

Buy EUR 8.00	Value Indicators: EUR DCF: 8.11 FCF-Value Potential 26e: 7.90	Warburg ESG Risk Score: 2.3 ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.8 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: 48.7 No. of shares (m): 9.1 EV: 68.9 Freefloat MC: 30.5 Ø Trad. Vol. (30d): 16.16 th	Shareholders: Freefloat: 62.60 % Trier Asset Mgmt: 22.40 % Alois Widmann: 15.00 %	Key Figures (WRE): 2024e Beta: 1.3 Price / Book: 0.9 x Equity Ratio: 49 % Net Fin. Debt / EBITDA: 1.2 x Net Debt / EBITDA: 1.4 x
Price: EUR 5.35 Upside: 49.5 %			

Automotive shows strong growth in Q1 and even stronger prospects

Stated Figures Q1/2024:								Comment on Figures:		
FY End: 31.12. in EUR m	Q1 24	Q1 24e	Q1 23	yoy	24e	23	yoy	<ul style="list-style-type: none"> Sales decline driven by Industrials (-28% yoy) after an exceptionally strong Q1 23 Automotive grew faster than anticipated at a rate of 44% to EUR 6.5m Last year's unusually strong product mix in Industrial explains the yoy-reduction in EBIT Profitability in both of the other segments increased compared to last year's Q1 		
Sales	24.2	23.1	28.5	-15 %	109.7	112.6	-3 %			
EBIT adj. Margin	0.6	-0.2	2.5	-76 %	6.2	5.6	11 %			
EBIT Margin	2.5 %	-1.0 %	8.8 %		5.7 %	5.0 %				
EBIT Margin	0.5	-0.3	2.0	-74 %	4.0	-2.7	n.a.			
EBIT Margin	2.1 %	-1.4 %	6.9 %		3.7 %	-2.4 %				

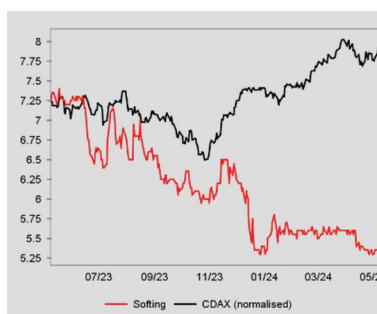
Softing has published its Q1 results, which were above our expectations. While we had expected a sales decline in the Industrial segment (EUR 16.1m, -28% yoy) compared to the previous year, which benefited from a catch-up effect and a strong product mix, the 44% growth in Automotive to EUR 6.5m exceeded our estimates. This is especially strong considering that the major frame contracts won by the company last year have not yet contributed to the segment's top line. IT Networks remained stable compared to last year with EUR 1.8m in revenue, despite delays in some customer projects. On group level, the strong growth in Automotive could not fully compensate for the expected sales decline in Industrial, but the consolidated sales figure of EUR 24.2m (-15% yoy) was still higher than our estimate of EUR 23.1m.

The decline in the adj. EBIT from EUR 2.5m last year to EUR 0.6m was again explained by the Industrial segment, which contributed only EUR 0.4m after EUR 4.2m in Q1 23. Margin improvements in the other two segments could not fully offset the decline in profitability in the largest segment. The reported EBIT, adjusted for PPA effects and changes to the capitalised R&D, declined from EUR 2.0m to EUR 0.5m.

Despite the stronger first quarter than expected, the economic environment remains challenging, which is also reflected in the order intake of only EUR 16.5m (book-to-bill 0.7). While demand in Europe remains robust, more cautious capex spending, particularly in North America, is weighing on demand in the Industrial segment.

However, the order backlog of EUR 37.2m still provides some visibility for the coming quarter and Automotive should benefit from new orders and the major frame contracts. IT Networks should improve, especially in the seasonally stronger H2, after supply disruptions impacted the segment's performance last year.

Against this background, Softing has confirmed its guidance of EUR 105-113m in sales with EBIT of EUR 3.2-4.6m and adj. EBIT of EUR 5.0-7.0m. We consider these targets to be well within reach and maintain our estimates approx. at the midpoint of the respective ranges. We confirm our target price of EUR 8.00 and our Buy recommendation for Softing.

