

Investor Presentation

STS Group AG

Status Q4 2020

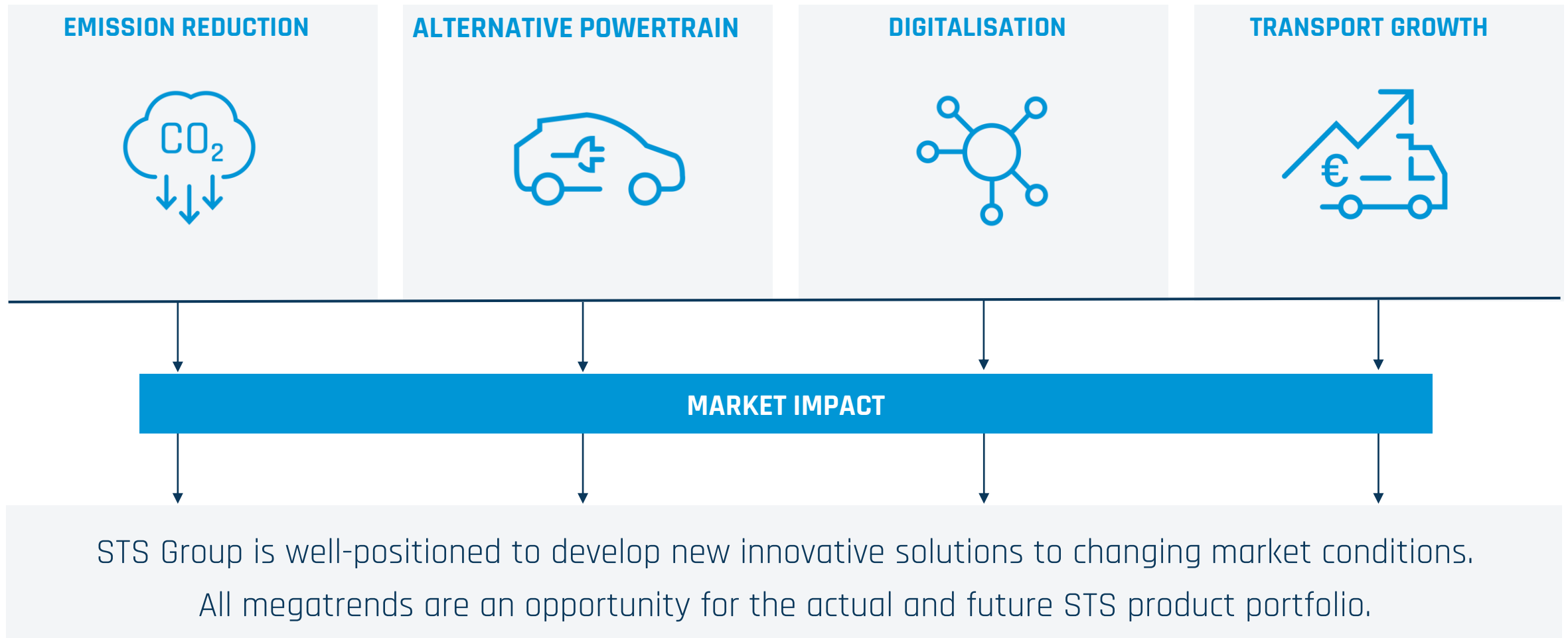


**We are the preferred global plastic
and composite solution provider
for transportation systems when it
comes to design, comfort and
efficiency!**

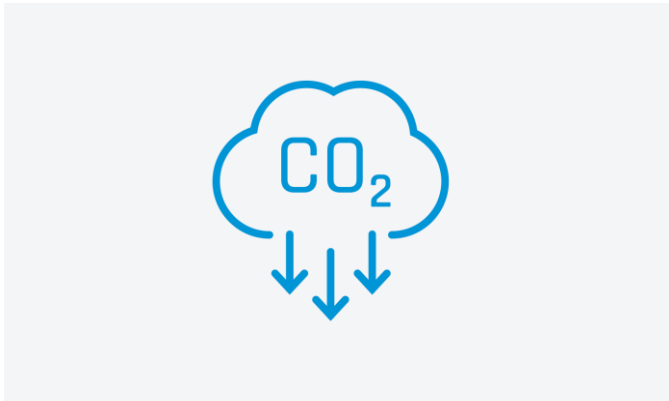
STS Group



STS Group is excellently positioned to tackle the megatrends



Megatrend – Emission reduction



MEGATREND MARKET IMPACT

- New regulations for emission reduction in Europe (EUR06) and China (CHINA6)

WHAT CAN STS DO?

- Reduce total weight of the vehicle with lightweight solutions, by replacing metal with plastics
- Improve aerodynamics of vehicles

PRODUCT SOLUTIONS (examples)

- Entire exterior trim solutions for commercial vehicles (e.g. modules for roof, spoiler, front and side panels)

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

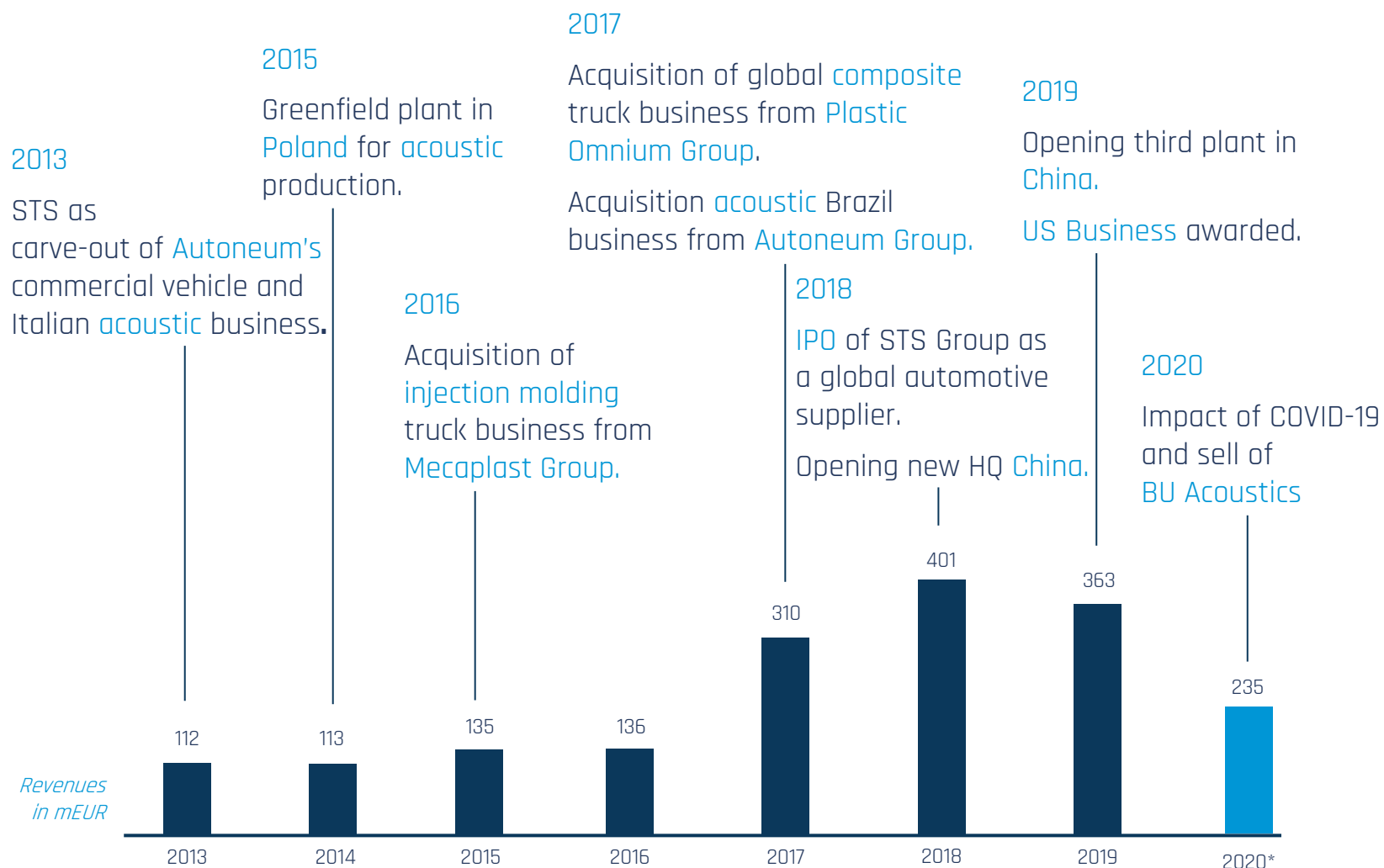
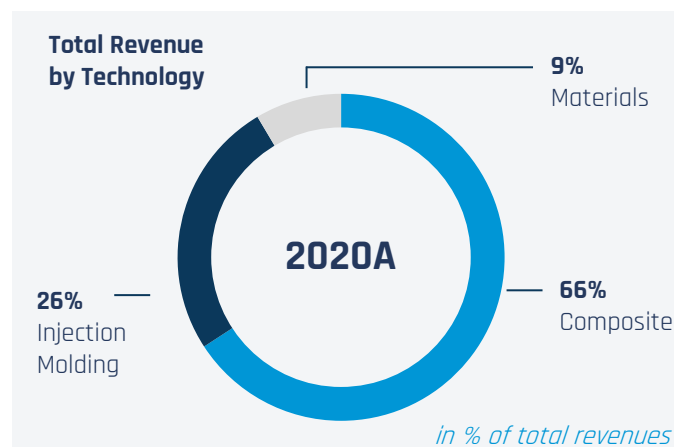
STS Group at a glance





Current year impacted by transformation of STS Group

Current year mainly impacted by COVID-19 pandemic and the **disinvestment** of the **BU Acoustics** activities, with new focus on injection molding and composite business.



