

Buy EUR 7.20 (EUR 7.90) Price EUR 5.66 Upside 27.2 %	Value Indicators: EUR DCF: 7.22 FCF-Value Potential 24e: 9.70	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: 51.5 No. of shares (m): 9.1 EV: 66.3 Freefloat MC: 32.3 Ø Trad. Vol. (30d): 9.58 th	Shareholders: Freefloat 62.60 % Trier Asset Mgmt 22.40 % Alois Widmann 15.00 %	Key Figures (WRe): 2022e Beta: 1.3 Price / Book: 0.8 x Equity Ratio: 57 % Net Fin. Debt / EBITDA: 1.1 x Net Debt / EBITDA: 1.3 x

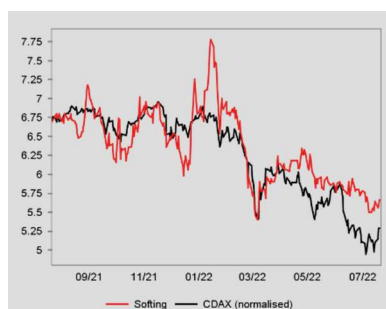
New contract for diagnostic tools for a premium car manufacturer

Softing has won the tender for the development and supply of a system for the data upload (flashing), parameterization and diagnostic of vehicles during production. Softing's solution enables the faster upload of the growing data volume required in future car architectures and thus speeds up the production process. Thus, the demand for the equipment is driven by the new designs not an increase in production capacity. Softing will supply its customer with approx. 10,000 systems, which will be installed in its production facilities worldwide.

The contract with a premium car manufacturer in Southern Germany has an initial volume of EUR 10m and will start to contribute to the top line next year with the delivery of the first sample units. Softing expects additional revenues from follow-up orders as well as aftersales and services, which should amount to a total volume of EUR 20m in sales spread over the next five to six years.

After the EUR 12m contract for its DTS solution signed in March and the two new customers for its Globalmatix systems won earlier this year, this contract further increases visibility in Softing's Automotive segment and confirms our growth forecast for the business unit (CAGR 21-24e 22.3%).

Against this background, we maintain our estimates and our positive view of the company. However, considering the development of the prime rates, we again increase the risk-free rate across our coverage from 2.00% to 2.75%. As a consequence, we reduce our target price for Softing from EUR 7.90 to EUR 7.20. The Buy recommendation is confirmed.

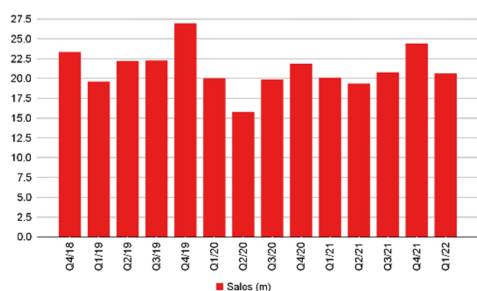


Rel. Performance vs CDAX:	
1 month:	-3.0 %
6 months:	-0.6 %
Year to date:	4.8 %
Trailing 12 months:	4.7 %

