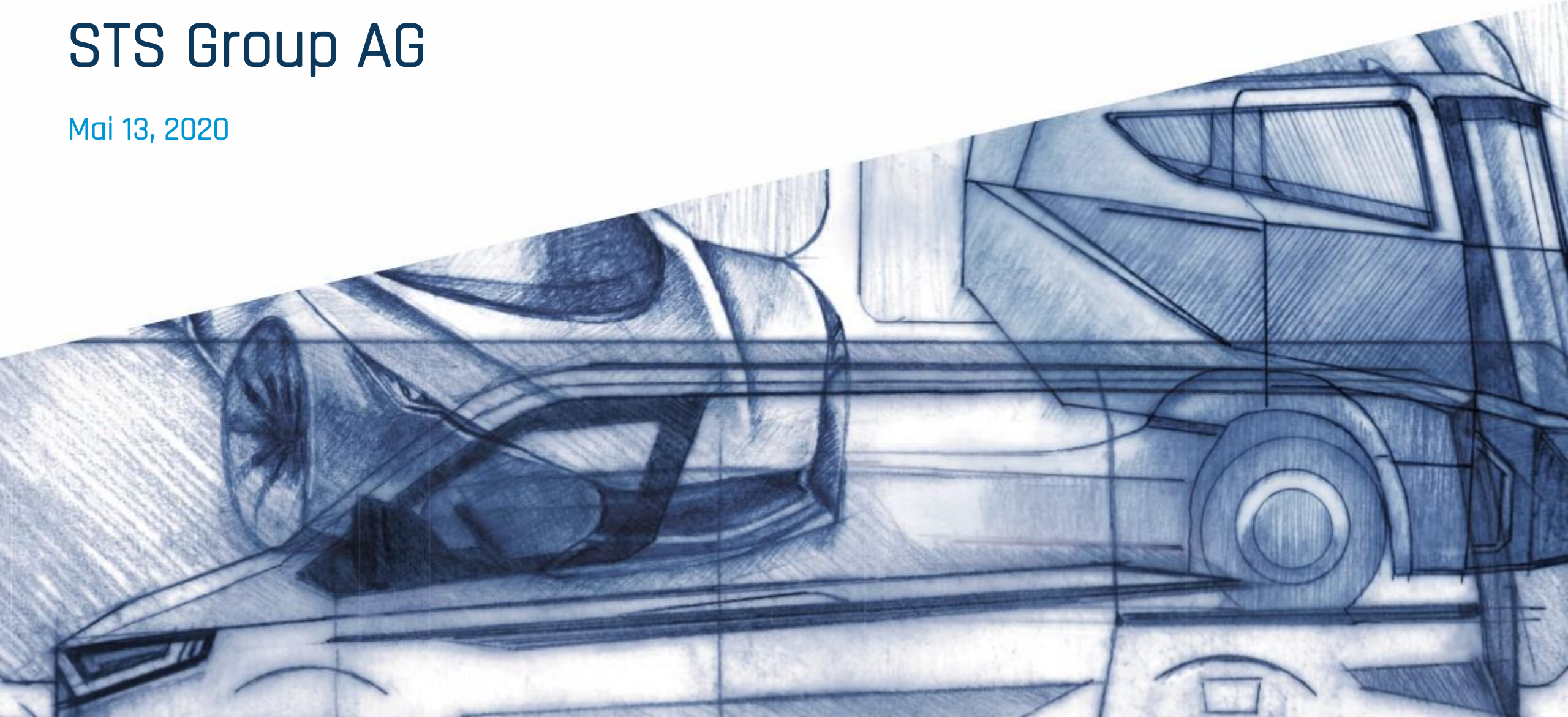


Earnings Call – Q1 2020 Results

STS Group AG

Mai 13, 2020



Andreas Becker and Ulrich Hauck will present Q1 2020 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 AG and Vice President at Rheinmetall AG.



