

**Buy** (old: Buy)

**Price target: EUR 27.00** (old: EUR 27.00)

<b>Price:</b>	EUR 16.15	<b>Next result:</b>	Q4'22 29.03.23
<b>Bloomberg:</b>	KTN GR	<b>Market cap:</b>	EUR 1,051.2 m
<b>Reuters:</b>	KTN.DE	<b>Enterprise Value:</b>	EUR 1,027.2 m

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## Kontron Transportation wins a major project

**Kontron has won two major projects**, which confirm the appeal of its solutions portfolio and are seen to strengthen visibility on growth in 2023E and beyond.

The first project, **which is worth € 89m**, involves the implementation of a solution for the secure identification and authorisation of personnel for the EU. The project has already started and is seen to run for 2-3 years.

**The second project is even more noteworthy**, though the volume should be lower (eHAIB). Kontron will supply critical railway communication technology for the planned Egyptian high-speed train network. **We estimate the project volume for Kontron to amount to € 35-45m**, of which 2/3 should be the project component and 1/3 the maintenance component. We expect the project to be realised as revenues in 2023E and 2024E, while a part could also fall into 2025E.

The project in Egypt was won by a consortium under the leadership of Siemens Mobility, which has a c. € 8bn revenue share in the deal. Once finished, **it will be the sixth largest rail network in the world with a length of 2,000km**, connecting 60 cities by train and providing 90% of Egypt's population access to this high-speed transportation system.

**The project win is noteworthy for two reasons:**

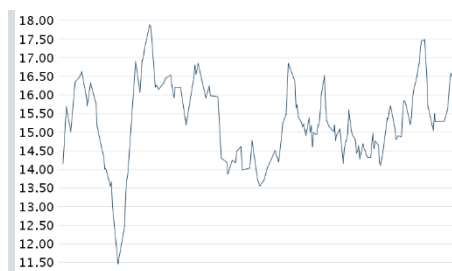
- It is another win for Kontron Transportation, **demonstrating management's skill in M&A turnarounds**. Note that the Transportation division (€ 150m annual revenues / eHAIB) was acquired from Kapsch in 2019 for only € 10m (EV), because it was heavily loss making at the time. Today, Transportation should be a major and **highly profitable growth driver** for the group: we estimate EBITDA margins at 15-20%.
- **The cooperation with Siemens Mobility could extend beyond this project**, expanding Kontron Transportation's international footprint and TAM and thus accelerating revenue growth. While Kontron Transportation is the **market leader in Europe**, it currently lacks exposure to the rest of the world. Siemens Mobility could provide this, without Kontron needing to invest into direct distribution.

With this, Transportation is set to remain one of Kontron's major growth drivers, **especially in light of a highly dynamic market environment**. For instance, India is planning to implement rail networks with a length of 5,100km, and its 2022 National Rail Plan is looking to increase this to 8,100km. Meanwhile, the master plan of the African Union is calling for at least 5 pilot railway projects with a length of more than 1,000km each. **Reiterate BUY with a € 27.00 PT based on DCF.**

Y/E 31.12 (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Sales	990.9	1,122.9	1,254.8	1,005.0	1,083.0	1,126.3	1,295.3
Sales growth	12 %	13 %	12 %	-20 %	8 %	4 %	15 %
EBITDA	90.5	111.7	130.0	88.0	94.8	105.3	138.6
EBIT	61.5	61.8	68.6	35.0	40.4	50.2	82.7
Net income	45.0	49.1	55.6	48.0	179.2	39.0	69.0
Net debt	-52.7	91.5	104.1	116.0	-49.0	-160.1	-195.0
EPS pro forma	0.68	0.74	0.84	0.44	0.46	0.61	1.08
CPS	0.32	0.88	1.67	0.83	-0.71	0.93	0.93
DPS	0.16	0.00	0.30	0.35	1.00	0.60	0.60
Dividend yield	1.0 %	0.0 %	1.8 %	2.1 %	6.1 %	3.6 %	3.6 %
Gross profit margin	36.0 %	37.2 %	37.2 %	36.7 %	37.6 %	38.2 %	38.8 %
EBITDA margin	9.1 %	9.9 %	10.4 %	8.8 %	8.8 %	9.3 %	10.7 %
EBIT margin	6.2 %	5.5 %	5.5 %	3.5 %	3.7 %	4.5 %	6.4 %
ROCE	11.9 %	8.8 %	9.9 %	4.0 %	4.6 %	5.8 %	9.5 %
EV/EBITDA	11.6	10.9	9.4	14.0	10.8	8.7	6.4
EV/EBIT	17.1	19.6	17.8	35.2	25.5	18.2	10.7
PER	24.3	22.2	19.6	37.6	36.0	26.9	15.2
Adjusted FCF yield	6.2 %	6.9 %	7.8 %	4.1 %	5.2 %	7.2 %	10.8 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 11.01.2023

