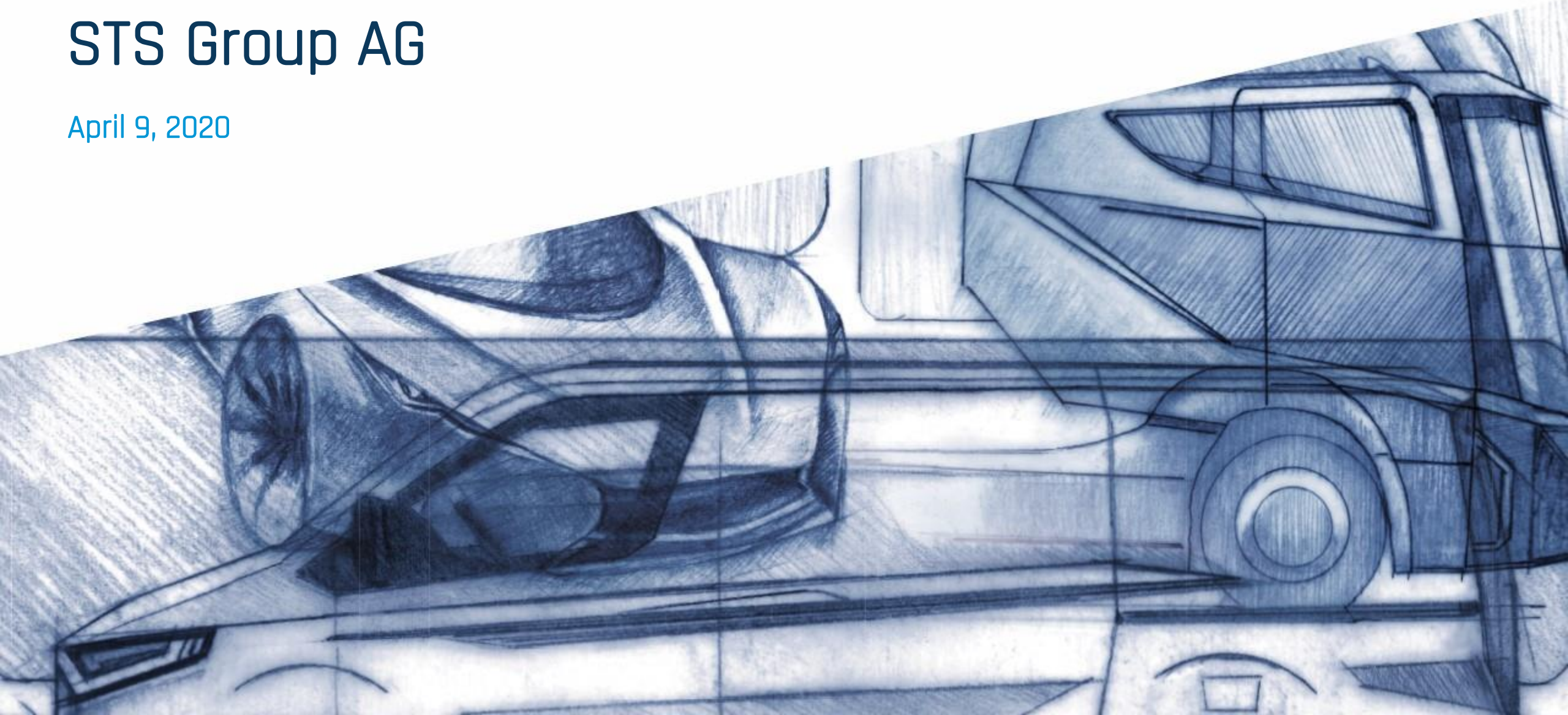


Earnings Call - FY 2019 Results

STS Group AG

April 9, 2020



Andreas Becker and Ulrich Hauck will present 2019 FY results

ANDREAS BECKER, CEO (LEFT)

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.

DR. ULRICH HAUCK, CFO (RIGHT)

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.



Market & Strategy Highlights 2019





Achievement of key milestones in challenging markets



Downturn of global Light Vehicle and European Truck markets



Successful set up of Chinese production for further growth and award of > 130 mEUR order intake (life-time volume)



Successful market placement of new products (esp. battery cover) for E-Mobility in China and Europe

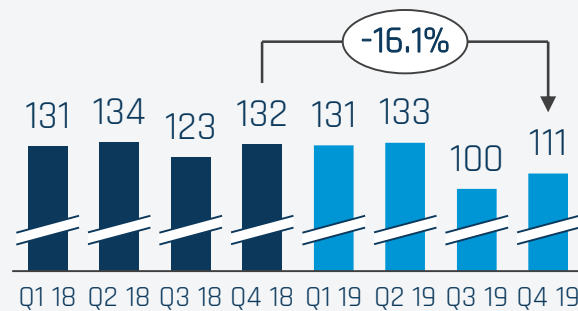


Major contract of ard. 230 mEUR from international commercial vehicle manufacturer – kick-off for local production site in USA



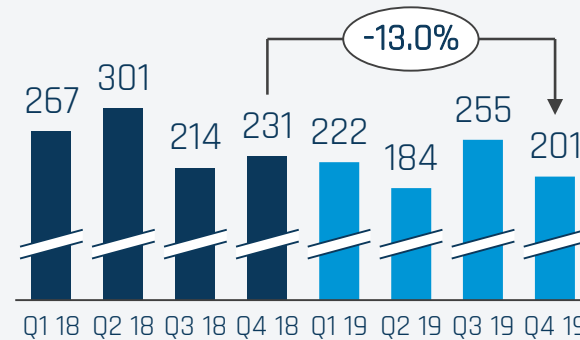
Development of relevant automotive markets

MHCV Europe²⁾ (1,000 units¹⁾)



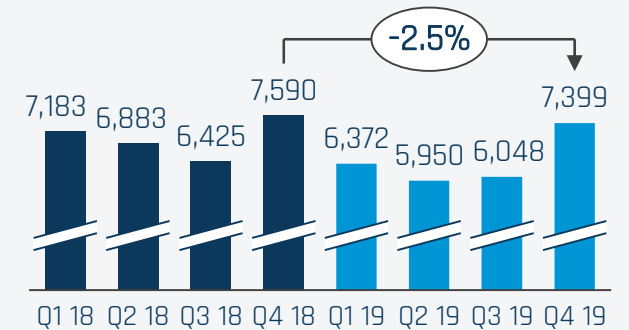
- Medium- and Heavy-Commercial vehicle market dropped by 9% year-over-year

Light Vehicle Italy³⁾ (1,000 units¹⁾)



- Light vehicle market in central / west Europe decreased by 5% year-over-year
- Italian market decreased by 15% year-over-year
- Decline slowed down in 2HY 2019

Automotive China⁴⁾ (1,000 units¹⁾)



- Chinese automotive market dropped by 8% year-over-year.
- Decline slowed further down in Q4 2019
- Strong commercial vehicle market within the last quarter 2019

