

Buy EUR 18.00	Value Indicators: EUR DCF: 18.00 FCF-Value Potential 2022e: 10.00	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 3.0 Balance Sheet Score: 5.0 Market Liquidity Score: 1.0	Description: Leading point-of-sale systems with a focus on the gastronomy and bakery sector
	Market Snapshot: EUR m Market cap: 81.0 No. of shares (m): 8.0 EV: 70.0 Freefloat MC: 39.1 Ø Trad. Vol. (30d): 201.32 th	Shareholders: Freefloat: 48.3 % Thomas Stümmler: 22.6 % Jens Reckendorf: 19.1 % Primepulse SE: 10.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 3.4 x Equity Ratio: 84 %
Price: EUR 10.14 Upside: 77.5 %			

Share-price decline fundamentally unjustified; Guidance is broadly in line

Vectron provided an FY 2021 guidance that was in line with expectations but nevertheless caused a share price decline, which was fundamentally unjustified.

Revenues are expected to reach EUR 40.9–42.5m including contributions from the merger of the so far unconsolidated bonVito subsidiary amounting to EUR 3m. This sales level implies sequentially declining revenues after the very strong Q2. However, this does not come as a surprise as Q2 revenues were boosted by catch-up effects after the lockdown measures in the German core market and a certain build-up of safety stocks by specialist dealers. Due to uncertainty regarding the COVID situation in autumn, **some caution is likely to be factored into the guidance, leading to the eventual possibility of a beat.** The guidance implies quarterly sales of EUR 8–9.5m (excl. bonVito), compared to an average of EUR 10.5m in H1 and EUR 7.6m in H2 2020, which was burdened by the lockdown measures.

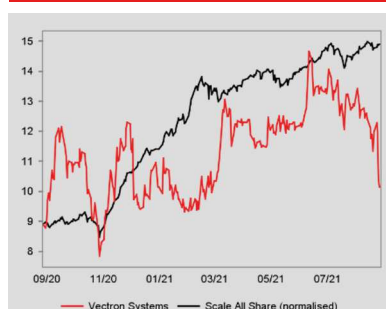
At **EBITDA level**, a range of EUR 4.5–5.5m is expected, which compares to WRe EUR 4.6m (so far excl. a contribution of EUR 0.5m from bonVito). A slightly better outcome at top-line level would have clearly positive implications at earnings level as a result of the high operating leverage with gross margins of ~60%. The low end of the guidance range reflects the breakeven level at quarterly revenues of EUR 7.5-8m, which explains why not much would come on top of the H1 EBITDA. The high end should nevertheless include scope for a beat, reflecting some caution too. It is **assumed that Vectron will at least reach an EBITDA in the upper half of the guidance range.**

Additionally, Vectron announced that **Dr. Ralf-Peter Simon will take an additional seat on the management board** effective September 15. This move comes in light of the expected future growth and Mr. Simon will largely be responsible for the future digital transformation.

Vectron is expected to be **well on track towards the goal to roughly double subscriptions for its “digital package” to 20,000** by the end of 2021 and which are expected to rise further in FY 2022 (WRe 25–30k). These alone represent a EUR 6m revenue run-rate for digital products, which should bring the annualised run-rate for recurring sales close to the EUR 10m-threshold by year-end 2021 (including bonVito, which is a recurring sales base for loyalty products). The **upselling of further digital services** (e.g. DATEV connection to tax advisor, payment solutions, reservations, food ordering, in-restaurant ordering system etc.) will be in **focus in FY 2022**. While the exact ramp-up and penetration is difficult to forecast, the expectation remains unchanged that Vectron will be able to establish its product as a leading SaaS platform in the hospitality sector with a high share of recurring sales from digital services. The **hardware business should continue to register tailwind from the fiscal regulation for the time being** as 20-35% of the installed systems are not yet tamper-proof and need to be upgraded/replaced.

The share price set-back is hence regarded to be a buying opportunity and PT and rating are being maintained.

