

Recommendation: Buy

Price target: 13.00 Euro (prior: 19.00 Euro)

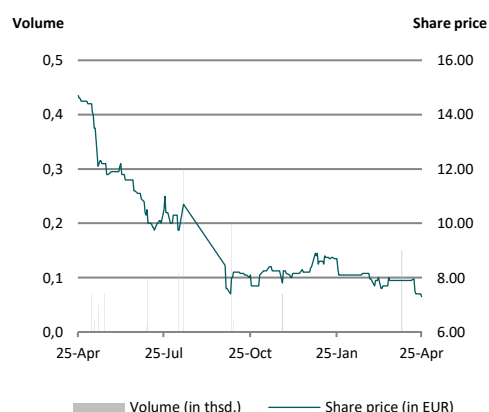
Upside potential: +74 percent

Share data

Share price	7.45 Euro (XETRA)
Number of shares (in m)	1.92
Market cap. (in EUR m)	14.3
Enterprise Value (in EUR m)	8.7
Code	TR9
ISIN	DE000A0S9R37

Performance

52 week high (in EUR)	14.70
52 week low (in EUR)	7.30
3 m relative to CDAX	-13.6%
6 m relative to CDAX	-23.3%



Shareholder structure

Freefloat	30.0%
VBGM GmbH	40.0%
UX3 GmbH	30.0%

Calendar

Equity Forum	15 May 2023
Annual Report 2022	7 June 2023

Changes in estimates

	2022e	2023e	2024e
Sales (old)	11.5	12.3	13.2
Δ in %	3.0%	0.3%	0.3%
EBIT (old)	0.4	0.9	1.3
Δ in %	8.5%	n.m	n.m
EPS (old)	0.16	0.34	0.47
Δ in %	6.3%	n.m	n.m

Analyst

Sebastian Weidhüner
+49 40 41111 37 82
s.weidhuener@montega.de

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Comment 26 April 2023

Top line target exceeded – Investment phase with lower earnings level to last longer than expected so far

Today, OTRS has presented preliminary results for FY 2022 and provided an outlook for 2023. The initiated investment phase leads to a longer margin erosion than the company had communicated so far and we had considered in our valuation.

Exceeded sales forecast comes along with expected drop in earnings: In May 2022, OTRS initially projected revenues of EUR 11.8m (+6.8% yoy) and a decline in earnings due to investments, while net profit was expected to remain positive. In view of longer sales cycles, the top line outlook was reduced to EUR 11.5m in September. OTRS has exceeded this level and now even reported that it had achieved its initial guidance of EUR 11.8m. The company's bottom line with net income of EUR 0.3m (PY: EUR 1.2m; MONE: EUR 0.3m) is within the expected range. Higher expenses were primarily related to the SAP introduction, the start of the Gartner cooperation, intensified IR activities and an increase in staff.

Executive Board now even makes allowances for negative earnings in 2023: OTRS anticipates revenues of EUR 12.3–12.7m (between +4% and +7% yoy) in the current year, which is at the lower end of our forecast. In this context, the company refers to the fact that the sales cycle has tripled. On the bottom line, in turn, OTRS anticipates a “balanced to slightly negative” EBITDA (2022p: EUR 1.3m). When the 2022 guidance was released on 16 May 2022, the company still indicated that earnings were expected to increase again in 2023. Up until now, we had also expected such a reversal of the trend with an EBITDA forecast of EUR 1.8m. On the one hand, the reason for the present guidance is that OTRS will no longer capitalize own funds that increase income from 2023 onwards (EUR 0.8m in 2021 and 2022 respectively) as the software development will be changed to rolling releases. This will lead to a reported EBIT that is lower than the figure adjusted for capitalizations until the end of the depreciation of own funds already capitalized (MONE: 2026). On the other hand, the full effect of the headcount that has mainly been increased in H2/22 with the aim to be optimally positioned for the medium to long-term growth prospects will be felt in the current FY for the first time. Plans for the next years include a gradual change of the programming language amongst others. According to OTRS, it is increasingly more difficult to acquire specialists with sufficient know-how in the much older programming language “Perl” which is currently used. We have adjusted our medium-term forecasts in the bottom line, taking account of both the discontinuation of capitalized own funds and the increased cost basis. The EBIT margin which is also reduced to 10.0% in the terminal value (previously: 17.5%) reflects a competitive environment that is much more intensive by now and the challenges in implementing price increases in line with the inflation rate as explained by the Executive Board.

Conclusion: OTRS has closed the fiscal year 2022 as expected. The investments made are likely to improve the market position in the medium to long term but were higher than expected so far. Having adjusted the valuation model, we confirm our buy recommendation with a lower price target of EUR 13.00 (previously: EUR 19.00).

FYend: 31.12.	2020	2021	2022e	2023e	2024e
Sales	9.7	11.0	11.8	12.3	13.2
Growth yoy	5.8%	13.8%	7.2%	3.9%	7.6%
EBITDA	2.3	2.4	1.3	-0.4	0.2
EBIT	1.8	1.7	0.5	-1.1	-0.5
Net income	1.2	1.2	0.3	-1.1	-0.5
Gross profit margin	94.5%	90.7%	88.1%	80.0%	82.0%
EBITDA margin	23.8%	21.9%	10.7%	-3.2%	1.3%
EBIT margin	18.2%	15.7%	4.1%	-9.2%	-3.4%
Net Debt	-2.7	-4.3	-4.2	-3.7	-4.1
Net Debt/EBITDA	-1.2	-1.8	-3.3	9.4	-24.2
ROCE	224.1%	179.1%	77.7%	-1231.6%	56.4%
EPS	0.63	0.62	0.17	-0.59	-0.24
FCF per share	0.72	0.86	0.12	-0.19	0.23
Dividend	0.07	0.15	0.10	0.00	0.00
Dividend yield	0.9%	2.0%	1.3%	0.0%	0.0%
EV/Sales	0.9	0.8	0.7	0.7	0.7
EV/EBITDA	3.8	3.6	6.9	n.m.	51.0
EV/EBIT	4.9	5.0	17.8	n.m.	n.m.
PER	11.8	12.0	43.8	n.m.	n.m.
P/B	3.6	2.8	3.0	4.3	5.0

Source: Company data, Montega, CapitalIQ; subsidiaries are not consolidated

Figures in EUR m, EPS in EUR, Price: 7.45

COMPANY BACKGROUND

As a provider of the help desk and IT service management (ITSM) solution of the same name, OTRS optimizes the structure of internal and external corporate communications. The ticketing software was known as “Open Ticket Request System” before and had also been supported by the manufacturer as an open-source version to a limited extent. The products of OTRS enable B2B customers to manage and answer service requests and to automate and digitize business processes. 95% of revenues are generated with the core product. The company’s portfolio also includes a security incident management software with security expansions, an information security management system (ISMS) and an advanced analytics tool. OTRS plans to expand the company towards solution management by increasingly including external technologies, which should also address additional customer requirements. OTRS AG currently has 819 fee-based customer contracts with an annual volume of EUR 10.0m.

