

Buy EUR 8.00 (EUR 7.50) Price EUR 6.94 Upside 15.3 %	Value Indicators: EUR DCF: 7.95 FCF-Value Potential 23e: 7.90	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: 63.2 No. of shares (m): 9.1 EV: 80.9 Freefloat MC: 39.6 Ø Trad. Vol. (30d): 14.64 th	Shareholders: Freefloat 62.6 % Trier Asset Mgmt 22.4 % Alois Widmann 15.0 %	Key Figures (WRe): 2021e Beta: 1.3 Price / Book: 1.0 x Equity Ratio: 58 % Net Fin. Debt / EBITDA: 2.0 x Net Debt / EBITDA: 2.3 x

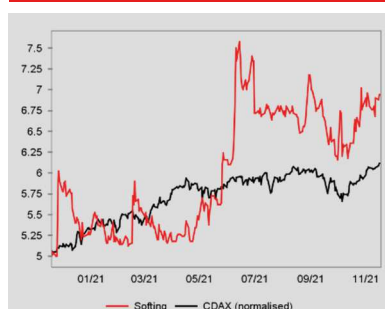
Strong order momentum accelerates further in Q3

Stated Figures Q3/2021:					Comment on Figures:				
FY End: 31.12. in EUR m	Q3 21	Q3 21e	Q3 20	yoy	9M 21	9M 21e	9M 20	yoy	
Sales	20.8	23.8	19.9	5 %	60.3	63.3	55.7	8 %	▪ Bottlenecks limit growth despite significant order-intake growth (approx. +60% in Q3)
EBIT	-0.1	0.2	0.7	n.a.	-0.3	0.0	-1.2	n.a.	▪ Larger orders in Automotive were shifted to Q4
Margin	-0.4 %	0.9 %	3.4 %		-0.5 %	0.0 %	-2.1 %		▪ Reported EBIT declined as a result of a significant reduction in capitalised R&D
EBIT adj.	1.2	1.0	1.2	3 %	2.2	2.0	0.4	506 %	▪ Adjusted for capitalisation, amortisation of capitalised R&D and PPA effects, adj. EBIT remained stable
Margin	5.8 %	4.3 %	5.9 %		3.7 %	3.2 %	0.7 %		
EPS	0.05	0.13	-0.04	n.a.	0.01	0.10	-0.26	n.a.	

Softing published its Q3 report and confirmed the guidance for the full year. Sales grew by 4.5% to EUR 20.8m, which was below our estimate of EUR 23.8m. Despite the high demand, as reflected in an almost 60%-increase in the Q3 order intake (EUR 26m), bottlenecks for some electronic components limited the ability to transform the high demand into sales. The largest segment, Industrial, even saw a slight top-line decline of 1.5% in the third quarter, although order intake during the first nine months increased by 40% to EUR 56.6m. Q3 revenue in the Automotive division increased by 21% to EUR 3.9m, despite some postponements to Q4 related to shortages. The smallest segment, IT Networks, continues to benefit from Softing's online distribution strategy and the top line increased by 21% to EUR 2.5m. After nine months, sales growth of 8.2% is below the 10-15% guided range for the full year. While the high order backlog of EUR 28.8m (+67% yoy) provides a solid basis for Q4, we slightly decreased our FY projection to reflect risks from bottlenecks and estimate a growth rate of 11.1%.

Reported EBIT declined from EUR 0.7m to EUR -0.1m as R&D capitalisation decreased by 77%, while amortisation of capitalised R&D remained roughly stable. Adjusted for this effect, operating EBIT remained at EUR 1.2m, which was slightly above our estimate of EUR 1.0m. After nine months, adj. EBIT of EUR 2.2m already reached the EUR 2-3m target range for the full year. We have increased our estimate for the full year towards the upper end of the guidance corridor. Although the current bottlenecks might slow growth temporarily, we remain positive in light of the high order momentum. Moreover, customer interest in Globalmatix remains high and Softing is expecting new significant frame contracts in Q4. We increase our price target slightly and confirm our Buy recommendation.

