

Buy EUR 18.00 (EUR 19.00) Price EUR 12.78 Upside 40.8 %	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: 102.1 No. of shares (m): 8.0 EV: 91.4 Freefloat MC: 49.3 Ø Trad. Vol. (30d): 165.68 th	Shareholders: Freefloat 48.3 % Thomas Stümmeler 22.6 % Jens Reckendorf 19.1 % Primepulse SE 10.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 4.4 x Equity Ratio: 84 %

Q2 preliminaries slightly exceed expectations; 2022 estimates reduced

Figures Q2/2021: FY End: 31.12. in EUR m										Comment on Figures: ■ Q2 2021 preliminary figures somewhat ahead of expectations			
	Q2 21	Q2 21e	Q2 20	yoy	6M 21	6M 21e	6M 20	yoy					
Sales	12.5	10.9	5.1	145 %	21.1	19.5	12.6	68 %					
EBITDA	3.3	2.1	-0.7	n.a.	3.8	2.6	-1.3	n.a.					

Vectron announced preliminary Q2 results last week, which reflect the expected pick-up in demand driven by the requirement for an upgraded tamper-proof POS system in Germany from April 01 onwards and by the re-opening of the hospitality sector.

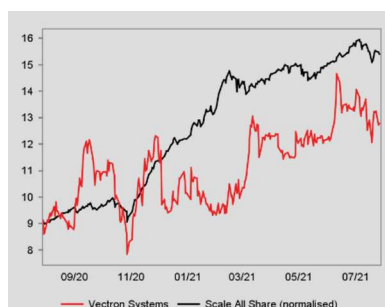
Revenues reached EUR 12.5m, slightly ahead of WRe EUR 11.9m and clearly surpassing the EUR 8.6m reached in Q1. The EBITDA of EUR 3.3m, was also somewhat ahead of WRe EUR 2.8m and reflects the positive operating leverage, after only EUR 0.6m was generated in Q1. The gross margin should have developed favourably as well, given the expected good contribution from upgrades of older POS systems. The final H1 report will be issued at the end of August.

Q2 could represent the strongest quarter in FY 2021. However, in light of revenues of less than EUR 8m per quarter in H2 2020, sales are expected to reach growth of >20% in the remainder of FY 2021 as well. The run-rate of recurring sales increased to EUR 600k in June, which corresponds with an annual run-rate of EUR 7.3m. With further rises in subscriber numbers for its digital package (no details were provided in the recent announcement), the run-rate should further increase in H2.

While the 2021 earnings estimates are being raised, the forecasts for FY 2022 are being reduced. Owing to the extended Covid impact on the hospitality sector in 2021 and the uncertainty of the situation ahead in the Autumn, a fast roll-out of a broad range of digital services appears rather unlikely at the current stage, which will postpone the ramp-up of revenues generated with digital products (payment etc.).

Vectron is nevertheless expected to continue to achieve further subscriber growth for its “digital package”, which should create a solid base for future upselling. In light of the high market share and continued digitalization of the sector, there is no change in the expectation that Vectron will be successful in establishing its products as a leading SaaS-platform in the German hospitality market. The Buy rating remains unchanged with a slightly reduced PT of EUR 18.

Changes in Estimates: FY End: 31.12. in EUR m					Comment on Changes: ■ FY 2021 earnings estimates raised due to stronger profitability than expected in H1 ■ Reduction in FY 2022 forecasts in light of the Covid-related expectation of a slower up-take in higher-revenue digital products.				
	2021e (old)	+ / -	2022e (old)	+ / -					
Sales	40.7	0.0 %	62.3	-20.5 %					
EBITDA	3.9	18.1 %	13.6	-38.6 %					

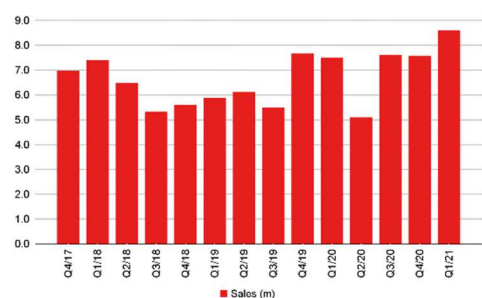


Rel. Performance vs Scale All	
1 month:	-1.8 %
6 months:	19.9 %
Year to date:	-0.2 %
Trailing 12 months:	-30.3 %

