

| | | | |
|---|---|--|--|
| Buy EUR 272.00 (EUR 265.00) Price EUR 185.00 Upside 47.0 % | Value Indicators: EUR DCF: 271.74 FCF-Value Potential 23e: 252.25 | Warburg ESG Risk Score: 2.7 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 1.0 | Description: Supplier of power tools and garden equipment for private household use. |
| | Market Snapshot: EUR m Market cap: 698.3 No. of shares (m): 3.8 EV: 746.2 Freefloat MC: 698.3 Ø Trad. Vol. (30d): 397.09 th | Shareholders: Freefloat 100.0 % Thannhuber AG (Ordinary sh.) 91.0 % Others (Ordinary shares) 9.0 % | Key Figures (WRe): 2021e Beta: 1.2 Price / Book: 2.4 x Equity Ratio: 53 % Net Fin. Debt / EBITDA: 0.6 x Net Debt / EBITDA: 0.6 x |

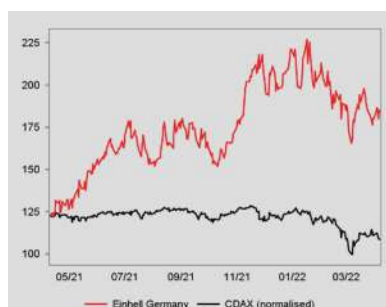
Increase in sales and EBT outlook after strong Q1 growth

Einhell released an update on its current performance and the financial guidance, which underpins the growth course based on the strong position in the category of battery-driven power and garden tools:

- Sales in Q1 were significantly up from EUR 229.6m to around EUR 290m (+26%). This includes first-time sales of EUR 3.3m from the recently acquired Outillages King Canada (consolidated since the beginning of March).
- Following the positive Q1 business trend and a "very good order situation" the management now expects full-year organic sales growth of 10% to around EUR 1,020m in the current year (previously 5-10%). Additionally, the business of Outillages King Canada should contribute around EUR 30m in sales in 2022.
- Moreover, the earnings forecast for FY 2022 was increased. Einhell is now expecting an EBT margin between 8.5% and 9.0% (previously: around 8.5%). Final 2021 profit numbers were also slightly above our expectations.
- Einhell stated that the situation on the procurement side remains challenging. The availability and the price development of raw materials and components will affect the business, as will Covid-related restrictions in China including temporary port closures. The group has taken precautions by significantly raising the inventory level. While the exposure to Russia and Ukraine is limited (together 1.2% of sales in 2021), current inflation rates might have a negative impact on consumer sentiment in the coming quarters.
- For 2021, the management is proposing a dividend of EUR 2.60 (WRe: EUR 2.80). This is somewhat below the former pay-out ratio of 20% and probably reflects the negative FCF in 2021 due to the build-up of inventories.

Overall, Q1 sales and the guidance-increase underline the company's continued dynamic sales momentum. With its successful Power-X-Change battery platform and the long-term strategy of international expansion, Einhell is well prepared for further growth despite current uncertainties. We have increased our EPS estimates for 2022/23 by around 9%. Our DCF-based PT rises from EUR 265 to 272. The investment case is fully intact with a highly attractive PE of 11 on 2022 earnings. **We confirm our Buy recommendation.**

| Changes in Estimates: | | | | | | | Comment on Changes: | |
|-------------------------|-------------|-------|-------------|-------|-------------|-------|--|--|
| FY End: 31.12. in EUR m | 2021e (old) | + / - | 2022e (old) | + / - | 2023e (old) | + / - | | |
| Sales | 920.0 | 0.8 % | 992.0 | 6.0 % | 1,056.0 | 5.3 % | ▪ For 2021, Einhell reported an EBT margin of 8.8%, which is slightly better than assumed (WRe: 8.5%). | |
| EBITDA | 92.4 | 2.9 % | 99.4 | 7.8 % | 105.5 | 7.9 % | ▪ We have increased our sales forecast following the promising outlook for organic growth in 2022 and the Canadian acquisition has been included in our model. | |
| EBT | 78.6 | 3.4 % | 84.6 | 9.1 % | 90.1 | 9.1 % | ▪ For 2022/23, we are expecting similar EBT margins of 8.8%. | |
| Net income | 54.7 | 6.9 % | 58.6 | 9.5 % | 62.4 | 9.3 % | ▪ Detailed 2021 results will be released at the end of April with the annual report. | |
| EPS | 14.48 | 7.0 % | 15.53 | 9.5 % | 16.52 | 9.3 % | | |

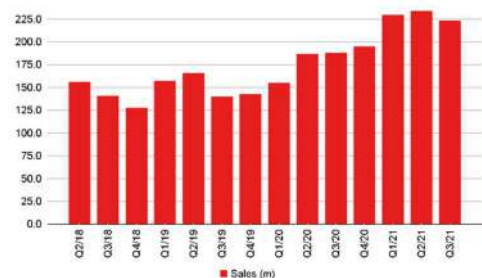


| Rel. Performance vs CDAX: | |
|---------------------------|--------|
| 1 month: | 1.5 % |
| 6 months: | 30.0 % |
| Year to date: | -3.6 % |
| Trailing 12 months: | 62.8 % |