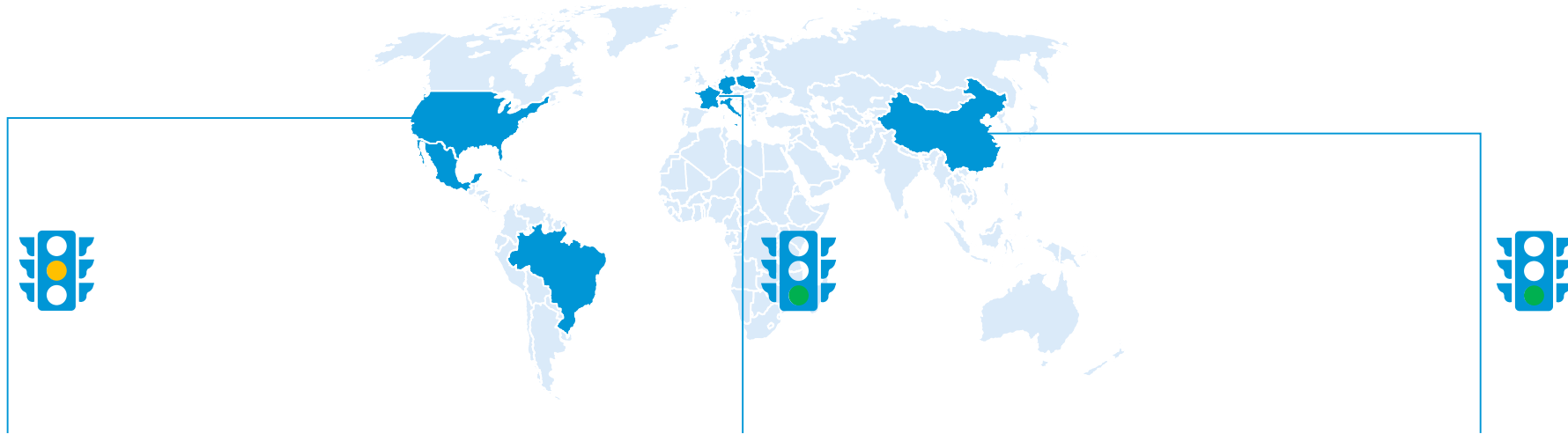
Market Highlights

Q1 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

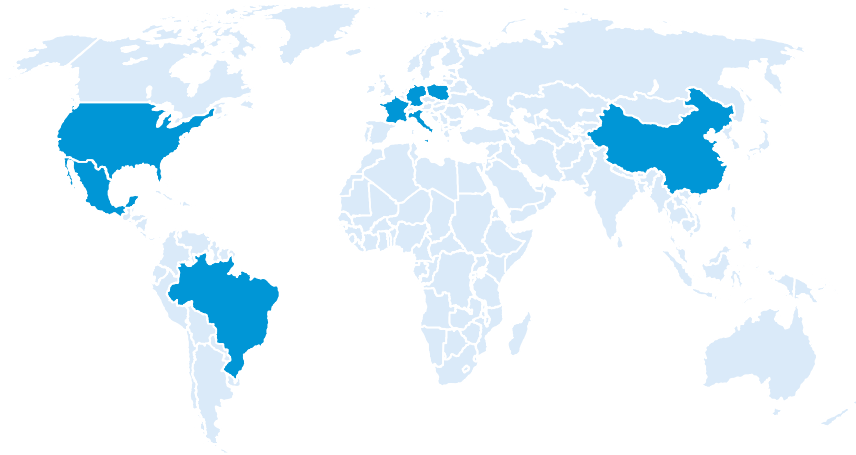
- All plants in Europe closed in CW 12
- Plants reopened between CW17 and CW 18 with low volumes

CHINA

- Plants were closed from CW6 for two to six weeks
- Wuhan lockdown has been fully released since April 8
- All plants reopened with currently high workload in China



Several measures applied to counteract actual situation



Ramp-Up of plants

- With customer aligned reopening of plants to assure supply chain
 - Health and safety measures have been implemented in all plants
 - Regular alignment with customers and suppliers
-

Cost Savings

- Short time work implemented in all plants
 - Overall strict cost management
 - Executive Board forgoes 20 percent of its fixed income
-

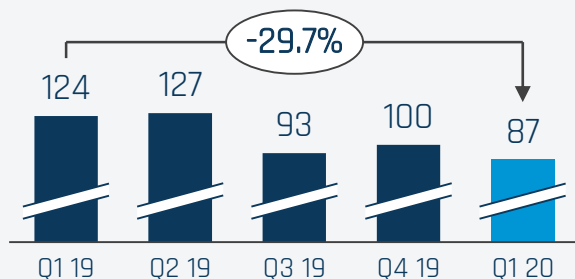
Liquidity

- Governmental guaranteed loans have been applied in France, Italy and Germany
-



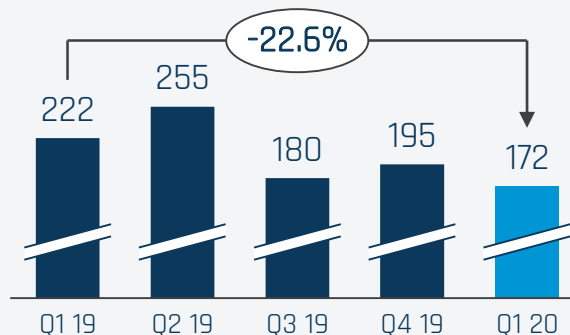
Development of relevant automotive markets

MHCV Europe²⁾ (1,000 units¹⁾)



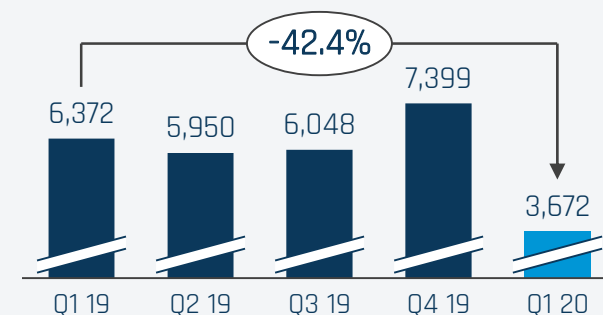
- Medium- and Heavy-Commercial vehicle market dropped by 30% year-over-year
- European market heavily impacted by COVID-19 related plant closures of all OEMs in March

Light Vehicle Italy³⁾ (1,000 units¹⁾)



- Light vehicle market in Central / West Europe decreased by 21% year-over-year
- Italian market decreased by 23% year-over-year

Automotive China⁴⁾ (1,000 units¹⁾)



- Chinese automotive market dropped by 42% year-over-year.
- Decline due to plant closures in February due to COVID-19 Pandemic
- In particular, the LV market dropped significantly

