

**Buy** (old: Buy)

**Price target: EUR 28.00** (old: EUR 30.00)

<b>Price:</b>	EUR 14.08	<b>Next result:</b>	Q4'19 26.03.20
<b>Bloomberg:</b>	SANT GR	<b>Market cap:</b>	EUR 925.3 m
<b>Reuters:</b>	SANT1.DE	<b>Enterprise Value:</b>	EUR 858.4 m

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## Time to take a deep breath... / chg.

There is an opportunity in every crisis. For S&T, it is the **exposure to medical applications**, which should explain € 150m revenue per year, or almost 15% of sales.

Indeed, key medical client Dräger has just this week received a COVID-related order for > 6,500 respirators. **This should directly benefit S&T**, which makes the “electronic brain” for the respirator – in essence, an embedded system with IoT functionality.

The order **should be worth more than € 10m for S&T**, assuming a typical selling price of € 2,000 per embedded system, and billed before the end of April, in our view.

But there is more:

- The medical customer base is seen to comprise the likes of Maquet, GE Healthcare and Philips, which **should also see brisk demand growth** as COVID-19 has exposed equipment shortages in hospitals.
- Selected industrial customers are looking to **accelerate the implementation of embedded solutions** during shutdowns. For instance, an avionics customer wants to use the downtime of its fleet to pull forward a whole year worth of orders.
- The widespread need to work from home amidst the COVID outbreak has triggered **investments into mobility and security solutions**, benefitting S&T's IT Service business (40% of sales).

Still, with the global economy set to take a nosedive amidst shutdowns / lockdowns, **we turn more cautious on S&T's growth prospects for this year**. While supply disruptions (Foxconn) are seen to hurt Q1 sales by € 5-8m, profound demand weakness should take a toll especially on Q2 results: we now expect revenues in Q2 to dip by approx. 7% yoy (-13% yoy organically).

**Action:** 2020E estimates are cut by 8% (sales) and 22% (EBIT) to account for temporary demand weakness and higher D&A. While 2021E estimates are also trimmed, the cut is less severe, reflecting stronger demand from medical customers and catch-up effects.

**Reiterate BUY with a new PT of € 28.00** (DCF): exposure to secular growth drivers such as IoT explain the appeal of the investment case, and the current share price weakness provides an attractive risk/reward entry point.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019P	2020E	2021E
Sales	468.2	503.7	882.0	990.9	1,145.0	1,205.0	1,361.7
yoy	21 %	8 %	75 %	12 %	16 %	5 %	13 %
EBITDA	28.4	34.4	68.1	90.5	105.0	113.9	142.3
EBIT	20.6	24.1	41.7	61.5	62.9	69.2	97.0
Net income	15.8	14.6	22.5	45.0	50.2	55.4	80.1
Net debt	-9.4	-32.0	-101.8	-52.7	-81.7	-130.1	-184.8
Net gearing	-9.4 %	-20.7 %	-33.4 %	-14.8 %	-20.6 %	-29.6 %	-36.4 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.36	0.30	0.51	0.68	0.76	0.84	1.21
CPS	0.50	1.12	0.52	0.35	0.89	1.13	1.29
DPS	0.08	0.10	0.13	0.16	0.17	0.19	0.27
Dividend yield	0.6 %	0.7 %	0.9 %	1.1 %	1.2 %	1.3 %	1.9 %
Gross profit margin	34.3 %	33.9 %	36.7 %	36.0 %	38.9 %	39.2 %	39.5 %
EBITDA margin	6.1 %	6.8 %	7.7 %	9.1 %	9.2 %	9.5 %	10.5 %
EBIT margin	4.4 %	4.8 %	4.7 %	6.2 %	5.5 %	5.7 %	7.1 %
ROCE	13.8 %	8.8 %	9.4 %	11.9 %	11.2 %	11.9 %	15.0 %
EV/sales	1.3	1.3	0.9	0.9	0.7	0.7	0.6
EV/EBITDA	21.1	19.0	11.9	9.8	8.2	7.1	5.3
EV/EBIT	29.0	27.1	19.3	14.4	13.6	11.7	7.8
PER	39.0	46.3	27.5	20.6	18.4	16.7	11.5
Adjusted FCF yield	3.5 %	3.3 %	5.5 %	7.6 %	9.9 %	11.1 %	15.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 17.03.2020



