

Buy EUR 38.00 Price EUR 22.16 Upside 71.5 %	Value Indicators: EUR DCF: 37.66 FCF-Value Potential 23e: 21.03	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 2.0 Balance Sheet Score: 5.0 Market Liquidity Score: 2.0	Description: Highly specialised machine manufacturer developing laser applications for special purposes
	Market Snapshot: EUR m Market cap: 542.8 No. of shares (m): 24.5 EV: 520.4 Freefloat MC: 542.8 Ø Trad. Vol. (30d): 5.12 m	Shareholders: Freefloat 100.0 % Small Cap World Fund 5.0 % JPMorgan AM 3.0 % Société Générale 3.0 % UBS 3.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 5.3 x Equity Ratio: 76 %

Visible sequential improvement in H2

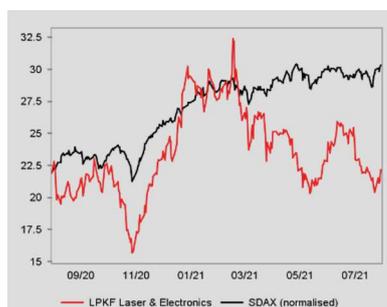
Stated Figures Q2/2021:										Comment on Figures:									
FY End: 31.12. in EUR m	Q2 21	Q2 21e	Q2 20	yoy	6M 21	6M 21e	6M 20	yoy		<ul style="list-style-type: none"> Strong sales decline driven by the solar segment that contributed EUR 1.9m after EUR 11.0m in Q2 2020 EBIT turned negative as a result of lower contributions from the solar segment (yoy delta EUR -4.9m) Order intake of EUR 30.2m (+69% yoy) increases visibility for a stronger H2 									
Sales	20.1	20.1	30.5	-34 %	36.4	36.4	50.0	-27 %											
EBITDA	0.3	-0.1	7.3	-96 %	-2.0	-2.4	6.8	n.a.											
Margin	1.4 %	-0.6 %	23.8 %		-5.5 %	-6.6 %	13.5 %												
EBIT	-1.7	-1.7	5.2	n.a.	-5.9	-5.9	2.8	n.a.											
Margin	-8.7 %	-8.5 %	17.1 %		-16.2 %	-16.1 %	5.7 %												

LPKF has published its Q2 report, which was in line with the preliminary figures. The top line declined by 34% yoy to EUR 20.1m and the EBIT turned negative to EUR -1.7m after EUR 5.2m in Q2/20. The yoy difference in both sales (EUR -10.4m) and EBIT (EUR -6.9m) mainly resulted from weaker solar business (sales delta EUR -9.1m; EBIT delta EUR -4.9m). Since the solar segment is characterized by larger orders, quarterly volatility is common. This year, we anticipated the large solar order (EUR 28m) received last year would contribute to the top line starting in Q3 and have the largest quarterly impact in Q4. Moreover, LPKF just announced an additional solar order with a volume of EUR 10m, which is expected to be delivered in 2022, further increasing the visibility for the recovery of the segment.

In contrast to the sales decline, the order momentum was strong with a 69%-increase in order intake to EUR 30.2m (book-to-bill 1.5). The pipeline looks promising across all segments and includes some promising e-mobility and med-tech projects for the Welding division. Based on the visibility in solar and with an order backlog of EUR 53.6m (+145% yoy), LPKF confirmed its FY guidance of EUR 110-120m in sales at an EBIT margin of 10-13%, which we consider feasible. For Q3, the company is targeting a top line of EUR 30-35m (Q3/20 EUR 25.2m) and an EBIT of EUR 3-7m (Q3/20 EUR 4.0m), reflecting the Q4-heavy solar schedule. The upper end of the Q3 range would imply Q4 sales between EUR 39m and 49m and an EBIT between EUR 10m and 15m.

Regarding its mid-term goals, LPKF reiterated its 2024 targets of more than EUR 360m in sales at an EBIT margin of at least 25%. Although the management mentioned progress in several promising customer projects, little of this progress has been translated into orders. So far, only one larger semiconductor manufacturer placed a smaller order in early 2020, a follow-up order with a volume of EUR 5-8m this year and an order from NEG in May 2020. As a result of the limited visibility, the LIDE business is not reflected in the market valuation. In our current forecast, LIDE represents roughly half of the 2024 revenue. Excluding LIDE from our projections (2024e sales EUR 175m, EBIT margin 18%) our DCF model yields a fair value of EUR 18.

