

21 February 2025

swissnet AG

Rating Buy (Buy)
Share price (EUR) 7.05
Target price (EUR) 20.00 (19.40)

Bloomberg 81D GY
 Sector Software

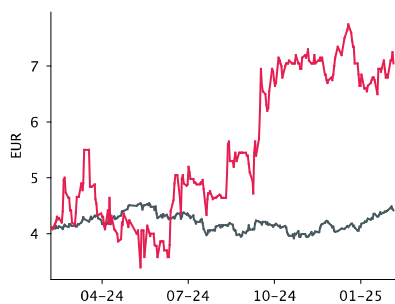
Share data

Shares out (m) 8.5
 Daily volume shs (m) 0.0
 Free float (%) 16.80
 Market cap (EUR m) 64
 EV (EUR m) 67
 DPS (CHF) 0.00
 Dividend yield (%) 0.0
 Payout ratio (%) 0.0

Performance

ytd (%) -6.0
 12 months (%) 71.1
 12 months rel. (%) 63.1
 Index SDAX

Share price performance



— swissnet AG
 — Price rel. to SDAX - Price Index

Source: Bloomberg

Next triggers

May 2025: Results 2024

Analysts

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Acceleration of organic growth

On February 20, swissnet Group provided its guidance for 2025, which was in line with our expectations. The company expects strong 40.0% yoy organic revenue growth in 2025, driven by new customer wins, synergies, and upselling. Expansion into the MENA region, particularly through its AI-based SaaS hospitality suite, adds further momentum. Recurring revenues now account for 75% of total sales, providing stability, while the strong maintenance business supports infrastructure growth. We raise our target price to EUR 20 and remain our Buy recommendation.

Segment overview

By segment, Software/SaaS (54% of total revenue) is expected to grow 27.0% yoy to EUR 14.9m, benefiting from high scalability and strong recurring revenues. Infrastructure (33% of revenue) should see 25.0% yoy organic growth to EUR 9m, supported by a strong maintenance business but with lower scalability than SaaS. MENA (13% of revenue) is still in an early phase and is expected to grow to EUR 3.6m.

M&A integration

Management targets full integration of Lokalee and swissnet by December 2025, aiming to unlock efficiency gains from FY26 onward. Additionally, the merger is expected to create significant cross-selling opportunities across the combined customer base.

Layers of growth strategy

swissnet Group's strategy focuses on organic growth, vertical expansion, internationalization, and up-/cross-selling. The company aims to drive steady growth within its existing customer base through product development and enhanced digital solutions. Vertical expansion is centered on cloud communication, hospitality, ICT infrastructure, and SaaS, with further sectors under evaluation. Internationally, swissnet is strengthening its European position while expanding into MENA through Lokalee and swissnet MENA in 2024, using the region as a gateway for further expansion into Africa and Asia. Additionally, the company seeks to maximize synergies by cross- and upselling acquired products to its existing customer base, leveraging overlaps across group companies. Successfully executing these initiatives, particularly in new markets, will be crucial for sustainable growth.

Key figures		2022	2023	2024e	2025e	2026e
Sales	CHF m	1	6	13	27	33
EBITDA	CHF m	-3	-2	2	6	8
EBIT	CHF m	-4	-3	1	4	6
EPS	CHF	-1.35	-1.20	0.20	0.43	0.67
Sales growth	%	n.a.	987.0	114.6	113.2	18.4
EBITDA margin	%	-574.7	-30.5	19.2	21.3	23.9
EBIT margin	%	-647.9	-57.7	10.1	14.4	18.4
Net margin	%	-662.2	-72.2	7.9	13.2	17.5
EV/Sales	ratio	161.68	8.99	5.19	1.94	1.37
EV/EBITDA	ratio	-28.1	-29.5	27.1	9.1	5.7
EV/EBIT	ratio	-25.0	-15.6	51.5	13.5	7.4
P/E	ratio	-7.9	-4.6	38.1	16.5	10.5
P/BV	ratio	14.5	2.8	1.4	1.9	1.6
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

DCF Valuation

We have derived our target price for the new Swissnet Group from our DCF model. With a WACC of 9.17% (resulting from a risk-free rate of 3.50%, market premium of 5% and a beta of 1.1), a mid-term revenue CAGR 2024-2028 of 36.80% fading to a perpetual growth rate of 2.5% and a sustainable long-term EBIT margin of 30% our DCF model derives a fair value of EUR 20.00 per share.

