

Q1 FY2019 RESULTS

February 4, 2019

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Agenda

1. Financial highlights
2. Results by region
3. Results by market
4. Outlook
5. Appendix

Agenda

1. Financial highlights

2.

3.

4.

5.

Q1 FY2019 highlights

Fiscal year-end September

Revenue	<ul style="list-style-type: none"> ➤ Revenue down by 2.4% to €225.0m (- €5.6m vs. Q1 FY18); revenue change w/o FX: - 3.6% y/y ➤ NAFTA + 0.1% y/y, Europe - 2.9% y/y and Asia / Pacific and RoW - 7.4% y/y ➤ Capital Goods - 0.2% y/y, Automotive Gas Spring - 2.0% y/y, Automotive Powerise - 3.9% y/y and Vibration & Velocity Control - 5.2% y/y
Adj. EBIT	<ul style="list-style-type: none"> ➤ Adj. EBIT¹ at €30.8m (vs. €33.9m in Q1 FY18), down 9.1% ➤ Adj. EBIT margin at 13.7% (vs. 14.7% in Q1 FY18)
Profit	<ul style="list-style-type: none"> ➤ Profit at €17.7m in Q1 FY19 (vs. €21.7m in Q1 FY18, thereof €4.1m lower income taxes due to non-recurring remeasurement of the deferred tax positions, as a consequence of the US tax reform in Dec 2017) ➤ Profit margin at 7.9% (vs. 9.4% in Q1 FY18)
Net leverage ratio	<ul style="list-style-type: none"> ➤ Net leverage ratio¹ at 1.0x (vs. 1.4x as of end Q1 FY18 and 1.1x as of end FY18) ➤ Net financial debt¹ at €187.8m
Outlook	<ul style="list-style-type: none"> ➤ FY2019 revenue outlook: c. 2% y/y revenue growth (at constant \$/€ rate vs. FY18 of 1.19) ➤ FY2019 adj. EBIT margin forecast: c. 15%

Note:

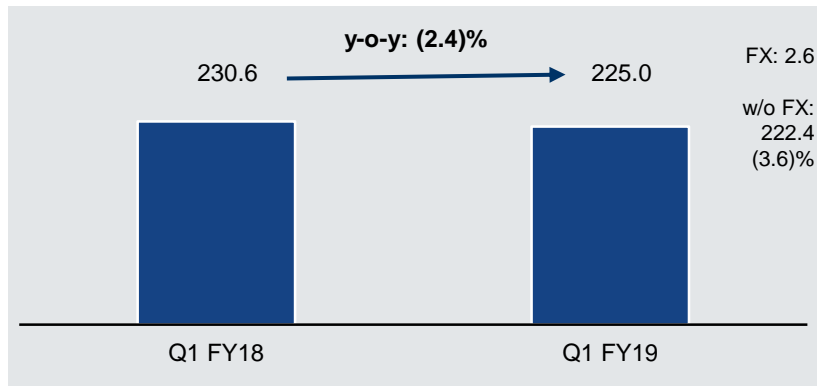
¹ For definition/calculation of KPIs like adj. EBIT, net leverage ratio etc. refer to appendix and/or our financial reports and quarterly statements under www.ir.stabilus.com.

FX = currency effect resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

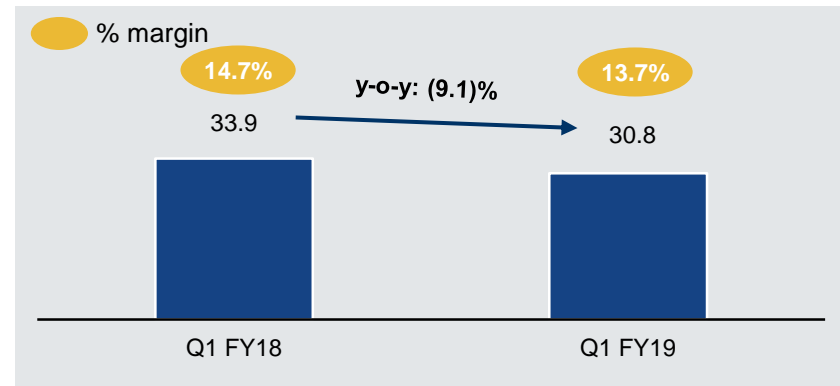
Numbers rounded to one decimal. Due to rounding, numbers presented may not add up precisely to the totals provided.

