

Buy EUR 7.50 (EUR 6.50) Price EUR 5.72 Upside 31.1 %	Value Indicators: EUR DCF: 7.70 FCF-Value Potential 22e: 5.90	Warburg ESG Risk Score: 2.3 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 0.0	Description: Soft- and hardware for data exchange for e.g. industrial plants and automotive electronics
	Market Snapshot: EUR m Market cap: 52.1 No. of shares (m): 9.1 EV: 57.9 Freefloat MC: 32.6 Ø Trad. Vol. (30d): 32.29 th	Shareholders: Freefloat 62.6 % Trier Asset Mgmt 22.4 % Alois Widmann 15.0 %	Key Figures (WRe): 2020e Beta: 1.3 Price / Book: 0.7 x Equity Ratio: 62 % Net Fin. Debt / EBITDA: 0.0 x Net Debt / EBITDA: 0.3 x

Strong operating performance in Q4

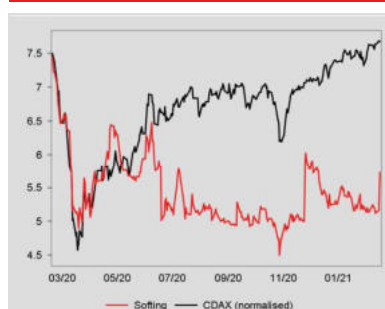
Expected Figures Q4/2020:							Comment on Figures:						
FY End: 31.12. in EUR m	Q4 20e	Q4 19	yoy	20e	19	yoy	<ul style="list-style-type: none"> FY sales in line with our estimate of EUR 77m and the company target of just below EUR 80m Operating EBIT of EUR 1.6m above the guided range of EUR 0.0-0.5m The reported EBIT is burdened by a EUR 3.5m impairment effect 						
Sales	22.3	27.0	-17 %	78.0	91.1	-14 %							
EBITDA	5.8	3.2	84 %	10.7	12.1	-12 %							
<i>Margin</i>	26.1 %	11.8 %		13.7 %	13.3 %								
EBIT	-2.4	1.1	n.a.	-3.5	4.3	n.a.							
<i>Margin</i>	-10.7 %	4.3 %		-4.5 %	4.7 %								
EPS	-0.04	0.06	n.a.	-0.30	0.31	n.a.							

Softing has published preliminary figures for 2020. The company has generated EUR 78m in sales, which was in line with both the guidance (just below EUR 80m) and our estimate (EUR 77m). The operating EBIT of EUR 1.6m (excl. capitalisation and amortisation of own work) was significantly above the target range of EUR 0.0-0.5m. The strong performance was driven by profitable revenues from the Industrial segment in Q4. Moreover, the IT Networks division has seen strong demand in Q4 and should have contributed to the bottom line after a loss in 2019.

Despite the positive development in the operating performance, the reported EBIT should be negative (WRe EUR -3.5m). This is driven by higher capitalised R&D compared its amortisation (WRe delta EUR 1.6m) and an impairment effect of EUR 3.5m in the Automotive segment. Given the increasing demand for electrical vehicles accompanied by policy measures, Softing has adjusted its sales prospects for diagnostic tools for combustion engines.

We have adjusted our estimates accordingly. Since the operating performance was better than anticipated and the one-off from the impairment will not affect the company's cash flow, our DCF model now indicates a fair value of EUR 7.70. Moreover, even after the recent increase in the share price and taking into account the impairment, the company's market value is still below its book value. We increase our target price to EUR 7.50 and confirm our Buy recommendation for Softing.

Changes in Estimates:							Comment on Changes:						
FY End: 31.12. in EUR m	2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -	<ul style="list-style-type: none"> 2021 estimates adjusted according to the preliminary figures EBIT and EPS were significantly lowered by the incorporation of the impairment of EUR 3.5m 						
Sales	77.0	1.3 %	87.0	0.0 %	100.0	0.0 %							
EBITDA	8.8	21.0 %	12.6	0.0 %	14.1	0.0 %							
EBIT	0.5	n.m.	4.2	0.0 %	5.4	0.0 %							
EPS	0.02	n.m.	0.30	0.0 %	0.39	0.0 %							

