

Buy EUR 7.50	Value Indicators: EUR DCF: 7.50 FCF-Value Potential 23e: 8.20	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: 47.0 No. of shares (m): 9.1 EV: 62.5 Freefloat MC: 29.4 Ø Trad. Vol. (30d): 25.65 th	Shareholders: Freefloat 62.6 % Trier Asset Mgmt 22.4 % Alois Widmann 15.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 0.7 x Equity Ratio: 58 % Net Fin. Debt / EBITDA: 1.2 x Net Debt / EBITDA: 1.4 x
Price EUR 5.16 Upside 45.3 %			

Softing aims for double-digit growth after strong Q4

Stated Figures Q4/2020:					Comment on Figures:				
FY End: 31.12. in EUR m	Q4 20	Q4 20e	Q4 19	yoy	20	20e	19	yoy	
Sales	21.9	22.3	27.0	-19 %	77.6	78.0	91.1	-15 %	<ul style="list-style-type: none"> FY sales in line with the preliminary figures 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
EBITDA	2.9	5.8	3.2	-8 %	7.8	10.7	12.1	-36 %	
Margin	13.3 %	26.1 %	11.8 %		10.0 %	13.7 %	13.3 %		
EBIT	-2.8	-2.4	1.1	n.a.	-3.9	-3.5	4.3	n.a.	
Margin	-12.7 %	-10.7 %	4.3 %		-5.1 %	-4.5 %	4.7 %		
EPS	-0.26	-0.04	0.06	n.a.	-0.52	-0.30	0.31	n.a.	

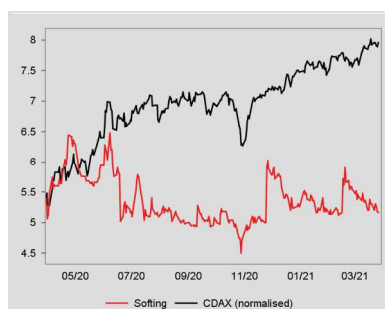
Softing has published its final figures for 2020, which were in line with the preliminary results, and has provided an outlook for this year. The company generated EUR 78m in sales as guided for (just below EUR 80m). The EUR 13.5m-decline in the company's top line was mainly a result of its Automotive business, which saw a sales decline of EUR 9.0m (-37%) driven by a COVID-related lull in demand and delays in the Globalmatix roll-out. The IT Networks segment (-27%) was impacted by the cancellation of trade fairs and also contributed to a declining top line, while the Industrial division was able to almost maintain its revenues (-4%).

The operating EBIT of EUR 1.6m, was significantly higher than the target range of EUR 0.0-0.5m, after a strong Q4. The reported EBIT of -3.9m was however significantly lower than its 2019 value of EUR 4.3m, mainly as a consequence of the weaker Automotive business and an impairment effect of EUR 3.5m for diagnostic tools for combustion engines.

For 2021, under the condition of an improvement in the pandemic environment, Softing is targeting a growth rate of 10-15% and an EBIT of EUR 1.5-3.0m. The growth should be driven by the continuation of the Globalmatix roll-out, postponed in 2020, with 10,000 new installations in the current year. Since the associated margin profile is lower in the year of installation and higher as the installed hardware generates service revenues, we adjusted our EBIT estimate for the 2021. With our updated model, we confirm our target price and our Buy recommendation for Softing.

Changes in Estimates:				Comment on Changes:		
FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -
Sales	87.0	0.0 %	100.0	0.0 %	n.a.	n.m.
EBITDA	12.6	-11.3 %	14.1	0.0 %	n.a.	n.m.
EBIT	4.2	-33.7 %	5.4	0.0 %	n.a.	n.m.
EPS	0.30	-36.7 %	0.39	0.0 %	n.a.	n.m.

