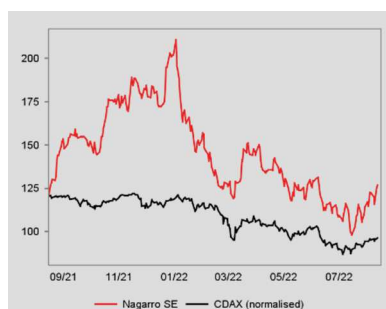


<b>Buy</b> <b>EUR 220.00</b> (EUR 240.00)  Price <b>EUR 126.80</b> <b>Upside 73.5 %</b>	<b>Value Indicators:</b> EUR DCF: 219.00	<b>Warburg ESG Risk Score: 3.0</b> ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 2.0	<b>Description:</b> Custom software and digital engineering
	<b>Market Snapshot:</b> EUR m Market cap: 1,759.1 No. of shares (m): 13.9 EV: 1,877.1 Freefloat MC: 1,236.7 Ø Trad. Vol. (30d): 3.07 m	<b>Shareholders:</b> Freefloat 70.30 % Carl G. Duerschmidt 20.00 % Detlef Dinsel 9.70 %	<b>Key Figures (WRE):</b> 2022e Beta: 1.1 Price / Book: 10.6 x Equity Ratio: 27 % Net Fin. Debt / EBITDA: 0.9 x Net Debt / EBITDA: 0.9 x

## Strong growth continued; Guidance looks defensive

- Following the release of Nagarro's Q2 figures, we have raised our estimates to reflect that the company is ahead of its FY guidance run-rate. At the same time, the DCF valuation model reflects adjustments made to our coverage universe to reflect a higher risk-free interest rate, which was raised to 2.75% (from 2%) with an unchanged equity risk premium of 5.5%. These adjustments lead to a new PT of EUR 220.
- In the second quarter (see table on the next page), revenue grew by 65% yoy, or 55.7% adjusted for currencies. Recent acquisitions contributed to the revenue expansion, although the organic growth rate was not reported separately, as acquired companies usually benefit from their integration into the group and improved access to clients and expertise.
- In Q2, Europe grew slower than North America as Nagarro allocated resources according to currency movements. These were more favourable with respect to the USD vs. the INR. Compared to the EUR, the INR saw an appreciation in the first half of the year. Short-term currency exposure is hedged on a monthly rolling basis. In the long run, pricing is adjusted according to demand, which remains high.
- Management kept its guidance unchanged, referring to a lower number of working days in H2 in various geographies, which means that H1 should not simply be multiplied by two. In Q2, Nagarro hired 872 employees, vs. 2,263 in the first quarter. While the pace of hiring is also the driver of revenue growth, there is volatility in hiring. We assume that slower hiring in Q2 also reflects an element of caution in the face of economic and geopolitical uncertainties. At the same time, the slower hiring pace has led to a significant margin expansion compared to Q1, as reflected in the sequential expansion of the EBITDA margin by 3.7pp.
- FCF** generation appears to remain an area of investor attention. Supported by factoring of EUR 8.7m (vs. EUR 1m in H1/22), H1 FCF after leasing payments was approx. EUR 2m. While payment terms can vary, 60-day payment terms are not uncommon, and working capital appears to be a frequent topic in the custom software development industry. As there are a large number of clients, the risk associated with receivables is well diversified.
- Overall, we have the impression that demand has remained high and Nagarro is able to balance currency movements. While revenue growth might slow down, this is already reflected in our estimates. **The Buy rating is confirmed.**

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -	
<b>Sales</b>	800.0	1.5 %	984.0	1.5 %	1,180.8	1.5 %	Estimates raised to reflect strong H1 momentum and improved profitability
<b>EBITDA adj.</b>	114.3	17.0 %	155.1	1.4 %	189.0	1.4 %	
<b>EBITDA</b>	108.3	17.9 %	147.1	1.5 %	180.0	1.5 %	
<b>EBIT</b>	70.1	27.7 %	102.5	2.1 %	128.5	2.0 %	
<b>EPS</b>	3.29	30.4 %	4.97	2.2 %	6.31	2.2 %	



Rel. Performance vs CDAX:	
1 month:	21.8 %
6 months:	9.8 %
Year to date:	-18.5 %
Trailing 12 months:	21.6 %