Company events:
31.08.21 Q2

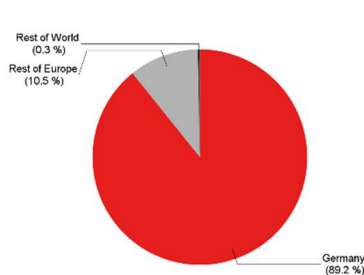
FY End: 31.12. in EUR m	CAGR (20-22e)	2016	2017	2018	2019	2020	2021e	2022e
Sales	33.5 %	33.7	32.4	24.8	25.2	27.8	40.7	49.5
Change Sales yoy		33.7 %	-4.0 %	-23.3 %	1.4 %	10.3 %	46.5 %	21.8 %
Gross profit margin		54.4 %	56.7 %	53.7 %	57.8 %	59.0 %	59.5 %	59.2 %
EBITDA		3.6	2.3	-3.8	-1.4	-2.2	4.6	8.3
Margin		10.7 %	7.0 %	-15.2 %	-5.5 %	-8.0 %	11.3 %	16.8 %
EBIT		3.1	1.8	-5.4	-1.8	-2.6	4.0	7.7
Margin		9.1 %	5.4 %	-22.0 %	-7.1 %	-9.4 %	9.8 %	15.5 %
Net income		2.0	1.1	-3.9	-1.4	-2.1	2.4	4.9
EPS		1.23	0.16	-0.59	-0.19	-0.26	0.30	0.62
EPS adj.		1.23	0.16	-0.59	-0.19	-0.26	0.30	0.62
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.	0.8 %	1.6 %
FCFPS		0.23	-0.46	-0.40	-0.38	-0.63	0.30	0.54
FCF / Market cap		2.1 %	-1.8 %	-2.1 %	-3.4 %	-6.0 %	2.4 %	4.2 %
EV / Sales		n.a.	n.a.	5.2 x	3.2 x	2.7 x	2.2 x	1.8 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	19.9 x	10.6 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	23.0 x	11.4 x
P / E		9.1 x	154.5 x	n.a.	n.a.	n.a.	42.6 x	20.6 x
P / E adj.		9.1 x	154.5 x	n.a.	n.a.	n.a.	42.6 x	20.6 x
FCF Potential Yield		n.a.	n.a.	-1.8 %	-1.4 %	-2.4 %	3.4 %	6.5 %
Net Debt		-7.2	-1.7	1.2	-0.9	-8.3	-10.7	-14.2
ROCE (NOPAT)		29.8 %	11.2 %	n.a.	n.a.	n.a.	20.4 %	41.6 %
Guidance:	2021: -							

Sales development in EUR m



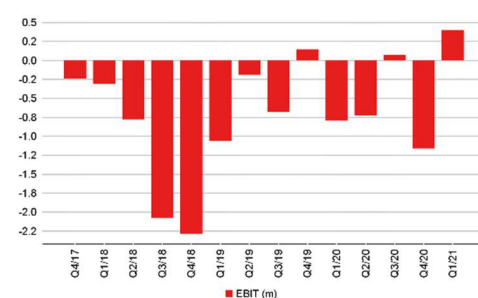
Source: Warburg Research

Sales by regions 2020; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

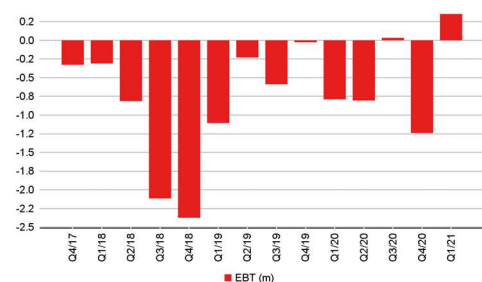
Company Background

- 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

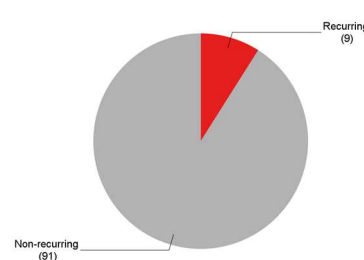
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that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



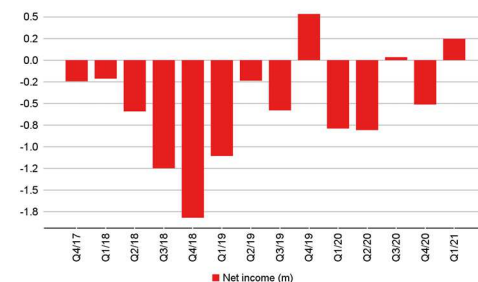
Source: Warburg Research

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	40.7	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	46.5 %	21.8 %	-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	4.0	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	9.8 %	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	2.7	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	0.8	0.7	-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)	1.9	4.7	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	2.1	4.5	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	7.39 %			39.63 %										52.98 %

