

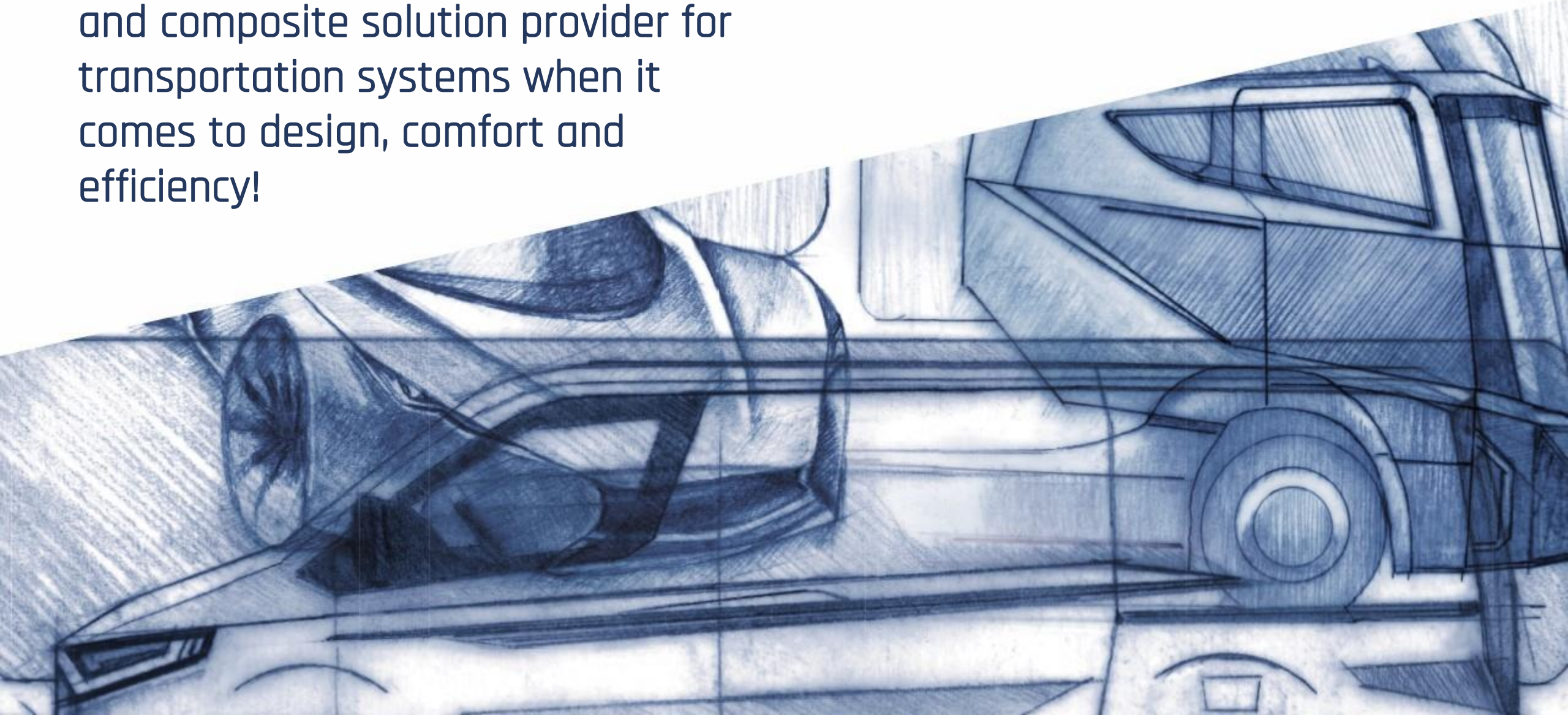
Investor Presentation

STS Group AG

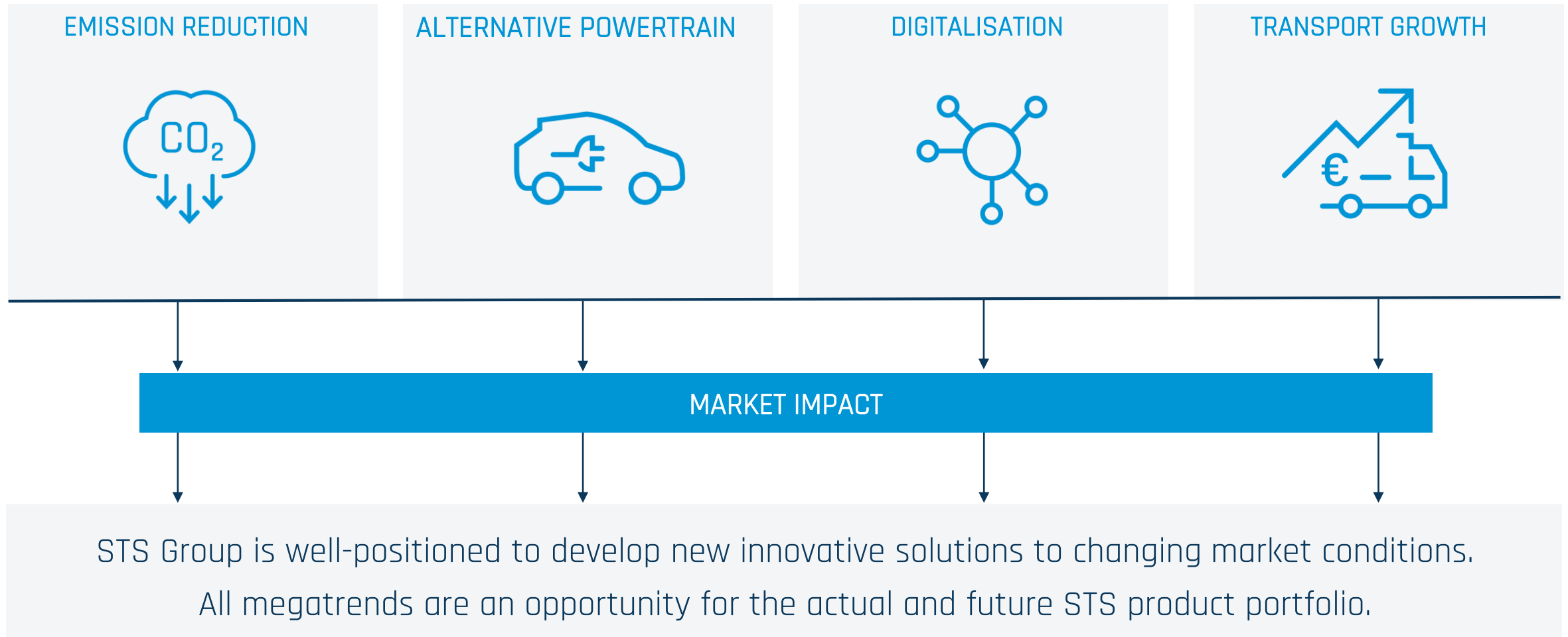
Status Q3 2020



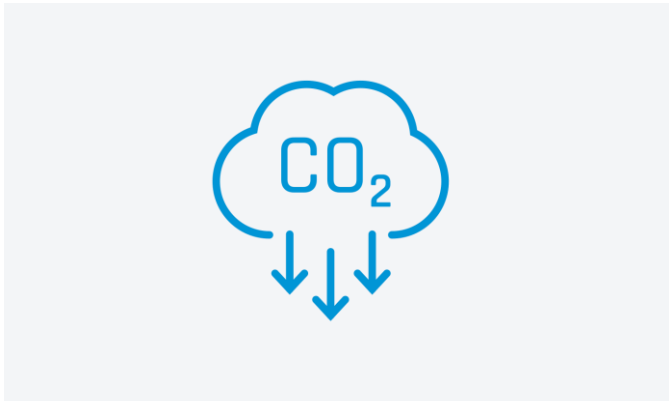
We are the preferred global plastic and composite solution provider for transportation systems when it comes to design, comfort and efficiency!



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





Mathieu Purrey – Management of STS Group AG



Mathieu Purrey is Chief Executive Officer (CEO) of the STS Group since July 2020.

He takes responsibility at STS as sole member of the Management Board and has been nominated until 2023.

He knows the STS Group from his own experience and was Chief Purchasing Officer (CPO) for a total of nine months during a transition phase in 2017 and 2018.

