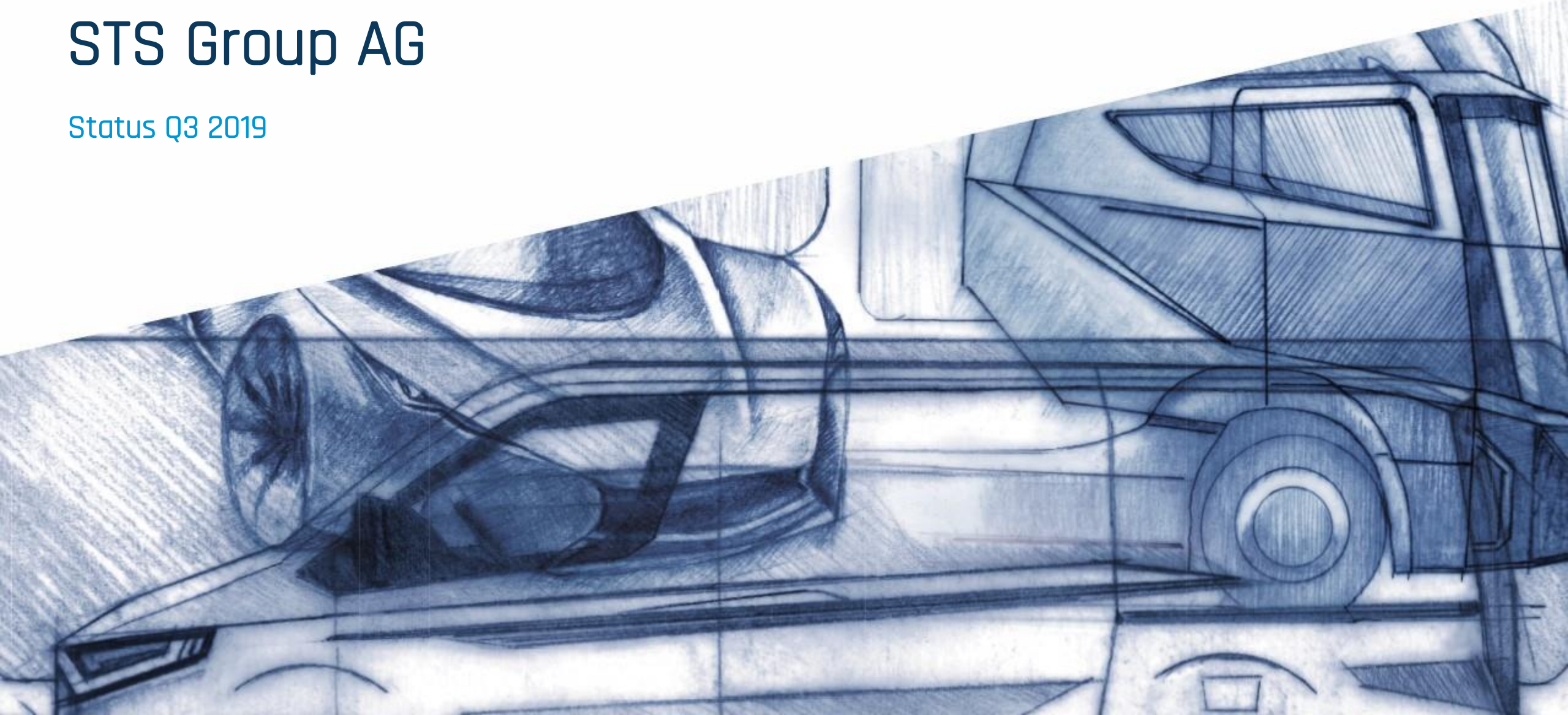


Investor Presentation

STS Group AG

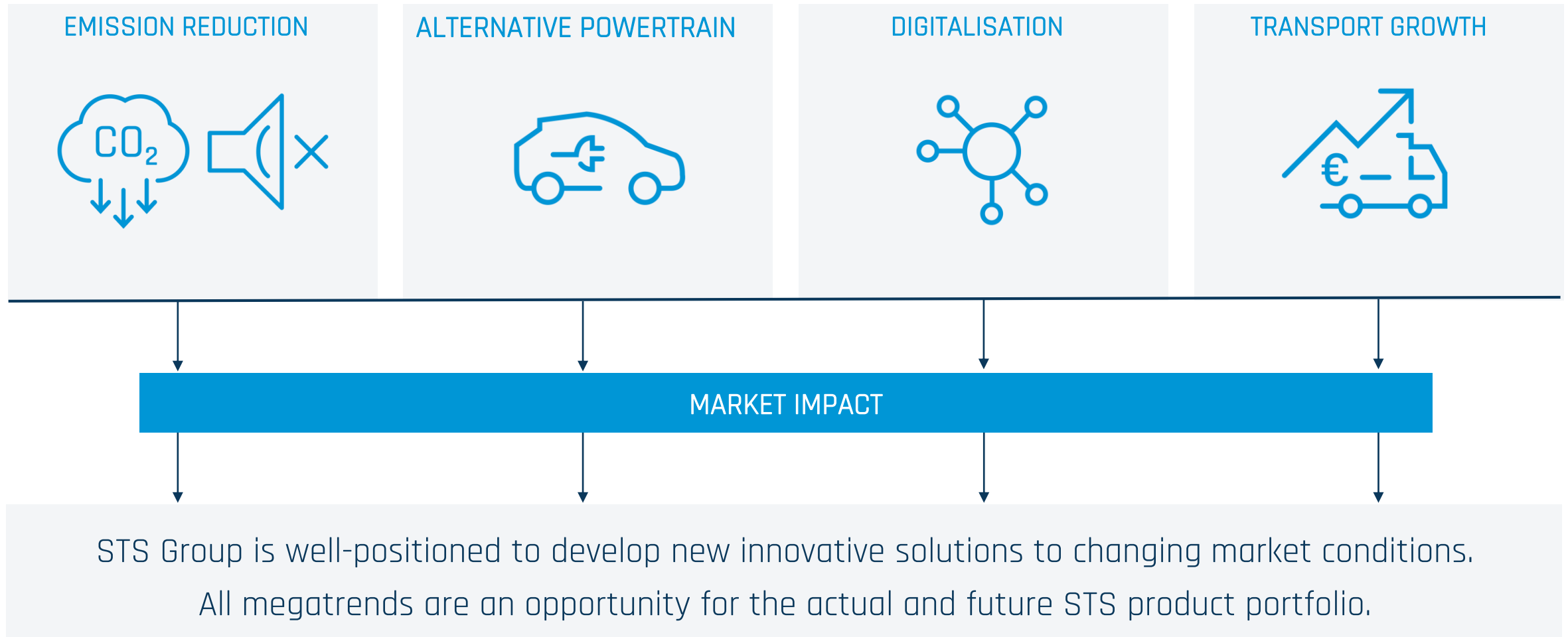
Status Q3 2019



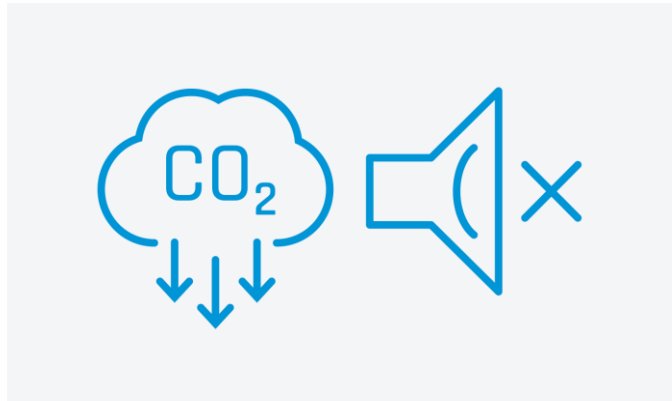
We are the preferred global
acoustics and plastics solution
provider for transportation systems
when it comes to design, comfort
and efficiency!



Megatrends of the automotive industry



Megatrend – Emission reduction



MEGATREND MARKET IMPACT

- New regulations for emission reduction in Europe (EUR06) and China (CHINA6)
- Noise reduction (passive acoustics of the vehicle)

WHAT CAN STS DO?

- Reduce total weight of the vehicle with lightweight solutions, by replacing metal with plastics
- Improve aerodynamics of vehicles
- Noise reduction through acoustic insulation

PRODUCT SOLUTIONS (examples)

- Entire exterior trim solutions for commercial vehicles (e.g. modules for roof, spoiler, front and side panels)
- Complete engine cover and outer wheel arches

Megatrend – Alternative powertrain



MEGATREND MARKET IMPACT

- Alternative powertrain systems for vehicles
- Advance of eMobility
- For passenger cars, as well for commercial vehicles

WHAT CAN STS DO?

- Development of new components for eVehicles
- Lightweight solutions to reduce total vehicle weight (longer range of the vehicle)

PRODUCT SOLUTIONS (examples)

- Component to cover battery systems
- Lightweight system solutions with integrated acoustic function (e.g. spoiler, rear wall, tailgate)

Megatrend – Digitalization



MEGATREND MARKET IMPACT

- Autonomous or semi-autonomous driving
- Platooning in the truck sector
- Connected driving
- New autonomous mobility solutions

WHAT CAN STS DO?

- Development of complex systems, to include radar and camera technologies
- Higher comfort for truck cabin interior

PRODUCT SOLUTIONS (examples)

- Spoiler roof for camera systems
- Interior trim applications with optimized acoustics
- SMC products are best material for transmittance of radar waves

Megatrend – Transport growth



MEGATREND MARKET IMPACT

- Growing e-commerce market
- Increasing logistics activities through commercial vehicles

WHAT CAN STS DO?

- Extend customer portfolio and global footprint to become a leading system supplier for OEMs

PRODUCT SOLUTIONS (examples)

- Smart and efficient system solutions for commercial vehicles

STS Group at a glance





Management board with high automotive experience



ANDREAS BECKER, CEO

STS Board Member since 2013. 22 years of industry experience. He has been CEO of the STS Group since its foundation and occupied before several management positions within the Autoneum Group management in Italy as well as the Truck Business Worldwide division.

Term of office: 06/2023



DR. ULRICH HAUCK, CFO

STS Board Member and CFO of the STS Group since April 2019. 20 years of industry experience. Previously he was CFO of the Schaeffler Group, Corporate Senior Vice President at Bayer AG, heading global accounting and controlling of Bayer and Vice President at Rheinmetall.

