

# Kontron AG

## Germany - Technology



HAUCK  
AUFHÄUSER  
INVESTMENT BANKING

**Buy** (old: Buy)

**Price target: EUR 30.00** (old: EUR 30.00)

**Price:** EUR 19.79      **Next result:** Q2'23 03.08.23  
**Bloomberg:** KTN GR      **Market cap:** EUR 1,259.3 m  
**Reuters:** KTN.DE      **Enterprise Value:** EUR 1,130.2 m

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**Tim Wunderlich, CFA**  
Analyst

tim.wunderlich@ha-ib.de

Tel.: +49 40 4143885 81

### Q2 preview: remarkable bottom-line growth expected yet again

NB: results for the prior year are adjusted for the IT Services divestment. Adjusted figures for the segments have not yet been made available by the company. Hence, yoy segment growth rates are an approximation -

**Q2'23E results are due on August 3.** Management will hold a conference call the same day at 9:00 am CEST. Register via <https://webcast.meetyoo.de/reg/SVfl38hBGdk2>

EUR	Q2'23 est	Q2'23 cons.	Q2'22	yoy	Q1'23	qoq	H1'23 est	H1'22	yoy
Sales	280	279	245	14%	278	1%	557	492	13%
EBITDA	30.4	30.1	24.5	24%	29.6	3%	59.7	48.2	24%
EBITDA margin	10.9%	10.8%	10.0%	+ 0.9 pp	10.7%	+ 0.2 pp	10.7%	9.8%	+ 0.9 pp
Net income	16.8	16.7	9.0	87%	16.6	1%	33.3	19.0	75%
Net margin	6.0%	6.0%	3.7%	+ 2.3 pp	6.0%	+ 0.0 pp	6.0%	3.9%	+ 2.1 pp

We expect Kontron to report another quarter of dynamic top and disproportionate bottom-line growth, which should **put the company on track to outperform its FY'23E net income guidance** (conservatively not yet accounted for in eHAIB).

**Q2 group sales are seen to rise by 14% yoy to € 280m, driven by strength in segment Global** (eHAIB: +30% yoy / 18% of group sales), thanks to a recovery of the Avionics end-market and a successful repositioning of the US business.

**Segment Software + Solutions** (18% of group sales) should grow by approx. 15% yoy carried by Transportation project wins, while revenue for the **segment Europe** (65%) is seen to rise by 8% yoy, with sound demand in Industrial / Smart Factory applications partly offset by the phase-out of low-margin revenues in the OT Services business.

**Q2 order intake looks set to normalize at a level of around € 300m**, with the book to bill seen at a healthy 1.1x, following the extraordinary € 391m achieved in Q1'23 thanks to large Transportation project wins.

**Q2 EBITDA is set to grow by 24% yoy to € 30.4m** on the back of favourable sales mix effects (40%+ gross margin expected) and a major growth and profitability turnaround of the segment Global, as already seen in Q1, thanks to a repositioning of the US business (e.g. new management) and efficiency measures (e.g. personnel cuts). **Q2 net income is seen to rise even more strongly by 87% yoy to € 16.8m** benefitting from reduced PPA amortisation and a better financial result.

**Kontron is expected to confirm its FY net income guidance of € 66m, which is conservative, considering net income of € 33m expected for H1'23E and the typical seasonality with a disproportionately strong Q4.** Reiterate BUY; the € 30.00 PT is based on DCF.

Y/E 31.12 (EUR m)	2019	2020	2021	2022	2023E	2024E	2025E
Sales	1,122.9	1,254.8	1,002.9	1,096.1	1,201.0	1,395.3	1,546.0
Sales growth	13 %	12 %	-20 %	9 %	10 %	16 %	11 %
EBITDA	111.7	130.0	90.1	70.0	119.7	143.7	163.1
EBIT	61.8	68.6	40.1	-2.0	74.3	96.8	116.1
Net income	49.1	55.6	48.3	232.5	64.5	85.4	102.9
Net debt	91.5	104.1	116.0	-65.6	-148.9	-191.3	-205.6
EPS pro forma	0.74	0.84	0.45	-0.19	1.01	1.34	1.62
CPS	0.88	1.67	0.87	-0.15	1.03	1.21	1.15
DPS	0.00	0.30	0.35	1.00	0.60	0.60	0.60
Dividend yield	0.0 %	1.5 %	1.8 %	5.1 %	3.0 %	3.0 %	3.0 %
Gross profit margin	37.2 %	37.2 %	37.1 %	35.1 %	39.3 %	39.1 %	39.2 %
EBITDA margin	9.9 %	10.4 %	9.0 %	6.4 %	10.0 %	10.3 %	10.6 %
EBIT margin	5.5 %	5.5 %	4.0 %	-0.2 %	6.2 %	6.9 %	7.5 %
ROCE	8.8 %	9.9 %	4.5 %	-0.2 %	8.1 %	9.6 %	11.8 %
EV/EBITDA	12.8	11.1	16.1	17.3	9.4	7.6	6.6
EV/EBIT	23.1	21.0	36.2	-602.0	15.2	11.2	9.2
PER	26.6	23.5	43.9	-102.7	19.5	14.7	12.2
Adjusted FCF yield	5.9 %	6.7 %	3.6 %	1.4 %	7.4 %	9.5 %	11.3 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 31.07.2023



