

Buy EUR 34.00 (EUR 36.00) Price EUR 17.65 Upside 92.6 %	Value Indicators: EUR DCF: 34.00 FCF-Value Potential 25e: 29.20	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 UV specialty lamps
	Market Snapshot: EUR m Market cap: 107.0 No. of shares (m): 6.1 EV: 151.3 Freefloat MC: 90.9 Ø Trad. Vol. (30d): 72.71 th	Shareholders: Freefloat 84.96 % Peter Möhrle Holding 15.04 % <i>Teslin / Gerlin</i> 5.80 % <i>Allianz Global</i> 3.60 % <i>Lazard</i> 3.30 %	Key Figures (WRe): 2022/23e Beta: 1.3 Price / Book: 1.1 x Equity Ratio: 57 %

Kitchen-sinking by new CEO

Following the recent release of Q2 results that were below expectations, Hönle has now cut its guidance for the current FY and decided to fully write off the remaining inventories of its SteriWhite air-treatment systems.

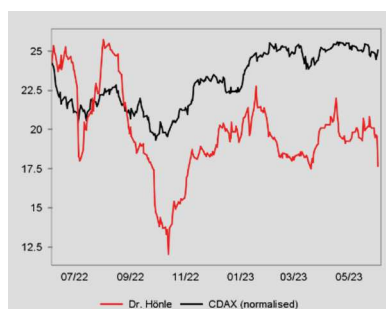
For FY 2023, Hönle is now expecting sales to reach EUR 100–105m, which is less than the recently reduced WR estimate of EUR 113m. The guidance reflects that H2 revenues will roughly remain at the rather weak H1-level. We were anticipating a pick-up in Q4 which was expected to be driven by the ramp-up of larger projects in the printing and adhesive business. In light of the new forecast, it is anticipated that these projects will only make significant top-line contributions from the next FY onwards (FY begins in October).

At such a sales level, the organic EBIT should reach EUR 5.5 – 6.5m, again below WRe EUR 10m, which reflects the lower top line. Additionally, Hönle will account for one-offs to the tune of EUR -13.5m, largely the result of the complete write-down of the remaining inventories of SteriWhite air-treatment systems, which were only partially written down in the last FY. The amount of the still existing inventories comes as something of a surprise, as it was expected that the larger part was already written down last year. The explanation is that last year's write-offs only affected the assembled systems and not components which represented an additional inventory of roughly EUR 8m. The one-offs also include the severance payment amounting to EUR 0.77m for the former CEO Mr. Haimerl.

The guidance adjustment two weeks after the quarterly reporting is explained by the start of the tenure of the interim CEO Dr. Richter, who only joined the company at the beginning of May. With the move, the interim CEO is de-risking Hönle's balance sheet in a year in which the operating performance is lagging behind expectations anyway. The shortfall in comparison to the initial guidance is primarily because larger orders did not materialize as hoped for by the management. A relatively short visibility is thus far not untypical for Hönle's business. The CEO stressed that one of his focus areas will be the product development areas for deeper and earlier involvement in customer projects which should ultimately strengthen customer relations but also improve the company's visibility. The implementation of such a process, however, is not expected in the short term.

We continue to assume that Hönle will be able to return to higher growth and better profitability from the next FY onwards driven by larger projects (WRe, in adhesives and printing) and an easing supply-chain situation. Hönle hosted a conference call on Friday for the first time since its IPO in 2001! It is clearly positive that the new CEO will step up capital-market activities. With the reduction in estimates and the higher inventory adjustment than expected, the PT is lowered to EUR 34. The Buy rating is maintained owing to an undemanding valuation.

Changes in Estimates:						Comment on Changes:	
FY End: 30.9. in EUR m	2022/23e (old)	+ / -	2023/24e (old)	+ / -	2024/25e (old)	+ / -	
Sales	112.8	-7.0 %	127.0	-3.1 %	135.9	-1.8 %	■ Adjustment of forecasts in light of weaker operating development than expected in FY 2023 ■ Excl. Raesch and one-offs, Hönle reached an EBIT margin of ~10% in FY 2022. On somewhat higher sales, the return to double-digit margins should be achieved by 2024.
EBIT	10.0	n.m.	16.0	-12.6 %	19.6	-7.4 %	
EBIT adj.	10.8	-45.3 %	16.0	-12.6 %	19.6	-7.4 %	