In conclusion, after the weak H1 we expect significant sequential improvement over the next two quarters. Regarding LIDE, the low market expectations limit the downside for the stock, while larger orders next year could potentially trigger a significant revaluation with significant upside to the current valuation. Against this background, we confirm our target price and our Buy recommendation for LPKF.



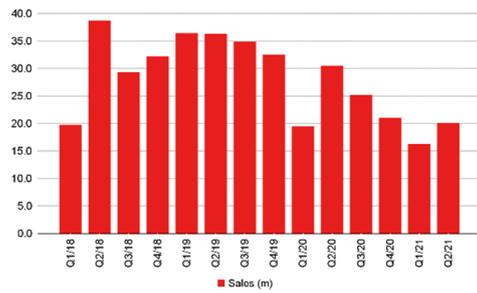
Rel. Performance vs SDAX:

1 month:	-12.9 %
6 months:	-27.1 %
Year to date:	-35.4 %
Trailing 12 months:	-37.7 %

Company events:
28.10.21 Q3

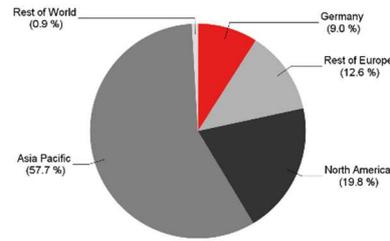
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	32.9 %	102.1	120.0	140.0	96.2	118.6	178.1	226.1
Change Sales yoy		12.0 %	17.5 %	16.7 %	-31.3 %	23.2 %	50.1 %	27.0 %
Gross profit margin		69.7 %	64.3 %	63.8 %	72.4 %	67.5 %	65.5 %	66.3 %
EBITDA	54.3 %	11.6	14.9	26.9	14.8	21.9	38.1	54.5
Margin		11.4 %	12.4 %	19.2 %	15.4 %	18.5 %	21.4 %	24.1 %
EBIT	79.9 %	4.0	6.8	19.2	7.5	14.2	29.0	43.9
Margin		3.9 %	5.7 %	13.7 %	7.8 %	12.0 %	16.3 %	19.4 %
Net income	79.9 %	1.1	8.1	13.1	5.3	10.1	20.6	31.1
EPS	79.4 %	0.05	0.33	0.54	0.22	0.41	0.84	1.27
EPS adj.	79.4 %	0.05	0.33	0.54	0.22	0.41	0.84	1.27
DPS	26.0 %	0.00	0.00	0.10	0.10	0.10	0.20	0.20
Dividend Yield		n.a.	n.a.	1.1 %	0.5 %	0.5 %	0.9 %	0.9 %
FCFPS		0.14	0.24	1.72	-0.23	0.39	0.61	0.96
FCF / Market cap		1.6 %	3.1 %	18.3 %	-1.1 %	1.8 %	2.8 %	4.4 %
EV / Sales		2.3 x	1.7 x	1.5 x	5.1 x	4.4 x	2.8 x	2.1 x
EV / EBITDA		19.9 x	13.6 x	7.7 x	33.2 x	23.7 x	13.3 x	8.8 x
EV / EBIT		58.6 x	29.5 x	10.8 x	65.4 x	36.6 x	17.4 x	11.0 x
P / E		173.8 x	22.9 x	17.4 x	93.8 x	54.0 x	26.4 x	17.4 x
P / E adj.		173.8 x	22.9 x	17.4 x	93.8 x	54.0 x	26.4 x	17.4 x
FCF Potential Yield		2.5 %	6.5 %	8.9 %	2.2 %	3.0 %	5.2 %	7.7 %
Net Debt		38.0	16.6	-22.1	-12.8	-22.4	-37.4	-61.0
ROCE (NOPAT)		1.6 %	9.9 %	16.5 %	7.4 %	12.7 %	24.7 %	34.3 %
Guidance:		Sales EUR 110-120m. EBIT margin 10-13%						

