

30 October 2020

PSI AG

Rating Hold
Share price (EUR) 23.60
Target price (EUR) 20.60

Bloomberg PSAN GY
Sector Software

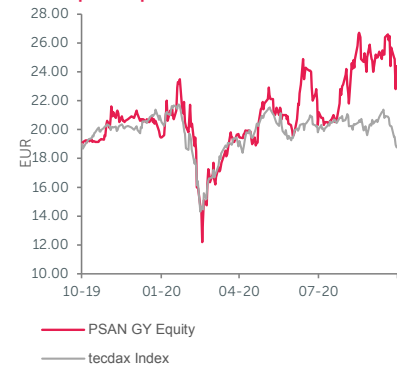
Share data

Shares out (m) 16.0
Daily volume shs (m) n.a.
Free float (%) 74.10
Market cap (EUR m) 263
EV (EUR m) 218
DPS (EUR) 0.05
Dividend yield (%) 0.2
Payout ratio (%) 33.0

Performance

ytd (%) 0.0
12 months (%) 0.0
12 months rel. (%) -1.0
Index TecDAX

Share price performance



Source: Bloomberg

Next triggers

16.11.2020: German Equity Forum

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PSI with stable results

On October 30, PSI Software reported Q3 2020 figures above our estimates. Top line came in at EUR 53.3m and was almost on par with last year (+0.4% yoy) and with 0.6% in line with our expectation. EBIT came in at EUR 3.5m and was down by -13.5% yoy and 1.8% better than anticipated. PSI also confirmed its guidance (slight weakening of sales and an up to 20% lower EBIT) but will review it in fall as the signs toward recovery are continuing. We also opt for a cautious approach and keep our estimates unchanged for now but definitively see some upside if the recovery continues. Therefore, we confirm our DCF based target price of EUR 20.60 and our Hold rating for now.

Energy Management segment

The Energy Management segment was up 5% yoy for the nine months. EBIT came in 10% yoy lower. Demand from energy exporting countries like Russia, the Gulf states and Malaysia continues to suffer from low energy prices due to the pandemic.

Production Management segment

The Production Management segment was down 7.1% yoy and EBIT down 11% yoy for the first nine months. The automotive segment is still suffering from the consequences of the diesel and corona crisis. Nevertheless, with the production control system based on the PSI platform, it has been possible to win orders from electric vehicle producers, automotive parts suppliers and caravan manufacturers. The metals production business is coping with the steel crisis and corona period with growing new orders from North America, China and Russia with stable earnings.

Prospects look promising

Starting in 2021, PSI intends to continue the margin increases and growth of the previous years (until 2019). For 2021, the management expects a market recovery and in the course of the year even a slightly excessive demand due to the customers' catching up in 2020 on equipment investments that were not made.

PSI Software - Q3 2020

EUR m	Q3 2020	Q3 2019	yoy	Quirin est.	delta
Revenues	53.3	53.1	0.4%	53.0	0.6%
EBIT	3.5	4.0	-13.5%	3.4	1.8%
EBIT margin	6.5%	7.5%	-104 BP	6.4%	8 BP

Source: PSI Software, Quirin Privatbank AG

Key figures		2018	2019	2020e	2021e	2022e
Sales	EUR m	199	225	214	222	236
EBIT	EUR m	15	17	14	16	18
Sales growth	%	7.0	13.1	-5.0	4.0	6.0
EBIT growth	%	15.6	11.4	-20.4	15.4	13.5
EPS growth	%	11.2	34.8	-21.6	16.3	14.2
EBIT margin	%	7.8	7.6	6.4	7.1	7.6
Net margin	%	5.3	6.3	5.2	5.8	6.3
EV/Sales	ratio	1.06	1.32	1.02	0.91	0.77
EV/EBIT	ratio	13.6	17.3	15.9	12.8	10.2
P/E	ratio	24.9	18.5	23.5	20.2	17.7
Dividend yield	%	1.5	0.2	1.4	1.5	1.7