Q1 FY2019 impacted by softer markets in Germany (WLTP) and China

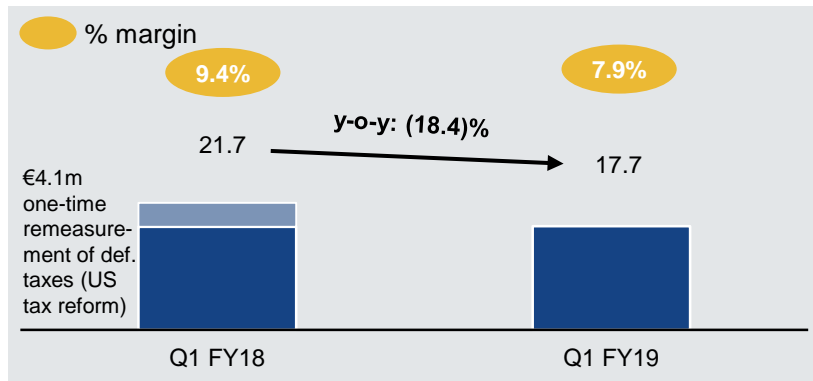
Revenue (€m)



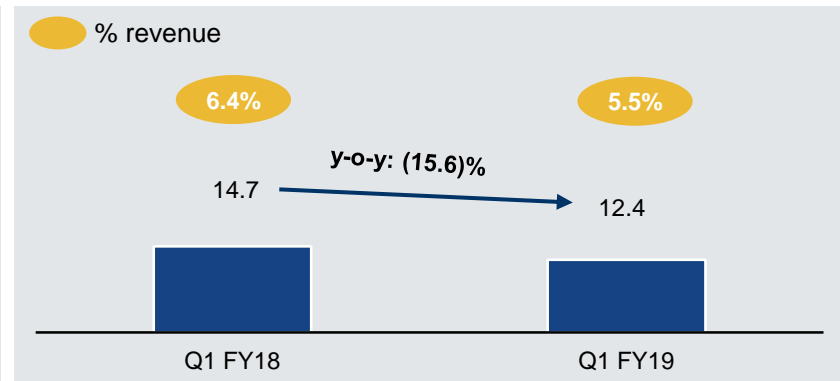
Adj. EBIT (€m)



Profit (€m)



FCF (€m)



Note: FX = currency effect resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

Agenda

1.

2. Results by region

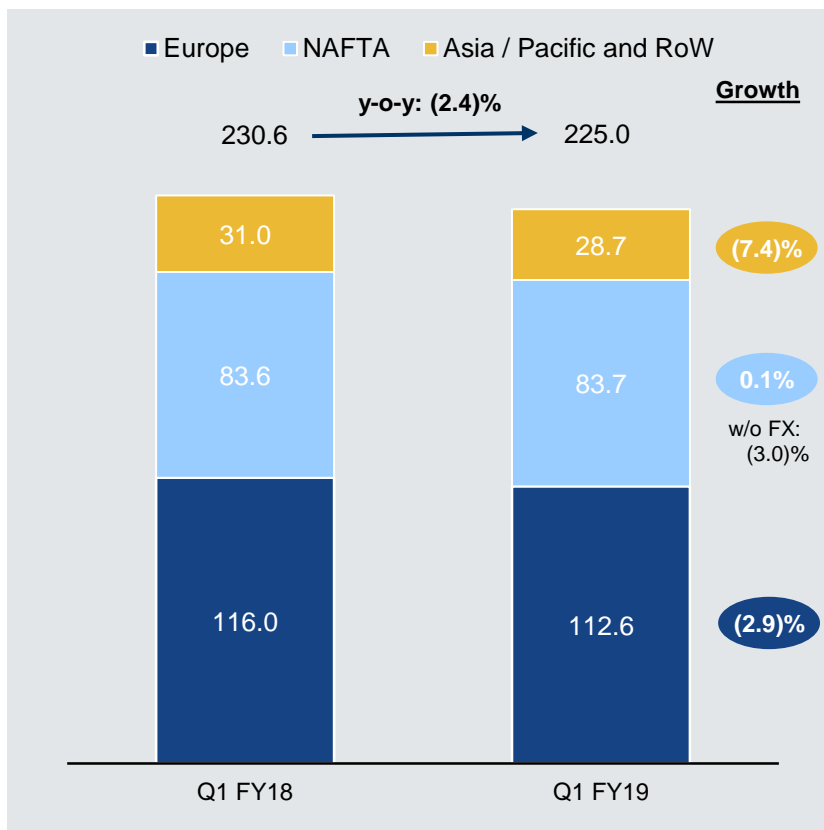
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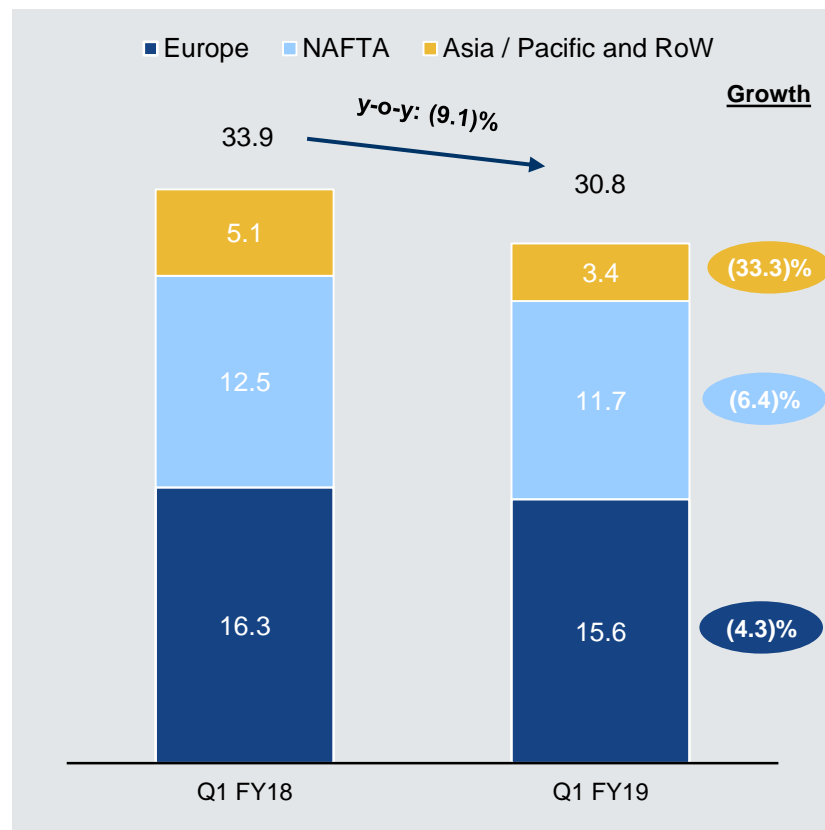
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Q1 FY2019 revenue and adj. EBIT growth – by region (y-o-y)

