# CENIT

(CDAX, Software/IT, CSH GR)

WARBURG RESEARCH

| | |
|---|---|
| **Buy** | |
| EUR **18.00** | (EUR 19.00) |
| Price | EUR 13.85 |
| **Upside** | **30.0 %** |

| **Value Indicators:** | EUR |
|---|---|
| DCF: | 18.20 |
| FCF-Value Potential 24e: | 16.00 |
| Peer group 25e: | 11.90 |

| **Warburg ESG Risk Score:** | **3.0** |
|---|---|
| ESG Score (MSCI based): | 3.0 |
| Balance Sheet Score: | 5.0 |
| Market Liquidity Score: | 1.0 |

**Description:**

PLM and EIM specialist; worldwide biggest Dassault partner

| **Market Snapshot:** | EUR m |
|---|---|
| Market cap: | 115.9 |
| No. of shares (m): | 8.4 |
| EV: | 123.2 |
| Freefloat MC: | 83.4 |
| Ø Trad. Vol. (30d): | 31.85 th |

| **Shareholders:** | |
|---|---|
| Freefloat | 71.93 % |
| Primepulse | 28.07 % |

| **Key Figures (WRe):** | 2023e |
|---|---|
| Beta: | 1.2 |
| Price / Book: | 2.9 x |
| Equity Ratio: | 33 % |
| Net Fin. Debt / EBITDA: | 0.3 x |
| Net Debt / EBITDA: | 0.3 x |

## Solid Q1 growth driven by inorganic effects and release of pent-up demand

### Stated Figures Q1/2023:

**CENIT - Q1 2023**

| in EUR m | Q1/23 | Q1/23e | Δ WR | Q1/22 | yoy | 2023e | 2022 | yoy | Guidance |
|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **43.4** | 39.3 | 10.4% | 35.4 | 22.7% | 180.0 | 162.2 | 11.0% | 175-180 |
| **EBIT** | **0.0** | 1.2 | -99.5% | -0.4 | - | 8.5 | 6.3 | 34.8% | 9.0-9.5 |
| *margin* | *0.0%* | *3.2%* | | *-1.1%* | | *4.7%* | *3.9%* | | |
| **PLM** | **34.1** | 34.0 | 0.3% | 32.2 | 6.1% | 142.50 | 134.5 | 5.9% | >140 |
| **EIM** | **9.3** | 6.2 | 50.3% | 3.3 | 186.6% | 37.40 | 27.6 | 35.4% | >35 |

### Comment on Figures:

- Q1 sales exceeded expectations at EUR 43.4m (WRe: EUR 39.3m). Inorganic effects related to the acquisition of mip in January 2022 and the full-year consolidation of ISR boosted sales growth. Organic sales growth is estimated to be slightly below 4% yoy.
- EIM growth was driven by inorganic effects. The PLM segment posted solid growth of 6.1% yoy.
- EBIT was lower than anticipated (WRe: EUR 1.2m) due to higher personnel costs, restructuring charges and M&A expenses.

Cenit published Q1 figures on May 11. The company reported solid sales growth of 22.7% yoy, driven by inorganic effects in the EIM segment and improved demand in the PLM segment. Both segments benefited from the **release of pent-up demand** as several orders originally planned for Q4 2022 were deferred to Q1 2023. Third-party software sales grew by 3.7% yoy after a flattish development in the past, driven by revived growth of the French subsidiary Keonys and **higher demand for Dassault and IBM projects**. While sales cycles are lengthening due to economic uncertainty, Cenit's **order backlog increased by 23.3% yoy,** showing a reassuring sentiment towards IT investments. Sales of proprietary software decreased slightly due to postponed projects that are expected to be realised later this year.

Profitability was impacted by an increase in personnel costs (47% of revenue vs. 44.2% in Q1 22), costs related to the restructuring of operations and M&A expenses. Especially the EIM margin lagged behind expectations at 4.2% (previous year 8.8%). To improve profitability, Cenit aims to increase utilisation rates, minimise the use of external service providers and streamline operations. **Management has rephrased the FY2023 guidance** and now expects sales between EUR 175m and EUR 180m (vs. >EUR 180m) and EBIT between EUR 9.0m and EUR 9.5m (vs. >EUR 9.5m).

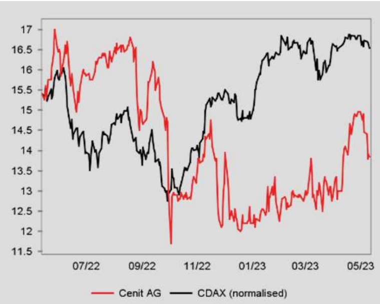
We have adjusted our model to reflect slightly lower profitability and growth expectations for the EIM segment. As a result, we are lowering our PT to EUR 18.00. Given Cenit's potential for margin expansion and the upside to our PT, the Buy rating is confirmed.

### Changes in Estimates:

| FY End: 31.12. in EUR m | 2023e (old) | + / - | 2024e (old) | + / - | 2025e (old) | + / - |
|---|---|---|---|---|---|---|
| **Sales** | 180.0 | 0.0 % | 191.0 | -1.7 % | 198.6 | -1.7 % |
| **EBIT** | 9.3 | -8.7 % | 12.7 | -18.7 % | 13.9 | -16.1 % |
| **EPS** | 0.64 | -10.9 % | 0.91 | -22.0 % | 1.01 | -18.8 % |

### Comment on Changes:

- Sales estimates lowered slightly to reflect our organic growth expectations.
- EBIT estimates reduced due to lower margin expectations for the EIM segment.