Source: Company data, Hauck Aufhäuser Investment Banking

**High/low 52 weeks:** 19.80 / 14.10

**Price/Book Ratio:** 2.1

**Relative performance (TecDAX):**

3 months 9.4 %

6 months 0.0 %

12 months 27.8 %

### Changes in estimates

		Sales	EBIT	EPS
2023	old:	1,201.0	74.3	1.01
	Δ	-	-	-
2024	old:	1,395.3	96.8	1.34
	Δ	-	-	-
2025	old:	1,546.0	116.1	1.62
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 63.6

Authorised capital: (in € m) 12.1

Book value per share: (in €) 9.4

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)	2019	2020	2021	2022	2023E	2024E	2025E
<b>Net sales</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,002.9</b>	<b>1,096.1</b>	<b>1,201.0</b>	<b>1,395.3</b>	<b>1,546.0</b>
Sales growth	13.3 %	11.7 %	-20.1 %	9.3 %	9.6 %	16.2 %	10.8 %
Increase/decrease in finished goods and work-in-process	15.5	17.6	21.2	23.4	12.6	14.0	15.5
<b>Total sales</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,024.2</b>	<b>1,119.5</b>	<b>1,213.6</b>	<b>1,409.3</b>	<b>1,561.5</b>
Other operating income	8.0	8.8	14.6	19.7	8.4	7.0	7.7
Material expenses	715.4	799.0	644.7	726.6	737.2	858.1	950.0
Personnel expenses	245.2	273.3	237.6	258.8	281.0	319.5	352.5
Other operating expenses	74.2	78.8	66.5	83.8	84.1	94.9	103.6
Total operating expenses	1,026.7	1,142.4	934.1	1,049.5	1,093.9	1,265.5	1,398.4
<b>EBITDA</b>	<b>111.7</b>	<b>130.0</b>	<b>90.1</b>	<b>70.0</b>	<b>119.7</b>	<b>143.7</b>	<b>163.1</b>
Depreciation	25.9	30.9	50.0	72.0	25.9	27.4	27.5
<b>EBITA</b>	<b>85.8</b>	<b>99.1</b>	<b>40.1</b>	<b>-2.0</b>	<b>93.8</b>	<b>116.3</b>	<b>135.6</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	24.0	30.5	0.0	0.0	19.5	19.5	19.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>61.8</b>	<b>68.6</b>	<b>40.1</b>	<b>-2.0</b>	<b>74.3</b>	<b>96.8</b>	<b>116.1</b>
Interest income	1.3	1.6	1.4	1.4	6.6	6.8	7.1
Interest expenses	9.0	9.3	9.0	10.0	7.7	6.6	6.3
Other financial result	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Financial result	-7.7	-7.9	-7.6	-8.6	-1.1	0.3	0.8
<b>Recurring pretax income from continuing operations</b>	<b>54.1</b>	<b>60.7</b>	<b>32.4</b>	<b>-10.7</b>	<b>73.3</b>	<b>97.1</b>	<b>116.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>54.1</b>	<b>60.7</b>	<b>32.4</b>	<b>-10.7</b>	<b>73.3</b>	<b>97.1</b>	<b>116.9</b>
Taxes	4.6	6.1	2.0	2.2	8.8	11.7	14.0
<b>Net income from continuing operations</b>	<b>49.5</b>	<b>54.6</b>	<b>30.5</b>	<b>-12.8</b>	<b>64.5</b>	<b>85.4</b>	<b>102.9</b>
Result from discontinued operations (net of tax)	0.0	0.0	-18.5	-244.7	0.0	0.0	0.0
<b>Net income</b>	<b>49.5</b>	<b>54.6</b>	<b>49.0</b>	<b>231.9</b>	<b>64.5</b>	<b>85.4</b>	<b>102.9</b>
Minority interest	0.4	-1.0	0.7	-0.6	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>49.1</b>	<b>55.6</b>	<b>48.3</b>	<b>232.5</b>	<b>64.5</b>	<b>85.4</b>	<b>102.9</b>
Average number of shares	66.1	65.0	65.0	63.6	63.6	63.6	63.6
<b>EPS reported</b>	<b>0.74</b>	<b>0.86</b>	<b>0.74</b>	<b>3.65</b>	<b>1.01</b>	<b>1.34</b>	<b>1.62</b>

