

# Kontron AG

## Austria - IT Services



HAUCK  
AUFHÄUSER  
INVESTMENT BANKING

**Buy** (old: Buy)

**Price target: EUR 28.00** (old: EUR 27.00)

<b>Price:</b>	EUR 17.96	<b>Next result:</b>	Q4'22 29.03.23
<b>Bloomberg:</b>	KTN GR	<b>Market cap:</b>	EUR 1,107.2 m
<b>Reuters:</b>	KTN.DE	<b>Enterprise Value:</b>	EUR 1,083.2 m

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### Strong net income guidance yields upside to eHAIB; chg.

Yesterday's release was **received positively by the market**, for good reason:

- **The initial FY'23E guidance is for € 60m of net income, which would imply strong growth of c. 33% yoy** over a "clean" comparable base of c. € 45m net income in FY'22, i.e. excluding any contribution from IT Services in 2022. In essence, management expects the "new" Kontron to achieve **record net income in 2023E** even without any contribution from IT Services, which highlights the earnings power of the re-focused group. **The net income guidance is well ahead of our conservative € 39m estimate.** Note that eCons is not available as many brokers have yet to account for the IT Services divestment.
- **There are several reasons for the strong bottom-line outlook and upside to eHAIB.** First, management is seen to target 10-15% higher EBITDA than eHAIB (i.e. € 120m vs. € 105m) due to a strong order book and easing supply chains. Second, depreciation & amortisation should be down to € 45m in 2023E versus € 55m eHAIB and € 53m in 2021. This is due to lower depreciation on leases (IFRS 16), which pertain mostly to vehicles and office space used by IT Services employees. Third, management expects a positive financial result in FY'23E (vs. € -6m eHAIB) thanks to positive interest income on the high gross cash base of € 450m (eHAIB / FY'23E).
- **What else was announced?** Kontron will propose a € 1.00 dividend per share for FY'22 (in-line), which would imply a **yield of almost 6%** on the current share price, providing downside protection. Also, management guides for organic growth of c. 10% to € 1.2bn sales in FY'23E, again ahead of eHAIB, **with potential further upside stemming from M&A.** Indeed, announcements on acquisitions and a share buyback program could already happen in Q1'23E, **supporting positive newsflow.**

All said, **the release confirms our positive view** on the "new Kontron" as a focused, higher-growth and higher-profitability play on IoT, Industry 4.0 and 5G.

**Action:** we raise sales and EBIT estimates for FY'23E to account for easing supply chains, which should allow Kontron to work off part of its backlog overhang, which stood at € 100m in Jan'23 (eHAIB). Note that conservatively we remain somewhat below guidance due to macro uncertainty. Higher EPS estimates for FY'23E and FY'24E reflect lower D&A and a better financial result. **Reiterate BUY with a new PT of € 28.00 based on DCF** (prior: € 27.00).

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	1,161.0	1,295.3
Sales growth	12 %	13 %	12 %	-20 %	8 %	7 %	12 %
EBITDA	90.5	111.7	130.0	88.0	94.8	113.2	138.6
EBIT	61.5	61.8	68.6	35.0	40.4	68.1	92.7
Net income	45.0	49.1	55.6	48.0	179.2	58.8	82.0
Net debt	-52.7	91.5	104.1	116.0	-49.0	-161.5	-206.4
EPS pro forma	0.68	0.74	0.84	0.44	0.46	0.92	1.29
CPS	0.32	0.88	1.67	0.83	-0.71	1.09	1.20
DPS	0.16	0.00	0.30	0.35	1.00	0.60	0.60
Dividend yield	0.9 %	0.0 %	1.7 %	1.9 %	5.6 %	3.3 %	3.3 %
Gross profit margin	36.0 %	37.2 %	37.2 %	36.7 %	37.6 %	39.2 %	39.5 %
EBITDA margin	9.1 %	9.9 %	10.4 %	8.8 %	8.8 %	9.8 %	10.7 %
EBIT margin	6.2 %	5.5 %	5.5 %	3.5 %	3.7 %	5.9 %	7.2 %
ROCE	11.9 %	8.8 %	9.9 %	4.0 %	4.6 %	7.8 %	10.5 %
EV/sales	1.2	1.2	1.1	1.3	1.0	0.9	0.7
EV/EBITDA	12.7	11.7	10.1	15.1	11.8	8.9	6.9
EV/EBIT	18.7	21.2	19.2	37.9	27.7	14.8	10.4
PER	26.4	24.2	21.3	40.9	39.1	19.4	13.9
Adjusted FCF yield	5.7 %	6.4 %	7.3 %	3.8 %	4.8 %	7.8 %	10.4 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 16.01.2023

