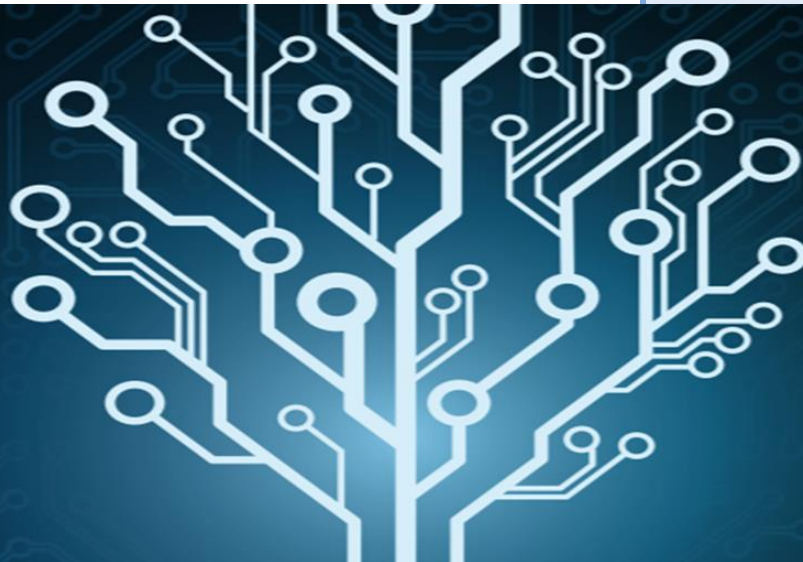


# S&T AG

Austria | Technology | MCap EUR 1,086.9m

26 January 2022

UPDATE



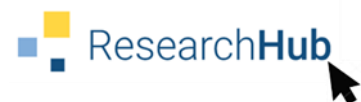
## Rather dull response of Viceroy Research sends S&T shares up; BUY

### What's it all about?

Yesterday, short seller Viceroy Research published a long-awaited statement which – in our view – did not reveal any significant new insights. In contrary, the short seller repeated its old allegations and denounced things like wording, timing, semantics or incomplete disclosures made by the company, upon which S&T's share price improved by nearly 10% yesterday. As such, with no new relevant allegations made and with S&T having reacted swiftly by installing compliance related measurements, we believe that S&T now offers a favorable risk/reward profile. The subdued share price level therefore is a good entry opportunity, which is why we reiterate to BUY with unchanged PT of EUR 31.00

**BUY (BUY)**

<b>Target price</b>	<b>EUR 31.00 (31.00)</b>
Current price	EUR 16.50
Up/downside	87.9%



**MAIN AUTHOR**

**Thomas Wissler**

t.wissler@alsterresearch.com  
+49 40 309 293-58

IMPORTANT. Please refer to the last page of this report for "Important disclosures and analyst(s) certifications."

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# S&T AG

Austria | Technology | MCap EUR 1,086.9m | EV EUR 1,152.9m

**BUY** (BUY)

**Target price** EUR 31.00 (31.00)  
**Current price** EUR 16.50  
**Up/downside** 87.9%

**MAIN AUTHOR**

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t.wissler@alsterresearch.com  
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## Rather dull response of Viceroy sends S&T shares up; BUY

**Dull response from Viceroy** Yesterday, short seller Viceroy Research published its long-awaited update in response to S&T's detailed answer amid the short selling attack which started in Dec. last year. Unlike previously announced Viceroy did not raise any new allegations. Moreover, the short seller repeated its old allegations and denounced things like wording, timing, semantics or incomplete disclosures made by the company. As a result of yesterday's report (i.e. 1-pager with bullet point claims, [Link](#)), S&T's share price increased significantly by nearly 10% indicating that investors also see the threat of the prevailing short attack to start leveling off.

**Reminder** Mid December, Viceroy Research published an aggressive short selling note claiming alleged compliance violations at the Austrian IoT specialist. As a result, S&T's share price dropped nearly 30%. At the beginning of this year, S&T has published a detailed statement on these allegations, stating that the claims made were either incorrectly, not related to S&T or refer to incidents which lie more than 10 years in the past or were immaterial. Nonetheless, S&T commissioned the auditing firm Deloitte to conduct an external forensic audit and announced that it will install a Chief Compliance Officer shortly. Since its trough on Dec. 17, the share price recovered by nearly 28% but still trades c. 14% below the pre-attack level.

**Positive operational momentum prevails** Just recently, S&T published its guidance for 2022 where it expects double-digit organic growth to EUR 1.5bn in sales and stable EBITDA margin of c. 10%. The guidance shows that S&T will resume its strong growth trajectory, both for its top and bottom line (sales growth +12% yoy / EBITDA growth +16% yoy) – a strong indicator that S&T benefits from its favorable positioning in structurally growing markets (i.e. the high-growth/high-margin IoT space). At the same time, prevailing chip shortages seem under control and supply chain issues are likely to ease. In sum, the guidance is broadly in line with AlsterResearch expectations and hence is a reassuring message to S&T's equity story.

**Conclusion** With no new relevant allegations made and with S&T having reacted swiftly by installing compliance related measurements, we believe that S&T offers a favorable risk/reward profile. The subdued share price level therefore is a good entry opportunity, which is why we reiterate to BUY with unchanged PT of EUR 31.00.