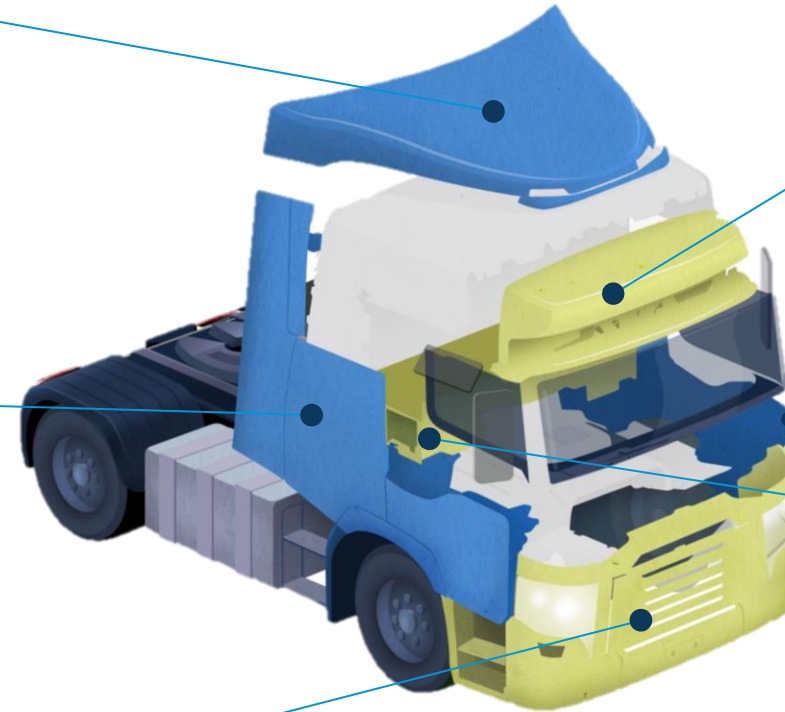
*without Acoustics for FY

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:

- Front and side modules
- Roof spoiler
- Storage modules
- Tailgate
- Cover for battery systems



■ Composites ■ Injection Molding

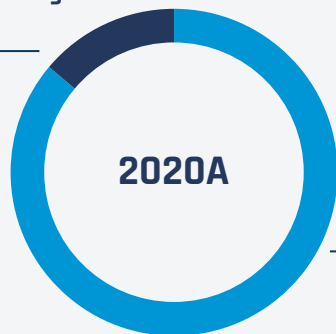


Diversified global customer portfolio

STS Group is strategic partner for major part of global commercial vehicle OEMs, as well as for the emerging eVehicle producers.

