



**Buy** (old: Buy)

**Price target: EUR 33.00** (old: EUR 33.00)

**Price:** EUR 20.66      **Next result:** Q1'21: tba  
**Bloomberg:** SANT GR      **Market cap:** EUR 1,407.8 m  
**Reuters:** SANT1.DE      **Enterprise Value:** EUR 1,479.2 m

24-February-21

**Tim Wunderlich, CFA**  
Analyst

tim.wunderlich@ha-ib.de  
Tel.: +49 40 4143885 81

## S&T turns in another beat, reports excellent Cash Flow

Here are the key insights from the preliminary release of Q4 / FY'20 results:

- **Cash flow came in strong, arriving at € 141m for FY'20** (c. +70% yoy), well ahead of our already ambitious € 111m estimate. FCF (undisclosed) should have exceeded € 100m, in our view, yielding 7% on the market cap. Cash flow reflects the positive and sustainable impact of the PEC efficiency program. At the same time, it was also impacted slightly by M&A contributions (€ 6m) and factoring (incremental € 14m).
- **Q4 / FY'20 results exceeded expectations and the guidance.** Note that the initial guidance aimed at € 1.15bn revenues and € 115m EBITDA and was raised to € 1.2bn sales and at least € 122m EBITDA in October 2020. **Reported EBITDA of € 129.5m hence outperformed the initial guidance by 13%**, demonstrating management's conservative stance and strong execution, which is all the more remarkable in light of the COVID-backdrop. Growth in Q4 was approx. 30% organic and 70% external (eH&A) as Iskratel and Citycomp made initial contributions; however, S&T also divested or closed down businesses generating some € 20m in annual revenues. Q4 growth would have been stronger, in our view, had it not been for component shortage across the supply chain and FX headwinds (USD and RUB). The latter ate up some € 15m revenues in FY'20, of which more than 50% should have accrued in Q4'20.
- **Q4 EPS of € 0.38 was a highlight** (eH&A: € 0.34), growing disproportionately by 25% yoy. This reflects operating and financial leverage, as well as a low tax rate of approx. 13% (eH&A), which should be sustainable for at least the next 5 years thanks to a large pool of tax loss carry forwards.

Given S&T's track record of outperforming the guidance, **we remain confident in our FY'21E estimates** of € 1.47bn sales and € 155m EBITDA, which lie some 5-10% above the guidance (€ 1.4bn sales / € 140m EBITDA). CEO Niederhauser continues to show confidence as well, having bought shares worth c. € 300k since the start of the year. **Reiterate BUY** in light of S&T's attractive IoT exposure and software strategy. The unchanged PT of € 33.00 PT is based on DCF.

Y/E 31.12 (EUR m)	2016	2017	2018	2019	2020P	2021E	2022E
Sales	503.7	882.0	990.9	1,122.9	1,255.0	1,466.0	1,641.9
-	8 %	75 %	12 %	13 %	12 %	17 %	12 %
EBITDA	34.4	68.1	90.5	111.7	129.5	153.9	183.4
EBIT	24.1	41.7	61.5	61.8	71.8	93.6	120.9
Net income	14.6	22.5	45.0	49.1	56.4	77.1	101.0
Net debt	-32.0	-101.8	-52.7	91.5	41.1	18.5	-56.8
Net gearing	-20.7 %	-33.4 %	-14.8 %	24.5 %	9.9 %	3.9 %	-10.1 %
Net Debt/EBITDA	0.0	0.0	0.0	0.8	0.3	0.1	0.0
EPS pro forma	0.30	0.51	0.68	0.74	0.85	1.17	1.53
CPS	1.12	0.52	0.35	1.03	1.84	0.96	1.88
DPS	0.10	0.13	0.16	0.19	0.22	0.30	0.39
Dividend yield	0.5 %	0.6 %	0.8 %	0.9 %	1.0 %	1.4 %	1.8 %
Gross profit margin	33.9 %	36.7 %	36.0 %	37.2 %	39.9 %	40.8 %	41.1 %
EBITDA margin	6.8 %	7.7 %	9.1 %	9.9 %	10.3 %	10.5 %	11.2 %
EBIT margin	4.8 %	4.7 %	6.2 %	5.5 %	5.7 %	6.4 %	7.4 %
ROCE	8.8 %	9.4 %	11.9 %	8.8 %	9.9 %	10.1 %	12.2 %
EV/sales	2.0	1.4	1.4	1.4	1.2	1.0	0.8
EV/EBITDA	29.3	18.7	15.1	13.7	11.4	9.5	7.5
EV/EBIT	41.7	30.4	22.3	24.8	20.6	15.6	11.4
PER	70.4	41.8	31.3	28.7	25.0	18.3	13.9
Adjusted FCF yield	2.1 %	3.5 %	4.9 %	6.1 %	7.0 %	8.7 %	11.1 %