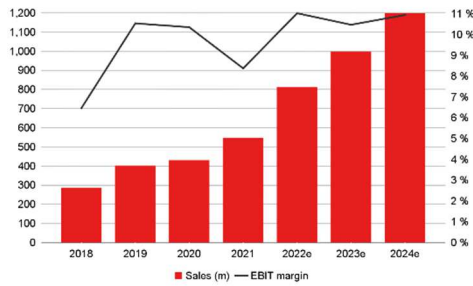
**Company events:**  
14.11.22 Q3

FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
<b>Sales</b>	30.0 %	287.3	402.4	430.4	546.0	812.0	998.8	1,198.5
<b>Change Sales yoy</b>		36.5 %	40.1 %	6.9 %	26.9 %	48.7 %	23.0 %	20.0 %
<b>gross margin (company reporting)</b>		31.3 %	32.1 %	32.6 %	28.3 %	29.0 %	28.6 %	30.2 %
<b>EBITDA adj.</b>		34.3	55.0	76.2	79.7	133.7	157.2	191.6
<b>Margin</b>		12.0 %	13.7 %	17.7 %	14.6 %	16.5 %	15.7 %	16.0 %
<b>EBITDA</b>	37.5 %	32.3	61.6	66.2	70.3	127.7	149.2	182.6
<b>Margin</b>		11.2 %	15.3 %	15.4 %	12.9 %	15.7 %	14.9 %	15.2 %
<b>EBIT</b>	42.1 %	18.6	42.4	44.5	45.7	89.5	104.6	131.1
<b>Margin</b>		6.5 %	10.5 %	10.3 %	8.4 %	11.0 %	10.5 %	10.9 %
<b>Net income before minorities</b>		8.2	30.4	24.4	30.0	59.6	70.4	89.5
<b>Net income</b>	43.9 %	6.9	25.5	18.4	30.0	59.6	70.4	89.5
<b>EPS</b>	37.0 %	n.a.	n.a.	n.a.	2.51	4.29	5.08	6.45
<b>FCFPS</b>		n.a.	n.a.	n.a.	1.81	4.73	3.65	4.59
<b>FCF / Market cap</b>		n.a.	n.a.	n.a.	1.5 %	3.7 %	2.9 %	3.6 %
<b>EV / Sales</b>		n.a.	n.a.	n.a.	3.0 x	2.3 x	1.8 x	1.5 x
<b>EV / EBIT adj.</b>		n.a.	n.a.	n.a.	33.8 x	19.6 x	16.7 x	13.1 x
<b>EV / EBIT</b>		n.a.	n.a.	n.a.	35.4 x	21.0 x	17.5 x	13.5 x
<b>P / E</b>		n.a.	n.a.	n.a.	48.9 x	29.6 x	25.0 x	19.7 x
<b>Net Debt</b>		67.4	86.0	87.8	149.7	118.0	70.4	7.8
<b>ROCE (NOPAT)</b>		8.9 %	23.0 %	20.5 %	18.8 %	24.2 %	25.3 %	29.3 %
<b>Guidance:</b>		2022: revenue: EUR 800m; adj. EBITDA margin: approx. 14%						

**Nagarro - Q2 2022**

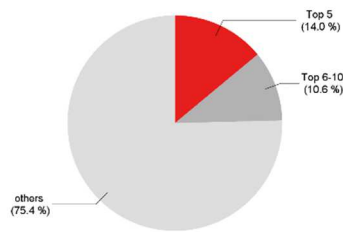
in EUR m	Q2/22	Q2/21	yoy	6M/22	6M/21	yoy
<b>Sales</b>	<b>210.0</b>	127.3	65.0%	<b>395.6</b>	243.0	62.8%
<b>EBITDA adjusted</b>	<b>40.2</b>	19.0	111.9%	<b>69.1</b>	37.5	84.3%
<i>margin</i>	<i>19.1%</i>	<i>14.9%</i>		<i>17.5%</i>	<i>15.4%</i>	
<b>EBITDA</b>	<b>39.4</b>	15.4	156.2%	<b>67.3</b>	32.7	105.7%
<i>margin</i>	<i>18.7%</i>	<i>12.1%</i>		<i>17.0%</i>	<i>13.5%</i>	
<b>EBIT</b>	<b>31.1</b>	9.6	224.0%	<b>51.6</b>	21.4	141.2%
<i>margin</i>	<i>14.8%</i>	<i>7.5%</i>		<i>13.0%</i>	<i>8.8%</i>	