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 25.90 / 14.08

**Price/Book Ratio:** 2.4

**Relative performance** (TecDAX):

3 months -9.1 %

6 months -10.4 %

12 months -

## Changes in estimates

		Sales	EBIT	EPS
2019	<b>old:</b>			
	Δ			
2020	<b>old:</b>	1,311.0	88.2	1.13
	Δ	-8.1%	-21.6%	-25.6%
2021	<b>old:</b>	1,435.5	113.0	1.47
	Δ	-5.1%	-14.2%	-17.7%

## Key share data:

Number of shares: (in m pcs) 66.1  
 Authorised capital: (in € m) 12.1  
 Book value per share: (in €) 6.0  
 Ø trading volume: (12 months) 60,000

## Major shareholders:

Free Float 64.0 %  
 Ennoconn 26.4 %  
 AGI 3.9 %  
 JP Morgan 3.9 %  
 CEO (incl. in Free Float) 1.9 %

## Company description:

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

## Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net sales</b>	<b>468.2</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,145.0</b>	<b>1,205.0</b>	<b>1,361.7</b>
-	21.4 %	7.6 %	75.1 %	12.3 %	15.6 %	5.2 %	13.0 %
Increase/decrease in finished goods and work-in-process	2.7	2.8	13.4	15.1	11.5	12.1	13.6
<b>Total sales</b>	<b>470.9</b>	<b>506.5</b>	<b>895.3</b>	<b>1,006.0</b>	<b>1,156.5</b>	<b>1,217.1</b>	<b>1,375.3</b>
Other operating income	6.3	6.1	8.5	7.5	4.6	4.2	4.8
Material expenses	309.3	334.8	567.0	644.3	706.5	739.9	832.0
Personnel expenses	89.5	93.5	179.4	194.6	271.6	285.6	315.9
Other operating expenses	50.0	50.0	89.4	84.0	78.0	81.9	89.9
Total operating expenses	442.6	472.1	827.3	915.4	1,051.5	1,103.2	1,233.0
<b>EBITDA</b>	<b>28.4</b>	<b>34.4</b>	<b>68.1</b>	<b>90.5</b>	<b>105.0</b>	<b>113.9</b>	<b>142.3</b>
Depreciation	7.7	10.3	7.4	29.0	11.4	11.7	12.3
<b>EBITA</b>	<b>20.6</b>	<b>24.1</b>	<b>60.7</b>	<b>61.5</b>	<b>93.6</b>	<b>102.2</b>	<b>130.0</b>
Amortisation of goodwill	0.0	0.0	0.0	n/a	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	18.9	n/a	30.7	33.0	33.0
Impairment charges	0.0	0.0	0.0	n/a	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>20.6</b>	<b>24.1</b>	<b>41.7</b>	<b>61.5</b>	<b>62.9</b>	<b>69.2</b>	<b>97.0</b>
Interest income	0.3	0.3	0.6	1.0	0.6	0.7	1.5
Interest expenses	3.0	4.4	6.9	6.2	5.2	5.6	5.6
Other financial result	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.2	-4.0	-6.4	-5.2	-4.6	-4.8	-4.1
<b>Recurring pretax income from continuing operations</b>	<b>18.4</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>58.3</b>	<b>64.3</b>	<b>92.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>18.4</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>58.3</b>	<b>64.3</b>	<b>92.9</b>
Taxes	0.8	-0.3	6.0	7.9	7.6	8.4	12.1
<b>Net income from continuing operations</b>	<b>17.6</b>	<b>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>50.7</b>	<b>56.0</b>	<b>80.8</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>17.6</b>	<b>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>50.7</b>	<b>56.0</b>	<b>80.8</b>
