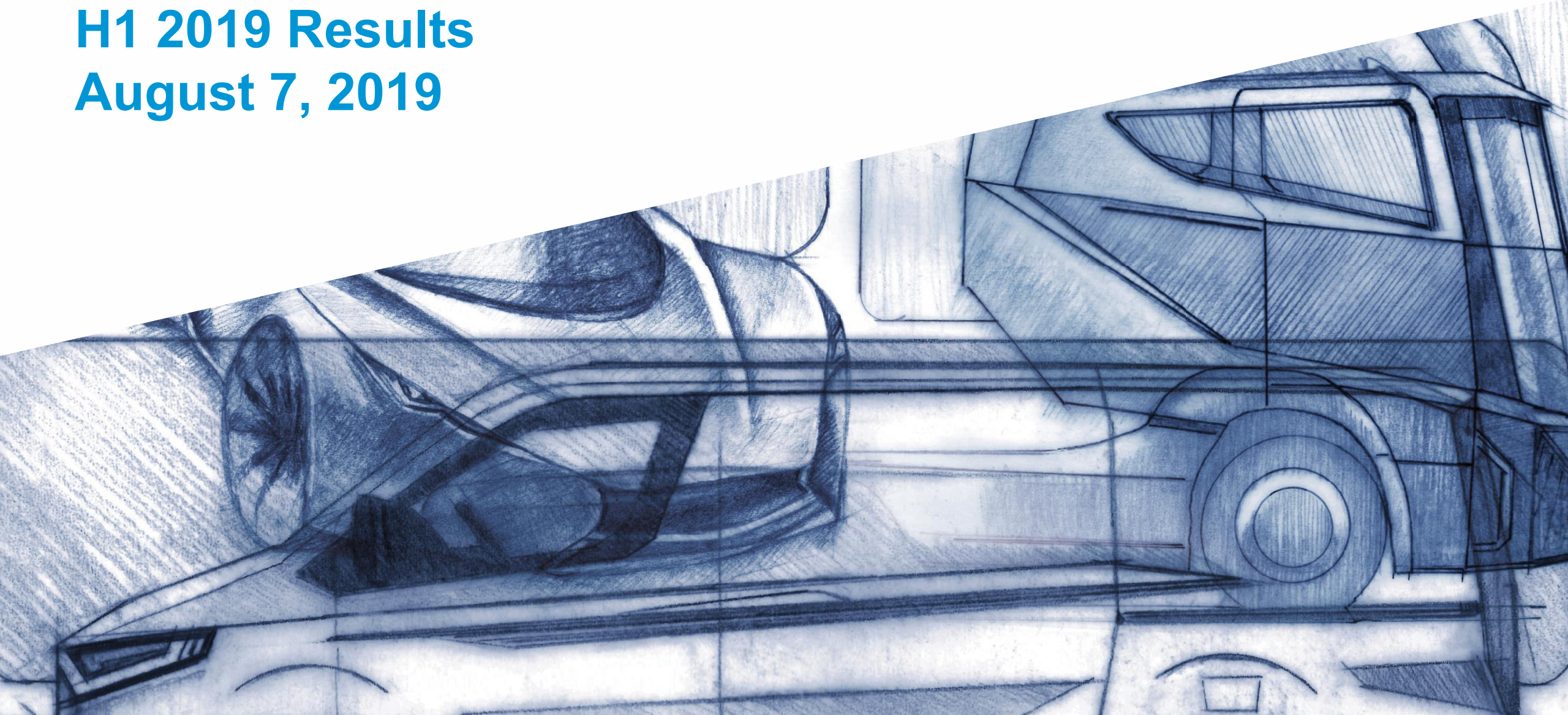


EARNINGS CALL

H1 2019 Results

August 7, 2019

STS Group





Dr. Ulrich Hauck (CFO) will present STS Group AG Financial Figures for H1 2019



Dr. Ulrich Hauck
CFO

Ulrich Hauck took over the CFO role at STS Group April 1, 2019. His areas of responsibility comprise in particular controlling, accounting, treasury, taxes and IT.

Prior to joining STS Group, Ulrich Hauck held the positions of Group CFO at Schaeffler, Corporate Senior Vice President at Bayer AG, heading global accounting and controlling of Bayer and Vice President at Rheinmetall. He started his career as CPA and tax consultant at Deloitte.