| **Rel. Performance vs CDAX:** | |
|---|---|
| 1 month: | n/a |
| 6 months: | -12.4 % |
| Year to date: | 1.8 % |
| Trailing 12 months: | -15.6 % |

| **Company events:** | |
|---|---|
| 17.05.23 | AGM |
| 01.08.23 | Q2 |
| 02.11.23 | Q3 |

| FY End: 31.12. in EUR m | CAGR (22-25e) | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|---|
| **Sales** | 6.4 % | 171.7 | 142.1 | 146.1 | 162.2 | 180.0 | 187.7 | 195.2 |
| Change Sales yoy | | 1.0 % | -17.2 % | 2.8 % | 11.0 % | 11.0 % | 4.3 % | 4.0 % |
| *Gross profit margin* | | *49.8 %* | *50.6 %* | *53.0 %* | *55.9 %* | *56.0 %* | *56.3 %* | *55.8 %* |
| **EBITDA** | 18.7 % | 15.2 | 9.6 | 11.3 | 11.9 | 17.2 | 18.6 | 19.9 |
| *Margin* | | *8.9 %* | *6.8 %* | *7.7 %* | *7.4 %* | *9.6 %* | *9.9 %* | *10.2 %* |
| **EBIT** | 22.7 % | 9.2 | 3.6 | 6.2 | 6.3 | 8.5 | 10.3 | 11.6 |
| *Margin* | | *5.4 %* | *2.6 %* | *4.3 %* | *3.9 %* | *4.7 %* | *5.5 %* | *6.0 %* |
| **Net income** | 3.2 % | 6.9 | 2.3 | 4.3 | 6.3 | 4.8 | 6.0 | 6.9 |
| **EPS** | 3.0 % | 0.82 | 0.28 | 0.51 | 0.75 | 0.57 | 0.71 | 0.82 |
| **EPS adj.** | 3.0 % | 0.82 | 0.28 | 0.51 | 0.75 | 0.57 | 0.71 | 0.82 |
| **DPS** | 6.3 % | 0.00 | 0.47 | 0.75 | 0.50 | 0.50 | 0.55 | 0.60 |
| Dividend Yield | | n.a. | 4.2 % | 5.3 % | 3.5 % | 3.6 % | 4.0 % | 4.3 % |
| **FCFPS** | | 0.70 | 0.95 | 0.51 | 0.79 | 0.78 | 1.02 | 1.14 |
| **FCF / Market cap** | | 5.1 % | 8.4 % | 3.6 % | 5.5 % | 5.6 % | 7.4 % | 8.2 % |
| **EV / Sales** | | 0.6 x | 0.5 x | 0.7 x | 0.8 x | 0.7 x | 0.6 x | 0.6 x |
| **EV / EBITDA** | | 6.4 x | 7.5 x | 8.5 x | 10.5 x | 7.2 x | 6.4 x | 5.8 x |
| **EV / EBIT** | | 10.7 x | 19.9 x | 15.3 x | 19.8 x | 14.5 x | 11.6 x | 9.9 x |
| **P / E** | | 16.5 x | 40.4 x | 27.8 x | 19.0 x | 24.3 x | 19.5 x | 17.0 x |
| **P / E adj.** | | 16.5 x | 40.4 x | 27.8 x | 19.0 x | 24.3 x | 19.5 x | 17.0 x |
| **FCF Potential Yield** | | 13.1 % | 11.2 % | 5.8 % | 4.3 % | 8.7 % | 9.5 % | 10.7 % |
| **Net Debt** | | -17.0 | -24.5 | -25.0 | 3.9 | 5.4 | 1.6 | -2.9 |
| **ROCE (NOPAT)** | | 31.9 % | 11.5 % | 22.6 % | 13.4 % | 12.4 % | 15.6 % | 18.4 % |
| **Guidance:** | 2023: sales EUR 175-180m; EBIT EUR 9.0-9.5m. | | | | | | | |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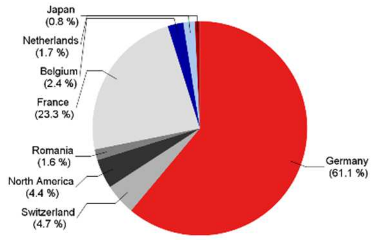
**Sales development**
in EUR m

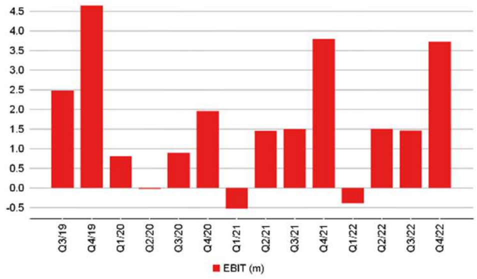

Source: Warburg Research

**Sales by regions**
2022; in %




Source: Warburg Research

**EBIT development**
in EUR m




Source: Warburg Research

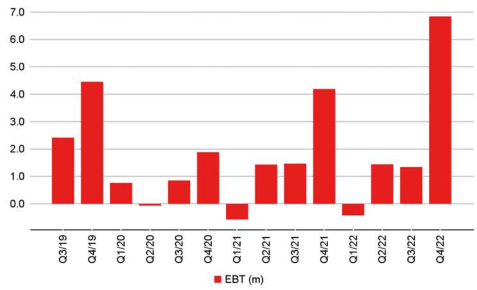
## Company Background

- Cenit has evolved from an independent value-added software reseller to a system integrator providing complementary IT services and proprietary software.
- The business activities are divided into two segments: Product Lifecycle Management (PLM) and Enterprise Information Management (EIM).
- In the PLM segment, Cenit operates in the three business fields Dassault reselling and system integration, SAP-Dassault integration solutions and the proprietary software solution FastSuite.
- In the Enterprise Information Management (EIM) segment, Cenit implements document management and analytics software from IBM in addition to its add-on solutions.
- Cenit's fifth business field Digital Business Services provides application managed services, improving operational performance.

## Competitive Quality

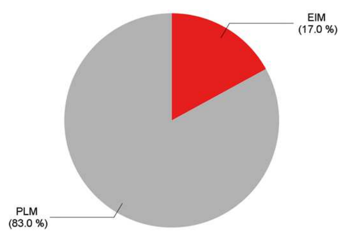
- Cenit is Dassault's biggest partner worldwide.
- Dassault’s dominant market position in the PLM software market is reflected in its market share north of 30%, which lays the foundation for Cenit’s competitive quality.
- Proprietary add-on software refines off-the-shelf products and provides bridges to industry standard software such as SAP S/4 HANA.
- The high level of industry expertise in verticals such as aerospace, discrete manufacturing and automotive underlines Cenit's reputation built up over 30 years.
- Cenit's M&A strategy is supported by the strong buy-and-build experience of CEO Peter Schneck and the extensive network of active anchor investor Primepulse.

