

Buy (old: Buy)

27.01.2025

EUR 1.10 (old: EUR 1.10)

Profitable growth ahead after transitional FY24e

After a rather uninspiring operating performance in FY23, **FY24e is seen to have already benefited significantly from the imposed efficiency measures**, leading to substantial bottom-line improvements. In fact, **EBITDA is seen to improve by a whopping 286% to € 9.3m** (FY23 EBITDA adjusted for positive effects in connection with favorable decisions by tax authorities) on the back of an improved near- and off-shore ratio as well as a higher utilization in the consulting segment.

That being said, like in the previous year the company is expected to release preliminary FY figures in early March (final: 31st March), as well as an initial guidance for FY25e. As management repeatedly stated, we expect the outlook to target continued FCF expansions (eNuW: € 9.8m) as well as positive net income (eNuW: € 2.1m) alongside mid-SD sales growth (eNuW: +5.9%). Besides this, the company already provided an EBITDA margin target of 7-8% (eNuW: 7.1%) for FY25e.

The main driver behind the continuous margin expansion should be the ongoing implementation of *one.q.beyond* as well as the *Strategy 2025*, with which management is setting three strategic priorities. (1) Ongoing **focus on key verticals** (retail, logistics, manufacturing) coupled with an increased focus on consulting and development, which in the end facilitates gaining new orders for operations. (2) Further **increasing the near- and off-shoring ratio to 20+%** (Q3'24: 13%, mid-term target: 30+%), allowing for gross margin expansion. According to the rule of thumb, a 5pp increase in near- and off-shoring leads to a 1pp increase of the gross margin. (3) **Higher emphasis on AI** in all business areas (1st level service, development & resource planning) allowing for a reduced fixed cost base.

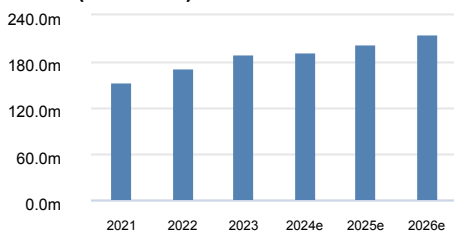
While some of those measures already borne fruit, visible in the improved profitability and cash generation in FY24e, we expect further efficiency potential to unfold from 2025e onwards, which should allow for EBITDA margins of 10+% in the mid-term (eNuW).

In addition, we expect the company to close at least one acquisition in FY25e based on management's indications as well as the strong net cash position of € 36m. Here, it seems likely that management targets to enter new verticals (i.e. public sector, energy, healthcare) or regional markets. In our view, targets should be in the range of € 10-20m sales as well as cash generative. Mind you, future M&A is not reflected in our model and is thus providing upside to our estimates. - *continued* -

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	155.2	173.0	189.3	193.2	204.7	216.2
Sales growth	8.2%	11.5%	9.4%	2.1%	5.9%	5.6%
EBITDA	31.7	5.4	5.7	9.3	14.6	17.9
Net debt (if net cash=0)	-54.3	-30.7	-30.4	-36.0	-45.8	-57.7
FCF	-14.9	-4.7	3.9	5.6	9.8	11.9
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.08	-0.27	-0.14	-0.04	0.01	0.03
EBITDA margin	20.5%	3.1%	3.0%	4.8%	7.1%	8.3%
ROCE	9.1%	-23.2%	-7.8%	-3.2%	1.8%	5.1%
EV/sales	0.3	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	1.2	11.3	10.6	5.9	3.1	1.9
PER	9.2	-2.7	-5.1	-18.7	82.9	21.5
Adjusted FCF yield	65.9%	-2.3%	-9.5%	8.0%	20.9%	34.6%

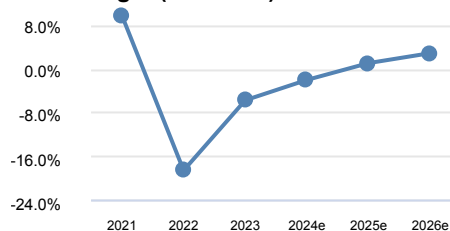
Source: Company data, NuWays, Close price as of 20.12.2024

Sales (2021-26e)



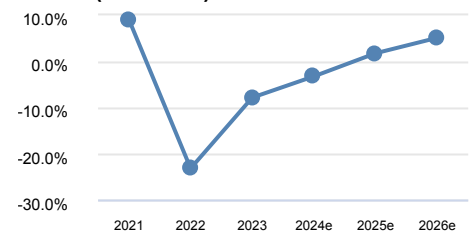
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research

Company description

q.beyond AG is a German-based digital solutions company, active in the fields of cloud management, system applications and products, IoT, and other IT services. The company operates in several countries with a strong focus on the DACH-region.