Agenda

1. Market Development
2. Business Highlights H1 2019
3. Financial Highlights Q2 2019
4. Capital Market
5. Outlook

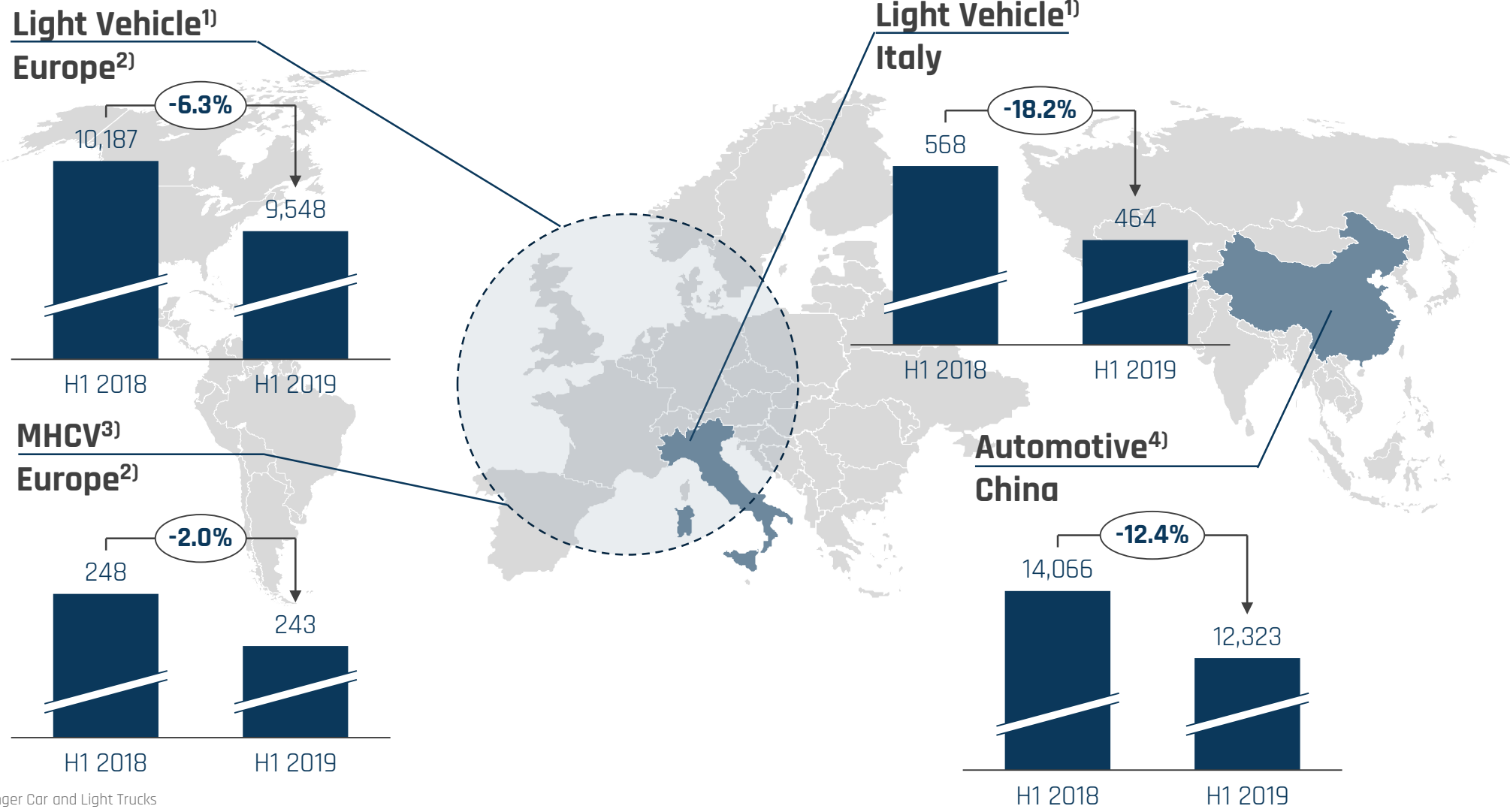


Agenda

- 1. Market Development**
2. Business Highlights H1 2019
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Weak automotive markets in Europe and China in H1

(values based on 1.000 production output, source: IHS Markit Data and Management estimates)



1) Light Vehicle: Passenger Car and Light Trucks
2) Only west- and central Europe
3) MHCV: Medium-Heavy Commercial Vehicles
4) Including passenger cars and all commercial vehicles



Agenda

1. Market Development
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Achievement of several milestones in line with STS Group strategy



February **New business** for BU **Acoustics** passenger car business awarded



April **Third Chinese plant opened** in Shiyao with successful SOP



May **First general assembly** after IPO



May **Major order** for innovative **long-nose trucks** in China



June **License agreement** for innovative lightweight solutions



July **Two orders** received **for electric vehicles battery covers** from Chinese OEMs