Revenue by region¹ (€m)



Adj. EBIT by region (€m)

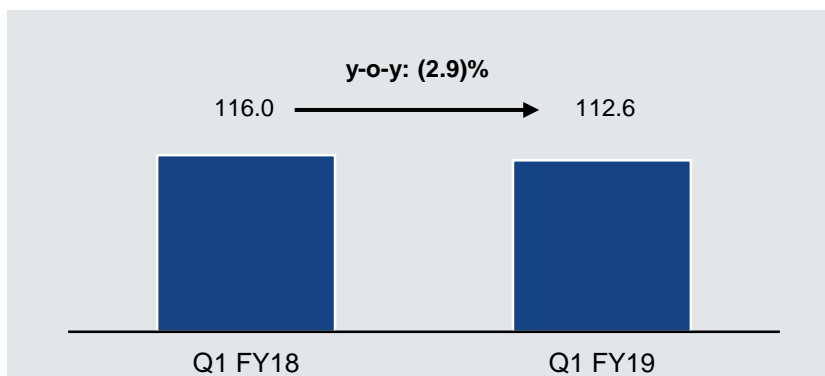


Note: Stabililus fiscal year-end is September. Numbers rounded to one decimal. Due to rounding, numbers presented may not add up precisely to the totals provided. FX = currency effect resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

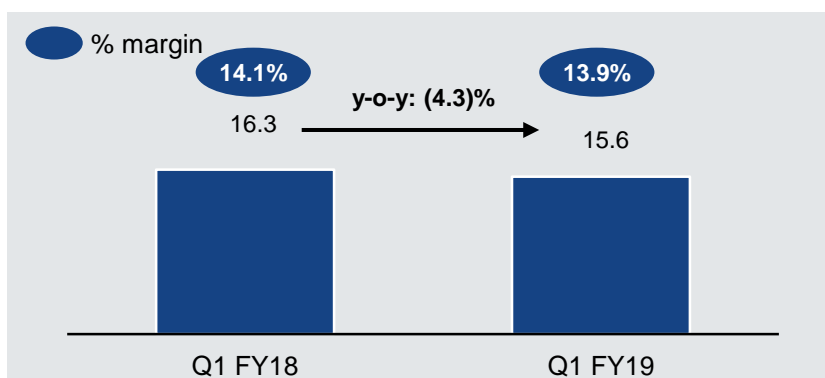
¹ Billed-from view, without intersegment revenue.

Europe

Revenue¹ (€m)



Adj. EBIT (€m)



