

08.05.2025

EUR 1.30 (old: EUR 1.30)

Q1'25e set for further profitability improvements

Topic: Next Tuesday, q.beyond is going to release its Q1 report, which is seen to show further improvements on the bottom-line and provide confidence regarding the company's FY25 outlook. **In detail:**

Q1 sales are seen to slightly decline by 1.4% to € 46.5m (eNuW). Yet, the expected decline is solely due to accounting in accordance with IFRS 15. As a result, a total of € 12.6m of FY24 sales, which are mainly related to SAP and Microsoft contracts, will no longer be accounted as revenues, as only the profits from the respective customer relationships will be accounted for. Eliminating this effect, sales growth should be in the low to mid single-digit % range (eNuW). This should again be driven by Managed Services, but also a recovery of Consulting. Here we expect a significant improvement on the gross margin side to 12% (+3.6pp yoy). Overall **gross margin is seen to come in at 19.3%**, implying **€ 9.0m gross profit**.

Q1 EBITDA is expected to improve strongly by 27.6% to € 2.5m (eNuW), implying a 5.5% margin. Main drivers behind this should be again an improved near- and off-shoring ratio, which management aims to lift to 20% by YE'25 (14% as of FY24). This alone should explain a good part of the gross margin improvement. Moreover, the anticipated recovery of Consulting is seen to be a further driver. Given an improved utilization, margins in the region of 20% should be absolutely achievable going forward.

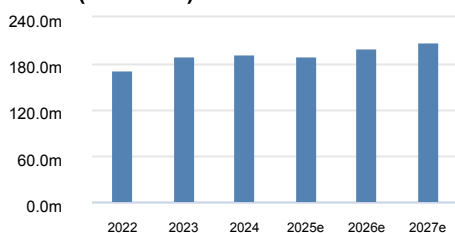
With this, the company should be **well on track to achieve the FY25 guidance**. While the sales outlook looks conservative, implying 2.2-5.6% growth (excluding the aforementioned accounting effect; eNuW: +5.5%), the q.beyond should be able to achieve the upper end of the communicated EBITDA target of € 12-15m (eNuW: € 14.7m), as we expect gradual improvements as well as a seasonally strong Q4.

Putting all this aside, inorganic growth is likely to become a factor as well, as implied by CEO Rixen during the latest conference calls. In fact, with € 30m net cash (incl. leases) management has a well equipped war chest on hand to tap the M&A market. Here, we regard targets with a high public sector exposure (health-care, energy, defense) as likely, given the recent infrastructure special funds and the debt break suspension in Germany.

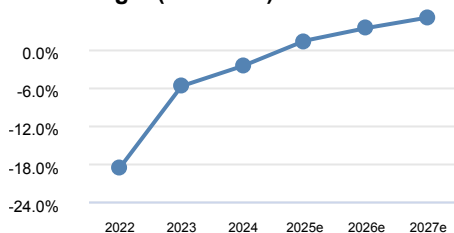
Reiterate **BUY** with an € 1.30 PT based on DCF.

Y/E 31.12 (EUR m)	2022	2023	2024	2025e	2026e	2027e
Sales	173.0	189.3	192.6	189.9	200.5	209.2
Sales growth	11.5%	9.4%	1.7%	-1.4%	5.6%	4.3%
EBITDA	5.4	5.7	10.5	14.7	17.9	20.4
Net debt (if net cash=0)	-30.7	-30.4	-30.4	-40.9	-52.4	-64.8
FCF	-4.7	3.9	7.0	10.5	11.4	12.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	-0.27	-0.14	-0.05	0.01	0.04	0.06
EBITDA margin	3.1%	3.0%	5.5%	7.7%	8.9%	9.8%
ROCE	-23.2%	-7.8%	-4.1%	2.2%	5.8%	8.5%
EV/sales	0.5	0.4	0.4	0.4	0.3	0.2
EV/EBITDA	15.7	14.7	8.0	5.0	3.5	2.4
PER	-3.4	-6.4	-19.7	76.9	24.6	16.0
Adjusted FCF yield	-1.6%	-6.7%	5.5%	12.9%	18.5%	25.6%

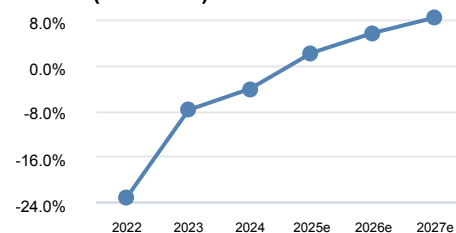
Source: Company data, NuWays. Close price as of 06.05.2025



Source: NuWays Research



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Share Performance



High/low 52 weeks (€)	0.93 / 0.68
3m rel. performance	19.4%
6m rel. performance	4.1%
12m rel. performance	25.1%

Market data

Share price (in €)	0.93
Market cap (in € m)	112.6
Number of shares (in m pcs)	124.6
Enterprise value (in € m)	73.9
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

	<u>2025e</u>	<u>2026e</u>	<u>2027e</u>
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

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.

