Intershop Communications AG

Germany | Technology | MCap EUR 31.8m

19 February 2025

UPDATE

Strong cloud performance, EBIT positive; BUY confirmed.

BUY (BUY)

Target price	**EUR 3.00** (3.00)
Current price	EUR 2.18
Up/downside	37.6%

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What's it all about?

Intershop Communications AG released its preliminary FY24 results, highlighting strong cloud growth and a return to profitability. Revenues reached EUR 38.8m (+2% yoy), driven by a 27% surge in cloud revenues, now 53% of total sales. Service revenues declined 35%, aligning with the partner-first strategy. Despite a soft Q4 (EUR 9.0m revenue, EBIT EUR -0.5m), full-year EBIT improved from EUR -2.5m in 2023 to EUR 0.1m, driven by high margin cloud services and headcount cost reductions. Looking ahead, the company expects moderate cloud growth but forecasts a 5%-10% revenue decline in 2025. Register for the earnings call on 19 Feb at 13:30 CET **here**.

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Strong cloud performance, EBIT positive; BUY confirmed.

FY24 prelims published. Today, Intershop Communications AG published preliminary FY2024 figures. Here are our key takeaways from the release:

Positive FY results: Intershop achieved total revenues of EUR 38.8m, a 2% increase from 2023, driven by 27% growth in cloud revenues to EUR 20.5m. The cloud segment now contributes 53% of total revenues. In contrast, Intershop's service revenues declined 35% to EUR 8.9m (2023: EUR 13.6m), reflecting the company's partner-first strategy, which prioritizes partner-led implementations over in-house services. Additionally, large-scale projects initiated in the previous year were more complex and resource-intensive than anticipated. Gross profit rose to EUR 17.7m, with a gross margin of 46%, up from 42% in 2023. Operating expenses declined 4% to EUR 17.6m, reflecting the company's implemented cost measures. EBIT improved significantly, moving from a EUR 2.5m loss in 2023 to a EUR 0.1m profit in 2024.

Q4 breakout. Q4 was rather soft, as revenues reached EUR 9.0m, slightly below Q4 2023 (EUR 9.3m). Gross profit was EUR 3.8m, with an improved gross margin of 42.1%. Operating expenses totaled EUR 4.3m, leading to an EBIT of EUR -0.5m.

Outlook 2025: Intershop expects slight growth in incoming cloud orders and net new ARR but forecasts a 5% to 10% revenue decline due to the partner-first strategy reducing service revenues. However, EBIT is projected to remain slightly positive. The company will continue investing in AI-driven solutions, enhancing automation and efficiency for customers.

Conclusion. Intershop's 2024 performance demonstrated strong cloud growth and margin improvements, despite a soft Q4. The company's strategic shift toward high-margin cloud revenues is yielding positive results, but the transition may pressure revenues in 2025. We reiterate our BUY rating and maintain our price target of EUR 3.00. Intershop will attend an earnings call with mwb research on 19 February at 13:30 CET to discuss the financial results and outlook for 2025. Click **here** to register for the earnings call.

Intershop	2021	2022	2023	2024P	2025E	2026E
Sales	36.0	36.8	38.0	38.8	36.8	39.2
Growth yoy	7.1%	2.2%	3.2%	2.0%	-5.0%	6.4%
EBITDA	4.4	0.4	0.9	1.7	4.0	5.6
EBIT	1.3	-2.9	-2.5	0.1	0.8	2.4
Net profit	0.8	-3.6	-3.1	-0.4	0.3	1.5
Net debt (net cash)	-9.2	-3.0	-3.9	-5.3	-2.8	-4.8
Net debt/EBITDA	-2.1x	-7.1x	-4.5x	-3.2x	-0.7x	-0.9x
EPS reported	0.06	-0.25	-0.21	-0.02	0.02	0.10
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	48.3%	42.7%	41.6%	45.6%	51.7%	53.3%
EBITDA margin	12.3%	1.1%	2.3%	4.3%	11.0%	14.2%
EBIT margin	3.6%	-7.8%	-6.7%	0.2%	2.1%	6.1%
ROCE	6.4%	-12.2%	-12.9%	0.4%	4.6%	13.1%
EV/EBITDA	5.1x	68.8x	32.1x	15.7x	7.2x	4.9x
EV/EBIT	17.3x	-10.0x	-11.0x	362.6x	37.7x	11.3x
PER	38.2x	-8.7x	-10.3x	-90.1x	106.5x	20.9x
FCF yield	14.9%	3.7%	9.3%	2.4%	-2.5%	11.7%

Source: Company data, mwb research

Source: Company data, mwb research

High/low 52 weeks	2.22 / 1.44
Price/Book Ratio	2.8x

Ticker / Symbols

ISIN	DE000A254211
WKN	A25421
Bloomberg	ISHA:GR

Changes in estimates

		Sales	EBIT	EPS
2024P	old	38.3	0.0	-0.00
	Δ	1.3%	108.0%	na%
2025E	old	39.6	0.7	0.03
	Δ	-7.0%	12.6%	-29.6%
2026E	old	41.5	2.0	0.10
	Δ	-5.5%	19.5%	7.3%

Key share data

Number of shares: (in m pcs)	14.58
Book value per share: (in EUR)	0.78
Ø trading vol.: (12 months)	3,296

Major shareholders

Shareholder Value	34.7%
Frankfurter SICAV	18.6%
Free Float	46.7%

Company description

Intershop Communications AG is a leading German provider of e-commerce software. The main product "Intershop Commerce Platform" enables digital sales concepts for different business models (B2B, B2B2X, B2C), sales channels and touchpoints, offering a complete package consisting of Commerce Management, Order Management (OMS), Product Information Management (PIM), Commerce Management (EX), Customer Engagement Center and BI Data Hub.

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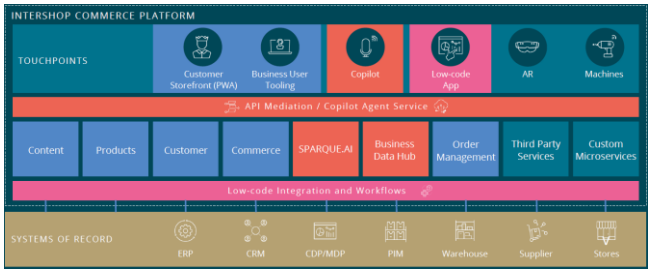
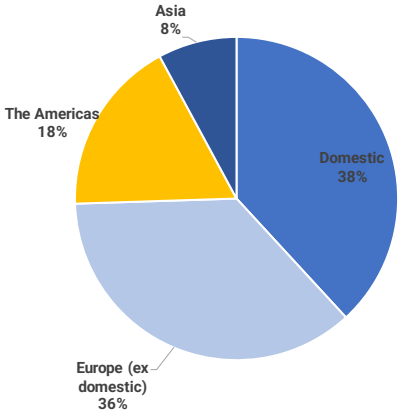
Investment case in six charts

