

**Buy** (old: Buy)

**Price target: EUR 8.50** (old: EUR 8.50)

<b>Price:</b>	EUR 7.95	<b>Next result:</b>	Q3 tba
<b>Bloomberg:</b>	SANT GR	<b>Market cap:</b>	EUR 311.2 m
<b>Reuters:</b>	SANT1.DE	<b>Enterprise Value:</b>	EUR 290.2 m

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## Sound Q2 results

Today's Q2 release is positive as **Q2 EBITDA** came in slightly ahead of expectations. More importantly the **first time outlook on 2017 looks very promising**:

**Management expects to grow sales by 15% yoy in 2017E.** This outlook implies some **9% upside to our current expectation of € 530m sales**. Visibility on a strong 2017 comes from a current project pipeline of € 867m (vs. € 700m in Jan. 2016) and an order backlog of € 197m (vs. € 181m in Jan. 2016). The latter was boosted by an excellent H1 '16 book-to-bill of 1.2x. This reflects above all strength in segments Appliances Security (high demand from industrial and medical applications) and Appliances Smart Energy (project wins in Austria and Romania).

**Q2 sales rose by 5% yoy to € 100m** (eH&A: € 103m) despite the divestment of Smart Energy USA (eH&A: € 3-4m negative sales impact). **Key growth driver was Appliances Security (Q2 sales +39% yoy to € 23m)** thanks to new customers in medical and industrial applications.

**Q2 EBITDA increased disproportionately by 36% yoy to € 6.8m** (eH&A € 6.5m). The biggest positive yoy swing came from Services DACH (Q2 Ebitda: € 1m vs. € 0.2m a year ago) thanks to the strict focus on services rather than hardware and Appliances Smart Energy (Q2 Ebitda: € 0.7m vs. € -0.3m) reflecting a better mix (more software) and the divestment of the unprofitable US business. It should not be concerning that Q2 EBITDA of Appliances Security remained roughly flat yoy at € 3m despite the dynamic top-line growth. Segment growth came mainly from new customers which typically yield lower profitability in the beginning. The deflationary price cycle of IT hardware tends to lower material expenses for S&T over the product's lifecycle, gradually supporting margins.

**Q2 net income after minorities arrived at € 3.1m (+9% yoy).** The less than proportionate increase to EBITDA can be explained by a € 0.4m negative one-off in the financial result reflecting a special dividend payment to a small, recently acquired Appliances Security company.

The **FY '16 guidance was confirmed** ("500m sales; disproportionate earnings growth" / in-line) implying the typical seasonality (ie very strong Q4) will stay in effect. **S&T remains a BUY with a € 8.50PT based on FCFY 2017E. Estimates and PT are under revision.**

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	339.5	337.9	385.5	468.2	500.0	530.0	561.8
Sales growth	122 %	0 %	14 %	21 %	7 %	6 %	6 %
EBITDA	16.6	20.1	22.9	28.4	32.5	36.0	40.3
EBIT	11.1	14.3	16.6	20.6	23.7	27.0	31.3
Net income	7.7	11.7	13.0	15.8	17.8	21.1	25.1
Net debt	19.4	9.3	1.5	-9.4	-23.5	-40.7	-62.1
Net gearing	31.4 %	13.5 %	1.7 %	-9.4 %	-20.4 %	-30.7 %	-40.3 %
Net Debt/EBITDA	1.2	0.5	0.1	0.0	0.0	0.0	0.0
EPS pro forma	0.20	0.30	0.30	0.36	0.40	0.48	0.57
CPS	0.16	0.15	0.35	0.47	0.42	0.51	0.60
DPS	0.00	0.06	0.07	0.08	0.09	0.10	0.12
Dividend yield	0.0 %	0.8 %	1.0 %	1.1 %	1.3 %	1.4 %	1.7 %
Gross profit margin	34.4 %	33.1 %	33.2 %	34.3 %	33.9 %	34.2 %	34.5 %
EBITDA margin	4.9 %	5.9 %	5.9 %	6.1 %	6.5 %	6.8 %	7.2 %
EBIT margin	3.3 %	4.2 %	4.3 %	4.4 %	4.7 %	5.1 %	5.6 %
ROCE	8.3 %	10.8 %	12.4 %	13.8 %	14.9 %	16.3 %	16.9 %
EV/sales	0.9	0.9	0.8	0.6	0.6	0.5	0.4
EV/EBITDA	18.2	14.5	13.6	10.6	8.9	7.6	6.2
EV/EBIT	27.1	20.4	18.7	14.6	12.3	10.1	8.0
PER	36.0	23.8	23.6	19.8	17.6	14.8	12.5
Adjusted FCF yield	3.4 %	5.1 %	5.1 %	6.5 %	7.8 %	9.3 %	11.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 02.08.2016