Minority interest	1.8	5.8	6.9	3.5	0.6	0.6	0.7
<b>Net profit (reported)</b>	<b>15.8</b>	<b>14.6</b>	<b>22.5</b>	<b>45.0</b>	<b>50.2</b>	<b>55.4</b>	<b>80.1</b>
Average number of shares	43.5	44.2	52.5	66.1	66.1	66.1	66.1
<b>EPS reported</b>	<b>0.36</b>	<b>0.33</b>	<b>0.43</b>	<b>0.68</b>	<b>0.76</b>	<b>0.84</b>	<b>1.21</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<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	0.6 %	0.6 %	1.5 %	1.5 %	1.0 %	1.0 %	1.0 %
<b>Total sales</b>	<b>100.6 %</b>	<b>100.6 %</b>	<b>101.5 %</b>	<b>101.5 %</b>	<b>101.0 %</b>	<b>101.0 %</b>	<b>101.0 %</b>
Other operating income	1.3 %	1.2 %	1.0 %	0.8 %	0.4 %	0.4 %	0.4 %
Material expenses	66.1 %	66.5 %	64.3 %	65.0 %	61.7 %	61.4 %	61.1 %
Personnel expenses	19.1 %	18.6 %	20.3 %	19.6 %	23.7 %	23.7 %	23.2 %
Other operating expenses	10.7 %	9.9 %	10.1 %	8.5 %	6.8 %	6.8 %	6.6 %
Total operating expenses	94.5 %	93.7 %	93.8 %	92.4 %	91.8 %	91.6 %	90.6 %
<b>EBITDA</b>	<b>6.1 %</b>	<b>6.8 %</b>	<b>7.7 %</b>	<b>9.1 %</b>	<b>9.2 %</b>	<b>9.4 %</b>	<b>10.5 %</b>
Depreciation	1.7 %	2.0 %	0.8 %	2.9 %	1.0 %	1.0 %	0.9 %
<b>EBITA</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>6.9 %</b>	<b>6.2 %</b>	<b>8.2 %</b>	<b>8.5 %</b>	<b>9.5 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	2.1 %	n/a	2.7 %	2.7 %	2.4 %
Impairment charges	0.0 %	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>4.7 %</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>5.7 %</b>	<b>7.1 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.6 %	0.9 %	0.8 %	0.6 %	0.5 %	0.5 %	0.4 %
Other financial result	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>5.1 %</b>	<b>5.3 %</b>	<b>6.8 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.9 %</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>5.1 %</b>	<b>5.3 %</b>	<b>6.8 %</b>
Tax rate	4.3 %	-1.6 %	17.0 %	14.0 %	13.0 %	13.0 %	13.0 %
<b>Net income from continuing operations</b>	<b>3.8 %</b>	<b>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.6 %</b>	<b>5.9 %</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>3.8 %</b>	<b>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.6 %</b>	<b>5.9 %</b>
Minority interest	0.4 %	1.2 %	0.8 %	0.4 %	0.1 %	0.1 %	0.1 %
<b>Net profit (reported)</b>	<b>3.4 %</b>	<b>2.9 %</b>	<b>2.6 %</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>4.6 %</b>	<b>5.9 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>72.8</b>	<b>183.2</b>	<b>189.9</b>	<b>207.6</b>	<b>193.6</b>	<b>174.5</b>	<b>156.5</b>
Property, plant and equipment	15.2	27.5	31.9	37.1	41.1	47.5	54.9
Financial assets	3.1	12.1	17.6	0.3	0.3	0.3	0.3
<b>FIXED ASSETS</b>	<b>91.0</b>	<b>222.8</b>	<b>239.4</b>	<b>244.9</b>	<b>235.0</b>	<b>222.3</b>	<b>211.7</b>
Inventories	28.7	84.9	104.0	130.8	150.7	158.6	179.2
Accounts receivable	86.4	168.6	172.4	202.7	234.2	246.4	278.5
Other current assets	36.7	41.5	43.5	68.0	69.7	71.5	73.3
