

Buy EUR 52.00 (EUR 57.00) Price EUR 21.70 Upside 139.6 %	Value Indicators: EUR DCF: 52.00 FCF-Value Potential 23e: 40.00	Warburg ESG Risk Score: 2.7 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 1.0	Description: Leading supplier of specialty adhesives, UV/ IR radiation systems and quartz glass products
	Market Snapshot: EUR m Market cap: 131.5 No. of shares (m): 6.1 EV: 165.9 Freefloat MC: 114.2 Ø Trad. Vol. (30d): 106.97 th	Shareholders: Freefloat 86.80 % Prof. Hönle 3.60 % Peter Möhrle Holding 9.50 % Teslin / Gerlin 5.80 % Dr. Vits 3.70 %	Key Figures (WRe): 2021/22e Beta: 1.3 Price / Book: 1.1 x Equity Ratio: 58 % Net Fin. Debt / EBITDA: 1.2 x Net Debt / EBITDA: 1.6 x

Announcement of Q2 and restructuring of management board

Stated Figures Q2/2021/22:										Comment on Figures:	
FY End: 30.9. in EUR m	Q2 21/22	Q2 21/22e	Q2 20/21	yoy	6M 21/22	6M 21/22e	6M 20/21	yoy			
Sales	32.8	34.5	30.9	6 %	66.2	67.9	57.6	15 %			Revenues up 6% yoy in Q2 with mid single-digit growth rates in all segments
EBIT	3.1	3.5	4.6	-32 %	7.7	8.0	6.7	14 %			The EBIT margin came close to the estimated 10%-mark, showing a decline yoy as expected, as last year's Q2 benefited from a favourable mix and a low cost-base.
Margin	9.6 %	10.0 %	14.9 %		11.6 %	11.8 %	11.7 %				

Hönle released **Q2 results, that were marginally below the estimate**. Revenues reached EUR 33m in Q2, up 6% yoy. A mid single-digit growth rate was achieved in all segments. While revenue development in the areas of Adhesives and Glass and Lamps was in line with expectations, sales in the Systems segment fell somewhat short of our forecast. This is reflecting low contributions from the air treatment products (which made significant contributions in Q1) and continued delays in shipment owing to the ongoing component shortage.

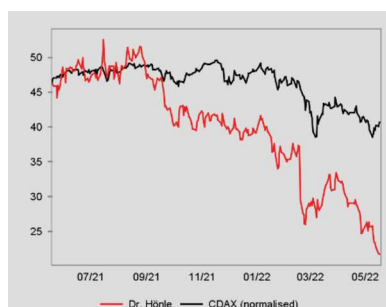
The **EBIT margin of 9.6% came close to the 10%-level expected**. The gross margin improved qoq as expected, which reflects a more favourable product mix. However, it can be assumed that increased energy and sourcing costs are still burdening profitability. With **higher selling prices for its own products, Hönle should be better able to offset cost increases with should lead to a recovery in profitability in a few months**.

Hönle reiterated its FY 2022 guidance. We have slightly adjusted the forecasts in light of the currently low contributions from air-treatment products and a potential impact from component shortages. Lower earnings estimate reflects the reduced revenue base and an impact from increased energy prices (energy is a relevant input factor in the production of quartz glass). **For FY 2023, Hönle is expected to return to a 15% EBIT margin**. Besides top-line growth, lower material expenses and better profitability at Raesch are expected to be the main drivers.

On Monday, **Hönle announced a restructuring of its management board**. Board member Heiko Runge (responsible for sales) will step down for personal reasons with immediate effect. His responsibilities will be assumed by current CFO Norbert Haimerl until a CEO is appointed. **We welcome this move as a new CEO with a fresh perspective is clearly expected to provide new growth momentum**.

The valuation appears to be undemanding with an EV/EBIT 23 multiple of 7.5x. The **PT is revised to EUR 52** (50bps rate hike), **Buy**.

