

Buy EUR 7.30	Value Indicators: EUR DCF: 7.36 FCF-Value Potential 24e: 10.00	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: 48.3 No. of shares (m): 9.1 EV: 65.0 Freefloat MC: 30.2 Ø Trad. Vol. (30d): 21.34 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: 1.3 x Net Debt / EBITDA: 1.6 x
Price: EUR 5.30 Upside: 37.7 %			

Order momentum remains high

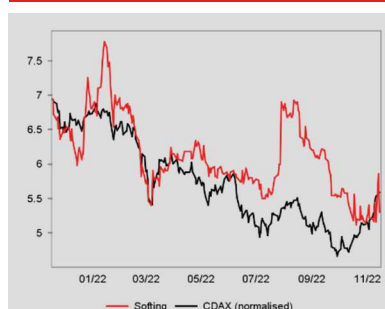
Stated Figures Q3/2022:										Comment on Figures:	
FY End: 31.12. in EUR m	Q3 22	Q3 22e	Q3 21	yoy	9M 22	9M 22e	9M 21	yoy			
Sales	24.4	25.0	20.8	17 %	70.0	70.6	60.3	16 %			▪ Sales were driven by the high demand in the Industrial segment despite ongoing impediments posed by the shortages
EBIT adj.	1.4	1.9	1.2	13 %	2.1	2.6	2.2	-6 %			▪ The adj. EBIT was burdened by higher component costs
Margin	5.6 %	7.7 %	5.8 %		3.0 %	3.7 %	3.7 %				▪ EPS was below expectations, mainly due to a EUR 1.1m write-down on an investment in the Automotive segment
EPS	-0.19	-0.07	0.05	n.a.	-0.20	-0.08	0.01	n.a.			

Softing has published its Q3 report and confirmed its guidance at the lower end of the target range (sales EUR >90m, adj. EBIT EUR 4.0-4.8m). Order intake remained strong in the third quarter at EUR 37.6m (book-to-bill 1.5) leading to a record-high order intake of EUR 128.3m (+72% yoy) in the first nine months. The order backlog reached EUR 91.2m (+217% yoy) and provides high visibility for growth next year. Despite the strong demand, sales growth was still limited by shortages and grew by only 17.1% to EUR 24.4m (WRe EUR 25.0m). Moreover, the shortages as well as higher costs in the lead-up to product launches in the IT Networks segment resulted in a slight decline in the adj. EBIT margin from 5.8% in Q3 21 to 5.6% (WRe 7.7%). The reported EBIT of EUR -1.9m was below our estimate of EUR -0.2m, mainly due to a EUR 1.1m write-down on Softing's stake in YOMA Solutions, a subsidiary of the Automotive unit.

After the solid growth in Q3, we maintain our sales estimate for the full year (EUR 96.7m). Considering the write-offs and the ongoing impediments posed by the shortages, we have reduced our adj. EBIT forecast to the lower end of the target range. At the same time, we have become more optimistic for 2023. As the supply situation is showing first signs of improvement, the massive EUR 128m order backlog should drive profitable growth next year. Moreover, the Globalmatix roll-out with major customers and new product launches in IT Networks should generate additional revenues. Softing has also taken cost efficiency measures that should improve the profitability starting next year.

Despite the temporary hindrance of shortages and the overall challenging economic environment, the demand for Softing remains high. With the solid visibility, we expect a strong start to 2023 and maintain our positive view on the company and its future prospects. After adjusting our estimates, we confirm our price target and our Buy recommendation.

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -		
Sales	96.7	0.0 %	105.2	1.6 %	114.7	0.0 %		▪ Reduction in adj. EBIT for 2022 due to increasing costs attributable to the shortages
EBIT	2.3	-86.4 %	5.0	1.5 %	7.8	3.6 %		▪ Q3 write-down is now included in the rep. EBIT
EBIT adj.	4.7	-14.2 %	7.1	1.0 %	9.6	2.9 %		▪ Forecast for 2023 and 2024 increased to reflect the high order backlog and the effect of the cost-efficiency measures
EPS	0.15	-100.0 %	0.36	2.8 %	0.58	3.4 %		