Changes in Estimates:					Comment on Changes:		
FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -	
Sales	87.0	-0.9 %	100.0	0.0 %	109.2	0.0 %	▪ Full-year sales forecast reduced to reflect supply-chain risks
EBT	0.3	n.m.	4.8	0.0 %	5.8	0.0 %	▪ Adj. EBIT estimate increased after solid 9M figure
EBIT adj.	2.1	42.6 %	6.4	0.0 %	7.4	0.0 %	
EPS	0.03	n.m.	0.37	0.0 %	0.45	0.0 %	



Rel. Performance vs CDAX:	
1 month:	5.3 %
6 months:	15.6 %
Year to date:	17.0 %
Trailing 12 months:	14.4 %

Company events:

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	86.2	100.0	109.2
Change Sales yoy		-2.1 %	6.6 %	8.6 %	-14.8 %	11.1 %	16.0 %	9.2 %
Gross profit margin		64.9 %	61.8 %	62.9 %	59.5 %	56.3 %	60.8 %	60.6 %
EBITDA	25.0 %	6.8	9.0	12.1	7.8	7.6	13.9	15.1
Margin		8.7 %	10.7 %	13.3 %	10.0 %	8.9 %	13.9 %	13.9 %
EBIT	-	2.3	4.1	4.3	-3.9	-0.5	5.2	6.2
Margin		3.0 %	4.9 %	4.7 %	-5.1 %	-0.5 %	5.2 %	5.7 %
EBIT adj.	68.4 %	1.1	3.5	3.9	1.6	3.0	6.4	7.4
Net income	-	0.7	3.3	2.8	-4.7	-0.5	3.4	4.1
EPS	-	0.10	0.38	0.31	-0.52	-0.06	0.37	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 %	0.6 %	0.7 %	0.7 %
FCFPS		-0.27	0.19	0.04	-0.38	0.18	0.09	0.29
FCF / Market cap		-2.4 %	2.3 %	0.5 %	-6.5 %	2.5 %	1.3 %	4.2 %
EV / Sales		1.1 x	1.0 x	0.8 x	0.9 x	0.9 x	0.8 x	0.8 x
EV / EBITDA		12.7 x	8.9 x	6.3 x	9.0 x	10.6 x	5.9 x	5.4 x
EV / EBIT adj.		77.7 x	22.8 x	19.4 x	44.8 x	26.7 x	12.9 x	11.0 x
EV / EBIT		37.0 x	19.7 x	17.6 x	n.a.	n.a.	15.9 x	13.3 x
P / E		112.0 x	22.6 x	24.8 x	n.a.	n.a.	18.8 x	15.4 x
FCF Potential Yield		2.6 %	2.4 %	5.9 %	4.8 %	1.6 %	7.1 %	8.3 %
Net Debt		4.5	5.2	6.0	17.5	17.7	19.2	19.1
ROCE (NOPAT)		2.7 %	4.5 %	4.0 %	n.a.	n.a.	4.4 %	5.1 %
Guidance:		Sales growth 10%-15%, EBIT EUR 2.0-3.0m						

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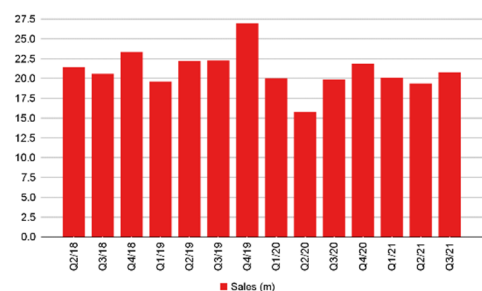
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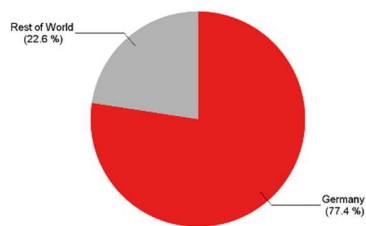
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Sales development
in EUR m