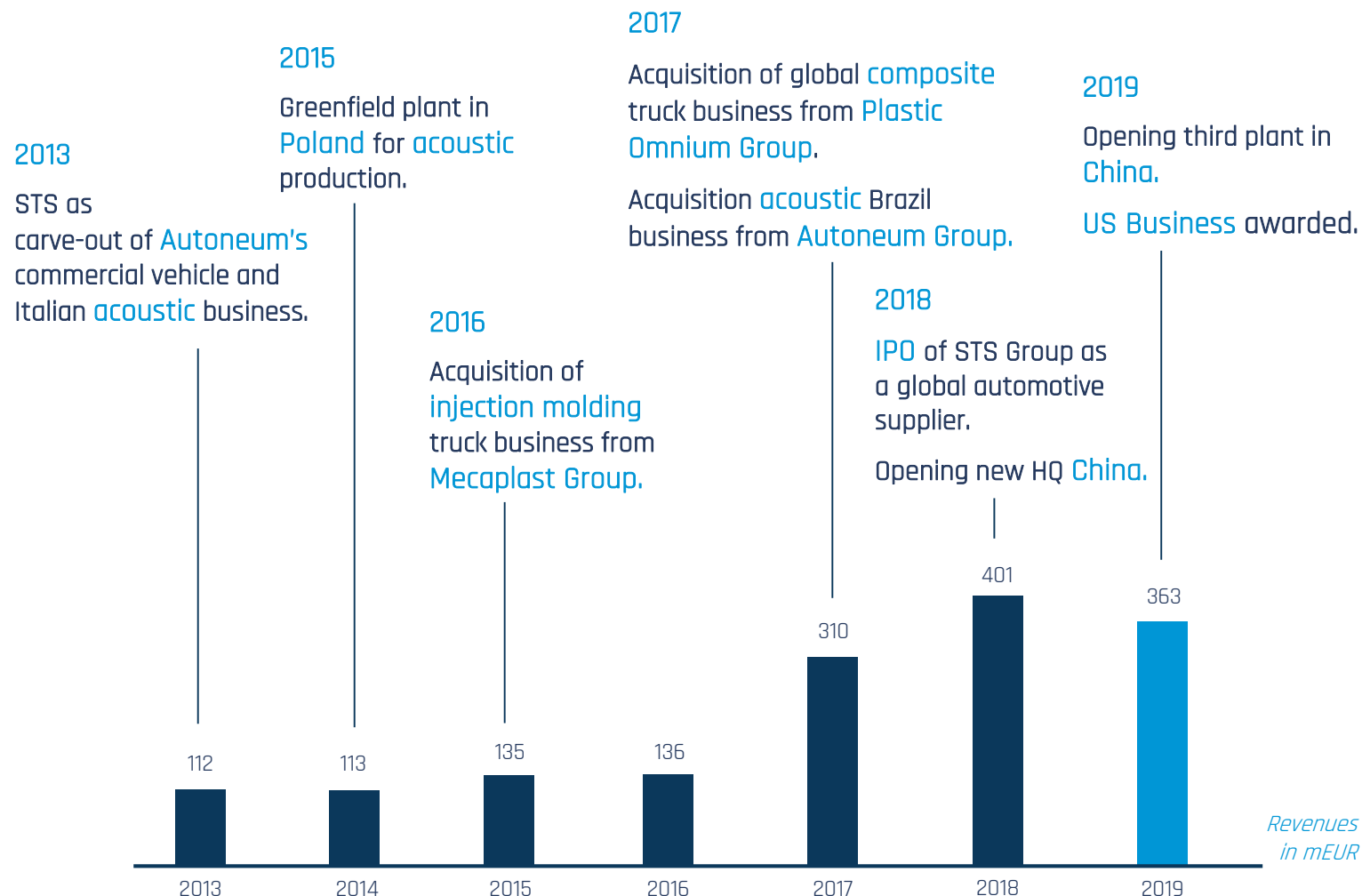
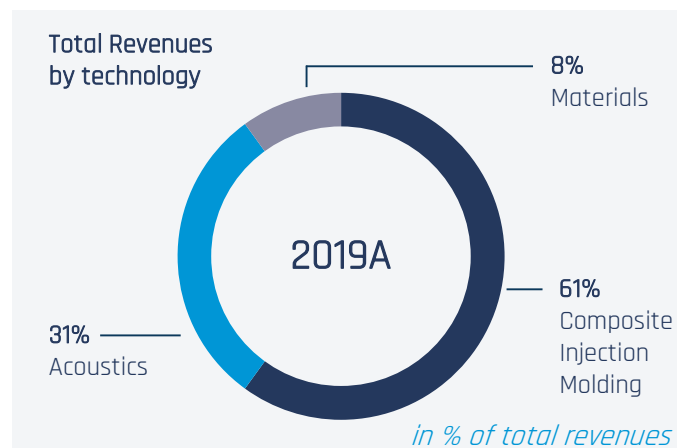
Prior to this, Mathieu Purrey was CRO of PrimoTECS and as COO/CPO at the Donges Group.



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.

The year 2020 has been characterized by the COVID-19 pandemic and the sell of BU Acoustics.

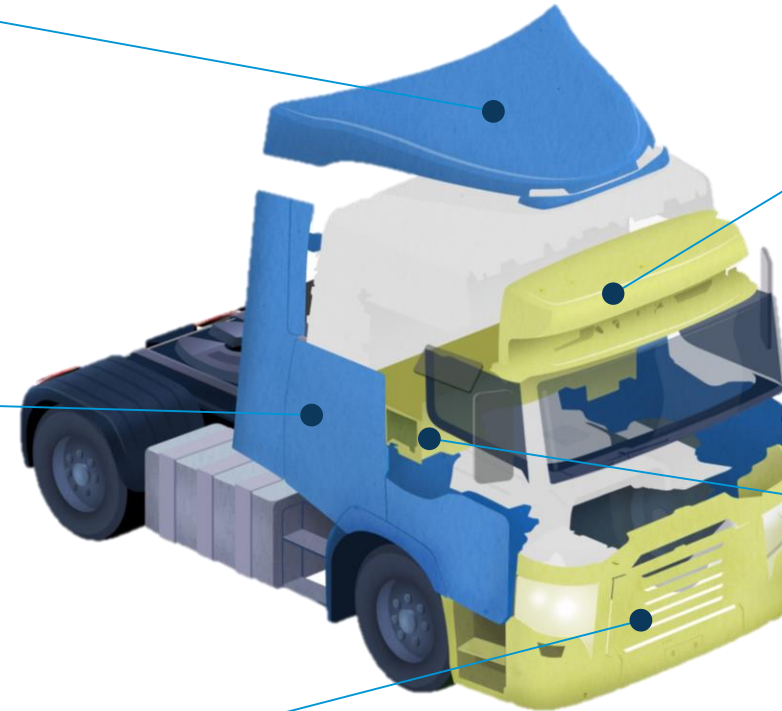


Intelligence for interior and exterior excellence

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:

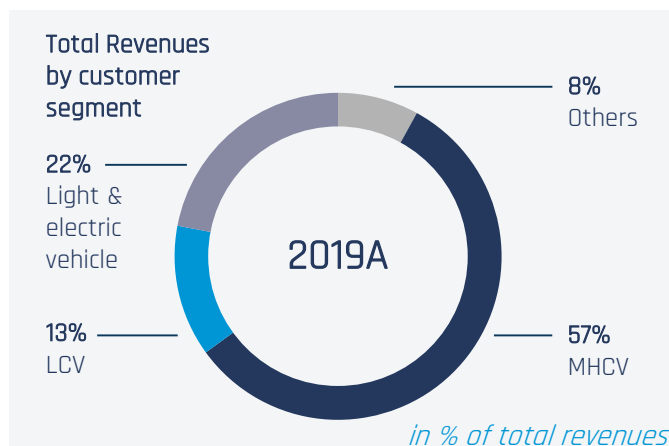
- Front and side modules
- Roof spoiler
- Storage modules
- Tailgate
- Cover for battery systems



■ 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.



