

## Full Company Report

Reason: Initiation of coverage

25 June 2018

### Accumulate

from

**Share price: EUR 1.67**

closing price as of 22/06/2018

**Target price: EUR 1.85**

**Upside/Downside Potential 11.1%**

Reuters/Bloomberg

ISHG.DE/ISH2 GY

**Market capitalisation (EURm) 58**

Current N° of shares (m) 35

**Free float 62%**

Daily avg. no. trad. sh. 12 mth 23

Daily avg. trad. vol. 12 mth (m) 25.14

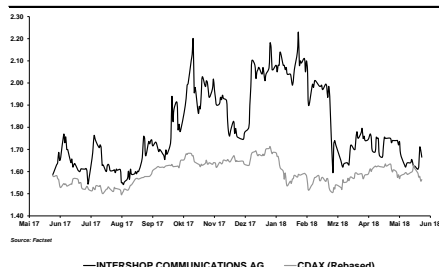
Price high/low 12 months 1.54 / 2.23

Abs Perfs 1/3/12 mths (%) -4.86/-16.12/5.05

Key financials (EUR)	12/17	12/18e	12/19e
Sales (m)	36	37	43
EBITDA (m)	3	3	4
EBITDA margin	7.9%	8.1%	10.1%
EBIT (m)	0	1	2
EBIT margin	1.2%	1.4%	3.7%
Net Profit (adj.)(m)	(1)	0	1
ROCE	2.2%	2.6%	7.6%
Net debt/(cash) (m)	(6)	(11)	(11)
Net Debt/Equity	-0.4	-0.5	-0.5
Net Debt/EBITDA	-2.2	-3.7	-2.7
Int. cover(EBITDA/Fin.int)	8.5	24.8	58.7
EV/Sales	1.4	1.3	1.1
EV/EBITDA	17.7	15.7	10.8
EV/EBITDA (adj.)	75.6	61.4	23.8
EV/EBIT	nm	92.2	29.1
P/E (adj.)	nm	nm	43.1
P/BV	3.7	2.8	2.6
OpFCF yield	-1.6%	-0.2%	0.5%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.02)	0.01	0.04
BVPS	0.48	0.60	0.64
DPS	0.00	0.00	0.00

### Shareholders

Shareholder Value Management AG / Shareholder Value  
Beteiligungen AG 28%; Axxion SA (Luxembourg) 10%;



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## Significant mid-term potential from cloud transformation

E-commerce software pioneer Intershop offers a competitive technology that has suffered from low visibility in its relevant market in most recent years. Declines in revenue resulted into non-profitability paired with uninspiring share price development. With the help of software giant Microsoft, Intershop intensifies its efforts to target the thriving B2B segment via a new cloud offering. This turnaround scenario with focus on revenue growth is a high risk / high reward case, in our view. We initiate coverage with a target price of EUR 1.85 and an Accumulate rating.

- ✓ Intershop develops high-performance software suited for complex e-commerce applications. In the last couple of years, the company suffered from low visibility in its relevant market, leading to a sales decline from EUR 53m in 2013 to EUR 34m in 2016.
- ✓ Competition mainly arises from multi-national software players that incrementally acquired independent e-commerce software vendors over the last years. In its relevant market, Intershop occupies 5% of the market. We think that the company is in a good position to participate in the growth of the B2B e-commerce software market.
- ✓ By cooperating with Microsoft, Intershop aims at establishing itself in the cloud / subscription market and accessing a broadened customer universe. The partnership encompasses a sales and technology partnership. Whereas the former makes use of the huge Microsoft ecosystem in order to access new clients, the latter contains additional product offerings that complement Intershop's offering.
- ✓ While the focus on the cloud business may temporarily slow down Intershop's sales growth in the short-term, group sales are expected to grow at 12% p.a. over the next five years. At the same time, growth will enable operating leverage and should improve EBIT margin by 490bps to 6.1% by 2020. Based on the growth scenario, FCF should follow the positive earnings development.
- ✓ Additionally, as many of Intershop's former competitors were acquired by multi-national software companies, Intershop may well also draw attention from potential acquirers, especially in light of the solution's good reputation. A typical premium paid for comparable public companies is at around 50% (at the last trading day before announcement).
- ✓ We calculate a DCF-based target price of EUR 1.85, which is 11% above Friday's close. We therefore initiate coverage with an Accumulate rating. Comparing Intershop's fundamentals to peer group multiples and to comparable transactions multiples, we observe that Intershop's multiples have significant potential to re-rate if the company can deliver on its growth targets.

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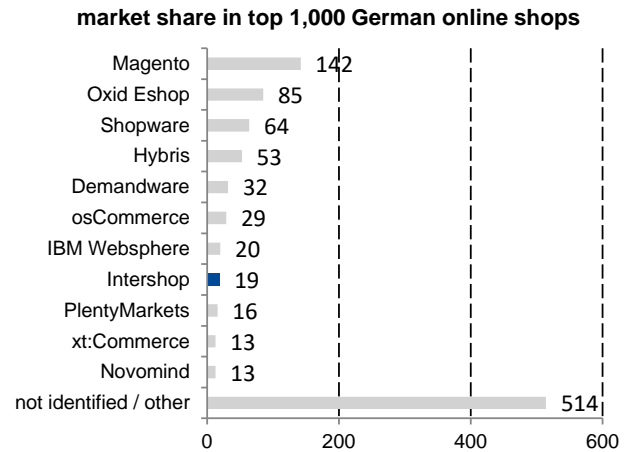
## Investment case in six charts

Exhibit 1: Intershop offers a competitive solution...



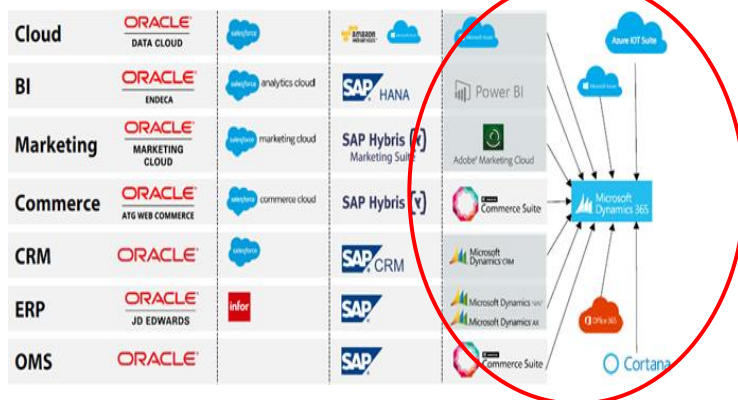
Source: Forrester, August 2017

Exhibit 2: ...with expandable market acceptance



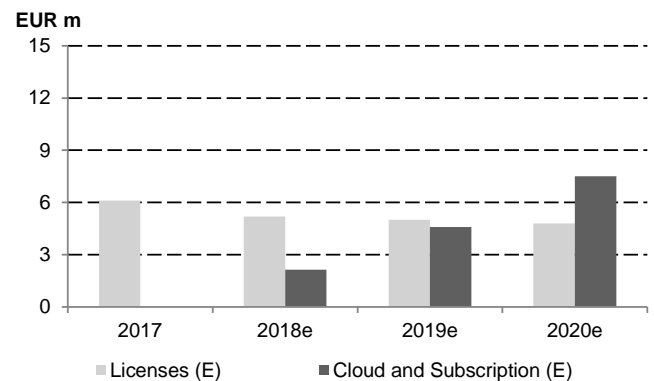
Source: iBusiness, EHI, equinet Research

Exhibit 3: With the help of Microsoft...



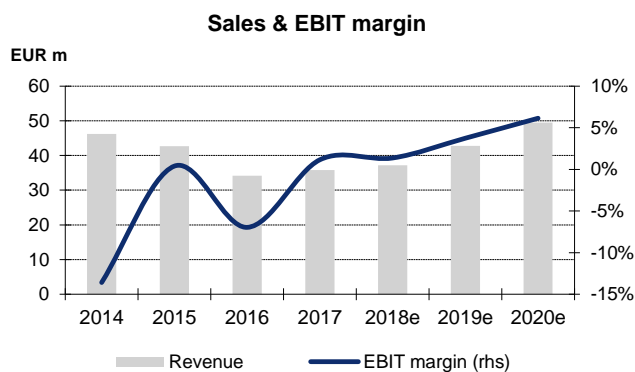
Source: Intershop company presentation

Exhibit 4: ...Intershop targets the transition to the cloud...



Source: Intershop, equinet Research

Exhibit 5: ...and the return to growth



Source: Intershop, equinet Research





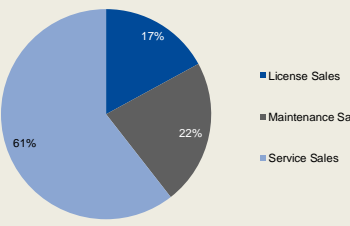
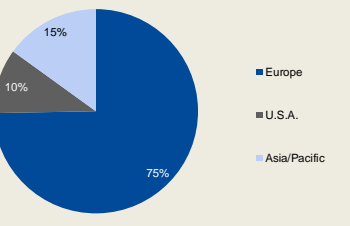
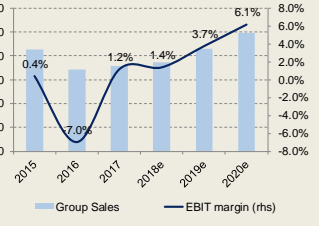
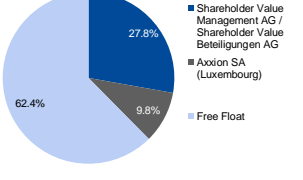
Exhibit 6: As an add-on ISH might be a M&A candidate

Year of transaction	Buyer	Target	Investor type
2018	Adobe Systems	Magento	strategic
2018	Salesforce.com	CloudCraze	strategic
2016	Oracle	NetSuite	strategic
2016	Salesforce.com	Demandware	strategic
2015	Pemira	Magento	financial
2014	Siris Capital	Digital River	financial
2013	SAP	Hybris	strategic
2011	Oracle	ATG	strategic
2011	eBay	GSI Commerce	strategic
2011	eBay	Magento	strategic

Source: Factset, equinet Research

# Intershop at a glance

## Exhibit 7: Intershop at a glance

Business units	Licenses	Maintenance	Cloud / Subscription	Services
				
Products & services	Intershop Commerce Suite builds the core of the product offering. The commerce platform can be employed "ready-to-use" or on a modular basis according to customers' needs. Intershop's solutions contain commerce management, product information management, experience management as well as omni-channel order management. Deployment modes are either on-premise, per private cloud or as CaaS (Commerce-as-a-Service). Services include strategic digital consulting, project management, complete or partly operation of the commerce business (Full Service Commerce), as well as training and support.			
Customers	Globally, more than 300 customers, which are mainly active in the manufacturing, retail / wholesale, automotive, and energy industries.  Top 25 customers account for c. 66% of revenue.			
Market share & positioning	In its relevant market segment, Intershop accounts for c. 5% of market share, while in the total e-commerce software market Intershop solutions are implemented in less than 2% of all online shops. Intershop is an engineering-driven company, with a focus on a strong performance and a reliable system, thus a quality-oriented company.			
Drivers	Increasing internet penetration (+) Underlying growth in e-commerce business and associated shift from brick-and-mortar retail to e-commerce / omni-channel commerce (+) Changing B2B buyer demographics towards a more digital native buyer group (+) Amazon move into B2B e-commerce business (substitution via marketplaces and strong independent online shops) (-)			
Main competitors	Main competitors: Hybris (by SAP), WebSphere Commerce (by IBM), Oracle NetSuiteCommerce (B2B solution by Oracle), Oracle Commerce Platform (by Oracle), CloudCraze (B2B solution recently acquired by salesforce.com), Salesforce Commerce (formerly Demandware, B2C solution by salesforce.com), Magento Commerce (recently acquired by Adobe)  Non-listed competitors: Insite Software (B2B solution), OROCommerce (B2B solution), Shopware (strong German presence), OXID eSales (strong German presence)			
Strategy, guidance & consensus	<b>Strategy:</b> (I) "Cloud first" (II) B2B Focus, tilted towards SMB via CaaS offering (III) Extending technological functionalities and sales channels via Microsoft partnership (IV) Strengthening marketing capabilities  <b>Guidance (21/02/2018):</b> Revenue Slight increase EBIT Slightly positive  Revenue y/y 3.7% EBIT margin 1.4%  <b>equinet</b> EUR 37m 3.7%  <b>Consensus</b> EUR 37m 3.2%  EUR 0.5m 0.3%  EUR 0.1m 0.3%			
2017	Sales (EURm) 35.8 y/y 4.7%	EBITDA 2.8 Margin 7.9%	EBIT (EURm) 0.4 Margin 1.2%	5Y sales CAGR 0.9% Organic growth y/y 4.7%
Sales & EBIT split	<b>Sales split by product / service</b>  <b>Sales split by region</b>  <b>Group financial development</b> 			
Management & shareholder structure	<b>Dr. Jochen Wiechen</b> Chief Executive Officer (since 2015) <ul style="list-style-type: none"> <li>With Intershop since 2013 (first as CTO)</li> <li>&gt;20 years experience in the software industry and at venture capital funds</li> <li>Prior to joining Intershop, Dr. Wiechen was Vice President at SAP and held board roles at datango AG and Martlet Venture Management Ltd.</li> <li>Dr. Wiechen started his career in 1994 at PSI Software AG (Berlin)</li> </ul> <b>Axel Köhler</b> Chief Sales Officer (since 2015) <ul style="list-style-type: none"> <li>With Intershop since 2013</li> <li>&gt;20 years experience in the IT industry</li> <li>Responsibilities: sales, marketing, professional services, cloud strategy</li> <li>Before joining Intershop, Mr Köhler held leading positions in sales and marketing, previously at Dell</li> </ul> <b>Markus Klahn</b> Chief Operating Officer (since 2018) <ul style="list-style-type: none"> <li>With Intershop since 2018</li> <li>&gt;20 years experience in the software industry</li> <li>Responsibilities: service portfolio</li> <li>Prior to joining Intershop, Mr Klahn was active in the ERP and SaaS business after having been on the management board of proALPHA Consulting AG.</li> </ul> <b>Shareholder structure</b> 			
# of employees FY 2017	338			

Source: Intershop, equinet Research

## Key risks

The major risk we see is that Intershop may not be able to achieve revenue growth and may consequently face difficulties maintaining operating profitability. We therefore consider the stock's profile high risk / high reward. Potential threats for growth arise if Intershop is not able to create the expected brand perception in the market and accordingly does not win as many new customers as required to achieve the company's targets. Furthermore, in the course of the transformation to the cloud, Intershop faces the risk that its customers decide to switch to other SaaS e-commerce solutions.

