

Buy (old: Buy)

Price target: EUR 6.10 (old: EUR 6.10)

Price:	EUR 4.25	Next result:	Q1 15: 06.05.15
Bloomberg:	SANT GR	Market cap:	EUR 183.8 m
Reuters:	SANT1.DE	Enterprise Value:	EUR 183.2 m

05-May-15

Tim Wunderlich, CFA
Analyst

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

Preview: Dynamic sales growth expected; Start-up losses to burden EBITDA

S&T will release Q1 results on Wednesday, May 6. There is no conference call scheduled. Q1 looks set to reveal dynamic sales growth (supported by M&A and strong appliances sales) but roughly flat bottom-line performance burdened by start-up losses of smart energy subsidiaries RTSoft and NES (both are part of the Appliances segment), **which should reverse in the course of 2015.** Expected figures can be found on the next page.

In detail, **Q1 sales are seen to rise by 18% yoy to € 93m. Q1 organic growth is expected to amount to 5% yoy:** The Appliances segment should be the key performer (eH&A: 26% yoy organic growth) reflecting demand from "Internet-of-Things" applications (e.g. protecting internet-connected welding robots). Meanwhile, sales of Services DACH are seen to drop by 6% yoy to € 22m as S&T is actively scaling back low-margin hardware sales. Services EE should rise by 5% yoy to € 46m driven above all by healthy IT demand in Poland and Romania.

Q1 external sales growth of 13% yoy (eH&A) should relate to acquired companies RTSoft (Russia) and NES (USA). The latter has already gained significant traction in the smart energy market having won projects in Poland, Switzerland and Puerto Rico.

Q1 EBITDA is expected to rise slightly by 3% yoy to € 4.9m. Positive margin contributions should come from successful restructuring of Services DACH and product mix effects: The high-growth Appliances segment (excl. RTSoft and NES) is operating at 20%+ EBITDA margins. However, **start-up losses of RTSoft and NES are seen to burden Q1 EBITDA by c. € 1m** explaining the expected yoy EBITDA margin decline. The losses are expected to reverse in the course of 2015 due to growing sales and cost cutting.

The 2015 sales guidance of € 465m (eH&A: € 446m) should be confirmed. A smart energy project win (S&T is on the short list for two major deals) and a further strengthening of the Ruble (€ 40-50m sales are generated in Russia) could yield upside to the guidance.

S&T remains a BUY: The € 6.10 PT is based on FCFY 2016E. – cont. –

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	153.2	339.5	337.9	385.5	446.0	463.1	481.6
Sales growth	90 %	122 %	0 %	14 %	16 %	4 %	4 %
EBITDA	12.3	16.6	20.1	22.9	27.3	29.0	31.1
EBIT	9.5	11.1	14.3	16.6	18.8	20.7	22.6
Net income	6.9	7.7	11.7	13.0	12.9	14.4	16.2
Net debt	27.5	19.4	9.3	1.5	-3.0	-12.5	-24.4
Net gearing	56.0 %	31.4 %	13.5 %	1.7 %	-3.1 %	-11.7 %	-20.5 %
Net Debt/EBITDA	2.2	1.2	0.5	0.1	0.0	0.0	0.0
EPS pro forma	0.29	0.20	0.30	0.30	0.30	0.33	0.38
CPS	-0.09	0.16	0.15	0.35	0.20	0.35	0.36
DPS	0.00	0.00	0.06	0.07	0.10	0.10	0.11
Dividend yield	0.0 %	0.0 %	1.4 %	1.6 %	2.4 %	2.4 %	2.7 %
Gross profit margin	29.9 %	34.4 %	33.1 %	33.2 %	34.8 %	35.1 %	35.2 %
EBITDA margin	8.0 %	4.9 %	5.9 %	5.9 %	6.1 %	6.3 %	6.5 %
EBIT margin	6.2 %	3.3 %	4.2 %	4.3 %	4.2 %	4.5 %	4.7 %
ROCE	10.2 %	8.3 %	10.8 %	12.4 %	13.2 %	13.6 %	13.8 %
EV/sales	0.9	0.6	0.5	0.5	0.4	0.4	0.3
EV/EBITDA	10.8	11.4	8.9	8.2	6.7	6.0	5.2
EV/EBIT	14.0	17.0	12.5	11.3	9.7	8.4	7.2
PER	14.5	21.6	14.2	14.1	14.2	12.7	11.3
Adjusted FCF yield	6.4 %	5.4 %	8.3 %	8.6 %	10.2 %	11.5 %	12.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 04.05.2015



