

| | | | |
|---|--|--|---|
| Buy EUR 22.00 (EUR 26.50) Price EUR 8.76 Upside 151.1 % | 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: 53.1 No. of shares (m): 6.1 EV: 102.9 Freefloat MC: 39.5 Ø Trad. Vol. (30d): 29.10 th | Shareholders: Freefloat 74.40 % Peter Möhrle Holding 25.60 % <i>Teslin / Gerlin</i> 6.40 % <i>Lazard</i> 3.90 % <i>Quaero Capital</i> 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 |

Goodwill amortisation and inventory write-downs to burden 2024 results

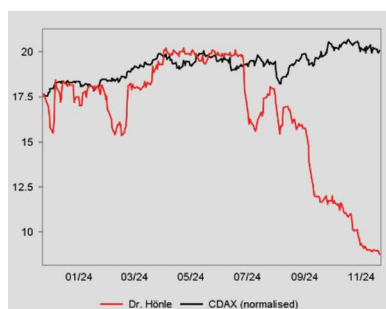
Hönle has announced that it will **write down goodwill and inventory to the tune of EUR 10m**, while the purely organic profitability remained slightly positive, as expected.

Hönle had previously announced that it would strengthen its focus on future target applications and retreat from side activities. In this context, the **management decided to account for some inventory write-downs and goodwill adjustments**. We assume that **goodwill amortisation will amount to EUR 7-8m and are hence attributing the vast majority to the write-downs**. At the end of FY 2023, Hönle had goodwill of EUR 18m in its balance sheet. Of this roughly EUR 6m can be attributed to Hoenle AG and Raesch Malta respectively and another EUR 5m to Sterilsystems. As the disinfection business is not expected to be affected by the measures, the sources of the goodwill amortisation are expected to have been Hoenle AG, with its higher exposure to printing customers, and Raesch Malta, where profitability has been stable but at low levels.

Organically, Hönle reached sales of EUR 98m and a slightly positive EBIT in FY 2024, which is in line with the expectation. The operating development is expected to have troughed in the last FY. With the new management team on board and slight growth in FY 2025, Hönle should show a gradual recovery. However, in **light of the weaker economic environment in core markets, estimates have been reduced**. With sales of just above EUR 100m (WRe) in the current FY, profitability will remain at a rather muted level but still positive.

Based on lower estimates, the **PT is reduced to EUR 22**. With respect to this valuation upside and expected uptake in the operating development in the next few years in light of the sound prospects e.g. in Adhesives, the Buy rating is being maintained. Near-term prospects are not expected to be a catalyst. The company has scheduled to host a CMD in January at which the management is expected to provide its view on mid-term growth opportunities and profitability targets, which should underline the expectation of a return to better operating development in future.

| Changes in Estimates: | | | | Comment on Changes: | | | |
|------------------------|----------------|-------|----------------|---------------------|----------------|---------|---|
| FY End: 30.9. in EUR m | 2023/24e (old) | + / - | 2024/25e (old) | + / - | 2025/26e (old) | + / - | |
| Sales | 97.8 | 0.0 % | 111.0 | -7.3 % | 122.1 | -7.3 % | ▪ Reduction in FY 2025/26 against the background of a weaker economic environment |
| EBIT | 0.2 | n.m. | 6.7 | -53.7 % | 11.0 | -22.7 % | |
| EBIT adj. | 0.2 | 0.0 % | 6.7 | -53.7 % | 11.0 | -22.7 % | |



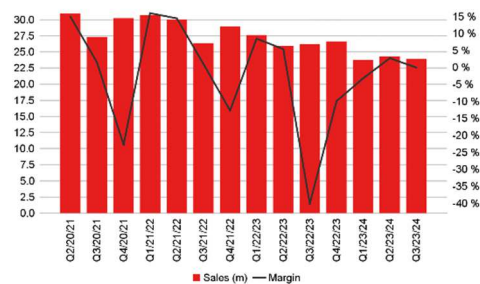
Rel. Performance vs CDAX:

| | |
|---------------------|---------|
| 1 month: | -16.3 % |
| 6 months: | -57.7 % |
| Year to date: | -59.2 % |
| Trailing 12 months: | -64.6 % |

