

Buy EUR 9.50 Price EUR 8.26 Upside 15.0 %	Value Indicators: EUR DCF: 10.40 FCF-Value Potential 21e: 9.10	Share data: Bloomberg: SYT GR Reuters: SYTG ISIN: DE0005178008	Description: Soft- and hardware for data exchange for e.g. industrial plants and automotive electronics
	Market Snapshot: EUR m Market cap: 75.2 No. of shares (m): 9.1 EV: 92.1 Freefloat MC: 47.1 Ø Trad. Vol. (30d): 53.33 th	Shareholders: Freefloat 62.6 % Trier Asset Mgmt 22.4 % Alois Widmann 15.0 %	Risk Profile (WRe): 2019e Beta: 1.3 Price / Book: 1.1 x Equity Ratio: 59 % Net Fin. Debt / EBITDA: 1.2 x Net Debt / EBITDA: 1.4 x

Q3 supports FY estimates and guidance

While Softing's Q3 figures were somewhat below the H1 pace, the results support the FY expectations. In a sequential comparison, the lower EBIT was, among other factors, due to less own work capitalised.

Despite the muted environment in the markets addressed by Softing, revenue development was favourable. Top-line development was supported by solid demand in the USA and Europe. The US business received some tailwind from the recent acquisition of Phoenix Digital which is still operating on a small scale but offers the potential to reach about EUR 3m in sales as its communication products address business opportunities emerging in areas such as industrial IoT. This business is part of the **Industrial Automation** segment.

There was dynamic growth of 31% in **Automotive Electronics**, reflecting the launch of new products. Although EBIT in this business field is still impacted by costs of > EUR 1m related to Globalmatix, this business field broke even in the 9M period and reached EUR 1m in Q3. This is mainly a result of previous investment in onboard and offboard diagnostic software tools which are used in R&D in the automotive industry and are now being delivered to clients. Globalmatix investments are mainly related to teams and tools for automated data transmission. From next year onwards, Softing plans to connect tens of thousands of vehicles via its offering.

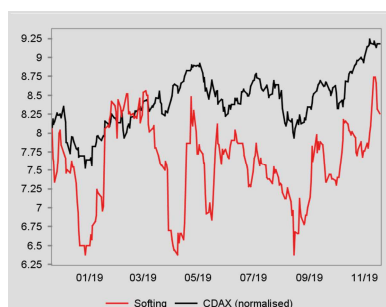
Revenues in **IT Networks** declined, reflecting a business shift from reselling third-party to proprietary products. The launch of the NetXpert qualifier allows Softing to benefit from the usually strong Q4 demand. The market launch of verifiers is lagging slightly behind plan and is expected for Q2. Stronger business in Automotive and Industrial should compensate for the impact of the transition in IT Networks. The FY guidance was reiterated, underpinning our estimates.

The Buy rating is confirmed given the expectation of dynamic EBIT growth in 2020 which looks set to be supported by higher Globalmatix revenues.

Softing - Q3 2019

in EUR m	Q3/19	Q3/19e	Δ WRe	Q3/18	yoy	9M/19	9M/18	yoy
Sales	22.3	22.0	12%	20.6	8.1%	64.1	60.5	5.9%
EBIT	13	18	-26.9%	13	-16%	3.2	2.4	30.5%
margin	5.9%	8.2%		6.5%		4.9%	4.0%	
EPS in EUR	0.13	0.15	-13.3%	0.12	8.3%	0.25	0.23	8.7%
Industrial	14.4	15.0	-4.0%	13.1	10.2%	42.3	38.0	11.3%
Automotive	5.8	5.0	16.1%	4.4	31.0%	14.8	13.1	12.8%
IT Networks	2.1	2.2	-4.0%	3.1	-32.0%	7.0	9.4	-25.1%
Order entries	20.9			213	-19%	72.0	65.7	9.6%
Book-to-bill	0.9			10	-9.3%	11	11	3.5%

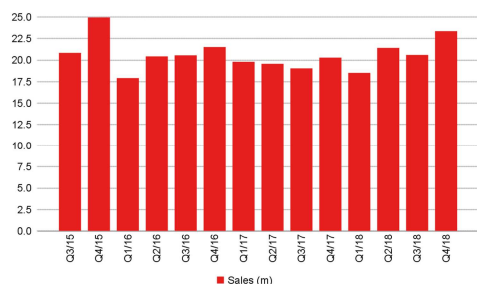
Sources: Softing (historical data), Warburg Research (estimates)