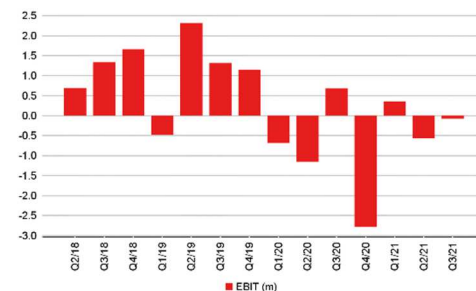
Source: Company

Sales by regions
2020; in %



Source: Company

EBIT development
in EUR m



Source: Company

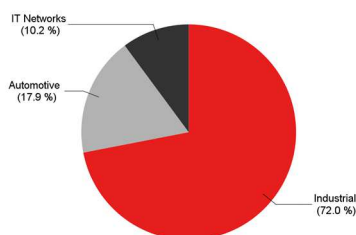
Company Background

- 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	86.2	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	11.1 %	16.0 %	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	-0.5	5.2	6.2	7.0	7.2	7.5	7.9	8.2	8.5	8.8	9.1	9.4	9.6	
EBIT-margin	-0.5 %	5.2 %	5.7 %	6.1 %	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	-0.3	3.6	4.3	4.9	5.0	5.3	5.5	5.7	5.9	6.2	6.4	6.6	6.7	
Depreciation	8.1	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	9.4 %	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	-2.7	2.9	2.0	0.9	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.6	
- Capex	6.8	6.8	6.8	7.7	8.0	8.4	8.8	9.1	9.5	9.8	10.2	10.5	10.7	
Capex in % of Sales	7.9 %	6.8 %	6.2 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	6.7 %	
Other	1.3	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)	1.8	1.0	2.9	4.3	4.3	4.6	4.8	5.1	5.3	5.6	5.8	6.0	6.5	7
PV of FCF	1.8	1.0	2.5	3.4	3.3	3.2	3.1	3.1	3.0	2.9	2.8	2.7	2.8	55
share of PVs	5.79 %			33.31 %										60.90 %

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	36		
Terminal Value	55		
Financial liabilities	24		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	9	No. of shares (m)	9.1
Equity Value	72	Value per share (EUR)	7.95

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 %	5.75	5.90	6.06	6.23	6.42	6.62	6.84	1.55	8.4 %	3.92	4.69	5.46	6.23	7.00	7.77	8.53
1.43	7.9 %	6.42	6.60	6.80	7.02	7.25	7.50	7.78	1.43	7.9 %	4.52	5.35	6.18	7.02	7.85	8.68	9.51
1.38	7.7 %	6.80	7.00	7.22	7.46	7.72	8.01	8.33	1.38	7.7 %	4.85	5.72	6.59	7.46	8.33	9.20	10.07
1.32	7.4 %	7.21	7.43	7.68	7.95	8.25	8.57	8.93	1.32	7.4 %	5.22	6.13	7.04	7.95	8.86	9.77	10.68
1.26	7.2 %	7.65	7.91	8.18	8.49	8.82	9.19	9.61	1.26	7.2 %	5.63	6.58	7.53	8.49	9.44	10.39	11.35
1.21	6.9 %	8.14	8.42	8.74	9.08	9.46	9.89	10.36	1.21	6.9 %	6.07	7.08	8.08	9.08	10.08	11.08	12.09
1.09	6.4 %	9.25	9.62	10.02	10.47	10.97	11.54	12.18	1.09	6.4 %	7.12	8.24	9.35	10.47	11.58	12.70	13.82

- 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	2017	2018	2019	2020	2021e	2022e	2023e	
Net Income before minorities	0.7	3.3	2.9	-4.6	-0.5	3.4	4.1	
+ Depreciation + Amortisation	4.5	4.9	7.8	11.7	8.1	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	1.3	5.8	6.8	
FCF Potential Yield (on market EV)	2.6 %	2.4 %	5.9 %	4.8 %	1.6 %	7.1 %	8.3 %	
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	80.9	82.4	82.2	
= Fair Enterprise Value	30.4	26.2	59.8	45.4	17.0	78.7	91.4	
- Net Debt (Cash)	14.4	14.4	14.4	14.4	15.2	16.7	16.6	
- 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	n.a.	59.4	72.4	
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	n.a.	6.55	7.97	
premium (-) / discount (+) in %						-5.7 %	14.8 %	
Sensitivity Fair value per Share (EUR)								
	10.43 %	0.46	0.13	2.76	1.63	n.a.	4.04	5.06
	9.43 %	0.71	0.35	3.26	2.01	n.a.	4.70	5.82
	8.43 %	1.02	0.62	3.87	2.47	n.a.	5.50	6.76
WACC	7.43 %	1.42	0.96	4.65	3.06	n.a.	6.53	7.95
	6.43 %	1.94	1.41	5.68	3.84	0.22	7.87	9.51
	5.43 %	2.65	2.02	7.07	4.90	0.62	9.71	11.65
	4.43 %	3.68	2.91	9.11	6.44	1.19	12.38	14.75

