

# mVISE

## Elastic upside

mVISE is a leading German provider of software solutions in the areas of mobility (apps, IoT, SalesSphere), virtualisation, integration (integration platform as a service, iPaaS), security and enterprise data. Acquisition of cloud software integration platform, elastic.io, has positioned the group strongly in a rapidly consolidating, high-growth segment. The recent acquisition of an SHS Viveon consulting team has added new consulting verticals, geographies and much-needed capacity. mVISE looks attractively valued on FY19e EV/EBITDA discounts of 31% to its consulting peers and more than 82% to its software peers.

### elastic.io revenues are starting to soar

Acquired in 2017, elastic.io is Europe's first cloud iPaaS provider. In a rapidly consolidating market dominated by US offerings, it is the only integration platform tailored to European cloud infrastructure and technology. Successful deployment of an OEM strategy has led to a number of very high potential partnerships and sales starting to ramp up. Deutsche Telekom and Magic Software recently started offering elastic.io's cloud integration platforms to their customers under their own-brands and new partner AppDirect will do so shortly. SalesSphere's prospects have also been boosted by Gartner recently listing it as an important digital sales platform.

### Clear strategy and promising earnings outlook

mVISE has a clear strategy focusing on optimising market penetration of the group's platforms, diversifying its customer base and driving digital transformation. It is also moving its key pillars of products and advisory/professional services closer to drive revenues and synergies. We expect strong earnings growth through 2019 from surging sales at elastic.io, synergy benefits from the integration of the new consulting team and platform enhancements. After a €4.6m increase in net debt to €8.6m in H1 due to the SHS Viveon acquisition, we see good prospects for net debt to fall rapidly by YE18 helped by the sale of loss-maker Just Intelligence.

### Valuation: Good prospects for rerating over 18m

On a 2019e EV/EBITDA multiple of 8.5x, mVISE trades at a 31% discount to its consulting-oriented peers and an 82% discount to the lowest-rated software peer. Recent high takeover multiples in the integration platform segment (eg Mulesoft on 22x trailing revenues) also argue for a valuation boost as elastic.io's earnings grow. Potential share catalysts include surging revenues from elastic.io revenues in H218 and 2019, synergy benefits from the SHS Viveon acquisition and falling net debt.

#### Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/16	7.9	1.2	0.4	0.05	36.2	83.6	0.0
12/17	14.8	2.0	0.3	0.15	21.7	27.9	0.0
12/18e	24.3	3.8	1.8	0.15	11.4	27.9	0.0
12/19e	29.2	5.1	3.3	0.29	8.5	14.4	0.0

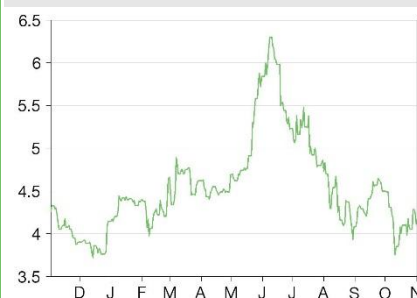
Source: mVISE, SMC Research

## Software and comp services

**Price** €4.18

**Market cap** €35m

#### Share price graph



#### Share details

Code	C1VX
Shares in issue	8.4m
Net debt at 30 June 2018	€8.6m

#### Business description

mVISE is a pioneer in German mobile software solutions with a large blue-chip client base and over 150 employees. Supported by extensive consulting operations, the group specialises in mobility (apps, IoT, SalesSphere), virtualisation, cloud integration (iPaaS), security and enterprise data.

#### Bull

- mVISE is oriented to key growth areas of IoT, mobility, digitalisation, ADAS and security.
- New strategy to boost margins via greater high-margin product sales and employee efficiency.
- Recent acquisitions, particularly elastic.io, have boosted the group's product offerings, supporting margin and earnings prospects.

#### Bear

- High project-based consulting revenues lead to potential risk of skilled employee cost inflation.
- Own-developed software product SalesSphere has not achieved expectations.
- Debt levels have risen sharply in H118 with the acquisition of a consulting team from SHS Viveon.

#### Analyst

Anna Bossong +44 (0)20 3077 5737

[tech@edisongroup.com](mailto:tech@edisongroup.com)

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. [www.edisongroup.com](http://www.edisongroup.com)

#### DISCLAIMER

Copyright 2018 Edison Investment Research Limited. All rights reserved. This report has been prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Investment Research Pty Ltd (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") (c) FTSE [2014]. "FTSE(r)" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.