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

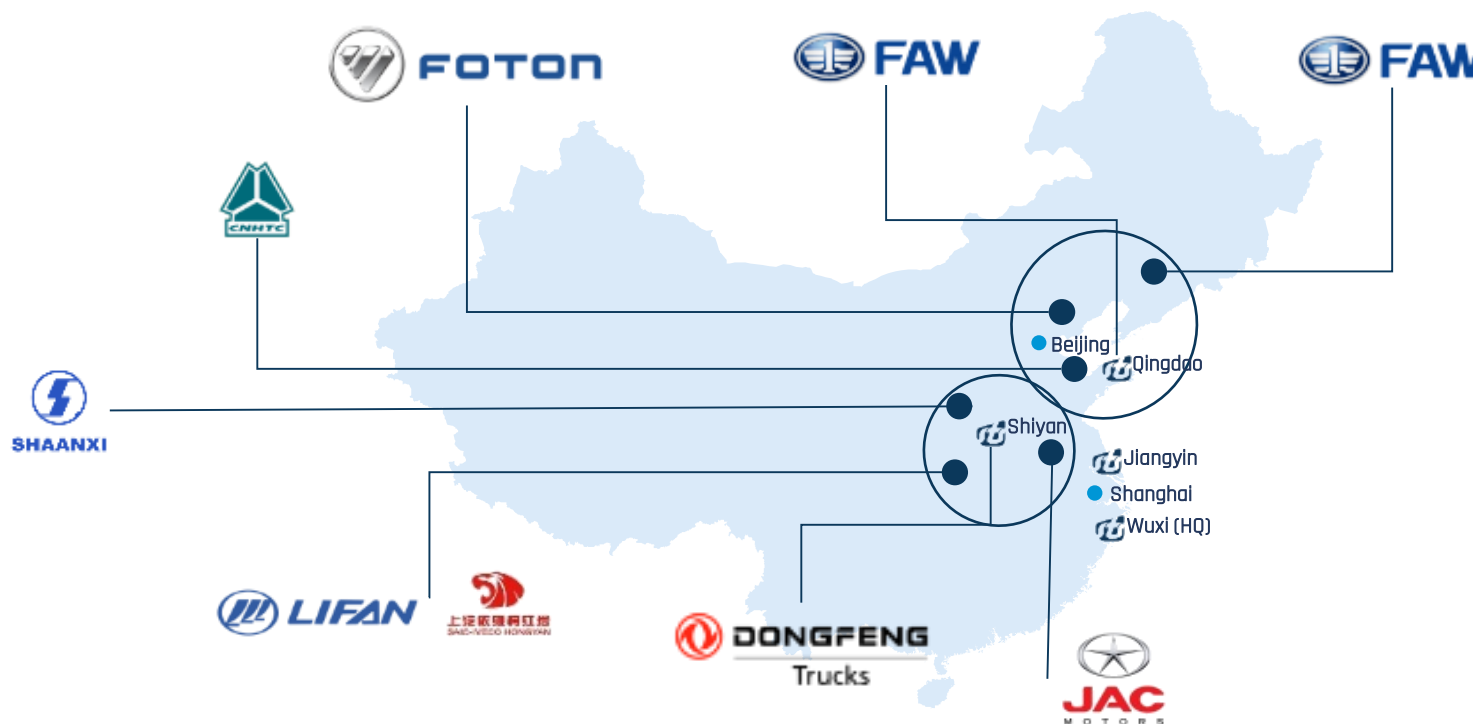
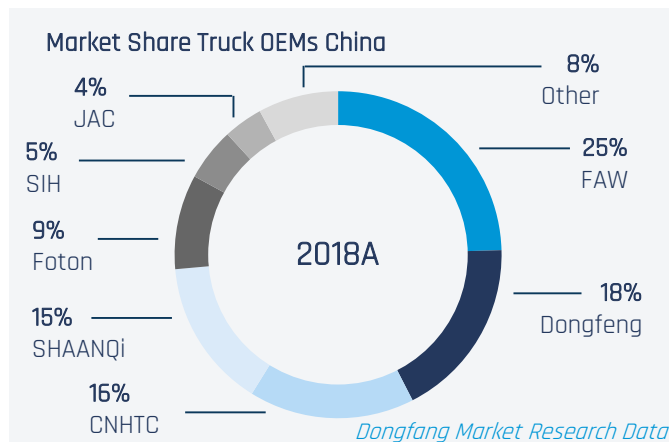


Fully settled footprint to support aspired growth in China

STS currently operates 3 production sites located **strategically in close proximity to Chinese OEMs** in the North and in the South.

Thermocompression represents STS' technology focus in China. However, **injection molding** has been introduced as an additional technology in 2019.

This enables STS to maintain **close relationships with 90% of the local client market** in direct proximity.

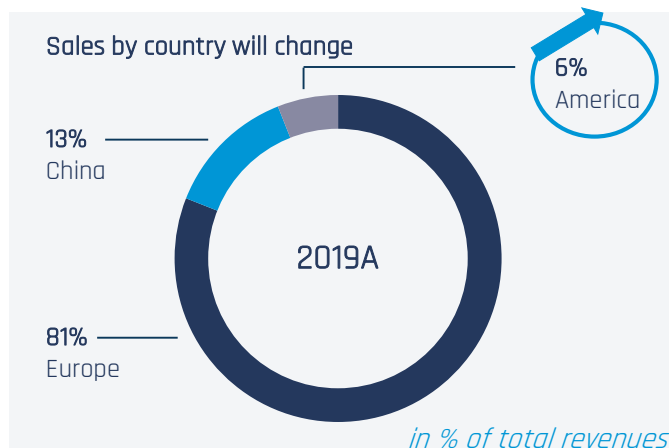
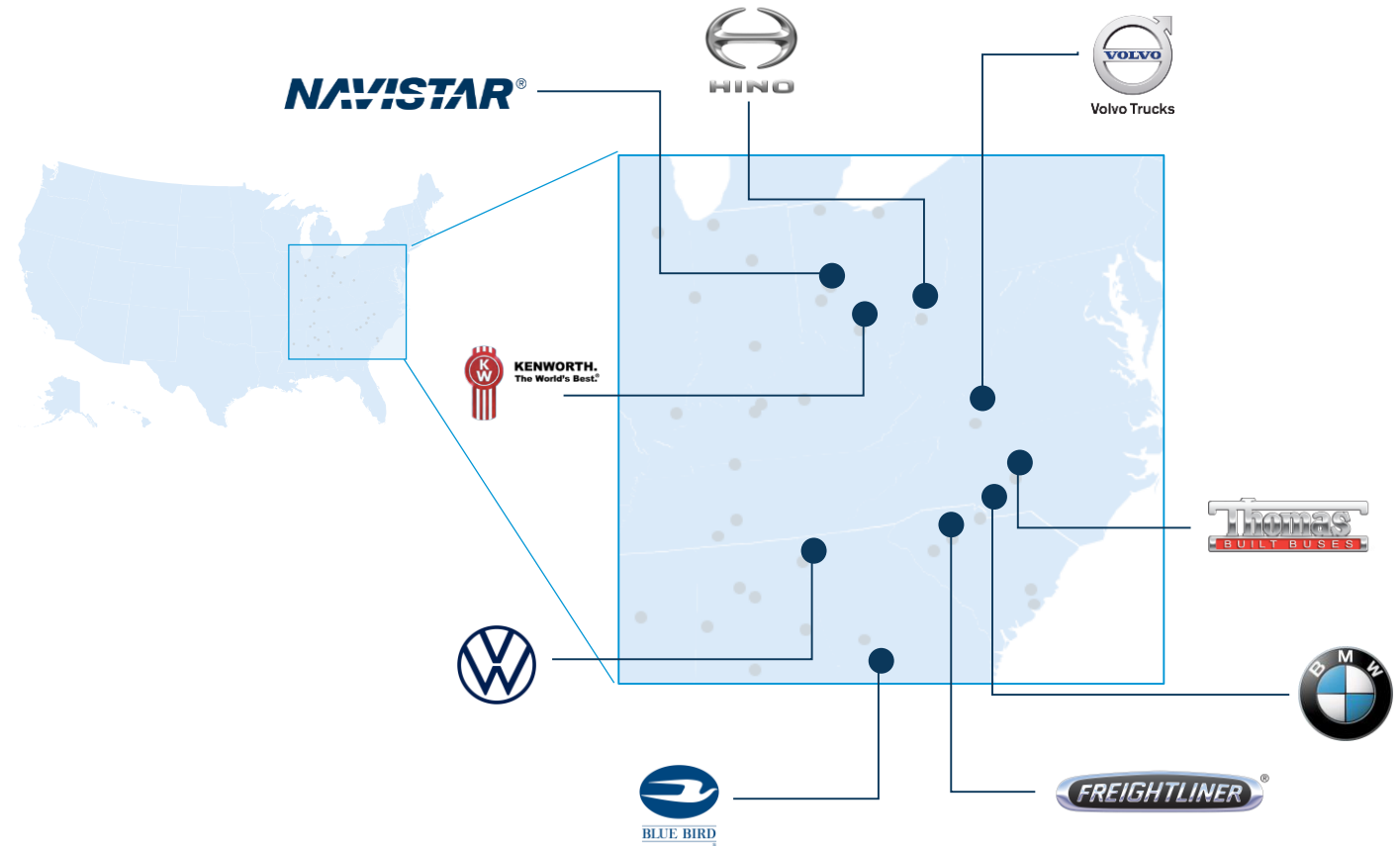


