

H&A FIRST TAKE

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23-January-19

FY'19E guidance out; we see upside to EBITDA exp.

- **S&T today issued an initial FY'19E guidance of € 1.1bn sales (+10% yoy) and >€ 100m EBITDA (>+15% yoy)**, which is in-line with consensus (€ 1.11bn sales / € 102m EBITDA). Importantly, management has a record of guiding conservatively, **hence there should be upside to this initial outlook**. Our sales estimates are in-line with guidance (€ 1.12bn); however, we are **more bullish on the bottom-line** (eH&A: € 107m EBITDA). **News flow hence looks set to remain positive.**
- **Key reasons for our more bullish take on EBITDA:** (i) High-margin IoT Solutions (40% of sales / 13%+ EBITDA margin) continue their winning streak. Latest project wins reflect ongoing success in **promising new applications** including Avionics (€ 20m order from Asian airline / i.e. 50% of 2018E total avionics sales) and autonomous driving (€ 5m order from US player). (ii) Margin upside for Embedded Systems (20% of sales / 7-8% EBITDA margin) due to synergies in North America (USA / Canada) as well as value-add from new software features.
- Management confirms that recently raised targets for FY'18 of c. € 1bn sales and € 88m EBITDA have been reached (€ 1bn sales; € 88m EBITDA / fully in-line). For Q4'18, this implies c. 15% yoy sales growth and c. 25% EBITDA growth, with the Q4 EBITDA margin reaching a new record of c. 9.1%, in our view. **Current trading looks healthy** and S&T should have **strong visibility on the next two quarters** as well as solid visibility on the next twelve months due to a € 600m order backlog and € 1.5bn project pipeline.

Remains a BUY with a € 28.50 PT based on DCF yielding some 50% upside.

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Buy

Price target: EUR 28.50

Price: EUR 17.85

Close price as of: 16.11.2018

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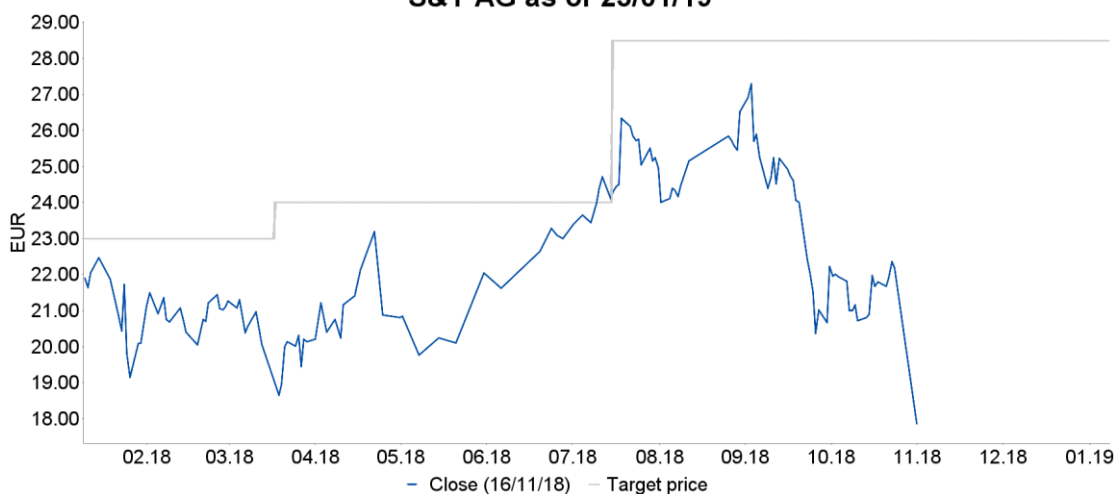
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Company	Disclosure
S&T AG	3

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

**Price and Rating History
S&T AG as of 23/01/19**

Initiation coverage
30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	10.01.2019	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 17,85
	17.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 26,92
	03.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	28.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	07.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,84
	31.07.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 24,30

10.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,28
03.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 21,62
07.06.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 20,10
07.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,20
02.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 22,14
11.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 19,45
03.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 18,66

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Buy	65.90 %	90.00 %
Sell	12.14 %	0.00 %
Hold	21.97 %	10.00 %

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