

Hold EUR 8.00 (EUR 9.70) Price EUR 6.70 Upside 19.4 %	Value Indicators: EUR DCF: 8.00 FCF-Value Potential 21e: 6.40	Share data: Bloomberg: SYT GR Reuters: SYTG ISIN: DE0005178008	Description: Soft- and hardware for data exchange in industrial plants and automotive electronics
	Market Snapshot: EUR m Market cap: 61.0 No. of shares (m): 9.1 EV: 72.5 Freefloat MC: 38.4 Ø Trad. Vol. (30d): 70.62 th	Shareholders: Freefloat 63.0 % Trier Asset Mgmt 21.0 % Alois Widmann 16.0 %	Risk Profile (WRe): 2019e Beta: 1.3 Price / Book: 0.9 x Equity Ratio: 63 % Net Fin. Debt / EBITDA: 0.9 x Net Debt / EBITDA: 1.1 x

New PT reflects cautious EBIT guidance

Stated Figures Q4									
in EUR m	Q4/18	Q4/18e	Δ WRe	Q4/17	yoy	2018	2017	yoy	
Sales	23.4	23.5	-0.6%	20.3	16.1%	83.9	78.7	6.6%	
EBIT	1.7	1.7	-2.2%	1.8	-5.5%	4.1	2.3	74.0%	
margin	7.1%	7.2%		8.7%		4.9%	3.0%		
Industrial	14.8	14.8		12.3	19.9%	52.8	50.9	3.6%	
Automotive	5.1	5.1		4.8	6.1%	1.2	1.4	4.6%	
IT Networks	3.5	3.5		3.3	7.2%	1.9	1.4	24.5%	

Comment on Figures:

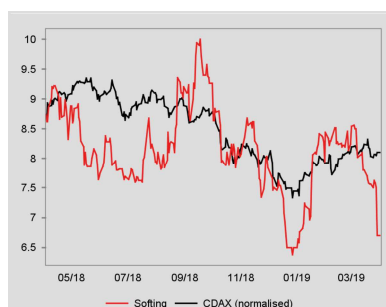
- The **Automotive** segment, which was loss-making in 2017, achieved profitability. The transition of its software products to subscription-based revenues is complete.
- In **IT Networks**, the focus in 2018 was on strong growth, which obviously contributed to a strong top-line performance for the entire group.
- In **Industrial Automation**, revenue growth was supported by demand in the process automation industry.

Softing's final results confirmed preliminary figures which marked a new record revenue level. While management anticipates further revenue growth, the flattish EBIT guidance was below our estimate. The EBIT guidance appears to reflect start-up costs for Softing's various growth opportunities. **IT Networks**, for example, which grew strongly in 2019, will continue to expand. Two measuring devices with distinctive selling propositions are being introduced to the market. Further devices will follow during the course of the second half of the year. While initially, new product launches will impact the bottom line, low-margin distribution business will be replaced with higher-margin proprietary products. By 2020 management aims to generate 70% of revenues with proprietary products. Start-up costs impacted the **Automotive** segment by about EUR 1m in 2018. Along with fleet tests, Globalmatrix hardware was certified by an automotive OEM. Volume business is expected to ramp up during the course of H1. Along with typical telematics with geo data, driving behaviour, etc., Globalmatrix is the only provider offering online CAN diagnostic data (i.e. vehicle data) for mixed fleets. Softing started the new year with solid direct sales to major customers in the oil & gas sector in **Industrial Automation**. As in previous years, the revenue distribution during the course of the year should reflect a higher revenue share in H2 vs. H1. PT is lowered to EUR 8 to reflect lower EBIT estimates.

Changes in Estimates:						
FY End: 31.12. in EUR m	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -
Sales	86.0	0.0 %	89.4	0.0 %	n.a.	n.m.
EBITDA	10.9	-3.7 %	11.7	-6.3 %	n.a.	n.m.
EBIT	6.0	-31.7 %	6.8	-33.1 %	n.a.	n.m.
EPS	0.46	-32.6 %	0.52	-34.6 %	n.a.	n.m.

