

**Buy** (old: Buy)

ESG Rating: n/a

22-July-24

**Price target: EUR 21.40** (old: EUR 21.40)

Tim Wunderlich, CFA  
Analyst

Price: EUR 12.40    Next result: Q2'24: 01.08.24  
Bloomberg: CSH GR    Market cap: EUR 98.7 m  
Reuters: CSHG.DE    Enterprise Value: EUR 120.1 m

tim.wunderlich@ha-ib.de  
Tel.: +49 40 4143885 81

## Value-accretive deal bolsters SAP exposure & US footprint

On July 17 after the bell, CENIT announced the acquisition of a 60% stake in US company Analysis Prime LLC for **an estimated total EV of c. \$ 33m** (eHAIB / undisclosed). The target is an IT service specialist for SAP Analytics Cloud, which is a **SaaS solution for data-driven decision making**.

Analysis Prime LLC is seen to **generate \$ 25-30m in sales this year at a double-digit EBIT margin** (eHAIB: close to 15% / undisclosed), **which would imply EBIT of above \$ 3.5m**. The company targets annual revenue growth of 15%+, serving the fast-growing SAP analytics market with a focus on technology companies.

**We like the deal for several reasons:**

- **It looks margin-enhancing:** for 2024E, the consolidation of Analysis Prime would raise the EBIT margin of CENIT Group by 0.5pp to 6.3% on a pro-forma basis, i.e. assuming a 12-months consolidation period and excluding incremental PPA amortisation.
- **...and value-accretive:** we expect CENIT to have paid an EBIT multiple of 9-10x, which would imply an adjusted free cash flow yield of almost 11% on the target's EV. **This exceeds our 10% pre-tax hurdle rate and thus implies shareholder value creation.**
- **It bolsters CENIT's US footprint and strengthens its SAP exposure**, which reduces dependency on Dassault, opens up cross-selling potential and allows CENIT to become more entrenched in the dynamic US market.

**We expect CENIT to finance the deal with cash on hand**, which amounted to almost € 34m (gross) in Q1'24. Note that the acquisition of a **60% stake** for an EV of \$ 33m would **imply cash out of c. \$ 20m or c. € 18m**.

The owner-managers of Analysis Prime will **stay on board and retain a 40% stake**, which should serve as incentive and was one of the reasons why they declined higher bids / higher multiples from Private Equity for 100% of the company.

**Expect CENIT to soon raise its FY'24E guidance** of € 195-202m sales / € 11.7-12.2m EBIT, which looks too conservative on the back of this M&A deal alone. **Reiterate BUY with a € 21.40 PT based on DCF. Note: estimates are under review.**

Y/E 31.12 (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
Sales	142.1	146.1	162.2	184.7	202.0	214.1	228.5
Sales growth	-17 %	3 %	11 %	14 %	9 %	6 %	7 %
EBITDA	9.6	11.3	12.1	16.6	20.3	23.3	26.0
EBIT (inc revaluation net)	3.6	6.2	6.3	9.2	11.8	14.8	17.5
Net income	2.3	4.2	6.3	4.5	5.4	7.4	9.1
Net debt	-14.0	-15.7	15.1	27.2	20.5	11.7	2.6
Net gearing	-33.4 %	-36.6 %	35.3 %	64.2 %	43.2 %	21.5 %	4.1 %
Net Debt/EBITDA	0.0	0.0	1.2	1.6	1.0	0.5	0.1
EPS pro forma	0.28	0.51	0.75	0.53	0.82	1.05	1.26
CPS	1.11	0.63	1.01	0.17	0.82	1.13	1.30
DPS	0.47	0.75	0.50	0.04	0.04	0.04	0.04
Dividend yield	4.1 %	5.3 %	3.3 %	0.2 %	0.3 %	0.3 %	0.3 %
Gross profit margin	50.6 %	53.0 %	55.9 %	58.3 %	58.6 %	58.9 %	59.1 %
EBITDA margin	6.8 %	7.7 %	7.5 %	9.0 %	10.1 %	10.9 %	11.4 %
EBIT margin	2.6 %	4.3 %	3.9 %	5.0 %	5.8 %	6.9 %	7.7 %
ROCE	10.7 %	11.0 %	9.2 %	10.2 %	11.7 %	13.8 %	15.2 %
EV/sales	0.6	0.7	0.9	0.9	0.6	0.5	0.5
EV/EBITDA	8.6	9.3	11.9	10.0	6.2	5.0	4.1
EV/EBIT	22.7	16.7	22.8	18.0	10.6	7.8	6.1
PER	41.0	27.9	20.3	31.2	15.2	11.8	9.9
Adjusted FCF yield	7.5 %	6.7 %	5.3 %	7.7 %	11.4 %	14.6 %	18.2 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 19.07.2024



Source: Company data, HAIB

High/low 52 weeks:	15.10 / 10.80
Price/Book Ratio:	2.2
Relative performance (TecDAX):	
3 months	-8.6 %
6 months	-15.7 %
12 months	-8.6 %

