



MKK
May 2019

Agenda

1. STS at a glance
2. History and Footprint
3. Business Model
4. IPO - Strategic Projects
5. Financial Year 2018
6. Why invest in STS





STS at a glance

STS Group as the preferred global acoustics and plastics solution provider for transportation systems when it comes to design, comfort and efficiency.

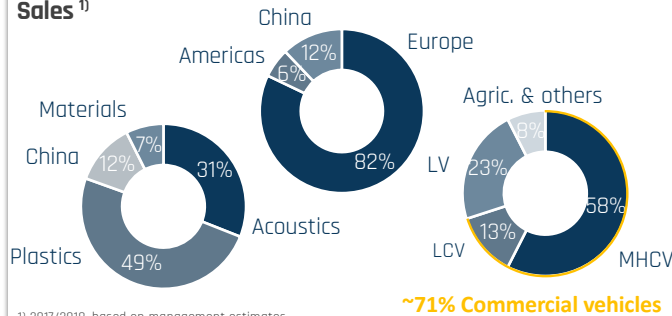
Key Facts

- ▶ Leading global supplier of **soft and hard trim parts and systems** to international commercial vehicle OEMs.
- ▶ **Diversified customer base** and significant share of business as **single source**.
- ▶ **Vertical integration** contributes to stable performance.
- ▶ Highly attractive growth prospects based on **market penetration** and expansion in **existing and new geographies** along existing portfolio.

Key Figures

401 mEUR	Revenue 2018
23.7 mEUR	Adjusted EBITDA 2018
2,500+	Employees
17	Sites
4	R&D Centers
80+	Years in the Industry

Sales ¹⁾



1) 2017/2018, based on management estimates.

Top Customers



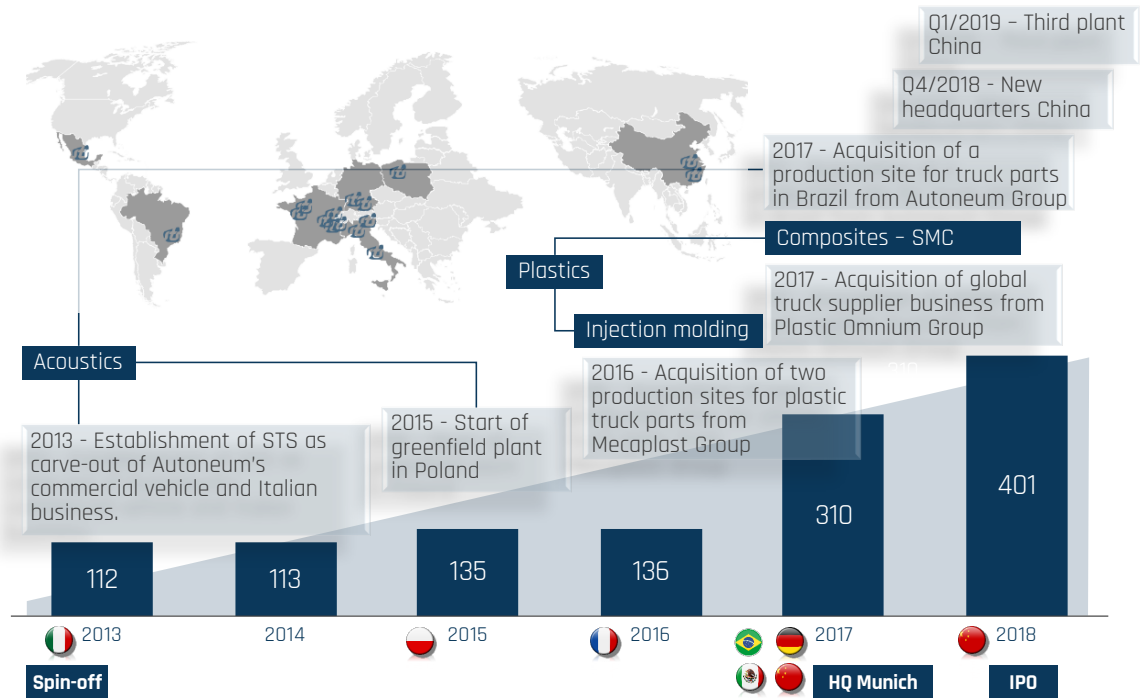


History

Long history to become one of the leading global Tier 1 truck suppliers for soft and hard trim.

Till 2013 part of Autoneum (former Rieter Group) as Truck Division and Italian Business Unit.

