

Buy EUR 29.00 (EUR 27.50)	Value Indicators: EUR DCF: 29.00 FCF-Value Potential 2022e: 27.80	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 2.0 Balance Sheet Score: 4.0 Market Liquidity Score: 3.0	Description: Focused on industrial IoT and IT- Services mostly in Central and Eastern Europe
	Market Snapshot: EUR m Market cap: 1,384.5 No. of shares (m): 65.0 EV: 1,375.5 Freefloat MC: 1,003.8 Ø Trad. Vol. (30d): 4.66 m	Shareholders: Freefloat 72.5 % Ennoconn 27.5 % Allianz Global Investors 5.0 % Ninety One UK 4.0 % Groupama 2.8 %	Key Figures (WRe): 2020e Beta: 1.3 Price / Book: 3.4 x Equity Ratio: 34 % Net Fin. Debt / EBITDA: 0.2 x Net Debt / EBITDA: 0.3 x
Price EUR 21.30 Upside 36.2 %			

Q4 results above expectations and strong 2020 cash flow

Figures Q4/2020: FY End: 31.12. in EUR m					Comment on Figures: <ul style="list-style-type: none"> Strong Q4 revenues ahead of expectations Slight margin shortfall indicates a higher share of the lower-margin IT services and embedded hardware products in Q4 Full-year EBITDA of EUR 129.5m exceeds WRe EUR 126m and the consensus estimate of EUR 124m 				
	Q4 20	Q4 20e	Q4 19	yoy	20	20e	19	yoy	
Sales	418.4	375.7	369.7	13 %	1,254.8	1,212.1	1,122.9	12 %	
EBITDA	45.8	42.3	40.0	14 %	129.5	126.0	111.7	16 %	
Margin	10.9 %	11.3 %	10.8 %		10.3 %	10.4 %	9.9 %		

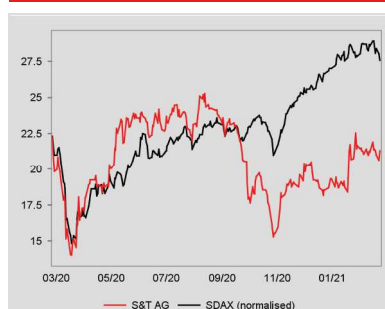
S&T announced **preliminary figures** after confirming in January that it had reached its guidance. **Revenues amounted to EUR 1.25bn in FY 2020, which is ahead of WRe of EUR 1.21bn and consensus expectations** of EUR 1.22bn. Thanks to the higher top line, the EBITDA reached EUR 129.5m, which compares with WRe EUR 126m and the consensus estimate of EUR 124m. The EBITDA margin of 10.3% was hence (almost) in line with the expectation of WRe 10.4%. The marginal margin shortfall in Q4 alone indicates that the Q4 sales-lift also benefited from a higher share of the lower-margin IT services or embedded hardware products.

Operating cash flow of EUR 140m (up from EUR 83m in 2019) **appears to be very strong at first sight** (WRe was ~ EUR 80m) and implies an op. cash flow of ~ EUR 90m in Q4 alone. S&T is **likely to have achieved a substantial improvement in working capital** at year-end, which was one focus area. This should include lower inventories and receivables (including the use of factoring, a financing instrument which is regularly implemented). Free cash flow should thus have roughly doubled to ~ EUR 100m. While a reduction in the working capital ratio is not a recurring effect, it is worth mentioning that 2020 cash flow was also still burdened by the restructuring of Kapsch. As cash generation was often criticised in the past, **strong cash flow figures should help to restore investor confidence.**

S&T is expected to reiterate its FY 2021 guidance (sales to reach at least EUR 1.4bn + EBITDA >EUR 140m) in March. The full-year consolidation of Iskratel + Citycomp should add EUR 100m to sales in 2021. We are expecting an 8% organic growth rate for the remaining business, which should lift sales to ~ EUR 1.46bn. We are **hence regarding the company guidance as conservative.** The expectation of an increase in the EBITDA margin to 10.5% remains unchanged.

