

Buy EUR 8.90	Value Indicators: EUR DCF: 8.91 FCF-Value Potential 25e: 9.30	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: 51.4 No. of shares (m): 9.1 EV: 72.0 Freefloat MC: 32.2 Ø Trad. Vol. (30d): 31.89 th	Shareholders: Freefloat: 62.60 % Trier Asset Mgmt: 22.40 % Alois Widmann: 15.00 %	Key Figures (WRe): 2023e Beta: 1.3 Price / Book: 0.9 x Equity Ratio: 51 % Net Fin. Debt / EBITDA: 1.2 x Net Debt / EBITDA: 1.4 x
Price: EUR 5.65 Upside: 57.5 %			

Strong prospects and cash flows unaffected by impairment

Softing expects an impairment amounting to a total volume of EUR 7-9m on the capitalized goodwill from the acquisitions of Psiber (IT Networks) and GlobalmatixX (Automotive) in Q4. The write-offs are not a consequence of lower expected revenues or returns in the respective segments, but a result of adjustments to the business model in the respective segments that differs from the business model on which the projections were based at the time of the acquisitions.

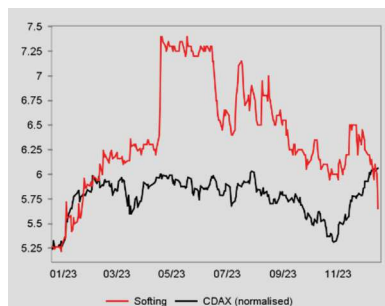
Psiber was originally a distributor with only one own product. Since the acquisition, Softing's IT Networks has evolved into a business focused on its own products and, during the pandemic, it developed a successful online sales channel, which reduced the revenues from the traditional distribution business of Psiber. GlobalmatixX's original product and marketing strategy was focused on GPS geolocation and standard on-board diagnostic functions. Softing has expanded the scope of functions significantly and now offers aggregation and analysis of real-time data about a car fleet to its customers with a limited revenue contribution from the interface itself. Although we consider the prospects of the evolved business models as more attractive than the projections at the time of the acquisition, those were generated by Softing organically and thus cannot be capitalized as goodwill.

In both cases, the impairments are not connected to the recent weakness in both businesses, which is arising from production disruption with a contract manufacturer in IT Networks and delays in project roll-outs in GlobalmatixX. Thus, we maintain our positive outlook for both businesses, consider the weakness to be temporary, and expect a notable recovery next year.

We have included the impairments in our estimates (WRe EUR 8.1m) and adjusted the write-off in operating earnings (EBIT adj.). The company's goodwill will, as result, be reduced from EUR 17.5m to EUR 9.4m, improving the quality of the book value and the returns on capital. With the model adjustments, our estimates for the full year are in line with the updated company outlook, which aims for an adj. EBIT of EUR 6.0m (WRe EUR 6.1m), a reported EBIT, including impairment of EUR 7.0-9.0m, of between EUR -1.0m and -2.5m (WRe EUR -2.2m) and a net income in the range of EUR -2.5m and -4.5m. After the strong operating performance in the first nine months with an adj. EBIT of 5.8m (rep. EUR 5.5m), we still consider the outlook and our estimate to be conservative.

We have included the impairment in our model but since the cash flows and the operating prospects remain unchanged, so does our recently increased target price of EUR 8.90. Thus, we confirm our Buy recommendation for Softing.

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2023e (old)	+ / -	2024e (old)	+ / -	2025e (old)	+ / -		
Sales	115.7	0.0 %	121.3	0.0 %	129.2	0.0 %	<ul style="list-style-type: none"> ■ We have included the impairment effect in our model and adjusted our estimates for the current year, in line with the company's outlook. ■ Our outlook for the coming years remains unchanged. 	
EBIT	6.1	n.m.	7.3	0.0 %	8.9	0.0 %		
EBIT adj.	6.6	-8.0 %	8.3	0.0 %	10.2	0.0 %		

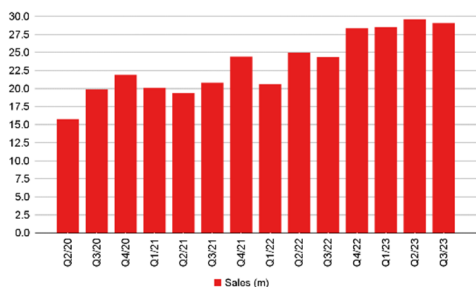


Rel. Performance vs CDAX:	
1 month:	-17.9 %
6 months:	-22.3 %
Year to date:	-8.1 %
Trailing 12 months:	-7.7 %

