

Strategy 2020

Annual Financial Results 2016

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March 17, 2017



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Highlights of the business year 2016

Sales and profitability

- SAFH successfully evaded many of the effects of the weak environment in several of the transportation markets worldwide, esp. in the Americas
- Overall organic sales in 2016 were almost stable at PY's level (-0.1% yoy); after organic sales contraction in the first two quarters 2016, momentum in organic sales growth picked up in HY 2 (Q3/16: +0.3% yoy, Q4/16: +4.0% yoy)
- Target of achieving an adjusted EBIT margin in the upper half of the 8-9% range reached at 8.7%

Bidding process for Haldex

- Financial discipline first: Following bid for Haldex, decision to withdraw as it became apparent that a takeover would only be possible at conditions not in the best interest of shareholders

Acquisition of KLL, Brazil

- Acquisition of 57.5% stake in truck and bus air suspension specialist KLL, Brazil

Highlights of the business year 2016

One-time effects

- One-time transaction costs totaled EUR 4.1 mn, EUR 3.4 mn thereof for Haldex
- Overall EUR 0.6 mn positive impact of the Haldex transaction in the finance result (shares fully sold in Q4)
- EUR 1.6 mn write-downs/warranties in China (not adjusted)

New orders

- In 2016/17, we won two pioneering orders for fully-dressed axle and suspension systems on disc brake technology from U.S.Xpress
- Standard fifth wheel supplier to Navistar

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Truck and trailer market trends

Global trailer forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in total sales FY16*
North America	ACT N.A. Trailer Shipments ¹⁾	328	385	358	-7.0	324	-9.5	Approx. 20%
	FTR N.A. Trailer Build ²⁾	292	331	310	-6.3	282	-9.0	
		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in total sales FY16**
Western & Eastern Europe	Trailer Production ⁴⁾	261	279	298	+6.8	294	-1.3	Approx. 40%

Global truck forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in total sales FY16*
North America Class 8	ACT Truck Build ¹⁾	297	323	228	-29.4	207	-9.2	Approx. 10%
	FTR Truck Shipment ²⁾	295	320	227	-29.0	213	-6.2	
		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in total sales FY16**
Western, Central & Eastern Europe	LMC ³⁾	409	435	445	+2.3	452	+1.6	Approx. 4%

➔ NA trailer and truck markets expected to contract in the full year 2017, trend change expected for the second half of 2017; European trailer and truck markets are forecasted to remain at a high level

6 Sources: 1) ACT N.A. Commercial Vehicle Outlook, February 2017, published monthly by Americas Commercial Transportation Research Co., LLC, Columbus, Indiana.

2) North American Commercial Truck & Trailer Outlook, February 2017, published monthly by FTR Associates, Nashville, Indiana.

3) LMC/Global Commercial Vehicle Forecast Q4 2016

4) CLEAR Nov. 2016, Western Europe (incl. DE, FR, GB, ES, IT, NL, BE, AT, SE, DK, FI, PT, CH, NO, IE); CLEAR Oct. 2016, Eastern Europe (incl. RU, TR, PL, UA, CZ, HU, BY, RO, SK, LT, BG, LV, EE, SI, HR)

* Figure relates to OE sales share of the Americas region; not only North America

** Figure relates to OE sales share of the EMEA region; not only Western & Eastern Europe

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Executive Summary

1

Stable organic sales in 2016; positive trend in last two quarters

- Group sales in 2016 decreased by 1.8% to € 1,042.0 mn (1,060.7), organically only -0.1%;
- Translational FX effects burden (€ -12.7 mn), Aerway divestiture impact € -6.8 mn
- In Q4/16 organic sales trend significantly improved to +4.0% yoy from +0.3% yoy in Q3/16

2

Strong improvement in gross margin; Adj. EBIT margin close to previous year's high level

- Gross margin improved to 19.8% (19.1%) in 2016 due to savings and efficiency measures
- Adj. EBIT 2016 slightly lower at € 90.4 mn (94.0); adj. EBIT margin almost stable at 8.7% (8.9%)

3

Considerable swing in finance result

- The finance result amounted to € -13.5 mn in 2016 as compared to € -4.0 mn in 2015
- Swing in unrealized FX gains related to the valuation of inter-company foreign currency loans that had contributed € 6.8 mn in 2015 (in OCI as of 2016)
- Additional € 3.1 interest expense due to financing Haldex deal
- € 0.6 mn positive effect from Haldex transaction

4

Basic EPS at € 0.98 (1.14) in 2016; Proposed DPS increase of 10%

- Reported net profit at € 43.5 mn (51.7) mainly affected by the above mentioned swing in the finance result
- Dividend proposal: 10% increase to € 0.44 (€ 0.40) in line with corporate dividend policy

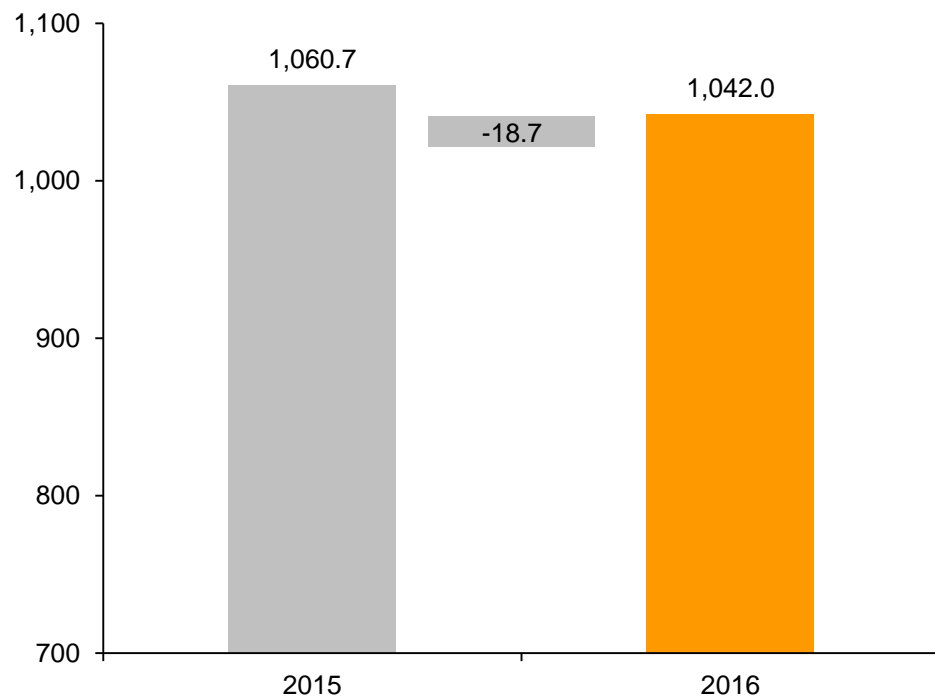
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Strong free cash flow generation