Source: Company data, Hauck & Aufhäuser Close price as of: 23.02.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 25.28 / 14.02  
**Price/Book Ratio:** 3.3  
**Relative performance (TecDAX):**  
3 months -3.6 %  
6 months -26.7 %  
12 months -23.3 %

### Changes in estimates

		Sales	EBIT	EPS
2020	old:	1,205.0	68.0	0.81
	Δ	4.1%	5.6%	4.9%
2021	old:	1,466.0	93.6	1.17
	Δ	-	-	0.0%
2022	old:	1,641.9	120.9	1.53
	Δ	-	-	0.0%

### Key share data:

Number of shares: (in m pcs) 66.1  
Authorised capital: (in € m) 12.1  
Book value per share: (in €) 6.3  
Ø trading volume: (12 months) 60,000

### Major shareholders:

Free Float 66.4 %  
Ennoconn 26.6 %  
Investec 5.0 %  
Management 2.0 %

### Company description:

Leading IoT solutions provider targeting industrial, medical, avionics, smart energy, and other applications

EUR	Q4'20	Q4'19	yoy	FY'20	FY'20 est	FY'20 cons.	FY'19	yoy
<b>Sales</b>	<b>418</b>	<b>370</b>	13%	<b>1,255</b>	<b>1,205</b>	<b>1,218</b>	<b>1,123</b>	12%
<b>EBITDA</b>	<b>45.8</b>	<b>40.0</b>	14%	<b>130</b>	<b>125</b>	<b>124</b>	<b>112</b>	16%
EBITDA margin	10.9%	10.8%	+ 0.1 pp	10.3%	10.3%	10.2%	9.9%	+ 0.4 pp
<b>EPS</b>	<b>0.38</b>	<b>0.30</b>	25%	<b>0.85</b>	<b>0.81</b>	<b>0.80</b>	<b>0.74</b>	15%
<b>Operating Cash Flow</b>	<b>91</b>	<b>79</b>	15%	<b>141</b>	<b>111</b>	<b>n/a</b>	<b>83</b>	69%

Source: Company data, Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Net sales</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,255.0</b>	<b>1,466.0</b>	<b>1,641.9</b>
-	7.6 %	75.1 %	12.3 %	13.3 %	11.8 %	16.8 %	12.0 %
Increase/decrease in finished goods and work-in-process	2.8	13.4	15.1	15.5	12.6	14.7	16.4
<b>Total sales</b>	<b>506.5</b>	<b>895.3</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,267.6</b>	<b>1,480.7</b>	<b>1,658.3</b>
Other operating income	6.1	8.5	7.5	8.0	3.1	4.4	4.4
Material expenses	334.8	567.0	644.3	715.4	762.2	876.7	976.9
Personnel expenses	93.5	179.4	194.6	245.2	282.4	337.2	374.4
Other operating expenses	50.0	89.4	84.0	74.2	96.6	117.3	128.1
Total operating expenses	472.1	827.3	915.4	1,026.7	1,138.0	1,326.7	1,474.9
<b>EBITDA</b>	<b>34.4</b>	<b>68.1</b>	<b>90.5</b>	<b>111.7</b>	<b>129.5</b>	<b>153.9</b>	<b>183.4</b>
Depreciation	10.3	7.4	29.0	49.9	11.7	12.3	12.5
<b>EBITA</b>	<b>24.1</b>	<b>60.7</b>	<b>61.5</b>	<b>61.8</b>	<b>117.8</b>	<b>141.6</b>	<b>170.9</b>
Amortisation of goodwill	0.0	0.0	n/a	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	18.9	n/a	0.0	46.0	48.0	50.0
Impairment charges	0.0	0.0	n/a	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>24.1</b>	<b>41.7</b>	<b>61.5</b>	<b>61.8</b>	<b>71.8</b>	<b>93.6</b>	<b>120.9</b>
Interest income	0.3	0.6	1.0	1.3	2.1	1.8	2.1
Interest expenses	4.4	6.9	6.2	9.0	7.6	5.6	5.6
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-4.0	-6.4	-5.2	-7.7	-5.5	-3.8	-3.5
<b>Recurring pretax income from continuing operations</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>54.1</b>	<b>66.3</b>	<b>89.8</b>	<b>117.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>20.1</b>	<b>35.4</b>	<b>56.3</b>	<b>54.1</b>	<b>66.3</b>	<b>89.8</b>	<b>117.4</b>
Taxes	-0.3	6.0	7.9	4.6	9.3	11.7	15.3
<b>Net income from continuing operations</b>	<b>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>49.5</b>	<b>57.0</b>	<b>78.2</b>	<b>102.1</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>20.4</b>	<b>29.4</b>	<b>48.5</b>	<b>49.5</b>	<b>57.0</b>	<b>78.2</b>	<b>102.1</b>
Minority interest	5.8	6.9	3.5	0.4	0.6	1.0	1.1
<b>Net profit (reported)</b>	<b>14.6</b>	<b>22.5</b>	<b>45.0</b>	<b>49.1</b>	<b>56.4</b>	<b>77.1</b>	<b>101.0</b>
Average number of shares	44.2	52.5	66.1	66.1	66.1	66.1	66.1
<b>EPS reported</b>	<b>0.33</b>	<b>0.43</b>	<b>0.68</b>	<b>0.74</b>	<b>0.85</b>	<b>1.17</b>	<b>1.53</b>