The **PT is raised to EUR 29** and the **Buy rating remains unchanged.** Current share price levels are regarded to be attractive in light of the **catch-up potential (>35% valuation upside)** and **undemanding valuation of ~9x EBITDA 2021.**

Changes in Estimates: FY End: 31.12. in EUR m					Comment on Changes: <ul style="list-style-type: none"> Slight increase in estimates after strong Q4 revenues The consolidation of Iskratel will have some dilutive effects (20 bps) in FY 2021, which explains the expectation of only a slight margin expansion 				
	2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -			
Sales	1,212.1	3.5 %	1,437.5	1.5 %	1,545.4	1.5 %			
EBITDA	126.0	2.7 %	151.1	1.0 %	169.0	1.4 %			

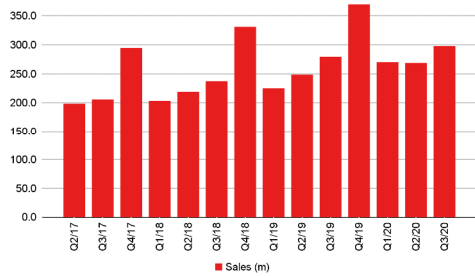


Rel. Performance vs SDAX:	
1 month:	6.3 %
6 months:	-30.7 %
Year to date:	8.3 %
Trailing 12 months:	-28.4 %

Company events:	
25.03.21	FY 2020
06.05.21	Q1
08.06.21	AGM
05.08.21	Q2

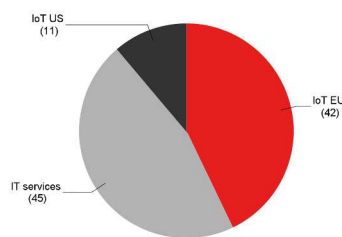
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	11.8 %	503.7	882.0	990.9	1,122.9	1,254.8	1,459.2	1,568.6
Change Sales yoy		7.6 %	75.1 %	12.3 %	13.3 %	11.8 %	16.3 %	7.5 %
Gross profit margin		34.1 %	37.2 %	36.5 %	37.7 %	39.3 %	38.6 %	38.6 %
EBITDA	15.3 %	34.4	68.1	90.5	111.7	129.5	152.6	171.3
Margin		6.8 %	7.7 %	9.1 %	9.9 %	10.3 %	10.5 %	10.9 %
EBIT	21.8 %	24.1	41.7	61.5	61.8	71.0	91.7	111.5
Margin		4.8 %	4.7 %	6.2 %	5.5 %	5.7 %	6.3 %	7.1 %
Net income	21.5 %	14.6	22.5	45.0	49.1	53.4	70.9	88.0
EPS	21.6 %	0.33	0.43	0.70	0.75	0.82	1.09	1.35
EPS adj.	24.5 %	0.26	0.45	0.68	0.70	0.82	1.09	1.35
DPS	23.3 %	0.10	0.13	0.16	0.16	0.20	0.25	0.30
Dividend Yield		1.3 %	0.9 %	0.7 %	0.8 %	0.9 %	1.2 %	1.4 %
FCFPS		1.09	0.31	0.09	0.78	1.35	1.12	1.50
FCF / Market cap		14.5 %	2.2 %	0.4 %	3.8 %	6.2 %	5.1 %	6.8 %
EV / Sales		0.6 x	0.7 x	1.3 x	1.2 x	1.2 x	1.0 x	0.9 x
EV / EBITDA		9.1 x	9.4 x	14.7 x	12.4 x	11.4 x	9.3 x	7.8 x
EV / EBIT		12.9 x	15.3 x	21.7 x	22.5 x	20.7 x	15.4 x	12.0 x
P / E		22.9 x	32.4 x	30.6 x	27.1 x	26.0 x	19.5 x	15.8 x
P / E adj.		29.0 x	30.9 x	31.5 x	29.0 x	26.0 x	19.5 x	15.8 x
FCF Potential Yield		9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.1 %	9.6 %
Net Debt		-20.3	-91.2	-42.8	50.7	37.3	-17.0	-97.5
ROCE (NOPAT)		15.5 %	15.0 %	18.7 %	14.9 %	13.5 %	16.6 %	20.1 %
Guidance:		2021: Sales > EUR 1.4bn; EBITDA > EUR 140m						

