

ALEXANDER GEIS (CEO)
ALF HOSPES (VP GROUP TREASURY)

Financial results H1 2020

13 AUGUST 2020



AGENDA

Welcome

- 1 Performance H1 2020 – Resilient business model pays off**
- 2 Outlook**

Today's speakers – Welcome to our H1 2020 Financial Results Conference



Alexander Geis

Chairman of the Management Board (CEO)

- CEO of the SAF-HOLLAND Group since February 26, 2019 and member of the Group Management Board since July 2011
- With SAF-HOLLAND since 1995 and most recently President of the EMEA region and Chief Procurement Officer
- Previously member of the Management Board and responsible for the Business Unit Aftermarket and for the strategic and operative alignment of the global spare parts business
- MBA-degree of University of Maryland, USA



Alf Hospes

VP Group Treasury

- With the company since 2007 and most recently Director Finance of the SAF-HOLLAND GmbH and VP Treasury and Accounting of the SAF-HOLLAND Group
- Responsible for Finance and Controlling at SAF-HOLLAND GmbH and Group Treasury
- Previously several other positions as Chief Accountant



1 Performance H1 2020 – Resilient business model pays off

Summary: Adjusted EBIT margin at the upper end of the guidance range

Sales
€ 476 MN

Adj. EBIT
margin
5.0%

Operating free
cash flow
€ 11.2 MN

Capex ratio
2.5%

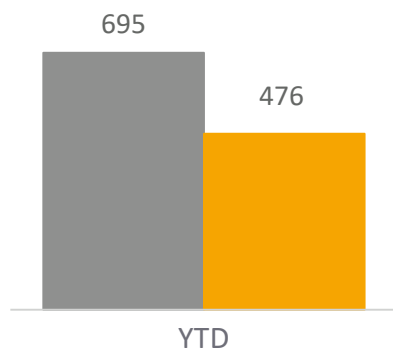
- Despite COVID-19 adj. EBIT margin in Q2 at 2.7 per cent
- Aftermarket business safeguards profitability
- Comprehensive cost-cutting program continued
- Disciplined investment policy
- Solid financial profile
- Next stage in operational excellence
- Execute SG&A savings programs
- Further accelerate efforts on inventory & receivables management and free cash flow generation
- Sustainably improve quality of earnings

Truck and trailer production H1 2020 – COVID-19 strongly impacts already weakening markets

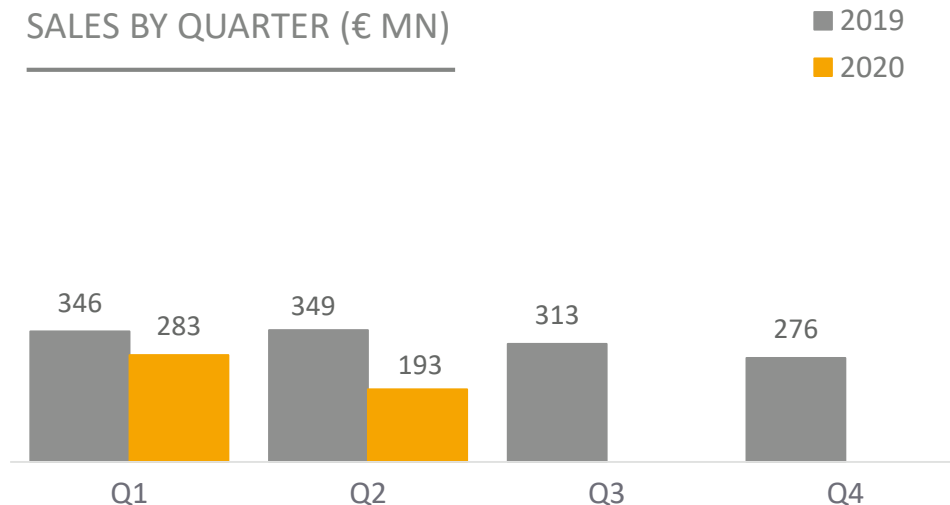
WESTERN & EASTERN EUROPE		NORTH AMERICA		CHINA		SOUTH AMERICA		INDIA	
Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
-45% to -50%	-35% to -40%	-50%	-40%	-25%	-30%	-20%	-15%	-45%	-45%

Group – Positive adj. EBIT margin in Q2 despite very challenging market environment

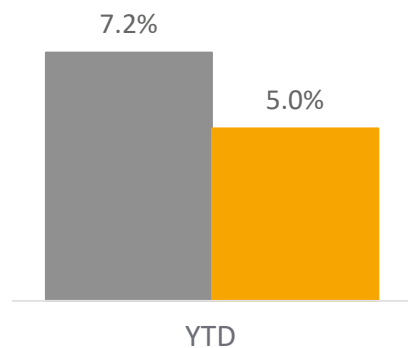
SALES (€ MN)



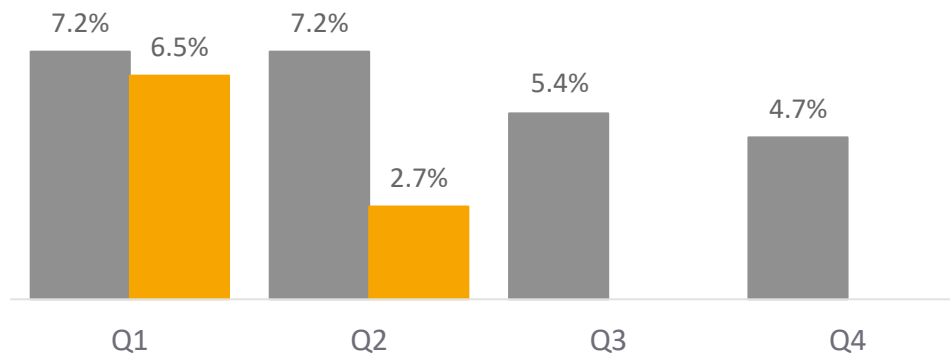
SALES BY QUARTER (€ MN)



ADJ. EBIT MARGIN



ADJ. EBIT MARGIN BY QUARTER



- **Sales in H1 2020 influenced by market downturn and COVID-19**

- Acquisition effects (+0.2 per cent respectively € +1.6 mn)
- FX effects (-0.1 per cent respectively € -0.8 mn)
- Organic effects (-31.6 per cent respectively € -219.9 mn)

- **Adj. EBIT margin in H1 2020 affected by**

- Almost stable gross profit margin due to significantly higher share of high-margin aftermarket business
- Fixed-cost progression effect (-)
- Inventory write-downs (€ 5.6 mn) in the EMEA and Americas regions (-)
- SG&A cost savings (+)

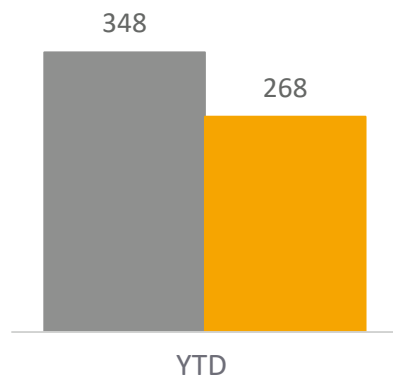
- **Restructuring expenses (€ 9.4 mn)**

- Severance payments (€ 2.7 mn)
- Corpcowind-down (€ 2.2 mn)
- Closure of subsidiaries (€ 1.8 mn)
- Project FORWARD 2.0 (1.4 mn)
- Change of legal form (€ 1.1 mn)

