



S&T AG | Q3 2016 Results

Hannes Niederhauser, CEO
Richard Neuwirth, CFO

3rd November 2016

Summary Q3 - 2016



- **Focus on profit improvement**

- Stable Revenues 9m/2016 (9m/2015): EUR 301,3 Mio. (EUR 302,4 Mio.)
- +16% in EBITDA 9m/2016 (9m/2015): EUR 19,4 Mio. (EUR 16,7 Mio.)

- **Strategic IoT alliance with Ennocon and Kontron**

- 10% capital increase by Ennocon; EUR 44 Mio. cash inflow (subject to AT take over commission)
- Acquisition of 29.9% in Kontron (EUR 59,9 Mio.); (subject to anti trust approval); no tender offer planned
- Target is to become a EUR 1 Billion company in 2018

- **Shareholder focus**

- S&T added to TecDAX index in Sept 2016 -> significantly improved share liquidity

Q3 Key Figures



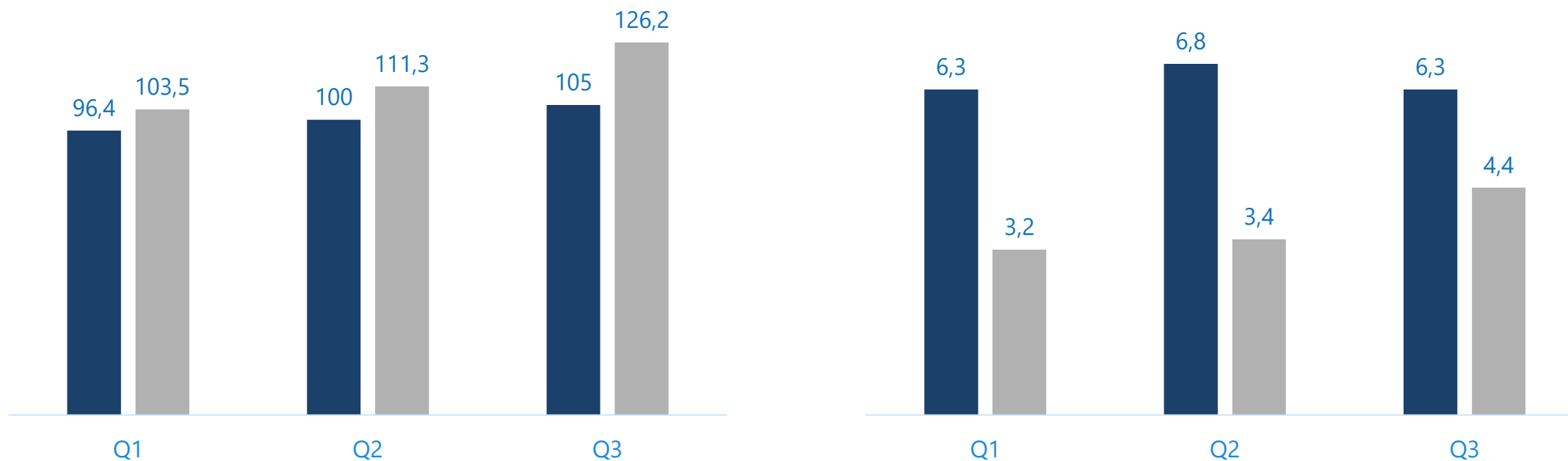
In Mio. EUR	Q3/2016	Q3/2015	9m/2016	9m/2015
Revenues	105,0	114,2	301,3	302,4
Gross Margin (in %)	36,5 33,8%	35,9 31,4%	104,9 34,8%	104,9 34,7%
EBITDA (in %)	6,3 6,0%	5,9 5,2%	19,4 6,4%	16,7 5,5%
Consolidated Income (in%)	4,4 4,2%	3,1 2,8%	11,0 3,7%	9,1 3,0%
Earnings per share	9c	6c	22c	18c
Operating Cashflow	0,2	0,9	-5,8	-0,1
Net Cash	-27,8	-18,1		
Working Capital	67,1	58,1		
Equity Ratio	36%	35%		
Employees	2.490	2.302		

Trend 2016 (in EUR Mio.)



