

Buy EUR 190.00	Value Indicators: EUR	Warburg ESG Risk Score: 3.0	Description:
	DCF: 188.00	ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 2.0	Custom software and digital engineering
Price: EUR 77.35 Upside: 145.6 %	Market Snapshot: EUR m	Shareholders:	Key Figures (WRE): 2023e
	Market cap: 1,064.6 No. of shares (m): 13.8 EV: 1,259.2 Freefloat MC: 748.4 Ø Trad. Vol. (30d): 1.19 m	Freefloat: 70.30 % Carl G. Duerschmidt: 20.00 % Detlef Dinsel: 9.70 %	Beta: 1.1 Price / Book: 5.7 x Equity Ratio: 30 % Net Fin. Debt / EBITDA: 1.6 x Net Debt / EBITDA: 1.7 x

Q3 indicates stabilisation; Model revised

- Nagarro published its Q3 results on Tuesday (14 November). These were slightly ahead of our estimates.
- In Q3, **revenue** increased to EUR 234.3m, reflecting growth of 1.9% yoy and 6.6% acc. Organic revenue growth was 2.3% acc. The slower growth compared to the previous quarters reflects the fact that Digital Engineering is more project-based and therefore more discretionary, and is likely to be the first to be cut when costs need to be reduced. In the previous quarter, Banking and Horizontal Tech were below management's initial assumptions. On a sequential basis, both verticals showed a slight revenue increase, which we see as an indicator that the trough in the operating performance of these two verticals has been passed.
- Due to excess capacity in software development and a shift towards more sales activities through consultants, the contribution margin ("gross margin") decreased from 30.4% in Q3/22 to 23.9% in Q3/23. Adjusted EBITDA decreased to EUR 32m in the third quarter of 2023 (corresponding to a margin of 13.7%). As in the previous quarter, the adj. EBITDA margin reflects excess capacity. To improve cost efficiency, Nagarro has implemented measures such as a gradual reduction in headcount, partly achieved through regular attrition. As a consequence, the headcount declined by 500 qoq, mainly in IT engineers. Despite this reduction, the company continues to hire in areas where specific expertise is required. We estimate that the current headcount should enable Nagarro to generate a revenue level of over EUR 1bn.
- Adjusted for the negative impact of factoring, FCF after leasing payments was EUR 38.1m. Consequently, and as expected, cash conversion has improved as growth has slowed. The reduction in factoring volumes is also reflected in higher DSO. This figure, calculated on the basis of quarterly revenue and including both contract assets and trade receivables, has increased from 69 days at the end of last year to 79 days.
- Conclusion:** While management was somewhat cautious during the call about future statements, the sequential revenue development suggests that the operative news-flow trough has been passed. Meanwhile, Nagarro is preparing for higher growth in the future. This is evidenced by the fact that the number of clients with trailing twelve-months revenue of more than EUR 1m increased to 176 at the end of the quarter, up from 168 at the end of Q2 and 150 a year ago. The Buy rating is confirmed given the upside to our PT.

Nagarro - Q3 2023

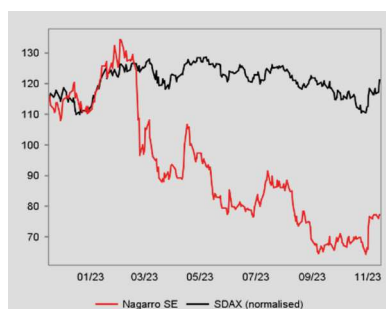
in EUR m	Q3/23	Q3/23e	Q3/22	yoy	9M/23	9M/22	yoy
Sales	234.3	227.6	229.8	1.9%	690.6	625.4	10.4%
EBITDA adjusted	32.0	29.9	48.4	-33.9%	92.4	117.6	-21.4%
<i>margin</i>	<i>13.7%</i>	<i>13.1%</i>	<i>21.1%</i>		<i>13.4%</i>	<i>18.8%</i>	
EBITDA	30.6	28.3	47.6	-35.7%	88.7	114.9	-22.8%
<i>margin</i>	<i>13.1%</i>	<i>12.4%</i>	<i>20.7%</i>		<i>12.8%</i>	<i>18.4%</i>	
EBIT	22.1	20.5	39.2	-43.6%	64.7	90.7	-28.7%
<i>margin</i>	<i>9.4%</i>	<i>9.0%</i>	<i>17.1%</i>		<i>9.4%</i>	<i>14.5%</i>	