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 7.95 / 4.30

**Price/Book Ratio:** 3.0

**Relative performance** (TecDAX):

3 months	6.2 %
6 months	43.1 %
12 months	69.3 %

### Changes in estimates

		Sales	EBIT	EPS
2016	old:	500.0	23.7	0.40
	Δ	-	-	-
2017	old:	530.0	27.0	0.48
	Δ	-	-	-
2018	old:	561.8	31.3	0.57
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs)	43.8
Authorised capital: (in € m)	12.1
Book value per share: (in €)	2.6
Ø trading volume: (12 months)	60,000

### Major shareholders:

Free Float	86.0 %
Grosso	14.0 %
CEO (incl. in Free Float)	5.0 %

### Company description:

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

**Financials**

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Net sales</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>468.2</b>	<b>500.0</b>	<b>530.0</b>	<b>561.8</b>
<i>Sales growth</i>	121.5 %	-0.5 %	14.1 %	21.4 %	6.8 %	6.0 %	6.0 %
Increase/decrease in finished goods and work-in-process	0.3	0.9	1.2	2.7	1.0	1.0	1.1
<b>Total sales</b>	<b>339.8</b>	<b>338.8</b>	<b>386.8</b>	<b>470.9</b>	<b>501.0</b>	<b>531.0</b>	<b>562.9</b>
Other operating income	6.4	6.7	5.0	6.3	4.0	4.1	4.1
Material expenses	222.9	226.7	258.3	309.3	331.0	349.3	368.9
Personnel expenses	71.9	66.2	72.4	89.5	95.9	102.1	107.7
Other operating expenses	34.9	32.5	38.2	50.0	45.6	47.7	50.1
Total operating expenses	323.3	318.7	363.9	442.6	468.5	495.0	522.6
<b>EBITDA</b>	<b>16.6</b>	<b>20.1</b>	<b>22.9</b>	<b>28.4</b>	<b>32.5</b>	<b>36.0</b>	<b>40.3</b>
Depreciation	2.7	2.3	2.2	7.7	4.3	4.8	5.0
<b>EBITA</b>	<b>13.8</b>	<b>17.8</b>	<b>20.7</b>	<b>20.6</b>	<b>28.2</b>	<b>31.2</b>	<b>35.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.7	3.5	4.1	0.0	4.5	4.2	4.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>11.1</b>	<b>14.3</b>	<b>16.6</b>	<b>20.6</b>	<b>23.7</b>	<b>27.0</b>	<b>31.3</b>
Interest income	0.6	0.5	1.6	0.3	0.3	0.3	0.4
Interest expenses	2.0	2.7	3.2	3.0	2.6	2.0	2.0
Other financial result	0.0	0.0	-0.3	0.5	-0.2	-0.1	0.0
Financial result	-1.4	-2.2	-1.8	-2.2	-2.5	-1.7	-1.5
<b>Recurring pretax income from continuing operations</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>18.4</b>	<b>21.1</b>	<b>25.3</b>	<b>29.8</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>18.4</b>	<b>21.1</b>	<b>25.3</b>	<b>29.8</b>
Taxes	0.3	0.1	0.8	0.8	1.5	1.8	2.1
<b>Net income from continuing operations</b>	<b>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>17.6</b>	<b>19.6</b>	<b>23.5</b>	<b>27.7</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>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>17.6</b>	<b>19.6</b>	<b>23.5</b>	<b>27.7</b>
Minority interest	1.7	0.2	1.0	1.8	1.9	2.4	2.5
<b>Net income (net of minority interest)</b>	<b>7.7</b>	<b>11.7</b>	<b>13.0</b>	<b>15.8</b>	<b>17.8</b>	<b>21.1</b>	<b>25.1</b>
Average number of shares	28.3	39.2	41.2	43.5	43.8	43.8	43.8
<b>EPS reported</b>	<b>0.27</b>	<b>0.30</b>	<b>0.32</b>	<b>0.36</b>	<b>0.41</b>	<b>0.48</b>	<b>0.57</b>