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	63		
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	144	Value per share (EUR)	18.06

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 %	15.15	15.34	15.54	15.76	15.99	16.23	16.50	1.48	9.7 %	14.54	14.95	15.35	15.76	16.17	16.57	16.98
1.39	9.2 %	16.10	16.33	16.57	16.83	17.10	17.40	17.72	1.39	9.2 %	15.53	15.96	16.39	16.83	17.26	17.70	18.13
1.35	8.9 %	16.63	16.87	17.14	17.42	17.73	18.05	18.40	1.35	8.9 %	16.07	16.52	16.97	17.42	17.87	18.32	18.77
1.30	8.7 %	17.18	17.46	17.75	18.06	18.39	18.75	19.15	1.30	8.7 %	16.66	17.13	17.59	18.06	18.52	18.99	19.46
1.25	8.4 %	17.78	18.08	18.40	18.74	19.12	19.52	19.95	1.25	8.4 %	17.29	17.78	18.26	18.74	19.23	19.71	20.20
1.21	8.2 %	18.42	18.75	19.10	19.48	19.90	20.34	20.83	1.21	8.2 %	17.98	18.48	18.98	19.48	19.99	20.49	20.99
1.12	7.7 %	19.85	20.25	20.69	21.16	21.67	22.23	22.84	1.12	7.7 %	19.52	20.07	20.61	21.16	21.70	22.25	22.80

- 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	2.6	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	3.1	5.7	
FCF Potential Yield (on market EV)	n/a	n/a	-1.8 %	-1.4 %	-2.4 %	3.4 %	6.5 %	
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	91.4	87.9	
= Fair Enterprise Value	n.a.	n.a.	n.a.	n.a.	n.a.	36.2	65.8	
- Net Debt (Cash)	n.a.	n.a.	-10.7	-10.7	-10.7	-10.7	-14.2	
- 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.	46.9	80.0	
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.	5.91	10.10	
premium (-) / discount (+) in %						-53.7 %	-21.0 %	
Sensitivity Fair value per Share (EUR)								
	11.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	4.70	7.90
	10.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	5.02	8.47
	9.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	5.40	9.17
WACC	8.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	5.87	10.02
	7.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	6.46	11.10
	6.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	7.23	12.50
	5.65 %	n.a.	n.a.	n.a.	n.a.	n.a.	8.27	14.40

- 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	4.4 x	3.7 x
Book value per share ex intangibles	8.75	1.94	1.51	1.88	2.84	2.89	3.41
EV / Sales	n.a.	n.a.	5.2 x	3.2 x	2.7 x	2.2 x	1.8 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	19.9 x	10.6 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	23.0 x	11.4 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	23.0 x	11.4 x
P / FCF	48.7 x	n.a.	n.a.	n.a.	n.a.	42.4 x	23.8 x
P / E	9.1 x	154.5 x	n.a.	n.a.	n.a.	42.6 x	20.6 x
P / E adj.*	9.1 x	154.5 x	n.a.	n.a.	n.a.	42.6 x	20.6 x
Dividend Yield	9.0 %	0.2 %	0.3 %	n.a.	n.a.	0.8 %	1.6 %
FCF Potential Yield (on market EV)	n.a.	n.a.	-1.8 %	-1.4 %	-2.4 %	3.4 %	6.5 %

*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	40.7	49.5
Change Sales yoy	33.7 %	-4.0 %	-23.3 %	1.4 %	10.3 %	46.5 %	21.8 %
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	40.7	49.5
Material expenses	15.4	14.6	11.7	10.7	11.6	16.5	20.2
Gross profit	18.4	18.4	13.3	14.5	16.4	24.2	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>59.5 %</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	4.6	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>11.3 %</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	4.2	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	4.0	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>9.8 %</i>	<i>15.5 %</i>
EBIT adj.	3.1	1.8	-5.4	-1.8	-2.6	4.0	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	3.8	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>9.3 %</i>	<i>15.1 %</i>
Total taxes	1.0	0.6	-1.7	-0.6	-0.7	1.2	2.3
Net income from continuing operations	2.0	1.1	-3.9	-1.4	-2.1	2.6	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	2.6	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	2.4	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>5.9 %</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	0.30	0.62
EPS adj.	1.23	0.16	-0.59	-0.19	-0.26	0.30	0.62

