

01 October 2024

123fahrschule SE

Rating Buy
Share price (EUR) 2.32
Target price (EUR) 6.00

Bloomberg 123F GY
Sector Technology

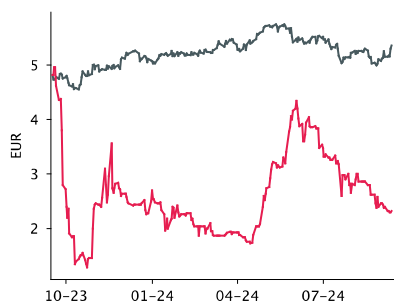
Share data

Market cap (EUR m) 11
EV (EUR m) 17
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 0.0

Performance

ytd (%) -4.9
12 months (%) -51.9
12 months rel. (%) -62.2
Index SDAX

Share price performance



— 123fahrschule SE
— Price rel. to SDAX – Price Index

Source: Bloomberg

Next triggers

31.03.2025: 2024 results

Analysts

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Positive momentum & outlook

On September 30, 123fahrschule reported solid final H1 2024 results, showcasing a notable increase in revenues and a return to positive EBITDA. Revenues grew 6.7% yoy to EUR 11.1m. Importantly, the company delivered positive EBITDA of EUR 132k, down from EUR 197k in H1 2023 due to numerous accounting changes. On an adjusted basis, however, EBITDA would have reached EUR 500k. Management remains optimistic about the full-year outlook, targeting EUR 1m in adjusted EBITDA for FY24, as already announced with preliminary figures. Management’s focus on cost optimization, alongside software-driven efficiency gains, should contribute to margin expansion in H2 2024. The integration of Foerst GmbH is expected to provide an additional boost to profitability, helping 123fahrschule achieve sustainable long-term growth. We keep our DCF-based target price unchanged at EUR 6.00 and reiterate our Buy recommendation.

Positive cash flow development

Operational cash flow turned significantly positive, reaching EUR 887k in H1 2024, compared to a negative EUR 73k in the prior year, reflecting improvements in working capital management and operational efficiency.

Strategic focus and expansion

Looking ahead, the company remains focused on three primary areas:

- 1) Branch expansion: Significant growth is expected in Berlin, Hamburg, and Cologne, driving both topline and operational efficiency. The ongoing branch expansion is a key pillar in achieving profitability targets.
- 2) Diversification into professional driver training: 123fahrschule intends to further develop its B2B business through the professional driver training division, positioning this as a critical driver of incremental revenue. The recent acquisition of Foerst GmbH will be integral to this effort, acting as a key growth platform.
- 3) Digitalization and legislative advocacy: A central theme for 123fahrschule’s future growth is the digitalization of driver education, including online theory lessons. The company remains an active advocate for regulatory reforms to facilitate digital training. With the Federal Ministry for Digital and Transport set to hold a pivotal event in October, 123fahrschule’s lobbying efforts are expected to gain traction, potentially leading to regulatory clarity by January 2025.

Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	17	21	23	26	29
EBITDA	EUR m	-3	-1	1	1	2
EBIT	EUR m	-6	-4	-3	-2	0
EPS	EUR	-1.41	-0.80	-0.49	-0.33	-0.08
Sales growth	%	114.8	23.7	12.0	13.0	13.0
EBIT growth	%	-1.6	-23.6	-28.3	-51.2	-82.6
EPS growth	%	-23.9	-43.2	-39.3	-31.5	-76.7
EBITDA margin	%	-16.0	-4.3	2.2	3.2	5.2
EBIT margin	%	-33.8	-20.9	-13.4	-5.8	-0.9
Net margin	%	-26.3	-19.0	-10.3	-6.2	-1.3
EV/Sales	ratio	1.87	0.82	0.73	0.70	0.65
EV/EBITDA	ratio	-11.6	-19.1	33.0	21.6	12.4
EV/EBIT	ratio	-5.5	-3.9	-5.5	-12.1	-72.7
P/E	ratio	-4.0	-3.0	-4.8	-7.0	-30.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

DCF Valuation

We have derived our target price for 123fahrschule from our DCF model. With a WACC of 9.10% (resulting from a risk-free rate of 3.50%, market premium of 5% and a beta of 1.1), a mid-term revenue CAGR 2024-2027 of 12.80% fading to a perpetual growth rate of 0% and a sustainable long-term EBIT margin of 15% our DCF model derives a fair value of EUR 6.00 per share. Hence, we confirm our Buy recommendation.

