

Datagroup (D6H GY) | Technology

November 22, 2024

Q4 acceleration supports our growth case

Following the publication of Datagroup's preliminary FY'23/24 results, we confirm our BUY recommendation with an unchanged PT of EUR 84. Driven by a strong fourth quarter, results came in at the upper end of the guidance range and above consensus. Datagroup has shown the expected revenue growth acceleration triggered by the strong order intake (~EUR 50m) of the past 12 months. Most of the clients are now onboarded, but we still see a EUR 500k per month revenue opportunity from the FY'23/24 order backlog. We are thus optimistic to see further growth acceleration going into FY'24/25.

Management is confident to achieve mid-single digit organic growth in FY'24/25, while showing a small margin expansion. M&A will get more selective and should focus on technological bets.

Churn with CORBOX customers is currently at a very low level. Going forward, management sees a run-rate of 3% (~EUR 10m) as realistic.

Datagroup's AI called HIRO continues to make progress and quickly increases the numbers of addressed tickets. In November, HIRO addressed around 20.000 tickets.

Management aims to maximise shareholder value by 1) considering a spin-off of its digitalization subsidiary Almato and 2) replacing the dividend (~EUR 12m) with a share buyback program (~EUR 34m).

Results: **Revenue** grew by 6% y/y to EUR 527.6m. **EBIT** and **EBITDA** have seen a small increase to EUR 45.8m and EUR 80.4m despite investments in AI, Cyber Security and Cloud.

Fundamentals (in EUR m) ¹	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Sales	445	501	498	528	554	595
EBITDA	67	76	80	80	86	97
EBIT	29	41	45	46	50	58
EPS adj. (EUR)	3.05	3.18	4.10	3.83	4.16	4.95
DPS (EUR)	0.00	1.00	1.10	1.50	1.60	1.70
BVPS (EUR)	11.28	15.32	17.69	17.05	19.38	22.18
Net Debt incl. Provisions	214	174	176	176	139	113
Ratios ¹	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
EV/EBITDA	13.0	8.1	6.9	6.6	5.8	4.9
EV/EBIT	30.5	15.0	12.2	11.6	10.2	8.3
P/E adj.	26.0	16.9	11.0	11.1	10.6	8.9
Dividend yield (%)	0.0	1.9	2.4	3.5	3.6	3.9
EBITDA margin (%)	15.1	15.2	16.1	15.2	15.6	16.4
EBIT margin (%)	6.4	8.3	9.1	8.7	9.0	9.7
Net debt/EBITDA	3.2	2.3	2.2	2.2	1.6	1.2
PBV	7.0	3.5	2.6	2.5	2.3	2.0

¹Sources: Bloomberg, Metzler Research

Buy



unchanged

Price*

EUR 44.00

Price target

EUR 84.00 (unchanged)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m) ¹	355
Enterprise Value (EUR m) ¹	531
Free Float (%) ¹	42.3

Price (in EUR)¹



Performance (in %) ¹	1m	3m	12m
Share	5.9	-1.3	-20.7
Rel. to SDAX	11.1	3.2	-22.1
Changes in estimates (in %) ¹	2023/24e	2024/25e	2025/26e
Sales	1.5	0.0	0.0
EBIT	5.3	0.0	0.0
EPS	-3.7	0.0	0.0

Sponsored Research

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FY'23/24 results

EUR m

	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Sales	445	123	124	125	129	501	126	121	123	128	498	121	128	132	147	528
Growth y-o-y (in %)	24.1	13.4	21.0	4.9	12.9	12.8	2.5	-2.9	-2.1	-0.4	-0.7	-4.1	5.7	7.5	14.9	6.0
thereof Services	346	102	102	102	99	406	101	101	103	101	405	105	102	109	115	431
thereof Trade	98	21	22	23	29	95	26	20	20	27	93	16	25	23	32	96
EBITDA	67	19	18	21	18	76	20	20	20	21	80	19	20	20	22	80
Margin %	15.1	15.6	14.6	16.7	14.1	15.2	15.6	16.3	16.5	16.1	16.1	15.3	15.3	15.4	15.0	15.2
EBIT	29	10	10	12	9	41	12	11	11	11	45	10	11	11	14	46
Margin %	6.4	8.5	8.1	9.7	6.8	8.3	9.1	9.4	9.4	8.6	9.1	8.4	8.3	8.6	9.3	8.7
EPS	2.49	0.76	0.73	0.90	0.25	2.64	0.87	0.87	0.82	0.83	3.39	0.73	0.76	0.71	0.94	3.13

Source: Company data, Metzler Research

Datagroup in a nutshell

Datagroup is among Germany's top IT service providers and operates IT-Infrastructure and business applications with a clear focus on recurring cloud-related services. Customers can select from a range of solutions (e.g. Network Services, Application Management Services and SAP services), which are based on standardized processes and backed by service level agreements (SLAs). The company is a one-stop-shop for its customers, which often outsource their IT processes completely to Datagroup on the basis of multi-year contracts. Our positive stance is based on consistent and healthy top-line growth, a strongly diversified customer base, its focus on small & mid-sized companies and typical German Mittelstand companies as well as a high but still growing proportion of recurring revenues. Its organizational and structural setup with central supply units and decentralized sales and services give the company an edge in terms of quality and costs. By offering centralized and standardized services based on an SLA approach, Datagroup continues gaining market share, especially vs. smaller competitors.

company note

Key Data

Company profile

CEO: Andreas Baresel

CFO:

Pliezhausen, Germany

Datagroup operates IT infrastructure and business applications with a clear focus on recurring cloud-related services. Customers can select from a range of solutions (e.g. Network Services, Application Management Services and SAP services) which are based on standardized processes and backed by service level agreements (SLAs). The company is a one-stop-shop for its customers which often outsource their IT processes completely to Datagroup based on multi-year contracts.