Key highlights

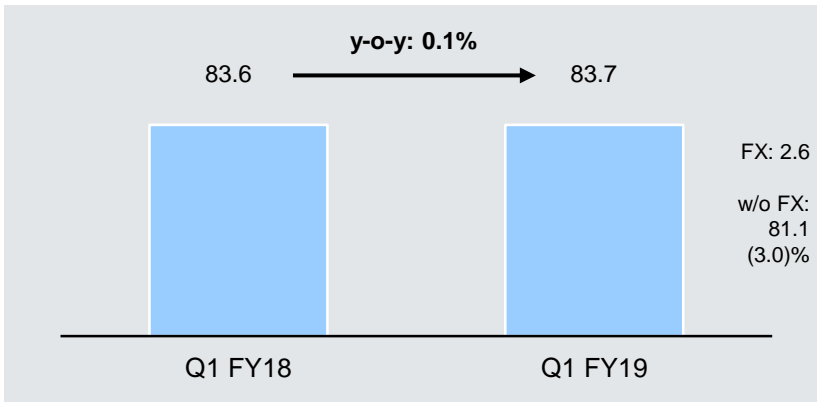
- Europe's light vehicle production in Q1 FY19 at 5.5m units, i.e. - 3.9% vs. Q1 FY18
- Europe's revenue decreased by €3.4m or 2.9% y/y, esp. December showing poor sales y-o-y
- Europe's automotive revenue was impacted by the weak market in Germany (conversion to WLTP): Automotive Powerise - 7.2% or - €1.9m y/y, Automotive Gas Spring - 5.3% or - €2.0m y/y;
- Industrial revenue growth lower due to softer business with distributors: Capital Goods +2.8% or €1.1m y/y, Vibration & Velocity Control - 4.8% or - €0.6m y/y
- Adj. EBIT margin at 13.9% (vs. 14.1% in Q1 FY18)

Note: Stabilus fiscal year-end is September.

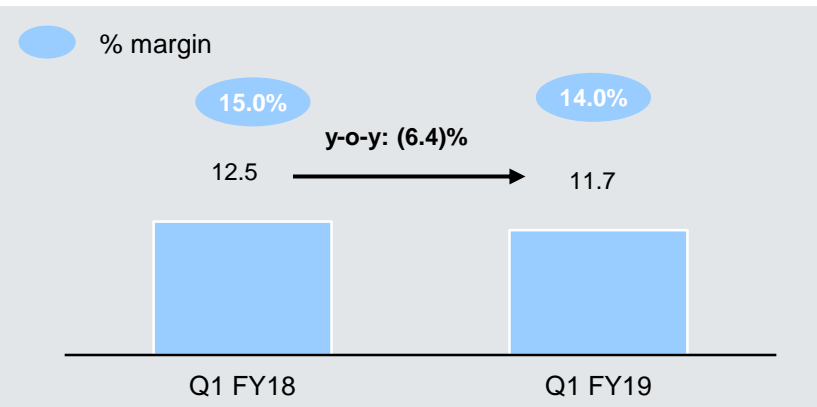
¹ External revenue only.

NAFTA

Revenue¹ (€m)



Adj. EBIT (€m)



Key highlights

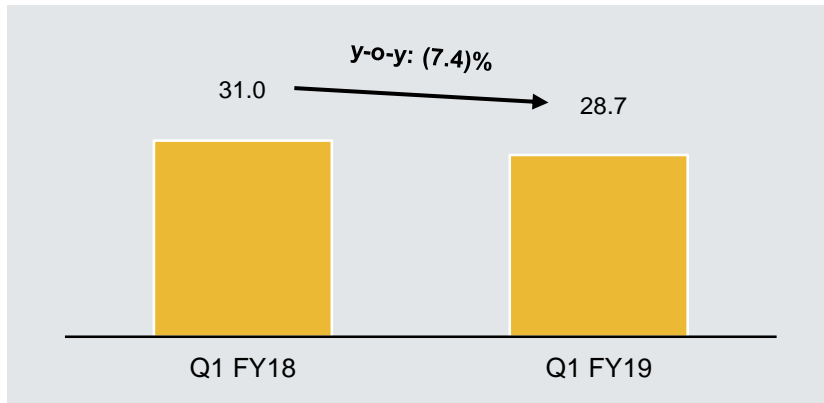
- NAFTA's light vehicle production in Q1 FY19 at 4.2m units, i.e. + 2.9% vs. Q1 FY18
- NAFTA's revenue + 0.1% y/y (- 3.0% y/y excluding the \$/€ currency translation effect)
- NAFTA's revenue development in Q1 FY19: Automotive Gas Spring + 8.1% y/y (+ 4.9% excl. currency effect); Automotive Powerise - 2.4% y/y (- 5.4% y/y excl. currency effect) primarily due to platform changes from dual-sided to single-sided tailgate systems; Capital Goods - 5.8% y/y (- 9.0% y/y excl. currency effect)
- Adj. EBIT margin at 14.0% (vs. 15.0% in Q1 FY8)

Note: Stabilus fiscal year-end is September. ¹ External revenue only.