MEDIUM HEAVY COMMERCIAL VEHICLES



TRATON



Mercedes-Benz

NAVISTAR®



LIGHT COMMERCIAL VEHICLES



RENAULT

LIGHT VEHICLES



Jeep



RENAULT

eVEHICLES



AGRICULTURE AND OTHERS

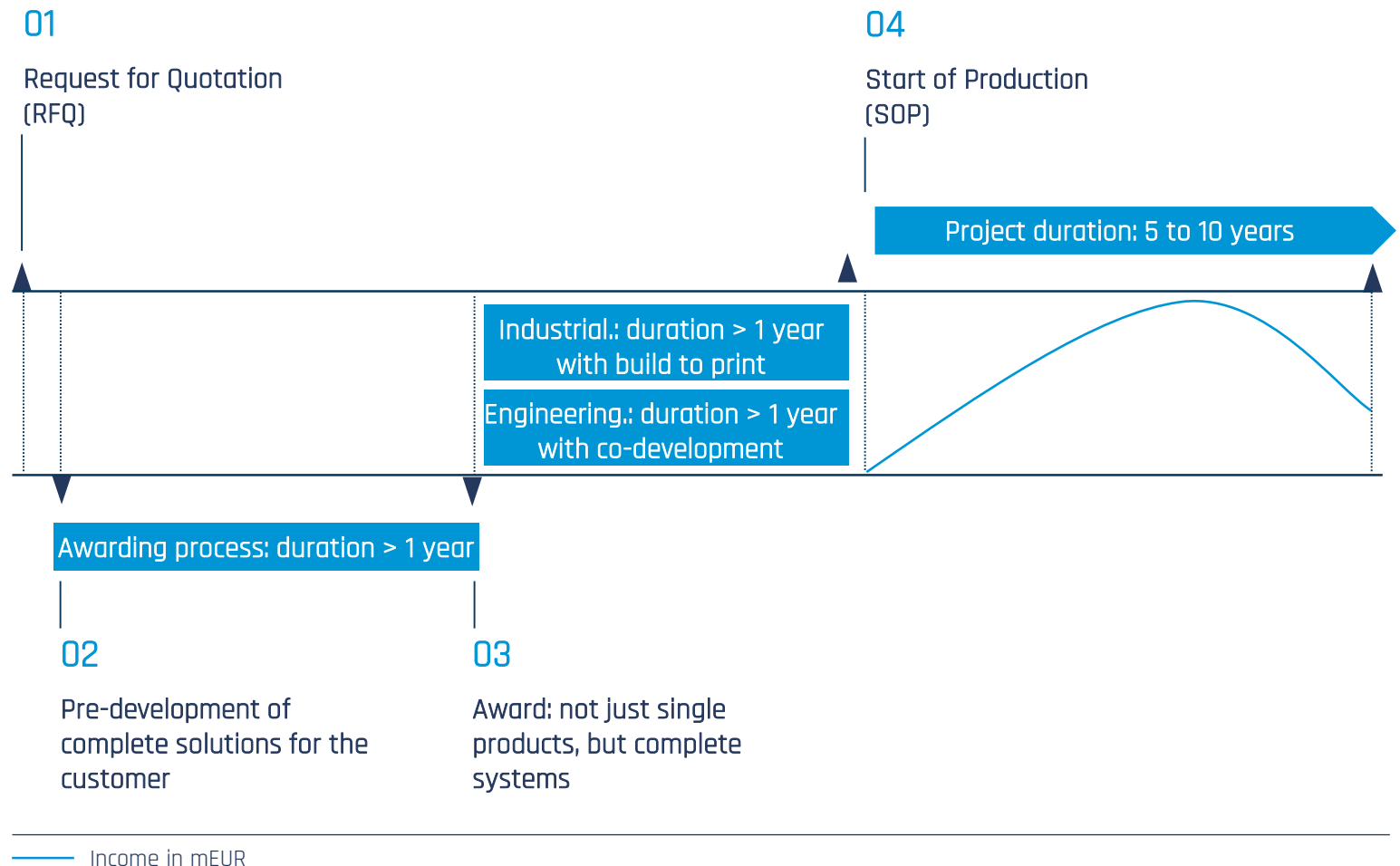
CATERPILLAR®



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

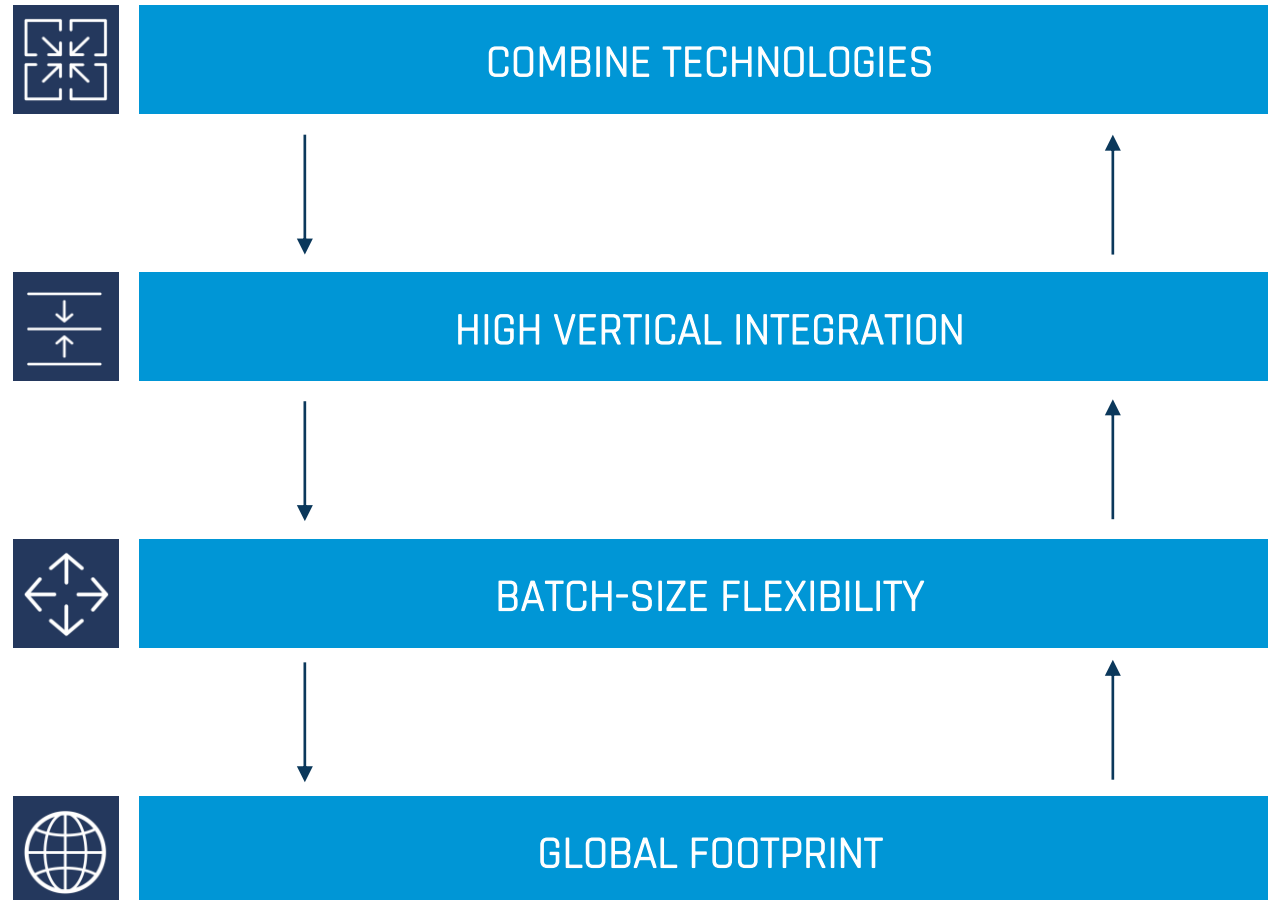
Vertically integrated production from semi-finished goods to complete systems

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

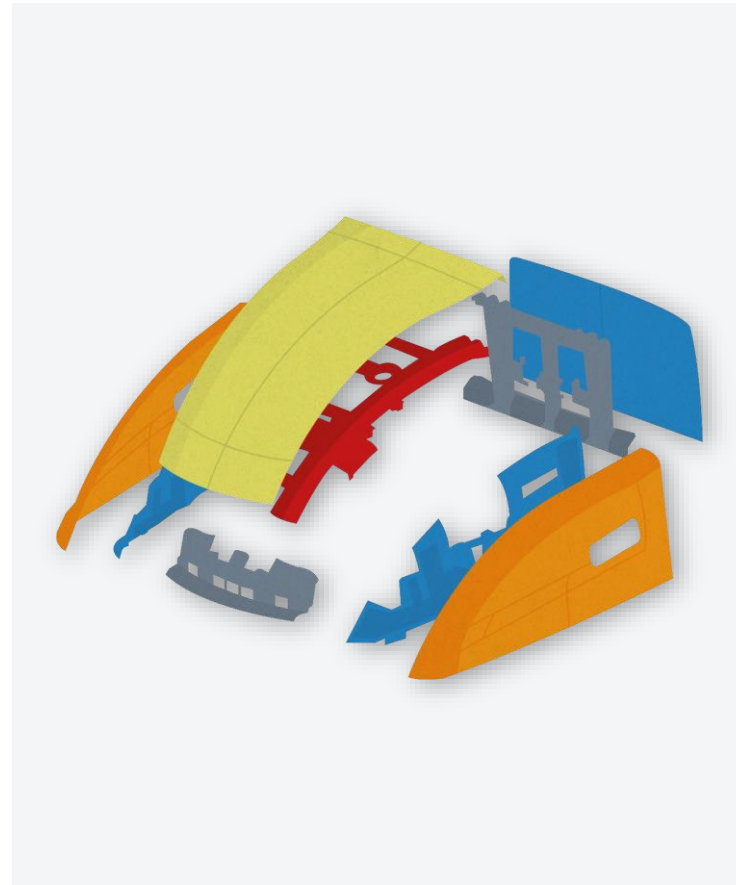
- Injection molding technology
 - Composite component production
- and to offer complete systems to the customer.

Global truck market trends towards global system suppliers.

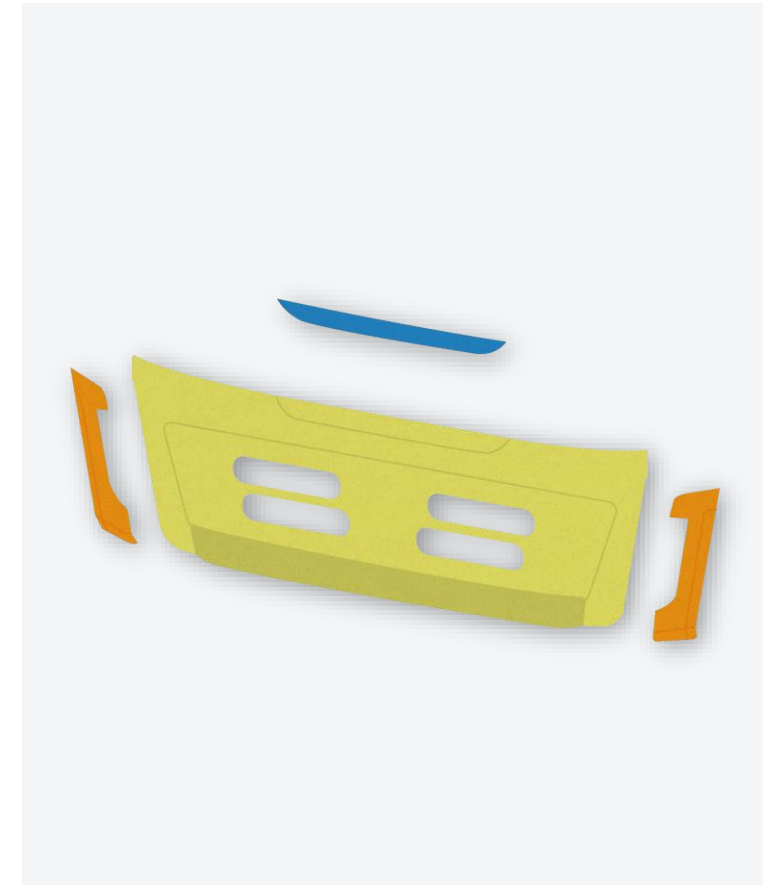
Interior and Exterior systems



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

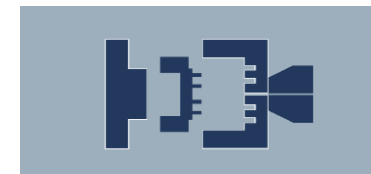
RAW MATERIAL



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



MOLDING



Injection molding



FINISHING



Machining
Painting
Assembly



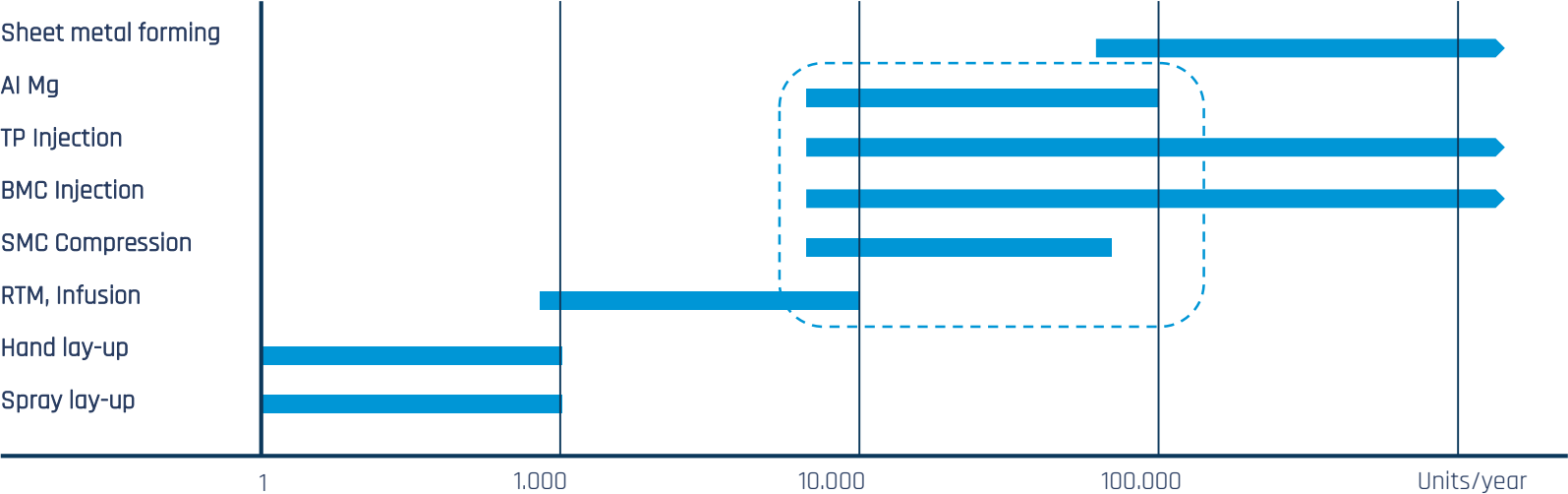
Batch-size flexibility

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.