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

Financial Highlights

Q1 2020



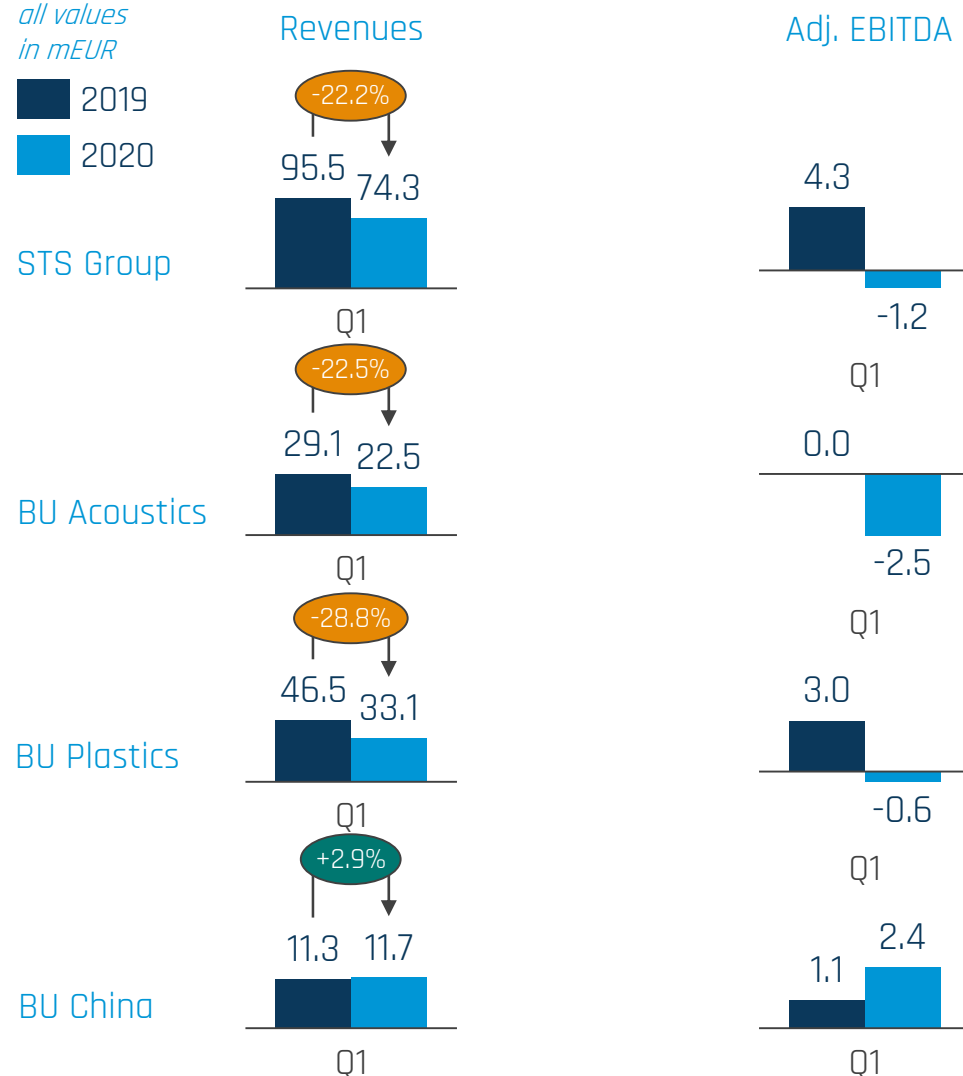


Q1 2020 significantly impacted by COVID-19

all values
in mEUR

■ 2019

■ 2020



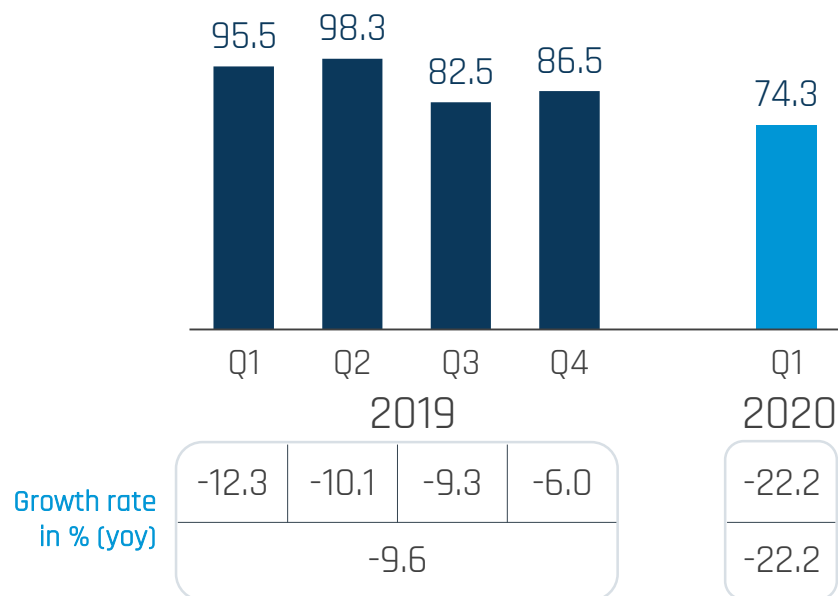
Comments:

- ▶ Revenues decreased by 22.2% yoy in Q1 2020:
 - Sales decline in Europe due to impact of COVID-19 and weak truck markets in Europe in Q1
 - BU China with ard. 3% increase of revenues in Q1 despite COVID-19 and weak Chinese automotive markets; significant market share gains in Q1.
- ▶ Adj. EBITDA -1.2 mEUR, significantly below prior year:
 - Volume-related margin losses partially offset by various cost measures
 - BU China with excellent profitability (ard. 21% margin) in Q1 despite COVID-19