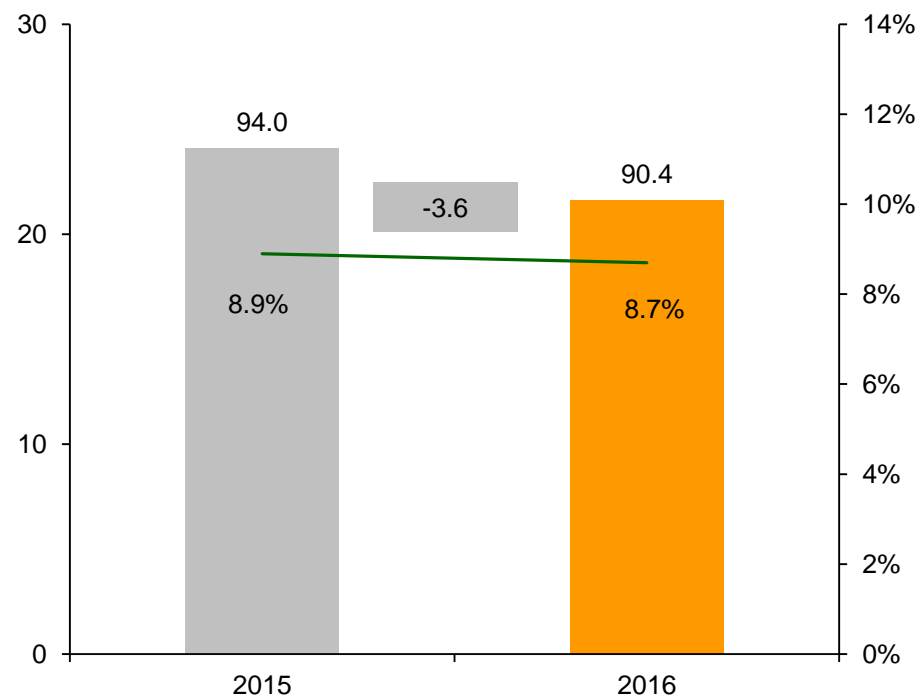
- Improvement in net working capital and disciplined investment spending boost free cash flow to record level of € 67.7 mn (€ 35.0 mn)

Group sales and group adjusted EBIT (1)

Sales in €mn

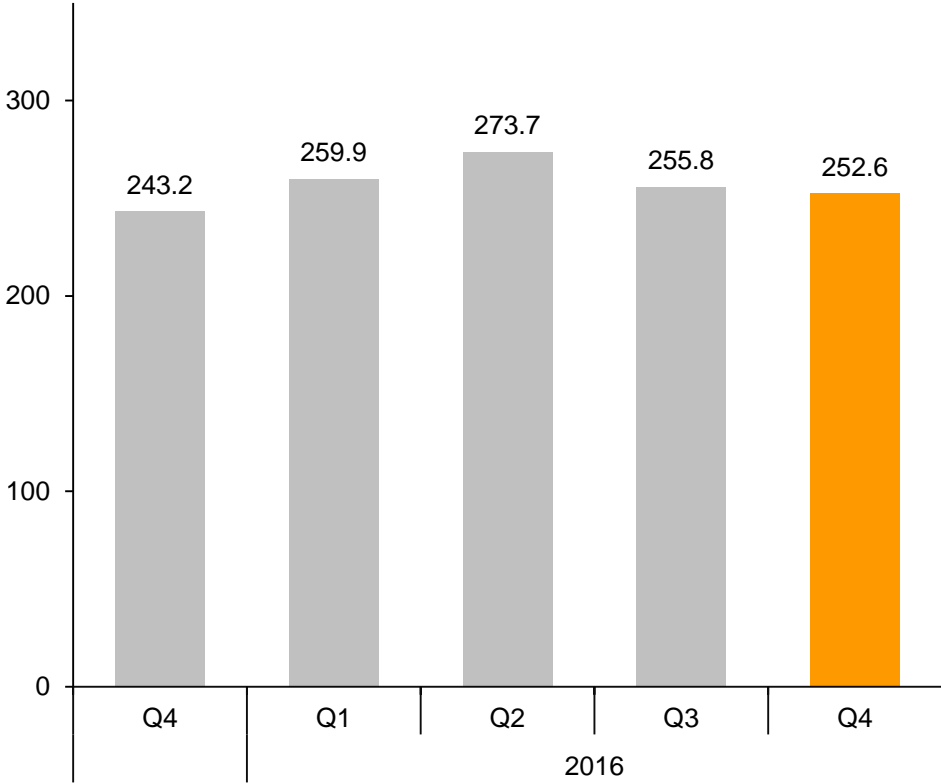


Adjusted EBIT in €mn

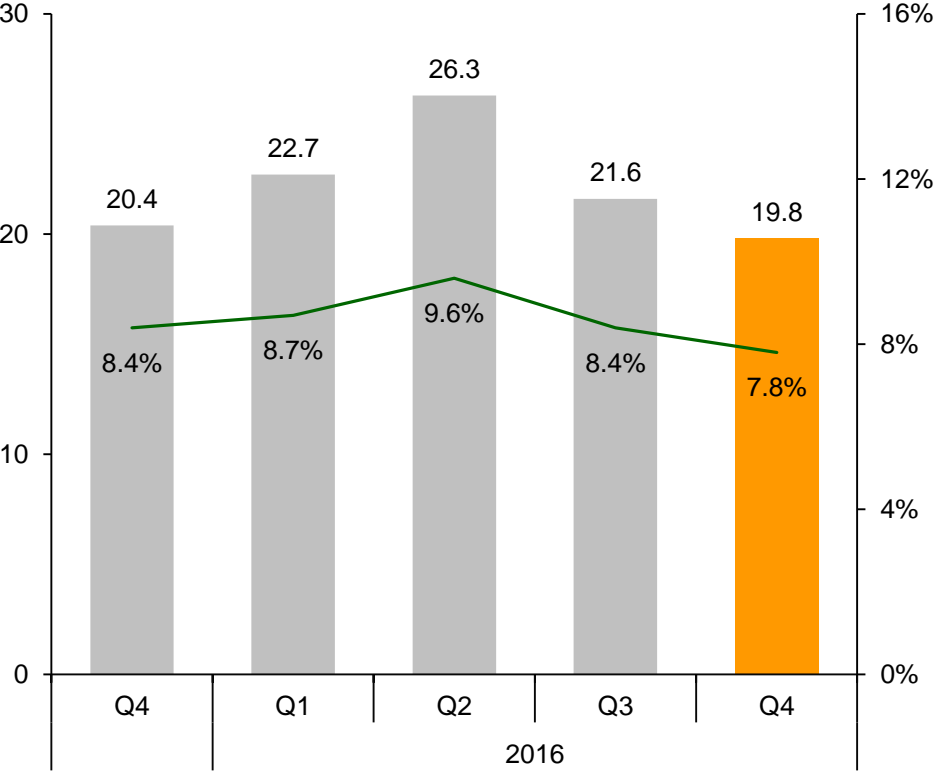


Group sales and group adjusted EBIT by quarter (2)