S&T AG	2018	2019	2020	2021E	2022E	2023E
Sales	990.9	1,122.9	1,254.8	1,338.9	1,506.2	1,641.8
<i>Growth yoy</i>	12.3%	13.3%	11.7%	6.7%	12.5%	9.0%
EBITDA	90.5	111.7	130.0	131.2	150.6	165.8
EBIT	61.5	61.8	68.6	77.9	100.4	117.0
Net profit	45.0	49.1	55.6	60.3	80.6	95.2
Net debt (net cash)	-52.7	31.6	44.2	-28.4	-106.0	-184.0
Net debt/EBITDA	-0.6x	0.3x	0.3x	-0.2x	-0.7x	-1.1x
EPS recurring	0.70	0.75	0.84	0.91	1.22	1.45
DPS	0.16	0.00	0.30	0.33	0.43	0.51
<i>Dividend yield</i>	1.0%	0.0%	1.8%	2.0%	2.6%	3.1%
Gross profit margin	36.5%	37.7%	37.7%	37.8%	37.9%	37.9%
EBITDA margin	9.1%	9.9%	10.4%	9.8%	10.0%	10.1%
EBIT margin	6.2%	5.5%	5.5%	5.8%	6.7%	7.1%
ROCE	11.4%	7.7%	8.3%	9.3%	12.3%	13.6%
EV/EBITDA	11.5x	10.2x	8.9x	8.2x	6.7x	5.6x
EV/EBIT	16.9x	18.4x	16.8x	13.9x	10.0x	8.0x
PER	23.6x	22.1x	19.5x	18.0x	13.5x	11.4x
FCF yield	2.6%	3.1%	10.1%	8.7%	9.7%	10.6%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 24.20 / 12.36  
**Price/Book Ratio** 2.7x

### Ticker / Symbols

ISIN AT0000A0E9W5  
WKN A0X9EJ  
Bloomberg SANT:GR

### Changes in estimates

		Sales	EBIT	EPS
2021E	old	1.339	78	0.91
	Δ	0,0%	0,0%	0,0%
2022E	old	1.506	100	1,22
	Δ	0,0%	0,0%	0,0%
2023E	old	1.642	117	1,45
	Δ	0,0%	0,0%	0,0%

### Key share data

Number of shares: (in m pcs) 65.87  
Book value per share: (in EUR) 6.13  
Ø trading volume: (12 months) 48,500

### Major shareholders

Ennoconn Corporation 26.6%  
Allianz Global Investors 5.0%  
Free Float 68.4%

### Company description

S&T is an Austria-based technology company. It provides end-to-end IT services, including consulting, integration and support services. In the IoT segment, it provides products and solutions such as industrial PCs and embedded boards installed with proprietary software. Germany, Austria, Switzerland, France, Eastern Europe and North America are its core markets.

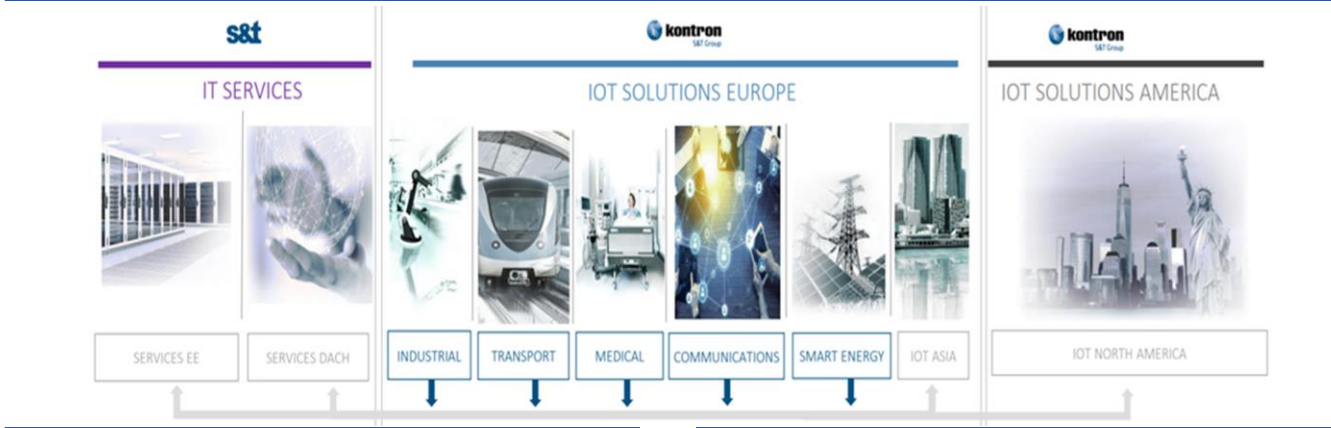
## Quarterly table

P&L data	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Sales	369.7	270.1	268.6	297.7	418.4	294.1	306.5	313.2
yoy growth in %	11.7%	20.0%	8.0%	6.6%	13.2%	8.9%	14.1%	5.2%
Gross profit	131.9	111.6	107.2	110.8	143.8	120.3	121.0	121.6
Gross margin in %	35.7%	41.3%	39.9%	37.2%	34.4%	40.9%	39.5%	38.8%
EBITDA	40.0	23.2	27.0	31.7	46.4	28.2	30.1	27.3
EBITDA margin in %	10.8%	8.6%	10.0%	10.7%	11.1%	9.6%	9.8%	8.7%
EBIT	24.9	9.4	13.1	17.2	27.1	12.7	13.9	11.7
EBIT margin in %	6.7%	3.5%	4.9%	5.8%	6.5%	4.3%	4.5%	3.7%
EBT	22.1	9.1	11.9	15.3	24.4	10.8	11.5	9.3
taxes paid	0.6	0.6	1.9	3.3	0.2	1.1	1.1	-1.2
tax rate in %	2.7%	6.7%	16.1%	21.6%	0.9%	10.4%	9.2%	-12.8%
net profit	20.1	9.5	10.1	11.8	24.2	10.1	10.4	10.2
yoy growth in %	3.5%	1.8%	14.4%	8.9%	20.4%	5.8%	2.9%	-13.8%
<b>EPS</b>	<b>0.31</b>	<b>0.15</b>	<b>0.16</b>	<b>0.18</b>	<b>0.37</b>	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>

