

Buy EUR 16.00 (EUR 18.00) Price EUR 5.85 Upside 173.5 %	Value Indicators: EUR DCF: 16.00 FCF-Value Potential 23e: 7.00	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 3.0 Balance Sheet Score: 5.0 Market Liquidity Score: 1.0	Description: Leading point-of-sale systems with a focus on the gastronomy and bakery sector
	Market Snapshot: EUR m Market cap: 46.7 No. of shares (m): 8.0 EV: 37.3 Freefloat MC: 22.6 Ø Trad. Vol. (30d): 147.59 th	Shareholders: Freefloat 48.3 % Thomas Stümmler 22.6 % Jens Reckendorf 19.1 % Primepulse SE 10.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 2.0 x Equity Ratio: 59 %

Model update after Q4 preliminaries somewhat below estimates

Figures Q4/2021: FY End: 31.12. in EUR m					Comment on Figures: ■ Q4 revenues and earnings remained below expectations amid a difficult sector environment related to the Covid situation				
	Q4 21	Q4 21e	Q4 20	yoy	21	21e	20	yoy	
Sales	8.8	11.3	7.6	16 %	40.2	42.7	27.8	45 %	
EBITDA	-0.3	0.7	-1.1	n.a.	4.3	5.3	-2.2	n.a.	

Vectron released preliminary FY 2021 results, which remained somewhat below expectations in Q4. FY revenues reached EUR 40.2m (up from EUR 27.8m in 2020) according to the German accounting standard HGB, which is somewhat below the WR estimate of EUR 42.7m. The EBITDA stood at EUR 4.3m (up from EUR -2.2m) and compares to WRe EUR 5.3m. The lower sales and bottom line can be attributed to a more difficult situation in the hospitality sector in the last weeks of the year related to COVID.

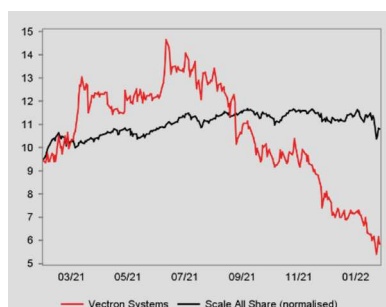
According to IFRS, the EBITDA would have reached EUR 4.8m at sales of EUR 38m. At sales level, the difference can be explained by the treatment of leasing contracts. At earnings level, the higher EBITDA figure is a largely a result of positive effects from IFRS 16. It is expected that the IFRS EBIT is comparable to the HGB figure.

Recurring revenues increased by 70% yoy to EUR 7.1m in 2021. At the end of the year, recurring revenues should have reached an annualized figure of almost EUR 10m. Hence, there should be significant growth in the recurring revenue base in FY 2022, as the monthly/annualized figure should further increase in the months to come. The recurring sales reflect Vectron's income from digital products. The further increase in subscriptions and marketing of services such as payment remains a key priority in 2022. These recurring sales are expected to account for ~ 30% of Vectron's revenues in FY 2022.

Vectron reached a gross cash position of EUR 20m at year-end, which translates into a net cash position of EUR 17m. This figure does not reflect lease liabilities.

The model is being revised owing to the slow Q4 business and a continuation of the difficult situation for restaurants etc. in early 2022, which will dampen hardware sales and the magnitude of the growth in the recurring sales base. As the recent release indicates, Vectron might realize an acquisition later in the year. The valuation is currently considered to be attractive owing to the significant net cash position and the long-term potential to be one of the market leaders in the digitalization of the hospitality sector. The PT is lowered to EUR 16.

