

VOQUZ Labs AG

Software - Germany



Buy (old: Buy)

22.03.2024

EUR 22.00 (old: EUR 22.00)

Huge potential from promising PwC partnership // chg.

On Wednesday, VOQUZ Labs announced a **strategic partnership with PwC Solutions Germany for the marketing of remQ**, the company's business transaction monitoring and auditing software for SAP customers. In detail:

PwC will offer its client base in Germany the establishment of a **digitalized internal control system (ICS) based on remQ**. Mind you, remQ was added to the product portfolio within the framework of the company's first M&A deal in early 2023. The software monitors business-critical transactions, i.e. procure-to-pay and order-to-cash processes, in real-time, hence improving data and transaction control across all business areas. Moreover, customers can upsell in order to add premium solutions such as payroll- and sanctions compliance or an AI-based criminal watchlist name-matching tool. The software is optimized for both SAP ERP and S/4HANA environments. PwC will likely position remQ as a managed service solution. In our view, this should be a well needed push for remQ after a flattish sales development in 2023 (eNuW: € 150k).

Given PwC's market leading position with c. 13k auditing and consulting customers in Germany, the partnership is seen to significantly **facilitate the go-to-market of remQ**. As VOQUZ is typically targeting mid-sized customers with 500-20,000 employees, we estimate **the deal to have a total potential of € 25-30m in annual revenues**, based on an average annual contract volume of € 35k (eNuW).

As VOQUZ also aims to **intensify cross-promotion with its flagship software samQ** (SAP software asset management), top-line growth is seen to accelerate from 2024e onwards. We hence conservatively expect remQ sales to triple to € 450k in '24e before doubling again to € 900k in '25e.

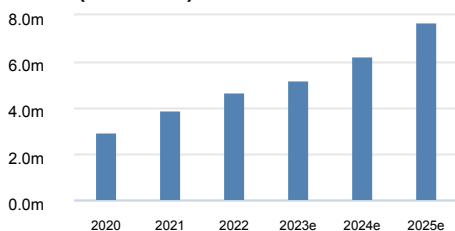
visoryQ offering further upside. While the company's core product samQ looks set to provide solid double-digit sales growth going forward (eNuW: 11.3% CAGR '23p-26e) and setQ as a pure re-sell product likely remaining flat, visoryQ is also seen to contribute with **strong growth momentum going forward**. This should be, among others, driven by the ongoing S/4HANA transition (mainstream maintenance for old ERP software ends in 2027).

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Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	3.0	3.9	4.7	5.2	6.2	7.8
Sales growth	66.4%	31.3%	21.4%	10.6%	19.1%	24.9%
EBITDA	0.7	1.0	0.6	0.4	1.0	1.6
Net debt (if net cash=0)	-0.1	-1.0	-0.1	0.3	-0.3	-0.8
FCF	0.4	0.6	-0.3	-0.2	0.5	0.6
Net Debt/EBITDA	0.0	0.0	0.0	0.6	0.0	0.0
EPS pro forma	n.a.	0.46	0.06	-0.28	0.35	0.73
EBITDA margin	22.4%	24.7%	13.2%	8.6%	15.5%	20.5%
ROCE	70.6%	37.0%	10.4%	0.3%	19.9%	31.9%
EV/sales	-0.0	1.8	1.6	1.5	1.2	0.9
EV/EBITDA	-0.2	7.2	12.3	18.0	7.8	4.4
PER	n.a.	16.2	116.8	-26.9	21.1	10.3
Adjusted FCF yield	-266.3%	9.4%	3.2%	-0.5%	9.0%	15.9%

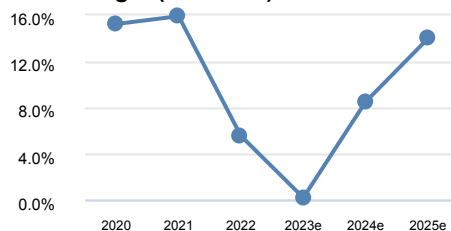
Source: Company data, NuWays, Close price as of 19.03.2024