Term of office: 06/2022



PATRICK OSCHUST, COO

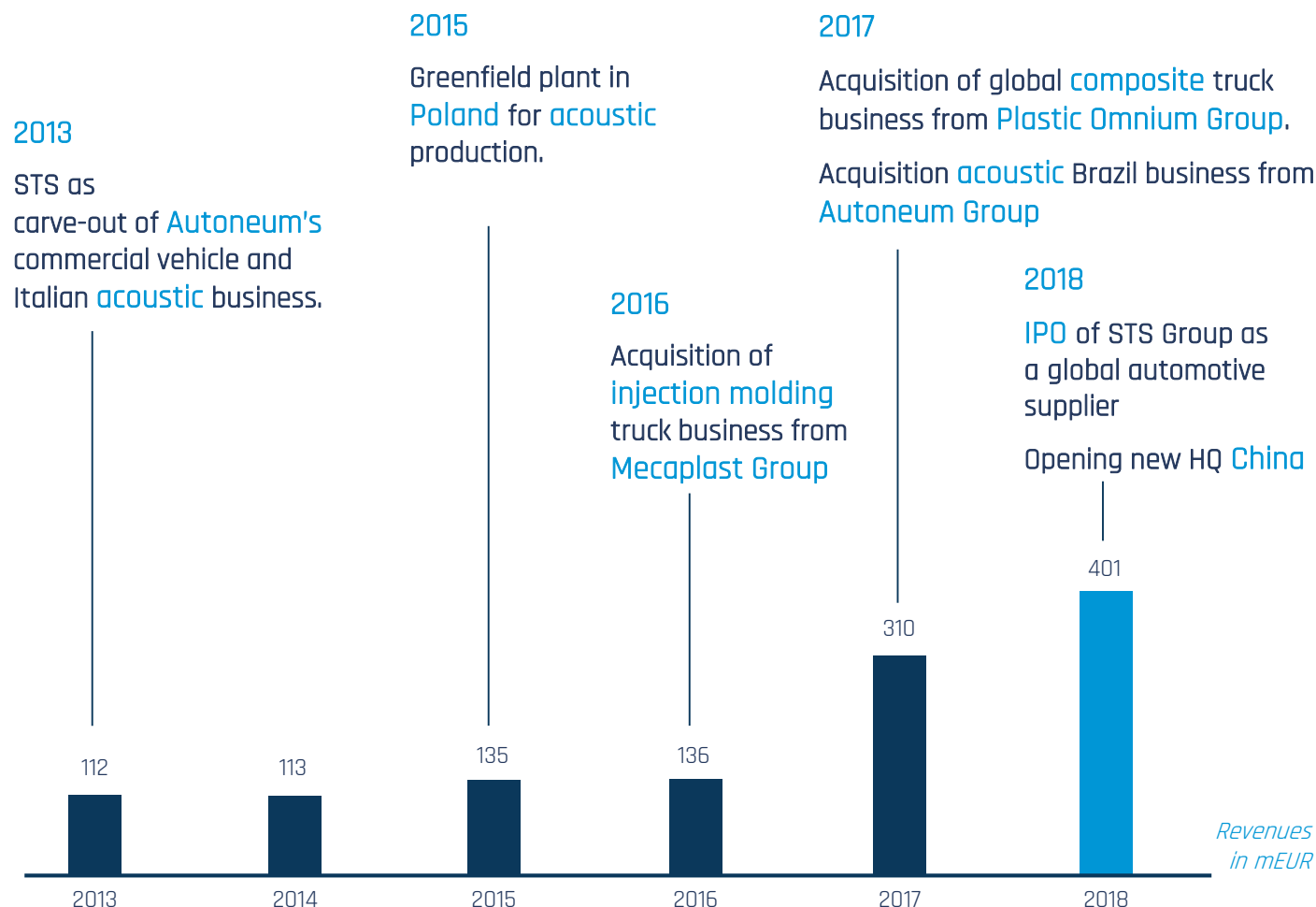
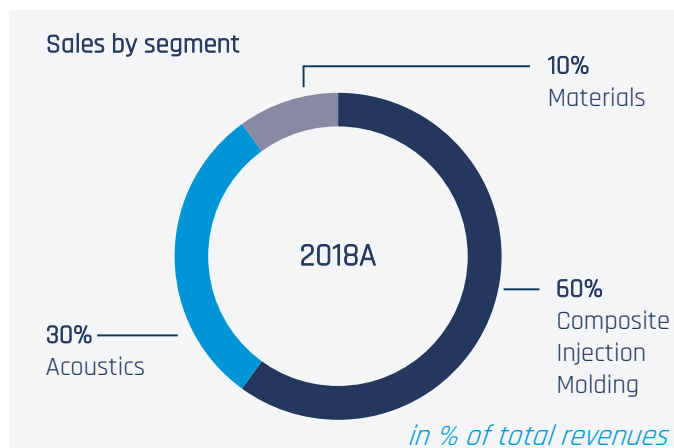
STS Board Member since 2013. 19 years of industry experience. He has been COO of the STS Group since its foundation. He previously held several positions at the German automotive supplier Dräxlmaier, most recently as Managing Director in Germany and Romania.

Term of office: 06/2021



Successful transformation to global system supplier

Long history to become one of the leading global Tier 1 truck suppliers for soft and hard trim. Until 2013 part of Autoneum (former Rieter Group) as Truck Division and Italian Business Unit.



Intelligence for interior and exterior excellence

STS designs and provides solutions for a broad variety of interior and exterior systems. So STS is the perfect partner to engineer successful **heavy and light commercial vehicles** as well as **passenger cars**.

The product portfolio includes among others:

- Inner and outer acoustic systems
- Front and side modules
- Roof spoiler
- Storage modules
- Tailgate
- Engine encapsulation
- Cover for battery systems

Front shelf



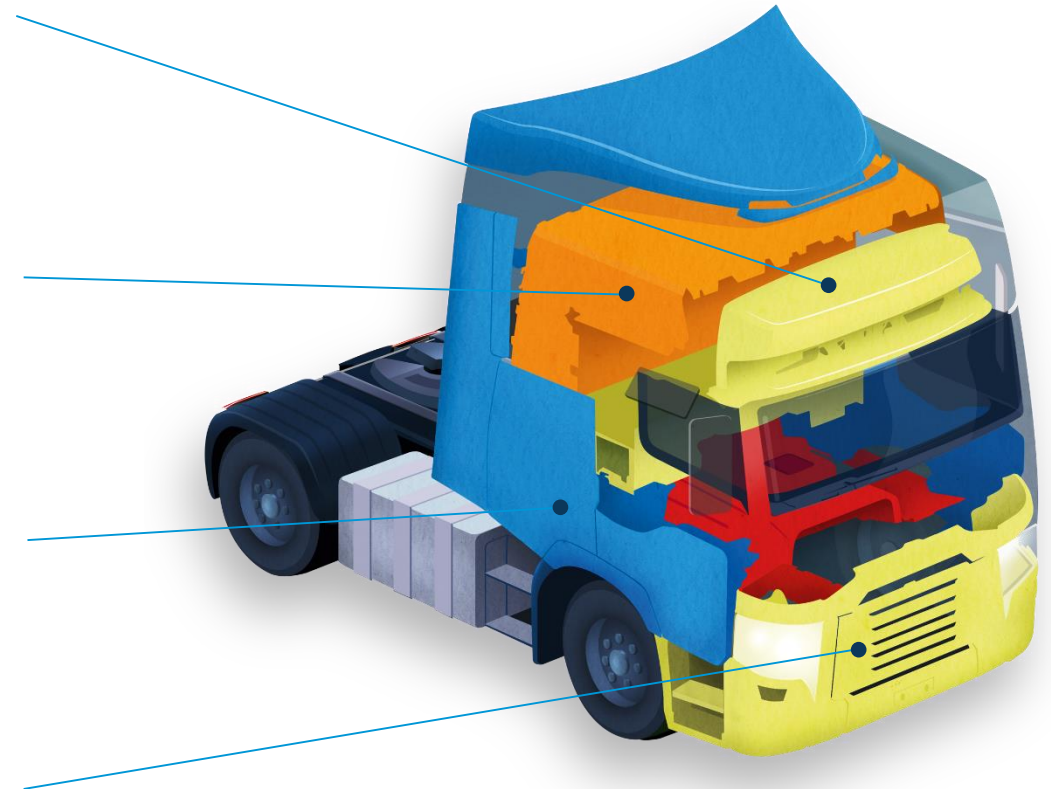
Rear wall cabin trim



Cab side module



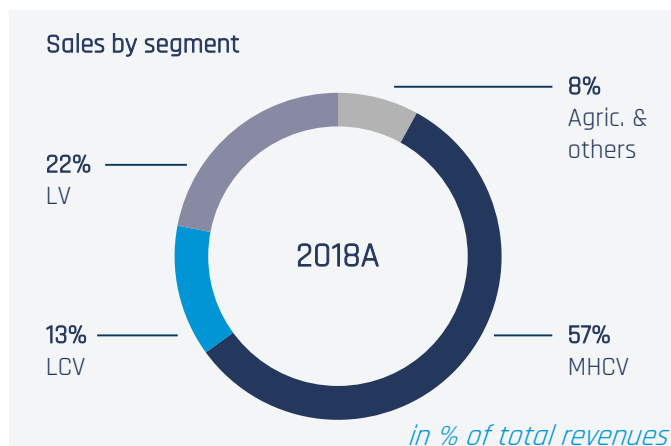
Front module





Diversified global customer portfolio

STS Group is strategic partner for major part of global commercial vehicle OEMs, as well as for the emerging eVehicle producers. Within the light vehicle sector our main partner is the FCA Group.

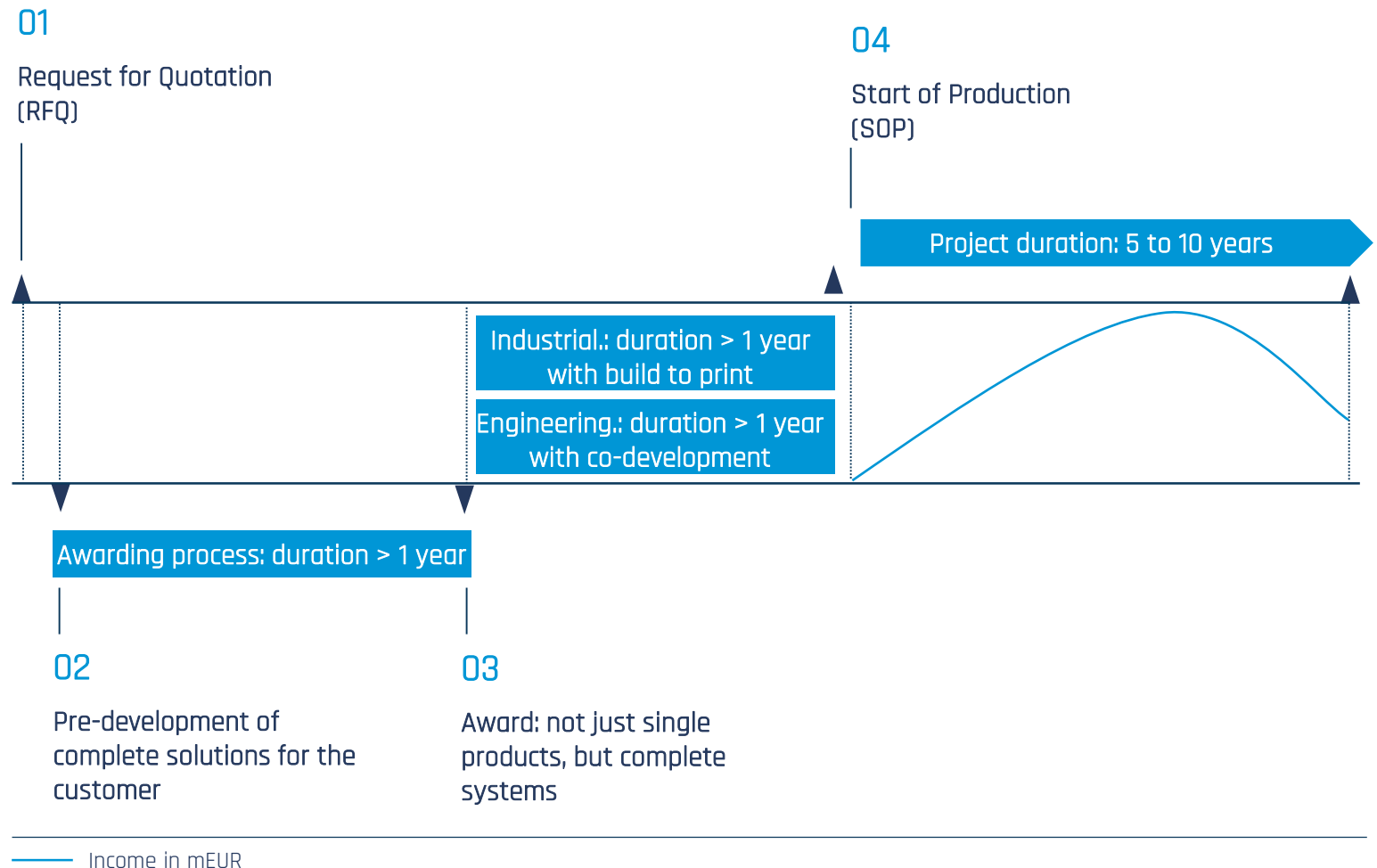




Long-term project life cycles

STS Group acts within a market with long product cycles, which implies long-lasting projects once acquired.