Changes in Estimates: FY End: 31.12. in EUR m							Comment on Changes: ■ Estimates adjusted to IFRS accounting ■ Estimates lowered after weaker Q4 results and expectation of slower start to 2022 ■ Key remains growth in recurring sales base			
	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -				
Sales	42.7	-11.0 %	49.5	-26.2 %	43.1	-7.1 %				
EBITDA	5.3	-9.1 %	8.3	-55.9 %	4.4	6.8 %				

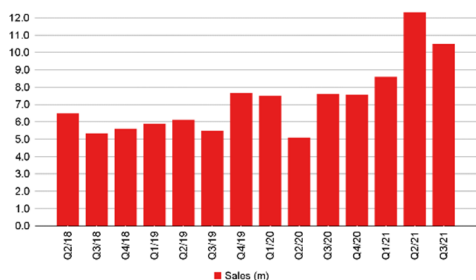


Rel. Performance vs Scale All	
1 month:	-13.0 %
6 months:	-51.1 %
Year to date:	-13.1 %
Trailing 12 months:	-51.6 %

Company events:	
29.04.22	FY 2021
21.06.22	AGM
31.08.22	H1

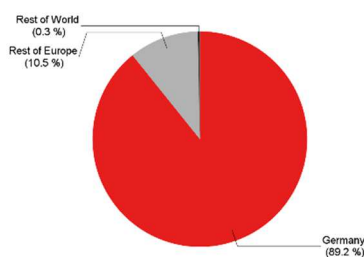
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	12.9 %	32.4	24.8	25.2	27.8	38.0	36.6	40.0
Change Sales yoy		-4.0 %	-23.3 %	1.4 %	10.3 %	36.8 %	-3.8 %	9.4 %
Gross profit margin		56.7 %	53.7 %	57.8 %	59.0 %	61.9 %	62.0 %	62.0 %
EBITDA	-	2.3	-3.8	-1.4	-2.2	4.8	3.7	4.7
Margin		7.0 %	-15.2 %	-5.5 %	-8.0 %	12.7 %	10.0 %	11.8 %
EBIT	-	1.8	-5.4	-1.8	-2.6	3.3	2.1	3.2
Margin		5.4 %	-22.0 %	-7.1 %	-9.4 %	8.7 %	5.9 %	8.0 %
Net income	-	1.1	-3.9	-1.4	-2.1	1.9	1.1	1.8
EPS	-	0.16	-0.59	-0.19	-0.26	0.24	0.14	0.23
EPS adj.	-	0.16	-0.59	-0.19	-0.26	0.24	0.14	0.23
DPS	-	0.05	0.05	0.00	0.00	0.05	0.10	0.10
Dividend Yield		0.2 %	0.3 %	n.a.	n.a.	0.9 %	1.7 %	1.7 %
FCFPS		-0.46	-0.40	-0.38	-0.63	0.66	0.25	0.27
FCF / Market cap		-1.8 %	-2.1 %	-3.4 %	-6.0 %	11.2 %	4.2 %	4.6 %
EV / Sales		n.a.	5.2 x	3.2 x	2.7 x	1.0 x	1.0 x	0.9 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	8.1 x	10.2 x	7.6 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	11.8 x	17.4 x	11.3 x
P / E		154.5 x	n.a.	n.a.	n.a.	24.4 x	41.8 x	25.4 x
P / E adj.		154.5 x	n.a.	n.a.	n.a.	24.4 x	41.8 x	25.4 x
FCF Potential Yield		n.a.	-1.8 %	-1.4 %	-2.4 %	9.2 %	7.4 %	9.7 %
Net Debt		-1.7	1.2	-0.9	-8.3	-7.9	-9.5	-10.8
ROCE (NOPAT)		11.2 %	n.a.	n.a.	n.a.	15.0 %	9.5 %	14.6 %
Guidance:	2021: -							

