



**Buy** (old: Buy)

**Price target: EUR 51.00** (old: EUR 51.00)

**Price:** EUR 36.30      **Next result:** Q3'20: 07.08.20  
**Bloomberg:** HNL GR      **Market cap:** EUR 200.1 m  
**Reuters:** HNLG.DE      **Enterprise Value:** EUR 214.0 m

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## Q2 largely better; BUY in light of bullish prospects

**Reason to write:** Hönle's results for Q2 - the quarter ending March - **beat expectations on sales** (Glass & Lamps was weak but better than feared) **and net income** (lower than expected tax rate), while meeting expectations on EBIT (see graph on next page). No new guidance has been issued yet in light of COVID-related economic uncertainties.

**Q2 sales dropped by 1.5% yoy to € 25.4m** (eH&A: € 24.5m) due to:

- Weak demand out of China for quartz glass components (segment Glass & Lamps -12% yoy) targeting semiconductor and fibre optic applications.
- Capex cuts from automotive clients, resulting in lower demand for sun simulation systems (eH&A: 10% of group sales).

**EBIT was down 42% yoy to € 2.1m** mainly due to lower utilization levels at capital-intensive RAESCH Quarz, which largely explains the negative EBIT swing of Glass & Lamps (down € 1.2m yoy to € -0.4m).

While the current demand environment remains muted, there is **reason to be bullish on Hönle's prospects in the coming quarters:**

- In its most profitable segment Adhesives, the company is **engaged with every major smartphone OEM**, and its strong project pipeline is seen to yield substantially higher revenues by FY'20/21E.
- Hönle is set to realize costs savings of approx. € 0.4m per month from short term work and improved procurement conditions.
- Glass & Lamps is seeing new growth potential from the COVID-19 pandemic, as UVC light has been found to kill coronavirus. Use cases include the disinfection of surfaces in hospitals, airports, buses etc.

**Reiterate BUY with a € 51.00 PT based on DCF.**

Y/E 30.9 (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Sales	93.4	101.9	126.5	107.7	96.5	115.2	129.6
Sales growth	1 %	9 %	24 %	-15 %	-10 %	19 %	13 %
EBITDA	15.1	18.1	33.8	20.3	17.9	27.4	34.3
EBIT	12.4	15.2	30.7	17.0	11.1	19.6	26.2
Net income	8.3	10.4	21.7	12.5	7.6	13.8	18.5
Net debt	2.5	4.4	-5.2	1.6	5.6	6.3	-0.8
Net gearing	4.2 %	6.4 %	-6.0 %	1.8 %	6.0 %	6.2 %	-0.7 %
Net Debt/EBITDA	0.2	0.2	0.0	0.1	0.3	0.2	0.0
EPS pro forma	1.50	1.89	3.94	2.26	1.38	2.49	3.36
CPS	1.02	0.66	3.91	2.56	3.13	1.54	2.71
DPS	0.55	0.60	0.80	0.80	0.80	1.00	1.20
Dividend yield	1.5 %	1.7 %	2.2 %	2.2 %	2.2 %	2.8 %	3.3 %
Gross profit margin	62.4 %	63.8 %	66.6 %	66.4 %	67.4 %	68.1 %	68.7 %
EBITDA margin	16.2 %	17.8 %	26.8 %	18.9 %	18.5 %	23.8 %	26.5 %
EBIT margin	13.3 %	14.9 %	24.3 %	15.8 %	11.5 %	17.0 %	20.2 %
ROCE	16.3 %	18.5 %	31.6 %	14.8 %	9.5 %	15.3 %	19.3 %
EV/sales	2.2	2.1	1.6	1.9	2.2	1.9	1.6
EV/EBITDA	13.8	11.6	5.9	10.3	12.0	7.8	6.0
EV/EBIT	16.9	13.8	6.5	12.4	19.4	10.9	7.9
PER	24.2	19.2	9.2	16.0	26.2	14.6	10.8
Adjusted FCF yield	4.2 %	5.2 %	11.5 %	6.4 %	4.8 %	7.8 %	10.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 15.05.2020



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 60.80 / 25.75

**Price/Book Ratio:** 2.1

**Relative performance (SDAX):**

3 months 2.3 %

6 months -10.9 %

12 months -26.1 %

### Changes in estimates

		Sales	EBIT	EPS
2020	old:	96.5	11.1	1.38
	Δ	-	-	-
2021	old:	115.2	19.6	2.49
	Δ	-	-	-
2022	old:	129.6	26.2	3.36
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 5.5

