

Buy (old: Buy)

ESG rating: n/a

02-December-24

Price target: EUR 17.00 (old: EUR 19.00)

Tim Wunderlich, CFA
Analyst

Price: EUR 8.54 Next result: Q4'24: 06.12.24
Bloomberg: HNL GR Market cap: EUR 51.8 m
Reuters: HNLG.DE Enterprise Value: EUR 98.6 m

tim.wunderlich@ha-ib.de
Tel.: +49 40 4143885 81

Prelim FY largely in-line pre one-offs; chg. in est. & PT

Preliminary FY'23/24 results largely reached guidance when adjusting for one-off expenses, with sales declining by -8% yoy to € 98m (guidance: € 100m / eHAIB: € 97m) and adjusted EBIT reaching "positive territory" (guidance: positive EBIT / eHAIB: € -0.5m). For Q4, this would imply sales of approx. € 26m (-2.5% yoy) and slightly positive EBIT prior to one-off expenses. Cyclical weakness in the printing end-market (eHAIB: 25-30% of group sales) coupled with a lack of significant project wins in Adhesives (30% of group sales) should explain the muted operating performance. **Hoenle will release detailed final results on December 6.**

With the release of preliminary figures, **the company also announced that it has decided to discontinue certain products and applications as part of its strategic realignment. This resulted in approx. € 10m of one-off expenses** pertaining to write-downs on goodwill and inventories. The former is seen to account for 70-80% of the one-off costs, the latter for 20-30% (eHAIB). As a result, **reported EBIT should arrive at close to € -10m for the FY'23/24.**

In total, **we expect Hoenle to discontinue c. € 3m of annual revenues**, which means that the FY'24/25E baseline will be approx. € 95m of sales. **Group EBIT is seen to benefit from the decision** because the discontinued revenues should have been loss-making. While so far undisclosed, we would expect solar simulation for cars to be one of the markets Hoenle will exit, on the back of aggressive competition and a lack of scale.

The company will release the guidance for the FY'24/25E when reporting final numbers on December 6. Despite the harsh macro environment, **we expect Hoenle to return to slight organic growth and reach positive reported EBIT** due to its exposure to structurally growing markets (e.g. water & food disinfection) and the initial benefits from the repositioning and cost savings. **Action:** still, we cut estimates for the FY'24/25E and FY'25/26E in light of severe and stiffening macro headwinds.

Reiterate Buy with a new PT of € 17.00 (prior: € 19.00) based on DCF.

Y/E 30.9 (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	98.0	100.2	110.4
Sales growth	-13 %	23 %	1 %	-8 %	-8 %	2 %	10 %
EBITDA	14.9	13.8	12.1	0.4	4.9	7.0	11.2
EBIT (inc revaluation net)	8.1	0.3	5.8	-9.4	-9.7	2.0	6.2
Net income	5.7	-4.8	-13.4	-11.0	-8.1	0.2	3.2
Net debt	12.1	41.5	52.3	47.5	43.6	42.4	41.3
Net gearing	10.4 %	37.5 %	48.9 %	49.6 %	49.8 %	48.2 %	45.4 %
Net Debt/EBITDA	0.8	3.0	4.3	119.3	8.9	6.0	3.7
EPS pro forma	0.94	-0.80	0.44	-1.87	-1.34	0.03	0.52
CPS	0.07	-2.04	-1.72	0.02	1.13	0.21	0.17
DPS	0.80	0.20	0.00	0.00	0.00	0.00	0.00
Dividend yield	1.7 %	0.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross profit margin	64.9 %	58.6 %	53.6 %	51.1 %	58.7 %	60.1 %	60.7 %
EBITDA margin	15.8 %	12.0 %	10.4 %	0.4 %	5.0 %	7.0 %	10.1 %
EBIT margin	8.6 %	0.3 %	5.0 %	-8.9 %	-9.9 %	2.0 %	5.6 %
ROCE	4.7 %	0.2 %	3.3 %	-5.7 %	-6.3 %	1.3 %	4.1 %
EV/sales	3.2	2.9	1.8	1.6	1.0	1.0	0.9
EV/EBITDA	20.1	24.2	16.9	426.0	20.2	13.9	8.6
EV/EBIT	37.0	958.6	35.0	-18.0	-10.2	48.3	15.6
PER	49.1	-59.0	55.5	-10.5	-6.4	266.2	16.4
Adjusted FCF yield	2.0 %	0.1 %	3.7 %	-1.8 %	5.4 %	4.1 %	7.2 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 29.11.2024



