

<b>Buy</b> <b>EUR 135.00</b>  Price <b>EUR 120.50</b> Upside <b>12.0 %</b>	<b>Value Indicators:</b> EUR DCF: 136.00 FCF-Value Potential: 23.17	<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: 1,371.6 No. of shares (m): 11.4 EV: 1,734.8 Freefloat MC: 866.8 Ø Trad. Vol. (30d): 1.61 m	<b>Shareholders:</b> Freefloat 63.2 % Carl G. Duerschmidt 25.0 % Detlef Dinsel 11.8 %	<b>Key Figures (WRe):</b> 2021e Beta: 1.1 Price / Book: 21.7 x Equity Ratio: 16 % Net Fin. Debt / EBITDA: 0.9 x Net Debt / EBITDA: 1.0 x

## High demand reflected in strong revenue momentum and skills shortage

Following Nagarro's Q2 figures release, which showed 25% constant-currency revenue growth (see table next page), the model has been updated. The figures release has clearly demonstrated strong demand for digitalisation projects e.g. in e-commerce, consumer experience, cloud, SAP, as well as many smaller AI-related projects which underpin Nagarro's innovative positioning.

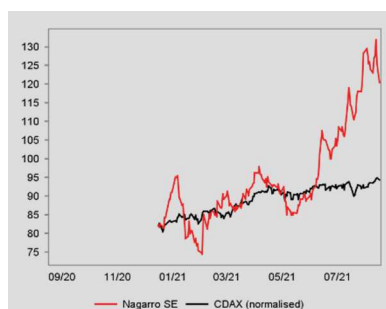
**Automotive, Manufacturing & Industrial (+49%)** and **Retail & CPG (+45%)** were the fastest-growing verticals in the second quarter. Telecom, Media & Entertainment revenues declined by 6%, mainly due to individual client situations. Client diversification has remained approx. unchanged compared to the same period last year. From a **regional perspective**, Q2 revenue growth was especially pronounced in "RoW" (+53% yoy). Central Europe, which was impacted by its exposure to travel and logistics in previous quarters, has returned to growth (+12% yoy), even if it is still lagging behind the pace of expansion of the rest of the group.

Strong demand for digitalisation projects around the globe also contributed to **higher personnel expenses**, which triggered slightly higher attrition rates and contributed to the increase of 4.4pp in staff costs as a part of cost of revenues in H1. On the other hand, high demand also looks set to support higher daily rates. Such a trend can already be observed in the industry. Price effects usually materialise with a time lag and should become visible at the beginning of next year allowing Nagarro to return to its usual > 30% gross profit margin levels. For the current year, management anticipates 29% (vs. 32% before), reflecting this time lag. While the pace of wage inflation appears to have come as something of a surprise, other costs look set to rise at a slower pace as the top line is expanding rapidly, underpinning Nagarro's high quality service delivery, knowledge of which is spreading by word of mouth.

**H1 FCF** was impacted by pay-outs related to last year's spin-off and the 2020 comparable basis which reflected Nagarro management's measures to preserve the cash position. The current cash position stands at EUR 102m providing sufficient leeway for future M&A. The company continues to seek mainly bolt-on acquisitions and customer access.

**Estimates have been adjusted. While revenue momentum and the long-term trends appear to be supportive, the margin development looks set to contribute to a share price consolidation. The Buy rating is confirmed given upside to our PT.**

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -	
Sales	494.9	2.0 %	584.0	1.2 %	700.8	1.2 %	<ul style="list-style-type: none"> <li>The estimates have been raised as Nagarro is currently ahead of its 2021 revenue guidance run-rate.</li> <li>Our estimates are approx. in line with the adj. EBITDA management guidance.</li> <li>A higher number of working days in H2 vs. H1 in many of Nagarro's client regions should be supportive for revenue and earnings development in the second half of the year.</li> </ul>
EBITDA adj.	77.3	-0.2 %	91.9	3.5 %	113.2	5.0 %	
EBITDA	73.3	-7.0 %	87.4	2.0 %	107.7	4.8 %	
EBIT	49.1	-11.3 %	59.8	2.5 %	75.1	6.4 %	
EPS	2.12	-13.2 %	2.65	3.0 %	3.42	7.0 %	



