

Buy EUR 27.50	Value Indicators: EUR	Warburg ESG Risk Score: 3.0	Description:
	DCF: 27.50	ESG Score (MSCI based): 2.0	Focused on industrial IoT and IT- Services mostly in Central and Eastern Europe
	FCF-Value Potential 2022e: 26.00	Balance Sheet Score: 4.0	
		Market Liquidity Score: 3.0	
Price: EUR 20.14	Market Snapshot: EUR m	Shareholders:	Key Figures (WRe): 2020e
Upside: 36.5 %	Market cap: 1,309.1	Freefloat: 72.5 %	Beta: 1.3
	No. of shares (m): 65.0	Ennoconn: 27.5 %	Price / Book: 3.3 x
	EV: 1,335.3	Allianz Global Investors: 5.0 %	Equity Ratio: 34 %
	Freefloat MC: 949.1	BNP Paribas: 4.6 %	Net Fin. Debt / EBITDA: 0.5 x
	Ø Trad. Vol. (30d): 5.71 m	Ninety One UK: 4.0 %	Net Debt / EBITDA: 0.6 x

2020 beat and initial 2021 guidance broadly in line with expectations

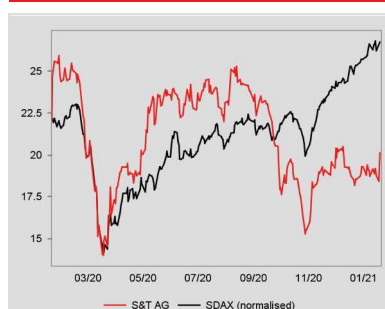
Figures Q4/2020:						Comment on Figures:					
in EUR m	2020	2020e	2019	yoy	Consensus	<ul style="list-style-type: none"> Sales of >EUR 1.2bn were broadly in line with WRe and consensus expectations EBITDA expected to have surpassed EUR 122m, also in line with WR and consensus forecasts Final 2020 report will be released on March 25 					
Sales	>1,200	1,212.1	1,122.9	7.9%	1,218.1						
EBITDA	>122	126.0	111.7	12.8%	124.2						
margin	>10%	10.4%	9.9%		10.2%						

S&T has provided a first glance on 2020 performance and guidance for 2021 on Tuesday. **As assumed, the 2020 results are expected to surpass the company guidance for an EBITDA of EUR 122m.** This is **broadly in line** with the WR expectation of EUR 126m and the consensus forecast of EUR 124m.

For 2021, S&T is guiding for sales of at least EUR 1.4bn (> + 15% yoy), in line with WRe EUR 1.44bn (consensus EUR 1.46bn). Growth will benefit from the full consolidation of acquisitions, as ISKRATEL and Citycomp should add > EUR 100m to the top line. Organic growth is thus expected to amount to almost 10% in 2021 (WRe). At EBITDA level, S&T is guiding for the achievement of at least EUR 140m, which compares with the WRe and consensus expectation of just above EUR 150m. A somewhat conservative guidance was not unexpected at the current stage. The guidance should leave some room for a raise and a beat later in 2021, which is typical for S&T. The EPS is expected to reach at least EUR 1, slightly lower than the WRe /consensus estimate of EUR 1.08, which however just mirrors the similar difference at EBITDA level. It is S&T's ambition to realise additional acquisitions in 2021 with a contributing sales volume of > EUR 150m. If these materialise in H1, sales should eventually surpass the EUR 1.5bn-mark in the current year.

S&T reiterated its 2023 guidance for revenues of EUR 2bn (incl. additional M&A of ~ EUR 350m) and the achievement of an EBITDA margin of 11%. As S&T is expected to approach this margin level as soon as in 2022, we continue to assume that there is scope for another increase in the margin target to 11.5-12%.

The news does not deviate from the expectations. The final reporting on March 25 should also prove a solid cash generation in FY 2021. The valuation remains appealing with an EV/EBITDA 2021 multiple of <9x, which reflects the still subdued share price after the largely unfounded allegations which were levelled at the end of Q3. We continue to assume that S&T will be able to restore confidence in the course of the year with solid reporting and further growth. This is regarded to be one of the main share-price drivers. Owing to the clear valuation upside, the Buy rating is reiterated with an unchanged PT of EUR 27.50.