**EBT development**
in EUR m



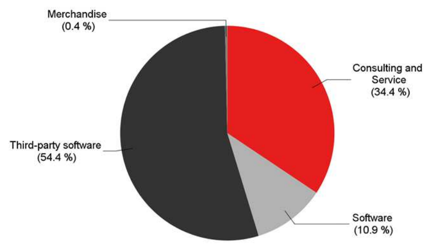

Source: Warburg Research

**Sales by segments**
2022; in %




Source: Warburg Research

**Revenue types**
2022




Source: Warburg Research

## DCF model

| | Detailed forecast period | | | Transitional period | | | | | | | | | | Term. Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in EUR m | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | |
| Sales | 180.0 | 187.7 | 195.2 | 203.0 | 210.5 | 217.9 | 225.1 | 232.1 | 238.6 | 244.8 | 250.6 | 256.2 | 261.3 | |
| *Sales change* | *11.0 %* | *4.3 %* | *4.0 %* | *4.0 %* | *3.7 %* | *3.5 %* | *3.3 %* | *3.1 %* | *2.8 %* | *2.6 %* | *2.4 %* | *2.2 %* | *2.0 %* | *2.0 %* |
| EBIT | 8.5 | 10.3 | 11.6 | 12.8 | 14.1 | 15.0 | 16.4 | 17.2 | 17.7 | 18.1 | 18.5 | 19.2 | 19.6 | |
| *EBIT-margin* | *4.7 %* | *5.5 %* | *6.0 %* | *6.3 %* | *6.7 %* | *6.9 %* | *7.3 %* | *7.4 %* | *7.4 %* | *7.4 %* | *7.4 %* | *7.5 %* | *7.5 %* | |
| *Tax rate (EBT)* | *30.0 %* | *30.0 %* | *30.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | *32.0 %* | |
| NOPAT | 5.9 | 7.2 | 8.1 | 8.7 | 9.6 | 10.2 | 11.2 | 11.7 | 12.0 | 12.3 | 12.6 | 13.1 | 13.3 | |
| Depreciation | 8.7 | 8.3 | 8.3 | 7.7 | 8.0 | 7.8 | 7.7 | 7.9 | 8.1 | 8.3 | 8.5 | 8.7 | 8.9 | |
| *in % of Sales* | *4.8 %* | *4.4 %* | *4.3 %* | *3.8 %* | *3.8 %* | *3.6 %* | *3.4 %* | *3.4 %* | *3.4 %* | *3.4 %* | *3.4 %* | *3.4 %* | *3.4 %* | |
| Changes in provisions | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 1.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 1.8 | 0.8 | 0.8 | 1.0 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 | |
| - Capex | 2.1 | 2.0 | 1.9 | 2.0 | 2.5 | 3.1 | 3.2 | 4.2 | 4.3 | 4.9 | 5.0 | 6.1 | 6.3 | |
| *Capex in % of Sales* | *1.2 %* | *1.1 %* | *1.0 %* | *1.0 %* | *1.2 %* | *1.4 %* | *1.4 %* | *1.8 %* | *1.8 %* | *2.0 %* | *2.0 %* | *2.4 %* | *2.4 %* | |
| - Other | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | |
| Free Cash Flow (WACC Model) | 7.3 | 9.3 | 10.3 | 10.1 | 11.1 | 11.0 | 12.8 | 11.5 | 11.9 | 11.9 | 12.3 | 11.8 | 12.1 | 12 |
| PV of FCF | 7.3 | 8.6 | 8.8 | 8.0 | 8.0 | 7.4 | 8.0 | 6.6 | 6.3 | 5.8 | 5.5 | 4.9 | 4.7 | 76 |
| share of PVs | 14.91 % | | | 39.21 % | | | | | | | | | | 45.88 % |

**Model parameter**

| Derivation of WACC: | | Derivation of Beta: | |
|---|---|---|---|
| Debt ratio | 20.00 % | Financial Strength | 1.20 |
| Cost of debt (after tax) | 3.2 % | Liquidity (share) | 1.30 |
| Market return | 8.25 % | Cyclicality | 1.30 |
| Risk free rate | 2.75 % | Transparency | 1.10 |
| | | Others | 1.30 |
| **WACC** | **8.29 %** | **Beta** | **1.24** |

**Valuation (m)**

| | | | |
|---|---|---|---|
| Present values 2035e | 90 | | |
| Terminal Value | 76 | | |
| Financial liabilities | 23 | | |
| Pension liabilities | 1 | | |
| Hybrid capital | 0 | | |
| Minority interest | 10 | | |
| Market val. of investments | 0 | | |
| Liquidity | 20 | No. of shares (m) | 8.4 |
| **Equity Value** | **152** | **Value per share (EUR)** | **18.19** |

**Sensitivity Value per Share (EUR)**

| | | Terminal Growth | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Beta** | WACC | 1.25 % | 1.50 % | 1.75 % | **2.00 %** | 2.25 % | 2.50 % | 2.75 % |
| **1.47** | 9.3 % | 14.95 | 15.16 | 15.38 | 15.61 | 15.86 | 16.13 | 16.42 |
| **1.35** | 8.8 % | 16.01 | 16.26 | 16.52 | 16.81 | 17.11 | 17.44 | 17.80 |
| **1.30** | 8.5 % | 16.60 | 16.87 | 17.16 | 17.48 | 17.81 | 18.18 | 18.58 |
| **1.24** | 8.3 % | 17.22 | 17.52 | 17.85 | **18.19** | 18.57 | 18.98 | 19.43 |
| **1.18** | 8.0 % | 17.89 | 18.23 | 18.58 | 18.97 | 19.39 | 19.85 | 20.36 |
| **1.13** | 7.8 % | 18.62 | 18.99 | 19.38 | 19.82 | 20.29 | 20.81 | 21.38 |
| **1.01** | 7.3 % | 20.24 | 20.70 | 21.20 | 21.75 | 22.35 | 23.01 | 23.75 |