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

■ FCF-Value-CAGR 2017-2023e: 33%

Valuation							
	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	1.6 x	1.1 x	1.0 x	0.8 x	1.0 x	1.0 x	1.0 x
Book value per share ex intangibles	1.37	0.92	0.76	0.63	0.69	0.81	1.01
EV / Sales	1.1 x	1.0 x	0.8 x	0.9 x	0.9 x	0.8 x	0.8 x
EV / EBITDA	12.7 x	8.9 x	6.3 x	9.0 x	10.6 x	5.9 x	5.4 x
EV / EBIT	37.0 x	19.7 x	17.6 x	n.a.	n.a.	15.9 x	13.3 x
EV / EBIT adj.*	77.7 x	22.8 x	19.4 x	44.8 x	26.7 x	12.9 x	11.0 x
P / FCF	n.a.	44.1 x	213.1 x	n.a.	39.5 x	79.3 x	23.9 x
P / E	112.0 x	22.6 x	24.8 x	n.a.	n.a.	18.8 x	15.4 x
P / E adj.*	112.0 x	22.6 x	24.8 x	n.a.	n.a.	18.8 x	15.4 x
Dividend Yield	1.2 %	1.5 %	0.5 %	0.7 %	0.6 %	0.7 %	0.7 %
FCF Potential Yield (on market EV)	2.6 %	2.4 %	5.9 %	4.8 %	1.6 %	7.1 %	8.3 %

*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	86.2	100.0	109.2
Change Sales yoy	-2.1 %	6.6 %	8.6 %	-14.8 %	11.1 %	16.0 %	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	1.9	4.0	3.9
Total Sales	83.3	88.3	96.6	81.3	88.1	104.0	113.1
Material expenses	32.2	36.5	39.3	35.1	39.6	43.2	47.0
Gross profit	51.1	51.8	57.3	46.1	48.5	60.8	66.1
<i>Gross profit margin</i>	<i>64.9 %</i>	<i>61.8 %</i>	<i>62.9 %</i>	<i>59.5 %</i>	<i>56.3 %</i>	<i>60.8 %</i>	<i>60.6 %</i>
Personnel expenses	33.0	33.4	35.4	31.7	34.4	36.6	40.1
Other operating income	0.9	1.4	0.8	1.7	2.4	1.0	1.0
Other operating expenses	12.1	10.8	10.5	8.4	8.9	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	7.6	13.9	15.1
<i>Margin</i>	<i>8.7 %</i>	<i>10.7 %</i>	<i>13.3 %</i>	<i>10.0 %</i>	<i>8.9 %</i>	<i>13.9 %</i>	<i>13.9 %</i>
Depreciation of fixed assets	0.8	0.7	2.6	2.2	2.3	3.0	3.2
EBITA	6.1	8.3	9.5	5.6	5.3	10.9	11.9
Amortisation of intangible assets	3.7	4.2	5.2	9.5	5.8	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	-0.5	5.2	6.2
<i>Margin</i>	<i>3.0 %</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>-5.1 %</i>	<i>-0.5 %</i>	<i>5.2 %</i>	<i>5.7 %</i>
EBIT adj.	1.1	3.5	3.9	1.6	3.0	6.4	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	-0.8	4.8	5.8
<i>Margin</i>	<i>1.4 %</i>	<i>5.5 %</i>	<i>4.7 %</i>	<i>-7.0 %</i>	<i>-0.9 %</i>	<i>4.8 %</i>	<i>5.4 %</i>
Total taxes	0.4	1.3	1.3	-0.8	-0.2	1.5	1.8
Net income from continuing operations	0.7	3.3	2.9	-4.6	-0.5	3.4	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	-0.5	3.4	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	-0.5	3.4	4.1
<i>Margin</i>	<i>0.9 %</i>	<i>4.0 %</i>	<i>3.1 %</i>	<i>-6.1 %</i>	<i>-0.6 %</i>	<i>3.4 %</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	-0.06	0.37	0.45
EPS adj.	0.10	0.38	0.31	-0.52	-0.06	0.37	0.45