Liquid assets	60.3	125.6	216.9	171.8	221.3	269.7	324.4
Deferred taxes	15.9	25.4	28.6	29.8	29.8	29.8	29.8
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>228.0</b>	<b>445.9</b>	<b>565.5</b>	<b>603.0</b>	<b>705.7</b>	<b>776.0</b>	<b>885.1</b>
<b>TOTAL ASSETS</b>	<b>319.1</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>940.7</b>	<b>998.2</b>	<b>1,096.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>99.8</b>	<b>154.0</b>	<b>305.1</b>	<b>356.0</b>	<b>395.5</b>	<b>439.6</b>	<b>507.5</b>
<b>MINORITY INTEREST</b>	<b>2.4</b>	<b>87.0</b>	<b>26.7</b>	<b>11.3</b>	<b>11.3</b>	<b>11.3</b>	<b>11.3</b>
Long-term debt	28.1	74.2	68.7	79.4	100.0	100.0	100.0
Provisions for pensions and similar obligations	2.5	11.6	21.2	14.6	14.8	14.9	15.0
Other provisions	6.0	39.1	36.7	28.0	28.8	29.7	30.6
<b>Non-current liabilities</b>	<b>36.5</b>	<b>124.8</b>	<b>126.6</b>	<b>122.0</b>	<b>143.6</b>	<b>144.6</b>	<b>145.7</b>
short-term liabilities to banks	22.9	19.5	46.4	39.6	39.6	39.6	39.6
Accounts payable	70.1	134.3	154.9	177.0	204.5	215.2	243.2
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)	85.9	143.7	135.6	129.4	133.3	133.3	133.3
Deferred taxes	1.4	5.4	9.5	12.6	12.9	14.6	16.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>180.3</b>	<b>302.8</b>	<b>346.4</b>	<b>358.6</b>	<b>390.3</b>	<b>402.7</b>	<b>432.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>319.1</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>940.8</b>	<b>998.3</b>	<b>1,096.8</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>22.8 %</b>	<b>27.4 %</b>	<b>23.6 %</b>	<b>24.5 %</b>	<b>20.6 %</b>	<b>17.5 %</b>	<b>14.3 %</b>
Property, plant and equipment	4.7 %	4.1 %	4.0 %	4.4 %	4.4 %	4.8 %	5.0 %
Financial assets	1.0 %	1.8 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>28.5 %</b>	<b>33.3 %</b>	<b>29.7 %</b>	<b>28.9 %</b>	<b>25.0 %</b>	<b>22.3 %</b>	<b>19.3 %</b>
Inventories	9.0 %	12.7 %	12.9 %	15.4 %	16.0 %	15.9 %	16.3 %
Accounts receivable	27.1 %	25.2 %	21.4 %	23.9 %	24.9 %	24.7 %	25.4 %
Other current assets	11.5 %	6.2 %	5.4 %	8.0 %	7.4 %	7.2 %	6.7 %
Liquid assets	18.9 %	18.8 %	27.0 %	20.3 %	23.5 %	27.0 %	29.6 %
Deferred taxes	5.0 %	3.8 %	3.6 %	3.5 %	3.2 %	3.0 %	2.7 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>71.5 %</b>	<b>66.7 %</b>	<b>70.3 %</b>	<b>71.1 %</b>	<b>75.0 %</b>	<b>77.7 %</b>	<b>80.7 %</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>
<b>SHAREHOLDERS EQUITY</b>	<b>31.3 %</b>	<b>23.0 %</b>	<b>37.9 %</b>	<b>42.0 %</b>	<b>42.0 %</b>	<b>44.0 %</b>	<b>46.3 %</b>
<b>MINORITY INTEREST</b>	<b>0.8 %</b>	<b>13.0 %</b>	<b>3.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>	<b>1.1 %</b>	<b>1.0 %</b>
Long-term debt	8.8 %	11.1 %	8.5 %	9.4 %	10.6 %	10.0 %	9.1 %
Provisions for pensions and similar obligations	0.8 %	1.7 %	2.6 %	1.7 %	1.6 %	1.5 %	1.4 %
Other provisions	1.9 %	5.8 %	4.6 %	3.3 %	3.1 %	3.0 %	2.8 %