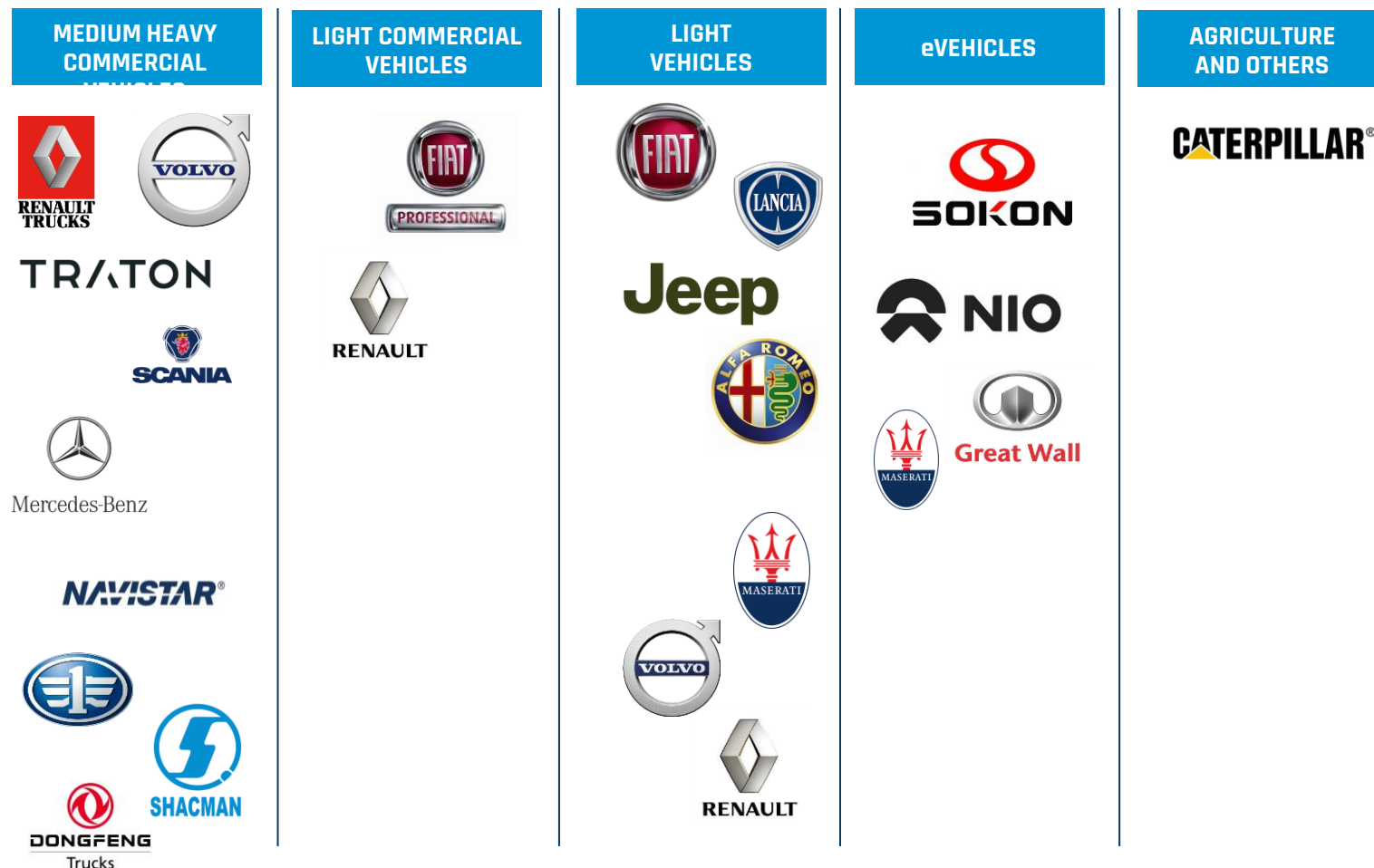
Total Revenues
by customer segment

14%
Light &
electric
vehicle



86%
MHCV

in % of total revenues

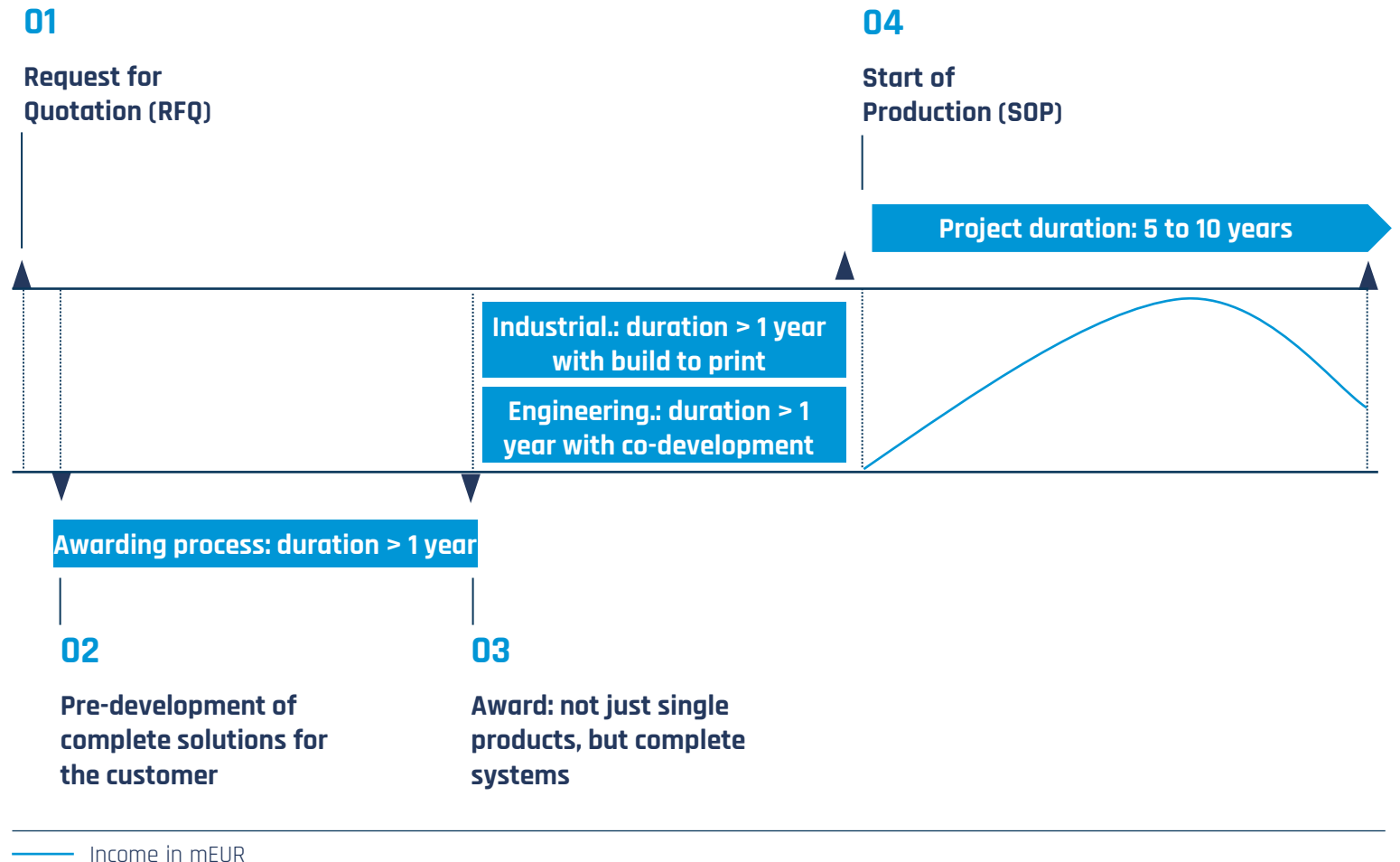




Long-term project life cycles

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 and own material

HIGH VERTICAL INTEGRATION

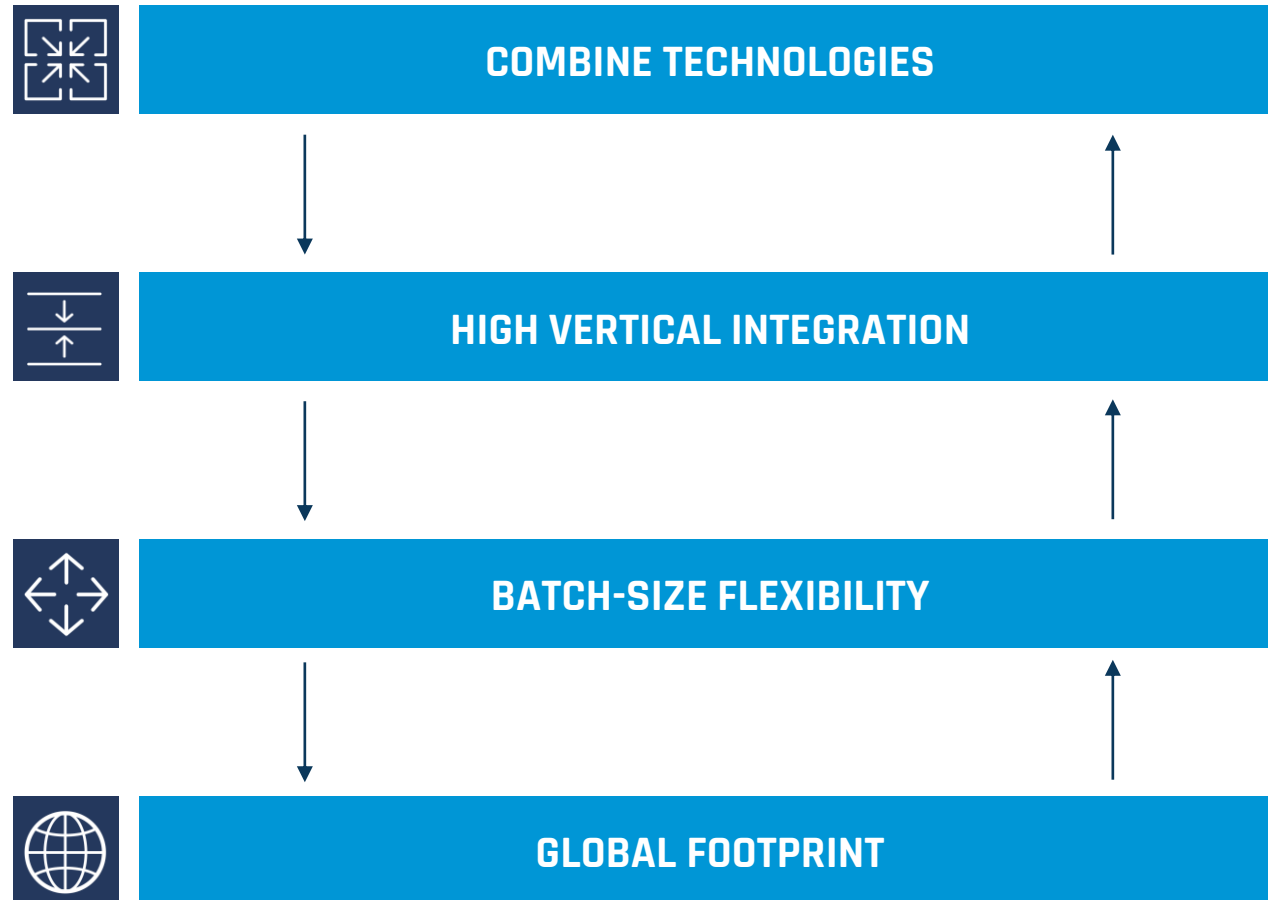
Vertically integrated production from semi-finished goods to complete systems

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

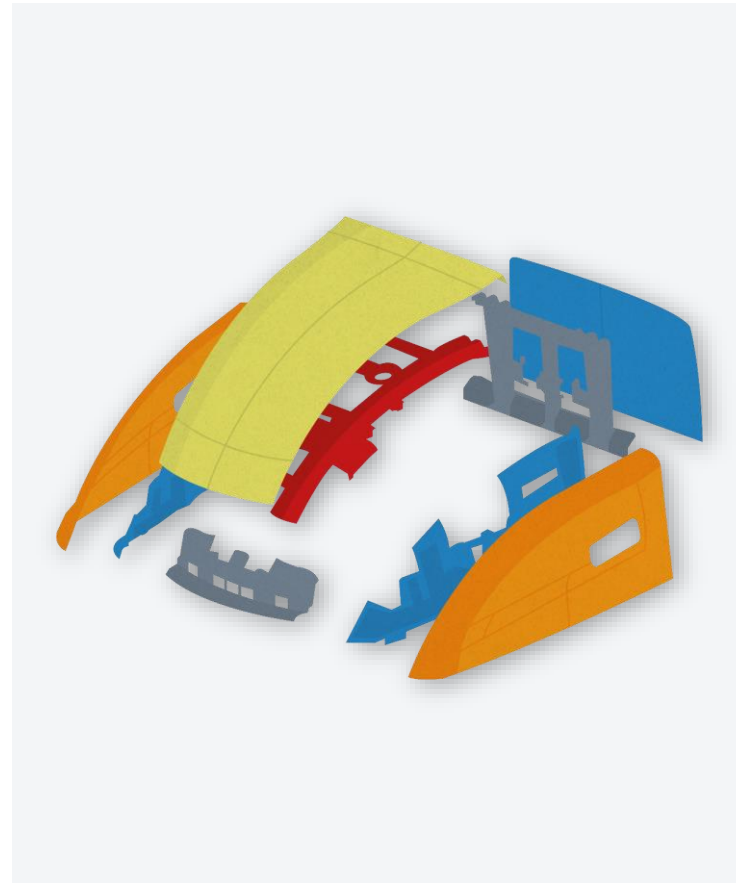
- Injection molding technology
 - Composite component production
- and to offer complete systems to the customer.

Global truck market trends towards global system suppliers.

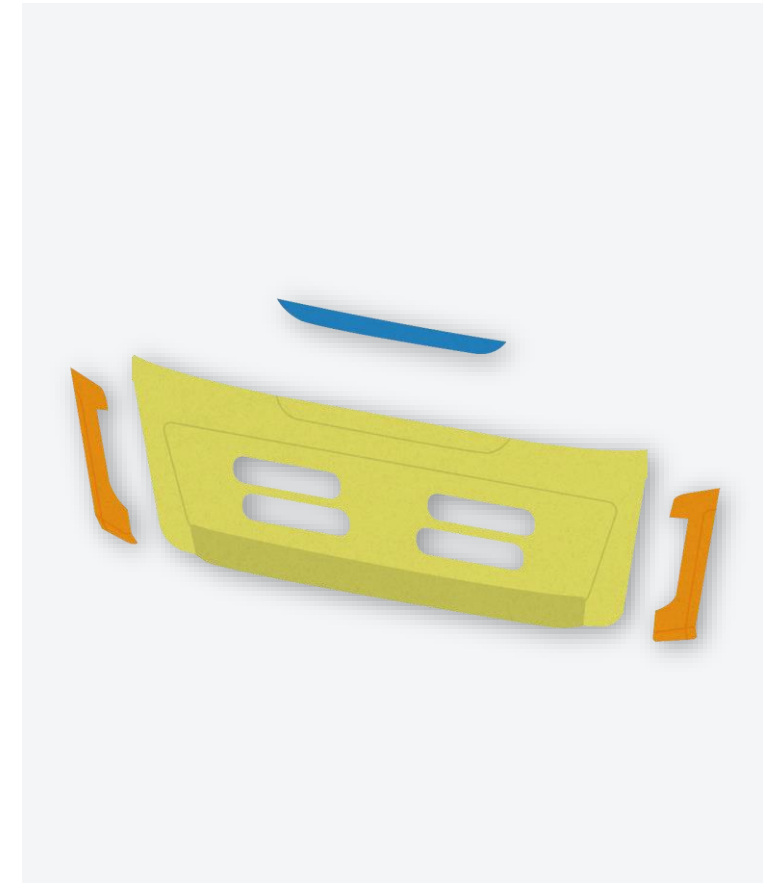
Interior and Exterior systems



COMPLETE ROOF SPOILER SYSTEM



COMPLETELY ASSEMBLED FRONT MODUL



Vertical integration

Vertical integration production process sets STS Group apart from their competitors.

The high vertical integration and ability to combine technologies means STS can offer a complete service. The know how and experience is the source to create innovative and competitive solutions.

High vertical integration gives STS Group the edge when it comes to research and development.