Changes in Estimates:							Comment on Changes:	
FY End: 30.9. in EUR m	2021/22e (old)	+ / -	2022/23e (old)	+ / -	2023/24e (old)	+ / -		
Sales	137.8	-3.0 %	145.2	0.0 %	154.8	0.0 %		Slight reduction in 2022 sales estimates due to component shortages and low level of air-treatment demand
EBIT	16.4	-15.1 %	22.6	-3.7 %	26.2	-2.5 %		Higher energy costs are expected to have a negative impact Hönle should return to 15% EBIT margin by 2023

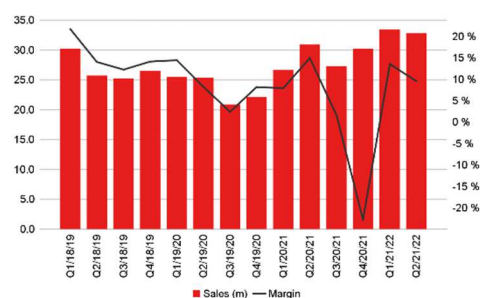


Rel. Performance vs CDAX:	
1 month:	-22.1 %
6 months:	-30.1 %
Year to date:	-29.1 %
Trailing 12 months:	-41.8 %

Company events:
05.08.22 Q3

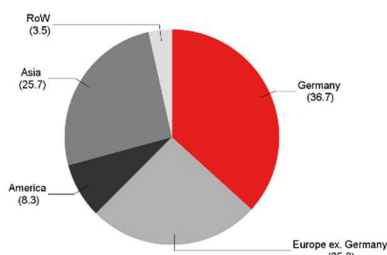
FY End: 30.9. in EUR m	CAGR (20/21-23/24e)	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Sales	10.3 %	126.5	107.7	93.9	115.2	133.7	145.2	154.8
Change Sales yoy		24.1 %	-14.8 %	-12.9 %	22.7 %	16.1 %	8.6 %	6.6 %
Gross profit margin		67.5 %	67.6 %	64.5 %	60.2 %	60.0 %	64.0 %	64.4 %
EBITDA	35.2 %	33.8	20.3	14.7	13.8	22.0	30.3	34.1
EBIT	345.2 %	30.7	17.0	8.1	0.3	13.9	21.7	25.5
EBIT adj.		30.7	17.0	8.1	7.8	13.9	21.7	25.5
Margin		24.3 %	15.8 %	8.6 %	6.8 %	10.4 %	15.0 %	16.5 %
Net income		21.7	12.5	5.8	-4.9	8.8	14.5	17.3
EPS		3.94	2.27	1.01	-0.81	1.46	2.40	2.85
EPS adj.	85.0 %	3.94	2.27	1.01	0.45	1.46	2.40	2.85
DPS	71.0 %	0.80	0.80	0.50	0.20	0.60	0.90	1.00
Dividend Yield		1.2 %	1.5 %	1.1 %	0.4 %	2.8 %	4.1 %	4.6 %
FCFPS		2.53	-0.44	-4.00	-2.67	2.42	2.34	2.94
FCF / Market cap		3.9 %	-0.8 %	-9.0 %	-5.3 %	11.1 %	10.8 %	13.6 %
EV / Sales		2.8 x	2.9 x	2.9 x	3.1 x	1.2 x	1.1 x	0.9 x
EV / EBITDA		10.5 x	15.1 x	18.6 x	25.6 x	7.5 x	5.1 x	4.2 x
EV / EBIT		11.6 x	18.0 x	33.7 x	n.a.	11.9 x	7.1 x	5.6 x
P / E		16.3 x	23.8 x	43.8 x	n.a.	14.9 x	9.0 x	7.6 x
P / E adj.		16.3 x	23.8 x	43.8 x	111.1 x	14.9 x	9.0 x	7.6 x
FCF Potential Yield		6.4 %	4.4 %	3.7 %	2.0 %	9.5 %	13.7 %	16.7 %
Net Debt		1.0	9.8	20.9	50.1	34.3	23.8	11.4
ROCE (NOPAT)		26.1 %	13.3 %	4.9 %	1.4 %	6.2 %	9.9 %	11.6 %
Guidance:		2021/22: Revenues: EUR 130 - 140m; EBIT EUR 14-17m						

Sales development in EUR m



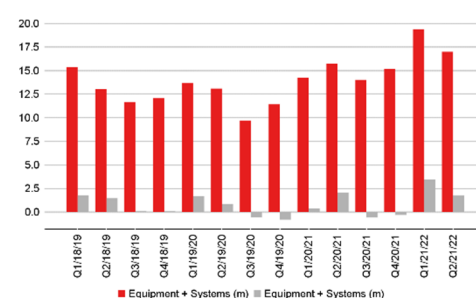
Source: Warburg Research

Sales by regions 2020; in %



Source: Warburg Research

Development Equipment + Systems Sales and EBIT in EUR m



Source: Warburg Research

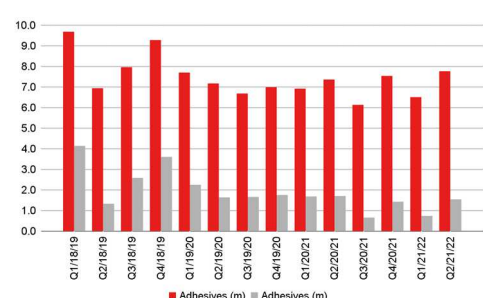
Company Background

- 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

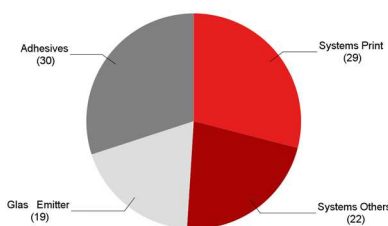
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the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



