Dr. Hönle

(CDAX, Technology, HNL GR)

WARBURG RESEARCH

Buy	
EUR 26.50	(EUR 27.00)
Price	EUR 15.90
Upside	**66.7 %**

Value Indicators:	EUR
DCF:	26.50
FCF-Value Potential 26e:	18.00

Warburg ESG Risk Score:	**1.4**
ESG Score (MSCI based):	3.0
Balance Sheet Score:	0.8
Market Liquidity Score:	0.5

Description:
Leading supplier of specialty adhesives, UV/ IR radiation systems and UV specialty lamps

Market Snapshot:	EUR m
Market cap:	96.4
No. of shares (m):	6.1
EV:	143.9
Freefloat MC:	71.7
Ø Trad. Vol. (30d):	33.43 th

Shareholders:	
Freefloat	74.40 %
Peter Möhrle Holding	25.60 %
Teslin / Gerlin	*6.40 %*
Lazard	*3.90 %*
Quaero Capital	*3.20 %*

Key Figures (WRe):	2023/24e
Beta:	1.3
Price / Book:	1.0 x
Equity Ratio:	57 %
Net Fin. Debt / EBITDA:	7.3 x
Net Debt / EBITDA:	7.8 x

Balanced Q3 EBIT in line with estimate; Turnaround still expected next year

Stated Figures Q3/2023/24:

FY End: 30.9. in EUR m	**Q3 23/24**	Q3 23/24e	Q3 22/23	yoy	**9M 23/24**	9M 23/24e	9M 22/23	yoy
Sales	**23.9**	24.7	26.2	-9 %	**72.1**	72.8	79.7	-10 %
EBIT	**0.0**	0.0	-10.5	n.a.	**-0.1**	-0.1	-6.8	n.a.
Margin	*0.0 %*	*-0.1 %*	*-40.1 %*		*-0.2 %*	*-0.2 %*	*-8.5 %*	

Comment on Figures:

- Revenues slightly below estimates. As in H1, revenues were down ~10% yoy. The decline was mainly registered in the Systems and Lamps businesses.
- Q3 2023 was affected by significant one-offs (write-downs on Steriwhite)
- A balanced EBIT is in line with the forecasts.

Hönle released its Q3 results on Wednesday, 7 August.

Revenues of just under EUR 24m were slightly below expectations and at the relatively low level already reached in Q1/2. The balanced EBIT was in line with expectations. This year's weak top-line development reflects the weak demand, especially in the Systems business and from printing customers. Only the Adhesives business showed a flat development after 9M. The yoy drop in profitability (9M EBIT was EUR 5m last year excl. negative one-offs) is due to the typically high operating leverage with gross margins of >60%.

Hönle reiterated its guidance for sales of EUR 100m and a positive EBIT in FY 2024. After the top-line shortfall in Q3, we now assume that a slight demand recovery in Q4 will lead to annual revenues of ~EUR 98m, which should facilitate the achievement of a very slightly positive EBIT.

The expectation of a return to higher growth in the coming FY remains unchanged. In the next FY, Hönle should benefit from a recovery of the currently low demand in the Equipment business and the expectation of proportionately higher growth in Adhesives, driven by photovoltaic and EV-related applications, where projects have been postponed. In the medium term, growth should be driven by a more focused positioning as a solutions provider, better exploitation of opportunities in the fast-growing market for specialty adhesives (focus areas are e.g. electronics packaging, medical devices) and by proportionately higher sales contributions from markets abroad. In the UV-lamps business, disinfection applications are expected to be the main driver, where Hönle can offer its customers full-service solutions.

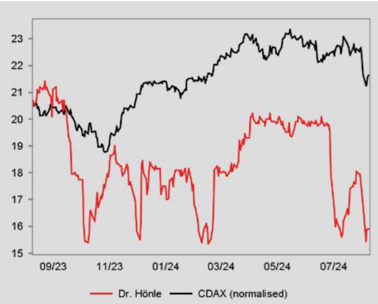
The somewhat reduced estimates lead to a new PT of EUR 26.50 (was EUR 27). The Buy rating remains unchanged based on the expected return to better operating development under the new management team (Robert Stark was appointed CFO with effect from 1 October).

Changes in Estimates:

FY End: 30.9. in EUR m	2023/24e (old)	+ / -	2024/25e (old)	+ / -	2025/26e (old)	+ / -
Sales	100.2	-2.4 %	113.0	-1.8 %	n.a.	n.m.
EBIT	0.9	-73.6 %	7.9	-15.2 %	n.a.	n.m.