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:** 2.5  
**Relative performance (TecDAX):**  
 3 months -3.4 %  
 6 months 11.6 %  
 12 months 26.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2022	old:	1,083.0	40.4	0.46
	Δ	-	-	-
2023	old:	1,126.3	50.2	0.61
	Δ	3.1%	35.6%	50.7%
2024	old:	1,295.3	82.7	1.08
	Δ	0.0%	12.1%	18.8%

#### 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>1,161.0</b>	<b>1,295.3</b>
Sales growth	12.3 %	13.3 %	11.7 %	-19.9 %	7.8 %	7.2 %	11.6 %
Increase/decrease in finished goods and work-in-process	15.1	15.5	17.6	14.5	11.9	12.2	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>1,173.2</b>	<b>1,308.3</b>
Other operating income	7.5	8.0	8.8	13.5	16.2	5.8	6.5
Material expenses	644.3	715.4	799.0	645.0	683.4	712.8	791.4
Personnel expenses	194.6	245.2	273.3	238.0	255.6	271.7	296.6
Other operating expenses	84.0	74.2	78.8	62.0	77.4	81.3	88.1
Total operating expenses	915.4	1,026.7	1,142.4	931.5	1,000.2	1,060.0	1,169.7
<b>EBITDA</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>88.0</b>	<b>94.8</b>	<b>113.2</b>	<b>138.6</b>
Depreciation	29.0	25.9	30.9	29.6	30.9	26.6	27.4
<b>EBITA</b>	<b>61.5</b>	<b>85.8</b>	<b>99.1</b>	<b>58.4</b>	<b>63.9</b>	<b>86.6</b>	<b>111.2</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	18.5	18.5
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>68.1</b>	<b>92.7</b>
Interest income	1.0	1.3	1.6	1.6	1.6	6.9	7.0
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	-1.3	0.5
<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>66.8</b>	<b>93.2</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>66.8</b>	<b>93.2</b>
Taxes	7.9	4.6	6.1	0.0	3.2	8.0	11.2
<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>58.8</b>	<b>82.0</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>58.8</b>	<b>82.0</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>58.8</b>	<b>82.0</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>0.92</b>	<b>1.29</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 %	61.4 %	61.1 %
Personnel expenses	19.6 %	21.8 %	21.8 %	23.7 %	23.6 %	23.4 %	22.9 %
Other operating expenses	8.5 %	6.6 %	6.3 %	6.2 %	7.2 %	7.0 %	6.8 %
Total operating expenses	92.4 %	91.4 %	91.0 %	92.7 %	92.4 %	91.3 %	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>9.8 %</b>	<b>10.7 %</b>
Depreciation	2.9 %	2.3 %	2.5 %	2.9 %	2.9 %	2.3 %	2.1 %
<b>EBITA</b>	<b>6.2 %</b>	<b>7.6 %</b>	<b>7.9 %</b>	<b>5.8 %</b>	<b>5.9 %</b>	<b>7.5 %</b>	<b>8.6 %</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 %	1.6 %	1.4 %
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>5.9 %</b>	<b>7.2 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.6 %	0.5 %
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.	0.0 %
<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>5.8 %</b>	<b>7.2 %</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>5.8 %</b>	<b>7.2 %</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>5.1 %</b>	<b>6.3 %</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>5.1 %</b>	<b>6.3 %</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>5.1 %</b>	<b>6.3 %</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>62.9</b>	<b>58.9</b>
Property, plant and equipment	37.1	99.8	135.1	132.5	110.5	94.4	80.5
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>189.8</b>	<b>171.9</b>
Inventories	130.8	146.8	159.9	187.3	240.7	241.9	259.1
Accounts receivable	202.7	212.2	204.5	232.5	204.7	219.5	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	456.5	481.4
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>1,082.1</b>	<b>1,152.6</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>1,271.9</b>	<b>1,324.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>356.0</b>	<b>372.7</b>	<b>404.0</b>	<b>418.6</b>	<b>422.3</b>	<b>497.1</b>	<b>538.3</b>
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	222.7	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>448.3</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>1,271.9</b>	<b>1,324.5</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>4.9 %</b>	<b>4.4 %</b>
Property, plant and equipment	4.4 %	8.1 %	10.8 %	9.8 %	8.5 %	7.4 %	6.1 %
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>14.9 %</b>	<b>13.0 %</b>
Inventories	15.4 %	12.0 %	12.8 %	13.9 %	18.5 %	19.0 %	19.6 %
Accounts receivable	23.9 %	17.3 %	16.4 %	17.2 %	15.8 %	17.3 %	18.5 %
Other current assets	8.0 %	8.4 %	8.4 %	8.7 %	9.3 %	9.8 %	9.6 %
Liquid assets	20.3 %	25.5 %	22.6 %	21.9 %	35.5 %	35.9 %	36.3 %
Deferred taxes	3.5 %	2.8 %	2.9 %	3.0 %	3.1 %	3.2 %	3.0 %
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>85.1 %</b>	<b>87.0 %</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>42.0 %</b>	<b>30.4 %</b>	<b>32.4 %</b>	<b>31.0 %</b>	<b>32.5 %</b>	<b>39.1 %</b>	<b>40.6 %</b>
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 %	21.2 %	19.6 %
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>25.7 %</b>	<b>23.9 %</b>
short-term liabilities to banks	4.7 %	5.1 %	3.4 %	5.3 %	5.6 %	2.0 %	1.1 %
Accounts payable	20.9 %	16.7 %	16.8 %	20.0 %	16.0 %	17.5 %	18.8 %
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)	15.3 %	10.9 %	12.9 %	13.1 %	14.0 %	14.7 %	14.6 %
Deferred taxes	1.5 %	1.1 %	1.1 %	1.0 %	1.0 %	1.0 %	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>35.2 %</b>	<b>35.5 %</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	58.8	82.0
Depreciation of fixed assets (incl. leases)	29.9	49.9	30.9	63.6	30.9	26.6	27.4
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	18.5	18.5
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	103.9	127.9
Increase/decrease in inventory	-4.1	-16.0	-13.1	-27.5	-53.3	-1.2	-17.2
Increase/decrease in accounts receivable	-23.1	-30.0	41.4	-28.1	27.8	-14.7	-25.4
Increase/decrease in accounts payable	2.1	49.7	5.0	60.0	-62.3	15.0	25.8
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	-1.0	-16.8
<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>102.9</b>	<b>111.1</b>
CAPEX	25.1	27.1	33.9	47.0	42.2	44.1	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>73.2</b>	<b>-27.9</b>
Cash flow before financing	-27.6	27.7	63.6	28.0	188.1	176.1	83.1
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	-5.0	25.0
<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>456.5</b>	<b>481.4</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	92.9	103.6
yoy change	-9.1 %	3.8 %	4.4 %	-24.6 %	7.8 %	7.2 %	11.6 %
Rest of Europe	300.0	336.9	373.9	294.5	328.1	351.8	392.5
yoy change	23.6 %	12.3 %	11.0 %	-21.3 %	11.4 %	7.2 %	11.6 %
NAFTA	133.2	152.7	178.2	147.7	148.4	159.1	177.5
yoy change	0.8 %	14.7 %	16.7 %	-17.1 %	0.4 %	7.2 %	11.6 %
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	557.3	621.7
yoy change	15.2 %	15.6 %	12.2 %	-19.1 %	7.8 %	7.2 %	11.6 %
<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>1,161.0</b>	<b>1,295.3</b>
yoy change	12.3 %	13.3 %	11.7 %	-19.9 %	7.8 %	7.2 %	11.6 %

