

Buy (old: Buy)

ESG Rating: BBB

31-May-24

Price target: EUR 36.50 (old: EUR 30.00)

Tim Wunderlich, CFA
Analyst

Price: EUR 21.78 Next result: H1'24: 07.08.24
Bloomberg: KTN GR Market cap: EUR 1,376.0 m
Reuters: KTN.DE Enterprise Value: EUR 1,631.7 m

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Incorporating KATEK, raising estimates and PT

Kontron announced that c. 3.9m shares or 27% of KATEK's shares outstanding were tendered in the four-week long offer period, which ended May 13. As a result, **Kontron now holds c. 87% in KATEK**, which includes the c. 59% stake that the company acquired from PRIMEPULSE prior to the start of the tender offer.

Roughly 95% of the c. 3.9m tendered shares opted for the € 15.00 per share cash payment, while 5% chose to receive Kontron shares. As a result, **the total cash-out amounts to € 186m**, which includes the c. 59% stake Kontron bought from PRIMEPULSE. The share-based component is worth roughly € 3m. Note that the **net cash-out is € 147m**, given that Kontron made use of the put option to sell KATEK's 'TeleAlarm' subsidiary back to PRIMEPULSE for € 39m or c. 10x EBITDA.

Accounting for the TeleAlarm divestment, **the deal values KATEK at € 305m (EV) or 8.7x EV/EBITDA 2023 pre-synergies**. Importantly, management has already made excellent progress on synergies, which means that the deal should be **even more value-accretive post-synergies**: Kontron targets a € 44m EBITDA uplift by 2025E thanks to € 12m cost savings and € 32m gross profit improvements, courtesy of product / technology synergies.

Action: we adjust our model for the take-over of KATEK but take a conservative stance, accounting only for 75% of the targeted gross profit synergies (and 100% of cost savings). **These are the key assumptions**: (i) KATEK will contribute sales of c. € 500m in 2024E and c. € 600m in 2025E due to a one-year consolidation vs. 10 months in 2024E. We assume that € 150m of KATEK's sales will either be discontinued (€ 80m) in light of low gross margins or disappear due to inter-company sales (€ 70m); (ii) KATEK's adj. EBITDA of € 39m (2023) will benefit from € 12m of cost savings in 2024E (less € 5m one-off expenses) and € 23m of gross profit synergies in 2025E; (iii) incremental PPA will amount to € 5m.

Our conservative stance means that we are positioned somewhat below management's 2024E guidance of € 100m net income. Strong execution on synergies could yield upside to estimates. Even so, **the deal looks highly value-accretive: Buy with a new PT of € 36.50 (old: € 30.00) 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	1,903.0	2,156.1	2,376.0
Sales growth	12 %	-20 %	6 %	15 %	55 %	13 %	10 %
EBITDA	130.0	90.1	70.0	126.0	189.3	233.9	267.3
EBIT (inc revaluation net)	68.6	40.1	-2.0	86.5	114.9	157.9	190.3
Net income	55.6	48.3	232.5	77.7	93.4	126.7	150.1
Net debt	104.1	116.0	-65.6	-56.0	228.2	181.3	99.5
Net gearing	25.8 %	27.7 %	-10.3 %	-9.3 %	34.7 %	24.3 %	11.6 %
Net Debt/EBITDA	0.8	1.3	0.0	0.0	1.2	0.8	0.4
EPS pro forma	0.84	0.45	-0.19	1.19	1.48	2.01	2.38
CPS	1.39	0.91	0.13	1.35	1.52	1.66	2.12
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 %	2.8 %	2.8 %	2.8 %
Gross profit margin	37.2 %	37.1 %	36.1 %	39.3 %	40.6 %	41.3 %	41.6 %
EBITDA margin	10.4 %	9.0 %	6.6 %	10.3 %	10.0 %	10.9 %	11.3 %
EBIT margin	5.5 %	4.0 %	-0.2 %	7.1 %	6.0 %	7.3 %	8.0 %
ROCE	7.9 %	4.6 %	-0.2 %	8.7 %	10.6 %	12.5 %	13.9 %
EV/sales	1.2	1.5	0.9	1.0	0.9	0.7	0.6
EV/EBITDA	11.8	16.8	13.2	9.3	8.6	6.8	5.6
EV/EBIT	22.4	37.7	-457.7	13.6	14.2	10.0	7.9
PER	25.2	46.0	-79.0	16.0	14.7	10.9	9.2
Adjusted FCF yield	5.0 %	3.6 %	4.3 %	8.4 %	7.4 %	10.1 %	12.3 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 30.05.2024