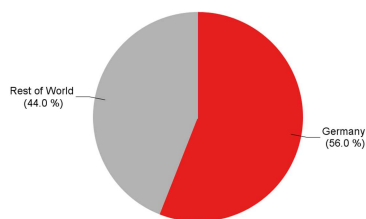
Rel. Performance vs CDAX:	
1 month:	-1.4 %
6 months:	10.9 %
Year to date:	7.0 %
Trailing 12 months:	-11.5 %

Company events:

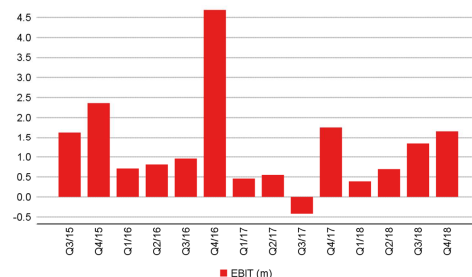
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	8.4 %	82.3	80.4	78.7	83.9	91.0	98.0	107.0
Change Sales yoy		10.4 %	-2.3 %	-2.1 %	6.6 %	8.5 %	7.7 %	9.2 %
Gross profit margin		64.7 %	66.6 %	64.9 %	61.8 %	61.8 %	61.5 %	61.1 %
EBITDA	24.2 %	10.8	12.3	6.8	9.0	12.0	15.0	17.3
Margin		13.1 %	15.2 %	8.7 %	10.7 %	13.2 %	15.3 %	16.2 %
EBIT	25.6 %	5.5	7.2	2.3	4.1	4.0	6.0	8.1
Margin		6.6 %	8.9 %	3.0 %	4.9 %	4.4 %	6.1 %	7.6 %
EBIT adj.	30.1 %	6.7	6.6	1.1	3.5	4.0	5.6	7.8
Net income	19.0 %	4.5	5.7	0.7	3.3	2.7	4.1	5.6
EPS	17.1 %	0.65	0.82	0.10	0.38	0.30	0.45	0.61
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 %	1.8 %	2.1 %	2.4 %
FCF / Market cap		0.61	0.56	-0.27	0.19	0.40	0.46	0.58
		4.8 %	4.8 %	-2.4 %	2.3 %	4.9 %	5.5 %	7.1 %
EV / Sales		1.2 x	1.1 x	1.1 x	1.0 x	1.0 x	0.9 x	0.8 x
EV / EBITDA		9.4 x	7.3 x	12.7 x	8.9 x	7.7 x	6.1 x	5.2 x
EV / EBIT adj.		15.1 x	13.6 x	77.7 x	22.8 x	23.2 x	16.3 x	11.5 x
EV / EBIT		18.6 x	12.6 x	37.0 x	19.7 x	23.2 x	15.2 x	11.1 x
P / E		19.4 x	14.3 x	112.0 x	22.6 x	27.5 x	18.4 x	13.5 x
FCF Potential Yield		6.6 %	7.5 %	2.6 %	2.4 %	4.0 %	6.6 %	8.6 %
Net Debt		13.9	8.3	4.5	5.2	16.9	16.1	14.3
ROCE (NOPAT)		8.4 %	10.5 %	2.7 %	4.5 %	3.5 %	4.7 %	5.8 %
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


