

Buy EUR 220.00	Value Indicators: EUR DCF: 221.00	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 2.0	Description: Custom software and digital engineering
	Market Snapshot: EUR m Market cap: 1,349.5 No. of shares (m): 13.8 EV: 1,508.5 Freefloat MC: 948.7 Ø Trad. Vol. (30d): 3.45 m	Shareholders: Freefloat 70.30 % Carl G. Duerschmidt 20.00 % Detlef Dinsel 9.70 %	Key Figures (WRE): 2023e Beta: 1.1 Price / Book: 5.6 x Equity Ratio: 34 % Net Fin. Debt / EBITDA: 1.0 x Net Debt / EBITDA: 1.0 x
Price EUR 98.05 Upside 124.4 %			

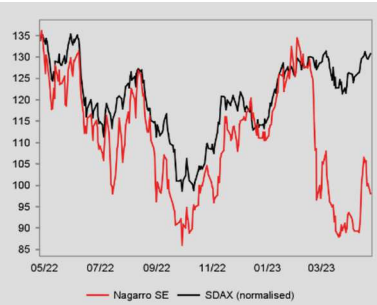
Feedback CMD: An opportunity to gain more insight

Nagarro's CMD, which was hosted last Thursday (20.04.23), provided insights into the organisation and how the strategy is supported by Nagarro's culture and structure. This year, the company looks set to reach the EUR 1bn revenue target. The EUR 1bn-threshold was an ambition in 2014. In that year, the company was about to reach revenues of EUR 100m. When publishing its 2022 annual report, the company also announced its 10-20-30 ambition, i.e. revenues of EUR 10bn, an adj. EBITDA margin of 20% and 30% revenue growth. A milestone on the way to the medium-term ambition will be a sustainable adj. EBITDA margin of at least 18% which is targeted for 2026.

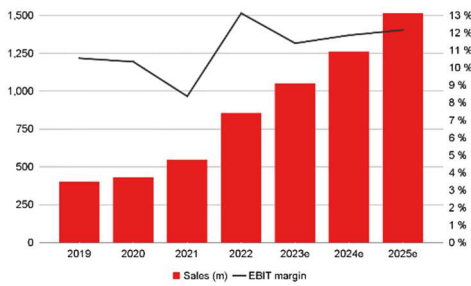
Acquisitions enable Nagarro to access new talent, markets, clients, and capabilities. Given Nagarro's outstanding organic growth and ability to recruit IT talent, we believe M&A should mainly focus on areas which provide the opportunity to scale within the Nagarro organisation. Management also underpinned that acquisitions are not an end in themselves. This stance should support investor confidence – as should the fact that takeovers are rather small.

Overall, the capital markets day centred strongly on the corporate culture and adjacent aspects, which appeared to be abstract for some investors. This might explain the initial share-price reaction after the event. However, for an IT services company which is creating tailor-made software solutions, rather than e.g. manufacturing goods, it is difficult to make detailed presentations without undermining discretion. Other IT service companies in our coverage universe hardly ever host a CMD. Nevertheless, the contact with management and heads of business units turned out to provide valuable insights and consistent responses to our questions. For example, we learned that during the pandemic, Nagarro was hiring staff for remote work and often needed to create "locations" to comply with the requirements of authorities and also provide phone numbers which were created solely for this purpose. The daily business is generally conducted over other channels, such as e-mail which is used by prospect clients to send RFPs. Presentations by client representatives underpinned Nagarro's strong client relationships and ability to deliver.

Nagarro's non-hierarchical, mainly virtual and people-centric organisation might appear somewhat unusual. However, its design allows for rapid scaling and to tap into IT talent around the globe. While Nagarro is gaining market share, we continue to focus on facts. Initially, a weak cashflow was the origin of negative reports, this KPI has been improving. Moreover, factoring is non-recourse and the company communicated a further increase in transparency with regard to this form of financing. DSOs are in line with comparable companies in our coverage. Our understanding was that a meaningful portion of receivables that were overdue at the end of 2022 were paid in Q1. During the Q&A, management also underpinned that cashflow should improve as growth starts to moderate. This was already demonstrated during the pandemic. The second, bigger, share buyback of EUR 30m underpins the cashflow generation and is value-accretive given current valuation levels. Furthermore, the current, rather smaller auditor, was "inherited" from Allgeier and a change is in process. Investors appear to advocate the implementation of a single auditor for the whole group. While management confirmed its 2023 guidance and also tried to manage expectations by referring to the challenging demand environment for the entire industry, we continue to expect a solid start to the year given the recent development of employee numbers. The Buy rating and DCF-based PT of EUR 220 are confirmed.

