

H&A FIRST TAKE

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04-May-20

New guidance out – Remains a high conviction idea

S&T issues a new guidance for the FY'20E, now expecting to reach € 1.15bn in revenues and € 115m EBITDA, which implies 2-3% yoy growth. Consensus and H&A are at € 1.20bn sales and € 114m EBITDA. The company had withdrawn its initial guidance (€ 1.25bn sales / € 130m EBITDA) at the end of March. **Our view:**

- Releasing a new guidance this soon and expecting positive growth amidst a highly challenging environment **reflects positively on the visibility and resilience** of the business model.
- **Key reason for this should be exposure to high-margin IoT** (Europe: 42% of sales / 14% EBITDA margin). Current strong performers are Train Control Systems (>2.0x book to bill over past six months) and Medical, where S&T supplies customers like Dräger and GE Healthcare with embedded systems for ventilators. **Medical looks set to become a € 200m+ revenue end-market this year** vs. € 150m last year (eH&A).
- While organic growth should be flat to slightly down yoy, R&D and marketing resources now dedicated to acquired Kapsch could have **otherwise been used for organic growth endeavours**. A simple like-for-like comparison hence makes little sense, in our view.
- True to its DNA, **the new guidance should be conservative** and rather reflect the low end of what management deems achievable. As such, consensus' expectations for € 114m EBITDA look unambitious and may well be outperformed.
- **Expect newsflow to stay positive:** (i) M&A could be announced shortly; (ii) Expect solid Q1 results on May 7 showing double-digit sales and EBITDA growth.

S&T remains a high conviction idea: Buy with a € 28.00 PT based on DCF.

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Buy

Price target: EUR 28.00

Price: EUR 20.04

Close price as of: 30.04.2020

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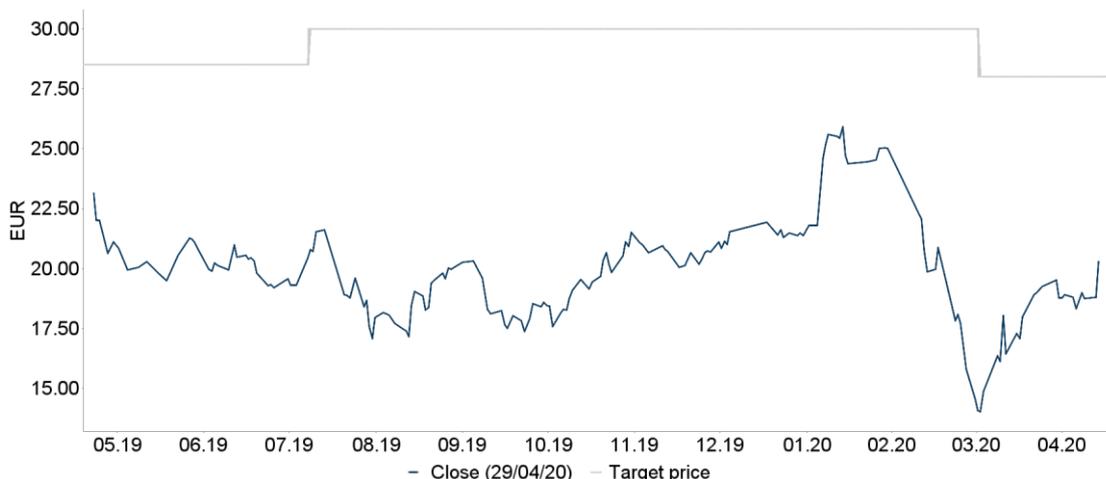
Company	Disclosure
S&T AG	3

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

Price and Rating History S&T AG as of 04/05/20

Initiation coverage

30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	28.04.2020	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 18,80
	03.04.2020	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 17,97
	19.03.2020	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 14,88
	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

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Sell	10.37 %	0.00 %
Hold	22.22 %	20.83 %

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