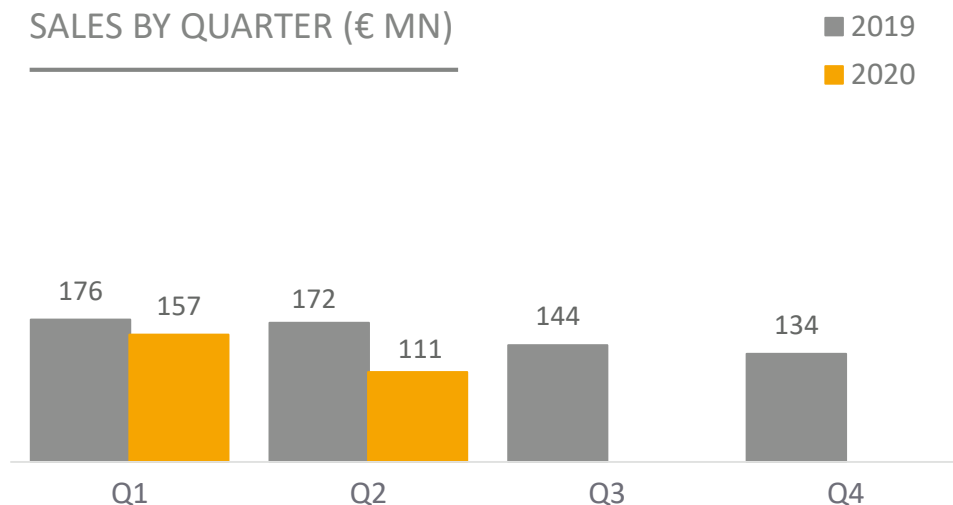
- **No goodwill impairments**

EMEA – Robust adj. EBIT margin even in Q2

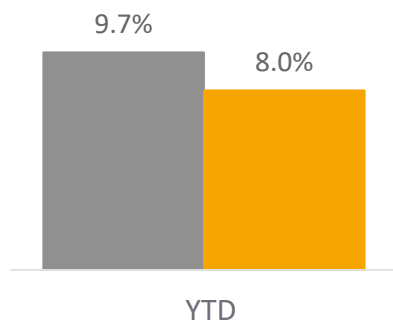
SALES (€ MN)



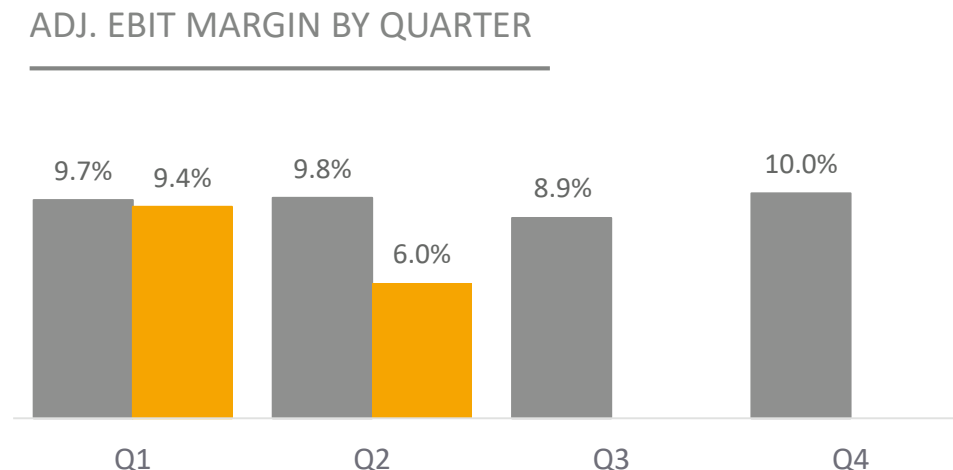
SALES BY QUARTER (€ MN)



ADJ. EBIT MARGIN



ADJ. EBIT MARGIN BY QUARTER



- **Sales in H1 2020 influenced by market downturn and COVID-19**

- Acquisition effects (+0.4 per cent respectively € +1.6 mn)
- FX effects (-0.5 per cent respectively € -1.9 mn)
- Organic effects (-22.9 per cent respectively € -79.8 mn)

- **Adj. EBIT margin in H1 2020 affected by**

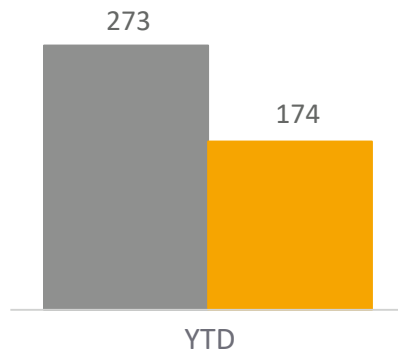
- Improved gross profit margin (+)
 - Aftermarket business (+)
 - OE business (-)
- Fixed-cost progression effect (-)
- Inventory write-downs (€ 2.5 mn) as COVID-19 led to lower turnover rates (-)
- SG&A cost savings (+)

- **Restructuring expenses (€ 2.2 mn)**

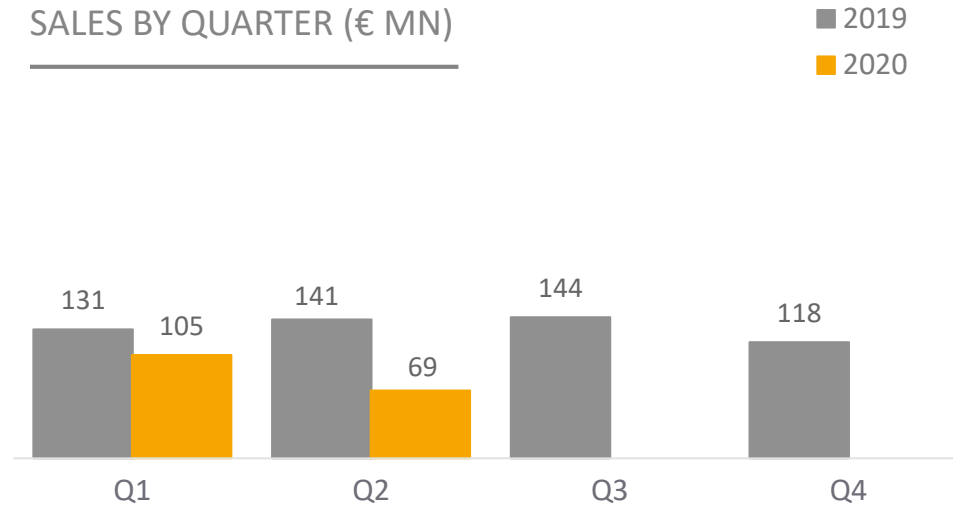
Mainly severance payments and costs related to the change of the legal form and transfer of the registered office to Germany (S.A. → SE)

Americas – Slightly positive adj. EBIT margin in Q2 despite massive sales decline

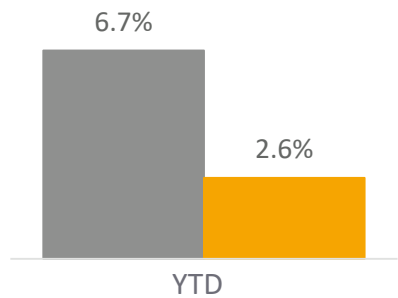
SALES (€ MN)



