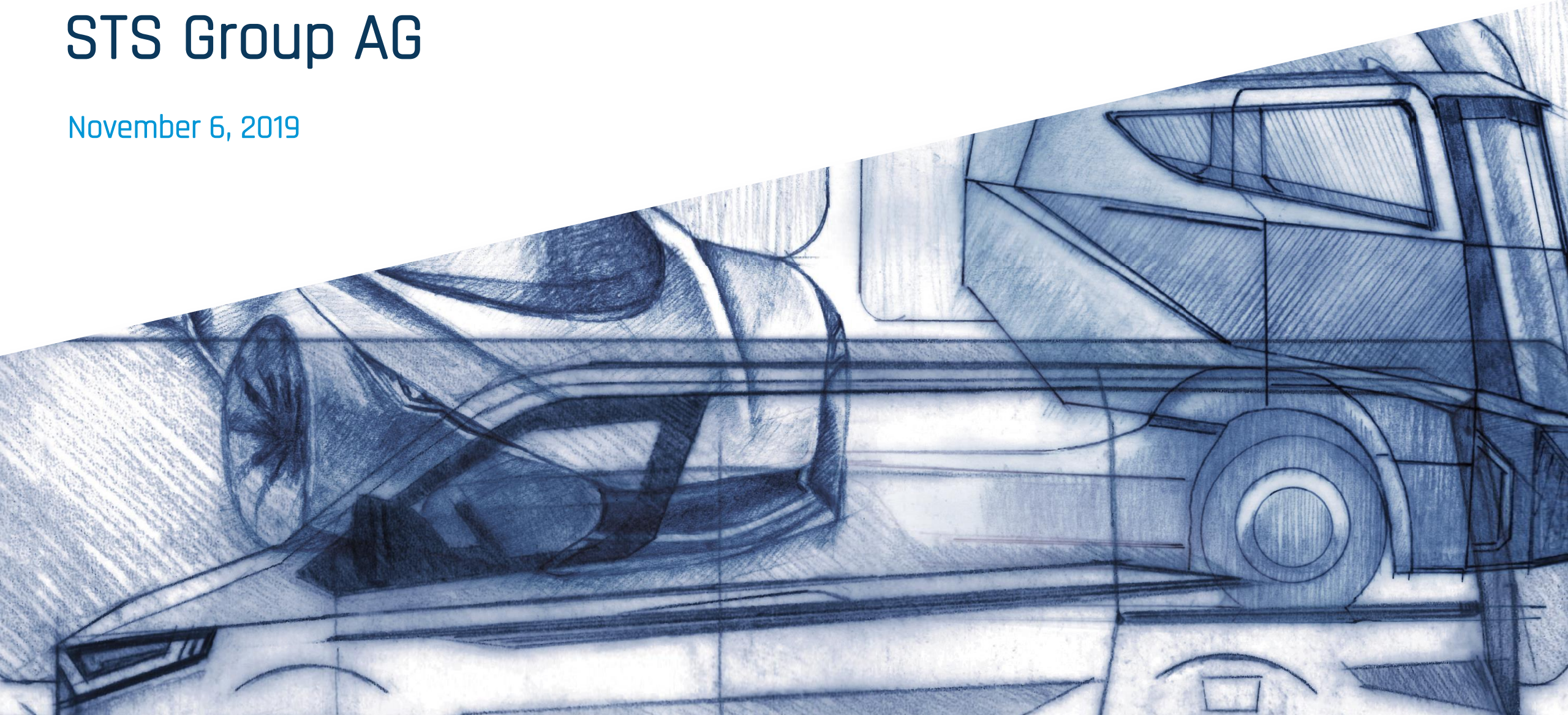


Earnings Call / 9M 2019 Results

STS Group AG

November 6, 2019





Andreas Becker and Ulrich Hauck will present the 9M results



Andreas Becker
CEO

Andreas Becker has been Chief Executive Officer (CEO) of the STS Group since its foundation in 2017. His areas of responsibility include in particular sales, purchasing, research & development and human resources. In addition, the companies MCR and STS China report directly to him.

Before Andreas Becker lead STS Acoustics as CEO (2013). Between 1996 and 2013 he held various management positions at the Autoneum Group, a global automotive supplier like STS Group. From 2010 to 2013, he was also responsible for the management in Italy as well as the Truck Business Worldwide division.



Dr. Ulrich Hauck
CFO

Ulrich Hauck took over the CFO role at STS Group on 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.

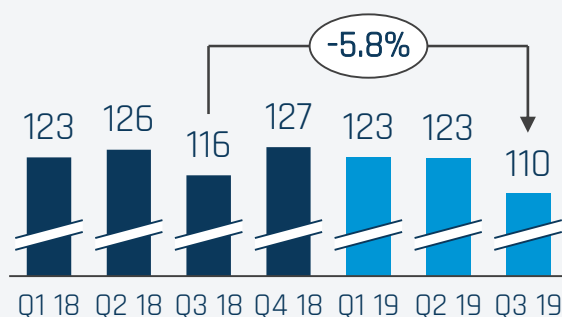
Market & Strategy Highlights





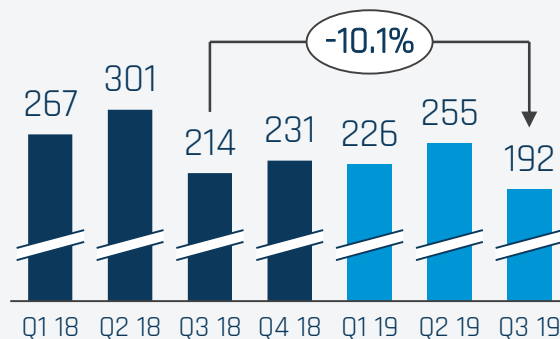
Development of relevant automotive markets

MHCV Europe²⁾ (1,000 units¹⁾)



