

Buy (old: Buy)

ESG Rating: BBB

05-April-24

Price target: EUR 30.00 (old: EUR 30.00)

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Analyst

Price: EUR 20.58 Next result: Q1'24: 03.05.24
Bloomberg: KTN GR Market cap: EUR 1,300.1 m
Reuters: KTN.DE Enterprise Value: EUR 1,191.1 m

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Making sense of the recent share price weakness

- FY'23 figures missed street expectations on EBITDA (€ 126m vs € 135m / eHAIB: € 128m) but only due to a € 9m one-off for the restructuring of IT Services. **This is because of management transforming what remains of IT Services into an engineering hub.** Adjusted for this, EBITDA was fully in-line with eCons. More importantly, **net income from continued operations of € 75m beat street estimates of € 73m**, as well as the guidance of >€ 72m. Note that this guidance was **raised twice** in 2023: the initial outlook was for net income of >€ 60m.
- The **FY'24E revenue guidance of € 1.9bn could also explain the share price weakness.** After all, the guidance includes KATEK, which generated € 784m of sales in 2023. Together with Kontron's sales of € 1.23bn, the combined entity's pro forma revenues exceeded € 2.0bn for FY'23. As such, the FY'24E guidance would imply zero or even negative organic revenue growth for the combined group. **This conclusion is incorrect**, however, because (i) € 70m of inter-company revenues will be eliminated, (ii) KATEK will be consolidated for 10 months in 2024 and (iii) we expect Kontron to divest up to € 300m of KATEK's low-margin EMS revenues. As a result, **organic growth looks on track to approach or even exceed 10% yoy in FY'24E**, in our view.
- Whatever the reason for the latest share price weakness, there should be **no fundamental issue**. Quite the opposite: **current trading remains strong and news flow should be positive.** Indeed, management is on track to realise € 10m of cost synergies (on net income / pre-tax), amongst others by dismissing external consultants (eHAIB: € 1m savings p.a.), refinancing debt and factoring (eHAIB: € 3-4m savings p.a.) and delisting the shares. The departure of KATEK's management team should also save costs (eHAIB: € 2m p.a.). (ii) **Q1 order intake looks strong:** Kontron won several transportation projects in recent months, such as in the Czech Republic (€ 34m) and Austria (€ 40m). (iii) We expect major automotive OEMs to soon place firm orders for the 'GhostOne' Wallbox charger. The product should generate revenues of € 100m+ in FY'25E at a 10% EBITDA margin (not yet included in eHAIB). **Note that we will adjust our model for the take-over of KATEK once the tender offer has been finalised.**

Confirm Buy. The € 30.00 PT is based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023	2024E*	2025E*	2026E*
Sales	1,254.8	1,002.9	1,063.7	1,225.9	1,395.3	1,546.0	1,703.7
Sales growth	n/a	-20 %	6 %	15 %	14 %	11 %	10 %
EBITDA	130.0	90.1	70.0	126.0	143.7	163.1	181.4
EBIT (inc revaluation net)	68.6	40.1	-2.0	86.5	96.8	116.1	134.4
Net income	55.6	48.3	232.5	77.7	85.5	103.0	115.5
Net debt	104.1	116.0	-65.6	-56.0	-136.5	-164.8	-214.1
EPS pro forma	0.84	0.45	-0.19	1.19	1.35	1.63	1.83
CPS	1.39	0.91	0.13	1.35	1.68	1.33	1.68
DPS	0.30	0.35	1.00	0.50	0.60	0.60	0.60
Dividend yield	1.4 %	1.7 %	6.6 %	2.6 %	2.9 %	2.9 %	2.9 %
Gross profit margin	37.2 %	37.1 %	36.1 %	39.3 %	39.1 %	39.2 %	39.3 %
EBITDA margin	10.4 %	9.0 %	6.6 %	10.3 %	10.3 %	10.6 %	10.7 %
EBIT margin	5.5 %	4.0 %	-0.2 %	7.1 %	6.9 %	7.5 %	7.9 %
ROCE	7.9 %	4.6 %	-0.2 %	8.7 %	10.0 %	11.3 %	12.3 %
EV/sales	1.2	1.5	0.9	1.0	0.9	0.8	0.7
EV/EBITDA	11.8	16.8	13.2	9.3	8.3	7.1	6.1
EV/EBIT	22.4	37.7	-457.7	13.6	12.3	10.0	8.3
PER	25.2	46.0	-79.0	16.0	15.2	12.6	11.3
Adjusted FCF yield	5.0 %	3.6 %	4.3 %	8.4 %	8.4 %	10.2 %	11.8 %

