

Buy EUR 18.50 (EUR 17.00) Price EUR 15.95 Upside 16.0 %	Value Indicators: EUR DCF: 18.40 FCF-Value Potential 16e: 17.00	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: 97.9 No. of shares (m): 6.1 EV: 84.2 Freefloat MC: 67.0 Ø Trad. Vol. (30d; EUR): 219.58 th	Shareholders: Freefloat: 68.5 % Trier Asset Mgmt: 26.7 % Treasury Stock: 4.8 %	Risk Profile (WRe): 2013e Beta: 1.3 Price / Book: 2.5 x Equity Ratio: 65 % Net Fin. Debt / EBITDA: -1.4 x Net Debt / EBITDA: -1.2 x

Psiber offers interesting opportunities; Final results; PT up

Stated Figures Q4/2013:				Comment on Figures:			
Figures in EUR m	Q4/13	Q4/13e	Q4/12	yoy	2013	2012	yoy
Sales	14.3	14.3	14.2	0.6%	52.6	49.4	6.4%
EBITDA	2.7	3.6	2.4	10.9%	9.4	8.3	13.3%
<i>margin</i>	18.6%	25.2%	16.9%		17.8%	16.7%	
EBIT	2.0	2.0	1.5	30.0%	6.2	4.9	26.0%
<i>margin</i>	14.0%	14.0%	10.8%		11.8%	10.0%	
EPS in EUR	0.23	0.22	0.21	9.5%	0.69	0.59	16.9%

■ Preliminary results (sales, EBIT and EPS) have already been published

Softing's final figures have confirmed preliminary results.

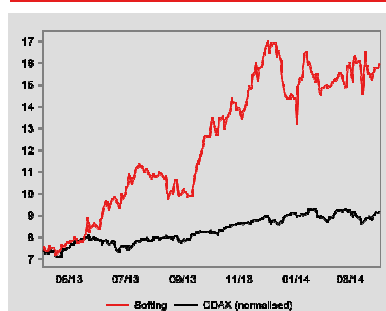
The **Industrial Automation** segment was negatively impacted by delays in development, which pushed back high-margin new business to 2014. Thus, revenues in this segment declined by 12% to EUR 7.1m in Q4. Sales in the **Automotive Electronics** segment were very strong. Revenues soared by 18% to EUR 7.2m driven by strong underlying business and a considerable increase in demand for vehicle diagnostics. The segment margin jumped to 22% in Q4.

Free **Cash Flow** was EUR 1m as working capital increased. Own work capitalised amounted to EUR 4m. In total, Softing invested 18% of revenues in R&D (including expensed R&D).

Acquisitions remain on the agenda as management aims to propel revenues to the level of EUR 100m in the mid-term. M&A will also serve to close strategic gaps. The recent acquisition, Psiber, appears to offer attractive growth opportunities. The overall market for certifiers amounts to USD 60m. Given its early-mover advantage with products that are based on the Cat 8 standard, Softing aims for a 20% market share in the U.S. and has opened a hub for its sales force in Dallas. According to the annual report, the purchase price (incl. variable components) will be in the range of EUR 3m-9m.

Theme remains intact: Softing is one of the few German plays in the area of "internet of things"/"Industrie 4.0". The rising number of nodes in industrial networks also has a positive impact on revenue growth. Furthermore, the company is benefitting from the increasing value creation that takes place in vehicles by electronics as German engineers use Softing's software and tools to program electronic control units e.g. in passenger car.

PT increased: The company's target of revenues of more than EUR 60m and an EBIT of more than EUR 7m supports our view. The 2016 estimates are being introduced. The Buy rating is reiterated. **PT is being increased to EUR 18.50** as the DCF model is being rolled forward.

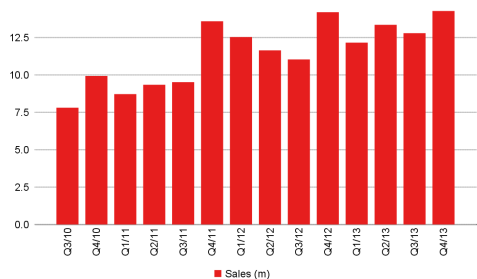


Rel. Performance vs CDAX:	
1 month:	0.6 %
6 months:	7.0 %
Year to date:	9.8 %
Trailing 12 months:	90.4 %

