

Buy EUR 9.60 (EUR 8.80) Price EUR 3.84 Upside 150.0 %	Value Indicators: EUR DCF: 9.60 FCF-Value Potential 25e: 5.20	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: 30.7 No. of shares (m): 8.0 EV: 57.0 Freefloat MC: 18.0 Ø Trad. Vol. (30d): 38.62 th	Shareholders: Freefloat 58.60 % Thomas Stümmeler 41.40 %	Key Figures (WRe): 2022e Beta: 1.3 Price / Book: 1.4 x Equity Ratio: 56 %

Mid-term targets issued; Vectron expected to have reached an inflection point

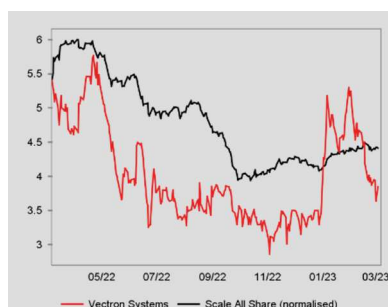
Vectron released a forecast for the 2023-25 timeframe, which exceeds the expectations at the end of this period. We had a chance to speak to the management and gained the impression that the forecast is rather on the conservative side. A slight downer is Vectron's 2023 EBITDA forecast of EUR 1.3 – 2.2m, which is below the estimate of EUR 2.8m. Initially, we assumed that Vectron would reach the breakeven point in the POS and digital services business, and the estimate was reflecting the profit contribution from the acquired acardo. Our assessment is that Vectron has taken a conservative approach and has incorporated a slight yoy-decline in the POS business.

More importantly, the 2024 projection of an EBITDA in the range of EUR 4 – 6.2m is fully in line with our assumption (WRe EUR 5m) and the 2025 projection of an EBITDA in the range of EUR 7.3 – 9.7m exceeds the WR estimate of thus far EUR 7m.

This year's acquisition of digital marketing / couponing specialist acardo is one of the company's growth pillars. We welcomed this step against the background of reducing exposure to the POS business, tapping into a growing adjacent market, the cross-selling potential and the reasonable transaction price. Besides, the roll-out of almost 10 new valuable digital services for its customers in the hospitality sector will drive the company's future growth (e.g. ordering, reservation, payment solutions, self-checkout, couponing etc.). This is generally in line with earlier expectations, as the POS system is still considered to be the central platform for the provision of such services, but the development is happening somewhat later than initially expected. Most of these modules are scheduled to finally launch in 2023, many of them in early Q2. Our impression is that underlying penetration rates into Vectron's customer base (~45k outlets in Germany + 20k abroad) have been set at conservative levels (average penetration for each product <10%).

In recent years, a sometimes not-so-clear plan of how to best address a changing (digitalization of the hospitality sector) and unexpectedly challenging (COVID, inflationary pressure on consumer spending) market environment represented hurdles that had to be overcome and also led to results that fell short of expectations more than once. Vectron is now regarded to be at an inflection point. It has now matured a significant number of additional digital products, which will be introduced during the coming months and provides the basis for the expected future growth. Additionally, the acquisition of acardo paved the way for a return to profitability at group level from FY 2023 onwards. We think there is scope to beat the new mid-term targets and EBITDA margins could approach the 20%-threshold, which is not incorporated into our model. A 2025 EV/EBITDA multiple of <7x (incl. earn-out liability) is considered to be attractive. The PT is increased to EUR 9.60 (150% valuation upside) and does not yet reflect the full potential of Vectron's business model. Visibility should clearly improve by the end of 2023 if subscriptions to the new services develop according to plan. The Buy rating is maintained.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -	
Sales	27.0	-6.5 %	42.2	-8.3 %	46.7	-3.6 %	▪ Reduction of 2023 earnings forecast by EUR 0.5m owing to lower guidance which is however considered to be conservative.
EBITDA	-2.6	n.m.	2.8	-16.5 %	5.0	0.1 %	▪ 2025 earnings estimates increased by ~10% ▪ Anticipating clear upside to expectations from 2025 onwards