Sales in €mn

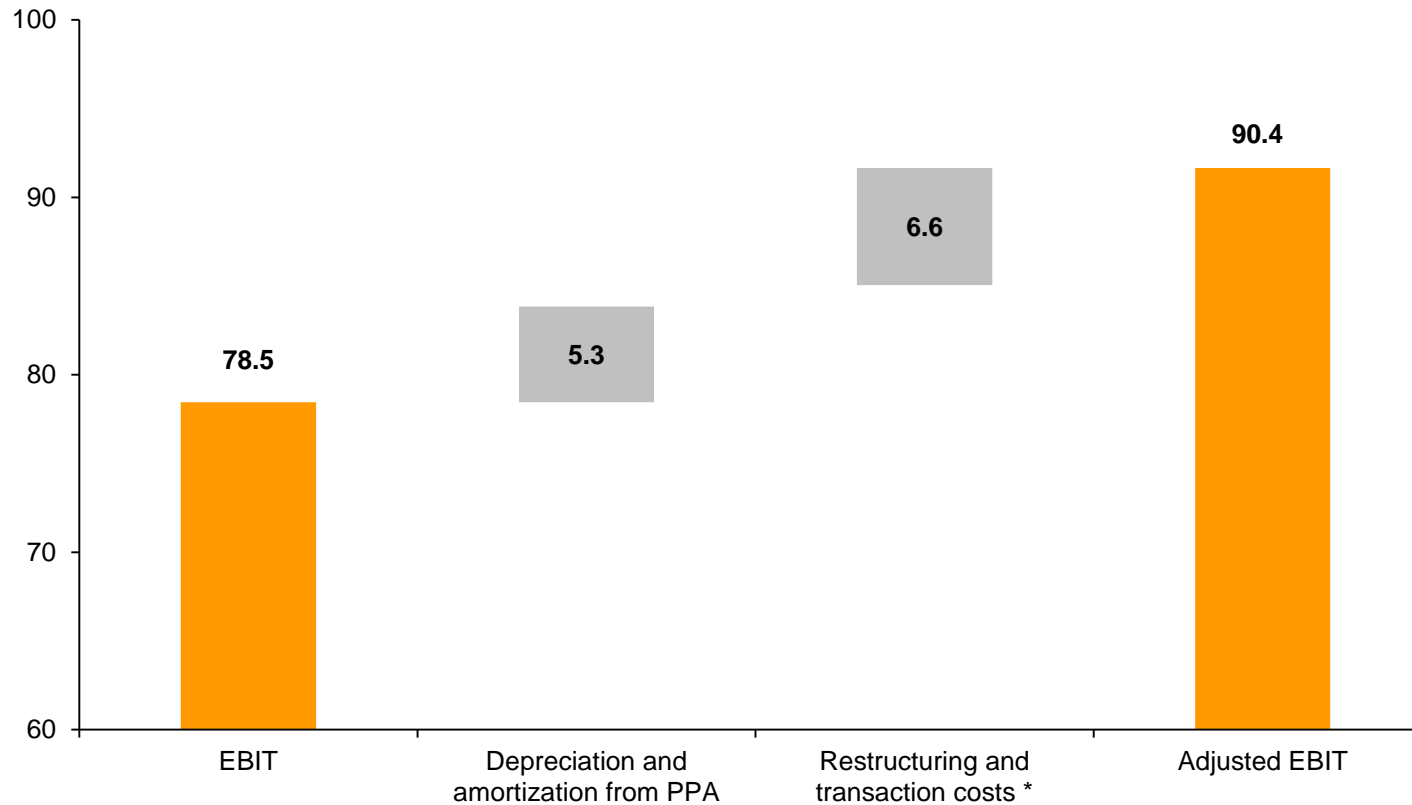


Adjusted EBIT in €mn



Reconciliation EBIT to adjusted EBIT

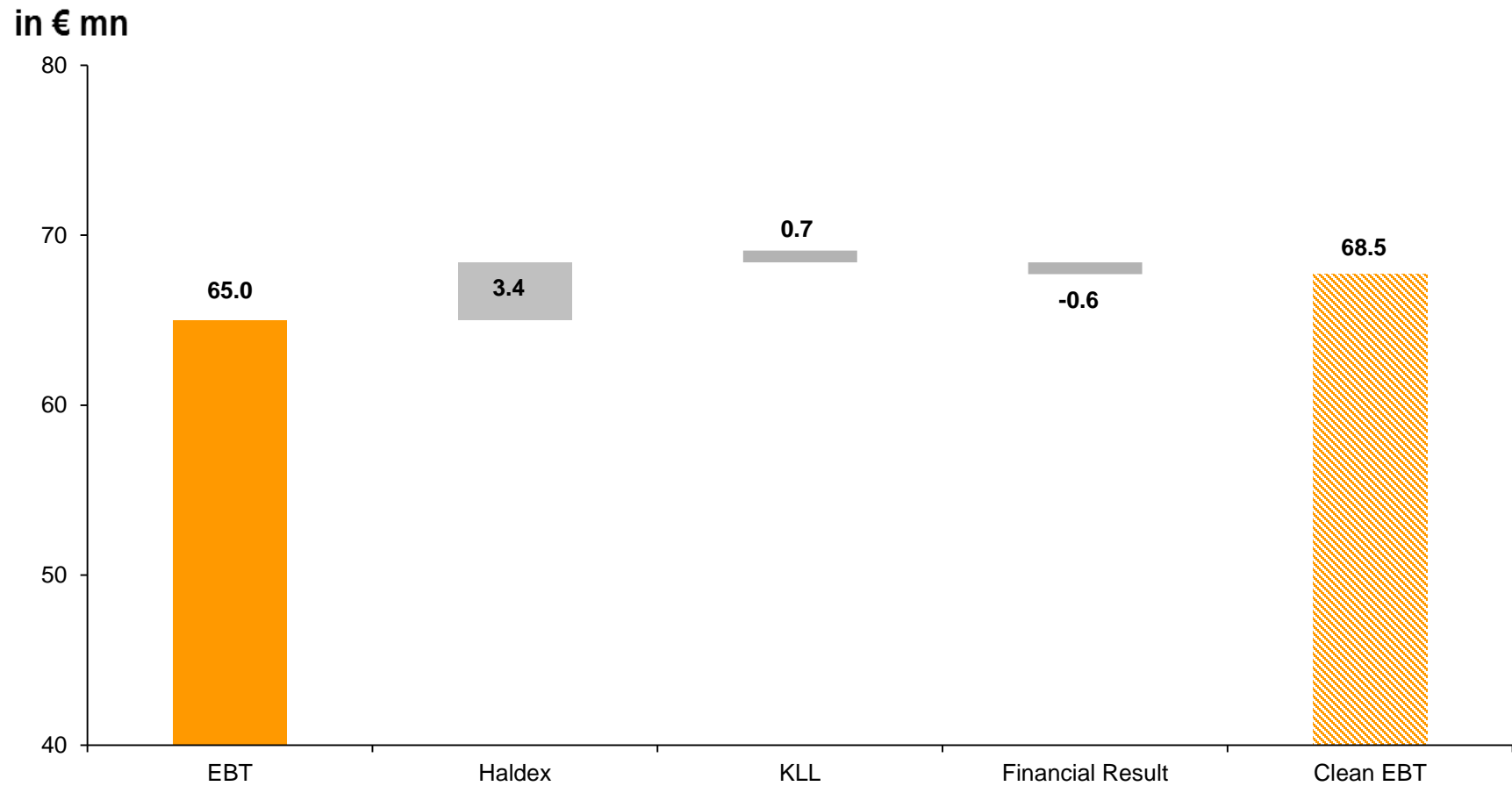
in € mn



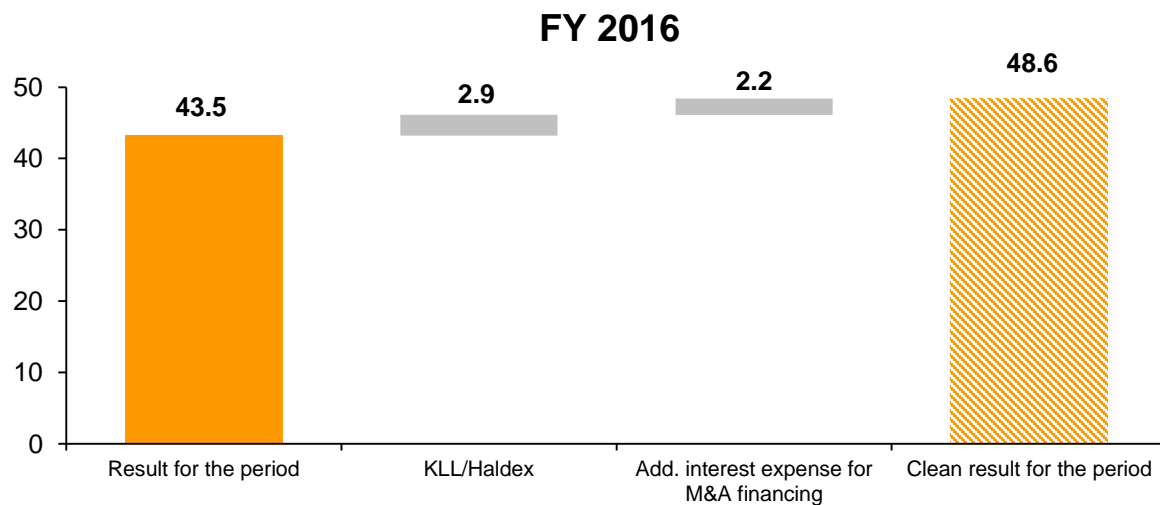
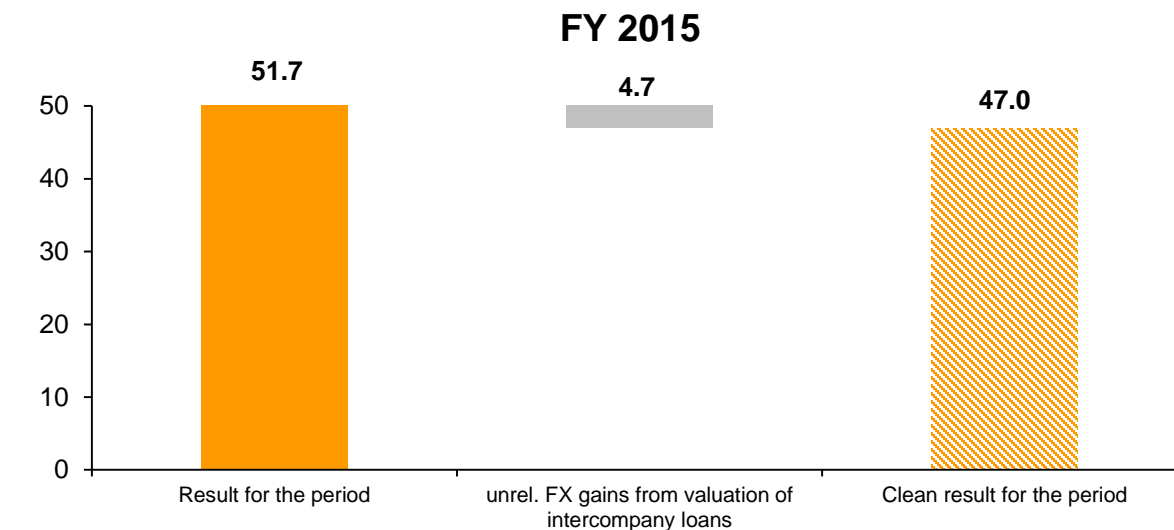