Major contract allows set up of new plant in the USA

STS got awarded by a major international 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 ideally positioned to acquire further orders.



Financial Highlights

FY 2019

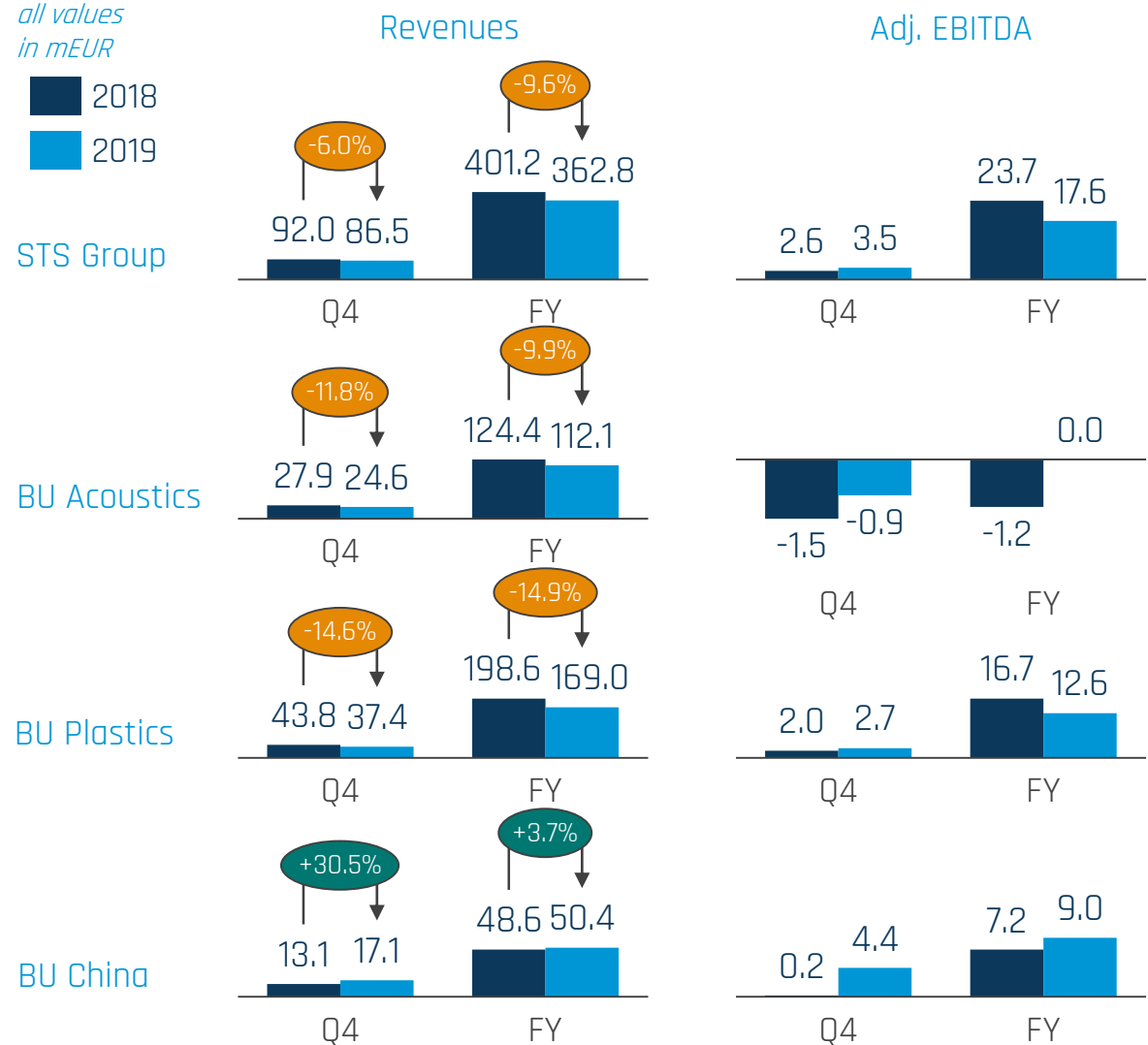




Revenues and adjusted EBITDA on level of revised guidance

all values
in mEUR

■ 2018
■ 2019



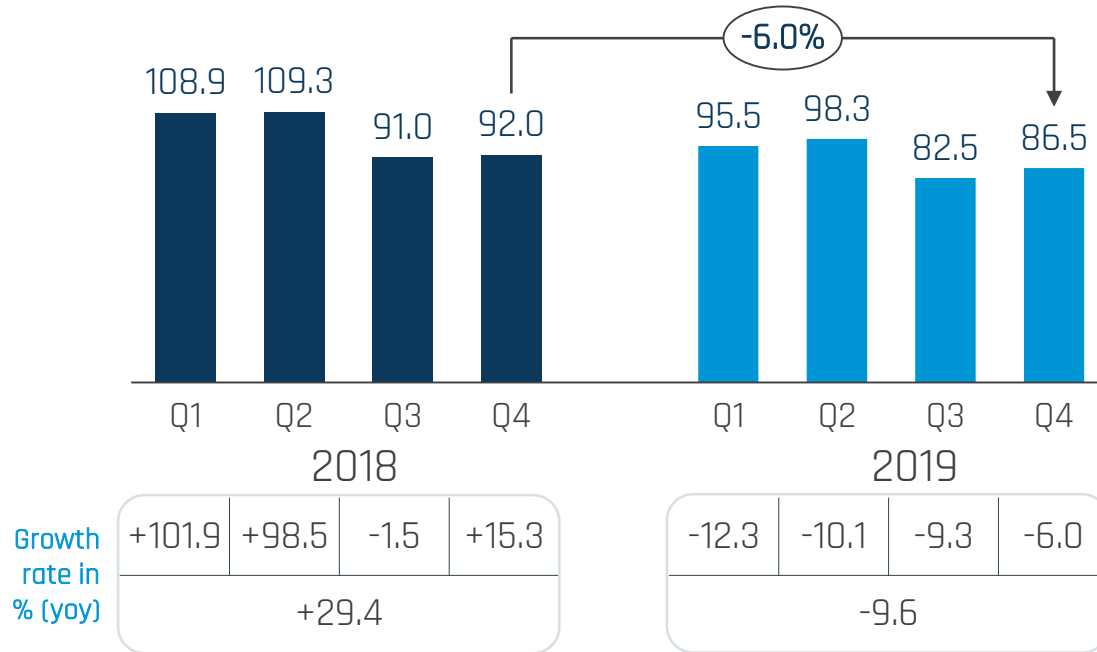
Comments:

- ▶ **Revenues decreased by 9.6% yoy in FY 2019**
 - Significant sales decrease at BU Acoustics and Plastics due to weak European automotive markets (European truck market and Italian LV market)
 - BU China with ar. 4% increase of revenues in 2019, due to strong Q4 2019
- ▶ **Adj. EBITDA 17.6 mEUR, -25.7% versus prior year:**
 - Margin loss due to significantly lower volumes
 - BU Acoustics slightly improved, however still unsatisfactory; profitability of Polish plant improved, but still negative
 - BU Plastics with lower EBITDA contribution driven by volume losses
 - BU China with strong Q4 and excellent profitability (ca. 18% margin)
 - **Adjustments of 3.0 mEUR**, in particular for severance and reorganization

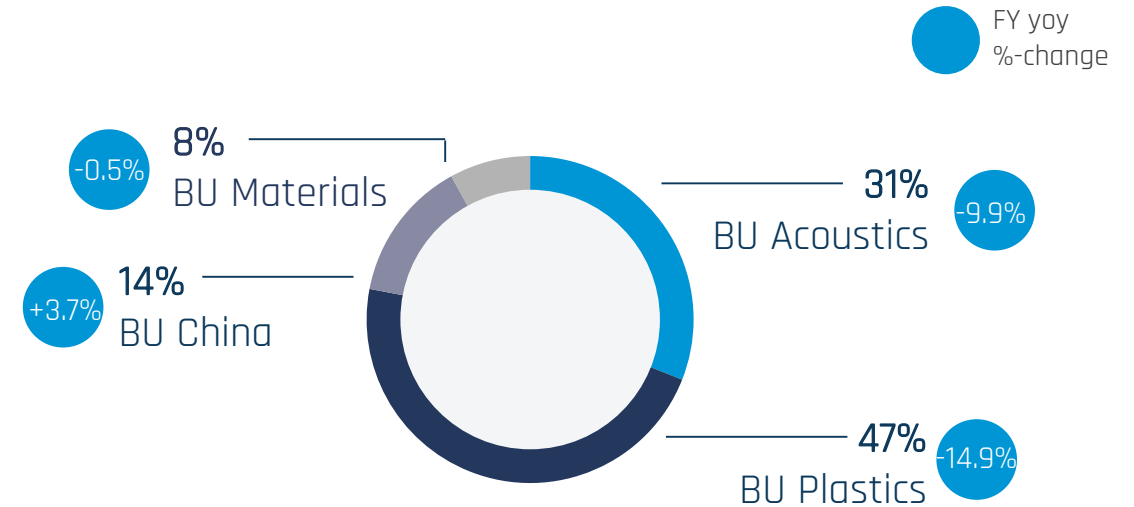


Revenue decline slowed down quarter over quarter

Revenues (in mEUR)



Revenues by segment (in % of total revenues)



Comments:

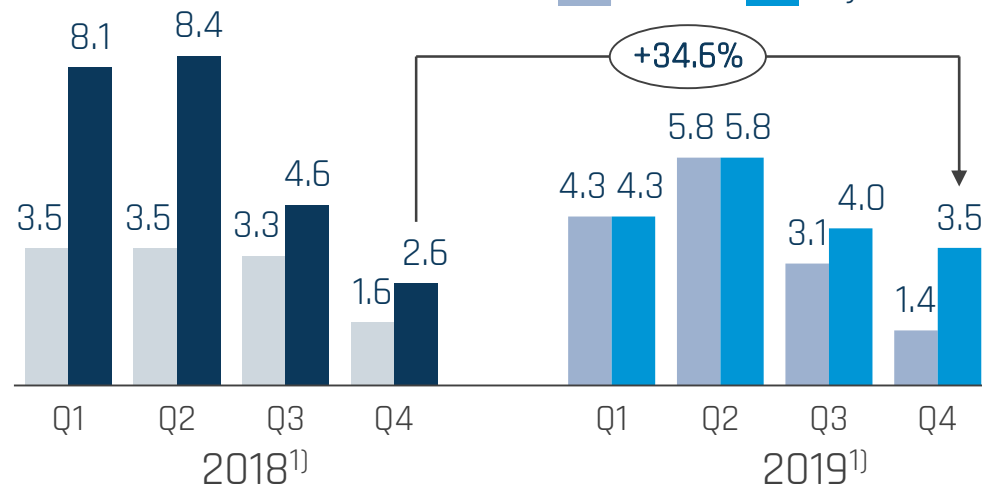
- ▶ Market-driven revenue decline within Business Unit (BU) Acoustics, Plastics and Materials
- ▶ BU China with outstanding topline growth in Q4 2019 (+30.5%) and 3.7% growth for full year 2019



Adjusted EBITDA in Q4 2019 above prior-year quarter

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	4.0
4.9			

Adj. EBITDA Margin (in %)

	Q4 18	Q4 19	FY 18	FY 19
Acoustics	-5.4%	-3.7%	-1.0%	0.0%
Plastics	4.6%	7.2%	8.4%	7.5%
China	1.5%	25.7%	14.8%	17.9%
Materials	4.3%	10.0%	4.8%	6.0%
STS Group	2.8%	4.0%	5.9%	4.9%

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

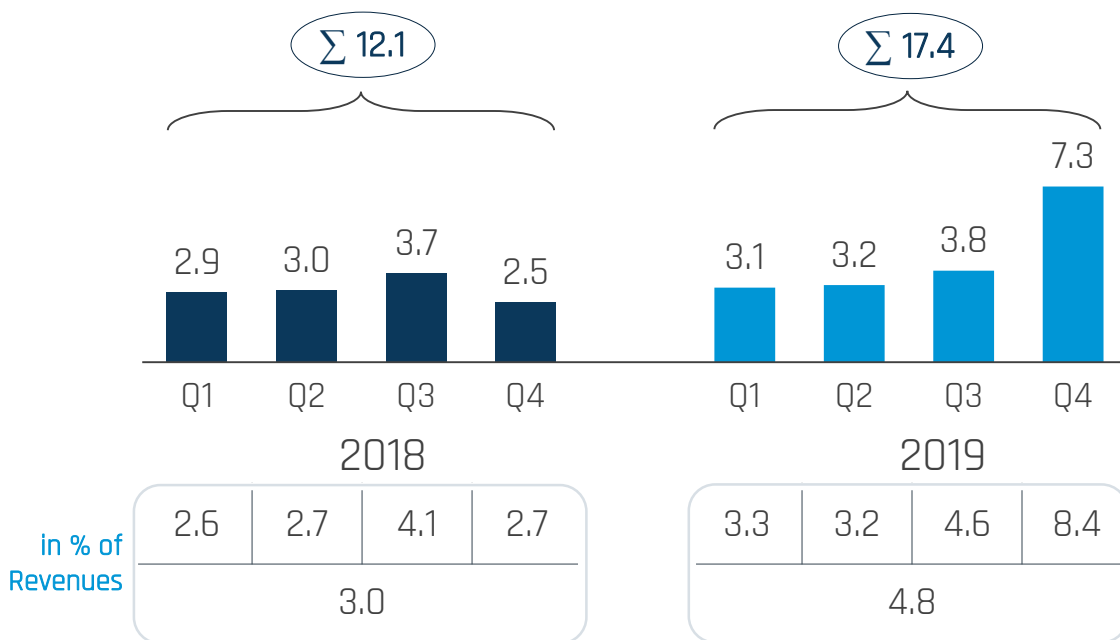
Comments:

- ▶ IFRS 16 impact of ard. 2.1 mEUR in Q4 2019 (FY 2019: 5.7 mEUR), t/o 0.4 mEUR BU Acoustics, 1.3 mEUR Plastics, 0.1 mEUR Materials and 0.2 mEUR China
- ▶ BU China with outstanding profitability in Q4 2019
- ▶ Adj. EBITDA of all BU benefitted in Q4 2019 from true up of management fees from holding

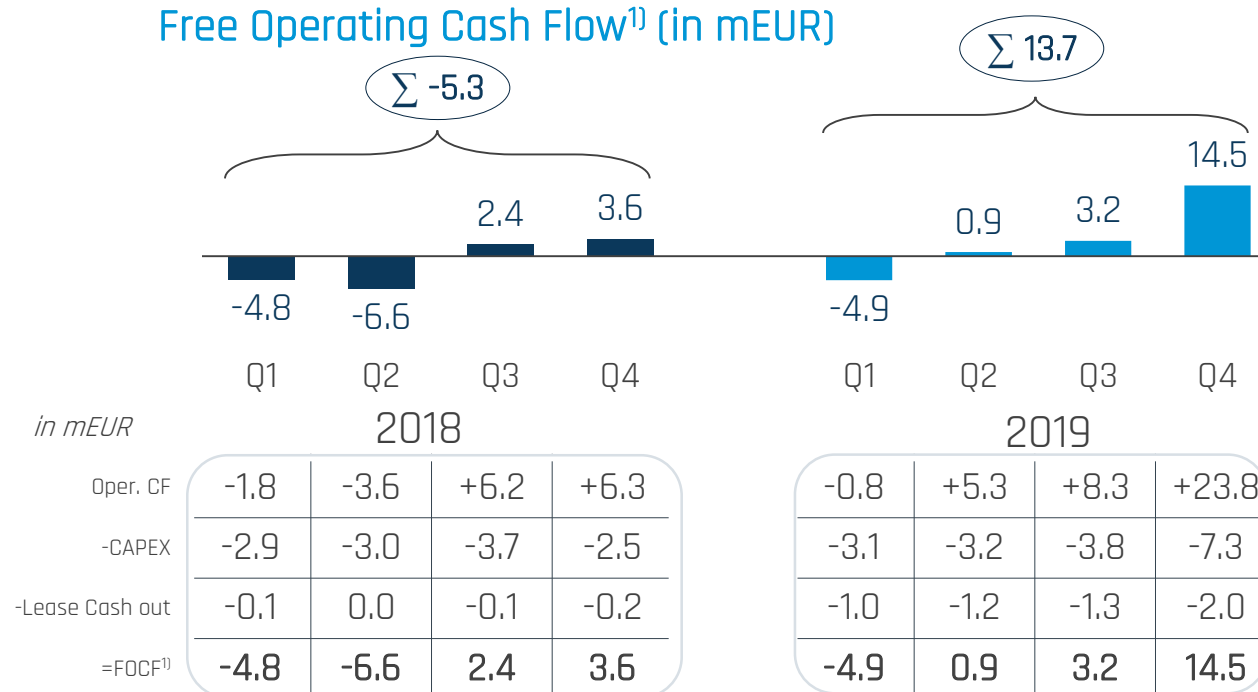


Free Operating Cash Flow significantly improved versus prior-year

CAPEX (in mEUR)



Free Operating Cash Flow¹⁾ (in mEUR)



¹⁾ Cashflow from Operations - CAPEX - Lease cash outs

Comments:

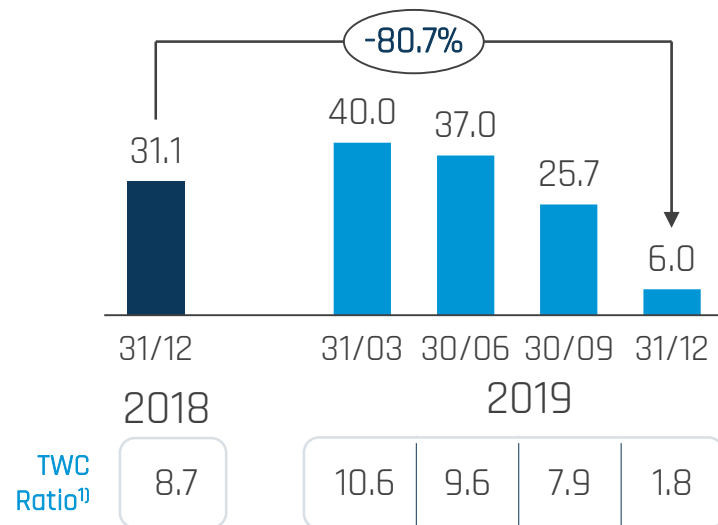
- ▶ CAPEX in Q4 2019 with 7.3 mEUR far above normal quarterly levels due to capitalization of intellectual property related to tooling projects
- ▶ Free Operating Cash Flow in Q4 2019 and FY 2019 significantly improved versus prior-year periods, mainly due to improved working capital performance



Trade working capital (TWC) significantly reduced

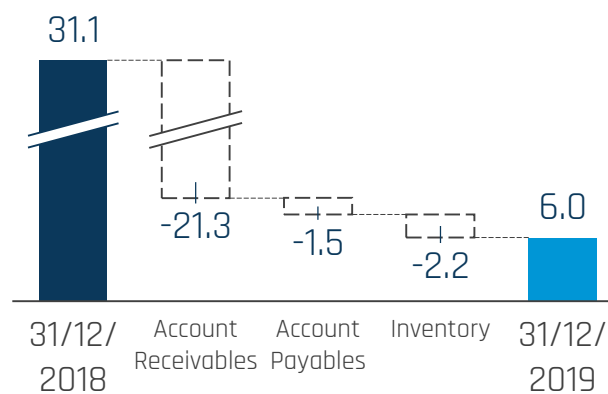
TWC (in mEUR)