Sales development
in EUR m



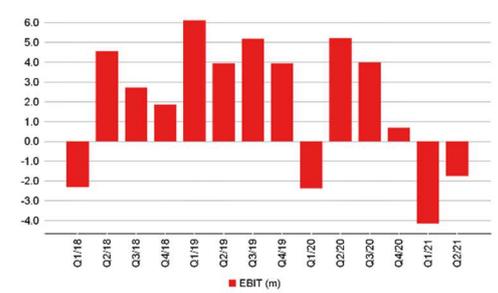
Source: Warburg Research

Sales by regions
2020; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

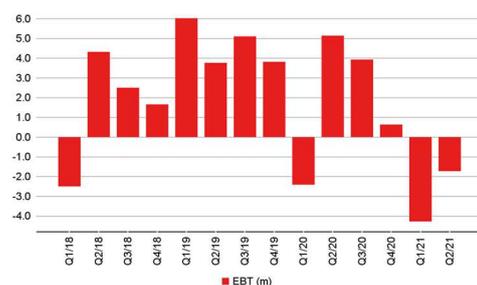
Company Background

- Global market leader/top supplier of laser-based processing tools replacing conventional and non-digital processes.
- LPKF is an innovation leader and usually the first supplier of new laser-based processing technologies.
- Approx. 50% of revenues are generated with the development and production of PCBs (segments Development and Electronics) where LPKF is global market leader with market shares of up to 65% in its applications.
- LPKF's Solar BU offers laser scribe to producers of thin film solar modules. In the future the new LTP technology will also contribute to this segment.
- The Welding segment offers versatile applications for a range of customer industries including automotive, consumer electronics and healthcare

Competitive Quality

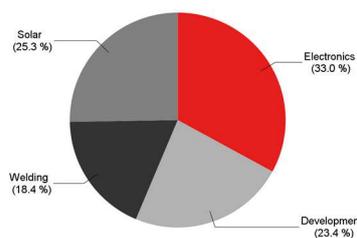
- LPKF is the technologically leading company in the market of laser applications and often first supplier of its customers.
- The high innovative strength of the company ensures the market-leading position and gives LPKF a first-mover advantage in new products that offer highly attractive TCO compared to conventional solutions.
- The company holds a dominant market-leading position in selected niches (e.g. in development and solar segment) but there is also some dependency on single customers.
- International service and distribution network fosters close relationships to customers.
- The focused low-asset business model and high R&D efforts offer high scalability and attractive capital returns.

EBT development
in EUR m



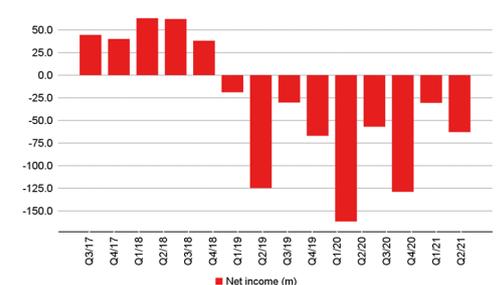
Source: Warburg Research

Sales by segments
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	118.6	178.1	226.1	345.1	390.2	429.2	470.0	512.3	555.8	600.3	636.3	661.8	678.3	
Sales change	23.2 %	50.1 %	27.0 %	52.6 %	13.1 %	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %	6.0 %	4.0 %	2.5 %	2.5 %
EBIT	14.2	29.0	43.9	83.0	90.1	94.4	101.0	107.6	111.2	114.1	108.2	105.9	108.5	
EBIT-margin	12.0 %	16.3 %	19.4 %	24.0 %	23.1 %	22.0 %	21.5 %	21.0 %	20.0 %	19.0 %	17.0 %	16.0 %	16.0 %	
Tax rate (EBT)	28.5 %	29.0 %	29.0 %	29.0 %	29.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	10.2	20.6	31.1	58.9	64.0	66.1	70.7	75.3	77.8	79.8	75.7	74.1	76.0	
Depreciation	7.7	9.1	10.6	15.9	17.2	18.0	18.8	20.5	22.2	24.0	25.5	26.5	27.1	
in % of Sales	6.5 %	5.1 %	4.7 %	4.6 %	4.4 %	4.2 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.0	0.0	0.0	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	
Change in Liquidity from														
- Working Capital	-3.6	3.7	7.1	10.3	1.1	3.9	4.1	4.2	4.4	4.4	3.6	2.5	1.7	
- Capex	11.6	11.7	11.7	19.0	19.5	19.3	18.8	20.5	22.2	24.0	25.5	26.5	27.1	
Capex in % of Sales	9.8 %	6.6 %	5.2 %	5.5 %	5.0 %	4.5 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
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)	9.9	14.3	23.0	45.9	60.7	61.0	66.7	71.2	73.6	75.5	72.2	71.6	74.4	76
PV of FCF	9.6	12.9	19.1	35.3	43.1	40.1	40.5	39.9	38.1	36.2	32.0	29.3	28.1	506
share of PVs	4.57 %			39.85 %										55.58 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.10
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.35
		Others	1.30
WACC	8.20 %	Beta	1.27

