Softing

(CDAX, Technology)

WARBURG RESEARCH

Buy	
EUR 10.00	
Price	EUR 7.86
Upside	**27.2 %**

Value Indicators:	EUR
DCF:	10.00
FCF-Value Potential:	9.90

Share data:	
Bloomberg:	SYT GR
Reuters:	SYTG
ISIN:	DE0005178008

Description:
Software solutions (e.g. error diagnosis) for industrial plants and automotive electronics

Market Snapshot:	EUR m
Market cap:	48.2
No. of shares (m):	6.1
EV:	36.6
Freefloat MC:	33.0
Ø Trad. Vol. (30d):	48.47 th

Shareholders:	
Freefloat	68.5 %
Trier Asset Mgmt	26.7 %
Treasury Stock	4.8 %

Risk Profile (WRe):	2013e
Beta:	1.3
Price / Book:	2.1 x
Equity Ratio:	61 %
Net Fin. Debt / EBITDA:	-1.4 x
Net Debt / EBITDA:	-1.2 x

Good start to the year triggers higher EBIT forecast

Stated Figures Q1/2013:

Figures in EUR m	Q1/13	Q1/13e	Q1/12	yoy	2013e	2012	yoy
Sales	12.2	13.2	12.5	-2.6%	54.0	49.4	9.3%
EBIT	1.4	1.4	1.2	16.5%	5.5	4.9	12.1%
margin	*11.5%*	*10.6%*	*9.6%*		*10.2%*	*10.0%*	
Net income	1.1	1.0	0.9	27.2%	3.9	3.5	12.0%
margin	*9.0%*	*7.6%*	*6.9%*		*7.3%*	*7.1%*	
EPS in EUR	0.18	0.17	0.16	12.5%	0.63	0.59	6.8%

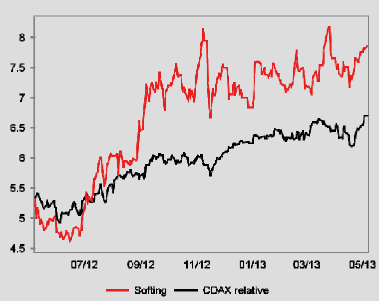
Comment on Figures:

- Better revenue mix of software vs. hardware improved profitability
- Near shoring capacities in Romania contributed to higher project efficiency
- Higher number of shares compared to Q1 2013

Softing has preannounced good Q1 figures.

- Although sales were approximately at last year's level, profitability increased significantly. This mirrors a better revenue mix with a higher share of software vs. hardware.
- Order entries increased by 14% to EUR 15.8m. This strong development was driven by both segments (Automotive Electronics and Industrial Automation).
- The book-to-bill ratio is at 1.3. This indicates revenue growth in the coming quarters. Therefore, our revenue estimates remain unchanged.
- Strong order entries also helped to further increase the company's order backlog which grew to EUR 13.3m (+37% compared to the end of FY 2012). As a result, operative development over the next few quarters looks set to pave the way for the continuation of the positive newsflow.
- Softing's AGM takes place today in Munich. The dividend proposal will be EUR 0.27 per share.
- The Q1 figures clearly underline that the company's recently-issued 2013 guidance was, as always at the beginning of a new fiscal year, very conservative (old: revenues of more than EUR 50m and a constant EBIT). **Now management expects to increase 2013 EBIT by approximately 10% compared to 2012.** This new target confirms our estimates.

We reiterate our Buy recommendation as well as the PT of EUR 10.



Rel. Performance vs CDAX:	
1 month:	0.5 %
6 months:	-13.8 %
Year to date:	7.7 %
Trailing 12 months:	28.2 %

