

123fahrschule SE

Technology - Germany



Buy (old: Buy)

22.10.2024

EUR 7.20 (old: EUR 7.20)

Legislation changes to fuel further growth

Yesterday, we held a **digital roundtable with 123fahrschule**, where CEO Boris Polenske outlined the implications of the recently announced amendments to the learner driver training in Germany. To remind you, last week, Germany's Federal Ministry of Transport (BMDV) held an information event, where it provided comprehensive insights into the amendment of the learner driver training. The main highlights were the **re-introduction of online theory** as well as the **use of driving simulators for up to 10 lessons**. The changes are expected to come into effect in Q1'26e and are seen to significantly change and improve driving school training going forward. **In detail:**

Online Theory. Starting 2026, driving schools will be allowed to re-introduce online lectures, comprising up to 6 of the total 14 lectures. While this should save the time resources of driving instructors and hence increase efficiency, it will also have positive impacts on students. In fact, 123f plans to introduce two one-day seminars, comprising 8 lectures in presence in central locations. Afterwards, the theoretical training moves on to online courses, which will take place daily except for Sundays, offering students increased flexibility. Moreover, as students will have to attend only 2 days in presence, we expect an increased willingness to travel also longer distances of up to 30 minutes, thus increasing 123's catchment area. In our view, this should enable 123f to significantly increase local market share.

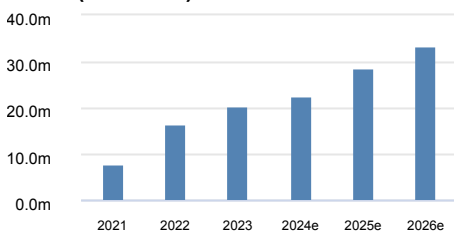
Driving simulators. The BMDV also announced that driving simulators will be a part of the education going forward, as learner drivers will be allowed to complete their manual gearbox training on the simulator. This has several positive implications for 123f. (1) From 2026, 123f will no longer need switchgear vehicles, which alone should result in an annual EBIT effect of € 0.4m. (2) It compensates for the shortage of driving instructors. (3) As 30% of the practical training gets shifted to the simulator, driving instructors are able to drive more lessons per student and week. (4) Given the comparably low costs of operating a simulator, 123f will be able to achieve similar contribution margins while offering its product at a lower price than the competition, which should increase the market share of the company further, as smaller, local peers will not be able to equip their branches with simulators due to cost and space issues.

Overall, the information provided by the BMDV fully underpins our expectations and should further **boost 123f's top-line growth as well as margin expansion going forward**. In light of the tailwinds, 123f remains a **BUY with an unchanged PT of € 7.20** based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	7.8	16.7	20.6	22.7	28.5	33.4
Sales growth	81.8%	114.8%	23.7%	10.3%	25.5%	16.9%
EBITDA	-3.8	-2.7	-0.9	0.4	2.5	4.1
Net debt (if net cash=0)	-2.5	1.8	1.7	1.2	-0.2	-2.7
FCF	-9.1	-8.3	-3.5	0.5	1.3	2.5
Net Debt/EBITDA	0.0	-0.7	-1.9	3.2	0.0	0.0
EPS pro forma	-1.85	-1.40	-0.79	-0.36	-0.10	0.10
EBITDA margin	-48.9%	-16.0%	-4.3%	1.6%	8.7%	12.2%
ROCE	-43.7%	-31.1%	-22.2%	-12.5%	-3.3%	3.8%
EV/sales	0.6	0.7	0.8	0.8	0.6	0.4
EV/EBITDA	-1.3	-4.4	-19.5	48.3	6.4	3.3
PER	-1.7	-2.3	-4.1	-8.8	-30.6	31.0
Adjusted FCF yield	-41.7%	-10.8%	-6.0%	0.3%	9.2%	18.6%

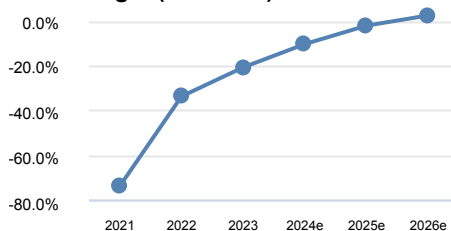
Source: Company data, NuWays, Close price as of 18.10.2024

Sales (2021-26e)