Company events:	
12.08.22	Q2
15.11.22	Q3

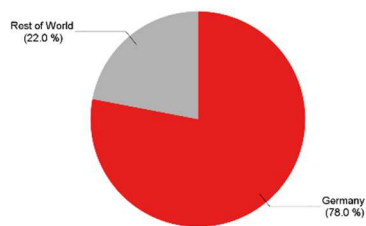
FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Sales	10.6 %	83.9	91.1	77.6	84.7	94.8	105.2	114.7
Change Sales yoy		6.6 %	8.6 %	-14.8 %	9.1 %	11.9 %	11.0 %	9.0 %
Gross profit margin		61.8 %	62.9 %	59.5 %	58.2 %	58.6 %	59.2 %	59.8 %
EBITDA	22.6 %	9.0	12.1	7.8	9.1	11.1	13.9	16.7
Margin		10.7 %	13.3 %	10.0 %	10.7 %	11.7 %	13.2 %	14.6 %
EBIT	-	4.1	4.3	-3.9	-0.5	1.8	5.0	7.8
Margin		4.9 %	4.7 %	-5.1 %	-0.6 %	1.9 %	4.8 %	6.8 %
EBIT adj.	47.4 %	3.5	3.9	1.6	3.0	4.2	7.1	9.6
Net income	-	3.3	2.8	-4.7	-0.3	1.0	3.3	5.2
EPS	-	0.38	0.31	-0.52	-0.03	0.11	0.36	0.58
DPS	0.0 %	0.13	0.04	0.04	0.10	0.10	0.10	0.10
Dividend Yield		1.5 %	0.5 %	0.7 %	1.6 %	1.8 %	1.8 %	1.8 %
FCFPS		0.19	0.04	-0.38	0.42	0.22	0.27	0.49
FCF / Market cap		2.3 %	0.5 %	-6.5 %	6.9 %	3.9 %	4.7 %	8.5 %
EV / Sales		1.0 x	0.8 x	0.9 x	0.8 x	0.7 x	0.6 x	0.6 x
EV / EBITDA		8.9 x	6.3 x	9.0 x	7.7 x	6.0 x	4.8 x	3.9 x
EV / EBIT adj.		22.8 x	19.4 x	44.8 x	23.2 x	15.9 x	9.4 x	6.8 x
EV / EBIT		19.7 x	17.6 x	n.a.	n.a.	37.6 x	13.3 x	8.4 x
P / E		22.6 x	24.8 x	n.a.	n.a.	51.5 x	15.7 x	9.8 x
FCF Potential Yield		2.4 %	5.9 %	4.8 %	6.2 %	7.0 %	9.7 %	12.9 %
Net Debt		5.2	6.0	17.5	14.0	14.8	15.3	13.8
ROCE (NOPAT)		4.5 %	4.0 %	n.a.	0.1 %	1.6 %	4.4 %	6.8 %
Guidance:		Sales EUR >90m, adj. EBIT EUR 4.0-4.8m						

Sales development
in EUR m



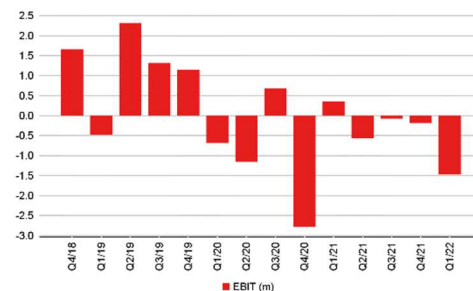
Source: Company

Sales by regions
2021; in %



Source: Company

EBIT development
in EUR m



Source: Company

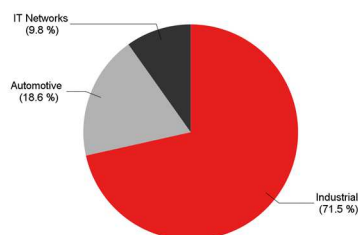
Company Background

- 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
2021; in %



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	94.8	105.2	114.7	120.3	125.9	131.4	137.0	142.4	147.8	153.2	158.4	163.5	166.8	
Sales change	11.9 %	11.0 %	9.0 %	4.9 %	4.7 %	4.4 %	4.2 %	4.0 %	3.8 %	3.6 %	3.4 %	3.3 %	2.0 %	2.0 %
EBIT	1.8	5.0	7.8	7.7	8.1	8.4	8.8	9.1	9.5	9.8	10.1	10.5	10.7	
EBIT-margin	1.9 %	4.8 %	6.8 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	6.4 %	
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	1.2	3.5	5.5	5.4	5.6	5.9	6.1	6.4	6.6	6.9	7.1	7.3	7.5	
Depreciation	9.3	8.9	8.9	8.2	8.6	8.9	9.2	9.5	9.9	10.3	10.6	11.0	11.2	
in % of Sales	9.8 %	8.5 %	7.8 %	6.8 %	6.8 %	6.8 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	
Changes in provisions	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	0.8	2.2	2.1	1.5	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	0.6	
- Capex	6.0	6.0	6.0	8.1	8.4	8.8	9.2	9.5	9.9	10.3	10.6	11.0	11.2	
Capex in % of Sales	6.4 %	5.7 %	5.3 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	
- Other	1.4	1.5	1.6	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	4.6	4.1	4.8	5.1	5.2	5.4	5.7	5.9	6.2	6.4	6.9	7
PV of FCF	2.2	2.4	3.9	3.2	3.4	3.3	3.2	3.1	3.0	2.9	2.7	2.6	2.6	43
share of PVs	10.47 %			36.96 %										52.56 %

