

PSI SE

Germany / Software
 Primary exchange: Frankfurt
 Bloomberg: PSAN GR
 ISIN: DE000A0Z1JH9

Q1 2025 results

RATING
BUY

PRICE TARGET
€ 40.00

Return Potential 32.0%
 Risk Rating Medium

RAISING PRICE TARGET ON MARGIN FORECAST UPGRADES

PSI's order intake jumped 66.3% to €158m in Q1/25 due to the conclusion of the partnership with E.ON announced in February, and catch-up effects following the cyberattack in early 2024. However, contributions from E.ON are likely to be lower in coming quarters and so growth in the order intake is likely to slow. Q1/25 sales and EBIT were respectively 3% and 16% above our forecasts. But given that reported Q1 EBIT is under 20% of our full-year forecast, we are leaving our FY/25 sales and EBIT projections unchanged. We had previously assumed that investment ahead of the deployment of new cloud/SAAS products would constrain margin expansion in 2026 at the Grid & Energy Management and Discrete Manufacturing business units. In our most recent study of 25 April, we modelled a decline in the EBIT margin from 2025 to 2026 at the former business unit from 3.9% to 3.0% and at the latter a modest improvement from -1.0% to 0.0%. We now think that these numbers are overly conservative and that ongoing efficiency improvements (simplification of business structure, better project management, improved productivity) will allow margin expansion at these business units in 2026 to 5.5% and 3.0% respectively. Based on upgraded earnings forecasts, we raise our price target from €36 to €40. Our recommendation remains unchanged at Buy. Upside: 32%.

We believe E.ON contributed over €30m to Q1 order intake The most striking number in PSI's first quarter results was the order intake, which climbed 66.3% to €158m (Q1/24: €95m). The increase was driven by a large order in connection with the long-term partnership with E.ON announced in February, which we believe contributed over €30m. Catch-up effects following the cyberattack last February also boosted the order intake. Q1 is typically PSI's strongest quarter of the year with regard to order intake as customers renew their software maintenance contracts. Over the past five years the first quarter has accounted for an average 38% of the full-year order intake. However, we think this figure will be substantially higher in 2025.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2023	2024	2025E	2026E	2027E	2028E
Revenue (€m)	269.9	260.8	287.8	316.5	348.2	383.1
Y-o-y growth	8.9%	-3.4%	10.3%	10.0%	10.0%	10.0%
EBIT (€m)	5.6	-15.2	10.7	19.5	29.5	47.8
EBIT margin	2.1%	-5.8%	3.7%	6.2%	8.5%	12.5%
Net income (€m)	0.3	-21.0	5.9	13.0	20.4	33.7
EPS (diluted) (€)	0.02	-1.35	0.38	0.84	1.31	2.18
DPS (€)	0.00	0.00	0.00	0.00	0.40	0.70
FCF (€m)	9.9	-26.7	16.8	16.0	23.5	36.6
Net gearing	28.9%	66.6%	39.9%	30.1%	16.3%	2.2%
Liquid assets (€m)	50.5	26.5	28.8	31.7	41.8	61.3

RISKS

Risks include but are not limited to slower than expected margin expansion than we currently model.

COMPANY PROFILE

PSI makes software control systems, primarily for energy, utility companies and metals producers. Customers also include manufacturers and logistics systems providers. The company's control system products are widespread in its core German market.

MARKET DATA

As of 05 May 2025

Closing Price	€ 30.30
Shares outstanding	15.49m
Market Capitalisation	€ 469.29m
52-week Range	€ 18.30 / 31.60
Avg. Volume (12 Months)	7,131

Multiples	2024	2025E	2026E
P/E	n.a.	68.4	31.1
EV/Sales	1.8	1.6	1.5
EV/EBIT	n.a.	43.8	24.0
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2025

Liquid Assets	€ 32.50m
Current Assets	€ 152.63m
Intangible Assets	€ 70.64m
Total Assets	€ 262.88m
Current Liabilities	€ 104.37m
Shareholders' Equity	€ 96.07m

SHAREHOLDERS

InvAG für langfristige Investoren TGV	20.7%
Innogy SE	17.8%
Management and employees	15.0%
Harvinder Singh	8.1%
Free float and other	38.4%



We believe that PSI has already booked over half of the volume of the E.ON project as part of order intake in Q1/25. This suggests that y-o-y order intake growth in the remaining quarters of 2025 will be substantially lower than in Q1.