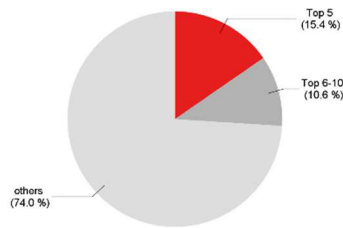
	FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
	Sales	20.9 %	402.4	430.4	546.0	856.3	1,051.7	1,262.0	1,514.4
Change Sales yoy gross margin (company reporting)			40.1 %	6.9 %	26.9 %	56.8 %	22.8 %	20.0 %	20.0 %
EBITDA adj.			32.1 %	32.6 %	28.3 %	28.9 %	28.6 %	30.2 %	29.9 %
Margin									
EBITDA	17.2 %	55.0	61.6	66.2	70.3	145.6	156.9	192.0	234.2
Margin		13.7 %	15.3 %	15.4 %	12.9 %	17.0 %	14.9 %	15.2 %	15.5 %
EBIT	17.9 %	42.4	42.4	44.5	45.7	112.4	120.0	149.7	184.3
Margin		10.5 %	10.3 %	10.3 %	8.4 %	13.1 %	11.4 %	11.9 %	12.2 %
Net income before minorities		30.4	24.4	30.0	77.3	81.5	102.9	128.4	128.4
Net income	18.4 %	25.5	18.4	30.0	77.3	81.5	102.9	128.4	128.4
EPS	18.7 %	n.a.	1.62	2.51	5.58	5.92	7.48	9.33	9.33
FCFPS		n.a.	n.a.	n.a.	3.95	3.04	5.61	6.14	6.14
FCF / Market cap		n.a.	5.3 %	1.5 %	3.2 %	3.1 %	5.7 %	6.1 %	6.1 %
EV / Sales		n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.1 x	0.9 x	0.9 x
EV / EBIT adj.		n.a.	22.0 x	33.8 x	15.6 x	12.1 x	9.3 x	7.3 x	7.3 x
EV / EBIT		n.a.	23.8 x	35.4 x	16.4 x	12.6 x	9.6 x	7.5 x	7.5 x
P / E		n.a.	52.6 x	48.9 x	21.8 x	16.6 x	13.1 x	10.7 x	10.7 x
Net Debt		86.0	87.8	149.7	155.8	159.0	82.9	-0.6	-0.6
ROCE (NOPAT)		23.0 %	20.5 %	18.8 %	30.2 %	23.9 %	25.8 %	29.2 %	29.2 %
Guidance:		2023: revenue: EUR 1020m; adj. EBITDA margin: approx. 15%							

Sales development
in EUR m



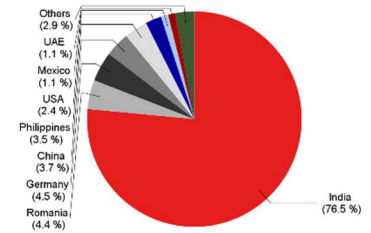
Source: Warburg Research

Customer split
2022



Source: Company

IT engineers by region
2022



Source: Warburg Research

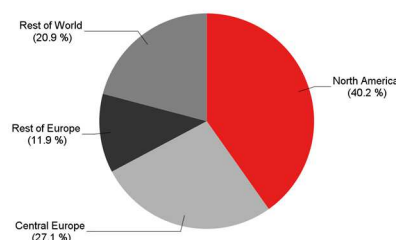
Company Background

- 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

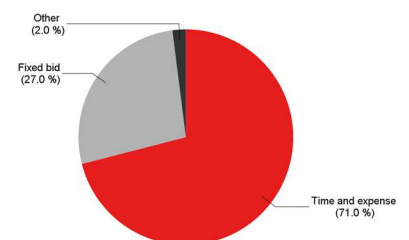
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger 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.

