

Buy EUR 22.00 Price EUR 8.26 Upside 166.3 %	Value Indicators: EUR DCF: 22.00 FCF-Value Potential 26e: 14.00	Warburg Risk Score: 0.9 Balance Sheet Score: 1.3 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: 50.1 No. of shares (m): 6.1 EV: 99.8 Freefloat MC: 37.3 Ø Trad. Vol. (30d): 34.24 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: 1.4 Price / Book: 0.6 x Equity Ratio: 53 % Net Fin. Debt / EBITDA: 11.4 x Net Debt / EBITDA: 12.1 x

Operating development should have troughed in FY 2024

Figures Q4/2023/24:					Comment on Figures:			
Figures in EUR m	Q4/24	Q4/24e	Q4/23	yoy	2024	2024e	2023	yoy
Sales	26.6	25.8	26.6	0.2%	98.7	97.8	106.3	-7.2%
EBITDA adjusted	1.5	2.1	2.8	-46.2%	5.5	6.1	0.4	289.6%
<i>margin</i>	5.6%	8.1%	10.4%		5.6%	6.2%	0.4%	
EBIT adjusted	0.1	0.4	2.0	-92.4%	0.0	0.2	7.1	-99.6%
<i>margin</i>	0.6%	1.6%	7.3%		0.0%	0.2%	6.6%	
EBIT	-10.2	-9.6	-2.6	286.1%	-10.3	-9.8	-9.4	9.0%
<i>margin</i>	-38.1%	-37.2%	-9.9%		-10.4%	-10.0%	-8.9%	

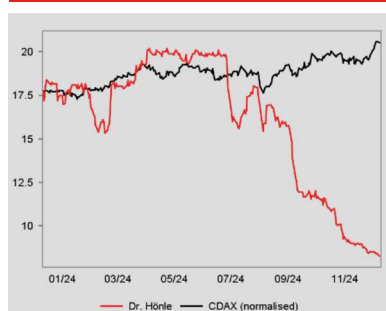
■ Q4 sales development was slightly stronger than expected. The FY 2024 yoy decline is mostly due to weaker demand from printing customers and underperformance by the Adhesive business.
 ■ Q4 / FY 2024 earnings figures burdened by one-offs of EUR -10.3m for goodwill impairment, inventory adjustments and some provisions.

Hönle released preliminary FY 2023/24 results on Friday. Revenues amounted to EUR 98.7m, a tad above WRe EUR 97.8m. The main reasons for the yoy top-line decline were weakness in the UV equipment business for printing applications around the Drupa fair and lower adhesive demand in Asia and the US. The adjusted EBITDA of EUR 5.5m and adjusted EBIT (which exclude goodwill write-downs and some inventory depreciation) both remained slightly below the estimates. One-off effects of EUR 10.3m in FY 2024 can be largely attributed to goodwill amortization (WRe EUR 7-8m on Hoenle AG and Raesch Malta), inventory adjustment, and provisions for initiated cost savings (~EUR 0.3m).

For the current FY 2024/25, Hönle expects sales to reach EUR 95–105m, which is roughly in line with WRe EUR 102.9m. In light of the initiated cost-saving measures, the earnings are expected to improve in comparison to the last FY. The cost base is expected to be reduced by ~ EUR 2m p.a. Hoenle is not expecting to account for further restructuring-related expenses in the current FY.

Within its strategy to take a more focused approach, Hönle quits further non-core activities (areas which contributed ~ EUR 1.5-2m in sales). The vast majority of Hoenle AG's products are now UV-based, which has been the core competence since its foundation. The main future target markets are specialty printing in packaging + labelling and general industrial applications in UV Curing (38% of sales), consumer electronics and medical in Adhesives (38%) and food, water (e.g. high purity water for semiconductor applications) and medical applications in UV-based Disinfection (24%). The new strategic positioning is accompanied by a strengthening of the second management level and external candidates have been found, e.g. for sales director vacancies. It is expected that there is still major sales potential for Hönle, especially abroad.

Both the share price and operating development are expected to have found their floor. A slight sales increase and lower cost base is expected to facilitate the return to slightly better profitability in the current FY. A higher top line, expected in the next FYs, remains the main driver behind a return to double-digit EBIT margins in the future. The latter might be reached again in FY 2026/27. Some patience is hence required. The upcoming CMD in mid-January is expected to underline positive prospects for sales growth and mid-term profitability.