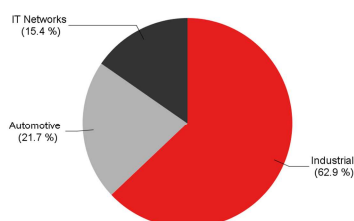
Source: Company

Company Background

- Softing has the necessary expertise on information exchange between various devices, sensors, plant and software solutions in automated processes. Its business activity comprises three segments.
- Industrial Automation: hardware and software solutions for the exchange of information in all kinds of production including assembly lines, chemical plants, oil and gas extraction or refineries.
- IT Networks: diagnostic devices which are used in industrial automation and for the diagnosis of copper and optical fibre networks in data centers and office installations
- Automotive Electronics: The solutions allow engineers and workshop mechanics to test automotive electronics in the development phase, production or repair and to recognise errors via 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.
- Softing's participation in international committees that set standards for the exchange of information. This contributes to a short time-to-market.
- 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	91.0	98.0	107.0	112.9	118.8	124.7	130.6	136.4	142.2	148.0	153.6	159.3	162.4	2.0 %
Sales change	8.5 %	7.7 %	9.2 %	5.5 %	5.2 %	5.0 %	4.7 %	4.5 %	4.3 %	4.0 %	3.8 %	3.6 %	2.0 %	
EBIT	4.0	6.0	8.1	8.5	8.9	9.4	9.8	10.2	10.7	11.1	11.5	11.9	12.2	7.5 %
EBIT-margin	4.4 %	6.1 %	7.6 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	
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 %	8.5
NOPAT	2.8	4.2	5.7	5.9	6.2	6.5	6.9	7.2	7.5	7.8	8.1	8.4	8.5	
Depreciation	8.0	9.0	9.2	7.8	8.2	8.6	9.0	9.4	9.8	10.2	10.6	11.0	11.2	6.9 %
in % of Sales	8.8 %	9.2 %	8.6 %	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	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6
Change in Liquidity from														
- Working Capital	-0.2	1.4	1.9	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	0.6	11.2
- Capex	7.6	7.6	7.6	7.8	8.2	8.6	9.0	9.4	9.8	10.2	10.6	11.0	11.2	
Capex in % of Sales	8.3 %	7.7 %	7.1 %	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)	2.2	2.7	3.9	4.6	5.2	5.5	5.8	6.1	6.4	6.7	7.1	7.4	8.0	9
PV of FCF	2.2	2.5	3.3	3.7	3.8	3.8	3.7	3.6	3.5	3.4	3.3	3.2	3.2	
share of PVs	8.02 %			34.67 %										57.31 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	10.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.25
		Others	1.30
WACC	7.95 %	Beta	1.29

Valuation (m)

Present values 2031e	43		
Terminal Value	58		
Financial liabilities	13		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	8	No. of shares (m)	9.1
Equity Value	94	Value per share (EUR)	10.39

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
1.49	8.9 %	8.16	8.31	8.47	8.64	8.82	9.02	9.23	1.49	8.9 %	6.49	7.21	7.92	8.64	9.36	10.07	10.79
1.39	8.4 %	8.87	9.05	9.24	9.45	9.67	9.92	10.18	1.39	8.4 %	7.13	7.90	8.67	9.45	10.22	10.99	11.76
1.34	8.2 %	9.26	9.46	9.67	9.90	10.15	10.42	10.72	1.34	8.2 %	7.49	8.29	9.10	9.90	10.70	11.51	12.31
1.29	7.9 %	9.68	9.90	10.14	10.39	10.67	10.98	11.32	1.29	7.9 %	7.88	8.72	9.56	10.39	11.23	12.07	12.91
1.24	7.7 %	10.13	10.38	10.64	10.93	11.25	11.59	11.97	1.24	7.7 %	8.31	9.18	10.06	10.93	11.81	12.68	13.55
1.19	7.4 %	10.63	10.90	11.20	11.52	11.87	12.27	12.70	1.19	7.4 %	8.77	9.69	10.60	11.52	12.43	13.35	14.26
1.09	6.9 %	11.75	12.09	12.46	12.88	13.34	13.84	14.41	1.09	6.9 %	9.85	10.86	11.87	12.88	13.89	14.89	15.90

- 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	2.7	4.1	5.6	
+ Depreciation + Amortisation	5.3	5.1	4.5	4.9	8.0	9.0	9.2	
- 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	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	6.7	6.8	2.3	1.9	3.6	6.1	7.7	
FCF Potential Yield (on market EV)	6.6 %	7.5 %	2.6 %	2.4 %	4.0 %	6.6 %	8.6 %	
WACC	7.95 %	7.95 %	7.95 %	7.95 %	7.95 %	7.95 %	7.95 %	
= Enterprise Value (EV)	101.6	90.0	86.7	80.5	92.1	91.3	89.5	
= Fair Enterprise Value	84.3	85.5	28.4	24.5	45.8	76.2	97.1	
- Net Debt (Cash)	3.1	3.1	3.1	3.1	14.4	13.6	11.8	
- 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	79.0	80.3	23.2	19.3	28.9	60.1	82.8	
Number of shares, average	6.9	7.0	7.3	8.8	9.1	9.1	9.1	
= Fair value per share (EUR)	11.39	11.54	3.16	2.20	3.18	6.60	9.09	
premium (-) / discount (+) in %					-61.6 %	-20.0 %	10.0 %	
Sensitivity Fair value per Share (EUR)								
WACC	10.95 %	6.14	6.24	1.69	1.38	1.80	4.31	6.17
	9.95 %	6.82	6.93	1.92	1.58	2.16	4.92	6.94
	8.95 %	7.65	7.77	2.20	1.82	2.61	5.67	7.90
	7.95 %	8.68	8.82	2.55	2.12	3.18	6.60	9.09
	6.95 %	10.01	10.17	3.00	2.51	3.90	7.81	10.62
	5.95 %	11.79	11.98	3.60	3.02	4.87	9.42	12.68
	4.95 %	14.29	14.51	4.44	3.75	6.23	11.68	15.56

