

**Buy** (old: Buy)

**Price target: EUR 6.70** (old: EUR 6.70)

<b>Price:</b>	EUR 4.87	<b>Next result:</b>	Q4: tba
<b>Bloomberg:</b>	SANT GR	<b>Market cap:</b>	EUR 210.7 m
<b>Reuters:</b>	SANT1.DE	<b>Enterprise Value:</b>	EUR 212.4 m

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## Solid Q3; FY guidance confirmed backed by strong backlog

**Topic:** S&T's solid Q3 results exceeded our expectations for sales and came in roughly in-line regarding EBIT and net income. A strong order backlog provides confidence in our growth expectations for Q4 and FY '16. Management confirms its FY '15 guidance of € 465m sales and € 15m net income before minorities, both in-line with our estimates. See next page for an overview of the figures.

**The strong Q3 sales growth of 29% yoy to € 114m** (eH&A: € 106m) was mostly organic (eH&A: 25pp) and driven by excellent IT Services demand in Eastern Europe (segment "Services EE" +45% yoy to € 72m) especially driven by Poland and Romania. Notably, S&T has started billing first revenues relating to the major € 23m IT project awarded by the Polish government in August.

Appliances Security continued to show a healthy growth performance (+22% yoy to € 16m) carried by Internet of Things applications (e.g. protection of IP-based welding robots). The revenue decline of Services DACH (-19% yoy to € 16.2m) is according to plan as S&T is scaling back unprofitable and low-margin sales. Higher sales of Appliances Smart Energy (+61% yoy to € 10.6m) stem mainly from the consolidation of subsidiary NES in February 2015.

**Q3 EBITDA of € 5.9m** (eH&A: € 6.1m) rose less-than-proportionately to sales given (1) Start-up losses in Smart Energy due to subsidiary NES (EBITDA € -0.3m vs. € 0.6m a year ago / note: RTSoft is profitable); (2) Restructuring needs in some Eastern European IT Services markets like Slovakia (eH&A: € 0.5m one-off); and (3) Initial sales from the large Polish contract (see above) involve mainly low-margin IT hardware. The related higher-margin service sales should start in Q4. Accordingly, EBITDA of the "Services EE" segment was roughly flat yoy at € 2.4m despite the segment's strong sales growth. Positively, EBITDA of "Services DACH" increased to € 1.0m (Q3 '14: € 0.2m) showing the active business reorganisation is successful.

**S&T confirms its FY '15 guidance** expecting sales growth of 20% yoy (to € 465m) and net income before minorities of € 15m, both in line with our expectations. **A strong order backlog of € 198m (+26% yoy / +15% qoq)** gives confidence in an excellent Q4 performance. Remains a BUY with a € 6.70 PT based on FCFY 2016E.

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	153.2	339.5	337.9	385.5	465.0	493.1	522.7
Sales growth	90 %	122 %	0 %	14 %	21 %	6 %	6 %
EBITDA	12.3	16.6	20.1	22.9	27.9	31.5	35.0
EBIT	9.5	11.1	14.3	16.6	19.4	23.2	26.5
Net income	6.9	7.7	11.7	13.0	13.5	16.1	18.9
Net debt	27.5	19.4	9.3	1.5	-0.6	-10.4	-23.1
Net gearing	56.0 %	31.4 %	13.5 %	1.7 %	-0.7 %	-9.5 %	-18.5 %
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	0.31	0.37	0.44
CPS	-0.09	0.16	0.15	0.35	0.16	0.37	0.40
DPS	0.00	0.00	0.06	0.07	0.10	0.11	0.13
Dividend yield	0.0 %	0.0 %	1.2 %	1.4 %	2.1 %	2.3 %	2.7 %
Gross profit margin	29.9 %	34.4 %	33.1 %	33.2 %	33.9 %	34.2 %	34.3 %
EBITDA margin	8.0 %	4.9 %	5.9 %	5.9 %	6.0 %	6.4 %	6.7 %
EBIT margin	6.2 %	3.3 %	4.2 %	4.3 %	4.2 %	4.7 %	5.1 %
ROCE	10.2 %	8.3 %	10.8 %	12.4 %	13.6 %	15.0 %	15.8 %
EV/sales	1.0	0.6	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	12.0	12.9	10.2	9.4	7.6	6.4	5.4
EV/EBIT	15.5	19.2	14.3	12.9	10.9	8.8	7.2
PER	16.6	24.7	16.3	16.2	15.7	13.1	11.1
Adjusted FCF yield	5.7 %	4.8 %	7.3 %	7.5 %	9.0 %	10.6 %	12.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 03.11.2015



