

Buy EUR 190.00 (EUR 200.00) Price EUR 80.75 Upside 135.3 %	Value Indicators: EUR DCF: 191.00	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: 1,111.4 No. of shares (m): 13.8 EV: 1,275.5 Freefloat MC: 781.3 Ø Trad. Vol. (30d): 2.45 m	Shareholders: Freefloat 70.30 % Carl G. Duerschmidt 20.00 % Detlef Dinsel 9.70 %	Key Figures (WRE): 2023e Beta: 1.1 Price / Book: 5.2 x Equity Ratio: 33 % Net Fin. Debt / EBITDA: 1.3 x Net Debt / EBITDA: 1.4 x

Project scale-backs and currency headwind

On Friday evening, Nagarro lowered its 2023 **guidance**.

As a consequence of adverse currency movements and scale-backs in a few projects, the company now estimates that total 2023 revenue will be in the region of EUR 915m (was: EUR 940m). As Nagarro is carrying excess production capacity, which is reflected in the cost of revenues, the new estimate for the gross margin is 26%, while the new estimate for the adjusted EBITDA margin is 13% (was approx. 15%).

Nagarro is due to report its **Q2** results today. Against the backdrop of the guidance reduction, the results appear to be of subordinate importance. Management's insight into the underlying market conditions appear to be more valuable.

In the context of Q2 reporting, **peers** also referred to lower conversion rates from low probability opportunities to realized revenue, primarily due to an increase in project cancelations and project postponements to future periods. The reduction in demand appears to be broad-based across industry verticals, and the market conditions do not allow for significant pricing adjustments. As indicated by Gartner, this is expected to recover strongly in late 2024.

Although another guidance reduction is not supportive for sentiment, the reduction is not profound and our estimate adjustment had only a small impact on the DCF-based PT. Nagarro shares are trading at a significant discount to peers. The Buy rating is maintained and the PT is lowered to EUR 190 (from EUR 200).

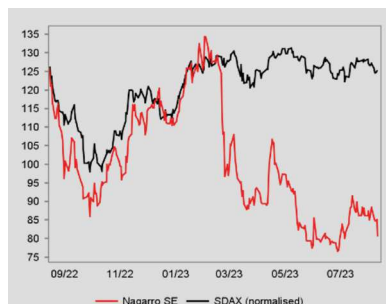
Company	LC	Price in LC	MC in LC m	EV in LC m	EV / EBIT 23e	EV / EBIT 24e	EV / EBIT 25e	EBIT CAGR
Accenture Plc Class A	USD	309.05	205,305.6	192,689.4	19.6 x	18.5 x	17.0 x	7%
Cognizant Technology Solutions Corporation Class USD	USD	70.08	35,393.3	34,916.6	12.8 x	11.7 x	10.5 x	11%
Endava Plc Sponsored ADR Class A	USD	48.57	1,975.2	2,660.0	13.4 x	13.6 x	10.8 x	11%
EPAM Systems, Inc.	USD	238.74	13,837.6	12,461.7	17.2 x	15.2 x	12.3 x	18%
Globant SA	USD	172.14	7,276.3	7,336.4	22.4 x	18.3 x	14.7 x	23%
HCL Technologies Limited	INR	1,171.35	3178,657.3	3005,908.5	15.1 x	13.4 x	12.2 x	11%
Infosys Limited	INR	1,372.00	5694,060.5	5520,659.3	17.1 x	15.5 x	13.8 x	11%
Tata Consultancy Services Limited	INR	3,449.35	12621,345.0	12628,618.9	21.3 x	19.0 x	17.3 x	11%
Wipro Limited	INR	413.00	2155,806.3	2053,472.9	14.1 x	12.7 x	11.9 x	9%
Average					17.0 x	15.3 x	13.4 x	
Median					17.1 x	15.2 x	12.3 x	
Nagarro	EUR	80.00	1,101.0	1,265.2	15.2 x	10.6 x	8.9 x	30%
Valuation difference to Median					12%	44%	38%	
Fair value per share based on Median					91.46	120.05	114.72	

Changes in Estimates:

FY End: 31.12. in EUR m	2023e (old)	+ / -	2024e (old)	+ / -	2025e (old)	+ / -
Sales	950.0	-3.7 %	1,140.0	-7.7 %	1,368.0	-7.7 %
EBITDA adj.	150.1	-17.4 %	182.9	-10.0 %	222.2	-12.8 %
EBITDA	142.1	-18.4 %	173.9	-10.5 %	212.2	-13.4 %
EBIT	108.3	-23.2 %	135.3	-11.6 %	166.7	-15.2 %
EPS	5.31	-24.7 %	6.72	-12.2 %	8.41	-15.8 %

Comment on Changes:

- Estimates lowered to reflect the guidance reduction.
- The model has been rolled forward. Hence, the PT reduction is less profound than the estimate decline.

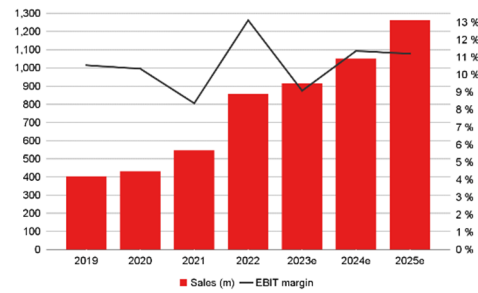


1 month:	-10.2 %
6 months:	-34.8 %
Year to date:	-37.0 %
Trailing 12 months:	-35.4 %

Company events:
14.11.23 Q3

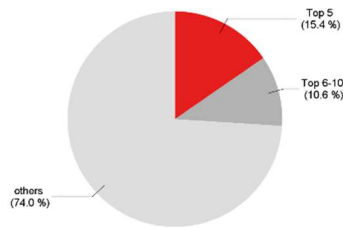
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	13.8 %	402.4	430.4	546.0	856.3	915.0	1,052.3	1,262.7
Change Sales yoy		40.1 %	6.9 %	26.9 %	56.8 %	6.9 %	15.0 %	20.0 %
gross margin (company reporting)		32.1 %	32.6 %	28.3 %	28.9 %	29.7 %	30.2 %	29.9 %
EBITDA adj.		55.0	76.2	79.7	148.5	124.0	164.7	193.8
Margin		13.7 %	17.7 %	14.6 %	17.3 %	13.6 %	15.6 %	15.3 %
EBITDA	8.1 %	61.6	66.2	70.3	145.6	116.0	155.7	183.8
Margin		15.3 %	15.4 %	12.9 %	17.0 %	12.7 %	14.8 %	14.6 %
EBIT	7.9 %	42.4	44.5	45.7	112.4	83.2	119.7	141.4
Margin		10.5 %	10.3 %	8.4 %	13.1 %	9.1 %	11.4 %	11.2 %
Net income before minorities		30.4	24.4	30.0	77.3	55.0	81.3	97.5
Net income	8.0 %	25.5	18.4	30.0	77.3	55.0	81.3	97.5
EPS	8.3 %	n.a.	1.62	2.51	5.58	4.00	5.90	7.08
FCFPS		2.00	4.48	1.81	3.95	2.67	4.82	4.47
FCF / Market cap		n.a.	5.3 %	1.5 %	3.2 %	3.3 %	6.0 %	5.5 %
EV / Sales		n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.2 x	0.9 x
EV / EBIT adj.		n.a.	22.0 x	33.8 x	15.6 x	14.5 x	9.8 x	7.9 x
EV / EBIT		n.a.	23.8 x	35.4 x	16.4 x	15.3 x	10.1 x	8.1 x
P / E		n.a.	52.6 x	48.9 x	21.8 x	20.2 x	13.7 x	11.4 x
Net Debt		86.0	87.8	149.7	155.8	164.1	98.8	38.3
ROCE (NOPAT)		23.0 %	20.5 %	18.8 %	30.2 %	17.0 %	22.0 %	24.3 %
Guidance:		2023: revenue: EUR 915m; adj. EBITDA margin: approx. 13%						

