NuWays

H1 better than feared; SmG boost ahead

RECOMMENDATION	BUY
TARGET	EUR 17.00
UPSIDE	+108.3%
PREVIOUS	EUR 17.00 BUY



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CEOTRONICS' preliminary H1 sales indication was better than feared. Unlike last year, the period included no SmG revenue, weighing on the yoy comparison as expected. With SmG deliveries set to drive a sharp sales acceleration in H2 and sizeable near-term order potential, the current share price weakness looks unjustified. In detail:

Smaller contracts drove sequential sales growth in H1. Preliminary sales reached € 24.4m (-28.6% yoy), **up c. 10% versus H2 25/26**, supported by hearing-protection helmets and further international growth (eNuW). The yoy decline reflects the absence of SmG revenue, which contributed c. € 22m in H1 25/26 (eNuW). Importantly, production appears to have remained on schedule, with semi-finished goods built ahead of higher H2 deliveries to keep utilisation stable (eNuW).

SmG is set to drive a sharp H2 acceleration. Third-batch deliveries are to begin in early 2027 and should generate c. € 23m of H2 revenue (eNuW), more than the entire group reported in H2 25/26. Total H2 group sales look set to reach € 37.6m, up c. 70% yoy (eNuW). The remaining half of the batch is scheduled for delivery in H1 27/28, supporting sales into the next financial year.

The FY 26/27 earnings guidance looks conservative. Higher H2 sales should help absorb fixed costs, and the absence of last year's € 1.9m impairment on capitalised development costs explains most of the expected rise in reported EBIT to € 10.0m (16.1% margin; eNuW). Moreover, our forecast already allows for c. € 0.9m in relocation, ramp-up and higher component costs. Even with those costs, **net income is set to reach € 6.8m (eNuW), c. 10% above the confirmed € 6.2m target.**

The next SmG call-off is expected in the coming months, based on past order and delivery timings. A full call-off of the remaining framework size is seen to add up to € 76m of order intake (eNuW), securing capacity utilisation into FY 30/31. With a total of 81,000 control units still outstanding, a partial call-off remains possible as well.

A follow-on SmG order for the period after 2030 should extend visibility beyond the current framework. Reported orders of 700k helmets and 351k protective-vest systems provide a strong cross-read for further SmG procurement. This should extend visibility through at least FY 35/36 (eNuW), supporting the company's long-term growth case.

In light of its strong market position, the company's deep valuation discount to peers appears unjustified. With more than 20 years of Bundeswehr deliveries, an established German production base and innovative products, such as CT-ComLink, CEOTRONICS dominates its home market. Additional visibility through the company's high backlog (c. € 78m YE 25/26), fast-growing international sales and potential expansion into new vehicle and ship platforms support ongoing momentum. Still, at c. 6x EV/EBIT 2027e against 16x for INVISIO and 12x for Savox (eNuW), the company's shares currently trade at a deep, and in our view unjustified, discount to peers.

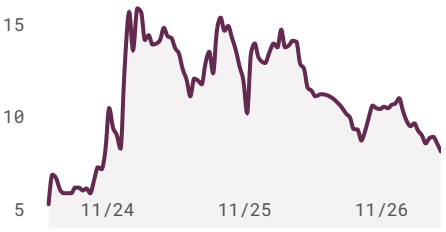
Reiterate **BUY**, unchanged **PT of € 17**, based on DCF.

Y/E 05-31 (EUR M)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Sales	29.6	55.8	56.3	62.0	66.0	70.5
Sales growth	-1.5%	88.3%	1.0%	10.1%	6.5%	6.8%
EBITDA	3.9	9.4	12.0	12.0	13.1	14.1
EBIT	2.5	7.8	8.2	10.0	11.0	12.0
Net profit	1.3	4.7	5.6	6.8	7.5	8.1
EPS reported	0.18	0.60	0.70	0.85	0.94	1.02
Net debt	17.7	2.3	-0.9	-1.4	-4.9	-8.8
FCF	-13.6	12.7	4.9	2.5	5.5	5.9
EBITDA margin	13.1%	16.9%	21.3%	19.3%	19.8%	20.0%
EBIT margin	8.5%	14.0%	14.5%	16.1%	16.7%	17.0%
ROCE	7.6%	19.6%	19.0%	20.3%	20.3%	20.0%
EV/sales	1.7	1.1	1.8	1.1	0.9	0.8
EV/EBITDA	13.1	6.5	8.6	5.5	4.7	4.1
EV/EBIT	20.2	7.8	12.6	6.6	5.7	4.9
PER	25.2	12.3	18.6	9.8	9.0	8.2
Adjusted FCF yield	3.7%	9.3%	7.7%	11.1%	12.9%	15.1%

