

Buy EUR 135.00	Value Indicators: EUR	Warburg ESG Risk Score: 3.0	Description:
	DCF: 136.00 FCF-Value Potential: 42.39	ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 2.0	Custom software and digital engineering
Price: EUR 107.50 Upside: 25.6 %	Market Snapshot: EUR m	Shareholders:	Key Figures (WRe): 2021e
	Market cap: 1,223.6 No. of shares (m): 11.4 EV: 1,344.4 Freefloat MC: 773.3 Ø Trad. Vol. (30d): 1.05 m	Freefloat: 63.2 % Carl G. Duerschmidt: 25.0 % Detlef Dinsel: 11.8 %	Beta: 1.1 Price / Book: 18.0 x Equity Ratio: 17 % Net Fin. Debt / EBITDA: 0.8 x Net Debt / EBITDA: 0.8 x

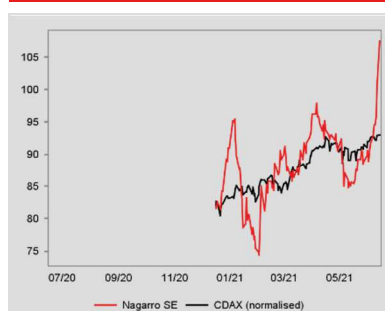
Seizing high digitalisation demand

Meeting Highlights

- While Nagarro is new to the capital market as a stand-alone entity, it has built an impressive growth track record as a custom software development company due to its IT engineering competencies and high customer satisfaction which has spread by word of mouth among CIOs. This laid the foundation for nearly 20% organic revenue growth in 2017-2019. The pandemic is merely a dent in the growth trajectory. While this achievement is impressive, it also illustrates that enhancing the sales process should create further opportunities for growth.
- For the full year, Nagarro is targeting revenue expansion of approx. 15%. While Q1 revenues grew by 4.3%, it should be considered that last year's Q1 was hardly impacted by the pandemic. A look at the sequential revenue development reflects a growth rate of 6.2% qoq indicating an acceleration of top-line growth in the coming quarters. Against the backdrop of high demand, management has reiterated its guidance in the context of the Q1 figures release which implies growth acceleration in the quarters ahead. In a recent press release, Nagarro announced it had reached a total of 10,000 employees. Several thousand vacancies illustrate the high demand. The pace at which Nagarro can continue to hire IT talent, appears to define the pace at which it can seize the growth opportunities before it, in all industries.
- M&A is an integral part of the business model. For one, Nagarro is looking for tuck-in acquisitions to complement its technological expertise, for another, it is also interested in takeovers to strengthen its regional presence and gain access to new client groups as client stickiness is generally high with regard to reliable IT service providers. Nagarro preserves the entrepreneurial spirit of its new entities – the alignment of reporting and the operations is supported by a common EPR system and a proprietary collaboration solution.
- In our view, operating margins are currently below Nagarro's full potential as reflected in the peer group comparison. This is mainly because Nagarro is still investing part of its gross profit contribution in e.g. new capabilities and certifications to drive future organic growth. Wage inflation is just a temporary issue as high digitalisation demand also triggers higher prices. We believe that the achievement of higher revenue levels will also be reflected in higher profitability due to economies of scale to some extent.

Conclusion

- Our investment case remains fully intact. We expect an acceleration in top-line growth which should provide reassurance with regard to the 2021 target to grow revenues by approx. 15%.
- In our view, the recently announced inclusion in the **S-DAX** should further support investor interest in Nagarro, a founder-driven company with a focus on customer satisfaction combined with a high degree of entrepreneurial spirit built into its organisational structure, which is driving growth.
- The Buy rating and PT of EUR 135 remain unchanged.**

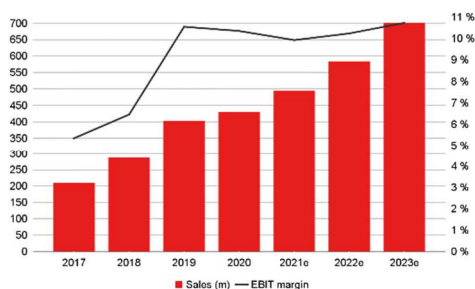


Rel. Performance vs CDAX:	
1 month:	22.7 %
6 months:	n/a
Year to date:	6.3 %
Trailing 12 months:	n/a