Rel. Performance vs CDAX:	
1 month:	3.3 %
6 months:	31.4 %
Year to date:	19.0 %
Trailing 12 months:	n/a

**Company events:**  
12.11.21 Q3

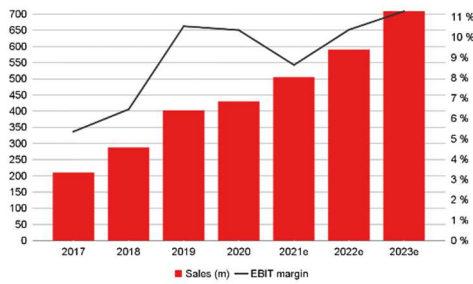
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	18.1 %	210.6	287.3	402.4	430.4	504.9	590.8	708.9
Change Sales yoy		n.a.	36.5 %	40.1 %	6.9 %	17.3 %	17.0 %	20.0 %
gross margin (company reporting)		30.5 %	31.3 %	32.1 %	32.6 %	29.6 %	32.1 %	31.7 %
EBITDA adj.		25.5	34.3	55.0	76.2	77.1	95.2	118.9
Margin		12.1 %	12.0 %	13.7 %	17.7 %	15.3 %	16.1 %	16.8 %
EBITDA	19.5 %	21.4	32.3	61.6	66.2	68.1	89.2	112.9
Margin		10.1 %	11.2 %	15.3 %	15.4 %	13.5 %	15.1 %	15.9 %
EBIT	21.5 %	11.3	18.6	42.4	44.5	43.6	61.3	80.0
Margin		5.4 %	6.5 %	10.5 %	10.3 %	8.6 %	10.4 %	11.3 %
Net income before minorities		3.7	8.2	30.4	24.4	25.0	37.0	49.8
Net income	31.2 %	3.1	6.9	25.5	18.4	21.0	31.0	41.7
EPS	31.2 %	n.a.	n.a.	n.a.	1.62	1.84	2.73	3.66
FCFPS		n.a.	n.a.	n.a.	4.24	1.55	2.16	3.07
FCF / Market cap		n.a.	n.a.	n.a.	5.0 %	1.3 %	1.8 %	2.5 %
EV / Sales		n.a.	n.a.	n.a.	2.4 x	3.4 x	2.9 x	2.4 x
EV / EBIT adj.		n.a.	n.a.	n.a.	21.9 x	37.3 x	26.6 x	20.2 x
EV / EBIT		n.a.	n.a.	n.a.	23.6 x	39.8 x	27.9 x	21.0 x
P / E		n.a.	n.a.	n.a.	52.6 x	65.5 x	44.1 x	32.9 x
Net Debt		46.9	67.4	86.0	80.8	66.6	42.6	8.7
ROCE (NOPAT)		12.4 %	8.9 %	23.0 %	21.0 %	22.8 %	29.5 %	34.5 %
Guidance:		2021: revenue: approx. 15% growth; adj. EBITDA margin: approx. 15%						

**Nagarro - Q2 2021**

in EUR m	Q2/21	Q2/20	yoy	6M/21	6M/20	yoy
<b>Sales</b>	<b>127.3</b>	105.1	21.1%	<b>243.0</b>	216.0	12.5%
<b>EBITDA adjusted</b>	<b>19.0</b>	21.0	-9.8%	<b>37.5</b>	35.7	5.1%
<i>margin</i>	14.9%	20.0%		15.4%	16.5%	
<b>EBITDA</b>	<b>15.4</b>	21.0	-26.9%	<b>32.7</b>	35.7	-8.4%
<i>margin</i>	12.1%	20.0%		13.5%	16.5%	
<b>EBIT</b>	<b>9.6</b>	26.5	-63.7%	<b>21.4</b>	35.7	-40.1%
<i>margin</i>	7.5%	25.2%		8.8%	16.5%	
<b>EPS in EUR</b>	<b>0.36</b>	2.69	-86.6%	<b>0.92</b>	35.69	-97.4%

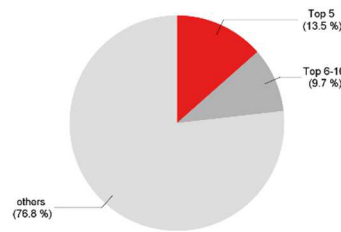
- At constant currencies, Q2 revenue growth was 25% due to increasing requirement for new and upgraded digital services and products as a reaction to the Covid-19 pandemic. Furthermore, the lockdowns had exposed many companies to remote working experiences supporting the purchase of digital services from other countries.
- Adj. EBITDA decline reflects the fact that last year's Q2 benefitted from salary reductions as the Covid pandemic was evolving while this year's Q2 reflected hiring constrains
- IFRS-EBITDA was also impacted by costs associated with the rollover of non-controlling interests (EUR 1.8m).