Sales development
in EUR m



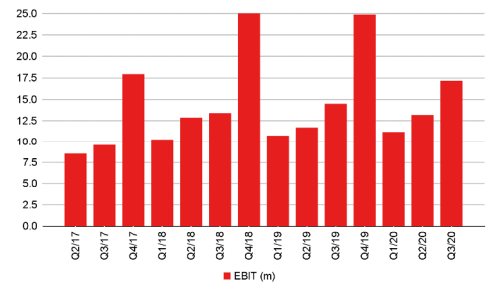
Source: Warburg Research

Sales by segments
2019



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

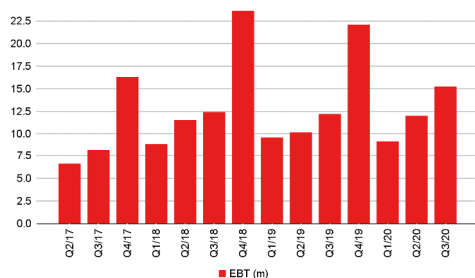
Company Background

- The S&T AG is a supplier of IT services with a focus on Eastern Europe and Germany, Austria, Switzerland
- In recent years, S&T was refocused on soft- and hardware solutions aiming at the IoT-market
- The acquisition of Kontron strengthens the embedded hardware competence and provides access to industrial, medical or communication customers

Competitive Quality

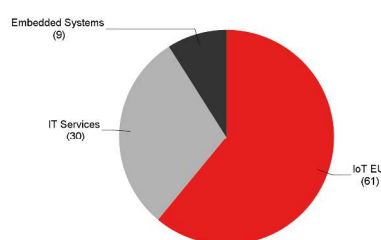
- The combination of S&T's software- and security-competence with Kontron's hardware expertise adds cross-selling-opportunities in the growing IoT-market, especially as security becomes an increasingly relevant feature
- Kontron's #2 positioning in the embedded computer area secures access to leading customers and provides the foundation for one of the strongest R&D pools in the embedded market in combination with S&T's software expertise
- The cooperation with Foxconn provides access to low cost production capabilities and can provide the foundation for additional future business areas (e.g. embedded server)
- About one-third of S&T's employees are specialised development engineers with a high level of expertise in the area of IoT niche products and embedded systems.
- S&T has been present in Eastern Europe for decades. Generally, the competitive pressure is lower in this region than in the more developed countries.

EBT development
in EUR m



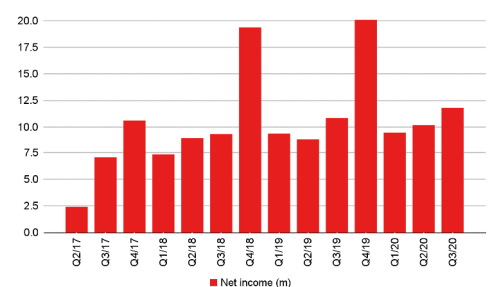
Source: Warburg Research

EBITDA by segments
2019



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	1,254.8	1,459.2	1,568.6	1,686.2	1,804.3	1,912.5	2,008.2	2,108.6	2,192.9	2,280.6	2,371.9	2,443.0	2,491.9	
Sales change	11.8 %	16.3 %	7.5 %	7.5 %	7.0 %	6.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT	71.0	91.7	111.5	126.5	140.7	149.2	156.6	164.5	171.0	177.9	185.0	190.6	194.4	
EBIT-margin	5.7 %	6.3 %	7.1 %	7.5 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	7.8 %	
Tax rate (EBT)	14.0 %	14.0 %	14.0 %	21.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	
NOPAT	61.1	78.9	95.9	99.9	104.1	110.4	115.9	121.7	126.6	131.6	136.9	141.0	143.8	
Depreciation	58.5	60.9	59.7	59.0	57.7	61.2	64.3	67.5	70.2	73.0	75.9	78.2	79.7	
in % of Sales	4.7 %	4.2 %	3.8 %	3.5 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	3.2 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-14.3	30.2	21.0	37.9	13.0	11.9	10.5	11.0	9.3	9.6	10.0	7.8	5.4	
- Capex	29.5	30.5	31.0	34.6	37.0	63.1	66.3	69.6	72.4	75.3	78.3	80.6	82.2	
Capex in % of Sales	2.4 %	2.1 %	2.0 %	2.1 %	2.1 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %	
Other	0.0	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Free Cash Flow (WACC Model)	104.4	77.5	102.2	85.5	110.9	95.6	102.4	107.6	114.1	118.7	123.5	129.7	134.9	138
PV of FCF	110.2	76.1	93.3	72.6	87.5	70.1	69.8	68.2	67.3	65.1	62.9	61.5	59.4	1,091
share of PVs	13.61 %			33.31 %										53.08 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	18.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.6 %	Liquidity (share)	1.20
Market return	7.00 %	Cyclicality	1.25
Risk free rate	1.50 %	Transparency	1.60
		Others	1.25
WACC	7.56 %	Beta	1.30

Valuation (m)