Changes in Estimates:

FY End: 31.12. in EUR m	2023e (old)	+ / -	2024e (old)	+ / -	2025e (old)	+ / -
Sales	915.0	1.1 %	1,052.3	-3.3 %	1,262.7	-3.3 %
EBITDA adj.	124.0	1.4 %	164.7	-6.1 %	193.8	-3.0 %
EBITDA	116.0	1.5 %	155.7	-6.5 %	183.8	-3.2 %
EBIT	83.2	1.7 %	119.7	-7.5 %	141.4	-3.3 %
EPS	4.00	1.8 %	5.90	-8.0 %	7.08	-3.4 %

Comment on Changes:

- Estimates revised to reflect 9M results and lower headcount at end of Q3.



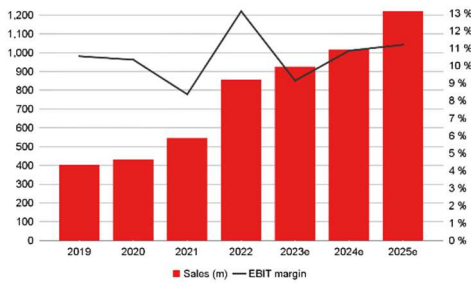
Rel. Performance vs SDAX:

1 month:	8.6 %
6 months:	-3.9 %
Year to date:	-38.7 %
Trailing 12 months:	-36.7 %

Company events:

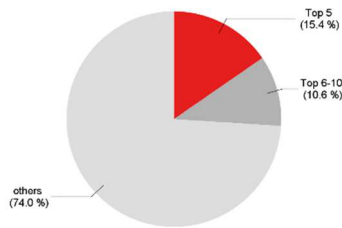
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	12.6 %	402.4	430.4	546.0	856.3	925.0	1,017.5	1,221.0
Change Sales yoy		40.1 %	6.9 %	26.9 %	56.8 %	8.0 %	10.0 %	20.0 %
gross margin (company reporting)		32.1 %	32.6 %	28.3 %	28.9 %	30.5 %	30.2 %	29.9 %
EBITDA adj.		55.0	76.2	79.7	148.5	125.8	154.6	187.9
<i>Margin</i>		<i>13.7 %</i>	<i>17.7 %</i>	<i>14.6 %</i>	<i>17.3 %</i>	<i>13.6 %</i>	<i>15.2 %</i>	<i>15.4 %</i>
EBITDA	6.9 %	61.6	66.2	70.3	145.6	117.8	145.6	177.9
<i>Margin</i>		<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>12.7 %</i>	<i>14.3 %</i>	<i>14.6 %</i>
EBIT	6.8 %	42.4	44.5	45.7	112.4	84.6	110.6	136.8
<i>Margin</i>		<i>10.5 %</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>13.1 %</i>	<i>9.1 %</i>	<i>10.9 %</i>	<i>11.2 %</i>
Net income before minorities		30.4	24.4	30.0	77.3	56.0	74.8	94.2
Net income	6.8 %	25.5	18.4	30.0	77.3	56.0	74.8	94.2
EPS	7.0 %	n.a.	1.62	2.51	5.58	4.07	5.43	6.84
FCFPS		2.00	4.48	1.81	3.95	2.64	4.84	4.32
FCF / Market cap		n.a.	5.3 %	1.5 %	3.2 %	3.4 %	6.3 %	5.6 %
EV / Sales		n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.2 x	0.9 x
EV / EBIT adj.		n.a.	22.0 x	33.8 x	15.6 x	14.0 x	10.4 x	8.1 x
EV / EBIT		n.a.	23.8 x	35.4 x	16.4 x	14.9 x	10.8 x	8.3 x
P / E		n.a.	52.6 x	48.9 x	21.8 x	19.0 x	14.2 x	11.3 x
Net Debt		86.0	87.8	149.7	155.8	194.6	129.0	70.6
ROCE (NOPAT)		23.0 %	20.5 %	18.8 %	30.2 %	17.3 %	20.5 %	23.9 %
Guidance:		2023: revenue: EUR 915m; adj. EBITDA margin: approx. 13%						