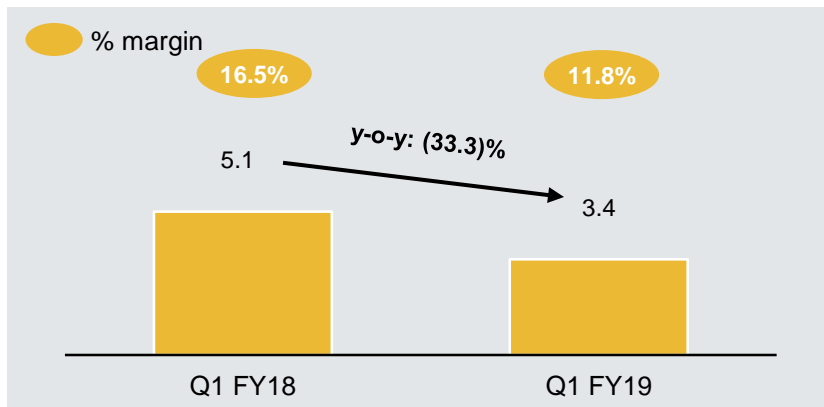
FX = currency effect resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

Asia / Pacific and RoW

Revenue¹ (€m)



Adj. EBIT (€m)



Key highlights

- Asia/Pacific and RoW's light vehicle production in Q1 FY19 at 14.7m units, i.e. - 4.9% vs. Q1 FY18 (China - 11.3%, Japan/Korea + 8.3%, South America - 0.6%)
- Asia/Pacific and RoW's revenue decreased by 7.4% or €2.3m y/y
- Automotive Powerise +6.5% y/y reflecting continued interest in the feature; Automotive Gas Spring revenue - €1.8m or - 8.5% y/y due to the softening of the auto market in China; Vibration & Velocity Control revenue - €0.5m or - 22.7% y/y due to softer call-offs on a long-term contract
- Adj. EBIT margin decreased from 16.5% in Q1 FY18 to 11.8% in Q1 FY19, as Chinese plant overhead structure is being maintained, in order to increase the likelihood of further contract wins

Note: Stabilus fiscal year-end is September.

¹ External revenue only.

Agenda

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2.

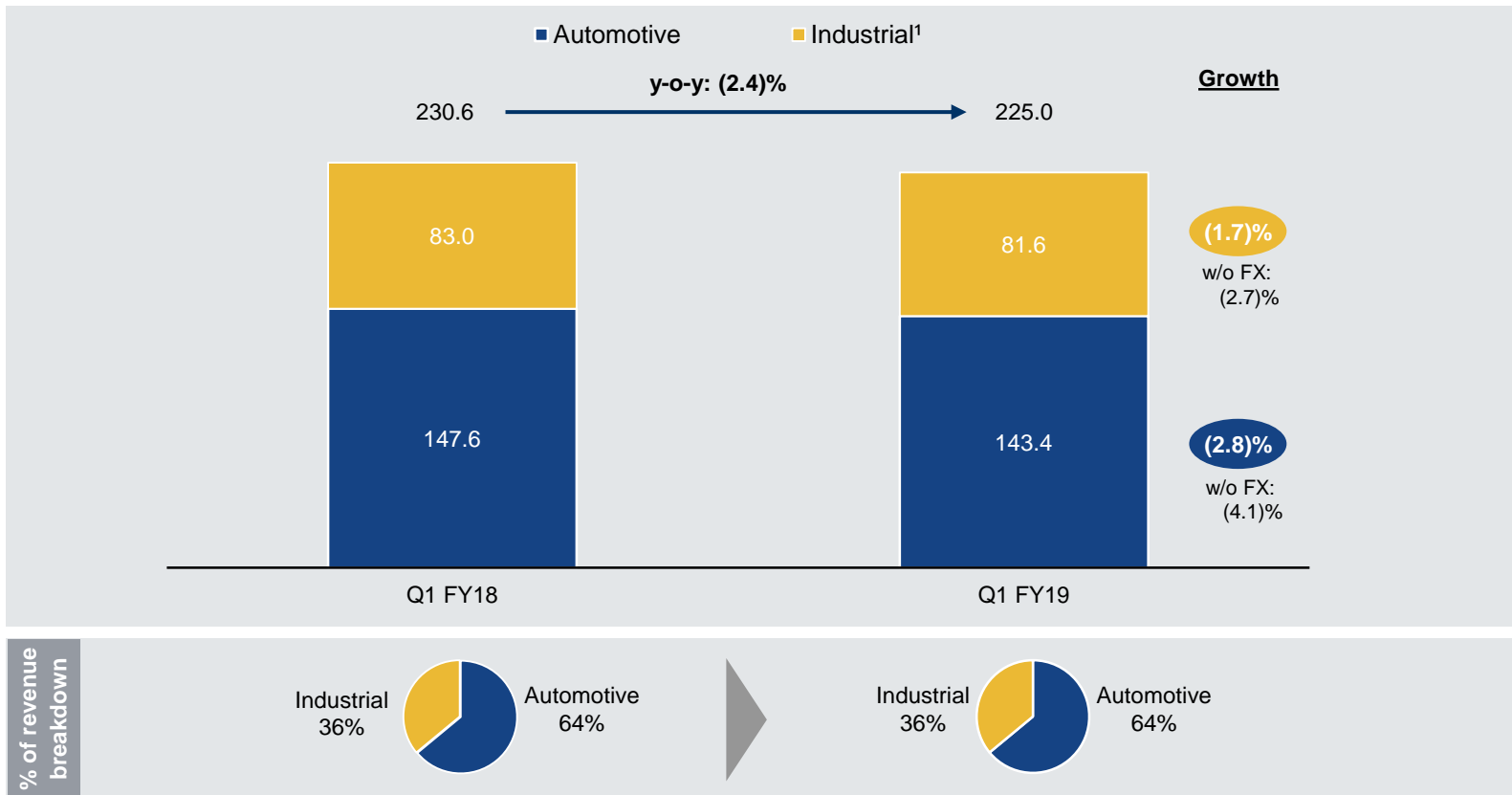
3. Results by market

4.