Source: Company data, HAIB Close price as of: 04.04.2024. * estimates do not yet account for KATEK

Please refer to important disclosures at the end of the report



Source: Company data, HAIB

High/low 52 weeks: 23.20 / 17.00
Price/Book Ratio: 2.0
Relative performance (TecDAX):
3 months -4.3 %
6 months -2.5 %
12 months 4.6 %

Changes in estimates

		Sales	EBIT	EPS
2024	old:	1,395.3	96.8	1.34
	☒	-	-	-
2025	old:	1,546.0	116.1	1.62
	☒	-	-	-

Key share data:

Number of shares: (in m pcs) 63.2
Authorised capital: (in € m) 12.1
Book value per share: (in €) 10.3
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

Company guidance 2024E:

€ 1,900m sales incl. KATEK
€ 100m net income incl. KATEK

Company in a Nutshell

- Kontron is one of the world's leading manufacturers of IoT-enabled embedded solutions and IoT connectivity software
- Its rugged embedded solutions act as the electronic 'brain' of a machine (e.g. an industrial robot) and provide software functionality such as data analytics and security
- Focus industries are Transportation, Smart Factories, Smart Energy and Medical

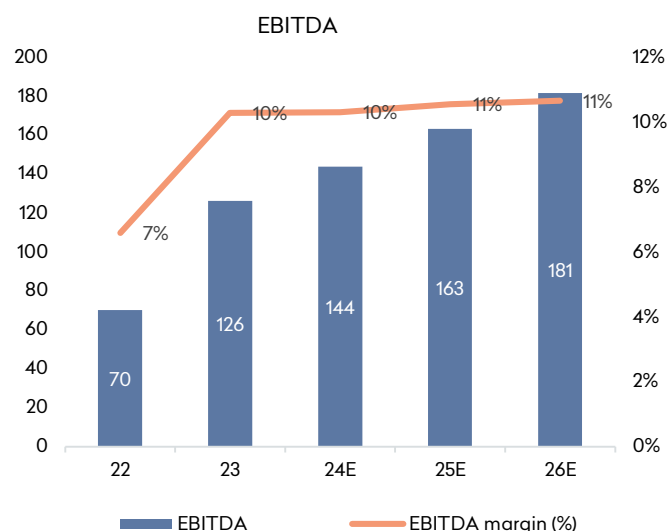
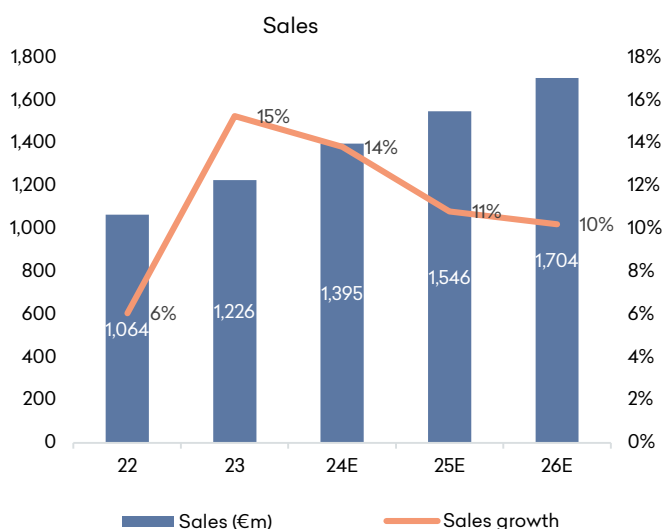
Upcoming Catalysts

