

Buy EUR 37.00 (EUR 35.00) Price EUR 25.30 Upside 46.2 %	Value Indicators: EUR DCF: 38.28 FCF-Value Potential: 51.68	Warburg ESG Risk Score: 2.0 ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.0 Market Liquidity Score: 0.0	Description: Holding company with 10 subsidiaries
	Market Snapshot: EUR m Market cap: 274.2 No. of shares (m): 10.8 EV: 289.2 Freefloat MC: 184.6 Ø Trad. Vol. (30d): 126.53 th	Shareholders: Freefloat 67.30 % TGTV 18.50 % S. Heinmöller 14.20 % BW Versorgungsanstalt f. 3.30 % LGT Capital 3.00 %	Key Figures (WRe): 2023e Beta: 1.4 Price / Book: 0.9 x Equity Ratio: 59 % Net Debt / EBITDA: 0.0 x

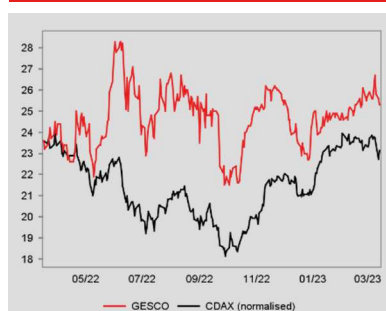
Growth intact while cost inflation starts to weigh on profitability

Stated Figures Q4/2022: GESCO AG - Q4 2022	Comment on Figures: <ul style="list-style-type: none"> Q4 Sales increased by 7% yoy to EUR 146.8m driven by all segments. Q4 EBITDA decreased by 50% yoy to EUR 8.6m, falling short of market expectations. Q4 Net income decreased proportionally lower by 36% to EUR 7.5m FY22 guidance was slightly overachieved by the company. Dividend proposal for 2022 stands at EUR 1.00, in-line with expectations.
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GESCO released mixed Q4 preliminary figures and overachieved its FY22 guidance, despite a challenging macro environment. Sales increased by 7% yoy to EUR 146.8m (WRe: EUR 137.1m), thanks to solid order backlog especially in the machinery and plant-engineering sector. Notably, all segments contributed to sales growth. With that, GESCO reached the upper end of its revenue guidance of EUR 575-585m. EBIT decreased by 50% yoy to EUR 8.6m (WRe: EUR 11.7m), which came in below our estimate due to tough comparable base (Q4 21 was supported by positive steel price effect) and higher cost inflation, which couldn't be passed on to customers. Hence, the EBIT margin declined to 5.8% in Q4 implying a 6.5pp margin decrease, which should be due to increased energy and input prices. However, net income came in at EUR 7.5m (WRe: EUR 8.2m) thanks to a favorable tax rate. With that, the company slightly overachieved its FY22 guidance of EUR 30.7-32.2m. A FY23 guidance will be provided in April with the release of the financial report 2022.

Conclusion: All in all, GESCO concluded a challenging year marked by macroeconomic uncertainties and was able to show its competitive quality. Order intake should continue to be on solid levels in Q1, which should put GESCO in a comfortable position to generate sales growth of at least 5.5% in the coming years. We increase our estimates slightly since the company should benefit from its favorable portfolio with leading market positions and technology leadership. The valuation looks undemanding as the stock is trading at 9x PE 23e. We therefore confirm our Buy recommendation with a new PT of EUR 37.00 as we roll our model forward.

Changes in Estimates: FY End: 31.12. in EUR m 2023e (old) + / - 2024e (old) + / - 2025e (old) + / - Sales 610.3 0.6 % Net income 33.5 -5.5 %	Comment on Changes: <ul style="list-style-type: none"> Sales is increased due to better than expected figures Net Income is decreased since cost inflation to weigh in on earnings
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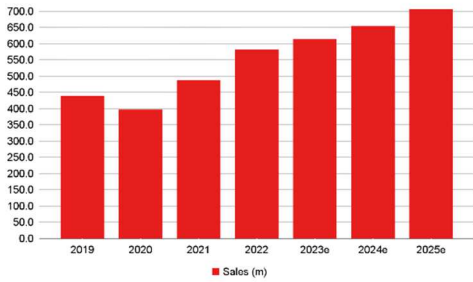


Rel. Performance vs CDAX:	
1 month:	3.7 %
6 months:	-15.8 %
Year to date:	-4.9 %
Trailing 12 months:	10.9 %

