

8 November 2019

**Intershop Communications AG**

**Rating** Hold  
**Share price (EUR)** 0.83  
**Target price (EUR)** 0.80

Bloomberg ISH2 GY  
Sector Software/IT-Service

**Share data**

Shares out (m) 42.6  
Market cap (EUR m) 35  
EV (EUR m) 29  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 0.0

**Performance**

ytd (%) -42.8  
12 months (%) -48.9  
12 months rel. (%) -54.4  
Index TecDAX

**Share price performance**



Source: Bloomberg

**Next triggers**

20.12.2019: extraordinary general meeting

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# Cloud transformation paving the way for turnaround

Intershop, a German e-commerce software provider, struggled with declining revenues since 2013 mainly due to a low market visibility. However, we believe, the management took the right steps to counteract. The company's highly competitive new cloud offering, together with intensified marketing activities, strong reference customers and a partnership with Microsoft should significantly increase its visibility in the market – leading to higher growth rates and raising margins. This will also be supported by strong tailwinds from a growing e-commerce market and the transition to a cloud based subscription payment model. This transition usually comes with a decrease in sales in the short-term as high one-time license payments are being replaced by smaller subscriptions fees, which, however, usually pay off from the third year onwards and lead to a higher predictability as they are recurring. From then on a CaaS (commerce as a service) customer is more profitable for Intershop than a license customer.

Therefore, in our view, a turnaround seems possible and we estimate a sales CAGR 19-22 of 9.8%. We expect the EBIT margin to turn positive (2%) again in 2020 – also due to cost reduction measures announced on October 28. We believe Intershop is still under the investor radar as it showed decreasing sales paired with a negative EBIT the last few years. We initiate Intershop with a Hold rating and a target price of EUR 0.80 based on our DCF model.

**New CaaS solution very well received**

In our view, the expansion of Intershop's cloud solution business in the B2B e-commerce market, which has been the focus since spring 2018, has only just begun. The CaaS solution offering which was launched last year was met with positive feedback and Intershop gained several promising new customers.

**Highly competitive solution according to industry analyst houses**

The renowned IT analyst firm Forrester Research once again ranked Intershop as a leading provider of eCommerce solutions for B2B applications in the Forrester Wave studies. Intershop also achieved a top rating in Forrester's „B2B Commerce Suites, Q3 2018“ industry analysis. Of all participants in the „Current Offering“ category, Intershop scored the highest and even better than SAP, which ranked second place.

Key figures		2017	2018	2019e	2020e	2021e
Sales	EUR m	36	31	33	35	39
EBITDA	EUR m	3	-3	-3	4	5
EBIT	EUR m	0	-6	-6	1	2
EPS	EUR	-0.02	-0.20	-0.16	0.01	0.02
Sales growth	%	n.a.	-12.9	4.2	7.7	11.4
Net margin	%	-2.0	-21.7	-20.6	1.2	2.6
EV/Sales	ratio	1.93	1.75	0.89	0.87	0.75
EV/EBITDA	ratio	24.3	-15.6	-9.7	8.3	6.5
EV/EBIT	ratio	167.0	-9.2	-4.9	43.5	18.9
P/E	ratio	-35.7	-4.1	-5.2	81.9	34.2
P/BV	ratio	0.5	0.4	0.4	0.4	0.4
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

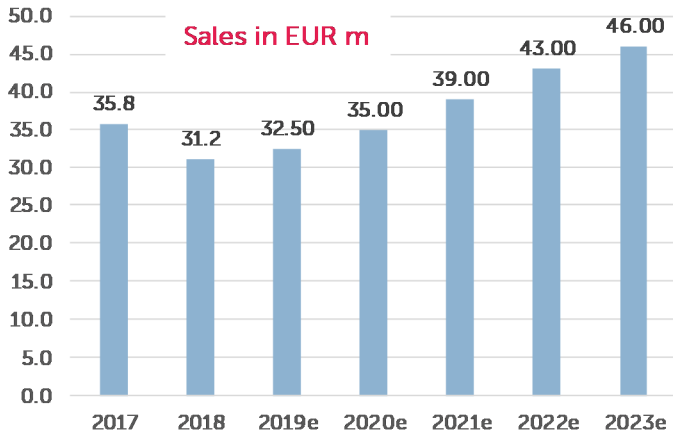
Source: Bloomberg, Company data, Quirin Privatbank estimates

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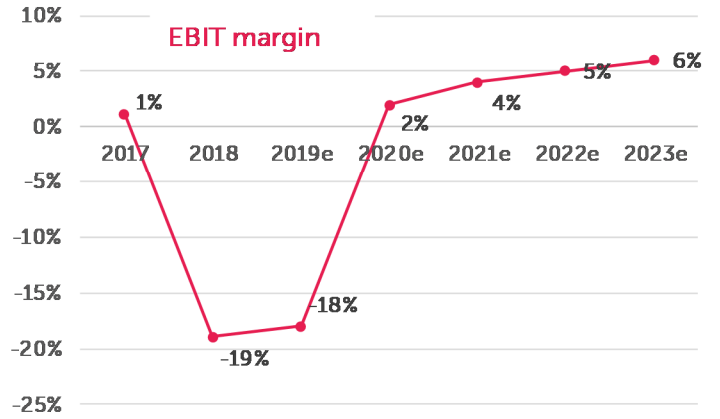
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# Investment Case in Charts

Sales expected to pick up in 2019e due to higher market visibility



Positive EBIT in 2020e due to cost reduction measures



Steps in cloud transformation - acceleration in 2020



With its competitive product, Intershop could be a M&A target as well

	Buyer	Target
2013	SAP	Hybris
2016	Salesforce	Demandware
2016	Oracle	Netsuite
2017	Hoffmann	Contorion
2018	Salesforce	CloudeCraze
2018	Adobe	Magento

Intershop's solution seen as highly competitive (Forrester study 2018)



Strong reference customers attracting new customers



Source: Intershop Communications AG, Quirin Privatbank AG

# Executive Summary and Investment Case

*Adjustment of guidance and restructuring program but revenue structure shifted towards subscriptions*

## Preliminary 9m 2019 results & adjustment of 2019 & 2020 guidance

Intershop reported preliminary 9m 2019 figures on October 15 with revenues at EUR 23m, which is a decline of -2% yoy. This decline is due to the transition to the cloud business as high one-time license payments are being replaced by smaller subscription fees, which, however, usually pay off from the third year onwards. Other reasons are setbacks in the competition for new customers. Those reasons along with tied up capacities as the company has to meet the commitments of license as well as cloud customers were the reason for the negative EBIT development. EBIT came in at EUR -4.6m against EUR -3.7m previous year. Incoming orders for cloud solutions came in at EUR 4.8m, up 52% yoy, while cloud-related revenues were up 19% yoy to EUR 4.6m. Although revenues and earnings improved in the course of the first three quarters of 2019, the pace of growth – especially where orders for cloud solutions are concerned – is insufficient to reach the current guidance for 2019 and 2020. Therefore, Intershop has adjusted its forecast for 2019 and 2020. Management now expects moderate yoy revenue growth (previously revenue growth of more than 10%) and a negative EBIT in the medium single-digit million EUR range (previously slightly negative EBIT) for the full year 2019. The adjusted forecast for 2020 (previously revenues of EUR 50m and an EBIT margin of 5%) will be announced no later than February 2020, when the company will also announce the preliminary figures for FY 2019.