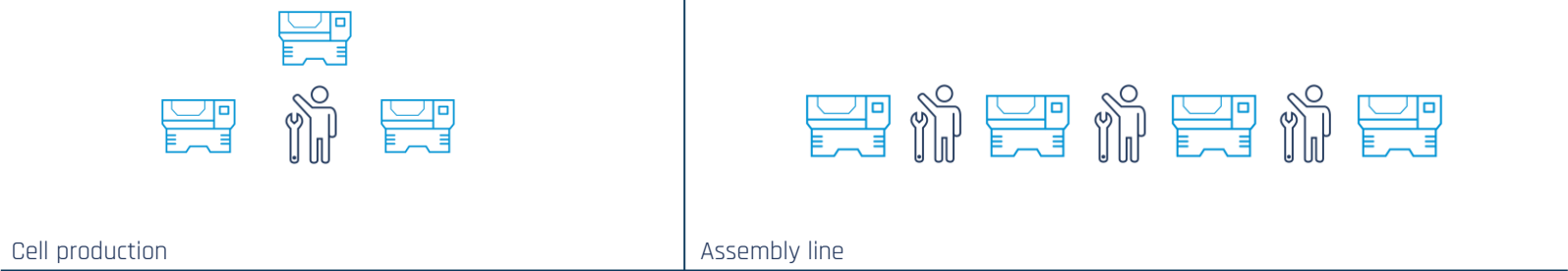
STS is competitive in medium series sizes which is likely to be the future trend of electric vehicles.

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



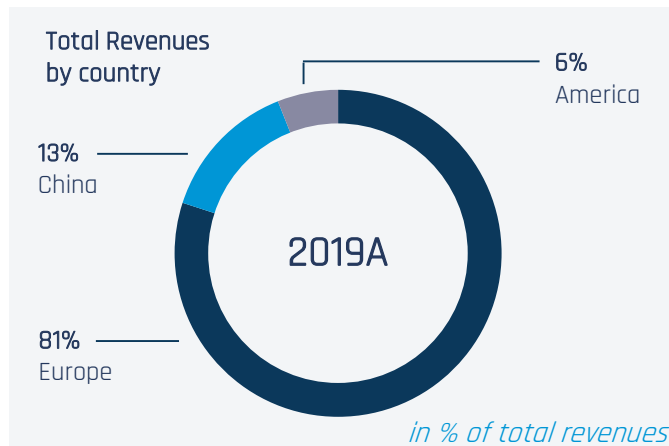


Global footprint

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

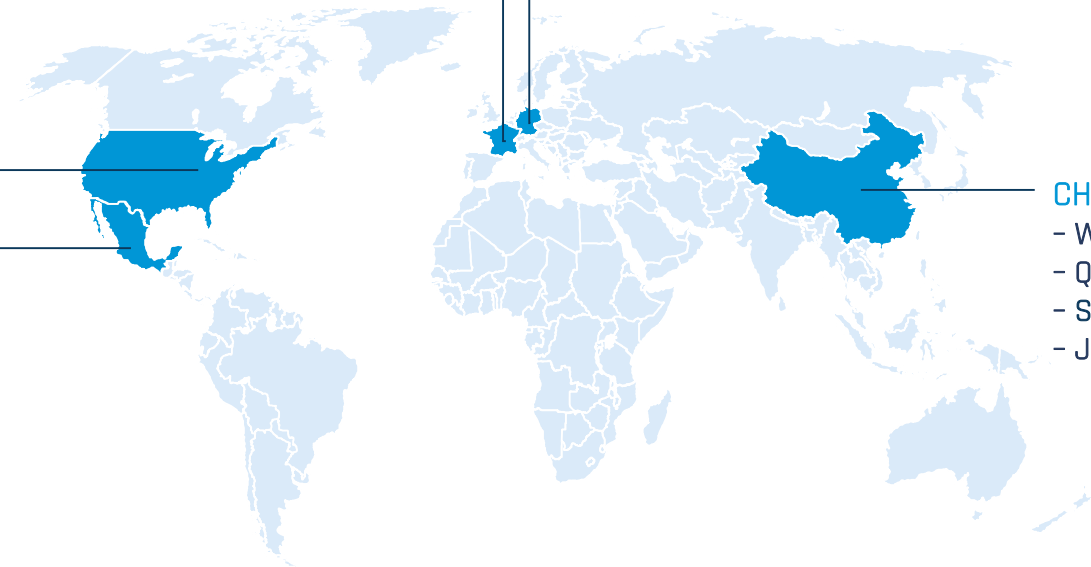
- ### MEXICO
- Ramos

GERMANY

- Hallbergmoos HQ
- Kandel

CHINA

- Wuxi HQ
- Quingdao
- 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

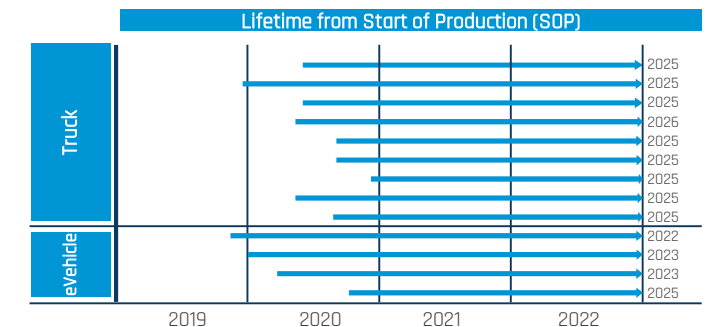
- Double current sales volume in the mid-term
- Growth in market share with existing customers
- Expansion of the eMobility business



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)



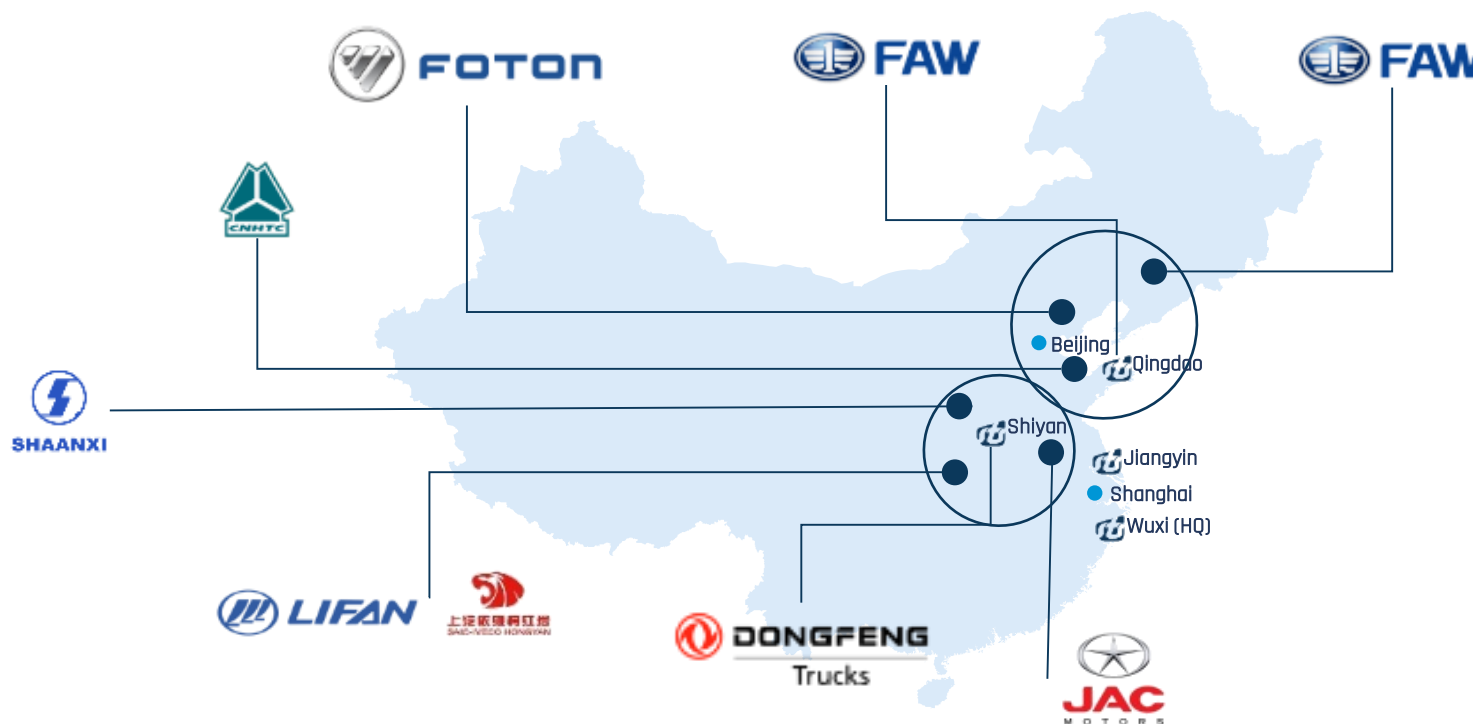
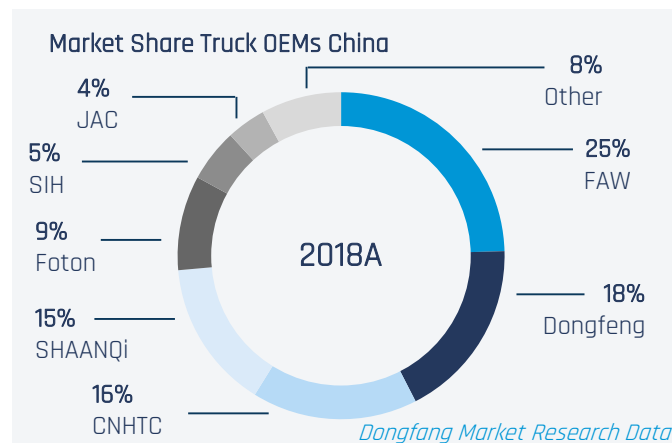


