

|  |   |   |   |
|--|---|---|---|
| <b>Hold</b><br><br><b>EUR 8.00</b><br><br>Price <b>EUR 7.60</b><br>Upside <b>5.3 %</b> | <b>Value Indicators:</b> EUR<br>DCF: 8.00<br>FCF-Value Potential 21e: 6.40  | <b>Share data:</b><br>Bloomberg: SYT GR<br>Reuters: SYTG<br>ISIN: DE0005178008              | <b>Description:</b><br>Soft- and hardware for data exchange in industrial plants and automotive electronics   |
|  | <b>Market Snapshot:</b> EUR m<br>Market cap: 69.2<br>No. of shares (m): 9.1<br>EV: 80.7<br>Freefloat MC: 43.6<br>Ø Trad. Vol. (30d): 90.08 th | <b>Shareholders:</b><br>Freefloat 63.0 %<br>Trier Asset Mgmt 21.0 %<br>Alois Widmann 16.0 % | <b>Risk Profile (WRe):</b> 2019e<br>Beta: 1.3<br>Price / Book: 1.0 x<br>Equity Ratio: 63 %<br>Net Fin. Debt / EBITDA: 0.9 x<br>Net Debt / EBITDA: 1.1 x |

## Group revenue growth of 6% driven by Industrial Automation

Stated Figures Q1/2019:

| in EUR m           | Q1/19        | Q1/19e      | Δ WRe       | Q1/18       | yoy           |
|--------------------|--------------|-------------|-------------|-------------|---------------|
| <b>Sales</b>       | <b>19.6</b>  | <b>19.0</b> | <b>3.2%</b> | <b>18.5</b> | <b>5.9%</b>   |
| <b>EBIT</b>        | <b>-0.5</b>  | <b>0.4</b>  | <b>-</b>    | <b>0.4</b>  | <b>-</b>      |
| <b>margin</b>      | <b>-2.4%</b> | <b>2.1%</b> |             | <b>2.1%</b> |               |
| <b>Industrial</b>  | <b>13.4</b>  | <b>12.5</b> |             | <b>11.6</b> | <b>15.1%</b>  |
| <b>Automotive</b>  | <b>4.0</b>   | <b>4.5</b>  |             | <b>4.2</b>  | <b>-5.2%</b>  |
| <b>IT Networks</b> | <b>2.2</b>   | <b>2.0</b>  |             | <b>2.6</b>  | <b>-16.9%</b> |
| Order entries      | 24.8         |             |             | 21.1        | 17.5%         |
| Book-to-bill       | 13           |             |             | 11          | 110%          |

Comment on Figures:

- The book-to-bill ratio of 1.3 indicates higher revenues in the coming quarters.
- Lower EBIT as a result of revenue-mix shifts and a lower level of own work capitalized.

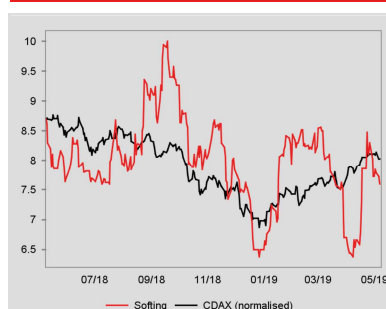
Softing's Q1 revenues were ahead of the FY run-rate. EBIT, however, was somewhat weaker as growth in material expenses was proportionately higher, indicating a greater share of hardware sales. Furthermore, own work capitalized declined by c. EUR 0.5m.

**Industrial Automation** grew dynamically reflecting higher demand from customers in process- and factory automation. **Automotive** revenues declined as some orders were postponed to the next quarters. Globalmatrix still had a negative bottom line impact of EUR 0.6m in this segment. Somewhat lower revenues in the **IT Networks** segment reflect a product-mix shift from lower-margin reselling products to higher-margin proprietary products.

Order entries jumped by 18% to EUR 25m. The order backlog of EUR 20.5m contributes to good visibility for the upcoming quarters. The order book also indicates a better revenue mix which should contribute to higher margins.

Management confirmed its outlook. It is expecting EBIT of c. EUR 4m, confirming our estimates. As in the previous years, 2019 will be backend-loaded.

