

<b>Buy</b> <b>EUR 200.00</b>  Price <b>EUR 84.05</b> <b>Upside 138.0 %</b>	<b>Value Indicators:</b> EUR DCF: 199.00	<b>Warburg ESG Risk Score: 3.0</b> <b>ESG Score (MSCI based): 3.0</b> Balance Sheet Score: 4.0 Market Liquidity Score: 2.0	<b>Description:</b> Custom software and digital engineering
	<b>Market Snapshot:</b> EUR m Market cap: 1,156.8 No. of shares (m): 13.8 EV: 1,308.2 Freefloat MC: 813.2 Ø Trad. Vol. (30d): 4.53 m	<b>Shareholders:</b> Freefloat 70.30 % Carl G. Duerschmidt 20.00 % Detlef Dinsel 9.70 %	<b>Key Figures (WRE):</b> 2023e Beta: 1.1 Price / Book: 5.0 x Equity Ratio: 34 % Net Fin. Debt / EBITDA: 1.0 x Net Debt / EBITDA: 1.1 x

## Q1 results reflect growth moderation

Nagarro published its Q1 results yesterday (15.05.23) and hosted a conference call. Q1 revenue showed a substantial yoy-increase of 23.7% (or 22.9% in constant currency). Organic revenue growth remained dynamic at 22.2% (or 21.4% in constant currency). Sequentially, revenues grew by 2.6% reflecting a moderation in growth while the depreciation of the USD against the EUR negatively impacted the reported qoq growth figure.

The company added a net total of 696 employees during Q1 2023. The majority of these additions were trainees rather than lateral hires, suggesting a focus on developing in-house talent. Management highlighted a new KPI, i.e. its net promoter score of 65.4 reflecting a high level of customer satisfaction and the company's ability to deliver value-added solutions.

As revenue growth has moderated, FCF has improved and reached EUR 9.6m after lease payments in Q1 including a factoring outflow of EUR 8.435m. The corresponding FCF was EUR -3.7m in the same period last year. During the call, management mentioned its intention to reduce factoring considering the higher interest rates. Receivables that were overdue according to the FY 2022 report have mostly been paid.

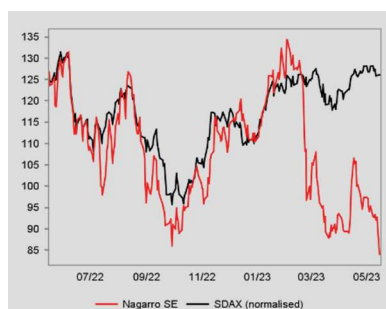
Geographically, Nagarro's growth was particularly pronounced in the Rest of the World (RoW) segment, which showed a strong growth rate of 32.5%. Revenue in the Rest of Europe grew 29.1% to EUR 31m.

With regard to the FY revenue development, management initially placed its growth expectations for 2023 on the financial industry. Growth linked to Management Consulting and Business Information has lost momentum in a quarterly comparison. However, the yoy comparison was still strong. Financial Services and Insurance grew by 39.3%. This was closely followed by Management Consulting and Business Information, which recorded a growth rate of 34.5%. Energy, Utilities, and Building Automation also contributed significantly to Nagarro's overall growth, with a growth rate of 32.2%. The only industry with negative growth in Q1 2023 vs. Q1 2022 was Horizontal Tech (-6.1%). The top five customers accounted for 15.0% of revenue. Customers outside of the top 10 accounted for a substantial share of 75.8%.

While slower growth than initially anticipated for 2023 is having a negative impact on sentiment, the cashflow improvement which occurred in parallel is clearly positive. While Q2 is likely to show similar characteristics, the outlook for the medium and long term remains favourable. Given low valuation multiples, the Buy rating is confirmed.