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 4.31 / 2.54

Price/Book Ratio: 1.9

Relative performance (TecDAX):

3 months 11.1 %

6 months 23.7 %

12 months 19.7 %

Changes in estimates

		Sales	EBIT	EPS
2015	old:	446.0	18.8	0.30
	Δ	-	-	-
2016	old:	463.1	20.7	0.33
	Δ	-	-	-
2017	old:	481.6	22.6	0.38
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 43.3

Authorised capital: (in € m) 12.1

Book value per share: (in €) 2.2

Ø trading volume: (12 months) 60,000

Major shareholders:

Free Float 66.3 %

Grosso 18.8 %

CEO Niederhauser 14.9 %

Company description:

S&T combines an IT system house business with a portfolio of security appliances targeting Cloud Computing applications.

EUR	Q1 15 est	Q1 14	yoy	Q4 14	qoq
Sales	93.1	79.2	18%	131.9	-29%
Appliances	25.5	12.3	107%	33.1	-23%
Services EE	45.5	43.5	5%	72.8	-37%
Services DACH	22.1	23.4	-6%	26.1	-15%
EBITDA	4.9	4.8	3%	7.7	-37%
EBITDA margin	5.3%	6.0%	- 0.8 pp	5.9%	- 0.6 pp
Net profit	2.4	2.4	1%	6.2	-61%
Net margin	2.6%	3.0%	- 0.4 pp	4.7%	- 2.1 pp
EPS	0.06	0.06	-8%	0.14	-61%

Source: Company data, Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Net sales	153.2	339.5	337.9	385.5	446.0	463.1	481.6
<i>Sales growth</i>	89.9 %	121.5 %	-0.5 %	14.1 %	15.7 %	3.8 %	4.0 %
Increase/decrease in finished goods and work-in-process	0.7	0.3	0.9	1.2	0.9	0.9	1.0
Total sales	153.9	339.8	338.8	386.8	446.9	464.0	482.6
Other operating income	5.2	6.4	6.7	5.0	3.8	4.0	4.1
Material expenses	108.0	222.9	226.7	258.3	291.2	301.3	312.7
Personnel expenses	23.4	71.9	66.2	72.4	90.7	95.5	99.1
Other operating expenses	15.6	34.9	32.5	38.2	41.5	42.2	43.8
Total operating expenses	141.7	323.3	318.7	363.9	419.6	435.0	451.5
EBITDA	12.3	16.6	20.1	22.9	27.3	29.0	31.1
Depreciation	1.1	2.7	2.3	2.2	3.9	4.3	4.8
EBITA	11.1	13.8	17.8	20.7	23.4	24.7	26.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.6	2.7	3.5	4.1	4.6	4.0	3.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.5	11.1	14.3	16.6	18.8	20.7	22.6
Interest income	0.3	0.6	0.5	1.6	0.4	0.4	0.5
Interest expenses	1.3	2.0	2.7	3.2	3.3	3.3	3.3
Other financial result	0.0	0.0	0.0	-0.3	-0.2	-0.2	-0.1
Financial result	-1.0	-1.4	-2.2	-1.8	-3.1	-3.0	-2.8
Recurring pretax income from continuing operations	8.5	9.8	12.1	14.8	15.7	17.7	19.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	8.5	9.8	12.1	14.8	15.7	17.7	19.8
Taxes	0.3	0.3	0.1	0.8	1.6	1.8	2.0
Net income from continuing operations	8.2	9.4	11.9	14.0	14.1	15.9	17.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.2	9.4	11.9	14.0	14.1	15.9	17.8
Minority interest	1.3	1.7	0.2	1.0	1.2	1.5	1.6
Net income (net of minority interest)	6.9	7.7	11.7	13.0	12.9	14.4	16.2
Average number of shares	23.5	28.3	39.2	41.2	43.3	43.3	43.3
EPS reported	0.29	0.27	0.30	0.32	0.30	0.33	0.38