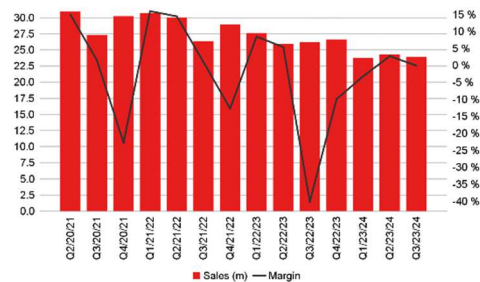
Rel. Performance vs CDAX:

1 month:	-13.5 %
6 months:	-67.0 %
Year to date:	-68.3 %
Trailing 12 months:	-70.0 %

Company events:

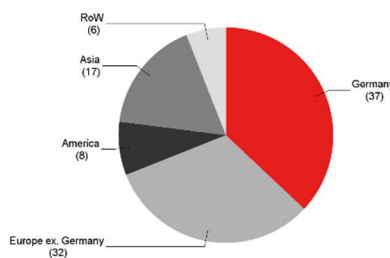
FY End: 30.9. in EUR m	CAGR (22/23-25/26e)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Sales	2.1 %	93.9	115.2	116.1	106.3	97.8	102.9	113.1
Change Sales yoy		-12.9 %	22.7 %	0.8 %	-8.4 %	-8.0 %	5.2 %	10.0 %
Gross profit margin		64.5 %	60.2 %	54.6 %	50.2 %	59.1 %	62.3 %	63.1 %
EBITDA	235.8 %	14.7	13.8	12.1	0.4	4.1	9.5	15.1
EBIT	-	8.1	0.3	5.8	-9.4	-9.8	3.1	8.5
EBIT adj.		8.1	7.8	11.7	7.1	0.2	3.1	8.5
<i>Margin</i>		8.6 %	6.8 %	10.1 %	6.6 %	0.2 %	3.0 %	7.5 %
Net income	-	5.8	-4.9	-13.4	-11.1	-12.0	0.9	5.0
EPS	-	1.01	-0.81	-2.20	-1.84	-1.99	0.15	0.82
EPS adj.	-2.3 %	1.01	0.45	-1.23	0.88	-0.34	0.15	0.82
DPS	-	0.50	0.20	0.00	0.00	0.00	0.05	0.15
Dividend Yield		1.1 %	0.4 %	n.a.	n.a.	n.a.	0.6 %	1.8 %
FCFPS		-4.00	-2.67	-3.31	0.03	0.15	0.18	1.00
FCF / Market cap		-9.0 %	-5.3 %	-10.9 %	0.2 %	1.8 %	2.2 %	12.1 %
EV / Sales		2.9 x	3.1 x	2.1 x	1.6 x	1.0 x	1.0 x	0.8 x
EV / EBITDA		18.6 x	25.6 x	19.8 x	426.3 x	24.3 x	10.4 x	6.2 x
EV / EBIT		33.7 x	n.a.	41.1 x	n.a.	n.a.	31.9 x	10.9 x
P / E		43.8 x	n.a.	n.a.	n.a.	n.a.	55.1 x	10.1 x
P / E adj.		43.8 x	111.1 x	n.a.	22.3 x	n.a.	55.1 x	10.1 x
FCF Potential Yield		3.6 %	1.9 %	-0.2 %	-2.3 %	0.9 %	6.1 %	10.7 %
Net Debt		20.9	50.1	56.3	50.7	49.8	48.7	42.9
ROCE (NOPAT)		4.9 %	1.4 %	2.3 %	n.a.	n.a.	1.6 %	4.5 %
Guidance:		2024: Sales EUR 100m; EBIT positive						