Company events:

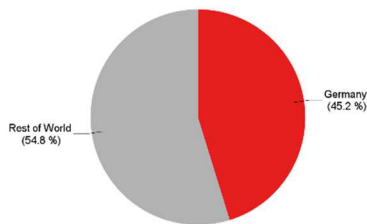
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	9.5 %	91.1	77.6	84.7	98.3	115.7	121.3	129.2
Change Sales yoy		8.6 %	-14.8 %	9.1 %	16.1 %	17.7 %	4.8 %	6.5 %
Gross profit margin		62.9 %	59.5 %	58.2 %	54.9 %	58.5 %	58.0 %	57.8 %
EBITDA	23.3 %	12.1	7.8	9.1	9.7	15.0	16.3	18.2
Margin		13.3 %	10.0 %	10.7 %	9.9 %	13.0 %	13.4 %	14.1 %
EBIT	127.1 %	4.3	-3.9	-0.5	0.8	-2.2	7.3	8.9
Margin		4.7 %	-5.1 %	-0.6 %	0.8 %	-1.9 %	6.0 %	6.9 %
EBIT adj.	46.2 %	3.9	1.6	3.0	3.3	6.1	8.3	10.2
Net income	-	2.8	-4.7	-0.3	-1.4	-3.9	4.5	5.7
EPS	-	0.31	-0.52	-0.03	-0.15	-0.43	0.50	0.63
DPS	0.0 %	0.04	0.04	0.10	0.10	0.10	0.10	0.10
Dividend Yield		0.5 %	0.7 %	1.6 %	1.7 %	1.8 %	1.8 %	1.8 %
FCFPS		0.04	-0.38	0.42	-0.40	0.47	0.54	0.58
FCF / Market cap		0.5 %	-6.5 %	6.9 %	-6.7 %	8.3 %	9.4 %	10.1 %
EV / Sales		0.8 x	0.9 x	0.8 x	0.8 x	0.6 x	0.6 x	0.5 x
EV / EBITDA		6.3 x	9.0 x	7.7 x	7.7 x	4.8 x	4.3 x	3.7 x
EV / EBIT adj.		19.4 x	44.8 x	23.2 x	23.0 x	11.8 x	8.4 x	6.6 x
EV / EBIT		17.6 x	n.a.	n.a.	98.7 x	n.a.	9.6 x	7.6 x
P / E		24.8 x	n.a.	n.a.	n.a.	n.a.	11.3 x	9.0 x
FCF Potential Yield		5.9 %	4.8 %	6.2 %	6.1 %	9.7 %	10.2 %	12.3 %
Net Debt		6.0	17.5	14.0	21.5	20.5	18.6	16.3
ROCE (NOPAT)		4.0 %	n.a.	0.1 %	2.0 %	n.a.	6.4 %	7.8 %
Guidance:	Sales EUR 110-115m, adj. EBIT EUR 6.0m. EBIT EUR -1.0m to -2.5m							

Sales development
in EUR m



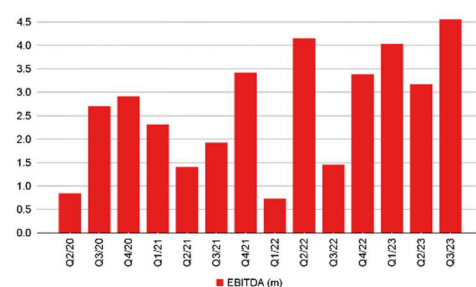
Source: Company

Sales by regions
2022; in %



Source: Company

EBITDA development
in EUR m



Source: Company

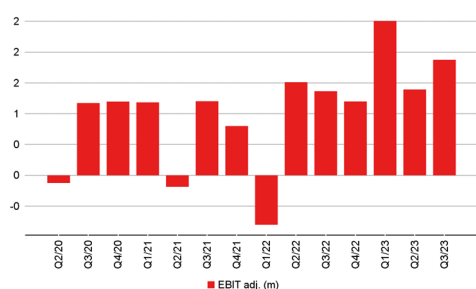
Company Background

- 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

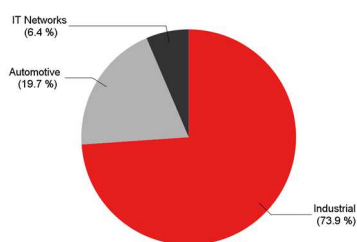
- European market leader in the networking of various production plant elements as well as in business-related software (so-called OPC products).
- World market leader in components for the exchange of information in gas and oil plants. Some >50% of all devices registered worldwide that are used in these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