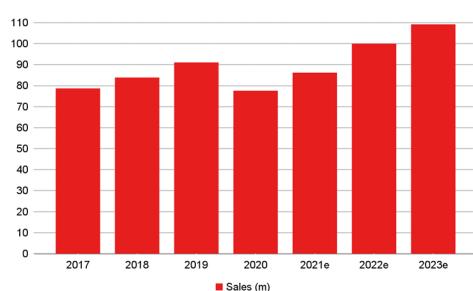
*Adjustments made for:

Guidance: Sales growth 10%-15%, EBIT EUR 2.0-3.0m

Financial Ratios

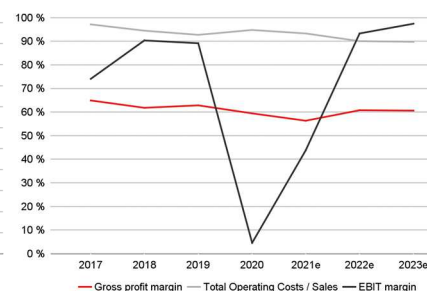
	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	97.2 %	94.5 %	92.8 %	94.7 %	93.3 %	90.1 %	89.7 %
Operating Leverage	31.5 x	11.2 x	0.6 x	n.a.	-8.0 x	n.a.	2.1 x
EBITDA / Interest expenses	5.4 x	n.m.	44.4 x	29.8 x	38.2 x	69.5 x	75.7 x
Tax rate (EBT)	35.8 %	27.7 %	31.0 %	15.5 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	131.5 %	34.2 %	12.4 %	n.m.	n.m.	13.4 %	11.1 %
Sales per Employee	189,658	207,649	225,416	189,261	207,711	238,095	256,941

Sales, EBITDA in EUR m



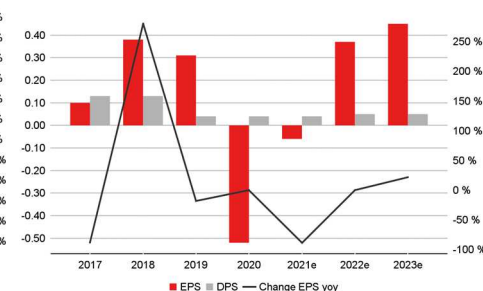
Source: Warburg Research

Operating Performance in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

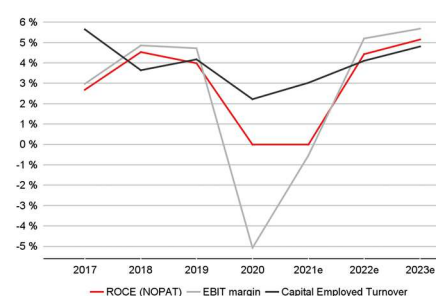
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	41.8	59.9	62.4	56.8	56.6	56.5	56.4
thereof other intangible assets	14.7	26.5	34.7	29.2	27.7	26.6	25.3
thereof Goodwill	14.5	18.0	18.1	17.5	17.5	17.5	17.5
Property, plant and equipment	2.0	2.3	3.2	5.5	5.7	5.5	5.1
Financial assets	0.0	0.0	1.5	1.5	1.5	1.5	1.5
Other long-term assets	0.0	0.0	2.8	0.0	9.0	9.0	9.0
Fixed assets	43.8	62.2	69.9	63.8	72.8	72.5	72.0
Inventories	9.1	10.6	12.6	13.7	12.0	13.9	15.2
Accounts receivable	12.8	13.7	15.4	14.3	13.9	16.2	17.7
Liquid assets	10.3	9.7	14.9	10.2	7.1	7.6	7.8
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	36.2	40.9	43.9
Total Assets	80.7	99.8	116.8	105.2	109.1	113.4	115.8
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	22.3	25.7	29.8
Other equity components	0.0	0.0	0.0	-0.5	0.4	-2.0	-4.5
Shareholders' equity	52.3	68.3	69.3	62.6	62.9	63.9	65.5
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	63.3	64.3	66.0
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
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	6.6	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	45.8	49.1	49.9
Total liabilities and shareholders' equity	80.7	99.8	116.8	105.2	109.1	113.4	115.8

