

CENIT AG*^{5a,6a,7,11}

Rating: BUY
Target price: €22.00
(previously: €24.15)

Current share price: 9.05
05/11/2024 / XETRA-closing

Currency: EUR

Key data:

ISIN: DE0005407100
WKN: 540710
Ticker symbol: CSH

Number of shares³: 8,368
Market cap³: 75.73
Enterprise value³: 87.05
³in million / in EUR million

Free float: 56.0%

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 7

Date (time) of completion:
07/11/24 (8:21 am)

Date (time) first distribution:
07/11/24 (10:00 am)

Target price valid until:
max. 31/12/2025

Company Profile

Sector: Software

Specialty: Consulting and software specialist

Employees: 1,002 (30.09.2024)

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 930 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	31.12.2022	31.12.2023e	31.12.2024e	31.12.2025e
Revenues	184.72	206.89	228.43	250.08
EBITDA	16.41	18.04	24.02	31.41
EBIT	9.22	8.14	12.52	20.01
Net profit	4.50	3.28	5.70	10.86

Key figures in EUR				
Earnings per share	0.54	0.39	0.68	1.30
Dividend per share	0.04	0.00	0.25	0.30

Key figures				
EV/revenue	0.47	0.42	0.38	0.35
EV/EBITDA	5.31	4.83	3.62	2.77
EV/EBIT	9.44	10.69	6.95	4.35
P/E-ratio	16.84	23.06	13.28	6.98
Book-value per share	1.68			

Financial dates	
14.11.2024:	MKK
25.11.- 27.11.24:	Equity forum

*last research published by GBC:	
Date:	Publication / Target Price in EUR / Rating
05.08.2024:	RS / 24,15 / BUY
15.05.2024:	RS / 20,55 / BUY
11.04.2024:	RS / 20,55 / BUY
16.01.2024:	RS / 20,90 / 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"

9M 2024: Sales benefit from inorganic growth, earnings weighed down by one-off effects, guidance and our forecasts reduced, price target lowered to €22.00, Rating: BUY

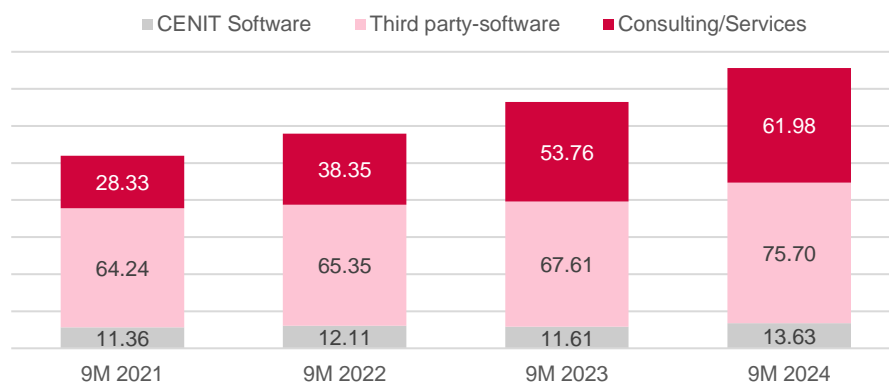
in €m	9 months 2022	9 months 2023	9 month 2024
Revenues	115.86	133.31	151.43
Revenues – CENIT Software	12.11	11.61	13.63
Revenues – Third-party software	65.35	67.61	75.70
Revenues – Consulting/Services	38.35	53.76	61.98
thereof recurring	69.52	73.59	82.18
thereof one-off licence revenues	7.93	5.62	7.15
EBIT	2.58	4.60	3.97
Net result	1.23	2.40	0.93

Sources: CENIT AG; GBC AG

Development of sales and earnings 9 months 2023

Both organic and inorganic effects contributed to the 13.6 % increase in CENIT AG's revenue to €151.43 million (previous year: €133.31 million) in the first nine months of 2024. The companies CCE GmbH (acquired on 3 January 2024) and Analysis Prime LLC (acquired on 17 July 2024), which were acquired in the current financial year 2024 alone, have contributed revenue of €7.52 million since joining the group. Adjusted for the contributions of the two companies and for the base effect of the companies acquired in the previous year, which are now included for the full reporting period, organic growth was 4.3 %, close to the company's target of 5.0 %.

