

# Technology Hardware & Equipment



January 17 2018

## Issuer sponsored research - S&T AG

### S&T setting forth its strong growth in FY18

Document Type: Company Flash Note

Recommendation: Buy

Target Price: EUR 21.00

Country: Austria

Dear Alexandra,

Please find below the summary and link to our latest research on S&T AG.

#### **equinet's view: S&T AG (BUY, TP EUR 21) S&T setting forth its strong growth in financial year 2018**

S&T just released its preliminary FY17 results and gave a strong outlook for FY18 in terms of sales and EBITDA. S&T is now guiding for EUR 1bn in revenue and EUR 80m in EBITDA. Our view: Revenue is in-line with our expectations for FY18 but well ahead of consensus with EUR 978m and driven mainly by its high margin business IoT Solutions (software solutions for security, M2M communication) and Embedded Solutions (Kontron business). EBITDA guidance is slightly ahead compared to our estimate of EUR 78m (consensus. EUR 79) and shows that S&T is focussing on high margin offers and able to cross-sell offers/products via its IT Services segment into enterprises instead of pitching for every single tender as done in the past by Kontron (resulting in lower pricing and hence margin). Next catalyst: a potential full takeover of Kontron Canada where Ennoconn (subsidiary of Foxconn) has a 49% stake and could be realized via S&T equity swap deal (Ennoconn holds also 22% in S&T).