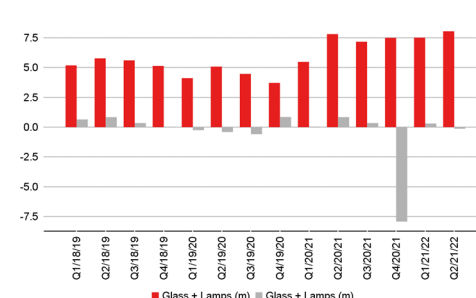
Source: Warburg Research

Sales by segments 2020; 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
	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	32/33e	33/34e	
Sales	133.7	145.2	154.8	164.0	173.9	184.3	193.5	203.2	213.4	221.9	230.8	240.0	244.2	1.8 %
Sales change	16.1 %	8.6 %	6.6 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
EBIT	13.9	21.7	25.5	29.5	31.3	33.2	34.8	36.6	38.4	39.9	41.5	43.2	44.0	18.0 %
EBIT-margin	10.4 %	15.0 %	16.5 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	
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	9.9	15.4	18.1	20.8	22.1	23.4	24.6	25.8	27.1	28.2	29.3	30.5	31.0	
Depreciation	8.1	8.6	8.6	9.8	10.0	7.9	8.3	8.5	8.7	8.9	8.8	8.8	8.5	
in % of Sales	6.0 %	5.9 %	5.5 %	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	-8.1	3.1	2.2	4.0	3.1	3.3	2.9	3.1	3.3	2.7	2.8	3.0	1.3	
- Capex	10.3	5.8	5.8	6.2	6.4	6.6	7.0	7.3	7.7	8.0	8.3	10.5	9.8	
Capex in % of Sales	7.7 %	4.0 %	3.7 %	3.8 %	3.7 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	4.4 %	4.0 %	
- 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)	15.7	15.1	18.7	20.5	22.5	21.3	23.0	23.9	24.9	26.3	26.9	25.8	28.4	28
PV of FCF	16.1	14.2	16.2	16.5	16.7	14.7	14.6	14.1	13.5	13.2	12.5	11.1	11.3	180
share of PVs	12.90 %			37.47 %										49.63 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	16.50 %	Financial Strength	1.20
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.35
Market return	7.50 %	Cyclicality	1.35
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
WACC	8.04 %	Beta	1.30

Valuation (m)

Present values 2033/34e	183		
Terminal Value	180		
Financial liabilities	54		
Pension liabilities	9		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	3		
Liquidity	12	No. of shares (m)	6.1
Equity Value	315	Value per share (EUR)	51.96

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
1.52	9.0 %	41.71	42.38	43.10	43.86	44.68	45.56	46.50	1.52	9.0 %	39.04	40.65	42.25	43.86	45.47	47.07	48.68
1.41	8.5 %	45.01	45.82	46.68	47.61	48.61	49.68	50.85	1.41	8.5 %	42.44	44.16	45.88	47.61	49.33	51.06	52.78
1.35	8.3 %	46.84	47.72	48.67	49.70	50.81	52.00	53.30	1.35	8.3 %	44.33	46.12	47.91	49.70	51.49	53.28	55.07
1.30	8.0 %	48.79	49.77	50.82	51.96	53.19	54.53	55.98	1.30	8.0 %	46.38	48.24	50.10	51.96	53.82	55.68	57.54
1.25	7.8 %	50.89	51.98	53.14	54.41	55.78	57.28	58.92	1.25	7.8 %	48.60	50.53	52.47	54.41	56.34	58.28	60.22
1.19	7.5 %	53.16	54.36	55.66	57.07	58.61	60.29	62.14	1.19	7.5 %	51.01	53.03	55.05	57.07	59.09	61.11	63.13
1.08	7.0 %	58.26	59.75	61.38	63.15	65.11	67.27	69.66	1.08	7.0 %	56.52	58.73	60.94	63.15	65.36	67.57	69.78

