

**Buy** (old: Hold)

**Price target: EUR 26.00** (old: EUR 18.10)

<b>Price:</b>	EUR 22.42	<b>Next result:</b>	Q1 17: 16.05.17
<b>Bloomberg:</b>	CSH GR	<b>Market cap:</b>	EUR 187.6 m
<b>Reuters:</b>	CSHG.DE	<b>Enterprise Value:</b>	EUR 154.0 m

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## Q1 preview; Own software potential underestimated; Up to BUY; chg.

**CENIT should report a solid quarter** (see next page) showing slight growth in sales (eH&A: +2% yoy) and EBIT (eH&A: +3% yoy) thanks to sound demand for third-party software. This should be driven by solutions from Dassault (e.g. CATIA, DELMIA) targeting automotive customers.

Revenues from own software solutions are expected to decline in Q1 (eH&A: -6% yoy) but only because of strong activity seen in Q4 (own software +20% yoy in Q4) which should have pulled some demand forward. This is seen to normalise from Q2.

Notably, **we consider the underlying growth drivers to be intact**. CENIT should increasingly shift its business towards own software solutions (i.e. add-on features for PLM software) which is seen to strengthen profitability, cash generation and visibility as own software yields 15-20% EBIT margins (eH&A) and recurring maintenance revenues.

In this regard, **its FastSuite 2 should emerge as a top seller** opening up a large addressable market as for the first time non-Dassault users (e.g. Mercedes using Siemens PLM) can utilize the valuable add-on features offered by CENIT own software (e.g. in manufacturing simulation).

At the same time, the takeover of French Keonys (announced in December / top Dassault VAR in France with 65% market share) is seen to **manifest CENIT's position as the leading VAR for Dassault in Europe and globally** driving economies of scale and cross-selling opportunities for own software (i.e. total client base will double thanks to Keonys).

While Keonys was slightly loss making last year, **we expect the target to achieve a 5% EBIT margin by 2019E** as CENIT should execute efficiency measures, look for synergies in admin and purchasing, and implement near-shoring (CENIT has a hub in Romania).

In light of recurring maintenance revenues (eH&A: 20%+ of group sales) driving strong clockwork-like free cash generation (c. € 8m every year since 2010) AND the value potential hidden in the take-over of Keonys, **we switch valuation from FCFY to DCF yielding a new PT of 26.00. Up to BUY** (prior: Hold). – see next page for changes –

Y/E 31.12 (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Sales	118.9	123.4	121.5	123.8	155.0	170.5	175.6
Sales growth	0 %	4 %	-2 %	2 %	25 %	10 %	3 %
EBITDA	10.6	11.7	12.7	14.1	14.1	17.1	18.3
EBIT	8.3	9.3	10.6	11.8	11.8	14.7	15.9
Net income	5.9	6.4	7.3	8.1	8.1	10.1	10.9
Net debt	-26.6	-33.3	-33.9	-33.6	-27.2	-28.5	-30.5
Net gearing	-74.1 %	-84.5 %	-85.2 %	-85.0 %	-63.5 %	-63.1 %	-65.2 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.70	0.76	0.88	0.97	0.97	1.21	1.31
CPS	0.85	0.91	0.92	0.87	0.89	1.13	1.26
DPS	0.35	0.90	1.00	1.00	1.05	1.10	1.15
Dividend yield	1.6 %	4.0 %	4.5 %	4.5 %	4.7 %	4.9 %	5.1 %
Gross profit margin	60.6 %	60.4 %	61.4 %	61.4 %	60.6 %	60.3 %	60.3 %
EBITDA margin	8.9 %	9.5 %	10.5 %	11.4 %	9.1 %	10.0 %	10.4 %
EBIT margin	7.0 %	7.6 %	8.7 %	9.6 %	7.6 %	8.6 %	9.0 %
ROCE	22.8 %	24.1 %	26.1 %	29.0 %	27.9 %	33.7 %	34.9 %
EV/sales	1.4	1.3	1.3	1.2	1.0	0.9	0.9
EV/EBITDA	15.1	13.2	12.1	10.9	11.4	9.3	8.6
EV/EBIT	19.3	16.5	14.5	13.0	13.6	10.9	9.9
PER	31.9	29.5	25.6	23.2	23.0	18.5	17.1
Adjusted FCF yield	4.2 %	4.5 %	5.2 %	5.8 %	5.6 %	7.0 %	7.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 10.05.2017



