



# F&A UPDATE CAPITAL MARKET DAY 2021

Richard Neuwirth, CFO

11<sup>th</sup> of October 2021



# S&T GROUP BALANCE SHEET



Mio. EUR	30/06/2021	31/12/2020
<b>NON-CURRENT ASSETS</b>	<b>507,1</b>	<b>506,0</b>
Fixed Assets	470,2	469,3
as of Property, plant and equipment	134,0	135,1
as of Goodwill	202,9	199,5
Other Assets	36,9	36,6
<b>CURRENT ASSETS</b>	<b>722,0</b>	<b>740,7</b>
Inventories	179,2	159,9
Trade receivables	191,6	204,5
Contract Assets from Customers	30,6	23,6
Cash and cash equivalents	243,2	281,9
Other receivables and prepayments	77,4	70,9
<b>Total Assets</b>	<b>1.229,1</b>	<b>1.246,6</b>

	30/06/2021	31/12/2020
<b>CAPITAL AND RESERVES</b>	<b>397,7</b>	<b>409,5</b>
Equity	397,7	409,5
as of Treasury shares	-42,3	-26,2
<b>NON-CURRENT LIABILITIES</b>	<b>371,9</b>	<b>353,8</b>
Long-term loans and borrowings	246,9	218,8
Other Non-Current Liabilities	125,0	135,0
<b>CURRENT LIABILITIES</b>	<b>459,5</b>	<b>483,4</b>
Trade payables	188,9	210,0
Contract Liabilities from Customers	68,6	69,7
Short-term loans and borrowings	57,4	42,8
Other Current Liabilities	144,6	160,9
<b>Total Liabilities &amp; Equity</b>	<b>1.229,1</b>	<b>1.246,6</b>

> Equity Ratio	32,4%	32,8%
> Net Cash/Net Debt*	-61,2	20,3
> Working Capital excluding IFRS 15**	181,9	154,3

S&T balance sheet remains strong | Working capital negatively impacted by chip crisis

\* Definition Net Cash: Cash and cash equivalents less non-current and current financing liabilities (excl. liabilities from leasing according to IFRS 16)

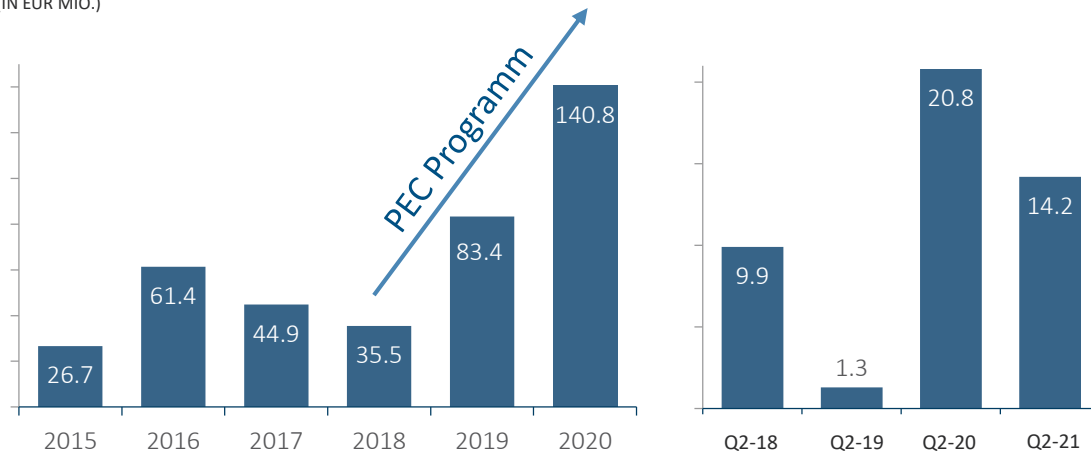
\*\* Definition Working Capital: Inventories plus trade receivables less trade payables (excl. IFRS 15 contract assets and liabilities)

# PEC PROGRAM IMPROVE CASH CONVERSION AND WORKING CAPITAL



## OPERATING CASH FLOW

(IN EUR MIO.)



