

**Buy** (old: Buy)

**Price target: EUR 31.00** (old: EUR 31.00)

**Price:** EUR 22.04      **Next result:** Q3'21: 04.11.21  
**Bloomberg:** SANT GR      **Market cap:** EUR 1,414.5 m  
**Reuters:** SANT1.DE      **Enterprise Value:** EUR 1,538.1 m

26-October-21

**Tim Wunderlich, CFA**  
Analyst

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

### Q3 preview: prepare for a soft quarter

**Topic:** Q3 results are due on Nov. 4. **We expect S&T to report soft numbers hurt by supply constraints.** The recently trimmed FY'21E should remain intact (€ 1.33-1.40bn sales / € 133-140m EBITDA).

EUR	Q3'21 est	Q3'20	yoy	Q2'21	qoq	9M'21 est	9M'20	yoy
Sales	315	298	6%	306	3%	916	836	9%
EBITDA	29.8	31.7	-6%	30.1	-1%	88.1	83.7	5%
EBITDA margin	9.5%	10.7%	-1.2 pp	9.8%	-0.4 pp	9.6%	10.0%	-0.4 pp
EBIT	13.7	17.2	-20%	13.9	-2%	40.3	41.5	-3%
EBIT margin	4.3%	5.8%	-1.4 pp	4.5%	-0.2 pp	4.4%	5.0%	-0.6 pp
EPS	0.16	0.18	-10%	0.16	-1%	0.48	0.48	1%

**Q3 group sales are seen up by 6% yoy to € 315m**, helped by the M&A contributions of Iskratel and Citycomp. **Q3 organic growth should amount to -5% yoy**, in our view, hurt by ongoing component shortages. Without the latter, revenues could have been c. **€ 30m higher in Q3'21E** (eH&A) and € 70m higher in 9M'21.

**Q3 EBITDA is seen to decline by 6% yoy to € 29.8m**, driven by input cost inflation amidst tight supply, a limited bottom-line contribution from M&A, and negative one-offs to the tune of € 0.7m due to severance payments. **Q3 EBIT should drop by 20% yoy** due to a step-up in PPA amortisation from M&A.

Looking at segments, **IT Services should perform well**, with sales up 9% yoy to € 135m and EBITDA up 17% yoy to € 13m, carried by M&A and exposure to governmental entities (which are big spenders) while component shortages should have little impact.

While IoT Europe is seen to feel the brunt of the shortages, **segment revenues should still grow by 8% yoy to € 153m** thanks to M&A. EBITDA is expected to come in flat at € 16m due to raw material price inflation and limited bottom-line contribution from M&A.

IoT Americas should continue to be the worst performer, **with sales seen down by 17% yoy to € 27m**, reflecting shortages and particularly weak end-markets such as Avionics. Segment EBITDA should decline to € 1.0m from € 4.7m a year earlier, due to the mentioned severance payments as well as depressed fixed cost coverage.

**Order intake should be a quarterly highlight**, expected to arrive at c. € 400m. This implies a book-to-bill of almost 1.3x, demonstrating that demand remains healthy and that current issues are supply chain related only and thus temporary.

**Reiterate BUY with a € 31.00 PT based on DCF.**

Y/E 31.12 (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Sales	882.0	990.9	1,122.9	1,254.8	1,350.0	1,556.2	1,696.3
Sales growth	75 %	12 %	13 %	12 %	8 %	15 %	9 %
EBITDA	68.1	90.5	111.7	130.0	136.4	165.7	190.8
EBIT	41.7	61.5	61.8	68.6	72.3	100.1	124.8
Net income	22.5	45.0	49.1	55.6	59.4	84.3	100.6
Net debt	-101.8	-52.7	91.5	104.1	96.8	15.4	-73.3
Net gearing	-33.4 %	-14.8 %	24.5 %	25.8 %	21.9 %	3.0 %	-12.5 %
Net Debt/EBITDA	0.0	0.0	0.8	0.8	0.7	0.1	0.0
EPS pro forma	0.51	0.68	0.74	0.84	0.90	1.28	1.52
CPS	0.52	0.32	0.88	1.67	0.63	1.78	1.83
DPS	0.13	0.16	0.00	0.30	0.27	0.32	0.34
Dividend yield	0.6 %	0.7 %	0.0 %	1.4 %	1.3 %	1.5 %	1.6 %
Gross profit margin	36.7 %	36.0 %	37.2 %	37.2 %	37.0 %	37.4 %	37.9 %
EBITDA margin	7.7 %	9.1 %	9.9 %	10.4 %	10.1 %	10.7 %	11.3 %
EBIT margin	4.7 %	6.2 %	5.5 %	5.5 %	5.4 %	6.4 %	7.4 %
ROCE	9.4 %	11.9 %	8.8 %	9.9 %	8.2 %	10.9 %	12.8 %
EV/sales	1.4	1.4	1.4	1.2	1.1	0.9	0.8
EV/EBITDA	18.8	15.2	13.7	11.9	11.3	8.8	7.2
EV/EBIT	30.6	22.4	24.9	22.5	21.3	14.5	11.0
PER	42.0	31.4	28.8	25.4	23.8	16.8	14.0
Adjusted FCF yield	3.4 %	4.7 %	5.4 %	6.2 %	6.5 %	8.7 %	10.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 25.10.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 23.80 / 15.30