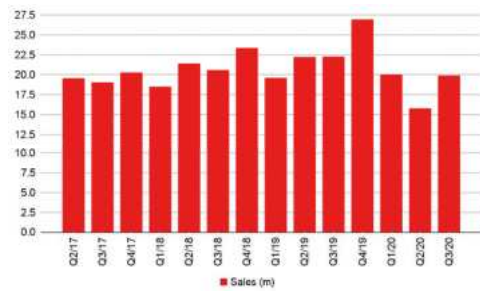


Rel. Performance vs CDAX:	
1 month:	3.3 %
6 months:	0.5 %
Year to date:	4.7 %
Trailing 12 months:	-27.0 %

Company events:

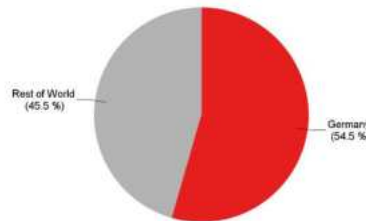
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	3.2 %	80.4	78.7	83.9	91.1	78.0	87.0	100.0
Change Sales yoy		-2.3 %	-2.1 %	6.6 %	8.6 %	-14.3 %	11.5 %	14.9 %
<i>Gross profit margin</i>		66.6 %	64.9 %	61.8 %	62.9 %	62.0 %	63.0 %	61.6 %
EBITDA	5.2 %	12.3	6.8	9.0	12.1	10.7	12.6	14.1
<i>Margin</i>		15.2 %	8.7 %	10.7 %	13.3 %	13.7 %	14.5 %	14.1 %
EBIT	7.9 %	7.2	2.3	4.1	4.3	-3.5	4.2	5.4
<i>Margin</i>		8.9 %	3.0 %	4.9 %	4.7 %	-4.5 %	4.9 %	5.4 %
EBIT adj.	8.5 %	6.6	1.1	3.5	3.9	0.1	3.7	5.0
Net income	8.0 %	5.7	0.7	3.3	2.8	-2.7	2.8	3.5
EPS	8.0 %	0.82	0.10	0.38	0.31	-0.30	0.30	0.39
DPS	7.7 %	0.20	0.13	0.13	0.04	0.00	0.04	0.05
Dividend Yield		1.7 %	1.2 %	1.5 %	0.5 %	n.a.	0.7 %	0.9 %
FCFPS		0.56	-0.27	0.19	0.04	0.55	-0.11	-0.07
FCF / Market cap		4.8 %	-2.4 %	2.3 %	0.5 %	9.5 %	-1.9 %	-1.2 %
EV / Sales		1.1 x	1.1 x	1.0 x	0.8 x	0.7 x	0.7 x	0.6 x
EV / EBITDA		7.3 x	12.7 x	8.9 x	6.3 x	5.2 x	4.6 x	4.3 x
EV / EBIT adj.		13.6 x	77.7 x	22.8 x	19.4 x	915.2 x	15.5 x	12.2 x
EV / EBIT		12.6 x	37.0 x	19.7 x	17.6 x	n.a.	13.7 x	11.3 x
P / E		14.3 x	112.0 x	22.6 x	24.8 x	n.a.	19.1 x	14.7 x
FCF Potential Yield		7.5 %	2.6 %	2.4 %	5.9 %	7.1 %	6.1 %	7.7 %
Net Debt		8.3	4.5	5.2	6.0	2.8	5.8	8.8
ROCE (NOPAT)		10.5 %	2.7 %	4.5 %	4.0 %	n.a.	3.7 %	4.2 %
Guidance:		2020: sales just under EUR 80m, operative EBIT break-even or slightly positive						