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

■ FCF-Value-CAGR 2015-2021e: 1%

Valuation	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.1 x	1.7 x	1.6 x	1.1 x	1.1 x	1.0 x	0.9 x
Book value per share ex intangibles	0.00	0.55	1.37	0.92	0.62	1.61	2.80
EV / Sales	1.2 x	1.1 x	1.1 x	1.0 x	1.0 x	0.9 x	0.8 x
EV / EBITDA	9.4 x	7.3 x	12.7 x	8.9 x	7.7 x	6.1 x	5.2 x
EV / EBIT	18.6 x	12.6 x	37.0 x	19.7 x	23.2 x	15.2 x	11.1 x
EV / EBIT adj.*	15.1 x	13.6 x	77.7 x	22.8 x	23.2 x	16.3 x	11.5 x
P / FCF	20.8 x	20.9 x	n.a.	44.1 x	20.5 x	18.1 x	14.1 x
P / E	19.4 x	14.3 x	112.0 x	22.6 x	27.5 x	18.4 x	13.5 x
P / E adj.*	19.4 x	14.3 x	112.0 x	22.6 x	27.5 x	18.4 x	13.5 x
Dividend Yield	1.2 %	1.7 %	1.2 %	1.5 %	1.8 %	2.1 %	2.4 %
FCF Potential Yield (on market EV)	6.6 %	7.5 %	2.6 %	2.4 %	4.0 %	6.6 %	8.6 %
*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
Sales	82.3	80.4	78.7	83.9	91.0	98.0	107.0
Change Sales yoy	10.4 %	-2.3 %	-2.1 %	6.6 %	8.5 %	7.7 %	9.2 %
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	5.0	4.5	4.5
Total Sales	85.1	84.9	83.3	88.3	96.0	102.5	111.5
Material expenses	31.9	31.4	32.2	36.5	39.7	42.2	46.1
Gross profit	53.2	53.6	51.1	51.8	56.3	60.3	65.4
Gross profit margin	64.7 %	66.6 %	64.9 %	61.8 %	61.8 %	61.5 %	61.1 %
Personnel expenses	33.6	35.1	33.0	33.4	35.0	36.0	37.0
Other operating income	2.8	5.3	0.9	1.4	1.2	1.5	1.5
Other operating expenses	11.7	11.5	12.1	10.8	10.5	10.8	12.6
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	12.0	15.0	17.3
Margin	13.1 %	15.2 %	8.7 %	10.7 %	13.2 %	15.3 %	16.2 %
Depreciation of fixed assets	0.8	0.8	0.8	0.7	2.8	2.9	3.0
EBITA	10.0	11.4	6.1	8.3	9.2	12.1	14.3
Amortisation of intangible assets	4.5	4.3	3.7	4.2	5.2	6.1	6.2
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	4.0	6.0	8.1
Margin	6.6 %	8.9 %	3.0 %	4.9 %	4.4 %	6.1 %	7.6 %
EBIT adj.	6.7	6.6	1.1	3.5	4.0	5.6	7.8
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	3.9	5.9	8.0
Margin	6.3 %	8.7 %	1.4 %	5.5 %	4.3 %	6.0 %	7.5 %
Total taxes	0.7	1.3	0.4	1.3	1.2	1.8	2.4
Net income from continuing operations	4.5	5.7	0.7	3.3	2.7	4.1	5.6
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	2.7	4.1	5.6
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	2.7	4.1	5.6
Margin	5.4 %	7.1 %	0.9 %	4.0 %	3.0 %	4.2 %	5.2 %
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	0.30	0.45	0.61
EPS adj.	0.65	0.82	0.10	0.38	0.30	0.45	0.61