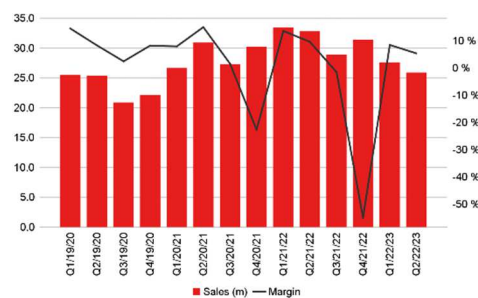


Rel. Performance vs CDAX:	
1 month:	-9.7 %
6 months:	-14.6 %
Year to date:	-19.8 %
Trailing 12 months:	-32.7 %

Company events:
07.08.23 Q3

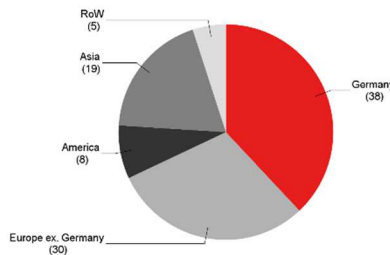
FY End: 30.9. in EUR m	CAGR (21/22-24/25e)	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Sales	1.8 %	107.7	93.9	115.2	126.5	104.9	123.0	133.4
Change Sales yoy		-14.8 %	-12.9 %	22.7 %	9.9 %	-17.1 %	17.3 %	8.5 %
Gross profit margin		67.6 %	64.5 %	60.2 %	49.2 %	50.3 %	63.5 %	64.0 %
EBITDA	77.1 %	20.3	14.7	13.8	4.5	-1.4	20.5	24.7
EBIT	-	17.0	8.1	0.3	-10.0	-7.6	13.9	18.2
EBIT adj.		17.0	8.1	7.8	8.3	5.9	13.9	18.2
Margin		15.8 %	8.6 %	6.8 %	6.5 %	5.6 %	11.3 %	13.6 %
Net income	-	12.5	5.8	-4.9	-13.3	-6.5	8.8	11.8
EPS	-	2.27	1.01	-0.81	-2.19	-1.08	1.46	1.95
EPS adj.	32.9 %	2.27	1.01	0.45	0.83	-1.08	1.46	1.95
DPS	-	0.80	0.50	0.20	0.00	0.00	0.50	0.70
Dividend Yield		1.5 %	1.1 %	0.4 %	n.a.	n.a.	2.8 %	3.6 %
FCFPS		-0.44	-4.00	-2.67	-1.95	1.32	1.37	1.70
FCF / Market cap		-0.8 %	-9.0 %	-5.3 %	-6.4 %	7.5 %	7.8 %	8.7 %
EV / Sales		2.9 x	2.9 x	3.1 x	1.9 x	1.4 x	1.2 x	1.1 x
EV / EBITDA		15.1 x	18.6 x	25.6 x	53.9 x	n.a.	7.0 x	6.0 x
EV / EBIT		18.0 x	33.7 x	n.a.	n.a.	n.a.	10.3 x	8.1 x
P / E		23.8 x	43.8 x	n.a.	n.a.	n.a.	12.1 x	10.0 x
P / E adj.		23.8 x	43.8 x	111.1 x	36.5 x	n.a.	12.1 x	10.0 x
FCF Potential Yield		4.4 %	3.6 %	4.1 %	4.7 %	-1.2 %	9.7 %	11.4 %
Net Debt		9.8	20.9	50.1	56.3	44.3	36.0	28.8
ROCE (NOPAT)		13.3 %	4.9 %	1.4 %	n.a.	n.a.	6.9 %	8.9 %
Guidance:		2023: Sales EUR 105 - 110m; EBIT EUR 5.5-6.5m excl. One-offs of EUR 13.5m						