- **Expect strong order intake in Q1'24E**, with the book-to-bill again exceeding the 1.0x threshold
- The smooth integration of KATEK coupled with the realisation of cost and technology synergies would trigger a re-rating. **Management should be well on track to achieve this.** As the capital market is still sceptical, there is potential for a positive surprise

Investment Case

- With the take-over of KATEK, Kontron has a **tight focus on the attractive and growing markets** of Industrial IoT and GreenTec.
- The company offers a **fully integrated technology platform**, which comprises hardware and software solutions for smart factories, transportation, data connectivity, medical and smart energy
- **Its diverse client base comprises >4,500 accounts in total**, with the top 10 customers explaining approx. 12% of sales
- **Differentiation is based on extensive software know-how**, which is backed by one of the largest engineering forces in the industry (3,600 engineers)
- **Strong lock-in effects:** Kontron is frequently the single source supplier of bespoke solutions for its clients. Once Kontron's solution is embedded into a customer's product, a design-out is virtually impossible. Kontron is also in the pole position to win follow-on projects, which results in long-standing customer relationships
- **Buy with a DCF-based € 30.00 PT**, backed by 10%+ ROCEs, 15% EPS CAGR through FY'26E and 10% FCF Yield ('25E)

Key Performance Indicators



Source: Company data, Hauck Aufhäuser Investment Banking

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow summary	2022	2023	2024E	2025E	2026E
Operating cash flow	44.4	116.9	143.7	121.9	143.5
Capex	40.5	46.3	51.6	55.7	56.2
FCF	4.0	70.6	92.1	66.2	87.3
FCF per share	0.1	1.1	1.5	1.0	1.4
FCF yield	4.3 %	8.4 %	8.4 %	10.2 %	11.8 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios summary	2022	2023	2024E	2025E	2026E
EPS growth	392.0 %	-66.3 %	10.0 %	20.5 %	12.2 %
Capital Turnover	1.0	1.3	1.4	1.5	1.5
Avg. working capital / sales	10.8 %	13.8 %	11.3 %	12.1 %	12.1 %
Cash conversion cycle (days)	33.1	42.4	36.4	40.7	40.6
FCF / Net profit	neg.	93.8 %	107.8 %	64.3 %	75.6 %
Interest cover	0.0	5.4	18.4	21.0	24.3

Source: Company data, Hauck Aufhäuser Investment Banking

Financials

Profit and loss (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	1,254.8	1,002.9	1,063.7	1,225.9	1,395.3	1,546.0	1,703.7
Sales growth	n/a	-20.1 %	6.1 %	15.3 %	13.8 %	10.8 %	10.2 %
Increase/decrease in finished goods and work-in-process	17.6	21.2	23.4	24.7	14.0	15.5	17.0
Total sales	1,272.4	1,024.2	1,087.1	1,250.7	1,409.3	1,561.5	1,720.7
Other operating income	8.8	14.6	19.7	15.4	7.0	7.7	8.5
Material expenses	799.0	644.7	694.2	759.7	858.1	950.0	1,045.2
Personnel expenses	273.3	237.6	258.8	291.8	319.5	352.5	388.4
Other operating expenses	78.8	66.5	83.8	88.5	94.9	103.6	114.1
Total operating expenses	1,142.4	934.1	1,017.1	1,124.6	1,265.5	1,398.4	1,539.3
EBITDA	130.0	90.1	70.0	126.0	143.7	163.1	181.4
Depreciation	30.9	50.0	72.0	39.5	27.4	27.5	27.5
EBITA	99.1	40.1	-2.0	86.5	116.3	135.6	153.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	30.5	0.0	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
EBIT (inc revaluation net)	68.6	40.1	-2.0	86.5	96.8	116.1	134.4
Interest income	1.6	1.4	1.4	8.9	5.6	6.4	7.0
Interest expenses	9.3	9.0	10.0	16.1	5.2	5.5	5.5
Other financial result	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-7.9	-7.6	-8.6	-7.3	0.3	0.9	1.5
Recurring pretax income from continuing operations	60.7	32.4	-10.7	79.2	97.2	117.0	135.9
Extraordinary income/loss	0.0	0.0	0.0	n/a	0.0	0.0	0.0
Earnings before taxes	60.7	32.4	-10.7	79.2	97.2	117.0	135.9
Taxes	6.1	2.0	2.2	3.5	11.7	14.0	20.4
Net income from continuing operations	54.6	30.5	-12.8	75.7	85.5	103.0	115.5
Result from discontinued operations (net of tax)	0.0	-18.5	-244.7	-2.4	0.0	0.0	0.0
Net income	54.6	49.0	231.9	78.1	85.5	103.0	115.5
Minority interest	-1.0	0.7	-0.6	0.4	0.0	0.0	0.0
Net profit (reported)	55.6	48.3	232.5	77.7	85.5	103.0	115.5
Average number of shares	65.0	65.0	63.6	63.2	63.2	63.2	63.2
EPS reported	0.86	0.74	3.65	1.23	1.35	1.63	1.83