Comment on Changes:

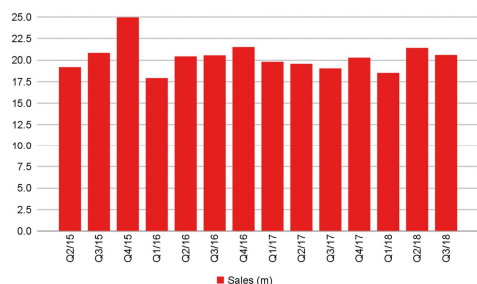
- New EBITDA estimates reflect the IFRS 16 impact
- For 2019, management targets revenues of more than EUR 88m and EBIT of more than EUR 4m. The latter was below our previous estimate of EUR 6m. The lower margin contributed to the negative price reaction following the guidance release.
- In the coming years, management targets double-digit EBIT margins.



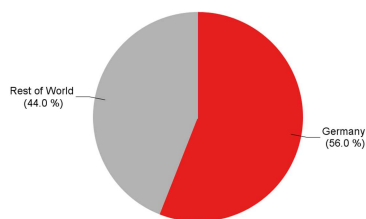
Rel. Performance vs CDAX:	
1 month:	-20.4 %
6 months:	-15.1 %
Year to date:	-5.8 %
Trailing 12 months:	-15.7 %

Company events:	
07.05.19	Q1
08.05.19	AGM
14.08.19	Q2
15.11.19	Q3

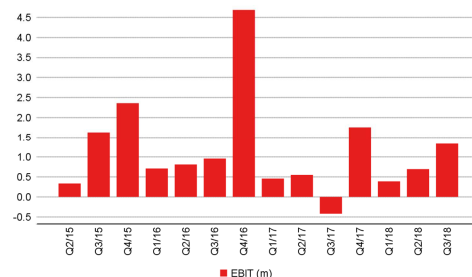
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	3.5 %	82.3	80.4	78.7	83.9	86.0	89.4	93.0
Change Sales yoy		10.4 %	-2.3 %	-2.1 %	6.6 %	2.5 %	4.0 %	4.0 %
Gross profit margin		64.7 %	66.6 %	64.9 %	61.8 %	61.7 %	62.5 %	62.3 %
EBITDA	12.9 %	10.8	12.3	6.8	9.0	10.5	10.9	13.0
Margin		13.1 %	15.2 %	8.7 %	10.7 %	12.2 %	12.2 %	14.0 %
EBIT	17.3 %	5.5	7.2	2.3	4.1	4.1	4.5	6.6
Margin		6.6 %	8.9 %	3.0 %	4.9 %	4.8 %	5.1 %	7.1 %
EBIT adj.	19.9 %	6.7	6.6	1.1	3.5	4.1	4.0	6.1
Net income	11.0 %	4.5	5.7	0.7	3.3	2.8	3.1	4.5
EPS	9.6 %	0.65	0.82	0.10	0.38	0.31	0.34	0.50
DPS	15.4 %	0.15	0.20	0.13	0.13	0.15	0.17	0.20
Dividend Yield		1.2 %	1.7 %	1.2 %	1.5 %	2.2 %	2.5 %	3.0 %
FCF		0.61	0.56	-0.27	0.19	0.34	0.14	0.29
FCF / Market cap		4.8 %	4.8 %	-2.4 %	2.3 %	5.0 %	2.0 %	4.4 %
EV / Sales		1.2 x	1.1 x	1.1 x	1.0 x	0.8 x	0.8 x	0.8 x
EV / EBITDA		9.4 x	7.3 x	12.7 x	8.9 x	6.9 x	6.8 x	5.7 x
EV / EBIT adj.		15.1 x	13.7 x	77.7 x	22.8 x	17.6 x	18.4 x	12.2 x
EV / EBIT		18.6 x	12.6 x	37.0 x	19.7 x	17.6 x	16.4 x	11.3 x
P / E		19.4 x	14.3 x	112.0 x	22.6 x	21.6 x	19.7 x	13.4 x
FCF Potential Yield		6.6 %	7.5 %	2.6 %	2.4 %	5.0 %	5.3 %	7.2 %
Net Debt		13.9	8.3	4.5	5.2	11.5	13.1	13.5
ROCE (NOPAT)		8.4 %	10.5 %	2.7 %	4.5 %	3.8 %	4.0 %	5.7 %
Guidance:	2019: revenues > EUR 88m; EBIT > EUR 4m							