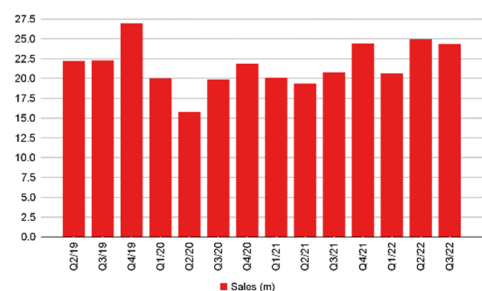


Rel. Performance vs CDAX:	
1 month:	n/a
6 months:	-10.7 %
Year to date:	-5.1 %
Trailing 12 months:	-4.2 %

Company events:

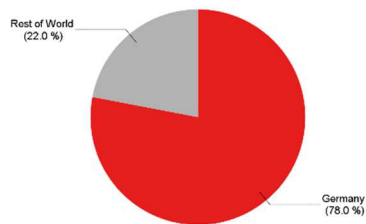
FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Sales	10.6 %	83.9	91.1	77.6	84.7	96.7	106.9	114.7
Change Sales yoy		6.6 %	8.6 %	-14.8 %	9.1 %	14.2 %	10.5 %	7.3 %
Gross profit margin		61.8 %	62.9 %	59.5 %	58.2 %	54.5 %	58.1 %	59.0 %
EBITDA	23.3 %	9.0	12.1	7.8	9.1	10.6	14.0	17.0
Margin		10.7 %	13.3 %	10.0 %	10.7 %	11.0 %	13.1 %	14.8 %
EBIT		4.1	4.3	-3.9	-0.5	0.3	5.1	8.1
Margin		4.9 %	4.7 %	-5.1 %	-0.6 %	0.3 %	4.8 %	7.1 %
EBIT adj.	48.9 %	3.5	3.9	1.6	3.0	4.0	7.2	9.9
Net income		3.3	2.8	-4.7	-0.3	0.0	3.3	5.4
EPS		0.38	0.31	-0.52	-0.03	0.00	0.37	0.60
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 %	1.9 %	1.9 %	1.9 %
FCFPS		0.19	0.04	-0.38	0.42	0.01	0.44	0.55
FCF / Market cap		2.3 %	0.5 %	-6.5 %	6.9 %	0.2 %	8.2 %	10.3 %
EV / Sales		1.0 x	0.8 x	0.9 x	0.8 x	0.7 x	0.6 x	0.5 x
EV / EBITDA		8.9 x	6.3 x	9.0 x	7.7 x	6.1 x	4.6 x	3.6 x
EV / EBIT adj.		22.8 x	19.4 x	44.8 x	23.2 x	16.2 x	8.9 x	6.2 x
EV / EBIT		19.7 x	17.6 x	n.a.	n.a.	209.3 x	12.6 x	7.6 x
P / E		22.6 x	24.8 x	n.a.	n.a.	n.a.	14.3 x	8.8 x
FCF Potential Yield		2.4 %	5.9 %	4.8 %	6.2 %	7.1 %	10.2 %	14.0 %
Net Debt		5.2	6.0	17.5	14.0	16.7	15.6	13.5
ROCE (NOPAT)		4.5 %	4.0 %	n.a.	0.1 %	0.3 %	4.4 %	7.1 %
Guidance:		Sales EUR >90m, adj. EBIT EUR 4.0-4.8m						