Source: Company Data, NuWays AG | e = estimate, p = preliminary

Close Price as of 20.11.2026

Share Performance



52W H/L (EUR)	16.0 / 8.0
3M rel.	-22.43%
6M rel.	-23.88%
12M rel.	-25.82%

Market Data

Share Price (in €)	8.16
Market Cap (in € m)	65.12
Number of Shares (in m pcs)	7.98
Enterprise Value (in € m)	64.25
Ø Volume (6 Months)	14,454

Ticker

Bloomberg	CEK GR
WKN	540740
ISIN	DE0005407407

Key Shareholders

Guidance

Revenue (26/27): € 61m
Net income (26/27): € 6.2m

Forecast Changes

	2027e	2028e	2029e
Sales	-	-	-
EBIT	-	-	-
EPS	-	-	-

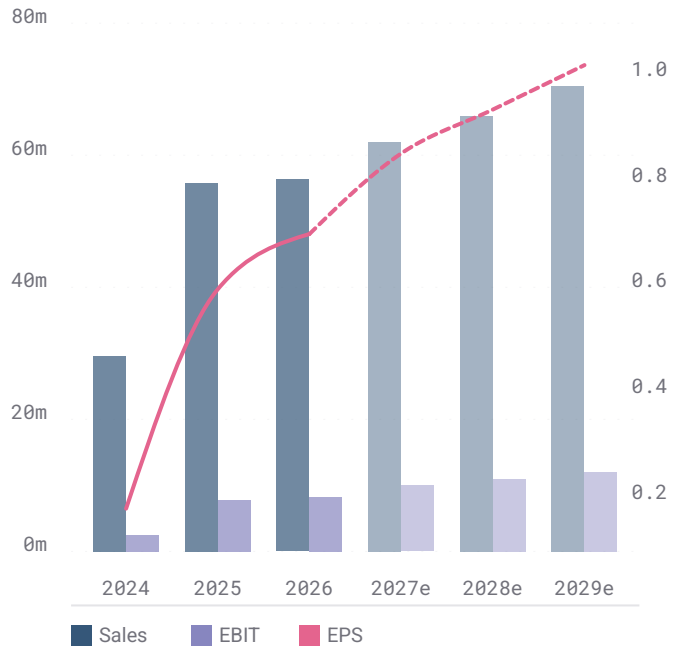
Issuer-Sponsored Research

Prepared in accordance with the EU Code of Conduct on Issuer-Sponsored Research.

Company Profile

CEOTRONICS is a German producer of critical communication solutions. Its products primarily serve defence and police forces, rescue teams, industry customers and the aviation industry. CEOTRONICS provides both the hardware and the software, as well as additional aftermarket services to its customer base. The company's open design approach supports integration with selected third-party systems. Through software upgrades and customisable features, the company offers customers individualised solutions adapted to their needs.

KPIs



Catalysts

- Call-off of remaining 81,000 control units under the SmG framework contract
- Announcement of a follow-on SmG programme to equip additional Bundeswehr soldiers after 2030
- Additional international contracts as SmG serves as a lighthouse project
- Integration of CEOTRONICS into military platform programmes

Investment Case

- An established supplier that is hard to replace. Over 20 years of Bundeswehr deliveries and German manufacturing underpin customer trust, while CT-ComLink allows existing control units to accommodate new equipment through software updates, reinforcing customer retention.
- SmG is only the starting point. The 191,000-system framework, with deliveries expected into FY 30/31, is sized roughly for today's active force. Equipment reserves, reservists and planned troop expansion offer substantial follow-on potential. Orders for >700,000 helmets and 351,000 protective vests already demonstrate procurement on a much larger scale.
- Expansion beyond SmG is already visible. International sales grew at a 41% CAGR from FY 23/24 to FY 25/26, reaching € 12.3m. Broad Bundeswehr deployment should support further international wins, while CEOTRONICS' presence on air defence platforms provides a foothold in vehicle communications.