Changes in Estimates:		Comment on Changes:			
FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	
Sales	40.7	4.9 %	49.5	0.0 %	<ul style="list-style-type: none"> Higher 2021 estimates reflect consolidation of bonVito 2022 forecasts unchanged as a future consolidation of this minor subsidiary was already expected
EBITDA	4.6	15.2 %	8.3	0.0 %	

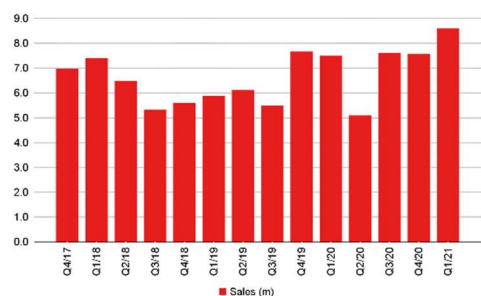


Rel. Performance vs Scale All	
1 month:	-24.2 %
6 months:	-10.8 %
Year to date:	-30.6 %
Trailing 12 months:	-53.9 %

Company events:
31.08.21 Q2

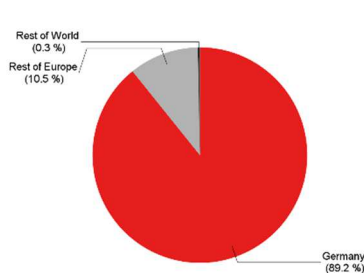
FY End: 31.12. in EUR m	CAGR (20-22e)	2016	2017	2018	2019	2020	2021e	2022e
Sales	33.5 %	33.7	32.4	24.8	25.2	27.8	42.7	49.5
Change Sales yoy		33.7 %	-4.0 %	-23.3 %	1.4 %	10.3 %	53.7 %	16.1 %
Gross profit margin		54.4 %	56.7 %	53.7 %	57.8 %	59.0 %	58.4 %	59.2 %
EBITDA		3.6	2.3	-3.8	-1.4	-2.2	5.3	8.3
Margin		10.7 %	7.0 %	-15.2 %	-5.5 %	-8.0 %	12.4 %	16.8 %
EBIT		3.1	1.8	-5.4	-1.8	-2.6	4.7	7.7
Margin		9.1 %	5.4 %	-22.0 %	-7.1 %	-9.4 %	11.0 %	15.5 %
Net income		2.0	1.1	-3.9	-1.4	-2.1	2.9	4.9
EPS		1.23	0.16	-0.59	-0.19	-0.26	0.36	0.62
EPS adj.		1.23	0.16	-0.59	-0.19	-0.26	0.36	0.62
DPS		1.00	0.05	0.05	0.00	0.00	0.05	0.10
Dividend Yield		9.0 %	0.2 %	0.3 %	n.a.	n.a.	0.5 %	1.0 %
FCFPS		0.23	-0.46	-0.40	-0.38	-0.63	0.34	0.58
FCF / Market cap		2.1 %	-1.8 %	-2.1 %	-3.4 %	-6.0 %	3.4 %	5.7 %
EV / Sales		n.a.	n.a.	5.2 x	3.2 x	2.7 x	1.6 x	1.3 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	13.2 x	7.9 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	15.0 x	8.5 x
P / E		9.1 x	154.5 x	n.a.	n.a.	n.a.	28.2 x	16.4 x
P / E adj.		9.1 x	154.5 x	n.a.	n.a.	n.a.	28.2 x	16.4 x
FCF Potential Yield		n.a.	n.a.	-1.8 %	-1.4 %	-2.4 %	5.2 %	8.7 %
Net Debt		-7.2	-1.7	1.2	-0.9	-8.3	-11.0	-15.2
ROCE (NOPAT)		29.8 %	11.2 %	n.a.	n.a.	n.a.	23.8 %	41.0 %
Guidance:	2021: -							