Sales development
in EUR m



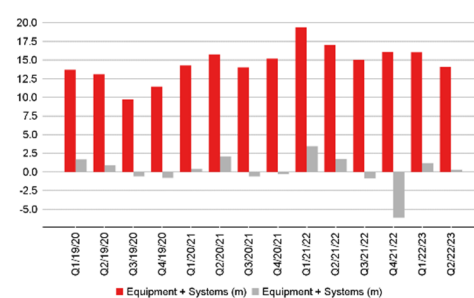
Source: Warburg Research

Sales by regions
2022; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

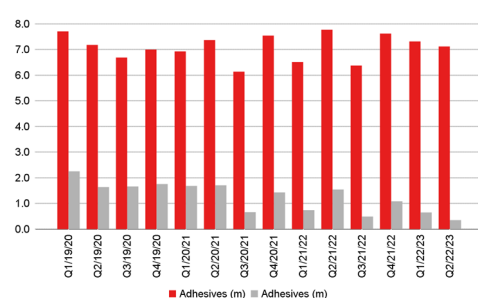
Company Background

- 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

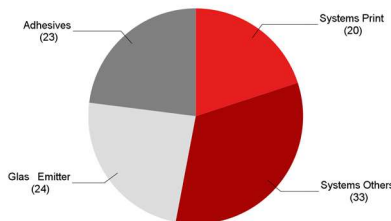
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the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



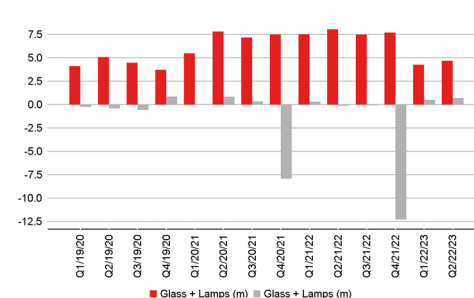
Source: Warburg Research

Sales by segments
2022; 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
	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	32/33e	33/34e	34/35e	
Sales	104.9	123.0	133.4	142.8	151.4	160.4	168.5	176.9	185.7	193.2	200.9	208.9	212.6	1.8 %
Sales change	-17.1 %	17.3 %	8.5 %	7.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
EBIT	-7.6	13.9	18.2	21.4	22.7	24.1	25.3	26.5	27.9	29.0	30.1	31.3	31.9	15.0 %
EBIT-margin	-7.2 %	11.3 %	13.6 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
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 %	22.5
NOPAT	-5.4	9.9	12.9	15.1	16.0	17.0	17.8	18.7	19.6	20.4	21.2	22.1	22.5	
Depreciation	6.2	6.6	6.6	8.6	8.7	6.9	7.2	7.4	7.6	7.7	7.6	7.6	7.4	3.5 %
in % of Sales	5.9 %	5.3 %	4.9 %	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	1.2
Change in Liquidity from														
- Working Capital	-14.4	3.3	3.8	2.8	1.4	1.4	2.6	2.7	2.8	2.4	2.5	2.6	1.2	8.6
- Capex	5.3	5.3	5.8	5.9	5.9	6.1	6.1	6.4	6.7	7.0	7.2	9.2	8.6	
Capex in % of Sales	5.1 %	4.3 %	4.3 %	4.1 %	3.9 %	3.8 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	4.4 %	4.1 %	0.0
- 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)	9.9	8.9	10.9	16.0	17.4	16.4	16.4	17.1	17.7	18.8	19.2	17.9	20.1	20
PV of FCF	10.1	8.4	9.5	13.0	13.0	11.3	10.5	10.1	9.7	9.5	8.9	7.7	8.0	127
share of PVs	10.94 %			39.67 %										49.39 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	23.50 %	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	8.19 %	Beta	1.30

Valuation (m)

Present values 2034/35e	130		
Terminal Value	127		
Financial liabilities	59		
Pension liabilities	4		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	1		
Liquidity	13	No. of shares (m)	6.1
Equity Value	206	Value per share (EUR)	34.00

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
1.54	9.2 %	26.84	27.30	27.80	28.32	28.89	29.49	30.14	1.54	9.2 %	24.25	25.61	26.97	28.32	29.68	31.04	32.39
1.42	8.7 %	29.17	29.72	30.32	30.96	31.64	32.38	33.18	1.42	8.7 %	26.59	28.05	29.50	30.96	32.41	33.87	35.32
1.36	8.4 %	30.45	31.06	31.72	32.42	33.18	34.00	34.89	1.36	8.4 %	27.89	29.40	30.91	32.42	33.93	35.44	36.95
1.30	8.2 %	31.83	32.50	33.22	34.00	34.85	35.76	36.75	1.30	8.2 %	29.30	30.87	32.43	34.00	35.57	37.14	38.71
1.24	7.9 %	33.30	34.05	34.85	35.71	36.65	37.67	38.79	1.24	7.9 %	30.82	32.45	34.08	35.71	37.34	38.98	40.61
1.18	7.7 %	34.89	35.71	36.60	37.57	38.62	39.76	41.02	1.18	7.7 %	32.47	34.17	35.87	37.57	39.27	40.97	42.67
1.06	7.2 %	38.46	39.48	40.58	41.79	43.12	44.58	46.20	1.06	7.2 %	36.22	38.08	39.94	41.79	43.65	45.51	47.37