Decline in revenues and profitability due to weak markets

in mEUR

	Q2 2018	Q2 2019	H1 2018	H1 2019
STS Group				
Revenues	109.3	98.3	218.2	193.8
EBITDA	3.5		6.9	
Adj. EBITDA* [%]	8.4 (7.7%)	5.8 (5.9%)	16.5 (7.6%)	10.1 (5.2%)
BU Acoustics				
Revenues	34.2	31.1	68.6	60.1
EBITDA	-0.1		0.1	
Adj. EBITDA*	0.3	0.8	1.0	0.7
BU Plastics				
Revenues	53.8	47.6	107.2	94.1
EBITDA	5.0		6.9	
Adj. EBITDA*	7.1	4.5	11.1	7.6
BU China				
Revenues	13.4	11.6	26.0	23.0
EBITDA	1.8		3.8	
Adj. EBITDA*	2.2	1.9	4.5	3.0
BU Materials				
Revenues	10.6	10.2	21.9	21.3
EBITDA	0.4		1.2	
Adj. EBITDA*	0.4	0.5	1.3	0.9

Comments:

- **Revenues decreased by 11.2% in H1 2019**
 - **Weak passenger car market in Europe**, especially in Italy
 - **Planned end of a major order** within BU Plastics
 - Significant **decline in Chinese automotive market**
- **Adj. EBITDA impacted by:**
 - Significantly **lower volumes**
 - Overall improved **efficiency in plants**
 - **Profitability of Polish plant improved**, however still negative
 - **Ramp up costs** at the new production location in **Shiyan**



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Key Financials

<i>in mEUR / %</i>	Q2 2018	Q2 2019	<i>var. in %</i>	H1 2018	H1 2019	<i>var. in %</i>
1 Revenues	109.3	98.3	-10.1	218.2	193.8	-11.2
EBITDA	3.5	5.8	+65.7	6.9	10.1	+46.4
EBITDA Margin	3.2%	5.9%	+2.7 pts.	3.2%	5.2%	+2.0 pts.
2 Adj. EBITDA	8.4	5.8	-31.0	16.5	10.1	-38.8
Adj. EBITDA Margin	7.7%	5.9%	-1.8 pts.	7.6%	5.2%	-2.4 pts.
EBIT	0.2	1.1	+450.0	0.2	0.9	+350.0
EBIT Margin	0.2%	1.1%	+0.9 pts.	0.1%	0.5%	+0.4 pts.
3 NET Income	-1.1	-1.0	+9.1	-2.8	-2.3	+17.9
EPS <i>(in €)</i>	-0.55	-0.16	+70.9	-1.42	-0.38	+73.2
4 CAPEX	3.0	3.2	+6.7	5.9	6.3	+6.8
FOCF ¹⁾	-6.6	+0.9	+113.6	-11.4	-4.0	+64.9
5 Cash				30.9	28.7	-7.1
NFD ²⁾				(as of 30.06.) 33.1	(as of 30.06.) 33.4	+0.6
				(as of 30.06.)	(as of 30.06.)	

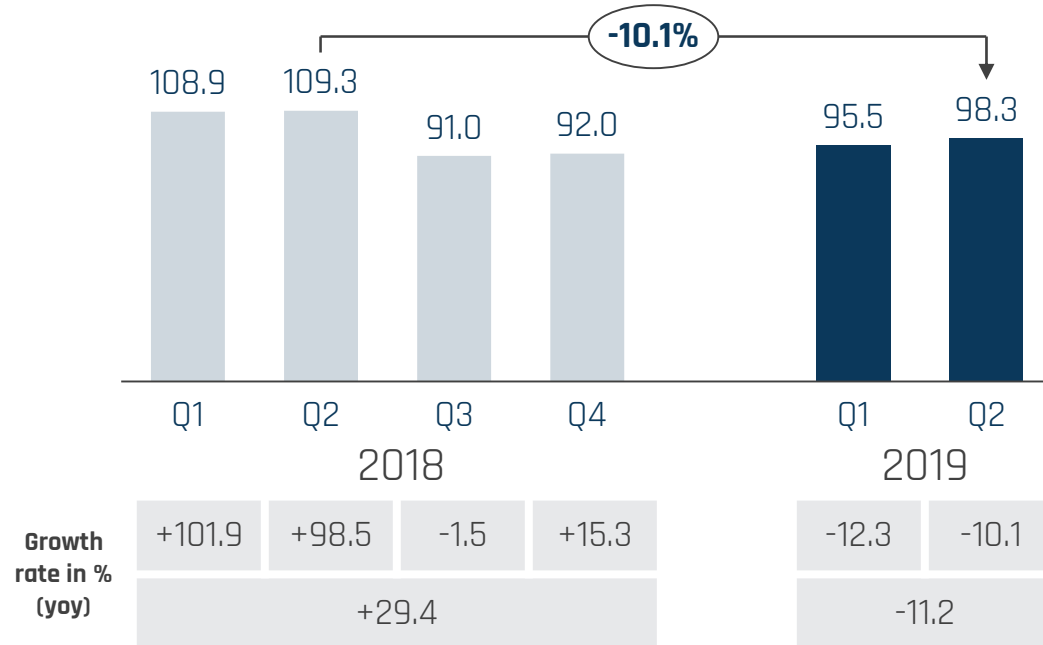
¹⁾ FOCF (= Free Operating Cash Flow) = Op CF - CAPEX - Leasing Cash Out