Sales development
in EUR m



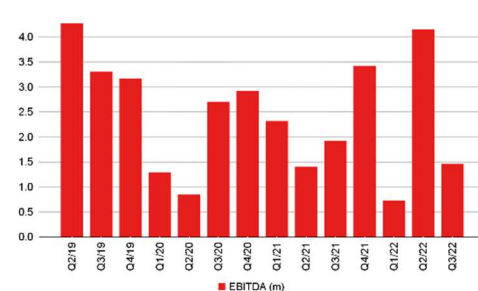
Source: Company

Sales by regions
2021; in %



Source: Company

EBITDA development
in EUR m



Source: Company

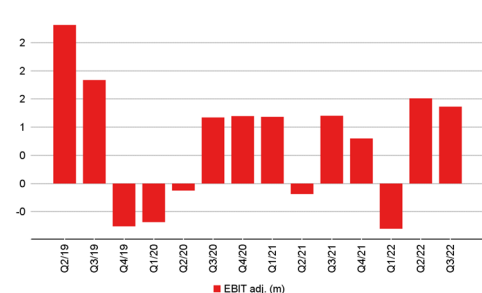
Company Background

- 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

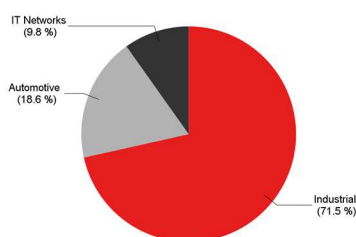
- European market leader in the networking of various production plant elements as well as in business-related software (so-called OPC products).
- World market leader in components for the exchange of information in gas and oil plants. Some >50% of all devices registered worldwide that are used in these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



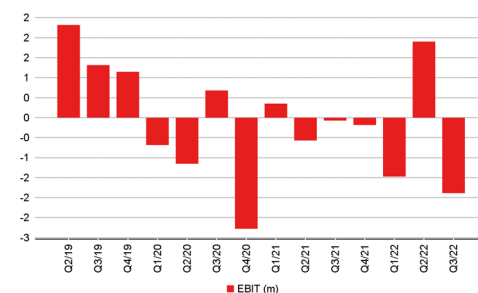
Source: Company

Sales by segments
2021; in %



Source: Company

EBIT development
in EUR m



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	96.7	106.9	114.7	120.3	125.9	131.4	137.0	142.4	147.8	153.2	158.4	163.5	166.8	
Sales change	14.2 %	10.5 %	7.3 %	4.9 %	4.7 %	4.4 %	4.2 %	4.0 %	3.8 %	3.6 %	3.4 %	3.3 %	2.0 %	2.0 %
EBIT	0.3	5.1	8.1	7.9	8.1	8.4	8.8	9.1	9.5	9.8	10.1	10.5	10.7	
EBIT-margin	0.3 %	4.8 %	7.1 %	6.6 %	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	0.2	3.6	5.7	5.6	5.6	5.9	6.1	6.4	6.6	6.9	7.1	7.3	7.5	
Depreciation	10.3	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	10.7 %	8.3 %	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	2.7	0.7	1.7	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	6.2 %	5.6 %	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)	0.3	4.2	5.2	4.3	4.8	5.1	5.2	5.4	5.7	5.9	6.2	6.4	6.9	7
PV of FCF	0.3	3.9	4.4	3.4	3.5	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.7	43
share of PVs	10.49 %			37.05 %										52.46 %

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	67	Value per share (EUR)	7.36

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 %	5.69	5.80	5.91	6.03	6.16	6.31	6.46	1.51	9.3 %	3.90	4.61	5.32	6.03	6.74	7.45	8.16
1.39	8.8 %	6.23	6.36	6.50	6.64	6.81	6.98	7.17	1.39	8.8 %	4.36	5.12	5.88	6.64	7.41	8.17	8.93
1.34	8.5 %	6.52	6.67	6.82	6.99	7.17	7.36	7.57	1.34	8.5 %	4.61	5.40	6.20	6.99	7.78	8.57	9.36
1.28	8.3 %	6.84	7.00	7.17	7.36	7.56	7.77	8.01	1.28	8.3 %	4.89	5.71	6.53	7.36	8.18	9.00	9.82
1.22	8.0 %	7.19	7.36	7.55	7.76	7.98	8.22	8.49	1.22	8.0 %	5.19	6.04	6.90	7.76	8.61	9.47	10.33
1.17	7.8 %	7.56	7.75	7.96	8.19	8.44	8.72	9.02	1.17	7.8 %	5.51	6.40	7.30	8.19	9.09	9.98	10.88
1.05	7.3 %	8.40	8.64	8.90	9.19	9.51	9.86	10.25	1.05	7.3 %	6.25	7.23	8.21	9.19	10.17	11.15	12.13