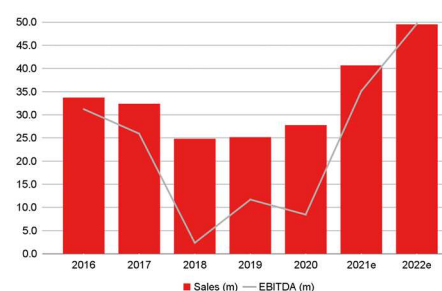
*Adjustments made for:

Guidance: 2021: -

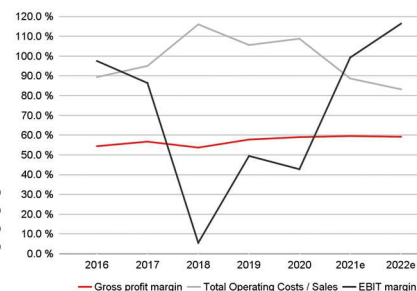
Financial Ratios

	2016	2017	2018	2019	2020	2021e	2022e
Total Operating Costs / Sales	89.4 %	95.0 %	116.1 %	105.6 %	108.9 %	88.7 %	83.2 %
Operating Leverage	1.5 x	10.9 x	n.a.	-48.6 x	4.5 x	n.a.	4.3 x
EBITDA / Interest expenses	37.2 x	14.9 x	n.m.	n.m.	n.m.	23.0 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 %	30.4 %	30.6 %
Sales per Employee	235,783	203,667	154,193	156,331	168,313	312,881	380,982

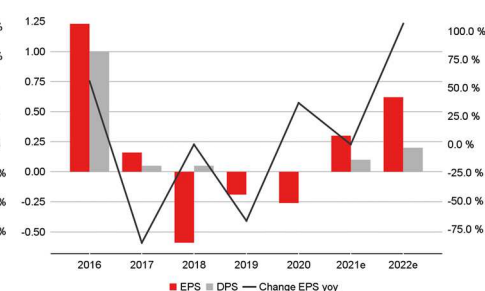
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

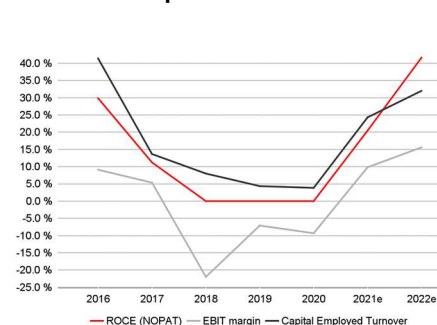
Consolidated balance sheet

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	5.1	4.5
Accounts receivable	4.9	3.3	2.3	5.0	3.3	5.6	6.8
Liquid assets	11.7	5.5	11.6	11.3	8.3	10.7	14.2
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	24.5	28.6
Total Assets	24.6	21.5	24.9	26.7	27.5	27.7	31.7
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	20.0	20.0	20.0
Retained earnings	0.0	0.0	0.0	0.0	0.0	2.4	6.6
Other equity components	2.9	2.3	-1.9	-3.3	-5.3	-7.3	-7.3
Shareholders' equity	14.9	14.3	10.1	13.8	22.8	23.2	27.3
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	22.8	23.2	27.3
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	1.7	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	4.5	4.4
Total liabilities and shareholders' equity	24.6	21.5	24.9	26.7	27.5	27.7	31.7

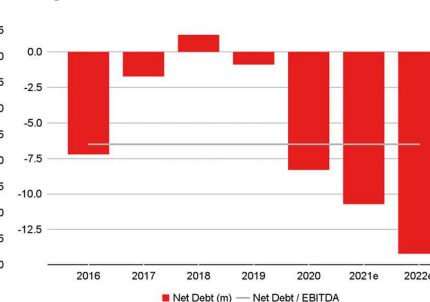
Financial Ratios

	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	3.3 x	3.8 x
ROA	95.4 %	27.2 %	-151.1 %	-52.7 %	-64.6 %	75.0 %	157.8 %
Return on Capital							
ROCE (NOPAT)	29.8 %	11.2 %	n.a.	n.a.	n.a.	20.4 %	41.6 %
ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-11.3 %	10.4 %	19.6 %
Adj. ROE	17.4 %	7.4 %	-31.7 %	-11.6 %	-11.3 %	10.4 %	19.6 %
Balance sheet quality							
Net Debt	-7.2	-1.7	1.2	-0.9	-8.3	-10.7	-14.2
Net Financial Debt	-7.2	-1.7	1.2	-0.9	-8.3	-10.7	-14.2
Net Gearing	-48.5 %	-12.1 %	11.9 %	-6.5 %	-36.5 %	-46.3 %	-52.0 %
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	2.9	3.4
Book value per share ex intangibles	8.8	1.9	1.5	1.9	2.8	2.9	3.4

