

Buy (old: Buy)

Price target: EUR 66.00 (old: EUR 66.00)

Price: EUR 41.75 **Next result:** Q4'20: tba
Bloomberg: HNL GR **Market cap:** EUR 287.2 m
Reuters: HNLG.DE **Enterprise Value:** EUR 301.1 m

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Muted Q3 as expected, but trough in the rear-view mirror

Q3 results were weak as customers across all segments cut back spending due to COVID-19 uncertainties. This was expected, however, and hence figures came in roughly in line with our estimates. See table on the next page for an overview.

Q3 group sales declined by 17% yoy to € 20.9m (eH&A: € 20.7m) against the backdrop of softness in automotive (*segment Equipment & Systems*), smartphone (*segment Adhesives*) and semiconductor markets (*segment Glass & Lamps*). Lower fixed cost coverage coupled with a less favourable sales mix and investments into personnel for future growth explain the **disproportionate decrease in Q3 EBIT**, which was down by 84% yoy to € 0.5m (eH&A: € 0.8m).

Management did not issue a new FY guidance; the initial one was pulled due to COVID. We continue to feel confident with our FY'20 expectations of € 97m sales (-10% yoy) sales and € 11m EBIT (-35% yoy).

Importantly, looking beyond the current slump, **prospects for Dr. Hönle remain bright**:

- **Current trading:** the operating performance trough is behind the company, in our view, and demand should have rebounded across most business units since June / July.
- **Efficiency measures to take effect:** Hönle is expected to realize cost savings of approx. € 0.4m per month from short-term work and improved procurement conditions going forward, suggesting operating performance will look more favourable already in Q4'20E.
- **Starting to execute on its project pipeline:** Hönle should have won two Adhesive projects with a large Consumer Electronics OEM (incl. in eH&A). Both projects combined are seen to yield € 3m of revenues per year, in our view. Notably, Adhesives is Hönle's most attractive business offering 30%+ EBIT margins. Further, Hönle should have so far received orders for UVC disinfection equipment worth a mid-single digit € m amount. Initial revenues are expected for Q4'20.

As such, there is firm visibility that Hönle will return to dynamic growth and margin expansion by FY'21E. **Reiterate BUY with a € 66.00 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	1.1 %	1.2 %	1.5 %	1.5 %	1.5 %	1.9 %	2.3 %
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	3.2	2.9	2.3	2.8	3.1	2.6	2.3
EV/EBITDA	19.6	16.4	8.5	14.6	16.9	11.0	8.6
EV/EBIT	23.9	19.5	9.4	17.5	27.2	15.4	11.2
PER	34.7	27.5	13.2	23.0	37.6	20.9	15.5
Adjusted FCF yield	2.9 %	3.7 %	7.9 %	4.5 %	3.4 %	5.5 %	7.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 07.08.2020



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 52.50 / 25.75

Price/Book Ratio: 2.5

Relative performance (SDAX):

3 months -4.2 %
6 months 0.1 %
12 months -22.1 %

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	Q3'20	Q3'20 est	Q3'19	yoy	Q2'20	qoq	9m'20	9m'19	yoy
Sales	20.9	20.7	25.3	-17%	25.4	-18%	71.7	81.2	-12%
Adhesives	6.7	6.8	8.0	-16%	7.2	-7%	21.6	24.6	-12%
Equipment & Systems	9.7	10.0	11.7	-17%	13.1	-26%	36.5	40.1	-9%
Glass & Lamps	4.5	3.9	5.6	-20%	5.1	-12%	13.7	16.6	-18%
EBIT	0.5	0.8	3.1	-84%	2.1	-76%	6.3	13.3	-53%
EBIT margin	2.4%	3.9%	12.2%	- 9.8 pp	8.3%	- 5.9 pp	8.8%	16.3%	- 7.6 pp
Adhesives	1.7	1.5	2.6	-36%	1.6	1.5%	5.6	8.1	-31%
EBIT margin	24.9%	22.1%	32.5%	- 7.6 pp	6.5%	+ 18.4 pp	25.8%	32.8%	- 7.0 pp
Equipment & Systems	-0.6	-0.3	0.1	n.a.	0.9	n.a.	2.0	3.4	-41%
EBIT margin	-5.9%	-3.0%	1.1%	- 7.1 pp	3.4%	- 9.4 pp	5.4%	8.4%	- 3.0 pp
Glass & Lamps	-0.6	-0.4	0.3	n.a.	-0.4	n.a.	-1.2	1.8	n.a.
EBIT margin	-13.1%	-10.3%	6.2%	- 19.3 pp	-1.6%	- 11.5 pp	-9.1%	11.1%	- 20.2 pp
Net profit	0.3	0.5	2.1	-84%	1.8	-81%	4.8	9.3	-48%
Net margin	1.7%	2.4%	8.4%	- 6.7 pp	7.1%	- 5.5 pp	6.7%	11.4%	- 4.8 pp
EPS	0.06	0.09	0.38	-84%	0.33	-81%	0.87	1.69	-48%