■ Revenues ■ Order Entry

■ EBITDA ■ Cons. Income

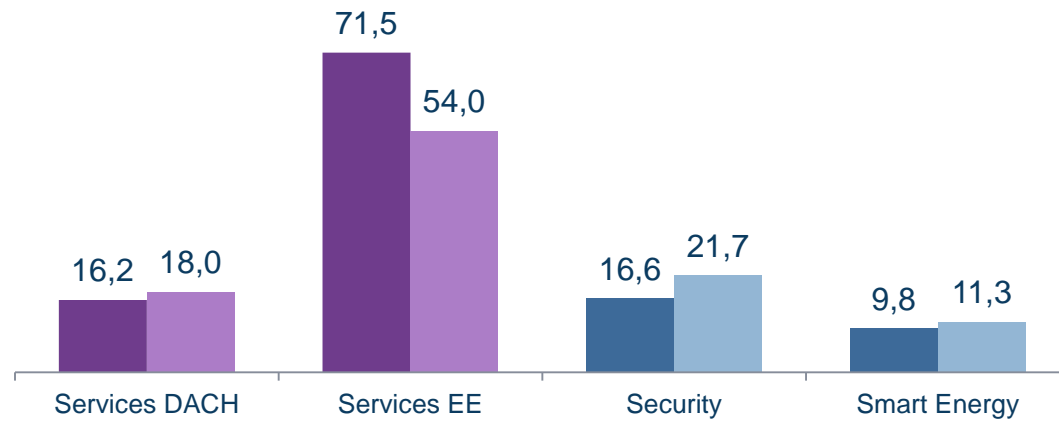


Backlog EUR Mio.	12/15	Q1/16	Q2/16	Q3/16	Growth ytd
Project Pipeline	701	864	867	878	25,2%
Scheduled Orders	181	188	199	220	21,5%

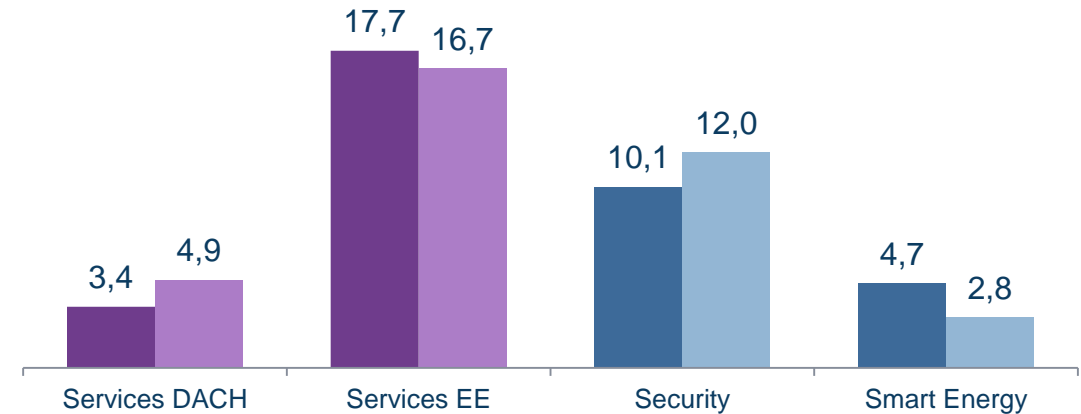
Split by Segments Q3 (in EUR Mio.)



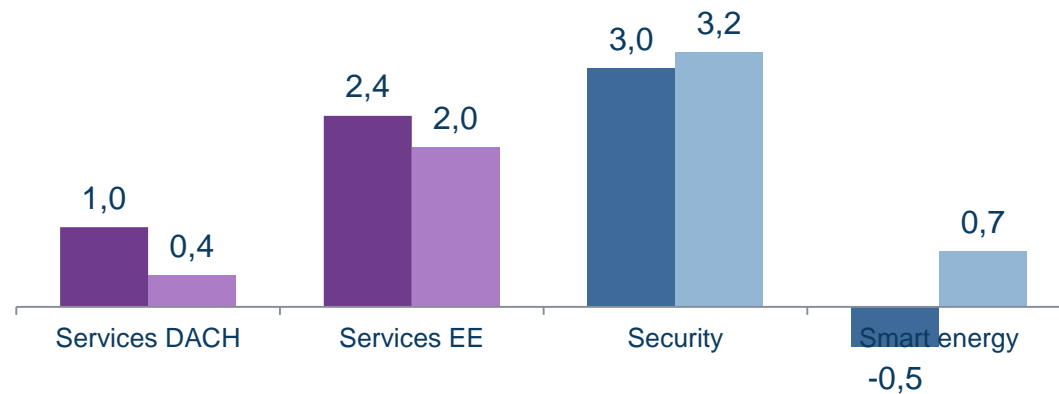
Revenue Q3/15 vs Q3/16



Gross Margin Q3/15 vs Q3/16



EBITDA 2015 vs. 2016



Consolidated Income 2015 vs. 2016



S&T Group Balance Sheet (in EUR Mio.)