Sales development in EUR m



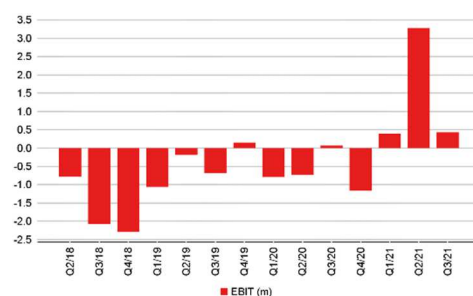
Source: Warburg Research

Sales by regions 2020; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

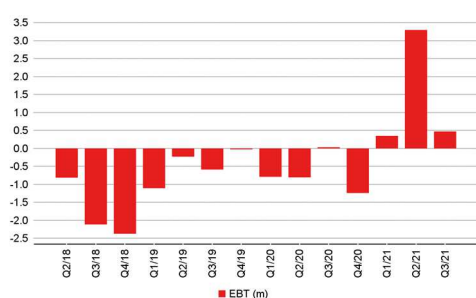
Company Background

- Vectron is a leading provider of POS systems. The products are positioned in the medium to premium segment. With its high degree of functionality, Vectron is one of the technology and innovation leaders.
- Vectron focuses on the market for proprietary POS systems (30% of the overall market). PC-based systems (bulk of the market) usually require higher maintenance and are primarily used by large chain stores.
- Vectron's market share is particularly high in the food service and bakery industries, where the company is market leader for proprietary systems in the German-speaking area with a market share of ca. 25%.
- Vectron has some 180 employees. About one-third are employed in development and product management as the company aims to maintain its position as technology leader.
- Since end of 2013, Vectron addresses non-premium market segments and new markets abroad with a second trademark (Duratec) and simpler systems

Competitive Quality

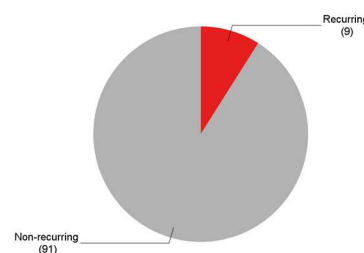
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that the large producers of POS systems mainly offer PC-based systems Vectron mainly has to face smaller competitors.
- Vectron differentiates itself from the mainly smaller competitors by rigorously pursuing the further development of the POS systems and thanks to the high additional use offered by wide functionality.
- By focusing on the premium segment, Vectron avoids the typical problems in the lower segment: solely differentiating on price. This is underpinned by gross margins of ca. 55% and ROCEs of well above 10%.
- Growth opportunities presently arise from the establishment of the cooperation with DeutschlandCard and potentially further partners.

EBT development in EUR m



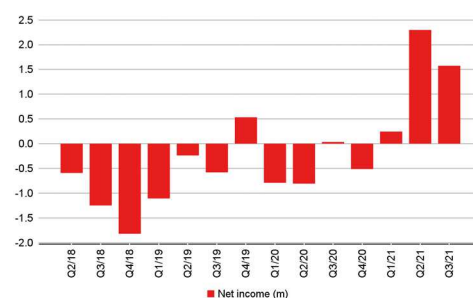
Source: Warburg Research

Recurring sales 2020; in %



Source: Warburg Research

Net income development in EUR m



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	38.0	36.6	40.0	45.2	54.2	58.0	62.1	66.4	69.8	73.3	76.9	80.8	82.2	1.8 %
Sales change	36.8 %	-3.8 %	9.4 %	13.0 %	20.0 %	7.0 %	7.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	
EBIT	3.3	2.1	3.2	5.4	10.3	11.6	12.4	13.3	14.0	14.7	15.4	16.2	16.4	20.0 %
EBIT-margin	8.7 %	5.9 %	8.0 %	12.0 %	19.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	31.0 %	31.0 %	31.0 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	11.4
NOPAT	2.3	1.5	2.2	3.8	7.2	8.1	8.6	9.2	9.7	10.2	10.7	11.2	11.4	
Depreciation	1.5	1.5	1.5	0.7	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.6 %
in % of Sales	4.0 %	4.2 %	3.8 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Change in Liquidity from														
- Working Capital	-1.7	0.1	0.6	0.6	1.2	0.7	0.7	0.8	0.6	0.6	0.7	0.7	0.3	1.3
- Capex	0.6	0.6	0.6	0.7	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	
Capex in % of Sales	1.5 %	1.6 %	1.5 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	0.0
- Other	0.0	0.0	0.0	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)	4.9	2.3	2.5	3.2	6.0	7.4	7.9	8.5	9.1	9.6	10.0	10.5	11.2	11
PV of FCF	5.3	2.3	2.3	2.7	4.6	5.3	5.2	5.1	5.1	4.9	4.7	4.6	4.5	66
share of PVs	8.09 %			38.13 %										53.77 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.40
		Others	1.30
WACC	8.65 %	Beta	1.30

Valuation (m)

