

Buy EUR 19.00	Value Indicators: EUR DCF: 19.00 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: 85.5 No. of shares (m): 8.0 EV: 71.9 Freefloat MC: 41.3 Ø Trad. Vol. (30d): 247.13 th	Shareholders: Freefloat 48.3 % Thomas Stümmeler 22.6 % Jens Reckendorf 19.1 % Primepulse SE 10.0 %	Key Figures (WRe): 2020e Beta: 1.3 Price / Book: 3.8 x Equity Ratio: 63 %
Price EUR 10.70 Upside 77.6 %			

State subsidies for POS systems suited to boost near-term demand

The German government launched its COVID bridging aid III in mid-February, which is suited to boost Vectron's sales in the near term.

Businesses with significant yoy revenue decline (reference year is 2019 for the months of November 2020 – June 2021) will receive state aid to cover fixed costs. An application is possible if sales decreased by at least 30% yoy on a monthly basis. More importantly, the state aid also covers investments in digitalisation projects (once up to EUR 20k), which includes the purchase of Vectron's POS systems as IT hardware. The state aid amounts to 90% of the costs if revenues dropped by 70% or more.

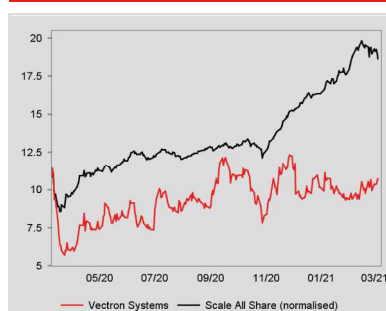
The programme seems to fit Vectron's client structure perfectly:

- The vast majority of Vectron's customers (restaurants, bars, cafes etc.) in Germany (accounting for ~75% of sales) are likely to have suffered from a severe revenue decline in recent months, resulting from the lockdown measures in the hospitality sector.
- Many customers have to upgrade or replace their POS systems against the background of the requirement for tamper-proof cash registers. The prolonged non-objection period ends on March 31. Many customers have so far been reluctant to invest in new hardware because of the recent cash drain.

Since the state aid enables many hospitality customers to get a new POS system potentially almost for free, coupled with the regulatory requirement for an upgrade anyway, it seems very likely that this programme will trigger a surge in demand once the hospitality sector is allowed to reopen, which should be in April or May at the latest. In recent months, customers often favoured upgrading older hardware with a less costly security device rather than replacing it with a new POS. The state aid is therefore also likely to improve the ratio in favour of higher POS sales.

Theoretically, the programme should not have a significant impact on total upgrade/replacement demand. However, it could tip the scales in favour of a higher share of new POS sales and should provide strong tailwind for a quick upswing in operating development in the short term.

A reopening of the hospitality sector is regarded as a potential share price driver. The current share price level appears attractive after last year's COVID-related underperformance, especially as this additional tailwind should lead to positive news on operating development. In the medium term, establishing the SaaS platform and increasing recurring revenues remains key. Vectron is expected to achieve a further significant increase in subscriptions of its digital package in the current FY. The Buy rating and PT of EUR 19 are maintained.

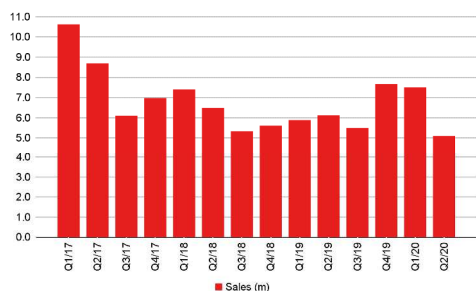


Rel. Performance vs Scale All	
1 month:	13.1 %
6 months:	-43.5 %
Year to date:	-8.4 %
Trailing 12 months:	-70.3 %

Company events:	