w/o Tooling Working Capital



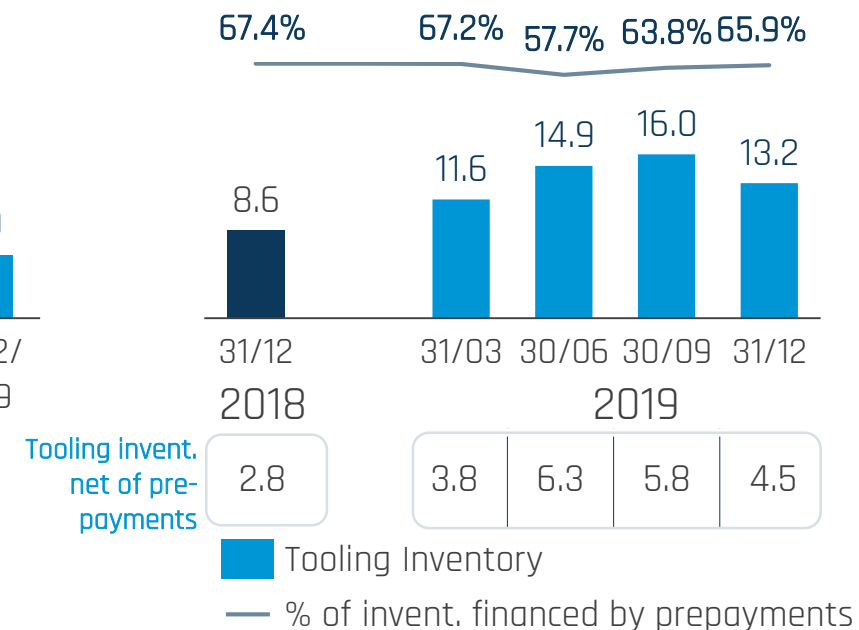
TWC Bridge (in mEUR)

w/o Tooling Working Capital



Tooling Working Capital (in mEUR)

not included in TWC



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

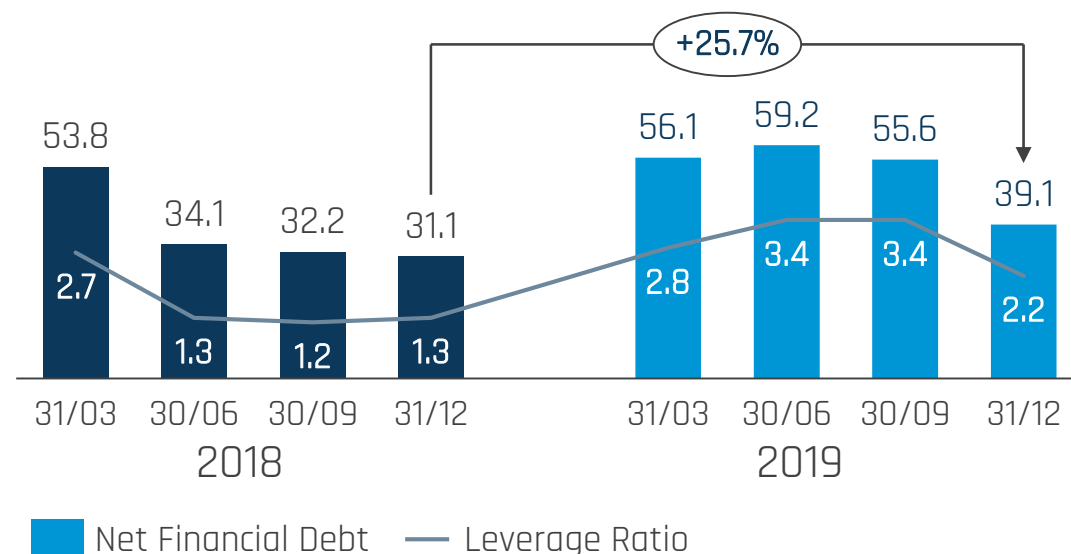
Comments:

- ▶ Significant decrease of TWC since March 2019
- ▶ Built-up of tooling inventory for new projects in 2019, in particular in BU Plastics



Leverage ratio of 2.2 as per end of Q4 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	31/12
Bank loans	16.4	15.4	14.9	13.9	16.7	15.5	14.0	12.4
Third party loans	7.9	7.4	7.5	9.0	8.8	8.5	7.9	7.7
Recourse factoring	37.2	41.2	36.0	36.2	36.1	38.1	30.4	12.1
Leasing liabilities	0.9	1.0	2.7	3.2	22.7	25.8	24.8	24.1
Financial Debt	62.4	65.0	61.1	62.3	84.4	87.9	77.1	56.3
Cash & Cash equiv.	8.6	30.9	28.9	31.2	28.3	28.7	21.5	17.2
Net Financial Debt	53.8	34.1	32.2	31.1	56.1	59.2	55.6	39.1
LTM Adj. EBITDA last 12 months	19.6	25.4	27.0	23.7	19.9	17.3	16.2	17.6

Comments:

- ▶ Net Financial Debt (including leasing liabilities) as of December 31, 2019: 39.2 mEUR
- ▶ Leverage ratio as of December 31, 2019 on a solid level of 2.2



Key Financials

<i>in mEUR / %</i>	Q4 2018	Q4 2019	<i>var. in %</i>	FY 2018	FY 2019	<i>var. in %</i>
Revenues	92.0	86.5	-6.0%	401.2	362.8	-9.6%
EBITDA	1.6	1.4	-12.5%	11.9	14.6	+22.7%
EBITDA Margin	1.7%	1.6%	-10 bps	3.0%	4.0%	+100 bps
Adj. EBITDA	2.6	3.5	+34.6%	23.7	17.6	-25.7%
Adj. EBITDA Margin	2.8%	4.0%	+120 bps	5.9%	4.9%	-100 bps
EBIT	-1.6	-5.8	>-100%	-1.3	-6.5	>-100%
EBIT Margin	-1.7%	-6.7%	-500 bps	-0.3%	-1.8%	-150 bps
NET Income	-1.90	-7.20	>-100%	-4.8	-12.1	>-100%
EPS <i>(in EUR)</i>	-0.48	-1.21	>-100%	-1.20	-2.03	-69.2%
CAPEX	2.5	7.3	>+100%	12.1	17.4	+43.8%
FOCF ¹⁾	3.6	14.5	>+100%	-5.4	13.7	>+100%
Cash & Cash Equiv.	n/a	n/a	n/a	31.2 (as of 31/12)	17.2 (as of 31/12)	-44.9%
Net Financial Debt ²⁾	n/a	n/a	n/a	31.1 (as of 31/12)	39.1 (as of 31/12)	-25.7%

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

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

Outlook 2020





Current status in the COVID-19 crisis



AMERICAS

COVID-19 pandemic reached also North and South America

Plant in Brazil currently closed and Mexico plant partially closed

No production in USA yet

EUROPE

All plants in Europe are closed since CW 12

Short-time work has been implemented in all plants in Italy, France and Germany

Expected reopening between CW17 and CW 18 with gradual ramp-up

CHINA

Wuhan lockdown has been fully released since April 8th

All plants reopened with currently high work load in China

Plants were closed from CW6 for two to six weeks

Several measures applied to counteract actual situation

- Short-time work has been applied in all plants (also for central functions)
- Use of various government support measures
- Application for government funded loans
- Preparation of reopening (insurance supply chain) and health insurance of employees
- Overall strict cost management



High uncertainties due to COVID-19

- only comparative guidance for 2020



FY 2020 Guidance (April 9, 2020)

Due to high uncertainties because of actual developments related to COVID-19 pandemic, the management is only able to give a comparative guidance for FY 2020



Below previous year
(2019: 363 mEUR)



Decreasing Adj. EBITDA margin
(2019: 4.9%)

Capital Market





Upcoming conferences and relevant publications in 2020

APRIL 28/29, 2020	MKK Munich Capital Market Conference, Munich
MAY 13, 2020	Publication of Quarterly Report (Q1)
JUNE 18, 2020	Quirin Champions Conference, Frankfurt am Main
JUNE 23/24, 2020	CF&B 15th Spring European Midcap Event, Paris
JUNE 30, 2020	Frühjahrskonferenz, Frankfurt am Main
JULY 14, 2020	Annual General Meeting
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

Q&A Session





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.