Company events:	
07.05.14	AGM
14.05.14	Q1
14.08.14	Q2
14.11.14	Q3

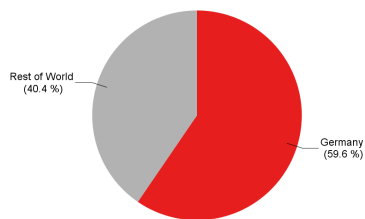
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	16.0 %	31.7	41.1	49.4	52.6	65.0	75.0	82.0
Change Sales yoy		33.8 %	29.9 %	20.0 %	6.4 %	23.7 %	15.4 %	9.3 %
<i>Gross profit margin</i>		80.0 %	75.6 %	76.3 %	78.7 %	73.9 %	72.9 %	72.5 %
EBITDA	16.4 %	4.8	7.4	8.3	9.4	11.5	13.5	14.8
<i>Margin</i>		15.3 %	17.9 %	16.7 %	17.8 %	17.7 %	17.9 %	18.0 %
EBIT	18.0 %	1.5	4.2	4.9	6.2	7.2	9.0	10.2
<i>Margin</i>		4.8 %	10.3 %	10.0 %	11.8 %	11.1 %	12.0 %	12.4 %
Net income	18.6 %	1.0	3.1	3.5	4.3	5.2	6.4	7.2
EPS	18.6 %	0.19	0.58	0.59	0.69	0.83	1.01	1.15
EPS adj.	18.6 %	0.19	0.58	0.59	0.69	0.83	1.01	1.15
DPS	12.6 %	0.11	0.27	0.27	0.35	0.40	0.45	0.50
Dividend Yield		4.7 %	6.9 %	4.6 %	3.4 %	2.5 %	2.8 %	3.1 %
FCFPS		0.04	0.60	0.53	0.13	0.76	0.72	0.92
EV / Sales		0.3 x	0.4 x	0.5 x	1.0 x	1.4 x	1.2 x	1.0 x
EV / EBITDA		1.8 x	2.0 x	2.9 x	5.7 x	7.7 x	6.5 x	5.7 x
EV / EBIT		5.7 x	3.5 x	4.9 x	8.7 x	12.4 x	9.7 x	8.3 x
P / E		12.4 x	6.7 x	9.9 x	15.0 x	19.2 x	15.8 x	13.9 x
P / E adj.		12.4 x	6.7 x	9.9 x	15.0 x	19.2 x	15.8 x	13.9 x
FCF Yield Potential		24.3 %	25.6 %	13.8 %	6.8 %	7.0 %	8.4 %	9.9 %
Net Debt		-3.3	-5.8	-10.4	-11.2	-13.7	-15.6	-18.5
ROE		7.0 %	19.1 %	17.8 %	17.9 %	19.9 %	23.0 %	22.9 %
ROCE (NOPAT)		10.0 %	26.5 %	30.0 %	32.4 %	37.7 %	48.6 %	49.9 %
Guidance:		2014: revenue > EUR 60m; EBIT von > EUR 7m						

Sales development
in EUR m



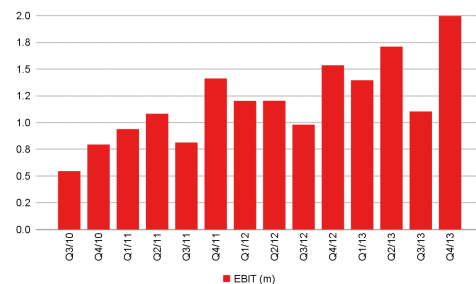
Source: Company

Sales by regions
2013; in %



Source: Company

EBIT development
in EUR m



Source: Company

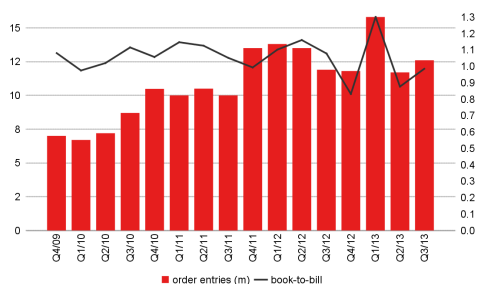
Company Background

- Softing has the necessary expertise on information exchange between various devices, sensors, plant and software solutions in automated processes. The business activity comprises two segments.
- Industrial Automation: hardware and software solutions for the exchange of information in all kinds of production including montage lines, chemical plants, oil and gas extraction or refineries.
- Automotive Electronics: The solutions allow engineers and workshop mechanics to test automotive electronics in the development phase, production or repair, and to recognise errors through data evaluation.
- The solutions in the automotive segment are not for application within the vehicles and therefore do not pose a product re-call risk for the company.
- Softing focuses on established standards and reaches a coverage of ca. 70% of the market.

