

Buy EUR 29.00 (EUR 30.00) Price EUR 15.40 Upside 88.3 %	Value Indicators: EUR DCF: 29.00 FCF-Value Potential 25e: 20.00	Warburg ESG Risk Score: 1.4 ESG Score (MSCI based): 3.0 Balance Sheet Score: 0.8 Market Liquidity Score: 0.5	Description: Leading supplier of specialty adhesives, UV/ IR radiation systems and UV specialty lamps
	Market Snapshot: EUR m Market cap: 93.4 No. of shares (m): 6.1 EV: 136.1 Freefloat MC: 74.7 Ø Trad. Vol. (30d): 63.13 th	Shareholders: Freefloat 80.00 % Peter Möhrle Holding 20.00 % <i>Teslin / Gerlin</i> 5.80 % <i>Lazard</i> 3.10 %	Key Figures (WRE): 2022/23e Beta: 1.3 Price / Book: 1.2 x Equity Ratio: 55 %

Preliminary Q1 figures fall short of expectations on weak equipment demand

Figures Q1/2023/24: Hönle - Q1 2024 prel. Figures in EUR m	<table border="1"> <thead> <tr> <th></th> <th>Q1/24</th> <th>Q1/24e</th> <th>Q1/23</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>23.8</td> <td>25.8</td> <td>27.6</td> <td>-13.8%</td> </tr> <tr> <td>EBIT</td> <td>-0.6 - -0.8</td> <td>0.7</td> <td>2.3</td> <td>-</td> </tr> <tr> <td>margin</td> <td></td> <td>2.7%</td> <td>8.5%</td> <td></td> </tr> </tbody> </table>		Q1/24	Q1/24e	Q1/23	yoy	Sales	23.8	25.8	27.6	-13.8%	EBIT	-0.6 - -0.8	0.7	2.3	-	margin		2.7%	8.5%		Comment on Figures: <ul style="list-style-type: none"> Q1 revenues below forecast, mostly because demand was weak in the equipment business Q1 EBIT of ~ EUR -0.7m also falls short resulting from low top line
	Q1/24	Q1/24e	Q1/23	yoy																		
Sales	23.8	25.8	27.6	-13.8%																		
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Hönle released preliminary Q1 results on Friday that were below the expectations.

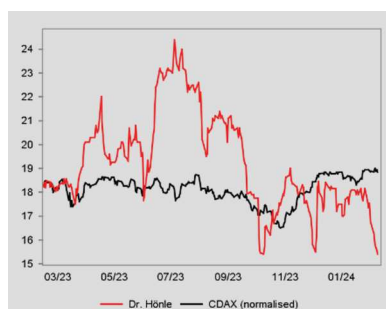
Revenues reached only EUR 23.8m in Q1, which marked a decline of -14% yoy and -10% qoq. We were expecting only a moderate decrease in comparison to the September quarter. Responsible for the weaker development was largely weak demand in the company's equipment business, which has relatively strong exposure to the printing industry. Customers such as Heidelberger Druck reported relatively weak order intake and recently introduced short-time work. According to Heidelberg, the weakness has been more pronounced in the EMEA region while development in other regions was more stable. A negative EBIT in a range of EUR -0.6m to EUR -0.8m reflects the low top-line level.

With the upcoming DRUPA fair (Q2 CY 2024), demand from printing customers should improve at a later stage in 2024. The management also pointed out that the company has already received some larger orders with shipment expected in H2 and it expects to gain further from existing and new clients which will support higher revenue levels in H2 FY 2024.

Hönle left its FY 2024 guidance unchanged, based on the expectation of a stronger H2. We are not expecting, however, that the company will be able to fully compensate for the shortfall in Q1. The estimates are hence reduced and revenues are now expected to be slightly below the midpoint and EBIT at the low end of the guidance range (sales EUR 105–115m; EBIT EUR 6–9m).

The PT is slightly revised to EUR 29 and the Buy rating kept unchanged owing to the valuation upside and significant room for improvement in the midterm with the changed management team (new CEO to take over on May 1).

Changes in Estimates: FY End: 30.9. in EUR m	<table border="1"> <thead> <tr> <th></th> <th>2023/24e (old)</th> <th>+ / -</th> <th>2024/25e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>114.8</td> <td>-4.8 %</td> <td>124.8</td> <td>-3.0 %</td> </tr> <tr> <td>EBIT</td> <td>9.0</td> <td>-33.5 %</td> <td>13.9</td> <td>-12.7 %</td> </tr> <tr> <td>EBIT adj.</td> <td>9.0</td> <td>-33.5 %</td> <td>13.9</td> <td>-12.7 %</td> </tr> </tbody> </table>		2023/24e (old)	+ / -	2024/25e (old)	+ / -	Sales	114.8	-4.8 %	124.8	-3.0 %	EBIT	9.0	-33.5 %	13.9	-12.7 %	EBIT adj.	9.0	-33.5 %	13.9	-12.7 %	Comment on Changes: <ul style="list-style-type: none"> Revenues now expected to be slightly below the guidance midpoint, after development was weaker than forecast in H1 EBIT estimated at low end of guidance range after weak Q1 result Return to 10% EBIT margin expected for FY 2024/25
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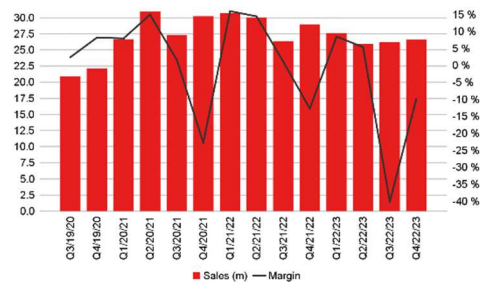