Company events:	
15.05.13	Q1
14.08.13	Q2
15.11.13	Q3

FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
Sales	8.6 %	23.7	31.7	41.1	49.4	54.0	58.6	63.3
Change Sales yoy		-29.1 %	33.8 %	29.9 %	20.0 %	9.3 %	8.5 %	8.0 %
Gross profit margin		*82.5 %*	*80.0 %*	*75.6 %*	*76.3 %*	*75.1 %*	*74.1 %*	*74.0 %*
EBITDA	11.0 %	0.6	4.8	7.4	8.3	9.6	10.8	11.3
Margin		*2.5 %*	*15.3 %*	*17.9 %*	*16.7 %*	*17.8 %*	*18.5 %*	*17.9 %*
EBIT	12.7 %	-2.5	1.5	4.2	4.9	5.5	6.6	7.0
Margin		*-10.4 %*	*4.8 %*	*10.3 %*	*10.0 %*	*10.2 %*	*11.3 %*	*11.1 %*
Net income	12.5 %	-1.7	1.0	3.1	3.5	3.9	4.8	5.0
EPS	11.1 %	-0.33	0.19	0.58	0.59	0.63	0.77	0.81
EPS adj.	11.1 %	-0.33	0.19	0.58	0.59	0.63	0.77	0.81
DPS	9.0 %	0.00	0.11	0.27	0.27	0.30	0.30	0.35
Dividend Yield		0.0 %	4.7 %	6.9 %	4.6 %	3.8 %	3.8 %	4.5 %
FCFPS		-0.17	0.04	0.60	0.53	0.48	0.62	0.62
EV / Sales		0.3 x	0.3 x	0.4 x	0.5 x	0.7 x	0.6 x	0.6 x
EV / EBITDA		13.1 x	1.8 x	2.0 x	2.9 x	4.0 x	3.4 x	3.1 x
EV / EBIT		n.a.	5.7 x	3.5 x	4.9 x	7.1 x	5.6 x	5.0 x
P / E		n.a.	12.4 x	6.7 x	9.9 x	12.5 x	10.2 x	9.7 x
P / E adj.		n.a.	12.4 x	6.7 x	9.9 x	12.5 x	10.2 x	9.7 x
FCF Yield Potential		-16.7 %	15.3 %	20.5 %	9.0 %	9.4 %	12.6 %	13.3 %
Net Debt		-3.0	-3.3	-5.8	-10.4	-11.6	-13.5	-15.5
ROE		-11.5 %	7.0 %	19.1 %	17.8 %	17.0 %	19.1 %	18.3 %
ROCE (NOPAT)		-16.6 %	10.0 %	26.5 %	30.0 %	31.7 %	37.8 %	38.7 %
Guidance:	2013 guidance will be released after Q1							

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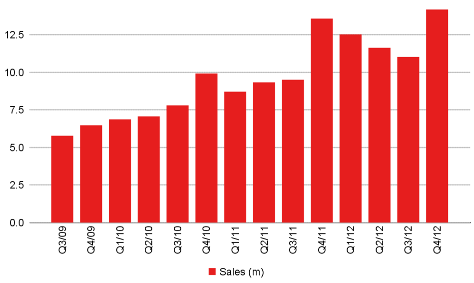
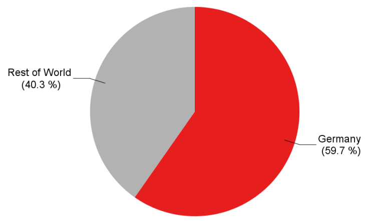
Sales development
in EUR m



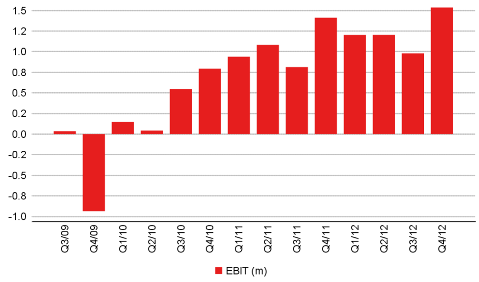
Source: Warburg Research

Sales by regions
2012; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

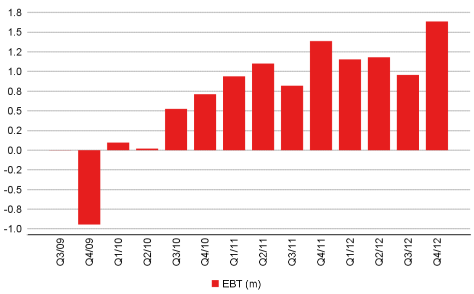
Company Background

- Softing has the necessary expertise on information exchange between various devices, sensors, plant and software solutions in automated processes. The business activity comprises two segments.
- Industrial Automation: hardware and software solutions for the exchange of information in all kinds of production including montage lines, chemical plants, oil and gas extraction or refineries.
- Automotive Electronics: The solutions allow engineers and workshop mechanics to test automotive electronics in the development phase, production or repair, and to recognise errors through 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.
- Softing focuses on established standards and reaches a coverage of ca. 70% of the market.

Competitive Quality

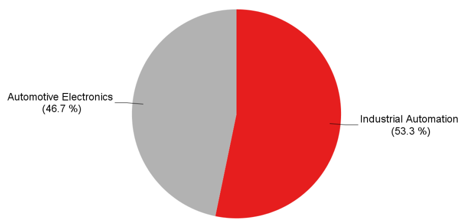
- World market leader in tools to recognise errors in production plant (so called field bus diagnostics)
- European market leader in the networking of various production plant elements as well as in business-related software (so-called OPC products).
- World market leader for components for the exchange of information in gas and oil plants. Some >50% of all devices registered worldwide that are used in these plants include components from Softing.
- Through participation in international committees that set standards for the exchange of information, a short time-to-market is achieved.
- The high complexity of the business activity of Softing is the single most important barrier to market entry for potential competitors.