	FY End: 31.12. in EUR m	CAGR (23-26e)	2020	2021	2022	2023	2024e	2025e	2026e
	Sales	3.0 %	77.6	84.7	98.3	112.6	109.7	116.9	122.9
Change Sales yoy		-14.8 %	9.1 %	16.1 %	14.5 %	-2.6 %	6.6 %	5.1 %	
Gross profit margin		59.5 %	58.2 %	54.9 %	59.0 %	58.5 %	58.6 %	58.3 %	
EBITDA Margin	5.8 %	7.8	9.1	9.7	13.9	14.4	15.6	16.5	
EBIT Margin		10.0 %	10.7 %	9.9 %	12.4 %	13.2 %	13.3 %	13.4 %	
EBIT Margin		-3.9	-0.5	0.8	-2.7	4.0	5.4	6.5	
EBIT adj. Margin		-5.1 %	-0.6 %	0.8 %	-2.4 %	3.7 %	4.6 %	5.3 %	
EBIT adj. Margin	12.2 %	1.6	3.0	3.3	5.6	6.2	7.0	8.0	
Net income		-4.7	-0.3	-1.4	-5.8	2.2	3.1	3.9	
EPS		-0.52	-0.03	-0.15	-0.65	0.25	0.34	0.43	
DPS	0.0 %	0.04	0.10	0.10	0.13	0.13	0.13	0.13	
Dividend Yield		0.7 %	1.6 %	1.7 %	2.0 %	2.4 %	2.4 %	2.4 %	
FCFPS		-0.38	0.42	-0.40	-0.04	1.05	0.33	0.45	
FCF / Market cap		-6.5 %	6.9 %	-6.7 %	-0.6 %	19.4 %	6.2 %	8.4 %	
EV / Sales		0.9 x	0.8 x	0.8 x	0.7 x	0.6 x	0.6 x	0.6 x	
EV / EBITDA		9.0 x	7.7 x	7.7 x	5.9 x	4.8 x	4.4 x	4.1 x	
EV / EBIT adj.		44.8 x	23.2 x	23.0 x	14.6 x	11.0 x	9.9 x	8.5 x	
EV / EBIT		n.a.	n.a.	98.7 x	n.a.	17.0 x	12.8 x	10.5 x	
P / E		n.a.	n.a.	n.a.	n.a.	21.4 x	15.7 x	12.4 x	
FCF Potential Yield		4.8 %	6.2 %	6.1 %	6.7 %	9.2 %	10.0 %	10.9 %	
Net Debt		17.5	14.0	21.5	24.8	20.1	20.3	19.4	
ROCE (NOPAT)		n.a.	0.1 %	2.0 %	n.a.	3.6 %	4.9 %	5.9 %	
Guidance:	Sales EUR 105-113m, adj. EBIT EUR 5.0-7.0m. EBIT EUR 3.2-4.6m								

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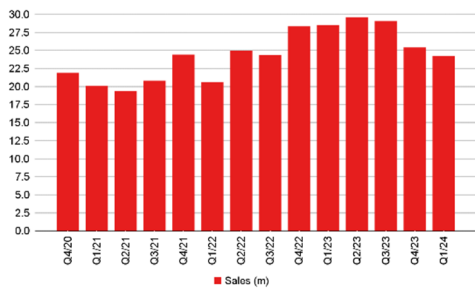
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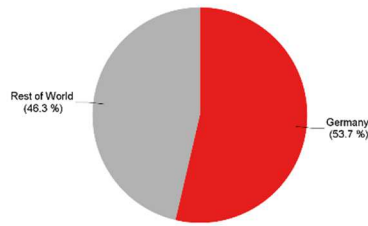
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Sales development
in EUR m



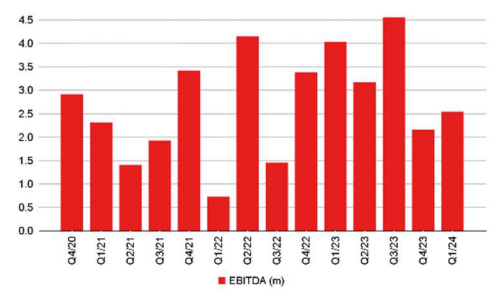
Source: Company

Sales by regions
2023; in %



Source: Company

EBITDA development
in EUR m



Source: Company

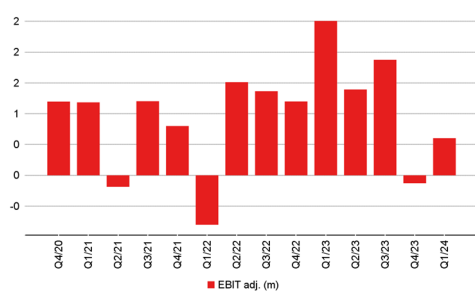
Company Background

- 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

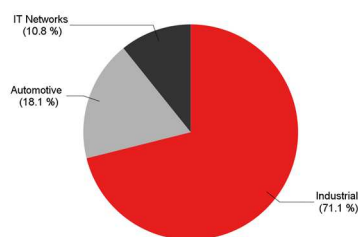
- European market leader in the networking of various production plant elements as well as in business-related software (so-called OPC products).
- World market leader in components for the exchange of information in gas and oil plants. Some >50% of all devices registered worldwide that are used in these 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.