Sales (2020-25e)



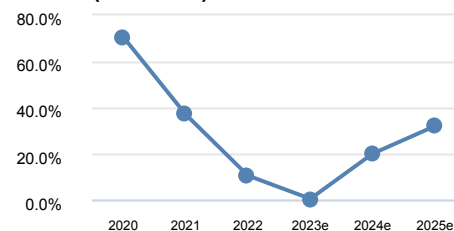
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

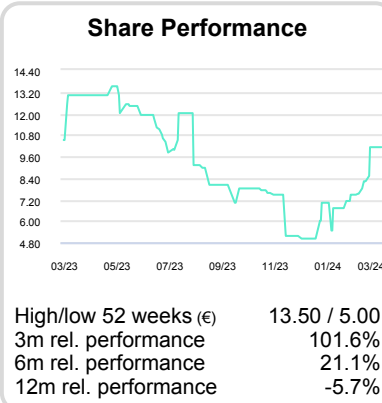
ROCE (2020-25e)



Source: NuWays Research

Company description

VOQUZ is a leading developer and provider of Software Asset Management (SAM) solutions with a clear focus on SAP license and authorization management.



Market data

Share price (in €)	10.10
Market cap (in € m)	7.8
Number of shares (in m pcs)	1.1
Enterprise value (in € m)	7.6
Ø trading volume (6 months)	25

Identifier

Bloomberg	HC7 GR
Reuters	HC7.DE
WKN	A3CSTW
ISIN	DE000A3CSTW4

Key shareholders

VOQUZ Technology GmbH	75.6%
Peter Rattey	11.4%
Free Float	13.0%

Estimates changes

	2023e	2024e	2025e
Sales	0%	2%	2%
EBIT	0%	2%	2%
EPS	0%	2%	2%

Comment on changes

- Slightly upgrade forecast reflects the announced partnership.

Guidance

- Sustained double digit sales growth
- Mid-term: > 20% EBITDA margin

To remind you, visoryQ is a tool that largely maps advisory services via intelligent software and is designed to methodically help customers determine the optimal ERP strategy. For example, visoryQ visualizes various strategies to help decide whether on-premise, hyperscaler, RISE or composable ERP is the best fit and is providing customers with cost indications for all possible options considering the scope of service needed for the respective organization. Thus, especially for SAP customers who have not yet migrated to S/4HANA, visoryQ is a compelling offering in order to optimize TCO, in our view.

After introducing the self-developed solution in Q4 '22, it already met with **brisk demand** in 2023, accounting for c. 10% of sales, e.g. € 0.5m (eNuW). Driven by an accelerating S/4HANA transition, top-line should continue to develop dynamically at a **65% CAGR '23p-26e**.

Top-line development

(in € m)	2023p	2024e	2025e	2026e
samQ	3.9	4.3	4.8	5.4
yoy	-7%	10%	12%	12%
in % of sales	75%	69%	62%	56%
visoryQ	0.5	0.9	1.5	2.3
yoy	n.a.	70%	65%	60%
in % of sales	10%	14%	19%	24%
remQ	0.2	0.5	0.9	1.4
yoy	n.a.	200%	100%	50%
in % of sales	3%	7%	12%	14%
setQ	0.6	0.6	0.6	0.6
yoy	15%	0%	0%	0%
in % of sales	12%	10%	8%	6%
Total sales	5.2	6.2	7.8	9.7
yoy	11%	20%	25%	24%

Source: NuWays Research

SAP cloud migration to fuel visoryQ and samQ

While the majority of SAP ERP customers has not yet migrated, **SAP introduced financial incentives at the start of the year to help accelerating the transition** to S/4HANA. Until the end of 2024, customers opting for a cloud migration via the RISE or GROW with SAP program may receive a one-time credit of 60% of their first year's fee if they currently use on-premise S/4HANA, and a 45% credit if they currently use SAP legacy software. Apparently, SAP actively offered these incentives to users already in Q4'23 and received positive feedback. The CPO for cloud ERP, Mr Jan Gilg, stated that it 'hit the right spot' and was 'able to convince a lot of customers to move to Rise'.