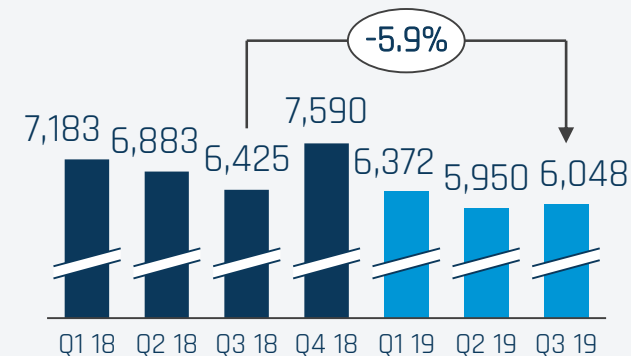
- Medium- and Heavy Commercial vehicle market dropped by 3% year-over-year
- European heavy commercial vehicle market under pressure in Q3 2019

Light Vehicle Italy³⁾ (1,000 units¹⁾)



- Light vehicle market in west Europe decreased by 7% year-over-year
- Italian market decreased by 14% year-over-year
- Decline slowed down in Q3 2019

Automotive China⁴⁾ (1,000 units¹⁾)



- Decline slowed down in Q3 2019
- First signs of market recovery

¹⁾ all values based on IHS Markit Data and Management assumptions for production output

³⁾ Light Vehicle: Passenger Car and Light Trucks

²⁾ MHCV: Medium-Heavy Commercial Vehicles / Central and West Europe

⁴⁾ Including passenger cars and all commercial vehicles



Achievement of several milestones in line with STS strategy



February

New business for BU [Acoustics](#) passenger car business awarded



April

[Third Chinese plant](#) opened in Shiyan with successful SOP



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



August

[Third order](#) received for [electric vehicles battery covers](#) from Chinese OEMs



October

Hybrid door as an [innovative lightweight solution](#) for a Chinese BEV



October

STS Group AG presents innovative technologies at its [first Capital Markets Day](#)

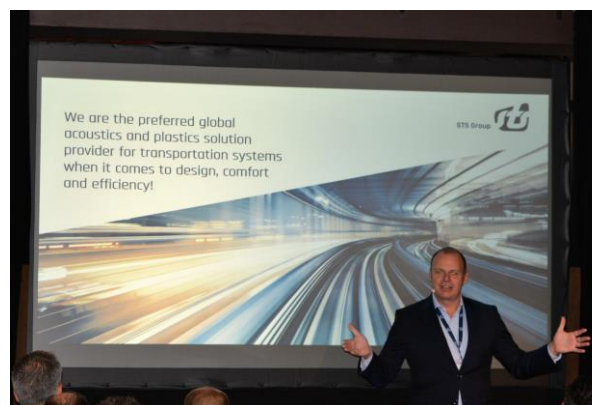


STS presents innovative technologies at first Capital Markets Day



Successful first Capital Markets Day in the Kameha Suite in Frankfurt.

With around 70 participants including analysts, investors and media representatives.



Andreas Becker (CEO) and Dr. Ulrich Hauck (CFO), gave an update on the Group strategy and financials.

Sebastian Wolff from the Department of Automotive Engineering at the Technical University of Munich (TUM) outlined the challenges and future trends of the global commercial vehicle industry.



Exhibition of STS Group solutions to the mobility challenges of the future.

Eric Morvan (Vice President Research & Development at STS) presented some of the product innovations the STS Group is working on.