As for most software companies, finding appropriate talent is key to remain competitive. If Intershop cannot staff its departments that are central for the future development of the group (e.g. research & development, sales and marketing), the company is at risk to fall behind competition.

As usual in the software / technology sector, technological disruption may pose a threat to Intershop's business model. Exemplary, traditionally technological inferior solutions (e.g. based on PHP) could improve in performance such that the performance advantage of JAVA-based solutions, on which Intershop's solution is built, is not given anymore.

## Company profile & market environment

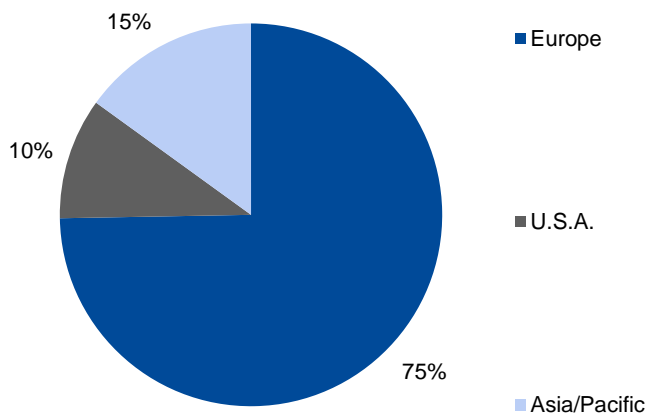
Intershop is an e-commerce software developer with a competitive solution suited for complex commerce applications. Competition mainly arises from multi-national software players that incrementally acquired independent e-commerce software vendors over the last couple of years. In the past, the company suffered from low visibility in its relevant market, but by cooperating with Microsoft, Intershop aims at establishing itself in the SaaS market and accessing a broadened customer universe.

### Intershop: reinventing an e-commerce pioneer

#### Company overview

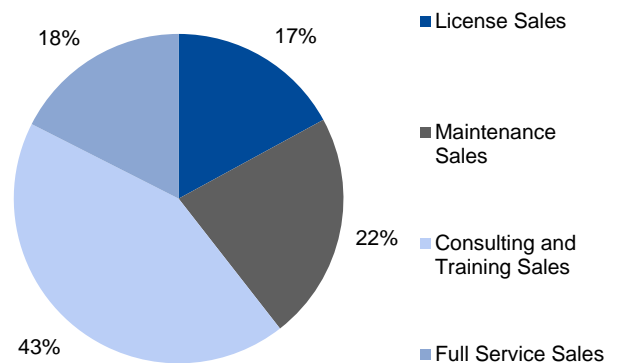
Intershop Communications AG is an application software company that develops an integrated enterprise solution suitable for omni-channel commerce purposes. Intershop targets B2C and B2B customers, with an approximate 40/60 split. The company is headquartered in Jena and employs c. 350 employees at 12 locations in the EU, UK, Australia, Hong Kong and the USA. With its origins in Germany, Intershop has a strong European footprint (c. 75% of sales), generating approximately half of its sales in its home country. Target customers are small and mid-sized companies with sophisticated online shop requirements (e.g. multi-brand, multi-language shops) and high user traffic / order numbers online. Intershop is the only remaining independent e-commerce software provider in its relevant market segment after its competitors have been gradually acquired by multi-national software companies.

**Exhibit 8: Intershop – FY 2017 regional sales split**



Source: Intershop, equinet Research

**Exhibit 9: Intershop – FY 2017 sales split by product**



Source: Intershop, equinet Research

The historical core of Intershop's offering is the Intershop Commerce Suite. Additional services include strategic and digital consulting, project management, training and support as well as full service commerce. The latter contains marketing, e-commerce, service processes and IT infrastructure management, which can be purchased either bundled or on a modular basis. Intershop's e-commerce solutions are available either on-premise (license plus maintenance), as a private cloud solution or since most recently infrastructure-free as Commerce-as-a-Service, or CaaS solution for a monthly subscription fee. From a technological point of view, multiple independent research reports acknowledged Intershop's solution a good standing in the e-commerce software market. Especially performance (speed and stability), scalability, flexibility, as well as the ability to handle complexity have been highlighted as Intershop's distinctive features. In 2017, Forrester



awarded Intershop's offering the highest rating in its report on B2B commerce suites for SMEs, a central customer group to Intershop. In a market study that covered B2B / B2C and B2B2C solutions, Gartner sees Intershop in a niche and locates the solution in the mid-range in terms of vision (i.e. market understanding, product and marketing strategy). Intershop was dropped from Gartner's most recent Magic Quadrant Gartner earlier this month as the company doesn't meet the revenue or growth criteria of Gartner. Nevertheless, Gartner keeps tracking Intershop for its digital commerce market studies and continues to list the solution under "honourable mentions".

**Exhibit 10: Gartner Magic Quadrant for digital commerce**



Source: Elastic Path homepage (Gartner, April 2017)

**Exhibit 11: Forrester B2B commerce suites for SME**



Source: Forrester, August 2017

## History: rise and fall during the “new market”, discontinuity afterwards

Intershop was founded in 1992 by Stephan Schambach, Karsten Schneider and Wilfried Beeck and was the first nationwide German online store. The IPO followed on July, 17 1998 at the Frankfurt stock exchange and Intershop's shares soon became one of the rising stars of the “new market”: In early 2000, the shares traded for more than EUR 1,500 (split-adjusted), but when overly ambitious management goals were not met, the shares collapsed to below EUR 100 in early 2001. Afterwards, CEO Stephan Schambach remained in office until 2003. In 2004, he left the company and sold his remaining Intershop shares by 2007. During the ten years after the founder has left, Intershop's sales grew from EUR 23m to EUR 53m (8.7% CAGR) under five different CEOs, while the shares trended sideways between EUR 1 and EUR 3 since the end of 2005. In 2011, eBay acquired a 26% stake in Intershop via GSI Commerce, raising acquisition fantasies, which eventually were not fulfilled. Four years later, eBay reorganised its e-commerce software activities, which included the sale of Magento, GSI Commerce (eBay Enterprise), and Intershop. In mid-2016, eBay's stake was passed on to Shareholder Value AG. During this period, sales have begun to decline again due to strategic shifts and non-prolongation of major customer contracts. Intershop's current CEO Dr Jochen Wiechen, who took the helm in mid-2015, aims at establishing Intershop as the leading mid-market B2B commerce provider by enforcing cloud and sales initiatives.

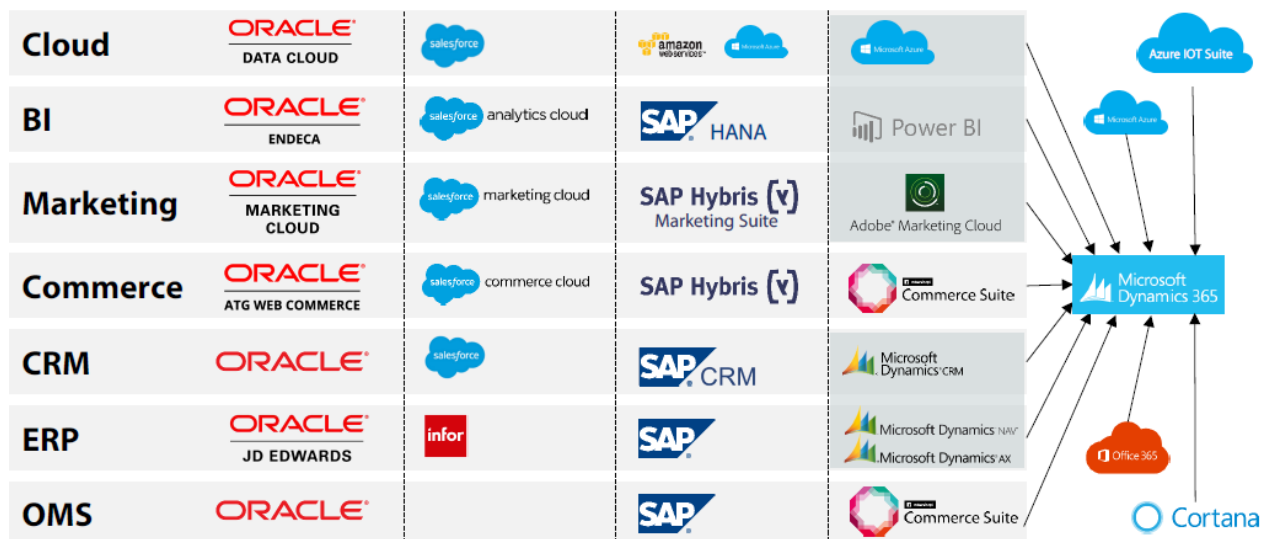
## Strategy: Strong partners help tackling the weak links

As Intershop mainly competes with established multi-national software companies, management is faced with the task to establish Intershop's brand among SAP's, Oracle's, IBM's and Salesforce's solutions. Since Intershop historically has had an engineering-driven background, the technology has been competitive, but the company was not always able to market its solution successfully to its customers.

Intershop takes several strategic measures to tackle the company's past weaknesses and create higher visibility for its products and services. Therefore, the "Lighthouse 2020 program" is built on three pillars that aim at establishing Intershop as the leading B2B commerce provider for the mid-market segment.

"Cloud first": Making a subscription offer the top priority appears to be the logical decision given that many competitors already successfully transitioned to the cloud or offered their solutions via the cloud right from the start (Demandware / Salesforce Commerce). Given Gartner's forecast that by 2020 47% of the e-commerce applications will be obtained from the cloud, the question is not whether one should enter this market, but rather whether one can allow not entering the SaaS market. This step therefore appears as a prerequisite in order to remain competitive. Intershop has already been offering (private) cloud solutions for its clients before, but the new CaaS offering that started in Q1 2018, however, will be available to a broader customer group. A big leap with regard to the cloud initiative was the partnership with Microsoft, which was announced in 2016. Since Intershop historically sold its commerce solution only, competitors such as SAP, Oracle or Salesforce had the advantage to bundle or cross-sell complementary ERP, Marketing or CRM functionalities. By cooperating with Microsoft, Intershop closes this gap, now offering the similar functionalities. Intershop's Commerce Suite will accordingly be embedded into Dynamics 365 and hosted on Microsoft's cloud platform Azure. After the first two customers signed contracts already in Q1, the Microsoft cooperation will be rolled-out in other European countries in 2018.

Exhibit 12: Partnership with Microsoft extends Intershop service offering



Source: Intershop, company presentation



**Targeting the B2B market:** The B2B market segment structurally offers more attractive opportunities than the B2C market for e-commerce software vendors (as we will show in the market section of this report). Given that Intershop provides one of the leading solutions in the B2B mid-market, management seizes a big opportunity to establish the Intershop brand in this market.

