

Buy EUR 40.00 (EUR 43.00) Price EUR 18.32 Upside 118.3 %	Value Indicators: EUR DCF: 40.00 FCF-Value Potential 24e: 35.00	Warburg ESG Risk Score: 2.7 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 1.0	Description: Leading supplier of specialty adhesives, UV/ IR radiation systems and quartz glass products
	Market Snapshot: EUR m Market cap: 111.1 No. of shares (m): 6.1 EV: 164.1 Freefloat MC: 96.4 Ø Trad. Vol. (30d): 89.33 th	Shareholders: Freefloat 86.80 % Prof. Hönle 3.30 % Peter Möhrle Holding 11.10 % <i>Teslin / Gerlin</i> 5.80 % <i>Dr. Vits</i> 3.70 %	Key Figures (WRe): 2021/22e Beta: 1.3 Price / Book: 1.0 x Equity Ratio: 55 % Net Fin. Debt / EBITDA: 4.0 x Net Debt / EBITDA: 4.8 x

Closure of Raesch is a welcome step

Hönle has announced the **initiation of restructuring measures and the shutdown of operations at its loss-making subsidiary Raesch Germany**. While Raesch was already struggling to reach satisfactory profitability/return levels in most of the last few years, rising costs for energy and other raw materials will prevent a return to profitability in the foreseeable short to medium term.

The **implementation of the restructuring measures will lead to a cost burden to the tune of EUR 12.5m** accounted for in the last FY 2021/22 (ended 30 September). However, the **majority of this amount can be attributed to asset write-downs**. Only a **minor part (WRe EUR 1-2m) is expected to be cash-effective**. The sale of the remaining assets is assumed to lead to cash inflow of a mid to high single-digit million, which will clearly more than offset the cash-effective costs.

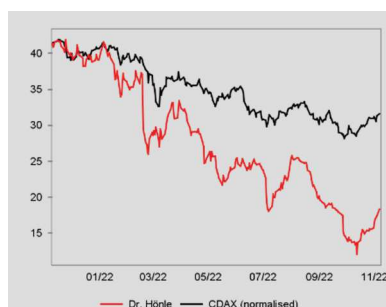
The initial intention to diversify the business into adjacent consumable markets with the acquisition of Raesch in 2012 has not materialised. In the past 10 years, Raesch has very rarely achieved a positive operating result and accumulated losses of ~EUR -10m. The FCF burden was even higher due to the asset-intensive business model. **In the last FY, Raesch is expected to have burdened the operating result by more than EUR -3m as a result of high energy prices**, which diluted group EBIT margins by -3pp (adj. ~7% incl. Raesch; ~10% excl. Raesch). The closure of this subsidiary will hence already lead to a significant increase in profitability in the current FY.

Including the one-offs, Hönle now expects EBIT of EUR -3 to -4m in FY 2021/22. This implies that the operating development is in line with the lower end of the previous guidance, which corresponds to the expectations.

Estimates for 2022 and beyond have been reduced to reflect the discontinuation of operations at Raesch Germany. Additionally, group revenue forecasts have been decreased owing to the weakening economic conditions. Excluding Raesch, Hönle is now expected to show roughly flat revenue development. New projects as well as a catch-up in deliveries as component shortages ease should offset potentially weaker demand in the systems business. **The EBIT margin is expected to return to just above 12% next year and to recover to >15% by 2024 with a higher top line and the implementation of product price increases.**

Conclusion: The step was not entirely unexpected in view of the deteriorating economic conditions. It is highly welcome that Hönle will now finally close the Raesch-Germany chapter. Operational synergies have never been relevant for the group and the closure of Raesch should help the company to return to its former strong profitability. The cash burden related to the restructuring should be limited. The PT is reduced to EUR 40 on lower near-term estimates. The Buy rating remains unchanged.

Changes in Estimates:				Comment on Changes:			
FY End: 30.9. in EUR m	2021/22e (old)	+ / -	2022/23e (old)	+ / -	2023/24e (old)	+ / -	
Sales	127.7	0.0 %	143.2	-17.1 %	153.1	-15.0 %	<ul style="list-style-type: none"> Discontinuation of operations at Raesch should lead to a sales reduction of ~EUR 12-13m. Hönle is expected to keep Raesch Malta, which is profitable. Group sales and earnings reduced as economic conditions weaken
EBIT	9.5	n.m.	18.7	-24.0 %	24.1	-16.8 %	