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	0.5 %	0.1 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %
Total sales	100.5 %	100.1 %	100.3 %	100.3 %	100.2 %	100.2 %	100.2 %
Other operating income	3.4 %	1.9 %	2.0 %	1.3 %	0.9 %	0.9 %	0.9 %
Material expenses	70.5 %	65.6 %	67.1 %	67.0 %	65.3 %	65.1 %	64.9 %
Personnel expenses	15.3 %	21.2 %	19.6 %	18.8 %	20.3 %	20.6 %	20.6 %
Other operating expenses	10.2 %	10.3 %	9.6 %	9.9 %	9.3 %	9.1 %	9.1 %
Total operating expenses	92.5 %	95.2 %	94.3 %	94.4 %	94.1 %	93.9 %	93.7 %
EBITDA	8.0 %	4.9 %	5.9 %	5.9 %	6.1 %	6.3 %	6.5 %
Depreciation	0.7 %	0.8 %	0.7 %	0.6 %	0.9 %	0.9 %	1.0 %
EBITA	7.2 %	4.1 %	5.3 %	5.4 %	5.2 %	5.3 %	5.5 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.1 %	0.8 %	1.0 %	1.1 %	1.0 %	0.9 %	0.8 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	6.2 %	3.3 %	4.2 %	4.3 %	4.2 %	4.5 %	4.7 %
Interest income	0.2 %	0.2 %	0.1 %	0.4 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.8 %	0.6 %	0.8 %	0.8 %	0.7 %	0.7 %	0.7 %
Other financial result	0.0 %	0.0 %	0.0 %	-0.1 %	0.0 %	0.0 %	0.0 %
Financial result	-0.7 %	-0.4 %	-0.7 %	-0.5 %	-0.7 %	-0.7 %	-0.6 %
Recurring pretax income from continuing operations	5.5 %	2.9 %	3.6 %	3.8 %	3.5 %	3.8 %	4.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	5.5 %	2.9 %	3.6 %	3.8 %	3.5 %	3.8 %	4.1 %
Tax rate	3.4 %	3.4 %	1.1 %	5.2 %	10.0 %	10.0 %	10.0 %
Net income from continuing operations	5.3 %	2.8 %	3.5 %	3.6 %	3.2 %	3.4 %	3.7 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	5.3 %	2.8 %	3.5 %	3.6 %	3.2 %	3.4 %	3.7 %
Minority interest	0.8 %	0.5 %	0.1 %	0.3 %	0.3 %	0.3 %	0.3 %
Net income (net of minority interest)	4.5 %	2.3 %	3.5 %	3.4 %	2.9 %	3.1 %	3.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Intangible assets	40.9	39.7	44.8	57.1	58.1	59.9	59.0
Property, plant and equipment	11.1	9.9	9.0	11.4	9.8	7.8	7.8
Financial assets	4.4	3.8	2.8	3.8	3.8	3.8	3.8
FIXED ASSETS	56.4	53.4	56.5	72.3	71.6	71.4	70.6
Inventories	20.6	23.4	22.7	30.0	34.7	36.0	37.5
Accounts receivable	85.0	81.9	71.6	95.7	110.0	114.2	118.8
Other current assets	25.9	15.4	15.2	22.0	22.6	23.1	23.7
Liquid assets	29.9	29.9	42.9	39.5	43.9	53.5	65.3
Deferred taxes	9.2	9.9	11.1	13.6	13.6	13.6	13.6
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	170.6	160.5	163.6	200.8	224.7	240.4	258.9
TOTAL ASSETS	227.0	214.0	220.1	273.1	296.4	311.8	329.5
SHAREHOLDERS EQUITY	49.2	61.8	69.2	86.9	96.6	106.8	118.8
MINORITY INTEREST	5.4	2.2	2.1	2.8	2.8	2.8	2.8
Long-term debt	23.3	11.5	23.9	26.1	26.1	26.1	26.1
Provisions for pensions and similar obligations	5.4	3.0	2.9	2.3	2.3	2.4	2.4
Other provisions	18.4	17.2	3.9	4.6	4.7	4.8	5.0
Non-current liabilities	47.0	31.7	30.7	33.0	33.2	33.3	33.5
short-term liabilities to banks	34.2	37.8	28.4	14.8	14.8	14.8	14.8
Accounts payable	60.6	53.7	46.6	74.2	85.8	89.1	92.6
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)	29.4	25.6	41.8	59.9	61.7	63.6	65.5
Deferred taxes	1.4	1.2	1.4	1.5	1.5	1.5	1.5
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	125.5	118.3	118.1	150.3	163.8	168.9	174.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	227.0	214.0	220.1	273.1	296.4	311.8	329.5