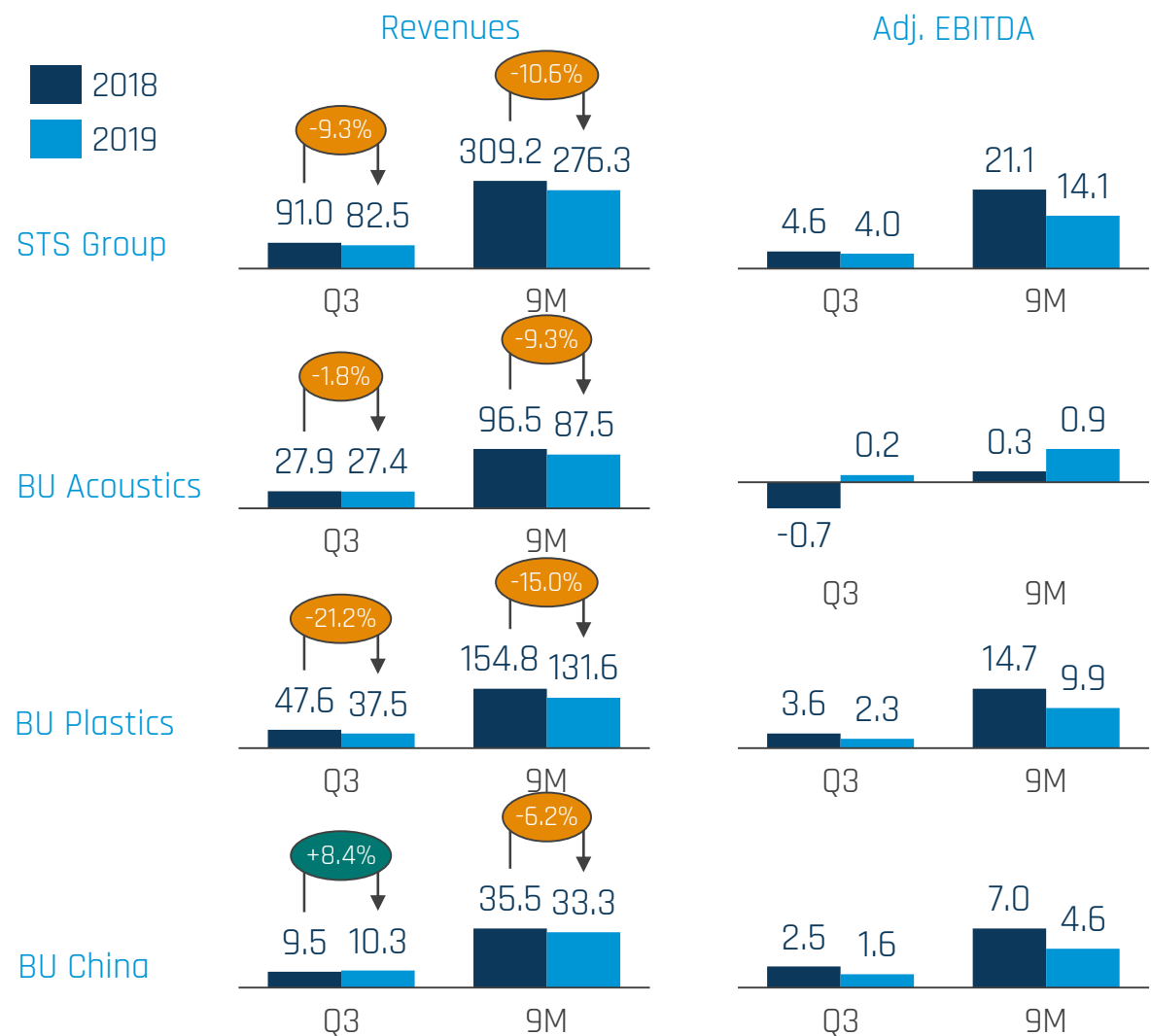
Financial Highlights

Q3 & 9M 2019





Overall year-over-year decline slowed down in Q3 2019



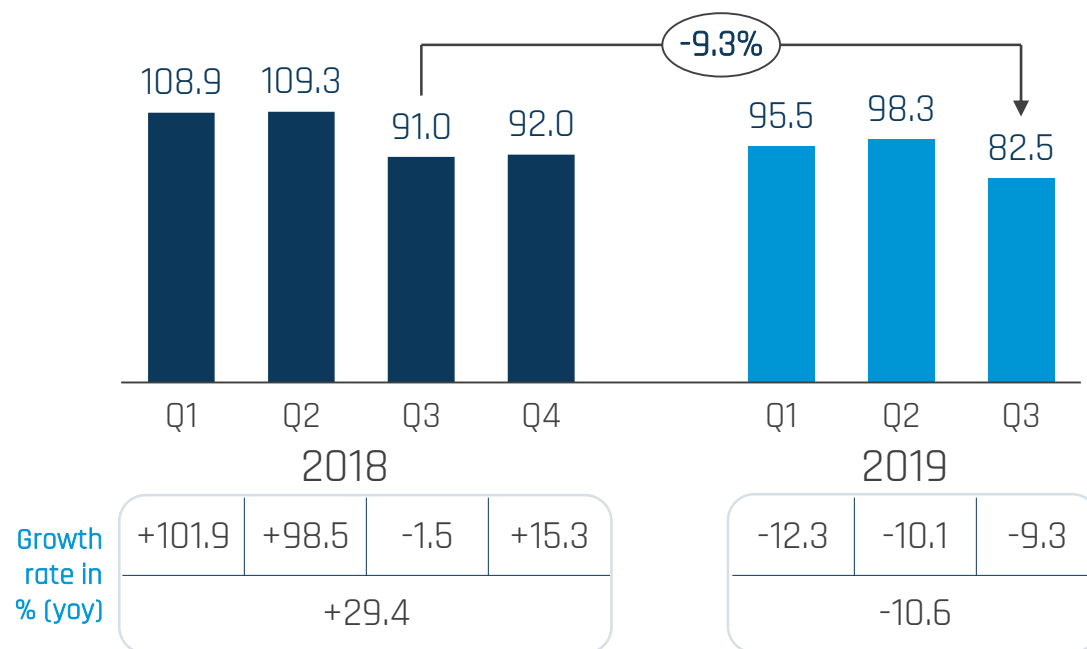
Comments:

- Revenues decreased by 10.6% in 9M 2019
 - Passenger car market still weak especially in Italy
 - Beside planned end of a major order within BU Plastics - truck markets in Europe under increasing pressure
 - Ramp-up of new projects started in China
- Adj. EBITDA impacted by:
 - Significantly lower volumes
 - Overall improved efficiency in plants
 - Profitability of Polish plant improved, however still negative
 - Adjustments of 0.9 mEUR have been made for special items

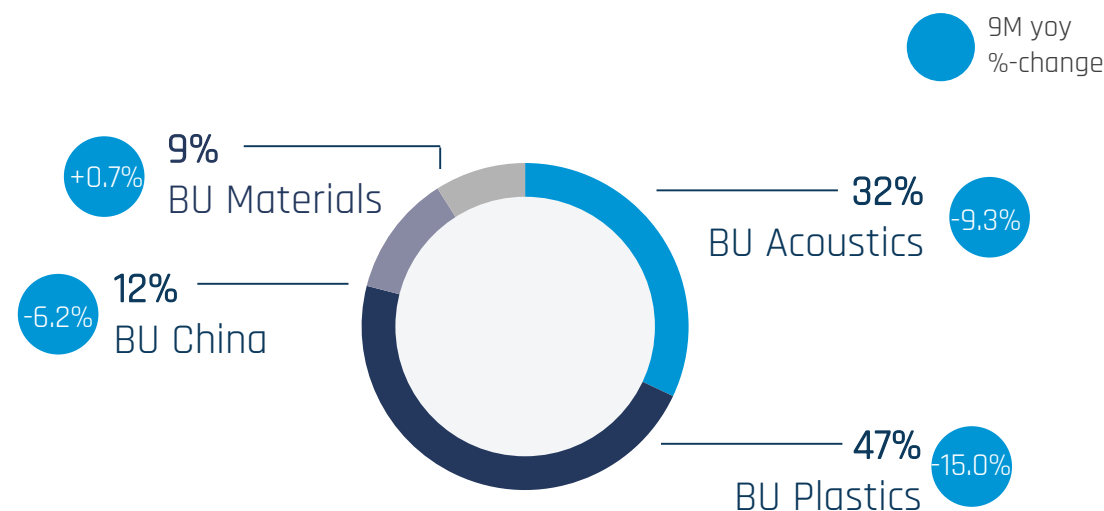


Revenue decline in 9M 2019 mainly due to European markets

Revenues (in mEUR)