Composite components (SMC, BMC, AMC)

RAW MATERIAL



Glass fiber
Resins



SEMI FINISH



Production of
glass fiber
reinforced molding



MOLDING



Thermo-
compression



FINISHING



Machining
Painting
Assembly

Injection molded components

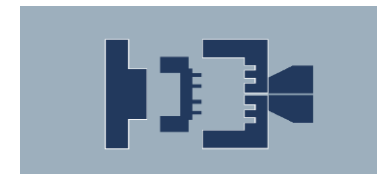
RAW MATERIAL



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



MOLDING



Injection molding



FINISHING



Machining
Painting
Assembly



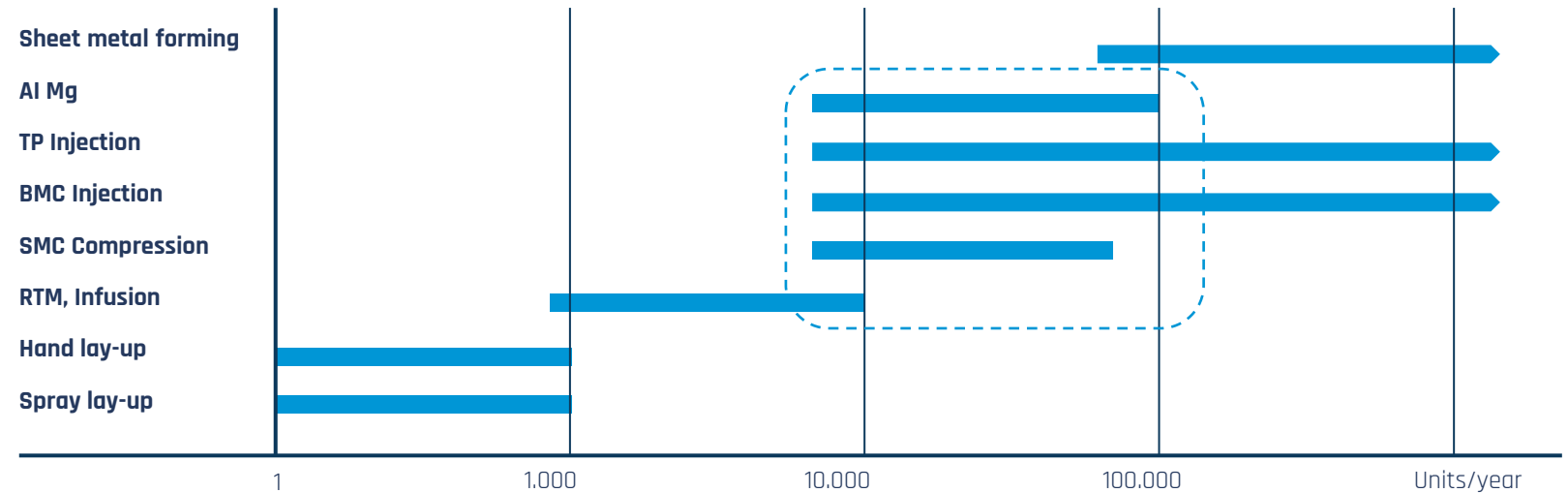
↔ Batch-size flexibility

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.

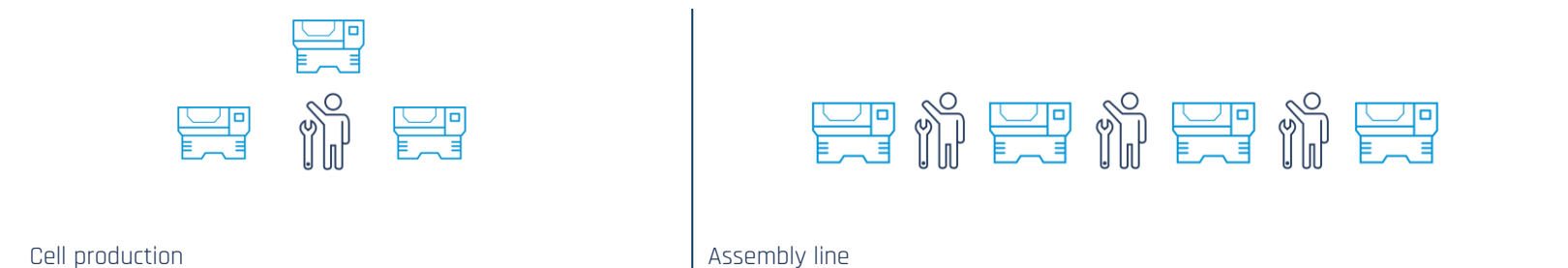
STS is competitive in medium series sizes which is likely to be the future trend of electric vehicles.

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



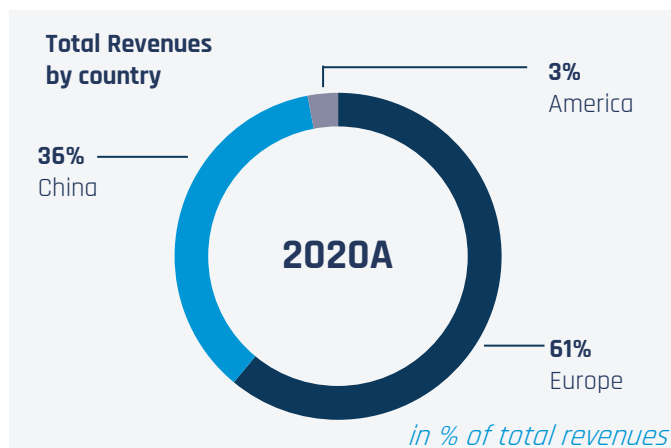


Global footprint

STS Group has operations in 4 continents with about 1,600 employees.

STS Group has 8 production plants and 4 logistic/service plants.

With the 3 R&D centers in France and China, STS Group supports its customers already with the development of new products.



FRANCE

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

USA

- Wythe County, Virginia

MEXICO

- Ramos

GERMANY

- Hallbergmoos HQ
- Kandel

CHINA

- Wuxi HQ
- Qingdao
- Shiyao
- Jiangyin

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

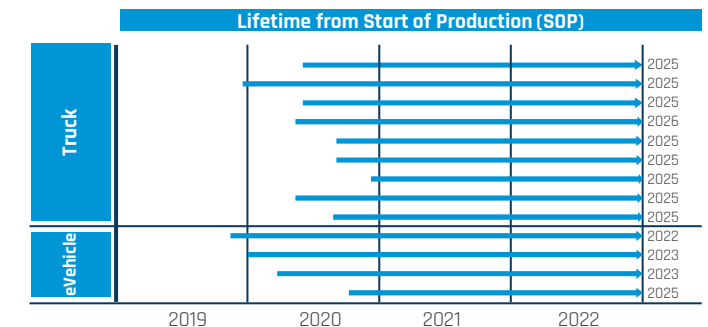
- Double current sales volume in the mid-term
- Growth in market share with existing customers
- Expansion of the eMobility business



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

Award of >130 mEUR order intake (life-time volume)

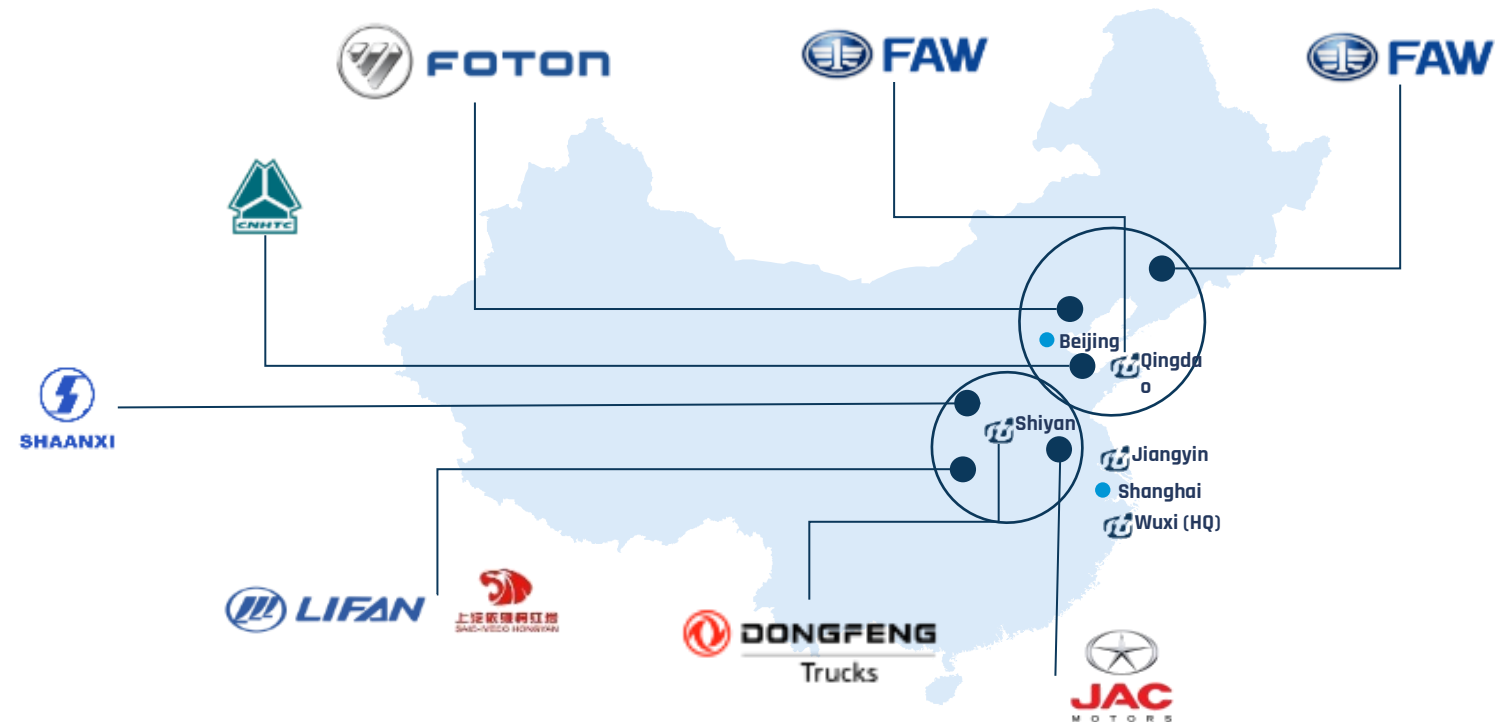
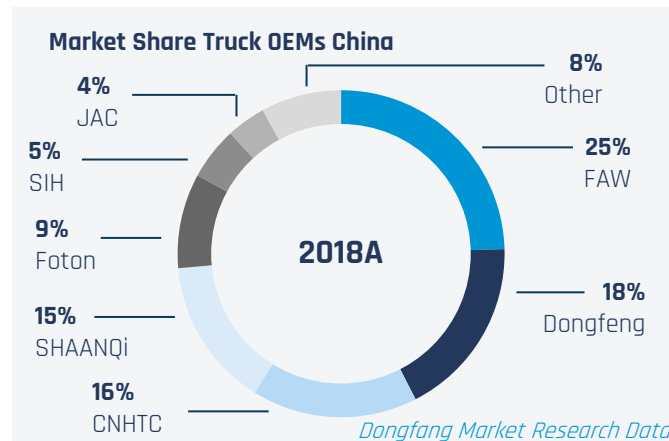