Intershop's revenue structure has already shifted from one-time license revenues towards recurring cloud and subscription revenues; however, the transformation to a cloud provider seems to require more time than previously anticipated. Reasons are the aforementioned setbacks in the competition for new customers and tied up capacities as the company has to meet the commitments of license as well as cloud customers.

## Cost reduction measures, the proposal of a simplified capital reduction

On October 28, the management board and the supervisory board announced the adoption of a restructuring program, which includes various cost reduction measures, the proposal of a simplified capital reduction to the extraordinary general meeting and the planning of financing measures for 2020. The implementation of the program will entail costs in the amount of approximately EUR 1m for which a provision has to be established. The formation of this provision and the preliminary operating result (EBIT) of EUR -4.6m for 9m 2019 lead to a loss of half of the company's share capital within the meaning of Section 92 (1) of the German SCA (Stock Corporation Act, AktG) in accordance with the provisions of the German Commercial Code (HGB). Further losses in the amount of approximately EUR 4.5m will result from the anticipated write-down of the carrying amounts of fixed assets in the next annual financial statements. The management board will therefore convene an extraordinary general meeting, which is expected to take place in December 2019. The Management Board will report to the annual general meeting on the restructuring program and will propose to restructure the balance sheet by reducing the share capital by EUR 28,388,328 from EUR 42,582,492 to EUR 14,194,164 to cover losses and to transfer a partial amount to the capital reserve by way of a simplified capital reduction. The simplified capital reduction will be linked to a reverse stock split, with three old shares being consolidated into one new share.

## Intershop experiencing new visibility

The marketing and sales activities were stepped up in particular to achieve high visibility and brand awareness in the two strategically important areas of cloud business and wholesale focus. In addition, the cooperation with Microsoft plays an essential role, as the reputation of this company supports the perception of the Intershop brand. In addition, the good development of new customers proves that the competitiveness of the Intershop solution in combination with increasing visibility in the target markets is also reflected in the gradual operational impact. But the competition in the market for e-commerce platforms remains intense and every new project has to be fought for hard.

*In our view, the expansion of Intershop's cloud solution business in the B2B e-commerce market, which has been the focus since spring 2018, has only just begun.*

## Cloud offering well received

In our view, the expansion of Intershop's cloud solution business in the B2B e-commerce market, which has been the focus since spring 2018, has only just begun. The CaaS solution offering which was launched in March was met with positive feedback in the first few months and Intershop gained several promising new customers. We expect the number to grow considerably with increasing visibility on the

market. Intershop should also benefit from the new partnership with Microsoft in this area, which was further intensified in the third quarter. Integration into the solution portfolio of Microsoft Azure Cloud ("Microsoft Global Solution Maps") should further increase the global visibility of the Intershop offering and should considerably boost the company's international sales activities. Investments in sales and marketing temporarily affect profitability. In the medium term, the current transition will lead to considerably more consistency both in budgeting and in actual business performance due to the recurring cloud revenues.

#### **Risk of rising salary level**

As for other Software & IT service companies, Intershop's salary level of all employees as a whole should not rise excessively. However, in view of the shortage of skilled personnel and the demographic change, it will become increasingly difficult to staff all vacancies with qualified applicants. To attract applicants, Intershop could be forced to raise the salary level. However, in our view, the company can counteract the risk of a raising salary level with a strong employer branding and high employee satisfaction, which seems to be existing due to employer ratings.

#### **High staff retention rates**

Intershop is exceptionally well ranked in terms of employee satisfaction and work atmosphere. This is of great importance and can be seen as competitive edge as staff retention is more than crucial for a company operating in the Software & IT industry, which is characterized by a shortage of skilled personnel. Especially for a smaller player, it is even more important. Also according to other official rankings and surveys, Intershop is one of the most promising employers in Germany.

#### **Strong tailwinds from the B2B market**

Forrester Research estimates investments of approximately USD 2.4bn on B2B commerce platforms by 2021. Just over USD 1bn will be allocated for mid-sized wholesalers and B2B brand manufacturers who are upgrading and redesigning their commerce infrastructures to assert their market share in a dynamic market.

#### **Valuation**

We have derived our target price for Intershop from our DCF model. With a WACC of 7.25% (resulting from a risk free rate of 2.0%, market premium of 5% and a beta of 1.1), a mid-term revenue CAGR 2019-2022 of 9.8% fading to a perpetual growth rate of 1.5% and a sustainable long-term EBIT margin of 8% our DCF model derives a fair value of EUR 0.80 per share. Hence, we initiate Intershop with a Hold recommendation and a target price of EUR 0.80.

#### **Intershop named as leading Commerce Suite**

In September 2018, the renowned IT analyst firm Forrester Research once again ranked Intershop as a leading provider of eCommerce solutions for B2B applications in the Forrester Wave studies. Furthermore, in the Paradigm B2B Combine Report (July 2019) Intershop was medaled in 7 of the 10 featured categories – including gold medals for promotions management, sales & channel enablement and transaction management. Thus, Intershop won the highest number of gold medals among all ten participants for its product capabilities. According to the Combine report, customers said that the Intershop Commerce Suite offered market-leading and robust functionality that "really works right out-of-the-box" and that the system is tuned to "handle complexity well." The Paradigm B2B Combine Report takes a new approach to evaluating the 10 leading e-commerce solutions for B2B in 10 key categories. The Combine methodology is specifically designed to help B2B e-commerce professionals identify and choose best fit e-commerce solutions for their respective organizations.

Intershop also achieved a top rating in Forrester's „B2B Commerce Suites, Q3 2018“ industry analysis published in September. Of all participants in the „Current Offering“ category, Intershop scored the highest and even better than SAP, which ranked second place.