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	8.25 %	Cyclicality	1.10
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	8.25 %	Beta	1.28

Valuation (m)

Present values 2034e	39		
Terminal Value	43		
Financial liabilities	21		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	8	No. of shares (m)	9.1
Equity Value	65	Value per share (EUR)	7.22

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
1.51	9.3 %	5.56	5.67	5.78	5.91	6.03	6.17	6.32	1.51	9.3 %	3.81	4.51	5.21	5.91	6.60	7.30	8.00
1.39	8.8 %	6.10	6.23	6.37	6.51	6.67	6.84	7.03	1.39	8.8 %	4.26	5.01	5.76	6.51	7.26	8.01	8.76
1.34	8.5 %	6.40	6.54	6.69	6.85	7.03	7.22	7.43	1.34	8.5 %	4.51	5.29	6.07	6.85	7.63	8.41	9.19
1.28	8.3 %	6.71	6.87	7.04	7.22	7.42	7.63	7.86	1.28	8.3 %	4.79	5.60	6.41	7.22	8.03	8.84	9.65
1.22	8.0 %	7.06	7.23	7.42	7.62	7.84	8.08	8.34	1.22	8.0 %	5.08	5.93	6.77	7.62	8.46	9.31	10.15
1.17	7.8 %	7.43	7.62	7.83	8.05	8.30	8.57	8.86	1.17	7.8 %	5.41	6.29	7.17	8.05	8.93	9.82	10.70
1.05	7.3 %	8.26	8.50	8.76	9.04	9.36	9.71	10.09	1.05	7.3 %	6.15	7.11	8.08	9.04	10.01	10.98	11.94

- The cyclical components of the business activity and the low liquidity of the share raise capital costs.
- Items in the "Others" line adjust for IFRS 16 depreciation on rights of use

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	2018	2019	2020	2021	2022e	2023e	2024e	
Net Income before minorities	3.3	2.9	-4.6	-0.1	1.0	3.3	5.2	
+ Depreciation + Amortisation	4.9	7.8	11.7	9.5	9.3	8.9	8.9	
- Net Interest Income	0.5	-0.1	-1.5	0.8	-0.4	-0.4	-0.4	
- Maintenance Capex	5.8	6.4	5.2	4.4	4.5	4.5	4.5	
+ Other	0.0	0.0	0.0	0.0	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	1.9	4.4	3.4	4.3	4.6	6.5	8.5	
FCF Potential Yield (on market EV)	2.4 %	5.9 %	4.8 %	6.2 %	7.0 %	9.7 %	12.9 %	
WACC	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	
= Enterprise Value (EV)	80.5	75.9	69.9	69.5	66.3	66.8	65.3	
= Fair Enterprise Value	23.6	53.9	40.8	51.9	56.0	78.6	102.4	
- Net Debt (Cash)	11.4	11.4	11.4	11.4	12.3	12.8	11.3	
- Pension Liabilities	2.6	2.6	2.6	2.6	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	9.6	39.9	26.9	37.9	41.2	63.3	88.6	
Number of shares, average	8.8	9.1	9.1	9.0	9.0	9.0	9.0	
= Fair value per share (EUR)	1.10	4.38	2.96	4.21	4.57	7.03	9.83	
premium (-) / discount (+) in %					-19.3 %	24.1 %	73.7 %	
Sensitivity Fair value per Share (EUR)								
	11.25 %	0.37	2.80	1.75	2.65	2.88	4.66	6.73
	10.25 %	0.55	3.23	2.08	3.06	3.32	5.27	7.54
	9.25 %	0.78	3.74	2.47	3.55	3.86	6.02	8.52
WACC	8.25 %	1.10	4.38	2.96	4.21	4.57	7.03	9.83
	7.25 %	1.42	5.20	3.57	4.95	5.37	8.15	11.28
	6.25 %	1.89	6.27	4.38	5.99	6.49	9.72	13.33
	5.25 %	2.54	7.76	5.51	7.42	8.03	11.89	16.16

