

9 May 2025

Intershop Communications AG

Rating	Buy (Buy)
Share price (EUR)	1.68
Target price (EUR)	3.20 (3.00)
Bloomberg	ISHA GR
Sector	Retail

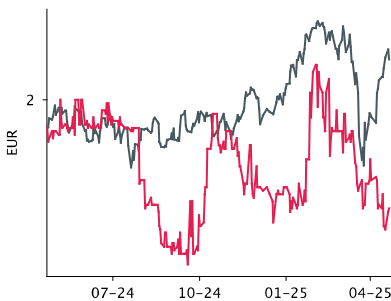
Share data

Shares out (m)	14.6
Free float (%)	48.00
Market cap (EUR m)	25
EV (EUR m)	28
DPS (EUR)	0.00
Dividend yield (%)	0.0
Payout ratio (%)	0.0

Performance

ytd (%)	-2.3
12 months (%)	-11.1
12 months rel. (%)	-21.7
Index	TecDAX

Share price performance



— Intershop Communications AG
— Price rel. to TecDAX - Price Index

Source: Bloomberg

Next triggers

23.07.2025: Q2 results

Analysts

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Solid start to 2025 with positive EBIT

On 30 April, Intershop released its Q1 financial results and confirmed its guidance for FY 2025. Revenues were weak and declined by 4.0% yoy, however this was 1.7% ahead of our expectation. The decline reflected an 18.0% yoy drop in service revenues due to the Partner First shift, partly offset by 5.0% yoy cloud revenue growth and a 14.0% yoy increase in cloud ARR. Gross margin improvement and strict cost control limited the EBIT decline, with EBIT margin exceeding our forecast. Management highlighted efficiency measures, AI enhancements and a larger cloud mix as key to protect profitability but noted spending restraint and elevated R&D investment as challenges. They confirmed guidance of -5.0% to -10.0% yoy revenues (in line) and slightly positive EBIT margin (in line). The investment case rests on recurring cloud revenue growth, improving margin structure and strategic shift to partners. We increase our target price to EUR 3.20 and confirm our Buy recommendation.

Revenue declines amid strategic shift

Revenues declined by 4.0% yoy to EUR 9.1m in Q1 2025, exceeding our expectation by 1.7%. The main driver of this decline was the 18.0% yoy drop in service revenues to EUR 2.2m, resulting from the strategic shift of project business to partners under the "Partner First" strategy. This shift, while intentional, weighed heavily on topline growth. Additionally, incoming cloud orders fell 17.0% yoy to EUR 3.9m, reflecting spending restraint in the market. Net new ARR also dropped sharply by 43.0% yoy (or 10.0% adjusted for FX), signaling slower new customer acquisition and weaker expansion business. On the positive side, cloud revenues grew 5.0% yoy to EUR 5.2m and made up 56% of total revenues, up from 52% last year. This increase in recurring revenues somewhat mitigated the overall decline. License and maintenance revenues also decreased slightly by 5.0% yoy to EUR 1.8m, reflecting lower demand in this segment. Overall, while cloud growth and stabilization in services helped to cushion the decline, weak order intake and structural shifts weighed on revenue momentum.

Cost control supports margin resilience

The EBITDA margin remained stable at 8.8% versus our estimate of 6.2%, thus exceeding expectations by 2.6%. The improvement was mainly driven by a 3pp increase in gross margin to 48%, supported by the stabilization of the service business and improved revenue mix. Additionally, strict cost management and a 16.0% yoy reduction in selling and marketing expenses supported profitability.

Key figures		2023	2024	2025e	2026e	2027e
Sales	EUR m	38	39	36	38	40
EBITDA	EUR m	1	3	3	3	4
EBIT	EUR m	-3	0	0	1	1
EPS	EUR	-0.22	-0.02	0.00	0.02	0.04
Sales growth	%	3.2	2.0	-7.5	5.0	6.0
EBITDA margin	%	2.3	8.5	9.7	9.3	9.6
EBIT margin	%	-6.7	0.2	1.0	1.8	2.8
Net margin	%	-8.1	-0.9	0.2	0.8	1.5
EV/Sales	ratio	0.92	0.72	0.77	0.72	0.66
EV/EBITDA	ratio	40.5	8.4	8.0	7.8	6.9
EV/EBIT	ratio	-13.8	379.9	77.1	39.9	23.6
P/E	ratio	-9.7	-72.1	387.9	87.2	41.4
P/BV	ratio	2.6	2.3	2.2	2.2	2.1
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Guidance confirmed