Profit and loss (common size)	2016	2017	2018	2019	2020E	2021E	2022E
<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 %	1.5 %	1.5 %	1.4 %	1.0 %	1.0 %	1.0 %
<b>Total sales</b>	<b>100.6 %</b>	<b>101.5 %</b>	<b>101.5 %</b>	<b>101.4 %</b>	<b>101.0 %</b>	<b>101.0 %</b>	<b>101.0 %</b>
Other operating income	1.2 %	1.0 %	0.8 %	0.7 %	0.3 %	0.3 %	0.3 %
Material expenses	66.5 %	64.3 %	65.0 %	63.7 %	60.7 %	59.8 %	59.5 %
Personnel expenses	18.6 %	20.3 %	19.6 %	21.8 %	22.5 %	23.0 %	22.8 %
Other operating expenses	9.9 %	10.1 %	8.5 %	6.6 %	7.7 %	8.0 %	7.8 %
Total operating expenses	93.7 %	93.8 %	92.4 %	91.4 %	90.7 %	90.5 %	89.8 %
<b>EBITDA</b>	<b>6.8 %</b>	<b>7.7 %</b>	<b>9.1 %</b>	<b>9.9 %</b>	<b>10.3 %</b>	<b>10.5 %</b>	<b>11.2 %</b>
Depreciation	2.0 %	0.8 %	2.9 %	4.4 %	0.9 %	0.8 %	0.8 %
<b>EBITA</b>	<b>4.8 %</b>	<b>6.9 %</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>9.4 %</b>	<b>9.7 %</b>	<b>10.4 %</b>
Amortisation of goodwill	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	2.1 %	n/a	0.0 %	3.7 %	3.3 %	3.0 %
Impairment charges	0.0 %	0.0 %	n/a	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>4.8 %</b>	<b>4.7 %</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>5.7 %</b>	<b>6.4 %</b>	<b>7.4 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
Interest expenses	0.9 %	0.8 %	0.6 %	0.8 %	0.6 %	0.4 %	0.3 %
Other financial result	0.0 %	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>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>4.8 %</b>	<b>5.3 %</b>	<b>6.1 %</b>	<b>7.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>5.7 %</b>	<b>4.8 %</b>	<b>5.3 %</b>	<b>6.1 %</b>	<b>7.2 %</b>
Tax rate	-1.6 %	17.0 %	14.0 %	8.4 %	14.0 %	13.0 %	13.0 %
<b>Net income from continuing operations</b>	<b>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.5 %</b>	<b>5.3 %</b>	<b>6.2 %</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>4.1 %</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.5 %</b>	<b>5.3 %</b>	<b>6.2 %</b>
Minority interest	1.2 %	0.8 %	0.4 %	0.0 %	0.1 %	0.1 %	0.1 %
<b>Net profit (reported)</b>	<b>2.9 %</b>	<b>2.6 %</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>4.5 %</b>	<b>5.3 %</b>	<b>6.2 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Intangible assets</b>	<b>183.2</b>	<b>189.9</b>	<b>207.6</b>	<b>294.9</b>	<b>306.8</b>	<b>282.4</b>	<b>257.2</b>
Property, plant and equipment	27.5	31.9	37.1	99.8	106.9	115.9	126.4
Financial assets	12.1	17.6	0.3	22.8	22.8	22.8	22.8
<b>FIXED ASSETS</b>	<b>222.8</b>	<b>239.4</b>	<b>244.9</b>	<b>417.5</b>	<b>436.6</b>	<b>421.1</b>	<b>406.4</b>
Inventories	84.9	104.0	130.8	146.8	156.9	190.4	213.2
Accounts receivable	168.6	172.4	202.7	212.2	226.9	277.1	310.4
Other current assets	41.5	43.5	68.0	102.6	105.2	107.8	110.5
Liquid assets	125.6	216.9	171.8	312.3	362.7	385.3	460.6
Deferred taxes	25.4	28.6	29.8	34.4	34.4	34.4	34.4
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>445.9</b>	<b>565.5</b>	<b>603.0</b>	<b>808.2</b>	<b>886.1</b>	<b>995.1</b>	<b>1,129.1</b>
<b>TOTAL ASSETS</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,322.7</b>	<b>1,416.2</b>	<b>1,535.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>154.0</b>	<b>305.1</b>	<b>356.0</b>	<b>372.7</b>	<b>416.6</b>	<b>479.5</b>	<b>560.9</b>
MINORITY INTEREST	87.0	26.7	11.3	12.4	12.4	12.4	12.4
Long-term debt	74.2	68.7	79.4	341.0	341.0	341.0	341.0
Provisions for pensions and similar obligations	11.6	21.2	14.6	30.0	30.3	30.6	30.9
Other provisions	39.1	36.7	28.0	54.4	56.0	57.7	59.4
<b>Non-current liabilities</b>	<b>124.8</b>	<b>126.6</b>	<b>122.0</b>	<b>425.4</b>	<b>427.3</b>	<b>429.3</b>	<b>431.3</b>
short-term liabilities to banks	19.5	46.4	39.6	62.8	62.8	62.8	62.8
Accounts payable	134.3	154.9	177.0	205.0	254.4	281.2	314.9
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)	143.7	135.6	129.4	134.2	134.2	134.2	138.2
Deferred taxes	5.4	9.5	12.6	13.4	15.1	17.0	15.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>302.8</b>	<b>346.4</b>	<b>358.6</b>	<b>415.3</b>	<b>466.5</b>	<b>495.1</b>	<b>531.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>668.7</b>	<b>804.9</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,322.7</b>	<b>1,416.2</b>	<b>1,535.5</b>