Rel. Performance vs CDAX:	
1 month:	-16.0 %
6 months:	-29.4 %
Year to date:	-12.1 %
Trailing 12 months:	-23.0 %

Company events:	
26.02.24	Q1
20.03.24	AGM
08.05.24	Q2
07.08.24	Q3

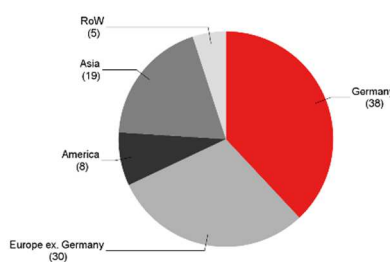
FY End: 30.9. in EUR m CAGR (22/23-24/25e)	<table border="1"> <thead> <tr> <th></th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24e</th> <th>2024/25e</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>107.7</td> <td>93.9</td> <td>115.2</td> <td>116.1</td> <td>106.3</td> <td>109.3</td> <td>121.0</td> </tr> <tr> <td>Change Sales yoy</td> <td>-14.8 %</td> <td>-12.9 %</td> <td>22.7 %</td> <td>0.8 %</td> <td>-8.4 %</td> <td>2.8 %</td> <td>10.7 %</td> </tr> <tr> <td>Gross profit margin</td> <td>67.6 %</td> <td>64.5 %</td> <td>60.2 %</td> <td>54.6 %</td> <td>50.2 %</td> <td>62.9 %</td> <td>64.0 %</td> </tr> <tr> <td>EBITDA</td> <td>20.3</td> <td>14.7</td> <td>13.8</td> <td>12.1</td> <td>0.4</td> <td>12.6</td> <td>18.7</td> </tr> <tr> <td>EBIT</td> <td>17.0</td> <td>8.1</td> <td>0.3</td> <td>5.8</td> <td>-9.4</td> <td>6.0</td> <td>12.1</td> </tr> <tr> <td>EBIT adj.</td> <td>17.0</td> <td>8.1</td> <td>7.8</td> <td>11.7</td> <td>7.1</td> <td>6.0</td> <td>12.1</td> </tr> <tr> <td>Margin</td> <td>15.8 %</td> <td>8.6 %</td> <td>6.8 %</td> <td>10.1 %</td> <td>6.6 %</td> <td>5.5 %</td> <td>10.0 %</td> </tr> <tr> <td>Net income</td> <td>12.5</td> <td>5.8</td> <td>-4.9</td> <td>-13.4</td> <td>-11.1</td> <td>2.9</td> <td>7.6</td> </tr> <tr> <td>EPS</td> <td>2.27</td> <td>1.01</td> <td>-0.81</td> <td>-2.20</td> <td>-1.84</td> <td>0.48</td> <td>1.25</td> </tr> <tr> <td>EPS adj.</td> <td>2.27</td> <td>1.01</td> <td>0.45</td> <td>-1.23</td> <td>0.88</td> <td>0.48</td> <td>1.25</td> </tr> <tr> <td>DPS</td> <td>0.80</td> <td>0.50</td> <td>0.20</td> <td>0.00</td> <td>0.00</td> <td>0.15</td> <td>0.30</td> </tr> <tr> <td>Dividend Yield</td> <td>1.5 %</td> <td>1.1 %</td> <td>0.4 %</td> <td>n.a.</td> <td>n.a.</td> <td>1.0 %</td> <td>1.9 %</td> </tr> <tr> <td>FCFPS</td> <td>-0.44</td> <td>-4.00</td> <td>-2.67</td> <td>-3.31</td> <td>0.03</td> <td>1.32</td> <td>0.89</td> </tr> <tr> <td>FCF / Market cap</td> <td>-0.8 %</td> <td>-9.0 %</td> <td>-5.3 %</td> <td>-10.9 %</td> <td>0.2 %</td> <td>8.6 %</td> <td>5.8 %</td> </tr> <tr> <td>EV / Sales</td> <td>n.a.</td> <td>2.9 x</td> <td>3.1 x</td> <td>2.1 x</td> <td>1.6 x</td> <td>1.2 x</td> <td>1.1 x</td> </tr> <tr> <td>EV / EBITDA</td> <td>n.a.</td> <td>18.6 x</td> <td>25.6 x</td> <td>19.8 x</td> <td>426.3 x</td> <td>10.8 x</td> <td>7.0 x</td> </tr> <tr> <td>EV / EBIT</td> <td>n.a.</td> <td>33.7 x</td> <td>n.a.</td> <td>41.1 x</td> <td>n.a.</td> <td>22.7 x</td> <td>10.8 x</td> </tr> <tr> <td>P / E</td> <td>23.8 x</td> <td>43.8 x</td> <td>n.a.</td> <td>n.a.</td> <td>n.a.</td> <td>32.1 x</td> <td>12.3 x</td> </tr> <tr> <td>P / E adj.</td> <td>23.8 x</td> <td>43.8 x</td> <td>111.1 x</td> <td>n.a.</td> <td>22.3 x</td> <td>32.1 x</td> <td>12.3 x</td> </tr> <tr> <td>FCF Potential Yield</td> <td>n.a.</td> <td>3.6 %</td> <td>1.9 %</td> <td>-0.2 %</td> <td>-2.3 %</td> <td>6.1 %</td> <td>9.5 %</td> </tr> <tr> <td>Net Debt</td> <td>9.8</td> <td>20.9</td> <td>50.1</td> <td>56.3</td> <td>50.7</td> <td>42.7</td> <td>38.2</td> </tr> <tr> <td>ROCE (NOPAT)</td> <td>13.3 %</td> <td>4.9 %</td> <td>1.4 %</td> <td>2.3 %</td> <td>n.a.</td> <td>3.0 %</td> <td>6.0 %</td> </tr> <tr> <td>Guidance:</td> <td colspan="7">2024: Sales EUR 105 - 115m; EBIT EUR 6-9m</td> </tr> </tbody> </table>		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	Sales	107.7	93.9	115.2	116.1	106.3	109.3	121.0	Change Sales yoy	-14.8 %	-12.9 %	22.7 %	0.8 %	-8.4 %	2.8 %	10.7 %	Gross profit margin	67.6 %	64.5 %	60.2 %	54.6 %	50.2 %	62.9 %	64.0 %	EBITDA	20.3	14.7	13.8	12.1	0.4	12.6	18.7	EBIT	17.0	8.1	0.3	5.8	-9.4	6.0	12.1	EBIT adj.	17.0	8.1	7.8	11.7	7.1	6.0	12.1	Margin	15.8 %	8.6 %	6.8 %	10.1 %	6.6 %	5.5 %	10.0 %	Net income	12.5	5.8	-4.9	-13.4	-11.1	2.9	7.6	EPS	2.27	1.01	-0.81	-2.20	-1.84	0.48	1.25	EPS adj.	2.27	1.01	0.45	-1.23	0.88	0.48	1.25	DPS	0.80	0.50	0.20	0.00	0.00	0.15	0.30	Dividend Yield	1.5 %	1.1 %	0.4 %	n.a.	n.a.	1.0 %	1.9 %	FCFPS	-0.44	-4.00	-2.67	-3.31	0.03	1.32	0.89	FCF / Market cap	-0.8 %	-9.0 %	-5.3 %	-10.9 %	0.2 %	8.6 %	5.8 %	EV / Sales	n.a.	2.9 x	3.1 x	2.1 x	1.6 x	1.2 x	1.1 x	EV / EBITDA	n.a.	18.6 x	25.6 x	19.8 x	426.3 x	10.8 x	7.0 x	EV / EBIT	n.a.	33.7 x	n.a.	41.1 x	n.a.	22.7 x	10.8 x	P / E	23.8 x	43.8 x	n.a.	n.a.	n.a.	32.1 x	12.3 x	P / E adj.	23.8 x	43.8 x	111.1 x	n.a.	22.3 x	32.1 x	12.3 x	FCF Potential Yield	n.a.	3.6 %	1.9 %	-0.2 %	-2.3 %	6.1 %	9.5 %	Net Debt	9.8	20.9	50.1	56.3	50.7	42.7	38.2	ROCE (NOPAT)	13.3 %	4.9 %	1.4 %	2.3 %	n.a.	3.0 %	6.0 %	Guidance:	2024: Sales EUR 105 - 115m; EBIT EUR 6-9m						
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Sales development
in EUR m