Company events:	
18.04.23	FY 2022
12.05.23	Q1
12.06.23	AGM
11.08.23	Q2

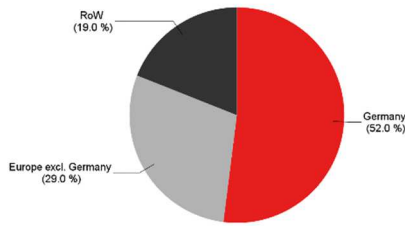
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	6.7 %	439.6	397.2	488.1	582.2	614.2	654.1	706.5
Change Sales yoy		-24.2 %	-9.6 %	22.9 %	19.3 %	5.5 %	6.5 %	8.0 %
Gross profit margin		47.2 %	44.7 %	46.1 %	45.5 %	45.9 %	46.2 %	46.4 %
EBITDA	7.9 %	44.0	33.4	62.2	70.4	74.3	80.7	88.6
Margin		10.0 %	8.4 %	12.7 %	12.1 %	12.1 %	12.3 %	12.5 %
EBIT	8.5 %	23.5	16.7	44.6	49.4	52.2	57.1	63.1
Margin		5.3 %	4.2 %	9.1 %	8.5 %	8.5 %	8.7 %	8.9 %
Net income	5.2 %	12.4	-16.6	26.9	33.5	31.6	34.9	39.0
EPS	5.2 %	1.14	-1.53	2.48	3.09	2.92	3.22	3.60
EPS adj.	5.2 %	1.14	-1.53	2.48	3.09	2.92	3.22	3.60
DPS	1.3 %	0.23	0.00	0.98	1.00	1.02	1.04	1.04
Dividend Yield		1.1 %	n.a.	4.2 %	4.0 %	4.0 %	4.1 %	3.9 %
FCFPS		2.17	5.20	4.04	1.42	3.05	2.88	2.90
FCF / Market cap		10.5 %	31.7 %	17.3 %	5.7 %	12.1 %	11.4 %	10.9 %
EV / Sales		0.8 x	0.6 x	0.6 x	0.5 x	0.5 x	0.4 x	0.4 x
EV / EBITDA		8.2 x	7.1 x	4.8 x	4.3 x	3.9 x	3.3 x	3.0 x
EV / EBIT		15.3 x	14.2 x	6.7 x	6.2 x	5.5 x	4.7 x	4.2 x
P / E		18.0 x	n.a.	9.4 x	8.0 x	8.7 x	7.9 x	7.4 x
P / E adj.		18.0 x	n.a.	9.4 x	8.0 x	8.7 x	7.9 x	7.4 x
FCF Potential Yield		5.8 %	-2.7 %	13.8 %	16.4 %	17.1 %	19.9 %	22.4 %
Net Debt		120.6	44.5	30.6	25.5	3.2	-17.0	-37.2
ROCE (NOPAT)		3.9 %	2.8 %	11.0 %	12.5 %	11.4 %	12.0 %	12.5 %
Guidance:		Sales EUR 575-585m, Net income after minorities of EUR 30.7-32.2m						

Sales development in EUR m



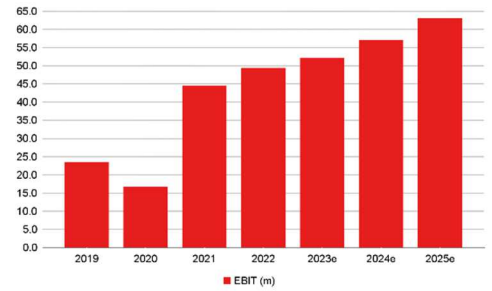
Source: Warburg Research

Sales by regions 2021; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

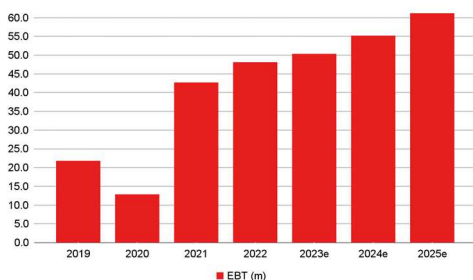
Company Background

- GESCO is a holding company which was established in 1989. Today, the holding comprises 10 companies.
- Acquisition targets should fulfil specific requirements which include at least EUR 20m sales, positive cash flow, solid equity base, compelling position in niche market
- Target sectors include machine and plant construction, metal and plastic processing, electric engineering and automation
- Acquisitions can be often solutions to succession problems. GESCO provides support with financing and administration and also at strategic level