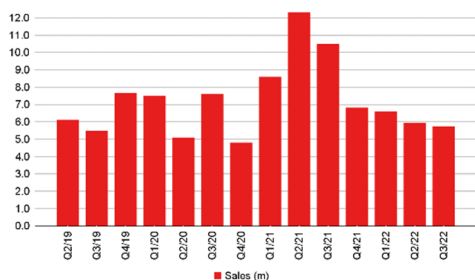


Rel. Performance vs Scale All	
1 month:	-16.4 %
6 months:	4.5 %
Year to date:	3.5 %
Trailing 12 months:	-8.1 %

Company events:	
28.04.23	FY 2022
13.06.23	AGM
31.08.23	Q2

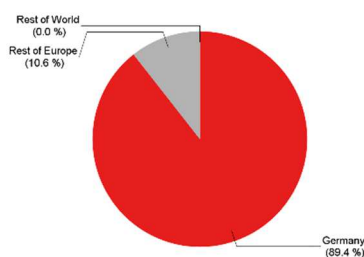
FY End: 31.12. in EUR m	CAGR (21-25e)	2019	2020	2021	2022e	2023e	2024e	2025e
Sales	7.8 %	25.2	25.0	38.2	25.2	38.7	45.0	51.5
Change Sales yoy		1.4 %	-0.7 %	52.9 %	-34.1 %	53.7 %	16.3 %	14.4 %
Gross profit margin		57.8 %	62.7 %	68.8 %	65.4 %	67.0 %	66.4 %	66.5 %
EBITDA	13.0 %	-1.4	-1.7	4.7	-4.0	2.3	5.0	7.7
Margin		-5.5 %	-6.7 %	12.3 %	-15.7 %	6.1 %	11.1 %	14.9 %
EBIT	17.4 %	-1.8	-3.0	3.1	-5.5	0.7	3.3	6.0
Margin		-7.1 %	-12.0 %	8.2 %	-21.8 %	1.7 %	7.3 %	11.5 %
Net income	13.0 %	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0
EPS	13.0 %	-0.19	-0.29	0.30	-0.49	-0.03	0.26	0.49
EPS adj.	13.0 %	-0.19	-0.29	0.30	-0.49	-0.03	0.26	0.49
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-0.38	-0.31	1.03	-0.50	-0.16	0.28	0.54
FCF / Market cap		-3.4 %	-3.0 %	9.4 %	-13.2 %	-4.2 %	7.4 %	14.4 %
EV / Sales		3.2 x	3.2 x	2.2 x	1.2 x	1.5 x	1.2 x	1.0 x
EV / EBITDA		n.a.	n.a.	17.7 x	n.a.	24.3 x	11.1 x	6.7 x
EV / EBIT		n.a.	n.a.	26.6 x	n.a.	84.6 x	16.9 x	8.7 x
P / E		n.a.	n.a.	36.2 x	n.a.	n.a.	14.8 x	7.7 x
P / E adj.		n.a.	n.a.	36.2 x	n.a.	n.a.	14.8 x	7.7 x
FCF Potential Yield		-1.4 %	-1.4 %	4.5 %	-4.1 %	2.3 %	6.7 %	10.8 %
Net Debt		-0.9	-3.2	-4.0	0.0	6.3	5.0	1.7
ROCE (NOPAT)		n.a.	n.a.	11.8 %	n.a.	n.a.	8.1 %	14.2 %
Guidance:		2023: Revenues EUR 36 – 37,8m; EBITDA EUR 1.3 – 2.2m						

Sales development in EUR m



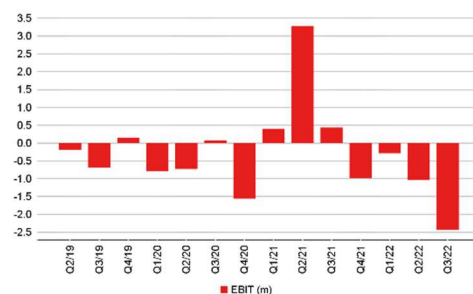
Source: Warburg Research

Sales by regions 2021; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

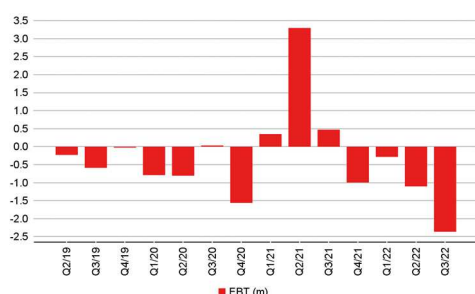
Company Background

- 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.
- With the acquisition of acardo, Vectron establishes a second pillar in (digital) couponing, which should also provide cross-marketing opportunities with its POS business.

