

Buy EUR 20.00 Price EUR 9.72 Upside 105.8 %	Value Indicators: EUR DCF: 20.00 FCF-Value Potential 2022e: 16.00	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: 77.6 No. of shares (m): 8.0 EV: 66.5 Freefloat MC: 37.5 Ø Trad. Vol. (30d): 364.12 th	Shareholders: Freefloat 48.3 % Thomas Stümmler 22.6 % Jens Reckendorf 19.1 % Primepulse SE 10.0 % TBF Global Asset Management 5.0 %	Key Figures (WRe): 2020e Beta: 1.3 Price / Book: 3.5 x Equity Ratio: 63 %

Update provided on recurring sales

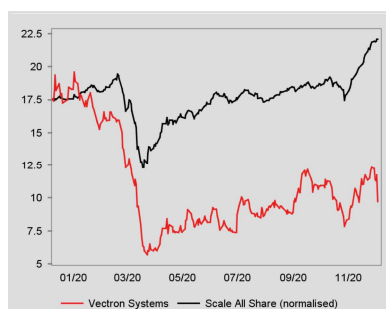
Vectron provided an update on the development of its recurring revenues on Thursday (03.12.2020). The transformation to an SaaS-model is the main driver of future sales and earnings.

Despite the severe COVID impact on the hospitality sector, Vectron was able to gain 8,000 new subscriptions for its entry digital package by early December and raised total subscriptions from 2,000 at the beginning of the year to a current >10,000. This is positive news as it reflects the increasing contributions from digital products (which were, so far, only small). The entry digital package includes the software update required for the new German regulation for manipulation-proof POS data, cloud-based storage for POS data, a reporting app and all regular software updates. It is expected that such a run rate will remain largely stable, so that subscriptions should rise to ~20,000 by year-end 2021. Owing to the high margins of these recurring revenues, this digital package alone can increase the profitability of the POS life-cycle by 50%. Digital packages are expected to contribute EUR 1.5 – 2m to the EBIT in FY 2021.

Vectron currently generates recurring revenues to the tune of EUR 5-6m annually, including its bonVito (customer cards for chain stores such as bakeries with > 5m active cards and 6,000 outlets) and posmatic iPad-based POS solution. Recurring sales could almost double to ~ EUR 10m in 2021, with the further roll-out of the SaaS-platform. Besides the Duratec POS (including payment services etc.), the digital offering will be expanded to the Vectron premium systems as well in early 2021. Although the COVID-related impact of lockdown measures etc. can limit customer gains, especially in early 2021, Vectron is expected to significantly expand its number of hardware contracts too next year (from just above 1,500 currently).

The share price came under pressure on Friday, after an analyst report with a sell recommendation. The report (which contains several errors) completely ignores the potential to lift recurring sales with digital products (e.g. payment, online ordering, reservation, marketing tools, data analysis). We do not share this main thesis as Vectron's leading positioning (~25-30% market share) in the hospitality POS market in Germany (as well as the German-speaking region and other neighbouring countries) is a strong position for the introduction of digital products and the establishment of a SaaS-platform with recurring sales. The share of recurring revenues should exceed 50% by 2023.

The rating and PT remain unchanged.

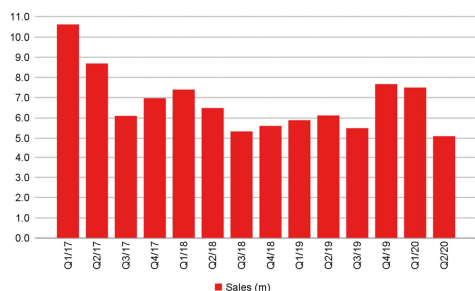


Rel. Performance vs Scale All	
1 month:	-13.5 %
6 months:	-16.6 %
Year to date:	-72.7 %
Trailing 12 months:	-68.8 %

Company events:

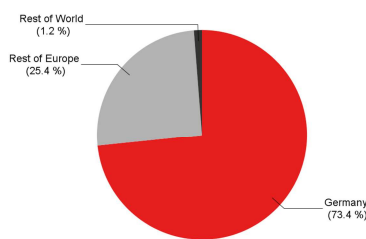
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	36.6 %	33.7	32.4	24.8	25.2	27.5	50.6	64.1
Change Sales yoy		33.7 %	-4.0 %	-23.3 %	1.4 %	9.2 %	84.1 %	26.6 %
Gross profit margin		54.4 %	56.7 %	53.7 %	57.8 %	58.4 %	58.5 %	58.5 %
EBITDA	-	3.6	2.3	-3.8	-1.4	-1.6	9.5	14.6
Margin		10.7 %	7.0 %	-15.2 %	-5.5 %	-6.0 %	18.8 %	22.8 %
EBIT	-	3.1	1.8	-5.4	-1.8	-2.3	8.9	14.0
Margin		9.1 %	5.4 %	-22.0 %	-7.1 %	-8.2 %	17.6 %	21.8 %
Net income	-	2.0	1.1	-3.9	-1.4	-1.9	5.8	9.3
EPS	-	1.23	0.16	-0.59	-0.19	-0.24	0.73	1.17
EPS adj.	-	1.23	0.16	-0.59	-0.19	-0.24	0.73	1.17
DPS	-	1.00	0.05	0.05	0.00	0.00	0.10	0.20
Dividend Yield		9.0 %	0.2 %	0.3 %	n.a.	n.a.	1.0 %	2.1 %
FCFPS		0.23	-0.46	-0.40	-0.38	-0.06	0.65	0.87
FCF / Market cap		2.1 %	-1.8 %	-2.1 %	-3.4 %	-0.6 %	6.6 %	8.9 %
EV / Sales		n.a.	5.0 x	5.2 x	3.2 x	2.4 x	1.2 x	0.9 x
EV / EBITDA		n.a.	71.4 x	n.a.	n.a.	n.a.	6.4 x	3.8 x
EV / EBIT		n.a.	92.2 x	n.a.	n.a.	n.a.	6.9 x	4.0 x
P / E		9.1 x	154.5 x	n.a.	n.a.	n.a.	13.3 x	8.3 x
P / E adj.		9.1 x	154.5 x	n.a.	n.a.	n.a.	13.3 x	8.3 x
FCF Potential Yield		n.a.	0.9 %	-1.8 %	-1.4 %	-2.0 %	10.6 %	18.1 %
Net Debt		-7.2	-1.7	1.2	-0.9	-11.2	-16.3	-22.4
ROCE (NOPAT)		29.8 %	11.2 %	n.a.	n.a.	n.a.	53.8 %	74.4 %
Guidance:		2020: Sales EUR 25 - 29m; EBITDA -2 - 0.25m						

Sales development
in EUR m



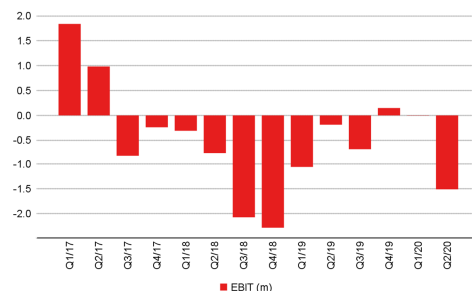
Source: Warburg Research

Sales by regions
2017; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

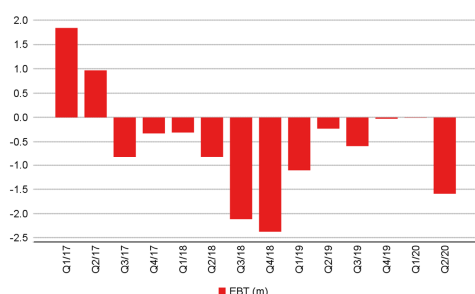
Company Background

- 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

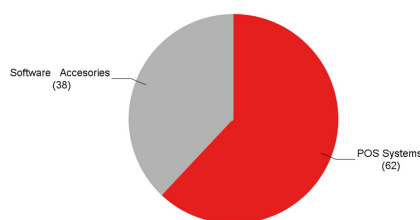
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that 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