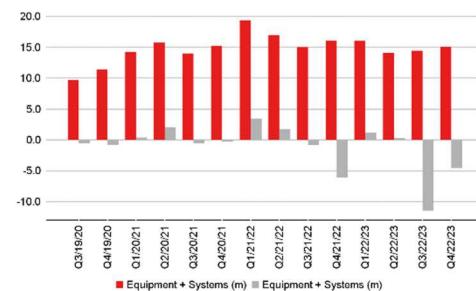
Source: Warburg Research

Sales by regions
2022; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

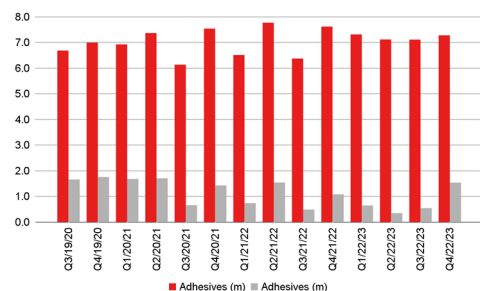
Company Background

- 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

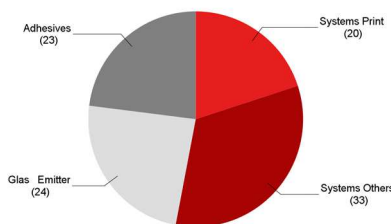
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the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