Balance sheet (common size)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Intangible assets</b>	<b>27.4 %</b>	<b>23.6 %</b>	<b>24.5 %</b>	<b>24.1 %</b>	<b>23.2 %</b>	<b>19.9 %</b>	<b>16.7 %</b>
Property, plant and equipment	4.1 %	4.0 %	4.4 %	8.1 %	8.1 %	8.2 %	8.2 %
Financial assets	1.8 %	2.2 %	0.0 %	1.9 %	1.7 %	1.6 %	1.5 %
<b>FIXED ASSETS</b>	<b>33.3 %</b>	<b>29.7 %</b>	<b>28.9 %</b>	<b>34.1 %</b>	<b>33.0 %</b>	<b>29.7 %</b>	<b>26.5 %</b>
Inventories	12.7 %	12.9 %	15.4 %	12.0 %	11.9 %	13.4 %	13.9 %
Accounts receivable	25.2 %	21.4 %	23.9 %	17.3 %	17.2 %	19.6 %	20.2 %
Other current assets	6.2 %	5.4 %	8.0 %	8.4 %	8.0 %	7.6 %	7.2 %
Liquid assets	18.8 %	27.0 %	20.3 %	25.5 %	27.4 %	27.2 %	30.0 %
Deferred taxes	3.8 %	3.6 %	3.5 %	2.8 %	2.6 %	2.4 %	2.2 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>66.7 %</b>	<b>70.3 %</b>	<b>71.1 %</b>	<b>65.9 %</b>	<b>67.0 %</b>	<b>70.3 %</b>	<b>73.5 %</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>23.0 %</b>	<b>37.9 %</b>	<b>42.0 %</b>	<b>30.4 %</b>	<b>31.5 %</b>	<b>33.9 %</b>	<b>36.5 %</b>
MINORITY INTEREST	13.0 %	3.3 %	1.3 %	1.0 %	0.9 %	0.9 %	0.8 %
Long-term debt	11.1 %	8.5 %	9.4 %	27.8 %	25.8 %	24.1 %	22.2 %
Provisions for pensions and similar obligations	1.7 %	2.6 %	1.7 %	2.4 %	2.3 %	2.2 %	2.0 %
Other provisions	5.8 %	4.6 %	3.3 %	4.4 %	4.2 %	4.1 %	3.9 %
<b>Non-current liabilities</b>	<b>18.7 %</b>	<b>15.7 %</b>	<b>14.4 %</b>	<b>34.7 %</b>	<b>32.3 %</b>	<b>30.3 %</b>	<b>28.1 %</b>
short-term liabilities to banks	2.9 %	5.8 %	4.7 %	5.1 %	4.7 %	4.4 %	4.1 %
Accounts payable	20.1 %	19.2 %	20.9 %	16.7 %	19.2 %	19.9 %	20.5 %
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)	21.5 %	16.9 %	15.3 %	10.9 %	10.1 %	9.5 %	9.0 %
Deferred taxes	0.8 %	1.2 %	1.5 %	1.1 %	1.1 %	1.2 %	1.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>45.3 %</b>	<b>43.0 %</b>	<b>42.3 %</b>	<b>33.9 %</b>	<b>35.3 %</b>	<b>35.0 %</b>	<b>34.6 %</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)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit/loss	20.4	29.4	48.5	49.5	57.0	78.2	102.1
Depreciation of fixed assets (incl. leases)	10.3	7.4	29.9	49.9	11.7	12.3	12.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	18.9	0.0	0.0	46.0	48.0	50.0
Others	-1.9	-13.6	-17.7	3.7	0.5	0.3	0.3
Cash flow from operations before changes in w/c	28.9	42.1	60.7	103.1	115.2	138.8	164.9
Increase/decrease in inventory	9.3	-17.9	-4.1	-16.0	-10.1	-33.5	-22.8