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 22.75 / 17.30

**Price/Book Ratio:** 4.7

**Relative performance (TecDAX):**

3 months -4.4 %

6 months -20.4 %

12 months -5.3 %

### Changes in estimates

		Sales	EBIT	EPS
2017	old:	129.2	11.9	0.98
	Δ	20.0%	-0.6%	-0.7%
2018	old:	133.0	12.8	1.06
	Δ	28.2%	14.2%	13.9%
2019	old:			
	Δ			

### Key share data:

Number of shares: (in m pcs) 8.4

Authorised capital: (in € m) 4.2

Book value per share: (in €) 4.7

Ø trading volume: (12 months) 25,000

### Major shareholders:

Free Float 75.8 %

Invesco 5.3 %

AGI 5.0 %

LBBW 4.6 %

Mainfirst 3.2 %

BWVA 3.1 %

### Company description:

CENIT is an IT service company focused on Product Lifecycle Management (PLM) and Enterprise Information Management (EIM) where it acts as a value-added reseller for its partners IBM and Dassault.

**Action:** Estimates are adjusted for the acquisition of Keonys which should be consolidated from June 2017. We expect a total of € 56m sales annualised (50% this year) and break-even in the first six months of consolidation. Keony's profitability should then gradually improve to 5% by 2019E. Estimates for 2019E are introduced.

EUR	Q1 17 est	Q1 16	yoy	Q4 16	qoq
<b>Sales</b>	<b>30.1</b>	<b>29.6</b>	2%	<b>33.5</b>	-10%
Service	12.1	12.1	0%	14.9	-19%
3rd-Party Software	14.2	13.6	5%	12.6	13%
Own Software	3.7	3.9	-6%	5.9	-37%
Other	0.1	0.0	285%	0.1	0%
<b>EBIT</b>	<b>2.2</b>	<b>2.1</b>	3%	<b>4.3</b>	-50%
EBIT margin	7.1%	7.1%	+ 0.1 pp	12.9%	- 5.8 pp
<b>Net profit</b>	<b>1.5</b>	<b>1.6</b>	-4%	<b>2.8</b>	-44%
Net margin	5.1%	5.4%	- 0.3 pp	8.2%	- 3.1 pp
<b>EPS</b>	<b>0.18</b>	<b>0.19</b>	-4%	<b>0.33</b>	-44%

