

Buy (old: Buy)

Price target: EUR 4.40 (old: EUR 4.40)

Price:	EUR 2.80	Next result:	Q3 2014 05.11.13
Bloomberg:	SANT GR	Market cap:	EUR 121.3 m
Reuters:	SANT1.DE	Enterprise Value:	EUR 132.7 m

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Bolt-on acquisition in the smart grid space; Chg. Est.

S&T has announced a take-over in the smart grid space to complement its latest acquisitions ubitronix and RTSoft. It will acquire 40% of US-company Echelon's grid division for € 2.5m. Echelon is the market leader for smart meters (i.e. devices to gather and transmit energy consumption data) and related software with a global installed base of 4m units. Echelon's product portfolio consists of (1) 75% software. Here, Echelon is the technology leader (1-year lead over rivals) for software to make smart grid devices communicate most efficiently with each other. (2) 25% hardware relating to smart meter devices.

The structure of the transaction. A "new" Echelon will be founded which will include all grid-related assets of Echelon including working capital, technology, employees and the customer base. S&T will hold a 40% stake in this "new" Echelon and consolidate at equity (i.e. below the EBIT line). It will look for 3-4 partners to hold the remaining 60% stake: According to management, there are various interested parties (eH&A: LG and Mitsubishi). Further, S&T will receive 100% of Echelon's distribution rights for Europe. Here, it may use Echelon's sales resources and brand name to pitch for smart energy projects. Related sales will be fully consolidated but S&T will have to share the margin with the "new" Echelon. **In a nutshell: S&T has acquired 40% of the technology and 100% of the European distribution rights.**

In our view, Echelon divested its grid division to focus more strongly on its "Internet of Things" business and on the US (the grid division was strong in Europe). S&T should have won the bid given its flexible nature and consequent fast-acting.

The benefits: The take-over looks synergistic as it will make S&T a one-stop-shop in the smart grid space. It will offer the smart meters, grid communication software, grid management software, grid security software AND the installation services (S&T's service personnel in Eastern Europe). On top of this, S&T will get access to: (1) A \$ 500m smart energy project pipeline in Europe; (2) A leading technology which many key players in the market rely upon. For instance, the Korean company LG which recently won a € 40m smart energy project in Poland used Echelon technology.

– continued –

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	80.7	153.2	339.5	337.9	369.0	471.0	488.1
Sales growth	35 %	90 %	122 %	0 %	9 %	28 %	4 %
EBITDA	4.6	12.3	16.6	20.1	22.6	28.3	30.0
EBIT	3.2	9.5	11.1	14.3	15.4	19.8	21.7
Net income	3.8	6.9	7.7	11.7	12.4	14.6	16.6
Net debt	-2.1	27.5	19.4	9.3	8.4	-0.2	-11.8
Net gearing	-6.5 %	56.0 %	31.4 %	13.5 %	10.7 %	-0.3 %	-11.8 %
Net Debt/EBITDA	0.0	2.2	1.2	0.5	0.4	0.0	0.0
EPS pro forma	0.19	0.29	0.20	0.30	0.29	0.34	0.38
CPS	-0.20	-0.09	0.16	0.15	0.06	0.35	0.43
DPS	0.00	0.00	0.00	0.06	0.08	0.10	0.12
Dividend yield	0.0 %	0.0 %	0.0 %	2.1 %	2.9 %	3.6 %	4.1 %
Gross profit margin	24.6 %	29.9 %	34.4 %	33.1 %	35.0 %	34.9 %	35.2 %
EBITDA margin	5.6 %	8.0 %	4.9 %	5.9 %	6.1 %	6.0 %	6.2 %
EBIT margin	4.0 %	6.2 %	3.3 %	4.2 %	4.2 %	4.2 %	4.5 %
ROCE	8.4 %	10.2 %	8.3 %	10.8 %	10.8 %	12.3 %	12.4 %
EV/sales	0.7	0.6	0.4	0.4	0.4	0.3	0.2
EV/EBITDA	11.9	8.1	8.0	6.1	5.9	4.4	3.7
EV/EBIT	16.7	10.4	11.9	8.6	8.6	6.3	5.2
PER	14.6	9.6	14.2	9.4	9.8	8.3	7.3
Adjusted FCF yield	9.2 %	8.7 %	7.8 %	12.2 %	12.0 %	15.9 %	19.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 22.08.2014