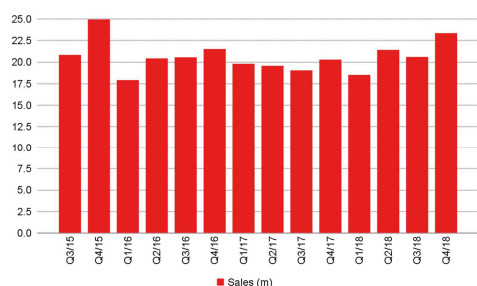
**The Hold rating is confirmed.**



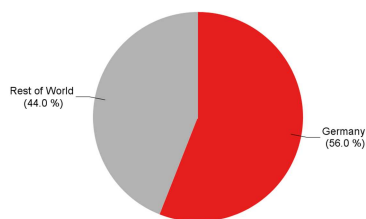
|                                  |         |
|----------------------------------|---------|
| <b>Rel. Performance vs CDAX:</b> |         |
| 1 month:                         | 17.1 %  |
| 6 months:                        | -16.7 % |
| Year to date:                    | 1.9 %   |
| Trailing 12 months:              | -7.1 %  |

|                        |    |
|------------------------|----|
| <b>Company events:</b> |    |
| 14.08.19               | Q2 |
| 15.11.19               | Q3 |

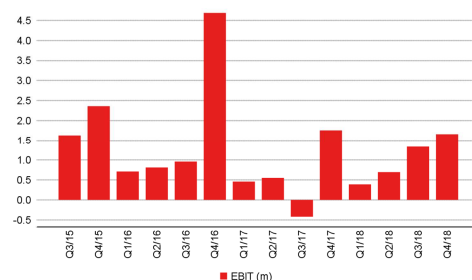
| FY End: 31.12.<br>in EUR m | CAGR<br>(18-21e)                        | 2015   | 2016   | 2017    | 2018   | 2019e  | 2020e  | 2021e  |
|----------------------------|---|--------|--------|---------|--------|--------|--------|--------|
| <b>Sales</b>               | 3.5 %                                   | 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 % |
| <b>EBITDA</b>              | 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 % |
| <b>EBIT</b>                | 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 %  |
| <b>EBIT adj.</b>           | 19.9 %                                  | 6.7    | 6.6    | 1.1     | 3.5    | 4.1    | 4.0    | 6.1    |
| <b>Net income</b>          | 11.0 %                                  | 4.5    | 5.7    | 0.7     | 3.3    | 2.8    | 3.1    | 4.5    |
| <b>EPS</b>                 | 9.6 %                                   | 0.65   | 0.82   | 0.10    | 0.38   | 0.31   | 0.34   | 0.50   |
| <b>DPS</b>                 | 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 %  | 2.0 %  | 2.2 %  | 2.6 %  |
| <b>FCFPS</b>               |   | 0.61   | 0.56   | -0.27   | 0.19   | 0.34   | 0.14   | 0.29   |
| <b>FCF / Market cap</b>    |   | 4.8 %  | 4.8 %  | -2.4 %  | 2.3 %  | 4.4 %  | 1.8 %  | 3.9 %  |
| <b>EV / Sales</b>          |   | 1.2 x  | 1.1 x  | 1.1 x   | 1.0 x  | 0.9 x  | 0.9 x  | 0.9 x  |
| <b>EV / EBITDA</b>         |   | 9.4 x  | 7.3 x  | 12.7 x  | 8.9 x  | 7.7 x  | 7.5 x  | 6.4 x  |
| <b>EV / EBIT adj.</b>      |   | 15.1 x | 13.7 x | 77.7 x  | 22.8 x | 19.6 x | 20.4 x | 13.6 x |
| <b>EV / EBIT</b>           |   | 18.6 x | 12.6 x | 37.0 x  | 19.7 x | 19.6 x | 18.2 x | 12.6 x |
| <b>P / E</b>               |   | 19.4 x | 14.3 x | 112.0 x | 22.6 x | 24.5 x | 22.4 x | 15.2 x |
| <b>FCF Potential Yield</b> |   | 6.6 %  | 7.5 %  | 2.6 %   | 2.4 %  | 4.5 %  | 4.8 %  | 6.5 %  |
| <b>Net Debt</b>            |   | 13.9   | 8.3    | 4.5     | 5.2    | 11.5   | 13.1   | 13.5   |
| <b>ROCE (NOPAT)</b>        |   | 8.4 %  | 10.5 % | 2.7 %   | 4.5 %  | 3.8 %  | 4.0 %  | 5.7 %  |
| <b>Guidance:</b>           | 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