Comment on Changes:

- Proportionally stronger reduction of earnings forecasts due to base effects
- Double-digit growth expected in the next FYs



Rel. Performance vs CDAX:	
1 month:	4.9 %
6 months:	2.2 %
Year to date:	-10.2 %
Trailing 12 months:	-24.4 %

Company events:	
06.12.24	Prel. FY 2023/24

FY End: 30.9. in EUR m	CAGR (22/23-25/26e)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24e**	**2024/25e**	**2025/26e**
Sales	4.7 %	93.9	115.2	116.1	106.3	97.8	111.0	122.1
Change Sales yoy		-12.9 %	22.7 %	0.8 %	-8.4 %	-8.0 %	13.5 %	10.0 %
Gross profit margin		*64.5 %*	*60.2 %*	*54.6 %*	*50.2 %*	*61.2 %*	*62.3 %*	*63.0 %*
EBITDA	253.4 %	14.7	13.8	12.1	0.4	6.1	13.1	17.6
EBIT	-	8.1	0.3	5.8	-9.4	0.2	6.7	11.0
EBIT adj.		8.1	7.8	11.7	7.1	0.2	6.7	11.0
Margin		*8.6 %*	*6.8 %*	*10.1 %*	*6.6 %*	*0.2 %*	*6.0 %*	*9.0 %*
Net income	-	5.8	-4.9	-13.4	-11.1	-1.3	3.5	6.7
EPS	-	1.01	-0.81	-2.20	-1.84	-0.22	0.58	1.11
EPS adj.	8.0 %	1.01	0.45	-1.23	0.88	-0.22	0.58	1.11
DPS	-	0.50	0.20	0.00	0.00	0.15	0.30	0.50
Dividend Yield		1.1 %	0.4 %	n.a.	n.a.	0.9 %	1.9 %	3.1 %
FCFPS		-4.00	-2.67	-3.31	0.03	0.52	0.55	1.29
FCF / Market cap		-9.0 %	-5.3 %	-10.9 %	0.2 %	3.3 %	3.5 %	8.1 %
EV / Sales		2.9 x	3.1 x	2.1 x	1.6 x	1.5 x	1.3 x	1.1 x
EV / EBITDA		18.6 x	25.6 x	19.8 x	426.3 x	23.6 x	10.8 x	7.7 x
EV / EBIT		33.7 x	n.a.	41.1 x	n.a.	613.1 x	21.1 x	12.3 x
P / E		43.8 x	n.a.	n.a.	n.a.	n.a.	27.4 x	14.3 x
P / E adj.		43.8 x	111.1 x	n.a.	22.3 x	n.a.	27.4 x	14.3 x
FCF Potential Yield		3.6 %	1.9 %	-0.2 %	-2.3 %	2.5 %	6.0 %	8.7 %
Net Debt		20.9	50.1	56.3	50.7	47.6	45.1	39.1
ROCE (NOPAT)		4.9 %	1.4 %	2.3 %	n.a.	0.1 %	3.3 %	5.5 %
Guidance:	2024: Sales EUR 100m; EBIT positive							

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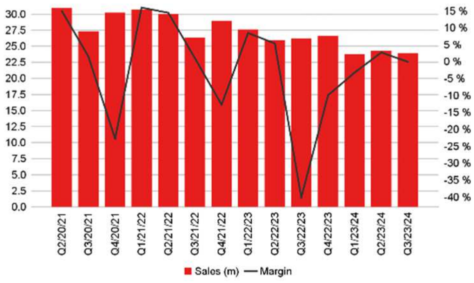
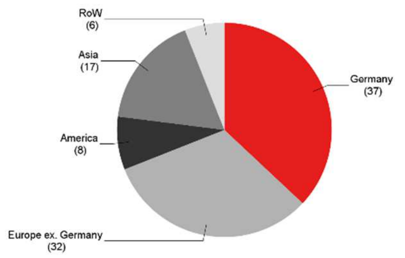
Sales development
in EUR m



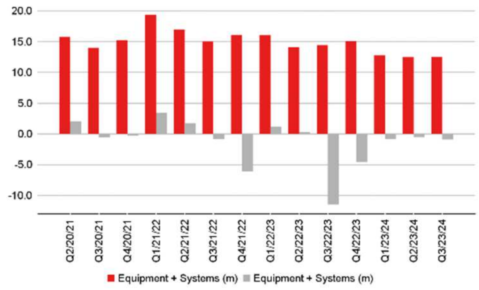
Source: Warburg Research

Sales by regions
2023; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

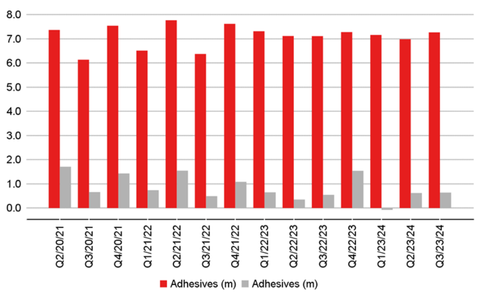
Company Background

- With sales of more than EUR 130m, Dr. Hönle is active in the areas of UV/IR Systems, specialty adhesives, quartz glass products and IR lamps. The company employs > 600 people.
- The company's activities were clearly expanded partly by acquisitions, which strengthened the core business as well as ancillary areas like (UV) adhesives or quartz glass.
- UV technology is used in a wide number of industrial applications. The most important areas of application are paint and lacquer drying, adhesives, and coating and laminating procedures.
- Meanwhile a good one-third of revenues are generated with specialty adhesives, which are predominantly used in the electronics industry.
- The customer structure is largely fragmented with the exception of a few larger customers. The top 5 customers account for roughly 20% of group sales.

