

Q1 FY2020 RESULTS

February 3, 2020

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Numbers were rounded to one decimal. Due to rounding, numbers presented may not add up precisely to the totals provided.

Agenda

1. Operational highlights
2. Financial highlights
3. Results by operating segment
4. Outlook
5. Appendix

Agenda

1. Operational highlights

2.

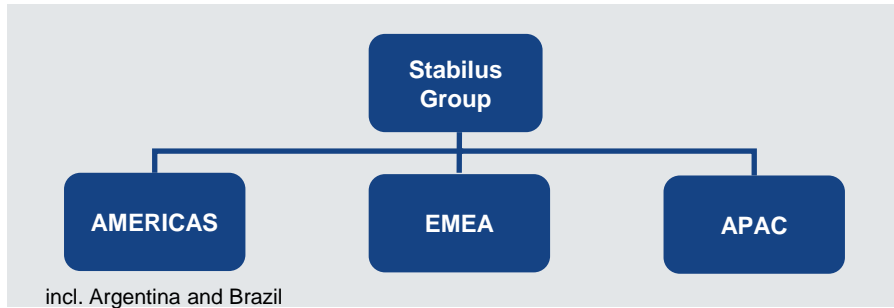
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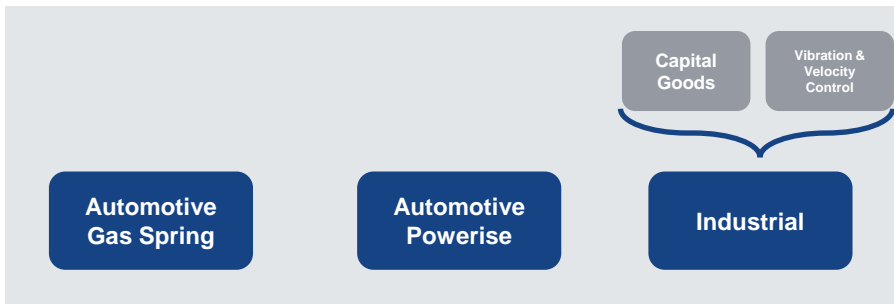
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Organizational adjustments from FY2020 on

Operating segments (as of Oct 1, 2019)



Business units (as of Oct 1, 2019)



Comments

- Reflecting Stabilus' growth profile and expanding footprint, starting with FY2020, the names and composition of Stabilus' operating segments will be changed from *Europe, NAFTA, Asia / Pacific and RoW* to *Europe, Middle East and Africa* ("EMEA"), *Americas, Asia-Pacific* ("APAC"), i.e. there will be no *Rest of World (RoW)* subsegment anymore, Latin American market will be part of the Americas segment and the Middle East & Africa part of EMEA
- To increase efficiency and effectiveness of customer access as well as to strengthen our focus on the industrial business, the business units *Industrial / Capital Goods* and *Vibration and Velocity Control* will be integrated into **one Industrial business unit**. From FY2020 on, Stabilus business units are *Automotive Gas Spring* ("AGS"), *Automotive Powerise* ("APR") and *Industrial* ("IND")

Rationale for integrating Capital Goods and Vibration & Velocity Control

Industrial business unit

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+ future Industrial acquisitions

Key reasons for establishing ONE Industrial BU

- **Finalize the integration** of entities acquired in 2016 and 2019, i.e. ACE, Hahn Gasfedern, Fabreeka, Tech Products, General Aerospace, Clevers and Piston Gas Springs
- **Capture all growth potentials** in the regions by joint Industrial market approach
- Apply **best fit of expert brand and business model** according to target groups (*all brands and business models will be kept and strengthened*)
- Offer **all products to all market segments**
- **Leverage available resources, competences and customer access** to grow faster together
- Foster recognition and valuation by markets as **Industrial motion control solutions provider**
- Build a mature **basis for further acquisitions** in the Industrial segment