Sales development
in EUR m


Source: Company

Sales by regions
2018; in %


Source: Company

EBIT development
in EUR m


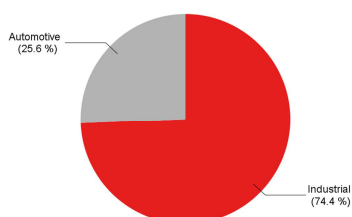
Source: Company

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.
- The subsidiary IT Networks is part of the Industrial Automation segment. Its solutions are used to test complex IT networks in industrial automation, office installations and data centers.
- 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.

Competitive Quality

- 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 in 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 Softing's business activity is the single most important barrier to market entry for potential competitors.

Sales by segments
2018; in %


Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	86.0	89.4	93.0	96.3	99.5	102.6	105.7	108.7	111.7	114.5	117.3	120.0	122.5	2.0 %
Sales change	2.5 %	4.0 %	4.0 %	3.5 %	3.3 %	3.2 %	3.0 %	2.9 %	2.7 %	2.6 %	2.4 %	2.3 %	2.0 %	
EBIT	4.1	4.5	6.6	6.7	7.0	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.6	7.0 %
EBIT-margin	4.8 %	5.1 %	7.1 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	
Tax rate (EBT)	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	6.0
NOPAT	2.9	3.2	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.7	5.9	6.0	
Depreciation	6.4	6.4	6.4	6.6	6.9	7.1	7.3	7.5	7.7	7.9	8.1	8.3	8.4	6.9 %
in % of Sales	7.4 %	7.2 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	
Changes in provisions	0.4	0.0	0.0	-0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	5.6
Change in Liquidity from														
- Working Capital	-1.1	0.7	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	8.4
- Capex	7.6	7.6	7.6	6.6	6.9	7.1	7.3	7.5	7.7	7.9	8.1	8.3	8.4	
Capex in % of Sales	8.8 %	8.5 %	8.1 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	0.0
Other	1.5	1.5	1.5	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)	1.6	-0.2	1.2	3.6	4.3	4.5	4.6	4.8	4.9	5.1	5.3	5.4	5.6	6
PV of FCF	1.6	-0.2	1.1	2.9	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.5	2.4	
share of PVs	3.25 %			36.03 %										60.72 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.25
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.25
Market return	7.00 %	Cyclicality	1.25
Risk free rate	1.50 %	Transparency	1.25
		Others	1.25
WACC	7.43 %	Beta	1.25

Valuation (m)

Present values 2031e	31		
Terminal Value	47		
Financial liabilities	13		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	10	No. of shares (m)	9.1
Equity Value	72	Value per share (EUR)	7.98

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
1.46	8.4 %	6.10	6.22	6.36	6.51	6.67	6.84	7.03	1.46	8.4 %	4.67	5.28	5.89	6.51	7.12	7.73	8.35
1.36	7.9 %	6.67	6.83	7.00	7.18	7.38	7.60	7.83	1.36	7.9 %	5.19	5.86	6.52	7.18	7.84	8.51	9.17
1.30	7.7 %	7.00	7.17	7.36	7.56	7.79	8.03	8.30	1.30	7.7 %	5.49	6.18	6.87	7.56	8.25	8.94	9.63
1.25	7.4 %	7.35	7.54	7.75	7.98	8.23	8.51	8.81	1.25	7.4 %	5.82	6.54	7.26	7.98	8.70	9.42	10.14
1.20	7.2 %	7.73	7.95	8.18	8.44	8.72	9.04	9.39	1.20	7.2 %	6.17	6.93	7.68	8.44	9.19	9.95	10.70
1.14	6.9 %	8.15	8.39	8.65	8.95	9.27	9.63	10.03	1.14	6.9 %	6.57	7.36	8.15	8.95	9.74	10.53	11.32
1.04	6.4 %	9.10	9.41	9.75	10.13	10.56	11.04	11.59	1.04	6.4 %	7.50	8.37	9.25	10.13	11.01	11.89	12.77