| Company events: | |
|-----------------|--|
| | |

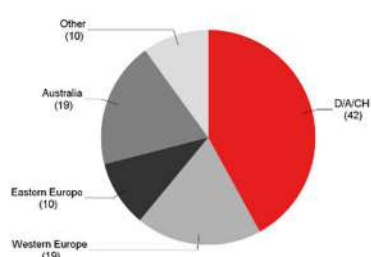
| FY End: 31.12. in EUR m | CAGR (20-23e) | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|-------------------------|--|--------|--------|--------|--------|--------|---------|---------|
| Sales | 15.3 % | 553.4 | 577.9 | 605.7 | 724.7 | 927.4 | 1,052.0 | 1,112.0 |
| Change Sales yoy | | 13.6 % | 4.4 % | 4.8 % | 19.6 % | 28.0 % | 13.4 % | 5.7 % |
| Gross profit margin | | 34.6 % | 34.2 % | 34.1 % | 35.9 % | 35.8 % | 35.9 % | 35.9 % |
| EBITDA | 19.0 % | 43.8 | 43.7 | 43.5 | 67.6 | 95.0 | 107.2 | 113.8 |
| Margin | | 7.9 % | 7.6 % | 7.2 % | 9.3 % | 10.2 % | 10.2 % | 10.2 % |
| EBIT | 20.6 % | 38.5 | 38.9 | 35.0 | 58.0 | 84.2 | 95.6 | 101.6 |
| Margin | | 7.0 % | 6.7 % | 5.8 % | 8.0 % | 9.1 % | 9.1 % | 9.1 % |
| EBT | 21.1 % | 35.7 | 36.2 | 32.5 | 55.3 | 81.2 | 92.4 | 98.3 |
| Margin | | 6.5 % | 6.3 % | 5.4 % | 7.6 % | 8.8 % | 8.8 % | 8.8 % |
| Net income | 19.3 % | 21.2 | 26.0 | 24.3 | 40.2 | 58.5 | 64.2 | 68.2 |
| EPS | 18.3 % | 5.63 | 6.90 | 6.44 | 10.92 | 15.49 | 17.01 | 18.06 |
| DPS | 13.3 % | 1.20 | 1.40 | 1.40 | 2.20 | 2.60 | 3.00 | 3.20 |
| Dividend Yield | | 1.9 % | 1.6 % | 2.2 % | 3.2 % | 1.4 % | 1.6 % | 1.7 % |
| FCFPS | | -5.65 | -3.64 | 8.62 | 2.67 | -11.00 | 7.63 | 14.51 |
| FCF / Market cap | | -9.1 % | -4.1 % | 13.6 % | 3.9 % | -5.9 % | 4.1 % | 7.8 % |
| EV / Sales | | 0.4 x | 0.6 x | 0.4 x | 0.4 x | 0.8 x | 0.7 x | 0.6 x |
| EV / EBITDA | | 5.6 x | 8.5 x | 5.9 x | 4.0 x | 8.0 x | 7.0 x | 6.2 x |
| EV / EBIT | | 6.4 x | 9.5 x | 7.3 x | 4.7 x | 9.0 x | 7.8 x | 7.0 x |
| P / E | | 11.1 x | 12.8 x | 9.8 x | 6.3 x | 11.9 x | 10.9 x | 10.2 x |
| FCF Potential Yield | | 9.3 % | 6.9 % | 10.0 % | 14.9 % | 7.9 % | 8.8 % | 9.9 % |
| Net Debt | | 11.1 | 35.9 | 16.4 | 11.6 | 61.5 | 48.0 | 10.0 |
| ROCE (NOPAT) | | 13.7 % | 13.2 % | 11.4 % | 17.6 % | 20.4 % | 18.3 % | 18.0 % |
| Guidance: | 2022: organic sales increase of ca. 10%, EBT margin 8.5-9.0% | | | | | | | |

Sales development
in EUR m



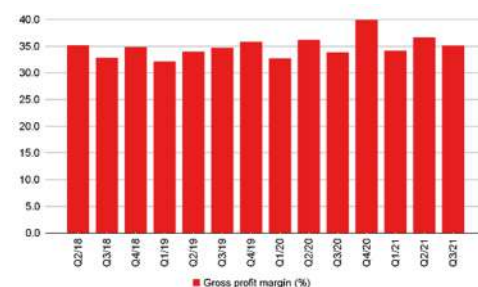
Source: Warburg Research

Sales by regions
2020; in %



Source: Warburg Research

Gross margin development
in %



Source: Warburg Research

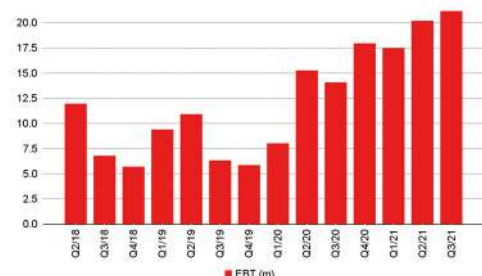
Company Background

- Einhell is a leading provider of power tools and garden equipment for household use. With around 40 subsidiaries, the products are sold globally.
- Particularly in the category of cordless battery-driven products, Einhell has built up a strong position. With the Power-X-Change series the company offers one of the leading systems in the market.
- Einhell's main customers are large DIY chains (60% of sales in 2020), e-commerce (20%) and specialised trade (11%). The share of business with discounters is less than 10%.
- Einhell has long-standing expertise in product development, quality control, international distribution and after-sales services. The production is outsourced and supervised by Einhell's own unit in Asia.
- The company was founded in 1964 by Josef Thannhuber. In 1987 Einhell was listed at the stock exchange. The Thannhuber family holds the majority of the non-listed ordinary shares.

