

Buy EUR 17.00 Price EUR 15.87 Upside 7.1 %	Value Indicators: EUR DCF: 17.00 FCF-Value Potential 15e 14.5	Share data: Bloomberg: SYT GR Reuters: SYTG ISIN: DE0005178008	Description: Software solutions (e.g. error diagnosis) for industrial plants and automotive electronics
	Market Snapshot: EUR m Market cap: 97.4 No. of shares (m): 6.1 EV: 86.2 Freefloat MC: 66.7 Ø Trad. Vol. (30d; EUR): 279.59 th	Shareholders: Freefloat 68.5 % Trier Asset Mgmt 26.7 % Treasury Stock 4.8 %	Risk Profile (WRe): 2013e Beta: 1.3 Price / Book: 4.2 x Equity Ratio: 61 % Net Fin. Debt / EBITDA: -1.1 x Net Debt / EBITDA: -0.9 x

Preview: Softing's dynamic growth set to continue

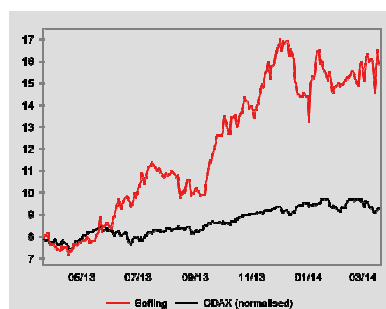
Friday, March 28

Expected Figures Q4/2013:				Comment on Figures:		
Figures in EUR m	Q4/13	Q4/12	yoy	2013	2012	yoy
Sales	14.3	14.2	0.9%	52.6	49.4	6.5%
EBITDA	3.6	2.4	50.1%	10.3	8.3	24.7%
<i>margin</i>	25.1%	16.9%		19.6%	16.7%	
EBIT	2.0	1.5	30.3%	6.2	4.9	26.1%
<i>margin</i>	14.0%	10.8%		11.8%	10.0%	
EPS in EUR	0.22	0.21	4.8%	0.69	0.59	16.9%

■ Sales, EBIT and EPS figures have already been announced.
 ■ In 2013, both segments made approximately equal contributions to revenue.

- Softing is scheduled to release its final Q4 figures on March 28. The company has preannounced some of the key figures.
- The **Industrial Automation** segment was negatively impacted by delays in development, which pushed back high-margin new business to 2014. Thus, revenues in this segment declined by 12% to EUR 7.1m in Q4. Sales in the **Automotive Electronics** segment were very strong. Revenues soared by 18% to EUR 7.2m driven by strong underlying business and a considerable increase in demand for vehicle diagnostics. The segment margin jumped to 22% in Q4.
- Q4 EPS came in at EUR 0.22 and was in line with our expectation of EUR 0.23. Cash and cash equivalents stood at EUR 12m by the end of 2013 which is slightly higher than we had anticipated. Softing is nearly free of debt.
- The dividend will be increased to EUR 0.35 per share, beating our expectation of EUR 0.30. Shareholders have the option of receiving the dividend in cash or in the form of shares in Softing AG. As the latter would lead to a higher number of shares, it was described a capital increase in the announcement and negatively impacted the share price. However, Softing does not plan a capital hike.
- The company made a good start to 2014. As a result, newsflow should remain intact. We expect revenues to exceed the EUR 60m level.

The Buy rating is reiterated.



Rel. Performance vs CDAX:	
1 month:	6.3 %
6 months:	27.3 %
Year to date:	12.3 %
Trailing 12 months:	85.0 %

Company events:	
28.03.14	FY 2013
07.05.14	AGM
14.05.14	Q1
14.08.14	Q2

FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
Sales	14.9 %	23.7	31.7	41.1	49.4	54.0	65.0	75.0
Change Sales yoy		-29.1 %	33.8 %	29.9 %	20.0 %	9.3 %	20.4 %	15.4 %
<i>Gross profit margin</i>		82.5 %	80.0 %	75.6 %	76.3 %	76.2 %	73.9 %	72.9 %
EBITDA	17.6 %	0.6	4.8	7.4	8.3	10.2	11.5	13.5
<i>Margin</i>		2.5 %	15.3 %	17.9 %	16.7 %	18.9 %	17.7 %	17.9 %
EBIT	22.2 %	-2.5	1.5	4.2	4.9	6.1	7.2	9.0
<i>Margin</i>		-10.4 %	4.8 %	10.3 %	10.0 %	11.3 %	11.1 %	12.0 %
Net income	21.8 %	-1.7	1.0	3.1	3.5	4.3	5.2	6.4
EPS	20.0 %	-0.33	0.19	0.58	0.59	0.70	0.84	1.02
EPS adj.	20.0 %	-0.33	0.19	0.58	0.59	0.70	0.84	1.02
DPS	18.6 %	0.00	0.11	0.27	0.27	0.30	0.40	0.45
Dividend Yield		0.0 %	4.7 %	6.9 %	4.6 %	1.9 %	2.5 %	2.8 %
FCFPS		-0.17	0.04	0.60	0.53	0.55	0.58	0.73
EV / Sales		0.3 x	0.3 x	0.4 x	0.5 x	1.7 x	1.4 x	1.2 x
EV / EBITDA		13.1 x	1.8 x	2.0 x	2.9 x	9.1 x	7.9 x	6.6 x
EV / EBIT		n.a.	5.7 x	3.5 x	4.9 x	15.2 x	12.6 x	9.9 x
P / E		n.a.	12.4 x	6.7 x	9.9 x	22.7 x	18.9 x	15.6 x
P / E adj.		n.a.	12.4 x	6.7 x	9.9 x	22.7 x	18.9 x	15.6 x
FCF Yield Potential		-8.4 %	24.3 %	25.6 %	13.8 %	5.5 %	6.9 %	8.3 %
Net Debt		-3.0	-3.3	-5.8	-10.4	-9.5	-11.2	-13.1
ROE		-11.5 %	7.0 %	19.1 %	17.8 %	18.6 %	20.3 %	22.4 %
ROCE (NOPAT)		-16.6 %	10.0 %	26.5 %	30.0 %	31.9 %	33.6 %	38.7 %
Guidance:		2013: revenue EUR 53-56m and an EBIT of EUR 5.8-6.2m						

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Softing	5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005178008.htm

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-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 – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	91	46
Hold	89	45
Sell	16	8
Rating suspended	3	2
Total	199	100

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

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Rating	Number of stocks	% of Universe
Buy	75	51
Hold	63	43
Sell	7	5
Rating suspended	2	1
Total	147	100

PRICE AND RATING HISTORY SOFTING AS OF 20.03.2014


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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