

4 March 2020

**DATAGROUP SE**

<b>Rating</b>	<b>Buy</b>
<b>Share price (EUR)</b>	<b>58.40</b>
<b>Target price (EUR)</b>	<b>72.00</b>
Bloomberg	D6H GY
Sector	IT-Service

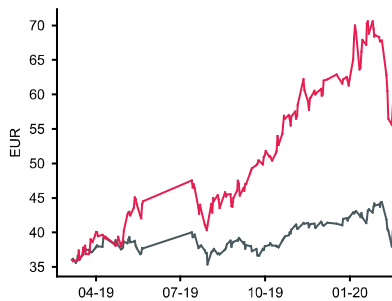
**Share data**

Shares out (m)	8.3
Daily volume shs (m)	1.0
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 (%)	-6.1
12 months (%)	68.3
12 months rel. (%)	56.2
Index	TecDAX

**Share price performance**



— DATAGROUP  
— Price rel. to TecDAX - Price Index

Source: Bloomberg

**Next triggers**

10.03.2020: Conference Call Q1

**Analysts**

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# Datagroup releases Guidance 2020

On March 3, Datagroup held its annual general meeting and released its guidance and dividend for 2020. Management expects to grow revenues to over EUR 375m and EBITDA to over EUR 55m, which implies an EBITDA margin of 14.7%. Top line came in slightly better than we expected (+1.1%) and slightly below Bloomberg consensus (-1.6%). EBITDA guidance is -5% below consensus and -3.2% below our estimate. However, we view it as positive that management is not too optimistic here as restructuring of IT-Informatik Ulm is not yet completed, which was acquired from insolvency in August 2019. Management was able to already stabilize the company and we believe they will soon be able to return it to profitability. The usual business is also performing quite well with twelve new customers and nine upselling customers already been added in the current fiscal year. Datagroup also profits from its recent ranking as one of the best IT service providers in 2020 and as one of the top 35 IT employers in Germany, which helps to win new talent, especially in view of the shortage of IT specialists.

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.

**Dividend increased for the fifth consecutive time**

The management increased the dividend per share for the fifth consecutive time to EUR 0.7 per no-par share, corresponding to EUR 5.8m and 40 % of the group's net income. The general meeting improved the increase.

**Datagroup SE - Guidance 2020**

EUR m	Guidance 2020	2019	yoy	Consensus	delta	Quirin est.	delta
<b>Revenues</b>	<b>375.0</b>	<b>306.8</b>	22.2%	<b>381.0</b>	<b>-1.6%</b>	<b>371.0</b>	<b>1.1%</b>
<b>EBITDA</b>	<b>55.0</b>	<b>39.8</b>	38.2%	<b>57.9</b>	<b>-5.0%</b>	<b>56.8</b>	<b>-3.2%</b>
EBITDA margin	14.7%	13.0%	169 BP	15.2%	-52 BP	15.3%	-64 BP

Source: Datagroup SE, Quirin Privatbank AG, Bloomberg

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

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

Date	Price target-EUR	Rating	Initiation
04.03.2020	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

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