Sales development
in EUR m



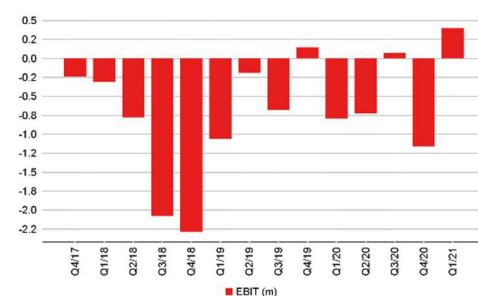
Source: Warburg Research

Sales by regions
2020; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

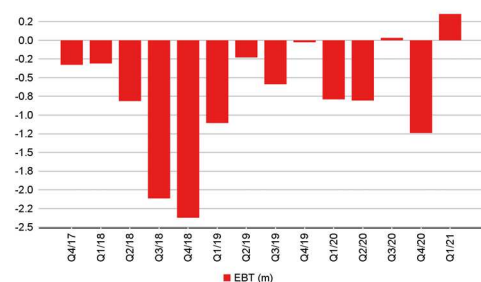
Company Background

- Vectron is a leading provider of POS systems. The products are positioned in the medium to premium segment. With its high degree of functionality, Vectron is one of the technology and innovation leaders.
- Vectron focuses on the market for proprietary POS systems (30% of the overall market). PC-based systems (bulk of the market) usually require higher maintenance and are primarily used by large chain stores.
- Vectron's market share is particularly high in the food service and bakery industries, where the company is market leader for proprietary systems in the German-speaking area with a market share of ca. 25%.
- Vectron has some 180 employees. About one-third are employed in development and product management as the company aims to maintain its position as technology leader.
- Since end of 2013, Vectron addresses non-premium market segments and new markets abroad with a second trademark (Duratec) and simpler systems

Competitive Quality

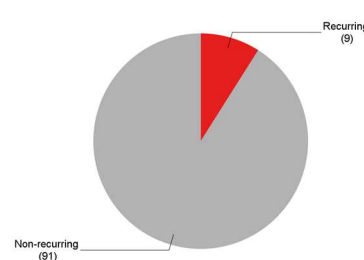
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that the large producers of POS systems mainly offer PC-based systems Vectron mainly has to face smaller competitors.
- Vectron differentiates itself from the mainly smaller competitors by rigorously pursuing the further development of the POS systems and thanks to the high additional use offered by wide functionality.
- By focusing on the premium segment, Vectron avoids the typical problems in the lower segment: solely differentiating on price. This is underpinned by gross margins of ca. 55% and ROCEs of well above 10%.
- Growth opportunities presently arise from the establishment of the cooperation with DeutschlandCard and potentially further partners.

EBT development
in EUR m



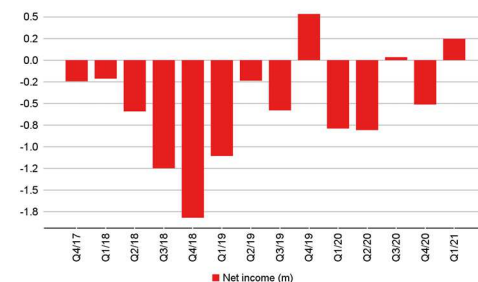
Source: Warburg Research

Recurring sales
2020; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Sales	42.7	49.5	43.1	55.1	60.1	64.3	68.8	73.6	77.3	81.1	85.2	89.4	91.0	
Sales change	53.7 %	16.1 %	-13.1 %	28.0 %	9.0 %	7.0 %	7.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	1.8 %	1.8 %
EBIT	4.7	7.7	3.5	9.9	12.0	12.9	13.8	14.7	15.5	16.2	17.0	17.9	18.2	
EBIT-margin	11.0 %	15.5 %	8.1 %	18.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	31.0 %	31.0 %	31.0 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	
NOPAT	3.2	5.3	2.4	6.9	8.3	8.9	9.6	10.2	10.7	11.3	11.8	12.4	12.7	
Depreciation	0.6	0.6	0.6	0.9	1.0	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	
in % of Sales	1.5 %	1.3 %	1.4 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	1.1	0.4	-1.3	1.2	0.3	0.8	0.8	0.9	0.7	0.7	0.7	0.8	0.3	
- Capex	0.6	0.6	0.6	0.9	1.0	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	
Capex in % of Sales	1.4 %	1.2 %	1.3 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	2.1	5.0	3.7	5.7	8.0	8.2	8.7	9.4	10.1	10.6	11.1	11.7	12.4	13
PV of FCF	2.3	4.8	3.4	4.7	6.1	5.7	5.6	5.5	5.5	5.3	5.1	5.0	4.8	71
share of PVs	7.72 %			39.49 %										52.79 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.40
		Others	1.30
WACC	8.65 %	Beta	1.30

Valuation (m)

Present values 2033e	64		
Terminal Value	71		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	2		
Liquidity	8	No. of shares (m)	8.0
Equity Value	145	Value per share (EUR)	18.12