Revenues by Segment (in % of total revenues)



Comments:

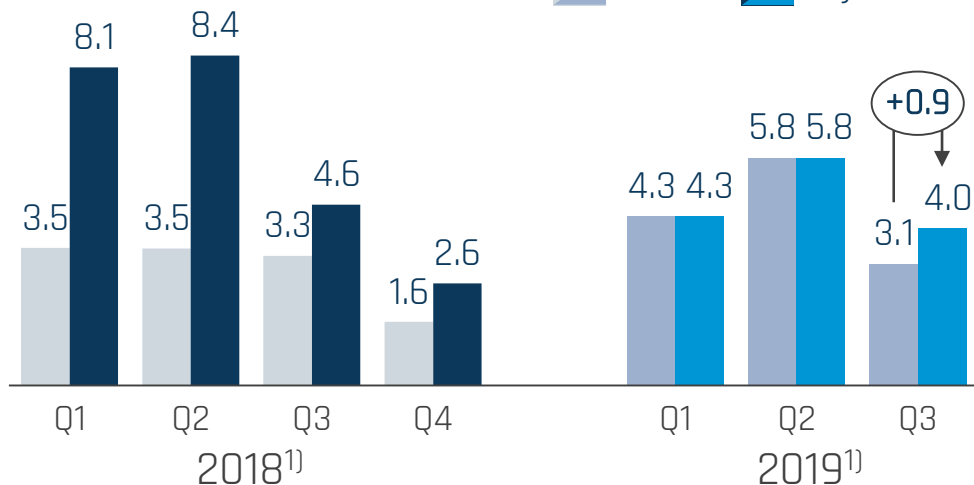
- ▶ Market-driven revenue decline especially within Business Unit (BU) Acoustics and Plastics
- ▶ BU Plastics impacted by lower call-offs from major truck OEMs
- ▶ BU China (+8.4%) and BU Materials (+9.2) with positive topline growth Q3 2019
- ▶ Positive FX effect of 0.8 mEUR mainly from Mexico (BU Plastics)



Adj. EBITDA below prior year due to lower top line

Adj. EBITDA (in mEUR)

EBITDA Adj. EBITDA



Adj. EBITDA Margin (in %)

7.4	7.7	5.0	2.8
5.9			

4.5	5.9	4.8
5.1		

Adj. EBITDA Margin (in %)

	Q3 18	Q3 19	9M 18	9M 19
Acoustics	-2.5	0.7	0.3	1.0
Plastics	7.6	6.1	9.5	7.5
China	26.3	15.5	19.7	13.8
Materials	2.3	6.3	4.9	4.9
STS Group	5.0	4.8	6.8	5.1

¹⁾ 2018: IPO & integration costs / 2019: adjustments for reorganization

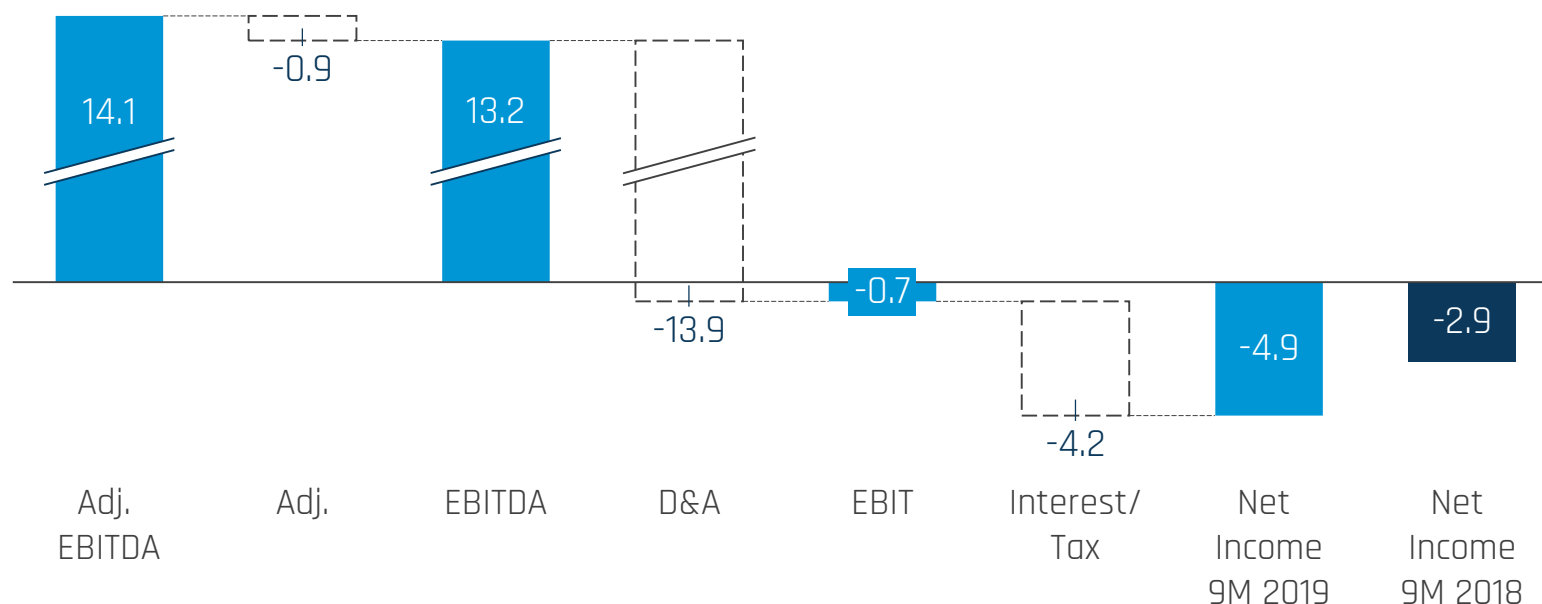
Comments:

- ▶ EBITDA in Q3 2019 slightly below prior-year quarter, Adj. EBITDA in Q3 2019 below prior-year quarter
- ▶ Adjustments have been made (0.9 mEUR) for reorganization measures to cope with lower volumes
- ▶ IFRS 16 impact of ard. 1.3 mEUR in Q3 2019 (9M 2019: 3.6 mEUR), t/o 0.4 mEUR BU Acoustics, 0.5 mEUR Plastics and 0.3 mEUR China



Net income -4.9 mEUR in 9M 2019 below prior year

Adj. EBITDA / Net Income Bridge 9M 2019 (in mEUR)



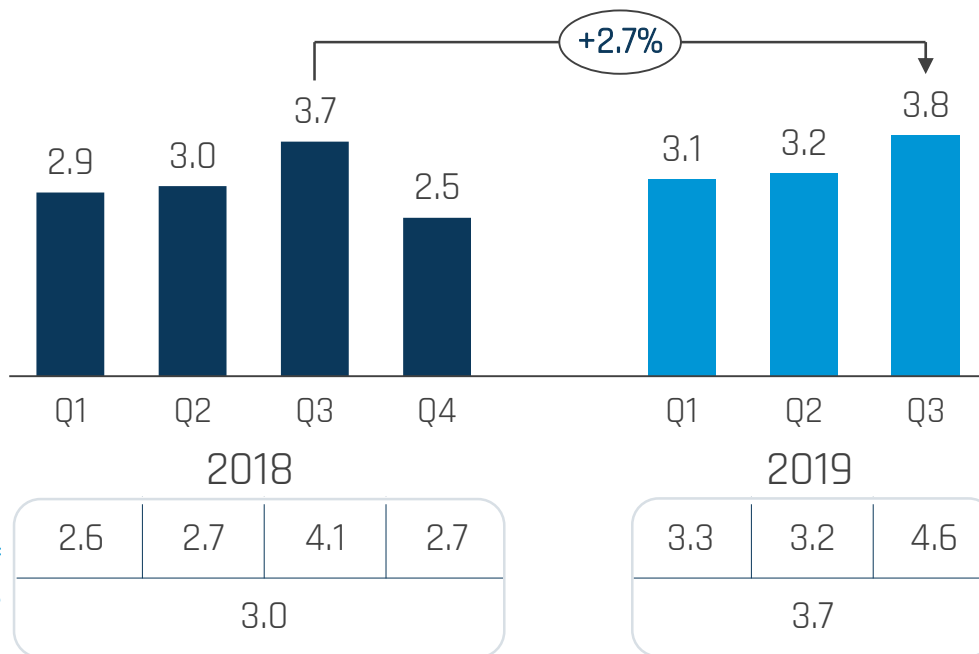
Comments:

- ▶ Net income lower compared to prior-year period, particularly due to decline in EBIT and higher net financial expense

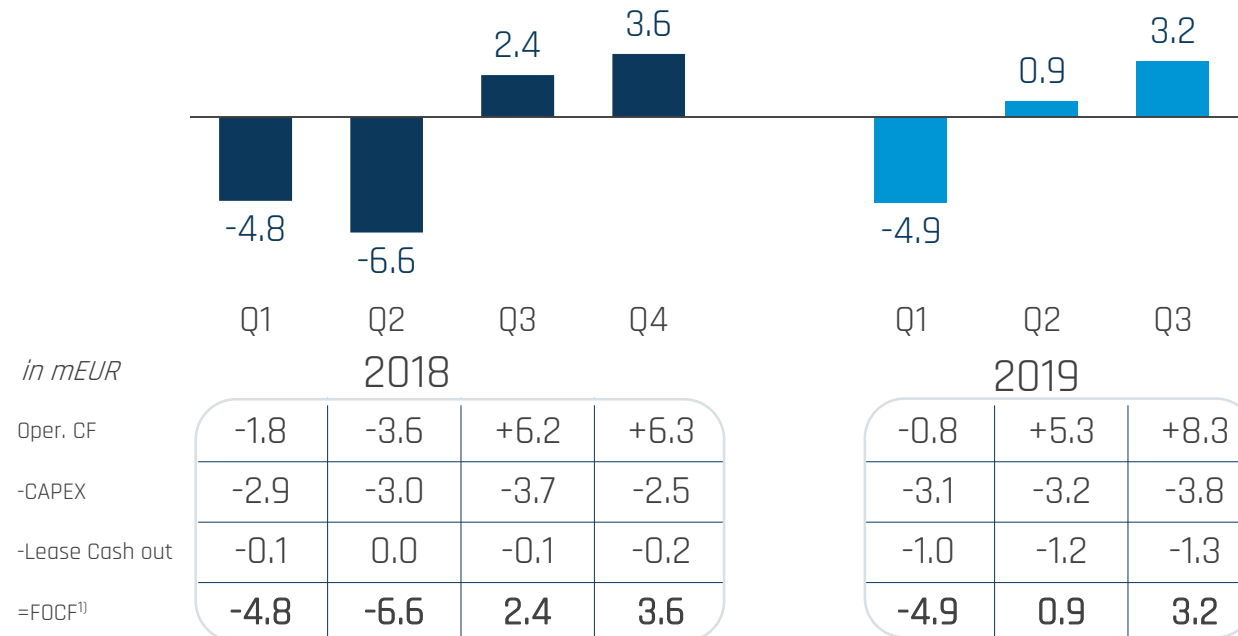


Free Operating Cash Flow significantly improved versus prior year

CAPEX (in mEUR)