Source: Company data, HAIB

High/low 52 weeks:	20.20 / 8.44
Price/Book Ratio:	0.6
Relative performance (SDAX):	
3 months	-42.2 %
6 months	-46.6 %
12 months	-48.7 %

Changes in estimates

		Sales	EBIT	EPS
2024	old:	97.3	-0.5	-0.26
	Δ	0.7%	n/a	n/a
2025	old:	109.1	4.1	0.28
	Δ	-8.2%	-51.3%	-88.6%
2026	old:	119.6	9.4	0.90
	Δ	-7.7%	-34.4%	-42.0%

Key share data:

Number of shares: (in m pcs)	6.1
Authorised capital: (in € m)	-
Book value per share: (in €)	14.5
Ø trading volume: (12 months)	7,000

Major shareholders:

Free Float	74.4 %
Peter Möhrle GmbH	25.6 %
Teslin / Gerlin	4.5 %
Hans-Joachim Vits	4.2 %
Lazard	4.0 %

Company description:

Leading supplier of adhesives for consumer electronics, as well as of equipment, systems and lamps for the printing industry

Company guidance 2024E:

Around € 100m sales / positive EBIT

Company in a Nutshell

Dr Hoenle is a specialist for UV lamps and systems that are used in the printing industry to dry / harden ink, for the disinfection of water and surfaces as well as for the simulation of sunlight in the automotive industry. It also offers **adhesives for specialised niche applications** in consumer electronics, automotive, medical, and other verticals.

Adhesives account for c. 30% of group sales, Equipment & Systems for c. 50% and Glass & Lamps for c. 20%.

Upcoming Catalysts

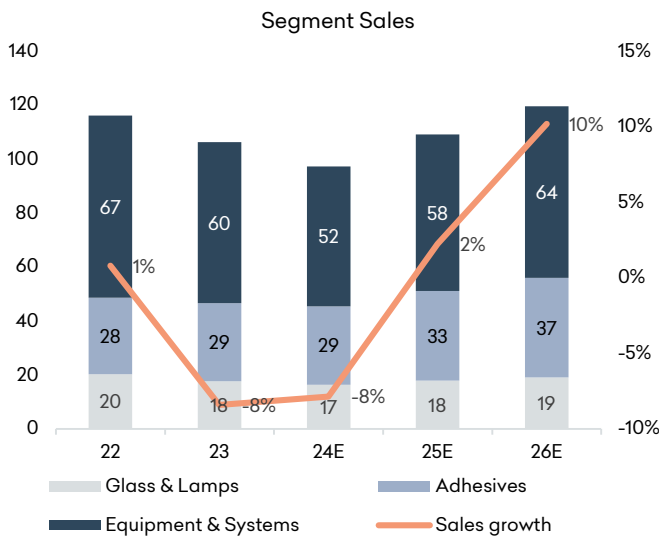
Hoenle has undergone an overdue management change and is in the process of **implementing a large number of efficiency measures** that should return the company to stronger growth and higher margins within 12-18 months. We expect an improved operating performance in FY'25E, as well as evidence that efficiency measures are taking effect, to serve as valuation catalysts going forward.

Investment Case

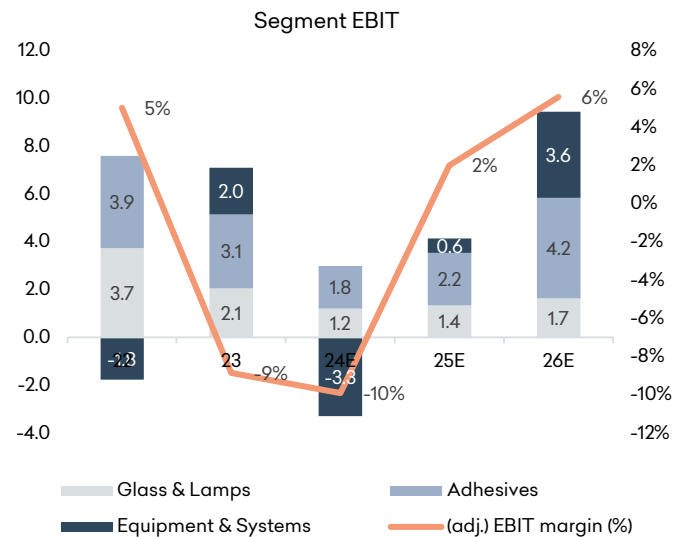
- **Technology leader for UV systems and adhesives with a focus on niche applications**
- A patchy track record but better times ahead: a new management team has **implemented overdue efficiency measures** to return Hönle to stronger growth and higher margins within 12-18 months
- **Sales are seen to rise by 1% CAGR'23-26E to € 110m in FY'26E** as management is re-focusing the company on growth applications and is investing into key account management and sales & marketing to improve execution
- **EBIT should rise to € 6m by FY'26E** from € -9m in 2023 on the back of a strong operating leverage due to idle capacity
- **Value is evident only when looking at FY'26E (8.6x EBITDA)**, as efficiency measures will need time to take effect. Still, the inefficiencies have been identified and are being tackled, and smooth execution could result in upside to estimates. **Buy with a € 17.00 PT based on DCF**