- Growth and mix improvements to drive return to higher profitability
- Disproportionately high growth of adhesive segment provides further upside potential
- Sustainable EBIT margin of 18% 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	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e	
Net Income before minorities	21.7	12.4	5.7	-4.9	9.0	14.7	17.5	
+ Depreciation + Amortisation	3.2	3.3	6.6	13.5	8.1	8.6	8.6	
- Net Interest Income	-0.3	-0.1	-0.2	-1.0	-1.2	-1.0	-0.9	
- Maintenance Capex	2.0	2.1	2.1	2.5	2.6	3.0	3.0	
+ Other	-0.6	-0.4	-0.4	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	22.6	13.4	10.0	7.0	15.7	21.3	23.9	
FCF Potential Yield (on market EV)	6.4 %	4.4 %	3.7 %	2.0 %	9.5 %	13.7 %	16.7 %	
WACC	8.04 %	8.04 %	8.04 %	8.04 %	8.04 %	8.04 %	8.04 %	
= Enterprise Value (EV)	354.7	307.3	273.1	353.1	165.9	155.3	142.9	
= Fair Enterprise Value	279.4	166.0	124.0	87.2	195.1	263.5	296.2	
- Net Debt (Cash)	41.5	41.5	41.5	41.5	25.7	15.2	2.8	
- Pension Liabilities	8.6	8.6	8.6	8.6	8.6	8.6	8.6	
- 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	229.3	115.9	73.9	37.1	160.8	239.8	284.8	
Number of shares, average	5.5	5.5	5.7	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	41.60	21.03	12.98	6.12	26.52	39.55	46.99	
premium (-) / discount (+) in %					22.2 %	82.3 %	116.5 %	
Sensitivity Fair value per Share (EUR)								
	11.04 %	25.34	11.71	6.65	2.22	17.78	27.78	33.75
	10.04 %	28.68	13.69	8.13	3.26	20.11	30.92	37.29
	9.04 %	32.75	16.11	9.94	4.53	22.96	34.76	41.61
WACC	8.04 %	41.60	21.03	12.98	6.12	26.52	39.55	46.99
	7.04 %	44.33	22.99	15.08	8.15	31.09	45.69	53.89
	6.04 %	52.99	28.13	18.92	10.85	37.17	53.86	63.07
	5.04 %	65.05	35.30	24.28	14.61	45.66	65.24	75.86

▪ Rising value indication triggered by margin expansion

Valuation	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Price / Book	4.1 x	3.3 x	2.2 x	2.7 x	1.1 x	1.0 x	0.9 x
Book value per share ex intangibles	11.90	12.47	15.72	14.30	15.98	17.83	19.82
EV / Sales	2.8 x	2.9 x	2.9 x	3.1 x	1.2 x	1.1 x	0.9 x
EV / EBITDA	10.5 x	15.1 x	18.6 x	25.6 x	7.5 x	5.1 x	4.2 x
EV / EBIT	11.6 x	18.0 x	33.7 x	n.a.	11.9 x	7.1 x	5.6 x
EV / EBIT adj.*	11.6 x	18.0 x	33.7 x	45.2 x	11.9 x	7.1 x	5.6 x
P / FCF	25.3 x	n.a.	n.a.	n.a.	9.0 x	9.3 x	7.4 x
P / E	16.3 x	23.8 x	43.8 x	n.a.	14.9 x	9.0 x	7.6 x
P / E adj.*	16.3 x	23.8 x	43.8 x	111.1 x	14.9 x	9.0 x	7.6 x
Dividend Yield	1.2 %	1.5 %	1.1 %	0.4 %	2.8 %	4.1 %	4.6 %
FCF Potential Yield (on market EV)	6.4 %	4.4 %	3.7 %	2.0 %	9.5 %	13.7 %	16.7 %

*Adjustments made for: -

Company Specific Items	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Adj. FCFPS	2.53	1.73	-0.66	-0.19	4.89	4.82	5.42