This presentation includes references to non-IFRS financial measures, including, but not limited to: FOCF, EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, EBIT, EBIT margin, capital expenditure as percentage of revenue, other operating income, net financial debt, and trade working capital. We have provided these measures and other information in this presentation because we believe they provide investors with additional information to assess our performance. Our use of these supplemental financial measures may vary from others in our industry and should not be considered in isolation or as an alternative to our results as reported under IFRS.

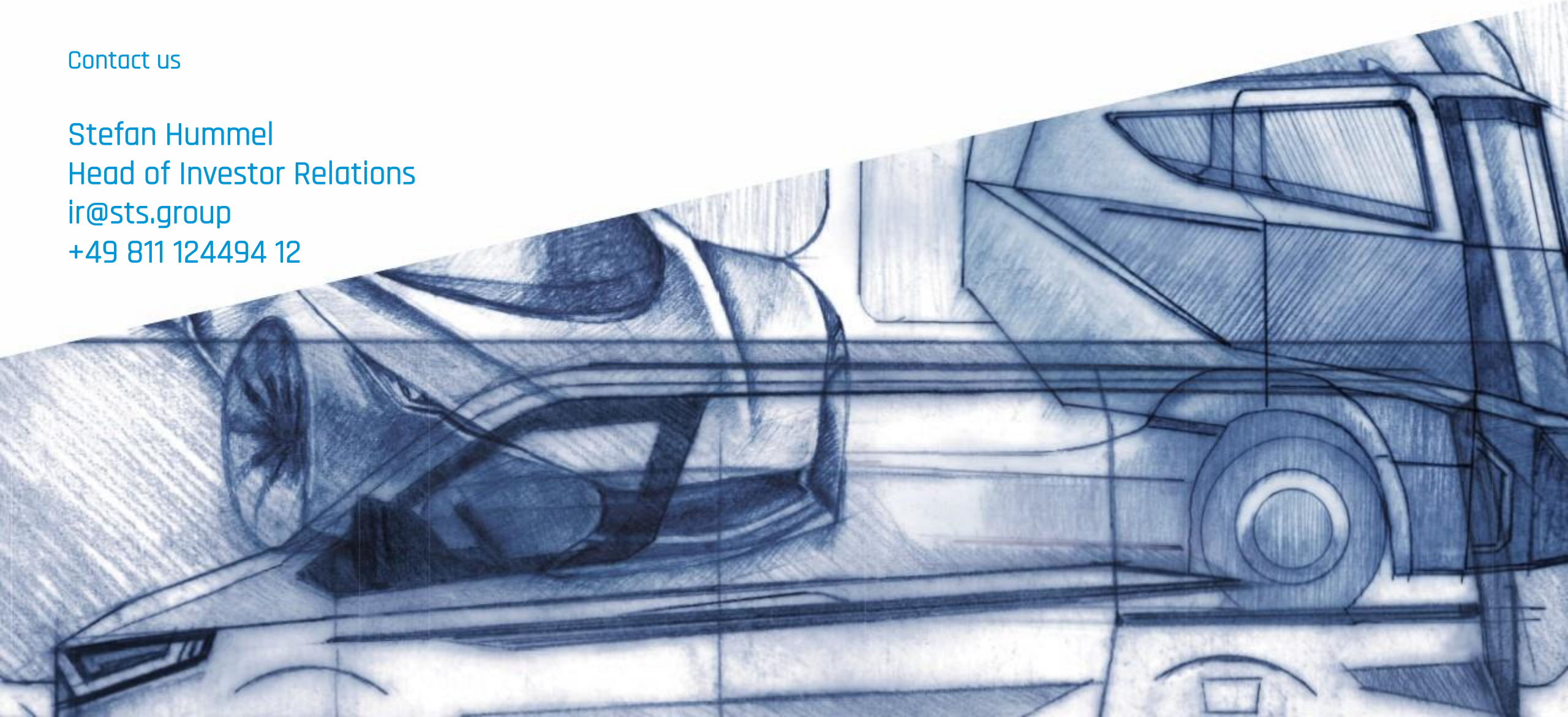
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Thank you for your attention!