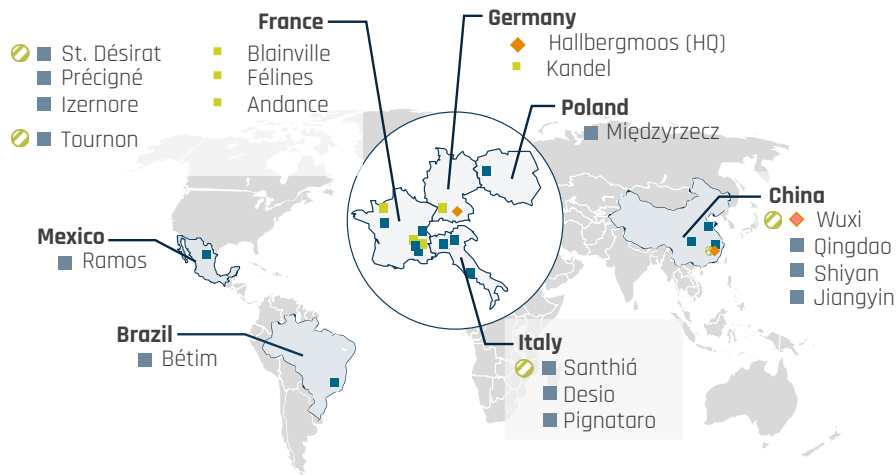
all values
in mEUR





Global Footprint

STS' global footprint allows proximity to key customers enabling quick expansion into new markets.



	Europe	Americas	Greater China	Total
Headquarters	1			1
Manufacturing sites	8	2	2	12
Satellite sites	4	-	-	4
R&D centers	3	-	1	4
Employees ¹⁾	1,829	257	478	2,564

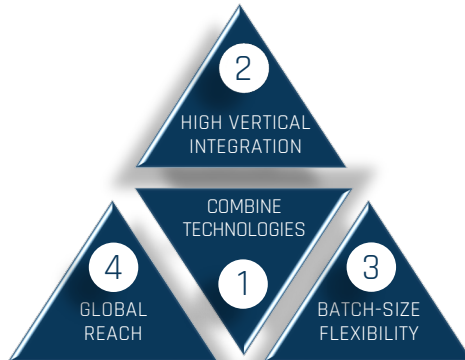
¹⁾ Based on management estimates

- ◆ - Headquarters
- ⦿ - R&D center
- - Manufacturing
- - Satellite sites, e.g. just-in-sequence



STS Group's USP

STS provides a vertical integrated production process for various batch sizes and offers its customers local production through its global footprint.



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

2 **Vertically integrated** production from semi-finished goods to complete systems

3 Customer-centric **batch-size flexibility** to meet decreasing lot sizes, e.g. for commercial, passenger, agricultural & construction vehicles

4 **Global** customer **reach** through local production

Source: STS, expert interviews, gp analysis



Technology Vertical Integration

The broad technology competence and the strong vertical integration create a quite unique market position for STS.





Drivers for potential sales growth



Drivers for additional profit



Expanding in China:

- ✓ New HQ and R&D center in Wuxi
- ✓ Third plant in Shyian
- Additional technology with introduction of injection molding

Improving footprint/cost structure in Europe:

- ✓ New plant in best cost country
- Optimization of actual footprint
- Improving cost structure (e.g. BU Acoustics)



Entering the US Market:

- ✓ First order from premium NAFTA truck brand
- New plant follows business award
- Footprint by acquisition or greenfield

Process Innovation:

- Increased automation in production (ongoing)
- Operation excellence within all plants



Benefitting from system approach & new technologies:

- ✓ Development of new product systems & innovations
- ✓ First EV order (New customers & new applications)
- Expansion of new products & technologies

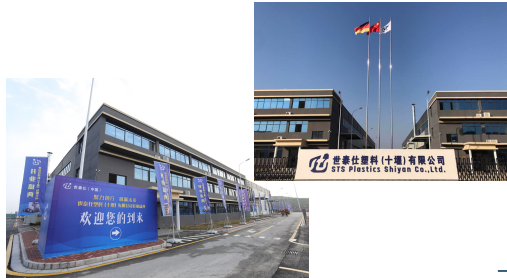


Expanding in China



Strategic Rationale:

- ▶ China is the world's **biggest market for** medium and heavy commercial vehicles (MHCV).
- ▶ STS will **gain market share** significantly, based on technology know-how, quality and customer contact.
- ▶ **Newly implemented restrictions** and regulatory changes (longnose, EURO6), are expected to have **positive effect** on truck demand.

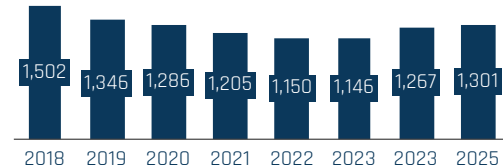


Status:

- ▶ **New headquarter and R&D center** in Wuxi (tech-hub, highly qualified people) **opened end of 2018**
- ▶ **Third plant (SMC, painting) in Shiyao opened on 11th April 2019** (SOP in Q1 2019)

Next Steps:

- ▶ Introduction of **injection molding** technology beside SMC
- ▶ Extend portfolio and further develop to **system supplier** in China
- ▶ Further growth due to **extension of market share**



MHCV production China / values in 1.000 units per year / based on management estimates



Entering the US Market



Strategic Rationale:

- ▶ North America is the world's **third biggest market** for medium and heavy commercial vehicles (MHCV).
- ▶ Great demand **for technological progress**, such as light-weight plastic based components.
- ▶ High number of RFQ's, with **high demand for STS advanced technology**.