Fully settled footprint to support aspired growth in China

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.



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



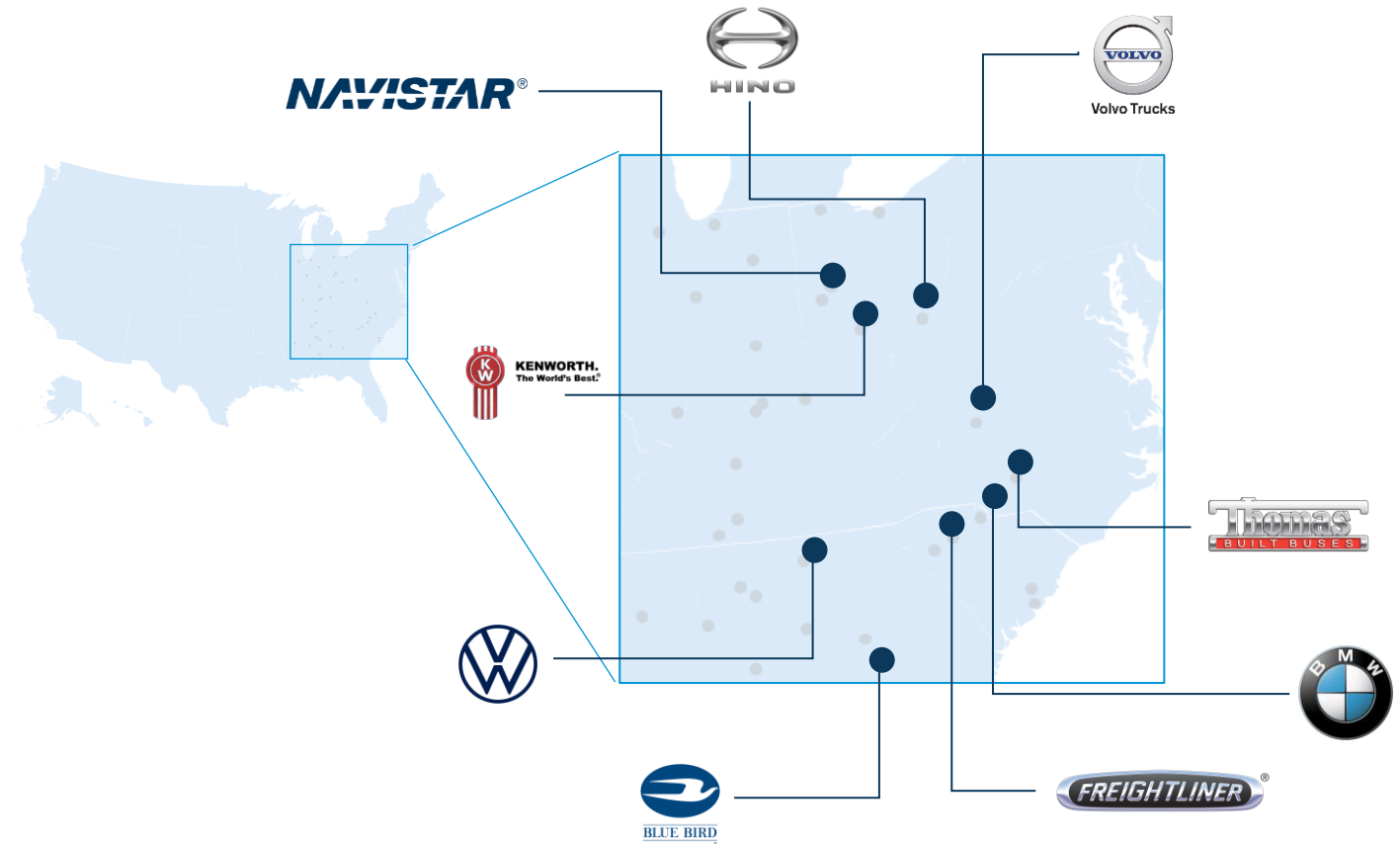
+120% more revenue per vehicle for long-nose trucks

Major contract allows set up of new plant in the USA

STS got awarded by a major 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.

It is planned to set up a **greenfield plant in Wythe County, Virginia (USA)**, to be 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



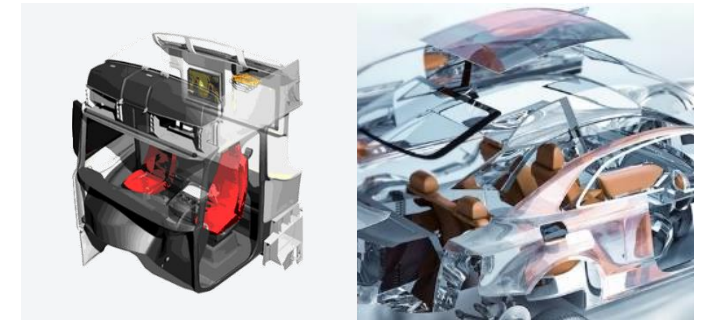
OBJECTIVES

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



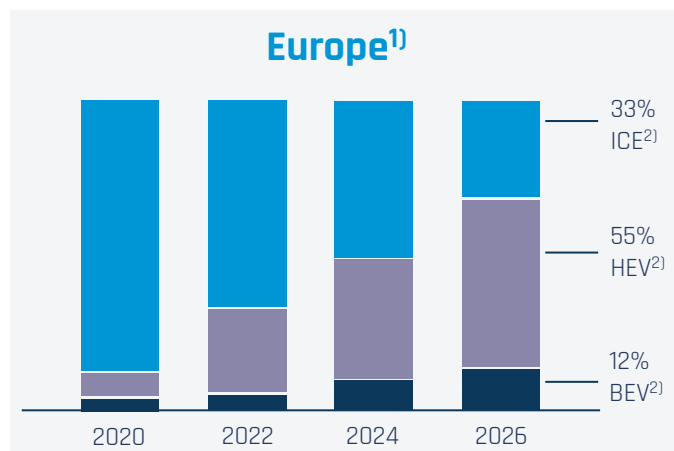
THE ROAD TO SUCCESS

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

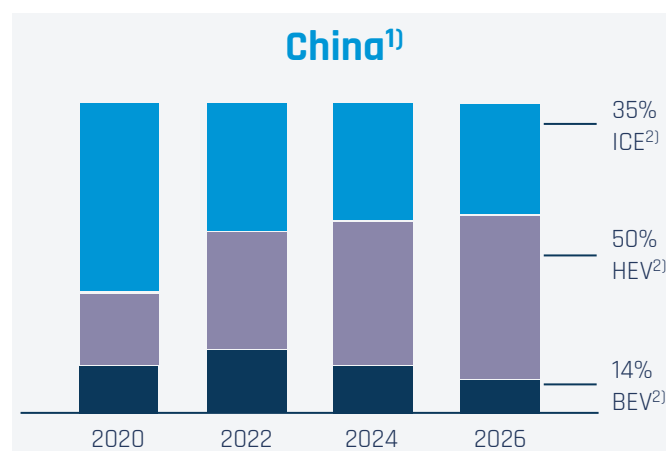




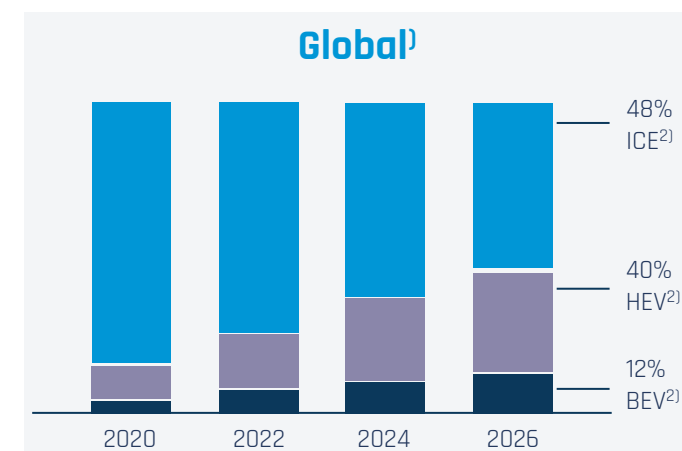
eVehicle development within the next years



- 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. 64% 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. 52% in 2025