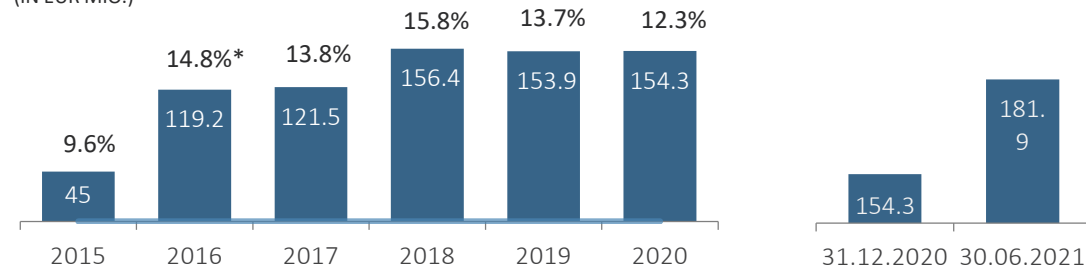
## KPI DEVELOPMENT

(IN EUR MIO.)

in EUR Mio.	2018	2019	2020	H1-2021
Revenue	990	1,123	1,255	600
Inventory	74 days (131 Mio.)	73 days (147 Mio.)	68 days (160 Mio.)	76 days (179 Mio.)
A/R	75 days (202 Mio.)	69 days (212 Mio.)	59 days (205 Mio.)	83 days (192 Mio.)
Factoring	56 Mio. (20%)	63 Mio. (23%)	77 Mio. (26%)	58 Mio. (23%)

## WORKING CAPITAL | RATIO IN % OF REVENUE

(IN EUR MIO.)



\*Kontron as if

## LONG TERM TARGETS

- › Target: operational Cash Flow to grow in line with EBITDA
  - › op. Cash Flow > 75% of EBITDA
- › Target: Working Capital < 12% of Revenues

## MAJOR CASH FLOW IMPACTS H1 2021



- › Inventory increase due to current chip crisis
  - › Build-up of additional stock to cover strong backlog as component shortage is expected to continue 2022 (and beyond?)
  - › Increase of semi-finished goods as some products can not be delivered due to single components still missing
  
- › Reduction of A/R factoring program
  - › All banks in EURO-Zone reduced thresholds on bank accounts to deposit funds without negative interest (0.5% „Verwahrentgelt“)
  - › Reduction of Account Receivables factored by app. EUR 19 Mio. in H1 2021 to avoid additional cost
  - › Sold A/R as of 30<sup>th</sup> of September 2021 expected on similar level like 30<sup>th</sup> of June 2021 – no cash flow impact in Q3 2021

S&T expects significant cash-flow improvement in Q4 2021, nevertheless 75% cash conversion rate are very ambitious for FY 2021

## OTHER PEC PROGRAM INITIATIVES



- › Office space reduction ongoing due to home-office setup
  - › S&T combined offices in Vienna, space reduction by app. 2,000 m<sup>2</sup> in August 2021
  - › Acquired HC Solutions moved to S&T Linz HQ in Summer 2021
  - › Office building in Linz Leonding sold, staff moved to S&T Linz HQ
  - › S&T Slovenia in process to move to building owned by Iskratel
  - › Impact Step 1
    - › ~ 400 TEUR early contract termination cost
    - › ~ 800 TEUR p.a. rental cost reduction on fully year basis
    - › Reduction of Balance sheet sum due to reduction of IFRS 16 leasing assets/liabilities by ~ EUR 5 Mio.
  - › Step 2 on other locations in preparation
  
- › Interest cost optimization ongoing
  - › Conversion of A/R Factoring program to „sustainable“ financing based on improved MSCI ESG rating with lower interest rate
  - › Usage of very cheap TLTROs from ECB to replace higher yield financing

Mid-Term S&T expects ~ EUR 4 Mio. p.a. savings on rental, travel and interest expenses



# TTS UPDATE CAPITAL MARKET DAY 2021

Richard Neuwirth, CFO

11<sup>th</sup> of October 2021



# IR

# TTS PROGRAM | INCREASE TRANSPARENCY ADDITIONAL DISCLOSURES



- › Amount of Additional Disclosures steadily extended
  - › Profit and Loss Statement
    - › Revenue and Profit split per region
    - › Organic growth
    - › Recurring revenues
    - › Impact of M&A on accruals and Profit and Loss
    - › One-time effects adjusted EBIT before PPA
  - › Cash Flow Statement
    - › Adjusted cash flow for one-time effects
  - › Split of Backlog per each Segment
  - › Book-to-Bill per each Segment
- › Additional new disclosures e.g. on details on recurring revenues planned for 2022

