

<b>Buy</b> <b>EUR 135.00</b> (EUR 170.00)  Price <b>EUR 79.75</b> Upside <b>69.3 %</b>	<b>Value Indicators:</b> EUR DCF: 135.00	<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: 1,062.4 No. of shares (m): 13.3 EV: 1,156.1 Freefloat MC: 746.9 Ø Trad. Vol. (30d): 3.13 m	<b>Shareholders:</b> Freefloat 70.30 % Carl G. Duerschmidt 20.00 % Detlef Dinsel 9.70 %	<b>Key Figures (WRe):</b> 2024e Beta: 1.1 Price / Book: 4.3 x Equity Ratio: 33 % Net Fin. Debt / EBITDA: 0.7 x Net Debt / EBITDA: 0.7 x

## Sentiment impacted by guidance adjustment

- Yesterday, Nagarro adjusted its guidance.
- Management now targets revenues of approx. EUR 960m and an adj. EBITDA margin of over 14% (previously, revenue of approx. EUR 1bn and adj. EBITDA margin of approx. 14%).
- Our estimates were already somewhat below the guidance but as the new guidance is another approx. EUR 20m below our estimates, the projections are being adjusted.
- No specific vertical or region showed weaker development than initially assumed. Rather, the overall demand recovery was slower than anticipated. While Nagarro is not losing any clients, existing projects are being extended over longer periods of time. This reflects continued uncertainty among Nagarro's enterprise clients.
- The guidance adjustment is an indicator for the Q3 results, which are due on November 14.
- Compared to the magnitude of the guidance-adjustment, the share-price reaction was very profound, reflecting the impact on sentiment and a probable expectation of a positive surprise given the strong share-price performance recently.
- While uncertainty among clients is likely to continue given the (geo)political tensions, structural trends remain intact. Hence, the Buy rating is confirmed considering the upside to our PT of EUR 135 (was EUR 170).

### Nagarro - Q3 2024e

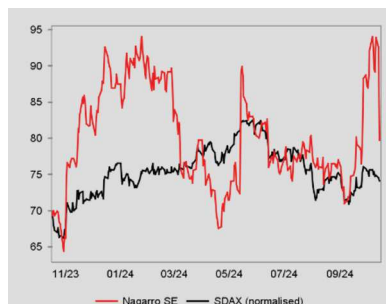
in EUR m	Q3/24e	Q3/23	yoy
<b>Sales</b>	<b>241.0</b>	234.3	2.9%
<b>EBITDA adjusted margin</b>	<b>31.2</b> 13.0%	32.0 13.7%	-2.5%

### Changes in Estimates:

FY End: 31.12. in EUR m	2024e (old)	+ / -	2025e (old)	+ / -	2026e (old)	+ / -
<b>Sales</b>	980.0	-2.0 %	1,097.6	-6.4 %	1,262.2	-10.5 %
<b>EBITDA adj.</b>	139.6	-2.3 %	170.7	-14.2 %	193.7	-16.0 %
<b>EBITDA</b>	130.6	-2.4 %	160.7	-15.1 %	183.7	-16.8 %
<b>EBIT</b>	94.1	-2.7 %	120.3	-18.3 %	138.0	-19.3 %
<b>EPS</b>	4.72	-3.0 %	6.17	-19.1 %	7.13	-20.2 %

### Comment on Changes:

- Growth estimates lowered as the economic environment remains challenging.