**Price/Book Ratio:** 3.3

**Relative performance (TecDAX):**

3 months 3.5 %

6 months -13.1 %

12 months -0.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2021	old:	1,350.0	72.3	0.90
	Δ	-	-	-
2022	old:	1,556.2	100.1	1.28
	Δ	-	-	-
2023	old:	1,696.3	124.8	1.52
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs) 65.0

Authorised capital: (in € m) 12.1

Book value per share: (in €) 6.7

Ø trading volume: (12 months) 155,000

#### Major shareholders:

Free Float 73.4 %

Ennoconn 26.6 %

AGI 5.0 %

Ninety One 4.0 %

#### Company description:

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

## Financials

Profit and loss (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>882.0</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,350.0</b>	<b>1,556.2</b>	<b>1,696.3</b>
<i>Sales growth</i>	75.1 %	12.3 %	13.3 %	11.7 %	7.6 %	15.3 %	9.0 %
Increase/decrease in finished goods and work-in-process	13.4	15.1	15.5	17.6	16.2	17.1	17.8
<b>Total sales</b>	<b>895.3</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,366.2</b>	<b>1,573.3</b>	<b>1,714.1</b>
Other operating income	8.5	7.5	8.0	8.8	8.1	8.6	8.5
Material expenses	567.0	644.3	715.4	799.0	861.3	985.1	1,065.3
Personnel expenses	179.4	194.6	245.2	273.3	291.6	333.0	359.6
Other operating expenses	89.4	84.0	74.2	78.8	85.1	98.0	106.9
Total operating expenses	827.3	915.4	1,026.7	1,142.4	1,229.9	1,407.6	1,523.2
<b>EBITDA</b>	<b>68.1</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>136.4</b>	<b>165.7</b>	<b>190.8</b>
Depreciation	7.4	29.0	25.9	30.9	31.3	32.6	33.0
<b>EBITA</b>	<b>60.7</b>	<b>61.5</b>	<b>85.8</b>	<b>99.1</b>	<b>105.1</b>	<b>133.1</b>	<b>157.8</b>
Amortisation of goodwill	0.0	n/a	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	18.9	n/a	24.0	30.5	32.7	33.0	33.0
Impairment charges	0.0	n/a	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>41.7</b>	<b>61.5</b>	<b>61.8</b>	<b>68.6</b>	<b>72.3</b>	<b>100.1</b>	<b>124.8</b>
Interest income	0.6	1.0	1.3	1.6	1.8	1.6	1.6
Interest expenses	6.9	6.2	9.0	9.3	8.1	8.1	8.1
Other financial result	0.0	0.0	0.0	-0.2	0.0	0.0	0.0
Financial result	-6.4	-5.2	-7.7	-7.9	-6.3	-6.5	-6.5
<b>Recurring pretax income from continuing operations</b>	<b>35.4</b>	<b>56.3</b>	<b>54.1</b>	<b>60.7</b>	<b>66.0</b>	<b>93.6</b>	<b>118.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>35.4</b>	<b>56.3</b>	<b>54.1</b>	<b>60.7</b>	<b>66.0</b>	<b>93.6</b>	<b>118.3</b>
Taxes	6.0	7.9	4.6	6.1	6.6	9.4	17.7
<b>Net income from continuing operations</b>	<b>29.4</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>59.4</b>	<b>84.3</b>	<b>100.6</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>29.4</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>59.4</b>	<b>84.3</b>	<b>100.6</b>
Minority interest	6.9	3.5	0.4	-1.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>22.5</b>	<b>45.0</b>	<b>49.1</b>	<b>55.6</b>	<b>59.4</b>	<b>84.3</b>	<b>100.6</b>
Average number of shares	52.5	66.1	66.1	65.0	65.0	65.0	65.0
<b>EPS reported</b>	<b>0.43</b>	<b>0.68</b>	<b>0.74</b>	<b>0.86</b>	<b>0.91</b>	<b>1.30</b>	<b>1.55</b>

