

# Kontron AG

## Germany - Technology



HAUCK  
AUFHÄUSER  
INVESTMENT BANKING

**Buy** (old: Buy)

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

**Price:** EUR 20.16      **Next result:** Q2'23 03.11.23  
**Bloomberg:** KTN GR      **Market cap:** EUR 1,317.2 m  
**Reuters:** KTN.DE      **Enterprise Value:** EUR 1,188.1 m

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### Bolt-on deal #3 in the bag, with more to come

Kontron announced a bolt-on deal for the **Software & Solutions segment** (17% of group sales / 18% EBITDA margin), acquiring the business unit „Rugged Computing“, which comprises the companies Hartmann and W-IE-NE-R, from listed Phoenix Mecano.

The acquired companies are embedded computing specialists targeting **rugged and ultra-high-speed environments** mostly across Avionics and Defence end-markets.

**The transaction is margin-enhancing:** the acquired companies generate combined sales of € 18.0m with € 3.0m EBITDA, **which implies a 17% EBITDA margin** vs. 10% for Kontron group. Due to low capital intensity, capex and D&A are seen at below 1.5% of sales per year, **meaning EBIT should be around € 2.8m** (eHAIB / 16% EBIT margin). The brisk profitability highlights the target's quality, which is grounded in technology know-how, entry barriers and customer lock-in effects given the demanding applications.

**We expect Kontron to capitalize on growth synergies** due to its sales & marketing clout and the opportunity to cross-sell the product portfolio into other verticals. **There should also be potential for up-selling** by adding software and service-level agreements to the target's product offering. Interestingly, Kontron has been sourcing from Hartmann for many years, suggesting it is **well acquainted with the target's technology and capabilities**.

Even pre-synergies, **the deal looks value-accretive:** we calculate a 13% pre-tax return on the Enterprise Value of € 22m i.e. the purchase price, which is well above our 10% hurdle rate. **The implied EBITDA multiple of c. 7.5x looks attractive as well**, considering the target's quality (entry barriers, lock-in) and ROCE (eHAIB: >15%).

Why did Phoenix Mecano sell for this price? According to its own press release, the divestment allows Phoenix to strengthen the focus of the company (on mechanical components rather than non-core electronics) and record a € 10m book gain, suggesting it is a good deal for both sides.

Consolidation is anticipated for Q4'23; we will incorporate the deal into our model after closing. Kontron is likely to sign up to two additional bolt-on deals before year-end, while a larger transformational deal could happen in 2024E. Expect all bolt-on deals to feature 50%+ gross margins and 15-20% EBITDA margins. **Confirm Buy with a € 30.00 PT 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
Net gearing	24.5 %	25.8 %	27.7 %	-10.3 %	-24.9 %	-29.7 %	-29.1 %
Net Debt/EBITDA	0.8	0.8	1.3	0.0	0.0	0.0	0.0
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 %	1.4 %	1.7 %	4.8 %	2.9 %	2.9 %	2.9 %
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/sales	1.3	1.2	1.5	1.2	1.0	0.8	0.7
EV/EBITDA	13.3	11.5	16.8	18.2	9.9	8.0	6.9
EV/EBIT	24.1	21.9	37.7	-630.7	16.0	11.8	9.7
PER	27.9	24.6	45.9	-107.5	20.4	15.4	12.8
Adjusted FCF yield	5.6 %	6.4 %	3.4 %	1.3 %	7.0 %	9.0 %	10.7 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 28.08.2023

Please refer to important disclosures at the end of the report



Source: Company data, Hauck Aufhäuser Investment Banking

**High/low 52 weeks:** 20.78 / 14.10  
**Price/Book Ratio:** 2.1  
**Relative performance (TecDAX):**  
 3 months 7.1 %  
 6 months 7.4 %  
 12 months 22.7 %

#### 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	3.7	3.4	3.3	2.1	2.2	2.0	1.9
EV/sales	1.3	1.2	1.5	1.2	1.0	0.8	0.7
EV/EBITDA	13.3	11.5	16.8	18.2	9.9	8.0	6.9
EV/EBITA	17.4	15.1	37.7	-630.7	12.7	9.9	8.3
EV/EBIT	24.1	21.9	37.7	-630.7	16.0	11.8	9.7
EV/FCF	26.5	14.0	31.3	321.6	21.9	18.9	21.6
Adjusted FCF yield	5.6 %	6.4 %	3.4 %	1.3 %	7.0 %	9.0 %	10.7 %
Dividend yield	0.0 %	1.4 %	1.7 %	4.8 %	2.9 %	2.9 %	2.9 %

Source: Company data, Hauck Aufhäuser Investment Banking

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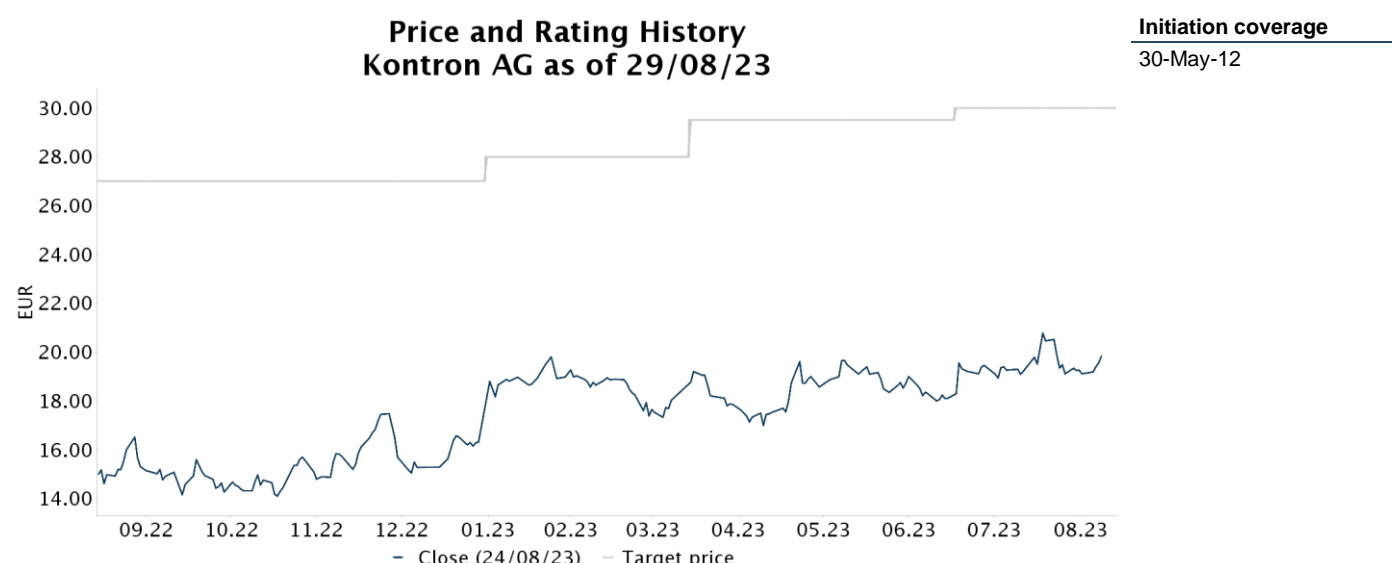
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Company	Disclosure
Kontron AG	

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



Company	Date	Analyst	Rating	Target price	Close
Kontron AG	04.08.2023	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 20,46
	03.08.2023	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 20,78
	01.08.2023	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 19,51
	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
09.01.2023	Wunderlich, CFA, Tim	Buy	EUR 27,00	EUR 16,20

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