Increasing the share of direct sales in the independent aftermarket

Stabilus IAM distribution channel BEFORE



Stabilus IAM distribution channel NOW



Comments

- Stabilus used to supply US distributors and retailers in the independent automotive aftermarket (“IAM”) segment via a “*mega distributor*” (Note: IAM is part of the *Industrial* business unit.)
- From FY2020 on, Stabilus started to supply its independent aftermarket retailers in the United States directly
- Disintermediation, one step less in the distribution chain, will improve Stabilus revenues and profitability going forward

Agenda

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2. Financial highlights

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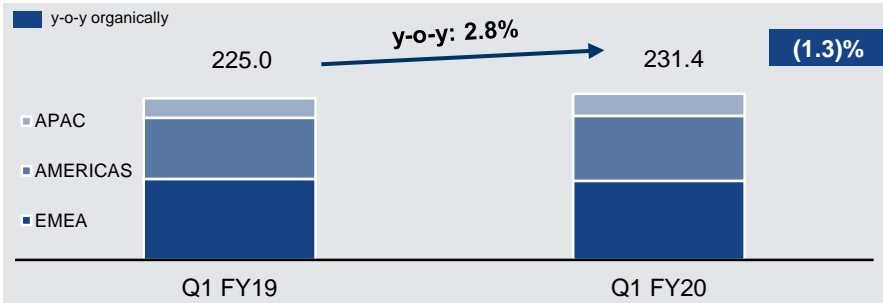
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Q1 FY2020 financial highlights

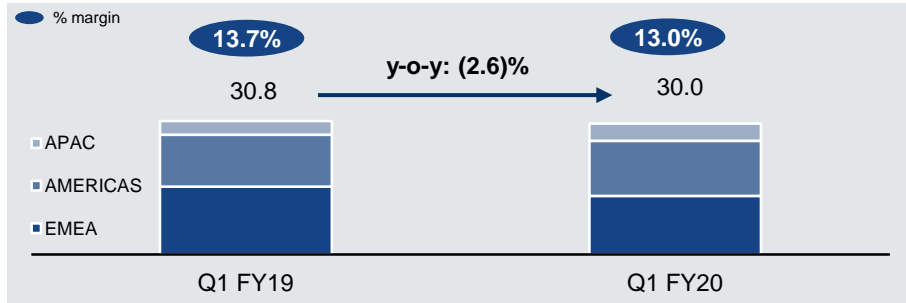
| | |
|---------------------------|---|
| Revenue | <ul style="list-style-type: none"> ➤ Revenue at €231.4m (vs. €225.0m in Q1 FY19), + 2.8% y/y ➤ Acquisition effect: + 2.5% y/y, currency translation effect: + 1.6% y/y, organic growth: - 1.3% y/y |
| Adj. EBIT | <ul style="list-style-type: none"> ➤ Adj. EBIT at €30.0m (vs. €30.8m in Q1 FY19), - 2.6% y/y ➤ Adj. EBIT margin at 13.0% (vs. 13.7% in Q1 FY19) |
| Profit | <ul style="list-style-type: none"> ➤ Profit at €16.4m in Q1 FY20 (vs. €17.7m in Q1 FY19) ➤ Profit margin at 7.1% (vs. 7.9% in Q1 FY19) |
| Adj. FCF | <ul style="list-style-type: none"> ➤ Adj. FCF (i.e. FCF before acquisitions) = FCF: there were no payments for acquisitions in Q1 FY20 ➤ Adj. FCF at €7.8m (vs. €12.4m in Q1 FY19) |
| Net leverage ratio | <ul style="list-style-type: none"> ➤ Net leverage ratio at 1.0x (vs. 1.0x as of end FY19) ➤ Net financial debt at €184.3m (vs. €189.1m as of end FY19) |
| Outlook | <ul style="list-style-type: none"> ➤ FY2020 revenue and adj. EBIT guidance from November 2019 (i.e. €970m – €990m and c. 15%) unchanged ➤ Please refer to the outlook page of this presentation for further details |

