

# 9-Months Report 2010

**cenit**



## **CENIT AG**

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<b>CENIT AT A GLANCE (unaudited)</b>		
<b>At a glance - January 1 until September 30, 2010</b>		
in Mill. EUR	<b>September 30, 2010</b>	<b>Sept. 30, 2009</b>
<b>Sales</b>	<b>64,82</b>	<b>63,38</b>
<b>Gross profits</b>	<b>43,12</b>	<b>43,53</b>
<b>EBITDA</b>	<b>2,96</b>	<b>2,77</b>
<b>Operating returns (EBIT)</b>	<b>1,72</b>	<b>1,71</b>
<b>EBT</b>	<b>1,82</b>	<b>1,90</b>
<b>Netincome of the group</b>	<b>1,26</b>	<b>1,73</b>
<b>Result per share (basic) in EURO</b>	<b>0,15</b>	<b>0,21</b>
<b>Result per share (diluted) in EURO</b>	<b>0,15</b>	<b>0,21</b>
<b>Number of employees at end of period</b>	<b>696</b>	<b>705</b>
<b>EBIT - Margin</b>	<b>2,6%</b>	<b>2,7%</b>
<b>Profit - Margin</b>	<b>1,9%</b>	<b>2,7%</b>
in Mill. EUR	<b>Sept. 30, 2010</b>	<b>Dec. 31, 2009</b>
<b>Equity in ratio</b>	<b>60%</b>	<b>64%</b>
<b>Equity</b>	<b>27,18</b>	<b>28,08</b>
<b>Liabilities</b>	<b>18,27</b>	<b>15,54</b>
<b>Balance sheet total</b>	<b>45,45</b>	<b>43,61</b>

### OVERALL ECONOMIC SITUATION AND INDUSTRY SENTIMENT

Economic recovery is continuing around the globe. The German economy in particular is growing at above-average rates compared to other industrialized nations, as indicated by the current reports of leading German economic research institutes. The researchers expect the German economy to grow by 3.5 percent in 2010, slowing to 2 percent in 2011. This is considerably higher than expectations indicated as recently as the beginning of the year.

With these figures, however, Germany remains a positive exception in Europe. With growth rates of 1.7 percent in 2010 and 1.5 percent in 2011, the IMF sees the Euro Zone as a whole lagging behind the other developed national economies. Moreover, the IMF believes that the situation on the financial markets remains tense. As a result, the vulnerabilities within the banking system and ailing public finances in many countries remain among the greatest risks to economic recovery. The economy will grow nevertheless, but more slowly than before. The Ifo Institute shares this assessment. The Institute views the current global economic situation as more positive than during the first half of 2010, but revised its forecast for the coming six months downwards. Expectations thus indicate a slowdown in global economic growth during the second half of the year.

These assessments are reflected by the situation on the US market. The ECB anticipates a modest recovery of the American economy. Due to low consumer confidence and weak labor market conditions, private consumer spending is only slowly increasing. On the other hand, private investment by enterprises is strongly on the rise.

Thanks to favorable financing conditions and the improved labor market situation, Germany is witnessing both rising investments and increased consumer spending, as indicated by the analysts in their current study of the IT market in Germany. BITKOM likewise sees positive business sentiment within the German ITC sector. The association's current economic survey confirms increased demand, with incoming orders and sales on the upswing as well. According to BITKOM, demand is accelerating most strongly for providers of software and IT services. The manufacturing industry and the services sector are ramping up their ITC investments. Thus, while not all sectors will develop equally quickly, the overall trend in Germany is positive.

## DEVELOPMENT OF RESULTS

The stable business trend of the first half of the year has continued during the 3rd Quarter. As expected, earnings from sales of non-proprietary software grew most strongly, accounting for solid gains in the field of Product Lifecycle Management (PLM). However, sales in the consulting and services segment have declined. Expenditures have been adjusted to the changing orders situation as appropriate.

This Quarter is the first to also take into account the results of conunit GmbH, an enterprise acquired by CENIT at the beginning of the 3rd Quarter. The consulting provider in the fields of business intelligence (BI) and analysis is a meaningful addition to CENIT's long-established business segment Enterprise Information Management (EIM), particularly with a view to the high technical expertise of conunit's staff in the BI field. CENIT plans to expand this segment over the coming years. conunit fully merged with CENIT pursuant to a decision of 20 August. The merger was entered in the commercial register on 20 September 2010.