	30.09.2016	31.12.2015		30.09.2016	31.12.2015
			EQUITY	107,1	102,2
NON-CURRENT ASSETS	121,2	106,9	NON-CURRENT LIABILITIES	66,1	49,9
Fixed assets	103,0	91,0	Long-term loans and borrowings	38,9	28,1
Other assets	18,2	15,9	Other non-current liabilities	27,2	21,8
CURRENT ASSETS	180,2	212,1	CURRENT LIABILITIES	128,2	166,9
Inventories	29,7	28,7	Trade accounts payable	53,0	70,1
Trade accounts receivable	90,3	86,4	Short-term borrowings	18,8	22,9
Cash and cash equivalents	29,9	60,3	Other current liabilities	56,4	73,9
Other assets	30,3	36,7			
Assets	301,4	319,1	Liabilities & equity	301,4	319,1



Equity Ratio	36%	32%
Net Cash	-27,8	9,4
Working Capital	67,1	45,1

S&T Current Business Model



IoT Technology Products

- Security appliances for the „Internet of Things“
- 2015: EUR 133 Mio. @ 12% EBITDA
- 2016fc: ~ EUR 155 Mio. - average growth > 20% p.a.

IT Services

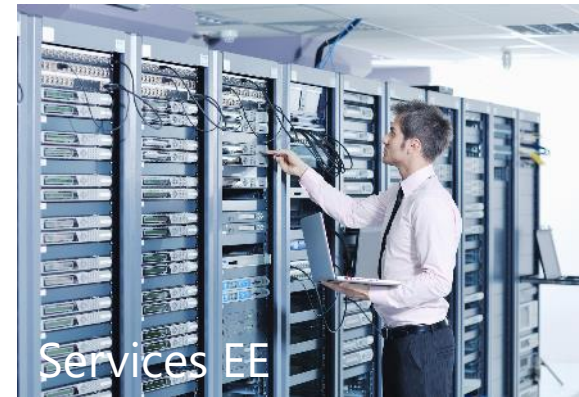
- Cloud services and security focus
- 2015: EUR 335 Mio. @ 4% EBITDA
- 2016fc: ~ EUR 330 Mio. – average growth ~ 5% p.a.



2015:
EUR 83 Mio. @ 57% GM



2015:
EUR 51 Mio. @ 42% GM



East Europe 2015:
EUR 264 Mio. @ 27% GM



DACH 2015:
EUR 70 Mio. @ 24% GM

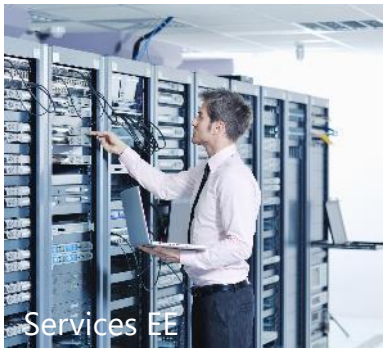
S&T Business Model 2018 after Kontron merger