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.1 %	0.3 %	0.3 %	0.6 %	0.2 %	0.2 %	0.2 %
<b>Total sales</b>	<b>100.1 %</b>	<b>100.3 %</b>	<b>100.3 %</b>	<b>100.6 %</b>	<b>100.2 %</b>	<b>100.2 %</b>	<b>100.2 %</b>
Other operating income	1.9 %	2.0 %	1.3 %	1.3 %	0.8 %	0.8 %	0.7 %
Material expenses	65.6 %	67.1 %	67.0 %	66.1 %	66.2 %	65.9 %	65.7 %
Personnel expenses	21.2 %	19.6 %	18.8 %	19.1 %	19.2 %	19.3 %	19.2 %
Other operating expenses	10.3 %	9.6 %	9.9 %	10.7 %	9.1 %	9.0 %	8.9 %
Total operating expenses	95.2 %	94.3 %	94.4 %	94.5 %	93.7 %	93.4 %	93.0 %
<b>EBITDA</b>	<b>4.9 %</b>	<b>5.9 %</b>	<b>5.9 %</b>	<b>6.1 %</b>	<b>6.5 %</b>	<b>6.8 %</b>	<b>7.2 %</b>
Depreciation	0.8 %	0.7 %	0.6 %	1.7 %	0.9 %	0.9 %	0.9 %
<b>EBITA</b>	<b>4.1 %</b>	<b>5.3 %</b>	<b>5.4 %</b>	<b>4.4 %</b>	<b>5.6 %</b>	<b>5.9 %</b>	<b>6.3 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.8 %	1.0 %	1.1 %	0.0 %	0.9 %	0.8 %	0.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>3.3 %</b>	<b>4.2 %</b>	<b>4.3 %</b>	<b>4.4 %</b>	<b>4.7 %</b>	<b>5.1 %</b>	<b>5.6 %</b>
Interest income	0.2 %	0.1 %	0.4 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.6 %	0.8 %	0.8 %	0.6 %	0.5 %	0.4 %	0.3 %
Other financial result	0.0 %	0.0 %	-0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Financial result	-0.4 %	-0.7 %	-0.5 %	-0.5 %	-0.5 %	-0.3 %	-0.3 %
<b>Recurring pretax income from continuing operations</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.2 %</b>	<b>4.8 %</b>	<b>5.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.2 %</b>	<b>4.8 %</b>	<b>5.3 %</b>
Tax rate	3.4 %	1.1 %	5.2 %	4.3 %	7.0 %	7.0 %	7.0 %
<b>Net income from continuing operations</b>	<b>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.4 %</b>	<b>4.9 %</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>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>4.4 %</b>	<b>4.9 %</b>
Minority interest	0.5 %	0.1 %	0.3 %	0.4 %	0.4 %	0.5 %	0.5 %
<b>Net income (net of minority interest)</b>	<b>2.3 %</b>	<b>3.5 %</b>	<b>3.4 %</b>	<b>3.4 %</b>	<b>3.6 %</b>	<b>4.0 %</b>	<b>4.5 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>39.7</b>	<b>44.8</b>	<b>57.1</b>	<b>72.8</b>	<b>74.5</b>	<b>73.5</b>	<b>72.3</b>
Property, plant and equipment	9.9	9.0	11.4	15.2	13.4	13.9	13.9
Financial assets	3.8	2.8	3.8	3.1	3.1	3.1	3.1
<b>FIXED ASSETS</b>	<b>53.4</b>	<b>56.5</b>	<b>72.3</b>	<b>91.0</b>	<b>91.0</b>	<b>90.5</b>	<b>89.3</b>
Inventories	23.4	22.7	30.0	28.7	30.7	32.5	34.5
Accounts receivable	81.9	71.6	95.7	86.4	92.3	97.8	103.7
Other current assets	15.4	15.2	22.0	36.7	37.6	38.5	39.5
Liquid assets	29.9	42.9	39.5	60.3	53.5	70.7	92.1
Deferred taxes	9.9	11.1	13.6	15.9	15.9	15.9	15.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>160.5</b>	<b>163.6</b>	<b>200.8</b>	<b>228.0</b>	<b>230.0</b>	<b>255.5</b>	<b>285.7</b>
<b>TOTAL ASSETS</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>319.1</b>	<b>321.0</b>	<b>346.0</b>	<b>375.0</b>
SHAREHOLDERS EQUITY	61.8	69.2	86.9	99.8	115.1	132.8	154.1
MINORITY INTEREST	2.2	2.1	2.8	2.4	2.4	2.4	2.4
Long-term debt	11.5	23.9	26.1	28.1	15.0	15.0	15.0
Provisions for pensions and similar obligations	3.0	2.9	2.3	2.5	2.5	2.5	2.6
Other provisions	17.2	3.9	4.6	6.0	6.1	6.3	6.5
<b>Non-current liabilities</b>	<b>31.7</b>	<b>30.7</b>	<b>33.0</b>	<b>36.5</b>	<b>23.7</b>	<b>23.9</b>	<b>24.1</b>
short-term liabilities to banks	37.8	28.4	14.8	22.9	15.0	15.0	15.0
Accounts payable	53.7	46.6	74.2	70.1	74.9	79.3	84.1
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)	25.6	41.8	59.9	85.9	88.5	91.1	93.8
Deferred taxes	1.2	1.4	1.5	1.4	1.4	1.4	1.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>118.3</b>	<b>118.1</b>	<b>150.3</b>	<b>180.3</b>	<b>179.8</b>	<b>186.9</b>	<b>194.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>319.1</b>	<b>321.0</b>	<b>346.0</b>	<b>375.0</b>