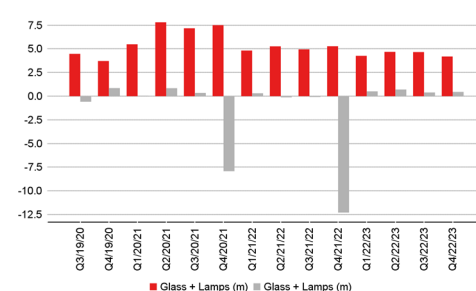
Source: Warburg Research

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
	22/23	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	106.3	109.3	121.0	131.3	139.2	147.6	156.4	164.2	172.4	181.1	188.3	195.8	203.7	
Sales change	-8.4 %	2.8 %	10.7 %	8.5 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	1.8 %
EBIT	-9.4	6.0	12.1	17.2	18.8	19.9	21.1	22.2	23.3	24.4	25.4	26.4	27.5	
EBIT-margin	-8.9 %	5.5 %	10.0 %	13.1 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	
Tax rate (EBT)	-2.5 %	29.0 %	29.0 %	29.0 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	
NOPAT	-9.7	4.3	8.6	12.2	13.2	14.0	14.9	15.6	16.4	17.2	17.9	18.6	19.4	
Depreciation	9.8	6.6	6.6	6.6	8.4	8.5	6.7	7.1	7.2	7.4	7.5	7.4	7.4	
in % of Sales	9.2 %	6.0 %	5.4 %	5.0 %	6.0 %	5.8 %	4.3 %	4.3 %	4.2 %	4.1 %	4.0 %	3.8 %	3.7 %	
Changes in provisions	-0.8	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	-11.7	-2.3	4.4	3.9	-0.1	1.4	1.4	2.5	2.6	2.8	2.3	2.4	2.5	
- Capex	2.9	5.3	5.8	5.8	5.7	5.8	5.9	5.9	6.2	6.5	6.8	7.0	8.9	
Capex in % of Sales	2.8 %	4.8 %	4.8 %	4.4 %	4.1 %	3.9 %	3.8 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	4.4 %	
- Other	0.0	0.0	-1.0	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	8.1	7.8	6.0	10.1	17.0	15.4	14.3	14.3	14.8	15.4	16.4	16.6	15.4	18
PV of FCF	0.0	7.9	5.6	8.7	13.5	11.4	9.8	9.1	8.7	8.4	8.2	7.7	6.6	113
share of PVs	9.79 %			40.01 %										50.19 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	26.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.6 %	Liquidity (share)	1.35
Market return	8.25 %	Cyclicality	1.35
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	8.01 %	Beta	1.30

Valuation (m)

Present values 2034/35e	113		
Terminal Value	113		
Financial liabilities	57		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	1		
Liquidity	9	No. of shares (m)	6.1
Equity Value	176	Value per share (EUR)	28.98

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
1.55	9.0 %	22.43	22.85	23.30	23.78	24.30	24.85	25.45	1.55	9.0 %	19.77	21.11	22.45	23.78	25.12	26.46	27.80
1.42	8.5 %	24.55	25.06	25.60	26.19	26.82	27.50	28.23	1.42	8.5 %	21.88	23.31	24.75	26.19	27.62	29.06	30.50
1.36	8.3 %	25.72	26.28	26.88	27.53	28.23	28.99	29.81	1.36	8.3 %	23.05	24.54	26.04	27.53	29.02	30.51	32.01
1.30	8.0 %	26.98	27.59	28.26	28.98	29.76	30.60	31.53	1.30	8.0 %	24.32	25.87	27.42	28.98	30.53	32.08	33.64
1.24	7.8 %	28.33	29.01	29.75	30.55	31.42	32.37	33.41	1.24	7.8 %	25.69	27.31	28.93	30.55	32.17	33.79	35.41
1.18	7.5 %	29.78	30.54	31.36	32.26	33.23	34.30	35.48	1.18	7.5 %	27.19	28.88	30.57	32.26	33.95	35.64	37.33
1.05	7.0 %	33.06	34.00	35.03	36.16	37.41	38.78	40.30	1.05	7.0 %	30.61	32.46	34.31	36.16	38.02	39.87	41.72