Figure 1: Q1/25 results versus our forecasts

All figures in €m	Q1 25A	Q1 25E	Δ	Q1 24A	Δ
Order intake	158.0	140.0	12.9%	95.0	66.3%
Sales	67.9	65.9	3.0%	50.3	35.1%
by segment:					
Grid & Energy Man.	30.3	30.3	-0.1%	22.8	32.7%
Process Industries & Metals	19.2	17.3	11.3%	14.1	36.2%
Discrete Manufacturing	7.8	8.3	-5.8%	6.1	27.3%
Logistics	8.2	8.1	1.2%	5.9	38.4%
Other/eliminations	2.5	2.0	23.2%	1.3	83.6%
Total EBIT	2.1	1.9	15.5%	-14.8	n.a.
margin (%)	3.2%	2.8%	-	-29.4%	-
by segment:					
Grid & Energy Man.	1.5	0.9	65.3%	-9.2	n.a.
margin (%)	5.0%	3.0%	-	-40.5%	-
Process Industries & Metals	0.8	1.3	-35.9%	-0.7	n.a.
margin (%)	4.3%	7.5%	-	-5.2%	-
Discrete Manufacturing	-0.1	-0.2	-49.1%	-1.2	n.a.
margin (%)	-1.1%	-2.0%	-	-19.7%	-
Logistics	0.0	-0.1	n.a.	-1.3	n.a.
margin (%)	0.1%	-1.0%	-	-22.3%	-
Eliminations	-0.1	-0.1	n.a.	-2.3	n.a.
EPS (€)	0.02	0.02	17.6%	-1.06	n.a.

Source: First Berlin Equity Research estimates, PSI SE

Q1 sales and EBIT respectively 3% and 16% above our forecast Q1/25 sales were 3% above our forecast due mainly to better than expected performance at Process Industries & Metals. EBIT benefitted from strong performance by Grid & Energy Management due to the E.ON order. EBIT at Discrete Manufacturing and at Logistics was depressed by investment ahead of the first continuous deployment of Logistics' Warehouse Management System and Discrete Manufacturing's Manufacturing Execution System later this year. PSI's management has maintained the guidance given in the annual report at the end of March: i.e. growth in new orders and revenue of 10% for the year and an adjusted EBIT margin of ca. 4%.

Q1/25 net debt 42% below Q3/24 peak Net operating cashflow fell 32.9% to €10.6m in Q1/25 (Q1/24: €15.9m), but cashflow after investing rose 23.9% to €18.9m (Q1/24: €15.2m) due to €8.6m in proceeds from the disposal of the Mobility business unit. Net debt including pension and leasing liabilities fell €21.5m during Q1/25 to €42.1m, equivalent to net gearing of 43.8%. These figures were below the post-cyberattack peak of €72.2m and 82.0% respectively reached at end Q3/24, but well above Q1/24's €19.1m and 20.1%. We expect net debt of €48.9m by year-end 2025.



Buy recommendation maintained; price target raised from €36 to €40 We have left our 2025 sales and EBIT forecasts unchanged. However, we have revised 2025 EPS down to €0.38 (previously: €0.41). The reduction stems mainly from the inclusion in our FY/25 forecast of €-220k in earnings from discontinued operations in connection with the disposal of the Mobility business unit. As outlined above, we have revised up our 2026 margin forecast for the Grid & Energy Management and Discrete Manufacturing business units. These changes are the main reasons for the increase in our price target from €36 to €40. We maintain our Buy recommendation. Upside: 32%.