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

■ FCF-Value-CAGR 2018-2024e: 45%

Valuation	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	1.1 x	1.0 x	0.8 x	0.9 x	0.8 x	0.8 x	0.8 x
Book value per share ex intangibles	0.92	0.76	0.63	0.78	1.15	1.34	1.71
EV / Sales	1.0 x	0.8 x	0.9 x	0.8 x	0.7 x	0.6 x	0.6 x
EV / EBITDA	8.9 x	6.3 x	9.0 x	7.7 x	6.0 x	4.8 x	3.9 x
EV / EBIT	19.7 x	17.6 x	n.a.	n.a.	37.6 x	13.3 x	8.4 x
EV / EBIT adj.*	22.8 x	19.4 x	44.8 x	23.2 x	15.9 x	9.4 x	6.8 x
P / FCF	44.1 x	213.1 x	n.a.	14.5 x	25.5 x	21.0 x	11.6 x
P / E	22.6 x	24.8 x	n.a.	n.a.	51.5 x	15.7 x	9.8 x
P / E adj.*	22.6 x	24.8 x	n.a.	n.a.	51.5 x	15.7 x	9.8 x
Dividend Yield	1.5 %	0.5 %	0.7 %	1.6 %	1.8 %	1.8 %	1.8 %
FCF Potential Yield (on market EV)	2.4 %	5.9 %	4.8 %	6.2 %	7.0 %	9.7 %	12.9 %

*Adjustments made for: Adj. figures exclude PPAs and changes to own work capitalized

Company Specific Items	2018	2019	2020	2021	2022e	2023e	2024e
order entries	n.a.	n.a.	72.8	104.8	99.4	n.a.	n.a.
book-to-bill	n.a.	n.a.	0.9	1.2	1.0	n.a.	n.a.
order book	n.a.	n.a.	15.0	33.6	38.2	n.a.	n.a.

Consolidated profit & loss

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Sales	83.9	91.1	77.6	84.7	94.8	105.2	114.7
Change Sales yoy	6.6 %	8.6 %	-14.8 %	9.1 %	11.9 %	11.0 %	9.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	4.4	5.5	3.7	3.7	3.9	3.5	3.5
Total Sales	88.3	96.6	81.3	88.3	98.7	108.7	118.2
Material expenses	36.5	39.3	35.1	39.1	43.1	46.4	49.6
Gross profit	51.8	57.3	46.1	49.3	55.6	62.3	68.5
<i>Gross profit margin</i>	<i>61.8 %</i>	<i>62.9 %</i>	<i>59.5 %</i>	<i>58.2 %</i>	<i>58.6 %</i>	<i>59.2 %</i>	<i>59.8 %</i>
Personnel expenses	33.4	35.4	31.7	33.6	36.4	38.7	40.6
Other operating income	1.4	0.8	1.7	2.8	2.1	1.5	1.0
Other operating expenses	10.8	10.5	8.4	9.4	10.2	11.2	12.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	9.0	12.1	7.8	9.1	11.1	13.9	16.7
<i>Margin</i>	<i>10.7 %</i>	<i>13.3 %</i>	<i>10.0 %</i>	<i>10.7 %</i>	<i>11.7 %</i>	<i>13.2 %</i>	<i>14.6 %</i>
Depreciation of fixed assets	0.7	2.6	2.2	2.2	2.5	2.7	2.9
EBITA	8.3	9.5	5.6	6.8	8.6	11.2	13.8
Amortisation of intangible assets	4.2	5.2	9.5	6.3	6.8	6.2	6.0
Goodwill amortisation	0.0	0.0	0.0	1.0	0.0	0.0	0.0
EBIT	4.1	4.3	-3.9	-0.5	1.8	5.0	7.8
<i>Margin</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>-5.1 %</i>	<i>-0.6 %</i>	<i>1.9 %</i>	<i>4.8 %</i>	<i>6.8 %</i>
EBIT adj.	3.5	3.9	1.6	3.0	4.2	7.1	9.6
Interest income	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Interest expenses	-0.5	0.3	0.3	0.3	0.2	0.2	0.2
Other financial income (loss)	0.0	0.3	-1.2	1.1	0.0	0.0	0.0
EBT	4.6	4.2	-5.4	0.3	1.4	4.7	7.5
<i>Margin</i>	<i>5.5 %</i>	<i>4.7 %</i>	<i>-7.0 %</i>	<i>0.3 %</i>	<i>1.5 %</i>	<i>4.4 %</i>	<i>6.5 %</i>
Total taxes	1.3	1.3	-0.8	0.4	0.4	1.4	2.2
Net income from continuing operations	3.3	2.9	-4.6	-0.1	1.0	3.3	5.2
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	3.3	2.9	-4.6	-0.1	1.0	3.3	5.2
Minority interest	0.0	0.1	0.2	0.2	0.0	0.0	0.0
Net income	3.3	2.8	-4.7	-0.3	1.0	3.3	5.2
<i>Margin</i>	<i>4.0 %</i>	<i>3.1 %</i>	<i>-6.1 %</i>	<i>-0.3 %</i>	<i>1.0 %</i>	<i>3.1 %</i>	<i>4.6 %</i>
Number of shares, average	8.8	9.1	9.1	9.0	9.0	9.0	9.0
EPS	0.38	0.31	-0.52	-0.03	0.11	0.36	0.58
EPS adj.	0.38	0.31	-0.52	-0.03	0.11	0.36	0.58