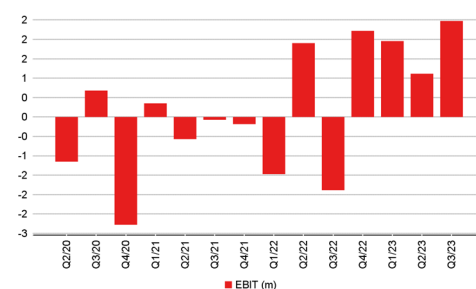
Source: Company

Sales by segments
2022; in %



Source: Company

EBIT development
in EUR m



Source: Company

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	115.7	121.3	127.6	133.9	140.1	146.3	152.4	158.5	164.5	170.5	176.3	182.0	185.7	
Sales change	17.7 %	4.8 %	5.2 %	4.9 %	4.7 %	4.4 %	4.2 %	4.0 %	3.8 %	3.6 %	3.4 %	3.3 %	2.0 %	2.0 %
EBIT	-2.2	7.3	8.9	8.7	9.1	9.5	9.9	10.3	10.7	11.1	11.5	11.8	12.1	
EBIT-margin	-1.9 %	6.0 %	7.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
Tax rate (EBT)	-42.6 %	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	-3.1	5.1	6.2	6.1	6.4	6.7	6.9	7.2	7.5	7.8	8.0	8.3	8.4	
Depreciation	17.2	9.0	9.3	9.8	10.1	10.4	10.7	10.9	11.0	11.1	10.9	11.3	11.5	
in % of Sales	14.9 %	7.4 %	7.3 %	7.3 %	7.2 %	7.1 %	7.0 %	6.9 %	6.7 %	6.5 %	6.2 %	6.2 %	6.2 %	
Changes in provisions	1.4	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	1.9	-0.2	0.6	1.6	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	0.8	
- Capex	7.2	7.5	7.8	8.3	8.7	9.1	9.5	9.8	10.2	10.6	10.9	11.3	11.5	
Capex in % of Sales	6.2 %	6.2 %	6.1 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	
- Other	1.5	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)	4.8	5.2	5.5	6.1	6.7	6.9	7.1	7.3	7.3	7.3	7.0	7.3	7.8	8
PV of FCF	4.8	4.8	4.7	4.8	4.9	4.7	4.4	4.2	3.9	3.6	3.2	3.1	3.0	50
share of PVs	13.79 %			37.93 %										48.28 %

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 2035e	54		
Terminal Value	50		
Financial liabilities	27		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	5	No. of shares (m)	9.1
Equity Value	81	Value per share (EUR)	8.91

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 %	6.96	7.09	7.22	7.36	7.52	7.68	7.86	1.51	9.3 %	4.82	5.67	6.52	7.36	8.21	9.05	9.90
1.39	8.8 %	7.59	7.74	7.91	8.08	8.27	8.47	8.69	1.39	8.8 %	5.37	6.27	7.18	8.08	8.98	9.89	10.79
1.34	8.5 %	7.94	8.11	8.29	8.48	8.69	8.91	9.16	1.34	8.5 %	5.67	6.61	7.54	8.48	9.42	10.35	11.29
1.28	8.3 %	8.32	8.50	8.70	8.91	9.15	9.40	9.67	1.28	8.3 %	6.00	6.97	7.94	8.91	9.89	10.86	11.83
1.22	8.0 %	8.72	8.93	9.15	9.38	9.64	9.92	10.23	1.22	8.0 %	6.35	7.36	8.37	9.38	10.39	11.40	12.41
1.17	7.8 %	9.16	9.38	9.63	9.89	10.18	10.50	10.85	1.17	7.8 %	6.74	7.79	8.84	9.89	10.95	12.00	13.05
1.05	7.3 %	10.14	10.42	10.73	11.06	11.43	11.84	12.29	1.05	7.3 %	7.62	8.77	9.92	11.06	12.21	13.35	14.50