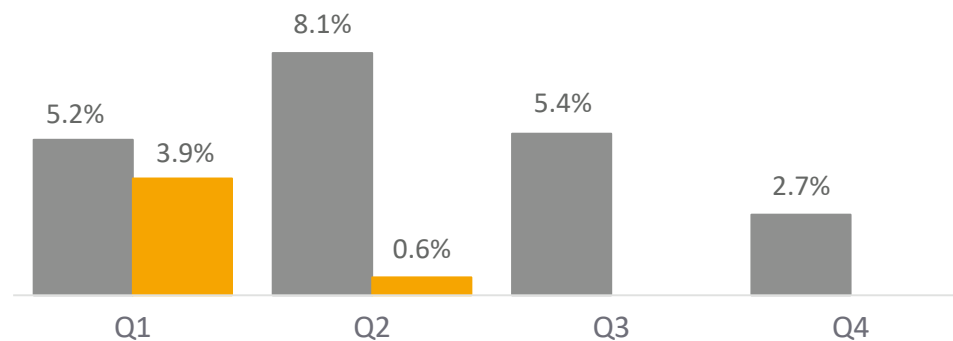
SALES BY QUARTER (€ MN)



ADJ. EBIT MARGIN



ADJ. EBIT MARGIN BY QUARTER



- **Sales in H1 2020 massively influenced by market downturn and COVID-19**

- FX effects (+0.7 per cent respectively € +1.8 mn)
- Organic effects (-36.8 per cent respectively € -100.3 mn)

- **Adj. EBIT margin in H1 2020 affected by**

- Lower gross profit margin (-)
 - Aftermarket business (+)
 - OE business (-)
- Fixed-cost progression effect (-)
- Inventory write downs (€ 3.3 mn) due to streamlining of the product portfolio and lower turnover rates due to COVID-19 (-)
- SG&A cost savings (+)

- **Adj. EBIT margin in H1 2019 affected by**

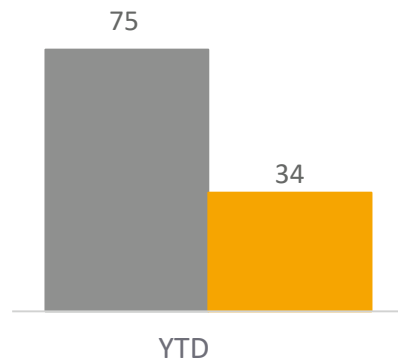
- Contractually agreed passing on of the 2018 steel price increases (+)

- **Restructuring expenses (€ 2.6 mn)**

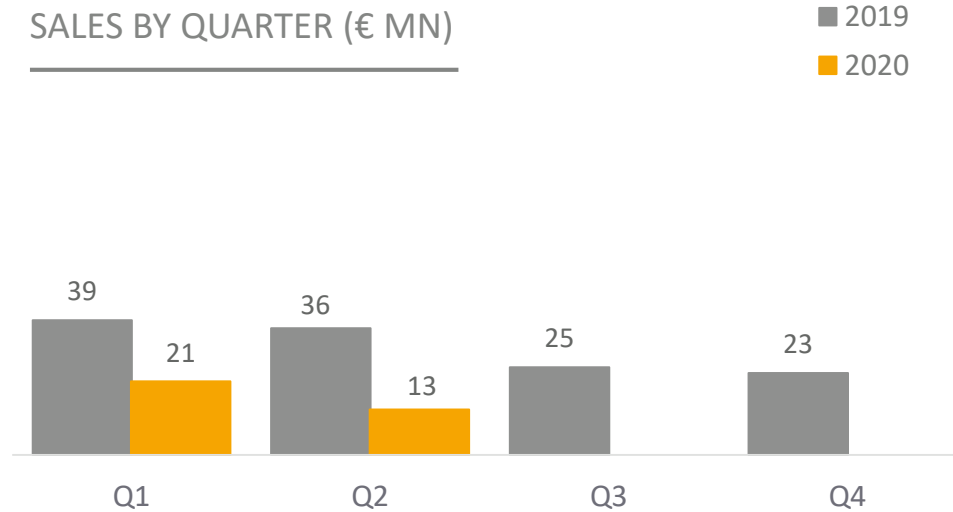
Mainly severance payments and costs related to Program FORWARD 2.0

APAC – Lockdown weighs on sales and profitability in Q2

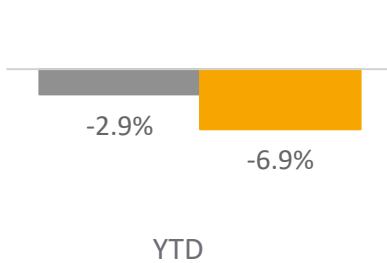
SALES (€ MN)



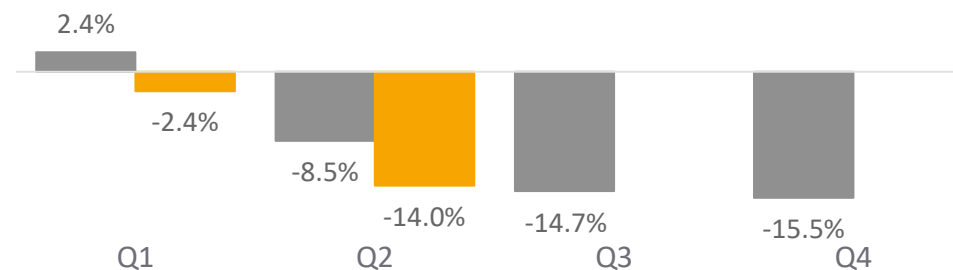
SALES BY QUARTER (€ MN)



ADJ. EBIT MARGIN



ADJ. EBIT MARGIN BY QUARTER



- **Sales in H1 2020 massively influenced by market downturn and COVID-19**

- FX effects (-1.0 per cent respectively € -0.8 mn)
- Organic effects (-53.3 per cent respectively € -39.9 mn) due to the several weeks lockdown of the Indian and Singapore entities, the ceased export business as a result of the trade dispute between China and the USA and the delayed ramp-up of the new Chinese facility in Yangzhou

- **Adj. EBIT margin in H1 2020 affected by**

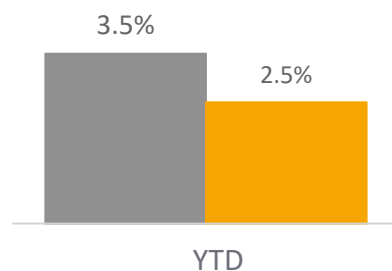
- Significantly lower gross profit margin (-)
 - Aftermarket business (+)
 - OE business (-)
 - Special sale of old stock (-)
- Volume effect still missing (-)
- SG&A cost savings (+)