Source: Company data, HAIB

High/low 52 weeks:	23.20 / 17.46
Price/Book Ratio:	2.1
Relative performance (TecDAX):	
3 months	3.3 %
6 months	-5.3 %
12 months	10.2 %

Changes in estimates

		Sales	EBIT	EPS
2024	old:	1,395.3	96.8	1.35
	Δ	36.4%	18.7%	9.2%
2025	old:	1,546.0	116.1	1.63
	Δ	39.5%	36.0%	23.0%
2026	old:	1,703.7	134.4	1.83
	Δ	39.5%	41.5%	29.9%

Key share data:

Number of shares: (in m pcs)	63.2
Authorised capital: (in € m)	12.1
Book value per share: (in €)	10.4
Ø trading volume: (12 months)	120,000

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:

€ 1.9bn sales / € 190m EBITDA / € 100m net income

Company in a Nutshell

- Kontron is one of the world's **leading manufacturers of IoT-enabled embedded solutions** and IoT connectivity software
- Embedded solutions are the **electronic 'brain' of a machine** (e.g. an industrial robot) and offer software features such as data analytics and security
- **Kontron serves >4,500 customers** across focus industries Transportation, Smart Factories, Smart Energy and Medical.

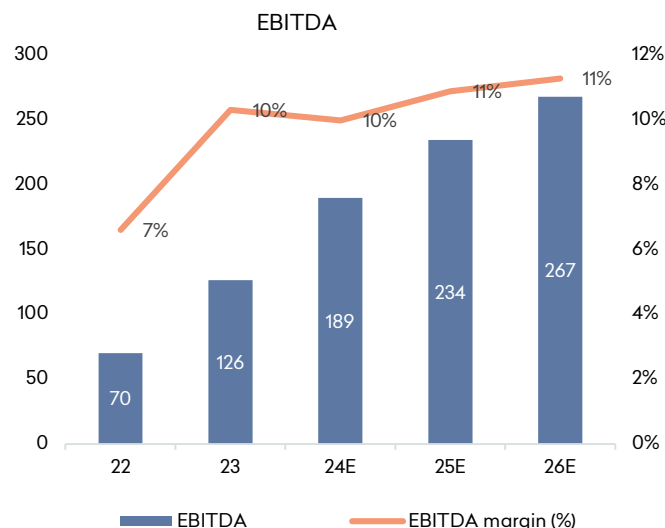
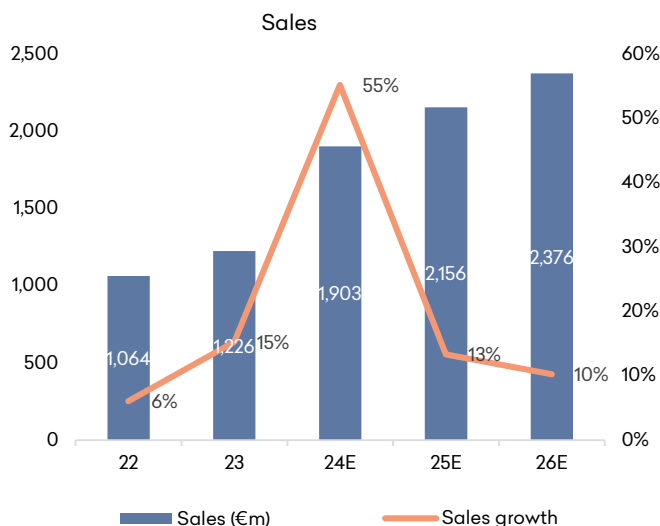
Upcoming Catalysts

- **It is all about the KATEK:** Kontron has already realised cost savings to the tune of € 10-12m, revenue and technology synergies should follow
- The capital market remains sceptical about the deal. **A quick and successful integration would be the catalyst for a re-rating**