Consolidated profit & loss

In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Sales	126.5	107.7	93.9	115.2	133.7	145.2	154.8
Change Sales yoy	24.1 %	-14.8 %	-12.9 %	22.7 %	16.1 %	8.6 %	6.6 %
Increase / decrease in inventory	1.5	1.9	-0.6	3.1	2.8	0.0	0.0
Own work capitalised	0.2	0.1	0.0	0.0	0.1	0.1	0.1
Total Sales	128.2	109.7	93.3	118.3	136.5	145.3	154.8
Material expenses	42.8	36.9	32.7	48.9	56.3	52.3	55.1
Gross profit	85.4	72.8	60.5	69.3	80.2	93.0	99.7
<i>Gross profit margin</i>	<i>67.5 %</i>	<i>67.6 %</i>	<i>64.5 %</i>	<i>60.2 %</i>	<i>60.0 %</i>	<i>64.0 %</i>	<i>64.4 %</i>
Personnel expenses	36.0	35.8	33.2	39.7	43.0	45.0	47.2
Other operating income	0.9	1.5	1.2	1.6	2.8	1.2	1.2
Other operating expenses	16.5	18.2	13.8	17.5	18.1	18.9	19.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	33.8	20.3	14.7	13.8	22.0	30.3	34.1
<i>Margin</i>	<i>26.8 %</i>	<i>18.9 %</i>	<i>15.7 %</i>	<i>12.0 %</i>	<i>16.4 %</i>	<i>20.9 %</i>	<i>22.0 %</i>
Depreciation of fixed assets	2.7	2.8	6.0	9.0	7.5	8.0	8.0
EBITA	31.2	17.6	8.7	4.8	14.5	22.3	26.1
Amortisation of intangible assets	0.5	0.5	0.6	1.1	0.6	0.6	0.6
Goodwill amortisation	0.0	0.0	0.0	3.4	0.0	0.0	0.0
EBIT	30.7	17.0	8.1	0.3	13.9	21.7	25.5
<i>Margin</i>	<i>24.3 %</i>	<i>15.8 %</i>	<i>8.6 %</i>	<i>0.3 %</i>	<i>10.4 %</i>	<i>15.0 %</i>	<i>16.5 %</i>
EBIT adj.	30.7	17.0	8.1	7.8	13.9	21.7	25.5
Interest income	0.0	0.0	0.2	0.1	0.0	0.0	0.0
Interest expenses	0.3	0.2	0.5	1.1	1.2	1.0	0.9
Other financial income (loss)	0.0	0.0	0.1	0.0	0.0	0.0	0.0
EBT	30.4	16.9	7.9	-0.7	12.7	20.8	24.6
<i>Margin</i>	<i>24.0 %</i>	<i>15.7 %</i>	<i>8.5 %</i>	<i>-0.6 %</i>	<i>9.5 %</i>	<i>14.3 %</i>	<i>15.9 %</i>
Total taxes	8.7	4.5	2.2	4.3	3.7	6.0	7.1
Net income from continuing operations	21.7	12.4	5.7	-4.9	9.0	14.7	17.5
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	21.7	12.4	5.7	-4.9	9.0	14.7	17.5
Minority interest	0.0	-0.1	-0.1	0.0	0.2	0.2	0.2
Net income	21.7	12.5	5.8	-4.9	8.8	14.5	17.3
<i>Margin</i>	<i>17.2 %</i>	<i>11.6 %</i>	<i>6.2 %</i>	<i>-4.2 %</i>	<i>6.6 %</i>	<i>10.0 %</i>	<i>11.2 %</i>
Number of shares, average	5.5	5.5	5.7	6.1	6.1	6.1	6.1
EPS	3.94	2.27	1.01	-0.81	1.46	2.40	2.85
EPS diluted	3.94	2.27	0.95	-0.81	1.46	2.40	2.85

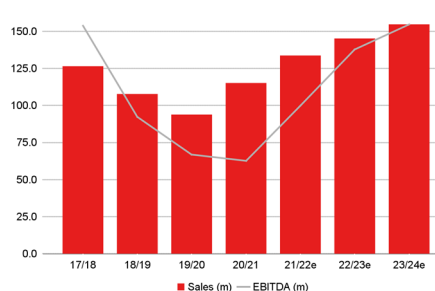
*Adjustments made for:

Guidance: 2021/22: Revenues: EUR 130 - 140m; EBIT EUR 14-17m

Financial Ratios

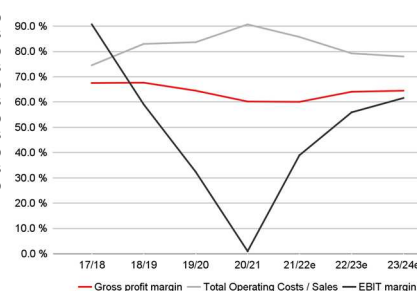
	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Total Operating Costs / Sales	74.6 %	82.9 %	83.7 %	90.7 %	85.7 %	79.2 %	78.0 %
Operating Leverage	4.2 x	3.0 x	4.1 x	-4.3 x	292.7 x	6.5 x	2.6 x
EBITDA / Interest expenses	106.4 x	125.6 x	32.2 x	12.3 x	18.3 x	30.7 x	38.4 x
Tax rate (EBT)	28.5 %	26.5 %	28.2 %	-635.7 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	20.3 %	35.5 %	49.9 %	n.m.	40.3 %	37.0 %	34.7 %
Sales per Employee	204,019	173,785	160,472	175,297	191,036	198,953	202,288