Company events:	
28.06.21	AGM
13.08.21	Q2
12.11.21	Q3

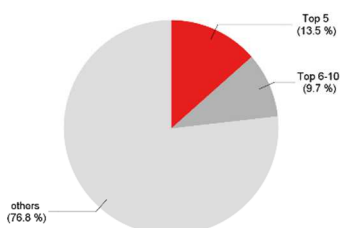
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	17.6 %	210.6	287.3	402.4	430.4	494.9	584.0	700.8
Change Sales yoy		n.a.	36.5 %	40.1 %	6.9 %	15.0 %	18.0 %	20.0 %
gross margin (company reporting)		30.5 %	31.3 %	32.1 %	32.6 %	31.5 %	31.3 %	31.6 %
EBITDA adj.		25.5	34.3	55.0	76.2	77.3	91.9	113.2
<i>Margin</i>		12.1 %	12.0 %	13.7 %	17.7 %	15.6 %	15.7 %	16.2 %
EBITDA	17.6 %	21.4	32.3	61.6	66.2	73.3	87.4	107.7
<i>Margin</i>		10.1 %	11.2 %	15.3 %	15.4 %	14.8 %	15.0 %	15.4 %
EBIT	19.0 %	11.3	18.6	42.4	44.5	49.1	59.8	75.1
<i>Margin</i>		5.4 %	6.5 %	10.5 %	10.3 %	9.9 %	10.2 %	10.7 %
Net income before minorities		3.7	8.2	30.4	24.4	28.8	36.0	46.5
Net income	28.3 %	3.1	6.9	25.5	18.4	24.1	30.2	38.9
EPS	28.3 %	n.a.	n.a.	n.a.	1.62	2.12	2.65	3.42
FCFPS		n.a.	n.a.	n.a.	4.24	1.98	2.04	2.81
FCF / Market cap		n.a.	n.a.	n.a.	5.0 %	1.8 %	1.9 %	2.6 %
EV / Sales		n.a.	n.a.	n.a.	2.4 x	2.7 x	2.3 x	1.9 x
EV / EBIT adj.		n.a.	n.a.	n.a.	21.9 x	25.8 x	21.2 x	16.8 x
EV / EBIT		n.a.	n.a.	n.a.	23.6 x	27.4 x	22.3 x	17.4 x
P / E		n.a.	n.a.	n.a.	52.6 x	50.7 x	40.6 x	31.4 x
Net Debt		46.9	67.4	86.0	80.8	61.7	39.0	8.1
ROCE (NOPAT)		12.4 %	8.9 %	23.0 %	21.0 %	25.7 %	28.9 %	32.6 %
Guidance:		2021: revenue: approx. 15% growth; adj. EBITDA margin: approx. 15%						

Sales development in EUR m



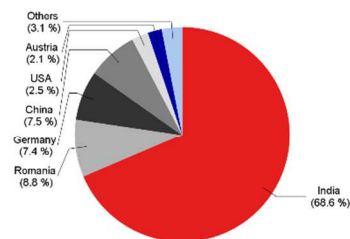
Source: Warburg Research

Customer split 2020



Source: Company

IT engineers by region 2020



Source: Warburg Research

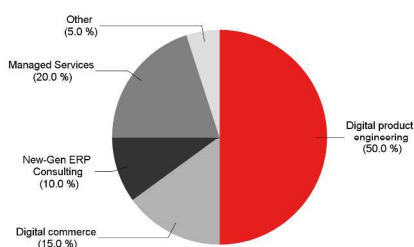
Company Background

- Nagarro provides technology and custom software development services for digital transformation,...
- ...with a focus on disruptive technologies such as artificial intelligence, big data, and internet of things.
- Complementary business fields such as managed services, e-commerce solutions or ERP consulting complete the offering.
- While the majority of revenue is generated in higher price countries, Nagarro is able to serve this demand with access to experts in regions associated with lower costs.