Present values 2033e	56		
Terminal Value	66		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	-3		
Liquidity	8	No. of shares (m)	8.0
Equity Value	128	Value per share (EUR)	15.99

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.48	9.7 %	13.35	13.53	13.71	13.91	14.12	14.35	14.59	1.48	9.7 %	12.80	13.17	13.54	13.91	14.28	14.66	15.03
1.39	9.2 %	14.21	14.42	14.64	14.88	15.13	15.41	15.70	1.39	9.2 %	13.69	14.08	14.48	14.88	15.27	15.67	16.07
1.35	8.9 %	14.68	14.91	15.15	15.41	15.69	15.99	16.32	1.35	8.9 %	14.18	14.59	15.00	15.41	15.82	16.24	16.65
1.30	8.7 %	15.18	15.43	15.70	15.99	16.30	16.63	16.99	1.30	8.7 %	14.71	15.14	15.56	15.99	16.41	16.84	17.27
1.25	8.4 %	15.72	16.00	16.29	16.61	16.95	17.32	17.72	1.25	8.4 %	15.28	15.73	16.17	16.61	17.05	17.49	17.93
1.21	8.2 %	16.30	16.60	16.93	17.28	17.66	18.07	18.52	1.21	8.2 %	15.90	16.36	16.82	17.28	17.74	18.20	18.66
1.12	7.7 %	17.59	17.96	18.36	18.79	19.26	19.78	20.34	1.12	7.7 %	17.30	17.80	18.29	18.79	19.29	19.79	20.29

- Model reflects fiscal regulation
- Increasing digitalization drives mid term sales and profitability increase

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2017	2018	2019	2020	2021e	2022e	2023e	
Net Income before minorities	n.a.	-3.9	-1.4	-2.1	2.1	1.3	2.1	
+ Depreciation + Amortisation	n.a.	1.7	0.4	0.4	1.5	1.5	1.5	
- Net Interest Income	n.a.	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
- Maintenance Capex	n.a.	0.3	0.3	0.3	0.3	0.3	0.3	
+ Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	n.a.	-2.3	-1.1	-1.8	3.6	2.8	3.5	
FCF Potential Yield (on market EV)	n/a	-1.8 %	-1.4 %	-2.4 %	9.2 %	7.4 %	9.7 %	
WACC	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	
= Enterprise Value (EV)	n.a.	128.5	79.9	74.4	38.8	37.3	35.9	
= Fair Enterprise Value	n.a.	n.a.	n.a.	n.a.	41.1	31.9	40.2	
- Net Debt (Cash)	n.a.	-7.9	-7.9	-7.9	-7.9	-9.5	-10.8	
- Pension Liabilities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	n.a.	n.a.	n.a.	49.1	41.4	51.0	
Number of shares, average	6.6	6.6	7.2	7.9	7.9	7.9	7.9	
= Fair value per share (EUR)	n.a.	n.a.	n.a.	n.a.	6.19	5.22	6.44	
premium (-) / discount (+) in %					5.8 %	-10.7 %	10.0 %	
Sensitivity Fair value per Share (EUR)								
	11.65 %	n.a.	n.a.	n.a.	n.a.	4.82	4.15	5.09
	10.65 %	n.a.	n.a.	n.a.	n.a.	5.17	4.43	5.44
	9.65 %	n.a.	n.a.	n.a.	n.a.	5.61	4.77	5.87
WACC	8.65 %	n.a.	n.a.	n.a.	n.a.	6.19	5.22	6.44
	7.65 %	n.a.	n.a.	n.a.	n.a.	6.81	5.71	7.05
	6.65 %	n.a.	n.a.	n.a.	n.a.	7.69	6.39	7.90
	5.65 %	n.a.	n.a.	n.a.	n.a.	8.88	7.31	9.06

- Rising value indication with higher business volume...
- ...this is due to a high operating leverage given gross margins of >50%