Competitive Quality

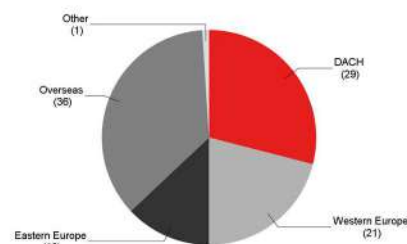
- Einhell has a high brand awareness in key markets, which will be further strengthened by marketing initiatives and presentation at the point-of-sale (including e-commerce) in the course of a long-term brand strategy.
- With its focus on innovative product development, the group can benefit from dynamic growth in the segment of cordless battery systems and gain market share.
- Under the Power-X-Change battery system, the group offers a broad assortment of more than 200 devices for house and garden, which can be further expanded also by cooperation with other manufacturers.
- Einhell shows a strong balance sheet as well as a high level of cost flexibility and generated clearly positive earnings even in economically challenging years.
- Continued international expansion (for example in North America and South East Asia) offers additional growth potential and economies of scale.

EBT development
in EUR m



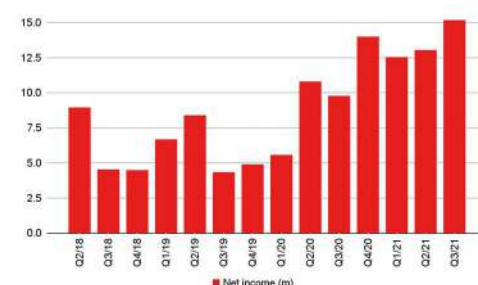
Source: Warburg Research

EBT by regions
2020; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

| Figures in EUR m | Detailed forecast period | | | Transitional period | | | | | | | | | | Term. Value |
|-----------------------------|--------------------------|---------|---------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------|
| | 2021e | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | |
| Sales | 927.4 | 1,052.0 | 1,112.0 | 1,178.7 | 1,249.4 | 1,318.2 | 1,390.7 | 1,460.2 | 1,533.2 | 1,602.2 | 1,658.3 | 1,708.0 | 1,750.7 | |
| Sales change | 28.0 % | 13.4 % | 5.7 % | 6.0 % | 6.0 % | 5.5 % | 5.5 % | 5.0 % | 5.0 % | 4.5 % | 3.5 % | 3.0 % | 2.5 % | 2.0 % |
| EBIT | 84.2 | 95.6 | 101.6 | 102.5 | 107.5 | 112.0 | 116.8 | 119.7 | 122.7 | 120.2 | 124.4 | 128.1 | 122.6 | |
| EBIT-margin | 9.1 % | 9.1 % | 9.1 % | 8.7 % | 8.6 % | 8.5 % | 8.4 % | 8.2 % | 8.0 % | 7.5 % | 7.5 % | 7.5 % | 7.0 % | |
| Tax rate (EBT) | 25.8 % | 28.0 % | 28.0 % | 29.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | |
| NOPAT | 62.5 | 68.8 | 73.2 | 72.8 | 75.2 | 78.4 | 81.8 | 83.8 | 85.9 | 84.1 | 87.1 | 89.7 | 85.8 | |
| Depreciation | 10.8 | 11.6 | 12.2 | 15.3 | 16.2 | 17.1 | 18.1 | 19.0 | 19.9 | 20.8 | 21.6 | 22.2 | 22.8 | |
| in % of Sales | 1.2 % | 1.1 % | 1.1 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | |
| Changes in provisions | 0.1 | 0.5 | 0.5 | 0.4 | -0.1 | -0.1 | 0.5 | 0.5 | 0.5 | -0.3 | -0.5 | -0.6 | -0.6 | |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 92.8 | 29.0 | 7.0 | 7.6 | 18.7 | 17.8 | 18.7 | 17.5 | 18.3 | 20.0 | 16.3 | 14.4 | 12.4 | |
| - Capex | 16.0 | 17.0 | 18.0 | 18.9 | 18.7 | 18.5 | 18.1 | 19.0 | 19.9 | 20.8 | 21.6 | 22.2 | 22.8 | |
| Capex in % of Sales | 1.7 % | 1.6 % | 1.6 % | 1.6 % | 1.5 % | 1.4 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | |
| - Other | 4.0 | 25.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Free Cash Flow (WACC Model) | -39.5 | 9.9 | 56.9 | 62.1 | 53.9 | 59.1 | 63.6 | 66.8 | 68.1 | 63.8 | 70.3 | 74.7 | 72.8 | 77 |
| PV of FCF | -39.5 | 9.2 | 49.4 | 50.3 | 40.7 | 41.6 | 41.7 | 40.8 | 38.8 | 33.8 | 34.8 | 34.4 | 31.2 | 620 |
| share of PVs | 1.86 % | | | 37.77 % | | | | | | | | | | 60.36 % |

Model parameter

| | | | |
|--------------------------|---------------|---------------------|-------------|
| Derivation of WACC: | | Derivation of Beta: | |
| Debt ratio | 15.00 % | Financial Strength | 1.00 |
| Cost of debt (after tax) | 2.8 % | Liquidity (share) | 1.50 |
| Market return | 7.00 % | Cyclicality | 1.00 |
| Risk free rate | 1.50 % | Transparency | 1.00 |
| | | Others | 1.50 |
| WACC | 7.30 % | Beta | 1.20 |

Valuation (m)

| | | | |
|----------------------------|--------------|------------------------------|---------------|
| Present values 2033e | 407 | | |
| Terminal Value | 620 | | |
| Financial liabilities | 23 | | |
| Pension liabilities | 8 | | |
| Hybrid capital | 0 | | |
| Minority interest | 2 | | |
| Market val. of investments | 0 | | |
| Liquidity | 32 | No. of shares (m) | 3.8 |
| Equity Value | 1,026 | Value per share (EUR) | 271.74 |