Rel. Performance vs SDAX:	
1 month:	2.1 %
6 months:	-40.3 %
Year to date:	0.4 %
Trailing 12 months:	-27.5 %

Company events:	
25.03.21	FY 2020
06.05.21	Q1
08.06.21	AGM
05.08.21	Q2

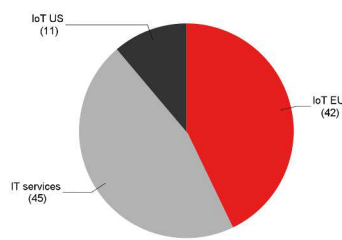
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	11.2 %	503.7	882.0	990.9	1,122.9	1,212.1	1,437.5	1,545.4
Change Sales yoy		7.6 %	75.1 %	12.3 %	13.3 %	7.9 %	18.6 %	7.5 %
Gross profit margin		34.1 %	37.2 %	36.5 %	37.7 %	39.3 %	38.6 %	38.6 %
EBITDA	14.8 %	34.4	68.1	90.5	111.7	126.0	151.1	169.0
Margin		6.8 %	7.7 %	9.1 %	9.9 %	10.4 %	10.5 %	10.9 %
EBIT	21.0 %	24.1	41.7	61.5	61.8	68.2	90.6	109.6
Margin		4.8 %	4.7 %	6.2 %	5.5 %	5.6 %	6.3 %	7.1 %
Net income	20.7 %	14.6	22.5	45.0	49.1	51.0	70.0	86.3
EPS	21.0 %	0.33	0.43	0.70	0.75	0.79	1.08	1.33
EPS adj.	23.9 %	0.26	0.45	0.68	0.70	0.79	1.08	1.33
DPS	23.3 %	0.10	0.13	0.16	0.16	0.20	0.25	0.30
Dividend Yield		1.3 %	0.9 %	0.7 %	0.8 %	1.0 %	1.2 %	1.5 %
FCFPS		1.09	0.31	0.09	0.78	0.65	1.12	1.44
FCF / Market cap		14.5 %	2.2 %	0.4 %	3.8 %	3.1 %	5.4 %	7.0 %
EV / Sales		0.6 x	0.7 x	1.3 x	1.2 x	1.2 x	1.0 x	0.8 x
EV / EBITDA		9.1 x	9.4 x	14.7 x	12.4 x	11.3 x	9.1 x	7.7 x
EV / EBIT		12.9 x	15.3 x	21.7 x	22.5 x	20.9 x	15.2 x	11.8 x
P / E		22.9 x	32.4 x	30.6 x	27.1 x	25.5 x	18.6 x	15.1 x
P / E adj.		29.0 x	30.9 x	31.5 x	29.0 x	25.5 x	18.6 x	15.1 x
FCF Potential Yield		9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.3 %	9.8 %
Net Debt		-20.3	-91.2	-42.8	50.7	72.6	18.2	-58.9
ROCE (NOPAT)		15.5 %	15.0 %	18.7 %	14.9 %	12.7 %	15.7 %	18.8 %
Guidance:		2020: Sales EUR 1.2bn; EBITDA EUR 122m						

Sales development
in EUR m



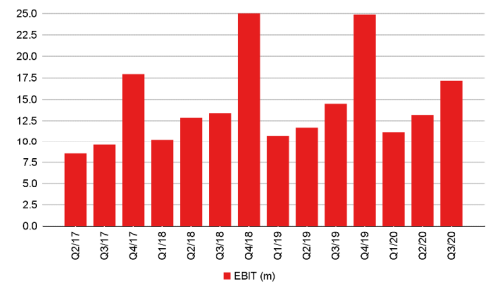
Source: Warburg Research

Sales by segments
2019



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

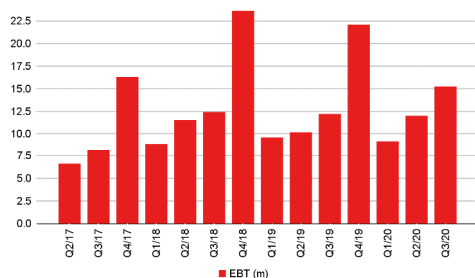
Company Background

- The S&T AG is a supplier of IT services with a focus on Eastern Europe and Germany, Austria, Switzerland
- In recent years, S&T was refocused on soft- and hardware solutions aiming at the IoT-market
- The acquisition of Kontron strengthens the embedded hardware competence and provides access to industrial, medical or communication customers