While this should be **clearly benefitting visoryQ**, the ongoing cloud migration is set to also have a **positive effect on samQ**, the company's SAP software asset management tool. While cloud-based solutions offer a higher degree of flexibility on the one hand, they also increase complexity on the other, as they inherit an innumerable amount of native and third-party services. In order to be able to deal with such an increasing complexity, there should be no way around an appropriate SAM tool like samQ, in our view. Already today, the average SAP customer manages 3,500 users and 20 systems, i.e. has to classify 70,000 data points. As a result, roughly 30% of SAP users are incorrectly licensed.

Overall, VOQUZ looks set to be well positioned to pick up the pace again after a difficult H1'23 that was partially compensated by a solid H2 ([click here](#) for update on FY '23 prelims). For FY24, we estimate 19% sales growth (eNuW: € 6.2m), a double-digit EBITDA margin (eNuW: 15.5%) and positive FCF (eNuW: € 0.5m).

Despite the promising share price performance YTD, valuation still looks undemanding with the stock trading on a mere 1.2x EV/Sales and 7.8x EV/EBITDA '24e (0.9x/4.4x based on FY25e) carried by the strong underlying mid-term prospects as well as the scalability of the capital light business model.

BUY with an unchanged PT of € 22.00 based on DCF.

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	3.0	3.9	4.7	5.2	6.2	7.8
<i>Sales growth</i>	66.4%	31.3%	21.4%	10.6%	19.1%	24.9%
Increase/decrease in finished goods and work-in-process	0.2	0.3	0.2	0.3	0.4	0.5
Total sales	3.1	4.2	5.0	5.5	6.7	8.3
Other operating income	0.2	0.1	0.2	0.3	0.2	0.3
Material expenses	0.6	0.7	1.0	1.0	1.1	1.2
Personnel expenses	0.6	0.9	1.4	2.1	1.7	1.9
Other operating expenses	1.5	1.7	2.2	2.9	3.1	3.9
Total operating expenses	2.5	3.2	4.3	5.6	5.7	6.7
EBITDA	0.7	1.0	0.6	0.4	1.0	1.6
Depreciation	0.2	0.3	0.4	0.4	0.4	0.5
EBITA	0.5	0.6	0.3	0.0	0.5	1.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	0.5	0.6	0.3	0.0	0.5	1.1
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	-0.0	0.0	0.0	0.0	0.0
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.0	0.0	-0.0	-0.0	0.0	0.0
Recurring pretax income from continuing operations	0.4	0.6	0.3	0.0	0.5	1.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.4	0.6	0.3	0.0	0.5	1.1
Income tax expense	0.0	0.1	0.2	0.3	0.2	0.3
Net income from continuing operations	0.4	0.5	0.1	-0.3	0.4	0.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.4	0.5	0.1	-0.3	0.4	0.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	0.4	0.5	0.1	-0.3	0.4	0.8
Average number of shares	0.0	1.0	1.0	1.0	1.0	1.0
EPS reported	n.a.	0.46	0.06	-0.28	0.35	0.73