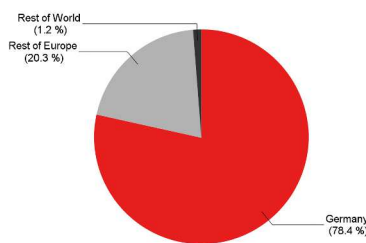
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	35.3 %	33.7	32.4	24.8	25.2	28.0	40.7	62.3
Change Sales yoy		33.7 %	-4.0 %	-23.3 %	1.4 %	11.2 %	45.3 %	53.2 %
Gross profit margin		54.4 %	56.7 %	53.7 %	57.8 %	58.4 %	58.5 %	58.5 %
EBITDA	-	3.6	2.3	-3.8	-1.4	-1.4	3.9	13.6
Margin		10.7 %	7.0 %	-15.2 %	-5.5 %	-4.8 %	9.6 %	21.8 %
EBIT	-	3.1	1.8	-5.4	-1.8	-2.0	3.3	12.9
Margin		9.1 %	5.4 %	-22.0 %	-7.1 %	-7.1 %	8.1 %	20.8 %
Net income	-	2.0	1.1	-3.9	-1.4	-1.6	1.9	8.6
EPS	-	1.23	0.16	-0.59	-0.19	-0.20	0.24	1.08
EPS adj.	-	1.23	0.16	-0.59	-0.19	-0.20	0.24	1.08
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.	0.9 %	1.9 %
FCFPS		0.23	-0.46	-0.40	-0.38	-0.02	0.27	0.58
FCF / Market cap		2.1 %	-1.8 %	-2.1 %	-3.4 %	-0.2 %	2.5 %	5.4 %
EV / Sales		n.a.	5.0 x	5.2 x	3.2 x	2.6 x	1.8 x	1.1 x
EV / EBITDA		n.a.	71.4 x	n.a.	n.a.	n.a.	18.5 x	5.0 x
EV / EBIT		n.a.	92.2 x	n.a.	n.a.	n.a.	22.0 x	5.3 x
P / E		9.1 x	154.5 x	n.a.	n.a.	n.a.	44.6 x	9.9 x
P / E adj.		9.1 x	154.5 x	n.a.	n.a.	n.a.	44.6 x	9.9 x
FCF Potential Yield		n.a.	0.9 %	-1.8 %	-1.4 %	-1.4 %	3.7 %	13.7 %
Net Debt		-7.2	-1.7	1.2	-0.9	-11.5	-13.6	-17.4
ROCE (NOPAT)		29.8 %	11.2 %	n.a.	n.a.	n.a.	21.6 %	75.0 %
Guidance:	2021: -							

Sales development
in EUR m



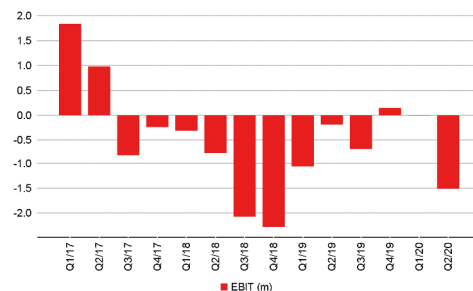
Source: Warburg Research

Sales by regions
2019; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

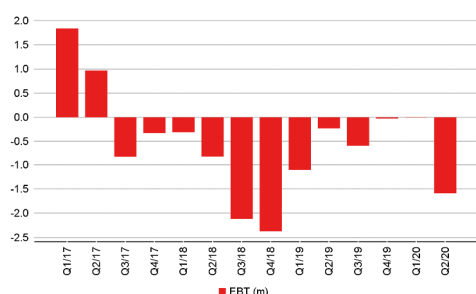
Company Background

- 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

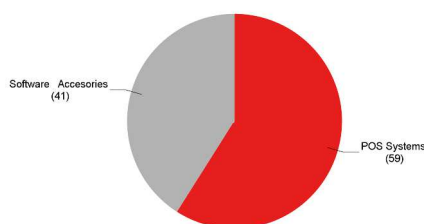
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that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