- 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	2019	2020	2021	2022	2023e	2024e	2025e	
Net Income before minorities	2.9	-4.6	-0.1	-1.2	-3.7	4.8	5.9	
+ Depreciation + Amortisation	7.8	11.7	9.5	9.0	17.2	9.0	9.3	
- Net Interest Income	-0.1	-1.5	0.8	-1.3	-0.4	-0.5	-0.5	
- Maintenance Capex	6.4	5.2	4.4	4.6	5.4	5.6	5.9	
+ Other	0.0	0.0	0.0	0.0	-1.5	-1.5	-1.5	
= Free Cash Flow Potential	4.4	3.4	4.3	4.6	7.0	7.1	8.3	
FCF Potential Yield (on market EV)	5.9 %	4.8 %	6.2 %	6.1 %	9.7 %	10.2 %	12.3 %	
WACC	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	8.25 %	
= Enterprise Value (EV)	75.9	69.9	69.5	75.2	72.0	70.0	67.7	
= Fair Enterprise Value	53.9	40.8	51.9	55.3	85.0	86.5	101.2	
- Net Debt (Cash)	20.4	20.4	20.4	20.4	18.0	16.1	13.8	
- Pension Liabilities	1.1	1.1	1.1	1.1	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	32.4	19.3	30.4	33.8	64.5	67.9	84.9	
Number of shares, average	9.1	9.1	9.0	9.0	9.0	9.0	9.0	
= Fair value per share (EUR)	3.55	2.13	3.37	3.75	7.15	7.53	9.42	
premium (-) / discount (+) in %					26.6 %	33.3 %	66.7 %	
Sensitivity Fair value per Share (EUR)								
	11.25 %	1.98	0.93	1.82	2.09	4.59	4.93	6.36
	10.25 %	2.40	1.25	2.23	2.53	5.26	5.61	7.16
	9.25 %	2.91	1.64	2.73	3.06	6.07	6.43	8.12
WACC	8.25 %	3.55	2.13	3.37	3.75	7.15	7.53	9.42
	7.25 %	4.37	2.74	4.13	4.55	8.37	8.77	10.86
	6.25 %	5.45	3.56	5.17	5.65	10.07	10.50	12.88
	5.25 %	6.93	4.69	6.60	7.18	12.42	12.88	15.67

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

▪ FCF-Value-CAGR 2019-2025e: 17%

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	1.0 x	0.8 x	0.9 x	0.9 x	0.9 x	0.9 x	0.8 x
Book value per share ex intangibles	0.76	0.63	0.78	0.60	1.38	1.70	2.14
EV / Sales	0.8 x	0.9 x	0.8 x	0.8 x	0.6 x	0.6 x	0.5 x
EV / EBITDA	6.3 x	9.0 x	7.7 x	7.7 x	4.8 x	4.3 x	3.7 x
EV / EBIT	17.6 x	n.a.	n.a.	98.7 x	n.a.	9.6 x	7.6 x
EV / EBIT adj.*	19.4 x	44.8 x	23.2 x	23.0 x	11.8 x	8.4 x	6.6 x
P / FCF	213.1 x	n.a.	14.5 x	n.a.	11.9 x	10.5 x	9.8 x
P / E	24.8 x	n.a.	n.a.	n.a.	n.a.	11.3 x	9.0 x
P / E adj.*	24.8 x	n.a.	n.a.	n.a.	n.a.	11.3 x	9.0 x
Dividend Yield	0.5 %	0.7 %	1.6 %	1.7 %	1.8 %	1.8 %	1.8 %
FCF Potential Yield (on market EV)	5.9 %	4.8 %	6.2 %	6.1 %	9.7 %	10.2 %	12.3 %

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

Company Specific Items	2019	2020	2021	2022	2023e	2024e	2025e
order entries	n.a.	n.a.	104.8	102.9	0.0	n.a.	n.a.
book-to-bill	n.a.	n.a.	1.2	1.0	0.0	n.a.	n.a.
order book	n.a.	n.a.	33.6	38.2	0.0	n.a.	n.a.