Competitive Quality

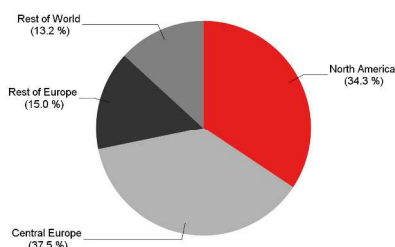
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger supports collaboration, a decentralised organisational structure which provides access to IT talent and enables Nagarro to serve both, small and large companies around the globe.
- Organizational design and processes allow Nagarro to cross-fertilize knowledge across the global organisation and adapt quickly to new technologies and client needs with lean and agile teams and short time-to-market.
- Access to scarce IT specialists: Nagarro's approx. 8,000 IT experts e.g. in India, China or Romania have a strong footprint in future-oriented technologies such as cloud, AI, IoT, deep learning or big data.

Revenue by service line estimates / approx.



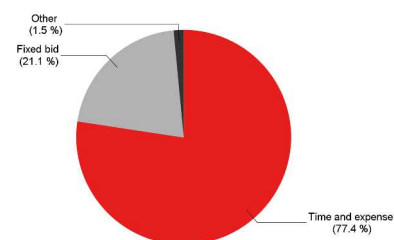
Source: Estimate Warburg Research

Sales by segments 2020; in %



Source: Warburg Research

Revenue by contract type 2020



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	494.9	584.0	700.8	805.9	919.6	1,041.5	1,171.2	1,308.4	1,452.4	1,602.7	1,758.6	1,919.4	1,957.8	
Sales change	15.0 %	18.0 %	20.0 %	15.0 %	14.1 %	13.3 %	12.5 %	11.7 %	11.0 %	10.3 %	9.7 %	9.1 %	2.0 %	2.0 %
EBIT	49.1	59.8	75.1	90.4	103.2	116.9	131.4	146.8	163.0	179.8	197.3	215.4	219.7	
EBIT-margin	9.9 %	10.2 %	10.7 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	11.2 %	
Tax rate (EBT)	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	
NOPAT	33.4	40.7	51.1	61.5	70.2	79.5	89.4	99.8	110.8	122.3	134.2	146.4	149.4	
Depreciation	24.2	27.6	32.6	8.9	9.2	10.4	11.7	13.1	14.5	16.0	17.6	19.2	21.5	
in % of Sales	4.9 %	4.7 %	4.6 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	0.5	0.5	1.0	1.2	1.3	1.4	1.5	1.6	1.6	1.7	1.8	1.8	0.4	
Change in Liquidity from														
- Working Capital	7.7	10.8	16.1	19.8	13.6	14.6	15.6	16.5	17.3	18.0	18.7	19.3	4.6	
- Capex	4.0	5.4	6.4	8.9	10.1	11.5	12.9	14.4	16.0	17.6	19.3	21.1	21.5	
Capex in % of Sales	0.8 %	0.9 %	0.9 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
Other	20.3	23.9	28.7	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)	26.1	28.7	33.5	42.9	56.9	65.2	74.1	83.6	93.7	104.4	115.5	127.1	145.2	148
PV of FCF	26.1	26.8	29.2	35.0	43.4	46.5	49.4	52.1	54.6	56.9	58.8	60.5	64.6	1,323
share of PVs	4.26 %			27.08 %										68.65 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	11.00 %	Financial Strength	1.10
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.10
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.10
		Others	1.10
WACC	6.98 %	Beta	1.10

Valuation (m)

Present values 2033e	604		
Terminal Value	1,323		
Financial liabilities	183		
Pension liabilities	6		
Hybrid capital	0		
Minority interest	297		
Market val. of investments	0		
Liquidity	108	No. of shares (m)	11.4
Equity Value	1,550	Value per share (EUR)	136.14