Competitive Quality

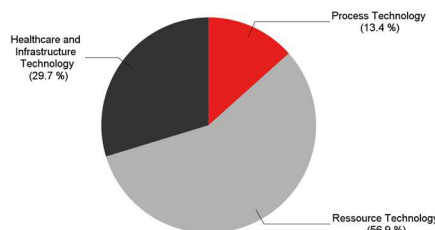
- Portfolio companies act with a strong focus on niche markets where they have established leading market positions implying technology leadership
- Broad diversification acts as safety cushion

EBT development in EUR m



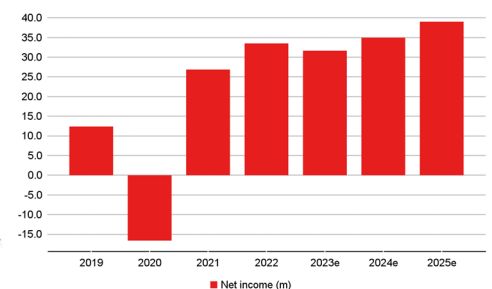
Source: Warburg Research

Sales by segments 2021; 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
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	614.2	654.1	706.5	727.7	749.5	768.2	787.4	803.2	819.3	831.5	844.0	856.7	869.5	1.5 %
Sales change	5.5 %	6.5 %	8.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %	1.5 %	1.5 %	1.5 %	1.5 %	
EBIT	52.2	57.1	63.1	65.0	65.4	65.5	65.6	65.3	65.0	64.3	63.6	63.7	64.6	
EBIT-margin	8.5 %	8.7 %	8.9 %	8.9 %	8.7 %	8.5 %	8.3 %	8.1 %	7.9 %	7.7 %	7.5 %	7.4 %	7.4 %	
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	35.5	38.8	42.9	44.2	44.5	44.6	44.6	44.4	44.2	43.7	43.2	43.3	43.9	
Depreciation	22.2	23.6	25.5	26.3	25.6	24.7	23.7	22.6	21.4	20.0	18.6	18.1	18.3	
in % of Sales	3.6 %	3.6 %	3.6 %	3.6 %	3.4 %	3.2 %	3.0 %	2.8 %	2.6 %	2.4 %	2.2 %	2.1 %	2.1 %	
Changes in provisions	0.0	0.0	0.0	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	
Change in Liquidity from														
- Working Capital	9.8	14.2	18.7	8.5	8.8	7.9	8.1	7.0	7.2	5.9	6.0	6.1	6.3	
- Capex	13.5	15.7	17.0	18.2	19.5	20.7	21.3	21.7	20.5	19.1	17.7	18.0	18.3	
Capex in % of Sales	2.2 %	2.4 %	2.4 %	2.5 %	2.6 %	2.7 %	2.7 %	2.7 %	2.5 %	2.3 %	2.1 %	2.1 %	2.1 %	
- 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)	34.3	32.5	32.7	44.1	42.1	40.9	39.3	38.6	38.2	38.9	38.3	37.4	38.0	34
PV of FCF	31.6	27.6	25.6	31.7	27.9	25.0	22.1	20.0	18.2	17.1	15.5	13.9	13.0	163
share of PVs	18.75 %			45.21 %										36.03 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	30.00 %	Financial Strength	1.20
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.70
Risk free rate	2.75 %	Transparency	1.20
		Others	1.40
WACC	8.57 %	Beta	1.40

Valuation (m)

Present values 2035e	289		
Terminal Value	163		
Financial liabilities	76		
Pension liabilities	12		
Hybrid capital	0		
Minority interest	12		
Market val. of investments	0		
Liquidity	62	No. of shares (m)	10.8
Equity Value	415	Value per share (EUR)	38.28