Authorised capital: (in € m) -

Book value per share: (in €) 16.9

Ø trading volume: (12 months) 7,000

### Major shareholders:

Free Float 89.6 %

Gerlin NV 6.4 %

Monolith Investment 4.9 %

Hans-Joachim Vits 4.1 %

Karl Hönle 4.0 %

AGI 3.1 %

### Company description:

Leading supplier of adhesives for consumer electronics, as well as of equipment, systems and lamps for the printing industry

EUR	Q2'20	Q2'20 est	Q2'19	yoy
<b>Sales</b>	<b>25.4</b>	<b>24.5</b>	<b>25.7</b>	-1.5%
<b>Adhesives</b>	<b>7.2</b>	<b>7.0</b>	<b>6.9</b>	3.3%
<b>Equipment &amp; Systems</b>	<b>13.1</b>	<b>13.5</b>	<b>13.0</b>	0.6%
<b>Glass &amp; Lamps</b>	<b>5.1</b>	<b>4.0</b>	<b>5.8</b>	-12.0%
<b>EBIT</b>	<b>2.1</b>	<b>2.1</b>	<b>3.6</b>	-42.0%
EBIT margin	8.3%	8.6%	14.1%	- 5.8 pp
<b>Adhesives</b>	<b>1.6</b>	<b>1.7</b>	<b>1.3</b>	23.1%
EBIT margin	22.8%	24.3%	19.2%	+ 3.7 pp
<b>Equipment &amp; Systems</b>	<b>0.9</b>	<b>1.2</b>	<b>1.5</b>	-40.2%
EBIT margin	6.7%	8.9%	11.2%	- 4.6 pp
<b>Glass &amp; Lamps</b>	<b>-0.4</b>	<b>-0.8</b>	<b>0.8</b>	n.a.
EBIT margin	-8.0%	-20.0%	14.5%	- 22.5 pp
<b>Net profit</b>	<b>1.8</b>	<b>1.4</b>	<b>2.5</b>	-28.2%
Net margin	7.1%	5.7%	9.8%	- 2.7 pp
<b>EPS</b>	<b>0.14</b>	<b>0.26</b>	<b>0.46</b>	-69.4%

Source: Company data; Hauck & Aufhäuser estimates

## Financials

Profit and loss (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
<b>Net sales</b>	<b>93.4</b>	<b>101.9</b>	<b>126.5</b>	<b>107.7</b>	<b>96.5</b>	<b>115.2</b>	<b>129.6</b>
<i>Sales growth</i>	1.3 %	9.1 %	24.1 %	-14.8 %	-10.4 %	19.4 %	12.5 %
Increase/decrease in finished goods and work-in-process	2.3	1.0	1.5	1.9	1.4	1.6	1.8
<b>Total sales</b>	<b>95.7</b>	<b>102.9</b>	<b>128.0</b>	<b>109.7</b>	<b>97.9</b>	<b>116.8</b>	<b>131.4</b>
Other operating income	1.1	1.0	1.1	1.5	1.0	1.2	1.3
Material expenses	36.0	37.3	42.8	36.9	31.9	37.2	41.1
Personnel expenses	31.0	32.8	36.0	35.8	34.1	36.3	38.9
Other operating expenses	14.7	15.8	16.5	18.2	15.0	17.0	18.4
Total operating expenses	80.6	84.7	94.2	89.4	80.0	89.4	97.0
<b>EBITDA</b>	<b>15.1</b>	<b>18.1</b>	<b>33.8</b>	<b>20.3</b>	<b>17.9</b>	<b>27.4</b>	<b>34.3</b>
Depreciation	2.1	2.4	2.7	2.8	6.2	7.2	7.5
<b>EBITA</b>	<b>13.0</b>	<b>15.7</b>	<b>31.2</b>	<b>17.5</b>	<b>11.7</b>	<b>20.2</b>	<b>26.8</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	0.5	0.5	0.5	0.6	0.6	0.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>12.4</b>	<b>15.2</b>	<b>30.7</b>	<b>17.0</b>	<b>11.1</b>	<b>19.6</b>	<b>26.2</b>
Interest income	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.4	0.4	0.3	0.2	0.4	0.4	0.4
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.4	-0.3	-0.3	-0.1	-0.4	-0.4	-0.4
<b>Recurring pretax income from continuing operations</b>	<b>12.1</b>	<b>14.9</b>	<b>30.4</b>	<b>16.9</b>	<b>10.7</b>	<b>19.2</b>	<b>25.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>12.1</b>	<b>14.9</b>	<b>30.4</b>	<b>16.9</b>	<b>10.7</b>	<b>19.2</b>	<b>25.9</b>
Taxes	3.8	4.5	8.7	4.5	3.0	5.5	7.4
<b>Net income from continuing operations</b>	<b>8.3</b>	<b>10.4</b>	<b>21.7</b>	<b>12.4</b>	<b>7.6</b>	<b>13.8</b>	<b>18.5</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>8.3</b>	<b>10.4</b>	<b>21.7</b>	<b>12.4</b>	<b>7.6</b>	<b>13.8</b>	<b>18.5</b>
Minority interest	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>8.3</b>	<b>10.4</b>	<b>21.7</b>	<b>12.5</b>	<b>7.6</b>	<b>13.8</b>	<b>18.5</b>
Average number of shares	5.5	5.5	5.5	5.5	5.5	5.5	5.5
<b>EPS reported</b>	<b>1.50</b>	<b>1.89</b>	<b>3.94</b>	<b>2.26</b>	<b>1.38</b>	<b>2.49</b>	<b>3.36</b>