**Sales development**  
in EUR m



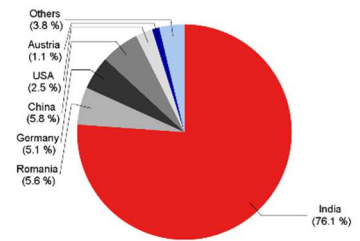
Source: Warburg Research

**Customer split**  
2021



Source: Company

**IT engineers by region**  
2021



Source: Warburg Research

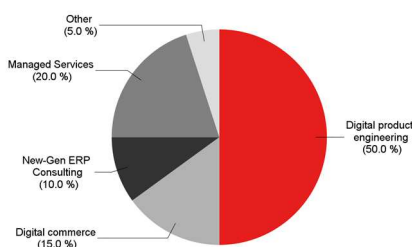
**Company Background**

- 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**

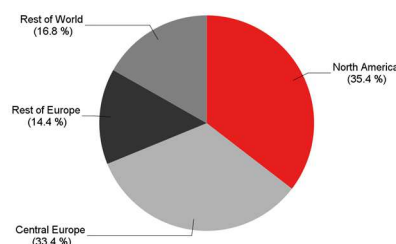
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger 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. 8,000 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.



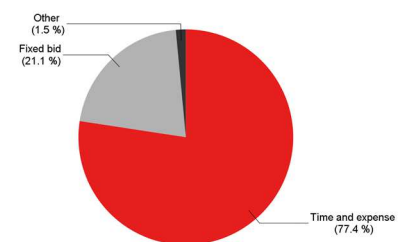
Source: Estimate Warburg Research

**Sales by segments**  
2021; in %



Source: Warburg Research

**Revenue by contract type**  
2020



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	812.0	998.8	1,198.5	1,438.2	1,708.6	2,010.5	2,344.5	2,710.6	3,108.5	3,537.4	3,996.2	4,483.4	4,573.0	
Sales change	48.7 %	23.0 %	20.0 %	20.0 %	18.8 %	17.7 %	16.6 %	15.6 %	14.7 %	13.8 %	13.0 %	12.2 %	2.0 %	2.0 %
EBIT	89.5	104.6	131.1	151.0	179.4	211.1	246.2	284.6	326.4	371.4	419.6	470.8	480.2	
EBIT-margin	11.0 %	10.5 %	10.9 %	10.5 %	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	64.5	75.3	94.4	102.7	122.0	143.6	167.4	193.5	221.9	252.6	285.3	320.1	326.5	
Depreciation	38.2	44.6	51.5	15.8	17.1	20.1	23.4	27.1	31.1	35.4	40.0	44.8	50.3	
in % of Sales	4.7 %	4.5 %	4.3 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	-3.1	1.0	1.0	1.8	2.0	2.3	2.5	2.7	3.0	3.2	3.4	3.7	0.7	
Change in Liquidity from														
- Working Capital	8.7	25.0	28.5	13.1	28.4	31.7	35.1	38.4	41.8	45.0	48.2	51.2	9.4	
- Capex	6.2	7.5	8.8	15.8	18.8	22.1	25.8	29.8	34.2	38.9	44.0	49.3	50.3	
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	29.2	36.0	43.2	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)	55.4	52.4	66.4	91.4	93.9	112.1	132.5	155.1	180.0	207.2	236.6	268.1	317.8	340
PV of FCF	55.4	48.5	56.7	72.2	68.6	75.6	82.6	89.4	96.0	102.1	107.7	112.9	123.6	2,138
share of PVs	4.97 %			28.82 %										66.21 %

## Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	8.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.10
Market return	8.25 %	Cyclicality	1.10
Risk free rate	2.75 %	Transparency	1.10
		Others	1.10
<b>WACC</b>	<b>8.19 %</b>	<b>Beta</b>	<b>1.08</b>

