revision	Buy
Target Price	CZK905	In revision	CZK367	In revision	CZK18,308	In revision	CZK298
Date	10.12.2021	31.03.2021	12.01.2021	07.05.2021	03.12.2018	14.08.2019	12.12.2018
Recommendation	Buy	Buy	In revision	Buy	Buy	Buy	Hold
Target Price	CZK621	CZK357	In revision	CZK97	CZK17,546	GBp342	CZK270
Date	23.07.2020	27.11.2020	26.11.2020	29.10.2019	22.08.2017	15.06.2018	18.08.2017
Valuation methods	DFCF	DFCF	DFCF	DFCF DDM ERM	DDM	DFCF	DFCF DDM
Frequency of rec. (per year)	once	once	once	once	once	once	once
Direct or indirect share (5% or more) of the issuer of the registered capital of KB	no	no	no	no	no	no	no
Other significant financial interest of KB and/or its linked persons in the issuer	no	no	no	no	no	no	no
KB direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Author's direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Signific. fin. interest in the issuer of the persons partic. in elaboration of inv. research and rec.	no	no	no	no	no	no	no
Relationships of Komerční banka with particular issuers							
KB Management or co- management of public offerings in the past 12 month	no	yes	no	no	no	no	no
Agreements or contractual relations for providing investment services with the issuer	KB can have concluded agreements with the issuer for providing investment services. This information is protected by bank secret and could not be disclosed.						
Agreement with the issuer on production and dissemination of the research	no	no	no	no	no	no	no
KB market making for common stocks of the issuer	no	no	no	no	no	no	no

Note: DFCF – Discounted free cash flow model, DDM – Discounted dividend model, ERM – Excess return model

Source: Economic & Strategy Research, Komerční banka