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.48	9.7 %	15.21	15.40	15.60	15.82	16.05	16.29	16.56	1.48	9.7 %	14.60	15.00	15.41	15.82	16.23	16.64	17.04
1.39	9.2 %	16.16	16.39	16.63	16.89	17.17	17.46	17.78	1.39	9.2 %	15.58	16.02	16.45	16.89	17.33	17.76	18.20
1.35	8.9 %	16.69	16.93	17.20	17.48	17.79	18.11	18.46	1.35	8.9 %	16.13	16.58	17.03	17.48	17.93	18.38	18.83
1.30	8.7 %	17.24	17.52	17.81	18.12	18.45	18.82	19.21	1.30	8.7 %	16.72	17.18	17.65	18.12	18.59	19.05	19.52
1.25	8.4 %	17.84	18.14	18.46	18.80	19.18	19.58	20.01	1.25	8.4 %	17.35	17.84	18.32	18.80	19.29	19.77	20.26
1.21	8.2 %	18.48	18.81	19.16	19.55	19.96	20.40	20.89	1.21	8.2 %	18.03	18.54	19.04	19.55	20.05	20.55	21.06
1.12	7.7 %	19.91	20.31	20.75	21.22	21.73	22.29	22.91	1.12	7.7 %	19.58	20.12	20.67	21.22	21.77	22.31	22.86

- Model reflects fiscal regulation
- Increasing digitalization drives mid term sales and profitability increase

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2016	2017	2018	2019	2020	2021e	2022e	
Net Income before minorities	n.a.	n.a.	-3.9	-1.4	-2.1	3.1	5.2	
+ Depreciation + Amortisation	n.a.	n.a.	1.7	0.4	0.4	0.6	0.6	
- Net Interest Income	n.a.	n.a.	-0.2	-0.2	-0.2	-0.2	-0.2	
- Maintenance Capex	n.a.	n.a.	0.3	0.3	0.3	0.3	0.3	
+ Other	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	n.a.	n.a.	-2.3	-1.1	-1.8	3.6	5.7	
FCF Potential Yield (on market EV)	n/a	n/a	-1.8 %	-1.4 %	-2.4 %	5.2 %	8.7 %	
WACC	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	8.65 %	
= Enterprise Value (EV)	n.a.	n.a.	128.5	79.9	74.4	70.0	65.8	
= Fair Enterprise Value	n.a.	n.a.	n.a.	n.a.	n.a.	41.8	65.8	
- Net Debt (Cash)	n.a.	n.a.	-11.0	-11.0	-11.0	-11.0	-15.2	
- Pension Liabilities	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	
- Other	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	n.a.	n.a.	n.a.	n.a.	52.8	81.1	
Number of shares, average	1.6	6.6	6.6	7.2	7.9	7.9	7.9	
= Fair value per share (EUR)	n.a.	n.a.	n.a.	n.a.	n.a.	6.66	10.22	
premium (-) / discount (+) in %						-34.3 %	0.8 %	
Sensitivity Fair value per Share (EUR)								
	11.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	5.26	8.02
	10.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	5.63	8.60
	9.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	6.07	9.29
WACC	8.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	6.61	10.15
	7.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	7.29	11.22
	6.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	8.18	12.63
	5.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	9.38	14.52

- Rising value indication with higher business volume...
- ...this is due to a high operating leverage given gross margins of >50%