- 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	2022/23	2023/24e	2024/25e	
Net Income before minorities	n.a.	5.7	-4.9	-13.2	-10.9	3.1	7.8	
+ Depreciation + Amortisation	n.a.	6.6	13.5	6.3	9.8	6.6	6.6	
- Net Interest Income	n.a.	-0.2	-1.0	-1.4	-1.6	-1.6	-1.2	
- Maintenance Capex	n.a.	2.1	2.5	2.6	3.0	3.0	3.0	
+ Other	n.a.	-0.4	-0.4	7.5	-1.3	0.0	0.0	
= Free Cash Flow Potential	n.a.	10.0	6.6	-0.6	-3.8	8.3	12.5	
FCF Potential Yield (on market EV)	n/a	3.6 %	1.9 %	-0.2 %	-2.3 %	6.1 %	9.5 %	
WACC	8.01 %	8.01 %	8.01 %	8.01 %	8.01 %	8.01 %	8.01 %	
= Enterprise Value (EV)	n.a.	273.1	353.1	239.9	169.7	136.1	131.5	
= Fair Enterprise Value	n.a.	124.4	82.9	n.a.	n.a.	103.6	156.5	
- Net Debt (Cash)	n.a.	47.5	47.5	47.5	47.5	39.5	35.0	
- Pension Liabilities	n.a.	3.2	3.2	3.2	3.2	3.2	3.2	
- Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	73.7	32.2	n.a.	n.a.	60.9	118.3	
Number of shares, average	5.5	5.7	6.1	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	n.a.	12.95	5.31	n.a.	n.a.	10.04	19.52	
premium (-) / discount (+) in %						-34.8 %	26.8 %	
Sensitivity Fair value per Share (EUR)								
	11.01 %	n.a.	6.57	1.59	n.a.	n.a.	5.38	12.48
	10.01 %	n.a.	8.06	2.58	n.a.	n.a.	6.63	14.36
	9.01 %	n.a.	9.89	3.80	n.a.	n.a.	8.14	16.65
WACC	8.01 %	n.a.	12.95	5.31	n.a.	n.a.	10.04	19.52
	7.01 %	n.a.	15.09	7.27	n.a.	n.a.	12.48	23.20
	6.01 %	n.a.	19.00	9.87	n.a.	n.a.	15.73	28.12
	5.01 %	n.a.	24.46	13.51	n.a.	n.a.	20.27	34.99

▪ Rising value indication triggered by margin expansion

Valuation	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Price / Book	3.3 x	2.2 x	2.7 x	1.7 x	1.2 x	0.9 x	0.9 x
Book value per share ex intangibles	12.47	15.72	14.30	13.80	12.56	13.08	14.22
EV / Sales	n.a.	2.9 x	3.1 x	2.1 x	1.6 x	1.2 x	1.1 x
EV / EBITDA	n.a.	18.6 x	25.6 x	19.8 x	426.3 x	10.8 x	7.0 x
EV / EBIT	n.a.	33.7 x	n.a.	41.1 x	n.a.	22.7 x	10.8 x
EV / EBIT adj.*	n.a.	33.7 x	45.2 x	20.4 x	24.0 x	22.7 x	10.8 x
P / FCF	n.a.	n.a.	n.a.	n.a.	580.3 x	11.7 x	17.2 x
P / E	23.8 x	43.8 x	n.a.	n.a.	n.a.	32.1 x	12.3 x
P / E adj.*	23.8 x	43.8 x	111.1 x	n.a.	22.3 x	32.1 x	12.3 x
Dividend Yield	1.5 %	1.1 %	0.4 %	n.a.	n.a.	1.0 %	1.9 %
FCF Potential Yield (on market EV)	n.a.	3.6 %	1.9 %	-0.2 %	-2.3 %	6.1 %	9.5 %

*Adjustments made for: -

Company Specific Items	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Adj. FCFPS	1.73	-0.66	-0.19	-0.83	2.51	3.79	3.37