Sales development
in EUR m



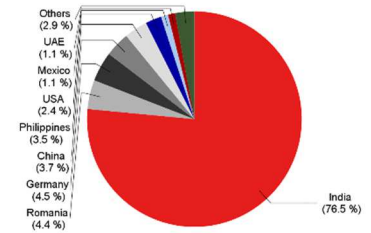
Source: Warburg Research

Customer split
2022



Source: Company

IT engineers by region
2022



Source: Warburg Research

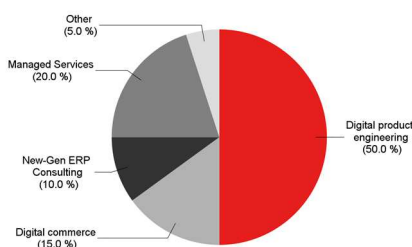
Company Background

- 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

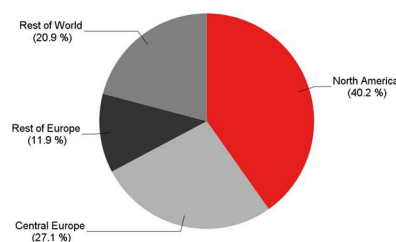
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger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



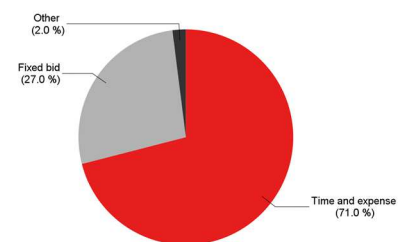
Source: Estimate Warburg Research

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	915.0	1,052.3	1,262.7	1,502.6	1,771.0	2,068.3	2,394.7	2,749.9	3,133.4	3,544.1	3,980.8	4,441.8	4,530.7	
Sales change	6.9 %	15.0 %	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	83.2	119.7	141.4	165.3	186.0	217.2	251.4	288.7	329.0	372.1	418.0	466.4	475.7	
EBIT-margin	9.1 %	11.4 %	11.2 %	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	59.9	86.2	101.8	112.4	126.4	147.7	171.0	196.3	223.7	253.0	284.2	317.1	323.5	
Depreciation	32.8	36.0	42.4	16.5	17.7	20.7	23.9	27.5	31.3	35.4	39.8	44.4	49.8	
in % of Sales	3.6 %	3.4 %	3.4 %	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	12.4	15.3	34.6	35.1	40.3	44.6	49.0	53.3	57.5	61.6	65.5	69.2	13.3	
- Capex	7.0	7.9	9.3	16.5	19.5	22.8	26.3	30.2	34.5	39.0	43.8	48.9	49.8	
Capex in % of Sales	0.8 %	0.8 %	0.7 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
- Other	25.1	28.8	34.6	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)	43.4	71.2	66.7	79.2	86.5	103.4	122.2	143.1	166.1	191.2	218.2	247.2	310.9	317
PV of FCF	42.5	64.3	55.6	60.9	61.4	67.6	73.7	79.6	85.2	90.5	95.3	99.5	115.4	1,833
share of PVs	5.75 %			29.35 %										64.90 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	9.00 %	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	8.42 %	Beta	1.14

Valuation (m)

Present values 2035e	992		
Terminal Value	1,833		
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	2,629	Value per share (EUR)	191.04

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	9.4 %	146.82	149.77	152.92	156.28	159.87	163.72	167.85	1.34	9.4 %	128.23	137.58	146.93	156.28	165.62	174.97	184.32
1.24	8.9 %	160.90	164.45	168.24	172.31	176.69	181.41	186.51	1.24	8.9 %	141.81	151.98	162.15	172.31	182.48	192.65	202.82
1.19	8.7 %	168.71	172.61	176.80	181.30	186.16	191.40	197.09	1.19	8.7 %	149.42	160.05	170.68	181.30	191.93	202.56	213.18
1.14	8.4 %	177.11	181.42	186.05	191.04	196.44	202.29	208.65	1.14	8.4 %	157.67	168.80	179.92	191.04	202.16	213.29	224.41
1.09	8.2 %	186.17	190.93	196.07	201.62	207.64	214.19	221.34	1.09	8.2 %	166.64	178.30	189.96	201.62	213.28	224.94	236.60
1.04	7.9 %	195.96	201.24	206.95	213.15	219.88	227.24	235.31	1.04	7.9 %	176.41	188.65	200.90	213.15	225.39	237.64	249.88
0.94	7.4 %	218.10	224.65	231.78	239.57	248.12	257.53	267.95	0.94	7.4 %	198.82	212.41	225.99	239.57	253.16	266.74	280.33