*Approx. EUR 0.7 million of restructuring and transaction costs were attributed to the acquisition of KLL and a further EUR 3.4 million was attributed to the takeover offer for Haldex



Haldex/KLL transaction effects on EBT

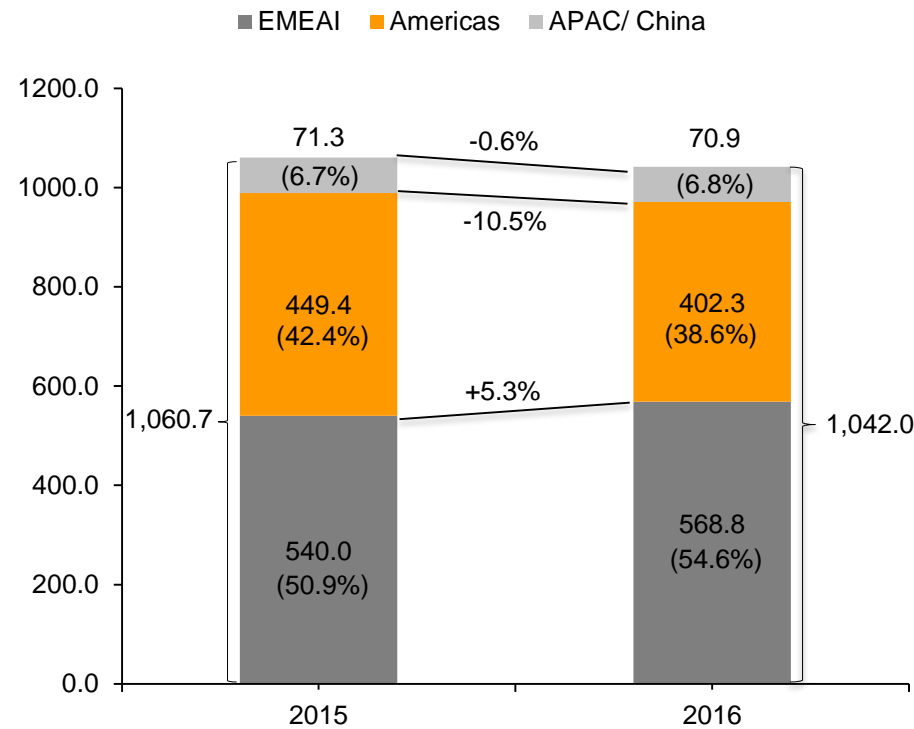


Net income FY15 vs. FY16: Extraordinary effects (after tax*)