### Rel. Performance vs SDAX:

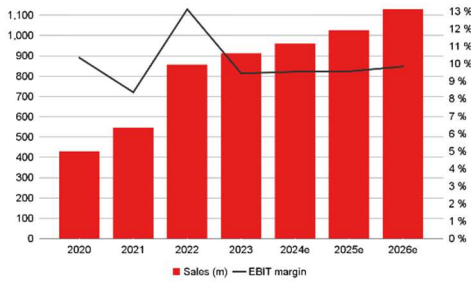
1 month:	3.8 %
6 months:	16.1 %
Year to date:	-5.6 %
Trailing 12 months:	9.1 %

### Company events:

14.11.24 Q3

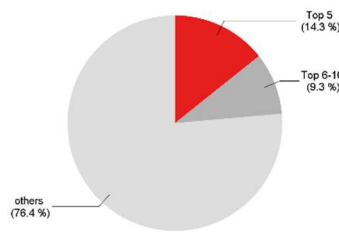
FY End: 31.12. in EUR m	CAGR (23-26e)	2020	2021	2022	2023	2024e	2025e	2026e
<b>Sales</b>	7.4 %	430.4	546.0	856.3	912.1	960.0	1,027.2	1,129.9
Change Sales yoy		6.9 %	26.9 %	56.8 %	6.5 %	5.3 %	7.0 %	10.0 %
<b>EBITDA adj. Margin</b>		76.2	79.7	148.5	126.1	136.4	146.4	162.8
		17.7 %	14.6 %	17.3 %	13.8 %	14.2 %	14.3 %	14.4 %
<b>EBITDA</b>	8.0 %	66.2	70.3	145.6	121.3	127.4	136.4	152.8
Margin		15.4 %	12.9 %	17.0 %	13.3 %	13.3 %	13.3 %	13.5 %
<b>EBIT</b>	8.9 %	44.5	45.7	112.4	86.2	91.6	98.3	111.3
Margin		10.3 %	8.4 %	13.1 %	9.5 %	9.5 %	9.6 %	9.9 %
Net income before minorities		24.4	30.0	77.3	52.1	61.1	66.5	75.8
<b>Net income</b>	13.3 %	18.4	30.0	77.3	52.1	61.1	66.5	75.8
<b>EPS</b>	13.7 %	n.a.	2.51	5.58	3.87	4.58	4.99	5.69
<b>FCFPS</b>		4.48	1.81	4.09	3.39	7.44	4.56	4.95
<b>FCF / Market cap</b>		n.a.	1.5 %	3.4 %	3.8 %	9.3 %	5.7 %	6.2 %
<b>EV / Sales</b>		n.a.	3.0 x	2.1 x	1.5 x	1.2 x	1.1 x	0.9 x
<b>EV / EBIT adj.</b>		n.a.	33.8 x	15.6 x	15.4 x	12.1 x	10.7 x	8.9 x
<b>EV / EBIT</b>		n.a.	35.4 x	16.4 x	16.2 x	12.6 x	11.2 x	9.3 x
<b>P / E</b>		n.a.	48.9 x	21.8 x	23.0 x	17.4 x	16.0 x	14.0 x
<b>Net Debt</b>		87.8	149.7	155.8	200.6	93.7	33.9	-32.0
<b>ROCE (NOPAT)</b>		20.5 %	18.8 %	30.1 %	18.3 %	18.2 %	20.4 %	22.4 %
<b>Guidance:</b>		2024: revenue: approx. EUR 1bn; adj. EBITDA margin: approx. 14%						

**Sales development**  
in EUR m



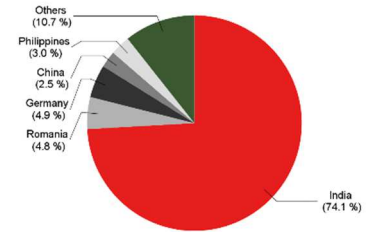
Source: Warburg Research

**Customer split**  
2023



Source: Company

**IT engineers by region**  
2023



Source: Warburg Research

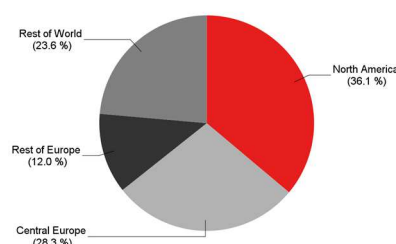
**Company Background**

- 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**

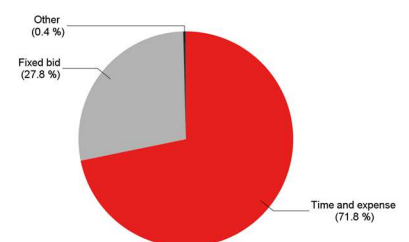
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger 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 approx. 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 region**  
2023; in %