*Adjustments made for:

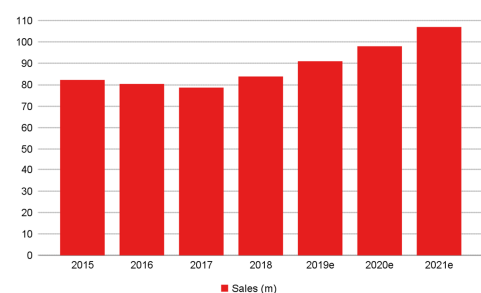
Guidance: 2019: revenues > EUR 88m; EBIT > EUR 4m

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	90.3 %	90.4 %	97.2 %	94.5 %	92.3 %	89.3 %	88.1 %
Operating Leverage	-0.7 x	-13.5 x	31.5 x	11.2 x	-0.3 x	6.6 x	3.8 x
EBITDA / Interest expenses	33.3 x	49.4 x	5.4 x	n.m.	59.9 x	75.0 x	86.4 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 %	50.3 %	37.5 %	32.6 %
Sales per Employee	191,744	178,720	189,658	207,649	200,000	215,385	235,165

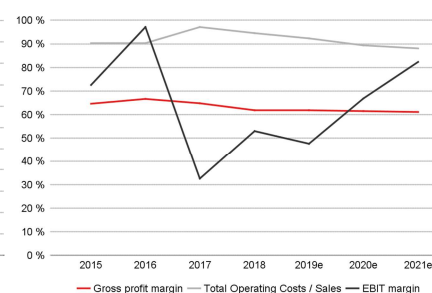
Sales, EBITDA

in EUR m

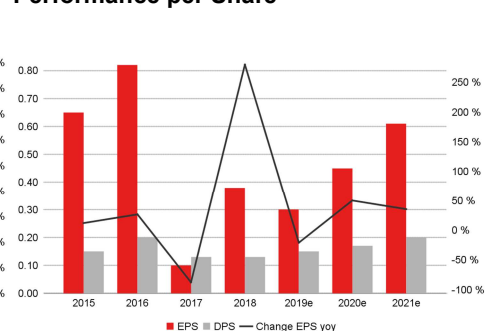


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

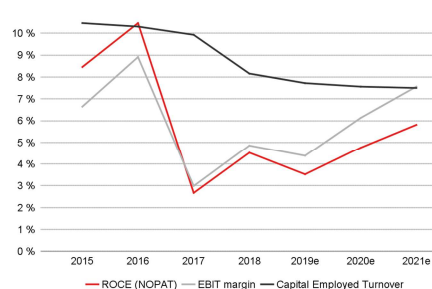
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	42.4	43.8	41.8	59.9	61.5	61.8	62.0
thereof other intangible assets	18.9	18.2	14.7	26.5	24.9	22.4	19.9
thereof Goodwill	15.2	15.5	14.5	18.0	18.5	18.5	18.5
Property, plant and equipment	2.4	2.3	2.0	2.3	15.0	21.8	29.0
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	76.6	83.7	91.0
Inventories	9.3	9.2	9.1	10.6	10.3	11.1	12.2
Accounts receivable	15.4	12.6	12.8	13.7	14.7	15.8	17.3
Liquid assets	9.2	10.9	10.3	9.7	7.3	6.1	7.9
Other short-term assets	3.8	4.2	4.7	3.7	5.8	5.8	5.8
Current assets	37.7	36.9	36.9	37.6	38.1	38.8	43.2
Total Assets	82.5	82.9	80.7	99.8	114.7	122.5	134.2
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	30.8	34.9	40.5
Other equity components	0.0	0.0	0.0	0.0	-3.8	1.4	6.8
Shareholders' equity	42.4	47.6	52.3	68.3	67.2	76.5	87.5
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	67.3	76.6	87.6
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	21.7	19.7	19.7
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	7.0	7.5	8.2
Other liabilities	8.5	7.8	7.4	8.8	13.2	13.2	13.2
Liabilities	40.1	35.3	28.4	31.4	47.4	45.9	46.6
Total liabilities and shareholders' equity	82.5	82.9	80.7	99.8	114.7	122.5	134.2