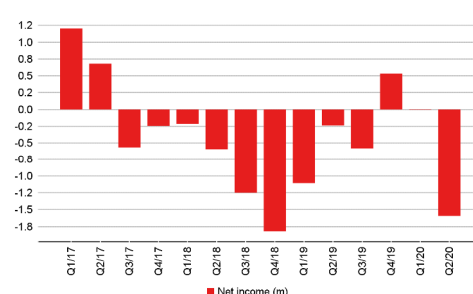
Source: Warburg Research

Sales by segments
2019; 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	28.0	40.7	62.3	53.6	62.2	67.8	72.5	77.6	81.5	85.5	89.8	94.3	95.9	
Sales change	11.2 %	45.3 %	53.2 %	-14.0 %	16.0 %	9.0 %	7.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	1.8 %
EBIT	-2.0	3.3	12.9	7.5	11.2	13.6	14.5	15.5	16.3	17.1	18.0	18.9	19.2	
EBIT-margin	-7.1 %	8.1 %	20.8 %	14.0 %	18.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	27.6 %	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	-1.4	2.3	8.9	5.2	7.8	9.4	10.1	10.8	11.3	11.9	12.5	13.1	13.3	
Depreciation	0.6	0.6	0.6	0.9	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.5	
in % of Sales	2.2 %	1.5 %	1.0 %	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	-1.3	0.5	4.0	-2.2	1.0	1.0	0.9	0.9	0.7	0.7	0.8	0.8	0.3	
- Capex	0.6	0.6	0.6	0.9	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.5	
Capex in % of Sales	2.1 %	1.4 %	0.9 %	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)	0.0	1.8	5.0	7.5	6.8	8.4	9.2	9.9	10.6	11.2	11.7	12.3	13.0	13
PV of FCF	0.0	1.7	4.2	5.9	4.9	5.6	5.7	5.6	5.6	5.4	5.3	5.1	5.0	78
share of PVs	4.24 %			39.34 %										56.42 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	6.00 %	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	8.30 %	Beta	1.30

Valuation (m)

Present values 2032e	60		
Terminal Value	78		
Financial liabilities	10		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	2		
Liquidity	23	No. of shares (m)	8.0
Equity Value	152	Value per share (EUR)	19.00

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
1.49	9.3 %	15.68	15.90	16.12	16.37	16.63	16.90	17.20	1.49	9.3 %	15.12	15.53	15.95	16.37	16.78	17.20	17.62
1.40	8.8 %	16.76	17.02	17.29	17.59	17.90	18.24	18.61	1.40	8.8 %	16.24	16.69	17.14	17.59	18.03	18.48	18.93
1.35	8.5 %	17.36	17.64	17.94	18.26	18.61	18.99	19.40	1.35	8.5 %	16.87	17.33	17.80	18.26	18.73	19.20	19.66
1.30	8.3 %	18.00	18.31	18.64	19.00	19.38	19.80	20.26	1.30	8.3 %	17.54	18.03	18.51	19.00	19.48	19.97	20.45
1.25	8.0 %	18.68	19.02	19.39	19.79	20.22	20.69	21.20	1.25	8.0 %	18.27	18.78	19.28	19.79	20.29	20.80	21.31
1.20	7.8 %	19.42	19.80	20.21	20.65	21.13	21.65	22.23	1.20	7.8 %	19.06	19.59	20.12	20.65	21.18	21.70	22.23
1.11	7.3 %	21.07	21.54	22.05	22.60	23.21	23.88	24.61	1.11	7.3 %	20.87	21.45	22.03	22.60	23.18	23.76	24.34

- 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	-1.6	2.1	8.8	
+ 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	-1.1	2.6	9.3	
FCF Potential Yield (on market EV)	n/a	0.9 %	-1.8 %	-1.4 %	-1.4 %	3.7 %	13.7 %	
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	74.0	71.9	68.1	
= Fair Enterprise Value	n.a.	16.6	n.a.	n.a.	n.a.	31.8	112.1	
- Net Debt (Cash)	n.a.	-11.5	-11.5	-11.5	-11.5	-13.6	-17.4	
- 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.	28.0	n.a.	n.a.	n.a.	45.4	129.5	
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.	4.25	n.a.	n.a.	n.a.	5.73	16.34	
premium (-) / discount (+) in %						-46.5 %	52.7 %	
Sensitivity Fair value per Share (EUR)								
	11.30 %	n.a.	2.96	n.a.	n.a.	n.a.	4.63	12.49
	10.30 %	n.a.	3.11	n.a.	n.a.	n.a.	4.91	13.49
	9.30 %	n.a.	3.28	n.a.	n.a.	n.a.	5.26	14.71
WACC	8.30 %	n.a.	3.51	n.a.	n.a.	n.a.	5.69	16.22
	7.30 %	n.a.	3.79	n.a.	n.a.	n.a.	6.23	18.14
	6.30 %	n.a.	4.17	n.a.	n.a.	n.a.	6.95	20.67
	5.30 %	n.a.	4.68	n.a.	n.a.	n.a.	7.94	24.16