Market data

Share price (in €)	0.69
Market cap (in € m)	88.9
Number of shares (in m pcs)	124.6
Enterprise value (in € m)	45.3
Ø trading volume (6 months)	81,317

Identifier

Bloomberg	QBY GR
Reuters	QSCGF
WKN	513700
ISIN	DE0005137004

Key shareholders

Gerd Eickers	12.7%
Dr. Bernd Schlobohm	12.7%
Free Float	74.7%

Estimates changes

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

Comment on changes

Comment on changes	
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Comment on changes	
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Guidance

- Sales: € 192-198m
- EBITDA: € 8-10m
- FCF: positive

q.beyond AG

Update - 27.01.2025



That said, the investment case remains fully intact as operations are set to further improve going forward. Moreover, trading at only 3.1x EV/EBITDA FY25e, the stock looks undoubtedly cheap.

We hence reiterate **BUY with an unchanged € 1.10 PT** based on DCF.

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	155.2	173.0	189.3	193.2	204.7	216.2
Sales growth	8.2%	11.5%	9.4%	2.1%	5.9%	5.6%
Cost of sales	124.9	145.6	161.7	159.4	163.4	171.2
Gross profit	30.3	27.5	27.6	33.9	41.3	45.0
Sales and marketing	12.6	12.6	14.6	11.4	12.8	13.0
General and administration	17.2	14.9	16.4	13.7	15.4	15.7
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0
Total operating expenses	0.0	0.0	0.0	0.0	0.0	0.0
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	31.7	5.4	5.7	9.3	14.6	17.9
Depreciation	13.0	12.5	11.0	8.3	8.0	7.7
Amortisation of goodwill	0.0	15.8	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.6	9.4	5.7	4.9	4.5	4.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	15.2	-32.3	-10.9	-3.9	2.1	6.2
Interest income	0.0	0.1	0.7	0.8	0.9	1.1
Interest expenses	0.3	0.2	0.5	0.4	0.4	0.4
Investment income	-0.3	-0.9	-0.5	-0.2	0.0	0.0
Financial result	-0.5	-1.0	-0.3	0.2	0.5	0.7
Recurring pretax income from continuing operations	14.6	-33.2	-11.3	-3.7	2.6	6.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	14.6	-33.2	-11.3	-3.7	2.6	6.9
Income tax expense	4.8	-0.2	5.2	0.0	0.5	1.7
Net income from continuing operations	9.8	-33.1	-16.4	-3.7	2.1	5.2
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	9.8	-33.1	-16.4	-3.7	2.1	5.2
Minority interest	0.1	0.2	1.0	1.0	1.0	1.0
Net profit (reported)	9.7	-33.3	-17.5	-4.8	1.1	4.1
Average number of shares	124.5	124.6	124.6	124.6	124.6	124.6
EPS reported	0.08	-0.27	-0.14	-0.04	0.01	0.03