- The cyclical components of the business activity and the low liquidity of the share raise 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 via the perpetuity of a given year's "FCF potential" with consideration of 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	2015	2016	2017	2018	2019e	2020e	2021e	
Net Income before minorities	4.5	5.7	0.7	3.3	2.8	3.1	4.5	
+ Depreciation + Amortisation	5.3	5.1	4.5	4.9	6.4	6.4	6.4	
- Net Interest Income	-0.3	-0.2	-1.2	0.5	-0.1	-0.1	-0.1	
- Maintenance Capex	3.3	4.2	4.2	5.8	5.7	5.7	5.7	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	6.7	6.8	2.3	1.9	3.6	3.9	5.4	
FCF Potential Yield (on market EV)	6.6 %	7.5 %	2.6 %	2.4 %	5.0 %	5.3 %	7.2 %	
WACC	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	
= Enterprise Value (EV)	101.6	90.0	86.7	80.5	72.5	74.1	74.5	
= Fair Enterprise Value	90.1	91.4	30.4	26.2	49.0	52.8	72.2	
- Net Debt (Cash)	3.1	3.1	3.1	3.1	9.0	10.6	11.0	
- Pension Liabilities	2.1	2.1	2.1	2.1	2.5	2.5	2.5	
- 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	84.8	86.2	25.1	21.0	37.5	39.7	58.7	
Number of shares, average	6.9	7.0	7.3	8.8	9.1	9.1	9.1	
= Fair value per share (EUR)	12.23	12.38	3.42	2.39	4.11	4.36	6.44	
premium (-) / discount (+) in %					-38.6 %	-35.0 %	-3.8 %	
Sensitivity Fair value per Share (EUR)								
WACC	10.43 %	6.47	6.58	1.80	1.48	2.57	2.69	4.16
	9.43 %	7.22	7.34	2.05	1.69	2.97	3.13	4.76
	8.43 %	8.14	8.27	2.37	1.96	3.48	3.67	5.50
	7.43 %	9.32	9.46	2.76	2.30	4.11	4.36	6.44
	6.43 %	10.85	11.02	3.28	2.75	4.95	5.26	7.68
	5.43 %	12.96	13.16	3.99	3.36	6.09	6.49	9.36
	4.43 %	16.01	16.25	5.02	4.25	7.75	8.28	11.81

■ Capitalised own work is a significant element of the capex.

Valuation	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.1 x	1.7 x	1.6 x	1.1 x	0.9 x	0.9 x	0.9 x
Book value per share ex intangibles	0.00	0.55	1.37	0.92	0.59	0.41	0.37
EV / Sales	1.2 x	1.1 x	1.1 x	1.0 x	0.8 x	0.8 x	0.8 x
EV / EBITDA	9.4 x	7.3 x	12.7 x	8.9 x	6.9 x	6.8 x	5.7 x
EV / EBIT	18.6 x	12.6 x	37.0 x	19.7 x	17.6 x	16.4 x	11.3 x
EV / EBIT adj.*	15.1 x	13.7 x	77.7 x	22.8 x	17.6 x	18.4 x	12.2 x
P / FCF	20.8 x	20.9 x	n.a.	44.1 x	19.9 x	49.4 x	22.8 x
P / E	19.4 x	14.3 x	112.0 x	22.6 x	21.6 x	19.7 x	13.4 x
P / E adj.*	19.4 x	14.3 x	112.0 x	22.6 x	21.6 x	19.7 x	13.4 x
Dividend Yield	1.2 %	1.7 %	1.2 %	1.5 %	2.2 %	2.5 %	3.0 %
FCF Potential Yield (on market EV)	6.6 %	7.5 %	2.6 %	2.4 %	5.0 %	5.3 %	7.2 %
*Adjustments made for: -							

Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Sales	82.3	80.4	78.7	83.9	86.0	89.4	93.0
Change Sales yoy	10.4 %	-2.3 %	-2.1 %	6.6 %	2.5 %	4.0 %	4.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	2.8	4.5	4.6	4.4	4.0	4.5	4.5
Total Sales	85.1	84.9	83.3	88.3	90.0	93.9	97.5
Material expenses	31.9	31.4	32.2	36.5	37.0	38.0	39.5
Gross profit	53.2	53.6	51.1	51.8	53.0	55.9	58.0
Gross profit margin	64.7 %	66.6 %	64.9 %	61.8 %	61.7 %	62.5 %	62.3 %
Personnel expenses	33.6	35.1	33.0	33.4	34.0	36.0	36.0
Other operating income	2.8	5.3	0.9	1.4	1.5	1.5	1.5
Other operating expenses	11.7	11.5	12.1	10.8	10.0	10.5	10.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	10.8	12.3	6.8	9.0	10.5	10.9	13.0
Margin	13.1 %	15.2 %	8.7 %	10.7 %	12.2 %	12.2 %	14.0 %
Depreciation of fixed assets	0.8	0.8	0.8	0.7	1.9	1.9	1.9
EBITA	10.0	11.4	6.1	8.3	8.6	9.0	11.1
Amortisation of intangible assets	4.5	4.3	3.7	4.2	4.5	4.5	4.5
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.5	7.2	2.3	4.1	4.1	4.5	6.6
Margin	6.6 %	8.9 %	3.0 %	4.9 %	4.8 %	5.1 %	7.1 %
EBIT adj.	6.7	6.6	1.1	3.5	4.1	4.0	6.1
Interest income	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Interest expenses	0.3	0.2	1.3	-0.5	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	5.2	7.0	1.1	4.6	4.0	4.4	6.5
Margin	6.3 %	8.7 %	1.4 %	5.5 %	4.7 %	5.0 %	7.0 %
Total taxes	0.7	1.3	0.4	1.3	1.2	1.3	1.9
Net income from continuing operations	4.5	5.7	0.7	3.3	2.8	3.1	4.5
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	4.5	5.7	0.7	3.3	2.8	3.1	4.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	4.5	5.7	0.7	3.3	2.8	3.1	4.5
Margin	5.4 %	7.1 %	0.9 %	4.0 %	3.3 %	3.5 %	4.9 %
Number of shares, average	6.9	7.0	7.3	8.8	9.1	9.1	9.1
EPS	0.65	0.82	0.10	0.38	0.31	0.34	0.50
EPS adj.	0.65	0.82	0.10	0.38	0.31	0.34	0.50

*Adjustments made for:

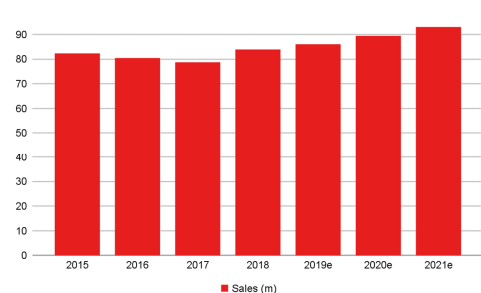
Guidance: 2019: revenues > EUR 88m; EBIT > EUR 4m

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	90.3 %	90.4 %	97.2 %	94.5 %	92.4 %	92.8 %	90.9 %
Operating Leverage	-0.7 x	-13.5 x	31.5 x	11.2 x	0.4 x	2.5 x	11.4 x
EBITDA / Interest expenses	33.3 x	49.4 x	5.4 x	n.m.	52.6 x	54.6 x	64.9 x
Tax rate (EBT)	14.0 %	18.1 %	35.8 %	27.7 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	23.2 %	24.4 %	131.5 %	34.2 %	48.5 %	49.9 %	40.1 %
Sales per Employee	191,744	178,720	189,658	207,649	189,011	196,571	204,434