| | | Delta EBIT-margin | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Beta** | WACC | -1.5 pp | -1.0 pp | -0.5 pp | **+0.0 pp** | +0.5 pp | +1.0 pp | +1.5 pp |
| **1.47** | 9.3 % | 11.95 | 13.17 | 14.39 | 15.61 | 16.83 | 18.06 | 19.28 |
| **1.35** | 8.8 % | 12.89 | 14.19 | 15.50 | 16.81 | 18.12 | 19.42 | 20.73 |
| **1.30** | 8.5 % | 13.41 | 14.76 | 16.12 | 17.48 | 18.83 | 20.19 | 21.54 |
| **1.24** | 8.3 % | 13.97 | 15.38 | 16.79 | **18.19** | 19.60 | 21.01 | 22.42 |
| **1.18** | 8.0 % | 14.58 | 16.05 | 17.51 | 18.97 | 20.44 | 21.90 | 23.36 |
| **1.13** | 7.8 % | 15.24 | 16.77 | 18.29 | 19.82 | 21.34 | 22.87 | 24.39 |
| **1.01** | 7.3 % | 16.76 | 18.42 | 20.08 | 21.75 | 23.41 | 25.07 | 26.74 |

- We expect Cenit to increase margins going forward.
- The higher depreciation expense from leased objects in the detailed forecast period is adjusted for in Other.

## Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

| in EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| Net Income before minorities | 7.0 | 2.3 | 4.4 | 6.6 | 5.4 | 6.6 | 7.6 |
| + Depreciation + Amortisation | 6.0 | 6.0 | 5.0 | 5.6 | 8.7 | 8.3 | 8.3 |
| - Net Interest Income | -0.3 | -0.2 | 0.3 | 2.9 | -0.9 | -0.9 | -0.9 |
| - Maintenance Capex | 0.4 | 0.4 | 0.2 | 0.5 | 0.9 | 0.8 | 0.7 |
| + Other | 0.0 | 0.0 | -3.4 | -3.5 | -3.3 | -3.6 | -3.6 |
| **= Free Cash Flow Potential** | **12.9** | **8.1** | **5.6** | **5.3** | **10.7** | **11.4** | **12.4** |
| FCF Potential Yield (on market EV) | 13.1 % | 11.2 % | 5.8 % | 4.3 % | 8.7 % | 9.5 % | 10.7 % |
| WACC | 8.29 % | 8.29 % | 8.29 % | 8.29 % | 8.29 % | 8.29 % | 8.29 % |
| **= Enterprise Value (EV)** | **98.2** | **72.2** | **95.6** | **125.1** | **123.2** | **119.4** | **115.4** |
| **= Fair Enterprise Value** | **155.2** | **97.4** | **67.4** | **64.5** | **129.4** | **137.1** | **149.4** |
| - Net Debt (Cash) | 3.1 | 3.1 | 3.1 | 3.1 | 4.5 | 0.7 | -3.7 |
| - Pension Liabilities | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| - Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Market value of minorities | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| + Market value of investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **= Fair Market Capitalisation** | **149.3** | **91.5** | **61.5** | **58.6** | **122.0** | **133.6** | **150.3** |
| Number of shares, average | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 |
| **= Fair value per share (EUR)** | **17.84** | **10.94** | **7.35** | **7.00** | **14.58** | **15.96** | **17.96** |
| premium (-) / discount (+) in % | | | | | 5.3 % | 15.3 % | 29.2 % |

**Sensitivity Fair value per Share (EUR)**

| | | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|---|
| | 11.29 % | 12.91 | 7.84 | 5.21 | 4.95 | 10.47 | 11.61 | 13.22 |
| | 10.29 % | 14.23 | 8.67 | 5.78 | 5.50 | 11.58 | 12.78 | 14.49 |
| | 9.29 % | 15.84 | 9.68 | 6.48 | 6.17 | 12.92 | 14.20 | 16.04 |
| WACC | **8.29 %** | **17.84** | **10.94** | **7.35** | **7.00** | **14.58** | **15.96** | **17.96** |
| | 7.29 % | 20.38 | 12.54 | 8.45 | 8.06 | 16.71 | 18.21 | 20.41 |
| | 6.29 % | 23.74 | 14.64 | 9.91 | 9.45 | 19.50 | 21.18 | 23.64 |
| | 5.29 % | 28.36 | 17.55 | 11.92 | 11.37 | 23.36 | 25.26 | 28.09 |

- Business model with low capex requirements and high FCF...
- …provides scope for acquisitions and a shareholder-friendly dividend policy.
- FCF-Value-CAGR 2019-2025e: 0%

## Peer Group

| Company<br>Prices in local currency | Price | EV / Sales<br>23e | EV / EBITDA<br>23e | EV / EBITDA<br>24e | EV / EBIT<br>23e | EV / EBIT<br>24e | P / E<br>23e | P / E<br>24e | EPS CAGR<br>(22-25e) |
|---|---|---|---|---|---|---|---|---|---|
| adesso | 128.60 | 0.9 | 8.7 | 7.3 | 15.3 | 12.3 | 21.1 | 17.0 | 23.6 % |
| All for One Group SE | 40.70 | 0.4 | 4.0 | 3.3 | 7.5 | 5.8 | 12.8 | 10.3 | - |
| ATOS SE | 12.58 | 0.3 | 2.8 | 2.9 | 6.6 | 5.9 | 5.5 | 4.1 | - |
| DATAGROUP | 60.70 | 1.2 | 7.9 | 6.9 | 13.2 | 11.3 | 16.4 | 14.6 | 19.9 % |
| Mensch und Maschine | 49.70 | 2.7 | 15.4 | 13.5 | 18.3 | 15.7 | 28.9 | 24.7 | 13.6 % |
| Visiativ SA | 28.00 | 0.6 | 5.5 | 4.8 | 7.6 | 6.4 | 9.0 | 7.9 | 13.5 % |
| Average | | 1.0 | 7.4 | 6.4 | 11.4 | 9.6 | 15.6 | 13.1 | 17.7 % |
| Median | | 0.8 | 6.7 | 5.8 | 10.4 | 8.8 | 14.6 | 12.4 | |
| **CENIT** | **13.85** | **0.7** | **7.2** | **6.4** | **14.5** | **11.6** | **24.3** | **19.5** | |
| Delta to median | | -10.0 % | 6.5 % | 10.0 % | 39.2 % | 30.8 % | 66.7 % | 56.8 % | |

