

FINANCIAL RESULTS FY 2020

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MARCH 25, 2021



AGENDA

1 HIGHLIGHTS 2020

Alexander Geis

2 STRONG FINANCIAL PERFORMANCE

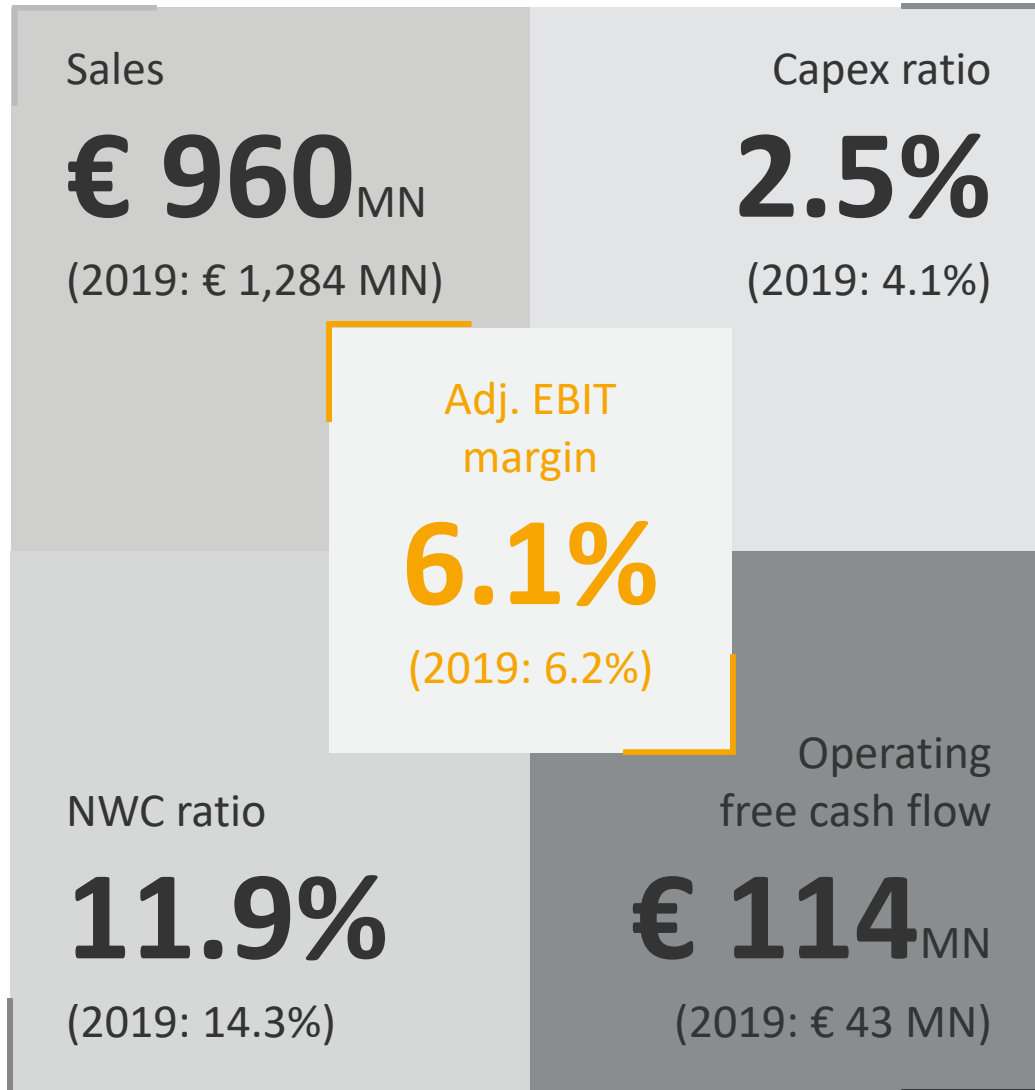
Inka Koljonen

3 OUTLOOK

Alexander Geis

4 APPENDIX

REVIEW 2020: REVISED GUIDANCE ACHIEVED OR EVEN EXCEEDED



- **Sales** in line with guidance influenced by unfavourable market conditions and COVID-19
- **Adj. EBIT margin** on par with previous year and above revised guidance of 5 to 6 per cent
- **Capex ratio** more efficient than pre-pandemic guidance based on investment discipline
- **NWC ratio** significantly improved led by effective net working capital measures
- **Operating free cash flow** at record level; excellent cash conversion rate



**EXCELLENT MARGIN AND CASH FLOW
GENERATION IN A DIFFICULT MARKET
ENVIRONMENT**

REVIEW 2020: ROBUST PERFORMANCE IN A CHALLENGING ENVIRONMENT



Resilience of business model

- Strong market position in main regions
- Higher share of profitable aftermarket business safeguarded profitability in 2020
- FY 2020 adjusted EBIT margin with 6.1 per cent nearly stable compared with last year's 6.2 per cent



Preserved profitability

- FORWARD 2.0 restructuring program in Americas and global SG&A cuts delivered targeted cost savings
- New supplemental collective agreement provided further structural cost savings
- Salary cuts and short time work



Financial discipline

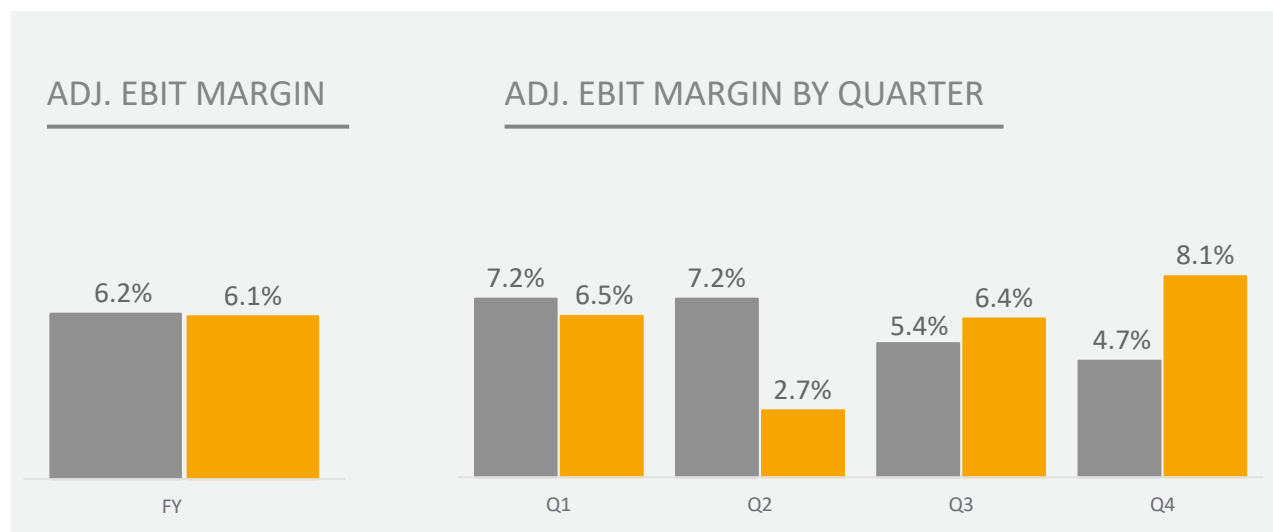
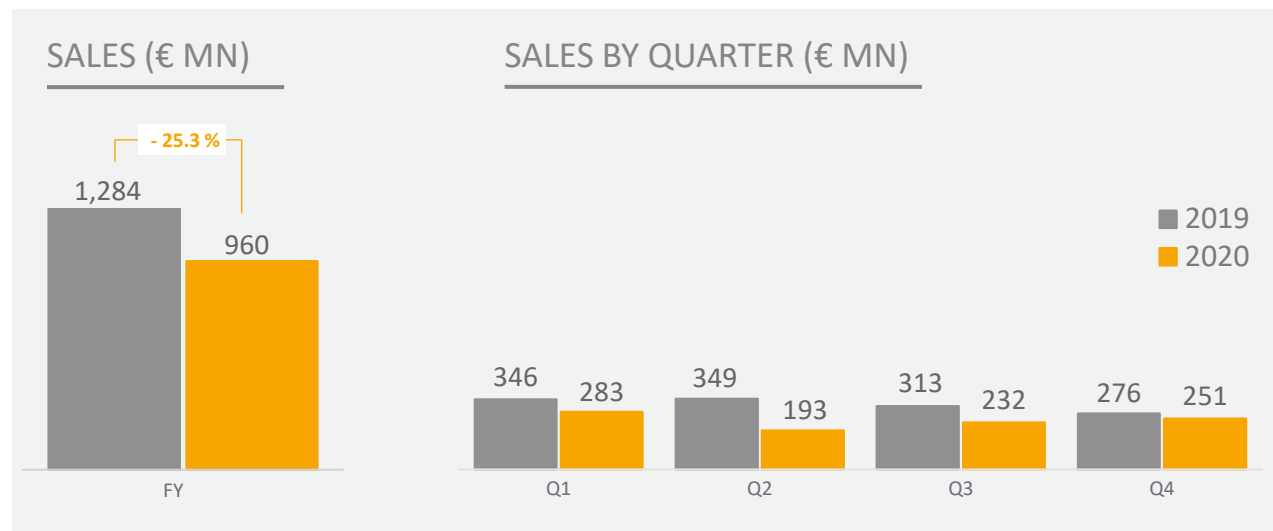
- Effective working capital management and investment activities
- Strong operating free cash flow of more than 100 million