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	80.5%	84.1%	85.4%	82.5%	79.8%	79.2%
Gross profit	19.5%	15.9%	14.6%	17.5%	20.2%	20.8%
Sales and marketing	8.1%	7.3%	7.7%	5.9%	6.2%	6.0%
General and administration	11.1%	8.6%	8.6%	7.1%	7.5%	7.2%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unusual or infrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	20.5%	3.1%	3.0%	4.8%	7.1%	8.3%
Depreciation	8.4%	7.2%	5.8%	4.3%	3.9%	3.5%
Amortisation of goodwill	0.0%	9.1%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.3%	5.4%	3.0%	2.6%	2.2%	1.9%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	9.8%	-18.7%	-5.8%	-2.0%	1.0%	2.9%
Interest income	0.0%	0.1%	0.4%	0.4%	0.4%	0.5%
Interest expenses	0.2%	0.1%	0.3%	0.2%	0.2%	0.2%
Investment income	-0.2%	-0.5%	-0.3%	-0.1%	0.0%	0.0%
Financial result	neg.	neg.	neg.	0.1%	0.2%	0.3%
Recurring pretax income from continuing operations	9.4%	-19.2%	-5.9%	-1.9%	1.3%	3.2%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	9.4%	-19.2%	-5.9%	-1.9%	1.3%	3.2%
Tax rate	32.7%	0.5%	-46.0%	0.0%	20.0%	25.0%
Net income from continuing operations	6.3%	-19.1%	-8.7%	-1.9%	1.0%	2.4%
Net income	6.3%	-19.1%	-8.7%	-1.9%	1.0%	2.4%
Minority interest	0.1%	0.1%	0.5%	0.5%	0.5%	0.5%
Net profit (reported)	6.3%	-19.2%	-9.2%	-2.5%	0.5%	1.9%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	51.9	28.7	28.1	24.1	20.6	17.6
Property, plant and equipment	39.0	37.8	31.8	26.6	21.9	17.7
Financial assets	6.3	5.3	2.8	2.8	2.8	2.8
FIXED ASSETS	97.2	71.8	62.6	53.5	45.3	38.1
Inventories	0.2	0.2	0.1	0.2	0.3	0.3
Accounts receivable	35.4	39.7	34.1	37.1	39.3	41.5
Other assets and short-term financial assets	5.0	4.9	11.8	11.8	11.8	11.8
Liquid assets	56.7	36.4	37.6	43.2	53.0	64.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	5.8	8.2	8.0	8.0	8.0	8.0
CURRENT ASSETS	103.1	89.3	91.7	100.3	112.4	126.5
TOTAL ASSETS	200.3	161.1	154.3	153.8	157.7	164.6

SHAREHOLDERS EQUITY	147.1	115.1	97.8	94.9	97.0	102.7
MINORITY INTEREST	0.3	0.5	1.5	1.5	1.5	1.0
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	2.4	5.7	7.2	7.2	7.2	7.2
Provisions for pensions and similar obligations	4.8	2.3	2.1	2.1	2.1	2.1
Other provisions and accrued liabilities	4.7	2.4	5.0	5.0	5.0	5.0
NON-CURRENT LIABILITIES	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	25.4	24.6	25.9	29.1	30.9	32.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.0	2.2	6.0	6.0	6.0	6.0
Other liabilities (incl. from lease and rental contracts)	13.7	7.7	6.6	6.6	6.6	6.6
Deferred taxes	1.6	0.0	0.8	0.8	0.8	0.8
Deferred income	0.4	0.5	1.3	0.6	0.6	0.6
CURRENT LIABILITIES	39.0	32.4	32.5	35.7	37.4	39.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	200.3	161.1	154.3	153.8	157.7	164.6

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	25.9%	17.8%	18.2%	15.7%	13.1%	10.7%
Property, plant and equipment	19.5%	23.5%	20.6%	17.3%	13.9%	10.8%
Financial assets	3.1%	3.3%	1.8%	1.8%	1.8%	1.7%
FIXED ASSETS	48.5%	44.6%	40.6%	34.8%	28.7%	23.1%
Inventories	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
Accounts receivable	17.7%	24.6%	22.1%	24.1%	24.9%	25.2%
Other assets and short-term financial assets	2.5%	3.0%	7.7%	7.7%	7.5%	7.2%
Liquid assets	28.3%	22.6%	24.4%	28.1%	33.6%	39.5%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	2.9%	5.1%	5.2%	5.2%	5.1%	4.9%
CURRENT ASSETS	51.5%	55.4%	59.4%	65.2%	71.3%	76.9%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	73.4%	71.5%	63.4%	61.7%	61.5%	62.4%
MINORITY INTEREST	0.1%	0.3%	1.0%	1.0%	1.0%	0.6%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	1.2%	3.5%	4.7%	4.7%	4.6%	4.4%
Provisions for pensions and similar obligations	2.4%	1.4%	1.4%	1.4%	1.3%	1.3%
Other provisions and accrued liabilities	2.3%	1.5%	3.2%	3.2%	3.2%	3.0%
NON-CURRENT LIABILITIES	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	12.7%	15.3%	16.8%	18.9%	19.6%	19.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.0%	1.3%	3.9%	3.9%	3.8%	3.6%
Other liabilities (incl. from lease and rental contracts)	6.8%	4.8%	4.3%	4.3%	4.2%	4.0%
Deferred taxes	0.8%	0.0%	0.5%	0.5%	0.5%	0.5%
Deferred income	0.2%	0.3%	0.9%	0.4%	0.4%	0.3%
CURRENT LIABILITIES	19.5%	20.1%	21.0%	23.2%	23.7%	23.8%
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	9.8	-33.1	-16.4	-3.7	2.1	5.2
Depreciation of fixed assets (incl. leases)	12.7	17.9	11.0	8.3	8.0	7.7
Amortisation of goodwill & intangible assets	3.6	20.0	5.7	4.9	4.5	4.0
Other costs affecting income / expenses	-33.2	-4.3	2.7	0.0	0.0	0.0
Cash flow from operating activities	-12.6	-7.8	1.5	5.7	10.4	12.9
Increase/decrease in inventory	0.0	0.0	0.1	-0.1	-0.0	-0.0
Increase/decrease in accounts receivable	2.4	-4.1	5.5	-2.9	-2.2	-2.2
Increase/decrease in accounts payable	0.5	6.2	1.3	3.2	1.7	1.7
Increase/decrease in other working capital positions	-3.5	-3.9	-3.4	0.0	0.0	0.0
Increase/decrease in working capital	-0.6	-1.7	3.6	0.2	-0.5	-0.5
Cash flow from operating activities	-7.7	-1.3	6.5	9.6	14.1	16.4
CAPEX	7.3	3.5	2.6	4.1	4.3	4.5
Payments for acquisitions	15.5	10.6	0.0	0.0	0.0	0.0
Financial investments	6.4	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	53.8	0.1	0.9	0.0	0.0	0.0
Cash flow from investing activities	24.7	-14.0	-1.7	-4.1	-4.3	-4.5
Cash flow before financing	17.0	-15.2	4.8	5.6	9.8	11.9
Increase/decrease in debt position	-5.4	-0.0	-0.5	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.2	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	-5.1	-3.0	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	-5.3	-5.1	-3.5	0.0	0.0	0.0
Increase/decrease in liquid assets	11.8	-20.3	1.3	5.6	9.8	11.9
Liquid assets at end of period	56.7	36.4	37.6	43.2	53.0	64.9

