

CENIT AG*5a,6a,7,11

Rating: BUY

Target price: €20.55
(previously: €20.55)

Current share price: 12.40
14/05/2024 / XETRA /
10:27 am

Currency: EUR

Key data:

ISIN: DE0005407100
WKN: 540710
Ticker symbol: CSH

Number of shares³: 8,368
Market cap³: 103.76
Enterprise value³: 110.61
³in million / in EUR million

Free float: 54.6%

Transparency level:
Prime Standard

Market segment:
Regulated market

Accounting:
IFRS

Financial year: 31.12.

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* catalogue of potential conflicts of interest on page 4

Date (time) of completion:
15/05/24 (12:24 pm)

Date (time) first distribution:
15/05/24 (2:00 pm)

Target price valid until:
max. 31/12/2024

Company Profile

Sector: software

Specialty: consulting and software specialist

Employees: 918 (31.03.2024)

Foundation: 1998

Head office: Stuttgart

Board of Directors: Peter Schneck, Axel Otto



For over 33 years, CENIT has been successfully active as a leading consulting and software specialist for the optimisation of business processes in the fields of Digital Factory, Product Lifecycle Management (PLM), SAP PLM, Enterprise Information Management (EIM) and Application Management Services (AMS). Standard solutions from strategic partners such as DASSAULT SYSTEMES, SAP and IBM are supplemented by CENIT's own established software developments. These include the FASTSUITE product family for software solutions in the digital factory sector, cenitCONNECT for processes around SAP PLM, cenitSPIN as a powerful PLM desktop, CENIT ECLISO for efficient information management and ECM Systemmonitor for monitoring IBM ECM applications. The company is represented worldwide at 26 locations in nine countries with over 890 employees. They work for customers in the automotive, aerospace, mechanical engineering, tool and mould making, financial services, trade and consumer goods sectors, among others.

P&L in EUR million \ FY-end	31.12.2023	31.12.2024e	31.12.2025e	31.12.2026e
Revenues	184.72	200.42	216.45	233.77
EBITDA	16.41	19.60	22.57	25.36
EBIT	9.22	12.01	15.17	18.06
Net profit	4.50	5.99	8.13	10.20

Key figures in EUR				
Earnings per share	0.54	0.72	0.97	1.22
Dividend per share	0.04	0.10	0.25	0.30

Key figures				
EV/revenue	0.60	0.55	0.51	0.47
EV/EBITDA	6.74	5.64	4.90	4.36
EV/EBIT	12.00	9.21	7.29	6.12
P/E-ratio	23.08	17.32	12.76	10.18
Book-value per share	2.31			

Financial dates
06.06.2024: General meeting
01.08.2024: Half-year report
02-03.09.24: Equity Forum Frankfurt
11.09.2024: GBC ZKK
05.11.2024: Q3 figures
25.-27.11.24: Equity Forum

*last research published by GBC:
Date: Publication / Target Price in EUR / Rating
11.04.2024: RS / 20.55 / BUY
16.01.2024: RS / 20.90 / BUY
03.11.2023: RS / 20.90 / BUY
03.08.2023: RS / 21.00 / BUY
** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D-86150 Augsburg

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "I. Research under MiFID II"

Q1 2024: Strong start to the current financial year; forecast confirmed; price target and rating confirmed

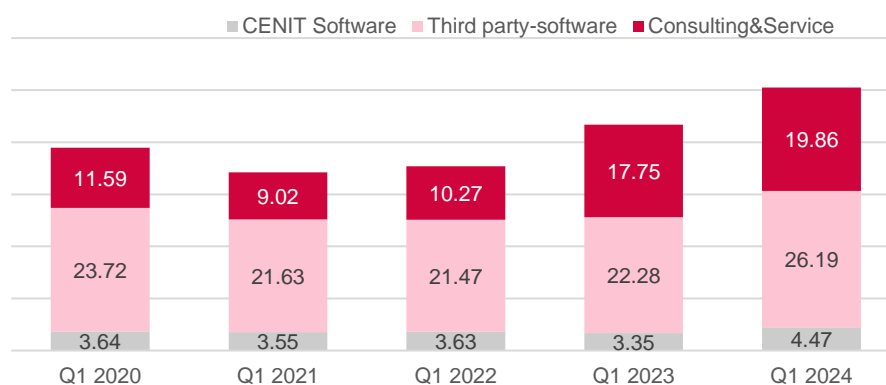
in € m	Q1 2021	Q1 2022	Q1 2023	Q1 2024
Sales revenue	34.21	35.40	43.42	50.55
of which proprietary software	3.55	3.63	3.35	4.47
of which third-party software	21.63	21.47	22.28	26.19
of which consulting/services	9.02	10.27	17.75	19.86
EBIT (EBIT-margin)	-0.52 (-1.5%)	-0.39 (-1.1%)	0.01 (0.0%)	1.24 (2.4%)
Net income*	-0.51	-0.60	-0.07	0.03