Sales development
in EUR m



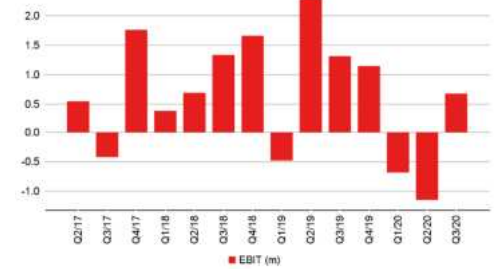
Source: Company

Sales by regions
2019; in %



Source: Company

EBIT development
in EUR m



Source: Company

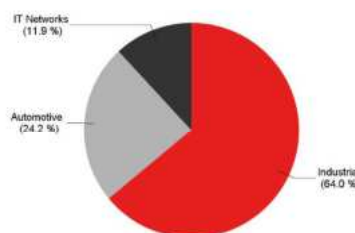
Company Background

- 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
2019; in %



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	78.0	87.0	100.0	105.0	110.0	115.0	119.9	124.8	129.6	134.4	139.0	143.7	146.5	
Sales change	-14.3 %	11.5 %	14.9 %	5.0 %	4.8 %	4.5 %	4.3 %	4.1 %	3.9 %	3.7 %	3.5 %	3.3 %	2.0 %	2.0 %
EBIT	-3.5	4.2	5.4	5.3	6.0	6.3	6.6	6.9	7.1	7.4	7.6	7.9	8.1	
EBIT-margin	-4.5 %	4.9 %	5.4 %	5.0 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	
Tax rate (EBT)	30.0 %	30.0 %	30.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	-2.5	3.0	3.8	3.6	4.2	4.4	4.5	4.7	4.9	5.1	5.3	5.5	5.6	
Depreciation	14.2	8.4	8.7	7.2	7.6	7.9	8.3	8.6	8.9	9.3	9.6	9.9	10.1	
in % of Sales	18.2 %	9.7 %	8.7 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	
Changes in provisions	-0.6	0.0	0.0	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	-4.1	2.1	2.7	1.5	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.6	
- Capex	8.6	8.6	8.6	7.4	7.7	8.0	8.4	8.7	9.1	9.4	9.7	10.1	10.3	
Capex in % of Sales	11.0 %	9.8 %	8.6 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	
Other	0.0	0.0	0.0	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)	6.7	0.7	1.2	1.8	3.2	3.4	3.5	3.7	3.9	4.1	4.3	4.5	4.9	6
PV of FCF	6.8	0.7	1.1	1.5	2.4	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	47
share of PVs	10.99 %			27.98 %										61.02 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	20.00 %	Financial Strength	1.40
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	7.43 %	Beta	1.32

Valuation (m)

Present values 2032e	30		
Terminal Value	47		
Financial liabilities	18		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	13	No. of shares (m)	9.1
Equity Value	69	Value per share (EUR)	7.65

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
1.55	8.4 %	5.82	5.95	6.08	6.23	6.39	6.56	6.75	1.55	8.4 %	4.12	4.82	5.53	6.23	6.93	7.63	8.34
1.43	7.9 %	6.37	6.53	6.70	6.88	7.08	7.29	7.53	1.43	7.9 %	4.60	5.36	6.12	6.88	7.64	8.40	9.16
1.38	7.7 %	6.68	6.86	7.04	7.25	7.47	7.71	7.98	1.38	7.7 %	4.86	5.66	6.45	7.25	8.04	8.83	9.63
1.32	7.4 %	7.02	7.21	7.42	7.65	7.90	8.18	8.48	1.32	7.4 %	5.16	5.99	6.82	7.65	8.48	9.31	10.14
1.26	7.2 %	7.39	7.60	7.84	8.10	8.38	8.69	9.04	1.26	7.2 %	5.48	6.35	7.22	8.10	8.97	9.84	10.71
1.21	6.9 %	7.79	8.03	8.29	8.59	8.91	9.27	9.67	1.21	6.9 %	5.84	6.76	7.67	8.59	9.50	10.41	11.33
1.09	6.4 %	8.71	9.02	9.36	9.74	10.17	10.65	11.19	1.09	6.4 %	6.69	7.71	8.72	9.74	10.76	11.77	12.79