Sales development
in EUR m



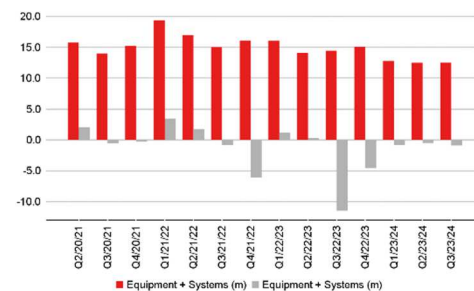
Source: Warburg Research

Sales by regions
2023; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

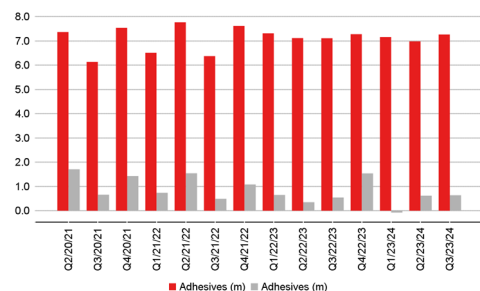
Company Background

- 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

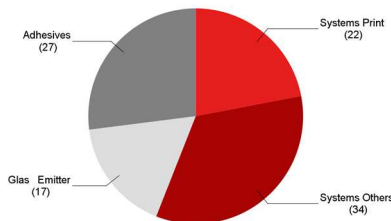
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the 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



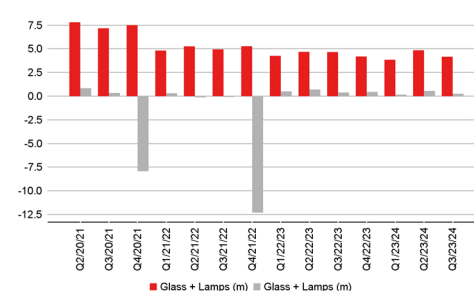
Source: Warburg Research

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			Transitional period										Term. Value
	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	32/33e	33/34e	34/35e	35/36e	
Sales	97.8	102.9	113.1	122.2	130.7	138.6	145.5	152.8	160.4	166.9	173.5	180.5	183.6	
Sales change	-8.0 %	5.2 %	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	-9.8	3.1	8.5	12.2	15.7	17.3	18.2	19.1	20.1	20.9	21.7	22.6	23.0	
EBIT-margin	-10.0 %	3.0 %	7.5 %	10.0 %	12.0 %	12.5 %	12.5 %	12.5 %	12.5 %	12.5 %	12.5 %	12.5 %	12.5 %	
Tax rate (EBT)	-2.0 %	29.0 %	29.0 %	20.0 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	
NOPAT	-10.0	2.2	6.0	9.8	11.1	12.2	12.8	13.5	14.1	14.7	15.3	15.9	16.2	
Depreciation	13.9	6.4	6.6	7.3	7.5	6.0	6.3	6.4	6.6	6.7	6.6	6.6	6.4	
in % of Sales	14.2 %	6.2 %	5.8 %	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	-2.9	0.9	1.2	1.0	1.6	1.2	2.2	2.3	2.4	2.1	2.1	2.2	1.0	
- Capex	3.8	5.8	5.8	5.0	5.1	5.3	5.2	5.5	5.8	6.0	6.2	7.9	7.4	
Capex in % of Sales	3.9 %	5.6 %	5.1 %	4.1 %	3.9 %	3.8 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	4.4 %	4.0 %	
- 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)	3.0	2.9	6.6	12.1	11.9	11.7	11.6	12.1	12.5	13.3	13.5	12.4	14.2	14
PV of FCF	3.1	2.7	5.8	10.0	9.0	8.2	7.6	7.3	7.0	6.9	6.5	5.5	5.8	95
share of PVs	6.48 %			40.82 %										52.70 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	29.00 %	Financial Strength	1.25
Cost of debt (after tax)	2.6 %	Liquidity (share)	1.40
Market return	8.25 %	Cyclicality	1.40
Risk free rate	2.75 %	Transparency	1.35
		Others	1.35
WACC	7.99 %	Beta	1.35

Valuation (m)

Present values 2035/36e	85		
Terminal Value	95		
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	130	Value per share (EUR)	21.48