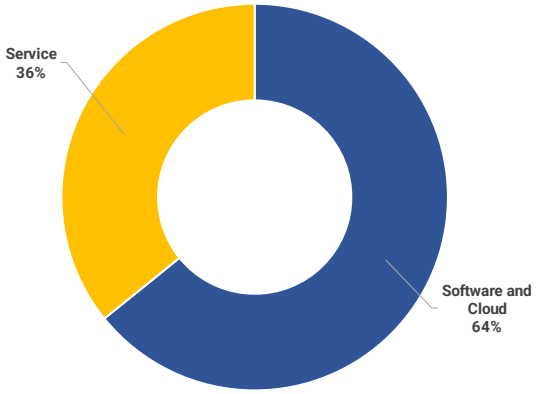
Intershop Commerce Platform



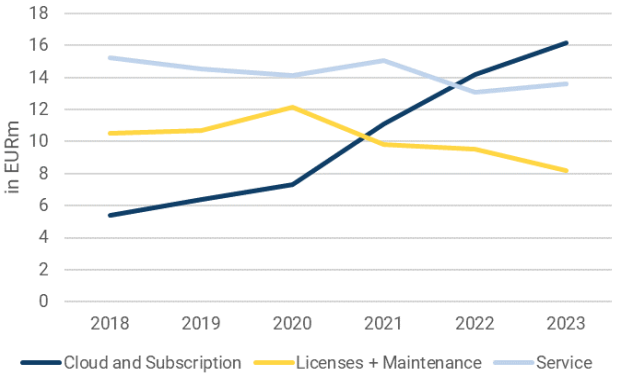
Regional sales split in %



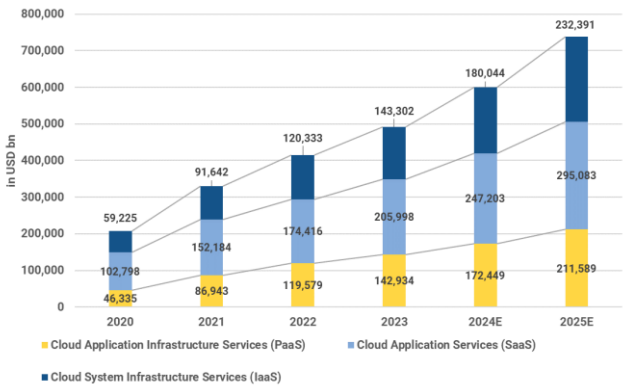
Segmental breakdown in %



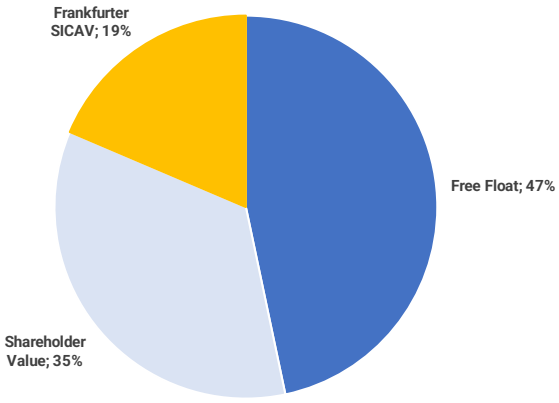
Revenue shift during SaaS transition



Cloud spending



Major Shareholders



Source: Company data, mwb research, Gartner

Company background

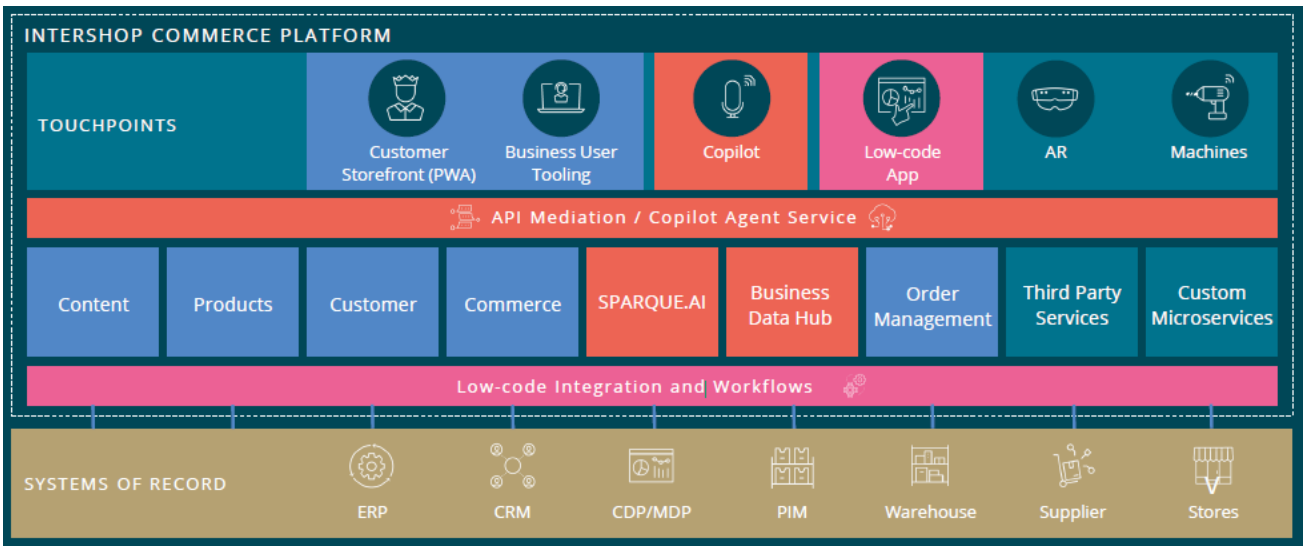
Intershop in a nutshell

Intershop Communications AG (Intershop) is an internationally active, leading provider of e-commerce software, specializing in B2B commerce solutions. The company develops and delivers software and services that enable customers to run and optimize their e-commerce operations. Additionally, Intershop provides a range of professional services including consulting, implementation, and support. This holistic approach has allowed Intershop to build long-term relationships with many well-known global brands. Over the medium-term, however, the company intends to transform to a pure play PaaS provider, fueled by its vision to become one of the leading AI-driven e-commerce platform providers.

The company was established in 1992 in Jena, recognizing the potential of online commerce early on. Intershop distinguished itself with its innovative approaches to online retailing and became one of the first companies to develop software solutions specifically designed for e-commerce. Early success and rapid growth led to an IPO on the Frankfurt Stock Exchange in 1998.

The company's flagship product, Intershop Commerce Suite, is a comprehensive platform that enables businesses to manage their e-commerce operations effectively. This suite includes pre-built applications for online store management, product information management (PIM), order management, and customer experience optimization. However, the platform can be customized to add applications from third-party providers.

Intershop Commerce Suite



Source: Company data

The company has two reporting segments: 1) Cloud and Software (64% of 2023 sales), which generates revenues from the legacy license and maintenance business, and from the cloud and subscription business. 2) Services comprises of consulting, training, and implementation services, and accounted for 36% of sales in 2023.

Segmental sales	2017	2018	2019	2020	2021	2022	2023
Software and Cloud	**17.8**	**16.0**	**17.1**	**19.5**	**20.9**	**23.7**	**24.4**
yoy in %		-10.3%	6.9%	14.0%	7.4%	13.4%	2.8%
Service	**18.0**	**15.2**	**14.5**	**14.1**	**15.1**	**13.1**	**13.6**
yoy in %		-15.4%	-4.5%	-2.8%	6.7%	-13.3%	4.0%

Source: Company data, mwb research

Shifting from license model to Platform-as-a-Service model

Since 2018, Intershop is committed to shifting its legacy business, based on license and maintenance revenues, to a Platform-as-a-Service (PaaS) model ("Cloud first"). As per 9M 2024, Intershop has migrated roughly a third of its over 300 customers onto its PaaS platform.