**Sales development**  
in EUR m



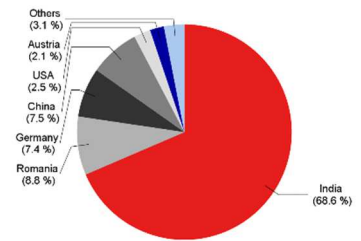
Source: Warburg Research

**Customer split**  
2020



Source: Company

**IT engineers by region**  
2020



Source: Warburg Research

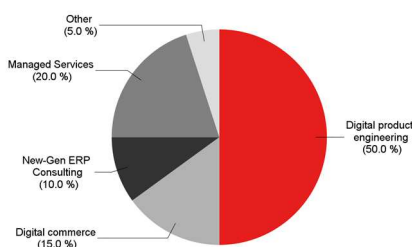
**Company Background**

- 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**

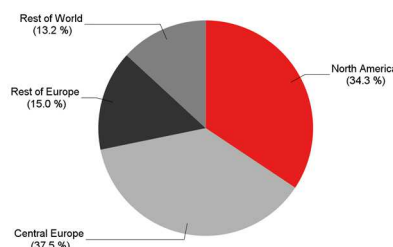
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger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



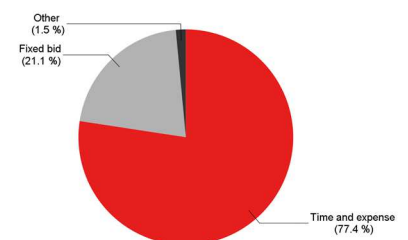
Source: Estimate Warburg Research

**Sales by segments**  
2020; 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
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Sales	504.9	590.8	708.9	815.3	930.2	1,053.5	1,184.7	1,323.5	1,469.2	1,621.2	1,778.9	1,941.6	1,980.4	
Sales change	17.3 %	17.0 %	20.0 %	15.0 %	14.1 %	13.3 %	12.5 %	11.7 %	11.0 %	10.3 %	9.7 %	9.1 %	2.0 %	2.0 %
EBIT	43.6	61.3	80.0	90.5	103.3	116.9	131.5	146.9	163.1	180.0	197.5	215.5	219.8	
EBIT-margin	8.6 %	10.4 %	11.3 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	11.1 %	
Tax rate (EBT)	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	
NOPAT	29.6	41.7	54.4	61.5	70.2	79.5	89.4	99.9	110.9	122.4	134.3	146.6	149.5	
Depreciation	24.6	27.9	32.9	9.0	9.3	10.5	11.8	13.2	14.7	16.2	17.8	19.4	21.8	
in % of Sales	4.9 %	4.7 %	4.6 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	0.5	0.5	1.0	1.2	1.3	1.4	1.5	1.6	1.6	1.7	1.8	1.8	0.4	
Change in Liquidity from														
- Working Capital	8.8	10.4	16.3	20.1	13.8	14.8	15.8	16.6	17.5	18.2	18.9	19.5	4.7	
- Capex	4.0	5.4	6.5	9.0	10.2	11.6	13.0	14.6	16.2	17.8	19.6	21.4	21.8	
Capex in % of Sales	0.8 %	0.9 %	0.9 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
Other	20.7	24.2	29.1	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)	21.2	30.1	36.4	42.7	56.8	65.1	74.0	83.5	93.6	104.2	115.4	126.9	145.3	148
PV of FCF share of PVs	21.2	28.1	31.8	34.9	43.4	46.4	49.3	52.1	54.5	56.8	58.7	60.4	64.6	1,323
	4.21 %			27.06 %										68.73 %

## Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	11.00 %	Financial Strength	1.10
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.10
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.10
		Others	1.10
<b>WACC</b>	<b>6.98 %</b>	<b>Beta</b>	<b>1.10</b>

## Valuation (m)

Present values 2033e	602		
Terminal Value	1,323		
Financial liabilities	183		
Pension liabilities	6		
Hybrid capital	0		
Minority interest	297		
Market val. of investments	0		
Liquidity	108	No. of shares (m)	11.4
<b>Equity Value</b>	<b>1,548</b>	<b>Value per share (EUR)</b>	<b>136.02</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
1.30	8.0 %	93.38	96.35	99.56	103.03	106.81	110.93	115.45	1.30	8.0 %	82.67	89.45	96.24	103.03	109.82	116.61	123.39
1.20	7.5 %	105.94	109.61	113.61	117.97	122.74	128.00	133.81	1.20	7.5 %	95.50	102.99	110.48	117.97	125.46	132.95	140.44
1.15	7.2 %	113.05	117.16	121.64	126.55	131.95	137.93	144.57	1.15	7.2 %	102.87	110.76	118.66	126.55	134.44	142.34	150.23
1.10	7.0 %	120.81	125.42	130.47	136.02	142.17	149.00	156.63	1.10	7.0 %	111.01	119.35	127.69	136.02	144.36	152.70	161.04
1.05	6.7 %	129.31	134.50	140.21	146.53	153.56	161.41	170.25	1.05	6.7 %	120.04	128.87	137.70	146.53	155.36	164.19	173.03
1.00	6.5 %	138.65	144.53	151.03	158.25	166.33	175.42	185.73	1.00	6.5 %	130.11	139.49	148.87	158.25	167.63	177.01	186.39
0.90	6.0 %	160.42	168.06	176.61	186.23	197.14	209.61	224.02	0.90	6.0 %	154.16	164.85	175.54	186.23	196.92	207.60	218.29

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

Valuation	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	n.a.	n.a.	n.a.	22.2 x	21.7 x	13.2 x	8.9 x
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.54	-3.86	-0.31	3.96
EV / Sales	n.a.	n.a.	n.a.	2.4 x	3.4 x	2.9 x	2.4 x
EV / EBITDA	n.a.	n.a.	n.a.	15.9 x	25.5 x	19.2 x	14.9 x
EV / EBIT	n.a.	n.a.	n.a.	23.6 x	39.8 x	27.9 x	21.0 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	21.9 x	37.3 x	26.6 x	20.2 x
P / FCF	n.a.	n.a.	n.a.	20.1 x	77.9 x	55.9 x	39.3 x
P / E	n.a.	n.a.	n.a.	52.6 x	65.5 x	44.1 x	32.9 x
P / E adj.*	n.a.	n.a.	n.a.	52.6 x	65.5 x	44.1 x	32.9 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.	3.0 %	1.8 %	2.5 %	3.2 %

\*Adjustments made for: -

Company Specific Items	2017	2018	2019	2020	2021e	2022e	2023e
gross profit (company reporting)	64.2	89.9	129.1	140.2	149.4	189.7	224.5
gross margin (company reporting)	30.5 %	31.3 %	32.1 %	32.6 %	29.6 %	32.1 %	31.7 %

## Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
<b>Sales</b>	<b>210.6</b>	<b>287.3</b>	<b>402.4</b>	<b>430.4</b>	<b>504.9</b>	<b>590.8</b>	<b>708.9</b>
Change Sales yoy	n.a.	36.5 %	40.1 %	6.9 %	17.3 %	17.0 %	20.0 %
Increase / decrease in inventory	-1.3	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.5	0.9	0.3	1.0	1.5	1.9
Material expenses	31.6	39.9	49.1	49.2	57.1	65.0	80.1
Personnel expenses	128.0	179.8	254.7	271.7	328.2	378.1	446.6
Other operating income	6.3	2.4	12.7	11.6	6.0	7.0	8.0
Other operating expenses	34.6	37.4	49.8	53.3	55.5	62.0	73.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>21.4</b>	<b>32.3</b>	<b>61.6</b>	<b>66.2</b>	<b>68.1</b>	<b>89.2</b>	<b>112.9</b>
<i>Margin</i>	<i>10.1 %</i>	<i>11.2 %</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>13.5 %</i>	<i>15.1 %</i>	<i>15.9 %</i>
Depreciation of fixed assets	7.3	10.4	15.7	16.9	20.9	24.4	29.3
<b>EBITA</b>	<b>14.1</b>	<b>21.9</b>	<b>45.9</b>	<b>49.3</b>	<b>47.3</b>	<b>64.8</b>	<b>83.6</b>
Amortisation of intangible assets	2.8	3.3	3.5	4.7	3.7	3.5	3.6
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>11.3</b>	<b>18.6</b>	<b>42.4</b>	<b>44.5</b>	<b>43.6</b>	<b>61.3</b>	<b>80.0</b>
<i>Margin</i>	<i>5.4 %</i>	<i>6.5 %</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>8.6 %</i>	<i>10.4 %</i>	<i>11.3 %</i>
<b>EBIT adj.</b>	<b>12.7</b>	<b>20.8</b>	<b>45.4</b>	<b>48.0</b>	<b>46.6</b>	<b>64.3</b>	<b>83.0</b>
Interest income	0.9	0.5	0.2	0.5	0.2	0.2	0.2
Interest expenses	3.9	4.6	5.5	7.3	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>8.2</b>	<b>14.4</b>	<b>37.2</b>	<b>37.7</b>	<b>36.8</b>	<b>54.5</b>	<b>73.2</b>
<i>Margin</i>	<i>3.9 %</i>	<i>5.0 %</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.3 %</i>	<i>9.2 %</i>	<i>10.3 %</i>
Total taxes	4.6	6.2	6.8	13.4	11.8	17.4	23.4
<b>Net income from continuing operations</b>	<b>3.7</b>	<b>8.2</b>	<b>30.4</b>	<b>24.4</b>	<b>25.0</b>	<b>37.0</b>	<b>49.8</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>3.7</b>	<b>8.2</b>	<b>30.4</b>	<b>24.4</b>	<b>25.0</b>	<b>37.0</b>	<b>49.8</b>
Minority interest	0.6	1.3	4.9	5.9	4.1	6.0	8.1
<b>Net income</b>	<b>3.1</b>	<b>6.9</b>	<b>25.5</b>	<b>18.4</b>	<b>21.0</b>	<b>31.0</b>	<b>41.7</b>
<i>Margin</i>	<i>1.5 %</i>	<i>2.4 %</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>4.1 %</i>	<i>5.3 %</i>	<i>5.9 %</i>
Number of shares, average	n.a.	n.a.	n.a.	11.4	11.4	11.4	11.4
<b>EPS</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>1.62</b>	<b>1.84</b>	<b>2.73</b>	<b>3.66</b>
EPS adj.	n.a.	n.a.	n.a.	1.62	1.84	2.73	3.66

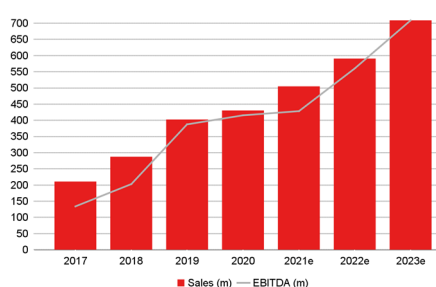
\*Adjustments made for:

**Guidance: 2021: revenue: approx. 15% growth; adj. EBITDA margin: approx. 15%**

## Financial Ratios

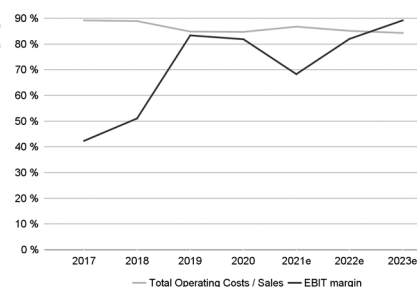
	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	89.2 %	88.9 %	84.9 %	84.7 %	86.7 %	85.2 %	84.3 %
Operating Leverage	n.a.	1.8 x	3.2 x	0.7 x	-0.1 x	2.4 x	1.5 x
EBITDA / Interest expenses	5.4 x	7.0 x	11.2 x	9.1 x	9.7 x	12.7 x	16.1 x
Tax rate (EBT)	55.7 %	43.3 %	18.2 %	35.5 %	32.0 %	32.0 %	32.0 %
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