Competitive Quality

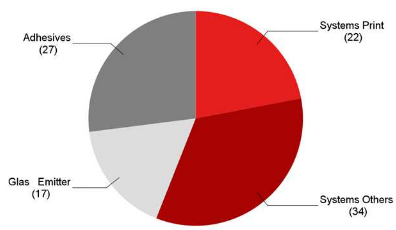
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the individual segments.
- Established customer relationships present a significant barrier to market entry. UV components seldom account for more than 5-10% of the material costs, which lowers customers' motivation to switch supplier.
- With high vertical integration, Dr. Hönle generates a large part of the value creation in the company.
- This allows the company to achieve higher margins and higher cash flows. The strong competitive quality is expressed in an ROCE of >15%.

Development Adhesives
Sales and EBIT in EUR m



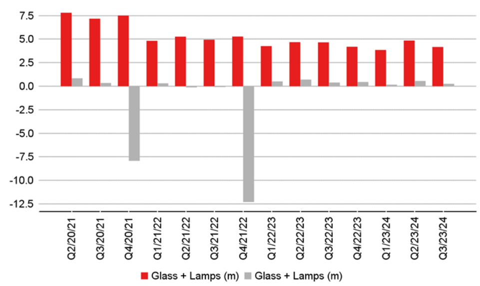
Source: Warburg Research

Sales by segments
2023; in %



Source: Warburg Research

Development Glass + Lamps
Sales and EBIT in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period 23/24e	24/25e	25/26e	Transitional period 26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	32/33e	33/34e	34/35e	35/36e	Term. Value
Sales	97.8	111.0	122.1	131.9	141.1	149.6	157.1	164.9	173.1	180.1	187.3	194.8	198.2	
Sales change	*-8.0 %*	*13.5 %*	*10.0 %*	*8.0 %*	*7.0 %*	*6.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*1.8 %*	*1.8 %*
EBIT	0.2	6.7	11.0	15.2	18.3	19.4	20.4	21.4	22.5	23.4	24.3	25.3	25.8	
EBIT-margin	*0.2 %*	*6.0 %*	*9.0 %*	*11.5 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	*13.0 %*	
Tax rate (EBT)	*29.0 %*	*29.0 %*	*29.0 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	*29.5 %*	
NOPAT	0.2	4.8	7.8	10.7	12.9	13.7	14.4	15.1	15.9	16.5	17.2	17.9	18.2	
Depreciation	5.9	6.4	6.6	7.9	8.1	6.4	6.8	6.9	7.1	7.2	7.1	7.1	6.9	
in % of Sales	*6.0 %*	*5.7 %*	*5.4 %*	*6.0 %*	*5.8 %*	*4.3 %*	*4.3 %*	*4.2 %*	*4.1 %*	*4.0 %*	*3.8 %*	*3.7 %*	*3.5 %*	
Changes in provisions	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	
Change in Liquidity from														
- Working Capital	-0.9	2.2	1.2	0.9	1.7	1.3	2.4	2.5	2.6	2.2	2.3	2.4	1.1	
- Capex	3.8	5.8	5.8	5.4	5.5	5.7	5.7	5.9	6.2	6.5	6.7	8.6	8.0	
Capex in % of Sales	*3.9 %*	*5.2 %*	*4.7 %*	*4.1 %*	*3.9 %*	*3.8 %*	*3.6 %*	*3.6 %*	*3.6 %*	*3.6 %*	*3.6 %*	*4.4 %*	*4.1 %*	
- Other	0.0	-1.0	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	3.1	4.1	8.4	13.2	13.8	13.2	13.1	13.6	14.1	15.0	15.2	14.0	16.0	17
PV of FCF	3.2	3.9	7.4	10.9	10.5	9.3	8.6	8.2	7.9	7.8	7.3	6.2	6.6	113
share of PVs	6.92 %			39.46 %										53.63 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	27.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.6 %	Liquidity (share)	1.35
Market return	8.25 %	Cyclicality	1.35
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	**7.94 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035/36e	98		
Terminal Value	113		
Financial liabilities	57		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	1		
Liquidity	9	No. of shares (m)	6.1
Equity Value	**161**	**Value per share (EUR)**	**26.51**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.00 %	1.25 %	1.50 %	**1.75 %**	2.00 %	2.25 %	2.50 %
1.55	8.9 %	20.10	20.52	20.97	21.46	21.98	22.54	23.14
1.42	8.4 %	22.14	22.66	23.20	23.79	24.43	25.12	25.86
1.36	8.2 %	23.28	23.84	24.45	25.10	25.81	26.57	27.40
1.30	7.9 %	24.49	25.12	25.79	**26.51**	27.30	28.15	29.09
1.24	7.7 %	25.80	26.49	27.24	28.05	28.92	29.88	30.94
1.18	7.4 %	27.22	27.98	28.81	29.71	30.70	31.78	32.97
1.05	6.9 %	30.41	31.36	32.40	33.54	34.80	36.19	37.74