### Changes in estimates

		Sales	EBIT	EPS
2024	old:	202.0	11.8	0.82
	Δ	-	-	-
2025	old:	214.1	14.8	1.05
	Δ	-	-	-
2026	old:	228.5	17.5	1.26
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs)	8.4
Authorised capital: (in € m)	3.3
Book value per share: (in €)	5.7
Ø trading volume: (12 months)	8,800

### Major shareholders:

Free Float	64.2 %
PRIMEPULSE SE	25.1 %
BWVA	5.6 %
MainFirst	5.1 %

### Company description:

Digitalisation expert with own software focused on 3D product design and smart document management

### Company guidance 2024E:

€ 195-202m sales / € 11.7-12.2m EBIT

Company in a Nutshell

CENIT offers IT services, 3rd-party software and own software to virtualise product design and production processes (segment PLM / 78% of sales) as well as content and documents (segment EIM / 22%).

**Benefits for customers come in the form of efficiency gains and cost savings.** CENIT serves more than 6,000 companies, mostly from the German Mittelstand, across focus markets automotive (30% of group sales), aerospace / defence (18%), manufacturing (17%) and financial services (10%).

Upcoming Catalysts

**Major M&A pending in 2024** - CENIT could acquire up to € 50m in revenues at double-digit EBIT margins, as flagged by management during the Q1 earnings call, which would bring the company closer to its 2025 targets of € 300m in sales at an 8-10% EBIT margin (not accounted for in eHAIB). **This would mean upside to our and street estimates.**

Investment Case

**There is much to like about CENIT:**

- **High competitive quality**, courtesy of its dominant standing with Dassault, IBM and SAP in Germany, **which drives scale, reputation and portfolio breadth**
- A portfolio of own software solutions (10% of sales) that offers **untapped growth potential at above-average margins of 15%+**
- **A capital-light business model and high share of recurring revenues (50%+)**, which turn CENIT into a 'cash flow beast', with FCF exceeding € 10m p.a.

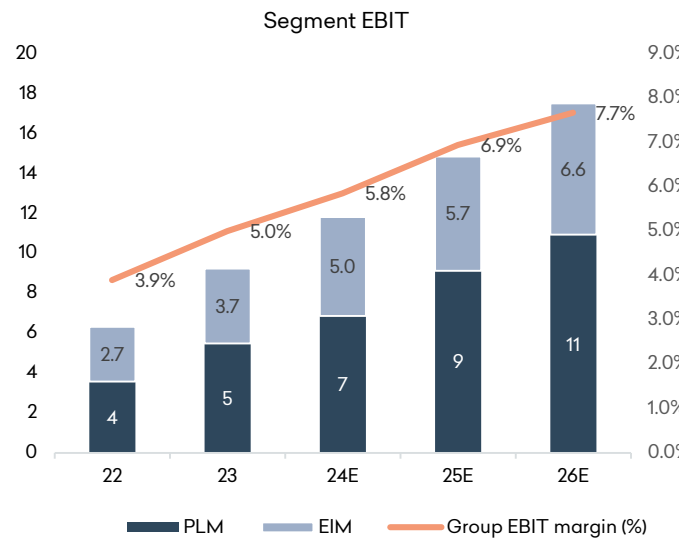
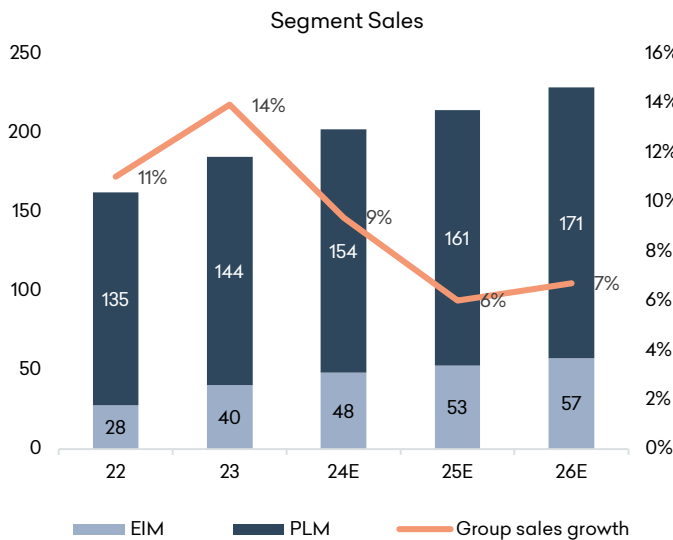
Backed by shareholder PRIMEPULSE, a new management team has set out to **boost growth and profitability** by implementing efficiency measures, growing the share of wallet with existing clients and channelling FCF towards value-accretive M&A.

Against this background, we estimate sales growth of 7% CAGR'23-26E and EBIT growth of 24% CAGR'23-26E, **which is conservative**, as management targets € 300m sales at an 8-10% EBIT margin by 2025E, supported by further M&A not included in eHAIB.

**BUY:** the € 21.40 PT is based on DCF, assuming 2.5% TY growth, 8.5% WACC and an 8.0% TY EBIT margin.

This report is for Tanja Marinovic of CENIT AG. Unauthorized redistribution of this report is prohibited.