Consolidated profit & loss

In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Sales	107.7	93.9	115.2	116.1	106.3	109.3	121.0
Change Sales yoy	-14.8 %	-12.9 %	22.7 %	0.8 %	-8.4 %	2.8 %	10.7 %
Increase / decrease in inventory	1.9	-0.6	3.1	1.7	-1.9	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	118.2	104.5	109.4	121.1
Material expenses	36.9	32.7	48.9	54.8	51.1	40.7	43.6
Gross profit	72.8	60.5	69.3	63.4	53.3	68.7	77.5
<i>Gross profit margin</i>	<i>67.6 %</i>	<i>64.5 %</i>	<i>60.2 %</i>	<i>54.6 %</i>	<i>50.2 %</i>	<i>62.9 %</i>	<i>64.0 %</i>
Personnel expenses	35.8	33.2	39.7	39.7	39.5	41.8	43.6
Other operating income	1.5	1.2	1.6	3.6	3.3	2.1	2.0
Other operating expenses	18.2	13.8	17.5	15.2	16.7	16.4	17.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	20.3	14.7	13.8	12.1	0.4	12.6	18.7
<i>Margin</i>	<i>18.9 %</i>	<i>15.7 %</i>	<i>12.0 %</i>	<i>10.4 %</i>	<i>0.4 %</i>	<i>11.5 %</i>	<i>15.5 %</i>
Depreciation of fixed assets	2.8	6.0	9.0	5.6	5.4	6.0	6.0
EBITA	17.6	8.7	4.8	6.6	-5.0	6.6	12.7
Amortisation of intangible assets	0.5	0.6	1.1	0.7	1.8	0.6	0.6
Goodwill amortisation	0.0	0.0	3.4	0.0	2.6	0.0	0.0
EBIT	17.0	8.1	0.3	5.8	-9.4	6.0	12.1
<i>Margin</i>	<i>15.8 %</i>	<i>8.6 %</i>	<i>0.3 %</i>	<i>5.0 %</i>	<i>-8.9 %</i>	<i>5.5 %</i>	<i>10.0 %</i>
EBIT adj.	17.0	8.1	7.8	11.7	7.1	6.0	12.1
Interest income	0.0	0.2	0.1	0.1	0.2	0.0	0.0
Interest expenses	0.2	0.5	1.1	1.5	1.8	1.6	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	4.4	-11.0	4.4	10.9
<i>Margin</i>	<i>15.7 %</i>	<i>8.5 %</i>	<i>-0.6 %</i>	<i>3.8 %</i>	<i>-10.3 %</i>	<i>4.0 %</i>	<i>9.0 %</i>
Total taxes	4.5	2.2	4.3	1.6	0.3	1.3	3.2
Net income from continuing operations	12.4	5.7	-4.9	2.8	-11.3	3.1	7.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	-16.0	0.3	0.0	0.0
Net income before minorities	12.4	5.7	-4.9	-13.2	-10.9	3.1	7.8
Minority interest	-0.1	-0.1	0.0	0.2	0.2	0.2	0.2
Net income	12.5	5.8	-4.9	-13.4	-11.1	2.9	7.6
<i>Margin</i>	<i>11.6 %</i>	<i>6.2 %</i>	<i>-4.2 %</i>	<i>-11.5 %</i>	<i>-10.5 %</i>	<i>2.7 %</i>	<i>6.2 %</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	-2.20	-1.84	0.48	1.25
EPS diluted	2.27	0.95	-0.81	-2.20	-1.84	0.48	1.25

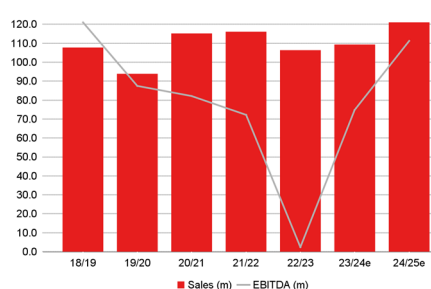
*Adjustments made for:

Guidance: 2024: Sales EUR 105 - 115m; EBIT EUR 6-9m

Financial Ratios

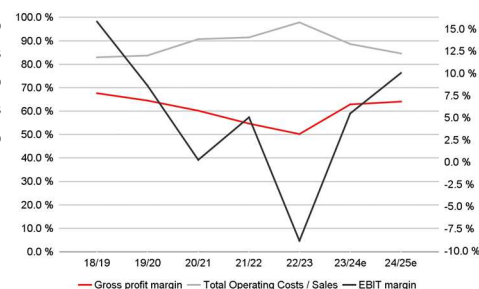
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Total Operating Costs / Sales	82.9 %	83.7 %	90.7 %	91.4 %	97.9 %	88.6 %	84.6 %
Operating Leverage	3.0 x	4.1 x	-4.3 x	2395.4 x	n.a.	n.a.	9.5 x
EBITDA / Interest expenses	125.6 x	32.2 x	12.3 x	8.0 x	0.2 x	7.9 x	15.4 x
Tax rate (EBT)	26.5 %	28.2 %	-635.7 %	35.9 %	-2.5 %	29.0 %	29.0 %
Dividend Payout Ratio	35.5 %	49.9 %	n.m.	0.0 %	0.0 %	29.1 %	23.5 %
Sales per Employee	173,785	160,472	175,297	176,971	181,471	170,832	183,383

Sales, EBITDA
in EUR m



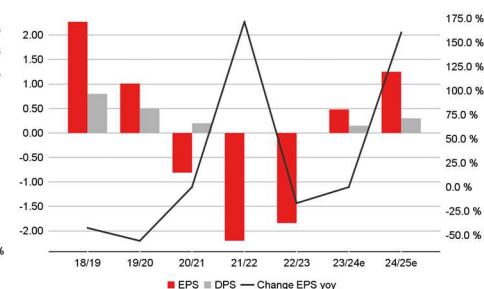
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