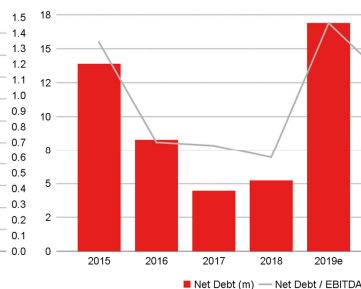
Financial Ratios

	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	2.8 x	2.4 x	2.1 x
Capital Employed Turnover	1.5 x	1.4 x	1.4 x	1.1 x	1.1 x	1.1 x	1.0 x
ROA	10.0 %	12.4 %	1.6 %	5.3 %	3.5 %	4.9 %	6.1 %
Return on Capital							
ROCE (NOPAT)	8.4 %	10.5 %	2.7 %	4.5 %	3.5 %	4.7 %	5.8 %
ROE	11.3 %	12.7 %	1.4 %	5.5 %	4.0 %	5.8 %	6.8 %
Adj. ROE	11.3 %	12.7 %	1.4 %	5.5 %	4.0 %	5.8 %	6.8 %
Balance sheet quality							
Net Debt	13.9	8.3	4.5	5.2	16.9	16.1	14.3
Net Financial Debt	12.0	6.1	2.3	3.1	14.4	13.6	11.8
Net Gearing	32.8 %	17.4 %	8.6 %	7.6 %	25.1 %	21.0 %	16.4 %
Net Fin. Debt / EBITDA	112.0 %	49.4 %	33.5 %	34.2 %	120.3 %	90.7 %	68.5 %
Book Value / Share	6.1	6.8	6.8	7.5	7.4	8.4	9.6
Book value per share ex intangibles	0.0	0.6	1.4	0.9	0.6	1.6	2.8

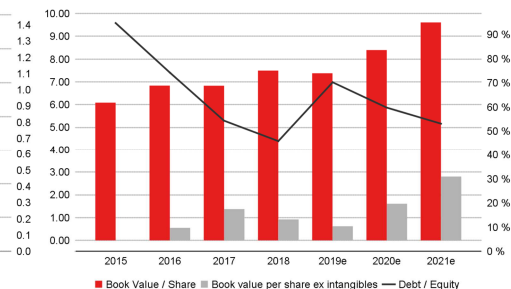
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

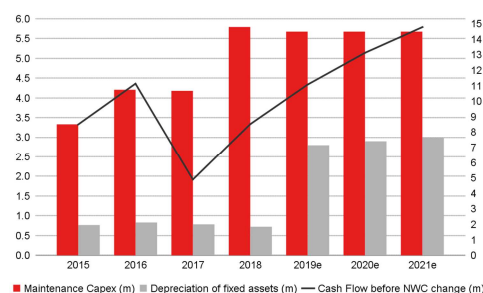
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	4.5	5.7	0.7	3.3	2.7	4.1	5.6
Depreciation of fixed assets	0.8	0.8	0.8	0.7	2.8	2.9	3.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.5	4.3	3.7	4.2	5.2	6.1	6.2
Increase/decrease in long-term provisions	0.0	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	11.1	13.1	14.8
Increase / decrease in inventory	-0.6	0.1	0.1	-1.5	0.3	-0.8	-1.1
Increase / decrease in accounts receivable	-1.2	2.8	-0.2	-1.4	-1.0	-1.1	-1.5
Increase / decrease in accounts payable	1.7	-0.8	-0.3	1.4	0.9	0.5	0.7
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	0.2	-1.4	-1.9
Net cash provided by operating activities [1]	8.6	9.5	3.6	9.4	11.2	11.7	12.9
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	-1.5	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	-9.1	-7.6	-7.6
Change in financial liabilities	-1.7	-0.2	-0.3	-1.0	2.7	-2.0	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	-6.0	-2.0	-2.0
Net cash provided by financing activities [3]	-2.6	-1.4	6.0	-2.2	-4.5	-5.4	-3.5
Change in liquid funds [1]+[2]+[3]	0.3	1.6	-0.2	-0.5	-2.4	-1.2	1.8
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	7.3	6.1	7.9