Profit and loss (common size)	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	1.4 %	2.1 %	2.2 %	2.0 %	1.0 %	1.0 %	1.0 %
Total sales	101.4 %	102.1 %	102.2 %	102.0 %	101.0 %	101.0 %	101.0 %
Other operating income	0.7 %	1.5 %	1.8 %	1.3 %	0.5 %	0.5 %	0.5 %
Material expenses	63.7 %	64.3 %	65.3 %	62.0 %	61.5 %	61.5 %	61.4 %
Personnel expenses	21.8 %	23.7 %	24.3 %	23.8 %	22.9 %	22.8 %	22.8 %
Other operating expenses	6.3 %	6.6 %	7.9 %	7.2 %	6.8 %	6.7 %	6.7 %
Total operating expenses	91.0 %	93.1 %	95.6 %	91.7 %	90.7 %	90.5 %	90.4 %
EBITDA	10.4 %	9.0 %	6.6 %	10.3 %	10.3 %	10.6 %	10.7 %
Depreciation	2.5 %	5.0 %	6.8 %	3.2 %	2.0 %	1.8 %	1.6 %
EBITA	7.9 %	4.0 %	neg.	7.1 %	8.3 %	8.8 %	9.0 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.4 %	0.0 %	0.0 %	0.0 %	1.4 %	1.3 %	1.1 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	5.5 %	4.0 %	neg.	7.1 %	6.9 %	7.5 %	7.9 %
Interest income	0.1 %	0.1 %	0.1 %	0.7 %	0.4 %	0.4 %	0.4 %
Interest expenses	0.7 %	0.9 %	0.9 %	1.3 %	0.4 %	0.4 %	0.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	0.0 %	0.1 %	0.1 %
Recurring pretax income from continuing operations	4.8 %	3.2 %	neg.	6.5 %	7.0 %	7.6 %	8.0 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %
Earnings before taxes	4.8 %	3.2 %	neg.	6.5 %	7.0 %	7.6 %	8.0 %
Tax rate	10.0 %	6.1 %	-20.5 %	4.5 %	12.0 %	12.0 %	15.0 %
Net income from continuing operations	4.4 %	3.0 %	neg.	6.2 %	6.1 %	6.7 %	6.8 %
Income from discontinued operations (net of tax)	0.0 %	-1.8 %	-23.0 %	-0.2 %	0.0 %	0.0 %	0.0 %
Net income	4.4 %	4.9 %	21.8 %	6.4 %	6.1 %	6.7 %	6.8 %
Minority interest	neg.	0.1 %	neg.	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	4.4 %	4.8 %	21.9 %	6.3 %	6.1 %	6.7 %	6.8 %