- After RFQ the procurement process can lead up to one year of contracting with the customer
- After the project award, it can lead up to more than one year until Start of Production (SOP)
- Projects within the Truck market generally last up to 10 years





Unique selling points of the STS Group

COMBINE TECHNOLOGIES

Technological know-how for structural, visual, acoustic and thermal parts

HIGH VERTICAL INTEGRATION

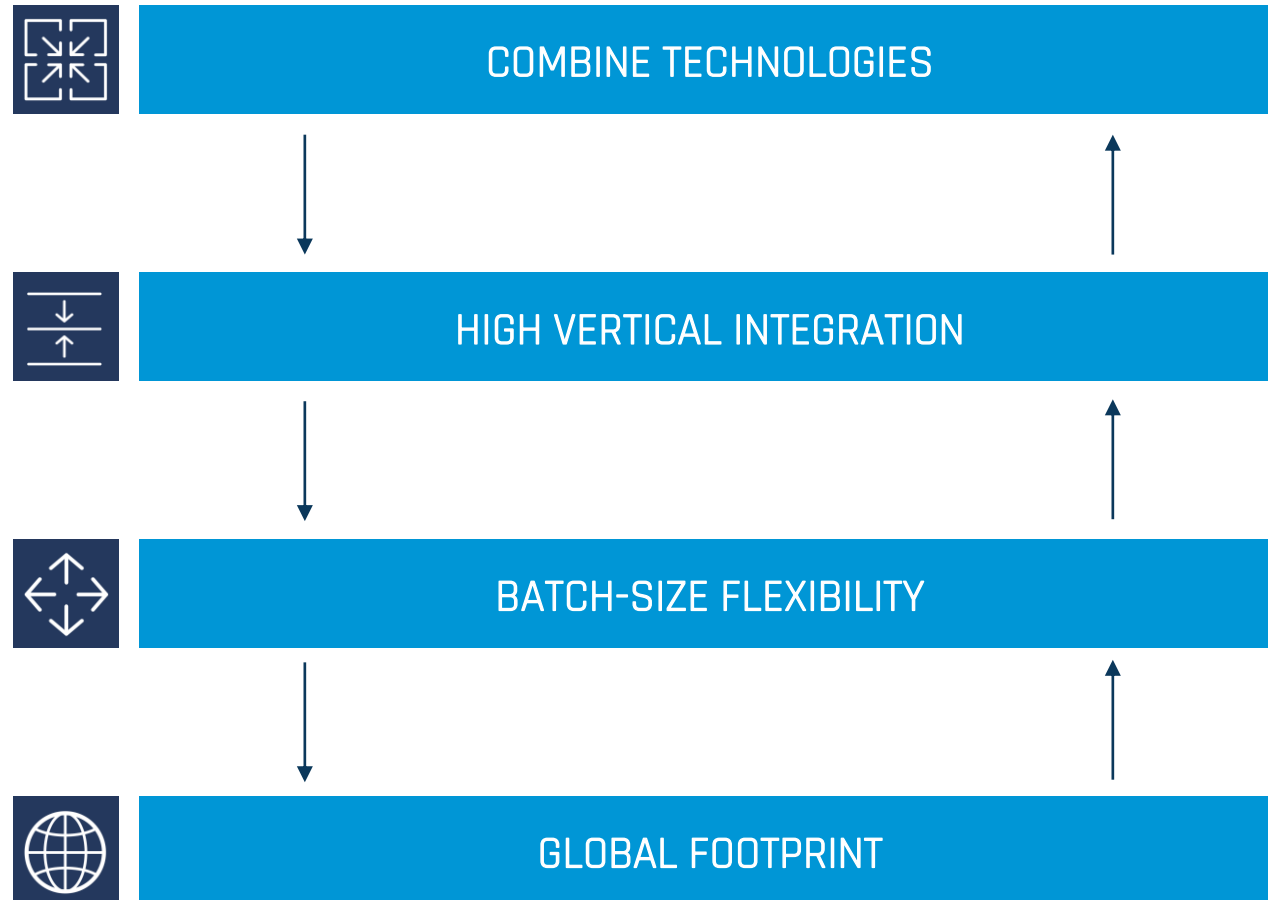
Vertically integrated production from semi-finished goods to complete systems

BATCH-SIZE FLEXIBILITY

Flexible organization focused on medium-large batch sizes in terms of development and production

FOOTPRINT

Global customer reach through local production



Combine technologies

STS is able to combine different technologies

- Acoustic- and thermal-isolation components
- Injection molding technology
- Composite component production

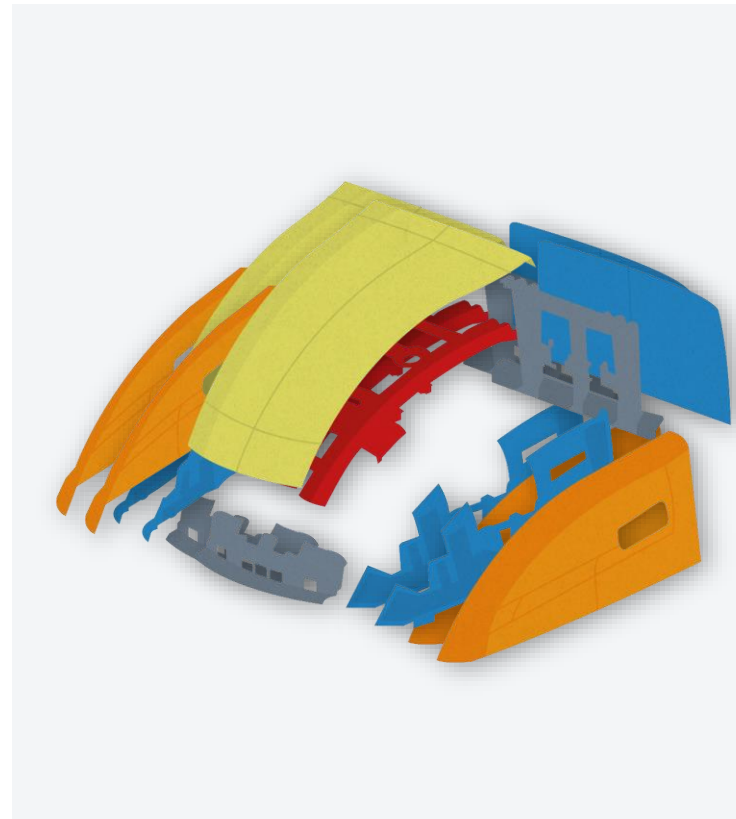
and to offer complete systems to the customer.

Global truck market trends towards global system suppliers.

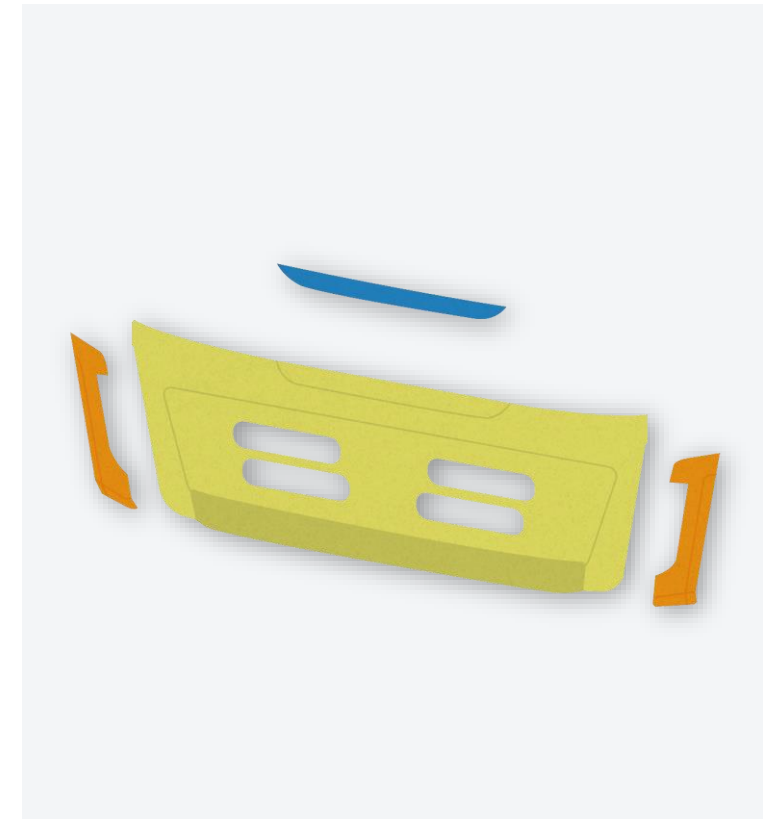
Interior and Exterior systems



COMPLETE ROOF SPOILER SYSTEM



COMPLETELY ASSEMBLED FRONT MODUL



Vertical integration

Acoustic- and thermoinsulating parts

RAW MATERIAL



Fabric
Resins



SEMI FINISH



Inhouse felt
production



MOLDING



Thermoforming



FINISHING



Cutting
Lamination
Assembly

Composite parts (SMC, BMC, AMC)

RAW MATERIAL



Glass fiber
Resins



SEMI FINISH



Inhouse production of
glass fiber reinforced
molding compounds



MOLDING



Thermocompression



FINISHING



Deburring, machining
Painting and gluing
Assembly

Injection molding parts

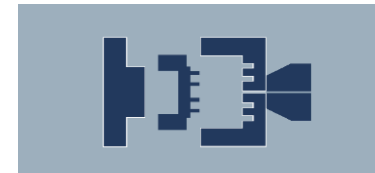
RAW MATERIAL



Pellets
(PP, PC, ABS,
PA, POM)



MOLDING



Thermoset



FINISHING



Deburring, machining
Painting and gluing
Assembly



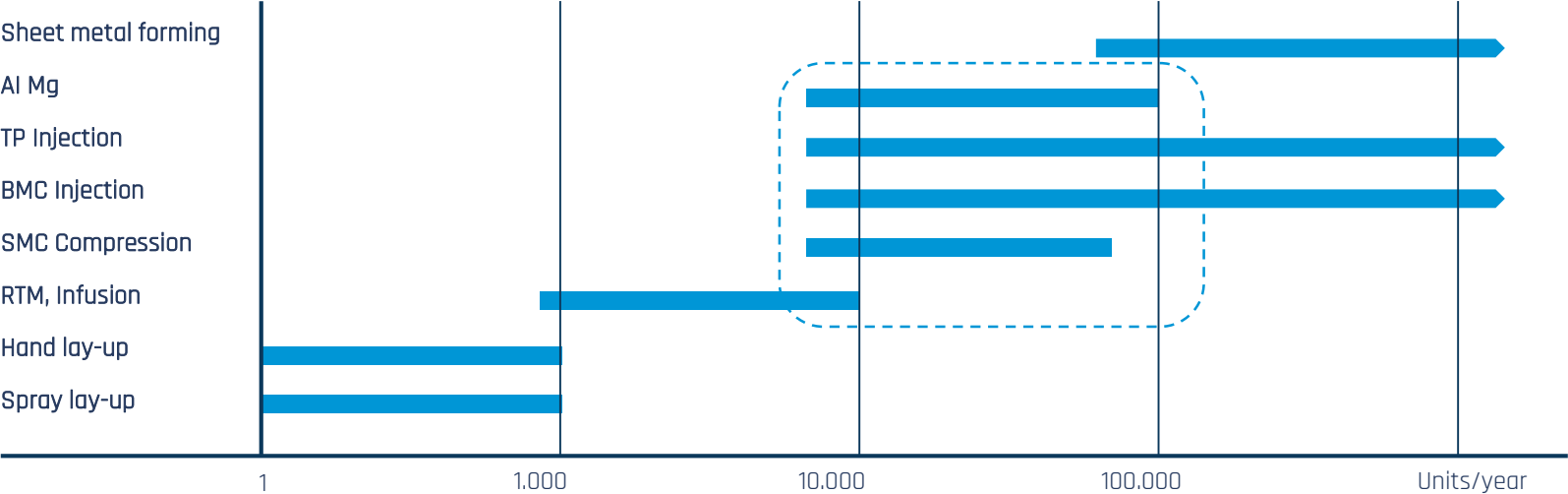
Batch-size flexibility

STS Group focuses on medium batch size with a yearly production of up to 100,000 parts per year, which is mostly attractive for SMC compression.