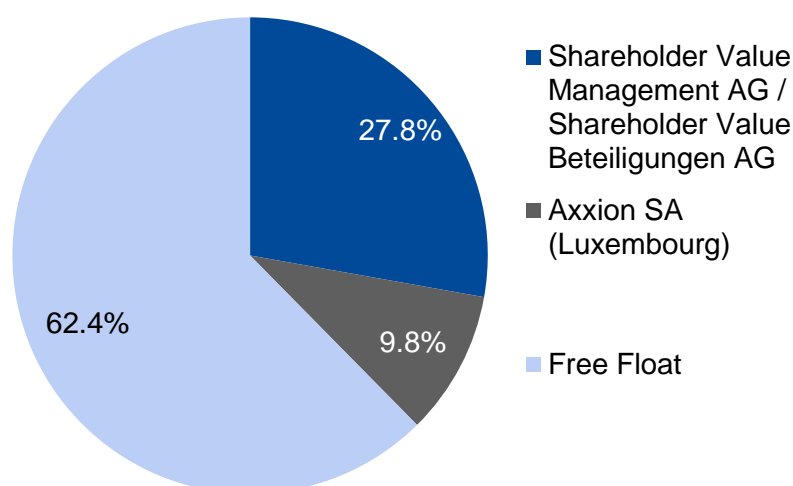
**Sales priorities and partner network:** After having started in Germany, Intershop will further roll-out its new cloud offerings in its familiar markets such as Benelux, Scandinavia, the UK, U.S.A. and Australia. The company will work together with selected digital agencies in order to increase its number of sales channels. Also, the partnership with Microsoft helps to launch joint marketing events to promote Intershop's brand to a broader customer universe, which bore some first fruits in 2017. To underline the priority of the sales initiative, Intershop appointed the responsible manager, Mr Axel Köhler, to the management board in 2015. As of the beginning of 2018, the management board was expanded by Markus Klahn, who is responsible for Intershop's service portfolio.

In sum, we think that the Lighthouse 2020 program addresses the right topics in order to increase Intershop's competitiveness in the e-commerce software market. Intershop's management makes use of its strengths, promoting the technological competitive solution, in order to try to tackle the historical weaknesses of low visibility with the help of strong technological (Microsoft) and financial (Shareholder Value) partners. The strategic measures will be supported by higher spending into R&D and marketing & selling expenses (OPEX).

## Shareholders

The cloud and sales strategy is backed by financial investor Shareholder Value AG, which bought a first minority stake in late 2015 and acquired the eBay stake in mid-2016. As the name suggests, Shareholder Value generally is a long-term oriented value investor. The commitment of Shareholder Value and Axxion to Intershop's strategy was confirmed by the participation in a 10% capital increase in May 2018.

**Exhibit 13: Intershop – shareholder structure**

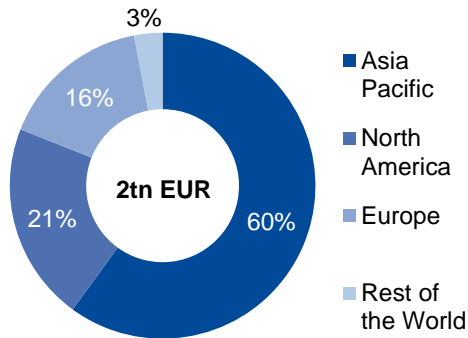


Source: Intershop, equinet Research

## Facing fierce competition: Intershop in the e-commerce software market

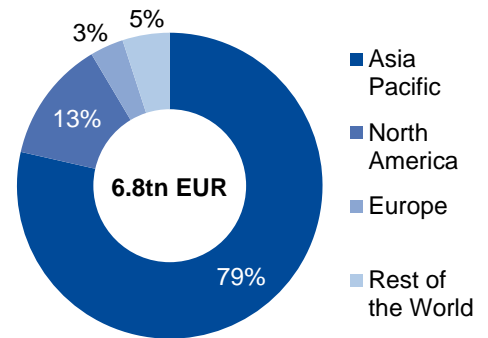
### The e-commerce market

**Exhibit 14: Global B2C e-commerce market by region (2017e, in terms of sales)**



Source: eMarketer, equinet Research

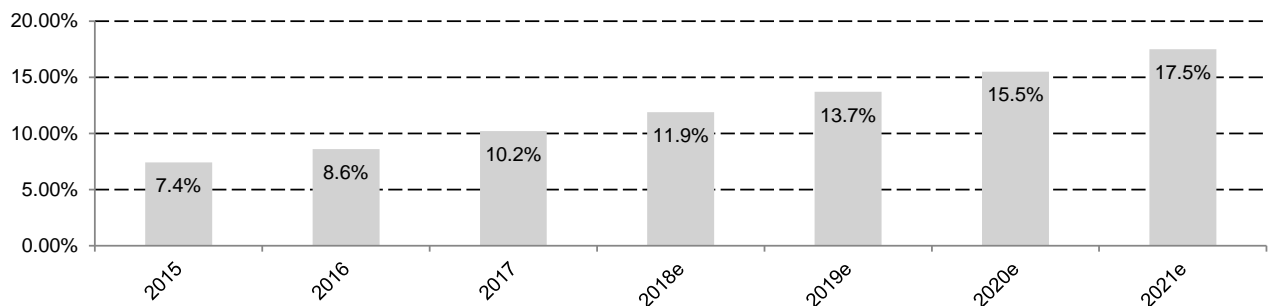
**Exhibit 15: Global B2B e-commerce market by region (2017e, in terms of gross merchandise value)**



Source: Statista B2B e-commerce report 2017, equinet Research

The market for e-commerce software is mainly driven by the increasing share of online sales and correspondingly by the ongoing digitalisation of sales channels. Generally, the global B2C e-commerce market is dominated by players from China (Taobao, TMall, JD.com) and the U.S.A. (Amazon, eBay). These five companies accounted for more than half of global B2C e-commerce sales in 2016. In contrast, the larger B2B e-commerce market appears more fragmented since the top 5 players could accumulate only 10% market share in 2015 (in terms of gross merchandise volume). Increasing internet access and digital buyer penetration (the amount of people shopping online relative to the total population) are expected to fuel e-commerce growth in the years to come. Thus, B2C e-commerce (eMarketer: ~21% p.a. globally over the 2017-2021 period) is expected to take notable market share from offline retailers. The U.S. B2B e-commerce market is expected to grow at a 7% CAGR until 2021, according to Forrester.

**Exhibit 16: Historical and forecast share of global B2C e-commerce sales relative to total B2C sales**

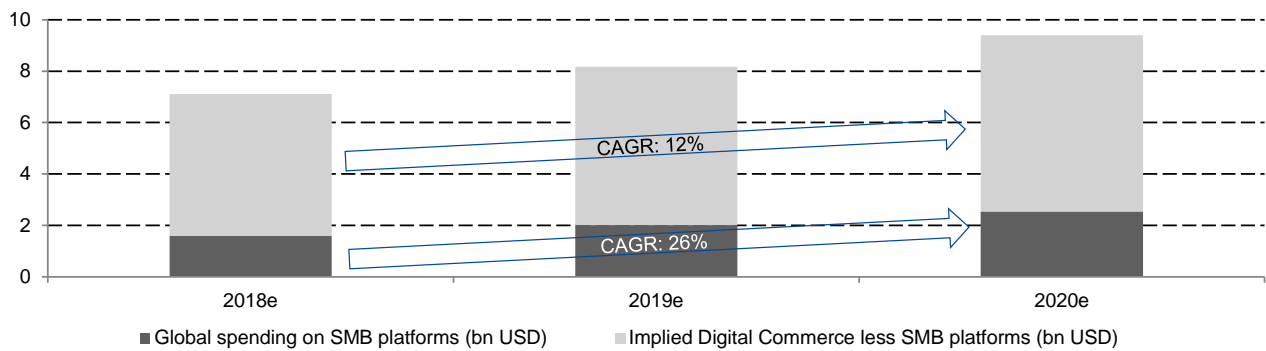


Source: eMarketer, equinet Research

## The market for e-commerce software

Gartner estimates that spending on digital commerce, with commerce platforms at its core, will grow at a 15% CAGR over the 2018-2020 period. Adjusted for the faster-growing lower market tier, which has only limited relevance for Intershop, market growth should still be at around 12% p.a. The major change over the last years was the emergence of cloud offerings. As in other application segments, cloud solutions offer the advantage to reduce upfront payments as well as the costs to run the applications. As time-to-market and total cost of ownership are central purchasing criteria to e-commerce companies, SaaS was very successful in the lower market tiers (e.g. Shopify), but also in the upper market (Demandware / Salesforce). Thus, all relevant players, including Intershop, offer a cloud commerce solution by now.

**Exhibit 17: Growth of the e-commerce application market**



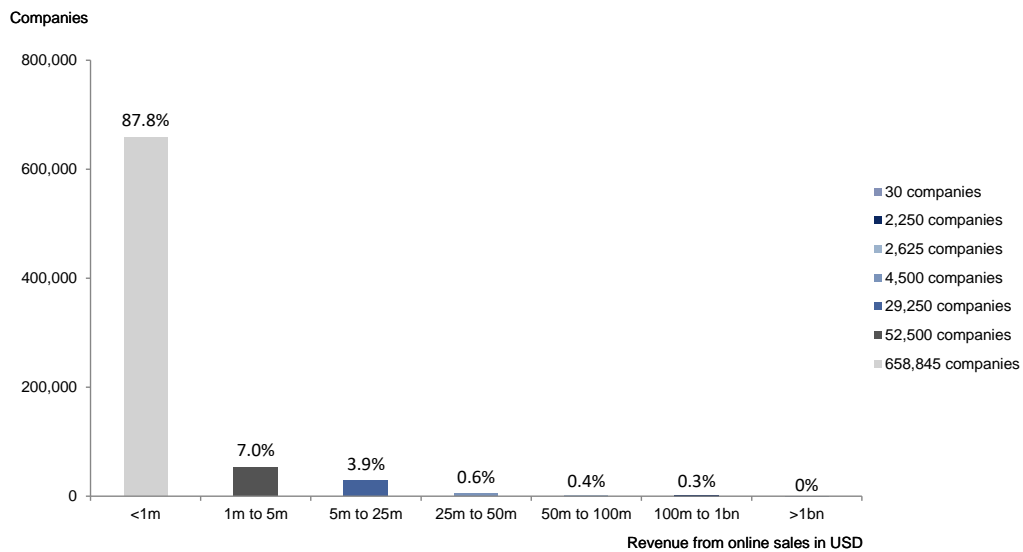
Source: Gartner, Forrester, equinet Research

## The B2C market segment

The B2C market is dominated by a small number of companies. These large players mainly consist of marketplaces or significant online shops (also with marketplace-like partner programmes) that develop in-house solutions with a very high degree of innovation. The lion share of e-commerce transactions is already conducted on Amazon (44% of 2017 B2C U.S. online sales, globally c. 16%). These (limited number of) players are accordingly not part of Intershop's relevant customer group.

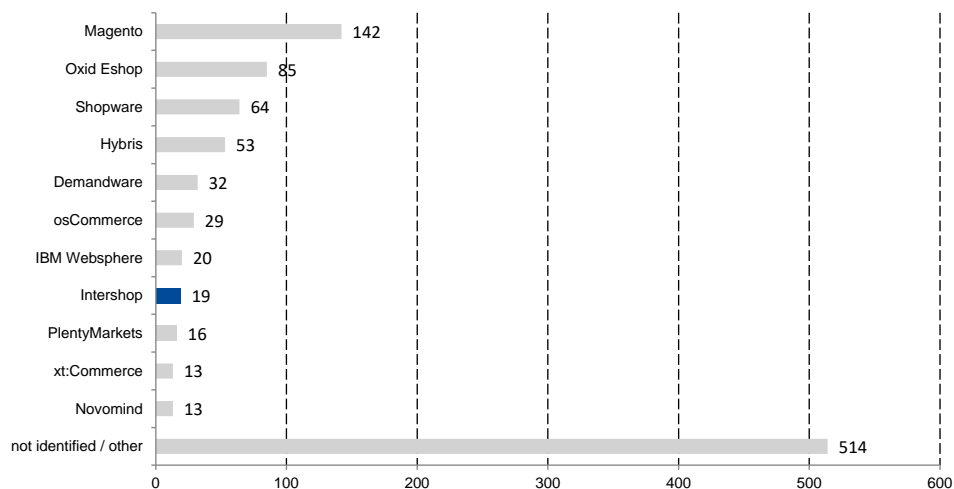
At the other end of the range, 85% to 95% of e-commerce companies / online shops generate less (and often significantly less) than EUR 1m of annual online sales. These companies typically also do not belong to Intershop's target customers, although there might be some (currently) small (online) players with established offline retail business that would also fall into the lowest tier segments.

This right-skewed pattern can be observed in the U.S.A., Germany and on a global basis. Note that these statistics are usually generated by "crawling" large amounts of data from homepages in order to identify whether the homepage is an online shop (usually identified via the shopping cart). This may also include fake shops and shops with no revenue / e-commerce intention at all. Citing data from Hackernoon and Dataprovider, who both use their own algorithms to collect the data, the total (existing) market of online shops contains roughly 750,000 relevant online shops in the USA and 175,000 (800,000) online shops in Germany (Europe) based on the above mentioned procedure.