- 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	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e	
Net Income before minorities	12.4	5.7	-4.9	-13.1	-6.3	9.0	12.0	
+ Depreciation + Amortisation	3.3	6.6	13.5	14.5	6.2	6.6	6.6	
- Net Interest Income	-0.1	-0.2	-1.0	-1.4	-1.3	-1.2	-1.2	
- Maintenance Capex	2.1	2.1	2.5	2.6	3.0	3.0	3.0	
+ Other	-0.4	-0.4	7.5	11.1	0.0	0.0	0.0	
= Free Cash Flow Potential	13.4	10.0	14.5	11.3	-1.8	13.8	16.8	
FCF Potential Yield (on market EV)	4.4 %	3.6 %	4.1 %	4.7 %	-1.2 %	9.7 %	11.4 %	
WACC	8.19 %	8.19 %	8.19 %	8.19 %	8.19 %	8.19 %	8.19 %	
= Enterprise Value (EV)	307.3	273.1	353.1	239.9	151.3	143.0	147.3	
= Fair Enterprise Value	163.2	121.7	177.5	138.0	n.a.	168.7	205.4	
- Net Debt (Cash)	52.3	52.3	52.3	52.3	40.3	32.0	24.7	
- Pension Liabilities	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
- 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	106.9	65.4	121.2	81.7	n.a.	132.7	176.7	
Number of shares, average	5.5	5.7	6.1	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	19.40	11.48	19.99	13.47	n.a.	21.89	29.15	
premium (-) / discount (+) in %						24.0 %	49.1 %	
Sensitivity Fair value per Share (EUR)								
	11.19 %	10.42	5.40	12.14	7.37	n.a.	14.43	20.06
	10.19 %	12.35	6.84	14.25	9.00	n.a.	16.42	22.50
	9.19 %	14.71	8.60	16.81	10.99	n.a.	18.86	25.46
WACC	8.19 %	19.40	11.48	19.99	13.47	n.a.	21.89	29.15
	7.19 %	21.38	13.57	24.07	16.64	n.a.	25.76	33.86
	6.19 %	26.34	17.27	29.46	20.82	n.a.	30.88	40.10
	5.19 %	33.20	22.38	36.92	26.63	n.a.	37.97	48.74

▪ Rising value indication triggered by margin expansion

Valuation	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Price / Book	3.3 x	2.2 x	2.7 x	1.7 x	1.1 x	1.0 x	1.0 x
Book value per share ex intangibles	12.47	15.72	14.30	13.80	12.43	13.94	15.43
EV / Sales	2.9 x	2.9 x	3.1 x	1.9 x	1.4 x	1.2 x	1.1 x
EV / EBITDA	15.1 x	18.6 x	25.6 x	53.9 x	n.a.	7.0 x	6.0 x
EV / EBIT	18.0 x	33.7 x	n.a.	n.a.	n.a.	10.3 x	8.1 x
EV / EBIT adj.*	18.0 x	33.7 x	45.2 x	29.0 x	25.6 x	10.3 x	8.1 x
P / FCF	n.a.	n.a.	n.a.	n.a.	13.4 x	12.9 x	11.5 x
P / E	23.8 x	43.8 x	n.a.	n.a.	n.a.	12.1 x	10.0 x
P / E adj.*	23.8 x	43.8 x	111.1 x	36.5 x	n.a.	12.1 x	10.0 x
Dividend Yield	1.5 %	1.1 %	0.4 %	n.a.	n.a.	2.8 %	3.6 %
FCF Potential Yield (on market EV)	4.4 %	3.6 %	4.1 %	4.7 %	-1.2 %	9.7 %	11.4 %

*Adjustments made for: -

Company Specific Items	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Adj. FCFPS	1.73	-0.66	-0.19	0.53	3.79	3.84	4.18