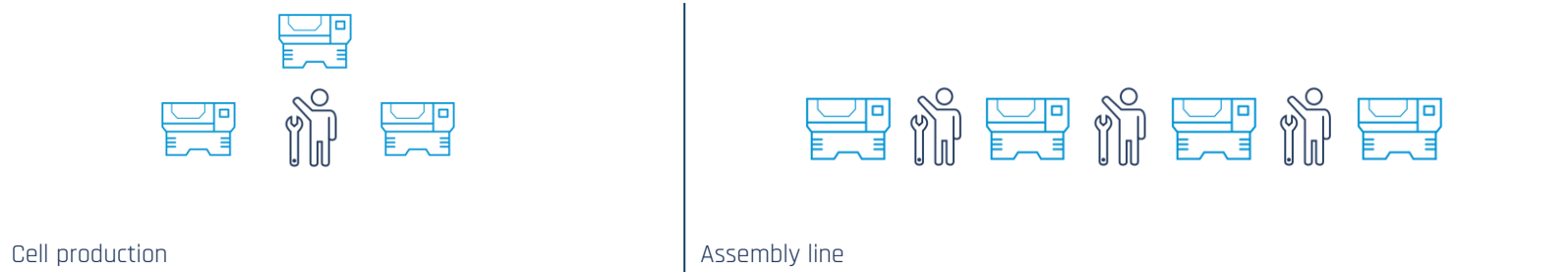
STS is competitive in medium series sizes which is likely to be the future trend of electric vehicles.

Cell production allows lower investments costs and flexible production processes.

Total production costs include unit costs plus tooling production



Cell production with lower investments costs vs. high serial investment costs



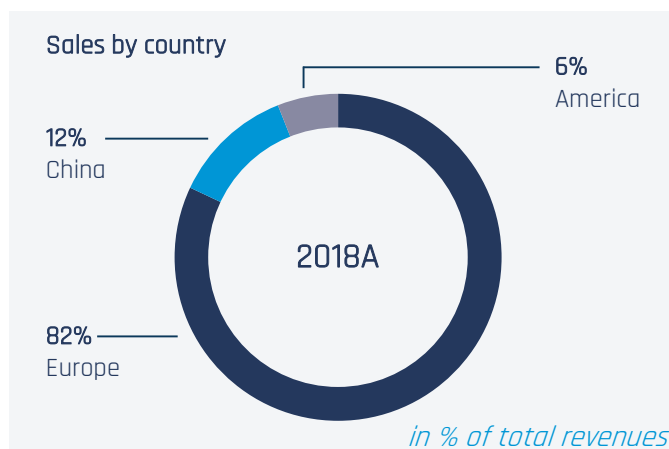


Global footprint

STS Group has operations in 4 continents with about 2,500 employees.

STS Group has actually 13 production plants and 4 logistic/service plants.

With the 4 R&D centers in Europe and China STS Group supports its customers already with the development of new products.



FRANCE

- St. Désirat
- Précigné
- Izernore
- Blainville
- Félines
- Andance
- Tournon

GERMANY

- Hallbergmoos HQ
- Kandel

POLAND

- Miedzyrzecz

MEXICO

- Ramos

BRAZIL

- Bétim

CHINA

- Wuxi HQ
- Qingdao
- Shiyan
- Jiangyin

ITALY

- Santhiá
- Desio
- Pignataro

STS Group Strategy





Roadmap to global preferred system supplier with sustainable profit growth



GROWTH IN CHINA

China, as the largest automotive market worldwide, offers high growth potential for STS Group: market share growth, new regulations, eMobility.



MARKET ENTRY USA

USA is an attractive market being the third-largest truck market worldwide. Long-nose truck cabins represent higher sales volumes per unit.



ADD-ON ACQUISITIONS

Continuous market screening for potential targets to realize further growth with potential strategic add-on acquisitions.



NEW PRODUCTS

New emission regulations and eMobility trigger need for new product characteristics and solutions.



COST STRUCTURES EUROPE

Continuous improvement of cost structures in Europe through automatization of processes, operational excellence and improved footprint.

Growth in China

POTENTIAL FOR STS

- Largest market worldwide
- Local competitors only small local family businesses
- Engineering know-how through own R&D on site
- New emission regulations



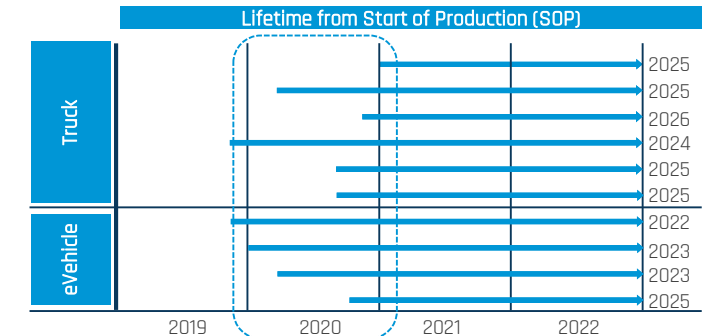
OBJECTIVES

- Double current sales volume in the mid-term
- Growth in market share with existing customers
- Expansion of the eMobility business



THE ROAD TO SUCCESS

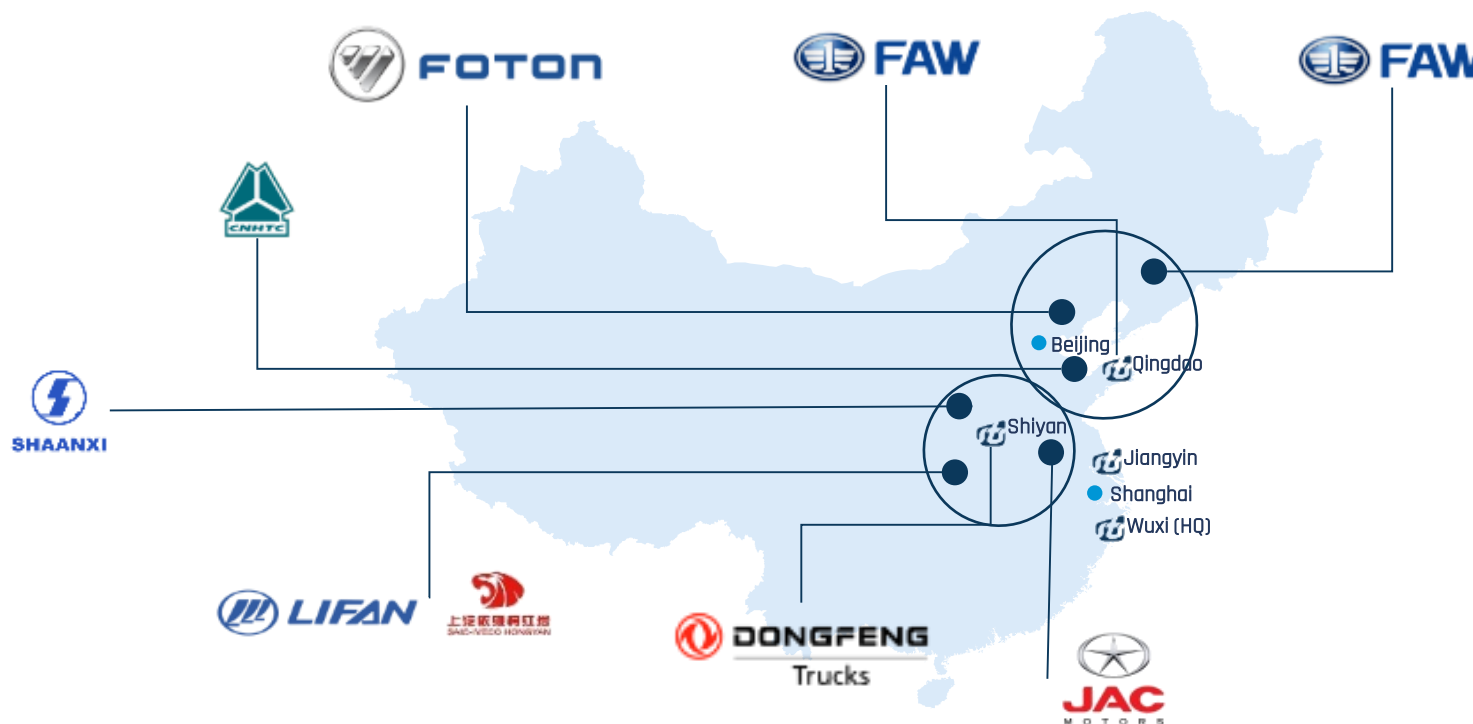
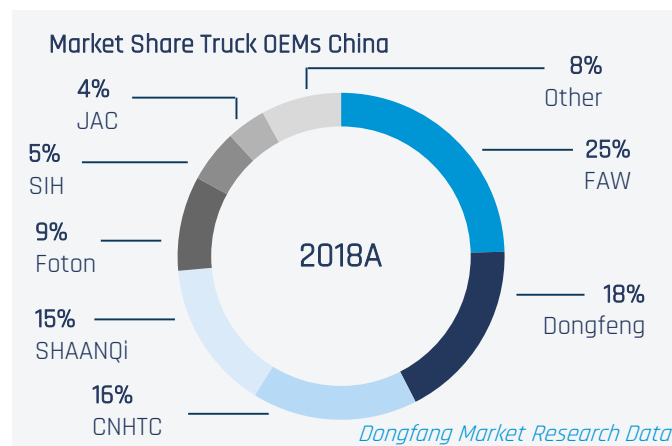
- All major truck manufacturers are already STS customers
- Injection molding technology introduced and third manufacturing site inaugurated in 2019
- Promising order intake
- Expansion of product and customer portfolio ongoing





Fully settled footprint to support aspired growth in China

STS currently operates three production sites (Qingdao, Jiangyin, Shiyao), located **strategically in close proximity to Chinese OEMs** in the North and with the new plant in Shiyao also in the South. **Thermocompression** represents STS' technology focus in China. However, **injection molding** has been introduced as an additional technology in the second half of 2019. This enables STS to maintain **close relationships with 90% of the local client** market in direct proximity.