- 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	0.0	3.3	5.4	
+ Depreciation + Amortisation	4.9	7.8	11.7	9.5	10.3	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	8.6	
FCF Potential Yield (on market EV)	2.4 %	5.9 %	4.8 %	6.2 %	7.1 %	10.2 %	14.0 %	
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	65.0	63.9	61.8	
= Fair Enterprise Value	23.6	53.9	40.8	51.9	55.7	79.2	104.8	
- Net Debt (Cash)	11.4	11.4	11.4	11.4	14.2	13.1	11.0	
- 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	39.0	63.6	91.3	
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	4.33	7.06	10.12	
premium (-) / discount (+) in %					-18.3 %	33.1 %	91.0 %	
Sensitivity Fair value per Share (EUR)								
	11.25 %	0.37	2.80	1.75	2.65	2.66	4.67	6.95
	10.25 %	0.55	3.23	2.08	3.06	3.09	5.29	7.78
	9.25 %	0.78	3.74	2.47	3.55	3.63	6.05	8.78
WACC	8.25 %	1.10	4.38	2.96	4.21	4.33	7.06	10.12
	7.25 %	1.42	5.20	3.57	4.95	5.13	8.19	11.61
	6.25 %	1.89	6.27	4.38	5.99	6.25	9.77	13.70
	5.25 %	2.54	7.76	5.51	7.42	7.78	11.96	16.60

■ 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	0.7 x
Book value per share ex intangibles	0.92	0.76	0.63	0.78	1.13	1.33	1.73
EV / Sales	1.0 x	0.8 x	0.9 x	0.8 x	0.7 x	0.6 x	0.5 x
EV / EBITDA	8.9 x	6.3 x	9.0 x	7.7 x	6.1 x	4.6 x	3.6 x
EV / EBIT	19.7 x	17.6 x	n.a.	n.a.	209.3 x	12.6 x	7.6 x
EV / EBIT adj.*	22.8 x	19.4 x	44.8 x	23.2 x	16.2 x	8.9 x	6.2 x
P / FCF	44.1 x	213.1 x	n.a.	14.5 x	560.3 x	12.0 x	9.6 x
P / E	22.6 x	24.8 x	n.a.	n.a.	n.a.	14.3 x	8.8 x
P / E adj.*	22.6 x	24.8 x	n.a.	n.a.	n.a.	14.3 x	8.8 x
Dividend Yield	1.5 %	0.5 %	0.7 %	1.6 %	1.9 %	1.9 %	1.9 %
FCF Potential Yield (on market EV)	2.4 %	5.9 %	4.8 %	6.2 %	7.1 %	10.2 %	14.0 %

*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	101.3	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	96.7	106.9	114.7
Change Sales yoy	6.6 %	8.6 %	-14.8 %	9.1 %	14.2 %	10.5 %	7.3 %
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	3.2	3.5	3.5
Total Sales	88.3	96.6	81.3	88.3	99.9	110.4	118.2
Material expenses	36.5	39.3	35.1	39.1	47.2	48.3	50.6
Gross profit	51.8	57.3	46.1	49.3	52.7	62.1	67.6
<i>Gross profit margin</i>	<i>61.8 %</i>	<i>62.9 %</i>	<i>59.5 %</i>	<i>58.2 %</i>	<i>54.5 %</i>	<i>58.1 %</i>	<i>59.0 %</i>
Personnel expenses	33.4	35.4	31.7	33.6	35.7	38.7	40.4
Other operating income	1.4	0.8	1.7	2.8	4.3	2.1	2.0
Other operating expenses	10.8	10.5	8.4	9.4	10.7	11.5	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	10.6	14.0	17.0
<i>Margin</i>	<i>10.7 %</i>	<i>13.3 %</i>	<i>10.0 %</i>	<i>10.7 %</i>	<i>11.0 %</i>	<i>13.1 %</i>	<i>14.8 %</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	8.1	11.3	14.1
Amortisation of intangible assets	4.2	5.2	9.5	6.3	7.8	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	0.3	5.1	8.1
<i>Margin</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>-5.1 %</i>	<i>-0.6 %</i>	<i>0.3 %</i>	<i>4.8 %</i>	<i>7.1 %</i>
EBIT adj.	3.5	3.9	1.6	3.0	4.0	7.2	9.9
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	0.0	4.7	7.7
<i>Margin</i>	<i>5.5 %</i>	<i>4.7 %</i>	<i>-7.0 %</i>	<i>0.3 %</i>	<i>0.0 %</i>	<i>4.4 %</i>	<i>6.8 %</i>
Total taxes	1.3	1.3	-0.8	0.4	0.0	1.4	2.3
Net income from continuing operations	3.3	2.9	-4.6	-0.1	0.0	3.3	5.4
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	0.0	3.3	5.4
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	0.0	3.3	5.4
<i>Margin</i>	<i>4.0 %</i>	<i>3.1 %</i>	<i>-6.1 %</i>	<i>-0.3 %</i>	<i>0.0 %</i>	<i>3.1 %</i>	<i>4.7 %</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	0.00	0.37	0.60
EPS adj.	0.38	0.31	-0.52	-0.03	0.00	0.37	0.60