Adj. EBIT development
in EUR m



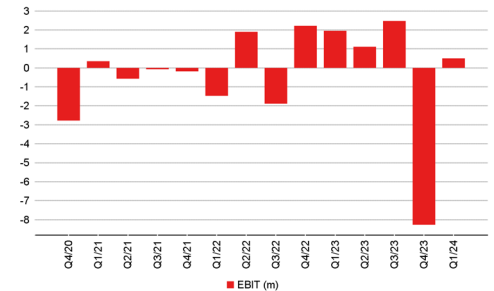
Source: Company

Sales by segments
2023; in %



Source: Company

EBIT development
in EUR m



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	
Sales	109.7	116.9	122.9	128.8	134.7	140.5	146.3	152.0	157.7	163.2	168.7	174.1	177.5	
Sales change	-2.6 %	6.6 %	5.1 %	4.8 %	4.6 %	4.3 %	4.1 %	3.9 %	3.7 %	3.5 %	3.4 %	3.2 %	2.0 %	2.0 %
EBIT	4.0	5.4	6.5	7.1	8.1	9.1	9.5	9.9	10.2	10.6	11.0	11.3	11.5	
EBIT-margin	3.7 %	4.6 %	5.3 %	5.5 %	6.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
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 %	
NOPAT	2.8	3.8	4.5	5.0	5.7	6.4	6.7	6.9	7.2	7.4	7.7	7.9	8.1	
Depreciation	10.4	10.2	10.0	9.4	9.7	10.0	10.2	10.5	10.6	10.6	10.5	10.8	11.0	
in % of Sales	9.5 %	8.7 %	8.1 %	7.3 %	7.2 %	7.1 %	7.0 %	6.9 %	6.7 %	6.5 %	6.2 %	6.2 %	6.2 %	
Changes in provisions	1.6	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	-4.2	1.0	0.5	1.4	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	4.2	
- Capex	7.5	7.8	7.8	8.0	8.3	8.7	9.1	9.4	9.8	10.1	10.5	10.8	11.0	
Capex in % of Sales	6.8 %	6.7 %	6.3 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	
- Other	1.6	1.6	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)	9.9	3.6	4.6	5.1	6.1	6.8	7.0	7.1	7.1	7.1	6.9	7.1	3.9	8
PV of FCF	9.6	3.2	3.8	3.9	4.3	4.4	4.2	4.0	3.7	3.4	3.0	2.9	1.5	48
share of PVs	16.53 %			35.23 %										48.23 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	22.00 %	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	8.10 %	Beta	1.28

Valuation (m)

Present values 2036e	52		
Terminal Value	48		
Financial liabilities	28		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	3	No. of shares (m)	9.1
Equity Value	73	Value per share (EUR)	8.11

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							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	9.1 %	6.20	6.32	6.45	6.59	6.74	6.90	7.07	1.51	9.1 %	4.34	5.09	5.84	6.59	7.34	8.08	8.83
1.40	8.6 %	6.82	6.96	7.12	7.29	7.47	7.67	7.89	1.40	8.6 %	4.87	5.68	6.48	7.29	8.10	8.90	9.71
1.34	8.3 %	7.16	7.32	7.50	7.68	7.89	8.11	8.35	1.34	8.3 %	5.17	6.01	6.85	7.68	8.52	9.36	10.20
1.28	8.1 %	7.53	7.71	7.90	8.11	8.34	8.59	8.86	1.28	8.1 %	5.49	6.36	7.24	8.11	8.99	9.86	10.73
1.22	7.8 %	7.92	8.12	8.34	8.57	8.83	9.11	9.42	1.22	7.8 %	5.84	6.75	7.66	8.57	9.49	10.40	11.31
1.16	7.6 %	8.35	8.58	8.82	9.08	9.37	9.68	10.03	1.16	7.6 %	6.22	7.17	8.13	9.08	10.03	10.99	11.94
1.05	7.1 %	9.32	9.60	9.91	10.24	10.61	11.02	11.48	1.05	7.1 %	7.10	8.15	9.19	10.24	11.29	12.34	13.39