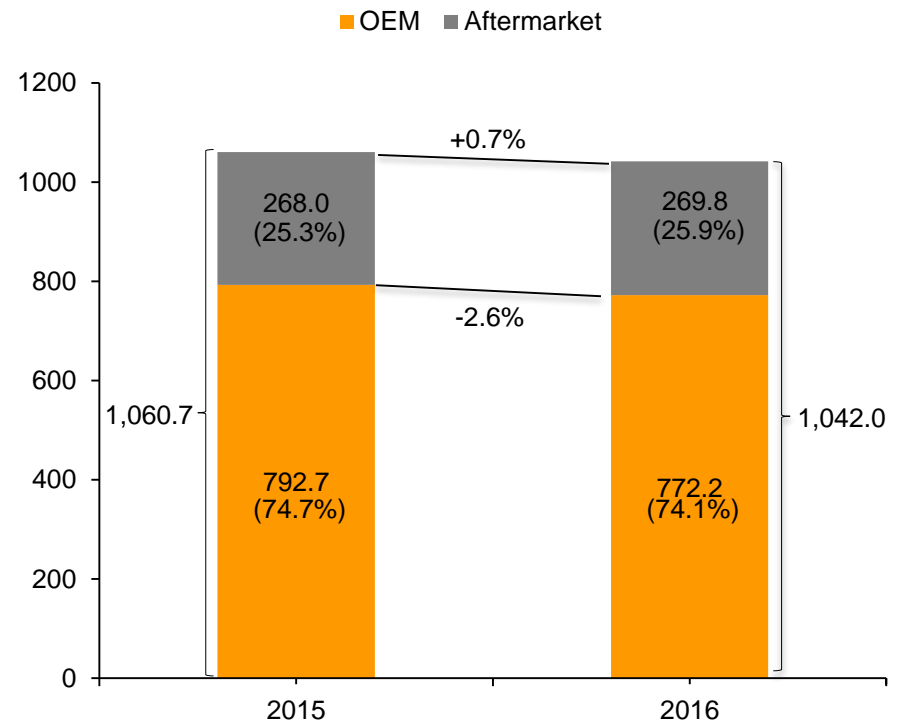


Sales split by region and channel: Europe compensating severe market weakness in the Americas

Sales by Region (in €mn)

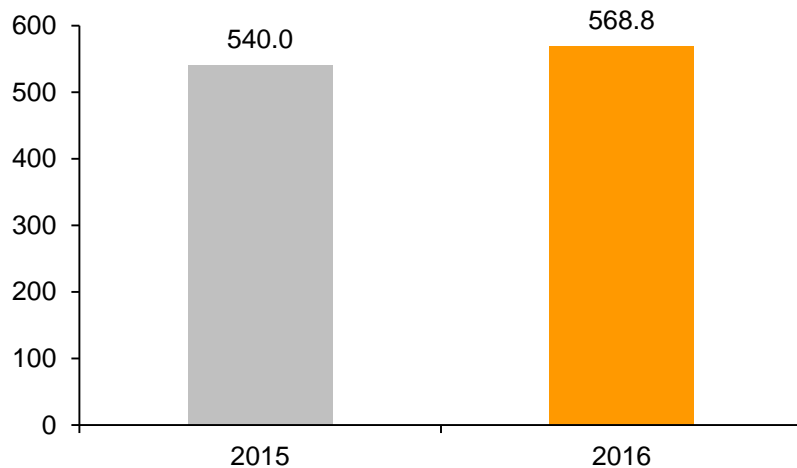


Sales by channel:OE and AM (in €mn)

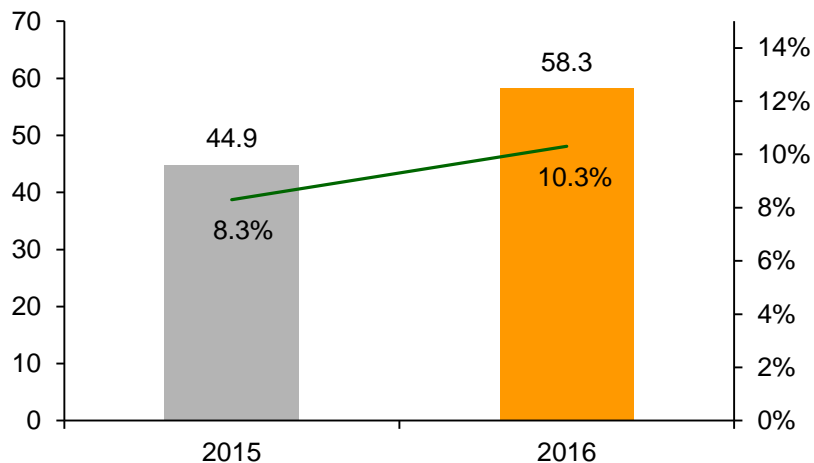


Business performance by region – EMEA: Solid organic growth

Sales in €mn



Adjusted EBIT in €mn and margin in %

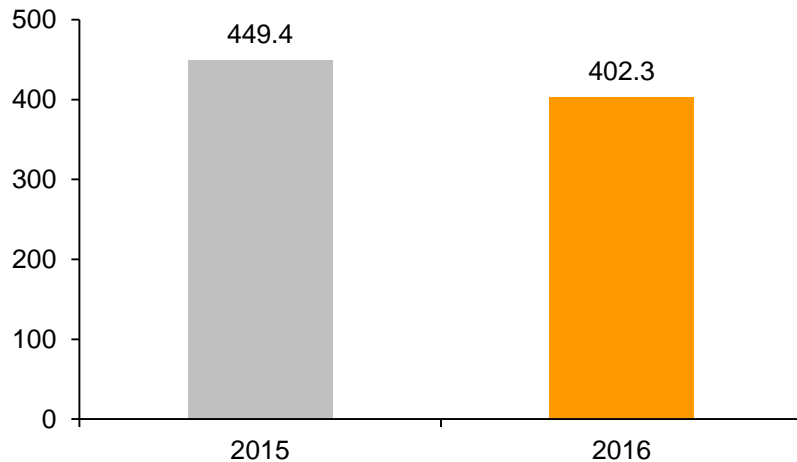


Summary

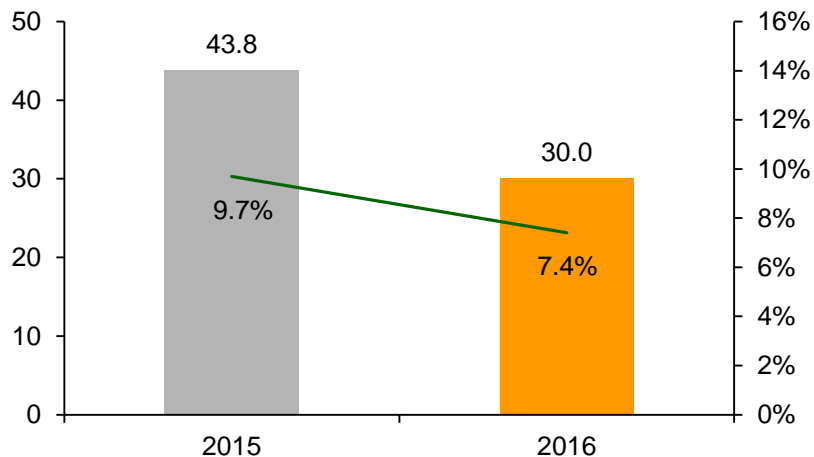
- Solid 5.3% sales increase in 2016 by to € 568.8 mn (540.0), adj. for FX + 6.3% yoy
 - Sales driven by continued solid demand in Germany, Italy, Spain and Poland despite Russia being almost closed as a sales channel for used vehicle markets
 - Middle East region sees new contracts wins from major OEMs, yet Turkish market nosediving in second half 2016
-
- Adj. EBIT 2016 up by 29.8% yoy rising to € 58.3 mn (44.9)
 - Pick-up in the adj. EBIT margin in 2016: 10.3% (8.3%)
 - Improved profitability yoy a.o. driven by efficiency gains from European plant consolidation, growing export business, advantageous product mix and bundled sourcing

