

## Avemio AG\*5a,11

**Rating: BUY**

**Target price: €32.00**  
**(previously: €50.80)**

Current price: 7.35  
29.01.24 / XETRA / 9:02 am  
Currency: EUR

**Master data:**

ISIN: DE000A2LQ1P6  
WKN: A2LQ1P  
Number of shares<sup>3</sup>: 3.83  
Market cap: 28.17  
Entity value: 27.49  
<sup>3</sup>in million / in EUR million

Free float: 15.5%

Market segment:  
Düsseldorf over-the-counter  
market  
Transparency level:  
Primary market

Accounting:  
HGB

Financial year: 31.12.

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\* catalogue of potential conflicts of interest on page 4

Date (time) of completion:  
29/01/24 (9:33 am)

Date (time) first distribution:  
29/01/24 (11:00 am)

Target price valid until:  
max. 31/12/2024

**Company Profile**

Industry: trade, technology

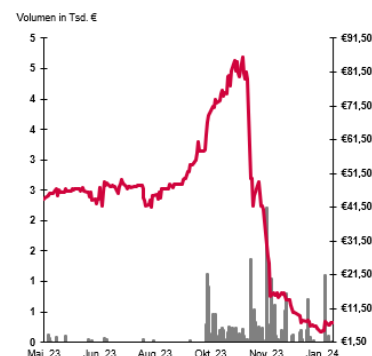
Focus: dealers of professional equipment for moving image production

Employees: approx. 200

Foundation: 1993 (foundation of Teltec)

Head office: Frankfurt am Main

Executive Board: Ralf P. Pfeffer (CEO); Norbert Gunkler (CFO); Steffen Schenk (COO)



Avemio AG, with its wholly-owned subsidiary Teltec AG, is the trading group with the highest turnover for professional film and television technology in the German-speaking market. Avemio AG's share capital is divided into 3,432,150 bearer shares, which are listed on the open market of the Düsseldorf Stock Exchange. The object of the group of companies is trading in professional film and television equipment, associated consumables and accessories. This also includes consulting and technical support for complete production, post-production and broadcasting systems. Teltec AG holds 100% of the shares in each of the following companies VCT Videocation Creative Tools GmbH, VDH Video Data Handels GmbH, VDT Video Data Technik GmbH, BPM Broadcast & Professional Media GmbH; in 2023, MoovIT GmbH and MoovIT Software Products GmbH as well as the Polish company P.V.P. Sp.z.o.o were each taken over in full.

P&L in EUR million \ FY-end	31.12.2022	31.12.2023	31.12.2024e	31.12.2025e
Revenues	108.70	103.00*	110.21	117.92
EBITDA	4.44	0.80*	4.94	7.69
EBIT	3.30	-0.20	3.53	6.17
Net profit	1.79	-0.50	1.90	3.64

**Key figures in EUR**

Earnings per share	0.52	-0.15	1.10	1.76
Dividend per share	0.00	0.00	0.00	0.00

\*according to preliminary figures

**Key figures**

EV/revenue	0.25	0.27	0.25	0.23
EV/EBITDA	6.19	34.28	5.57	3.58
EV/EBIT	8.32	neg.	7.79	4.45
P/E-ratio	15.78	neg.	14.86	7.73
Book-value per share	1.81			

**Financial dates**

28.06.2024: Annual Report 2023  
30.09.2024: Half-year report 2024

**\*last research published by GBC:**

Date: Publication / Target Price in EUR / Rating  
17.08.2023: RS / 50.80 / BUY

\*\* the research reports can be found on our website [www.gbc-ag.de](http://www.gbc-ag.de) or can be requested at GBC AG, Halderstr. 27, D-86150 Augsburg

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "I. Research under MiFID II"

## Sales and earnings for 2023 below expectations, forecasts and price target reduced, BUY rating confirmed

in €m	FY 22	FY 23e	FY 24e (old)	FY 24e (new)	FY 25e (old)	FY 25e (new)
Sales	108.70	103.00*	137.31	110.21	148.13	117.93
EBITDA	4.44	0.80*	8.08	4.94	11.52	7.69
EBIT	3.30	-0.20	6.68	3.53	10.01	6.17
EAT	1.79	-0.50	3.78	1.90	6.04	3.64