Please refer to important disclosures at the end of the report



Source: Company data, Hauck Aufhäuser Investment Banking

**High/low 52 weeks:** 17.88 / 11.46

**Price/Book Ratio:** 2.4

**Relative performance (TecDAX):**

3 months -6.7 %

6 months 4.6 %

12 months 27.0 %

### Changes in estimates

		Sales	EBIT	EPS
2022	<b>old:</b>	1,083.0	40.4	0.46
	Δ	-	-	-
2023	<b>old:</b>	1,126.3	50.2	0.61
	Δ	-	-	-
2024	<b>old:</b>	1,295.3	82.7	1.08
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 63.6  
 Authorised capital: (in € m) 12.1  
 Book value per share: (in €) 6.6  
 Ø trading volume: (12 months) 155,000

### Major shareholders:

Free Float 55.2 %  
 Ennoconn 27.6 %  
 Management 6.5 %  
 Amiral Gestion 5.4 %  
 Naneva BV 5.3 %

### Company description:

Leading IoT solutions provider targeting industrial, medical, avionics, smart energy, and other applications

## Financials

Profit and loss (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,005.0</b>	<b>1,083.0</b>	<b>1,126.3</b>	<b>1,295.3</b>
Sales growth	12.3 %	13.3 %	11.7 %	-19.9 %	7.8 %	4.0 %	15.0 %
Increase/decrease in finished goods and work-in-process	15.1	15.5	17.6	14.5	11.9	11.8	13.0
<b>Total sales</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,019.5</b>	<b>1,094.9</b>	<b>1,138.1</b>	<b>1,308.2</b>
Other operating income	7.5	8.0	8.8	13.5	16.2	5.6	6.5
Material expenses	644.3	715.4	799.0	645.0	683.4	702.8	800.5
Personnel expenses	194.6	245.2	273.3	238.0	255.6	259.1	291.4
Other operating expenses	84.0	74.2	78.8	62.0	77.4	76.6	84.2
Total operating expenses	915.4	1,026.7	1,142.4	931.5	1,000.2	1,032.8	1,169.6
<b>EBITDA</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>88.0</b>	<b>94.8</b>	<b>105.3</b>	<b>138.6</b>
Depreciation	29.0	25.9	30.9	29.6	30.9	31.6	32.4
<b>EBITA</b>	<b>61.5</b>	<b>85.8</b>	<b>99.1</b>	<b>58.4</b>	<b>63.9</b>	<b>73.7</b>	<b>106.2</b>
Amortisation of goodwill	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	n/a	24.0	30.5	23.4	23.5	23.5	23.5
Impairment charges	n/a	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>61.5</b>	<b>61.8</b>	<b>68.6</b>	<b>35.0</b>	<b>40.4</b>	<b>50.2</b>	<b>82.7</b>
Interest income	1.0	1.3	1.6	1.6	1.6	2.3	2.3
Interest expenses	6.2	9.0	9.3	7.6	9.5	8.1	6.6
Other financial result	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Financial result	-5.2	-7.7	-7.9	-6.0	-7.9	-5.8	-4.2
<b>Recurring pretax income from continuing operations</b>	<b>56.3</b>	<b>54.1</b>	<b>60.7</b>	<b>29.0</b>	<b>32.5</b>	<b>44.4</b>	<b>78.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>56.3</b>	<b>54.1</b>	<b>60.7</b>	<b>29.0</b>	<b>32.5</b>	<b>44.4</b>	<b>78.5</b>
Taxes	7.9	4.6	6.1	0.0	3.2	5.3	9.4
<b>Net income from continuing operations</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>29.0</b>	<b>29.2</b>	<b>39.0</b>	<b>69.0</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	-19.0	-150.0	0.0	0.0
<b>Net income</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>48.0</b>	<b>179.2</b>	<b>39.0</b>	<b>69.0</b>
Minority interest	3.5	0.4	-1.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>45.0</b>	<b>49.1</b>	<b>55.6</b>	<b>48.0</b>	<b>179.2</b>	<b>39.0</b>	<b>69.0</b>
Average number of shares	66.1	66.1	65.0	65.0	63.6	63.6	63.6
<b>EPS reported</b>	<b>0.68</b>	<b>0.74</b>	<b>0.86</b>	<b>0.74</b>	<b>2.82</b>	<b>0.61</b>	<b>1.08</b>