IT Services

IoT / Industry 4.0 Products

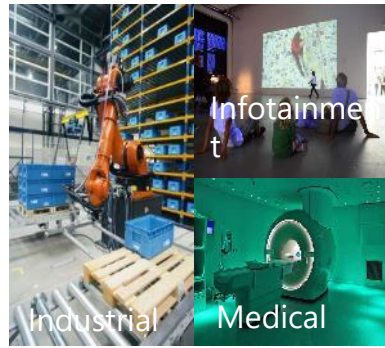
Embedded Systems



Services EE



Services DACH



Industrial

Medical

Infotainment



Smart Energy



Communications



Avionics

2018:
EUR 285 Mio.
@ 6% EBITDA

2018:
EUR 105 Mio.
@ 6% EBITDA

2018:
EUR 350 Mio.
@ 10% EBITDA

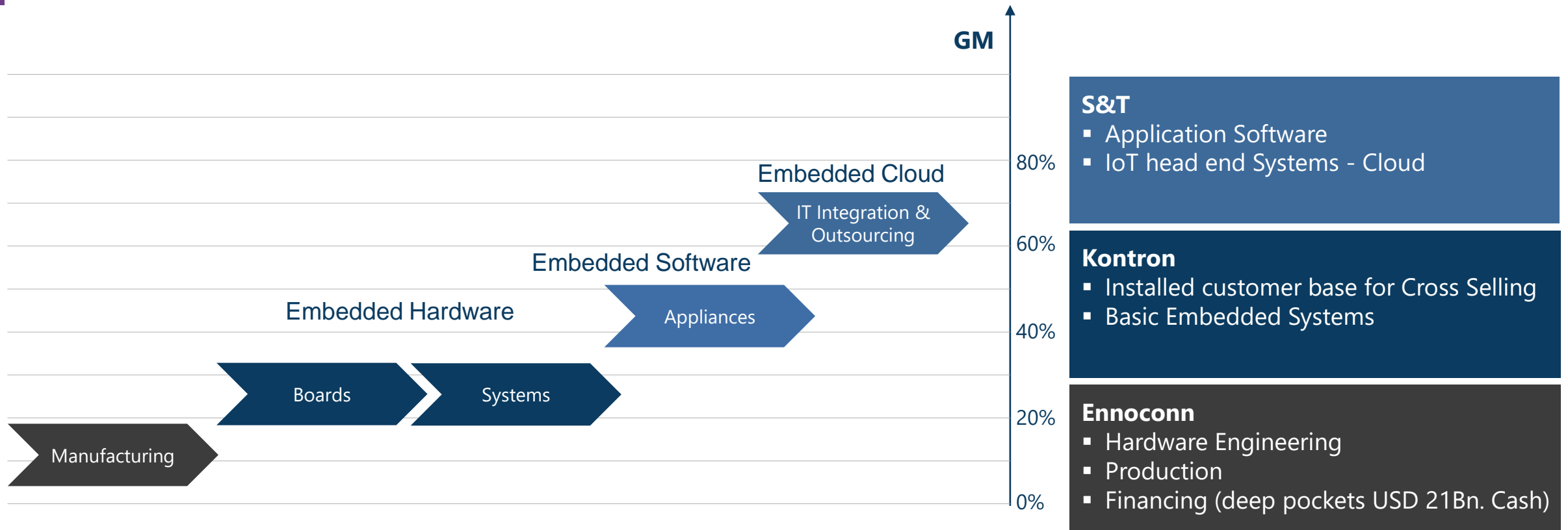
2018:
EUR 90 Mio.
@ 8% EBITDA

2018:
EUR 90 Mio.
@ 9% EBITDA
Canada

2018:
EUR 80 Mio.
@ 7% EBITDA
USA

Similar customer base between S&T and Kontron in IoT -> easy integration up the value chain with S&T software

Value Chain: Ennoconn/Kontron/S&T



The old embedded hardware market will suffer (like PC). Industry 4.0 requires integration of machines into IT infrastructure (machines produce huge data amounts) Ennoconn/S&T/Kontron will release new product category of industry 4.0 „appliances“ directly connected to IT infrastructure/cloud.

Kontron - back to profits in mid 2017



- 1
 - **No fast revenues growth expected**
 - Currently: weak order entry
 - Forecast: H2/17 back to growth based on new joint products
- 2
 - **Focus on fast improvement of Gross Margin**
 - 9m/2016: included EUR 4 Mio. "one offs"
 - 2017: 29% GM (+4%), add Software to Kontron products
 - 2018: 32% GM (+3%), asianize products, include more SW
- 3
 - **OPEX**
 - Reduce inflated G/A cost
 - Re-size overhead to current business need
- 4
 - **Restructuring and Write-offs**
 - EUR 30 Mio. expected for 2016 (non cash)
 - No more burden in 2017
- 5
 - **Liquidity**
 - Capital increase ~ 20% by S&T conditional to „Sanierungsprivileg“
 - Reopen EUR 50 Mio. credit line in December asap after cap. increase