Market entry USA

POTENTIAL FOR STS

- Third-largest truck market worldwide
- Long-nose trucks with higher value per vehicle (+120% more revenue per vehicle)
- No global competitors on site



OBJECTIVES

- Market entry with composite technology
- Invest in US manufacturing site to be close to the customers
- In the mid-term approx. 20-25 mEUR sales

THE ROAD TO SUCCESS

- Projects for American truck OEM acquired
- Major project from international commercial vehicle manufacturer awarded
- Kick-off for local production site
- Expansion of product and customer portfolio ongoing



VS



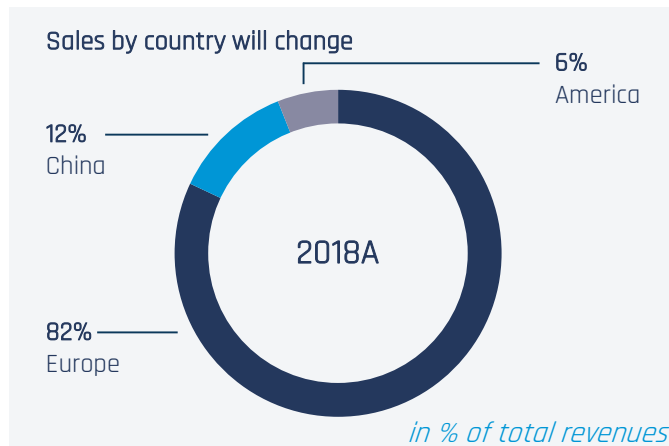
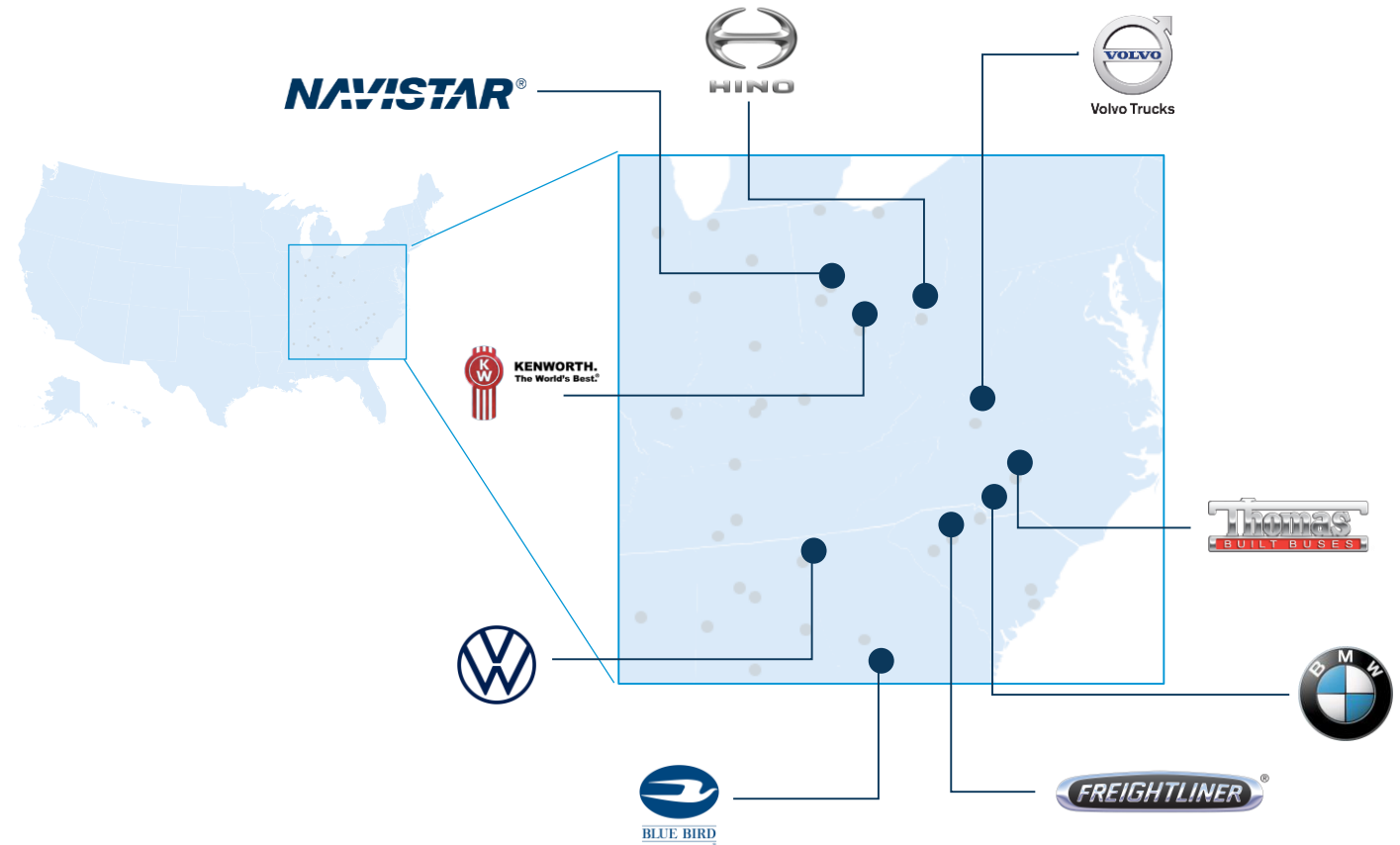
+120% more revenue per vehicle for long-nose trucks

Major contract allows set up of new plant in the USA

STS got awarded by a major American truck OEM.

Scope of the project will be the production of an **exterior system made of SMC**. The duration of the project will be over ten years, with a lifetime volume of around 230 mEUR.

Actually, it is planned to set up a **greenfield plant in middle east of the USA**, to be strategically ideally positioned to acquire further orders.



New products

POTENTIAL FOR STS

- eMobility and emission regulation trigger need for new products
- Market trends towards global system suppliers
- Further demand for lightweight solutions



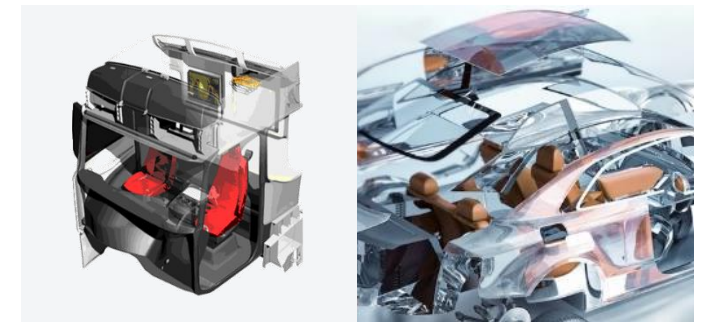
OBJECTIVES

- Supplier for emerging eMobility market
- Innovative lightweight solution provider
- Strengthen positioning as preferred system supplier for commercial vehicles



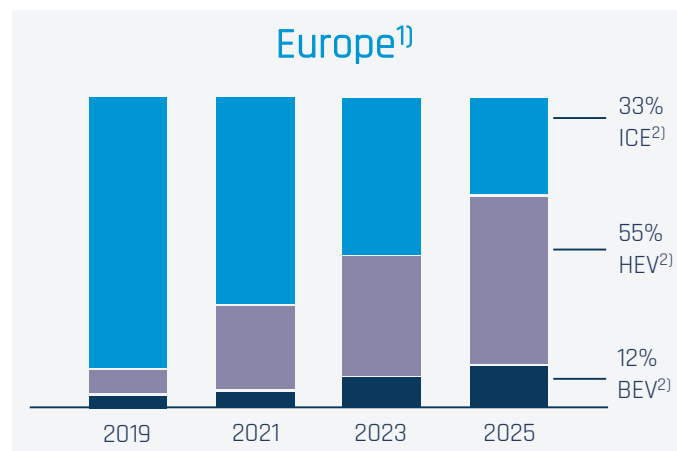
THE ROAD TO SUCCESS

- Tech-Days with several customers
- Bundling of group-wide R&D activities
- License agreement with AMA composites
- First projects for battery covers awarded

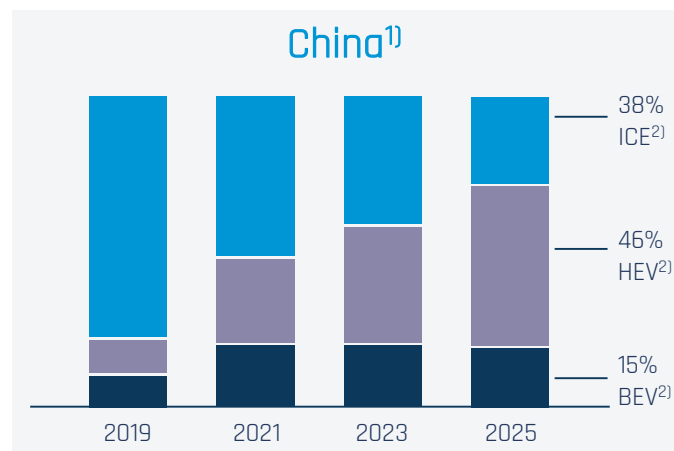




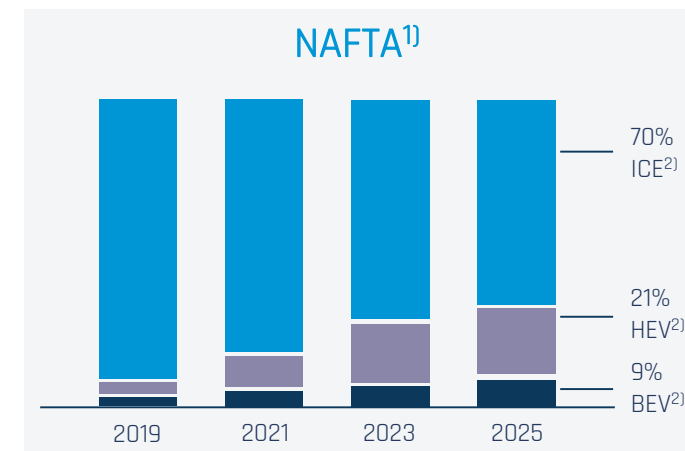
eVehicle development within the next years



- Total share of HEV (Hybrid Electric Vehicles) and BEV (Battery Electric Vehicles) increases up to ard. 67% in 2025
- Total production of up to 13.1 mn electric vehicle expected in 2025



- Total share of HEV and BEV increases up to ard. 60% in 2025
- Total production of up to 18.8 mn electric vehicle expected in 2025



- Total share of HEV and BEV increases up to ard. 30% in 2025
- Total production of up to 3.8 mn electric vehicle expected in 2025

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

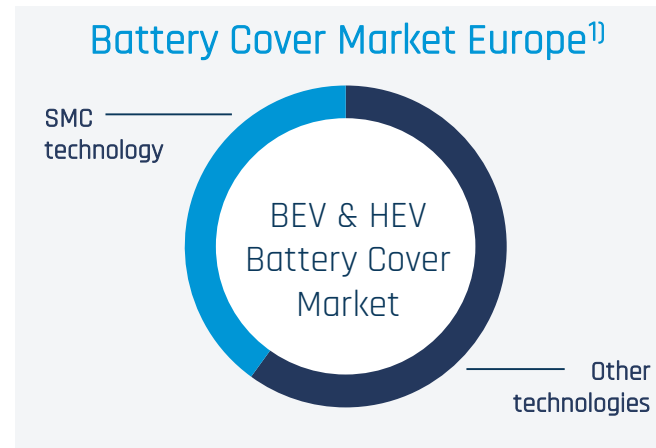
²⁾ ICE: internal combustion engine / HEV: hybrid electric vehicle / BEV: battery electric vehicle



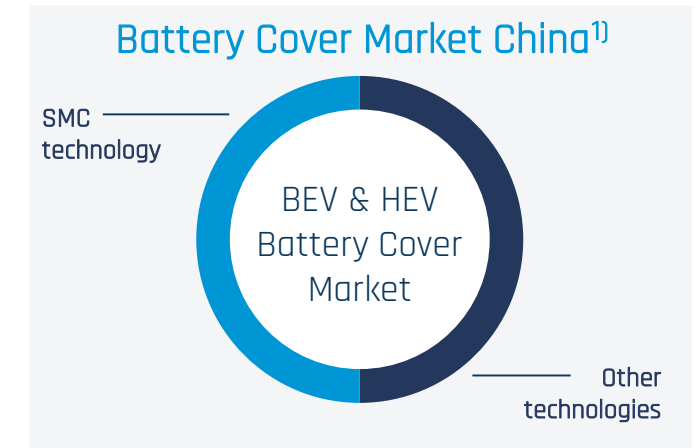
Significant sales potential with battery covers

Increase of hybrid- and battery- electric vehicle production in the next years leads to further sales volume from battery covers.

STS solution for battery covers is based on SMC technology combined with aluminum or injection molding compound (IMC).