**Exhibit 18: Distribution of US e-commerce businesses (by online sales in USD)**


Source: Hackernoon.com, equinet Research

In a second step, the data from the homepages (snippets of code) will be analysed in order to identify, which shop system was used. Here we need to remark that online shops can erroneously be associated with certain code patterns or not recognised due to adjustments to the original code. Accordingly, systematic errors will deteriorate the picture of the true market segmentation. Finally, online sales are derived from capital market and firmographic data by the use of a combination of technology and human review (according to Hackernoon). This entire approach helps us segmenting the market and identifying Intershop's relevant peer group.

**Exhibit 19: E-commerce solutions used by the top 1,000 German retailers (2017)**


Source: iBusiness, EHI, equinet Research

The German retail institute EHI conducted an analysis in order to identify the most-used shop solutions in Germany among the top 1,000 online retail shops. Each of these shops generated at least EUR 5m annual sales online. Amazon, as number one, accounted for 17% of the total German online retail market in 2017, while the next 9 players combined achieved approximately 16%.

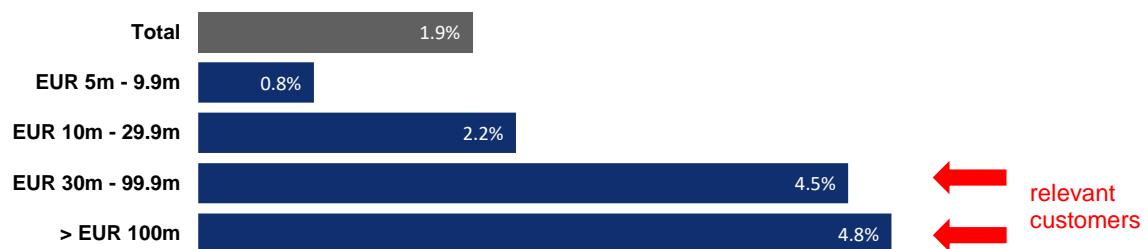
Intershop has had a market share of 1.9% in 2017 (vs 2% in 2016) in the top 1,000 German online retail stores. Having a closer look at which segments Intershop generated revenue, we observe that Intershop's market share in the upper segments (>EUR 30m annual online sales) was at around 5%, while Magento, OXID eSales and Shopware had a very strong position mainly in the market for smaller online shops (combined 30% market share).

This can mainly be explained by the performance of the software: Since Intershop's (c. 5% market share), SAP's (6-11%), IBM's (3-6%) and to a lesser extent Salesforce's (2-3%) solutions allow the handling of very large traffic and order volumes online, these are more suited for complex online shops in multiple countries and that are rather established (Intershop's market share is highest in online shops that exist >15 years). We believe that the technology of many of the smaller software vendors is not able to handle the volumes of the upper market segment. Consequently, we think that the relevant market segment for Intershop contains customers with at least 20m to 30m annual online sales. Applying this threshold number to the U.S. market, more than 9,000 online shops fall into the relevant tiers of Intershop.

We identify SAP (Hybris), Oracle (NetSuite and Commerce), IBM (Websphere), Salesforce (Demandware (B2C) and CloudCraze (B2B)), as well as Magento (recently acquired by Adobe Systems) as Intershop's relevant peer group of publicly listed companies. Other non-listed competitors worth mentioning are OXID eSales and Shopware (both from Germany) and Insite Software as well as ORO Commerce (both with a particular focus on B2B e-commerce solutions).

E-commerce software vendors generally do not compete via a specific list of features they offer since the most important features are more or less included in all solutions. The differentiation is perceived rather by soft factors such as complexity of integration into existing IT landscapes, performance, costs, service availability, as well as the sustainability of the system.

#### Exhibit 20: Intershop's market share in Germany's top 1,000 sorted by customer size (2017)



Source: iBusiness, equinet Research

## The B2B market segment

As already indicated the B2B market is 1) larger than the B2C market and 2) still significantly more fragmented than the B2C market: Although market leader Ali Baba accounted for c. 38% of Chinese B2B online sales in Q4 2015, the global penetration of the market leader (c. 7%) is comparably low relative to the B2C market. Another example is Amazon that just entered the B2B market in 2016. The online retailer's B2B gross merchandise value is expected to grow at a 63% CAGR to bn 25USD by 2020. Given the expected market size of >USD 1tn, this would correspond to roughly 2% of the U.S. market.

In order to help B2B companies digitalising their sales channels, e-commerce software vendors seem to be attracted by this huge market potential. According to the US digital agency and system integrator absolutnet, by 2019 spending on B2B e-commerce solutions will overtake spending on B2C e-commerce solutions. According to Forrester, this translates into USD 2.4bn by 2021, of which USD 1bn alone are for Intershop's relevant mid-market segment. Main growth drivers in the more demanding B2B e-commerce market will be the generation change of B2B purchasing decision makers, which are increasingly more native to online shopping and the personalisation of B2B online sales for a more unique shopping experience. The main growth obstacles for e-commerce software vendors are marketplace solutions such as Ali Baba or Amazon, huge stand-alone, self-developed online shops with marketplace functions that occupy the role of small and medium-sized online shops. Another potential threat may be the verticalisation of marketplaces, i.e. the establishment of B2B online marketplaces for specific industries.

Besides quantitative characteristics of the B2B market in general, the requirements for software development in particular favour Intershop as a provider: B2B typically requires more powerful solutions, e.g. multiple product catalogues and pricing schemes (considering the size / relevance of the client, for instance). We therefore think that Intershop's high-performance solution should be well suited for the B2B market segment.

## Mergers and acquisitions

**Exhibit 21: Important mergers and acquisitions in the relevant e-commerce software vendor market**

Year of transaction	Buyer	Target	investor type
2018	Adobe Systems	Magento	strategic
2018	Salesforce.com	CloudCraze	strategic
2016	Oracle	NetSuite	strategic
2016	Salesforce.com	Demandware	strategic
2015	Permira	Magento	financial
2014	Siris Capital	Digital River	financial
2013	SAP	Hybris	strategic
2011	Oracle	ATG	strategic
2011	eBay	GSI Commerce	strategic
2011	eBay	Magento	strategic

Source: Factset, equinet Research

Almost all of Intershop's current competitors are under the roof of multi-national software companies and have been acquired during the last seven years. As already indicated in the company part of this report, this implies that Intershop is one of the few remaining independent players in its relevant market. Customers that want to diversify their software providers or want to avoid license practices of these larger players may consider Intershop



an appealing alternative. On the other side, marketing and R&D budgets will likely fall behind compared with the ones of SAP, Oracle, IBM and salesforce.com. Given Intershop's competitive technology, we would not rule out an acquisition attempt of a large software company that wants to enter the commerce market, in the long-term.

## SWOT analysis

Exhibit 22: SWOT analysis

Strengths	Weaknesses
Flexible technology with high performance	Limited marketing activities in the past that led to weak brand recognition
Long experience in e-commerce	Competition from few, but heavyweight software companies
Microsoft partnership in technology and sales	History of net losses
Substantial tax-loss carryforwards	
Opportunities	Threats
Turnaround potential	Access to talent
Increased B2B platform spending	Upmarket aspirations from downmarket players
Omni-channel retail growth	Verticalisation of marketplaces
Take-over candidate	Bankruptcy

Source: equinet Research

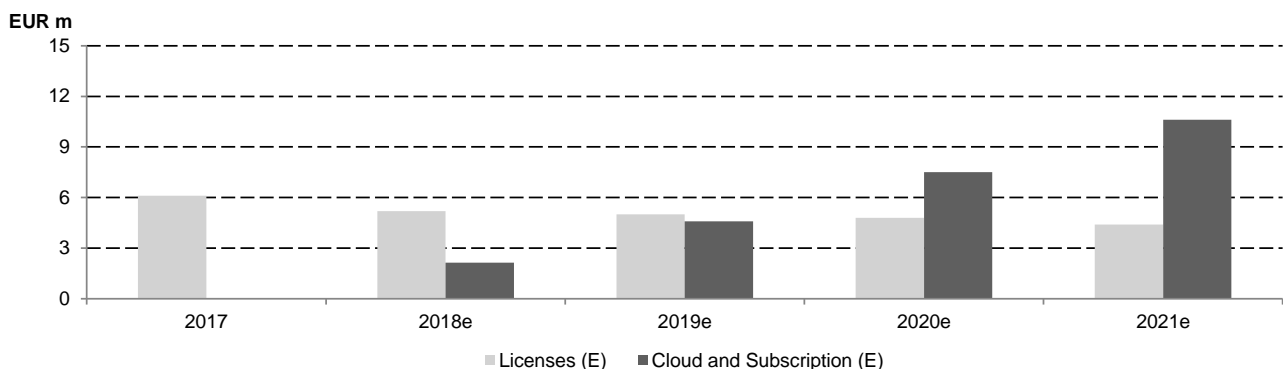
## Financials

While the focus on the cloud business may temporarily slow-down Intershop's sales growth, we expect group sales to grow at 12% p.a. over the next five years. At the same time, growth will enable operating leverage and should improve EBIT margin by 490bps to 6.1% by 2020. Based on our growth scenario, FCF should follow the positive earnings development.

### P&L analysis

As seen at comparable software vendors that switched from a product to a cloud model, we expect license sales to decline in the years to come (2017-2022 CAGR: -8%), while growth in cloud sales will more and more compensate for declining license sales. Naturally, as license sales are typically booked entirely at the point of sale (or beginning of the contract period of license + maintenance contracts) and cloud subscription revenues occur monthly over the contractual period, this will result into a drop in sales at the beginning of the transition. We base our growth estimates for the cloud business on the market forecasts given by Gartner, assuming Intershop's new initiatives bear fruit and lead to at least stable market share development. For 2018, we base our cloud / subscription growth on Q1'2018 run-rate of new customers (four to seven per quarter), fading down to market growth by 2021.

**Exhibit 23: Development of revenue from license sales vs cloud & subscription sales**



Source: Intershop, equinet Research

In 2017, Intershop committed EUR 7.3m, or 20% of sales, to research and development (R&D). Of this amount, EUR 2.2m were capitalized (capitalization rate: 30%) and EUR 5.1m expensed through profit & loss. It is hard to compare these numbers to the relevant peer group, as these multi-national companies do not break out sales (or R&D expenses) on product level. But comparing R&D expenses to an extended list of peer group companies (with ties to the e-commerce market), Intershop's relative R&D expenditures are largely in line with those of competitors. For the current year, we expect R&D expenses to increase slightly in absolute terms in order to support the transition to the cloud business and the integration into the Microsoft platform. Also, as part of the strategic measures, selling and marketing costs are expected to be temporarily higher to foster the growth of the cloud product and establish the name of the brand. We calculate with marketing budgets of 25% of sales.

Given our 5-yr growth CAGR of 12%, Intershop's earnings should benefit from operating leverage. Although we expect that still roundabout half of the sales stem from lower-margin service sales, we see leverage potential regarding R&D, and SG&A costs. This translates

into an EBITDA margin improvement of 420 bps over the 2017-2020 period. EBIT margin should improve 490bps over the same period. Our 20% operating leverage over the 2017-2022 period might prove conservative, if Intershop can achieve expected growth without significantly increasing spending on one of the fixed costs items.

As Intershop hardly has outstanding debt (EUR 2.8m as of Q1 2018), the financial result has been negligible in absolute terms during the last years. We expect the outstanding debt to be repaid at latest by 2020, making the impact from the financial result less relevant going forward.

Given the history of losses and minor profits, Intershop hardly had to pay taxes in the last years. Additionally, Intershop accumulated c. EUR 500m tax loss carry-forwards (c. EUR 350m in Germany alone), which are expected to put a ceiling on the taxes paid in the indefinite future. We calculate a tax rate between 8% and 13% for our 2017-2022 forecast period.

Historically, Intershop has not paid a dividend and for the foreseeable future, we do not expect this to change as the short- to mid-term priority should be on growth and profitability.