Valuation	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	11.4 x	12.6 x	5.8 x	3.6 x	2.0 x	1.9 x	1.8 x
Book value per share ex intangibles	1.94	1.51	1.88	2.84	2.98	3.08	3.21
EV / Sales	n.a.	5.2 x	3.2 x	2.7 x	1.0 x	1.0 x	0.9 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	8.1 x	10.2 x	7.6 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	11.8 x	17.4 x	11.3 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	11.8 x	17.4 x	11.3 x
P / FCF	n.a.	n.a.	n.a.	n.a.	9.0 x	23.9 x	21.6 x
P / E	154.5 x	n.a.	n.a.	n.a.	24.4 x	41.8 x	25.4 x
P / E adj.*	154.5 x	n.a.	n.a.	n.a.	24.4 x	41.8 x	25.4 x
Dividend Yield	0.2 %	0.3 %	n.a.	n.a.	0.9 %	1.7 %	1.7 %
FCF Potential Yield (on market EV)	n.a.	-1.8 %	-1.4 %	-2.4 %	9.2 %	7.4 %	9.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Sales	32.4	24.8	25.2	27.8	38.0	36.6	40.0
Change Sales yoy	-4.0 %	-23.3 %	1.4 %	10.3 %	36.8 %	-3.8 %	9.4 %
Increase / decrease in inventory	0.6	0.2	0.0	-0.1	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Total Sales	33.0	25.0	25.2	28.0	38.0	36.6	40.0
Material expenses	14.6	11.7	10.7	11.6	14.5	13.9	15.2
Gross profit	18.4	13.3	14.5	16.4	23.5	22.7	24.8
<i>Gross profit margin</i>	<i>56.7 %</i>	<i>53.7 %</i>	<i>57.8 %</i>	<i>59.0 %</i>	<i>61.9 %</i>	<i>62.0 %</i>	<i>62.0 %</i>
Personnel expenses	9.7	10.2	9.3	9.8	10.7	11.0	11.4
Other operating income	0.6	0.5	0.3	0.6	0.6	0.6	0.6
Other operating expenses	7.0	7.4	7.0	9.4	8.6	8.6	9.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.3	-3.8	-1.4	-2.2	4.8	3.7	4.7
<i>Margin</i>	<i>7.0 %</i>	<i>-15.2 %</i>	<i>-5.5 %</i>	<i>-8.0 %</i>	<i>12.7 %</i>	<i>10.0 %</i>	<i>11.8 %</i>
Depreciation of fixed assets	0.3	0.4	0.2	0.2	1.3	1.3	1.3
EBITA	1.9	-4.2	-1.6	-2.4	3.5	2.3	3.4
Amortisation of intangible assets	0.2	1.3	0.2	0.2	0.2	0.2	0.2
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.8	-5.4	-1.8	-2.6	3.3	2.1	3.2
<i>Margin</i>	<i>5.4 %</i>	<i>-22.0 %</i>	<i>-7.1 %</i>	<i>-9.4 %</i>	<i>8.7 %</i>	<i>5.9 %</i>	<i>8.0 %</i>
EBIT adj.	1.8	-5.4	-1.8	-2.6	3.3	2.1	3.2
Interest income	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.7	-5.6	-2.0	-2.8	3.1	1.9	3.0
<i>Margin</i>	<i>5.1 %</i>	<i>-22.6 %</i>	<i>-7.8 %</i>	<i>-10.1 %</i>	<i>8.2 %</i>	<i>5.3 %</i>	<i>7.5 %</i>
Total taxes	0.6	-1.7	-0.6	-0.7	1.0	0.6	0.9
Net income from continuing operations	1.1	-3.9	-1.4	-2.1	2.1	1.3	2.1
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	1.1	-3.9	-1.4	-2.1	2.1	1.3	2.1
Minority interest	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Net income	1.1	-3.9	-1.4	-2.1	1.9	1.1	1.8
<i>Margin</i>	<i>3.3 %</i>	<i>-15.6 %</i>	<i>-5.5 %</i>	<i>-7.5 %</i>	<i>5.0 %</i>	<i>3.0 %</i>	<i>4.6 %</i>
Number of shares, average	6.6	6.6	7.2	7.9	7.9	7.9	7.9
EPS	0.16	-0.59	-0.19	-0.26	0.24	0.14	0.23
EPS adj.	0.16	-0.59	-0.19	-0.26	0.24	0.14	0.23