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.61	9.0 %	16.07	16.43	16.81	17.21	17.65	18.11	18.62	1.61	9.0 %	13.45	14.71	15.96	17.21	18.46	19.72	20.97
1.48	8.5 %	17.80	18.23	18.69	19.18	19.72	20.29	20.91	1.48	8.5 %	15.16	16.50	17.84	19.18	20.53	21.87	23.21
1.41	8.2 %	18.76	19.23	19.74	20.29	20.87	21.51	22.21	1.41	8.2 %	16.11	17.50	18.89	20.29	21.68	23.07	24.46
1.35	8.0 %	19.79	20.31	20.87	21.48	22.13	22.84	23.62	1.35	8.0 %	17.14	18.58	20.03	21.48	22.92	24.37	25.82
1.29	7.7 %	20.90	21.47	22.09	22.77	23.50	24.30	25.17	1.29	7.7 %	18.25	19.76	21.26	22.77	24.27	25.78	27.29
1.22	7.5 %	22.09	22.73	23.42	24.17	24.99	25.89	26.88	1.22	7.5 %	19.46	21.03	22.60	24.17	25.74	27.31	28.88
1.09	7.0 %	24.78	25.57	26.44	27.39	28.43	29.59	30.87	1.09	7.0 %	22.24	23.96	25.67	27.39	29.10	30.82	32.54

- 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	-11.9	1.1	5.2	
+ Depreciation + Amortisation	6.6	13.5	6.3	9.8	13.9	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	0.9	6.0	10.0	
FCF Potential Yield (on market EV)	3.6 %	1.9 %	-0.2 %	-2.3 %	0.9 %	6.1 %	10.7 %	
WACC	7.99 %	7.99 %	7.99 %	7.99 %	7.99 %	7.99 %	7.99 %	
= Enterprise Value (EV)	273.1	353.1	239.9	169.7	99.8	98.7	93.0	
= Fair Enterprise Value	124.8	83.2	n.a.	n.a.	10.9	75.1	124.7	
- Net Debt (Cash)	47.5	47.5	47.5	47.5	46.6	45.5	39.7	
- 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	74.1	32.4	n.a.	n.a.	n.a.	26.5	81.8	
Number of shares, average	5.7	6.1	6.1	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	13.01	5.35	n.a.	n.a.	n.a.	4.36	13.49	
premium (-) / discount (+) in %						-47.2 %	63.3 %	
Sensitivity Fair value per Share (EUR)								
	10.99 %	6.60	1.61	n.a.	n.a.	n.a.	0.98	7.87
	9.99 %	8.10	2.61	n.a.	n.a.	n.a.	1.88	9.37
	8.99 %	9.93	3.83	n.a.	n.a.	n.a.	2.98	11.20
WACC	7.99 %	13.01	5.35	n.a.	n.a.	n.a.	4.36	13.49
	6.99 %	15.17	7.32	n.a.	n.a.	n.a.	6.14	16.43
	5.99 %	19.10	9.94	n.a.	n.a.	n.a.	8.51	20.36
	4.99 %	24.61	13.61	n.a.	n.a.	n.a.	11.82	25.86

▪ 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	0.6 x	0.6 x	0.6 x
Book value per share ex intangibles	15.72	14.30	13.80	12.56	11.93	12.13	12.95
EV / Sales	2.9 x	3.1 x	2.1 x	1.6 x	1.0 x	1.0 x	0.8 x
EV / EBITDA	18.6 x	25.6 x	19.8 x	426.3 x	24.3 x	10.4 x	6.2 x
EV / EBIT	33.7 x	n.a.	41.1 x	n.a.	n.a.	31.9 x	10.9 x
EV / EBIT adj.*	33.7 x	45.2 x	20.4 x	24.0 x	425.3 x	31.9 x	10.9 x
P / FCF	n.a.	n.a.	n.a.	580.3 x	54.2 x	45.5 x	8.3 x
P / E	43.8 x	n.a.	n.a.	n.a.	n.a.	55.1 x	10.1 x
P / E adj.*	43.8 x	111.1 x	n.a.	22.3 x	n.a.	55.1 x	10.1 x
Dividend Yield	1.1 %	0.4 %	n.a.	n.a.	n.a.	0.6 %	1.8 %
FCF Potential Yield (on market EV)	3.6 %	1.9 %	-0.2 %	-2.3 %	0.9 %	6.1 %	10.7 %