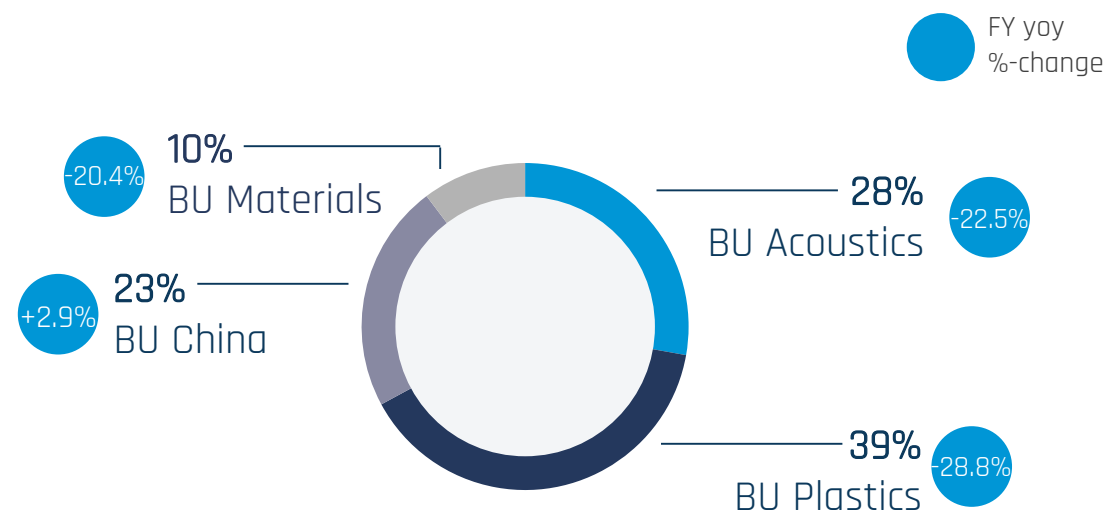


Significant sales drop in Q1 2020 due to COVID-19

Revenues (in mEUR)



Revenues by segment (in % of total revenues)



Comments:

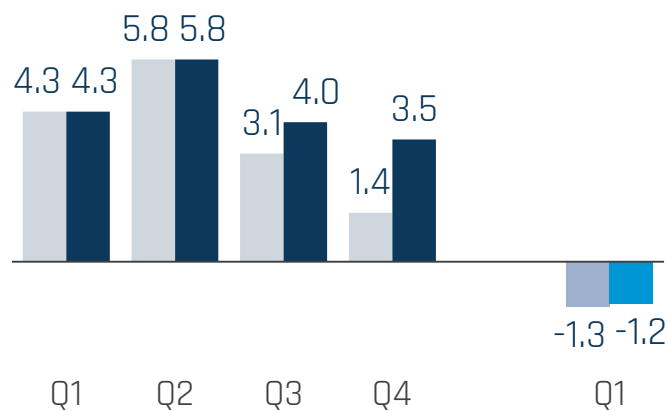
- ▶ Revenues of BU Plastics, Acoustics and Materials strongly impacted by COVID-19-related plant closures in March and weak European truck markets beginning of the year
- ▶ BU China with slight sales increase in Q1 despite COVID-19. Closures of Chinese plants in February/March could be offset by high customer call-offs in January and strong momentum after re-opening of plants. BU China with significant gain of market share in Q1.



Several measures applied to counteract sales drop

Adj. EBITDA (in mEUR)

EBITDA Adj. EBITDA

2019¹⁾2020¹⁾

Adj.
EBITDA
Margin
(in %)

4.5	5.9	4.8	4.0
4.9			

-1.7
-1.7

Adj. EBITDA Margin (in %)

	Q1 19	Q1 20
Acoustics	-0.2%	-10.9%
Plastics	6.5%	-1.8%
China	9.5%	20.5%
Materials	3.7%	5.4%
STS Group	4.5%	-1.7%

¹⁾ 2019: adjustments for reorganization

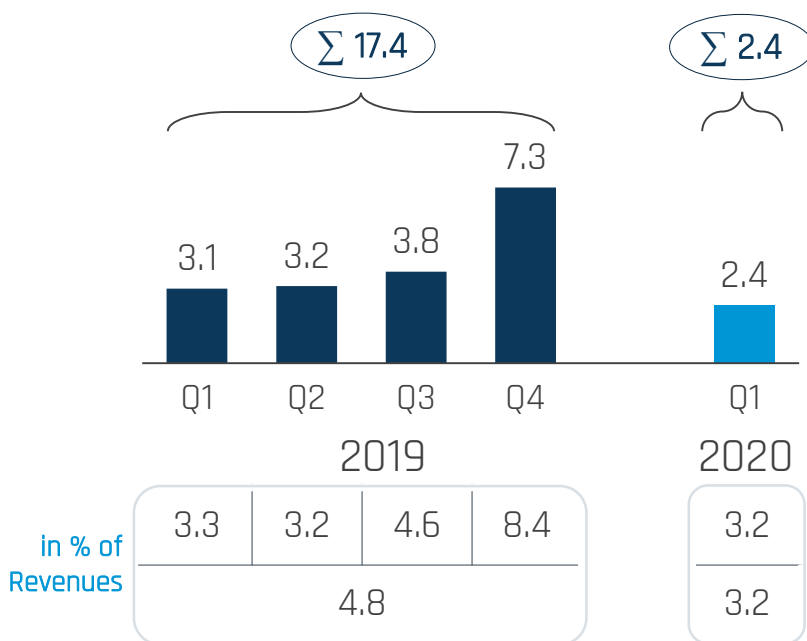
Comments:

- ▶ BU Acoustics and Plastics with negative EBITDA Margin due to significant volume drop. Several short-term measures have been applied to adjust fix cost structure (e.g. short-time work in all European plants, stop of all discretionary expenses)
- ▶ BU China despite COVID-19 with much stronger profitability in Q1 2020 versus previous year due to more profitable product mix and lack of start-up cost for Shiyan plant

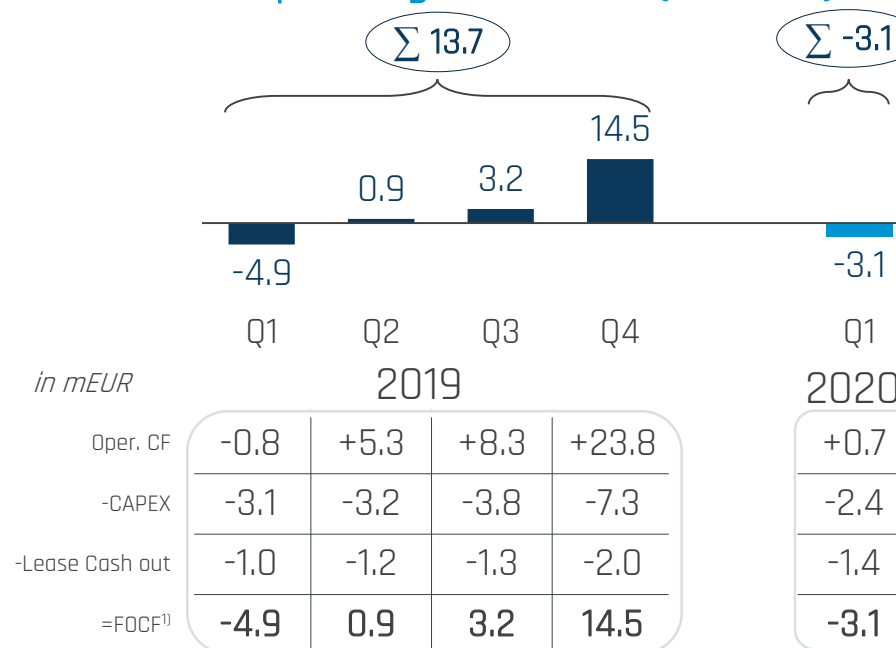


Free Operating Cash Flow improved versus prior-year

CAPEX (in mEUR)



Free Operating Cash Flow¹⁾ (in mEUR)



¹⁾ Cashflow from Operations - CAPEX - Lease cash outs

Comments:

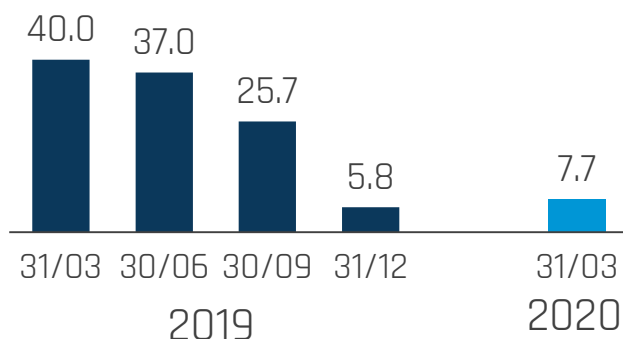
- ▶ CAPEX in Q1 2020 lower than previous year due to more restrictive CAPEX management
- ▶ Free Operating Cash Flow in Q1 2020 improved over last year due to higher Operating Cashflow and lower CAPEX.



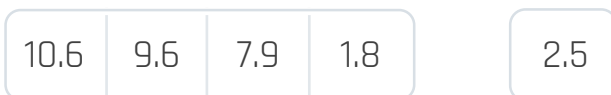
Trade working capital (TWC) continues to be on low level

TWC (in mEUR)

w/o Tooling Working Capital & Intercompany

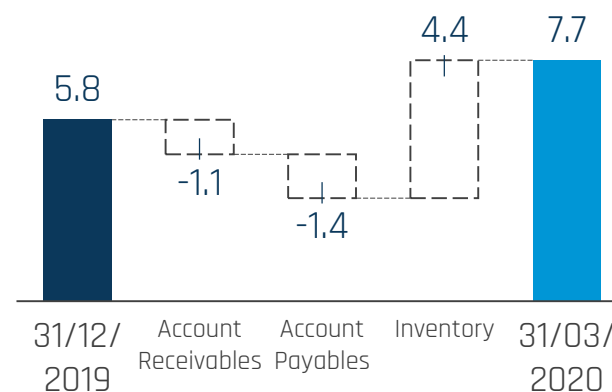


TWC Ratio¹⁾



TWC Bridge (in mEUR)

w/o Tooling Working Capital



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

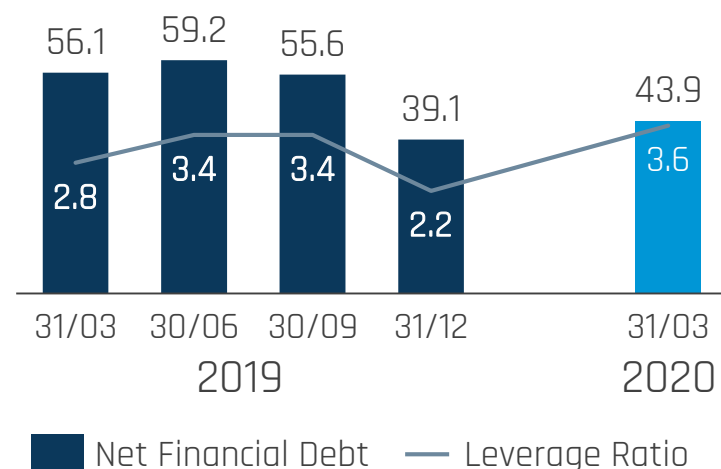
Comments:

- ▶ Low level of working capital from end of 2019 maintained in Q1.
- ▶ Built-up of inventories in Q1, in particular, in China to cope with high demand



Focus on tight liquidity management

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
Bank loans	16.7	15.5	14.0	12.4	14.1
Third party loans	8.8	8.5	7.9	7.7	8.5
Recourse factoring	36.1	38.1	30.4	12.1	14.6
Leasing liabilities	22.7	25.8	24.8	24.1	24.0
Financial debt	84.4	87.9	77.1	56.3	61.2
Cash & cash equiv.	28.3	28.7	21.5	17.2	17.3
Net financial debt	56.1	59.2	55.6	39.1	43.9
LTM adj. EBITDA last 12 months	19.9	17.3	16.2	17.6	12.1

Comments:

- ▶ Net financial debt (including leasing liabilities) as of March 31, 2020 slightly increased versus December 31, 2019
- ▶ Liquidity end of March 2020 on same level as December 2019
- ▶ Leverage ratio as of March 31, 2020 increased due to low profitability in Q1 2020 and slightly increased net financial debt



Key Financials

<i>in mEUR / %</i>	Q1 2019	Q1 2020	<i>var. in %</i>	
Revenues	95.5	74.3	-22.2%	
EBITDA	4.3	-1.3	>-100%	
EBITDA Margin	4.5%	-1.8%	-630 bps	
Adj. EBITDA	4.3	-1.2	>-100%	
Adj. EBITDA Margin	4.5%	-1.7%	-610 bps	
EBIT	-0.1	-7.5	>-100%	
EBIT Margin	-0.1%	-10.1%	-1000 bps	
NET Income	-1.3	-8.6	>-100%	
EPS <i>(in EUR)</i>	-0.22	-1.44	>-100%	
CAPEX	3.1	2.4	-22.6%	
FOCF ¹⁾	-4.9	-3.1	+36.7%	¹⁾ FOCF (= Free Operating Cash Flow) = Op CF - CAPEX - Leasing Cash Out
Cash & Cash Equiv.	28.3 (as of 31/03)	17.3 (as of 31/03)	-38.9%	
Net Financial Debt ²⁾	56.1 (as of 31/03)	43.9 (as of 31/03)	-21.7%	²⁾ NFD (=Net Financial Debt) = Bank Loans + Third Party Loans + Recourse Factoring + Leasing - Cash & Cash Equiv.

Outlook 2020





First impacted by COVID-19 pandemic, closure of European plants will have main impact in Q2 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





STS Group AG will hold virtual general assembly in 2020

JULY 14, 2020

Annual General Meeting (Virtual)

AUGUST 6, 2020

Publication Half-yearly report

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.

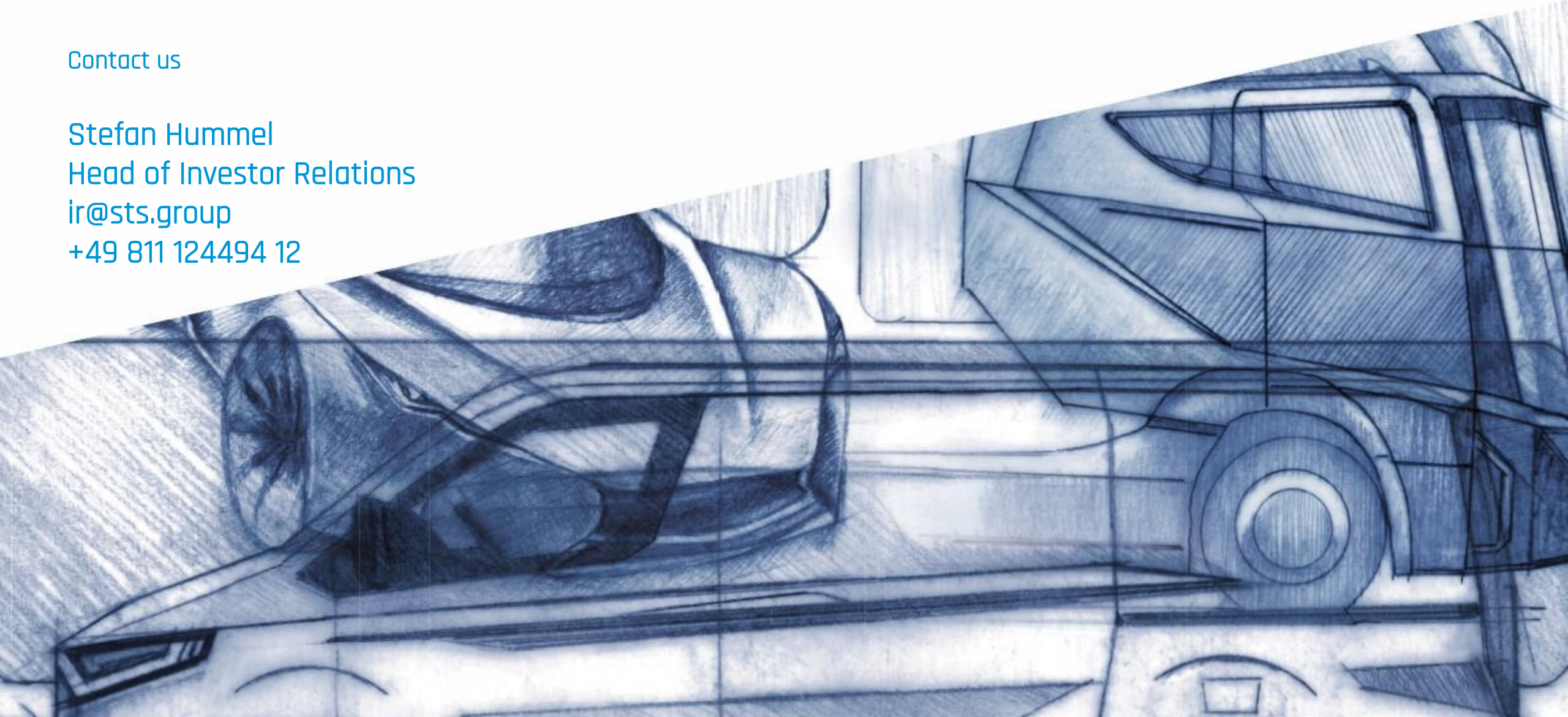
Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Thank you for your attention!