2021 EBIT estimate adjusted to the upper end of guidance

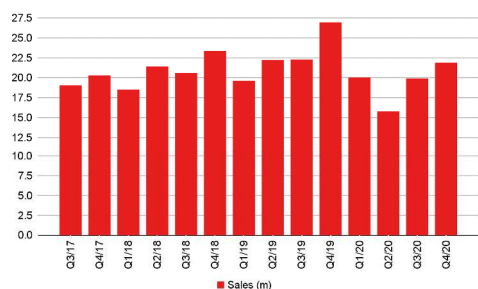


Rel. Performance vs CDAX:	
1 month:	-12.2 %
6 months:	-12.8 %
Year to date:	-8.3 %
Trailing 12 months:	-50.0 %

Company events:	
04.05.21	Q1
05.05.21	AGM
13.08.21	Q2
15.11.21	Q3

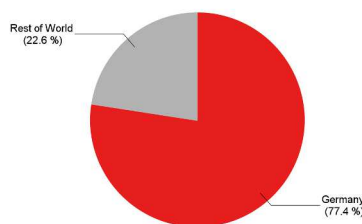
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	12.1 %	78.7	83.9	91.1	77.6	87.0	100.0	109.2
Change Sales yoy		-2.1 %	6.6 %	8.6 %	-14.8 %	12.1 %	14.9 %	9.2 %
Gross profit margin		64.9 %	61.8 %	62.9 %	59.5 %	61.2 %	61.0 %	60.6 %
EBITDA	25.0 %	6.8	9.0	12.1	7.8	11.2	14.1	15.1
Margin		8.7 %	10.7 %	13.3 %	10.0 %	12.9 %	14.1 %	13.9 %
EBIT		2.3	4.1	4.3	-3.9	2.8	5.4	6.2
Margin		3.0 %	4.9 %	4.7 %	-5.1 %	3.2 %	5.4 %	5.7 %
EBIT adj.	68.4 %	1.1	3.5	3.9	1.6	4.3	6.6	7.4
Net income		0.7	3.3	2.8	-4.7	1.8	3.5	4.1
EPS		0.10	0.38	0.31	-0.52	0.19	0.39	0.45
DPS	7.7 %	0.13	0.13	0.04	0.04	0.04	0.05	0.05
Dividend Yield		1.2 %	1.5 %	0.5 %	0.7 %	0.8 %	1.0 %	1.0 %
FCFPS		-0.27	0.19	0.04	-0.38	0.42	0.12	0.29
FCF / Market cap		-2.4 %	2.3 %	0.5 %	-6.5 %	8.1 %	2.4 %	5.6 %
EV / Sales		1.1 x	1.0 x	0.8 x	0.9 x	0.7 x	0.6 x	0.6 x
EV / EBITDA		12.7 x	8.9 x	6.3 x	9.0 x	5.6 x	4.5 x	4.2 x
EV / EBIT adj.		77.7 x	22.8 x	19.4 x	44.8 x	14.5 x	9.7 x	8.5 x
EV / EBIT		37.0 x	19.7 x	17.6 x	n.a.	22.3 x	11.8 x	10.3 x
P / E		112.0 x	22.6 x	24.8 x	n.a.	27.2 x	13.2 x	11.5 x
FCF Potential Yield		2.6 %	2.4 %	5.9 %	4.8 %	6.2 %	9.4 %	10.7 %
Net Debt		4.5	5.2	6.0	17.5	15.5	16.7	16.5
ROCE (NOPAT)		2.7 %	4.5 %	4.0 %	n.a.	2.5 %	4.5 %	4.6 %
Guidance:		Sales growth 10%-15%, EBIT EUR 1.5-3.0m						