DCF Model for Swissnet Group

(CHF m)	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TV
Sales	13	27	33	38	45	52	59	64	69	73	
growth yoy	14.6%	13.2%	18.4%	18.0%	17.6%	15.1%	12.6%	10.0%	7.5%	5.0%	
EBIT	1.3	4.0	6.0	8.1	10.7	13.0	15.3	17.7	19.9	21.8	
EBIT margin	10.1%	14.4%	18.4%	21.1%	23.7%	24.9%	26.2%	27.5%	28.7%	30.0%	
Taxes	0.0	0.0	0.0	-0.6	-1.8	-2.2	-2.6	-3.0	-3.4	-3.7	
Tax rate	0%	0%	0%	7%	17%	17%	17%	17%	17%	17%	
Depreciation	1.2	1.9	1.8	1.7	1.6	1.2	0.9	0.8	0.8	0.7	
% of sales	9.1%	6.9%	5.5%	4.4%	3.5%	2.2%	1.6%	1.3%	1.2%	1.0%	
Capex	-0.1	-0.2	-0.2	-0.2	-0.1	-0.3	-0.5	-0.6	-0.7	-0.7	
% of sales	1.0%	0.6%	0.5%	0.4%	0.3%	0.7%	0.8%	0.9%	1.0%	1.0%	
Δ NWC	-1.1	-2.3	-0.7	-0.8	-1.0	-1.1	-1.2	-1.4	-1.5	-1.6	
% of sales	8.6%	8.4%	2.3%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	
FCF	1.2	3.4	6.9	8.2	9.4	10.5	11.9	13.5	15.1	16.5	253.7
growth yoy	nm	nm	nm	19.4%	13.9%	11.8%	14.0%	13.6%	11.9%	9.1%	2.5%
PV FCF	1.2	3.1	5.8	6.4	6.7	6.8	7.1	7.4	7.6	7.6	116.6

PV Forecast Period	60
PV Terminal Value	117

Enterprise value	176
- Net Debt / Net Cash	7
- Pension Provisions	0
Equity value	170
Number of shares	8.5
Value per share (CHF)	20.00

Sensitivity Analysis	Terminal growth rate				
	1.5%	2.0%	2.5%	3.0%	3.5%
8.26%	21.1	22.3	23.7	25.5	27.5
8.72%	19.5	20.5	21.7	23.1	24.8
WACC 9.17%	18.1	19.0	20.0	21.2	22.6
9.63%	16.9	17.6	18.5	19.5	20.7
10.09%	15.8	16.4	17.2	18.0	19.0

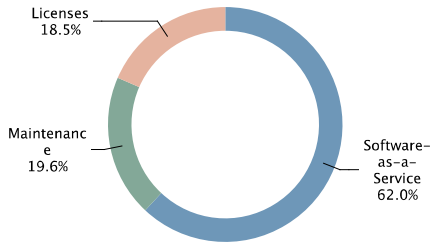
Risk free rate	3.50%	Equity ratio	100%
Cost of debt	4.50%	Company beta	1.1
Market Premium	5.00%	WACC	9.17%

Source: Quirin Privatbank

Company description

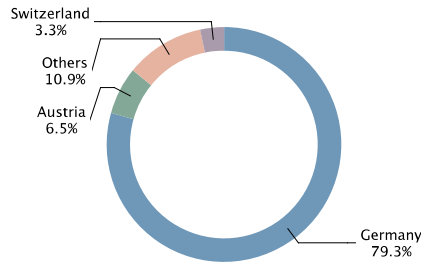
The Swissnet Group is a leading provider of location-based marketing software (LBM), Wi-Fi infrastructure systems and Wi-Fi guest hotspots. The group serves customers in the retail, hospitality, healthcare and public sectors, among others. The subsidiaries under the Swissnet group umbrella are known for their outstanding expertise in digital transformation and Software as a Service. With intelligent and fully cloud-based technologies, the Swissnet Group offers its customers tangible added value and success by improving their omnichannel strategies. The company is listed on the Frankfurt Stock Exchange and traded in the XETRA segment.