*Forrester Research estimates investments of approximately USD 2.4bn on B2B commerce platforms by 2021*

*Intershop again ranked as a leading provider of eCommerce solutions for B2B applications in the Forrester Wave studies*



## Company profile of Intershop

### Overview & business model

Intershop is a global developer of e-commerce software. At the center of its service range is the Intershop commerce software, which was brought to the market in 1996 as the world's first standard software for electronic commerce. Intershop's business model includes the orchestration of the entire omni-channel commerce process chain from the design of the online channels to implementation of the software platform and coordination of delivery of goods, i.e., fulfillment. Intershop's business activities are divided into the two main business segments „Software and Cloud“ and „Service“. The software and cloud business comprises the traditional licensing (5.6% of total revenues) & maintenance revenues (25.7%), which should decrease and be replaced by gradually increased new cloud & subscription revenues (19.8%). The service business (48.8% share) includes revenues from consulting services and training, and full service revenues. With its new cloud solution and partnership with Microsoft the company aims at increasing its market visibility in order to increase its growth and margins.

Intershop has over 300 customers worldwide, which are B2B (60%) as well as B2C (40%) clients. In our view, its platform for online business activities is quite powerful and competitive. The customers include both large corporations such as HP, BMW, Würth and Deutsche Telekom, but also medium-size companies such as Alturos Destinatio AG, Alpheios International, SharkNinja Operating LLC. Intershop operates in Europe, the United States and in the Asia Pacific region (mainly Australia) with about 350 employees.

### Segments

Since Intershop is increasingly focusing all its business activities on the cloud and its standardization starting in the 2018 financial year, revenues were reclassified into the main groups software and cloud revenue (including licenses & maintenance and also cloud and subscription) and service revenue at the beginning of the 2018 financial year.

### Products - expansion of Intershop's cloud business

#### Intershop's new CaaS solution & partnership with Microsoft

The expansion of the cloud business is closely linked to the partnership with Microsoft, which started in 2016. Since the collaboration Intershop's commerce solution is now available on Microsoft's Azure cloud platform. Intershop launched its new Commerce-as-a-Service (CaaS) solution in March 2018. This is a comprehensive standard cloud solution for medium-sized companies that can choose between three standard e-Commerce solutions (Essential, Advanced, and Professional) as well as a customized CaaS individual solution, depending on their level of digitization. Hosted on a Microsoft Azure infrastructure, Intershop ensures the uninterrupted operation and reliable performance of the e-Commerce solution. In addition, Intershop's CaaS customers have direct access to a team of experienced e-Commerce specialists for advice and support. Compared to previous cloud versions, the focus is now on standardization, which, in our view, significantly improves the competitiveness of the solution. Intershop intends to focus on its cloud business, which will be the focus for investments in research and development and in marketing and sales. In our view, this is the right step, as cloud solutions are gaining market acceptance thanks to their strategic advantages such as availability, security due to automatic updates, and resource efficiency. We believe that the main advantage of the Intershop Commerce Suite is its high scalability, which enables it to be used in a wide range of solution variants for all sales and company sizes, from a standard cloud to a highly customized on-premise installation. In the course of its new cloud solution, Intershop changed from a traditional license model to a subscription model, which should lead to significantly higher and more stable growth in the mid-term. The CaaS offering was developed based on the partnership with Microsoft. Therefore, we believe, this will enable Intershop to address new customers and market segments.

#### Microsoft partnership taken to the next level

In July 2018, Intershop even received the "Runner-up of the Year" award at the Microsoft partner conference Inspire in Las Vegas. In early September, Microsoft and Intershop agreed on further strengthening their partnership by bringing in a Microsoft team to the company headquarters in Redmond in the US. The Intershop Commerce solution is also incorporated in the Microsoft Azure Cloud ('Microsoft Global Solution Maps') solution

*The customers include both large corporations such as HP, BMW, Würth and Deutsche Telekom, but also medium-size companies*

*The expansion of the cloud business is closely linked to the partnership with Microsoft*

portfolio and integrated in the business applications of the Microsoft Dynamics 365 product family. In our view, the new level of partnership considerably increases the international presence of the Intershop offering and should support sales growth in the mid-term.

*In early September 2018, Intershop announced that it has gained the German company Trumpf as a new customer for its cloud solution*

#### **New CaaS customers**

Intershop was able to gain several new customers for its CaaS solution in 2018 and 2019, which is evidence that the new solution is quite well received. The new customers include the leading Romanian retailer *elefant.ro*, which aims to use the cloud-based solution to expand its already extensive market presence both in Romania and internationally. *Elefant.ro* is one of the first customers that chose the flexible and comprehensive CaaS service package. In early September 2018, Intershop announced that it has gained the German company Trumpf as a new customer for its cloud solution. Trumpf is known for high technology, from lasers to digitally networked machine tools (with revenue of about EUR 3.6bn) and relies on the Intershop software solution for its new Customer Experience Management System. Other new customers included *elero GmbH*, a B2B customer in the field of drives and controls for building technology, as well as *Spinner GmbH*, a technology company steeped in tradition from Southern Germany. The online shop of *Netto*, the food discount store, was migrated to Intershop 7, which was successfully implemented with the partner *dotSource* in a record time of 3 months. In addition to *Netto*, several other customers also went live with the latest version of the Intershop Commerce Suite during the reporting period, including the company's long-standing customer *Häfele* as well as *Block Foods AG*. In April 2019, *SharkNinja Operating LLC*, a privately held U.S. manufacturer of kitchen appliances and vacuum cleaners, has chosen Intershop to accelerate its online sales business by providing a robust and scalable Commerce-as-a-Service platform on Microsoft Azure.

## **Customers**

According to management, the wholesale sector was identified as the most promising sector with significant revenue potential for Intershop's solutions. This is because B2B wholesale is faced with the great challenge of digitizing its sales channels quickly and professionally in order to assert itself against new competitors and business models. Since Intershop already has extensive experience and prominent B2B customers, the company should have a knowledge advantage for building a strong market position in this sector. Intershop is increasingly investing in target-group specific marketing and sales, which, in our view, should further strengthen its customer base.

*believe, Intershop's new cloud offering will be well received by the market as there is an increasing willingness of companies to use cloud-based systems and programs*

We believe, Intershop's new cloud offering will be well received by the market as there is an increasing willingness of companies to use cloud-based systems and programs. Studies show that more than two thirds of companies in Germany alone have already been using cloud services. The growing market acceptance is the result of their strategic advantages such as availability, security due to automatic updates, and resource efficiency. At the same time, the pressure on small and medium-sized companies to establish or expand their own digital distribution channels is mounting. And it is in particular for this group of customers that cloud applications are oftentimes the best option since these applications are a quick, flexible and scalable solution entailing low investment risks.