Present values 2032e	964		
Terminal Value	1,091		
Financial liabilities	374		
Pension liabilities	9		
Hybrid capital	0		
Minority interest	8		
Market val. of investments	0		
Liquidity	223	No. of shares (m)	65.0
Equity Value	1,887	Value per share (EUR)	29.02

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.52	8.6 %	23.13	23.53	23.97	24.44	24.95	25.50	26.10	1.52	8.6 %	18.88	20.74	22.59	24.44	26.30	28.15	30.00
1.41	8.1 %	24.93	25.43	25.96	26.54	27.17	27.86	28.61	1.41	8.1 %	20.55	22.55	24.54	26.54	28.54	30.54	32.53
1.36	7.8 %	25.94	26.49	27.08	27.73	28.43	29.20	30.05	1.36	7.8 %	21.49	23.57	25.65	27.73	29.81	31.89	33.97
1.30	7.6 %	27.03	27.64	28.30	29.02	29.81	30.68	31.64	1.30	7.6 %	22.52	24.69	26.86	29.02	31.19	33.36	35.53
1.24	7.3 %	28.21	28.89	29.63	30.44	31.33	32.32	33.41	1.24	7.3 %	23.65	25.91	28.18	30.44	32.71	34.97	37.24
1.19	7.1 %	29.50	30.26	31.09	32.00	33.01	34.13	35.39	1.19	7.1 %	24.89	27.26	29.63	32.00	34.38	36.75	39.12
1.08	6.6 %	32.43	33.40	34.46	35.64	36.96	38.44	40.12	1.08	6.6 %	27.78	30.40	33.02	35.64	38.26	40.89	43.51

- For the coming years, high single digit growth is expected.
- Rising software sales should result in increasing margins at group level
- Existing tax-losses should decrease the tax-rate until 2022

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2016	2017	2018	2019	2020e	2021e	2022e	
Net Income before minorities	20.4	29.4	48.5	49.5	54.4	72.4	89.5	
+ Depreciation + Amortisation	10.3	26.3	29.0	49.9	58.5	60.9	59.7	
- Net Interest Income	-4.0	-6.4	-5.2	-7.7	-7.8	-7.5	-7.5	
- Maintenance Capex	4.8	15.0	15.0	15.5	16.0	16.0	16.0	
+ Other	0.0	0.0	0.0	-9.5	-7.6	-10.1	-12.5	
= Free Cash Flow Potential	29.9	47.0	67.7	82.2	97.0	114.7	128.2	
FCF Potential Yield (on market EV)	9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.1 %	9.6 %	
WACC	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	7.56 %	
= Enterprise Value (EV)	311.6	640.4	1,334.2	1,388.0	1,470.4	1,416.2	1,335.7	
= Fair Enterprise Value	395.3	622.3	895.1	1,087.0	1,283.8	1,517.2	1,696.5	
- Net Debt (Cash)	41.3	41.3	41.3	41.3	27.8	-26.4	-106.9	
- Pension Liabilities	9.4	9.4	9.4	9.4	9.4	9.4	9.4	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	0.0	0.0	0.0	0.0	8.0	8.0	8.0	
+ Market value of investments	0.0	0.0	0.0	0.0	23.0	23.0	23.0	
= Fair Market Capitalisation	344.6	571.6	844.4	1,036.2	1,261.6	1,549.2	1,808.9	
Number of shares, average	44.0	52.5	64.3	65.9	65.0	65.0	65.0	
= Fair value per share (EUR)	7.83	10.88	13.13	15.73	19.41	23.83	27.83	
premium (-) / discount (+) in %					-8.9 %	11.9 %	30.7 %	
Sensitivity Fair value per Share (EUR)								
	10.56 %	3.57	6.07	9.08	11.19	13.80	17.20	20.41
	9.56 %	4.03	6.79	10.11	12.44	15.28	18.95	22.37
	8.56 %	4.59	7.68	11.38	13.99	17.10	21.11	24.78
WACC	7.56 %	5.30	8.79	12.99	15.94	19.41	23.83	27.83
	6.56 %	6.23	10.25	15.09	18.49	22.42	27.39	31.81
	5.56 %	7.49	12.24	17.95	21.96	26.51	32.23	37.22
	4.56 %	9.30	15.09	22.05	26.95	32.41	39.19	45.00

- The net income is being adjusted for the normalised tax rate (26%)
- The PV of existing tax losses (EUR 22m) is being included as an asset
- Maintenance CAPEX include capitalised development expenses
- Adjusted for IFRS 16 effect
- The value indication increases along with the positive margin development