Source: Company data, Hauck & Aufhäuser

**Financials**

Profit and loss (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Net sales</b>	<b>118.9</b>	<b>123.4</b>	<b>121.5</b>	<b>123.8</b>	<b>155.0</b>	<b>170.5</b>	<b>175.6</b>
<i>Sales growth</i>	0.1 %	3.8 %	-1.6 %	1.9 %	25.2 %	10.0 %	3.0 %
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>118.9</b>	<b>123.4</b>	<b>121.5</b>	<b>123.8</b>	<b>155.0</b>	<b>170.5</b>	<b>175.6</b>
Other operating income	1.2	0.6	1.8	1.1	1.1	2.2	2.3
Material expenses	46.9	48.8	46.9	47.8	61.1	67.7	69.7
Personnel expenses	47.7	49.1	48.6	48.9	62.5	68.2	69.9
Other operating expenses	14.9	14.4	15.1	14.1	18.4	19.8	20.0
Total operating expenses	108.3	111.7	108.8	109.7	140.9	153.5	157.4
<b>EBITDA</b>	<b>10.6</b>	<b>11.7</b>	<b>12.7</b>	<b>14.1</b>	<b>14.1</b>	<b>17.1</b>	<b>18.3</b>
Depreciation	1.1	0.9	0.8	0.8	0.9	0.9	0.9
<b>EBITA</b>	<b>9.6</b>	<b>10.8</b>	<b>11.9</b>	<b>13.2</b>	<b>13.2</b>	<b>16.2</b>	<b>17.4</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.4	1.3	1.4	1.5	1.5	1.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>8.3</b>	<b>9.3</b>	<b>10.6</b>	<b>11.8</b>	<b>11.8</b>	<b>14.7</b>	<b>15.9</b>
Interest income	0.1	0.2	0.1	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	0.0	0.1	0.0	0.0	0.0	0.0	0.0
<b>Recurring pretax income from continuing operations</b>	<b>8.4</b>	<b>9.4</b>	<b>10.6</b>	<b>11.8</b>	<b>11.8</b>	<b>14.7</b>	<b>15.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>8.4</b>	<b>9.4</b>	<b>10.6</b>	<b>11.8</b>	<b>11.8</b>	<b>14.7</b>	<b>15.9</b>
Taxes	2.5	3.0	3.3	3.7	3.7	4.6	5.0
<b>Net income from continuing operations</b>	<b>5.9</b>	<b>6.4</b>	<b>7.3</b>	<b>8.1</b>	<b>8.1</b>	<b>10.1</b>	<b>10.9</b>
Result 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>5.9</b>	<b>6.4</b>	<b>7.3</b>	<b>8.1</b>	<b>8.1</b>	<b>10.1</b>	<b>10.9</b>
Minority interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>5.9</b>	<b>6.4</b>	<b>7.3</b>	<b>8.1</b>	<b>8.1</b>	<b>10.1</b>	<b>10.9</b>
Average number of shares	8.4	8.4	8.4	8.4	8.4	8.4	8.4
<b>EPS reported</b>	<b>0.70</b>	<b>0.76</b>	<b>0.88</b>	<b>0.97</b>	<b>0.97</b>	<b>1.21</b>	<b>1.31</b>