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 %	7.2 %	11.6 %
EBITDA growth	33.0 %	23.4 %	43.6 %	-21.2 %	-27.1 %	28.6 %	46.3 %
EBIT growth	47.3 %	0.4 %	11.5 %	-43.3 %	-41.1 %	94.5 %	129.7 %
EPS growth	58.9 %	9.2 %	25.7 %	-0.6 %	229.2 %	25.2 %	-54.3 %
<b>Efficiency</b>							
Total operating costs / sales	92.4 %	91.4 %	91.0 %	92.7 %	92.4 %	91.3 %	90.3 %
Sales per employee	254.1	259.8	242.1	190.5	215.2	226.6	320.6
EBITDA per employee	23.2	25.9	25.1	16.7	18.8	22.1	34.3
<b>Balance sheet analysis</b>							
Avg. working capital / sales	14.0 %	13.8 %	12.4 %	15.1 %	18.1 %	16.7 %	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	78.8	73.9
<b>Cash flow analysis</b>							
Free cash flow	10.4	56.3	106.9	47.3	-46.4	58.8	63.1
Free cash flow/sales	1.1 %	5.0 %	8.5 %	4.7 %	-4.3 %	5.1 %	4.9 %
FCF / net profit	23.2 %	114.6 %	192.2 %	98.6 %	neg.	100.0 %	77.0 %
Capex / deprn	82.3 %	62.9 %	61.2 %	86.7 %	77.6 %	97.8 %	104.4 %
Capex / maintenance capex	n/a	74.6 %	114.5 %	89.0 %	58.4 %	75.5 %	82.8 %
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	-161.5	-206.4
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	8.4	14.1
Dividend payout ratio	23.5 %	0.0 %	35.7 %	48.2 %	35.5 %	64.9 %	46.6 %
<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	3.9
Plant turnover	26.7	11.3	9.3	7.6	9.8	12.3	16.1
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 %	7.8 %	10.5 %
ROE	12.6 %	13.2 %	13.8 %	11.5 %	42.4 %	11.8 %	15.2 %
<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	0.92	1.29
<b>Valuation ratios</b>							
P/BV	3.3	3.2	2.9	2.8	2.7	2.3	2.1
EV/sales	1.2	1.2	1.1	1.3	1.0	0.9	0.7
EV/EBITDA	12.7	11.7	10.1	15.1	11.8	8.9	6.9
EV/EBITA	18.7	15.3	13.3	22.7	17.5	11.6	8.6
EV/EBIT	18.7	21.2	19.2	37.9	27.7	14.8	10.4
EV/FCF	110.1	23.2	12.3	28.1	-24.1	17.1	15.2
Adjusted FCF yield	5.7 %	6.4 %	7.3 %	3.8 %	4.8 %	7.8 %	10.4 %
Dividend yield	0.9 %	0.0 %	1.7 %	1.9 %	5.6 %	3.3 %	3.3 %