Increase/decrease in accounts receivable	-1.5	5.5	-23.1	-30.0	-14.8	-50.2	-33.3
Increase/decrease in accounts payable	20.3	15.2	2.1	49.7	49.4	26.7	33.7
Increase/decrease in other working capital positions	4.4	0.0	0.0	-23.5	0.0	0.0	0.0
Increase/decrease in working capital	32.5	2.8	-25.1	-19.8	24.5	-57.0	-22.4
<b>Cash flow from operating activities</b>	<b>61.4</b>	<b>44.9</b>	<b>35.5</b>	<b>83.4</b>	<b>139.7</b>	<b>81.7</b>	<b>142.6</b>
CAPEX	9.3	23.0	25.1	27.1	33.3	37.4	40.2
Payments for acquisitions	59.2	11.5	39.6	27.2	43.5	7.5	7.5
Financial investments	4.3	5.7	-0.5	4.3	0.0	0.0	0.0
Income from asset disposals	-0.9	1.2	1.1	2.9	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-73.6</b>	<b>-39.1</b>	<b>-63.1</b>	<b>-55.7</b>	<b>-76.8</b>	<b>-44.9</b>	<b>-47.7</b>
Cash flow before financing	-12.2	5.8	-27.6	27.7	63.0	36.9	94.9
Increase/decrease in debt position	39.8	28.8	1.2	128.1	0.0	0.0	0.0
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
Dividends paid	3.5	4.9	8.3	10.6	12.6	14.3	19.6
Others	-8.5	-17.7	-15.9	-19.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-2.0	0.3	1.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>71.8</b>	<b>93.1</b>	<b>-20.9</b>	<b>83.8</b>	<b>-12.6</b>	<b>-14.3</b>	<b>-19.6</b>
Increase/decrease in liquid assets	59.5	97.0	-48.2	112.6	50.4	22.6	75.3
<b>Liquid assets at end of period</b>	<b>125.6</b>	<b>216.9</b>	<b>171.8</b>	<b>312.3</b>	<b>362.7</b>	<b>385.3</b>	<b>460.6</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Domestic	60.1	108.3	98.4	102.2	106.7	117.3	149.4
yoy change	14.8 %	80.1 %	-9.1 %	3.8 %	4.4 %	9.9 %	27.4 %
Rest of Europe	166.3	242.7	300.0	336.9	374.0	429.5	497.5
yoy change	-9.8 %	46.0 %	23.6 %	12.3 %	11.0 %	14.9 %	15.8 %
NAFTA	n/a	132.1	133.2	152.7	178.2	215.5	223.3
yoy change	n/a	n/a	0.8 %	14.7 %	16.7 %	20.9 %	3.6 %
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	277.3	398.9	459.4	531.1	596.1	703.7	761.9
yoy change	19.8 %	43.8 %	15.2 %	15.6 %	12.2 %	18.0 %	8.3 %
<b>TTL</b>	<b>503.7</b>	<b>882.0</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,255.0</b>	<b>1,466.0</b>	<b>1,641.9</b>
yoy change	7.6 %	75.1 %	12.3 %	13.3 %	11.8 %	16.8 %	12.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
<b>P&amp;L growth analysis</b>							
-	7.6 %	75.1 %	12.3 %	13.3 %	11.8 %	16.8 %	12.0 %
EBITDA growth	21.3 %	97.9 %	33.0 %	23.4 %	43.0 %	37.8 %	41.6 %
EBIT growth	16.9 %	73.1 %	47.3 %	0.4 %	16.8 %	51.6 %	68.4 %