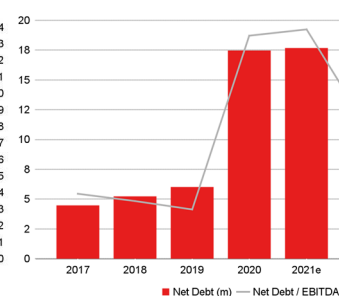
Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	4.3 x	4.1 x	4.1 x	3.1 x	3.9 x	4.0 x	4.1 x
Capital Employed Turnover	1.4 x	1.1 x	1.2 x	1.0 x	1.1 x	1.2 x	1.3 x
ROA	1.6 %	5.3 %	4.0 %	-7.4 %	-0.7 %	4.7 %	5.7 %
Return on Capital							
ROCE (NOPAT)	2.7 %	4.5 %	4.0 %	n.a.	n.a.	4.4 %	5.1 %
ROE	1.4 %	5.5 %	4.1 %	-7.2 %	-0.9 %	5.4 %	6.3 %
Adj. ROE	1.4 %	5.5 %	4.1 %	-7.2 %	-0.9 %	5.4 %	6.3 %
Balance sheet quality							
Net Debt	4.5	5.2	6.0	17.5	17.7	19.2	19.1
Net Financial Debt	2.3	3.1	2.9	14.4	15.2	16.7	16.6
Net Gearing	8.6 %	7.6 %	8.6 %	27.7 %	27.9 %	29.9 %	28.9 %
Net Fin. Debt / EBITDA	33.5 %	34.2 %	24.2 %	185.7 %	198.8 %	120.5 %	109.3 %
Book Value / Share	6.8	7.5	7.6	6.9	6.9	7.0	7.2
Book value per share ex intangibles	1.4	0.9	0.8	0.6	0.7	0.8	1.0

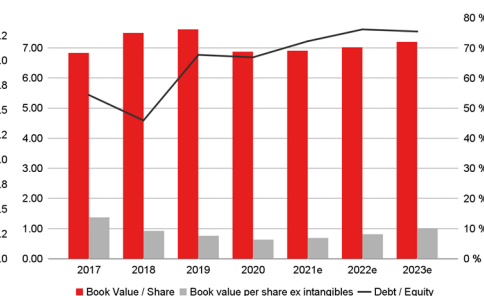
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

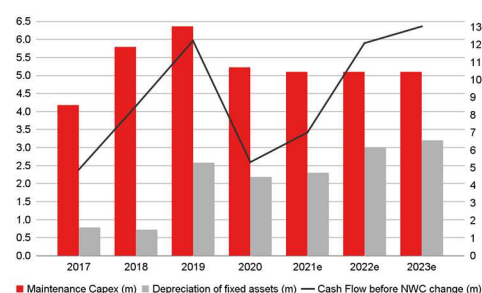
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	0.7	3.3	2.9	-4.6	-0.5	3.4	4.1
Depreciation of fixed assets	0.8	0.7	2.6	2.2	2.3	3.0	3.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.7	4.2	5.2	9.5	5.8	5.7	5.8
Increase/decrease in long-term provisions	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	7.0	12.1	13.0
Increase / decrease in inventory	0.1	-1.5	-2.0	-1.1	1.7	-1.9	-1.3
Increase / decrease in accounts receivable	-0.2	-1.4	-1.7	1.2	0.4	-2.3	-1.5
Increase / decrease in accounts payable	-0.3	1.4	0.0	-0.5	0.6	1.3	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	2.7	-2.9	-2.0
Net cash provided by operating activities [1]	3.6	9.4	10.4	4.9	9.7	9.2	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	-1.9	-1.4	-3.3	-3.6	-3.6
Net cash provided by financing activities [3]	6.0	-2.2	3.4	-1.1	-5.9	-2.0	-4.1
Change in liquid funds [1]+[2]+[3]	-0.2	-0.5	5.3	-4.7	-3.0	0.4	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	7.1	7.6	7.8