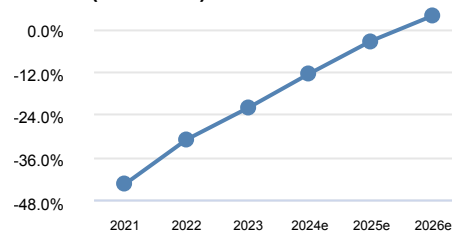
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

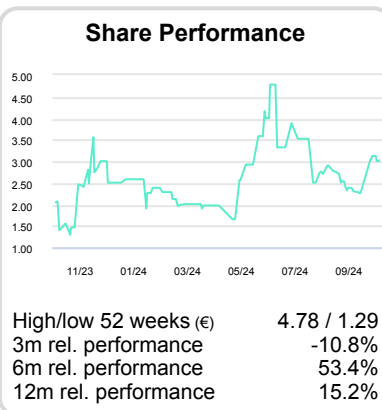
ROCE (2021-26e)



Source: NuWays Research

Company description

With more than 60 locations, 123fahrschule is the largest player in the German driving school industry. With its proprietary software suite, the company is disrupting a largely analogue industry by offering students a superior experience.



Market data

Share price (in €)	3.02
Market cap (in € m)	16.2
Number of shares (in m pcs)	5.1
Enterprise value (in € m)	17.4
Ø trading volume (6 months)	950

Identifier

Bloomberg	123F GR
Reuters	123F.DE
WKN	A2P4HL
ISIN	DE000A2P4HL9

Key shareholders

venturecapital.de	13.8%
Delphi	12.8%
Media Ventures	7.1%
KlickVentures	7.0%
BLSW	5.6%
Free Float	53.7%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

- EBITDA: clearly positive

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	7.8	16.7	20.6	22.7	28.5	33.4
<i>Sales growth</i>	81.8%	114.8%	23.7%	10.3%	25.5%	16.9%
Increase/decrease in finished goods and work-in-process	0.0	0.1	0.3	0.2	0.2	0.3
Total sales	7.8	16.8	20.9	22.9	28.8	33.7
Other operating income	0.3	1.1	0.9	1.0	0.3	0.3
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	6.2	12.1	13.7	14.2	16.5	19.1
Other operating expenses	5.6	8.4	9.0	9.3	10.0	10.8
Total operating expenses	11.6	19.5	21.8	22.6	26.3	29.6
EBITDA	-3.8	-2.7	-0.9	0.4	2.5	4.1
Depreciation	0.1	0.0	1.8	0.9	0.9	0.9
EBITA	-3.9	-2.7	-2.7	-0.5	1.6	3.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.8	3.0	1.6	1.9	2.2	2.4
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-5.7	-5.6	-4.3	-2.4	-0.6	0.8
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.1	0.1	0.1
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1
Recurring pretax income from continuing operations	-5.7	-5.6	-4.4	-2.5	-0.7	0.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-5.7	-5.6	-4.4	-2.5	-0.7	0.7
Income tax expense	-1.3	-1.4	-0.5	-0.6	-0.2	0.2
Net income from continuing operations	-4.5	-4.4	-3.8	-1.8	-0.5	0.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-4.5	-4.4	-3.9	-1.8	-0.5	0.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-4.5	-4.4	-3.9	-1.8	-0.5	0.5
Average number of shares	2.4	3.1	4.9	5.1	5.1	5.1
EPS reported	-1.85	-1.40	-0.80	-0.36	-0.10	0.10