EPS growth	-9.3 %	29.9 %	58.9 %	9.2 %	25.4 %	57.1 %	79.0 %
<b>Efficiency</b>							
Total operating costs / sales	93.7 %	93.8 %	92.4 %	91.4 %	90.7 %	90.5 %	89.8 %
Sales per employee	223.6	306.0	254.1	259.8	289.0	334.2	748.6
EBITDA per employee	15.3	23.6	23.2	25.9	29.8	35.1	83.6
<b>Balance sheet analysis</b>							
Avg. working capital / sales	16.3 %	13.6 %	14.0 %	13.8 %	11.4 %	11.6 %	10.3 %
Inventory turnover (sales/inventory)	5.9	8.5	7.6	7.7	8.0	7.7	7.7
Trade debtors in days of sales	122.2	71.3	74.6	69.0	66.0	69.0	69.0
A/P turnover [(A/P*365)/sales]	97.3	64.1	65.2	66.6	74.0	70.0	70.0
Cash conversion cycle (days)	68.3	38.6	48.5	39.2	19.3	31.2	31.0
<b>Cash flow analysis</b>							
Free cash flow	52.1	21.9	10.4	56.3	106.5	44.4	102.4
Free cash flow/sales	10.3 %	2.5 %	1.1 %	5.0 %	8.5 %	3.0 %	6.2 %
FCF / net profit	357.3 %	97.3 %	23.2 %	114.6 %	188.8 %	57.5 %	101.3 %
Capex / depre	131.5 %	109.2 %	82.3 %	62.9 %	57.6 %	62.0 %	64.4 %
Capex / maintenance capex	0.0 %	145.7 %	n/a	101.1 %	104.6 %	118.1 %	127.7 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-32.0	-101.8	-52.7	91.5	41.1	18.5	-56.8
Net Debt/EBITDA	0.0	0.0	0.0	0.8	0.3	0.1	0.0
Net debt / equity	neg.	neg.	neg.	0.2	0.1	0.0	neg.
Interest cover	5.5	6.0	10.0	6.9	9.4	16.7	21.6
Dividend payout ratio	33.1 %	36.6 %	23.5 %	25.6 %	25.4 %	25.4 %	25.4 %
<b>Asset utilisation</b>							
Capital employed turnover	1.3	1.7	1.9	1.3	1.4	1.5	1.5
Operating assets turnover	3.4	5.7	5.1	4.4	5.3	4.9	4.9
Plant turnover	18.3	27.7	26.7	11.3	11.7	12.6	13.0
Inventory turnover (sales/inventory)	5.9	8.5	7.6	7.7	8.0	7.7	7.7
<b>Returns</b>							
ROCE	8.8 %	9.4 %	11.9 %	8.8 %	9.9 %	10.1 %	12.2 %
ROE	9.5 %	7.4 %	12.6 %	13.2 %	13.5 %	16.1 %	18.0 %
<b>Other</b>							
Interest paid / avg. debt	6.0 %	6.6 %	5.3 %	3.4 %	2.9 %	1.4 %	1.4 %
No. employees (average)	2252	2882	3900	4322	4343	4387	2193
Number of shares	44.2	52.5	66.1	66.1	66.1	66.1	66.1
DPS	0.1	0.1	0.2	0.2	0.2	0.3	0.4
EPS reported	0.33	0.43	0.68	0.74	0.85	1.17	1.53
<b>Valuation ratios</b>							
P/BV	6.7	4.4	4.0	3.8	3.4	2.9	2.5
EV/sales	2.0	1.4	1.4	1.4	1.2	1.0	0.8
EV/EBITDA	29.3	18.7	15.1	13.7	11.4	9.5	7.5
EV/EBITA	41.7	20.9	22.3	24.8	12.6	10.3	8.1
EV/EBIT	41.7	30.4	22.3	24.8	20.6	15.6	11.4
EV/FCF	19.3	58.0	131.2	27.2	13.9	32.8	13.5
Adjusted FCF yield	2.1 %	3.5 %	4.9 %	6.1 %	7.0 %	8.7 %	11.1 %
Dividend yield	0.5 %	0.6 %	0.8 %	0.9 %	1.0 %	1.4 %	1.8 %