DCF Model for 123fahrschule SE

(EUR m)	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TV
Sales	23.1	26.1	29.5	33.2	37.1	40.9	44.1	46.8	48.6	49.6	
growth yoy	12.0%	13.0%	13.0%	12.5%	12.0%	10.0%	8.0%	6.0%	4.0%	2.0%	
EBIT	-3.1	-1.5	-0.3	0.8	1.8	2.8	3.9	5.1	6.3	7.4	
EBIT margin	-13.4%	-5.8%	-0.9%	2.3%	4.7%	6.8%	8.8%	10.9%	12.9%	15.0%	
Taxes	0.8	0.0	0.0	-0.2	-0.5	-0.8	-1.2	-1.5	-1.9	-2.2	
Tax rate	26%	27%	30%	30%	30%	30%	30%	30%	30%	30%	
Depreciation	3.6	2.3	1.8	1.6	1.7	1.9	2.2	2.3	2.4	2.5	
% of sales	15.6%	9.0%	6.1%	5.0%	4.5%	4.8%	4.9%	4.9%	5.0%	5.0%	
Capex	-1.2	-1.3	-1.5	-1.7	-1.9	-2.1	-2.2	-2.3	-2.4	-2.5	
% of sales	5.2%	5.0%	5.1%	5.1%	5.1%	5.1%	5.0%	5.0%	5.0%	5.0%	
Δ NWC	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	
% of sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
FCF	0.1	-0.5	0.0	0.4	1.0	1.8	2.6	3.5	4.3	5.2	56.6
growth yoy	nm	nm	nm	nm	nm	84.6%	47.8%	33.2%	24.7%	18.9%	0.0%
PV FCF	0.1	-0.4	0.0	0.3	0.7	1.1	1.5	1.8	2.1	2.3	25.3

PV Forecast Period	10
PV Terminal Value	25

Enterprise value	35
- Net Debt / Net Cash	5.6
- Pension Provisions	0
Equity value	29
Number of shares	4.9
Value per share (€)	6.00

Sensitivity Analysis	Terminal growth rate				
	-1.0%	-0.5%	0.0%	0.5%	1.0%
8.19%	6.4	6.8	7.2	7.6	8.1
8.65%	5.9	6.2	6.6	6.9	7.4
WACC 9.10%	5.4	5.7	6.0	6.3	6.7
9.56%	5.0	5.3	5.5	5.8	6.1
10.01%	4.6	4.8	5.1	5.3	5.6

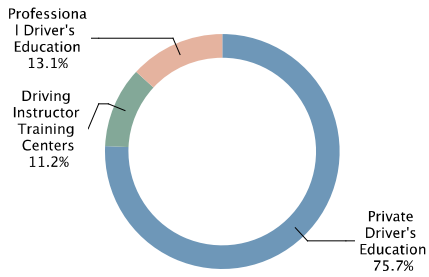
Risk free rate	3.50%	Equity ratio	100%
Cost of debt	4.50%	Company beta	1.1
Market Premium	5.00%	WACC	9.10%

Source: Quirin Privatbank AG

Company description

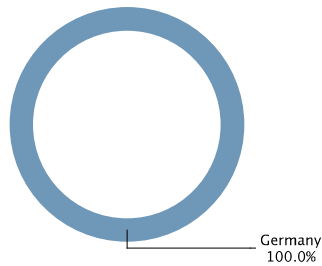
123fahrerschule SE is a German based company, that operates as an information technology supported driving school chain. The Company offers its learner drivers a digital application software for administration, e-learning and individual learning progress control for driving license training for all driving license classes.