		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
1.55	8.9 %	17.50	18.82	20.14	21.46	22.78	24.10	25.42
1.42	8.4 %	19.54	20.96	22.38	23.79	25.21	26.63	28.05
1.36	8.2 %	20.68	22.15	23.63	25.10	26.57	28.05	29.52
1.30	7.9 %	21.91	23.45	24.98	**26.51**	28.05	29.58	31.11
1.24	7.7 %	23.25	24.85	26.45	28.05	29.64	31.24	32.84
1.18	7.4 %	24.71	26.38	28.05	29.71	31.38	33.05	34.72
1.05	6.9 %	28.06	29.89	31.71	33.54	35.37	37.20	39.03

- Growth and mix improvements to drive return to higher profitability
- Disproportionately high growth of adhesive segment provides further upside potential
- Sustainable EBIT margin of 15% anticipated

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	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Net Income before minorities	5.7	-4.9	-13.2	-10.9	-1.2	3.7	6.9
+ Depreciation + Amortisation	6.6	13.5	6.3	9.8	5.9	6.4	6.6
- Net Interest Income	-0.2	-1.0	-1.4	-1.6	-1.9	-1.5	-1.2
- Maintenance Capex	2.1	2.5	2.6	3.0	3.0	3.0	3.0
+ Other	-0.4	-0.4	7.5	-1.3	0.0	0.0	0.0
= Free Cash Flow Potential	**10.0**	**6.6**	**-0.6**	**-3.8**	**3.6**	**8.6**	**11.7**
FCF Potential Yield (on market EV)	3.6 %	1.9 %	-0.2 %	-2.3 %	2.5 %	6.0 %	8.7 %
WACC	7.94 %	7.94 %	7.94 %	7.94 %	7.94 %	7.94 %	7.94 %
= Enterprise Value (EV)	**273.1**	**353.1**	**239.9**	**169.7**	**143.9**	**141.5**	**135.5**
= Fair Enterprise Value	**125.6**	**83.7**	**n.a.**	**n.a.**	**45.2**	**107.8**	**147.8**
- Net Debt (Cash)	47.5	47.5	47.5	47.5	44.3	41.9	35.9
- Pension Liabilities	3.2	3.2	3.2	3.2	3.2	3.2	3.2
- 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	**74.9**	**33.0**	**n.a.**	**n.a.**	**n.a.**	**62.7**	**108.7**
Number of shares, average	5.7	6.1	6.1	6.1	6.1	6.1	6.1
= Fair value per share (EUR)	**13.15**	**5.44**	**n.a.**	**n.a.**	**n.a.**	**10.34**	**17.93**
premium (-) / discount (+) in %						-35.0 %	12.8 %

Sensitivity Fair value per Share (EUR)

	10.94 %	6.67	1.65	n.a.	n.a.	n.a.	5.46	11.24
	9.94 %	8.18	2.66	n.a.	n.a.	n.a.	6.76	13.02
	8.94 %	10.03	3.89	n.a.	n.a.	n.a.	8.35	15.20
WACC	**7.94 %**	**13.15**	**5.44**	**n.a.**	**n.a.**	**n.a.**	**10.34**	**17.93**
	6.94 %	15.34	7.43	n.a.	n.a.	0.68	12.90	21.45
	5.94 %	19.33	10.09	n.a.	n.a.	2.11	16.33	26.15
	4.94 %	24.95	13.83	n.a.	n.a.	4.13	21.15	32.75

- Rising value indication triggered by margin expansion

Valuation

	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Price / Book	2.2 x	2.7 x	1.7 x	1.2 x	1.0 x	1.0 x	0.9 x
Book value per share ex intangibles	15.72	14.30	13.80	12.56	12.38	12.85	13.71
EV / Sales	2.9 x	3.1 x	2.1 x	1.6 x	1.5 x	1.3 x	1.1 x
EV / EBITDA	18.6 x	25.6 x	19.8 x	426.3 x	23.6 x	10.8 x	7.7 x
EV / EBIT	33.7 x	n.a.	41.1 x	n.a.	613.1 x	21.1 x	12.3 x
EV / EBIT adj.*	33.7 x	45.2 x	20.4 x	24.0 x	613.1 x	21.1 x	12.3 x
P / FCF	n.a.	n.a.	n.a.	580.3 x	30.7 x	28.7 x	12.3 x
P / E	43.8 x	n.a.	n.a.	n.a.	n.a.	27.4 x	14.3 x
P / E adj.*	43.8 x	111.1 x	n.a.	22.3 x	n.a.	27.4 x	14.3 x
Dividend Yield	1.1 %	0.4 %	n.a.	n.a.	0.9 %	1.9 %	3.1 %
FCF Potential Yield (on market EV)	3.6 %	1.9 %	-0.2 %	-2.3 %	2.5 %	6.0 %	8.7 %