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	1,051.7	1,262.0	1,514.4	1,802.2	2,124.1	2,480.7	2,872.1	3,298.2	3,758.1	4,250.7	4,774.4	5,327.4	5,433.9	
Sales change	22.8 %	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	120.0	149.7	184.3	198.2	223.0	260.5	301.6	346.3	394.6	446.3	501.3	559.4	570.6	
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	86.4	107.8	132.7	134.8	151.7	177.1	205.1	235.5	268.3	303.5	340.9	380.4	388.0	
Depreciation	36.9	42.2	49.9	19.8	21.2	24.8	28.7	33.0	37.6	42.5	47.7	53.3	59.8	
in % of Sales	3.5 %	3.3 %	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	33.3	25.3	41.6	42.1	48.3	53.5	58.7	63.9	69.0	73.9	78.6	82.9	16.0	
- Capex	7.8	9.2	10.8	19.8	23.4	27.3	31.6	36.3	41.3	46.8	52.5	58.6	59.8	
Capex in % of Sales	0.7 %	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	28.8	34.6	41.5	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)	48.5	82.0	89.7	94.6	103.4	123.5	146.1	171.1	198.6	228.6	261.0	295.8	372.7	380
PV of FCF	45.9	71.6	72.2	70.2	70.7	77.8	84.8	91.6	98.0	104.0	109.5	114.3	132.8	2,087
share of PVs	5.87 %			29.52 %										64.61 %

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
WACC	8.49 %	Beta	1.14

Valuation (m)

Present values 2035e	1,143		
Terminal Value	2,087		
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
Equity Value	3,035	Value per share (EUR)	220.52

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 %	169.65	172.98	176.52	180.30	184.34	188.67	193.32	1.34	9.5 %	148.30	158.96	169.63	180.30	190.97	201.64	212.31
1.24	9.0 %	185.99	189.99	194.27	198.86	203.79	209.10	214.83	1.24	9.0 %	164.00	175.62	187.24	198.86	210.48	222.10	233.72
1.19	8.7 %	195.05	199.46	204.18	209.26	214.72	220.63	227.02	1.19	8.7 %	172.80	184.95	197.11	209.26	221.41	233.56	245.71
1.14	8.5 %	204.80	209.67	214.89	220.52	226.59	233.18	240.34	1.14	8.5 %	182.34	195.06	207.79	220.52	233.24	245.97	258.70
1.09	8.2 %	215.31	220.69	226.48	232.74	239.52	246.89	254.93	1.09	8.2 %	192.69	206.04	219.39	232.74	246.09	259.44	272.79
1.04	8.0 %	226.67	232.63	239.08	246.06	253.65	261.93	271.00	1.04	8.0 %	203.98	218.00	232.03	246.06	260.08	274.11	288.14
0.94	7.5 %	252.32	259.73	267.78	276.56	286.18	296.77	308.47	0.94	7.5 %	229.84	245.41	260.99	276.56	292.14	307.71	323.29

- 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	5.6 x	3.9 x	3.0 x
Book value per share ex intangibles	n.a.	-5.54	-5.90	-3.85	-0.90	6.59	14.92
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	9.6 x	7.5 x	5.9 x
EV / EBIT	n.a.	23.8 x	35.4 x	16.4 x	12.6 x	9.6 x	7.5 x
EV / EBIT adj.*	n.a.	22.0 x	33.8 x	15.6 x	12.1 x	9.3 x	7.3 x
P / FCF	n.a.	19.0 x	67.9 x	30.8 x	32.2 x	17.5 x	16.3 x
P / E	n.a.	52.6 x	48.9 x	21.8 x	16.6 x	13.1 x	10.7 x
P / E adj.*	n.a.	52.6 x	48.9 x	21.8 x	16.6 x	13.1 x	10.7 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 %	5.9 %	7.6 %	10.4 %