- 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	2020	2021	2022	2023	2024e	2025e	2026e	
Net Income before minorities	-4.6	-0.1	-1.2	-5.7	2.3	3.2	4.0	
+ Depreciation + Amortisation	11.7	9.5	9.0	16.6	10.4	10.2	10.0	
- Net Interest Income	-1.5	0.8	-1.3	-0.5	-0.7	-0.8	-0.8	
- Maintenance Capex	5.2	4.4	4.6	5.9	5.6	5.9	5.9	
+ Other	0.0	0.0	0.0	0.0	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	3.4	4.3	4.6	5.5	6.3	6.9	7.4	
FCF Potential Yield (on market EV)	4.8 %	6.2 %	6.1 %	6.7 %	9.2 %	10.0 %	10.9 %	
WACC	8.10 %	8.10 %	8.10 %	8.10 %	8.10 %	8.10 %	8.10 %	
= Enterprise Value (EV)	69.9	69.5	75.2	82.5	68.9	69.0	68.1	
= Fair Enterprise Value	41.6	52.9	56.3	68.0	78.0	84.8	91.7	
- Net Debt (Cash)	23.9	23.9	23.9	23.9	17.6	17.8	16.9	
- Pension Liabilities	0.9	0.9	0.9	0.9	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	16.8	28.1	31.5	43.2	57.9	64.5	72.3	
Number of shares, average	9.1	9.0	9.0	9.0	9.0	9.0	9.0	
= Fair value per share (EUR)	1.85	3.12	3.50	4.80	6.42	7.16	8.02	
premium (-) / discount (+) in %					20.0 %	33.8 %	49.9 %	
Sensitivity Fair value per Share (EUR)								
	11.10 %	0.61	1.52	1.79	2.73	4.04	4.57	5.22
	10.10 %	0.94	1.94	2.24	3.27	4.66	5.24	5.95
	9.10 %	1.34	2.45	2.78	3.93	5.42	6.06	6.83
WACC	8.10 %	1.85	3.12	3.50	4.80	6.42	7.16	8.02
	7.10 %	2.49	3.91	4.34	5.80	7.56	8.40	9.36
	6.10 %	3.35	4.99	5.49	7.20	9.17	10.14	11.25
	5.10 %	4.54	6.51	7.11	9.15	11.40	12.57	13.87

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

▪ FCF-Value-CAGR 2020-2026e: 28%

Valuation							
	2020	2021	2022	2023	2024e	2025e	2026e
Price / Book	0.8 x	0.9 x	0.9 x	1.1 x	0.9 x	0.9 x	0.9 x
Book value per share ex intangibles	0.63	0.78	0.60	0.68	1.21	1.44	1.71
EV / Sales	0.9 x	0.8 x	0.8 x	0.7 x	0.6 x	0.6 x	0.6 x
EV / EBITDA	9.0 x	7.7 x	7.7 x	5.9 x	4.8 x	4.4 x	4.1 x
EV / EBIT	n.a.	n.a.	98.7 x	n.a.	17.0 x	12.8 x	10.5 x
EV / EBIT adj.*	44.8 x	23.2 x	23.0 x	14.6 x	11.0 x	9.9 x	8.5 x
P / FCF	n.a.	14.5 x	n.a.	n.a.	5.1 x	16.0 x	11.8 x
P / E	n.a.	n.a.	n.a.	n.a.	21.4 x	15.7 x	12.4 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	21.4 x	15.7 x	12.4 x
Dividend Yield	0.7 %	1.6 %	1.7 %	2.0 %	2.4 %	2.4 %	2.4 %
FCF Potential Yield (on market EV)	4.8 %	6.2 %	6.1 %	6.7 %	9.2 %	10.0 %	10.9 %

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

Company Specific Items							
	2020	2021	2022	2023	2024e	2025e	2026e
order entries	n.a.	n.a.	102.9	0.0	0.0	n.a.	n.a.
book-to-bill	n.a.	n.a.	1.0	0.0	0.0	n.a.	n.a.
order book	n.a.	n.a.	38.2	0.0	0.0	n.a.	n.a.