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

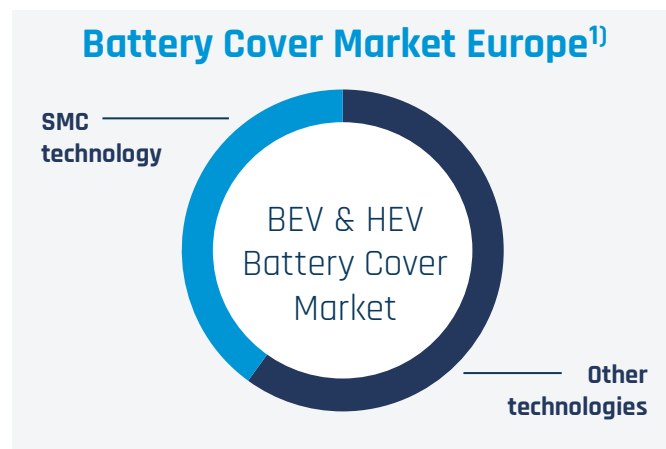
²⁾ ICE: internal combustion engine / HEV: hybrid electric vehicle / BEV: battery electric vehicle



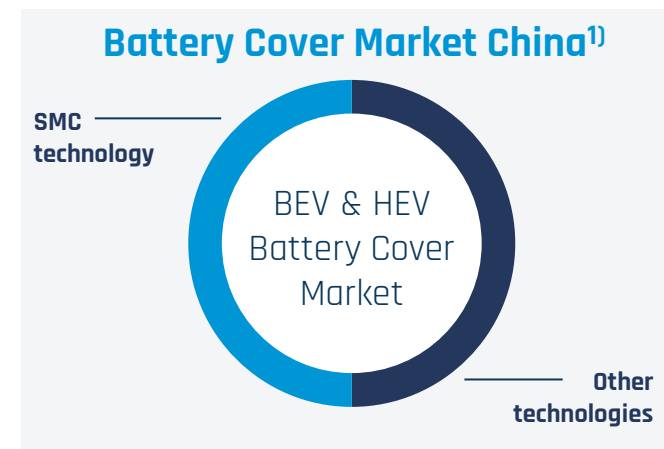
Significant sales potential with battery covers

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

Financial Highlights

FY 2020





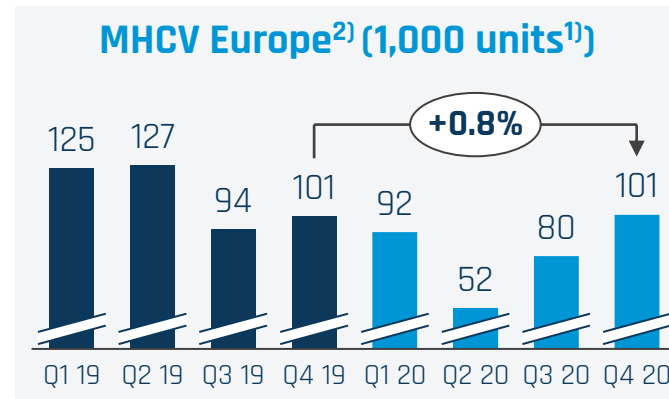
Development of relevant automotive markets

European market heavily impacted by COVID-19 related plant closures of all OEMs in March and April.

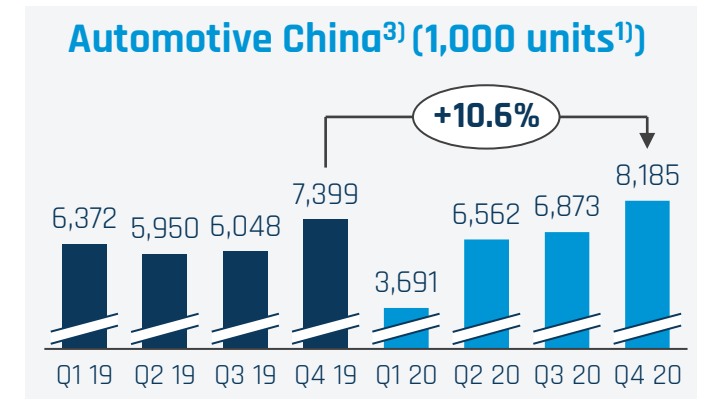
Ramp-up of production in Europa in Q3 and Q4 and noticeable rise to previous year level.

Chinese automotive market was hit by COVID-19 pandemic mainly in February.

In China, a V-scenario has been achieved by the market and downturn has been fully compensated. Local truck market with high demand due to local regulations and increased logistic activities.



Medium- and Heavy-Commercial vehicle market **dropped by 27% year-over-year** and **0.8% quarter-over-quarter**



Chinese automotive market dropped by **2% year-over-year** and increased by **10.6% quarter-over-quarter**.

In particular, the for STS relevant **heavy truck market grew by 48% year-over-year**.

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

³⁾ Including passenger cars and all commercial vehicles

²⁾ MHCV: Medium-Heavy commercial vehicles / Central and West Europe



STS Group achieved outlook for fiscal year 2020

FY 2020 Guidance (November 17, 2020)

FY 2020 Preliminary Figures (before IFRS 5)



- increasingly positive development of customer call-offs
- China segment with strong growth also in Q4
- no further COVID-19 related restrictions



**Year-on-year decline in sales of
-16.0% (305 mEUR) to -14.0% (312 mEUR)**
(2019: 363 mEUR)

**Year-on-year decline in sales of
-15.1% (308 mEUR)**
(2019: 363 mEUR)



**Adjusted EBITDA margin
in the range of 4.0% to 4.8%**
(2019: 4.9%)

**Adjusted EBITDA margin
of 4.0%**
(2019: 4.9%)



Strong fourth quarter for BU Plastics and BU China

all values
in mEUR

■ 2019
■ 2020

STS Group
(incl. HQ / conso)

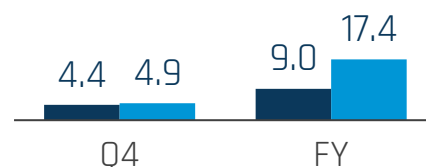
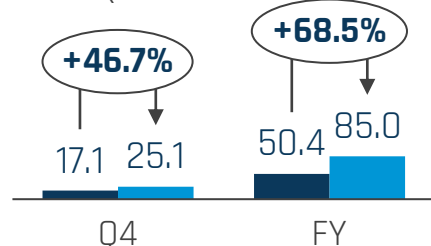
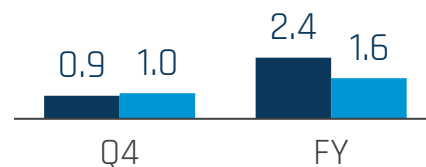
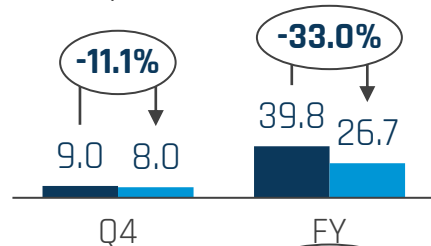
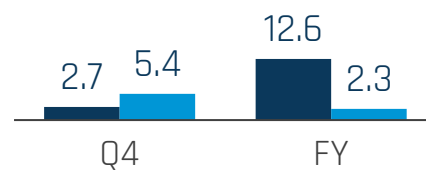
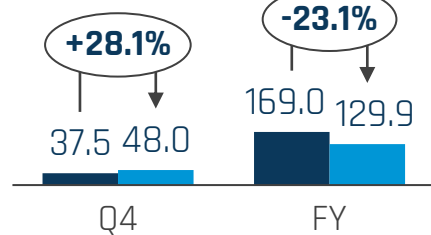
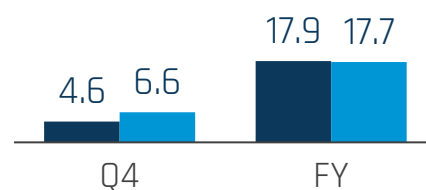
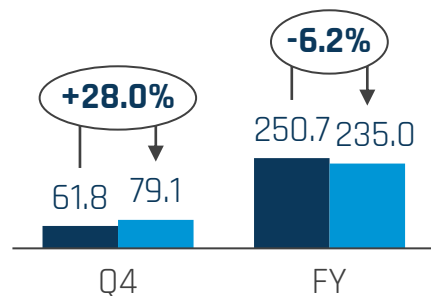
Revenues*

Adj. EBITDA*

BU Plastics

BU Materials

BU China



Comments:

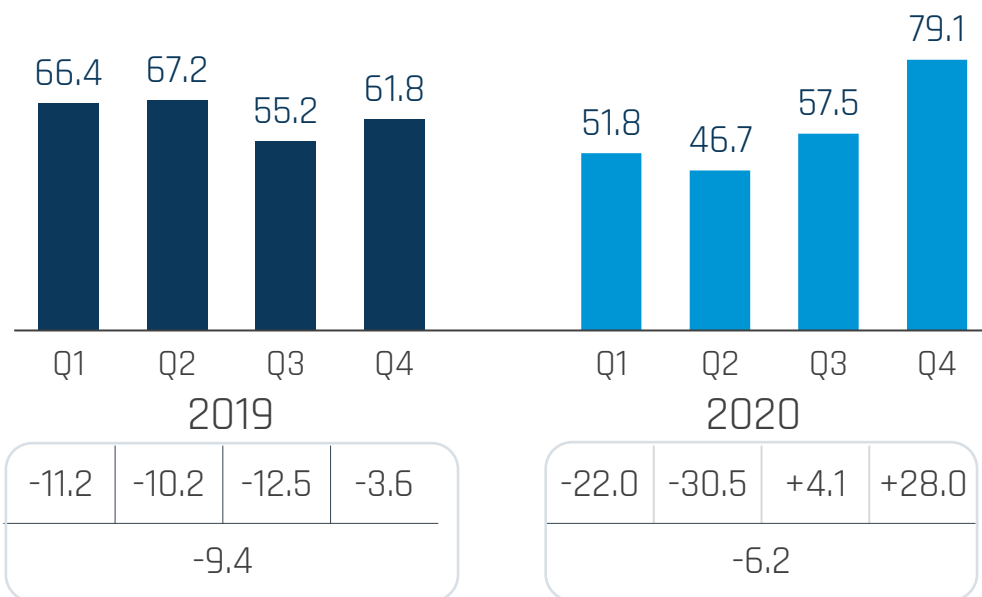
- **Revenues decreased by 6.2% yoy** in FY 2020:
 - Sales decline in Europe due to COVID-19 associated plant closures and partial recovery in Q4;
 - BU China with high increase of revenues due to strong commercial vehicle customer demand.
- **Adj. EBITDA 17.7 mEUR, slightly below prior year:**
 - Volume-related margin losses partially offset by various cost measures (e.g., short-time work);
 - Cost saving measures (e.g., closure Headquarter) with impact already in 2020;
 - BU China with excellent profitability (ard. 21% margin).