<b>Non-current liabilities</b>	<b>11.5 %</b>	<b>18.7 %</b>	<b>15.7 %</b>	<b>14.4 %</b>	<b>15.3 %</b>	<b>14.5 %</b>	<b>13.3 %</b>
short-term liabilities to banks	7.2 %	2.9 %	5.8 %	4.7 %	4.2 %	4.0 %	3.6 %
Accounts payable	22.0 %	20.1 %	19.2 %	20.9 %	21.7 %	21.6 %	22.2 %
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)	26.9 %	21.5 %	16.9 %	15.3 %	14.2 %	13.4 %	12.2 %
Deferred taxes	0.5 %	0.8 %	1.2 %	1.5 %	1.4 %	1.5 %	1.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>56.5 %</b>	<b>45.3 %</b>	<b>43.0 %</b>	<b>42.3 %</b>	<b>41.5 %</b>	<b>40.3 %</b>	<b>39.4 %</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)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	17.6	20.4	29.4	48.5	50.7	56.0	80.8
Depreciation of fixed assets (incl. leases)	7.7	10.3	7.4	29.9	11.4	11.7	12.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	18.9	0.0	30.7	33.0	33.0
Others	-5.2	-1.9	-13.6	-17.7	2.8	0.3	0.1
Cash flow from operations before changes in w/c	20.2	28.9	42.1	60.7	95.7	101.0	126.3
Increase/decrease in inventory	1.3	9.3	-17.9	-4.1	-19.9	-7.9	-20.6
Increase/decrease in accounts receivable	9.2	-1.5	5.5	-23.1	-31.5	-12.3	-32.0
Increase/decrease in accounts payable	-4.1	20.3	15.2	2.1	27.5	10.7	28.0
Increase/decrease in other working capital positions	0.0	4.4	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	6.5	32.5	2.8	-25.1	-23.9	-9.4	-24.7
<b>Cash flow from operating activities</b>	<b>26.7</b>	<b>61.4</b>	<b>44.9</b>	<b>35.5</b>	<b>71.8</b>	<b>91.6</b>	<b>101.6</b>
CAPEX	9.5	9.3	23.0	25.1	29.2	31.9	34.7
Payments for acquisitions	0.4	59.2	11.5	39.6	3.0	0.0	0.0
Financial investments	0.6	4.3	5.7	-0.5	0.0	0.0	0.0
Income from asset disposals	0.9	-0.9	1.2	1.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-9.6</b>	<b>-73.6</b>	<b>-39.1</b>	<b>-63.1</b>	<b>-32.2</b>	<b>-31.9</b>	<b>-34.7</b>
Cash flow before financing	17.1	-12.2	5.8	-27.6	39.6	59.6	66.9
Increase/decrease in debt position	6.1	39.8	28.8	1.2	20.6	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	44.0	86.9	2.2	0.0	0.0	0.0
Dividends paid	3.1	3.5	4.9	8.3	10.6	11.2	12.3
Others	-3.8	-8.5	-17.7	-15.9	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.5	0.0	-2.0	0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.7</b>	<b>71.8</b>	<b>93.1</b>	<b>-20.9</b>	<b>10.0</b>	<b>-11.2</b>	<b>-12.3</b>
Increase/decrease in liquid assets	16.8	59.5	97.0	-48.2	49.6	48.4	54.6
<b>Liquid assets at end of period</b>	<b>60.3</b>	<b>125.6</b>	<b>216.9</b>	<b>171.8</b>	<b>221.3</b>	<b>269.7</b>	<b>324.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Domestic	52.4	60.1	108.3	98.4	104.2	102.4	108.9
yoy change	-19.5 %	14.8 %	80.1 %	-9.1 %	5.9 %	-1.7 %	6.4 %
Rest of Europe	184.3	166.3	242.7	300.0	343.5	359.1	399.0
yoy change	-42.5 %	-9.8 %	46.0 %	23.6 %	14.5 %	4.5 %	11.1 %
NAFTA	n/a	n/a	132.1	133.2	155.7	171.1	200.2
yoy change	n/a	n/a	n/a	0.8 %	16.9 %	9.9 %	17.0 %