Guidance

- FY25 Sales: € 184-190m
- FY25 EBITDA: € 12-15m
- FY25: Positive net income

Financials

Profit and loss (EUR m)	2022	2023	2024	2025e	2026e	2027e
Sales	173.0	189.3	192.6	189.9	200.5	209.2
Sales growth	11.5%	9.4%	1.7%	-1.4%	5.6%	4.3%
Cost of sales	145.6	161.7	158.1	151.5	157.8	163.6
Gross profit	27.5	27.6	34.5	38.4	42.7	45.5
Sales and marketing	12.6	14.6	10.9	12.0	12.2	12.5
General and administration	14.9	16.4	14.0	13.1	14.0	14.4
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	6.0	9.4	1.5	1.5	1.6	2.1
Other operating expenses	0.5	0.3	0.5	0.2	0.2	0.2
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	5.4	5.7	10.5	14.7	17.9	20.4
Depreciation	12.5	11.0	11.0	6.9	6.1	5.3
Amortisation of goodwill	15.8	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	9.4	5.7	4.5	5.1	5.0	4.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-32.3	-10.9	-5.0	2.6	6.8	10.6
Interest income	0.1	0.7	1.4	0.8	1.0	1.2
Interest expenses	0.2	0.5	0.5	0.4	0.4	0.4
Investment income	-0.9	-0.5	-0.3	0.0	0.0	0.0
Financial result	-1.0	-0.3	0.6	0.3	0.6	0.8
Recurring pretax income from continuing operations	-33.2	-11.3	-4.4	3.0	7.4	11.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-33.2	-11.3	-4.4	3.0	7.4	11.4
Income tax expense	-0.2	5.2	0.4	0.6	1.8	3.4
Net income from continuing operations	-33.1	-16.4	-4.8	2.4	5.5	8.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-33.1	-16.4	-4.8	2.4	5.5	8.0
Minority interest	0.2	1.0	0.9	0.9	0.9	0.9
Net profit (reported)	-33.3	-17.5	-5.7	1.5	4.6	7.0
Average number of shares	124.6	124.6	124.6	124.6	124.6	124.6
EPS reported	-0.27	-0.14	-0.05	0.01	0.04	0.06

Profit and loss (common size)	2022	2023	2024	2025e	2026e	2027e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	84.1%	85.4%	82.1%	79.8%	78.7%	78.2%
Gross profit	15.9%	14.6%	17.9%	20.2%	21.3%	21.8%
Sales and marketing	7.3%	7.7%	5.7%	6.3%	6.1%	6.0%
General and administration	8.6%	8.6%	7.3%	6.9%	7.0%	6.9%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	3.5%	5.0%	0.8%	0.8%	0.8%	1.0%
Other operating expenses	0.3%	0.1%	0.2%	0.1%	0.1%	0.1%
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	3.1%	3.0%	5.5%	7.7%	8.9%	9.8%
Depreciation	7.2%	5.8%	5.7%	3.6%	3.0%	2.5%
Amortisation of goodwill	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	5.4%	3.0%	2.3%	2.7%	2.5%	2.2%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-18.7%	-5.8%	-2.6%	1.4%	3.4%	5.1%
Interest income	0.1%	0.4%	0.7%	0.4%	0.5%	0.6%
Interest expenses	0.1%	0.3%	0.3%	0.2%	0.2%	0.2%
Investment income	-0.5%	-0.3%	-0.2%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	0.3%	0.2%	0.3%	0.4%
Recurring pretax income from continuing operations	-19.2%	-5.9%	-2.3%	1.6%	3.7%	5.4%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-19.2%	-5.9%	-2.3%	1.6%	3.7%	5.4%
Tax rate	0.5%	-46.0%	-8.7%	20.0%	25.0%	30.0%
Net income from continuing operations	-19.1%	-8.7%	-2.5%	1.3%	2.8%	3.8%
Net income	-19.1%	-8.7%	-2.5%	1.3%	2.8%	3.8%
Minority interest	0.1%	0.5%	0.5%	0.5%	0.5%	0.4%
Net profit (reported)	-19.2%	-9.2%	-3.0%	0.8%	2.3%	3.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2022	2023	2024	2025e	2026e	2027e
Intangible assets	28.7	28.1	26.5	23.3	20.3	17.8
Property, plant and equipment	37.8	31.8	27.7	23.3	20.3	18.1
Financial assets	5.3	2.8	1.6	1.6	1.6	1.6
FIXED ASSETS	71.8	62.6	55.8	48.2	42.1	37.5
Inventories	0.2	0.1	0.1	0.1	0.1	0.1
Accounts receivable	39.7	34.1	36.6	36.4	38.5	40.1
Other assets and short-term financial assets	4.9	11.8	10.7	10.7	10.7	10.7
Liquid assets	36.4	37.6	39.1	49.6	61.1	73.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	8.2	8.0	10.6	10.6	10.6	10.6
CURRENT ASSETS	89.3	91.7	97.0	107.4	120.9	135.0
TOTAL ASSETS	161.1	154.3	152.9	155.6	163.0	172.5