- …

## Valuation

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| Price / Book | 2.8 x | 2.3 x | 2.8 x | 2.8 x | 2.9 x | 2.8 x | 2.6 x |
| Book value per share ex intangibles | 3.30 | 3.70 | 3.90 | 0.62 | 0.67 | 1.22 | 1.85 |
| EV / Sales | 0.6 x | 0.5 x | 0.7 x | 0.8 x | 0.7 x | 0.6 x | 0.6 x |
| EV / EBITDA | 6.4 x | 7.5 x | 8.5 x | 10.5 x | 7.2 x | 6.4 x | 5.8 x |
| EV / EBIT | 10.7 x | 19.9 x | 15.3 x | 19.8 x | 14.5 x | 11.6 x | 9.9 x |
| EV / EBIT adj.* | 10.7 x | 19.9 x | 15.3 x | 19.8 x | 10.4 x | 9.0 x | 7.9 x |
| P / FCF | 19.5 x | 11.9 x | 27.6 x | 18.1 x | 17.7 x | 13.6 x | 12.2 x |
| P / E | 16.5 x | 40.4 x | 27.8 x | 19.0 x | 24.3 x | 19.5 x | 17.0 x |
| P / E adj.* | 16.5 x | 40.4 x | 27.8 x | 19.0 x | 24.3 x | 19.5 x | 17.0 x |
| Dividend Yield | n.a. | 4.2 % | 5.3 % | 3.5 % | 3.6 % | 4.0 % | 4.3 % |
| FCF Potential Yield (on market EV) | 13.1 % | 11.2 % | 5.8 % | 4.3 % | 8.7 % | 9.5 % | 10.7 % |

*Adjustments made for: -

## Company Specific Items

| | **2019** | **2020** | **2021** | **2022** | **2023e** | **2024e** | **2025e** |
|---|---|---|---|---|---|---|---|
| Consulting and Service | 49.5 | 38.5 | 39.8 | 55.7 | 69.9 | 75.9 | 80.0 |
| Software | 16.5 | 15.9 | 17.7 | 17.7 | 19.5 | 22.2 | 24.7 |
| Third-party software | 105.6 | 87.4 | 88.5 | 88.1 | 90.5 | 92.8 | 93.9 |
| Merchandise | 0.2 | 0.3 | 0.0 | 0.6 | 0.1 | 0.1 | 0.1 |

## Consolidated profit & loss

| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| **Sales** | **171.7** | **142.1** | **146.1** | **162.2** | **180.0** | **187.7** | **195.2** |
| Change Sales yoy | 1.0 % | -17.2 % | 2.8 % | 11.0 % | 11.0 % | 4.3 % | 4.0 % |
| Increase / decrease in inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Own work capitalised | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Sales** | **171.7** | **142.1** | **146.1** | **162.2** | **180.0** | **187.7** | **195.2** |
| Material expenses | 86.3 | 70.3 | 68.6 | 71.5 | 79.2 | 82.0 | 86.3 |
| **Gross profit** | **85.5** | **71.9** | **77.5** | **90.6** | **100.8** | **105.7** | **108.9** |
| *Gross profit margin* | *49.8 %* | *50.6 %* | *53.0 %* | *55.9 %* | *56.0 %* | *56.3 %* | *55.8 %* |
| Personnel expenses | 60.3 | 54.8 | 59.7 | 67.3 | 72.1 | 75.1 | 77.5 |
| Other operating income | 1.3 | 1.2 | 2.3 | 1.4 | 1.4 | 1.5 | 1.5 |
| Other operating expenses | 11.3 | 8.6 | 8.8 | 12.8 | 12.9 | 13.4 | 13.0 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EBITDA** | **15.2** | **9.6** | **11.3** | **11.9** | **17.2** | **18.6** | **19.9** |
| *Margin* | *8.9 %* | *6.8 %* | *7.7 %* | *7.4 %* | *9.6 %* | *9.9 %* | *10.2 %* |
| Depreciation of fixed assets | 4.3 | 4.4 | 4.1 | 4.3 | 4.5 | 4.5 | 4.5 |
| **EBITA** | **11.0** | **5.2** | **7.2** | **7.7** | **12.7** | **14.1** | **15.4** |
| Amortisation of intangible assets | 1.8 | 1.6 | 1.0 | 1.4 | 4.2 | 3.8 | 3.8 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EBIT** | **9.2** | **3.6** | **6.2** | **6.3** | **8.5** | **10.3** | **11.6** |
| *Margin* | *5.4 %* | *2.6 %* | *4.3 %* | *3.9 %* | *4.7 %* | *5.5 %* | *6.0 %* |
| **EBIT adj.** | **9.2** | **3.6** | **6.2** | **6.3** | **11.9** | **13.3** | **14.6** |
| Interest income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest expenses | 0.3 | 0.2 | 0.2 | 0.4 | 0.9 | 0.9 | 0.9 |
| Other financial income (loss) | 0.0 | 0.0 | 0.4 | 3.3 | 0.0 | 0.0 | 0.0 |
| **EBT** | **8.9** | **3.4** | **6.5** | **9.2** | **7.6** | **9.5** | **10.8** |
| *Margin* | *5.2 %* | *2.4 %* | *4.5 %* | *5.7 %* | *4.2 %* | *5.0 %* | *5.5 %* |
| Total taxes | 1.9 | 1.1 | 2.2 | 2.6 | 2.3 | 2.8 | 3.2 |
| **Net income from continuing operations** | **7.0** | **2.3** | **4.4** | **6.6** | **5.4** | **6.6** | **7.6** |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net income before minorities** | **7.0** | **2.3** | **4.4** | **6.6** | **5.4** | **6.6** | **7.6** |
| Minority interest | 0.1 | 0.0 | 0.1 | 0.3 | 0.6 | 0.7 | 0.7 |
| **Net income** | **6.9** | **2.3** | **4.3** | **6.3** | **4.8** | **6.0** | **6.9** |
| *Margin* | *4.0 %* | *1.6 %* | *2.9 %* | *3.9 %* | *2.7 %* | *3.2 %* | *3.5 %* |
| Number of shares, average | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 |
| **EPS** | **0.82** | **0.28** | **0.51** | **0.75** | **0.57** | **0.71** | **0.82** |
| EPS adj. | 0.82 | 0.28 | 0.51 | 0.75 | 0.57 | 0.71 | 0.82 |