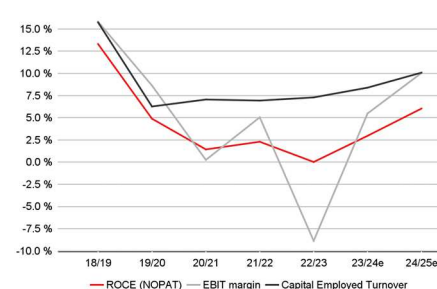
Consolidated balance sheet

In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Assets							
Goodwill and other intangible assets	21.2	21.0	24.0	23.3	19.7	19.4	19.2
thereof other intangible assets	2.4	2.2	2.9	2.1	1.3	1.0	0.8
thereof Goodwill	18.8	18.8	21.1	21.1	18.4	18.4	18.4
Property, plant and equipment	42.2	76.8	87.8	79.6	75.1	74.1	73.6
Financial assets	1.2	1.1	1.1	1.1	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	64.6	99.0	112.9	103.9	95.8	94.6	93.8
Inventories	35.9	35.2	46.7	46.4	35.0	31.2	34.6
Accounts receivable	17.0	14.3	17.1	19.7	15.6	17.4	19.2
Liquid assets	14.6	34.2	12.1	7.1	9.3	8.1	7.6
Other short-term assets	12.1	13.6	14.1	18.4	20.3	18.8	17.3
Current assets	79.5	97.2	90.0	91.6	80.3	75.5	78.8
Total Assets	144.1	196.2	202.9	195.5	176.2	170.1	172.6
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	47.8	50.7	57.4
Other equity components	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	90.0	116.3	110.7	106.9	95.8	98.7	105.4
Minority interest	0.1	0.3	0.4	0.4	0.3	0.3	0.3
Total equity	90.1	116.7	111.1	107.2	96.1	99.1	105.7
Provisions	8.8	9.5	9.3	4.7	3.6	3.6	3.6
thereof provisions for pensions and similar obligations	8.3	8.8	8.6	4.0	3.2	3.2	3.2
Financial liabilities (total)	16.2	46.3	53.5	59.4	56.8	47.6	42.6
Short-term financial liabilities	1.7	3.5	3.9	26.4	12.4	0.0	0.0
Accounts payable	7.9	6.5	9.4	10.3	7.6	7.8	8.6
Other liabilities	21.2	17.3	19.5	13.8	12.1	12.1	12.1
Liabilities	54.0	79.5	91.8	88.2	80.0	71.1	66.9
Total liabilities and shareholders' equity	144.1	196.2	202.9	195.5	176.2	170.1	172.6

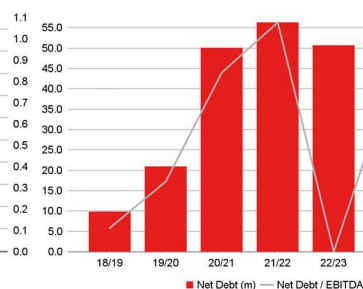
Financial Ratios

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Efficiency of Capital Employment							
Operating Assets Turnover	1.3 x	0.8 x	0.8 x	0.9 x	0.9 x	1.0 x	1.0 x
Capital Employed Turnover	1.1 x	0.7 x	0.7 x	0.7 x	0.7 x	0.8 x	0.8 x
ROA	19.3 %	5.8 %	-4.3 %	-12.9 %	-11.6 %	3.1 %	8.1 %
Return on Capital							
ROCE (NOPAT)	13.3 %	4.9 %	1.4 %	2.3 %	n.a.	3.0 %	6.0 %
ROE	14.1 %	5.6 %	-4.3 %	-12.3 %	-11.0 %	3.0 %	7.4 %
Adj. ROE	14.1 %	5.6 %	2.4 %	-6.9 %	5.3 %	3.0 %	7.4 %
Balance sheet quality							
Net Debt	9.8	20.9	50.1	56.3	50.7	42.7	38.2
Net Financial Debt	1.6	12.1	41.5	52.3	47.5	39.5	35.0
Net Gearing	10.9 %	17.9 %	45.1 %	52.5 %	52.7 %	43.1 %	36.1 %
Net Fin. Debt / EBITDA	7.8 %	82.4 %	300.7 %	431.5 %	n.a.	314.1 %	187.0 %
Book Value / Share	16.3	19.2	18.3	17.6	15.8	16.3	17.4
Book value per share ex intangibles	12.5	15.7	14.3	13.8	12.6	13.1	14.2

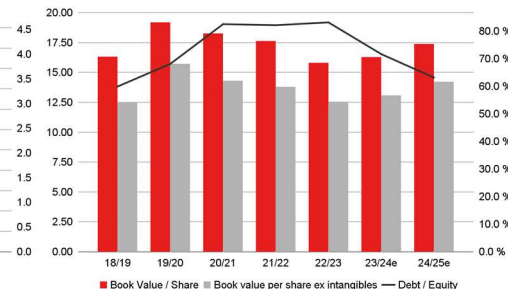
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