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	91.1	77.6	84.7	98.3	115.7	121.3	129.2
Change Sales yoy	8.6 %	-14.8 %	9.1 %	16.1 %	17.7 %	4.8 %	6.5 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	5.5	3.7	3.7	3.9	5.7	4.9	4.7
Total Sales	96.6	81.3	88.3	102.3	121.4	126.2	133.9
Material expenses	39.3	35.1	39.1	48.3	53.7	55.8	59.2
Gross profit	57.3	46.1	49.3	53.9	67.7	70.4	74.7
<i>Gross profit margin</i>	<i>62.9 %</i>	<i>59.5 %</i>	<i>58.2 %</i>	<i>54.9 %</i>	<i>58.5 %</i>	<i>58.0 %</i>	<i>57.8 %</i>
Personnel expenses	35.4	31.7	33.6	36.0	39.9	41.3	43.7
Other operating income	0.8	1.7	2.8	3.7	0.6	1.0	1.2
Other operating expenses	10.5	8.4	9.4	11.9	13.4	13.8	14.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	12.1	7.8	9.1	9.7	15.0	16.3	18.2
<i>Margin</i>	<i>13.3 %</i>	<i>10.0 %</i>	<i>10.7 %</i>	<i>9.9 %</i>	<i>13.0 %</i>	<i>13.4 %</i>	<i>14.1 %</i>
Depreciation of fixed assets	2.6	2.2	2.2	1.7	2.4	2.4	2.5
EBITA	9.5	5.6	6.8	8.1	12.6	13.9	15.7
Amortisation of intangible assets	5.2	9.5	6.3	7.2	6.7	6.6	6.8
Goodwill amortisation	0.0	0.0	1.0	0.1	8.1	0.0	0.0
EBIT	4.3	-3.9	-0.5	0.8	-2.2	7.3	8.9
<i>Margin</i>	<i>4.7 %</i>	<i>-5.1 %</i>	<i>-0.6 %</i>	<i>0.8 %</i>	<i>-1.9 %</i>	<i>6.0 %</i>	<i>6.9 %</i>
EBIT adj.	3.9	1.6	3.0	3.3	6.1	8.3	10.2
Interest income	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other financial income (loss)	0.3	-1.2	1.1	-1.0	0.0	0.0	0.0
EBT	4.2	-5.4	0.3	-0.6	-2.6	6.8	8.4
<i>Margin</i>	<i>4.7 %</i>	<i>-7.0 %</i>	<i>0.3 %</i>	<i>-0.6 %</i>	<i>-2.2 %</i>	<i>5.6 %</i>	<i>6.5 %</i>
Total taxes	1.3	-0.8	0.4	0.6	1.1	2.0	2.5
Net income from continuing operations	2.9	-4.6	-0.1	-1.2	-3.7	4.8	5.9
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	2.9	-4.6	-0.1	-1.2	-3.7	4.8	5.9
Minority interest	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Net income	2.8	-4.7	-0.3	-1.4	-3.9	4.5	5.7
<i>Margin</i>	<i>3.1 %</i>	<i>-6.1 %</i>	<i>-0.3 %</i>	<i>-1.4 %</i>	<i>-3.4 %</i>	<i>3.7 %</i>	<i>4.4 %</i>
Number of shares, average	9.1	9.1	9.0	9.0	9.0	9.0	9.0
EPS	0.31	-0.52	-0.03	-0.15	-0.43	0.50	0.63
EPS adj.	0.31	-0.52	-0.03	-0.15	-0.43	0.50	0.63

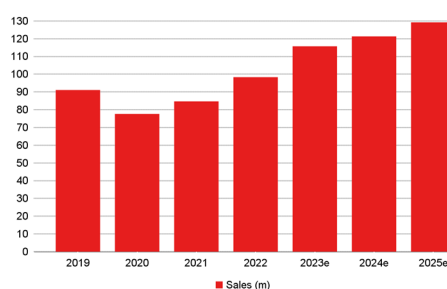
*Adjustments made for: Adj. figures exclude PPAs and changes to own work capitalized

Guidance: Sales EUR 110-115m, adj. EBIT EUR 6.0m. EBIT EUR -1.0m to -2.5m

Financial Ratios

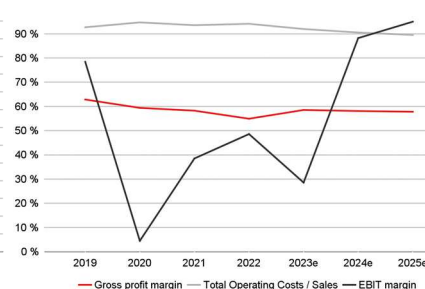
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	92.8 %	94.7 %	93.6 %	94.1 %	91.9 %	90.6 %	89.5 %
Operating Leverage	0.6 x	n.a.	-9.6 x	n.a.	n.a.	n.a.	3.4 x
EBITDA / Interest expenses	44.4 x	29.8 x	36.0 x	34.5 x	50.1 x	54.3 x	60.8 x
Tax rate (EBT)	31.0 %	15.5 %	123.9 %	-109.4 %	-42.6 %	30.0 %	30.0 %
Dividend Payout Ratio	12.4 %	n.m.	n.m.	n.m.	n.m.	18.9 %	15.3 %
Sales per Employee	225,416	195,458	218,273	248,889	272,235	285,412	304,000