Sales development
in EUR m



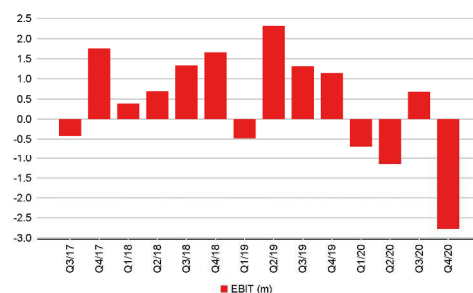
Source: Company

Sales by regions
2020; in %



Source: Company

EBIT development
in EUR m



Source: Company

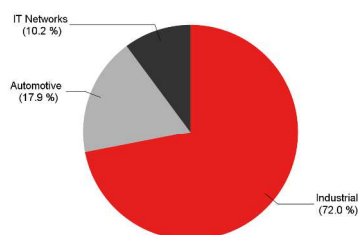
Company Background

- 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
2020; in %



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Sales	87.0	100.0	109.2	114.7	120.1	125.5	130.9	136.2	141.5	146.7	151.8	156.9	160.0	
Sales change	12.1 %	14.9 %	9.2 %	5.0 %	4.8 %	4.5 %	4.3 %	4.1 %	3.9 %	3.7 %	3.5 %	3.3 %	2.0 %	2.0 %
EBIT	2.8	5.4	6.2	6.9	7.2	7.5	7.9	8.2	8.5	8.8	9.1	9.4	9.6	
EBIT-margin	3.2 %	5.4 %	5.7 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	
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 %	
NOPAT	2.0	3.8	4.3	4.8	5.0	5.3	5.5	5.7	5.9	6.2	6.4	6.6	6.7	
Depreciation	8.4	8.7	9.0	7.9	8.3	8.7	9.0	9.4	9.8	10.1	10.5	10.8	11.0	
in % of Sales	9.7 %	8.7 %	8.2 %	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	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	-2.5	2.7	2.0	1.4	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.6	
- Capex	6.8	6.8	6.8	8.0	8.4	8.8	9.2	9.5	9.9	10.3	10.6	11.0	11.2	
Capex in % of Sales	7.8 %	6.8 %	6.2 %	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)	5.5	3.0	4.5	3.3	4.0	4.2	4.4	4.6	4.9	5.1	5.3	5.5	6.0	7
PV of FCF	5.3	2.7	3.7	2.5	2.8	2.8	2.8	2.7	2.6	2.6	2.5	2.4	2.4	49
share of PVs	13.36 %			29.98 %										56.66 %

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 2033e	38		
Terminal Value	49		
Financial liabilities	25		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	9	No. of shares (m)	9.1
Equity Value	68	Value per share (EUR)	7.49

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 %	5.48	5.62	5.76	5.91	6.08	6.26	6.45	1.55	8.4 %	3.71	4.45	5.18	5.91	6.65	7.38	8.11
1.43	7.9 %	6.10	6.27	6.44	6.63	6.84	7.07	7.32	1.43	7.9 %	4.24	5.04	5.84	6.63	7.43	8.23	9.02
1.38	7.7 %	6.45	6.63	6.83	7.04	7.28	7.53	7.81	1.38	7.7 %	4.54	5.38	6.21	7.04	7.88	8.71	9.54
1.32	7.4 %	6.83	7.03	7.25	7.49	7.75	8.04	8.37	1.32	7.4 %	4.87	5.75	6.62	7.49	8.36	9.24	10.11
1.26	7.2 %	7.24	7.46	7.71	7.98	8.28	8.61	8.98	1.26	7.2 %	5.23	6.15	7.07	7.98	8.90	9.81	10.73
1.21	6.9 %	7.68	7.94	8.22	8.53	8.87	9.25	9.67	1.21	6.9 %	5.63	6.60	7.56	8.53	9.49	10.45	11.42
1.09	6.4 %	8.71	9.04	9.40	9.80	10.25	10.76	11.33	1.09	6.4 %	6.57	7.65	8.72	9.80	10.88	11.95	13.03