## OVERVIEW OF 3rd QUARTER FIGURES

At the end of the 3rd Quarter, CENIT Group achieved total sales revenue of 64.8 m EUR (2009: 63.4 m EUR/+2%). The gross profit amounted to 43.1 m EUR (2009: 43.5 m EUR/-1%). CENIT attained EBITDA of 3.0m EUR (2009: 2.8 m EUR/+6%) and EBIT of 1.7 m EUR (2009: 1.7 m EUR). Earnings per share were 0.15 EUR (2009: 0.21 EUR).

## **BREAKDOWN OF EARNINGS**

In the PLM segment CENIT achieved a sales total of 46.5 m EUR (2009: 43.7 m EUR/+6%). The EIM segment posted sales of 18.3 m EUR after 19.7 m EUR in 2009 (-7%).

Earnings from non-proprietary software attained 21.0 m EUR (2009: 16.9 m EUR/+24% \*revised accounting method). Sales of CENIT's proprietary software increased slightly from 5.7 m EUR to 5.9 m EUR (+2% \*revised accounting method).

Turnover from services and consulting totaled 37.4 m EUR (2009: 40.2 m EUR/-7%). Other turnover amounted to 0.6 m EUR (2009: 0.5 m EUR /+20%).

## **HOLDINGS – FOREIGN SUBSIDIARIES**

CENIT (Switzerland) AG achieved sales revenue of 2.1 m EUR (2009: 2.8 m EUR), accounting for EBIT of 0.1 m EUR (2009: 0.8 m EUR).

With sales of 3.8 m EUR (2009: 4.1 m EUR), CENIT North America Inc. attained EBIT of -0.1 m EUR (2009: -0.6 m EUR).

CENIT SRL achieved sales of 0.3 m EUR (2009: 0.4 m EUR), accounting for neutral EBIT (2009: 0.1 m EUR).

CENIT France SARL posted sales 0.4 m EUR (2009: 0.3 m EUR) and EBIT of 0.04 m EUR (2009: 0.02 m EUR).

## **DEVELOPMENT OF COSTS**

Other business-related expenditures totaled 10.6 m EUR (reference period 2009: 10.1 m EUR).

## **INVESTMENTS**

Investments during the first 9 months of 2010 totaled 0.9 m EUR (reference period 2009: 0.6 m EUR).

## **CHANGES IN COMPOSITION OF MANAGING AND SUPERVISORY BOARDS**

None

## **EVENTS OF SPECIAL SIGNIFICANCE WHICH COULD AFFECT THE BUSINESS RESULT**

At the beginning of the 3rd Quarter, CENIT acquired conunit GmbH at an acquisition price in the lower single-digit millions. conunit fully merged with CENIT pursuant to the decision of 20 August. The merger was entered in the commercial register on 20 September 2010.

## **INTERIM DIVIDEND**

No interim dividend was paid out.

## **DIVIDENDS PAID OR PROPOSED FOR PAYMENT**

None

## **ORDERS SITUATION**

Incoming orders Group-wide totaled 70.2 m EUR (2009: 56.9 m EUR/+23%). Orders in hand on 30 September 2010 amounted to 27.8 m EUR (2009: 21.1 m EUR/+32%).

## **ORDERS OF SPECIAL SIGNIFICANCE**

None

## **LIQUID ASSETS AND SECURITIES**

On the balance-sheet date, bank deposits and securities totaled 10.3 m EUR (31 Dec. 2009: 19.5 m EUR). The enterprise remains debt-free.

## **ASSET, FINANCIAL AND EARNINGS SITUATION**

The balance-sheet total was 45.5 m EUR. Trade debtors and other assets amounted to 14.9 m EUR. On the balance-sheet date, equity capital totaled approx. 27.2 m EUR (31 Dec. 2009: 28.1 m EUR), accounting for an equity ratio of 60% (31 Dec. 2009: 64%). The operative cash flow was 3.2 m EUR (09/2009: 2.6 m EUR).

## **STAFF**

On 30 September 2010, CENIT employed a total of 696 staff Group-wide (30 Sept. 2009: 705).

## **SUPPLEMENTARY REPORT, OPPORTUNITIES AND OUTLOOK**

CENIT's software business, which has already performed well during the 3rd Quarter, is expected to remain strong over the coming months. We anticipate further improvements in capacity utilization within the services segment. We thus expect positive developments for the 2010 business year based on the results attained in 2009, and continue to adhere to the statements made in the 2009 Annual Report.