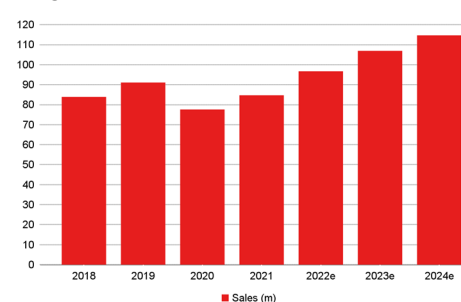
*Adjustments made for: Adj. figures exclude PPAs and changes to own work capitalized

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

Financial Ratios

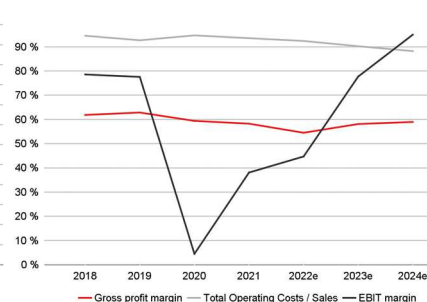
	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	94.5 %	92.8 %	94.7 %	93.6 %	92.3 %	90.2 %	88.2 %
Operating Leverage	11.2 x	0.6 x	n.a.	-9.6 x	n.a.	145.7 x	8.2 x
EBITDA / Interest expenses	n.m.	44.4 x	29.8 x	36.0 x	53.1 x	69.9 x	85.0 x
Tax rate (EBT)	27.7 %	31.0 %	15.5 %	123.9 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	34.2 %	12.4 %	n.m.	n.m.	n.m.	27.2 %	16.6 %
Sales per Employee	207,649	225,416	195,458	218,273	244,810	251,529	269,788

Sales, EBITDA
in EUR m



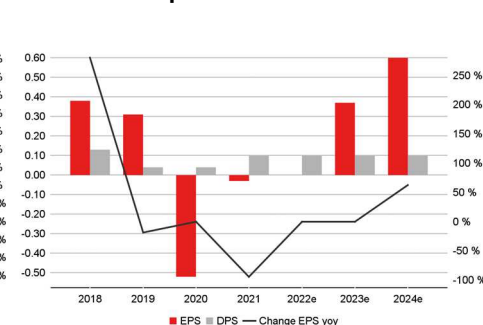
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

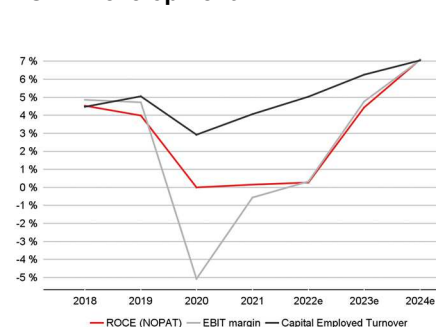
Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Assets							
Goodwill and other intangible assets	59.9	62.4	56.8	55.8	52.9	51.5	50.3
thereof other intangible assets	26.5	27.7	20.7	20.2	17.1	15.6	14.0
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	68.2	66.9	65.6
Inventories	10.6	12.6	13.7	13.4	14.4	14.8	15.9
Accounts receivable	13.7	15.4	14.3	14.1	15.9	17.3	18.5
Liquid assets	9.7	14.9	10.2	9.6	9.3	10.4	12.5
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	43.8	46.7	51.1
Total Assets	99.8	116.8	105.2	103.4	112.0	113.5	116.6
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	23.2	26.5	31.9
Other equity components	0.0	0.0	-0.5	-0.5	-0.2	-3.1	-6.0
Shareholders' equity	68.3	69.3	62.6	62.9	63.2	63.6	66.1
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	63.8	64.2	66.7
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	7.4	8.5	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	48.2	49.3	49.9
Total liabilities and shareholders' equity	99.8	116.8	105.2	103.4	112.0	113.5	116.6