Key Facts

Ticker	TR9	Revenue	EUR 11.0m
Sector	Application Software	EBIT*	EUR 1.5m
Employees	74	EBIT margin*	13.2%
Core competence	Manufacturer and world’s largest service provider of the help desk and IT service management suite OTRS		
Locations	Oberursel (headquarters in Germany), Cupertino (USA), Mexico-City (Mexico), São Paulo (Brazil), Budapest (Hungary) and Singapore		
Customer structure	International as well as size- and industry-independent B2B business with currently around 700 companies (i.a. Deutsche Bahn, Lufthansa, TUI Cruises, ARD, BSI, Airbus, Bundeswehr, Doppelmayr, NASA, ENAV, GÉANT)		

Source: Company

* excl. own work capitalized; figures for OTRS AG only; As of FY 2021

Key milestones in the company’s history

2001	Start of the OTRS open-source project
2003	Foundation of OTRS GmbH and development of the EMEA economic area
2006	Foundation of OTRS Inc. in the wake of the US expansion
2007	Change of name into OTRS AG
2009	Listing on the Entry Standard of the Frankfurt Stock Exchange Development of the Latin American market
2010	Foundation of a subsidiary in Mexico
2011	Market entry in the Asian-Pacific region
2015	Additional launch of the fee-based OTRS Business Solution™ with exclusive features and services as well as a managed option
2016	Foundation of subsidiaries in Hong Kong and São Paulo
2017	Foundation of a subsidiary in Singapore Product launch: STORM powered by OTRS
2018	Foundation of a subsidiary in Hungary Fee-based OTRS Business Solution™ renamed OTRS Free version renamed “Community Edition” Product launch: CONTROL powered by OTRS

2020 Release of OTRS 8 with new and customizable agent surface as well as direct interfaces to Facebook, Twitter, and LinkedIn

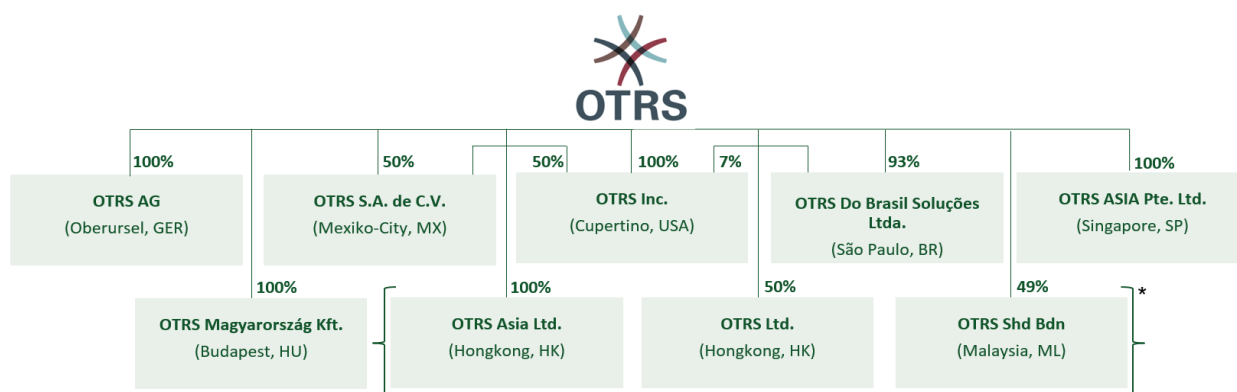
End-of-Life (EOL) of the Community Edition as per 1 January 2021 announced on 23 December

2021 First dividend payment in the company's history

Organisational structure

OTRS AG plays a key role in the company's organizational structure. The domestic company bundles product development and global sales control. The affiliated foreign subsidiaries are mainly acting as sales companies for the respective region. Based on regulatory requirements, the subsidiaries in Mexico and Brazil need another associate which is represented by OTRS Inc. The company has discontinued the operating business of the subsidiaries OTRS Ltd. (50%), OTRS Shd Bdn (49%), and OTRS Asia Ltd. (100%) because of unsuccessful partner concepts. For this reason, the Asian-Pacific region will be exclusively controlled from Singapore going forward. Accordingly, the three companies are insignificant for the presentation of a true and fair view of the group's net assets, financial position, and result of operations.

Organisational structure of OTRS AG



Source: Company; * Operational business operations already discontinued

Business model and segment overview

The OTRS service management suite takes center stage in the business model and has been available in its eighth version since March 2020. During the development process, the company primarily focused on a multitude of personalization possibilities and optimized user guidance. A possible interconnectedness with other systems (e.g. project management and CRM applications) allows users to process and track service requests independent of processes. The OTRS core product is mainly used in two areas:

(1) Help desk and service management solution for the administration of tickets, complaints, support queries and other types of reports

OTRS provides the basis for efficient processing of IT service requests through different channels. This includes structuring of internal work processes but also handling of external complaints amongst others. For instance, the IT service staff (agents) can communicate with their customers (users) and other agents via email, telephone, social media, notes or SMS. Thanks to the high flexibility of the OTRS software, the company has implemented prestigious customer projects in the application scenarios below:

- Deutsche Bahn: Internal processing and visualization of train delays as an information basis for conductors
- ARD Group: Processing of internal service requests regarding the production of programs

- Lufthansa: Coordination of customer complaints and refund of airline tickets
- TUI Cruises: Documentation of defects including automated generation of orders for spare parts as well as resource planning for the maintenance of cruise liners
- Mack Rides: Data aggregation of the rides including ticket-based reporting of malfunctions and initiation of pre-defined escalation levels

User Interface of OTRS 8

The screenshot displays the OTRS 8 user interface. The top header features a user profile icon, a menu icon, a notification bell with '18', a search icon, and a plus icon. The OTRS logo is on the right. The main content area is divided into three sections, each with a table of tickets.