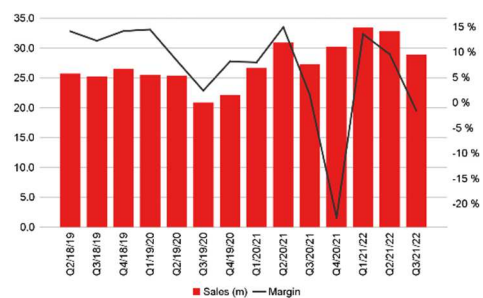


Rel. Performance vs CDAX:	
1 month:	24.5 %
6 months:	-22.8 %
Year to date:	-30.8 %
Trailing 12 months:	-32.5 %

Company events:

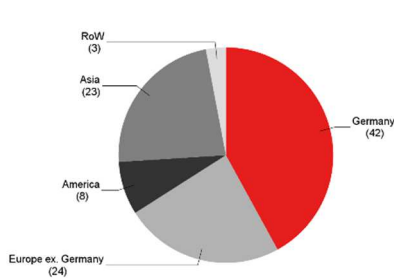
FY End: 30.9. in EUR m	CAGR (20/21-23/24e)	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Sales	4.1 %	126.5	107.7	93.9	115.2	127.7	118.7	130.1
Change Sales yoy		24.1 %	-14.8 %	-12.9 %	22.7 %	10.9 %	-7.0 %	9.6 %
Gross profit margin		67.5 %	67.6 %	64.5 %	60.2 %	54.8 %	62.7 %	63.9 %
EBITDA	26.0 %	33.8	20.3	14.7	13.8	11.0	21.3	27.6
EBIT	310.8 %	30.7	17.0	8.1	0.3	-3.5	14.2	20.0
EBIT adj.		30.7	17.0	8.1	7.8	8.4	14.2	20.0
Margin		24.3 %	15.8 %	8.6 %	6.8 %	6.6 %	12.0 %	15.4 %
Net income	-	21.7	12.5	5.8	-4.9	-3.7	9.0	13.2
EPS	-	3.94	2.27	1.01	-0.81	-0.61	1.48	2.17
EPS adj.	68.9 %	3.94	2.27	1.01	0.45	1.36	1.48	2.17
DPS	51.8 %	0.80	0.80	0.50	0.20	0.20	0.50	0.70
Dividend Yield		1.2 %	1.5 %	1.1 %	0.4 %	1.1 %	2.7 %	3.8 %
FCFPS		2.53	-0.44	-4.00	-2.67	-0.67	3.11	3.27
FCF / Market cap		3.9 %	-0.8 %	-9.0 %	-5.3 %	-3.7 %	17.0 %	17.9 %
EV / Sales		2.8 x	2.9 x	2.9 x	3.1 x	1.3 x	1.2 x	1.0 x
EV / EBITDA		10.5 x	15.1 x	18.6 x	25.6 x	14.9 x	6.7 x	4.6 x
EV / EBIT		11.6 x	18.0 x	33.7 x	n.a.	n.a.	10.0 x	6.3 x
P / E		16.3 x	23.8 x	43.8 x	n.a.	n.a.	12.4 x	8.4 x
P / E adj.		16.3 x	23.8 x	43.8 x	111.1 x	13.5 x	12.4 x	8.4 x
FCF Potential Yield		6.4 %	4.4 %	3.7 %	2.0 %	6.0 %	10.2 %	15.2 %
Net Debt		1.0	9.8	20.9	50.1	53.1	31.4	14.7
ROCE (NOPAT)		26.1 %	13.3 %	4.9 %	1.4 %	n.a.	6.6 %	10.0 %
Guidance:		2021/22: Sales EUR 125 - 130m; EBIT EUR -3 - -4m (incl. One offs of EUR -12m)						