Financials

Profit and loss (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Net sales	93.4	101.9	126.5	107.7	96.5	115.2	129.6
<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
Total sales	95.7	102.9	128.0	109.7	97.9	116.8	131.4
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
EBITDA	15.1	18.1	33.8	20.3	17.9	27.4	34.3
Depreciation	2.1	2.4	2.7	2.8	6.2	7.2	7.5
EBITA	13.0	15.7	31.2	17.5	11.7	20.2	26.8
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
EBIT (inc revaluation net)	12.4	15.2	30.7	17.0	11.1	19.6	26.2
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
Recurring pretax income from continuing operations	12.1	14.9	30.4	16.9	10.7	19.2	25.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	12.1	14.9	30.4	16.9	10.7	19.2	25.9
Taxes	3.8	4.5	8.7	4.5	3.0	5.5	7.4
Net income from continuing operations	8.3	10.4	21.7	12.4	7.6	13.8	18.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.3	10.4	21.7	12.4	7.6	13.8	18.5
Minority interest	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Net profit (reported)	8.3	10.4	21.7	12.5	7.6	13.8	18.5
Average number of shares	5.5	5.5	5.5	5.5	5.5	5.5	5.5
EPS reported	1.50	1.89	3.94	2.26	1.38	2.49	3.36

Profit and loss (common size)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	2.4 %	0.9 %	1.2 %	1.8 %	1.4 %	1.4 %	1.4 %
Total sales	102.4 %	100.9 %	101.2 %	101.8 %	101.4 %	101.4 %	101.4 %
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 %
EBITDA	16.2 %	17.8 %	26.8 %	18.9 %	18.5 %	23.8 %	26.5 %
Depreciation	2.3 %	2.4 %	2.1 %	2.6 %	6.4 %	6.3 %	5.8 %
EBITA	13.9 %	15.4 %	24.6 %	16.3 %	12.1 %	17.5 %	20.7 %
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 %
EBIT (inc revaluation net)	13.3 %	14.9 %	24.3 %	15.8 %	11.5 %	17.0 %	20.2 %
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.
Recurring pretax income from continuing operations	12.9 %	14.6 %	24.0 %	15.7 %	11.1 %	16.7 %	20.0 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	12.9 %	14.6 %	24.0 %	15.7 %	11.1 %	16.7 %	20.0 %
Tax rate	31.2 %	30.0 %	28.5 %	26.5 %	28.5 %	28.5 %	28.5 %
Net income from continuing operations	8.9 %	10.2 %	17.2 %	11.5 %	7.9 %	11.9 %	14.3 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	8.9 %	10.2 %	17.2 %	11.5 %	7.9 %	11.9 %	14.3 %
Minority interest	0.0 %	neg.	neg.	neg.	0.0 %	0.0 %	0.0 %
Net profit (reported)	8.9 %	10.2 %	17.2 %	11.6 %	7.9 %	11.9 %	14.3 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Intangible assets	21.8	21.5	21.5	21.2	21.2	21.2	21.3
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
FIXED ASSETS	40.3	42.4	49.7	65.6	80.4	83.2	83.6
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
CURRENT ASSETS	54.0	60.0	75.8	78.5	66.1	74.0	87.7
TOTAL ASSETS	94.3	102.3	125.5	144.1	146.5	157.2	171.3
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
Non-current liabilities	13.5	11.8	18.7	29.8	29.8	29.8	29.8
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
Current liabilities	19.1	20.8	19.6	24.3	23.4	24.8	25.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	94.3	102.3	125.5	144.1	146.5	157.3	171.3

