

<b>Buy</b> <b>EUR 190.00</b>	<b>Value Indicators:</b> EUR DCF: 189.00	<b>Warburg ESG Risk Score: 2.7</b> ESG Score (MSCI based): 2.0 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: 1,050.8 No. of shares (m): 13.8 EV: 1,145.9 Freefloat MC: 738.7 Ø Trad. Vol. (30d): 1.26 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: 5.7 x Equity Ratio: 30 % Net Fin. Debt / EBITDA: 1.3 x Net Debt / EBITDA: 1.3 x
Price: EUR 76.35 Upside: 148.9 %			

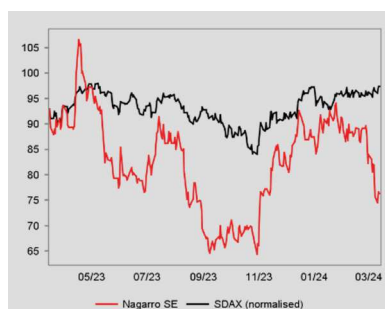
## Preliminary results back estimates; Cross-reads suggest improvement in H2

- Nagarro has released its preliminary financial results. In 2023, revenues reached EUR 912m. The company's latest target was a revenue level of EUR 915m. Our projections were at EUR 925m. Nagarro recorded adj. EBITDA of EUR 125.9m which is in line with our estimate of EUR 125.8m. At the end of 2023, the cash balance was EUR 109m compared to EUR 110m at the end of 2022 suggesting an improvement in free cash flow generation.
- Nagarro's results reflect that Q4 had fewer working days than Q4/22. The 2024 guidance had already been published. Nagarro's management targets revenue in the region of EUR 1bn at constant currencies. The adjusted EBITDA margin is forecast to reach 14%. These targets are approximately in line with our assumptions, confirming the investment case.

Nagarro is scheduled to publish its annual report on April 16. In this context, management might make further comments on the current business environment. Some internationally active IT services companies have already reported their results and outlined their expectations for 2024.

- Capgemini**, for example, expects an improvement in the US to start in Q2 2024, with a reacceleration in H2 2024. The US market and the financial-services vertical impeded Nagarro's revenue growth during the course of 2023. M&A activity may increase as valuations become more reasonable and potential for value creation increases. Headcount growth will occur throughout the year to support a strong top-line performance in the final quarter, setting the stage for a positive 2025. Investment is being made in AI solutions and platforms, with larger investments likely in H2 2024 and primarily 2025.
- Cognizant** highlighted its focus on larger deals in 2023 with large deal wins contributing more to 2024 and creating a backlog for the future. At the same time, management admitted that discretionary spend in 2024 remains unknown and provides upside for its revenue growth targets.
- Its Q2 call, **Endava** highlighted that clients are seeking diversified delivery, including cost-effective capabilities from India and Southeast Asia. Despite the need for diversified delivery locations, pricing trends have remained stable. The company is carrying out a business optimization programme and expects its upcoming quarter to be the margin trough. While client budgets have increased, spending has not yet followed suit. At the same time, management has seen signs of easing in February.
- EPAM** expressed its confidence in H2/24 due to increased client activities and a backlog of delayed projects. Profitability is also expected to improve in H2. Epam's confidence is underpinned by salary increases, which are planned for Q2 2024, alongside significant investments in AI. Management highlighted that demand is stabilizing and strong traction is anticipated, especially in life sciences and energy sectors. Headcount growth is expected especially in India and Latin America. While pricing structures are being carefully reviewed, management is avoiding multi-year commitments that could lock in rates. More fixed-fee engagements are being pursued for better profitability control.