Intershop has many well-known reference customers. In our view, this illustrates Intershop's high quality and that its product is well received, which should help the company to acquire customers. Some new customers, which were gained not long ago include *Intergastro Handels GmbH & Co. KG*, one of the leading wholesalers for catering supplies, the Dutch conglomerate *Imbema*, the family-run enterprise *Gebrüder Limmert AG*, one of the most successful electrical engineering wholesalers in Austria, as well as the global risk management Company *SAI Global*. The German startup *repay.me* also chose the Intershop platform as the basis for its new global C2C marketplace. The new customer *BRITA*, a world leader in drinking water optimization, chose to partner with Microsoft Azure in its decision to migrate to the Intershop Commerce Suite to promote the Group's internationalization strategy.

In addition, Intershop has also conducted many platform upgrades for existing customers. For example, *Lechler GmbH* migrated to the latest Intershop version. *Mister*

Spex, Europe's largest online optician, extended its collaboration with Intershop to nine European web shops by rolling out the latest Intershop Commerce Suite. In 2017, Miele expanded its online presence with Intershop in 18 additional markets. For this, Miele relies on the latest cloud version of the Intershop Commerce Suite based on Microsoft Azure. We believe this gives a taste how important the product for Intershop's customers is.

## Customer case study

*In December 2017 the management of Mister Spex decided to roll out the Intershop Commerce Suite across all its European web shops*

In order to gain an understanding of the value add Intershop can deliver its customers, we have a closer look at the case study with Mister Spex, Germany's biggest online optician operating in eleven countries and with an average of more than 60,000 website visitors every day.

In December 2017 the management of Mister Spex decided to roll out the Intershop Commerce Suite across all its European web shops. Mister Spex needed a more scalable solution that would support quick, easy, and cost-effective expansion – the own proprietary store solution had to be replaced as it was no longer appropriate given the increasing complexity of the business. For the migration, Intershop had to transfer 1.3m customer profiles together with 2.3m orders. Also, about 240,000 products had been migrated from the old system to the new platform. With Intershop's solution came a product information system, which enables all product data to be managed and updated centrally and forwarded to all sales channels. Moreover, the new platform's options for integrating data from third-party systems help Mister Spex communicate in real time with its inventory management system, which ensures that all product data is always up to date. The platform also allows seamless access to an extended order management system, which provides information on product availability, delivery times, order processing, returns, and payment.

In addition, with the new platform content is customized depending on how customers access the online store. Responsive design ensures optimal display and thus a user-friendly shopping experience on both desktop PCs and all mobile devices. The mobile website also offers simplified payment and search functions in line with users' navigation behavior. Moreover, the platform enables customers to communicate with sales staff in order to receive advice for which lenses to choose.

## The e-Commerce market & Intershop's business regions

*According to estimates by eMarketer, the B2C market volume for e-commerce will double to around USD 4.5 trillion by 2021*

According to estimates of the market research company eMarketer, global B2C e-Commerce sales increased by 23.2% in 2017 and by 21.1% in 2018 to a market volume of USD 2.8 trillion. Due to the high level of market maturity, the B2C online revenues in Western Europe posted a growth of 9.8% yoy to a market volume of USD 370bn. According to estimates by eMarketer, the B2C market volume for e-commerce will double to around USD 4.5 trillion by 2021. Forrester Research estimates investments of approximately USD 2.4bn on B2B commerce platforms by 2021.

While large growth rates are expected mainly in emerging and developing countries, growth in Western Europe will be somewhat weaker due to the advanced market maturity. Nonetheless, eMarketer forecasts online revenue growth of 36% to USD 457bn by 2021.

Forrester Research estimates investments of approximately USD 2.4bn on B2B commerce platforms by 2021. Just over USD 1bn will be allocated for mid-sized wholesalers and B2B brand manufacturers who are upgrading and redesigning their commerce infrastructures to assert their market share in a dynamic market.

*According to management, Intershop's sales activities will continue to focus on the developed e-Commerce markets in Europe, North America and Asia*

According to management, Intershop's sales activities will continue to focus on the developed e-Commerce markets in Europe, North America and Asia. Major focus will be given to the established Intershop markets Germany, Benelux countries, Scandinavia, France, the UK, Australia, and the United States. In these markets, Intershop either has its own local subsidiary or has flexible sales units and a corresponding partner network.



## Competitive positioning & edge

In our view, the market for e-Commerce platforms is still highly competitive. However, Intershop is counteracting with target group-specific marketing and sales approaches in order to increase its visibility on the market. The partnership with Microsoft should help here.

In 2018, Intershop put the focus on the further expansion of the business with SaaS solutions, as this market promises the highest growth rates and is increasingly establishing itself as the standard. Therefore, the company released its „Cloud First“ strategy in order to continuously improve and expand its cloud solution. In Q1 2018, Intershop introduced its new Commerce-as-a-Service solution (CaaS), which focuses on standardization in comparison to previous SaaS offerings. In our view, this should significantly increase the competitiveness of the company's cloud offering.

## Employees & competition for talent

When it comes to the competition for qualified employees, Intershop relies on cooperations with research institutions and departments at well-known universities to secure the recruitment of young talent. The share of university graduates in the total workforce is above average at 76%. According to a survey by Focus Money in cooperation with Faktenkontor GmbH, Intershop is one of the most promising employers in Germany. The „Deutschland Test“ study on career opportunities for engineers, released in September 2017, looked at the approximately 10,000 largest companies according to the number of employees based in Germany in terms of the three aspects of working atmosphere, innovative strength and workplace attractiveness. Among the more than 4,200 companies offering specialist careers specifically for engineers, 412 companies received the „Top Career Opportunities for Engineers“ award. Intershop ranked sixth among the IT and communications service providers. Also on the employer ranking website kununu, Intershop is well ranked with an average score of 4.32 with 5 being the highest possible score. Thus, Intershop seems to be a sought-after employer and therefore should have high staff retention rates, which is crucial for a software and IT service company.

## Research & Development

The research and development activities of Intershop focus on the consistent further development of the Intershop commerce platform. The company consistently provides technical updates as well as innovative functions and expansions. In addition, major platform releases are developed on a regular basis that comprise significant function upgrades.

Due to the Microsoft partnership, the focus of research and development is on the close interconnection of the cloud offering with the Microsoft solutions in order to perfect the interrelation of all components of the new offering and reduce the setup costs relating to new shops through standard integrations. The newest version of the Intershop standard solution - Intershop Commerce Management 7.10 - was introduced in September 2018. A new version of Intershop Order Management was also launched. A highlight of the latest version is the integration of the Intershop Commerce Suite into the applications for Microsoft Dynamics 365 for Finance and Operations. This is achieved by the Intershop standard connectors, which are the reason for seamless integration of the Intershop Commerce Suite in the ERP system of Microsoft Dynamics 365. This allows orders and inventory data between the Intershop Commerce Suite and Microsoft Dynamics 365 to be easily synchronized, avoiding double entries of data.