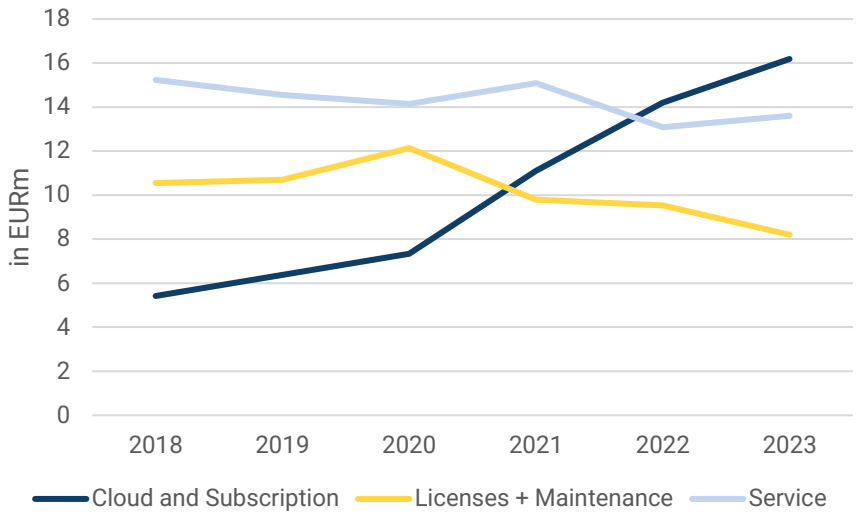
Shifting to a PaaS model typically transforms a software provider's business operations. The company transitions from a one-time license sale focus to a recurring revenue model centered on customer success and retention. This shift requires a robust cloud infrastructure, in Intershop's case provided by Microsoft Azure. Additionally, sales and marketing efforts pivot from product-centric to customer acquisition and retention, while product development prioritizes continuous updates and feature enhancements.

From a customer perspective, software access shifts from physical on-premise installation to immediate online availability. Further, the payment structure changes from an upfront license fee to recurring subscription payments, and maintenance costs are eliminated as updates are now provided automatically, and ongoing support is included in the subscription. However, depending on pricing and usage, overall costs might increase compared to the previous license model, which benefits the PaaS provider.

From a software provider's perspective, revenue recognition transitions from upfront license fees to deferred revenue and recurring subscriptions. While the impact from declining license sales hurts the top- and bottom line initially, over time, the recurring character of PaaS revenues provides more visibility, ultimately also in regard to cash flows. Furthermore, the PaaS provider benefits from regular fees, which over time outpace the prior upfront license and maintenance fees.

The following chart illustrates the growing success of the cloud and subscription model:

Revenue shift during PaaS transition



Source: Company data, mwb research

Sparque.ai paves the way to AI-driven platform

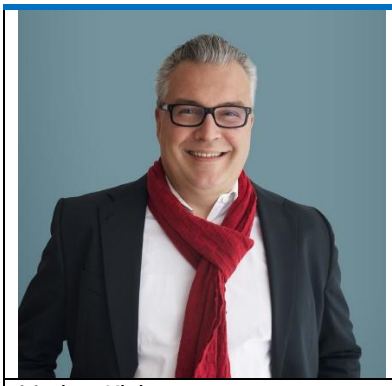
While the company is transforming its business model, Intershop also works on further enhancing its e-commerce platform. Over the years, Intershop has consistently proven its ability to foresee trends and meet market demands, reflected by its acquisition of Netherland-based Sparque in 2022. Sparque features personalized searches and product recommendations based on AI-powered

algorithms. According to Sparque, their solutions offer up to 20% increase in conversion (turning a website visitor into a customer), translating to a potential revenue increase by up to 29%.

With Sparque at the centerpiece of Intershop's Artificial Intelligence (AI) strategy, the company announced to bundle AI activities in a new 'Artificial Intelligence' organizational unit. In this context, Intershop plans to expand technology partnerships and enter into dedicated AI product partnerships with third-party vendors. In this context, Intershop prepares the release of its "Copilot", a smart AI-assistant to support B2B clients by automating administrative tasks and delivering data-driven analyses to improve customer experience.

Intershop's proven ability to enhance its product offerings to stay ahead of the curve, while also expanding its global presence, form the foundation of providing reliable and flexible e-commerce solutions that deliver highest performance at complex tasks to customers globally. This brought Intershop on the radar of industry experts, such as Forrester Research and IDC, ranking the company's capabilities highly, reflected in regular recommendations in relevant industry reports (ForresterWave, IDC MarketScape, Paradigm B2B Combine, see **Competition** section).

Management

		
Markus Klahn CEO since 2021	Petra Stappenbeck CFO since 2023	Markus Dränert COO since 2023

Source: Company data

Markus Klahn, CEO:

At the helm is Markus Klahn, who holds a long track record of industry and management experience. In his early professional career, Mr. Klahn held various positions at midmarket software companies. After becoming an entrepreneur with his own software company and selling it to ERP provider proALPHA in 1998, Mr. Klahn joined the Management Board of proALPHA Consulting AG, where he stayed for 16 years. Later stations were at ERP provider Abas, and procurement SaaS provider JAGGAER. In 2018, Mr. Klahn joined Intershop and took the role of COO, being responsible for the areas of sales, marketing and services. In 2021, Mr. Klahn succeeded Dr. Jochen Wiechen as Intershop's CEO.

Petra Stappenbeck, CFO:

Petra Stappenbeck has held various high-level financial positions in her professional career. Ms. Stappenbeck has more than 30 years of experience in finance and controlling at listed companies, such as Hochtief AG and Jenoptik AG. She joined Intershop in 2012 as Director Finance. Since May 2021, Ms. Stappenbeck has been part of the Intershop management team as Executive VP. Since the beginning of 2023, she was appointed to the Management Board.

Markus Dränert, COO

Markus Dränert is the newest member of Intershop's management board, after joining the company in December 2023 to drive the further development of

Intershop's cloud offerings and the implementation of its AI strategy. Prior to becoming Intershop's COO, Markus Dränert was Portfolio Director Software & Technology at Aurelius Growth Capital. In earlier positions, he worked for the company builder finleap in Berlin as CEO and New Venture Partner for various portfolio companies. Prior to that, Mr. Dränert was Managing Director at Haufe-Lexware, where he was instrumental in driving the cloud transformation for the Lexware brand (lexoffice, Haufe X360, smartsteuer). He previously held other positions at T-Online/Deutsche Telekom, including in the development of the TV streaming platform Magenta TV.

SWOT analysis

Strengths

- Long track-record and deep customer relations with well-known global companies
- Strong customer retention, low churn (4-5% mwb est.)
- Comprehensive partner network
- State-of-the-art product offering, highly ranked by industry experts
- Highly scalable cloud-software offering

Weaknesses

- Dampened revenue and profit development from shift to PaaS model
- No sustainable profitability track record established yet
- Complex projects in Services segment impact profitability

Opportunities

- Expanding the partner network improves global delivery capabilities
- Increasing mix of transaction and consumption-based services
- Adding new features and AI capabilities to product offering
- Focus on pure play PaaS offers margin potential

Threats

- Scarcity of talents
- Increased competition
- Delays in development of new products and features
- Falling behind the curve in terms of innovation

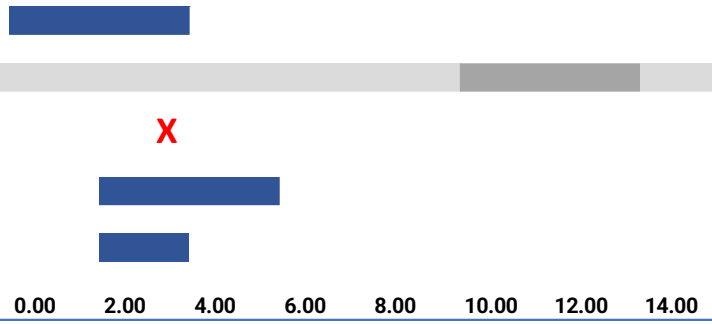
Valuation

In order to derive at a fair value for Intershop we have conducted several valuation approaches. We note however that valuing software companies, traditional valuation techniques often provide pitfalls and hence do not 100% accurately reflect the true value of the company. These are:

1. DCF Model
2. Adj. FCF yield
3. ARR multiple valuation
4. Peer group analysis

The following table summarizes the potential range of fair values for Intershop, using the different valuation approaches.