Consolidated profit & loss

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Sales	77.6	84.7	98.3	112.6	109.7	116.9	122.9
Change Sales yoy	-14.8 %	9.1 %	16.1 %	14.5 %	-2.6 %	6.6 %	5.1 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	3.7	3.7	3.9	5.7	4.8	5.0	4.7
Total Sales	81.3	88.3	102.3	118.3	114.5	121.9	127.6
Material expenses	35.1	39.1	48.3	51.9	50.4	53.4	55.9
Gross profit	46.1	49.3	53.9	66.4	64.1	68.5	71.7
<i>Gross profit margin</i>	<i>59.5 %</i>	<i>58.2 %</i>	<i>54.9 %</i>	<i>59.0 %</i>	<i>58.5 %</i>	<i>58.6 %</i>	<i>58.3 %</i>
Personnel expenses	31.7	33.6	36.0	40.1	38.7	41.1	42.9
Other operating income	1.7	2.8	3.7	1.7	1.6	1.4	1.5
Other operating expenses	8.4	9.4	11.9	14.1	12.6	13.2	13.8
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.8	9.1	9.7	13.9	14.4	15.6	16.5
<i>Margin</i>	<i>10.0 %</i>	<i>10.7 %</i>	<i>9.9 %</i>	<i>12.4 %</i>	<i>13.2 %</i>	<i>13.3 %</i>	<i>13.4 %</i>
Depreciation of fixed assets	2.2	2.2	1.7	2.5	2.4	2.5	2.6
EBITA	5.6	6.8	8.1	11.4	12.0	13.1	13.9
Amortisation of intangible assets	9.5	6.3	7.2	8.0	8.0	7.7	7.4
Goodwill amortisation	0.0	1.0	0.1	6.2	0.0	0.0	0.0
EBIT	-3.9	-0.5	0.8	-2.7	4.0	5.4	6.5
<i>Margin</i>	<i>-5.1 %</i>	<i>-0.6 %</i>	<i>0.8 %</i>	<i>-2.4 %</i>	<i>3.7 %</i>	<i>4.6 %</i>	<i>5.3 %</i>
EBIT adj.	1.6	3.0	3.3	5.6	6.2	7.0	8.0
Interest income	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Interest expenses	0.3	0.3	0.3	0.5	0.6	0.6	0.6
Other financial income (loss)	-1.2	1.1	-1.0	0.0	0.0	0.0	0.0
EBT	-5.4	0.3	-0.6	-3.2	3.3	4.6	5.7
<i>Margin</i>	<i>-7.0 %</i>	<i>0.3 %</i>	<i>-0.6 %</i>	<i>-2.9 %</i>	<i>3.1 %</i>	<i>3.9 %</i>	<i>4.6 %</i>
Total taxes	-0.8	0.4	0.6	2.5	1.0	1.4	1.7
Net income from continuing operations	-4.6	-0.1	-1.2	-5.7	2.3	3.2	4.0
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	-4.6	-0.1	-1.2	-5.7	2.3	3.2	4.0
Minority interest	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Net income	-4.7	-0.3	-1.4	-5.8	2.2	3.1	3.9
<i>Margin</i>	<i>-6.1 %</i>	<i>-0.3 %</i>	<i>-1.4 %</i>	<i>-5.2 %</i>	<i>2.0 %</i>	<i>2.7 %</i>	<i>3.1 %</i>
Number of shares, average	9.1	9.0	9.0	9.0	9.0	9.0	9.0
EPS	-0.52	-0.03	-0.15	-0.65	0.25	0.34	0.43
EPS adj.	-0.52	-0.03	-0.15	-0.65	0.25	0.34	0.43

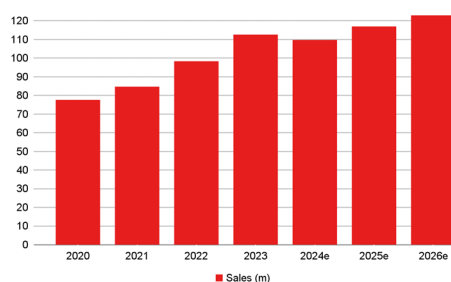
*Adjustments made for: Adj. figures exclude PPAs and changes to own work capitalized

Guidance: Sales EUR 105-113m, adj. EBIT EUR 5.0-7.0m. EBIT EUR 3.2-4.6m

Financial Ratios

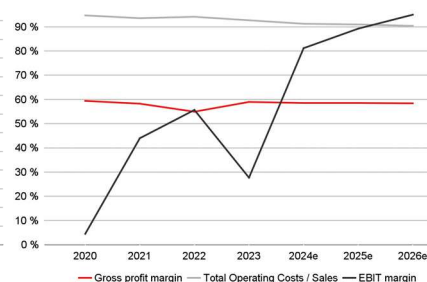
	2020	2021	2022	2023	2024e	2025e	2026e
Total Operating Costs / Sales	94.7 %	93.6 %	94.1 %	92.7 %	91.2 %	90.9 %	90.4 %
Operating Leverage	n.a.	-9.6 x	n.a.	n.a.	n.a.	5.1 x	3.9 x
EBITDA / Interest expenses	29.8 x	36.0 x	34.5 x	27.6 x	26.3 x	26.0 x	27.5 x
Tax rate (EBT)	15.5 %	123.9 %	-109.4 %	-75.9 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	n.m.	n.m.	n.m.	n.m.	50.0 %	36.4 %	29.5 %
Sales per Employee	195,458	218,273	248,889	281,488	258,118	275,153	289,186