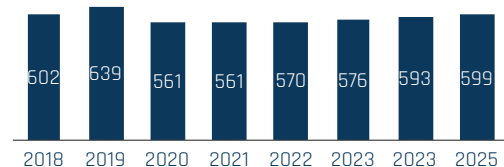


Status:

- ▶ **Strategic first order** from premium **NAFTA truck brand**, will be supplied initially from plant in Mexico
- ▶ Order presents a **new customer** for SMC exterior parts, with program lifetime 10 years (SOP 2020).

Next Steps:

- ▶ Discussion with major American truck OEMs are ongoing
- ▶ Establishment of **local footprint** (green field or acquisition) will be analyzed after award of significant business



MHCV production North America / values in 1.000 units per year / based on management estimates



Improving Footprint in Europe



Strategic Rationale:

- ▶ Europe is the world's **second biggest market** for medium and heavy commercial vehicles (MHCV).
- ▶ Poland is the **best cost country** in Europe for Commercial Vehicle Interior Trim.
- ▶ Several customers are placed in North Europe.

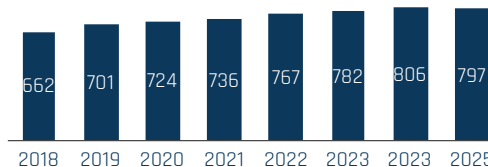


Status:

- ▶ **Greenfield Plant** Międzyrzecz is **ramping up**. Total capacity 600,000 parts/a. Lean Batch and JIS production for European Truck OEMs.
- ▶ **Expansion:** High number of new RFQ's.
- ▶ STS invests into latest technology for **PVC Vacuum Lamination**.

Next Steps:

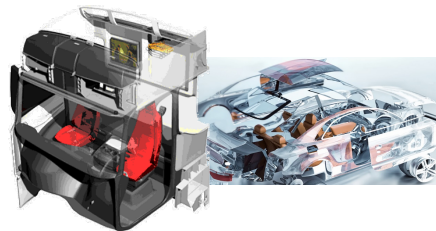
- ▶ Further improvement to increase profitability in Poland plant.
- ▶ New projects for better capacity utilization of Poland plant in pipeline.



MHCV production Europe / values in 1,000 units per year / based on management estimates



Product Innovation



Entry to electromobility market with order for battery cover for e-SUV.

- ▶ New customer.
- ▶ Volume: 30,000 per year.
- ▶ SOP second half 2019.

Tech-Days in Jiangyin **strengthen cooperation with customers.**

- ▶ 30 participants from 19 OEMs from automotive industry.
- ▶ Exchange information with actual and potential customers.
- ▶ Strengthen STS' leading technical supplier image.

Strong need for **tier 1 system suppliers.**

- ▶ High interest in parts for e-mobility (e.g. battery cover).
- ▶ The four STS R&D centers in Italy, China and two in France linked their expertise and work in close cooperation.
- ▶ STS combines acoustic, esthetic and structural functions.
- ▶ STS further develops low density SMC (light weight).



Process Innovation Automation



Fully **automated machine loading**.

- ▶ High productivity.
- ▶ High quality.

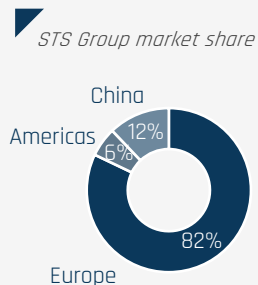


Fully **automated milling and deburring**.

- ▶ Difficult geometry possible.
- ▶ High productivity.
- ▶ High accuracy.



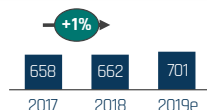
Market Development



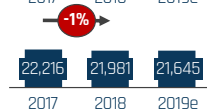
Market Trend

Europe

MHCV

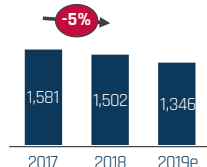


LV



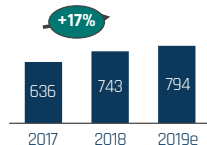
China

MHCV



Americas

MHCV



STS 2018



Comments

- ▶ European **MHCV** with **slight increase** in 2018
- ▶ **STS Group below market** due to planned phase out of truck project within BU Plastics
- ▶ European **LV market slightly down** in 2018
- ▶ Acoustics negatively impacted by **weak Italian LV market** (-10%)
- ▶ Chinese MHCV market **shrunk significantly** in 2018
- ▶ STS **considerably outperformed** market with an revenue increase of +2.4%
- ▶ **Further contraction** of Chinese market expected in 2019
- ▶ STS plans to **increase market share** and benefit from new emission regulations
- ▶ Market increase offers **potential** for planned **market entry in the US**