Intershop Communications AG confirmed its guidance for FY 2025, forecasting revenue decline of 5.0%–10.0% yoy, in line with our estimate of –7.5% yoy. The EBIT margin for FY 2025 is guided to be slightly positive, in line with our estimate of 0.4%. Management pointed to continued spending restraint weighing on incoming cloud orders, which they expect to recover only gradually, and to the strategic PartnerFirst shift that will keep service revenues lower. They highlighted efficiency measures and AI enhancements as key to protecting profitability. We expect that ongoing cost discipline and higher gross margin from a larger cloud mix will support achieving the slight-positive EBIT margin.

DCF Valuation

We have derived our target price for Intershop from our DCF model. With a WACC of 8.29% (resulting from a risk-free rate of 3.5%, market premium of 4.5% and a beta of 1.1), a mid-term revenue CAGR 2024-2027 of 1% fading to a perpetual growth rate of 1.5% and a sustainable long-term EBIT margin of 12.5% our DCF model derives a fair value of EUR 3.20 per share. Hence, we reiterate our Buy recommendation.

DCF Model for Intershop Communications AG

(EUR m)	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TV
Sales	35.9	37.6	39.9	42.7	45.7	48.5	51.0	53.1	54.9	56.2	
growth yoy	-7.5%	5.0%	6.0%	7.0%	7.0%	6.1%	5.2%	4.3%	3.3%	2.4%	
EBIT	0.4	0.7	1.1	1.8	1.9	2.8	3.8	4.9	6.0	7.0	
EBIT margin	10%	18%	2.8%	4.2%	4.2%	5.9%	7.5%	9.2%	10.8%	12.5%	
Taxes	-0.1	-0.2	-0.3	-0.5	-0.6	-0.9	-1.1	-1.5	-1.8	-2.1	
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
Depreciation	3.1	2.8	2.7	2.7	2.7	3.4	3.8	4.1	4.3	4.5	
% of sales	8.7%	7.5%	6.8%	6.3%	6.0%	7.0%	7.5%	7.7%	7.9%	8.0%	
Capex	-2.9	-3.0	-3.2	-3.4	-3.7	-3.9	-4.1	-4.3	-4.4	-4.5	
% of sales	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
Δ NWC	-0.4	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	
% of sales	10%	-0.6%	-0.7%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	
FCF	0.1	0.5	0.6	0.9	0.8	1.9	2.8	3.7	4.5	5.4	80.3
growth yoy	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	50.1%	30.7%	22.4%	18.4%	1.5%
PV FCF	0.1	0.4	0.5	0.7	0.5	1.2	1.7	2.0	2.3	2.5	37.2

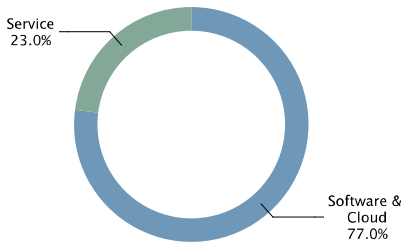
Enterprise value	49	PV Forecast Period	12	Risk free rate	3.50%
- Net Debt / Net Cash	2.5	PV Terminal Value	37	Cost of debt	4.50%
- Pension Provisions	0			Market Premium	4.50%
Equity value	47			Equity ratio	100%
Number of shares	14.6			Company beta	1.1
Value per share (€)	3.20			WACC	8.29%

Source: Quirin Privatbank

Company description

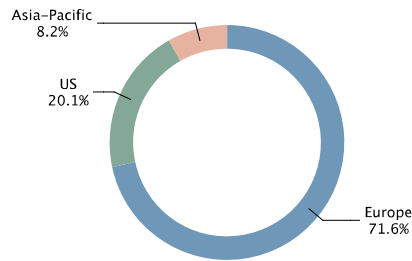
Intershop Communications AG is a provider of integrated enterprise solutions for omni-channel commerce. The Company operates in two business segments: Products and Service. The Products business segment comprises licensing revenues and maintenance revenues. The Service business segment includes revenues from consulting services and training, and full services revenue.