Fully settled footprint to support aspired growth in China

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



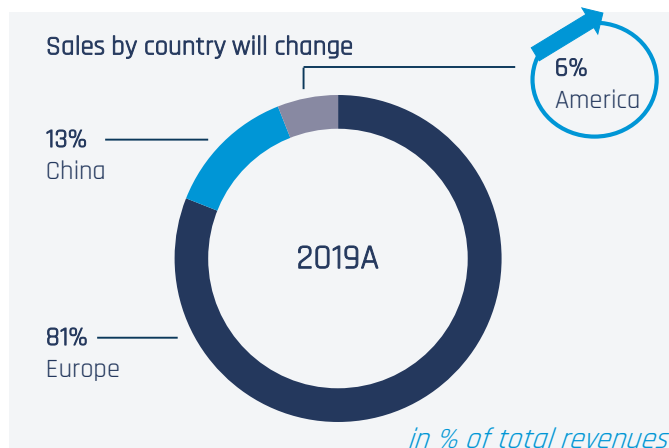
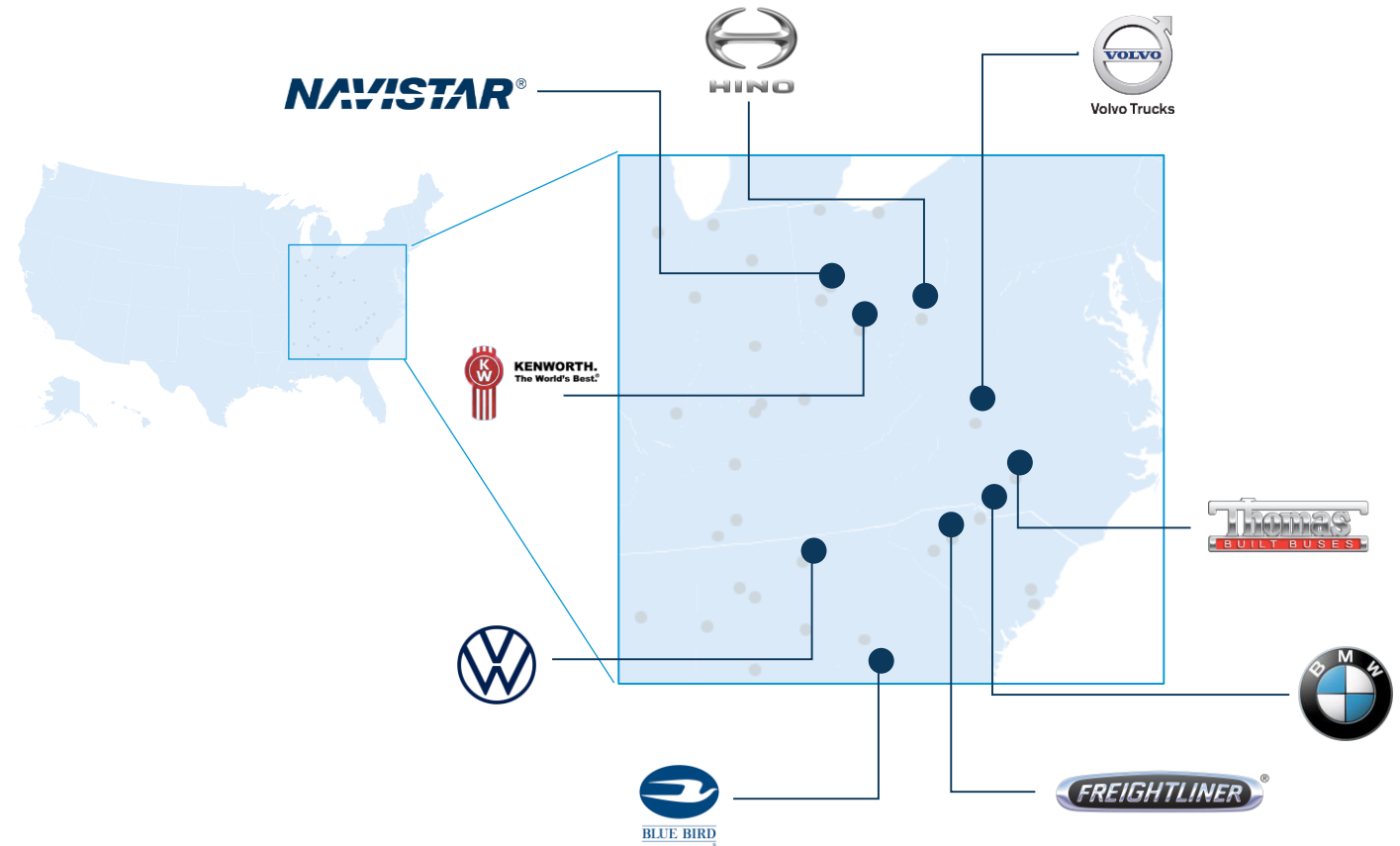
+120% more revenue per vehicle for long-nose trucks

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 middle east of the 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



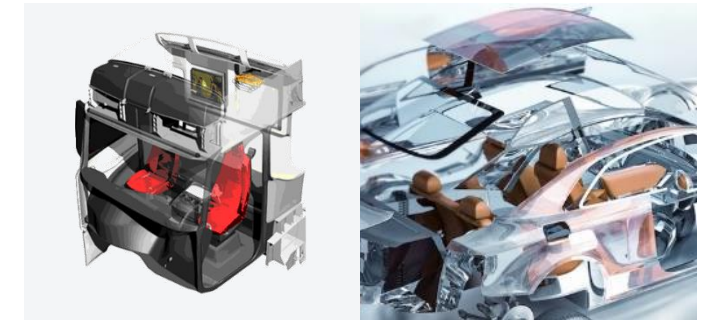
OBJECTIVES

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



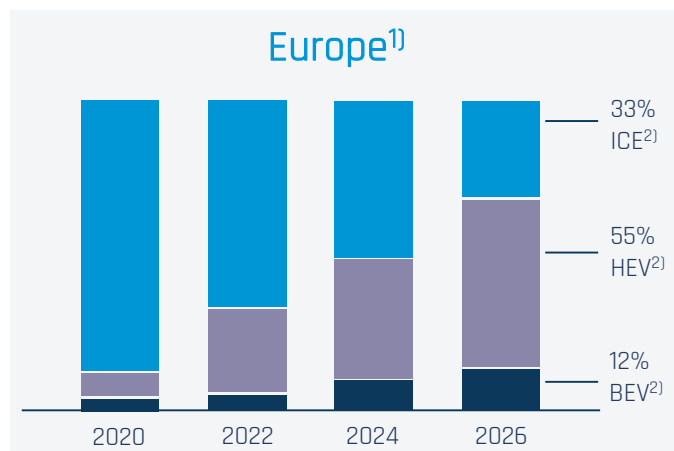
THE ROAD TO SUCCESS

- 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

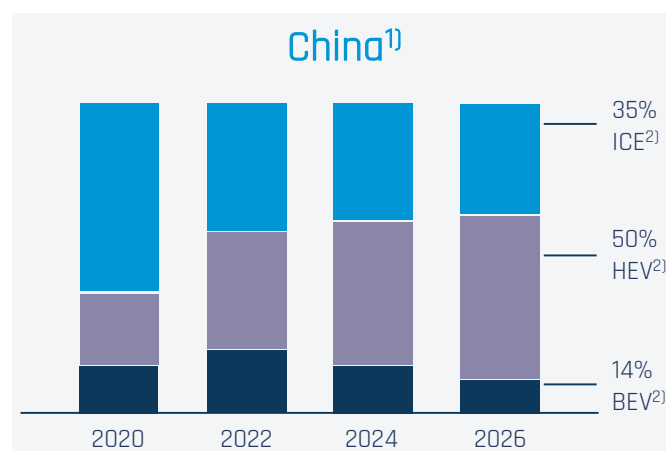




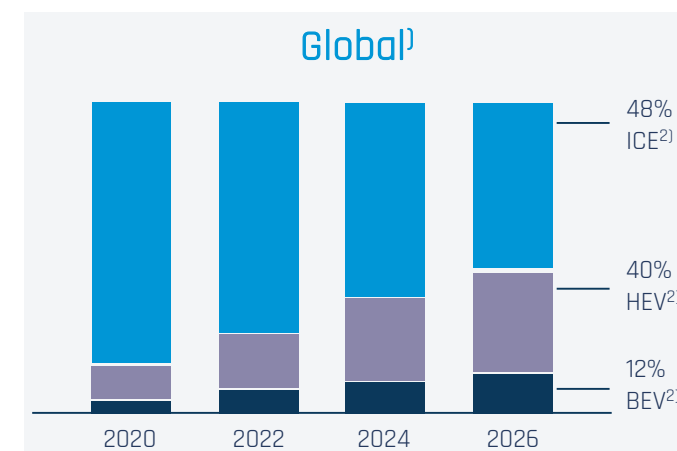
eVehicle development within the next years



- 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

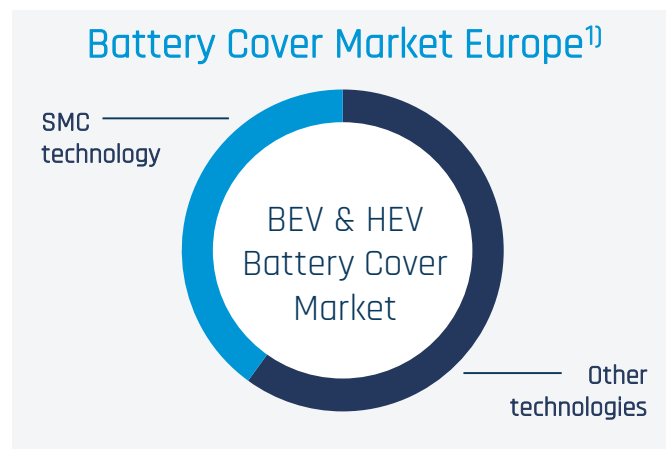
²⁾ ICE: internal combustion engine / HEV: hybrid electric vehicle / BEV: battery electric vehicle



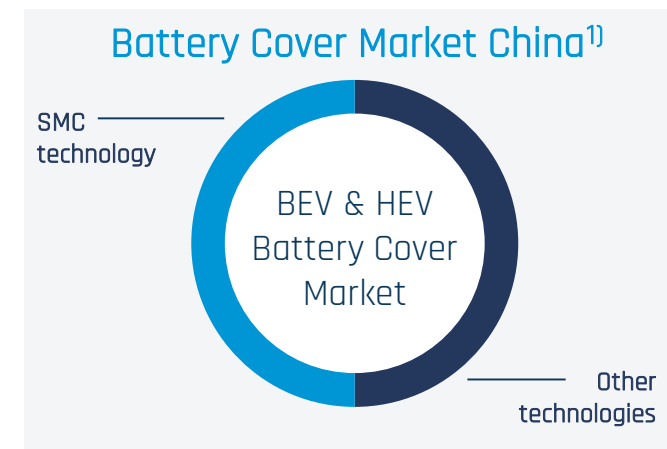
Significant sales potential with battery covers