Profit and loss (common size)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	2.4 %	0.9 %	1.2 %	1.8 %	1.4 %	1.4 %	1.4 %
<b>Total sales</b>	<b>102.4 %</b>	<b>100.9 %</b>	<b>101.2 %</b>	<b>101.8 %</b>	<b>101.4 %</b>	<b>101.4 %</b>	<b>101.4 %</b>
Other operating income	1.2 %	1.0 %	0.9 %	1.4 %	1.0 %	1.0 %	1.0 %
Material expenses	38.5 %	36.6 %	33.8 %	34.2 %	33.1 %	32.3 %	31.7 %
Personnel expenses	33.2 %	32.1 %	28.5 %	33.2 %	35.3 %	31.5 %	30.0 %
Other operating expenses	15.8 %	15.5 %	13.0 %	16.9 %	15.5 %	14.8 %	14.2 %
Total operating expenses	86.3 %	83.1 %	74.5 %	83.0 %	82.9 %	77.6 %	74.9 %
<b>EBITDA</b>	<b>16.2 %</b>	<b>17.8 %</b>	<b>26.8 %</b>	<b>18.9 %</b>	<b>18.5 %</b>	<b>23.8 %</b>	<b>26.5 %</b>
Depreciation	2.3 %	2.4 %	2.1 %	2.6 %	6.4 %	6.3 %	5.8 %
<b>EBITA</b>	<b>13.9 %</b>	<b>15.4 %</b>	<b>24.6 %</b>	<b>16.3 %</b>	<b>12.1 %</b>	<b>17.5 %</b>	<b>20.7 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.6 %	0.5 %	0.4 %	0.5 %	0.6 %	0.5 %	0.5 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>13.3 %</b>	<b>14.9 %</b>	<b>24.3 %</b>	<b>15.8 %</b>	<b>11.5 %</b>	<b>17.0 %</b>	<b>20.2 %</b>
Interest income	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.4 %	0.4 %	0.3 %	0.2 %	0.4 %	0.4 %	0.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>12.9 %</b>	<b>14.6 %</b>	<b>24.0 %</b>	<b>15.7 %</b>	<b>11.1 %</b>	<b>16.7 %</b>	<b>20.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>12.9 %</b>	<b>14.6 %</b>	<b>24.0 %</b>	<b>15.7 %</b>	<b>11.1 %</b>	<b>16.7 %</b>	<b>20.0 %</b>
Tax rate	31.2 %	30.0 %	28.5 %	26.5 %	28.5 %	28.5 %	28.5 %
<b>Net income from continuing operations</b>	<b>8.9 %</b>	<b>10.2 %</b>	<b>17.2 %</b>	<b>11.5 %</b>	<b>7.9 %</b>	<b>11.9 %</b>	<b>14.3 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>8.9 %</b>	<b>10.2 %</b>	<b>17.2 %</b>	<b>11.5 %</b>	<b>7.9 %</b>	<b>11.9 %</b>	<b>14.3 %</b>
Minority interest	0.0 %	neg.	neg.	neg.	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>8.9 %</b>	<b>10.2 %</b>	<b>17.2 %</b>	<b>11.6 %</b>	<b>7.9 %</b>	<b>11.9 %</b>	<b>14.3 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
<b>Intangible assets</b>	<b>21.8</b>	<b>21.5</b>	<b>21.5</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.3</b>
Property, plant and equipment	17.2	19.5	27.0	42.2	57.0	59.8	60.1
Financial assets	1.4	1.3	1.3	2.2	2.2	2.2	2.2
<b>FIXED ASSETS</b>	<b>40.3</b>	<b>42.4</b>	<b>49.7</b>	<b>65.6</b>	<b>80.4</b>	<b>83.2</b>	<b>83.6</b>
Inventories	27.4	30.1	33.3	35.9	29.2	34.9	39.3
Accounts receivable	13.1	18.0	23.0	17.0	15.2	18.2	20.4
Other current assets	3.1	3.1	3.6	5.4	5.4	5.4	5.4
Liquid assets	6.5	5.2	12.0	14.6	10.6	9.9	17.0
Deferred taxes	3.8	3.6	4.0	5.7	5.7	5.7	5.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>54.0</b>	<b>60.0</b>	<b>75.8</b>	<b>78.5</b>	<b>66.1</b>	<b>74.0</b>	<b>87.7</b>
<b>TOTAL ASSETS</b>	<b>94.3</b>	<b>102.3</b>	<b>125.5</b>	<b>144.1</b>	<b>146.5</b>	<b>157.2</b>	<b>171.3</b>
SHAREHOLDERS EQUITY	59.9	67.9	87.1	90.0	93.2	102.5	115.5
MINORITY INTEREST	1.8	1.9	0.2	0.1	0.1	0.1	0.1
Long-term debt	6.0	5.2	4.6	14.6	14.6	14.6	14.6
Provisions for pensions and similar obligations	6.5	5.6	6.0	8.3	8.3	8.3	8.3
Other provisions	0.9	0.9	8.1	6.9	6.9	6.9	6.9
<b>Non-current liabilities</b>	<b>13.5</b>	<b>11.8</b>	<b>18.7</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>
short-term liabilities to banks	3.0	4.3	2.3	1.7	1.7	1.7	1.7
Accounts payable	4.9	5.3	6.8	7.9	7.0	8.4	9.5
Advance payments received on orders	0.9	1.5	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	6.3	6.5	9.2	13.4	13.4	13.4	13.4
Deferred taxes	3.9	3.1	1.3	1.3	1.3	1.3	1.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>19.1</b>	<b>20.8</b>	<b>19.6</b>	<b>24.3</b>	<b>23.4</b>	<b>24.8</b>	<b>25.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>94.3</b>	<b>102.3</b>	<b>125.5</b>	<b>144.1</b>	<b>146.5</b>	<b>157.3</b>	<b>171.3</b>