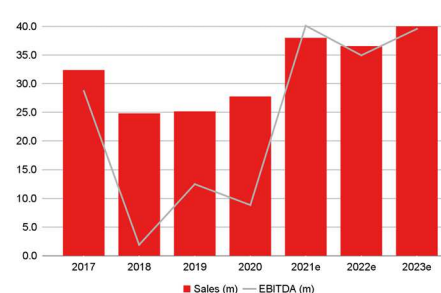
*Adjustments made for:

Guidance: 2021: -

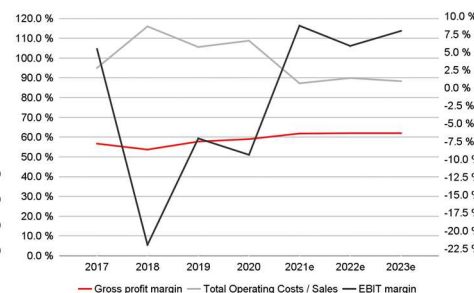
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	95.0 %	116.1 %	105.6 %	108.9 %	87.3 %	90.0 %	88.3 %
Operating Leverage	10.9 x	n.a.	-48.6 x	4.5 x	n.a.	9.2 x	5.1 x
EBITDA / Interest expenses	14.9 x	n.m.	n.m.	n.m.	24.1 x	18.3 x	23.5 x
Tax rate (EBT)	35.3 %	31.0 %	28.7 %	25.9 %	31.0 %	31.0 %	31.0 %
Dividend Payout Ratio	30.7 %	n.m.	0.0 %	0.0 %	18.5 %	59.0 %	38.6 %
Sales per Employee	203,667	154,193	156,331	168,313	292,285	281,225	307,692

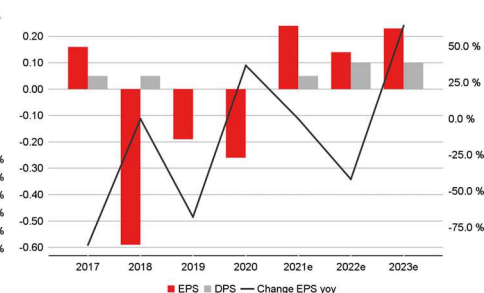
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

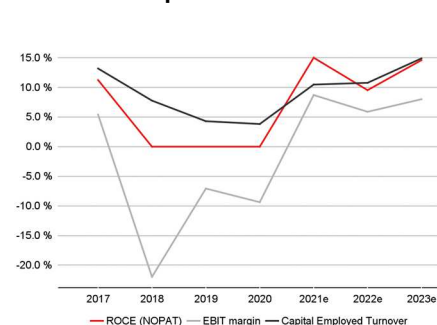
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	1.5	0.2	0.1	0.1	0.1	0.1	0.1
thereof other intangible assets	1.5	0.2	0.1	0.1	0.1	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.6	0.6	0.5	1.1	9.1	8.2	7.3
Financial assets	1.8	1.8	2.1	2.1	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	4.0	2.6	2.6	3.2	9.2	8.3	7.3
Inventories	7.6	5.8	5.0	6.7	4.5	3.3	3.6
Accounts receivable	3.3	2.3	5.0	3.3	3.6	4.5	4.9
Liquid assets	5.5	11.6	11.3	8.3	19.9	20.6	21.0
Other short-term assets	1.1	2.7	2.8	5.9	3.1	3.1	3.1
Current assets	17.5	22.3	24.1	24.3	31.1	31.5	32.6
Total Assets	21.5	24.9	26.7	27.5	40.3	39.8	40.0
Liabilities and shareholders' equity							
Subscribed capital	6.6	6.6	7.3	8.0	8.0	8.0	8.0
Capital reserve	5.4	5.4	9.7	20.0	20.0	20.0	20.0
Retained earnings	0.0	0.0	0.0	0.0	2.0	2.7	3.7
Other equity components	2.3	-1.9	-3.3	-5.3	-6.1	-6.0	-6.0
Shareholders' equity	14.3	10.1	13.8	22.8	23.9	24.7	25.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	14.3	10.1	13.8	22.8	23.9	24.7	25.7
Provisions	1.7	1.0	1.2	1.5	1.5	1.5	1.5
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	3.8	12.8	10.4	0.0	12.0	11.1	10.2
Short-term financial liabilities	1.1	0.8	10.4	0.0	0.0	0.0	0.0
Accounts payable	1.4	0.6	0.9	1.9	1.6	1.2	1.3
Other liabilities	0.2	0.4	0.4	1.3	1.3	1.3	1.3
Liabilities	7.2	14.7	12.9	4.7	16.4	15.1	14.3
Total liabilities and shareholders' equity	21.5	24.9	26.7	27.5	40.3	39.8	40.0