Profit and loss (common size)	2018	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	1.5 %	1.4 %	1.4 %	1.4 %	1.1 %	1.1 %	1.0 %
<b>Total sales</b>	<b>101.5 %</b>	<b>101.4 %</b>	<b>101.4 %</b>	<b>101.4 %</b>	<b>101.1 %</b>	<b>101.1 %</b>	<b>101.0 %</b>
Other operating income	0.8 %	0.7 %	0.7 %	1.3 %	1.5 %	0.5 %	0.5 %
Material expenses	65.0 %	63.7 %	63.7 %	64.2 %	63.1 %	62.4 %	61.8 %
Personnel expenses	19.6 %	21.8 %	21.8 %	23.7 %	23.6 %	23.0 %	22.5 %
Other operating expenses	8.5 %	6.6 %	6.3 %	6.2 %	7.2 %	6.8 %	6.5 %
Total operating expenses	92.4 %	91.4 %	91.0 %	92.7 %	92.4 %	91.7 %	90.3 %
<b>EBITDA</b>	<b>9.1 %</b>	<b>9.9 %</b>	<b>10.4 %</b>	<b>8.8 %</b>	<b>8.8 %</b>	<b>9.3 %</b>	<b>10.7 %</b>
Depreciation	2.9 %	2.3 %	2.5 %	2.9 %	2.9 %	2.8 %	2.5 %
<b>EBITA</b>	<b>6.2 %</b>	<b>7.6 %</b>	<b>7.9 %</b>	<b>5.8 %</b>	<b>5.9 %</b>	<b>6.5 %</b>	<b>8.2 %</b>
Amortisation of goodwill	n/a	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	n/a	2.1 %	2.4 %	2.3 %	2.2 %	2.1 %	1.8 %
Impairment charges	n/a	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>5.5 %</b>	<b>3.5 %</b>	<b>3.7 %</b>	<b>4.5 %</b>	<b>6.4 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.2 %	0.2 %
Interest expenses	0.6 %	0.8 %	0.7 %	0.8 %	0.9 %	0.7 %	0.5 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>5.7 %</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>2.9 %</b>	<b>3.0 %</b>	<b>3.9 %</b>	<b>6.1 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>5.7 %</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>2.9 %</b>	<b>3.0 %</b>	<b>3.9 %</b>	<b>6.1 %</b>
Tax rate	14.0 %	8.4 %	10.0 %	0.0 %	10.0 %	12.0 %	12.0 %
<b>Net income from continuing operations</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>2.9 %</b>	<b>2.7 %</b>	<b>3.5 %</b>	<b>5.3 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-1.9 %	-13.9 %	0.0 %	0.0 %
<b>Net income</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>16.5 %</b>	<b>3.5 %</b>	<b>5.3 %</b>
Minority interest	0.4 %	0.0 %	neg.	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>16.5 %</b>	<b>3.5 %</b>	<b>5.3 %</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets</b>	<b>207.6</b>	<b>294.9</b>	<b>302.3</b>	<b>312.5</b>	<b>87.9</b>	<b>57.4</b>	<b>48.3</b>
Property, plant and equipment	37.1	99.8	135.1	132.5	110.5	88.6	69.7
Financial assets	0.3	22.8	22.1	32.5	32.5	32.5	32.5
<b>FIXED ASSETS</b>	<b>244.9</b>	<b>417.5</b>	<b>459.5</b>	<b>477.5</b>	<b>230.8</b>	<b>178.5</b>	<b>150.6</b>
Inventories	130.8	146.8	159.9	187.3	240.7	234.7	259.1
Accounts receivable	202.7	212.2	204.5	232.5	204.7	212.9	244.9
Other current assets	68.0	102.6	104.2	118.1	121.0	124.0	127.1
Liquid assets	171.8	312.3	281.9	296.5	461.5	455.1	470.0
Deferred taxes	29.8	34.4	36.6	40.2	40.2	40.2	40.2
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>603.0</b>	<b>808.2</b>	<b>787.1</b>	<b>874.6</b>	<b>1,068.1</b>	<b>1,066.9</b>	<b>1,141.2</b>
<b>TOTAL ASSETS</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,352.1</b>	<b>1,298.9</b>	<b>1,245.4</b>	<b>1,291.8</b>
SHAREHOLDERS EQUITY	356.0	372.7	404.0	418.6	422.3	477.2	505.6
MINORITY INTEREST	11.3	12.4	5.4	4.7	4.7	0.0	0.0
Long-term debt	79.4	341.0	343.2	340.2	340.2	270.0	260.0
Provisions for pensions and similar obligations	14.6	30.0	26.8	25.1	25.1	25.1	25.1
Other provisions	28.0	54.4	40.5	31.4	31.4	31.4	31.4
<b>Non-current liabilities</b>	<b>122.0</b>	<b>425.4</b>	<b>410.5</b>	<b>396.7</b>	<b>396.7</b>	<b>326.5</b>	<b>316.5</b>
short-term liabilities to banks	39.6	62.8	42.8	72.3	72.3	25.0	15.0
Accounts payable	177.0	205.0	210.0	270.0	207.7	216.0	248.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	129.4	134.2	160.6	176.7	182.0	187.5	193.1
Deferred taxes	12.6	13.4	13.3	13.2	13.2	13.2	13.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>358.6</b>	<b>415.3</b>	<b>426.6</b>	<b>532.2</b>	<b>475.2</b>	<b>441.7</b>	<b>469.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,352.1</b>	<b>1,298.9</b>	<b>1,245.4</b>	<b>1,291.8</b>