Profit and loss (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<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	1.0 %	0.5 %	1.5 %	0.9 %	0.7 %	1.3 %	1.3 %
Material expenses	39.4 %	39.6 %	38.6 %	38.6 %	39.4 %	39.7 %	39.7 %
Personnel expenses	40.1 %	39.8 %	40.0 %	39.5 %	40.3 %	40.0 %	39.8 %
Other operating expenses	12.5 %	11.7 %	12.5 %	11.4 %	11.9 %	11.6 %	11.4 %
Total operating expenses	91.1 %	90.5 %	89.5 %	88.6 %	90.9 %	90.0 %	89.6 %
<b>EBITDA</b>	<b>8.9 %</b>	<b>9.5 %</b>	<b>10.5 %</b>	<b>11.4 %</b>	<b>9.1 %</b>	<b>10.0 %</b>	<b>10.4 %</b>
Depreciation	0.9 %	0.7 %	0.7 %	0.7 %	0.6 %	0.5 %	0.5 %
<b>EBITA</b>	<b>8.0 %</b>	<b>8.7 %</b>	<b>9.8 %</b>	<b>10.7 %</b>	<b>8.5 %</b>	<b>9.5 %</b>	<b>9.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.0 %	1.2 %	1.0 %	1.1 %	0.9 %	0.9 %	0.9 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>7.0 %</b>	<b>7.6 %</b>	<b>8.7 %</b>	<b>9.6 %</b>	<b>7.6 %</b>	<b>8.6 %</b>	<b>9.0 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Recurring pretax income from continuing operations</b>	<b>7.0 %</b>	<b>7.6 %</b>	<b>8.7 %</b>	<b>9.6 %</b>	<b>7.6 %</b>	<b>8.6 %</b>	<b>9.1 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>7.0 %</b>	<b>7.6 %</b>	<b>8.7 %</b>	<b>9.6 %</b>	<b>7.6 %</b>	<b>8.6 %</b>	<b>9.1 %</b>
Tax rate	29.8 %	32.4 %	31.1 %	31.2 %	31.2 %	31.2 %	31.2 %
<b>Net income from continuing operations</b>	<b>4.9 %</b>	<b>5.2 %</b>	<b>6.0 %</b>	<b>6.6 %</b>	<b>5.3 %</b>	<b>5.9 %</b>	<b>6.2 %</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>4.9 %</b>	<b>5.2 %</b>	<b>6.0 %</b>	<b>6.6 %</b>	<b>5.3 %</b>	<b>5.9 %</b>	<b>6.2 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>4.9 %</b>	<b>5.2 %</b>	<b>6.0 %</b>	<b>6.5 %</b>	<b>5.3 %</b>	<b>5.9 %</b>	<b>6.2 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>3.6</b>	<b>3.9</b>	<b>3.4</b>	<b>5.2</b>	<b>10.5</b>	<b>9.7</b>	<b>9.0</b>
Property, plant and equipment	2.6	2.5	2.7	2.2	1.9	1.6	1.3
Financial assets	2.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>FIXED ASSETS</b>	<b>8.2</b>	<b>6.5</b>	<b>6.1</b>	<b>7.5</b>	<b>12.4</b>	<b>11.4</b>	<b>10.4</b>
Inventories	0.0	0.0	0.1	0.4	0.5	0.5	0.6
Accounts receivable	14.8	17.4	17.9	19.6	24.6	27.0	27.9
Other current assets	4.7	4.7	4.0	3.9	3.9	3.9	3.9
Liquid assets	26.6	33.3	33.9	33.6	27.2	28.5	30.5
Deferred taxes	0.1	0.2	0.4	0.4	0.0	0.0	0.0
Deferred charges and prepaid expenses	5.8	4.9	4.4	6.7	6.7	6.7	6.7
<b>CURRENT ASSETS</b>	<b>52.1</b>	<b>60.4</b>	<b>60.8</b>	<b>64.7</b>	<b>62.9</b>	<b>66.7</b>	<b>69.6</b>
<b>TOTAL ASSETS</b>	<b>60.4</b>	<b>66.9</b>	<b>66.9</b>	<b>72.2</b>	<b>75.4</b>	<b>78.1</b>	<b>80.0</b>
SHAREHOLDERS EQUITY	35.9	39.4	39.8	39.5	42.8	45.1	46.8
MINORITY INTEREST	0.0	0.0	0.0	1.1	0.0	0.0	0.0
Long-term debt	0.0	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	0.0
Other provisions	0.7	1.4	0.8	0.6	0.6	0.6	0.6
<b>Non-current liabilities</b>	<b>0.7</b>	<b>1.4</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	4.0	4.2	2.8	3.7	4.6	5.1	5.2
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)	12.9	14.9	14.7	17.3	17.3	17.3	17.3
Deferred taxes	0.8	0.7	0.8	0.7	0.7	0.7	0.7
Deferred income	5.9	6.5	8.0	9.4	9.4	9.4	9.4
<b>Current liabilities</b>	<b>23.7</b>	<b>26.2</b>	<b>26.3</b>	<b>31.0</b>	<b>31.9</b>	<b>32.4</b>	<b>32.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>60.4</b>	<b>66.9</b>	<b>66.9</b>	<b>72.2</b>	<b>75.4</b>	<b>78.1</b>	<b>80.0</b>