Sales, EBITDA in EUR m



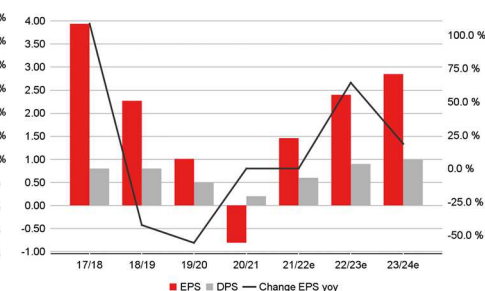
Source: Warburg Research

Operating Performance in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

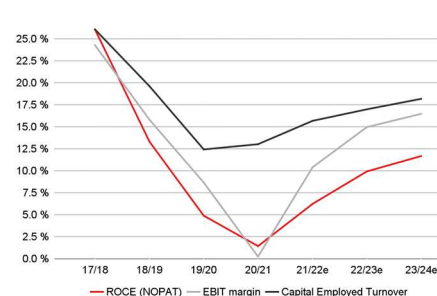
Consolidated balance sheet

In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Assets							
Goodwill and other intangible assets	21.5	21.2	21.0	24.0	23.7	23.5	23.2
thereof other intangible assets	2.6	2.4	2.2	2.9	2.6	2.4	2.1
thereof Goodwill	18.8	18.8	18.8	21.1	21.1	21.1	21.1
Property, plant and equipment	27.0	42.2	76.8	87.8	90.3	87.8	85.3
Financial assets	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	49.7	64.6	99.0	112.9	115.1	112.4	109.6
Inventories	33.3	35.9	35.2	46.7	36.1	38.2	39.7
Accounts receivable	23.0	17.0	14.3	17.1	21.2	23.1	24.6
Liquid assets	12.0	14.6	34.2	12.1	23.4	34.0	46.3
Other short-term assets	7.5	12.1	13.6	14.1	14.1	14.1	14.1
Current assets	75.8	79.5	97.2	90.0	94.8	109.4	124.8
Total Assets	125.5	144.1	196.2	202.9	210.0	221.8	234.4
Liabilities and shareholders' equity							
Subscribed capital	5.5	5.5	6.1	6.1	6.1	6.1	6.1
Capital reserve	16.6	16.6	42.0	42.0	42.0	42.0	42.0
Retained earnings	65.0	67.9	68.3	62.7	70.3	81.2	93.0
Other equity components	0.0	0.0	0.0	0.0	2.3	2.3	2.3
Shareholders' equity	87.1	90.0	116.3	110.7	120.6	131.5	143.4
Minority interest	0.2	0.1	0.3	0.4	0.4	0.4	0.4
Total equity	87.2	90.1	116.7	111.1	121.0	131.9	143.8
Provisions	6.6	8.8	9.5	9.3	9.3	9.3	9.3
thereof provisions for pensions and similar obligations	6.0	8.3	8.8	8.6	8.6	8.6	8.6
Financial liabilities (total)	7.1	16.2	46.3	53.5	49.1	49.1	49.1
Short-term financial liabilities	2.3	1.7	3.5	3.9	0.0	0.0	0.0
Accounts payable	6.8	7.9	6.5	9.4	11.0	11.9	12.7
Other liabilities	17.8	21.2	17.3	19.5	19.5	19.5	19.5
Liabilities	38.3	54.0	79.5	91.8	88.9	89.8	90.6
Total liabilities and shareholders' equity	125.5	144.1	196.2	202.9	210.0	221.8	234.4