Continued strategy execution

- Roll-out of SAF-HOLLAND Operational Excellence System
- Ramp-up of Yangzhou greenfield activities
- Further footprint optimization in Americas and APAC
- Strong focus on aftermarket

GROUP: STRUCTURAL MARGIN IMPROVEMENTS ACHIEVED ACROSS ALL REGIONS



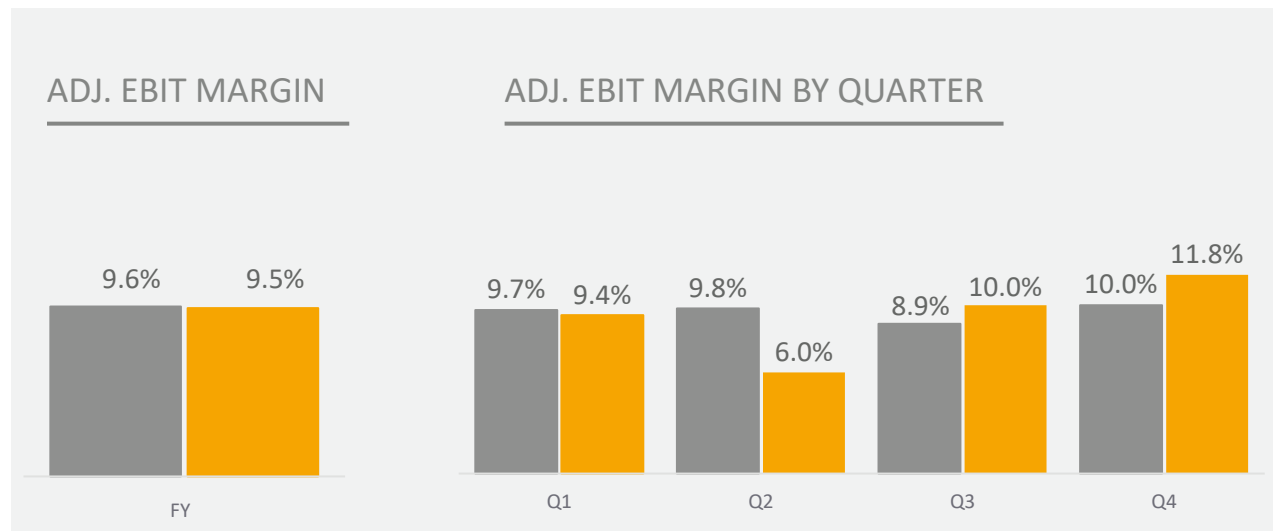
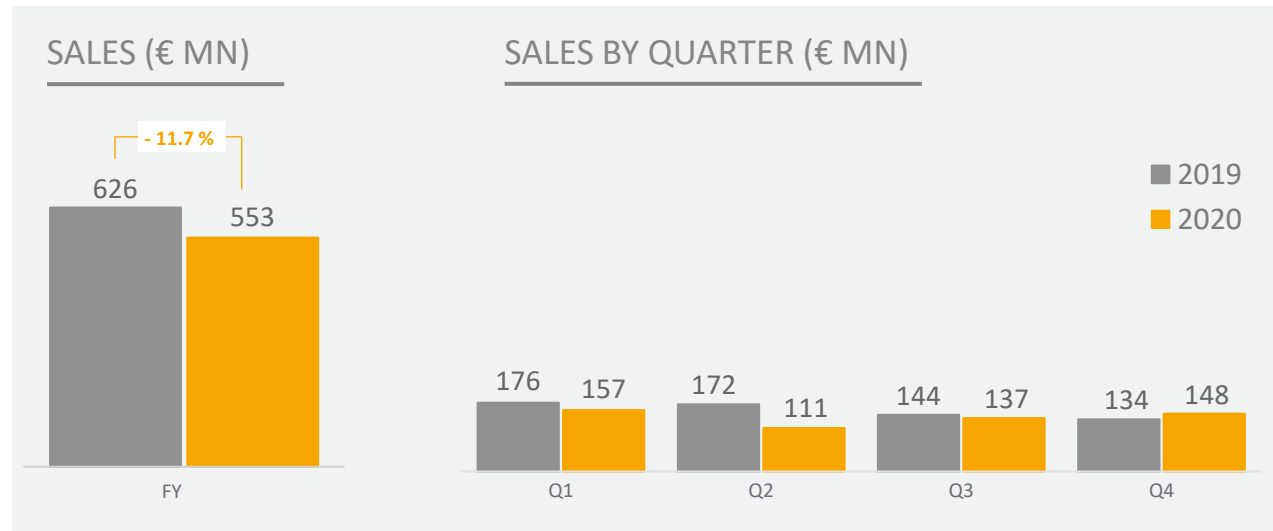
MAIN DRIVERS

- Sales decrease by 25 per cent mainly driven by the Americas region (-38 per cent), while the EMEA region was the most resilient (-12 per cent)
- After bottoming in Q2 2020, sales have recovered sequentially in all regions, especially in EMEA
- Streamlining of product portfolio, structural cost reductions and higher share of resilient aftermarket business safeguarded profitability
- Approx. € 12.0 mn of cost savings are not sustainable (short-time work, etc.)
- Inventory write-downs of € 8.9 mn included in adj. EBIT (not adjusted)
- Overall adjustments down from € 45 mn to € 28 mn demonstrating improved quality of earnings



GEARED TO SALES GROWTH WITH MARKET REBOUND AT SIGNIFICANTLY BETTER MARGINS

EMEA: FY 2020 ADJ. EBIT MARGIN ON PAR WITH PREVIOUS YEAR DESPITE COVID-19

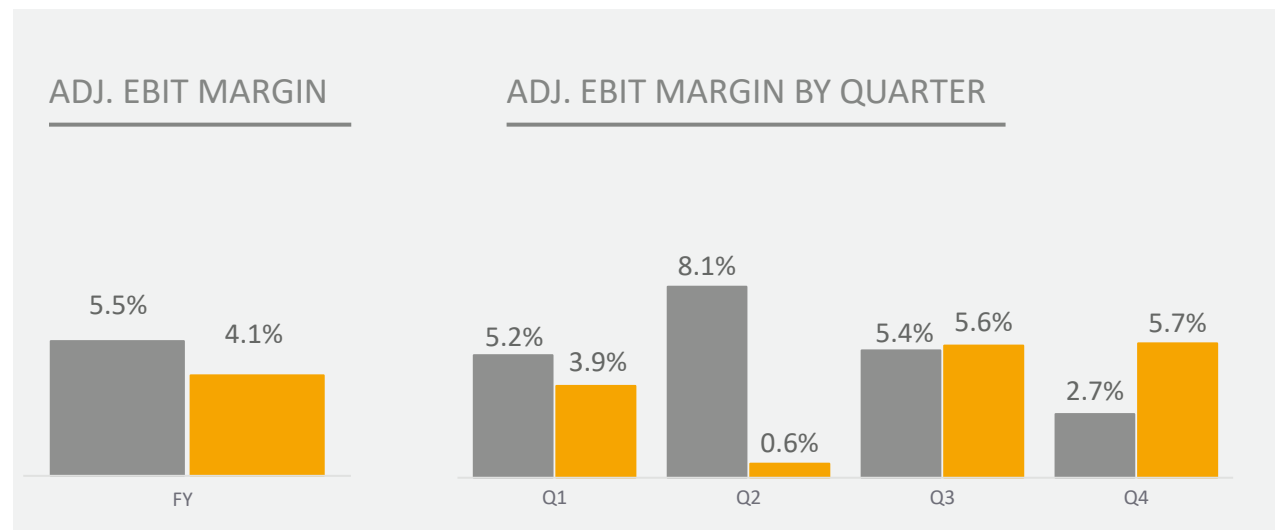
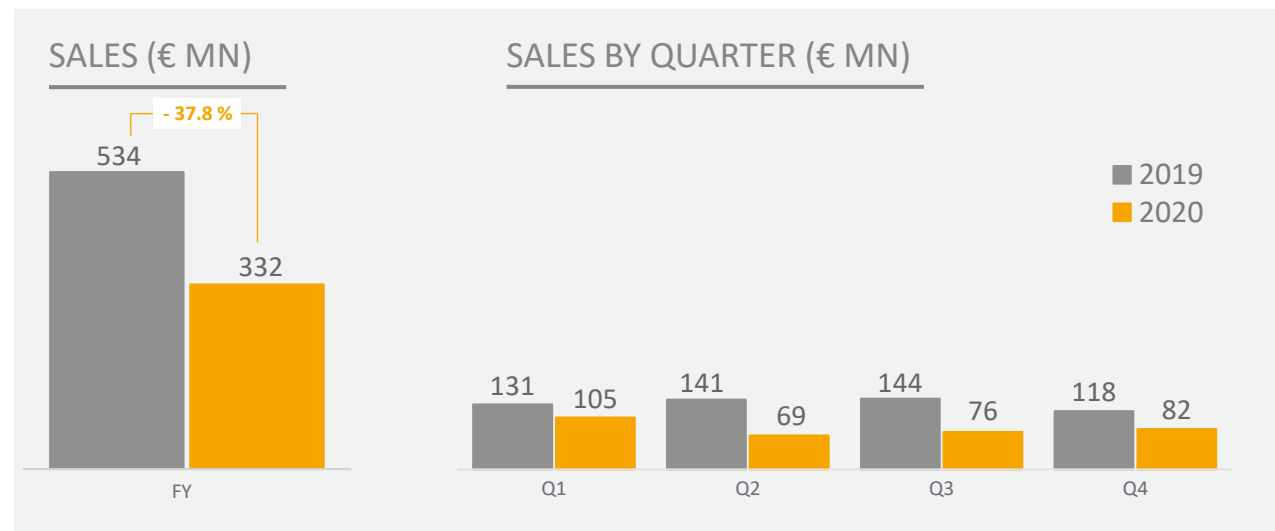