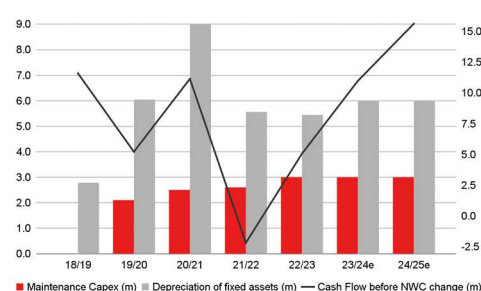
In EUR m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Net income	12.5	5.8	-4.9	-13.4	-11.1	2.9	7.6
Depreciation of fixed assets	2.8	6.0	9.0	5.6	5.4	6.0	6.0
Amortisation of goodwill	0.0	0.0	3.4	0.0	2.6	0.0	0.0
Amortisation of intangible assets	0.5	0.6	1.1	0.7	1.8	0.6	0.6
Increase/decrease in long-term provisions	0.0	0.3	0.4	-0.2	-0.8	0.0	0.0
Other non-cash income and expenses	-4.2	-7.5	2.1	5.1	7.2	1.5	1.5
Cash Flow before NWC change	11.6	5.2	11.2	-2.2	5.1	11.0	15.6
Increase / decrease in inventory	-2.4	0.6	-12.5	-11.6	-1.8	3.8	-3.4
Increase / decrease in accounts receivable	6.5	2.7	-1.3	-2.7	0.7	-1.8	-1.8
Increase / decrease in accounts payable	1.1	-1.2	3.6	0.8	-0.9	0.2	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)	5.2	2.2	-10.2	-13.5	-1.9	2.3	-4.4
Net cash provided by operating activities [1]	16.8	7.4	0.9	-15.7	3.1	13.3	11.2
Investments in intangible assets	-0.2	-0.3	-0.2	-0.1	-1.0	-0.3	-0.3
Investments in property, plant and equipment	-19.1	-35.1	-16.9	-5.2	-4.1	-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	5.5	0.0	0.0
Net cash provided by investing activities [2]	-19.2	-30.4	-24.6	-1.7	2.6	-5.3	-5.8
Change in financial liabilities	9.1	21.9	4.3	4.9	-3.3	-9.2	-5.0
Dividends paid	-4.4	-4.4	-3.0	-1.2	-0.1	0.0	-0.9
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	-3.4	-9.2	-5.9
Change in liquid funds [1]+[2]+[3]	2.4	20.3	-22.5	-13.6	2.3	-1.2	-0.5
Effects of exchange-rate changes on cash	0.1	-0.1	0.0	0.4	-0.2	0.0	0.0
Cash and cash equivalent at end of period	14.5	34.7	11.7	-1.1	9.2	8.1	7.6

Financial Ratios

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Cash Flow							
FCF	-2.4	-22.8	-16.2	-20.0	0.2	8.0	5.4
Free Cash Flow / Sales	-2.3 %	-24.2 %	-14.0 %	-17.3 %	0.2 %	7.3 %	4.5 %
Free Cash Flow Potential	n.a.	10.0	6.6	-0.6	-3.8	8.3	12.5
Free Cash Flow / Net Profit	-19.6 %	-393.9 %	331.2 %	150.0 %	-1.8 %	273.3 %	71.7 %
Interest Received / Avg. Cash	0.1 %	0.8 %	0.6 %	0.7 %	2.4 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.4 %	1.5 %	2.2 %	2.7 %	3.1 %	3.1 %	2.7 %
Management of Funds							
Investment ratio	17.9 %	37.7 %	14.8 %	4.5 %	4.8 %	4.8 %	4.8 %
Maint. Capex / Sales	n.a.	2.2 %	2.2 %	2.2 %	2.8 %	2.7 %	2.5 %
Capex / Dep	581.5 %	535.7 %	126.5 %	83.8 %	51.8 %	80.7 %	88.3 %
Avg. Working Capital / Sales	42.6 %	45.3 %	40.2 %	44.9 %	44.4 %	36.8 %	34.1 %
Trade Debtors / Trade Creditors	215.9 %	219.7 %	180.9 %	191.0 %	206.6 %	223.1 %	223.3 %
Inventory Turnover	1.0 x	0.9 x	1.0 x	1.2 x	1.5 x	1.3 x	1.3 x
Receivables collection period (days)	58	55	54	62	54	58	58
Payables payment period (days)	78	72	70	69	54	70	72
Cash conversion cycle (Days)	321	358	309	284	238	253	261

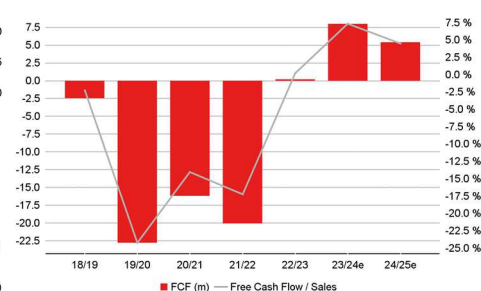
CAPEX and Cash Flow

in EUR m



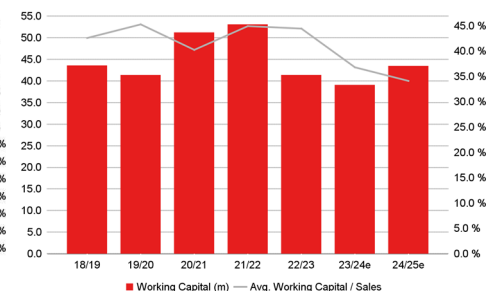
Source: Warburg Research

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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-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.

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Rating	Number of stocks	% of Universe
Buy	150	71
Hold	48	23
Sell	7	3
Rating suspended	7	3
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	47	82
Hold	7	12
Sell	0	0
Rating suspended	3	5
Total	57	100

PRICE AND RATING HISTORY DR. HÖNLE AS OF 12.02.2024



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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