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.30	8.0 %	93.51	96.48	99.68	103.16	106.93	111.05	115.57	1.30	8.0 %	83.03	89.74	96.45	103.16	109.87	116.57	123.28
1.20	7.5 %	106.07	109.74	113.73	118.09	122.86	128.11	133.92	1.20	7.5 %	95.88	103.28	110.68	118.09	125.49	132.90	140.30
1.15	7.2 %	113.17	117.28	121.76	126.67	132.07	138.04	144.68	1.15	7.2 %	103.26	111.06	118.86	126.67	134.47	142.27	150.07
1.10	7.0 %	120.93	125.54	130.58	136.14	142.28	149.11	156.74	1.10	7.0 %	111.41	119.65	127.90	136.14	144.38	152.62	160.86
1.05	6.7 %	129.42	134.61	140.33	146.64	153.66	161.51	170.35	1.05	6.7 %	120.46	129.19	137.91	146.64	155.37	164.10	172.83
1.00	6.5 %	138.76	144.64	151.13	158.36	166.43	175.52	185.83	1.00	6.5 %	130.54	139.81	149.09	158.36	167.63	176.90	186.17
0.90	6.0 %	160.52	168.16	176.70	186.32	197.23	209.70	224.10	0.90	6.0 %	154.63	165.19	175.76	186.32	196.89	207.45	218.01

- Slight EBIT margin expansion anticipated
- Other: IFRS 16 impact in the detailed forecast. Depreciation and capex at same levels thereafter.

Valuation							
	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	n.a.	n.a.	n.a.	22.2 x	18.0 x	11.4 x	8.0 x
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.54	-3.42	-0.06	3.91
EV / Sales	n.a.	n.a.	n.a.	2.4 x	2.7 x	2.3 x	1.9 x
EV / EBITDA	n.a.	n.a.	n.a.	15.9 x	18.3 x	15.2 x	12.2 x
EV / EBIT	n.a.	n.a.	n.a.	23.6 x	27.4 x	22.3 x	17.4 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	21.9 x	25.8 x	21.2 x	16.8 x
P / FCF	n.a.	n.a.	n.a.	20.1 x	54.4 x	52.8 x	38.3 x
P / E	n.a.	n.a.	n.a.	52.6 x	50.7 x	40.6 x	31.4 x
P / E adj.*	n.a.	n.a.	n.a.	52.6 x	50.7 x	40.6 x	31.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	n.a.	n.a.	3.0 %	2.6 %	3.1 %	3.9 %

*Adjustments made for: -

Company Specific Items							
	2017	2018	2019	2020	2021e	2022e	2023e
gross profit (company reporting)	64.2	89.9	129.1	140.2	155.9	182.8	221.3
gross margin (company reporting)	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Sales	210.6	287.3	402.4	430.4	494.9	584.0	700.8
Change Sales yoy	n.a.	36.5 %	40.1 %	6.9 %	15.0 %	18.0 %	20.0 %
Increase / decrease in inventory	-1.3	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.5	0.9	0.3	1.0	1.5	1.9
Material expenses	31.6	39.9	49.1	49.2	57.4	68.9	79.9
Personnel expenses	128.0	179.8	254.7	271.7	310.8	367.9	441.5
Other operating income	6.3	2.4	12.7	11.6	6.0	7.0	8.0
Other operating expenses	34.6	37.4	49.8	53.3	56.9	64.2	77.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	21.4	32.3	61.6	66.2	73.3	87.4	107.7
<i>Margin</i>	<i>10.1 %</i>	<i>11.2 %</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>14.8 %</i>	<i>15.0 %</i>	<i>15.4 %</i>
Depreciation of fixed assets	7.3	10.4	15.7	16.9	20.5	24.1	29.0
EBITA	14.1	21.9	45.9	49.3	52.8	63.3	78.7
Amortisation of intangible assets	2.8	3.3	3.5	4.7	3.7	3.5	3.6
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.3	18.6	42.4	44.5	49.1	59.8	75.1
<i>Margin</i>	<i>5.4 %</i>	<i>6.5 %</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>9.9 %</i>	<i>10.2 %</i>	<i>10.7 %</i>
EBIT adj.	12.7	20.8	45.4	48.0	52.1	62.8	78.1
Interest income	0.9	0.5	0.2	0.5	0.2	0.2	0.2
Interest expenses	3.9	4.6	5.5	7.3	7.0	7.0	7.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	8.2	14.4	37.2	37.7	42.3	53.0	68.3
<i>Margin</i>	<i>3.9 %</i>	<i>5.0 %</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>8.6 %</i>	<i>9.1 %</i>	<i>9.8 %</i>
Total taxes	4.6	6.2	6.8	13.4	13.5	17.0	21.9
Net income from continuing operations	3.7	8.2	30.4	24.4	28.8	36.0	46.5
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	3.7	8.2	30.4	24.4	28.8	36.0	46.5
Minority interest	0.6	1.3	4.9	5.9	4.7	5.8	7.5
Net income	3.1	6.9	25.5	18.4	24.1	30.2	38.9
<i>Margin</i>	<i>1.5 %</i>	<i>2.4 %</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>4.9 %</i>	<i>5.2 %</i>	<i>5.6 %</i>
Number of shares, average	n.a.	n.a.	n.a.	11.4	11.4	11.4	11.4
EPS	n.a.	n.a.	n.a.	1.62	2.12	2.65	3.42
EPS adj.	n.a.	n.a.	n.a.	1.62	2.12	2.65	3.42