- 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	3.8 x	3.6 x	2.7 x
Book value per share ex intangibles	8.75	1.94	1.51	1.88	2.80	2.93	3.90
EV / Sales	n.a.	5.0 x	5.2 x	3.2 x	2.6 x	1.8 x	1.1 x
EV / EBITDA	n.a.	71.4 x	n.a.	n.a.	n.a.	18.5 x	5.0 x
EV / EBIT	n.a.	92.2 x	n.a.	n.a.	n.a.	22.0 x	5.3 x
EV / EBIT adj.*	n.a.	92.2 x	n.a.	n.a.	n.a.	22.0 x	5.3 x
P / FCF	48.7 x	n.a.	n.a.	n.a.	n.a.	40.2 x	18.6 x
P / E	9.1 x	154.5 x	n.a.	n.a.	n.a.	44.6 x	9.9 x
P / E adj.*	9.1 x	154.5 x	n.a.	n.a.	n.a.	44.6 x	9.9 x
Dividend Yield	9.0 %	0.2 %	0.3 %	n.a.	n.a.	0.9 %	1.9 %
FCF Potential Yield (on market EV)	n.a.	0.9 %	-1.8 %	-1.4 %	-1.4 %	3.7 %	13.7 %

*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	28.0	40.7	62.3
Change Sales yoy	33.7 %	-4.0 %	-23.3 %	1.4 %	11.2 %	45.3 %	53.2 %
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	28.0	40.7	62.3
Material expenses	15.4	14.6	11.7	10.7	11.6	16.9	25.9
Gross profit	18.4	18.4	13.3	14.5	16.3	23.8	36.5
<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	11.0	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	-1.4	3.9	13.6
<i>Margin</i>	<i>10.7 %</i>	<i>7.0 %</i>	<i>-15.2 %</i>	<i>-5.5 %</i>	<i>-4.8 %</i>	<i>9.6 %</i>	<i>21.8 %</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	-1.8	3.5	13.1
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	-2.0	3.3	12.9
<i>Margin</i>	<i>9.1 %</i>	<i>5.4 %</i>	<i>-22.0 %</i>	<i>-7.1 %</i>	<i>-7.1 %</i>	<i>8.1 %</i>	<i>20.8 %</i>
EBIT adj.	3.1	1.8	-5.4	-1.8	-2.0	3.3	12.9
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	-2.2	3.1	12.7
<i>Margin</i>	<i>8.8 %</i>	<i>5.1 %</i>	<i>-22.6 %</i>	<i>-7.8 %</i>	<i>-7.8 %</i>	<i>7.6 %</i>	<i>20.4 %</i>
Total taxes	1.0	0.6	-1.7	-0.6	-0.6	1.0	3.9
Net income from continuing operations	2.0	1.1	-3.9	-1.4	-1.6	2.1	8.8
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	-1.6	2.1	8.8
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	-1.6	1.9	8.6
<i>Margin</i>	<i>5.8 %</i>	<i>3.3 %</i>	<i>-15.6 %</i>	<i>-5.5 %</i>	<i>-5.6 %</i>	<i>4.7 %</i>	<i>13.7 %</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	-0.20	0.24	1.08
EPS adj.	1.23	0.16	-0.59	-0.19	-0.20	0.24	1.08

*Adjustments made for:

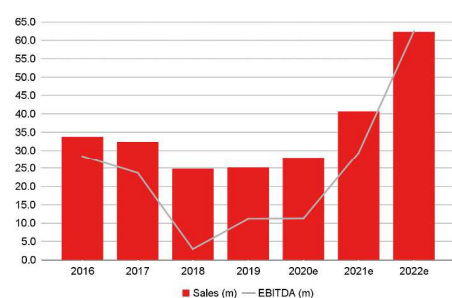
Guidance: 2021: -

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	89.4 %	95.0 %	116.1 %	105.6 %	104.8 %	90.4 %	78.2 %
Operating Leverage	1.5 x	10.9 x	n.a.	-48.6 x	1.0 x	n.a.	5.5 x
EBITDA / Interest expenses	37.2 x	14.9 x	n.m.	n.m.	n.m.	19.5 x	67.8 x
Tax rate (EBT)	33.8 %	35.3 %	31.0 %	28.7 %	27.6 %	31.0 %	31.0 %
Dividend Payout Ratio	81.5 %	30.7 %	n.m.	0.0 %	0.0 %	37.4 %	18.0 %
Sales per Employee	235,783	203,667	154,193	156,331	169,630	312,881	479,349

