

26 February 2020

**DATAGROUP SE**

**Rating** Buy  
**Share price (EUR)** 62.80  
**Target price (EUR)** 72.00

Bloomberg D6H GY  
Sector IT-Service

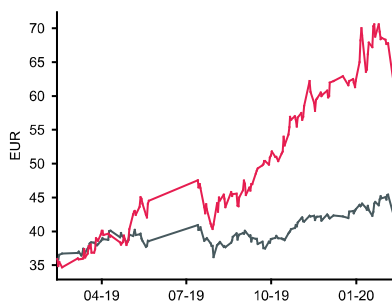
**Share data**

Shares out (m) 8.3  
Daily volume shs (m) 0.8  
Free float (%) 42.00  
Market cap (EUR m) 541  
EV (EUR m) 602  
DPS (EUR) 0.70  
Dividend yield (%) 1.1  
Payout ratio (%) 40.2

**Performance**

ytd (%) 1.0  
12 months (%) 74.4  
12 months rel. (%) 55.7  
Index TecDAX

**Share price performance**



— DATAGROUP  
— Price rel. to TecDAX - Price Index

Source: Bloomberg

**Next triggers**

03.03.2020: General Meeting with Guidance

**Analysts**

Sebastian Droste – Financial Analyst  
T +49 (0) 69 2475049 26  
sebastian.droste@quirinprivatbank.de

# Positive start into FY 2020/19

On February 25, Datagroup reported Q1 figures, which were better than we expected and with a surprisingly solid development of the acquired company IT-Informatik Ulm. Revenues were up very strongly by 19.3% yoy and better than we expected. Main reason here is the strong demand for Datagroup's IT service suite CORBOX – the company acquired eleven new customers and was able to upsell to seven existing customers. With, in our view, one of the best products in the market, we expect Datagroup to continue this trend on top line. EBITDA on the other hand increased under-proportionally by 4.4% yoy and slightly better than we expected. Reason for this are one-off effects caused by the first-time consolidation of assets of IT-Informatik Ulm, which were acquired from insolvency in August 2019. This company had suffered massive losses in the last years. The new business had to be completely restructured – extraordinary charges such as personnel expenses due to cutbacks in staff, increased selling expenses, a slower restart in terms of customers and the reduction of excessive rents. This had a negative effect on the margin but was already anticipated as it was clear from the beginning that this acquisition would be a restructuring. We were rather surprised that the impact wasn't more pronounced and management even expects to be able to increase margins to group level, which would be very favorable. Therefore, we leave our estimates unchanged for now and are confident management will deliver with their very positive acquisition track record. When eliminating the adverse one-off effects on profits, EBITDA would have grown by 34.2% to EUR 12.2m, corresponding to an EBITDA margin of 14.6%. Additional extraordinary charges due to the start-up of operating situations in major projects also had a negative impact, but in our view, this should result in a positive contribution in course of the year and can be seen as ramp-up costs. We remain quite positive on Datagroup and do not see the recent stock price slump justified. We remain on Buy and reiterate our target price of EUR 72.

**Datagroup SE - Q1 2020/19**

EUR m	Q1 2020/19	Q1 2019/18	yoy	Quirin est.	delta
<b>Revenues</b>	<b>82.8</b>	<b>69.4</b>	19.3%	<b>79.8</b>	<b>3.8%</b>
<b>EBITDA</b>	<b>9.5</b>	<b>9.1</b>	4.4%	<b>9.3</b>	<b>1.7%</b>
EBITDA margin	11.5%	13.1%	-164 BP	11.7%	-23 BP