Competitive Quality

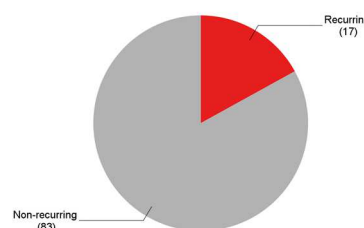
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that 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 digitalisation of the hospitality sector and the new couponing business.

EBT development in EUR m



Source: Warburg Research

Recurring sales 2021; 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
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	25.2	38.7	45.0	51.5	59.8	68.1	73.6	78.7	83.5	88.5	92.9	97.5	99.5	
Sales change	-34.1 %	53.7 %	16.3 %	14.4 %	16.0 %	14.0 %	8.0 %	7.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.0 %	2.0 %
EBIT	-5.5	0.7	3.3	5.9	8.4	9.5	10.3	11.0	11.7	12.4	13.0	13.7	13.9	
EBIT-margin	-21.8 %	1.7 %	7.3 %	11.5 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	
Tax rate (EBT)	31.0 %	152.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	-3.8	-0.4	2.3	4.1	5.9	6.7	7.2	7.7	8.2	8.7	9.1	9.6	9.8	
Depreciation	1.5	1.7	1.7	0.8	1.0	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	
in % of Sales	6.0 %	4.3 %	3.8 %	1.6 %	1.6 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
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	
Change in Liquidity from														
- Working Capital	-0.3	1.9	0.8	1.0	1.4	0.7	0.9	0.0	0.7	0.8	0.7	0.7	0.3	
- Capex	0.7	0.8	0.9	1.1	1.3	1.4	1.5	1.7	1.8	1.9	2.0	2.0	2.1	
Capex in % of Sales	2.8 %	2.1 %	2.0 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	
- Other	0.9	0.9	0.9	0.0	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-3.5	-2.3	1.4	2.9	-15.3	5.9	6.3	7.6	7.4	7.8	8.3	8.8	9.4	10
PV of FCF	-3.9	-2.3	1.3	2.4	-12.1	4.2	4.2	4.6	4.1	4.0	4.0	3.8	3.7	56
share of PVs	-6.61 %			31.20 %										75.41 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.10
Risk free rate	2.75 %	Transparency	1.40
		Others	1.30
WACC	8.84 %	Beta	1.30

Valuation (m)

Present values 2034e	18		
Terminal Value	56		
Financial liabilities	12		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	15	No. of shares (m)	8.0
Equity Value	76	Value per share (EUR)	9.57

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
1.51	9.8 %	7.39	7.54	7.70	7.87	8.05	8.24	8.45	1.51	9.8 %	6.63	7.05	7.46	7.87	8.28	8.69	9.10
1.41	9.3 %	8.08	8.26	8.45	8.66	8.88	9.11	9.36	1.41	9.3 %	7.33	7.77	8.22	8.66	9.10	9.54	9.98
1.35	9.1 %	8.47	8.66	8.87	9.10	9.34	9.60	9.88	1.35	9.1 %	7.72	8.18	8.64	9.10	9.56	10.01	10.47
1.30	8.8 %	8.88	9.09	9.32	9.57	9.83	10.12	10.43	1.30	8.8 %	8.14	8.62	9.09	9.57	10.05	10.52	11.00
1.25	8.6 %	9.32	9.55	9.81	10.08	10.37	10.69	11.04	1.25	8.6 %	8.59	9.09	9.58	10.08	10.58	11.07	11.57
1.19	8.3 %	9.79	10.05	10.33	10.63	10.96	11.31	11.70	1.19	8.3 %	9.08	9.60	10.11	10.63	11.15	11.67	12.18
1.09	7.8 %	10.85	11.17	11.51	11.88	12.29	12.73	13.22	1.09	7.8 %	10.19	10.75	11.32	11.88	12.45	13.01	13.58

- Increasing digitalization drives mid term sales and profitability increase
- High-margin couponing business supports positives earnings development