- 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	5.2 x	3.8 x	2.9 x
Book value per share ex intangibles	n.a.	-5.54	-5.90	-3.85	-2.82	3.09	9.17
EV / Sales	n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.2 x	0.9 x
EV / EBITDA	n.a.	16.0 x	23.0 x	12.6 x	11.0 x	7.8 x	6.3 x
EV / EBIT	n.a.	23.8 x	35.4 x	16.4 x	15.3 x	10.1 x	8.1 x
EV / EBIT adj.*	n.a.	22.0 x	33.8 x	15.6 x	14.5 x	9.8 x	7.9 x
P / FCF	n.a.	19.0 x	67.9 x	30.8 x	30.2 x	16.7 x	18.1 x
P / E	n.a.	52.6 x	48.9 x	21.8 x	20.2 x	13.7 x	11.4 x
P / E adj.*	n.a.	52.6 x	48.9 x	21.8 x	20.2 x	13.7 x	11.4 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 %	4.9 %	7.2 %	9.7 %

*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	271.8	317.9	377.5
gross margin (company reporting)	32.1 %	32.6 %	28.3 %	28.9 %	29.7 %	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	915.0	1,052.3	1,262.7
Change Sales yoy	40.1 %	6.9 %	26.9 %	56.8 %	6.9 %	15.0 %	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	93.4	123.1	151.5
Personnel expenses	254.7	271.7	373.0	571.1	613.9	662.9	795.5
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	96.1	115.7	138.9
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	116.0	155.7	183.8
<i>Margin</i>	15.3 %	15.4 %	12.9 %	17.0 %	12.7 %	14.8 %	14.6 %
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.2	31.3	37.6
EBITA	45.9	49.3	50.3	120.1	88.8	124.4	146.2
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	83.2	119.7	141.4
<i>Margin</i>	10.5 %	10.3 %	8.4 %	13.1 %	9.1 %	11.4 %	11.2 %
EBIT adj.	45.4	48.0	47.8	117.8	88.2	123.7	145.4
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	76.4	112.9	135.4
<i>Margin</i>	9.2 %	8.8 %	7.0 %	11.9 %	8.4 %	10.7 %	10.7 %
Total taxes	6.8	13.4	8.2	24.4	21.4	31.6	37.9
Net income from continuing operations	30.4	24.4	30.0	77.3	55.0	81.3	97.5
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	55.0	81.3	97.5
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	55.0	81.3	97.5
<i>Margin</i>	6.3 %	4.3 %	5.5 %	9.0 %	6.0 %	7.7 %	7.7 %
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	4.00	5.90	7.08
EPS adj.	n.a.	1.62	2.51	5.58	4.00	5.90	7.08

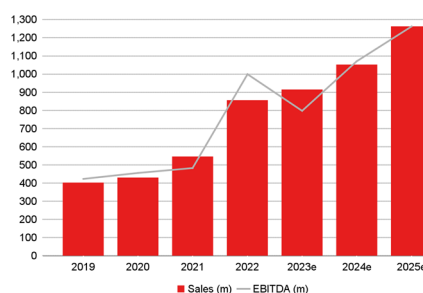
*Adjustments made for:

Guidance: 2023: revenue: EUR 915m; adj. EBITDA margin: approx. 13%

Financial Ratios

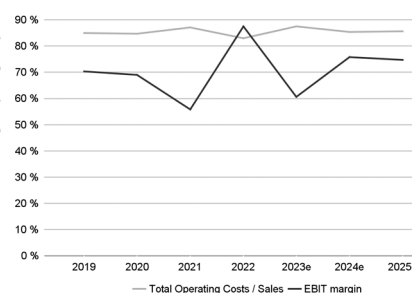
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	84.9 %	84.7 %	87.2 %	83.0 %	87.5 %	85.4 %	85.6 %
Operating Leverage	3.2 x	0.7 x	0.1 x	2.6 x	-3.8 x	2.9 x	0.9 x
EBITDA / Interest expenses	11.2 x	9.1 x	9.0 x	13.0 x	16.6 x	22.2 x	30.6 x
Tax rate (EBT)	18.2 %	35.5 %	21.5 %	24.0 %	28.0 %	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