Competitive Quality

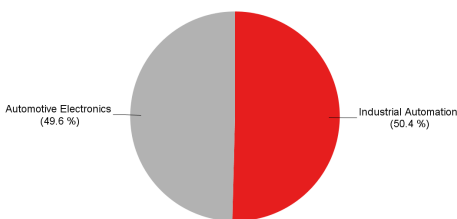
- World market leader in tools to recognise errors in production plant (so called field bus diagnostics)
- European market leader in the networking of various production plant elements as well as in business-related software (so-called OPC products).
- World market leader for components for the exchange of information in gas and oil plants. Some >50% of all devices registered worldwide that are used in these plants include components from Softing.
- Through participation in international committees that set standards for the exchange of information, a short time-to-market is achieved.
- The high complexity of the business activity of Softing is the single most important barrier to market entry for potential competitors.

Order entries



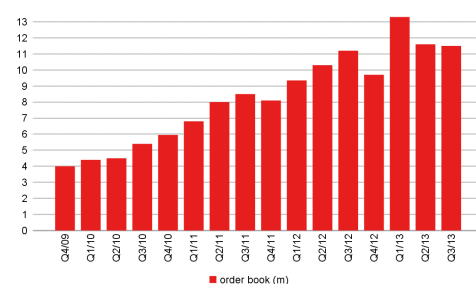
Source: Company

Sales by segments
2013; in %



Source: Company

Order book
in EUR m



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2013	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	
Sales	52.6	65.0	75.0	82.0	88.6	94.6	100.0	105.0	109.3	113.2	116.6	119.6	122.2	2.0 %
Sales change	6.4 %	23.7 %	15.4 %	9.3 %	8.0 %	6.8 %	5.8 %	4.9 %	4.2 %	3.5 %	3.0 %	2.6 %	2.2 %	
EBIT	6.2	7.2	9.0	10.2	12.1	12.9	13.7	14.3	14.9	15.4	15.8	16.2	16.5	11
EBIT-margin	11.8 %	11.1 %	12.0 %	12.4 %	13.7 %	13.7 %	13.6 %	13.6 %	13.6 %	13.6 %	13.5 %	13.5 %	13.5 %	
Tax rate (EBT)	30.2 %	29.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	48
NOPAT	4.3	5.1	6.3	7.1	8.5	9.1	9.6	10.0	10.4	10.8	11.1	11.3	11.5	
Depreciation	3.2	4.3	4.5	4.6	5.8	6.1	6.5	6.8	7.1	7.4	7.6	7.8	7.9	44.75 %
in % of Sales	6.0 %	6.6 %	6.0 %	5.6 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
Changes in provisions	-0.2	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	119
Change in Liquidity from														
- Working Capital	1.9	0.5	1.8	1.5	2.6	1.3	1.1	1.0	0.9	0.8	0.7	0.6	0.5	6.4
- Capex	5.1	4.2	4.5	4.5	5.9	6.3	6.7	7.0	7.3	7.6	7.8	8.0	8.2	
Capex in % of Sales	9.8 %	6.5 %	6.0 %	5.5 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	18.41
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)	0.2	4.7	4.5	5.7	6.6	7.6	8.2	8.8	9.2	9.7	10.1	10.4	10.7	119
PV of FCF	0.0	4.7	4.1	4.8	5.0	5.3	5.2	5.0	4.8	4.6	4.4	4.1	3.8	
share of PVs	12.57 %			42.68 %										44.75 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.40
Market return	8.00 %	Cyclicality	1.30
Risk free rate	2.50 %	Transparency	1.25
		Others	1.00
WACC	9.72 %	Beta	1.31

Valuation (m)

Present values 2025e	59		
Terminal Value	48		
Financial liabilities	0		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	13	No. of shares (m)	6.4
Equity Value	119	Value per share (EUR)	18.41