Sales development
in EUR m



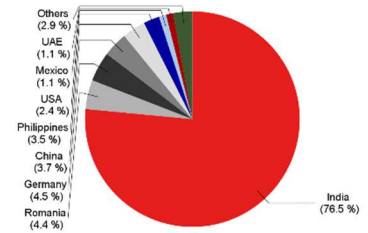
Source: Warburg Research

Customer split
2022



Source: Company

IT engineers by region
2022



Source: Warburg Research

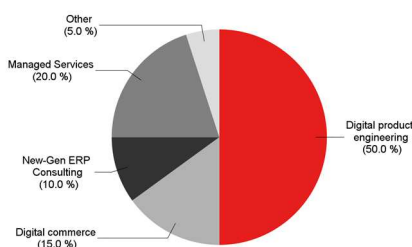
Company Background

- 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

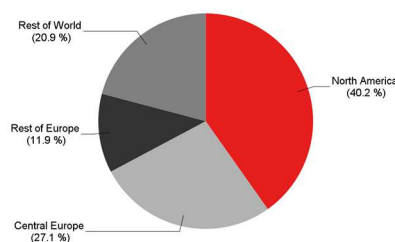
- Nagarro is a trusted and valued digitalisation partner developing tailor-made software to achieve competitive differentiation for its clients.
- Technological focus and expertise position the company as an IT engineering expert rather than a consulting or services company.
- Proprietary software Ginger 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 > 17,000 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.



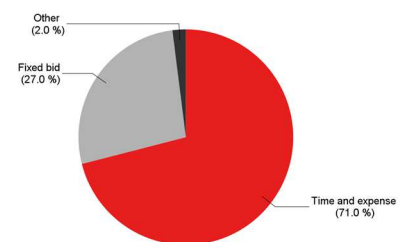
Source: Estimate Warburg Research

Sales by segments
2022; in %



Source: Warburg Research

Revenue by contract type
2022



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	925.0	1,017.5	1,221.0	1,453.0	1,712.5	2,000.0	2,315.6	2,659.1	3,029.9	3,427.1	3,849.3	4,295.1	4,381.0	
Sales change	8.0 %	10.0 %	20.0 %	19.0 %	17.9 %	16.8 %	15.8 %	14.8 %	13.9 %	13.1 %	12.3 %	11.6 %	2.0 %	2.0 %
EBIT	84.6	110.6	136.8	159.8	179.8	210.0	243.1	279.2	318.1	359.8	404.2	451.0	460.0	
EBIT-margin	9.1 %	10.9 %	11.2 %	11.0 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	
Tax rate (EBT)	28.0 %	28.0 %	28.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	
NOPAT	60.9	79.7	98.5	108.7	122.3	142.8	165.3	189.9	216.3	244.7	274.8	306.7	312.8	
Depreciation	33.1	35.0	41.1	16.0	17.1	20.0	23.2	26.6	30.3	34.3	38.5	43.0	48.2	
in % of Sales	3.6 %	3.4 %	3.4 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.1 %	
Changes in provisions	-4.9	1.0	1.0	1.9	2.1	2.4	2.6	2.8	3.0	3.3	3.5	3.7	0.7	
Change in Liquidity from														
- Working Capital	13.8	8.7	33.5	33.9	38.9	43.1	47.3	51.5	55.6	59.6	63.3	66.9	12.9	
- Capex	7.1	7.7	9.0	16.0	18.8	22.0	25.5	29.3	33.3	37.7	42.3	47.2	48.2	
Capex in % of Sales	0.8 %	0.8 %	0.7 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	1.1 %	
- Other	25.3	27.9	33.5	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)	42.9	71.4	64.6	76.7	83.8	100.0	118.3	138.5	160.7	184.9	211.1	239.2	300.6	307
PV of FCF	42.9	65.8	55.0	60.2	60.6	66.8	72.8	78.6	84.2	89.3	94.0	98.3	113.9	1,809
share of PVs	5.87 %			29.33 %										64.81 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	9.00 %	Financial Strength	1.14
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.14
Market return	8.25 %	Cyclicality	1.14
Risk free rate	2.75 %	Transparency	1.14
		Others	1.14
WACC	8.42 %	Beta	1.14