Source: Company data, Hauck & Aufhäuser

## Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers AG

- (1) or any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers AG or its affiliate(s),
- (5) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or any other person belonging to the same group with that person is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

### Conflicts of interest that existed at the time when this research report was published:

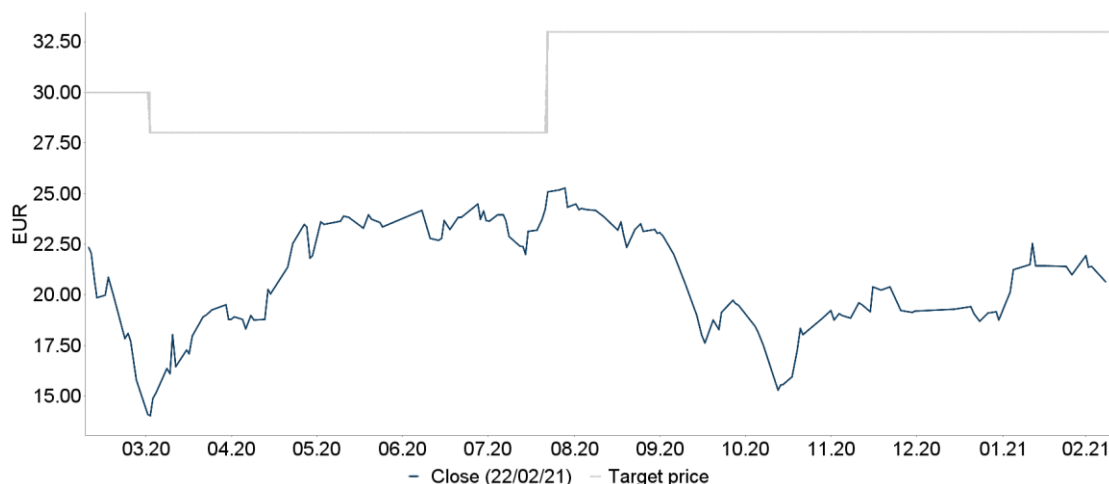
Company	Disclosure
S&T AG	3

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

#### Price and Rating History S&T AG as of 23/02/21

#### Initiation coverage

30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	18.12.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 19,20
	05.11.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 18,33
	03.11.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 15,96
	05.10.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 18,77
	11.08.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 25,18

11.08.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 25,18
10.08.2020	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 25,08
05.08.2020	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 23,74
06.05.2020	Wunderlich, CFA, Tim	Buy	EUR 28,00	EUR 21,36
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

## Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

<b>Buy</b>	71.23 %	80.00 %
<b>Sell</b>	8.90 %	0.00 %
<b>Hold</b>	19.86 %	20.00 %

Date of publication creation: 24/02/2021 08:24 AM

Date of publication dissemination: 24/02/2021 08:26 AM



## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months  
 Sell: Sustainable downside potential of more than 10% within 12 months.  
 Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:  
<https://www.hauck-aufhaeuser.com/en/investment-banking/equities#institutionalresearch>

**Disclosures for U.S. persons only**

This research report is a product of HAUCK & AUFHÄUSER PRIVATBANKIERS AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK & AUFHÄUSER PRIVATBANKIERS AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK & AUFHÄUSER PRIVATBANKIERS AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

## Contacts: Hauck & Aufhäuser Privatbankiers AG

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Privatbankiers AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 91  
Fax: +49 (0) 40 414 3885 71  
Email: research@ha-ib.de  
www.ha-research.de

**Tim Wunderlich, CFA**  
Head of Transactional Research  
Tel.: +49 40 414 3885 81  
E-Mail: tim.wunderlich@ha-ib.de

**Henning Breiter**  
Head of Research  
Tel.: +49 40 414 3885 73  
E-Mail: henning.breiter@ha-ib.de

**Marie-Thérèse Grübner**  
Head of Corporate Brokerage  
Tel.: +49 40 450 6342 3097  
E-Mail: marie-therese.gruebner@ha-ib.de

**Aliaksandr Halitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: aliaksandr.halitsa@ha-ib.de

**Alina Köhler**  
Analyst  
Tel.: +49 40 450 6342 3095  
E-Mail: alina.koehler@ha-ib.de

**Christian Glowa**  
Analyst  
Tel.: +49 40 414 3885 95  
E-Mail: christian.glowa@ha-ib.de

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-ib.de

**Christian Sandherr**  
Analyst  
Tel.: +49 40 414 3885 79  
E-Mail: christian.sandherr@ha-ib.de

**Frederik Bitter**  
Analyst  
Tel.: +49 40 450 6342 3091  
E-Mail: frederik.bitter@ha-ib.de

**Frederik Jarchow**  
Analyst  
Tel.: +49 40 414 3885 76  
E-Mail: frederik.jarchow@ha-ib.de

**Simon Bentlage**  
Analyst  
Tel.: +49 40 450 6342 3096  
E-Mail: simon.bentlage@ha-ib.de

### Hauck & Aufhäuser Sales

**Alexander Lachmann**  
Equity Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-ib.de

**Carlos Becke**  
Equity Sales  
Tel.: +44 203 9473 245  
E-Mail: carlos.becke@ha-ib.de

**Christian Schwenkenbecher**  
Equity Sales  
Tel.: +44 203 9473 246  
E-Mail: christian.schwenkenbecher@ha-ib.de

**Christian Bybjerg**  
Equity Sales  
Tel.: +49 414 3885 74  
E-Mail: christian.bybjerg@ha-ib.de

**Hugues Madelin**  
Equity Sales  
Tel.: +33 1 78 41 40 62  
E-Mail: hugues.madelin@ha-ib.de

**Imogen Voorspuy**  
Equity Sales  
Tel.: +44 203 9473 244  
E-Mail: imogen.voorspuy@ha-ib.de

**Markus Scharhag**  
Equity Sales  
Tel.: +49 89 23 93 2813  
E-Mail: markus.scharhag@ha-ib.de

**Rune Dinesen**  
Equity Sales  
Tel.: +49 40 414 38 85 72  
E-Mail: rune.dinesen@ha-ib.de

**Vincent Bischoff**  
Equity Sales  
Tel.: +49 40 414 38 85 88  
E-Mail: vincent.bischoff@ha-ib.de

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 78  
Fax: +49 40 414 3885 71  
Email: info@hauck-aufhaeuser.com  
www.hauck-aufhaeuser.com

**Christian von Schuler**  
Trading  
Tel.: +49 40 414 3885 77  
E-Mail: christian.schuler@hauck-aufhaeuser.com

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.com

**Kathleen Jonas**  
Middle-Office  
Tel.: +49 40 414 3885 97  
E-Mail: kathleen.jonas@hauck-aufhaeuser.com

**Carolin Heidrich**  
Middle-Office  
Tel.: +49 176 10 59 41 52  
E-Mail: carolin.heidrich@hauck-aufhaeuser.com