

## mVISE

### Bullish 2020 guidance after strong 2017

mVISE has released preliminary 2017 results, showing a 78% increase in revenue (Gesamtleistung, which includes capitalised items) to €16.1m and an 82% increase in EBITDA to €2.0m, both 5% above consensus. Q4 revenues and EBITDA of €5.9m and €1.4m, respectively, reflected robust performances in managed services operations and at integration platform elastic.io, as well as the first-time inclusion of SHS Viveon's consulting business, which added c €1.0m to EBITDA. The board expects strong incentives for German firms to invest in digital transformation to continue to sustain market growth. New 2020 revenue and EBIT margin targets of €35m and 15%, respectively, imply an organic revenue CAGR of 32% and a 15-20x increase in EBIT, based on 2017 consensus. In our view, upside from the SHS Viveon acquisition, the high operating leverage of the group's SaaS businesses and the outlook for strong demand lend a high degree of credibility to these targets.

The recent acquisition of SHS Viveon's consulting business looks to represent a very positive step forward for mVISE. The increase in consulting employee numbers by 40 to 120 has helped ease growth constraints caused by consulting staff shortages. It has also furthered an important strategic goal of boosting mVISE's presence in Munich, where 20 of the new staff are based. mVISE's board expects the business to add €6m to 2018 revenues and low incremental overheads from the team to boost segment margins. The new team brings added competence in high-demand areas of software integration, data insight, data warehouse, business intelligence, big data and predictive analysis, while the acquisition increases the group's already large market share in telecoms and more than doubles its exposure to the finance sector. With an outlay of €3.25m plus earnouts, mVISE is set to pay a low 3x EV/EBITDA acquisition multiple, with the purchase fully financed by a €3.4m convertible bond issue in September.

#### Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	EV/EBITDA (x)	P/E (x)
12/16	7.9	1.1	0.4	0.05	31.4	85.2
12/17e	15.2*	2.0**	0.0	0.12	17.9	35.5
12/18e	22.0	3.6	1.8	0.08	10.0	53.3
12/19e	26.4	4.6	3.0	0.15	7.8	28.4

Source: Edison Investment Research, Thomson Reuters Eikon. Note: \*Implied by preliminary EBITDA margin. \*\*Reported preliminary data.

#### Software & comp services

23 February 2018

**Price** €4.26

**Market cap** €36m

#### Share price graph



#### Share details

Code	C1VX
Listing	Deutsche Börse Scale
Shares in issue	8.4m
Last reported net debt as at 31 December 2016	€0.2m

#### Business description

Founded in 2000, mVISE is a pioneer in German mobile software solutions with a large blue-chip client base, including Vodafone, Bosch and Deutsche Telekom. The group specialises in mobile business solutions, virtualisation and cloud-computing, and security software. Consulting revenues contributed two-thirds of revenues in 2016, and act as a driver of additional revenues including own software sales.

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