- **Restructuring expenses (€ 4.6 mn)**

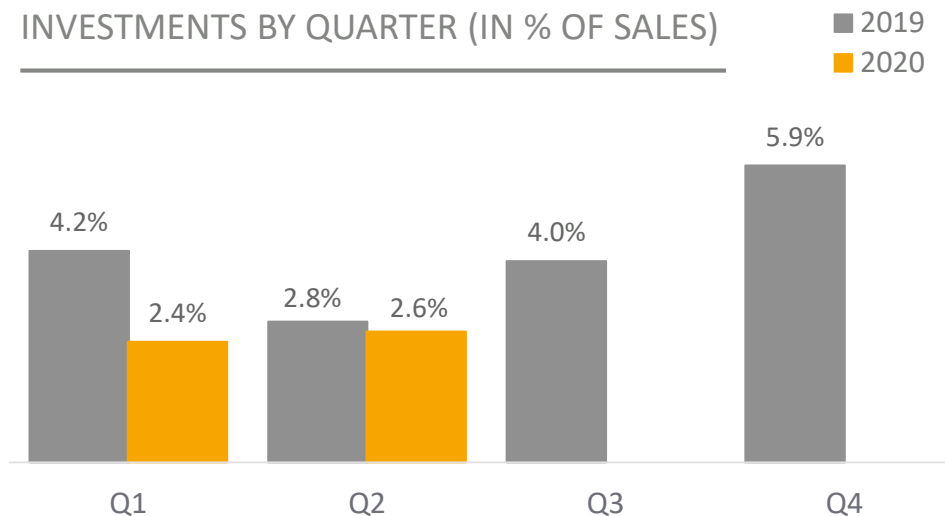
Mainly costs related to Corpco wind-down and closure of subsidiaries

Investments and D&A – Disciplined investment policy is paying off

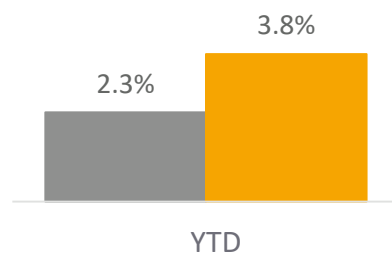
INVESTMENTS (IN % OF SALES)



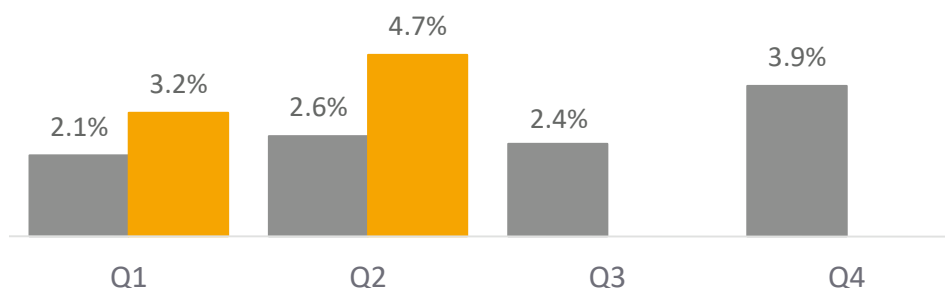
INVESTMENTS BY QUARTER (IN % OF SALES)



D&A (IN % OF SALES)

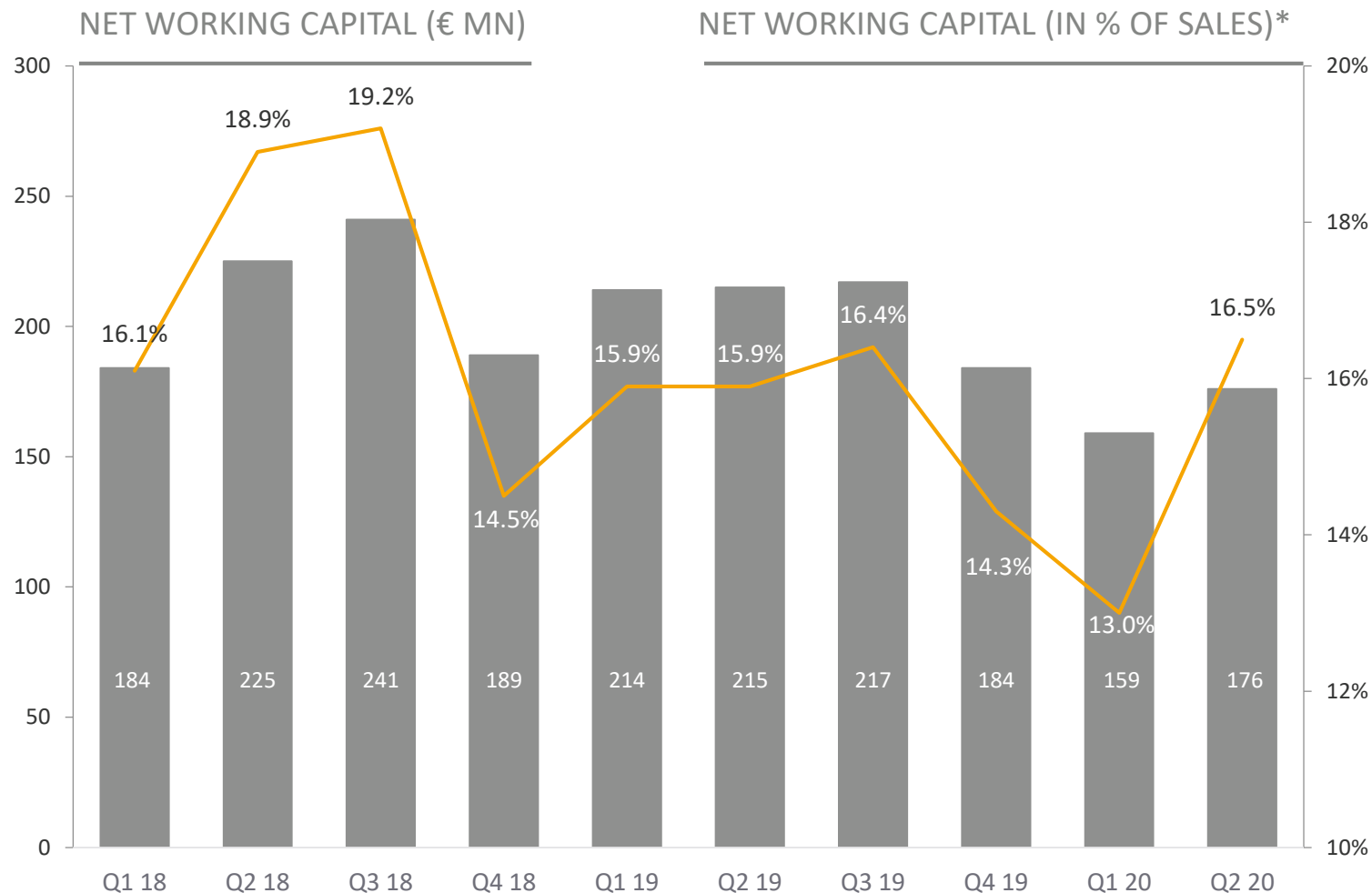


D&A BY QUARTER (IN % OF SALES)



- **Investments** in plant, property, equipment and intangible assets reached 2.5 per cent of Group sales (New FY 2020 guidance: around 2.5 per cent of Group sales)
- **Operating cash flow** (4.7 cent of Group sales) 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 lower sales