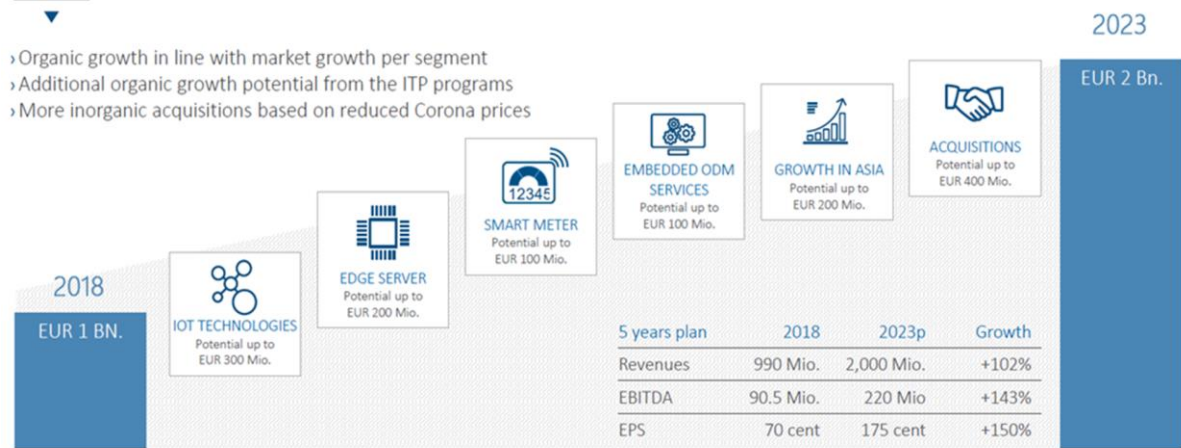
Source: Company data; AlsterResearch

# Investment case in six charts

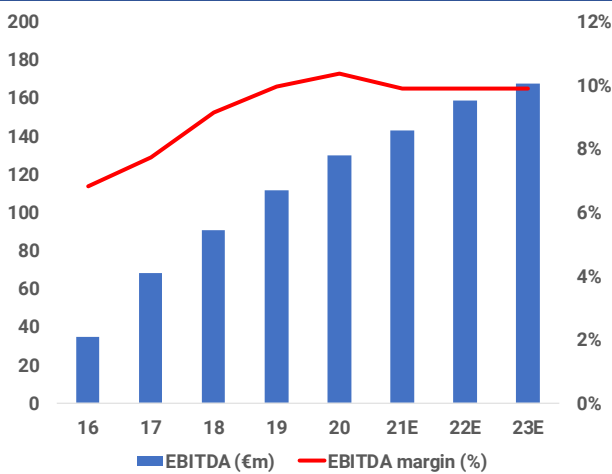
## Business units and end markets



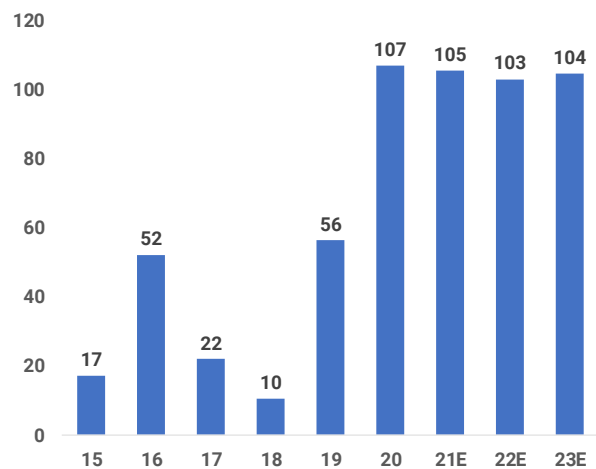
## Growth projection until 2023E



## EBITDA and margins on an upwards trend



## FCF to strengthen going forward



Source: Company data; AlsterResearch

# SWOT-Analysis

## Strengths

- Strong and strategic partnership with Foxconn
- Offers comprehensive suite of solutions in IT Service business
- Strong presence in DACH and EE countries
- Has diversified clients and is present in multiple geographies, minimising concentration risk

## Weaknesses

- A large part of revenue accrues from IT Services segment, which is a low-margin business and has low pricing power
- Lacks a scalable platform
- Avionics, one of its target IoT markets, is witnessing a rough phase due to travel restrictions

## Opportunities

- Has a strong presence in medical and transport segments of IoT market, which are expected to grow well
- Has sufficient liquidity and balance sheet strength to undertake acquisitions in current market where valuations are attractive
- Margin expansion, as focus shifts to higher margin IoT segment and proprietary products
- Expanding presence in China, one of the fastest-growing IoT markets

## Threats

- A relatively small player in the IoT market and could be hard pressed to defend its turf if a larger player enters its segment
- Dependent on Asia for hardware manufacturing and China for raw material. Geopolitical tension in the area could impair its supply chain
- Aggressive acquisitions could drag company's prospects if not properly synergized

# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 30.54 per share**:

**Top-line growth:** We expect S&T AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 6.5% p.a. The long-term growth rate is set at 2.0%.

**EBIT margins.** The scalable business model should allow for EBIT margins of 7% by 2023E, which look defendable given high competitive quality based on scale geography and expertise. Accordingly, we model approx. 7% EBIT margins in the long-term.