Revenues by segment 2023



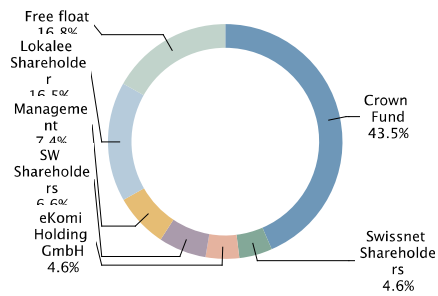
Source: Company data

Revenues by region 2023



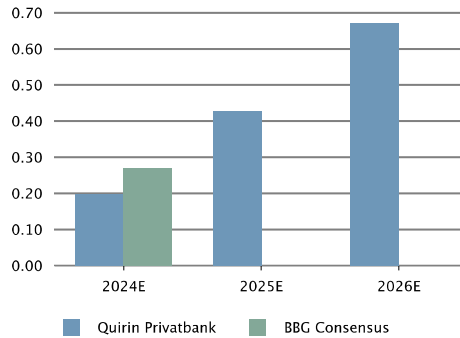
Source: Company data

Shareholder structure



Source: Company data

EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

Company guidance 2025

Approximately 40% organic revenue growth for 2025

Profit & loss statement

Profit & loss statement (CHF m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	0.6	n.a.	6.0	987.0 %	12.9	114.6 %	27.5	113.2 %	32.5	18.4 %
Unfinished Goods	1.0		2.0		2.0		2.0		2.0	
Other own work capitalized	0.0		0.2		0.3		0.7		0.9	
Other operating earnings	1.0		2.0		2.0		2.0		2.0	
Cost of goods	-0.1		-1.2		-2.1		-4.6		-5.2	
Gross profit	0.6		6.2		13.2		28.2		33.4	
Personnel expenses	-1.3		-3.9		-7.3		-15.2		-17.7	
Depreciation	-0.4		-1.6		-1.2		-1.9		-1.8	
Other operating expenses	-2.3		-2.8		-1.4		-2.6		-2.8	
EBITDA	-3.2	n.a.	-1.8	-42.3 %	2.5	-234.9 %	5.9	137.3 %	7.8	32.6 %
EBITDA margin (%)	-574.68		-30.51		19.17		21.34		23.90	
EBIT	-3.6	n.a.	-3.5	-3.3 %	1.3	-137.5 %	4.0	205.1 %	6.0	51.1 %
EBIT margin (%)	-647.92		-57.66		10.08		14.43		18.42	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-0.1		-0.8		-0.3		-0.3		-0.3	
Exceptional items	0.0		2.0		2.0		2.0		2.0	
Pretax profit	-3.7	n.a.	-4.3	16.4 %	1.0	-124.6 %	3.7	248.3 %	5.7	57.0 %
Pretax margin (%)	-662.57		-70.97		8.13		13.29		17.62	
Taxes	0.0		0.0		0.0		0.0		0.0	
Tax rate (%)	0.05		-1.03		0.00		0.00		0.00	
Earnings after taxes	-3.7		-4.3		1.0		3.7		5.7	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-3.7	n.a.	-4.3	18.5 %	1.0	-123.5 %	3.6	255.6 %	5.7	57.4 %
No. of shares (m)	2.8		4.7		8.5		8.5		8.5	
Earnings per share (CHF)	-1.35	n.a.	-1.20	-10.7 %	0.20	-116.4 %	0.43	116.8 %	0.67	57.4 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (CHF m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Assets										
Cash and cash equivalents	0.5		0.8		6.7		16.4		25.3	
Accounts receivables	0.2		2.7		5.8		12.1		14.2	
Inventories	0.1		0.5		1.1		2.2		2.6	
Other current assets	0.1		0.0		0.0		0.0		0.0	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	0.9	n.a.	4.0	343.7 %	13.5	237.1 %	30.8	127.7 %	42.2	37.0 %
Fixed assets	0.3		1.0		3.0		2.7		2.5	
Goodwill	0.0		2.9		7.2		7.2		7.2	
Other intangible assets	0.3		11.0		25.0		23.5		22.1	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	0.0		0.0		0.0		0.0		0.0	
Other fixed assets	2.4		0.4		0.4		0.4		0.4	
Total fixed assets	3.0	n.a.	15.3	413.8 %	35.6	132.2 %	33.8	-4.9 %	32.2	-4.8 %