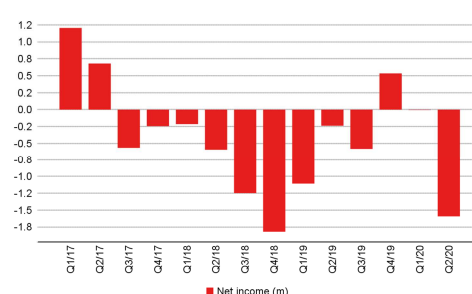
Source: Warburg Research

Sales by segments
2017; 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
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	27.5	50.6	64.1	55.1	63.9	69.7	74.6	79.8	83.8	88.0	92.4	97.0	n.a.	1.8 %
Sales change	9.2 %	84.1 %	26.6 %	-14.0 %	16.0 %	9.0 %	7.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	n.a.	
EBIT	-2.3	8.9	14.0	7.7	11.5	13.9	14.9	16.0	16.8	17.6	18.5	19.4	n.a.	
EBIT-margin	-8.2 %	17.6 %	21.8 %	14.0 %	18.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	n.a.	
Tax rate (EBT)	24.3 %	31.0 %	31.0 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	30.5 %	n.a.	
NOPAT	-1.7	6.1	9.6	5.4	8.0	9.7	10.4	11.1	11.6	12.2	12.8	13.5	n.a.	
Depreciation	0.6	0.6	0.6	0.9	1.0	1.1	1.2	1.3	1.3	1.4	1.5	1.6	n.a.	
in % of Sales	2.3 %	1.2 %	1.0 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	n.a.	
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	n.a.	
Change in Liquidity from														
- Working Capital	-1.3	2.4	2.4	-2.2	1.0	1.0	0.9	0.9	0.7	0.8	0.8	0.8	n.a.	
- Capex	0.6	0.6	0.6	0.9	1.0	1.1	1.2	1.3	1.3	1.4	1.5	1.6	n.a.	
Capex in % of Sales	2.1 %	1.1 %	0.9 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	n.a.	
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	n.a.	
Free Cash Flow (WACC Model)	-0.3	3.8	7.3	7.6	7.0	8.7	9.5	10.2	10.9	11.5	12.0	12.6	n.a.	
PV of FCF	-0.3	3.5	6.2	6.0	5.1	5.8	5.9	5.8	5.8	5.6	5.4	5.3	n.a.	80
share of PVs	6.45 %			38.41 %										55.14 %

Model parameter				Valuation (m)			
Derivation of WACC:		Derivation of Beta:		Present values 2032e	65		
Debt ratio	6.00 %	Financial Strength	1.20	Terminal Value	80		
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.50	Financial liabilities	10		
Market return	7.00 %	Cyclicality	1.10	Pension liabilities	0		
Risk free rate	1.50 %	Transparency	1.40	Hybrid capital	0		
		Others	1.30	Minority interest	0		
				Market val. of investments	2		
				Liquidity	23	No. of shares (m)	8.0
WACC	8.30 %	Beta	1.30	Equity Value	159	Value per share (EUR)	19.90

