

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

**Rating: BUY**

**Target price: €20.05**  
**(previously: €20.60)**

Current share price: 14.50  
11.05.2022 / XETRA / 5:36 pm

Currency: EUR

**Key data:**

ISIN: DE0005407100  
WKN: 540710  
Ticker symbol: CSH

Number of shares<sup>3</sup>: 8,368  
Market cap<sup>3</sup>: 121.51  
Enterprise Value<sup>3</sup>: 91.57  
<sup>3</sup>in 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 5

Date (time) of completion:  
12/05/2022 (08:09 am)

Date (Time) first distribution:  
12/05/2022 (09:30 am)

Target price valid until:  
max. 31/12/2022

**Company Profile**

Sector: Software

Specialty: Consulting and software specialist

Employees: 673 Status: 31.03.2022

Foundation: 1998

Head office: Stuttgart

Board of Directors: Kurt Bengel, Dr. Markus Wesel,  
Peter Schneck



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) for over 33 years. 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 920 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	175.53	193.09	212.40
EBITDA	11.28	15.20	18.78	24.12
EBIT	6.23	10.15	13.84	19.29
Net profit	4.25	6.14	8.55	12.24

Key figures in EUR				
Earnings per share	0.51	0.73	1.02	1.46
Dividend per share	0.75	0.50	0.70	1.00

Key figures				
EV/Revenue	0.83	0.69	0.63	0.57
EV/EBITDA	10.77	7.99	6.47	5.04
EV/EBIT	19.49	11.97	8.78	6.30
P/E-ratio	28.58	19.78	14.20	9.92
Book-value per share	2.78			

Financial dates
20.05.2022: Annual General Meeting
02.08.2022: Half-year figures 2022
03.11.2022: 9-month figures 2022

**last research published by GBC:
Date: Publication / Target Price in EUR / Rating
13.04.2022: RS / 20.60 / BUY
11.11.2021: RS / 18.80 / BUY
06.08.2021: RS / 18.80 / BUY
17.05.2021: RS / 17.80 / BUY
** the research reports can be found on our website <a href="http://www.gbc-ag.de">www.gbc-ag.de</a> 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 2022: Revenues slightly up, earnings slightly down year-on-year; inorganic effects not yet included; we confirm our forecasts; price target changes due to higher WACC; BUY rating confirmed

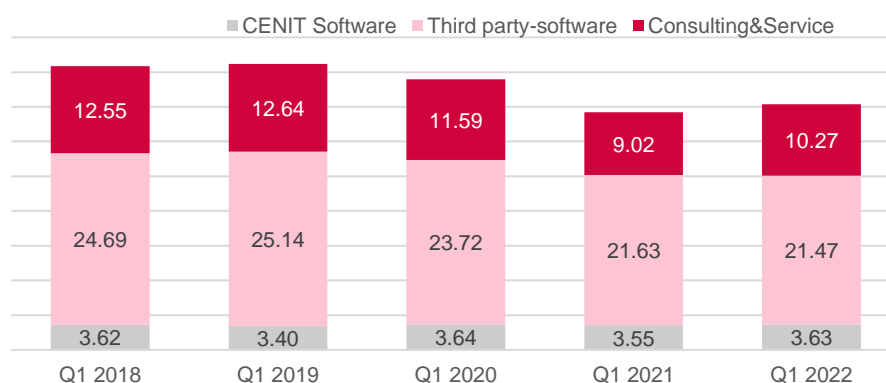
in €m	Q1 2019	Q1 2020	Q1 2021	Q1 2022
Revenues	41.24	39.23	34.21*	35.40
EBITDA	2.31	2.34	0.83	0.73
EBITDA-margin	5.6%	6.0%	2.4%	2.1%
EBIT	0.85	0.81	-0.52	-0.39
EBIT-margin	2.0%	2.1%	-1.5%	-1.1%
Net profit	0.59	0.47	-0.51	-0.60

Sources: CENIT AG; GBC AG; Previous year's value adjusted for change in balance sheet (principal to agent)