Valuation	2016	2017	2018	2019	2020	2021e	2022e
Price / Book	1.2 x	11.4 x	12.6 x	5.8 x	3.6 x	3.4 x	2.9 x
Book value per share ex intangibles	8.75	1.94	1.51	1.88	2.84	2.96	3.54
EV / Sales	n.a.	n.a.	5.2 x	3.2 x	2.7 x	1.6 x	1.3 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	13.2 x	7.9 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	15.0 x	8.5 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	15.0 x	8.5 x
P / FCF	48.7 x	n.a.	n.a.	n.a.	n.a.	29.8 x	17.7 x
P / E	9.1 x	154.5 x	n.a.	n.a.	n.a.	28.2 x	16.4 x
P / E adj.*	9.1 x	154.5 x	n.a.	n.a.	n.a.	28.2 x	16.4 x
Dividend Yield	9.0 %	0.2 %	0.3 %	n.a.	n.a.	0.5 %	1.0 %
FCF Potential Yield (on market EV)	n.a.	n.a.	-1.8 %	-1.4 %	-2.4 %	5.2 %	8.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020	2021e	2022e
Sales	33.7	32.4	24.8	25.2	27.8	42.7	49.5
Change Sales yoy	33.7 %	-4.0 %	-23.3 %	1.4 %	10.3 %	53.7 %	16.1 %
Increase / decrease in inventory	0.0	0.6	0.2	0.0	-0.1	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.4	0.0	0.0
Total Sales	33.7	33.0	25.0	25.2	28.0	42.7	49.5
Material expenses	15.4	14.6	11.7	10.7	11.6	17.8	20.2
Gross profit	18.4	18.4	13.3	14.5	16.4	24.9	29.3
<i>Gross profit margin</i>	<i>54.4 %</i>	<i>56.7 %</i>	<i>53.7 %</i>	<i>57.8 %</i>	<i>59.0 %</i>	<i>58.4 %</i>	<i>59.2 %</i>
Personnel expenses	8.6	9.7	10.2	9.3	9.8	10.7	11.4
Other operating income	0.4	0.6	0.5	0.3	0.6	0.6	0.6
Other operating expenses	6.6	7.0	7.4	7.0	9.4	9.5	10.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.6	2.3	-3.8	-1.4	-2.2	5.3	8.3
<i>Margin</i>	<i>10.7 %</i>	<i>7.0 %</i>	<i>-15.2 %</i>	<i>-5.5 %</i>	<i>-8.0 %</i>	<i>12.4 %</i>	<i>16.8 %</i>
Depreciation of fixed assets	0.3	0.3	0.4	0.2	0.2	0.4	0.4
EBITA	3.3	1.9	-4.2	-1.6	-2.4	4.9	7.9
Amortisation of intangible assets	0.2	0.2	1.3	0.2	0.2	0.2	0.2
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	3.1	1.8	-5.4	-1.8	-2.6	4.7	7.7
<i>Margin</i>	<i>9.1 %</i>	<i>5.4 %</i>	<i>-22.0 %</i>	<i>-7.1 %</i>	<i>-9.4 %</i>	<i>11.0 %</i>	<i>15.5 %</i>
EBIT adj.	3.1	1.8	-5.4	-1.8	-2.6	4.7	7.7
Interest income	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Other financial income (loss)	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.0	1.7	-5.6	-2.0	-2.8	4.5	7.5
<i>Margin</i>	<i>8.8 %</i>	<i>5.1 %</i>	<i>-22.6 %</i>	<i>-7.8 %</i>	<i>-10.1 %</i>	<i>10.5 %</i>	<i>15.1 %</i>
Total taxes	1.0	0.6	-1.7	-0.6	-0.7	1.4	2.3
Net income from continuing operations	2.0	1.1	-3.9	-1.4	-2.1	3.1	5.2
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	2.0	1.1	-3.9	-1.4	-2.1	3.1	5.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Net income	2.0	1.1	-3.9	-1.4	-2.1	2.9	4.9
<i>Margin</i>	<i>5.8 %</i>	<i>3.3 %</i>	<i>-15.6 %</i>	<i>-5.5 %</i>	<i>-7.5 %</i>	<i>6.7 %</i>	<i>10.0 %</i>
Number of shares, average	1.6	6.6	6.6	7.2	7.9	7.9	7.9
EPS	1.23	0.16	-0.59	-0.19	-0.26	0.36	0.62
EPS adj.	1.23	0.16	-0.59	-0.19	-0.26	0.36	0.62

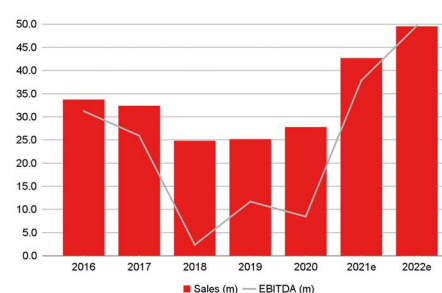
*Adjustments made for:

Guidance: 2021: -

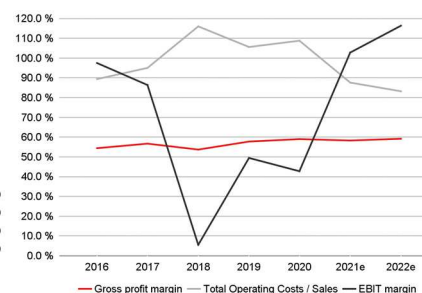
Financial Ratios

	2016	2017	2018	2019	2020	2021e	2022e
Total Operating Costs / Sales	89.4 %	95.0 %	116.1 %	105.6 %	108.9 %	87.6 %	83.2 %
Operating Leverage	1.5 x	10.9 x	n.a.	-48.6 x	4.5 x	n.a.	4.0 x
EBITDA / Interest expenses	37.2 x	14.9 x	n.m.	n.m.	n.m.	26.5 x	41.6 x
Tax rate (EBT)	33.8 %	35.3 %	31.0 %	28.7 %	25.9 %	31.0 %	31.0 %
Dividend Payout Ratio	81.5 %	30.7 %	n.m.	0.0 %	0.0 %	12.8 %	15.3 %
Sales per Employee	235,783	203,667	154,193	156,331	168,313	328,265	380,982

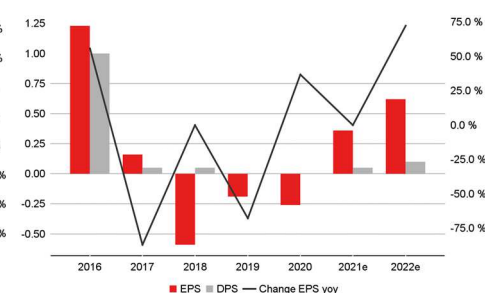
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

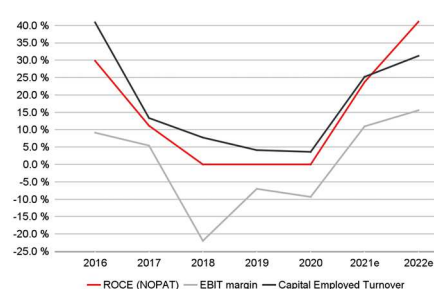
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020	2021e	2022e
Assets							
Goodwill and other intangible assets	0.4	1.5	0.2	0.1	0.1	0.1	0.1
thereof other intangible assets	0.4	1.5	0.2	0.1	0.1	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.7	0.6	0.6	0.5	1.1	1.0	1.0
Financial assets	0.9	1.8	1.8	2.1	2.1	2.1	2.1
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	2.1	4.0	2.6	2.6	3.2	3.2	3.1
Inventories	4.8	7.6	5.8	5.0	6.7	5.3	4.5
Accounts receivable	4.9	3.3	2.3	5.0	3.3	5.8	6.8
Liquid assets	11.7	5.5	11.6	11.3	8.3	11.0	15.2
Other short-term assets	1.2	1.1	2.7	2.8	5.9	3.1	3.1
Current assets	22.5	17.5	22.3	24.1	24.3	25.2	29.6
Total Assets	24.6	21.5	24.9	26.7	27.5	28.4	32.8
Liabilities and shareholders' equity							
Subscribed capital	1.6	6.6	6.6	7.3	8.0	8.0	8.0
Capital reserve	10.3	5.4	5.4	9.7	20.0	20.0	20.0
Retained earnings	0.0	0.0	0.0	0.0	0.0	2.9	7.4
Other equity components	2.9	2.3	-1.9	-3.3	-5.3	-7.2	-7.1
Shareholders' equity	14.9	14.3	10.1	13.8	22.8	23.7	28.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	14.9	14.3	10.1	13.8	22.8	23.7	28.4
Provisions	3.2	1.7	1.0	1.2	1.5	1.5	1.5
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	4.4	3.8	12.8	10.4	0.0	0.0	0.0
Short-term financial liabilities	0.8	1.1	0.8	10.4	0.0	0.0	0.0
Accounts payable	1.5	1.4	0.6	0.9	1.9	1.8	1.6
Other liabilities	0.6	0.2	0.4	0.4	1.3	1.3	1.3
Liabilities	9.7	7.2	14.7	12.9	4.7	4.6	4.4
Total liabilities and shareholders' equity	24.6	21.5	24.9	26.7	27.5	28.4	32.8