Turnover separated by turnover type (in € million)



Sources: CENIT AG; GBC AG

In addition to organic growth, the newly acquired companies contributed to the increase in third-party software sales as well as to the consulting and service business. The 12.0% increase in sales of third-party software (mainly Dassault and SAP) to €75.70 million (previous year: €67.61 million) is partly due to the acquisition of CEE GmbH. Consulting and services revenues also developed dynamically, rising by 15.3% to €61.98 million (previous year: €53.76 million). According to the company, the inorganic contribution amounted to €3.85 million, meaning that an organic revenue increase of 8.1% was also achieved. The general expansion of the consulting business is also a consequence of the acquisition strategy, since the companies acquired in recent financial years mainly generate consulting revenues, and this type of revenue has thus become much more important. These include Analysis Prime, acquired in July 2024, which mainly contributes consulting revenues.

The renewed significant increase in high-margin revenue from proprietary software by 17.5% to €13.63 million (previous year: €11.61 million) is also encouraging. The 'Digital Factory Solutions' product area, in which significant growth was once again achieved, should be positively highlighted in this context.

The increase in sales revenue was offset by a decline in EBIT to €3.97 million (previous year: €4.60 million) and thus in the EBIT margin to 2.6% (previous year: 3.5%). This is mainly due to the acquisition-related expenses and the associated sharp increase in depreciation on acquired assets. While depreciation increased by €1.36 million, the acquisition costs amounted to €0.82 million. In addition, there was a negative one-off effect (€0.87 million) from the deconsolidation of the Japanese subsidiary. Adjusted for the special effects, CENIT AG would have achieved an increase in EBIT to €4.67 million (previous year: €3.95 million).

Despite the significant decline in EBIT, CENIT AG again generated a high cash flow from operating activities of €9.91 million (previous year: €8.50 million). This covered a significant portion of the purchase price for the two corporate acquisitions (€13.96 million). Together with the repayment of bank liabilities, the company continues to have sufficient cash and cash equivalents of €12.18 million.

Forecast and Valuation

in €m	FY 2023	FY 24e (old)	FY 24e (new)	FY 25e (old)	FY 25e (new)	FY 26e (old)	FY 26e (new)
Revenues	184.72	211.12	206.89	240.66	228.43	259.20	250.08
EBITDA	16.41	19.61	18.04	27.48	24.02	31.23	31.41
EBITDA-margin	8.9%	9.3%	8.7%	11.4%	10.5%	12.1%	12.6%
EBIT	9.22	12.01	8.14	17.38	12.52	20.93	20.01
EBIT-margin	5.0 %	5.7%	3.9%	7.2%	5.5%	8.1%	8.0%
EAT	4.86	6.00	3.28	9.07	5.70	11.13	10.86

Sources: CENIT AG; GBC AG

In the run-up to the publication of the nine-month report, CENIT's management adjusted its forecast. On the sales side, the contribution of the acquired Analysis Prime was included in the guidance for the first time, with the company expecting sales of € 205 - 210 million (previously: € 197 - 202 million). However, adjusted for the inorganic effect, this corresponds to a slight reduction in the guidance, as the originally expected revenue contribution of Analysis Prime of USD 11.5 million (€10.6 million) would have led to a new guidance of €207.6 - 212.6 million. According to the company, this is due to the current weak demand from the automotive and aerospace industries, which is likely to lead to lower demand for single licences in the fourth quarter of 2024. However, delays in the start of the Analysis Prime order have also led to a reduction in revenue expectations at this company. The expected gross profit loss of around €7m coincides with extraordinary expenses that have already been incurred and higher depreciation (PPA depreciation), meaning that the company expects EBIT to fall to between €8.0m and €8.5m.

We are adjusting our forecasts to the new guidance and, on this basis, are reducing our forecasts for the coming financial years. The full-year inclusion of Analysis Prime, the cost-cutting measures introduced and the absence of one-off effects should lead to a revenue increase and a significant improvement in the EBIT margin in the coming financial year 2025. This trend should continue into 2026. On the basis of the adjusted forecasts, we have set a new price target of €22.00 (previously: €24.15). We continue to issue a BUY rating.

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 $\geq + 10\%$.
HOLD	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return, based on the calculated target price, incl. dividend payments within the relevant time horizon, is $\leq - 10\%$.

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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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