

Buy EUR 18.00 Price EUR 15.75 Upside 14.3 %	Value Indicators: EUR DCF: 18.10 FCF-Value Potential 16e: 17.30	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: 109.6 No. of shares (m): 7.0 EV: 112.8 Freefloat MC: 81.1 Ø Trad. Vol. (30d; EUR): 409.97 th	Shareholders: Freefloat 74.0 % Trier Asset Mgmt 26.0 %	Risk Profile (WRe): 2014e Beta: 1.3 Price / Book: 2.3 x Equity Ratio: 62 % Net Fin. Debt / EBITDA: 0.2 x Net Debt / EBITDA: 0.3 x

Preview: Recent acquisitions are performing well

Q3 figures; November 14, 2014

Expected Figures Q3/2014:							Comment on Figures:	
in EUR m	Q3/14e	Q3/13	yoy	9M/14e	9M/13	yoy		
Sales	19.4	12.8	51.8%	53.0	38.3	38.4%	<ul style="list-style-type: none"> ■ Preliminary revenue, EBIT and EPS figures have already been reported. ■ 9M organic growth was approx. 4.5% ■ The company has returned to double-digit EBIT margins 	
EBIT	2.5	1.1	124.6%	4.5	4.2	6.9%		
<i>margin</i>	12.8%	8.6%		8.5%	11.0%			
EPS in EUR	0.23	0.12	91.7%	0.44	0.46	-4.3%		
Industrial Automation	11.5	6.5	76.8%	29.5	19.4	52.3%		
EBIT Industrial Automation	1.8	0.5	243.0%	2.0	1.9	5.0%		
<i>margin</i>	15.7%	8.1%		6.8%	9.8%			
Automotive Electronics	7.9	6.3	25.8%	23.5	18.9	24.2%		
EBIT Automotive Electronics	0.7	0.6	15.9%	2.5	2.3	8.5%		
<i>margin</i>	8.5%	9.2%		10.6%	12.2%			

- The strong top-line development reflects Softing's success with CAT 8 cable testers in the US as a result of its first-mover advantage and a ramp-up of sales channels.
- The company has returned to double-digit EBIT margins following a rather weak bottom-line performance in H1 which was due to M&A-related costs.
- In the first nine months of 2014, the new acquisitions contributed approx. EUR 13 million in sales (this translates into organic growth of approx. 4.5%) and EUR 1.6 million in EBIT.
- The 9M-EPS decline was a result of the capital increase that had recently been carried out.
- **The Buy rating is being reiterated.**

	FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
	Sales	21.8 %	31.7	41.1	49.4	52.6	71.0	85.0	95.0
Change Sales yoy		33.8 %	29.9 %	20.0 %	6.4 %	35.1 %	19.7 %	11.8 %	
Gross profit margin		80.0 %	75.6 %	76.3 %	78.7 %	71.5 %	70.8 %	71.1 %	
EBITDA	21.5 %	4.8	7.4	8.3	9.4	10.6	13.8	16.8	
Margin		15.3 %	17.9 %	16.7 %	17.8 %	14.9 %	16.2 %	17.7 %	
EBIT	23.2 %	1.5	4.2	4.9	6.2	6.1	8.7	11.6	
Margin		4.8 %	10.3 %	10.0 %	11.8 %	8.5 %	10.2 %	12.2 %	
EBIT adj.	24.2 %	1.5	4.2	4.9	6.2	6.4	9.0	11.9	
Net income	23.1 %	1.0	3.1	3.5	4.3	4.0	5.9	8.1	
EPS	18.9 %	0.19	0.58	0.59	0.69	0.60	0.84	1.16	
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 %	1.3 %	1.3 %	2.2 %	
FCFPS		0.04	0.60	0.53	0.13	0.16	1.02	0.93	
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	10.7 x	7.8 x	6.1 x	
EV / EBIT		5.7 x	3.5 x	4.9 x	8.7 x	18.6 x	12.3 x	8.8 x	
EV / EBIT adj.		5.7 x	3.5 x	4.9 x	8.7 x	17.7 x	11.9 x	8.6 x	
P / E		12.4 x	6.7 x	9.9 x	15.0 x	26.3 x	18.8 x	13.6 x	
FCF Yield Potential		24.3 %	25.6 %	13.8 %	6.8 %	4.8 %	7.2 %	9.6 %	
Net Debt		-3.3	-5.8	-10.4	-11.2	3.2	-2.5	-7.6	
ROE		7.0 %	19.1 %	17.8 %	17.9 %	10.9 %	12.0 %	14.8 %	
ROCE (NOPAT)		10.0 %	26.5 %	30.0 %	32.4 %	13.2 %	12.3 %	16.5 %	
Guidance:	2014: sales: > EUR 70m; EBIT: EUR 5.5-6.5m								

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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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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.

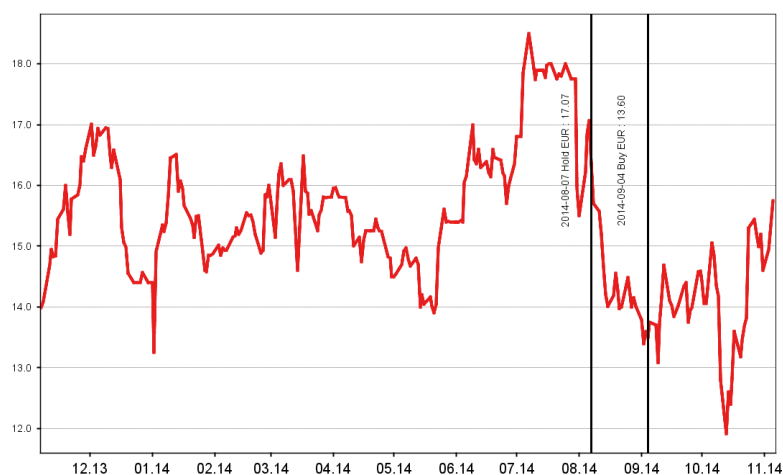
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Rating	Number of stocks	% of Universe
Buy	112	60
Hold	64	34
Sell	7	4
Rating suspended	5	3
Total	188	100

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Rating	Number of stocks	% of Universe
Buy	94	63
Hold	48	32
Sell	4	3
Rating suspended	4	3
Total	150	100

PRICE AND RATING HISTORY SOFTING AS OF 06.11.2014


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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