***A highlight of the latest version is the integration of the Intershop Commerce Suite into the applications for Microsoft Dynamics 365 for Finance and Operations***

## Financial analysis

### Balance sheet

When Intershop released its interim balance sheet as of September 30, 2019, the company had total assets of EUR 28.1m, which was EUR 5.4m higher than at the end of 2018. Non-current assets increased by 29% to EUR 13.3m. Current assets increased by EUR 2.4m to EUR 14.7m. Cash and cash equivalents increased by EUR 1.7m to EUR 8.9m. Equity increased by 28% to EUR 17.5m compared to the 2018 year-end. Non-current liabilities decreased by 38% to EUR 1.1m. Current liabilities increased 29.7% due to first-time recognition of lease liabilities. The equity ratio was 62%.

*The equity ratio is at 62% as of September 30, 2019*

## DCF Valuation

We have derived our target price for Intershop from our DCF model. With a WACC of 7.25% (resulting from a risk free rate of 2.0%, market premium of 5% and a beta of 1.1), a mid-term revenue CAGR 2019-2022 of 9.8% fading to a perpetual growth rate of 1.5% and a sustainable long-term EBIT margin of 8% our DCF model derives a fair value of EUR 0.80 per share. Hence, we initiate Intershop with a Hold recommendation and a target price of EUR 0.80.

### Revenue growth & margin development

Although revenues and earnings improved in the course of the first three quarters of 2019, the pace of growth – especially where orders for cloud solutions are concerned – is insufficient to reach the current guidance for 2019 and 2020. Therefore, Intershop has adjusted its forecast for 2019 and 2020. Management now expects moderate yoy revenue growth (previously revenue growth of more than 10%) and a negative EBIT in the medium single-digit million EUR range (previously slightly negative EBIT) for the full year 2019. The adjusted forecast for 2020 (previously revenues of EUR 50m and an EBIT margin of 5%) will be announced no later than February 2020, when the company will also announce the preliminary figures for FY 2019. Accordingly, we forecast sales growth for 2019 of 4.2% yoy and a EBIT of -5.9m. In 2020, we expect growth to pick up to 7.7% and a slightly positive EBIT of EUR 0.7m.

Medium-term growth should be driven by the partnership with Microsoft, which should gain traction in other European markets as well as the US and Southeast Asia. In the medium-term, other markets and sectors could be included in the verticalization, potentially contributing to the company's growth.

Also, the underlying conditions in the B2C and B2B e-Commerce market continue to be favorable. Intershop anticipates significant opportunities in the further expansion of its cloud solution business, which has been the focus of all business activities since spring 2018. The CaaS solution offering which was launched in March was well received by its customers in the first few months of distribution. As a result, Intershop gained several promising new customers. In our view, the pace of customer acquisition should grow considerably with increasing visibility of Intershop's product on the market. For this, the company intensified its marketing activities and also the new partnership with Microsoft which was further intensified in the third quarter should help to increase the company's global visibility and international sales activities.

Investments in sales & marketing activities should somewhat burden the profitability in the short-term; however, in our view, this is necessary so successfully complete the strategic transition from the license model to the cloud business with a subscription payment model. In the medium term, the subscription model should lead to considerably more stable revenues due to the recurring cloud revenues. In the short term, top line should be negatively impacted by the transition as one-time high license payments will be replaced by lower subscription payments which, however, usually pay off from the second year onwards. From then on, revenues are even higher than one-time license payments. The EBIT margin should increase in the medium-term due to an increasing share of subscription revenues, which generally have higher margins and less investments in sales & marketing. We expect a gradually improving EBIT margin to 5% in 2022. From then on, we expect the margin to increase gradually to a sustainable EBIT margin of 8%.

*Intershop anticipates significant opportunities in the further expansion of its cloud solution business, which has been the focus of all business activities since spring 2018*

With a beta of 1.1, we account for the small size of the company and the risk associated with the transition to a subscription payment model that may lead to fluctuating sales and earnings growth in the short-term and the current loss situation.

### DCF Model for Intershop Communications AG

(EUR m)	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	TV
<b>Sales</b>	<b>32.5</b>	<b>35.0</b>	<b>39.0</b>	<b>43.0</b>	<b>46.0</b>	<b>48.8</b>	<b>51.3</b>	<b>53.5</b>	<b>55.3</b>	<b>56.6</b>	
growth yoy	4.2%	7.7%	11.4%	10.3%	7.0%	6.1%	5.2%	4.2%	3.3%	2.4%	
<b>EBIT</b>	<b>-5.9</b>	<b>0.7</b>	<b>1.6</b>	<b>2.2</b>	<b>2.8</b>	<b>3.1</b>	<b>3.5</b>	<b>3.9</b>	<b>4.2</b>	<b>4.5</b>	
EBIT margin	-18.0%	2.0%	4.0%	5.0%	6.0%	6.4%	6.8%	7.2%	7.6%	8.0%	
<b>Taxes</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-1.4</b>	
Tax rate	-11%	31%	31%	31%	31%	31%	31%	31%	31%	31%	
<b>Depreciation</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	
% of sales	8.9%	8.5%	7.7%	7.6%	7.3%	7.2%	7.1%	7.0%	7.0%	7.0%	
<b>Capex</b>	<b>-2.9</b>	<b>-2.8</b>	<b>-3.1</b>	<b>-3.4</b>	<b>-3.2</b>	<b>-3.4</b>	<b>-3.6</b>	<b>-3.7</b>	<b>-3.9</b>	<b>-4.0</b>	
% of sales	9.0%	8.0%	8.0%	8.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
<b>Δ NWC</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	
% of sales	2.0%	0.5%	0.8%	0.7%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
<b>FCF</b>	<b>-7.2</b>	<b>0.5</b>	<b>0.6</b>	<b>1.0</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>	<b>2.8</b>	<b>50.2</b>
growth yoy	n.m.	n.m.	n.m.	n.m.	78.5%	8.9%	10.1%	9.9%	9.2%	7.9%	1.5%
<b>PV FCF</b>	<b>-7.1</b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>26.5</b>

<b>Enterprise value</b>	<b>30</b>	<b>PV Forecast Period</b>	<b>3</b>	<b>Risk free rate</b>	2.00%
- Net Debt / Net Cash	-4.2	<b>PV Terminal Value</b>	<b>26</b>	<b>Cost of debt</b>	3.00%
- Pension Provisions	0			<b>Market Premium</b>	5.00%
<b>Equity value</b>	<b>34</b>			<b>Equity ratio</b>	100%
Number of shares	42.6			<b>Company beta</b>	1.1
<b>Value per share (€)</b>	<b>0.80</b>			<b>WACC</b>	7.25%

Source: Quirin Privatbank

## Peer Group Valuation for Intershop

### Peer Group Overview

We also perform a peer group valuation on Intershop. As most of Intershop's direct competitors are not listed or were acquired by large Software & IT companies, we included a mix of some peers that are also active in the e-commerce market but which are active in different regions and offer e-commerce solutions not directly comparable to those of Intershop. However, in our view, the peer group is representative as it is relatively large and divers. We included WIX.com Ltd., Shopify Inc., Innofactor OYJ, Eagle Eye Solutions Group, Xero, ChannelAdvisor, Baozun, Prismi, Sysgroup, Dreamscape Networks, Kingdee International and Asseco Poland.