Sensitivity Value per Share (EUR)																	
		Terminal Growth							Delta EBIT-margin								
Beta	WACC	1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.49	9.3 %	16.49	16.71	16.94	17.19	17.46	17.74	18.05	1.49	9.3 %	15.89	16.32	16.76	17.19	17.62	18.05	18.49
1.40	8.8 %	17.60	17.86	18.14	18.45	18.77	19.12	19.49	1.40	8.8 %	17.05	17.52	17.98	18.45	18.91	19.38	19.84
1.35	8.5 %	18.21	18.50	18.81	19.15	19.50	19.89	20.31	1.35	8.5 %	17.70	18.18	18.66	19.15	19.63	20.11	20.59
1.30	8.3 %	18.87	19.19	19.53	19.90	20.30	20.73	21.20	1.30	8.3 %	18.39	18.90	19.40	19.90	20.40	20.91	21.41
1.25	8.0 %	19.58	19.93	20.31	20.72	21.16	21.64	22.16	1.25	8.0 %	19.15	19.67	20.19	20.72	21.24	21.76	22.29
1.20	7.8 %	20.34	20.73	21.15	21.60	22.10	22.64	23.22	1.20	7.8 %	19.96	20.51	21.06	21.60	22.15	22.69	23.24
1.11	7.3 %	22.04	22.52	23.05	23.62	24.24	24.93	25.68	1.11	7.3 %	21.82	22.42	23.02	23.62	24.22	24.81	25.41

- Model reflects fiscal regulation
- Increasing digitalization drives mid term sales and profitability increase
- Model is not yet reflecting the company target of > EUR 100m in sales by 2022

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	2020e	2021e	2022e	
Net Income before minorities	n.a.	1.1	-3.9	-1.4	-1.9	6.0	9.5	
+ Depreciation + Amortisation	n.a.	0.5	1.7	0.4	0.6	0.6	0.6	
- Net Interest Income	n.a.	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	
- Maintenance Capex	n.a.	0.3	0.3	0.3	0.3	0.3	0.3	
+ Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	n.a.	1.4	-2.3	-1.1	-1.3	6.5	10.0	
FCF Potential Yield (on market EV)	n/a	0.9 %	-1.8 %	-1.4 %	-2.0 %	10.6 %	18.1 %	
WACC	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %	
= Enterprise Value (EV)	n.a.	161.4	128.5	79.9	66.5	61.3	55.2	
= Fair Enterprise Value	n.a.	16.6	n.a.	n.a.	n.a.	78.5	120.7	
- Net Debt (Cash)	n.a.	-11.2	-11.2	-11.2	-11.2	-16.3	-22.4	
- Pension Liabilities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	27.7	n.a.	n.a.	n.a.	94.8	143.2	
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.	4.20	n.a.	n.a.	n.a.	11.96	18.06	
premium (-) / discount (+) in %						23.1 %	85.8 %	
Sensitivity Fair value per Share (EUR)								
	11.30 %	n.a.	2.92	n.a.	n.a.	n.a.	9.26	13.91
	10.30 %	n.a.	3.07	n.a.	n.a.	n.a.	9.96	14.99
	9.30 %	n.a.	3.25	n.a.	n.a.	n.a.	10.82	16.30
WACC	8.30 %	n.a.	3.47	n.a.	n.a.	n.a.	11.87	17.92
	7.30 %	n.a.	3.76	n.a.	n.a.	n.a.	13.22	19.99
	6.30 %	n.a.	4.13	n.a.	n.a.	n.a.	14.99	22.72
	5.30 %	n.a.	4.64	n.a.	n.a.	n.a.	17.44	26.48