Sensitivity Value per Share (EUR)

| Beta | WACC | Terminal Growth | | | | | | | Beta | WACC | Delta EBIT-margin | | | | | | |
|------|-------|-----------------|--------|--------|--------|--------|--------|--------|------|-------|-------------------|---------|---------|---------|---------|---------|---------|
| | | 1.25 % | 1.50 % | 1.75 % | 2.00 % | 2.25 % | 2.50 % | 2.75 % | | | -1.5 pp | -1.0 pp | -0.5 pp | +0.0 pp | +0.5 pp | +1.0 pp | +1.5 pp |
| 1.41 | 8.3 % | 211.18 | 215.24 | 219.60 | 224.32 | 229.42 | 234.97 | 241.01 | 1.41 | 8.3 % | 163.17 | 183.55 | 203.94 | 224.32 | 244.70 | 265.09 | 285.47 |
| 1.31 | 7.8 % | 229.73 | 234.72 | 240.11 | 245.97 | 252.36 | 259.35 | 267.03 | 1.31 | 7.8 % | 179.53 | 201.68 | 223.82 | 245.97 | 268.12 | 290.26 | 312.41 |
| 1.25 | 7.6 % | 240.13 | 245.68 | 251.70 | 258.27 | 265.46 | 273.36 | 282.08 | 1.25 | 7.6 % | 188.83 | 211.97 | 235.12 | 258.27 | 281.42 | 304.57 | 327.72 |
| 1.20 | 7.3 % | 251.40 | 257.60 | 264.35 | 271.74 | 279.86 | 288.83 | 298.78 | 1.20 | 7.3 % | 199.00 | 223.25 | 247.49 | 271.74 | 295.99 | 320.23 | 344.48 |
| 1.15 | 7.1 % | 263.65 | 270.60 | 278.20 | 286.55 | 295.77 | 306.00 | 317.43 | 1.15 | 7.1 % | 210.19 | 235.65 | 261.10 | 286.55 | 312.00 | 337.45 | 362.91 |
| 1.09 | 6.8 % | 277.02 | 284.84 | 293.43 | 302.91 | 313.44 | 325.18 | 338.38 | 1.09 | 6.8 % | 222.55 | 249.34 | 276.13 | 302.91 | 329.70 | 356.48 | 383.27 |
| 0.99 | 6.3 % | 307.77 | 317.81 | 328.94 | 341.37 | 355.33 | 371.12 | 389.14 | 0.99 | 6.3 % | 251.61 | 281.53 | 311.45 | 341.37 | 371.29 | 401.21 | 431.13 |

- Mid to long-term EBIT margin assumption in line with management target and average EBIT margin of 7.3% from 2017/21.
- Sales growth assumption in line with Einhell's long-standing target range of +5-10% p.a.
- Beta of 1.2 due to non-voting preference share with limited liquidity.

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 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | |
|---|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Net Income before minorities | 21.6 | 26.3 | 24.6 | 41.8 | 60.3 | 66.5 | 70.8 | |
| + Depreciation + Amortisation | 5.2 | 4.8 | 8.4 | 9.6 | 10.8 | 11.6 | 12.2 | |
| - Net Interest Income | -2.8 | -2.7 | -2.5 | -2.6 | -3.0 | -3.2 | -3.3 | |
| - Maintenance Capex | 6.7 | 8.4 | 10.0 | 14.0 | 14.0 | 15.5 | 16.0 | |
| + Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| = Free Cash Flow Potential | 22.9 | 25.4 | 25.5 | 40.1 | 60.1 | 65.8 | 70.3 | |
| FCF Potential Yield (on market EV) | 9.3 % | 6.9 % | 10.0 % | 14.9 % | 7.9 % | 8.8 % | 9.9 % | |
| WACC | 7.30 % | 7.30 % | 7.30 % | 7.30 % | 7.30 % | 7.30 % | 7.30 % | |
| = Enterprise Value (EV) | 246.2 | 369.7 | 254.9 | 269.6 | 759.7 | 746.2 | 708.3 | |
| = Fair Enterprise Value | 313.4 | 348.2 | 349.7 | 548.5 | 822.1 | 900.8 | 962.1 | |
| - Net Debt (Cash) | 3.6 | 3.6 | 3.6 | 3.6 | 53.5 | 39.5 | 1.0 | |
| - Pension Liabilities | 7.9 | 7.9 | 7.9 | 7.9 | 8.0 | 8.5 | 9.0 | |
| - 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 | 301.8 | 336.7 | 338.1 | 537.0 | 760.7 | 852.9 | 952.1 | |
| Number of shares, average | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | |
| = Fair value per share (EUR) | 79.96 | 89.20 | 89.58 | 142.27 | 201.54 | 225.96 | 252.25 | |
| premium (-) / discount (+) in % | | | | | 8.9 % | 22.1 % | 36.4 % | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 10.30 % | 55.79 | 62.34 | 62.61 | 99.96 | 138.12 | 156.48 | 178.04 |
| | 9.31 % | 62.12 | 69.37 | 69.67 | 111.03 | 154.72 | 174.66 | 197.46 |
| | 8.30 % | 69.96 | 78.09 | 78.42 | 124.77 | 175.31 | 197.22 | 221.56 |
| WACC | 7.30 % | 79.96 | 89.20 | 89.58 | 142.27 | 201.54 | 225.96 | 252.25 |
| | 6.31 % | 93.13 | 103.84 | 104.27 | 165.32 | 236.08 | 263.81 | 292.68 |
| | 5.30 % | 111.26 | 123.99 | 124.51 | 197.06 | 283.65 | 315.93 | 348.35 |
| | 4.30 % | 137.82 | 153.50 | 154.14 | 243.54 | 353.33 | 392.27 | 429.88 |

▪ Increase in net cash position expected in the coming years.