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	302.3	312.5	261.8	319.0	315.4	319.1	323.5
Property, plant and equipment	135.1	132.5	95.5	110.4	98.7	103.7	108.6
Financial assets	22.1	32.5	146.0	32.1	32.1	32.1	32.1
FIXED ASSETS	459.5	477.5	503.4	461.6	446.3	455.0	464.2
Inventories	159.9	187.3	192.6	229.1	258.4	297.3	327.6
Accounts receivable	204.5	214.1	148.1	213.6	188.5	208.8	230.1
Other current assets	104.2	136.5	126.0	91.1	93.4	95.7	98.1
Liquid assets	281.9	296.5	437.8	332.2	412.8	441.1	490.4
Deferred taxes	36.6	40.2	33.1	43.1	43.1	43.1	43.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	787.1	874.6	937.5	909.1	996.1	1,086.0	1,189.4
TOTAL ASSETS	1,246.6	1,352.1	1,440.9	1,370.7	1,442.4	1,541.0	1,653.6
SHAREHOLDERS EQUITY	404.0	418.6	633.8	602.0	653.6	716.4	791.5
MINORITY INTEREST	5.4	4.7	1.8	2.0	2.0	2.0	2.0
Long-term debt	343.2	340.2	246.5	125.4	125.4	125.4	125.4
Provisions for pensions and similar obligations	26.8	25.1	19.9	27.5	27.5	27.5	27.5
Other provisions	40.5	31.4	27.0	33.3	33.3	33.3	33.3
Non-current liabilities	410.5	396.7	293.3	186.2	186.2	186.2	186.2
short-term liabilities to banks	42.8	72.3	125.7	150.9	150.9	150.9	150.9
Accounts payable	210.0	270.0	226.3	273.1	288.6	319.8	352.4
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)	160.6	176.7	154.1	151.2	155.7	160.4	165.2
Deferred taxes	13.3	13.2	5.7	5.3	5.3	5.3	5.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	426.6	532.2	511.9	580.5	600.6	636.4	673.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,246.6	1,352.1	1,440.9	1,370.7	1,442.4	1,541.0	1,653.6