- 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	2017	2018	2019	2020	2021e	2022e	2023e	
Net Income before minorities	0.7	3.3	2.9	-4.6	1.8	3.5	4.1	
+ Depreciation + Amortisation	4.5	4.9	7.8	11.7	8.4	8.7	9.0	
- Net Interest Income	-1.2	0.5	-0.1	-1.5	-0.3	-0.4	-0.4	
- Maintenance Capex	4.2	5.8	6.4	5.2	5.1	5.1	5.1	
+ Other	0.0	0.0	0.0	0.0	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	2.3	1.9	4.4	3.4	3.9	6.0	6.8	
FCF Potential Yield (on market EV)	2.6 %	2.4 %	5.9 %	4.8 %	6.2 %	9.4 %	10.7 %	
WACC	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	7.43 %	
= Enterprise Value (EV)	86.7	80.5	75.9	69.9	62.5	63.7	63.5	
= Fair Enterprise Value	30.4	26.2	59.8	45.4	51.9	80.6	91.4	
- Net Debt (Cash)	14.4	14.4	14.4	14.4	13.0	14.2	14.0	
- 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	12.9	8.8	42.4	27.9	36.4	63.9	74.9	
Number of shares, average	7.3	8.8	9.1	9.1	9.1	9.1	9.1	
= Fair value per share (EUR)	1.76	1.00	4.65	3.07	4.01	7.03	8.25	
premium (-) / discount (+) in %					-22.4 %	36.3 %	59.8 %	
Sensitivity Fair value per Share (EUR)								
	10.43 %	0.46	0.13	2.76	1.63	2.36	4.47	5.34
	9.43 %	0.71	0.35	3.26	2.01	2.79	5.14	6.10
	8.43 %	1.02	0.62	3.87	2.47	3.32	5.96	7.03
WACC	7.43 %	1.42	0.96	4.65	3.06	3.99	7.01	8.23
	6.43 %	1.94	1.41	5.68	3.84	4.88	8.39	9.79
	5.43 %	2.65	2.02	7.07	4.90	6.09	10.27	11.92
	4.43 %	3.68	2.91	9.11	6.44	7.85	13.01	15.03

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

■ FCF-Value-CAGR 2017-2023e: 34%

Valuation	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	1.6 x	1.1 x	1.0 x	0.8 x	0.7 x	0.7 x	0.6 x
Book value per share ex intangibles	1.37	0.92	0.76	0.63	0.75	1.70	2.71
EV / Sales	1.1 x	1.0 x	0.8 x	0.9 x	0.7 x	0.6 x	0.6 x
EV / EBITDA	12.7 x	8.9 x	6.3 x	9.0 x	5.6 x	4.5 x	4.2 x
EV / EBIT	37.0 x	19.7 x	17.6 x	n.a.	22.3 x	11.8 x	10.3 x
EV / EBIT adj.*	77.7 x	22.8 x	19.4 x	44.8 x	14.5 x	9.7 x	8.5 x
P / FCF	n.a.	44.1 x	213.1 x	n.a.	12.4 x	41.3 x	17.7 x
P / E	112.0 x	22.6 x	24.8 x	n.a.	27.2 x	13.2 x	11.5 x
P / E adj.*	112.0 x	22.6 x	24.8 x	n.a.	27.2 x	13.2 x	11.5 x
Dividend Yield	1.2 %	1.5 %	0.5 %	0.7 %	0.8 %	1.0 %	1.0 %
FCF Potential Yield (on market EV)	2.6 %	2.4 %	5.9 %	4.8 %	6.2 %	9.4 %	10.7 %

