

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

Rating: BUY

Target price: € 18.20
(previously: € 18.20)

Current share price: 12.80
03.02.2023 / XETRA / 5:36 pm

Currency: EUR

Key data:

ISIN: DE0005407100

WKN: 540710

Ticker symbol: CSH

Number of shares³: 8.368

Market cap³: 107.26

Enterprise value³: 114.81

³in million / in EUR million

Free float: 62.3%

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:
06/02/2023 (08:13 am)

Date (Time) first distribution:
06/02/2023 (10:00 am)

Target price valid until:
max. 31/12/2023

Company Profile

Sector: Software

Specialty: Consulting and software specialist

Employees: 858 Status: 30.09.2022

Foundation: 1998

Head office: Stuttgart

Board of Directors: Peter Schneck, Axelle Mazé



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 850 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	31.12.2021	31.12.2022e	31.12.2023e	31.12.2024e
Revenues	146.07	162.08	193.09	212.40
EBITDA	11.28	11.37	18.78	24.12
EBIT	6.23	6.52	13.84	19.29
Net profit	4.25	4.21	8.55	12.24

Key figures in EUR

Earnings per share	0.51	0.50	1.02	1.46
Dividend per share	0.75	0.50	0.70	1.00

Key figures

EV/Revenue	0.79	0.71	0.59	0.54
EV/EBITDA	10.18	10.09	6.11	4.76
EV/EBIT	18.42	17.61	8.30	5.95
P/E-ratio	25.23	25.51	12.54	8.76
Book-value per share	2.46			

Financial dates

31.03.2023: Annual Report 2022

03./04.05.23: MKK

11.05.2023: q1-report 2023

17.05.2023: General Meeting

01.08.2023: half-year report 2023

02.11.2023: q3-report 2023

****last research published by GBC:**

Date: Publication / Target Price in EUR / Rating

28.11.2022: RS / 18.20 / BUY

07.11.2022: RS / 18.70 / BUY

04.08.2022: RS / 19.00 / BUY

12.05.2022: RS / 20.05 / BUY

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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"

First acquisition of 2023 strengthens EIM segment; price target and rating unchanged

On 30 January 2023, CENIT AG announced the acquisition of 100% of the Munich-based mip Management Informations Partner GmbH (mip for short). The acquisition of mip, which will be retroactively consolidated into the CENIT Group as of 1 January 2023, will further strengthen CENIT's Enterprise Information Management business segment. The software and consulting company, which was founded in 1988 and has now been acquired, is a specialist in the field of data management and analysis, software development and the operation of IT infrastructure and applications, with a strong industry focus on automotive, trade and insurance. Similar to ISR Information Products AG (ISR for short), which was acquired in the last financial year 2022, mip is one of IBM's leading partners in Germany. From a technical point of view, mip completes the portfolio of CENIT AG, especially in the EIM area.

No further information on the purchase price or on mip's key operating figures is currently available. In view of the number of employees at mip, which is around 30, this is likely to be a comparatively small acquisition. According to data from the "Bundesanzeiger", mip generated an annual surplus of € 0.33 million in the 2021 financial year (2020: € 0.14 million). Assuming that the company shows a return on sales of 5-10%, which is customary in the industry, the sales level should be in the mid-single-digit million range. We estimate the purchase price to be in the single-digit million range.

The mip acquisition should be seen as a further step in CENIT's growth strategy. Inorganic growth is an essential component within the growth strategy "CENIT 2025", according to which group sales of approximately € 300 million and an EBIT margin of 8-10% are to be achieved by business year 2025. Within the framework of this strategy, all five business segments are to grow organically and inorganically. In the EIM segment, the current turnover level (including ISR) is to be expanded from around € 40 million to € 50 million according to plans. The acquisition of mip would already cover half of the planned growth.

Under the management of Peter Schneck, CENIT AG is thus continuing its inorganic growth course. The EIM segment was already significantly expanded in the last business year 2022 with the acquisition of ISR. With around 200 employees, ISR had achieved sales revenues of € 22.8 million and an EBIT of € 3.2 million in 2021. In addition, the outstanding 49% shares in the SAP PLM specialist Coristo GmbH were acquired. Finally, the Dassault reseller Magic Engineering SRL, which operates in Romania, was acquired in an asset deal. If this pace is maintained, further acquisitions can be expected for the current business year.

Despite the mip acquisition, we are maintaining our forecasts, which were last adjusted on 28 November 2022. This is due in particular to the low revenue and earnings contribution of mip. We confirm the price target of € 18.20 and continue to assign a BUY rating.

ANNEX

I.

Research under MiFID II

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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 $< + 10\%$.
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