

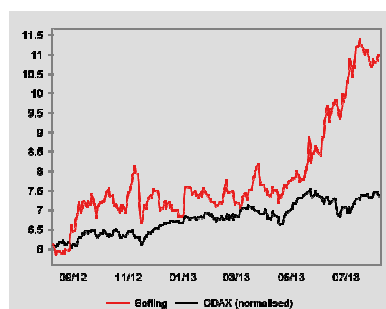
<p><b>Buy</b></p> <p><b>EUR 13.00</b></p> <p>Price <b>EUR 10.96</b></p> <p><b>Upside 18.6 %</b></p>	<p><b>Value Indicators:</b> EUR</p> <p>DCF: 12.90</p> <p>FCF-Value Potential: 11.90</p>	<p><b>Share data:</b></p> <p>Bloomberg: SYT GR</p> <p>Reuters: SYTG</p> <p>ISIN: DE0005178008</p>	<p><b>Description:</b></p> <p>Software solutions (e.g. error diagnosis) for industrial plants and automotive electronics</p>
	<p><b>Market Snapshot:</b> EUR m</p> <p>Market cap: 67.2</p> <p>No. of shares (m): 6.1</p> <p>EV: 55.2</p> <p>Freefloat MC: 46.1</p> <p>Ø Trad. Vol. (30d): 154.58 th</p>	<p><b>Shareholders:</b></p> <p>Freefloat 68.5 %</p> <p>Trier Asset Mgmt 26.7 %</p> <p>Treasury Stock 4.8 %</p>	<p><b>Risk Profile (WRe):</b> 2013e</p> <p>Beta: 1.3</p> <p>Price / Book: 2.9 x</p> <p>Equity Ratio: 61 %</p> <p>Net Fin. Debt / EBITDA: -1.3 x</p> <p>Net Debt / EBITDA: -1.2 x</p>

**Preview: Strong EBIT growth; final figures Q2**

August 14, 2013

<p><b>Expected Figures Q2/2013:</b></p>				<p><b>Comment on Figures:</b></p> <ul style="list-style-type: none"> <li>▪ Preliminary revenue and EBIT figures have already been published</li> <li>▪ Automotive Electronics: WRe: EUR 6.1m (+18% yoy)</li> <li>▪ Industrial Automation: WRe: EUR 7.3m (+12% yoy)</li> </ul>		
FY End: 31.12. in EUR m	<b>Q2 13e</b>	Q2 12	yoy	<b>6M 13e</b>	6M 12	yoy
<b>Sales</b>	<b>13.3</b>	11.6	15 %	<b>25.5</b>	24.2	6 %
<b>EBITDA</b>	<b>2.5</b>	2.1	21 %	<b>4.7</b>	4.1	17 %
<i>Margin</i>	<i>18.7 %</i>	<i>17.7 %</i>		<i>18.6 %</i>	<i>16.8 %</i>	
<b>EBIT</b>	<b>1.7</b>	1.2	41 %	<b>3.1</b>	2.4	28 %
<i>Margin</i>	<i>12.7 %</i>	<i>10.3 %</i>		<i>12.1 %</i>	<i>10.0 %</i>	
<b>EPS</b>	<b>0.19</b>	0.14	36 %	<b>0.42</b>	0.30	40 %

- Softing is scheduled to release its final Q2 figures on August 14. Preliminary figures have already been published.
- Once again, Softing was able to increase its profitability. The company quoted higher sales of software licenses. We assume that a higher number of R&D staff in Romania also contributed to this development.
- The **Automotive Electronics** segment delivered even stronger Q2 sales growth than the group average of 14.7%.
- Despite some weakness in the German machine building industry, the **Industrial Automation** segment delivered a solid performance mainly owing to the process automation business activity (two thirds of this segment's revenues). Here, Softing should have benefitted from investments in the oil and gas industry (e.g. fracking in the U.S.). The company mentioned Baker Hughes and ABB as customers who contributed to the development; General Electric ordered Softing products for gas turbine controls.
- Revenue growth could have been even stronger as Softing could not deliver some of the orders because of component-related delays. These delayed revenues should lead to a stronger second half of the year compared to the first six months.