Reminder Tickets (36 Objects)

Title	Prio	State	Customer User	Owner	Responsible	Queue	Watch
Software Service Subscription for next Year	3 normal	open	Carl Customer	Carmen Customer Service	Carmen Customer Service	Wait	
Login to old CRM application does not work	1 very low	pending reminder	Konrad Kunde	Tim Technical Expert	Tim Technical Expert	Intern	
Development of a new Mobile App	2 low	open	Gabriel Garcia	Adam Application Expert	Adam Application Expert	Work	
Event detection in Security Monitoring	4 high	open	Pedro Perez	Sven SOC Analyst	Sven SOC Analyst	Some	
API accessibility	5 very high	open	Fernando Martins	Tim Technical Expert	Tim Technical Expert	IT	
Software Service Subscription for next Year	3 normal	open	Carl Customer	Carmen Customer Service	Carmen Customer Service	Special Things	
Login to old CRM application does not work	1 very low	open	Konrad Kunde	Tim Technical Expert	Tim Technical Expert	Child	

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Escalated Tickets (326 Objects)

Title	Prio	State	Customer User	Owner	Responsible	Queue	Watch
Software Service Subscription for next Year	3 normal	pending reminder	Carl Customer	Carmen Customer Service	Carmen Customer Service	Wait	
Login to old CRM application does not work	1 very low	pending reminder	Konrad Kunde	Tim Technical Expert	Tim Technical Expert	Intern	
Development of a new Mobile App	2 low	pending reminder	Gabriel Garcia	Adam Application Expert	Adam Application Expert	Work	
Event detection in Security Monitoring	4 high	pending reminder	Pedro Perez	Sven SOC Analyst	Sven SOC Analyst	Some	
API accessibility	5 very high	pending reminder	Fernando Martins	Tim Technical Expert	Tim Technical Expert	IT	
Software Service Subscription for next Year	3 normal	pending reminder	Carl Customer	Carmen Customer Service	Carmen Customer Service	Special Things	
Login to old CRM application does not work	1 very low	pending reminder	Konrad Kunde	Tim Technical Expert	Tim Technical Expert	Child	

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New Tickets (12 Objects)

Title	Prio	State	Customer User	Owner	Responsible	Queue	Watch
Software Service Subscription for next Year	3 normal	new	Carl Customer	Carmen Customer Service	Carmen Customer Service	Wait	
Login to old CRM application does not work	1 very low	new	Konrad Kunde	Tim Technical Expert	Tim Technical Expert	Intern	
Development of a new Mobile App	2 low	new	Gabriel Garcia	Adam Application Expert	Adam Application Expert	Work	
Event detection in Security Monitoring	4 high	new	Pedro Perez	Sven SOC Analyst	Sven SOC Analyst	Some	
API accessibility	5 very high	new	Fernando Martins	Tim Technical Expert	Tim Technical Expert	IT	
Software Service Subscription for next Year	3 normal	new	Carl Customer	Carmen Customer Service	Carmen Customer Service	Special Things	

Source: Company

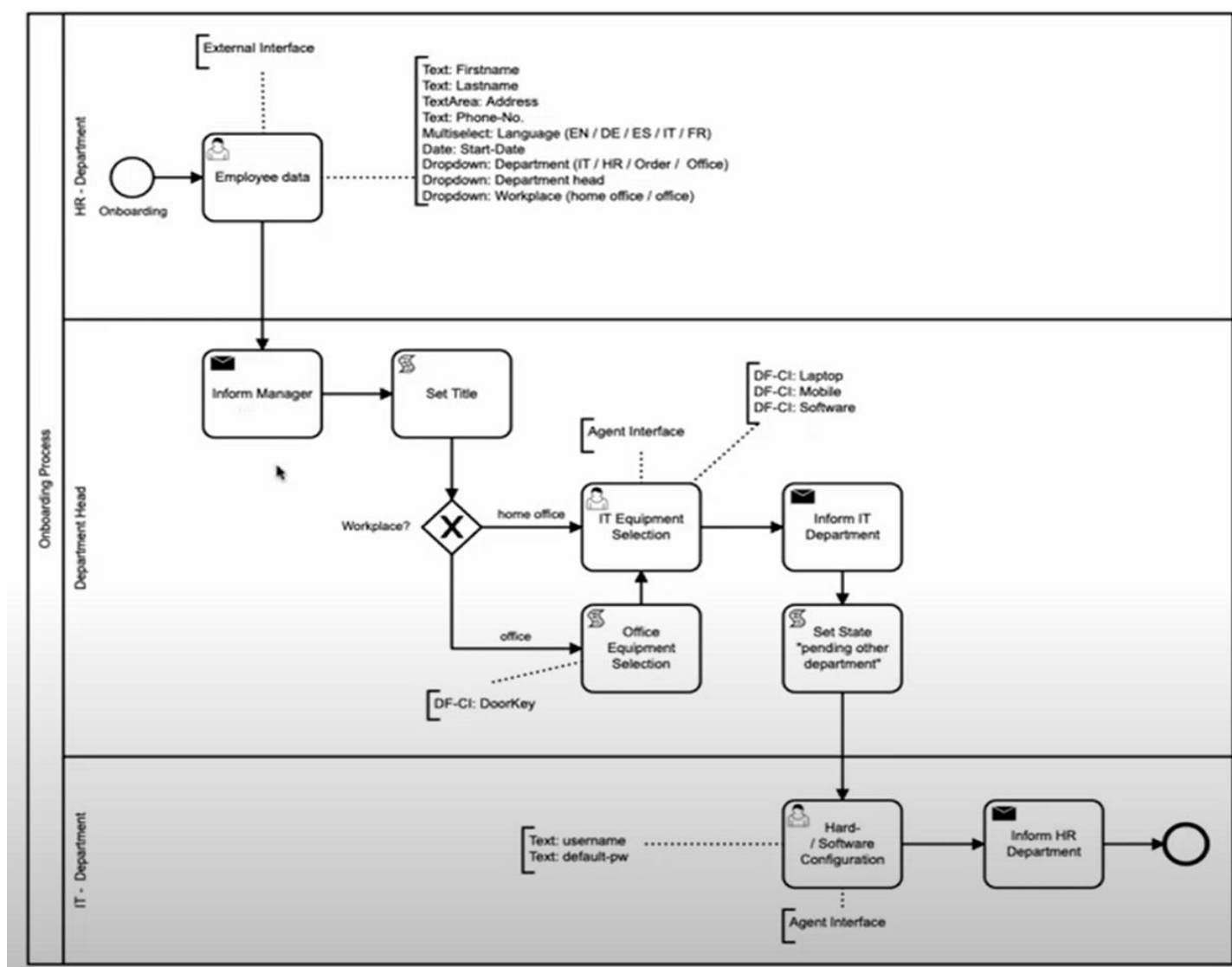
OTRS has a modular structure meaning that all objects, lists, widgets, and overviews can be configured by the customer. The applications required for an efficient incident and problem management are covered by the broad range of functions. This includes priority labelling, provision for service level agreements (SLA), knowledge database articles, statistics and reports, rights management, audit-compliant communication protocols, attachments across files, notification service for several groups of agents or individual persons, calendar-based appointment management and chat availability.

The software, which is written in Perl and Javascript, also supports different database systems such as MySQL, PostgreSQL, Oracle, and SQL service and can be used in almost all areas of a company. Users can login through a web application or through the apps developed for Android and iOS.