5.

Q1 FY2019 revenue growth – by market / business (y-o-y)

Revenue by business (€m)



Note: Stabilus fiscal year-end is September.

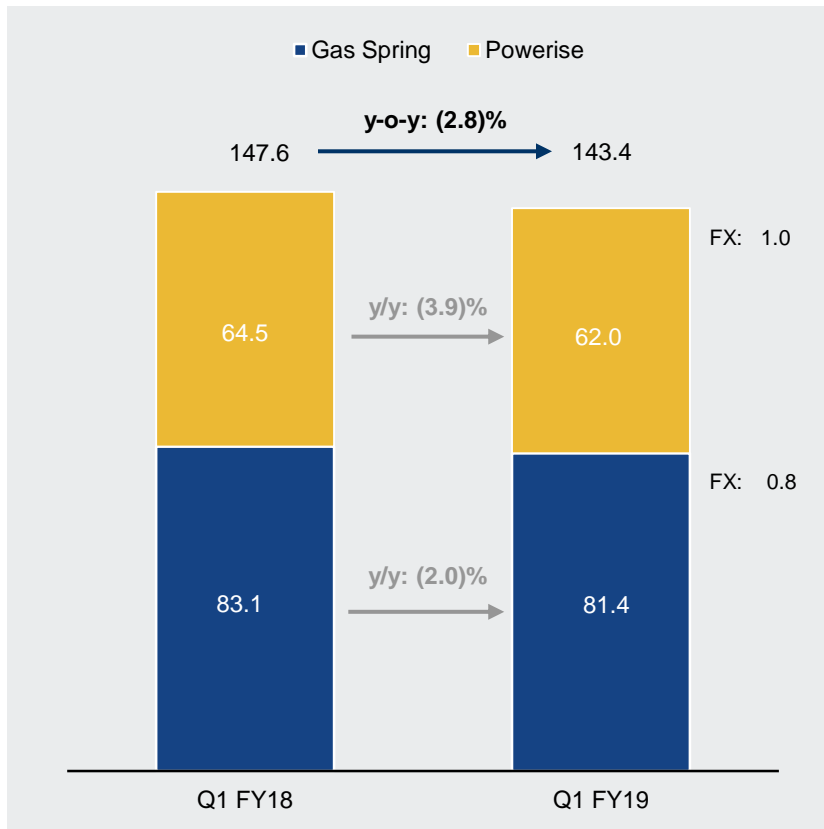
¹ Industrial including Capital Goods and Vibration & Velocity Control revenue.

FX = currency effect resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

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

Q1 FY2019 revenue growth – Automotive business (y-o-y)

Revenue (€m)



Key highlights

- Global light vehicle production in Q1 FY19 at 24.4m units, i.e. - 3.4% vs. Q1 FY18
- Automotive revenue - 2.8% y/y (- 4.1% without \$/€ currency translation effect) due to weak automotive market in Germany and China
- Automotive Gas Spring revenue - 2.0% y/y (- 3.0% without \$/€ currency translation effect)
- Powerise revenue - 3.9% y/y (- 5.4% y/y without \$/€ currency translation effect), in spite of 6.5% revenue growth in Asia/Pacific and RoW

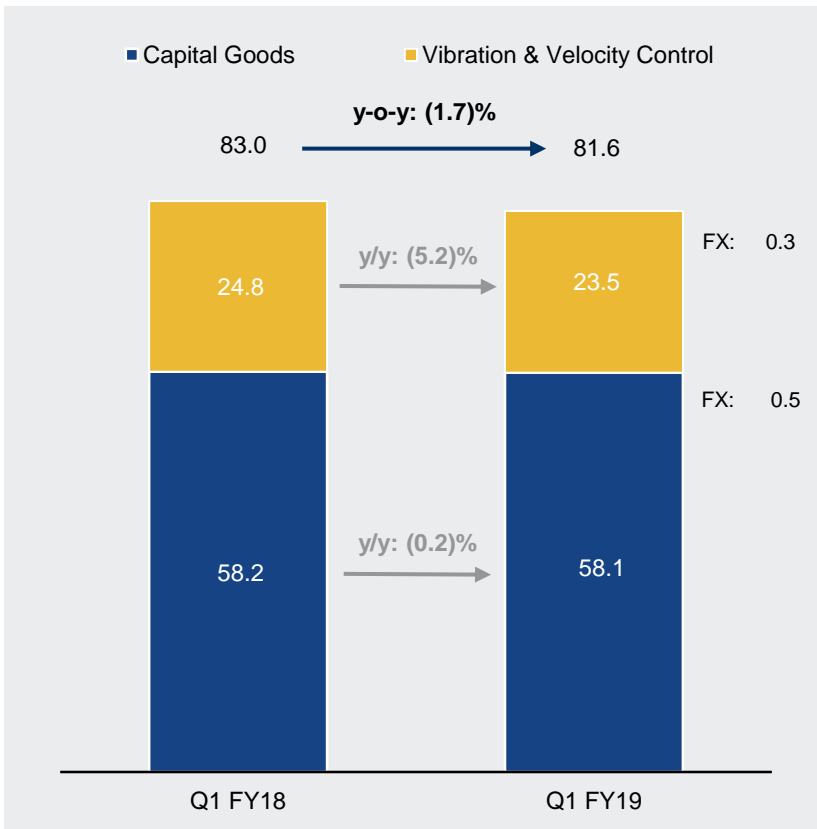
Note: Stabilus fiscal year-end is September.