*Adjustments made for: -

Company Specific Items	2017	2018	2019	2020	2021e	2022e	2023e
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	2017	2018	2019	2020	2021e	2022e	2023e
Sales	78.7	83.9	91.1	77.6	87.0	100.0	109.2
Change Sales yoy	-2.1 %	6.6 %	8.6 %	-14.8 %	12.1 %	14.9 %	9.2 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	4.6	4.4	5.5	3.7	3.7	4.0	3.9
Total Sales	83.3	88.3	96.6	81.3	90.7	104.0	113.1
Material expenses	32.2	36.5	39.3	35.1	37.5	43.0	47.0
Gross profit	51.1	51.8	57.3	46.1	53.2	61.0	66.1
<i>Gross profit margin</i>	<i>64.9 %</i>	<i>61.8 %</i>	<i>62.9 %</i>	<i>59.5 %</i>	<i>61.2 %</i>	<i>61.0 %</i>	<i>60.6 %</i>
Personnel expenses	33.0	33.4	35.4	31.7	34.6	36.6	40.1
Other operating income	0.9	1.4	0.8	1.7	1.4	1.0	1.0
Other operating expenses	12.1	10.8	10.5	8.4	8.8	11.3	11.9
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	6.8	9.0	12.1	7.8	11.2	14.1	15.1
<i>Margin</i>	<i>8.7 %</i>	<i>10.7 %</i>	<i>13.3 %</i>	<i>10.0 %</i>	<i>12.9 %</i>	<i>14.1 %</i>	<i>13.9 %</i>
Depreciation of fixed assets	0.8	0.7	2.6	2.2	2.8	3.0	3.2
EBITA	6.1	8.3	9.5	5.6	8.4	11.1	11.9
Amortisation of intangible assets	3.7	4.2	5.2	9.5	5.6	5.7	5.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.3	4.1	4.3	-3.9	2.8	5.4	6.2
<i>Margin</i>	<i>3.0 %</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>-5.1 %</i>	<i>3.2 %</i>	<i>5.4 %</i>	<i>5.7 %</i>
EBIT adj.	1.1	3.5	3.9	1.6	4.3	6.6	7.4
Interest income	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Interest expenses	1.3	-0.5	0.3	0.3	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.3	-1.2	0.0	0.0	0.0
EBT	1.1	4.6	4.2	-5.4	2.5	5.1	5.8
<i>Margin</i>	<i>1.4 %</i>	<i>5.5 %</i>	<i>4.7 %</i>	<i>-7.0 %</i>	<i>2.9 %</i>	<i>5.1 %</i>	<i>5.4 %</i>
Total taxes	0.4	1.3	1.3	-0.8	0.8	1.5	1.8
Net income from continuing operations	0.7	3.3	2.9	-4.6	1.8	3.5	4.1
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	0.7	3.3	2.9	-4.6	1.8	3.5	4.1
Minority interest	0.0	0.0	0.1	0.2	0.0	0.0	0.0
Net income	0.7	3.3	2.8	-4.7	1.8	3.5	4.1
<i>Margin</i>	<i>0.9 %</i>	<i>4.0 %</i>	<i>3.1 %</i>	<i>-6.1 %</i>	<i>2.0 %</i>	<i>3.5 %</i>	<i>3.7 %</i>
Number of shares, average	7.3	8.8	9.1	9.1	9.1	9.1	9.1
EPS	0.10	0.38	0.31	-0.52	0.19	0.39	0.45
EPS adj.	0.10	0.38	0.31	-0.52	0.19	0.39	0.45

*Adjustments made for:

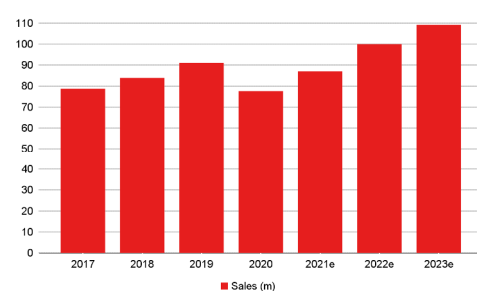
Guidance: Sales growth 10%-15%, EBIT EUR 1.5-3.0m

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	97.2 %	94.5 %	92.8 %	94.7 %	91.4 %	89.9 %	89.7 %
Operating Leverage	31.5 x	11.2 x	0.6 x	n.a.	n.a.	6.2 x	1.6 x
EBITDA / Interest expenses	5.4 x	n.m.	44.4 x	29.8 x	56.0 x	70.5 x	75.7 x
Tax rate (EBT)	35.8 %	27.7 %	31.0 %	15.5 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	131.5 %	34.2 %	12.4 %	n.m.	20.7 %	12.8 %	11.1 %
Sales per Employee	189,658	207,649	225,416	189,261	209,639	238,095	256,941