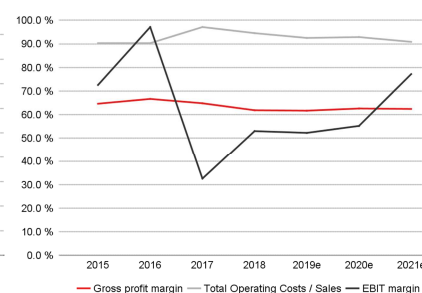
Sales, EBITDA

in EUR m

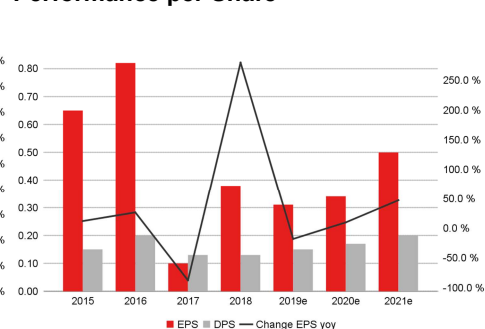


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

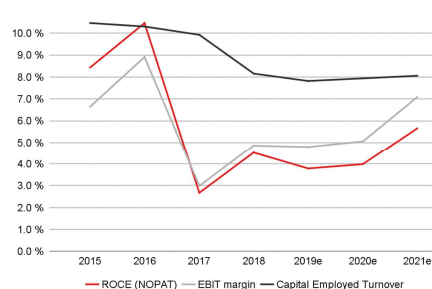
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	42.4	43.8	41.8	59.9	61.7	63.6	65.5
thereof other intangible assets	18.9	18.2	14.7	26.5	25.6	24.7	23.9
thereof Goodwill	15.2	15.5	14.5	18.0	18.0	18.0	18.0
Property, plant and equipment	2.4	2.3	2.0	2.3	7.9	7.2	6.5
Financial assets	0.0	0.0	0.0	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	44.7	46.0	43.8	62.2	69.7	70.8	72.0
Inventories	9.3	9.2	9.1	10.6	9.8	10.2	10.6
Accounts receivable	15.4	12.6	12.8	13.7	13.9	14.5	15.0
Liquid assets	9.2	10.9	10.3	9.7	10.1	8.5	8.1
Other short-term assets	3.8	4.2	4.7	3.7	3.7	3.7	3.7
Current assets	37.7	36.9	36.9	37.6	37.5	36.8	37.4
Total Assets	82.5	82.9	80.7	99.8	107.2	107.7	109.4
Liabilities and shareholders' equity							
Subscribed capital	7.0	7.0	7.7	9.1	9.1	9.1	9.1
Capital reserve	12.3	12.3	19.2	31.1	31.1	31.1	31.1
Retained earnings	23.1	28.4	25.4	28.0	30.9	34.0	38.5
Other equity components	0.0	0.0	0.0	0.0	-4.0	-6.8	-9.9
Shareholders' equity	42.4	47.6	52.3	68.3	67.1	67.3	68.8
Minority interest	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Total equity	42.3	47.6	52.3	68.4	67.2	67.5	69.0
Provisions	4.1	4.7	2.9	3.7	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	1.9	2.2	2.2	2.1	2.5	2.5	2.5
Financial liabilities (total)	21.2	16.9	12.6	12.8	19.1	19.1	19.1
thereof short-term financial liabilities	5.5	10.3	8.4	10.7	10.7	10.7	10.7
Accounts payable	6.3	5.9	5.5	6.1	6.6	6.9	7.1
Other liabilities	8.5	7.8	7.4	8.8	8.8	8.8	8.8
Liabilities	40.1	35.3	28.4	31.4	39.9	40.2	40.4
Total liabilities and shareholders' equity	82.5	82.9	80.7	99.8	107.2	107.7	109.4