Profit and loss (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<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	1.5 %	1.5 %	1.4 %	1.4 %	1.2 %	1.1 %	1.1 %
<b>Total sales</b>	<b>101.5 %</b>	<b>101.5 %</b>	<b>101.4 %</b>	<b>101.4 %</b>	<b>101.2 %</b>	<b>101.1 %</b>	<b>101.1 %</b>
Other operating income	1.0 %	0.8 %	0.7 %	0.7 %	0.6 %	0.6 %	0.5 %
Material expenses	64.3 %	65.0 %	63.7 %	63.7 %	63.8 %	63.3 %	62.8 %
Personnel expenses	20.3 %	19.6 %	21.8 %	21.8 %	21.6 %	21.4 %	21.2 %
Other operating expenses	10.1 %	8.5 %	6.6 %	6.3 %	6.3 %	6.3 %	6.3 %
Total operating expenses	93.8 %	92.4 %	91.4 %	91.0 %	91.1 %	90.5 %	89.8 %
<b>EBITDA</b>	<b>7.7 %</b>	<b>9.1 %</b>	<b>9.9 %</b>	<b>10.4 %</b>	<b>10.1 %</b>	<b>10.7 %</b>	<b>11.3 %</b>
Depreciation	0.8 %	2.9 %	2.3 %	2.5 %	2.3 %	2.1 %	1.9 %
<b>EBITA</b>	<b>6.9 %</b>	<b>6.2 %</b>	<b>7.6 %</b>	<b>7.9 %</b>	<b>7.8 %</b>	<b>8.6 %</b>	<b>9.3 %</b>
Amortisation of goodwill	0.0 %	n/a	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.1 %	n/a	2.1 %	2.4 %	2.4 %	2.1 %	1.9 %
Impairment charges	0.0 %	n/a	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>4.7 %</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>5.5 %</b>	<b>5.4 %</b>	<b>6.4 %</b>	<b>7.4 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.8 %	0.6 %	0.8 %	0.7 %	0.6 %	0.5 %	0.5 %
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>5.7 %</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>4.9 %</b>	<b>6.0 %</b>	<b>7.0 %</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>5.7 %</b>	<b>4.8 %</b>	<b>4.8 %</b>	<b>4.9 %</b>	<b>6.0 %</b>	<b>7.0 %</b>
Tax rate	17.0 %	14.0 %	8.4 %	10.0 %	10.0 %	10.0 %	15.0 %
<b>Net income from continuing operations</b>	<b>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>5.4 %</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>3.3 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>5.4 %</b>	<b>5.9 %</b>
Minority interest	0.8 %	0.4 %	0.0 %	neg.	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>2.6 %</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>4.4 %</b>	<b>5.4 %</b>	<b>5.9 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>189.9</b>	<b>207.6</b>	<b>294.9</b>	<b>302.3</b>	<b>294.6</b>	<b>287.8</b>	<b>271.8</b>
Property, plant and equipment	31.9	37.1	99.8	135.1	125.4	117.7	111.9
Financial assets	17.6	0.3	22.8	22.1	22.1	22.1	22.1
<b>FIXED ASSETS</b>	<b>239.4</b>	<b>244.9</b>	<b>417.5</b>	<b>459.5</b>	<b>442.2</b>	<b>427.6</b>	<b>405.7</b>
Inventories	104.0	130.8	146.8	159.9	207.7	207.5	220.3
Accounts receivable	172.4	202.7	212.2	204.5	255.2	294.2	320.7
Other current assets	43.5	68.0	102.6	104.2	106.9	109.5	112.3
Liquid assets	216.9	171.8	312.3	281.9	289.2	370.6	459.3
Deferred taxes	28.6	29.8	34.4	36.6	36.6	36.6	36.6
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>565.5</b>	<b>603.0</b>	<b>808.2</b>	<b>787.1</b>	<b>895.6</b>	<b>1,018.4</b>	<b>1,149.1</b>
<b>TOTAL ASSETS</b>	<b>804.9</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,337.7</b>	<b>1,446.1</b>	<b>1,554.9</b>
<b>SHAREHOLDERS EQUITY</b>	<b>305.1</b>	<b>356.0</b>	<b>372.7</b>	<b>404.0</b>	<b>442.5</b>	<b>508.3</b>	<b>585.3</b>
MINORITY INTEREST	26.7	11.3	12.4	5.4	5.4	5.4	5.4
Long-term debt	68.7	79.4	341.0	343.2	343.2	343.2	343.2
Provisions for pensions and similar obligations	21.2	14.6	30.0	26.8	26.8	26.8	26.8
Other provisions	36.7	28.0	54.4	40.5	40.5	40.5	40.5
<b>Non-current liabilities</b>	<b>126.6</b>	<b>122.0</b>	<b>425.4</b>	<b>410.5</b>	<b>410.5</b>	<b>410.5</b>	<b>410.5</b>
short-term liabilities to banks	46.4	39.6	62.8	42.8	42.8	42.8	42.8
Accounts payable	154.9	177.0	205.0	210.0	258.9	298.4	325.3
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)	135.6	129.4	134.2	160.6	160.6	165.4	170.3
Deferred taxes	9.5	12.6	13.4	13.3	17.0	15.2	15.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>346.4</b>	<b>358.6</b>	<b>415.3</b>	<b>426.6</b>	<b>479.3</b>	<b>521.8</b>	<b>553.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>804.9</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,337.7</b>	<b>1,446.1</b>	<b>1,554.9</b>