*Adjustments made for: -

Company Specific Items

	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24e**	**2024/25e**	**2025/26e**
Adj. FCFPS	-0.66	-0.19	-0.83	2.51	2.99	3.03	3.76

Consolidated profit & loss

In EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Sales	**93.9**	**115.2**	**116.1**	**106.3**	**97.8**	**111.0**	**122.1**
Change Sales yoy	-12.9 %	22.7 %	0.8 %	-8.4 %	-8.0 %	13.5 %	10.0 %
Increase / decrease in inventory	-0.6	3.1	1.7	-1.9	0.2	0.0	0.0
Own work capitalised	0.0	0.0	0.4	0.1	0.1	0.1	0.1
Total Sales	**93.3**	**118.3**	**118.2**	**104.5**	**98.1**	**111.1**	**122.2**
Material expenses	32.7	48.9	54.8	51.1	38.2	42.0	45.2
Gross profit	**60.5**	**69.3**	**63.4**	**53.3**	**59.9**	**69.1**	**77.0**
Gross profit margin	*64.5 %*	*60.2 %*	*54.6 %*	*50.2 %*	*61.2 %*	*62.3 %*	*63.0 %*
Personnel expenses	33.2	39.7	39.7	39.5	40.1	41.6	44.2
Other operating income	1.2	1.6	3.6	3.3	2.1	2.1	2.0
Other operating expenses	13.8	17.5	15.2	16.7	15.7	16.5	17.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**14.7**	**13.8**	**12.1**	**0.4**	**6.1**	**13.1**	**17.6**
Margin	*15.7 %*	*12.0 %*	*10.4 %*	*0.4 %*	*6.2 %*	*11.8 %*	*14.4 %*
Depreciation of fixed assets	6.0	9.0	5.6	5.4	5.3	5.8	6.0
EBITA	**8.7**	**4.8**	**6.6**	**-5.0**	**0.8**	**7.3**	**11.6**
Amortisation of intangible assets	0.6	1.1	0.7	1.8	0.6	0.6	0.6
Goodwill amortisation	0.0	3.4	0.0	2.6	0.0	0.0	0.0
EBIT	**8.1**	**0.3**	**5.8**	**-9.4**	**0.2**	**6.7**	**11.0**
Margin	*8.6 %*	*0.3 %*	*5.0 %*	*-8.9 %*	*0.2 %*	*6.0 %*	*9.0 %*
EBIT adj.	**8.1**	**7.8**	**11.7**	**7.1**	**0.2**	**6.7**	**11.0**
Interest income	0.2	0.1	0.1	0.2	0.0	0.0	0.0
Interest expenses	0.5	1.1	1.5	1.8	1.9	1.5	1.2
Other financial income (loss)	0.1	0.0	0.0	0.1	0.0	0.0	0.0
EBT	**7.9**	**-0.7**	**4.4**	**-11.0**	**-1.7**	**5.2**	**9.8**
Margin	*8.5 %*	*-0.6 %*	*3.8 %*	*-10.3 %*	*-1.7 %*	*4.7 %*	*8.0 %*
Total taxes	2.2	4.3	1.6	0.3	-0.5	1.5	2.8
Net income from continuing operations	**5.7**	**-4.9**	**2.8**	**-11.3**	**-1.2**	**3.7**	**6.9**
Income from discontinued operations (net of tax)	0.0	0.0	-16.0	0.3	0.0	0.0	0.0
Net income before minorities	**5.7**	**-4.9**	**-13.2**	**-10.9**	**-1.2**	**3.7**	**6.9**
Minority interest	-0.1	0.0	0.2	0.2	0.2	0.2	0.2
Net income	**5.8**	**-4.9**	**-13.4**	**-11.1**	**-1.3**	**3.5**	**6.7**
Margin	*6.2 %*	*-4.2 %*	*-11.5 %*	*-10.5 %*	*-1.4 %*	*3.1 %*	*5.5 %*
Number of shares, average	5.7	6.1	6.1	6.1	6.1	6.1	6.1
EPS	**1.01**	**-0.81**	**-2.20**	**-1.84**	**-0.22**	**0.58**	**1.11**
EPS diluted	0.95	-0.81	-2.20	-1.84	-0.22	0.58	1.11

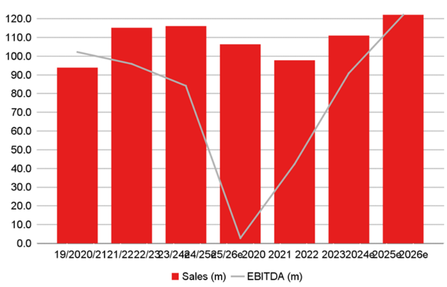
*Adjustments made for:

Guidance: 2024: Sales EUR 100m; EBIT positive

Financial Ratios

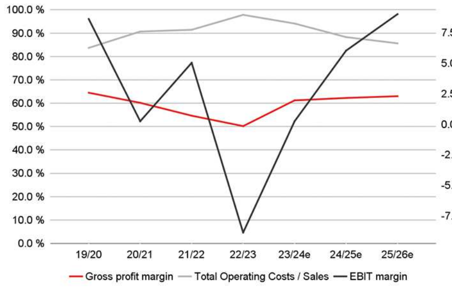
	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Total Operating Costs / Sales	83.7 %	90.7 %	91.4 %	97.9 %	94.1 %	88.3 %	85.7 %
Operating Leverage	4.1 x	-4.3 x	2395.4 x	n.a.	n.a.	203.9 x	6.4 x
EBITDA / Interest expenses	32.2 x	12.3 x	8.0 x	0.2 x	3.2 x	8.7 x	14.5 x
Tax rate (EBT)	28.2 %	-635.7 %	35.9 %	-2.5 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	49.9 %	n.m.	0.0 %	0.0 %	n.m.	49.3 %	43.6 %
Sales per Employee	160,472	175,297	176,971	181,471	168,631	185,010	190,791

Sales, EBITDA
in EUR m



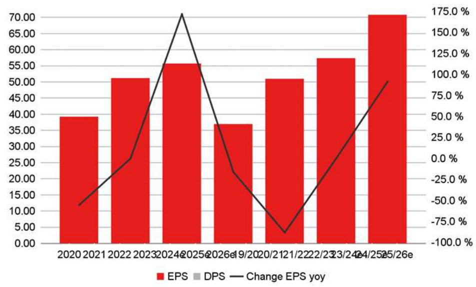
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

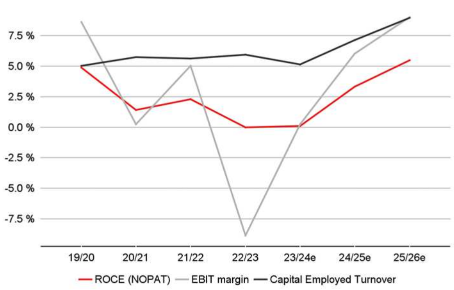
Consolidated balance sheet

In EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Assets							
Goodwill and other intangible assets	21.0	24.0	23.3	19.7	19.4	19.2	18.9
thereof other intangible assets	2.2	2.9	2.1	1.3	1.0	0.8	0.5
thereof Goodwill	18.8	21.1	21.1	18.4	18.4	18.4	18.4
Property, plant and equipment	76.8	87.8	79.6	75.1	73.3	73.0	72.5
Financial assets	1.1	1.1	1.1	1.0	1.0	1.0	1.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**99.0**	**112.9**	**103.9**	**95.8**	**93.8**	**93.2**	**92.4**
Inventories	35.2	46.7	46.4	35.0	33.7	34.7	34.9
Accounts receivable	14.3	17.1	19.7	15.6	15.5	17.6	19.4
Liquid assets	34.2	12.1	7.1	9.3	3.3	0.7	11.7
Other short-term assets	13.6	14.1	18.4	20.3	18.8	17.3	15.8
Current assets	**97.2**	**90.0**	**91.6**	**80.3**	**71.3**	**70.3**	**81.8**
Total Assets	**196.2**	**202.9**	**195.5**	**176.2**	**165.1**	**163.5**	**174.3**
Liabilities and shareholders' equity							
Subscribed capital	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Capital reserve	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Retained earnings	68.3	62.7	58.8	47.8	46.5	49.0	54.0
Other equity components	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	116.3	110.7	106.9	95.8	94.5	97.1	102.0
Minority interest	0.3	0.4	0.4	0.3	0.3	0.3	0.3
Total equity	**116.7**	**111.1**	**107.2**	**96.1**	**94.8**	**97.4**	**102.3**
Provisions	9.5	9.3	4.7	3.6	3.6	3.6	3.6
thereof provisions for pensions and similar obligations	8.8	8.6	4.0	3.2	3.2	3.2	3.2
Financial liabilities (total)	46.3	53.5	59.4	56.8	47.6	42.6	47.6
Short-term financial liabilities	3.5	3.9	26.4	12.4	0.0	0.0	0.0
Accounts payable	6.5	9.4	10.3	7.6	7.0	7.9	8.7
Other liabilities	17.3	19.5	13.8	12.1	12.1	12.1	12.1
Liabilities	**79.5**	**91.8**	**88.2**	**80.0**	**70.3**	**66.2**	**72.0**
Total liabilities and shareholders' equity	**196.2**	**202.9**	**195.5**	**176.2**	**165.1**	**163.5**	**174.3**