EBT development
in EUR m



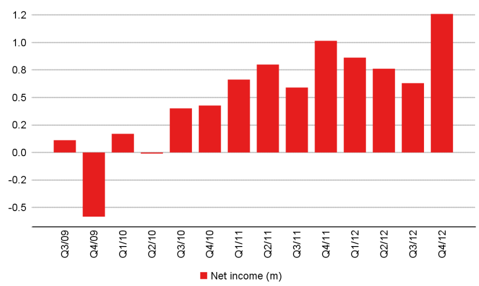
Source: Warburg Research

Sales by segments
2012; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	**2013e**	**2014e**	**2015e**	**2016e**	**2017e**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**	**2023e**	**2024e**	**2025e**	
Sales	54.0	58.6	63.3	68.3	73.0	77.2	81.0	84.4	87.4	90.0	92.3	94.3	96.2	
Sales change	*9.3 %*	*8.5 %*	*8.0 %*	*8.0 %*	*6.8 %*	*5.8 %*	*4.9 %*	*4.2 %*	*3.5 %*	*3.0 %*	*2.6 %*	*2.2 %*	*2.0 %*	*2.0 %*
EBIT	5.5	6.6	7.0	7.2	7.3	7.7	8.1	8.4	8.6	8.8	9.0	9.2	9.3	
EBIT-margin	*10.2 %*	*11.3 %*	*11.1 %*	*10.5 %*	*10.0 %*	*10.0 %*	*10.0 %*	*9.9 %*	*9.9 %*	*9.8 %*	*9.8 %*	*9.7 %*	*9.7 %*	
Tax rate (EBT)	*30.0 %*	*29.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	
NOPAT	3.9	4.7	4.9	5.0	5.1	5.4	5.6	5.8	6.0	6.2	6.3	6.4	6.5	
Depreciation	4.1	4.2	4.3	4.9	5.3	5.6	5.8	6.1	6.3	6.5	6.6	6.8	6.9	
in % of Sales	*7.6 %*	*7.2 %*	*6.8 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	
Changes in provisions	0.0	0.0	0.0	-0.6	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	0.8	0.9	0.9	0.5	0.9	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	
- Capex	4.3	4.2	4.5	4.9	5.3	5.6	5.8	6.1	6.3	6.5	6.6	6.8	6.9	
Capex in % of Sales	*8.0 %*	*7.2 %*	*7.1 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	*7.2 %*	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	2.9	3.8	3.8	3.9	4.3	4.7	5.0	5.2	5.5	5.7	5.9	6.0	6.2	7
PV of FCF	2.7	3.2	2.9	2.7	2.7	2.6	2.6	2.4	2.3	2.2	2.0	1.9	1.8	22
share of PVs	**16.27 %**			**42.83 %**										**40.89 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt	2.8 %	Liquidity	1.40
Market return	9.00 %	Cyclicality	1.20
Risk free rate	4.00 %	Transparency	1.20
		Others	1.00
WACC	**10.38 %**	**Beta**	**1.28**

Valuation (m)

Present values 2025e	32		
Terminal Value	22		
Financial liabilities	0		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	13	No. of shares (m)	6.4
Equity Value	**64**	**Value per share (EUR)**	**10.02**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
1.48	11.4 %	8.85	8.91	8.98	9.05	9.12	9.20	9.29
1.38	10.9 %	9.26	9.34	9.42	9.50	9.59	9.69	9.79
1.33	10.6 %	9.49	9.57	9.66	9.75	9.85	9.95	10.06
1.28	10.4 %	9.73	9.82	9.92	**10.02**	10.12	10.23	10.35
1.23	10.1 %	9.99	10.08	10.19	10.30	10.41	10.53	10.67
1.18	9.9 %	10.26	10.36	10.47	10.59	10.72	10.86	11.00
1.08	9.4 %	10.85	10.97	11.11	11.25	11.41	11.57	11.75

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.48	11.4 %	7.80	8.22	8.63	9.05	9.46	9.88	10.29
1.38	10.9 %	8.19	8.62	9.06	9.50	9.94	10.38	10.82
1.33	10.6 %	8.39	8.85	9.30	9.75	10.20	10.66	11.11
1.28	10.4 %	8.61	9.08	9.55	**10.02**	10.48	10.95	11.42
1.23	10.1 %	8.85	9.33	9.81	10.30	10.78	11.26	11.74
1.18	9.9 %	9.10	9.60	10.10	10.59	11.09	11.59	12.09
1.08	9.4 %	9.65	10.19	10.72	11.25	11.79	12.32	12.85

- The cyclical components of the business activity and the low liquidity of the share raise the capital costs.
- Our long-term margin estimates are below Softing's target of 10%.