SHAREHOLDERS EQUITY	115.1	97.8	92.6	95.0	101.6	113.3
MINORITY INTEREST	0.5	1.5	2.1	2.1	0.9	0.9
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	5.7	7.2	8.7	8.7	8.7	8.7
Provisions for pensions and similar obligations	2.3	2.1	2.2	2.2	2.2	2.2
Other provisions and accrued liabilities	2.4	5.0	3.6	3.6	3.6	3.6
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	24.6	25.9	33.5	33.8	35.7	37.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	2.2	6.0	4.8	4.8	4.8	4.8
Other liabilities (incl. from lease and rental contracts)	7.7	6.6	3.8	3.8	3.8	0.0
Deferred taxes	0.0	0.8	1.0	1.0	1.0	1.0
Deferred income	0.5	1.3	0.8	0.8	0.8	0.8
CURRENT LIABILITIES	32.4	32.5	37.2	37.6	39.5	37.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	161.1	154.3	152.9	155.6	163.0	172.5

Balance sheet (common size)	2022	2023	2024	2025e	2026e	2027e
Intangible assets	17.8%	18.2%	17.3%	15.0%	12.4%	10.3%
Property, plant and equipment	23.5%	20.6%	18.1%	15.0%	12.4%	10.5%
Financial assets	3.3%	1.8%	1.1%	1.0%	1.0%	0.9%
FIXED ASSETS	44.6%	40.6%	36.5%	31.0%	25.9%	21.7%
Inventories	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Accounts receivable	24.6%	22.1%	23.9%	23.4%	23.6%	23.2%
Other assets and short-term financial assets	3.0%	7.7%	7.0%	6.9%	6.6%	6.2%
Liquid assets	22.6%	24.4%	25.6%	31.9%	37.5%	42.6%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	5.1%	5.2%	6.9%	6.8%	6.5%	6.1%
CURRENT ASSETS	55.4%	59.4%	63.5%	69.0%	74.1%	78.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	71.5%	63.4%	60.5%	61.0%	62.3%	65.7%
MINORITY INTEREST	0.3%	1.0%	1.3%	1.3%	0.6%	0.5%
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	3.5%	4.7%	5.7%	5.6%	5.3%	5.0%
Provisions for pensions and similar obligations	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%
Other provisions and accrued liabilities	1.5%	3.2%	2.3%	2.3%	2.2%	2.1%
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	15.3%	16.8%	21.9%	21.7%	21.9%	21.6%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	1.3%	3.9%	3.1%	3.1%	3.0%	2.8%
Other liabilities (incl. from lease and rental contracts)	4.8%	4.3%	2.5%	2.4%	2.3%	0.0%
Deferred taxes	0.0%	0.5%	0.7%	0.7%	0.6%	0.6%
Deferred income	0.3%	0.9%	0.5%	0.5%	0.5%	0.4%
CURRENT LIABILITIES	20.1%	21.0%	24.3%	24.1%	24.2%	21.6%
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)	2022	2023	2024	2025e	2026e	2027e
Net profit/loss	-33.1	-16.4	-4.8	2.4	5.5	8.0
Depreciation of fixed assets (incl. leases)	17.9	11.0	6.0	6.9	6.1	5.3
Amortisation of goodwill & intangible assets	20.0	5.7	4.5	5.1	5.0	4.6
Other costs affecting income / expenses	-4.3	2.7	-1.4	0.0	0.0	0.0
Cash flow from operating activities	-7.8	1.5	5.9	11.4	13.1	14.7
Increase/decrease in inventory	0.0	0.1	0.0	-0.0	-0.0	-0.0
Increase/decrease in accounts receivable	-4.1	5.5	-2.5	0.2	-2.0	-1.7
Increase/decrease in accounts payable	6.2	1.3	7.6	0.4	1.9	1.5
Increase/decrease in other working capital positions	-3.9	-3.4	1.2	0.0	0.0	0.0
Increase/decrease in working capital	-1.7	3.6	6.3	0.5	-0.2	-0.1
Cash flow from operating activities	-1.3	6.5	10.5	15.0	16.5	17.7
CAPEX	3.5	2.6	3.6	4.4	5.0	5.2
Payments for acquisitions	10.6	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.9	0.2	0.0	0.0	0.0
Cash flow from investing activities	-14.0	-1.7	-3.4	-4.4	-5.0	-5.2
Cash flow before financing	-15.2	4.8	7.1	10.5	11.4	12.5
Increase/decrease in debt position	-0.0	-0.5	-3.9	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	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	-5.1	-3.0	-1.7	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	-5.1	-3.5	-5.7	0.0	0.0	0.0
Increase/decrease in liquid assets	-20.3	1.3	1.4	10.5	11.4	12.5
Liquid assets at end of period	36.4	37.6	39.1	49.6	61.1	73.5