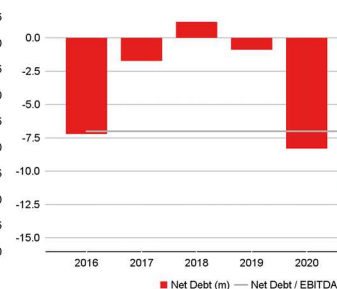
Financial Ratios

	2016	2017	2018	2019	2020	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.8 x	3.2 x	3.1 x	2.6 x	3.0 x	4.1 x	4.6 x
Capital Employed Turnover	4.4 x	2.6 x	2.2 x	1.9 x	1.9 x	3.4 x	3.8 x
ROA	95.4 %	27.2 %	-151.1 %	-52.7 %	-64.6 %	90.2 %	157.8 %
Return on Capital							
ROCE (NOPAT)	29.8 %	11.2 %	n.a.	n.a.	n.a.	23.8 %	41.0 %
ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-11.3 %	12.3 %	19.0 %
Adj. ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-11.3 %	12.3 %	19.0 %
Balance sheet quality							
Net Debt	-7.2	-1.7	1.2	-0.9	-8.3	-11.0	-15.2
Net Financial Debt	-7.2	-1.7	1.2	-0.9	-8.3	-11.0	-15.2
Net Gearing	-48.5 %	-12.1 %	11.9 %	-6.5 %	-36.5 %	-46.4 %	-53.6 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	9.0	2.2	1.5	1.9	2.9	3.0	3.6
Book value per share ex intangibles	8.8	1.9	1.5	1.9	2.8	3.0	3.5

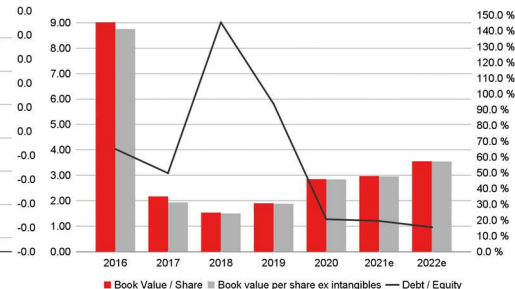
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

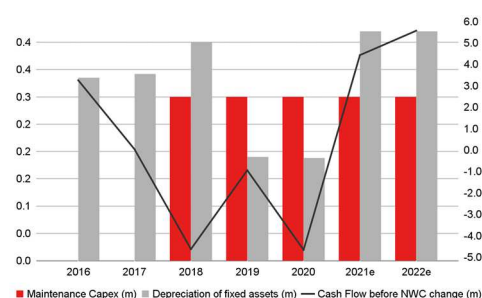
Consolidated cash flow statement

In EUR m	2016	2017	2018	2019	2020	2021e	2022e
Net income	2.0	1.1	-3.9	-1.4	-2.1	2.9	4.9
Depreciation of fixed assets	0.3	0.3	0.4	0.2	0.2	0.4	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.2	1.3	0.2	0.2	0.2	0.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.8	-1.6	-2.4	0.1	-3.0	1.0	0.0
Cash Flow before NWC change	3.3	0.0	-4.6	-0.9	-4.7	4.4	5.6
Increase / decrease in inventory	-1.0	-2.9	1.8	0.8	-1.8	1.4	0.8
Increase / decrease in accounts receivable	-1.5	1.6	1.0	-2.7	1.7	-2.5	-1.0
Increase / decrease in accounts payable	0.0	0.0	-0.8	0.3	1.0	-0.1	-0.2
Increase / decrease in other working capital positions	0.0	-0.3	0.3	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-2.5	-1.5	2.3	-1.6	0.9	-1.1	-0.4
Net cash provided by operating activities [1]	0.8	-1.5	-2.3	-2.5	-3.8	3.3	5.2
Investments in intangible assets	-0.2	-1.3	-0.2	-0.2	-0.2	-0.2	-0.2
Investments in property, plant and equipment	-0.3	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-0.9	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.1	0.5	0.0	0.0
Net cash provided by investing activities [2]	-0.4	-2.4	-0.3	-0.1	-0.7	-0.6	-0.6
Change in financial liabilities	-3.3	-0.6	8.9	-2.3	-9.5	0.0	0.0
Dividends paid	-0.7	-1.6	-0.3	0.0	0.0	0.0	-0.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	5.9	0.0	0.0	5.1	11.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	1.9	-2.2	8.6	2.7	1.5	0.0	-0.4
Change in liquid funds [1]+[2]+[3]	2.2	-6.1	6.0	0.1	-3.0	2.7	4.2
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	11.7	5.5	11.6	11.7	8.3	11.0	15.2

