

H&A FIRST TAKE

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18-January-19

## € 30m share buyback program announced

Following the authorisation received at the AGM on January 15, management yesterday announced to **start a buyback program of up to 2m shares or € 30m**, which is equal to c. 3% of outstanding shares. The buyback program will start on January 22.

Depending on the share price performance in the coming months, we would expect this first buyback program to be **potentially followed by a 2<sup>nd</sup> and 3<sup>rd</sup>**. In fact, S&T has the authorisation to buy back up to 10% of outstanding shares.

With c. € 100m net cash on hand at the end of 2018 (eH&A) and brisk annual free cash flow generation (eH&A: € 56m in FY'19), funding of the buyback program looks fully secured.

In our view, the program reflects **management's confidence in the future growth prospects** and in the shares' attractive valuation. Treasury shares are most likely to be used for M&A at higher share prices: management has proven time and again that they are savvy M&A investors (e.g. the "old" S&T and Kontron).

**News flow looks set to be positive:** Current trading remains healthy and we continue to see **some 5% upside** to consensus' EBITDA expectations for FY'19, which have moved up recently to € 102m (vs. € 107m eH&A).

Last rating: **BUY with a € 28.50 PT based DCF.**

Tim Wunderlich, CFA

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**Buy**

**Price target:** EUR 28.50

**Price:** EUR 17.85

*Close price as of: 16.11.2018*

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Company	Disclosure
S&T AG	3

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

Initiation coverage

30-May-12

Company	Date	Analyst	Rating	Target price	Close
S&T AG	10.01.2019	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 17,85
	17.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 26,92
	03.09.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	28.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,16
	07.08.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 25,84
	31.07.2018	Wunderlich, CFA, Tim	Buy	EUR 28,50	EUR 24,30
	10.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,28
	03.07.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 21,62
	07.06.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 20,10
	07.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 23,20
	02.05.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 22,14

11.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 19,45
03.04.2018	Wunderlich, CFA, Tim	Buy	EUR 24,00	EUR 18,66

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<b>Sell</b>	12.21 %	0.00 %
<b>Hold</b>	22.09 %	10.00 %

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