- 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	2020e	2021e	2022e
Price / Book	1.2 x	11.4 x	12.6 x	5.8 x	3.5 x	2.8 x	2.1 x
Book value per share ex intangibles	8.75	1.94	1.51	1.88	2.77	3.50	4.56
EV / Sales	n.a.	5.0 x	5.2 x	3.2 x	2.4 x	1.2 x	0.9 x
EV / EBITDA	n.a.	71.4 x	n.a.	n.a.	n.a.	6.4 x	3.8 x
EV / EBIT	n.a.	92.2 x	n.a.	n.a.	n.a.	6.9 x	4.0 x
EV / EBIT adj.*	n.a.	92.2 x	n.a.	n.a.	n.a.	6.9 x	4.0 x
P / FCF	48.7 x	n.a.	n.a.	n.a.	n.a.	15.1 x	11.2 x
P / E	9.1 x	154.5 x	n.a.	n.a.	n.a.	13.3 x	8.3 x
P / E adj.*	9.1 x	154.5 x	n.a.	n.a.	n.a.	13.3 x	8.3 x
Dividend Yield	9.0 %	0.2 %	0.3 %	n.a.	n.a.	1.0 %	2.1 %
FCF Potential Yield (on market EV)	n.a.	0.9 %	-1.8 %	-1.4 %	-2.0 %	10.6 %	18.1 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	33.7	32.4	24.8	25.2	27.5	50.6	64.1
Change Sales yoy	33.7 %	-4.0 %	-23.3 %	1.4 %	9.2 %	84.1 %	26.6 %
Increase / decrease in inventory	0.0	0.6	0.2	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sales	33.7	33.0	25.0	25.2	27.5	50.6	64.1
Material expenses	15.4	14.6	11.7	10.7	11.4	21.0	26.6
Gross profit	18.4	18.4	13.3	14.5	16.1	29.6	37.5
<i>Gross profit margin</i>	<i>54.4 %</i>	<i>56.7 %</i>	<i>53.7 %</i>	<i>57.8 %</i>	<i>58.4 %</i>	<i>58.5 %</i>	<i>58.5 %</i>
Personnel expenses	8.6	9.7	10.2	9.3	9.7	11.2	12.5
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	8.6	9.5	11.0
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	-1.6	9.5	14.6
<i>Margin</i>	<i>10.7 %</i>	<i>7.0 %</i>	<i>-15.2 %</i>	<i>-5.5 %</i>	<i>-6.0 %</i>	<i>18.8 %</i>	<i>22.8 %</i>
Depreciation of fixed assets	0.3	0.3	0.4	0.2	0.4	0.4	0.4
EBITA	3.3	1.9	-4.2	-1.6	-2.1	9.1	14.2
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	-2.3	8.9	14.0
<i>Margin</i>	<i>9.1 %</i>	<i>5.4 %</i>	<i>-22.0 %</i>	<i>-7.1 %</i>	<i>-8.2 %</i>	<i>17.6 %</i>	<i>21.8 %</i>
EBIT adj.	3.1	1.8	-5.4	-1.8	-2.3	8.9	14.0
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	-2.5	8.7	13.8
<i>Margin</i>	<i>8.8 %</i>	<i>5.1 %</i>	<i>-22.6 %</i>	<i>-7.8 %</i>	<i>-9.0 %</i>	<i>17.2 %</i>	<i>21.5 %</i>
Total taxes	1.0	0.6	-1.7	-0.6	-0.6	2.7	4.3
Net income from continuing operations	2.0	1.1	-3.9	-1.4	-1.9	6.0	9.5
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	-1.9	6.0	9.5
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	-1.9	5.8	9.3
<i>Margin</i>	<i>5.8 %</i>	<i>3.3 %</i>	<i>-15.6 %</i>	<i>-5.5 %</i>	<i>-6.8 %</i>	<i>11.4 %</i>	<i>14.5 %</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	-0.24	0.73	1.17
EPS adj.	1.23	0.16	-0.59	-0.19	-0.24	0.73	1.17

*Adjustments made for:

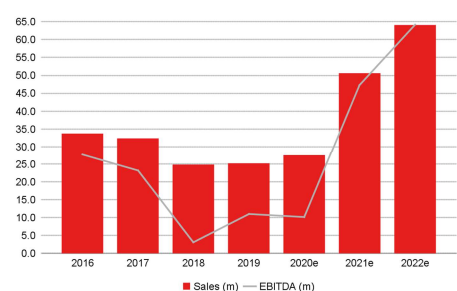
Guidance: 2020: Sales EUR 25 - 29m; EBITDA -2 - 0.25m