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Q1 FY2019 revenue growth – Industrial business (y-o-y)

Revenue (€m)



Key highlights

- From Oct 1, 2018 Commercial Furniture is part of Capital Goods business unit to better reflect customer demand for a broad product portfolio and to further increase the efficiency in CRM
- Industrial revenue decreased by 1.7% (2.7% excluding \$/€ currency translation effect)
- Excluding \$/€ currency translation effect Capital Goods - 1.0%, Vibration & Velocity Control - 6.5%
- Growth in construction machinery, engineering / production technology and improvement (rebound) in solar damper business; softer business with distributors; weaker markets in agricultural machinery and transportation

Note: Stabilus fiscal year-end is September.

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Agenda

1.

2.

3.

4. Outlook

5.

Outlook

FY2018 Actual		FY2019 Guidance	
		€ million	percent
Revenue	€962.6m (@ 1.19 \$/€)	~ €980m (@ 1.19 \$/€)	~ 2% y/y (at constant \$/€ rate)
% Adj. EBIT margin	15.5%		~ 15%

Comments

- Due to the continuing automotive market weakness in Germany and China, revenue growth forecast for FY2019 has been lowered from 5% to c. 2% y/y (at constant avg. \$/€ rate vs. FY18 of 1.19) – up to approx. €980m
- Decrease of US\$/€ avg. fx rate by 0.10 \$/€ leads to a revenue increase by approx. €30m and vice versa
- FY2019 adj. EBIT margin forecast reduced from 15.5% to c. 15%

Note: Stabilus fiscal year-end is September.

Agenda

1.

2.

3.

4.

5. Appendix

Revenue by region and customer market (3M ended Dec 31, 2018)

External revenue (€m)				
	Q1 FY2018 Actual	Q1 FY2019 Actual	Change	% change
Automotive Gas Spring	37.4	35.4	(2.0)	(5.3)%
Automotive Powerise	26.5	24.6	(1.9)	(7.2)%
Industrial / Capital Goods	39.6	40.7	1.1	2.8%
Vibration & Velocity Control	12.5	11.9	(0.6)	(4.8)%
Europe	116.0	112.6	(3.4)	(2.9)%
Automotive Gas Spring	24.6	26.6	2.0	8.1%
Automotive Powerise	33.3	32.5	(0.8)	(2.4)%
Industrial / Capital Goods	15.6	14.7	(0.9)	(5.8)%
Vibration & Velocity Control	10.0	9.9	(0.1)	(1.0)%
NAFTA¹	83.6	83.7	0.1	0.1%
Automotive Gas Spring	21.2	19.4	(1.8)	(8.5)%
Automotive Powerise	4.6	4.9	0.3	6.5%
Industrial / Capital Goods	2.9	2.7	(0.2)	(6.9)%
Vibration & Velocity Control	2.2	1.7	(0.5)	(22.7)%
Asia / Pacific and RoW	31.0	28.7	(2.3)	(7.4)%
Total Automotive Gas Spring	83.1	81.4	(1.7)	(2.0)%
Total Automotive Powerise	64.5	62.0	(2.5)	(3.9)%
Total Industrial / Capital Goods	58.2	58.1	(0.1)	(0.2)%
Total Vibration & Velocity Control	24.8	23.5	(1.3)	(5.2)%
Total	230.6	225.0	(5.6)	(2.4)%

FX effect: 3.1% y/y
Q1 FY19: 1.1412\$/€
Q1 FY18: 1.1777\$/€

Note: ¹ NAFTA Q1 FY19 revenue includes currency effect of €2.6m, resulting from translation of NAFTA revenue from USD to EUR. Avg. fx rate of 1.14\$/€ in Q1 FY19 versus 1.18\$/€ in Q1 FY18.