Competitive Quality

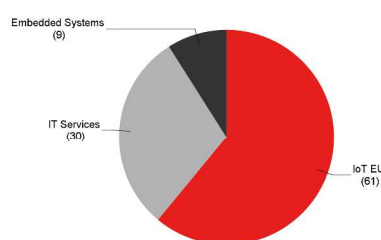
- The combination of S&T's software- and security-competence with Kontron's hardware expertise adds cross-selling-opportunities in the growing IoT-market, especially as security becomes an increasingly relevant feature
- Kontron's #2 positioning in the embedded computer area secures access to leading customers and provides the foundation for one of the strongest R&D pools in the embedded market in combination with S&T's software expertise
- The cooperation with Foxconn provides access to low cost production capabilities and can provide the foundation for additional future business areas (e.g. embedded server)
- About one-third of S&T's employees are specialised development engineers with a high level of expertise in the area of IoT niche products and embedded systems.
- S&T has been present in Eastern Europe for decades. Generally, the competitive pressure is lower in this region than in the more developed countries.

EBT development
in EUR m



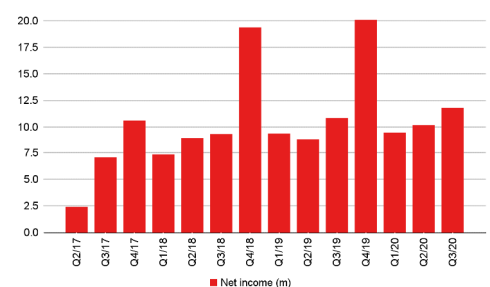
Source: Warburg Research

EBITDA by segments
2019



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	1,212.1	1,437.5	1,545.4	1,661.3	1,777.5	1,884.2	1,978.4	2,077.3	2,160.4	2,246.8	2,336.7	2,406.8	2,455.0	
Sales change	7.9 %	18.6 %	7.5 %	7.5 %	7.0 %	6.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT	68.2	90.6	109.6	124.6	138.6	147.0	154.3	162.0	168.5	175.3	182.3	187.7	191.5	
EBIT-margin	5.6 %	6.3 %	7.1 %	7.5 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	
Tax rate (EBT)	14.0 %	14.0 %	14.0 %	20.5 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	
NOPAT	58.7	77.9	94.2	99.0	102.6	108.8	114.2	119.9	124.7	129.7	134.9	138.9	141.7	
Depreciation	57.8	60.6	59.4	54.8	56.9	60.3	63.3	66.5	69.1	71.9	74.8	77.0	78.6	
in % of Sales	4.8 %	4.2 %	3.8 %	3.3 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	8.0	28.7	22.4	29.6	14.0	12.8	11.3	11.9	10.0	10.4	10.8	8.4	5.8	
- Capex	29.5	30.5	31.0	34.1	36.4	62.2	65.3	68.6	71.3	74.1	77.1	79.4	81.0	
Capex in % of Sales	2.4 %	2.1 %	2.0 %	2.1 %	2.1 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	
Other	0.0	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Free Cash Flow (WACC Model)	79.0	77.7	98.7	89.3	108.1	93.1	99.9	105.0	111.6	116.1	120.8	127.1	132.4	135
PV of FCF	81.9	75.0	88.5	74.4	83.8	67.1	66.9	65.4	64.6	62.5	60.4	59.1	57.3	1,051
share of PVs	12.53 %			33.78 %										53.69 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	18.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.6 %	Liquidity (share)	1.20
Market return	7.00 %	Cyclicality	1.25
Risk free rate	1.50 %	Transparency	1.60
		Others	1.25
WACC	7.56 %	Beta	1.30

Valuation (m)

Present values 2032e	907		
Terminal Value	1,051		
Financial liabilities	374		
Pension liabilities	9		
Hybrid capital	0		
Minority interest	8		
Market val. of investments	0		
Liquidity	223	No. of shares (m)	65.0
Equity Value	1,790	Value per share (EUR)	27.54