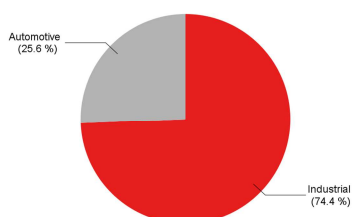
Source: Company

## 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    | 0.5         |
| 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        |
| <b>WACC</b>              | <b>7.43 %</b> | <b>Beta</b>         | <b>1.25</b> |

## 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         |
| <b>Equity Value</b>        | <b>72</b> | <b>Value per share (EUR)</b> | <b>7.98</b> |

## Sensitivity Value per Share (EUR)

|      |       | Terminal Growth |        |        |        |        |        |        |      |       | Delta EBIT-margin |         |         |         |         |         |         |
|------|-------|-----------------|--------|--------|--------|--------|--------|--------|------|-------|-------------------|---------|---------|---------|---------|---------|---------|
| Beta | WACC  | 1.25 %          | 1.50 % | 1.75 % | 2.00 % | 2.25 % | 2.50 % | 2.75 % | Beta | WACC  | -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         |             |
| <b>= Free Cash Flow Potential</b>             | <b>6.7</b>    | <b>6.8</b>   | <b>2.3</b>  | <b>1.9</b>  | <b>3.6</b>  | <b>3.9</b>  | <b>5.4</b>  |             |
| FCF Potential Yield (on market EV)            | 6.6 %         | 7.5 %        | 2.6 %       | 2.4 %       | 4.5 %       | 4.8 %       | 6.5 %       |             |
| WACC  | 7.43 %        | 7.43 %       | 7.43 %      | 7.43 %      | 7.43 %      | 7.43 %      | 7.43 %      |             |
| <b>= Enterprise Value (EV)</b>                | <b>101.6</b>  | <b>90.0</b>  | <b>86.7</b> | <b>80.5</b> | <b>80.7</b> | <b>82.3</b> | <b>82.7</b> |             |
| <b>= Fair Enterprise Value</b>                | <b>90.1</b>   | <b>91.4</b>  | <b>30.4</b> | <b>26.2</b> | <b>49.0</b> | <b>52.8</b> | <b>72.2</b> |             |
| - 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         |             |
| <b>= Fair Market Capitalisation</b>           | <b>84.8</b>   | <b>86.2</b>  | <b>25.1</b> | <b>21.0</b> | <b>37.5</b> | <b>39.7</b> | <b>58.7</b> |             |
| Number of shares, average                     | 6.9           | 7.0          | 7.3         | 8.8         | 9.1         | 9.1         | 9.1         |             |
| <b>= Fair value per share (EUR)</b>           | <b>12.23</b>  | <b>12.38</b> | <b>3.42</b> | <b>2.39</b> | <b>4.11</b> | <b>4.36</b> | <b>6.44</b> |             |
| premium (-) / discount (+) in %               |               |              |             |             | -45.9 %     | -42.7 %     | -15.2 %     |             |
| <b>Sensitivity Fair value per Share (EUR)</b> |               |              |             |             |             |             |             |             |
| 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        |
|   | <b>7.43 %</b> | <b>9.32</b>  | <b>9.46</b> | <b>2.76</b> | <b>2.30</b> | <b>4.11</b> | <b>4.36</b> | <b>6.44</b> |
|   | 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  | 1.0 x  | 1.0 x  | 1.0 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  | 0.9 x  | 0.9 x  | 0.9 x  |
| EV / EBITDA                         | 9.4 x  | 7.3 x  | 12.7 x  | 8.9 x  | 7.7 x  | 7.5 x  | 6.4 x  |
| EV / EBIT                           | 18.6 x | 12.6 x | 37.0 x  | 19.7 x | 19.6 x | 18.2 x | 12.6 x |
| EV / EBIT adj.*                     | 15.1 x | 13.7 x | 77.7 x  | 22.8 x | 19.6 x | 20.4 x | 13.6 x |
| P / FCF                             | 20.8 x | 20.9 x | n.a.    | 44.1 x | 22.6 x | 56.1 x | 25.9 x |
| P / E                               | 19.4 x | 14.3 x | 112.0 x | 22.6 x | 24.5 x | 22.4 x | 15.2 x |
| P / E adj.*                         | 19.4 x | 14.3 x | 112.0 x | 22.6 x | 24.5 x | 22.4 x | 15.2 x |
| Dividend Yield                      | 1.2 %  | 1.7 %  | 1.2 %   | 1.5 %  | 2.0 %  | 2.2 %  | 2.6 %  |
| FCF Potential Yield (on market EV)  | 6.6 %  | 7.5 %  | 2.6 %   | 2.4 %  | 4.5 %  | 4.8 %  | 6.5 %  |
| *Adjustments made for: -            |        |        |         |        |        |        |        |