(2) Process design for automation and digitization of business processes

Process management is used for a comprehensive control of all service processes with the aim of a structured automation, digitization, and professionalization of recurring business processes and tasks. In this respect, OTRS is also used as a tool in enterprise service management (ESM) and business process management (BPM). Using drag & drop, a process drawing is to accelerate workflows and reduce human errors. A ticket acts like an accompanying document in this scenario which receives changes as notifications. This procedure pre-defines the path of the tickets and assigns agents to the respective process steps. The process path of an employee onboarding in OTRS is shown below as an example:

Process design in OTRS 8



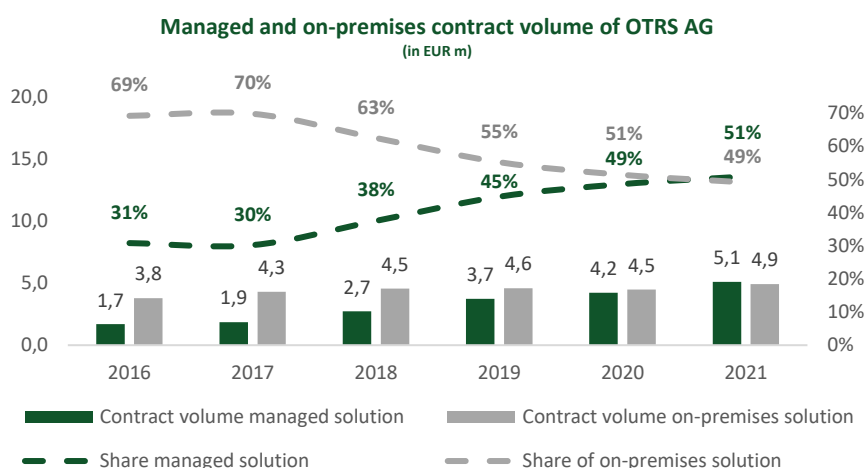
Source: Company

All operational processes can basically be improved with process design. This includes distribution and evaluation of customer surveys, administration of meeting rooms, processing of travel requests or requests for IT equipment as well as invoice management.

OTRS is available as a managed cloud solution and as an on-premises solution. The managed version includes much more than pure hosting, where a service provider only makes available the server space to the customer. OTRS provides the following services:

- Hardware and platform management in provider data centers certified according to ISO/IEC 27001 and with GDPR-compliant data protection
- Remote control and administration (monitoring)
- Application of updates, upgrade and backups (e.g. for the operating system and the underlying databases)
- Complete application management (administration and implementation of all required patches)

As for the on-premises version, the customer must take care of the network management, compliance with data protection, creation of backups and assurance of data integrity. Given that the software runs on their servers, customers are also responsible for their administration, which entails additional costs for hardware procurement, operations, maintenance, and further IT services if necessary. In 2021, the contract volume of the managed solution accounted for the majority of the total contract value (TCV) of OTRS for the first time. Based on an increasing use of cloud computing we expect this trend to continue.



Source: Company

The company has three other products alongside OTRS:

Extended portfolio of OTRS



Source: Company

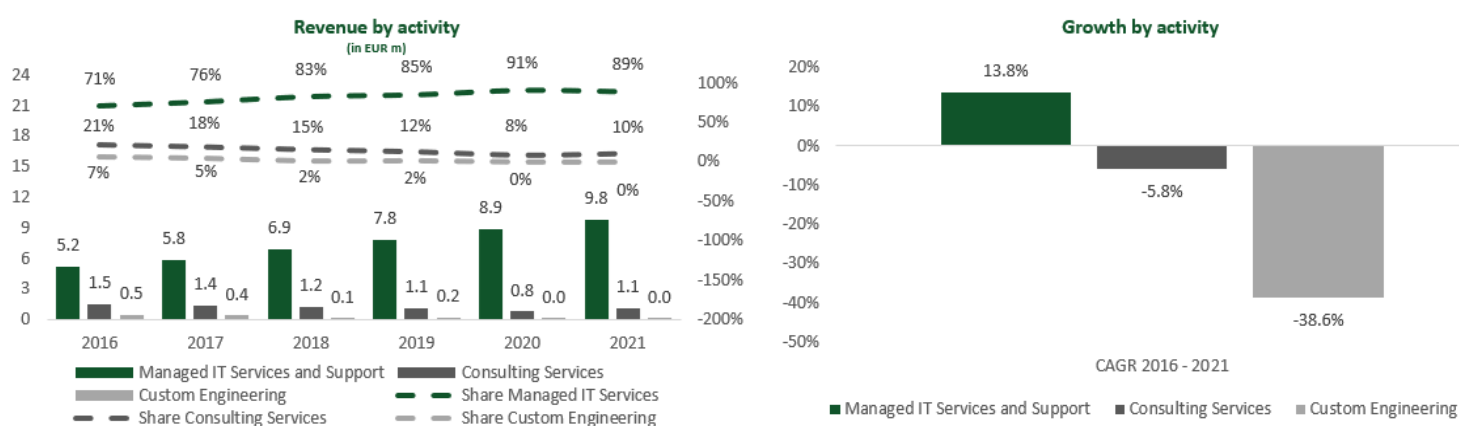
STORM, the security incident management software, is a SOAR tool (security orchestration, automation, and response). It enables customers to detect threats from different data sources and to automatically respond to defined security issues. The improved efficiency of security operations is of relevance for a so-called CERT (computer emergency response team). As such, STORM is a variation of the "OTRS" core product enhanced by security features. This includes automated virus checks of attachments or blacklist checks of all IP addresses. The product's share in revenues is some 5% according to management. Customers are German Bundeswehr, Airbus and BSI.

The **CONTROL** information management system (ISMS) addresses companies which are certified according to ISO/IEC 27001 and which have to provide the relevant documentation. The international ISO standard includes recommendations for different control mechanisms in information security. CONTROL optimizes the structure of processes, enables audit-compliant storage of documents and also includes automated reminders. The product is in the last development stages and does not generate revenues yet.

ADVANCED ANALYTICS continuously retrieves data from connected OTRS systems and provides support in the form of analytic evaluations in decision-making, risk minimization and opportunity identification. Services exceed the reporting and statistics functionalities included in the core product as the product offers useful real-time insights. To this end, it identifies relationships of the data stored in OTRS, makes comparisons, and reveals dependencies. Practice-related applications are analyses on ticket trends, on communication rounds, on the usefulness of knowledge database articles as well as analyses on appointments and customer behavior. The product is currently being tested by different customers and does not yet generate external revenues either.

OTRS divides its business activities in four segments, with the “Others” segment being excluded since it has a sales share of below 1%:

Segment reporting of OTRS AG



Source: Company

The **Managed IT Services and Support** segment (**share: 89%**) only includes the revenues from the annual contracts of OTRS and STORM. Depending on the selected service package, the customer receives a diverging number of simultaneous users, feature add-ons that can be installed in parallel as well as available service requests for each contract period. A customer of the OTRS core product can choose between a silver, gold, titanium or platinum version. STORM provides two versions: AMBER and Red. Based on the company's strategy to primarily focus on recurring revenue, this segment has been the only area of growth as of late.

Consulting Services (**share: 10%**) can be regarded as auxiliary revenue. The conclusion of new contracts usually includes a certain level of consulting services. This directly serves to increase recurring revenue going forward.