Company events:
06.12.24 Prel. FY 2023/24

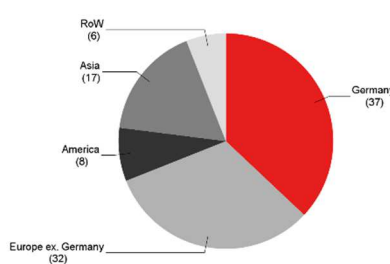
| FY End: 30.9. in EUR m | CAGR (22/23-25/26e) | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24e | 2024/25e | 2025/26e |
|------------------------|---------------------|-------------------------------------|---------|---------|---------|----------|----------|----------|
| Sales | 2.1 % | 93.9 | 115.2 | 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 |
| Margin | | 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 % | 1.7 % |
| 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 % | 1.7 % | 2.1 % | 11.4 % |
| EV / Sales | | 2.9 x | 3.1 x | 2.1 x | 1.6 x | 1.1 x | 1.0 x | 0.8 x |
| EV / EBITDA | | 18.6 x | 25.6 x | 19.8 x | 426.3 x | 25.1 x | 10.8 x | 6.4 x |
| EV / EBIT | | 33.7 x | n.a. | 41.1 x | n.a. | n.a. | 32.9 x | 11.3 x |
| P / E | | 43.8 x | n.a. | n.a. | n.a. | n.a. | 58.4 x | 10.7 x |
| P / E adj. | | 43.8 x | 111.1 x | n.a. | 22.3 x | n.a. | 58.4 x | 10.7 x |
| FCF Potential Yield | | 3.6 % | 1.9 % | -0.2 % | -2.3 % | 0.8 % | 5.9 % | 10.4 % |
| 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



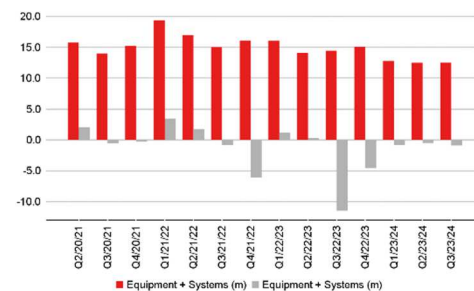
Source: Warburg Research

Sales by regions
2023; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

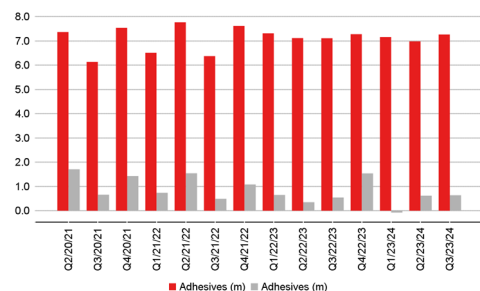
Company Background

- 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

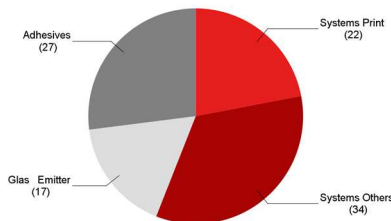
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the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



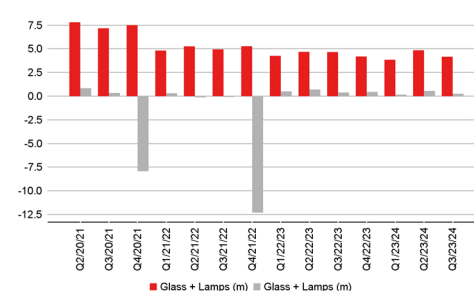
Source: Warburg Research

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 % | 0.8 % | 5.9 % | 10.4 % | |
| 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 | 102.9 | 101.8 | 96.0 | |
| = 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 % | | | | | | -50.2 % | 54.0 % | |
| 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 | 1.1 x | 1.0 x | 0.8 x |
| EV / EBITDA | 18.6 x | 25.6 x | 19.8 x | 426.3 x | 25.1 x | 10.8 x | 6.4 x |
| EV / EBIT | 33.7 x | n.a. | 41.1 x | n.a. | n.a. | 32.9 x | 11.3 x |
| EV / EBIT adj.* | 33.7 x | 45.2 x | 20.4 x | 24.0 x | 438.2 x | 32.9 x | 11.3 x |
| P / FCF | n.a. | n.a. | n.a. | 580.3 x | 57.5 x | 48.3 x | 8.8 x |
| P / E | 43.8 x | n.a. | n.a. | n.a. | n.a. | 58.4 x | 10.7 x |
| P / E adj.* | 43.8 x | 111.1 x | n.a. | 22.3 x | n.a. | 58.4 x | 10.7 x |
| Dividend Yield | 1.1 % | 0.4 % | n.a. | n.a. | n.a. | 0.6 % | 1.7 % |
| FCF Potential Yield (on market EV) | 3.6 % | 1.9 % | -0.2 % | -2.3 % | 0.8 % | 5.9 % | 10.4 % |

*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 |

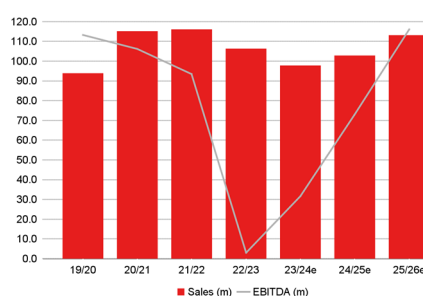
*Adjustments made for:

Guidance: 2024: Sales EUR 100m; EBIT positive

Financial Ratios

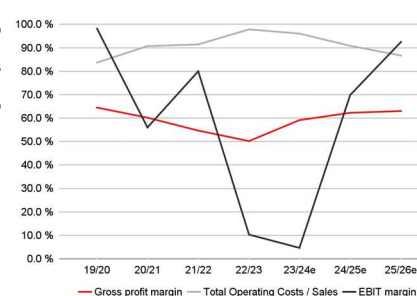
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24e | 2024/25e | 2025/26e |
|-------------------------------|---------|----------|----------|---------|----------|----------|----------|
| Total Operating Costs / Sales | 83.7 % | 90.7 % | 91.4 % | 97.9 % | 96.1 % | 90.9 % | 86.7 % |
| Operating Leverage | 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



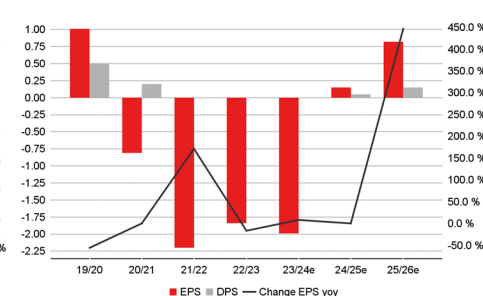
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

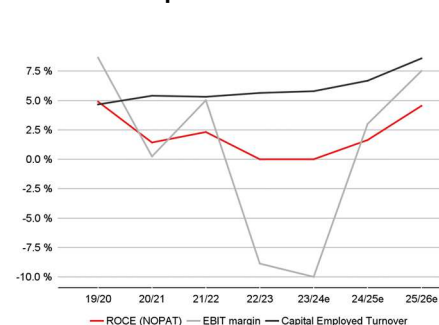
Consolidated balance sheet

| 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 |

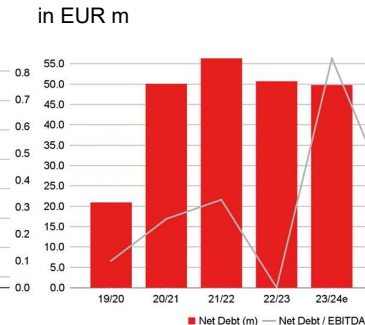
Financial Ratios

| | 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 |

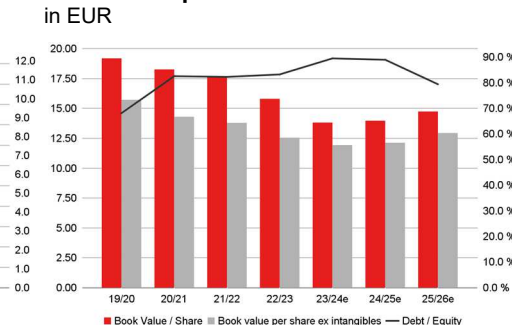
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

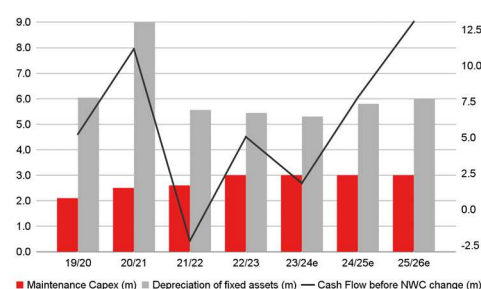
| In EUR m | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24e | 2024/25e | 2025/26e |
|--|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Net income | 5.8 | -4.9 | -13.4 | -11.1 | -12.0 | 0.9 | 5.0 |
| Depreciation of fixed assets | 6.0 | 9.0 | 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 |

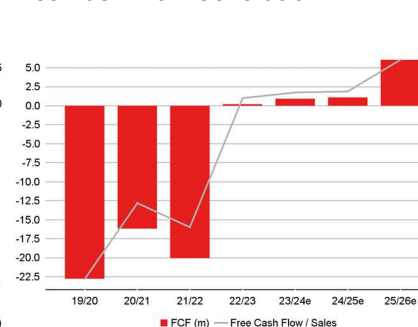
CAPEX and Cash Flow

in EUR m



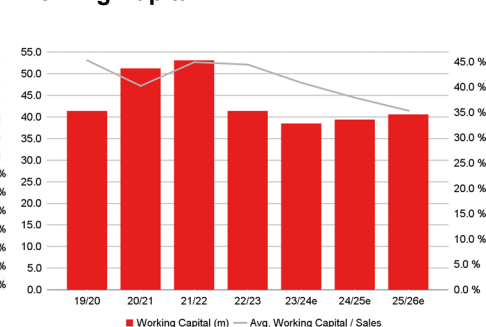
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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|-----------|------------|---|
| 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. |
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| “-“ | 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 | 139 | 69 |
| Hold | 45 | 22 |
| Sell | 11 | 5 |
| Rating suspended | 7 | 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 | 41 | 75 |
| Hold | 9 | 16 |
| Sell | 2 | 4 |
| Rating suspended | 3 | 5 |
| Total | 55 | 100 |

PRICE AND RATING HISTORY DR. HÖNLE AS OF 22.11.2024



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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