Sales development
in EUR m



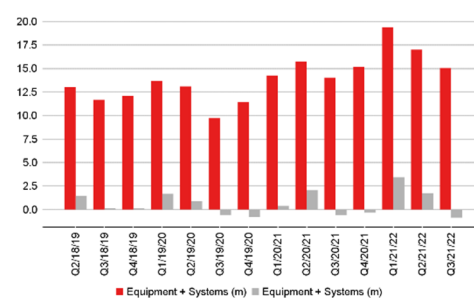
Source: Warburg Research

Sales by regions
2021; in %



Source: Warburg Research

Development Equipment + Systems
Sales and EBIT in EUR m



Source: Warburg Research

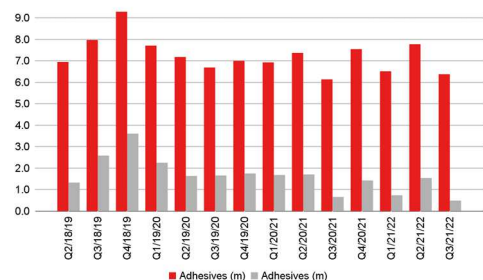
Company Background

- With sales of more than EUR 130m, Dr. Hönle is active in the areas of UV/IR Systems, specialty adhesives, quartz glass products and IR lamps. The company employs > 600 people.
- The company's activities were clearly expanded partly by acquisitions, which strengthened the core business as well as ancillary areas like (UV) adhesives or quartz glass.
- UV technology is used in a wide number of industrial applications. The most important areas of application are paint and lacquer drying, adhesives, and coating and laminating procedures.
- Meanwhile a good one-third of revenues are generated with specialty adhesives, which are predominantly used in the electronics industry.
- The customer structure is largely fragmented with the exception of a few larger customers. The top 5 customers account for roughly 20% of group sales.

Competitive Quality

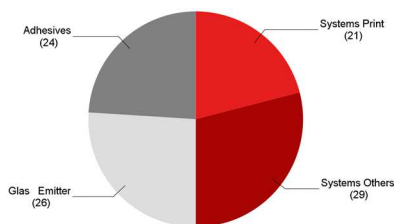
- The competitive structure is characterised by a high number of smaller mainly regionally-active suppliers and just a handful of larger companies.
- Competitors of a comparable size normally serve only part of the market segments, resulting in a comparatively moderate competitive intensity within the individual segments.
- Established customer relationships present a significant barrier to market entry. UV components seldom account for more than 5-10% of the material costs, which lowers customers' motivation to switch supplier.
- With high vertical integration, Dr. Hönle generates a large part of the value creation in the company.
- This allows the company to achieve higher margins and higher cash flows. The strong competitive quality is expressed in an ROCE of >15%.

Development Adhesives
Sales and EBIT in EUR m



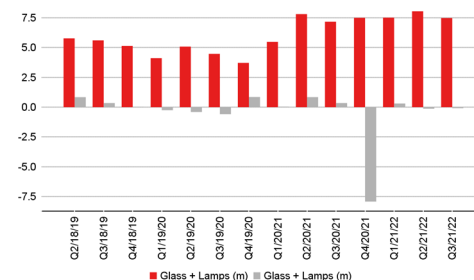
Source: Warburg Research

Sales by segments
2020; in %



Source: Warburg Research

Development Glass + Lamps
Sales and EBIT in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	32/33e	33/34e	
Sales	127.7	118.7	130.1	139.2	147.5	156.4	164.2	172.4	181.0	188.3	195.8	203.6	207.2	
Sales change	10.9 %	-7.0 %	9.6 %	7.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	1.8 %	1.8 %
EBIT	-3.5	14.2	20.0	23.0	24.3	25.8	27.1	28.4	29.9	31.1	32.3	33.6	34.2	
EBIT-margin	-2.8 %	12.0 %	15.4 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	16.5 %	
Tax rate (EBT)	29.0 %	29.0 %	29.0 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	29.5 %	
NOPAT	-2.5	10.1	14.2	16.2	17.2	18.2	19.1	20.1	21.1	21.9	22.8	23.7	24.1	
Depreciation	14.6	7.1	7.6	8.4	8.5	6.7	7.1	7.2	7.4	7.5	7.4	7.4	7.3	
in % of Sales	11.4 %	6.0 %	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	4.6	-8.9	-2.9	3.2	1.4	1.4	2.5	2.6	2.8	2.3	2.4	2.5	1.1	
- Capex	10.3	5.3	5.3	5.2	5.5	5.6	5.9	6.2	6.5	6.8	7.0	9.1	8.5	
Capex in % of Sales	8.1 %	4.5 %	4.1 %	3.8 %	3.7 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	4.5 %	4.1 %	
- 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)	-2.9	21.7	20.4	17.1	18.8	17.9	17.7	18.5	19.2	20.3	20.8	19.5	21.7	22
PV of FCF	-3.1	21.5	18.6	14.4	14.6	12.8	11.7	11.3	10.8	10.6	9.9	8.6	8.9	135
share of PVs	12.95 %			39.74 %										47.31 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	20.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.35
Market return	8.25 %	Cyclicality	1.35
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	8.41 %	Beta	1.30

Valuation (m)

Present values 2033/34e	151		
Terminal Value	135		
Financial liabilities	54		
Pension liabilities	9		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	3		
Liquidity	16	No. of shares (m)	6.1
Equity Value	242	Value per share (EUR)	39.85