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		0.75 %	1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.66	9.6 %	32.53	32.84	33.17	33.53	33.90	34.30	34.72	1.66	9.6 %	25.29	28.04	30.78	33.53	36.27	39.01	41.76
1.53	9.1 %	34.56	34.93	35.33	35.75	36.20	36.69	37.21	1.53	9.1 %	26.96	29.89	32.82	35.75	38.68	41.61	44.54
1.46	8.8 %	35.67	36.08	36.51	36.98	37.47	38.01	38.58	1.46	8.8 %	27.88	30.91	33.94	36.98	40.01	43.04	46.07
1.40	8.6 %	36.84	37.29	37.77	38.28	38.83	39.42	40.06	1.40	8.6 %	28.86	32.00	35.14	38.28	41.42	44.57	47.71
1.34	8.3 %	38.09	38.58	39.11	39.68	40.29	40.95	41.66	1.34	8.3 %	29.90	33.16	36.42	39.68	42.94	46.20	49.46
1.27	8.1 %	39.42	39.96	40.55	41.18	41.86	42.59	43.39	1.27	8.1 %	31.02	34.41	37.79	41.18	44.56	47.95	51.34
1.14	7.6 %	42.36	43.03	43.75	44.53	45.38	46.30	47.31	1.14	7.6 %	33.52	37.19	40.86	44.53	48.20	51.87	55.55

- Reported sales drop in FY19 due to reporting change (only 9 months)
- Sales increase in FY 20 due to reporting change (full 12 months)
- Long-term EBIT margin target: 8-10%
- WACC of 8.5% is driven by high equity costs due to (1) high equity ratio and (2) Beta of 1.40x
- Beta of 1.40x is driven by high cyclicality and low liquidity of the share

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	2019	2020	2021	2022	2023e	2024e	2025e	
Net Income before minorities	13.7	-16.0	29.5	36.1	34.2	37.5	41.6	
+ Depreciation + Amortisation	20.6	16.7	17.6	21.0	22.2	23.6	25.5	
- Net Interest Income	-1.7	-3.8	-1.9	-1.3	-1.8	-1.9	-1.9	
- Maintenance Capex	15.1	10.9	7.9	8.4	8.9	9.4	9.9	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	20.9	-6.4	41.0	50.0	49.3	53.7	59.1	
FCF Potential Yield (on market EV)	5.8 %	-2.7 %	13.8 %	16.4 %	17.1 %	19.9 %	22.4 %	
WACC	8.57 %	8.57 %	8.57 %	8.57 %	8.57 %	8.57 %	8.57 %	
= Enterprise Value (EV)	359.1	237.6	298.0	305.0	289.2	269.0	264.0	
= Fair Enterprise Value	243.4	n.a.	478.5	583.3	575.1	625.8	689.4	
- Net Debt (Cash)	13.9	13.9	13.9	13.9	-8.3	-28.5	-48.7	
- Pension Liabilities	11.6	11.6	11.6	11.6	11.6	11.6	11.6	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	15.6	15.2	14.6	11.7	11.7	11.7	11.7	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	202.3	n.a.	438.5	546.1	560.1	631.0	714.8	
Number of shares, average	10.8	10.8	10.8	10.8	10.8	10.8	10.8	
= Fair value per share (EUR)	18.66	n.a.	40.45	50.38	51.68	58.21	65.95	
premium (-) / discount (+) in %					104.3 %	130.1 %	147.0 %	
Sensitivity Fair value per Share (EUR)								
	11.57 %	12.84	n.a.	29.01	36.43	37.92	43.25	49.46
	10.58 %	14.42	n.a.	32.10	40.20	41.64	47.30	53.92
	9.57 %	16.32	n.a.	35.84	44.76	46.13	52.18	59.30
WACC	8.57 %	18.66	n.a.	40.45	50.38	51.68	58.21	65.95
	7.58 %	21.63	n.a.	46.28	57.48	58.68	65.84	74.34
	6.57 %	25.49	n.a.	53.88	66.75	67.81	75.77	85.29
	5.57 %	30.75	n.a.	64.21	79.34	80.23	89.28	100.17

- P&L in FY19 skewed by change of reporting period (9 months)
- Maintenance capex equal capex due to industrial contraction in the short-term
- WACC of 8.5% is driven by high equity costs due to (1) high equity ratio and (2) Beta of 1.40x
- Beta of 1.40x is driven by high cyclicality and low liquidity of the share