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 by discounting the “FCF potential” of a given year with 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	2009	2010	2011	2012	2013e	2014e	2015e
Net Income before minorities	-1.8	1.0	3.1	3.5	3.9	4.8	5.0
+ Depreciation + Amortisation	3.1	3.3	3.1	3.3	4.1	4.2	4.3
- Net Interest Income	-0.1	-0.2	0.0	0.0	0.1	0.1	0.1
- Maintenance Capex	2.6	3.2	3.1	4.6	4.3	4.2	4.5
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Free Cash Flow Potential	**-1.3**	**1.3**	**3.1**	**2.2**	**3.7**	**4.7**	**4.7**
Free Cash Flow Yield Potential	-16.7 %	15.3 %	20.5 %	9.0 %	9.4 %	12.6 %	13.3 %
WACC	10.38 %	10.38 %	10.38 %	10.38 %	10.38 %	10.38 %	10.38 %
= Enterprise Value (EV)	**7.9**	**8.7**	**15.0**	**24.2**	**39.0**	**37.1**	**35.2**
= Fair Enterprise Value	**n.a.**	**12.8**	**29.7**	**21.1**	**35.2**	**45.0**	**45.0**
- Net Debt (Cash)	-12.1	-12.1	-12.1	-12.1	-13.4	-15.3	-17.2
- Pension Liabilities	1.8	1.8	1.8	1.8	1.8	1.8	1.8
- 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	**n.a.**	**23.1**	**40.0**	**31.4**	**46.8**	**58.6**	**60.5**
No. of shares (total) (m)	6.1	6.1	6.1	6.1	6.1	6.1	6.1
= Fair value per share (EUR)	**n.a.**	**3.77**	**6.52**	**5.13**	**7.63**	**9.55**	**9.87**
premium (-) / discount (+) in %					-2.9 %	21.4 %	25.5 %

Sensitivity Fair value per Share (EUR)

	13.38 %	n.a.	3.30	5.44	4.35	6.34	7.90	8.22
	12.38 %	n.a.	3.43	5.74	4.57	6.70	8.36	8.68
	11.38 %	n.a.	3.59	6.10	4.82	7.13	8.90	9.22
WACC	**10.38 %**	**n.a.**	**3.77**	**6.52**	**5.13**	**7.63**	**9.55**	**9.87**
	9.38 %	n.a.	3.99	7.04	5.49	8.24	10.33	10.65
	8.38 %	n.a.	4.27	7.68	5.95	9.00	11.30	11.62
	7.38 %	n.a.	4.62	8.49	6.52	9.96	12.53	12.85

- Capitalised own work is a significant element of the capex.
- The earnings quality has clearly improved over the last years.
- Increasing share of software revenues should have a positive effect on the FCF Value.