Balance sheet (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>6.0 %</b>	<b>5.8 %</b>	<b>5.1 %</b>	<b>7.2 %</b>	<b>13.9 %</b>	<b>12.5 %</b>	<b>11.3 %</b>
Property, plant and equipment	4.3 %	3.7 %	4.0 %	3.1 %	2.5 %	2.0 %	1.6 %
Financial assets	3.4 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
<b>FIXED ASSETS</b>	<b>13.7 %</b>	<b>9.6 %</b>	<b>9.1 %</b>	<b>10.4 %</b>	<b>16.5 %</b>	<b>14.6 %</b>	<b>13.0 %</b>
Inventories	0.0 %	0.0 %	0.1 %	0.5 %	0.7 %	0.7 %	0.7 %
Accounts receivable	24.5 %	26.0 %	26.8 %	27.2 %	32.6 %	34.6 %	34.8 %
Other current assets	7.9 %	7.0 %	5.9 %	5.5 %	5.2 %	5.0 %	4.9 %
Liquid assets	44.1 %	49.7 %	50.8 %	46.5 %	36.1 %	36.4 %	38.2 %
Deferred taxes	0.1 %	0.4 %	0.6 %	0.6 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	9.7 %	7.3 %	6.6 %	9.3 %	8.9 %	8.6 %	8.4 %
<b>CURRENT ASSETS</b>	<b>86.3 %</b>	<b>90.4 %</b>	<b>90.9 %</b>	<b>89.6 %</b>	<b>83.5 %</b>	<b>85.4 %</b>	<b>87.0 %</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	59.5 %	58.8 %	59.6 %	54.7 %	56.8 %	57.7 %	58.5 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	1.5 %	0.0 %	0.0 %	0.0 %
Long-term debt	0.0 %	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 %	0.0 %
Other provisions	1.2 %	2.0 %	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %
<b>Non-current liabilities</b>	<b>1.2 %</b>	<b>2.0 %</b>	<b>1.1 %</b>	<b>0.9 %</b>	<b>0.8 %</b>	<b>0.8 %</b>	<b>0.8 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	6.7 %	6.2 %	4.2 %	5.1 %	6.1 %	6.5 %	6.5 %
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)	21.3 %	22.2 %	22.0 %	24.0 %	23.0 %	22.2 %	21.6 %
Deferred taxes	1.4 %	1.0 %	1.2 %	0.9 %	0.9 %	0.8 %	0.8 %
Deferred income	9.8 %	9.7 %	12.0 %	13.0 %	12.4 %	12.0 %	11.7 %
<b>Current liabilities</b>	<b>39.3 %</b>	<b>39.1 %</b>	<b>39.3 %</b>	<b>42.9 %</b>	<b>42.4 %</b>	<b>41.5 %</b>	<b>40.7 %</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