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
Intangible assets	18.0 %	18.6 %	20.3 %	20.9 %	19.6 %	19.2 %	17.9 %
Property, plant and equipment	4.9 %	4.6 %	4.1 %	4.2 %	3.3 %	2.5 %	2.4 %
Financial assets	2.0 %	1.8 %	1.3 %	1.4 %	1.3 %	1.2 %	1.1 %
FIXED ASSETS	24.9 %	25.0 %	25.7 %	26.5 %	24.2 %	22.9 %	21.4 %
Inventories	9.1 %	10.9 %	10.3 %	11.0 %	11.7 %	11.6 %	11.4 %
Accounts receivable	37.5 %	38.3 %	32.6 %	35.0 %	37.1 %	36.6 %	36.0 %
Other current assets	11.4 %	7.2 %	6.9 %	8.1 %	7.6 %	7.4 %	7.2 %
Liquid assets	13.2 %	14.0 %	19.5 %	14.5 %	14.8 %	17.1 %	19.8 %
Deferred taxes	4.0 %	4.6 %	5.1 %	5.0 %	4.6 %	4.3 %	4.1 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	75.1 %	75.0 %	74.3 %	73.5 %	75.8 %	77.1 %	78.6 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	21.7 %	28.9 %	31.4 %	31.8 %	32.6 %	34.3 %	36.1 %
MINORITY INTEREST	2.4 %	1.0 %	0.9 %	1.0 %	0.9 %	0.9 %	0.8 %
Long-term debt	10.2 %	5.4 %	10.9 %	9.6 %	8.8 %	8.4 %	7.9 %
Provisions for pensions and similar obligations	2.4 %	1.4 %	1.3 %	0.8 %	0.8 %	0.8 %	0.7 %
Other provisions	8.1 %	8.0 %	1.8 %	1.7 %	1.6 %	1.6 %	1.5 %
Non-current liabilities	20.7 %	14.8 %	14.0 %	12.1 %	11.2 %	10.7 %	10.2 %
short-term liabilities to banks	15.1 %	17.7 %	12.9 %	5.4 %	5.0 %	4.7 %	4.5 %
Accounts payable	26.7 %	25.1 %	21.2 %	27.2 %	28.9 %	28.6 %	28.1 %
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)	12.9 %	11.9 %	19.0 %	21.9 %	20.8 %	20.4 %	19.9 %
Deferred taxes	0.6 %	0.6 %	0.6 %	0.5 %	0.5 %	0.5 %	0.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	55.3 %	55.3 %	53.7 %	55.1 %	55.3 %	54.2 %	52.9 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	8.2	9.4	11.9	14.0	14.1	15.9	17.8
Depreciation of fixed assets (incl. leases)	1.1	2.7	2.3	2.2	3.9	4.3	4.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.6	2.7	3.5	4.1	4.6	4.0	3.7
Others	-8.1	2.3	-10.6	4.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	2.8	17.2	7.2	24.4	22.7	24.3	26.3
Increase/decrease in inventory	-0.1	-2.8	0.7	-7.4	-4.7	-1.3	-1.4
Increase/decrease in accounts receivable	-17.6	3.1	10.3	-24.0	-14.3	-4.2	-4.6
Increase/decrease in accounts payable	15.3	-6.9	-7.1	27.6	11.6	3.3	3.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-2.3	-6.6	3.9	-3.8	-7.4	-2.3	-2.4
Cash flow from operating activities	0.5	10.6	11.1	20.6	15.3	22.0	23.9
CAPEX	2.8	3.2	5.8	5.8	7.8	8.1	7.7
Payments for acquisitions	11.6	0.2	-4.6	5.5	0.0	0.0	0.0
Financial investments	2.6	-0.6	0.2	1.7	0.0	0.0	0.0
Income from asset disposals	0.2	0.5	1.4	0.4	0.0	0.0	0.0
Cash flow from investing activities	-16.8	-2.2	0.0	-12.6	-7.8	-8.1	-7.7
Cash flow before financing	-16.3	8.4	11.1	8.0	7.5	13.9	16.2
Increase/decrease in debt position	11.9	-13.2	1.9	3.1	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	1.3	0.0	0.0	0.0	0.0
Capital measures	2.4	1.7	-0.1	10.5	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	2.4	3.0	4.3	4.3
Others	-0.1	-0.3	-2.1	1.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.5	-0.5	-1.1	0.0	0.0	0.0
Cash flow from financing activities	14.3	-11.8	-1.6	12.5	-3.0	-4.3	-4.3
Increase/decrease in liquid assets	-2.0	-2.9	9.1	19.5	4.4	9.6	11.8
Liquid assets at end of period	29.9	29.9	42.9	39.5	43.9	53.5	65.3