MAIN DRIVERS

- Due to excellent market position and high share of aftermarket business, EMEA most resilient with only 12 per cent sales decrease and still 6 per cent adj. EBIT margin in Q2 2020
- Supplemental collective agreement and structural cost savings in SG&A helping to lower the break-even point in the OE business
- Approx. € 6.2 mn of the cost savings are not sustainable (short-time work, etc.)
- Inventory write-downs of € 3.2 mn included in adj. EBIT (not adjusted)

▶ EMEA REGION WELL POSITIONED FOR THE EXPECTED MARKET RECOVERY

AMERICAS: RESTRUCTURING INVESTMENT IS PAYING OFF

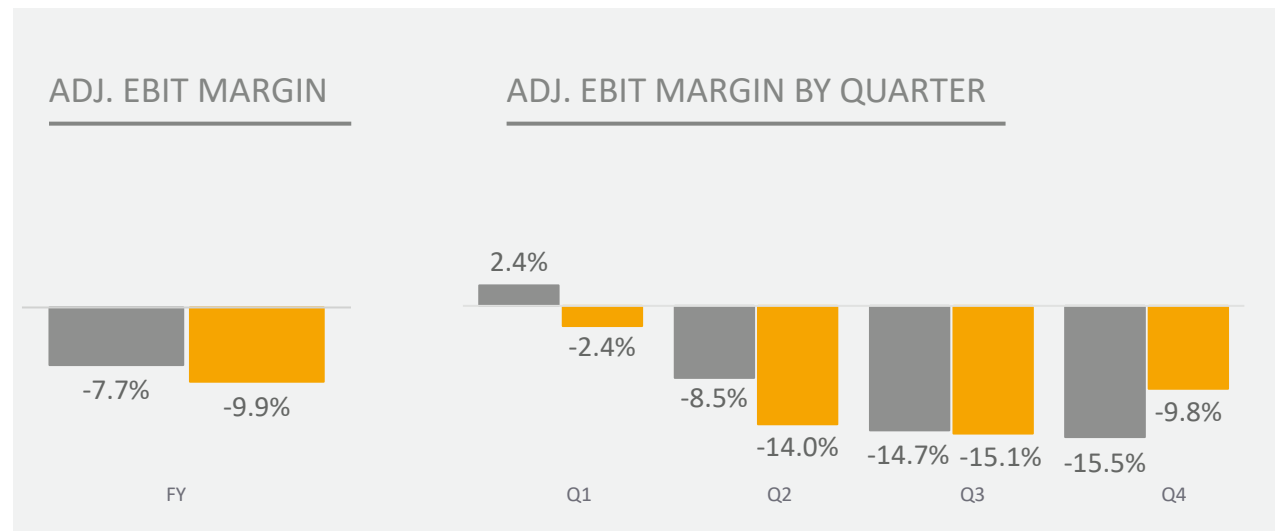
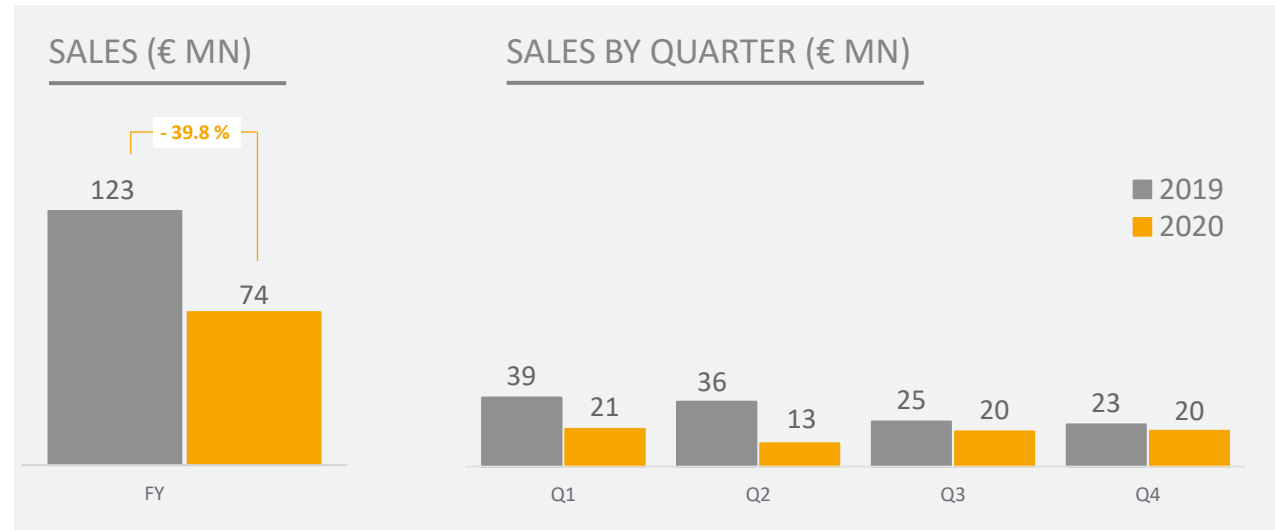


MAIN DRIVERS

- With 38 per cent sales decline and adj. EBIT margin down to 0.6 per cent in Q2, the Americas region was strongly hit by the pandemic
- FX effects (-2.1 per cent respectively € 11.5 mn)
- Structural reductions in COGS and SG&A under program FORWARD 2.0 and exiting of lossmaking product lines led to a strong margin improvement from Q3 onwards
- Approx. € 5.8 mn of cost savings are not sustainable
- Inventory write-downs of € 4.9 mn included in adj. EBIT (not adjusted)
- Introduction of new ductile fifth wheel will strengthen market position in standard segment