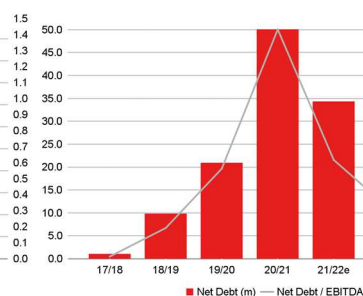
Financial Ratios

	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Efficiency of Capital Employment							
Operating Assets Turnover	1.7 x	1.3 x	0.8 x	0.8 x	1.0 x	1.1 x	1.2 x
Capital Employed Turnover	1.4 x	1.1 x	0.7 x	0.7 x	0.9 x	0.9 x	1.0 x
ROA	43.8 %	19.3 %	5.8 %	-4.3 %	7.7 %	12.9 %	15.8 %
Return on Capital							
ROCE (NOPAT)	26.1 %	13.3 %	4.9 %	1.4 %	6.2 %	9.9 %	11.6 %
ROE	28.1 %	14.1 %	5.6 %	-4.3 %	7.6 %	11.5 %	12.6 %
Adj. ROE	28.1 %	14.1 %	5.6 %	2.4 %	7.6 %	11.5 %	12.6 %
Balance sheet quality							
Net Debt	1.0	9.8	20.9	50.1	34.3	23.8	11.4
Net Financial Debt	-4.9	1.6	12.1	41.5	25.7	15.2	2.8
Net Gearing	1.2 x	10.9 %	17.9 %	45.1 %	28.4 %	18.0 %	7.9 %
Net Fin. Debt / EBITDA	n.a.	7.8 %	82.4 %	300.7 %	117.1 %	50.1 %	8.2 %
Book Value / Share	15.8	16.3	19.2	18.3	19.9	21.7	23.6
Book value per share ex intangibles	11.9	12.5	15.7	14.3	16.0	17.8	19.8

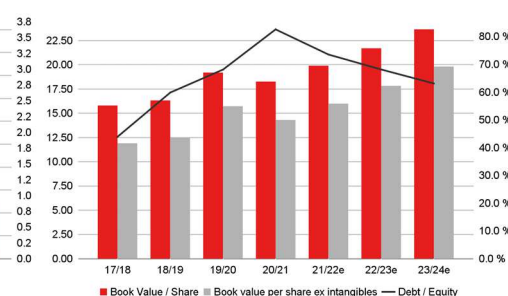
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

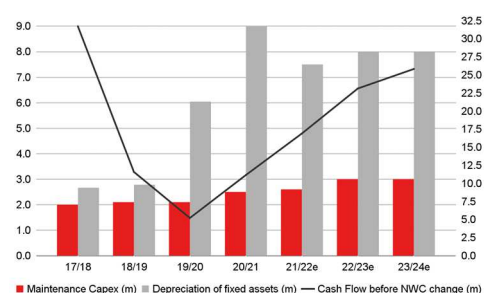
Consolidated cash flow statement

In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Net income	21.7	12.5	5.8	-4.9	8.8	14.5	17.3
Depreciation of fixed assets	2.7	2.8	6.0	9.0	7.5	8.0	8.0
Amortisation of goodwill	0.0	0.0	0.0	3.4	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.5	0.6	1.1	0.6	0.6	0.6
Increase/decrease in long-term provisions	0.4	0.0	0.3	0.4	0.0	0.0	0.0
Other non-cash income and expenses	6.5	-4.2	-7.5	2.1	0.0	0.0	0.0
Cash Flow before NWC change	31.7	11.6	5.2	11.2	16.9	23.1	25.8
Increase / decrease in inventory	-3.5	-2.4	0.6	-12.5	10.6	-2.1	-1.5
Increase / decrease in accounts receivable	-5.1	6.5	2.7	-1.3	-4.1	-1.9	-1.5
Increase / decrease in accounts payable	1.4	1.1	-1.2	3.6	1.6	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)	-7.2	5.2	2.2	-10.2	8.1	-3.1	-2.2
Net cash provided by operating activities [1]	24.5	16.8	7.4	0.9	24.9	20.0	23.6
Investments in intangible assets	-0.5	-0.2	-0.3	-0.2	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-10.1	-19.1	-35.1	-16.9	-10.0	-5.5	-5.5
Payments for acquisitions	-0.8	0.0	-0.2	-7.7	-0.5	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	0.1	0.0	0.2	2.8	0.0	0.0
Net cash provided by investing activities [2]	-11.4	-19.2	-30.4	-24.6	-8.0	-5.8	-5.8
Change in financial liabilities	-2.7	9.1	21.9	4.3	-4.4	0.0	0.0
Dividends paid	-3.3	-4.4	-4.4	-3.0	-1.2	-3.6	-5.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	25.7	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	-6.0	4.7	43.3	1.2	-5.6	-3.6	-5.5
Change in liquid funds [1]+[2]+[3]	7.1	2.4	20.3	-22.5	11.3	10.6	12.4
Effects of exchange-rate changes on cash	0.0	0.1	-0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	12.4	14.5	34.7	11.7	23.4	34.0	46.3