Financial Ratios

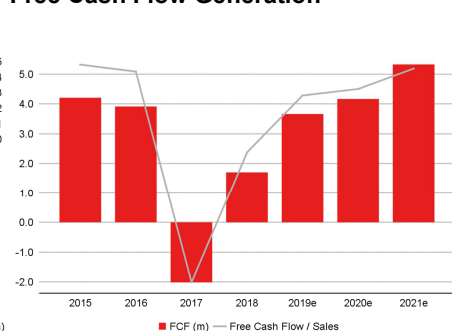
	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	4.2	3.9	-2.0	1.7	3.7	4.2	5.3
Free Cash Flow / Sales	5.1 %	4.9 %	-2.6 %	2.0 %	4.0 %	4.3 %	5.0 %
Free Cash Flow Potential	6.7	6.8	2.3	1.9	3.6	6.1	7.7
Free Cash Flow / Net Profit	93.8 %	68.6 %	-283.5 %	51.4 %	134.9 %	100.8 %	95.3 %
Interest Received / Avg. Cash	0.6 %	0.6 %	0.4 %	0.7 %	1.2 %	1.5 %	1.4 %
Interest Paid / Avg. Debt	1.4 %	1.3 %	8.6 %	-3.6 %	1.2 %	1.0 %	1.0 %
Management of Funds							
Investment ratio	5.4 %	7.0 %	7.1 %	9.2 %	8.3 %	7.7 %	7.1 %
Maint. Capex / Sales	4.0 %	5.2 %	5.3 %	6.9 %	6.2 %	5.8 %	5.3 %
Capex / Dep	84.1 %	110.0 %	123.9 %	156.4 %	94.6 %	84.1 %	82.2 %
Avg. Working Capital / Sales	22.6 %	21.3 %	20.5 %	20.6 %	19.9 %	19.1 %	19.0 %
Trade Debtors / Trade Creditors	244.0 %	214.0 %	232.1 %	224.8 %	210.0 %	210.7 %	211.0 %
Inventory Turnover	3.4 x	3.4 x	3.6 x	3.5 x	3.9 x	3.8 x	3.8 x
Receivables collection period (days)	68	57	59	60	59	59	59
Payables payment period (days)	72	68	63	61	64	65	65
Cash conversion cycle (Days)	103	96	100	104	89	90	91

CAPEX and Cash Flow

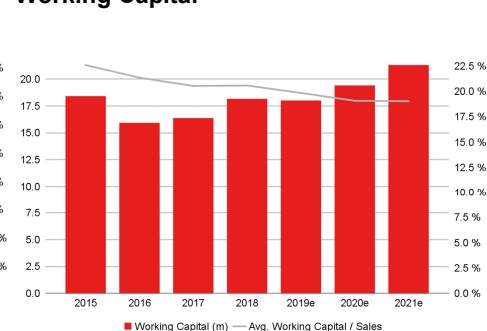
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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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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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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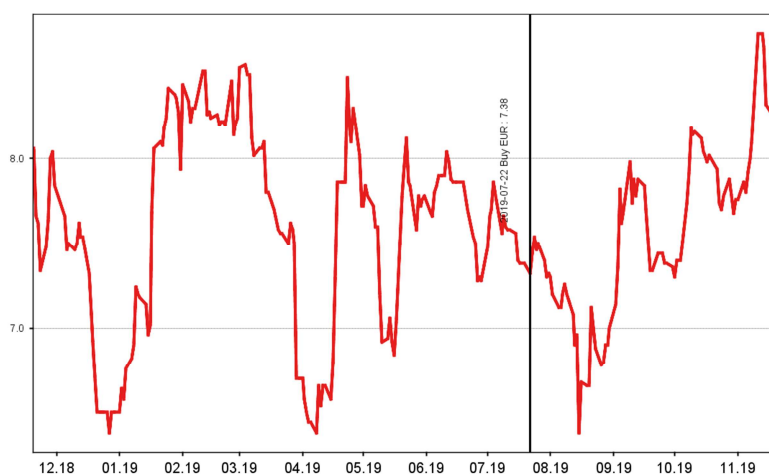
Rating	Number of stocks	% of Universe
Buy	118	58
Hold	74	37
Sell	6	3
Rating suspended	4	2
Total	202	100

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	33	77
Hold	8	19
Sell	0	0
Rating suspended	2	5
Total	43	100

PRICE AND RATING HISTORY SOFTING AS OF 19.11.2019



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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