AMERICAS REGION PREPARED FOR PROFITABLE GROWTH

APAC: LOCKDOWN AND DELAYED RAMP-UP WEIGH ON SALES AND PROFITABILITY

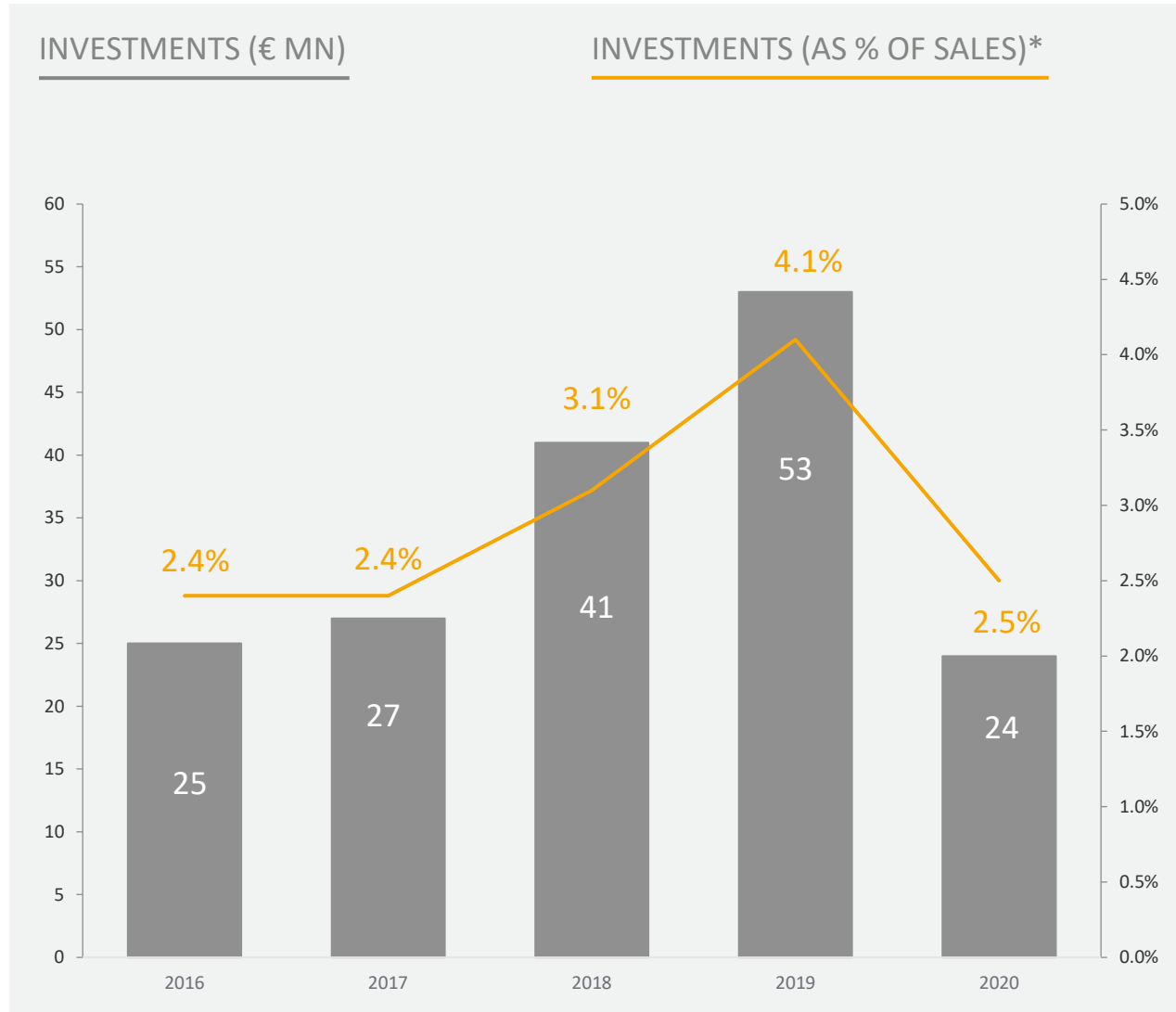


MAIN DRIVERS

- China: Consolidation of production network and cleaning up of the balance sheet completed
- APAC (excl. China): Positive adj. EBIT margin despite sales drop of 26 per cent
- Substantially lower SG&A costs in absolute and relative terms
- Inventory write-downs of € 0.8 mn included in adj. EBIT (not adjusted)
- China ready for the re-start; India ready for the market recovery

▶ APAC REGION HAS LAID THE FOUNDATION FOR ADDRESSING PROFITABLE GROWTH

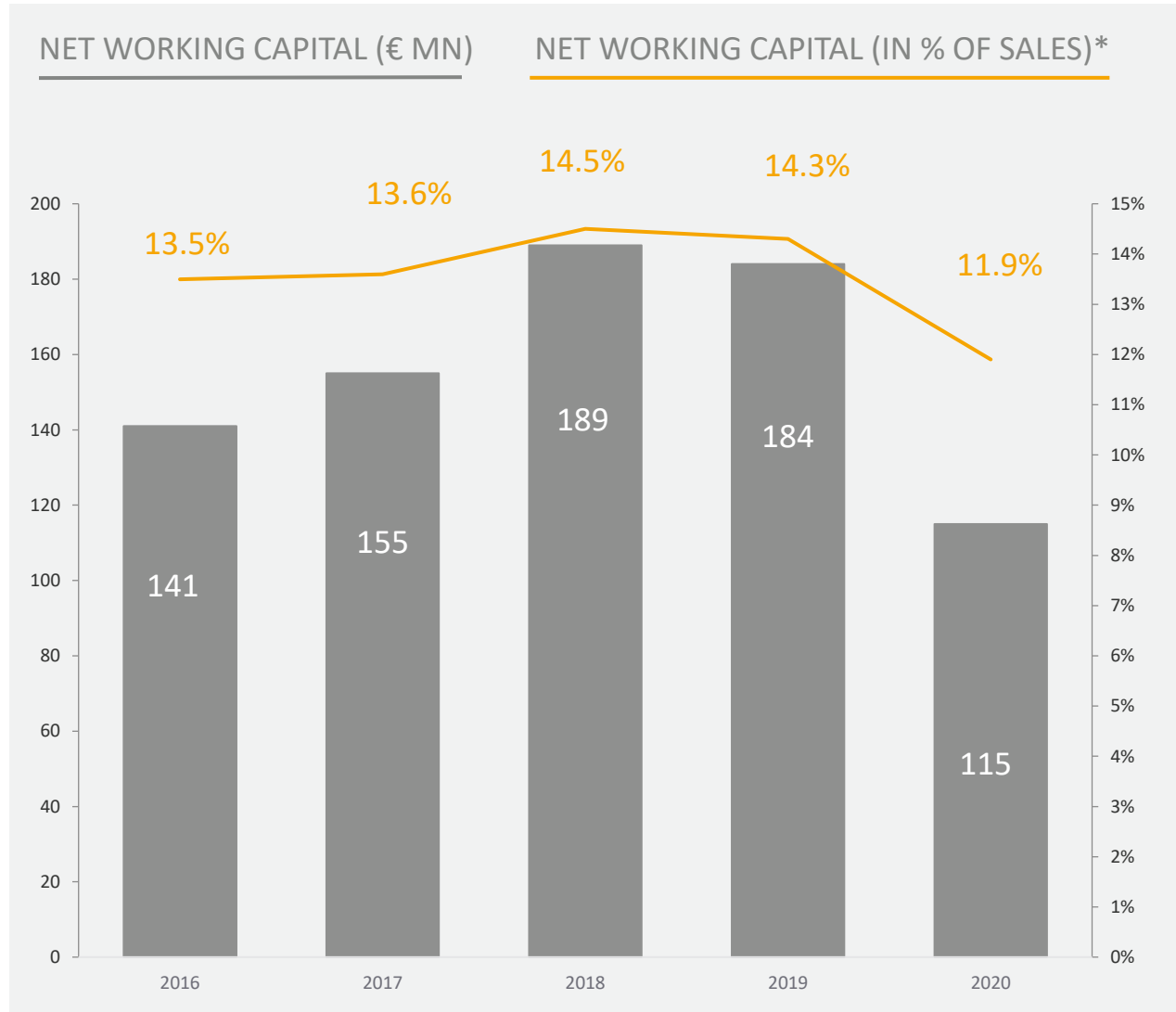
INVESTMENTS: DISCIPLINED INVESTMENT POLICY



- Investment approval process and capital allocation worked very well in 2020
- Focus of investing activities: further automation of production processes at various locations in the Americas region and Germany.
- Investment into growth and efficiency
- Investments in R&D stable at around 2 per cent of sales