Upcoming Events

Dec 02	Publication of Preliminary Q2 Report

Strengths

+ Dominant niche player with long-standing local connections to business partners (short response times if problems arise for customers)
+ Conservatively financed balance sheet with strong equity base
+ Open product design leading to compatibility and adaptability with the customer's needs, quick adaptation to new systems through software upgrades
+ Long-serving management with founding-family representation focusing on keeping the technological moat alive through constant investments in R&D

Weaknesses

– High concentration of revenue in one country (Germany: c.78%)
– Uneven revenue profile, due to uneven framework call-offs

Opportunities

↗ Upgrades to current SmG volume (191k) by the German government as the existing framework volume does not cover the planned force size
↗ Open-system architecture may lead to better adaptability to new technologies, winning against closed-system architectures
↗ SmG deal serves as a reference project, opening doors to new customer groups in other countries
↗ Inherent potential to increase and improve production through new facility in Rödermark

Threats

! Supply chain depends on access to electronic components, textiles and granules
! Procurement decisions depend on political decision-making, hence order delays cannot be ruled out

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PROFIT AND LOSS (EUR M)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Sales	29.6	55.8	56.3	62.0	66.0	70.5
Sales growth	-1.5%	88.3%	1.0%	10.1%	6.5%	6.8%
Cost of sales	15.8	33.0	31.1	34.3	35.9	38.1
Gross profit	**13.9**	**22.8**	**25.3**	**27.7**	**30.1**	**32.4**
Sales and marketing	5.5	6.6	7.1	7.7	8.3	8.8
General and administrative	2.4	3.0	3.3	3.7	3.7	3.9
Research and development	3.6	5.0	6.8	6.4	7.1	7.6
Other operating income	0.5	0.4	0.4	0.4	0.4	0.4
Other operating expenses	0.3	0.8	0.2	0.4	0.4	0.4
Total operating expenses	**11.3**	**15.0**	**17.1**	**17.7**	**19.1**	**20.4**
EBITDA	**3.9**	**9.4**	**12.0**	**12.0**	**13.1**	**14.1**
Depreciation	0.6	0.7	1.1	1.2	1.3	1.3
Amortisation	0.8	0.9	2.7	0.8	0.8	0.8
EBIT	**2.5**	**7.8**	**8.2**	**10.0**	**11.0**	**12.0**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.6	0.9	0.2	0.3	0.3	0.4
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.6	-0.9	-0.2	-0.3	-0.3	-0.4
Recurring pretax income from continuing operations	**1.9**	**6.9**	**8.0**	**9.7**	**10.7**	**11.6**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**1.9**	**6.9**	**8.0**	**9.7**	**10.7**	**11.6**
Income tax expense	0.7	2.2	2.4	2.9	3.2	3.5
Net income from continuing operations	1.3	4.7	5.6	6.8	7.5	8.1
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**1.3**	**4.7**	**5.6**	**6.8**	**7.5**	**8.1**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	**1.3**	**4.7**	**5.6**	**6.8**	**7.5**	**8.1**
Average number of shares	7.0	7.9	8.0	8.0	8.0	8.0
EPS reported	**0.18**	**0.60**	**0.70**	**0.85**	**0.94**	**1.02**

Source: Company Data, NuWays AG

PROFIT AND LOSS (COMMON SIZE)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	53.2%	59.1%	55.2%	55.3%	54.4%	54.1%
Gross profit	**46.8%**	**40.9%**	**44.8%**	**44.7%**	**45.6%**	**45.9%**
Sales and marketing	18.5%	11.9%	12.6%	12.4%	12.5%	12.5%
General and administrative	8.0%	5.3%	5.8%	6.0%	5.6%	5.6%
Research and development	12.3%	9.0%	12.1%	10.3%	10.8%	10.8%
Other operating income	1.6%	0.7%	0.7%	0.7%	0.6%	0.6%
Other operating expenses	1.0%	1.4%	0.4%	0.6%	0.6%	0.6%
Total operating expenses	**38.3%**	**26.9%**	**30.3%**	**28.6%**	**28.9%**	**28.9%**
EBITDA	**13.1%**	**16.9%**	**21.3%**	**19.3%**	**19.8%**	**20.0%**
Depreciation	2.0%	1.3%	1.9%	1.9%	2.0%	1.8%
Amortisation	2.6%	1.6%	4.9%	1.3%	1.2%	1.1%
EBIT	**8.5%**	**14.0%**	**14.5%**	**16.1%**	**16.7%**	**17.0%**
Interest income	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Interest expenses	2.0%	1.6%	0.4%	0.4%	0.5%	0.5%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	-1.9%	-1.5%	-0.3%	-0.4%	-0.5%	-0.5%
Recurring pretax income from continuing operations	**6.5%**	**12.4%**	**14.2%**	**15.7%**	**16.2%**	**16.5%**
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	**6.5%**	**12.4%**	**14.2%**	**15.7%**	**16.2%**	**16.5%**
Income tax expense	2.3%	3.9%	4.3%	4.7%	4.9%	5.0%
Net income from continuing operations	4.2%	8.5%	9.9%	11.0%	11.3%	11.6%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	**4.2%**	**8.5%**	**9.9%**	**11.0%**	**11.3%**	**11.6%**
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	**4.2%**	**8.5%**	**9.9%**	**11.0%**	**11.3%**	**11.6%**