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
1.52	8.6 %	21.79	22.19	22.61	23.06	23.55	24.08	24.65	1.52	8.6 %	17.70	19.48	21.27	23.06	24.85	26.63	28.42
1.41	8.1 %	23.56	24.04	24.55	25.11	25.72	26.38	27.10	1.41	8.1 %	19.32	21.25	23.18	25.11	27.04	28.97	30.90
1.36	7.8 %	24.55	25.08	25.65	26.27	26.95	27.69	28.50	1.36	7.8 %	20.24	22.25	24.26	26.27	28.28	30.29	32.30
1.30	7.6 %	25.61	26.20	26.84	27.54	28.30	29.13	30.06	1.30	7.6 %	21.25	23.34	25.44	27.54	29.63	31.73	33.82
1.24	7.3 %	26.77	27.42	28.14	28.92	29.78	30.73	31.78	1.24	7.3 %	22.35	24.54	26.73	28.92	31.11	33.30	35.50
1.19	7.1 %	28.03	28.76	29.56	30.45	31.42	32.50	33.71	1.19	7.1 %	23.56	25.85	28.15	30.45	32.74	35.04	37.33
1.08	6.6 %	30.90	31.83	32.86	34.00	35.27	36.71	38.32	1.08	6.6 %	26.38	28.92	31.46	34.00	36.54	39.08	41.62

- For the coming years, high single digit growth is expected.
- Rising software sales should result in increasing margins at group level
- Existing tax-losses should decrease the tax-rate until 2022

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	20.4	29.4	48.5	49.5	52.0	71.4	87.8	
+ Depreciation + Amortisation	10.3	26.3	29.0	49.9	57.8	60.6	59.4	
- Net Interest Income	-4.0	-6.4	-5.2	-7.7	-7.8	-7.5	-7.5	
- Maintenance Capex	4.8	15.0	15.0	15.5	16.0	16.0	16.0	
+ Other	0.0	0.0	0.0	-9.5	-7.3	-10.0	-12.2	
= Free Cash Flow Potential	29.9	47.0	67.7	82.2	94.3	113.5	126.4	
FCF Potential Yield (on market EV)	9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.3 %	9.8 %	
WACC	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	
= Enterprise Value (EV)	311.6	640.4	1,334.2	1,388.0	1,428.2	1,373.7	1,296.7	
= Fair Enterprise Value	395.3	622.3	895.1	1,087.0	1,247.7	1,501.9	1,672.8	
- Net Debt (Cash)	41.3	41.3	41.3	41.3	63.2	8.8	-68.3	
- Pension Liabilities	9.4	9.4	9.4	9.4	9.4	9.4	9.4	
- 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	8.0	8.0	8.0	
+ Market value of investments	0.0	0.0	0.0	0.0	23.0	23.0	23.0	
= Fair Market Capitalisation	344.6	571.6	844.4	1,036.2	1,190.1	1,498.7	1,746.7	
Number of shares, average	44.0	52.5	64.3	65.9	65.0	65.0	65.0	
= Fair value per share (EUR)	7.83	10.88	13.13	15.73	18.31	23.06	26.87	
premium (-) / discount (+) in %					-9.1 %	14.5 %	33.4 %	
Sensitivity Fair value per Share (EUR)								
	10.56 %	3.57	6.07	9.08	11.19	12.86	16.49	19.56
	9.56 %	4.03	6.79	10.11	12.44	14.29	18.22	21.49
	8.56 %	4.59	7.68	11.38	13.99	16.07	20.36	23.86
WACC	7.56 %	5.30	8.79	12.99	15.94	18.31	23.06	26.87
	6.56 %	6.23	10.25	15.09	18.49	21.24	26.58	30.80
	5.56 %	7.49	12.24	17.95	21.96	25.22	31.37	36.13
	4.56 %	9.30	15.09	22.05	26.95	30.94	38.26	43.81

- The net income is being adjusted for the normalised tax rate (26%)
- The PV of existing tax losses (EUR 22m) is being included as an asset
- Maintenance CAPEX include capitalised development expenses
- Adjusted for IFRS 16 effect
- The value indication increases along with the positive margin development