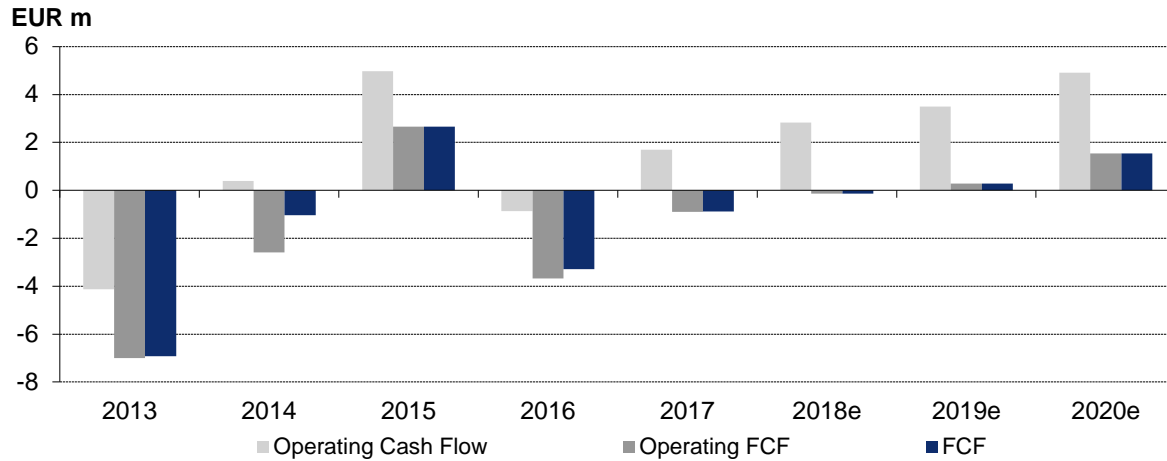
#### Exhibit 24: Intershop: summary of financial forecasts

EUR m	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e	2022e
<b>Intershop Communications AG</b>										
<b>Sales</b>	<b>53.6</b>	<b>46.2</b>	<b>42.7</b>	<b>34.2</b>	<b>35.8</b>	<b>37.1</b>	<b>42.8</b>	<b>49.5</b>	<b>56.1</b>	<b>63.3</b>
yoy	3%	-14%	-7%	-20%	5%	4%	15%	16%	13%	13%
<b>EBIT</b>	<b>-3.2</b>	<b>-6.3</b>	<b>0.2</b>	<b>-2.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.6</b>	<b>3.0</b>	<b>4.5</b>	<b>6.0</b>
margin	-6.0%	-13.6%	0.4%	-7.0%	1.2%	1.4%	3.7%	6.1%	8.0%	9.5%

Source: Intershop, equinet Research

## Cash flow analysis

Exhibit 25: Intershop: cash flow development



Source: equinet Research

In the past, Intershop's operating cash flow mostly fluctuated in line with the earnings development except for 2014, where op. CF was positive despite a significantly negative EBIT (EUR -6.2m). This was mainly associated with working capital effects and reductions in provisions. Main driver going forward will be earnings development. As the business is expected to pick up, growth and operating leverage will drive earnings and thus operating cash flow.

Absolute CAPEX requirements have historically been between EUR 2m and EUR 3m p.a. As sales declined over the last years, the ratio of CAPEX/Sales increased from 5% to 8%. With growing sales, we expect this ratio to approach 5% again, going forward.

Net working capital to sales has fluctuated at around 10% during the last four years. Sales growth should be supported by building up NWC, which slows down operating cash flows to some extent. We therefore expect NWC / Sales to remain relatively stable over the upcoming years.

Exhibit 26: Intershop: selected statement of cash flows items

Cash Flow	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
<b>Operating Cash Flow</b>	2.0	-4.1	0.4	5.0	-0.9	1.7	2.8	3.5	4.9	6.4
% of sales	4%	-8%	1%	12%	-3%	5%	8%	8%	10%	11%
<b>Capex</b>	-4.5	-2.9	-3.0	-2.3	-2.8	-2.6	-3.0	-3.2	-3.4	-3.5
% of sales	9%	5%	6%	5%	8%	7%	8%	8%	7%	6%
<b>Operating FCF</b>	-2.5	-7.0	-2.6	2.7	-3.7	-0.9	-0.1	0.3	1.5	2.9
% of sales	-5%	-13%	-6%	6%	-11%	-3%	0%	1%	3%	5%
<b>Acquisitions and others</b>	0.0	0.1	1.6	0.0	0.4	0.0	0.0	0.0	0.0	0.0
% of sales	0%	0%	3%	0%	1%	0%	0%	0%	0%	0%
<b>FCF</b>	-2.5	-6.9	-1.0	2.7	-3.3	-0.9	-0.1	0.3	1.5	2.9
% of sales	-5%	-13%	-2%	6%	-10%	-2%	0%	1%	3%	5%

Source: Intershop, equinet Research

## Capital & credit analysis

For the past five years, Intershop's equity ratio has been between 60% and 70%. Currently, Intershop has only c. EUR 1.8m outstanding debt, which is expected to be repaid at latest by the end of 2020. With c. EUR 8m cash on balance as of March 2018 plus additional EUR 5m from placing 3.2m shares to Shareholder Value and Axxion, Intershop's net cash position stands at EUR 11.3m. Based on our operating forecast and the repayment of debt, net cash should experience positive impetus, particularly after 2020.

**Exhibit 27: Intershop: selected balance sheet ratios**

Balance Sheet	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
<b>Total assets / liabilities</b>	38.6	33.7	25.3	33.0	27.1	25.0	29.5	30.1	32.2	36.4
% of sales	75%	63%	55%	77%	79%	70%	80%	70%	65%	65%
<b>Capital employed</b>	17.8	21.6	15.1	12.3	13.0	13.2	13.7	14.8	15.9	16.9
% of sales	34%	40%	33%	29%	38%	37%	37%	35%	32%	30%
<b>Net Working Capital</b>	4.8	9.5	5.1	3.2	3.6	3.6	3.7	4.2	4.9	5.5
% of sales	9%	18%	11%	8%	11%	10%	10%	10%	10%	10%
<b>Net Debt + Pension Prov.</b>	-14.3	-7.4	-6.4	-9.3	-7.1	-6.2	-11.2	-11.4	-13.0	-15.8
Gearing	-108%	-44%	-57%	-95%	-80%	-67%	-115%	-107%	-110%	-123%
<b>Equity</b>	27.6	24.2	17.6	19.1	16.1	15.3	20.8	22.2	24.8	28.7
Equity ratio	71%	72%	70%	58%	59%	61%	71%	74%	77%	79%
<b>No. Shares</b>	30.2	30.2	30.2	30.6	31.7	31.7	34.9	34.9	34.9	34.9
% yoy	1%	0%	0%	1%	4%	0%	10%	0%	0%	0%
<b>Book Value per Share</b>	0.9	0.8	0.6	0.6	0.5	0.5	0.6	0.6	0.7	0.8
% yoy		-12%	-27%	7%	-19%	-5%	23%	6%	12%	16%

Source: Intershop, equinet Research

## Other relevant financial items analysis

By the end of 2017, Intershop had accumulated tax loss carry-forwards of EUR 503m, almost entirely in Germany and the United States. While the amount of c. EUR 150m United States federal and state tax loss carry-forwards will expire by 2037, the amount of approximately EUR 350m Germany are tax base deductible for the indefinite future and thus are expected to grant Intershop tax benefits for an extended period of time. Given the origin of Intershop's earnings and the expected timing of the tax benefits, we calculate that the tax savings are worth approximately EUR 10m (net present value). This appears somewhat low given the huge amount of tax loss carry-forwards. But, according to our earnings projections, realised tax savings will be relatively low in the upcoming years and high in more distant periods. Discounting the tax savings at Intershop's cost of equity will diminish the positive effects of tax savings on the net present value beyond the year 2050.

The company financed its deficits via means of a number of capital increases. In total, Intershop collected fresh capital in the amount of EUR 15m since 2007. Pre-tax earnings accumulated to EUR -5m for the same period.

### Exhibit 28: Intershop: last capital increases

14/08/2007	capital increase with exclusion of subscription rights	amount raised: EUR 4.77m
07/05/2010	capital increase with exclusion of subscription rights	EUR 0.96m
03/06/2010	capital increase with subscription rights	EUR 2.73m
24/09/2015	capital increase with exclusion of subscription rights	EUR 1.65m
15/05/2018	capital increase with exclusion of subscription rights	EUR 5.13m

Source: Intershop, equinet Research



## Company guidance vs equinet estimates

Exhibit 29: Company guidance vs equinet estimates

		FY 2017	Guidance FY 2018e	Prev. Guidance FY 2018e	Tendency	equinet est.	% yoy
<b>Intershop Communications AG</b>							
Revenues	EUR m	35.8	Slight increase	Slight increase	=	37.1	3.7%
Gross profit	EUR m	19.8	Slight increase	Slight increase	=	20.6	4.0%
EBIT	EUR m	0.4	Slightly positive	Slightly positive	=	0.5	23.0%

Source: Intershop, equinet Research

Additionally, in the course of the strategic programme, Intershop's management announced its mid-term targets of EUR 50m sales at a 5% EBIT margin for 2020. We share the belief that once Intershop can achieve sustainable top-line growth, operating profit is poised to scale. Although 5% operating margin are still a decent deviation from our established company peer group (16%-45% expected 2018 EBIT margin), Intershop's current margins better align with the group of smaller e-commerce related peers (1%-9% 2018e EBIT margin) and show the upside for Intershop in a growth scenario.

## Valuation

Taking our findings together, we arrive at a DCF-based target price of EUR 1.85, which represents 11% upside vs Friday's close. We therefore initiate coverage with an Accumulate rating. Comparing Intershop's fundamentals to peer group multiples and to comparable transactions multiples, we note that Intershop's current multiples have significant potential to re-rate if the transformation to the cloud proves to be successful.

### DCF analysis

We assume further improving margins, but keep the EBIT margin stable after it reaches 10% in the final year of our forecast horizon due to the sensitivity of the target price regarding the back-end assumptions of our EBIT margin. We choose the corporate tax rate of 31.5% and added the net present value of future tax savings (EUR 10m) to the enterprise value via the "Other EV items" line. Additionally, the receipts from the capital increase are included in this line. Our WACC of 10% consider a high proportion of equity finance. We apply a relatively high beta of 1.4 based on Intershop's medium to high business risk, relatively high return volatility and small size of the company. Feeding our financial forecasts into our discounted cash flow model, we think that Intershop's shares currently offer moderate upside of 11%. Our reverse DCF model yields moderate market scepticism whether Intershop can achieve its 2020 targets. Ceteris paribus, we would need to reduce our 5yr sales growth CAGR to 10% (vs 12%) in order to reconcile the current share price.

Exhibit 30: DCF analysis

	Phase I					Phase II					Phase III
EUR m	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Revenues	37	43	49	56	63	70	77	82	87	90	
growth rate	3.7%	15.2%	15.7%	13.3%	12.8%	11.0%	9.2%	7.4%	5.6%	3.8%	
EBIT	0.5	1.6	3.0	4.5	6.0	6.7	7.3	7.9	8.3	8.6	
EBIT margin	1.4%	3.7%	6.1%	8.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	
Tax	-0.2	-0.5	-1.0	-1.4	-1.9	-2.1	-2.3	-2.5	-2.6	-2.7	
Tax rate	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	
Depr. & Amort.	2.5	2.7	2.9	3.1	3.3	3.7	4.0	4.3	4.6	4.7	
% of sales	6.7%	6.3%	5.9%	5.6%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	
Capex	-3.0	-3.2	-3.4	-3.5	-3.5	-3.9	-4.2	-4.5	-4.8	-5.0	
% of sales	8.0%	7.5%	6.8%	6.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Change in WC	0.0	-0.6	-0.7	-0.6	-0.7	-0.7	-0.6	-0.6	-0.5	-0.3	
% of sales	0.0%	1.3%	1.3%	1.2%	1.1%	1.0%	0.8%	0.7%	0.5%	0.4%	
Free Cash Flow	-0.2	0.0	1.0	2.0	3.3	3.7	4.2	4.6	5.0	5.3	68.3
growth rate	nm	nm	nm	nm	618%	14.2%	12.3%	10.4%	8.6%	6.7%	2.0%
Present Value FCF	-0.1	0.0	0.8	1.4	2.1	2.2	2.2	2.3	2.2	2.2	27.6
PV Phase I	4					Risk free rate	3.50%	Targ. equity ratio			90%
PV Phase II	11					Premium Equity	5.00%	Beta			1.4
PV Phase III	28					Premium Debt	5.00%	WACC			9.97%
Enterprise value	43					Sensitivity	Growth in phase III				
- Net Debt (Cash)	-6						1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions	0					8.97%	1.95	2.01	2.08	2.16	2.26
- Minorities & Peripherals	0					9.47%	1.85	1.90	1.96	2.03	2.11
+ MV of financial assets	0					WACC	9.97%	1.76	1.81	1.86	1.91
- Paid-out dividends for last FY	0					10.47%	1.68	1.72	1.77	1.81	1.87
+/- Other EV items	16					10.97%	1.62	1.65	1.69	1.73	1.77
Equity value	65										
Number of shares	34.9										
Value per share (€)	1.85										
Current Price (€)	1.67										
Upside	11%										

Source: equinet Research

## Peer group multiples

Exhibit 31: Peer group multiples

Company	Market Cap in mEUR	EV/Sales 2018e	EV/Sales 2019e	Historical 5Y sales CAGR	Sales CAGR 2018e - 2020e	earn. CAGR 2018e - 2020e	Net profit margin 2018e
Shopify, Inc. Class A	14,758	15.5	11.2	95%	36%	202%	1.7%
Wix.com Ltd.	4,107	7.6	5.8	58%	25%	83%	4.6%
Baozun Inc Sponsored ADR Class A	2,727	3.9	2.9	32%	31%	49%	7.2%
Channeladvisor Corporation	339	2.5	2.3	18%	7%	111%	1.0%
<b>Median (e-commerce)</b>	<b>3,417</b>	<b>5.8</b>	<b>4.4</b>	<b>45%</b>	<b>28%</b>	<b>97%</b>	<b>3.1%</b>
<b>Intershop (equinet estimate)</b>	<b>58</b>	<b>1.3</b>	<b>1.1</b>	<b>-7%</b>	<b>15%</b>	<b>172%</b>	<b>1.0%</b>
relative	1.7%	21.9%	24.9%	-15.8%	55.8%	177.4%	30.6%

Source: Factset, equinet Research

Since the closest competitors of Intershop are either not listed or under the roof of established software companies, we present a list of companies (e-commerce peer group) that sell less sophisticated e-commerce solutions in downmarket segments (Shopify, Wix.com), more IT service-oriented e-commerce solutions (Baozun) or provide process-oriented services for e-commerce businesses (Channeladvisor).