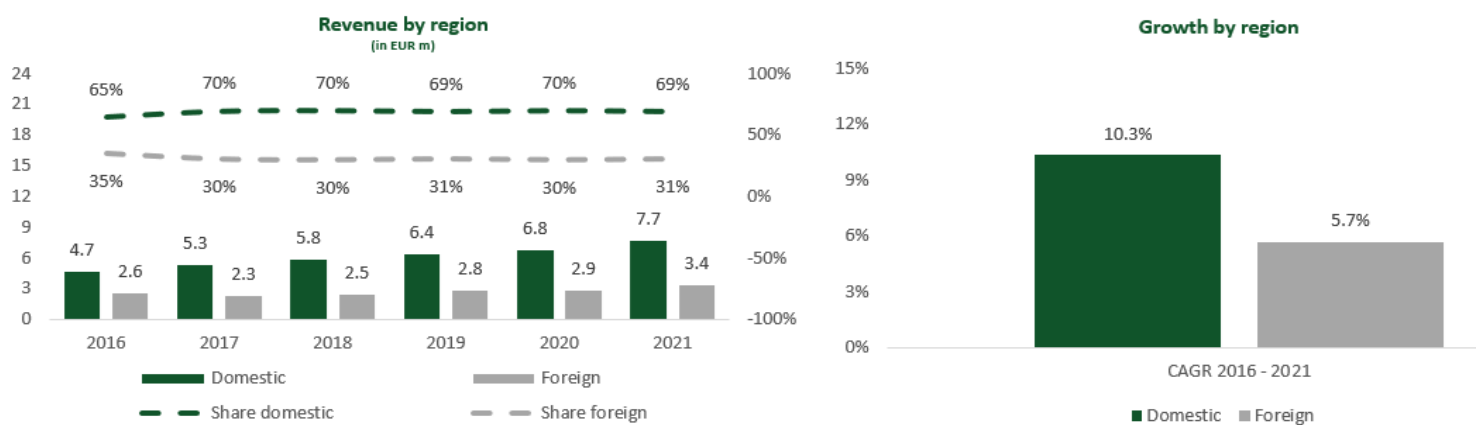
The **Custom Engineering** segment (**share: 0%**) deals with customized adjustments and developments. However, these services are only provided as an exception because of the insufficient scalability.

Target markets, sales structure, and sales regions

The OTRS portfolio can be used by all B2B customers independent of their size and industry. The products are almost exclusively distributed through own resources, but the strategic agenda also provides for the initiation of a partner concept.

The market entry in the EMEA regions marked the start of the international expansion in 2003, no more than two years after the project start of OTRS. The product has significantly gained in popularity after being officially used as a help desk system by the NASA in 2005. According to management, the download statistics of the open-source version have shown that the product was used internationally by call centers and service centers at a very early stage. The company has gradually continued expansion leading to five active foreign sales companies as of today. As the business results below only show the revenues of OTRS AG, foreign sales exclusively refer to the EMEA region.

Regional revenue distribution of OTRS AG



Source: Company

As consolidated financial statements are not available, there have been no regular publications on the figures of the active foreign subsidiaries in the USA, Brazil, Hungary, Mexico, and Singapore. Although most of the contracts (MONE: 80%) are generated by OTRS AG, revenues abroad are expected to still exceed the reported 30%.

OTRS AG - Subsidiaries		2019	2020	2021	CAGR 19-21	Share 2019	Share 2021
OTRS Inc. (USA)	External revenue	0.68	0.67	0.92	16.3%	41.1%	41.2%
	EBIT	-0.17	-0.04	0.13			
	EBIT margin	-25.1%	-5.8%	13.9%			
OTRS S.A. (Mexico)	External revenue	0.44	0.48	0.61	17.2%	26.8%	27.3%
	EBIT	0.03	0.09	0.17			
	EBIT margin	7.2%	18.9%	27.6%			
OTRS Do (Brazil)	External revenue	0.13	0.17	0.16	11.7%	7.5%	7.0%
	EBIT	-0.04	0.02	-0.01			
	EBIT margin	-28.8%	13.5%	-7.7%			
OTRS Magv. (Hungary)	External revenue	0.21	0.15	0.30	19.8%	12.7%	13.6%
	EBIT	0.09	0.08	0.16			
	EBIT margin	42.2%	53.0%	51.2%			
OTRS Asia Pte. (Singapore)	External revenue	0.20	0.24	0.25	11.5%	11.9%	11.0%
	EBIT	-0.17	0.04	0.04			
	EBIT margin	-87.3%	16.6%	16.7%			
Total	External revenue	1.66	1.71	2.23	16.1%		
	EBIT	-0.26	0.19	0.48			
	EBIT margin	-15.6%	11.3%	21.5%			

Source: Company; in EUR m

According to OTRS, the subsidiaries generated revenues of EUR 2.2m in 2021. The contract volume likewise amounted to EUR 1.9m at the end of the year, which reflects a group share of 16.0% or a premium of 19.0% over the figures of the AG. These parameters have to be accounted for separately regarding a valuation of OTRS AG.

	2019	2020	2021
Contract volume (TCV) OTRS AG	8.3	8.7	10.0
Contract volume (TCV) OTRS AG Subsidiaries	1.6	1.7	1.9
Mark-up by TCV of subsidiaries	18.8%	19.0%	19.0%
Revenue OTRS AG	9.2	9.7	11.0
Revenue OTRS AG Subsidiaries	1.7	1.7	2.2
Mark-up by revenue of subsidiaries	18.0%	17.6%	20.2%

Source: Company; in EUR m

Management

The operating business is run by a management board consisting of three members.



André Mindermann has been the Chief Executive Officer (CEO) of OTRS AG since August 2005. He has also been the co-founder and Managing Director of Enterprise Consulting GmbH from 1998 until 2009, an international consulting company for information management and business organization. André Mindermann has already gained deep software expertise from 2001 to 2003 as the CEO of Techspan Enterprise, a German/Indian/American joint venture focused on offshore software development.



Christopher Kuhn has been Chief Operations Officer (COO) since October 2011 and is responsible for Managed Services, Consulting and Sales at OTRS. He joined the company in September 2005 and initially was responsible for the distribution of software consulting as Vice President Global Consulting. In this position, Christopher Kuhn also accelerated the international expansion of OTRS AG through the strategic key account management.



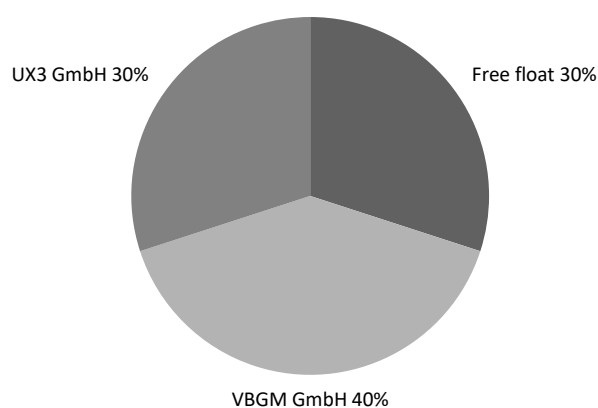
Sabine Riedel has been a management board member (CHRO & CMO) of OTRS AG since July 2012. She is responsible for Marketing and Human Resources. Having joined the company in 2006, Sabine Riedel initially held the position as Vice President Global Human Resources at OTRS. She also gained comprehensive experience in corporate development and leadership communication while managing her own training and consulting company from 2003 to 2012.