*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	2.63	2.66	3.47

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	102.9	113.1
Change Sales yoy	-12.9 %	22.7 %	0.8 %	-8.4 %	-8.0 %	5.2 %	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	102.9	113.2
Material expenses	32.7	48.9	54.8	51.1	40.2	38.9	41.9
Gross profit	60.5	69.3	63.4	53.3	57.9	64.0	71.3
<i>Gross profit margin</i>	<i>64.5 %</i>	<i>60.2 %</i>	<i>54.6 %</i>	<i>50.2 %</i>	<i>59.1 %</i>	<i>62.3 %</i>	<i>63.1 %</i>
Personnel expenses	33.2	39.7	39.7	39.5	40.1	40.6	41.9
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	16.0	16.4
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	4.1	9.5	15.1
<i>Margin</i>	<i>15.7 %</i>	<i>12.0 %</i>	<i>10.4 %</i>	<i>0.4 %</i>	<i>4.2 %</i>	<i>9.2 %</i>	<i>13.3 %</i>
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	-1.2	3.7	9.1
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	8.0	0.0	0.0
EBIT	8.1	0.3	5.8	-9.4	-9.8	3.1	8.5
<i>Margin</i>	<i>8.6 %</i>	<i>0.3 %</i>	<i>5.0 %</i>	<i>-8.9 %</i>	<i>-10.0 %</i>	<i>3.0 %</i>	<i>7.5 %</i>
EBIT adj.	8.1	7.8	11.7	7.1	0.2	3.1	8.5
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	-11.7	1.6	7.3
<i>Margin</i>	<i>8.5 %</i>	<i>-0.6 %</i>	<i>3.8 %</i>	<i>-10.3 %</i>	<i>-11.9 %</i>	<i>1.6 %</i>	<i>6.4 %</i>
Total taxes	2.2	4.3	1.6	0.3	0.2	0.5	2.1
Net income from continuing operations	5.7	-4.9	2.8	-11.3	-11.9	1.1	5.2
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	-11.9	1.1	5.2
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	-12.0	0.9	5.0
<i>Margin</i>	<i>6.2 %</i>	<i>-4.2 %</i>	<i>-11.5 %</i>	<i>-10.5 %</i>	<i>-12.3 %</i>	<i>0.9 %</i>	<i>4.4 %</i>
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	-1.99	0.15	0.82
EPS diluted	0.95	-0.81	-2.20	-1.84	-1.99	0.15	0.82

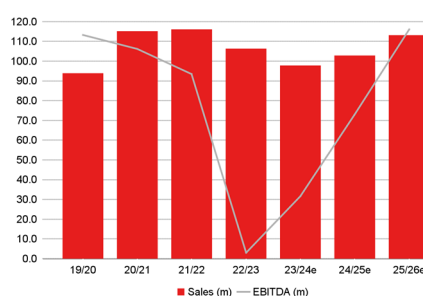
*Adjustments made for:

Guidance: 2024: Sales EUR 100m; EBIT positive

Financial Ratios

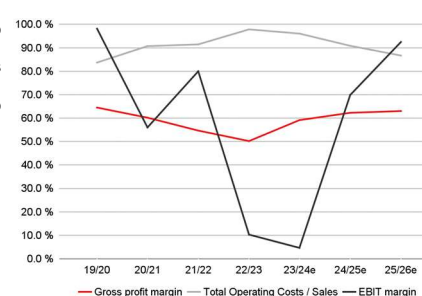
	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Total Operating Costs / Sales	83.7 %	90.7 %	91.4 %	97.9 %	96.1 %	90.9 %	86.7 %
Operating Leverage	4.1 x	-4.3 x	2395.4 x	n.a.	-0.5 x	n.a.	17.5 x
EBITDA / Interest expenses	32.2 x	12.3 x	8.0 x	0.2 x	2.2 x	6.3 x	12.4 x
Tax rate (EBT)	28.2 %	-635.7 %	35.9 %	-2.5 %	-2.0 %	29.0 %	29.0 %
Dividend Payout Ratio	49.9 %	n.m.	0.0 %	0.0 %	0.0 %	26.7 %	17.6 %
Sales per Employee	160,472	175,297	176,971	181,471	168,631	171,426	176,784

Sales, EBITDA
in EUR m



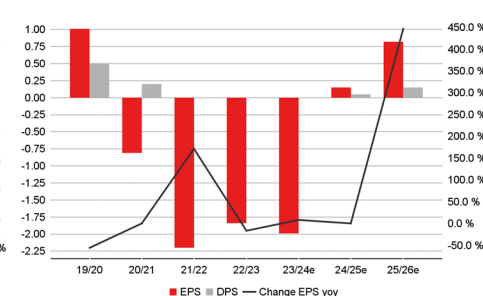
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