This report is for Peter Weinert of Dr. Hönle AG. Unauthorized redistribution of this report is prohibited.

Key Performance Indicators



Source: Company data, Hauck Aufhäuser Investment Banking



Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow summary	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Operating cash flow	-7.4	3.1	9.8	4.3	4.0
Capex	4.4	2.9	6.0	3.0	3.0
FCF	-11.8	0.2	3.9	1.3	1.1
FCF per share	neg.	0.0	0.6	0.2	0.2
FCF yield	3.7 %	-1.8 %	5.4 %	4.1 %	7.2 %
Net Debt/EBITDA	4.3	119.3	8.9	6.0	3.7

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios summary	2021/22	2022/23	2023/24E	2024/25E	2025/26E
EPS growth	177.1 %	-17.6 %	-26.1 %	-102.4 %	1527.6 %
Capital Turnover	0.7	0.7	0.7	0.7	0.7
Avg. working capital / sales	48.0 %	40.6 %	40.6 %	40.6 %	40.6 %
Cash conversion cycle (days)	302.0	249.9	278.5	287.7	291.3
FCF / Net profit	neg.	neg.	neg.	659.4 %	33.5 %
Interest cover	3.8	0.0	0.0	1.1	3.4

Source: Company data, Hauck Aufhäuser Investment Banking

Financials

Profit and loss (EUR m)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Net sales	93.9	115.2	116.1	106.3	98.0	100.2	110.4
Sales growth	-12.9 %	22.7 %	0.8 %	-8.4 %	-7.8 %	2.2 %	10.2 %
Increase/decrease in finished goods and work-in-process	-0.6	3.1	2.1	-1.9	1.5	1.0	1.0
Total sales	93.3	118.3	118.2	104.5	99.5	101.2	111.4
Other operating income	1.2	1.6	3.6	3.3	2.0	2.0	2.0
Material expenses	32.7	48.9	54.8	51.1	41.1	40.4	43.8
Personnel expenses	33.2	39.7	39.7	39.5	40.1	40.3	41.6
Other operating expenses	13.7	17.4	15.2	16.7	15.4	15.5	16.8
Total operating expenses	78.4	104.5	106.1	104.1	94.6	94.2	100.2
EBITDA	14.9	13.8	12.1	0.4	4.9	7.0	11.2
Depreciation	6.6	9.8	4.6	9.8	6.0	4.2	4.2
EBITA	8.3	4.0	7.6	-9.4	-1.1	2.8	7.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	8.0	0.0	0.0
Amortisation of intangible assets	0.2	3.7	1.7	0.0	0.6	0.8	0.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	8.1	0.3	5.8	-9.4	-9.7	2.0	6.2
Interest income	0.2	0.1	0.1	0.3	0.1	0.1	0.1
Interest expenses	0.5	1.1	1.5	1.8	1.8	1.8	1.8
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.3	-1.0	-1.4	-1.6	-1.8	-1.7	-1.7
Recurring pretax income from continuing operations	7.8	-0.6	4.4	-11.0	-11.5	0.3	4.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	7.8	-0.6	4.4	-11.0	-11.5	0.3	4.5
Taxes	2.2	4.3	1.6	0.3	-3.3	0.1	1.3
Net income from continuing operations	5.6	-4.9	2.8	-11.3	-8.1	0.2	3.2
Result from discontinued operations (net of tax)	0.0	0.0	16.0	-0.3	0.0	0.0	0.0
Net income	5.6	-4.9	-13.2	-10.9	-8.1	0.2	3.2
Minority interest	-0.1	0.0	0.2	0.1	0.0	0.0	0.0
Net profit (reported)	5.7	-4.8	-13.4	-11.0	-8.1	0.2	3.2
Average number of shares	5.5	6.1	6.1	6.1	6.1	6.1	6.1
EPS reported	1.03	-0.80	-2.20	-1.82	-1.34	0.03	0.52

