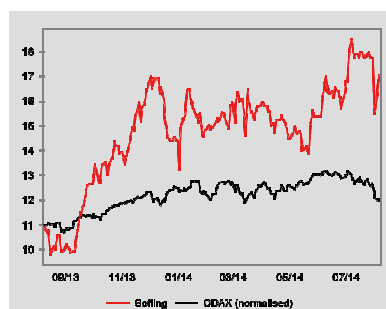


Hold	Value Indicators:	EUR	Share data:	Description:
	DCF:	18.60	Bloomberg:	SYT GR
EUR 18.00	FCF-Value Potential 16e:	18.30	Reuters:	SYTG
Price			ISIN:	DE0005178008
Upside			Shareholders:	Risk Profile (WRe):
	EUR 17.07		Freefloat	2014e
	5.4 %		Trier Asset Mgmt	Beta:
				Price / Book:
				Equity Ratio:
				Net Debt / EBITDA:

Preview: Strong top-line growth combined with negative impact from M&A
Q2 figures, Thursday, August 14

Expected Figures Q2/2014:							Comment on Figures:
Figures in EUR m	Q2/14e	Q2/13	yoy	6M/14e	6M/13	yoy	
Sales	16.9	13.3	26.9%	33.0	25.5	29.4%	Softing is due to report its Q2 figures on August 14.
EBITDA	2.6	2.6	2.0%	5.0	4.8	3.7%	Industrial Automation: growth was supported by the recent acquisitions, mainly Psiber (products e.g.: Ethernet cable testers). As in Q1, EBIT is expected to experience a negative impact from the recent M&A activities.
<i>margin</i>	15.4%	19.1%		15.1%	18.8%		Automotive Electronics: We anticipate double-digit growth rates for Q2, but lower profitability as a result of a different sales mix (i.e. less software revenues).
EBIT	1.0	1.7	-43.5%	2.0	3.1	-36.7%	We continue to expect a back-end loaded year for the overall group
<i>margin</i>	5.7%	12.8%		6.0%	12.2%		
EPS in EUR	0.09	0.17	-47.1%	0.19	0.35	-45.7%	
Industrial Automation	8.9	6.3	41.6%	17.3	12.8	34.7%	
EBIT Industrial Automation	0.2	0.8	-79.4%	0.4	1.4	-71.0%	
<i>margin</i>	1.7%	12.0%		2.3%	10.7%		
Automotive Electronics	8.1	7.1	13.9%	15.7	12.7	24.1%	
EBIT Automotive Electronic	0.8	1.0	-16.9%	1.6	1.7	-9.3%	
<i>margin</i>	9.9%	13.5%		10.0%	13.7%		

- Given the adjusted 2014 outlook by the VDMA (German Machine Building association; +1% vs. 3% before) and the recently reported slump in German factory orders (-3.2% from June to May according to the German Economy Ministry) we are more cautious regarding the overall industry. As a result, the 2014 estimates for Softing were lowered today. While the structural drivers of Softing's top-line growth remain intact (e.g. increasing number of connected nodes in industrial networks, increasing complexity of cars), we see more risk for short-term business development.
- For Q2 we expect figures approximately at the Q1 level. And, as in Q1, M&A-related costs for recent acquisitions were still a drag on profitability. This is mainly reflected in the Industrial Automation segment.



Rel. Performance vs CDAX:

1 month:	0.2 %
6 months:	16.6 %
Year to date:	22.8 %
Trailing 12 months:	45.6 %

Company events:

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	23.9 %	31.7	41.1	49.4	52.6	70.4	90.0	100.0
Change Sales yoy		33.8 %	29.9 %	20.0 %	6.4 %	34.0 %	27.8 %	11.1 %
Gross profit margin		80.0 %	75.6 %	76.3 %	78.7 %	73.5 %	72.0 %	71.5 %
EBITDA	22.9 %	4.8	7.4	8.3	9.4	10.8	15.1	17.4
Margin		15.3 %	17.9 %	16.7 %	17.8 %	15.3 %	16.7 %	17.4 %
EBIT	23.5 %	1.5	4.2	4.9	6.2	4.8	9.3	11.7
Margin		4.8 %	10.3 %	10.0 %	11.8 %	6.8 %	10.3 %	11.7 %
EBIT adj.	27.6 %	1.5	4.2	4.9	6.2	6.8	10.5	12.9
Net income	23.4 %	1.0	3.1	3.5	4.3	3.1	6.3	8.1
EPS	21.3 %	0.19	0.58	0.59	0.69	0.46	0.95	1.23
DPS	0.0 %	0.11	0.27	0.27	0.35	0.20	0.20	0.35
Dividend Yield		4.7 %	6.9 %	4.6 %	3.4 %	1.2 %	1.2 %	2.1 %
FCFPS		0.04	0.60	0.53	0.13	0.43	0.54	1.03
EV / Sales		0.3 x	0.4 x	0.5 x	1.0 x	1.6 x	1.3 x	1.1 x
EV / EBITDA		1.8 x	2.0 x	2.9 x	5.7 x	10.3 x	7.8 x	6.5 x
EV / EBIT		5.7 x	3.5 x	4.9 x	8.7 x	23.4 x	12.7 x	9.6 x
EV / EBIT adj.		5.7 x	3.5 x	4.9 x	8.7 x	16.5 x	11.3 x	8.7 x
P / E		12.4 x	6.7 x	9.9 x	15.0 x	37.1 x	18.0 x	13.9 x
FCF Yield Potential		24.3 %	25.6 %	13.8 %	6.8 %	5.4 %	7.4 %	9.2 %
Net Debt		-3.3	-5.8	-10.4	-11.2	1.4	-0.9	-6.3
ROE		7.0 %	19.1 %	17.8 %	17.9 %	10.8 %	19.1 %	21.1 %
ROCE (NOPAT)		10.0 %	26.5 %	30.0 %	32.4 %	14.4 %	19.6 %	23.5 %
Guidance:		2014: revenue > EUR 60m; EBIT approx. EUR 7m						

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Softing	4, 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	104	53
Hold	80	41
Sell	8	4
Rating suspended	4	2
Total	196	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	79	56
Hold	55	39
Sell	5	4
Rating suspended	3	2
Total	142	100

PRICE AND RATING HISTORY SOFTING AS OF 07.08.2014


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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