*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	300.6	380.8	452.3
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
Sales	402.4	430.4	546.0	856.3	1,051.7	1,262.0	1,514.4
Change Sales yoy	40.1 %	6.9 %	26.9 %	56.8 %	22.8 %	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	118.8	147.7	181.7
Personnel expenses	254.7	271.7	373.0	571.1	669.9	788.8	939.0
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	110.4	138.8	166.6
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	61.6	66.2	70.3	145.6	156.9	192.0	234.2
<i>Margin</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>14.9 %</i>	<i>15.2 %</i>	<i>15.5 %</i>
Depreciation of fixed assets	15.7	16.9	19.9	25.5	31.3	37.5	45.1
EBITA	45.9	49.3	50.3	120.1	125.6	154.4	189.1
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
EBIT	42.4	44.5	45.7	112.4	120.0	149.7	184.3
<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>
EBIT adj.	45.4	48.0	47.8	117.8	125.0	153.7	188.3
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
EBT	37.2	37.7	38.2	101.7	113.2	142.9	178.3
<i>Margin</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>11.9 %</i>	<i>10.8 %</i>	<i>11.3 %</i>	<i>11.8 %</i>
Total taxes	6.8	13.4	8.2	24.4	31.7	40.0	49.9
Net income from continuing operations	30.4	24.4	30.0	77.3	81.5	102.9	128.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	30.4	24.4	30.0	77.3	81.5	102.9	128.4
Minority interest	4.9	5.9	0.0	0.0	0.0	0.0	0.0
Net income	25.5	18.4	30.0	77.3	81.5	102.9	128.4
<i>Margin</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>9.0 %</i>	<i>7.8 %</i>	<i>8.2 %</i>	<i>8.5 %</i>
Number of shares, average	n.a.	11.4	12.0	13.8	13.8	13.8	13.8
EPS	n.a.	1.62	2.51	5.58	5.92	7.48	9.33
EPS adj.	n.a.	1.62	2.51	5.58	5.92	7.48	9.33

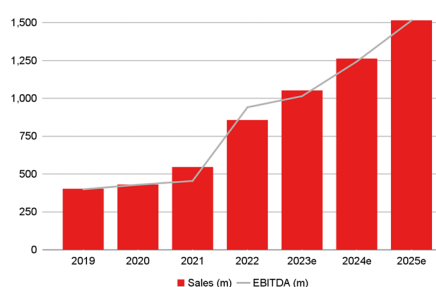
*Adjustments made for:

Guidance: 2023: revenue: EUR 1020m; adj. EBITDA margin: approx. 15%

Financial Ratios

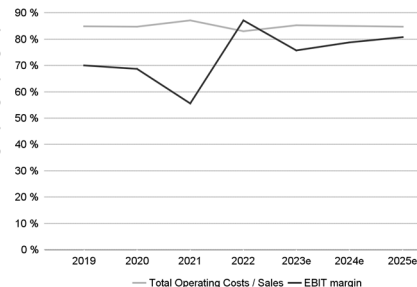
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	84.9 %	84.7 %	87.2 %	83.0 %	85.3 %	85.0 %	84.7 %
Operating Leverage	3.2 x	0.7 x	0.1 x	2.6 x	0.3 x	1.2 x	1.2 x
EBITDA / Interest expenses	11.2 x	9.1 x	9.0 x	13.0 x	22.4 x	27.4 x	39.0 x
Tax rate (EBT)	18.2 %	35.5 %	21.5 %	24.0 %	28.0 %	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



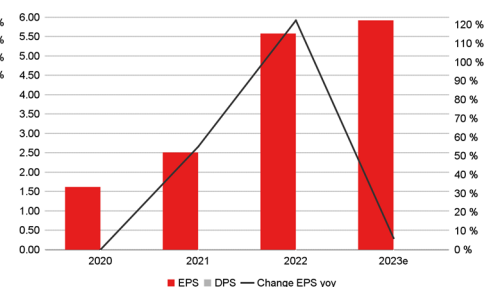
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