Q1 FY2020 – Key figures

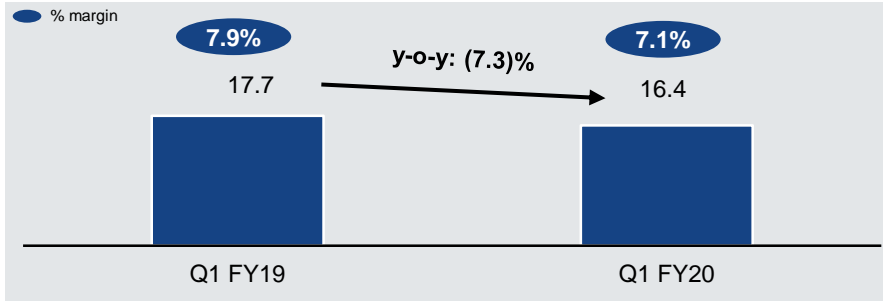
Revenue (€m)



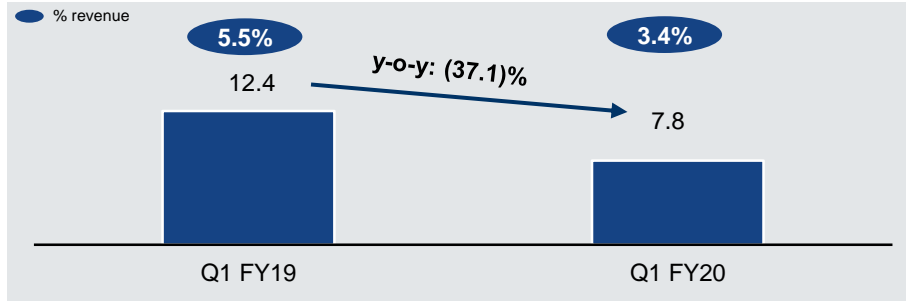
Adj. EBIT (€m)



Profit (€m)



Adj. FCF (€m)



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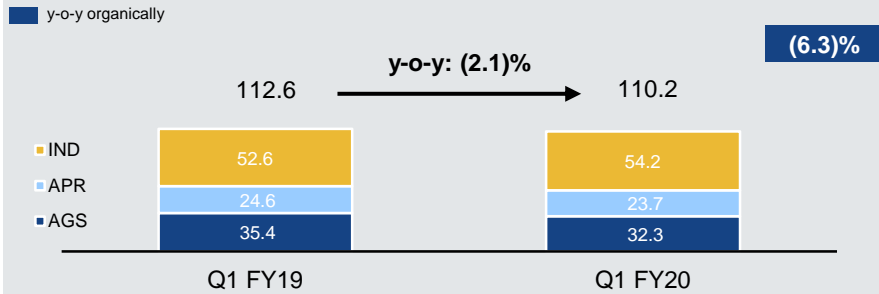
3. Results by operating segment

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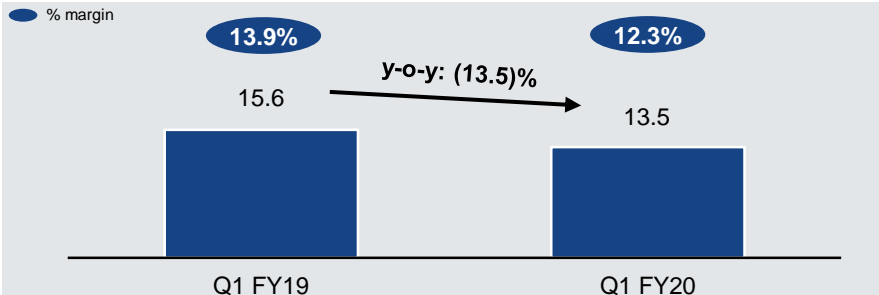
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Q1 FY2020 – EMEA

Revenue (€m)



Adj. EBIT (€m)

