

A good start into 2024

Intershop had a good start into 2024. Although Q1 revenues remained slightly below our expectations, Intershop's profitability made good progress as the gross margin improved almost 400 bps yoy, which led to a slightly positive operating result. Also, incoming cloud orders were at a good level and increased almost 80% over last year's Q1. Another positive was the low churn rate, which speaks for the stickiness of Intershop's product offering, while new ARR continues to lag our expectations. We have a buy rating on the share, PT EUR 2.20.

Intershop		Actual			Pareto		Pareto (pre Q1)	
		Q1 2023	Q1 2024	yoy (%)	Q1 2024	Delta (%)	2024e	2025e
Revenues	EURm	8.9	9.5	7	9.9	-4	41.0	43.9
of which: Licenses	"	0.2	0.1	(32)	0.3	-56	1.0	0.9
of which: Maintenance	"	1.8	1.8	(1)	1.7	2	6.9	6.8
of which: Cloud / Subscription	"	3.7	4.9	32	4.7	6	19.2	22.1
of which: Services	"	3.2	2.7	(16)	3.2	-18	13.9	14.1
Gross profit	"	3.6	4.2	17	4.0	7	18.4	21.1
margin	%	40.7%	44.5%	385 BP	40.0%	453 BP	44.8%	48.1%
EBIT	EURm	(0.9)	0.0	-100	(0.7)	-100	(0.9)	0.2
margin	%	(9.7)%	0.0%	965 BP	(7.4)%	742 BP	(2.2)%	0.5%
Other cloud-related KPI								
Incoming cloud orders	EURm	2.6	4.8	79	4.3	10	21.7	25.0
ARR from cloud	"	15.7	18.0	15	18.3	-2	20.3	23.2
New ARR	"	0.4	0.7	98	1.2	-40	3.8	3.9
Net new ARR	"	0.3	0.6	126	1.0	-40	3.0	2.9
Implied churn	"	0.1	0.1	27	0.2	-39	0.9	1.0

Source: Pareto, Company data

More first insights:

- Intershop sticks to its 2024 outlook. As a reminder, Intershop expects both incoming cloud orders and net new ARR to increase slightly compared to the financial year 2023. The company also targets a moderate increase in revenues and a balanced EBIT.
- EUR 0.2m of new ARR came from new customers, EUR 0.5m from existing customers.
- The service business continues to disappoint as revenues dropped by 16%.
- Cash was EUR 8.9m at the end of the quarter.
- The number of employees dropped by 6 FTE compared to the end of 2023.
- There will be an analyst call today at 13:30 CEST.

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