

mVISE

New channel partners to fuel 2019 growth

mVISE has announced preliminary 2018 results showing revenue growth of 52% to €22.5m, and adjusted operating profit doubling to c €1.8m. Earnings were driven by growth in sales of the group's high-margin software products and a solid performance by the consulting business. We expect the boost to the number of new channel partners at SaleSphere in Q419 and the creation of a new marketing promotion for mVise's elastic.io in January to provide further impetus to earnings growth this year. With digitalisation of German industry giving the group strong growth impetus, while trading at a discount to its peer group.

Surge in channel partners in the last two quarters

mVISE gained six new channel sales partners for its SaleSphere product in Q418: Infloxx, OpusCapita, eggheads, Contenserv, AriBis and myview systems, giving a significant boost to SaleSphere's market access. mVISE also deepened its cooperation with the Israel-based global software seller Magic Software in January. Magic Software will provide \$2.5m in funding for tailoring elastic.io's software integration platform for new customers. This will enable elastic.io to access larger clients for which a tailored product is a necessity.

Operating profit in line after 2018 revenue shortfall

Assuming a €0.5m revenue loss from the August 2018 sale of Just Intelligence, we estimate preliminary revenues were c 8% below management guidance of €25m, mainly reflecting delays to the ramp-up in channel partner numbers. Nevertheless, helped by high software product margins and a good consulting performance the group achieved an operating profit of €1.8m in line with the €1.8–2.0m guidance.

Multiples understate software platform potential

As a key provider of support to firms engaged in digitisation projects, mVISE is an attractive play on the mass business migration to Cloud computing and the take up of standardised software as a service, via its elastic.io integration platform and its SaleSphere sales digitisation platform. We see mVISE as attractively rated on a 2018 EV/EBITDA multiple of 11.7x. This prices it more or less in line with the IT consulting sector at 10.9x but at a significant discount to the average 21.3x multiple of the fast-growing software development sector, to which mVISE is becoming increasingly oriented.

Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	PBT (€)	EPS (€)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/16	7.9	1.2	0.4	0.05	36.1	79.0	N/A
12/17	14.8	2.0	0.3	0.15	21.5	25.5	N/A
12/18p*	22.5	3.6	1.1	0.15	11.7	43.9	N/A
12/19e	27.0	4.7	2.8	0.29	8.9	15.8	N/A

Source: mVISE, SMC Research. Note: *Provisional.

Software & comp services

25 March 2019

Price €3.95
Market cap €33.4m

Share price graph



Share details

Code	C1VX
Listing	Deutsche Börse Scale
Shares in issue	8.4m
Last reported net debt at 30 June 2018	€8.6m

Business description

mVISE AG's core competencies are cloud computing, integration of applications and digital solutions, IT security, enterprise data and mobility solutions. With over 150 staff, mVISE supports digitisation projects and offers cloud products such as the iPaaS platform elastic.io and SaleSphere, an integrated solution for digitisation of sales processes.

Bull

- mVISE is well placed to benefit from the digital revolution with its orientation to IoT, digitalisation, integration, data science and security.
- New strategy growing margins via increased high-margin product sales and staff efficiency.
- Recent acquisitions, particularly elastic.io, have boosted the group's product offerings, supporting margin and earnings prospects.

Bear

- Project-based consulting business faces risk of skilled employee cost inflation.
- Own-developed software product SaleSphere has not achieved expectations.
- Debt levels rose sharply in H118 with the purchase of a consulting team from SHS Viveon.

Analyst

Anna Bossong +44 (0)20 3077 5737

tech@edisongroup.com
[Edison profile page](#)

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