Profit and loss (common size)	2019	2020	2021	2022	2023E	2024E	2025E
<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	1.4 %	1.4 %	2.1 %	2.1 %	1.1 %	1.0 %	1.0 %
<b>Total sales</b>	<b>101.4 %</b>	<b>101.4 %</b>	<b>102.1 %</b>	<b>102.1 %</b>	<b>101.1 %</b>	<b>101.0 %</b>	<b>101.0 %</b>
Other operating income	0.7 %	0.7 %	1.5 %	1.8 %	0.7 %	0.5 %	0.5 %
Material expenses	63.7 %	63.7 %	64.3 %	66.3 %	61.4 %	61.5 %	61.5 %
Personnel expenses	21.8 %	21.8 %	23.7 %	23.6 %	23.4 %	22.9 %	22.8 %
Other operating expenses	6.6 %	6.3 %	6.6 %	7.6 %	7.0 %	6.8 %	6.7 %
Total operating expenses	91.4 %	91.0 %	93.1 %	95.7 %	91.1 %	90.7 %	90.5 %
<b>EBITDA</b>	<b>9.9 %</b>	<b>10.4 %</b>	<b>9.0 %</b>	<b>6.4 %</b>	<b>10.0 %</b>	<b>10.3 %</b>	<b>10.6 %</b>
Depreciation	2.3 %	2.5 %	5.0 %	6.6 %	2.2 %	2.0 %	1.8 %
<b>EBITA</b>	<b>7.6 %</b>	<b>7.9 %</b>	<b>4.0 %</b>	<b>neg.</b>	<b>7.8 %</b>	<b>8.3 %</b>	<b>8.8 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.1 %	2.4 %	0.0 %	0.0 %	1.6 %	1.4 %	1.3 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>5.5 %</b>	<b>5.5 %</b>	<b>4.0 %</b>	<b>neg.</b>	<b>6.2 %</b>	<b>6.9 %</b>	<b>7.5 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.6 %	0.5 %	0.5 %
Interest expenses	0.8 %	0.7 %	0.9 %	0.9 %	0.6 %	0.5 %	0.4 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	0.0 %	0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>neg.</b>	<b>6.1 %</b>	<b>7.0 %</b>	<b>7.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>neg.</b>	<b>6.1 %</b>	<b>7.0 %</b>	<b>7.6 %</b>
Tax rate	8.4 %	10.0 %	6.1 %	-20.5 %	12.0 %	12.0 %	12.0 %
<b>Net income from continuing operations</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>3.0 %</b>	<b>neg.</b>	<b>5.4 %</b>	<b>6.1 %</b>	<b>6.7 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	-1.8 %	-22.3 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.9 %</b>	<b>21.2 %</b>	<b>5.4 %</b>	<b>6.1 %</b>	<b>6.7 %</b>
Minority interest	0.0 %	neg.	0.1 %	neg.	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>21.2 %</b>	<b>5.4 %</b>	<b>6.1 %</b>	<b>6.7 %</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2019	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets</b>	<b>294.9</b>	<b>302.3</b>	<b>312.5</b>	<b>261.8</b>	<b>261.1</b>	<b>257.5</b>	<b>261.2</b>
Property, plant and equipment	99.8	135.1	132.5	95.5	81.0	69.3	74.3
Financial assets	22.8	22.1	32.5	146.0	32.0	32.0	32.0
<b>FIXED ASSETS</b>	<b>417.5</b>	<b>459.5</b>	<b>477.5</b>	<b>503.4</b>	<b>374.1</b>	<b>358.8</b>	<b>367.5</b>
Inventories	146.8	159.9	187.3	192.6	210.7	244.8	297.3
Accounts receivable	212.2	204.5	214.1	148.1	162.2	188.5	208.8
Other current assets	102.6	104.2	136.5	126.0	129.1	132.4	135.7
Liquid assets	312.3	281.9	296.5	437.8	443.9	466.3	480.6
Deferred taxes	34.4	36.6	40.2	33.1	33.1	33.1	33.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>808.2</b>	<b>787.1</b>	<b>874.6</b>	<b>937.5</b>	<b>979.0</b>	<b>1,065.0</b>	<b>1,155.4</b>
<b>TOTAL ASSETS</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,352.1</b>	<b>1,440.9</b>	<b>1,353.1</b>	<b>1,423.8</b>	<b>1,522.9</b>
<b>SHAREHOLDERS EQUITY</b>	<b>372.7</b>	<b>404.0</b>	<b>418.6</b>	<b>633.8</b>	<b>598.3</b>	<b>644.1</b>	<b>707.1</b>
MINORITY INTEREST	12.4	5.4	4.7	1.8	0.0	0.0	0.0
Long-term debt	341.0	343.2	340.2	246.5	270.0	260.0	260.0
Provisions for pensions and similar obligations	30.0	26.8	25.1	19.9	19.9	19.9	19.9
Other provisions	54.4	40.5	31.4	27.0	27.0	27.0	27.0
<b>Non-current liabilities</b>	<b>425.4</b>	<b>410.5</b>	<b>396.7</b>	<b>293.3</b>	<b>316.8</b>	<b>306.8</b>	<b>306.8</b>
short-term liabilities to banks	62.8	42.8	72.3	125.7	25.0	15.0	15.0
Accounts payable	205.0	210.0	270.0	226.3	248.4	288.6	319.8
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)	134.2	160.6	176.7	154.1	158.8	163.5	168.4
Deferred taxes	13.4	13.3	13.2	5.7	5.7	5.7	5.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>415.3</b>	<b>426.6</b>	<b>532.2</b>	<b>511.9</b>	<b>437.9</b>	<b>472.9</b>	<b>508.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,352.1</b>	<b>1,440.9</b>	<b>1,353.1</b>	<b>1,423.8</b>	<b>1,522.9</b>

