

**Buy** (old: Buy)

**Price target: EUR 13.60** (old: EUR 13.60)

<b>Price:</b>	EUR 11.70	<b>Next result:</b>	Q1 '17: 05.05.17
<b>Bloomberg:</b>	SANT GR	<b>Market cap:</b>	EUR 564.2 m
<b>Reuters:</b>	SANT1.DE	<b>Enterprise Value:</b>	EUR 543.8 m

07-April-17

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## Q4 out: Outstanding cash generation; Guidance confirmed

**S&T's FY release was excellent.** Q4 came in stronger than expected on sales and EBITDA (see *next page*), cash generation was outstanding and management confirmed its FY '17E guidance. **Key insights in detail.**

- **Q4 figures largely ahead of estimates.** Sales rose by 22% yoy (eH&A: 5% yoy) and EBITDA by 29% yoy (eH&A: 13% yoy). Key drivers behind the strong performance: (1) € 30m initial sales contribution from Kontron due to its first-time consolidation in December (not included in eH&A). (2) An excellent performance of Security Appliances showing growth of 130% yoy to € 78m. This should reflect customer wins e.g. in MedTech and an external contribution from Kontron. EBITDA is seen to have benefitted from a c. € 0.5m positive contribution from Kontron as well as from mix effects as security appliances carry an attractive 15% EBITDA margin.
- **Q4 net income biased by one-offs.** Net income after minorities declined by 23% yoy missing our expectations as the bottom-line was burdened by c. € 2m one-offs (net effect) reflecting mostly amortisation of Kontron's backlog and write-down on inventories and capitalised R&D. Without this one-off, Q4 net income would have met our expectation.
- **Outstanding cash generation.** S&T achieved FY operating cash flow of € 61m and FCF of € 52m - both substantially ahead of our expectation (€ 28m / € 9m). This is seen to reflect solid earnings quality and tight w/c management supported by factoring of receivables (c. € 25m effect).
- **Kontron turnaround on track.** Measures to save € 18m of costs have been implemented and gross profitability should benefit from the launch of new IoT products. **Management expects Kontron to break-even in Q2 '17 and for the FY 2017E.** Already in Q1 '17, sales should be flat yoy (vs. -18% yoy for FY '16) and the gross margin is seen to exceed 25% vs. 22% in FY 2016 (adjusted for one-offs).
- **FY 17E guidance confirmed.** S&T expects sales of € 860-890m and EBITDA of above € 50m, both in-line (eH&A: € 870m sales / € 50m EBITDA). We expect the merger with Kontron to be on track for mid-2017 which should lower complexity of the business. Notably, on April 5, S&T announced that it has subscribed to a 10% capital increase in Kontron bringing its shareholding to 40%. **This basically secures the merger approval at the upcoming AGM** (end of May), in our view.

**Remains a BUY** with a € 13.60 PT based on halfway FCFY 2018/19E.

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
Sales	339.5	337.9	385.5	468.2	503.7	870.0	971.9
Sales growth	122 %	0 %	14 %	21 %	8 %	73 %	12 %
EBITDA	16.6	20.1	22.9	28.4	34.4	50.3	75.4
EBIT	11.1	14.3	16.6	20.6	24.1	27.1	51.8
Net income	7.7	11.7	13.0	15.8	14.6	18.9	42.7
Net debt	19.4	9.3	1.5	-9.4	-32.0	-29.1	-50.3
Net gearing	31.4 %	13.5 %	1.7 %	-9.4 %	-20.7 %	-7.0 %	-11.1 %
Net Debt/EBITDA	1.2	0.5	0.1	0.0	0.0	0.0	0.0
EPS pro forma	0.20	0.30	0.30	0.36	0.30	0.43	0.71
CPS	0.16	0.15	0.35	0.50	1.12	0.19	0.62
DPS	0.00	0.06	0.07	0.08	0.10	0.11	0.12
Dividend yield	0.0 %	0.5 %	0.6 %	0.7 %	0.9 %	0.9 %	1.0 %
Gross profit margin	34.4 %	33.1 %	33.2 %	34.3 %	33.9 %	32.5 %	34.4 %
EBITDA margin	4.9 %	5.9 %	5.9 %	6.1 %	6.8 %	5.8 %	7.8 %
EBIT margin	3.3 %	4.2 %	4.3 %	4.4 %	4.8 %	3.1 %	5.3 %
ROCE	8.3 %	10.8 %	12.4 %	13.8 %	8.8 %	5.7 %	9.2 %
EV/sales	1.4	1.4	1.3	1.1	1.1	0.8	0.7
EV/EBITDA	29.2	23.5	22.3	17.6	15.8	13.6	8.8
EV/EBIT	43.3	33.1	30.7	24.2	22.5	25.3	12.8
PER	59.4	39.2	39.0	32.6	38.7	27.1	16.4
Adjusted FCF yield	2.1 %	3.1 %	3.1 %	4.2 %	4.0 %	4.7 %	8.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 06.04.2017