Total assets	3.9	n.a.	19.3	397.5 %	49.1	153.9 %	64.6	31.6 %	74.4	15.1 %
Equity & Liabilities										
Subscribed capital	0.3		0.5		0.8		0.8		0.8	
Reserves & other	16.5		26.9		46.9		46.9		46.9	
Revenue reserves	0.0		-0.3		0.7		4.3		10.0	
Accumulated other comprehensive	-14.8		-19.9		-19.9		-19.8		-19.8	
Shareholder's equity	2.0	n.a.	6.9	249.8 %	28.4	308.9 %	32.0	12.8 %	37.7	17.8 %
Minorities	0.0		0.2		0.2		0.2		0.3	
Shareholder's equity incl. minorities	2.0	n.a.	7.1	259.4 %	28.6	301.1 %	32.2	12.8 %	38.0	17.8 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	0.0		6.4		9.1		9.1		9.1	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	0.3		0.2		0.5		1.1		1.3	
Total long-term debt	0.3	n.a.	6.7	2007.9 %	9.6	44.7 %	10.2	6.2 %	10.4	2.0 %
Short-term debt										
Other provisions	0.0		0.0		0.0		0.0		0.0	
Trade payables	0.9		1.0		2.2		4.6		5.4	
Financial debt	0.0		0.9		0.9		0.9		0.9	
Other liabilities	0.7		3.7		7.8		16.7		19.8	
Total short-term debt	1.6	n.a.	5.6	249.6 %	10.9	96.1 %	22.2	103.6 %	26.0	17.3 %
Total equity & liabilities	3.9	n.a.	19.3	397.5 %	49.1	153.9 %	64.6	31.6 %	74.4	15.1 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
Per share data (CHF)					
EPS	-1.35	-1.20	0.20	0.43	0.67
Book value per share	0.7	2.0	5.5	3.8	4.5
Free cash flow per share	-0.2	-1.4	0.8	1.1	1.1
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	161.68	8.99	5.19	1.94	1.37
EV/EBITDA	-28.1	-29.5	27.1	9.1	5.7
EV/EBIT	-25.0	-15.6	51.5	13.5	7.4
P/E	-7.9	-4.6	38.1	16.5	10.5
P/B	14.5	2.8	1.4	1.9	1.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	n.a.	987.0	114.6	113.2	18.4
Profitability ratios					
EBITDA margin (%)	-574.7	-30.5	19.2	21.3	23.9
EBIT margin (%)	-647.9	-57.7	10.1	14.4	18.4
Net margin (%)	-662.2	-72.2	7.9	13.2	17.5
ROCE (%)	-155.9	-25.1	3.4	9.3	12.4
Financial ratios					
Total equity (CHF m)	2.0	6.9	28.4	32.0	37.7
Equity ratio (%)	51.0	35.9	57.7	49.5	50.6
Net financial debt (CHF m)	-0.5	6.5	3.3	-6.4	-15.4
Net debt/Equity	0.5	0.4	0.6	0.5	0.5
Interest cover	-35.8	-6.8	-2.7	5.6	11.4
Net debt/EBITDA	0.2	-3.6	1.3	-1.1	-2.0
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (CHF m)	-1.2	1.0	2.1	4.4	5.1
Working capital/Sales	-2.10	0.16	0.16	0.16	0.16

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

BUY > +10%

HOLD <=-10% and < = +10%

SELL > -10%.

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Price and Rating History (last 12 months)

Date	Price target-CHF	Rating	Initiation
21.02.2025	20.00	Buy	
04.02.2025	19.40	Buy	
20.11.2024	19.40	Buy	14.06.2022

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