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	0.9 x	0.8 x	1.0 x	1.0 x	0.9 x	0.8 x	0.8 x
Book value per share ex intangibles	17.39	15.50	16.27	18.43	21.47	24.68	29.07
EV / Sales	0.8 x	0.6 x	0.6 x	0.5 x	0.5 x	0.4 x	0.4 x
EV / EBITDA	8.2 x	7.1 x	4.8 x	4.3 x	3.9 x	3.3 x	3.0 x
EV / EBIT	15.3 x	14.2 x	6.7 x	6.2 x	5.5 x	4.7 x	4.2 x
EV / EBIT adj.*	15.3 x	14.2 x	6.7 x	6.2 x	5.5 x	4.7 x	4.2 x
P / FCF	9.5 x	3.2 x	5.8 x	17.5 x	8.3 x	8.8 x	9.2 x
P / E	18.0 x	n.a.	9.4 x	8.0 x	8.7 x	7.9 x	7.4 x
P / E adj.*	18.0 x	n.a.	9.4 x	8.0 x	8.7 x	7.9 x	7.4 x
Dividend Yield	1.1 %	n.a.	4.2 %	4.0 %	4.0 %	4.1 %	3.9 %
FCF Potential Yield (on market EV)	5.8 %	-2.7 %	13.8 %	16.4 %	17.1 %	19.9 %	22.4 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	439.6	397.2	488.1	582.2	614.2	654.1	706.5
Change Sales yoy	-24.2 %	-9.6 %	22.9 %	19.3 %	5.5 %	6.5 %	8.0 %
Increase / decrease in inventory	-10.2	0.4	1.9	0.0	0.0	0.0	0.0
Own work capitalised	0.9	0.5	0.5	0.0	0.0	0.0	0.0
Total Sales	430.3	398.2	490.5	582.2	614.2	654.1	706.5
Material expenses	222.8	220.7	265.7	317.3	332.3	351.9	378.7
Gross profit	207.5	177.5	224.8	264.9	281.9	302.2	327.8
<i>Gross profit margin</i>	<i>47.2 %</i>	<i>44.7 %</i>	<i>46.1 %</i>	<i>45.5 %</i>	<i>45.9 %</i>	<i>46.2 %</i>	<i>46.4 %</i>
Personnel expenses	118.9	104.0	112.9	136.2	146.2	156.1	168.6
Other operating income	7.0	5.5	7.5	8.2	8.6	9.2	9.9
Other operating expenses	51.5	45.6	57.2	66.4	70.0	74.6	80.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	44.0	33.4	62.2	70.4	74.3	80.7	88.6
<i>Margin</i>	<i>10.0 %</i>	<i>8.4 %</i>	<i>12.7 %</i>	<i>12.1 %</i>	<i>12.1 %</i>	<i>12.3 %</i>	<i>12.5 %</i>
Depreciation of fixed assets	20.6	16.7	17.6	21.0	22.2	23.6	25.5
EBITA	23.5	16.7	44.6	49.4	52.2	57.1	63.1
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	23.5	16.7	44.6	49.4	52.2	57.1	63.1
<i>Margin</i>	<i>5.3 %</i>	<i>4.2 %</i>	<i>9.1 %</i>	<i>8.5 %</i>	<i>8.5 %</i>	<i>8.7 %</i>	<i>8.9 %</i>
EBIT adj.	23.5	16.7	44.6	49.4	52.2	57.1	63.1
Interest income	0.1	0.1	0.1	0.3	0.1	0.0	0.0
Interest expenses	2.5	2.2	2.0	2.6	1.9	1.9	1.9
Other financial income (loss)	0.7	-1.7	0.1	1.0	0.0	0.0	0.0
EBT	21.8	12.9	42.7	48.1	50.4	55.2	61.2
<i>Margin</i>	<i>5.0 %</i>	<i>3.2 %</i>	<i>8.8 %</i>	<i>8.3 %</i>	<i>8.2 %</i>	<i>8.4 %</i>	<i>8.7 %</i>
Total taxes	8.1	6.0	13.2	12.0	16.1	17.7	19.6
Net income from continuing operations	13.7	6.8	29.5	36.1	34.2	37.5	41.6
Income from discontinued operations (net of tax)	0.0	-22.9	0.0	0.0	0.0	0.0	0.0
Net income before minorities	13.7	-16.0	29.5	36.1	34.2	37.5	41.6
Minority interest	1.3	0.6	2.6	2.6	2.6	2.6	2.6
Net income	12.4	-16.6	26.9	33.5	31.6	34.9	39.0
<i>Margin</i>	<i>2.8 %</i>	<i>-4.2 %</i>	<i>5.5 %</i>	<i>5.8 %</i>	<i>5.2 %</i>	<i>5.3 %</i>	<i>5.5 %</i>
Number of shares, average	10.8	10.8	10.8	10.8	10.8	10.8	10.8
EPS	1.14	-1.53	2.48	3.09	2.92	3.22	3.60
EPS adj.	1.14	-1.53	2.48	3.09	2.92	3.22	3.60