**Conclusion:** The achievement of the full-year targets, the confirmation of the 2024 targets, and indication of a solid 2024 FCF are supportive for the investment case. At the same time, insights from competitor updates suggest a stabilisation of the market environment and improvement in the second half of the year. **Buy rating and PT of EUR 190 are reiterated.**

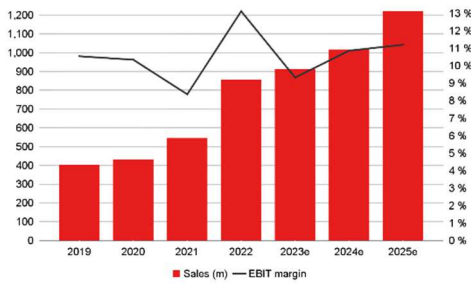


Rel. Performance vs SDAX:	
1 month:	-14.4 %
6 months:	8.9 %
Year to date:	-12.8 %
Trailing 12 months:	-22.8 %

Company events:	
16.04.24	FY 2023
14.05.24	Q1
14.08.24	Q2
14.11.24	Q3

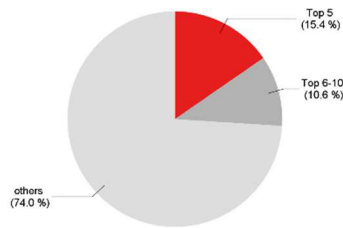
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	12.6 %	402.4	430.4	546.0	856.3	912.0	1,017.5	1,221.0
Change Sales yoy		40.1 %	6.9 %	26.9 %	56.8 %	6.5 %	11.6 %	20.0 %
gross margin (company reporting)		32.1 %	32.6 %	28.3 %	28.9 %	30.5 %	30.2 %	29.9 %
<b>EBITDA adj.</b>		55.0	76.2	79.7	148.5	125.9	154.6	187.9
Margin		13.7 %	17.7 %	14.6 %	17.3 %	13.8 %	15.2 %	15.4 %
<b>EBITDA</b>	6.9 %	61.6	66.2	70.3	145.6	117.9	145.6	177.9
Margin		15.3 %	15.4 %	12.9 %	17.0 %	12.9 %	14.3 %	14.6 %
<b>EBIT</b>	6.8 %	42.4	44.5	45.7	112.4	85.1	110.6	136.8
Margin		10.5 %	10.3 %	8.4 %	13.1 %	9.3 %	10.9 %	11.2 %
Net income before minorities		30.4	24.4	30.0	77.3	56.4	74.8	94.2
<b>Net income</b>	6.8 %	25.5	18.4	30.0	77.3	56.4	74.8	94.2
<b>EPS</b>	7.0 %	n.a.	1.62	2.51	5.58	4.10	5.43	6.84
<b>FCFPS</b>		2.00	4.48	1.81	3.95	5.35	4.58	5.04
<b>FCF / Market cap</b>		n.a.	5.3 %	1.5 %	3.2 %	7.0 %	6.0 %	6.6 %
<b>EV / Sales</b>		n.a.	2.5 x	3.0 x	2.1 x	1.3 x	1.1 x	0.9 x
<b>EV / EBIT adj.</b>		n.a.	22.0 x	33.8 x	15.6 x	13.4 x	10.0 x	7.7 x
<b>EV / EBIT</b>		n.a.	23.8 x	35.4 x	16.4 x	14.2 x	10.4 x	7.9 x
<b>P / E</b>		n.a.	52.6 x	48.9 x	21.8 x	18.6 x	14.1 x	11.2 x
<b>Net Debt</b>		86.0	87.8	149.7	155.8	157.2	95.1	26.7
<b>ROCE (NOPAT)</b>		23.0 %	20.5 %	18.8 %	30.2 %	18.4 %	22.5 %	26.3 %
<b>Guidance:</b>		2023: revenue: EUR 915m; adj. EBITDA margin: approx. 13%						

**Sales development**  
in EUR m



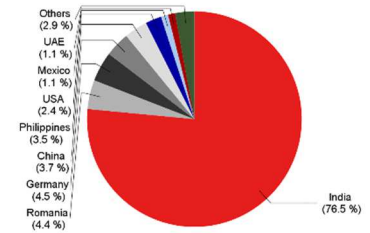
Source: Warburg Research

**Customer split**  
2022



Source: Company

**IT engineers by region**  
2022



Source: Warburg Research

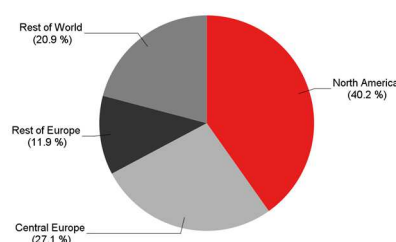
**Company Background**

- 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**

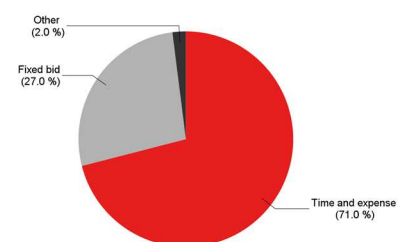
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger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