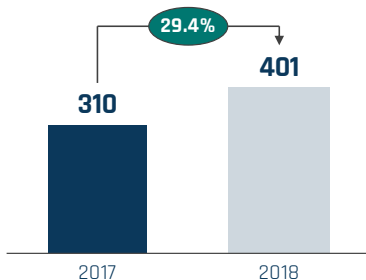
all values based on management estimates / in 1,000 Units



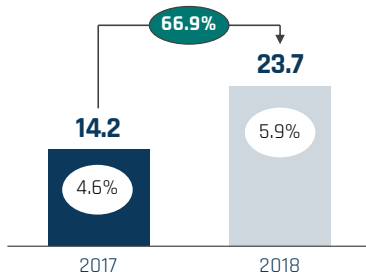
Revenues & Adj. EBITDA

STG Group achieves guidance 2018.

Revenues in mEUR



Adj. EBITDA in mEUR



Key Messages:

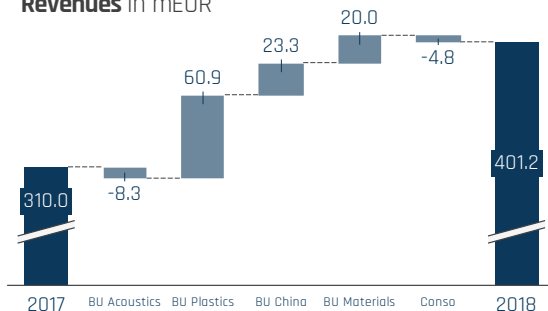
- ▶ Revenue rose by around 29% to 401.2 mEUR (prior year: 310.0 mEUR).
- ▶ Increase in adjusted EBITDA of around 67% to 23.7 mEUR (prior year: 14.2 mEUR).
- ▶ Adjustments (11.9 mEUR) refer to **costs for IPO and integration costs**
- ▶ Integration of acquired units **completed** in 2018.



Revenues & Adj. EBITDA per Business Unit

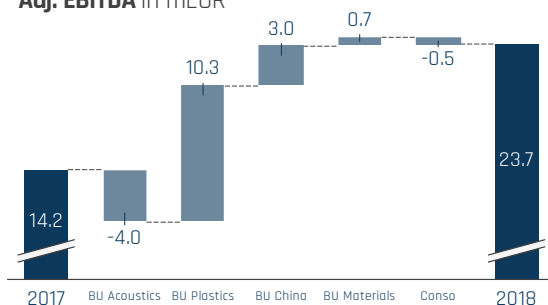
Top line growth essentially attributable to acquisitions carried out in financial year 2017.

Revenues in mEUR



- Revenue decrease of BU Acoustics primarily due to **lower volumes of Italian LCV/LV market**
- Growth of BUs Plastics and Materials due to **full year effect of businesses acquired** in 2017
- Organically, BU Plastics decreased due to **planned phase out of truck project**
- **Organic growth of BU China** amounts to +2.4%

Adj. EBITDA in mEUR



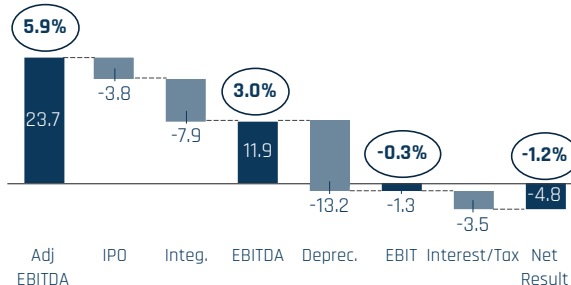
- BU Plastics and BU China with major contributions to growth of Adj. EBITDA, also due to **numerous efficiency measures**
- Decline of Adj. EBITDA of BU Acoustics due to **lower topline and ramp-up costs** of Polish plant



Net Result & Equity

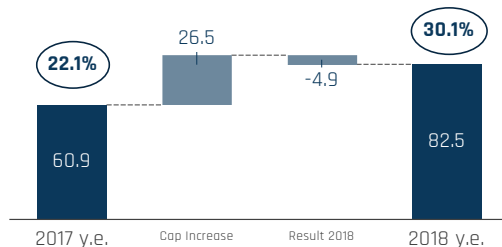
Negative net result in 2018 but increase of equity level.