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
1.53	9.4 %	32.43	32.92	33.44	33.99	34.58	35.21	35.89	1.53	9.4 %	29.88	31.25	32.62	33.99	35.36	36.73	38.10
1.41	8.9 %	34.84	35.43	36.05	36.71	37.43	38.20	39.02	1.41	8.9 %	32.33	33.79	35.25	36.71	38.17	39.63	41.10
1.36	8.7 %	36.17	36.81	37.49	38.23	39.01	39.86	40.78	1.36	8.7 %	33.69	35.20	36.71	38.23	39.74	41.25	42.76
1.30	8.4 %	37.59	38.29	39.04	39.85	40.72	41.66	42.68	1.30	8.4 %	35.16	36.72	38.29	39.85	41.41	42.98	44.54
1.24	8.2 %	39.11	39.88	40.71	41.60	42.57	43.61	44.75	1.24	8.2 %	36.73	38.36	39.98	41.60	43.22	44.85	46.47
1.19	7.9 %	40.74	41.59	42.51	43.50	44.57	45.74	47.02	1.19	7.9 %	38.44	40.12	41.81	43.50	45.18	46.87	48.55
1.07	7.4 %	44.38	45.43	46.56	47.79	49.13	50.61	52.24	1.07	7.4 %	42.30	44.13	45.96	47.79	49.62	51.45	53.28

- Growth and mix improvements to drive return to higher profitability
- Disproportionately high growth of adhesive segment provides further upside potential
- Sustainable EBIT margin of 18% anticipated

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e	
Net Income before minorities	21.7	12.4	5.7	-4.9	-3.5	9.2	13.4	
+ Depreciation + Amortisation	3.2	3.3	6.6	13.5	14.6	7.1	7.6	
- Net Interest Income	-0.3	-0.1	-0.2	-1.0	-1.4	-1.3	-1.2	
- Maintenance Capex	2.0	2.1	2.1	2.5	2.6	3.0	3.0	
+ Other	-0.6	-0.4	-0.4	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	22.6	13.4	10.0	7.0	9.9	14.5	19.1	
FCF Potential Yield (on market EV)	6.4 %	4.4 %	3.7 %	2.0 %	6.0 %	10.2 %	15.2 %	
WACC	8.41 %	8.41 %	8.41 %	8.41 %	8.41 %	8.41 %	8.41 %	
= Enterprise Value (EV)	354.7	307.3	273.1	353.1	164.1	142.5	125.7	
= Fair Enterprise Value	268.3	159.4	119.1	83.7	117.3	172.6	227.6	
- Net Debt (Cash)	41.5	41.5	41.5	41.5	44.5	22.8	6.0	
- Pension Liabilities	8.6	8.6	8.6	8.6	8.6	8.6	8.6	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	218.2	109.4	69.0	33.6	64.2	141.1	212.9	
Number of shares, average	5.5	5.5	5.7	6.1	6.1	6.1	6.1	
= Fair value per share (EUR)	39.59	19.84	12.12	5.55	10.59	23.28	35.12	
premium (-) / discount (+) in %					-42.2 %	27.1 %	91.7 %	
Sensitivity Fair value per Share (EUR)								
	11.41 %	24.37	11.13	6.22	1.92	5.50	15.80	25.25
	10.41 %	27.50	12.99	7.61	2.90	6.87	17.81	27.91
	9.41 %	31.30	15.25	9.30	4.08	8.53	20.26	31.13
WACC	8.41 %	39.59	19.84	12.12	5.55	10.59	23.28	35.12
	7.41 %	41.98	21.59	14.04	7.41	13.20	27.12	40.19
	6.41 %	49.81	26.25	17.52	9.86	16.62	32.16	46.84
	5.41 %	60.55	32.63	22.28	13.21	21.31	39.07	55.94

▪ Rising value indication triggered by margin expansion

Valuation	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Price / Book	4.1 x	3.3 x	2.2 x	2.7 x	1.0 x	1.0 x	0.9 x
Book value per share ex intangibles	11.90	12.47	15.72	14.30	13.92	14.91	16.63
EV / Sales	2.8 x	2.9 x	2.9 x	3.1 x	1.3 x	1.2 x	1.0 x
EV / EBITDA	10.5 x	15.1 x	18.6 x	25.6 x	14.9 x	6.7 x	4.6 x
EV / EBIT	11.6 x	18.0 x	33.7 x	n.a.	n.a.	10.0 x	6.3 x
EV / EBIT adj.*	11.6 x	18.0 x	33.7 x	45.2 x	19.5 x	10.0 x	6.3 x
P / FCF	25.3 x	n.a.	n.a.	n.a.	n.a.	5.9 x	5.6 x
P / E	16.3 x	23.8 x	43.8 x	n.a.	n.a.	12.4 x	8.4 x
P / E adj.*	16.3 x	23.8 x	43.8 x	111.1 x	13.5 x	12.4 x	8.4 x
Dividend Yield	1.2 %	1.5 %	1.1 %	0.4 %	1.1 %	2.7 %	3.8 %
FCF Potential Yield (on market EV)	6.4 %	4.4 %	3.7 %	2.0 %	6.0 %	10.2 %	15.2 %