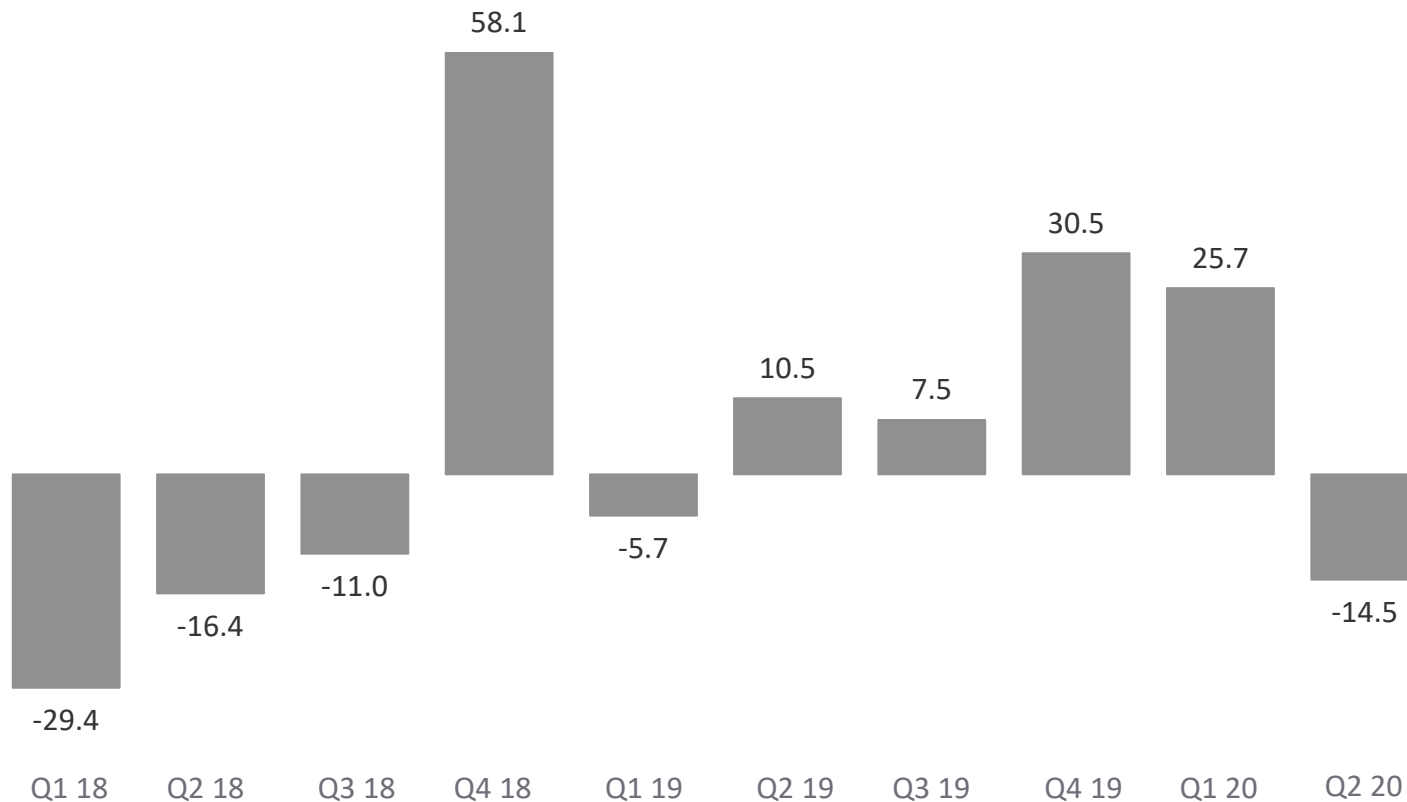
Net working capital – Cash-is-King program on track



- **Net working capital (NWC) 18.3 per cent or € 39.3 mn below previous year's figure**
 - Inventories 21.2 per cent below prior year's level with a decrease in sales of 31.5 per cent
 - Trade receivables down 39.7 per cent on substantially improved cash collection
 - Trade payables down 46.3 per cent or € 69.9 mn compared to previous year's figure
- **NWC ratio increased from 15.9 per cent to 16.5 per cent due to market and corona related sales decline (LTM) of 21.4 per cent**
- **Start of Cash-is-King program in April; already significant improvement in cash collection, further reduction of inventories in the remainder of the year**

Operating free cash flow – H1 positive

OPERATING FREE CASH FLOW (€ MN)*



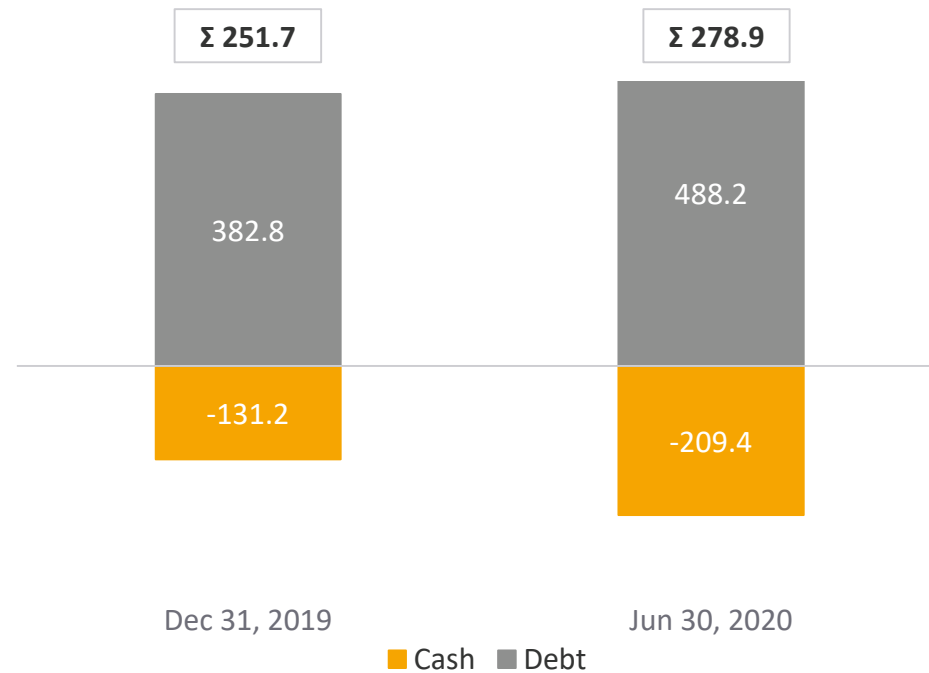
- **Operating free cash flow at € 11.2 mn**
(H1 2019: € 4.8 mn)
- **Operating cash flow at € 22.5 mn**
(H1 2019: € 27.6 mn)
- **Net investing cash flow at € -11.4 mn**
(PP&E and intangible assets)
(H1 2019: € -22.8 mn)
- **Factoring volume at € 26.9 mn**
(H1 2019: € 39.3 mn)

* Operating Free Cash Flow = Net cash flow from operating activities less Net cash flow from investing activities (purchase of PP&E and intangible assets less proceeds from sales of PP&E); Operating free cash flow for Q1 2018 to Q4 2019 retrospectively adjusted according to the new definition