Source: Datagroup SE, Quirin Privatbank AG

Key figures		2018	2019	2020e	2021e	2022e
Sales	EUR m	272	307	371	391	412
EBITDA	EUR m	34	47	57	60	64
EBIT	EUR m	20	24	28	34	40
EPS	EUR	1.55	1.74	1.99	2.45	2.95
Sales growth	%	21.9	12.7	20.9	5.5	5.2
EBIT growth	%	9.9	15.7	20.4	19.5	17.6
EPS growth	%	9.6	12.7	14.2	23.4	20.4
EBITDA margin	%	12.7	15.3	15.3	15.4	15.5
EBIT margin	%	7.5	7.7	7.7	8.7	9.7
Net margin	%	4.7	4.7	4.5	5.2	6.0
EV/Sales	ratio	1.06	1.96	1.62	1.48	1.36
EV/EBITDA	ratio	8.4	12.8	10.6	9.6	8.8
EV/EBIT	ratio	14.2	25.5	21.2	17.1	14.0
P/E	ratio	40.2	35.7	31.3	25.3	21.1
P/BV	ratio	8.1	8.9	10.2	11.8	13.8
Dividend yield	%	2.1	1.1	1.2	1.5	1.8

Source: Bloomberg, Company data, Quirin Privatbank estimates

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
Sales	272.1	21.9 %	306.8	12.7 %	371.0	20.9 %	391.4	5.5 %	411.8	5.2 %
Unfinished Goods	0.0		0.0		0.0		0.0		1.0	
Other own work capitalized	6.3		11.9		14.4		15.2		15.9	
Other operating earnings	0.0		0.0		0.0		0.0		1.0	
Cost of goods	-80.4		-99.2		-120.0		-126.6		-133.2	
Gross profit	278.4		318.6		385.4		406.6		427.7	
Personnel expenses	-134.7		-145.2		-175.6		-184.8		-194.0	
Depreciation	-14.0		-23.3		-28.3		-26.3		-23.9	
Other operating expenses	-28.9		-27.4		-33.0		-34.9		-36.7	
EBITDA	34.5	27.4 %	46.9	36.0 %	56.8	21.1 %	60.3	6.2 %	63.8	5.9 %
EBITDA margin (%)	12.67		15.28		15.30		15.40		15.50	
EBIT	20.4	9.9 %	23.6	15.7 %	28.4	20.4 %	34.0	19.5 %	39.9	17.6 %
EBIT margin (%)	7.51		7.70		7.66		8.68		9.70	
Net interest	n.a.		n.a.		n.a.		n.a.		n.a.	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-1.9		-1.9		-3.7		-3.4		-3.2	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	18.5	11.3 %	21.7	17.4 %	24.8	14.2 %	30.6	23.4 %	36.8	20.4 %
Pretax margin (%)	6.79		7.07		6.67		7.81		8.93	
Taxes	-5.6		-7.2		-8.2		-10.1		-12.2	
Tax rate (%)	30.33		33.09		33.09		33.09		33.09	
Earnings after taxes	24.1		28.9		33.0		40.7		49.0	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	12.9	15.0 %	14.5	12.7 %	16.6	14.2 %	20.4	23.4 %	24.6	20.4 %
No. of shares (m)	8.3		8.3		8.3		8.3		8.3	
Earnings per share (EUR)	1.55	9.6 %	1.74	12.7 %	1.99	14.2 %	2.45	23.4 %	2.95	20.4 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
<b>Assets</b>										
Cash and cash equivalents	38.7		47.5		70.2		91.2		111.4	
Accounts receivables	31.2		45.6		55.1		58.2		61.2	
Inventories	2.0		19.1		23.1		24.3		25.6	
Other current assets	29.1		36.6		36.6		36.6		36.6	
Tax claims	4.6		8.6		8.6		8.6		8.6	
<b>Total current assets</b>	<b>101.0</b>	<b>-8.6 %</b>	<b>148.8</b>	<b>47.3 %</b>	<b>185.1</b>	<b>24.4 %</b>	<b>210.4</b>	<b>13.7 %</b>	<b>234.8</b>	<b>11.6 %</b>
Fixed assets	22.4		60.1		50.6		44.2		41.3	
Goodwill	46.6		64.0		64.0		64.0		64.0	
Other intangible assets	15.3		18.6		18.6		18.6		18.6	
Financial assets	1.8		14.1		14.1		14.1		14.1	
Deferred taxes	4.6		8.6		8.6		8.6		8.6	
Other fixed assets	23.8		5.9		5.9		5.9		5.9	
<b>Total fixed assets</b>	<b>114.4</b>	<b>11.3 %</b>	<b>171.3</b>	<b>49.7 %</b>	<b>161.9</b>	<b>-5.5 %</b>	<b>155.5</b>	<b>-4.0 %</b>	<b>152.5</b>	<b>-1.9 %</b>