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

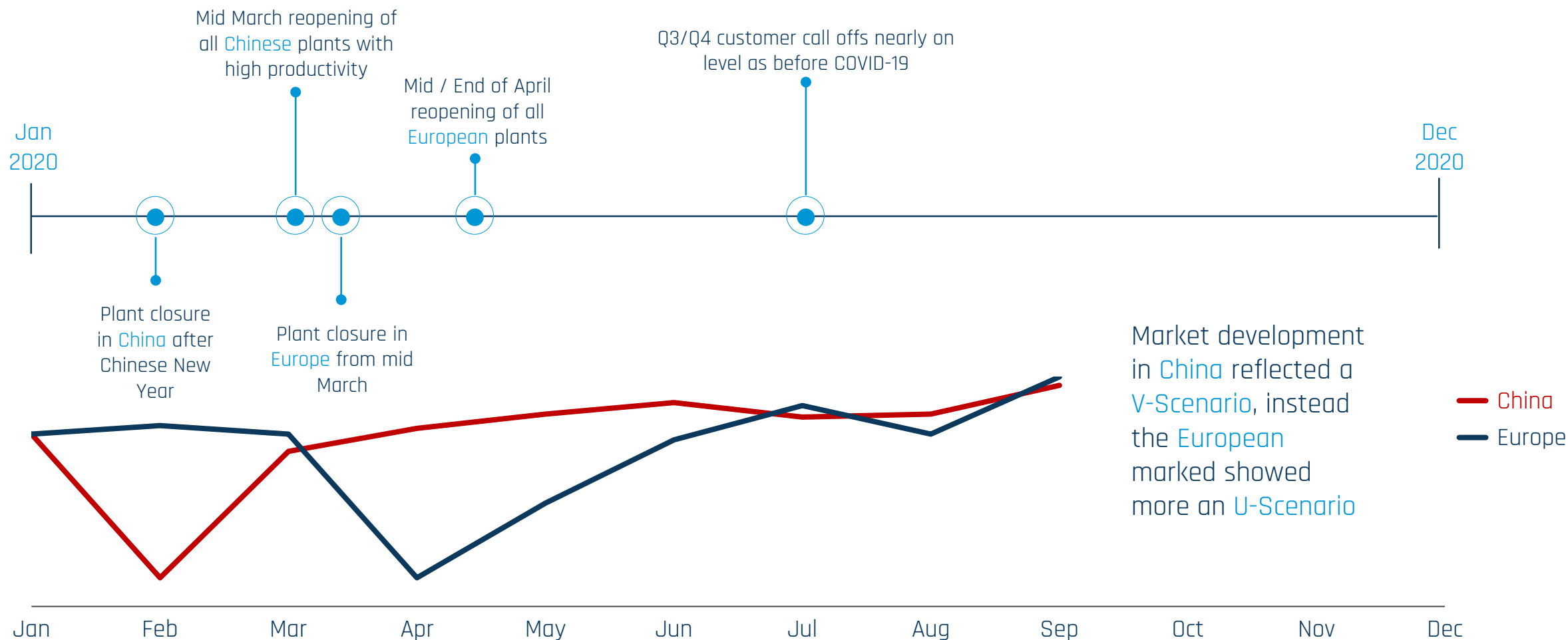
Financial Highlights

HY 2020





COVID-19 impacted mainly European market





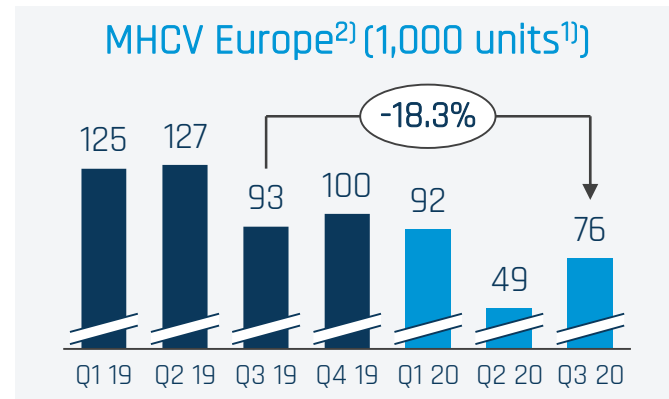
Development of relevant automotive markets

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

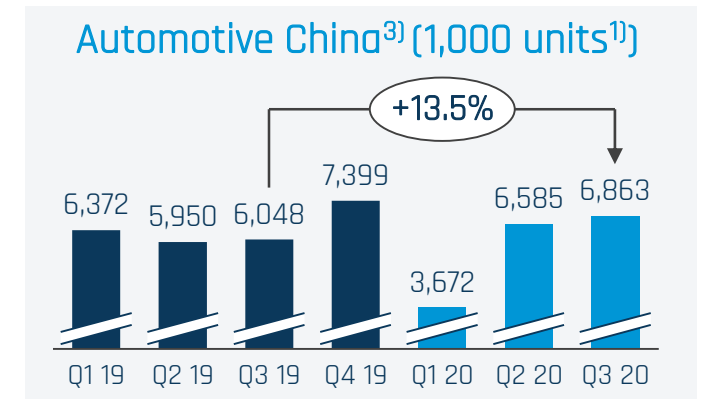
Ramp-up of production in Europa in Q3 and noticeable rise to previous year level.

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.



Medium- and Heavy-Commercial vehicle market dropped by 37% year-over-year and 18% quarter-over-quarter



Chinese automotive market dropped by 7% year-over-year and increased by 14% quarter-over-quarter.

In particular, the heavy truck market grew by 39% 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

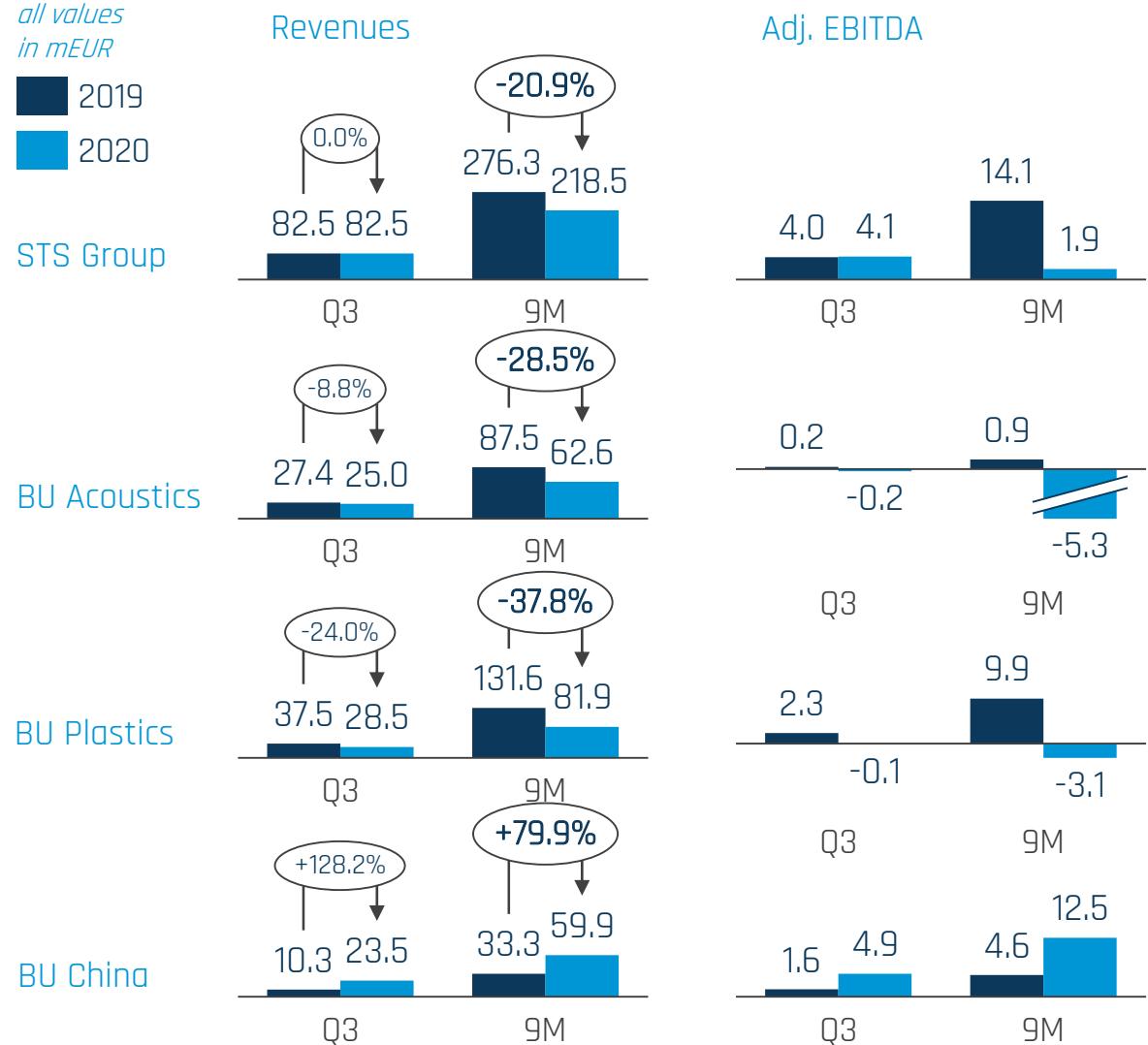
²⁾ MHCV: Medium-Heavy commercial vehicles / Central and West Europe



Q3 2020 - Recovery in Europe and strong growth in China

all values
in mEUR

■ 2019
■ 2020



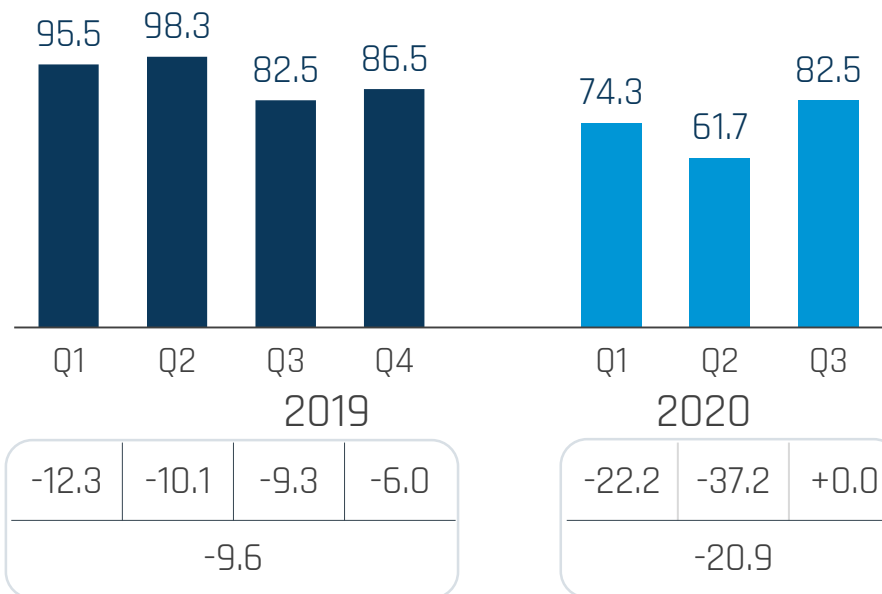
Comments:

- Revenues decreased by 20.9% yoy in 9M 2020:
 - Sales decline in Europe due to COVID-19 associated plant closures;
 - BU China with high increase of revenues also in Q3 due to strong commercial vehicle customer demand.
- Adj. EBITDA 1.9 mEUR, significantly below prior year:
 - Volume-related margin losses partially offset by various cost measures;
 - BU China with excellent profitability (ard. 21% margin) in first 9M;
 - Extraordinary expenses of 6 mEUR for reorganization measures and in connection with the sale of Acoustics business segment.