Valuation	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	2.2 x	2.4 x	3.9 x	3.6 x	3.3 x	2.8 x	2.5 x
Book value per share ex intangibles	-0.60	1.82	2.25	1.16	1.28	2.39	3.51
EV / Sales	0.6 x	0.7 x	1.3 x	1.2 x	1.2 x	1.0 x	0.8 x
EV / EBITDA	9.1 x	9.4 x	14.7 x	12.4 x	11.3 x	9.1 x	7.7 x
EV / EBIT	12.9 x	15.3 x	21.7 x	22.5 x	20.9 x	15.2 x	11.8 x
EV / EBIT adj.*	14.7 x	14.9 x	22.3 x	23.8 x	18.7 x	13.9 x	11.2 x
P / FCF	6.9 x	45.2 x	235.0 x	26.2 x	31.9 x	18.5 x	14.4 x
P / E	22.9 x	32.4 x	30.6 x	27.1 x	25.5 x	18.6 x	15.1 x
P / E adj.*	29.0 x	30.9 x	31.5 x	29.0 x	25.5 x	18.6 x	15.1 x
Dividend Yield	1.3 %	0.9 %	0.7 %	0.8 %	1.0 %	1.2 %	1.5 %
FCF Potential Yield (on market EV)	9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.3 %	9.8 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	503.7	882.0	990.9	1,122.9	1,212.1	1,437.5	1,545.4
Change Sales yoy	7.6 %	75.1 %	12.3 %	13.3 %	7.9 %	18.6 %	7.5 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	2.8	13.4	15.1	15.5	16.0	16.0	16.0
Total Sales	506.5	895.3	1,006.0	1,138.4	1,228.1	1,453.5	1,561.4
Material expenses	334.8	567.0	644.3	715.4	751.5	898.5	964.3
Gross profit	171.7	328.3	361.7	423.1	476.6	555.1	597.1
<i>Gross profit margin</i>	<i>34.1 %</i>	<i>37.2 %</i>	<i>36.5 %</i>	<i>37.7 %</i>	<i>39.3 %</i>	<i>38.6 %</i>	<i>38.6 %</i>
Personnel expenses	93.5	179.4	194.6	245.2	271.5	313.4	333.8
Other operating income	6.1	8.5	7.5	8.0	6.4	7.2	7.7
Other operating expenses	50.0	89.4	84.0	74.2	85.5	97.8	102.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	34.4	68.1	90.5	111.7	126.0	151.1	169.0
<i>Margin</i>	<i>6.8 %</i>	<i>7.7 %</i>	<i>9.1 %</i>	<i>9.9 %</i>	<i>10.4 %</i>	<i>10.5 %</i>	<i>10.9 %</i>
Depreciation of fixed assets	3.5	7.4	8.2	25.9	30.8	33.6	34.4
EBITA	30.9	60.7	82.3	85.8	95.2	117.6	134.6
Amortisation of intangible assets	6.7	18.9	20.8	24.0	27.0	27.0	25.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	24.1	41.7	61.5	61.8	68.2	90.6	109.6
<i>Margin</i>	<i>4.8 %</i>	<i>4.7 %</i>	<i>6.2 %</i>	<i>5.5 %</i>	<i>5.6 %</i>	<i>6.3 %</i>	<i>7.1 %</i>
EBIT adj.	21.2	43.0	59.8	58.4	76.2	98.6	115.6
Interest income	0.3	0.6	1.0	1.3	2.0	0.5	0.5
Interest expenses	4.4	6.9	6.2	9.0	9.8	8.0	8.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	20.1	35.4	56.3	54.1	60.4	83.1	102.1
<i>Margin</i>	<i>4.0 %</i>	<i>4.0 %</i>	<i>5.7 %</i>	<i>4.8 %</i>	<i>5.0 %</i>	<i>5.8 %</i>	<i>6.6 %</i>
Total taxes	-0.3	6.0	7.9	4.6	8.5	11.6	14.3
Net income from continuing operations	20.4	29.4	48.5	49.5	52.0	71.4	87.8
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	20.4	29.4	48.5	49.5	52.0	71.4	87.8
Minority interest	5.8	6.9	3.5	0.4	0.9	1.5	1.5
Net income	14.6	22.5	45.0	49.1	51.0	70.0	86.3
<i>Margin</i>	<i>2.9 %</i>	<i>2.6 %</i>	<i>4.5 %</i>	<i>4.4 %</i>	<i>4.2 %</i>	<i>4.9 %</i>	<i>5.6 %</i>
Number of shares, average	44.0	52.5	64.3	65.9	65.0	65.0	65.0
EPS	0.33	0.43	0.70	0.75	0.79	1.08	1.33
EPS adj.	0.26	0.45	0.68	0.70	0.79	1.08	1.33

*Adjustments made for:

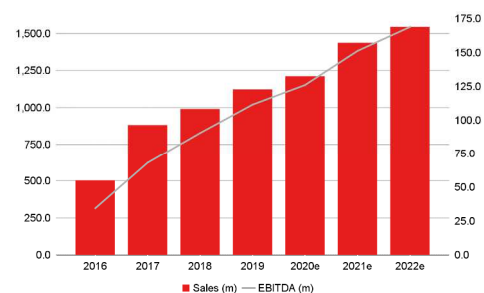
Guidance: 2020: Sales EUR 1.2bn; EBITDA EUR 122m