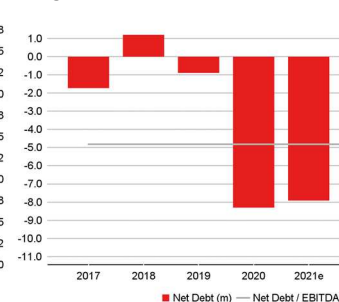
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	3.2 x	3.1 x	2.6 x	3.0 x	2.4 x	2.5 x	2.8 x
Capital Employed Turnover	2.6 x	2.2 x	1.9 x	1.9 x	2.4 x	2.4 x	2.7 x
ROA	27.2 %	-151.1 %	-52.7 %	-64.6 %	20.7 %	13.5 %	24.9 %
Return on Capital							
ROCE (NOPAT)	11.2 %	n.a.	n.a.	n.a.	15.0 %	9.5 %	14.6 %
ROE	7.4 %	-31.7 %	-11.6 %	-11.3 %	8.2 %	4.6 %	7.2 %
Adj. ROE	7.4 %	-31.7 %	-11.6 %	-11.3 %	8.2 %	4.6 %	7.2 %
Balance sheet quality							
Net Debt	-1.7	1.2	-0.9	-8.3	-7.9	-9.5	-10.8
Net Financial Debt	-1.7	1.2	-0.9	-8.3	-7.9	-9.5	-10.8
Net Gearing	-12.1 %	11.9 %	-6.5 %	-36.5 %	-33.1 %	-38.3 %	-42.1 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	2.2	1.5	1.9	2.9	3.0	3.1	3.2
Book value per share ex intangibles	1.9	1.5	1.9	2.8	3.0	3.1	3.2

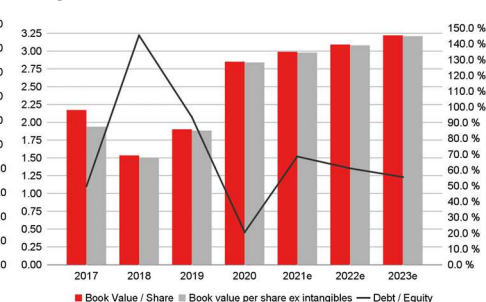
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

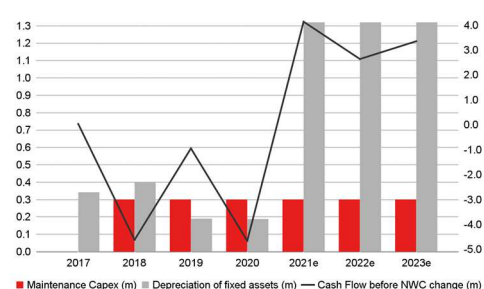
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	1.1	-3.9	-1.4	-2.1	1.9	1.1	1.8
Depreciation of fixed assets	0.3	0.4	0.2	0.2	1.3	1.3	1.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	1.3	0.2	0.2	0.2	0.2	0.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	-1.6	-2.4	0.1	-3.0	0.7	0.0	0.0
Cash Flow before NWC change	0.0	-4.6	-0.9	-4.7	4.1	2.6	3.3
Increase / decrease in inventory	-2.9	1.8	0.8	-1.8	2.2	1.2	-0.3
Increase / decrease in accounts receivable	1.6	1.0	-2.7	1.7	-0.3	-0.9	-0.4
Increase / decrease in accounts payable	0.0	-0.8	0.3	1.0	-0.3	-0.4	0.1
Increase / decrease in other working capital positions	-0.3	0.3	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.5	2.3	-1.6	0.9	1.7	-0.1	-0.6
Net cash provided by operating activities [1]	-1.5	-2.3	-2.5	-3.8	5.8	2.5	2.7
Investments in intangible assets	-1.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Investments in property, plant and equipment	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.9	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.1	0.5	0.0	0.0	0.0
Net cash provided by investing activities [2]	-2.4	-0.3	-0.1	-0.7	-0.6	-0.6	-0.6
Change in financial liabilities	-0.6	8.9	-2.3	-9.5	3.0	-0.9	-0.9
Dividends paid	-1.6	-0.3	0.0	0.0	0.0	-0.4	-0.8
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	5.1	11.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	3.4	0.0	0.0
Net cash provided by financing activities [3]	-2.2	8.6	2.7	1.5	6.4	-1.3	-1.7
Change in liquid funds [1]+[2]+[3]	-6.1	6.0	0.1	-3.0	11.6	0.7	0.5
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	5.5	11.6	11.7	8.3	19.9	20.6	21.0