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
P&L growth analysis							
Sales growth	89.9 %	121.5 %	-0.5 %	14.1 %	15.7 %	3.8 %	4.0 %
EBITDA growth	169.3 %	35.1 %	21.3 %	14.0 %	19.3 %	6.4 %	7.2 %
EBIT growth	194.2 %	17.4 %	28.2 %	16.2 %	13.2 %	10.3 %	9.1 %
EPS growth	53.2 %	-6.6 %	9.3 %	5.4 %	-5.3 %	11.6 %	12.6 %
Efficiency							
Total operating costs / sales	92.5 %	95.2 %	94.3 %	94.4 %	94.1 %	93.9 %	93.7 %
Sales per employee	161.1	203.6	211.9	203.5	200.0	205.6	211.7
EBITDA per employee	12.9	9.9	12.6	12.1	12.2	12.9	13.7
Balance sheet analysis							
Avg. working capital / sales	18.2 %	14.2 %	14.7 %	12.9 %	12.4 %	13.0 %	13.0 %
Inventory turnover (sales/inventory)	7.4	14.5	14.9	12.8	12.8	12.8	12.8
Trade debtors in days of sales	202.6	88.1	77.4	90.6	90.0	90.0	90.0
A/P turnover [(A/P*365)/sales]	144.3	57.7	50.3	70.2	70.2	70.2	70.2
Cash conversion cycle (days)	67.5	38.5	38.9	28.2	26.0	25.8	25.6
Cash flow analysis							
Free cash flow	-2.3	7.5	5.3	14.8	7.5	13.9	16.2
Free cash flow/sales	-1.5 %	2.2 %	1.6 %	3.8 %	1.7 %	3.0 %	3.4 %
FCF / net profit	-34.0 %	96.4 %	45.3 %	114.1 %	57.7 %	96.3 %	99.6 %
Capex / depre	196.1 %	46.9 %	103.4 %	119.1 %	91.8 %	97.6 %	90.7 %
Capex / maintenance capex	52.0 %	n/a	78.4 %	37.3 %	34.3 %	34.1 %	56.7 %
Capex / sales	3.5 %	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	27.5	19.4	9.3	1.5	-3.0	-12.5	-24.4
Net Debt/EBITDA	2.2	1.2	0.5	0.1	0.0	0.0	0.0
Net debt / equity	0.6	0.3	0.1	0.0	0.0	-0.1	-0.2
Interest cover	7.5	5.6	5.3	5.2	5.7	6.3	6.9
Dividend payout ratio	0.0 %	0.0 %	20.1 %	23.3 %	33.5 %	30.0 %	30.0 %
Asset utilisation							
Capital employed turnover	1.1	2.5	2.6	2.8	3.0	2.9	2.8
Operating assets turnover	2.7	5.5	6.0	6.1	6.5	6.7	6.7
Plant turnover	13.8	34.2	37.6	33.7	45.6	59.5	61.7
Inventory turnover (sales/inventory)	7.4	14.5	14.9	12.8	12.8	12.8	12.8
Returns							
ROCE	10.2 %	8.3 %	10.8 %	12.4 %	13.2 %	13.6 %	13.8 %
ROE	14.0 %	12.5 %	17.0 %	14.9 %	13.4 %	13.5 %	13.7 %
Other							
Interest paid / avg. debt	3.6 %	3.7 %	5.3 %	6.8 %	8.0 %	8.0 %	8.0 %
No. employees (average)	952	1668	1595	1895	2230	2252	2275
Number of shares	23.5	28.3	39.2	41.2	43.3	43.3	43.3
DPS	0.0	0.0	0.1	0.1	0.1	0.1	0.1
EPS reported	0.29	0.27	0.30	0.32	0.30	0.33	0.38
Valuation ratios							
P/BV	2.0	2.7	2.4	2.1	1.9	1.7	1.5
EV/sales	0.9	0.6	0.5	0.5	0.4	0.4	0.3
EV/EBITDA	10.8	11.4	8.9	8.2	6.7	6.0	5.2
EV/EBITA	12.0	13.7	10.1	9.1	7.8	7.0	6.1
EV/EBIT	14.0	17.0	12.5	11.3	9.7	8.4	7.2
EV/FCF	-56.7	25.4	33.7	12.7	24.5	12.5	10.0
Adjusted FCF yield	6.4 %	5.4 %	8.3 %	8.6 %	10.2 %	11.5 %	12.4 %
Dividend yield	0.0 %	0.0 %	1.4 %	1.6 %	2.4 %	2.4 %	2.7 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers KGaA pursuant to section 34b of the German Securities Trading Act (WpHG) and the regulations of the German Financial Analysis Ordinance (FinAnV)