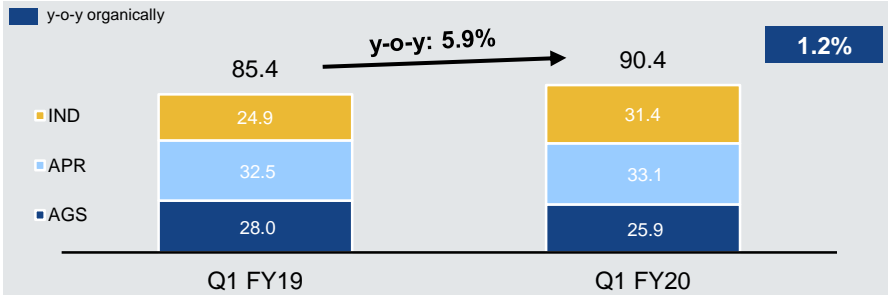


Comments

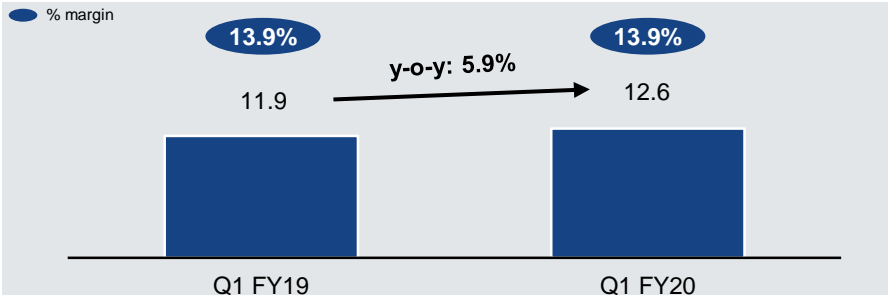
- Light vehicle production in the Europe, Middle East and Africa (“EMEA”) region in Q1 FY20 at 5.6m units, i.e. - 6.0% vs. Q1 FY19
- EMEA’s Q1 revenue decreased by €2.4m or 2.1% y/y, in spite of positive contribution from General Aerospace and Piston which were acquired in 2019: acquisition effect: +4.8% y/y, currency translation effect: - 0.6% y/y, organic growth: - 6.3% y/y
- EMEA’s Automotive Gas Spring (“AGS”; - 8.8% y/y) and Automotive Powerise (“APR”; - 3.7% y/y) revenue in Q1 FY20 continues to be impacted by weak automotive markets
- Supported by the revenue from acquired entities, Industrial (“IND”) revenue increased by €1.6m or 3.0% y/y; organic growth stood at - 7.0% y/y
- Adj. EBIT margin decreased by 160bp due to lower fixed cost absorption and one-off costs of c. €0.6m for outsourcing of certain logistics processes in Koblenz to an external service provider

Q1 FY2020 – AMERICAS

Revenue (€m)



Adj. EBIT (€m)