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>18.6 %</b>	<b>20.3 %</b>	<b>20.9 %</b>	<b>22.8 %</b>	<b>23.2 %</b>	<b>21.2 %</b>	<b>19.3 %</b>
Property, plant and equipment	4.6 %	4.1 %	4.2 %	4.7 %	4.2 %	4.0 %	3.7 %
Financial assets	1.8 %	1.3 %	1.4 %	1.0 %	1.0 %	0.9 %	0.8 %
<b>FIXED ASSETS</b>	<b>25.0 %</b>	<b>25.7 %</b>	<b>26.5 %</b>	<b>28.5 %</b>	<b>28.3 %</b>	<b>26.1 %</b>	<b>23.8 %</b>
Inventories	10.9 %	10.3 %	11.0 %	9.0 %	9.6 %	9.4 %	9.2 %
Accounts receivable	38.3 %	32.6 %	35.0 %	27.1 %	28.8 %	28.3 %	27.7 %
Other current assets	7.2 %	6.9 %	8.1 %	11.5 %	11.7 %	11.1 %	10.5 %
Liquid assets	14.0 %	19.5 %	14.5 %	18.9 %	16.7 %	20.4 %	24.6 %
Deferred taxes	4.6 %	5.1 %	5.0 %	5.0 %	5.0 %	4.6 %	4.2 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>75.0 %</b>	<b>74.3 %</b>	<b>73.5 %</b>	<b>71.5 %</b>	<b>71.7 %</b>	<b>73.9 %</b>	<b>76.2 %</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>
SHAREHOLDERS EQUITY	28.9 %	31.4 %	31.8 %	31.3 %	35.9 %	38.4 %	41.1 %
MINORITY INTEREST	1.0 %	0.9 %	1.0 %	0.8 %	0.8 %	0.7 %	0.6 %
Long-term debt	5.4 %	10.9 %	9.6 %	8.8 %	4.7 %	4.3 %	4.0 %
Provisions for pensions and similar obligations	1.4 %	1.3 %	0.8 %	0.8 %	0.8 %	0.7 %	0.7 %
Other provisions	8.0 %	1.8 %	1.7 %	1.9 %	1.9 %	1.8 %	1.7 %
<b>Non-current liabilities</b>	<b>14.8 %</b>	<b>14.0 %</b>	<b>12.1 %</b>	<b>11.5 %</b>	<b>7.4 %</b>	<b>6.9 %</b>	<b>6.4 %</b>
short-term liabilities to banks	17.7 %	12.9 %	5.4 %	7.2 %	4.7 %	4.3 %	4.0 %
Accounts payable	25.1 %	21.2 %	27.2 %	22.0 %	23.3 %	22.9 %	22.4 %
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)	11.9 %	19.0 %	21.9 %	26.9 %	27.6 %	26.3 %	25.0 %
Deferred taxes	0.6 %	0.6 %	0.5 %	0.5 %	0.4 %	0.4 %	0.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>55.3 %</b>	<b>53.7 %</b>	<b>55.1 %</b>	<b>56.5 %</b>	<b>56.0 %</b>	<b>54.0 %</b>	<b>51.8 %</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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	9.4	11.9	14.0	17.6	19.6	23.5	27.7
Depreciation of fixed assets (incl. leases)	2.7	2.3	2.2	7.7	4.3	4.8	5.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.7	3.5	4.1	0.0	4.5	4.2	4.0
Others	2.3	-10.6	4.1	-5.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	17.2	7.2	24.4	20.2	28.5	32.5	36.7