Consolidated profit & loss

In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Sales	107.7	93.9	115.2	126.5	104.9	123.0	133.4
Change Sales yoy	-14.8 %	-12.9 %	22.7 %	9.9 %	-17.1 %	17.3 %	8.5 %
Increase / decrease in inventory	1.9	-0.6	3.1	8.3	0.7	0.0	0.0
Own work capitalised	0.1	0.0	0.0	0.4	0.1	0.1	0.1
Total Sales	109.7	93.3	118.3	135.2	105.7	123.1	133.5
Material expenses	36.9	32.7	48.9	72.9	52.9	44.9	48.0
Gross profit	72.8	60.5	69.3	62.3	52.8	78.2	85.5
<i>Gross profit margin</i>	<i>67.6 %</i>	<i>64.5 %</i>	<i>60.2 %</i>	<i>49.2 %</i>	<i>50.3 %</i>	<i>63.5 %</i>	<i>64.0 %</i>
Personnel expenses	35.8	33.2	39.7	43.0	40.6	43.0	45.4
Other operating income	1.5	1.2	1.6	3.9	2.0	2.0	2.0
Other operating expenses	18.2	13.8	17.5	18.7	15.6	16.6	17.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	20.3	14.7	13.8	4.5	-1.4	20.5	24.7
<i>Margin</i>	<i>18.9 %</i>	<i>15.7 %</i>	<i>12.0 %</i>	<i>3.5 %</i>	<i>-1.4 %</i>	<i>16.7 %</i>	<i>18.5 %</i>
Depreciation of fixed assets	2.8	6.0	9.0	13.7	5.6	6.0	6.0
EBITA	17.6	8.7	4.8	-9.3	-7.0	14.5	18.7
Amortisation of intangible assets	0.5	0.6	1.1	0.7	0.6	0.6	0.6
Goodwill amortisation	0.0	0.0	3.4	0.0	0.0	0.0	0.0
EBIT	17.0	8.1	0.3	-10.0	-7.6	13.9	18.2
<i>Margin</i>	<i>15.8 %</i>	<i>8.6 %</i>	<i>0.3 %</i>	<i>-7.9 %</i>	<i>-7.2 %</i>	<i>11.3 %</i>	<i>13.6 %</i>
EBIT adj.	17.0	8.1	7.8	8.3	5.9	13.9	18.2
Interest income	0.0	0.2	0.1	0.1	0.1	0.0	0.0
Interest expenses	0.2	0.5	1.1	1.5	1.5	1.2	1.2
Other financial income (loss)	0.0	0.1	0.0	0.0	0.1	0.0	0.0
EBT	16.9	7.9	-0.7	-11.4	-8.9	12.7	17.0
<i>Margin</i>	<i>15.7 %</i>	<i>8.5 %</i>	<i>-0.6 %</i>	<i>-9.0 %</i>	<i>-8.5 %</i>	<i>10.3 %</i>	<i>12.7 %</i>
Total taxes	4.5	2.2	4.3	1.7	-2.6	3.7	4.9
Net income from continuing operations	12.4	5.7	-4.9	-13.1	-6.3	9.0	12.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	12.4	5.7	-4.9	-13.1	-6.3	9.0	12.0
Minority interest	-0.1	-0.1	0.0	0.2	0.2	0.2	0.2
Net income	12.5	5.8	-4.9	-13.3	-6.5	8.8	11.8
<i>Margin</i>	<i>11.6 %</i>	<i>6.2 %</i>	<i>-4.2 %</i>	<i>-10.5 %</i>	<i>-6.2 %</i>	<i>7.2 %</i>	<i>8.9 %</i>
Number of shares, average	5.5	5.7	6.1	6.1	6.1	6.1	6.1
EPS	2.27	1.01	-0.81	-2.19	-1.08	1.46	1.95
EPS diluted	2.27	0.95	-0.81	-2.19	-1.08	1.46	1.95

*Adjustments made for:

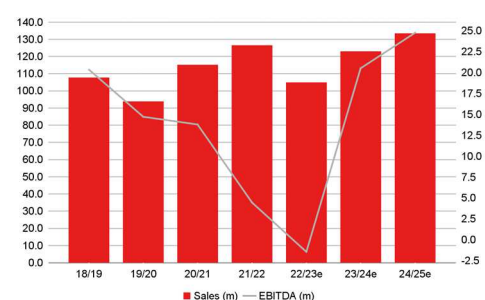
Guidance: 2023: Sales EUR 105 - 110m; EBIT EUR 5.5-6.5m excl. One-offs of EUR 13.5m