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	5.10 / 2.76
<b>Price/Book Ratio:</b>	2.2
<b>Relative performance</b> (TecDAX):	
3 months	0.2 %
6 months	3.4 %
12 months	26.0 %

### Changes in estimates

		Sales	EBIT	EPS
2015	old:	465.0	19.4	0.31
	Δ	-	-	-
2016	old:	493.1	23.2	0.37
	Δ	-	-	-
2017	old:	522.7	26.5	0.44
	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	Q3 15	Q3 15 est	Q3 14	yoy	Q2 15	qoq	9m 15	9m 14	yoy
<b>Sales</b>	<b>114.2</b>	<b>106.0</b>	<b>88.8</b>	29%	<b>95.4</b>	20%	<b>302.4</b>	<b>253.6</b>	19%
<b>Appliances total</b>	<b>26.4</b>	<b>26.9</b>	<b>19.5</b>	35%	<b>27.0</b>	-2%	<b>81.0</b>	<b>45.7</b>	77%
Appliances Security	15.8	16.0	12.9	22%	16.1	-2%	48.8	37.0	32%
Appliances Smart Energy	10.6	10.9	6.6	na	10.9	-3%	32.2	8.7	na
<b>Services EE</b>	<b>71.5</b>	<b>64.0</b>	<b>49.3</b>	45%	<b>52.3</b>	37%	<b>169.3</b>	<b>144.4</b>	17%
<b>Services DACH</b>	<b>16.2</b>	<b>15.1</b>	<b>20.0</b>	-19%	<b>16.0</b>	1%	<b>52.0</b>	<b>63.6</b>	-18%
<b>EBITDA</b>	<b>5.9</b>	<b>6.1</b>	<b>5.2</b>	14%	<b>5.0</b>	18%	<b>16.7</b>	<b>15.1</b>	10%
EBITDA margin	5.2%	5.8%	5.8%	-0.6 pp	5.2%	-0.1 pp	5.5%	6.0%	-0.4 pp
<b>Net profit</b>	<b>2.5</b>	<b>2.6</b>	<b>2.2</b>	15%	<b>2.9</b>	-14%	<b>7.9</b>	<b>7.0</b>	13%
Net margin	2.2%	2.5%	2.4%	-0.3 pp	3.0%	-0.8 pp	2.6%	2.8%	-0.2 pp
<b>EPS</b>	<b>0.06</b>	<b>0.06</b>	<b>0.05</b>	13%	<b>0.07</b>	-14%	<b>0.18</b>	<b>0.17</b>	5%