Increase/decrease in inventory	-2.8	0.7	-7.4	1.3	-2.0	-1.8	-2.0
Increase/decrease in accounts receivable	3.1	10.3	-24.0	9.2	-5.9	-5.5	-5.9
Increase/decrease in accounts payable	-6.9	-7.1	27.6	-4.1	4.8	4.5	4.8
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	-6.6	3.9	-3.8	6.5	-3.1	-2.9	-3.1
<b>Cash flow from operating activities</b>	<b>10.6</b>	<b>11.1</b>	<b>20.6</b>	<b>26.7</b>	<b>25.4</b>	<b>29.6</b>	<b>33.6</b>
CAPEX	3.2	5.8	5.8	9.5	8.8	8.5	7.9
Payments for acquisitions	0.2	-4.6	5.5	0.4	0.0	0.0	0.0
Financial investments	-0.6	0.2	1.7	0.6	0.0	0.0	0.0
Income from asset disposals	0.5	1.4	0.4	0.9	1.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.2</b>	<b>0.0</b>	<b>-12.6</b>	<b>-9.6</b>	<b>-7.8</b>	<b>-8.5</b>	<b>-7.9</b>
Cash flow before financing	8.4	11.1	8.0	17.1	17.6	21.2	25.8
Increase/decrease in debt position	-13.2	1.9	3.1	6.1	-21.0	0.0	0.0
Purchase of own shares	0.0	1.3	0.0	n/a	0.0	0.0	0.0
Capital measures	1.7	-0.1	10.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	2.4	3.1	3.5	3.9	4.4
Others	-0.3	-2.1	1.3	-3.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.5	-0.5	-1.1	0.5	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-11.8</b>	<b>-1.6</b>	<b>12.5</b>	<b>-0.7</b>	<b>-24.4</b>	<b>-3.9</b>	<b>-4.4</b>
Increase/decrease in liquid assets	-2.9	9.1	19.5	16.8	-6.8	17.2	21.4
<b>Liquid assets at end of period</b>	<b>29.9</b>	<b>42.9</b>	<b>39.5</b>	<b>60.3</b>	<b>53.5</b>	<b>70.7</b>	<b>92.1</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Domestic	70.0	68.4	65.1	65.5	65.0	68.9	73.0
yoy change	62.2 %	-2.4 %	-4.8 %	0.7 %	-0.8 %	6.0 %	6.0 %
Rest of Europe	269.5	269.6	320.5	402.6	435.0	461.1	488.8
yoy change	144.8 %	0.0 %	18.9 %	25.6 %	8.0 %	6.0 %	6.0 %
NAFTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>468.2</b>	<b>500.0</b>	<b>530.0</b>	<b>561.8</b>
yoy change	121.5 %	-0.5 %	14.1 %	21.4 %	6.8 %	6.0 %	6.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>P&amp;L growth analysis</b>							
Sales growth	121.5 %	-0.5 %	14.1 %	21.4 %	6.8 %	6.0 %	6.0 %
EBITDA growth	35.1 %	21.3 %	14.0 %	23.9 %	14.4 %	10.9 %	11.9 %
EBIT growth	17.4 %	28.2 %	16.2 %	24.1 %	14.7 %	14.2 %	15.9 %
EPS growth	-6.6 %	9.3 %	5.4 %	15.3 %	11.5 %	18.7 %	19.1 %
<b>Efficiency</b>							