Source: Company Data, NuWays AG

BALANCE SHEET (EUR M)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Intangible assets	5.2	4.2	2.3	2.5	2.7	2.9
Property, plant and equipment	7.6	8.6	14.5	16.3	16.5	16.7
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed Assets	**12.8**	**12.8**	**16.7**	**18.7**	**19.1**	**19.5**
Inventories	21.7	19.1	18.8	20.7	22.0	23.5
Accounts receivable	8.1	5.3	5.1	5.6	6.0	6.4
Other assets and short-term financial assets	0.2	0.2	0.2	0.2	0.2	0.2
Liquid assets	0.7	4.8	7.6	8.1	11.6	15.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.4	0.4	0.4	0.4	0.4
Current Assets	**31.0**	**29.8**	**32.0**	**35.0**	**40.1**	**46.0**
Total Assets	**43.8**	**42.6**	**48.8**	**53.7**	**59.3**	**65.5**
Shareholders Equity	**19.9**	**28.4**	**32.4**	**37.2**	**42.7**	**48.9**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
Other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	1.0	2.7	4.0	4.0	4.0	4.0
Accrued taxes	0.6	1.5	3.5	3.5	3.5	3.5
Non-current liabilities	**1.7**	**4.2**	**7.5**	**7.5**	**7.5**	**7.5**
Short-term liabilities to banks	18.4	7.0	6.7	6.7	6.7	6.7
Accounts payable	1.6	1.5	1.3	1.4	1.5	1.6
Advance payments received on orders	0.1	0.1	0.1	0.1	0.1	0.1
Other liabilities (incl. from lease and rental contracts)	1.2	0.5	0.4	0.4	0.4	0.4
Deferred taxes	0.9	0.9	0.3	0.3	0.3	0.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current Liabilities	**22.3**	**10.0**	**8.9**	**9.0**	**9.1**	**9.2**
Total Liabilities and Shareholders Equity	**43.8**	**42.6**	**48.8**	**53.7**	**59.3**	**65.5**

Source: Company Data, NuWays AG

BALANCE SHEET (COMMON SIZE)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Intangible assets	11.9%	9.8%	4.6%	4.6%	4.5%	4.4%
Property, plant and equipment	17.4%	20.3%	29.6%	30.3%	27.8%	25.4%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed Assets	**29.3%**	**30.1%**	**34.3%**	**34.9%**	**32.3%**	**29.8%**
Inventories	49.6%	44.9%	38.6%	38.6%	37.2%	35.9%
Accounts receivable	18.6%	12.4%	10.4%	10.4%	10.0%	9.7%
Other assets and short-term financial assets	0.5%	0.6%	0.4%	0.3%	0.3%	0.3%
Liquid assets	1.6%	11.2%	15.6%	15.2%	19.6%	23.7%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.4%	0.8%	0.8%	0.7%	0.6%	0.6%
Current Assets	**70.7%**	**69.9%**	**65.7%**	**65.1%**	**67.7%**	**70.2%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Shareholders Equity	**45.4%**	**66.6%**	**66.5%**	**69.4%**	**72.1%**	**74.6%**
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	2.4%	6.4%	8.2%	7.5%	6.8%	6.1%
Accrued taxes	1.4%	3.6%	7.1%	6.4%	5.8%	5.3%
Non-current liabilities	**3.8%**	**9.9%**	**15.3%**	**13.9%**	**12.6%**	**11.4%**
Short-term liabilities to banks	41.9%	16.5%	13.8%	12.6%	11.4%	10.3%
Accounts payable	3.7%	3.5%	2.6%	2.6%	2.5%	2.4%
Advance payments received on orders	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
Other liabilities (incl. from lease and rental contracts)	2.8%	1.1%	0.8%	0.7%	0.7%	0.6%
Deferred taxes	2.1%	2.0%	0.7%	0.6%	0.5%	0.5%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Liabilities	**50.8%**	**23.5%**	**18.2%**	**16.7%**	**15.3%**	**14.0%**
Total Liabilities and Shareholders Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company Data, NuWays AG