Valuation

	2009	2010	2011	2012	2013e	2014e	2015e
Price / Book	0.8 x	0.8 x	1.2 x	1.6 x	2.1 x	2.0 x	1.8 x
Book value per share ex intangibles	1.24	1.52	1.96	2.43	2.66	3.11	3.58
EV / Sales	0.3 x	0.3 x	0.4 x	0.5 x	0.7 x	0.6 x	0.6 x
EV / EBITDA	13.1 x	1.8 x	2.0 x	2.9 x	4.0 x	3.4 x	3.1 x
EV / EBIT	n.a.	5.7 x	3.5 x	4.9 x	7.1 x	5.6 x	5.0 x
EV / EBIT adj.*	n.a.	5.7 x	3.5 x	4.9 x	7.1 x	5.6 x	5.0 x
P / FCF	n.a.	53.0 x	6.5 x	11.0 x	16.3 x	12.6 x	12.6 x
P / E	n.a.	12.4 x	6.7 x	9.9 x	12.5 x	10.2 x	9.7 x
P / E adj.*	n.a.	12.4 x	6.7 x	9.9 x	12.5 x	10.2 x	9.7 x
Dividend Yield	0.0 %	4.7 %	6.9 %	4.6 %	3.8 %	3.8 %	4.5 %
Free Cash Flow Yield Potential	-16.7 %	15.3 %	20.5 %	9.0 %	9.4 %	12.6 %	13.3 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Sales	**23.7**	**31.7**	**41.1**	**49.4**	**54.0**	**58.6**	**63.3**
Change Sales yoy	-29.1 %	33.8 %	29.9 %	20.0 %	9.3 %	8.5 %	8.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	2.2	2.7	2.0	3.2	2.9	2.7	2.9
Total Sales	**25.8**	**34.4**	**43.2**	**52.6**	**56.9**	**61.3**	**66.2**
Material Expenses	6.3	9.1	12.1	14.9	16.4	17.9	19.4
Gross profit	**19.5**	**25.3**	**31.1**	**37.7**	**40.5**	**43.4**	**46.8**
Gross profit margin	*82.5 %*	*80.0 %*	*75.6 %*	*76.3 %*	*75.1 %*	*74.1 %*	*74.0 %*
Personnel expenses	14.9	16.1	19.4	23.6	24.7	25.7	26.8
Other operating income	0.8	0.8	1.7	0.9	0.8	0.8	0.8
Other operating expenses	4.8	5.2	6.1	6.8	7.0	7.7	9.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**0.6**	**4.8**	**7.4**	**8.3**	**9.6**	**10.8**	**11.3**
Margin	*2.5 %*	*15.3 %*	*17.9 %*	*16.7 %*	*17.8 %*	*18.5 %*	*17.9 %*
Depreciation of fixed assets	0.3	0.3	0.3	0.5	0.9	1.0	1.1
EBITA	**0.3**	**4.6**	**7.1**	**7.8**	**8.7**	**9.8**	**10.2**
Amortisation of intangible assets	2.4	3.0	2.8	2.9	3.2	3.2	3.2
Goodwill amortization	0.3	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-2.5**	**1.5**	**4.2**	**4.9**	**5.5**	**6.6**	**7.0**
Margin	*-10.4 %*	*4.8 %*	*10.3 %*	*10.0 %*	*10.2 %*	*11.3 %*	*11.1 %*
EBIT adj.	**-2.5**	**1.5**	**4.2**	**4.9**	**5.5**	**6.6**	**7.0**
Interest income	0.1	0.1	0.3	0.3	0.1	0.1	0.1
Interest expenses	0.2	0.3	0.3	0.2	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**-2.5**	**1.4**	**4.2**	**4.9**	**5.6**	**6.7**	**7.1**
Margin	*-10.7 %*	*4.3 %*	*10.3 %*	*10.0 %*	*10.4 %*	*11.5 %*	*11.3 %*
Total taxes	-0.7	0.4	1.2	1.4	1.7	1.9	2.1
Net income from continuing operations	**-1.8**	**1.0**	**3.1**	**3.5**	**3.9**	**4.8**	**5.0**
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	**-1.8**	**1.0**	**3.1**	**3.5**	**3.9**	**4.8**	**5.0**
Minority interest	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**-1.7**	**1.0**	**3.1**	**3.5**	**3.9**	**4.8**	**5.0**
Margin	*-7.1 %*	*3.1 %*	*7.5 %*	*7.1 %*	*7.3 %*	*8.1 %*	*7.9 %*
Number of shares, average	5.1	5.1	5.3	5.9	6.2	6.2	6.2
EPS	**-0.33**	**0.19**	**0.58**	**0.59**	**0.63**	**0.77**	**0.81**
EPS adj.	-0.33	0.19	0.58	0.59	0.63	0.77	0.81

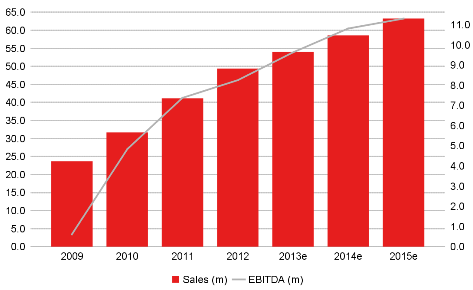
*Adjustments made for:

Guidance: 2013 guidance will be released after Q1

Financial Ratios

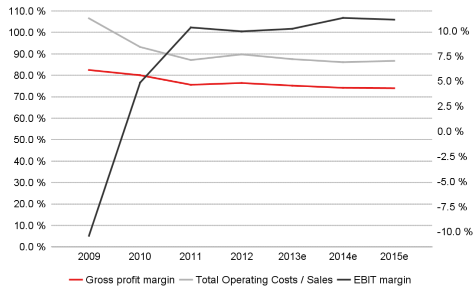
	2009	2010	2011	2012	2013e	2014e	2015e
Total Operating Costs / Sales	106.6 %	93.3 %	87.0 %	89.7 %	87.5 %	86.1 %	86.7 %
Operating Leverage	n.a.	n.a.	5.9 x	0.8 x	1.3 x	2.4 x	0.8 x
EBITDA / Interest expenses	3.6 x	16.8 x	29.1 x	33.7 x	n.a.	n.a.	n.a.
Tax rate (EBT)	27.0 %	27.2 %	28.1 %	29.0 %	30.0 %	29.0 %	30.0 %
Dividend Payout Ratio	0.0 %	57.1 %	47.1 %	45.8 %	47.3 %	39.0 %	43.4 %
Sales per Employee	104,251	141,402	159,488	166,851	168,750	172,324	180,792