P&L (in EUR Mio.)	H1/16	H2/16	2017
Revenues	180	170	350
Gross Margin	41 (23%)	43 (25%)	101 (29%)
OPEX	-65	-56	-95
EBIT	-25	-13	6
Write offs	-61	-30	0

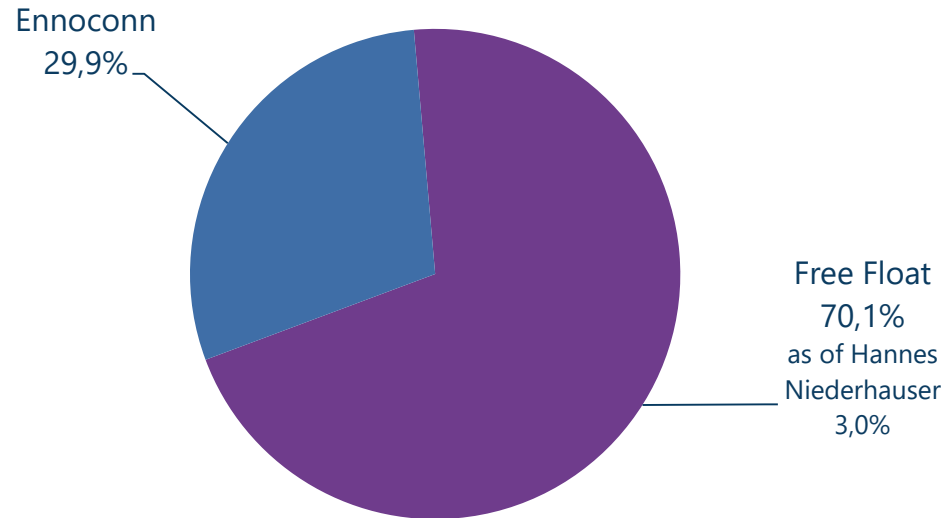
- **Experience and high success rate in turnaround**
 - Kontron 2000
 - Gericom 2008
 - S&T (old) 2011
 - Add value – not only cost cutting mentality
 - Former K. subs RT Soft/Ubi successfully integrated

Merger between S&T and Kontron after turn around (6 - 12 months)

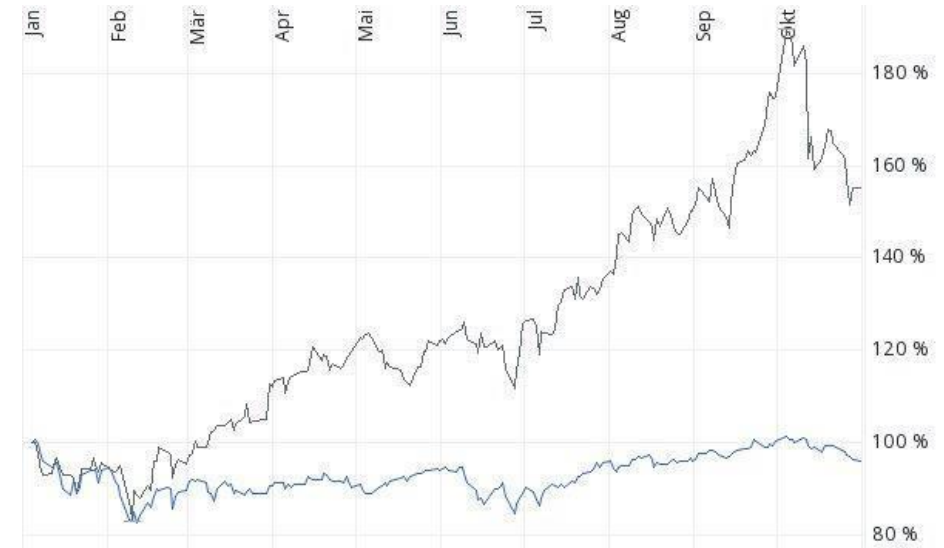
The S&T Share – since Sept TecDAX member



Shareholder Structure (after Ennoconn Investment)



S&T outperformed TecDAX



Shares: 48,3 Mio. Shares (after Ennoconn)
Price (October 31, 2016): EUR 9,00
EPS (2015): 36 cent
EPS w/o PPA amortization (2015): 40 cent