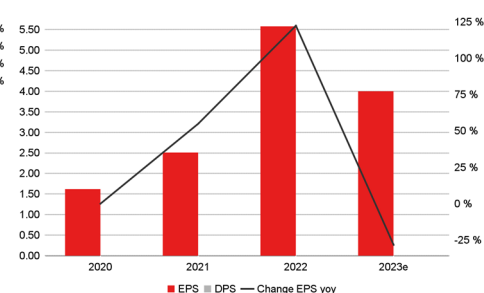
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

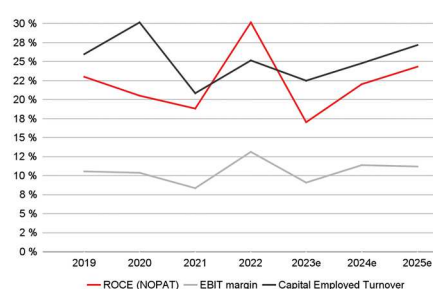
Consolidated balance sheet

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	14.8	18.6	23.2
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	55.6	64.6	78.3
Fixed assets	176.2	168.0	253.0	285.1	327.8	340.4	358.6
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	210.6	236.4	287.1
Liquid assets	43.8	107.7	106.6	110.2	60.4	126.8	188.2
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	337.3	440.6	559.8
Total Assets	342.0	386.8	524.9	618.1	665.1	780.9	918.4
Liabilities and shareholders' equity							
Shareholders' equity	50.2	43.8	96.8	164.7	214.5	295.7	379.4
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	218.5	300.7	399.4
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	47.6	54.8	65.7
Other liabilities	115.1	95.4	118.2	129.3	142.5	165.9	190.8
Liabilities	282.0	340.3	428.0	453.5	446.6	480.2	519.1
Total liabilities and shareholders' equity	342.0	386.8	524.9	618.1	665.1	780.9	918.4

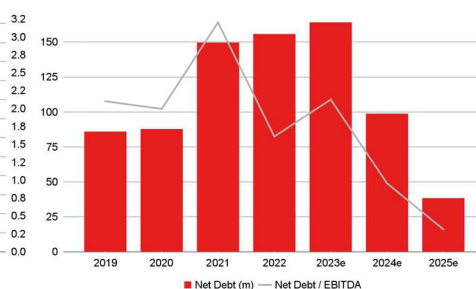
Financial Ratios

	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	5.9 x	6.0 x	5.9 x
Capital Employed Turnover	2.8 x	3.2 x	2.2 x	2.7 x	2.4 x	2.6 x	2.9 x
ROA	14.5 %	11.0 %	11.9 %	27.1 %	16.8 %	23.9 %	27.2 %
Return on Capital							
ROCE (NOPAT)	23.0 %	20.5 %	18.8 %	30.2 %	17.0 %	22.0 %	24.3 %
ROE	40.8 %	39.2 %	42.7 %	59.1 %	29.0 %	31.9 %	28.9 %
Adj. ROE	40.8 %	39.2 %	42.7 %	59.1 %	29.0 %	31.9 %	28.9 %
Balance sheet quality							
Net Debt	86.0	87.8	149.7	155.8	164.1	98.8	38.3
Net Financial Debt	81.6	81.8	139.5	142.9	156.1	89.8	28.3
Net Gearing	143.4 %	188.7 %	154.6 %	94.6 %	75.1 %	32.9 %	9.6 %
Net Fin. Debt / EBITDA	132.4 %	123.6 %	198.6 %	98.2 %	134.6 %	57.7 %	15.4 %
Book Value / Share	n.a.	3.8	7.0	12.0	15.6	21.5	27.6
Book value per share ex intangibles	n.a.	-5.5	-5.9	-3.9	-2.8	3.1	9.2

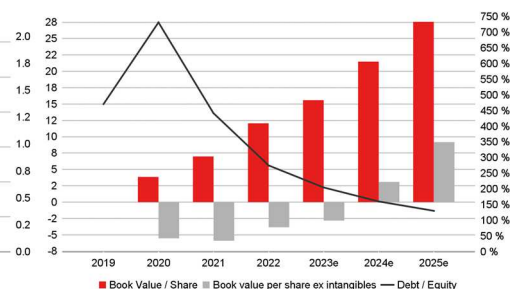
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