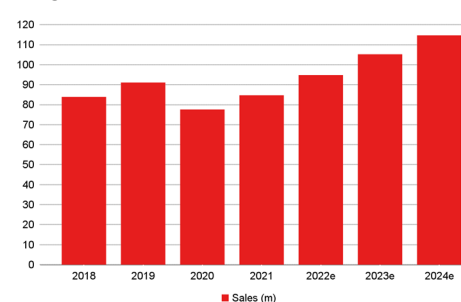
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Guidance: Sales EUR >90m, adj. EBIT EUR 4.0-4.8m

Financial Ratios

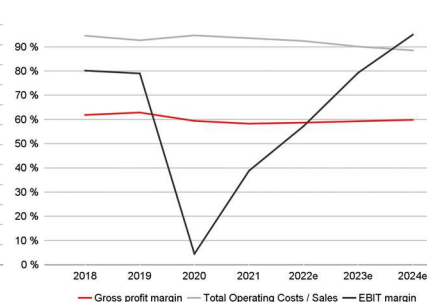
	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	94.5 %	92.8 %	94.7 %	93.6 %	92.4 %	90.1 %	88.5 %
Operating Leverage	11.2 x	0.6 x	n.a.	-9.6 x	n.a.	16.7 x	6.2 x
EBITDA / Interest expenses	n.m.	44.4 x	29.8 x	36.0 x	55.3 x	69.5 x	83.6 x
Tax rate (EBT)	27.7 %	31.0 %	15.5 %	123.9 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	34.2 %	12.4 %	n.m.	n.m.	91.0 %	27.7 %	17.3 %
Sales per Employee	207,649	225,416	195,458	218,273	240,000	247,529	269,788

Sales, EBITDA
in EUR m



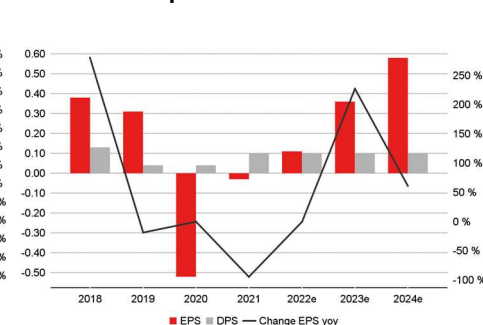
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