Balance sheet (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>23.6 %</b>	<b>24.5 %</b>	<b>24.1 %</b>	<b>24.2 %</b>	<b>22.0 %</b>	<b>19.9 %</b>	<b>17.5 %</b>
Property, plant and equipment	4.0 %	4.4 %	8.1 %	10.8 %	9.4 %	8.1 %	7.2 %
Financial assets	2.2 %	0.0 %	1.9 %	1.8 %	1.7 %	1.5 %	1.4 %
<b>FIXED ASSETS</b>	<b>29.7 %</b>	<b>28.9 %</b>	<b>34.1 %</b>	<b>36.9 %</b>	<b>33.1 %</b>	<b>29.6 %</b>	<b>26.1 %</b>
Inventories	12.9 %	15.4 %	12.0 %	12.8 %	15.5 %	14.3 %	14.2 %
Accounts receivable	21.4 %	23.9 %	17.3 %	16.4 %	19.1 %	20.3 %	20.6 %
Other current assets	5.4 %	8.0 %	8.4 %	8.4 %	8.0 %	7.6 %	7.2 %
Liquid assets	27.0 %	20.3 %	25.5 %	22.6 %	21.6 %	25.6 %	29.5 %
Deferred taxes	3.6 %	3.5 %	2.8 %	2.9 %	2.7 %	2.5 %	2.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>70.3 %</b>	<b>71.1 %</b>	<b>65.9 %</b>	<b>63.1 %</b>	<b>66.9 %</b>	<b>70.4 %</b>	<b>73.9 %</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>37.9 %</b>	<b>42.0 %</b>	<b>30.4 %</b>	<b>32.4 %</b>	<b>33.1 %</b>	<b>35.2 %</b>	<b>37.6 %</b>
MINORITY INTEREST	3.3 %	1.3 %	1.0 %	0.4 %	0.4 %	0.4 %	0.3 %
Long-term debt	8.5 %	9.4 %	27.8 %	27.5 %	25.7 %	23.7 %	22.1 %
Provisions for pensions and similar obligations	2.6 %	1.7 %	2.4 %	2.2 %	2.0 %	1.9 %	1.7 %
Other provisions	4.6 %	3.3 %	4.4 %	3.2 %	3.0 %	2.8 %	2.6 %
<b>Non-current liabilities</b>	<b>15.7 %</b>	<b>14.4 %</b>	<b>34.7 %</b>	<b>32.9 %</b>	<b>30.7 %</b>	<b>28.4 %</b>	<b>26.4 %</b>
short-term liabilities to banks	5.8 %	4.7 %	5.1 %	3.4 %	3.2 %	3.0 %	2.8 %
Accounts payable	19.2 %	20.9 %	16.7 %	16.8 %	19.4 %	20.6 %	20.9 %
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)	16.9 %	15.3 %	10.9 %	12.9 %	12.0 %	11.4 %	11.0 %
Deferred taxes	1.2 %	1.5 %	1.1 %	1.1 %	1.3 %	1.0 %	1.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>43.0 %</b>	<b>42.3 %</b>	<b>33.9 %</b>	<b>34.2 %</b>	<b>35.8 %</b>	<b>36.1 %</b>	<b>35.6 %</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)	2017	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	29.4	48.5	49.5	54.6	59.4	84.3	100.6
Depreciation of fixed assets (incl. leases)	7.4	29.9	49.9	30.9	31.3	32.6	33.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	18.9	0.0	0.0	30.5	32.7	33.0	33.0
Others	-13.6	-17.7	3.7	-8.5	0.0	0.0	0.0
Cash flow from operations before changes in w/c	42.1	60.7	103.1	107.5	123.4	149.9	166.6
Increase/decrease in inventory	-17.9	-4.1	-16.0	-13.1	-47.8	0.2	-12.8