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 3.10 / 2.26

Price/Book Ratio: 1.5

Relative performance (TecDAX):

3 months 0.6 %

6 months 3.9 %

12 months 1.3 %

Changes in estimates

		Sales	EBIT	EPS
2014	<i>old:</i>	369.0	15.9	0.29
	Δ	-	-2.8%	0.1%
2015	<i>old:</i>	451.0	19.3	0.34
	Δ	4.4%	2.6%	0.7%
2016	<i>old:</i>	468.1	21.2	0.38
	Δ	4.3%	2.3%	1.0%

Key share data:

Number of shares: (in m pcs) 41.2

Authorised capital: (in € m) 12.1

Book value per share: (in €) 1.8

Ø trading volume: (12 months) 60,000

Major shareholders:

Free Float 61.5 %

Grosso 20.6 %

CEO Niederhauser 17.9 %

Company description:

S&T combines an IT system house business with a portfolio of security appliances targeting Cloud Computing applications.

P&L impact: The drawback is that Echelon's smart grid business has been unprofitable in the past years due to high R&D expenses for the grid technology. Execution is key to turn this around. S&T expects to succeed in doing so by executing on the large pipeline and cutting fixed costs (e.g. G&A reduction in the USA). Closing is expected for Q4 '14. For 2014E, **S&T expects no impact on the guidance** despite € 0.5m integration costs. Thanks to the transaction, S&T expects an additional € 25m sales and € 1.5m EBITDA in 2015E on the back of Echelon's recent project win in Poland. The "at equity" contribution of the "new" Echelon should be roughly zero.

Changes to estimates: We are taking a more conservative stance than management until more visibility emerges that execution is successful. For 2014E, we expect no sales impact but reduce EBIT by 3.1% to reflect expected integration costs. EPS estimates are cut by only 1.2% as minority interest expectations have been too high and are now slightly trimmed. For 2015E onwards, we expected the take-over to contribute € 20m of sales, € 0.5m of EBITDA and a slightly negative "at equity" contribution. This explains our estimate changes for 2015E (+4.4% re sales / +2.6% re EBIT / +0.7% re EPS) and 2016E.

In conclusion, the deal looks sensible but the structure is complex. On top of this, good pipeline execution is paramount given Echelon's unprofitable history. But overall, **the risk/reward profile looks rather favourable:** If pipeline execution is successful, it could quickly catapult S&T into a much higher sales and EBIT dimension. If not, the € 2.5m investment would be a sunk cost. **S&T remains a BUY** with a € 4.40 PT conservatively based on FCFY 2014E.

Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net sales	80.7	153.2	339.5	337.9	369.0	471.0	488.1
<i>Sales growth</i>	34.8 %	89.9 %	121.5 %	-0.5 %	9.2 %	27.6 %	3.6 %
Increase/decrease in finished goods and work-in-process	0.3	0.7	0.3	0.9	0.9	0.9	0.9
Total sales	81.1	153.9	339.8	338.8	369.9	471.9	489.0
Other operating income	0.3	5.2	6.4	6.7	3.6	3.8	4.0
Material expenses	61.1	108.0	222.9	226.7	240.5	307.0	317.0
Personnel expenses	8.1	23.4	71.9	66.2	76.2	96.8	102.0
Other operating expenses	7.6	15.6	34.9	32.5	34.2	43.6	44.0
Total operating expenses	76.5	141.7	323.3	318.7	347.3	443.6	459.0
EBITDA	4.6	12.3	16.6	20.1	22.6	28.3	30.0
Depreciation	0.3	1.1	2.7	2.3	3.5	3.9	4.3
EBITA	4.2	11.1	13.8	17.8	19.1	24.4	25.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.0	1.6	2.7	3.5	3.3	4.6	4.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	3.2	9.5	11.1	14.3	15.4	19.8	21.7
Interest income	0.0	0.3	0.6	0.5	1.1	1.3	1.6
Interest expenses	0.4	1.3	2.0	2.7	2.0	2.1	2.1
Other financial result	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
Financial result	-0.4	-1.0	-1.4	-2.2	-0.8	-1.0	-0.7
Recurring pretax income from continuing operations	2.8	8.5	9.8	12.1	14.6	18.8	21.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.8	8.5	9.8	12.1	14.6	18.8	21.0
Taxes	-1.2	0.3	0.3	0.1	1.5	1.9	2.1
Net income from continuing operations	4.0	8.2	9.4	11.9	13.1	16.9	18.9
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	4.0	8.2	9.4	11.9	13.1	16.9	18.9
Minority interest	0.3	1.3	1.7	0.2	0.7	2.3	2.3
Net income (net of minority interest)	3.8	6.9	7.7	11.7	12.4	14.6	16.6
Average number of shares	19.6	23.5	28.3	39.2	41.2	43.3	43.3
EPS reported	0.19	0.29	0.27	0.30	0.30	0.34	0.38

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
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	0.4 %	0.5 %	0.1 %	0.3 %	0.2 %	0.2 %	0.2 %
Total sales	100.4 %	100.5 %	100.1 %	100.3 %	100.2 %	100.2 %	100.2 %
Other operating income	0.3 %	3.4 %	1.9 %	2.0 %	1.0 %	0.8 %	0.8 %
Material expenses	75.7 %	70.5 %	65.6 %	67.1 %	65.2 %	65.2 %	64.9 %
Personnel expenses	10.0 %	15.3 %	21.2 %	19.6 %	20.7 %	20.6 %	20.9 %
Other operating expenses	9.5 %	10.2 %	10.3 %	9.6 %	9.3 %	9.3 %	9.0 %
Total operating expenses	94.8 %	92.5 %	95.2 %	94.3 %	94.1 %	94.2 %	94.0 %
EBITDA	5.6 %	8.0 %	4.9 %	5.9 %	6.1 %	6.0 %	6.2 %
Depreciation	0.4 %	0.7 %	0.8 %	0.7 %	0.9 %	0.8 %	0.9 %