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	-3.0	-2.6	-2.7	-5.0	5.2	2.0	2.2
Free Cash Flow / Sales	-9.3 %	-10.6 %	-10.8 %	-18.0 %	13.7 %	5.3 %	5.4 %
Free Cash Flow Potential	n.a.	-2.3	-1.1	-1.8	3.6	2.8	3.5
Free Cash Flow / Net Profit	-279.6 %	67.8 %	196.0 %	240.7 %	272.8 %	175.4 %	118.6 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.2 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	3.7 %	2.5 %	1.7 %	4.2 %	3.3 %	1.7 %	1.9 %
Management of Funds							
Investment ratio	4.7 %	2.3 %	2.3 %	2.1 %	1.5 %	1.6 %	1.5 %
Maint. Capex / Sales	n.a.	1.2 %	1.2 %	1.1 %	0.8 %	0.8 %	0.8 %
Capex / Dep	300.2 %	34.5 %	148.7 %	149.4 %	38.2 %	38.2 %	38.2 %
Avg. Working Capital / Sales	27.3 %	34.1 %	32.8 %	31.0 %	19.3 %	17.9 %	17.3 %
Trade Debtors / Trade Creditors	228.8 %	375.5 %	541.0 %	176.4 %	225.0 %	375.0 %	376.9 %
Inventory Turnover	1.9 x	2.0 x	2.1 x	1.7 x	3.2 x	4.2 x	4.2 x
Receivables collection period (days)	37	33	73	44	35	45	45
Payables payment period (days)	36	19	32	59	40	32	31
Cash conversion cycle (Days)	191	196	211	195	108	100	100

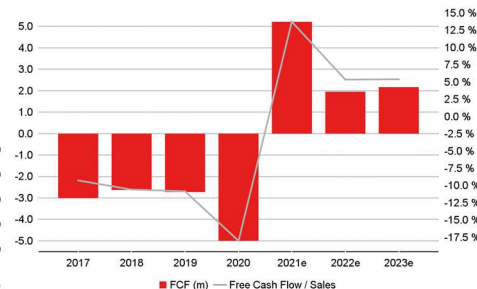
CAPEX and Cash Flow

in EUR m



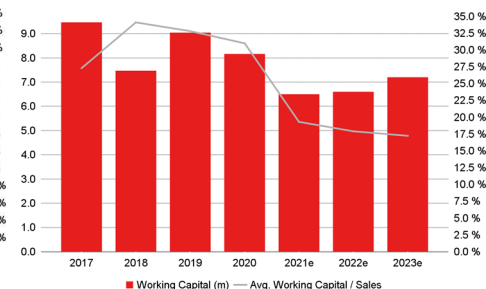
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Vectron Systems AG	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0KEXC7.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

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

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	159	74
Hold	49	23
Sell	3	1
Rating suspended	3	1
Total	214	100

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

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	52	85
Hold	7	11
Sell	0	0
Rating suspended	2	3
Total	61	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 28.01.2022



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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