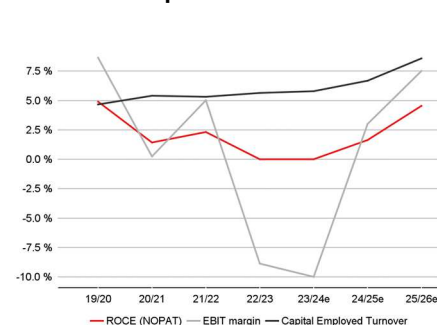
Consolidated balance sheet

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	11.4	11.2	10.9
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	10.4	10.4	10.4
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	85.8	85.2	84.4
Inventories	35.2	46.7	46.4	35.0	31.7	32.1	32.3
Accounts receivable	14.3	17.1	19.7	15.6	15.5	16.3	18.0
Liquid assets	34.2	12.1	7.1	9.3	6.0	7.1	7.9
Other short-term assets	13.6	14.1	18.4	20.3	20.3	19.8	18.3
Current assets	97.2	90.0	91.6	80.3	73.6	75.4	76.5
Total Assets	196.2	202.9	195.5	176.2	159.4	160.6	161.0
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	35.7	36.7	41.3
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	83.8	84.7	89.4
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	84.1	85.0	89.7
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	52.6	52.6	47.6
Short-term financial liabilities	3.5	3.9	26.4	12.4	5.0	10.0	5.0
Accounts payable	6.5	9.4	10.3	7.6	7.0	7.3	8.0
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	75.3	75.6	71.3
Total liabilities and shareholders' equity	196.2	202.9	195.5	176.2	159.4	160.6	161.0

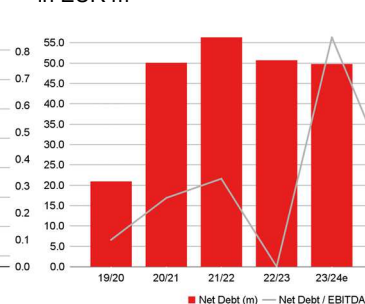
Financial Ratios

	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	0.9 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 %	-14.0 %	1.1 %	5.9 %
Return on Capital							
ROCE (NOPAT)	4.9 %	1.4 %	2.3 %	n.a.	n.a.	1.6 %	4.5 %
ROE	5.6 %	-4.3 %	-12.3 %	-11.0 %	-13.4 %	1.1 %	5.7 %
Adj. ROE	5.6 %	2.4 %	-6.9 %	5.3 %	-2.3 %	1.1 %	5.7 %
Balance sheet quality							
Net Debt	20.9	50.1	56.3	50.7	49.8	48.7	42.9
Net Financial Debt	12.1	41.5	52.3	47.5	46.6	45.5	39.7
Net Gearing	17.9 %	45.1 %	52.5 %	52.7 %	59.2 %	57.3 %	47.9 %
Net Fin. Debt / EBITDA	82.4 %	300.7 %	431.5 %	n.a.	1135.5 %	480.5 %	263.6 %
Book Value / Share	19.2	18.3	17.6	15.8	13.8	14.0	14.7
Book value per share ex intangibles	15.7	14.3	13.8	12.6	11.9	12.1	12.9

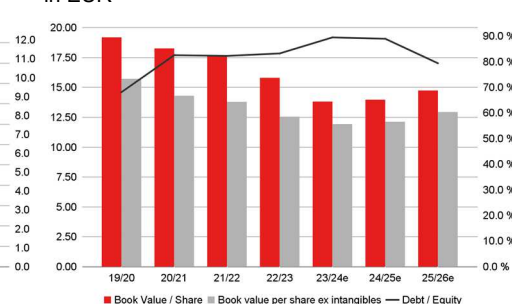
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