- Market share of Battery Covers with SMC technology ard. 40%
- Potential market volume of SMC Battery Covers up to 200 mEUR
- STS sales share in mid-term of up to 30% in Europe



- Market share of Battery Covers with SMC technology ard. 50%
- Potential market volume of SMC Battery Covers up to 240 mEUR
- STS future sales share of up to 20%, with upside due to growing relevance for EMC²⁾ shielding

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

²⁾ Electro Magnetic Compatibility



Achievement of several milestones in line with STS strategy



April '19 **Third Chinese plant** opened in Shiyan with successful SOP



May '19 Major **order for innovative long-nose trucks** in China



June '19 **License agreement** for innovative lightweight solutions



July '19 **Two orders** received for **electric vehicles battery** covers from Chinese OEMs



August '19 **Third order** received for **electric vehicles battery** covers from Chinese OEMs



October '19 Hybrid door as an **innovative lightweight solution** for a Chinese BEV



December '19 **Major contract of ard. 230 mEUR** from international commercial vehicle manufacturer –
kick-off for **local production site in USA**



January '20 Strategic **e-mobility contract** for the **European market**

Financial Highlights

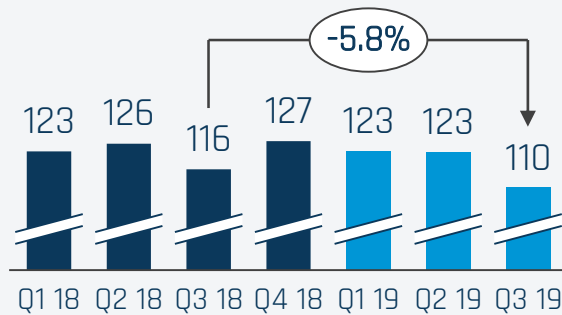
9M 2019





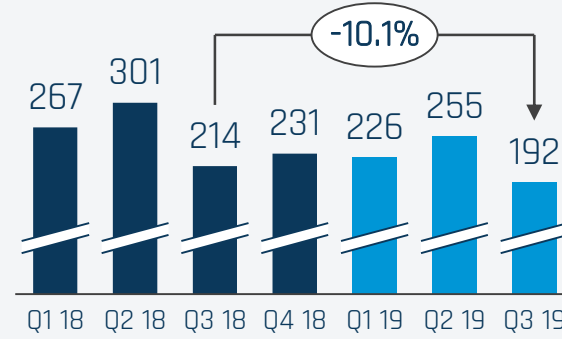
Development of relevant automotive markets

MHCV Europe²⁾ (1,000 units¹⁾)



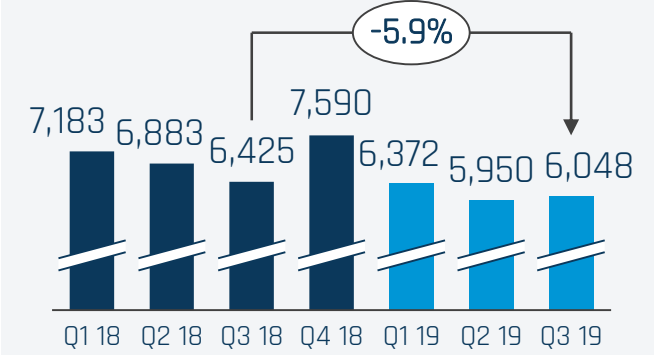
- Medium- and Heavy-Commercial vehicle market dropped by 3% year-over-year
- European heavy commercial vehicle market under pressure in Q3 2019

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



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

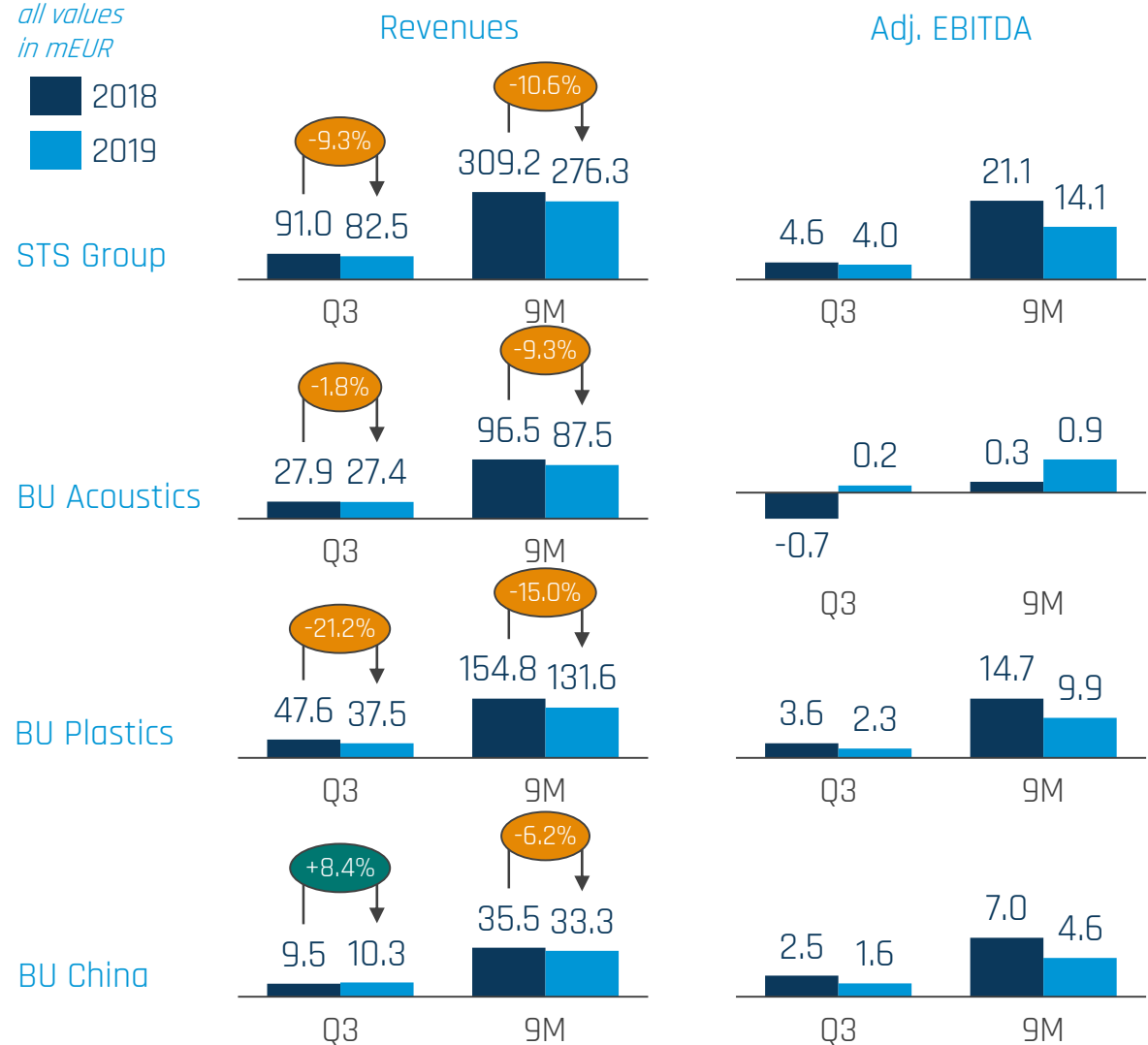
²⁾ NFD (=Net Financial Debt) = Bank
Loans + Third Party Loans + Recourse
Factoring - Cash & Cash Equiv.



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

all values
in mEUR

■ 2018
■ 2019



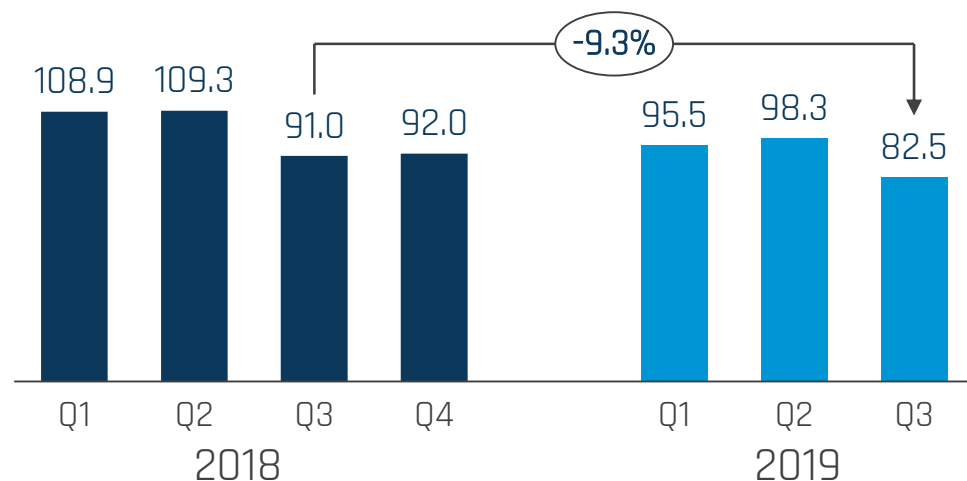
Comments:

- Revenues decreased by 10.6% yoy 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 made for special items



Revenue decline in 9M 2019 mainly due to European markets

Revenues (in mEUR)

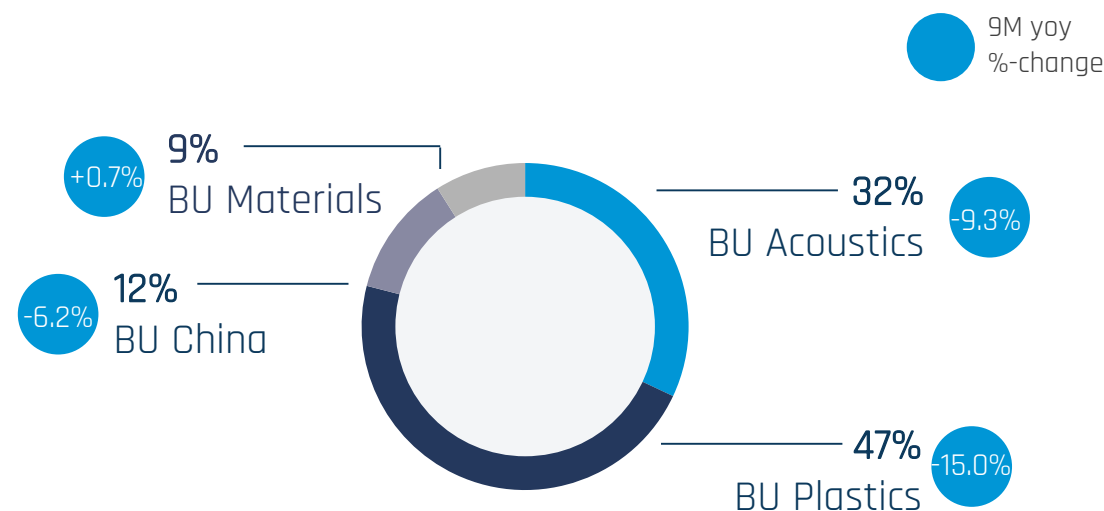


Growth rate in % (yoy)

+101.9	+98.5	-1.5	+15.3
+29.4			

-12.3	-10.1	-9.3
-10.6		

Revenues by Segment (in % of total revenues)