Financial Ratios

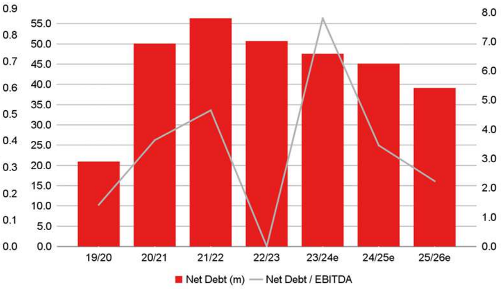
	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Efficiency of Capital Employment							
Operating Assets Turnover	0.8 x	0.8 x	0.9 x	0.9 x	0.9 x	1.0 x	1.0 x
Capital Employed Turnover	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x	0.8 x	0.9 x
ROA	5.8 %	-4.3 %	-12.9 %	-11.6 %	-1.4 %	3.7 %	7.3 %
Return on Capital							
ROCE (NOPAT)	4.9 %	1.4 %	2.3 %	n.a.	0.1 %	3.3 %	5.5 %
ROE	5.6 %	-4.3 %	-12.3 %	-11.0 %	-1.4 %	3.6 %	6.8 %
Adj. ROE	5.6 %	2.4 %	-6.9 %	5.3 %	-1.4 %	3.6 %	6.8 %
Balance sheet quality							
Net Debt	20.9	50.1	56.3	50.7	47.6	45.1	39.1
Net Financial Debt	12.1	41.5	52.3	47.5	44.3	41.9	35.9
Net Gearing	17.9 %	45.1 %	52.5 %	52.7 %	50.2 %	46.3 %	38.2 %
Net Fin. Debt / EBITDA	82.4 %	300.7 %	431.5 %	n.a.	726.9 %	320.8 %	204.4 %
Book Value / Share	19.2	18.3	17.6	15.8	15.6	16.0	16.8
Book value per share ex intangibles	15.7	14.3	13.8	12.6	12.4	12.9	13.7

ROCE Development



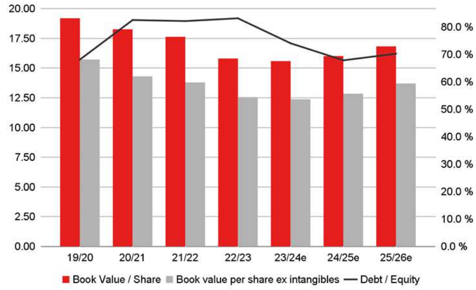
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

Consolidated cash flow statement

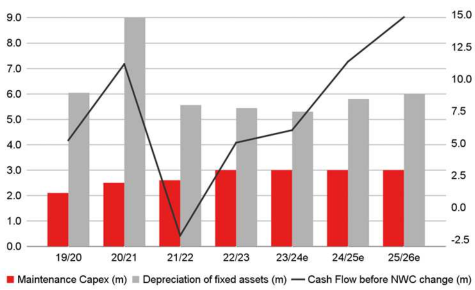
In EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Net income	5.8	-4.9	-13.4	-11.1	-1.3	3.5	6.7
Depreciation of fixed assets	6.0	9.0	5.6	5.4	5.3	5.8	6.0
Amortisation of goodwill	0.0	3.4	0.0	2.6	0.0	0.0	0.0
Amortisation of intangible assets	0.6	1.1	0.7	1.8	0.6	0.6	0.6
Increase/decrease in long-term provisions	0.3	0.4	-0.2	-0.8	0.0	0.0	0.0
Other non-cash income and expenses	-7.5	2.1	5.1	7.2	1.5	1.5	1.5
Cash Flow before NWC change	**5.2**	**11.2**	**-2.2**	**5.1**	**6.0**	**11.4**	**14.8**
Increase / decrease in inventory	0.6	-12.5	-11.6	-1.8	1.3	-1.0	-0.2
Increase / decrease in accounts receivable	2.7	-1.3	-2.7	0.7	0.1	-2.1	-1.8
Increase / decrease in accounts payable	-1.2	3.6	0.8	-0.9	-0.6	0.9	0.8
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	2.2	-10.2	-13.5	-1.9	0.9	-2.2	-1.2
Net cash provided by operating activities [1]	**7.4**	**0.9**	**-15.7**	**3.1**	**6.9**	**9.2**	**13.6**
Investments in intangible assets	-0.3	-0.2	-0.1	-1.0	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-35.1	-16.9	-5.2	-4.1	-3.5	-5.5	-5.5
Payments for acquisitions	-0.2	-7.7	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.2	2.7	5.5	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-30.4**	**-24.6**	**-1.7**	**2.6**	**-3.8**	**-5.8**	**-5.8**
Change in financial liabilities	21.9	4.3	4.9	-3.3	-9.2	-5.0	5.0
Dividends paid	-4.4	-3.0	-1.2	-0.1	0.0	-0.9	-1.8
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	25.7	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	**43.3**	**1.2**	**3.7**	**-3.4**	**-9.2**	**-5.9**	**3.2**
Change in liquid funds [1]+[2]+[3]	**20.3**	**-22.5**	**-13.6**	**2.3**	**-6.1**	**-2.6**	**11.0**
Effects of exchange-rate changes on cash	-0.1	0.0	0.4	-0.2	0.0	0.0	0.0
Cash and cash equivalent at end of period	**34.7**	**11.7**	**-1.1**	**9.2**	**3.3**	**0.7**	**11.7**