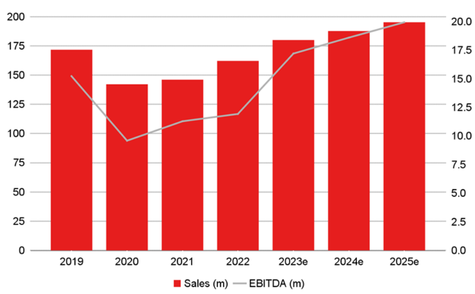
*Adjustments made for:

**Guidance: 2023: sales EUR 175-180m; EBIT EUR 9.0-9.5m.**

## Financial Ratios

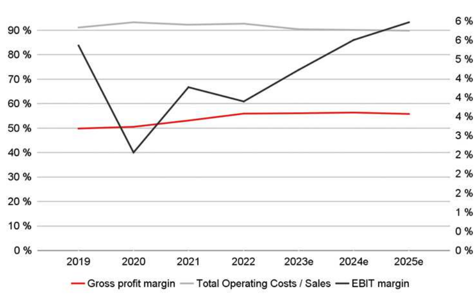
| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| Total Operating Costs / Sales | 91.1 % | 93.2 % | 92.3 % | 92.6 % | 90.4 % | 90.1 % | 89.8 % |
| Operating Leverage | 1.8 x | 3.5 x | 25.8 x | 0.1 x | 3.2 x | 5.0 x | 3.2 x |
| EBITDA / Interest expenses | 51.1 x | 47.5 x | 70.0 x | 31.9 x | 20.1 x | 21.8 x | 23.3 x |
| Tax rate (EBT) | 21.8 % | 33.2 % | 33.2 % | 28.2 % | 30.0 % | 30.0 % | 30.0 % |
| Dividend Payout Ratio | 0.0 % | 171.6 % | 144.1 % | 63.3 % | 78.1 % | 69.5 % | 66.5 % |
| Sales per Employee | 232,986 | 199,900 | 213,242 | 188,330 | 164,986 | 170,172 | 176,979 |

### Sales, EBITDA
in EUR m



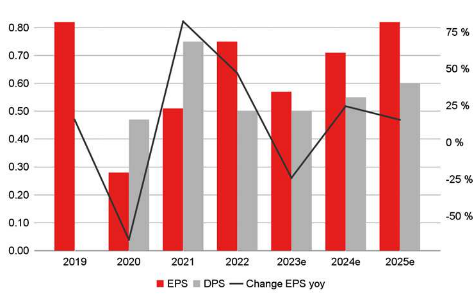

Source: Warburg Research

### Operating Performance
in %




Source: Warburg Research

### Performance per Share




Source: Warburg Research

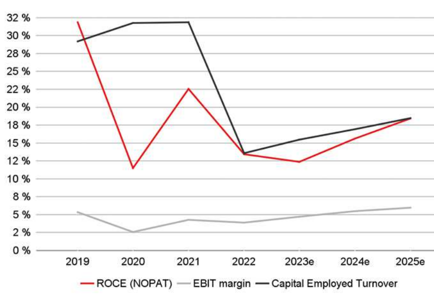
## Consolidated balance sheet

| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Goodwill and other intangible assets | 12.2 | 11.1 | 10.3 | 37.6 | 34.4 | 31.5 | 28.5 |
| thereof other intangible assets | 1.3 | 0.9 | 0.6 | 3.7 | 3.9 | 4.0 | 4.0 |
| thereof Goodwill | 6.6 | 6.6 | 6.6 | 27.8 | 27.8 | 27.8 | 27.8 |
| Property, plant and equipment | 2.4 | 1.8 | 1.4 | 2.0 | 2.0 | 2.0 | 2.0 |
| Financial assets | 2.7 | 2.6 | 3.2 | 10.0 | 10.0 | 10.0 | 10.0 |
| Other long-term assets | 14.1 | 11.9 | 10.5 | 11.3 | 11.8 | 12.2 | 12.7 |
| **Fixed assets** | **31.4** | **27.3** | **25.4** | **61.0** | **58.3** | **55.9** | **53.4** |
| Inventories | 0.3 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Accounts receivable | 24.1 | 17.0 | 26.8 | 27.7 | 30.7 | 32.0 | 33.3 |
| Liquid assets | 18.5 | 26.1 | 26.4 | 19.9 | 18.5 | 22.3 | 26.7 |
| Other short-term assets | 15.1 | 13.0 | 14.2 | 18.3 | 18.3 | 18.3 | 18.3 |
| **Current assets** | **58.0** | **56.1** | **67.4** | **66.0** | **67.6** | **72.7** | **78.4** |
| **Total Assets** | **89.3** | **83.4** | **92.8** | **127.0** | **125.9** | **128.6** | **131.8** |
| **Liabilities and shareholders' equity** | | | | | | | |
| Subscribed capital | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 |
| Capital reserve | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Retained earnings | 14.2 | 14.2 | 14.5 | 14.2 | 14.8 | 16.6 | 18.9 |
| Other equity components | 16.2 | 18.4 | 19.0 | 19.2 | 15.8 | 15.7 | 15.7 |
| Shareholders' equity | 39.8 | 42.1 | 42.9 | 42.8 | 40.0 | 41.7 | 44.0 |
| Minority interest | 1.1 | 0.7 | 0.8 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Total equity** | **40.9** | **42.7** | **43.6** | **44.8** | **42.0** | **43.7** | **46.0** |
| Provisions | 1.9 | 2.8 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 |
| thereof provisions for pensions and similar obligations | 1.5 | 1.6 | 1.4 | 0.8 | 0.8 | 0.8 | 0.8 |
| Financial liabilities (total) | 0.0 | 0.0 | 0.0 | 23.0 | 23.0 | 23.0 | 23.0 |
| Short-term financial liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | 6.0 | 3.3 | 6.0 | 11.2 | 12.4 | 12.9 | 13.4 |
| Other liabilities | 40.5 | 34.7 | 41.2 | 46.6 | 47.0 | 47.5 | 48.0 |
| **Liabilities** | **48.4** | **40.7** | **49.2** | **82.3** | **83.9** | **84.9** | **85.9** |
| **Total liabilities and shareholders' equity** | **89.3** | **83.4** | **92.8** | **127.0** | **125.9** | **128.6** | **131.8** |

## Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| **Efficiency of Capital Employment** | | | | | | | |
| Operating Assets Turnover | 9.0 x | 10.9 x | 7.7 x | 10.8 x | 10.7 x | 10.6 x | 10.6 x |
| Capital Employed Turnover | 7.2 x | 7.8 x | 7.8 x | 3.3 x | 3.8 x | 4.1 x | 4.5 x |
| ROA | 21.9 % | 8.5 % | 16.7 % | 10.3 % | 8.2 % | 10.7 % | 12.9 % |
| **Return on Capital** | | | | | | | |
| ROCE (NOPAT) | 31.9 % | 11.5 % | 22.6 % | 13.4 % | 12.4 % | 15.6 % | 18.4 % |
| ROE | 17.7 % | 5.7 % | 10.0 % | 14.7 % | 11.6 % | 14.6 % | 16.1 % |
| Adj. ROE | 17.7 % | 5.7 % | 10.0 % | 14.7 % | 11.6 % | 14.6 % | 16.1 % |
| **Balance sheet quality** | | | | | | | |
| Net Debt | -17.0 | -24.5 | -25.0 | 3.9 | 5.4 | 1.6 | -2.9 |
| Net Financial Debt | -18.5 | -26.1 | -26.4 | 3.1 | 4.5 | 0.7 | -3.7 |
| Net Gearing | -41.5 % | -57.3 % | -57.2 % | 8.8 % | 12.8 % | 3.6 % | -6.2 % |
| Net Fin. Debt / EBITDA | n.a. | n.a. | n.a. | 26.0 % | 26.4 % | 3.9 % | n.a. |
| Book Value / Share | 4.8 | 5.0 | 5.1 | 5.1 | 4.8 | 5.0 | 5.3 |
| Book value per share ex intangibles | 3.3 | 3.7 | 3.9 | 0.6 | 0.7 | 1.2 | 1.9 |

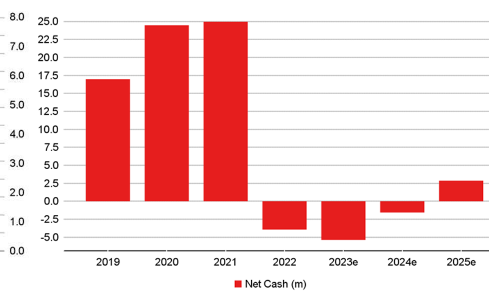
### ROCE Development




Source: Warburg Research

### Net cash

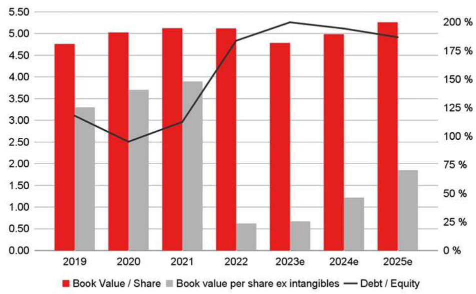
in EUR m




Source: Warburg Research

### Book Value per Share

in EUR




Source: Warburg Research

## Consolidated cash flow statement

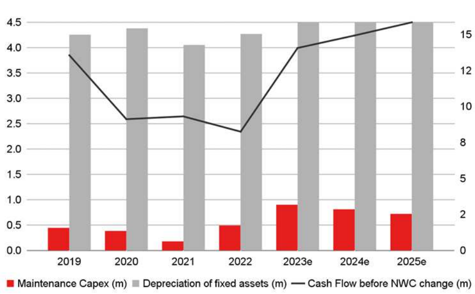
| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| Net income | 7.0 | 2.3 | 4.4 | 6.6 | 5.4 | 6.6 | 7.6 |
| Depreciation of fixed assets | 4.3 | 4.4 | 4.1 | 4.3 | 4.5 | 4.5 | 4.5 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 1.8 | 1.6 | 1.0 | 1.4 | 4.2 | 3.8 | 3.8 |
| Increase/decrease in long-term provisions | 0.7 | 0.0 | 0.3 | -0.2 | 0.0 | 0.0 | 0.0 |
| Other non-cash income and expenses | -0.2 | 0.9 | -0.4 | -3.8 | 0.0 | 0.0 | 0.0 |
| **Cash Flow before NWC change** | **13.5** | **9.1** | **9.3** | **8.3** | **14.1** | **14.9** | **15.9** |
| Increase / decrease in inventory | -0.2 | 0.2 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| Increase / decrease in accounts receivable | 3.0 | 9.0 | -11.4 | -0.1 | -3.0 | -1.3 | -1.3 |
| Increase / decrease in accounts payable | -4.6 | -6.0 | 10.3 | 3.4 | 1.2 | 0.5 | 0.5 |
| Increase / decrease in other working capital positions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase / decrease in working capital (total) | -1.9 | 3.2 | -1.1 | 3.2 | -1.8 | -0.8 | -0.8 |
| **Net cash provided by operating activities [1]** | **11.7** | **12.3** | **8.2** | **11.5** | **12.2** | **14.1** | **15.1** |
| Investments in intangible assets | -0.5 | -0.4 | -0.2 | -0.5 | -1.0 | -0.9 | -0.8 |
| Investments in property, plant and equipment | -2.0 | -0.4 | -0.4 | -0.7 | -1.1 | -1.1 | -1.1 |
| Payments for acquisitions | -0.1 | -0.1 | 0.0 | -27.9 | -3.3 | 0.0 | 0.0 |
| Financial investments | 0.1 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net cash provided by investing activities [2]** | **-2.8** | **-0.9** | **-0.9** | **-29.2** | **-5.4** | **-2.0** | **-1.9** |
| Change in financial liabilities | 0.0 | 0.0 | 0.0 | 21.4 | 0.0 | 0.0 | 0.0 |
| Dividends paid | -5.0 | 0.0 | -3.9 | -6.3 | -4.2 | -4.2 | -4.6 |
| Purchase of own shares | 0.0 | 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 | 0.0 |
| Other | -3.6 | -3.7 | -3.3 | -4.1 | -4.1 | -4.1 | -4.1 |
| **Net cash provided by financing activities [3]** | **-8.6** | **-3.7** | **-7.2** | **10.9** | **-8.3** | **-8.3** | **-8.7** |
| **Change in liquid funds [1]+[2]+[3]** | **0.3** | **7.7** | **0.1** | **-6.8** | **-1.4** | **3.8** | **4.4** |
| Effects of exchange-rate changes on cash | 0.1 | -0.1 | 0.2 | 0.3 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 18.5 | 26.1 | 26.4 | 19.9 | 18.5 | 22.3 | 26.7 |

## Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---|---|---|---|---|---|---|
| **Cash Flow** | | | | | | | |
| FCF | 5.8 | 8.0 | 4.3 | 6.6 | 6.5 | 8.5 | 9.5 |
| Free Cash Flow / Sales | 3.4 % | 5.6 % | 2.9 % | 4.1 % | 3.6 % | 4.5 % | 4.9 % |
| Free Cash Flow Potential | 12.9 | 8.1 | 5.6 | 5.3 | 10.7 | 11.4 | 12.4 |
| Free Cash Flow / Net Profit | 84.6 % | 343.7 % | 101.2 % | 104.7 % | 136.7 % | 142.7 % | 138.4 % |
| Interest Received / Avg. Cash | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Interest Paid / Avg. Debt | n.a. | n.a. | 16100.0 % | 3.3 % | 3.7 % | 3.7 % | 3.7 % |
| **Management of Funds** | | | | | | | |
| Investment ratio | 1.5 % | 0.6 % | 0.4 % | 0.8 % | 1.2 % | 1.1 % | 1.0 % |
| Maint. Capex / Sales | 0.3 % | 0.3 % | 0.1 % | 0.3 % | 0.5 % | 0.4 % | 0.4 % |
| Capex / Dep | 41.5 % | 13.4 % | 12.8 % | 22.4 % | 24.1 % | 24.1 % | 22.9 % |
| Avg. Working Capital / Sales | 9.1 % | 9.8 % | 9.9 % | 9.4 % | 7.7 % | 8.1 % | 8.2 % |
| Trade Debtors / Trade Creditors | 404.5 % | 520.8 % | 444.2 % | 247.9 % | 247.6 % | 248.1 % | 248.5 % |
| Inventory Turnover | 334.3 x | 5855.7 x | 4573.0 x | 993.3 x | 910.3 x | 942.8 x | 991.7 x |
| Receivables collection period (days) | 51 | 44 | 67 | 62 | 62 | 62 | 62 |
| Payables payment period (days) | 25 | 17 | 32 | 57 | 57 | 57 | 57 |
| Cash conversion cycle (Days) | 19 | 14 | 18 | -13 | -11 | -11 | -9 |

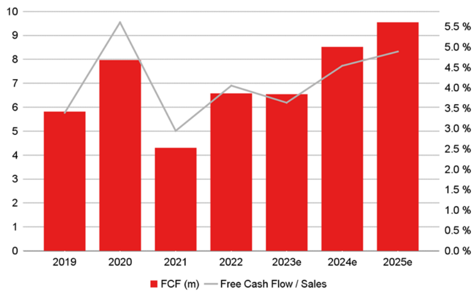
### CAPEX and Cash Flow

in EUR m



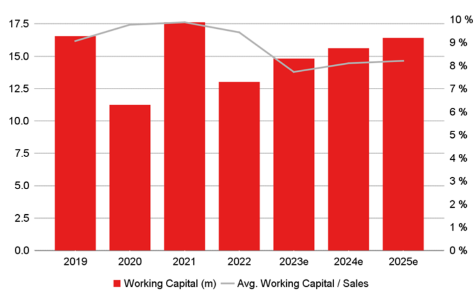

Source: Warburg Research

### Free Cash Flow Generation




Source: Warburg Research

### Working Capital




Source: Warburg Research

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| Company | Disclosure | Link to the historical price targets and rating changes (last 12 months) |
|---|---|---|
| **CENIT** | 5 | http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005407100.htm |

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| | | |
|---|---|---|
| -B- | **Buy:** | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | **Hold:** | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | **Sell:** | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| "-" | **Rating suspended:** | The available information currently does not permit an evaluation of the company. |

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

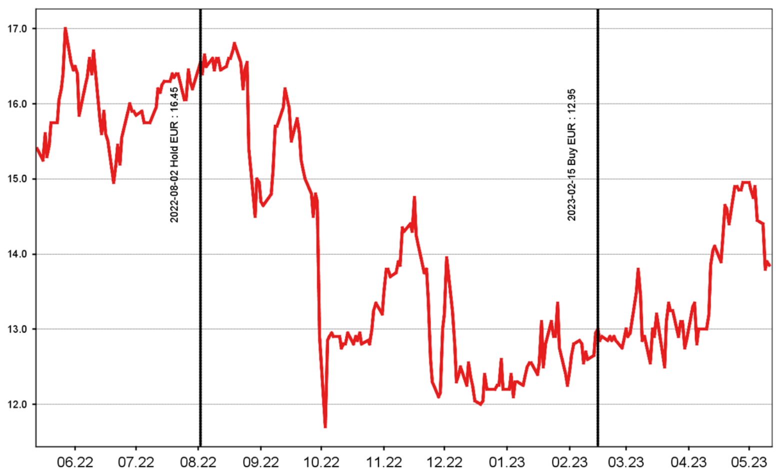
| Rating | Number of stocks | % of Universe |
|---|---|---|
| Buy | 160 | 75 |
| Hold | 43 | 20 |
| Sell | 7 | 3 |
| Rating suspended | 3 | 1 |
| **Total** | **213** | **100** |

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

**… taking into account only those companies which were provided with major investment services in the last twelve months.**

| Rating | Number of stocks | % of Universe |
|---|---|---|
| Buy | 46 | 88 |
| Hold | 5 | 10 |
| Sell | 0 | 0 |
| Rating suspended | 1 | 2 |
| **Total** | **52** | **100** |

## PRICE AND RATING HISTORY CENIT AS OF 12.05.2023




Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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