Financial Ratios

	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Total Operating Costs / Sales	82.9 %	83.7 %	90.7 %	103.3 %	102.1 %	83.4 %	81.5 %
Operating Leverage	3.0 x	4.1 x	-4.3 x	n.a.	1.4 x	n.a.	3.6 x
EBITDA / Interest expenses	125.6 x	32.2 x	12.3 x	2.9 x	n.m.	16.9 x	20.4 x
Tax rate (EBT)	26.5 %	28.2 %	-635.7 %	-14.4 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	35.5 %	49.9 %	n.m.	0.0 %	0.0 %	33.5 %	35.2 %
Sales per Employee	173,785	160,472	175,297	192,880	177,788	192,180	202,196

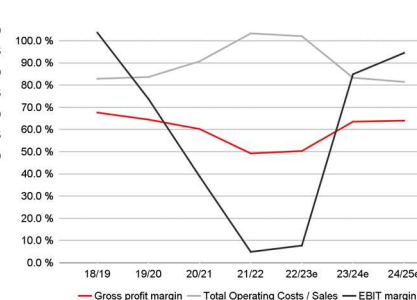
Sales, EBITDA

in EUR m

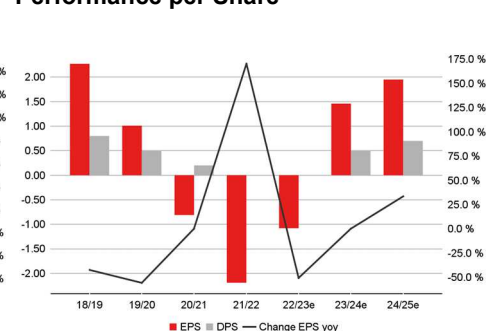


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

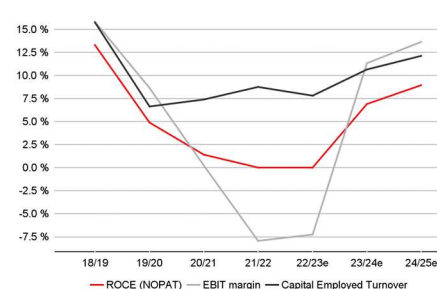
Consolidated balance sheet

In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Assets							
Goodwill and other intangible assets	21.2	21.0	24.0	23.3	23.0	22.7	22.5
thereof other intangible assets	2.4	2.2	2.9	2.1	1.9	1.6	1.3
thereof Goodwill	18.8	18.8	21.1	21.1	21.1	21.1	21.1
Property, plant and equipment	42.2	76.8	87.8	79.6	75.0	74.0	73.5
Financial assets	1.2	1.1	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	64.6	99.0	112.9	103.9	99.0	97.7	97.0
Inventories	35.9	35.2	46.7	46.4	33.1	35.1	38.1
Accounts receivable	17.0	14.3	17.1	19.7	16.7	19.5	21.2
Liquid assets	14.6	34.2	12.1	7.1	7.9	16.2	23.5
Other short-term assets	12.1	13.6	14.1	18.4	17.2	15.7	14.2
Current assets	79.5	97.2	90.0	91.6	74.9	86.5	97.0
Total Assets	144.1	196.2	202.9	195.5	173.9	184.3	194.0
Liabilities and shareholders' equity							
Subscribed capital	5.5	6.1	6.1	6.1	6.1	6.1	6.1
Capital reserve	16.6	42.0	42.0	42.0	42.0	42.0	42.0
Retained earnings	67.9	68.3	62.7	58.8	52.3	61.2	70.0
Other equity components	0.0	0.0	0.0	0.0	-2.0	-2.0	-2.0
Shareholders' equity	90.0	116.3	110.7	106.9	98.4	107.2	116.0
Minority interest	0.1	0.3	0.4	0.4	0.4	0.4	0.4
Total equity	90.1	116.7	111.1	107.2	98.7	107.6	116.4
Provisions	8.8	9.5	9.3	4.7	4.7	4.7	4.7
thereof provisions for pensions and similar obligations	8.3	8.8	8.6	4.0	4.0	4.0	4.0
Financial liabilities (total)	16.2	46.3	53.5	59.4	48.2	48.2	48.2
Short-term financial liabilities	1.7	3.5	3.9	26.4	0.0	0.0	0.0
Accounts payable	7.9	6.5	9.4	10.3	8.5	10.0	10.9
Other liabilities	21.2	17.3	19.5	13.8	13.8	13.8	13.8
Liabilities	54.0	79.5	91.8	88.2	75.2	76.7	77.6
Total liabilities and shareholders' equity	144.1	196.2	202.9	195.5	173.9	184.3	194.0