Balance sheet (common size)	2015/16	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Intangible assets	23.1 %	21.0 %	17.1 %	14.7 %	14.5 %	13.5 %	12.4 %
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 %
FIXED ASSETS	42.8 %	41.4 %	39.6 %	45.5 %	54.9 %	52.9 %	48.8 %
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 %
CURRENT ASSETS	57.2 %	58.6 %	60.4 %	54.5 %	45.1 %	47.1 %	51.2 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
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 %
Non-current liabilities	14.3 %	11.5 %	14.9 %	20.6 %	20.3 %	18.9 %	17.4 %
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 %
Current liabilities	20.2 %	20.3 %	15.6 %	16.8 %	16.0 %	15.8 %	15.1 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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
Cash flow from operating activities	8.4	6.6	24.2	16.9	22.0	14.3	21.0
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
Cash flow from investing activities	-4.6	-5.3	-10.6	-19.1	-21.6	-10.6	-8.4
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
Cash flow from financing activities	-4.7	-2.4	-6.8	4.7	-4.4	-4.4	-5.5
Increase/decrease in liquid assets	-0.9	-1.3	6.8	2.5	-4.0	-0.7	7.1
Liquid assets at end of period	6.5	5.2	12.0	14.6	10.6	9.9	17.0

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 %
TTL	0.0	0.0	126.5	107.7	96.5	115.2	129.6
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
P&L growth analysis							
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 %
Efficiency							
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
Balance sheet analysis							
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
Cash flow analysis							
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 / depre	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
Security							
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 %
Asset utilisation							
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
Returns							
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 %
Other							
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
Valuation ratios							
P/BV	4.8	4.2	3.3	3.2	3.1	2.8	2.5
EV/sales	3.2	2.9	2.3	2.8	3.1	2.6	2.3
EV/EBITDA	19.6	16.4	8.5	14.6	16.9	11.0	8.6
EV/EBITA	22.9	18.9	9.2	16.9	25.8	14.9	11.0
EV/EBIT	23.9	19.5	9.4	17.5	27.2	15.4	11.2
EV/FCF	87.8	244.0	21.1	-126.2	687.6	81.2	23.4
Adjusted FCF yield	2.9 %	3.7 %	7.9 %	4.5 %	3.4 %	5.5 %	7.3 %
Dividend yield	1.1 %	1.2 %	1.5 %	1.5 %	1.5 %	1.9 %	2.3 %

Source: Company data, Hauck & Aufhäuser

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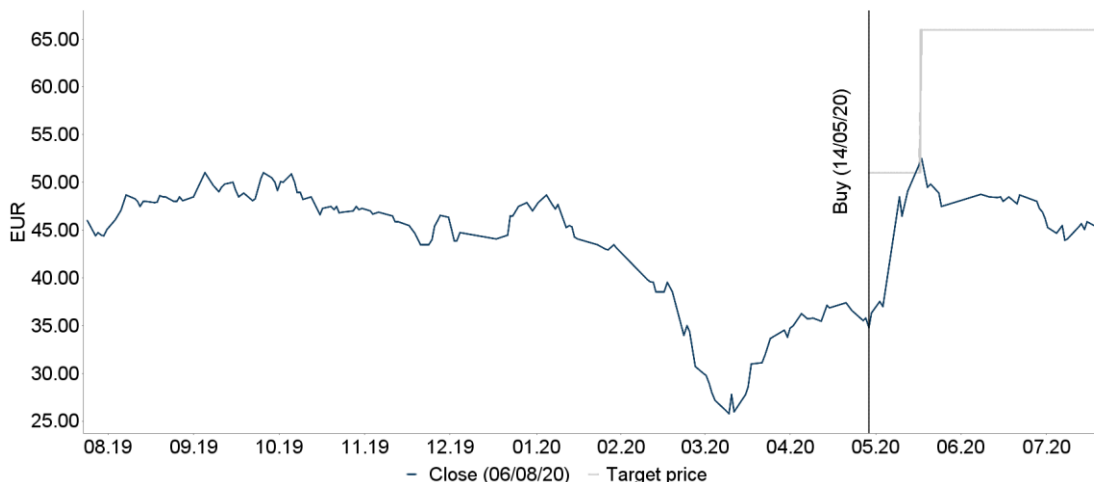
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Company	Disclosure
Dr. Hönle AG	2, 6, 8

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

**Price and Rating History
Dr. Hönle AG as of 07/08/20**

Initiation coverage
14-May-20



Company	Date	Analyst	Rating	Target price	Close
Dr. Hönle AG	30.06.2020	Wunderlich, CFA, Tim	Buy	EUR 66,00	EUR 48,50
	03.06.2020	Wunderlich, CFA, Tim	Buy	EUR 66,00	EUR 52,50
	18.05.2020	Wunderlich, CFA, Tim	Buy	EUR 51,00	EUR 37,55
	15.05.2020	Wunderlich, CFA, Tim	Buy	EUR 51,00	EUR 36,30
	14.05.2020	Wunderlich, CFA, Tim	Buy	EUR 51,00	EUR 34,80

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