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	231.5	277.3	398.9	459.4	541.6	572.4	653.6
yoy change	n/a	19.8 %	43.8 %	15.2 %	17.9 %	5.7 %	14.2 %
<b>TTL</b>	<b>468.2</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,145.0</b>	<b>1,205.0</b>	<b>1,361.7</b>
yoy change	21.4 %	7.6 %	75.1 %	12.3 %	15.6 %	5.2 %	13.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
-	21.4 %	7.6 %	75.1 %	12.3 %	15.6 %	5.2 %	13.0 %
EBITDA growth	23.9 %	21.3 %	97.9 %	33.0 %	16.0 %	25.8 %	35.5 %
EBIT growth	24.1 %	16.9 %	73.1 %	47.3 %	2.3 %	12.5 %	54.2 %
EPS growth	15.3 %	-9.3 %	29.9 %	58.9 %	11.5 %	23.1 %	59.8 %
<b>Efficiency</b>							
Total operating costs / sales	94.5 %	93.7 %	93.8 %	92.4 %	91.8 %	91.6 %	90.6 %
Sales per employee	209.9	223.6	306.0	254.1	265.0	277.4	310.4
EBITDA per employee	12.7	15.3	23.6	23.2	24.3	26.2	32.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	10.3 %	16.3 %	13.6 %	14.0 %	14.7 %	14.4 %	14.5 %
Inventory turnover (sales/inventory)	16.3	5.9	8.5	7.6	7.6	7.6	7.6
Trade debtors in days of sales	67.4	122.2	71.3	74.6	74.6	74.6	74.6
A/P turnover [(A/P*365)/sales]	54.6	97.3	64.1	65.2	65.2	65.2	65.2
Cash conversion cycle (days)	18.6	68.3	38.6	48.5	46.8	46.7	46.6
<b>Cash flow analysis</b>							
Free cash flow	17.2	52.1	21.9	10.4	42.6	59.6	66.9
Free cash flow/sales	3.7 %	10.3 %	2.5 %	1.1 %	3.7 %	4.9 %	4.9 %
FCF / net profit	108.6 %	357.3 %	97.3 %	23.2 %	84.9 %	107.7 %	83.4 %
Capex / depre	130.9 %	131.5 %	109.2 %	82.3 %	69.4 %	71.4 %	76.6 %
Capex / maintenance capex	n/a	0.0 %	145.7 %	n/a	118.9 %	108.9 %	118.9 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-9.4	-32.0	-101.8	-52.7	-81.7	-130.1	-184.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	6.9	5.5	6.0	10.0	12.2	12.4	17.4
Dividend payout ratio	21.9 %	33.1 %	36.6 %	23.5 %	22.4 %	22.1 %	22.1 %
<b>Asset utilisation</b>							
Capital employed turnover	2.9	1.3	1.7	1.9	1.9	1.9	1.9
Operating assets turnover	7.8	3.4	5.7	5.1	5.2	5.1	5.1
Plant turnover	30.9	18.3	27.7	26.7	27.8	25.4	24.8
Inventory turnover (sales/inventory)	16.3	5.9	8.5	7.6	7.6	7.6	7.6
<b>Returns</b>							
ROCE	13.8 %	8.8 %	9.4 %	11.9 %	11.2 %	11.9 %	15.0 %
ROE	15.9 %	9.5 %	7.4 %	12.6 %	12.7 %	12.6 %	15.8 %
<b>Other</b>							
Interest paid / avg. debt	6.5 %	6.0 %	6.6 %	5.3 %	4.0 %	4.3 %	4.0 %
No. employees (average)	2230	2252	2882	3900	4322	4343	4387
Number of shares	43.5	44.2	52.5	66.1	66.1	66.1	66.1
DPS	0.1	0.1	0.1	0.2	0.2	0.2	0.3
EPS reported	0.36	0.33	0.43	0.68	0.76	0.84	1.21
<b>Valuation ratios</b>							
P/BV	6.2	4.4	2.9	2.6	2.3	2.1	1.8
EV/sales	1.3	1.3	0.9	0.9	0.7	0.7	0.6
EV/EBITDA	21.1	19.0	11.9	9.8	8.2	7.1	5.3
EV/EBITA	29.0	27.1	13.3	14.4	9.2	7.9	5.8
EV/EBIT	29.0	27.1	19.3	14.4	13.6	11.7	7.8
EV/FCF	34.8	12.6	36.9	85.0	20.2	13.6	11.3
Adjusted FCF yield	3.5 %	3.3 %	5.5 %	7.6 %	9.9 %	11.1 %	15.2 %
Dividend yield	0.6 %	0.7 %	0.9 %	1.1 %	1.2 %	1.3 %	1.9 %