| Company Specific Items |      |      |      |      |       |       |       |
|------------------------|------|------|------|------|-------|-------|-------|
|                        | 2015 | 2016 | 2017 | 2018 | 2019e | 2020e | 2021e |
| 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   | 2015          | 2016          | 2017          | 2018          | 2019e         | 2020e         | 2021e         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales</b>                                     | <b>82.3</b>   | <b>80.4</b>   | <b>78.7</b>   | <b>83.9</b>   | <b>86.0</b>   | <b>89.4</b>   | <b>93.0</b>   |
| 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           |
| <b>Total Sales</b>                               | <b>85.1</b>   | <b>84.9</b>   | <b>83.3</b>   | <b>88.3</b>   | <b>90.0</b>   | <b>93.9</b>   | <b>97.5</b>   |
| Material expenses                                | 31.9          | 31.4          | 32.2          | 36.5          | 37.0          | 38.0          | 39.5          |
| <b>Gross profit</b>                              | <b>53.2</b>   | <b>53.6</b>   | <b>51.1</b>   | <b>51.8</b>   | <b>53.0</b>   | <b>55.9</b>   | <b>58.0</b>   |
| <b>Gross profit margin</b>                       | <b>64.7 %</b> | <b>66.6 %</b> | <b>64.9 %</b> | <b>61.8 %</b> | <b>61.7 %</b> | <b>62.5 %</b> | <b>62.3 %</b> |
| 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           |
| <b>EBITDA</b>                                    | <b>10.8</b>   | <b>12.3</b>   | <b>6.8</b>    | <b>9.0</b>    | <b>10.5</b>   | <b>10.9</b>   | <b>13.0</b>   |
| <b>Margin</b>                                    | <b>13.1 %</b> | <b>15.2 %</b> | <b>8.7 %</b>  | <b>10.7 %</b> | <b>12.2 %</b> | <b>12.2 %</b> | <b>14.0 %</b> |
| Depreciation of fixed assets                     | 0.8           | 0.8           | 0.8           | 0.7           | 1.9           | 1.9           | 1.9           |
| <b>EBITA</b>                                     | <b>10.0</b>   | <b>11.4</b>   | <b>6.1</b>    | <b>8.3</b>    | <b>8.6</b>    | <b>9.0</b>    | <b>11.1</b>   |
| 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           |
| <b>EBIT</b>                                      | <b>5.5</b>    | <b>7.2</b>    | <b>2.3</b>    | <b>4.1</b>    | <b>4.1</b>    | <b>4.5</b>    | <b>6.6</b>    |
| <b>Margin</b>                                    | <b>6.6 %</b>  | <b>8.9 %</b>  | <b>3.0 %</b>  | <b>4.9 %</b>  | <b>4.8 %</b>  | <b>5.1 %</b>  | <b>7.1 %</b>  |
| <b>EBIT adj.</b>                                 | <b>6.7</b>    | <b>6.6</b>    | <b>1.1</b>    | <b>3.5</b>    | <b>4.1</b>    | <b>4.0</b>    | <b>6.1</b>    |
| 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           |
| <b>EBT</b>                                       | <b>5.2</b>    | <b>7.0</b>    | <b>1.1</b>    | <b>4.6</b>    | <b>4.0</b>    | <b>4.4</b>    | <b>6.5</b>    |
| <b>Margin</b>                                    | <b>6.3 %</b>  | <b>8.7 %</b>  | <b>1.4 %</b>  | <b>5.5 %</b>  | <b>4.7 %</b>  | <b>5.0 %</b>  | <b>7.0 %</b>  |
| Total taxes                                      | 0.7           | 1.3           | 0.4           | 1.3           | 1.2           | 1.3           | 1.9           |
| <b>Net income from continuing operations</b>     | <b>4.5</b>    | <b>5.7</b>    | <b>0.7</b>    | <b>3.3</b>    | <b>2.8</b>    | <b>3.1</b>    | <b>4.5</b>    |
| Income from discontinued operations (net of tax) | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Net income before minorities</b>              | <b>4.5</b>    | <b>5.7</b>    | <b>0.7</b>    | <b>3.3</b>    | <b>2.8</b>    | <b>3.1</b>    | <b>4.5</b>    |
| Minority interest                                | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Net income</b>                                | <b>4.5</b>    | <b>5.7</b>    | <b>0.7</b>    | <b>3.3</b>    | <b>2.8</b>    | <b>3.1</b>    | <b>4.5</b>    |
| <b>Margin</b>                                    | <b>5.4 %</b>  | <b>7.1 %</b>  | <b>0.9 %</b>  | <b>4.0 %</b>  | <b>3.3 %</b>  | <b>3.5 %</b>  | <b>4.9 %</b>  |
| Number of shares, average                        | 6.9           | 7.0           | 7.3           | 8.8           | 9.1           | 9.1           | 9.1           |
| <b>EPS</b>                                       | <b>0.65</b>   | <b>0.82</b>   | <b>0.10</b>   | <b>0.38</b>   | <b>0.31</b>   | <b>0.34</b>   | <b>0.50</b>   |
| EPS adj.   | 0.65          | 0.82          | 0.10          | 0.38          | 0.31          | 0.34          | 0.50          |