Valuation (m)

Present values 2035e	982		
Terminal Value	1,809		
Financial liabilities	253		
Pension liabilities	13		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	13.8
Equity Value	2,586	Value per share (EUR)	187.89

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
1.34	9.4 %	144.61	147.53	150.64	153.96	157.52	161.32	165.42	1.34	9.4 %	126.20	135.45	144.71	153.96	163.22	172.48	181.73
1.24	8.9 %	158.34	161.84	165.60	169.62	173.94	178.60	183.64	1.24	8.9 %	139.45	149.51	159.56	169.62	179.67	189.73	199.79
1.19	8.7 %	165.95	169.81	173.94	178.39	183.18	188.36	193.98	1.19	8.7 %	146.88	157.38	167.89	178.39	188.89	199.39	209.90
1.14	8.4 %	174.14	178.39	182.96	187.89	193.21	198.99	205.27	1.14	8.4 %	154.93	165.92	176.90	187.89	198.87	209.86	220.85
1.09	8.2 %	182.97	187.67	192.73	198.20	204.14	210.60	217.65	1.09	8.2 %	163.67	175.18	186.69	198.20	209.71	221.22	232.73
1.04	7.9 %	192.51	197.71	203.34	209.44	216.08	223.34	231.29	1.04	7.9 %	173.20	185.28	197.36	209.44	221.52	233.60	245.68
0.94	7.4 %	214.06	220.51	227.54	235.21	243.62	252.88	263.14	0.94	7.4 %	195.05	208.44	221.82	235.21	248.59	261.97	275.36

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

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	n.a.	22.2 x	15.2 x	10.2 x	5.7 x	4.1 x	3.1 x
Book value per share ex intangibles	n.a.	-5.54	-5.90	-3.85	-4.93	0.51	6.36
EV / Sales	n.a.	2.5 x	3.0 x	2.1 x	1.4 x	1.2 x	0.9 x
EV / EBITDA	n.a.	16.0 x	23.0 x	12.6 x	10.7 x	8.2 x	6.4 x
EV / EBIT	n.a.	23.8 x	35.4 x	16.4 x	14.9 x	10.8 x	8.3 x
EV / EBIT adj.*	n.a.	22.0 x	33.8 x	15.6 x	14.0 x	10.4 x	8.1 x
P / FCF	n.a.	19.0 x	67.9 x	30.8 x	29.3 x	16.0 x	17.9 x
P / E	n.a.	52.6 x	48.9 x	21.8 x	19.0 x	14.2 x	11.3 x
P / E adj.*	n.a.	52.6 x	48.9 x	21.8 x	19.0 x	14.2 x	11.3 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.	3.0 %	2.5 %	5.1 %	5.0 %	6.8 %	9.5 %

*Adjustments made for: -

Company Specific Items	2019	2020	2021	2022	2023e	2024e	2025e
gross profit (company reporting)	129.1	140.2	154.4	247.1	282.1	307.5	365.1
gross margin (company reporting)	32.1 %	32.6 %	28.3 %	28.9 %	30.5 %	30.2 %	29.9 %