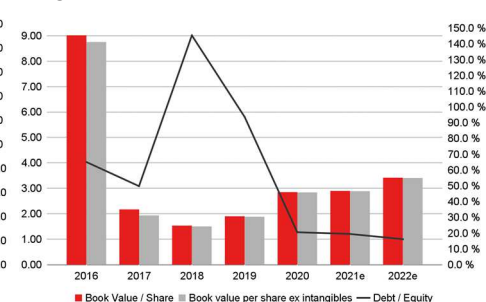
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

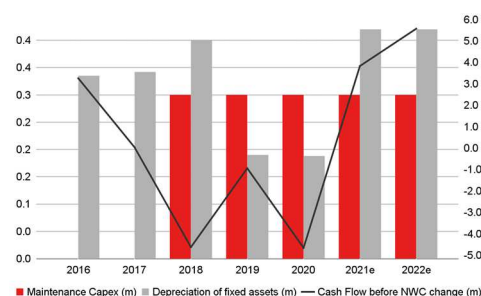
Consolidated cash flow statement

In EUR m	2016	2017	2018	2019	2020	2021e	2022e
Net income	2.0	1.1	-3.9	-1.4	-2.1	2.4	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	0.8	0.0
Cash Flow before NWC change	3.3	0.0	-4.6	-0.9	-4.7	3.8	5.6
Increase / decrease in inventory	-1.0	-2.9	1.8	0.8	-1.8	1.6	0.6
Increase / decrease in accounts receivable	-1.5	1.6	1.0	-2.7	1.7	-2.3	-1.2
Increase / decrease in accounts payable	0.0	0.0	-0.8	0.3	1.0	-0.2	-0.1
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	-0.8	-0.7
Net cash provided by operating activities [1]	0.8	-1.5	-2.3	-2.5	-3.8	3.0	4.9
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	-0.8
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	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	-0.8
Change in liquid funds [1]+[2]+[3]	2.2	-6.1	6.0	0.1	-3.0	2.4	3.5
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	10.7	14.2

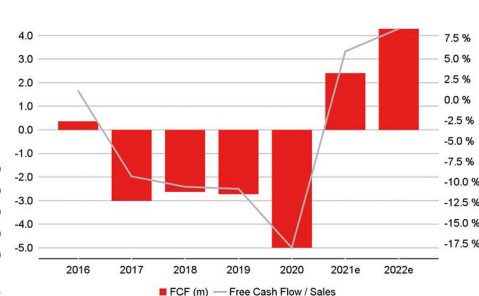
Financial Ratios

	2016	2017	2018	2019	2020	2021e	2022e
Cash Flow							
FCF	0.4	-3.0	-2.6	-2.7	-5.0	2.4	4.3
Free Cash Flow / Sales	1.1 %	-9.3 %	-10.6 %	-10.8 %	-18.0 %	5.9 %	8.7 %
Free Cash Flow Potential	n.a.	n.a.	-2.3	-1.1	-1.8	3.1	5.7
Free Cash Flow / Net Profit	18.6 %	-279.6 %	67.8 %	196.0 %	240.7 %	101.2 %	86.7 %
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 %	21.1 %	18.9 %
Trade Debtors / Trade Creditors	336.9 %	228.8 %	375.5 %	541.0 %	176.4 %	329.4 %	425.0 %
Inventory Turnover	3.2 x	1.9 x	2.0 x	2.1 x	1.7 x	3.2 x	4.5 x
Receivables collection period (days)	53	37	33	73	44	50	50
Payables payment period (days)	34	36	19	32	59	38	29
Cash conversion cycle (Days)	131	191	196	211	195	126	102

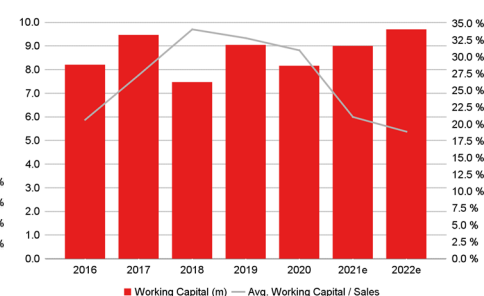
CAPEX and Cash Flow
in EUR m



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	153	72
Hold	53	25
Sell	5	2
Rating suspended	2	1
Total	213	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	42	82
Hold	7	14
Sell	0	0
Rating suspended	2	4
Total	51	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 28.07.2021



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.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemier +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 69 5050-7400
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 40 3282-2695
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

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Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com