EBITA	5.2 %	7.2 %	4.1 %	5.3 %	5.2 %	5.2 %	5.3 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.2 %	1.1 %	0.8 %	1.0 %	0.9 %	1.0 %	0.8 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	4.0 %	6.2 %	3.3 %	4.2 %	4.2 %	4.2 %	4.5 %
Interest income	0.0 %	0.2 %	0.2 %	0.1 %	0.3 %	0.3 %	0.3 %
Interest expenses	0.5 %	0.8 %	0.6 %	0.8 %	0.5 %	0.4 %	0.4 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-0.5 %	-0.7 %	-0.4 %	-0.7 %	-0.2 %	-0.2 %	-0.1 %
Recurring pretax income from continuing operations	3.5 %	5.5 %	2.9 %	3.6 %	3.9 %	4.0 %	4.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	3.5 %	5.5 %	2.9 %	3.6 %	3.9 %	4.0 %	4.3 %
Tax rate	-42.7 %	3.4 %	3.4 %	1.1 %	10.0 %	10.0 %	10.0 %
Net income from continuing operations	5.0 %	5.3 %	2.8 %	3.5 %	3.6 %	3.6 %	3.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	5.0 %	5.3 %	2.8 %	3.5 %	3.6 %	3.6 %	3.9 %
Minority interest	0.3 %	0.8 %	0.5 %	0.1 %	0.2 %	0.5 %	0.5 %
Net income (net of minority interest)	4.7 %	4.5 %	2.3 %	3.5 %	3.4 %	3.1 %	3.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	20.6	40.9	39.7	44.8	49.8	48.3	47.4
Property, plant and equipment	2.7	11.1	9.9	9.0	9.9	11.6	13.1
Financial assets	0.1	4.4	3.8	2.8	5.3	5.3	5.3
FIXED ASSETS	23.4	56.4	53.4	56.5	64.9	65.1	65.8
Inventories	13.2	20.6	23.4	22.7	25.4	27.1	28.1
Accounts receivable	8.9	85.0	81.9	71.6	80.9	87.7	90.9
Other current assets	1.2	25.9	15.4	15.2	15.8	16.2	16.6
Liquid assets	15.2	29.9	29.9	42.9	47.9	56.5	68.1
Deferred taxes	2.9	9.2	9.9	11.1	11.1	11.1	11.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	41.4	170.6	160.5	163.6	181.1	198.7	214.8
TOTAL ASSETS	64.8	227.0	214.0	220.1	246.1	263.8	280.6
SHAREHOLDERS EQUITY	32.8	49.2	61.8	69.2	78.5	88.7	99.9
MINORITY INTEREST	0.6	5.4	2.2	2.1	13.3	15.6	17.9
Long-term debt	9.9	23.3	11.5	23.9	27.9	27.9	27.9
Provisions for pensions and similar obligations	1.2	5.4	3.0	2.9	3.0	3.0	3.0
Other provisions	2.7	18.4	17.2	3.9	4.1	4.2	4.4
Non-current liabilities	13.8	47.0	31.7	30.7	35.0	35.2	35.3
short-term liabilities to banks	3.1	34.2	37.8	28.4	28.4	28.4	28.4
Accounts payable	11.3	60.6	53.7	46.6	46.5	50.3	52.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	3.3	29.4	25.6	41.8	43.0	44.3	45.7
Deferred taxes	0.0	1.4	1.2	1.4	1.4	1.4	1.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	17.7	125.5	118.3	118.1	119.3	124.4	127.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	64.8	227.0	214.0	220.1	246.1	263.8	280.6