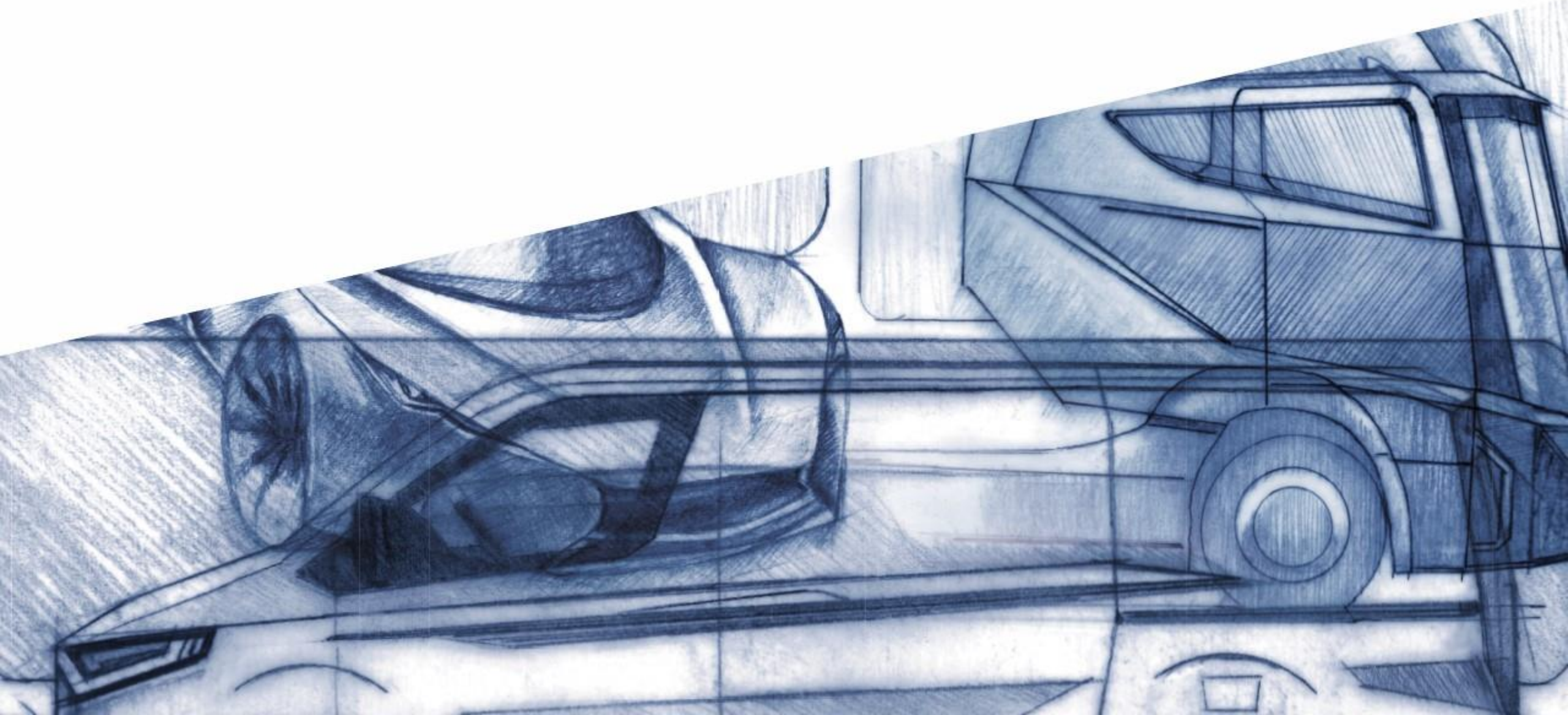


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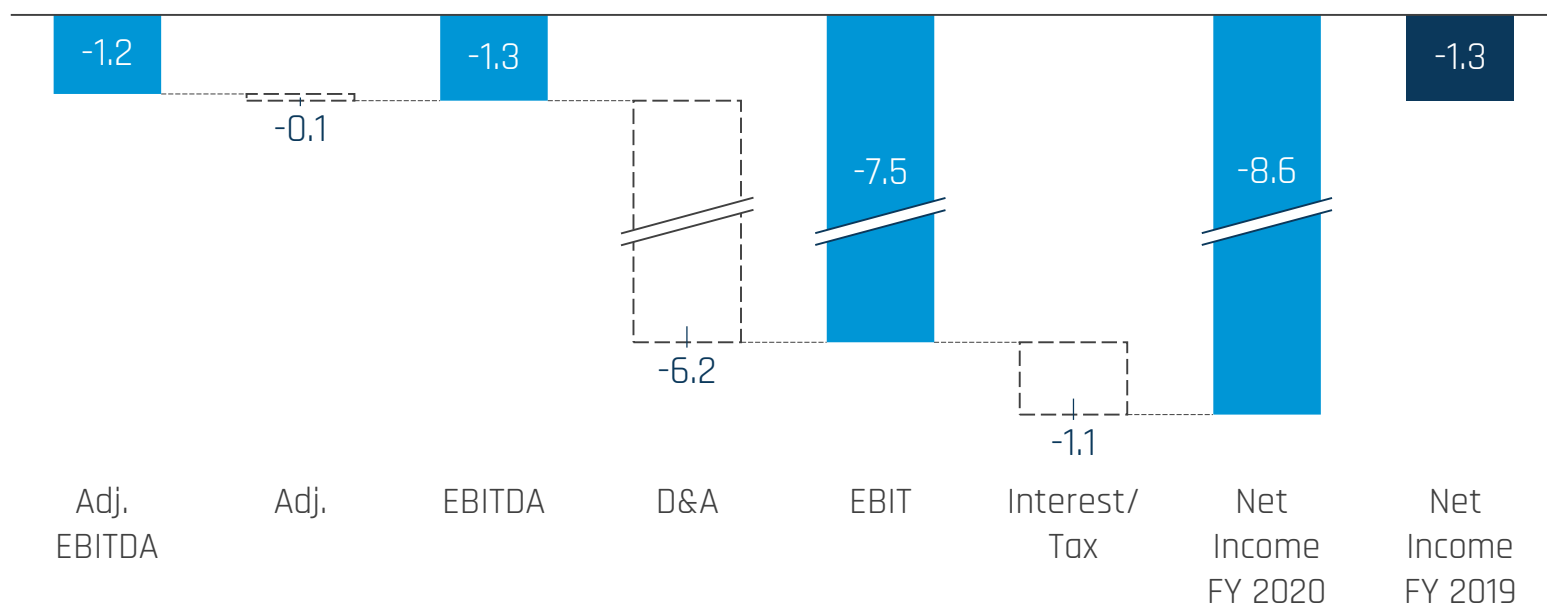
Appendix





Net income -8.6 mEUR in Q1 2020 significantly below prior year

Adj. EBITDA / Net Income Bridge Q1 2020 (in mEUR)



Comments:

- ▶ Net income lower compared to prior-year period, particularly due to decline in EBITDA