- **Wix.com Ltd.** operates and develops a web platform, which offers solutions that enable businesses, organizations, and individuals to develop customized websites, and application platforms. Wix.com serves customers worldwide. The company offers an affordable web development platform for small business owners and entrepreneurs to create professional-quality websites. Its drag-and-drop editing tool features templates, graphics, image galleries, and fonts, while its App Market offer more than 140 different apps, such as social plug-ins, online marketing and CRM tools, contact forms, and e-commerce capabilities.
- **Shopify Inc.** provides a cloud-based commerce platform. The Company offers a platform for merchants to create an omni-channel experience that helps showcase the merchant's brand.
- **Innofactor Oyj** is an information technology services provider. The Company provides solutions for enterprises and public sector in the field of web and communication services, e-services, e-commerce, document management, case management, enterprise resource planning, business intelligence, customer relationship management, and enterprise search.
- **Eagle Eye Solutions Group PLC** operates in the e-commerce industry. The Company provides a digital platform that enables retailers to connect with customers to deliver offers, rewards and services that can be redeemed.
- **Xero Limited** offers an online accounting system. The software features bank transaction importing, a cashbook, a general ledger, invoicing, accounts receivable, accounts payable, financial reporting, and management of expense claims.
- **ChannelAdvisor Corporation** provides e-commerce channel management solutions. The Company offers online channels for retailers to distribute their products such as online marketplaces, comparison shopping sites, and search engines. ChannelAdvisor serves customers worldwide. The company offers software and support services for large, midsized, and small e-commerce retailers looking for greater product visibility and brand management in marketplaces (such as eBay, Amazon.com, and Buy.com), comparison shopping sites (Shopping.com, Shopzilla, and PriceGrabber.com), search engines (Google and Bing), and their own Web stores. ChannelAdvisor counts some 2,900 clients, including Dell, Staples, Bed Bath & Beyond, and Urban Outfitters.
- **Baozun Inc.** provides e-commerce solutions. The Company's services include website design, development and hosting, information technology infrastructure, customer service, warehousing, and logistics services, as well as digital marketing. Baozun serves customers in China.
- **SysGroup PLC** provides cloud hosting, managed services and IT consultancy. The Company offers web hosting solutions, such as domain registration, professional e-mail and shared server Web hosting services, online remote backup services and e-commerce solutions.
- **Dreamscape Networks Limited** provides online and cloud-based solutions. The Company offers products and services including finding and securing a domain

name and web address, initial website design, build and hosting, email, and e-commerce solutions. Dreamscape Networks serves customers worldwide.

- **Kingdee International Software Group Company Limited**, through its subsidiaries, develops and sells enterprise management software, e-commerce application software and middleware software. The Company also provides internet-based services and setting up e-commerce platforms for enterprises. In addition, Kingdee provides solution consulting and technical support services.
- **Asseco Poland SA** offers software integration services. The Company serves primarily the banking, insurance, public administration, and manufacturing markets. Asseco Poland also trains bank employees, offers e-commerce solutions, and provides Internet access.

### Peer Group Valuation

As can be seen in the table below, Intershop trades at a discount in regard to EV/Sales multiples which seems justified as the peer group exhibits a much better margin and growth profile. Based on the equally weighted mean of EV/Sales multiples (for 2019e/2020e/2021e) of Intershop's peers, our peer group valuation yields an implied value per share in the range of EUR 2.0 to EUR 2.5. The implied value per share derived from our peer group EV/Sales valuation is higher than the fair value obtained from our DCF model for 2019e – same for 2020e and 2021e; but we still do not see upside here due to the different growth and margin profiles. We consider the DCF valuation to be more accurate and rely solely on our DCF model for the determination of Intershop's fair value. If Intershop aligns its growth and margin profile to the peer group's median, we expect a considerable rerating of its ratios, leading to significant upside.

### Peer Group Valuation for Intershop Communications AG

Company	EV/Sales 19e	EV/Sales 20e	EV/Sales 21e	EBITDA margin 19e	EBITDA margin 20e	EBITDA margin 21e	Sales CAGR 18-21e
WIX.COM LTD	10.3x	8.1x	6.5x	18.6%	15.0%	17.6%	25.2%
SHOPIFY INC - CLASS A	31.4x	21.4x	15.8x	3.6%	4.1%	5.0%	38.4%
INNOFACTOR OYJ	0.7x	0.7x	0.7x	-1.2%	8.4%	8.8%	2.0%
EAGLE EYE SOLUTIONS GROUP PL	2.6x	2.3x	1.9x	-13.6%	4.1%	10.6%	18.8%
XERO LTD	25.2x	18.6x	14.2x	6.1%	15.6%	20.0%	31.2%
CHANNELADVISOR CORP	1.8x	1.8x	1.7x	6.2%	13.3%	15.8%	4.8%
BAOZUN INC-SPN ADR	3.7x	2.7x	2.0x	8.9%	8.4%	9.5%	30.9%
SYSGROUP PLC	1.7x	1.3x	0.8x	9.7%	10.9%	12.5%	33.1%
DREAMSCAPE NETWORKS LTD	1.9x	1.6x	1.5x	12.4%	17.2%	18.9%	9.6%
KINGDEE INTERNATIONAL SFTWR	8.7x	7.4x	6.2x	27.6%	22.2%	20.1%	19.5%
ASSECO POLAND SA	0.8x	0.7x	0.7x	13.1%	14.6%	14.3%	6.7%
Median	2.6x	2.3x	1.9x	8.91%	13.3%	14.3%	19.5%
INTERSHOP COMMUNICATIONS AG	0.7x	0.6x	0.6x	-9.1%	10.6%	11.7%	7.7%
Relative to median	-73%	-72%	-70%	-202%	-20%	-18%	-60%
<b>Implied Fair Value (EUR m)</b>	<b>2.5</b>	<b>2.2</b>	<b>2.0</b>				

Source: Quirin Privatbank, Bloomberg



## Management overview

### Dr. Jochen Wiechen (CEO)

Dr. Jochen Wiechen takes on responsibility of all administrative departments, including Finance and Communication, additionally to Intershop's technical departments, which he had been heading already since 2013 as CTO (Chief Technical Officer). From his previous roles in large and mid-sized software companies, Dr. Wiechen brings extensive experience in the development and positioning of software solutions. Before joining Intershop, Dr. Wiechen was Vice President at SAP AG, overseeing their product strategy as well as product management, development, and support for the "Workforce Performance Builder." Prior to this, he served as a member of the Executive Board and Head of Product Development & Support at datango AG, where he was in charge of the company's product portfolio. Previous stages in his career have included the role of CTO at venture capital company Martlet Venture Management Ltd., where he was responsible for technology strategy and development, as well as roles at Psipenta GmbH and PSI AG. Dr. Wiechen holds a PhD in physics.