Key Performance Indicators



Source: Company data, Hauck Aufhäuser Investment Banking

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow summary	2022	2023	2024E	2025E	2026E
Operating cash flow	11.5	4.9	11.8	14.4	15.9
Capex	1.3	1.4	3.4	4.4	5.4
<b>FCF</b>	<b>10.2</b>	<b>3.5</b>	<b>8.4</b>	<b>10.0</b>	<b>10.5</b>
FCF per share	1.2	0.4	1.0	1.2	1.3
FCF yield	5.3 %	7.7 %	12.0 %	15.4 %	19.3 %
Net Debt/EBITDA	1.2	1.6	1.0	0.5	0.1

Key ratios summary	2022	2023	2024E	2025E	2026E
EPS growth	47.8 %	-28.4 %	21.2 %	36.1 %	23.3 %
Capital Turnover	2.0	1.9	1.9	1.9	1.9
Avg. working capital / sales	11.6 %	14.4 %	14.6 %	14.9 %	15.2 %
Cash conversion cycle (days)	2.0	7.8	9.4	11.2	13.1
FCF / Net profit	162.1 %	79.7 %	123.5 %	114.0 %	99.4 %
Interest cover	16.9	5.0	3.8	4.8	5.7

Source: Company data, Hauck Aufhäuser Investment Banking

Source: Company data, Hauck Aufhäuser Investment Banking

Financials

Profit and loss (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
<b>Net sales</b>	<b>142.1</b>	<b>146.1</b>	<b>162.2</b>	<b>184.7</b>	<b>202.0</b>	<b>214.1</b>	<b>228.5</b>
Sales growth	-17.2 %	2.8 %	11.0 %	13.9 %	9.4 %	6.0 %	6.7 %
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>142.1</b>	<b>146.1</b>	<b>162.2</b>	<b>184.7</b>	<b>202.0</b>	<b>214.1</b>	<b>228.5</b>
Other operating income	1.2	2.3	1.4	2.9	2.4	2.6	2.7
Material expenses	70.3	68.6	71.5	77.0	83.6	88.0	93.4
Personnel expenses	54.8	59.7	67.3	78.6	84.3	88.4	94.0
Other operating expenses	8.6	8.8	12.6	15.4	16.2	16.9	17.8
Total operating expenses	132.5	134.8	150.0	168.1	181.7	190.8	202.5
<b>EBITDA</b>	<b>9.6</b>	<b>11.3</b>	<b>12.1</b>	<b>16.6</b>	<b>20.3</b>	<b>23.3</b>	<b>26.0</b>
Depreciation	4.4	4.1	4.5	5.0	5.0	5.0	5.0
<b>EBITA</b>	<b>5.2</b>	<b>7.2</b>	<b>7.7</b>	<b>11.6</b>	<b>15.3</b>	<b>18.3</b>	<b>21.0</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.6	1.0	1.4	2.4	3.5	3.5	3.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>3.6</b>	<b>6.2</b>	<b>6.3</b>	<b>9.2</b>	<b>11.8</b>	<b>14.8</b>	<b>17.5</b>
Interest income	0.0	0.0	0.0	0.2	0.3	0.3	0.3
Interest expenses	0.2	0.2	0.4	1.8	3.1	3.1	3.1
Other financial result	0.0	-0.4	-3.3	0.7	0.0	0.0	0.0
Financial result	-0.2	0.3	2.9	-2.4	-2.8	-2.8	-2.8
<b>Recurring pretax income from continuing operations</b>	<b>3.4</b>	<b>6.5</b>	<b>9.2</b>	<b>6.8</b>	<b>9.0</b>	<b>12.0</b>	<b>14.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.4</b>	<b>6.5</b>	<b>9.2</b>	<b>6.8</b>	<b>9.0</b>	<b>12.0</b>	<b>14.7</b>
Taxes	1.1	2.2	2.6	1.9	2.8	3.7	4.6
<b>Net income from continuing operations</b>	<b>2.3</b>	<b>4.4</b>	<b>6.6</b>	<b>4.9</b>	<b>6.2</b>	<b>8.3</b>	<b>10.1</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
<b>Net income</b>	<b>2.3</b>	<b>4.4</b>	<b>6.6</b>	<b>5.0</b>	<b>6.2</b>	<b>8.3</b>	<b>10.1</b>
Minority interest	0.0	0.1	0.3	0.5	0.8	0.9	1.0
<b>Net profit (reported)</b>	<b>2.3</b>	<b>4.2</b>	<b>6.3</b>	<b>4.5</b>	<b>5.4</b>	<b>7.4</b>	<b>9.1</b>
Average number of shares	8.4	8.4	8.4	8.4	8.4	8.4	8.4
<b>EPS reported</b>	<b>0.28</b>	<b>0.51</b>	<b>0.75</b>	<b>0.54</b>	<b>0.65</b>	<b>0.89</b>	<b>1.09</b>