## Valuation (m)

Present values 2034e	1,091		
Terminal Value	2,138		
Financial liabilities	246		
Pension liabilities	10		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	67	No. of shares (m)	13.9
<b>Equity Value</b>	<b>3,040</b>	<b>Value per share (EUR)</b>	<b>219.14</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
1.28	9.2 %	167.72	171.22	174.95	178.95	183.23	187.83	192.80	1.28	9.2 %	149.49	159.31	169.13	178.95	188.77	198.58	208.40
1.18	8.7 %	183.83	188.05	192.58	197.44	202.69	208.35	214.50	1.18	8.7 %	165.33	176.03	186.74	197.44	208.15	218.85	229.56
1.13	8.4 %	192.80	197.45	202.46	207.84	213.67	219.98	226.85	1.13	8.4 %	174.24	185.44	196.64	207.84	219.05	230.25	241.45
1.08	8.2 %	202.47	207.61	213.15	219.14	225.63	232.69	240.41	1.08	8.2 %	183.91	195.65	207.40	219.14	230.88	242.62	254.36
1.03	7.9 %	212.91	218.61	224.76	231.44	238.70	246.63	255.33	1.03	7.9 %	194.46	206.78	219.11	231.44	243.77	256.10	268.42
0.98	7.7 %	224.22	230.55	237.42	244.89	253.04	261.98	271.83	0.98	7.7 %	205.98	218.95	231.92	244.89	257.85	270.82	283.79
0.88	7.2 %	249.90	257.80	266.42	275.87	286.28	297.81	310.63	0.88	7.2 %	232.55	246.99	261.43	275.87	290.31	304.75	319.20

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

Valuation	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	n.a.	n.a.	n.a.	15.2 x	10.6 x	7.5 x	5.4 x
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.90	-3.96	1.03	7.49
EV / Sales	n.a.	n.a.	n.a.	3.0 x	2.3 x	1.8 x	1.5 x
EV / EBITDA	n.a.	n.a.	n.a.	23.0 x	14.7 x	12.3 x	9.7 x
EV / EBIT	n.a.	n.a.	n.a.	35.4 x	21.0 x	17.5 x	13.5 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	33.8 x	19.6 x	16.7 x	13.1 x
P / FCF	n.a.	n.a.	n.a.	67.9 x	26.8 x	34.7 x	27.7 x
P / E	n.a.	n.a.	n.a.	48.9 x	29.6 x	25.0 x	19.7 x
P / E adj.*	n.a.	n.a.	n.a.	48.9 x	29.6 x	25.0 x	19.7 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.	n.a.	n.a.	2.5 %	3.7 %	4.3 %	5.4 %

\*Adjustments made for: -

Company Specific Items	2018	2019	2020	2021	2022e	2023e	2024e
gross profit (company reporting)	89.9	129.1	140.2	154.4	235.8	285.5	361.8
gross margin (company reporting)	31.3 %	32.1 %	32.6 %	28.3 %	29.0 %	28.6 %	30.2 %