CASH FLOW (EUR M)	23/24	24/25	25/26	26/27e	27/28e	28/29e
Net profit/loss	1.3	4.7	5.6	6.8	7.5	8.1
Depreciation of fixed assets (incl. leases)	0.6	0.7	1.1	1.2	1.3	1.3
Amortisation of goodwill & intangible assets	0.8	0.9	2.7	0.8	0.8	0.8
Increase/decrease in provisions	-0.6	2.6	3.2	0.0	0.0	0.0
Other costs affecting income / expenses	0.9	0.6	-0.3	0.0	0.0	0.0
Increase/decrease in inventory	-8.6	2.6	0.3	-1.9	-1.3	-1.5
Increase/decrease in accounts receivable	-6.7	2.8	0.2	-0.5	-0.4	-0.4
Increase/decrease in accounts payable	0.2	-0.1	-0.2	0.1	0.1	0.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-15.1	5.3	0.3	-2.3	-1.6	-1.8
Cash flow from operating activities	**-12.1**	**14.8**	**12.6**	**6.5**	**8.0**	**8.4**
CAPEX	1.5	2.2	7.7	4.0	2.5	2.5
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.0	-0.0	-0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-1.5**	**-2.1**	**-7.7**	**-4.0**	**-2.5**	**-2.5**
Increase/decrease in debt position	5.9	-4.5	-0.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	2.4	4.7	0.0	0.0	0.0	0.0
Dividends paid	1.0	1.1	1.6	2.0	2.0	2.0
Others	-0.6	-0.9	-0.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**6.7**	**-1.7**	**-2.0**	**-2.0**	**-2.0**	**-2.0**
Increase/decrease in liquid assets	-6.9	10.9	2.9	0.5	3.5	3.9
Liquid assets at end of period	**0.7**	**4.8**	**7.6**	**8.1**	**11.6**	**15.6**

Source: Company Data, NuWays AG

KEY RATIOS	23/24	24/25	25/26	26/27e	27/28e	28/29e
P&L growth analysis						
Sales growth	-1.5%	88.3%	1.0%	10.1%	6.5%	6.8%
EBITDA growth	-26.1%	141.9%	27.4%	-0.1%	9.3%	7.6%
EBIT growth	-35.2%	209.9%	5.1%	21.8%	10.2%	9.0%
EPS growth	-52.8%	229.4%	17.5%	21.7%	9.7%	9.0%
Efficiency						
Sales per employee	219.5	398.5	383.2	390.9	384.7	385.3
EBITDA per employee	28.8	67.2	81.5	75.5	76.3	77.0
No. employees (average)	135	140	147	159	172	183
Balance sheet analysis						
Avg. working capital / sales	69.0%	45.6%	40.2%	38.1%	38.8%	38.7%
Inventory turnover (sales/inventory)	1.4	2.9	3.0	3.0	3.0	3.0
Accounts receivable turnover	100.3	34.7	32.9	32.9	32.9	32.9
Accounts payable turnover	20.1	9.9	8.2	8.2	8.2	8.2
Cash flow analysis						
Free cash flow	-13.6	12.7	4.9	2.5	5.5	5.9
Free cash flow/sales	-45.9%	22.7%	8.7%	4.1%	8.3%	8.4%
Capex / sales	5.0%	3.8%	13.6%	6.5%	3.8%	3.5%
Solvency						
Net debt	17.7	2.3	-0.9	-1.4	-4.9	-8.8
Net Debt/EBITDA	4.5	0.2	0.0	0.0	0.0	0.0
Dividend payout ratio	86.5%	33.7%	35.7%	29.3%	26.7%	24.5%
Interest paid / avg. debt	4.7%	6.9%	3.4%	4.0%	4.7%	5.2%
Returns						
ROCE	7.6%	19.6%	19.0%	20.3%	20.3%	20.0%
ROE	6.3%	16.7%	17.2%	18.3%	17.5%	16.7%
DPS	0.15	0.20	0.25	0.25	0.25	0.25
EPS reported	0.18	0.60	0.70	0.85	0.94	1.02
Average number of shares	7.0	7.9	8.0	8.0	8.0	8.0
Valuation ratios						
P/BV	1.6	2.1	3.2	1.8	1.6	1.4
EV/sales	1.7	1.1	1.8	1.1	0.9	0.8
EV/EBITDA	13.1	6.5	8.6	5.5	4.7	4.1
EV/EBIT	20.2	7.8	12.6	6.6	5.7	4.9
Dividend yield	3.3%	2.7%	1.9%	3.0%	3.0%	3.0%
Adjusted FCF yield	3.7%	9.3%	7.7%	11.1%	12.9%	15.1%

Source: Company Data, NuWays AG

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HISTORICAL TARGET PRICE AND RATING CHANGES FOR CEOTRONICS AG

DATE	ANALYST	RATING	TARGET PRICE	CLOSE
04.11.2026	Simon Keller	Buy	**EUR 17.00**	EUR 8.90

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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