Profit and loss (common size)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	neg.	2.7 %	1.8 %	neg.	1.5 %	1.0 %	0.9 %
Total sales	99.4 %	102.7 %	101.8 %	98.2 %	101.5 %	101.0 %	100.9 %
Other operating income	1.3 %	1.4 %	3.1 %	3.1 %	2.0 %	2.0 %	1.8 %
Material expenses	34.9 %	42.5 %	47.2 %	48.1 %	42.0 %	40.3 %	39.7 %
Personnel expenses	35.4 %	34.4 %	34.2 %	37.2 %	40.9 %	40.2 %	37.7 %
Other operating expenses	14.6 %	15.1 %	13.1 %	15.7 %	15.7 %	15.5 %	15.2 %
Total operating expenses	83.5 %	90.7 %	91.4 %	97.9 %	96.5 %	94.0 %	90.8 %
EBITDA	15.8 %	12.0 %	10.4 %	0.4 %	5.0 %	7.0 %	10.1 %
Depreciation	7.0 %	8.5 %	3.9 %	9.2 %	6.1 %	4.2 %	3.8 %
EBITA	8.8 %	3.5 %	6.5 %	neg.	neg.	2.8 %	6.3 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	8.2 %	0.0 %	0.0 %
Amortisation of intangible assets	0.2 %	3.2 %	1.5 %	0.0 %	0.6 %	0.8 %	0.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	8.6 %	0.3 %	5.0 %	neg.	neg.	2.0 %	5.6 %
Interest income	0.2 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.5 %	1.0 %	1.3 %	1.7 %	1.9 %	1.8 %	1.6 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	8.4 %	neg.	3.8 %	neg.	neg.	0.3 %	4.0 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	8.4 %	neg.	3.8 %	neg.	neg.	0.3 %	4.0 %
Tax rate	28.6 %	n/a	n/a	n/a	29.0 %	29.0 %	29.0 %
Net income from continuing operations	6.0 %	neg.	2.4 %	neg.	neg.	0.2 %	2.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	13.8 %	-0.3 %	0.0 %	0.0 %	0.0 %
Net income	6.0 %	neg.	neg.	neg.	neg.	0.2 %	2.9 %
Minority interest	neg.	neg.	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	6.0 %	neg.	neg.	neg.	neg.	0.2 %	2.9 %

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Intangible assets	21.0	24.0	23.3	19.7	11.6	11.5	11.3
Property, plant and equipment	76.8	87.8	79.6	75.1	74.6	72.8	70.9
Financial assets	2.4	1.4	1.4	1.4	1.4	1.4	1.4
FIXED ASSETS	100.2	113.2	104.2	96.3	87.6	85.7	83.6
Inventories	35.2	46.7	46.4	35.0	32.3	33.0	36.4
Accounts receivable	14.3	17.1	19.7	15.6	14.4	14.7	16.2
Other current assets	6.5	9.0	15.0	14.8	14.8	14.8	14.8
Liquid assets	34.2	12.1	7.1	9.3	13.2	14.5	15.5
Deferred taxes	5.9	4.9	3.0	5.2	5.2	5.2	5.2
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	96.0	89.7	91.2	79.9	79.8	82.1	88.0
TOTAL ASSETS	196.2	202.9	195.5	176.2	167.4	167.8	171.7
SHAREHOLDERS EQUITY	116.3	110.7	106.9	95.8	87.7	87.9	91.0
MINORITY INTEREST	0.3	0.4	0.4	0.3	0.3	0.3	0.3
Long-term debt	42.8	49.7	33.1	44.4	44.4	44.4	44.4
Provisions for pensions and similar obligations	8.8	8.6	4.0	3.2	3.2	3.2	3.2
Other provisions	1.9	3.0	2.2	1.7	1.7	1.7	1.7
Non-current liabilities	53.5	61.3	39.3	49.3	49.3	49.3	49.3
short-term liabilities to banks	3.5	3.9	26.4	12.4	12.4	12.4	12.4
Accounts payable	6.5	9.4	10.3	7.6	7.0	7.1	7.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	15.6	16.5	11.3	9.5	9.5	9.5	9.5
Deferred taxes	0.4	0.7	1.0	1.2	1.2	1.2	1.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	26.0	30.5	49.0	30.7	30.1	30.2	31.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	196.2	202.9	195.5	176.2	167.4	167.8	171.7