Sales, EBITDA
in EUR m



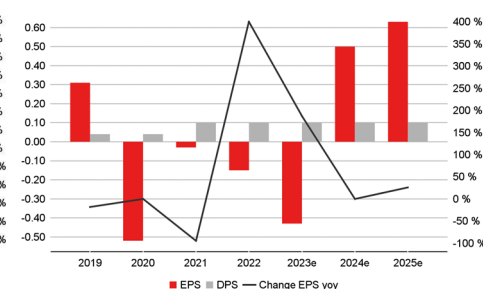
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

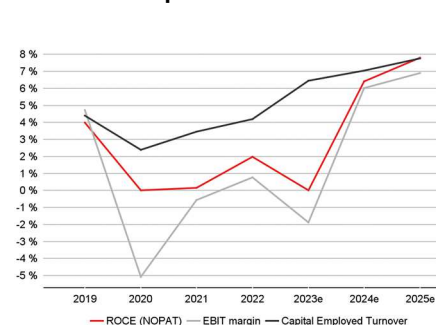
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	62.4	56.8	55.8	55.6	46.1	45.0	43.9
thereof other intangible assets	27.7	20.7	20.2	18.7	16.7	14.7	12.7
thereof Goodwill	18.1	17.5	17.1	17.4	9.3	9.3	9.3
Property, plant and equipment	3.2	5.5	4.8	7.6	8.6	9.8	11.0
Financial assets	1.5	1.5	1.5	0.4	0.4	0.4	0.4
Other long-term assets	2.8	0.0	0.0	0.0	9.0	9.0	9.0
Fixed assets	69.9	63.8	62.1	63.6	64.1	64.2	64.3
Inventories	12.6	13.7	13.4	19.0	19.6	19.6	19.9
Accounts receivable	15.4	14.3	14.1	16.8	19.3	19.9	20.9
Liquid assets	14.9	10.2	9.6	6.8	8.3	10.2	12.5
Other short-term assets	4.0	3.2	4.2	4.3	4.3	4.3	4.3
Current assets	46.9	41.4	41.3	46.8	51.5	54.0	57.6
Total Assets	116.8	105.2	103.4	110.4	115.6	118.2	121.9
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	29.1	22.9	23.2	21.3	17.4	21.9	27.6
Other equity components	0.0	-0.5	-0.5	-0.5	1.0	-1.7	-4.4
Shareholders' equity	69.3	62.6	62.9	61.0	58.6	60.4	63.4
Minority interest	0.3	0.4	0.6	0.8	0.8	0.8	0.8
Total equity	69.6	63.0	63.5	61.8	59.4	61.3	64.2
Provisions	4.4	3.2	2.8	1.2	5.4	5.4	5.4
thereof provisions for pensions and similar obligations	3.1	3.1	2.6	1.1	2.5	2.5	2.5
Financial liabilities (total)	17.8	24.6	21.0	27.2	26.3	26.3	26.3
Short-term financial liabilities	1.6	4.7	3.5	5.5	5.0	5.0	5.0
Accounts payable	6.5	6.0	7.2	9.3	10.5	11.3	12.0
Other liabilities	18.4	8.4	8.8	11.0	14.0	14.0	14.0
Liabilities	47.2	42.2	39.8	48.6	56.2	57.0	57.7
Total liabilities and shareholders' equity	116.8	105.2	103.4	110.4	115.6	118.2	121.9