Source: Company data, Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>153.2</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>465.0</b>	<b>493.1</b>	<b>522.7</b>
<i>Sales growth</i>	89.9 %	121.5 %	-0.5 %	14.1 %	20.6 %	6.0 %	6.0 %
Increase/decrease in finished goods and work-in-process	0.7	0.3	0.9	1.2	0.9	1.0	1.0
<b>Total sales</b>	<b>153.9</b>	<b>339.8</b>	<b>338.8</b>	<b>386.8</b>	<b>465.9</b>	<b>494.1</b>	<b>523.7</b>
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	308.0	325.0	343.8
Personnel expenses	23.4	71.9	66.2	72.4	90.3	96.0	101.3
Other operating expenses	15.6	34.9	32.5	38.2	43.5	45.6	47.7
Total operating expenses	141.7	323.3	318.7	363.9	438.0	462.6	488.7
<b>EBITDA</b>	<b>12.3</b>	<b>16.6</b>	<b>20.1</b>	<b>22.9</b>	<b>27.9</b>	<b>31.5</b>	<b>35.0</b>
Depreciation	1.1	2.7	2.3	2.2	3.9	4.3	4.8
<b>EBITA</b>	<b>11.1</b>	<b>13.8</b>	<b>17.8</b>	<b>20.7</b>	<b>24.0</b>	<b>27.2</b>	<b>30.2</b>
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
<b>EBIT</b>	<b>9.5</b>	<b>11.1</b>	<b>14.3</b>	<b>16.6</b>	<b>19.4</b>	<b>23.2</b>	<b>26.5</b>
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	-3.1	-2.9
<b>Recurring pretax income from continuing operations</b>	<b>8.5</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>16.3</b>	<b>20.1</b>	<b>23.6</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>8.5</b>	<b>9.8</b>	<b>12.1</b>	<b>14.8</b>	<b>16.3</b>	<b>20.1</b>	<b>23.6</b>
Taxes	0.3	0.3	0.1	0.8	1.6	2.0	2.4
<b>Net income from continuing operations</b>	<b>8.2</b>	<b>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>14.7</b>	<b>18.1</b>	<b>21.3</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>8.2</b>	<b>9.4</b>	<b>11.9</b>	<b>14.0</b>	<b>14.7</b>	<b>18.1</b>	<b>21.3</b>
Minority interest	1.3	1.7	0.2	1.0	1.2	2.0	2.4
<b>Net income (net of minority interest)</b>	<b>6.9</b>	<b>7.7</b>	<b>11.7</b>	<b>13.0</b>	<b>13.5</b>	<b>16.1</b>	<b>18.9</b>
Average number of shares	23.5	28.3	39.2	41.2	43.3	43.3	43.3
<b>EPS reported</b>	<b>0.29</b>	<b>0.27</b>	<b>0.30</b>	<b>0.32</b>	<b>0.31</b>	<b>0.37</b>	<b>0.44</b>

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<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	0.5 %	0.1 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %
<b>Total sales</b>	<b>100.5 %</b>	<b>100.1 %</b>	<b>100.3 %</b>	<b>100.3 %</b>	<b>100.2 %</b>	<b>100.2 %</b>	<b>100.2 %</b>
Other operating income	3.4 %	1.9 %	2.0 %	1.3 %	0.8 %	0.8 %	0.8 %
Material expenses	70.5 %	65.6 %	67.1 %	67.0 %	66.2 %	65.9 %	65.8 %
Personnel expenses	15.3 %	21.2 %	19.6 %	18.8 %	19.4 %	19.5 %	19.4 %
Other operating expenses	10.2 %	10.3 %	9.6 %	9.9 %	9.4 %	9.2 %	9.1 %
Total operating expenses	92.5 %	95.2 %	94.3 %	94.4 %	94.2 %	93.8 %	93.5 %
<b>EBITDA</b>	<b>8.0 %</b>	<b>4.9 %</b>	<b>5.9 %</b>	<b>5.9 %</b>	<b>6.0 %</b>	<b>6.4 %</b>	<b>6.7 %</b>
Depreciation	0.7 %	0.8 %	0.7 %	0.6 %	0.8 %	0.9 %	0.9 %
<b>EBITA</b>	<b>7.2 %</b>	<b>4.1 %</b>	<b>5.3 %</b>	<b>5.4 %</b>	<b>5.2 %</b>	<b>5.5 %</b>	<b>5.8 %</b>
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 %	0.8 %	0.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>6.2 %</b>	<b>3.3 %</b>	<b>4.2 %</b>	<b>4.3 %</b>	<b>4.2 %</b>	<b>4.7 %</b>	<b>5.1 %</b>
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 %	0.6 %
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 %	-0.6 %	-0.5 %
<b>Recurring pretax income from continuing operations</b>	<b>5.5 %</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.5 %</b>	<b>4.1 %</b>	<b>4.5 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>5.5 %</b>	<b>2.9 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>3.5 %</b>	<b>4.1 %</b>	<b>4.5 %</b>
Tax rate	3.4 %	3.4 %	1.1 %	5.2 %	10.0 %	10.0 %	10.0 %
<b>Net income from continuing operations</b>	<b>5.3 %</b>	<b>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.2 %</b>	<b>3.7 %</b>	<b>4.1 %</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>5.3 %</b>	<b>2.8 %</b>	<b>3.5 %</b>	<b>3.6 %</b>	<b>3.2 %</b>	<b>3.7 %</b>	<b>4.1 %</b>
Minority interest	0.8 %	0.5 %	0.1 %	0.3 %	0.3 %	0.4 %	0.5 %
<b>Net income (net of minority interest)</b>	<b>4.5 %</b>	<b>2.3 %</b>	<b>3.5 %</b>	<b>3.4 %</b>	<b>2.9 %</b>	<b>3.3 %</b>	<b>3.6 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>40.9</b>	<b>39.7</b>	<b>44.8</b>	<b>57.1</b>	<b>58.3</b>	<b>60.5</b>	<b>59.9</b>
Property, plant and equipment	11.1	9.9	9.0	11.4	9.9	8.0	8.5
Financial assets	4.4	3.8	2.8	3.8	3.8	3.8	3.8
<b>FIXED ASSETS</b>	<b>56.4</b>	<b>53.4</b>	<b>56.5</b>	<b>72.3</b>	<b>72.0</b>	<b>72.3</b>	<b>72.1</b>
Inventories	20.6	23.4	22.7	30.0	36.2	38.4	40.7
Accounts receivable	85.0	81.9	71.6	95.7	114.7	121.6	128.9
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	41.6	51.3	64.0
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
<b>CURRENT ASSETS</b>	<b>170.6</b>	<b>160.5</b>	<b>163.6</b>	<b>200.8</b>	<b>228.6</b>	<b>248.0</b>	<b>270.9</b>
<b>TOTAL ASSETS</b>	<b>227.0</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>300.6</b>	<b>320.3</b>	<b>343.0</b>
SHAREHOLDERS EQUITY	49.2	61.8	69.2	86.9	97.2	109.5	124.5
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
<b>Non-current liabilities</b>	<b>47.0</b>	<b>31.7</b>	<b>30.7</b>	<b>33.0</b>	<b>33.2</b>	<b>33.3</b>	<b>33.5</b>
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	89.4	94.8	100.5
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
<b>Current liabilities</b>	<b>125.5</b>	<b>118.3</b>	<b>118.1</b>	<b>150.3</b>	<b>167.4</b>	<b>174.7</b>	<b>182.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>227.0</b>	<b>214.0</b>	<b>220.1</b>	<b>273.1</b>	<b>300.6</b>	<b>320.3</b>	<b>343.0</b>