*Adjustments made for:

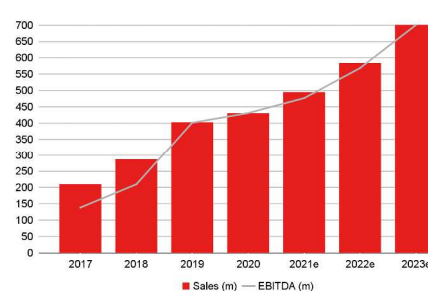
Guidance: 2021: revenue: approx. 15% growth; adj. EBITDA margin: approx. 15%

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	89.2 %	88.9 %	84.9 %	84.7 %	85.4 %	85.3 %	84.9 %
Operating Leverage	n.a.	1.8 x	3.2 x	0.7 x	0.7 x	1.2 x	1.3 x
EBITDA / Interest expenses	5.4 x	7.0 x	11.2 x	9.1 x	10.5 x	12.5 x	15.4 x
Tax rate (EBT)	55.7 %	43.3 %	18.2 %	35.5 %	32.0 %	32.0 %	32.0 %
Dividend Payout Ratio	n.a.	n.a.	n.a.	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

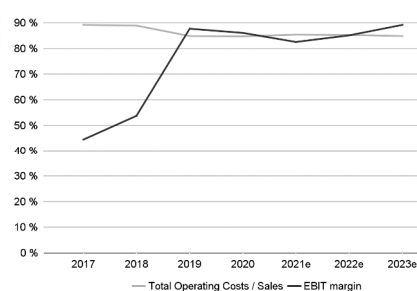
Sales, EBITDA

in EUR m

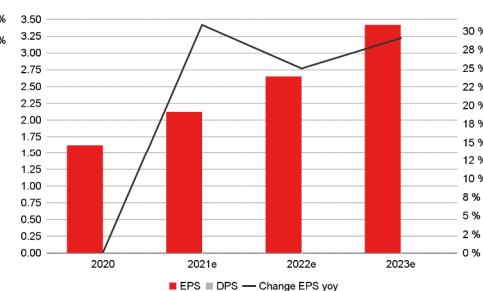


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

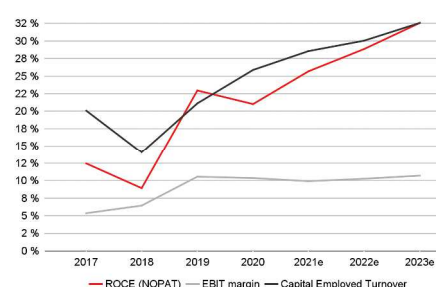
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	45.5	107.7	111.4	106.9	107.1	107.6	108.2
thereof other intangible assets	5.8	10.2	9.0	11.0	11.2	11.7	12.4
thereof Goodwill	39.0	97.5	102.4	95.9	95.9	95.9	95.9
Property, plant and equipment	4.2	6.7	7.2	6.4	9.2	13.0	17.7
Financial assets	3.6	3.4	2.7	3.0	3.0	3.0	3.0
Other long-term assets	28.0	47.3	54.9	51.7	57.0	70.8	85.8
Fixed assets	81.3	165.0	176.2	168.0	176.2	194.4	214.7
Inventories	0.3	0.1	0.0	0.1	0.1	0.2	0.3
Accounts receivable	50.3	75.0	80.3	73.9	88.1	105.6	130.6
Liquid assets	16.6	27.9	43.8	107.7	113.0	136.1	168.1
Other short-term assets	17.7	29.1	41.7	37.1	41.0	47.5	52.0
Current assets	84.8	132.1	165.8	218.8	242.2	289.4	351.0
Total Assets	166.1	297.1	342.0	386.8	418.4	483.9	565.7
Liabilities and shareholders' equity							