<b>CENIT Aktiengesellschaft</b> <b>CONSOLIDATED BALANCE SHEET (in accordance with IFRSs) (unaudited)</b> <b>for the period from January 1 to September 30, 2010</b>		
in EUR k	Sept.30, 2010	Dec. 31, 2009
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	4.381	1.221
Property, plant and equipment	2.082	2.285
Investment in an associate	54	50
Income tax receivable	537	520
Other financial assets at fair value through profit or loss	3.000	2.000
	<b>10.054</b>	<b>6.076</b>
<b>DEFERRED TAX ASSETS</b>	<b>0</b>	<b>0</b>
<b>NON-CURRENT ASSETS</b>	<b>10.054</b>	<b>6.076</b>
<b>CURRENT ASSETS</b>		
Inventories	1.233	925
Trade receivables	14.919	10.517
Receivables from associates	3.859	4.161
Current income tax assets	986	386
Other receivables	407	205
Other financial assets at fair value through profit or loss	910	910
Cash	9.380	18.599
Prepaid expenses	3.697	1.832
<b>CURRENT ASSETS</b>	<b>35.391</b>	<b>37.535</b>
<b>TOTAL ASSETS</b>	<b>45.445</b>	<b>43.611</b>



<b>CENIT Aktiengesellschaft</b> <b>CONSOLIDATED BALANCE SHEET (in accordance with IFRSs) (unaudited)</b> <b>for the period from January 1 to September 30, 2010</b>		
in EUR k	Sept. 30, 2010	Dec. 31, 2009
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Issued capital	8.368	8.368
Capital reserve	1.058	1.058
Currency translation reserve	43	-309
Legal reserve	418	418
Other revenue reserves	12.341	11.040
Net retained profit of the Group	4.949	7.500
	27.177	28.075
Minority interests	0	0
<b>TOTAL EQUITY</b>	<b>27.177</b>	<b>28.075</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	1.529	488
<b>CURRENT LIABILITIES</b>		
Current liabilities to banks	0	0
Trade payables	3.442	4.241
Liabilities due to associates	0	38
Other liabilities	9.743	8.429
Current income tax liabilities	248	422
Other provisions	260	322
Deferred income	3.046	1.596
	16.739	15.048
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45.445</b>	<b>43.611</b>

CENIT Aktiengesellschaft			
CONSOLIDATED INCOME STATEMENT (in accordance with IFRSs) (unaudited)			
for the period from January 1 to September 30, 2010			
in EUR k		Sept. 30, 2010	Sept.30, 2009
<b>1. REVENUE</b>		<b>64.819</b>	<b>63.384</b>
2. Increase or decrease in work in process		540	-626
<b>Total operating performance</b>		<b>65.359</b>	<b>62.758</b>
3. Other operating income		519	726
<b>Operating performance</b>		<b>65.878</b>	<b>63.484</b>
4. Cost of materials	22.756		19.958
5. Personnel expenses	29.515		30.654
6. Amortization of intangible assets and depreciation on property, plant and equipment	1.242		1.067
7. Other operating expenses	10.648		10.099
		64.161	61.778
<b>NET OPERATING INCOME</b>		<b>1.717</b>	<b>1.706</b>
8. Other interest and similar income	135		216
9. Interest and similar expenses	40		17
10. Result from financial instruments at fair value through profit or loss	0		0
11. Share of profit of an associate	4		-1
		99	198
<b>RESULT FROM ORDINARY ACTIVITIES</b>		<b>1.816</b>	<b>1.904</b>
12. Extraordinary profit/loss		0	0
13. Income taxes		559	175
<b>14. NET INCOME OF THE GROUP FOR THE YEAR</b>		<b>1.257</b>	<b>1.729</b>
15. thereof attributable to the shareholders of CENIT AG		1.257	1.729
16. thereof attributable to minority interests		0	0
Earnings per share in EUR			
basic		0,15	0,21
diluted		0,15	0,21