Valuation	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	2.2 x	2.4 x	3.9 x	3.6 x	3.4 x	2.9 x	2.5 x
Book value per share ex intangibles	-0.60	1.82	2.25	1.16	1.47	2.59	3.73
EV / Sales	0.6 x	0.7 x	1.3 x	1.2 x	1.2 x	1.0 x	0.9 x
EV / EBITDA	9.1 x	9.4 x	14.7 x	12.4 x	11.4 x	9.3 x	7.8 x
EV / EBIT	12.9 x	15.3 x	21.7 x	22.5 x	20.7 x	15.4 x	12.0 x
EV / EBIT adj.*	14.7 x	14.9 x	22.3 x	23.8 x	18.6 x	14.2 x	11.4 x
P / FCF	6.9 x	45.2 x	235.0 x	26.2 x	16.3 x	19.6 x	14.7 x
P / E	22.9 x	32.4 x	30.6 x	27.1 x	26.0 x	19.5 x	15.8 x
P / E adj.*	29.0 x	30.9 x	31.5 x	29.0 x	26.0 x	19.5 x	15.8 x
Dividend Yield	1.3 %	0.9 %	0.7 %	0.8 %	0.9 %	1.2 %	1.4 %
FCF Potential Yield (on market EV)	9.6 %	7.3 %	5.1 %	5.9 %	6.6 %	8.1 %	9.6 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	503.7	882.0	990.9	1,122.9	1,254.8	1,459.2	1,568.6
Change Sales yoy	7.6 %	75.1 %	12.3 %	13.3 %	11.8 %	16.3 %	7.5 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	2.8	13.4	15.1	15.5	16.0	16.0	16.0
Total Sales	506.5	895.3	1,006.0	1,138.4	1,270.8	1,475.2	1,584.6
Material expenses	334.8	567.0	644.3	715.4	778.0	912.0	978.8
Gross profit	171.7	328.3	361.7	423.1	492.8	563.2	605.8
Gross profit margin	34.1 %	37.2 %	36.5 %	37.7 %	39.3 %	38.6 %	38.6 %
Personnel expenses	93.5	179.4	194.6	245.2	281.1	318.7	338.8
Other operating income	6.1	8.5	7.5	8.0	6.2	7.3	7.8
Other operating expenses	50.0	89.4	84.0	74.2	88.5	99.2	103.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	34.4	68.1	90.5	111.7	129.5	152.6	171.3
Margin	6.8 %	7.7 %	9.1 %	9.9 %	10.3 %	10.5 %	10.9 %
Depreciation of fixed assets	3.5	7.4	8.2	25.9	31.5	33.9	34.7
EBITA	30.9	60.7	82.3	85.8	98.0	118.7	136.5
Amortisation of intangible assets	6.7	18.9	20.8	24.0	27.0	27.0	25.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	24.1	41.7	61.5	61.8	71.0	91.7	111.5
Margin	4.8 %	4.7 %	6.2 %	5.5 %	5.7 %	6.3 %	7.1 %
EBIT adj.	21.2	43.0	59.8	58.4	79.0	99.7	117.5
Interest income	0.3	0.6	1.0	1.3	2.0	0.5	0.5
Interest expenses	4.4	6.9	6.2	9.0	9.8	8.0	8.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	20.1	35.4	56.3	54.1	63.2	84.2	104.0
Margin	4.0 %	4.0 %	5.7 %	4.8 %	5.0 %	5.8 %	6.6 %
Total taxes	-0.3	6.0	7.9	4.6	8.9	11.8	14.6
Net income from continuing operations	20.4	29.4	48.5	49.5	54.4	72.4	89.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	20.4	29.4	48.5	49.5	54.4	72.4	89.5
Minority interest	5.8	6.9	3.5	0.4	0.9	1.5	1.5
Net income	14.6	22.5	45.0	49.1	53.4	70.9	88.0
Margin	2.9 %	2.6 %	4.5 %	4.4 %	4.3 %	4.9 %	5.6 %
Number of shares, average	44.0	52.5	64.3	65.9	65.0	65.0	65.0
EPS	0.33	0.43	0.70	0.75	0.82	1.09	1.35
EPS adj.	0.26	0.45	0.68	0.70	0.82	1.09	1.35

*Adjustments made for:

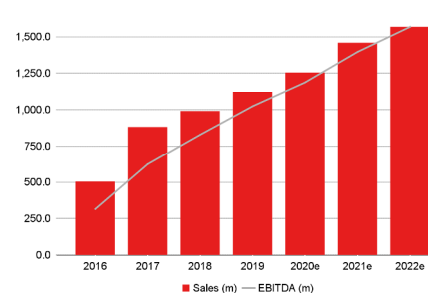
Guidance: 2021: Sales > EUR 1.4bn; EBITDA > EUR 140m

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	93.7 %	93.8 %	92.4 %	91.4 %	91.0 %	90.6 %	90.1 %
Operating Leverage	2.2 x	1.0 x	3.8 x	0.0 x	1.3 x	1.8 x	2.9 x
EBITDA / Interest expenses	7.9 x	9.8 x	14.7 x	12.4 x	13.2 x	19.1 x	21.4 x
Tax rate (EBT)	-1.6 %	17.0 %	14.0 %	8.4 %	14.0 %	14.0 %	14.0 %
Dividend Payout Ratio	21.5 %	23.3 %	21.2 %	21.3 %	23.9 %	22.4 %	21.8 %
Sales per Employee	215,250	358,964	384,085	414,531	441,182	488,587	500,220

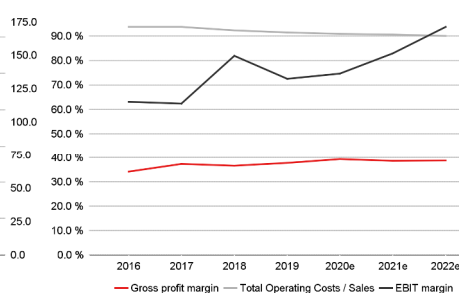
Sales, EBITDA

in EUR m

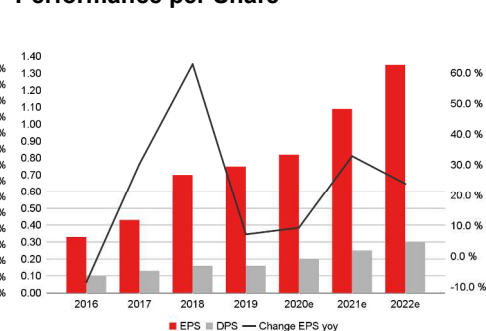


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

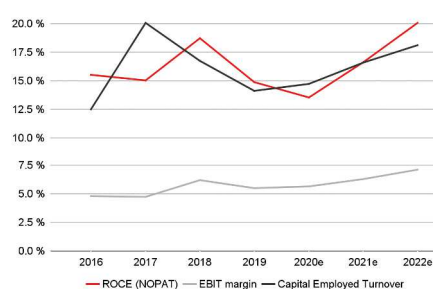
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	183.2	189.9	207.6	294.9	319.4	313.4	309.4
thereof other intangible assets	183.2	85.0	37.6	47.0	69.5	63.5	59.5
thereof Goodwill	0.0	104.9	120.0	194.4	194.4	194.4	194.4
Property, plant and equipment	27.5	31.9	37.1	99.8	91.9	67.5	42.7
Financial assets	12.1	17.5	17.7	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	222.8	239.3	262.4	394.7	411.2	380.8	352.1
Inventories	84.9	104.0	130.8	146.8	163.0	184.7	196.1
Accounts receivable	168.6	172.4	207.0	242.7	226.9	271.8	300.8
Liquid assets	125.6	216.9	171.8	312.3	316.7	362.0	433.5
Other short-term assets	66.9	72.1	76.1	129.3	129.3	129.3	129.3
Current assets	445.9	565.5	585.6	831.0	836.0	947.8	1,059.7
Total Assets	668.7	804.8	847.9	1,225.7	1,247.2	1,328.6	1,411.8
Liabilities and shareholders' equity							
Subscribed capital	48.9	63.4	66.1	66.1	66.1	66.1	66.1
Capital reserve	44.9	167.8	177.4	170.1	170.1	170.1	170.1
Retained earnings	61.9	79.5	116.2	154.7	197.5	255.0	326.3
Other equity components	-1.8	-5.7	-3.7	-18.2	-16.2	-4.8	-3.3
Shareholders' equity	154.0	305.1	356.0	372.7	417.4	486.4	559.2
Minority interest	87.0	26.7	11.3	12.4	12.4	12.4	12.4
Total equity	241.1	331.9	367.3	385.1	429.8	498.7	571.5
Provisions	50.7	57.9	42.6	84.3	64.3	64.3	64.3
thereof provisions for pensions and similar obligations	11.6	1.8	1.7	9.4	9.4	9.4	9.4
Financial liabilities (total)	93.6	123.9	127.2	353.6	344.6	335.6	326.6
thereof short-term financial liabilities	19.5	46.4	39.6	62.8	62.8	62.8	62.8
Accounts payable	134.3	154.9	177.0	205.0	223.5	259.9	279.3
Other liabilities	149.1	136.3	133.9	197.7	185.0	170.0	170.0
Liabilities	427.7	473.0	480.7	840.7	817.5	829.9	840.3
Total liabilities and shareholders' equity	668.7	804.8	847.9	1,225.7	1,247.2	1,328.6	1,411.8