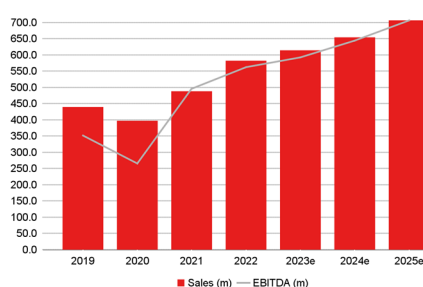
*Adjustments made for:

Guidance: Sales EUR 575-585m, Net income after minorities of EUR 30.7-32.2m

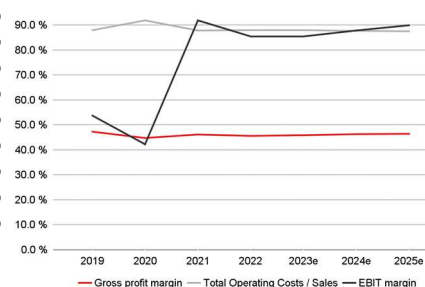
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	87.9 %	91.8 %	87.8 %	87.9 %	87.9 %	87.7 %	87.5 %
Operating Leverage	1.8 x	3.0 x	7.3 x	0.6 x	1.0 x	1.5 x	1.3 x
EBITDA / Interest expenses	17.7 x	15.2 x	30.5 x	27.1 x	39.1 x	42.5 x	46.6 x
Tax rate (EBT)	37.0 %	46.7 %	31.0 %	25.0 %	32.0 %	32.0 %	32.0 %
Dividend Payout Ratio	18.2 %	0.0 %	36.0 %	30.0 %	32.3 %	30.0 %	27.1 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

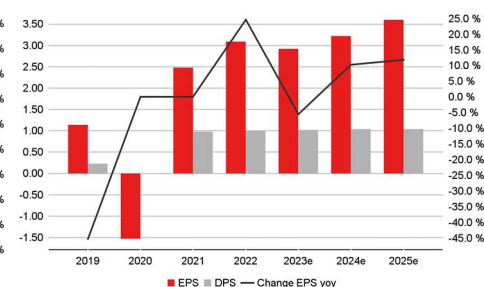
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

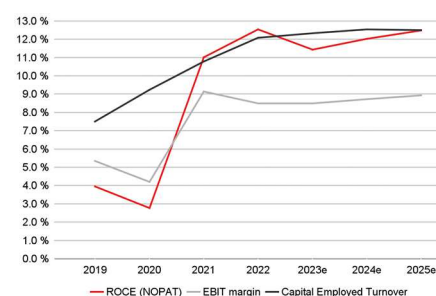
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	47.4	47.7	67.0	67.9	67.9	67.9	67.9
thereof other intangible assets	20.5	16.6	28.0	29.6	29.6	29.6	29.6
thereof Goodwill	26.9	23.3	38.8	38.3	38.3	38.3	38.3
Property, plant and equipment	172.3	104.8	106.4	107.8	113.7	121.1	130.8
Financial assets	2.0	12.0	11.7	11.7	11.7	11.7	11.7
Other long-term assets	5.0	2.9	4.6	4.6	4.6	4.6	4.6
Fixed assets	226.7	167.3	189.6	191.9	197.9	205.3	215.0
Inventories	151.5	108.9	124.8	149.3	153.6	163.5	176.6
Accounts receivable	96.1	56.3	68.4	81.3	85.8	91.4	98.7
Liquid assets	30.9	49.2	57.7	61.6	83.8	104.0	124.2
Other short-term assets	1.0	9.1	9.0	9.0	9.0	9.0	9.0
Current assets	279.4	223.5	260.0	301.2	332.3	368.0	408.6
Total Assets	506.1	390.8	449.6	493.2	530.2	573.3	623.5
Liabilities and shareholders' equity							
Subscribed capital	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Capital reserve	72.4	72.4	72.4	72.4	72.4	72.4	72.4
Retained earnings	158.0	137.9	164.5	178.0	198.8	222.7	250.5
Other equity components	-5.4	-5.4	-4.4	6.5	18.6	29.5	49.3
Shareholders' equity	235.9	215.6	243.3	267.7	300.6	335.4	383.0
Minority interest	14.6	12.1	12.5	11.7	11.7	11.7	11.7
Total equity	250.4	227.8	255.7	279.5	312.4	347.2	394.7
Provisions	29.0	20.0	20.9	19.6	20.6	21.6	22.6
thereof provisions for pensions and similar obligations	17.7	11.1	11.9	11.6	11.6	11.6	11.6
Financial liabilities (total)	133.7	82.6	76.3	75.5	75.5	75.5	75.5
Short-term financial liabilities	66.8	44.4	44.0	38.0	38.0	38.0	38.0
Accounts payable	15.0	8.7	15.7	18.8	19.8	21.1	22.8
Other liabilities	78.0	51.8	80.9	99.9	102.0	108.0	108.0
Liabilities	255.7	163.0	193.9	213.7	217.8	226.1	228.8
Total liabilities and shareholders' equity	506.1	390.8	449.6	493.2	530.2	573.3	623.5