\*Adjustments made for:

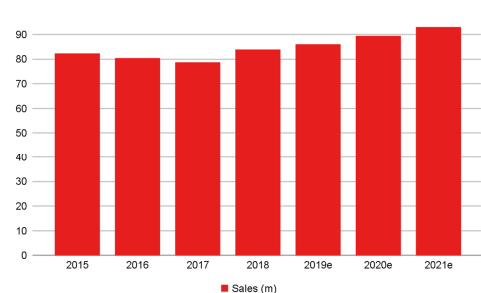
**Guidance: 2019: revenues > EUR 88m; EBIT > EUR 4m**

## 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 |

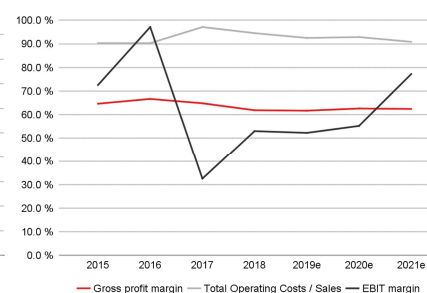
### Sales, EBITDA

in EUR m

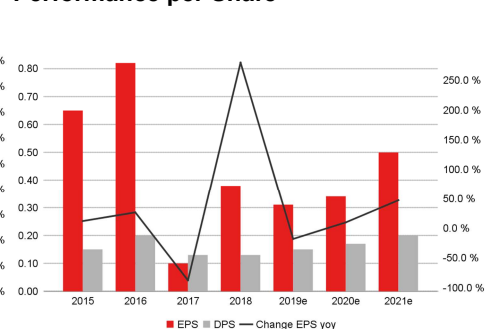


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

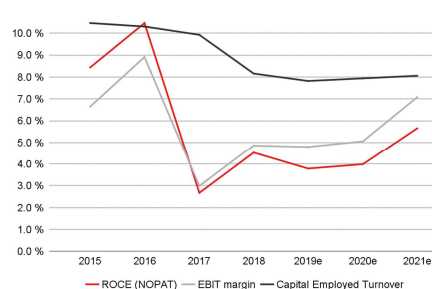
## Consolidated balance sheet

| In EUR m  | 2015        | 2016        | 2017        | 2018        | 2019e        | 2020e        | 2021e        |
|---|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Assets</b>   |             |             |             |             |              |              |              |
| 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          |
| <b>Fixed assets</b>                                     | <b>44.7</b> | <b>46.0</b> | <b>43.8</b> | <b>62.2</b> | <b>69.7</b>  | <b>70.8</b>  | <b>72.0</b>  |
| 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          |
| <b>Current assets</b>                                   | <b>37.7</b> | <b>36.9</b> | <b>36.9</b> | <b>37.6</b> | <b>37.5</b>  | <b>36.8</b>  | <b>37.4</b>  |
| <b>Total Assets</b>                                     | <b>82.5</b> | <b>82.9</b> | <b>80.7</b> | <b>99.8</b> | <b>107.2</b> | <b>107.7</b> | <b>109.4</b> |
| <b>Liabilities and shareholders' equity</b>             |             |             |             |             |              |              |              |
| 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          |
| <b>Total equity</b>                                     | <b>42.3</b> | <b>47.6</b> | <b>52.3</b> | <b>68.4</b> | <b>67.2</b>  | <b>67.5</b>  | <b>69.0</b>  |
| 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          |
| <b>Liabilities</b>                                      | <b>40.1</b> | <b>35.3</b> | <b>28.4</b> | <b>31.4</b> | <b>39.9</b>  | <b>40.2</b>  | <b>40.4</b>  |
| <b>Total liabilities and shareholders' equity</b>       | <b>82.5</b> | <b>82.9</b> | <b>80.7</b> | <b>99.8</b> | <b>107.2</b> | <b>107.7</b> | <b>109.4</b> |

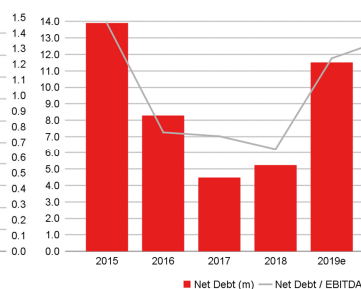
## Financial Ratios

|   | 2015    | 2016   | 2017   | 2018   | 2019e  | 2020e  | 2021e  |
|---|---------|--------|--------|--------|--------|--------|--------|
| <b>Efficiency of Capital Employment</b> |         |        |        |        |        |        |        |
| 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 %  |
| <b>Return on Capital</b>                |         |        |        |        |        |        |        |
| 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 %  |
| <b>Balance sheet quality</b>            |         |        |        |        |        |        |        |
| 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    |