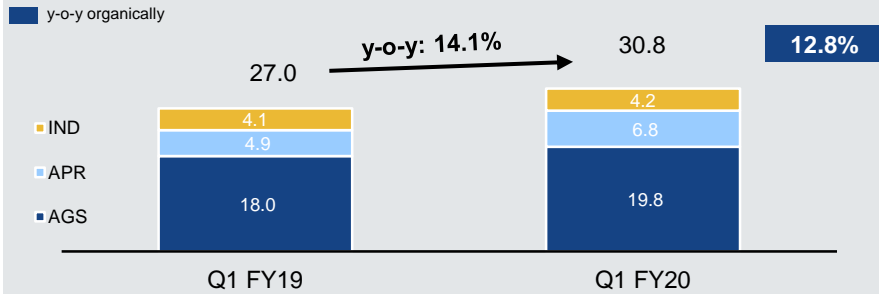


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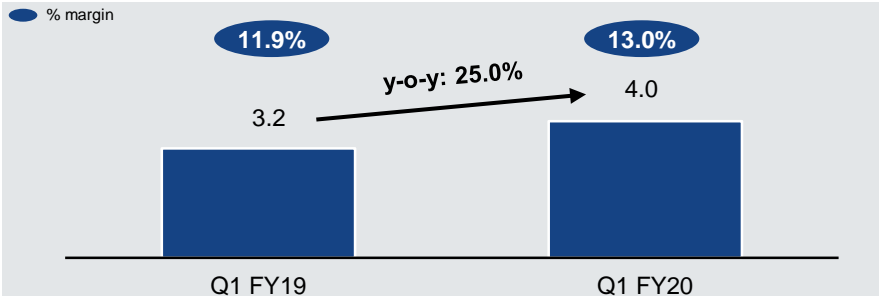
- Light vehicle production in Americas in Q1 FY20 at 4.6m units, i.e. - 8.7% vs. Q1 FY19
- Americas' revenue increased by €5.0m or 5.9% y/y essentially due to growth in the industrial business and positive contribution from currency translation: contribution from acquisition stood at + 0.3% y/y (Clevers), from currency translation at + 4.4% y/y and organic growth at + 1.2%
- Organically, Americas' revenue in Automotive Gas Spring ("AGS") declined by 10.8% y/y (primarily less Federbeins) and in Automotive Powerise ("APR") by 4.1% y/y
- Without Clevers acquisition and positive currency translation, Industrial sales grew by 21.1% y/y, mainly due to the stronger business with solar dampers
- Adj. EBIT increased proportionately to the increase in revenue, i.e. the adj. EBIT margin remained stable at 13.9% in Q1 FY20 (vs. 13.9% in Q1 FY19)

Q1 FY2020 – APAC

Revenue (€m)



Adj. EBIT (€m)



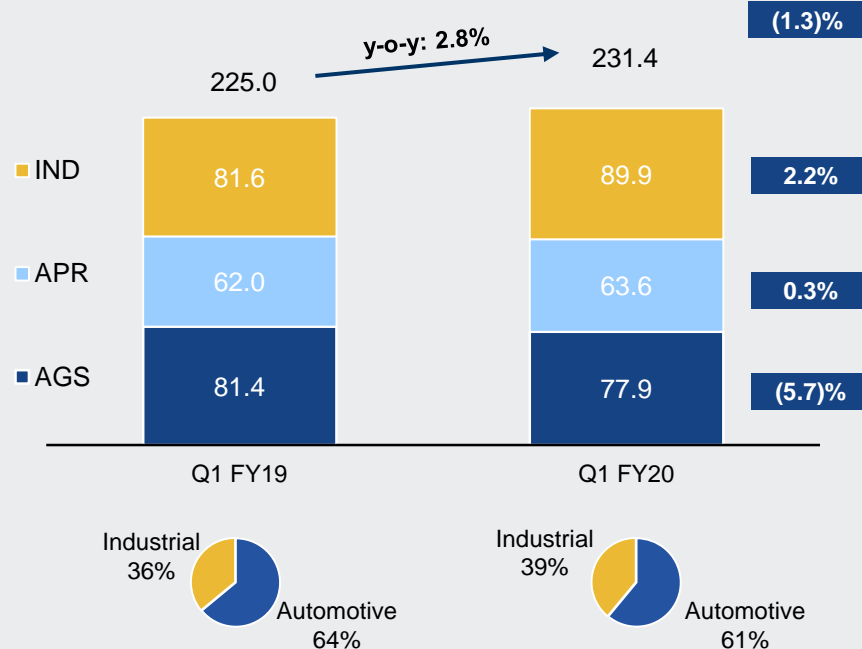
Comments

- Light vehicle production in Asia Pacific (“APAC”) in Q1 FY20 at 12.4m units, i.e. - 3.9% vs. Q1 FY19
- APAC’s revenue rose by 14.1% y/y, advancing in all business units, particularly supported by stronger automotive business
- Sales in Automotive Gas Spring (“AGS”) were up by €1.8m or 10.0% y/y and in Automotive Powerise (“APR”) by €1.9m or 38.8% y/y
- Improved adj. EBIT margin of 13.0% in Q1 FY20 (vs. 11.9% in Q1 FY19)

Q1 FY2020 – Revenue by business unit

Revenue (€m)