Valuation (m)

Present values 2033e	404		
Terminal Value	506		
Financial liabilities	7		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	20	No. of shares (m)	24.5
Equity Value	923	Value per share (EUR)	37.66

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.46	9.2 %	30.11	30.60	31.12	31.69	32.30	32.95	33.66	1.46	9.2 %	28.87	29.81	30.75	31.69	32.63	33.57	34.50
1.37	8.7 %	32.50	33.10	33.74	34.43	35.19	36.01	36.90	1.37	8.7 %	31.36	32.39	33.41	34.43	35.46	36.48	37.51
1.32	8.5 %	33.83	34.49	35.21	35.98	36.82	37.74	38.75	1.32	8.5 %	32.76	33.84	34.91	35.98	37.05	38.13	39.20
1.27	8.2 %	35.26	36.00	36.80	37.66	38.61	39.65	40.79	1.27	8.2 %	34.29	35.41	36.54	37.66	38.79	39.91	41.04
1.22	8.0 %	36.82	37.64	38.53	39.50	40.57	41.75	43.05	1.22	8.0 %	35.95	37.14	38.32	39.50	40.69	41.87	43.05
1.17	7.7 %	38.50	39.42	40.42	41.52	42.73	44.07	45.56	1.17	7.7 %	37.78	39.03	40.27	41.52	42.77	44.01	45.26
1.08	7.2 %	42.33	43.50	44.78	46.20	47.77	49.54	51.53	1.08	7.2 %	42.02	43.41	44.80	46.20	47.59	48.98	50.38

- Comparably high growth rates in 2023 and 2024 driven by anticipated LIDE orders
- Margin increase resulting from the high scalability of LPKF's business model

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	2017	2018	2019	2020	2021e	2022e	2023e	
Net Income before minorities	1.1	8.1	13.1	5.3	10.1	20.6	31.1	
+ Depreciation + Amortisation	7.7	8.1	7.7	7.3	7.7	9.1	10.6	
- Net Interest Income	-0.9	-0.9	-0.5	-0.2	-0.1	-0.1	0.0	
- Maintenance Capex	4.0	3.9	2.8	1.9	2.4	3.6	4.5	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	5.8	13.1	18.5	11.0	15.5	26.1	37.3	
FCF Potential Yield (on market EV)	2.5 %	6.5 %	8.9 %	2.2 %	3.0 %	5.2 %	7.7 %	
WACC	8.20 %	8.20 %	8.20 %	8.20 %	8.20 %	8.20 %	8.20 %	
= Enterprise Value (EV)	231.5	202.0	208.3	493.0	520.4	505.5	481.8	
= Fair Enterprise Value	70.1	159.8	225.8	133.6	189.5	318.8	454.3	
- Net Debt (Cash)	-13.1	-13.1	-13.1	-13.1	-22.8	-37.7	-61.4	
- Pension Liabilities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	82.9	172.6	238.6	146.4	212.0	356.2	515.3	
Number of shares, average	22.3	24.5	24.5	24.5	24.5	24.5	24.5	
= Fair value per share (EUR)	3.72	7.04	9.74	5.98	8.65	14.54	21.03	
premium (-) / discount (+) in %					-60.9 %	-34.4 %	-5.1 %	
Sensitivity Fair value per Share (EUR)								
	11.20 %	2.62	5.30	7.27	4.51	6.58	11.06	16.07
	10.20 %	2.82	5.77	7.93	4.91	7.14	11.99	17.40
	9.20 %	3.07	6.34	8.74	5.38	7.81	13.13	19.02
WACC	8.20 %	3.38	7.04	9.74	5.98	8.65	14.54	21.03
	7.20 %	3.78	7.95	11.02	6.73	9.73	16.35	23.61
	6.20 %	4.31	9.15	12.71	7.73	11.15	18.74	27.02
	5.20 %	5.04	10.81	15.06	9.12	13.12	22.05	31.73