Sources: Avemio AG; GBC AG; \*according to preliminary figures

According to preliminary figures for the past financial year, Avemio AG suffered a decline in sales to around € 103 million (previous year: € 108.7 million), contrary to previously communicated expectations. The company had previously expected sales of € 120 million. The expected recovery in demand in the second half of the year failed to materialise, primarily due to the persistently weak economy. The trading companies VDH Video Data Handels GmbH and BPM Broadcast & Professional Media GmbH were particularly affected by this, while the trading company Teltec AG recorded a robust sales trend. In addition to lower demand from consumers (VDH) and for high-priced equipment (BPM), the decline in sales was also due to a lack of innovation in the area of professional film and television technology. In addition, many customers had made investments during the coronavirus pandemic, which led to certain pull-forward effects for previous years. Despite these difficulties, sales exceeded the € 100 million mark for the third time in a row, although sales were significantly below our previous expectations (old GBC forecast: € 127.50 million).

According to the company, the decline in sales was compounded by pressure on margins due to market prices, which led to a fall in the gross margin. The preliminary EBITDA of around € 0.8 million (previous year: € 4.4 million) is therefore significantly below the previous guidance and our forecasts. The company had previously forecast EBITDA of € 5.0 million, on the basis of which we had forecast EBITDA of € 5.6 million. EBITDA of € 1.0 million in the first half of the year is therefore offset by negative EBITDA of € -0.2 million in the second half of the year.

In the corporate news of 22 January 2014, Avemio's management emphasised the company's continued solid capital base. With equity of € 12.5 million (30.06.23: € 13.0 million) and an equity ratio of 35% (30.06.23: 37%), the company has cash and cash equivalents of € 5.8 million. In addition, credit lines totalling € 2.6 million can be utilised and there is a commitment from the state of Hesse for mezzanine financing in the amount of € 5 million. This capitalisation is intended to further drive M&A growth as one of the company's most important strategic pillars. A further company acquisition could be announced in the first half of 2024.

We are adjusting our original forecast for the past financial year in line with the preliminary figures. Based on EBITDA of € 0.8 million, we expect negative earnings after taxes of around € -0.5 million. Due to the lower starting position, we are also reducing our estimates for the two financial years 2024 and 2025. Our estimates still do not include organic growth, which is, however, an important part of the corporate strategy. Based on the forecast reduction, we have set a new target price of €32.00. We continue to assign a BUY rating.

## DCF model

### *Model assumptions*

Avemio AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2023 to 2027 in phase 1, the forecast is made from 2028 to 2030 in the second phase by applying value drivers. We expect an annual increase in turnover of 5.0%. We have taken the tax rate into account in phase 2 at 33.0%. In the third phase, a residual value is determined after the end of the forecast horizon using the perpetual annuity. In the final value, we conservatively assume a growth rate of 3.0%.

### *Determination of the cost of capital*

The weighted average cost of capital (WACC) of Avemio AG is calculated from the cost of equity and the cost of debt. To determine the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. The basis for this is the zero bond interest rates published by the Deutsche Bundesbank according to the Svensson method. To smooth short-term market fluctuations, the average yields of the previous three months are used and the result rounded to 0.25 basis points. **The currently used value of the risk-free interest rate is 2,5% (until now: 2.0%).**

We set the historical market premium of 5.5% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the equity market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.61 is currently determined.

Using the assumptions made, the cost of equity is calculated at 11.34% (until now: 10.84%) (beta multiplied by the risk premium plus the risk-free interest rate). As we assume a sustainable weighting of the cost of equity of 80% (previously: 70%), the weighted average cost of capital (WACC) is 9.46% (previously: 8.55%).

### *Valuation result*

As part of the DCF valuation model, we calculated a fair company value of € 122.62 million (previously: € 194.66 million) as at 31 December 2024. The fair value per share is therefore € 32.00 (previously: € 50.80).