Balance sheet (common size)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Intangible assets	10.7 %	11.8 %	11.9 %	11.2 %	7.0 %	6.8 %	6.6 %
Property, plant and equipment	39.2 %	43.3 %	40.7 %	42.6 %	44.5 %	43.4 %	41.3 %
Financial assets	1.2 %	0.7 %	0.7 %	0.8 %	0.8 %	0.8 %	0.8 %
FIXED ASSETS	51.1 %	55.8 %	53.3 %	54.6 %	52.3 %	51.1 %	48.7 %
Inventories	18.0 %	23.0 %	23.7 %	19.9 %	19.3 %	19.7 %	21.2 %
Accounts receivable	7.3 %	8.4 %	10.1 %	8.9 %	8.6 %	8.8 %	9.4 %
Other current assets	3.3 %	4.4 %	7.7 %	8.4 %	8.8 %	8.8 %	8.6 %
Liquid assets	17.4 %	6.0 %	3.6 %	5.3 %	7.9 %	8.6 %	9.0 %
Deferred taxes	3.0 %	2.4 %	1.6 %	2.9 %	3.1 %	3.1 %	3.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	48.9 %	44.2 %	46.7 %	45.4 %	47.7 %	48.9 %	51.3 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	59.3 %	54.6 %	54.7 %	54.4 %	52.4 %	52.4 %	53.0 %
MINORITY INTEREST	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Long-term debt	21.8 %	24.5 %	16.9 %	25.2 %	26.5 %	26.5 %	25.9 %
Provisions for pensions and similar obligations	4.5 %	4.2 %	2.1 %	1.8 %	1.9 %	1.9 %	1.9 %
Other provisions	1.0 %	1.5 %	1.1 %	1.0 %	1.0 %	1.0 %	1.0 %
Non-current liabilities	27.3 %	30.2 %	20.1 %	28.0 %	29.5 %	29.4 %	28.7 %
short-term liabilities to banks	1.8 %	1.9 %	13.5 %	7.0 %	7.4 %	7.4 %	7.2 %
Accounts payable	3.3 %	4.6 %	5.3 %	4.3 %	4.2 %	4.2 %	4.6 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	8.0 %	8.1 %	5.8 %	5.4 %	5.7 %	5.7 %	5.5 %
Deferred taxes	0.2 %	0.3 %	0.5 %	0.7 %	0.7 %	0.7 %	0.7 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	13.2 %	15.0 %	25.0 %	17.4 %	18.0 %	18.0 %	18.0 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Net profit/loss	5.6	-4.9	-13.2	-10.9	-8.1	0.2	3.2
Depreciation of fixed assets (incl. leases)	6.6	9.8	4.6	9.8	6.0	4.2	4.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	8.0	0.0	0.0
Amortisation of intangible assets	0.2	3.7	1.7	0.0	0.6	0.8	0.8
Others	-7.2	3.9	15.9	4.8	0.0	0.0	0.0
Cash flow from operations before changes in w/c	7.3	23.0	9.0	3.6	6.5	5.2	8.2
Increase/decrease in inventory	0.6	-11.5	-11.6	-1.8	2.7	-0.7	-3.4
Increase/decrease in accounts receivable	2.7	-2.8	-2.6	4.0	1.2	-0.3	-1.5
Increase/decrease in accounts payable	-1.4	2.9	0.9	-2.7	-0.6	0.2	0.7
Increase/decrease in other working capital positions	0.0	0.0	-3.1	0.0	0.0	0.0	0.0
Increase/decrease in working capital	2.0	-11.3	-16.4	-0.5	3.4	-0.9	-4.1
Cash flow from operating activities	7.2	1.1	-7.4	3.1	9.8	4.3	4.0
CAPEX	30.2	17.1	4.4	2.9	6.0	3.0	3.0
Payments for acquisitions	0.0	7.7	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-0.1	0.1	-0.6	0.0	0.0	0.0
Income from asset disposals	-0.5	0.2	2.8	5.0	0.0	0.0	0.0
Cash flow from investing activities	-30.7	-24.5	-1.7	2.7	-6.0	-3.0	-3.0
Cash flow before financing	-21.5	-12.9	-9.1	5.8	3.9	1.3	1.1
Increase/decrease in debt position	21.9	4.3	4.9	-3.3	0.0	0.0	0.0
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
Dividends paid	4.4	3.0	1.2	0.1	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	0.0	0.4	-0.2	0.0	0.0	0.0
Cash flow from financing activities	43.3	1.2	3.7	-3.4	0.0	0.0	0.0
Increase/decrease in liquid assets	21.6	-11.6	-4.9	2.2	3.9	1.3	1.1
Liquid assets at end of period	34.2	12.1	7.1	9.3	13.2	14.5	15.5