Sales, EBITDA
in EUR m



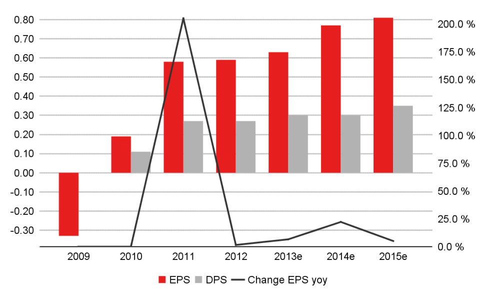
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

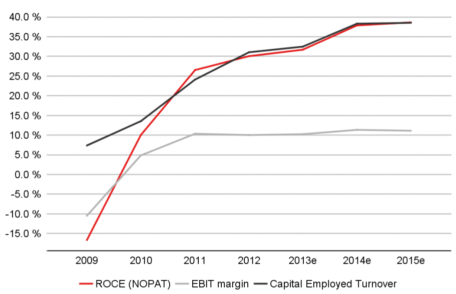
Consolidated balance sheet

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Assets							
Goodwill and other intangible assets	7.2	7.1	6.7	7.8	7.7	6.6	6.5
thereof other intangible assets	1.3	1.0	0.7	0.6	0.5	0.4	0.4
thereof Goodwill	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Property, plant and equipment	0.7	0.6	1.1	1.4	1.4	1.4	1.4
Financial assets	1.1	1.9	0.9	0.7	0.7	0.7	0.7
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**9.0**	**9.6**	**8.7**	**9.9**	**9.8**	**8.6**	**8.6**
Inventories	2.2	2.0	3.6	3.3	3.6	3.9	4.2
Accounts receivable	4.1	6.8	8.3	9.8	10.4	11.2	12.1
Liquid assets	4.2	6.1	8.5	12.6	13.8	15.8	17.7
Other short-term assets	2.0	1.7	1.7	2.3	2.3	2.3	2.3
Current assets	**12.5**	**16.7**	**22.2**	**28.0**	**30.1**	**33.1**	**36.3**
Total Assets	**21.5**	**26.3**	**31.0**	**37.9**	**39.9**	**41.8**	**44.9**
Liabilities and shareholders' equity							
Subscribed capital	5.6	5.6	5.6	6.4	6.4	6.4	6.4
Capital reserve	1.7	1.7	1.7	4.4	4.4	4.4	4.4
Retained earnings	7.5	8.3	10.6	12.1	16.1	20.8	25.8
Other equity components	-1.3	-0.8	-0.8	-0.8	-2.7	-5.8	-8.0
Shareholder's equity	13.5	14.9	17.2	22.2	24.2	25.8	28.7
Minority interest	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total equity	**13.6**	**15.0**	**17.2**	**22.2**	**24.2**	**25.8**	**28.7**
Provisions	1.3	1.3	1.7	3.0	3.0	3.0	3.0
thereof provisions for pensions and similar obligations	1.0	1.1	1.0	1.8	1.8	1.8	1.8
Financial liabilites (total)	0.2	1.6	1.8	0.5	0.5	0.5	0.5
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.6	1.7	2.9	3.0	3.0	3.2	3.5
Other liabilities	4.9	6.6	7.4	9.3	9.3	9.3	9.3
Liabilities	**7.9**	**11.3**	**13.8**	**15.7**	**15.8**	**16.0**	**16.3**
Total liabilities and shareholders' equity	**21.5**	**26.3**	**31.0**	**37.9**	**39.9**	**41.8**	**44.9**