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>18.0 %</b>	<b>18.6 %</b>	<b>20.3 %</b>	<b>20.9 %</b>	<b>19.4 %</b>	<b>18.9 %</b>	<b>17.5 %</b>
Property, plant and equipment	4.9 %	4.6 %	4.1 %	4.2 %	3.3 %	2.5 %	2.5 %
Financial assets	2.0 %	1.8 %	1.3 %	1.4 %	1.3 %	1.2 %	1.1 %
<b>FIXED ASSETS</b>	<b>24.9 %</b>	<b>25.0 %</b>	<b>25.7 %</b>	<b>26.5 %</b>	<b>23.9 %</b>	<b>22.6 %</b>	<b>21.0 %</b>
Inventories	9.1 %	10.9 %	10.3 %	11.0 %	12.0 %	12.0 %	11.9 %
Accounts receivable	37.5 %	38.3 %	32.6 %	35.0 %	38.1 %	38.0 %	37.6 %
Other current assets	11.4 %	7.2 %	6.9 %	8.1 %	7.5 %	7.2 %	6.9 %
Liquid assets	13.2 %	14.0 %	19.5 %	14.5 %	13.8 %	16.0 %	18.7 %
Deferred taxes	4.0 %	4.6 %	5.1 %	5.0 %	4.5 %	4.2 %	4.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>75.1 %</b>	<b>75.0 %</b>	<b>74.3 %</b>	<b>73.5 %</b>	<b>76.1 %</b>	<b>77.4 %</b>	<b>79.0 %</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	21.7 %	28.9 %	31.4 %	31.8 %	32.3 %	34.2 %	36.3 %
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 %	8.7 %	8.2 %	7.6 %
Provisions for pensions and similar obligations	2.4 %	1.4 %	1.3 %	0.8 %	0.8 %	0.7 %	0.7 %
Other provisions	8.1 %	8.0 %	1.8 %	1.7 %	1.6 %	1.5 %	1.5 %
<b>Non-current liabilities</b>	<b>20.7 %</b>	<b>14.8 %</b>	<b>14.0 %</b>	<b>12.1 %</b>	<b>11.0 %</b>	<b>10.4 %</b>	<b>9.8 %</b>
short-term liabilities to banks	15.1 %	17.7 %	12.9 %	5.4 %	4.9 %	4.6 %	4.3 %
Accounts payable	26.7 %	25.1 %	21.2 %	27.2 %	29.8 %	29.6 %	29.3 %
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 %	20.5 %	19.8 %	19.1 %
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 %
<b>Current liabilities</b>	<b>55.3 %</b>	<b>55.3 %</b>	<b>53.7 %</b>	<b>55.1 %</b>	<b>55.7 %</b>	<b>54.5 %</b>	<b>53.1 %</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)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	8.2	9.4	11.9	14.0	14.7	18.1	21.3
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	23.2	26.4	29.8
Increase/decrease in inventory	-0.1	-2.8	0.7	-7.4	-6.2	-2.2	-2.3
Increase/decrease in accounts receivable	-17.6	3.1	10.3	-24.0	-19.0	-6.9	-7.3
Increase/decrease in accounts payable	15.3	-6.9	-7.1	27.6	15.3	5.4	5.7
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	-9.9	-3.7	-3.9
<b>Cash flow from operating activities</b>	<b>0.5</b>	<b>10.6</b>	<b>11.1</b>	<b>20.6</b>	<b>13.3</b>	<b>22.7</b>	<b>25.9</b>
CAPEX	2.8	3.2	5.8	5.8	8.1	8.6	8.4
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
<b>Cash flow from investing activities</b>	<b>-16.8</b>	<b>-2.2</b>	<b>0.0</b>	<b>-12.6</b>	<b>-8.1</b>	<b>-8.6</b>	<b>-8.4</b>
Cash flow before financing	-16.3	8.4	11.1	8.0	5.2	14.1	17.5
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	4.8
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
<b>Cash flow from financing activities</b>	<b>14.3</b>	<b>-11.8</b>	<b>-1.6</b>	<b>12.5</b>	<b>-3.0</b>	<b>-4.3</b>	<b>-4.8</b>
