

HAIB FIRST TAKE

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21-March-22

A first look at Q4 / FY'21 results

S&T this morning released **fully audited results** for FY'21 on time. **This should support sentiment for the stock**, considering that investors were concerned that now **disproven** allegations by a well-known short seller may result in a delayed release.

Results were largely in-line on sales, below expectations on EBITDA, and better-than-expected on cash flow.

- **Q4 group sales rose by c. 2% yoy to € 428m**, versus our expectation of € 436m. Key growth driver was IoT Europe, with segment sales up 12% yoy to € 230m. This was partly offset by softness in IT Services (-3% yoy to € 167m) and especially IoT Americas (-22% yoy to € 31m). **The latter continues to suffer from chip shortages and COVID-related weakness of the Avionics end-market.** On group level, revenue postponed due to chip shortages stood at € 77m at the end of Q4'21, versus € 80m at the end of Q3'21.
- **Q4'21 EBITDA came in at € 40.7m** (-12% yoy), falling short of our € 44.8m estimate. **This reflects above all weakness in IoT Americas:** segment EBITDA arrived at € -2.7m in Q4'21 versus € 6.1m a year ago. This should be due to lower fixed cost coverage in light of the reduced top-line as well as raw material price inflation. On group level, EBITDA suffered from c. **€ 4m higher input costs in FY'21**, which S&T could not pass on during the year. There should have also been **€ 1-2m one-off costs in Q4'21** on group level, due to auditor E&Y having taken a tougher stance on selected items such as receivables in Eastern Europe.
- **Operating cash flow came in at € 95m** for the FY'21, and free cash flow at € 48m, both beating our expectations (€ 68m / € 29m). This reflects better-than-expected working capital management amidst chip shortages. An increase in factoring only accounted for € 7m of this.

S&T reiterates its FY'22E guidance of € 1.5bn sales and 10% EBITDA margin (in-line). We expect the chip situation and the Avionics end-market to gradually improve in FY'22E, supporting especially the ailing IoT Americas business. The strong group backlog of € 1.33bn (+44% yoy / +8% qoq) provides visibility on growth for this year. Meanwhile, the potential IT Service divestment remains the key share price catalyst for FY'22E.

A conference call will be held today at 9:00 am CET.

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Buy

Price target: EUR 30.00

Price: EUR 14.53

Close price as of: 18.03.2022

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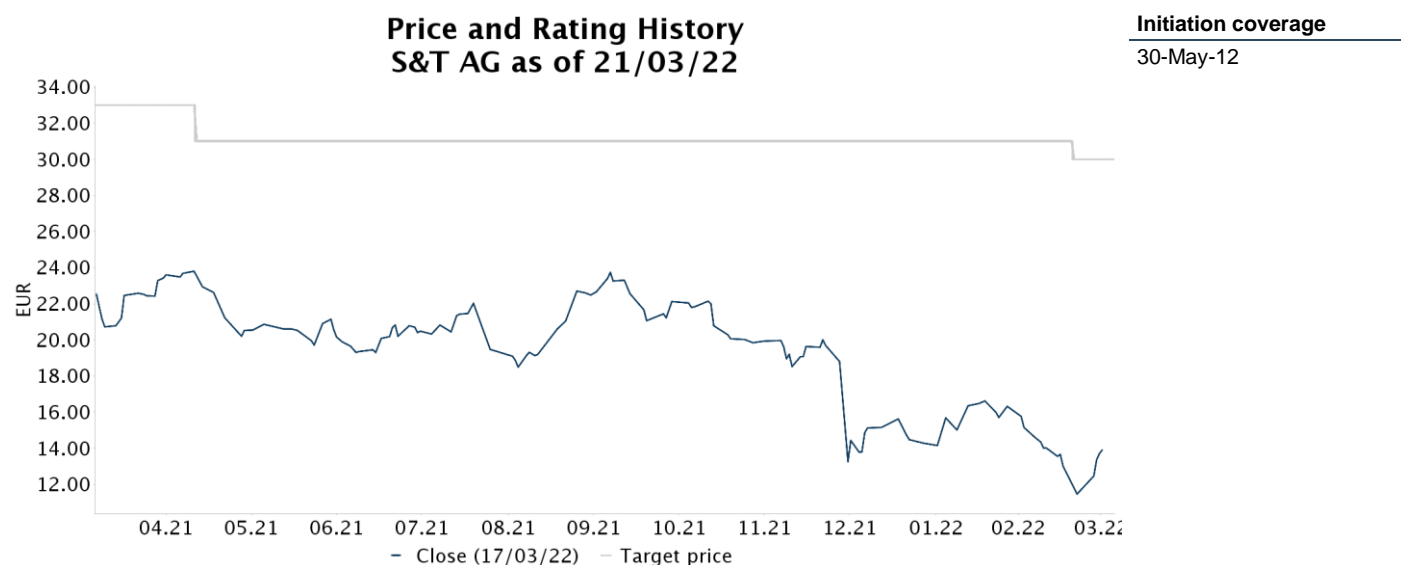
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Company	Disclosure
S&T AG	

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



Company	Date	Analyst	Rating	Target price	Close
S&T AG	09.03.2022	Wunderlich, CFA, Tim	Buy	EUR 30.00	EUR 11.46
	15.02.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 16.32
	01.02.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 16.48
	26.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 15.01
	18.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 14.66
	11.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 14.47

10.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 14.47
03.01.2022	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 15.62
24.12.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 15.12
23.12.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 15.12
22.12.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 14.85
20.12.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 13.78
17.12.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 14.43
10.11.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 20.02
26.10.2021	Wunderlich, CFA, Tim	Buy	EUR 31.00	EUR 21.82
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
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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

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Buy	82.50 %	96.43 %
Sell	3.75 %	0.00 %
Hold	13.75 %	3.57 %

Date of publication creation: 21/03/2022 08:47 AM

Date of publication dissemination: 21/03/2022 08:51 AM

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