Sales, EBITDA

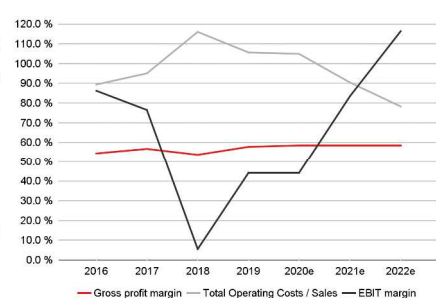
in EUR m



Source: Warburg Research

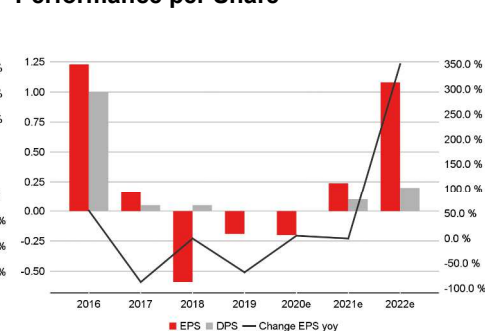
Operating Performance

in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

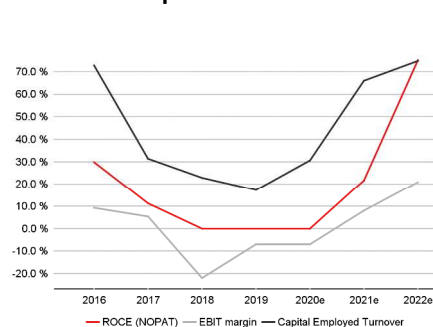
Consolidated balance sheet

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	5.1	4.3	5.7
Accounts receivable	4.9	3.3	2.3	5.0	3.8	5.6	8.5
Liquid assets	11.7	5.5	11.6	11.3	21.9	24.0	27.8
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	33.1	34.6	42.7
Total Assets	24.6	21.5	24.9	26.7	35.7	37.2	45.3
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	-1.5	0.4	8.1
Other equity components	2.9	2.3	-1.9	-3.3	-3.8	-4.7	-4.7
Shareholders' equity	14.9	14.3	10.1	13.8	22.5	23.5	31.3
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	22.5	23.5	31.3
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	1.2	1.7	2.0
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	13.2	13.7	14.0
Total liabilities and shareholders' equity	24.6	21.5	24.9	26.7	35.7	37.2	45.3

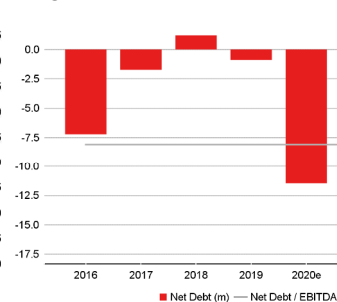
Financial Ratios

	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	4.7 x	5.0 x
Capital Employed Turnover	4.4 x	2.6 x	2.2 x	1.9 x	2.5 x	4.1 x	4.5 x
ROA	95.4 %	27.2 %	-151.1 %	-52.7 %	-60.6 %	74.0 %	339.7 %
Return on Capital							
ROCE (NOPAT)	29.8 %	11.2 %	n.a.	n.a.	n.a.	21.6 %	75.0 %
ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-8.7 %	8.2 %	31.2 %
Adj. ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-8.7 %	8.2 %	31.2 %
Balance sheet quality							
Net Debt	-7.2	-1.7	1.2	-0.9	-11.5	-13.6	-17.4
Net Financial Debt	-7.2	-1.7	1.2	-0.9	-11.5	-13.6	-17.4
Net Gearing	-48.5 %	-12.1 %	11.9 %	-6.5 %	-50.9 %	-57.8 %	-55.6 %
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	2.8	2.9	3.9
Book value per share ex intangibles	8.8	1.9	1.5	1.9	2.8	2.9	3.9

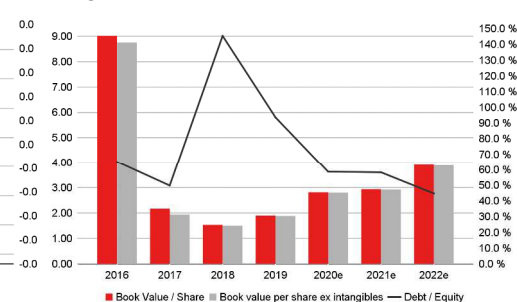
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