Increase/decrease in liquid assets	-2.0	-2.9	9.1	19.5	2.1	9.7	12.7
<b>Liquid assets at end of period</b>	<b>29.9</b>	<b>29.9</b>	<b>42.9</b>	<b>39.5</b>	<b>41.6</b>	<b>51.3</b>	<b>64.0</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Domestic	43.2	70.0	68.4	65.1	65.1	64.1	67.9
yoy change	51.2 %	62.2 %	-2.4 %	-4.8 %	0.1 %	-1.5 %	6.0 %
Rest of Europe	110.1	269.5	269.6	320.5	399.9	429.0	454.7
yoy change	111.0 %	144.8 %	0.0 %	18.9 %	24.8 %	7.3 %	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>153.2</b>	<b>339.5</b>	<b>337.9</b>	<b>385.5</b>	<b>465.0</b>	<b>493.1</b>	<b>522.7</b>
yoy change	89.9 %	121.5 %	-0.5 %	14.1 %	20.6 %	6.0 %	6.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>P&amp;L growth analysis</b>							
Sales growth	89.9 %	121.5 %	-0.5 %	14.1 %	20.6 %	6.0 %	6.0 %
EBITDA growth	169.3 %	35.1 %	21.3 %	14.0 %	21.9 %	12.7 %	11.2 %
EBIT growth	194.2 %	17.4 %	28.2 %	16.2 %	16.8 %	19.4 %	14.4 %
EPS growth	53.2 %	-6.6 %	9.3 %	5.4 %	-1.4 %	19.7 %	17.4 %
<b>Efficiency</b>							
Total operating costs / sales	92.5 %	95.2 %	94.3 %	94.4 %	94.2 %	93.8 %	93.5 %
Sales per employee	161.1	203.6	211.9	203.5	208.5	218.9	229.8
EBITDA per employee	12.9	9.9	12.6	12.1	12.5	14.0	15.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	18.2 %	14.2 %	14.7 %	12.9 %	12.1 %	12.8 %	12.8 %
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	26.9	26.6	26.5
<b>Cash flow analysis</b>							
Free cash flow	-2.3	7.5	5.3	14.8	5.2	14.1	17.5
Free cash flow/sales	-1.5 %	2.2 %	1.6 %	3.8 %	1.1 %	2.9 %	3.4 %
FCF / net profit	-34.0 %	96.4 %	45.3 %	114.1 %	38.3 %	87.3 %	92.6 %
Capex / depre	196.1 %	46.9 %	103.4 %	119.1 %	95.7 %	104.0 %	98.4 %
Capex / maintenance capex	52.0 %	n/a	78.4 %	37.3 %	35.8 %	36.3 %	61.5 %
Capex / sales	3.5 %	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	27.5	19.4	9.3	1.5	-0.6	-10.4	-23.1
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	5.9	7.1	8.1
Dividend payout ratio	0.0 %	0.0 %	20.1 %	23.3 %	32.1 %	30.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.1	2.5	2.6	2.8	3.1	3.1	3.0
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	47.1	61.4	61.8
Inventory turnover (sales/inventory)	7.4	14.5	14.9	12.8	12.8	12.8	12.8
<b>Returns</b>							
ROCE	10.2 %	8.3 %	10.8 %	12.4 %	13.6 %	15.0 %	15.8 %
ROE	14.0 %	12.5 %	17.0 %	14.9 %	13.9 %	14.7 %	15.2 %
<b>Other</b>							
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	0.31	0.37	0.44
<b>Valuation ratios</b>							
P/BV	2.3	3.1	2.8	2.4	2.2	1.9	1.7
EV/sales	1.0	0.6	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	12.0	12.9	10.2	9.4	7.6	6.4	5.4
EV/EBITA	13.3	15.5	11.5	10.4	8.8	7.5	6.3
EV/EBIT	15.5	19.2	14.3	12.9	10.9	8.8	7.2
EV/FCF	-62.9	28.7	38.3	14.5	41.2	14.4	10.8
Adjusted FCF yield	5.7 %	4.8 %	7.3 %	7.5 %	9.0 %	10.6 %	12.0 %
Dividend yield	0.0 %	0.0 %	1.2 %	1.4 %	2.1 %	2.3 %	2.7 %