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.49	10.7 %	15.94	16.08	16.24	16.40	16.58	16.76	16.96	1.49	10.7 %	14.54	15.16	15.78	16.40	17.03	17.65	18.27
1.40	10.2 %	16.79	16.96	17.15	17.34	17.55	17.77	18.01	1.40	10.2 %	15.36	16.02	16.68	17.34	18.00	18.66	19.32
1.36	10.0 %	17.25	17.44	17.64	17.86	18.09	18.33	18.59	1.36	10.0 %	15.81	16.50	17.18	17.86	18.54	19.22	19.90
1.31	9.7 %	17.75	17.95	18.17	18.41	18.66	18.92	19.21	1.31	9.7 %	16.30	17.00	17.70	18.41	19.11	19.81	20.51
1.27	9.5 %	18.27	18.49	18.73	18.99	19.27	19.56	19.88	1.27	9.5 %	16.81	17.54	18.27	18.99	19.72	20.44	21.17
1.22	9.2 %	18.83	19.07	19.34	19.62	19.92	20.25	20.59	1.22	9.2 %	17.36	18.12	18.87	19.62	20.37	21.12	21.87
1.13	8.7 %	20.05	20.35	20.67	21.01	21.38	21.78	22.22	1.13	8.7 %	18.59	19.40	20.21	21.01	21.82	22.63	23.44

- The cyclical components of the business activity and the low liquidity of the share raise the capital costs.

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 by discounting the "FCF potential" of a given year with 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	2010	2011	2012	2013	2014e	2015e	2016e	
Net Income before minorities	1.0	3.1	3.5	4.3	5.2	6.4	7.2	
+ Depreciation + Amortisation	3.3	3.1	3.3	3.2	4.3	4.5	4.6	
- Net Interest Income	-0.2	0.0	0.0	-0.1	0.1	0.1	0.1	
- Maintenance Capex	2.4	2.3	3.5	3.9	3.2	3.4	3.4	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	2.1	3.9	3.3	3.7	6.2	7.4	8.3	
Free Cash Flow Yield Potential	24.3 %	25.6 %	13.8 %	6.8 %	7.0 %	8.4 %	9.9 %	
WACC	9.72 %	9.72 %	9.72 %	9.72 %	9.72 %	9.72 %	9.72 %	
= Enterprise Value (EV)	8.7	15.0	24.2	53.7	89.1	87.1	84.2	
= Fair Enterprise Value	21.8	39.7	34.5	37.6	64.2	75.7	85.6	
- Net Debt (Cash)	-12.7	-12.7	-12.7	-12.7	-15.2	-17.1	-20.0	
- Pension Liabilities	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
- 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	33.0	50.9	45.7	48.8	77.9	91.3	104.1	
No. of shares (total) (m)	6.1	6.1	6.1	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	5.37	8.29	7.44	7.95	12.69	14.88	16.97	
premium (-) / discount (+) in %					-20.4 %	-6.7 %	6.4 %	
Sensitivity Fair value per Share (EUR)								
	12.72 %	4.53	6.76	6.12	6.51	10.23	11.97	13.68
	11.72 %	4.77	7.19	6.48	6.91	10.91	12.78	14.59
	10.72 %	5.04	7.69	6.92	7.38	11.72	13.73	15.67
WACC	9.72 %	5.37	8.29	7.44	7.95	12.69	14.88	16.97
	8.72 %	5.78	9.03	8.09	8.66	13.89	16.30	18.57
	7.72 %	6.29	9.96	8.90	9.54	15.40	18.08	20.59
	6.72 %	6.95	11.18	9.95	10.69	17.37	20.39	23.20

- Capitalised own work is a significant element of the capex.
- The earnings quality has clearly improved over the last years.
- Increasing share of software revenues should have a positive effect on the FCF Value.

Valuation							
	2010	2011	2012	2013	2014e	2015e	2016e
Price / Book	0.8 x	1.2 x	1.6 x	2.5 x	4.0 x	3.5 x	3.1 x
Book value per share ex intangibles	1.52	1.96	2.43	2.62	3.09	3.65	4.31
EV / Sales	0.3 x	0.4 x	0.5 x	1.0 x	1.4 x	1.2 x	1.0 x
EV / EBITDA	1.8 x	2.0 x	2.9 x	5.7 x	7.7 x	6.5 x	5.7 x
EV / EBIT	5.7 x	3.5 x	4.9 x	8.7 x	12.4 x	9.7 x	8.3 x
EV / EBIT adj.*	5.7 x	3.5 x	4.9 x	8.7 x	12.4 x	9.7 x	8.3 x
P / FCF	53.0 x	6.5 x	11.0 x	81.3 x	21.1 x	22.1 x	17.3 x
P / E	12.4 x	6.7 x	9.9 x	15.0 x	19.2 x	15.8 x	13.9 x
P / E adj.*	12.4 x	6.7 x	9.9 x	15.0 x	19.2 x	15.8 x	13.9 x
Dividend Yield	4.7 %	6.9 %	4.6 %	3.4 %	2.5 %	2.8 %	3.1 %
Free Cash Flow Yield Potential	24.3 %	25.6 %	13.8 %	6.8 %	7.0 %	8.4 %	9.9 %