### Sales and earnings development Q1 2022

The seasonal sales trend of CENIT AG is usually characterised by lower sales revenues in the first quarter, while the fourth quarter makes the largest contribution to sales. In the past six business years, the first quarter contributed 23.6% and the fourth quarter 27.4% to annual sales. This should also be the case in the current business year, especially since there were still pandemic-related restrictions at the beginning of the year. In this environment, CENIT AG succeeded in slightly increasing the previous year's sales by 3.5% to € 35.40 million (previous year: € 34.21 million). According to the company, this was due in particular to the increased consulting and service business, which rose significantly by € 1.25 million to € 10.27 million (Q1 2021: € 9.02 million) compared to the same period of the previous year. Among other things, orders from the aerospace sector contributed to this. In parallel, both sales of CENIT software and sales of third-party software remained almost unchanged compared to the previous year.

#### Sales in the first quarter (in € million)



Sources: CENIT AG; GBC AG

Despite a slight increase in sales, CENIT AG shows a slight decline in EBITDA to € 0.73 million (Q1 2021: € 0.83 million). The resulting increase in operating expenses is primarily due to the discontinuation of short-time working allowances, which reduced personnel expenses by around € 0.8 million in the first quarter of 2021. In addition, there was an increase in other operating expenses of € 0.37 million due to inflation. The fact that the operating result did not fall more strongly against this background was due to the renewed increase in gross profit by € 0.90 million. The declining development of EBITDA is also reflected at the level of the result for the period, which was below the previous year's value at € -0.60 million (Q1 2021: € -0.51 million) after minorities.

The strong increase in the operating cash flow to € 11.20 million (PY: € 7.68 million), which led to an increase in cash and cash equivalents to € 36.71 million (31.12.21: € 26.36 million), is particularly worth mentioning. In addition to the inflow of liquidity from the operative business (€ 0.28 million), CENIT AG, as usual in the first quarter, received payments for which services will be rendered in the course of the year.

## Forecasts and acquisition of ISR Information Products AG

After the balance sheet date of 31 March 2022, CENIT AG acquired a majority interest in ISR Information Products AG ("ISR" for short). Although the consolidation is retroactive to 01.01.2022, the figures for the first quarter of 2022 do not yet include any inorganic effects. ISR Information Products AG is a full-service provider for analytics and process digitalisation with headquarters in Braunschweig. With its product portfolio, which comprises the business areas "Analytics & Insights", "SAP Information Management", "Digital Operations" and "Application Management", ISR supports customers in the design and implementation of analytical systems and digital end-to-end processes using cloud-based SaaS solutions. One such solution is ISR's "Buildsimple", an A.I. platform for the cloud distribution of document management solutions.

With the acquisition of ISR, CENIT AG's EIM division will be significantly expanded in terms of both personnel and operating figures. With the addition of around 200 ISR employees, CENIT AG, with a total of 300 experts, will advance to become a leading provider in the field of information management and document logistics in the DACH region. In customer acquisition, larger customers can thus be addressed from this partnership.

According to preliminary figures, ISR generated sales revenues of € 22.8 million and an EBIT of € 3.2 million (EBIT margin: 14.0%) in the past business year. With the profitability significantly above the group-wide EBIT margin of the CENIT Group, CENIT should already show a general margin improvement at the time of consolidation (01.01.2022). The purchase price for 74.9% of the ISR shares amounts to € 28 million. For the remaining 25.1%, CENIT will be granted pre-emption rights and purchase options and the sellers will be granted put options.

With the announcement of the ISR takeover, the CENIT management had increased the forecast for the current business year 2022, which has now been confirmed in the Q1 reporting. Sales revenues of € 170 million and an EBIT of approximately € 9 million are still expected. We had already taken this into account in our forecasts in our research study (Anno) of 13 April 2022. Therefore, we are keeping our previous forecasts unchanged.

The input data of our DCF valuation model also remain unchanged. However, in view of the current interest rate development, we increase the risk-free interest rate to 0.40% (previously: 0.25%), resulting in a higher weighted average cost of capital WACC of 7.75% (previously: 7.60%). Solely due to this effect, the price target is reduced to € 20.05 (previously: € 20.60). We continue to give the rating BUY.

## ANNEX

### I.

#### **Research under MiFID II**

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2. The research report is simultaneously made available to all interested investment services companies.

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BUY	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$ .
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Other person involved in this study:

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