<b>Total assets</b>	<b>215.5</b>	<b>1.0 %</b>	<b>320.1</b>	<b>48.6 %</b>	<b>346.9</b>	<b>8.4 %</b>	<b>365.8</b>	<b>5.5 %</b>	<b>387.3</b>	<b>5.9 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	8.3		8.3		8.3		8.3		8.3	
Reserves & other	32.3		32.3		32.3		32.3		32.3	
Revenue reserves	30.6		40.1		50.9		64.6		81.0	
Accumulated other comprehensive	-4.0		-6.8		-6.8		-6.8		-6.8	
<b>Shareholder's equity</b>	<b>67.3</b>	<b>12.9 %</b>	<b>74.0</b>	<b>10.1 %</b>	<b>84.8</b>	<b>14.5 %</b>	<b>98.6</b>	<b>16.3 %</b>	<b>115.0</b>	<b>16.6 %</b>
Minorities	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity incl. minorities</b>	<b>67.3</b>	<b>12.9 %</b>	<b>74.0</b>	<b>10.1 %</b>	<b>84.8</b>	<b>14.5 %</b>	<b>98.6</b>	<b>16.3 %</b>	<b>115.0</b>	<b>16.6 %</b>
<b>Long-term liabilities</b>										
Pension provisions	40.6		37.7		37.7		37.7		37.7	
Financial liabilities	54.9		131.4		131.4		131.4		131.4	
Tax liabilities	0.9		2.5		3.0		3.2		3.4	
Other liabilities	3.5		5.4		6.6		6.9		7.3	
<b>Total long-term debt</b>	<b>100.0</b>	<b>-8.2 %</b>	<b>177.0</b>	<b>77.0 %</b>	<b>178.7</b>	<b>0.9 %</b>	<b>179.2</b>	<b>0.3 %</b>	<b>179.7</b>	<b>0.3 %</b>
<b>Short-term debt</b>										
Other provisions	7.3		9.2		11.1		11.7		12.3	
Trade payables	5.4		9.1		11.0		11.6		12.2	
Financial debt	0.0		0.0		0.0		0.0		0.0	
Other liabilities	36.4		53.2		64.4		67.9		71.4	
<b>Total short-term debt</b>	<b>49.2</b>	<b>5.0 %</b>	<b>71.5</b>	<b>45.5 %</b>	<b>86.5</b>	<b>20.9 %</b>	<b>91.3</b>	<b>5.5 %</b>	<b>96.0</b>	<b>5.2 %</b>
<b>Total equity &amp; liabilities</b>	<b>215.5</b>	<b>1.0 %</b>	<b>320.1</b>	<b>48.6 %</b>	<b>346.9</b>	<b>8.4 %</b>	<b>365.8</b>	<b>5.5 %</b>	<b>387.3</b>	<b>5.9 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2018	2019	2020e	2021e	2022e
<b>Per share data (EUR)</b>					
EPS	1.55	1.74	1.99	2.45	2.95
Book value per share	8.1	8.9	10.2	11.8	13.8
Free cash flow per share	2.4	2.4	2.3	0.0	0.0
Dividend per share	0.60	0.70	0.80	0.99	1.19
<b>Valuation ratios</b>					
EV/Sales	1.06	1.96	1.62	1.48	1.36
EV/EBITDA	8.4	12.8	10.6	9.6	8.8
EV/EBIT	14.2	25.5	21.2	17.1	14.0
P/E	40.2	35.7	31.3	25.3	21.1
P/B	8.1	8.9	10.2	11.8	13.8
Dividend yield (%)	2.1	1.1	1.2	1.5	1.8
<b>Growth</b>					
Sales growth (%)	21.9	12.7	20.9	5.5	5.2
EBITDA growth (%)	27.4	36.0	21.1	6.2	5.9
EBIT growth (%)	9.9	15.7	20.4	19.5	17.6
EPS growth (%)	9.6	12.7	14.2	23.4	20.4
<b>Profitability ratios</b>					
EBITDA margin (%)	12.7	15.3	15.3	15.4	15.5
EBIT margin (%)	7.5	7.7	7.7	8.7	9.7
Net margin (%)	4.7	4.7	4.5	5.2	6.0
ROCE (%)	14.4	10.4	12.4	n.a.	n.a.
<b>Financial ratios</b>					
Total equity (EUR m)	67.3	74.0	84.8	98.6	115.0
Equity ratio (%)	31.2	23.1	24.4	26.9	29.7
Net financial debt (EUR m)	56.8	121.6	98.8	77.8	57.7
Net debt/Equity	0.3	0.2	0.2	0.3	0.3
Interest cover	8.4	9.9	6.7	8.0	9.4
Net debt/EBITDA	1.6	2.6	1.7	1.3	0.9
Payout ratio (%)	38.8	40.2	40.2	40.2	40.2
Working Capital (EUR m)	27.8	55.5	67.2	70.8	74.5
Working capital/Sales	0.10	0.18	0.18	0.18	0.18