**Consolidated profit & loss**

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
<b>Sales</b>	<b>287.3</b>	<b>402.4</b>	<b>430.4</b>	<b>546.0</b>	<b>812.0</b>	<b>998.8</b>	<b>1,198.5</b>
Change Sales yoy	36.5 %	40.1 %	6.9 %	26.9 %	48.7 %	23.0 %	20.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.5	0.9	0.3	0.2	1.5	1.9	2.2
Material expenses	39.9	49.1	49.2	59.1	81.2	112.9	140.2
Personnel expenses	179.8	254.7	271.7	373.0	527.8	636.2	749.1
Other operating income	2.4	12.7	11.6	14.8	7.0	8.0	9.0
Other operating expenses	37.4	49.8	53.3	55.5	78.8	104.9	131.8
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>32.3</b>	<b>61.6</b>	<b>66.2</b>	<b>70.3</b>	<b>127.7</b>	<b>149.2</b>	<b>182.6</b>
<i>Margin</i>	<i>11.2 %</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>15.7 %</i>	<i>14.9 %</i>	<i>15.2 %</i>
Depreciation of fixed assets	10.4	15.7	16.9	19.9	31.7	39.0	46.8
<b>EBITA</b>	<b>21.9</b>	<b>45.9</b>	<b>49.3</b>	<b>50.3</b>	<b>96.0</b>	<b>110.2</b>	<b>135.8</b>
Amortisation of intangible assets	3.3	3.5	4.7	4.7	6.5	5.6	4.7
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>18.6</b>	<b>42.4</b>	<b>44.5</b>	<b>45.7</b>	<b>89.5</b>	<b>104.6</b>	<b>131.1</b>
<i>Margin</i>	<i>6.5 %</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>11.0 %</i>	<i>10.5 %</i>	<i>10.9 %</i>
<b>EBIT adj.</b>	<b>20.8</b>	<b>45.4</b>	<b>48.0</b>	<b>47.8</b>	<b>95.5</b>	<b>109.6</b>	<b>135.1</b>
Interest income	0.5	0.2	0.5	0.4	0.2	0.2	0.2
Interest expenses	4.6	5.5	7.3	7.8	7.0	7.0	7.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>14.4</b>	<b>37.2</b>	<b>37.7</b>	<b>38.2</b>	<b>82.7</b>	<b>97.8</b>	<b>124.3</b>
<i>Margin</i>	<i>5.0 %</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>10.2 %</i>	<i>9.8 %</i>	<i>10.4 %</i>
Total taxes	6.2	6.8	13.4	8.2	23.2	27.4	34.8
<b>Net income from continuing operations</b>	<b>8.2</b>	<b>30.4</b>	<b>24.4</b>	<b>30.0</b>	<b>59.6</b>	<b>70.4</b>	<b>89.5</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>8.2</b>	<b>30.4</b>	<b>24.4</b>	<b>30.0</b>	<b>59.6</b>	<b>70.4</b>	<b>89.5</b>
Minority interest	1.3	4.9	5.9	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>6.9</b>	<b>25.5</b>	<b>18.4</b>	<b>30.0</b>	<b>59.6</b>	<b>70.4</b>	<b>89.5</b>
<i>Margin</i>	<i>2.4 %</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>7.3 %</i>	<i>7.1 %</i>	<i>7.5 %</i>
Number of shares, average	n.a.	n.a.	n.a.	12.0	13.9	13.9	13.9
<b>EPS</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>2.51</b>	<b>4.29</b>	<b>5.08</b>	<b>6.45</b>
EPS adj.	n.a.	n.a.	n.a.	2.51	4.29	5.08	6.45

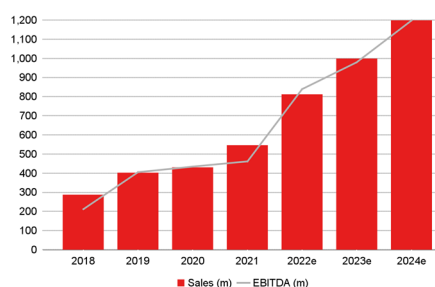
\*Adjustments made for:

**Guidance: 2022: revenue: EUR 800m; adj. EBITDA margin: approx. 14%**

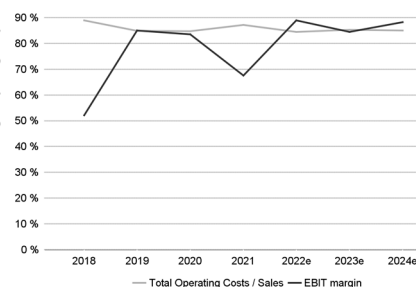
**Financial Ratios**

	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	88.9 %	84.9 %	84.7 %	87.2 %	84.5 %	85.2 %	84.9 %
Operating Leverage	1.8 x	3.2 x	0.7 x	0.1 x	2.0 x	0.7 x	1.3 x
EBITDA / Interest expenses	7.0 x	11.2 x	9.1 x	9.0 x	18.2 x	21.3 x	26.1 x
Tax rate (EBT)	43.3 %	18.2 %	35.5 %	21.5 %	28.0 %	28.0 %	28.0 %
Dividend Payout Ratio	n.a.	n.a.	n.a.	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.

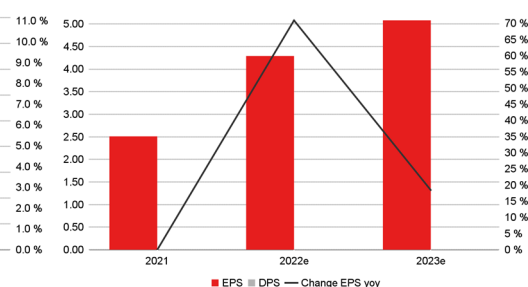
**Sales, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