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	31.8 %	18.0 %	18.6 %	20.3 %	20.2 %	18.3 %	16.9 %
Property, plant and equipment	4.2 %	4.9 %	4.6 %	4.1 %	4.0 %	4.4 %	4.7 %
Financial assets	0.1 %	2.0 %	1.8 %	1.3 %	2.1 %	2.0 %	1.9 %
FIXED ASSETS	36.2 %	24.9 %	25.0 %	25.7 %	26.4 %	24.7 %	23.5 %
Inventories	20.4 %	9.1 %	10.9 %	10.3 %	10.3 %	10.3 %	10.0 %
Accounts receivable	13.8 %	37.5 %	38.3 %	32.6 %	32.9 %	33.3 %	32.4 %
Other current assets	1.8 %	11.4 %	7.2 %	6.9 %	6.4 %	6.1 %	5.9 %
Liquid assets	23.4 %	13.2 %	14.0 %	19.5 %	19.5 %	21.4 %	24.3 %
Deferred taxes	4.4 %	4.0 %	4.6 %	5.1 %	4.5 %	4.2 %	4.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	63.8 %	75.1 %	75.0 %	74.3 %	73.6 %	75.3 %	76.5 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	50.6 %	21.7 %	28.9 %	31.4 %	31.9 %	33.6 %	35.6 %
MINORITY INTEREST	0.9 %	2.4 %	1.0 %	0.9 %	5.4 %	5.9 %	6.4 %
Long-term debt	15.3 %	10.2 %	5.4 %	10.9 %	11.3 %	10.6 %	9.9 %
Provisions for pensions and similar obligations	1.8 %	2.4 %	1.4 %	1.3 %	1.2 %	1.1 %	1.1 %
Other provisions	4.2 %	8.1 %	8.0 %	1.8 %	1.7 %	1.6 %	1.6 %
Non-current liabilities	21.2 %	20.7 %	14.8 %	14.0 %	14.2 %	13.3 %	12.6 %
short-term liabilities to banks	4.8 %	15.1 %	17.7 %	12.9 %	11.5 %	10.8 %	10.1 %
Accounts payable	17.4 %	26.7 %	25.1 %	21.2 %	18.9 %	19.1 %	18.6 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	5.0 %	12.9 %	11.9 %	19.0 %	17.5 %	16.8 %	16.3 %
Deferred taxes	0.0 %	0.6 %	0.6 %	0.6 %	0.6 %	0.5 %	0.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	27.3 %	55.3 %	55.3 %	53.7 %	48.5 %	47.2 %	45.4 %
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)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	4.0	8.2	9.4	11.9	13.1	16.9	18.9
Depreciation of fixed assets (incl. leases)	0.3	1.1	2.7	2.3	3.5	3.9	4.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.0	1.6	2.7	3.5	3.3	4.6	4.0
Others	0.3	-8.1	2.3	-10.6	0.1	0.0	0.0
Cash flow from operations before changes in w/c	5.6	2.8	17.2	7.2	19.9	25.5	27.2
Increase/decrease in inventory	-4.6	-0.1	-2.8	0.7	-2.8	-1.6	-1.0
Increase/decrease in accounts receivable	-2.6	-17.6	3.1	10.3	-9.2	-6.9	-3.2
Increase/decrease in accounts payable	-2.1	15.3	-6.9	-7.1	-0.1	3.8	1.8
Increase/decrease in other working capital positions	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-9.1	-2.3	-6.6	3.9	-12.1	-4.7	-2.3
Cash flow from operating activities	-3.5	0.5	10.6	11.1	7.8	20.8	24.9
CAPEX	1.0	2.8	3.2	5.8	6.8	8.7	9.0
Payments for acquisitions	1.2	11.6	0.2	-4.6	5.9	0.0	0.0
Financial investments	0.1	2.6	-0.6	0.2	2.5	0.0	0.0
Income from asset disposals	0.0	0.2	0.5	1.4	0.0	0.0	0.0
Cash flow from investing activities	-2.3	-16.8	-2.2	0.0	-15.2	-8.7	-9.0
Cash flow before financing	-5.8	-16.3	8.4	11.1	-7.4	12.1	15.9
Increase/decrease in debt position	1.3	11.9	-13.2	1.9	4.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Capital measures	4.2	2.4	1.7	-0.1	10.7	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	2.4	3.5	4.3
Others	0.0	-0.1	-0.3	-2.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.1	0.5	-0.5	0.0	0.0	0.0
Cash flow from financing activities	5.5	14.3	-11.8	-1.6	12.3	-3.5	-4.3
Increase/decrease in liquid assets	-0.2	-2.0	-2.9	9.1	4.9	8.7	11.6
Liquid assets at end of period	12.1	29.9	29.9	42.9	47.9	56.5	68.1

