

| | | | |
|---|---|--|--|
| Buy EUR 110.00 Price EUR 86.80 Upside 26.7 % | Value Indicators: EUR DCF: 109.44 FCF-Value Potential 22e: 110.76 | Warburg ESG Risk Score: 2.3 ESG Score (MSCI based): 2.0 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: 327.6 No. of shares (m): 3.8 EV: 309.7 Freefloat MC: 327.6 Ø Trad. Vol. (30d): 167.51 th | Shareholders: Freefloat 100.0 % Thannhuber AG (Ordinary sh.) 91.0 % Others (Ordinary shares) 9.0 % | Key Figures (WRe): 2020e Beta: 1.2 Price / Book: 1.4 x Equity Ratio: 55 % |

Q3 report underlines dynamic growth momentum and mid-term strategic prospects

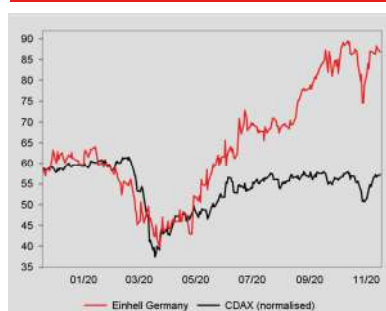
| Stated Figures Q3/2020: | | | | | Comment on Figures: | | | | |
|-------------------------|---------------|--------|--------|-------|---------------------|--------|--------|------|---|
| FY End: 31.12. in EUR m | Q3 20 | Q3 20e | Q3 19 | yoy | 9M 20 | 9M 20e | 9M 19 | yoy | |
| Sales | 188.1 | 188.4 | 140.1 | 34 % | 529.6 | 530.0 | 463.0 | 14 % | ■ Einhell released Q3/9M numbers that were in line with expectations after the announcement of preliminary numbers together with a guidance upgrade in October ■ Remarkable Q3 sales growth of 34% was driven by all major regions (DACH +38.5%, Western Europe +26.3%, Eastern Europe +10.9%, Overseas +44.1%). |
| Gross profit | 63.7 | 62.7 | 48.6 | 31 % | 182.0 | 181.0 | 155.4 | 17 % | |
| Margin | 33.9 % | 33.3 % | 34.7 % | | 34.4 % | 34.2 % | 33.6 % | | |
| EBT | 14.1 | 13.6 | 6.3 | 123 % | 37.4 | 36.9 | 26.6 | 40 % | |
| Margin | 7.5 % | 7.2 % | 4.5 % | | 7.1 % | 7.0 % | 5.8 % | | |
| Net income | 9.8 | 9.3 | 4.3 | 125 % | 26.2 | 25.7 | 19.4 | 35 % | |
| EPS | 2.59 | 2.47 | 1.15 | 125 % | 6.93 | 6.81 | 5.14 | 35 % | |

Einhell released its Q3/9M report with a significant increase in sales and earnings:

- After +13% in Q2, sales growth significantly accelerated in Q3. Einhell benefitted from a high consumer demand in the DIY and gardening category in the current environment. Moreover, the positive trend was driven by the strong position in the segment of battery-driven products. The Power-X-Change battery system with currently around 170 devices remains the key driver for the company. In a recent product test of battery platforms by the renowned Stiftung Warentest, Einhell was the test winner ahead of Bosch, Makita and others. This also underlines the long-term A-brand approach of the management.
- Profit numbers more than doubled in Q3, despite higher operating expenses (personnel expenses, increased marketing costs). Based on the strong 9M earnings improvement, Einhell is well on track to achieve a new record earnings level in the current year.
- Together with the Q3/9M report Einhell announced the acquisition of 51% in the South African company Lawn Star Ltd., which sells garden tools (lawn trimmers and mowers etc.) in South Africa and other neighbouring African countries. Even if this is a smaller activity, the market entry in South Africa is a further step in the international expansion strategy of the group, which offers long-term growth potential for the Einhell brand.
- Management confirmed the financial guidance for the current year with sales of EUR 670m and an expected EBT margin of 6.5%. This implies almost flat Q4 sales and earnings numbers. This conservative guidance seems to be reasonable in the light of current uncertainties with increased COVID-19-related restrictions in Q4.

Overall, the Q3/9M report underlines the dynamic business momentum as well as the convincing key strategic pillars (Power-X-Change, international expansion) for the mid-term prospects. We confirm our Buy recommendation with an unchanged PT of EUR 110.