Profit and loss (common size)	2020	2021	2022	2023	2024E	2025E	2026E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	0.8 %	1.6 %	0.8 %	1.6 %	1.2 %	1.2 %	1.2 %
Material expenses	49.4 %	47.0 %	44.1 %	41.7 %	41.4 %	41.1 %	40.9 %
Personnel expenses	38.6 %	40.9 %	41.5 %	42.5 %	41.8 %	41.3 %	41.1 %
Other operating expenses	6.1 %	6.0 %	7.8 %	8.3 %	8.0 %	7.9 %	7.8 %
Total operating expenses	93.2 %	92.3 %	92.5 %	91.0 %	90.0 %	89.1 %	88.6 %
<b>EBITDA</b>	<b>6.8 %</b>	<b>7.7 %</b>	<b>7.5 %</b>	<b>9.0 %</b>	<b>10.1 %</b>	<b>10.9 %</b>	<b>11.4 %</b>
Depreciation	3.1 %	2.8 %	2.7 %	2.7 %	2.5 %	2.3 %	2.2 %
<b>EBITA</b>	<b>3.7 %</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>6.3 %</b>	<b>7.6 %</b>	<b>8.6 %</b>	<b>9.2 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.1 %	0.7 %	0.8 %	1.3 %	1.7 %	1.6 %	1.5 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>2.6 %</b>	<b>4.3 %</b>	<b>3.9 %</b>	<b>5.0 %</b>	<b>5.8 %</b>	<b>6.9 %</b>	<b>7.7 %</b>
Interest income	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.1 %	0.1 %	0.2 %	1.0 %	1.5 %	1.4 %	1.4 %
Other financial result	0.0 %	-0.3 %	-2.0 %	0.4 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	0.2 %	1.8 %	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>2.4 %</b>	<b>4.5 %</b>	<b>5.7 %</b>	<b>3.7 %</b>	<b>4.5 %</b>	<b>5.6 %</b>	<b>6.4 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.4 %</b>	<b>4.5 %</b>	<b>5.7 %</b>	<b>3.7 %</b>	<b>4.5 %</b>	<b>5.6 %</b>	<b>6.4 %</b>
Tax rate	33.2 %	33.2 %	28.2 %	27.6 %	31.0 %	31.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>1.6 %</b>	<b>3.0 %</b>	<b>4.1 %</b>	<b>2.7 %</b>	<b>3.1 %</b>	<b>3.9 %</b>	<b>4.4 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>1.6 %</b>	<b>3.0 %</b>	<b>4.1 %</b>	<b>2.7 %</b>	<b>3.1 %</b>	<b>3.9 %</b>	<b>4.4 %</b>
Minority interest	neg.	0.1 %	0.2 %	0.3 %	0.4 %	0.4 %	0.4 %
<b>Net profit (reported)</b>	<b>1.6 %</b>	<b>2.9 %</b>	<b>3.9 %</b>	<b>2.4 %</b>	<b>2.7 %</b>	<b>3.5 %</b>	<b>4.0 %</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
<b>Intangible assets</b>	<b>13.5</b>	<b>12.4</b>	<b>37.6</b>	<b>47.6</b>	<b>45.2</b>	<b>42.1</b>	<b>39.0</b>
Property, plant and equipment	13.7	11.9	13.4	13.0	11.0	10.0	10.0
Financial assets	9.2	10.7	20.8	22.1	22.1	22.1	22.1
<b>FIXED ASSETS</b>	<b>36.4</b>	<b>35.0</b>	<b>71.8</b>	<b>82.7</b>	<b>78.2</b>	<b>74.1</b>	<b>71.0</b>
Inventories	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Accounts receivable	14.6	24.7	26.0	35.4	39.3	42.2	45.7
Other current assets	5.2	5.8	8.2	10.3	10.3	10.3	10.3
Liquid assets	26.1	26.4	19.9	24.3	31.0	39.8	48.9
Deferred taxes	1.3	0.9	1.0	0.8	0.8	0.8	0.8
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>47.1</b>	<b>57.8</b>	<b>55.2</b>	<b>71.0</b>	<b>81.4</b>	<b>93.2</b>	<b>105.7</b>
<b>TOTAL ASSETS</b>	<b>83.4</b>	<b>92.8</b>	<b>127.0</b>	<b>153.6</b>	<b>159.6</b>	<b>167.3</b>	<b>176.8</b>
SHAREHOLDERS EQUITY	42.1	42.9	42.8	42.3	47.4	54.5	63.3
MINORITY INTEREST	0.7	0.8	2.0	2.7	2.7	2.7	2.7
Long-term debt	12.0	10.6	13.7	51.5	51.5	51.5	51.5
Provisions for pensions and similar obligations	1.6	1.4	0.8	0.9	0.9	0.9	0.9
Other provisions	1.2	0.5	0.6	1.3	1.3	1.3	1.3
<b>Non-current liabilities</b>	<b>14.8</b>	<b>12.5</b>	<b>15.2</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>
short-term liabilities to banks	0.0	0.0	21.4	0.0	0.0	0.0	0.0
Accounts payable	3.3	6.0	11.2	13.2	14.1	14.7	15.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	22.7	30.6	31.7	38.4	38.4	38.4	38.4
Deferred taxes	0.0	0.0	2.8	3.3	3.3	3.3	3.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>26.0</b>	<b>36.6</b>	<b>67.1</b>	<b>54.9</b>	<b>55.8</b>	<b>56.4</b>	<b>57.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>83.4</b>	<b>92.8</b>	<b>127.0</b>	<b>153.6</b>	<b>159.6</b>	<b>167.3</b>	<b>176.8</b>