- 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	2016	2017	2018	2019	2020e	2021e	2022e	
Net Income before minorities	5.7	0.7	3.3	2.9	-2.7	2.8	3.5	
+ Depreciation + Amortisation	5.1	4.5	4.9	7.8	14.2	8.4	8.7	
- Net Interest Income	-0.2	-1.2	0.5	-0.1	-0.3	-0.3	-0.4	
- Maintenance Capex	4.2	4.2	5.8	6.4	6.4	6.4	6.4	
+ Other	0.0	0.0	0.0	0.0	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	6.8	2.3	1.9	4.4	3.9	3.5	4.7	
FCF Potential Yield (on market EV)	7.5 %	2.6 %	2.4 %	5.9 %	7.1 %	6.1 %	7.7 %	
WACC	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	
= Enterprise Value (EV)	90.0	86.7	80.5	75.9	54.9	57.9	60.9	
= Fair Enterprise Value	91.5	30.4	26.2	59.8	52.4	47.5	62.8	
- Net Debt (Cash)	2.9	2.9	2.9	2.9	0.3	3.3	6.3	
- Pension Liabilities	3.1	3.1	3.1	3.1	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	85.5	24.4	20.2	53.8	49.5	41.6	53.9	
Number of shares, average	7.0	7.3	8.8	9.1	9.1	9.1	9.1	
= Fair value per share (EUR)	12.28	3.32	2.31	5.91	5.44	4.57	5.92	
premium (-) / discount (+) in %					-4.9 %	-20.0 %	3.5 %	
Sensitivity Fair value per Share (EUR)								
	10.43 %	6.49	1.72	1.39	4.02	3.79	3.07	3.94
	9.43 %	7.25	1.97	1.61	4.52	4.22	3.47	4.46
	8.43 %	8.19	2.28	1.88	5.13	4.76	3.95	5.10
WACC	7.43 %	9.38	2.68	2.22	5.91	5.44	4.57	5.92
	6.43 %	10.95	3.20	2.67	6.93	6.33	5.38	6.99
	5.43 %	13.09	3.91	3.28	8.33	7.56	6.50	8.46
	4.43 %	16.19	4.94	4.17	10.36	9.33	8.11	10.59

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

▪ FCF-Value-CAGR 2016-2022e: -7%

Valuation							
	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	1.7 x	1.6 x	1.1 x	1.0 x	0.7 x	0.7 x	0.6 x
Book value per share ex intangibles	0.55	1.37	0.92	0.76	1.30	1.98	2.73
EV / Sales	1.1 x	1.1 x	1.0 x	0.8 x	0.7 x	0.7 x	0.6 x
EV / EBITDA	7.3 x	12.7 x	8.9 x	6.3 x	5.2 x	4.6 x	4.3 x
EV / EBIT	12.6 x	37.0 x	19.7 x	17.6 x	n.a.	13.7 x	11.3 x
EV / EBIT adj.*	13.6 x	77.7 x	22.8 x	19.4 x	915.2 x	15.5 x	12.2 x
P / FCF	20.9 x	n.a.	44.1 x	213.1 x	10.5 x	n.a.	n.a.
P / E	14.3 x	112.0 x	22.6 x	24.8 x	n.a.	19.1 x	14.7 x
P / E adj.*	14.3 x	112.0 x	22.6 x	24.8 x	n.a.	19.1 x	14.7 x
Dividend Yield	1.7 %	1.2 %	1.5 %	0.5 %	n.a.	0.7 %	0.9 %
FCF Potential Yield (on market EV)	7.5 %	2.6 %	2.4 %	5.9 %	7.1 %	6.1 %	7.7 %

