Gigaset reports a strong start into 2023

Telecommunications solutions provider Gigaset has published Q1'23 figures which are better than forecast by Pareto. Group sales increased 12.7% to EUR 57.7m (PASe EUR 55m), whilst a profit of EUR 2.1m was reported at the EBITDA level (Q1'22: EUR 0.5m; PASe: EUR 0.9m). Albeit that the previous year was partly disrupted by supply chain issues (especially with chipsets), we view Q1 as a very encouraging performance. FY guidance revenue remains cautious given the degree of ongoing uncertainty in calling for a moderate improvement, although a significant improvement in EBITDA and FCF over the 2022 results is confirmed. We have a Buy rating with current TP of EUR 0.54 which is likely to be reviewed.

Easing of supply chain restraints supported good DECT phone recovery

Q1'23 revenues increased 12.7% to EUR 57.7m (PASe EUR 55m), with the main beat in the DECT Phone segment although there may be some positive phasing of deliveries. An easing in the supply chain situation (particularly with microchips required for the group's phones that have impacted segment revenues in recent quarters) contributed to growth of 13.9% to EUR 36.9m. The trading statement suggests that Gigaset has gained further market share in the EU6, underpinning its market leading position in these important markets.

GS5 and GX6 smartphone well received, also in the B2B segment

The 11.2% sales increase to EUR 15.9m by the Professional segment was broadly in line with expectations. This is attributable to factors such as catch-up effects from the 2022 fiscal year and an investment backlog on the customer side and we would expect this to accelerate through the year. Meanwhile sales in the Smartphone segment improved 11.9% to EUR 4.7m with last year's launch of the GS5 and GX6 being well received, also in the B2B segment. The Smart Home segment fell 33% to EUR 0.2m but should offer good growth in the future given developments in the segment.

Significant increase in EBITDA beats PASe; FY guidance confirmed

Ahead of the Q1 report published later this morning, the only profit KPI known at the moment is at the EBITDA level which rose significantly to EUR 2.1m from EUR 0.5m in Q1'22 (PASe: EUR 0.9m). FY guidance revenue remains cautious given the degree of ongoing uncertainty in calling for a moderate improvement, although a significant improvement in EBITDA and FCF over the 2022 results is confirmed. We will review our model after speaking to the company; we have a Buy rating with current TP of EUR 0.54 which is likely to be reviewed.

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