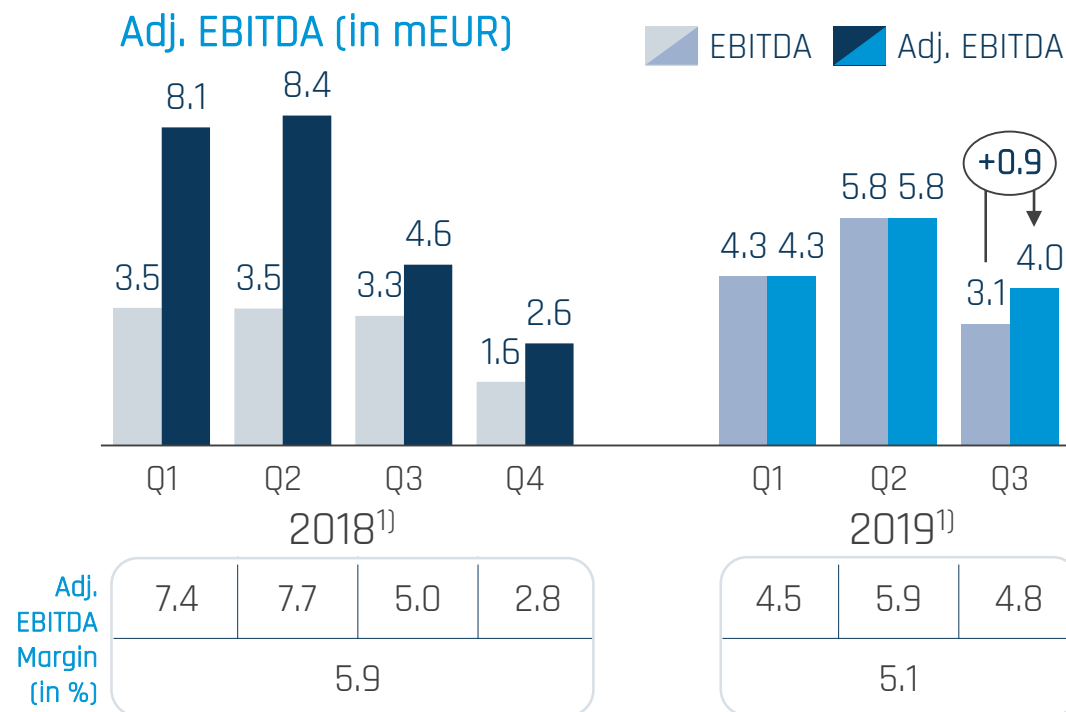


Comments:

- ▶ 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 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

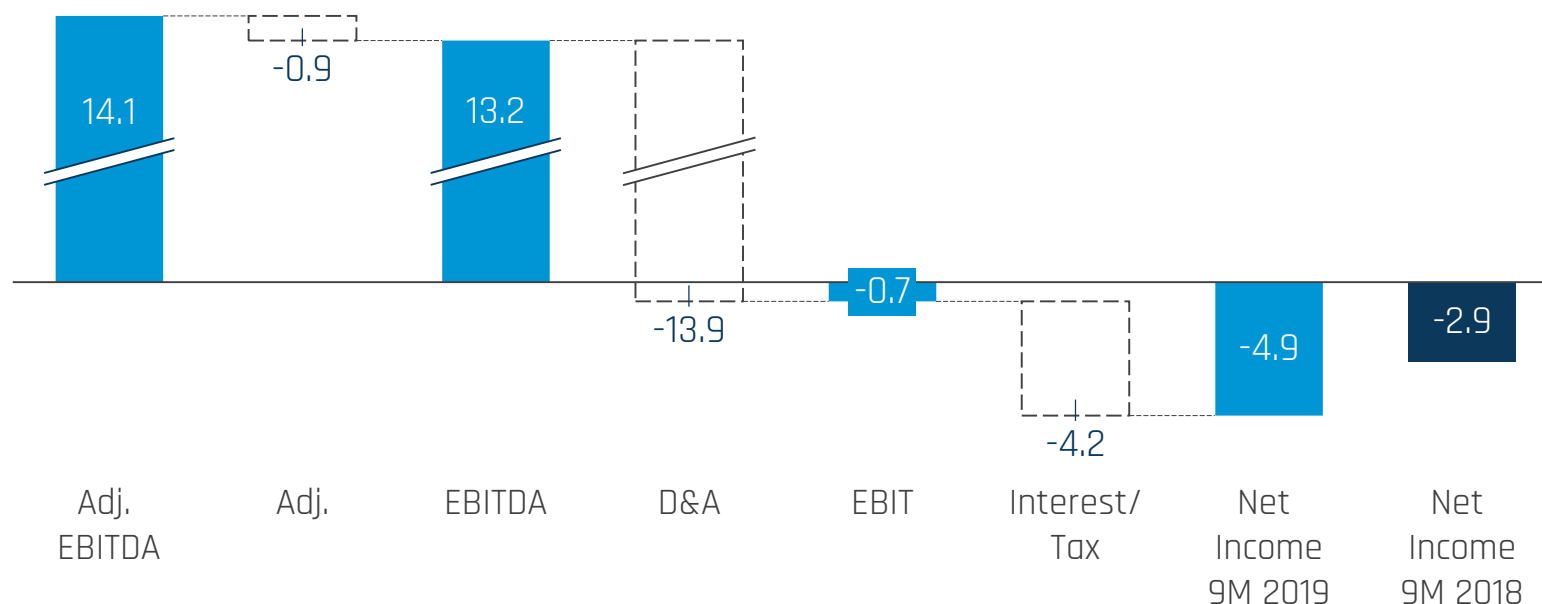
Comments:

- ▶ 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)



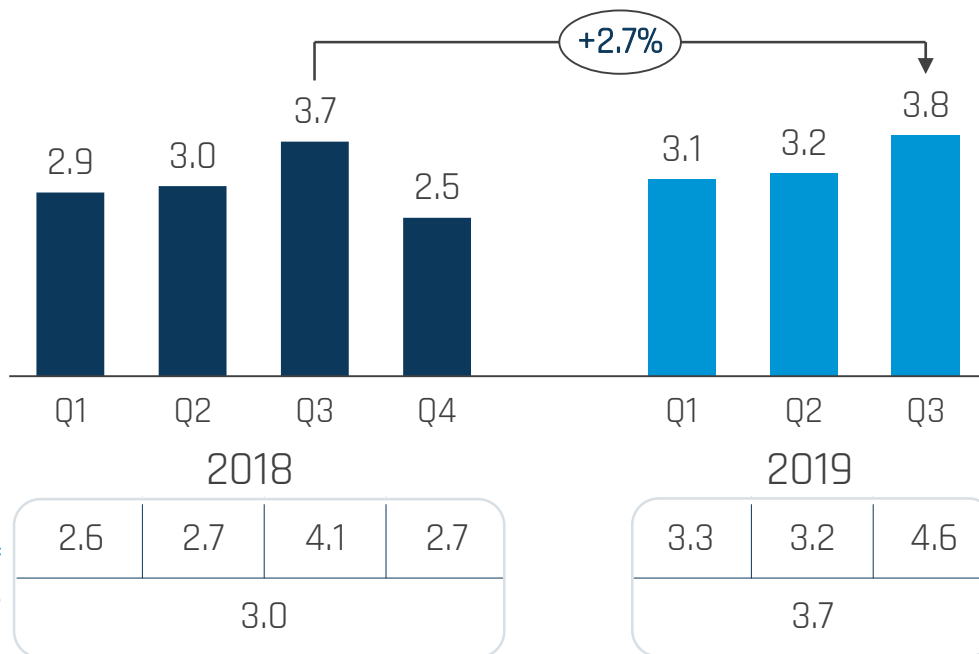
Comments:

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

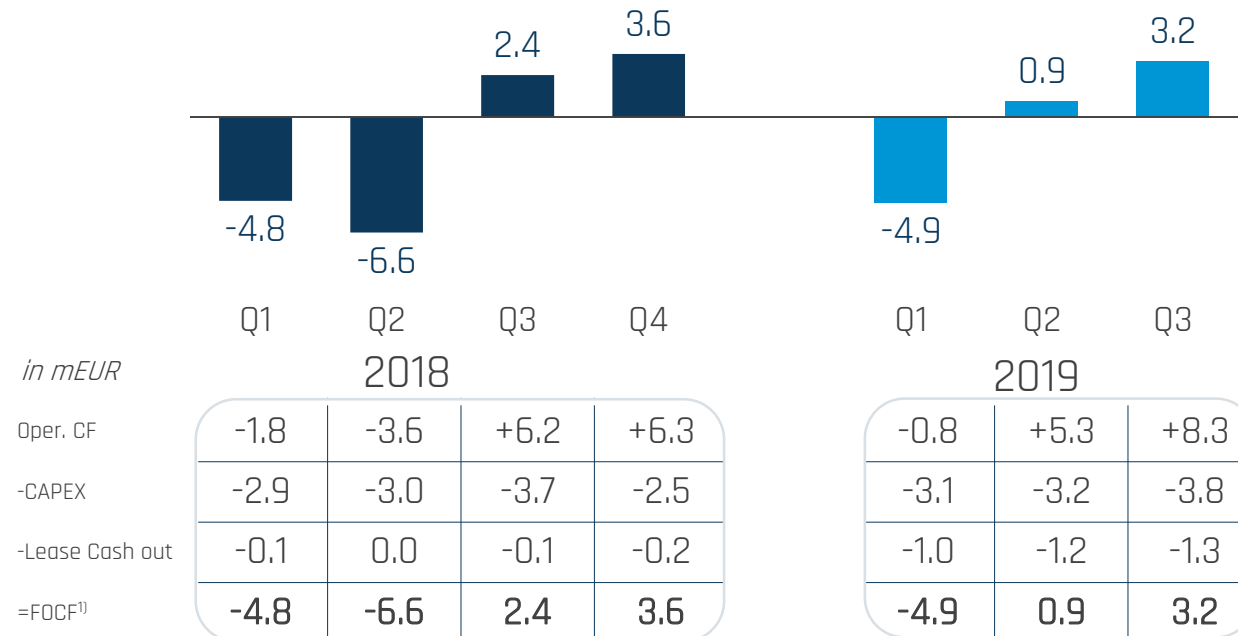


Free Operating Cash Flow significantly improved versus prior-year

CAPEX (in mEUR)



Free Operating Cash Flow¹⁾ (in mEUR)



¹⁾ Cashflow from Operations - CAPEX - Lease cash outs

Comments:

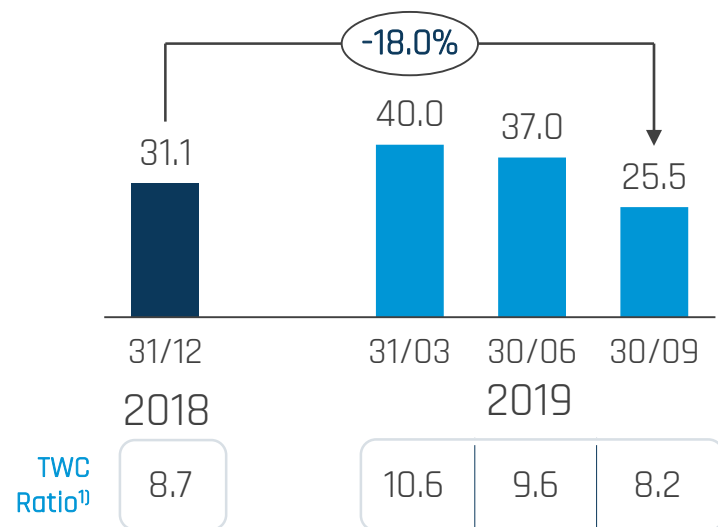
- ▶ CAPEX in Q3 2019 with 3.8 mEUR on prior-year level
- ▶ Free Operating Cash Flow in Q3 2019 and 9M 2019 (-0.8 mEUR, 9M 2018: -8.7 mEUR) significantly improved versus prior-year periods, mainly due to improved working capital performance