*Adjustments made for: -

Company Specific Items							
	2016	2017	2018	2019	2020e	2021e	2022e
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	2016	2017	2018	2019	2020e	2021e	2022e
Sales	80.4	78.7	83.9	91.1	78.0	87.0	100.0
Change Sales yoy	-2.3 %	-2.1 %	6.6 %	8.6 %	-14.3 %	11.5 %	14.9 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	4.5	4.6	4.4	5.5	3.9	5.5	5.6
Total Sales	84.9	83.3	88.3	96.6	81.9	92.5	105.6
Material expenses	31.4	32.2	36.5	39.3	33.5	37.7	44.0
Gross profit	53.6	51.1	51.8	57.3	48.4	54.8	61.6
<i>Gross profit margin</i>	<i>66.6 %</i>	<i>64.9 %</i>	<i>61.8 %</i>	<i>62.9 %</i>	<i>62.0 %</i>	<i>63.0 %</i>	<i>61.6 %</i>
Personnel expenses	35.1	33.0	33.4	35.4	31.2	33.0	37.0
Other operating income	5.3	0.9	1.4	0.8	1.2	1.0	1.0
Other operating expenses	11.5	12.1	10.8	10.5	7.7	10.2	11.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	12.3	6.8	9.0	12.1	10.7	12.6	14.1
<i>Margin</i>	<i>15.2 %</i>	<i>8.7 %</i>	<i>10.7 %</i>	<i>13.3 %</i>	<i>13.7 %</i>	<i>14.5 %</i>	<i>14.1 %</i>
Depreciation of fixed assets	0.8	0.8	0.7	2.6	2.9	3.0	3.0
EBITA	11.4	6.1	8.3	9.5	7.8	9.6	11.1
Amortisation of intangible assets	4.3	3.7	4.2	5.2	7.8	5.4	5.7
Goodwill amortisation	0.0	0.0	0.0	0.0	3.5	0.0	0.0
EBIT	7.2	2.3	4.1	4.3	-3.5	4.2	5.4
<i>Margin</i>	<i>8.9 %</i>	<i>3.0 %</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>-4.5 %</i>	<i>4.9 %</i>	<i>5.4 %</i>
EBIT adj.	6.6	1.1	3.5	3.9	0.1	3.7	5.0
Interest income	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.2	1.3	-0.5	0.3	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.3	0.0	0.0	0.0
EBT	7.0	1.1	4.6	4.2	-3.8	3.9	5.0
<i>Margin</i>	<i>8.7 %</i>	<i>1.4 %</i>	<i>5.5 %</i>	<i>4.7 %</i>	<i>-4.9 %</i>	<i>4.5 %</i>	<i>5.0 %</i>
Total taxes	1.3	0.4	1.3	1.3	-1.2	1.2	1.5
Net income from continuing operations	5.7	0.7	3.3	2.9	-2.7	2.8	3.5
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	5.7	0.7	3.3	2.9	-2.7	2.8	3.5
Minority interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Net income	5.7	0.7	3.3	2.8	-2.7	2.8	3.5
<i>Margin</i>	<i>7.1 %</i>	<i>0.9 %</i>	<i>4.0 %</i>	<i>3.1 %</i>	<i>-3.4 %</i>	<i>3.2 %</i>	<i>3.5 %</i>
Number of shares, average	7.0	7.3	8.8	9.1	9.1	9.1	9.1
EPS	0.82	0.10	0.38	0.31	-0.30	0.30	0.39
EPS adj.	0.82	0.10	0.38	0.31	-0.30	0.30	0.39

*Adjustments made for:

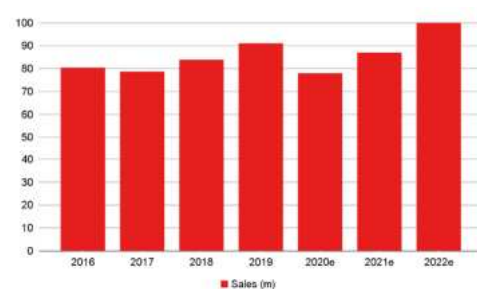
Guidance: 2020: sales just under EUR 80m, operative EBIT break-even or slightly positive

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	90.4 %	97.2 %	94.5 %	92.8 %	91.3 %	91.8 %	91.5 %
Operating Leverage	-13.5 x	31.5 x	11.2 x	0.6 x	n.a.	n.a.	1.9 x
EBITDA / Interest expenses	49.4 x	5.4 x	n.m.	44.4 x	53.3 x	63.1 x	70.5 x
Tax rate (EBT)	18.1 %	35.8 %	27.7 %	31.0 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	24.4 %	131.5 %	34.2 %	12.4 %	0.0 %	13.2 %	12.9 %
Sales per Employee	178,720	189,658	207,649	225,416	190,244	209,639	238,095