*Adjustments made for: -

Company Specific Items							
	2010	2011	2012	2013	2014e	2015e	2016e
order entries	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
book-to-bill	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
order book	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

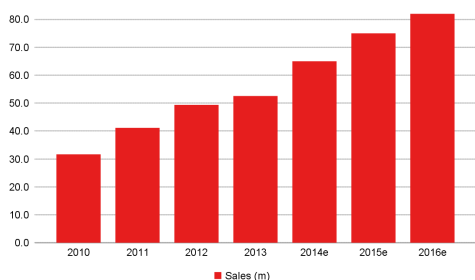
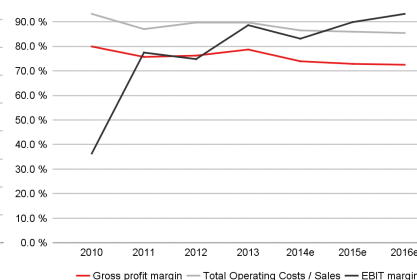
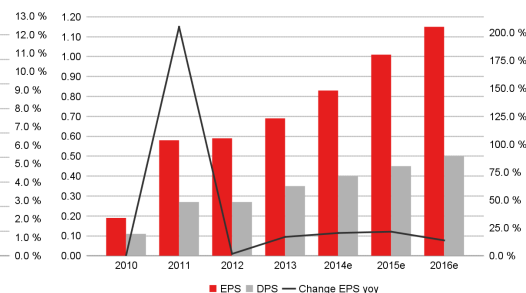
Consolidated profit & loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Sales	31.7	41.1	49.4	52.6	65.0	75.0	82.0
Change Sales yoy	33.8 %	29.9 %	20.0 %	6.4 %	23.7 %	15.4 %	9.3 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	2.7	2.0	3.2	4.0	2.7	2.9	2.9
Total Sales	34.4	43.2	52.6	56.5	67.7	77.9	84.9
Material Expenses	9.1	12.1	14.9	15.2	19.7	23.3	25.4
Gross profit	25.3	31.1	37.7	41.3	48.0	54.7	59.5
<i>Gross profit margin</i>	<i>80.0 %</i>	<i>75.6 %</i>	<i>76.3 %</i>	<i>78.7 %</i>	<i>73.9 %</i>	<i>72.9 %</i>	<i>72.5 %</i>
Personnel expenses	16.1	19.4	23.6	25.8	29.3	31.9	34.0
Other operating income	0.8	1.7	0.9	0.7	0.8	0.8	0.8
Other operating expenses	5.2	6.1	6.8	6.8	8.0	10.1	11.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.8	7.4	8.3	9.4	11.5	13.5	14.8
<i>Margin</i>	<i>15.3 %</i>	<i>17.9 %</i>	<i>16.7 %</i>	<i>17.8 %</i>	<i>17.7 %</i>	<i>17.9 %</i>	<i>18.0 %</i>
Depreciation of fixed assets	0.3	0.3	0.5	0.5	1.1	1.3	1.4
EBITA	4.6	7.1	7.8	8.9	10.4	12.2	13.4
Amortisation of intangible assets	3.0	2.8	2.9	2.7	3.2	3.2	3.2
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.5	4.2	4.9	6.2	7.2	9.0	10.2
<i>Margin</i>	<i>4.8 %</i>	<i>10.3 %</i>	<i>10.0 %</i>	<i>11.8 %</i>	<i>11.1 %</i>	<i>12.0 %</i>	<i>12.4 %</i>
EBIT adj.	1.5	4.2	4.9	6.2	7.2	9.0	10.2
Interest income	0.1	0.3	0.3	0.2	0.1	0.1	0.1
Interest expenses	0.3	0.3	0.2	0.2	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.4	4.2	4.9	6.2	7.3	9.1	10.3
<i>Margin</i>	<i>4.3 %</i>	<i>10.3 %</i>	<i>10.0 %</i>	<i>11.7 %</i>	<i>11.2 %</i>	<i>12.1 %</i>	<i>12.5 %</i>
Total taxes	0.4	1.2	1.4	1.9	2.1	2.7	3.1
Net income from continuing operations	1.0	3.1	3.5	4.3	5.2	6.4	7.2
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	1.0	3.1	3.5	4.3	5.2	6.4	7.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.0	3.1	3.5	4.3	5.2	6.4	7.2
<i>Margin</i>	<i>3.1 %</i>	<i>7.5 %</i>	<i>7.1 %</i>	<i>8.2 %</i>	<i>8.0 %</i>	<i>8.5 %</i>	<i>8.8 %</i>
Number of shares, average	5.1	5.3	5.9	6.3	6.3	6.3	6.3
EPS	0.19	0.58	0.59	0.69	0.83	1.01	1.15
EPS adj.	0.19	0.58	0.59	0.69	0.83	1.01	1.15