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	28.5	43.2	70.0	64.2	70.1	80.1	83.0
yoy change	-34.7 %	51.2 %	62.2 %	-8.3 %	9.2 %	14.2 %	3.6 %
Rest of Europe	52.2	110.1	269.5	273.7	298.9	390.9	405.1
yoy change	223.0 %	111.0 %	144.8 %	1.6 %	9.2 %	30.8 %	3.6 %
NAFTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TTL	80.7	153.2	339.5	337.9	369.0	471.0	488.1
yoy change	34.8 %	89.9 %	121.5 %	-0.5 %	9.2 %	27.6 %	3.6 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
P&L growth analysis							
Sales growth	34.8 %	89.9 %	121.5 %	-0.5 %	9.2 %	27.6 %	3.6 %
EBITDA growth	78.5 %	169.3 %	35.1 %	21.3 %	12.6 %	25.2 %	6.1 %
EBIT growth	81.4 %	194.2 %	17.4 %	28.2 %	7.8 %	28.6 %	9.8 %
EPS growth	-51.2 %	53.2 %	-6.6 %	9.3 %	0.6 %	12.3 %	13.4 %
Efficiency							
Total operating costs / sales	94.8 %	92.5 %	95.2 %	94.3 %	94.1 %	94.2 %	94.0 %
Sales per employee	429.3	161.1	203.6	211.9	233.3	248.7	221.4
EBITDA per employee	24.2	12.9	9.9	12.6	14.3	14.9	13.6
Balance sheet analysis							
Avg. working capital / sales	8.2 %	18.2 %	14.2 %	14.7 %	14.6 %	13.2 %	13.5 %
Inventory turnover (sales/inventory)	6.1	7.4	14.5	14.9	14.5	17.4	17.4
Trade debtors in days of sales	40.4	202.6	88.1	77.4	80.0	68.0	68.0
A/P turnover [(A/P*365)/sales]	51.1	144.3	57.7	50.3	46.0	39.0	39.0
Cash conversion cycle (days)	51.8	67.5	38.5	38.9	48.0	40.3	40.2
Cash flow analysis							
Free cash flow	-4.5	-2.3	7.5	5.3	1.0	12.1	15.9
Free cash flow/sales	-5.6 %	-1.5 %	2.2 %	1.6 %	0.3 %	2.6 %	3.3 %
FCF / net profit	-119.7 %	-34.0 %	96.4 %	45.3 %	8.1 %	82.8 %	95.7 %
Capex / deprec	81.3 %	196.1 %	46.9 %	103.4 %	137.8 %	102.1 %	108.4 %
Capex / maintenance capex	121.8 %	52.0 %	n/a	78.4 %	81.5 %	96.8 %	95.4 %
Capex / sales	1.3 %	3.5 %	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	-2.1	27.5	19.4	9.3	8.4	-0.2	-11.8
Net Debt/EBITDA	0.0	2.2	1.2	0.5	0.4	0.0	0.0
Net debt / equity	-0.1	0.6	0.3	0.1	0.1	0.0	-0.1
Interest cover	7.4	7.5	5.6	5.3	7.8	9.5	10.4
Dividend payout ratio	0.0 %	0.0 %	0.0 %	20.1 %	27.9 %	29.6 %	30.0 %
Asset utilisation							
Capital employed turnover	1.6	1.1	2.5	2.6	2.4	2.8	2.7
Operating assets turnover	5.9	2.7	5.5	6.0	5.3	6.2	6.1
Plant turnover	29.4	13.8	34.2	37.6	37.3	40.6	37.2
Inventory turnover (sales/inventory)	6.1	7.4	14.5	14.9	14.5	17.4	17.4
Returns							
ROCE	8.4 %	10.2 %	8.3 %	10.8 %	10.8 %	12.3 %	12.4 %
ROE	11.5 %	14.0 %	12.5 %	17.0 %	15.8 %	16.5 %	16.6 %
Other							
Interest paid / avg. debt	4.4 %	3.6 %	3.7 %	5.3 %	3.6 %	3.7 %	3.7 %
No. employees (average)	188	952	1668	1595	1582	1894	2205
Number of shares	19.6	23.5	28.3	39.2	41.2	43.3	43.3
DPS	0.0	0.0	0.0	0.1	0.1	0.1	0.1
EPS reported	0.19	0.29	0.27	0.30	0.30	0.34	0.38
Valuation ratios							
P/BV	1.7	1.3	1.8	1.6	1.5	1.4	1.2
EV/sales	0.7	0.6	0.4	0.4	0.4	0.3	0.2
EV/EBITDA	11.9	8.1	8.0	6.1	5.9	4.4	3.7
EV/EBITA	12.8	8.9	9.6	6.9	6.9	5.1	4.4
EV/EBIT	16.7	10.4	11.9	8.6	8.6	6.3	5.2
EV/FCF	-12.0	-42.2	17.8	23.0	132.4	10.2	7.1
Adjusted FCF yield	9.2 %	8.7 %	7.8 %	12.2 %	12.0 %	15.9 %	19.0 %
Dividend yield	0.0 %	0.0 %	0.0 %	2.1 %	2.9 %	3.6 %	4.1 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
S&T AG	2, 3, 5

Historical target price and rating changes for S&T AG in the last 12 months

**Price and Rating History
S&T AG as of 25/08/14**

Initiation coverage
30-May-12



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