Balance sheet (common size)	2019	2020	2021	2022	2023E	2024E	2025E
<b>Intangible assets</b>	<b>24.1 %</b>	<b>24.2 %</b>	<b>23.1 %</b>	<b>18.2 %</b>	<b>19.3 %</b>	<b>18.1 %</b>	<b>17.1 %</b>
Property, plant and equipment	8.1 %	10.8 %	9.8 %	6.6 %	6.0 %	4.9 %	4.9 %
Financial assets	1.9 %	1.8 %	2.4 %	10.1 %	2.4 %	2.2 %	2.1 %
<b>FIXED ASSETS</b>	<b>34.1 %</b>	<b>36.9 %</b>	<b>35.3 %</b>	<b>34.9 %</b>	<b>27.6 %</b>	<b>25.2 %</b>	<b>24.1 %</b>
Inventories	12.0 %	12.8 %	13.9 %	13.4 %	15.6 %	17.2 %	19.5 %
Accounts receivable	17.3 %	16.4 %	15.8 %	10.3 %	12.0 %	13.2 %	13.7 %
Other current assets	8.4 %	8.4 %	10.1 %	8.7 %	9.5 %	9.3 %	8.9 %
Liquid assets	25.5 %	22.6 %	21.9 %	30.4 %	32.8 %	32.8 %	31.6 %
Deferred taxes	2.8 %	2.9 %	3.0 %	2.3 %	2.4 %	2.3 %	2.2 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>65.9 %</b>	<b>63.1 %</b>	<b>64.7 %</b>	<b>65.1 %</b>	<b>72.4 %</b>	<b>74.8 %</b>	<b>75.9 %</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>
<b>SHAREHOLDERS EQUITY</b>	<b>30.4 %</b>	<b>32.4 %</b>	<b>31.0 %</b>	<b>44.0 %</b>	<b>44.2 %</b>	<b>45.2 %</b>	<b>46.4 %</b>
MINORITY INTEREST	1.0 %	0.4 %	0.3 %	0.1 %	0.0 %	0.0 %	0.0 %
Long-term debt	27.8 %	27.5 %	25.2 %	17.1 %	20.0 %	18.3 %	17.1 %
Provisions for pensions and similar obligations	2.4 %	2.2 %	1.9 %	1.4 %	1.5 %	1.4 %	1.3 %
Other provisions	4.4 %	3.2 %	2.3 %	1.9 %	2.0 %	1.9 %	1.8 %
<b>Non-current liabilities</b>	<b>34.7 %</b>	<b>32.9 %</b>	<b>29.3 %</b>	<b>20.4 %</b>	<b>23.4 %</b>	<b>21.6 %</b>	<b>20.1 %</b>
short-term liabilities to banks	5.1 %	3.4 %	5.3 %	8.7 %	1.8 %	1.1 %	1.0 %
Accounts payable	16.7 %	16.8 %	20.0 %	15.7 %	18.4 %	20.3 %	21.0 %
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)	10.9 %	12.9 %	13.1 %	10.7 %	11.7 %	11.5 %	11.1 %
Deferred taxes	1.1 %	1.1 %	1.0 %	0.4 %	0.4 %	0.4 %	0.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>33.9 %</b>	<b>34.2 %</b>	<b>39.4 %</b>	<b>35.5 %</b>	<b>32.4 %</b>	<b>33.2 %</b>	<b>33.4 %</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)	2019	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	49.5	54.6	49.0	-2.0	64.5	85.4	102.9
Depreciation of fixed assets (incl. leases)	49.9	30.9	63.6	72.0	25.9	27.4	27.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	30.5	0.0	0.0	19.5	19.5	19.5
Others	3.7	-8.5	-20.3	-42.6	0.0	0.0	0.0
Cash flow from operations before changes in w/c	103.1	107.5	92.3	27.4	109.9	132.3	149.9
Increase/decrease in inventory	-16.0	-13.1	-27.5	-5.3	-18.1	-34.1	-52.5
Increase/decrease in accounts receivable	-30.0	41.4	-9.6	66.0	-14.1	-26.2	-20.4
Increase/decrease in accounts payable	49.7	5.0	60.0	-43.6	22.1	40.2	31.2
Increase/decrease in other working capital positions	-23.5	0.0	-19.9	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-19.8	33.3	3.0	17.1	-10.1	-20.1	-41.7
<b>Cash flow from operating activities</b>	<b>83.4</b>	<b>140.8</b>	<b>95.3</b>	<b>44.4</b>	<b>99.8</b>	<b>112.2</b>	<b>108.2</b>
CAPEX	27.1	33.9	47.0	40.5	45.6	51.6	55.7
Payments for acquisitions	27.2	41.0	13.9	20.5	24.5	0.0	0.0
Financial investments	4.3	3.6	8.2	-13.0	0.0	0.0	0.0
Income from asset disposals	2.9	1.3	2.8	191.7	117.3	20.0	0.0
<b>Cash flow from investing activities</b>	<b>-55.7</b>	<b>-77.2</b>	<b>-66.3</b>	<b>143.7</b>	<b>47.2</b>	<b>-31.6</b>	<b>-55.7</b>
Cash flow before financing	27.7	63.6	29.0	188.1	146.9	80.6	52.5
Increase/decrease in debt position	128.1	-40.9	28.8	-56.7	-77.2	-20.0	0.0
Purchase of own shares	14.6	12.2	20.6	0.0	0.0	0.0	0.0
Capital measures	0.0	1.4	0.0	0.0	0.0	0.0	0.0
Dividends paid	10.6	0.0	19.2	22.3	63.6	38.2	38.2
Others	-19.1	-14.1	-9.3	-11.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	1.1	-8.1	4.3	0.4	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>83.8</b>	<b>-65.8</b>	<b>-20.2</b>	<b>-90.8</b>	<b>-140.8</b>	<b>-58.2</b>	<b>-38.2</b>
Increase/decrease in liquid assets	112.6	-10.2	13.0	97.7	6.1	22.4	14.3
<b>Liquid assets at end of period</b>	<b>312.3</b>	<b>281.9</b>	<b>296.5</b>	<b>437.8</b>	<b>443.9</b>	<b>466.3</b>	<b>480.6</b>