Investment Case

- As a leading provider of embedded IoT solutions, Kontron benefits from customer-specific know-how and lock-in effects. **Differentiation is based on extensive software know-how**, which is backed by one of the largest engineering forces in the industry (3,600 engineers)
- With the take-over of KATEK, Kontron has a **focus on the attractive and growing markets** of Industrial IoT and GreenTec. We expect sales to grow by 25% CAGR'23-26E due to market share gains in Transportation and the proliferation of IoT devices, as well as the M&A contribution of KATEK
- The bottom-line looks set to benefit from **gross margin improvements** thanks to the rising software / transportation revenue share, coupled with cost and technology synergies with KATEK: we estimate EBIT growth of 30% CAGR'23-26E.
- **Buy with a DCF-based € 36.50 PT**, backed by 11%+ ROCEs, 26% 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	155.5	165.6	195.8
Capex	40.5	46.3	83.0	80.8	76.0
FCF	4.0	70.6	72.5	84.8	119.7
FCF per share	0.1	1.1	1.1	1.3	1.9
FCF yield	4.3 %	8.4 %	7.4 %	10.1 %	12.3 %
Net Debt/EBITDA	0.0	0.0	1.2	0.8	0.4

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios summary	2022	2023	2024E	2025E	2026E
EPS growth	392.0 %	-66.3 %	20.2 %	35.7 %	18.4 %
Capital Turnover	1.0	1.3	1.6	1.6	1.7
Avg. working capital / sales	10.8 %	13.8 %	16.0 %	16.0 %	16.0 %
Cash conversion cycle (days)	33.1	42.4	66.0	66.2	66.3
FCF / Net profit	neg.	93.8 %	77.6 %	66.9 %	79.8 %
Interest cover	0.0	5.4	10.3	11.2	13.5

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	1,903.0	2,156.1	2,376.0
Sales growth	11.7 %	-20.1 %	6.1 %	15.3 %	55.2 %	13.3 %	10.2 %
Increase/decrease in finished goods and work-in-process	17.6	21.2	23.4	24.7	19.0	21.6	23.8
Total sales	1,272.4	1,024.2	1,087.1	1,250.7	1,922.0	2,177.7	2,399.8
Other operating income	8.8	14.6	19.7	15.4	6.7	7.5	8.3
Material expenses	799.0	644.7	694.2	759.7	1,141.8	1,277.7	1,401.9
Personnel expenses	273.3	237.6	258.8	291.8	454.8	515.3	565.5
Other operating expenses	78.8	66.5	83.8	88.5	142.7	158.3	173.4
Total operating expenses	1,142.4	934.1	1,017.1	1,124.6	1,732.7	1,943.7	2,132.5
EBITDA	130.0	90.1	70.0	126.0	189.3	233.9	267.3
Depreciation	30.9	50.0	72.0	39.5	49.9	50.0	50.0
EBITA	99.1	40.1	-2.0	86.5	139.4	183.9	217.3
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	24.5	26.0	27.0
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	114.9	157.9	190.3
Interest income	1.6	1.4	1.4	8.9	4.3	4.0	5.0
Interest expenses	9.3	9.0	10.0	16.1	11.2	14.1	14.1
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	-6.9	-10.1	-9.2
Recurring pretax income from continuing operations	60.7	32.4	-10.7	79.2	108.1	147.8	181.1
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	108.1	147.8	181.1
Taxes	6.1	2.0	2.2	3.5	13.0	17.7	27.2
Net income from continuing operations	54.6	30.5	-12.8	75.7	95.1	130.1	154.0
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	95.1	130.1	154.0
Minority interest	-1.0	0.7	-0.6	0.4	1.7	3.4	3.9
Net profit (reported)	55.6	48.3	232.5	77.7	93.4	126.7	150.1
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	1.48	2.01	2.38