Figure 2: Changes to forecasts

€m	2025E			2026E			2027E			2028E		
	New	Old	Δ %	New	Old	Δ %	New	Old	Δ %	New	Old	Δ %
Sales	287.8	287.8	0.0%	316.5	316.5	21.0%	348.2	348.2	0.0%	383.1	383.1	0.0%
by segment:												
Grid & Energy Man.	137.7	137.7	-	151.4	151.4	-	166.6	166.6	-	183.2	183.2	-
Process Industries & Metals	78.4	78.4	-	86.3	86.3	-	94.9	94.9	-	104.4	104.4	-
Discrete Manufacturing	37.5	37.5	-	40.5	40.5	-	43.8	43.8	-	47.3	47.3	-
Logistics	36.8	36.8	-	41.3	41.3	-	46.2	46.2	-	51.8	51.8	-
Other/eliminations	-2.7	-2.7	-	-3.0	-3.0	-	-3.3	-3.3	-	-3.6	-3.6	-
Total EBIT	10.7	10.7	0.0%	19.5	14.5	34.5%	29.5	29.5	0.0%	47.8	47.8	0.0%
margin (%)	3.7%	3.7%	-	5.1%	3.8%	-	8.5%	8.5%	-	12.5%	12.5%	-
by segment:												
Grid & Energy Man.	5.4	5.4	-	8.3	4.5	-	15.0	15.0	-	22.0	22.0	-
margin (%)	3.9%	3.9%	-	5.5%	3.0%	-	9.0%	9.0%	-	14.5%	14.5%	-
Process Industries & Metals	7.5	7.5	-	8.6	8.6	-	7.6	7.6	-	15.7	15.7	-
margin (%)	9.5%	9.5%	-	10.0%	10.0%	-	8.0%	8.0%	-	18.2%	18.2%	-
Discrete Manufacturing	-0.4	-0.4	-	1.2	0.0	-	3.5	3.5	-	4.7	4.7	-
margin (%)	-1.0%	-1.0%	-	3.0%	0.0%	-	8.0%	8.0%	-	11.7%	11.7%	-
Logistics	0.0	0.0	-	3.3	3.3	-	5.5	5.5	-	7.8	7.8	-
margin (%)	0.0%	0.0%	-	8.0%	8.0%	-	12.0%	12.0%	-	18.8%	18.8%	-
Eliminations	-1.8	-1.8	-	-2.0	-2.0	-	-2.1	-2.1	-	-2.4	-2.4	-
EPS (€)	0.38	0.41	-7.9%	0.84	0.53	58.1%	1.31	1.23	7.2%	2.18	2.09	4.2%

Source: First Berlin Equity Research estimates



VALUATION MODEL

€000s	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net sales	287,773	316,537	348,205	383,074	421,382	463,520	505,237	548,050
NOPLAT	7,735	14,152	21,376	34,639	38,425	42,268	46,072	49,947
+ Depreciation and amortisation	15,604	17,164	18,533	20,006	21,585	23,280	25,375	27,525
= net operating cash flow	23,339	31,316	39,909	54,644	60,010	65,548	71,447	77,473
- total investments (Capex and WC)	-14,532	-24,820	-27,201	-30,130	-32,630	-35,346	-37,649	-39,502
Capital expenditure	-18,678	-20,902	-22,840	-24,610	-26,488	-28,505	-30,701	-32,226
w working capital	4,146	-3,918	-4,360	-5,520	-6,142	-6,841	-6,948	-7,276
= Free cash flow (FCF)	8,807	6,496	12,709	24,514	27,380	30,202	33,798	37,971
PV of FCFs	8,369	5,709	10,328	18,422	19,028	19,410	20,086	20,868

€000s	
PVs of FCFs explicit period (2025-40)*	285,740
PVs of FCFs in terminal period	397,360
Enterprise Value (EV)	683,100
Net cash/(net debt)	-63,561
Shareholder value	619,539
No. shares (000s)	15,488
Value per share (€)	40.00

WACC	8.14%
Cost of equity	10.1%
Pre-tax cost of debt	5.0%
Normal tax rate	30.0%
After-tax cost of debt	3.5%
Share of equity	70.0%
Share of debt	30.0%
Terminal growth	2.5%
Terminal EBIT margin	12.5%

Sensitivity analysis

		Terminal growth rate (%)						Fair value per share
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
WACC	5.14%	76.17	83.15	92.34	105.03	123.65	153.65	210.04
	6.14%	56.92	60.61	65.20	71.05	78.77	89.42	105.04
	7.14%	44.25	46.39	48.94	52.04	55.90	60.81	67.29
	8.14%	35.37	36.68	38.21	40.00	42.15	44.75	47.99
	9.14%	28.85	29.69	30.65	31.75	33.04	34.55	36.35
	10.14%	23.91	24.46	25.09	25.80	26.60	27.53	28.61
11.14%	20.05	20.43	20.85	21.32	21.84	22.44	23.11	
12.14%	16.98	17.24	17.53	17.85	18.20	18.59	19.04	