Source: Company data, Hauck Aufhäuser Investment Banking

Regional split (EUR m)	2019	2020	2021	2022	2023E	2024E	2025E
Domestic	102.2	106.7	156.5	178.6	195.7	227.3	251.9
yoy change	3.8 %	4.4 %	46.7 %	14.2 %	9.6 %	16.2 %	10.8 %
Rest of Europe	336.9	373.9	484.6	512.4	561.4	652.3	722.7
yoy change	12.3 %	11.0 %	29.6 %	5.7 %	9.6 %	16.2 %	10.8 %
NAFTA	152.7	178.2	96.5	109.8	124.9	146.5	162.3
yoy change	14.7 %	16.7 %	-45.8 %	13.8 %	13.7 %	17.3 %	10.8 %
Asia Pacific	n/a	n/a	62.4	80.0	87.6	101.8	112.8
yoy change	n/a	n/a	n/a	28.2 %	9.6 %	16.2 %	10.8 %
Rest of world	531.1	596.0	203.0	215.3	230.6	266.5	295.3
yoy change	15.6 %	12.2 %	-65.9 %	6.1 %	7.1 %	15.6 %	10.8 %
<b>TTL</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,002.9</b>	<b>1,096.1</b>	<b>1,201.0</b>	<b>1,395.3</b>	<b>1,546.0</b>
yoy change	13.3 %	11.7 %	-20.1 %	9.3 %	9.6 %	16.2 %	10.8 %