| Valuation | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Price / Book | 1.3 x | 1.7 x | 1.1 x | 1.1 x | 2.4 x | 2.0 x | 1.7 x |
| Book value per share ex intangibles | 42.83 | 47.69 | 51.76 | 59.11 | 72.38 | 84.01 | 98.94 |
| EV / Sales | 0.4 x | 0.6 x | 0.4 x | 0.4 x | 0.8 x | 0.7 x | 0.6 x |
| EV / EBITDA | 5.6 x | 8.5 x | 5.9 x | 4.0 x | 8.0 x | 7.0 x | 6.2 x |
| EV / EBIT | 6.4 x | 9.5 x | 7.3 x | 4.7 x | 9.0 x | 7.8 x | 7.0 x |
| EV / EBIT adj.* | 6.1 x | 9.3 x | 7.3 x | 4.7 x | 9.0 x | 7.8 x | 7.0 x |
| P / FCF | n.a. | n.a. | 7.3 x | 25.6 x | n.a. | 24.2 x | 12.7 x |
| P / E | 11.1 x | 12.8 x | 9.8 x | 6.3 x | 11.9 x | 10.9 x | 10.2 x |
| P / E adj.* | 11.1 x | 12.8 x | 9.8 x | 6.3 x | 11.9 x | 10.9 x | 10.2 x |
| Dividend Yield | 1.9 % | 1.6 % | 2.2 % | 3.2 % | 1.4 % | 1.6 % | 1.7 % |
| FCF Potential Yield (on market EV) | 9.3 % | 6.9 % | 10.0 % | 14.9 % | 7.9 % | 8.8 % | 9.9 % |

*Adjustments made for: -

Consolidated profit & loss

| In EUR m | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Sales | 553.4 | 577.9 | 605.7 | 724.7 | 927.4 | 1,052.0 | 1,112.0 |
| Change Sales yoy | 13.6 % | 4.4 % | 4.8 % | 19.6 % | 28.0 % | 13.4 % | 5.7 % |
| Increase / decrease in inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Own work capitalised | 0.0 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Sales | 553.4 | 578.2 | 605.9 | 724.7 | 927.4 | 1,052.0 | 1,112.0 |
| Material expenses | 361.9 | 380.2 | 399.3 | 464.8 | 595.4 | 674.3 | 712.3 |
| Gross profit | 191.4 | 197.9 | 206.6 | 259.9 | 332.0 | 377.7 | 399.7 |
| <i>Gross profit margin</i> | <i>34.6 %</i> | <i>34.2 %</i> | <i>34.1 %</i> | <i>35.9 %</i> | <i>35.8 %</i> | <i>35.9 %</i> | <i>35.9 %</i> |
| Personnel expenses | 72.4 | 76.2 | 78.5 | 92.1 | 105.0 | 120.0 | 126.4 |
| Other operating income | 7.8 | 11.0 | 6.9 | 8.9 | 8.0 | 7.5 | 7.5 |
| Other operating expenses | 83.1 | 88.9 | 91.5 | 109.1 | 140.0 | 158.0 | 167.0 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 43.8 | 43.7 | 43.5 | 67.6 | 95.0 | 107.2 | 113.8 |
| <i>Margin</i> | <i>7.9 %</i> | <i>7.6 %</i> | <i>7.2 %</i> | <i>9.3 %</i> | <i>10.2 %</i> | <i>10.2 %</i> | <i>10.2 %</i> |
| Depreciation of fixed assets | 3.1 | 3.4 | 7.9 | 9.1 | 10.2 | 10.8 | 11.4 |
| EBITA | 40.6 | 40.3 | 35.6 | 58.5 | 84.8 | 96.4 | 102.4 |
| Amortisation of intangible assets | 2.1 | 1.4 | 0.5 | 0.5 | 0.6 | 0.8 | 0.8 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 38.5 | 38.9 | 35.0 | 58.0 | 84.2 | 95.6 | 101.6 |
| <i>Margin</i> | <i>7.0 %</i> | <i>6.7 %</i> | <i>5.8 %</i> | <i>8.0 %</i> | <i>9.1 %</i> | <i>9.1 %</i> | <i>9.1 %</i> |
| EBIT adj. | 40.3 | 39.8 | 35.0 | 58.0 | 84.2 | 95.6 | 101.6 |
| Interest income | 0.2 | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 |
| Interest expenses | 2.2 | 1.5 | 1.0 | 0.9 | 1.8 | 2.0 | 2.0 |
| Other financial income (loss) | -0.8 | -1.4 | -1.8 | -1.9 | -1.2 | -1.2 | -1.3 |
| EBT | 35.7 | 36.2 | 32.5 | 55.3 | 81.2 | 92.4 | 98.3 |
| <i>Margin</i> | <i>6.5 %</i> | <i>6.3 %</i> | <i>5.4 %</i> | <i>7.6 %</i> | <i>8.8 %</i> | <i>8.8 %</i> | <i>8.8 %</i> |
| Total taxes | 14.2 | 9.9 | 7.9 | 14.6 | 21.0 | 25.9 | 27.5 |
| Net income from continuing operations | 21.6 | 26.3 | 24.6 | 40.8 | 60.3 | 66.5 | 70.8 |
| 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 | 21.6 | 26.3 | 24.6 | 40.8 | 60.3 | 66.5 | 70.8 |
| Minority interest | 0.3 | 0.3 | 0.3 | 0.6 | 1.8 | 2.3 | 2.6 |
| Net income | 21.2 | 26.0 | 24.3 | 40.2 | 58.5 | 64.2 | 68.2 |
| <i>Margin</i> | <i>3.8 %</i> | <i>4.5 %</i> | <i>4.0 %</i> | <i>5.5 %</i> | <i>6.3 %</i> | <i>6.1 %</i> | <i>6.1 %</i> |
| Number of shares, average | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 |
| EPS | 5.63 | 6.90 | 6.44 | 10.92 | 15.49 | 17.01 | 18.06 |
| EPS adj. | 5.63 | 6.90 | 6.44 | 10.92 | 15.49 | 17.01 | 18.06 |