# TTS PROGRAM | INCREASE TRANSPARENCY ADDITIONAL DISCLOSURES 2021



IN TEUR	EBIT ADJUSTMENTS Q2
<b>13,914</b>	<b>STATED EBIT Q2</b>
-363	Expenses stock options
-208	Damages to our property
639	Release variable purchase price S&T Smart Energy
600	Profit on sales of assets (building sold as part of space reduction)
-197	Voluntary paid Corona premium
<b>471</b>	<b>ONE TIME PROFIT EFFECTS</b>
3,979	R&D Capitalization
-3,402	R&D Amortization
<b>577</b>	<b>IMPACT R&amp;D CAPITALIZATION</b>
<b>12,866</b>	<b>ADJUSTED EBIT</b>
-2,578	PPA Amortization
<b>15,444</b>	<b>ADJUSTED EBIT BEFORE PPA</b>

IN TEUR	INTEREST COSTS ADJUSTMENTS Q2
<b>-2,450</b>	<b>STATED INTERST</b>
-553	Application of WACC on variable purchase prices
<b>-1,897</b>	<b>ADJUSTED INTEREST</b>

IN TEUR	OP. CASHFLOW ADJUSTMENTS Q2
<b>14,205</b>	<b>STATED OP. CASHFLOW</b>
-1,704	Increase in A/R factored from 31.03.2021 to 30.06.2021
405	Cash effect from one time profit effects in Q2
<b>12,906</b>	<b>ADJUSTED OP. CASHFLOW</b>

ORGANIC GROWTH		
in TEUR	Q2-2020	Q2-2021
Stated revenue	268,595	306,490
M&A adjustment Iskratel		-22,623
M&A adjustment CITYCOMP		-8,829
M&A adjustment HCS, Axino		-3,467
Closing adjustment KAD		+541
FX adjust		+7,492
<b>ORGANIC GROWTH</b>		<b>4.2%</b>



# TTS PROGRAM | INCREASE TRANSPARENCY ADDITIONAL DISCLOSURES 2021



ACCRUALS ANALYSIS					
(in TEUR)	P&L impact	2019	2020	H1-2021	Comment
<b>TOTAL ACCRUALS</b>	no	84,348	67,319		
Accruals added by acquisitions	no	57,651 *	2,567	885	* EUR 54 Mio. Kapsch
Accruals used via P&L	no	-24,238 **	-21,600 **	-6,453	** EUR 32 Mio. Kapsch
Accruals added via P&L	yes	9,190	8,110	1,762	
Accruals released via P&L	yes	-14,086	-2,202	-2,486	
P&L impact by accrual changes		4,896	-5,908	724	Q2 2021 isolated: -339 TEUR

RECURRING REVENUES*						
(in EUR Mio.)	2019	in %	2020	in %	H1-21	in %
Recurring Revenues	288	25.6	344	27.4	211	35.2

\* Stated Recurring revenues include Software, SLAs and maintenance (not Hardware sold with SLA, info to come 12/2021)

GEOGRAPHICAL SPLIT Q2-2021		
(in %)	Revenue	EBITDA
Europe	83.1%	93.9%
North America	8.1%	-0.6%
Asia	4.7%	4.1%
RUS/BY/MD	4.1%	2.7%

# TTS PROGRAM | INCREASE TRANSPARENCY FURTHER INITIATIVES



- › Legal Entity reduction program ongoing
  - › Several entities being merged/liquidated in 2021
    - › Reduction of 6 entities in H1 2021 by internal mergers/liquidations
    - › Reduction of 5 more entities in upcoming months
    - › Stake in BASS Moldova sold as of 30<sup>th</sup> of September 2021
    - › Western European customers of S&T Belarus consider withdrawal from Belarus due to political situation, same does S&T
      - › Sales/Closing of S&T Belarus under evaluation
      - › Decision planned to be taken in Q4 2021
- › Minority reduction program ongoing
  - › Squeeze-out of Kontron finalized, S&T owns 100%
    - › All legal claims from minority shareholders on squeeze-out („Spruchstellenverfahren“) settled in Q3 2021
  - › Further minority buy-outs in negotiation
- › Change of Auditor initiated
  - › European wide tender published on September 3<sup>rd</sup> 2021
  - › Decision for new Auditor to be taken by SVB in December 2021