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	402.4	430.4	546.0	856.3	925.0	1,017.5	1,221.0
Change Sales yoy	40.1 %	6.9 %	26.9 %	56.8 %	8.0 %	10.0 %	20.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.9	0.3	0.2	0.3	1.9	2.2	2.5
Material expenses	49.1	49.2	59.1	77.0	87.0	119.0	146.5
Personnel expenses	254.7	271.7	373.0	571.1	651.5	646.1	769.2
Other operating income	12.7	11.6	14.8	28.2	25.0	9.0	10.0
Other operating expenses	49.8	53.3	55.5	89.0	90.1	111.9	134.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	61.6	66.2	70.3	145.6	117.8	145.6	177.9
<i>Margin</i>	<i>15.3 %</i>	<i>15.4 %</i>	<i>12.9 %</i>	<i>17.0 %</i>	<i>12.7 %</i>	<i>14.3 %</i>	<i>14.6 %</i>
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.5	30.3	36.3
EBITA	45.9	49.3	50.3	120.1	90.2	115.3	141.6
Amortisation of intangible assets	3.5	4.7	4.7	7.6	5.6	4.7	4.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	42.4	44.5	45.7	112.4	84.6	110.6	136.8
<i>Margin</i>	<i>10.5 %</i>	<i>10.3 %</i>	<i>8.4 %</i>	<i>13.1 %</i>	<i>9.1 %</i>	<i>10.9 %</i>	<i>11.2 %</i>
EBIT adj.	45.4	48.0	47.8	117.8	89.6	114.6	140.8
Interest income	0.2	0.5	0.4	0.5	0.2	0.2	0.0
Interest expenses	5.5	7.3	7.8	11.2	7.0	7.0	6.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	37.2	37.7	38.2	101.7	77.8	103.8	130.8
<i>Margin</i>	<i>9.2 %</i>	<i>8.8 %</i>	<i>7.0 %</i>	<i>11.9 %</i>	<i>8.4 %</i>	<i>10.2 %</i>	<i>10.7 %</i>
Total taxes	6.8	13.4	8.2	24.4	21.8	29.1	36.6
Net income from continuing operations	30.4	24.4	30.0	77.3	56.0	74.8	94.2
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	30.4	24.4	30.0	77.3	56.0	74.8	94.2
Minority interest	4.9	5.9	0.0	0.0	0.0	0.0	0.0
Net income	25.5	18.4	30.0	77.3	56.0	74.8	94.2
<i>Margin</i>	<i>6.3 %</i>	<i>4.3 %</i>	<i>5.5 %</i>	<i>9.0 %</i>	<i>6.1 %</i>	<i>7.3 %</i>	<i>7.7 %</i>
Number of shares, average	n.a.	11.4	12.0	13.8	13.8	13.8	13.8
EPS	n.a.	1.62	2.51	5.58	4.07	5.43	6.84
EPS adj.	n.a.	1.62	2.51	5.58	4.07	5.43	6.84

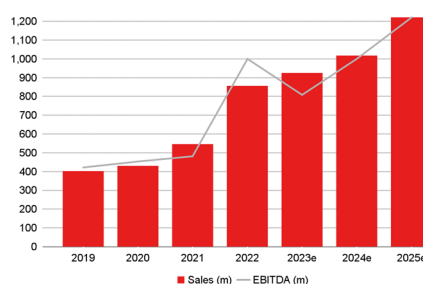
*Adjustments made for:

Guidance: 2023: revenue: EUR 915m; adj. EBITDA margin: approx. 13%

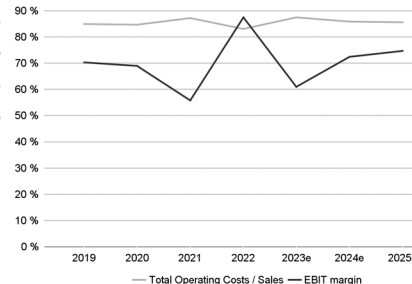
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	84.9 %	84.7 %	87.2 %	83.0 %	87.5 %	85.9 %	85.6 %
Operating Leverage	3.2 x	0.7 x	0.1 x	2.6 x	-3.1 x	3.1 x	1.2 x
EBITDA / Interest expenses	11.2 x	9.1 x	9.0 x	13.0 x	16.8 x	20.8 x	29.7 x
Tax rate (EBT)	18.2 %	35.5 %	21.5 %	24.0 %	28.0 %	28.0 %	28.0 %
Dividend Payout Ratio	n.a.	0.0 %	0.0 %	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.