Source: Company data, Hauck & Aufhäuser

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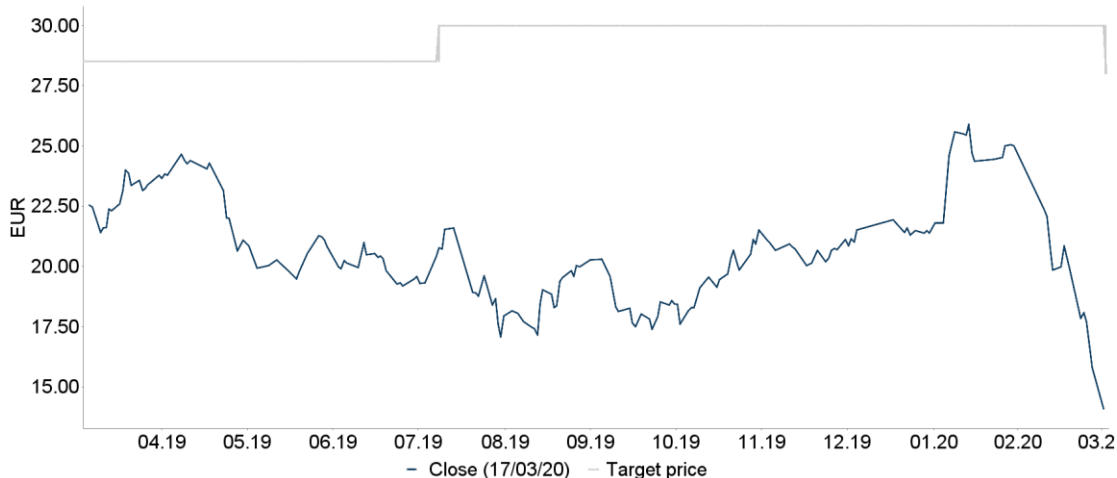
Company	Disclosure
S&T AG	3

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

#### Price and Rating History S&T AG as of 18/03/20

Initiation coverage

30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	03.03.2020	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 20,86
	04.11.2019	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 19,68
	25.07.2019	Wunderlich, CFA, Tim	Buy	EUR 30,00	EUR 20,72
	18.06.2019	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 19,98
	01.04.2019	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 22,60

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