Source: Warburg Research

**Revenue by contract type**  
2023



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	
Sales	960.0	1,027.2	1,129.9	1,265.5	1,408.3	1,557.6	1,712.8	1,873.3	2,038.3	2,207.0	2,378.8	2,552.8	2,603.8	
Sales change	5.3 %	7.0 %	10.0 %	12.0 %	11.3 %	10.6 %	10.0 %	9.4 %	8.8 %	8.3 %	7.8 %	7.3 %	2.0 %	2.0 %
EBIT	91.6	98.3	111.3	139.2	147.9	163.5	179.8	196.7	214.0	231.7	249.8	268.0	273.4	
EBIT-margin	9.5 %	9.6 %	9.9 %	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	65.9	70.8	80.1	94.7	100.5	111.2	122.3	133.8	145.5	157.6	169.8	182.3	185.9	
Depreciation	35.8	38.1	41.5	13.9	14.1	15.6	17.1	18.7	20.4	22.1	23.8	25.5	28.6	
in % of Sales	3.7 %	3.7 %	3.7 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	-7.8	1.0	0.0	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.5	0.5	
Change in Liquidity from														
- Working Capital	-39.1	7.8	11.8	59.7	21.4	22.4	23.3	24.1	24.7	25.3	25.8	26.1	7.7	
- Capex	7.4	7.9	8.5	13.9	15.5	17.1	18.8	20.6	22.4	24.3	26.2	28.1	28.6	
Capex in % of Sales	0.8 %	0.8 %	0.8 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
- Other	26.4	28.2	31.1	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)	99.3	66.0	70.2	36.2	79.0	88.6	98.7	109.2	120.2	131.6	143.2	155.2	178.7	182
PV of FCF	99.3	61.1	60.3	28.8	58.2	60.4	62.3	63.9	65.1	66.0	66.6	66.8	71.3	1,221
share of PVs	10.76 %			29.72 %										59.52 %

## Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	16.00 %	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>7.96 %</b>	<b>Beta</b>	<b>1.14</b>

## Valuation (m)

Present values 2036e	830		
Terminal Value	1,221		
Financial liabilities	294		
Pension liabilities	17		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	13.3
<b>Equity Value</b>	<b>1,800</b>	<b>Value per share (EUR)</b>	<b>135.13</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
1.36	9.0 %	103.59	105.71	107.98	110.42	113.04	115.86	118.91	1.36	9.0 %	89.99	96.80	103.61	110.42	117.23	124.04	130.85
1.25	8.5 %	113.46	116.03	118.80	121.78	125.00	128.49	132.29	1.25	8.5 %	99.63	107.01	114.40	121.78	129.17	136.55	143.93
1.19	8.2 %	118.96	121.80	124.87	128.18	131.77	135.67	139.93	1.19	8.2 %	105.06	112.76	120.47	128.18	135.89	143.59	151.30
1.14	8.0 %	124.89	128.04	131.44	135.13	139.15	143.53	148.33	1.14	8.0 %	110.96	119.02	127.08	135.13	143.19	151.25	159.31
1.09	7.7 %	131.30	134.80	138.60	142.73	147.23	152.17	157.60	1.09	7.7 %	117.40	125.84	134.28	142.73	151.17	159.61	168.05
1.03	7.5 %	138.26	142.16	146.40	151.04	156.11	161.70	167.89	1.03	7.5 %	124.46	133.32	142.18	151.04	159.90	168.76	177.62
0.92	7.0 %	154.08	158.98	164.35	170.26	176.80	184.07	192.21	0.92	7.0 %	140.78	150.61	160.44	170.26	180.09	189.92	199.74