RETURN TO SUSTAINABLE LONG-TERM INVESTMENT RATIO ENABLES PROFITABLE GROWTH PATH

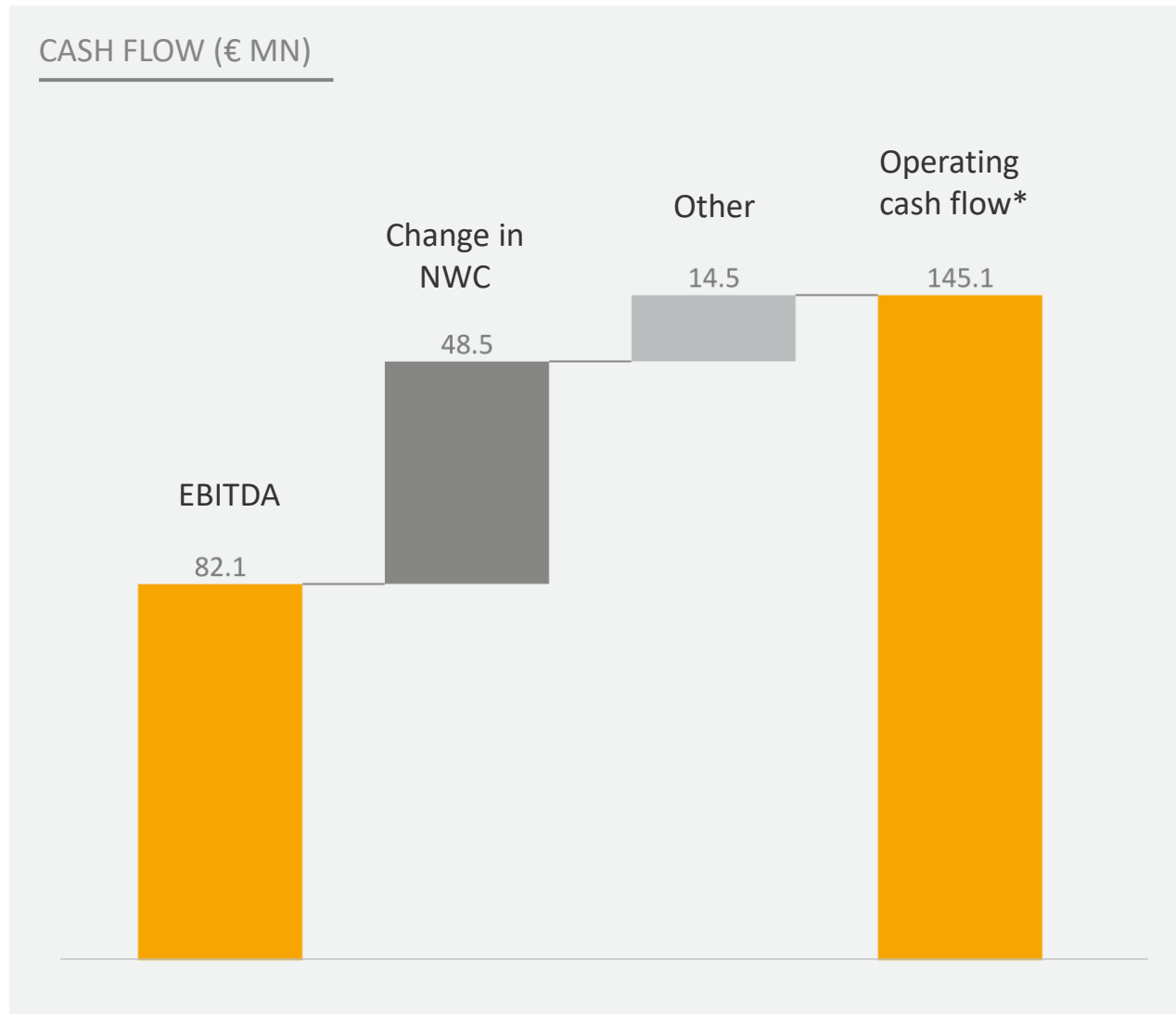
NET WORKING CAPITAL: SUBSTANTIAL IMPROVEMENTS ACHIEVED



- Net working capital significantly down both in absolute and relative terms
 - Inventories down by 24.8 per cent to € 126 mn
 - Trade receivables down by 24.3 per cent to € 95 mn
 - Trade payables only down 2.9 per cent to € 107 mn
- Cash-is-King program supported good performance

▶ EFFICIENT STRUCTURAL BASIS TO MEET CYCLICAL REBOUND IN 2021

CASH CONVERSION: RECORD LEVEL OPERATING CASH FLOW *



- Working Capital Management key factor in improving the operating free cash flow before taxes
- One-time fly-off cash conversion rate of 177 per cent driven by cyclical effects, mitigation measures and structural improvements

▶ CYCLICAL REBOUND OF NWC WILL IMPACT OPERATING CASH FLOW IN 2021

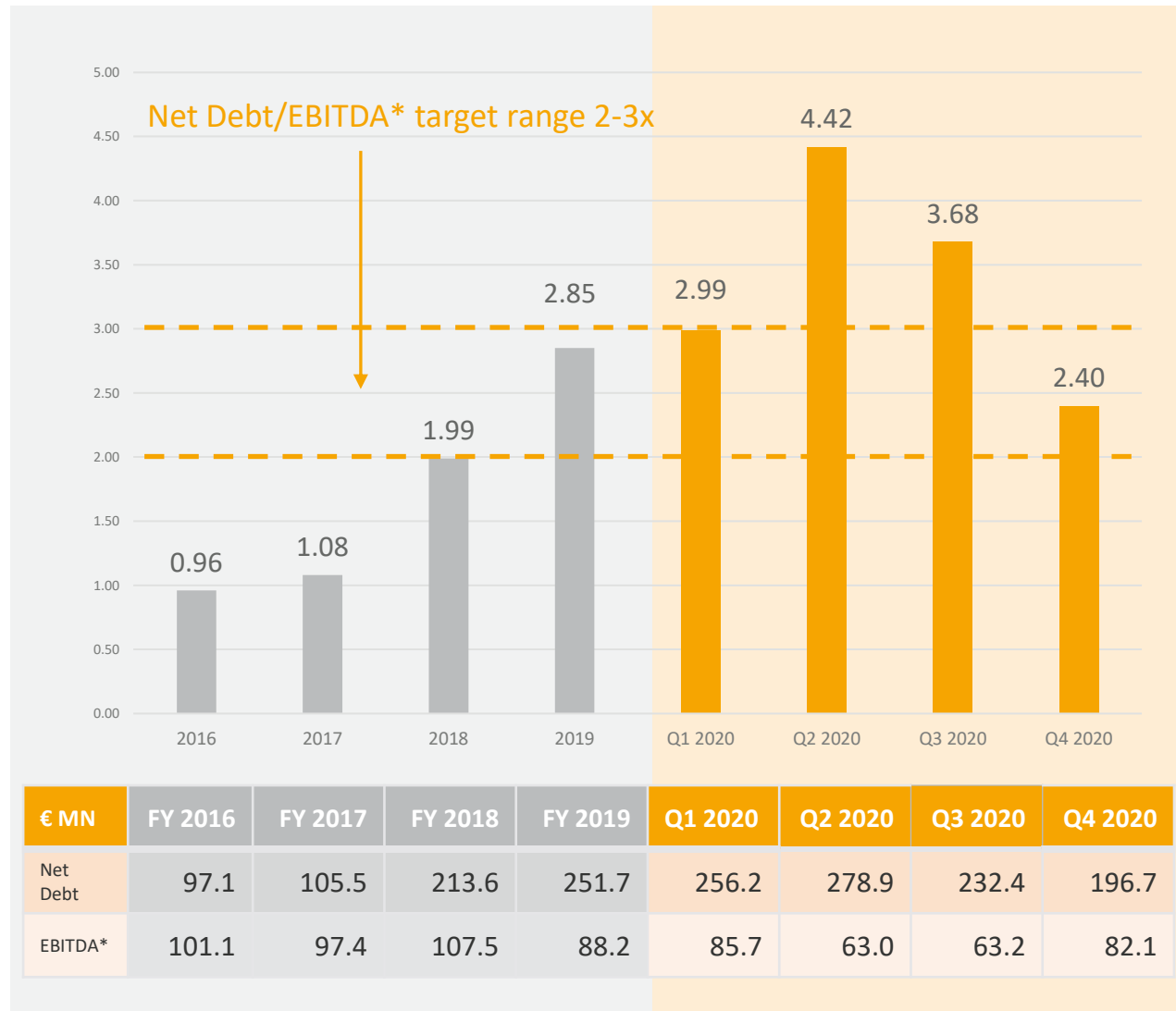
CASH CONVERSION RATE: EXCEPTIONAL RESULT

in EUR thousands	2016	2017	2018	2019	2020
EBITDA	101,058	97,355	107,491	88,213	82,092
Change in NWC	1,949	-25,412	-38,395	9,669	48,481
Other Cash and Non-Cash Items	3,390	2,132	-2,577	11,226	14,534
Operating cash flow *	106,397	74,075	66,519	109,108	145,107
Cash Conversion Rate in % **	105.3	76.1	61.9	123.7	176.8
Net Capex	-24,062	-26,632	-39,478	-47,727	-23,675
Operating free cash flow *	82,335	47,443	27,041	61,381	121,432

• before income tax paid

** Operating cash flow divided by EBITDA

NET DEBT/EBITDA*: SIGNIFICANT DELEVERAGING IN CHALLENGING ENVIRONMENT



- Q2 2020 strongly hit by COVID-19 with substantially lower EBITDA and higher Net Debt
- Q4 2020 shows strong improvement driven by significantly lower Net Debt and substantially better EBITDA (underlying drivers: lower NWC and investments)
- Strong gross liquidity position totalling € 371 mn (PY: € 243 mn)
- Improved balance sheet structure and financial headroom provide flexibility

▶ ROBUST FINANCIAL PROFILE SET TO CONSISTENTLY IMPLEMENT STRATEGY AND UNLOCK ADDITIONAL GROWTH OPPORTUNITIES

€ MN	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Net Debt	97.1	105.5	213.6	251.7	256.2	278.9	232.4	196.7
EBITDA*	101.1	97.4	107.5	88.2	85.7	63.0	63.2	82.1