Balance sheet (common size)	2018	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets</b>	<b>24.5 %</b>	<b>24.1 %</b>	<b>24.2 %</b>	<b>23.1 %</b>	<b>6.8 %</b>	<b>4.6 %</b>	<b>3.7 %</b>
Property, plant and equipment	4.4 %	8.1 %	10.8 %	9.8 %	8.5 %	7.1 %	5.4 %
Financial assets	0.0 %	1.9 %	1.8 %	2.4 %	2.5 %	2.6 %	2.5 %
<b>FIXED ASSETS</b>	<b>28.9 %</b>	<b>34.1 %</b>	<b>36.9 %</b>	<b>35.3 %</b>	<b>17.8 %</b>	<b>14.3 %</b>	<b>11.7 %</b>
Inventories	15.4 %	12.0 %	12.8 %	13.9 %	18.5 %	18.8 %	20.1 %
Accounts receivable	23.9 %	17.3 %	16.4 %	17.2 %	15.8 %	17.1 %	19.0 %
Other current assets	8.0 %	8.4 %	8.4 %	8.7 %	9.3 %	10.0 %	9.8 %
Liquid assets	20.3 %	25.5 %	22.6 %	21.9 %	35.5 %	36.5 %	36.4 %
Deferred taxes	3.5 %	2.8 %	2.9 %	3.0 %	3.1 %	3.2 %	3.1 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>71.1 %</b>	<b>65.9 %</b>	<b>63.1 %</b>	<b>64.7 %</b>	<b>82.2 %</b>	<b>85.7 %</b>	<b>88.3 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	42.0 %	30.4 %	32.4 %	31.0 %	32.5 %	38.3 %	39.1 %
MINORITY INTEREST	1.3 %	1.0 %	0.4 %	0.3 %	0.4 %	0.0 %	0.0 %
Long-term debt	9.4 %	27.8 %	27.5 %	25.2 %	26.2 %	21.7 %	20.1 %
Provisions for pensions and similar obligations	1.7 %	2.4 %	2.2 %	1.9 %	1.9 %	2.0 %	1.9 %
Other provisions	3.3 %	4.4 %	3.2 %	2.3 %	2.4 %	2.5 %	2.4 %
<b>Non-current liabilities</b>	<b>14.4 %</b>	<b>34.7 %</b>	<b>32.9 %</b>	<b>29.3 %</b>	<b>30.5 %</b>	<b>26.2 %</b>	<b>24.5 %</b>
short-term liabilities to banks	4.7 %	5.1 %	3.4 %	5.3 %	5.6 %	2.0 %	1.2 %
Accounts payable	20.9 %	16.7 %	16.8 %	20.0 %	16.0 %	17.3 %	19.2 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	15.3 %	10.9 %	12.9 %	13.1 %	14.0 %	15.1 %	14.9 %
Deferred taxes	1.5 %	1.1 %	1.1 %	1.0 %	1.0 %	1.1 %	1.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>42.3 %</b>	<b>33.9 %</b>	<b>34.2 %</b>	<b>39.4 %</b>	<b>36.6 %</b>	<b>35.5 %</b>	<b>36.4 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	48.5	49.5	54.6	48.0	179.2	39.0	69.0
Depreciation of fixed assets (incl. leases)	29.9	49.9	30.9	63.6	30.9	31.6	32.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	30.5	0.0	23.5	23.5	23.5
Others	-17.7	3.7	-8.5	-1.8	-150.0	0.0	0.0
Cash flow from operations before changes in w/c	60.7	103.1	107.5	109.8	83.6	94.1	124.9
Increase/decrease in inventory	-4.1	-16.0	-13.1	-27.5	-53.3	6.0	-24.4
Increase/decrease in accounts receivable	-23.1	-30.0	41.4	-28.1	27.8	-8.2	-31.9
Increase/decrease in accounts payable	2.1	49.7	5.0	60.0	-62.3	8.3	32.4