Free Operating Cash Flow¹⁾ (in mEUR)



¹⁾ Cashflow from Operations - CAPEX - Lease cash outs

Comments:

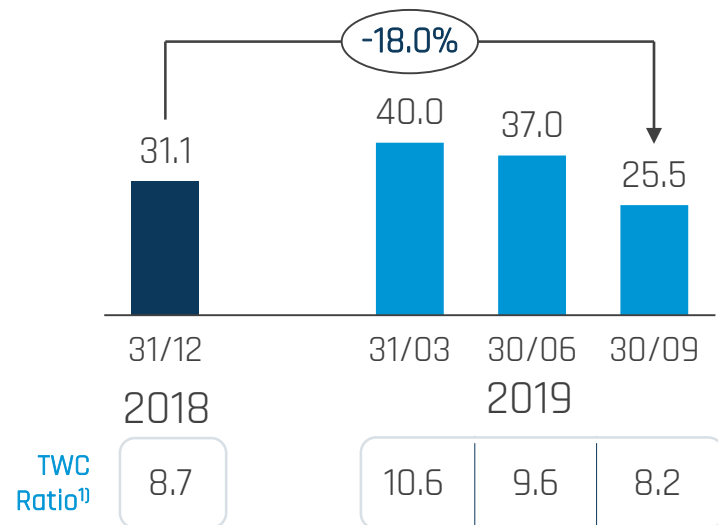
- ▶ CAPEX in Q3 2019 with 3.8 mEUR on prior-year level
- ▶ Free Operating Cash Flow in Q3 2019 and 9M 2019 (-0.8 mEUR, 9M 2018: -8.7 mEUR) significantly improved versus prior-year periods, mainly due to improved working capital performance



Trade working capital (TWC) significantly reduced

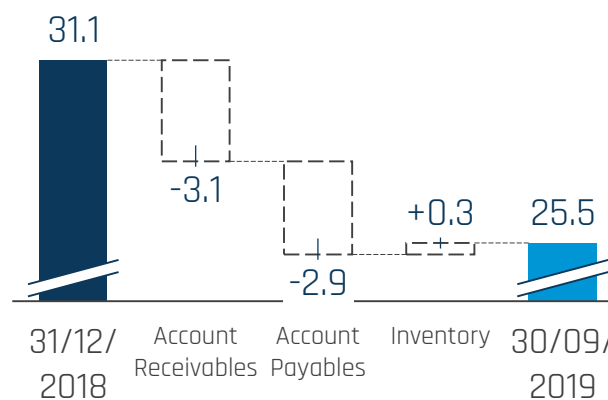
TWC (in mEUR)

w/o Tooling Inventory



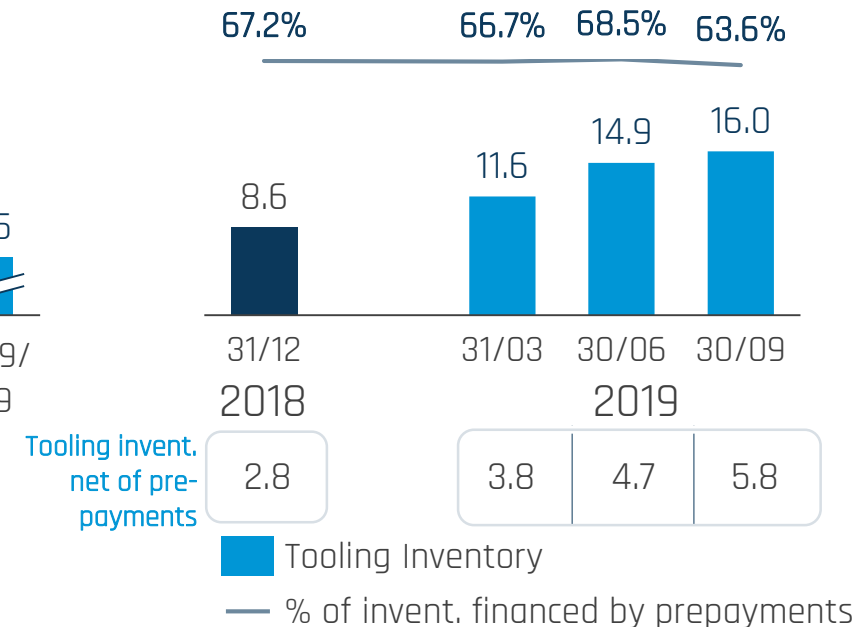
TWC Bridge (in mEUR)

w/o Tooling Inventory



Tooling Inventory (in mEUR)

not included in TWC



¹⁾ TWC Ratio (= Trade Working Capital Ratio) = TWC / (Revenue last 3 months x 4)

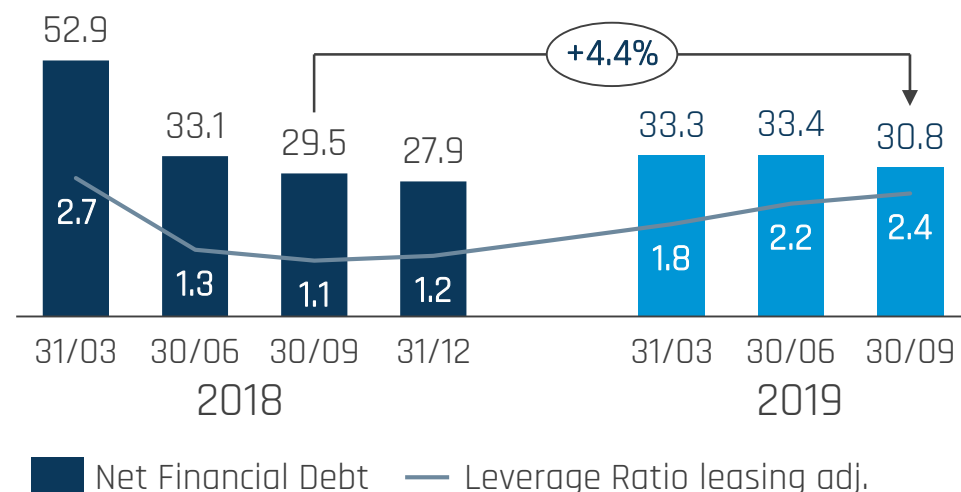
Comments:

- ▶ Significant decrease of TWC since March 2019
- ▶ TWC in absolute amounts as well as relative to sales improved over December 31, 2018
- ▶ Built up of tooling inventory in 2019, in particular in BU Plastics



Leverage ratio of 2.4 as per end of Q3 2019 on a solid level

Net financial debt and leverage ratio (in mEUR / multiple)



Financial Debt (in mEUR)

	2018				2019		
	31/03	30/06	30/09	31/12	31/03	30/06	30/09
Bank loans	16.4	15.4	14.9	13.9	16.7	15.5	14.0
Third party loans	7.9	7.4	7.5	9.0	8.8	8.5	7.9
Recourse factoring	37.2	41.2	36.0	36.2	36.1	38.1	30.4
Financial Debt	61.5	64.0	58.4	59.1	61.6	62.1	52.3
Cash & Cash equiv.	8.6	30.9	28.9	31.2	28.3	28.7	21.5
Net Financial Debt	52.9	33.1	29.5	27.9	33.3	33.4	30.8
LTM Adj. EBITDA last 12 months/lease adj.	19.6	25.4	27.0	23.7	18.8	14.9	13.1

Comments:

- ▶ Net Financial Debt of 30.8 mEUR as of September 30, 2019
- ▶ Excluding recourse factoring liabilities STS has a net financial debt of almost zero
- ▶ Leverage ratio as of September 30, 2019 on a solid level of 2.4
- ▶ Non-Recourse factoring contract signed on November 4, 2019 – substantial reduction of recourse factoring per end of year expected

Guidance & Capital Market





Guidance confirmed - lower range of forecasted bandwidth expected due to weaker European truck market



FY 2019 Guidance (August 2, 2019)

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%)

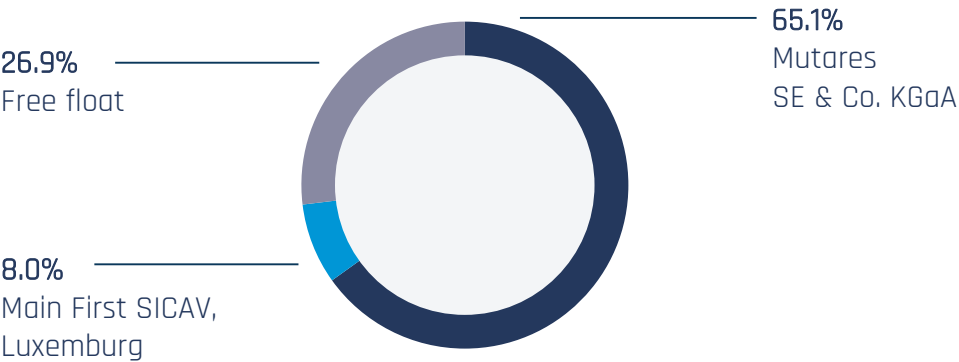


Automotive market development puts pressure on share

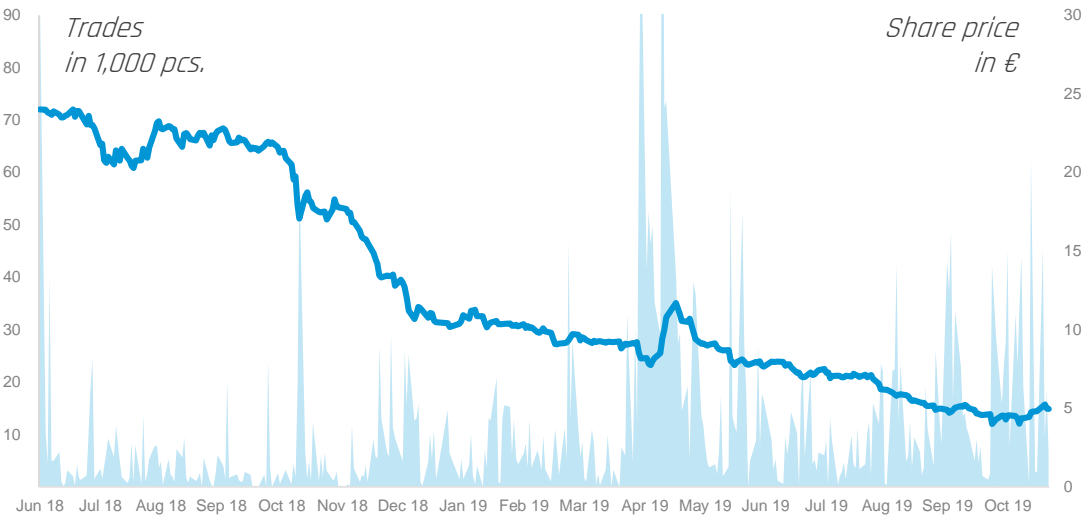
Share information

ISIN	DE000A1TNU68
Number of Shares	6,000,000
Market Cap (31/10/19)	30 mEUR
Designated Sponsoring	Hauck & Aufhäuser Privatbankiers AG mwb fairtrade Wertpapierhandelsbank AG

Shareholder structure



Share price since IPO & Analyst Recommendations



Date	Publ.	Target	Rec.
10/10/2019	SMC Research	10.00 EUR	Speculative Buy
20/08/2019	MainFirst	6.00 EUR	Neutral
09/08/2019	Kepler Cheuvreux	5.00 EUR	Reduce
12/07/2019	H&A	7.00 EUR	Hold
20/05/2019	Quirin Privatbank	6.50 EUR	Sell