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

Valuation	2020	2021	2022	2023	2024e	2025e	2026e
Price / Book	n.a.	15.2 x	10.2 x	6.6 x	4.3 x	3.6 x	2.8 x
Book value per share ex intangibles	n.a.	-5.90	-3.79	-4.97	-0.22	3.73	9.66
EV / Sales	n.a.	3.0 x	2.1 x	1.5 x	1.2 x	1.1 x	0.9 x
EV / EBITDA	n.a.	23.0 x	12.6 x	11.5 x	9.1 x	8.0 x	6.7 x
EV / EBIT	n.a.	35.4 x	16.4 x	16.2 x	12.6 x	11.2 x	9.3 x
EV / EBIT adj.*	n.a.	33.8 x	15.6 x	15.4 x	12.1 x	10.7 x	8.9 x
P / FCF	n.a.	67.9 x	29.7 x	26.2 x	10.7 x	17.5 x	16.1 x
P / E	n.a.	48.9 x	21.8 x	23.0 x	17.4 x	16.0 x	14.0 x
P / E adj.*	n.a.	48.9 x	21.8 x	23.0 x	17.4 x	16.0 x	14.0 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.	2.5 %	5.2 %	5.1 %	6.1 %	7.5 %	8.9 %

\*Adjustments made for: -

Company Specific Items	2020	2021	2022	2023	2024e	2025e	2026e
gross profit (company reporting)	140.2	154.4	247.1	235.7	333.4	352.8	393.5
gross margin (company reporting)	32.6 %	28.3 %	28.9 %	25.8 %	34.7 %	34.3 %	34.8 %

**Consolidated profit & loss**

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
<b>Sales</b>	<b>430.4</b>	<b>546.0</b>	<b>856.3</b>	<b>912.1</b>	<b>960.0</b>	<b>1,027.2</b>	<b>1,129.9</b>
Change Sales yoy	6.9 %	26.9 %	56.8 %	6.5 %	5.3 %	7.0 %	10.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.2	0.3	0.3	2.2	2.5	2.5
Material expenses	49.2	59.1	77.0	73.1	69.1	78.1	80.2
Personnel expenses	271.7	373.0	571.1	654.7	693.1	732.4	802.2
Other operating income	11.6	14.8	28.2	32.2	17.0	10.0	10.0
Other operating expenses	53.3	55.5	89.0	91.3	83.5	87.3	101.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>66.2</b>	<b>70.3</b>	<b>145.6</b>	<b>121.3</b>	<b>127.4</b>	<b>136.4</b>	<b>152.8</b>
<i>Margin</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>13.3 %</i>	<i>13.3 %</i>	<i>13.3 %</i>	<i>13.5 %</i>
Depreciation of fixed assets	16.9	19.9	25.5	29.6	31.1	33.3	36.7
<b>EBITA</b>	<b>49.3</b>	<b>50.3</b>	<b>120.1</b>	<b>91.7</b>	<b>96.3</b>	<b>103.1</b>	<b>116.1</b>
Amortisation of intangible assets	4.7	4.7	7.6	5.5	4.7	4.8	4.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>44.5</b>	<b>45.7</b>	<b>112.4</b>	<b>86.2</b>	<b>91.6</b>	<b>98.3</b>	<b>111.3</b>
<i>Margin</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>13.1 %</i>	<i>9.5 %</i>	<i>9.5 %</i>	<i>9.6 %</i>	<i>9.9 %</i>
<b>EBIT adj.</b>	<b>48.0</b>	<b>47.8</b>	<b>117.8</b>	<b>91.1</b>	<b>95.6</b>	<b>102.3</b>	<b>115.3</b>
Interest income	0.5	0.4	0.5	1.8	0.2	0.0	0.0
Interest expenses	7.3	7.8	11.2	18.2	7.0	6.0	6.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>37.7</b>	<b>38.2</b>	<b>101.7</b>	<b>69.8</b>	<b>84.8</b>	<b>92.3</b>	<b>105.3</b>
<i>Margin</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>11.9 %</i>	<i>7.7 %</i>	<i>8.8 %</i>	<i>9.0 %</i>	<i>9.3 %</i>
Total taxes	13.4	8.2	24.4	17.7	23.7	25.8	29.5
<b>Net income from continuing operations</b>	<b>24.4</b>	<b>30.0</b>	<b>77.3</b>	<b>52.1</b>	<b>61.1</b>	<b>66.5</b>	<b>75.8</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>24.4</b>	<b>30.0</b>	<b>77.3</b>	<b>52.1</b>	<b>61.1</b>	<b>66.5</b>	<b>75.8</b>
Minority interest	5.9	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>18.4</b>	<b>30.0</b>	<b>77.3</b>	<b>52.1</b>	<b>61.1</b>	<b>66.5</b>	<b>75.8</b>
<i>Margin</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>9.0 %</i>	<i>5.7 %</i>	<i>6.4 %</i>	<i>6.5 %</i>	<i>6.7 %</i>
Number of shares, average	n.a.	12.0	13.8	13.5	13.3	13.3	13.3
<b>EPS</b>	<b>n.a.</b>	<b>2.51</b>	<b>5.58</b>	<b>3.87</b>	<b>4.58</b>	<b>4.99</b>	<b>5.69</b>
EPS adj.	n.a.	2.51	5.58	3.87	4.58	4.99	5.69