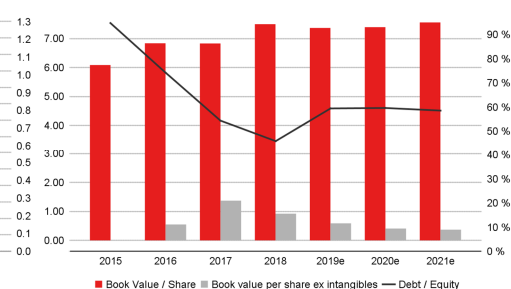
### ROCE Development



### Net debt in EUR m



### Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

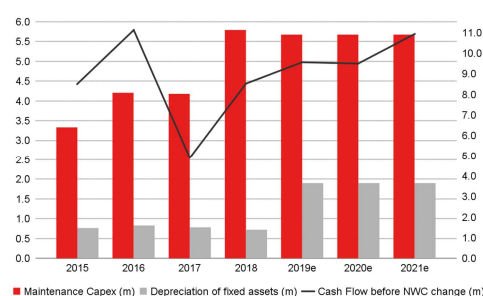
| In EUR m   | 2015        | 2016        | 2017        | 2018        | 2019e       | 2020e       | 2021e       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net income   | 4.5         | 5.7         | 0.7         | 3.3         | 2.8         | 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         |
| <b>Cash Flow before NWC change</b>                     | <b>8.5</b>  | <b>11.1</b> | <b>4.9</b>  | <b>8.5</b>  | <b>9.6</b>  | <b>9.5</b>  | <b>10.9</b> |
| 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        |
| <b>Net cash provided by operating activities [1]</b>   | <b>8.6</b>  | <b>9.5</b>  | <b>3.6</b>  | <b>9.4</b>  | <b>10.6</b> | <b>8.8</b>  | <b>10.2</b> |
| 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         |
| <b>Net cash provided by investing activities [2]</b>   | <b>-5.8</b> | <b>-6.5</b> | <b>-9.8</b> | <b>-7.7</b> | <b>-7.6</b> | <b>-7.6</b> | <b>-7.6</b> |
| 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        |
| <b>Net cash provided by financing activities [3]</b>   | <b>-2.6</b> | <b>-1.4</b> | <b>6.0</b>  | <b>-2.2</b> | <b>-2.7</b> | <b>-2.9</b> | <b>-3.0</b> |
| <b>Change in liquid funds [1]+[2]+[3]</b>              | <b>0.3</b>  | <b>1.6</b>  | <b>-0.2</b> | <b>-0.5</b> | <b>0.4</b>  | <b>-1.6</b> | <b>-0.4</b> |
| Effects of exchange-rate changes on cash               | 0.1         | 0.1         | -0.4        | -0.1        | 0.0         | 0.0         | 0.0         |
| <b>Cash and cash equivalent at end of period</b>       | <b>9.2</b>  | <b>10.9</b> | <b>10.3</b> | <b>9.7</b>  | <b>10.1</b> | <b>8.5</b>  | <b>8.1</b>  |

## Financial Ratios

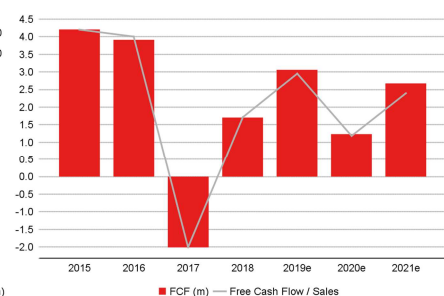
|                                      | 2015    | 2016    | 2017     | 2018    | 2019e   | 2020e   | 2021e   |
|--------------------------------------|---------|---------|----------|---------|---------|---------|---------|