Quarterly results (EUR m)	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Q4 23/24E	FY 23/24E
Sales	29.0	27.6	25.9	26.2	26.6	23.8	24.3	23.9	25.9	98.0
Sales growth	n/a	-10 %	-14 %	-1 %	-8 %	-14 %	-6 %	-9 %	-2 %	-8 %
Gross profit	8.8	16.7	16.0	4.9	17.6	14.3	15.0	14.8	12.8	58.4
Gross profit margin	30.3 %	60.6 %	61.9 %	18.7 %	66.0 %	59.9 %	61.7 %	62.0 %	49.3 %	58.7 %
EBITDA	8.8	3.8	2.9	-9.1	2.8	0.7	2.1	1.3	0.8	4.9
EBITDA margin	30.3 %	13.9 %	11.1 %	-34.5 %	10.4 %	2.7 %	8.6 %	5.5 %	3.2 %	5.0 %
EBIT (inc revaluation net)	8.8	2.3	1.3	-10.5	-2.6	-0.8	0.7	0.0	-9.6	-9.7
EBIT margin	30.3 %	8.5 %	5.2 %	-40.1 %	-9.7 %	-3.3 %	2.8 %	0.0 %	-37.0 %	-9.9 %
EPS reported	n/a	0.32	0.11	-1.52	-0.72	-0.15	0.03	-0.04	-1.18	-1.34

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
P&L growth analysis							
Sales growth	-12.9 %	22.7 %	0.8 %	-8.4 %	-7.8 %	2.2 %	10.2 %
EBITDA growth	-86.2 %	-7.0 %	-12.3 %	-96.7 %	1128.9 %	43.4 %	59.2 %
EBIT growth	n/a	-95.7 %	1572.5 %	-261.4 %	3.1 %	-120.7 %	206.3 %
EPS growth	n/a	-177.2 %	177.1 %	-17.6 %	-26.1 %	-102.4 %	1527.6 %
Efficiency							
Total operating costs / sales	83.5 %	90.7 %	91.4 %	97.9 %	96.5 %	94.0 %	90.8 %
Sales per employee	152.9	184.4	176.6	171.2	164.2	167.0	179.5
EBITDA per employee	24.2	22.1	18.4	0.6	8.2	11.7	18.2
Balance sheet analysis							
Avg. working capital / sales	45.8 %	42.3 %	47.5 %	46.5 %	42.4 %	40.2 %	38.8 %
Inventory turnover (sales/inventory)	0.4	2.5	2.5	3.0	3.0	3.0	3.0
Trade debtors in days of sales	380.8	54.1	61.8	53.6	53.6	53.6	53.6
A/P turnover [(A/P*365)/sales]	173.3	29.9	32.4	25.9	25.9	25.9	25.9
Cash conversion cycle (days)	376.0	332.2	302.0	249.9	278.5	287.7	291.3
Cash flow analysis							
Free cash flow	-23.0	-16.0	-11.8	0.2	3.9	1.3	1.1
Free cash flow/sales	-24.5 %	-13.9 %	-10.2 %	0.2 %	3.9 %	1.3 %	1.0 %
FCF / net profit	neg.	neg.	neg.	neg.	neg.	659.4 %	33.5 %
Capex / deprn	443.6 %	125.6 %	71.9 %	23.8 %	41.0 %	60.4 %	59.4 %
Capex / maintenance capex	n/a	76.3 %	172.8 %	184.3 %	181.7 %	80.0 %	76.7 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	121	415	523	475	43.6	42.4	41.3
Net Debt/EBITDA	0.8	3.0	4.3	119.3	8.9	6.0	3.7
Net debt / equity	0.1	0.4	0.5	0.5	0.5	0.5	0.5
Interest cover	17.7	0.3	3.8	0.0	0.0	1.1	3.4
Dividend payout ratio	85.4 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Asset utilisation							
Capital employed turnover	0.5	0.7	0.7	0.7	0.7	0.7	0.7
Operating assets turnover	0.8	0.8	0.9	0.9	0.9	0.9	1.0
Plant turnover	1.2	1.3	1.5	1.4	1.3	1.4	1.6
Inventory turnover (sales/inventory)	0.4	2.5	2.5	3.0	3.0	3.0	3.0
Returns							
ROCE	4.7 %	0.2 %	3.3 %	-5.7 %	-6.3 %	1.3 %	4.1 %
ROE	4.9 %	-4.4 %	-12.5 %	-11.5 %	-9.3 %	0.2 %	3.5 %
Other							
Interest paid / avg. debt	1.0 %	2.2 %	2.7 %	3.1 %	3.2 %	3.2 %	3.2 %
No. employees (average)	614	625	658	621	597	600	615
Number of shares	5.5	6.1	6.1	6.1	6.1	6.1	6.1
DPS	0.8	0.2	0.0	0.0	0.0	0.0	0.0
EPS reported	1.03	-0.80	-2.20	-1.82	-1.34	0.03	0.52
Valuation ratios							
P/BV	2.4	2.6	1.4	1.2	0.6	0.6	0.6
EV/sales	3.2	2.9	1.8	1.6	1.0	1.0	0.9
EV/EBITDA	20.1	24.2	16.9	426.0	20.2	13.9	8.6
EV/EBITA	36.3	83.4	27.0	-18.0	-88.9	34.6	13.8
EV/EBIT	37.0	958.6	35.0	-18.0	-10.2	48.3	15.6
EV/FCF	-13.0	-21.0	-17.3	811.2	25.6	75.9	90.7
Adjusted FCF yield	2.0 %	0.1 %	3.7 %	-1.8 %	5.4 %	4.1 %	7.2 %
Dividend yield	1.7 %	0.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Disclosures regarding research publications of Hauck Aufhäuser Lampe Privatbank AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK through Hauck Aufhäuser IB Ltd., subject to the FCA requirements on research recommendation disclosures