*Adjustments made for: -

Company Specific Items	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Adj. FCFPS	2.53	1.73	-0.66	-0.19	1.80	5.58	5.74

Consolidated profit & loss

In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Sales	126.5	107.7	93.9	115.2	127.7	118.7	130.1
Change Sales yoy	24.1 %	-14.8 %	-12.9 %	22.7 %	10.9 %	-7.0 %	9.6 %
Increase / decrease in inventory	1.5	1.9	-0.6	3.1	6.4	0.0	0.0
Own work capitalised	0.2	0.1	0.0	0.0	0.3	0.1	0.1
Total Sales	128.2	109.7	93.3	118.3	134.4	118.8	130.1
Material expenses	42.8	36.9	32.7	48.9	64.4	44.4	47.0
Gross profit	85.4	72.8	60.5	69.3	70.0	74.4	83.2
<i>Gross profit margin</i>	<i>67.5 %</i>	<i>67.6 %</i>	<i>64.5 %</i>	<i>60.2 %</i>	<i>54.8 %</i>	<i>62.7 %</i>	<i>63.9 %</i>
Personnel expenses	36.0	35.8	33.2	39.7	43.0	38.5	40.3
Other operating income	0.9	1.5	1.2	1.6	3.4	0.9	1.0
Other operating expenses	16.5	18.2	13.8	17.5	19.4	15.6	16.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	33.8	20.3	14.7	13.8	11.0	21.3	27.6
<i>Margin</i>	<i>26.8 %</i>	<i>18.9 %</i>	<i>15.7 %</i>	<i>12.0 %</i>	<i>8.6 %</i>	<i>17.9 %</i>	<i>21.2 %</i>
Depreciation of fixed assets	2.7	2.8	6.0	9.0	14.0	6.5	7.0
EBITA	31.2	17.6	8.7	4.8	-3.0	14.8	20.6
Amortisation of intangible assets	0.5	0.5	0.6	1.1	0.6	0.6	0.6
Goodwill amortisation	0.0	0.0	0.0	3.4	0.0	0.0	0.0
EBIT	30.7	17.0	8.1	0.3	-3.5	14.2	20.0
<i>Margin</i>	<i>24.3 %</i>	<i>15.8 %</i>	<i>8.6 %</i>	<i>0.3 %</i>	<i>-2.8 %</i>	<i>12.0 %</i>	<i>15.4 %</i>
EBIT adj.	30.7	17.0	8.1	7.8	8.4	14.2	20.0
Interest income	0.0	0.0	0.2	0.1	0.0	0.0	0.0
Interest expenses	0.3	0.2	0.5	1.1	1.4	1.3	1.2
Other financial income (loss)	0.0	0.0	0.1	0.0	0.0	0.0	0.0
EBT	30.4	16.9	7.9	-0.7	-4.9	12.9	18.8
<i>Margin</i>	<i>24.0 %</i>	<i>15.7 %</i>	<i>8.5 %</i>	<i>-0.6 %</i>	<i>-3.9 %</i>	<i>10.9 %</i>	<i>14.5 %</i>
Total taxes	8.7	4.5	2.2	4.3	-1.4	3.7	5.5
Net income from continuing operations	21.7	12.4	5.7	-4.9	-3.5	9.2	13.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	21.7	12.4	5.7	-4.9	-3.5	9.2	13.4
Minority interest	0.0	-0.1	-0.1	0.0	0.2	0.2	0.2
Net income	21.7	12.5	5.8	-4.9	-3.7	9.0	13.2
<i>Margin</i>	<i>17.2 %</i>	<i>11.6 %</i>	<i>6.2 %</i>	<i>-4.2 %</i>	<i>-2.9 %</i>	<i>7.6 %</i>	<i>10.1 %</i>
Number of shares, average	5.5	5.5	5.7	6.1	6.1	6.1	6.1
EPS	3.94	2.27	1.01	-0.81	-0.61	1.48	2.17
EPS diluted	3.94	2.27	0.95	-0.81	-0.61	1.48	2.17

*Adjustments made for:

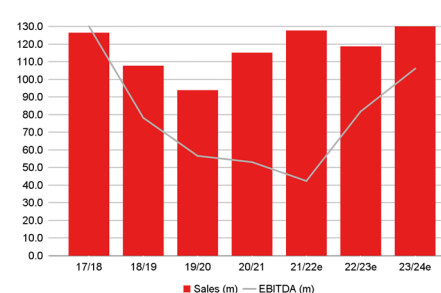
Guidance: 2021/22: Sales EUR 125 - 130m; EBIT EUR -3 - -4m (incl. One offs of EUR -12m)

Financial Ratios

	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Total Operating Costs / Sales	74.6 %	82.9 %	83.7 %	90.7 %	96.6 %	82.1 %	78.8 %
Operating Leverage	4.2 x	3.0 x	4.1 x	-4.3 x	n.a.	n.a.	4.3 x
EBITDA / Interest expenses	106.4 x	125.6 x	32.2 x	12.3 x	7.9 x	16.8 x	22.7 x
Tax rate (EBT)	28.5 %	26.5 %	28.2 %	-635.7 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	20.3 %	35.5 %	49.9 %	n.m.	n.m.	33.0 %	31.8 %
Sales per Employee	204,019	173,785	160,472	175,297	182,464	162,637	170,023

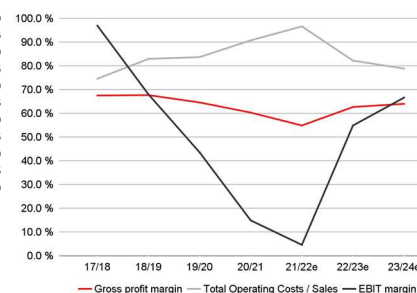
Sales, EBITDA

in EUR m

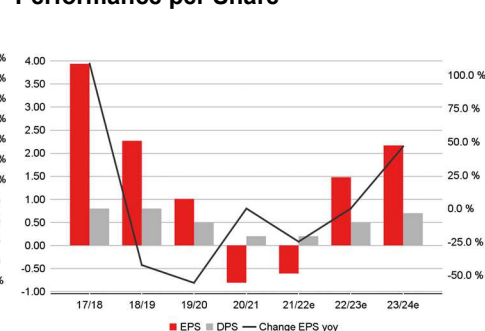


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

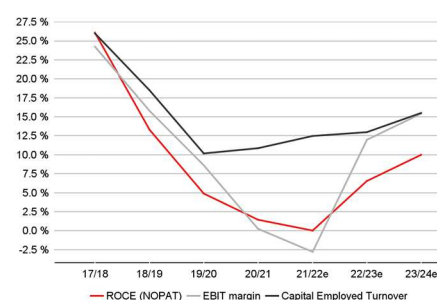
Consolidated balance sheet

In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Assets							
Goodwill and other intangible assets	21.5	21.2	21.0	24.0	23.7	23.5	23.2
thereof other intangible assets	2.6	2.4	2.2	2.9	2.6	2.4	2.1
thereof Goodwill	18.8	18.8	18.8	21.1	21.1	21.1	21.1
Property, plant and equipment	27.0	42.2	76.8	87.8	83.8	78.3	76.3
Financial assets	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	49.7	64.6	99.0	112.9	108.6	102.9	100.6
Inventories	33.3	35.9	35.2	46.7	49.2	40.9	37.2
Accounts receivable	23.0	17.0	14.3	17.1	20.3	18.9	20.7
Liquid assets	12.0	14.6	34.2	12.1	4.7	26.3	43.1
Other short-term assets	7.5	12.1	13.6	14.1	14.1	12.9	11.4
Current assets	75.8	79.5	97.2	90.0	88.3	99.0	112.4
Total Assets	125.5	144.1	196.2	202.9	196.9	201.9	213.0
Liabilities and shareholders' equity							
Subscribed capital	5.5	5.5	6.1	6.1	6.1	6.1	6.1
Capital reserve	16.6	16.6	42.0	42.0	42.0	42.0	42.0
Retained earnings	65.0	67.9	68.3	62.7	57.8	65.5	75.7
Other equity components	0.0	0.0	0.0	0.0	2.3	0.3	0.3
Shareholders' equity	87.1	90.0	116.3	110.7	108.1	113.9	124.0
Minority interest	0.2	0.1	0.3	0.4	0.4	0.4	0.4
Total equity	87.2	90.1	116.7	111.1	108.5	114.3	124.4
Provisions	6.6	8.8	9.5	9.3	9.3	9.3	9.3
thereof provisions for pensions and similar obligations	6.0	8.3	8.8	8.6	8.6	8.6	8.6
Financial liabilities (total)	7.1	16.2	46.3	53.5	49.1	49.1	49.1
Short-term financial liabilities	2.3	1.7	3.5	3.9	0.0	0.0	0.0
Accounts payable	6.8	7.9	6.5	9.4	10.5	9.7	10.7
Other liabilities	17.8	21.2	17.3	19.5	19.5	19.5	19.5
Liabilities	38.3	54.0	79.5	91.8	88.4	87.6	88.6
Total liabilities and shareholders' equity	125.5	144.1	196.2	202.9	196.9	201.9	213.0