*Adjustments made for:

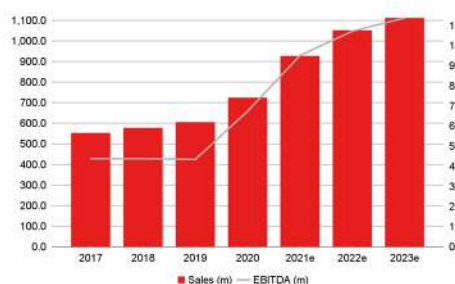
Guidance: 2022: organic sales increase of ca. 10%, EBT margin 8.5-9.0%

Financial Ratios

| | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Total Operating Costs / Sales | 93.5 % | 94.4 % | 94.0 % | 91.9 % | 90.6 % | 90.5 % | 90.4 % |
| Operating Leverage | 6.5 x | 0.2 x | -2.1 x | 3.3 x | 1.6 x | 1.0 x | 1.1 x |
| EBITDA / Interest expenses | 19.8 x | 29.2 x | 44.6 x | 74.8 x | 52.8 x | 53.6 x | 56.9 x |
| Tax rate (EBT) | 39.6 % | 27.3 % | 24.4 % | 25.8 % | 25.8 % | 28.0 % | 28.0 % |
| Dividend Payout Ratio | 21.0 % | 20.1 % | 21.5 % | 20.4 % | 16.3 % | 17.0 % | 17.1 % |
| Sales per Employee | 374,392 | 368,326 | 384,323 | 437,606 | 526,932 | 574,863 | 585,263 |

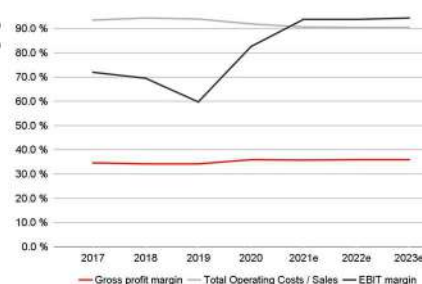
Sales, EBITDA

in EUR m

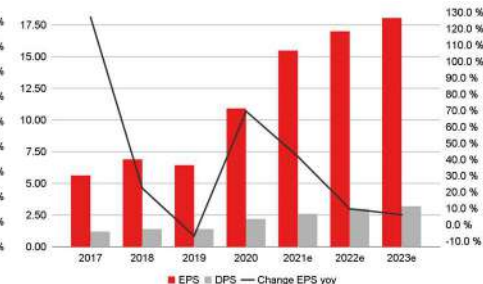


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

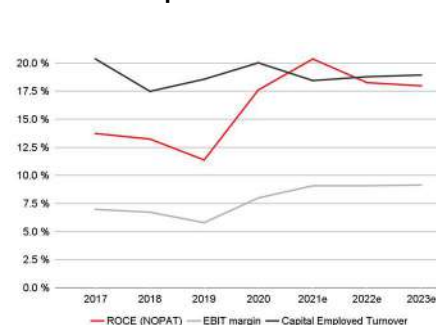
Consolidated balance sheet

| In EUR m | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 17.9 | 16.5 | 17.7 | 19.8 | 19.9 | 30.4 | 30.9 |
| thereof other intangible assets | 5.5 | 4.8 | 5.9 | 7.0 | 7.0 | 17.5 | 18.0 |
| thereof Goodwill | 12.3 | 11.7 | 11.7 | 11.6 | 11.6 | 11.6 | 11.6 |
| Property, plant and equipment | 22.1 | 26.0 | 48.9 | 58.7 | 62.5 | 71.7 | 81.3 |
| Financial assets | 0.7 | 0.7 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Other long-term assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 40.7 | 43.2 | 66.9 | 78.9 | 82.7 | 102.4 | 112.5 |
| Inventories | 180.1 | 188.5 | 173.3 | 194.8 | 290.0 | 319.0 | 327.0 |
| Accounts receivable | 82.3 | 88.1 | 92.9 | 119.2 | 147.0 | 164.0 | 171.0 |
| Liquid assets | 14.4 | 14.1 | 25.7 | 32.1 | -0.6 | -6.7 | 31.8 |
| Other short-term assets | 35.2 | 37.8 | 38.5 | 53.5 | 39.0 | 39.0 | 39.0 |
| Current assets | 312.1 | 328.6 | 330.5 | 399.6 | 475.4 | 515.3 | 568.8 |
| Total Assets | 352.8 | 371.8 | 397.4 | 478.4 | 558.1 | 617.7 | 681.3 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 9.7 | 9.7 | 9.7 | 9.7 | 9.7 | 9.7 | 9.7 |
| Capital reserve | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 |
| Retained earnings | 151.9 | 173.4 | 189.6 | 224.4 | 198.3 | 246.9 | 299.8 |
| Other equity components | -8.7 | -13.2 | -12.9 | -17.8 | 58.5 | 64.2 | 68.2 |
| Shareholders' equity | 179.5 | 196.5 | 213.0 | 242.9 | 293.1 | 347.5 | 404.3 |
| Minority interest | 2.0 | 2.1 | 1.9 | 2.4 | 2.0 | 2.0 | 2.0 |
| Total equity | 181.6 | 198.6 | 214.9 | 245.3 | 295.1 | 349.5 | 406.3 |
| Provisions | 31.9 | 26.6 | 25.9 | 35.7 | 36.0 | 36.7 | 37.5 |
| thereof provisions for pensions and similar obligations | 3.1 | 3.4 | 4.2 | 7.9 | 8.0 | 8.5 | 9.0 |
| Financial liabilities (total) | 22.4 | 46.7 | 37.9 | 35.7 | 52.8 | 32.8 | 32.8 |
| Short-term financial liabilities | 22.4 | 21.6 | 2.4 | 3.4 | 20.0 | 0.0 | 0.0 |
| Accounts payable | 85.4 | 68.5 | 78.2 | 96.8 | 127.0 | 144.0 | 152.0 |
| Other liabilities | 31.4 | 31.4 | 40.6 | 64.8 | 47.2 | 54.7 | 52.7 |
| Liabilities | 171.2 | 173.1 | 182.5 | 233.1 | 263.0 | 268.2 | 275.0 |
| Total liabilities and shareholders' equity | 352.8 | 371.8 | 397.4 | 478.4 | 558.1 | 617.7 | 681.3 |