Increase/decrease in other working capital positions	0.0	-23.5	0.0	-19.9	0.0	0.0	0.0
Increase/decrease in working capital	-25.1	-19.8	33.3	-15.5	-87.8	6.1	-23.9
<b>Cash flow from operating activities</b>	<b>35.5</b>	<b>83.4</b>	<b>140.8</b>	<b>94.3</b>	<b>-4.2</b>	<b>100.3</b>	<b>101.0</b>
CAPEX	25.1	27.1	33.9	47.0	42.2	42.8	47.9
Payments for acquisitions	39.6	27.2	41.0	13.9	20.5	0.0	0.0
Financial investments	-0.5	4.3	3.6	8.2	0.0	0.0	0.0
Income from asset disposals	1.1	2.9	1.3	2.8	255.0	117.3	20.0
<b>Cash flow from investing activities</b>	<b>-63.1</b>	<b>-55.7</b>	<b>-77.2</b>	<b>-66.3</b>	<b>192.3</b>	<b>74.5</b>	<b>-27.9</b>
Cash flow before financing	-27.6	27.7	63.6	28.0	188.1	174.8	73.1
Increase/decrease in debt position	1.2	128.1	-40.9	28.8	0.0	-117.5	-20.0
Purchase of own shares	0.0	14.6	12.2	20.6	0.0	0.0	0.0
Capital measures	2.2	0.0	1.4	0.0	0.0	0.0	0.0
Dividends paid	8.3	10.6	0.0	19.2	23.1	63.6	38.2
Others	-15.9	-19.1	-14.1	-9.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.3	1.1	-8.1	4.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-20.9</b>	<b>83.8</b>	<b>-65.8</b>	<b>-20.2</b>	<b>-23.1</b>	<b>-181.1</b>	<b>-58.2</b>
Increase/decrease in liquid assets	-48.2	112.6	-10.2	12.0	165.0	-6.3	14.9
<b>Liquid assets at end of period</b>	<b>171.8</b>	<b>312.3</b>	<b>281.9</b>	<b>296.5</b>	<b>461.5</b>	<b>455.1</b>	<b>470.0</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Regional split (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Domestic	98.4	102.2	106.7	80.4	86.6	90.1	103.6
yoy change	-9.1 %	3.8 %	4.4 %	-24.6 %	7.8 %	4.0 %	15.0 %
Rest of Europe	300.0	336.9	373.9	294.5	328.1	341.3	392.5
yoy change	23.6 %	12.3 %	11.0 %	-21.3 %	11.4 %	4.0 %	15.0 %
NAFTA	133.2	152.7	178.2	147.7	148.4	154.3	177.5
yoy change	0.8 %	14.7 %	16.7 %	-17.1 %	0.4 %	4.0 %	15.0 %
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	459.4	531.1	596.0	482.4	519.8	540.6	621.7
yoy change	15.2 %	15.6 %	12.2 %	-19.1 %	7.8 %	4.0 %	15.0 %
<b>TTL</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,005.0</b>	<b>1,083.0</b>	<b>1,126.3</b>	<b>1,295.3</b>
yoy change	12.3 %	13.3 %	11.7 %	-19.9 %	7.8 %	4.0 %	15.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
<b>P&amp;L growth analysis</b>							
Sales growth	12.3 %	13.3 %	11.7 %	-19.9 %	7.8 %	4.0 %	15.0 %
EBITDA growth	33.0 %	23.4 %	43.6 %	-21.2 %	-27.1 %	19.7 %	46.3 %