Key ratios (EUR m)	2022	2023	2024	2025e	2026e	2027e
P&L growth analysis						
Sales growth	11.5%	9.4%	1.7%	-1.4%	5.6%	4.3%
EBITDA growth	-83.1%	7.1%	83.5%	39.4%	21.7%	14.2%
EBIT growth	-312.6%	-66.1%	-54.7%	-153.4%	156.9%	55.6%
EPS growth	-442.8%	-47.5%	-67.3%	-125.7%	213.1%	53.2%
Efficiency						
Sales per employee	153.8	170.3	173.2	168.2	172.5	173.0
EBITDA per employee	4.8	5.2	9.5	13.0	15.4	16.9
No. employees (average)	1,125	1,112	1,112	1,129	1,163	1,209
Balance sheet analysis						
Avg. working capital / sales	8.7%	4.9%	4.8%	2.9%	1.5%	1.4%
Inventory turnover (sales/inventory)	797.3	1,736.5	2,265.7	2,000.0	2,000.0	2,000.0
Accounts receivable turnover	83.7	65.8	69.4	70.0	70.0	70.0
Accounts payable turnover	61.8	58.5	77.3	65.0	65.0	65.0
Cash flow analysis						
Free cash flow	-4.7	3.9	7.0	10.5	11.4	12.5
Free cash flow/sales	-2.7%	2.1%	3.6%	5.6%	5.7%	6.0%
FCF / net profit	14.3%	neg.	neg.	440.4%	207.4%	156.6%
Capex / sales	2.0%	1.4%	1.9%	2.3%	2.5%	2.5%
Solvency						
Net debt	-30.7	-30.4	-30.4	-40.9	-52.4	-64.8
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	6.8%	10.6%	7.5%	5.5%	5.0%	5.0%
Returns						
ROCE	-23.2%	-7.8%	-4.1%	2.2%	5.8%	8.5%
ROE	-28.9%	-17.9%	-6.2%	1.5%	4.5%	6.2%
Adjusted FCF yield	-1.6%	-6.7%	5.5%	12.9%	18.5%	25.6%
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	-0.27	-0.14	-0.05	0.01	0.04	0.06
Average number of shares	124.6	124.6	124.6	124.6	124.6	124.6
Valuation ratios						
P/BV	1.0	1.2	1.2	1.2	1.1	1.0
EV/sales	0.5	0.4	0.4	0.4	0.3	0.2
EV/EBITDA	15.7	14.7	8.0	5.0	3.5	2.4
EV/EBIT	-2.6	-7.7	-17.0	27.9	9.2	4.7

Source: Company data, NuWays

Disclosures

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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	06.03.2025	Sennewald, Philipp	Buy	EUR 1.30	EUR 0.73
	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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