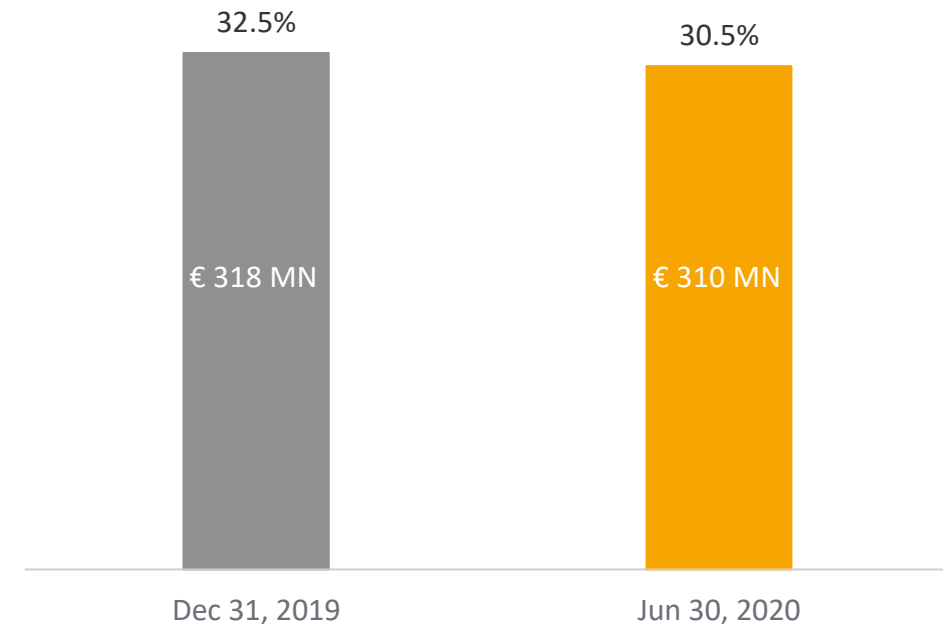
NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

Net debt | Equity ratio – Solid financial profile

NET DEBT INCL. FINANCE LEASE LIABILITIES (€ MN)



EQUITY RATIO



- Gross liquidity of € 412.0 mn (cash and cash equivalents € 209.4 mn, undrawn credit lines € 202.6 mn) as of Jun 30, 2020 vs. gross liquidity of € 242.7 mn (cash and cash equivalents € 131.2 mn, undrawn credit lines € 111.5 mn) as of Dec 31, 2019
- Cash and debt position temporarily influenced by cash inflow from promissory note (March 2020)
- Cash inflow will be used to refinance the convertible bond that falls due on 12 September 2020 (volume: € 94.8 mn) and the 5-year tranches of the promissory note issued in November 2015 that falls due on 27 November 2020 (volume: € 52.0 mn).
- Equity ratio temporarily influenced by balance sheet extension due to refinancing



2 Outlook

2020 Outlook truck and trailer production – Global downturn expected

WESTERN & EASTERN EUROPE			NORTH AMERICA			CHINA			SOUTH AMERICA			INDIA		
	Truck	Trailer		Truck	Trailer		Truck	Trailer		Truck	Trailer		Truck	Trailer
New*	-35% to -40%	-20%	New*	-40% to -50%	-40% to -50%	New*	-20%	-25%	New*	-35%	-15%	New*	-40%	-40%
Old**	-35% to -40%	-20%	Old**	-40% to -50%	-40% to -50%	Old**	-30%	-40%	Old**	-30%	-35%	Old**	-25%	-30%

2020E:

- Lower volumes in Europe, China and South America
- Significant declines in North America and India

Financial guidance 2020

	FY 2019	FY 2020*
Sales	€ 1,284 mn	Decline by 20 to 30 per cent
Adj. EBIT margin	6.2 per cent	Between 3 and 5 per cent
CAPEX	4.1 per cent of sales	Around 2.5 per cent of sales (previously around 3 per cent of sales)

** The forecast takes into account the foreseeable adverse effects on our business due to the coronavirus at the time of preparation (August 13, 2020). However, the economic effects on SAF-HOLLAND cannot currently be adequately determined or reliably quantified in full. The forecast is therefore subject to a high degree of uncertainty.*

Your key takeaways



- **Consistent aftermarket business safeguards profitability**
- **SG&A savings programs will be continued**
- **Cash-is-King program on track**
- **Solid financial profile**
- **Operational excellence as key driver**

Financial calendar & IR contact

DATE	EVENT
09.09.2020	Hauck & Aufhäuser Virtual Roadshow
21.09.2020	Berenberg / Goldman Sachs Virtual German Corporate Conference
14.10.2020	Jefferies European Mid-Cap Industrial Forum
10.11.2020	CIC Market Solutions Forum
18.11.2020	Quarterly Statement Q1-Q3 2020
25.11.2020	SAF-HOLLAND Virtual Investor & Analyst Day

Investor Relations Contact

Michael Schickling

T: +49 (0) 6095 301 617

E: ir@safholland.de

Alexander Pöschl

T: +49 (0) 6095 301 117

E: ir@safholland.de

Klaus Breitenbach

T: + 49 (0) 6095 301 565

E: ir@safholland.de

**»WE ARE HAPPY TO ANSWER
YOUR QUESTIONS.«**



Appendix

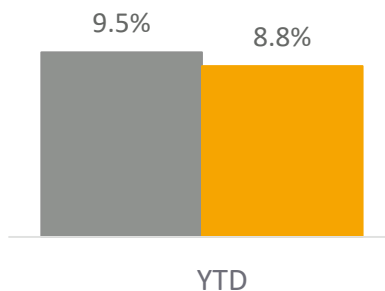
P&L H1 2020 – Organisational and personnel adaption measures consistently executed

TEUR	Q1-Q2/2020	Total Adjustments	Q1-Q2/2020 adjusted*	in % of sales	Q1-Q2/2019	Total Adjustments	Q1-Q2/2019 adjusted*	in % of sales
Sales	476,253	–	476,253	100.0%	695,466	–	695,466	100.0%
Cost of sales	-398,550	6,524	-392,026	-82.3%	-576,741	4,887	-571,854	-82.2%
Gross profit	77,703	6,524	84,227	17.7%	118,725	4,887	123,612	17.8%
Other income	803	-18	785	0.2%	715	–	715	0.1%
Other expenses	–	–	–	0.0%	–	–	–	0.0%
Impairment of goodwill	–	–	–	0.0%	–	–	–	0.0%
Selling expenses	-28,758	4,040	-24,718	-5.1%	-36,787	3,684	-33,103	-4.8%
Administrative expenses	-32,914	3,501	-29,413	-6.2%	-36,132	4,456	-31,676	-4.6%
Research and development costs	-8,157	177	-7,980	-1.7%	-10,728	172	-10,556	-1.5%
Operating profit	8,677	14,224	22,901	4.8%	35,793	13,199	48,992	7.0%
Share of net profit of investments accounted for using the equity method	754	–	754	0.2%	951	–	951	0.1%
EBIT	9,431	14,224	23,655	5.0%	36,744	13,199	49,943	7.2%
Depreciation & Amortization	22,996	-4,856	18,140	3.8%	20,862	-4,695	16,167	2.3%
EBITDA	32,427	9,368	41,795	8.8%	57,606	8,504	66,110	9.5%
Finance income	1,214	–	1,214	0.3%	701	–	701	0.1%
Finance expenses	-7,327	–	-7,327	-1.5%	-5,826	–	-5,826	-0.8%
Finance result	-6,113	–	-6,113	-1.3%	-5,125	–	-5,125	-0.7%
Result before taxes	3,318	14,224	17,542	3.7%	31,619	13,199	44,818	6.4%
Income taxes	-1,640	-3,221	-4,861	-1.0%	-10,851	-936	-11,787	-1.7%
Tax rate (%)	49.4%		27.7%		34.3%		26.3%	
Result for the period	1,678	11,003	12,681	2.7%	20,768	12,263	33,030	4.7%