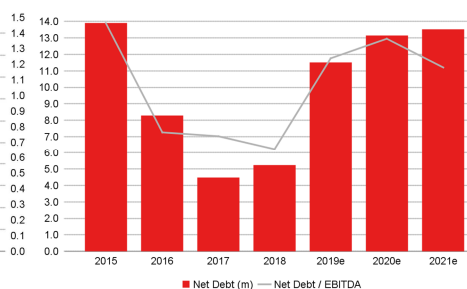
Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	4.0 x	4.4 x	4.3 x	4.1 x	3.4 x	3.6 x	3.7 x
Capital Employed Turnover	1.5 x	1.4 x	1.4 x	1.1 x	1.1 x	1.1 x	1.1 x
ROA	10.0 %	12.4 %	1.6 %	5.3 %	4.0 %	4.4 %	6.3 %
Return on Capital							
ROCE (NOPAT)	8.4 %	10.5 %	2.7 %	4.5 %	3.8 %	4.0 %	5.7 %
ROE	11.3 %	12.7 %	1.4 %	5.5 %	4.2 %	4.6 %	6.7 %
Adj. ROE	11.3 %	12.7 %	1.4 %	5.5 %	4.2 %	4.6 %	6.7 %
Balance sheet quality							
Net Debt	13.9	8.3	4.5	5.2	11.5	13.1	13.5
Net Financial Debt	12.0	6.1	2.3	3.1	9.0	10.6	11.0
Net Gearing	32.8 %	17.4 %	8.6 %	7.6 %	17.1 %	19.5 %	19.6 %
Net Fin. Debt / EBITDA	112.0 %	49.4 %	33.5 %	34.2 %	85.7 %	97.4 %	84.8 %
Book Value / Share	6.1	6.8	6.8	7.5	7.4	7.4	7.6
Book value per share ex intangibles	0.0	0.6	1.4	0.9	0.6	0.4	0.4

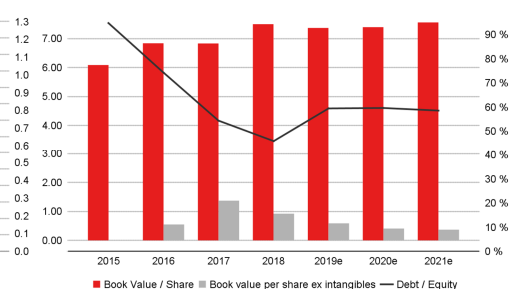
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

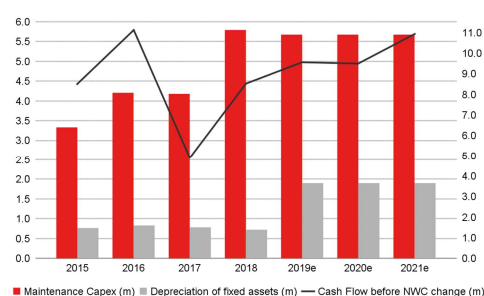
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	4.5	5.7	0.7	3.3	2.8	3.1	4.5
Depreciation of fixed assets	0.8	0.8	0.8	0.7	1.9	1.9	1.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.5	4.3	3.7	4.2	4.5	4.5	4.5
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.4	0.0	0.0
Other non-cash income and expenses	-1.3	0.3	-0.3	0.3	0.0	0.0	0.0
Cash Flow before NWC change	8.5	11.1	4.9	8.5	9.6	9.5	10.9
Increase / decrease in inventory	-0.6	0.1	0.1	-1.5	0.8	-0.4	-0.4
Increase / decrease in accounts receivable	-1.2	2.8	-0.2	-1.4	-0.2	-0.6	-0.5
Increase / decrease in accounts payable	1.7	-0.8	-0.3	1.4	0.5	0.3	0.2
Increase / decrease in other working capital positions	0.2	-3.7	-1.0	2.4	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.1	-1.6	-1.3	0.9	1.1	-0.7	-0.7
Net cash provided by operating activities [1]	8.6	9.5	3.6	9.4	10.6	8.8	10.2
Investments in intangible assets	-2.8	-4.5	-4.6	-6.4	-6.4	-6.4	-6.4
Investments in property, plant and equipment	-1.7	-1.1	-1.0	-1.4	-1.2	-1.2	-1.2
Payments for acquisitions	-1.3	-0.9	-4.2	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	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 [2]	-5.8	-6.5	-9.8	-7.7	-7.6	-7.6	-7.6
Change in financial liabilities	-1.7	-0.2	-0.3	-1.0	0.0	0.0	0.0
Dividends paid	-1.7	-1.0	-1.4	-1.0	-1.2	-1.4	-1.5
Purchase of own shares	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	7.9	0.0	0.0	0.0	0.0
Other	-0.2	-0.2	-0.1	-0.2	-1.5	-1.5	-1.5
Net cash provided by financing activities [3]	-2.6	-1.4	6.0	-2.2	-2.7	-2.9	-3.0
Change in liquid funds [1]+[2]+[3]	0.3	1.6	-0.2	-0.5	0.4	-1.6	-0.4
Effects of exchange-rate changes on cash	0.1	0.1	-0.4	-0.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	9.2	10.9	10.3	9.7	10.1	8.5	8.1