Increase/decrease in accounts receivable	5.5	-23.1	-30.0	41.4	-50.7	-39.0	-26.5
Increase/decrease in accounts payable	15.2	2.1	49.7	5.0	48.9	39.5	26.9
Increase/decrease in other working capital positions	0.0	0.0	-23.5	0.0	0.0	0.0	0.0
Increase/decrease in working capital	2.8	-25.1	-19.8	33.3	-49.7	0.8	-12.4
<b>Cash flow from operating activities</b>	<b>44.9</b>	<b>35.5</b>	<b>83.4</b>	<b>140.8</b>	<b>73.8</b>	<b>150.6</b>	<b>154.2</b>
CAPEX	23.0	25.1	27.1	33.9	39.2	43.6	44.1
Payments for acquisitions	11.5	39.6	27.2	41.0	7.5	7.5	0.0
Financial investments	5.7	-0.5	4.3	3.6	0.0	0.0	0.0
Income from asset disposals	1.2	1.1	2.9	1.3	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-39.1</b>	<b>-63.1</b>	<b>-55.7</b>	<b>-77.2</b>	<b>-46.7</b>	<b>-51.1</b>	<b>-44.1</b>
Cash flow before financing	5.8	-27.6	27.7	63.6	27.1	99.6	110.1
Increase/decrease in debt position	28.8	1.2	128.1	-40.9	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	14.6	12.2	0.0	0.0	0.0
Capital measures	86.9	2.2	0.0	1.4	0.0	0.0	0.0
Dividends paid	4.9	8.3	10.6	0.0	19.8	18.1	21.4
Others	-17.7	-15.9	-19.1	-14.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	-2.0	0.3	1.1	-8.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>93.1</b>	<b>-20.9</b>	<b>83.8</b>	<b>-65.8</b>	<b>-19.8</b>	<b>-18.1</b>	<b>-21.4</b>
Increase/decrease in liquid assets	97.0	-48.2	112.6	-10.2	7.3	81.4	88.6
<b>Liquid assets at end of period</b>	<b>216.9</b>	<b>171.8</b>	<b>312.3</b>	<b>281.9</b>	<b>289.2</b>	<b>370.6</b>	<b>459.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Domestic	108.3	98.4	102.2	106.7	108.0	141.6	0.0
yoy change	80.1 %	-9.1 %	3.8 %	4.4 %	1.3 %	31.1 %	n/a
Rest of Europe	242.7	300.0	336.9	373.9	395.6	471.5	0.0
yoy change	46.0 %	23.6 %	12.3 %	11.0 %	5.8 %	19.2 %	n/a
NAFTA	132.1	133.2	152.7	178.2	198.5	211.6	0.0
yoy change	n/a	0.8 %	14.7 %	16.7 %	11.4 %	6.6 %	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	398.9	459.4	531.1	596.0	648.0	722.1	0.0
yoy change	43.8 %	15.2 %	15.6 %	12.2 %	8.7 %	11.4 %	n/a
<b>TTL</b>	<b>882.0</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,350.0</b>	<b>1,556.2</b>	<b>0.0</b>
yoy change	75.1 %	12.3 %	13.3 %	11.7 %	7.6 %	15.3 %	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>P&amp;L growth analysis</b>							
Sales growth	75.1 %	12.3 %	13.3 %	11.7 %	7.6 %	15.3 %	9.0 %
EBITDA growth	97.9 %	33.0 %	23.4 %	43.6 %	22.1 %	27.4 %	40.0 %