Source: Bloomberg, Company data, Quirin Privatbank estimates

Profit & loss statement

Profit & loss statement (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
Sales	199.2	7.0 %	225.2	13.1 %	213.9	-5.0 %	222.5	4.0 %	235.8	6.0 %
Other own work capitalized	5.9		6.6		6.3		6.5		6.9	
Cost of goods	-28.9		-32.3		-30.6		-31.9		-33.8	
Gross profit	205.1		231.8		220.2		229.0		242.7	
Personnel expenses	-121.3		-137.8		-130.9		-135.9		-143.8	
Depreciation	-4.6		-10.8		-11.1		-11.6		-12.3	
Other operating expenses	-34.8		-33.7		-33.8		-33.8		-34.9	
EBITDA	20.1	13.2 %	28.0	39.8 %	24.8	-11.5 %	27.4	10.3 %	30.2	10.3 %
EBITDA margin (%)	10.07		12.45		11.60		12.30		12.80	
EBIT	15.4	15.6 %	17.2	11.4 %	13.7	-20.4 %	15.8	15.4 %	17.9	13.5 %
EBIT margin (%)	7.76		7.64		6.40		7.10		7.60	
Net financial result	-0.9		-0.8		-0.8		-0.8		-0.8	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	14.5	15.9 %	16.4	13.2 %	12.9	-21.6 %	15.0	16.3 %	17.1	14.2 %
Pretax margin (%)	7.29		7.30		6.02		6.74		7.26	
Taxes	-3.9		-2.2		-1.7		-2.0		-2.3	
Tax rate (%)	27.12		13.25		13.25		13.25		13.25	
Earnings after taxes	18.5		18.6		14.6		17.0		19.4	
Group attributable income	10.6	11.4 %	14.3	34.8 %	11.2	-21.6 %	13.0	16.3 %	14.9	14.2 %
No. of shares (m)	16.0		16.0		16.0		16.0		16.0	
Earnings per share (EUR)	0.68	11.2 %	0.91	34.8 %	0.71	-21.6 %	0.83	16.3 %	0.95	14.2 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
Assets										
Cash and cash equivalents	44.6		38.7		52.1		68.5		87.8	
Accounts receivables	34.4		38.5		36.5		38.0		40.3	
Inventories	8.7		10.6		10.1		10.5		11.1	
Other current assets	40.1		48.6		48.6		48.6		48.6	
Tax claims	8.0		10.6		10.6		10.6		10.6	
Total current assets	127.8	9.7 %	136.3	6.7 %	147.3	8.0 %	165.6	12.4 %	187.8	13.4 %
Fixed assets	13.6		37.0		31.6		26.3		20.8	
Goodwill	58.9		64.4		64.4		64.4		64.4	
Financial assets	0.4		0.4		0.4		0.4		0.4	
Deferred taxes	8.0		10.6		10.6		10.6		10.6	
Total fixed assets	80.9	4.3 %	112.5	39.1 %	107.1	-4.9 %	101.8	-4.9 %	96.3	-5.5 %
Total assets	208.7	7.6 %	248.8	19.2 %	254.3	2.2 %	267.4	5.1 %	284.0	6.2 %
Equity & Liabilities										
Subscribed capital	40.2		40.2		40.2		40.2		40.2	
Reserves & other	35.1		35.1		35.1		35.1		35.1	
Revenue reserves	31.1		41.5		51.9		61.2		72.0	
Accumulated other comprehensive	-19.8		-22.2		-22.2		-22.2		-22.2	
Shareholder's equity	86.6	7.9 %	94.5	9.1 %	104.9	11.0 %	114.3	8.9 %	125.1	9.5 %
Shareholder's equity incl. minorities	86.6	7.9 %	94.5	9.1 %	104.9	11.0 %	114.3	8.9 %	125.1	9.5 %
Long-term liabilities										
Pension provisions	51.3		54.7		54.7		54.7		54.7	
Financial liabilities	1.8		1.1		1.1		1.1		1.1	
Tax liabilities	4.8		4.8		4.6		4.7		5.0	
Other liabilities	4.8		28.9		27.4		28.5		30.2	
Total long-term debt	62.7	4.2 %	89.5	42.8 %	87.8	-1.9 %	89.1	1.5 %	91.1	2.2 %
Short-term debt										
Other liabilities	64.2		69.6		66.1		68.8		72.9	
Total short-term debt	64.2	12.5 %	69.6	8.5 %	66.1	-5.0 %	68.8	4.0 %	72.9	6.0 %
Total equity & liabilities	208.7	7.6 %	248.8	19.2 %	254.3	2.2 %	267.4	5.1 %	284.0	6.2 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2018	2019	2020e	2021e	2022e
Per share data (EUR)					
EPS	0.68	0.91	0.71	0.83	0.95
Book value per share	5.5	6.0	6.7	7.3	8.0
Dividend per share	0.23	0.05	0.24	0.26	0.29
Valuation ratios					
EV/Sales	1.06	1.32	1.02	0.91	0.77
EV/EBITDA	10.5	10.6	8.8	7.4	6.0
EV/EBIT	13.6	17.3	15.9	12.8	10.2
P/E	24.9	18.5	23.5	20.2	17.7
P/B	5.5	6.0	6.7	7.3	8.0
Dividend yield (%)	1.5	0.2	1.4	1.5	1.7
Growth					
Sales growth (%)	7.0	13.1	-5.0	4.0	6.0
EBITDA growth (%)	13.2	39.8	-11.5	10.3	10.3
EBIT growth (%)	15.6	11.4	-20.4	15.4	13.5
EPS growth (%)	11.2	34.8	-21.6	16.3	14.2
Profitability ratios					
EBITDA margin (%)	10.1	12.5	11.6	12.3	12.8
EBIT margin (%)	7.8	7.6	6.4	7.1	7.6
Net margin (%)	5.3	6.3	5.2	5.8	6.3
Financial ratios					
Total equity (EUR m)	86.6	94.5	104.9	114.3	125.1
Equity ratio (%)	41.5	38.0	41.3	42.7	44.0
Net financial debt (EUR m)	8.5	17.2	3.8	-12.6	-31.9
Net debt/Equity	0.4	0.4	0.4	0.4	0.4
Interest cover	16.7	22.5	17.0	19.6	22.3
Net debt/EBITDA	0.4	0.6	0.2	-0.5	-1.1
Payout ratio (%)	34.0	5.5	33.0	31.0	31.0
Working Capital (EUR m)	43.1	49.1	46.6	48.5	51.4
Working capital/Sales	0.22	0.22	0.22	0.22	0.22

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
30.10.2020	20.60	Hold	
26.03.2020	20.60	Hold	
14.11.2019	22.00	Hold	
30.10.2019	22.00	Buy	01.06.2016

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