*for layout purposes the model shows numbers only to 2032 but runs until 2040



INCOME STATEMENT

All figures in €'000	2023	2024	2025E	2026E	2027E	2028E
Revenues	269,891	260,838	287,773	316,537	348,205	383,074
Cost of materials	-46,117	-38,263	-40,288	-42,732	-45,267	-49,800
Gross profit	223,774	222,575	247,485	273,805	302,939	333,275
Total personnel costs	-183,725	-190,111	-195,686	-212,080	-226,333	-245,167
Net other operating costs	-19,889	-33,094	-25,526	-25,040	-28,588	-20,324
Depreciation & amortisation	-14,598	-14,614	-15,604	-17,164	-18,533	-20,006
EBIT	5,562	-15,244	10,669	19,521	29,485	47,778
Net interest	-2,813	-2,934	-2,657	-2,081	-1,899	-1,743
Associates	268	305	320	336	353	371
Pretax profit	3,017	-17,873	8,331	17,776	27,939	46,405
Income taxes	-3,748	-3,783	-2,203	-4,796	-7,586	-12,659
Earnings from discontinued operations	1,055	700	-220	0	0	0
Net income / loss	324	-20,956	5,908	12,980	20,353	33,746
EPS (€)	0.02	-1.35	0.38	0.84	1.31	2.18
EBITDA	20,160	-630	26,273	36,685	48,018	67,783
Ratios						
Gross margin	82.9%	85.3%	86.0%	86.5%	87.0%	87.0%
EBIT margin	2.1%	-5.8%	3.7%	6.2%	8.5%	12.5%
EBITDA margin	7.5%	-0.2%	9.1%	11.6%	13.8%	17.7%
Net income margin	0.1%	-8.0%	2.1%	4.1%	5.8%	8.8%
Tax rate	124.2%	-21.2%	26.4%	27.0%	27.2%	27.3%
Expenses as % of output						
Personnel	-68.1%	-72.9%	-68.0%	-67.0%	-65.0%	-64.0%
Net other operating income/expenses	-7.4%	-12.7%	-8.9%	-7.9%	-8.2%	-5.3%
Depreciation & amortisation	-5.4%	-5.6%	-5.4%	-5.4%	-5.3%	-5.2%
Y-o-y growth						
Total revenues	8.9%	-3.4%	10.3%	10.0%	10.0%	10.0%
EBIT	-72.4%	n.a.	n.a.	83.0%	51.0%	62.0%
Net income / loss	-96.7%	n.a.	n.a.	119.7%	56.8%	65.8%



BALANCE SHEET

All figures in €'000	2023	2024	2025E	2026E	2027E	2028E
Assets						
Current assets, total	163,786	160,145	145,326	159,851	182,808	216,437
Cash and cash equivalents	50,475	26,483	28,777	31,654	41,785	61,292
Trade accounts and notes receivables	48,315	50,355	51,799	56,977	62,677	68,953
Inventories	4,977	2,997	4,317	4,748	5,223	5,746
Receivables relating to long term contracts	49,552	45,296	48,921	53,811	59,195	65,123
Other current assets	10,467	16,676	11,511	12,661	13,928	15,323
Assets held for sale and discontinued operations	0	18,338	0	0	0	0
Non-current assets, total	119,367	113,717	117,664	122,330	127,641	133,333
Property, plant and equipment	37,429	35,339	37,411	39,884	42,829	45,969
Goodwill	59,115	57,503	57,503	57,503	57,503	57,503
Other intangible assets	13,997	14,825	15,828	17,093	18,455	19,920
Associates	693	693	1,013	1,350	1,703	2,073
Deferred tax assets	8,133	5,357	5,910	6,501	7,151	7,867
Total assets	283,153	273,862	262,990	282,181	310,449	349,769
Shareholders' equity & debt						
Current liabilities, total	90,993	113,161	92,711	101,434	105,992	115,796
Interest bearing debt	2,118	21,081	5,000	5,000	0	0
Leasing liabilities	6,581	8,419	9,157	10,029	10,989	12,046
Trade accounts payable	18,864	21,163	23,348	25,682	28,205	31,029
Liabilities relating to long term contracts	26,289	20,877	23,022	25,323	27,856	30,263
Provisions	3,017	1,783	1,967	2,164	2,380	2,619
Other current liabilities	32,801	29,248	30,216	33,236	36,562	39,840
Liabilities in connection with discontinued assets	1,323	10,590	0	0	0	0
Non-current liabilities, total	80,434	65,300	70,493	68,204	71,806	74,043
Interest bearing debt	13,189	9,639	11,138	6,403	7,330	6,637
Leasing liabilities	17,918	15,190	16,522	18,095	19,827	21,734
Pension provisions	42,958	35,715	35,894	36,073	36,253	36,435
Deferred tax liabilities	4,803	3,108	5,121	5,633	6,197	6,817
Other liabilities	534	694	766	842	926	1,019
Provisions	1,032	954	1,053	1,158	1,274	1,401
Consolidated equity	111,726	95,401	99,787	112,544	132,651	159,931
Shareholders' equity	111,726	95,401	99,787	112,544	132,651	159,931
Minorities	0	0	0	0	0	0
Total consolidated equity and debt	283,153	273,862	262,990	282,181	310,449	349,769
Ratios						
Current ratio (x)	1.80	1.42	1.57	1.58	1.72	1.87
Quick ratio (x)	1.75	1.39	1.52	1.53	1.68	1.82
Debt/equity ratio (x)	1.53	1.87	1.64	1.51	1.34	1.19
Net gearing	28.9%	66.6%	39.9%	30.1%	16.3%	2.2%
Equity per share (€)	7.12	6.08	6.36	7.17	8.45	10.19
Interest coverage ratio (x)	1.98	-5.20	4.01	9.38	15.53	27.41
Capital employed (CE)	147,372	153,889	155,716	154,670	163,149	172,877
Return on capital employed (ROCE)	2.7%	-11.4%	5.0%	9.2%	13.1%	20.0%