Trade working capital (TWC) significantly reduced

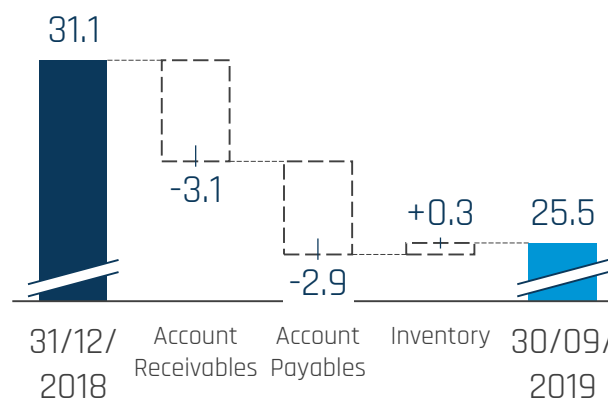
TWC (in mEUR)

w/o Tooling Inventory



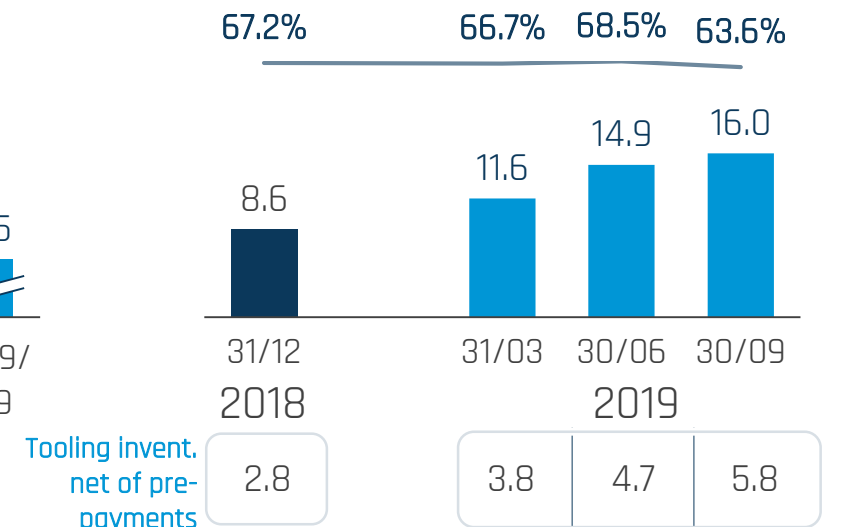
TWC Bridge (in mEUR)

w/o Tooling Inventory



Tooling Inventory (in mEUR)

not included in TWC



■ Tooling Inventory

— % of invent. financed by prepayments

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

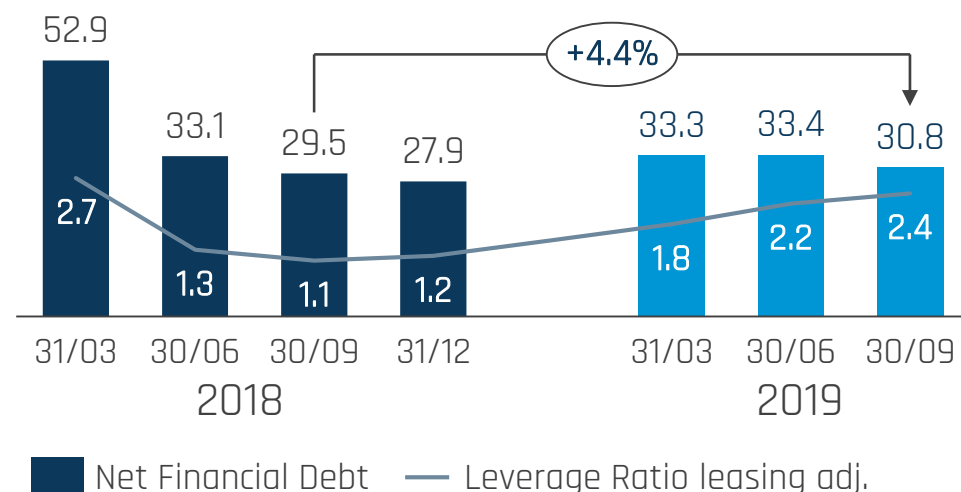
Comments:

- ▶ 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%)

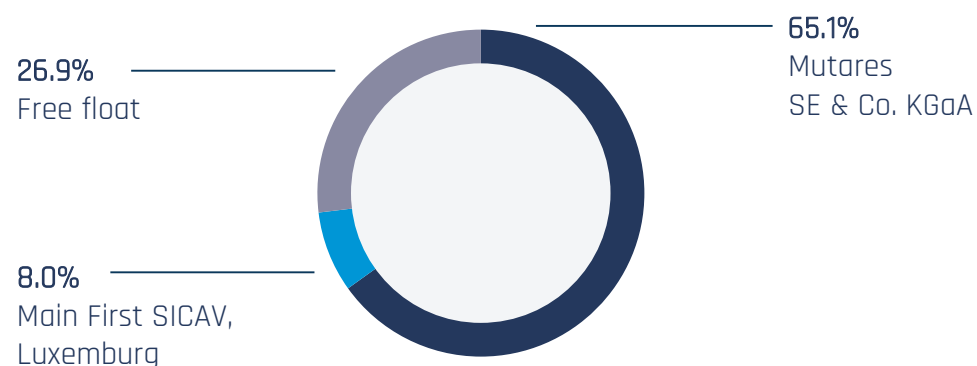


Automotive market development puts pressure on share

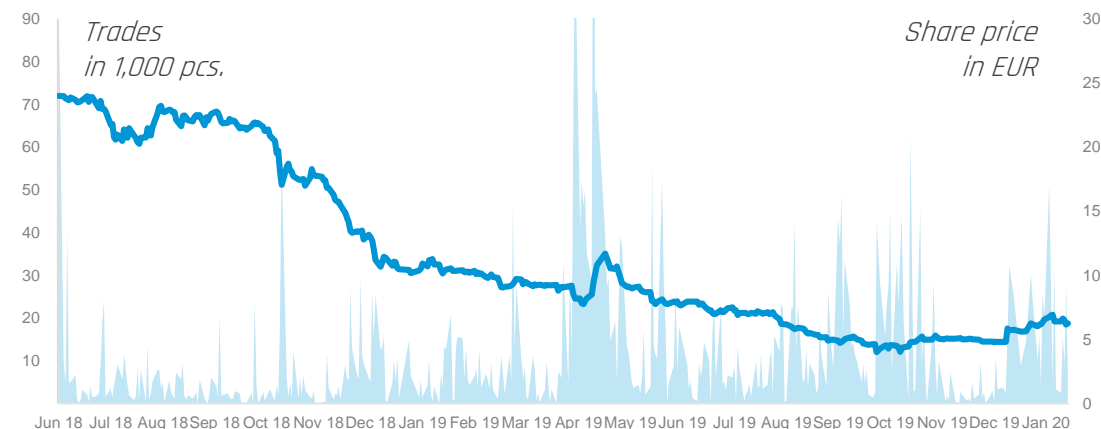
Share information

ISIN	DE000A1TNU68
Number of Shares	6,000,000
Market Cap (24/01/20)	37.5 mEUR
Designated Sponsoring	Hauck & Aufhäuser Privatbankiers AG mwb fairtrade Wertpapierhandelsbank AG

Shareholder structure



Share price since IPO (Xetra)



Analyst Recommendations

Date	Publ.	Target	Rec.
13/01/2020	SMC Research	10.00 EUR	Speculative Buy
20/12/2019	Kepler Cheuvreux	4.80 EUR	Reduce
20/08/2019	MainFirst	6.00 EUR	Neutral
05/08/2019	H&A	7.00 EUR	Hold
20/05/2019	Quirin Privatbank	6.50 EUR	Sell



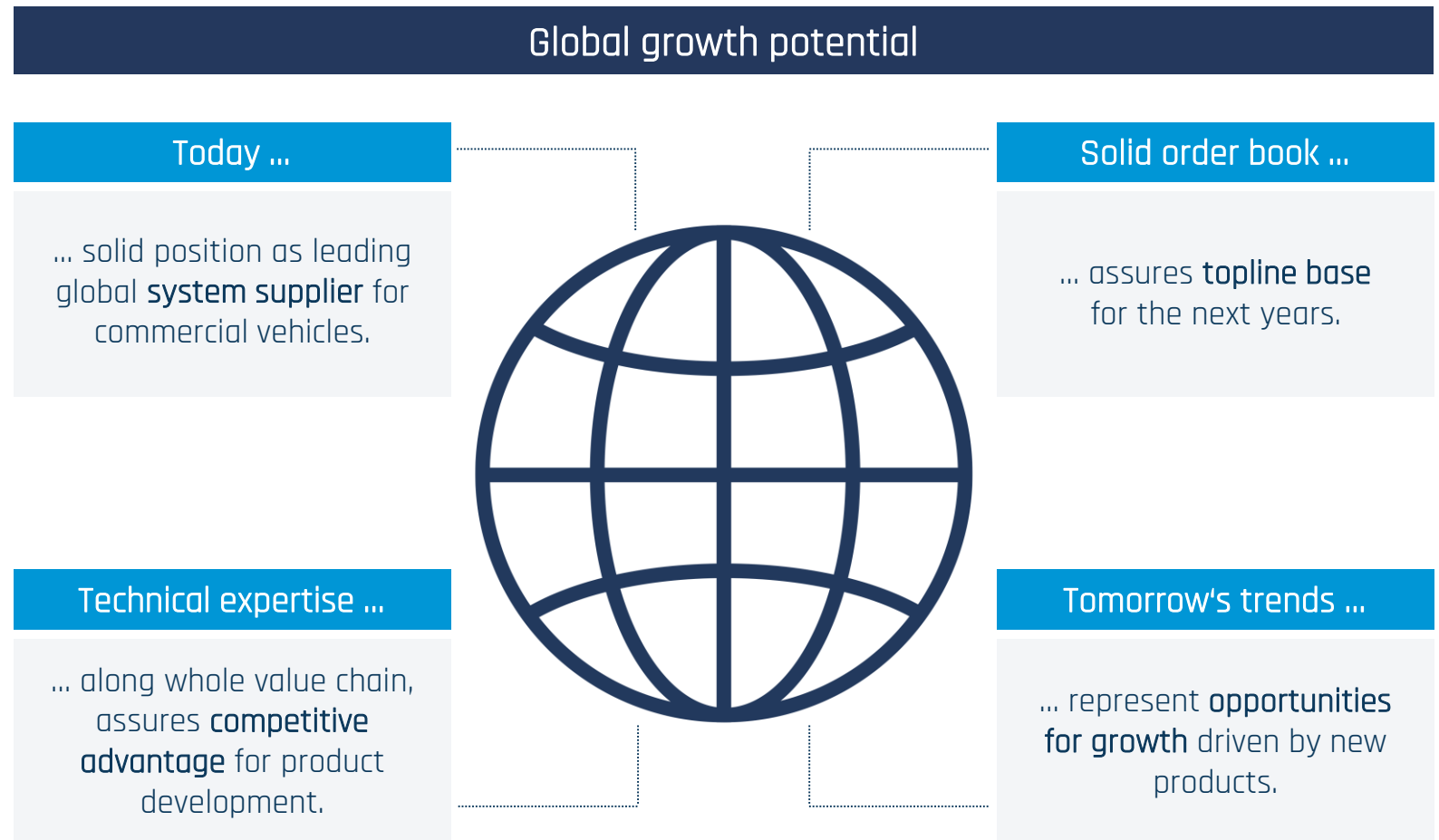
Upcoming conferences and relevant publications in 2020

MARCH 10, 2020	CF&B London European Midcap Event
MARCH, 2020	Roadshow Frankfurt
APRIL 2, 2020	Publication of 2019 Annual Report
APRIL 28/29, 2020	MKK Munich Capital Market Conference, Munich
MAY 13, 2020	Publication of Quarterly Report (Q1)
MAY 15, 2020	Annual General Meeting
MAY 18/20, 2020	Frühjahrskonferenz, Frankfurt am Main
JUNE 18, 2020	Quirin Champions Conference, Frankfurt am Main
JUNE 23/24, 2020	CF&B 15th Spring European Midcap Event, Paris
AUGUST 6, 2020	Publication Half-yearly report
SEPTEMBER 2/3, 2020	Autumn Conference, Frankfurt am Main
SEPTEMBER 9, 2020	ZKK Zürcher Kapitalmarktkonferenz, Zürich
NOVEMBER 4, 2020	Publication of Quarterly Report (Q3)
NOVEMBER 16/18, 2020	German Equity Forum 2020, Frankfurt/Main

STS Group an attractive asset for today and tomorrow

Investment in STS Group with attractive value proposition:

- leading market positions,
- well-positioned with regard to relevant megatrends,
- high technical expertise,
- currently low valuation.





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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Thank you for your attention!



Contact us

Stefan Hummel
Head of Investor Relations
ir@sts.group
+49 811 124494 12