* Unadjusted EBITDA (LTM)

STRATEGIC FOCUS 2021: HIGH QUALITY GROWTH IN GLOBAL RECOVERY



Managing profitable growth in uncertain environment

- Securing material availability and managing raw material price increases
- Investment in networking capital
- New ductile fifth wheel will strengthen market position in North America in standard segment



Strengthening individual market positions

- EMEA: building on excellent market position with increasing market shares
- Americas: gaining back customer confidence and continuing enhancements
- APAC: re-starting China and utilising India and Australia market opportunities



Expanding technological advantages

- Product improvements for total cost of ownership
- Strong focus on digitisation, electrification and autonomous driving
- New electric driven axle systems delivered to major key customers
- New digital business models



Driving ESG excellence

- Further improving corporate governance
- Enhancing sustainability efforts
- Increase percentage of female leaders

TRUCK AND TRAILER PRODUCTION 2021: STRONG UPSWING



EUROPE		NORTH AMERICA		SOUTH AMERICA*		CHINA		INDIA	
Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
+15%	+16%	+41%	+32%	+30%	+6%	-15% to -20%	-5% to -10%	+30%	+40%



SIGNIFICANT REBOUND IN NORTH AMERICA AND INDIA

HIGHER VOLUMES IN EUROPE AND SOUTH AMERICA

CHINA WITH DECLINING VOLUMES

GUIDANCE 2021*

	FY 2020	FY 2021
Sales	€ 959.5 mn	€ 1,050 mn to € 1,150 mn
Adj. EBIT margin	6.1 per cent	Around 7 per cent
CAPEX	2.5 per cent of sales	Around 2.5 per cent of sales

* The EBIT guidance for FY 2021 is based on the assumption that in the remainder of the year there will be no unexpected impacts from the ongoing COVID-19 pandemic on the production and supply chains.



WE ARE ON TRACK TO ACHIEVE OUR MID-TERM TARGETS

KEY TAKEAWAYS

1. Proven margin and cash flow performance during pandemic environment
2. Resilient and high aftermarket share
3. Best positioned for recovery with leaner structures and improved product portfolio
4. Benefiting from an upswing in Europe, North America, Brazil and India based on leading market positions
5. Disciplined approach to manage demand and working capital investments in recovery cycle



FINANCIAL CALENDAR & IR CONTACT

DATE	EVENT
25.03.2021	Publication of the Annual Report 2020
31.03.2021	Jefferies Pan-European Mid-Cap Virtual Conference
14.04.2021	Virtual Management Roadshow
12.05.2021	Publication of the Quarterly Statement Q1 2021
02.06.2021	ODDO BHF Next Cap Forum
03.06.2021	
10.06.2021	Annual General Meeting
12.08.2021	Publication of the Half-Year Financial Report 2021
01.09.2021	Commerzbank Corporate Conference
15.11.2021	Publication of the Quarterly Statement Q3 2021

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APPENDIX



TRUCK AND TRAILER PRODUCTION 2020: STRONGLY INFLUENCED BY COVID-19



EUROPE		NORTH AMERICA		SOUTH AMERICA**		CHINA		INDIA	
Truck*	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
-27%	-23%	-38%	-39%	-20%	+6%	+50%	-5%	-60%	-60%



**SIGNIFICANT DECLINES IN EUROPE,
NORTH AMERICA AND INDIA**

**MIXED RESULTS IN SOUTH
AMERICA AND CHINA**

P&L FY 2020: EXTRAORDINARY ITEMS

in EUR thousands	FY 2020	Total Adjustments	FY 2020 adjusted*	in % of sales	FY 2019	Total Adjustments	FY 2019 adjusted*	in % of sales
Sales	959,519	–	959,519	100.0%	1,284,155	–	1,284,155	100.0%
Cost of sales	-790,673	9,985	-780,688	-81.4%	-1,082,414	15,857	-1,066,557	-83.1%
Gross profit	168,846	9,985	178,831	18.6%	201,741	15,857	217,598	16.9%
Other income	2,632	-641	1,991	0.2%	4,010	-2,167	1,843	0.1%
Other expenses	-2,489	2,489	–	–	-2,971	2,971	–	–
Impairment of goodwill	–	–	–	–	-6,692	6,692	–	–
Selling expenses	-56,119	7,549	-48,570	-5.1%	-70,754	7,688	-63,066	-4.9%
Administrative expenses	-63,246	7,979	-55,267	-5.8%	-71,289	13,086	-58,203	-4.5%
Research and development costs	-19,468	336	-19,132	-2.0%	-20,794	490	-20,304	-1.6%
Operating profit	30,156	27,697	57,853	6.0%	33,251	44,617	77,868	6.1%
Share of net profit of investments accounted for using the equity method	946	–	946	0.1%	1,948	–	1,948	0.2%
EBIT	31,102	27,697	58,799	6.1%	35,199	44,617	79,816	6.2%
Finance income	2,275	–	2,275	0.2%	2,099	–	2,099	0.2%
Finance expenses	-14,047	–	-14,047	-1.5%	-13,087	–	-13,087	-1.0%
Finance result	-11,772	–	-11,772	-1.2%	-10,988	–	-10,988	-0.9%
Result before taxes	19,330	27,697	47,027	4.9%	24,211	44,617	68,828	5.4%
Income taxes	-5,154	-7,379	-12,533	-1.3%	-13,914	-5,158	-19,072	-1.5%
Tax rate (%)	26.7%		26.7%		57.5%		27.7%	
Result for the period	14,176	20,318	34,494	3.6%	10,297	39,459	49,756	3.9%

GROUP: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	FY 2020	FY 2019	Change absolute	Change in %
EBIT	31,102	35,199	-4,097	-11.6%
EBIT margin in %	3.2%	2.7%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	10,184	9,673	511	5.3%
Goodwill impairment	–	6,692	–	–
Valuation effects from call and put options	1,876	2,971	-1,095	-36.8%
Restructuring and transactions costs	15,637	25,281	-9,644	-38.1%
Adjusted EBIT	58,799	79,816	-21,017	-26.3%
Adjusted EBIT margin in %	6.1%	6.2%	–	–

EMEA: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	FY 2020	FY 2019	Change absolute	Change in %
EBIT	45,721	50,486	-4,765	-9.4%
EBIT margin in %	8.3%	8.1%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	4,637	4,611	26	0.6%
Goodwill impairment	–	–	–	–
Valuation effects from call and put options	-613	–	-613	–
Restructuring and transactions costs	2,932	5,043	-2,111	-41.9%
Adjusted EBIT	52,677	60,140	-7,463	-12.4%
Adjusted EBIT margin in %	9.5%	9.6%	–	–