Sales, EBITDA

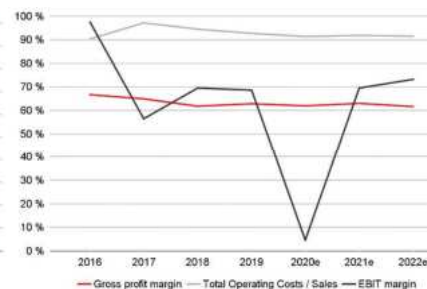
in EUR m



Source: Warburg Research

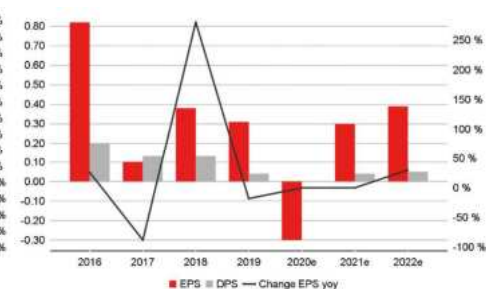
Operating Performance

in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

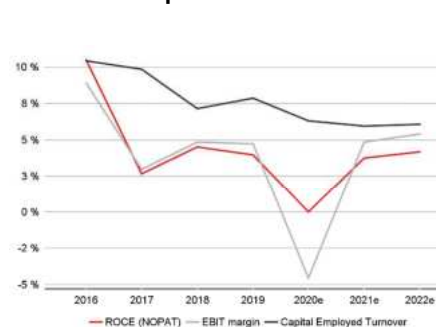
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	43.8	41.8	59.9	62.4	58.5	60.4	62.1
thereof other intangible assets	18.2	14.7	26.5	34.7	33.2	32.0	31.0
thereof Goodwill	15.5	14.5	18.0	18.1	14.6	14.6	14.6
Property, plant and equipment	2.3	2.0	2.3	5.9	12.7	19.9	27.1
Financial assets	0.0	0.0	0.0	1.5	1.5	1.5	1.5
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	46.0	43.8	62.2	69.9	72.7	81.9	90.8
Inventories	9.2	9.1	10.6	12.6	10.8	12.1	13.9
Accounts receivable	12.6	12.8	13.7	15.4	12.6	14.1	16.2
Liquid assets	10.9	10.3	9.7	14.9	13.5	10.5	9.5
Other short-term assets	4.2	4.7	3.7	4.0	4.0	4.0	4.0
Current assets	36.9	36.9	37.6	46.9	40.9	40.7	43.6
Total Assets	82.9	80.7	99.8	116.8	113.7	122.6	134.4
Liabilities and shareholders' equity							
Subscribed capital	7.0	7.7	9.1	9.1	9.1	9.1	9.1
Capital reserve	12.3	19.2	31.1	31.1	31.1	31.1	31.1
Retained earnings	28.4	25.4	28.0	29.1	26.4	29.2	32.7
Other equity components	0.0	0.0	0.0	0.0	3.6	9.0	14.1
Shareholders' equity	47.6	52.3	68.3	69.3	70.3	78.4	87.0
Minority interest	0.0	0.0	0.1	0.3	0.3	0.3	0.3
Total equity	47.6	52.3	68.4	69.6	70.6	78.7	87.3
Provisions	4.7	2.9	3.7	4.4	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	2.2	2.2	2.1	3.1	2.5	2.5	2.5
Financial liabilities (total)	16.9	12.6	12.8	17.8	13.8	13.8	15.8
thereof short-term financial liabilities	10.3	8.4	10.7	1.6	1.6	1.6	1.6
Accounts payable	5.9	5.5	6.1	6.5	6.0	6.7	7.9
Other liabilities	7.8	7.4	8.8	18.4	17.9	17.9	17.9
Liabilities	35.3	28.4	31.4	47.2	43.2	43.9	47.1
Total liabilities and shareholders' equity	82.9	80.7	99.8	116.8	113.7	122.6	134.4

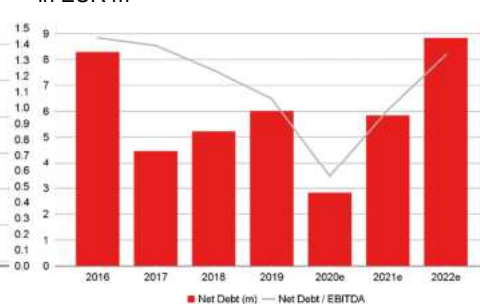
Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	4.4 x	4.3 x	4.1 x	3.7 x	2.8 x	2.4 x	2.1 x
Capital Employed Turnover	1.4 x	1.4 x	1.1 x	1.2 x	1.1 x	1.0 x	1.0 x
ROA	12.4 %	1.6 %	5.3 %	4.0 %	-3.7 %	3.4 %	3.9 %
Return on Capital							
ROCE (NOPAT)	10.5 %	2.7 %	4.5 %	4.0 %	n.a.	3.7 %	4.2 %
ROE	12.7 %	1.4 %	5.5 %	4.1 %	-3.9 %	3.7 %	4.3 %
Adj. ROE	12.7 %	1.4 %	5.5 %	4.1 %	-3.9 %	3.7 %	4.3 %
Balance sheet quality							
Net Debt	8.3	4.5	5.2	6.0	2.8	5.8	8.8
Net Financial Debt	6.1	2.3	3.1	2.9	0.3	3.3	6.3
Net Gearing	17.4 %	8.6 %	7.6 %	8.6 %	4.0 %	7.4 %	10.1 %
Net Fin. Debt / EBITDA	49.4 %	33.5 %	34.2 %	24.2 %	3.1 %	26.5 %	44.9 %
Book Value / Share	6.8	6.8	7.5	7.6	7.7	8.6	9.6
Book value per share ex intangibles	0.6	1.4	0.9	0.8	1.3	2.0	2.7