Cash flow statement (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Net profit/loss	5.9	6.4	7.3	8.1	8.1	10.1	10.9
Depreciation of fixed assets (incl. leases)	1.1	0.9	0.0	2.2	0.9	0.9	0.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.4	2.1	0.0	1.5	1.5	1.5
Others	-0.9	3.1	2.1	-0.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	7.3	11.8	11.5	10.2	10.5	12.5	13.3
Increase/decrease in inventory	0.1	0.0	-0.1	-0.3	-0.1	0.0	0.0
Increase/decrease in accounts receivable	1.6	-2.6	-0.6	-1.7	-1.5	-1.5	-0.8
Increase/decrease in accounts payable	-0.1	0.1	-1.4	0.9	0.4	0.5	0.2
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	1.5	-2.4	-2.0	-1.1	-1.2	-1.1	-0.7
<b>Cash flow from operating activities</b>	<b>8.9</b>	<b>9.4</b>	<b>9.5</b>	<b>9.1</b>	<b>9.3</b>	<b>11.4</b>	<b>12.7</b>
CAPEX	1.2	1.7	1.7	0.9	1.2	1.4	1.4
Payments for acquisitions	0.0	0.6	0.0	0.4	6.0	0.0	0.0
Financial investments	0.0	-2.0	0.0	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
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-0.3</b>	<b>-1.6</b>	<b>-1.2</b>	<b>-7.2</b>	<b>-1.4</b>	<b>-1.4</b>
Cash flow before financing	7.6	9.1	7.8	7.8	2.0	10.1	11.3
Increase/decrease in debt position	0.0	0.0	0.0	0.0	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	4.6	2.9	7.5	8.4	8.4	8.8	9.2
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.2	0.4	0.4	0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-4.6</b>	<b>-2.9</b>	<b>-7.5</b>	<b>-8.4</b>	<b>-8.4</b>	<b>-8.8</b>	<b>-9.2</b>
Increase/decrease in liquid assets	2.9	6.6	0.7	-0.3	-6.4	1.3	2.1
<b>Liquid assets at end of period</b>	<b>26.6</b>	<b>33.3</b>	<b>33.9</b>	<b>33.6</b>	<b>27.2</b>	<b>28.5</b>	<b>30.5</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Domestic	98.0	101.9	100.7	102.9	128.8	141.7	145.9
yoy change	0.3 %	4.0 %	-1.2 %	2.1 %	25.2 %	10.0 %	3.0 %
Rest of Europe	10.9	10.9	10.1	9.9	12.4	13.6	14.0
yoy change	-6.1 %	-0.8 %	-7.1 %	-1.8 %	25.2 %	10.0 %	3.0 %
NAFTA	9.2	9.5	9.5	9.7	12.1	13.3	13.7
yoy change	3.1 %	3.8 %	-0.3 %	1.9 %	25.2 %	10.0 %	3.0 %
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.8	1.1	1.2	1.4	1.7	1.9	1.9
yoy change	36.9 %	33.4 %	9.4 %	12.1 %	25.2 %	10.0 %	3.0 %
<b>TTL</b>	<b>118.9</b>	<b>123.4</b>	<b>121.5</b>	<b>123.8</b>	<b>155.0</b>	<b>170.5</b>	<b>175.6</b>
yoy change	0.1 %	3.8 %	-1.6 %	1.9 %	25.2 %	10.0 %	3.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>P&amp;L growth analysis</b>							
Sales growth	0.1 %	3.8 %	-1.6 %	1.9 %	25.2 %	10.0 %	3.0 %
EBITDA growth	-3.7 %	9.7 %	8.9 %	10.8 %	0.3 %	21.2 %	29.5 %
EBIT growth	3.9 %	12.0 %	13.7 %	11.7 %	-0.5 %	23.7 %	34.4 %
EPS growth	8.5 %	8.1 %	15.2 %	10.4 %	0.8 %	25.2 %	34.3 %
<b>Efficiency</b>							
Total operating costs / sales	91.1 %	90.5 %	89.5 %	88.6 %	90.9 %	90.0 %	89.6 %
Sales per employee	176.7	185.6	188.8	196.7	219.8	230.9	214.3
EBITDA per employee	15.8	17.5	19.7	22.4	20.0	23.1	22.3
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.2 %	9.7 %	11.7 %	12.8 %	11.9 %	11.4 %	12.4 %
Inventory turnover (sales/inventory)	29,730.3	17,627.7	1,598.4	312.6	312.6	312.6	312.6
Trade debtors in days of sales	45.5	51.4	53.9	57.9	57.9	57.9	57.9
A/P turnover [(A/P*365)/sales]	12.4	12.3	8.4	10.8	10.8	10.8	10.8
Cash conversion cycle (days)	14.1	20.3	32.8	32.8	33.3	33.5	33.5
<b>Cash flow analysis</b>							
Free cash flow	7.6	7.7	7.8	8.2	8.0	10.1	11.3
Free cash flow/sales	6.4 %	6.2 %	6.4 %	6.6 %	5.2 %	5.9 %	6.4 %
FCF / net profit	129.7 %	120.5 %	106.5 %	101.2 %	98.4 %	99.4 %	103.0 %
Capex / depre	53.2 %	74.5 %	79.8 %	39.5 %	53.7 %	57.1 %	58.3 %
Capex / maintenance capex	30.6 %	44.4 %	56.9 %	21.1 %	29.3 %	30.6 %	29.3 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-26.6	-33.3	-33.9	-33.6	-27.2	-28.5	-30.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.7	-0.8	-0.9	-0.9	-0.6	-0.6	-0.7
Interest cover	170.0	116.6	258.7	697.0	999.0	999.0	999.0
Dividend payout ratio	49.8 %	118.4 %	114.3 %	104.4 %	107.8 %	91.0 %	88.0 %
<b>Asset utilisation</b>							
Capital employed turnover	3.2	3.0	3.0	3.0	3.6	3.7	3.7
Operating assets turnover	8.9	7.9	6.8	6.7	6.9	7.1	7.2
Plant turnover	46.3	49.6	45.7	56.1	82.0	106.7	134.9
Inventory turnover (sales/inventory)	29,730.3	17,627.7	1,598.4	312.6	312.6	312.6	312.6
<b>Returns</b>							
ROCE	22.8 %	24.1 %	26.1 %	29.0 %	27.9 %	33.7 %	34.9 %
ROE	16.4 %	16.2 %	18.4 %	20.4 %	19.0 %	22.4 %	23.4 %
<b>Other</b>							
Interest paid / avg. debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. employees (average)	673	665	644	629	705	738	820
Number of shares	8.4	8.4	8.4	8.4	8.4	8.4	8.4
DPS	0.4	0.9	1.0	1.0	1.1	1.1	1.2
EPS reported	0.70	0.76	0.88	0.97	0.97	1.21	1.31
<b>Valuation ratios</b>							
P/BV	5.2	4.8	4.7	4.7	4.4	4.2	4.0
EV/sales	1.4	1.3	1.3	1.2	1.0	0.9	0.9
EV/EBITDA	15.1	13.2	12.1	10.9	11.4	9.3	8.6
EV/EBITA	16.8	14.3	12.9	11.6	12.1	9.8	9.1
EV/EBIT	19.3	16.5	14.5	13.0	13.6	10.9	9.9
EV/FCF	21.1	20.1	19.7	18.8	20.0	15.8	13.9
Adjusted FCF yield	4.2 %	4.5 %	5.2 %	5.8 %	5.6 %	7.0 %	7.6 %
Dividend yield	1.6 %	4.0 %	4.5 %	4.5 %	4.7 %	4.9 %	5.1 %