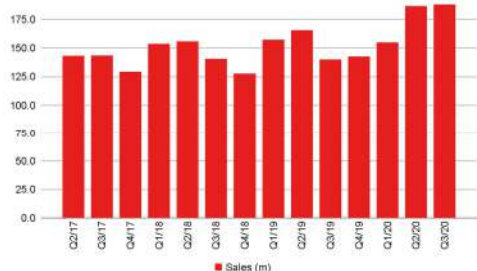
| FY End: 31.12. in EUR m | CAGR (19-22e) | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|----------------------------|---|--------|--------|--------|--------|--------|--------|--------|
| Sales | 6.5 % | 487.2 | 553.4 | 577.9 | 605.7 | 672.0 | 696.0 | 731.0 |
| Change Sales yoy | | 9.8 % | 13.6 % | 4.4 % | 4.8 % | 10.9 % | 3.6 % | 5.0 % |
| Gross profit margin | | 32.2 % | 34.6 % | 34.2 % | 34.1 % | 34.0 % | 33.9 % | 33.9 % |
| EBITDA | 8.8 % | 27.0 | 43.8 | 43.7 | 43.5 | 54.4 | 53.4 | 56.0 |
| Margin | | 5.5 % | 7.9 % | 7.6 % | 7.2 % | 8.1 % | 7.7 % | 7.7 % |
| EBIT | 10.1 % | 20.5 | 38.5 | 38.9 | 35.0 | 45.9 | 44.5 | 46.7 |
| Margin | | 4.2 % | 7.0 % | 6.7 % | 5.8 % | 6.8 % | 6.4 % | 6.4 % |
| EBT | 10.8 % | 17.0 | 35.7 | 36.2 | 32.5 | 43.4 | 42.0 | 44.2 |
| Margin | | 3.5 % | 6.5 % | 6.3 % | 5.4 % | 6.5 % | 6.0 % | 6.0 % |
| Net income | 8.0 % | 9.3 | 21.2 | 26.0 | 24.3 | 30.0 | 29.2 | 30.6 |
| EPS | 8.0 % | 2.48 | 5.63 | 6.90 | 6.44 | 7.94 | 7.73 | 8.12 |
| DPS | 6.7 % | 0.80 | 1.20 | 1.40 | 1.40 | 1.70 | 1.70 | 1.70 |
| Dividend Yield | | 2.2 % | 1.9 % | 1.6 % | 2.2 % | 2.0 % | 2.0 % | 2.0 % |
| FCFPS | | 8.25 | -5.65 | -3.64 | 8.62 | 9.34 | 3.85 | 4.30 |
| FCF / Market cap | | 23.1 % | -9.1 % | -4.1 % | 13.6 % | 10.8 % | 4.4 % | 5.0 % |
| EV / Sales | | 0.2 x | 0.4 x | 0.6 x | 0.4 x | 0.5 x | 0.4 x | 0.4 x |
| EV / EBITDA | | 4.3 x | 5.6 x | 8.5 x | 5.9 x | 5.7 x | 5.6 x | 5.2 x |
| EV / EBIT | | 5.7 x | 6.4 x | 9.5 x | 7.3 x | 6.7 x | 6.8 x | 6.2 x |
| P / E | | 14.4 x | 11.1 x | 12.8 x | 9.8 x | 10.9 x | 11.2 x | 10.7 x |
| FCF Potential Yield | | 12.6 % | 9.3 % | 6.9 % | 10.0 % | 8.8 % | 8.9 % | 9.8 % |
| Net Debt | | -18.3 | 11.1 | 35.9 | 16.4 | -17.9 | -25.9 | -35.7 |
| ROCE (NOPAT) | | 7.4 % | 13.7 % | 13.2 % | 11.4 % | 14.2 % | 13.6 % | 13.4 % |
| Guidance: | 2020: Sales EUR 670m, EBT margin ca. 6.5% | | | | | | | |



| Rel. Performance vs CDAX: | |
|---------------------------|--------|
| 1 month: | 0.3 % |
| 6 months: | 34.8 % |
| Year to date: | 48.9 % |
| Trailing 12 months: | 54.0 % |

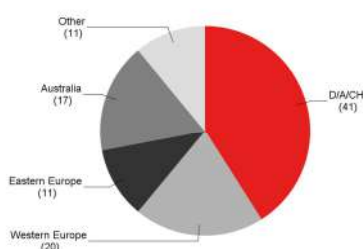
Company events:

Sales development
in EUR m



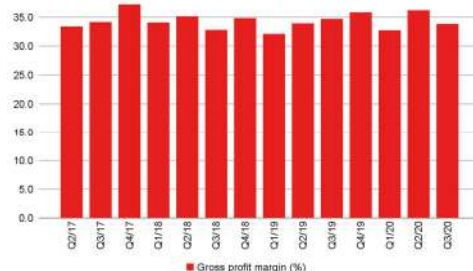
Source: Warburg Research

Sales by regions
2019; 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 (58% of sales), e-commerce (16%) and specialised trade (14%). The share of business with discounters has been steadily reduced and 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

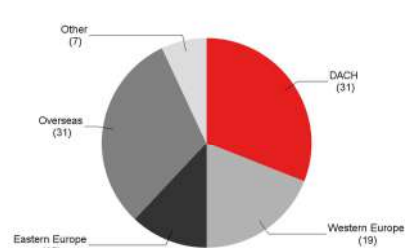
- Einhell has a high brand awareness in key markets, which will be further strengthened by marketing initiatives and presentation at the Point-of-Sale in the course of a long-term brand strategy.
- With its focus on innovative product development, the group can benefit from dynamic growth in the segment of cordless battery systems and gain market share.
- Under the Power-X-Change battery system, the group offers a broad assortment of more than 100 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, Scandinavia and South East Asia) offers additional growth potential and economies of scale.