Balance sheet (common size)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
<b>Intangible assets</b>	<b>23.1 %</b>	<b>21.0 %</b>	<b>17.1 %</b>	<b>14.7 %</b>	<b>14.5 %</b>	<b>13.5 %</b>	<b>12.4 %</b>
Property, plant and equipment	18.2 %	19.1 %	21.5 %	29.3 %	38.9 %	38.1 %	35.1 %
Financial assets	1.5 %	1.3 %	1.0 %	1.5 %	1.5 %	1.4 %	1.3 %
<b>FIXED ASSETS</b>	<b>42.8 %</b>	<b>41.4 %</b>	<b>39.6 %</b>	<b>45.5 %</b>	<b>54.9 %</b>	<b>52.9 %</b>	<b>48.8 %</b>
Inventories	29.1 %	29.4 %	26.5 %	24.9 %	20.0 %	22.2 %	22.9 %
Accounts receivable	13.9 %	17.6 %	18.3 %	11.8 %	10.4 %	11.5 %	11.9 %
Other current assets	3.3 %	3.0 %	2.8 %	3.7 %	3.7 %	3.4 %	3.1 %
Liquid assets	6.9 %	5.1 %	9.6 %	10.1 %	7.2 %	6.3 %	9.9 %
Deferred taxes	4.1 %	3.6 %	3.1 %	3.9 %	3.9 %	3.6 %	3.3 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>57.2 %</b>	<b>58.6 %</b>	<b>60.4 %</b>	<b>54.5 %</b>	<b>45.1 %</b>	<b>47.1 %</b>	<b>51.2 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	63.5 %	66.3 %	69.4 %	62.4 %	63.6 %	65.2 %	67.4 %
MINORITY INTEREST	1.9 %	1.9 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Long-term debt	6.4 %	5.1 %	3.6 %	10.1 %	9.9 %	9.3 %	8.5 %
Provisions for pensions and similar obligations	6.9 %	5.5 %	4.8 %	5.7 %	5.6 %	5.3 %	4.8 %
Other provisions	1.0 %	0.9 %	6.5 %	4.8 %	4.7 %	4.4 %	4.1 %
<b>Non-current liabilities</b>	<b>14.3 %</b>	<b>11.5 %</b>	<b>14.9 %</b>	<b>20.6 %</b>	<b>20.3 %</b>	<b>18.9 %</b>	<b>17.4 %</b>
short-term liabilities to banks	3.2 %	4.2 %	1.8 %	1.2 %	1.1 %	1.1 %	1.0 %
Accounts payable	5.2 %	5.1 %	5.4 %	5.5 %	4.8 %	5.3 %	5.5 %
Advance payments received on orders	1.0 %	1.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	6.7 %	6.4 %	7.3 %	9.3 %	9.2 %	8.5 %	7.8 %
Deferred taxes	4.2 %	3.1 %	1.0 %	0.9 %	0.9 %	0.8 %	0.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>20.2 %</b>	<b>20.3 %</b>	<b>15.6 %</b>	<b>16.8 %</b>	<b>16.0 %</b>	<b>15.8 %</b>	<b>15.1 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Net profit/loss	8.3	10.4	21.7	12.4	7.6	13.8	18.5
Depreciation of fixed assets (incl. leases)	2.1	2.4	2.7	3.3	6.2	7.2	7.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	0.5	0.5	0.0	0.6	0.6	0.6
Others	-1.1	-0.1	6.2	-3.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	9.9	13.2	31.1	12.5	14.4	21.6	26.6
Increase/decrease in inventory	-2.4	-2.7	-3.2	-2.6	6.7	-5.7	-4.4