Valuation overview - in EUR		Fair Value
Peer Group	EV/ EBIT	0.463-4.02
ARR Multiple Valuation		10.59-14.18
Average		3.00
adj. FCF yield		0.73-5.10
DCF		3.72



Source: mwb research

mwb research valuation toolbox

As discussed later, a **peer group comparison** often comes with challenges in finding the appropriate peers. More often than not, comparable companies differ quite significantly in terms of size, growth rates, profitability and/or geographical exposure. Also, different stages in the life-cycle of a company might command different risk-/reward profiles. All these elements have a significant impact on the appropriate fair value computation. We therefore deem our peer analysis as a rather inappropriate measure to derive at a fair value for Intershop.

Our proprietary **adj. FCF yield valuation** technique values a company on a stand-alone basis. However, the FCF yield observation is a relatively static approach where the cash flows of *one specific year* in the future will be taken as the basis for valuing the entire company, i.e. taking a private equity view, where all cash flows and earnings belong to the potential buyer. An additional pitfall is that cash flows are not discounted to today's value. Hence, the adj. FCF yield only derives at meaningful results if a company has stable future cash flows, which Intershop is striving for with increasing success with the transformation of its business model.

The **ARR multiple valuation** is an alternative valuation approach, where we take the SaaS Capital Index multiplier as the basis for our fair value calculation. Again, pitfalls apply similar to the peer group analysis. Also, all SaaS/PaaS index companies are US based, which – given higher liquidity and seniority of the market – often are valued significantly higher than comparable European companies. We do not include this valuation approach in our blended valuation, as it is rather intended to demonstrate a "Blue sky" scenario.

Our **DCF derived fair value** valuation is the most appropriate valuation method for Intershop with "easy" to predict future cash flows, especially in regard to a growing proportion of recurring revenues due to the cloud transition.

DCF Model

The DCF model results in a **fair value of EUR 3.72 per share**:

Top-line growth: We expect Intershop Communications AG to grow revenues at a CAGR of 4.3% between 2024P and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 0.4% in 2024P to 24.8% in 2031E.

WACC. Starting point is an equity beta of 1.47. Unleverering and correcting for mean reversion yields an asset beta of 1.24. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.8%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.3 this results in a long-term WACC of 9.4%.

DCF (EURm) (except per share data and beta)	2024P	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	0.1	0.6	1.8	2.6	3.3	3.6	3.9	4.2	
Depreciation & amortization	3.2	3.3	3.2	2.9	3.0	2.7	2.5	2.2	
Change in working capital	1.6	-2.9	0.3	-0.5	-1.3	0.3	-0.2	-0.6	
Chg. in long-term provisions	-2.3	-0.1	0.1	0.2	0.2	0.1	0.1	-0.0	
Capex	-1.1	-1.2	-1.3	-1.5	-1.6	-1.7	-1.8	-1.8	
Cash flow	1.5	-0.3	4.1	3.7	3.5	5.1	4.5	3.9	54.1
Present value	1.5	-0.3	3.4	2.9	2.5	3.3	2.7	2.1	29.2
WACC	10.0%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%

DCF per share derived from	
Total present value	47.2
Mid-year adj. total present value	49.4
Net debt / cash at start of year	-3.9
Financial assets	0.9
Provisions and off b/s debt	na
Equity value	54.2
No. of shares outstanding	14.6
Discounted cash flow / share	**3.72**
upside/(downside)	**70.4%**
Share price	**2.18**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024P-2031E)	4.3%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	24.8%
Terminal year WACC	9.4%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.47
Unlevered beta (industry or company)	1.24
Target debt / equity	0.3
Relevered beta	1.47
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.8%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	2.9	2.9	3.0	3.1	3.2
1.0%	3.1	3.2	3.3	3.4	3.6
0.0%	3.4	3.6	3.7	3.9	4.1
-1.0%	3.9	4.0	4.2	4.5	4.7
-2.0%	4.4	4.6	4.9	5.3	5.7

Share of present value	
2024P-2027E	15.9%
2028E-2031E	22.3%
terminal value	61.8%

Source: mwb research

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FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 0.73 per share based on 2024P and EUR 5.10 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024P	2025E	2026E	2027E	2028E
EBITDA	**1.7**	**4.0**	**5.6**	**6.4**	**7.4**
- Maintenance capex	1.4	1.4	1.4	1.4	1.7
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	0.1	0.1	0.5	0.8	1.0
= Adjusted FCF	**0.3**	**2.6**	**3.7**	**4.2**	**4.7**
Actual Market Cap	**31.8**	**31.8**	**31.8**	**31.8**	**31.8**
+ Net debt (cash)	-5.3	-2.8	-4.8	-4.7	-6.4
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off b/s financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	1.6	1.6	1.6	1.6	1.6
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
EV Reconciliations	-6.9	-4.4	-6.4	-6.3	-8.0
= Actual EV'	**24.9**	**27.4**	**25.4**	**25.5**	**23.8**
Adjusted FCF yield	**1.0%**	**9.4%**	**14.5%**	**16.5%**	**19.5%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	**3.7**	**36.6**	**52.6**	**60.3**	**66.5**
- EV Reconciliations	-6.9	-4.4	-6.4	-6.3	-8.0
Fair Market Cap	**10.6**	**41.0**	**58.9**	**66.6**	**74.4**
No. of shares (million)	14.6	14.6	14.6	14.6	14.6
Fair value per share in EUR	**0.73**	**2.81**	**4.04**	**4.56**	**5.10**
Premium (-) / discount (+)	**-66.7%**	**29.1%**	**85.3%**	**109.4%**	**134.2%**

Sensitivity analysis fair value					
Adjusted hurdle rate	5.0%	0.8	3.8	5.5	6.2	6.9
	6.0%	0.8	3.2	4.6	5.3	5.9
	7.0%	**0.7**	**2.8**	**4.0**	**4.6**	**5.1**
	8.0%	0.7	2.5	3.6	4.0	4.5
	9.0%	0.7	2.3	3.2	3.6	4.1