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 %	0.4 %	0.4 %	0.4 %
Material expenses	63.7 %	64.3 %	65.3 %	62.0 %	60.0 %	59.3 %	59.0 %
Personnel expenses	21.8 %	23.7 %	24.3 %	23.8 %	23.9 %	23.9 %	23.8 %
Other operating expenses	6.3 %	6.6 %	7.9 %	7.2 %	7.5 %	7.3 %	7.3 %
Total operating expenses	91.0 %	93.1 %	95.6 %	91.7 %	91.1 %	90.2 %	89.8 %
EBITDA	10.4 %	9.0 %	6.6 %	10.3 %	10.0 %	10.9 %	11.3 %
Depreciation	2.5 %	5.0 %	6.8 %	3.2 %	2.6 %	2.3 %	2.1 %
EBITA	7.9 %	4.0 %	neg.	7.1 %	7.3 %	8.5 %	9.1 %
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 %	1.3 %	1.2 %	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 %	6.0 %	7.3 %	8.0 %
Interest income	0.1 %	0.1 %	0.1 %	0.7 %	0.2 %	0.2 %	0.2 %
Interest expenses	0.7 %	0.9 %	0.9 %	1.3 %	0.6 %	0.7 %	0.6 %
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.
Recurring pretax income from continuing operations	4.8 %	3.2 %	neg.	6.5 %	5.7 %	6.9 %	7.6 %
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 %	5.7 %	6.9 %	7.6 %
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 %	5.0 %	6.0 %	6.5 %
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 %	5.0 %	6.0 %	6.5 %
Minority interest	neg.	0.1 %	neg.	0.0 %	0.1 %	0.2 %	0.2 %
Net profit (reported)	4.4 %	4.8 %	21.9 %	6.3 %	4.9 %	5.9 %	6.3 %

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	422.5	426.2	430.1
Property, plant and equipment	135.1	132.5	95.5	110.4	235.5	236.6	231.8
Financial assets	22.1	32.5	146.0	32.1	44.6	44.6	44.6
FIXED ASSETS	459.5	477.5	503.4	461.6	702.7	707.5	706.5
Inventories	159.9	187.3	192.6	229.1	453.1	513.4	565.7
Accounts receivable	204.5	214.1	148.1	213.6	245.0	277.6	306.0
Other current assets	104.2	136.5	126.0	91.1	106.1	108.7	111.4
Liquid assets	281.9	296.5	437.8	332.2	243.1	290.0	371.8
Deferred taxes	36.6	40.2	33.1	43.1	56.1	56.1	56.1
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	1,103.4	1,245.8	1,411.0
TOTAL ASSETS	1,246.6	1,352.1	1,440.9	1,370.7	1,806.1	1,953.3	2,117.6
SHAREHOLDERS EQUITY	404.0	418.6	633.8	602.0	657.5	746.7	859.7
MINORITY INTEREST	5.4	4.7	1.8	2.0	27.0	27.0	27.0
Long-term debt	343.2	340.2	246.5	125.4	296.4	296.4	296.4
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	37.7	37.7	37.7
Non-current liabilities	410.5	396.7	293.3	186.2	361.6	361.6	361.6
short-term liabilities to banks	42.8	72.3	125.7	150.9	174.9	174.9	174.9
Accounts payable	210.0	270.0	226.3	273.1	393.6	446.0	491.5
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	186.2	191.8	197.6
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	760.1	818.0	869.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,246.6	1,352.1	1,440.9	1,370.7	1,806.1	1,953.3	2,117.6