EBT development
in EUR m



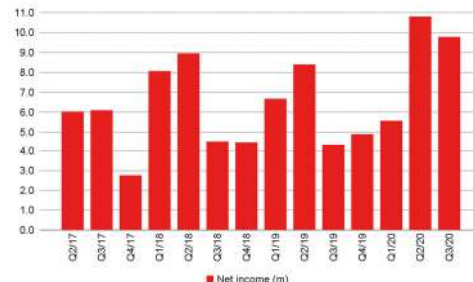
Source: Warburg Research

EBT by regions
2019; 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 |
|-----------------------------|--------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|-------------|
| | 2020e | 2021e | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | |
| Sales | 672.0 | 696.0 | 731.0 | 767.6 | 805.9 | 842.2 | 880.1 | 919.7 | 956.5 | 994.7 | 1,029.6 | 1,060.4 | 1,087.0 | 1.5 % |
| Sales change | 10.9 % | 3.6 % | 5.0 % | 5.0 % | 5.0 % | 4.5 % | 4.5 % | 4.5 % | 4.0 % | 4.0 % | 3.5 % | 3.0 % | 2.5 % | |
| EBIT | 45.9 | 44.5 | 46.7 | 45.3 | 46.7 | 48.0 | 49.3 | 50.6 | 52.6 | 49.7 | 49.4 | 48.8 | 48.9 | 1.5 % |
| EBIT-margin | 6.8 % | 6.4 % | 6.4 % | 5.9 % | 5.8 % | 5.7 % | 5.6 % | 5.5 % | 5.5 % | 5.0 % | 4.8 % | 4.6 % | 4.5 % | |
| Tax rate (EBT) | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | |
| NOPAT | 32.1 | 31.2 | 32.7 | 31.7 | 32.7 | 33.6 | 34.5 | 35.4 | 36.8 | 34.8 | 34.6 | 34.1 | 34.2 | |
| Depreciation | 8.5 | 8.9 | 9.3 | 10.7 | 11.3 | 10.9 | 11.4 | 12.0 | 12.4 | 12.9 | 13.4 | 13.8 | 14.1 | |
| in % of Sales | 1.3 % | 1.3 % | 1.3 % | 1.4 % | 1.4 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | |
| Changes in provisions | -0.4 | 0.2 | 0.0 | 0.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | -13.0 | 10.0 | 9.0 | 17.1 | 9.7 | 9.1 | 10.3 | 9.0 | 9.0 | 10.3 | 9.4 | 8.3 | 7.2 | |
| - Capex | 14.0 | 11.0 | 11.0 | 12.3 | 12.1 | 11.8 | 11.4 | 12.0 | 12.4 | 12.9 | 13.4 | 13.8 | 14.1 | |
| Capex in % of Sales | 2.1 % | 1.6 % | 1.5 % | 1.6 % | 1.5 % | 1.4 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | 1.3 % | |
| Other | 4.0 | 4.0 | 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) | 35.2 | 15.3 | 18.0 | 13.7 | 22.4 | 23.9 | 24.4 | 26.7 | 28.0 | 24.7 | 25.4 | 26.0 | 27.2 | 30 |
| PV of FCF | 35.3 | 14.3 | 15.6 | 11.1 | 16.8 | 16.7 | 15.8 | 16.1 | 15.7 | 12.9 | 12.3 | 11.7 | 11.4 | 213 |
| share of PVs | 15.58 % | | | 33.61 % | | | | | | | | | | 50.81 % |

Model parameter

| | | | |
|--------------------------|---------------|---------------------|-------------|
| Derivation of WACC: | | Derivation of Beta: | |
| Debt ratio | 15.00 % | Financial Strength | 1.00 |
| Cost of debt (after tax) | 3.0 % | Liquidity (share) | 1.50 |
| Market return | 7.00 % | Cyclicality | 1.20 |
| Risk free rate | 1.50 % | Transparency | 1.00 |
| | | Others | 1.50 |
| WACC | 7.52 % | Beta | 1.24 |

Valuation (m)

| | | | |
|----------------------------|------------|------------------------------|---------------|
| Present values 2032e | 206 | | |
| Terminal Value | 213 | | |
| Financial liabilities | 25 | | |
| Pension liabilities | 4 | | |
| Hybrid capital | 0 | | |
| Minority interest | 2 | | |
| Market val. of investments | 0 | | |
| Liquidity | 26 | No. of shares (m) | 3.8 |
| Equity Value | 413 | Value per share (EUR) | 109.44 |

Sensitivity Value per Share (EUR)