Financial Ratios

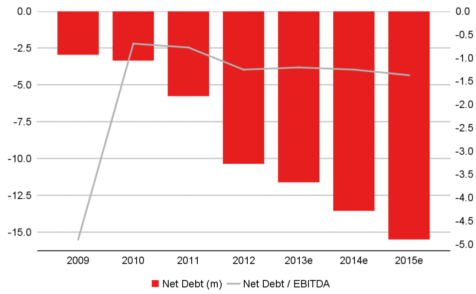
	2009	2010	2011	2012	2013e	2014e	2015e
Efficiency of Capital Employment							
Operating Assets Turnover	4.4 x	4.1 x	4.0 x	4.2 x	4.4 x	4.4 x	4.5 x
Capital Employed Turnover	2.2 x	2.7 x	3.6 x	4.2 x	4.3 x	4.8 x	4.8 x
ROA	-18.6 %	10.3 %	35.1 %	35.6 %	40.2 %	55.4 %	58.2 %
Return on Capital							
ROCE (NOPAT)	-16.6 %	10.0 %	26.5 %	30.0 %	31.7 %	37.8 %	38.7 %
ROE	-11.5 %	7.0 %	19.1 %	17.8 %	17.0 %	19.1 %	18.3 %
Adj. ROE	-11.5 %	7.0 %	19.1 %	17.8 %	17.0 %	19.1 %	18.3 %
Balance sheet quality							
Net Debt	-3.0	-3.3	-5.8	-10.4	-11.6	-13.5	-15.5
Net Financial Debt	-3.9	-4.5	-6.8	-12.1	-13.4	-15.3	-17.2
Net Gearing	-21.7 %	-22.4 %	-33.5 %	-46.7 %	-48.0 %	-52.5 %	-54.0 %
Net Fin. Debt / EBITDA	-654.8 %	-92.7 %	-91.9 %	-146.5 %	-138.6 %	-141.4 %	-152.3 %
Book Value / Share	2.6	2.9	3.2	3.7	3.9	4.2	4.6
Book value per share ex intangibles	1.2	1.5	2.0	2.4	2.7	3.1	3.6

ROCE Development



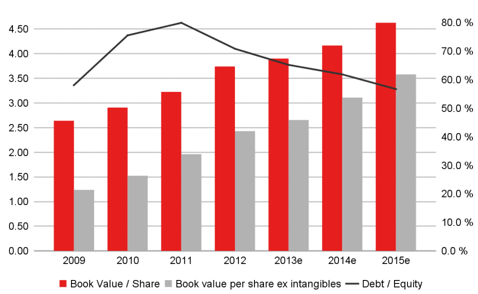
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

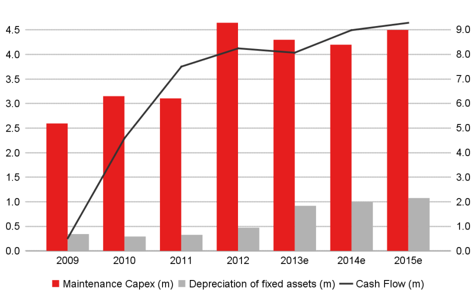
Consolidated cash flow statement

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Net income	-1.8	1.0	3.1	3.5	3.9	4.8	5.0
Depreciation of fixed assets	0.3	0.3	0.3	0.5	0.9	1.0	1.1
Amortisation of goodwill	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.4	3.0	2.8	2.9	3.2	3.2	3.2
Increase/decrease in long-term provisions	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Other non-cash income and expenses	-0.7	0.3	1.1	1.4	0.0	0.0	0.0
Cash Flow	**0.5**	**4.6**	**7.5**	**8.2**	**8.1**	**9.0**	**9.3**
Increase / decrease in inventory	0.3	0.2	-0.8	0.3	-0.3	-0.3	-0.3
Increase / decrease in accounts receivable	1.8	-3.5	-0.2	-1.8	-0.6	-0.8	-0.9
Increase / decrease in accounts payable	0.0	0.0	-0.2	1.1	0.1	0.2	0.3
Increase / decrease in other working capital positions	-0.9	2.1	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	1.2	-1.2	-1.2	-0.5	-0.8	-0.9	-0.9
Net cash provided by operating activities	**1.7**	**3.4**	**6.3**	**7.8**	**7.3**	**8.1**	**8.4**
Investments in intangible assets	-2.4	-2.9	-2.4	-3.9	-3.4	-3.2	-3.4
Investments in property, plant and equipment	-0.1	-0.2	-0.7	-0.7	-0.9	-1.0	-1.1
Payments for acquisitions	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-1.3	0.6	0.2	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**	**-4.4**	**-2.5**	**-4.4**	**-4.3**	**-4.2**	**-4.5**
Change in financial liabilities	0.0	1.2	0.0	-1.2	0.0	0.0	0.0
Dividends paid	0.0	0.0	-0.6	-1.4	-1.7	-1.9	-1.9
Purchase of own shares	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.5	0.0	3.5	0.0	0.0	0.0
Other	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Net cash provided by financing activities	**-0.3**	**1.7**	**-0.8**	**0.9**	**-1.7**	**-1.9**	**-1.9**
Change in liquid funds	-1.4	0.7	3.0	4.2	1.3	1.9	1.9
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	**4.1**	**4.9**	**7.3**	**11.5**	**12.8**	**14.7**	**16.6**