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	2019	2020	2021	2022e	2023e	2024e	2025e	
Net Income before minorities	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0	
+ Depreciation + Amortisation	0.4	1.3	1.6	1.5	1.7	1.7	1.7	
- Net Interest Income	-0.2	-0.1	0.0	-0.2	-0.2	-0.2	-0.2	
- Maintenance Capex	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
+ Other	0.0	0.0	0.0	1.3	0.0	0.0	0.0	
= Free Cash Flow Potential	-1.1	-1.2	3.7	-1.3	1.3	3.8	5.6	
FCF Potential Yield (on market EV)	-1.4 %	-1.4 %	4.5 %	-4.1 %	2.3 %	6.7 %	10.8 %	
WACC	8.84 %	8.84 %	8.84 %	8.84 %	8.84 %	8.84 %	8.84 %	
= Enterprise Value (EV)	79.9	79.8	83.4	30.7	57.0	55.7	51.7	
= Fair Enterprise Value	n.a.	n.a.	42.2	n.a.	15.0	42.5	63.3	
- Net Debt (Cash)	0.0	0.0	0.0	0.0	6.3	5.0	1.7	
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Other	0.0	0.0	0.0	0.0	20.0	20.0	20.0	
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	n.a.	42.2	n.a.	n.a.	17.4	41.5	
Number of shares, average	7.2	8.0	8.0	8.0	8.0	8.0	8.0	
= Fair value per share (EUR)	n.a.	n.a.	5.24	n.a.	n.a.	2.17	5.16	
premium (-) / discount (+) in %						-43.6 %	37.6 %	
Sensitivity Fair value per Share (EUR)								
	11.84 %	n.a.	n.a.	3.94	n.a.	n.a.	0.84	3.19
	10.84 %	n.a.	n.a.	4.30	n.a.	n.a.	1.20	3.74
	9.83 %	n.a.	n.a.	4.74	n.a.	n.a.	1.64	4.39
WACC	8.84 %	n.a.	n.a.	5.24	n.a.	n.a.	2.17	5.16
	7.84 %	n.a.	n.a.	5.95	n.a.	n.a.	2.86	6.21
	6.84 %	n.a.	n.a.	6.82	n.a.	n.a.	3.74	7.52
	5.84 %	n.a.	n.a.	7.99	n.a.	n.a.	4.92	9.27

- Rising value indication with higher business volume...
- ...this is due to a high operating leverage given gross margins of >50%
- EUR 20m earn-out liability for acardo incorporated