**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	912.0	1,017.5	1,221.0	1,453.0	1,712.5	2,000.0	2,315.6	2,659.1	3,029.9	3,427.1	3,849.3	4,295.1	4,381.0	
Sales change	6.5 %	11.6 %	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	85.1	110.6	136.8	159.8	179.8	210.0	243.1	279.2	318.1	359.8	404.2	451.0	460.0	
EBIT-margin	9.3 %	10.9 %	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	61.3	79.7	98.5	108.7	122.3	142.8	165.3	189.9	216.3	244.7	274.8	306.7	312.8	
Depreciation	32.7	35.0	41.1	16.0	17.1	20.0	23.2	26.6	30.3	34.3	38.5	43.0	48.2	
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	-23.1	12.2	23.5	77.4	38.9	43.1	47.3	51.5	55.6	59.6	63.3	66.9	12.9	
- Capex	7.0	7.7	9.0	16.0	18.8	22.0	25.5	29.3	33.3	37.7	42.3	47.2	48.2	
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	25.0	27.9	33.5	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)	80.3	67.9	74.6	33.2	83.8	100.0	118.3	138.5	160.7	184.9	211.1	239.2	300.6	307
PV of FCF	80.3	62.6	63.5	26.1	60.6	66.8	72.8	78.6	84.2	89.3	94.0	98.3	113.9	1,809
share of PVs	7.37 %			28.02 %										64.61 %

## 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
<b>WACC</b>	<b>8.42 %</b>	<b>Beta</b>	<b>1.14</b>

## Valuation (m)

Present values 2035e	991		
Terminal Value	1,809		
Financial liabilities	253		
Pension liabilities	13		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	13.8
<b>Equity Value</b>	<b>2,594</b>	<b>Value per share (EUR)</b>	<b>188.51</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	9.4 %	145.29	148.21	151.32	154.64	158.19	162.00	166.10	1.34	9.4 %	126.89	136.14	145.39	154.64	163.90	173.15	182.40
1.24	8.9 %	158.99	162.50	166.25	170.27	174.59	179.25	184.29	1.24	8.9 %	140.11	150.17	160.22	170.27	180.32	190.37	200.43
1.19	8.7 %	166.59	170.45	174.58	179.03	183.82	189.00	194.61	1.19	8.7 %	147.53	158.03	168.53	179.03	189.52	200.02	210.52
1.14	8.4 %	174.76	179.01	183.58	188.51	193.83	199.61	205.89	1.14	8.4 %	155.56	166.54	177.53	188.51	199.49	210.47	221.46
1.09	8.2 %	183.58	188.27	193.34	198.81	204.75	211.21	218.26	1.09	8.2 %	164.29	175.80	187.30	198.81	210.32	221.82	233.33
1.04	7.9 %	193.10	198.30	203.93	210.03	216.68	223.93	231.88	1.04	7.9 %	173.80	185.88	197.96	210.03	222.11	234.19	246.26
0.94	7.4 %	214.62	221.08	228.10	235.77	244.18	253.44	263.70	0.94	7.4 %	195.62	209.01	222.39	235.77	249.15	262.53	275.91

- 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	5.7 x	4.0 x	3.1 x
Book value per share ex intangibles	n.a.	-5.54	-5.90	-3.85	-4.90	0.54	6.39
EV / Sales	n.a.	2.5 x	3.0 x	2.1 x	1.3 x	1.1 x	0.9 x
EV / EBITDA	n.a.	16.0 x	23.0 x	12.6 x	10.2 x	7.9 x	6.1 x
EV / EBIT	n.a.	23.8 x	35.4 x	16.4 x	14.2 x	10.4 x	7.9 x
EV / EBIT adj.*	n.a.	22.0 x	33.8 x	15.6 x	13.4 x	10.0 x	7.7 x
P / FCF	n.a.	19.0 x	67.9 x	30.8 x	14.3 x	16.7 x	15.1 x
P / E	n.a.	52.6 x	48.9 x	21.8 x	18.6 x	14.1 x	11.2 x
P / E adj.*	n.a.	52.6 x	48.9 x	21.8 x	18.6 x	14.1 x	11.2 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 %	5.3 %	7.1 %	10.0 %