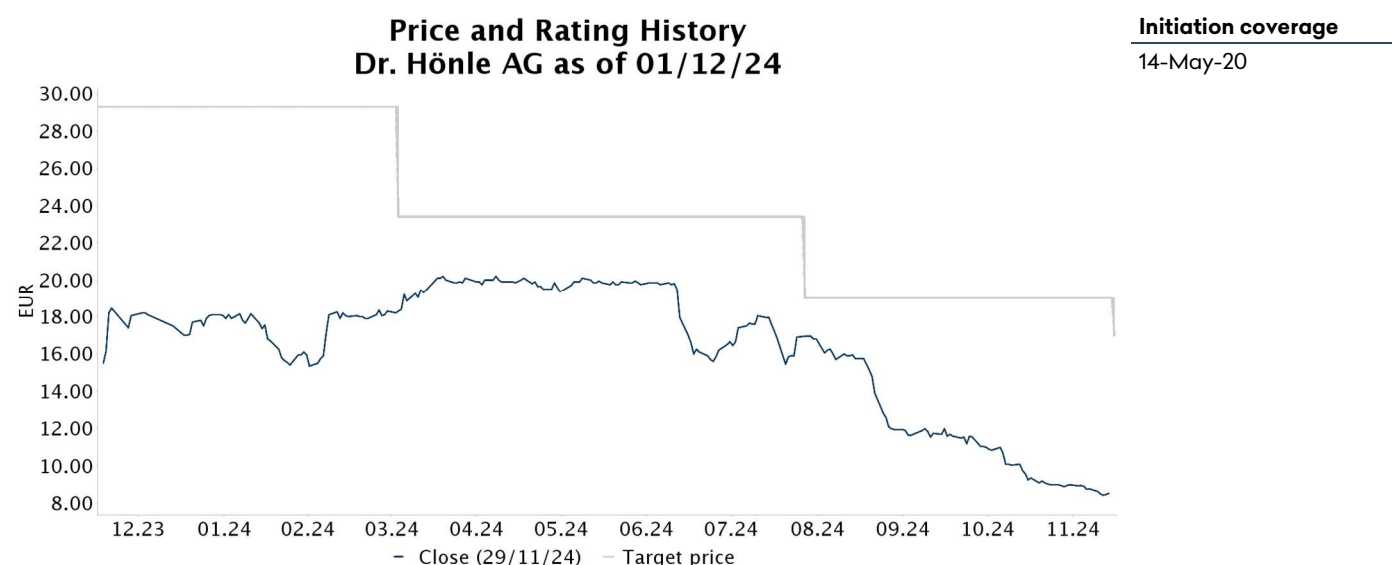
Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA’s rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck Aufhäuser Lampe Privatbank AG

- (1) or any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck Aufhäuser Lampe Privatbank AG or its affiliate(s),
- (5) holds a net short (a) or a net long (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or any other person belonging to the same group with that person is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
Dr. Hönle AG	2, 6, 8

Historical target price and rating changes for Dr. Hönle AG in the last 12 months



Company	Date	Analyst	Rating	Target price	Close
---------	------	---------	--------	--------------	-------