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	89.4 %	95.0 %	116.1 %	105.6 %	106.0 %	81.2 %	77.2 %
Operating Leverage	1.5 x	10.9 x	n.a.	-48.6 x	3.0 x	n.a.	2.1 x
EBITDA / Interest expenses	37.2 x	14.9 x	n.m.	n.m.	n.m.	47.6 x	72.9 x
Tax rate (EBT)	33.8 %	35.3 %	31.0 %	28.7 %	24.3 %	31.0 %	31.0 %
Dividend Payout Ratio	81.5 %	30.7 %	n.m.	0.0 %	0.0 %	13.2 %	16.7 %
Sales per Employee	235,783	203,667	190,962	193,610	166,600	389,354	492,960

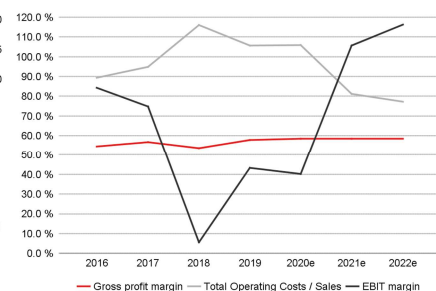
Sales, EBITDA

in EUR m

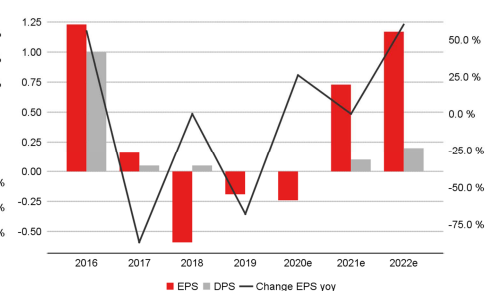


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

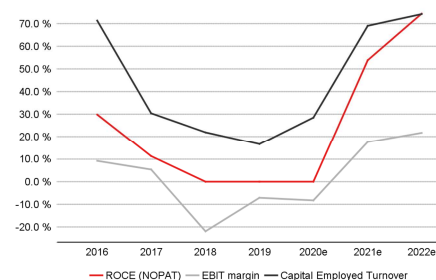
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	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	0.4	0.4	0.3
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	2.6	2.6	2.5
Inventories	4.8	7.6	5.8	5.0	5.0	5.3	5.8
Accounts receivable	4.9	3.3	2.3	5.0	3.8	6.9	8.8
Liquid assets	11.7	5.5	11.6	11.3	21.6	26.7	32.9
Other short-term assets	1.2	1.1	2.7	2.8	2.3	0.7	0.7
Current assets	22.5	17.5	22.3	24.1	32.7	39.7	48.2
Total Assets	24.6	21.5	24.9	26.7	35.3	42.2	50.7
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	19.8	19.8	19.8
Retained earnings	0.0	0.0	0.0	0.0	-1.8	3.9	12.4
Other equity components	2.9	2.3	-1.9	-3.3	-3.8	-3.7	-3.7
Shareholders' equity	14.9	14.3	10.1	13.8	22.2	28.1	36.6
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	22.2	28.1	36.6
Provisions	3.2	1.7	1.0	1.2	1.2	1.2	1.2
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	10.4	10.4	10.4
thereof short-term financial liabilities	0.8	1.1	0.8	10.4	10.4	10.4	10.4
Accounts payable	1.5	1.4	0.6	0.9	1.1	2.1	2.1
Other liabilities	0.6	0.2	0.4	0.4	0.4	0.4	0.4
Liabilities	9.7	7.2	14.7	12.9	13.1	14.1	14.1
Total liabilities and shareholders' equity	24.6	21.5	24.9	26.7	35.3	42.2	50.7