Shareholders' equity	28.0	74.5	50.2	43.8	68.1	106.9	152.7
Minority interest	5.4	14.4	9.7	2.7	3.0	3.0	4.0
Total equity	33.5	88.9	59.9	46.5	71.1	109.9	156.7
Provisions	12.6	20.9	25.5	33.2	34.5	37.0	40.0
thereof provisions for pensions and similar obligations	2.5	3.2	4.4	6.0	6.5	7.0	8.0
Financial liabilities (total)	60.9	92.1	125.3	182.6	168.2	168.2	168.2
Short-term financial liabilities	3.5	5.7	5.3	14.4	0.0	0.0	0.0
Accounts payable	14.3	17.4	16.1	22.2	25.8	30.4	36.5
Other liabilities	45.0	77.8	115.1	102.4	118.8	138.4	164.3
Liabilities	132.7	208.2	282.0	340.3	347.3	374.0	409.0
Total liabilities and shareholders' equity	166.1	297.1	342.0	386.8	418.4	483.9	565.7

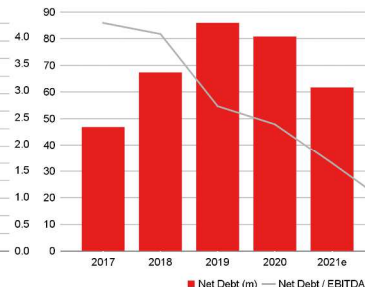
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	5.2 x	4.8 x	6.3 x	8.8 x	8.4 x	7.9 x	7.4 x
Capital Employed Turnover	2.6 x	1.8 x	2.8 x	3.4 x	3.7 x	3.9 x	4.3 x
ROA	3.8 %	4.2 %	14.5 %	11.0 %	13.7 %	15.5 %	18.1 %
Return on Capital							
ROCE (NOPAT)	12.4 %	8.9 %	23.0 %	21.0 %	25.7 %	28.9 %	32.6 %
ROE	21.8 %	13.4 %	40.8 %	39.2 %	43.1 %	34.5 %	30.0 %
Adj. ROE	21.8 %	13.4 %	40.8 %	39.2 %	43.1 %	34.5 %	30.0 %
Balance sheet quality							
Net Debt	46.9	67.4	86.0	80.8	61.7	39.0	8.1
Net Financial Debt	44.3	64.2	81.6	74.8	55.2	32.0	0.1
Net Gearing	140.1 %	75.8 %	143.4 %	173.7 %	86.8 %	35.5 %	5.2 %
Net Fin. Debt / EBITDA	207.6 %	198.8 %	132.4 %	113.1 %	75.3 %	36.6 %	0.1 %
Book Value / Share	n.a.	n.a.	n.a.	3.8	6.0	9.4	13.4
Book value per share ex intangibles	n.a.	n.a.	n.a.	-5.5	-3.4	-0.1	3.9