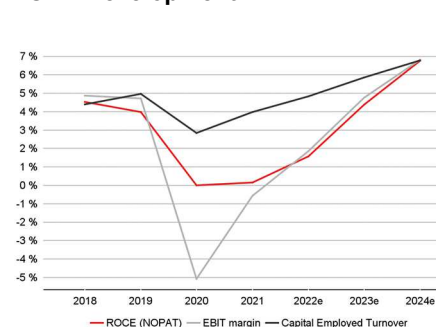
Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Assets							
Goodwill and other intangible assets	59.9	62.4	56.8	55.8	53.9	52.5	51.3
thereof other intangible assets	26.5	27.7	20.7	20.2	18.5	17.0	15.4
thereof Goodwill	18.0	18.1	17.5	17.1	17.1	17.1	17.1
Property, plant and equipment	2.3	3.2	5.5	4.8	4.9	4.9	4.8
Financial assets	0.0	1.5	1.5	1.5	1.5	1.5	1.5
Other long-term assets	0.0	2.8	0.0	0.0	9.0	9.0	9.0
Fixed assets	62.2	69.9	63.8	62.1	69.2	67.9	66.6
Inventories	10.6	12.6	13.7	13.4	13.2	14.6	15.9
Accounts receivable	13.7	15.4	14.3	14.1	15.3	17.0	18.5
Liquid assets	9.7	14.9	10.2	9.6	11.3	10.8	12.3
Other short-term assets	3.7	4.0	3.2	4.2	4.2	4.2	4.2
Current assets	37.6	46.9	41.4	41.3	43.9	46.5	50.8
Total Assets	99.8	116.8	105.2	103.4	113.2	114.4	117.4
Liabilities and shareholders' equity							
Subscribed capital	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Capital reserve	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Retained earnings	28.0	29.1	22.9	23.2	24.2	27.4	32.7
Other equity components	0.0	0.0	-0.5	-0.5	-0.1	-3.0	-6.0
Shareholders' equity	68.3	69.3	62.6	62.9	64.3	64.7	66.9
Minority interest	0.1	0.3	0.4	0.6	0.6	0.6	0.6
Total equity	68.4	69.6	63.0	63.5	64.9	65.3	67.5
Provisions	3.7	4.4	3.2	2.8	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	2.1	3.1	3.1	2.6	2.5	2.5	2.5
Financial liabilities (total)	12.8	17.8	24.6	21.0	23.5	23.5	23.5
Short-term financial liabilities	10.7	1.6	4.7	3.5	3.5	3.5	3.5
Accounts payable	6.1	6.5	6.0	7.2	7.5	8.4	9.1
Other liabilities	8.8	18.4	8.4	8.8	11.8	11.8	11.8
Liabilities	31.4	47.2	42.2	39.8	48.3	49.2	49.9
Total liabilities and shareholders' equity	99.8	116.8	105.2	103.4	113.2	114.4	117.4

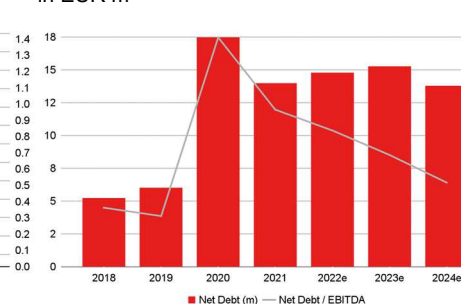
Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
Efficiency of Capital Employment							
Operating Assets Turnover	4.1 x	4.1 x	3.1 x	3.9 x	4.2 x	4.3 x	4.3 x
Capital Employed Turnover	1.1 x	1.2 x	1.0 x	1.1 x	1.2 x	1.3 x	1.4 x
ROA	5.3 %	4.0 %	-7.4 %	-0.4 %	1.4 %	4.8 %	7.8 %
Return on Capital							
ROCE (NOPAT)	4.5 %	4.0 %	n.a.	0.1 %	1.6 %	4.4 %	6.8 %
ROE	5.5 %	4.1 %	-7.2 %	-0.4 %	1.6 %	5.1 %	7.9 %
Adj. ROE	5.5 %	4.1 %	-7.2 %	-0.4 %	1.6 %	5.1 %	7.9 %
Balance sheet quality							
Net Debt	5.2	6.0	17.5	14.0	14.8	15.3	13.8
Net Financial Debt	3.1	2.9	14.4	11.4	12.3	12.8	11.3
Net Gearing	7.6 %	8.6 %	27.7 %	22.0 %	22.8 %	23.4 %	20.4 %
Net Fin. Debt / EBITDA	34.2 %	24.2 %	185.7 %	125.4 %	111.0 %	91.8 %	67.5 %
Book Value / Share	7.5	7.6	6.9	6.9	7.1	7.1	7.3
Book value per share ex intangibles	0.9	0.8	0.6	0.8	1.1	1.3	1.7