Revenues by segment 2023



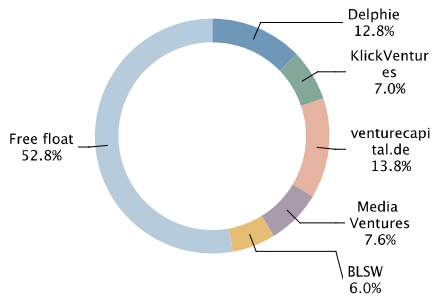
Source: Company data

Revenues by region 2023



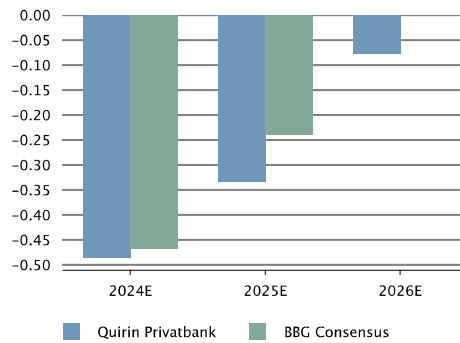
Source: Company data

Shareholder structure



Source: Company data

EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

Profit & loss statement

Profit & loss statement (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	16.7	114.8 %	20.6	23.7 %	23.1	12.0 %	26.1	13.0 %	29.5	13.0 %
Unfinished Goods	1.0		2.0		2.0		2.0		2.0	
Other own work capitalized	1.2		1.2		1.3		1.5		1.7	
Other operating earnings	1.0		2.0		2.0		2.0		2.0	
Cost of goods	0.0		0.0		0.0		0.0		0.0	
Gross profit	17.9		21.8		24.4		27.6		31.2	
Personnel expenses	-12.1		-13.7		-14.3		-16.2		-18.1	
Depreciation	-3.0		-3.4		-3.6		-2.3		-1.8	
Other operating expenses	-8.4		-9.0		-9.6		-10.6		-11.5	
EBITDA	-2.7	-29.5 %	-0.9	-66.8 %	0.5	-157.8 %	0.8	63.9 %	1.5	83.2 %
EBITDA margin (%)	-16.03		-4.30		2.22		3.22		5.22	
EBIT	-5.6	-1.6 %	-4.3	-23.6 %	-3.1	-28.3 %	-1.5	-51.2 %	-0.3	-82.6 %
EBIT margin (%)	-33.85		-20.90		-13.37		-5.78		-0.89	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	0.0		0.0		-0.1		-0.1		-0.1	
Exceptional items	0.0		2.0		2.0		2.0		2.0	
Pretax profit	-5.7	-1.3 %	-4.4	-23.2 %	-3.2	-26.4 %	-1.6	-49.3 %	-0.4	-76.7 %
Pretax margin (%)	-34.02		-21.12		-13.87		-6.22		-1.28	
Taxes	1.3		0.4		0.8		0.0		0.0	
Tax rate (%)	22.76		10.27		26.00		27.00		30.00	
Earnings after taxes	-4.4		-3.9		-2.4		-1.6		-0.4	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-4.4	-2.3 %	-3.9	-10.8 %	-2.4	-39.3 %	-1.6	-31.5 %	-0.4	-76.7 %
No. of shares (m)	3.1		4.9		4.9		4.9		4.9	
Earnings per share (EUR)	-1.41	-23.9 %	-0.80	-43.2 %	-0.49	-39.3 %	-0.33	-31.5 %	-0.08	-76.7 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Assets										
Cash and cash equivalents	0.3		0.7		0.2		-1.1		-1.9	
Accounts receivables	3.5		3.0		3.3		3.8		4.3	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	5.5		7.0		7.7		8.6		9.5	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	9.3	30.9 %	10.7	14.7 %	11.2	4.9 %	11.2	0.2 %	11.8	5.3 %
Fixed assets	4.5		4.3		2.5		1.7		1.5	
Goodwill	9.2		8.7		8.7		8.7		8.7	
Other intangible assets	1.7		2.6		2.0		1.7		1.7	
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	0.0		0.0		0.0		0.0		0.0	
Total fixed assets	15.4	43.1 %	15.6	1.0 %	13.2	-15.4 %	12.2	-7.9 %	11.9	-2.5 %
Total assets	24.8	38.3 %	26.3	6.2 %	24.4	-7.1 %	23.4	-4.2 %	23.7	1.3 %