▪ To maintain its production, we assume an investment of 2% of sales

Valuation	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	3.6 x	2.4 x	2.5 x	5.4 x	5.3 x	4.4 x	3.5 x
Book value per share ex intangibles	1.74	2.55	3.06	3.09	3.45	4.28	5.55
EV / Sales	2.3 x	1.7 x	1.5 x	5.1 x	4.4 x	2.8 x	2.1 x
EV / EBITDA	19.9 x	13.6 x	7.7 x	33.2 x	23.7 x	13.3 x	8.8 x
EV / EBIT	58.6 x	29.5 x	10.8 x	65.4 x	36.6 x	17.4 x	11.0 x
EV / EBIT adj.*	132.1 x	22.1 x	11.3 x	65.4 x	36.6 x	17.4 x	11.0 x
P / FCF	62.9 x	32.1 x	5.5 x	n.a.	56.1 x	36.4 x	23.0 x
P / E	173.8 x	22.9 x	17.4 x	93.8 x	54.0 x	26.4 x	17.4 x
P / E adj.*	173.8 x	22.9 x	17.4 x	93.8 x	54.0 x	26.4 x	17.4 x
Dividend Yield	n.a.	n.a.	1.1 %	0.5 %	0.5 %	0.9 %	0.9 %
FCF Potential Yield (on market EV)	2.5 %	6.5 %	8.9 %	2.2 %	3.0 %	5.2 %	7.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Sales	102.1	120.0	140.0	96.2	118.6	178.1	226.1
Change Sales yoy	12.0 %	17.5 %	16.7 %	-31.3 %	23.2 %	50.1 %	27.0 %
Increase / decrease in inventory	-0.7	0.8	-0.8	0.2	-0.2	-0.9	1.1
Own work capitalised	3.6	4.3	4.3	5.3	4.3	4.6	5.0
Total Sales	104.9	125.1	143.6	101.7	122.6	181.8	232.2
Material expenses	33.8	48.0	54.2	32.0	42.6	65.2	82.3
Gross profit	71.1	77.2	89.4	69.7	80.1	116.6	149.9
<i>Gross profit margin</i>	<i>69.7 %</i>	<i>64.3 %</i>	<i>63.8 %</i>	<i>72.4 %</i>	<i>67.5 %</i>	<i>65.5 %</i>	<i>66.3 %</i>
Personnel expenses	41.9	44.3	44.7	41.5	44.6	57.3	68.0
Other operating income	5.7	3.7	4.0	3.8	4.2	4.6	4.7
Other operating expenses	23.3	21.7	21.7	17.1	17.7	25.8	32.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	11.6	14.9	26.9	14.8	21.9	38.1	54.5
<i>Margin</i>	<i>11.4 %</i>	<i>12.4 %</i>	<i>19.2 %</i>	<i>15.4 %</i>	<i>18.5 %</i>	<i>21.4 %</i>	<i>24.1 %</i>
Depreciation of fixed assets	4.0	3.9	4.4	4.0	4.4	5.2	6.6
EBITA	7.6	11.0	22.5	10.9	17.6	32.9	47.9
Amortisation of intangible assets	3.7	4.2	3.3	3.3	3.3	3.9	4.1
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.0	6.8	19.2	7.5	14.2	29.0	43.9
<i>Margin</i>	<i>3.9 %</i>	<i>5.7 %</i>	<i>13.7 %</i>	<i>7.8 %</i>	<i>12.0 %</i>	<i>16.3 %</i>	<i>19.4 %</i>
EBIT adj.	1.8	9.1	18.4	7.5	14.2	29.0	43.9
Interest income	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Interest expenses	0.9	0.9	0.5	0.3	0.1	0.1	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.0	6.0	18.7	7.3	14.1	28.9	43.8
<i>Margin</i>	<i>3.0 %</i>	<i>5.0 %</i>	<i>13.4 %</i>	<i>7.6 %</i>	<i>11.9 %</i>	<i>16.3 %</i>	<i>19.4 %</i>
Total taxes	1.9	-2.1	5.6	2.0	4.0	8.4	12.7
Net income from continuing operations	1.1	8.1	13.1	5.3	10.1	20.6	31.1
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	1.1	8.1	13.1	5.3	10.1	20.6	31.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.1	8.1	13.1	5.3	10.1	20.6	31.1
<i>Margin</i>	<i>1.1 %</i>	<i>6.7 %</i>	<i>9.4 %</i>	<i>5.6 %</i>	<i>8.5 %</i>	<i>11.5 %</i>	<i>13.8 %</i>
Number of shares, average	22.3	24.5	24.5	24.5	24.5	24.5	24.5
EPS	0.05	0.33	0.54	0.22	0.41	0.84	1.27
EPS adj.	0.05	0.33	0.54	0.22	0.41	0.84	1.27