- ▶ D&A includes 1.2 mEUR impairment loss for BU Acoustics business

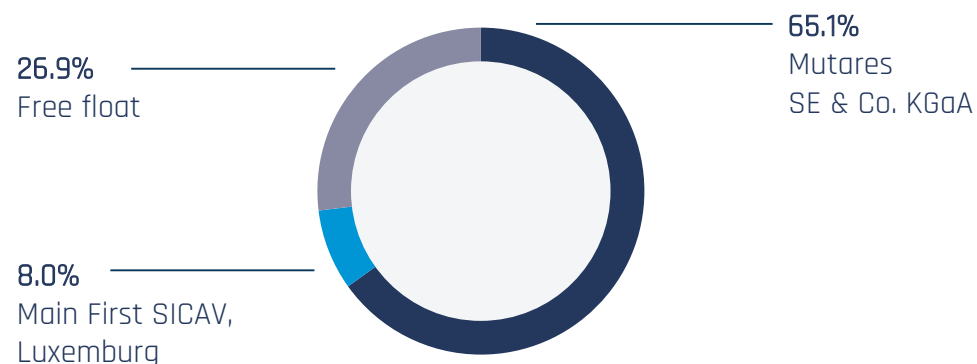


Automotive market development puts pressure on share

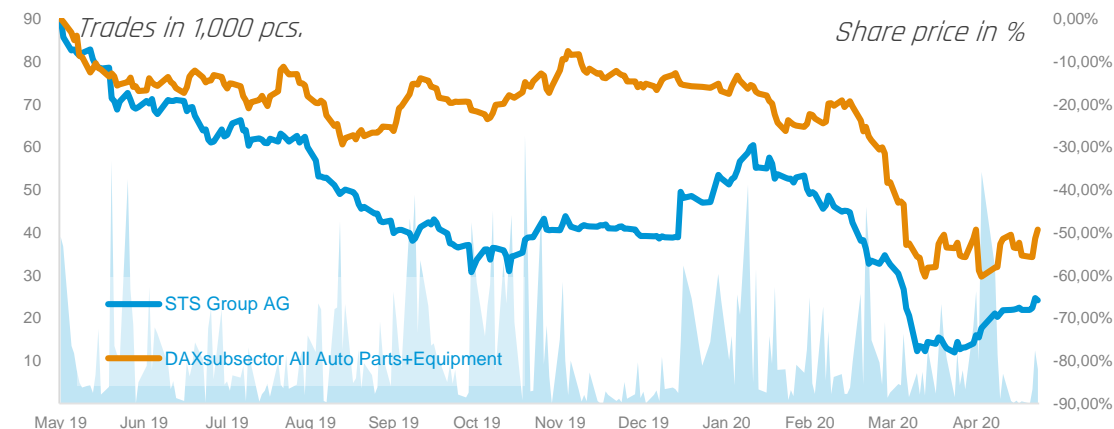
Share information

ISIN	DE000A1TNU68
Number of Shares	6,000,000
Market Cap (30/04/20)	20.1 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.
04/05/2020	SMC Research	7.00 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