Balance sheet (common size)	2020	2021	2022	2023	2024E	2025E	2026E
<b>Intangible assets</b>	<b>16.2 %</b>	<b>13.4 %</b>	<b>29.6 %</b>	<b>31.0 %</b>	<b>28.3 %</b>	<b>25.1 %</b>	<b>22.0 %</b>
Property, plant and equipment	16.4 %	12.8 %	10.5 %	8.5 %	6.9 %	6.0 %	5.7 %
Financial assets	11.0 %	11.6 %	16.4 %	14.4 %	13.8 %	13.2 %	12.5 %
<b>FIXED ASSETS</b>	<b>43.6 %</b>	<b>37.7 %</b>	<b>56.5 %</b>	<b>53.8 %</b>	<b>49.0 %</b>	<b>44.3 %</b>	<b>40.2 %</b>
Inventories	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	17.5 %	26.6 %	20.5 %	23.1 %	24.6 %	25.3 %	25.9 %
Other current assets	6.2 %	6.3 %	6.4 %	6.7 %	6.5 %	6.2 %	5.8 %
Liquid assets	31.2 %	28.4 %	15.7 %	15.8 %	19.4 %	23.8 %	27.7 %
Deferred taxes	1.5 %	1.0 %	0.8 %	0.5 %	0.5 %	0.5 %	0.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>56.4 %</b>	<b>62.3 %</b>	<b>43.5 %</b>	<b>46.2 %</b>	<b>51.0 %</b>	<b>55.7 %</b>	<b>59.8 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	50.4 %	46.2 %	33.7 %	27.6 %	29.7 %	32.6 %	35.8 %
MINORITY INTEREST	0.8 %	0.8 %	1.5 %	1.7 %	1.7 %	1.6 %	1.5 %
Long-term debt	14.4 %	11.5 %	10.8 %	33.5 %	32.3 %	30.8 %	29.1 %
Provisions for pensions and similar obligations	1.9 %	1.5 %	0.7 %	0.6 %	0.5 %	0.5 %	0.5 %
Other provisions	1.4 %	0.5 %	0.5 %	0.9 %	0.8 %	0.8 %	0.8 %
<b>Non-current liabilities</b>	<b>17.7 %</b>	<b>13.5 %</b>	<b>11.9 %</b>	<b>35.0 %</b>	<b>33.6 %</b>	<b>32.1 %</b>	<b>30.4 %</b>
short-term liabilities to banks	0.0 %	0.0 %	16.8 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	3.9 %	6.5 %	8.8 %	8.6 %	8.8 %	8.8 %	8.7 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	27.2 %	32.9 %	25.0 %	25.0 %	24.1 %	23.0 %	21.7 %
Deferred taxes	0.0 %	0.0 %	2.2 %	2.1 %	2.0 %	2.0 %	1.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>31.1 %</b>	<b>39.5 %</b>	<b>52.8 %</b>	<b>35.7 %</b>	<b>35.0 %</b>	<b>33.7 %</b>	<b>32.3 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	2.3	4.4	6.6	5.0	6.2	8.3	10.1
Depreciation of fixed assets (incl. leases)	6.0	5.0	4.5	5.0	5.0	5.0	5.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	1.4	2.4	3.5	3.5	3.5
Others	0.9	-2.9	-4.2	-2.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	9.1	6.5	8.2	10.3	14.7	16.8	18.6
Increase/decrease in inventory	0.2	0.0	0.0	0.0	0.1	0.0	0.0
Increase/decrease in accounts receivable	9.0	-11.4	-0.1	-9.8	-3.9	-2.9	-3.5
Increase/decrease in accounts payable	0.0	2.8	3.4	4.5	0.9	0.6	0.7
Increase/decrease in other working capital positions	-6.0	10.3	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	3.2	1.7	3.3	-5.3	-2.9	-2.4	-2.8
<b>Cash flow from operating activities</b>	<b>12.3</b>	<b>8.2</b>	<b>11.5</b>	<b>4.9</b>	<b>11.8</b>	<b>14.4</b>	<b>15.9</b>
CAPEX	0.8	0.6	1.3	1.4	3.4	4.4	5.4
Payments for acquisitions	0.1	0.0	27.9	8.0	0.7	0.0	0.0
Financial investments	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	1.2	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-29.2</b>	<b>-8.2</b>	<b>-4.1</b>	<b>-4.4</b>	<b>-5.4</b>
Cash flow before financing	11.4	7.3	-17.7	-3.2	7.8	10.0	10.5
Increase/decrease in debt position	-3.5	-3.3	17.7	11.9	0.0	0.0	0.0
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
Dividends paid	0.0	3.9	6.3	4.2	0.3	0.3	0.3
Others	-0.2	0.0	-0.5	-0.5	-0.8	-0.9	-1.0
Effects of exchange rate changes on cash	-0.1	0.2	0.3	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-3.7</b>	<b>-7.2</b>	<b>10.9</b>	<b>7.2</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.3</b>
Increase/decrease in liquid assets	7.6	0.3	-6.4	4.0	6.7	8.8	9.1
<b>Liquid assets at end of period</b>	<b>26.1</b>	<b>26.4</b>	<b>19.9</b>	<b>24.3</b>	<b>31.0</b>	<b>39.8</b>	<b>48.9</b>