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2019	2020	2021	2022	2023E	2024E	2025E
<b>P&amp;L growth analysis</b>							
Sales growth	13.3 %	11.7 %	-20.1 %	9.3 %	9.6 %	16.2 %	10.8 %
EBITDA growth	23.4 %	43.6 %	-19.4 %	-46.2 %	32.9 %	105.3 %	36.2 %
EBIT growth	0.4 %	11.5 %	-35.1 %	-102.9 %	85.6 %	-	56.2 %
EPS growth	9.2 %	25.7 %	-0.1 %	327.0 %	36.5 %	-63.2 %	59.5 %
<b>Efficiency</b>							
Total operating costs / sales	91.4 %	91.0 %	93.1 %	95.7 %	91.1 %	90.7 %	90.5 %
Sales per employee	259.8	242.1	225.8	207.9	265.1	308.7	338.6
EBITDA per employee	25.9	25.1	20.3	13.3	26.4	31.8	35.7
<b>Balance sheet analysis</b>							
Avg. working capital / sales	13.8 %	12.4 %	14.2 %	12.3 %	10.7 %	9.3 %	10.1 %
Inventory turnover (sales/inventory)	7.7	7.8	5.4	5.7	5.7	5.7	5.2
Trade debtors in days of sales	69.0	59.5	77.9	49.3	49.3	49.3	49.3
A/P turnover [(A/P*365)/sales]	66.6	61.1	98.3	75.4	75.5	75.5	75.5
Cash conversion cycle (days)	39.2	36.6	31.1	32.4	30.6	30.7	40.7
<b>Cash flow analysis</b>							
Free cash flow	56.3	106.9	48.3	4.0	54.1	60.6	52.5
Free cash flow/sales	5.0 %	8.5 %	4.8 %	0.4 %	4.5 %	4.3 %	3.4 %
FCF / net profit	114.6 %	192.2 %	100.1 %	1.7 %	84.0 %	70.9 %	51.0 %
Capex / depre	62.9 %	61.2 %	86.7 %	38.2 %	100.5 %	110.1 %	118.4 %
Capex / maintenance capex	74.6 %	114.5 %	n/a	44.1 %	77.6 %	87.3 %	92.1 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	91.5	104.1	116.0	-65.6	-148.9	-191.3	-205.6
Net Debt/EBITDA	0.8	0.8	1.3	0.0	0.0	0.0	0.0
Net debt / equity	0.2	0.3	0.3	neg.	neg.	neg.	neg.
Interest cover	6.9	7.4	4.5	0.0	9.7	14.8	18.4
Dividend payout ratio	0.0 %	35.7 %	47.9 %	27.4 %	59.2 %	44.7 %	37.1 %
<b>Asset utilisation</b>							
Capital employed turnover	1.3	1.5	1.1	1.0	1.3	1.4	1.5
Operating assets turnover	4.4	4.3	3.8	5.2	5.8	6.5	5.9
Plant turnover	11.3	9.3	7.6	11.5	14.8	20.1	20.8
Inventory turnover (sales/inventory)	7.7	7.8	5.4	5.7	5.7	5.7	5.2
<b>Returns</b>							
ROCE	8.8 %	9.9 %	4.5 %	-0.2 %	8.1 %	9.6 %	11.8 %
ROE	13.2 %	13.8 %	11.5 %	36.7 %	10.8 %	13.3 %	14.5 %
<b>Other</b>							
Interest paid / avg. debt	3.4 %	3.7 %	2.2 %	2.7 %	2.2 %	2.0 %	2.2 %
No. employees (average)	4322	5184	4442	5271	4530	4520	4565
Number of shares	66.1	65.0	65.0	63.6	63.6	63.6	63.6
DPS	0.0	0.3	0.4	1.0	0.6	0.6	0.6
EPS reported	0.74	0.86	0.74	3.65	1.01	1.34	1.62
<b>Valuation ratios</b>							
P/BV	3.5	3.2	3.1	2.0	2.1	2.0	1.8
EV/sales	1.3	1.1	1.4	1.1	0.9	0.8	0.7
EV/EBITDA	12.8	11.1	16.1	17.3	9.4	7.6	6.6
EV/EBITA	16.7	14.5	36.2	-602.0	12.0	9.4	7.9
EV/EBIT	23.1	21.0	36.2	-602.0	15.2	11.2	9.2
EV/FCF	25.4	13.5	30.0	306.9	20.9	18.0	20.4
Adjusted FCF yield	5.9 %	6.7 %	3.6 %	1.4 %	7.4 %	9.5 %	11.3 %
Dividend yield	0.0 %	1.5 %	1.8 %	5.1 %	3.0 %	3.0 %	3.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