Sales, EBITDA
in EUR m



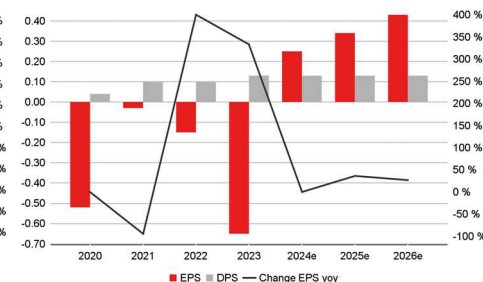
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

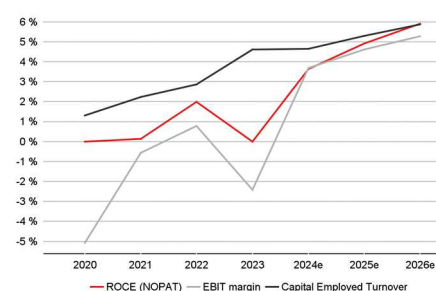
Consolidated balance sheet

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Assets							
Goodwill and other intangible assets	56.8	55.8	55.6	47.4	44.9	42.9	41.2
thereof other intangible assets	20.7	20.2	18.7	36.4	34.1	31.8	29.3
thereof Goodwill	17.5	17.1	17.4	11.0	11.0	11.0	11.0
Property, plant and equipment	5.5	4.8	7.6	8.1	9.3	10.5	11.6
Financial assets	1.5	1.5	0.4	0.4	0.4	0.4	0.4
Other long-term assets	0.0	0.0	0.0	0.0	9.0	9.0	9.0
Fixed assets	63.8	62.1	63.6	56.0	63.7	62.9	62.3
Inventories	13.7	13.4	19.0	23.7	19.9	20.2	19.8
Accounts receivable	14.3	14.1	16.8	12.3	13.5	15.4	16.8
Liquid assets	10.2	9.6	6.8	4.9	11.1	11.0	11.9
Other short-term assets	3.2	4.2	4.3	6.3	6.3	6.3	6.3
Current assets	41.4	41.3	46.8	47.1	50.8	52.8	54.7
Total Assets	105.2	103.4	110.4	103.1	114.5	115.7	117.0
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	22.9	23.2	21.3	13.9	16.1	19.2	23.1
Other equity components	-0.5	-0.5	-0.5	-0.5	-0.4	-3.5	-6.5
Shareholders' equity	62.6	62.9	61.0	53.6	55.9	56.0	56.7
Minority interest	0.4	0.6	0.8	0.7	0.7	0.7	0.7
Total equity	63.0	63.5	61.8	54.3	56.6	56.7	57.4
Provisions	3.2	2.8	1.2	1.0	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	3.1	2.6	1.1	0.9	2.5	2.5	2.5
Financial liabilities (total)	24.6	21.0	27.2	28.8	28.8	28.8	28.8
Short-term financial liabilities	4.7	3.5	5.5	8.5	8.5	8.5	8.5
Accounts payable	6.0	7.2	9.3	6.8	8.4	9.6	10.1
Other liabilities	8.4	8.8	11.0	12.3	15.3	15.3	15.3
Liabilities	42.2	39.8	48.6	48.8	57.8	59.0	59.5
Total liabilities and shareholders' equity	105.2	103.4	110.4	103.1	114.5	115.7	117.0