Balance sheet (common size)	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	24.2 %	23.1 %	18.2 %	23.3 %	23.4 %	21.8 %	20.3 %
Property, plant and equipment	10.8 %	9.8 %	6.6 %	8.1 %	13.0 %	12.1 %	10.9 %
Financial assets	1.8 %	2.4 %	10.1 %	2.3 %	2.5 %	2.3 %	2.1 %
FIXED ASSETS	36.9 %	35.3 %	34.9 %	33.7 %	38.9 %	36.2 %	33.4 %
Inventories	12.8 %	13.9 %	13.4 %	16.7 %	25.1 %	26.3 %	26.7 %
Accounts receivable	16.4 %	15.8 %	10.3 %	15.6 %	13.6 %	14.2 %	14.4 %
Other current assets	8.4 %	10.1 %	8.7 %	6.6 %	5.9 %	5.6 %	5.3 %
Liquid assets	22.6 %	21.9 %	30.4 %	24.2 %	13.5 %	14.8 %	17.6 %
Deferred taxes	2.9 %	3.0 %	2.3 %	3.1 %	3.1 %	2.9 %	2.7 %
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 %	61.1 %	63.8 %	66.6 %
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 %	36.4 %	38.2 %	40.6 %
MINORITY INTEREST	0.4 %	0.3 %	0.1 %	0.1 %	1.5 %	1.4 %	1.3 %
Long-term debt	27.5 %	25.2 %	17.1 %	9.1 %	16.4 %	15.2 %	14.0 %
Provisions for pensions and similar obligations	2.2 %	1.9 %	1.4 %	2.0 %	1.5 %	1.4 %	1.3 %
Other provisions	3.2 %	2.3 %	1.9 %	2.4 %	2.1 %	1.9 %	1.8 %
Non-current liabilities	32.9 %	29.3 %	20.4 %	13.6 %	20.0 %	18.5 %	17.1 %
short-term liabilities to banks	3.4 %	5.3 %	8.7 %	11.0 %	9.7 %	9.0 %	8.3 %
Accounts payable	16.8 %	20.0 %	15.7 %	19.9 %	21.8 %	22.8 %	23.2 %
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)	12.9 %	13.1 %	10.7 %	11.0 %	10.3 %	9.8 %	9.3 %
Deferred taxes	1.1 %	1.0 %	0.4 %	0.4 %	0.3 %	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 %	42.1 %	41.9 %	41.0 %
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	95.1	130.1	154.0
Depreciation of fixed assets (incl. leases)	30.9	63.6	72.0	39.5	49.9	50.0	50.0
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	24.5	26.0	27.0
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	169.5	206.1	231.0
Increase/decrease in inventory	-13.1	-27.5	-5.3	-15.0	-44.0	-60.3	-52.4
Increase/decrease in accounts receivable	41.4	-9.6	66.0	-17.4	20.0	-32.6	-28.3
Increase/decrease in accounts payable	5.0	60.0	-43.6	18.5	10.0	52.4	45.5
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	-14.0	-40.5	-35.2
Cash flow from operating activities	140.8	95.3	44.4	116.9	155.5	165.6	195.8
CAPEX	33.9	47.0	40.5	46.3	83.0	80.8	76.0
Payments for acquisitions	41.0	13.9	20.5	53.3	189.0	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	59.0	0.0	0.0
Cash flow from investing activities	-77.2	-66.3	143.7	25.7	-213.0	-80.8	-76.0
Cash flow before financing	63.6	29.0	188.1	142.6	-57.5	84.8	119.7
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	-89.1	46.9	81.8
Liquid assets at end of period	281.9	296.5	437.8	332.2	243.1	290.0	371.8

Quarterly results (EUR m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024E	FY 2024E
Sales	245.6	262.4	308.7	277.7	283.2	300.0	365.0	356.0	460.0	1,903.0
Sales growth	n/a	n/a	n/a	12 %	15 %	14 %	18 %	28 %	62 %	55 %
Gross profit	98.5	97.3	102.3	112.0	120.2	124.3	134.4	152.1	177.0	780.2
Gross profit margin	39.2 %	36.2 %	32.5 %	39.7 %	41.7 %	40.6 %	36.0 %	42.1 %	38.5 %	40.6 %
EBITDA	24.8	20.0	1.5	29.6	31.3	35.0	30.1	35.4	44.3	189.3
EBITDA margin	10.1 %	7.6 %	0.5 %	10.7 %	11.1 %	11.7 %	8.3 %	9.9 %	9.6 %	10.0 %
EBIT (inc revaluation net)	12.5	8.1	-34.7	20.6	22.2	25.0	18.6	22.0	27.4	114.9
EBIT margin	5.1 %	3.1 %	-11.2 %	7.4 %	7.8 %	8.3 %	5.1 %	6.2 %	6.0 %	6.0 %
EPS reported	0.20	0.13	3.14	0.26	0.30	0.30	0.37	0.26	0.32	1.48

