

**Buy** (old: Buy)

12.04.2024

**EUR 52.00** (old: EUR 52.00)

## New product launched: Another building block for the mid-term

Nynomic announced that its subsidiary Spectral Engines and Kraemer Elektronik, an expert for high quality testing systems of bulk solids for the pharmaceutical, chemical and food industry, have jointly developed and now presented a new product, the LabScanner Plus.

While Kraemer Elektronik provides the casing including the technology to measure weight and shape, Nynomic's eight sensors (based on the NIRONE scanner) quickly determine the composition of the tested pills. With this, one can analyze and digitalize the results of large sample sizes quickly. Originally intended to quickly build up the databases necessary to reliably detect counterfeit pharmaceuticals with its handheld sensors, it **should be met with broad interest from quality assurance departments in the pharmaceutical industry.**

Following the successful certification from potential customers, **Nynomic should be able to generate first sales this year already**, eNuW. While we only expect a small sales contribution from LabScanner Plus in FY24e (~ € 1m, eNuW), it contributes another building block to management's mid- to long-term strategy and should have the **potential for a mid single-digit annual sales contribution** during the next few years.

**FY24 growth to accelerate.** Following last year's muted sales growth (1%) largely due to the lumpy nature of parts of the group and customers' inventory normalizations, FY24e looks set to show a notable acceleration. We expect 12% yoy growth (8% organic) on the back of a number of drivers including (1) unbroken demand from semi customers, (2) fulfilment precision farming orders, (3) TactiScan gaining traction, (4) a structurally growing medtech market and (5) new product launches such as LabScanner Plus.

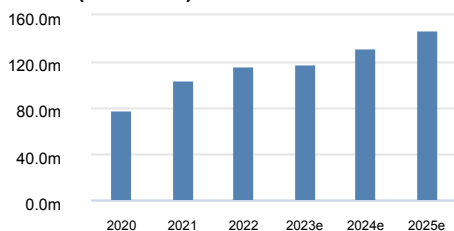
**Additional growth from acquisitions likely.** As highlighted during the recent earnings call and in line with the growth strategy, Nynomic should be looking to add 1-2 additional companies during the next six months. Thanks to its balance sheet strength, it could also consider larger targets with up to € 20m sales.

Trading below 11x EV/EBIT FY24e and in light of the prospects reflected in the company's mid-term guidance of € 200m sales and a 16-19% EBIT margin, shares look attractively priced. We **confirm our BUY rating with an unchanged € 52 PT** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	78.6	105.1	116.8	118.0	132.1	148.0
Sales growth	21.1%	33.8%	11.2%	1.0%	12.0%	12.0%
EBITDA	11.4	17.0	19.2	19.6	22.6	27.0
Net debt (if net cash=0)	17.3	6.0	2.7	-4.6	-16.3	-30.2
FCF	4.5	16.4	7.1	-7.2	11.7	13.8
Net Debt/EBITDA	1.5	0.4	0.1	0.0	0.0	0.0
EPS pro forma	0.83	1.37	1.26	1.16	1.44	1.86
EBITDA margin	14.6%	16.2%	16.4%	16.6%	17.1%	18.2%
ROCE	10.1%	13.6%	14.7%	13.7%	14.4%	16.0%
EV/sales	2.3	1.8	1.6	1.7	1.4	1.2
EV/EBITDA	16.0	10.9	9.8	10.2	8.4	6.5
PER	37.9	22.8	24.8	26.9	21.7	16.8
Adjusted FCF yield	2.8%	4.6%	4.3%	4.2%	5.2%	7.1%

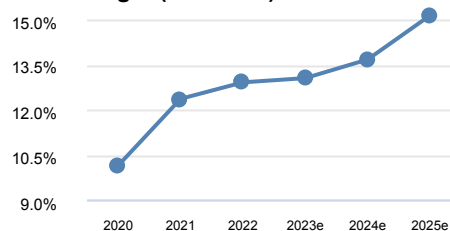
Source: Company data, NuWays, Close price as of 09.04.2024

### Sales (2020-25e)



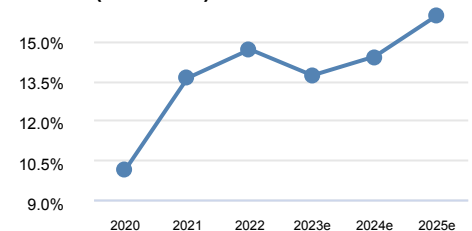
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