Equity & Liabilities										
Subscribed capital	3.1		4.9		4.9		4.9		4.9	
Reserves & other	23.8		25.5		25.5		25.5		25.5	
Revenue reserves	-5.7		-10.1		-12.4		-14.0		-14.4	
Accumulated other comprehensive	-4.4		-3.9		-3.9		-3.9		-3.9	
Shareholder's equity	16.8	6.6 %	16.4	-2.5 %	14.0	-14.4 %	12.4	-11.6 %	12.0	-3.0 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	16.8	6.6 %	16.4	-2.5 %	14.0	-14.4 %	12.4	-11.6 %	12.0	-3.0 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	2.2		2.4		2.4		2.4		2.4	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	1.4		1.4		1.5		1.7		1.9	
Total long-term debt	3.5	857.8 %	3.8	7.2 %	3.9	4.3 %	4.1	5.0 %	4.4	5.4 %
Short-term debt										
Other provisions	0.4		0.5		0.5		0.6		0.7	
Trade payables	1.1		0.6		0.7		0.8		0.9	
Financial debt	2.0		3.3		3.3		3.3		3.3	
Other liabilities	0.8		1.6		1.8		2.1		2.3	
Total short-term debt	4.4	479.5 %	6.1	38.9 %	6.4	5.4 %	6.8	6.3 %	7.3	6.7 %
Total equity & liabilities	24.8	38.3 %	26.3	6.2 %	24.4	-7.1 %	23.4	-4.2 %	23.7	1.3 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
Per share data (EUR)					
EPS	-1.41	-0.80	-0.49	-0.33	-0.08
Book value per share	5.4	3.4	2.9	2.5	2.5
Free cash flow per share	-1.7	-0.7	-0.1	-0.3	-0.2
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	1.87	0.82	0.73	0.70	0.65
EV/EBITDA	-11.6	-19.1	33.0	21.6	12.4
EV/EBIT	-5.5	-3.9	-5.5	-12.1	-72.7
P/E	-4.0	-3.0	-4.8	-7.0	-30.0
P/B	1.0	0.7	0.8	0.9	0.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	114.8	23.7	12.0	13.0	13.0
EBITDA growth (%)	-29.5	-66.8	-157.8	63.9	83.2
EBIT growth (%)	-1.6	-23.6	-28.3	-51.2	-82.6
EPS growth (%)	-23.9	-43.2	-39.3	-31.5	-76.7
Profitability ratios					
EBITDA margin (%)	-16.0	-4.3	2.2	3.2	5.2
EBIT margin (%)	-33.8	-20.9	-13.4	-5.8	-0.9
Net margin (%)	-26.3	-19.0	-10.3	-6.2	-1.3
ROCE (%)	-27.7	-21.3	-17.2	-9.1	-1.6
Financial ratios					
Total equity (EUR m)	16.8	16.4	14.0	12.4	12.0
Equity ratio (%)	68.0	62.4	57.5	53.1	50.8
Net financial debt (EUR m)	3.8	5.0	5.6	6.9	7.7
Net debt/Equity	0.7	0.6	0.6	0.5	0.5
Interest cover	-197.3	-136.7	-44.1	-30.4	-19.6
Net debt/EBITDA	-1.4	-5.7	10.9	8.2	5.0
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	1.1	0.2	0.2	0.3	0.3
Working capital/Sales	0.07	0.01	0.01	0.01	0.01

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-EUR	Rating	Initiation
01.10.2024	6.00	Buy	
26.07.2024	6.00	Buy	
04.03.2024	5.10	Buy	08.02.2021

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