Source: Company data, Hauck & Aufhäuser

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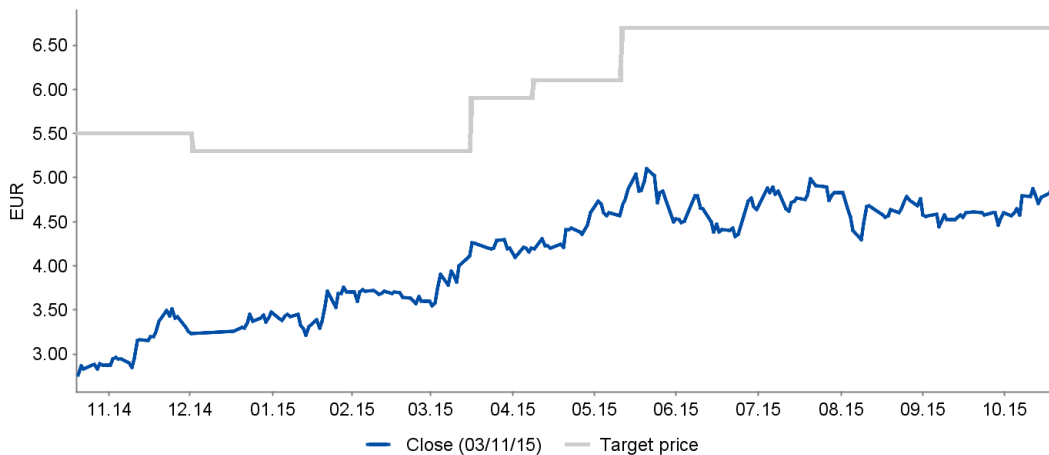
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Company	Disclosure
S&T AG	2, 3, 5

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

**Price and Rating History  
S&T AG as of 04/11/15**

Initiation coverage  
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