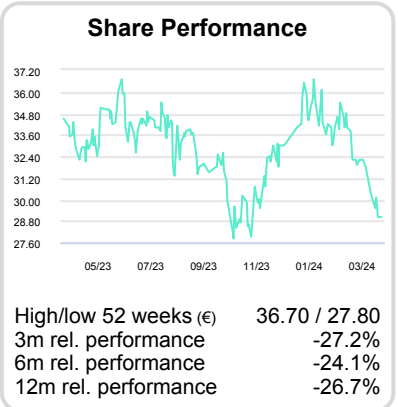
### ROCE (2020-25e)



Source: NuWays Research

### Company description

Nynomic is a leading supplier of optical metrology solutions, which are based on spectroscopy. Simply put, by measuring the spectrum of light that is emitted by an object one can contactless determine the color, temperature, density and even chemical composition of such.



### Market data

Share price (in €)	29.00
Market cap (in € m)	205.2
Number of shares (in m pcs)	6.6
Enterprise value (in € m)	188.9
Ø trading volume (6 months)	6,200

### Identifier

Bloomberg	M7U GR
Reuters	M7UG
WKN	A0MSN1
ISIN	DE000A0MSN11

### Key shareholders

Management & Supervisory Board	21.4%
Berenberg Asset Management	4.2%
Paladin Asset Management	3.5%
Free Float	70.9%

### Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

### Guidance

- Sales: single-digit yoy growth
- EBIT margin: yoy improvement

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>78.6</b>	<b>105.1</b>	<b>116.8</b>	<b>118.0</b>	<b>132.1</b>	<b>148.0</b>
<i>Sales growth</i>	21.1%	33.8%	11.2%	1.0%	12.0%	12.0%
Increase/decrease in finished goods and work-in-process	2.8	2.3	3.1	0.8	0.5	0.5
<b>Total sales</b>	<b>81.3</b>	<b>107.4</b>	<b>119.9</b>	<b>118.8</b>	<b>132.6</b>	<b>148.5</b>
Other operating income	0.6	1.1	0.9	0.6	0.8	0.9
Material expenses	32.6	46.5	51.2	43.6	51.5	57.3
Personnel expenses	28.5	33.5	36.9	41.8	43.5	47.7
Other operating expenses	9.5	11.5	13.6	14.4	15.9	17.4
<b>Total operating expenses</b>	<b>69.9</b>	<b>90.4</b>	<b>100.7</b>	<b>99.2</b>	<b>110.1</b>	<b>121.5</b>
<b>EBITDA</b>	<b>11.4</b>	<b>17.0</b>	<b>19.2</b>	<b>19.6</b>	<b>22.6</b>	<b>27.0</b>
Depreciation	2.7	3.2	3.3	3.4	3.7	3.8
<b>EBITA</b>	<b>8.8</b>	<b>13.8</b>	<b>15.9</b>	<b>16.2</b>	<b>18.9</b>	<b>23.2</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	0.8	0.8	0.8	0.8	0.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>8.0</b>	<b>13.0</b>	<b>15.1</b>	<b>15.4</b>	<b>18.1</b>	<b>22.4</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.7	0.7	0.7	0.9	0.5	0.5
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.7	-0.6	-0.7	-0.9	-0.5	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>7.3</b>	<b>12.4</b>	<b>14.4</b>	<b>14.5</b>	<b>17.6</b>	<b>21.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>7.3</b>	<b>12.4</b>	<b>14.4</b>	<b>14.5</b>	<b>17.6</b>	<b>21.9</b>
Income tax expense	2.1	2.9	4.4	4.2	5.1	6.4
<b>Net income from continuing operations</b>	<b>5.2</b>	<b>9.5</b>	<b>9.9</b>	<b>10.3</b>	<b>12.5</b>	<b>15.6</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>5.2</b>	<b>9.5</b>	<b>9.9</b>	<b>10.3</b>	<b>12.5</b>	<b>15.6</b>
Minority interest	0.8	1.7	2.5	2.7	3.0	3.4
<b>Net profit (reported)</b>	<b>4.4</b>	<b>7.9</b>	<b>7.4</b>	<b>7.6</b>	<b>9.5</b>	<b>12.2</b>
Average number of shares	5.3	5.7	5.9	6.6	6.6	6.6
<b>EPS reported</b>	<b>0.83</b>	<b>1.37</b>	<b>1.26</b>	<b>1.16</b>	<b>1.44</b>	<b>1.86</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	21.1%	33.8%	11.2%	1.0%	12.0%	12.0%
Increase/decrease in finished goods and work-in-process	3.6%	2.2%	2.7%	0.7%	0.4%	0.3%
<b>Total sales</b>	<b>103.6%</b>	<b>102.2%</b>	<b>102.7%</b>	<b>100.7%</b>	<b>100.4%</b>	<b>100.3%</b>
Other operating income	0.8%	1.1%	0.8%	0.5%	0.6%	0.6%
Material expenses	41.5%	44.3%	43.9%	37.0%	39.0%	38.7%
Personnel expenses	36.2%	31.8%	31.6%	35.4%	32.9%	32.2%
Other operating expenses	12.1%	11.0%	11.6%	12.2%	12.0%	11.8%
<b>Total operating expenses</b>	<b>89.0%</b>	<b>86.0%</b>	<b>86.3%</b>	<b>84.0%</b>	<b>83.3%</b>	<b>82.1%</b>
<b>EBITDA</b>	<b>14.6%</b>	<b>16.2%</b>	<b>16.4%</b>	<b>16.6%</b>	<b>17.1%</b>	<b>18.2%</b>
Depreciation	3.4%	3.1%	2.8%	2.9%	2.8%	2.5%
<b>EBITA</b>	<b>11.2%</b>	<b>13.1%</b>	<b>13.6%</b>	<b>13.7%</b>	<b>14.3%</b>	<b>15.7%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	1.0%	0.8%	0.7%	0.7%	0.6%	0.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>10.1%</b>	<b>12.4%</b>	<b>12.9%</b>	<b>13.1%</b>	<b>13.7%</b>	<b>15.1%</b>
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.9%	0.6%	0.6%	0.7%	0.4%	0.4%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>9.3%</b>	<b>11.8%</b>	<b>12.3%</b>	<b>12.3%</b>	<b>13.3%</b>	<b>14.8%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>9.3%</b>	<b>11.8%</b>	<b>12.3%</b>	<b>12.3%</b>	<b>13.3%</b>	<b>14.8%</b>
Tax rate	29.0%	23.1%	30.9%	29.0%	29.0%	29.0%
<b>Net income from continuing operations</b>	<b>6.6%</b>	<b>9.1%</b>	<b>8.5%</b>	<b>8.8%</b>	<b>9.4%</b>	<b>10.5%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>6.6%</b>	<b>9.1%</b>	<b>8.5%</b>	<b>8.8%</b>	<b>9.4%</b>	<b>10.5%</b>
Minority interest	1.0%	1.6%	2.1%	2.3%	2.3%	2.3%
<b>Net profit (reported)</b>	<b>5.6%</b>	<b>7.5%</b>	<b>6.4%</b>	<b>6.5%</b>	<b>7.2%</b>	<b>8.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	36.2	42.1	46.9	49.4	49.4	49.4
Property, plant and equipment	14.7	17.3	19.0	20.5	21.0	21.4
Financial assets	0.5	0.4	0.6	1.1	1.1	1.1
<b>FIXED ASSETS</b>	<b>51.5</b>	<b>59.9</b>	<b>66.5</b>	<b>71.0</b>	<b>71.4</b>	<b>71.9</b>
Inventories	15.1	18.8	23.8	29.5	29.4	32.9
Accounts receivable	12.3	11.8	16.4	19.4	21.7	24.3
Other assets and short-term financial assets	1.9	1.6	2.4	7.0	7.0	7.0
Liquid assets	22.1	26.7	26.6	21.9	33.6	47.5
Deferred taxes	0.2	1.4	2.7	2.7	2.7	2.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>51.6</b>	<b>60.4</b>	<b>72.0</b>	<b>80.6</b>	<b>94.5</b>	<b>114.4</b>
<b>TOTAL ASSETS</b>	<b>103.0</b>	<b>120.3</b>	<b>138.4</b>	<b>151.5</b>	<b>165.9</b>	<b>186.3</b>