Financial Ratios

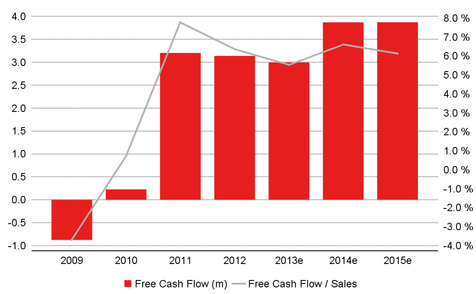
	2009	2010	2011	2012	2013e	2014e	2015e
Cash Flow							
Free Cash Flow	-0.9	0.2	3.2	3.1	3.0	3.9	3.9
Free Cash Flow / Sales	-3.7 %	0.7 %	7.8 %	6.4 %	5.5 %	6.6 %	6.1 %
Free Cash Flow Potential	-1.3	1.3	3.1	2.2	3.7	4.7	4.7
Free Cash Flow / Sales	-3.7 %	0.7 %	7.8 %	6.4 %	5.5 %	6.6 %	6.1 %
Free Cash Flow / Net Profit	52.3 %	23.0 %	104.4 %	89.3 %	76.1 %	81.1 %	77.5 %
Interest Received / Avg. Cash	2.0 %	2.1 %	3.5 %	2.4 %	0.8 %	0.7 %	0.6 %
Interest Paid / Avg. Debt	144.3 %	30.7 %	14.8 %	21.9 %	0.0 %	0.0 %	0.0 %
Management of Funds							
Investment ratio	11.0 %	10.0 %	7.5 %	9.4 %	8.0 %	7.2 %	7.1 %
Maint. Capex / Sales	11.0 %	10.0 %	7.5 %	9.4 %	8.0 %	7.2 %	7.1 %
Capex / Dep	84.7 %	95.1 %	99.2 %	139.1 %	104.4 %	100.1 %	105.2 %
Avg. Working Capital / Sales	24.7 %	18.7 %	19.6 %	19.6 %	19.7 %	19.5 %	19.5 %
Trade Debtors / Trade Creditors	261.3 %	390.0 %	290.4 %	333.8 %	346.7 %	350.0 %	345.7 %
Inventory Turnover	2.8 x	4.5 x	3.3 x	4.5 x	4.5 x	4.6 x	4.6 x
Receivables collection period (days)	63	78	74	73	70	70	70
Payables payment period (days)	91	70	86	72	67	65	66
Cash conversion cycle (Days)	60	29	46	26	29	30	28

CAPEX and Cash Flow
in EUR m



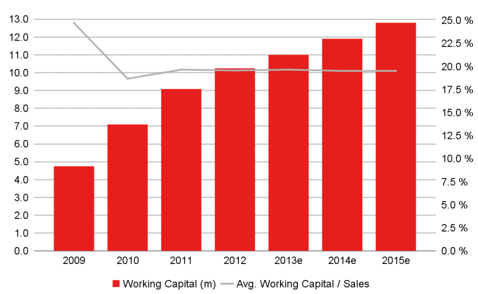
Source: Warburg Research

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	5, 6	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 – RESEARCH UNIVERSE BY RATING

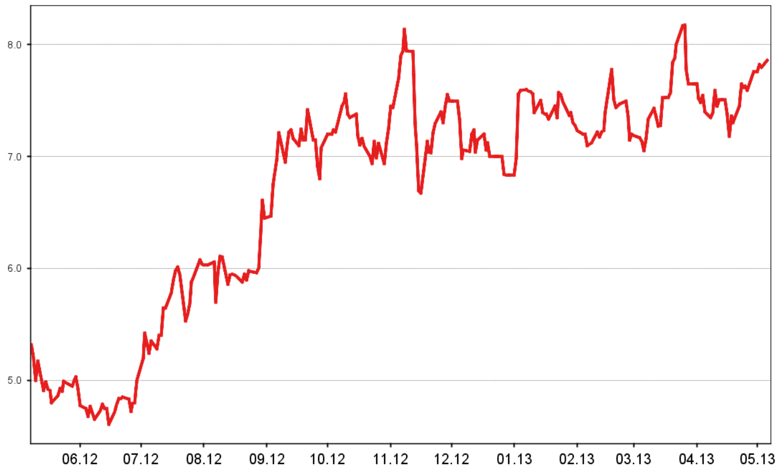
Rating	Number of stocks	% of Universe
Buy	109	57
Hold	66	34
Sell	14	7
Rating suspended	3	2
Total	**192**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	97	63
Hold	50	32
Sell	6	4
Rating suspended	2	1
Total	**155**	**100**

PRICE AND RATING HISTORY SOFTING AS OF 07.05.2013



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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