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	8.2%	11.5%	9.4%	2.1%	5.9%	5.6%
EBITDA growth	-1704.4%	-83.1%	7.1%	61.3%	57.6%	22.5%
EBIT growth	-180.6%	-312.6%	-66.1%	-63.9%	-154.2%	190.0%
EPS growth	-148.7%	-442.8%	-47.5%	-72.8%	-122.5%	285.4%
Efficiency						
Sales per employee	152.5	153.8	170.3	173.8	181.4	186.0
EBITDA per employee	31.2	4.8	5.2	8.3	12.9	15.4
No. employees (average)	1,018	1,125	1,112	1,112	1,129	1,163
Balance sheet analysis						
Avg. working capital / sales	4.2%	8.7%	4.9%	6.1%	4.2%	4.0%
Inventory turnover (sales/inventory)	623.1	797.3	1,736.5	800.0	800.0	800.0
Accounts receivable turnover	83.3	83.7	65.8	70.0	70.0	70.0
Accounts payable turnover	74.2	61.8	58.5	55.0	55.0	55.0
Cash flow analysis						
Free cash flow	-14.9	-4.7	3.9	5.6	9.8	11.9
Free cash flow/sales	-9.6%	-2.7%	2.1%	2.9%	4.8%	5.5%
FCF / net profit	neg.	14.3%	neg.	neg.	464.8%	230.4%
Capex / sales	8.8%	2.0%	1.4%	2.1%	2.1%	2.1%
Solvency						
Net debt	-54.3	-30.7	-30.4	-36.0	-45.8	-57.7
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	13.0%	6.8%	10.6%	5.6%	5.0%	5.0%
Returns						
ROCE	9.1%	-23.2%	-7.8%	-3.2%	1.8%	5.1%
ROE	6.6%	-28.9%	-17.9%	-5.0%	1.1%	4.0%
Adjusted FCF yield	65.9%	-2.3%	-9.5%	8.0%	20.9%	34.6%
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	0.08	-0.27	-0.14	-0.04	0.01	0.03
Average number of shares	124.5	124.6	124.6	124.6	124.6	124.6
Valuation ratios						
P/BV	0.6	0.8	0.9	0.9	0.9	0.9
EV/sales	0.3	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	1.2	11.3	10.6	5.9	3.1	1.9
EV/EBIT	2.6	-1.9	-5.5	-14.0	21.2	5.4

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

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Company	Disclosures
q.beyond AG	2

Historical target price and rating changes for q.beyond AG

Company	Date	Analyst	Rating	Target Price	Close
q.beyond AG	14.05.2024	Sennewald, Philipp	Buy	EUR 1.10	EUR 0.73

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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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