**Rel. Performance vs CDAX:**

1 month:	1.1 %
6 months:	45.4 %
Year to date:	50.2 %
Trailing 12 months:	63.5 %

**Company events:**

14.08.13	Q2
11.09.13	RS PAR
15.11.13	Q3

FY End: 31.12. in EUR m	CAGR (12-15e)	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
<b>Sales</b>	10.1 %	23.7	31.7	41.1	49.4	54.0	60.0	66.0
Change Sales yoy		-29.1 %	33.8 %	29.9 %	20.0 %	9.3 %	11.1 %	10.0 %
<i>Gross profit margin</i>		<i>82.5 %</i>	<i>80.0 %</i>	<i>75.6 %</i>	<i>76.3 %</i>	<i>76.2 %</i>	<i>74.0 %</i>	<i>73.8 %</i>
<b>EBITDA</b>	12.9 %	0.6	4.8	7.4	8.3	10.2	11.0	11.9
<i>Margin</i>		<i>2.5 %</i>	<i>15.3 %</i>	<i>17.9 %</i>	<i>16.7 %</i>	<i>18.9 %</i>	<i>18.3 %</i>	<i>18.0 %</i>
<b>EBIT</b>	15.5 %	-2.5	1.5	4.2	4.9	6.1	6.8	7.6
<i>Margin</i>		<i>-10.4 %</i>	<i>4.8 %</i>	<i>10.3 %</i>	<i>10.0 %</i>	<i>11.3 %</i>	<i>11.3 %</i>	<i>11.5 %</i>
<b>Net income</b>	15.2 %	-1.7	1.0	3.1	3.5	4.3	4.9	5.4
<b>EPS</b>	13.8 %	-0.33	0.19	0.58	0.59	0.70	0.79	0.87
<b>EPS adj.</b>	13.8 %	-0.33	0.19	0.58	0.59	0.70	0.79	0.87
<b>DPS</b>	9.0 %	0.00	0.11	0.27	0.27	0.30	0.30	0.35
Dividend Yield		0.0 %	4.7 %	6.9 %	4.6 %	2.7 %	2.7 %	3.2 %
<b>FCFPS</b>		-0.17	0.04	0.60	0.53	0.55	0.60	0.63
<b>EV / Sales</b>		0.3 x	0.3 x	0.4 x	0.5 x	1.1 x	0.9 x	0.8 x
<b>EV / EBITDA</b>		13.1 x	1.8 x	2.0 x	2.9 x	5.7 x	5.2 x	4.6 x
<b>EV / EBIT</b>		n.a.	5.7 x	3.5 x	4.9 x	9.6 x	8.4 x	7.2 x
<b>P / E</b>		n.a.	12.4 x	6.7 x	9.9 x	15.7 x	13.9 x	12.6 x
<b>P / E adj.</b>		n.a.	12.4 x	6.7 x	9.9 x	15.7 x	13.9 x	12.6 x
<b>FCF Yield Potential</b>		-8.4 %	24.3 %	25.6 %	13.8 %	8.8 %	10.3 %	11.3 %
<b>Net Debt</b>		-3.0	-3.3	-5.8	-10.4	-12.0	-13.8	-15.8
<b>ROE</b>		-11.5 %	7.0 %	19.1 %	17.8 %	18.6 %	19.2 %	19.2 %
<b>ROCE (NOPAT)</b>		-16.6 %	10.0 %	26.5 %	30.0 %	35.2 %	38.4 %	40.2 %
<b>Guidance:</b>		2013: EBIT to grow 10%						

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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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-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	103	52
Hold	80	41
Sell	10	5
Rating suspended	4	2
<b>Total</b>	<b>197</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	92	59
Hold	55	35
Sell	5	3
Rating suspended	3	2
<b>Total</b>	<b>155</b>	<b>100</b>

**PRICE AND RATING HISTORY SOFTING AS OF 08.08.2013**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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