Source: Company data, Hauck & Aufhäuser

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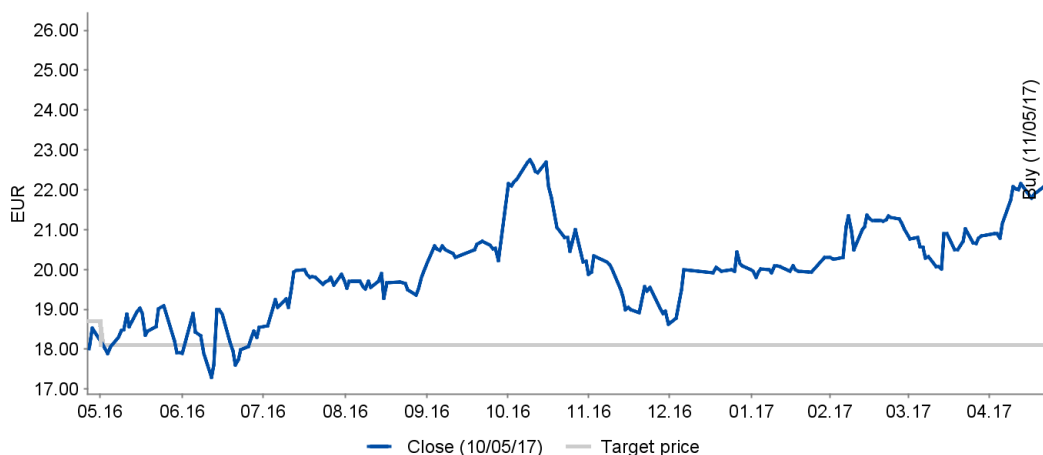
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Company	Disclosure
CENIT AG	2

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

**Price and Rating History  
CENIT AG as of 11/05/17**

**Initiation coverage**  
29-September-10



Company	Date	Analyst	Rating	Target price	Close
CENIT AG	22.12.2016	Wunderlich, CFA, Tim	Hold	EUR 18.10	EUR 20.00
	09.08.2016	Wunderlich, CFA, Tim	Hold	EUR 18.10	EUR 19.69
	17.05.2016	Wunderlich, CFA, Tim	Hold	EUR 18.10	EUR 18.10

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