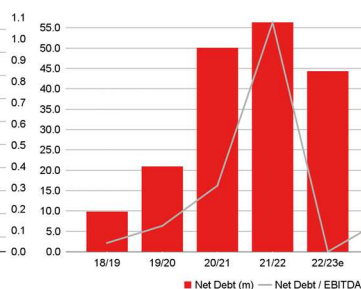
Financial Ratios

	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Efficiency of Capital Employment							
Operating Assets Turnover	1.3 x	0.8 x	0.8 x	1.0 x	0.9 x	1.1 x	1.1 x
Capital Employed Turnover	1.1 x	0.7 x	0.7 x	0.8 x	0.7 x	0.9 x	0.9 x
ROA	19.3 %	5.8 %	-4.3 %	-12.8 %	-6.6 %	9.0 %	12.2 %
Return on Capital							
ROCE (NOPAT)	13.3 %	4.9 %	1.4 %	n.a.	n.a.	6.9 %	8.9 %
ROE	14.1 %	5.6 %	-4.3 %	-12.2 %	-6.4 %	8.6 %	10.6 %
Adj. ROE	14.1 %	5.6 %	2.4 %	4.6 %	-6.4 %	8.6 %	10.6 %
Balance sheet quality							
Net Debt	9.8	20.9	50.1	56.3	44.3	36.0	28.8
Net Financial Debt	1.6	12.1	41.5	52.3	40.3	32.0	24.7
Net Gearing	10.9 %	17.9 %	45.1 %	52.5 %	44.9 %	33.5 %	24.7 %
Net Fin. Debt / EBITDA	7.8 %	82.4 %	300.7 %	1174.5 %	n.a.	156.1 %	100.0 %
Book Value / Share	16.3	19.2	18.3	17.6	16.2	17.7	19.1
Book value per share ex intangibles	12.5	15.7	14.3	13.8	12.4	13.9	15.4

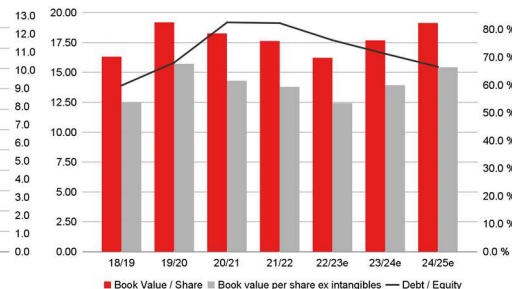
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

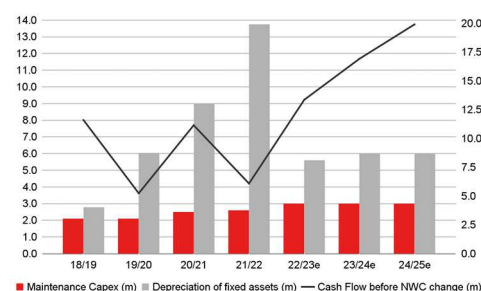
In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Net income	12.5	5.8	-4.9	-13.3	-6.5	8.8	11.8
Depreciation of fixed assets	2.8	6.0	9.0	13.7	5.6	6.0	6.0
Amortisation of goodwill	0.0	0.0	3.4	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.6	1.1	0.7	0.6	0.6	0.6
Increase/decrease in long-term provisions	0.0	0.3	0.4	-0.2	0.0	0.0	0.0
Other non-cash income and expenses	-4.2	-7.5	2.1	5.0	13.7	1.5	1.5
Cash Flow before NWC change	11.6	5.2	11.2	6.1	13.3	16.9	19.9
Increase / decrease in inventory	-2.4	0.6	-12.5	-11.6	13.3	-2.0	-3.0
Increase / decrease in accounts receivable	6.5	2.7	-1.3	-2.7	3.0	-2.8	-1.7
Increase / decrease in accounts payable	1.1	-1.2	3.6	0.8	-1.8	1.5	0.9
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	-14.5	0.0	0.0
Increase / decrease in working capital (total)	5.2	2.2	-10.2	-13.5	-0.1	-3.3	-3.8
Net cash provided by operating activities [1]	16.8	7.4	0.9	-7.4	13.3	13.6	16.1
Investments in intangible assets	-0.2	-0.3	-0.2	-0.1	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-19.1	-35.1	-16.9	-5.2	-5.0	-5.0	-5.5
Payments for acquisitions	0.0	-0.2	-7.7	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	0.1	0.0	0.2	2.7	4.0	0.0	0.0
Net cash provided by investing activities [2]	-19.2	-30.4	-24.6	-1.7	-1.3	-5.3	-5.8
Change in financial liabilities	9.1	21.9	4.3	4.9	-11.2	0.0	0.0
Dividends paid	-4.4	-4.4	-3.0	-1.2	0.0	0.0	-3.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	25.7	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	4.7	43.3	1.2	3.7	-11.2	0.0	-3.0
Change in liquid funds [1]+[2]+[3]	2.4	20.3	-22.5	-5.4	0.7	8.3	7.3
Effects of exchange-rate changes on cash	0.1	-0.1	0.0	0.4	0.0	0.0	0.0
Cash and cash equivalent at end of period	14.5	34.7	11.7	7.1	7.9	16.2	23.5

