

EANS-Adhoc: S&T Leads the Acquisition of Smart Grid Market Leader in Europe

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Mergers - Acquisitions - Takeovers

Linz, 22.08.2014. S&T AG (www.snt.at) signed today a contract for the acquisition of the smart grids business of the California-based Echelon Corporation (www.echelon.com). The acquisition is to take place via a company that will soon be founded, and in which S&T AG will have a 40% stake, with the rest of the new company's shares being held by strategic and financial investors. The corresponding contracts have already been concluded.

The new company will completely take over the smart grids business of Echelon Corporation, which is to focus its operations on the "Internet of Things" business area. The smart grids business comprises intelligent electricity meters, data concentrators and software applications for the management of such meters and of other devices employing the Open Smart Grid Protocol (OSGP). Echelon Smart Grid Business has installed four million of such devices, figures making it one of the leaders in this area on the European market. The acquisition of the smart grids division of Echelon Corporation entails the transferring of the associated assets - technologies (including patents), products, employees and customer relationships - to the new company, some 70% of whose customers are based in Europe. The rights to market on the European market have been directly transferred to S&T AG; with those for markets in the Middle East and Asia to be held by strategic cooperation partners.

S&T AG will expend some EUR 2,5 million to acquire its 40% stake in the new company and the rights to distribute its products in Europe. Also to be expected is for S&T to bear costs of integration amounting to some EUR 0.5 million. The shares of the new company are to be reported at equity in S&T's accounts. The closing is to be preceded by the deal's being approved by fair trade authorities, and is expected to take place at the beginning of the fourth quarter 2014.

This transaction will further beef up S&T's operations in the smart energy sector. These operations are grouped in the company's highly successful Appliances segment, which is of great strategic importance to the company. A further factor speaking for the transaction: it will rapidly yield synergies with ubitronix system solutions GmbH, which itself was taken over by S&T at the beginning of 2014. These synergies will ensue from the long-term business relationships maintained between the two acquisitions. The expansion of the range of markets upon which S&T distributes its smart grids products will be channeled via its subsidiaries in Eastern Europe.

S&T's rise to one Europe's full-range suppliers of the technologies used by energy suppliers is being driven by its end-to-end portfolio of Integration Services for IT infrastructure and ERP systems, the meter management applications of ubitronix and the smart meter products to be acquired from Echelon.

The sales registered in 2015 by the S&T Group are to rise by at least EUR 25 million to EUR 465 million. The EDITA is to increase by a further EUR 1.5 million. The existing project pipeline enables S&T to register even greater rises in sales in the months and years to come.

On S&T AG

S&T AG (ISIN AT0000A0E9W5, WKN A0X9EJ, SANT) is listed on the Prime Standard segment of the Frankfurt Stock Exchange. The company has some 2,100 employees, and offices in 19 countries in Central and Eastern Europe. S&T is one of the three largest providers of IT systems in Austria and in Eastern Europe. One of S&T's main assets is the exceptional breadth of its portfolio of products and services. Many of these feature proprietary technologies. These are for such areas as cloud security, smart energy and mobile IT. This portfolio is supplied throughout Central and Eastern Europe.

Further inquiry note:

ir@snt.at; +431801911125;
issuer: S&T AG
Industriezeile 35
A-4021 Linz
phone: +43 664 6119214
FAX: +43 1 80191 1290
mail: ir@snt.at
WWW: www.snt.at
sector: Computing & Information Technology
ISIN: AT0000A0E9W5, DE000A1HJLL6
indexes:
stockmarkets: regulated dealing/prime standard: Frankfurt
language: English



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