Dr. Höhle AG

Dr. Höhle AG	13.08.2024	Wunderlich, Tim	Buy	EUR 19,00	EUR 16,95
	15.05.2024	Wunderlich, Tim	Buy	EUR 23,40	EUR 19,85
	21.03.2024	Wunderlich, Tim	Buy	EUR 23,40	EUR 19,20
	11.12.2023	Wunderlich, Tim	Buy	EUR 29,30	EUR 18,45

Hauck Aufhäuser Investment Banking distribution of ratings and in proportion to investment banking services

Buy	68.18 %	80.65 %
Sell	7.07 %	3.23 %
Hold	24.75 %	16.13 %

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck Aufhäuser Lampe Privatbank AG, distributed in the UK through Hauck Aufhäuser IB Ltd., exclusively to selected recipients (in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries). A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck Aufhäuser Lampe Privatbank AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck Aufhäuser Lampe Privatbank AG. All rights reserved.

Under no circumstances shall Hauck Aufhäuser Lampe Privatbank AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck Aufhäuser Lampe Privatbank AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck Aufhäuser Lampe Privatbank AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck Aufhäuser Lampe Privatbank AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck Aufhäuser Lampe Privatbank AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck Aufhäuser Lampe Privatbank AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck Aufhäuser Lampe Privatbank AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck Aufhäuser Lampe Privatbank AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck Aufhäuser Lampe Privatbank AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK through Hauck Aufhäuser IB Ltd. and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

<https://www.hal-privatbank.com/en/investmentbank/investment-banking>

Disclosures for U.S. persons only

This research report is a product of HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Contacts: Hauck Aufhäuser Investment Banking

HAIB Research

Hauck Aufhäuser Investment Banking
Mittelweg 16/17
20148 Hamburg
Germany

Hauck Aufhäuser Investment Banking
Goetheplatz 9-11
60313 Frankfurt am Main
Germany

Tel.: +49 (0) 40 414 3885 97
E-Mail: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Marie-Thérèse Grübner
Head of Research
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Alexander Galitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: alexander.galitsa@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Cornelis Kik
Analyst
Tel.: +49 40 450 6342 3096
E-Mail: cornelis.kik@ha-ib.de

Felix Kruse
Analyst
Tel.: +49 40 414 3885 95
E-Mail: felix.kruse@ha-ib.de

Finn Kemper
Analyst
Tel.: +49 40 450 6342 3098
E-Mail: finn.kemper@ha-ib.de

Jorge González Sadornil
Analyst
Tel.: +49 40 414 3885 84
E-Mail: jorge.gonzalez@ha-ib.de

Simon Keller, CFA
Analyst
Tel.: +49 40 414 388 573
E-Mail: simon.keller@ha-ib.de

HAIB Sales

Alexander Lachmann
Equity Sales
Tel.: +41 43 49 73 023
E-Mail: alexander.lachmann@ha-ib.de

Carlos Becke
Equity Sales
Tel.: +44 203 34 59 603
E-Mail: carlos.becke@ha-ib.de

Carsten Kinder
Head of Equities
Tel.: +41 43 49 73 024
E-Mail: carsten.kinder@ha-ib.de

Christian Bybjerg
Equity Sales
Tel.: +44 203 34 59 602
E-Mail: christian.bybjerg@ha-ib.de

Florian Kurz
Equity Sales
Tel.: +49 69 84 2161 1793
E-Mail: florian.kurz@ha-ib.de

Hugues Madelin
Equity Sales
Tel.: +33 1 42 68 50 12
E-Mail: hugues.madelin@ha-ib.de

Imogen Voorspuy
Equity Sales
Tel.: +44 203 34 59 601
E-Mail: imogen.voorspuy@ha-ib.de

Markus Scharhag
Equity Sales
Tel.: +49 89 23 93 28 13
E-Mail: markus.scharhag@ha-ib.de

Vincent Bischoff
Equity Sales
Tel.: +49 40 41 43 88 588
E-Mail: vincent.bischoff@ha-ib.de

HAIB Trading

Hauck Aufhäuser Investment Banking
Privatbank AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 78
E-Mail: info@hal-privatbank.com
www.hal-privatbank.com

Fin Schaffer
Trading
Tel.: +49 40 414 38 85 98
E-Mail: fin.schaffer@ha-ib.de

Nils Carstens
Trading
Tel.: +49 40 414 38 85 85
E-Mail: nils.carstens@ha-ib.de

Carolin Heidrich
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: carolin.heidrich@hal-privatbank.com

Tom Warlich
Middle-Office
Tel.: +49 40 414 3885 78
E-Mail: tom.warlich@hal-privatbank.com