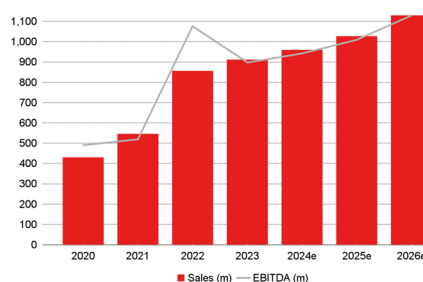
\*Adjustments made for:

**Guidance: 2024: revenue: approx. EUR 1bn; adj. EBITDA margin: approx. 14%**

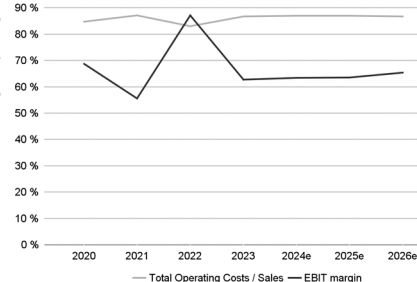
**Financial Ratios**

	2020	2021	2022	2023	2024e	2025e	2026e
Total Operating Costs / Sales	84.7 %	87.2 %	83.0 %	86.7 %	87.0 %	87.0 %	86.7 %
Operating Leverage	0.7 x	0.1 x	2.6 x	-3.6 x	1.2 x	1.0 x	1.3 x
EBITDA / Interest expenses	9.1 x	9.0 x	13.0 x	6.7 x	18.2 x	22.7 x	25.5 x
Tax rate (EBT)	35.5 %	21.5 %	24.0 %	25.3 %	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.

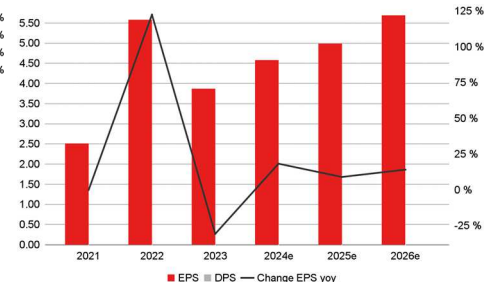
**Sales, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