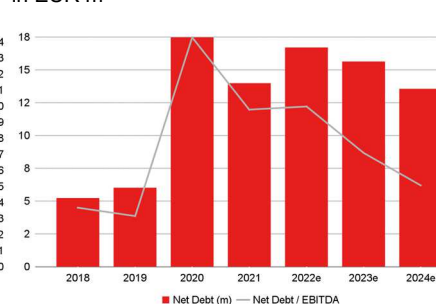
Financial Ratios

	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	4.0 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 %	0.0 %	5.0 %	8.3 %
Return on Capital							
ROCE (NOPAT)	4.5 %	4.0 %	n.a.	0.1 %	0.3 %	4.4 %	7.1 %
ROE	5.5 %	4.1 %	-7.2 %	-0.4 %	0.0 %	5.2 %	8.4 %
Adj. ROE	5.5 %	4.1 %	-7.2 %	-0.4 %	0.0 %	5.2 %	8.4 %
Balance sheet quality							
Net Debt	5.2	6.0	17.5	14.0	16.7	15.6	13.5
Net Financial Debt	3.1	2.9	14.4	11.4	14.2	13.1	11.0
Net Gearing	7.6 %	8.6 %	27.7 %	22.0 %	26.2 %	24.3 %	20.3 %
Net Fin. Debt / EBITDA	34.2 %	24.2 %	185.7 %	125.4 %	133.8 %	93.9 %	65.0 %
Book Value / Share	7.5	7.6	6.9	6.9	6.9	7.0	7.3
Book value per share ex intangibles	0.9	0.8	0.6	0.8	1.1	1.3	1.7

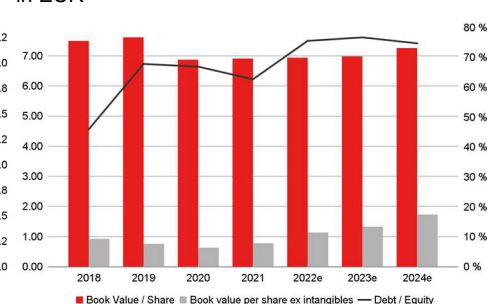
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

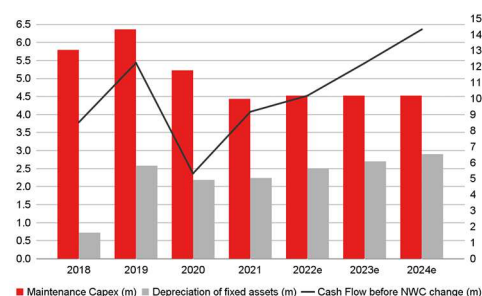
In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	3.3	2.9	-4.6	-0.1	0.0	3.3	5.4
Depreciation of fixed assets	0.7	2.6	2.2	2.2	2.5	2.7	2.9
Amortisation of goodwill	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Amortisation of intangible assets	4.2	5.2	9.5	6.3	7.8	6.2	6.0
Increase/decrease in long-term provisions	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	14.3
Increase / decrease in inventory	-1.5	-2.0	-1.1	0.3	-1.0	-0.4	-1.1
Increase / decrease in accounts receivable	-1.4	-1.7	1.2	0.4	-1.8	-1.4	-1.2
Increase / decrease in accounts payable	1.4	0.0	-0.5	1.2	0.2	1.1	0.6
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	-2.7	-0.7	-1.7
Net cash provided by operating activities [1]	9.4	10.4	4.9	11.1	7.5	11.5	12.6
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	-0.3	1.1	2.1
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	9.3	10.4	12.5