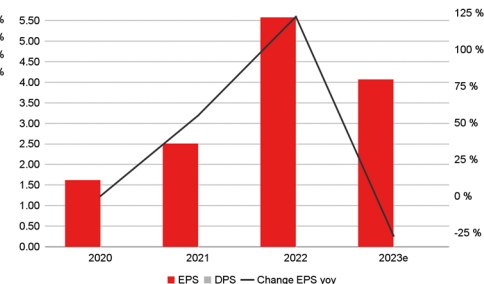
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

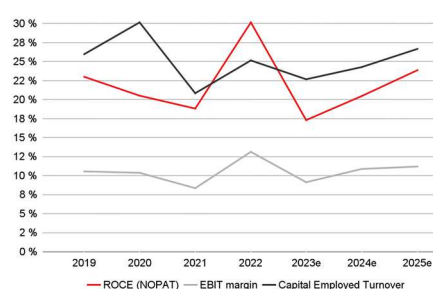
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	111.4	106.9	178.7	217.4	253.3	253.2	253.1
thereof other intangible assets	9.0	11.0	14.0	13.6	13.3	13.2	13.1
thereof Goodwill	102.4	95.9	163.4	202.6	240.0	240.0	240.0
Property, plant and equipment	7.2	6.4	11.1	11.4	14.8	18.5	23.0
Financial assets	2.7	3.0	3.7	4.0	4.0	4.0	4.0
Other long-term assets	54.9	51.7	59.3	52.3	56.3	62.3	75.5
Fixed assets	176.2	168.0	253.0	285.1	328.4	338.0	355.7
Inventories	0.0	0.1	0.3	0.3	0.3	0.4	0.5
Accounts receivable	80.3	73.9	103.3	156.8	212.9	228.6	277.7
Liquid assets	43.8	107.7	106.6	110.2	29.9	96.5	155.9
Other short-term assets	41.7	37.1	61.7	65.8	66.0	77.0	84.0
Current assets	165.8	218.8	271.9	333.0	309.1	402.5	518.1
Total Assets	342.0	386.8	524.9	618.1	637.6	740.5	873.8
Liabilities and shareholders' equity							
Shareholders' equity	50.2	43.8	96.8	164.7	185.5	260.2	340.6
Minority interest	9.7	2.7	0.0	0.0	4.0	5.0	20.0
Total equity	59.9	46.5	96.8	164.7	189.5	265.2	360.6
Provisions	25.5	33.2	45.3	55.8	40.0	43.0	46.0
thereof provisions for pensions and similar obligations	4.4	6.0	10.1	12.9	8.0	9.0	10.0
Financial liabilities (total)	125.3	189.5	246.1	253.1	216.5	216.5	216.5
Short-term financial liabilities	5.3	14.4	23.8	11.5	11.5	11.5	11.5
Accounts payable	16.1	22.2	18.5	15.3	48.2	53.0	63.6
Other liabilities	115.1	95.4	118.2	129.3	143.4	162.7	187.1
Liabilities	282.0	340.3	428.0	453.5	448.1	475.3	513.2
Total liabilities and shareholders' equity	342.0	386.8	524.9	618.1	637.6	740.5	873.8