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	11.70 / 6.48
<b>Price/Book Ratio:</b>	3.7
<b>Relative performance (TecDAX):</b>	
3 months	21.6 %
6 months	-2.1 %
12 months	50.9 %

### Changes in estimates

		Sales	EBIT	EPS
2017	old:	870.0	27.1	0.45
	Δ	-	-	-
2018	old:	971.9	51.8	0.72
	Δ	-	-	-
2019	old:	1,039.9	59.5	0.85
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs)	44.2
Authorised capital: (in € m)	12.1
Book value per share: (in €)	3.2
Ø trading volume: (12 months)	60,000

### Major shareholders:

Free Float	70.7 %
Ennoconn	29.3 %
CEO (incl. in Free Float)	3.0 %

### Company description:

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

EUR	Q4 16	Q4 16 est	Q4 15	yoy	Q3 16	qoq	FY 16	FY 15	yoy
<b>Sales</b>	<b>202.4</b>	<b>173.7</b>	<b>165.8</b>	22%	<b>105.0</b>	93%	<b>503.7</b>	<b>468.2</b>	8%
<b>EBITDA</b>	<b>15.0</b>	<b>13.1</b>	<b>11.6</b>	29%	<b>6.3</b>	138%	<b>34.4</b>	<b>28.4</b>	21%
EBITDA margin	7.4%	7.5%	7.0%	+ 0.4 pp	6.0%	+ 1.4 pp	6.8%	6.1%	+ 0.8 pp
<b>Net after minorities</b>	<b>6.1</b>	<b>8.0</b>	<b>7.9</b>	-23%	<b>4.1</b>	49%	<b>15.9</b>	<b>15.8</b>	1%
Net margin	3.0%	4.6%	4.8%	- 1.8 pp	3.9%	- 0.9 pp	3.2%	3.4%	- 0.2 pp
<b>EPS</b>	<b>0.14</b>	<b>0.18</b>	<b>0.18</b>	-22%	<b>0.09</b>	56%	<b>0.36</b>	<b>0.36</b>	-1%