| Beta | WACC | Terminal Growth | | | | | | | Beta | WACC | Delta EBIT-margin | | | | | | |
|------|-------|-----------------|--------|--------|--------|--------|--------|--------|------|-------|-------------------|---------|---------|---------|---------|---------|---------|
| | | 0.75 % | 1.00 % | 1.25 % | 1.50 % | 1.75 % | 2.00 % | 2.25 % | | | -1.5 pp | -1.0 pp | -0.5 pp | +0.0 pp | +0.5 pp | +1.0 pp | +1.5 pp |
| 1.45 | 8.5 % | 89.67 | 90.97 | 92.36 | 93.85 | 95.44 | 97.16 | 99.02 | 1.45 | 8.5 % | 57.85 | 69.85 | 81.85 | 93.85 | 105.85 | 117.84 | 129.84 |
| 1.35 | 8.0 % | 95.96 | 97.53 | 99.22 | 101.04 | 103.00 | 105.12 | 107.43 | 1.35 | 8.0 % | 62.28 | 75.20 | 88.12 | 101.04 | 113.96 | 126.88 | 139.80 |
| 1.29 | 7.8 % | 99.45 | 101.18 | 103.05 | 105.07 | 107.25 | 109.63 | 112.22 | 1.29 | 7.8 % | 64.76 | 78.20 | 91.63 | 105.07 | 118.51 | 131.94 | 145.38 |
| 1.24 | 7.5 % | 103.20 | 105.12 | 107.20 | 109.44 | 111.89 | 114.55 | 117.46 | 1.24 | 7.5 % | 67.45 | 81.45 | 95.45 | 109.44 | 123.44 | 137.44 | 151.43 |
| 1.19 | 7.3 % | 107.25 | 109.38 | 111.69 | 114.21 | 116.94 | 119.94 | 123.24 | 1.19 | 7.3 % | 70.39 | 84.99 | 99.60 | 114.21 | 128.81 | 143.42 | 158.02 |
| 1.13 | 7.0 % | 111.63 | 114.01 | 116.59 | 119.40 | 122.49 | 125.88 | 129.62 | 1.13 | 7.0 % | 73.59 | 88.86 | 104.13 | 119.40 | 134.68 | 149.95 | 165.22 |
| 1.03 | 6.5 % | 121.56 | 124.54 | 127.80 | 131.38 | 135.34 | 139.74 | 144.66 | 1.03 | 6.5 % | 80.98 | 97.78 | 114.58 | 131.38 | 148.18 | 164.99 | 181.79 |

- Mid to long-term EBIT margin below current level (average EBIT margin 2006/18: 5.1%)
- Sales growth assumption in line with Einhell's long-standing target range of +5-10% p.a.

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 | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e | |
|---|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Net Income before minorities | 9.6 | 21.6 | 26.3 | 24.6 | 30.4 | 29.4 | 30.9 | |
| + Depreciation + Amortisation | 6.5 | 5.2 | 4.8 | 8.4 | 8.5 | 8.9 | 9.3 | |
| - Net Interest Income | -3.5 | -2.8 | -2.7 | -2.5 | -2.5 | -2.5 | -2.5 | |
| - Maintenance Capex | 5.0 | 6.7 | 8.4 | 10.0 | 10.0 | 10.0 | 10.0 | |
| + Other | 0.0 | 0.0 | 0.0 | 0.0 | -4.0 | -4.0 | -4.0 | |
| = Free Cash Flow Potential | 14.6 | 22.9 | 25.4 | 25.5 | 27.4 | 26.8 | 28.7 | |
| FCF Potential Yield (on market EV) | 12.6 % | 9.3 % | 6.9 % | 10.0 % | 8.8 % | 8.9 % | 9.8 % | |
| WACC | 7.52 % | 7.52 % | 7.52 % | 7.52 % | 7.52 % | 7.52 % | 7.52 % | |
| = Enterprise Value (EV) | 116.7 | 246.2 | 369.7 | 254.9 | 309.7 | 301.8 | 291.9 | |
| = Fair Enterprise Value | 194.8 | 304.5 | 338.4 | 339.7 | 364.0 | 356.9 | 382.4 | |
| - Net Debt (Cash) | 12.2 | 12.2 | 12.2 | 12.2 | -21.7 | -29.9 | -39.7 | |
| - Pension Liabilities | 4.2 | 4.2 | 4.2 | 4.2 | 3.8 | 4.0 | 4.0 | |
| - 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 | 178.4 | 288.0 | 321.9 | 323.3 | 381.9 | 382.7 | 418.0 | |
| Number of shares, average | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | |
| = Fair value per share (EUR) | 47.26 | 76.32 | 85.29 | 85.66 | 101.19 | 101.40 | 110.76 | |
| premium (-) / discount (+) in % | | | | | 16.6 % | 16.8 % | 27.6 % | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 10.52 % | 32.54 | 53.31 | 59.73 | 59.99 | 73.69 | 74.43 | 81.86 |
| | 9.52 % | 36.41 | 59.37 | 66.46 | 66.75 | 80.93 | 81.53 | 89.47 |
| | 8.52 % | 41.20 | 66.85 | 74.77 | 75.09 | 89.87 | 90.30 | 98.86 |
| WACC | 7.52 % | 47.26 | 76.32 | 85.29 | 85.66 | 101.19 | 101.40 | 110.76 |
| | 6.52 % | 55.17 | 88.69 | 99.05 | 99.47 | 115.99 | 115.91 | 126.30 |
| | 5.52 % | 65.96 | 105.55 | 117.79 | 118.29 | 136.14 | 135.67 | 147.47 |
| | 4.52 % | 81.52 | 129.88 | 144.82 | 145.43 | 165.22 | 164.18 | 178.02 |

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

| Valuation | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Price / Book | 0.8 x | 1.3 x | 1.7 x | 1.1 x | 1.4 x | 1.3 x | 1.2 x |
| Book value per share ex intangibles | 37.74 | 42.83 | 47.69 | 51.76 | 58.17 | 63.91 | 70.06 |
| EV / Sales | 0.2 x | 0.4 x | 0.6 x | 0.4 x | 0.5 x | 0.4 x | 0.4 x |
| EV / EBITDA | 4.3 x | 5.6 x | 8.5 x | 5.9 x | 5.7 x | 5.6 x | 5.2 x |
| EV / EBIT | 5.7 x | 6.4 x | 9.5 x | 7.3 x | 6.7 x | 6.8 x | 6.2 x |
| EV / EBIT adj.* | 5.2 x | 6.1 x | 9.3 x | 7.3 x | 6.7 x | 6.8 x | 6.2 x |
| P / FCF | 4.3 x | n.a. | n.a. | 7.3 x | 9.3 x | 22.5 x | 20.2 x |
| P / E | 14.4 x | 11.1 x | 12.8 x | 9.8 x | 10.9 x | 11.2 x | 10.7 x |
| P / E adj.* | 14.4 x | 11.1 x | 12.8 x | 9.8 x | 10.9 x | 11.2 x | 10.7 x |
| Dividend Yield | 2.2 % | 1.9 % | 1.6 % | 2.2 % | 2.0 % | 2.0 % | 2.0 % |
| FCF Potential Yield (on market EV) | 12.6 % | 9.3 % | 6.9 % | 10.0 % | 8.8 % | 8.9 % | 9.8 % |