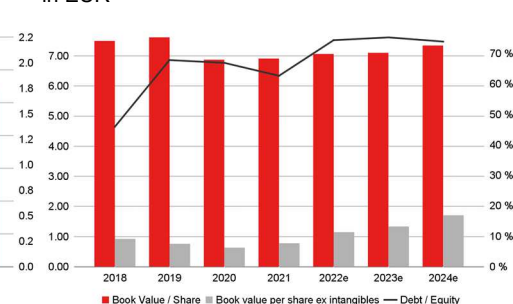
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

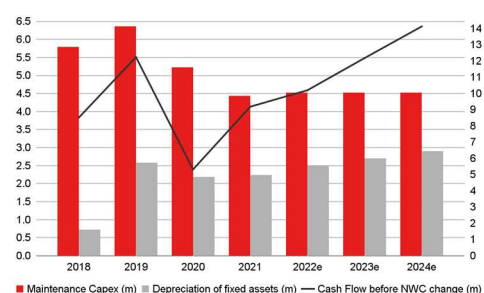
In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	3.3	2.9	-4.6	-0.1	1.0	3.3	5.2
Depreciation of fixed assets	0.7	2.6	2.2	2.2	2.5	2.7	2.9
Amortisation of goodwill	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Amortisation of intangible assets	4.2	5.2	9.5	6.3	6.8	6.2	6.0
Increase/decrease in long-term provisions	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0
Other non-cash income and expenses	0.3	1.5	-1.8	-0.2	0.0	0.0	0.0
Cash Flow before NWC change	8.5	12.2	5.3	9.2	10.2	12.2	14.1
Increase / decrease in inventory	-1.5	-2.0	-1.1	0.3	0.2	-1.4	-1.3
Increase / decrease in accounts receivable	-1.4	-1.7	1.2	0.4	-1.2	-1.7	-1.5
Increase / decrease in accounts payable	1.4	0.0	-0.5	1.2	0.3	0.9	0.7
Increase / decrease in other working capital positions	2.4	1.8	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.9	-1.9	-0.4	1.9	-0.8	-2.2	-2.1
Net cash provided by operating activities [1]	9.4	10.4	4.9	11.1	9.4	10.0	12.0
Investments in intangible assets	-6.4	-7.4	-5.4	-4.8	-4.8	-4.8	-4.8
Investments in property, plant and equipment	-1.4	-1.1	-1.5	-1.5	-1.2	-1.2	-1.2
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	-1.5	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]	-7.7	-8.5	-8.5	-5.9	-6.0	-6.0	-6.0
Change in financial liabilities	-1.0	6.5	1.1	-4.2	2.5	0.0	0.0
Dividends paid	-1.0	-1.2	-0.4	-0.4	-0.9	-0.9	-0.9
Purchase of own shares	0.0	0.0	-0.5	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.2	-1.9	-1.4	-1.3	-3.4	-3.5	-3.6
Net cash provided by financing activities [3]	-2.2	3.4	-1.1	-5.9	-1.8	-4.4	-4.5
Change in liquid funds [1]+[2]+[3]	-0.5	5.3	-4.7	-0.7	1.6	-0.5	1.5
Effects of exchange-rate changes on cash	-0.1	0.0	-0.1	0.2	0.0	0.0	0.0
Cash and cash equivalent at end of period	9.7	14.9	10.2	9.6	11.3	10.8	12.3

Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
Cash Flow							
FCF	1.7	0.3	-3.4	3.8	2.0	2.4	4.4
Free Cash Flow / Sales	2.0 %	0.4 %	-4.4 %	4.5 %	2.1 %	2.3 %	3.8 %
Free Cash Flow Potential	1.9	4.4	3.4	4.3	4.6	6.5	8.5
Free Cash Flow / Net Profit	51.4 %	11.7 %	72.2 %	-1501.6 %	202.2 %	74.5 %	84.1 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.4 %	0.3 %	1.0 %	0.9 %	0.9 %
Interest Paid / Avg. Debt	-3.6 %	1.8 %	1.2 %	1.1 %	0.9 %	0.9 %	0.9 %
Management of Funds							
Investment ratio	9.2 %	9.3 %	9.0 %	7.5 %	6.4 %	5.7 %	5.3 %
Maint. Capex / Sales	6.9 %	7.0 %	6.7 %	5.2 %	4.8 %	4.3 %	3.9 %
Capex / Dep	156.4 %	108.5 %	59.6 %	66.1 %	64.8 %	67.8 %	67.8 %
Avg. Working Capital / Sales	20.6 %	20.3 %	24.6 %	21.3 %	18.1 %	17.7 %	18.1 %
Trade Debtors / Trade Creditors	224.8 %	237.5 %	238.7 %	194.7 %	204.0 %	202.4 %	203.3 %
Inventory Turnover	3.5 x	3.1 x	2.6 x	2.9 x	3.3 x	3.2 x	3.1 x
Receivables collection period (days)	60	62	67	61	59	59	59
Payables payment period (days)	61	60	62	67	63	66	67
Cash conversion cycle (Days)	104	94	119	86	78	80	83

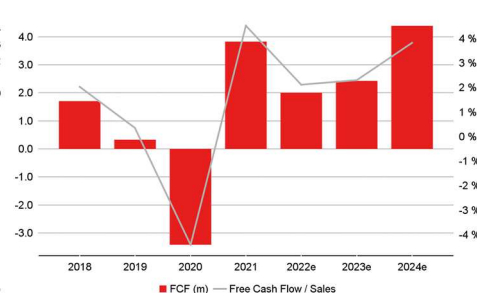
CAPEX and Cash Flow

in EUR m



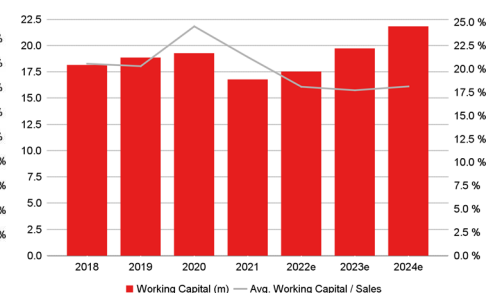
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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This report has been made accessible to the company analysed.

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.

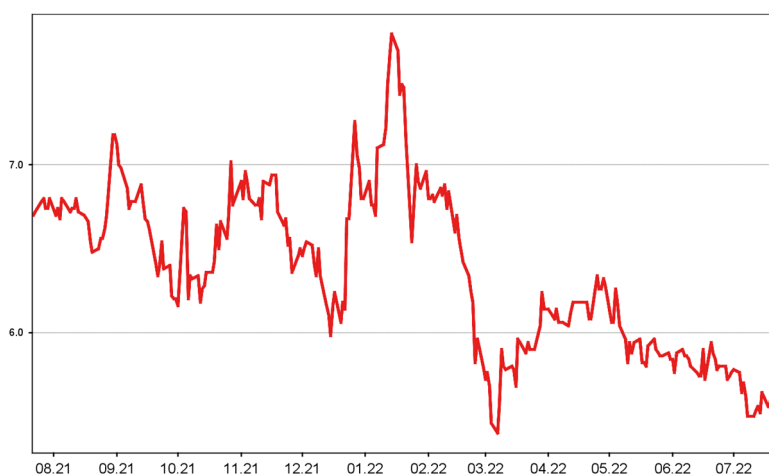
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	168	78
Hold	40	19
Sell	4	2
Rating suspended	3	1
Total	215	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	50	85
Hold	6	10
Sell	1	2
Rating suspended	2	3
Total	59	100

PRICE AND RATING HISTORY SOFTING AS OF 21.07.2022


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.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Thor Höfs +49 40 309537-255
Software, IT thoefs@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 69 5050-7400
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 40 3282-2695
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com