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	93.7 %	93.8 %	92.4 %	91.4 %	90.9 %	90.6 %	90.1 %
Operating Leverage	2.2 x	1.0 x	3.8 x	0.0 x	1.3 x	1.8 x	2.8 x
EBITDA / Interest expenses	7.9 x	9.8 x	14.7 x	12.4 x	12.9 x	18.9 x	21.1 x
Tax rate (EBT)	-1.6 %	17.0 %	14.0 %	8.4 %	14.0 %	14.0 %	14.0 %
Dividend Payout Ratio	21.5 %	23.3 %	21.2 %	21.3 %	25.0 %	22.7 %	22.2 %
Sales per Employee	215,250	358,964	384,085	414,531	426,145	481,347	492,807

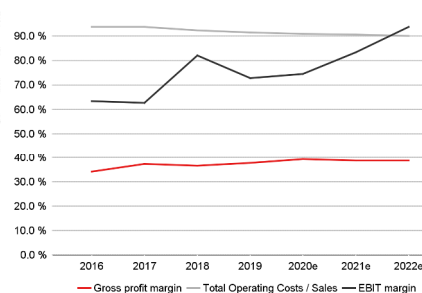
Sales, EBITDA

in EUR m

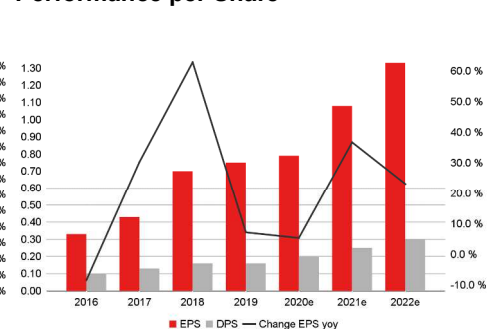


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

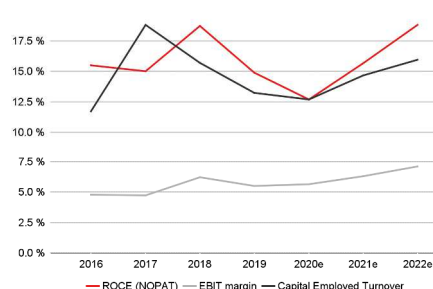
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	183.2	189.9	207.6	294.9	319.4	313.4	309.4
thereof other intangible assets	183.2	85.0	37.6	47.0	69.5	63.5	59.5
thereof Goodwill	0.0	104.9	120.0	194.4	194.4	194.4	194.4
Property, plant and equipment	27.5	31.9	37.1	99.8	92.5	68.5	44.1
Financial assets	12.1	17.5	17.7	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	222.8	239.3	262.4	394.7	411.9	381.8	353.4
Inventories	84.9	104.0	130.8	146.8	155.4	182.0	193.2
Accounts receivable	168.6	172.4	207.0	242.7	249.1	291.4	321.8
Liquid assets	125.6	216.9	171.8	312.3	281.4	326.8	394.9
Other short-term assets	66.9	72.1	76.1	129.3	129.3	129.3	129.3
Current assets	445.9	565.5	585.6	831.0	815.2	929.5	1,039.2
Total Assets	668.7	804.8	847.9	1,225.7	1,227.1	1,311.3	1,392.6
Liabilities and shareholders' equity							
Subscribed capital	48.9	63.4	66.1	66.1	66.1	66.1	66.1
Capital reserve	44.9	167.8	177.4	170.1	170.1	170.1	170.1
Retained earnings	61.9	79.5	116.2	154.7	195.1	251.7	321.3
Other equity components	-1.8	-5.7	-3.7	-18.2	-26.2	-14.8	-13.3
Shareholders' equity	154.0	305.1	356.0	372.7	405.0	473.0	544.1
Minority interest	87.0	26.7	11.3	12.4	12.4	12.4	12.4
Total equity	241.1	331.9	367.3	385.1	417.4	485.4	556.5
Provisions	50.7	57.9	42.6	84.3	64.3	64.3	64.3
thereof provisions for pensions and similar obligations	11.6	1.8	1.7	9.4	9.4	9.4	9.4
Financial liabilities (total)	93.6	123.9	127.2	353.6	344.6	335.6	326.6
thereof short-term financial liabilities	19.5	46.4	39.6	62.8	62.8	62.8	62.8
Accounts payable	134.3	154.9	177.0	205.0	215.8	256.0	275.2
Other liabilities	149.1	136.3	133.9	197.7	185.0	170.0	170.0
Liabilities	427.7	473.0	480.7	840.7	809.8	826.0	836.2
Total liabilities and shareholders' equity	668.7	804.8	847.9	1,225.7	1,227.1	1,311.3	1,392.6