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	66.4%	31.3%	21.4%	10.6%	19.1%	24.9%
Increase/decrease in finished goods and work-in-process	5.8%	7.1%	5.2%	5.6%	7.0%	7.0%
Total sales	105.8%	107.1%	105.2%	105.6%	107.0%	107.0%
Other operating income	5.3%	2.2%	3.7%	5.8%	4.0%	4.5%
Material expenses	18.8%	17.8%	20.3%	18.3%	18.0%	16.0%
Personnel expenses	19.7%	23.0%	28.9%	39.5%	27.5%	25.0%
Other operating expenses	50.1%	43.9%	46.6%	55.9%	50.0%	50.0%
Total operating expenses	83.4%	82.4%	92.0%	108.0%	91.5%	86.5%
EBITDA	22.4%	24.7%	13.2%	8.6%	15.5%	20.5%
Depreciation	7.1%	8.7%	7.7%	8.4%	7.0%	6.5%
EBITA	15.3%	15.9%	5.5%	0.2%	8.5%	14.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	15.3%	15.9%	5.5%	0.2%	8.5%	14.0%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.1%	-0.2%	0.0%	0.1%	0.0%	0.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	0.2%	neg.	neg.	0.0%	0.0%
Recurring pretax income from continuing operations	15.2%	16.1%	5.5%	0.0%	8.5%	14.0%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	15.2%	16.1%	5.5%	0.0%	8.5%	14.0%
Tax rate	2.0%	22.8%	74.2%	13120.9%	30.0%	30.0%
Net income from continuing operations	14.8%	12.4%	1.4%	-5.6%	5.9%	9.8%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	14.8%	12.4%	1.4%	-5.6%	5.9%	9.8%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	14.8%	12.4%	1.4%	-5.6%	5.9%	9.8%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	1.5	1.5	1.5	1.5	1.5	1.5
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.1	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	1.6	1.5	1.5	1.5	1.5	1.5
Inventories	0.0	0.0	0.0	0.1	0.1	0.1
Accounts receivable	1.0	1.8	2.5	2.6	2.6	3.0
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.1	1.0	0.3	0.1	0.6	1.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
CURRENT ASSETS	1.2	2.9	3.0	2.9	3.4	4.5
TOTAL ASSETS	2.8	4.4	4.5	4.4	4.9	5.9

SHAREHOLDERS EQUITY	0.7	1.9	2.0	1.5	2.0	3.0
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.3	0.3	0.2	0.2	0.3	0.3
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.3	0.4	0.5	0.7	0.7	0.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	1.0	0.8	0.4	0.4	0.4	0.4
Deferred taxes	0.2	0.2	0.2	0.2	0.2	0.2
Deferred income	0.3	0.5	0.7	0.7	0.7	0.7
CURRENT LIABILITIES	1.3	1.2	0.9	1.1	1.1	1.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2.8	4.4	4.5	4.4	4.9	5.9

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	54.4%	34.1%	33.3%	33.8%	30.2%	25.0%
Property, plant and equipment	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Financial assets	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	58.2%	34.2%	33.4%	33.9%	30.3%	25.1%
Inventories	1.1%	1.1%	0.0%	1.5%	1.6%	1.6%
Accounts receivable	34.6%	40.3%	56.7%	58.5%	51.9%	50.1%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	3.7%	21.8%	6.2%	2.4%	12.9%	20.4%
Deferred taxes	0.0%	0.8%	0.8%	0.9%	0.8%	0.6%
Deferred charges and prepaid expenses	2.4%	1.7%	2.7%	2.8%	2.5%	2.1%
CURRENT ASSETS	41.8%	65.8%	66.6%	66.1%	69.7%	74.9%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	23.7%	44.3%	44.3%	34.0%	41.3%	49.8%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	10.3%	7.5%	4.5%	5.2%	5.2%	4.7%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	10.3%	8.3%	11.9%	16.3%	13.8%	12.5%
Advance payments received on orders	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	37.3%	18.9%	8.4%	8.5%	7.6%	6.3%
Deferred taxes	7.8%	5.2%	5.3%	5.4%	4.8%	4.0%
Deferred income	10.6%	12.1%	15.7%	15.9%	14.2%	11.8%
CURRENT LIABILITIES	47.6%	27.7%	20.3%	24.8%	21.5%	18.9%
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)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	0.4	0.5	0.1	-0.3	0.4	0.8
Depreciation of fixed assets (incl. leases)	0.2	0.3	0.4	0.4	0.4	0.5
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	-0.6	0.0	0.0	0.0
Cash flow from operating activities	0.3	0.4	-0.1	0.0	0.7	0.7
Increase/decrease in inventory	0.3	0.5	0.0	-0.1	-0.0	-0.0
Increase/decrease in accounts receivable	-0.8	-0.8	-0.8	-0.0	0.0	-0.4
Increase/decrease in accounts payable	0.2	0.1	0.2	0.2	-0.0	0.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.2	-0.2	-0.6	0.1	-0.0	-0.4
Cash flow from operating activities	0.4	0.6	0.1	0.2	0.8	0.9
CAPEX	0.0	0.0	0.4	0.4	0.2	0.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.6	0.2	0.0	0.2	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.6	-0.2	-0.4	-0.6	-0.2	-0.3
Cash flow before financing	-0.2	0.4	-0.3	-0.4	0.5	0.6
Increase/decrease in debt position	0.0	0.0	0.2	0.2	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.4	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	-0.6	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	0.1	0.4	-0.4	0.2	0.0	0.0
Increase/decrease in liquid assets	-0.0	0.8	-0.7	-0.2	0.5	0.6
Liquid assets at end of period	0.1	1.0	0.3	0.1	0.6	1.2