Financial Ratios

	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Cash Flow							
FCF	-22.8	-16.2	-20.0	0.2	3.1	3.4	7.8
Free Cash Flow / Sales	-24.2 %	-14.0 %	-17.3 %	0.2 %	3.2 %	3.0 %	6.4 %
Free Cash Flow Potential	10.0	6.6	-0.6	-3.8	3.6	8.6	11.7
Free Cash Flow / Net Profit	-393.9 %	331.2 %	150.0 %	-1.8 %	-235.7 %	96.2 %	115.8 %
Interest Received / Avg. Cash	0.8 %	0.6 %	0.7 %	2.4 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.5 %	2.2 %	2.7 %	3.1 %	3.6 %	3.3 %	2.7 %
Management of Funds							
Investment ratio	37.7 %	14.8 %	4.5 %	4.8 %	3.9 %	5.2 %	4.7 %
Maint. Capex / Sales	2.2 %	2.2 %	2.2 %	2.8 %	3.1 %	2.7 %	2.5 %
Capex / Dep	535.7 %	126.5 %	83.8 %	51.8 %	64.8 %	91.1 %	88.3 %
Avg. Working Capital / Sales	45.3 %	40.2 %	44.9 %	44.4 %	41.9 %	37.5 %	35.5 %
Trade Debtors / Trade Creditors	219.7 %	180.9 %	191.0 %	206.6 %	221.4 %	222.8 %	223.0 %
Inventory Turnover	0.9 x	1.0 x	1.2 x	1.5 x	1.1 x	1.2 x	1.3 x
Receivables collection period (days)	55	54	62	54	58	58	58
Payables payment period (days)	72	70	69	54	67	69	70
Cash conversion cycle (Days)	358	309	284	238	296	276	256

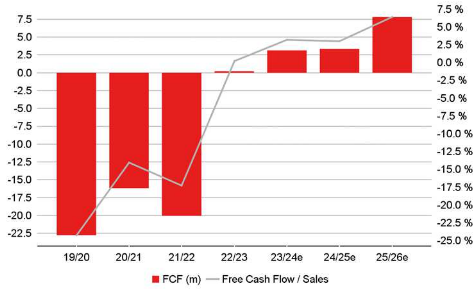
CAPEX and Cash Flow

in EUR m



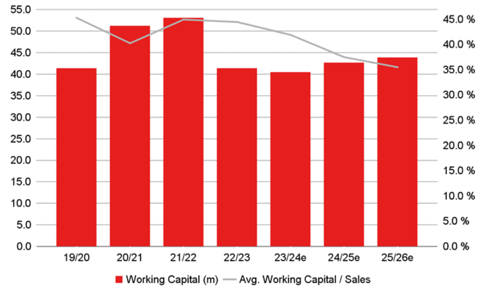
Source: Warburg Research

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)
Dr. Hönle	3, 5	https://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005157101.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

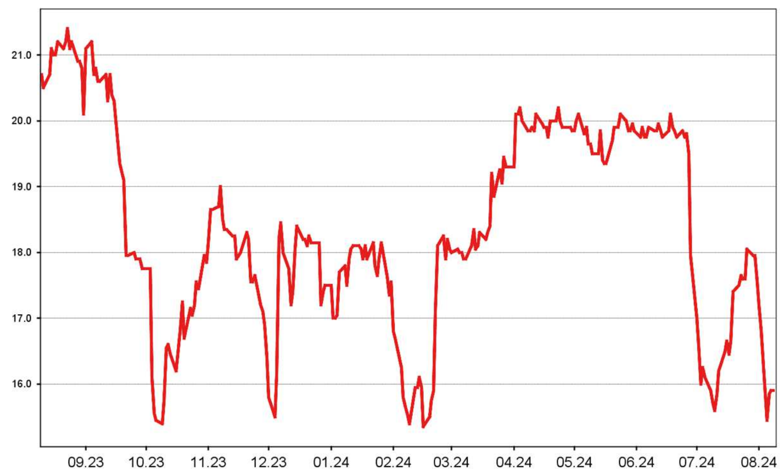
Rating	Number of stocks	% of Universe
Buy	139	69
Hold	45	22
Sell	11	5
Rating suspended	6	3
Total	**201**	**100**

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	41	75
Hold	10	18
Sell	2	4
Rating suspended	2	4
Total	**55**	**100**

PRICE AND RATING HISTORY DR. HÖNLE AS OF 09.08.2024



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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