\*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	278.4	307.5	365.1
gross margin (company reporting)	32.1 %	32.6 %	28.3 %	28.9 %	30.5 %	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>912.0</b>	<b>1,017.5</b>	<b>1,221.0</b>
Change Sales yoy	40.1 %	6.9 %	26.9 %	56.8 %	6.5 %	11.6 %	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	85.6	119.0	146.5
Personnel expenses	254.7	271.7	373.0	571.1	641.2	646.1	769.2
Other operating income	12.7	11.6	14.8	28.2	25.0	9.0	10.0
Other operating expenses	49.8	53.3	55.5	89.0	88.8	111.9	134.3
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>117.9</b>	<b>145.6</b>	<b>177.9</b>
<i>Margin</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>12.9 %</i>	<i>14.3 %</i>	<i>14.6 %</i>
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.1	30.3	36.3
<b>EBITA</b>	<b>45.9</b>	<b>49.3</b>	<b>50.3</b>	<b>120.1</b>	<b>90.7</b>	<b>115.3</b>	<b>141.6</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>85.1</b>	<b>110.6</b>	<b>136.8</b>
<i>Margin</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>13.1 %</i>	<i>9.3 %</i>	<i>10.9 %</i>	<i>11.2 %</i>
<b>EBIT adj.</b>	<b>45.4</b>	<b>48.0</b>	<b>47.8</b>	<b>117.8</b>	<b>90.1</b>	<b>114.6</b>	<b>140.8</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>78.3</b>	<b>103.8</b>	<b>130.8</b>
<i>Margin</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>11.9 %</i>	<i>8.6 %</i>	<i>10.2 %</i>	<i>10.7 %</i>
Total taxes	6.8	13.4	8.2	24.4	21.9	29.1	36.6
<b>Net income from continuing operations</b>	<b>30.4</b>	<b>24.4</b>	<b>30.0</b>	<b>77.3</b>	<b>56.4</b>	<b>74.8</b>	<b>94.2</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>56.4</b>	<b>74.8</b>	<b>94.2</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>56.4</b>	<b>74.8</b>	<b>94.2</b>
<i>Margin</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>9.0 %</i>	<i>6.2 %</i>	<i>7.3 %</i>	<i>7.7 %</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>4.10</b>	<b>5.43</b>	<b>6.84</b>
EPS adj.	n.a.	1.62	2.51	5.58	4.10	5.43	6.84

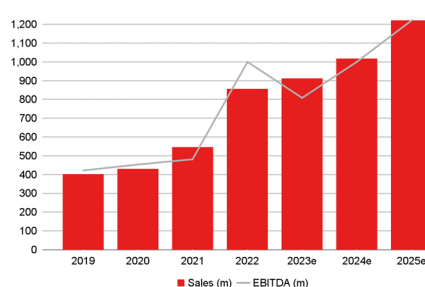
\*Adjustments made for:

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

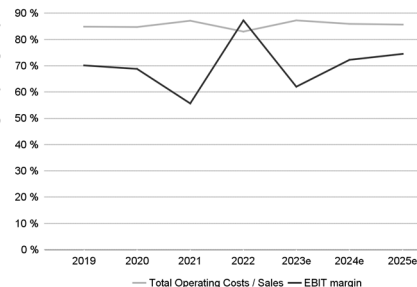
## Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	84.9 %	84.7 %	87.2 %	83.0 %	87.3 %	85.9 %	85.6 %
Operating Leverage	3.2 x	0.7 x	0.1 x	2.6 x	-3.7 x	2.6 x	1.2 x
EBITDA / Interest expenses	11.2 x	9.1 x	9.0 x	13.0 x	16.8 x	20.8 x	29.7 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.