Net Result y.e. 2018 in mEUR



- **EBITDA adjustments** for IPO costs and integration of 2017 acquired activities
- **Depreciation in line with CAPEX**, which refers mainly to investments for maintenance, new projects and strategic growth
- Excluding adjustments **net result** would be positive in 2018

Equity in mEUR



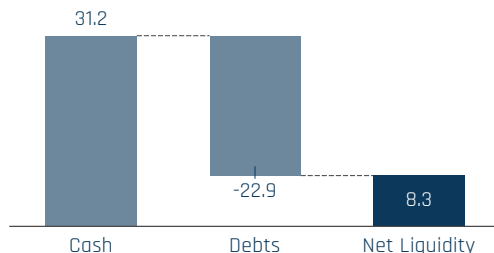
- Strong **increase of equity** due to IPO
- **Solid equity level** with ard. 30%



Net Debt & Liquidity

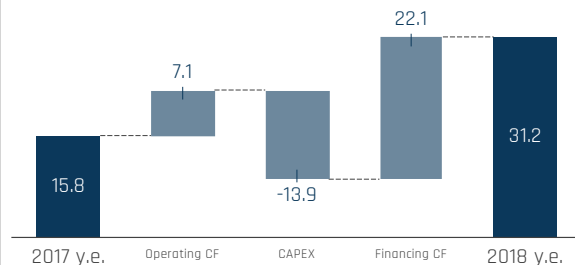
Solid financial position.

Net Liquidity Dec. 31, 2018 in mEUR



- **Positive net liquidity position** as of Dec 31, 2018 (prior year: -8.7 mEUR)
- Liquidity situation gives **financial flexibility** (e.g. for acquisitions)

Liquidity in mEUR



- Significant **increase of liquidity** in 2018
- **Operating Cash-flow positive** despite high payouts for special items
- **CAPEX** **ard. 3.5% of Sales**
- Financing Cash-flow positive due to **capital increase**



Share Value

ISIN:

DE000A1TNU68

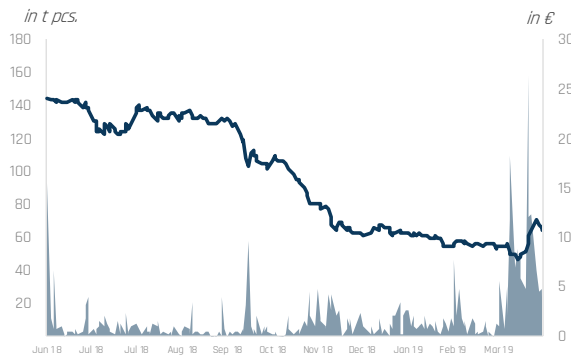
Ticker symbol:

SF3

Regulated Market:

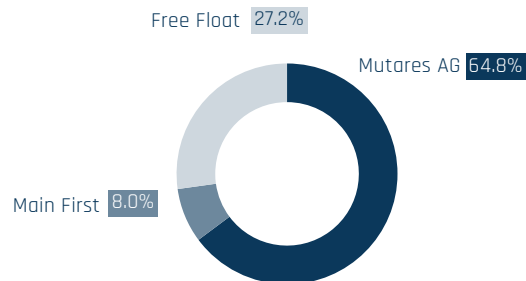
Prime Standard

Share Price



Date	Publ.	Target	Rec.
15/04/2019	SMC Research	15.10 €	Speculative Buy
05/04/2019	MainFirst	12.00 €	Outperform
27/02/2019	H&A	17.00 €	Buy

Shareholder Data



ISIN:

DE000A1TNU68

Number of Shares:

6,000,000

Market Cap:

63 mEURO

EV/EBITDax

ard. 3,5



2019 & mid-term Guidance

Attractive future growth
perspectives.



2019e

- ▶ Market environment in the **automotive industry** will continue to be **challenging**
- ▶ **Revenue** expected to remain at **previous year's level**
- ▶ **Adjusted EBITDA** at least at **previous year's level** (2018: 23.7 mEUR), **increase of EBITDA by $\geq 100\%$** compared to previous year (2018: 11.9 mEUR)

mid-term 2023e

- ▶ **Attractive future growth** perspectives.
- ▶ **Target revenue ≥ 500 mEUR**
- ▶ **Target EBITDA margin $\geq 10\%$**



Why invest in STS Group?



Excellent market position

One of the leading global system suppliers for interior and exterior trim parts with **focus on commercial vehicles**



Outstanding visibility

Solid order book with approx. **1.9 bnEUR** of revenue already **contracted until 2022**, plus **additional pipeline**



Cross-selling

Trusted Tier 1 partner for leading European and Chinese truck OEMs with significant cross-selling potential through combination of technologies



Strong growth prospects

Expansion in China to benefit from strong truck market and **direct entry** into the US with own production



Vertical integration

Vertically integrated along the value chain and **technological expertise** resulting in full process control and securing competitive advantage



Solid entry barriers

Material and process know-how as significant and customer-relevant entry barriers, matching industry trends emission and weight reduction



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: FCF, EBITDA, EBITA, EBIT, EBITA margin, capital expenditure as percentage of revenue, other operating income, net financial debt, and net 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.