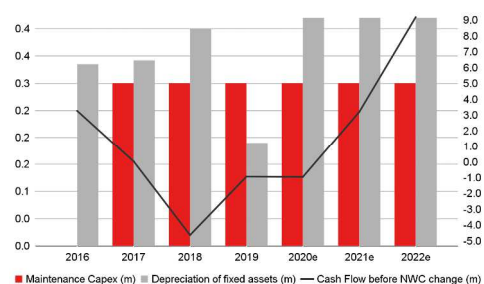
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	2.0	1.1	-3.9	-1.4	-1.6	1.9	8.6
Depreciation of fixed assets	0.3	0.3	0.4	0.2	0.4	0.4	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.2	1.3	0.2	0.2	0.2	0.2
Increase/decrease in long-term provisions	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	0.7	0.0
Cash Flow before NWC change	3.3	0.0	-4.6	-0.9	-1.0	3.2	9.2
Increase / decrease in inventory	-1.0	-2.9	1.8	0.8	-0.1	0.8	-1.4
Increase / decrease in accounts receivable	-1.5	1.6	1.0	-2.7	1.2	-1.8	-2.9
Increase / decrease in accounts payable	0.0	0.0	-0.8	0.3	0.3	0.5	0.3
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	-0.5	-4.0
Net cash provided by operating activities [1]	0.8	-1.5	-2.3	-2.5	0.4	2.7	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	0.0	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	10.6	2.1	3.8
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	21.9	24.0	27.8

Financial Ratios

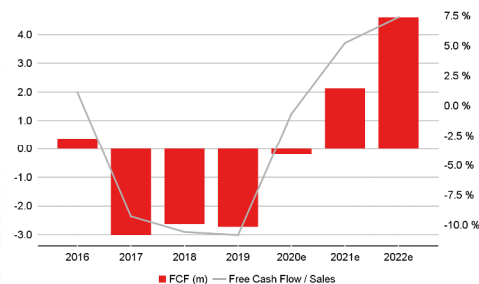
	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	0.4	-3.0	-2.6	-2.7	-0.2	2.1	4.6
Free Cash Flow / Sales	1.1 %	-9.3 %	-10.6 %	-10.8 %	-0.7 %	5.2 %	7.4 %
Free Cash Flow Potential	n.a.	1.4	-2.3	-1.1	-1.1	2.6	9.3
Free Cash Flow / Net Profit	18.6 %	-279.6 %	67.8 %	196.0 %	12.2 %	112.5 %	53.7 %
Interest 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 %	1.4 %	0.9 %
Maint. Capex / Sales	n.a.	0.9 %	1.2 %	1.2 %	1.1 %	0.7 %	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 %	29.9 %	19.5 %	16.4 %
Trade Debtors / Trade Creditors	336.9 %	228.8 %	375.5 %	541.0 %	316.7 %	329.4 %	425.0 %
Inventory Turnover	3.2 x	1.9 x	2.0 x	2.1 x	2.3 x	3.9 x	4.5 x
Receivables collection period (days)	53	37	33	73	50	50	50
Payables payment period (days)	34	36	19	32	38	37	28
Cash conversion cycle (Days)	131	191	196	211	172	106	102

CAPEX and Cash Flow

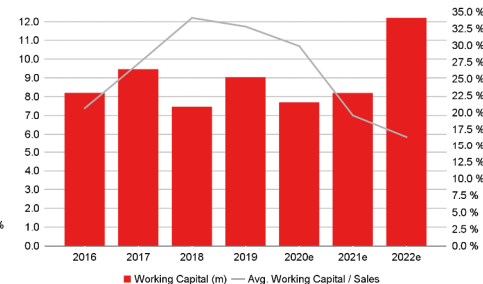
in EUR m



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

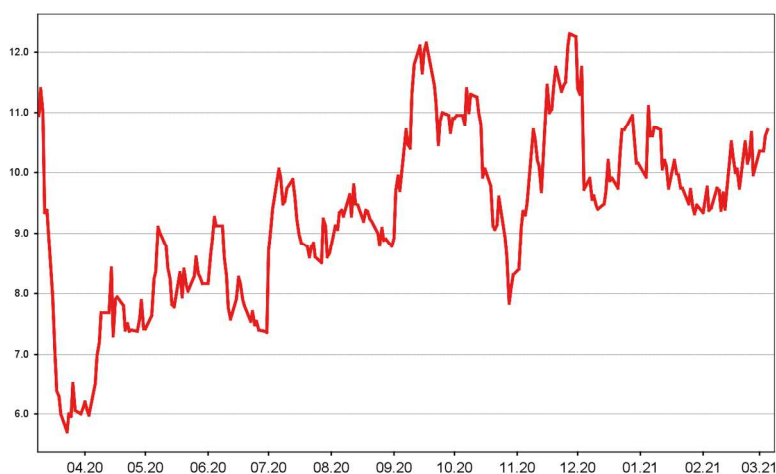
Rating	Number of stocks	% of Universe
Buy	132	64
Hold	62	30
Sell	7	3
Rating suspended	6	3
Total	207	100

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	39	80
Hold	7	14
Sell	0	0
Rating suspended	3	6
Total	49	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 08.03.2021



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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