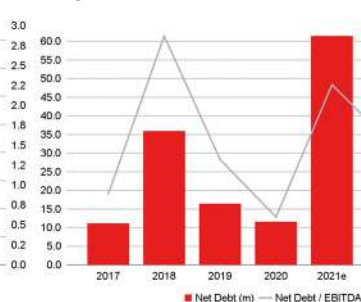
Financial Ratios

| | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|---|--------|--------|--------|--------|--------|--------|--------|
| Efficiency of Capital Employment | | | | | | | |
| Operating Assets Turnover | 2.8 x | 2.5 x | 2.6 x | 2.6 x | 2.5 x | 2.6 x | 2.6 x |
| Capital Employed Turnover | 2.9 x | 2.5 x | 2.6 x | 2.8 x | 2.6 x | 2.6 x | 2.7 x |
| ROA | 52.3 % | 60.3 % | 36.3 % | 50.9 % | 70.7 % | 62.7 % | 60.6 % |
| Return on Capital | | | | | | | |
| ROCE (NOPAT) | 13.7 % | 13.2 % | 11.4 % | 17.6 % | 20.4 % | 18.3 % | 18.0 % |
| ROE | 12.4 % | 13.8 % | 11.9 % | 17.6 % | 21.8 % | 20.0 % | 18.1 % |
| Adj. ROE | 12.4 % | 13.8 % | 11.9 % | 17.6 % | 21.8 % | 20.0 % | 18.1 % |
| Balance sheet quality | | | | | | | |
| Net Debt | 11.1 | 35.9 | 16.4 | 11.6 | 61.5 | 48.0 | 10.0 |
| Net Financial Debt | 8.0 | 32.6 | 12.2 | 3.6 | 53.5 | 39.5 | 1.0 |
| Net Gearing | 6.1 % | 18.1 % | 7.6 % | 4.7 % | 20.8 % | 13.7 % | 2.5 % |
| Net Fin. Debt / EBITDA | 18.3 % | 74.4 % | 28.1 % | 5.4 % | 56.3 % | 36.8 % | 0.9 % |
| Book Value / Share | 47.6 | 52.1 | 56.4 | 64.4 | 77.6 | 92.1 | 107.1 |
| Book value per share ex intangibles | 42.8 | 47.7 | 51.8 | 59.1 | 72.4 | 84.0 | 98.9 |

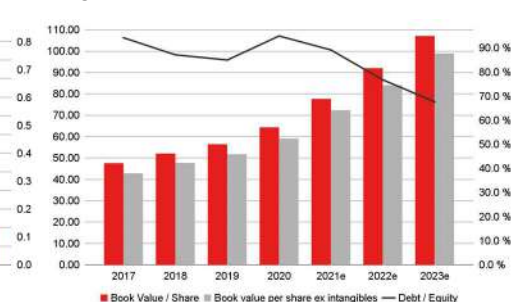
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