Source: Company data, Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
<b>Net sales</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>468.2</b>	<b>503.7</b>	<b>870.0</b>	<b>971.9</b>
<i>Sales growth</i>	121.5 %	-0.5 %	14.1 %	21.4 %	7.6 %	72.7 %	11.7 %
Increase/decrease in finished goods and work-in-process	0.3	0.9	1.2	2.7	2.8	5.0	5.0
<b>Total sales</b>	<b>339.8</b>	<b>338.8</b>	<b>386.8</b>	<b>470.9</b>	<b>506.5</b>	<b>875.0</b>	<b>976.9</b>
Other operating income	6.4	6.7	5.0	6.3	6.1	8.5	9.0
Material expenses	222.9	226.7	258.3	309.3	334.8	591.0	641.0
Personnel expenses	71.9	66.2	72.4	89.5	93.5	168.1	187.0
Other operating expenses	34.9	32.5	38.2	50.0	50.0	74.1	82.5
Total operating expenses	323.3	318.7	363.9	442.6	472.1	824.7	901.5
<b>EBITDA</b>	<b>16.6</b>	<b>20.1</b>	<b>22.9</b>	<b>28.4</b>	<b>34.4</b>	<b>50.3</b>	<b>75.4</b>
Depreciation	2.7	2.3	2.2	7.7	10.3	8.3	8.5
<b>EBITA</b>	<b>13.8</b>	<b>17.8</b>	<b>20.7</b>	<b>20.6</b>	<b>24.1</b>	<b>42.0</b>	<b>66.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.7	3.5	4.1	0.0	0.0	14.9	15.1
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>11.1</b>	<b>14.3</b>	<b>16.6</b>	<b>20.6</b>	<b>24.1</b>	<b>27.1</b>	<b>51.8</b>
Interest income	0.6	0.5	1.6	0.3	0.3	0.6	0.6
Interest expenses	2.0	2.7	3.2	3.0	4.4	5.1	4.1
Other financial result	0.0	0.0	-0.3	0.5	0.0	-0.1	0.0
Financial result	-1.4	-2.2	-1.8	-2.2	-4.0	-4.6	-3.5
<b>Recurring pretax income from continuing operations</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>18.4</b>	<b>20.1</b>	<b>22.5</b>	<b>48.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>18.4</b>	<b>20.1</b>	<b>22.5</b>	<b>48.3</b>
Taxes	0.3	0.1	0.8	0.8	-0.3	1.6	3.4
<b>Net income from continuing operations</b>	<b>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>17.6</b>	<b>20.4</b>	<b>20.9</b>	<b>44.9</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>17.6</b>	<b>20.4</b>	<b>20.9</b>	<b>44.9</b>
Minority interest	1.7	0.2	1.0	1.8	5.8	2.0	2.2
<b>Net income (net of minority interest)</b>	<b>7.7</b>	<b>11.7</b>	<b>13.0</b>	<b>15.8</b>	<b>14.6</b>	<b>18.9</b>	<b>42.7</b>
Average number of shares	28.3	39.2	41.2	43.5	44.2	54.1	60.0
<b>EPS reported</b>	<b>0.27</b>	<b>0.30</b>	<b>0.32</b>	<b>0.36</b>	<b>0.33</b>	<b>0.35</b>	<b>0.71</b>