Valuation	2019	2020	2021	2022e	2023e	2024e	2025e
Price / Book	5.8 x	3.6 x	3.4 x	1.4 x	1.4 x	1.3 x	1.1 x
Book value per share ex intangibles	1.88	2.89	3.05	2.56	-0.98	-0.71	-0.21
EV / Sales	3.2 x	3.2 x	2.2 x	1.2 x	1.5 x	1.2 x	1.0 x
EV / EBITDA	n.a.	n.a.	17.7 x	n.a.	24.3 x	11.1 x	6.7 x
EV / EBIT	n.a.	n.a.	26.6 x	n.a.	84.6 x	16.9 x	8.7 x
EV / EBIT adj.*	n.a.	n.a.	26.6 x	n.a.	84.6 x	16.9 x	8.7 x
P / FCF	n.a.	n.a.	10.6 x	n.a.	n.a.	13.5 x	7.0 x
P / E	n.a.	n.a.	36.2 x	n.a.	n.a.	14.8 x	7.7 x
P / E adj.*	n.a.	n.a.	36.2 x	n.a.	n.a.	14.8 x	7.7 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	-1.4 %	-1.4 %	4.5 %	-4.1 %	2.3 %	6.7 %	10.8 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022e	2023e	2024e	2025e
Sales	25.2	25.0	38.2	25.2	38.7	45.0	51.5
Change Sales yoy	1.4 %	-0.7 %	52.9 %	-34.1 %	53.7 %	16.3 %	14.4 %
Increase / decrease in inventory	0.0	-0.1	0.2	-0.9	0.0	0.0	0.0
Own work capitalised	0.0	0.4	0.1	0.0	0.0	0.0	0.0
Total Sales	25.2	25.3	38.5	24.3	38.7	45.0	51.5
Material expenses	10.7	9.6	12.2	7.8	12.8	15.1	17.3
Gross profit	14.5	15.7	26.3	16.5	25.9	29.9	34.3
<i>Gross profit margin</i>	<i>57.8 %</i>	<i>62.7 %</i>	<i>68.8 %</i>	<i>65.4 %</i>	<i>67.0 %</i>	<i>66.4 %</i>	<i>66.5 %</i>
Personnel expenses	9.3	9.6	12.0	11.1	14.3	15.0	16.0
Other operating income	0.3	0.9	0.1	0.4	0.4	0.3	0.4
Other operating expenses	7.0	8.6	9.7	9.8	9.7	10.2	11.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-1.4	-1.7	4.7	-4.0	2.3	5.0	7.7
<i>Margin</i>	<i>-5.5 %</i>	<i>-6.7 %</i>	<i>12.3 %</i>	<i>-15.7 %</i>	<i>6.1 %</i>	<i>11.1 %</i>	<i>14.9 %</i>
Depreciation of fixed assets	0.2	1.2	1.5	1.3	1.5	1.5	1.5
EBITA	-1.6	-2.9	3.2	-5.3	0.9	3.5	6.2
Amortisation of intangible assets	0.2	0.1	0.1	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	-3.0	3.1	-5.5	0.7	3.3	6.0
<i>Margin</i>	<i>-7.1 %</i>	<i>-12.0 %</i>	<i>8.2 %</i>	<i>-21.8 %</i>	<i>1.7 %</i>	<i>7.3 %</i>	<i>11.5 %</i>
EBIT adj.	-1.8	-3.0	3.1	-4.0	0.7	3.3	6.0
Interest income	0.0	0.2	0.3	0.0	0.0	0.0	0.0
Interest expenses	0.2	0.4	0.3	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	-2.0	-3.1	3.1	-5.7	0.5	3.1	5.8
<i>Margin</i>	<i>-7.8 %</i>	<i>-12.5 %</i>	<i>8.2 %</i>	<i>-22.5 %</i>	<i>1.2 %</i>	<i>6.9 %</i>	<i>11.2 %</i>
Total taxes	-0.6	-0.8	0.7	-1.8	0.7	1.0	1.8
Net income from continuing operations	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0
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	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0
<i>Margin</i>	<i>-5.5 %</i>	<i>-9.2 %</i>	<i>6.4 %</i>	<i>-15.6 %</i>	<i>-0.6 %</i>	<i>4.7 %</i>	<i>7.7 %</i>
Number of shares, average	7.2	8.0	8.0	8.0	8.0	8.0	8.0
EPS	-0.19	-0.29	0.30	-0.49	-0.03	0.26	0.49
EPS adj.	-0.19	-0.29	0.30	-0.49	-0.03	0.26	0.49

*Adjustments made for:

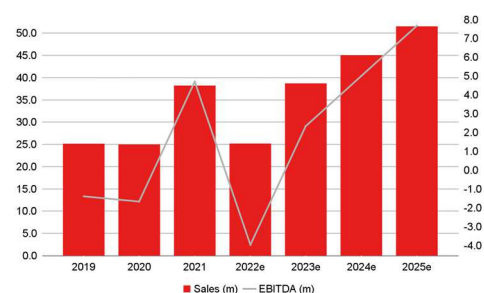
Guidance: 2023: Revenues EUR 36 - 37,8m; EBITDA EUR 1.3 - 2.2m

Financial Ratios

	2019	2020	2021	2022e	2023e	2024e	2025e
Total Operating Costs / Sales	105.6 %	107.7 %	88.4 %	112.2 %	93.9 %	88.9 %	85.1 %
Operating Leverage	-48.6 x	-103.6 x	n.a.	n.a.	n.a.	23.8 x	5.6 x
EBITDA / Interest expenses	n.m.	n.m.	16.0 x	n.m.	11.7 x	25.0 x	38.4 x
Tax rate (EBT)	28.7 %	26.0 %	22.0 %	31.0 %	152.0 %	31.0 %	31.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	156,331	139,676	211,199	140,000	234,679	276,344	299,628