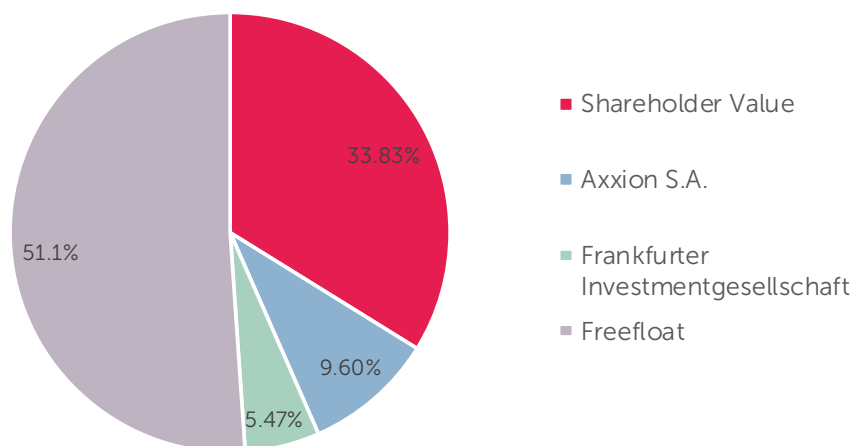
### Markus Klahn (COO)

On April 9, 2018, Markus Klahn was appointed as an additional member of the Management Board (Chief Operating Officer) of Intershop Communications AG. This addition to the Management Board with responsibility for the service business reflects the growing significance of the cloud business. Markus Klahn is an experienced sales expert and market observer, particularly with regard to the market positioning of software solutions. He will be also responsible for sales and marketing. He finished his studies of physics in Münster and Karlsruhe in favor of self-employment in the areas of CAD and PLM (Computer Assisted Design and PLM Product Lifecycle Management). In 1998 he sold his company to the proALPHA Group and joined the Management Board of proALPHA Consulting AG. There he was responsible for sales. During his 16 years with proALPHA, the company grew from 100 to 550 employees. In 2015 Markus Klahn joined Abas GmbH & Co. KG, a wholly owned subsidiary of Abas Software AG. Most recently, Markus Klahn was responsible for sales at JAGGAER, a leading procurement provider whose solutions are consistently based on SaaS models.

## Shareholder structure

The company's largest single shareholder is Shareholder Value Management AG, an owner-managed investment specialist with focus on value stocks, which holds an interest of 33.83%. As of the end of the reporting period, the free float amounted to 51.1%. These shares are held by a wide spectrum of private and institutional investors in Germany and abroad. Another major institutional shareholder is Axxion S.A., a privately owned investment manager, which holds a stake of 9.6%. We expect no major changes in the shareholder structure in the near-term.

### Shareholder Structure (in %)



Source: Intershop Communications AG, Quirin Privatbank

## SWOT analysis

### Strengths

- Excellent market position according to renowned market analysis houses – Intershop scored highest in the „Current Offering“ and „Commerce Management“ categories of a Forrester study
- High growth potential through positioning in growth market
- Well diversified customer base
- Clear strategy, focused on pushing cloud business forward
- Strong partners like Microsoft
- Well known customers as evidence for a strong product
- Loyal customer base
- High customer retention rate due to financial and timely obstacles
- Solid balance sheet with an equity ratio of almost 63%
- Ongoing digitalisation mega trend is far from completed and serves as tailwind
- Strong employer branding with good ranking among employees
- The reputation of Microsoft as strategic partner supports the perception of the Intershop brand

### Weaknesses

- Active in highly competitive and dynamic market which is undergoing constant change
- Active in sector with high competition for skilled employees
- The competition in the market for e-Commerce platforms remains intense and every new project has to be fought for hard

### Opportunities

- Further expansion of cloud business
- Acquisition of new customer groups
- Potential M&A candidate
- Strong tailwinds in the e-commerce business

### Threats

- Increasing competition in the e-commerce market
- Increasing competition for skilled employees / Loss of key people / higher wages
- Risks may arise because of the pace of technological change, competitors' innovations or the appearance of new players in the market or even new technology which may replace the current e-commerce business
- Decrease in IT budgets at one of the major clients
- Intershop fails to increase its market visibility
- Operating cash flow remains negative for a longer period

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2017	YOY	2018	YOY	2019e	YOY	2020e	YOY	2021e	YOY
Sales	35.8		31.2	-12.9 %	32.5	4.2 %	35.0	7.7 %	39.0	11.4 %
Cost of sales	-18.2		-19.3		-15.6		-16.8		-18.7	
Gross profit	17.6		11.9		16.9		18.2		20.3	
Selling expenses	-8.3		-9.6		-9.4		-9.1		-9.4	
General administrative expenses	-3.7		-3.5		-3.6		-3.5		-3.9	
Research and development costs	-5.1		-4.7		-4.9		-5.3		-5.9	
Other operating income	0.2		0.2		-4.2		1.1		1.2	
Other operating expenses	-0.3		-0.2		-0.7		-0.7		-0.8	
EBITDA	2.8		-3.5		-3.0		3.7		4.6	24.1 %
EBITDA margin (%)	7.91		-11.20		-9.10		10.48		11.67	
EBIT	0.4		-5.9		-5.9		0.7		1.6	122.9 %
EBIT margin (%)	1.15		-18.96		-18.00		2.00		4.00	
Net interest	-0.3		-0.1		-0.2		-0.1		-0.1	
Net financial result	-0.3		-0.1		-0.2		-0.1		-0.1	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	0.1		-6.1		-6.0		0.6		1.5	139.4 %
Pretax margin (%)	0.23		-19.43		-18.50		1.76		3.78	
Taxes	-0.7		-0.7		-0.7		-0.2		-0.5	
Tax rate (%)	919.75		-11.24		-11.24		31.00		31.00	
Earnings after taxes	0.8		-5.4		-5.3		0.8		1.9	
Group attributable income	-0.7		-6.8		-6.7		0.4		1.0	139.4 %
No. of shares (m)	31.7		34.9		42.6		42.6		42.6	
Earnings per share (EUR)	-0.02		-0.20		-0.16		0.01		0.02	139.4 %