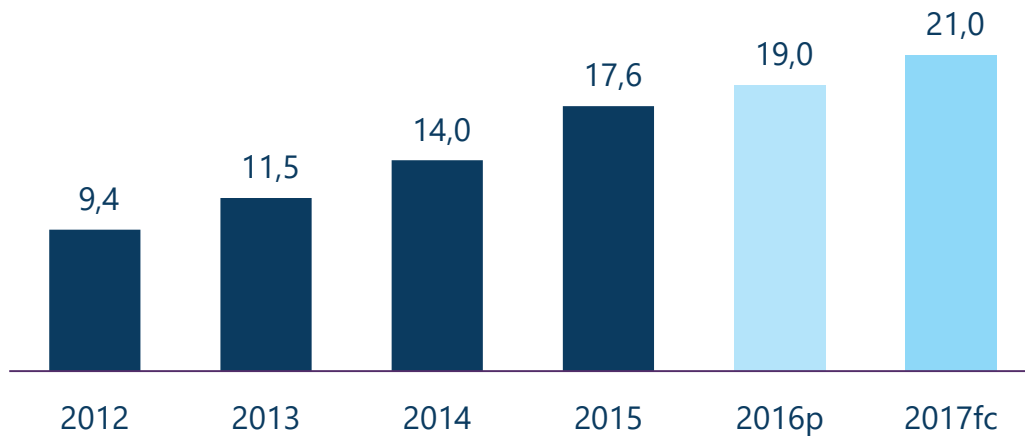
Dividend (2016): 8 cent (2015: 7 cent)
Market Cap: ~ EUR 395 Mio.
Liquidity last 90 days: > 100 Mio. EUR

October 2016: 15% drop in share price (Kontron transaction seen risky)

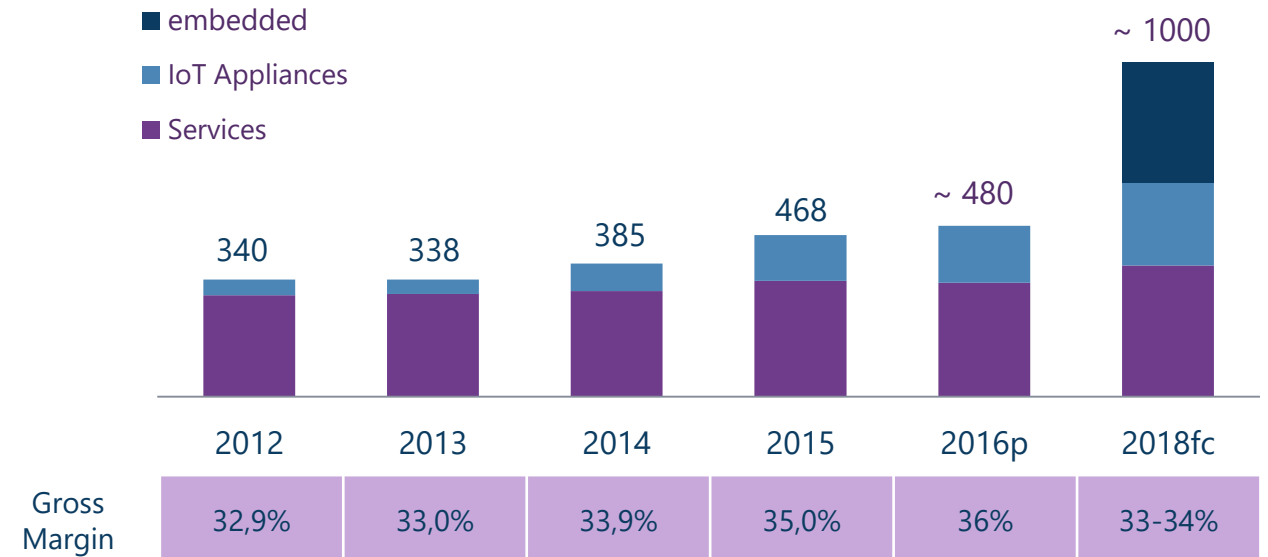
S&T's growth path continues...



Consolidated Income (in EUR Mio.)



Revenue (in EUR Mio.)



Plan 2016: EUR 19 Mio income confirmed, Revenues of EUR 480 Mio (EUR 26 Mio unprofitable biz sold)
Forecast 2017: Kontron profitable - Forecast 2018: EUR 1 Bn of revenues

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