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.



Thank you for your attention

Contact Us

Stefan Hummel
Head of Investor Relations
ir@sts.group



Agenda

1. STS at a glance
2. History and Footprint
3. Business Model
4. IPO - Strategic Projects
5. Financial Year 2018
6. Why invest in STS
- 7. Financial Calendar**

Upcoming conferences / publications...

7/8 May 2019	MKK Munich Capital Market Conference, <i>Munich</i>
15 May 2019	Publication Quarterly Statement (call-date Q1)
17 May 2019	Annual General Meeting
28 May 2019	MainFirst SMID CAP Event, <i>Frankfurt/Main</i>
4 June 2019	Prior Capital Market Conference, <i>Frankfurt/Main</i>
27 June 2019	Market Capital Day, <i>Frankfurt/Main</i>
7 August 2019	Publication half-yearly financial report
2/3 September 2019	Autumn Conference, <i>Frankfurt/Main</i>
11 September 2019	ZKK Zurich Capital Market Conference, <i>Zurich</i>
6 November 2019	Publication Quarterly Statement (call-date Q3)
25/27 November 2019	German Equity Forum 2019, <i>Frankfurt/Main</i>



STS Group Board

Highly experienced managers with track record in the automotive industry.

Executive Board



Andreas Becker
CEO

STS Board Member since 2013
22 Years Industry Experience



Dr. Ulrich Hauck
CFO

STS Board Member since 2019
20 Years Industry Experience



Patrick Oschust
COO

STS Board Member since 2013
19 Years Industry Experience

Supervisory Board



Robin Laik
Chairman Supervisory Board

STS Board Member since 2018
20 Years Industry Experience



Dr. Kristian Schleede
Member Supervisory Board

STS Board Member since 2014
30 Years Industry Experience



Bernd Maierhofer
Member Supervisory Board

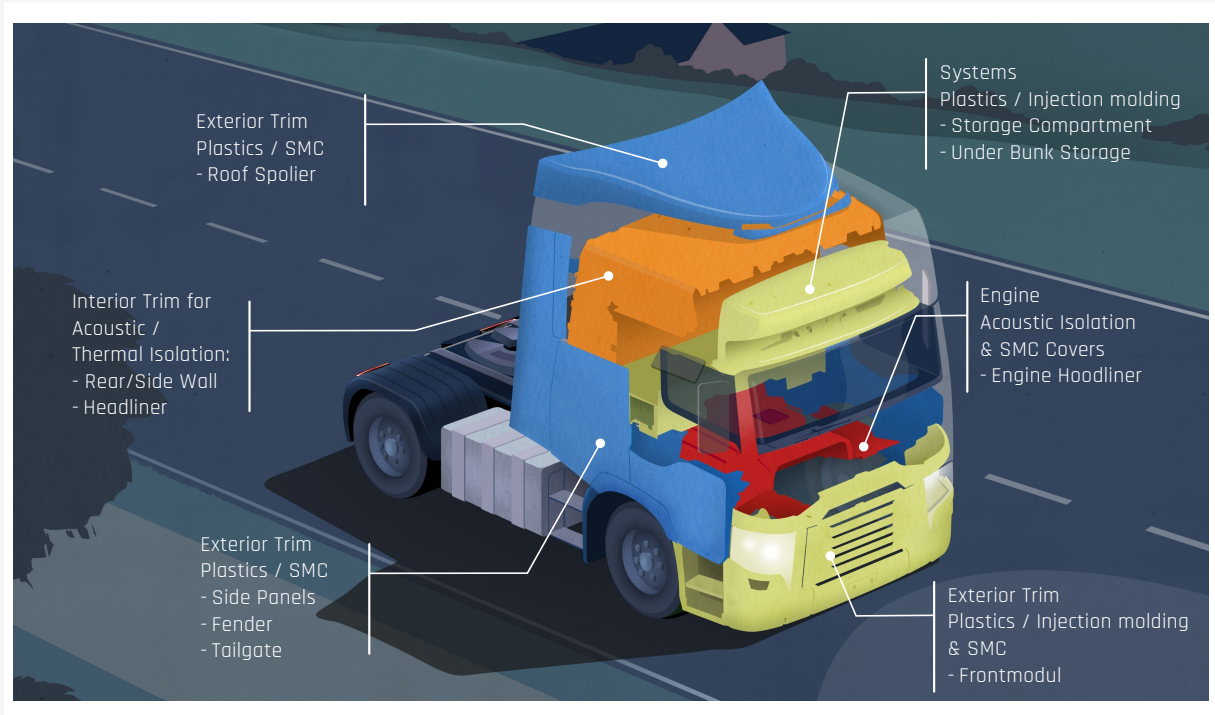
STS Board Member since 2018
29 Years Industry Experience



Product Portfolio STS Group

STS offers the complete set of product solutions for interior trim, exterior trim and acoustics of a truck cabin.