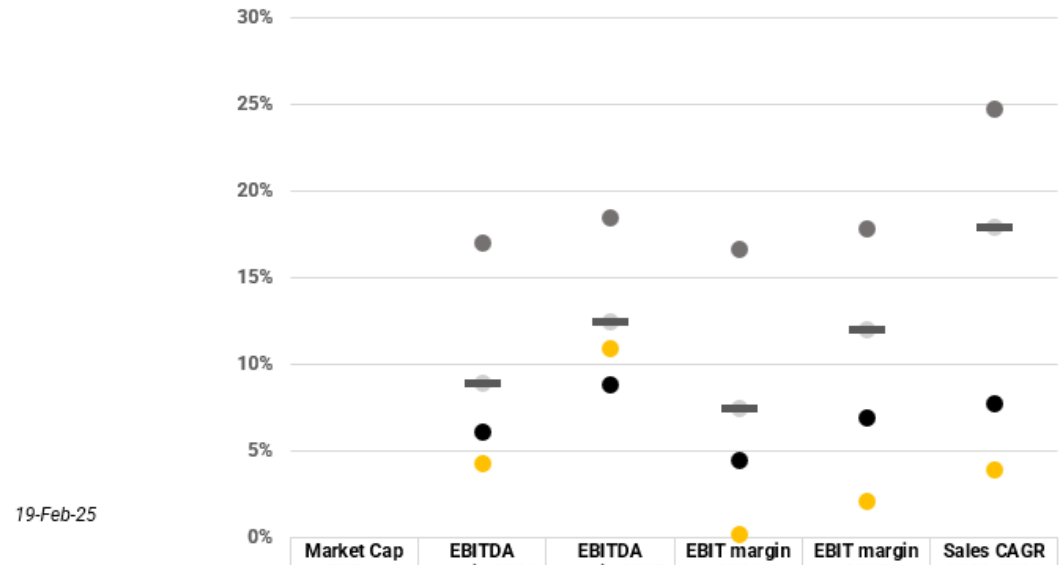
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value — how much it should be worth based on how it compares to other similar companies. Given that **Intershop Communications AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. Due to the lack of direct stock-listed competitors, we limit our peer group to a few, in our view relevant, companies. The stocks are displayed in the table below. As of 19 February 2025 the median market cap of the peer group was EUR 520.4m, compared to EUR 31.8m for Intershop Communications AG. In the period under review, the peer group was more profitable than Intershop Communications AG. The expectations for sales growth are higher for the peer group than for Intershop Communications AG.

Peer Group – Key data

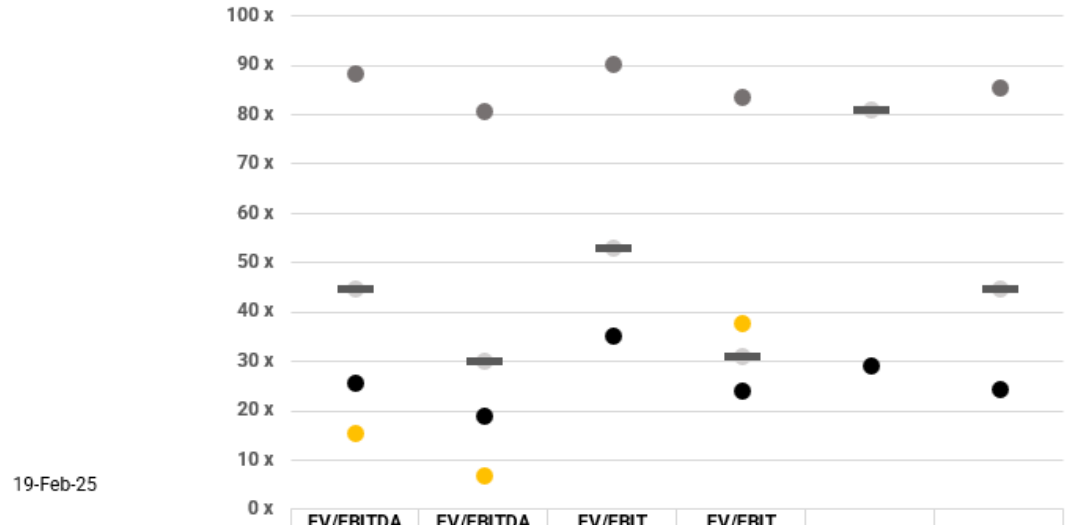


	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
BigCommerce Holdings Inc	520	6.2%	8.8%	4.5%	7.0%	7.7%
Shopify, Inc. Class A	150,150	17.0%	18.5%	16.7%	17.9%	24.8%
VTEX Class A	482	8.9%	12.5%	7.5%	12.1%	18.0%
Intershop Communications AG	32	4.3%	11.0%	0.2%	2.1%	3.9%
Peer Group Median	520	8.9%	12.5%	7.5%	12.1%	18.0%

Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025. Applying these to Intershop Communications AG results in a range of fair values from EUR 0.36 to EUR 8.71.

Peer Group – Multiples and valuation



	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
BigCommerce Holdings Inc	25.8x	19.2x	35.4x	24.3x	29.2x	24.5x
Shopify, Inc. Class A	88.6x	80.9x	90.3x	83.7x	102.8x	85.5x
VTEX Class A	44.8x	30.1x	53.1x	31.3x	81.1x	45.0x
Intershop Communications AG	15.7x	7.2x	362.6x	37.7x	-90.1x	106.5x
Peer Group Median	44.8x	30.1x	53.1x	31.3x	81.1x	45.0x
Fair Value (EUR)	5.54	8.71	0.63	2.01	-1.96	0.92

Source: FactSet, mwb research

Peer companies

BigCommerce Holdings, Inc. develops software-as-a-service (SaaS) technology solutions. It offers a SaaS platform for launching and scaling an e-commerce operation, including store design, catalog management, hosting, checkout, order management, reporting, and pre-integrations into third-party services like payments, shipping and fulfillment, point of sale, marketing, and accounting. The company was founded in 2009 and is headquartered in Austin, TX.

Shopify, Inc. provides a cloud-based commerce platform designed for small and medium-sized businesses. Its software is used by merchants to run businesses across all sales channels, including web, tablet, and mobile storefronts, social media storefronts, and brick-and-mortar and pop-up shops. The platform offers merchants a single view of their business and customers, enabling them to manage products and inventory, process orders and payments, build customer relationships, and leverage analytics and reporting. It focuses on merchant and subscription solutions. The company was founded in 2004, and is headquartered in Ottawa, Canada.

VTEX provides a software-as-a-service digital commerce platform for enterprise brands and retailers. Its platform enables customers to execute their commerce strategies, including building online stores, integrating and managing orders across channels, and creating marketplaces to sell products from third-party vendors. The company was founded by Geraldo do Carmo Thomaz Junior and Mariano Gomide de Faria in 2000 and is headquartered in London, United Kingdom.

SaaS Capital Index

SaaS Capital Index is the valuation tool for pure-play, B2B, aaS businesses like Adobe, Autodesk, Anaplan, Palo Alto, Salesforce, Zoom, etc. The index excludes SaaS companies serving B2C customers and very small B2B companies. Examples of excluded SaaS companies in this category include Box, Dropbox, Carbonite, and 2U.

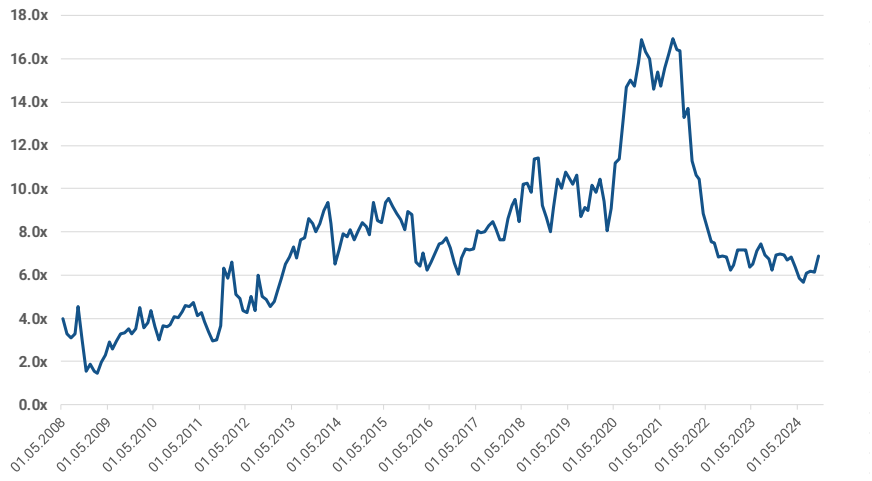
SaaS business with “mixed” revenue streams are also excluded. Examples of excluded companies in this category include Oracle, Microsoft, Square, and Twilio. SaaS consolidators such as Constellation Software are also excluded for a variety of business model reasons.