EBIT growth	47.3 %	0.4 %	11.5 %	-43.3 %	-41.1 %	43.4 %	104.9 %
EPS growth	58.9 %	9.2 %	25.7 %	-0.6 %	229.2 %	-16.9 %	-61.5 %
<b>Efficiency</b>							
Total operating costs / sales	92.4 %	91.4 %	91.0 %	92.7 %	92.4 %	91.7 %	90.3 %
Sales per employee	254.1	259.8	242.1	190.5	215.2	219.9	320.6
EBITDA per employee	23.2	25.9	25.1	16.7	18.8	20.6	34.3
<b>Balance sheet analysis</b>							
Avg. working capital / sales	14.0 %	13.8 %	12.4 %	15.1 %	18.1 %	16.9 %	19.0 %
Inventory turnover (sales/inventory)	7.6	7.7	7.8	5.4	4.5	4.8	5.0
Trade debtors in days of sales	74.6	69.0	59.5	84.5	69.0	69.0	69.0
A/P turnover [(A/P*365)/sales]	65.2	66.6	61.1	98.1	70.0	70.0	70.0
Cash conversion cycle (days)	48.5	39.2	36.6	37.7	86.6	78.7	73.9
<b>Cash flow analysis</b>							
Free cash flow	10.4	56.3	106.9	47.3	-46.4	57.5	53.1
Free cash flow/sales	1.1 %	5.0 %	8.5 %	4.7 %	-4.3 %	5.1 %	4.1 %
FCF / net profit	23.2 %	114.6 %	192.2 %	98.6 %	neg.	147.2 %	76.9 %
Capex / deprn	82.3 %	62.9 %	61.2 %	86.7 %	77.6 %	77.7 %	85.7 %
Capex / maintenance capex	n/a	74.6 %	114.5 %	89.0 %	58.4 %	60.0 %	68.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-52.7	91.5	104.1	116.0	-49.0	-160.1	-195.0
Net Debt/EBITDA	0.0	0.8	0.8	1.3	0.0	0.0	0.0
Net debt / equity	neg.	0.2	0.3	0.3	neg.	neg.	neg.
Interest cover	10.0	6.9	7.4	4.6	4.3	6.2	12.6
Dividend payout ratio	23.5 %	0.0 %	35.7 %	48.2 %	35.5 %	97.8 %	55.3 %
<b>Asset utilisation</b>							
Capital employed turnover	1.9	1.3	1.5	1.1	1.2	1.4	1.5
Operating assets turnover	5.1	4.4	4.3	3.6	3.1	3.5	4.0
Plant turnover	26.7	11.3	9.3	7.6	9.8	12.7	18.6
Inventory turnover (sales/inventory)	7.6	7.7	7.8	5.4	4.5	4.8	5.0
<b>Returns</b>							
ROCE	11.9 %	8.8 %	9.9 %	4.0 %	4.6 %	5.8 %	9.5 %
ROE	12.6 %	13.2 %	13.8 %	11.5 %	42.4 %	8.2 %	13.7 %
<b>Other</b>							
Interest paid / avg. debt	5.3 %	3.4 %	3.7 %	1.9 %	2.4 %	2.3 %	1.9 %
No. employees (average)	3900	4322	5184	5275	5034	5123	4040
Number of shares	66.1	66.1	65.0	65.0	63.6	63.6	63.6
DPS	0.2	0.0	0.3	0.4	1.0	0.6	0.6
EPS reported	0.68	0.74	0.86	0.74	2.82	0.61	1.08
<b>Valuation ratios</b>							
P/BV	3.1	2.9	2.7	2.6	2.5	2.2	2.1
EV/sales	1.1	1.1	1.0	1.2	0.9	0.8	0.7
EV/EBITDA	11.6	10.9	9.4	14.0	10.8	8.7	6.4
EV/EBITA	17.1	14.1	12.3	21.1	16.1	12.4	8.3
EV/EBIT	17.1	19.6	17.8	35.2	25.5	18.2	10.7
EV/FCF	101.0	21.6	11.4	26.1	-22.1	15.9	16.6
Adjusted FCF yield	6.2 %	6.9 %	7.8 %	4.1 %	5.2 %	7.2 %	10.8 %
Dividend yield	1.0 %	0.0 %	1.8 %	2.1 %	6.1 %	3.6 %	3.6 %