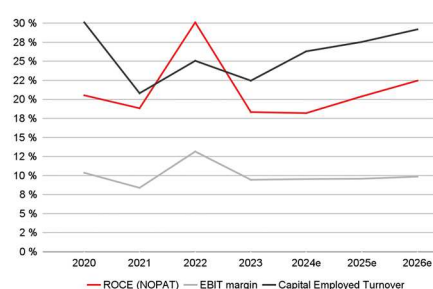
**Consolidated balance sheet**

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
<b>Assets</b>							
Goodwill and other intangible assets	106.9	178.7	217.4	247.3	247.2	247.1	247.0
thereof other intangible assets	11.0	14.0	13.6	26.5	26.4	26.3	26.2
thereof Goodwill	95.9	163.4	202.6	220.8	220.8	220.8	220.8
Property, plant and equipment	6.4	11.1	11.4	12.9	13.9	15.0	16.2
Financial assets	3.0	3.7	4.0	3.3	3.3	3.3	3.3
Other long-term assets	51.7	59.3	52.3	47.6	47.3	50.8	56.3
<b>Fixed assets</b>	<b>168.0</b>	<b>253.0</b>	<b>285.1</b>	<b>311.3</b>	<b>311.7</b>	<b>316.3</b>	<b>322.9</b>
Inventories	0.1	0.3	0.3	0.0	0.4	0.5	0.5
Accounts receivable	73.9	103.3	156.8	182.5	184.1	197.0	216.7
Liquid assets	107.7	106.6	110.2	110.1	190.1	250.9	316.8
Other short-term assets	37.1	61.7	66.7	76.0	77.0	84.0	84.0
<b>Current assets</b>	<b>218.8</b>	<b>271.9</b>	<b>333.9</b>	<b>368.6</b>	<b>451.6</b>	<b>532.4</b>	<b>618.0</b>
<b>Total Assets</b>	<b>386.8</b>	<b>524.9</b>	<b>619.0</b>	<b>679.9</b>	<b>763.3</b>	<b>848.6</b>	<b>940.9</b>
<b>Liabilities and shareholders' equity</b>							
Shareholders' equity	43.8	96.8	165.5	181.1	244.3	296.8	375.7
Minority interest	2.7	0.0	0.0	0.0	5.0	20.0	20.0
<b>Total equity</b>	<b>46.5</b>	<b>96.8</b>	<b>165.5</b>	<b>181.1</b>	<b>249.3</b>	<b>316.8</b>	<b>395.7</b>
Provisions	33.2	45.3	55.8	59.4	43.0	46.0	46.0
thereof provisions for pensions and similar obligations	6.0	10.1	12.9	16.8	9.0	10.0	10.0
Financial liabilities (total)	189.5	246.1	253.1	293.9	274.7	274.7	274.7
Short-term financial liabilities	14.4	23.8	11.5	6.2	6.2	6.2	6.2
Accounts payable	22.2	18.5	15.3	17.9	50.0	53.5	58.8
Other liabilities	95.4	118.2	129.4	127.5	146.3	157.5	165.6
<b>Liabilities</b>	<b>340.3</b>	<b>428.0</b>	<b>453.5</b>	<b>498.8</b>	<b>514.0</b>	<b>531.8</b>	<b>545.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>386.8</b>	<b>524.9</b>	<b>619.0</b>	<b>679.9</b>	<b>763.3</b>	<b>848.6</b>	<b>940.9</b>