Business performance by region – Americas: Outperformance

Sales in €mn



Adj. EBIT in €mn and margin in %

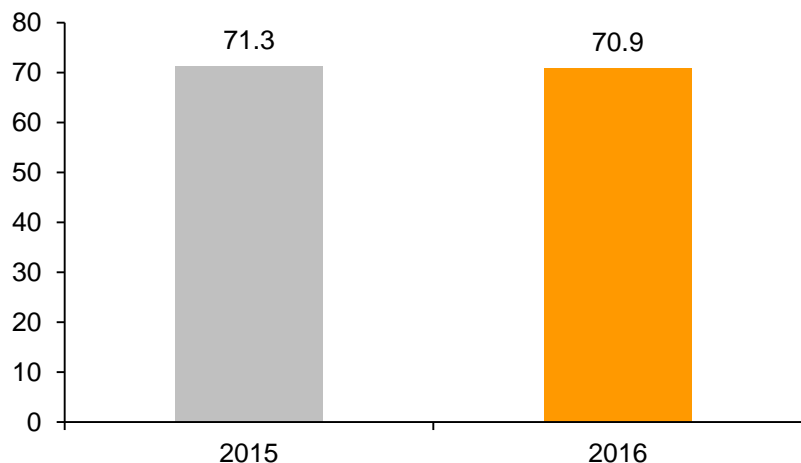


Summary

- In 2016 sales fell 10.5% to € 402.3 mn (449.4) due to collapsing class-8 production (-29%) and contracting trailer market (-7%);
- Clear outperformance of markets: market share gains, structural growth and order wins
- Adj. for FX, Aerway and KLL (approx. € 9.7 mn), sales organically declined by only 8.5%
- Sustained weak economic environment in Brazil has sales remain at very low level levels burdening profitability
- Profitability affected by operating leverage and soaring steel prices to be passed on to customers with some delay only
- In 2016 adj. EBIT came in at € 30.0 mn (43.8), translating into adj. EBIT margin of 7.4% (9.7%)
- Self-help measures: Capacity alignments and efficiency measures combined with sales offensive with fully-dressed axle/suspensions systems and BDT
- Jan. 2017 announcement of North American plant network optimization and consolidation

Business performance by region – APAC/ China: Unsatisfying profits

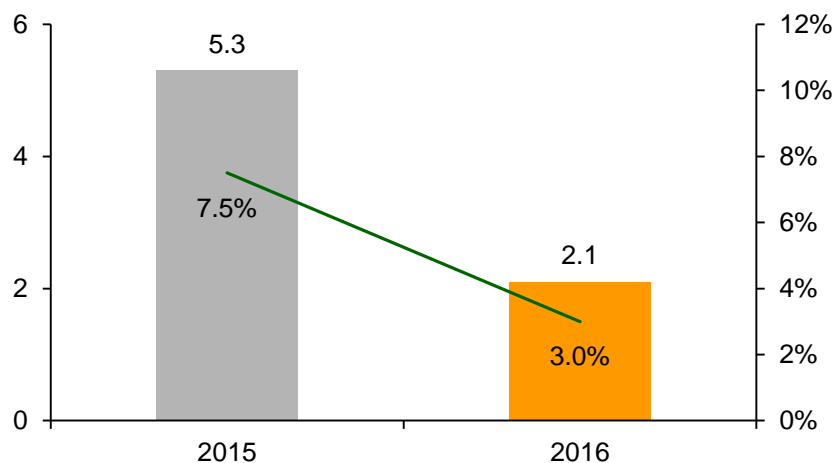
Sales in €mn



Summary

- Sales in 2016 (-0.5% yoy) stable at € 70.9 mn (71.3), organically up 3.1% despite slow APAC markets
- Solid sales development in Q4/16 (+ 51.7% yoy), assisted by GB 1589 standard in China which caused a significant increase in customer interest
- Improving sales and earnings contributions from Australia

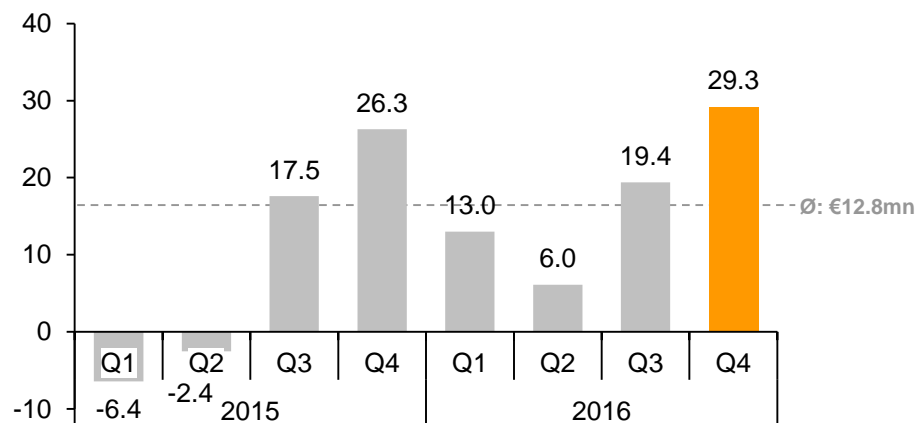
Adjusted EBIT in €mn and margin in %



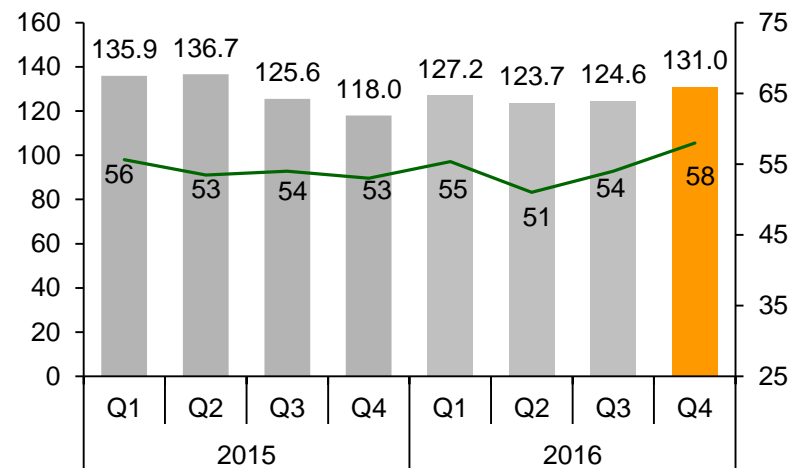
- Adj. EBIT in 2016 declining to € 2.1 mn (5.3),
- Negative impact from two special factors in total € 1.6m (not adjusted in adj. EBIT): i) Typhoon hits Xiamen location in Sept. damaging parts of the inventories; in addition one-time inventory clearance carried out as part of SAP intro; and ii) one-time expenses for warranties in China