Financial Ratios

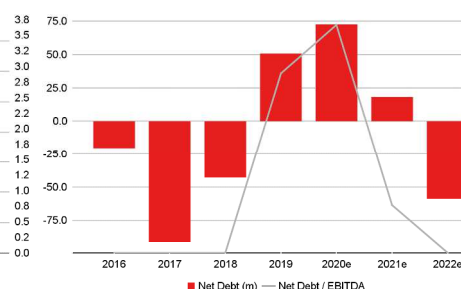
	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.7 x	6.1 x	6.2 x	5.3 x	5.7 x	6.7 x	7.2 x
Capital Employed Turnover	2.3 x	3.7 x	3.1 x	2.6 x	2.5 x	2.9 x	3.1 x
ROA	6.5 %	9.4 %	17.1 %	12.4 %	12.4 %	18.3 %	24.4 %
Return on Capital							
ROCE (NOPAT)	15.5 %	15.0 %	18.7 %	14.9 %	12.7 %	15.7 %	18.8 %
ROE	11.5 %	9.8 %	13.6 %	13.5 %	13.1 %	15.9 %	17.0 %
Adj. ROE	9.2 %	10.3 %	13.2 %	12.6 %	13.1 %	15.9 %	17.0 %
Balance sheet quality							
Net Debt	-20.3	-91.2	-42.8	50.7	72.6	18.2	-58.9
Net Financial Debt	-32.0	-93.1	-44.6	41.3	63.2	8.8	-68.3
Net Gearing	-8.4 %	-27.5 %	-11.7 %	13.2 %	17.4 %	3.7 %	-10.6 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	37.0 %	50.2 %	5.8 %	n.a.
Book Value / Share	3.1	4.8	5.4	5.6	6.1	7.1	8.1
Book value per share ex intangibles	-0.6	1.8	2.2	1.2	1.3	2.4	3.5

ROCE Development



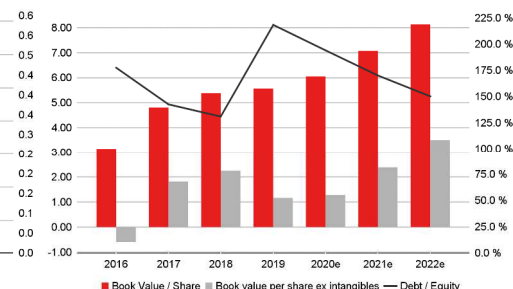
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

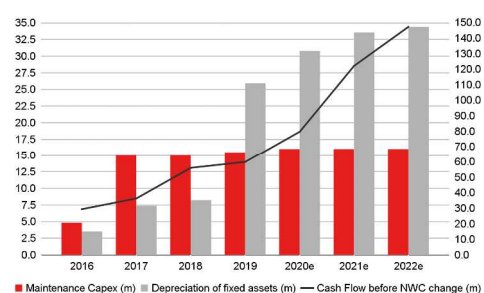
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	20.4	29.4	48.5	49.5	52.0	71.4	87.8
Depreciation of fixed assets	3.5	7.4	8.2	25.9	30.8	33.6	34.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.7	18.9	20.8	24.0	27.0	27.0	25.0
Increase/decrease in long-term provisions	0.0	0.0	-0.1	-31.9	0.0	0.0	0.0
Other non-cash income and expenses	-1.4	-19.3	-21.3	-7.6	-30.0	-10.0	0.0
Cash Flow before NWC change	29.3	36.4	56.1	59.9	79.8	122.0	147.2
Increase / decrease in inventory	9.3	-17.9	-4.1	-1.4	-8.6	-26.6	-11.2
Increase / decrease in accounts receivable	-1.5	5.5	-23.1	49.7	-6.4	-42.3	-30.4
Increase / decrease in accounts payable	20.3	15.2	2.1	-30.0	7.1	40.2	19.2
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	10.0	0.0
Increase / decrease in working capital (total)	28.2	2.8	-25.1	18.3	-8.0	-18.7	-22.4
Net cash provided by operating activities [1]	57.5	39.2	31.0	78.2	71.8	103.3	124.8
Investments in intangible assets	-6.0	-17.5	-18.1	-18.6	-21.0	-21.0	-21.0
Investments in property, plant and equipment	-3.5	-11.8	-7.7	-8.5	-8.5	-9.5	-10.0
Payments for acquisitions	59.2	-11.8	-50.4	-40.5	-53.5	-5.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	3.2	1.1	1.1	2.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	53.1	-33.7	-74.4	-65.4	-83.0	-35.5	-31.0
Change in financial liabilities	39.8	28.8	1.2	128.1	-9.0	-9.0	-9.0
Dividends paid	-3.5	-4.9	-8.3	-10.6	-10.7	-13.4	-16.7
Purchase of own shares	0.0	0.0	0.0	-14.6	0.0	0.0	0.0
Capital measures	44.0	86.9	2.2	0.0	0.0	0.0	0.0
Other	-4.3	-11.6	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	75.9	99.2	-5.0	102.9	-19.7	-22.4	-25.7
Change in liquid funds [1]+[2]+[3]	186.5	104.7	-48.4	115.7	-30.9	45.4	68.1
Effects of exchange-rate changes on cash	0.0	0.0	0.3	1.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	246.8	230.2	168.8	288.6	281.4	326.8	394.9