*Adjustments made for:

Guidance: 2014: revenue > EUR 60m; EBIT von > EUR 7m
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	93.3 %	87.0 %	89.7 %	89.7 %	86.5 %	85.9 %	85.5 %
Operating Leverage	n.a.	5.9 x	0.8 x	4.1 x	0.7 x	1.6 x	1.4 x
EBITDA / Interest expenses	16.8 x	29.1 x	33.7 x	45.7 x	n.a.	n.a.	n.a.
Tax rate (EBT)	27.2 %	28.1 %	29.0 %	30.2 %	29.0 %	30.0 %	30.0 %
Dividend Payout Ratio	57.1 %	47.1 %	45.8 %	51.1 %	48.4 %	44.4 %	43.6 %
Sales per Employee	141,402	159,488	166,851	155,936	191,176	214,286	234,286

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

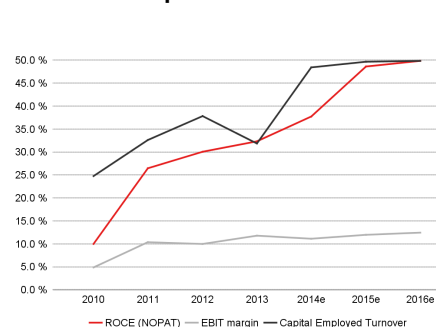
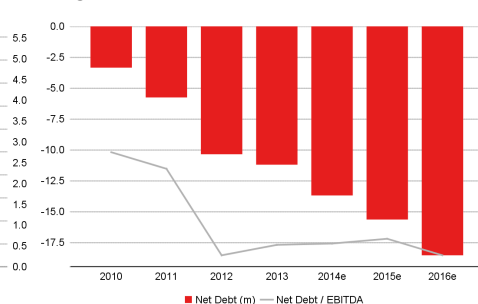
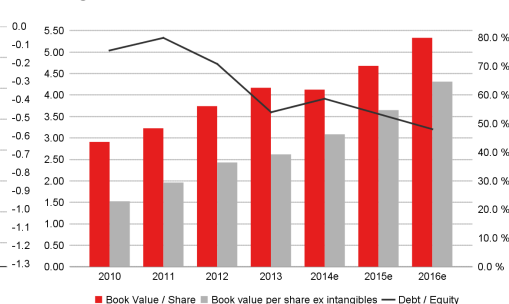
Source: Warburg Research

Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Assets							
Goodwill and other intangible assets	7.1	6.7	7.8	9.7	6.5	6.5	6.4
thereof other intangible assets	1.0	0.7	0.6	0.5	0.4	0.3	0.3
thereof Goodwill	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Property, plant and equipment	0.6	1.1	1.4	1.4	1.3	1.1	0.8
Financial assets	1.9	0.9	0.7	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	9.6	8.7	9.9	11.1	7.8	7.6	7.2
Inventories	2.0	3.6	3.3	4.7	3.8	4.2	4.8
Accounts receivable	6.8	8.3	9.8	10.0	12.5	14.4	15.7
Liquid assets	6.1	8.5	12.6	12.9	15.4	17.4	20.3
Other short-term assets	1.7	1.7	2.3	1.5	1.5	1.5	1.5
Current assets	16.7	22.2	28.0	29.1	33.2	37.5	42.3
Total Assets	26.3	31.0	37.9	40.2	41.0	45.0	49.5
Liabilities and shareholders' equity							
Subscribed capital	5.6	5.6	6.4	6.4	6.4	6.4	6.4
Capital reserve	1.7	1.7	4.4	4.4	4.4	4.4	4.4
Retained earnings	8.3	10.6	12.1	15.6	20.8	27.1	34.3
Other equity components	-0.8	-0.8	-0.8	-0.3	-5.7	-8.6	-11.7
Shareholder's equity	14.9	17.2	22.2	26.2	25.9	29.4	33.5
Minority interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	15.0	17.2	22.2	26.1	25.9	29.3	33.4
Provisions	1.3	1.7	3.0	2.3	2.3	2.3	2.3
thereof provisions for pensions and similar obligations	1.1	1.0	1.8	1.5	1.5	1.5	1.5
Financial liabilities (total)	1.6	1.8	0.5	0.2	0.2	0.2	0.2
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.7	2.9	3.0	2.5	3.6	4.1	4.5
Other liabilities	6.6	7.4	9.3	9.0	9.0	9.0	9.0
Liabilities	11.3	13.8	15.7	14.1	15.2	15.7	16.1
Total liabilities and shareholders' equity	26.3	31.0	37.9	40.2	41.0	45.0	49.5

Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Efficiency of Capital Employment							
Operating Assets Turnover	4.1 x	4.0 x	4.2 x	3.9 x	4.7 x	4.8 x	4.9 x
Capital Employed Turnover	2.7 x	3.6 x	4.2 x	3.5 x	5.3 x	5.5 x	5.5 x
ROA	10.3 %	35.1 %	35.6 %	38.9 %	66.6 %	84.1 %	100.0 %
Return on Capital							
ROCE (NOPAT)	10.0 %	26.5 %	30.0 %	32.4 %	37.7 %	48.6 %	49.9 %
ROE	7.0 %	19.1 %	17.8 %	17.9 %	19.9 %	23.0 %	22.9 %
Adj. ROE	7.0 %	19.1 %	17.8 %	17.9 %	19.9 %	23.0 %	22.9 %
Balance sheet quality							
Net Debt	-3.3	-5.8	-10.4	-11.2	-13.7	-15.6	-18.5
Net Financial Debt	-4.5	-6.8	-12.1	-12.7	-15.2	-17.1	-20.0
Net Gearing	-22.4 %	-33.5 %	-46.7 %	-42.9 %	-52.9 %	-53.3 %	-55.4 %
Net Fin. Debt / EBITDA	-92.7 %	-91.9 %	-146.5 %	-135.7 %	-132.1 %	-127.5 %	-135.6 %
Book Value / Share	2.9	3.2	3.7	4.2	4.1	4.7	5.3
Book value per share ex intangibles	1.5	2.0	2.4	2.6	3.1	3.6	4.3