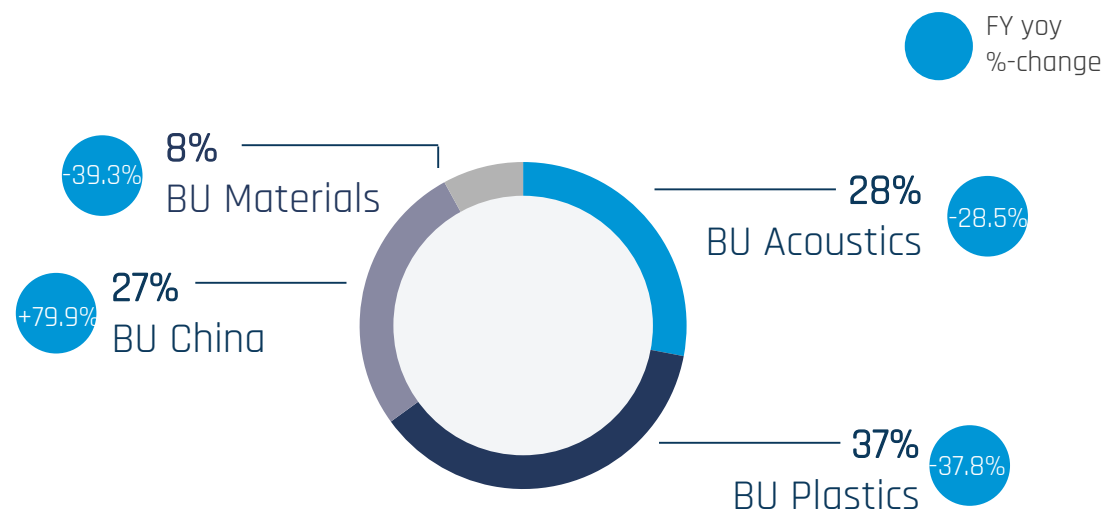


After heavy COVID-19 impact on Q2 – Q3 on the level of 2019

Revenues (in mEUR)



Revenues by segment (in % of total revenues)



Comments:

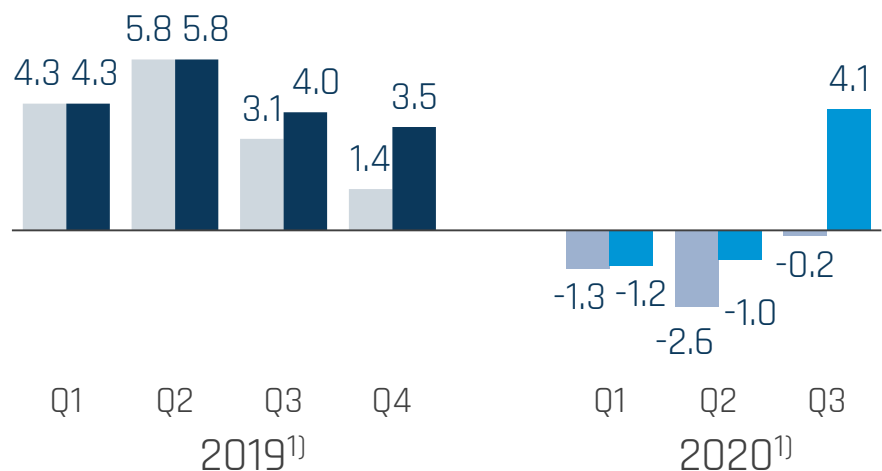
- ▶ After the reopening of the European plants, the third quarter saw an increasing recovery of the customer call-offs to the previous year's level.
- ▶ Following the plant closures in February, the Chinese market recorded strong growth even above the previous year's level and almost compensated for declines in the other segments in the third quarter.



Several measures applied to counteract sales drop

Adj. EBITDA (in mEUR)

EBITDA Adj. EBITDA



Adj. EBITDA Margin (in %)

4.5	5.9	4.8	4.0
4.9			

-1.7	-1.6	5.0
0.9		

Adj. EBITDA Margin (in %)

	Q3 19	Q3 20	9M 19	9M 20
Acoustics	0.4%	-0.9%	1.0%	-8.4%
Plastics	6.2%	-0.3%	7.5%	-3.8%
China	15.3%	20.8%	13.8%	20.8%
Materials	6.2%	9.9%	4.9%	3.2%
STS Group	4.8%	5.0%	4.9%	0.9%

¹⁾ 2019: adjustments for reorganization

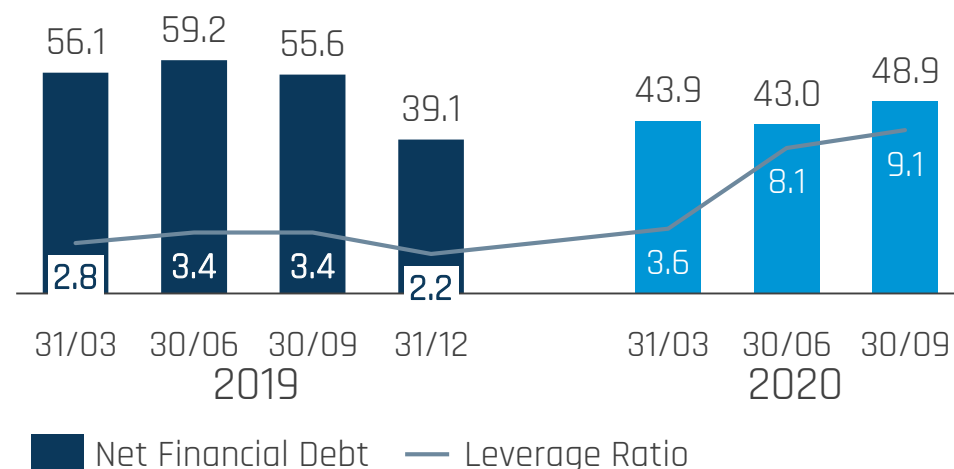
Comments:

- ▶ The decrease in Adjusted EBITDA is mainly due to the decrease of sales in connection with the plant closures in the first half of the year. Implemented countermeasures to reduce costs, but these only partially offset the volume related negative earnings effects.
- ▶ In the reporting period, extraordinary expenses for reorganization measures (1.5 mEUR relates to the closure of the Group headquarter) and in connection with the sale of Acoustics business segment in the total amount of 6.0 mEUR were incurred.



Focus on 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	30/06	30/09
Bank loans	16.7	15.5	14.0	12.4	14.1	24.5	39.3
Third party loans	8.8	8.5	7.9	7.7	8.5	8.2	6.4
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
Financial debt	84.4	87.9	77.1	56.3	61.2	65.9	80.7
Cash & cash equiv.	28.3	28.7	21.5	17.2	17.3	22.8	31.8
Net financial debt	56.1	59.2	55.6	39.1	43.9	43.0	48.9
LTM adj. EBITDA last 12 months	19.9	17.3	16.2	17.6	12.1	5.3	5.4

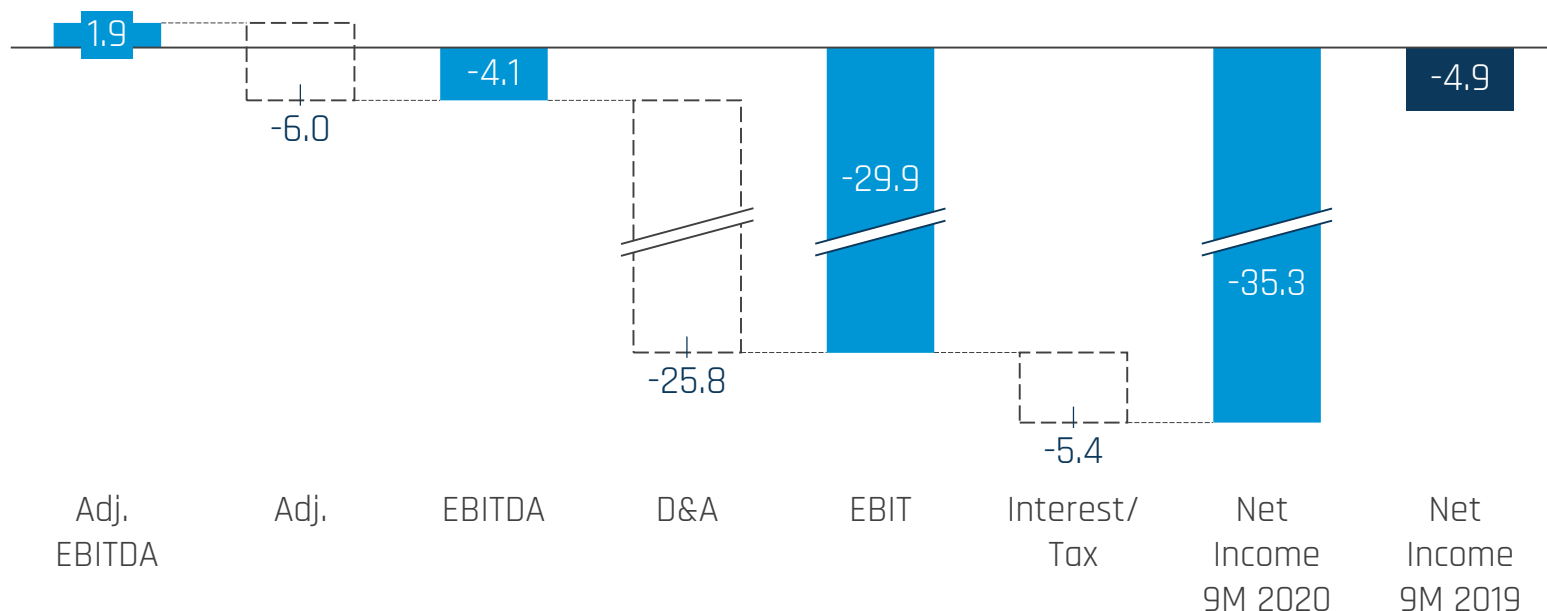
Comments:

- ▶ The increase is mainly due to the raising of government guaranteed loans in France and Italy, the latter will continue to be accounted for until the deconsolidation of BU Acoustics in the fourth quarter of the financial year.