A SaaS company trades on revenue because it takes a considerable amount of time for growing SaaS companies to turn a net profit, in spite of the fact that the underlying fundamentals of unit economics are resilient, according to SaaS Capital.

Sales and marketing costs are booked upfront in advance, while revenue accrues over many years. This "lag" makes new customers unprofitable in the short term, even if they should be profitable over their lifetime.

The SaaS Capital Index Sales Multiple was trading as high as 17x in 2021, but has fallen since than to 6.1x in September 2024 given a market re-rating amid higher interest rates and supply chain disruptions.

SaaS Capital Index ARR Multiple



Source: https://www.saas-capital.com/the-saas-capital-index/

Applying the SaaS index methodology, we derive at a fair value between EUR 10.59 and EUR 14.18 for the Intershop shares based on the ARR multiple of 7.3x. Again, this valuation approach reflects a “Blue Sky” scenario, which we do not include in our blended valuation.

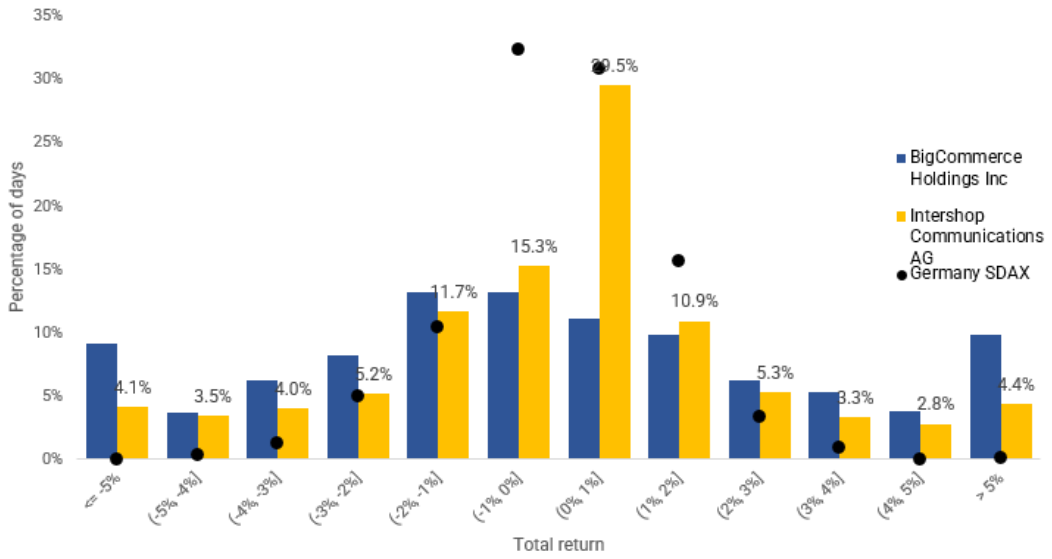
ARR multiple valuation		
Sales multiple	7.3x	per 31/01
	2024E	2026E
Intershop ARR	20.4	27.7
Fair EV	**149.1**	**202.0**
YE net debt	-5.3	-4.8
Fair Equity value	**154.4**	**206.7**
Number of shares	14.6	14.6
Fair value per share	**10.59**	**14.18**
Up- / downside	385.8%	550.4%

Source: mwb research, Saas Capital

Risk

The chart displays the distribution of daily returns of Intershop Communications AG over the last 3 years, compared to the same distribution for BigCommerce Holdings Inc. We have also included the distribution for the index Germany SDAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Intershop Communications AG, the worst day during the past 3 years was 14/06/2022 with a share price decline of -14.1%. The best day was 15/12/2023 when the share price increased by 15.4%.

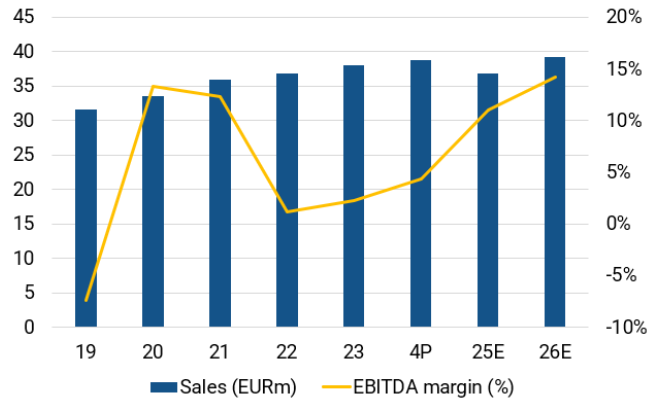
Risk – Daily Returns Distribution (trailing 3 years)



