

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 18.88	<b>Next result:</b>	Q4'22 29.03.23
<b>Bloomberg:</b>	KTN GR	<b>Market cap:</b>	EUR 1,209.0 m
<b>Reuters:</b>	KTN.DE	<b>Enterprise Value:</b>	EUR 1,185.0 m

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### Key highlights from eRS with management

- Expectations for 2023E:** Management confirmed the FY'23E guidance of € 1.2bn sales / € 60m net income, while noting that the **€ 60m should be seen as the minimum achievable target**. Strongest growth is expected for Software & Solutions (15-20% of sales / e.g. IoT connectivity), which is group margin-accretive thanks to 60% segment gross profitability. Software & Solutions today account for 20% of order intake / backlog versus just 2-4% in 2018. **The start into the year was favourable**, as shown by c. € 120m order intake from two large, high-margin projects relating to secure ID and transportation (see HAIB update from Jan. 12).
- Supply chain developments:** Management expects € 50m or c.50% of the remaining excess backlog to turn into revenues in FY'23E, **driving accelerated top-line growth**, as evidenced by the 10% organic growth guidance to € 1.2bn sales. Conservatively, we are below guidance, expecting rising macro headwinds in 2023E. **Supply chains improved in Q4'22:** Kontron was able to work off c. € 25m of its backlog overhang (eHAIB), reducing inventories in the process, which should have helped cash flow in the seasonally cash-rich Q4. **Management expects supply chains to return to normal by Q3'23E at the latest.** It is working on a deal with its largest chip supplier (2m chips p.a.) to get guaranteed supply for higher prices. These would be passed on to customers, who seem happy to pay up for supply security.
- M&A and shareholder returns:** Cash of at least c. € 75m is earmarked for shareholder returns this year, implying a 6%+ total yield and comprising € 64m for dividends (i.e. € 1.00 per share) and € 10m for buybacks (currently running). € 500m of cash are earmarked for M&A in 2023E and 2024E, with a focus on margin-rich Software & Solution companies. Targets may be in „special situations“, i.e. companies with strong technology but challenged by solvency and / or supply chain issues. Investors should expect at least one deal in H1'23E. Depending on M&A activity, there could be the option to top up the share buyback program in H2'23E.
- Project Focus i.e. IT Services divestment:** Kontron should receive the € 80m purchase price tranche in March / April, after which only the € 60m escrow account will be left (2/3 due end of 2023E / 1/3 by mid-2024E). The new Kontron is a streamlined IoT pure-play with a new peer group (e.g. Seco, Advantech, Curtiss Wright) trading on c.15x EBIT'24E versus 11x for Kontron on conservative estimates. **Value-accretive M&A and management executing on the 2023E guidance should lead to a re-rating.** Reiterate BUY with a € 28.00 PT based on DCF.



Source: Company data, Hauck Aufhäuser Investment Banking

**High/low 52 weeks:** 19.80 / 11.46  
**Price/Book Ratio:** 2.9  
**Relative performance (TecDAX):**  
3 months 17.0 %  
6 months 20.0 %  
12 months 39.2 %

### Changes in estimates

		Sales	EBIT	EPS
2022	old:	1,083.0	40.4	0.46
	Δ	-	-	-
2023	old:	1,161.0	68.1	0.92
	Δ	-	-	-
2024	old:	1,295.3	92.7	1.29
	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

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	0.8 %	0.0 %	1.6 %	1.8 %	5.3 %	3.2 %	3.2 %
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/EBITDA	13.4	12.3	10.7	15.9	12.5	9.5	7.4
EV/EBIT	19.8	22.3	20.2	39.9	29.4	15.8	11.1
PER	27.9	25.6	22.5	43.3	41.4	20.6	14.7
Adjusted FCF yield	5.3 %	6.1 %	6.9 %	3.6 %	4.5 %	7.3 %	9.7 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 01.03.2023