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P&L overview (3M ended Dec 31, 2018)

P&L (€m)				
	Q1 FY2018 Actual	Q1 FY2019 Actual	Change	% change
Revenue	230.6	225.0	(5.6)	(2.4)%
COGS	(162.9)	(161.3)	1.6	(1.0)%
Gross Profit	67.7	63.7	(4.0)	(5.9)%
<i>% margin</i>	29.4%	28.3%		
R&D	(10.1)	(9.8)	0.3	(3.0)%
S&M	(20.5)	(20.3)	0.2	(1.0)%
G&A	(9.0)	(9.1)	(0.1)	1.1%
Other income/expenses	1.4	1.4	-	0.0%
EBIT	29.5	25.9	(3.6)	(12.2)%
<i>% margin</i>	12.8%	11.5%		
Adjustments ¹	4.4	4.9	0.5	11.4%
Adj. EBIT¹	33.9	30.8	(3.1)	(9.1)%
<i>% margin</i>	14.7%	13.7%		

PPA adjustments (2010 PPA)	2.3	2.3
PPA adjustments (2016 PPA)	2.1	2.1
Advisory (acquisition related)	-	0.5
Total adjustments¹	4.4	4.9

Note: ¹ Adjusted EBIT represents profit from operating activities (EBIT), adjusted for exceptional non-recurring items (e.g. restructuring or one-time advisory costs) and depreciation/amortization of fair value adjustments from purchase price allocations (PPA).

Balance sheet overview

Balance sheet (€m)				
	Sept 2018 Actual	Dec 2018 Actual	Change	% change
Property, plant and equipment	179.2	182.0	2.8	1.6%
Goodwill	195.2	195.9	0.7	0.4%
Other intangible assets ²	247.2	242.5	(4.7)	(1.9)%
Inventories	90.8	95.7	4.9	5.4%
Trade receivables	111.3	102.3	(9.0)	(8.1)%
Other assets	43.7	44.8	1.1	2.5%
Cash	143.0	154.3	11.3	7.9%
Total assets	1,010.4	1,017.4	7.0	0.7%
Equity incl. minorities	426.5	446.7	20.2	4.7%
Debt (incl. accrued interest)	320.0	321.0	1.0	0.3%
Pension plans and similar obligations	52.2	50.7	(1.5)	(2.9)%
Deferred tax liabilities	47.8	46.8	(1.0)	(2.1)%
Trade accounts payable	83.2	75.3	(7.9)	(9.5)%
Other liabilities	80.7	77.0	(3.7)	(4.6)%
Total equity and liabilities	1,010.4	1,017.4	7.0	0.7%
<i>Net leverage ratio¹</i>	1.1x	1.0x		

Note:

¹ Net leverage ratio = net financial debt / adj. EBITDA LTM. Net financial debt defined as principal amount of financial debt less cash. Adj. EBITDA LTM = last-twelve-month adjusted earnings before interest, taxes, depreciation and amortization. Refer also to our financial reports and quarterly statements at www.ir.stabilus.com for further details.

² Change in other intangible assets mainly due to the amortization of fair value adjustments from purchase price allocations (PPA) in 2010 and 2016.

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

Cash flow overview and free cash flow (3M ended Dec 31, 2018)

Cash Flow Statement (€m)				
	Q1 FY2018 Actual	Q1 FY2019 Actual	Change	% change
Cash flow from operating activities	24.6	24.6	-	0.0%
Cash flow from investing activities	(9.9)	(12.2)	(2.3)	23.2%
Cash flow from financing activities	(1.2)	(1.3)	(0.1)	8.3%
Net increase / (decrease) in cash	13.5	11.1	(2.4)	(17.8)%
Effect of movements in exchange rates	(1.2)	0.1	1.3	<(100.0)%
Cash as of beginning of the period	68.1	143.0	74.9	>100.0%
Cash as of end of the period	80.3	154.3	74.0	92.2%

Free Cash Flow (€m)				
	Q1 FY2018 Actual	Q1 FY2019 Actual	Change	% change
Cash flow from operating activities	24.6	24.6	-	0.0%
Cash flow from investing activities	(9.9)	(12.2)	(2.3)	23.2%
Free cash flow	14.7	12.4	(2.3)	(15.6)%

Note:

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

Notes re IFRS 16 (leasing)

Notes

- Leases
 - IFRS 16 is applicable for fiscal years beginning on or after January 1, 2019; Stabilus is planning to apply the new method from October 1, 2019
 - Recognition of all leases in the balance sheet – non-current assets and financial debt will increase
 - In the income statement: currently – operating expenses, in the future – depreciation and interest expenses
 - In FY2018 operating lease expense amounted to c. €9m; as of September 30, 2018, the amount of future operating lease payments (during the basic rental period when they cannot be terminated) was at c. €23m and the balance sheet total at c. €1bn
 - No impact on EBIT margin, approx. 1 pp higher EBITDA margin expected, following the introduction of the new method (from Oct 1, 2019 onwards)

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