■ y-o-y organically



Comments

- Global light vehicle production in Q1 FY20 at 22.6m units, i.e. - 5.4% vs. Q1 FY19
- Automotive Gas Spring revenue decreased by 4.3% y/y (or 5.7% y/y organically), i.e. roughly following the development of the light vehicle production (- 5.4% y/y)
- Automotive Powerise revenue grew by €1.6m y/y outperforming light vehicle production by 800bp (or 570bp organically), as a consequence of stronger business in APAC
- Industrial revenue grew by €8.3m y/y, almost 80% of this improvement (€6.5m y/y) was achieved in Americas (stronger solar damper business); further growth in the segments production and construction technology as well as medical and commercial furniture was partially offset by weaker business with distributors and lower revenues in the segments independent aftermarket, transportation (e.g. buses and trucks) and agricultural machinery

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Outlook

| Guidance | | Comments | |
|------------------|---------------|--------------------------------|--|
| | FY2019 Actual | FY2020 Guidance | |
| Revenue | €951.3m | €970m – €990m ~ 2% – 4% y/y | <ul style="list-style-type: none"> ➤ Guidance published in November 2019: Based on light vehicle production forecast of 88.3m vehicles for FY2020 (i.e. 88.8m for CY2019, 89.0m for CY2020), outlook for FY2020 revenue and adj. EBIT margin is at €970m – €990m and c. 15%, respectively; this revenue corresponds to an annual revenue growth rate between 2% and 4% (0% y/y currency translation, c. 1% y/y acquisitions and c. 1% - 3% y/y organic growth) ➤ Light vehicle production forecast as of January 2020 is at 87.8m vehicles for FY2020 (i.e. 88.3m for CY2020), i.e. largely unchanged since November 2019 ➤ Guidance unchanged vs. November 2019 guidance |
| Adj. EBIT margin | 15.0% | ~ 15% | |

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5. Appendix

Revenue overview (3M ended Dec 31, 2019)

Revenue (€m)

| | Q1 FY2019 Actual | Q1 FY2020 Actual | Change | % change | Acquisition effect | Currency effect | Organic growth |
|-----------------------------------|---------------------|---------------------|--------------|---------------|--------------------|-----------------|----------------|
| Automotive Gas Spring | 35.4 | 32.3 | (3.1) | (8.8)% | - | 0.0% | (8.8)% |
| Automotive Powerise | 24.6 | 23.7 | (0.9) | (3.7)% | - | (2.2)% | (1.5)% |
| Industrial | 52.6 | 54.2 | 1.6 | 3.0% | 10.2% | (0.2)% | (7.0)% |
| EMEA | 112.6 | 110.2 | (2.4) | (2.1)% | 4.8% | (0.6)% | (6.3)% |
| Automotive Gas Spring | 28.0 | 25.9 | (2.1) | (7.5)% | - | 3.3% | (10.8)% |
| Automotive Powerise | 32.5 | 33.1 | 0.6 | 1.8% | - | 5.9% | (4.1)% |
| Industrial | 24.9 | 31.4 | 6.5 | 26.1% | 1.1% | 3.9% | 21.1% |
| AMERICAS | 85.4 | 90.4 | 5.0 | 5.9% | 0.3% | 4.4% | 1.2% |
| Automotive Gas Spring | 18.0 | 19.8 | 1.8 | 10.0% | - | 1.4% | 8.6% |
| Automotive Powerise | 4.9 | 6.8 | 1.9 | 38.8% | - | 1.4% | 37.4% |
| Industrial | 4.1 | 4.2 | 0.1 | 2.4% | - | 0.8% | 1.6% |
| APAC | 27.0 | 30.8 | 3.8 | 14.1% | - | 1.3% | 12.8% |
| Total Automotive Gas Spring (AGS) | 81.4 | 77.9 | (3.5) | (4.3)% | - | 1.4% | (5.7)% |
| Total Automotive Powerise (APR) | 62.0 | 63.6 | 1.6 | 2.6% | - | 2.3% | 0.3% |
| Total Industrial (IND) | 81.6 | 89.9 | 8.3 | 10.2% | 6.9% | 1.1% | 2.2% |
| Total | 225.0 | 231.4 | 6.4 | 2.8% | 2.5% | 1.6% | (1.3)% |