Upcoming conferences and relevant publications in 2019 / 2020

NOVEMBER 13, 2019

Roadshow, Madrid

NOVEMBER 25-27, 2019

German Equity Forum 2019, Frankfurt/Main

APRIL 2, 2020

Publication financial report 2019

MAY 13, 2020

Publication quarterly statement (call-date Q1)

MAY 15, 2020

Annual General Meeting

Q&A Session

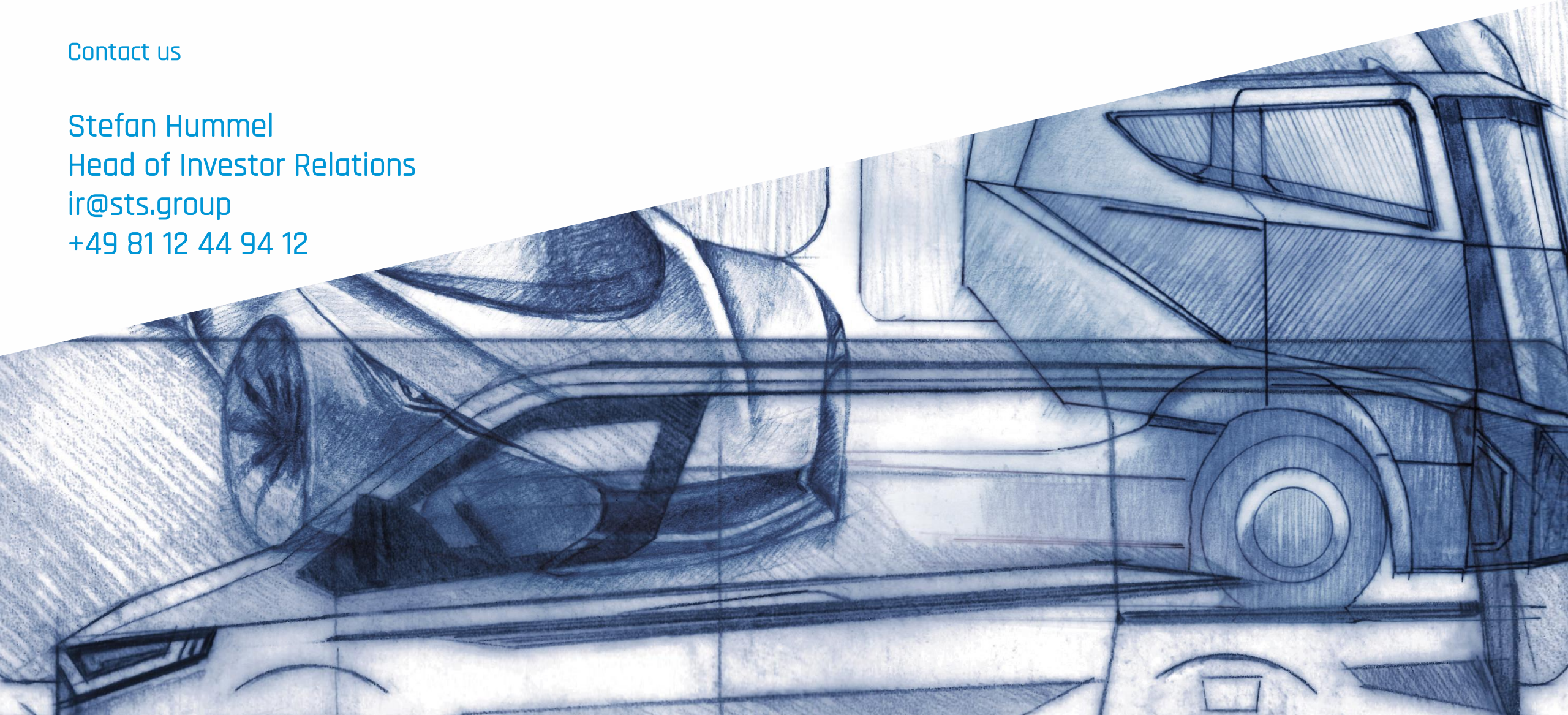


Thank you for your attention!



Contact us

Stefan Hummel
Head of Investor Relations
ir@sts.group
+49 81 12 44 94 12





Key Financials

<i>in mEUR / %</i>	Q3 2018	Q3 2019	<i>var. in %</i>	9M 2018	9M 2019	<i>var. in %</i>
Revenues	91.0	82.5	-9.3%	309.2	276.3	-10.6%
EBITDA	3.3	3.1	-6.1%	10.2	13.2	29.4%
EBITDA Margin	3.6%	3.8%	+20 bps	3.3%	4.8%	150 bps
Adj. EBITDA	4.6	4.0	-13.0%	21.1	14.1	-33.2%
Adj. EBITDA Margin	5.0%	4.8%	-20 bps	6.8%	5.1%	-170 bps
EBIT	0.0	-1.6	n/a	0.3	-0.7	over -100%
EBIT Margin	0.0%	-1.9%	-190 bps	0.1%	-0.3%	-40 bps
NET Income	-0.1	-2.6	over -100%	-2.9	-4.9	-69.0%
EPS <i>(in EUR)</i>	-0.03	-0.44	over -100%	-0.87	-0.83	4.6%
CAPEX	3.7	3.8	2.7%	9.5	10.1	6.3%
FOCF ¹⁾	2.4	3.2	28.0%	-8.7	-0.8	90.8%
Cash & Cash Equiv.	n/a	n/a	n/a	28.9 (as of 30/09)	21.5 (as of 30/09)	-25.6%
Net Financial Debt ²⁾	n/a	n/a	n/a	29.5 (as of 30/09)	30.8 (as of 30/09)	4.1%

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 & Cash Equiv.



Disclaimer

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. STS Group AG has based these forward-looking statements on its current views and expectations and on certain assumptions of which many are beyond STS Group AG's control. Actual financial performance could differ materially from that projected in forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and STS Group AG does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.