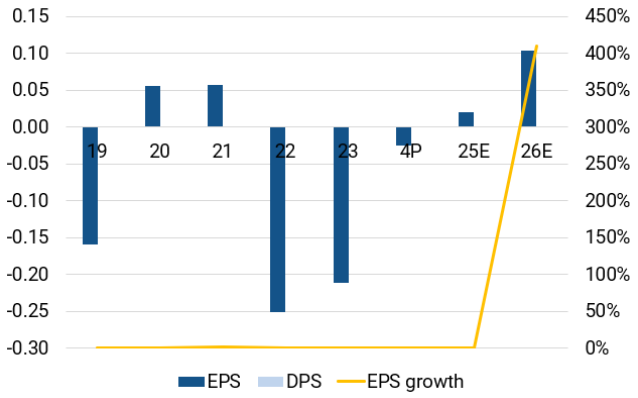
Source: FactSet, mwb research

Financials in six charts

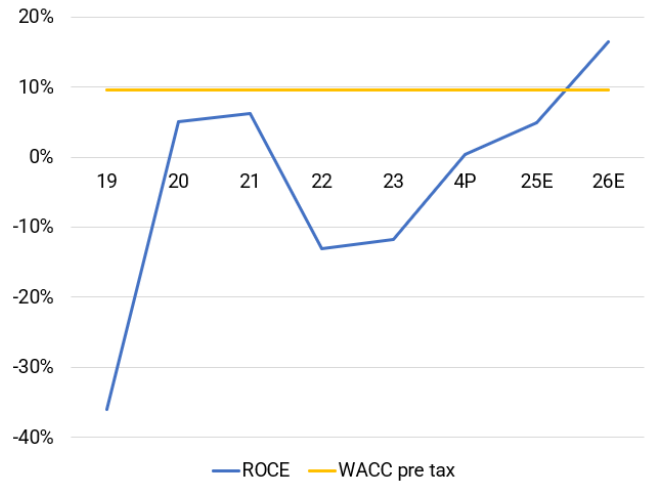
Sales vs. EBITDA margin development



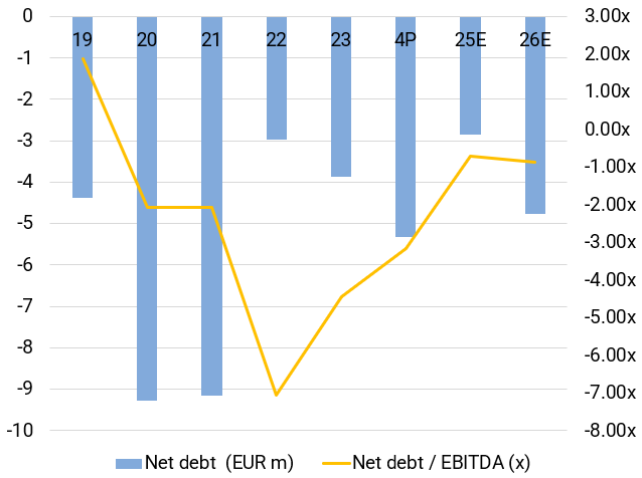
EPS, DPS in EUR & yoy EPS growth



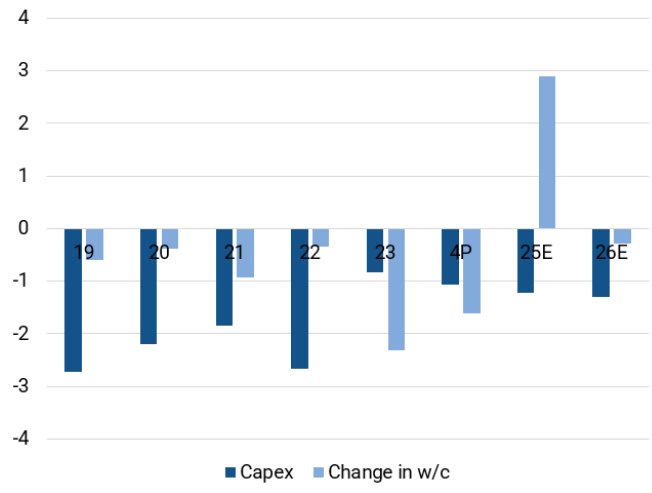
ROCE vs. WACC (pre tax)



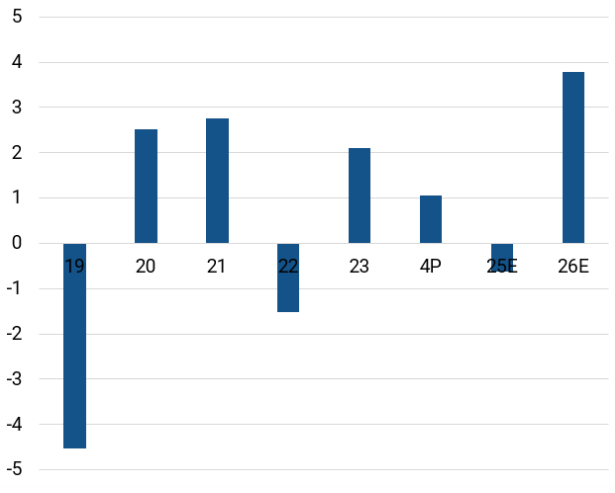
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024P	2025E	2026E
Sales	**36**	**37**	**38**	**38.8**	**36.8**	**39.2**
Sales growth	7.1%	2.2%	3.2%	2.0%	-5.0%	6.4%
Cost of sales	18.6	21.1	22.2	21.1	17.8	18.3
Gross profit	**17.4**	**15.7**	**15.8**	**17.7**	**19.0**	**20.9**
SG&A expenses	11.0	11.5	11.6	10.7	9.9	9.8
Research and development	5.7	6.9	6.9	6.7	6.6	7.1
Other operating expenses (income)	-0.5	0.3	-0.2	0.2	0.0	0.0
EBITDA	**4**	**0**	**1**	**1.7**	**4.0**	**5.6**
Depreciation	1.6	1.7	1.8	1.6	1.6	1.6
EBITA	2.8	-1.3	-0.9	1.7	2.4	3.9
Amortisation of goodwill and intangible assets	1.5	1.6	1.6	1.6	1.7	1.5
EBIT	**1**	**-3**	**-3**	**0.1**	**0.8**	**2.4**
Financial result	-0.4	-0.5	-0.5	-0.4	-0.4	-0.4
Recurring pretax income from continuing operations	0.9	-3.4	-3.0	-0.3	0.4	2.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.9	-3.4	-3.0	-0.3	0.4	2.0
Taxes	0.1	0.2	0.1	0.1	0.1	0.5
Net income from continuing operations	0.8	-3.6	-3.1	-0.4	0.3	1.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**0.8**	**-3.6**	**-3.1**	**-0.4**	**0.3**	**1.5**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	1	-4	-3	-0.4	0.3	1.5
Average number of shares	14.19	14.19	14.58	14.58	14.58	14.58
EPS reported	**0.06**	**-0.25**	**-0.21**	**-0.02**	**0.02**	**0.10**

Profit and loss (common size)	2021	2022	2023	2024P	2025E	2026E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	52%	57%	58%	54%	48%	47%
Gross profit	**48%**	**43%**	**42%**	**46%**	**52%**	**53%**
SG&A expenses	31%	31%	31%	28%	27%	25%
Research and development	16%	19%	18%	17%	18%	18%
Other operating expenses (income)	-2%	1%	-1%	1%	0%	0%
EBITDA	**12%**	**1%**	**2%**	**4%**	**11%**	**14%**
Depreciation	4%	5%	5%	4%	4%	4%
EBITA	8%	-4%	-2%	4%	7%	10%
Amortisation of goodwill and intangible assets	4%	4%	4%	4%	4%	4%
EBIT	**4%**	**-8%**	**-7%**	**0%**	**2%**	**6%**
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	3%	-9%	-8%	-1%	1%	5%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	3%	-9%	-8%	-1%	1%	5%
Taxes	0%	0%	0%	0%	0%	1%
Net income from continuing operations	2%	-10%	-8%	-1%	1%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**2%**	**-10%**	**-8%**	**-1%**	**1%**	**4%**
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	**2%**	**-10%**	**-8%**	**-1%**	**1%**	**4%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024P	2025E	2026E
Intangible assets (exl. Goodwill)	**5.9**	**6.9**	**5.9**	**5.5**	**3.4**	**2.3**
Goodwill	4.5	7.5	7.5	7.5	7.5	7.5
Property, plant and equipment	10.7	9.8	8.8	8.1	7.9	7.5
Financial assets	0.3	0.8	0.9	1.6	1.6	1.6
FIXED ASSETS	**21.5**	**25.0**	**23.1**	**22.8**	**20.5**	**18.9**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	5.0	4.9	3.9	4.8	3.8	4.1
Other current assets	0.9	0.9	1.0	1.1	1.1	1.1
Liquid assets	12.2	10.5	10.0	8.7	6.4	8.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	**18.1**	**16.3**	**14.9**	**14.6**	**11.3**	**13.5**
TOTAL ASSETS	**39.6**	**41.3**	**38.0**	**37.4**	**31.8**	**32.4**
SHAREHOLDERS EQUITY	**17.4**	**13.9**	**11.4**	**11.0**	**11.3**	**12.8**
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.1	7.0	5.7	0.6	3.0	3.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	2.2	2.0	1.9	1.8	2.0
Non-current liabilities	**3.1**	**9.2**	**7.7**	**2.5**	**4.9**	**5.0**
short-term liabilities to banks	0.0	0.5	0.5	2.8	0.5	0.5
Accounts payable	1.6	1.7	2.0	2.5	1.6	1.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	17.4	16.0	16.4	18.6	15.7	16.2
Deferred taxes	0.0	0.1	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**19.1**	**18.2**	**18.9**	**23.9**	**17.8**	**18.3**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**39.6**	**41.3**	**38.0**	**37.4**	**33.9**	**36.1**