**WACC.** The averaged 1-, 3- and 5-year historical equity beta is calculated as 0.93. Unlevering and correcting for mean reversion yields an asset beta of 1.10. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 13.6%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 1.0 this results in a long-term WACC of 8.6%.

DCF (EUR m) (except per share data and beta)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal value
NOPAT	66.8	88.2	102.8	114.7	120.6	126.5	132.5	138.6	
Depreciation & Amort.	53.3	50.2	48.8	48.5	48.9	49.7	50.6	51.8	
Change in working capital	8.8	-2.3	-1.8	-1.7	-0.9	-1.0	-1.0	-1.1	
Chg. in long-term provisions	6.8	12.1	9.8	9.5	5.1	5.3	5.6	5.8	
Capex	-36.2	-40.7	-44.4	-47.9	-49.8	-51.8	-53.9	-56.1	
Cash flow	99.5	107.4	115.2	123.0	123.9	128.7	133.7	139.0	2,131.6
Present value	100.1	99.3	97.8	96.3	89.2	85.2	81.4	77.8	1,199.7
WACC	8.9%	8.9%	8.8%	8.7%	8.7%	8.7%	8.7%	8.7%	8.6%

DCF per share derived from	
Total present value	1,926.8
Mid-year adj. total present value	2,009.4
Net debt / cash at start of year	44.2
Financial assets	68.6
Provisions and off b/s debt	21.8
Equity value	2,012.0
No. of shares outstanding	65.9
<b>Discounted cash flow / share upside/(downside)</b>	<b>30.54</b> <b>85.1%</b>

<b>Share price</b>	<b>16.50</b>
--------------------	--------------

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	6.5%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	13.7%
Terminal year WACC	8.6%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	0.93
Unlevered beta (industry or company)	1.10
Target debt / equity	1.0
Relevered beta	1.93
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	13.6%

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		0.0%	1.0%	2.0%	3.0%	4.0%	2021E - 2024E	2025E - 2028E
2.0%		21.4	22.5	24.0	25.8	28.2	20.4%	
1.0%		23.4	24.9	26.8	29.4	32.8	17.3%	
0.0%		25.9	27.9	<b>30.5</b>	34.1	39.2		62.3%
-1.0%		29.1	31.8	35.6	41.0	49.3		
-2.0%		33.2	37.1	42.8	51.5	66.9		
							terminal value	



## FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 23.56 per share based on 2021E and EUR 40.80 per share on 2025E estimates. **We value S&T AG on 2022E, which derive at price target of EUR 31.00.** It thus supports the DCF based fair value calculations.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2021E	2022E	2023E	2024E	2025E
<b>EBITDA</b>	<b>131.2</b>	<b>150.6</b>	<b>165.8</b>	<b>179.1</b>	<b>186.3</b>
- Maintenance capex	33.8	34.4	36.0	38.1	40.5
- Minorities	-0.6	-0.8	-0.9	-1.1	-1.2
- tax expenses	10.5	11.9	14.1	16.4	17.2
<b>= Adjusted FCF</b>	<b>87.5</b>	<b>105.1</b>	<b>116.7</b>	<b>125.7</b>	<b>129.6</b>
<b>Actual Market Cap</b>	<b>1,086.9</b>	<b>1,086.9</b>	<b>1,086.9</b>	<b>1,086.9</b>	<b>1,086.9</b>
+ Net debt (cash)	-28.4	-106.0	-184.0	-268.0	-347.3
+ Pension provisions	23.2	26.1	28.5	30.8	32.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	68.6	68.6	68.6	68.6	68.6
- Acc. dividend payments	19.8	41.2	69.8	103.6	143.0
<i>EV Reconciliations</i>	-93.5	-189.6	-293.9	-409.4	-526.9
<b>= Actual EV'</b>	<b>993.4</b>	<b>897.3</b>	<b>793.0</b>	<b>677.4</b>	<b>560.0</b>
<b>Adjusted RW_FCF yield</b>	<b>8.8%</b>	<b>11.7%</b>	<b>14.7%</b>	<b>18.6%</b>	<b>23.1%</b>
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Fair EV</b>	<b>1,458.3</b>	<b>1,751.9</b>	<b>1,945.2</b>	<b>2,095.7</b>	<b>2,160.5</b>
- <i>EV Reconciliations</i>	-93.5	-189.6	-293.9	-409.4	-526.9
<b>Fair Market Cap</b>	<b>1,551.8</b>	<b>1,941.5</b>	<b>2,239.1</b>	<b>2,505.2</b>	<b>2,687.4</b>
No. of shares (million)	65.9	65.9	65.9	65.9	65.9
<b>FV per share in EUR</b>	<b>23.56</b>	<b>29.47</b>	<b>33.99</b>	<b>38.03</b>	<b>40.80</b>
<b>Premium (-) / discount (+)</b>	<b>42.8%</b>	<b>78.6%</b>	<b>106.0%</b>	<b>130.5%</b>	<b>147.3%</b>

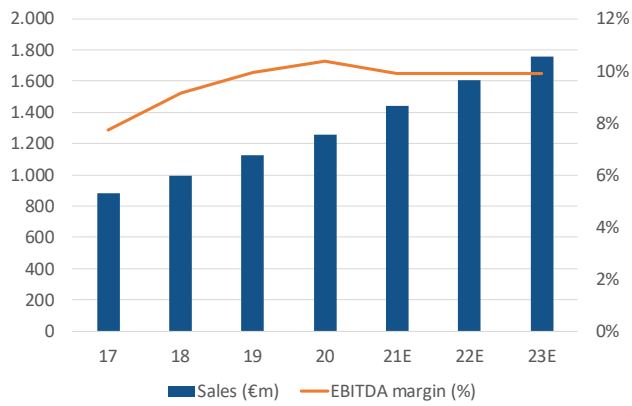
Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	34.6	42.8	48.8	53.9	57.2
	5.0%	28.0	34.8	39.9	44.4	47.4
	<b>6.0%</b>	<b>23.6</b>	<b>29.5</b>	<b>34.0</b>	<b>38.0</b>	<b>40.8</b>
	7.0%	20.4	25.7	29.8	33.5	36.1
	8.0%	18.0	22.8	26.6	30.1	32.6