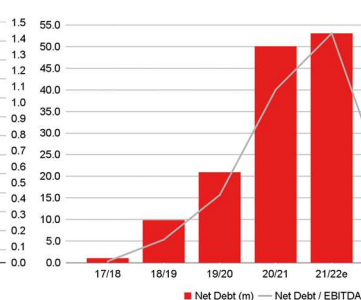
Financial Ratios

	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Efficiency of Capital Employment							
Operating Assets Turnover	1.7 x	1.3 x	0.8 x	0.8 x	0.9 x	0.9 x	1.1 x
Capital Employed Turnover	1.4 x	1.1 x	0.7 x	0.7 x	0.8 x	0.8 x	0.9 x
ROA	43.8 %	19.3 %	5.8 %	-4.3 %	-3.4 %	8.7 %	13.1 %
Return on Capital							
ROCE (NOPAT)	26.1 %	13.3 %	4.9 %	1.4 %	n.a.	6.6 %	10.0 %
ROE	28.1 %	14.1 %	5.6 %	-4.3 %	-3.4 %	8.1 %	11.1 %
Adj. ROE	28.1 %	14.1 %	5.6 %	2.4 %	7.5 %	8.1 %	11.1 %
Balance sheet quality							
Net Debt	1.0	9.8	20.9	50.1	53.1	31.4	14.7
Net Financial Debt	-4.9	1.6	12.1	41.5	44.5	22.8	6.0
Net Gearing	1.2 x	10.9 %	17.9 %	45.1 %	48.9 %	27.5 %	11.8 %
Net Fin. Debt / EBITDA	n.a.	7.8 %	82.4 %	300.7 %	403.2 %	107.4 %	21.9 %
Book Value / Share	15.8	16.3	19.2	18.3	17.8	18.8	20.5
Book value per share ex intangibles	11.9	12.5	15.7	14.3	13.9	14.9	16.6

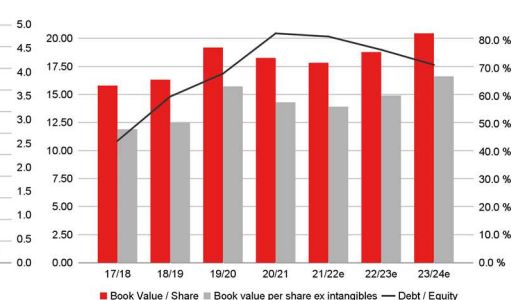
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

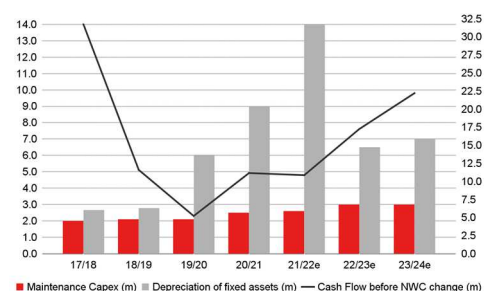
In EUR m	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Net income	21.7	12.5	5.8	-4.9	-3.7	9.0	13.2
Depreciation of fixed assets	2.7	2.8	6.0	9.0	14.0	6.5	7.0
Amortisation of goodwill	0.0	0.0	0.0	3.4	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.5	0.6	1.1	0.6	0.6	0.6
Increase/decrease in long-term provisions	0.4	0.0	0.3	0.4	0.0	0.0	0.0
Other non-cash income and expenses	6.5	-4.2	-7.5	2.1	0.0	1.2	1.5
Cash Flow before NWC change	31.7	11.6	5.2	11.2	10.9	17.2	22.2
Increase / decrease in inventory	-3.5	-2.4	0.6	-12.5	-2.5	8.3	3.7
Increase / decrease in accounts receivable	-5.1	6.5	2.7	-1.3	-3.2	1.4	-1.8
Increase / decrease in accounts payable	1.4	1.1	-1.2	3.6	1.1	-0.8	1.0
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	-2.0	0.0
Increase / decrease in working capital (total)	-7.2	5.2	2.2	-10.2	-4.6	6.9	2.9
Net cash provided by operating activities [1]	24.5	16.8	7.4	0.9	6.2	24.1	25.1
Investments in intangible assets	-0.5	-0.2	-0.3	-0.2	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-10.1	-19.1	-35.1	-16.9	-10.0	-5.0	-5.0
Payments for acquisitions	-0.8	0.0	-0.2	-7.7	-0.5	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.2	2.8	4.0	0.0
Net cash provided by investing activities [2]	-11.4	-19.2	-30.4	-24.6	-8.0	-1.3	-5.3
Change in financial liabilities	-2.7	9.1	21.9	4.3	-4.4	0.0	0.0
Dividends paid	-3.3	-4.4	-4.4	-3.0	-1.2	-1.2	-3.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	25.7	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	-6.0	4.7	43.3	1.2	-5.6	-1.2	-3.0
Change in liquid funds [1]+[2]+[3]	7.1	2.4	20.3	-22.5	-7.4	21.6	16.8
Effects of exchange-rate changes on cash	0.0	0.1	-0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	12.4	14.5	34.7	11.7	4.7	26.3	43.1