Balance sheet (common size)	2021	2022	2023	2024P	2025E	2026E
Intangible assets (excl. Goodwill)	**15%**	**17%**	**16%**	**15%**	**11%**	**7%**
Goodwill	11%	18%	20%	20%	24%	23%
Property, plant and equipment	27%	24%	23%	22%	25%	23%
Financial assets	1%	2%	2%	4%	5%	5%
FIXED ASSETS	**54%**	**61%**	**61%**	**61%**	**64%**	**58%**
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	13%	12%	10%	13%	12%	13%
Other current assets	2%	2%	3%	3%	4%	4%
Liquid assets	31%	25%	26%	23%	20%	26%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	**46%**	**39%**	**39%**	**39%**	**36%**	**42%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**44%**	**34%**	**30%**	**29%**	**35%**	**39%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	8%	17%	15%	2%	10%	9%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	5%	5%	5%	6%	6%
Non-current liabilities	**8%**	**22%**	**20%**	**7%**	**15%**	**15%**
short-term liabilities to banks	0%	1%	1%	7%	2%	2%
Accounts payable	4%	4%	5%	7%	5%	5%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	44%	39%	43%	50%	49%	50%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**48%**	**44%**	**50%**	**64%**	**56%**	**56%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**107%**	**111%**

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024P	2025E	2026E
Net profit/loss	0.9	-3.4	-3.0	-0.4	0.3	1.5
Depreciation of fixed assets (incl. leases)	1.6	1.7	1.8	1.6	1.6	1.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.5	1.6	1.6	1.6	1.7	1.5
Others	-0.4	0.9	0.3	-2.3	-0.1	0.1
Cash flow from operations before changes in w/c	3.7	0.8	0.6	0.5	3.5	4.8
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.9	-0.4	0.9	-0.9	1.0	-0.2
Increase/decrease in accounts payable	0.0	0.0	0.0	0.5	-0.9	0.0
Increase/decrease in other w/c positions	1.8	0.8	1.4	2.0	-3.0	0.5
Increase/decrease in working capital	0.9	0.3	2.3	1.6	-2.9	0.3
Cash flow from operating activities	**4.6**	**1.2**	**3.0**	**2.1**	**0.6**	**5.1**
CAPEX	-1.8	-2.7	-0.8	-1.1	-1.2	-1.3
Payments for acquisitions	0.0	-0.7	-0.3	-0.3	-0.3	-0.3
Financial investments	0.4	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-1.5**	**-3.4**	**-1.1**	**-1.4**	**-1.5**	**-1.6**
Cash flow before financing	3.1	-2.2	1.8	0.8	-0.9	3.5
Increase/decrease in debt position	-1.1	2.1	-1.3	-0.5	0.2	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.8	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-1.5	-1.6	-1.5	-1.6	-1.6	-1.6
Effects of exchange rate changes on cash	0.0	0.0	-0.2	0.0	0.0	0.0
Cash flow from financing activities	**-2.5**	**0.5**	**-2.2**	**-2.1**	**-1.4**	**-1.6**
Increase/decrease in liquid assets	0.6	-1.7	-0.4	-1.3	-2.3	1.9
Liquid assets at end of period	**12.2**	**10.5**	**10.0**	**8.7**	**6.4**	**8.3**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024P	2025E	2026E
Domestic	9.7	9.8	15.3	15.5	14.8	15.7
Europe (ex domestic)	16.9	16.3	14.6	12.9	12.2	13.0
The Americas	6.9	8.7	7.1	7.6	7.2	7.6
Asia	4.3	3.8	3.2	2.8	2.7	2.8
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	**36**	**37**	**38**	**38.8**	**36.8**	**39.2**

Regional sales split (common size)	2021	2022	2023	2024P	2025E	2026E
Domestic	26.9%	26.6%	40.3%	40.1%	40.1%	40.1%
Europe (ex domestic)	42.9%	40.3%	33.6%	33.2%	33.2%	33.2%
The Americas	18.3%	22.7%	17.7%	19.5%	19.5%	19.5%
Asia	11.8%	10.3%	8.3%	7.2%	7.2%	7.2%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Ratios	2021	2022	2023	2024P	2025E	2026E
Per share data						
Earnings per share reported	0.06	-0.25	-0.21	-0.02	0.02	0.10
Cash flow per share	0.32	0.08	0.20	0.05	-0.05	0.25
Book value per share	1.23	0.98	0.78	0.75	0.77	0.88
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	38.2x	-8.7x	-10.3x	-90.1x	106.5x	20.9x
P/CF	6.7x	26.7x	10.8x	42.4x	-40.7x	8.6x
P/BV	1.8x	2.2x	2.8x	2.9x	2.8x	2.5x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	14.9%	3.7%	9.3%	2.4%	-2.5%	11.7%
EV/Sales	0.6x	0.8x	0.7x	0.7x	0.8x	0.7x
EV/EBITDA	5.1x	68.8x	32.1x	15.7x	7.2x	4.9x
EV/EBIT	17.3x	-10.0x	-11.0x	362.6x	37.7x	11.3x
Income statement (EURm)						
Sales	36	37	38	38.8	36.8	39.2
yoy chg in %	7.1%	2.2%	3.2%	2.0%	-5.0%	6.4%
Gross profit	17.4	15.7	15.8	17.7	19.0	20.9
Gross margin in %	48.3%	42.7%	41.6%	45.6%	51.7%	53.3%
EBITDA	4	0	1	1.7	4.0	5.6
EBITDA margin in %	12.3%	1.1%	2.3%	4.3%	11.0%	14.2%
EBIT	1	-3	-3	0.1	0.8	2.4
EBIT margin in %	3.6%	-7.8%	-6.7%	0.2%	2.1%	6.1%
Net profit	1	-4	-3	-0.4	0.3	1.5
Cash flow statement (EURm)						
CF from operations	4.6	1.2	3.0	2.1	0.6	5.1
Capex	-1.8	-2.7	-0.8	-1.1	-1.2	-1.3
Maintenance Capex	0.0	0.0	0.0	1.4	1.4	1.4
Free cash flow	2.8	-1.5	2.1	1.1	-0.6	3.8
Balance sheet (EURm)						
Intangible assets	10.4	14.4	13.5	13.1	11.0	9.8
Tangible assets	10.7	9.8	8.8	8.1	7.9	7.5
Shareholders' equity	17.4	13.9	11.4	11.0	11.3	12.8
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	3.1	9.7	8.2	5.3	5.4	5.5
Net financial debt	-9.2	-3.0	-3.9	-5.3	-2.8	-4.8
w/c requirements	3.4	3.2	1.9	2.3	2.3	2.5
Ratios						
ROE	4.7%	-25.7%	-27.1%	-3.2%	2.6%	11.9%
ROCE	6.4%	-12.2%	-12.9%	0.4%	4.6%	13.1%
Net gearing	-52.6%	-21.4%	-34.1%	-48.4%	-25.2%	-37.3%
Net debt / EBITDA	-2.1x	-7.1x	-4.5x	-3.2x	-0.7x	-0.9x

Source: Company data; mwb research

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