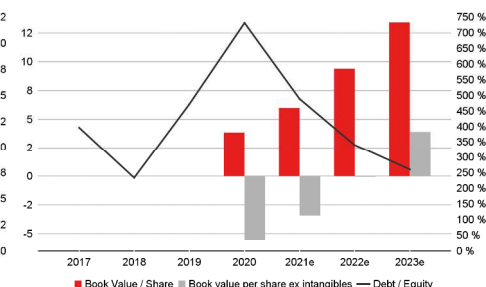
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

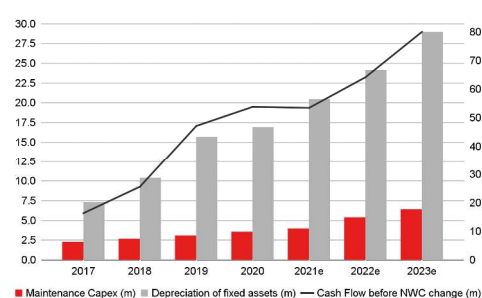
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	3.7	8.2	30.4	24.4	28.8	36.0	46.5
Depreciation of fixed assets	7.3	10.4	15.7	16.9	20.5	24.1	29.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.8	3.3	3.5	4.7	3.7	3.5	3.6
Increase/decrease in long-term provisions	0.3	0.6	0.4	1.2	0.5	0.5	1.0
Other non-cash income and expenses	2.3	3.1	-2.9	6.6	0.0	0.0	0.0
Cash Flow before NWC change	16.4	25.6	47.1	53.8	53.5	64.2	80.1
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in other working capital positions	-10.8	-17.0	-6.3	15.6	-6.7	-11.7	-13.0
Increase / decrease in working capital (total)	-10.8	-17.0	-6.3	15.6	-6.7	-11.7	-13.0
Net cash provided by operating activities [1]	5.5	8.6	40.9	69.4	46.8	52.5	67.1
Investments in intangible assets	0.0	0.0	-1.3	-1.0	-1.0	-1.3	-1.5
Investments in property, plant and equipment	-2.3	-2.7	-1.8	-2.6	-3.0	-4.1	-4.9
Payments for acquisitions	-4.1	5.0	-2.9	-7.8	-2.9	0.0	0.0
Financial investments	-0.3	0.4	-2.5	1.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.4	0.1	0.0	0.0	0.0
Net cash provided by investing activities [2]	-6.7	2.7	-8.0	-10.1	-6.8	-5.4	-6.4
Change in financial liabilities	9.0	4.3	-3.3	23.9	-14.4	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Other	-6.5	-8.1	-13.8	-17.5	-20.3	-23.9	-28.7
Net cash provided by financing activities [3]	2.5	-3.9	-17.1	6.5	-34.7	-23.9	-28.7
Change in liquid funds [1]+[2]+[3]	1.3	7.5	15.7	65.8	5.2	23.2	31.9
Effects of exchange-rate changes on cash	-0.7	0.4	0.4	-1.4	0.0	0.0	0.0
Cash and cash equivalent at end of period	0.7	24.4	44.0	108.1	113.0	136.1	168.1

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	-3.8	-3.9	22.8	48.2	22.5	23.2	31.9
Free Cash Flow / Sales	-1.8 %	-1.3 %	5.7 %	11.2 %	4.5 %	4.0 %	4.6 %
Free Cash Flow Potential	14.5	13.6	36.8	31.6	35.5	41.2	50.7
Free Cash Flow / Net Profit	-124.2 %	-56.5 %	89.4 %	261.5 %	93.3 %	76.8 %	82.0 %
Interest Received / Avg. Cash	10.8 %	2.1 %	0.6 %	0.7 %	0.2 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	12.9 %	6.0 %	5.0 %	4.7 %	4.0 %	4.2 %	4.2 %
Management of Funds							
Investment ratio	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %	0.9 %	0.9 %
Maint. Capex / Sales	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %	0.9 %	0.9 %
Capex / Dep	22.7 %	19.4 %	16.1 %	16.5 %	16.4 %	19.5 %	19.7 %
Avg. Working Capital / Sales	8.6 %	15.5 %	13.6 %	11.5 %	9.3 %	9.5 %	9.8 %
Trade Debtors / Trade Creditors	352.3 %	431.9 %	500.3 %	332.8 %	341.5 %	347.4 %	357.8 %
Inventory Turnover	119.2 x	398.7 x	5452.4 x	387.1 x	574.1 x	344.6 x	266.3 x
Receivables collection period (days)	87	95	73	63	65	66	68
Payables payment period (days)	165	159	119	165	164	161	167
Cash conversion cycle (Days)	-75	-106	-103	-172	-177	-171	-177