Sales, EBITDA

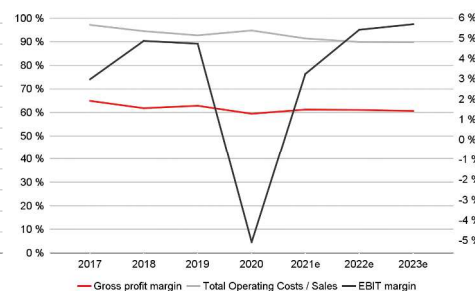
in EUR m



Source: Warburg Research

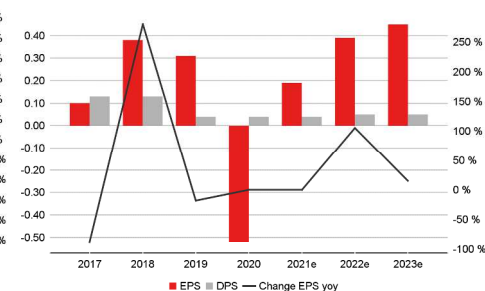
Operating Performance

in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

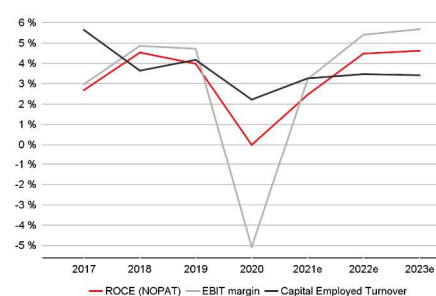
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	41.8	59.9	62.4	56.8	56.8	56.7	56.6
thereof other intangible assets	14.7	26.5	34.7	29.2	27.8	26.7	25.4
thereof Goodwill	14.5	18.0	18.1	17.5	17.5	17.5	17.5
Property, plant and equipment	2.0	2.3	5.9	5.5	12.9	20.1	27.1
Financial assets	0.0	0.0	1.5	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	43.8	62.2	69.9	63.8	71.2	78.3	85.2
Inventories	9.1	10.6	12.6	13.7	12.1	13.9	15.2
Accounts receivable	12.8	13.7	15.4	14.3	14.1	16.2	17.7
Liquid assets	10.3	9.7	14.9	10.2	9.3	10.1	10.3
Other short-term assets	4.7	3.7	4.0	3.2	3.2	3.2	3.2
Current assets	36.9	37.6	46.9	41.4	38.7	43.4	46.4
Total Assets	80.7	99.8	116.8	105.2	110.0	121.7	131.6
Liabilities and shareholders' equity							
Subscribed capital	7.7	9.1	9.1	9.1	9.1	9.1	9.1
Capital reserve	19.2	31.1	31.1	31.1	31.1	31.1	31.1
Retained earnings	25.4	28.0	29.1	22.9	24.6	28.1	32.2
Other equity components	0.0	0.0	0.0	-0.5	-1.1	3.9	8.8
Shareholders' equity	52.3	68.3	69.3	62.6	63.7	72.2	81.3
Minority interest	0.0	0.1	0.3	0.4	0.4	0.4	0.4
Total equity	52.3	68.4	69.6	63.0	64.1	72.7	81.7
Provisions	2.9	3.7	4.4	3.2	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	2.2	2.1	3.1	3.1	2.5	2.5	2.5
Financial liabilities (total)	12.6	12.8	17.8	24.6	22.3	24.3	24.3
thereof short-term financial liabilities	8.4	10.7	1.6	4.7	4.7	4.7	4.7
Accounts payable	5.5	6.1	6.5	6.0	6.7	7.9	8.7
Other liabilities	7.4	8.8	18.4	8.4	11.4	11.4	11.4
Liabilities	28.4	31.4	47.2	42.2	45.9	49.1	49.9
Total liabilities and shareholders' equity	80.7	99.8	116.8	105.2	110.0	121.7	131.6