Financial Ratios

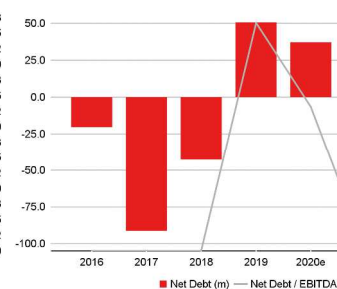
	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.7 x	6.1 x	6.2 x	5.3 x	6.7 x	7.5 x	8.2 x
Capital Employed Turnover	2.3 x	3.7 x	3.1 x	2.6 x	2.7 x	3.0 x	3.3 x
ROA	6.5 %	9.4 %	17.1 %	12.4 %	13.0 %	18.6 %	25.0 %
Return on Capital							
ROCE (NOPAT)	15.5 %	15.0 %	18.7 %	14.9 %	13.5 %	16.6 %	20.1 %
ROE	11.5 %	9.8 %	13.6 %	13.5 %	13.5 %	15.7 %	16.8 %
Adj. ROE	9.2 %	10.3 %	13.2 %	12.6 %	13.5 %	15.7 %	16.8 %
Balance sheet quality							
Net Debt	-20.3	-91.2	-42.8	50.7	37.3	-17.0	-97.5
Net Financial Debt	-32.0	-93.1	-44.6	41.3	27.8	-26.4	-106.9
Net Gearing	-8.4 %	-27.5 %	-11.7 %	13.2 %	8.7 %	-3.4 %	-17.1 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	37.0 %	21.5 %	n.a.	n.a.
Book Value / Share	3.1	4.8	5.4	5.6	6.2	7.3	8.4
Book value per share ex intangibles	-0.6	1.8	2.2	1.2	1.5	2.6	3.7

ROCE Development



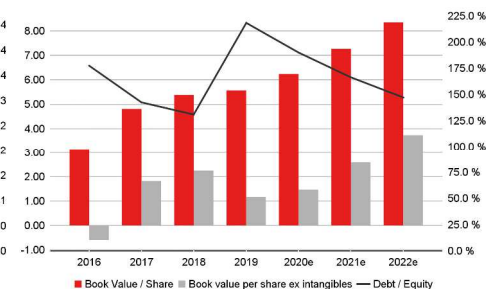
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

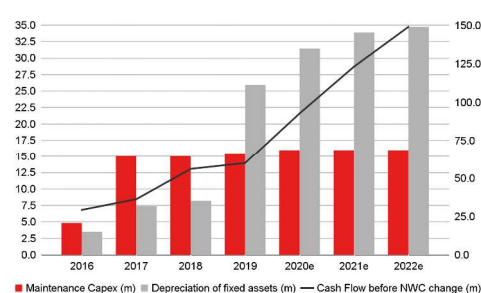
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	20.4	29.4	48.5	49.5	54.4	72.4	89.5
Depreciation of fixed assets	3.5	7.4	8.2	25.9	31.5	33.9	34.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.7	18.9	20.8	24.0	27.0	27.0	25.0
Increase/decrease in long-term provisions	0.0	0.0	-0.1	-31.9	0.0	0.0	0.0
Other non-cash income and expenses	-1.4	-19.3	-21.3	-7.6	-20.0	-10.0	0.0
Cash Flow before NWC change	29.3	36.4	56.1	59.9	92.8	123.3	149.2
Increase / decrease in inventory	9.3	-17.9	-4.1	-1.4	-16.2	-21.7	-11.4
Increase / decrease in accounts receivable	-1.5	5.5	-23.1	49.7	15.8	-44.9	-29.0
Increase / decrease in accounts payable	20.3	15.2	2.1	-30.0	14.8	36.4	19.4
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	10.0	10.0	0.0
Increase / decrease in working capital (total)	28.2	2.8	-25.1	18.3	24.3	-20.2	-21.0
Net cash provided by operating activities [1]	57.5	39.2	31.0	78.2	117.2	103.1	128.2
Investments in intangible assets	-6.0	-17.5	-18.1	-18.6	-21.0	-21.0	-21.0
Investments in property, plant and equipment	-3.5	-11.8	-7.7	-8.5	-8.5	-9.5	-10.0
Payments for acquisitions	59.2	-11.8	-50.4	-40.5	-53.5	-5.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	3.2	1.1	1.1	2.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	53.1	-33.7	-74.4	-65.4	-83.0	-35.5	-31.0
Change in financial liabilities	39.8	28.8	1.2	128.1	-9.0	-9.0	-9.0
Dividends paid	-3.5	-4.9	-8.3	-10.6	-10.7	-13.4	-16.7
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
Other	-4.3	-11.6	0.0	0.0	-10.0	0.0	0.0
Net cash provided by financing activities [3]	75.9	99.2	-5.0	102.9	-29.7	-22.4	-25.7
Change in liquid funds [1]+[2]+[3]	186.5	104.7	-48.4	115.7	4.5	45.2	71.5
Effects of exchange-rate changes on cash	0.0	0.0	0.3	1.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	246.8	230.2	168.8	288.6	316.7	362.0	433.5