Increase/decrease in accounts receivable	0.4	-4.9	-5.0	6.0	1.8	-2.9	-2.3
Increase/decrease in accounts payable	-0.1	0.3	1.6	1.0	-0.8	1.4	1.1
Increase/decrease in other working capital positions	0.4	0.6	-0.2	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-1.6	-6.6	-6.8	4.4	7.6	-7.2	-5.6
<b>Cash flow from operating activities</b>	<b>8.4</b>	<b>6.6</b>	<b>24.2</b>	<b>16.9</b>	<b>22.0</b>	<b>14.3</b>	<b>21.0</b>
CAPEX	5.0	5.4	10.6	19.3	21.6	10.6	8.4
Payments for acquisitions	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.4	0.0	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-4.6</b>	<b>-5.3</b>	<b>-10.6</b>	<b>-19.1</b>	<b>-21.6</b>	<b>-10.6</b>	<b>-8.4</b>
Cash flow before financing	3.8	1.2	13.6	-2.2	0.4	3.7	12.6
Increase/decrease in debt position	-1.7	0.5	-2.8	9.1	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	3.0	3.0	3.3	4.4	4.4	4.4	5.5
Others	-0.2	0.1	-0.8	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.1	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-4.7</b>	<b>-2.4</b>	<b>-6.8</b>	<b>4.7</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-5.5</b>
Increase/decrease in liquid assets	-0.9	-1.3	6.8	2.5	-4.0	-0.7	7.1
<b>Liquid assets at end of period</b>	<b>6.5</b>	<b>5.2</b>	<b>12.0</b>	<b>14.6</b>	<b>10.6</b>	<b>9.9</b>	<b>17.0</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Domestic	0.0	0.0	42.6	36.2	34.7	32.8	32.8
yoy change	n/a	n/a	n/a	-14.9 %	-4.1 %	-5.6 %	0.0 %
Rest of Europe	0.0	0.0	25.5	26.6	24.1	23.2	23.2
yoy change	n/a	n/a	n/a	4.6 %	-9.5 %	-4.0 %	0.0 %
NAFTA	0.0	0.0	9.6	32.3	29.0	27.0	27.0
yoy change	n/a	n/a	n/a	234.8 %	-10.3 %	-6.7 %	0.0 %
Asia Pacific	0.0	0.0	43.7	8.8	5.8	9.7	9.7
yoy change	n/a	n/a	n/a	-79.9 %	-34.0 %	66.7 %	0.0 %
Rest of world	0.0	0.0	5.1	3.8	4.8	3.9	3.9
yoy change	n/a	n/a	n/a	-25.4 %	26.3 %	-20.0 %	0.0 %
<b>TTL</b>	<b>0.0</b>	<b>0.0</b>	<b>126.5</b>	<b>107.7</b>	<b>96.5</b>	<b>115.2</b>	<b>129.6</b>
yoy change	n/a	n/a	n/a	-14.8 %	-10.4 %	19.4 %	12.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
<b>P&amp;L growth analysis</b>							
Sales growth	1.3 %	9.1 %	24.1 %	-14.8 %	-10.4 %	19.4 %	12.5 %
EBITDA growth	-6.5 %	20.1 %	86.5 %	-40.0 %	-47.2 %	34.9 %	92.3 %
EBIT growth	-8.3 %	22.6 %	101.8 %	-44.6 %	-64.0 %	15.3 %	137.4 %
EPS growth	-18.3 %	26.0 %	108.5 %	-42.6 %	-64.9 %	10.2 %	142.3 %