EBIT growth	73.1 %	47.3 %	0.4 %	11.5 %	17.1 %	46.0 %	72.5 %
EPS growth	29.9 %	58.9 %	9.2 %	25.7 %	23.1 %	51.5 %	69.2 %
<b>Efficiency</b>							
Total operating costs / sales	93.8 %	92.4 %	91.4 %	91.0 %	91.1 %	90.5 %	89.8 %
Sales per employee	306.0	254.1	259.8	288.9	307.8	709.6	765.8
EBITDA per employee	23.6	23.2	25.9	29.9	31.1	75.6	86.1
<b>Balance sheet analysis</b>							
Avg. working capital / sales	13.6 %	14.0 %	13.8 %	12.4 %	13.3 %	11.5 %	12.4 %
Inventory turnover (sales/inventory)	8.5	7.6	7.7	7.8	6.5	7.5	7.7
Trade debtors in days of sales	71.3	74.6	69.0	59.5	69.0	69.0	69.0
A/P turnover [(A/P*365)/sales]	64.1	65.2	66.6	61.1	70.0	70.0	70.0
Cash conversion cycle (days)	38.6	48.5	39.2	36.6	47.3	35.3	33.0
<b>Cash flow analysis</b>							
Free cash flow	21.9	10.4	56.3	106.9	34.6	107.1	110.1
Free cash flow/sales	2.5 %	1.1 %	5.0 %	8.5 %	2.6 %	6.9 %	6.5 %
FCF / net profit	97.3 %	23.2 %	114.6 %	192.2 %	58.3 %	127.0 %	109.4 %
Capex / deprn	109.2 %	82.3 %	62.9 %	61.2 %	61.2 %	66.4 %	66.8 %
Capex / maintenance capex	145.7 %	n/a	74.6 %	70.3 %	67.5 %	75.9 %	82.2 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-101.8	-52.7	91.5	104.1	96.8	15.4	-73.3
Net Debt/EBITDA	0.0	0.0	0.8	0.8	0.7	0.1	0.0
Net debt / equity	neg.	neg.	0.2	0.3	0.2	0.0	neg.
Interest cover	6.0	10.0	6.9	7.4	8.9	12.4	15.4
Dividend payout ratio	36.6 %	23.5 %	0.0 %	35.7 %	30.5 %	25.4 %	22.4 %
<b>Asset utilisation</b>							
Capital employed turnover	1.7	1.9	1.3	1.5	1.5	1.6	1.6
Operating assets turnover	5.7	5.1	4.4	4.3	4.1	4.8	5.2
Plant turnover	27.7	26.7	11.3	9.3	10.8	13.2	15.2
Inventory turnover (sales/inventory)	8.5	7.6	7.7	7.8	6.5	7.5	7.7
<b>Returns</b>							
ROCE	9.4 %	11.9 %	8.8 %	9.9 %	8.2 %	10.9 %	12.8 %
ROE	7.4 %	12.6 %	13.2 %	13.8 %	13.4 %	16.6 %	17.2 %
<b>Other</b>							
Interest paid / avg. debt	6.6 %	5.3 %	3.4 %	3.7 %	2.1 %	2.1 %	2.1 %
No. employees (average)	2882	3900	4322	4343	4387	2193	2215
Number of shares	52.5	66.1	66.1	65.0	65.0	65.0	65.0
DPS	0.1	0.2	0.0	0.3	0.3	0.3	0.3
EPS reported	0.43	0.68	0.74	0.86	0.91	1.30	1.55
<b>Valuation ratios</b>							
P/BV	4.4	4.0	3.8	3.5	3.2	2.8	2.4
EV/sales	1.4	1.4	1.4	1.2	1.1	0.9	0.8
EV/EBITDA	18.8	15.2	13.7	11.9	11.3	8.8	7.2
EV/EBITA	21.0	22.4	17.9	15.6	14.6	10.9	8.7
EV/EBIT	30.6	22.4	24.9	22.5	21.3	14.5	11.0
EV/FCF	58.3	131.9	27.3	14.5	44.4	13.6	12.4
Adjusted FCF yield	3.4 %	4.7 %	5.4 %	6.2 %	6.5 %	8.7 %	10.6 %
Dividend yield	0.6 %	0.7 %	0.0 %	1.4 %	1.3 %	1.5 %	1.6 %