CENIT Aktiengesellschaft			
CONSOLIDATED INCOME STATEMENT (in accordance with IFRSs) (unaudited)			
for the period from July 1 to September 30, 2010			
in EUR k		3rd Quarter, 2010	3rd Quarter, 2009
<b>1. REVENUE</b>		<b>23.443</b>	<b>20.325</b>
2. Increase of decrease in work of process		106	-331
<b>Total operating performance</b>		<b>23.549</b>	<b>19.994</b>
3. Other operating income		159	144
<b>Operating performance</b>		<b>23.708</b>	<b>20.138</b>
4. Cost of materials	8.722		6.342
5. Personnel expenses	9.673		9.393
6. Amortization of intangible assets and depreciation on property, plant and equipment	519		354
7. Other operating expenses	3.932		3.167
		22.846	19.256
<b>NET OPERATING INCOME</b>		<b>862</b>	<b>882</b>
8. Other interest and similar income	29		49
9. Interest and similar expenses	35		13
10. Result from financial instruments at fair value through profit or loss	0		0
11. Share of profit of an associate	0		-1
		-6	35
<b>RESULT FROM ORDINARY ACTIVITIES</b>		<b>856</b>	<b>917</b>
12. Extraordinary profit/loss		0	0
12. Income taxes		268	-68
<b>13. NET INCOME OF THE GROUP FOR THE YEAR</b>		<b>588</b>	<b>985</b>
14. thereof attributable to the shareholders of CENIT AG		588	985
15. thereof attributable to minority interests		0	0
Earnings per share in EUR			
basic		0,07	0,12
diluted		0,07	0,12

CENIT Aktiengesellschaft		
CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRSs) (unaudited)		
for the period from January 1 to September 30, 2010		
in EUR k	Sept. 30,2010	Sept. 30,2009
<b>Cash flow from operating activities</b>		
Earnings before tax	1.816	1.904
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	1.242	1.067
Losses on disposals of non-current assets	0	13
Gains on disposals of non-current assets	8	3
Share of profit of associates	-4	1
Other non-cash income and expenses	229	-179
Change in other financial assets		0
Interest income	-135	-216
Interest expenses	40	17
<b>Income before adjustments to current assets</b>	<b>3.196</b>	<b>2.610</b>
Increase/decrease in trade receivables and other current, non-monetary assets	-5.626	1.294
Increase/decrease in inventories	-308	-44
Increase/decrease in current liabilities and provisions	2.082	3.285
Interest paid	-40	-17
Interest received	135	216
Income taxes paid	-1.770	-2.367
<b>Change in net cash flow from operating activities</b>	<b>-2.331</b>	<b>4.977</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	-858	-631
Purchase of investments in an associate	0	0
Acquisition of shares in fully consolidated entities	-2.520	0
Gain on disposal of property, plant and equipment	0	5
Change in other financial assets that are not allocable to cash and cash equivalents	-1.000	-2.000
<b>Net cash paid for investing activities</b>	<b>-4.378</b>	<b>-2.626</b>
<b>Cash flow from financing activities</b>		
Repayment of longterm bank loans		0
Dividends paid to shareholders	-2.510	0
Change in convertible bond	0	0
<b>Net cash paid for financing activities</b>	<b>-2.510</b>	<b>0</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-9.219</b>	<b>2.352</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>18.599</b>	<b>12.265</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9.380</b>	<b>14.617</b>

CENIT Aktiengesellschaft									
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in accordance with IFRSs) (unaudited)									
as of September 30, 2010									
Equity attributable to shareholders of the parent									
in EUR k	Issued capital	Capital reserve	Currency translation reserve	Legal reserve	Other revenue reserves	net retained profit of the Group	Total	Minority interests	Total
<b>As of January 1, 2009</b>	<b>8.368</b>	<b>1.058</b>	<b>-292</b>	<b>418</b>	<b>8.140</b>	<b>7.672</b>	<b>25.364</b>	<b>0</b>	<b>25.364</b>
Exchange differences			-17				-17		-17
Net income of the Group for the year						2.728	2.728		2.728
Total comprehensive income	0	0	-17	0	0	2.728	2.711	0	2.711
Reversal of minority interests							0		0
Acquisition of residual share							0		0
Dividend distribution							0		0
Allocations to the other revenue reserve					2.900	-2.900			0
<b>As of Dec. 31, 2009</b>	<b>8.368</b>	<b>1.058</b>	<b>-309</b>	<b>418</b>	<b>11.040</b>	<b>7.500</b>	<b>28.075</b>	<b>0</b>	<b>28.075</b>
Exchange differences			352				352		352
Net income of the Group for the year						1.257	1.257	0	1.257
Total comprehensive income	0	0	352	0	0	1.257	1.609	0	1.609
Reversal of minority interests							0		0
Acquisition of residual share							0		0
Transfer from stock options							0		0
Dividend distribution						-2.510	-2.510		-2.510
Allocation to the other revenue reserve					1.300	-1.300	0		0
Allocation to the legal revenue reserve							0		0
Capital increase from company funds							0		0
<b>As of September 30, 2010</b>	<b>8.368</b>	<b>1.058</b>	<b>43</b>	<b>418</b>	<b>12.340</b>	<b>4.947</b>	<b>27.177</b>	<b>0</b>	<b>27.177</b>

## CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Business Unit (in accordance with IFRSs) (unaudited)  
for the period from January 1 to September 30, 2010

		EIM	PLM	not allocated	Group
in EUR k					
<b>External revenue</b>	Q1-Q3 2010	18.283	46.536	0	<b>64.819</b>
	Q1-Q3 2009	19.687	43.698	0	<b>63.384</b>
<b>EBIT</b>	Q1-Q3 2010	516	1.202	0	<b>1.718</b>
	Q1-Q3 2009	2.083	-377	0	<b>1.706</b>
<b>Share of profit of an associate</b>	Q1-Q3 2010	0	4	0	<b>4</b>
	Q1-Q3 2009	0	-1	0	<b>-1</b>
<b>Other interest result and financial result</b>	Q1-Q3 2010	0	0	95	<b>95</b>
	Q1-Q3 2009	0	0	198	<b>198</b>
<b>Income taxes</b>	Q1-Q3 2010	0	0	559	<b>559</b>
	Q1-Q3 2009	0	0	175	<b>175</b>
<b>Net income of the Group</b>	Q1-Q3 2010	516	1.202	-460	<b>1.258</b>
	Q1-Q3 2009	2.083	-377	23	<b>1.728</b>
<b>Segment assets</b>	Q1-Q3 2010	11.246	19.333	14.813	<b>45.392</b>
	Q1-Q3 2009	4.547	17.546	20.093	<b>42.186</b>
<b>Investment in an associate</b>	Q1-Q3 2010	0	54	0	<b>54</b>
	Q1-Q3 2009	0	50	0	<b>50</b>
<b>Segment liabilities</b>	Q1-Q3 2010	5.390	11.101	1.777	<b>18.268</b>
	Q1-Q3 2009	3.773	10.848	522	<b>15.143</b>
<b>Investments in property, plant, equipment and intangible assets</b>	Q1-Q3 2010	256	602	0	<b>858</b>
	Q1-Q3 2009	300	332	0	<b>631</b>
<b>Amortization and depreciation</b>	Q1-Q3 2010	413	828	0	<b>1.242</b>
	Q1-Q3 2009	218	848	0	<b>1.067</b>

EIM=Enterprise Information Management; PLM = Product Lifecycle Management

# CENIT AG – 9-Months Report 2010

## CENIT Aktiengesellschaft

Segment Report by Region (in accordance with IFRSs) for the period from January 1 to September 30, 2010 (unaudited)

in EUR k		Germany	Switzerland	North America	Romania	France	not allocated	Consolidation	Group
<b>Internal revenue</b>	Q1-Q3 2010	2.714	18	325	297	389	0	-3.743	<b>0</b>
	Q1-Q3 2009	3.375	529	236	370	344	0	-4.854	<b>0</b>
<b>External revenue</b>	Q1-Q3 2010	58.965	2.097	3.692	39	26	0	0	<b>64.819</b>
	Q1-Q3 2009	56.837	2.273	4.273	2	0	0	0	<b>63.384</b>
<b>Segment assets</b>	Q1-Q3 2010	29.304	703	1.748	127	100	14.813	-1.404	<b>45.392</b>
	Q1-Q3 2009	20.582	3.095	1.571	84	33	20.093	-3.272	<b>42.186</b>
<b>Investment in an associate</b>	Q1-Q3 2010	54	0	0	0	0	0	0	<b>54</b>
	Q1-Q3 2009	50	0	0	0	0	0	0	<b>50</b>
<b>Investments in property, plant and equipment and intangible assets</b>	Q1-Q3 2010	4.160	0	37	3	3	0	0	<b>4.203</b>
	Q1-Q3 2009	571	4	5	23	28	0	0	<b>631</b>

## **EXPLANATORY NOTES TO SHARES AND SUBSCRIPTION RIGHTS HELD BY DIRECTORS, COMPANY OFFICERS AND EMPLOYEES IN ACCORDANCE WITH Section § 160 Subsection 1 No. 2 AND 5 AktG**

The Directors of the company have 39,000 share option rights. CENIT employees have also 160.000 share option rights.

### **Directors´ Holding:**

#### **Number of shares as at September, 30, 2010**

Total Number of Shares: 8.367.758

#### **Executive Board**

Kurt Bengel:	0
Christian Pusch:	0

#### **Supervisory Board**

Andreas Schmidt:	191.792
Hubert Leypoldt:	1.600
Andreas Karrer:	0

### **Financial Calendar:**

22.-24.11.2010 German Equity Forum, Frankfurt