<b>Efficiency</b>							
Total operating costs / sales	86.3 %	83.1 %	74.5 %	83.0 %	82.9 %	77.6 %	74.9 %
Sales per employee	171.9	181.5	206.2	174.3	158.7	186.7	210.6
EBITDA per employee	27.8	32.3	55.2	32.9	29.4	44.4	55.8
<b>Balance sheet analysis</b>							
Avg. working capital / sales	36.4 %	37.4 %	36.0 %	43.9 %	45.1 %	38.9 %	33.8 %
Inventory turnover (sales/inventory)	3.4	3.4	3.8	3.0	3.3	3.3	3.3
Trade debtors in days of sales	51.1	64.3	66.4	57.5	57.5	57.5	57.5
A/P turnover [(A/P*365)/sales]	19.2	18.8	19.7	26.6	26.6	26.6	26.6
Cash conversion cycle (days)	279.4	307.4	292.0	335.0	311.2	317.5	322.4
<b>Cash flow analysis</b>							
Free cash flow	3.4	1.2	13.6	-2.4	0.4	3.7	12.6
Free cash flow/sales	3.6 %	1.2 %	10.8 %	-2.2 %	0.5 %	3.2 %	9.7 %
FCF / net profit	40.8 %	11.7 %	62.7 %	neg.	5.7 %	27.0 %	67.9 %
Capex / deprn	181.1 %	180.5 %	337.1 %	581.5 %	317.6 %	135.9 %	104.3 %
Capex / maintenance capex	0.0 %	0.0 %	382.2 %	676.9 %	437.5 %	172.4 %	127.4 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	2.5	4.4	-5.2	1.6	5.6	6.3	-0.8
Net Debt/EBITDA	0.2	0.2	0.0	0.1	0.3	0.2	0.0
Net debt / equity	0.0	0.1	neg.	0.0	0.1	0.1	neg.
Interest cover	31.8	42.0	96.5	105.0	27.2	48.3	64.7
Dividend payout ratio	36.6 %	31.7 %	20.3 %	35.3 %	57.8 %	40.1 %	35.8 %
<b>Asset utilisation</b>							
Capital employed turnover	1.2	1.2	1.2	0.9	0.8	0.9	0.9
Operating assets turnover	1.8	1.7	1.7	1.2	1.0	1.1	1.2
Plant turnover	5.4	5.2	4.7	2.6	1.7	1.9	2.2
Inventory turnover (sales/inventory)	3.4	3.4	3.8	3.0	3.3	3.3	3.3
<b>Returns</b>							
ROCE	16.3 %	18.5 %	31.6 %	14.8 %	9.5 %	15.3 %	19.3 %
ROE	13.8 %	15.4 %	25.0 %	13.9 %	8.2 %	13.4 %	16.0 %
<b>Other</b>							
Interest paid / avg. debt	3.9 %	3.9 %	3.9 %	1.4 %	3.5 %	2.5 %	2.5 %
No. employees (average)	544	562	614	618	608	617	615
Number of shares	5.5	5.5	5.5	5.5	5.5	5.5	5.5
DPS	0.5	0.6	0.8	0.8	0.8	1.0	1.2
EPS reported	1.50	1.89	3.94	2.26	1.38	2.49	3.36
<b>Valuation ratios</b>							
P/BV	3.3	2.9	2.3	2.2	2.1	2.0	1.7
EV/sales	2.2	2.1	1.6	1.9	2.2	1.9	1.6
EV/EBITDA	13.8	11.6	5.9	10.3	12.0	7.8	6.0
EV/EBITA	16.1	13.3	6.4	12.0	18.4	10.6	7.7
EV/EBIT	16.9	13.8	6.5	12.4	19.4	10.9	7.9
EV/FCF	62.0	172.5	14.7	-89.2	488.7	57.8	16.5
Adjusted FCF yield	4.2 %	5.2 %	11.5 %	6.4 %	4.8 %	7.8 %	10.4 %
Dividend yield	1.5 %	1.7 %	2.2 %	2.2 %	2.2 %	2.8 %	3.3 %