## 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>
SHAREHOLDERS EQUITY	356.0	372.7	404.0	418.6	422.3	497.1	538.3
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>
SHAREHOLDERS EQUITY	42.0 %	30.4 %	32.4 %	31.0 %	32.5 %	39.1 %	40.6 %
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	3.5	3.4	3.1	3.0	2.9	2.4	2.2
EV/sales	1.2	1.2	1.1	1.4	1.1	0.9	0.8
EV/EBITDA	13.4	12.3	10.7	15.9	12.5	9.5	7.4
EV/EBITA	19.8	16.1	14.0	23.9	18.6	12.4	9.2
EV/EBIT	19.8	22.3	20.2	39.9	29.4	15.8	11.1
EV/FCF	116.7	24.5	13.0	29.5	-25.5	18.2	16.3
Adjusted FCF yield	5.3 %	6.1 %	6.9 %	3.6 %	4.5 %	7.3 %	9.7 %
Dividend yield	0.8 %	0.0 %	1.6 %	1.8 %	5.3 %	3.2 %	3.2 %

Source: Company data, Hauck Aufhäuser Investment Banking

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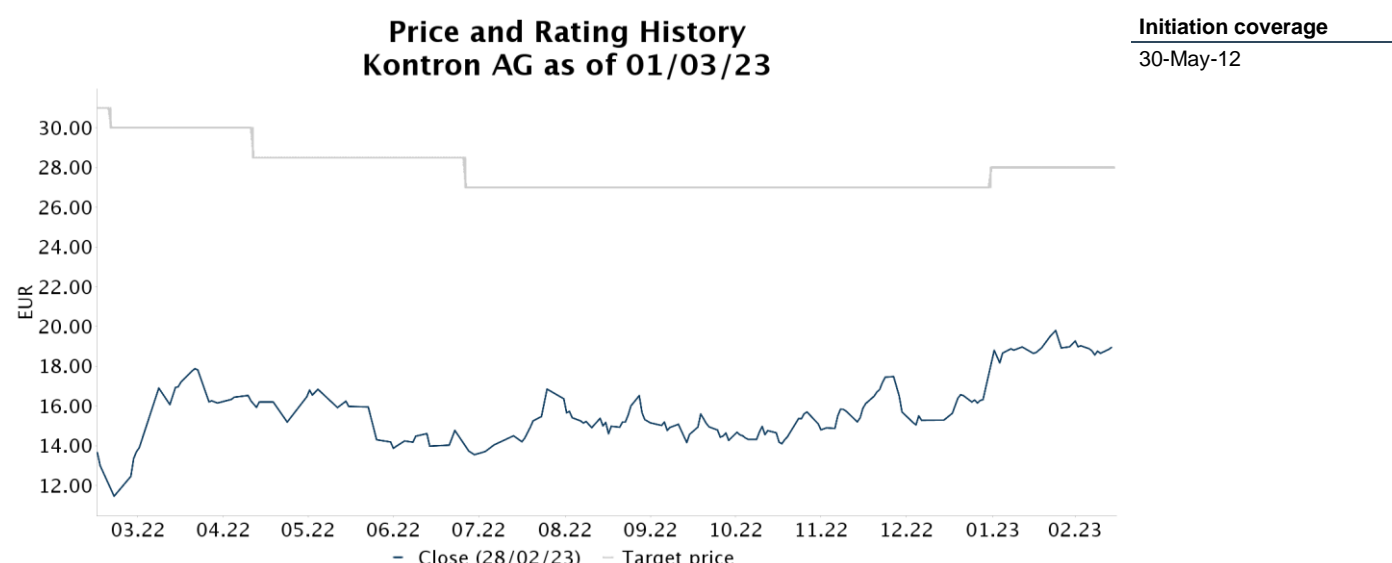
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Company	Disclosure
Kontron AG	

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



Company	Date	Analyst	Rating	Target price	Close
Kontron AG	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
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

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<b>Sell</b>	5.26 %	0.00 %
<b>Hold</b>	16.96 %	9.09 %

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