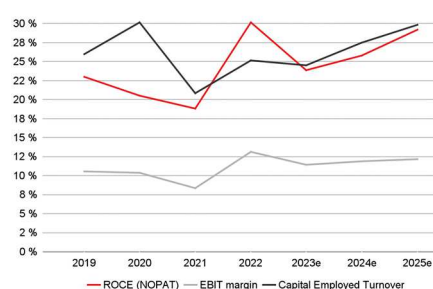
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
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	15.3	19.9	25.4
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	64.5	78.2	94.7
Fixed assets	176.2	168.0	253.0	285.1	337.2	355.3	377.2
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	242.0	283.5	344.4
Liquid assets	43.8	107.7	106.6	110.2	65.5	142.7	227.2
Other short-term assets	41.7	37.1	61.7	65.8	66.0	77.0	84.0
Current assets	165.8	218.8	271.9	333.0	373.8	503.6	656.1
Total Assets	342.0	386.8	524.9	618.1	711.0	858.9	1,033.3
Liabilities and shareholders' equity							
Shareholders' equity	50.2	43.8	96.8	164.7	241.0	343.9	458.4
Minority interest	9.7	2.7	0.0	0.0	4.0	5.0	20.0
Total equity	59.9	46.5	96.8	164.7	245.0	348.9	478.4
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	54.7	65.7	78.8
Other liabilities	115.1	95.4	118.2	129.3	154.8	184.8	213.5
Liabilities	282.0	340.3	428.0	453.5	466.0	510.0	554.9
Total liabilities and shareholders' equity	342.0	386.8	524.9	618.1	711.0	858.9	1,033.3

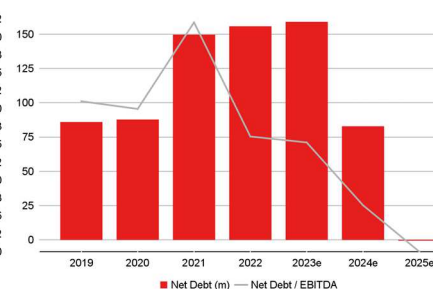
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	6.3 x	8.8 x	6.3 x	6.1 x	6.0 x	6.1 x	6.0 x
Capital Employed Turnover	2.8 x	3.2 x	2.2 x	2.7 x	2.6 x	2.9 x	3.2 x
ROA	14.5 %	11.0 %	11.9 %	27.1 %	24.2 %	29.0 %	34.0 %
Return on Capital							
ROCE (NOPAT)	23.0 %	20.5 %	18.8 %	30.2 %	23.9 %	25.8 %	29.2 %
ROE	40.8 %	39.2 %	42.7 %	59.1 %	40.2 %	35.2 %	32.0 %
Adj. ROE	40.8 %	39.2 %	42.7 %	59.1 %	40.2 %	35.2 %	32.0 %
Balance sheet quality							
Net Debt	86.0	87.8	149.7	155.8	159.0	82.9	-0.6
Net Financial Debt	81.6	81.8	139.5	142.9	151.0	73.9	-10.6
Net Gearing	143.4 %	188.7 %	154.6 %	94.6 %	64.9 %	23.7 %	-0.1 %
Net Fin. Debt / EBITDA	132.4 %	123.6 %	198.6 %	98.2 %	96.3 %	38.5 %	n.a.
Book Value / Share	n.a.	3.8	7.0	12.0	17.5	25.0	33.3
Book value per share ex intangibles	n.a.	-5.5	-5.9	-3.9	-0.9	6.6	14.9

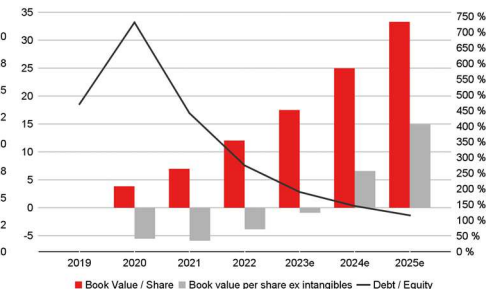
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