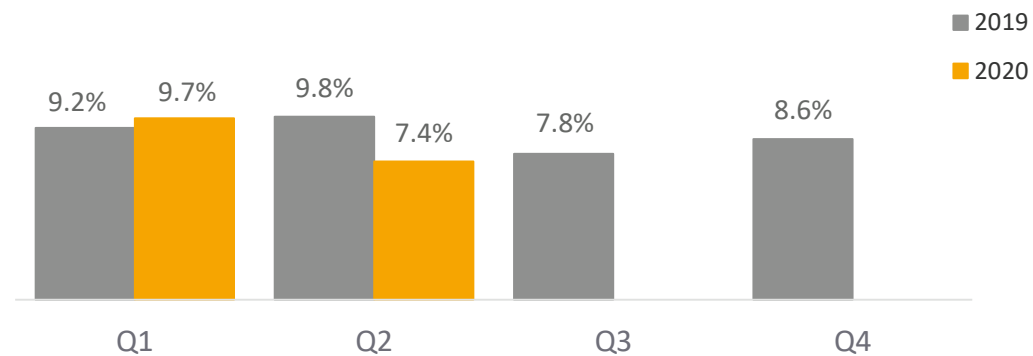
Adj. EBITDA margin

Group

ADJ. EBITDA MARGIN

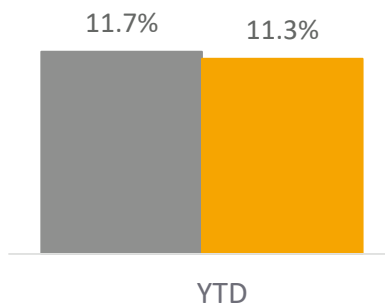


ADJ. EBITDA MARGIN BY QUARTER

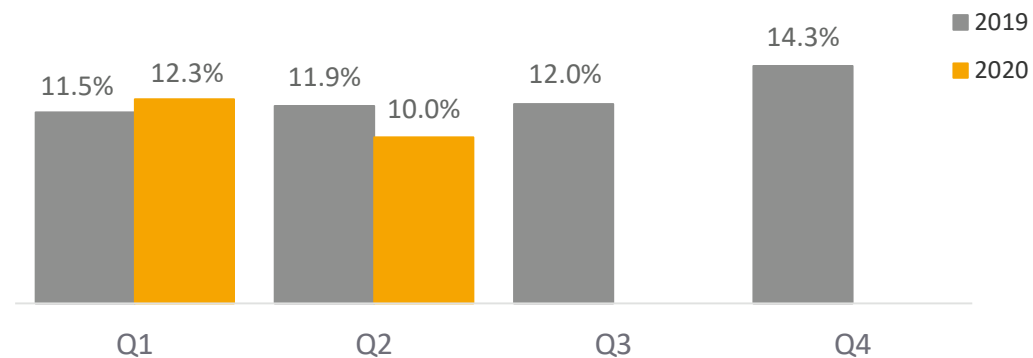


EMEA

ADJ. EBITDA MARGIN



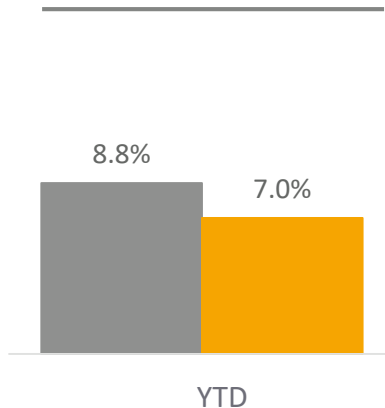
ADJ. EBITDA MARGIN BY QUARTER



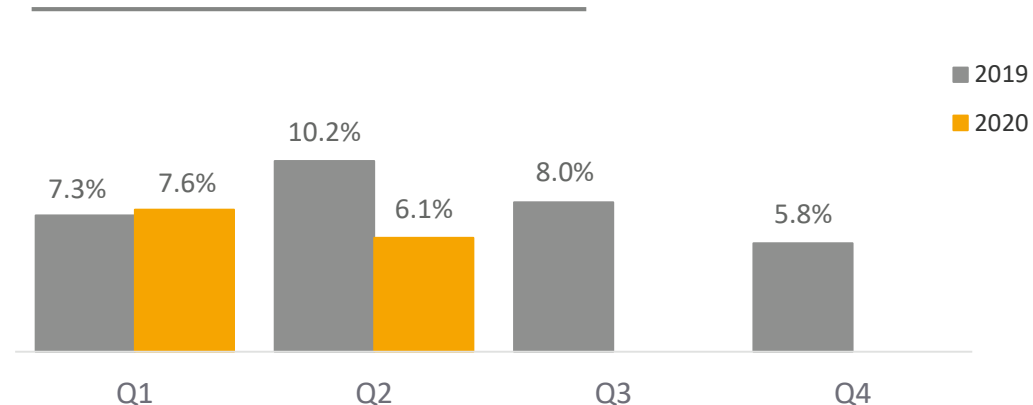
Adj. EBITDA margin

Americas

ADJ. EBITDA MARGIN

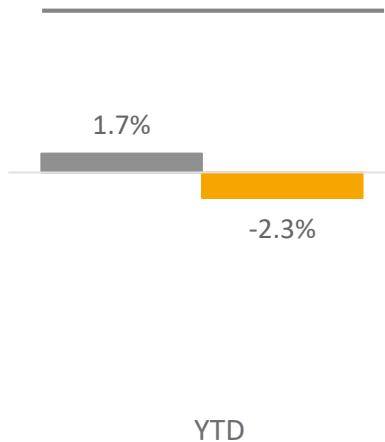


ADJ. EBITDA MARGIN BY QUARTER

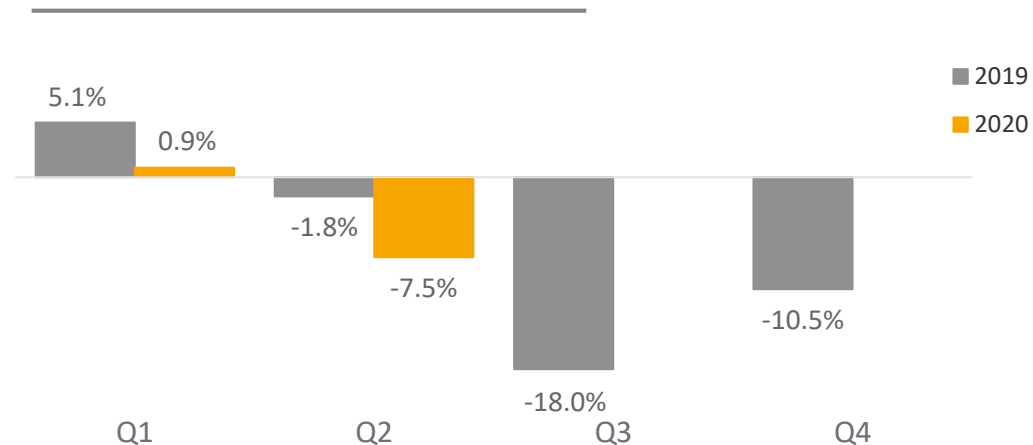


APAC

ADJ. EBITDA MARGIN

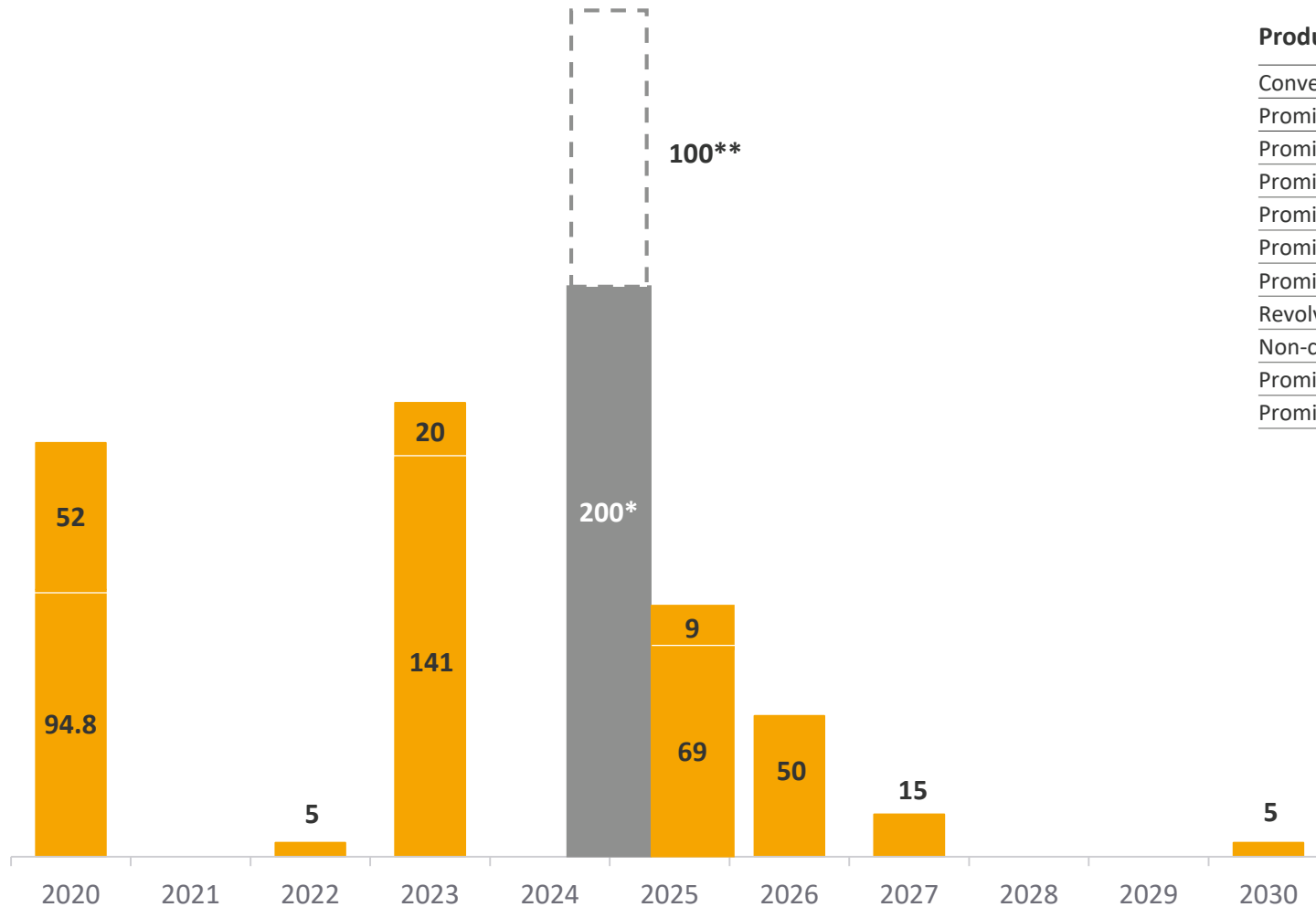


ADJ. EBITDA MARGIN BY QUARTER



Current financing structure

MATURITY PROFILE (€ MN)



Product	Amount € mn	Maturity date
Convertible bond	94.8	09/2020
Promissory note loan old (5 years)	52.0	11/2020
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	11/2023
Promissory note loan new (5 years)	69	03/2025
Promissory note loan old (10 years)	9	10/2025
Revolving credit facility	200.0	10/2025
Non-current loan	50.0	06/2026
Promissory note loan new (7 years)	15	03/2027
Promissory note loan new (10 years)	5	03/2030

Disclaimer

Not for general release, publication or distribution in the United States, Australia, Canada or Japan.

By attending this presentation you agree to be bound by the following limitations:

This presentation has been prepared by SAF-HOLLAND SE (“SAF-HOLLAND”) and comprises written materials concerning SAF-HOLLAND. It is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. It contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither SAF-HOLLAND nor any of its directors, officers, employees or advisors nor any other person shall have any responsibility or liability whatsoever (for negligence or otherwise) arising, directly or indirectly, from the use of this presentation, or its contents or otherwise in connection with this presentation.

This presentation contains certain statements related to our future business and financial performance and future events or developments involving SAF-HOLLAND and/or the industry in which SAF-HOLLAND operates that may constitute forward-looking statements. These statements may be identified by words such as “believes,” “expects,” “predicts,” “intends,” “projects,” “plans,” “estimates,” “aims,” “foresees,” “anticipates,” “targets,” and similar expressions. Forward-looking statements are not historical