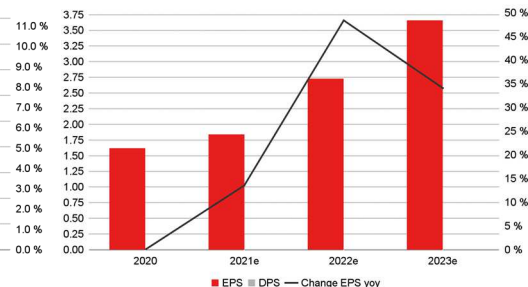
Source: Warburg Research

### Operating Performance in %



Source: Warburg Research

### Performance per Share



Source: Warburg Research

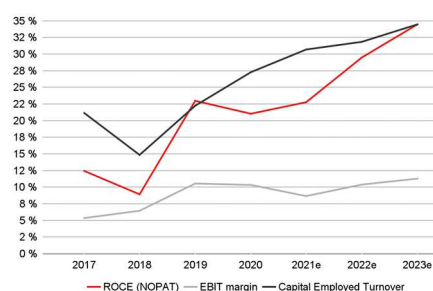
**Consolidated balance sheet**

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
<b>Assets</b>							
Goodwill and other intangible assets	45.5	107.7	111.4	106.9	107.1	107.6	108.2
thereof other intangible assets	5.8	10.2	9.0	11.0	11.2	11.7	12.4
thereof Goodwill	39.0	97.5	102.4	95.9	95.9	95.9	95.9
Property, plant and equipment	4.2	6.7	7.2	6.4	9.3	13.2	17.9
Financial assets	3.6	3.4	2.7	3.0	3.0	3.0	3.0
Other long-term assets	28.0	47.3	54.9	51.7	57.0	71.7	86.9
<b>Fixed assets</b>	<b>81.3</b>	<b>165.0</b>	<b>176.2</b>	<b>168.0</b>	<b>176.3</b>	<b>195.5</b>	<b>216.0</b>
Inventories	0.3	0.1	0.0	0.1	0.1	0.2	0.3
Accounts receivable	50.3	75.0	80.3	73.9	89.9	106.8	132.1
Liquid assets	16.6	27.9	43.8	107.7	108.1	132.6	167.5
Other short-term assets	17.7	29.1	41.7	37.1	41.0	47.5	52.0
<b>Current assets</b>	<b>84.8</b>	<b>132.1</b>	<b>165.8</b>	<b>218.8</b>	<b>239.1</b>	<b>287.1</b>	<b>351.9</b>
<b>Total Assets</b>	<b>166.1</b>	<b>297.1</b>	<b>342.0</b>	<b>386.8</b>	<b>415.4</b>	<b>482.5</b>	<b>567.9</b>
<b>Liabilities and shareholders' equity</b>							
Shareholders' equity	28.0	74.5	50.2	43.8	63.2	104.1	153.3
Minority interest	5.4	14.4	9.7	2.7	3.0	3.0	4.0
<b>Total equity</b>	<b>33.5</b>	<b>88.9</b>	<b>59.9</b>	<b>46.5</b>	<b>66.2</b>	<b>107.1</b>	<b>157.3</b>
Provisions	12.6	20.9	25.5	33.2	34.5	37.0	40.0
thereof provisions for pensions and similar obligations	2.5	3.2	4.4	6.0	6.5	7.0	8.0
Financial liabilities (total)	60.9	92.1	125.3	182.6	168.2	168.2	168.2
Short-term financial liabilities	3.5	5.7	5.3	14.4	0.0	0.0	0.0
Accounts payable	14.3	17.4	16.1	22.2	26.3	30.8	36.9
Other liabilities	45.0	77.8	115.1	102.4	120.3	139.5	165.6
<b>Liabilities</b>	<b>132.7</b>	<b>208.2</b>	<b>282.0</b>	<b>340.3</b>	<b>349.3</b>	<b>375.4</b>	<b>410.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>166.1</b>	<b>297.1</b>	<b>342.0</b>	<b>386.8</b>	<b>415.4</b>	<b>482.5</b>	<b>567.9</b>