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	66.4%	31.3%	21.4%	10.6%	19.1%	24.9%
EBITDA growth	414.2%	44.8%	-34.9%	-28.1%	114.7%	65.2%
EBIT growth	-2326.0%	37.2%	-57.9%	-96.8%	6322.2%	105.7%
EPS growth	n.a.	n.a.	-86.1%	-534.5%	-227.2%	105.7%
Efficiency						
Sales per employee	98.8	129.7	135.0	121.5	128.8	146.3
EBITDA per employee	22.1	32.0	17.9	10.4	20.0	30.0
No. employees (average)	30	30	35	43	48	53
Balance sheet analysis						
Avg. working capital / sales	24.1%	26.5%	28.8%	32.1%	31.8%	27.4%
Inventory turnover (sales/inventory)	92.6	77.8	n.a.	80.0	80.0	80.0
Accounts receivable turnover	119.6	164.9	196.0	180.0	150.0	140.0
Accounts payable turnover	35.6	34.0	41.2	50.0	40.0	35.0
Cash flow analysis						
Free cash flow	0.4	0.6	-0.3	-0.2	0.5	0.6
Free cash flow/sales	13.6%	14.8%	-6.2%	-3.3%	8.5%	7.4%
FCF / net profit	91.4%	119.3%	neg.	59.2%	143.1%	75.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-0.1	-1.0	-0.1	0.3	-0.3	-0.8
Net Debt/EBITDA	0.0	0.0	0.0	0.6	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	n.a.	-21.8%	0.6%	1.6%	0.0%	0.0%
Returns						
ROCE	70.6%	37.0%	10.4%	0.3%	19.9%	31.9%
ROE	66.1%	25.0%	3.4%	-19.4%	18.2%	25.7%
Adjusted FCF yield	-266.3%	9.4%	3.2%	-0.5%	9.0%	15.9%
Dividend yield		-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	n.a.	0.46	0.06	-0.28	0.35	0.73
Average number of shares	0.0	1.0	1.0	1.0	1.0	1.0
Valuation ratios						
P/BV	n.a.	4.1	4.0	5.2	3.8	2.6
EV/sales	-0.0	1.8	1.6	1.5	1.2	0.9
EV/EBITDA	-0.2	7.2	12.3	18.0	7.8	4.4
EV/EBIT	-0.2	11.1	29.6	981.9	14.3	6.4

Source: Company data, NuWays

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Company	Disclosures
VOQUZ Labs AG	2,8

Historical target price and rating changes for VOQUZ Labs AG

Company	Date	Analyst	Rating	Target Price	Close
VOQUZ Labs AG	06.03.2024	Sennewald, Philipp	Buy	EUR 22.00	EUR 8.50
	20.11.2023	Sennewald, Philipp	Buy	EUR 20.00	EUR 7.45
	28.04.2023	Sennewald, Philipp	Buy	EUR 32.00	EUR 13.00
	27.04.2023	Sennewald, Philipp	Buy	EUR 33.00	EUR 13.00
	24.04.2023	Sennewald, Philipp	Buy	EUR 32.00	EUR 13.00

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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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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