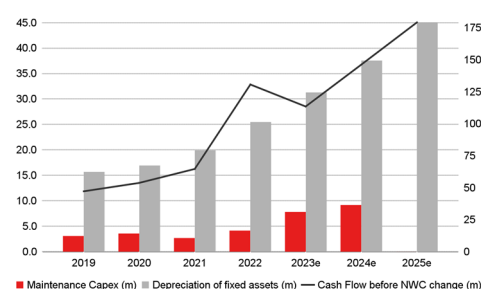
Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	30.4	24.4	30.0	77.3	81.5	102.9	128.4
Depreciation of fixed assets	15.7	16.9	19.9	25.5	31.3	37.5	45.1
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
Cash Flow before NWC change	47.1	53.8	64.5	130.7	113.5	146.2	179.2
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	-35.0	-25.2	-42.5
Increase / decrease in working capital (total)	-6.3	18.4	-20.6	-48.4	-35.0	-25.2	-42.5
Net cash provided by operating activities [1]	40.9	72.2	44.0	82.3	78.5	120.9	136.7
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	-6.3	-7.6	-9.1
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
Net cash provided by investing activities [2]	-8.0	-10.1	-52.8	-44.5	-27.8	-9.2	-10.8
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	-28.8	-34.6	-41.5
Net cash provided by financing activities [3]	-17.1	6.5	0.0	-28.3	-95.3	-34.6	-41.5
Change in liquid funds [1]+[2]+[3]	15.7	68.6	-8.8	9.5	-44.6	77.2	84.5
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	65.5	142.7	227.2

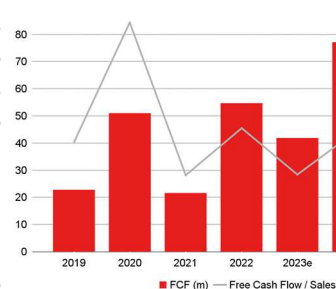
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	22.8	51.0	21.6	54.7	41.9	77.2	84.5
Free Cash Flow / Sales	5.7 %	11.9 %	4.0 %	6.4 %	4.0 %	6.1 %	5.6 %
Free Cash Flow Potential	51.7	31.6	39.7	93.6	88.6	108.2	142.7
Free Cash Flow / Net Profit	89.4 %	276.6 %	72.1 %	70.7 %	51.4 %	75.0 %	65.8 %
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 %
Management of Funds							
Investment ratio	0.8 %	0.8 %	0.5 %	0.5 %	0.7 %	0.7 %	0.7 %
Maint. Capex / Sales	0.8 %	0.8 %	0.5 %	0.5 %	0.7 %	0.7 %	0.0 %
Capex / Dep	16.1 %	16.5 %	10.9 %	12.5 %	21.2 %	21.7 %	21.6 %
Avg. Working Capital / Sales	13.6 %	11.5 %	10.8 %	11.9 %	13.8 %	13.8 %	13.7 %
Trade Debtors / Trade Creditors	500.3 %	332.8 %	559.6 %	1028.2 %	442.4 %	431.5 %	437.1 %
Inventory Turnover	5452.4 x	387.1 x	219.6 x	291.6 x	396.1 x	369.1 x	363.5 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

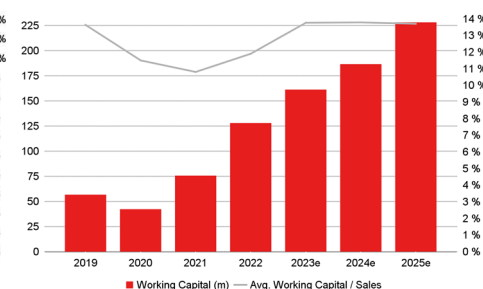
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Nagarro	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A3H2200.htm

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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-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
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-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	160	74
Hold	44	20
Sell	8	4
Rating suspended	3	1
Total	215	100

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	44	85
Hold	7	13
Sell	0	0
Rating suspended	1	2
Total	52	100

PRICE AND RATING HISTORY NAGARRO AS OF 25.04.2023



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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