CASH FLOW STATEMENT

All figures in €'000	2023	2024	2025E	2026E	2027E	2028E
Pretax result	4,072	-17,173	8,331	17,776	27,939	46,405
Depreciation and amortisation	14,598	14,614	15,604	17,164	18,533	20,006
Other	-4,921	-4,856	-2,523	-5,132	-7,939	-13,030
Operating cash flow	13,749	-7,415	21,412	29,807	38,532	53,381
Investment in working capital	3,030	-12,265	4,146	-3,918	-4,360	-5,520
Net operating cash flow	16,779	-19,680	25,558	25,890	34,172	47,860
Cashflow from investing	-6,920	-7,009	-8,774	-9,840	-10,669	-11,218
Free cash flow	9,859	-26,689	16,784	16,049	23,503	36,643
Proceeds from disposal	0	0	8,602	0	0	0
Dividend paid	-6,195	0	0	0	0	-6,195
Share buy back	0	0	0	0	0	0
New share capital	0	0	0	0	0	0
Debt financing	9,509	14,091	-12,334	-2,111	-1,201	2,452
Lease liabilities	-6,807	-6,566	-9,904	-11,062	-12,171	-13,393
Other	-1,470	-2,209	-854	0	0	0
Cash flow from financing	-4,963	5,316	-14,490	-13,173	-13,372	-17,136
Other	135	-2,619	0	0	0	0
Change in cash	5,031	-23,992	2,294	2,876	10,131	19,507
Cash, start of the year	45,444	50,475	26,483	28,777	31,654	41,785
Cash, end of the year	50,475	26,483	28,777	31,654	41,785	61,292
Free cash flow per share in €	0.64	-1.72	1.08	1.04	1.52	2.37
Y-o-y growth						
Operating cash flow	-52%	-154%	-389%	39%	29%	39%
Net operating cash flow	376%	-217%	-230%	1%	32%	40%
Free cash flow	n.a.	n.a.	n.a.	-4%	46%	56%

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The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	15 July 2003	€4.96	Market Perform	€5.00
2...78	↓	↓	↓	↓
79	3 August 2023	€25.05	Buy	€32.00
80	31 October 2023	€22.50	Buy	€30.00
81	25 March 2024	€21.80	Buy	€30.00
82	30 July 2024	€21.10	Buy	€28.00
83	10 September 2024	€20.80	Buy	€28.00
84	24 September 2024	€21.90	Buy	€26.00
85	13 November 2024	€21.20	Buy	€25.00
86	25 April 2025	€26.50	Buy	€36.00
87	Today	€30.30	Buy	€40.00

INVESTMENT HORIZON

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

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