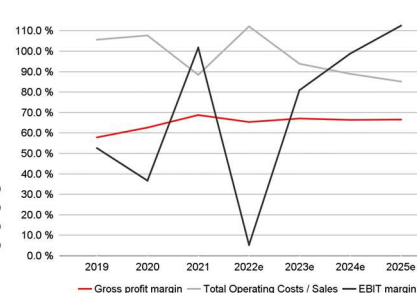
Sales, EBITDA

in EUR m

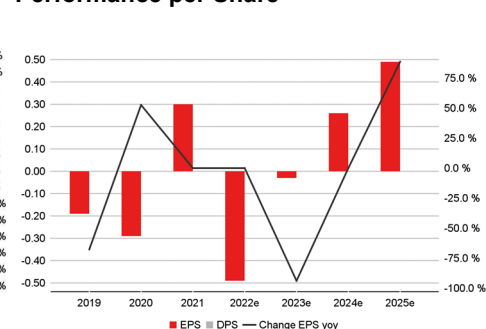


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

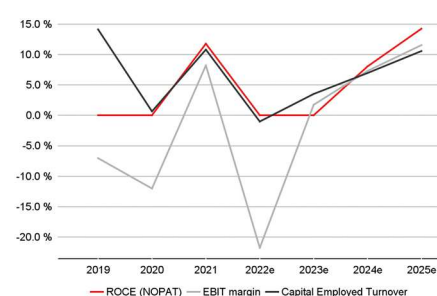
Consolidated balance sheet

In EUR m	2019	2020	2021	2022e	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	0.1	0.1	1.2	1.2	29.2	29.2	29.2
thereof other intangible assets	0.1	0.1	1.2	1.2	1.2	1.2	1.2
thereof Goodwill	0.0	0.0	0.0	0.0	28.0	28.0	28.0
Property, plant and equipment	0.5	1.9	9.6	8.8	8.9	8.1	7.3
Financial assets	2.1	2.1	0.4	0.4	0.4	0.4	0.4
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	2.6	4.0	11.2	10.3	38.5	37.7	36.9
Inventories	5.0	6.7	4.9	3.6	4.8	5.3	5.7
Accounts receivable	5.0	3.5	3.6	2.8	4.2	4.9	5.6
Liquid assets	11.3	8.3	19.9	12.5	5.3	5.7	8.1
Other short-term assets	2.8	9.4	8.2	9.5	9.5	9.4	8.9
Current assets	24.1	27.9	36.5	28.4	23.8	25.2	28.3
Total Assets	26.7	31.9	47.7	38.7	62.3	62.9	65.3
Liabilities and shareholders' equity							
Subscribed capital	7.3	8.0	8.1	8.1	8.1	8.1	8.1
Capital reserve	9.7	20.2	20.2	20.2	20.2	20.2	20.2
Retained earnings	0.0	0.0	0.0	-3.9	-4.2	-2.0	1.9
Other equity components	-3.3	-5.0	-2.7	-2.7	-2.7	-2.7	-2.7
Shareholders' equity	13.8	23.2	25.6	21.6	21.4	23.5	27.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	13.8	23.2	25.6	21.6	21.4	23.5	27.5
Provisions	1.2	0.3	0.2	0.2	0.2	0.2	0.2
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	10.4	5.1	15.8	12.5	11.6	10.7	9.8
Short-term financial liabilities	10.4	1.9	5.1	2.1	2.1	2.1	2.1
Accounts payable	0.9	2.3	3.2	1.4	2.1	2.5	2.8
Other liabilities	0.4	1.0	3.0	3.0	27.0	26.0	25.0
Liabilities	12.9	8.7	22.2	17.1	40.9	39.4	37.8
Total liabilities and shareholders' equity	26.7	31.9	47.7	38.7	62.3	62.9	65.3