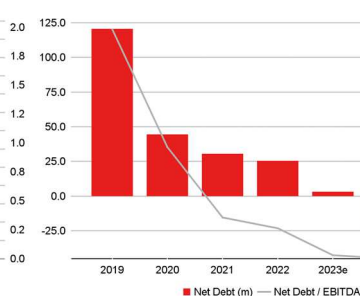
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	1.1 x	1.6 x	1.8 x	1.9 x	1.9 x	1.9 x	1.9 x
Capital Employed Turnover	1.2 x	1.5 x	1.7 x	1.9 x	1.9 x	2.0 x	2.0 x
ROA	5.5 %	-9.9 %	14.2 %	17.5 %	16.0 %	17.0 %	18.2 %
Return on Capital							
ROCE (NOPAT)	3.9 %	2.8 %	11.0 %	12.5 %	11.4 %	12.0 %	12.5 %
ROE	5.3 %	-7.4 %	11.7 %	13.1 %	11.1 %	11.0 %	10.9 %
Adj. ROE	5.3 %	-7.4 %	11.7 %	13.1 %	11.1 %	11.0 %	10.9 %
Balance sheet quality							
Net Debt	120.6	44.5	30.6	25.5	3.2	-17.0	-37.2
Net Financial Debt	102.9	33.4	18.6	13.9	-8.3	-28.5	-48.7
Net Gearing	48.2 %	19.5 %	11.9 %	9.1 %	1.0 %	-4.9 %	-9.4 %
Net Fin. Debt / EBITDA	233.6 %	100.1 %	30.0 %	19.7 %	n.a.	n.a.	n.a.
Book Value / Share	21.8	19.9	22.4	24.7	27.7	30.9	35.3
Book value per share ex intangibles	17.4	15.5	16.3	18.4	21.5	24.7	29.1

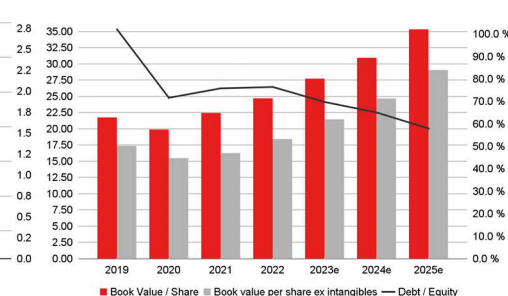
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