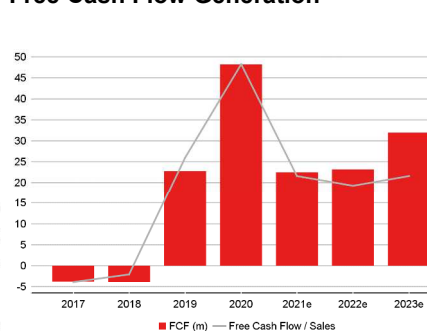
CAPEX and Cash Flow

in EUR m



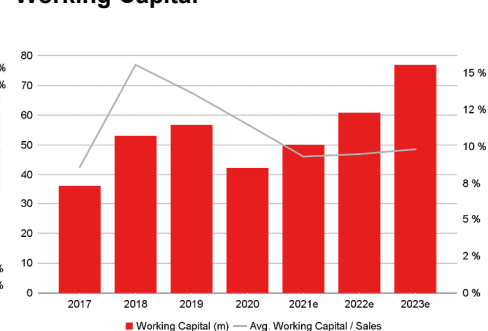
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

LEGAL DISCLAIMER

This research report ("investment recommendation") was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It is intended solely for the recipient and may not be passed on to another company without their prior consent, regardless of whether the company is part of the same corporation or not. It contains selected information and does not purport to be complete. The investment recommendation is based on publicly available information and data ("information") believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these investment recommendations concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this investment recommendation, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this investment recommendation. Provided a investment recommendation is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This investment recommendation does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this investment recommendation are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §85 OF THE GERMAN SECURITIES TRADING ACT (WPHG), MAR AND MIFID II INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958 AND (EU) 2017/565

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Value Potential, NAV, Peer Group Comparison or Sum of the Parts Model (see also <http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation>). The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research GmbH in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg-Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).

SOURCES

All **data and consensus estimates** have been obtained from FactSet except where stated otherwise.

The **Warburg ESG Risk Score** is based on information © 2020 MSCI ESG Research LLC. Reproduced by permission. Although Warburg Research's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component, of any financial instruments or products indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damage (including lost profits) even if notified of the possibility.

Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.
2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934 by CIC.
3. CIC (Crédit Industriel et Commercial) and M.M. Warburg & CO have concluded a Research Distribution Agreement that gives CIC Market Solutions exclusive distribution in France, the US and Canada of the Warburg Research GmbH research product.
4. The research reports are distributed in the United States of America by CIC ("CIC") pursuant to a SEC Rule 15a-6 agreement with CIC Market Solutions Inc ("CICI"), a U.S. registered broker-dealer and a related company of CIC, and are distributed solely to persons who qualify as "Major U.S. Institutional Investors" as defined in SEC Rule 15a-6 under the Securities Exchange Act of 1934.
5. Any person who is not a Major U.S. Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein.

Reference in accordance with section 85 of the German Securities Trading Act (WpHG) and Art. 20 MAR regarding possible conflicts of interest with companies analysed:

- 1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.
- 2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.
- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Nagarro	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A3H2200.htm

INVESTMENT RECOMMENDATION

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	152	70
Hold	56	26
Sell	5	2
Rating suspended	4	2
Total	217	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	44	88
Hold	3	6
Sell	0	0
Rating suspended	3	6
Total	50	100

PRICE AND RATING HISTORY NAGARRO AS OF 15.06.2021


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 Rüschemeyer +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:

Warburg Research research.mmwarburg.com/en/index.html
Bloomberg RESP MMWA GO
FactSet www.factset.com

Thomson Reuters www.thomsonreuters.com
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