*) Figures after IFRS 5 (considering BU Acoustics as asset held for sale)

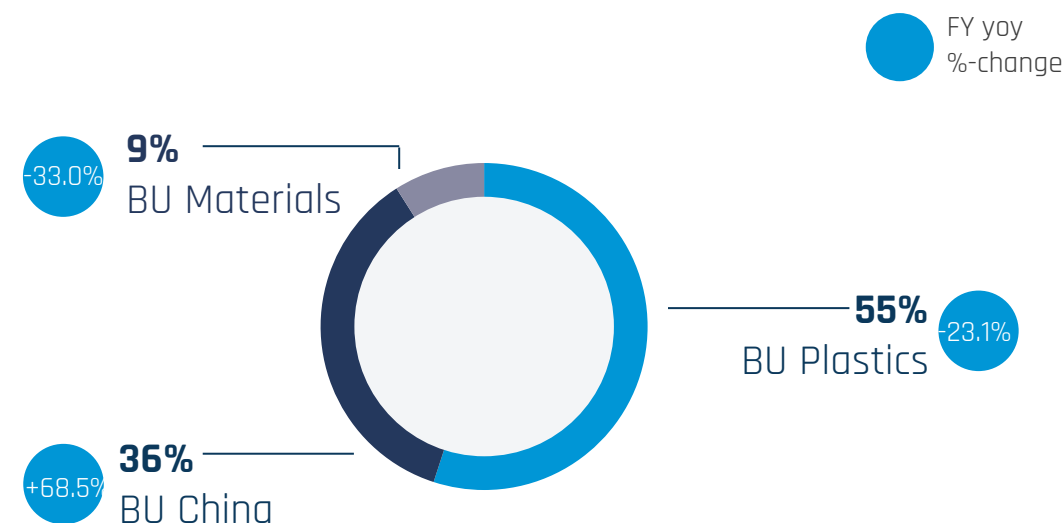


Great performance in Q4 2020 in China as also in Europe

Revenues (in mEUR)*



Revenues by segment (in % of total revenues)*



*) Figures after IFRS 5 (considering BU Acoustics as asset held for sale)

Comments:

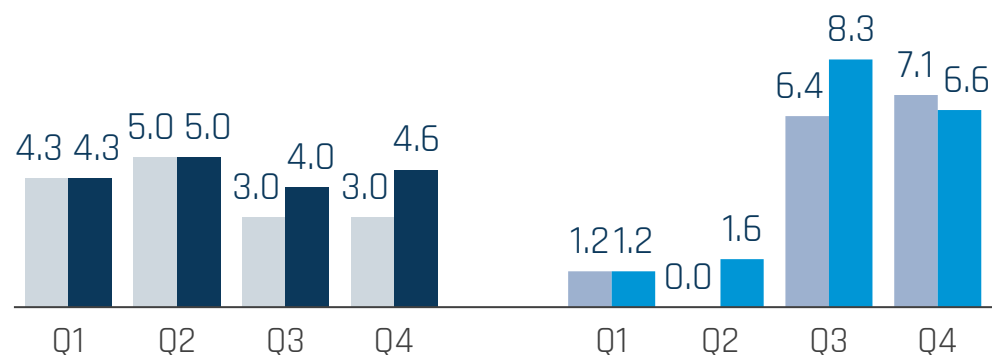
- ▶ After European market showed already an increasing recovery of the customer call-offs in the third quarter, an ongoing recovery could be achieved also in the fourth quarter.
- ▶ The Segment China achieved a strong growth in 2020 and revenue share increased to 36% (YE 2019: 14%) of total STS revenues.



Adjusted EBITDA benefits from recovery in second HY

Adj. EBITDA (in mEUR)*

EBITDA Adj. EBITDA



2019¹⁾

Adj.
EBITDA
Margin
(in %)

6.5	7.5	7.2	7.4
7.1			

2020¹⁾

2.4	3.4	14.4	8.3
7.5			

Adj. EBITDA Margin (in %)*

	Q4 19	Q4 20	FY 19	FY 20
Plastics	7.3%	11.2%	7.5%	1.8%
China	25.9%	19.6%	17.9%	20.5%
Materials	9.8%	12.3%	6.0%	5.9%
STS Group	7.4%	8.3%	7.1%	7.5%

^{*)} Figures after IFRS 5 (considering BU Acoustics as asset held for sale)

¹⁾ 2019/2020: adjustments for reorganization

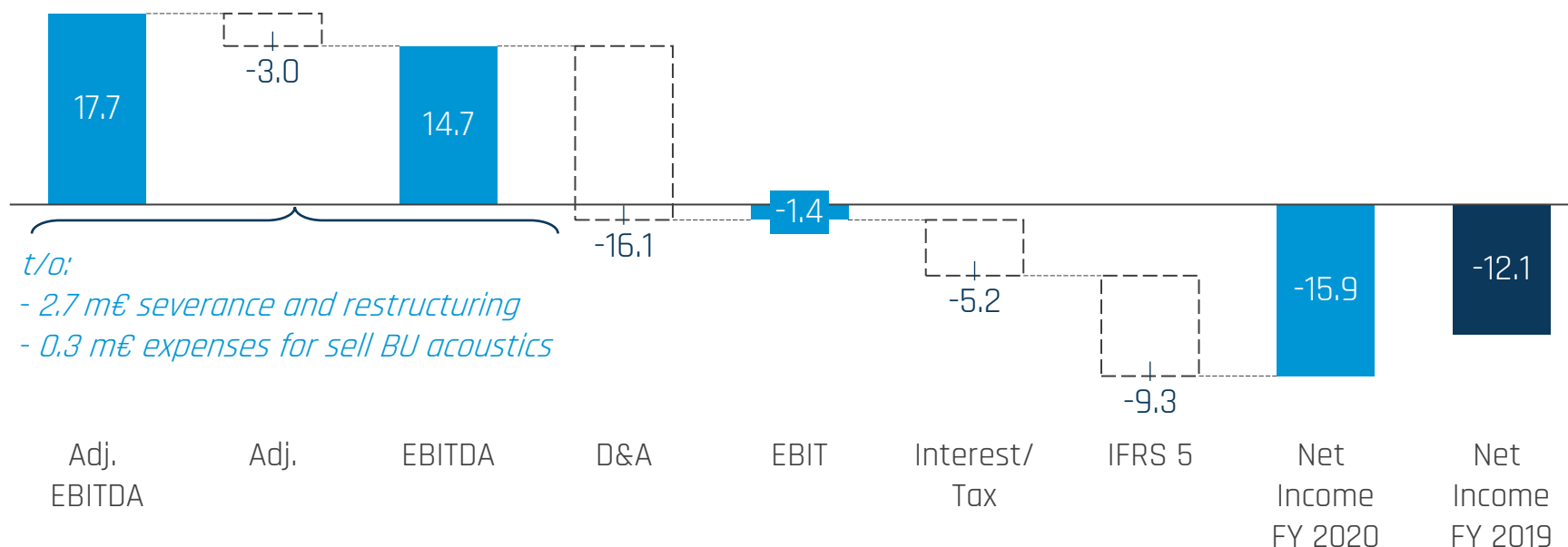
Comments:

- ▶ The increase in Adjusted EBITDA in the Q3 and Q4 2020 is related to the strong performance of China and great recovery of European business.
- ▶ In the reporting period, extraordinary expenses in the total amount of 3.0 mEUR were incurred.
- ▶ Intensive usage of short time work and restructuring of the headquarter impacted positively on Adjusted EBITDA



Net income impacted by top line and one-time effects

Adj. EBITDA / Net Income Bridge FY 2020 (in mEUR)



Comments:

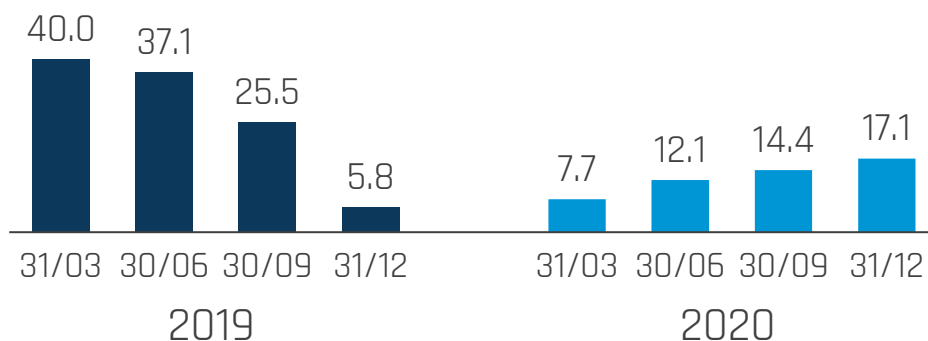
- ▶ Net income lower compared to prior-year period, mainly due decrease in revenues.
- ▶ Result from discontinued operations (IFRS 5) of -9.3 mEUR relate to sell of BU Acoustics.
- ▶ One-time effects of 3.0 mEUR impact on EBITDA in 2020: 2.7 mEUR for severance payments and restructuring, thereof 1.7 mEUR for the restructuring of the Headquarter. Further 0.3 mEUR relate to the sales of Acoustics.