## Avemio AG - Discounted Cashflow (DCF) model

Value driver used in the DCF-model's estimate phase:

consistency - phase		final - phase	
Revenue growth	5.0%	Perpetual growth rate	3.0%
EBITDA-margin	11.6%	Perpetual EBITA margin	10.5%
Depreciation on fixed assets	17.2%	Effective tax rate in terminal value	30.0%
Working capital to sales	11.3%		

### Three-phase DCF - model:

Phase in mEUR	estimate					consistency			final TV
	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	
Revenue (RE)	103.00	110.21	117.92	123.82	130.01	136.51	143.34	150.51	
Revenue change	-5.2%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%
Revenue to fixed assets	12.06	12.71	13.38	13.80	14.22	15.17	16.24	17.35	
EBITDA	0.80	4.94	7.69	12.11	15.05	15.80	16.59	17.42	
EBITDA-margin	0.8%	4.5%	6.5%	9.8%	11.6%	11.6%	11.6%	11.6%	
EBITA	-0.20	3.53	6.17	10.60	13.50	14.23	15.04	15.90	
EBITA-margin	-0.2%	3.2%	5.2%	8.6%	10.4%	10.4%	10.5%	10.6%	10.5%
Taxes on EBITA	0.06	-1.41	-2.32	-3.50	-4.46	-4.69	-4.96	-5.25	
Tax rate	28.6%	40.0%	37.6%	33.0%	33.0%	33.0%	33.0%	33.0%	30.0%
EBI (NOPLAT)	-0.14	2.12	3.85	7.10	9.05	9.53	10.08	10.65	
Return on Capital	-1.0%	10.9%	18.5%	32.0%	39.3%	39.9%	41.2%	42.5%	44.4%
Working Capital (WC)	10.97	12.12	13.36	14.03	14.73	15.47	16.24	17.05	
WC to sales	10.7%	11.0%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	
Investment in WC	-1.71	-1.15	-1.24	-0.67	-0.70	-0.74	-0.77	-0.81	
Operating fixed assets (OFA)	8.54	8.67	8.81	8.97	9.15	9.00	8.83	8.68	
Depreciation on OFA	-1.00	-1.41	-1.52	-1.52	-1.54	-1.57	-1.55	-1.52	
Depreciation to OFA	11.7%	16.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	
CAPEX	-3.98	-1.54	-1.66	-1.68	-1.72	-1.43	-1.38	-1.37	
Capital Employed	19.52	20.79	22.17	23.00	23.87	24.47	25.07	25.73	
EBITDA	0.80	4.94	7.69	12.11	15.05	15.80	16.59	17.42	
Taxes on EBITA	0.06	-1.41	-2.32	-3.50	-4.46	-4.69	-4.96	-5.25	
Total Investment	-5.69	-3.69	-2.90	-2.34	-2.42	-2.17	-2.15	-2.18	
Investment in OFA	-3.98	-1.54	-1.66	-1.68	-1.72	-1.43	-1.38	-1.37	
Investment in WC	-1.71	-1.15	-1.24	-0.67	-0.70	-0.74	-0.77	-0.81	
Investment in Goodwill	0.00	-1.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cashflows	-4.83	-0.16	2.47	6.27	8.17	8.94	9.48	9.99	165.10

Value operating business (due date)	116.61	127.80
Net present value explicit free Cashflows	28.90	31.80
Net present value of terminal value	87.71	96.01
Net debt	4.66	5.19
Value of equity	111.96	122.62
Minority interests	0.00	0.00
Value of share capital	111.96	122.62
Outstanding shares in m	3.83	3.83
Fair value per share in €	29.22	<b>32.00</b>

### Cost of Capital:

Risk free rate	2.5%
Market risk premium	5.5%
Beta	1.61
Cost of equity	11.3%
Target weight	80.0%
Cost of debt	2.7%
Target weight	20.0%
Taxshield	28.7%
WACC	<b>9.5%</b>

Return on Capital	WACC				
	8.9%	9.2%	9.5%	9.8%	10.1%
43.9%	35.14	33.33	31.69	30.21	28.86
44.2%	35.32	33.49	31.85	30.35	28.99
44.4%	35.49	33.65	<b>32.00</b>	30.49	29.13
44.7%	35.66	33.81	32.15	30.64	29.26
44.9%	35.83	33.98	32.30	30.78	29.39

## ANNEX

### I.

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