Revenues by segment 2024



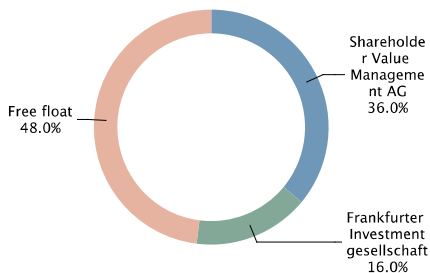
Source: Company data

Revenues by region 2024



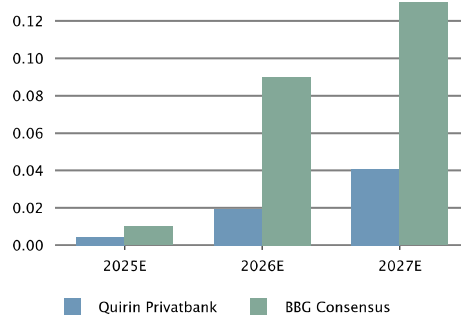
Source: Company data

Shareholder structure



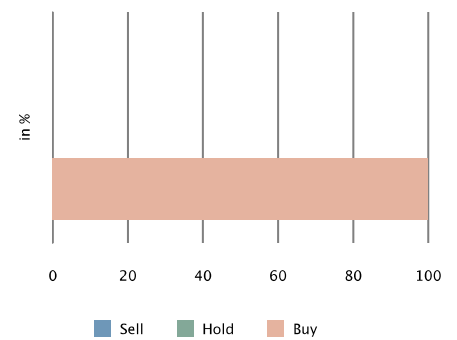
Source: Company data

EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Company guidance 2025

Revenues are projected to decline by 5% - 10%, with earnings before interest and taxes (EBIT) assumed to be slightly positive.