Source: Company data, Hauck Aufhäuser Investment Banking

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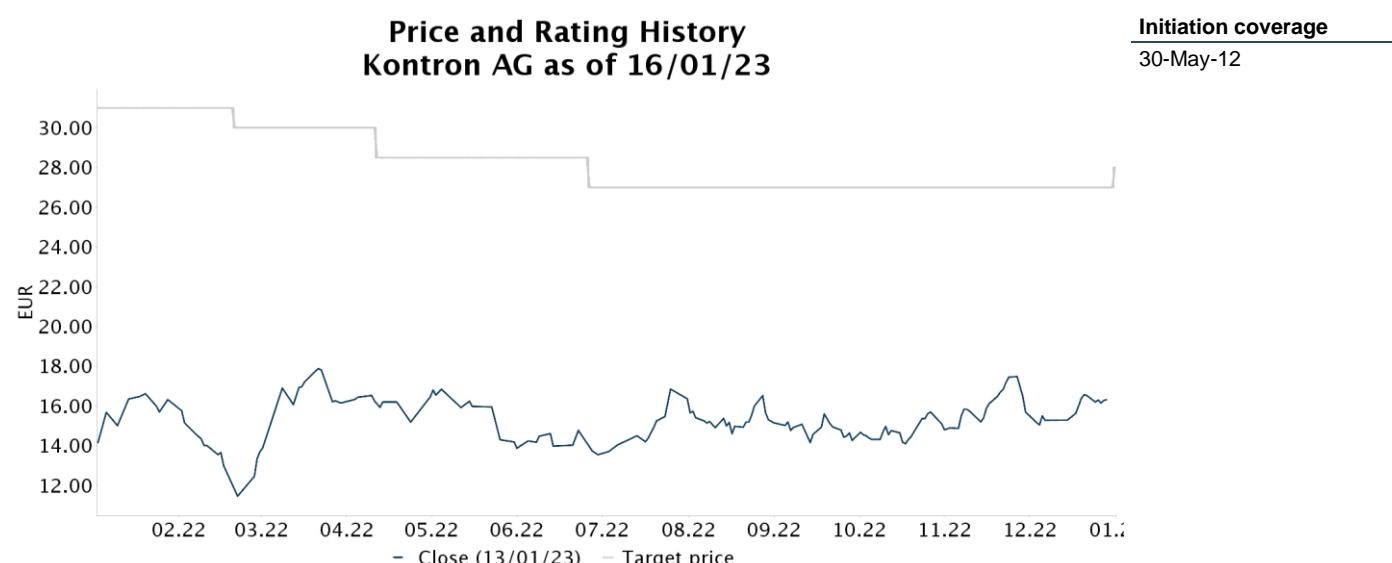
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Company	Disclosure
Kontron AG	

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



Company	Date	Analyst	Rating	Target price	Close
Kontron AG	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
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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