Balance sheet (common size)	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	24.2 %	23.1 %	18.2 %	23.3 %	21.9 %	20.7 %	19.6 %
Property, plant and equipment	10.8 %	9.8 %	6.6 %	8.1 %	6.8 %	6.7 %	6.6 %
Financial assets	1.8 %	2.4 %	10.1 %	2.3 %	2.2 %	2.1 %	1.9 %
FIXED ASSETS	36.9 %	35.3 %	34.9 %	33.7 %	30.9 %	29.5 %	28.1 %
Inventories	12.8 %	13.9 %	13.4 %	16.7 %	17.9 %	19.3 %	19.8 %
Accounts receivable	16.4 %	15.8 %	10.3 %	15.6 %	13.1 %	13.6 %	13.9 %
Other current assets	8.4 %	10.1 %	8.7 %	6.6 %	6.5 %	6.2 %	5.9 %
Liquid assets	22.6 %	21.9 %	30.4 %	24.2 %	28.6 %	28.6 %	29.7 %
Deferred taxes	2.9 %	3.0 %	2.3 %	3.1 %	3.0 %	2.8 %	2.6 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	63.1 %	64.7 %	65.1 %	66.3 %	69.1 %	70.5 %	71.9 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	32.4 %	31.0 %	44.0 %	43.9 %	45.3 %	46.5 %	47.9 %
MINORITY INTEREST	0.4 %	0.3 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Long-term debt	27.5 %	25.2 %	17.1 %	9.1 %	8.7 %	8.1 %	7.6 %
Provisions for pensions and similar obligations	2.2 %	1.9 %	1.4 %	2.0 %	1.9 %	1.8 %	1.7 %
Other provisions	3.2 %	2.3 %	1.9 %	2.4 %	2.3 %	2.2 %	2.0 %
Non-current liabilities	32.9 %	29.3 %	20.4 %	13.6 %	12.9 %	12.1 %	11.3 %
short-term liabilities to banks	3.4 %	5.3 %	8.7 %	11.0 %	10.5 %	9.8 %	9.1 %
Accounts payable	16.8 %	20.0 %	15.7 %	19.9 %	20.0 %	20.8 %	21.3 %
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)	12.9 %	13.1 %	10.7 %	11.0 %	10.8 %	10.4 %	10.0 %
Deferred taxes	1.1 %	1.0 %	0.4 %	0.4 %	0.4 %	0.3 %	0.3 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	34.2 %	39.4 %	35.5 %	42.4 %	41.6 %	41.3 %	40.8 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	54.6	49.0	-2.0	78.1	85.5	103.0	115.5
Depreciation of fixed assets (incl. leases)	30.9	63.6	72.0	39.5	27.4	27.5	27.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	30.5	0.0	0.0	0.0	19.5	19.5	19.5
Others	-8.5	-20.3	-42.6	13.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	107.5	92.3	27.4	130.8	132.4	150.0	162.5
Increase/decrease in inventory	-13.1	-27.5	-5.3	-15.0	-29.3	-38.9	-30.3
Increase/decrease in accounts receivable	41.4	-9.6	66.0	-17.4	25.1	-20.4	-21.3
Increase/decrease in accounts payable	5.0	60.0	-43.6	18.5	15.6	31.2	32.6
Increase/decrease in other working capital positions	0.0	-19.9	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	33.3	3.0	17.1	-13.9	11.3	-28.1	-19.0
Cash flow from operating activities	140.8	95.3	44.4	116.9	143.7	121.9	143.5
CAPEX	33.9	47.0	40.5	46.3	51.6	55.7	56.2
Payments for acquisitions	41.0	13.9	20.5	53.3	0.0	0.0	0.0
Financial investments	3.6	8.2	-13.0	-2.8	0.0	0.0	0.0
Income from asset disposals	1.3	2.8	191.7	122.5	20.0	0.0	0.0
Cash flow from investing activities	-77.2	-66.3	143.7	25.7	-31.6	-55.7	-56.2
Cash flow before financing	63.6	29.0	188.1	142.6	112.1	66.2	87.3
Increase/decrease in debt position	-40.9	28.8	-56.7	-73.5	0.0	0.0	0.0
Purchase of own shares	12.2	20.6	0.0	45.5	0.0	0.0	0.0
Capital measures	1.4	0.0	0.0	5.8	0.0	0.0	0.0
Dividends paid	0.0	19.2	22.3	63.4	31.6	37.9	37.9
Others	-14.1	-9.3	-11.8	-13.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	-8.1	4.3	0.4	-3.1	0.0	0.0	0.0
Cash flow from financing activities	-65.8	-20.2	-90.8	-190.2	-31.6	-37.9	-37.9
Increase/decrease in liquid assets	-10.2	13.0	97.7	-50.8	80.5	28.3	49.4
Liquid assets at end of period	281.9	296.5	437.8	332.2	412.8	441.1	490.4

Quarterly results (EUR m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024E	FY 2024E
Sales	247.0	245.6	262.4	308.7	277.7	283.2	300.0	365.0	294.4	1,395.3
Sales growth	n/a	n/a	n/a	n/a	12 %	15 %	14 %	18 %	6 %	14 %
Gross profit	94.8	98.5	97.3	102.3	112.0	120.2	124.3	134.4	118.4	551.1
Gross profit margin	37.5 %	39.2 %	36.2 %	32.5 %	39.7 %	41.7 %	40.6 %	36.0 %	39.5 %	39.1 %
EBITDA	23.7	24.8	20.0	1.5	29.6	31.3	35.0	30.1	32.5	143.7
EBITDA margin	9.6 %	10.1 %	7.6 %	0.5 %	10.7 %	11.1 %	11.7 %	8.3 %	11.0 %	10.3 %
EBIT (inc revaluation net)	12.0	12.5	8.1	-34.7	20.6	22.2	25.0	18.6	20.5	96.8
EBIT margin	4.9 %	5.1 %	3.1 %	-11.2 %	7.4 %	7.8 %	8.3 %	5.1 %	7.0 %	6.9 %
EPS reported	0.18	0.20	0.13	3.14	0.26	0.30	0.30	0.37	0.30	1.35