Profit and loss (common size)	2012	2013	2014	2015	2016	2017E	2018E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.1 %	0.3 %	0.3 %	0.6 %	0.6 %	0.6 %	0.5 %
<b>Total sales</b>	<b>100.1 %</b>	<b>100.3 %</b>	<b>100.3 %</b>	<b>100.6 %</b>	<b>100.6 %</b>	<b>100.6 %</b>	<b>100.5 %</b>
Other operating income	1.9 %	2.0 %	1.3 %	1.3 %	1.2 %	1.0 %	0.9 %
Material expenses	65.6 %	67.1 %	67.0 %	66.1 %	66.5 %	67.9 %	66.0 %
Personnel expenses	21.2 %	19.6 %	18.8 %	19.1 %	18.6 %	19.3 %	19.2 %
Other operating expenses	10.3 %	9.6 %	9.9 %	10.7 %	9.9 %	8.5 %	8.5 %
Total operating expenses	95.2 %	94.3 %	94.4 %	94.5 %	93.7 %	94.8 %	92.8 %
<b>EBITDA</b>	<b>4.9 %</b>	<b>5.9 %</b>	<b>5.9 %</b>	<b>6.1 %</b>	<b>6.8 %</b>	<b>5.8 %</b>	<b>7.8 %</b>
Depreciation	0.8 %	0.7 %	0.6 %	1.7 %	2.0 %	1.0 %	0.9 %
<b>EBITA</b>	<b>4.1 %</b>	<b>5.3 %</b>	<b>5.4 %</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>6.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.8 %	1.0 %	1.1 %	0.0 %	0.0 %	1.7 %	1.6 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>3.3 %</b>	<b>4.2 %</b>	<b>4.3 %</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>3.1 %</b>	<b>5.3 %</b>
Interest income	0.2 %	0.1 %	0.4 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.6 %	0.8 %	0.8 %	0.6 %	0.9 %	0.6 %	0.4 %
Other financial result	0.0 %	0.0 %	-0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Financial result	-0.4 %	-0.7 %	-0.5 %	-0.5 %	-0.8 %	-0.5 %	-0.4 %
<b>Recurring pretax income from continuing operations</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>2.6 %</b>	<b>5.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>2.6 %</b>	<b>5.0 %</b>
Tax rate	3.4 %	1.1 %	5.2 %	4.3 %	-1.6 %	7.0 %	7.0 %
<b>Net income from continuing operations</b>	<b>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>4.1 %</b>	<b>2.4 %</b>	<b>4.6 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>4.1 %</b>	<b>2.4 %</b>	<b>4.6 %</b>
Minority interest	0.5 %	0.1 %	0.3 %	0.4 %	1.2 %	0.2 %	0.2 %
<b>Net income (net of minority interest)</b>	<b>2.3 %</b>	<b>3.5 %</b>	<b>3.4 %</b>	<b>3.4 %</b>	<b>2.9 %</b>	<b>2.2 %</b>	<b>4.4 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
<b>Intangible assets</b>	<b>39.7</b>	<b>44.8</b>	<b>57.1</b>	<b>72.8</b>	<b>183.2</b>	<b>364.5</b>	<b>368.8</b>
Property, plant and equipment	9.9	9.0	11.4	15.2	27.5	24.4	21.3
Financial assets	3.8	2.8	3.8	3.1	12.1	3.1	3.1
<b>FIXED ASSETS</b>	<b>53.4</b>	<b>56.5</b>	<b>72.3</b>	<b>91.0</b>	<b>222.8</b>	<b>392.0</b>	<b>393.2</b>
Inventories	23.4	22.7	30.0	28.7	84.9	87.0	97.2
Accounts receivable	81.9	71.6	95.7	86.4	168.6	190.7	213.0
Other current assets	15.4	15.2	22.0	36.7	41.5	42.5	43.6
Liquid assets	29.9	42.9	39.5	60.3	125.6	122.3	105.3
Deferred taxes	9.9	11.1	13.6	15.9	25.4	25.4	25.4
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>160.5</b>	<b>163.6</b>	<b>200.8</b>	<b>228.0</b>	<b>445.9</b>	<b>467.9</b>	<b>484.5</b>
<b>TOTAL ASSETS</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>319.1</b>	<b>668.7</b>	<b>859.9</b>	<b>877.7</b>
SHAREHOLDERS EQUITY	61.8	69.2	86.9	99.8	154.0	418.2	451.9
MINORITY INTEREST	2.2	2.1	2.8	2.4	87.0	2.5	2.5
Long-term debt	11.5	23.9	26.1	28.1	74.2	74.2	40.0
Provisions for pensions and similar obligations	3.0	2.9	2.3	2.5	11.6	11.7	11.8
Other provisions	17.2	3.9	4.6	6.0	39.1	40.3	41.5
<b>Non-current liabilities</b>	<b>31.7</b>	<b>30.7</b>	<b>33.0</b>	<b>36.5</b>	<b>124.8</b>	<b>126.1</b>	<b>93.3</b>
short-term liabilities to banks	37.8	28.4	14.8	22.9	19.5	19.0	15.0
Accounts payable	53.7	46.6	74.2	70.1	134.3	140.6	157.1
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)	25.6	41.8	59.9	85.9	143.7	148.0	152.4
Deferred taxes	1.2	1.4	1.5	1.4	5.4	5.4	5.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>118.3</b>	<b>118.1</b>	<b>150.3</b>	<b>180.3</b>	<b>302.8</b>	<b>313.0</b>	<b>329.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>319.1</b>	<b>668.7</b>	<b>859.9</b>	<b>877.7</b>