# SHAREHOLDER FOCUS

## TTS PROGRAM | SHARE



### SHARE / SPEND 50% OF NET PROFIT ON DIVIDEND + SBP

- › We buy back shares as currency for M&A and future delivery of stock option programs
- › S&T is valued at ~ 10 times EBITDA 2021, our M&A targets and peers are valued higher → we limited buy backs at EUR 22.50
- › Share Buyback Program I 2021 in volume of EUR 10 Mio. completed as of 6<sup>th</sup> of September 2021
- › Overall 2.4 Mio. treasury shares bought back at average EUR 18.99
- › Currently less M&A activities due to excessive valuations → we consider further SBP

DIVIDEND & SHARE BUY BACKS	2019	2020	2021	Comment
Dividend (cent)	16		30	Dividend for FY 2020 = 1.4% dividend yield
Total Dividend (EUR Mio.)	10.6		19.5	2019 no dividend (to get Covid-19 subsidies)
Share Buy backs (EUR Mio.)	14.6	12.2	16.1	
<b>TOTAL SPENDINGS (EUR Mio.)</b>	<b>25.2</b>	<b>12.2</b>	<b>35.6</b>	

# DISCLAIMER

---



This document includes 'forward-looking statements'. Forward-looking statements are all statements, which do not describe facts of the past, but containing the words "believe", "estimate", "expect", "anticipate", "assume", "plan", "intend", "could", and words of similar meaning. These forward-looking statements are subject to inherent risks and uncertainties since they relate to future events and are based on current assumptions and estimates of S&T AG, which might not occur at all or occur not as assumed. They therefore do not constitute a guarantee for the occurrence of future results or performances of S&T AG. The actual financial position and the actual results of S&T AG, as well as the overall economic development and the regulatory environment may differ materially from the expectations, which are assumed explicitly or implicitly in the forward-looking statements and do not comply to them. Analysts and investors, and any other person or entity that may need to take decisions or prepare or release opinions about the shares / securities issued by S&T AG are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this document. Past performance cannot be relied upon as a guide to future performance.

Except as required by applicable law, S&T AG undertakes no obligation to revise these forward-looking statements to reflect events and circumstances after the date of this presentation, including, without limitation, changes in S&T's business or strategy or to reflect the occurrence of unanticipated events. The financial information and opinions contained in this document are unaudited and are subject to change without notice. This document contains summarized information or information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information, including if it is necessary, any fuller disclosure document published by S&T AG. None of the Company, its subsidiaries or affiliates or by any of its officers, directors, employees, advisors, representatives or agents shall be liable whatsoever for any loss however arising, directly or indirectly, from any use of this document its content or otherwise arising in connection with this document.

This document or any of the information contained herein do not constitute, form part of or shall be construed as an offer or invitation to purchase, subscribe, sale or exchange, nor a request for an offer of purchase, subscription, sale or exchange of shares / securities of S&T AG, or any advice or recommendation with respect to such shares / securities. This document or a part of it shall not form the basis of or relied upon in connection with any contract or commitment whatsoever.

This document does not constitute an offer to purchase securities in the United States, Canada, Australia, South Africa and Japan. Securities, including the bond of S&T AG may not be sold or offered for sale within the United States or to or for the account of / in favor of US citizens (as defined in Regulation S under the U.S. Securities Act of 1933 in the current version (the "Securities Act") unless they are registered under the regulations of the Securities Act or unless they are subject to an exemption from registration. Neither S&T AG nor any other person intend to register the offer or a part thereof in the United States or to make a public offer of the securities in the United States.



## S&T AG

Industriezeile 35

A-4021 Linz

[www.snt.at](http://www.snt.at)

IR Contact:

[ir@snt.at](mailto:ir@snt.at)

+43 (1) 80191 - 1196