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
P&L growth analysis							
Sales growth	n/a	-20.1 %	6.1 %	15.3 %	13.8 %	10.8 %	10.2 %
EBITDA growth	n/a	-30.7 %	-22.3 %	80.0 %	14.0 %	13.5 %	11.2 %
EBIT growth	n/a	-41.6 %	-105.0 %	-	12.0 %	19.9 %	15.8 %
EPS growth	n/a	-13.2 %	392.0 %	-66.3 %	10.0 %	20.5 %	12.2 %
Efficiency							
Total operating costs / sales	91.0 %	93.1 %	95.6 %	91.7 %	90.7 %	90.5 %	90.4 %
Sales per employee	413.6	189.1	236.0	263.3	267.9	270.3	283.7
EBITDA per employee	42.9	17.0	15.5	27.1	27.6	28.5	30.2
Balance sheet analysis							
Avg. working capital / sales	n/a	14.2 %	11.6 %	11.6 %	11.7 %	11.1 %	11.5 %
Inventory turnover (sales/inventory)	7.8	5.4	5.5	5.4	5.4	5.2	5.2
Trade debtors in days of sales	59.5	77.9	50.8	63.6	49.3	49.3	49.3
A/P turnover [(A/P*365)/sales]	61.1	98.3	77.7	81.3	75.5	75.5	75.5
Cash conversion cycle (days)	36.6	31.1	33.1	42.4	36.4	40.7	40.6
Cash flow analysis							
Free cash flow	106.9	48.3	4.0	70.6	92.1	66.2	87.3
Free cash flow/sales	8.5 %	4.8 %	0.4 %	5.8 %	6.6 %	4.3 %	5.1 %
FCF / net profit	192.2 %	100.1 %	1.7 %	90.8 %	107.8 %	64.3 %	75.6 %
Capex / deprn	61.2 %	86.7 %	38.2 %	110.0 %	110.0 %	118.5 %	119.6 %
Capex / maintenance capex	71.6 %	n/a	66.2 %	83.4 %	81.8 %	86.4 %	86.1 %
Capex / sales	3.0 %	5.5 %	2.6 %	3.5 %	3.7 %	3.6 %	3.3 %
Security							
Net debt	104.1	116.0	-65.6	-56.0	-136.5	-164.8	-214.1
Net Debt/EBITDA	0.8	1.3	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.3	0.3	neg.	neg.	neg.	neg.	neg.
Interest cover	7.4	4.5	0.0	5.4	18.4	21.0	24.3
Dividend payout ratio	35.7 %	47.9 %	27.4 %	40.6 %	44.3 %	36.8 %	32.8 %
Asset utilisation							
Capital employed turnover	1.5	1.1	1.0	1.3	1.4	1.5	1.5
Operating assets turnover	4.3	3.8	5.1	4.4	5.4	5.3	5.4
Plant turnover	9.3	7.6	11.1	11.1	14.1	14.9	15.7
Inventory turnover (sales/inventory)	7.8	5.4	5.5	5.4	5.4	5.2	5.2
Returns							
ROCE	7.9 %	4.6 %	-0.2 %	8.7 %	10.0 %	11.3 %	12.3 %
ROE	13.8 %	11.5 %	36.7 %	12.9 %	13.1 %	14.4 %	14.6 %
Other							
Interest paid / avg. debt	2.4 %	2.3 %	2.6 %	5.0 %	1.9 %	2.0 %	2.0 %
No. employees (average)	3034	5304	4508	4657	5209	5720	6005
Number of shares	65.0	65.0	63.6	63.2	63.2	63.2	63.2
DPS	0.3	0.4	1.0	0.5	0.6	0.6	0.6
EPS reported	0.86	0.74	3.65	1.23	1.35	1.63	1.83
Valuation ratios							
P/BV	3.5	3.3	1.5	2.0	2.0	1.8	1.6
EV/sales	1.2	1.5	0.9	1.0	0.9	0.8	0.7
EV/EBITDA	11.8	16.8	13.2	9.3	8.3	7.1	6.1
EV/EBITA	15.5	37.7	-457.7	13.6	10.2	8.6	7.2
EV/EBIT	22.4	37.7	-457.7	13.6	12.3	10.0	8.3
EV/FCF	14.4	31.3	233.4	16.7	12.9	17.6	12.8
Adjusted FCF yield	5.0 %	3.6 %	4.3 %	8.4 %	8.4 %	10.2 %	11.8 %
Dividend yield	1.4 %	1.7 %	6.6 %	2.6 %	2.9 %	2.9 %	2.9 %