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	48.2	16.2	5.9	51.1	87.7	72.6	97.2
Free Cash Flow / Sales	9.6 %	1.8 %	0.6 %	4.5 %	7.0 %	5.0 %	6.2 %
Free Cash Flow Potential	29.9	47.0	67.7	82.2	97.0	114.7	128.2
Free Cash Flow / Net Profit	330.4 %	71.9 %	13.0 %	104.0 %	164.0 %	102.3 %	110.5 %
Interest Received / Avg. Cash	0.4 %	0.3 %	0.5 %	0.5 %	0.6 %	0.1 %	0.1 %
Interest Paid / Avg. Debt	6.0 %	6.4 %	4.9 %	3.7 %	2.8 %	2.4 %	2.4 %
Management of Funds							
Investment ratio	1.9 %	3.3 %	2.6 %	2.4 %	2.4 %	2.1 %	2.0 %
Maint. Capex / Sales	1.0 %	1.7 %	1.5 %	1.4 %	1.3 %	1.1 %	1.0 %
Capex / Dep	92.4 %	111.1 %	89.0 %	54.3 %	50.5 %	50.1 %	51.9 %
Avg. Working Capital / Sales	14.8 %	12.5 %	11.9 %	10.4 %	8.3 %	7.6 %	8.7 %
Trade Debtors / Trade Creditors	125.5 %	111.3 %	117.0 %	118.4 %	101.5 %	104.6 %	107.7 %
Inventory Turnover	3.9 x	5.5 x	4.9 x	4.9 x	4.8 x	4.9 x	5.0 x
Receivables collection period (days)	122	71	76	79	66	68	70
Payables payment period (days)	146	100	100	105	105	104	104
Cash conversion cycle (Days)	58	32	29	12	5	10	13

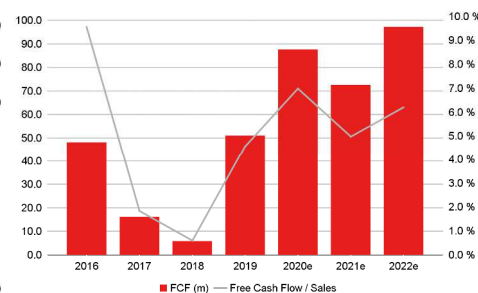
CAPEX and Cash Flow

in EUR m



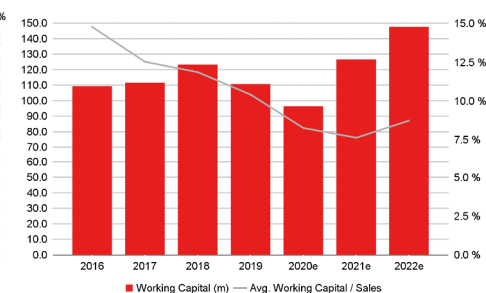
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
S&T AG	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/AT0000A0E9W5.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	131	63
Hold	62	30
Sell	8	4
Rating suspended	6	3
Total	207	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	38	79
Hold	7	15
Sell	0	0
Rating suspended	3	6
Total	48	100

PRICE AND RATING HISTORY S&T AG AS OF 24.02.2021


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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