Financial Ratios

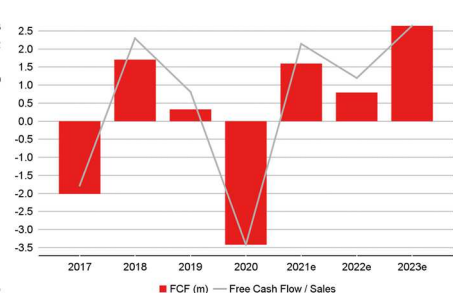
	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	-2.0	1.7	0.3	-3.4	1.6	0.8	2.6
Free Cash Flow / Sales	-2.6 %	2.0 %	0.4 %	-4.4 %	1.9 %	0.8 %	2.4 %
Free Cash Flow Potential	2.3	1.9	4.4	3.4	1.3	5.8	6.8
Free Cash Flow / Net Profit	-283.5 %	51.4 %	11.7 %	72.2 %	-297.9 %	23.4 %	64.6 %
Interest Received / Avg. Cash	0.4 %	0.7 %	0.5 %	0.4 %	1.2 %	1.4 %	1.3 %
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 %	7.9 %	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 %	84.0 %	78.2 %	76.0 %
Avg. Working Capital / Sales	20.5 %	20.6 %	20.3 %	24.6 %	20.8 %	18.0 %	18.8 %
Trade Debtors / Trade Creditors	232.1 %	224.8 %	237.5 %	238.7 %	210.6 %	205.1 %	203.4 %
Inventory Turnover	3.6 x	3.5 x	3.1 x	2.6 x	3.3 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	61	67	68
Cash conversion cycle (Days)	100	104	94	119	84	87	89

CAPEX and Cash Flow

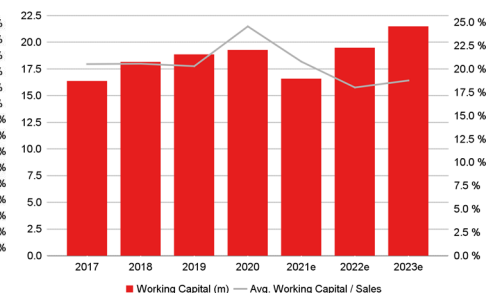
in EUR m



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	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.

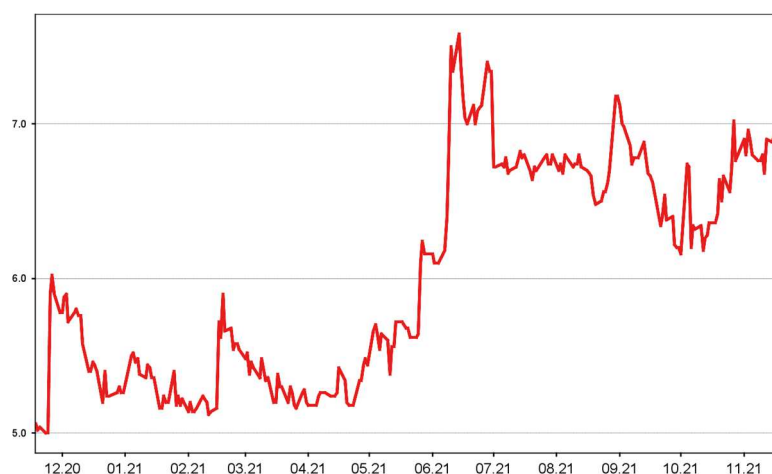
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	153	71
Hold	56	26
Sell	5	2
Rating suspended	3	1
Total	217	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	48	83
Hold	8	14
Sell	0	0
Rating suspended	2	3
Total	58	100

PRICE AND RATING HISTORY SOFTING AS OF 17.11.2021


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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