

**PSI**

Germany/Software &amp; Computer Services

Analysér

**Hold**

Recommendation unchanged

**Share price: EUR 17.25**

closing price as of 28/10/2011

**Target price: EUR 18.00**

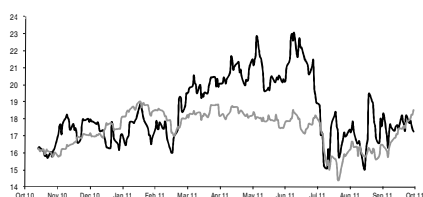
Target Price unchanged

Reuters/Bloomberg

PSAG.DE/PSA2.GY

Market capitalisation (EURm)	271
Current N° of shares (m)	16
Free float	59%
Daily avg. no. trad. sh. 12 mth	26,581
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	23.05
Price low 12 mth (EUR)	15.00
Abs. perf. 1 mth	-1.77%
Abs. perf. 3 mth	-10.99%
Abs. perf. 12 mth	12.01%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	159	161	176
EBITDA (m)	14	14	17
EBITDA margin	8.8%	8.7%	9.8%
EBIT (m)	10	10	14
EBIT margin	6.0%	6.4%	7.9%
Net Profit (adj.)(m)	7	7	10
ROCE	6.8%	7.7%	10.0%
Net debt/(cash) (m)	(21)	(28)	(30)
Net Debt/Equity	-0.3	-0.4	-0.4
Debt/EBITDA	-1.5	-2.0	-1.7
Int. cover(EBITDA/Fin. int)	8.2	7.1	10.0
EV/Sales	1.8	1.7	1.6
EV/EBITDA	21.0	19.8	15.9
EV/EBITDA (adj.)	21.0	19.8	15.9
EV/EBIT	30.8	26.9	19.7
P/E (adj.)	39.7	41.1	27.8
P/BV	4.1	3.8	3.6
OpFCF yield	2.3%	4.1%	2.3%
Dividend yield	1.3%	1.7%	2.3%
EPS (adj.)	0.45	0.42	0.62
BVPS	4.34	4.53	4.85
DPS	0.23	0.30	0.40



Source: Factset

— PSI — Box Share (Rebased)

## Analyst(s):

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**Profit warning on weak energy segment – stay cautious**

**The facts:** PSI issued a profit warning last Friday with EBIT-outlook lowered to EUR 10-11m for FY 11e compared to EUR 13m projected earlier. PSI confirmed our previously voiced concerns that delayed grid investments and upfront costs for new energy products as well as market-penetration-costs in Asia contributed to weak EBIT of EUR 2.45m in Q3 11.

**PSI - Q3 2011 results review**

EUR m	Q3 11	Q3 10	y-y (%)	9m 11	9m 10	y-y (%)	Q3 11e	Q3 11c
Order intake	41.00	29.00	41%	138.00	122.00	13%	38.00	n.a.
<b>Sales</b>	<b>41.08</b>	<b>36.44</b>	<b>13%</b>	<b>117.30</b>	<b>113.50</b>	<b>3%</b>	<b>38.60</b>	<b>40.00</b>
<b>EBIT</b>	<b>2.45</b>	<b>1.75</b>	<b>40%</b>	<b>6.29</b>	<b>5.43</b>	<b>16%</b>	<b>2.20</b>	<b>2.50</b>
Margin (% of sales)	6.0%	4.8%		5.4%	4.8%		5.7%	6.3%
EBT	2.06	1.31	57%	5.06	4.15	22%	1.68	2.00
Net income	1.45	1.39	5%	3.36	3.56	-6%	1.37	1.60
<b>Adj. EPS (EUR)</b>	<b>0.09</b>	<b>0.09</b>	<b>5%</b>	<b>0.21</b>	<b>0.23</b>	<b>-6%</b>	<b>0.09</b>	<b>0.10</b>

Source: PSI, equinet

**Our analysis: Energy segment profitability suffered in Q3 11 – production**

**management gains ground:** Group sales of EUR 41.08m and order intake of EUR 41m in Q3 11 have been better than expected, primarily due to outperformance in Production Management. Group Q3 11 EBIT of EUR 2.46m was better than we expected (EUR 2.20m) but in-line with consensus. However, the once-sole-earnings driver energy management reported a drop in EBIT by two Thirds despite a 3% y-y gain in revenues. Significant upfront R&D still bite into earnings. Furthermore, grid operators subject to disposal processes currently keep their pockets closed for new large-scale projects. Strong performance in production management is the silver lining of PSI's Q3 reporting as PSI's new product platform PSI Metals pays off.

**PSI - Review Q3 2011 segment results**

EUR m	Q3 11	Q3 10	y-y (%)	9m 11	9m 10	y-y (%)	Q3 11e
Energy Mgmt.	15.26	14.75	3%	47.00	45.11	4%	15.25
Production Mgmt.	20.30	15.82	28%	56.07	48.73	15%	18.73
Infrastructur Mgmt.	5.52	5.87	-6%	14.22	19.66	-28%	4.62
<b>GROUP SALES</b>	<b>41.08</b>	<b>36.44</b>	<b>13%</b>	<b>117.30</b>	<b>113.50</b>	<b>3%</b>	<b>38.60</b>
Energy Mgmt.	0.44	1.41	-69%	3.07	4.56	-33%	1.37
Production Mgmt.	1.90	-0.22	n.m.	3.58	0.16	2164%	1.32
Infrastructur Mgmt.	0.48	0.78	-39%	0.97	1.28	-24%	0.31
Consolidation	-0.36	-0.21	73%	-1.32	-0.56	136%	-0.79
<b>GROUP EBIT</b>	<b>2.45</b>	<b>1.75</b>	<b>40%</b>	<b>6.29</b>	<b>5.43</b>	<b>16%</b>	<b>2.20</b>

Source: PSI, equinet

**Conclusion & Action:** We confirm our recently lowered EBIT 11e forecast of EUR 10.3m, leaving significant downside to consensus estimates of EUR 12.9m. We've recently downgraded PSI to HOLD (Acc.) hinting on a challenging Q4 11e to make the previous guidance of EUR 13m. We confirm our HOLD recommendation and our EUR 18 price target on the company's strong strategic positioning and M&A downside protection. However, we now don't expect energy segment recovery to arrive earlier than in the course of 2012e. Hence, investors have to be patient on the name.