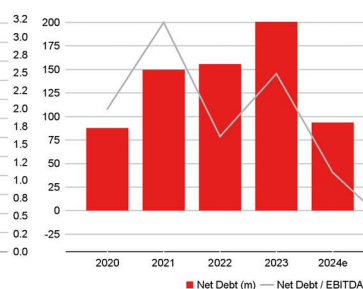
**Financial Ratios**

	2020	2021	2022	2023	2024e	2025e	2026e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	8.8 x	6.3 x	6.1 x	5.6 x	7.7 x	7.7 x	7.7 x
Capital Employed Turnover	3.2 x	2.2 x	2.7 x	2.4 x	2.8 x	2.9 x	3.1 x
ROA	11.0 %	11.9 %	27.1 %	16.8 %	19.6 %	21.0 %	23.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	20.5 %	18.8 %	30.1 %	18.3 %	18.2 %	20.4 %	22.4 %
ROE	39.2 %	42.7 %	58.9 %	30.1 %	28.7 %	24.6 %	22.5 %
Adj. ROE	39.2 %	42.7 %	58.9 %	30.1 %	28.7 %	24.6 %	22.5 %
<b>Balance sheet quality</b>							
Net Debt	87.8	149.7	155.8	200.6	93.7	33.9	-32.0
Net Financial Debt	81.8	139.5	142.9	183.8	84.7	23.9	-42.0
Net Gearing	188.7 %	154.6 %	94.1 %	110.8 %	37.6 %	10.7 %	-8.1 %
Net Fin. Debt / EBITDA	123.6 %	198.6 %	98.2 %	151.6 %	66.4 %	17.5 %	n.a.
Book Value / Share	n.a.	7.0	12.1	13.6	18.3	22.3	28.2
Book value per share ex intangibles	n.a.	-5.9	-3.8	-5.0	-0.2	3.7	9.7

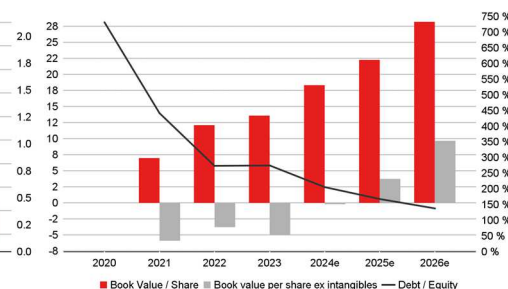
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

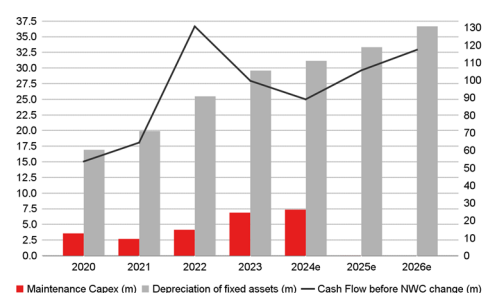
In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Net income	24.4	30.0	77.3	52.1	61.1	66.5	75.8
Depreciation of fixed assets	16.9	19.9	25.5	29.6	31.1	33.3	36.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.7	4.7	7.6	5.5	4.7	4.8	4.8
Increase/decrease in long-term provisions	1.2	1.3	1.9	2.7	-7.8	1.0	0.0
Other non-cash income and expenses	6.6	8.7	18.4	9.7	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>53.8</b>	<b>64.5</b>	<b>130.7</b>	<b>99.6</b>	<b>89.1</b>	<b>105.6</b>	<b>117.3</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	18.4	-20.6	-48.4	-21.9	43.8	-8.7	-11.8
Increase / decrease in working capital (total)	18.4	-20.6	-48.4	-21.9	43.8	-8.7	-11.8
<b>Net cash provided by operating activities [1]</b>	<b>72.2</b>	<b>44.0</b>	<b>82.3</b>	<b>77.7</b>	<b>132.9</b>	<b>96.9</b>	<b>105.4</b>
Investments in intangible assets	-1.0	-0.8	-0.6	-1.5	-1.6	-1.7	-1.7
Investments in property, plant and equipment	-2.6	-1.9	-3.5	-5.4	-5.8	-6.2	-6.8
Payments for acquisitions	-7.8	-50.1	-40.4	-54.3	0.0	0.0	0.0
Financial investments	1.2	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.1	-2.5	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-10.1</b>	<b>-52.8</b>	<b>-44.5</b>	<b>-63.7</b>	<b>-7.4</b>	<b>-7.9</b>	<b>-8.5</b>
Change in financial liabilities	23.9	18.2	11.4	62.3	-19.2	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	-10.0	-29.7	0.0	0.0	0.0
Capital measures	0.1	6.1	0.0	0.0	0.0	0.0	0.0
Other	-17.5	-24.2	-30.2	-39.3	-26.4	-28.2	-31.1
<b>Net cash provided by financing activities [3]</b>	<b>6.5</b>	<b>0.0</b>	<b>-28.8</b>	<b>-6.7</b>	<b>-45.6</b>	<b>-28.2</b>	<b>-31.1</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>68.6</b>	<b>-8.8</b>	<b>9.0</b>	<b>7.3</b>	<b>80.0</b>	<b>60.8</b>	<b>65.9</b>
Effects of exchange-rate changes on cash	-1.4	0.6	-1.3	-2.6	0.0	0.0	0.0
Cash and cash equivalent at end of period	110.9	99.6	114.3	114.8	190.1	250.9	316.8