<b>SHAREHOLDERS EQUITY</b>	<b>48.1</b>	<b>62.4</b>	<b>70.6</b>	<b>95.0</b>	<b>108.5</b>	<b>125.1</b>
MINORITY INTEREST	2.9	4.1	6.4	6.4	6.4	6.4
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	1.5	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	4.9	4.2	4.3	4.3	4.3	4.3
Accounts payable	4.9	4.8	6.6	7.4	8.3	12.2
Advance payments received on orders	0.0	1.8	4.8	4.8	4.8	4.8
Other liabilities (incl. from lease and rental contracts)	5.1	11.2	17.1	17.1	17.1	17.1
Deferred taxes	0.0	3.1	3.5	3.5	3.5	3.5
Deferred income	1.1	0.1	0.2	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>10.0</b>	<b>17.8</b>	<b>28.5</b>	<b>29.4</b>	<b>30.2</b>	<b>34.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>103.0</b>	<b>120.3</b>	<b>138.4</b>	<b>151.5</b>	<b>165.9</b>	<b>186.3</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	35.1%	35.0%	33.9%	32.6%	29.8%	26.5%
Property, plant and equipment	14.3%	14.4%	13.7%	13.5%	12.6%	11.5%
Financial assets	0.5%	0.4%	0.4%	0.7%	0.6%	0.6%
<b>FIXED ASSETS</b>	<b>50.0%</b>	<b>49.8%</b>	<b>48.0%</b>	<b>46.8%</b>	<b>43.1%</b>	<b>38.6%</b>
Inventories	14.6%	15.6%	17.2%	19.5%	17.7%	17.7%
Accounts receivable	11.9%	9.8%	11.9%	12.8%	13.1%	13.1%
Other assets and short-term financial assets	1.8%	1.4%	1.7%	4.6%	4.2%	3.8%
Liquid assets	21.5%	22.2%	19.2%	14.4%	20.3%	25.5%
Deferred taxes	0.2%	1.2%	2.0%	1.8%	1.7%	1.5%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>50.0%</b>	<b>50.2%</b>	<b>52.0%</b>	<b>53.2%</b>	<b>56.9%</b>	<b>61.4%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>46.7%</b>	<b>51.9%</b>	<b>51.0%</b>	<b>62.7%</b>	<b>65.4%</b>	<b>67.1%</b>
MINORITY INTEREST	2.8%	3.4%	4.6%	4.2%	3.9%	3.4%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	4.8%	3.5%	3.1%	2.8%	2.6%	2.3%
Accounts payable	4.8%	4.0%	4.8%	4.9%	5.0%	6.5%
Advance payments received on orders	0.0%	1.5%	3.5%	3.2%	2.9%	2.6%
Other liabilities (incl. from lease and rental contracts)	5.0%	9.3%	12.4%	11.3%	10.3%	9.2%
Deferred taxes	0.0%	2.5%	2.5%	2.3%	2.1%	1.9%
Deferred income	1.1%	0.1%	0.1%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>9.8%</b>	<b>14.8%</b>	<b>20.6%</b>	<b>19.4%</b>	<b>18.2%</b>	<b>18.3%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	5.2	9.5	9.9	10.3	12.5	15.6
Depreciation of fixed assets (incl. leases)	2.7	3.2	3.3	3.4	3.7	3.8
Amortisation of goodwill & intangible assets	0.8	0.8	0.8	0.8	0.8	0.8
Other costs affecting income / expenses	1.9	5.5	3.5	5.0	5.0	5.0
Cash flow from operating activities	2.9	13.8	5.6	-7.1	12.2	14.3
Increase/decrease in inventory	-3.4	-3.8	-5.0	-5.7	0.1	-3.5
Increase/decrease in accounts receivable	-2.8	0.5	-4.6	-3.0	-2.3	-2.6
Increase/decrease in accounts payable	1.3	-0.1	1.8	0.8	0.9	3.8
Increase/decrease in other working capital positions	1.1	2.1	-0.0	-14.6	-4.0	-4.0
Increase/decrease in working capital	-3.9	-1.2	-7.9	-22.5	-5.3	-6.3
<b>Cash flow from operating activities</b>	<b>6.4</b>	<b>17.8</b>	<b>9.7</b>	<b>-2.9</b>	<b>16.7</b>	<b>18.8</b>
CAPEX	1.9	1.4	2.6	4.3	4.9	5.0