Financial Ratios

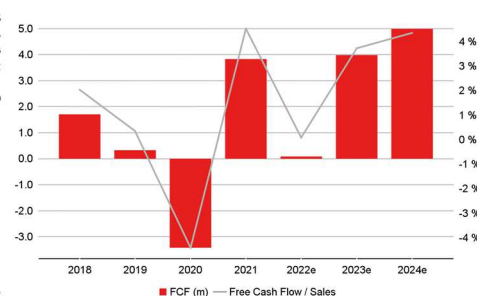
	2018	2019	2020	2021	2022e	2023e	2024e
Cash Flow							
FCF	1.7	0.3	-3.4	3.8	0.1	4.0	5.0
Free Cash Flow / Sales	2.0 %	0.4 %	-4.4 %	4.5 %	0.1 %	3.7 %	4.4 %
Free Cash Flow Potential	1.9	4.4	3.4	4.3	4.6	6.5	8.6
Free Cash Flow / Net Profit	51.4 %	11.7 %	72.2 %	-1501.6 %	-307.6 %	120.2 %	92.1 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.4 %	0.3 %	1.1 %	1.0 %	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 %	6.2 %	5.6 %	5.3 %
Maint. Capex / Sales	6.9 %	7.0 %	6.7 %	5.2 %	4.7 %	4.2 %	3.9 %
Capex / Dep	156.4 %	108.5 %	59.6 %	66.1 %	58.6 %	67.8 %	67.8 %
Avg. Working Capital / Sales	20.6 %	20.3 %	24.6 %	21.3 %	18.7 %	18.5 %	18.3 %
Trade Debtors / Trade Creditors	224.8 %	237.5 %	238.7 %	194.7 %	214.9 %	203.5 %	203.3 %
Inventory Turnover	3.5 x	3.1 x	2.6 x	2.9 x	3.3 x	3.3 x	3.2 x
Receivables collection period (days)	60	62	67	61	60	59	59
Payables payment period (days)	61	60	62	67	57	64	66
Cash conversion cycle (Days)	104	94	119	86	87	80	83

CAPEX and Cash Flow

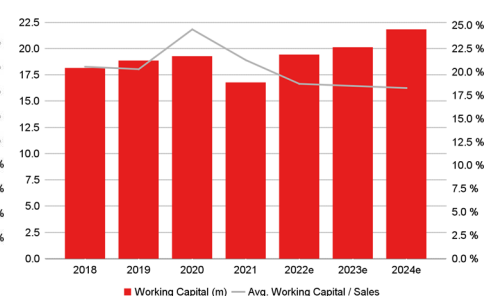
in EUR m



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.

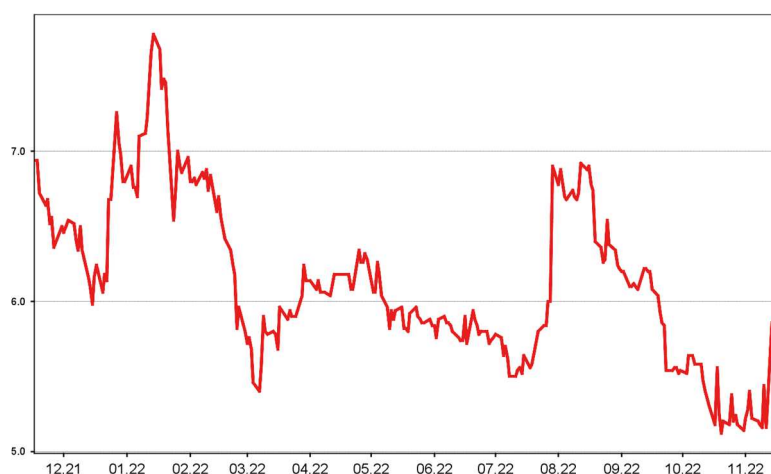
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	162	75
Hold	43	20
Sell	6	3
Rating suspended	4	2
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	45	82
Hold	7	13
Sell	1	2
Rating suspended	2	4
Total	55	100

PRICE AND RATING HISTORY SOFTING AS OF 16.11.2022


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.

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