Quarterly results (EUR m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024E	FY 2024E
<b>Sales</b>	<b>38.5</b>	<b>42.0</b>	<b>39.7</b>	<b>43.4</b>	<b>44.1</b>	<b>45.8</b>	<b>51.4</b>	<b>50.5</b>	<b>50.1</b>	<b>202.0</b>
Sales growth	9 %	22 %	-130 %	3 %	14 %	9 %	29 %	16 %	14 %	9 %
<b>Gross profit</b>	<b>21.0</b>	<b>23.9</b>	<b>20.8</b>	<b>25.3</b>	<b>26.0</b>	<b>25.8</b>	<b>30.6</b>	<b>29.1</b>	<b>29.5</b>	<b>118.4</b>
Gross profit margin	54.5 %	57.0 %	52.3 %	58.4 %	59.0 %	56.2 %	59.6 %	57.6 %	58.9 %	58.6 %
<b>EBITDA</b>	<b>2.7</b>	<b>2.8</b>	<b>4.0</b>	<b>1.6</b>	<b>4.2</b>	<b>3.7</b>	<b>7.2</b>	<b>3.1</b>	<b>5.0</b>	<b>20.3</b>
EBITDA margin	6.9 %	6.6 %	10.0 %	3.6 %	9.5 %	8.1 %	13.9 %	6.2 %	10.0 %	10.1 %
<b>EBIT (inc revaluation net)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.9</b>	<b>0.0</b>	<b>2.6</b>	<b>2.0</b>	<b>4.6</b>	<b>1.2</b>	<b>3.0</b>	<b>11.8</b>
EBIT margin	3.9 %	3.5 %	4.7 %	0.0 %	5.9 %	4.3 %	9.0 %	2.5 %	6.0 %	5.8 %
<b>EPS reported</b>	<b>0.12</b>	<b>0.10</b>	<b>0.43</b>	<b>-0.02</b>	<b>0.21</b>	<b>0.10</b>	<b>0.25</b>	<b>0.03</b>	<b>0.23</b>	<b>0.65</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
<b>P&amp;L growth analysis</b>							
Sales growth	-17.2 %	2.8 %	11.0 %	13.9 %	9.4 %	6.0 %	6.7 %
EBITDA growth	-63.9 %	17.5 %	7.4 %	37.3 %	22.1 %	15.0 %	11.4 %
EBIT growth	-71.2 %	71.7 %	1.2 %	46.2 %	28.0 %	25.7 %	17.9 %
EPS growth	-86.4 %	83.3 %	47.8 %	-28.4 %	21.2 %	36.1 %	23.3 %
<b>Efficiency</b>							
Total operating costs / sales	93.2 %	92.3 %	92.5 %	91.0 %	90.0 %	89.1 %	88.6 %
Sales per employee	196.3	209.3	209.8	210.6	222.0	231.8	242.1
EBITDA per employee	13.3	16.2	15.7	19.0	22.3	25.3	27.5
<b>Balance sheet analysis</b>							
Avg. working capital / sales	9.7 %	12.1 %	12.5 %	12.3 %	13.9 %	14.3 %	14.6 %
Inventory turnover (sales/inventory)	11,844.1	9,738.0	2,252.1	2,638.9	2,638.9	2,638.9	2,638.9
Trade debtors in days of sales	37.4	61.8	58.6	70.0	71.0	72.0	73.0
A/P turnover [(A/P*365)/sales]	8.4	15.1	25.1	26.1	25.5	25.0	24.5
Cash conversion cycle (days)	20.5	29.7	2.0	7.8	9.4	11.2	13.1
<b>Cash flow analysis</b>							
Free cash flow	11.5	7.6	10.2	3.5	8.4	10.0	10.5
Free cash flow/sales	8.1 %	5.2 %	6.3 %	1.9 %	4.2 %	4.7 %	4.6 %
FCF / net profit	494.9 %	178.6 %	162.1 %	78.6 %	154.8 %	135.2 %	114.4 %
Capex / deprn	13.4 %	17.8 %	22.4 %	18.6 %	40.0 %	51.8 %	63.5 %
Capex / maintenance capex	53.8 %	86.2 %	69.3 %	106.5 %	60.0 %	80.0 %	100.0 %
Capex / sales	0.6 %	0.6 %	0.8 %	0.7 %	1.7 %	2.1 %	2.4 %
<b>Security</b>							
Net debt	-14.0	-15.7	15.1	27.2	20.5	11.7	2.6
Net Debt/EBITDA	0.0	0.0	1.2	1.6	1.0	0.5	0.1
Net debt / equity	neg.	neg.	0.4	0.6	0.4	0.2	0.0
Interest cover	18.0	38.7	16.9	5.0	3.8	4.8	5.7
Dividend payout ratio	169.6 %	147.7 %	66.6 %	7.4 %	6.1 %	4.5 %	3.7 %
<b>Asset utilisation</b>							
Capital employed turnover	2.5	2.6	2.0	1.9	1.9	1.9	1.9
Operating assets turnover	5.7	4.8	5.7	5.2	5.6	5.7	5.7
Plant turnover	10.4	12.3	12.1	14.2	18.4	21.4	22.9
Inventory turnover (sales/inventory)	11,844.1	9,738.0	2,252.1	2,638.9	2,638.9	2,638.9	2,638.9
<b>Returns</b>							
ROCE	10.7 %	11.0 %	9.2 %	10.2 %	11.7 %	13.8 %	15.2 %
ROE	5.5 %	9.9 %	14.7 %	10.6 %	11.5 %	13.6 %	14.4 %
<b>Other</b>							
Interest paid / avg. debt	1.7 %	1.4 %	1.6 %	4.2 %	6.0 %	6.0 %	6.0 %
No. employees (average)	724	698	773	877	910	924	944
Number of shares	8.4	8.4	8.4	8.4	8.4	8.4	8.4
DPS	0.5	0.8	0.5	0.0	0.0	0.0	0.0
EPS reported	0.28	0.51	0.75	0.54	0.65	0.89	1.09
<b>Valuation ratios</b>							
P/BV	2.3	2.8	3.0	3.3	2.2	1.9	1.6
EV/sales	0.6	0.7	0.9	0.9	0.6	0.5	0.5
EV/EBITDA	8.6	9.3	11.9	10.0	6.2	5.0	4.1
EV/EBITA	15.8	14.4	18.7	14.3	8.2	6.3	5.1
EV/EBIT	22.7	16.7	22.8	18.0	10.6	7.8	6.1
EV/FCF	7.2	13.7	14.1	47.0	14.8	11.6	10.2
Adjusted FCF yield	7.5 %	6.7 %	5.3 %	7.7 %	11.4 %	14.6 %	18.2 %
Dividend yield	4.1 %	5.3 %	3.3 %	0.2 %	0.3 %	0.3 %	0.3 %