Intershop's expected sales and EPS growth are half-way between that of less-profitable peers in the e-commerce peer group (Shopify, Channeladvisor). Overall, we think that the growth and profitability profile looks most comparable to Channeladvisor. If Intershop can be able to realise sustainable growth, its multiples have the potential to re-rate significantly.

## Comparable transactions multiples

Given Intershop's technological strong solution, one scenario could be that the company is being acquired by a larger software vendor that wants to enter the e-commerce sector. Another possibility would be that a large e-commerce software vendor from complementary market segments could acquire Intershop. However, in light of Intershop's complete offering and a rather diversified coverage of customer segments, the latter appears less likely to us. We collected data on relevant past transactions in the e-commerce software sector in order to determine a potential purchase price for Intershop.

**Exhibit 32: Comparable transactions multiples**

Year of transaction	Buyer	Target	Investor type	Transaction value (mUSD)	Premium	Last FY sales (mUSD)	Last FY EBITDA (mUSD)	Transaction value/sales
2018	Adobe Systems	Magento	strategic	1,680	-	150	-	11.2
2018	Salesforce.com	CloudCraze	strategic	N/D	-	-	-	-
2016	Oracle	NetSuite	strategic	8,758	45%	741	-58.2	11.8
2016	Salesforce.com	Demandware	strategic	2,900	56%	237	-17.7	12.2
2015	Permira	Magento	financial	N/D	-	-	-	-
2014	Siris Capital	Digital River	financial	829	53%	390	33.1	2.1
2013	SAP	Hybris	strategic	1bn-1.5bn	-	110	-	9-13.6
2011	Oracle	ATG	strategic	949	46%	179	26.0	5.3
2011	eBay	GSI Commerce	strategic	2,400	-	1,358	-	1.8
2011	eBay	Magento	strategic	180	-	-	-	-

Source: Factset, equinet Research

Since most of the companies were not break-even by the time of the acquisition, we consider the sales multiple the most meaningful one in this context. However, sales multiples paid for comparable companies vary widely, resulting into a wide range of potential takeover prices for Intershop. Taking the average premium over the closing price on the last day before the announcement (50%), we arrive at a potential takeover price of EUR 2.50 as of Friday's closing price.

We see, however, that the acquired firms all had a critical size of at least USD 100m sales at the time of the transaction. That is why a takeover scenario is currently not our base case, as we think it is more likely that a large software vendor would require further proof of concept regarding the marketability of Intershop's product.

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## Triggers

### Triggers & drivers

In the short-term, we expect that the focus will be on how well the initial positive reception of the cloud offering carries further momentum. Therefore, we identify the release of Q2 results on August 1 to be the next potential trigger. Cloud order intake as well as license sales seem as particularly important indicators to us on how fast the cloud business has the potential to compensate for declines in license sales.

In addition, as Intershop reaches a critical size, acquisition fantasies may increasingly be played by the market, offering support for the shares.

## Upcoming corporate events calendar

### Exhibit 33: Upcoming corporate events

01/08/2018	Q2 reporting
30/10/2018	Q3 reporting

Source: Intershop, equinet Research



## Intershop Communications AG : Summary tables

PROFIT & LOSS (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
<b>Sales</b>	<b>42.7</b>	<b>34.2</b>	<b>35.8</b>	<b>37.1</b>	<b>42.8</b>	<b>49.5</b>
Cost of Sales & Operating Costs	-42.1	-35.3	-35.1	-36.4	-40.8	-46.0
Non Recurrent Expenses/Income	2.9	1.2	2.2	2.2	2.3	2.5
<b>EBITDA</b>	<b>3.5</b>	<b>0.1</b>	<b>2.8</b>	<b>3.0</b>	<b>4.3</b>	<b>6.0</b>
<b>EBITDA (adj.)*</b>	<b>0.6</b>	<b>-1.1</b>	<b>0.7</b>	<b>0.8</b>	<b>2.0</b>	<b>3.5</b>
Depreciation	-0.4	-0.3	-0.3	-0.3	-0.4	-0.5
<b>EBITA</b>	<b>3.0</b>	<b>-0.2</b>	<b>2.6</b>	<b>2.7</b>	<b>3.9</b>	<b>5.5</b>
<b>EBITA (adj.)*</b>	<b>0.2</b>	<b>-1.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.6</b>	<b>3.0</b>
Amortisations and Write Downs	-2.9	-2.2	-2.2	-2.2	-2.3	-2.5
<i>of which PPA amortisation</i>	-2.9	-2.2	-2.2	-2.2	-2.3	-2.5
<b>EBIT</b>	<b>0.2</b>	<b>-2.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.6</b>	<b>3.0</b>
<b>EBIT (adj.)*</b>	<b>0.2</b>	<b>-1.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.6</b>	<b>3.0</b>
Net Financial Interest	-0.1	-0.3	-0.3	-0.1	-0.1	0.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>0.0</b>	<b>-2.6</b>	<b>0.1</b>	<b>0.4</b>	<b>1.5</b>	<b>3.0</b>
Tax	0.0	-0.3	-0.7	0.0	-0.2	-0.4
<i>Tax rate</i>	<i>73.7%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>7.8%</i>	<i>11.9%</i>	<i>12.5%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>0.0</b>	<b>-3.0</b>	<b>-0.7</b>	<b>0.4</b>	<b>1.3</b>	<b>2.6</b>
<b>Net Profit (adj.)</b>	<b>0.0</b>	<b>-2.3</b>	<b>-0.7</b>	<b>0.4</b>	<b>1.3</b>	<b>2.6</b>
CASH FLOW (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Cash Flow from Operations before change in NWC	3.1	-0.5	1.7	2.8	4.0	5.6
Change in Net Working Capital	1.8	-0.4	0.0	0.0	-0.6	-0.7
<b>Cash Flow from Operations</b>	<b>5.0</b>	<b>-0.9</b>	<b>1.7</b>	<b>2.8</b>	<b>3.5</b>	<b>4.9</b>
Capex	-2.3	-2.8	-2.6	-3.0	-3.2	-3.4
Net Financial Investments	0.0	0.4	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>2.7</b>	<b>-3.3</b>	<b>-0.9</b>	<b>-0.1</b>	<b>0.3</b>	<b>1.5</b>
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>2.7</b>	<b>-3.3</b>	<b>-0.9</b>	<b>-0.1</b>	<b>0.3</b>	<b>1.5</b>
NOPLAT	0.1	-1.0	0.3	0.4	1.1	2.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Net Tangible Assets	0.4	0.6	0.6	0.9	1.2	1.4
Net Intangible Assets (incl. Goodwill)	8.7	8.8	8.9	9.2	9.4	9.6
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Fixed Assets</b>	<b>9.1</b>	<b>9.4</b>	<b>9.6</b>	<b>10.1</b>	<b>10.6</b>	<b>11.0</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	5.3	5.1	5.2	5.2	6.0	6.9
Other current assets	3.3	1.7	1.3	1.3	1.3	1.3
Cash (-)	-15.2	-10.9	-8.9	-12.9	-12.2	-13.0
<b>Total Current Assets</b>	<b>23.9</b>	<b>17.7</b>	<b>15.5</b>	<b>19.5</b>	<b>19.5</b>	<b>21.2</b>
<b>Total Assets</b>	<b>33.0</b>	<b>27.1</b>	<b>25.0</b>	<b>29.5</b>	<b>30.1</b>	<b>32.2</b>
Shareholders Equity	19.1	16.1	15.3	20.8	22.2	24.8
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	19.1	16.1	15.3	20.8	22.2	24.8
Long term interest bearing debt	-4.1	-7.2	-9.2	-11.2	-13.2	-15.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.3	0.2	0.2	0.2	0.2
<b>Total Long Term Liabilities</b>	<b>-3.7</b>	<b>-6.9</b>	<b>-9.0</b>	<b>-11.0</b>	<b>-13.0</b>	<b>-14.8</b>
Short term interest bearing debt	10.0	11.0	12.0	13.0	14.0	15.0
Trade payables	2.1	1.4	1.5	1.5	1.8	2.0
Other current liabilities	5.5	5.4	5.2	5.2	5.2	5.2
<b>Total Current Liabilities</b>	<b>17.5</b>	<b>17.8</b>	<b>18.7</b>	<b>19.7</b>	<b>20.9</b>	<b>22.2</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>32.9</b>	<b>27.0</b>	<b>25.0</b>	<b>29.5</b>	<b>30.1</b>	<b>32.2</b>
<b>Net Capital Employed</b>	<b>10.2</b>	<b>9.4</b>	<b>9.4</b>	<b>9.9</b>	<b>11.0</b>	<b>12.0</b>
<b>Net Working Capital</b>	<b>3.2</b>	<b>3.6</b>	<b>3.6</b>	<b>3.7</b>	<b>4.2</b>	<b>4.9</b>
GROWTH & MARGINS	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
<i>Sales growth</i>	<i>-7.5%</i>	<i>-20.0%</i>	<i>4.7%</i>	<i>3.7%</i>	<i>15.2%</i>	<i>15.7%</i>
<b>EBITDA (adj.)* growth</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>14.9%</b>	<b>156.8%</b>	<b>79.0%</b>
<b>EBITA (adj.)* growth</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>23.0%</b>	<b>214.9%</b>	<b>89.9%</b>
<b>EBIT (adj.)* growth</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>23.0%</b>	<b>214.9%</b>	<b>89.9%</b>

**Intershop Communications AG : Summary tables**

<b>GROWTH &amp; MARGINS</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>	<b>12/2020e</b>
Net Profit growth	n.m.	n.m.	n.m.	n.m.	276.6%	95.8%
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	276.6%	95.8%
DPS adj. growth						
EBITDA (adj)* margin	1.4%	n.m.	1.9%	2.1%	4.6%	7.1%
EBITA (adj)* margin	0.4%	-4.0%	1.2%	1.4%	3.7%	6.1%
EBIT (adj)* margin	0.4%	n.m.	1.2%	1.4%	3.7%	6.1%
<b>RATIOS</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>	<b>12/2020e</b>
Net Debt/Equity	-0.5	-0.4	-0.4	-0.5	-0.5	-0.5
Net Debt/EBITDA	-2.7	-63.1	-2.2	-3.7	-2.7	-2.2
Interest cover (EBITDA/Fin.interest)	23.2	0.4	8.5	24.8	58.7	n.m.
Capex/D&A	70.2%	112.6%	107.3%	119.6%	118.7%	114.9%
Capex/Sales	5.4%	8.2%	7.3%	8.0%	7.5%	6.8%
NWC/Sales	7.6%	10.6%	10.2%	9.8%	9.8%	9.8%
ROE (average)	0.0%	-13.0%	-4.2%	2.0%	6.3%	11.2%
ROCE (adj.)	1.0%	-7.4%	2.2%	2.6%	7.6%	13.4%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	0.1	-0.7	0.2	0.3	0.8	1.3
<b>PER SHARE DATA (EUR)***</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>	<b>12/2020e</b>
Average diluted number of shares	30.6	31.7	31.7	34.9	34.9	34.9
EPS (reported)	0.00	-0.09	-0.02	0.01	0.04	0.08
EPS (adj.)	0.00	-0.07	-0.02	0.01	0.04	0.08
BVPS	0.62	0.51	0.48	0.60	0.64	0.71
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>VALUATION</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>	<b>12/2020e</b>
EV/Sales	0.7	0.8	1.4	1.3	1.1	0.9
EV/EBITDA	8.3	n.m.	17.7	15.7	10.8	7.5
<b>EV/EBITDA (adj.)*</b>	<b>49.1</b>	<b>n.m.</b>	<b>75.6</b>	<b>61.4</b>	<b>23.8</b>	<b>12.8</b>
EV/EBITA	9.4	-178.1	19.4	17.1	11.8	8.2
<b>EV/EBITA (adj.)*</b>	<b>170.3</b>	<b>-20.0</b>	<b>121.5</b>	<b>92.2</b>	<b>29.1</b>	<b>14.8</b>
EV/EBIT	n.m.	n.m.	n.m.	92.2	29.1	14.8
<b>EV/EBIT (adj.)*</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>92.2</b>	<b>29.1</b>	<b>14.8</b>
<b>P/E (adj.)</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>43.1</b>	<b>22.0</b>
P/BV	2.0	2.2	3.7	2.8	2.6	2.3
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	2.3	2.1	3.8	3.4	3.2	2.8
OpFCF yield	7.0%	-10.6%	-1.6%	-0.2%	0.5%	2.7%
OpFCF/EV	9.3%	-13.3%	-1.8%	-0.3%	0.6%	3.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>	<b>12/2020e</b>
Price** (EUR)	1.24	1.10	1.78	1.67	1.67	1.67
Outstanding number of shares for main stock	30.6	31.7	31.7	34.9	34.9	34.9
<b>Total Market Cap</b>	<b>38</b>	<b>35</b>	<b>56</b>	<b>58</b>	<b>58</b>	<b>58</b>
<b>Net Debt</b>	<b>-9</b>	<b>-7</b>	<b>-6</b>	<b>-11</b>	<b>-11</b>	<b>-13</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-15</i>	<i>-11</i>	<i>-9</i>	<i>-13</i>	<i>-12</i>	<i>-13</i>
<i>o/w Gross Debt (+)</i>	<i>6</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>
<b>Other EV components</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Enterprise Value (EV adj.)</b>	<b>29</b>	<b>28</b>	<b>50</b>	<b>47</b>	<b>47</b>	<b>45</b>

Source: Company, equinet Bank estimates.