Shareholder structure

The shares of OTRS AG were admitted to trading on the First Quotation Board of the Frankfurt Stock Exchange in December 2009 and listed on the Entry Standard in June 2012. Since March 2017, the shares have traded on the Basic Board (OTC) which serves as a catchment segment for the participants in the Entry Standard that no longer exists. The company's share capital amounts to EUR 1,916,300 and is divided in just as much bearer shares.

The shares are mainly held by CEO André Mindermann (VBGM GmbH) and Burchard Steinbild (UX3 GmbH), the co-founder and Chairman of the supervisory board. The remaining 30% are free float.

Shareholder structure of OTRS AG



Source: Company

APPENDIX

DCF Model

Figures in m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	Terminal Value
Sales	11.8	12.3	13.2	14.3	15.4	16.6	18.0	18.3
Change yoy	7.2%	3.9%	7.6%	7.8%	8.0%	8.0%	8.0%	2.0%
EBIT	0.5	-1.1	-0.5	0.2	0.8	1.6	1.8	1.8
EBIT margin	4.1%	-9.2%	-3.4%	1.5%	5.3%	9.4%	10.0%	10.0%
NOPAT	0.3	-1.1	-0.5	0.1	0.6	1.1	1.3	1.3
Depreciation	0.8	0.7	0.6	0.6	0.3	0.1	0.1	0.1
in % of Sales	6.6%	6.0%	4.7%	4.1%	1.7%	0.6%	0.6%	0.5%
Change in Liquidity from								
- Working Capital	0.4	0.1	0.4	0.3	0.3	0.3	0.3	0.0
- Capex	-0.9	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Capex in % of Sales	7.9%	0.8%	0.8%	0.7%	0.6%	0.6%	0.6%	0.5%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	0.6	-0.4	0.4	0.9	1.0	1.4	1.5	1.3
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Present Value	0.6	-0.3	0.4	0.8	0.7	0.9	0.9	10.5
Total present value	0.6	0.2	0.6	1.4	2.1	3.0	3.9	14.4

Valuation

Total present value (Tpv)	14.4
Terminal Value	10.5
Share of TV on Tpv	73%
Liabilities	0.0
Liquidity	5.6
Equity Value	20.0
incl. Mark-up Subsidiaries	24.2

Growth: sales and margin

Short term: Sales growth	2022-2025	6.4%
Mid term: Sales growth	2022-2028	7.2%
Long term: Sales growth	from 2029	2.0%
EBIT margin	2022-2025	-1.8%
EBIT margin	2022-2028	2.5%
Long term EBIT margin	2029	10.0%

Sensitivity Value per Share (EUR)

Terminal Growth

WACC	1.25%	1.75%	2.00%	2.25%	2.75%
9.50%	11.63	11.92	12.08	12.25	12.63
9.25%	11.86	12.17	12.34	12.53	12.94
9.00%	12.10	12.44	12.63	12.83	13.28
8.75%	12.36	12.73	12.93	13.15	13.65
8.50%	12.64	13.04	13.26	13.50	14.05

Sensitivity Value per Share (EUR)

EBIT margin from 2029

WACC	9.50%	9.75%	10.00%	10.25%	10.50%
9.50%	11.83	11.96	12.08	12.20	12.32
9.25%	12.09	12.21	12.34	12.47	12.60
9.00%	12.36	12.49	12.63	12.76	12.90
8.75%	12.65	12.79	12.93	13.08	13.22
8.50%	12.96	13.11	13.26	13.41	13.56

Model parameter

Debt ratio	40.0%
Costs of Debt	4.5%
Marktet return	9.0%
Risk free rate	2.50%
Beta	1.60
WACC	9.0%
Terminal Growth	2.0%
Source: Montega	

P&L (in Euro m) OTRS AG*	2019	2020	2021	2022e	2023e	2024e
Sales	9.2	9.7	11.0	11.8	12.3	13.2
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	1.0	1.3	0.8	0.8	0.0	0.0
Total sales	10.2	11.0	11.9	12.7	12.3	13.2
Material Expenses	1.4	1.8	1.8	2.2	2.5	2.4
Gross profit	8.8	9.2	10.0	10.4	9.8	10.8
Personnel expenses	5.6	5.9	6.3	7.5	8.3	8.8
Other operating expenses	1.9	1.4	1.6	2.1	2.3	2.4
Other operating income	0.3	0.4	0.4	0.4	0.4	0.5
EBITDA	1.6	2.3	2.4	1.3	-0.4	0.2
Depreciation on fixed assets	0.1	0.1	0.1	0.1	0.1	0.1
EBITA	1.5	2.2	2.4	1.2	-0.5	0.1
Amortisation of intangible assets	0.3	0.4	0.5	0.7	0.7	0.5
Impairment charges and Amortisation of goodwill	0.1	0.1	0.1	0.0	0.0	0.0
EBIT	1.1	1.8	1.7	0.5	-1.1	-0.5
Financial result	0.0	0.0	0.0	0.0	0.0	0.0
Result from ordinary operations	1.1	1.8	1.7	0.5	-1.1	-0.4
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.1	1.8	1.7	0.5	-1.1	-0.4
Taxes	0.4	0.6	0.5	0.2	0.0	0.0
Net Profit of continued operations	0.8	1.2	1.2	0.3	-1.1	-0.5
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	0.8	1.2	1.2	0.3	-1.1	-0.5
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.8	1.2	1.2	0.3	-1.1	-0.5

Source: Company (reported results), Montega (forecast)