Sources: CENIT AG; GBC AG; *after minorities

Sales and earnings development Q1 2024

CENIT AG has made a good start to the current fiscal year. With sales of € 50.55 million (previous year: € 43.42 million), the previous year's figure was significantly exceeded by 16.4%. Even though inorganic effects contributed to this increase, we assume that a significant part of the sales growth is also of organic origin. The companies acquired in the past financial year 2023 (mip, PI, ABC and CCE) were not yet or only partially included in the first quarter of the previous year. According to our calculations, the inorganic effect should amount to around € 4.0 million. Adjusted, CENIT AG thus achieved organic sales growth of € 3.13 million or 7.2%. For the second time in a row, a new sales record was achieved on the basis of the first quarter.

Sales broken down by sales type (in € million)



Sources: CENIT AG; GBC AG

All three types of sales contributed to the successful start to the year. Sales of proprietary software grew particularly strongly, increasing by 33.5% to € 4.47 million (previous year: € 3.35 million). Here, the company benefited from a strong increase in licence sales after the SaaS trend had led to a levelling off of sales momentum in previous periods. However, the basis of recurring sales also increased to € 3.31 million (previous year: € 2.99 million).

At the same time, CENIT AG also recorded a dynamic increase in third-party software sales (mainly software from Dassault Systèmes and SAP) of 17.6% to € 26.19 million (previous year: € 22.28 million). This was partly due to a high-volume order from the defence sector (3DS).

The inorganic effect is particularly evident in the general increase in consulting revenue, which has more than doubled within four financial years on the basis of the first quarter.

ISR, which was acquired in the 2022 financial year and primarily contributes consulting revenue in the EIM segment, is particularly responsible for this. Compared to the previous year, consulting sales increased again by 11.9% to € 19.86 million (previous year: € 17.75 million).

Based on the significant increase in sales, CENIT AG also reported a significant improvement in EBIT to € 0.69 million (previous year: € 0.01 million), which corresponds to an EBIT margin of 2.4% (previous year: 0.0%). CENIT AG generated earnings after taxes of € 0.03 million (previous year: € -0.07 million) despite a significant increase in financial expenses.

Particularly noteworthy is the strong increase in operating cash flow to € 12.54 million (previous year: € 8.69 million), which contributed to an increase in total cash flow to € 9.32 million (previous year: € 4.72 million). In addition to the increase in operating earnings, the operating cash flow benefited from a significant decrease in working capital, primarily due to a sharp rise in contract liabilities. This includes payments received for services still to be rendered in the course of the financial year. Cash flow should therefore "normalise" again over the course of the year.

Forecasts and evaluation

in € m	FY 2023	FY 2024e	FY 2025e	FY 2026e
Sales revenue	184.72	200.42	216.45	233.77
EBIT (EBIT-margin)	9.22 (5.0%)	12.01 (6.0%)	15.17 (7.0%)	18.06 (7.7%)
Net profit	4.86	5.99	8.13	10.20

Source: GBC AG

As expected, CENIT's management has confirmed its guidance with the publication of the Q1 figures. Sales of € 195 to € 202 million and EBIT of € 11.7 to € 12.2 million are still expected. In terms of sales, the first quarter is fully in line with the guidance with sales of € 50.55 million. However, the generally higher contribution to sales in the second half of the year must be taken into account here, meaning that the confirmed guidance can be categorised as conservative. The distribution of earnings also follows the seasonal distribution of sales, meaning that EBIT is expected to rise in the following quarters, particularly towards the end of the year. In this respect, Q1 EBIT is still of little significance for the development of the year as a whole.

In view of the fact that Q1 was in line with expectations and the confirmed guidance, we are sticking to our forecasts. As before, our estimates do not include any inorganic effects, which nevertheless remain an integral part of our corporate planning. In order to achieve the "CENIT 2025" plan, we anticipate two to three acquisitions per year, which should contribute around € 40 to € 50 million to sales. By the beginning of 2025, the annual sales level should thus be increased to between € 240 million and € 250 million. The company has cash and cash equivalents totalling € 33.62 million and therefore sufficient financial scope to implement its inorganic growth strategy.

In light of our unchanged forecasts and the unchanged valuation model, we are leaving our price target unchanged at € 20.55. The rating remains BUY.

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
2. The research report is simultaneously made available to all interested investment services companies.

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The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$.
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The analysts responsible for this analysis are:

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Other person involved in this study:

Jörg Grunwald, Board of Directors

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