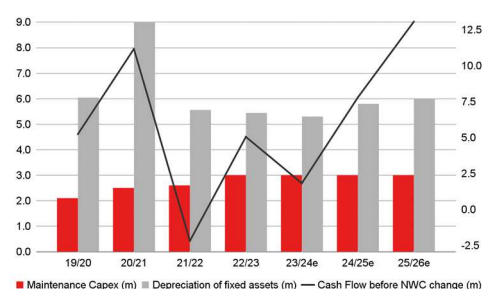
In EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Net income	5.8	-4.9	-13.4	-11.1	-12.0	0.9	5.0
Depreciation of fixed assets	6.0	9.0	5.6	5.4	5.3	5.8	6.0
Amortisation of goodwill	0.0	3.4	0.0	2.6	8.0	0.0	0.0
Amortisation of intangible assets	0.6	1.1	0.7	1.8	0.6	0.6	0.6
Increase/decrease 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	0.0	0.5	1.5
Cash Flow before NWC change	5.2	11.2	-2.2	5.1	1.8	7.8	13.0
Increase / decrease in inventory	0.6	-12.5	-11.6	-1.8	3.3	-0.4	-0.2
Increase / decrease in accounts receivable	2.7	-1.3	-2.7	0.7	0.1	-0.8	-1.7
Increase / decrease in accounts payable	-1.2	3.6	0.8	-0.9	-0.6	0.3	0.7
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	2.9	-0.9	-1.2
Net cash provided by operating activities [1]	7.4	0.9	-15.7	3.1	4.7	6.9	11.8
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	-4.2	0.0	-5.0
Dividends paid	-4.4	-3.0	-1.2	-0.1	0.0	0.0	-0.3
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	-4.2	0.0	-5.3
Change in liquid funds [1]+[2]+[3]	20.3	-22.5	-13.6	2.3	-3.3	1.1	0.7
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	6.0	7.1	7.9

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	0.9	1.1	6.0
Free Cash Flow / Sales	-24.2 %	-14.0 %	-17.3 %	0.2 %	0.9 %	1.1 %	5.3 %
Free Cash Flow Potential	10.0	6.6	-0.6	-3.8	0.9	6.0	10.0
Free Cash Flow / Net Profit	-393.9 %	331.2 %	150.0 %	-1.8 %	-7.7 %	117.8 %	121.4 %
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 %	3.5 %	2.9 %	2.4 %
Management of Funds							
Investment ratio	37.7 %	14.8 %	4.5 %	4.8 %	3.9 %	5.6 %	5.1 %
Maint. Capex / Sales	2.2 %	2.2 %	2.2 %	2.8 %	3.1 %	2.9 %	2.7 %
Capex / Dep	535.7 %	126.5 %	83.8 %	51.8 %	27.4 %	91.1 %	88.3 %
Avg. Working Capital / Sales	45.3 %	40.2 %	44.9 %	44.4 %	40.8 %	37.9 %	35.3 %
Trade Debtors / Trade Creditors	219.7 %	180.9 %	191.0 %	206.6 %	221.4 %	223.3 %	225.0 %
Inventory Turnover	0.9 x	1.0 x	1.2 x	1.5 x	1.3 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	63	69	70
Cash conversion cycle (Days)	358	309	284	238	266	275	255

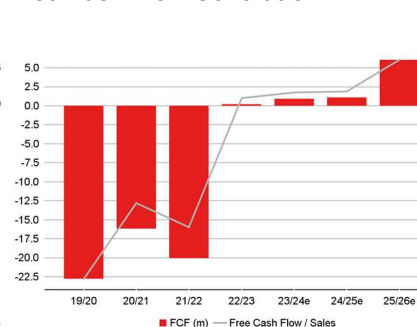
CAPEX and Cash Flow

in EUR m



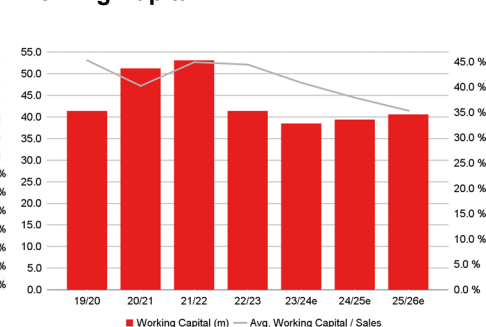
Source: Warburg Research

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	142	70
Hold	43	21
Sell	11	5
Rating suspended	6	3
Total	202	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	43	78
Hold	7	13
Sell	2	4
Rating suspended	3	5
Total	55	100

PRICE AND RATING HISTORY DR. HÖNLE AS OF 10.12.2024



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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