facts, but solely opinions, views and forecasts which are based on current expectations and certain assumptions of SAF-HOLLAND’s management or cited from third party sources which are uncertain and subject to risks. Actual events may differ significantly from the anticipated developments due to a number of factors, including without limitation, changes in general economic conditions, changes affecting the fair values of the assets held by SAF-HOLLAND and its subsidiaries, changes affecting interest rate levels, changes in competition levels, changes in laws and regulations, environmental damages, the potential impact of legal proceedings and actions and the Group’s ability to achieve operational synergies from past or future acquisitions. Should any of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove to be incorrect, actual results, performance or achievements of SAF-HOLLAND may (negatively or positively) vary materially from those described, explicitly or implicitly, in the relevant forward-looking statement.

The information contained in this presentation, including any forward-looking statements expressed herein, speaks only as of the date hereof and reflects current legislation and the business and financial affairs of the SAF-HOLLAND which are subject to change and audit. Neither the delivery of this presentation nor any further discussions of SAF-HOLLAND with any of the recipients thereof shall, under any circumstances, create any implication that there has been no change in the affairs of SAF-HOLLAND since such date. Consequently, SAF-HOLLAND neither accepts any responsibility for the future accuracy of the information contained in this presentation, including any forward-looking statements expressed herein, nor assumes any obligation, to update or revise this information to reflect subsequent events or developments which differ from those anticipated.

This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. This presentation is for information purposes only and does neither constitute an offer to sell securities, nor any recommendation of, or solicitation of an offer to buy, any securities of SAF-HOLLAND in the United States, Germany or any other jurisdiction. In the United States, any securities may not be offered or sold absent registration or an exemption from registration under the U.S. Securities Act of 1933.