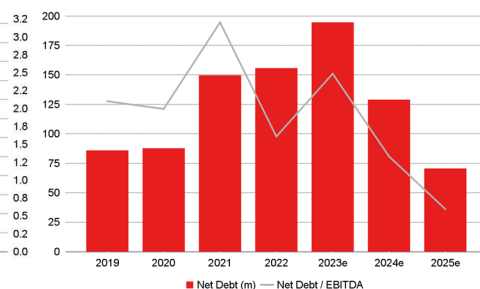
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	6.3 x	8.8 x	6.3 x	6.1 x	5.9 x	6.0 x	5.9 x
Capital Employed Turnover	2.8 x	3.2 x	2.2 x	2.7 x	2.4 x	2.6 x	2.8 x
ROA	14.5 %	11.0 %	11.9 %	27.1 %	17.1 %	22.1 %	26.5 %
Return on Capital							
ROCE (NOPAT)	23.0 %	20.5 %	18.8 %	30.2 %	17.3 %	20.5 %	23.9 %
ROE	40.8 %	39.2 %	42.7 %	59.1 %	32.0 %	33.5 %	31.4 %
Adj. ROE	40.8 %	39.2 %	42.7 %	59.1 %	32.0 %	33.5 %	31.4 %
Balance sheet quality							
Net Debt	86.0	87.8	149.7	155.8	194.6	129.0	70.6
Net Financial Debt	81.6	81.8	139.5	142.9	186.6	120.0	60.6
Net Gearing	143.4 %	188.7 %	154.6 %	94.6 %	102.7 %	48.7 %	19.6 %
Net Fin. Debt / EBITDA	132.4 %	123.6 %	198.6 %	98.2 %	158.5 %	82.4 %	34.1 %
Book Value / Share	n.a.	3.8	7.0	12.0	13.5	18.9	24.7
Book value per share ex intangibles	n.a.	-5.5	-5.9	-3.9	-4.9	0.5	6.4

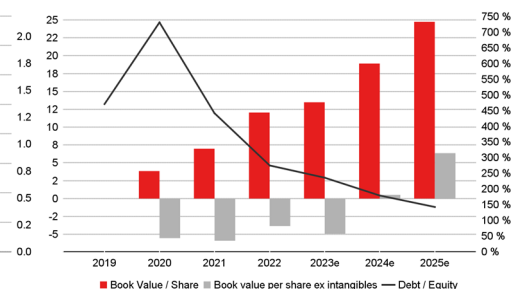
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

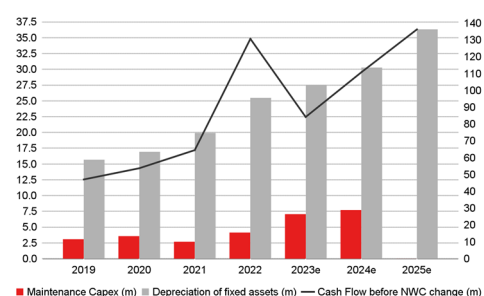
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	30.4	24.4	30.0	77.3	56.0	74.8	94.2
Depreciation of fixed assets	15.7	16.9	19.9	25.5	27.5	30.3	36.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.5	4.7	4.7	7.6	5.6	4.7	4.8
Increase/decrease in long-term provisions	0.4	1.2	1.3	1.9	-4.9	1.0	1.0
Other non-cash income and expenses	-2.9	6.6	8.7	18.4	0.0	0.0	0.0
Cash Flow before NWC change	47.1	53.8	64.5	130.7	84.3	110.7	136.3
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	-6.3	18.4	-20.6	-48.4	-15.6	-8.6	-34.4
Increase / decrease in working capital (total)	-6.3	18.4	-20.6	-48.4	-15.6	-8.6	-34.4
Net cash provided by operating activities [1]	40.9	72.2	44.0	82.3	68.7	102.2	101.9
Investments in intangible assets	-1.3	-1.0	-0.8	-0.6	-1.5	-1.6	-1.7
Investments in property, plant and equipment	-1.8	-2.6	-1.9	-3.5	-5.6	-6.1	-7.3
Payments for acquisitions	-2.9	-7.8	-50.1	-40.4	-50.0	0.0	0.0
Financial investments	-2.5	1.2	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.4	0.1	0.0	0.1	0.0	0.0	0.0
Net cash provided by investing activities [2]	-8.0	-10.1	-52.8	-44.5	-57.1	-7.7	-9.0
Change in financial liabilities	-3.3	23.9	18.2	11.4	-36.5	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	-10.0	-30.0	0.0	0.0
Capital measures	0.0	0.1	6.1	0.0	0.0	0.0	0.0
Other	-13.8	-17.5	-24.2	-29.7	-25.3	-27.9	-33.5
Net cash provided by financing activities [3]	-17.1	6.5	0.0	-28.3	-91.9	-27.9	-33.5
Change in liquid funds [1]+[2]+[3]	15.7	68.6	-8.8	9.5	-80.2	66.6	59.4
Effects of exchange-rate changes on cash	0.4	-1.4	0.6	-1.3	0.0	0.0	0.0
Cash and cash equivalent at end of period	44.0	110.9	99.6	114.8	29.9	96.5	155.9