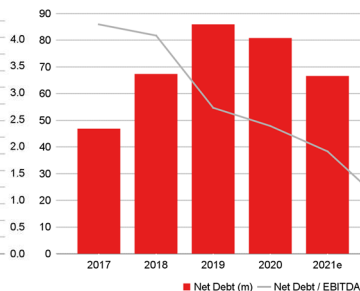
**Financial Ratios**

	2017	2018	2019	2020	2021e	2022e	2023e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	5.2 x	4.8 x	6.3 x	8.8 x	8.4 x	7.9 x	7.4 x
Capital Employed Turnover	2.6 x	1.8 x	2.8 x	3.4 x	3.8 x	3.9 x	4.3 x
ROA	3.8 %	4.2 %	14.5 %	11.0 %	11.9 %	15.9 %	19.3 %
<b>Return on Capital</b>							
ROCE (NOPAT)	12.4 %	8.9 %	23.0 %	21.0 %	22.8 %	29.5 %	34.5 %
ROE	21.8 %	13.4 %	40.8 %	39.2 %	39.2 %	37.1 %	32.4 %
Adj. ROE	21.8 %	13.4 %	40.8 %	39.2 %	39.2 %	37.1 %	32.4 %
<b>Balance sheet quality</b>							
Net Debt	46.9	67.4	86.0	80.8	66.6	42.6	8.7
Net Financial Debt	44.3	64.2	81.6	74.8	60.1	35.6	0.7
Net Gearing	140.1 %	75.8 %	143.4 %	173.7 %	100.7 %	39.8 %	5.5 %
Net Fin. Debt / EBITDA	207.6 %	198.8 %	132.4 %	113.1 %	88.2 %	39.9 %	0.6 %
Book Value / Share	n.a.	n.a.	n.a.	3.8	5.5	9.1	13.5
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.5	-3.9	-0.3	4.0

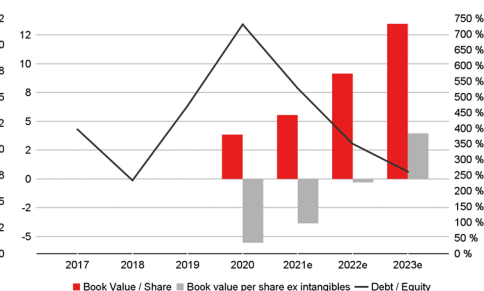
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

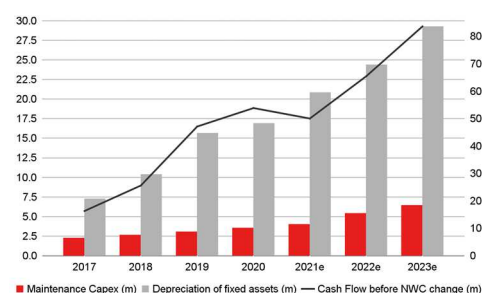
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	3.7	8.2	30.4	24.4	25.0	37.0	49.8
Depreciation of fixed assets	7.3	10.4	15.7	16.9	20.9	24.4	29.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.8	3.3	3.5	4.7	3.7	3.5	3.6
Increase/decrease in long-term provisions	0.3	0.6	0.4	1.2	0.5	0.5	1.0
Other non-cash income and expenses	2.3	3.1	-2.9	6.6	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>16.4</b>	<b>25.6</b>	<b>47.1</b>	<b>53.8</b>	<b>50.1</b>	<b>65.4</b>	<b>83.6</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	-10.8	-17.0	-6.3	15.6	-7.8	-11.3	-13.2
Increase / decrease in working capital (total)	-10.8	-17.0	-6.3	15.6	-7.8	-11.3	-13.2
<b>Net cash provided by operating activities [1]</b>	<b>5.5</b>	<b>8.6</b>	<b>40.9</b>	<b>69.4</b>	<b>42.3</b>	<b>54.2</b>	<b>70.4</b>
Investments in intangible assets	0.0	0.0	-1.3	-1.0	-1.0	-1.3	-1.5
Investments in property, plant and equipment	-2.3	-2.7	-1.8	-2.6	-3.0	-4.1	-5.0
Payments for acquisitions	-4.1	5.0	-2.9	-7.8	-2.9	0.0	0.0
Financial investments	-0.3	0.4	-2.5	1.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.4	0.1	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-6.7</b>	<b>2.7</b>	<b>-8.0</b>	<b>-10.1</b>	<b>-6.9</b>	<b>-5.4</b>	<b>-6.5</b>
Change in financial liabilities	9.0	4.3	-3.3	23.9	-14.4	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	0.0	0.1	0.0	0.0	0.0
Other	-6.5	-8.1	-13.8	-17.5	-20.7	-24.2	-29.1
<b>Net cash provided by financing activities [3]</b>	<b>2.5</b>	<b>-3.9</b>	<b>-17.1</b>	<b>6.5</b>	<b>-35.1</b>	<b>-24.2</b>	<b>-29.1</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>1.3</b>	<b>7.5</b>	<b>15.7</b>	<b>65.8</b>	<b>0.3</b>	<b>24.5</b>	<b>34.9</b>
Effects of exchange-rate changes on cash	-0.7	0.4	0.4	-1.4	0.0	0.0	0.0
Cash and cash equivalent at end of period	0.7	24.4	44.0	108.1	108.1	132.6	167.5

## Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
<b>Cash Flow</b>							
FCF	-3.8	-3.9	22.8	48.2	17.6	24.5	34.9
Free Cash Flow / Sales	-1.8 %	-1.3 %	5.7 %	11.2 %	3.5 %	4.2 %	4.9 %
Free Cash Flow Potential	14.5	13.6	36.8	31.6	31.6	42.1	53.9
Free Cash Flow / Net Profit	-124.2 %	-56.5 %	89.4 %	261.5 %	84.0 %	79.1 %	83.7 %
Interest Received / Avg. Cash	10.8 %	2.1 %	0.6 %	0.7 %	0.2 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	12.9 %	6.0 %	5.0 %	4.7 %	4.0 %	4.2 %	4.2 %
<b>Management of Funds</b>							
Investment ratio	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %	0.9 %	0.9 %
Maint. Capex / Sales	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %	0.9 %	0.9 %
Capex / Dep	22.7 %	19.4 %	16.1 %	16.5 %	16.4 %	19.5 %	19.7 %
Avg. Working Capital / Sales	8.6 %	15.5 %	13.6 %	11.5 %	9.2 %	9.5 %	9.8 %
Trade Debtors / Trade Creditors	352.3 %	431.9 %	500.3 %	332.8 %	341.8 %	346.8 %	358.0 %
Inventory Turnover	119.2 x	398.7 x	5452.4 x	387.1 x	570.6 x	324.9 x	267.0 x
Receivables collection period (days)	87	95	73	63	65	66	68
Payables payment period (days)	165	159	119	165	168	173	168
Cash conversion cycle (Days)	-75	-106	-103	-172	-183	-189	-180

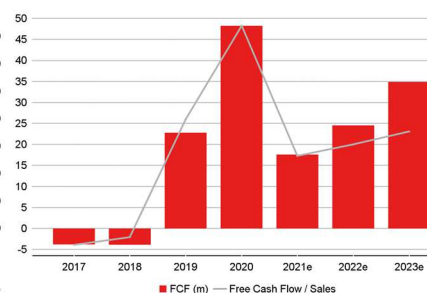
## CAPEX and Cash Flow

in EUR m



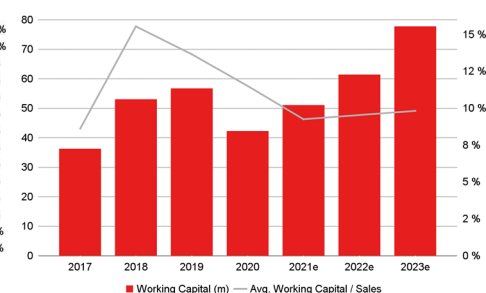
Source: Warburg Research

## Free Cash Flow Generation



Source: Warburg Research

## Working Capital



Source: Warburg Research



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-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.
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“-“	<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	146	68
Hold	61	28
Sell	6	3
Rating suspended	2	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	40	75
Hold	11	21
Sell	0	0
Rating suspended	2	4
<b>Total</b>	<b>53</b>	<b>100</b>

**PRICE AND RATING HISTORY NAGARRO AS OF 17.08.2021**



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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