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2020	2021	2022	2023	2024E	2025E	2026E
P&L growth analysis							
Sales growth	11.7 %	-20.1 %	6.1 %	15.3 %	55.2 %	13.3 %	10.2 %
EBITDA growth	n/a	-30.7 %	-22.3 %	80.0 %	50.3 %	23.5 %	14.3 %
EBIT growth	n/a	-41.6 %	-105.0 %	-	32.9 %	37.4 %	20.5 %
EPS growth	n/a	-13.2 %	392.0 %	-66.3 %	20.2 %	35.7 %	18.4 %
Efficiency							
Total operating costs / sales	91.0 %	93.1 %	95.6 %	91.7 %	91.1 %	90.2 %	89.8 %
Sales per employee	413.6	189.1	236.0	263.3	365.3	377.0	395.6
EBITDA per employee	42.9	17.0	15.5	27.1	36.4	40.9	44.5
Balance sheet analysis							
Avg. working capital / sales	n/a	14.2 %	11.6 %	11.6 %	12.5 %	15.1 %	15.3 %
Inventory turnover (sales/inventory)	7.8	5.4	5.5	5.4	4.2	4.2	4.2
Trade debtors in days of sales	59.5	77.9	50.8	63.6	47.0	47.0	47.0
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	66.0	66.2	66.3
Cash flow analysis							
Free cash flow	106.9	48.3	4.0	70.6	72.5	84.8	119.7
Free cash flow/sales	8.5 %	4.8 %	0.4 %	5.8 %	3.8 %	3.9 %	5.0 %
FCF / net profit	192.2 %	100.1 %	1.7 %	90.8 %	77.6 %	66.9 %	79.8 %
Capex / deprn	61.2 %	86.7 %	38.2 %	110.0 %	111.6 %	106.3 %	98.7 %
Capex / maintenance capex	71.6 %	n/a	66.2 %	83.4 %	92.4 %	84.0 %	73.3 %
Capex / sales	3.0 %	5.5 %	2.6 %	3.5 %	4.4 %	3.7 %	3.2 %
Security							
Net debt	104.1	116.0	-65.6	-56.0	228.2	181.3	99.5
Net Debt/EBITDA	0.8	1.3	0.0	0.0	1.2	0.8	0.4
Net debt / equity	0.3	0.3	neg.	neg.	0.3	0.2	0.1
Interest cover	7.4	4.5	0.0	5.4	10.3	11.2	13.5
Dividend payout ratio	35.7 %	47.9 %	27.4 %	40.6 %	40.6 %	29.9 %	25.3 %
Asset utilisation							
Capital employed turnover	1.5	1.1	1.0	1.3	1.6	1.6	1.7
Operating assets turnover	4.3	3.8	5.1	4.4	3.5	3.7	3.9
Plant turnover	9.3	7.6	11.1	11.1	8.1	9.1	10.3
Inventory turnover (sales/inventory)	7.8	5.4	5.5	5.4	4.2	4.2	4.2
Returns							
ROCE	7.9 %	4.6 %	-0.2 %	8.7 %	10.6 %	12.5 %	13.9 %
ROE	13.8 %	11.5 %	36.7 %	12.9 %	14.2 %	17.0 %	17.5 %
Other							
Interest paid / avg. debt	2.4 %	2.3 %	2.6 %	5.0 %	3.0 %	3.0 %	3.0 %
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	1.48	2.01	2.38
Valuation ratios							
P/BV	3.5	3.3	1.5	2.0	2.1	1.8	1.6
EV/sales	1.2	1.5	0.9	1.0	0.9	0.7	0.6
EV/EBITDA	11.8	16.8	13.2	9.3	8.6	6.8	5.6
EV/EBITA	15.5	37.7	-457.7	13.6	11.7	8.6	6.9
EV/EBIT	22.4	37.7	-457.7	13.6	14.2	10.0	7.9
EV/FCF	14.4	31.3	233.4	16.7	22.5	18.7	12.6
Adjusted FCF yield	5.0 %	3.6 %	4.3 %	8.4 %	7.4 %	10.1 %	12.3 %
Dividend yield	1.4 %	1.7 %	6.6 %	2.6 %	2.8 %	2.8 %	2.8 %

Source: Company data, Hauck Aufhäuser Investment Banking

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Company	Disclosure
Kontron AG	

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



Kontron AG	06.05.2024	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,00
	05.04.2024	Wunderlich, Tim	Buy	EUR 30,00	EUR 19,00
	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

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Sell	4.19 %	0.00 %
Hold	23.04 %	16.67 %

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