Free cash flow reaches record level

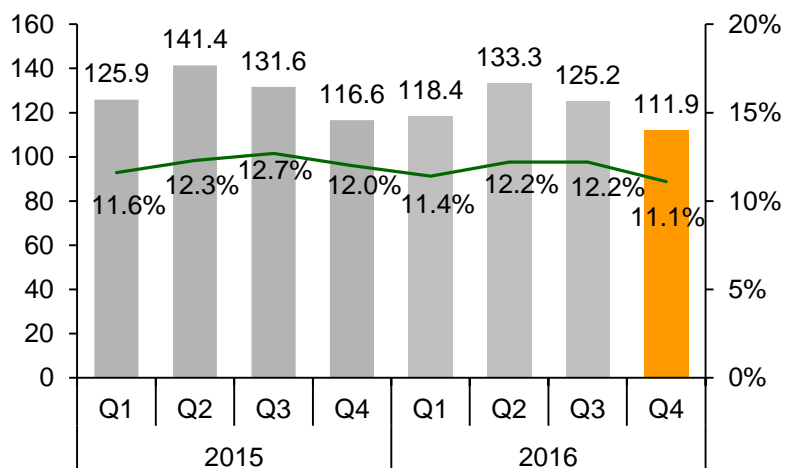
Operating free cash flow in € mn



Inventories in € mn and days of inventories



Net working capital in € mn and as % of sales



Operating FCF

- Strong free cash flow generation in Q4/16, up by 11.4% to € 29.3 mn (26.3) yoy due to lower NWC
- Full-year 2016 free cash flow at high € 67.7 mn (35.0).

NWC/ Inventories

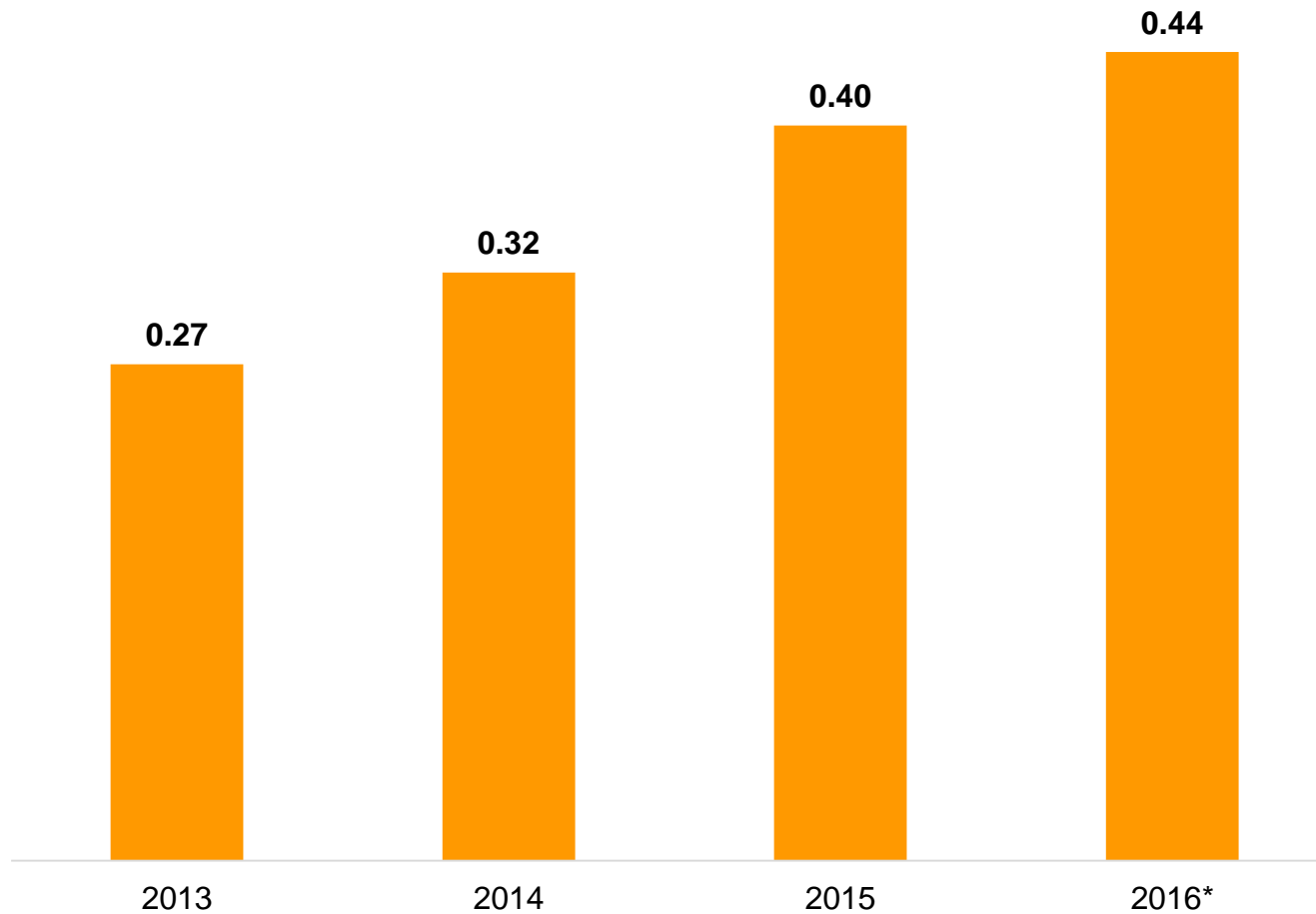
- NWC requirements € 4.7 mn lower yoy
- Inventories increased by € 13.0 mn yoy; € 4.8 million thereof attributable to first-time consolidation of KLL
- Days of inventories 58 days at the end of Q4/16 at an unsatisfactory level

Reconciliation to Free Cash Flow

in €mn	2016	2015
Result before tax	65.0	77.6
Finance result	13.5	4.0
Amortization/depreciation	22.6	21.7
Changes in Net Working Capital	1.9	-25.9
Other items cash flow	3.4	2.1
Operating cash flow before income tax	106.4	79.5
Income tax paid	-13.7	-16.4
Operating cash flow	92.7	63.1
Investments in PPE and intangible assets	-25.0	-28.1
Free cash flow	67.7	35.0