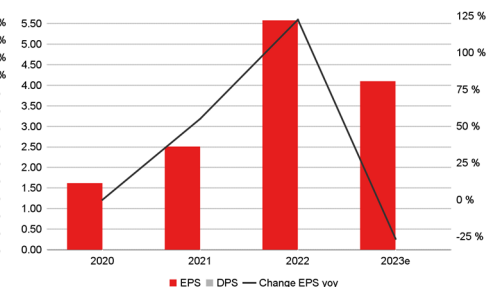
### Sales, EBITDA in EUR m



### Operating Performance in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

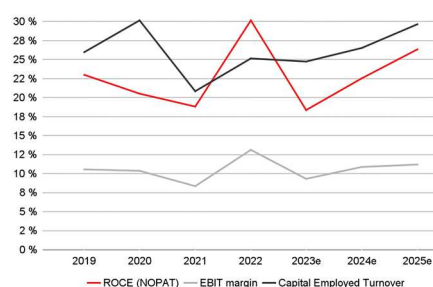
**Consolidated balance sheet**

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	14.8	18.5	22.9
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	55.4	62.3	75.5
<b>Fixed assets</b>	<b>176.2</b>	<b>168.0</b>	<b>253.0</b>	<b>285.1</b>	<b>327.6</b>	<b>338.0</b>	<b>355.6</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	174.9	195.1	234.2
Liquid assets	43.8	107.7	106.6	110.2	67.3	130.4	199.8
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>308.5</b>	<b>402.9</b>	<b>518.5</b>
<b>Total Assets</b>	<b>342.0</b>	<b>386.8</b>	<b>524.9</b>	<b>618.1</b>	<b>636.1</b>	<b>740.9</b>	<b>874.2</b>
<b>Liabilities and shareholders' equity</b>							
Shareholders' equity	50.2	43.8	96.8	164.7	185.9	260.7	341.0
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>189.9</b>	<b>265.7</b>	<b>361.0</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	47.5	53.0	63.6
Other liabilities	115.1	95.4	118.2	129.3	142.2	162.7	187.1
<b>Liabilities</b>	<b>282.0</b>	<b>340.3</b>	<b>428.0</b>	<b>453.5</b>	<b>446.3</b>	<b>475.3</b>	<b>513.2</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>636.1</b>	<b>740.9</b>	<b>874.2</b>

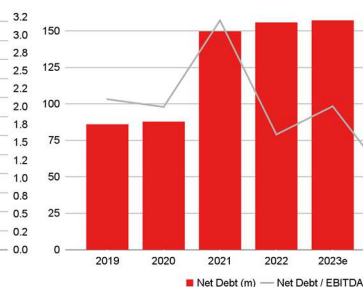
**Financial Ratios**

	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	7.6 x	7.5 x	7.5 x
Capital Employed Turnover	2.8 x	3.2 x	2.2 x	2.7 x	2.6 x	2.8 x	3.1 x
ROA	14.5 %	11.0 %	11.9 %	27.1 %	17.2 %	22.1 %	26.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	23.0 %	20.5 %	18.8 %	30.2 %	18.4 %	22.5 %	26.3 %
ROE	40.8 %	39.2 %	42.7 %	59.1 %	32.2 %	33.5 %	31.3 %
Adj. ROE	40.8 %	39.2 %	42.7 %	59.1 %	32.2 %	33.5 %	31.3 %
<b>Balance sheet quality</b>							
Net Debt	86.0	87.8	149.7	155.8	157.2	95.1	26.7
Net Financial Debt	81.6	81.8	139.5	142.9	149.2	86.1	16.7
Net Gearing	143.4 %	188.7 %	154.6 %	94.6 %	82.8 %	35.8 %	7.4 %
Net Fin. Debt / EBITDA	132.4 %	123.6 %	198.6 %	98.2 %	126.6 %	59.1 %	9.4 %
Book Value / Share	n.a.	3.8	7.0	12.0	13.5	18.9	24.8
Book value per share ex intangibles	n.a.	-5.5	-5.9	-3.9	-4.9	0.5	6.4

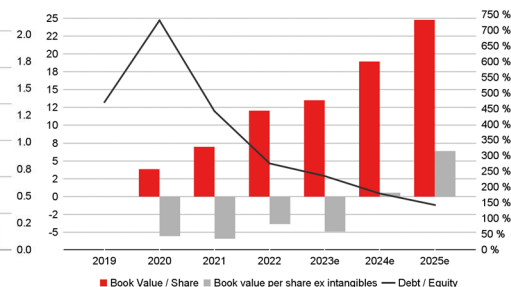
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