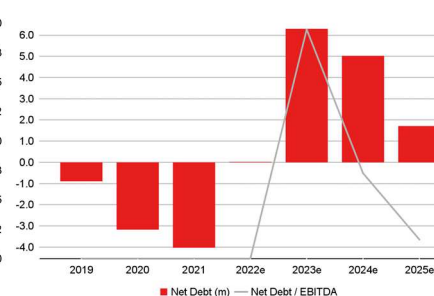
Financial Ratios

	2019	2020	2021	2022e	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	2.6 x	2.6 x	2.6 x	1.8 x	2.5 x	2.9 x	3.3 x
Capital Employed Turnover	1.9 x	1.3 x	1.8 x	1.2 x	1.4 x	1.6 x	1.8 x
ROA	-52.7 %	-57.7 %	21.8 %	-37.9 %	-0.6 %	5.7 %	10.7 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	11.8 %	n.a.	n.a.	8.1 %	14.2 %
ROE	-11.6 %	-12.5 %	10.0 %	-16.6 %	-1.1 %	9.5 %	15.6 %
Adj. ROE	-11.6 %	-12.5 %	10.0 %	-16.6 %	-1.1 %	9.5 %	15.6 %
Balance sheet quality							
Net Debt	-0.9	-3.2	-4.0	0.0	6.3	5.0	1.7
Net Financial Debt	-0.9	-3.2	-4.0	0.0	6.3	5.0	1.7
Net Gearing	-6.5 %	-13.7 %	-15.8 %	0.1 %	29.5 %	21.4 %	6.2 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	268.8 %	100.3 %	22.3 %
Book Value / Share	1.9	2.9	3.2	2.7	2.7	2.9	3.4
Book value per share ex intangibles	1.9	2.9	3.0	2.6	-1.0	-0.7	-0.2

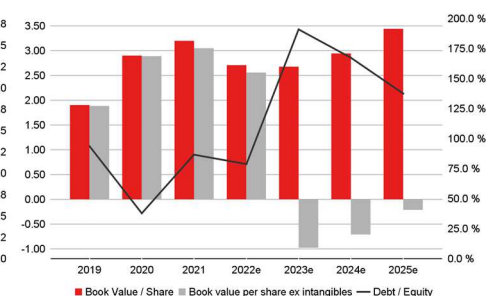
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

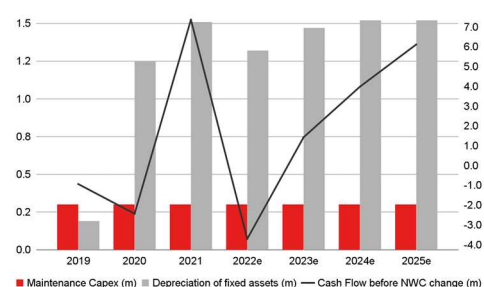
In EUR m	2019	2020	2021	2022e	2023e	2024e	2025e
Net income	-1.4	-2.3	2.4	-3.9	-0.2	2.1	4.0
Depreciation of fixed assets	0.2	1.2	1.5	1.3	1.5	1.5	1.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.1	-1.5	3.3	-1.3	0.0	0.1	0.4
Cash Flow before NWC change	-0.9	-2.4	7.4	-3.7	1.4	4.0	6.1
Increase / decrease in inventory	0.8	-1.8	1.8	1.3	-1.2	-0.5	-0.4
Increase / decrease in accounts receivable	-2.7	1.6	-0.1	0.8	-1.4	-0.7	-0.7
Increase / decrease in accounts payable	0.3	1.4	0.9	-1.8	0.7	0.4	0.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.6	1.2	2.5	0.4	-1.9	-0.8	-0.8
Net cash provided by operating activities [1]	-2.5	-1.3	9.9	-3.4	-0.5	3.2	5.3
Investments in intangible assets	-0.2	0.0	-1.2	-0.2	-0.2	-0.2	-0.2
Investments in property, plant and equipment	-0.4	-1.2	-0.5	-0.5	-0.6	-0.7	-0.8
Payments for acquisitions	0.0	0.0	0.0	0.0	-29.0	-1.0	-1.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.5	1.7	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.1	-0.7	0.1	-0.7	-29.8	-1.9	-2.0
Change in financial liabilities	-2.3	-10.4	1.6	-3.3	-0.9	-0.9	-0.9
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	5.1	11.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	3.4	0.0	24.0	0.0	0.0
Net cash provided by financing activities [3]	2.7	0.7	5.0	-3.3	23.1	-0.9	-0.9
Change in liquid funds [1]+[2]+[3]	0.1	-1.3	15.0	-7.4	-7.2	0.4	2.4
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	11.7	10.0	23.3	12.5	5.3	5.7	8.1