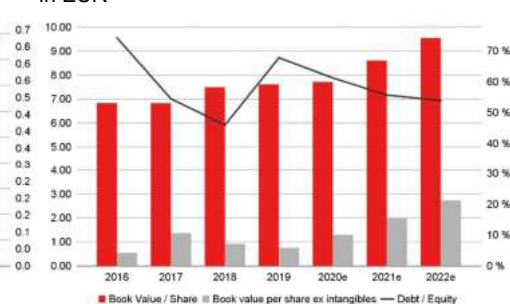
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

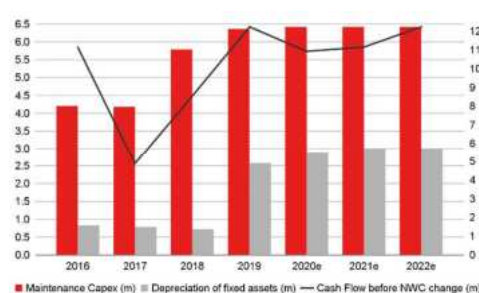
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	5.7	0.7	3.3	2.9	-2.7	2.8	3.5
Depreciation of fixed assets	0.8	0.8	0.7	2.6	2.9	3.0	3.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	3.5	0.0	0.0
Amortisation of intangible assets	4.3	3.7	4.2	5.2	7.8	5.4	5.7
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	-0.6	0.0	0.0
Other non-cash income and expenses	0.3	-0.3	0.3	1.5	0.0	0.0	0.0
Cash Flow before NWC change	11.1	4.9	8.5	12.2	10.9	11.2	12.2
Increase / decrease in inventory	0.1	0.1	-1.5	-2.0	1.8	-1.3	-1.8
Increase / decrease in accounts receivable	2.8	-0.2	-1.4	-1.7	2.8	-1.5	-2.1
Increase / decrease in accounts payable	-0.8	-0.3	1.4	0.0	-0.5	0.7	1.2
Increase / decrease in other working capital positions	-3.7	-1.0	2.4	1.8	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.6	-1.3	0.9	-1.9	4.1	-2.1	-2.7
Net cash provided by operating activities [1]	9.5	3.6	9.4	10.4	15.0	9.1	9.5
Investments in intangible assets	-4.5	-4.6	-6.4	-7.4	-7.4	-7.4	-7.4
Investments in property, plant and equipment	-1.1	-1.0	-1.4	-1.1	-1.2	-1.2	-1.2
Payments for acquisitions	-0.9	-4.2	0.0	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]	-6.5	-9.8	-7.7	-8.5	-8.6	-8.6	-8.6
Change in financial liabilities	-0.2	-0.3	-1.0	6.5	-4.0	0.0	2.0
Dividends paid	-1.0	-1.4	-1.0	-1.2	-0.4	0.0	-0.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	7.9	0.0	0.0	0.0	0.0	0.0
Other	-0.2	-0.1	-0.2	-0.3	-2.0	-2.0	-2.0
Net cash provided by financing activities [3]	-1.4	6.0	-2.2	3.4	-7.9	-3.5	-2.0
Change in liquid funds [1]+[2]+[3]	1.6	-0.2	-0.5	5.3	-1.4	-3.0	-1.0
Effects of exchange-rate changes on cash	0.1	-0.4	-0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	10.9	10.3	9.7	14.9	13.5	10.5	9.5