**Notes**

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Software & Computer Services/Software & Computer Services

Company Description: Intershop Communications AG engages in the provision of integrated enterprise solutions for omni-channel commerce. It operates through the following geographical segments: Europe, USA, Asia and Pacific, and Consolidation. The Europe segment refers to the sales activities of INTERSHOP Communications AG, Intershop Communications LTD and Intershop Communications SARL. The USA segment consist of the sales activities of Intershop Communications Inc. in North America as well as the sales activities of INTERSHOP Communications AG in this region. The Asia and Pacific segment includes the sales activities of the Group in that region, including the sales activities of INTERSHOP Communications Australia Pty Ltd. and Intershop Communications Asia Limited. The Consolidation segment relates to transaction in the individual segments. The company was founded in 1992 and is headquartered in Jena, Germany.

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## Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLISCHAG	Sen	66.00	Buy		Manz AG	Rüzgar	37.00	Neutral	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	MAXAutomationAG	Becker	9.40	Buy	2/3
Aareal Bank	Häßler	42.00	Neutral		Merck	Miemietz	112.00	Buy	
adidas	Josefson	228.00	Accumulate		Merkur Bank	Häßler	10.00	Buy	2/7
Adler Modemaerkte	Josefson	6.35	Buy	7	Metro AG	Bruns	17.00	Buy	2
ADLER Real Estate	Mayer	18.00	Buy		MLP	Häßler	7.50	Buy	2/3
Aixtron	Sen	11.60	Accumulate	2/3	MTU Aero Engines	Rüzgar	130.00	Reduce	2
Allianz	Häßler	200.00	Neutral		Munich Re	Häßler	210.00	Accumulate	
Axel Springer	Josefson	66.50	Reduce		Nemetschek SE	Mildner	47.00	Reduce	5
Bayer	Miemietz	118.00	Buy		Norma Group	Schuldt	62.00	Neutral	
Baywa	Bruns	33.00	Buy	2/7	OHB SE	Rüzgar	40.00	Neutral	7
BB Biotech	Miemietz	73.00	Buy	7	OVB Holding AG	Häßler	20.00	Neutral	2/5/7
Biotest	Miemietz	25.00	Neutral	2/3	Patrizia	Mayer	18.00	Neutral	
BMW	Schuldt	95.00	Buy		Pfeiffer Vacuum	Sen	162.00	Buy	5
Brenntag	Hinkel	59.80	Buy	2	Procredit Holding	Häßler	15.00	Buy	2/3/5
Ceconomy AG	Bruns	8.00	Neutral		PSI SOFTWAREAG	Mildner	20.00	Buy	2/3
comdirect	Häßler	11.20	Neutral		Puma	Josefson	492.00	Buy	
Commerzbank	Häßler	13.00	Neutral		PWO	Schuldt	52.00	Buy	2/3
Continental	Schuldt	270.00	Buy		Rheinmetall	Rüzgar	118.00	Neutral	
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	RIB Software	Mildner	25.00	Buy	2/3
CTS Eventim	Heilmann	39.50	Neutral		RTL Group	Josefson	72.00	Accumulate	
Daimler AG	Schuldt	71.00	Buy		S&TAG	Sen	27.00	Buy	2/3
Daldrup & Soehne	Becker	14.50	Buy	2/3/5	SAF-Holland	Schuldt	17.00	Neutral	
Demire	Mayer	4.55	Buy	2/5	Schaeffler	Tanzer	14.30	Buy	
Deutsche Bank	Häßler	14.00	Buy		Schaltbau Holding AG	Becker	32.70	Buy	2/7
Deutsche EuroShop	Mayer	30.00	Neutral		SCOUT24	Heilmann	31.00	Reduce	2
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		Siegfried Holding AG	Miemietz	338.00	Neutral	7
Deutsche Telekom	Sen	13.30	Neutral		SiemensHealthineersAG	Rüzgar	39.00	Accumulate	2
Duerr	Augustin	114.00	Buy		SLM Solutions	Sen	24.00	Sell	
DWS	Häßler	34.00	Buy		SMT Scharf AG	Rüzgar	17.50	Neutral	2/3
ErlingKlinger	Schuldt	10.00	Sell		Software AG	Mildner	30.00	Sell	
elumio SE	Josefson	10.90	Accumulate		Stabilus	Tanzer	91.00	Buy	
EpigenomicsAG	Miemietz	3.70	Buy	2/3	Suedzucker	Bruns	12.00	Sell	
Euromicron AG	Becker	13.00	Buy	2/3/5	SuessMicroTec	Sen	13.80	Accumulate	2/3
Evonik	Hinkel	39.00	Buy		Surteco	Mildner	30.50	Buy	2/3
Eyemaxx Real Estate	Mayer	16.00	Buy	2/5/7	Symrise AG	Hinkel	67.00	Neutral	
Ferratum	Häßler	29.00	Buy		Syzygy AG	Heilmann	11.50	Accumulate	2/3
Fielmann	Heilmann	70.00	Neutral		TAKKT AG	Bruns	18.50	Neutral	2
First Sensor AG	Becker	27.00	Accumulate	7	Talanx Group	Häßler	40.00	Accumulate	
Freenet	Sen	36.00	Buy	2	Technotrans	Becker	45.70	Neutral	2/3
FuchsPetrolub	Hinkel	48.00	Neutral		TELECOLUMBUS	Sen	9.70	Buy	
Gea Group	Augustin	33.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerrheimer AG	Rüzgar	69.00	Neutral		United Internet	Sen	63.00	Buy	
Gerry Weber	Josefson	5.75	Reduce		Vapiano	Bruns	26.50	Buy	2/7
Gesco	Becker	34.20	Accumulate	2/3	va-Q-tec	Sen	17.00	Neutral	2/3
GFT Technologies	Mildner	15.50	Buy	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Volkswagen	Schuldt	162.00	Neutral	
Grenke	Häßler	90.00	Neutral		Wacker Neuson SE	Becker	27.20	Neutral	
Hannover Re	Häßler	110.00	Neutral		windeln.de	Josefson	3.10	Buy	2
Heidelberg Pharma	Miemietz	3.50	Accumulate	2/3	XINGSE	Heilmann	305.00	Buy	
Heidelberger Druck	Augustin	3.60	Buy		Zalando	Josefson	44.50	Neutral	
HELLA GmbH & Co. KGaA	Tanzer	57.00	Accumulate						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	81.00	Buy						
Hypoport AG	Häßler	176.00	Accumulate	2/7					
INDUS Holding AG	Becker	64.50	Neutral						
Intershop CommunicationsAG	Milder	1.85	Accumulate	2/7					
K+S AG	Hinkel	24.40	Neutral						
Koenig & Bauer	Augustin	72.00	Neutral						
KronesAG	Augustin	123.00	Accumulate						
KWS SAAT	Hinkel	348.00	Buy						
Lanxess	Hinkel	83.00	Buy						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	176.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3					

\* =Coverage suspended

Source: equinet Recommendations

## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Bper	BAK	Kemira	OPG	Campari	BAK
Airbus Se	CIC	Bpi	CBI	Kws Saat	EQB	Coca Cola Hbc Ag	IBG
Dassault Aviation	CIC	Caixabank	GVC	Lanxess	EQB	Corbion	NIBC
Latecoere	CIC	Commerzbank	EQB	Linde	EQB	Danone	CIC
Leonardo	BAK	Credem	BAK	Siegfried Holding Ag	EQB	Ebro Foods	GVC
Lisi	CIC	Credit Agricole Sa	CIC	Symrise Ag	EQB	Enervit	BAK
Mtu Aero Engines	EQB	Creval	BAK	Tikkurila	OPG	Fleury Michon	CIC
Ohb Se	EQB	Deutsche Bank	EQB	<b>Electronic &amp; Electrical Equipment</b>	<b>Mem(*)</b>	Forfarmers	NIBC
Rheinmetall	EQB	Deutsche Pfandbriefbank	EQB	Euro micron Ag	EQB	Heineken	NIBC
Safran	CIC	Eurobank	IBG	Neways Electronics	NIBC	Hkscan	OPG
Thales	CIC	Intesa Sanpaolo	BAK	Pkc Group	OPG	La Doria	BAK
<b>Alternative Energy</b>	<b>Mem(*)</b>	Liberbank	GVC	Rexel	CIC	Lanson-Bcc	CIC
Daldrup & Soehne	EQB	Mediobanca	BAK	Vaisala	OPG	Laurent Perrier	CIC
Siemens Gamesa Re	GVC	Merkur Bank	EQB	Viscom	EQB	Ldc	CIC
Sif Group	NIBC	National Bank Of Greece	IBG	<b>Financial Services</b>	<b>Mem(*)</b>	Lucas Bols	NIBC
Solaria	GVC	Natixis	CIC	Amundi	CIC	Massimo Zanetti	BAK
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Nordea	OPG	Anima	BAK	Naturex	CIC
Bittium Corporation	OPG	Piraeus Bank	IBG	Athex Group	IBG	Olvi	OPG
Bmw	EQB	Poste Italiane	BAK	Azimut	BAK	Orsero	BAK
Brembo	BAK	Procredit Holding	EQB	Banca Farmafactoring	BAK	Pernod Ricard	CIC
Continental	EQB	Rothschild & Co	CIC	Banca Generali	BAK	Raisio	OPG
Daimler Ag	EQB	Societe Generale	CIC	Banca Ifis	BAK	Refresco Group	NIBC
Elringklinger	EQB	Ubi Banca	BAK	Banca Sistema	BAK	Remy Cointreau	CIC
Ferrari	BAK	Unicredit	BAK	Bb Biotech	EQB	Suedzucker	EQB
Fiat Chrysler Automobiles	BAK	<b>Basic Resources</b>	<b>Mem(*)</b>	Bolsas Y Mercados Espanoles Sa	GVC	Takeaway.Com	NIBC
Hella Gmbh & Co. Kgaa	EQB	Acerinox	GVC	Capman	OPG	Telepizza	GVC
Indelb	BAK	Altri	CBI	Cir	BAK	Vapiano	EQB
Kamux	OPG	Arcelormittal	GVC	Comdirect	EQB	Vidrala	GVC
Landi Renzo	BAK	Corticeira Amorim	CBI	Corestate Capital Holding S.A.	EQB	Vilmorin	CIC
Leoni	EQB	Ence	GVC	Corp. Financiera Alba	GVC	Viscofan	GVC
Nokian Tyres	OPG	Europac	GVC	Digital Magics	BAK	Vranken Pommery Monopole	CIC
Norma Group	EQB	Metka	IBG	Dobank	BAK	Wessanen	NIBC
Piaggio	BAK	Metsä Board	OPG	<b>Dws</b>	EQB	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>
Pwo	EQB	Mytilineos	IBG	Eq	OPG	Ahold Delhaize	NIBC
<b>Schaeffler</b>	EQB	Outokumpu	OPG	Eurazeo	CIC	Carrefour	CIC
Sogefi	BAK	Ramada	CBI	Eyemaxx Real Estate	EQB	Casino Guichard-Perrachon	CIC
Stabilus	EQB	Semapa	CBI	Ferratum	EQB	Ceconomy Ag	EQB
Stern Groep	NIBC	Ssab	OPG	Ffp	CIC	Dia	GVC
Volkswagen	EQB	Stora Enso	OPG	Finecobank	BAK	Jeronimo Martins	CBI
<b>Banks</b>	<b>Mem(*)</b>	Surteco	EQB	Grenke	EQB	Kesko	OPG
Aareal Bank	EQB	The Navigator Company	CBI	Hypoport Ag	EQB	Marr	BAK
Aktia	OPG	Tubacex	GVC	Mlp	EQB	Metro Ag	EQB
Alpha Bank	IBG	Upm-Kymmene	OPG	Ovb Holding Ag	EQB	Sligro	NIBC
Banca Carige	BAK	<b>Chemicals</b>	<b>Mem(*)</b>	Patrizia	EQB	Sonae	CBI
Banca Mps	BAK	Air Liquide	CIC	Rallye	CIC		
Banco Sabadell	GVC	Arkema	CIC	Tip Tamburi Investment Partners	BAK		
Banco Santander	GVC	Avantium	NIBC	Unipol Gruppo Finanziario	BAK		
Bankia	GVC	Brenntag	EQB	Wendel	CIC		
Bankinter	GVC	Fuchs Petrolub	EQB	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>		
Bbva	GVC	Holland Colours	NIBC	Acomo	NIBC		
Bcp	CBI	Imcd	NIBC	Atria	OPG		