Sustainable dividend payer financed from own cash flow generation

in € per share



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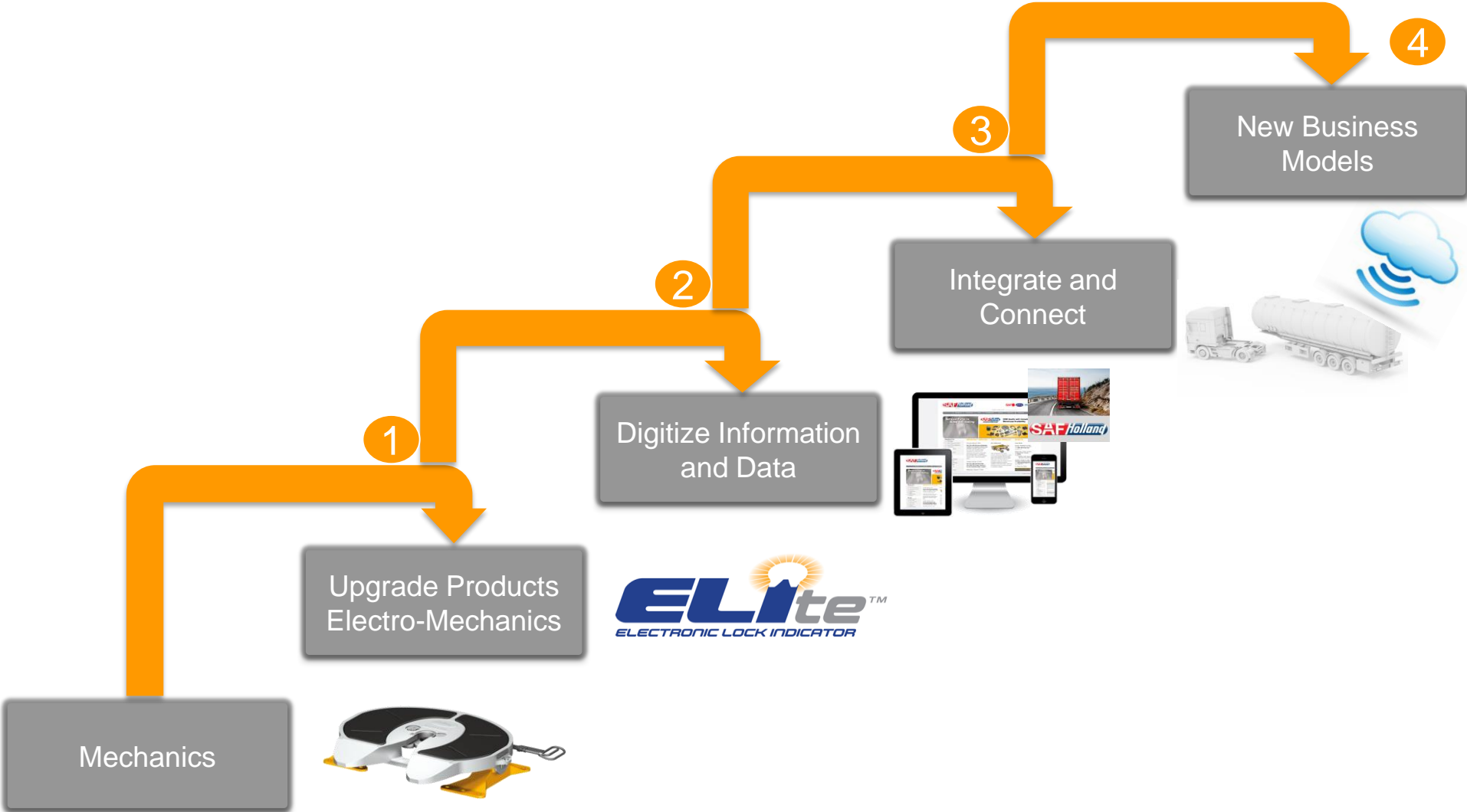
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Outlook: Financial targets 2017

	FY 2017*	Strategy 2020
Sales	€ 1,060 mn to € 1,090 mn Assuming stable FX rates and unchanged scope of consolidation	Organic: € 1,250 mn
		+ Coops., JVs, acquisitions: € 1,500 mn
Adj. EBIT margin	8 - 9% From today's standpoint tending toward the mid-point of the range	≥ 8%
NWC ratio	12 – 13%	12%
CAPEX	€ 28 mn - € 31 mn p.a.	€ 26 mn - € 28 mn p.a.

²² * Assumed there is no significant deterioration of political, economic or industry-specific environment;
Not including potential sales and earnings contributions from acquisitions or JVs concluded during the course of the year

Digitization: SMART STEEL Business Model



Appendix

Strong financial profile supporting further growth & dividend payments

Strong financial profile*

Corporate Bond
€75mn
due 04/2018

Revolving Credit lines
€159mn
due 10/2020 with option of renewal until 10/2022

Convertible Bond
€100.2mn
due 09/2020

Promissory note (SSD)
€200mn
€140mn due in 11/2020
€17mn due in 11/2022
€43mn due in 11/2025

Non-current loan
€50mn
due 06/2026

- Optimized and diversified financing structure
- Access to institutional and private investors with reduced dependency from banks
- Currently unsecured financing
- More flexibility with increased financial headroom and optimized financing costs
- Financing of Strategy 2020 targets secured

Dividend policy

Dividend payment of € 0.44 per share (py: € 0.40);
€ 20.0mn (py: € 18.1 mn) distribution in total representing a 46% (py: 39%) share of FY 2016 available net earnings

Distribution of generally 40 to 50% of available net earnings on a sustainable base if reported equity ratio reaches around 40%

Multi-year overview of key financials

	2012	2013	2014	2015	2016
Results of operations					
Sales	859.6	857.0	959.7	1,060.7	1,042.0
Gross profit	156.2	155.6	174.6	202.9	206.5
Gross profit margin in %	18.2%	18.2%	18.2%	19.1%	19.8%
EBIT	46.8	49.3	56.7	81.6	78.4
EBIT margin in %	5.4%	5.8%	5.9%	7.7%	7.5%
Adjusted EBIT	58.2	59.3	70.7	94.0	90.4
Adjusted EBIT margin	6.8%	6.9%	7.4%	8.9%	8.7%
Result for the period	7.4	24.4	32.7	51.7	43.5
Adjusted result for the period	28.4	28.8	43.7	62.2	53.7
undiluted earnings per share	0.18	0.54	0.72	1.14	0.98
adjusted undiluted earnings per share	0.68	0.63	0.96	1.37	1.18
Dividend per share	n.a.	0.27	0.32	0.40	0.44*
* To be proposed at Annual General Meeting 2016					
Net Assets					
Balance sheet total	536.7	536.4	645.2	888.5	1,014.7
Equity	197.9	222.2	248.6	287.8	305.6
Equity ratio	36.9%	41.4%	38.5%	32.4%	30.1%
Cash and cash equivalents	18.6	23.9	44.2	145.7	344.6
Net debt	141.8	123.0	137.1	122.4	97.1
Net Working Capital	82.4	76.1	102.7	116.6	111.9
Net Working Capital/sales	10.2%	9.4%	10.9%	12.0%	11.1%
Financial position					
Cash flow from operating activities before income tax paid	59.5	63.0	48.8	79.5	106.4
Cash Conversion Rate*	102.2%	106.2%	69.0%	84.6%	117.7%
Net cash flow from operating activities	54.0	54.0	36.0	63.1	92.7
Cash flow from investing activities	-21.3	-23.5	-29.5	-139.1	89.8
Purchase of property, plant and equipment and intangible assets	-22.3	-23.2	-30.1	-28.1	-25.0
Free Cash Flow (Net cash flow from operating activities less investments in property, plant and equipment and intangible assets)	31.7	30.8	11.3	35.0	67.7
*(Cashflow from operating activities before income tax paid divided by adjusted EBIT)					
Yield					
Dividend yield	n.a.	2.5%	2.9%	3.2%	3.2%
Return on Capital Employed (ROCE)**	10.9%	11.7%	11.0%	10.7%	9.1%
**ROCE=EBIT/(Total assets-current liabilities)					

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