²⁾ NFD (=Net Financial Debt) = Bank Loans + Third Party Loans + Recourse Factoring - Cash

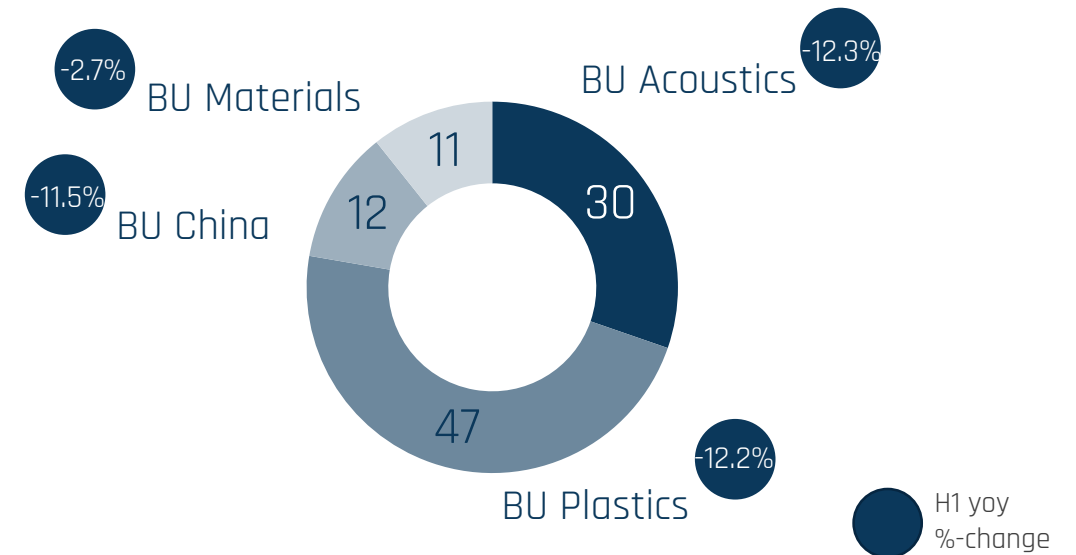


1 Revenue decline versus 2018 due to overall weak automotive markets

Revenues... (in mEUR)



...by Segment (in % of total revenues)



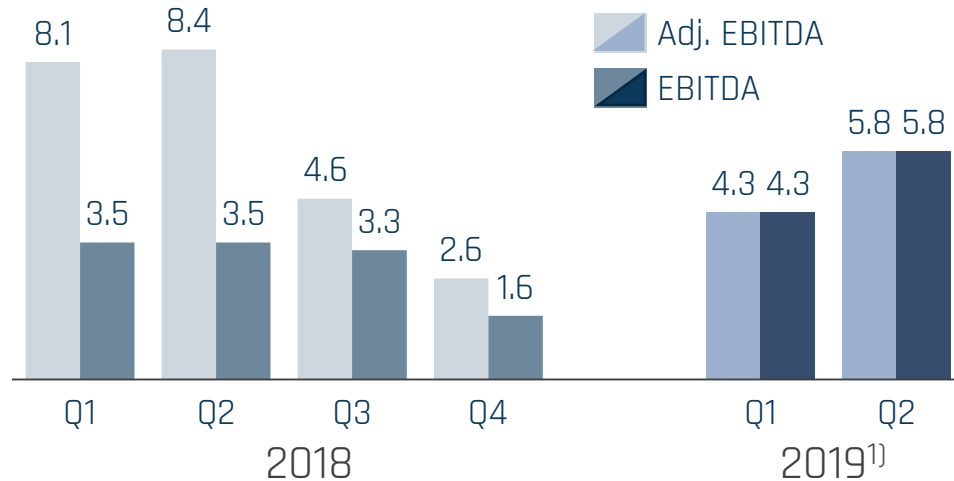
Comments:

- ▶ Market driven revenue decline across all Business Units (BU)
- ▶ Quarter-on-quarter revenue growth of +2.9%
- ▶ Planned phase-out of significant project at BU Plastics in Q2 2018 with negative topline impact (-4.2 mEUR)
- ▶ Positive FX effect of 0.6 mEUR mainly from Mexico (BU Plastics)



② Adjusted EBITDA Q2 2019 below prior year, however improved versus Q1 2019

Adj. EBITDA (in mEUR)



Adj. EBITDA Margin (in %)

2018	7.4	7.7	5.0	2.8
2019 ¹⁾	4.5	5.9	5.2	

Adj. EBITDA margin (in %)

	Q2 18	Q2 19	H1 18	H1 19
Acoustics	0.9	2.6	1.5	1.2
Plastics	13.2	9.6	10.4	8.0
China	16.3	16.7	17.2	13.1
Materials	3.6	4.8	6.1	4.3
STS Group	7.7	5.9	7.6	5.2

Comments:

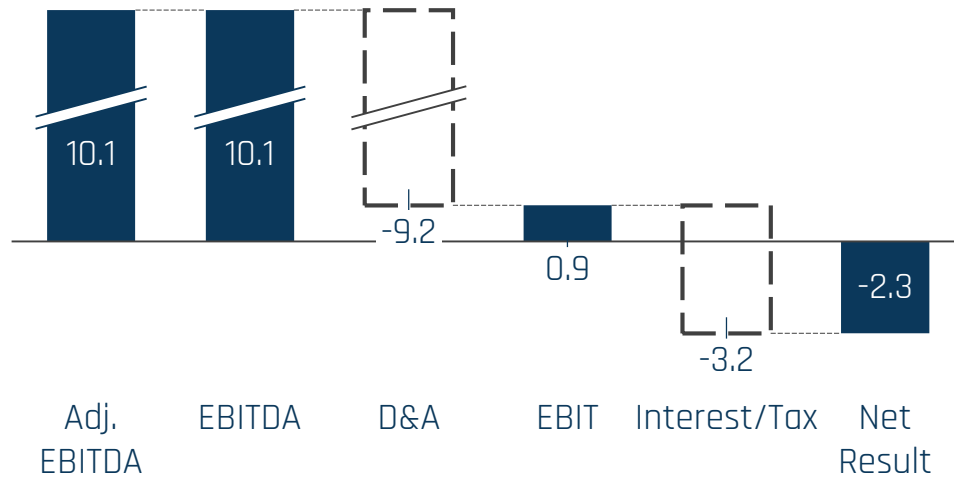
- ▶ EBITDA in Q2 2019 improved over prior year quarter
- ▶ Adj. EBITDA in Q2 2019 below prior year quarter, however up on a quarter-on-quarter basis
- ▶ Positive IFRS 16 impact of ard. 1.3 mEUR in Q2 2019 (H1 2019: 2.3 mEUR), thereof 0.4 mEUR each for BU Acoustics, Plastics and China

¹⁾ 2019: no adjustments planned for / 2018: IPO & integration costs

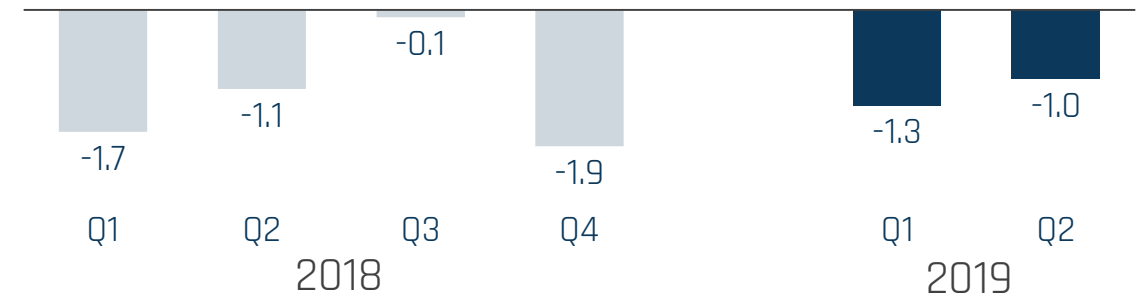


3 Net income -2.3 mEUR in H1 2019, improved versus prior year

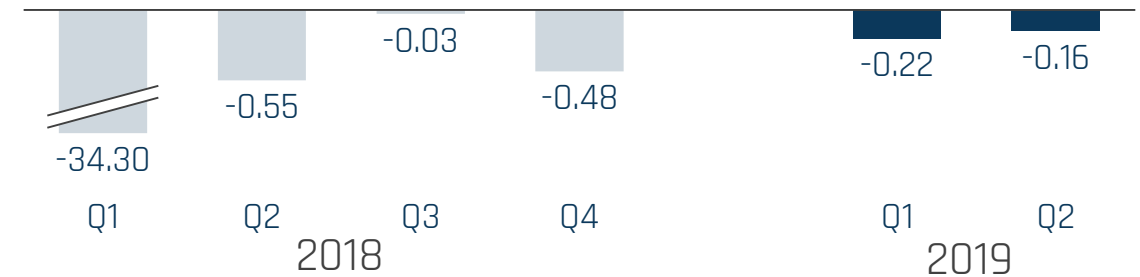
Adj. EBITDA / Net Result Bridge H1 2019 (in mEUR)