Financial Ratios

	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Cash Flow							
FCF	-2.4	-22.8	-16.2	-11.8	8.0	8.3	10.3
Free Cash Flow / Sales	-2.3 %	-24.2 %	-14.0 %	-9.3 %	7.6 %	6.8 %	7.7 %
Free Cash Flow Potential	13.4	10.0	14.5	11.3	-1.8	13.8	16.8
Free Cash Flow / Net Profit	-19.6 %	-393.9 %	331.2 %	88.9 %	-122.5 %	94.0 %	87.0 %
Interest Received / Avg. Cash	0.1 %	0.8 %	0.6 %	0.7 %	1.3 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.4 %	1.5 %	2.2 %	2.7 %	2.7 %	2.5 %	2.5 %
Management of Funds							
Investment ratio	17.9 %	37.7 %	14.8 %	4.2 %	5.1 %	4.3 %	4.3 %
Maint. Capex / Sales	1.9 %	2.2 %	2.2 %	2.1 %	2.9 %	2.4 %	2.2 %
Capex / Dep	581.5 %	535.7 %	126.5 %	36.4 %	86.0 %	80.7 %	88.3 %
Avg. Working Capital / Sales	42.6 %	45.3 %	40.2 %	41.2 %	43.7 %	32.8 %	32.9 %
Trade Debtors / Trade Creditors	215.9 %	219.7 %	180.9 %	191.0 %	196.5 %	195.0 %	194.5 %
Inventory Turnover	1.0 x	0.9 x	1.0 x	1.6 x	1.6 x	1.3 x	1.3 x
Receivables collection period (days)	58	55	54	57	58	58	58
Payables payment period (days)	78	72	70	52	59	81	83
Cash conversion cycle (Days)	321	358	309	224	210	241	245

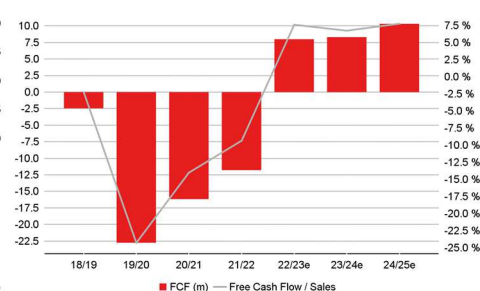
CAPEX and Cash Flow

in EUR m



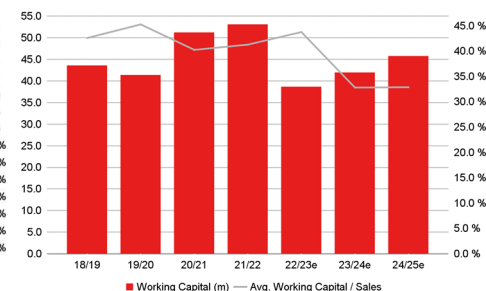
Source: Warburg Research

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	http://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	159	75
Hold	43	20
Sell	7	3
Rating suspended	3	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	45	88
Hold	5	10
Sell	0	0
Rating suspended	1	2
Total	51	100

PRICE AND RATING HISTORY DR. HÖNLE AS OF 05.06.2023



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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