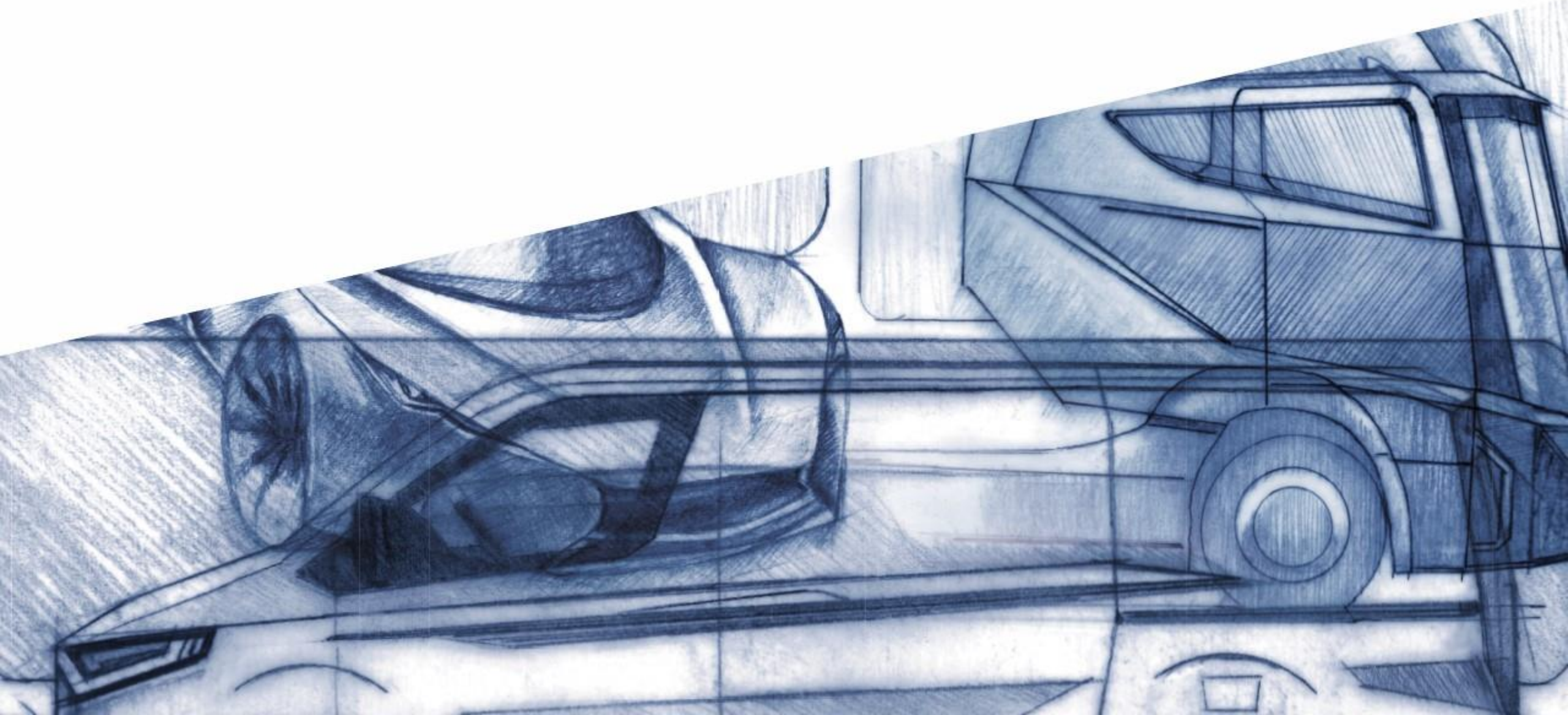


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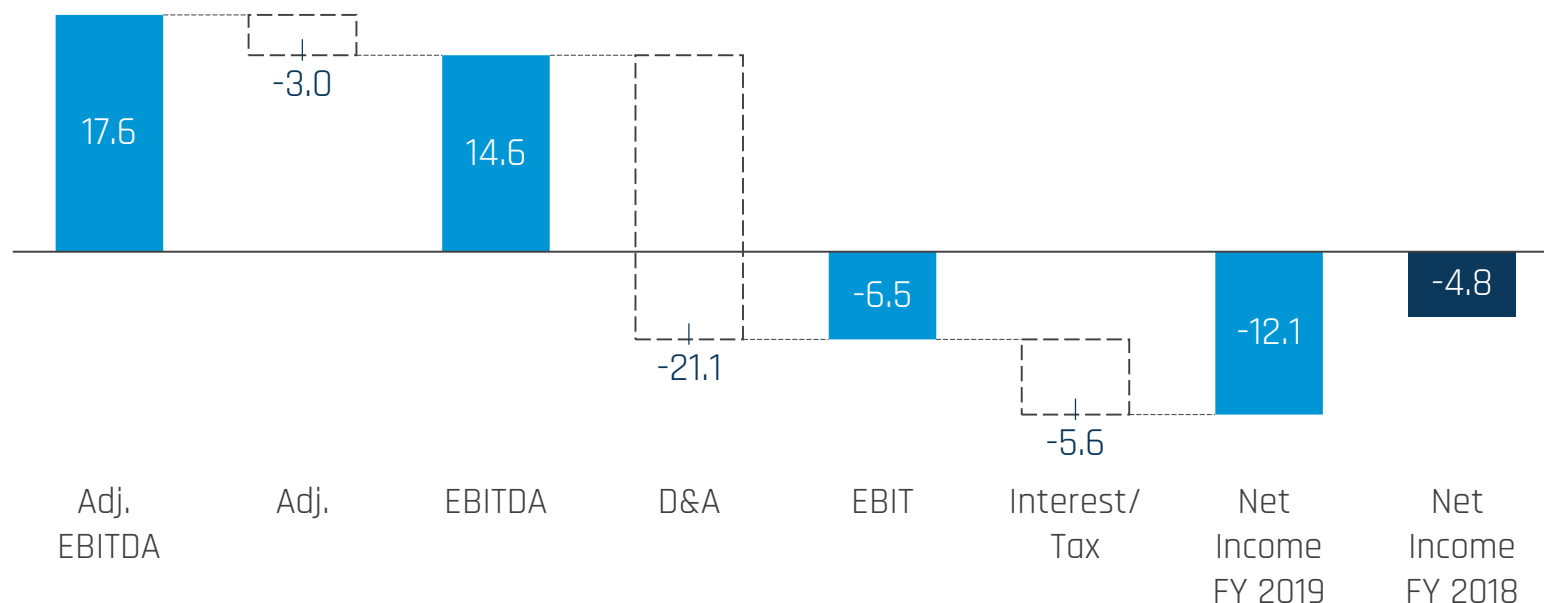
Appendix





Net income -12.1 mEUR in FY 2019 significantly below prior year

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



Comments:

- ▶ D&A increased compared to previous year due to IFRS 16 impact and one-off depreciations
- ▶ Net income lower compared to prior-year period, particularly due to decline in EBIT and higher net financial expense

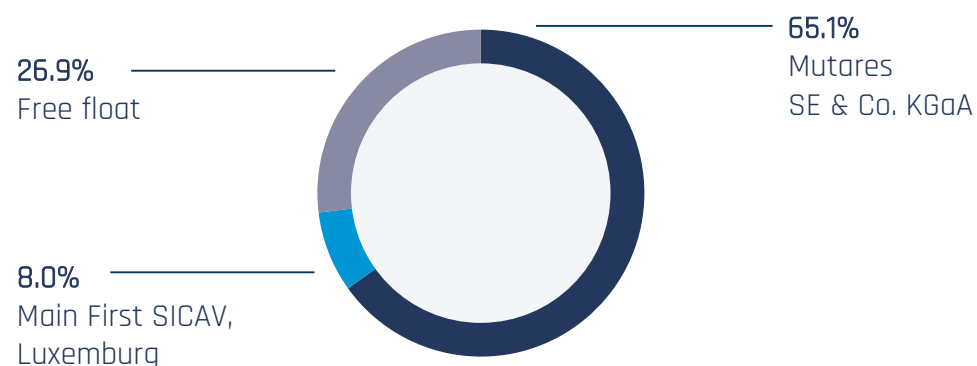


Automotive market development puts pressure on share

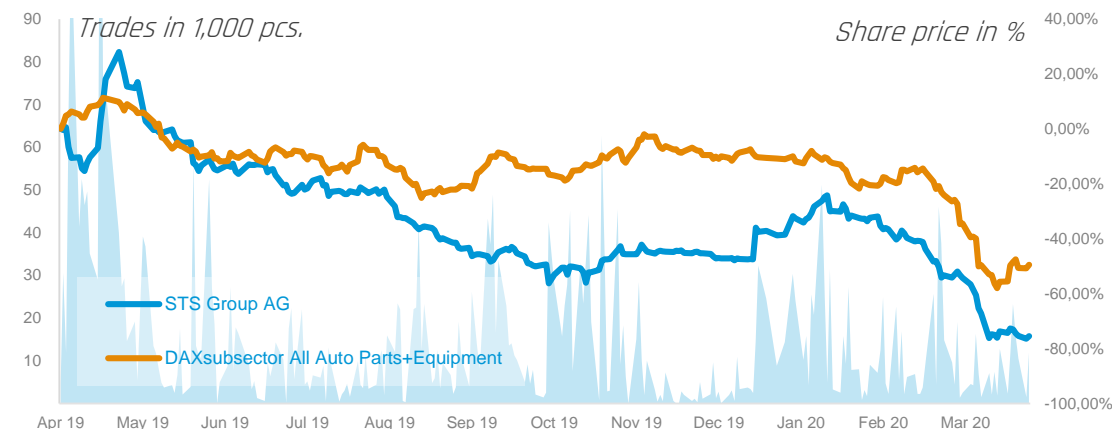
Share information

ISIN	DE000A1TNU68
Number of Shares	6,000,000
Market Cap (31/03/20)	13.4 mEUR
Designated Sponsoring	Hauck & Aufhäuser Privatbankiers AG mwb fairtrade Wertpapierhandelsbank AG

Shareholder structure



Share price last 12 months (Xetra)



Analyst Recommendations

Date	Publ.	Target	Rec.
12/03/2020	SMC Research	7.50 EUR	Speculative Buy
10/03/2020	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