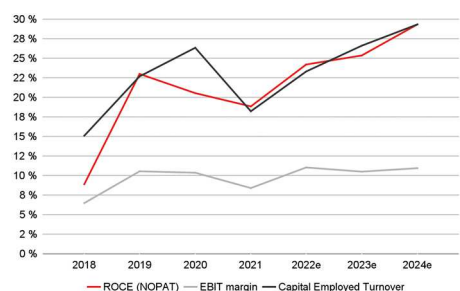
**Consolidated balance sheet**

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
<b>Assets</b>							
Goodwill and other intangible assets	107.7	111.4	106.9	178.7	220.2	219.5	218.9
thereof other intangible assets	10.2	9.0	11.0	14.0	13.1	12.4	11.9
thereof Goodwill	97.5	102.4	95.9	163.4	207.1	207.1	207.1
Property, plant and equipment	6.7	7.2	6.4	11.1	13.6	16.5	20.1
Financial assets	3.4	2.7	3.0	3.7	3.7	3.7	3.7
Other long-term assets	47.3	54.9	51.7	59.3	89.3	110.8	133.7
<b>Fixed assets</b>	<b>165.0</b>	<b>176.2</b>	<b>168.0</b>	<b>253.0</b>	<b>326.8</b>	<b>350.5</b>	<b>376.5</b>
Inventories	0.1	0.0	0.1	0.3	0.2	0.3	0.4
Accounts receivable	75.0	80.3	73.9	103.3	146.8	186.1	229.9
Liquid assets	27.9	43.8	107.7	106.6	98.8	147.5	211.1
Other short-term assets	29.1	41.7	37.1	61.7	47.5	52.0	59.0
<b>Current assets</b>	<b>132.1</b>	<b>165.8</b>	<b>218.8</b>	<b>271.9</b>	<b>293.3</b>	<b>385.9</b>	<b>500.4</b>
<b>Total Assets</b>	<b>297.1</b>	<b>342.0</b>	<b>386.8</b>	<b>524.9</b>	<b>620.1</b>	<b>736.4</b>	<b>876.8</b>
<b>Liabilities and shareholders' equity</b>							
Shareholders' equity	74.5	50.2	43.8	96.8	165.3	233.8	322.8
Minority interest	14.4	9.7	2.7	0.0	3.0	4.0	5.0
<b>Total equity</b>	<b>88.9</b>	<b>59.9</b>	<b>46.5</b>	<b>96.8</b>	<b>168.3</b>	<b>237.8</b>	<b>327.8</b>
Provisions	20.9	25.5	33.2	45.3	37.0	40.0	43.0
thereof provisions for pensions and similar obligations	3.2	4.4	6.0	10.1	7.0	8.0	9.0
Financial liabilities (total)	92.1	125.3	189.5	246.1	209.9	209.9	209.9
Short-term financial liabilities	5.7	5.3	14.4	23.8	23.8	23.8	23.8
Accounts payable	17.4	16.1	22.2	18.5	42.3	52.0	62.4
Other liabilities	77.8	115.1	95.4	118.2	162.6	196.7	233.7
<b>Liabilities</b>	<b>208.2</b>	<b>282.0</b>	<b>340.3</b>	<b>428.0</b>	<b>451.8</b>	<b>498.6</b>	<b>548.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>297.1</b>	<b>342.0</b>	<b>386.8</b>	<b>524.9</b>	<b>620.1</b>	<b>736.4</b>	<b>876.8</b>

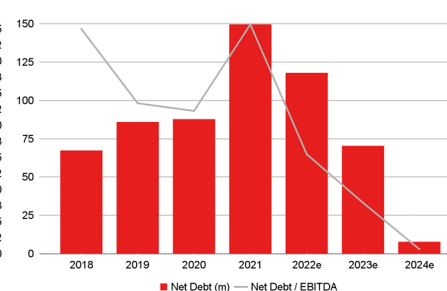
**Financial Ratios**

	2018	2019	2020	2021	2022e	2023e	2024e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	4.8 x	6.3 x	8.8 x	6.3 x	8.3 x	7.9 x	7.6 x
Capital Employed Turnover	1.8 x	2.8 x	3.2 x	2.2 x	2.8 x	3.2 x	3.6 x
ROA	4.2 %	14.5 %	11.0 %	11.9 %	18.2 %	20.1 %	23.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	8.9 %	23.0 %	20.5 %	18.8 %	24.2 %	25.3 %	29.3 %
ROE	13.4 %	40.8 %	39.2 %	42.7 %	45.5 %	35.3 %	32.2 %
Adj. ROE	13.4 %	40.8 %	39.2 %	42.7 %	45.5 %	35.3 %	32.2 %
<b>Balance sheet quality</b>							
Net Debt	67.4	86.0	87.8	149.7	118.0	70.4	7.8
Net Financial Debt	64.2	81.6	81.8	139.5	111.0	62.4	-1.2
Net Gearing	75.8 %	143.4 %	188.7 %	154.6 %	70.1 %	29.6 %	2.4 %
Net Fin. Debt / EBITDA	198.8 %	132.4 %	123.6 %	198.6 %	86.9 %	41.8 %	n.a.
Book Value / Share	n.a.	n.a.	n.a.	7.0	11.9	16.9	23.3
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.9	-4.0	1.0	7.5