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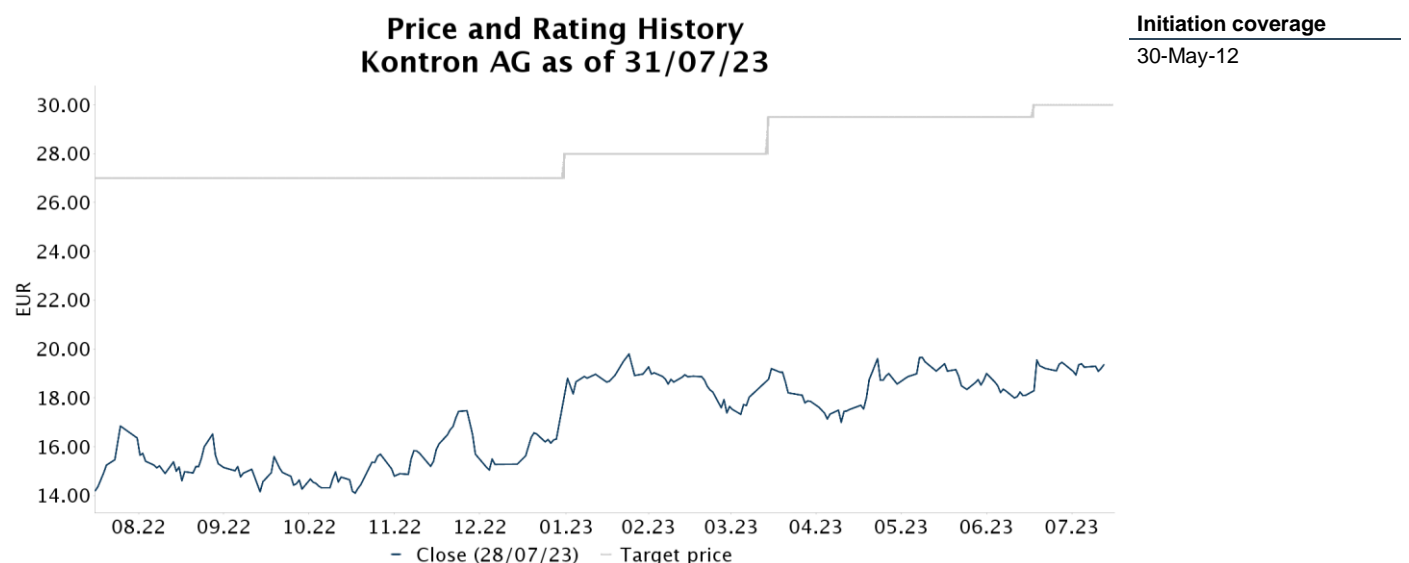
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Company	Disclosure
Kontron AG	

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



Company	Date	Analyst	Rating	Target price	Close
Kontron AG	04.07.2023	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 19,55
	06.06.2023	Wunderlich, CFA, Tim	Buy	EUR 29,50	EUR 18,90
	25.04.2023	Wunderlich, CFA, Tim	Buy	EUR 29,50	EUR 17,00
	05.04.2023	Wunderlich, CFA, Tim	Buy	EUR 29,50	EUR 18,66
	31.03.2023	Wunderlich, CFA, Tim	Buy	EUR 29,50	EUR 19,20

02.03.2023	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 18,88
07.02.2023	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 19,50
17.01.2023	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 18,80
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
12.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,28
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

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<b>Buy</b>	74.86 %	91.18 %
<b>Sell</b>	4.00 %	0.00 %
<b>Hold</b>	21.14 %	8.82 %

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## Contacts: Hauck Aufhäuser Investment Banking

### HAIB Research

Hauck Aufhäuser Investment Banking  
Mittelweg 16/17  
20148 Hamburg  
Germany

Hauck Aufhäuser Investment Banking  
Goetheplatz 9-11  
60313 Frankfurt am Main  
Germany

Tel.: +49 (0) 40 414 3885 97  
Fax: +49 (0) 40 414 3885 71  
E-Mail: [research@ha-ib.de](mailto:research@ha-ib.de)  
[www.ha-research.de](http://www.ha-research.de)

**Tim Wunderlich, CFA**  
Head of Transactional Research  
Tel.: +49 40 414 3885 81  
E-Mail: [tim.wunderlich@ha-ib.de](mailto:tim.wunderlich@ha-ib.de)

**Marie-Thérèse Grübner**  
Head of Research  
Tel.: +49 40 450 6342 3097  
E-Mail: [marie-therese.gruebner@ha-ib.de](mailto:marie-therese.gruebner@ha-ib.de)