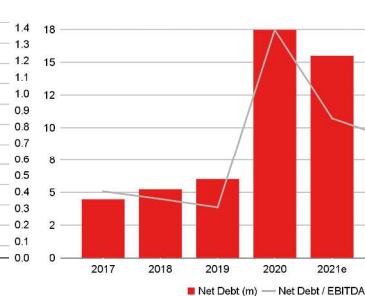
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	4.3 x	4.1 x	3.7 x	3.1 x	2.9 x	2.5 x	2.2 x
Capital Employed Turnover	1.4 x	1.1 x	1.2 x	1.0 x	1.1 x	1.1 x	1.1 x
ROA	1.6 %	5.3 %	4.0 %	-7.4 %	2.5 %	4.5 %	4.8 %
Return on Capital							
ROCE (NOPAT)	2.7 %	4.5 %	4.0 %	n.a.	2.5 %	4.5 %	4.6 %
ROE	1.4 %	5.5 %	4.1 %	-7.2 %	2.8 %	5.2 %	5.3 %
Adj. ROE	1.4 %	5.5 %	4.1 %	-7.2 %	2.8 %	5.2 %	5.3 %
Balance sheet quality							
Net Debt	4.5	5.2	6.0	17.5	15.5	16.7	16.5
Net Financial Debt	2.3	3.1	2.9	14.4	13.0	14.2	14.0
Net Gearing	8.6 %	7.6 %	8.6 %	27.7 %	24.2 %	23.0 %	20.2 %
Net Fin. Debt / EBITDA	33.5 %	34.2 %	24.2 %	185.7 %	115.9 %	100.8 %	92.6 %
Book Value / Share	6.8	7.5	7.6	6.9	7.0	7.9	8.9
Book value per share ex intangibles	1.4	0.9	0.8	0.6	0.8	1.7	2.7

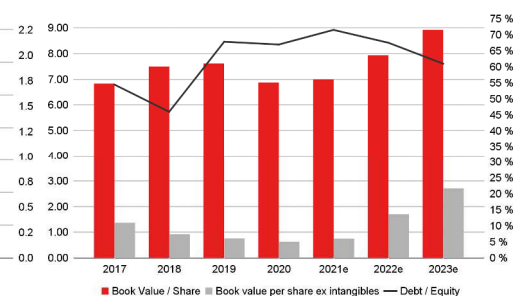
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

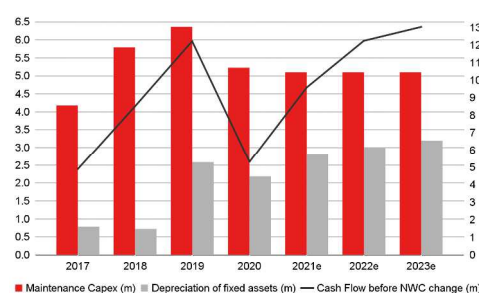
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	0.7	3.3	2.9	-4.6	1.8	3.5	4.1
Depreciation of fixed assets	0.8	0.7	2.6	2.2	2.8	3.0	3.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.7	4.2	5.2	9.5	5.6	5.7	5.8
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	-0.6	0.0	0.0
Other non-cash income and expenses	-0.3	0.3	1.5	-1.8	0.0	0.0	0.0
Cash Flow before NWC change	4.9	8.5	12.2	5.3	9.6	12.2	13.0
Increase / decrease in inventory	0.1	-1.5	-2.0	-1.1	1.6	-1.8	-1.3
Increase / decrease in accounts receivable	-0.2	-1.4	-1.7	1.2	0.2	-2.1	-1.5
Increase / decrease in accounts payable	-0.3	1.4	0.0	-0.5	0.7	1.2	0.8
Increase / decrease in other working capital positions	-1.0	2.4	1.8	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.3	0.9	-1.9	-0.4	2.5	-2.7	-2.0
Net cash provided by operating activities [1]	3.6	9.4	10.4	4.9	12.1	9.5	11.0
Investments in intangible assets	-4.6	-6.4	-7.4	-5.4	-5.6	-5.6	-5.6
Investments in property, plant and equipment	-1.0	-1.4	-1.1	-1.5	-1.2	-1.2	-1.2
Payments for acquisitions	-4.2	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	-1.5	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]	-9.8	-7.7	-8.5	-8.5	-6.8	-6.8	-6.8
Change in financial liabilities	-0.3	-1.0	6.5	1.1	-2.3	2.0	0.0
Dividends paid	-1.4	-1.0	-1.2	-0.4	-0.4	-0.4	-0.5
Purchase of own shares	0.0	0.0	0.0	-0.5	0.0	0.0	0.0
Capital measures	7.9	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.1	-0.2	-0.3	0.0	-2.0	-2.0	-2.0
Net cash provided by financing activities [3]	6.0	-2.2	3.4	-1.1	-6.1	-2.0	-4.1
Change in liquid funds [1]+[2]+[3]	-0.2	-0.5	5.3	-4.7	-0.8	0.8	0.2
Effects of exchange-rate changes on cash	-0.4	-0.1	0.0	-0.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	10.3	9.7	14.9	10.2	9.3	10.1	10.3