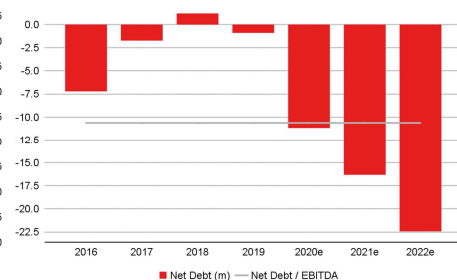
Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.8 x	3.2 x	3.1 x	2.6 x	3.4 x	4.8 x	5.0 x
Capital Employed Turnover	4.4 x	2.6 x	2.2 x	1.9 x	2.5 x	4.3 x	4.5 x
ROA	95.4 %	27.2 %	-151.1 %	-52.7 %	-71.8 %	225.4 %	368.1 %
Return on Capital							
ROCE (NOPAT)	29.8 %	11.2 %	n.a.	n.a.	n.a.	53.8 %	74.4 %
ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-10.4 %	22.9 %	28.7 %
Adj. ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-10.4 %	22.9 %	28.7 %
Balance sheet quality							
Net Debt	-7.2	-1.7	1.2	-0.9	-11.2	-16.3	-22.4
Net Financial Debt	-7.2	-1.7	1.2	-0.9	-11.2	-16.3	-22.4
Net Gearing	-48.5 %	-12.1 %	11.9 %	-6.5 %	-50.3 %	-58.1 %	-61.4 %
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	2.8	3.5	4.6
Book value per share ex intangibles	8.8	1.9	1.5	1.9	2.8	3.5	4.6

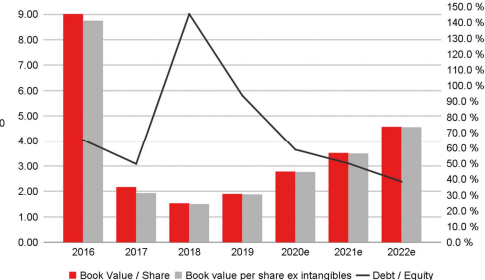
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

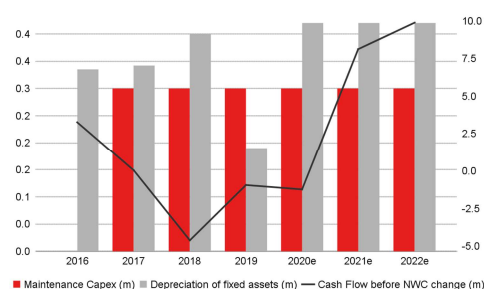
Consolidated cash flow statement

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	2.0	1.1	-3.9	-1.4	-1.9	5.8	9.3
Depreciation of fixed assets	0.3	0.3	0.4	0.2	0.4	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	0.0	1.7	0.0
Cash Flow before NWC change	3.3	0.0	-4.6	-0.9	-1.2	8.1	9.9
Increase / decrease in inventory	-1.0	-2.9	1.8	0.8	0.0	-0.3	-0.5
Increase / decrease in accounts receivable	-1.5	1.6	1.0	-2.7	1.2	-3.1	-1.9
Increase / decrease in accounts payable	0.0	0.0	-0.8	0.3	0.2	1.0	0.0
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	1.3	-2.4	-2.4
Net cash provided by operating activities [1]	0.8	-1.5	-2.3	-2.5	0.1	5.7	7.5
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	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.4	-2.4	-0.3	-0.1	-0.6	-0.6	-0.6
Change in financial liabilities	-3.3	-0.6	8.9	-2.3	0.0	0.0	0.0
Dividends paid	-0.7	-1.6	-0.3	0.0	0.0	0.0	-0.8
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	10.8	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	10.8	0.0	-0.8
Change in liquid funds [1]+[2]+[3]	2.2	-6.1	6.0	0.1	10.3	5.1	6.1
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	21.6	26.7	32.9