Net Income (in mEUR)



Earnings per share¹⁾ (in €)



¹⁾ 50.000 shares until April 12, 2018; 1.050.000 until April 24, 2018;
5.000.000 until May 7, 2018; 6.000.000 from May 8, 2018 on.

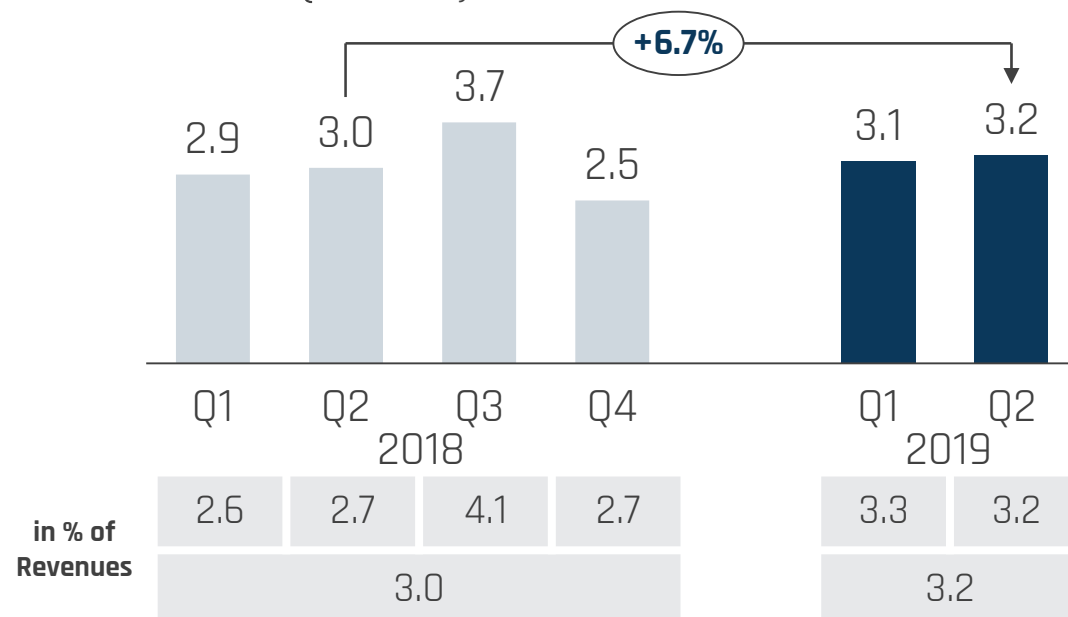
Comments:

- Net income and EPS still negative in Q2 2019, however slightly improved versus Q2 2018 and Q1 2019



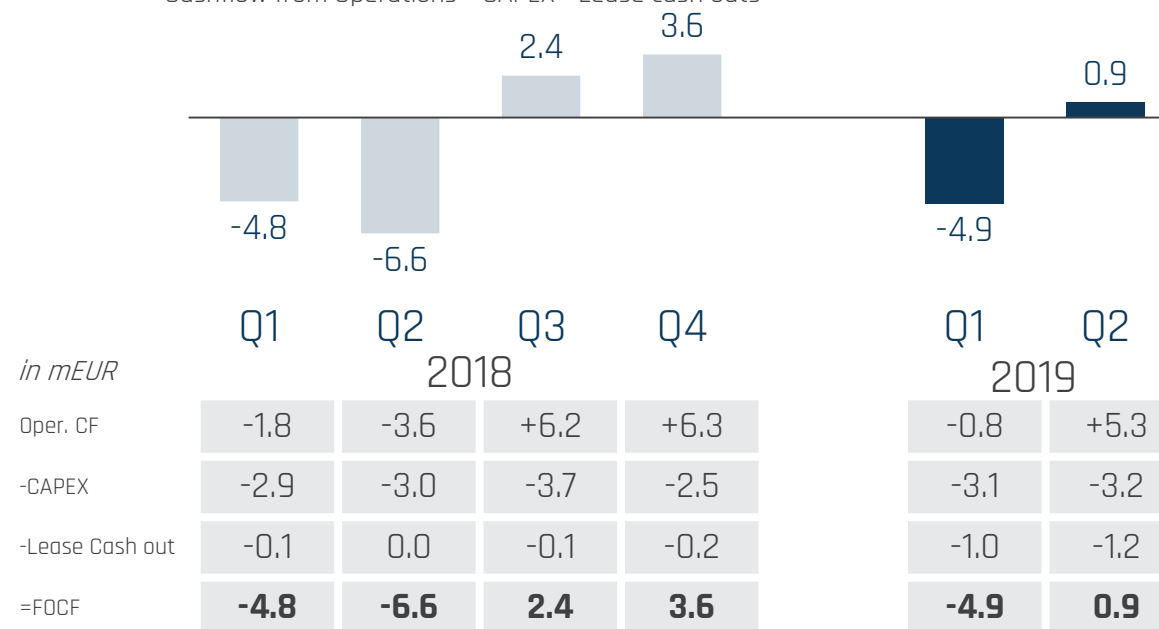
④ Free Operating Cash Flow improved versus Q2 2019