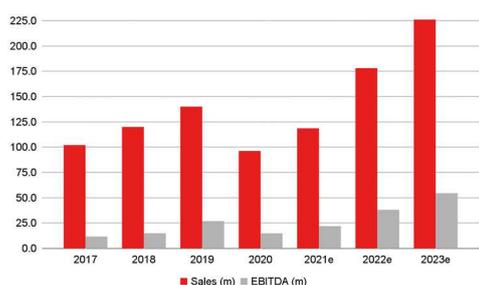
*Adjustments made for:

Guidance: Sales EUR 110-120m. EBIT margin 10-13%

Financial Ratios

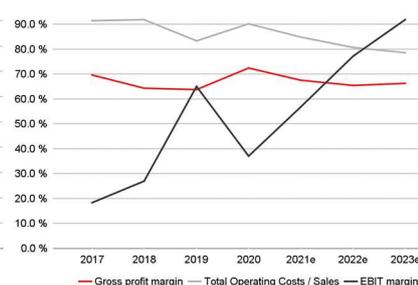
	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	91.4 %	91.9 %	83.3 %	90.2 %	84.9 %	80.7 %	78.6 %
Operating Leverage	n.a.	4.2 x	10.8 x	1.9 x	3.8 x	2.1 x	1.9 x
EBITDA / Interest expenses	12.3 x	17.4 x	52.0 x	51.2 x	198.0 x	509.1 x	1402.7 x
Tax rate (EBT)	61.8 %	-34.5 %	29.9 %	26.9 %	28.5 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	0.0 %	18.7 %	45.9 %	24.3 %	23.8 %	15.7 %
Sales per Employee	149,439	183,145	205,328	137,479	n.a.	n.a.	n.a.

Sales, EBITDA
in EUR m



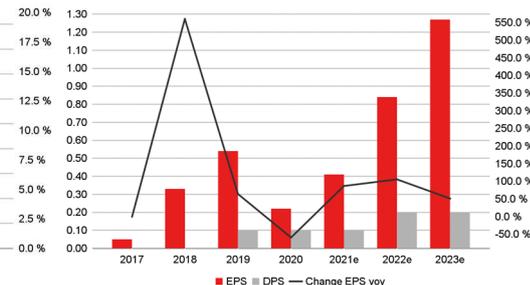
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

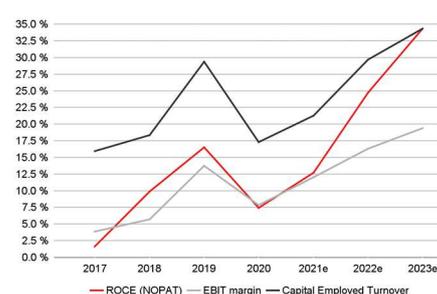
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	15.4	15.2	15.9	17.3	18.3	19.0	19.9
thereof other intangible assets	1.8	1.4	1.0	0.7	0.7	0.7	0.7
thereof Goodwill	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Property, plant and equipment	46.5	44.3	44.7	46.0	48.8	50.5	50.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.2	0.2	0.1	0.0	0.0	0.0	0.0
Fixed assets	62.1	59.8	60.7	63.4	67.1	69.6	70.8
Inventories	25.5	25.7	19.2	19.8	20.6	23.8	30.1
Accounts receivable	19.4	30.5	11.3	13.2	14.3	19.5	22.3
Liquid assets	3.3	3.7	31.3	20.1	28.3	41.5	63.3
Other short-term assets	6.2	9.1	5.5	5.2	5.2	5.2	5.2
Current assets	54.4	69.0	67.3	58.3	68.4	90.0	120.9
Total Assets	116.6	128.8	128.0	121.7	135.5	159.5	191.7
Liabilities and shareholders' equity							
Subscribed capital	22.3	24.5	24.5	24.5	24.5	24.5	24.5
Capital reserve	1.5	15.5	15.5	15.5	15.5	15.5	15.5
Retained earnings	10.9	10.2	10.2	10.2	20.3	40.8	71.9
Other equity components	19.5	27.5	40.7	42.8	42.5	43.1	44.0
Shareholders' equity	54.2	77.7	90.8	92.9	102.7	123.9	155.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	54.2	77.7	90.8	92.9	102.7	123.9	155.9
Provisions	4.0	5.5	6.1	3.2	3.2	3.2	3.2
thereof provisions for pensions and similar obligations	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Financial liabilities (total)	41.0	20.0	8.9	6.9	5.5	3.7	1.9
Short-term financial liabilities	21.0	2.6	2.0	0.0	-0.4	-1.2	-2.0
Accounts payable	3.2	6.9	5.6	7.6	5.5	7.3	9.3
Other liabilities	14.1	18.6	16.5	11.0	18.5	21.4	21.4
Liabilities	62.3	51.1	37.2	28.7	32.8	35.7	35.9
Total liabilities and shareholders' equity	116.6	128.8	128.0	121.7	135.5	159.5	191.7