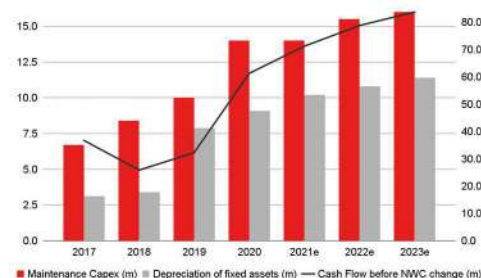
Consolidated cash flow statement

| In EUR m | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|--|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net income | 35.7 | 36.2 | 32.5 | 56.4 | 81.2 | 92.4 | 98.3 |
| Depreciation of fixed assets | 3.1 | 3.4 | 7.9 | 9.1 | 10.2 | 10.8 | 11.4 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 2.1 | 1.4 | 0.5 | 0.5 | 0.6 | 0.8 | 0.8 |
| Increase/decrease in long-term provisions | 10.0 | -5.3 | -0.7 | 9.9 | 0.3 | 0.7 | 0.8 |
| Other non-cash income and expenses | -14.2 | -9.9 | -7.9 | -14.6 | -21.0 | -25.9 | -27.5 |
| Cash Flow before NWC change | 36.8 | 25.8 | 32.3 | 61.3 | 71.3 | 78.8 | 83.8 |
| Increase / decrease in inventory | -52.4 | -8.4 | 15.2 | -21.4 | -95.2 | -29.0 | -8.0 |
| Increase / decrease in accounts receivable | -14.4 | -5.8 | -4.7 | -26.3 | -27.8 | -17.0 | -7.0 |
| Increase / decrease in accounts payable | 15.1 | -17.0 | 9.7 | 18.6 | 30.2 | 17.0 | 8.0 |
| Increase / decrease in other working capital positions | 0.0 | 0.0 | -4.0 | 0.0 | -4.0 | -4.0 | -4.0 |
| Increase / decrease in working capital (total) | -51.7 | -31.2 | 16.2 | -29.2 | -96.8 | -33.0 | -11.0 |
| Net cash provided by operating activities [1] | -15.0 | -5.4 | 48.5 | 32.1 | -25.5 | 45.8 | 72.8 |
| Investments in intangible assets | -0.7 | -0.7 | -1.7 | -2.8 | -2.0 | -2.0 | -2.0 |
| Investments in property, plant and equipment | -5.6 | -7.7 | -14.2 | -19.2 | -14.0 | -15.0 | -16.0 |
| Payments for acquisitions | 0.3 | 0.4 | 0.0 | 0.0 | 0.0 | -5.0 | -5.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash provided by investing activities [2] | -6.0 | -8.0 | -15.9 | -22.1 | -16.0 | -22.0 | -23.0 |
| Change in financial liabilities | -10.7 | 24.2 | -8.7 | -2.2 | 17.1 | -20.0 | 0.0 |
| Dividends paid | -3.0 | -4.5 | -5.3 | -5.3 | -8.3 | -9.8 | -11.3 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash provided by financing activities [3] | -13.8 | 19.7 | -14.0 | -7.5 | 8.8 | -29.8 | -11.3 |
| Change in liquid funds [1]+[2]+[3] | -34.8 | 6.4 | 18.5 | 2.6 | -32.7 | -6.0 | 38.5 |
| Effects of exchange-rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 19.9 | 20.8 | 32.6 | 28.3 | -0.6 | -6.7 | 31.8 |

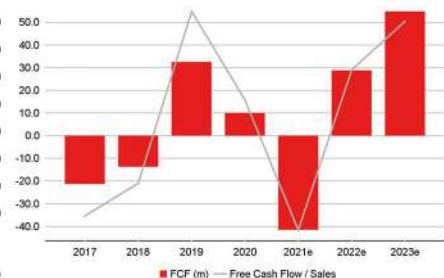
Financial Ratios

| | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e |
|--------------------------------------|----------|---------|---------|---------|---------|---------|---------|
| Cash Flow | | | | | | | |
| FCF | -21.3 | -13.7 | 32.5 | 10.1 | -41.5 | 28.8 | 54.8 |
| Free Cash Flow / Sales | -3.9 % | -2.4 % | 5.4 % | 1.4 % | -4.5 % | 2.7 % | 4.9 % |
| Free Cash Flow Potential | 22.9 | 25.4 | 25.5 | 40.1 | 60.1 | 65.8 | 70.3 |
| Free Cash Flow / Net Profit | -100.4 % | -52.7 % | 133.7 % | 25.1 % | -71.0 % | 44.9 % | 80.3 % |
| Interest Received / Avg. Cash | 0.6 % | 1.2 % | 1.1 % | 0.5 % | 0.0 % | 0.0 % | 0.0 % |
| Interest Paid / Avg. Debt | 7.9 % | 4.3 % | 2.3 % | 2.5 % | 4.1 % | 4.7 % | 6.1 % |
| Management of Funds | | | | | | | |
| Investment ratio | 1.1 % | 1.4 % | 2.6 % | 3.0 % | 1.7 % | 1.6 % | 1.6 % |
| Maint. Capex / Sales | 1.2 % | 1.5 % | 1.7 % | 1.9 % | 1.5 % | 1.5 % | 1.4 % |
| Capex / Dep | 120.8 % | 173.1 % | 189.3 % | 229.4 % | 148.1 % | 146.6 % | 147.5 % |
| Avg. Working Capital / Sales | 27.3 % | 33.3 % | 32.7 % | 28.0 % | 28.4 % | 30.8 % | 30.8 % |
| Trade Debtors / Trade Creditors | 96.3 % | 128.7 % | 118.8 % | 123.1 % | 115.7 % | 113.9 % | 112.5 % |
| Inventory Turnover | 2.0 x | 2.0 x | 2.3 x | 2.4 x | 2.1 x | 2.1 x | 2.2 x |
| Receivables collection period (days) | 54 | 56 | 56 | 60 | 58 | 57 | 56 |
| Payables payment period (days) | 86 | 66 | 71 | 76 | 78 | 78 | 78 |
| Cash conversion cycle (Days) | 150 | 171 | 143 | 137 | 158 | 152 | 146 |

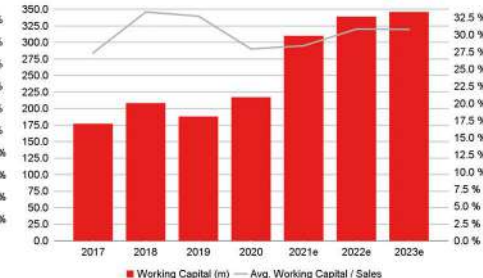
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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|---------------|------------|---|
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INVESTMENT RECOMMENDATION

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. |
| -S- | Sell: | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 171 | 81 |
| Hold | 34 | 16 |
| Sell | 4 | 2 |
| Rating suspended | 2 | 1 |
| Total | 211 | 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 | 52 | 87 |
| Hold | 5 | 8 |
| Sell | 1 | 2 |
| Rating suspended | 2 | 3 |
| Total | 60 | 100 |

PRICE AND RATING HISTORY EINHELL PREF. AS OF 08.04.2022


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.

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