## Balance sheet

Balance sheet (EUR m)	2017	YOY	2018	YOY	2019e	YOY	2020e	YOY	2021e	YOY
<b>Assets</b>										
Cash and cash equivalents	8.9		7.2		7.6		6.0		7.0	
Accounts receivables	5.2		4.0		4.6		5.0		5.6	
Inventories	0.7		1.1		1.1		1.2		1.3	
Other current assets	0.0		0.0		1.4		1.4		1.4	
Tax claims	0.6		0.1		0.1		0.1		0.1	
<b>Total current assets</b>	<b>14.8</b>	<b>n.a.</b>	<b>12.3</b>	<b>-17.0 %</b>	<b>14.7</b>	<b>19.4 %</b>	<b>13.5</b>	<b>-7.9 %</b>	<b>15.2</b>	<b>12.6 %</b>
Fixed assets	0.6		0.7		0.7		0.5		0.7	
Goodwill	4.5		4.5		4.8		4.8		4.8	
Other intangible assets	4.5		5.1		5.0		5.0		5.0	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	0.6		0.1		0.1		0.1		0.1	
Other fixed assets	0.0		0.0		2.8		2.8		2.8	
<b>Total fixed assets</b>	<b>10.2</b>	<b>n.a.</b>	<b>10.4</b>	<b>1.3 %</b>	<b>13.4</b>	<b>29.5 %</b>	<b>13.2</b>	<b>-1.3 %</b>	<b>13.4</b>	<b>1.0 %</b>
<b>Total assets</b>	<b>25.0</b>	<b>n.a.</b>	<b>22.7</b>	<b>-9.5 %</b>	<b>28.1</b>	<b>24.0 %</b>	<b>26.8</b>	<b>-4.8 %</b>	<b>28.6</b>	<b>6.8 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	31.7		34.9		42.6		42.6		42.6	
Reserves & other	7.8		9.7		10.7		10.7		10.7	
Revenue reserves	-24.2		-30.9		-35.8		-35.4		-34.3	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>15.3</b>	<b>n.a.</b>	<b>13.6</b>	<b>-11.0 %</b>	<b>17.5</b>	<b>28.5 %</b>	<b>18.0</b>	<b>2.4 %</b>	<b>19.0</b>	<b>5.7 %</b>
Minorities	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity incl. minorities</b>	<b>15.3</b>	<b>n.a.</b>	<b>13.6</b>	<b>-11.0 %</b>	<b>17.5</b>	<b>28.5 %</b>	<b>18.0</b>	<b>2.4 %</b>	<b>19.0</b>	<b>5.7 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	2.8		3.0		1.7		1.7		1.7	
Tax liabilities	0.2		0.2		0.0		0.0		0.0	
Other liabilities	0.2		0.1		0.7		0.8		0.8	
<b>Total long-term debt</b>	<b>3.2</b>	<b>n.a.</b>	<b>3.4</b>	<b>5.6 %</b>	<b>2.4</b>	<b>-30.6 %</b>	<b>2.4</b>	<b>2.3 %</b>	<b>2.5</b>	<b>3.5 %</b>
<b>Short-term debt</b>										
Other provisions	0.3		0.3		0.3		0.3		0.3	
Trade payables	1.5		1.5		1.5		1.6		1.8	
Financial debt	0.0		0.0		0.0		0.0		0.0	
Other liabilities	3.2		2.3		4.7		2.6		2.9	
<b>Total short-term debt</b>	<b>5.0</b>	<b>n.a.</b>	<b>4.1</b>	<b>-19.0 %</b>	<b>6.5</b>	<b>58.2 %</b>	<b>4.5</b>	<b>-30.2 %</b>	<b>5.0</b>	<b>11.4 %</b>
<b>Total equity &amp; liabilities</b>	<b>25.0</b>	<b>n.a.</b>	<b>22.7</b>	<b>-9.5 %</b>	<b>28.1</b>	<b>24.0 %</b>	<b>26.8</b>	<b>-4.8 %</b>	<b>28.6</b>	<b>6.8 %</b>



## Financial key ratios

Key ratios	2017	2018	2019e	2020e	2021e
<b>Per share data (EUR)</b>					
EPS	-0.02	-0.20	-0.16	0.01	0.02
Book value per share	0.5	0.4	0.4	0.4	0.4
Free cash flow per share	0.0	0.0	0.0	0.0	0.0
Dividend per share	0.00	0.00	0.00	0.00	0.00
<b>Valuation ratios</b>					
EV/Sales	1.93	1.75	0.89	0.87	0.75
EV/EBITDA	24.3	-15.6	-9.7	8.3	6.5
EV/EBIT	167.0	-9.2	-4.9	43.5	18.9
P/E	-35.7	-4.1	-5.2	81.9	34.2
P/B	0.5	0.4	0.4	0.4	0.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>Growth</b>					
Sales growth (%)	n.a.	-12.9	4.2	7.7	11.4
EBITDA growth (%)	n.a.	-223.4	-15.4	-224.0	24.1
EBIT growth (%)	n.a.	-1532.2	-1.1	-112.0	122.9
EPS growth (%)	n.a.	772.5	-21.3	-106.3	139.4
<b>Profitability ratios</b>					
EBITDA margin (%)	7.9	-11.2	-9.1	10.5	11.7
EBIT margin (%)	1.2	-19.0	-18.0	2.0	4.0
Net margin (%)	-2.0	-21.7	-20.6	1.2	2.6
ROCE (%)	3.2	-48.6	-36.9	4.4	n.a.
<b>Financial ratios</b>					
Total equity (EUR m)	15.3	13.6	17.5	18.0	19.0
Equity ratio (%)	61.2	60.2	62.4	67.1	66.3
Net financial debt (EUR m)	-6.2	-4.2	-5.9	-4.3	-5.3
Net debt/Equity	0.6	0.6	0.6	0.7	0.7
Interest cover	-1.2	37.4	33.9	-7.4	-16.4
Net debt/EBITDA	-2.2	1.2	2.0	-1.2	-1.2
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	2.7	1.8	2.5	2.7	3.0
Working capital/Sales	0.07	0.06	0.08	0.08	0.08

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#### Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
08.11.2019	0.80	Hold	08.11.2019

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