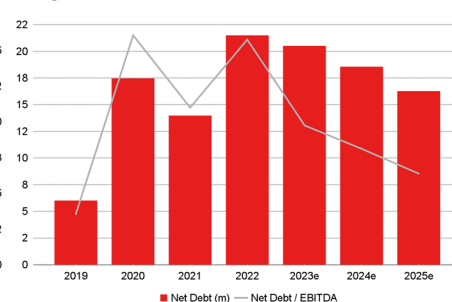
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	4.1 x	3.1 x	3.9 x	3.4 x	3.6 x	3.7 x	3.7 x
Capital Employed Turnover	1.2 x	1.0 x	1.1 x	1.2 x	1.4 x	1.5 x	1.6 x
ROA	4.0 %	-7.4 %	-0.4 %	-2.2 %	-6.1 %	7.1 %	8.8 %
Return on Capital							
ROCE (NOPAT)	4.0 %	n.a.	0.1 %	2.0 %	n.a.	6.4 %	7.8 %
ROE	4.1 %	-7.2 %	-0.4 %	-2.3 %	-6.5 %	7.6 %	9.2 %
Adj. ROE	4.1 %	-7.2 %	-0.4 %	-2.3 %	-6.5 %	7.6 %	9.2 %
Balance sheet quality							
Net Debt	6.0	17.5	14.0	21.5	20.5	18.6	16.3
Net Financial Debt	2.9	14.4	11.4	20.4	18.0	16.1	13.8
Net Gearing	8.6 %	27.7 %	22.0 %	34.8 %	34.5 %	30.3 %	25.3 %
Net Fin. Debt / EBITDA	24.2 %	185.7 %	125.4 %	209.4 %	120.0 %	98.5 %	75.6 %
Book Value / Share	7.6	6.9	6.9	6.7	6.4	6.6	7.0
Book value per share ex intangibles	0.8	0.6	0.8	0.6	1.4	1.7	2.1

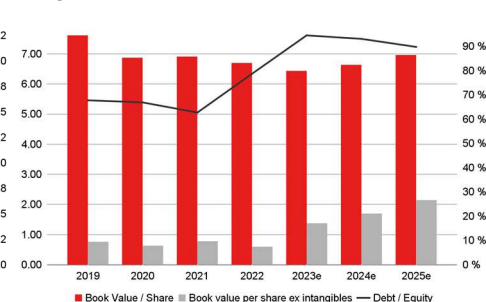
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

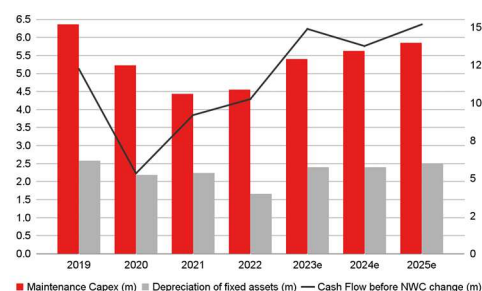
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	2.9	-4.6	-0.1	-1.2	-3.7	4.8	5.9
Depreciation of fixed assets	2.6	2.2	2.2	1.7	2.4	2.4	2.5
Amortisation of goodwill	0.0	0.0	1.0	0.1	8.1	0.0	0.0
Amortisation of intangible assets	5.2	9.5	6.3	7.2	6.7	6.6	6.8
Increase/decrease in long-term provisions	0.0	0.0	-0.1	-0.5	1.4	0.0	0.0
Other non-cash income and expenses	1.5	-1.8	-0.2	3.0	0.0	0.0	0.0
Cash Flow before NWC change	12.2	5.3	9.2	10.3	14.9	13.8	15.2
Increase / decrease in inventory	-2.0	-1.1	0.3	-5.6	-0.6	0.0	-0.3
Increase / decrease in accounts receivable	-1.7	1.2	0.4	-2.9	-2.5	-0.6	-1.0
Increase / decrease in accounts payable	0.0	-0.5	1.2	2.0	1.2	0.8	0.7
Increase / decrease in other working capital positions	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.9	-0.4	1.9	-6.4	-1.9	0.2	-0.6
Net cash provided by operating activities [1]	10.4	4.9	11.1	3.8	13.0	14.0	14.6
Investments in intangible assets	-7.4	-5.4	-4.8	-5.1	-5.3	-5.5	-5.7
Investments in property, plant and equipment	-1.1	-1.5	-1.5	-4.9	-1.9	-2.0	-2.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-1.5	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	-8.5	-5.9	-6.1	-7.2	-7.5	-7.8
Change in financial liabilities	6.5	1.1	-4.2	1.6	-0.9	0.0	0.0
Dividends paid	-1.2	-0.4	-0.4	-0.9	-0.9	-0.9	-0.9
Purchase of own shares	0.0	-0.5	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	-1.9	-1.4	-1.3	-1.4	-2.5	-3.6	-3.6
Net cash provided by financing activities [3]	3.4	-1.1	-5.9	-0.7	-4.3	-4.5	-4.5
Change in liquid funds [1]+[2]+[3]	5.3	-4.7	-0.7	-3.0	1.5	2.0	2.3
Effects of exchange-rate changes on cash	0.0	-0.1	0.2	0.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	14.9	10.2	9.6	6.8	8.3	10.2	12.5