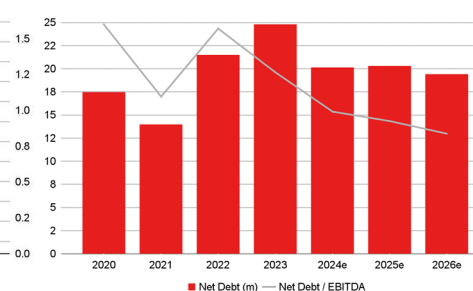
Financial Ratios

	2020	2021	2022	2023	2024e	2025e	2026e
Efficiency of Capital Employment							
Operating Assets Turnover	3.1 x	3.9 x	3.4 x	3.6 x	3.9 x	3.8 x	3.8 x
Capital Employed Turnover	1.0 x	1.1 x	1.2 x	1.4 x	1.4 x	1.5 x	1.6 x
ROA	-7.4 %	-0.4 %	-2.2 %	-10.4 %	3.5 %	4.9 %	6.2 %
Return on Capital							
ROCE (NOPAT)	n.a.	0.1 %	2.0 %	n.a.	3.6 %	4.9 %	5.9 %
ROE	-7.2 %	-0.4 %	-2.3 %	-10.2 %	4.1 %	5.5 %	6.9 %
Adj. ROE	-7.2 %	-0.4 %	-2.3 %	-10.2 %	4.1 %	5.5 %	6.9 %
Balance sheet quality							
Net Debt	17.5	14.0	21.5	24.8	20.1	20.3	19.4
Net Financial Debt	14.4	11.4	20.4	23.9	17.6	17.8	16.9
Net Gearing	27.7 %	22.0 %	34.8 %	45.7 %	35.6 %	35.8 %	33.8 %
Net Fin. Debt / EBITDA	185.7 %	125.4 %	209.4 %	171.8 %	122.1 %	114.1 %	102.6 %
Book Value / Share	6.9	6.9	6.7	5.9	6.1	6.1	6.2
Book value per share ex intangibles	0.6	0.8	0.6	0.7	1.2	1.4	1.7

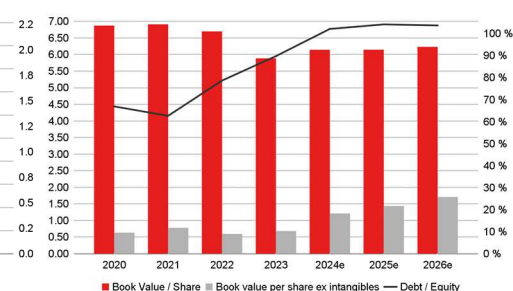
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

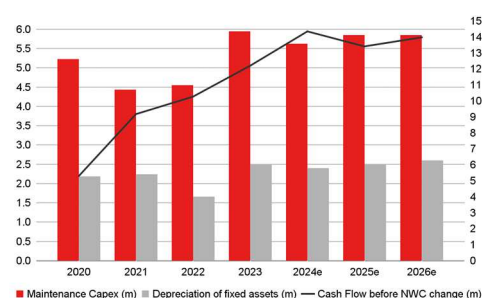
In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Net income	-4.6	-0.1	-1.2	-5.7	2.3	3.2	4.0
Depreciation of fixed assets	2.2	2.2	1.7	2.5	2.4	2.5	2.6
Amortisation of goodwill	0.0	1.0	0.1	6.2	0.0	0.0	0.0
Amortisation of intangible assets	9.5	6.3	7.2	8.0	8.0	7.7	7.4
Increase/decrease in long-term provisions	0.0	-0.1	-0.5	-0.5	1.6	0.0	0.0
Other non-cash income and expenses	-1.8	-0.2	3.0	1.8	0.0	0.0	0.0
Cash Flow before NWC change	5.3	9.2	10.3	12.2	14.4	13.4	14.0
Increase / decrease in inventory	-1.1	0.3	-5.6	-4.7	3.8	-0.3	0.4
Increase / decrease in accounts receivable	1.2	0.4	-2.9	4.1	-1.2	-1.9	-1.4
Increase / decrease in accounts payable	-0.5	1.2	2.0	-2.5	1.7	1.2	0.5
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.4	1.9	-6.4	-3.1	4.2	-1.0	-0.5
Net cash provided by operating activities [1]	4.9	11.1	3.8	9.1	18.6	12.4	13.5
Investments in intangible assets	-5.4	-4.8	-5.1	-6.7	-5.5	-5.7	-5.7
Investments in property, plant and equipment	-1.5	-1.5	-4.9	-2.1	-2.0	-2.1	-2.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-1.5	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]	-8.5	-5.9	-6.1	-7.9	-7.5	-7.8	-7.8
Change in financial liabilities	1.1	-4.2	1.6	-0.4	0.0	0.0	0.0
Dividends paid	-0.4	-0.4	-0.9	-1.2	-1.2	-1.2	-1.2
Purchase of own shares	-0.5	0.0	0.0	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	-1.4	-1.3	-1.4	-1.5	-3.6	-3.6	-3.6
Net cash provided by financing activities [3]	-1.1	-5.9	-0.7	-3.1	-4.8	-4.8	-4.8
Change in liquid funds [1]+[2]+[3]	-4.7	-0.7	-3.0	-1.9	6.3	-0.2	0.9
Effects of exchange-rate changes on cash	-0.1	0.2	0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	10.2	9.6	6.8	4.9	11.1	11.0	11.9