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

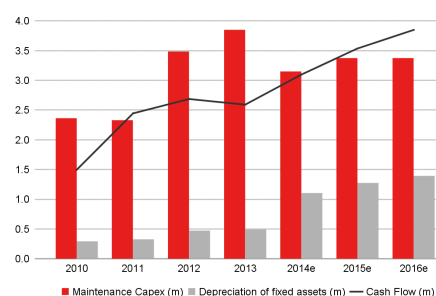
Source: Warburg Research

Consolidated cash flow statement

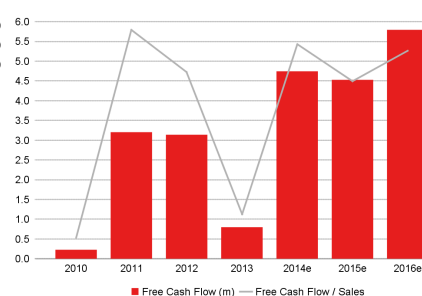
In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Net income	1.0	3.1	3.5	4.3	5.2	6.4	7.2
Depreciation of fixed assets	0.3	0.3	0.5	0.5	1.1	1.3	1.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.0	2.8	2.9	2.7	3.2	3.2	3.2
Increase/decrease in long-term provisions	0.0	0.2	0.0	-0.1	0.0	0.0	0.0
Other non-cash income and expenses	0.3	1.1	1.4	0.6	0.0	0.0	0.0
Cash Flow	4.6	7.5	8.2	7.9	9.5	10.8	11.8
Increase / decrease in inventory	0.2	-0.8	0.3	-1.3	0.9	-0.4	-0.6
Increase / decrease in accounts receivable	-3.5	-0.2	-1.8	1.1	-2.5	-1.9	-1.3
Increase / decrease in accounts payable	0.0	-0.2	1.1	-1.8	1.1	0.5	0.4
Increase / decrease in other working capital positions	2.1	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.2	-1.2	-0.5	-2.0	-0.5	-1.8	-1.5
Net cash provided by operating activities	3.4	6.3	7.8	5.9	8.9	9.0	10.3
Investments in intangible assets	-2.9	-2.4	-3.9	-4.6	-3.2	-3.4	-3.4
Investments in property, plant and equipment	-0.2	-0.7	-0.7	-0.5	-1.0	-1.1	-1.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-1.3	0.6	0.2	0.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities	-4.4	-2.5	-4.4	-4.9	-4.2	-4.5	-4.5
Change in financial liabilities	1.2	0.0	-1.2	0.0	0.0	0.0	0.0
Dividends paid	0.0	-0.6	-1.4	-1.7	-2.3	-2.6	-2.9
Purchase of own shares	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Capital measures	0.5	0.0	3.5	0.0	0.0	0.0	0.0
Other	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	1.7	-0.8	0.9	-0.4	-2.3	-2.6	-2.9
Change in liquid funds	0.7	3.0	4.2	0.6	2.5	2.0	2.9
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	4.9	7.3	11.5	12.1	14.6	16.6	19.5

Financial Ratios

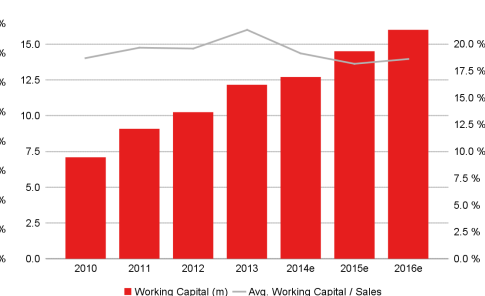
	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
Free Cash Flow	0.2	3.2	3.1	0.8	4.7	4.5	5.8
Free Cash Flow / Sales	0.7 %	7.8 %	6.4 %	1.5 %	7.3 %	6.0 %	7.1 %
Free Cash Flow Potential	2.1	3.9	3.3	3.7	6.2	7.4	8.3
Free Cash Flow / Sales	0.7 %	7.8 %	6.4 %	1.5 %	7.3 %	6.0 %	7.1 %
Free Cash Flow / Net Profit	23.0 %	104.4 %	89.3 %	18.5 %	91.5 %	71.3 %	80.5 %
Interest Received / Avg. Cash	2.1 %	3.5 %	2.4 %	1.2 %	0.7 %	0.6 %	0.5 %
Interest Paid / Avg. Debt	30.7 %	14.8 %	21.9 %	56.9 %	0.0 %	0.0 %	0.0 %
Management of Funds							
Investment ratio	10.0 %	7.5 %	9.4 %	9.8 %	6.5 %	6.0 %	5.5 %
Maint. Capex / Sales	7.5 %	5.7 %	7.1 %	7.3 %	4.8 %	4.5 %	4.1 %
Capex / Dep	95.1 %	99.2 %	139.1 %	162.5 %	97.6 %	100.6 %	98.0 %
Avg. Working Capital / Sales	18.7 %	19.6 %	19.6 %	21.3 %	19.1 %	18.1 %	18.6 %
Trade Debtors / Trade Creditors	390.0 %	290.4 %	333.8 %	396.0 %	347.2 %	351.2 %	348.9 %
Inventory Turnover	4.5 x	3.3 x	4.5 x	3.3 x	5.2 x	5.5 x	5.3 x
Receivables collection period (days)	78	74	73	70	70	70	70
Payables payment period (days)	70	86	72	61	67	64	65
Cash conversion cycle (Days)	29	46	26	73	17	14	18

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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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.

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Rating	Number of stocks	% of Universe
Buy	97	49
Hold	83	42
Sell	16	8
Rating suspended	3	2
Total	199	100

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	77	55
Hold	55	39
Sell	6	4
Rating suspended	2	1
Total	140	100

PRICE AND RATING HISTORY SOFTING AS OF 02.04.2014


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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