Source: Company data, Hauck Aufhäuser Investment Banking

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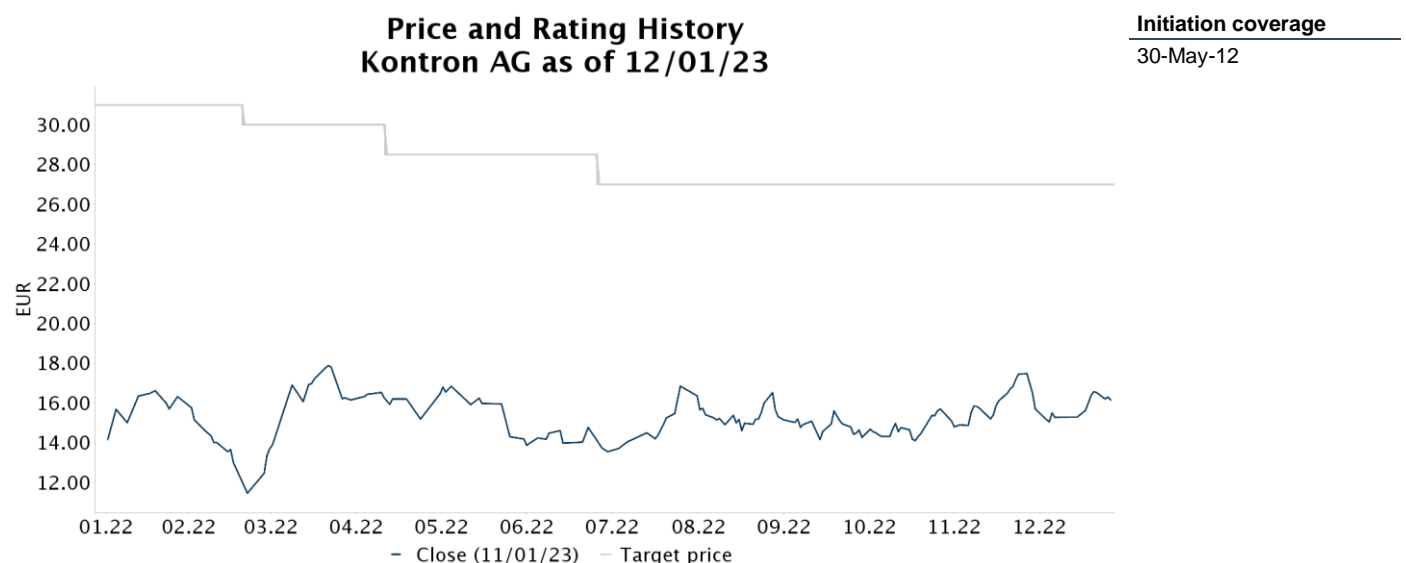
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Company	Disclosure
Kontron AG	8

**Historical target price and rating changes for Kontron AG in the last 12 months**



Company	Date	Analyst	Rating	Target price	Close
Kontron AG	09.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,20
	11.08.2022	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,85
	28.07.2022	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 14,04
	13.07.2022	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 13,73
	17.05.2022	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 16,80

28.04.2022	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 15,93
05.04.2022	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 17,77
22.03.2022	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 13,90
09.03.2022	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 11,46
15.02.2022	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 16,32
01.02.2022	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 16,48
26.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 15,01
18.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 14,66

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