* Subsidiaries are not consolidated in the financial statements of OTRS AG

P&L (in % of Sales) OTRS AG*	2019	2020	2021	2022e	2023e	2024e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Increase / decrease in inventory	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%
Own work capitalised	11.2%	13.4%	7.4%	7.1%	0.0%	0.0%
Total sales	111.2%	113.5%	107.3%	107.1%	100.0%	100.0%
Material Expenses	15.1%	19.1%	16.6%	19.0%	20.0%	18.0%
Gross profit	96.0%	94.5%	90.7%	88.1%	80.0%	82.0%
Personnel expenses	61.4%	60.3%	57.1%	63.1%	67.7%	66.2%
Other operating expenses	20.6%	14.3%	14.8%	18.0%	19.0%	18.0%
Other operating income	3.6%	4.0%	3.2%	3.7%	3.5%	3.5%
EBITDA	17.7%	23.8%	21.9%	10.7%	-3.2%	1.3%
Depreciation on fixed assets	0.8%	0.7%	0.6%	0.6%	0.6%	0.6%
EBITA	16.9%	23.1%	21.4%	10.1%	-3.8%	0.7%
Amortisation of intangible assets	3.6%	3.9%	4.8%	5.8%	5.4%	4.1%
Impairment charges and Amortisation of goodwill	1.0%	1.0%	0.9%	0.2%	0.0%	0.0%
EBIT	12.3%	18.2%	15.7%	4.1%	-9.2%	-3.4%
Financial result	0.1%	0.1%	-0.2%	0.1%	0.1%	0.1%
Result from ordinary operations	12.3%	18.3%	15.5%	4.2%	-9.1%	-3.3%
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	12.3%	18.3%	15.5%	4.2%	-9.1%	-3.3%
Taxes	3.8%	5.8%	4.7%	1.4%	0.1%	0.2%
Net Profit of continued operations	8.5%	12.5%	10.8%	2.8%	-9.2%	-3.5%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	8.5%	12.5%	10.8%	2.8%	-9.2%	-3.5%
Minority interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	8.5%	12.5%	10.8%	2.8%	-9.2%	-3.5%

Source: Company (reported results), Montega (forecast)

* Subsidiaries are not consolidated in the financial statements of OTRS AG

Balance sheet (in Euro m) OTRS AG*	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	1.9	2.7	2.9	3.0	2.4	1.8
Property, plant & equipment	0.1	0.1	0.1	0.2	0.2	0.2
Financial assets	2.8	3.8	3.7	3.7	3.7	3.7
Fixed assets	4.8	6.7	6.8	7.0	6.3	5.8
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.3	1.2	1.7	1.6	1.7	1.8
Liquid assets	2.4	2.7	4.3	4.2	3.7	4.1
Other assets	0.6	0.5	0.6	0.6	0.6	0.6
Current assets	4.2	4.5	6.6	6.5	6.0	6.5
Total assets	9.1	11.1	13.4	13.4	12.3	12.3
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	2.7	4.0	5.0	4.8	3.3	2.9
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.6	0.6	1.0	1.0	1.0	1.0
Financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.1	0.2	0.2	0.2	0.2	0.2
Other liabilities	5.6	6.4	7.2	7.5	7.7	8.2
Liabilities	6.3	7.2	8.3	8.7	8.9	9.4
Total liabilities and shareholders' equity	9.1	11.1	13.4	13.4	12.3	12.3

Source: Company (reported results), Montega (forecast)

* Subsidiaries are not consolidated in the financial statements of OTRS AG

Balance sheet (in %) OTRS AG*	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	20.9%	24.5%	21.7%	22.7%	19.3%	14.9%
Property, plant & equipment	1.5%	1.2%	1.0%	1.2%	1.5%	1.7%
Financial assets	30.8%	34.1%	28.0%	28.0%	30.5%	30.5%
Fixed assets	53.1%	59.9%	50.7%	51.9%	51.3%	47.0%
Inventories	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	14.2%	10.6%	12.4%	11.9%	13.8%	14.6%
Liquid assets	26.2%	24.8%	32.1%	31.6%	30.0%	33.6%
Other assets	6.1%	4.9%	4.6%	4.6%	5.0%	5.0%
Current assets	46.5%	40.4%	49.1%	48.2%	48.8%	53.2%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	30.2%	35.7%	37.5%	35.6%	27.2%	23.4%
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions	6.3%	5.4%	7.3%	7.3%	7.9%	7.9%
Financial liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	1.1%	1.5%	1.2%	1.5%	1.6%	1.6%
Other liabilities	62.0%	57.7%	53.8%	55.9%	62.9%	66.8%
Total Liabilities	69.4%	64.6%	62.3%	64.7%	72.4%	76.4%
Total Liabilities and Shareholders' Equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company (reported results), Montega (forecast)

* Subsidiaries are not consolidated in the financial statements of OTRS AG

Statement of cash flows (in Euro m) OTRS AG*	2019	2020	2021	2022e	2023e	2024e
Net income	0.8	1.2	1.2	0.3	-1.1	-0.5
Depreciation of fixed assets	0.1	0.1	0.1	0.1	0.1	0.1
Amortisation of intangible assets	0.4	0.5	0.7	0.7	0.7	0.5
Increase/decrease in long-term provisions	0.1	-0.1	0.0	0.0	0.0	0.0
Other non-cash related payments	0.5	0.9	1.1	-0.3	0.0	0.0
Cash flow	1.9	2.5	3.1	0.8	-0.4	0.2
Increase / decrease in working capital	-0.1	0.2	-0.5	0.4	0.1	0.4
Cash flow from operating activities	1.8	2.8	2.5	1.2	-0.3	0.5
CAPEX	-1.1	-1.4	-0.9	-0.9	-0.1	-0.1
Other	-0.3	-1.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.4	-2.4	-0.8	-0.9	-0.1	-0.1
Dividends paid	0.0	0.0	-0.1	-0.3	-0.2	0.0
Change in financial liabilities	0.1	-0.1	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.1	0.0	-0.1	-0.3	-0.2	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquid funds	0.5	0.4	1.5	-0.1	-0.5	0.4
Liquid assets at end of period	2.4	2.7	4.3	4.2	3.7	4.1

Source: Company (reported results), Montega (forecast)

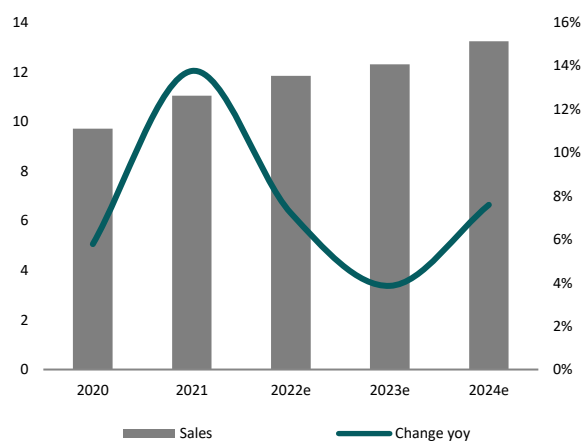
* Subsidiaries are not consolidated in the financial statements of OTRS AG