## Nagarro - Q1 2023

in EUR m	Q1/23	Q1/23e	Q1/22	yoy
<b>Sales</b>	<b>229.5</b>	231.0	185.5	23.7%
<b>EBITDA adjusted</b>	<b>31.4</b>	30.5	29.0	8.4%
<i>margin</i>	<i>13.7%</i>	<i>13.2%</i>	<i>15.6%</i>	
<b>EBITDA</b>	<b>30.8</b>	30.3	27.9	10.4%
<i>margin</i>	<i>13.4%</i>	<i>13.1%</i>	<i>15.0%</i>	
<b>EBIT</b>	<b>23.1</b>	22.9	20.5	12.5%
<i>margin</i>	<i>10.0%</i>	<i>9.9%</i>	<i>11.0%</i>	

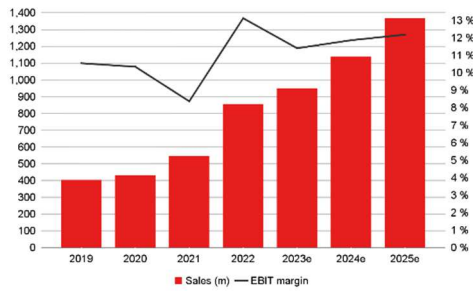


Rel. Performance vs SDAX:	
1 month:	-16.2 %
6 months:	-37.0 %
Year to date:	-37.3 %
Trailing 12 months:	-33.3 %

### Company events:

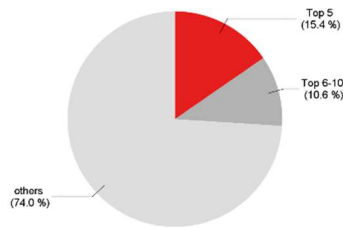
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	16.9 %	402.4	430.4	546.0	856.3	950.0	1,140.0	1,368.0
Change Sales yoy		40.1 %	6.9 %	26.9 %	56.8 %	10.9 %	20.0 %	20.0 %
gross margin (company reporting)		32.1 %	32.6 %	28.3 %	28.9 %	28.6 %	30.2 %	29.9 %
<b>EBITDA adj.</b>		55.0	76.2	79.7	148.5	150.2	182.9	222.2
<i>Margin</i>		13.7 %	17.7 %	14.6 %	17.3 %	15.8 %	16.0 %	16.2 %
<b>EBITDA</b>	13.4 %	61.6	66.2	70.3	145.6	142.2	173.9	212.2
<i>Margin</i>		15.3 %	15.4 %	12.9 %	17.0 %	15.0 %	15.3 %	15.5 %
<b>EBIT</b>	14.0 %	42.4	44.5	45.7	112.4	108.3	135.3	166.7
<i>Margin</i>		10.5 %	10.3 %	8.4 %	13.1 %	11.4 %	11.9 %	12.2 %
Net income before minorities		30.4	24.4	30.0	77.3	73.1	92.5	115.7
<b>Net income</b>	14.4 %	25.5	18.4	30.0	77.3	73.1	92.5	115.7
<b>EPS</b>	14.7 %	n.a.	1.62	2.51	5.58	5.31	6.72	8.41
<b>FCFPS</b>		2.00	4.48	1.81	3.95	3.59	5.05	5.55
<b>FCF / Market cap</b>		n.a.	5.3 %	1.5 %	3.2 %	4.3 %	6.0 %	6.0 %
<b>EV / Sales</b>		n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.1 x	0.9 x
<b>EV / EBIT adj.</b>		n.a.	22.0 x	33.8 x	15.6 x	11.5 x	8.9 x	7.5 x
<b>EV / EBIT</b>		n.a.	23.8 x	35.4 x	16.4 x	12.1 x	9.2 x	7.6 x
<b>P / E</b>		n.a.	52.6 x	48.9 x	21.8 x	15.8 x	12.5 x	11.0 x
<b>Net Debt</b>		86.0	87.8	149.7	155.8	151.4	82.9	7.5
<b>ROCE (NOPAT)</b>		23.0 %	20.5 %	18.8 %	30.2 %	22.0 %	24.3 %	27.7 %
<b>Guidance:</b>		2023: revenue: EUR 940m; adj. EBITDA margin: approx. 15%						

**Sales development**  
in EUR m



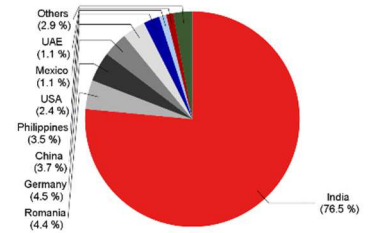
Source: Warburg Research

**Customer split**  
2022



Source: Company

**IT engineers by region**  
2022



Source: Warburg Research

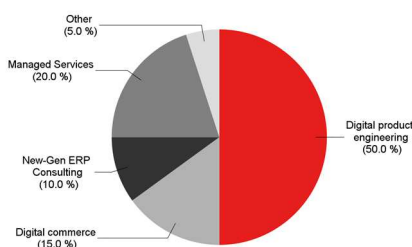
**Company Background**

- Nagarro provides technology and custom software development services for digital transformation,...
- ...with a focus on disruptive technologies such as artificial intelligence, big data, and internet of things.
- Complementary business fields such as managed services, e-commerce solutions or ERP consulting complete the offering.
- While the majority of revenue is generated in higher price countries, Nagarro is able to serve this demand with access to experts in regions associated with lower costs.