<b>General Industrials</b>	<b>Mem(*)</b>	Oriola-Kd	OPG	Talgo	GVC	Salini Impregilo	BAK
2G Energy	EQB	Orion	OPG	Technotrans	EQB	Sias	BAK
Aalberts	NIBC	Orpea	CIC	Valmet	OPG	Sonae Industria	CBI
Accell Group	NIBC	Pihlajalinna	OPG	Wacker Neuson Se	EQB	Srv	OPG
Ahlstrom	OPG	Recordati	BAK	Wärtsilä	OPG	Tarkett	CIC
Arcadis	NIBC	Silmaasema	OPG	Zardoya Otis	GVC	Thermador Groupe	CIC
Aspo	OPG	Terveystalo	OPG	<b>Industrial Transportation</b>	<b>Mem(*)</b>	Titan Cement	IBG
Cembre	BAK	<b>Household Goods</b>	<b>Mem(*)</b>	Bollere	CIC	Trevi	BAK
Huhtamäki	OPG	De Longhi	BAK	Ctt	CBI	Uponor	OPG
Kendrion	NIBC	Elica	BAK	Logwin	EQB	Vicat	CIC
Nedap	NIBC	Fila	BAK	<b>Insurance</b>	<b>Mem(*)</b>	Vinci	CIC
Pöyry	OPG	Maisons Du Monde	CIC	Allianz	EQB	Volkerwessels	NIBC
Prelios	BAK	Philips Lighting	NIBC	Axa	CIC	Yit	OPG
Saf-Holland	EQB	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Banca Mediolanum	BAK	<b>Media</b>	<b>Mem(*)</b>
Serge Ferrari Group	CIC	Accsys Technologies	NIBC	Cattolica Assicurazioni	BAK	Alma Media	OPG
Tkh Group	NIBC	Aixtron	EQB	Generali	BAK	Arnoldo Mondadori Editore	BAK
<b>General Retailers</b>	<b>Mem(*)</b>	Alstom	CIC	Hannover Re	EQB	Atresmedia	GVC
Beter Bed Holding	NIBC	Ansaldo Sts	BAK	Mapfre Sa	GVC	Axel Springer	EQB
Elumeo Se	EQB	Biesse	BAK	Munich Re	EQB	Brill	NIBC
Fielmann	EQB	Caf	GVC	Sampo	OPG	Cairo Communication	BAK
Fnac Darty	CIC	Cargotec Corp	OPG	Talanx Group	EQB	Cofina	CBI
Folli Follie Group	IBG	Carraro	BAK	Unipol Sai	BAK	Cts Eventim	EQB
Fourlis Holdings	IBG	Cnh Industrial	BAK	<b>Materials, Construction &amp; Infrastructure</b>	<b>Mem(*)</b>	Digital Bros	BAK
Grandvision	NIBC	Danieli	BAK	Abertis	GVC	Gedi Gruppo Editoriale	BAK
Hombach Holding	EQB	Datalogic	BAK	Acs	GVC	GI Events	CIC
Inditex	GVC	Deutz Ag	EQB	Aena	GVC	Impresa	CBI
Jumbo	IBG	Duerr	EQB	Aeroports De Paris	CIC	loI	BAK
Ovs	BAK	Emak	BAK	Astaldi	BAK	Ipsos	CIC
Rapala	OPG	Envipco	NIBC	Atlantia	BAK	Jcdecoux	CIC
Stockmann	OPG	Exel Composites	OPG	Boskalis Westminster	NIBC	Lagardere	CIC
Takkt Ag	EQB	Fincantieri	BAK	Buzzi Unicem	BAK	M6-Metropole Television	CIC
Tokmanni	OPG	Gea Group	EQB	Caverion	OPG	Mediaset	BAK
Unieuro	BAK	Gesco	EQB	Cramo	OPG	Mediaset Espana	GVC
Windeln.De	EQB	Heidelberger Druck	EQB	Eiffage	CIC	Notorious Pictures	BAK
Yoox Net-A-Porter	BAK	Ima	BAK	Ellaktor	IBG	Nrj Group	CIC
Zalando	EQB	Indus Holding Ag	EQB	Eltel	OPG	Publicis	CIC
<b>Healthcare</b>	<b>Mem(*)</b>	Interpump	BAK	Ezentis	GVC	Rcs Mediagroup	BAK
4Sc	EQB	Koenig & Bauer	EQB	Fcc	GVC	Relx	NIBC
Abivax	NIBC	Kone	OPG	Ferrovial	GVC	Rtl Group	EQB
Advicenne	NIBC	Konecranes	OPG	Heidelberg Cement Ag	CIC	Sanoma	OPG
Amplifon	BAK	Krones Ag	EQB	Heijmans	NIBC	Solocal Group	CIC
Bayer	EQB	Manitou	CIC	Imerys	CIC	Spir Communication	CIC
Biotest	EQB	Manz Ag	EQB	Lafargeholcim	CIC	Syzygy Ag	EQB
Diasorin	BAK	Max Automation Ag	EQB	Lehto	OPG	Teleperformance	CIC
El.En.	BAK	Metso Corporation	OPG	Lemminkäinen	OPG	Tf1	CIC
Epigenomics Ag	EQB	Outotec	OPG	Maire Tecnimont	BAK	Ubisoft	CIC
Genfit	CIC	Pfeiffer Vacuum	EQB	Mota Engil	CBI	Vivendi	CIC
Gerresheimer Ag	EQB	Ponsse	OPG	Obrascon Huarte Lain	GVC	Wolters Kluwer	NIBC
Guerbet	CIC	Prima Industrie	BAK	Ramirent	OPG	Xing Ag	EQB
Heidelberg Pharma	EQB	Prysmian	BAK	Royal Bam Group	NIBC		
Korian	CIC	Schaltbau Holding Ag	EQB	Sacyr	GVC		
Merck	EQB	Smt Scharf Ag	EQB	Saint Gobain	CIC		

<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Hispania Activos Inmobiliarios	GVC	Lassila & Tikanoja	OPG	I Grandi Viaggi	BAK
Eni	BAK	Igd	BAK	Openjobmetis	BAK	Ibersol	CBI
Galp Energia	CBI	Lar España	GVC	Rai Way	BAK	Int. Airlines Group	GVC
Gas Plus	BAK	Merlin Properties	GVC	<b>Technology Hardware &amp; Equipment</b>	<b>Mem(*)</b>	Intralot	IBG
Hellenic Petroleum	IBG	Realia	GVC	Asm International	NIBC	Kotipizza	OPG
Maurel Et Prom	CIC	Technopolis	OPG	Asml	NIBC	Melia Hotels International	GVC
Motor Oil	IBG	Wcm Ag	EQB	Besi	NIBC	Nh Hotel Group	GVC
Neste Corporation	OPG	<b>Software &amp; Computer Services</b>	<b>Mem(*)</b>	Ericsson	OPG	Opap	IBG
Qgep	CBI	Affecto	OPG	Gigaset	EQB	Snaitech	BAK
Repsol	GVC	Akka Technologies	CIC	Nokia	OPG	Snowworld	NIBC
Total	CIC	Alten	CIC	Roodmicrotec	NIBC	Sodexo	CIC
<b>Oil Services</b>	<b>Mem(*)</b>	Altran	CIC	S&T Ag	EQB	Sonae Capital	CBI
Bourbon	CIC	Assystem	CIC	Slm Solutions	EQB	Trigano	CIC
Cgg	CIC	Atos	CIC	Stmicroelectronics	BAK	<b>Utilities</b>	<b>Mem(*)</b>
Fugro	NIBC	Axway Software	CIC	Suess Microtec	EQB	Acciona	GVC
Rubis	CIC	Basware	OPG	Teleste	OPG	Acea	BAK
Saipem	BAK	Comptel	OPG	Va-Q-Tec	EQB	Albioma	CIC
Sbm Offshore	NIBC	Ctac	NIBC	<b>Telecommunications</b>	<b>Mem(*)</b>	Direct Energie	CIC
Technipfmc Plc	CIC	Digia Plc	OPG	1&1Drillisch Ag	EQB	Edp	CBI
Tecnicas Reunidas	GVC	Econocom	CIC	Acotel	BAK	Edp Renováveis	CBI
Tenaris	BAK	Esi Group	CIC	Bouygues	CIC	Enagas	GVC
Vallourec	CIC	Exprivia	BAK	Deutsche Telekom	EQB	Endesa	GVC
Vopak	NIBC	F-Secure	OPG	Dna	OPG	Enel	BAK
<b>Personal Goods</b>	<b>Mem(*)</b>	Gft Technologies	EQB	Elisa	OPG	Erg	BAK
Adidas	EQB	Ict Group	NIBC	Euskaltel	GVC	Eydap	IBG
Adler Modemaerkte	EQB	Indra Sistemas	GVC	Freenet	EQB	Falck Renewables	BAK
Amer Sports	OPG	Nemetschek Se	EQB	Iliad	CIC	Fortum	OPG
Basicnet	BAK	Neurones	CIC	Kpn Telecom	NIBC	Gas Natural Fenosa	GVC
Cie Fin. Richemont	CIC	Nexus Ag	EQB	Masmovil	GVC	Hera	BAK
Geox	BAK	Novabase	CBI	Nos	CBI	Iberdrola	GVC
Gerry Weber	EQB	Ordina	NIBC	Orange	CIC	Iren	BAK
Hermes Intl.	CIC	Psi Software Ag	EQB	Ote	IBG	Italgas	BAK
Hugo Boss	EQB	Reply	BAK	Retelit	BAK	Public Power Corp	IBG
Kering	CIC	Rib Software	EQB	Tele Columbus	EQB	Red Electrica De Espana	GVC
Luxottica	BAK	Rovio Entertainment	OPG	Telecom Italia	BAK	Ren	CBI
Lvmh	CIC	Scout24	EQB	Telefonica	GVC	Snam	BAK
Marimekko	OPG	Seven Principles Ag	EQB	Telefonica Deutschland	EQB	Terna	BAK
Moncler	BAK	Sii	CIC	Telia	OPG		
Puma	EQB	Software Ag	EQB	Tiscali	BAK		
Safilo	BAK	Sopra Steria Group	CIC	United Internet	EQB		
Salvatore Ferragamo	BAK	Tieto	OPG	Vodafone	BAK		
Sarantis	IBG	Tomtom	NIBC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>		
Swatch Group	CIC	<b>Support Services</b>	<b>Mem(*)</b>	Accor	CIC		
Technogym	BAK	Amadeus	GVC	Aegean Airlines	IBG		
Tod'S	BAK	Asiakastieto Group	OPG	Air France Klm	CIC		
<b>Real Estate</b>	<b>Mem(*)</b>	Batenburg	NIBC	Autogrill	BAK		
Adler Real Estate	EQB	Cellnex Telecom	GVC	Beneteau	CIC		
Beni Stabili	BAK	Dpa	NIBC	Compagnie Des Alpes	CIC		
Citycon	OPG	Ei Towers	BAK	Elior	CIC		
Demire	EQB	Enav	BAK	Europcar	CIC		
Deutsche Euroshop	EQB	Fiera Milano	BAK	Finnair	OPG		
Grivalia	IBG	Inwit	BAK	Gamenet	BAK		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; EQB: equinet bank; IBG: Investment Bank of Greece, NIBC: NIBC Bank N.V.; OPG: OP Corporate Bank;;

as of 4<sup>th</sup> April 2018

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### Remarks

#### Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

#### Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

#### Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

#### Sources

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-BaFin- (Federal Financial Supervisory Authority)  
Graurheindorfer Straße 108, 53117 Bonn and  
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

## Recommendation history for INTERSHOP COMMUNICATIONS AG

Date	Recommendation	Target price	Price at change date
25. Jun 18	Accumulate	1.85	1.67

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Dustin Mildner (since 00/00/0000)



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

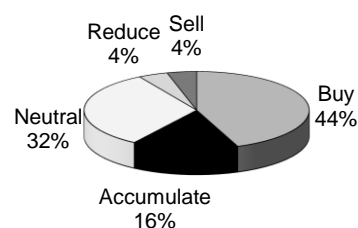
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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