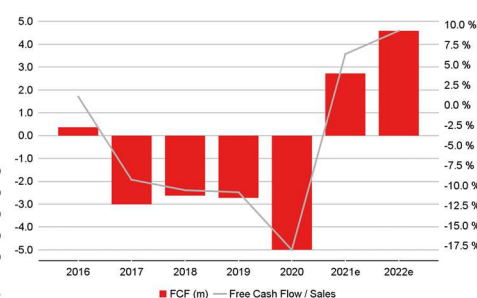
Financial Ratios

	2016	2017	2018	2019	2020	2021e	2022e
Cash Flow							
FCF	0.4	-3.0	-2.6	-2.7	-5.0	2.7	4.6
Free Cash Flow / Sales	1.1 %	-9.3 %	-10.6 %	-10.8 %	-18.0 %	6.4 %	9.3 %
Free Cash Flow Potential	n.a.	n.a.	-2.3	-1.1	-1.8	3.6	5.7
Free Cash Flow / Net Profit	18.6 %	-279.6 %	67.8 %	196.0 %	240.7 %	95.1 %	92.7 %
Interest Received / Avg. Cash	0.7 %	0.7 %	0.5 %	0.2 %	0.2 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.6 %	3.7 %	2.5 %	1.7 %	4.2 %	n.a.	n.a.
Management of Funds							
Investment ratio	1.2 %	4.7 %	2.3 %	2.3 %	2.1 %	1.4 %	1.2 %
Maint. Capex / Sales	n.a.	n.a.	1.2 %	1.2 %	1.1 %	0.7 %	0.6 %
Capex / Dep	78.6 %	300.2 %	34.5 %	148.7 %	149.4 %	93.5 %	93.5 %
Avg. Working Capital / Sales	20.7 %	27.3 %	34.1 %	32.8 %	31.0 %	20.5 %	19.2 %
Trade Debtors / Trade Creditors	336.9 %	228.8 %	375.5 %	541.0 %	176.4 %	322.2 %	425.0 %
Inventory Turnover	3.2 x	1.9 x	2.0 x	2.1 x	1.7 x	3.4 x	4.5 x
Receivables collection period (days)	53	37	33	73	44	50	50
Payables payment period (days)	34	36	19	32	59	37	29
Cash conversion cycle (Days)	131	191	196	211	195	121	102

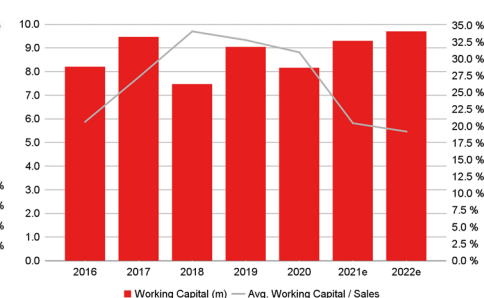
CAPEX and Cash Flow in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Vectron Systems AG	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0KEXC7.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

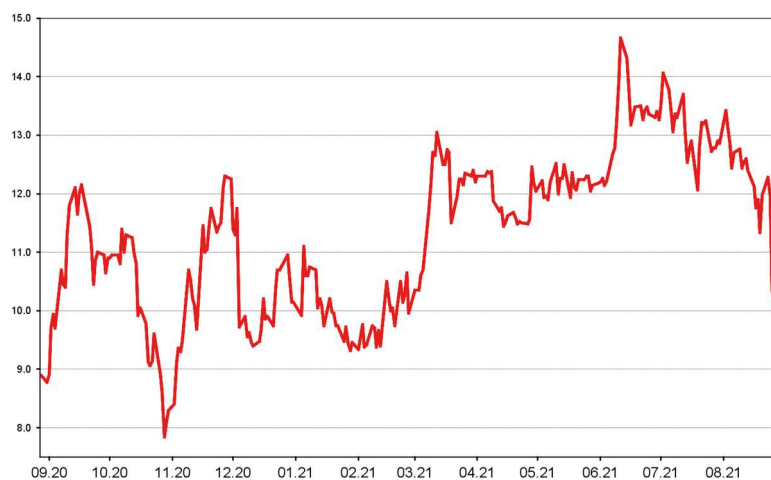
Rating	Number of stocks	% of Universe
Buy	146	68
Hold	61	28
Sell	6	3
Rating suspended	2	1
Total	215	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	41	76
Hold	11	20
Sell	0	0
Rating suspended	2	4
Total	54	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 27.08.2021



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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