Source: AlsterResearch

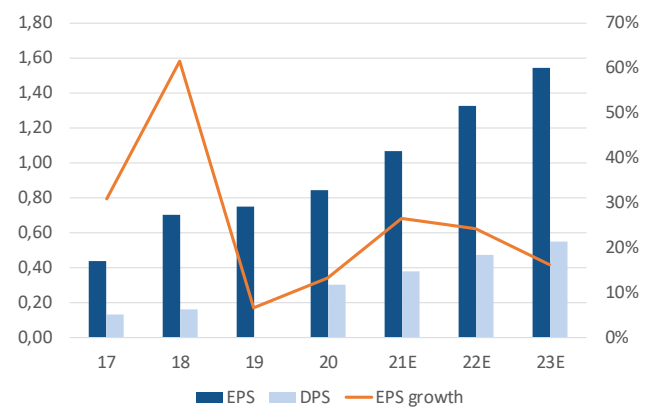
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

# Financials in six charts

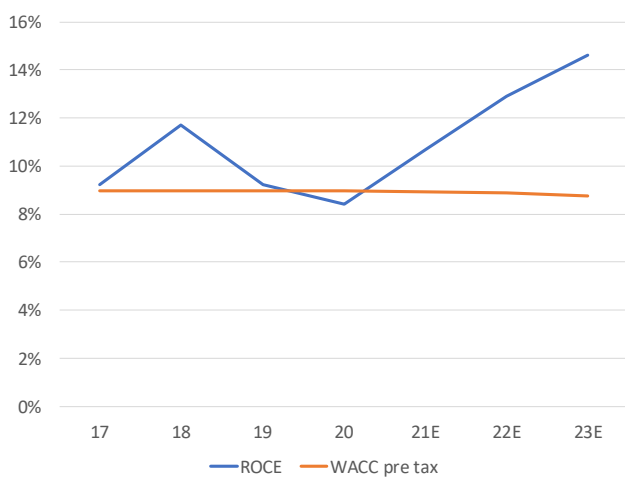
**Sales vs. EBITDA margin development**



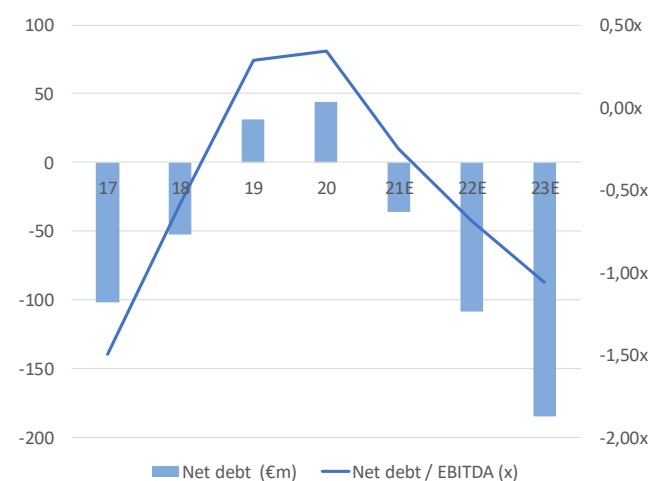
**EPS, DPS in EUR & yoy EPS growth**



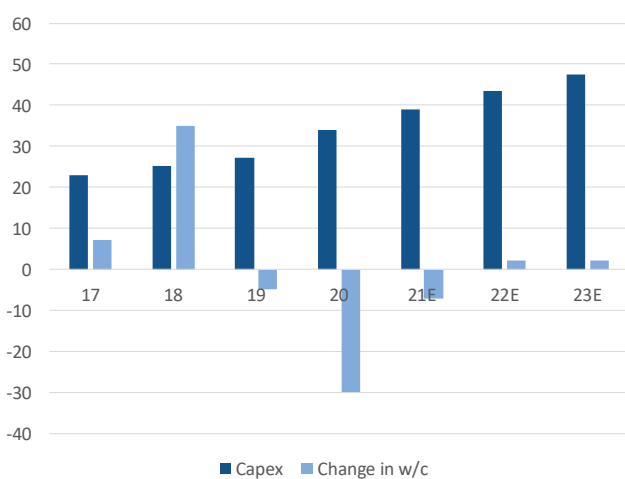
**ROCE vs. WACC (pre tax)**



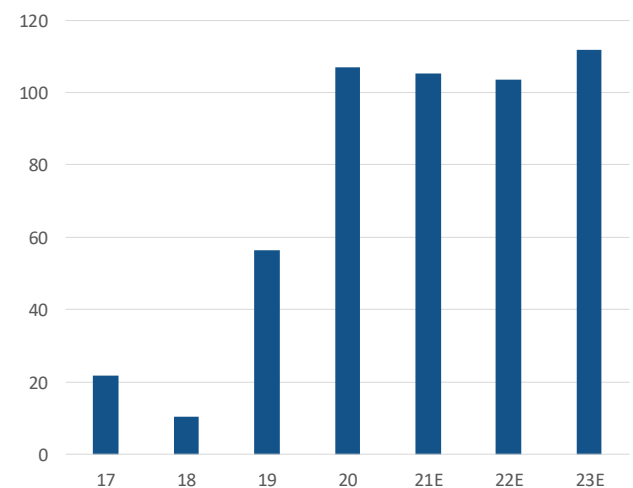
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**





## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,338.9</b>	<b>1,506.2</b>	<b>1,641.8</b>
Sales growth	12.3%	13.3%	11.7%	6.7%	12.5%	9.0%
Change in finished goods and work-in-process	15.1	15.5	17.6	0.0	0.0	0.0
<b>Total sales</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,338.9</b>	<b>1,506.2</b>	<b>1,641.8</b>
Material expenses	644.3	715.4	799.0	832.8	935.4	1,019.6
<b>Gross profit</b>	<b>361.7</b>	<b>423.0</b>	<b>473.4</b>	<b>506.1</b>	<b>570.9</b>	<b>622.2</b>
Other operating income	7.5	8.0	8.8	6.7	7.5	8.2
Personnel expenses	194.6	245.2	273.3	290.5	325.3	353.0
Other operating expenses	84.0	74.2	78.8	91.0	102.4	111.6
<b>EBITDA</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>131.2</b>	<b>150.6</b>	<b>165.8</b>
Depreciation	8.2	49.9	30.9	33.8	34.4	36.0
EBITA	82.3	61.8	99.1	97.4	116.2	129.9
Amortisation of goodwill and intangible assets	20.8	0.0	30.5	19.5	15.8	12.8
<b>EBIT</b>	<b>61.5</b>	<b>61.8</b>	<b>68.6</b>	<b>77.9</b>	<b>100.4</b>	<b>117.0</b>
Financial result	-5.2	-7.7	-7.9	-7.7	-8.7	-8.7
Recurring pretax income from continuing operations	56.3	54.1	60.7	70.2	91.7	108.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	56.3	54.1	60.7	70.2	91.7	108.3
Taxes	7.9	4.6	6.1	10.5	11.9	14.1
Net income from continuing operations	48.5	49.5	54.6	59.7	79.8	94.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>59.7</b>	<b>79.8</b>	<b>94.2</b>
Minority interest	-3.5	-0.4	1.0	0.6	0.8	0.9
Net profit (reported)	45.0	49.1	55.6	60.3	80.6	95.2
Average number of shares	64.33	65.87	65.87	65.87	65.87	65.87
<b>EPS reported</b>	<b>0.70</b>	<b>0.75</b>	<b>0.84</b>	<b>0.91</b>	<b>1.22</b>	<b>1.45</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	2%	1%	1%	0%	0%	0%
<b>Total sales</b>	<b>102%</b>	<b>101%</b>	<b>101%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	65%	64%	64%	62%	62%	62%
<b>Gross profit</b>	<b>36%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>
Other operating income	1%	1%	1%	1%	1%	1%
Personnel expenses	20%	22%	22%	22%	22%	22%
Other operating expenses	8%	7%	6%	7%	7%	7%
<b>EBITDA</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Depreciation	1%	4%	2%	3%	2%	2%
EBITA	8%	6%	8%	7%	8%	8%
Amortisation of goodwill and intangible assets	2%	0%	2%	1%	1%	1%
<b>EBIT</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	6%	5%	5%	5%	6%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	6%	5%	5%	5%	6%	7%
Taxes	1%	0%	0%	1%	1%	1%
Net income from continuing operations	5%	4%	4%	4%	5%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>
Minority interest	-0%	-0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>87.6</b>	<b>100.5</b>	<b>102.8</b>	<b>83.3</b>	<b>67.4</b>	<b>54.6</b>
Goodwill	120.0	194.4	199.5	199.5	199.5	199.5
Property, plant and equipment	37.1	99.8	135.1	137.5	143.9	152.3
Financial assets	47.8	62.5	68.6	68.6	68.6	68.6
<b>FIXED ASSETS</b>	<b>292.5</b>	<b>457.2</b>	<b>506.0</b>	<b>488.8</b>	<b>479.4</b>	<b>475.0</b>
Inventories	130.8	146.8	159.9	162.0	181.9	198.3
Accounts receivable	207.0	239.4	228.0	256.8	288.9	314.9
Other current assets	18.5	21.1	24.6	24.6	24.6	24.6
Liquid assets	171.8	322.0	285.6	318.4	306.0	354.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	27.5	39.4	42.6	45.4	51.1	55.7
<b>CURRENT ASSETS</b>	<b>555.5</b>	<b>768.5</b>	<b>740.7</b>	<b>807.2</b>	<b>852.5</b>	<b>947.5</b>
<b>TOTAL ASSETS</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,296.0</b>	<b>1,331.9</b>	<b>1,422.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>356.0</b>	<b>372.7</b>	<b>404.0</b>	<b>443.9</b>	<b>502.3</b>	<b>567.9</b>
MINORITY INTEREST	11.3	12.4	5.4	5.4	5.4	5.4
Long-term debt	79.4	267.1	263.7	250.0	200.0	100.0
Provisions for pensions and similar obligations	5.6	19.9	21.8	23.2	26.1	28.5
Other provisions	46.8	44.8	68.3	73.6	82.8	90.3
<b>Non-current liabilities</b>	<b>131.9</b>	<b>331.8</b>	<b>353.8</b>	<b>346.9</b>	<b>309.0</b>	<b>218.8</b>
short-term liabilities to banks	39.6	86.5	66.1	40.0	0.0	70.0
Accounts payable	177.0	205.0	210.0	239.6	269.1	293.3
Advance payments received on orders	38.1	61.1	71.6	76.4	86.0	93.7
Other liabilities (incl. from lease and rental contracts)	55.6	109.0	85.7	91.4	102.9	112.1
Deferred taxes	12.6	13.4	13.3	13.3	13.3	13.3
Deferred income	25.9	33.8	36.7	39.1	44.0	48.0
<b>Current liabilities</b>	<b>348.8</b>	<b>508.8</b>	<b>483.4</b>	<b>499.8</b>	<b>515.2</b>	<b>630.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,296.0</b>	<b>1,331.9</b>	<b>1,422.5</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>
Goodwill	14%	16%	16%	15%	15%	14%
Property, plant and equipment	4%	8%	11%	11%	11%	11%
Financial assets	6%	5%	5%	5%	5%	5%
<b>FIXED ASSETS</b>	<b>34%</b>	<b>37%</b>	<b>41%</b>	<b>38%</b>	<b>36%</b>	<b>33%</b>
Inventories	15%	12%	13%	12%	14%	14%
Accounts receivable	24%	20%	18%	20%	22%	22%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	20%	26%	23%	25%	23%	25%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	4%	4%	4%
<b>CURRENT ASSETS</b>	<b>66%</b>	<b>63%</b>	<b>59%</b>	<b>62%</b>	<b>64%</b>	<b>67%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>42%</b>	<b>30%</b>	<b>32%</b>	<b>34%</b>	<b>38%</b>	<b>40%</b>
MINORITY INTEREST	1%	1%	0%	0%	0%	0%
Long-term debt	9%	22%	21%	19%	15%	7%
Provisions for pensions and similar obligations	1%	2%	2%	2%	2%	2%
Other provisions	6%	4%	5%	6%	6%	6%
<b>Non-current liabilities</b>	<b>16%</b>	<b>27%</b>	<b>28%</b>	<b>27%</b>	<b>23%</b>	<b>15%</b>
short-term liabilities to banks	5%	7%	5%	3%	0%	5%
Accounts payable	21%	17%	17%	18%	20%	21%
Advance payments received on orders	4%	5%	6%	6%	6%	7%
Other liabilities (incl. from lease and rental contracts)	7%	9%	7%	7%	8%	8%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	3%	3%	3%
<b>Current liabilities</b>	<b>41%</b>	<b>42%</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>	<b>44%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	56.3	54.1	60.7	59.7	79.8	94.2
Depreciation of fixed assets (incl. leases)	29.0	49.9	61.5	33.8	34.4	36.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	19.5	15.8	12.8
Others	-14.8	-25.5	-11.1	6.8	12.1	9.8
Cash flow from operations before changes in w/c	70.5	78.5	111.0	119.7	142.1	152.8
Increase/decrease in inventory	-4.1	-1.4	8.6	-2.1	-20.0	-16.4
Increase/decrease in accounts receivable	-22.2	42.7	47.4	-28.7	-32.1	-26.0
Increase/decrease in accounts payable	2.1	-30.0	-2.5	29.6	29.5	24.2
Increase/decrease in other w/c positions	-10.8	-6.4	-23.7	10.1	20.2	16.4
Increase/decrease in working capital	-35.0	4.9	29.8	8.8	-2.3	-1.8
<b>Cash flow from operating activities</b>	<b>35.5</b>	<b>83.4</b>	<b>140.8</b>	<b>128.6</b>	<b>139.7</b>	<b>151.0</b>
CAPEX	-25.1	-27.1	-33.9	-36.2	-40.7	-44.4
Payments for acquisitions	-39.6	-27.2	-41.0	0.0	0.0	0.0
Financial investments	0.5	-3.7	-3.1	0.0	0.0	0.0
Income from asset disposals	1.1	2.2	0.8	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-63.1</b>	<b>-55.8</b>	<b>-77.2</b>	<b>-36.2</b>	<b>-40.7</b>	<b>-44.4</b>
Cash flow before financing	-27.6	27.6	63.6	92.4	99.0	106.7
Increase/decrease in debt position	1.2	128.1	-40.9	-39.8	-90.0	-30.0
Purchase of own shares	0.0	-14.6	-12.2	0.0	0.0	0.0
Capital measures	0.0	0.0	1.4	0.0	0.0	0.0
Dividends paid	-8.3	-10.6	0.0	-19.8	-21.4	-28.6
Others	-15.9	-19.1	-14.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.3	1.1	-8.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-22.7</b>	<b>84.9</b>	<b>-73.8</b>	<b>-59.6</b>	<b>-111.4</b>	<b>-58.6</b>
Increase/decrease in liquid assets	-50.3	112.5	-10.2	32.8	-12.4	48.0
<b>Liquid assets at end of period</b>	<b>152.6</b>	<b>265.2</b>	<b>255.0</b>	<b>287.7</b>	<b>275.4</b>	<b>323.4</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	98.4	102.9	115.0	122.7	138.0	150.4
Europe (ex domestic)	540.0	600.6	671.2	716.2	805.7	878.2
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	352.4	419.3	468.6	500.0	562.5	613.1
<b>Total sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,338.9</b>	<b>1,506.2</b>	<b>1,641.8</b>