**Alexander Galitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: [alexander.galitsa@ha-ib.de](mailto:alexander.galitsa@ha-ib.de)

**Christian Glowa**  
Analyst  
Tel.: +49 40 414 3885 95  
E-Mail: [christian.glowa@ha-ib.de](mailto:christian.glowa@ha-ib.de)

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: [christian.salis@ha-ib.de](mailto:christian.salis@ha-ib.de)

**Finn Kemper**  
Analyst  
Tel.: +49 40 450 6342 3098  
E-Mail: [finn.kemper@ha-ib.de](mailto:finn.kemper@ha-ib.de)

**Jonah Emerson**  
Analyst  
Tel.: +49 69 2161 1825  
E-Mail: [jonah.emerson@ha-ib.de](mailto:jonah.emerson@ha-ib.de)

**Jorge González Sadornil**  
Analyst  
Tel.: +49 40 414 3885 84  
E-Mail: [jorge.gonzalez@ha-ib.de](mailto:jorge.gonzalez@ha-ib.de)

**Nicole Winkler**  
Analyst  
Tel.: +49 69 2161 1856  
E-Mail: [nicole.winkler@ha-ib.de](mailto:nicole.winkler@ha-ib.de)

**Simon Jock**  
Analyst  
Tel.: +49 40 450 6342 3093  
E-Mail: [simon.jock@ha-ib.de](mailto:simon.jock@ha-ib.de)

**Simon Keller, CFA**  
Analyst  
Tel.: +49 40 414 388 573  
E-Mail: [simon.keller@ha-ib.de](mailto:simon.keller@ha-ib.de)

### HAIB Sales

**Alexander Lachmann**  
Equity Sales  
Tel.: +41 43 497 30 23  
E-Mail: [alexander.lachmann@ha-ib.de](mailto:alexander.lachmann@ha-ib.de)

**Carlos Becke**  
Equity Sales  
Tel.: +44 203 84 107 97  
E-Mail: [carlos.becke@ha-ib.de](mailto:carlos.becke@ha-ib.de)

**Carsten Kinder**  
Head of Equities  
Tel.: +41 43 497 3024  
E-Mail: [carsten.kinder@ha-ib.de](mailto:carsten.kinder@ha-ib.de)

**Christian Bybjerg**  
Equity Sales  
Tel.: +49 414 3885 74  
E-Mail: [christian.bybjerg@ha-ib.de](mailto:christian.bybjerg@ha-ib.de)

**Florian Kurz**  
Equity Sales  
Tel.: +49 69 84 2161 1793  
E-Mail: [florian.kurz@ha-ib.de](mailto:florian.kurz@ha-ib.de)

**Hugues Madelin**  
Equity Sales  
Tel.: +33 1 426 850 12  
E-Mail: [hugues.madelin@ha-ib.de](mailto:hugues.madelin@ha-ib.de)

**Imogen Voorspuy**  
Equity Sales  
Tel.: +44 203 84 107 98  
E-Mail: [imogen.voorspuy@ha-ib.de](mailto:imogen.voorspuy@ha-ib.de)

**James Bonsor**  
Equity Sales  
Tel.: +44 203 84 107 96  
E-Mail: [james.bonsor@ha-ib.de](mailto:james.bonsor@ha-ib.de)

**Markus Scharhag**  
Equity Sales  
Tel.: +49 89 23 93 2813  
E-Mail: [markus.scharhag@ha-ib.de](mailto:markus.scharhag@ha-ib.de)

**Vincent Bischoff**  
Equity Sales  
Tel.: +49 40 414 38 85 88  
E-Mail: [vincent.bischoff@ha-ib.de](mailto:vincent.bischoff@ha-ib.de)

### HAIB Trading

Hauck Aufhäuser Investment Banking  
Privatbank AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 78  
Fax: +49 40 414 3885 71  
E-Mail: [info@hal-privatbank.com](mailto:info@hal-privatbank.com)  
[www.hal-privatbank.com](http://www.hal-privatbank.com)

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 38 85 98  
E-Mail: [fin.schaffer@ha-ib.de](mailto:fin.schaffer@ha-ib.de)

**Nils Carstens**  
Trading  
Tel.: +49 40 414 38 85 85  
E-Mail: [nils.carstens@ha-ib.de](mailto:nils.carstens@ha-ib.de)

**Tom Warlich**  
Middle-Office  
Tel.: +49 40 414 3885 78  
E-Mail: [tom.warlich@hal-privatbank.com](mailto:tom.warlich@hal-privatbank.com)