Balance sheet (common size)	2012	2013	2014	2015	2016	2017E	2018E
<b>Intangible assets</b>	<b>18.6 %</b>	<b>20.3 %</b>	<b>20.9 %</b>	<b>22.8 %</b>	<b>27.4 %</b>	<b>42.4 %</b>	<b>42.0 %</b>
Property, plant and equipment	4.6 %	4.1 %	4.2 %	4.7 %	4.1 %	2.8 %	2.4 %
Financial assets	1.8 %	1.3 %	1.4 %	1.0 %	1.8 %	0.4 %	0.4 %
<b>FIXED ASSETS</b>	<b>25.0 %</b>	<b>25.7 %</b>	<b>26.5 %</b>	<b>28.5 %</b>	<b>33.3 %</b>	<b>45.6 %</b>	<b>44.8 %</b>
Inventories	10.9 %	10.3 %	11.0 %	9.0 %	12.7 %	10.1 %	11.1 %
Accounts receivable	38.3 %	32.6 %	35.0 %	27.1 %	25.2 %	22.2 %	24.3 %
Other current assets	7.2 %	6.9 %	8.1 %	11.5 %	6.2 %	4.9 %	5.0 %
Liquid assets	14.0 %	19.5 %	14.5 %	18.9 %	18.8 %	14.2 %	12.0 %
Deferred taxes	4.6 %	5.1 %	5.0 %	5.0 %	3.8 %	3.0 %	2.9 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>75.0 %</b>	<b>74.3 %</b>	<b>73.5 %</b>	<b>71.5 %</b>	<b>66.7 %</b>	<b>54.4 %</b>	<b>55.2 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	28.9 %	31.4 %	31.8 %	31.3 %	23.0 %	48.6 %	51.5 %
MINORITY INTEREST	1.0 %	0.9 %	1.0 %	0.8 %	13.0 %	0.3 %	0.3 %
Long-term debt	5.4 %	10.9 %	9.6 %	8.8 %	11.1 %	8.6 %	4.6 %
Provisions for pensions and similar obligations	1.4 %	1.3 %	0.8 %	0.8 %	1.7 %	1.4 %	1.3 %
Other provisions	8.0 %	1.8 %	1.7 %	1.9 %	5.8 %	4.7 %	4.7 %
<b>Non-current liabilities</b>	<b>14.8 %</b>	<b>14.0 %</b>	<b>12.1 %</b>	<b>11.5 %</b>	<b>18.7 %</b>	<b>14.7 %</b>	<b>10.6 %</b>
short-term liabilities to banks	17.7 %	12.9 %	5.4 %	7.2 %	2.9 %	2.2 %	1.7 %
Accounts payable	25.1 %	21.2 %	27.2 %	22.0 %	20.1 %	16.4 %	17.9 %
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)	11.9 %	19.0 %	21.9 %	26.9 %	21.5 %	17.2 %	17.4 %
Deferred taxes	0.6 %	0.6 %	0.5 %	0.5 %	0.8 %	0.6 %	0.6 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>55.3 %</b>	<b>53.7 %</b>	<b>55.1 %</b>	<b>56.5 %</b>	<b>45.3 %</b>	<b>36.4 %</b>	<b>37.6 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
Net profit/loss	9.4	11.9	14.0	17.6	20.4	20.9	44.9
Depreciation of fixed assets (incl. leases)	2.7	2.3	2.2	7.7	10.3	8.3	8.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.7	3.5	4.1	0.0	0.0	14.9	15.1
Others	2.3	-10.6	4.1	-5.2	-1.9	0.1	0.1
Cash flow from operations before changes in w/c	17.2	7.2	24.4	20.2	28.9	44.2	68.6
Increase/decrease in inventory	-2.8	0.7	-7.4	1.3	9.3	-2.1	-10.2
Increase/decrease in accounts receivable	3.1	10.3	-24.0	9.2	-1.5	-22.1	-22.3
Increase/decrease in accounts payable	-6.9	-7.1	27.6	-4.1	20.3	6.3	16.5
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	4.4	0.0	0.0
Increase/decrease in working capital	-6.6	3.9	-3.8	6.5	32.5	-17.9	-16.1
<b>Cash flow from operating activities</b>	<b>10.6</b>	<b>11.1</b>	<b>20.6</b>	<b>26.7</b>	<b>61.4</b>	<b>26.4</b>	<b>52.6</b>
CAPEX	3.2	5.8	5.8	9.5	9.3	24.4	24.8
Payments for acquisitions	0.2	-4.6	5.5	0.4	59.2	0.0	0.0
Financial investments	-0.6	0.2	1.7	0.6	4.3	0.0	0.0
Income from asset disposals	0.5	1.4	0.4	0.9	-0.9	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.2</b>	<b>0.0</b>	<b>-12.6</b>	<b>-9.6</b>	<b>-73.6</b>	<b>-24.4</b>	<b>-24.8</b>
Cash flow before financing	8.4	11.1	8.0	17.1	-12.2	2.0	27.8
Increase/decrease in debt position	-13.2	1.9	3.1	6.1	39.8	-0.5	-38.2
Purchase of own shares	0.0	1.3	0.0	0.0	0.0	0.0	0.0
Capital measures	1.7	-0.1	10.5	0.0	44.0	0.0	0.0
Dividends paid	0.0	0.0	2.4	3.1	3.5	4.8	6.6
Others	-0.3	-2.1	1.3	-3.8	-8.5	0.0	0.0
Effects of exchange rate changes on cash	0.5	-0.5	-1.1	0.5	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-11.8</b>	<b>-1.6</b>	<b>12.5</b>	<b>-0.7</b>	<b>71.8</b>	<b>-5.3</b>	<b>-44.8</b>