| <b>Cash Flow</b>                     |         |         |          |         |         |         |         |
| 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 %   |
| <b>Management of Funds</b>           |         |         |          |         |         |         |         |
| 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

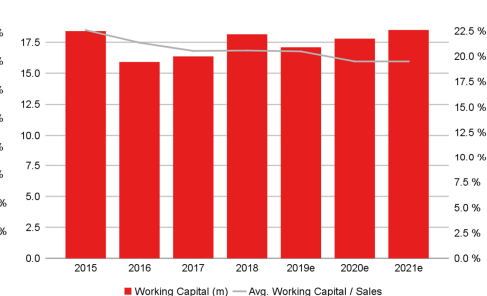
in EUR m



## Free Cash Flow Generation



## Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research



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|---------|------------|---|
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|     |                          |   |
|-----|--------------------------|---|
| -B- | <b>Buy:</b>              | The price of the analysed financial instrument is expected to rise over the next 12 months.               |
| -H- | <b>Hold:</b>             | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
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| “-“ | <b>Rating suspended:</b> | The available information currently does not permit an evaluation of the company.                         |

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|------------------|------------------|---------------|
| Buy              | 123              | 62            |
| Hold             | 64               | 32            |
| Sell             | 4                | 2             |
| Rating suspended | 7                | 4             |
| <b>Total</b>     | <b>198</b>       | <b>100</b>    |

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

| Rating           | Number of stocks | % of Universe |
|------------------|------------------|---------------|
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| Hold             | 5                | 13            |
| Sell             | 0                | 0             |
| Rating suspended | 2                | 5             |
| <b>Total</b>     | <b>38</b>        | <b>100</b>    |

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