Financial Ratios

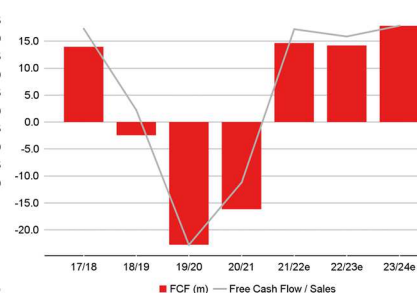
	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Cash Flow							
FCF	14.0	-2.4	-22.8	-16.2	14.6	14.2	17.8
Free Cash Flow / Sales	11.0 %	-2.3 %	-24.2 %	-14.0 %	11.0 %	9.8 %	11.5 %
Free Cash Flow Potential	22.6	13.4	10.0	7.0	15.7	21.3	23.9
Free Cash Flow / Net Profit	64.2 %	-19.6 %	-393.9 %	331.2 %	165.9 %	97.7 %	103.3 %
Interest Received / Avg. Cash	0.3 %	0.1 %	0.8 %	0.6 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	3.8 %	1.4 %	1.5 %	2.2 %	2.3 %	2.0 %	1.8 %
Management of Funds							
Investment ratio	8.4 %	17.9 %	37.7 %	14.8 %	7.7 %	4.0 %	3.7 %
Maint. Capex / Sales	1.6 %	1.9 %	2.2 %	2.2 %	1.9 %	2.1 %	1.9 %
Capex / Dep	335.8 %	581.5 %	535.7 %	126.5 %	127.7 %	67.7 %	67.7 %
Avg. Working Capital / Sales	35.3 %	42.6 %	45.3 %	40.2 %	35.3 %	30.8 %	30.6 %
Trade Debtors / Trade Creditors	336.3 %	215.9 %	219.7 %	180.9 %	192.7 %	194.1 %	193.7 %
Inventory Turnover	1.3 x	1.0 x	0.9 x	1.0 x	1.6 x	1.4 x	1.4 x
Receivables collection period (days)	66	58	55	54	58	58	58
Payables payment period (days)	58	78	72	70	71	83	84
Cash conversion cycle (Days)	281	321	358	309	200	220	216

CAPEX and Cash Flow in EUR m



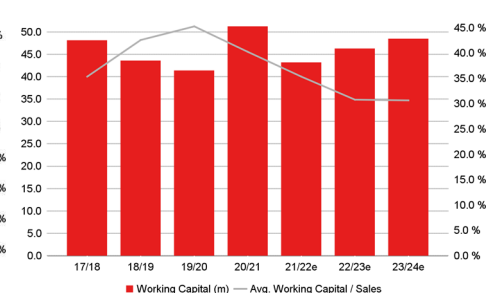
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Dr. Hönle	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005157101.htm

INVESTMENT RECOMMENDATION

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

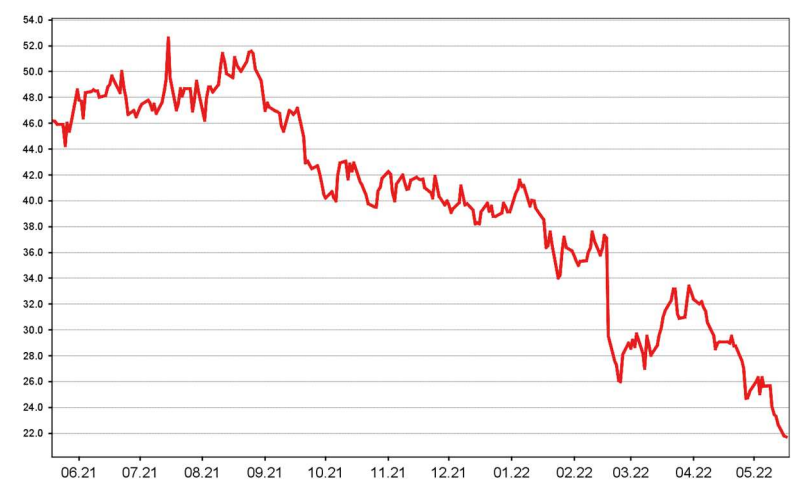
Rating	Number of stocks	% of Universe
Buy	170	80
Hold	37	17
Sell	3	1
Rating suspended	2	1
Total	212	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	50	86
Hold	6	10
Sell	0	0
Rating suspended	2	3
Total	58	100

PRICE AND RATING HISTORY DR. HÖNLE AS OF 18.05.2022



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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