Increase/decrease in liquid assets	-2.9	9.1	19.5	16.8	59.5	-3.3	-17.0
<b>Liquid assets at end of period</b>	<b>29.9</b>	<b>42.9</b>	<b>39.5</b>	<b>60.3</b>	<b>125.6</b>	<b>122.3</b>	<b>105.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
Domestic	70.0	68.4	65.1	65.5	65.5	113.1	126.3
yoy change	62.2 %	-2.4 %	-4.8 %	0.7 %	-0.1 %	72.7 %	11.7 %
Rest of Europe	269.5	269.6	320.5	402.6	438.2	756.9	845.6
yoy change	144.8 %	0.0 %	18.9 %	25.6 %	8.8 %	72.7 %	11.7 %
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
<b>TTL</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>468.2</b>	<b>503.7</b>	<b>870.0</b>	<b>971.9</b>
yoy change	121.5 %	-0.5 %	14.1 %	21.4 %	7.6 %	72.7 %	11.7 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012	2013	2014	2015	2016	2017E	2018E
<b>P&amp;L growth analysis</b>							
Sales growth	121.5 %	-0.5 %	14.1 %	21.4 %	7.6 %	72.7 %	11.7 %
EBITDA growth	35.1 %	21.3 %	14.0 %	23.9 %	21.3 %	46.3 %	49.9 %
EBIT growth	17.4 %	28.2 %	16.2 %	24.1 %	16.9 %	12.4 %	91.1 %
EPS growth	-6.6 %	9.3 %	5.4 %	15.3 %	-9.3 %	5.9 %	103.5 %
<b>Efficiency</b>							
Total operating costs / sales	95.2 %	94.3 %	94.4 %	94.5 %	93.7 %	94.8 %	92.8 %
Sales per employee	203.6	211.9	203.5	209.9	223.6	382.4	423.0
EBITDA per employee	9.9	12.6	12.1	12.7	15.3	22.1	32.8
<b>Balance sheet analysis</b>							
Avg. working capital / sales	14.2 %	14.7 %	12.9 %	10.3 %	16.3 %	14.7 %	14.9 %
Inventory turnover (sales/inventory)	14.5	14.9	12.8	16.3	5.9	10.0	10.0
Trade debtors in days of sales	88.1	77.4	90.6	67.4	122.2	80.0	80.0
A/P turnover [(A/P*365)/sales]	57.7	50.3	70.2	54.6	97.3	59.0	59.0
Cash conversion cycle (days)	38.5	38.9	28.2	18.6	68.3	46.9	45.9
<b>Cash flow analysis</b>							
Free cash flow	7.5	5.3	14.8	17.2	52.1	2.0	27.8
Free cash flow/sales	2.2 %	1.6 %	3.8 %	3.7 %	10.3 %	0.2 %	2.9 %
FCF / net profit	96.4 %	45.3 %	114.1 %	108.6 %	357.3 %	10.6 %	65.1 %
Capex / depre	46.9 %	103.4 %	119.1 %	130.9 %	131.5 %	105.0 %	105.0 %
Capex / maintenance capex	n/a	78.4 %	37.3 %	44.8 %	33.3 %	34.3 %	34.3 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	19.4	9.3	1.5	-9.4	-32.0	-29.1	-50.3
Net Debt/EBITDA	1.2	0.5	0.1	0.0	0.0	0.0	0.0
Net debt / equity	0.3	0.1	0.0	-0.1	-0.2	-0.1	-0.1
Interest cover	5.6	5.3	5.2	6.9	5.5	5.3	12.7
Dividend payout ratio	0.0 %	20.1 %	23.3 %	21.9 %	33.1 %	34.9 %	16.9 %
<b>Asset utilisation</b>							
Capital employed turnover	2.5	2.6	2.8	2.9	1.3	1.5	1.7
Operating assets turnover	5.5	6.0	6.1	7.8	3.4	5.4	5.6
Plant turnover	34.2	37.6	33.7	30.9	18.3	35.6	45.7
Inventory turnover (sales/inventory)	14.5	14.9	12.8	16.3	5.9	10.0	10.0
<b>Returns</b>							
ROCE	8.3 %	10.8 %	12.4 %	13.8 %	8.8 %	5.7 %	9.2 %
ROE	12.5 %	17.0 %	14.9 %	15.9 %	9.5 %	4.5 %	9.4 %
<b>Other</b>							
Interest paid / avg. debt	3.7 %	5.3 %	6.8 %	6.5 %	6.0 %	5.5 %	5.5 %
No. employees (average)	1668	1595	1895	2230	2252	2275	2298
Number of shares	28.3	39.2	41.2	43.5	44.2	54.1	60.0
DPS	0.0	0.1	0.1	0.1	0.1	0.1	0.1
EPS reported	0.27	0.30	0.32	0.36	0.33	0.35	0.71
<b>Valuation ratios</b>							
P/BV	7.4	6.7	5.8	5.2	3.7	1.7	1.6
EV/sales	1.4	1.4	1.3	1.1	1.1	0.8	0.7
EV/EBITDA	29.2	23.5	22.3	17.6	15.8	13.6	8.8
EV/EBITA	34.9	26.6	24.7	24.2	22.5	16.3	9.9
EV/EBIT	43.3	33.1	30.7	24.2	22.5	25.3	12.8
EV/FCF	64.6	88.9	34.4	29.1	10.4	342.0	23.9
Adjusted FCF yield	2.1 %	3.1 %	3.1 %	4.2 %	4.0 %	4.7 %	8.3 %
Dividend yield	0.0 %	0.5 %	0.6 %	0.7 %	0.9 %	0.9 %	1.0 %