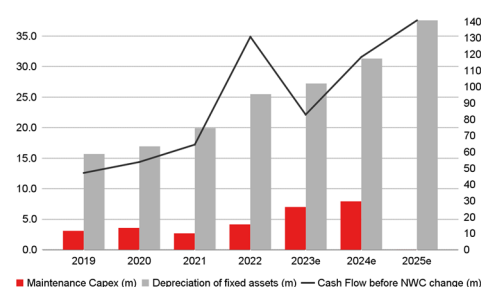
Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	30.4	24.4	30.0	77.3	55.0	81.3	97.5
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.2	31.3	37.6
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	83.0	118.3	140.9
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	-14.1	-15.2	-35.5
Increase / decrease in working capital (total)	-6.3	18.4	-20.6	-48.4	-14.1	-15.2	-35.5
Net cash provided by operating activities [1]	40.9	72.2	44.0	82.3	68.8	103.1	105.3
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	-5.5	-6.3	-7.6
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	-27.0	-7.9	-9.3
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	-25.1	-28.8	-34.6
Net cash provided by financing activities [3]	-17.1	6.5	0.0	-28.3	-91.6	-28.8	-34.6
Change in liquid funds [1]+[2]+[3]	15.7	68.6	-8.8	9.5	-49.8	66.4	61.5
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	60.4	126.8	188.2

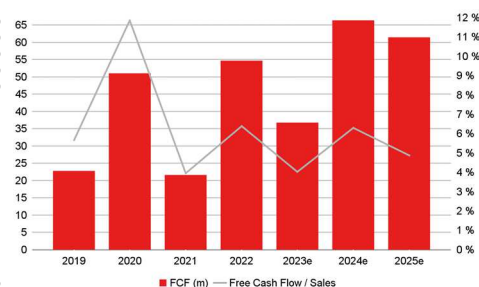
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	22.8	51.0	21.6	54.7	36.8	66.4	61.5
Free Cash Flow / Sales	5.7 %	11.9 %	4.0 %	6.4 %	4.0 %	6.3 %	4.9 %
Free Cash Flow Potential	51.7	31.6	39.7	93.6	62.6	87.3	111.3
Free Cash Flow / Net Profit	89.4 %	276.6 %	72.1 %	70.7 %	66.8 %	81.7 %	63.0 %
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 %
Management of Funds							
Investment ratio	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.7 %
Maint. Capex / Sales	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.0 %
Capex / Dep	16.1 %	16.5 %	10.9 %	12.5 %	21.3 %	22.0 %	21.9 %
Avg. Working Capital / Sales	13.6 %	11.5 %	10.8 %	11.9 %	14.7 %	14.1 %	13.7 %
Trade Debtors / Trade Creditors	500.3 %	332.8 %	559.6 %	1028.2 %	442.4 %	431.4 %	437.0 %
Inventory Turnover	5452.4 x	387.1 x	219.6 x	291.6 x	311.3 x	307.8 x	303.0 x
Receivables collection period (days)	73	63	69	67	84	82	83
Payables payment period (days)	119	165	114	72	186	162	158
Cash conversion cycle (Days)	-103	-172	-102	-70	-190	-157	-150

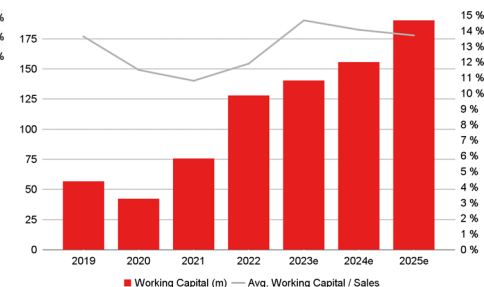
CAPEX and Cash Flow
in EUR m



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	https://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.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-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.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	151	73
Hold	45	22
Sell	7	3
Rating suspended	4	2
Total	207	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	42	86
Hold	5	10
Sell	0	0
Rating suspended	2	4
Total	49	100

PRICE AND RATING HISTORY NAGARRO AS OF 14.08.2023



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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