Payments for acquisitions	5.1	3.9	0.0	4.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.5	0.0	0.0
Income from asset disposals	0.1	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-6.9</b>	<b>-5.3</b>	<b>-2.6</b>	<b>-8.7</b>	<b>-4.9</b>	<b>-5.0</b>
Cash flow before financing	-0.5	12.5	7.1	-11.6	11.7	13.8
Increase/decrease in debt position	1.3	-8.4	-6.8	-12.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	13.4	0.6	0.4	18.9	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-2.4	-1.4	-1.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.2	0.6	0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>12.3</b>	<b>-9.2</b>	<b>-7.6</b>	<b>6.9</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	11.6	3.9	-0.2	-4.7	11.7	13.8
<b>Liquid assets at end of period</b>	<b>22.1</b>	<b>26.7</b>	<b>26.6</b>	<b>21.9</b>	<b>33.6</b>	<b>47.5</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	21.1%	33.8%	11.2%	1.0%	12.0%	12.0%
EBITDA growth	-13.7%	78.1%	67.8%	15.4%	17.7%	37.6%
EBIT growth	253.4%	521.3%	452.7%	258.2%	-100.0%	-100.0%
EPS growth	-39.0%	58.5%	52.9%	-15.2%	14.3%	59.6%
<b>Efficiency</b>						
Sales per employee	83.7	99.2	103.7	96.6	101.7	109.8
EBITDA per employee	12.2	16.0	17.0	16.1	17.4	20.0
No. employees (average)	939	1,060	1,126	1,222	1,300	1,348
<b>Balance sheet analysis</b>						
Avg. working capital / sales	25.4%	22.3%	22.0%	27.7%	28.2%	26.4%
Inventory turnover (sales/inventory)	5.2	5.6	4.9	4.0	4.5	4.5
Accounts receivable turnover	57.1	40.9	51.3	60.0	60.0	60.0
Accounts payable turnover	22.8	22.8	23.0	23.0	23.0	30.0
<b>Cash flow analysis</b>						
Free cash flow	4.5	16.4	7.1	-7.2	11.7	13.8
Free cash flow/sales	5.8%	15.6%	6.1%	-6.1%	8.9%	9.3%
FCF / net profit	87.2%	171.9%	71.5%	neg.	94.1%	88.8%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	17.3	6.0	2.7	-4.6	-16.3	-30.2
Net Debt/EBITDA	1.5	0.4	0.1	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	2.3%	2.0%	2.1%	3.5%	2.2%	3.0%
<b>Returns</b>						
ROCE	10.1%	13.6%	14.7%	13.7%	14.4%	16.0%
ROE	9.1%	12.6%	10.5%	8.0%	8.7%	9.7%
Adjusted FCF yield	2.8%	4.6%	4.3%	4.2%	5.2%	7.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	0.83	1.37	1.26	1.16	1.44	1.86
Average number of shares	5.3	5.7	5.9	6.6	6.6	6.6
<b>Valuation ratios</b>						
P/BV	3.5	2.9	2.6	2.2	1.9	1.6
EV/sales	2.3	1.8	1.6	1.7	1.4	1.2
EV/EBITDA	16.0	10.9	9.8	10.2	8.4	6.5
EV/EBIT	23.0	14.2	12.4	13.0	10.5	7.8

Source: Company data, NuWays

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Company	Disclosures
Nynomic AG	2,8

### Historical target price and rating changes for Nynomic AG

Company	Date	Analyst	Rating	Target Price	Close
Nynomic AG	27.03.2024	Sandherr, Christian	Buy	EUR 52.00	EUR 31.80
	09.11.2023	Sandherr, Christian	Buy	EUR 54.00	EUR 29.80
	03.08.2023	Sandherr, Christian	Buy	EUR 57.00	EUR 33.80

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Date of publication creation: 15/04/2024 07:48 AM

Date of publication dissemination: 15/04/2024 07:48 AM

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