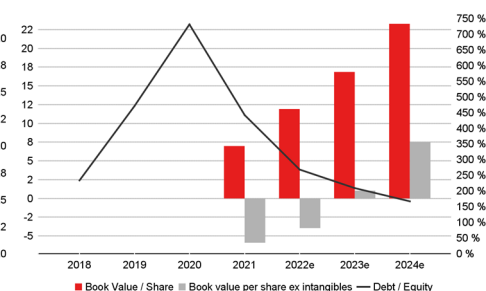
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

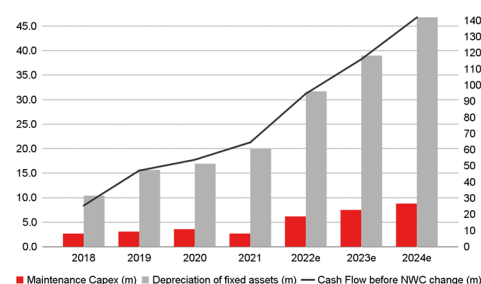
In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	8.2	30.4	24.4	30.0	59.6	70.4	89.5
Depreciation of fixed assets	10.4	15.7	16.9	19.9	31.7	39.0	46.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.3	3.5	4.7	4.7	6.5	5.6	4.7
Increase/decrease in long-term provisions	0.6	0.4	1.2	1.3	-3.1	1.0	1.0
Other non-cash income and expenses	3.1	-2.9	6.6	8.7	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>25.6</b>	<b>47.1</b>	<b>53.8</b>	<b>64.5</b>	<b>94.7</b>	<b>116.0</b>	<b>142.0</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	-17.0	-6.3	18.4	-20.6	6.3	-21.9	-26.4
Increase / decrease in working capital (total)	-17.0	-6.3	18.4	-20.6	6.3	-21.9	-26.4
<b>Net cash provided by operating activities [1]</b>	<b>8.6</b>	<b>40.9</b>	<b>72.2</b>	<b>44.0</b>	<b>101.0</b>	<b>94.1</b>	<b>115.6</b>
Investments in intangible assets	0.0	-1.3	-1.0	-0.8	-1.3	-1.5	-1.6
Investments in property, plant and equipment	-2.7	-1.8	-2.6	-1.9	-4.9	-6.0	-7.2
Payments for acquisitions	5.0	-2.9	-7.8	-50.1	-37.1	-2.0	0.0
Financial investments	0.4	-2.5	1.2	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.4	0.1	0.0	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>2.7</b>	<b>-8.0</b>	<b>-10.1</b>	<b>-52.8</b>	<b>-43.2</b>	<b>-9.5</b>	<b>-8.8</b>
Change in financial liabilities	4.3	-3.3	23.9	18.2	-36.3	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	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.1	6.1	0.0	0.0	0.0
Other	-8.1	-13.8	-17.5	-24.2	-29.2	-36.0	-43.2
<b>Net cash provided by financing activities [3]</b>	<b>-3.9</b>	<b>-17.1</b>	<b>6.5</b>	<b>0.0</b>	<b>-65.5</b>	<b>-36.0</b>	<b>-43.2</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>7.5</b>	<b>15.7</b>	<b>68.6</b>	<b>-8.8</b>	<b>-7.8</b>	<b>48.6</b>	<b>63.6</b>
Effects of exchange-rate changes on cash	0.4	0.4	-1.4	0.6	0.0	0.0	0.0
Cash and cash equivalent at end of period	24.4	44.0	110.9	99.6	98.8	147.5	211.1

## Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
<b>Cash Flow</b>							
FCF	-3.9	22.8	51.0	21.6	65.6	50.6	63.6
Free Cash Flow / Sales	-1.3 %	5.7 %	11.9 %	4.0 %	8.1 %	5.1 %	5.3 %
Free Cash Flow Potential	23.4	36.8	31.6	39.7	69.2	78.4	95.8
Free Cash Flow / Net Profit	-56.5 %	89.4 %	276.6 %	72.1 %	110.1 %	71.9 %	71.1 %
Interest Received / Avg. Cash	2.1 %	0.6 %	0.7 %	0.4 %	0.2 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	6.0 %	5.0 %	4.6 %	3.6 %	3.1 %	3.3 %	3.3 %
<b>Management of Funds</b>							
Investment ratio	0.9 %	0.8 %	0.8 %	0.5 %	0.8 %	0.8 %	0.7 %
Maint. Capex / Sales	0.9 %	0.8 %	0.8 %	0.5 %	0.8 %	0.8 %	0.7 %
Capex / Dep	19.4 %	16.1 %	16.5 %	10.9 %	16.2 %	16.8 %	17.1 %
Avg. Working Capital / Sales	15.5 %	13.6 %	11.5 %	10.8 %	9.9 %	9.7 %	10.3 %
Trade Debtors / Trade Creditors	431.9 %	500.3 %	332.8 %	559.6 %	347.0 %	357.9 %	368.4 %
Inventory Turnover	398.7 x	5452.4 x	387.1 x	219.6 x	406.0 x	376.2 x	350.6 x
Receivables collection period (days)	95	73	63	69	66	68	70
Payables payment period (days)	159	119	165	114	190	168	162
Cash conversion cycle (Days)	-106	-103	-172	-102	-215	-180	-169

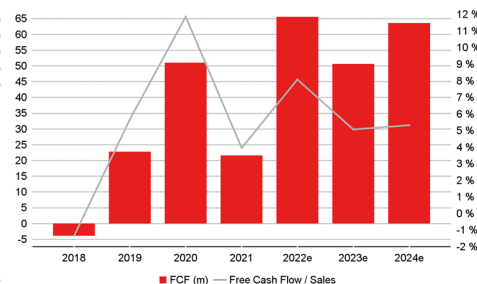
## CAPEX and Cash Flow

in EUR m



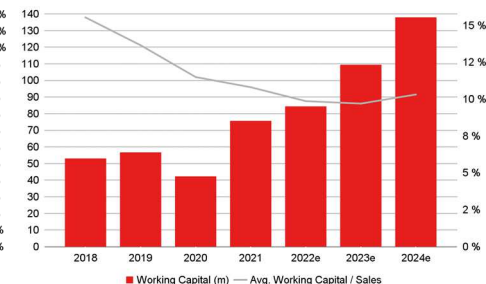
Source: Warburg Research

## Free Cash Flow Generation



Source: Warburg Research

## Working Capital



Source: Warburg Research



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

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

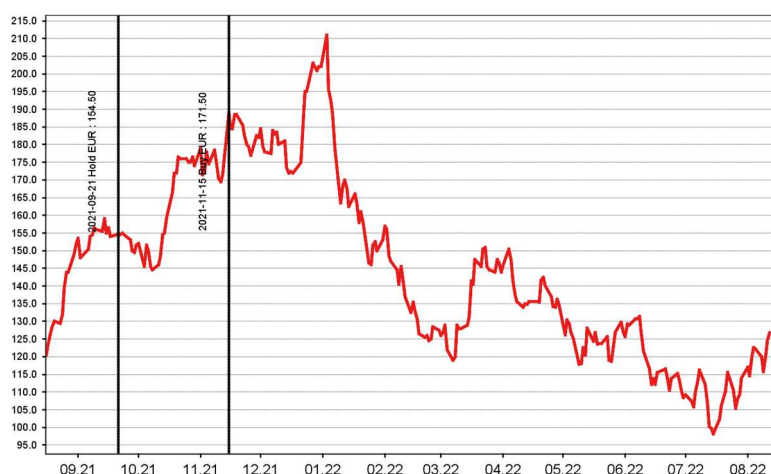
**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	162	75
Hold	46	21
Sell	4	2
Rating suspended	3	1
<b>Total</b>	<b>215</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	49	83
Hold	8	14
Sell	0	0
Rating suspended	2	3
<b>Total</b>	<b>59</b>	<b>100</b>

**PRICE AND RATING HISTORY NAGARRO AS OF 15.08.2022**


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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