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	0.3	-3.4	3.8	-3.6	4.3	4.9	5.2
Free Cash Flow / Sales	0.4 %	-4.4 %	4.5 %	-3.7 %	3.7 %	4.0 %	4.0 %
Free Cash Flow Potential	4.4	3.4	4.3	4.6	7.0	7.1	8.3
Free Cash Flow / Net Profit	11.7 %	72.2 %	-1501.6 %	258.2 %	-109.4 %	107.0 %	91.5 %
Interest Received / Avg. Cash	0.5 %	0.4 %	0.3 %	0.6 %	0.5 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.8 %	1.2 %	1.1 %	1.2 %	1.1 %	1.1 %	1.1 %
Management of Funds							
Investment ratio	9.3 %	9.0 %	7.5 %	10.1 %	6.2 %	6.2 %	6.0 %
Maint. Capex / Sales	7.0 %	6.7 %	5.2 %	4.6 %	4.7 %	4.6 %	4.5 %
Capex / Dep	108.5 %	59.6 %	66.1 %	111.1 %	41.9 %	83.3 %	83.9 %
Avg. Working Capital / Sales	20.3 %	24.6 %	21.3 %	19.5 %	19.4 %	19.2 %	18.2 %
Trade Debtors / Trade Creditors	237.5 %	238.7 %	194.7 %	180.9 %	183.8 %	176.1 %	174.2 %
Inventory Turnover	3.1 x	2.6 x	2.9 x	2.5 x	2.7 x	2.8 x	3.0 x
Receivables collection period (days)	62	67	61	62	61	60	59
Payables payment period (days)	60	62	67	70	71	74	74
Cash conversion cycle (Days)	94	119	86	98	89	81	77

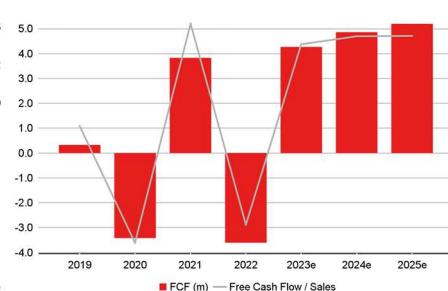
CAPEX and Cash Flow

in EUR m



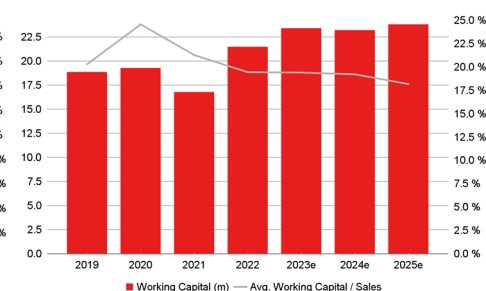
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Softing	3, 5	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.

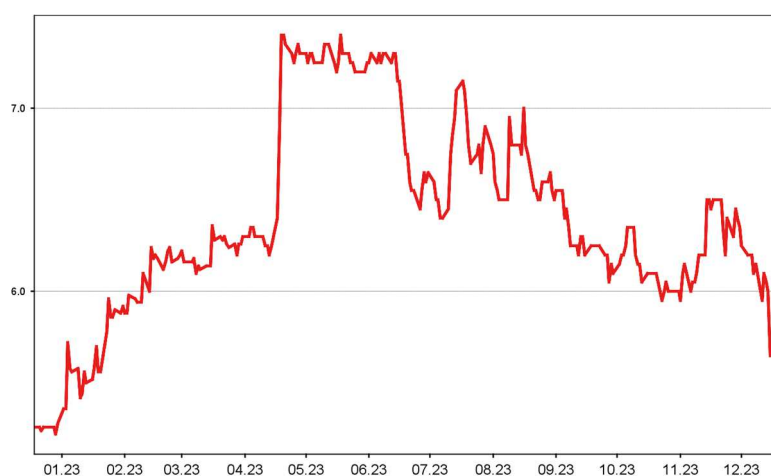
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	153	72
Hold	46	22
Sell	6	3
Rating suspended	7	3
Total	212	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	44	81
Hold	7	13
Sell	0	0
Rating suspended	3	6
Total	54	100

PRICE AND RATING HISTORY SOFTING AS OF 18.12.2023


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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