STS components contribute to comfort, functionality, aerodynamic and weight reduction.



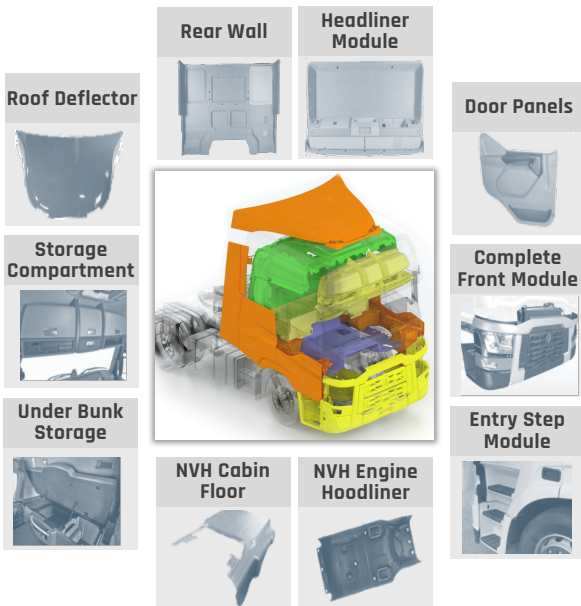


Product Portfolio

MHCV, LCV

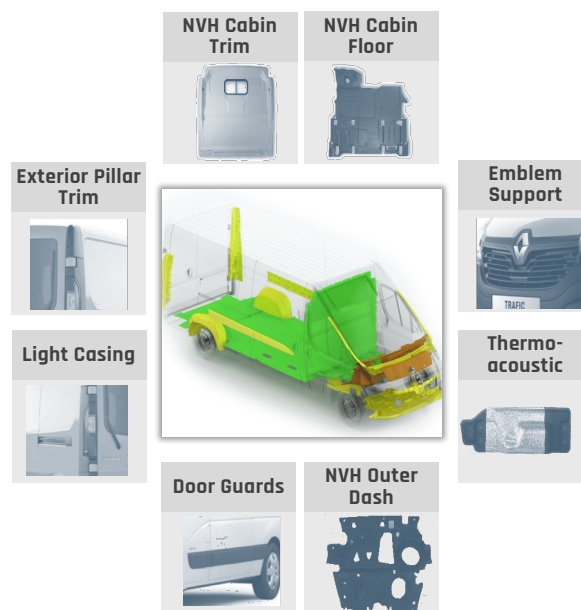
STS offers a complete set of product solutions for interior trim, exterior trim and acoustics.

Medium and Heavy Commercial Vehicle (MHCV)



NVH - Noise Vibration Harshness

Light Commercial Vehicle (LCV)

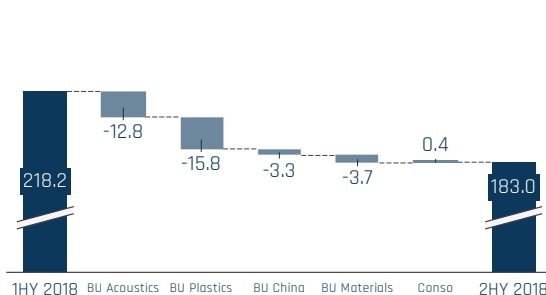




Revenues & Adj. EBITDA 1HY vs. 2HY 2018

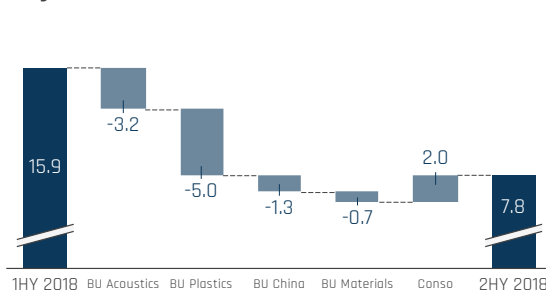
*Second half year 2018
weaker than first half.*

Revenues in mEUR



- ▶ Second half year with **lower topline** than first six months due to lower production in Europe due to holiday season (>10% less working days)
- ▶ **Phase out of truck project** of BU Plastics
- ▶ **Decline of European Passenger Car** market in the second half

Adj. EBITDA in mEUR

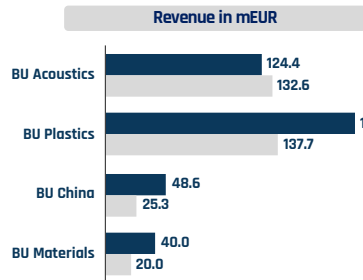


- ▶ Adjusted EBITDA decreased in second half of the year, mainly due to **lower revenues**
- ▶ BU results negatively affected by **true up of HQ cost** allocation in fourth quarter