Profit & loss statement

Profit & loss statement (EUR m)	2023	YOY	2024	YOY	2025e	YOY	2026e	YOY	2027e	YOY
Sales	38.0	3.2 %	38.8	2.0 %	35.9	-7.5 %	37.6	5.0 %	39.9	6.0 %
Cost of sales	-22.2		-21.1		-19.5		-20.5		-21.7	
Gross profit	15.8		17.7		16.4		17.2		18.2	
Selling expenses	-8.4		-7.4		-6.7		-6.8		-7.0	
General administrative expenses	-3.2		-3.3		-3.0		-3.2		-3.4	
Research and development costs	-6.9		-6.7		-6.2		-6.5		-6.9	
Other operating income	0.5		0.5		0.6		0.8		1.0	
Other operating expenses	-0.3		-0.8		-0.7		-0.7		-0.8	
EBITDA	0.9	106.9 %	3.3	278.9 %	3.5	5.7 %	3.5	0.4 %	3.8	9.6 %
EBITDA margin (%)	2.28		8.48		9.69		9.26		9.57	
EBIT	-2.5	-11.6 %	0.1	-102.9 %	0.4	391.1 %	0.7	89.0 %	1.1	64.9 %
EBIT margin (%)	-6.68		0.19		1.00		1.80		2.80	
Net interest	-0.5		-0.4		-0.3		-0.3		-0.3	
Income from Participations	n.a.		n.a.		n.a.		n.a.		n.a.	
Net financial result	-0.5		-0.4		-0.3		-0.3		-0.3	
Exceptional items	0.0		1.0		1.0		1.0		1.0	
Pretax profit	-3.0	-11.1 %	-0.3	-90.2 %	0.1	-129.2 %	0.4	362.1 %	0.8	111.8 %
Pretax margin (%)	-7.93		-0.76		0.24		1.06		2.12	
Taxes	-0.1		-0.1		0.0		-0.1		-0.3	
Tax rate (%)	-2.36		-19.26		30.00		30.00		30.00	
Earnings after taxes	-3.1		-0.4		0.1		0.3		0.6	
Minorities	n.a.		n.a.		n.a.		n.a.		n.a.	
Group attributable income	-3.1	-13.3 %	-0.4	-88.6 %	0.1	-118.2 %	0.3	345.0 %	0.6	110.6 %
No. of shares (m)	14.2		14.6		14.6		14.6		14.6	
Earnings per share (EUR)	-0.22	-13.3 %	-0.02	-88.9 %	0.00	-118.2 %	0.02	345.0 %	0.04	110.6 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2023	YOY	2024	YOY	2025e	YOY	2026e	YOY	2027e	YOY
Assets										
Cash and cash equivalents	10.0		8.7		8.2		8.8		9.5	
Accounts receivables	3.9		4.8		4.4		4.7		4.9	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	1.0		1.1		1.1		1.1		1.1	
Tax claims	0.1		0.1		0.1		0.1		0.1	
Total current assets	14.9	-8.6 %	14.6	-1.7 %	13.8	-5.7 %	14.6	5.7 %	15.6	6.8 %
Fixed assets	0.4		0.3		0.0		0.2		0.7	
Goodwill	7.5		7.5		7.5		7.5		7.5	
Other intangible assets	5.9		6.3		6.3		6.3		6.3	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	0.1		0.1		0.1		0.1		0.1	
Other fixed assets	9.1		8.6		8.6		8.6		8.6	
Total fixed assets	23.1	-7.3 %	22.8	-1.5 %	22.6	-1.1 %	22.8	0.9 %	23.2	2.2 %
Total assets	38.0	-7.8 %	37.4	-1.6 %	36.4	-2.9 %	37.3	2.7 %	38.8	4.0 %
Equity & Liabilities										
Subscribed capital	14.6		14.6		14.6		14.6		14.6	
Reserves & other	3.0		3.0		3.0		3.0		3.0	
Revenue reserves	-6.2		-6.6		-6.6		-6.3		-5.7	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	11.4	-17.9 %	11.0	-3.4 %	11.0	0.6 %	11.3	2.6 %	11.9	5.3 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	11.4	-17.9 %	11.0	-3.4 %	11.0	0.6 %	11.3	2.5 %	11.9	5.2 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	12.5		9.4		9.4		9.4		9.4	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	0.0		0.0		0.0		0.0		0.0	
Total long-term debt	12.5	-16.1 %	9.4	-24.7 %	9.4	0.0 %	9.4	0.0 %	9.4	0.0 %
Short-term debt										
Other provisions	0.3		0.4		0.4		0.4		0.4	
Trade payables	2.0		2.5		2.3		2.4		2.6	
Financial debt	2.0		1.8		1.8		1.8		1.8	
Other liabilities	9.8		12.4		11.5		12.0		12.7	
Total short-term debt	14.1	13.4 %	17.0	20.4 %	15.9	-6.7 %	16.6	4.4 %	17.5	5.4 %
Total equity & liabilities	38.0	-7.8 %	37.4	-1.6 %	36.4	-2.9 %	37.3	2.7 %	38.8	4.0 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2023	2024	2025e	2026e	2027e
Per share data (EUR)					
EPS	-0.22	-0.02	0.00	0.02	0.04
Book value per share	0.8	0.8	0.8	0.8	0.8
Free cash flow per share	0.1	0.1	0.0	0.0	0.0
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.92	0.72	0.77	0.72	0.66
EV/EBITDA	40.5	8.4	8.0	7.8	6.9
EV/EBIT	-13.8	379.9	77.1	39.9	23.6
P/E	-9.7	-72.1	387.9	87.2	41.4
P/B	2.6	2.3	2.2	2.2	2.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	3.2	2.0	-7.5	5.0	6.0
Profitability ratios					
EBITDA margin (%)	2.3	8.5	9.7	9.3	9.6
EBIT margin (%)	-6.7	0.2	1.0	1.8	2.8
Net margin (%)	-8.1	-0.9	0.2	0.8	1.5
ROCE (%)	-10.6	0.4	1.8	3.3	5.2
Financial ratios					
Total equity (EUR m)	11.4	11.0	11.0	11.3	11.9
Equity ratio (%)	29.9	29.3	30.4	30.3	30.7
Net financial debt (EUR m)	4.5	2.5	3.0	2.4	1.7
Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Interest cover	4.8	-0.1	-0.9	-1.8	-2.9
Net debt/EBITDA	5.2	0.8	0.9	0.7	0.4
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	-4.9	-4.7	-4.4	-4.6	-4.9
Working capital/Sales	-0.13	-0.12	-0.12	-0.12	-0.12

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

BUY > +10%

HOLD <=-10% and < = +10%

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
09.05.2025	3.20	Buy	
19.02.2025	3.00	Buy	
26.07.2024	2.80	Buy	11.12.2018

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