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	9.9%	9.2%	9.2%	9.2%	9.2%	9.2%
Europe (ex domestic)	54.5%	53.5%	53.5%	53.5%	53.5%	53.5%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	35.6%	37.3%	37.3%	37.3%	37.3%	37.3%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	0.70	0.75	0.84	0.91	1.22	1.45
Cash flow per share	0.42	0.51	1.67	1.44	1.60	1.75
Book value per share	5.53	5.66	6.13	6.74	7.63	8.62
Dividend per share	0.16	0.00	0.30	0.33	0.43	0.51
<b>Valuation</b>						
P/E	23.6x	22.1x	19.5x	18.0x	13.5x	11.4x
P/CF	38.9x	32.5x	9.9x	11.5x	10.3x	9.4x
P/BV	3.0x	2.9x	2.7x	2.4x	2.2x	1.9x
Dividend yield (%)	1.0%	0.0%	1.8%	2.0%	2.6%	3.1%
FCF yield (%)	2.6%	3.1%	10.1%	8.7%	9.7%	10.6%
EV/Sales	1.0x	1.0x	0.9x	0.8x	0.7x	0.6x
EV/EBITDA	11.5x	10.2x	8.9x	8.2x	6.7x	5.6x
EV/EBIT	16.9x	18.4x	16.8x	13.9x	10.0x	8.0x
<b>Income statement (EURm)</b>						
Sales	990.9	1,122.9	1,254.8	1,338.9	1,506.2	1,641.8
yoy chg in %	12.3%	13.3%	11.7%	6.7%	12.5%	9.0%
Gross profit	361.7	423.0	473.4	506.1	570.9	622.2
Gross margin in %	36.5%	37.7%	37.7%	37.8%	37.9%	37.9%
EBITDA	90.5	111.7	130.0	131.2	150.6	165.8
EBITDA margin in %	9.1%	9.9%	10.4%	9.8%	10.0%	10.1%
EBIT	61.5	61.8	68.6	77.9	100.4	117.0
EBIT margin in %	6.2%	5.5%	5.5%	5.8%	6.7%	7.1%
Net profit	45.0	49.1	55.6	60.3	80.6	95.2
<b>Cash flow statement (EURm)</b>						
CF from operations	35.5	83.4	140.8	128.6	139.7	151.0
Capex	-25.1	-27.1	-33.9	-36.2	-40.7	-44.4
Maintenance Capex	8.2	49.9	30.9	33.8	34.4	36.0
Free cash flow	10.4	56.3	106.9	92.4	99.0	106.7
<b>Balance sheet (EURm)</b>						
Intangible assets	207.6	294.9	302.3	282.7	266.9	254.1
Tangible assets	37.1	99.8	135.1	137.5	143.9	152.3
Shareholders' equity	356.0	372.7	404.0	443.9	502.3	567.9
Pension provisions	5.6	19.9	21.8	23.2	26.1	28.5
Liabilities and provisions	171.5	418.3	419.9	386.9	309.0	288.8
Net financial debt	-52.7	31.6	44.2	-28.4	-106.0	-184.0
w/c requirements	122.7	119.9	106.3	102.8	115.8	126.2
<b>Ratios</b>						
ROE	13.6%	13.3%	13.5%	13.4%	15.9%	16.6%
ROCE	11.4%	7.7%	8.3%	9.3%	12.3%	13.6%
Net gearing	-14.8%	8.5%	10.9%	-6.4%	-21.1%	-32.4%
Net debt / EBITDA	-0.6x	0.3x	0.3x	-0.2x	-0.7x	-1.1x