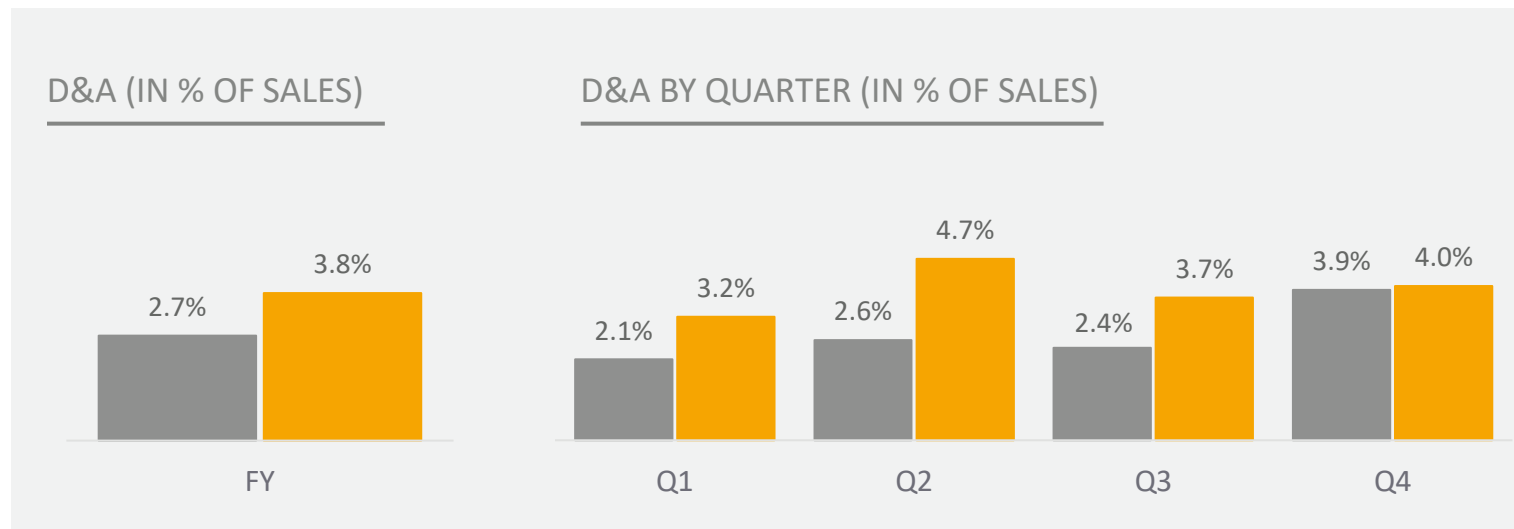
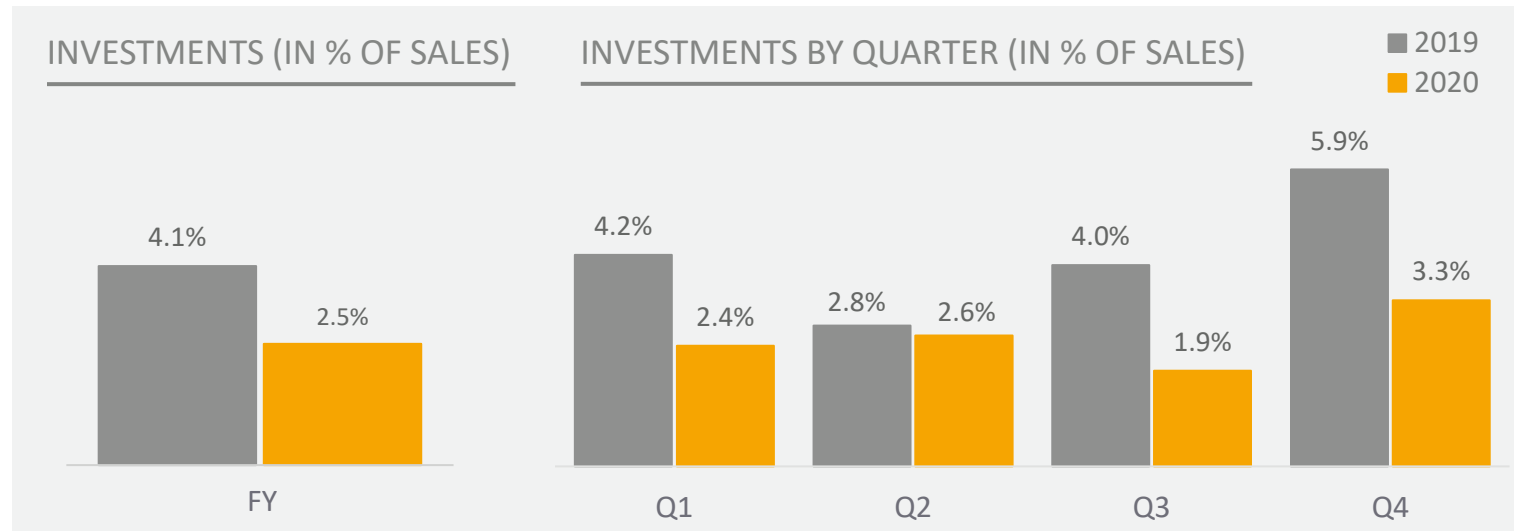
AMERICAS: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	FY 2020	FY 2019	Change absolute	Change in %
EBIT	2,470	15,714	-13,244	-84.3%
EBIT margin in %	0.7%	2.9%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	2,352	2,484	-132	-5.3%
Goodwill impairment	–	–	–	–
Valuation effects from call and put options	2,489	2,971	-482	-16.2%
Restructuring and transactions costs	6,148	8,031	-1,883	-23.4%
Adjusted EBIT	13,459	29,200	-15,741	-53.9%
Adjusted EBIT margin in %	4.1%	5.5%	–	–

APAC: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	FY 2020	FY 2019	Change absolute	Change in %
EBIT	-17,089	-31,001	13,912	-44.9%
EBIT margin in %	-23.0%	-25.1%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	3,195	2,578	617	23.9%
Goodwill impairment	–	6,692	-6,692	-100.0%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	6,557	12,207	-5,650	-46.3%
Adjusted EBIT	-7,337	-9,524	2,187	-23.0%
Adjusted EBIT margin in %	-9.9%	-7.7%	–	–

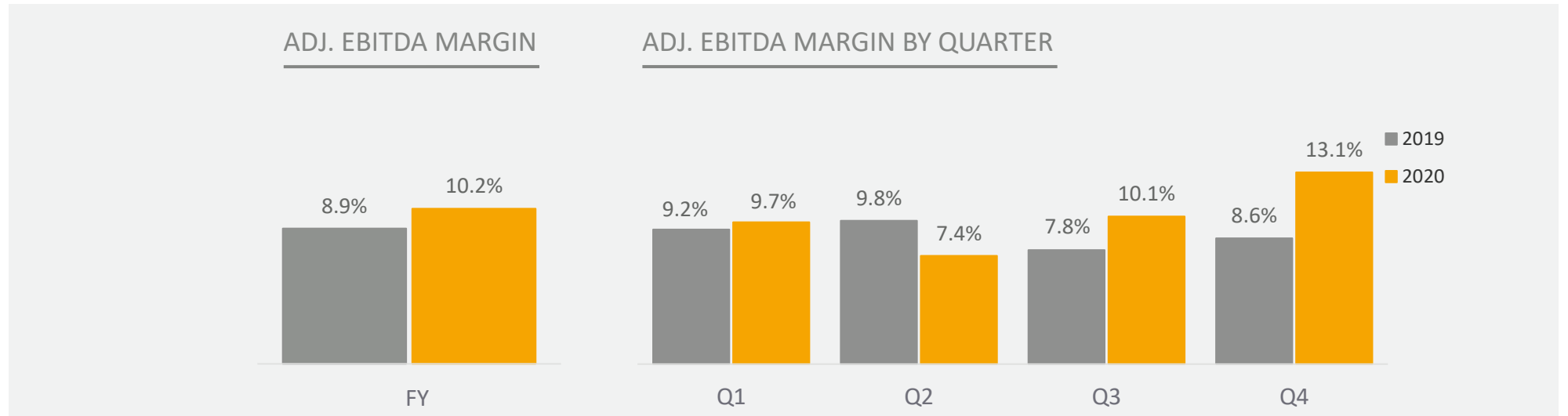
D&A RATIO: AT PEAK LEVEL



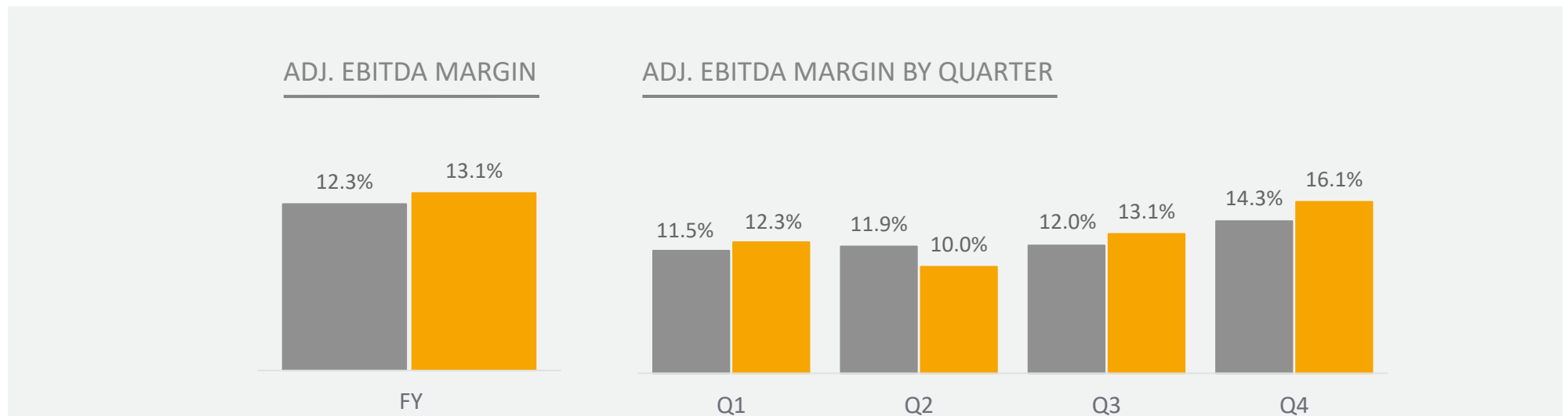
- **Investments** in plant, property, equipment and intangible assets reached 2.5 per cent of Group sales (FY 2020 guidance: around 2.5 per cent of Group sales)
- **Operating cash flow with € 137.9 mn** (168 per cent of EBITDA) covers investments by far
- **Focus of investments:** Rationalisation investments in the US and Germany
- **Close monitoring of the investment approval process** to streamline capital allocation
- **Depreciation and Amortization ratio (excl. PPA, impairment of goodwill and R&D projects)** increased due to higher investments in recent years and significantly lower sales