*Adjustments made for: -

Consolidated profit & loss

| In EUR m | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 487.2 | 553.4 | 577.9 | 605.7 | 672.0 | 696.0 | 731.0 |
| Change Sales yoy | 9.8 % | 13.6 % | 4.4 % | 4.8 % | 10.9 % | 3.6 % | 5.0 % |
| Increase / decrease in inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Own work capitalised | 0.0 | 0.0 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 |
| Total Sales | 487.2 | 553.4 | 578.2 | 605.9 | 672.0 | 696.0 | 731.0 |
| Material expenses | 330.1 | 361.9 | 380.2 | 399.3 | 443.5 | 460.1 | 483.2 |
| Gross profit | 157.1 | 191.4 | 197.9 | 206.6 | 228.5 | 235.9 | 247.8 |
| <i>Gross profit margin</i> | <i>32.2 %</i> | <i>34.6 %</i> | <i>34.2 %</i> | <i>34.1 %</i> | <i>34.0 %</i> | <i>33.9 %</i> | <i>33.9 %</i> |
| Personnel expenses | 63.2 | 72.4 | 76.2 | 78.5 | 81.0 | 84.0 | 87.8 |
| Other operating income | 6.2 | 7.8 | 11.0 | 6.9 | 7.5 | 7.5 | 7.5 |
| Other operating expenses | 73.1 | 83.1 | 88.9 | 91.5 | 100.6 | 106.0 | 111.5 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 27.0 | 43.8 | 43.7 | 43.5 | 54.4 | 53.4 | 56.0 |
| <i>Margin</i> | <i>5.5 %</i> | <i>7.9 %</i> | <i>7.6 %</i> | <i>7.2 %</i> | <i>8.1 %</i> | <i>7.7 %</i> | <i>7.7 %</i> |
| Depreciation of fixed assets | 3.9 | 3.1 | 3.4 | 7.9 | 8.0 | 8.3 | 8.6 |
| EBITA | 23.1 | 40.6 | 40.3 | 35.6 | 46.4 | 45.1 | 47.4 |
| Amortisation of intangible assets | 2.6 | 2.1 | 1.4 | 0.5 | 0.5 | 0.6 | 0.7 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 20.5 | 38.5 | 38.9 | 35.0 | 45.9 | 44.5 | 46.7 |
| <i>Margin</i> | <i>4.2 %</i> | <i>7.0 %</i> | <i>6.7 %</i> | <i>5.8 %</i> | <i>6.8 %</i> | <i>6.4 %</i> | <i>6.4 %</i> |
| EBIT adj. | 22.3 | 40.3 | 39.8 | 35.0 | 45.9 | 44.5 | 46.7 |
| Interest income | 0.1 | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| Interest expenses | 2.1 | 2.2 | 1.5 | 1.0 | 1.2 | 1.2 | 1.2 |
| Other financial income (loss) | -1.5 | -0.8 | -1.4 | -1.8 | -1.3 | -1.3 | -1.3 |
| EBT | 17.0 | 35.7 | 36.2 | 32.5 | 43.4 | 42.0 | 44.2 |
| <i>Margin</i> | <i>3.5 %</i> | <i>6.5 %</i> | <i>6.3 %</i> | <i>5.4 %</i> | <i>6.5 %</i> | <i>6.0 %</i> | <i>6.0 %</i> |
| Total taxes | 7.3 | 14.2 | 9.9 | 7.9 | 13.0 | 12.6 | 13.3 |
| Net income from continuing operations | 9.6 | 21.6 | 26.3 | 24.6 | 30.4 | 29.4 | 30.9 |
| 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 | 9.6 | 21.6 | 26.3 | 24.6 | 30.4 | 29.4 | 30.9 |
| Minority interest | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.3 | 0.3 |
| Net income | 9.3 | 21.2 | 26.0 | 24.3 | 30.0 | 29.2 | 30.6 |
| <i>Margin</i> | <i>1.9 %</i> | <i>3.8 %</i> | <i>4.5 %</i> | <i>4.0 %</i> | <i>4.5 %</i> | <i>4.2 %</i> | <i>4.2 %</i> |
| Number of shares, average | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 |
| EPS | 2.48 | 5.63 | 6.90 | 6.44 | 7.94 | 7.73 | 8.12 |
| EPS adj. | 2.48 | 5.63 | 6.90 | 6.44 | 7.94 | 7.73 | 8.12 |

*Adjustments made for:

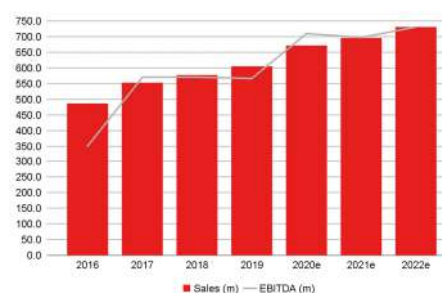
Guidance: 2020: Sales EUR 670m, EBT margin ca. 6.5%

Financial Ratios

| | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Total Operating Costs / Sales | 95.7 % | 93.5 % | 94.4 % | 94.0 % | 93.0 % | 93.4 % | 93.4 % |
| Operating Leverage | 4.9 x | 6.5 x | 0.2 x | -2.1 x | 2.8 x | -0.8 x | 1.0 x |
| EBITDA / Interest expenses | 12.8 x | 19.8 x | 29.2 x | 44.6 x | 45.3 x | 44.5 x | 46.7 x |
| Tax rate (EBT) | 43.2 % | 39.6 % | 27.3 % | 24.4 % | 30.0 % | 30.0 % | 30.0 % |
| Dividend Payout Ratio | 31.3 % | 21.0 % | 20.1 % | 21.5 % | 21.1 % | 21.8 % | 20.7 % |
| Sales per Employee | 357,193 | 374,392 | 368,326 | 384,323 | 428,025 | 430,960 | 443,030 |

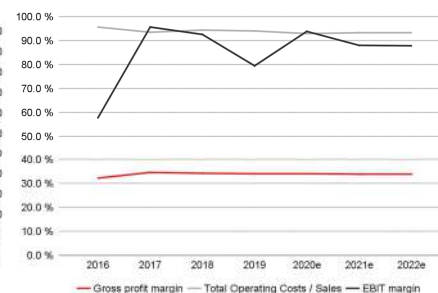
Sales, EBITDA

in EUR m

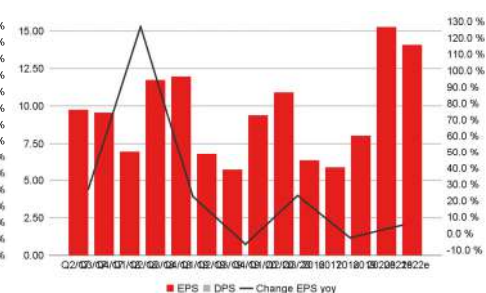


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

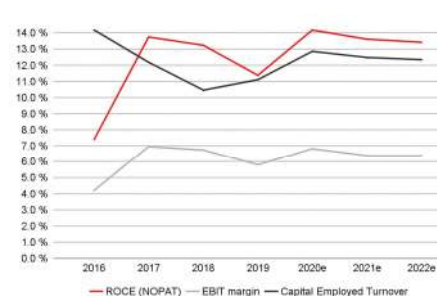
Consolidated balance sheet

| In EUR m | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 19.8 | 17.9 | 16.5 | 17.7 | 18.1 | 19.2 | 20.2 |
| thereof other intangible assets | 7.0 | 5.5 | 4.8 | 5.9 | 6.4 | 7.5 | 8.5 |
| thereof Goodwill | 12.8 | 12.3 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 |
| Property, plant and equipment | 19.9 | 22.1 | 26.0 | 48.9 | 52.9 | 53.6 | 54.0 |
| Financial assets | 0.4 | 0.7 | 0.7 | 0.4 | 0.4 | 0.4 | 0.4 |
| Other long-term assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 40.0 | 40.7 | 43.2 | 66.9 | 71.4 | 73.2 | 74.6 |
| Inventories | 127.7 | 180.1 | 188.5 | 173.3 | 164.0 | 178.0 | 190.0 |
| Accounts receivable | 67.9 | 82.3 | 88.1 | 92.9 | 103.0 | 105.0 | 110.0 |
| Liquid assets | 54.7 | 14.4 | 14.1 | 25.7 | 54.6 | 62.8 | 72.6 |
| Other short-term assets | 32.9 | 35.2 | 37.8 | 38.5 | 39.0 | 39.0 | 39.0 |
| Current assets | 283.2 | 312.1 | 328.6 | 330.5 | 360.6 | 384.8 | 411.6 |
| Total Assets | 323.3 | 352.8 | 371.8 | 397.4 | 432.1 | 458.0 | 486.2 |
| 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 | 132.9 | 151.9 | 173.4 | 189.6 | 171.4 | 194.9 | 217.7 |
| Other equity components | -7.0 | -8.7 | -13.2 | -12.9 | 30.0 | 29.2 | 30.6 |
| Shareholders' equity | 162.2 | 179.5 | 196.5 | 213.0 | 237.7 | 260.5 | 284.7 |
| Minority interest | 1.9 | 2.0 | 2.1 | 1.9 | 2.0 | 2.0 | 2.0 |
| Total equity | 164.1 | 181.6 | 198.6 | 214.9 | 239.7 | 262.5 | 286.7 |
| Provisions | 21.9 | 31.9 | 26.6 | 25.9 | 27.2 | 28.4 | 28.4 |
| thereof provisions for pensions and similar obligations | 3.2 | 3.1 | 3.4 | 4.2 | 3.8 | 4.0 | 4.0 |
| Financial liabilities (total) | 33.2 | 22.4 | 46.7 | 37.9 | 32.9 | 32.9 | 32.9 |
| thereof short-term financial liabilities | 3.2 | 22.4 | 21.6 | 2.4 | 0.0 | 0.0 | 0.0 |
| Accounts payable | 70.3 | 85.4 | 68.5 | 78.2 | 92.0 | 98.0 | 106.0 |
| Other liabilities | 33.8 | 31.4 | 31.4 | 40.6 | 40.3 | 36.2 | 32.2 |
| Liabilities | 159.2 | 171.2 | 173.1 | 182.5 | 192.4 | 195.5 | 199.5 |
| Total liabilities and shareholders' equity | 323.3 | 352.8 | 371.8 | 397.4 | 432.1 | 458.0 | 486.2 |