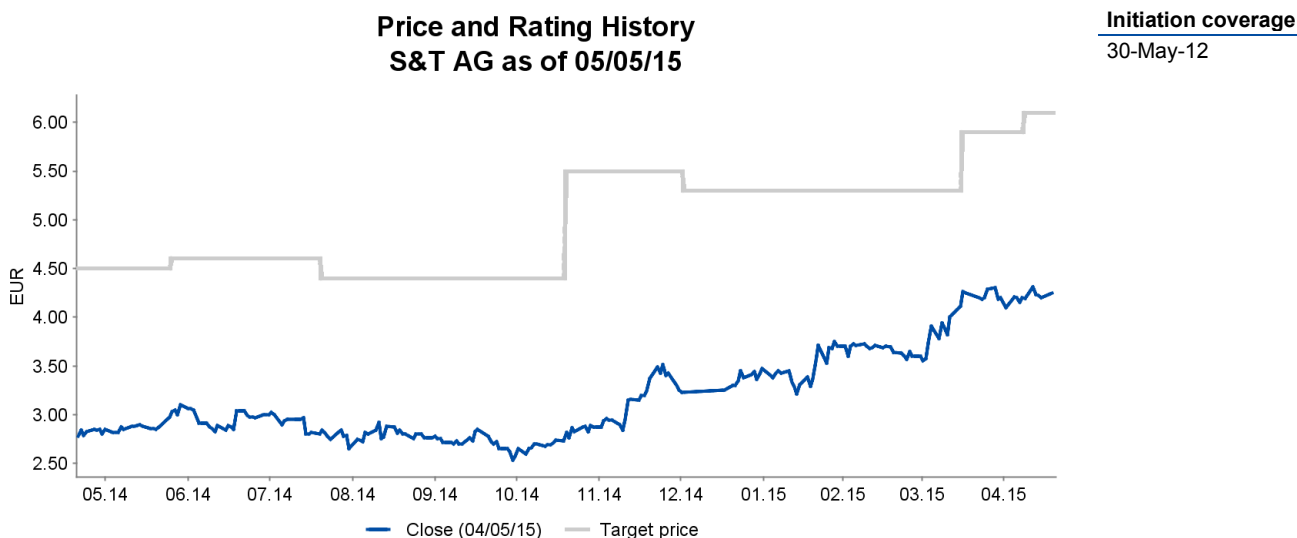
Pursuant to section 34b of the German Securities Trading Act (WpHG) and section 5 of the Financial Analysis Ordinance (FinAnV) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers KGaA