Financial Ratios

	2017/18	2018/19	2019/20	2020/21	2021/22e	2022/23e	2023/24e
Cash Flow							
FCF	14.0	-2.4	-22.8	-16.2	-4.1	18.8	19.8
Free Cash Flow / Sales	11.0 %	-2.3 %	-24.2 %	-14.0 %	-3.2 %	15.9 %	15.2 %
Free Cash Flow Potential	22.6	13.4	10.0	7.0	9.9	14.5	19.1
Free Cash Flow / Net Profit	64.2 %	-19.6 %	-393.9 %	331.2 %	110.3 %	209.9 %	150.7 %
Interest Received / Avg. Cash	0.3 %	0.1 %	0.8 %	0.6 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	3.8 %	1.4 %	1.5 %	2.2 %	2.7 %	2.6 %	2.5 %
Management of Funds							
Investment ratio	8.4 %	17.9 %	37.7 %	14.8 %	8.1 %	4.5 %	4.1 %
Maint. Capex / Sales	1.6 %	1.9 %	2.2 %	2.2 %	2.0 %	2.5 %	2.3 %
Capex / Dep	335.8 %	581.5 %	535.7 %	126.5 %	70.7 %	75.0 %	70.1 %
Avg. Working Capital / Sales	35.3 %	42.6 %	45.3 %	40.2 %	41.9 %	43.3 %	35.0 %
Trade Debtors / Trade Creditors	336.3 %	215.9 %	219.7 %	180.9 %	193.3 %	194.8 %	193.5 %
Inventory Turnover	1.3 x	1.0 x	0.9 x	1.0 x	1.3 x	1.1 x	1.3 x
Receivables collection period (days)	66	58	55	54	58	58	58
Payables payment period (days)	58	78	72	70	59	80	83
Cash conversion cycle (Days)	281	321	358	309	260	289	240

CAPEX and Cash Flow

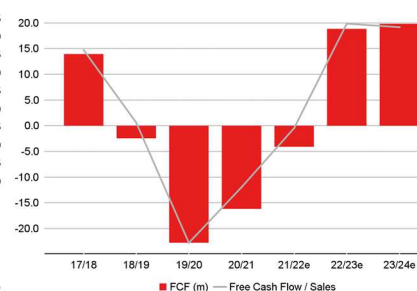
in EUR m



Source: Warburg Research

Free Cash Flow Generation

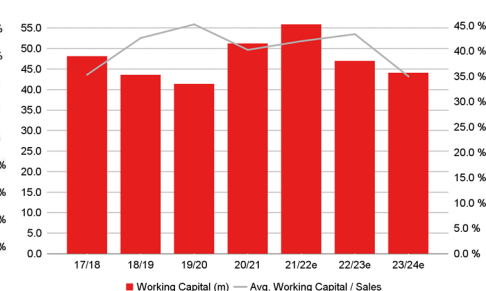
in EUR m



Source: Warburg Research

Working Capital

in EUR m



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.
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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	163	75
Hold	43	20
Sell	6	3
Rating suspended	4	2
Total	216	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	46	82
Hold	7	13
Sell	1	2
Rating suspended	2	4
Total	56	100

PRICE AND RATING HISTORY DR. HÖNLE AS OF 08.11.2022


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate, Construction pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate, Telco sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 69 5050-7400
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 40 3282-2695
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

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Refinitiv www.refinitiv.com
Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com