Major shareholders

HHS Beteiligungsgesellschaft mbH (53.6%), Management and Supervisory Board (4.1%)

Key figures

P&L (in EUR m)	2020/21	%	2021/22	%	2022/23	%	2023/24e	%	2024/25e	%	2025/26e	%
Sales	445	24.1	501	12.8	498	-0.7	528	6.0	554	5.0	595	7.5
EBITDA	67	60.9	76	13.6	80	4.9	80	0.2	86	7.5	97	12.7
EBITDA margin (%)	15.1	29.6	15.2	0.8	16.1	5.7	15.2	-5.4	15.6	2.4	16.4	4.8
EBIT	29	218.8	41	44.7	45	9.3	46	1.1	50	8.7	58	16.5
EBIT margin (%)	6.4	156.8	8.3	28.3	9.1	10.1	8.7	-4.6	9.0	3.6	9.7	8.3
Financial result	-2	18.9	-5	-144.9	-4	13.6	-7	-68.6	-4	44.9	-4	3.3
EBT	27	304.2	37	37.4	41	12.3	39	-5.6	46	18.2	54	18.1
Taxes	6	-5.7	15	145.1	13	-11.8	13	-1.2	14	11.2	17	18.1
Tax rate (%)	22.4	n.a.	40.0	n.a.	31.5	n.a.	32.9	n.a.	31.0	n.a.	31.0	n.a.
Net income	21	n.m.	22	6.3	28	28.3	26	-7.6	32	21.6	37	18.1
Minority interests	0	n.a.	-0	n.a.	0	100.0	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	21	n.m.	22	5.6	28	29.2	26	-7.6	32	21.6	37	18.1
Number of shares outstanding (m)	8	0.0	8	0.0	8	0.0	8	0.0	8	0.0	8	0.0
EPS adj. (EUR)	3.05	n.m.	3.18	4.2	4.10	29.1	3.83	-6.7	4.16	8.5	4.95	19.1
DPS (EUR)	0.00	-100.0	1.00	n.a.	1.10	10.0	1.50	36.4	1.60	6.7	1.70	6.2
Dividend yield (%)	0.0	n.a.	1.9	n.a.	2.4	n.a.	3.5	n.a.	3.6	n.a.	3.9	n.a.
Cash Flow (in EUR m)	2020/21	%	2021/22	%	2022/23	%	2023/24e	%	2024/25e	%	2025/26e	%
Gross Cash Flow	63	151.4	60	-5.4	55	-7.3	61	9.6	68	12.7	77	12.4
Increase in working capital	14	n.a.	-10	n.a.	7	n.a.	-0	n.a.	17	n.a.	-4	n.a.
Capital expenditures	11	-50.4	9	-20.2	17	93.0	18	5.9	20	11.1	22	10.0
D+A/Capex (%)	350.0	n.a.	397.3	n.a.	205.4	n.a.	192.2	n.a.	183.3	n.a.	179.1	n.a.
Free cash flow (Metzler definition)	38	798.6	61	62.9	31	-49.6	43	38.5	32	-26.0	59	85.4
Free cash flow yield (%)	5.7	n.a.	13.7	n.a.	8.2	n.a.	12.1	n.a.	8.7	n.a.	16.0	n.a.
Dividend paid	0	-100.0	8	n.a.	9	10.0	12	36.4	13	6.7	14	6.2
Free cash flow (post dividend)	2	-94.3	34	n.m.	40	17.8	75	87.9	45	-40.2	73	62.0
Balance sheet (in EUR m)	2020/21	%	2021/22	%	2022/23	%	2023/24e	%	2024/25e	%	2025/26e	%
Assets	463	20.1	484	4.4	465	-3.8	472	1.5	481	1.8	505	5.1
Goodwill	126	101.5	151	20.2	157	3.7	157	0.0	157	0.0	157	0.0
Shareholders' equity	94	42.1	127	35.6	147	15.6	142	-3.6	161	13.7	185	14.5
Equity/total assets (%)	20.3	n.a.	26.4	n.a.	31.7	n.a.	30.1	n.a.	33.6	n.a.	36.6	n.a.
Net Debt incl. Provisions	214	30.4	174	-18.6	176	1.2	176	-0.4	139	-20.9	113	-18.3
thereof pension provisions	64	-12.0	36	-43.6	36	-0.6	36	0.0	36	0.0	36	0.0
Gearing (%)	227.8	n.a.	136.8	n.a.	119.7	n.a.	123.7	n.a.	86.0	n.a.	61.4	n.a.
Net debt/EBITDA	3.2	n.a.	2.3	n.a.	2.2	n.a.	2.2	n.a.	1.6	n.a.	1.2	n.a.

Sources: Bloomberg, Metzler Research

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Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Datagroup (DE000A0JC8S7)					
14.08.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
27.06.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
24.05.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
18.04.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
15.03.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
21.02.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
16.02.2024	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver
22.11.2023	Buy	Buy	42.65 EUR	84.00 EUR	Frey, Oliver

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

Datagroup

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