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

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HOLD <=-10% and < = +10%

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

Date	Price target-EUR	Rating	Initiation
26.02.2020	72.00	Buy	
03.02.2020	72.00	Buy	
20.08.2019	54.00	Buy	
15.04.2019	46.00	Buy	15.04.2019

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#### Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Str. 108 , 53117 Bonn

#### Contact Quirin Privatbank AG Frankfurt am Main

Schillerhaus / Schillerstraße 20 / 60313 Frankfurt am Main

Management Board: Karl Matthäus Schmidt • Johannes Eismann •

## Contact Details

### Quirin Privatbank AG

Schillerhaus | Schillerstrasse 20 | 60313 Frankfurt am Main

Tel.: +49 69 2 47 50 49-0 | Fax: +49 69 2 47 50 49-44 | Institutional-Sales-FFM@quirinprivatbank.de

Equity Research	Tel.	Email
Klaus Soer	+49 (0) 69 2475049-27	klaus.soer@quirinprivatbank.de
Ralf Marinoni	+49 (0) 69 2475049-24	ralf.marinoni@quirinprivatbank.de
Sebastian Droste	+49 (0) 69 2475049-26	sebastian.droste@quirinprivatbank.de
Daniel Kukalj	+49 (0) 69 2475049-28	daniel.kukalj@quirinprivatbank.de
Jannik Lucas	+49 (0) 69 2475049-29	jannik.lucas@quirinprivatbank.de

Equity Sales	Tel.	Email
Rainer Jell	+49 (0) 69 2475049-45	rainer.jell@quirinprivatbank.de
Klaus Messenzehl	+49 (0) 69 2475049-46	klaus.messenzehl@quirinprivatbank.de
Bruno de Lencquesaing	+49 (0) 69 2475049-81	bruno.delencquesaing@quirinprivatbank.de

Fixed Income Sales	Tel.	Email
Jürgen Raabe	+49 (0) 69 2475049-41	juergen.raabe@quirinprivatbank.de
Janine Kaiser	+49 (0) 69 24750 49-83	janine.kaiser@quirinprivatbank.de
Stefan Krewinkel	+49 (0) 69 2475049-43	stefan.krewinkel@quirinprivatbank.de
Michael Laufenberg	+49 (0) 69 2475049-48	michael.laufenberg@quirinprivatbank.de
Roman Piroutek	+49 (0) 69 2475049-47	roman.piroutek@quirinprivatbank.de

Trading / Sales Trading	Tel.	Email
Thomas Flügel	+49 (0) 69 2475049-92	thomas.fluegel@quirinprivatbank.de
Jean-Marie Frémion	+49 (0) 69 2475049-90	jean-marie.fremion@quirinprivatbank.de
Peter Rumstich	+49 (0) 69 2475049-65	peter.rumstich@quirinprivatbank.de

Business Support	Tel.	Email
Suganya Sutharsan	+49 (0) 69 2475049-88	suganya.sutharsan@quirinprivatbank.de