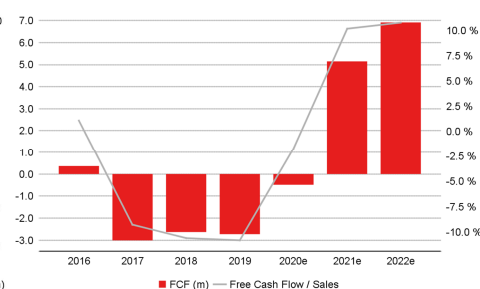
Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	0.4	-3.0	-2.6	-2.7	-0.5	5.1	6.9
Free Cash Flow / Sales	1.1 %	-9.3 %	-10.6 %	-10.8 %	-1.8 %	10.2 %	10.8 %
Free Cash Flow Potential	n.a.	1.4	-2.3	-1.1	-1.3	6.5	10.0
Free Cash Flow / Net Profit	18.6 %	-279.6 %	67.8 %	196.0 %	26.0 %	89.3 %	74.5 %
Interest Received / Avg. Cash	0.7 %	0.7 %	0.5 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.6 %	3.7 %	2.5 %	1.7 %	1.9 %	1.9 %	1.9 %
Management of Funds							
Investment ratio	1.2 %	4.7 %	2.3 %	2.3 %	2.1 %	1.1 %	0.9 %
Maint. Capex / Sales	n.a.	0.9 %	1.2 %	1.2 %	1.1 %	0.6 %	0.5 %
Capex / Dep	78.6 %	300.2 %	34.5 %	148.7 %	93.5 %	93.5 %	93.5 %
Avg. Working Capital / Sales	20.7 %	27.3 %	34.1 %	32.8 %	30.5 %	17.6 %	17.6 %
Trade Debtors / Trade Creditors	336.9 %	228.8 %	375.5 %	541.0 %	345.5 %	328.6 %	419.0 %
Inventory Turnover	3.2 x	1.9 x	2.0 x	2.1 x	2.3 x	4.0 x	4.6 x
Receivables collection period (days)	53	37	33	73	50	50	50
Payables payment period (days)	34	36	19	32	35	36	29
Cash conversion cycle (Days)	131	191	196	211	175	105	101

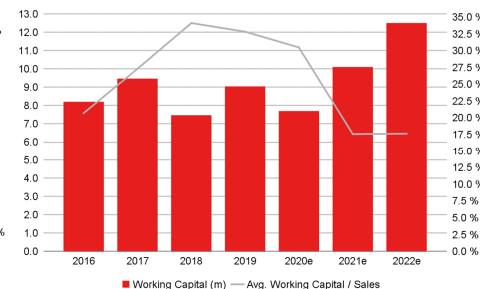
CAPEX and Cash Flow
in EUR m



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

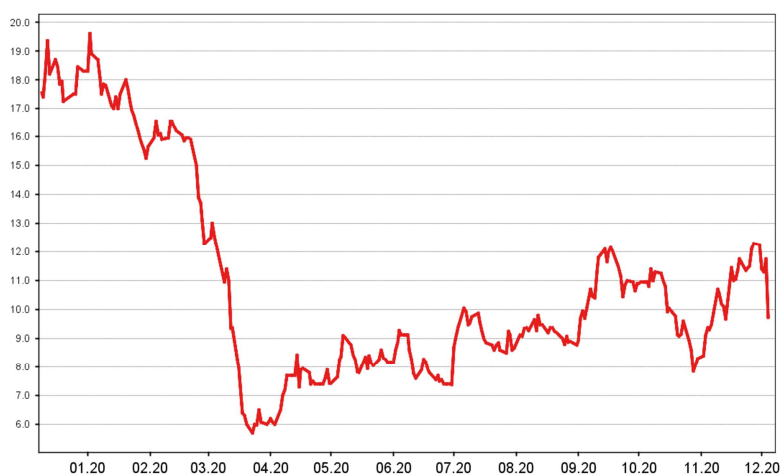
Rating	Number of stocks	% of Universe
Buy	131	65
Hold	58	29
Sell	8	4
Rating suspended	6	3
Total	203	100

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	37	84
Hold	5	11
Sell	0	0
Rating suspended	2	5
Total	44	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 07.12.2020



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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