CAPEX (in mEUR)



Free Operating Cash Flow¹⁾ (in mEUR)

¹⁾ Cashflow from Operations – CAPEX – Lease cash outs



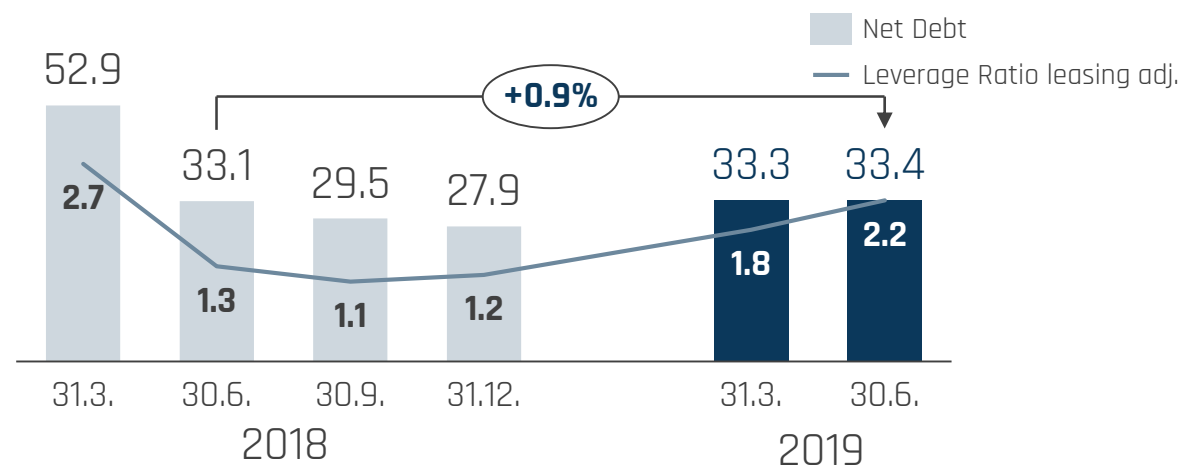
Comments:

- ▶ CAPEX in Q2 with 3.2 mEUR or 3.2% of revenues above prior year (previous year quarter 3.0 mEUR, 2.7%)
- ▶ Free Operating Cash Flow in Q2 2019 (+0.9 mEUR) significantly improved versus prior year (-6.6 mEUR) mainly due to positive working capital development in Q2 2019



5 Leverage ratio of 2.2 as per end of Q2 2019 on a very solid level

Net financial debt and leverage (in mEUR / multiple)



Financial Debt (in mEUR)

	2018				2019	
	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.
Bank loans	16.4	15.4	14.9	13.9	16.7	15.5
Third party loans	7.9	7.4	7.5	9.0	8.8	8.5
Recourse factoring	37.2	41.2	36.0	36.2	36.1	38.1
Financial Debt	61.5	64.0	58.4	59.1	61.6	62.1
Cash&Cash equiv.	8.6	30.9	28.9	31.2	28.3	28.7
Net Debt	52.9	33.1	29.5	27.9	33.3	33.4
LTM EBITDA last 12 months/lease adj.	19.6	25.4	27.0	23.7	18.8	14.9

Comments:

- Net Financial Debt as of June 30, 2019 33.4 mEUR
- Excluding recourse factoring liabilities of 38.1 mEUR STS has positive net liquidity position of ard. 4.7 mEUR
- Leverage ratio as per June 30, 2019 of 2.2 is still very solid