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 the Temporary Permission Regime for EEA firms, 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:

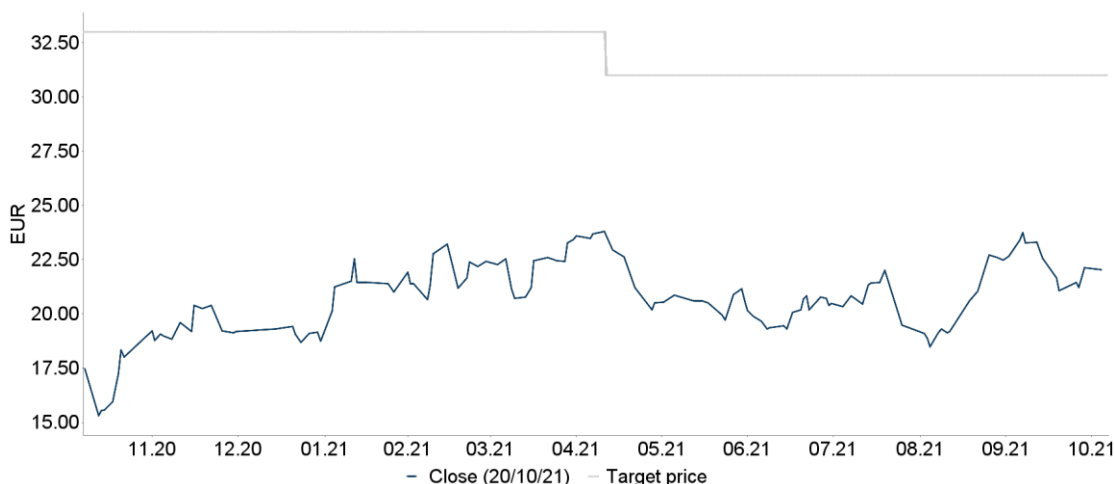
Company	Disclosure
S&T AG	3

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

#### Price and Rating History S&T AG as of 22/10/21

#### Initiation coverage

30-May-12



Company	Date	Analyst	Rating	Target price	Close
S&T AG	12.10.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,22
	10.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 22,70
	07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
	07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
	07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04

07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
07.09.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,04
06.08.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 22,02
03.08.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,46
11.05.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,22
11.05.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,22
07.05.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 21,22
28.04.2021	Wunderlich, CFA, Tim	Buy	EUR 31,00	EUR 23,80
24.02.2021	Wunderlich, CFA, Tim	Buy	EUR 33,00	EUR 22,76
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

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

<b>Buy</b>	75.51 %	96.30 %
<b>Sell</b>	4.76 %	0.00 %
<b>Hold</b>	19.73 %	3.70 %

Date of publication creation: 26/10/2021 08:08 AM

Date of publication dissemination: 26/10/2021 08:25 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 the Temporary Permission Regime for EEA firms 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 Capital Advisory  
Tel.: +49 40 450 6342 3097  
E-Mail: marie-therese.gruebner@ha-ib.de

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

**Alexander Galitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: alexander.galitsa@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

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

**Jorge González Sadornil**  
Senior Analyst  
Tel.: +49 40 414 3885 84  
E-Mail: jorge.gonzalez@ha-ib.de

**Nicole Winkler**  
Analyst  
Tel.: +49 40 414 3885 97  
E-Mail: nicole.winkler@ha-ib.de

**Philipp Sennewald**  
Analyst  
Tel.: +49 40 450 6342 3091  
E-Mail: philipp.sennewald@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 84 107 97  
E-Mail: carlos.becke@ha-ib.de

**Christian Schwenkenbecher**  
Equity Sales  
Tel.: +44 203 84 107 96  
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 84 107 98  
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

**Valentin Popow**  
Equity Sales  
Tel.: +49 69 2161 1749  
E-Mail: valentin.popow@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

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 38 85 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.com

**Nils Carstens**  
Trading  
Tel.: +49 40 414 38 85 85  
E-Mail: Nils.Carstens@ha-ib.de

**Tom Warlich**  
Middle-Office  
Tel.: +49 40 414 3885 78  
E-Mail: tom.warlich@hauck-aufhaeuser.com

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