**Competitive Quality**

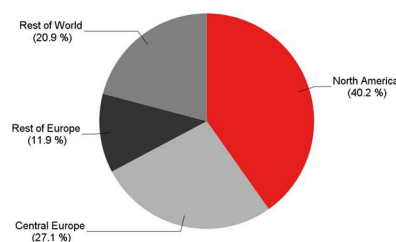
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger supports collaboration, a decentralised organisational structure which provides access to IT talent and enables Nagarro to serve both, small and large companies around the globe.
- Organizational design and processes allow Nagarro to cross-fertilize knowledge across the global organisation and adapt quickly to new technologies and client needs with lean and agile teams and short time-to-market.
- Access to scarce IT specialists: Nagarro's > 17,000 IT experts e.g. in India, China or Romania have a strong footprint in future-oriented technologies such as cloud, AI, IoT, deep learning or big data.

**Revenue by service line**  
estimates / approx.



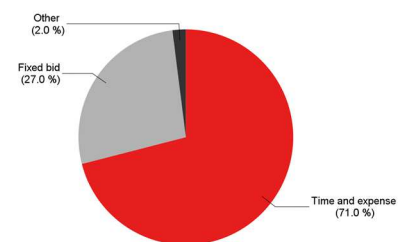
Source: Estimate Warburg Research

**Sales by segments**  
2022; in %



Source: Warburg Research

**Revenue by contract type**  
2022



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	950.0	1,140.0	1,368.0	1,627.9	1,918.7	2,240.8	2,594.4	2,979.3	3,394.7	3,839.7	4,312.7	4,812.2	4,908.5	
Sales change	10.9 %	20.0 %	20.0 %	19.0 %	17.9 %	16.8 %	15.8 %	14.8 %	13.9 %	13.1 %	12.3 %	11.6 %	2.0 %	2.0 %
EBIT	108.3	135.3	166.7	179.1	201.5	235.3	272.4	312.8	356.4	403.2	452.8	505.3	515.4	
EBIT-margin	11.4 %	11.9 %	12.2 %	11.0 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	
Tax rate (EBT)	28.0 %	28.0 %	28.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	
NOPAT	78.0	97.4	120.0	121.8	137.0	160.0	185.2	212.7	242.4	274.2	307.9	343.6	350.5	
Depreciation	33.9	38.6	45.5	17.9	19.2	22.4	25.9	29.8	33.9	38.4	43.1	48.1	54.0	
in % of Sales	3.6 %	3.4 %	3.3 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	-4.9	1.0	1.0	1.9	2.1	2.4	2.6	2.8	3.0	3.3	3.5	3.7	0.7	
Change in Liquidity from														
- Working Capital	17.6	23.1	37.5	38.0	43.6	48.3	53.0	57.7	62.3	66.7	71.0	74.9	14.4	
- Capex	7.2	8.4	9.9	17.9	21.1	24.6	28.5	32.8	37.3	42.2	47.4	52.9	54.0	
Capex in % of Sales	0.8 %	0.7 %	0.7 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
- Other	26.0	31.2	37.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	56.1	74.3	81.6	85.7	93.6	111.8	132.2	154.8	179.7	206.8	236.1	267.5	336.7	343
PV of FCF	53.1	64.9	65.7	63.6	64.0	70.5	76.8	82.9	88.7	94.1	99.0	103.4	120.0	1,886
share of PVs	6.26 %			29.42 %										64.31 %

## Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	8.00 %	Financial Strength	1.14
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.14
Market return	8.25 %	Cyclicality	1.14
Risk free rate	2.75 %	Transparency	1.14
		Others	1.14
<b>WACC</b>	<b>8.49 %</b>	<b>Beta</b>	<b>1.14</b>