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	81.8%	114.8%	23.7%	10.3%	25.5%	16.9%
Increase/decrease in finished goods and work-in-process	0.0%	0.9%	1.4%	0.9%	0.9%	0.9%
Total sales	100.0%	100.9%	101.4%	100.9%	100.9%	100.9%
Other operating income	4.4%	6.5%	4.3%	4.3%	1.0%	1.0%
Material expenses	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Personnel expenses	80.5%	72.8%	66.3%	62.6%	58.0%	57.2%
Other operating expenses	72.7%	50.4%	43.8%	41.0%	35.2%	32.4%
Total operating expenses	148.9%	116.9%	105.7%	99.3%	92.1%	88.6%
EBITDA	-48.9%	-16.0%	-4.3%	1.6%	8.7%	12.2%
Depreciation	1.9%	0.0%	8.8%	3.8%	3.1%	2.7%
EBITA	-50.7%	-16.0%	-13.1%	-2.2%	5.6%	9.5%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	23.2%	17.8%	7.8%	8.3%	7.9%	7.2%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-73.9%	-33.8%	-20.9%	-10.5%	-2.2%	2.3%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.1%	0.0%	0.2%	0.3%	0.3%	0.2%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-74.1%	-33.9%	-21.1%	-10.8%	-2.5%	2.1%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-74.1%	-33.9%	-21.1%	-10.8%	-2.5%	2.1%
Tax rate	22.5%	24.0%	12.0%	25.0%	25.0%	25.0%
Net income from continuing operations	-57.8%	-26.1%	-18.6%	-8.1%	-1.9%	1.6%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-57.8%	-26.1%	-19.0%	-8.1%	-1.9%	1.6%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-57.8%	-26.1%	-19.0%	-8.1%	-1.9%	1.6%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	9.2	10.9	11.3	10.6	9.7	9.0
Property, plant and equipment	1.5	4.5	4.3	4.4	4.5	4.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	10.8	15.4	15.6	14.9	14.2	13.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.5	3.5	3.0	3.1	3.5	3.7
Other assets and short-term financial assets	1.8	2.3	3.0	3.0	3.0	3.0
Liquid assets	3.2	0.3	0.7	1.3	2.6	5.1
Deferred taxes	1.6	3.0	3.5	3.5	3.5	3.5
Deferred charges and prepaid expenses	0.0	0.2	0.4	0.4	0.4	0.4
CURRENT ASSETS	7.1	9.4	10.7	11.4	13.1	15.8
TOTAL ASSETS	17.9	24.8	26.3	26.3	27.3	29.3

SHAREHOLDERS EQUITY	15.8	16.8	16.4	15.7	16.2	17.9
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities to banks	0.0	2.2	2.4	2.4	2.4	2.4
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.6	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.3	0.4	0.5	0.6	0.8	0.9
NON-CURRENT LIABILITIES	0.9	2.6	2.9	3.0	3.2	3.3
Short-term liabilities to banks	0.1	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.1	1.1	0.6	1.2	1.6	1.8
Advance payments received on orders	1.0	1.3	2.1	2.1	2.1	2.1
Accrued taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	2.0	3.3	3.3	3.3	3.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.9	0.8	0.8	0.8	0.8
CURRENT LIABILITIES	1.2	5.3	7.0	7.6	7.9	8.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	17.9	24.8	26.3	26.3	27.3	29.3

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	51.5%	44.1%	43.0%	40.2%	35.7%	30.7%
Property, plant and equipment	8.6%	18.0%	16.4%	16.6%	16.4%	15.5%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	60.2%	62.1%	59.3%	56.8%	52.0%	46.3%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	3.0%	14.3%	11.4%	11.9%	12.9%	12.5%
Other assets and short-term financial assets	9.8%	9.5%	11.4%	11.5%	11.0%	10.3%
Liquid assets	17.7%	1.4%	2.8%	4.9%	9.6%	17.5%
Deferred taxes	9.1%	12.1%	13.4%	13.4%	12.9%	12.0%
Deferred charges and prepaid expenses	0.2%	0.7%	1.6%	1.6%	1.6%	1.5%
CURRENT ASSETS	39.8%	37.9%	40.7%	43.2%	48.0%	53.7%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	88.2%	68.0%	62.4%	59.6%	59.4%	60.9%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.0%	8.7%	9.3%	9.3%	8.9%	8.3%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	1.7%	1.8%	1.8%	2.3%	2.8%	3.0%
NON-CURRENT LIABILITIES	5.1%	10.5%	11.1%	11.6%	11.7%	11.3%
Short-term liabilities to banks	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.8%	4.5%	2.5%	4.7%	5.7%	6.2%
Advance payments received on orders	5.5%	5.2%	8.0%	8.1%	7.7%	7.2%
Accrued taxes	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Other liabilities (incl. from lease and rental contracts)	0.0%	8.0%	12.7%	12.7%	12.2%	11.4%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.0%	3.6%	3.2%	3.2%	3.1%	2.9%
CURRENT LIABILITIES	6.7%	21.5%	26.5%	28.8%	28.9%	27.8%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-4.5	-4.4	-3.9	-1.8	-0.5	0.5
Depreciation of fixed assets (incl. leases)	0.1	0.0	1.8	0.9	0.9	0.9
Amortisation of goodwill & intangible assets	1.8	3.0	1.6	1.9	2.2	2.4
Other costs affecting income / expenses	-1.3	-1.4	-0.3	0.0	0.0	0.0
Cash flow from operating activities	-7.0	-2.8	-0.4	1.7	2.8	4.2
Increase/decrease in inventory	0.1	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-1.3	-3.7	-0.4	-0.1	-0.4	-0.1
Increase/decrease in accounts payable	-1.8	3.6	1.6	0.6	0.3	0.3
Increase/decrease in other working capital positions	-0.1	-0.1	0.0	1.1	1.1	1.1
Increase/decrease in working capital	-3.1	-0.2	1.2	1.6	1.0	1.2
Cash flow from operating activities	-7.0	-2.8	0.4	2.6	3.8	5.2
CAPEX	2.2	5.5	3.9	2.0	2.4	2.7
Payments for acquisitions	0.2	2.3	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.2	0.2	0.0	0.0	0.0
Cash flow from investing activities	-2.3	-7.6	-3.7	-2.0	-2.4	-2.7
Cash flow before financing	-9.3	-10.3	-3.3	0.5	1.3	2.5
Increase/decrease in debt position	0.0	2.1	0.3	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	12.4	5.4	3.5	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	12.4	7.5	3.8	0.0	0.0	0.0
Increase/decrease in liquid assets	3.1	-2.8	0.4	0.5	1.3	2.5
Liquid assets at end of period	3.2	0.3	0.7	1.3	2.6	5.1