## Financial Ratios

	2020	2021	2022	2023	2024e	2025e	2026e
<b>Cash Flow</b>							
FCF	51.0	21.6	56.6	45.7	99.2	60.8	65.9
Free Cash Flow / Sales	11.9 %	4.0 %	6.6 %	5.0 %	10.3 %	5.9 %	5.8 %
Free Cash Flow Potential	49.2	39.7	95.5	71.6	70.0	82.3	92.2
Free Cash Flow / Net Profit	276.6 %	72.1 %	73.3 %	87.7 %	162.4 %	91.4 %	86.9 %
Interest Received / Avg. Cash	0.7 %	0.4 %	0.5 %	1.6 %	0.1 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.6 %	3.6 %	4.5 %	6.6 %	2.5 %	2.2 %	2.2 %
<b>Management of Funds</b>							
Investment ratio	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.8 %	0.8 %
Maint. Capex / Sales	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.0 %	0.0 %
Capex / Dep	16.5 %	10.9 %	12.5 %	19.6 %	20.5 %	20.6 %	20.5 %
Avg. Working Capital / Sales	11.5 %	10.8 %	11.9 %	15.2 %	13.5 %	11.1 %	11.0 %
Trade Debtors / Trade Creditors	332.8 %	559.6 %	1028.2 %	1017.4 %	368.2 %	368.2 %	368.5 %
Inventory Turnover	387.1 x	219.6 x	291.6 x	73124.0 x	172.8 x	156.1 x	160.4 x
Receivables collection period (days)	63	69	67	73	70	70	70
Payables payment period (days)	165	114	72	90	264	250	268
Cash conversion cycle (Days)	-172	-102	-70	-91	-319	-298	-324

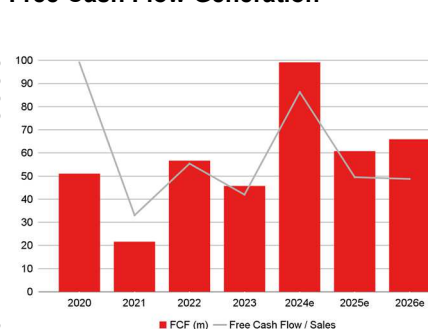
## CAPEX and Cash Flow

in EUR m



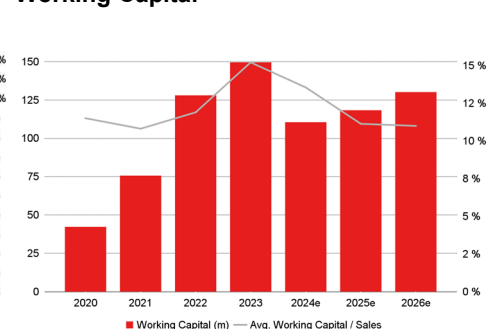
Source: Warburg Research

## Free Cash Flow Generation



Source: Warburg Research

## Working Capital



Source: Warburg Research



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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	142	71
Hold	42	21
Sell	10	5
Rating suspended	6	3
<b>Total</b>	<b>200</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	43	77
Hold	9	16
Sell	2	4
Rating suspended	2	4
<b>Total</b>	<b>56</b>	<b>100</b>

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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:

Warburg Research [research.mmwarburg.com/en/index.html](https://research.mmwarburg.com/en/index.html)  
Bloomberg RESP MMWA GO  
FactSet [www.factset.com](https://www.factset.com)

LSEG [www.lseg.com](https://www.lseg.com)  
Capital IQ [www.capitaliq.com](https://www.capitaliq.com)

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