P&L overview (3M ended Dec 31, 2019)

P&L (€m)

| | Q1 FY2019 Actual | Q1 FY2020 Actual | Change | % change |
|----------------------------|---------------------|---------------------|--------------|---------------|
| Revenue | 225.0 | 231.4 | 6.4 | 2.8% |
| Cost of sales | (161.3) | (164.6) | (3.3) | 2.0% |
| Gross Profit | 63.7 | 66.8 | 3.1 | 4.9% |
| <i>% margin</i> | 28.3% | 28.9% | | |
| R&D expenses | (9.8) | (10.5) | (0.7) | 7.1% |
| Selling expenses | (20.3) | (22.0) | (1.7) | 8.4% |
| Administrative expenses | (9.1) | (8.5) | 0.6 | (6.6)% |
| Other income/expenses | 1.4 | (0.3) | (1.7) | <(100.0)% |
| EBIT | 25.9 | 25.4 | (0.5) | (1.9)% |
| <i>% margin</i> | 11.5% | 11.0% | | |
| Adjustments | 4.9 | 4.6 | (0.3) | (6.1)% |
| Adj. EBIT | 30.8 | 30.0 | (0.8) | (2.6)% |
| <i>% margin</i> | 13.7% | 13.0% | | |
| PPA adjustments (2010 PPA) | 2.3 | 1.7 | | |
| PPA adjustments (2016 PPA) | 2.1 | 2.1 | | |
| PPA adjustments (2019 PPA) | - | 0.8 | | |
| Advisory costs (M&A) | 0.5 | - | | |
| Total adjustments | 4.9 | 4.6 | | |

Comments

- Capitalized R&D expenses in Q1 FY20 at €3.9m (vs. €2.7m in Q1 FY19), reflecting finalization work at a supplier for a large project
- R&D headcount increased by 37 employees: from 363 in Q1 FY19 to 400 in Q1 FY20
- Increase in selling expenses results from acquired entities General Aerospace, Clevers and Piston which operate in industrial business with higher selling expenses ratio as well as comparative payroll inflation
- Administrative expenses y-o-y down €0.6m, reflecting non-repeat acquisition advise costs in Q1 FY19 – cf. prior year's adjustments for advisory costs (M&A)
- IFRS 16 impact: Recognition of all leases in the balance sheet leads to depreciation (instead of leasing expenses) in the same functional costs and in similar magnitude, i.e. there is no significant impact from IFRS 16 on the functional costs; interest expense from leases amounted to €0.4m in Q1 FY20

Balance sheet overview

| Balance sheet (€m) | | | | | Comments |
|-------------------------------------|---------------------|--------------------|-------------|-------------|--|
| | Sept 2019 Actual | Dec 2019 Actual | Change | % change | |
| Property, plant and equipm. | 199.9 | 242.1 | 42.2 | 21.1% | <ul style="list-style-type: none"> ➤ First time adoption of the IFRS 16, recognition of all leases in the balance sheet led to an increase of PPE and other liabilities by €43.7m ➤ Decrease in other intangible assets by €6.1m is scheduled amortization ➤ Net leverage ratio stable at 1.0x EBITDA |
| Goodwill | 214.8 | 212.6 | (2.2) | (1.0)% | |
| Other intangible assets | 276.2 | 270.1 | (6.1) | (2.2)% | |
| Inventories | 100.3 | 101.2 | 0.9 | 0.9% | |
| Trade receivables | 130.3 | 117.9 | (12.4) | (9.5)% | |
| Other assets | 38.7 | 42.0 | 3.3 | 8.5% | |
| Cash | 139.0 | 142.3 | 3.3 | 2.4% | |
| Total assets | 1,099.2 | 1,128.2 | 29.0 | 2.6% | |
| Equity incl. minorities | 499.6 | 511.0 | 11.4 | 2.3% | |
| Debt (incl. accrued interest) | 311.6 | 311.2 | (0.4) | (0.1)% | |
| Pension plans | 59.9 | 57.8 | (2.1) | (3.5)% | |
| Deferred tax liabilities | 55.9 | 55.0 | (0.9) | (1.6)% | |
| Trade accounts payable | 91.0 | 75.9 | (15.1) | (16.6)% | |
| Other liabilities | 81.2 | 117.3 | 36.1 | 44.5% | |
| Total equity and liabilities | 1,099.2 | 1,128.2 | 29.0 | 2.6% | |
| <i>Net leverage ratio</i> | <i>1.0x</i> | <i>1.0x</i> | | | |