- (1) or its affiliate(s) was, within the past twelve months, a member in a consortium that acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) 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) or its affiliate(s) holds 5% or more of the share capital of the analysed company,
- (5) or its affiliate(s) regularly holds a trading position in shares of the analysed company or derivatives thereof,
- (6) or its affiliate(s) manages the financial instruments of the analysed company on the basis of an existing contractual relationship,
- (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.
- (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	2, 3, 5

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



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

Buy	50.00 %	100.00 %
Sell	12.90 %	0.00 %
Hold	37.10 %	0.00 %

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 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 KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, 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 KGaA. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers KGaA. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers KGaA, 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 KGaA 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 KGaA 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.

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 KGaA 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 KGaA 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 KGaA. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers KGaA whether and when it publishes an update to this research report.

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 KGaA has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers KGaA 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.

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.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the „Order“) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order. This document shall not be made available - whether directly or indirectly - to another group of people in or from the United Kingdom.

Contacts: Hauck&Aufhäuser Privatbankiers KGaA

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Head of Research
Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Leonhard Bayer
Analyst
Tel.: +49 (0)40 414 3885 - 79
E-Mail: leonhard.bayer@ha-research.de

Henning Breiter
Analyst
Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Lars Dannenberg
Analyst
Tel.: +49 (0)40 414 3885 - 92
E-Mail: lars.dannenberg@ha-research.de

Nils-Peter Gehrman
Analyst
Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.gehrman@ha-research.de

Christian Glowa
Analyst
Tel.: +49 (0)40 414 3885 - 95
E-Mail: christian.glowa@ha-research.de

Christian Schwenkenbecher
Analyst
Tel.: +49 (0)40 414 3885 - 76
E-Mail: christian.schwenkenbecher@ha-research.de

Torben Teichler
Analyst
Tel.: +49 (0)40 414 3885 - 74
E-Mail: torben.teichler@ha-research.de

Tim Wunderlich, CFA
Analyst
Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales
Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hamish Edsell, CFA
Sales
Tel.: +44 207 408 1100
E-Mail: hamish.edsell@ha-research.de

Alexander Lachmann
Sales
Tel.: +49 (0)40 414 3885 - 96
E-Mail: alexander.lachmann@ha-research.de

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

Markus Weiss
Sales
Tel.: +49 (0)40 414 3885 - 89
E-Mail: markus.weiss@ha-research.de

Toby Woods
Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-research.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 75
Fax: +49 (0) 40 414 3885 - 71
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading
Tel.: +49 (0)40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Christian von Schuler
Trading
Tel.: +49 (0)40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.de

Fin Schaffer
Trading
Tel.: +49 (0)40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.de

Nadia Elias
Middle-Office
Tel.: +49 40 414 388 597
nadia.elias@hauck-aufhaeuser.de

Carolin Weber
Middle-Office
Tel.: +49 (0)40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.de