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	3.9	-2.0	1.7	0.3	5.0	-1.0	-0.6
Free Cash Flow / Sales	4.9 %	-2.6 %	2.0 %	0.4 %	6.4 %	-1.2 %	-0.6 %
Free Cash Flow Potential	6.8	2.3	1.9	4.4	3.9	3.5	4.7
Free Cash Flow / Net Profit	68.6 %	-283.5 %	51.4 %	11.7 %	-184.7 %	-36.9 %	-17.8 %
Interest Received / Avg. Cash	0.6 %	0.4 %	0.7 %	0.5 %	0.7 %	0.8 %	1.0 %
Interest Paid / Avg. Debt	1.3 %	8.6 %	-3.6 %	1.8 %	1.3 %	1.4 %	1.3 %
Management of Funds							
Investment ratio	7.0 %	7.1 %	9.2 %	9.3 %	11.0 %	9.8 %	8.6 %
Maint. Capex / Sales	5.2 %	5.3 %	6.9 %	7.0 %	8.2 %	7.4 %	6.4 %
Capex / Dep	110.0 %	123.9 %	156.4 %	108.5 %	60.3 %	102.0 %	98.4 %
Avg. Working Capital / Sales	21.3 %	20.5 %	20.6 %	20.3 %	21.6 %	18.2 %	18.2 %
Trade Debtors / Trade Creditors	214.0 %	232.1 %	224.8 %	237.5 %	210.0 %	210.4 %	205.1 %
Inventory Turnover	3.4 x	3.6 x	3.5 x	3.1 x	3.1 x	3.1 x	3.2 x
Receivables collection period (days)	57	59	60	62	59	59	59
Payables payment period (days)	68	63	61	60	65	65	66
Cash conversion cycle (Days)	96	100	104	94	82	86	87

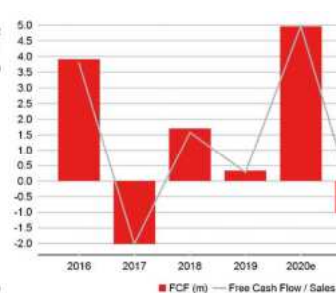
CAPEX and Cash Flow

in EUR m



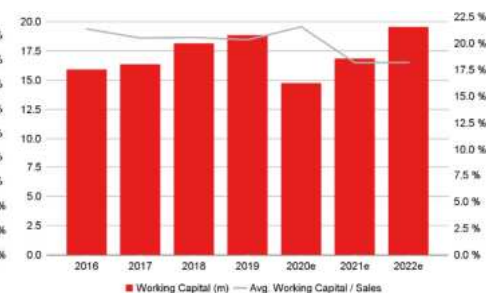
Source: Warburg Research

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	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.

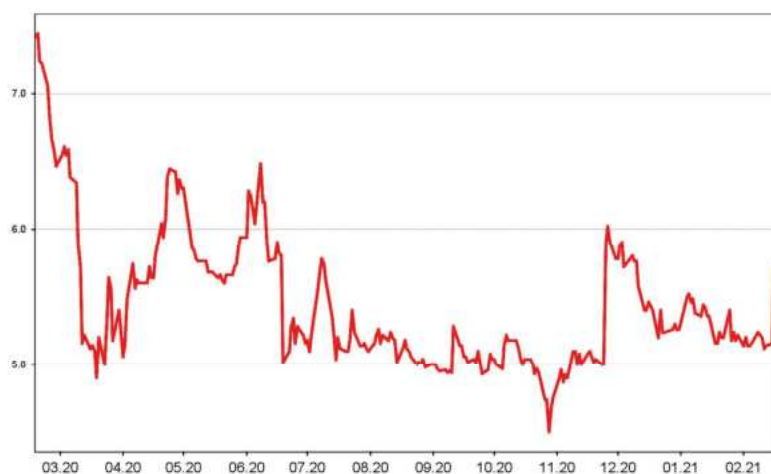
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	131	63
Hold	62	30
Sell	8	4
Rating suspended	6	3
Total	207	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	38	79
Hold	7	15
Sell	0	0
Rating suspended	3	6
Total	48	100

PRICE AND RATING HISTORY SOFTING AS OF 17.02.2021


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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