Total operating costs / sales	95.2 %	94.3 %	94.4 %	94.5 %	93.7 %	93.4 %	93.0 %
Sales per employee	203.6	211.9	203.5	209.9	222.0	233.0	244.5
EBITDA per employee	9.9	12.6	12.1	12.7	14.4	15.8	17.5
<b>Balance sheet analysis</b>							
Avg. working capital / sales	14.2 %	14.7 %	12.9 %	10.3 %	9.3 %	9.4 %	9.4 %
Inventory turnover (sales/inventory)	14.5	14.9	12.8	16.3	16.3	16.3	16.3
Trade debtors in days of sales	88.1	77.4	90.6	67.4	67.4	67.4	67.4
A/P turnover [(A/P*365)/sales]	57.7	50.3	70.2	54.6	54.6	54.6	54.6
Cash conversion cycle (days)	38.5	38.9	28.2	18.6	18.7	18.4	18.3
<b>Cash flow analysis</b>							
Free cash flow	7.5	5.3	14.8	17.2	16.6	21.2	25.8
Free cash flow/sales	2.2 %	1.6 %	3.8 %	3.7 %	3.3 %	4.0 %	4.6 %
FCF / net profit	96.4 %	45.3 %	114.1 %	108.6 %	93.6 %	100.2 %	102.5 %
Capex / depre	46.9 %	103.4 %	119.1 %	130.9 %	99.4 %	94.2 %	87.4 %
Capex / maintenance capex	n/a	78.4 %	37.3 %	36.0 %	35.7 %	73.6 %	68.3 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	19.4	9.3	1.5	-9.4	-23.5	-40.7	-62.1
Net Debt/EBITDA	1.2	0.5	0.1	0.0	0.0	0.0	0.0
Net debt / equity	0.3	0.1	0.0	-0.1	-0.2	-0.3	-0.4
Interest cover	5.6	5.3	5.2	6.9	9.0	13.8	16.1
Dividend payout ratio	0.0 %	20.1 %	23.3 %	21.9 %	22.2 %	20.8 %	20.9 %
<b>Asset utilisation</b>							
Capital employed turnover	2.5	2.6	2.8	2.9	3.2	3.0	2.9
Operating assets turnover	5.5	6.0	6.1	7.8	8.1	8.2	8.3
Plant turnover	34.2	37.6	33.7	30.9	37.4	38.3	40.4
Inventory turnover (sales/inventory)	14.5	14.9	12.8	16.3	16.3	16.3	16.3
<b>Returns</b>							
ROCE	8.3 %	10.8 %	12.4 %	13.8 %	14.9 %	16.3 %	16.9 %
ROE	12.5 %	17.0 %	14.9 %	15.9 %	15.4 %	15.9 %	16.3 %
<b>Other</b>							
Interest paid / avg. debt	3.7 %	5.3 %	6.8 %	6.5 %	6.5 %	6.5 %	6.5 %
No. employees (average)	1668	1595	1895	2230	2252	2275	2298
Number of shares	28.3	39.2	41.2	43.5	43.8	43.8	43.8
DPS	0.0	0.1	0.1	0.1	0.1	0.1	0.1
EPS reported	0.27	0.30	0.32	0.36	0.41	0.48	0.57
<b>Valuation ratios</b>							
P/BV	4.5	4.0	3.5	3.1	2.7	2.4	2.0
EV/sales	0.9	0.9	0.8	0.6	0.6	0.5	0.4
EV/EBITDA	18.2	14.5	13.6	10.6	8.9	7.6	6.2
EV/EBITA	21.8	16.4	15.0	14.6	10.3	8.8	7.1
EV/EBIT	27.1	20.4	18.7	14.6	12.3	10.1	8.0
EV/FCF	40.4	54.8	21.0	17.5	17.4	12.9	9.8
Adjusted FCF yield	3.4 %	5.1 %	5.1 %	6.5 %	7.8 %	9.3 %	11.6 %
Dividend yield	0.0 %	0.8 %	1.0 %	1.1 %	1.3 %	1.4 %	1.7 %