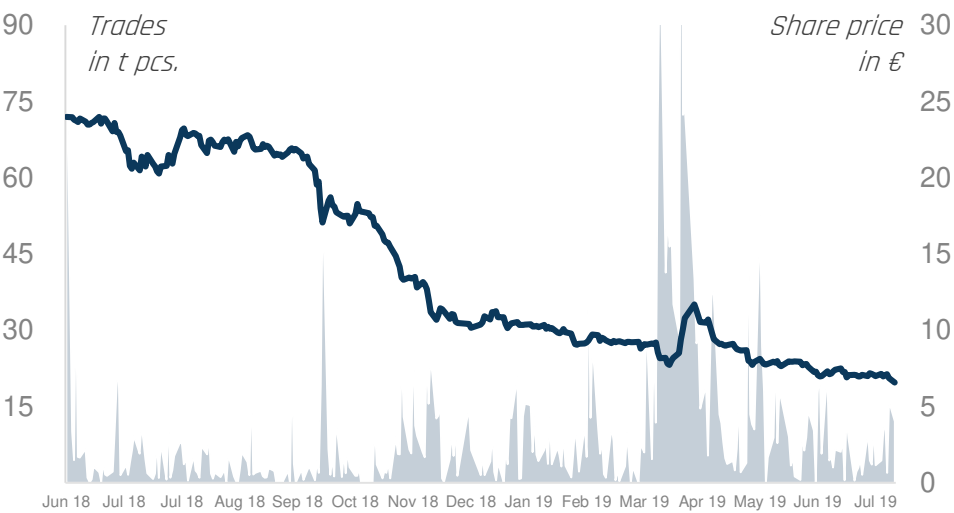


Agenda

1. Market Development
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3. Financial Highlights Q2 2019
- 4. Capital Market**
5. Outlook

General automotive market development puts pressure on share price

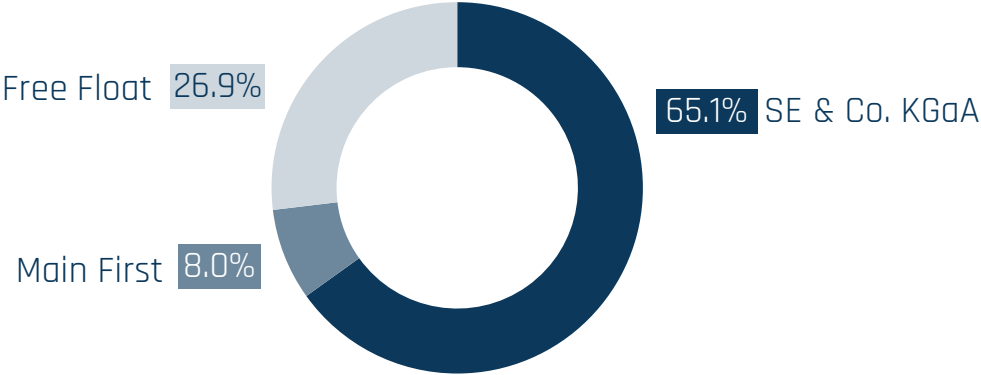
Price development since IPO



Analyst Recommendations

Date	Publ.	Target	Rec.
12/07/2019	H&A	7.00 €	Hold
12/06/2019	Kepler Cheuvreux	8.00 €	Hold
21/05/2019	SMC Research	14.10 €	Speculative Buy
01/05/2019	MainFirst	12.00 €	Outperform

Shareholder Structure



Information

ISIN	DE000A1TNU68
Number of Shares	6,000,000
Market Cap (05/08/19)	39 mEUR



Agenda

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5. Outlook



Guidance for 2019 adjusted due to weaker than expected automotive markets

Market



Revenues



EBITDA



2019 old

Market environment in the **automotive industry** will continue to be **challenging**

≈ 400 mEUR
(2018: 401 mEUR)

Adj. EBITDA: ≈ 23.7 mEUR
(2018: 23.7 mEUR)
No adjustments planned
EBITDA: ≈ 23.7 mEUR
(2018: 11.9 mEUR)

2019 new

Reduced expectations for **automotive markets** in H2 2019

Reduction between 4.5 - 9.5 %
compared to previous year
(2018: 401 mEUR)

Adj. EBITDA margin
between 4.6 - 5.3 %
(2018: 5.9 %)



Upcoming conferences and relevant publications in 2019.

2/3 September 2019	Autumn Conference, Frankfurt/Main
11 September 2019	ZKK Zurich Capital Market Conference, Zurich
22 October 2019	Capital Markets Day, Frankfurt/Main
6 November 2019	Publication Quarterly Statement (call-date Q3)
25-27 November 2019	German Equity Forum 2019, Frankfurt/Main

Q&A session





Disclaimer

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