## Valuation (m)

Present values 2035e	1,047		
Terminal Value	1,886		
Financial liabilities	253		
Pension liabilities	13		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	70	No. of shares (m)	13.8
<b>Equity Value</b>	<b>2,737</b>	<b>Value per share (EUR)</b>	<b>198.84</b>

## Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.34	9.5 %	152.87	155.88	159.08	162.49	166.15	170.06	174.26	1.34	9.5 %	133.58	143.22	152.86	162.49	172.13	181.77	191.41
1.24	9.0 %	167.64	171.25	175.12	179.27	183.72	188.52	193.70	1.24	9.0 %	147.78	158.27	168.77	179.27	189.77	200.26	210.76
1.19	8.7 %	175.83	179.81	184.08	188.66	193.60	198.93	204.71	1.19	8.7 %	155.73	166.71	177.69	188.66	199.64	210.62	221.60
1.14	8.5 %	184.64	189.04	193.76	198.84	204.33	210.28	216.75	1.14	8.5 %	164.35	175.85	187.34	198.84	210.34	221.83	233.33
1.09	8.2 %	194.14	199.00	204.23	209.89	216.01	222.67	229.94	1.09	8.2 %	173.71	185.77	197.83	209.89	221.95	234.01	246.06
1.04	8.0 %	204.40	209.79	215.61	221.92	228.78	236.26	244.46	1.04	8.0 %	183.91	196.58	209.25	221.92	234.59	247.26	259.93
0.94	7.5 %	227.59	234.28	241.55	249.49	258.18	267.74	278.32	0.94	7.5 %	207.28	221.35	235.42	249.49	263.56	277.62	291.69

- Slight EBIT margin expansion anticipated
- Other: IFRS 16 impact in the detailed forecast. Depreciation and capex at same levels thereafter.

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	n.a.	22.2 x	15.2 x	10.2 x	5.0 x	3.6 x	3.0 x
Book value per share ex intangibles	n.a.	-5.54	-5.90	-3.85	-1.51	5.22	12.63
EV / Sales	n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.1 x	0.9 x
EV / EBITDA	n.a.	16.0 x	23.0 x	12.6 x	9.2 x	7.1 x	6.0 x
EV / EBIT	n.a.	23.8 x	35.4 x	16.4 x	12.1 x	9.2 x	7.6 x
EV / EBIT adj.*	n.a.	22.0 x	33.8 x	15.6 x	11.5 x	8.9 x	7.5 x
P / FCF	n.a.	19.0 x	67.9 x	30.8 x	23.4 x	16.6 x	16.6 x
P / E	n.a.	52.6 x	48.9 x	21.8 x	15.8 x	12.5 x	11.0 x
P / E adj.*	n.a.	52.6 x	48.9 x	21.8 x	15.8 x	12.5 x	11.0 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	3.0 %	2.5 %	5.1 %	6.2 %	7.9 %	10.2 %

\*Adjustments made for: -

Company Specific Items	2019	2020	2021	2022	2023e	2024e	2025e
gross profit (company reporting)	129.1	140.2	154.4	247.1	271.7	344.2	408.8
gross margin (company reporting)	32.1 %	32.6 %	28.3 %	28.9 %	28.6 %	30.2 %	29.9 %

## Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>402.4</b>	<b>430.4</b>	<b>546.0</b>	<b>856.3</b>	<b>950.0</b>	<b>1,140.0</b>	<b>1,368.0</b>
Change Sales yoy	40.1 %	6.9 %	26.9 %	56.8 %	10.9 %	20.0 %	20.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.9	0.3	0.2	0.3	1.9	2.2	2.5
Material expenses	49.1	49.2	59.1	77.0	107.4	133.4	164.2
Personnel expenses	254.7	271.7	373.0	571.1	605.2	712.5	848.2
Other operating income	12.7	11.6	14.8	28.2	8.0	9.0	10.0
Other operating expenses	49.8	53.3	55.5	89.0	99.8	125.4	150.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>61.6</b>	<b>66.2</b>	<b>70.3</b>	<b>145.6</b>	<b>142.2</b>	<b>173.9</b>	<b>212.2</b>
<i>Margin</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>15.0 %</i>	<i>15.3 %</i>	<i>15.5 %</i>
Depreciation of fixed assets	15.7	16.9	19.9	25.5	28.3	33.9	40.7
<b>EBITA</b>	<b>45.9</b>	<b>49.3</b>	<b>50.3</b>	<b>120.1</b>	<b>113.9</b>	<b>140.0</b>	<b>171.5</b>
Amortisation of intangible assets	3.5	4.7	4.7	7.6	5.6	4.7	4.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>42.4</b>	<b>44.5</b>	<b>45.7</b>	<b>112.4</b>	<b>108.3</b>	<b>135.3</b>	<b>166.7</b>
<i>Margin</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>13.1 %</i>	<i>11.4 %</i>	<i>11.9 %</i>	<i>12.2 %</i>
<b>EBIT adj.</b>	<b>45.4</b>	<b>48.0</b>	<b>47.8</b>	<b>117.8</b>	<b>113.3</b>	<b>139.3</b>	<b>170.7</b>
Interest income	0.2	0.5	0.4	0.5	0.2	0.2	0.0
Interest expenses	5.5	7.3	7.8	11.2	7.0	7.0	6.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>37.2</b>	<b>37.7</b>	<b>38.2</b>	<b>101.7</b>	<b>101.5</b>	<b>128.5</b>	<b>160.7</b>
<i>Margin</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>11.9 %</i>	<i>10.7 %</i>	<i>11.3 %</i>	<i>11.7 %</i>
Total taxes	6.8	13.4	8.2	24.4	28.4	36.0	45.0
<b>Net income from continuing operations</b>	<b>30.4</b>	<b>24.4</b>	<b>30.0</b>	<b>77.3</b>	<b>73.1</b>	<b>92.5</b>	<b>115.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>30.4</b>	<b>24.4</b>	<b>30.0</b>	<b>77.3</b>	<b>73.1</b>	<b>92.5</b>	<b>115.7</b>
Minority interest	4.9	5.9	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>25.5</b>	<b>18.4</b>	<b>30.0</b>	<b>77.3</b>	<b>73.1</b>	<b>92.5</b>	<b>115.7</b>
<i>Margin</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>9.0 %</i>	<i>7.7 %</i>	<i>8.1 %</i>	<i>8.5 %</i>
Number of shares, average	n.a.	11.4	12.0	13.8	13.8	13.8	13.8
<b>EPS</b>	<b>n.a.</b>	<b>1.62</b>	<b>2.51</b>	<b>5.58</b>	<b>5.31</b>	<b>6.72</b>	<b>8.41</b>
EPS adj.	n.a.	1.62	2.51	5.58	5.31	6.72	8.41

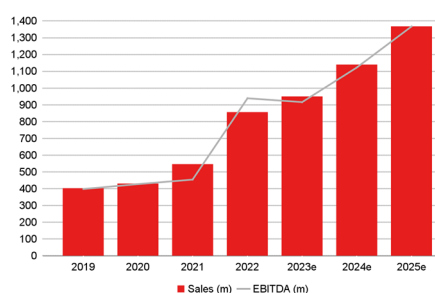
\*Adjustments made for:

**Guidance: 2023: revenue: EUR 940m; adj. EBITDA margin: approx. 15%**

## Financial Ratios

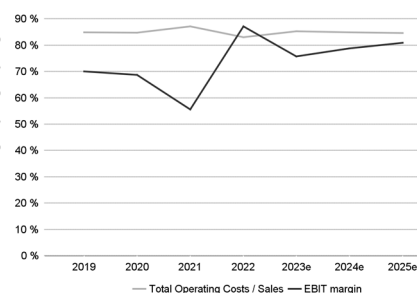
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	84.9 %	84.7 %	87.2 %	83.0 %	85.2 %	84.9 %	84.7 %
Operating Leverage	3.2 x	0.7 x	0.1 x	2.6 x	-0.3 x	1.2 x	1.2 x
EBITDA / Interest expenses	11.2 x	9.1 x	9.0 x	13.0 x	20.3 x	24.8 x	35.4 x
Tax rate (EBT)	18.2 %	35.5 %	21.5 %	24.0 %	28.0 %	28.0 %	28.0 %
Dividend Payout Ratio	n.a.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### Sales, EBITDA in EUR m