Source: Company data, Hauck & Aufhäuser

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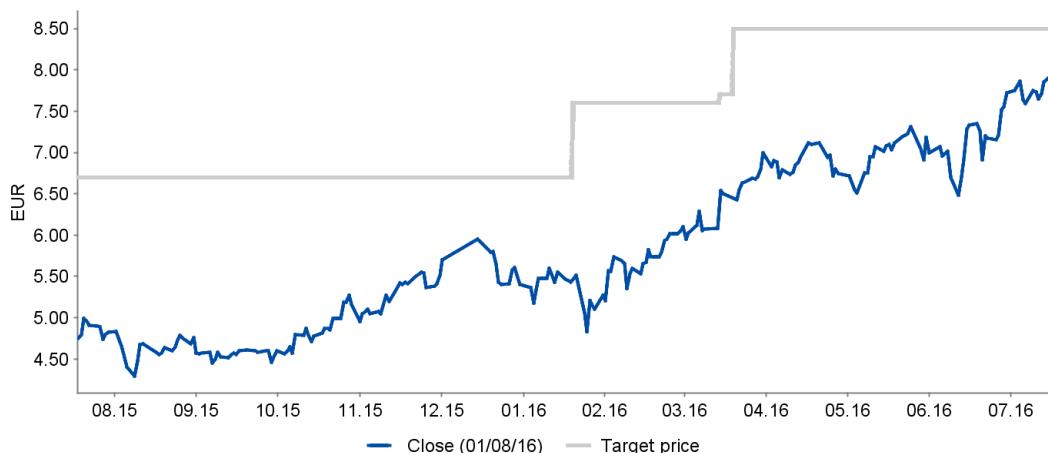
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Company	Disclosure
S&T AG	2, 3, 5

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

**Price and Rating History  
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