Source: Company data; AlsterResearch

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## Contacts

SRH AlsterResearch AG  
Himmelstr. 9  
22299 Hamburg

Tel: +49 40 309 293-52  
Fax: +49 40 556 330-54  
E-Mail: [info@alsterresearch.com](mailto:info@alsterresearch.com)

mwb fairtrade Wertpapierhandelsbank AG  
Rottenbacher Straße 28  
82166 Gräfelfing

Tel: +49 89 85852-0  
Fax: +49 89 85852-505  
E-Mail: [info@mwbfairtrade.com](mailto:info@mwbfairtrade.com)

Our research can be found under

## Research

**HANNAH GABERT**  
Team Assistant  
Tel: +49 40 309 293-53  
E-Mail: [h.gabert@alsterresearch.com](mailto:h.gabert@alsterresearch.com)

**HARALD HOF**  
Senior Analyst  
Tel: +49 40 309 293-52  
E-Mail: [h.hof@alsterresearch.com](mailto:h.hof@alsterresearch.com)

**NIKOLAI RENKEN**  
Analyst  
Tel: +49 40 309 293-54  
E-Mail: [n.renken@alsterresearch.com](mailto:n.renken@alsterresearch.com)

**KATHARINA SCHLÖTER**  
Analyst  
Tel: +49 40 309 293-52  
E-Mail: [k.schloeter@alsterresearch.com](mailto:k.schloeter@alsterresearch.com)

**THOMAS WISSLER**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [t.wissler@alsterresearch.com](mailto:t.wissler@alsterresearch.com)

**DR. OLIVER WOJAHN, CFA**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [o.wojahn@alsterresearch.com](mailto:o.wojahn@alsterresearch.com)

**ALEXANDER ZIENKOWICZ**  
Senior Analyst  
Tel: +49 40 309 293-56  
E-Mail: [a.zienkowicz@alsterresearch.com](mailto:a.zienkowicz@alsterresearch.com)

## Sales

**MARKUS KÖNIG-WEISS**  
Head of Sales  
Tel: +49 40 309 293-52  
E-Mail: [mkw@alsterresearch.com](mailto:mkw@alsterresearch.com)

## Equity Capital Markets / Trading

**KAI JORDAN**  
Member of the Board  
Tel: +49 40 36 0995-22  
E-Mail: [kjordan@mwbfairtrade.com](mailto:kjordan@mwbfairtrade.com)

**ALEXANDER DEUSS**  
Head of Institutional Sales  
Tel: +49 40 36 0995-22  
E-Mail: [adeuss@mwbfairtrade.com](mailto:adeuss@mwbfairtrade.com)

**SASCHA GUENON**  
Head of Designated Sponsoring  
Tel: +49 40 360 995 - 23  
E-Mail: [sguenon@mwbfairtrade.com](mailto:sguenon@mwbfairtrade.com)

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