Financial Ratios

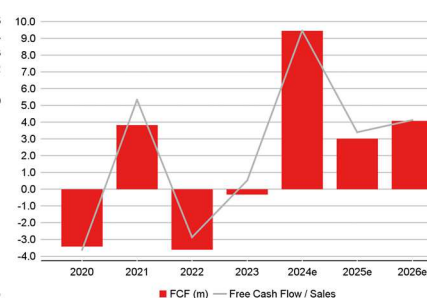
	2020	2021	2022	2023	2024e	2025e	2026e
Cash Flow							
FCF	-3.4	3.8	-3.6	-0.3	9.5	3.0	4.1
Free Cash Flow / Sales	-4.4 %	4.5 %	-3.7 %	-0.3 %	8.6 %	2.6 %	3.3 %
Free Cash Flow Potential	3.4	4.3	4.6	5.5	6.3	6.9	7.4
Free Cash Flow / Net Profit	72.2 %	-1501.6 %	258.2 %	5.5 %	424.5 %	97.3 %	105.6 %
Interest Received / Avg. Cash	0.4 %	0.3 %	0.6 %	2.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.2 %	1.1 %	1.2 %	1.8 %	1.9 %	2.1 %	2.1 %
Management of Funds							
Investment ratio	9.0 %	7.5 %	10.1 %	7.8 %	6.8 %	6.7 %	6.3 %
Maint. Capex / Sales	6.7 %	5.2 %	4.6 %	5.3 %	5.1 %	5.0 %	4.8 %
Capex / Dep	59.6 %	66.1 %	111.1 %	52.5 %	72.1 %	76.5 %	78.0 %
Avg. Working Capital / Sales	24.6 %	21.3 %	19.5 %	19.9 %	19.3 %	16.7 %	16.5 %
Trade Debtors / Trade Creditors	238.7 %	194.7 %	180.9 %	181.8 %	160.7 %	160.4 %	166.3 %
Inventory Turnover	2.6 x	2.9 x	2.5 x	2.2 x	2.5 x	2.6 x	2.8 x
Receivables collection period (days)	67	61	62	40	45	48	50
Payables payment period (days)	62	67	70	48	61	66	66
Cash conversion cycle (Days)	119	86	98	117	85	80	74

CAPEX and Cash Flow

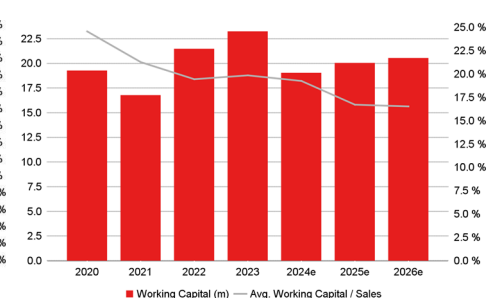
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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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	https://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.

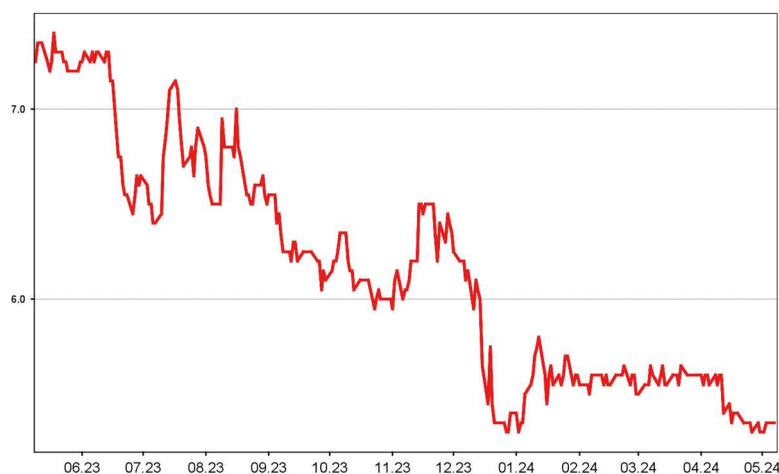
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	146	71
Hold	46	22
Sell	8	4
Rating suspended	7	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	46	81
Hold	8	14
Sell	0	0
Rating suspended	3	5
Total	57	100

PRICE AND RATING HISTORY SOFTING AS OF 08.05.2024


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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