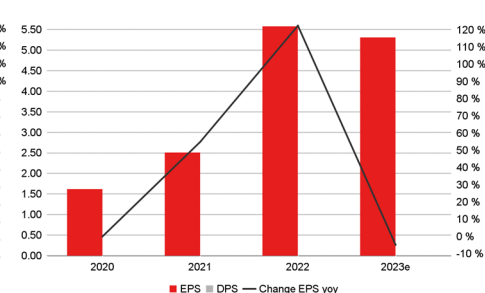
Source: Warburg Research

### Operating Performance in %



Source: Warburg Research

### Performance per Share



Source: Warburg Research

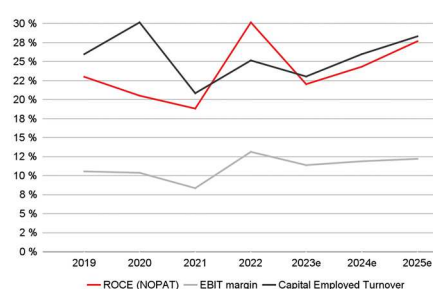
**Consolidated balance sheet**

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
<b>Assets</b>							
Goodwill and other intangible assets	111.4	106.9	178.7	217.4	253.3	253.2	253.1
thereof other intangible assets	9.0	11.0	14.0	13.6	13.3	13.2	13.1
thereof Goodwill	102.4	95.9	163.4	202.6	240.0	240.0	240.0
Property, plant and equipment	7.2	6.4	11.1	11.4	14.9	19.1	24.1
Financial assets	2.7	3.0	3.7	4.0	4.0	4.0	4.0
Other long-term assets	54.9	51.7	59.3	52.3	57.9	70.3	85.1
<b>Fixed assets</b>	<b>176.2</b>	<b>168.0</b>	<b>253.0</b>	<b>285.1</b>	<b>330.2</b>	<b>346.5</b>	<b>366.3</b>
Inventories	0.0	0.1	0.3	0.3	0.3	0.4	0.5
Accounts receivable	80.3	73.9	103.3	156.8	218.6	256.1	311.1
Liquid assets	43.8	107.7	106.6	110.2	73.1	142.6	219.0
Other short-term assets	41.7	37.1	61.7	65.8	66.0	77.0	84.0
<b>Current assets</b>	<b>165.8</b>	<b>218.8</b>	<b>271.9</b>	<b>333.0</b>	<b>358.0</b>	<b>476.1</b>	<b>614.6</b>
<b>Total Assets</b>	<b>342.0</b>	<b>386.8</b>	<b>524.9</b>	<b>618.1</b>	<b>688.2</b>	<b>822.7</b>	<b>981.0</b>
<b>Liabilities and shareholders' equity</b>							
Shareholders' equity	50.2	43.8	96.8	164.7	232.6	325.1	427.0
Minority interest	9.7	2.7	0.0	0.0	4.0	5.0	20.0
<b>Total equity</b>	<b>59.9</b>	<b>46.5</b>	<b>96.8</b>	<b>164.7</b>	<b>236.6</b>	<b>330.1</b>	<b>447.0</b>
Provisions	25.5	33.2	45.3	55.8	40.0	43.0	46.0
thereof provisions for pensions and similar obligations	4.4	6.0	10.1	12.9	8.0	9.0	10.0
Financial liabilities (total)	125.3	189.5	246.1	253.1	216.5	216.5	216.5
Short-term financial liabilities	5.3	14.4	23.8	11.5	11.5	11.5	11.5
Accounts payable	16.1	22.2	18.5	15.3	49.5	59.3	71.2
Other liabilities	115.1	95.4	118.2	129.3	145.6	173.8	200.3
<b>Liabilities</b>	<b>282.0</b>	<b>340.3</b>	<b>428.0</b>	<b>453.5</b>	<b>451.7</b>	<b>492.6</b>	<b>534.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>342.0</b>	<b>386.8</b>	<b>524.9</b>	<b>618.1</b>	<b>688.2</b>	<b>822.7</b>	<b>981.0</b>