Financial Ratios

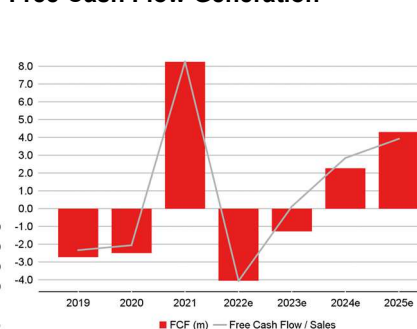
	2019	2020	2021	2022e	2023e	2024e	2025e
Cash Flow							
FCF	-2.7	-2.5	8.3	-4.1	-1.3	2.3	4.3
Free Cash Flow / Sales	-10.8 %	-10.0 %	21.6 %	-16.1 %	-3.3 %	5.1 %	8.4 %
Free Cash Flow Potential	-1.1	-1.2	3.7	-1.3	1.3	3.8	5.6
Free Cash Flow / Net Profit	196.0 %	108.0 %	338.8 %	103.3 %	518.3 %	106.8 %	108.6 %
Interest Received / Avg. Cash	0.2 %	2.4 %	2.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.7 %	4.7 %	2.8 %	1.4 %	1.7 %	1.8 %	2.0 %
Management of Funds							
Investment ratio	2.3 %	4.9 %	4.2 %	2.8 %	2.1 %	2.0 %	1.9 %
Maint. Capex / Sales	1.2 %	1.2 %	0.8 %	1.2 %	0.8 %	0.7 %	0.6 %
Capex / Dep	148.7 %	91.7 %	102.9 %	46.1 %	47.9 %	52.3 %	58.1 %
Avg. Working Capital / Sales	32.8 %	33.8 %	17.3 %	20.5 %	15.4 %	16.2 %	15.7 %
Trade Debtors / Trade Creditors	541.0 %	150.5 %	112.9 %	200.0 %	200.0 %	196.0 %	200.0 %
Inventory Turnover	2.1 x	1.4 x	2.5 x	2.2 x	2.7 x	2.9 x	3.0 x
Receivables collection period (days)	73	50	34	41	40	40	40
Payables payment period (days)	32	87	94	65	60	60	59
Cash conversion cycle (Days)	211	219	88	143	117	107	101

CAPEX and Cash Flow

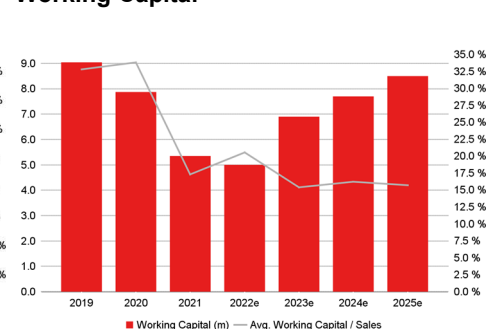
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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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

INVESTMENT RECOMMENDATION

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

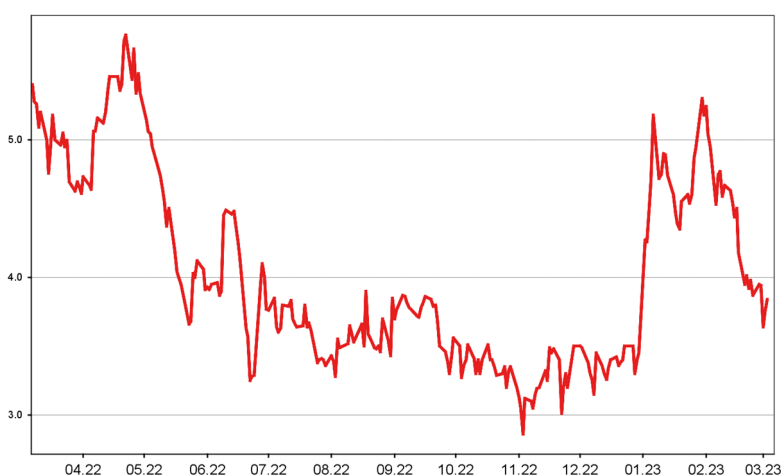
Rating	Number of stocks	% of Universe
Buy	161	75
Hold	43	20
Sell	7	3
Rating suspended	3	1
Total	214	100

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	44	86
Hold	6	12
Sell	0	0
Rating suspended	1	2
Total	51	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 06.03.2023



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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