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	22.8	51.0	21.6	54.7	36.3	66.6	59.4
Free Cash Flow / Sales	5.7 %	11.9 %	4.0 %	6.4 %	3.9 %	6.5 %	4.9 %
Free Cash Flow Potential	51.7	31.6	39.7	93.6	63.6	81.0	107.9
Free Cash Flow / Net Profit	89.4 %	276.6 %	72.1 %	70.7 %	64.8 %	89.0 %	63.1 %
Interest Received / Avg. Cash	0.6 %	0.7 %	0.4 %	0.5 %	0.3 %	0.3 %	0.0 %
Interest Paid / Avg. Debt	5.0 %	4.6 %	3.6 %	4.5 %	3.0 %	3.2 %	2.8 %
Management of Funds							
Investment ratio	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.7 %
Maint. Capex / Sales	0.8 %	0.8 %	0.5 %	0.5 %	0.8 %	0.8 %	0.0 %
Capex / Dep	16.1 %	16.5 %	10.9 %	12.5 %	21.3 %	22.0 %	21.9 %
Avg. Working Capital / Sales	13.6 %	11.5 %	10.8 %	11.9 %	14.6 %	14.4 %	13.7 %
Trade Debtors / Trade Creditors	500.3 %	332.8 %	559.6 %	1028.2 %	441.7 %	431.3 %	436.6 %
Inventory Turnover	5452.4 x	387.1 x	219.6 x	291.6 x	290.1 x	297.6 x	293.0 x
Receivables collection period (days)	73	63	69	67	84	82	83
Payables payment period (days)	119	165	114	72	202	162	158
Cash conversion cycle (Days)	-103	-172	-102	-70	-214	-157	-150

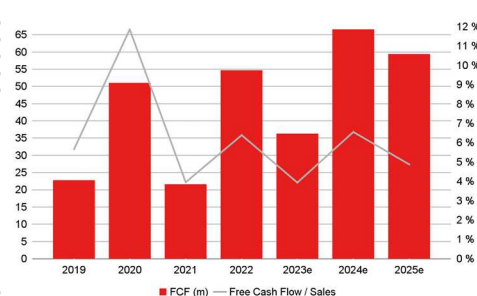
CAPEX and Cash Flow

in EUR m



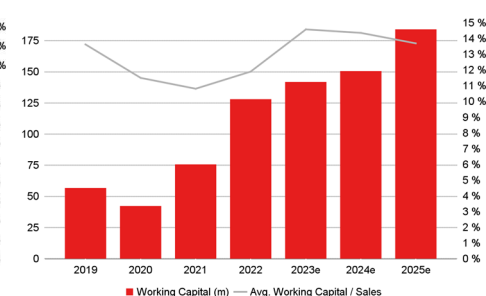
Free Cash Flow Generation

in EUR m



Working Capital

in EUR m



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Nagarro	5	https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A3H2200.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.
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-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	154	72
Hold	47	22
Sell	5	2
Rating suspended	7	3
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	43	81
Hold	7	13
Sell	0	0
Rating suspended	3	6
Total	53	100

PRICE AND RATING HISTORY NAGARRO AS OF 15.11.2023



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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