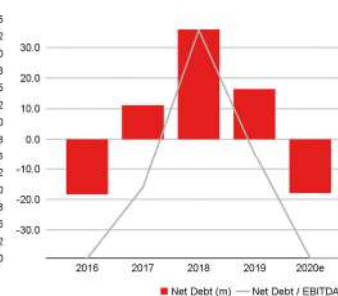
Financial Ratios

| | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|---|---------|--------|--------|--------|--------|--------|---------|
| Efficiency of Capital Employment | | | | | | | |
| Operating Assets Turnover | 3.4 x | 2.8 x | 2.5 x | 2.6 x | 2.9 x | 2.9 x | 2.9 x |
| Capital Employed Turnover | 3.3 x | 2.9 x | 2.5 x | 2.6 x | 3.0 x | 2.9 x | 2.9 x |
| ROA | 23.3 % | 52.3 % | 60.3 % | 36.3 % | 42.0 % | 39.8 % | 41.1 % |
| Return on Capital | | | | | | | |
| ROCE (NOPAT) | 7.4 % | 13.7 % | 13.2 % | 11.4 % | 14.2 % | 13.6 % | 13.4 % |
| ROE | 5.9 % | 12.4 % | 13.8 % | 11.9 % | 13.3 % | 11.7 % | 11.2 % |
| Adj. ROE | 5.9 % | 12.4 % | 13.8 % | 11.9 % | 13.3 % | 11.7 % | 11.2 % |
| Balance sheet quality | | | | | | | |
| Net Debt | -18.3 | 11.1 | 35.9 | 16.4 | -17.9 | -25.9 | -35.7 |
| Net Financial Debt | -21.5 | 8.0 | 32.6 | 12.2 | -21.7 | -29.9 | -39.7 |
| Net Gearing | -11.2 % | 6.1 % | 18.1 % | 7.6 % | -7.5 % | -9.9 % | -12.4 % |
| Net Fin. Debt / EBITDA | n.a. | 18.3 % | 74.4 % | 28.1 % | n.a. | n.a. | n.a. |
| Book Value / Share | 43.0 | 47.6 | 52.1 | 56.4 | 63.0 | 69.0 | 75.4 |
| Book value per share ex intangibles | 37.7 | 42.8 | 47.7 | 51.8 | 58.2 | 63.9 | 70.1 |

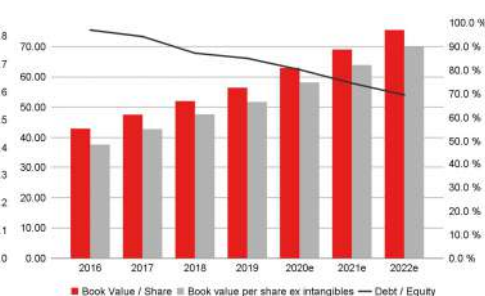
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

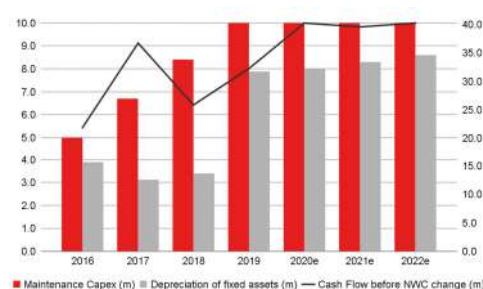
| In EUR m | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|--|-------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Net income | 17.0 | 35.7 | 36.2 | 32.5 | 43.4 | 42.0 | 44.2 |
| Depreciation of fixed assets | 3.9 | 3.1 | 3.4 | 7.9 | 8.0 | 8.3 | 8.6 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 2.6 | 2.1 | 1.4 | 0.5 | 0.5 | 0.6 | 0.7 |
| Increase/decrease in long-term provisions | 5.7 | 10.0 | -5.3 | -0.7 | 1.4 | 1.2 | 0.0 |
| Other non-cash income and expenses | -7.3 | -14.2 | -9.9 | -7.9 | -13.0 | -12.6 | -13.3 |
| Cash Flow before NWC change | 21.9 | 36.8 | 25.8 | 32.3 | 40.2 | 39.5 | 40.2 |
| Increase / decrease in inventory | 11.4 | -52.4 | -8.4 | 15.2 | 9.3 | -14.0 | -12.0 |
| Increase / decrease in accounts receivable | -5.2 | -14.4 | -5.8 | -4.7 | -10.1 | -2.0 | -5.0 |
| Increase / decrease in accounts payable | 7.8 | 15.1 | -17.0 | 9.7 | 13.8 | 6.0 | 8.0 |
| Increase / decrease in other working capital positions | 0.0 | 0.0 | 0.0 | -4.0 | -4.0 | -4.0 | -4.0 |
| Increase / decrease in working capital (total) | 14.0 | -51.7 | -31.2 | 16.2 | 9.0 | -14.0 | -13.0 |
| Net cash provided by operating activities [1] | 35.9 | -15.0 | -5.4 | 48.5 | 49.2 | 25.5 | 27.2 |
| Investments in intangible assets | -0.5 | -0.7 | -0.7 | -1.7 | -2.0 | -2.0 | -2.0 |
| Investments in property, plant and equipment | -4.2 | -5.6 | -7.7 | -14.2 | -12.0 | -9.0 | -9.0 |
| Payments for acquisitions | 0.0 | 0.3 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash provided by investing activities [2] | -4.7 | -6.0 | -8.0 | -15.9 | -14.0 | -11.0 | -11.0 |
| Change in financial liabilities | 0.6 | -10.7 | 24.2 | -8.7 | -5.0 | 0.0 | 0.0 |
| Dividends paid | -2.3 | -3.0 | -4.5 | -5.3 | -5.3 | -6.4 | -6.4 |
| 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] | -1.6 | -13.8 | 19.7 | -14.0 | -10.3 | -6.4 | -6.4 |
| Change in liquid funds [1]+[2]+[3] | 29.5 | -34.8 | 6.4 | 18.5 | 24.9 | 8.1 | 9.8 |
| 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 | 53.8 | 19.9 | 20.8 | 32.6 | 50.6 | 62.8 | 72.6 |