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	-2.0	1.7	0.3	-3.4	3.8	1.1	2.6
Free Cash Flow / Sales	-2.6 %	2.0 %	0.4 %	-4.4 %	4.4 %	1.1 %	2.4 %
Free Cash Flow Potential	2.3	1.9	4.4	3.4	3.9	6.0	6.8
Free Cash Flow / Net Profit	-283.5 %	51.4 %	11.7 %	72.2 %	216.0 %	32.1 %	64.6 %
Interest Received / Avg. Cash	0.4 %	0.7 %	0.5 %	0.4 %	1.0 %	1.0 %	1.0 %
Interest Paid / Avg. Debt	8.6 %	-3.6 %	1.8 %	1.2 %	0.9 %	0.9 %	0.8 %
Management of Funds							
Investment ratio	7.1 %	9.2 %	9.3 %	9.0 %	7.8 %	6.8 %	6.2 %
Maint. Capex / Sales	5.3 %	6.9 %	7.0 %	6.7 %	5.9 %	5.1 %	4.7 %
Capex / Dep	123.9 %	156.4 %	108.5 %	59.6 %	81.0 %	78.2 %	76.0 %
Avg. Working Capital / Sales	20.5 %	20.6 %	20.3 %	24.6 %	20.7 %	18.1 %	18.8 %
Trade Debtors / Trade Creditors	232.1 %	224.8 %	237.5 %	238.7 %	210.4 %	205.1 %	203.4 %
Inventory Turnover	3.6 x	3.5 x	3.1 x	2.6 x	3.1 x	3.1 x	3.1 x
Receivables collection period (days)	59	60	62	67	59	59	59
Payables payment period (days)	63	61	60	62	65	67	68
Cash conversion cycle (Days)	100	104	94	119	85	87	89

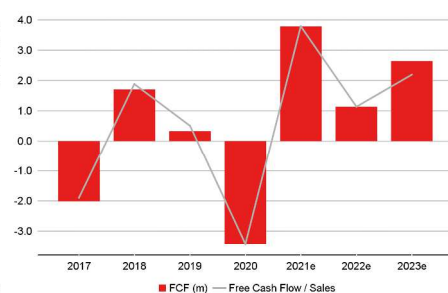
CAPEX and Cash Flow

in EUR m



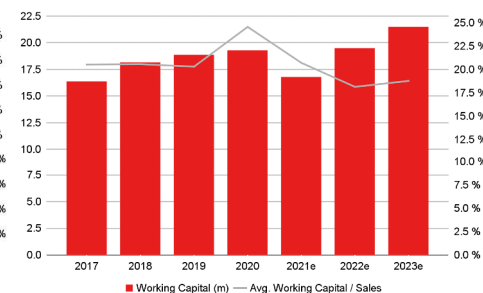
Source: Warburg Research

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	135	65
Hold	61	29
Sell	6	3
Rating suspended	5	2
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	78
Hold	8	16
Sell	0	0
Rating suspended	3	6
Total	49	100

PRICE AND RATING HISTORY SOFTING AS OF 29.03.2021


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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