Source: Company data, Hauck & Aufhäuser

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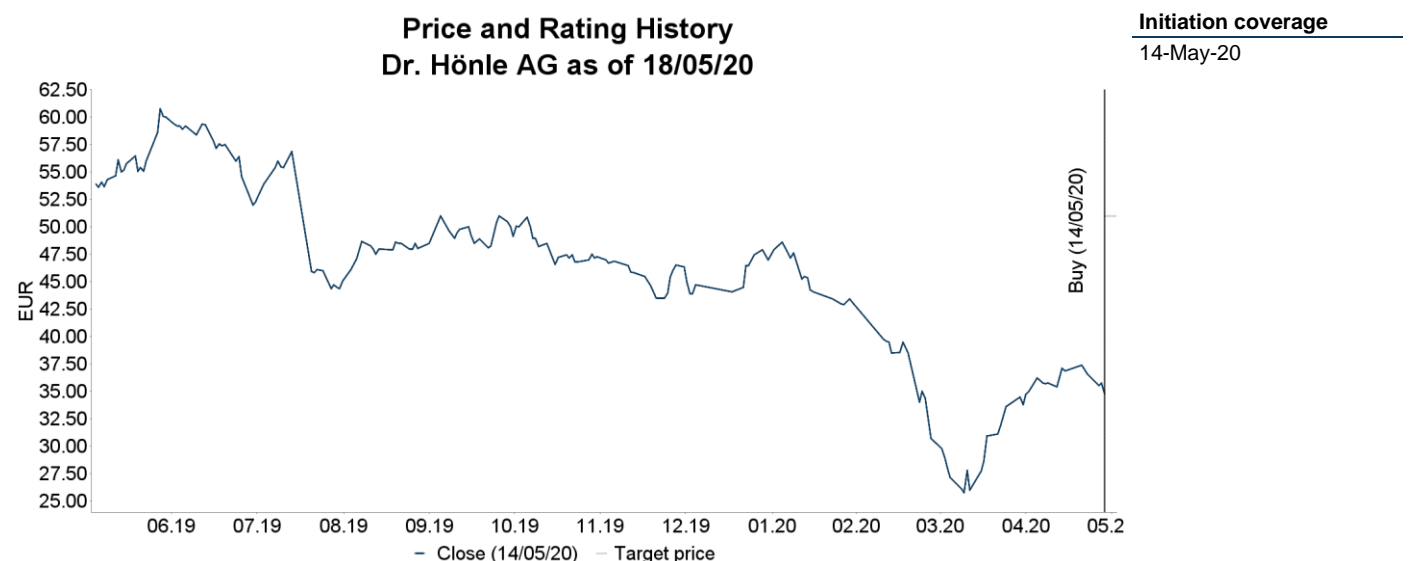
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Company	Disclosure
Dr. Hönle AG	2, 6, 8

**Historical target price and rating changes for Dr. Hönle AG in the last 12 months**



Company	Date	Analyst	Rating	Target price	Close
Dr. Hönle AG	15.05.2020	Wunderlich, CFA, Tim	Buy	EUR 51,00	EUR 34,80
	14.05.2020	Wunderlich, CFA, Tim	Buy	EUR 51,00	EUR 34,80

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