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	81.8%	114.8%	23.7%	10.3%	25.5%	16.9%
EBITDA growth	74.7%	-29.6%	-66.8%	-140.6%	591.2%	64.1%
EBIT growth	100.8%	-1.6%	-23.6%	-44.8%	-73.3%	-221.4%
EPS growth	17.4%	-24.4%	-42.8%	-54.8%	-71.2%	-198.6%
Efficiency						
Sales per employee	310.4	476.2	364.8	297.2	326.2	333.7
EBITDA per employee	-151.7	-76.3	-15.7	4.7	28.4	40.8
No. employees (average)	25	35	56	76	88	100
Balance sheet analysis						
Avg. working capital / sales	-15.5%	1.6%	3.3%	-0.1%	-0.7%	-0.7%
Inventory turnover (sales/inventory)	n.a.	n.a.	4.5	5.0	5.5	6.0
Accounts receivable turnover	24.9	77.3	52.9	50.0	45.0	40.0
Accounts payable turnover	6.7	24.5	11.5	20.0	20.0	20.0
Cash flow analysis						
Free cash flow	-9.1	-8.3	-3.5	0.5	1.3	2.5
Free cash flow/sales	-117.7%	-49.6%	-17.2%	2.4%	4.7%	7.6%
FCF / net profit	203.7%	189.8%	90.7%	neg.	neg.	482.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-2.5	1.8	1.7	1.2	-0.2	-2.7
Net Debt/EBITDA	0.0	-0.7	-1.9	3.2	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	1.2%	0.2%	3.0%	3.2%	3.0%	3.0%
Returns						
ROCE	-43.7%	-31.1%	-22.2%	-12.5%	-3.3%	3.8%
ROE	-28.4%	-25.9%	-23.8%	-11.7%	-3.3%	2.9%
Adjusted FCF yield	-41.7%	-10.8%	-6.0%	0.3%	9.2%	18.6%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-1.85	-1.40	-0.80	-0.36	-0.10	0.10
Average number of shares	2.4	3.1	4.9	5.1	5.1	5.1
Valuation ratios						
P/BV	0.5	0.6	1.0	1.0	1.0	0.9
EV/sales	0.6	0.7	0.8	0.8	0.6	0.4
EV/EBITDA	-1.3	-4.4	-19.5	48.3	6.4	3.3
EV/EBIT	-0.9	-2.1	-4.0	-7.3	-25.3	17.6

Source: Company data, NuWays

Disclosures

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Company	Disclosures
123fahrschule SE	2

Historical target price and rating changes for 123fahrschule SE

Company	Date	Analyst	Rating	Target Price	Close
123fahrschule SE	04.03.2024	Sennewald, Philipp	Buy	EUR 7.20	EUR 2.12

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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