Source: Company data, Hauck Aufhäuser Investment Banking

**Disclosures regarding research publications of Hauck Aufhäuser Lampe Privatbank AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK through Hauck Aufhäuser IB Ltd., subject to the FCA requirements on research recommendation disclosures**

Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA’s rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck Aufhäuser Lampe Privatbank AG

- (1) or any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck Aufhäuser Lampe Privatbank AG or its affiliate(s),
- (5) holds a net short (a) or a net long (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or any other person belonging to the same group with that person is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

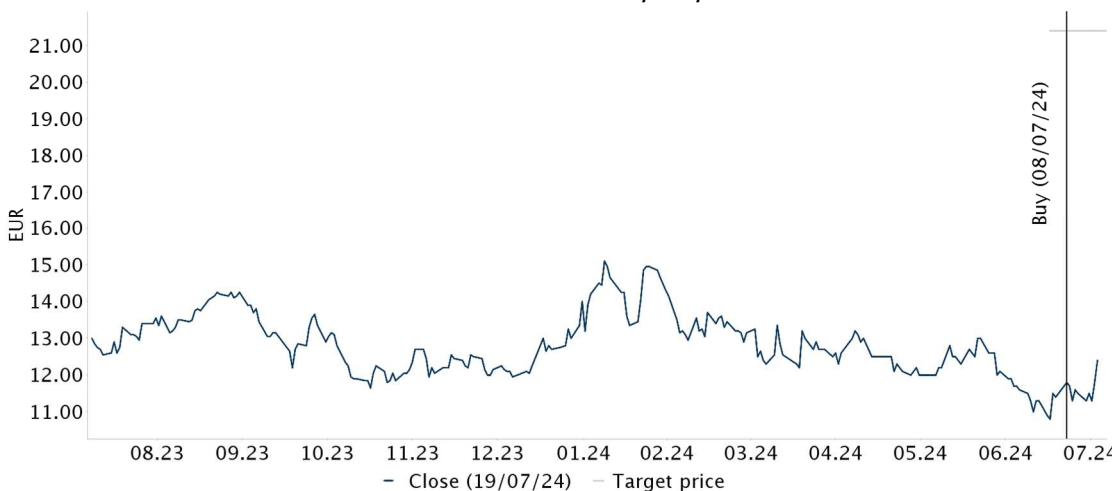
**Conflicts of interest that existed at the time when this research report was published:**

Company	Disclosure
CENIT AG	6, 8

**Historical target price and rating changes for CENIT AG in the last 12 months**

**Price and Rating History  
CENIT AG as of 22/07/24**

**Initiation coverage**  
08-July-24



Company	Date	Analyst	Rating	Target price	Close
---------	------	---------	--------	--------------	-------

CENIT AG	09.07.2024	Wunderlich, Tim	Buy	EUR 21,40	EUR 11,70
	09.07.2024	Wunderlich, Tim	Buy	EUR 21,40	EUR 11,70

## Hauck Aufhäuser Investment Banking distribution of ratings and in proportion to investment banking services

<b>Buy</b>	72.02 %	82.14 %
<b>Sell</b>	4.66 %	0.00 %
<b>Hold</b>	23.32 %	17.86 %

---

Date of publication creation: 22/07/2024 08:12 AM

Date of publication dissemination: 22/07/2024 08:12 AM



## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck Aufhäuser Lampe Privatbank AG, distributed in the UK through Hauck Aufhäuser IB Ltd., exclusively to selected recipients (in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries). A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck Aufhäuser Lampe Privatbank AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck Aufhäuser Lampe Privatbank AG. All rights reserved.