Source: Company data, Hauck & Aufhäuser

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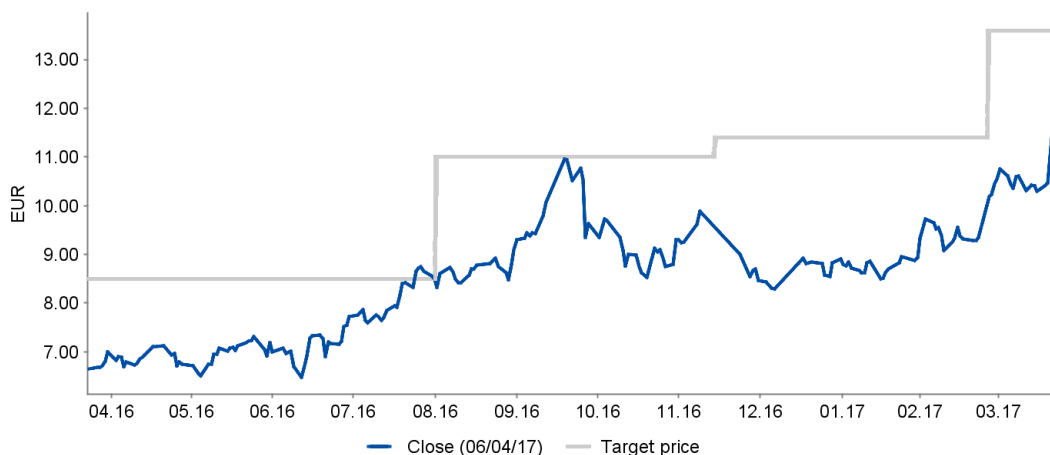
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Company	Disclosure
S&T AG	3

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

**Price and Rating History  
S&T AG as of 07/04/17**

**Initiation coverage**  
30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	13.03.2017	Wunderlich, CFA, Tim	Buy	EUR 13.60	EUR 10.19
	05.12.2016	Wunderlich, CFA, Tim	Buy	EUR 11.40	EUR 9.88
	03.11.2016	Wunderlich, CFA, Tim	Buy	EUR 11.00	EUR 8.62
	02.11.2016	Wunderlich, CFA, Tim	Buy	EUR 11.00	EUR 8.62
	13.10.2016	Wunderlich, CFA, Tim	Buy	EUR 11.00	EUR 9.63
	17.08.2016	Wunderlich, CFA, Tim	Buy	EUR 11.00	EUR 8.33

03.08.2016	Wunderlich, CFA, Tim	Buy	EUR 8.50	EUR 8.17
04.05.2016	Wunderlich, CFA, Tim	Buy	EUR 8.50	EUR 7.10
29.04.2016	Wunderlich, CFA, Tim	Buy	EUR 8.50	EUR 6.95

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Date of publication creation: 07/04/2017 09:44 AM

Date of publication dissemination: 07/04/2017 09:46 AM



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