Financial Ratios

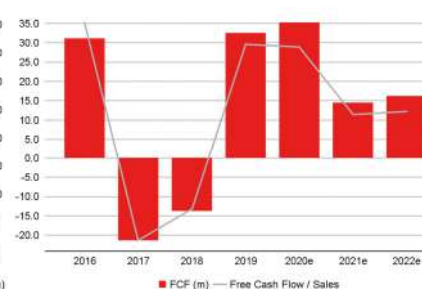
| | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e | 2022e |
|--------------------------------------|---------|----------|---------|---------|---------|---------|---------|
| Cash Flow | | | | | | | |
| FCF | 31.1 | -21.3 | -13.7 | 32.5 | 35.2 | 14.5 | 16.2 |
| Free Cash Flow / Sales | 6.4 % | -3.9 % | -2.4 % | 5.4 % | 5.2 % | 2.1 % | 2.2 % |
| Free Cash Flow Potential | 14.6 | 22.9 | 25.4 | 25.5 | 27.4 | 26.8 | 28.7 |
| Free Cash Flow / Net Profit | 333.3 % | -100.4 % | -52.7 % | 133.7 % | 117.6 % | 49.8 % | 53.0 % |
| Interest Received / Avg. Cash | 0.3 % | 0.6 % | 1.2 % | 1.1 % | 0.0 % | 0.0 % | 0.0 % |
| Interest Paid / Avg. Debt | 6.4 % | 7.9 % | 4.3 % | 2.3 % | 3.4 % | 3.6 % | 3.6 % |
| Management of Funds | | | | | | | |
| Investment ratio | 1.0 % | 1.1 % | 1.4 % | 2.6 % | 2.1 % | 1.6 % | 1.5 % |
| Maint. Capex / Sales | 1.0 % | 1.2 % | 1.5 % | 1.7 % | 1.5 % | 1.4 % | 1.4 % |
| Capex / Dep | 73.4 % | 120.8 % | 173.1 % | 189.3 % | 164.7 % | 123.6 % | 118.3 % |
| Avg. Working Capital / Sales | 27.1 % | 27.3 % | 33.3 % | 32.7 % | 27.0 % | 25.9 % | 25.9 % |
| Trade Debtors / Trade Creditors | 96.5 % | 96.3 % | 128.7 % | 118.8 % | 112.0 % | 107.1 % | 103.8 % |
| Inventory Turnover | 2.6 x | 2.0 x | 2.0 x | 2.3 x | 2.7 x | 2.6 x | 2.5 x |
| Receivables collection period (days) | 51 | 54 | 56 | 56 | 56 | 55 | 55 |
| Payables payment period (days) | 78 | 86 | 66 | 71 | 76 | 78 | 80 |
| Cash conversion cycle (Days) | 114 | 150 | 171 | 143 | 115 | 119 | 118 |

CAPEX and Cash Flow

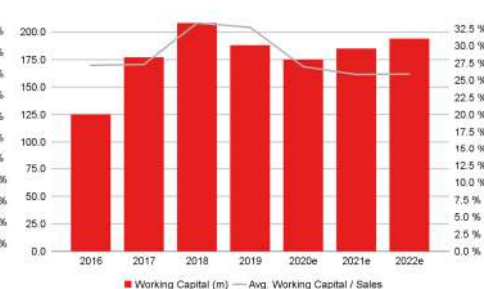
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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|---------|------------|---|
| Einhell | 3, 5 | http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005654933.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. |
| -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 | 132 | 64 |
| Hold | 58 | 28 |
| Sell | 9 | 4 |
| Rating suspended | 6 | 3 |
| Total | 205 | 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 | 37 | 82 |
| Hold | 6 | 13 |
| Sell | 0 | 0 |
| Rating suspended | 2 | 4 |
| Total | 45 | 100 |

PRICE AND RATING HISTORY EINHELL AS OF 17.11.2020


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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