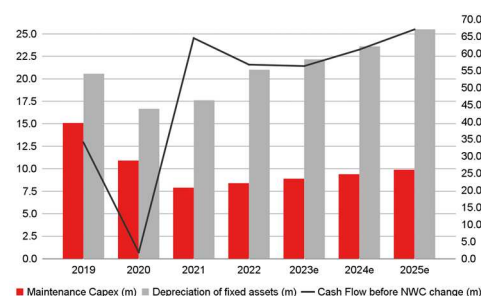
Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	13.7	-16.0	29.5	36.1	34.2	37.5	41.6
Depreciation of fixed assets	20.6	16.7	17.6	21.0	22.2	23.6	25.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-0.3	-0.5	-0.5	-0.4	0.0	0.0	0.0
Other non-cash income and expenses	0.0	1.7	18.0	0.0	0.0	0.0	0.0
Cash Flow before NWC change	34.0	1.9	64.6	56.7	56.4	61.2	67.1
Increase / decrease in inventory	33.1	42.6	-15.9	-24.5	-4.3	-9.9	-13.1
Increase / decrease in accounts receivable	0.0	39.8	-12.1	-12.9	-4.5	-5.6	-7.3
Increase / decrease in accounts payable	-28.5	-17.0	15.2	5.2	-1.0	1.3	1.7
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	4.6	65.4	-12.8	-32.1	-9.8	-14.2	-18.7
Net cash provided by operating activities [1]	38.6	67.3	51.7	24.7	46.6	47.0	48.4
Investments in intangible assets	-1.0	-0.9	-0.7	-1.0	-1.0	-1.0	-1.0
Investments in property, plant and equipment	-14.1	-10.0	-7.2	-8.3	-12.5	-14.7	-16.0
Payments for acquisitions	0.0	0.0	-27.8	0.0	0.0	0.0	0.0
Financial investments	0.0	3.0	0.6	0.0	0.0	0.0	0.0
Income from asset disposals	1.3	9.7	4.3	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-13.8	-4.2	-32.0	-9.3	-13.5	-15.7	-17.0
Change in financial liabilities	-7.0	-30.9	-9.1	-0.8	0.0	0.0	0.0
Dividends paid	-9.8	-2.5	0.0	-10.6	-10.8	-11.1	-11.3
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	0.0	0.0	0.0	0.0
Other	-6.5	-1.1	-2.3	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	-23.2	-34.4	-11.4	-11.5	-10.8	-11.1	-11.3
Change in liquid funds [1]+[2]+[3]	1.5	28.6	8.3	3.9	22.3	20.2	20.2
Effects of exchange-rate changes on cash	0.0	-0.2	0.2	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	30.8	59.3	57.7	61.6	83.8	104.0	124.2

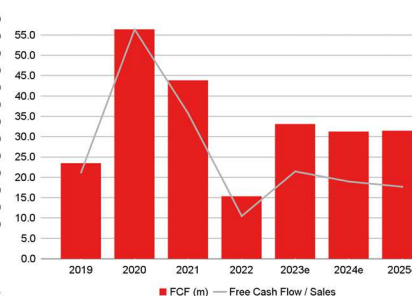
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	23.5	56.4	43.8	15.3	33.1	31.3	31.5
Free Cash Flow / Sales	5.3 %	14.2 %	9.0 %	2.6 %	5.4 %	4.8 %	4.5 %
Free Cash Flow Potential	20.9	-6.4	41.0	50.0	49.3	53.7	59.1
Free Cash Flow / Net Profit	189.5 %	-339.5 %	163.2 %	45.8 %	104.6 %	89.4 %	80.6 %
Interest Received / Avg. Cash	0.4 %	0.1 %	0.1 %	0.5 %	0.1 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.8 %	2.0 %	2.6 %	3.4 %	2.5 %	2.5 %	2.5 %
Management of Funds							
Investment ratio	3.4 %	2.7 %	1.6 %	1.6 %	2.2 %	2.4 %	2.4 %
Maint. Capex / Sales	3.4 %	2.7 %	1.6 %	1.4 %	1.4 %	1.4 %	1.4 %
Capex / Dep	73.4 %	65.5 %	44.8 %	44.3 %	61.0 %	66.5 %	66.5 %
Avg. Working Capital / Sales	50.0 %	45.5 %	31.6 %	30.4 %	32.2 %	32.1 %	32.0 %
Trade Debtors / Trade Creditors	641.4 %	646.9 %	434.9 %	432.4 %	433.3 %	433.2 %	432.9 %
Inventory Turnover	1.5 x	2.0 x	2.1 x	2.1 x	2.2 x	2.2 x	2.1 x
Receivables collection period (days)	80	52	51	51	51	51	51
Payables payment period (days)	25	14	22	22	22	22	22
Cash conversion cycle (Days)	272	203	178	179	179	181	183

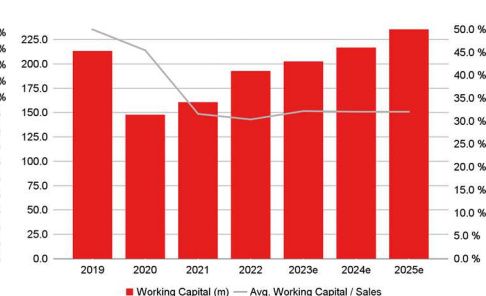
CAPEX and Cash Flow
in EUR m



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)
GESCO	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1K0201.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	160	74
Hold	45	21
Sell	7	3
Rating suspended	3	1
Total	215	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	86
Hold	6	12
Sell	0	0
Rating suspended	1	2
Total	51	100

PRICE AND RATING HISTORY GESCO AS OF 15.03.2023



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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