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	4.2	3.9	-2.0	1.7	3.1	1.2	2.7
Free Cash Flow / Sales	5.1 %	4.9 %	-2.6 %	2.0 %	3.6 %	1.4 %	2.9 %
Free Cash Flow Potential	6.7	6.8	2.3	1.9	3.6	3.9	5.4
Free Cash Flow / Net Profit	93.8 %	68.6 %	-283.5 %	51.4 %	108.8 %	39.8 %	58.9 %
Interest Received / Avg. Cash	0.6 %	0.6 %	0.4 %	0.7 %	1.0 %	1.1 %	1.2 %
Interest Paid / Avg. Debt	1.4 %	1.3 %	8.6 %	-3.6 %	1.3 %	1.0 %	1.0 %
Management of Funds							
Investment ratio	5.4 %	7.0 %	7.1 %	9.2 %	8.8 %	8.5 %	8.1 %
Maint. Capex / Sales	4.0 %	5.2 %	5.3 %	6.9 %	6.6 %	6.3 %	6.1 %
Capex / Dep	84.1 %	110.0 %	123.9 %	156.4 %	118.2 %	118.2 %	118.2 %
Avg. Working Capital / Sales	22.6 %	21.3 %	20.5 %	20.6 %	20.5 %	19.5 %	19.5 %
Trade Debtors / Trade Creditors	244.0 %	214.0 %	232.1 %	224.8 %	210.6 %	210.1 %	211.3 %
Inventory Turnover	3.4 x	3.4 x	3.6 x	3.5 x	3.8 x	3.7 x	3.7 x
Receivables collection period (days)	68	57	59	60	59	59	59
Payables payment period (days)	72	68	63	61	65	66	66
Cash conversion cycle (Days)	103	96	100	104	91	91	91

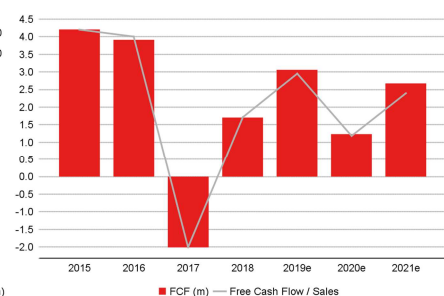
CAPEX and Cash Flow

in EUR m



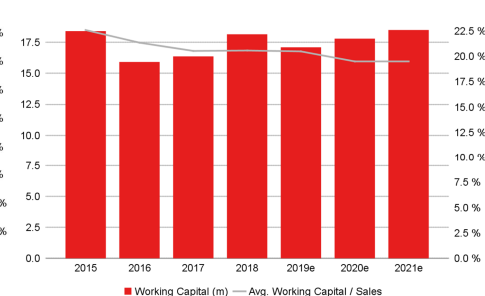
Source: Warburg Research

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	3, 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.
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“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	129	65
Hold	56	28
Sell	5	3
Rating suspended	8	4
Total	198	100

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

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	30	77
Hold	7	18
Sell	0	0
Rating suspended	2	5
Total	39	100

PRICE AND RATING HISTORY SOFTING AS OF 02.04.2019


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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