Cash flow overview (3M ended Dec 31, 2019)

Cash Flow Statement (€m)

| | Q1 FY2019 Actual | Q1 FY2020 Actual | Change | % change |
|--|---------------------|---------------------|---------------|----------------|
| Cash flow from operating activities | 24.6 | 19.8 | (4.8) | (19.5)% |
| Cash flow from investing activities | (12.2) | (12.0) | 0.2 | (1.6)% |
| Cash flow from financing activities | (1.3) | (3.6) | (2.3) | >100.0% |
| Net increase / (decrease) in cash | 11.1 | 4.2 | (6.9) | (62.2)% |
| Effect of movements in exchange rates | 0.1 | (1.0) | (1.1) | <(100.0)% |
| Cash as of beginning of the period | 143.0 | 139.0 | (4.0) | (2.8)% |
| Cash as of end of the period | 154.3 | 142.3 | (12.0) | (7.8)% |

Adj. FCF (€m)

| | Q1 FY2019 Actual | Q1 FY2020 Actual | Change | % change |
|-------------------------------------|---------------------|---------------------|--------------|----------------|
| Cash flow from operating activities | 24.6 | 19.8 | (4.8) | (19.5)% |
| Cash flow from investing activities | (12.2) | (12.0) | 0.1 | (1.6)% |
| Free cash flow | 12.4 | 7.8 | (4.6) | (37.1)% |
| Adjustments | - | - | - | n/a |
| Adj. FCF | 12.4 | 7.8 | (4.6) | (37.1)% |

Comments

- Year-on-year lower cash inflow from operating activities in Q1 FY20 primarily due to decreased trade accounts payable, partially off-set by reduction in trade accounts receivable
- Year-on-year higher cash outflow from financing activities in Q1 FY20 due to first time adoption of IFRS 16: payments for lease liabilities (€2.0m) and for interest on lease liabilities (€0.4m)
- IFRS 16 impact: no impact on net cash flow, positive effect on cash flow from operating activities (and consequently free cash flow) and negative effect on cash flow from financing activities of €2.4m

Currency exchange rates overview (3M ended Dec 31, 2019)

Closing and average currency exchange rates

| 1 EURO in | ISO code | Closing rate Dec 2018 | Closing rate Dec 2019 | Average rate Q1 FY2019 | Average rate Q1 FY2020 | Average rate % change |
|-------------------------|----------|--------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| Australian dollar | AUD | 1.6220 | 1.5995 | 1.5896 | 1.6202 | 1.9% |
| Argentine peso | ARS | 43.1299 | 67.2692 | 42.4205 | 65.6620 | 54.8% |
| Brazilian real | BRL | 4.4440 | 4.5157 | 4.3477 | 4.5604 | 4.9% |
| Chinese yuan (renminbi) | CNY | 7.8751 | 7.8205 | 7.8920 | 7.7998 | (1.2)% |
| South Korean won | KRW | 1,277.9300 | 1,296.2800 | 1,286.3714 | 1,302.0115 | 1.2% |
| Mexican peso | MXP | 22.4921 | 21.2202 | 22.6300 | 21.3242 | (5.8)% |
| Romanian leu | RON | 4.6635 | 4.7830 | 4.6601 | 4.7672 | 2.3% |
| Turkish lira | TRY | 6.0588 | 6.6843 | 6.2815 | 6.4155 | 2.1% |
| United States dollar | USD | 1.1450 | 1.1234 | 1.1412 | 1.1072 | (3.0)% |

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