Trade working capital (TWC)

TWC (in mEUR)

w/o Tooling Working Capital & Intercompany



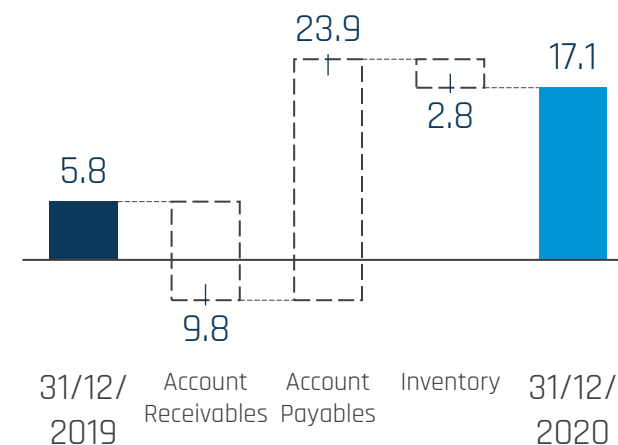
TWC Ratio¹⁾

10.5	9.6	7.9	1.8
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2.7	5.1	4.5	6.2
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TWC Bridge (in mEUR)

w/o Tooling Working Capital



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

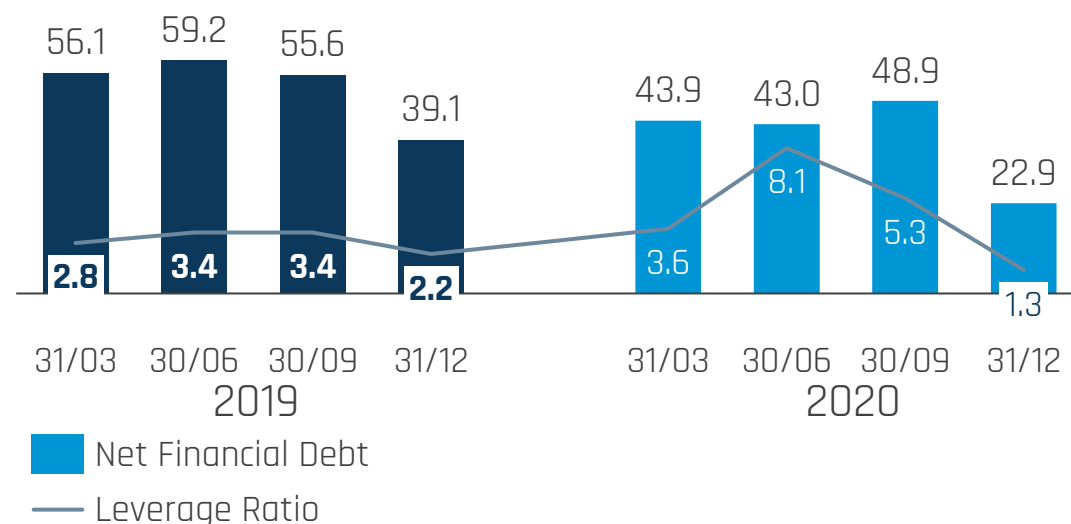
Comments:

- ▶ Trade working capital on December 31, 2020 increased by 11.3 mEUR compared to previous year.
- ▶ High decrease of Payables mainly due sell of BU Acoustics, which did not impact receivables and inventories due high increase in volumes in BU China (receivables increased by 13 mEUR and inventory by 2 mEUR year-over-year)



Net debt on solid level with leverage ratio of 1.3x

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



Financial debt (in mEUR)

	2019				2020			
	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12
Bank loans	16.7	15.5	14.0	12.4	14.1	24.5	39.3	20.7
Third party loans	8.8	8.5	7.9	7.7	8.5	8.2	6.4	3.7
Other loans	-	-	-	-	-	-	-	6.5
Recourse factoring	36.1	38.1	30.4	12.1	14.6	10.3	13.2	-
Leasing liabilities	22.7	25.8	24.8	24.1	24.0	22.9	21.9	12.0
Financial debt	84.4	87.9	77.1	56.3	61.2	65.9	80.7	42.9
Cash & cash equiv.	28.3	28.7	21.5	17.2	17.3	22.8	31.8	20.0
Net financial debt	56.1	59.2	55.6	39.1	43.9	43.0	48.9	22.9
LTM adj. EBITDA last 12 months	19.9	17.3	16.2	17.6	12.1	5.3	9.3	17.7

Comments:

- ▶ Sale of BU Acoustics leads to significantly improved Net Debt of 33.9 mEUR end of 2020, with a leverage ratio of 1.3x.
- ▶ Cash situation could be improved year-over-year despite part of the Business has been sold.

Outlook





STS Group well positioned for 2021



FY 2021 Guidance (April 7, 2021)

- Market normalization is China in the second half of the year
 - Steadily recover in Europe over the course of the year
- Flexibility to adjust production to OEM needs and market events



Organic sales growth in the scale of around 10 %

(2020: 235 mEUR)



**Adjusted EBITDA margin
in the high single-digit percentage range**

(2020: 7.5%)



Strategy Update – “BACK TO BASICS”



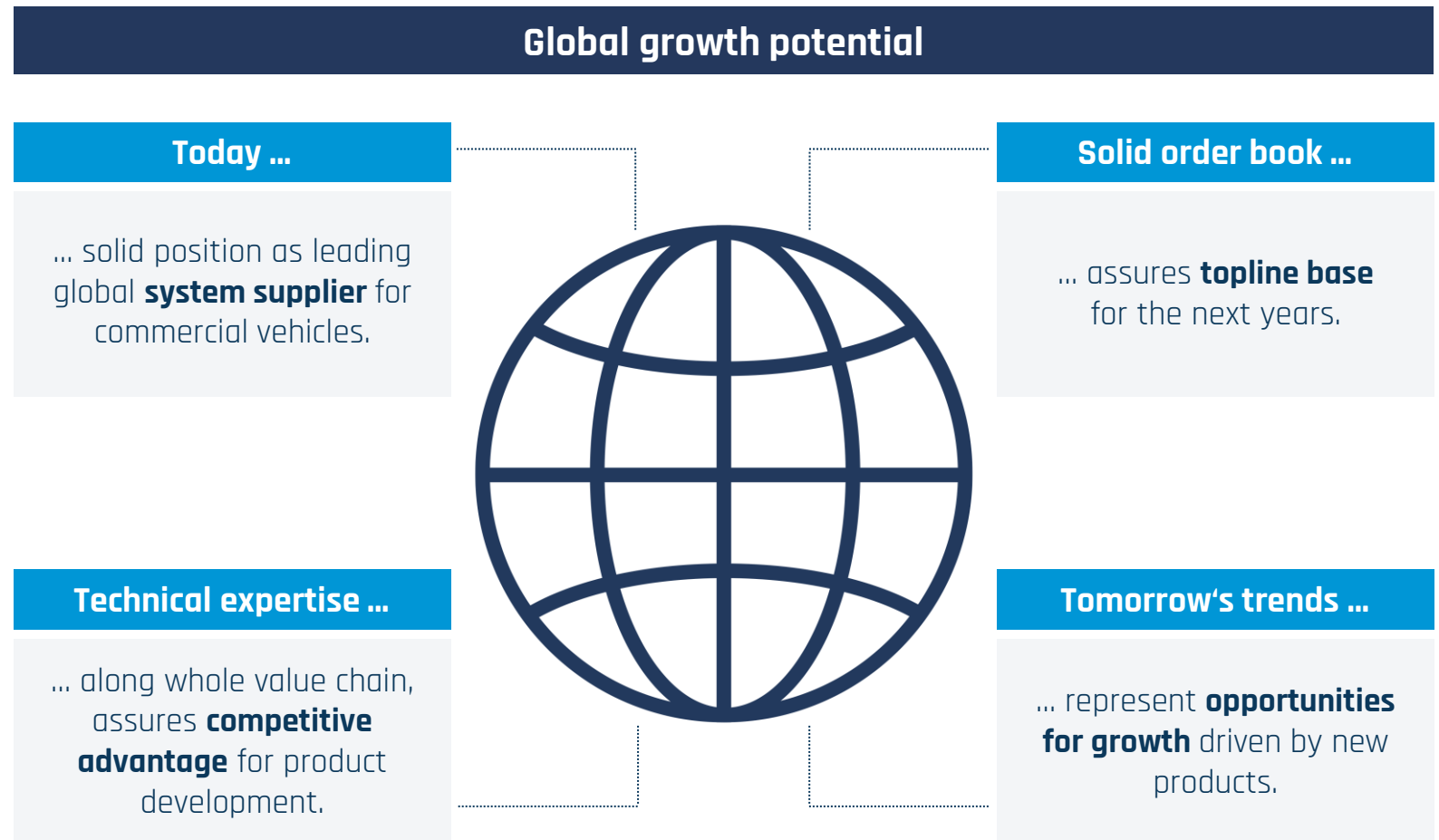
Capital Market



STS Group an attractive asset for today and tomorrow

Investment in STS Group with attractive value proposition:

- leading market positions,
- excellently positioned to tackle the 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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