Under no circumstances shall Hauck Aufhäuser Lampe Privatbank AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

Hauck Aufhäuser Lampe Privatbank AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck Aufhäuser Lampe Privatbank AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

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.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck Aufhäuser Lampe Privatbank AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck Aufhäuser Lampe Privatbank AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck Aufhäuser Lampe Privatbank AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck Aufhäuser Lampe Privatbank AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck Aufhäuser Lampe Privatbank AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

Hauck Aufhäuser Lampe Privatbank AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK through Hauck Aufhäuser IB Ltd. and in compliance with the applicable FCA requirements.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

## 8. Miscellaneous

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:

<https://www.hal-privatbank.com/en/investmentbank/investment-banking>

## Disclosures for U.S. persons only

---

This research report is a product of HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

Contacts: Hauck Aufhäuser Investment Banking

HAIB Research

Hauck Aufhäuser Investment Banking  
Mittelweg 16/17  
20148 Hamburg  
Germany

Hauck Aufhäuser Investment Banking  
Goetheplatz 9-11  
60313 Frankfurt am Main  
Germany

Tel.: +49 (0) 40 414 3885 97  
Fax: +49 (0) 40 414 3885 71  
E-Mail: research@ha-ib.de  
www.ha-research.de

**Tim Wunderlich, CFA**  
Head of Transactional Research  
Tel.: +49 40 414 3885 81  
E-Mail: tim.wunderlich@ha-ib.de

**Marie-Thérèse Grübner**  
Head of Research  
Tel.: +49 40 450 6342 3097  
E-Mail: marie-therese.gruebner@ha-ib.de

**Alexander Galitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: alexander.galitsa@ha-ib.de

**Christian Glowa**  
Analyst  
Tel.: +49 40 414 3885 95  
E-Mail: christian.glowa@ha-ib.de

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-ib.de

**Cornelis Kik**  
Analyst  
Tel.: +49 40 450 6342 3096  
E-Mail: cornelis.kik@ha-ib.de

**Finn Kemper**  
Analyst  
Tel.: +49 40 450 6342 3098  
E-Mail: finn.kemper@ha-ib.de

**Jorge González Sadornil**  
Analyst  
Tel.: +49 40 414 3885 84  
E-Mail: jorge.gonzalez@ha-ib.de

**Simon Jouck**  
Analyst  
Tel.: +49 40 450 6342 3093  
E-Mail: simon.jouck@ha-ib.de

**Simon Keller, CFA**  
Analyst  
Tel.: +49 40 414 388 573  
E-Mail: simon.keller@ha-ib.de

HAIB Sales

**Alexander Lachmann**  
Equity Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-ib.de

**Carlos Becke**  
Equity Sales  
Tel.: +44 203 84 107 97  
E-Mail: carlos.becke@ha-ib.de

**Carsten Kinder**  
Head of Equities  
Tel.: +41 43 497 3024  
E-Mail: carsten.kinder@ha-ib.de

**Christian Bybjerg**  
Equity Sales  
Tel.: +49 414 3885 74  
E-Mail: christian.bybjerg@ha-ib.de

**Florian Kurz**  
Equity Sales  
Tel.: +49 69 84 2161 1793  
E-Mail: florian.kurz@ha-ib.de

**Hugues Madelin**  
Equity Sales  
Tel.: +33 1 426 850 12  
E-Mail: hugues.madelin@ha-ib.de

**Imogen Voorspuy**  
Equity Sales  
Tel.: +44 203 84 107 98  
E-Mail: imogen.voorspuy@ha-ib.de

**Markus Scharhag**  
Equity Sales  
Tel.: +49 89 23 93 2813  
E-Mail: markus.scharhag@ha-ib.de

**Vincent Bischoff**  
Equity Sales  
Tel.: +49 40 414 38 85 88  
E-Mail: vincent.bischoff@ha-ib.de

HAIB Trading

Hauck Aufhäuser Investment Banking  
Privatbank AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 78  
Fax: +49 40 414 3885 71  
E-Mail: info@hal-privatbank.com  
www.hal-privatbank.com

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 38 85 98  
E-Mail: fin.schaffer@ha-ib.de

**Nils Carstens**  
Trading  
Tel.: +49 40 414 38 85 85  
E-Mail: nils.carstens@ha-ib.de

**Carolin Heidrich**  
Middle-Office  
Tel.: +49 40 414 3885 87  
E-Mail: carolin.heidrich@hal-privatbank.com

**Tom Warlich**  
Middle-Office  
Tel.: +49 40 414 3885 78  
E-Mail: tom.warlich@hal-privatbank.com