Net income impacted by top line and one-time effects

Adj. EBITDA / Net Income Bridge 9M 2020 (in mEUR)



Comments:

- ▶ Net income lower compared to prior-year period, due to significant decline in EBITDA (-17.3 mEUR compared to p.y.).
- ▶ One-time effects of -16.7 mEUR impact on Net Income in 2020 are: -1,5 mEUR restructuring HQ, -4.2 mEUR related to the sales of Acoustics, -11.0 mEUR impairment loss for a CGU in the Acoustics segment (included in D&A).



Key Financials

<i>in mEUR / %</i>	Q3 2019	Q3 2020	<i>var. in %</i>	9M 2019	9M 2020	<i>var. in %</i>
Revenues	82.5	82.5	+0.0%	276.3	218.5	-20.9%
EBITDA	3.1	-0.2	>-100%	13.2	-4.1	>-100%
EBITDA Margin	3.7%	-0.2%	-3900 bps	4.8%	-1.9%	-5700 bps
Adj. EBITDA	4.0	4.1	+2.5%	14.1	1.9	-86.5%
Adj. EBITDA Margin	4.8%	5.0%	+200 bps	5.1%	0.9%	-4200 bps
EBIT	-1.7	-5.1	>-100%	-0.7	-29.9	>-100%
EBIT Margin	-2.0%	-6.2%	-4200 bps	-0.3%	-13.7%	>1000 bps
NET Income	-2.7	-7.7	>-100%	-4.9	-35.3	>-100%
EPS <i>(in EUR)</i>	-0.44	-1.25	>-100%	-0.82	-5.85	>-100%
Cash & Cash Equiv.				17.2 (as of 31/12)	31.8 (as of 30/06)	+84.9%
Net Financial Debt ²⁾				39.1 (as of 31/12)	48.9 (as of 30/06)	+25.1%

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

A blue-tinted background image showing a person writing on a glass wall with a marker, with a cityscape visible through the glass.



STS Group specified outlook for fiscal year 2020



FY 2020 Guidance (November 17, 2020)

- increasingly positive development of customer call-offs
- China segment will continue its strong growth in Q4
- no further COVID-19 related significant restrictions



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



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



Strategy Update – “BACK TO BASICS”



Capital Market



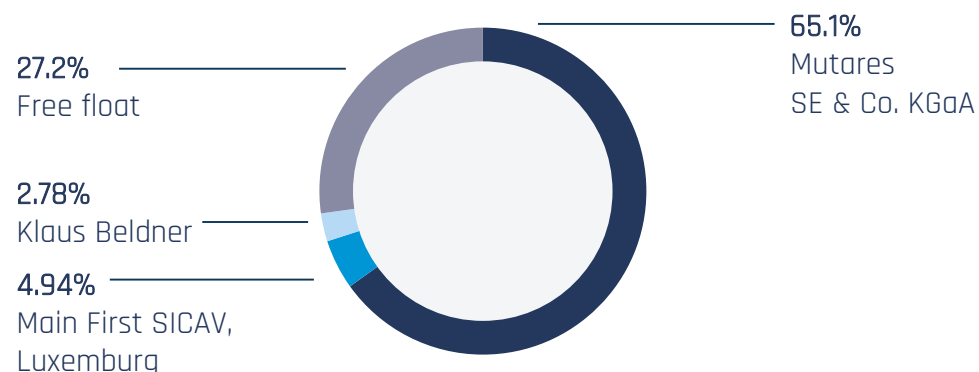


Automotive market development puts pressure on share

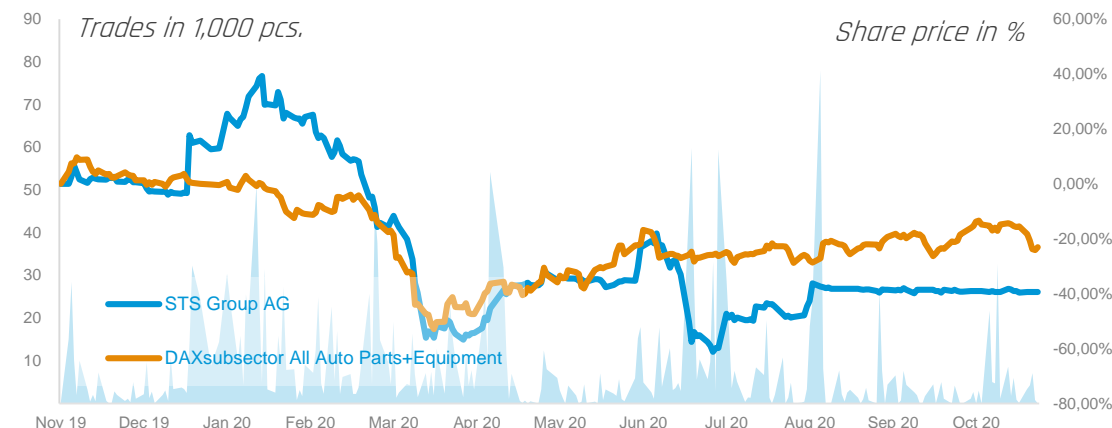
Share information

ISIN	DE000A1TNU68 (General Standard)
Number of Shares	6,500,000
Market Cap (31/10/20)	19.6 mEUR
Designated Sponsoring	mwb fairtrade Wertpapierhandelsbank AG

Shareholder structure



Share price last 12 months (Xetra)



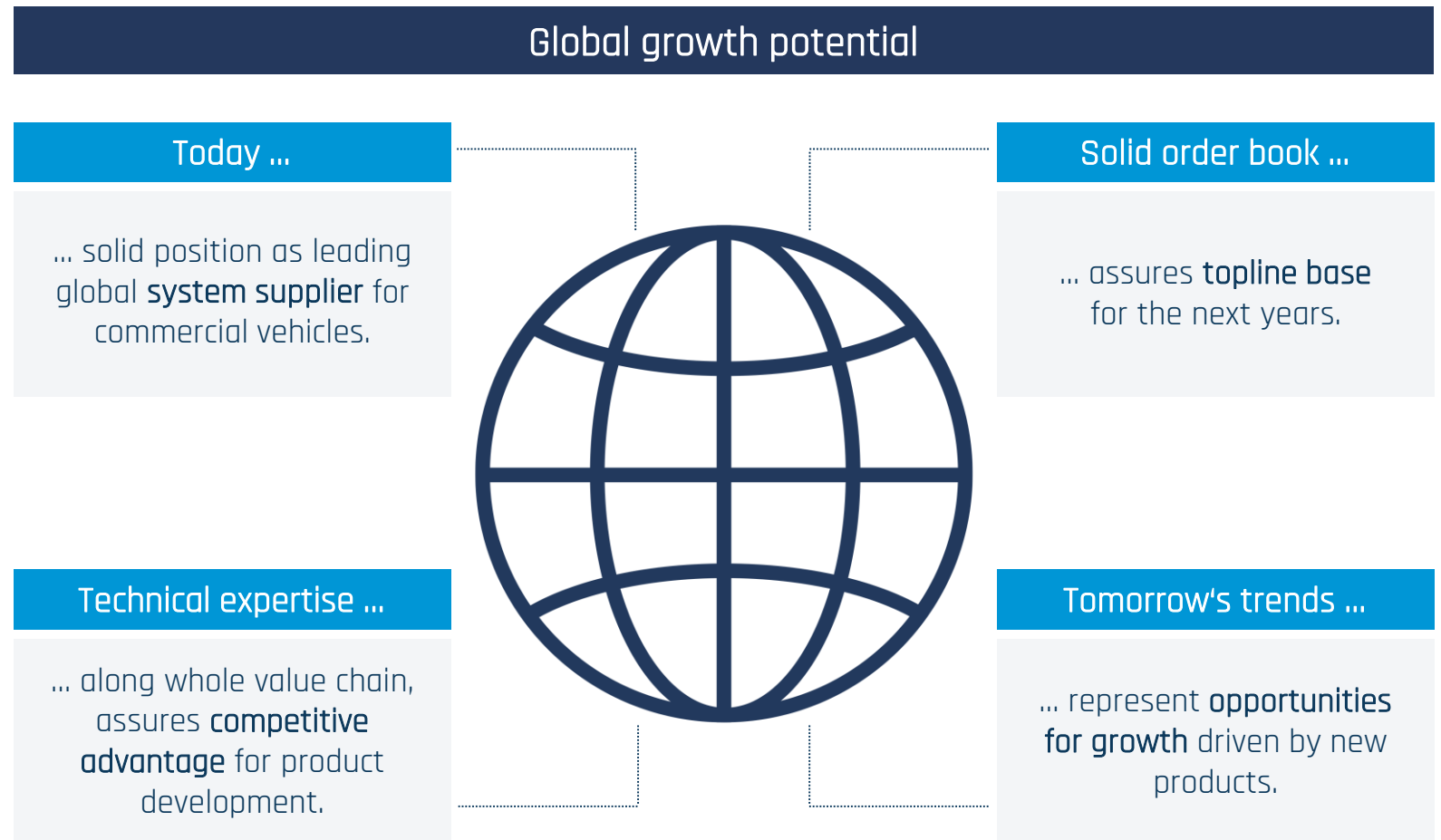
Analyst Recommendations

Date	Publ.	Target	Rec.
12/11/2020	SMC Research	5.70 EUR	Speculative Buy
14/08/2020	SMC Research	4.30 EUR	Hold
15/05/2020	SMC Research	7.00 EUR	Speculative Buy
04/05/2020	SMC Research	7.00 EUR	Speculative Buy
12/05/2020	SMC Research	7.50 EUR	Speculative Buy
13/01/2020	SMC Research	10.00 EUR	Speculative Buy

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.

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!



Contact us
Stefan Hummel
Head of Investor Relations
& Corporate Strategy
ir@sts.group
+49 811 124494 12