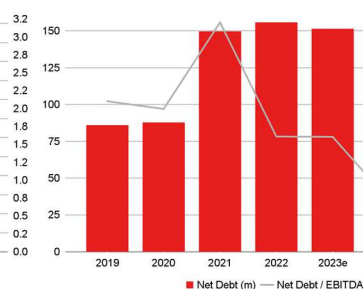
**Financial Ratios**

	2019	2020	2021	2022	2023e	2024e	2025e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	6.3 x	8.8 x	6.3 x	6.1 x	5.9 x	6.1 x	5.9 x
Capital Employed Turnover	2.8 x	3.2 x	2.2 x	2.7 x	2.4 x	2.8 x	3.0 x
ROA	14.5 %	11.0 %	11.9 %	27.1 %	22.1 %	26.7 %	31.6 %
<b>Return on Capital</b>							
ROCE (NOPAT)	23.0 %	20.5 %	18.8 %	30.2 %	22.0 %	24.3 %	27.7 %
ROE	40.8 %	39.2 %	42.7 %	59.1 %	36.8 %	33.2 %	30.8 %
Adj. ROE	40.8 %	39.2 %	42.7 %	59.1 %	36.8 %	33.2 %	30.8 %
<b>Balance sheet quality</b>							
Net Debt	86.0	87.8	149.7	155.8	151.4	82.9	7.5
Net Financial Debt	81.6	81.8	139.5	142.9	143.4	73.9	-2.5
Net Gearing	143.4 %	188.7 %	154.6 %	94.6 %	64.0 %	25.1 %	1.7 %
Net Fin. Debt / EBITDA	132.4 %	123.6 %	198.6 %	98.2 %	100.9 %	42.5 %	n.a.
Book Value / Share	n.a.	3.8	7.0	12.0	16.9	23.6	31.0
Book value per share ex intangibles	n.a.	-5.5	-5.9	-3.9	-1.5	5.2	12.6

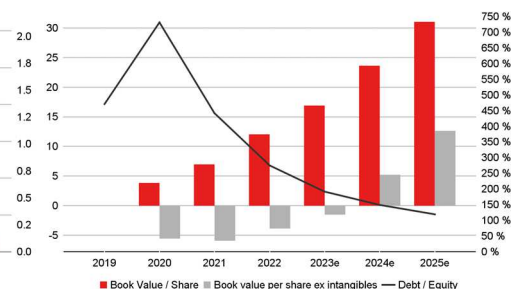
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

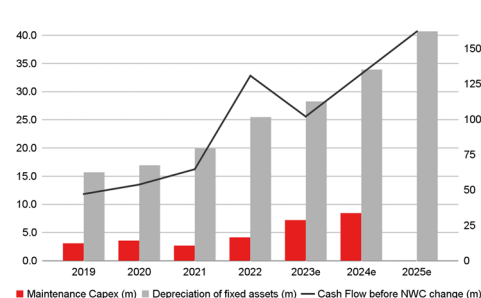
## Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	30.4	24.4	30.0	77.3	73.1	92.5	115.7
Depreciation of fixed assets	15.7	16.9	19.9	25.5	28.3	33.9	40.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.5	4.7	4.7	7.6	5.6	4.7	4.8
Increase/decrease in long-term provisions	0.4	1.2	1.3	1.9	-4.9	1.0	1.0
Other non-cash income and expenses	-2.9	6.6	8.7	18.4	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>47.1</b>	<b>53.8</b>	<b>64.5</b>	<b>130.7</b>	<b>102.1</b>	<b>132.1</b>	<b>162.2</b>
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in other working capital positions	-6.3	18.4	-20.6	-48.4	-19.4	-23.0	-38.4
Increase / decrease in working capital (total)	-6.3	18.4	-20.6	-48.4	-19.4	-23.0	-38.4
<b>Net cash provided by operating activities [1]</b>	<b>40.9</b>	<b>72.2</b>	<b>44.0</b>	<b>82.3</b>	<b>82.7</b>	<b>109.2</b>	<b>123.8</b>
Investments in intangible assets	-1.3	-1.0	-0.8	-0.6	-1.5	-1.6	-1.7
Investments in property, plant and equipment	-1.8	-2.6	-1.9	-3.5	-5.7	-6.8	-8.2
Payments for acquisitions	-2.9	-7.8	-50.1	-40.4	-20.0	0.0	0.0
Financial investments	-2.5	1.2	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.4	0.1	0.0	0.1	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-8.0</b>	<b>-10.1</b>	<b>-52.8</b>	<b>-44.5</b>	<b>-27.2</b>	<b>-8.4</b>	<b>-9.9</b>
Change in financial liabilities	-3.3	23.9	18.2	11.4	-36.5	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	-10.0	-30.0	0.0	0.0
Capital measures	0.0	0.1	6.1	0.0	0.0	0.0	0.0
Other	-13.8	-17.5	-24.2	-29.7	-26.0	-31.2	-37.5
<b>Net cash provided by financing activities [3]</b>	<b>-17.1</b>	<b>6.5</b>	<b>0.0</b>	<b>-28.3</b>	<b>-92.6</b>	<b>-31.2</b>	<b>-37.5</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>15.7</b>	<b>68.6</b>	<b>-8.8</b>	<b>9.5</b>	<b>-37.1</b>	<b>69.5</b>	<b>76.4</b>
Effects of exchange-rate changes on cash	0.4	-1.4	0.6	-1.3	0.0	0.0	0.0
Cash and cash equivalent at end of period	44.0	110.9	99.6	114.8	73.1	142.6	219.0