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	48.2	16.2	5.9	51.1	42.3	72.8	93.8
Free Cash Flow / Sales	9.6 %	1.8 %	0.6 %	4.5 %	3.5 %	5.1 %	6.1 %
Free Cash Flow Potential	29.9	47.0	67.7	82.2	94.3	113.5	126.4
Free Cash Flow / Net Profit	330.4 %	71.9 %	13.0 %	104.0 %	82.9 %	104.0 %	108.7 %
Interest Received / Avg. Cash	0.4 %	0.3 %	0.5 %	0.5 %	0.7 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	6.0 %	6.4 %	4.9 %	3.7 %	2.8 %	2.4 %	2.4 %
Management of Funds							
Investment ratio	1.9 %	3.3 %	2.6 %	2.4 %	2.4 %	2.1 %	2.0 %
Maint. Capex / Sales	1.0 %	1.7 %	1.5 %	1.4 %	1.3 %	1.1 %	1.0 %
Capex / Dep	92.4 %	111.1 %	89.0 %	54.3 %	51.0 %	50.4 %	52.2 %
Avg. Working Capital / Sales	14.8 %	12.5 %	11.9 %	10.4 %	9.5 %	9.3 %	10.3 %
Trade Debtors / Trade Creditors	125.5 %	111.3 %	117.0 %	118.4 %	115.4 %	113.8 %	116.9 %
Inventory Turnover	3.9 x	5.5 x	4.9 x	4.9 x	4.8 x	4.9 x	5.0 x
Receivables collection period (days)	122	71	76	79	75	74	76
Payables payment period (days)	146	100	100	105	105	104	104
Cash conversion cycle (Days)	58	32	29	12	12	15	18

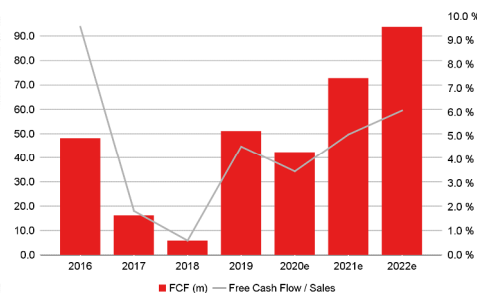
CAPEX and Cash Flow

in EUR m



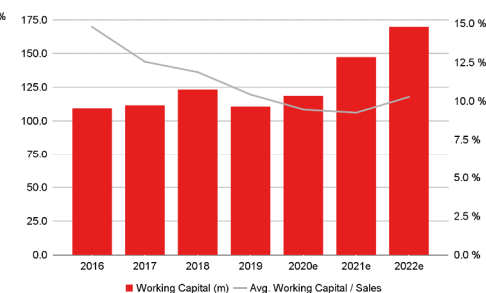
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
S&T AG	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/AT0000A0E9W5.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	129	63
Hold	60	29
Sell	8	4
Rating suspended	7	3
Total	204	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	80
Hold	6	13
Sell	0	0
Rating suspended	3	7
Total	46	100

PRICE AND RATING HISTORY S&T AG AS OF 20.01.2021


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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