**Consolidated cash flow statement**

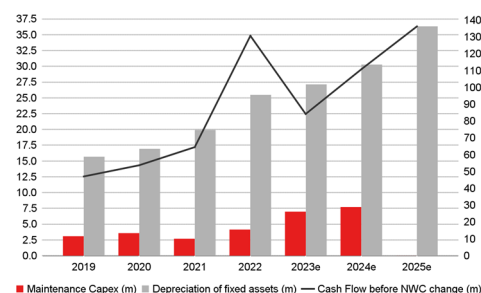
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	30.4	24.4	30.0	77.3	56.4	74.8	94.2
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.1	30.3	36.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.5	4.7	4.7	7.6	5.6	4.7	4.8
Increase/decrease in long-term 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>84.3</b>	<b>110.7</b>	<b>136.3</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	21.4	-12.1	-24.4
Increase / decrease in working capital (total)	-6.3	18.4	-20.6	-48.4	21.4	-12.1	-24.4
<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>105.6</b>	<b>98.7</b>	<b>111.9</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	-5.5	-6.1	-7.3
Payments for acquisitions	-2.9	-7.8	-50.1	-40.4	-50.0	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>-57.0</b>	<b>-7.7</b>	<b>-9.0</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	-25.0	-27.9	-33.5
<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>-91.5</b>	<b>-27.9</b>	<b>-33.5</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>-42.8</b>	<b>63.1</b>	<b>69.4</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	67.3	130.4	199.8

**Financial Ratios**

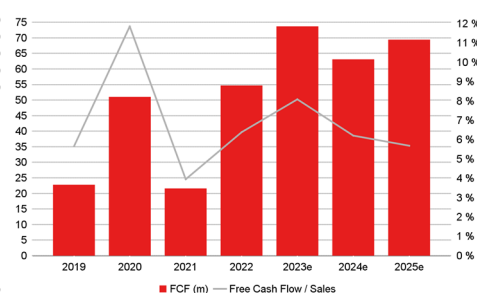
	2019	2020	2021	2022	2023e	2024e	2025e
<b>Cash Flow</b>							
FCF	22.8	51.0	21.6	54.7	73.7	63.1	69.4
Free Cash Flow / Sales	5.7 %	11.9 %	4.0 %	6.4 %	8.1 %	6.2 %	5.7 %
Free Cash Flow Potential	51.7	31.6	39.7	93.6	64.0	81.0	107.9
Free Cash Flow / Net Profit	89.4 %	276.6 %	72.1 %	70.7 %	130.7 %	84.4 %	73.7 %
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 %	0.8 %	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 %	12.8 %	10.9 %	10.6 %
Trade Debtors / Trade Creditors	500.3 %	332.8 %	559.6 %	1028.2 %	368.2 %	368.1 %	368.2 %
Inventory Turnover	5452.4 x	387.1 x	219.6 x	291.6 x	285.2 x	297.6 x	293.0 x
Receivables collection period (days)	73	63	69	67	70	70	70
Payables payment period (days)	119	165	114	72	203	162	158
Cash conversion cycle (Days)	-103	-172	-102	-70	-229	-169	-163

**CAPEX and Cash Flow**

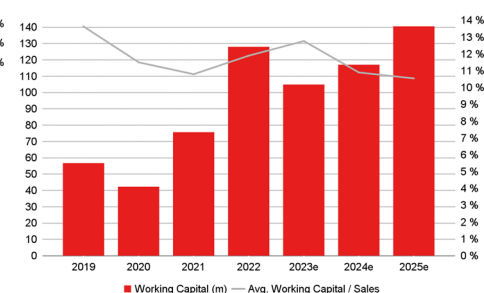
in EUR m



**Free Cash Flow Generation**



**Working Capital**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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-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	149	71
Hold	47	22
Sell	8	4
Rating suspended	7	3
<b>Total</b>	<b>211</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	48	83
Hold	7	12
Sell	0	0
Rating suspended	3	5
<b>Total</b>	<b>58</b>	<b>100</b>

**PRICE AND RATING HISTORY NAGARRO AS OF 14.03.2024**



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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