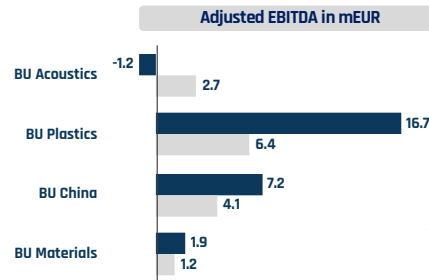


Key Financials 2018 by BU

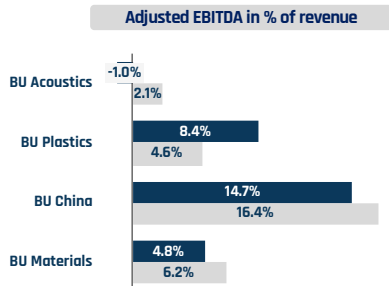
■ 12M/2018
■ 12M/2017



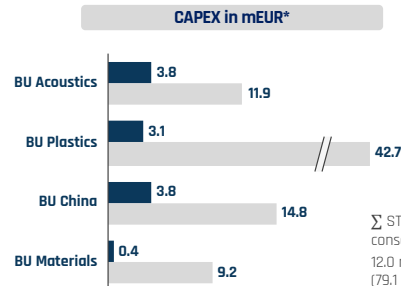
Σ STS Group consolidated:
401.2 mEUR
(310.0 mEUR PY)



Σ STS Group consolidated:
23.7 mEUR
(14.2 mEUR PY)



Σ STS Group consolidated:
5.9%
(4.6% PY)



Σ STS Group consolidated:
12.0 mEUR
(79.1 mEUR PY)

*values for 2017 include investments in intangible/tangible assets from acquisitions



Income Statement


Revenue FY2017 (310 EURm) increased by >29% to 401.2 EURm for FY2018 due to past acquisition.

Adjusted EBITDA margin increased to 5.9%.

mEUR	IFRS	FY2018	FY2017
Revenue		401.2	310.0
Inventory changes		5.8	2.5
Other operating income		4.5	55.7
Cost of materials		-233.8	-190.6
Personnel expenses		-103.9	-75.6
Other operating expenses		-61.9	-47.0
EBITDA		11.9	55.0
Depreciation and amortisation		-13.2	-8.2
EBIT		-1.3	46.9
Financial result		-2.0	-3.1
EBT		-3.3	43.8
Taxes		-1.5	3.1
Net result		-4.8	47.0
Adjusted EBITDA		23.7	14.2
Adjusted EBITDA in % of revenue		5.9%	4.6%



Balance Sheet


Cash and cash equivalents amount increased to 31.2 mEUR.

Equity ratio increase to 30%.

mEUR	IFRS	31 Dec 2018	31 Dec 2017
Intangible assets		25.6	24.6
Property, plant and equipment		78.7	79.0
Contract assets		0.1	0
Other financial assets		0.2	0.3
Tax receivables		0.1	1.6
Other assets		3.0	0.8
Deferred tax assets		8.0	8.6
Non-current assets		115.6	114.8
Inventories		29.9	28.1
Contract assets		5.0	0.0
Trade and other receivables		81.1	99.3
Other financial assets		1.2	13.1
Other assets		6.6	3.8
Tax receivables		1.2	0.0
Cash and cash equivalents		31.2	15.8
Restricted cash		2.0	0.0
Current assets		158.2	160.2
Total assets		273.8	275.0

mEUR	IFRS	31 Dec 2018	31 Dec 2017
Total equity		82.4	60.7
Contract liabilities		1.1	0
Trade payables		0.8	0.6
Other financial liabilities		13.2	17.1
Provisions		20.1	21.1
Deferred tax liabilities		4.0	7.0
Non-current liabilities		39.2	45.9
Contract liabilities		4.7	0
Trade payables		70.0	83.8
Other financial liabilities		49.2	45.6
Provisions		1.1	3.4
Income tax liabilities		0.1	1.7
Other non-financial liabilities		27.1	33.9
Current liabilities		152.3	168.4
Total equity and liabilities		273.8	275.0
Equity ratio in %		30%	22%



Cash Flow

Financing Cash-flow positive due to capital increase.

mEUR	IFRS	31 Dec 2018	31 Dec 2017
Net Income		-4.8	47.0
Change in NWC		1.9	-7.2
Operating NCF		7.1	-8.7
Investing NCF		-13.9	-17.2
Financial NCF		22.1	39.2
Net increase/decrease		15.3	13.2
Cash at the beginning of period		15.8	2.6
Cash at the end of period		31.2	15.8