## Financial Ratios

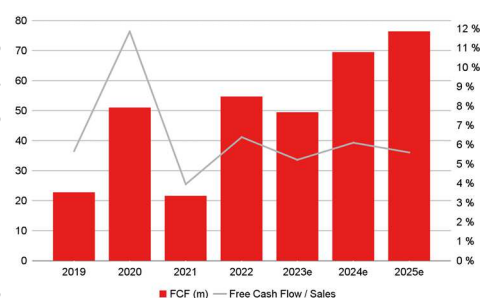
	2019	2020	2021	2022	2023e	2024e	2025e
<b>Cash Flow</b>							
FCF	22.8	51.0	21.6	54.7	49.5	69.5	76.4
Free Cash Flow / Sales	5.7 %	11.9 %	4.0 %	6.4 %	5.2 %	6.1 %	5.6 %
Free Cash Flow Potential	51.7	31.6	39.7	93.6	80.5	98.3	129.7
Free Cash Flow / Net Profit	89.4 %	276.6 %	72.1 %	70.7 %	67.7 %	75.1 %	66.0 %
Interest Received / Avg. Cash	0.6 %	0.7 %	0.4 %	0.5 %	0.2 %	0.2 %	0.0 %
Interest Paid / Avg. Debt	5.0 %	4.6 %	3.6 %	4.5 %	3.0 %	3.2 %	2.8 %
<b>Management of Funds</b>							
Investment ratio	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.7 %	0.7 %
Maint. Capex / Sales	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.7 %	0.0 %
Capex / Dep	16.1 %	16.5 %	10.9 %	12.5 %	21.3 %	21.9 %	21.8 %
Avg. Working Capital / Sales	13.6 %	11.5 %	10.8 %	11.9 %	14.4 %	13.8 %	13.7 %
Trade Debtors / Trade Creditors	500.3 %	332.8 %	559.6 %	1028.2 %	441.6 %	431.9 %	436.9 %
Inventory Turnover	5452.4 x	387.1 x	219.6 x	291.6 x	357.8 x	333.5 x	328.3 x
Receivables collection period (days)	73	63	69	67	84	82	83
Payables payment period (days)	119	165	114	72	168	162	158
Cash conversion cycle (Days)	-103	-172	-102	-70	-164	-157	-150

### CAPEX and Cash Flow in EUR m



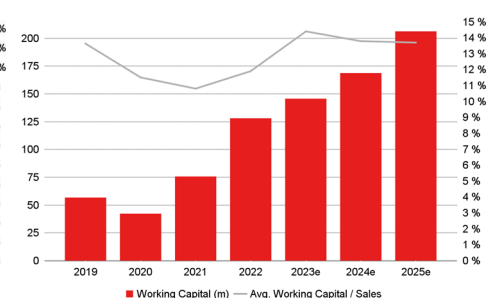
Source: Warburg Research

### Free Cash Flow Generation



Source: Warburg Research

### Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	160	75
Hold	43	20
Sell	7	3
Rating suspended	3	1
<b>Total</b>	<b>213</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	46	88
Hold	5	10
Sell	0	0
Rating suspended	1	2
<b>Total</b>	<b>52</b>	<b>100</b>

**PRICE AND RATING HISTORY NAGARRO AS OF 16.05.2023**



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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### Our research can be found under:

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