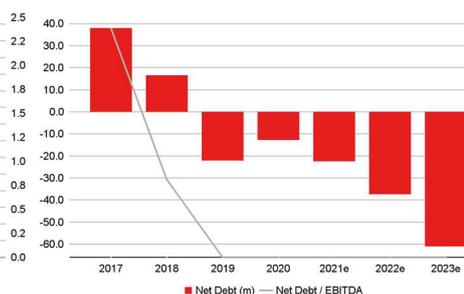
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	1.3 x	1.5 x	2.3 x	1.4 x	1.8 x	2.5 x	2.9 x
Capital Employed Turnover	1.1 x	1.3 x	2.0 x	1.2 x	1.5 x	2.1 x	2.4 x
ROA	1.9 %	13.5 %	21.6 %	8.4 %	15.0 %	29.5 %	43.9 %
Return on Capital							
ROCE (NOPAT)	1.6 %	9.9 %	16.5 %	7.4 %	12.7 %	24.7 %	34.3 %
ROE	2.1 %	12.2 %	15.6 %	5.8 %	10.3 %	18.1 %	22.2 %
Adj. ROE	2.1 %	12.2 %	15.6 %	5.8 %	10.3 %	18.1 %	22.2 %
Balance sheet quality							
Net Debt	38.0	16.6	-22.1	-12.8	-22.4	-37.4	-61.0
Net Financial Debt	37.7	16.3	-22.4	-13.1	-22.8	-37.7	-61.4
Net Gearing	70.0 %	21.4 %	-24.3 %	-13.7 %	-21.9 %	-30.2 %	-39.1 %
Net Fin. Debt / EBITDA	323.8 %	109.7 %	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	2.4	3.2	3.7	3.8	4.2	5.1	6.4
Book value per share ex intangibles	1.7	2.6	3.1	3.1	3.4	4.3	5.6

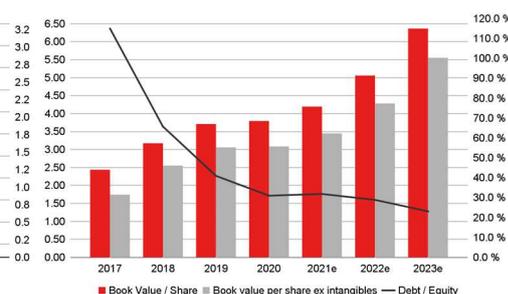
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

