

Buy	Last Rating	Share data:	FY End: 31.12.	CAGR	2013	2014e	2015e	2016e
	EUR 18.50		Last PT	in EUR m				
Price	EUR 14.05	Bloomberg:	16.0 %	52.6	65.0	75.0	82.0	
Upside	31.7 %	Reuters:	18.0 %	6.2	7.2	9.0	10.2	
		ISIN:	18.6 %	4.3	5.2	6.4	7.2	
		Market Snapshot:						
		Market cap:	18.6 %	0.69	0.83	1.01	1.15	
		No. of shares (m):	12.6 %	0.35	0.40	0.45	0.50	
		EV:		1.0 x	1.2 x	1.0 x	0.9 x	
		Freefloat MC:		8.7 x	10.7 x	8.3 x	7.1 x	
		Ø Trad. Vol. (30d; EUR):		15.0 x	16.9 x	13.9 x	12.2 x	

Announced acquisition is great step

- Yesterday evening Softing announced the acquisition of Online Development Inc. (OLDI) in Knoxville, Tennessee (USA).
- OLDI is a Rockwell Automation Global Encompass Partner and, as a result, an important part of its value chain: For over 20 years OLDI has designed and manufactured factory automation products related to control and communication tasks. Thus, OLDI's business complements Softing's product portfolio in the core business of Softing's Industrial Automation segment.
- Revenues are expected to exceed USD 20m in 2014. As the business is similar to Softings, it should be expected that EBIT margin is at the same level (i.e. >10%). As a result of acquisition-related costs, higher PPA-related amortisations and efforts to create future synergies, we will not anticipate any EBIT contribution from this company in 2014.
- Going forward, OLDI is supposed to generate double digit growth rates and further increase
- The purchase price will range between USD 20m and USD 30m depending on the future operative performance of OLDI. The company is debt free. The acquisition will be financed via a bank loan (no capital increase required). The low interest rate of below 3% reflects Softing's good financial position.
- Softing will create additional value by deploying certain parts of its proprietary automation communication knowledge in OLDI's products.
- Via the acquisition...
 - ...Softing has gained immediate access to Rockwell.
 - ...increases the portion of its industrial automation business which is related to discrete manufacturing. It was approx. 1/3 (i.e. approx. EUR 9m) of segment revenues (2013: EUR 26.5m).
 - ...diversifies from a regional perspective.
 - ...boosts its market position on the international automation communication market.

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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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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 – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	106	53
Hold	78	39
Sell	12	6
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	84	58
Hold	52	36
Sell	7	5
Rating suspended	2	1
Total	145	100

PRICE AND RATING HISTORY SOFTING AS OF 23.05.2014


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.

RESEARCH

Roland Rapelius Head of Research	+49 40 309537-220 rrapelius@warburg-research.com	Andreas Pläsier Banks, Financial Services	+49 40 309537-246 aplaesier@warburg-research.com
Henner Rüschemier Head of Research	+49 40 309537-270 hrueschmeier@warburg-research.com	Malte Räther Technology, Telco, Internet	+49 40 309537-185 mraether@warburg-research.com
Christian Cohrs Engineering, Logistics	+49 40 309537-175 ccohrs@warburg-research.com	Jochen Reichert Telco, Internet, Media	+49 40 309537-130 jreichert@warburg-research.com
Felix Ellmann Software, IT	+49 40 309537-120 fellmann@warburg-research.com	Christopher Rodler Utilities	+49 40 309537-290 crodler@warburg-research.com
Jörg Philipp Frey Retail, Consumer Goods	+49 40 309537-258 jfrey@warburg-research.com	Malte Schaumann Technology	+49 40 309537-170 mschaumann@warburg-research.com
Harald Hof Medtech	+49 40 309537-125 hhof@warburg-research.com	Susanne Schwartze Telco, Internet, Media	+49 40 309537-155 sschwartze@warburg-research.com
Ulrich Huwald Health Care, Pharma	+49 40 309537-255 uhuwald@warburg-research.com	Oliver Schwarz Chemicals, Agriculture	+49 40 309537-250 oschwarz@warburg-research.com
Thilo Kleibauer Retail, Consumer Goods	+49 40 309537-257 tkleibauer@warburg-research.com	Marc-René Tonn Automobiles, Car Suppliers	+49 40 309537-259 mtonn@warburg-research.com
Torsten Klingner Real Estate	+49 40 309537-260 tklingner@warburg-research.com	Björn Voss Steel, Car Suppliers	+49 40 309537-254 bvoss@warburg-research.com
Eggert Kuls Engineering	+49 40 309537-256 ekuls@warburg-research.com	Andreas Wolf Software, IT	+49 40 309537-140 awolf@warburg-research.com
Frank Laser Construction, Industrials	+49 40 309537-235 flaser@warburg-research.com	Stephan Wulf Utilities	+49 40 309537-150 swulf@warburg-research.com

SALES

Holger Nass Head of Equity Sales, USA	+49 40 3282-2669 hnass@mmwarburg.com
Klaus Schilling Dep. Head of Equity Sales, GER	+49 40 3282-2664 kschilling@mmwarburg.com
Christian Alisch Scandinavia, Spain	+49 40 3282-2667 calisch@mmwarburg.com
Tim Beckmann United Kingdom	+49 40 3282-2665 tbeckmann@mmwarburg.com
Matthias Fritsch United Kingdom	+49 40 3282-2696 mfritsch@mmwarburg.com
Marie-Therese Grübner France	+49 40 3282-2630 mgruebner@mmwarburg.com
Ömer Güven Germany	+49 40 3282-2633 ogueven@mmwarburg.com
Michael Kriszun United Kingdom	+49 40 3282-2695 mkriszun@mmwarburg.com
Marc Niemann Germany	+49 40 3282-2660 mniemann@mmwarburg.com
Dirk Rosenfelder Austria, Switzerland	+49 40 3282-2692 drosenfelder@mmwarburg.com
Philipp Stumpfegger Australia, United Kingdom	+49 40 3282-2635 pstumpfegger@mmwarburg.com

SALES TRADING

Oliver Merckel Head of Sales Trading	+49 40 3282-2634 omerckel@mmwarburg.com
Gudrun Bolsen Sales Trading	+49 40 3282-2679 gbolsen@mmwarburg.com
Michael Ilgenstein Sales Trading	+49 40 3282-2700 milgenstein@mmwarburg.com
Bastian Quast Sales Trading	+49 40 3282-2701 bquast@mmwarburg.com
Thekla Struve Sales Trading	+49 40 3282-2668 tstruve@mmwarburg.com
Jörg Treptow Sales Trading	+49 40 3262-2658 jtreptow@mmwarburg.com
Jan Walter Sales Trading	+49 40 3262-2662 jwalter@mmwarburg.com
Katharina Merkel Roadshow/Marketing	+49 40 3282-2694 kmerckel@mmwarburg.com

MACRO RESEARCH

Carsten Klude Macro Research	+49 40 3282-2572 cklude@mmwarburg.com
Matthias Thiel Macro Research	+49 40 3282-2401 mthiel@mmwarburg.com
Dr. Christian Jasperneite Investment Strategy	+49 40 3282-2439 cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research	research.mmwarburg.com/en/index.html	Thomson	www.thomson.com
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For access please contact:

Andrea Schaper Sales Assistance	+49 40 3282-2632 aschaper@mmwarburg.com	Kerstin Muthig Sales Assistance	+49 40 3282-2703 kmuthig@mmwarburg.com
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