Source: Company data, Hauck Aufhäuser Investment Banking

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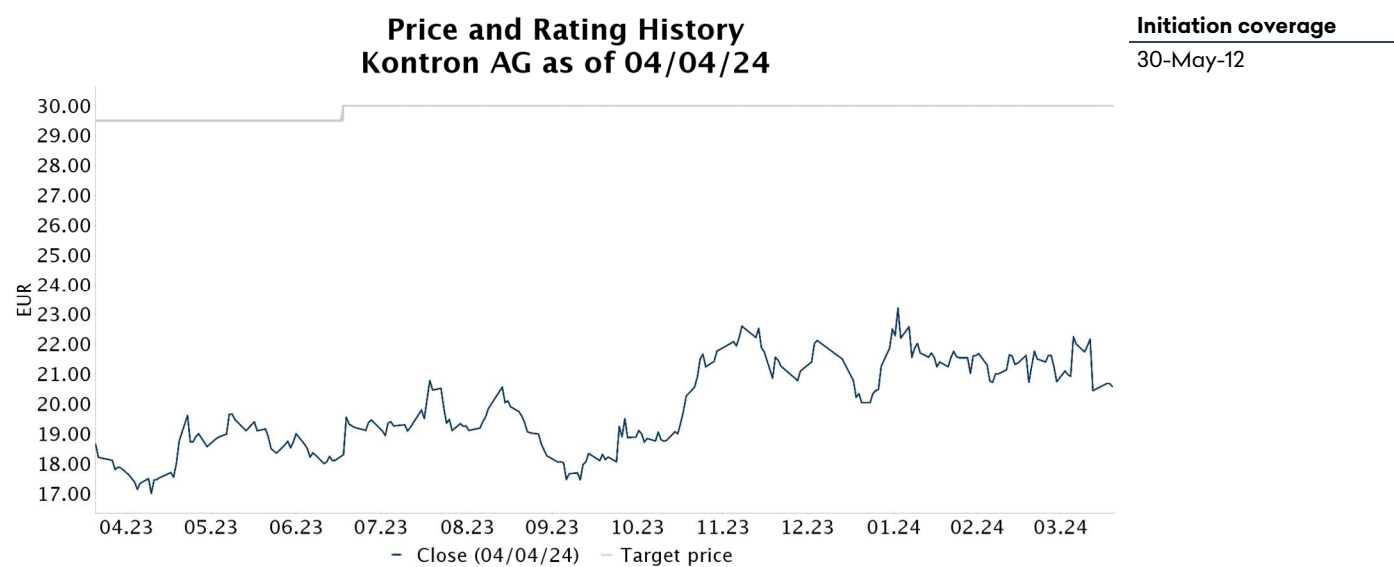
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Company	Disclosure
Kontron AG	

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



Company	Date	Analyst	Rating	Target price	Close
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Kontron AG	12.01.2024	Wunderlich, Tim	Buy	EUR 30,00	EUR 21,26
	06.12.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 21,46
	17.11.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 21,76
	06.11.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 20,56
	03.11.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 20,26
	30.10.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,07
	12.10.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,50
	25.09.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 17,69
	29.08.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 20,56
	04.08.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 20,46
	03.08.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 20,78
	01.08.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,51
	04.07.2023	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,55
	06.06.2023	Wunderlich, Tim	Buy	EUR 29,50	EUR 18,90
	25.04.2023	Wunderlich, Tim	Buy	EUR 29,50	EUR 17,00
	05.04.2023	Wunderlich, Tim	Buy	EUR 29,50	EUR 18,66

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Sell	5.35 %	0.00 %
Hold	23.53 %	15.63 %

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