ADJ. EBITDA MARGIN

GROUP

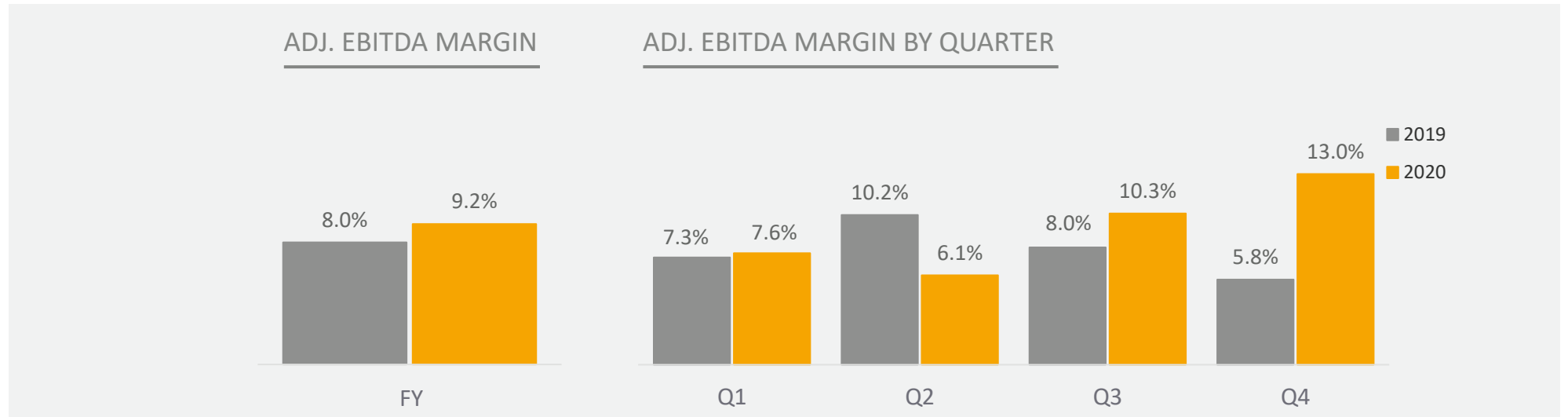


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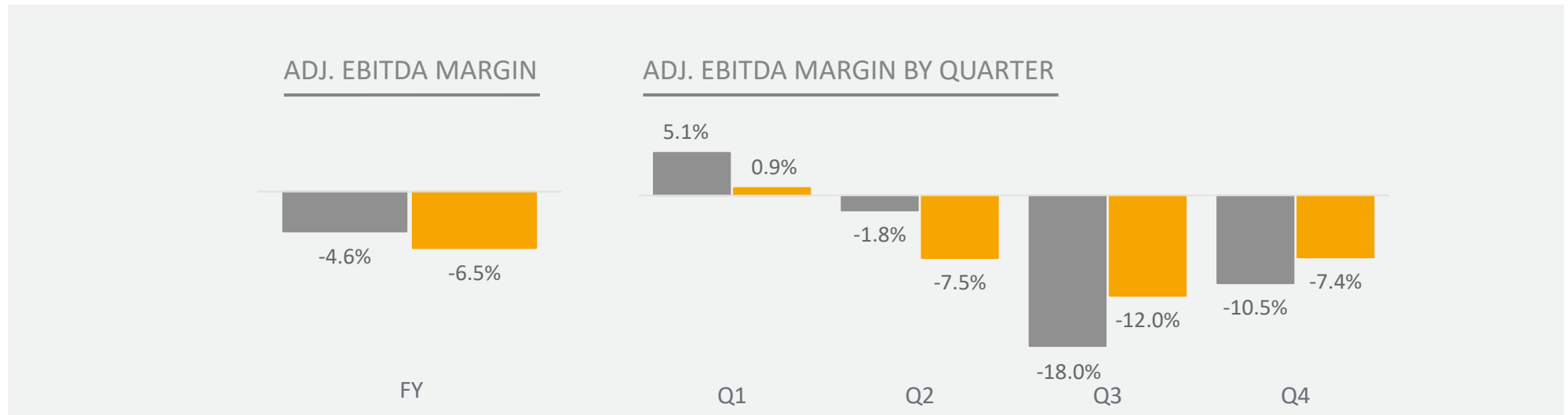


ADJ. EBITDA MARGIN

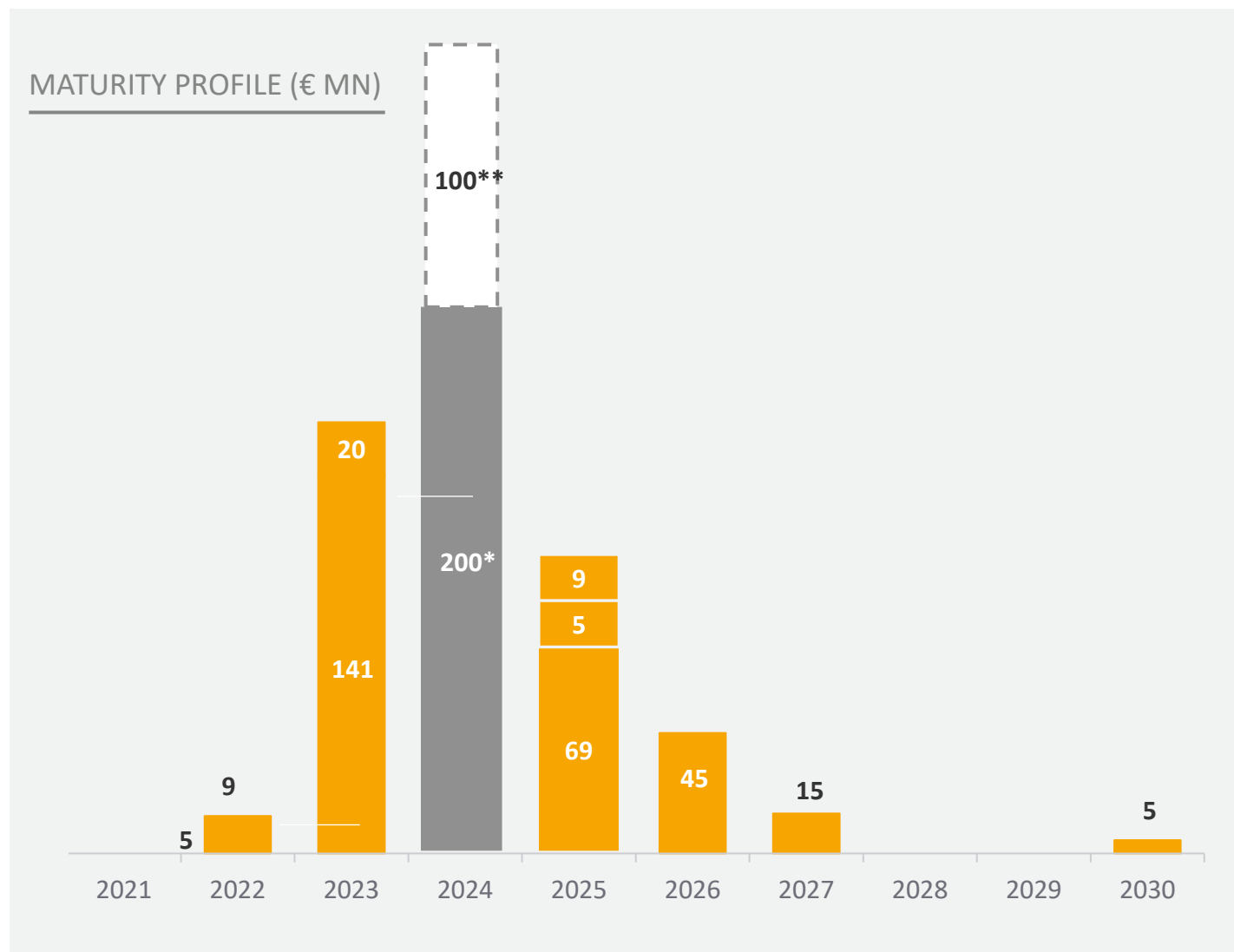
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CURRENT FINANCING STRUCTURE



Product	Amount € mn	Maturity date
Loan RMB	9.0	06/2022
Promissory note loan old (7 years)	5.0	11/2022
Promissory note loan new (3 years)	141.0	03/2023
Promissory note loan new (3.5 years)	20.0	09/2023
Revolving credit facility***	200.0	10/2024
Promissory note loan new (5 years)	69	03/2025
Loan	5	09/2025
Promissory note loan old (10 years)	9	10/2025
Non-current loan	45.0	06/2026
Promissory note loan new (7 years)	15	03/2027
Promissory note loan new (10 years)	5	03/2030

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