Key figures OTRS AG*	2019	2020	2021	2022e	2023e	2024e
Earnings margins						
Gross margin (%)	96.0%	94.5%	90.7%	88.1%	80.0%	82.0%
EBITDA margin (%)	17.7%	23.8%	21.9%	10.7%	-3.2%	1.3%
EBIT margin (%)	12.3%	18.2%	15.7%	4.1%	-9.2%	-3.4%
EBT margin (%)	12.3%	18.3%	15.5%	4.2%	-9.1%	-3.3%
Net income margin (%)	8.5%	12.5%	10.8%	2.8%	-9.2%	-3.5%
Return on capital						
ROCE (%)	469.2%	224.1%	179.1%	77.7%	-1231.6%	56.4%
ROE (%)	39.7%	44.2%	30.1%	6.7%	-23.8%	-13.9%
ROA (%)	8.6%	11.0%	8.9%	2.5%	-9.2%	-3.8%
Solvency						
YE net debt (in EUR)	-2.4	-2.7	-4.3	-4.2	-3.7	-4.1
Net debt / EBITDA	-1.5	-1.2	-1.8	-3.3	n.m.	-24.2
Net gearing (Net debt/equity)	-0.9	-0.7	-0.9	-0.9	-1.1	-1.4
Cash Flow						
Free cash flow (EUR m)	0.7	1.4	1.6	0.2	-0.4	0.4
Capex / sales (%)	15%	24%	8%	8%	1%	1%
Working capital / sales (%)	-34%	-36%	-35%	-34%	-35%	-35%
Valuation						
EV/Sales	0.9	0.9	0.8	0.7	0.7	0.7
EV/EBITDA	5.4	3.8	3.6	6.9	-	51.0
EV/EBIT	7.7	4.9	5.0	17.8	-	-
EV/FCF	12.0	6.3	5.3	38.4	-	19.7
PE	18.2	11.8	12.0	43.8	-	-
KBV	5.2	3.6	2.8	3.0	4.3	5.0
Dividend yield	0.0%	0.9%	2.0%	1.3%	0.0%	0.0%

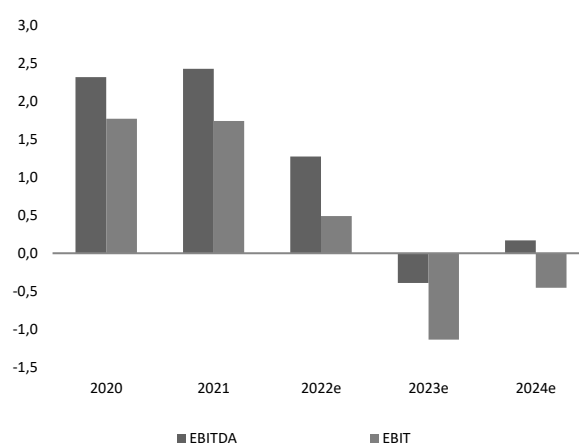
Source: Company (reported results), Montega (forecast)

* Subsidiaries are not consolidated in the financial statements of OTRS AG

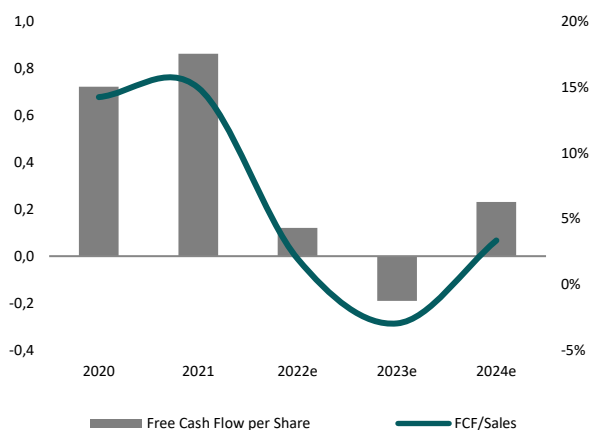
Sales development



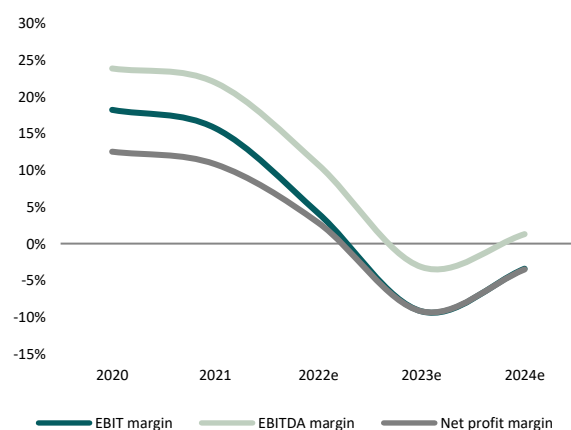
Earnings development



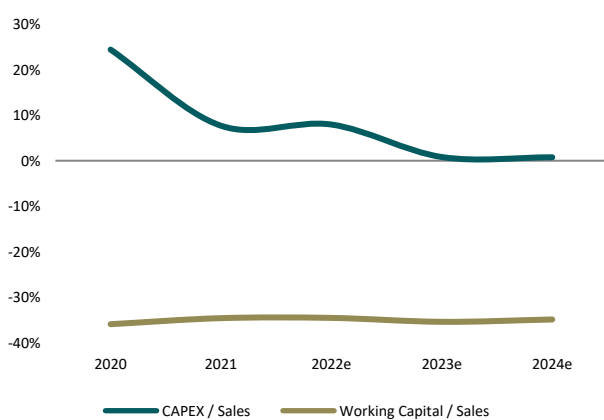
Free-Cash-Flow development



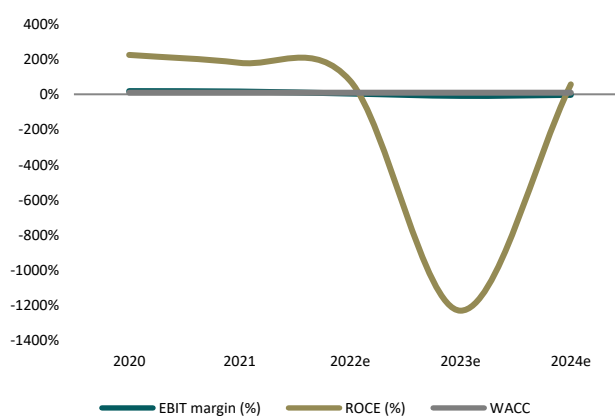
Margin development



Capex / Working Capital



EBIT-Yield / ROCE



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Sources of information: The main sources of information for the preparation of this financial analysis are publications of the issuer as well as publicly available information of national and international media, which Montega regards as reliable. There have also been discussions with members of the management team or the investor relations division of the company concerned when preparing this analysis.

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Our ratings:

Buy: The analysts at Montega AG believe the share price will rise during the next twelve months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Sell: The analysts at Montega AG believe the share price will fall during the next twelve months.

Authority responsible for supervision:

Bundesanstalt für Finanzdienstleistungsaufsicht

Graurheindorfer Str. 108 and Marie-Curie-Str. 24-28
53117 Bonn 60439 Frankfurt

Contact Montega AG:

Schauenburgerstraße 10

20095 Hamburg

www.montega.de

Tel: +49 40 4 1111 37 80

Share price and recommendation history

Recommendation	Date	Price (EUR)	Price target (EUR)	Potential
Buy (Initiation)	03.03.2022	15.00	24.00	+60%
Buy	17.05.2022	12.30	24.00	+95%
Buy	13.06.2022	12.00	25.00	+108%
Buy	16.09.2022	8.90	19.00	+113%
Buy	26.04.2023	7.45	13.00	+74%