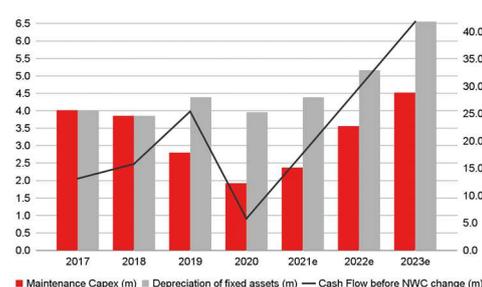
Consolidated cash flow statement

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	1.1	8.1	13.1	5.3	10.1	20.6	31.1
Depreciation of fixed assets	4.0	3.9	4.4	4.0	4.4	5.2	6.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.7	4.2	3.3	3.3	3.3	3.9	4.1
Increase/decrease in long-term provisions	0.6	1.1	0.5	-2.5	0.0	0.0	0.0
Other non-cash income and expenses	3.8	-1.4	4.1	-4.3	-0.1	0.1	0.1
Cash Flow before NWC change	13.1	15.8	25.4	5.8	17.7	29.7	41.8
Increase / decrease in inventory	-0.6	-0.2	6.6	-2.0	-0.8	-3.2	-6.3
Increase / decrease in accounts receivable	0.6	-11.1	19.2	-1.5	-1.1	-5.2	-2.8
Increase / decrease in accounts payable	0.6	3.1	-2.8	2.0	5.4	4.7	2.0
Increase / decrease in other working capital positions	-4.1	4.0	-0.3	-0.4	0.0	0.6	0.6
Increase / decrease in working capital (total)	-3.5	-4.3	22.6	-1.8	3.6	-3.1	-6.5
Net cash provided by operating activities [1]	9.6	11.5	48.0	4.0	21.3	26.6	35.3
Investments in intangible assets	-3.8	-4.0	-4.0	-4.8	-4.4	-4.8	-4.8
Investments in property, plant and equipment	-2.7	-1.8	-1.8	-4.8	-7.2	-6.9	-6.9
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-6.3	-5.7	-5.8	-9.5	-11.6	-11.7	-11.7
Change in financial liabilities	-9.8	-13.6	-13.2	-2.2	-1.4	-1.8	-1.8
Dividends paid	0.0	0.0	0.0	-2.4	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	16.2	0.0	0.0	0.0	0.0	0.0
Other	-0.9	-0.9	-1.3	-0.7	0.0	0.0	0.0
Net cash provided by financing activities [3]	-10.8	1.8	-14.5	-5.4	-1.4	-1.8	-1.8
Change in liquid funds [1]+[2]+[3]	-7.4	7.6	27.7	-11.0	8.3	13.1	21.8
Effects of exchange-rate changes on cash	-0.1	0.1	-0.1	-0.3	0.0	0.0	0.0
Cash and cash equivalent at end of period	-4.0	11.1	31.3	20.1	28.3	41.5	63.3

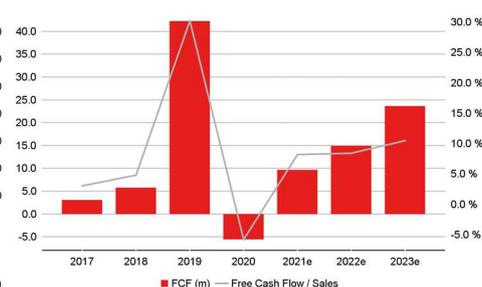
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	3.1	5.8	42.2	-5.6	9.7	14.9	23.6
Free Cash Flow / Sales	3.0 %	4.8 %	30.2 %	-5.8 %	8.2 %	8.4 %	10.5 %
Free Cash Flow Potential	5.8	13.1	18.5	11.0	15.5	26.1	37.3
Free Cash Flow / Net Profit	267.7 %	71.8 %	321.9 %	-104.1 %	95.8 %	72.7 %	76.0 %
Interest Received / Avg. Cash	0.1 %	0.1 %	0.1 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	2.2 %	2.8 %	3.6 %	3.7 %	1.8 %	1.6 %	1.4 %
Management of Funds							
Investment ratio	6.4 %	4.8 %	4.1 %	9.9 %	9.8 %	6.6 %	5.2 %
Maint. Capex / Sales	3.9 %	3.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Capex / Dep	85.3 %	71.1 %	75.3 %	130.4 %	150.5 %	128.8 %	110.1 %
Avg. Working Capital / Sales	33.7 %	29.7 %	18.9 %	18.4 %	15.8 %	10.5 %	10.7 %
Trade Debtors / Trade Creditors	601.2 %	444.1 %	201.8 %	173.0 %	260.0 %	267.1 %	239.8 %
Inventory Turnover	1.3 x	1.9 x	2.8 x	1.6 x	2.1 x	2.7 x	2.7 x
Receivables collection period (days)	69	93	30	50	44	40	36
Payables payment period (days)	35	52	38	87	47	41	41
Cash conversion cycle (Days)	219	149	54	133	66	46	60

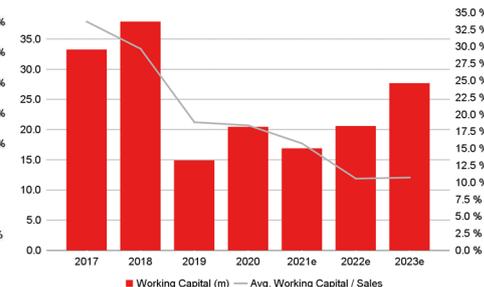
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
LPKF	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0006450000.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 LPKF AS OF 30.07.2021



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.

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