

FINANCIAL RESULTS

Q1 2021

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INKA KOLJONEN, CFO

MAY 12, 2021

AGENDA

1 HIGHLIGHTS Q1 2021

Alexander Geis

2 FINANCIAL PERFORMANCE

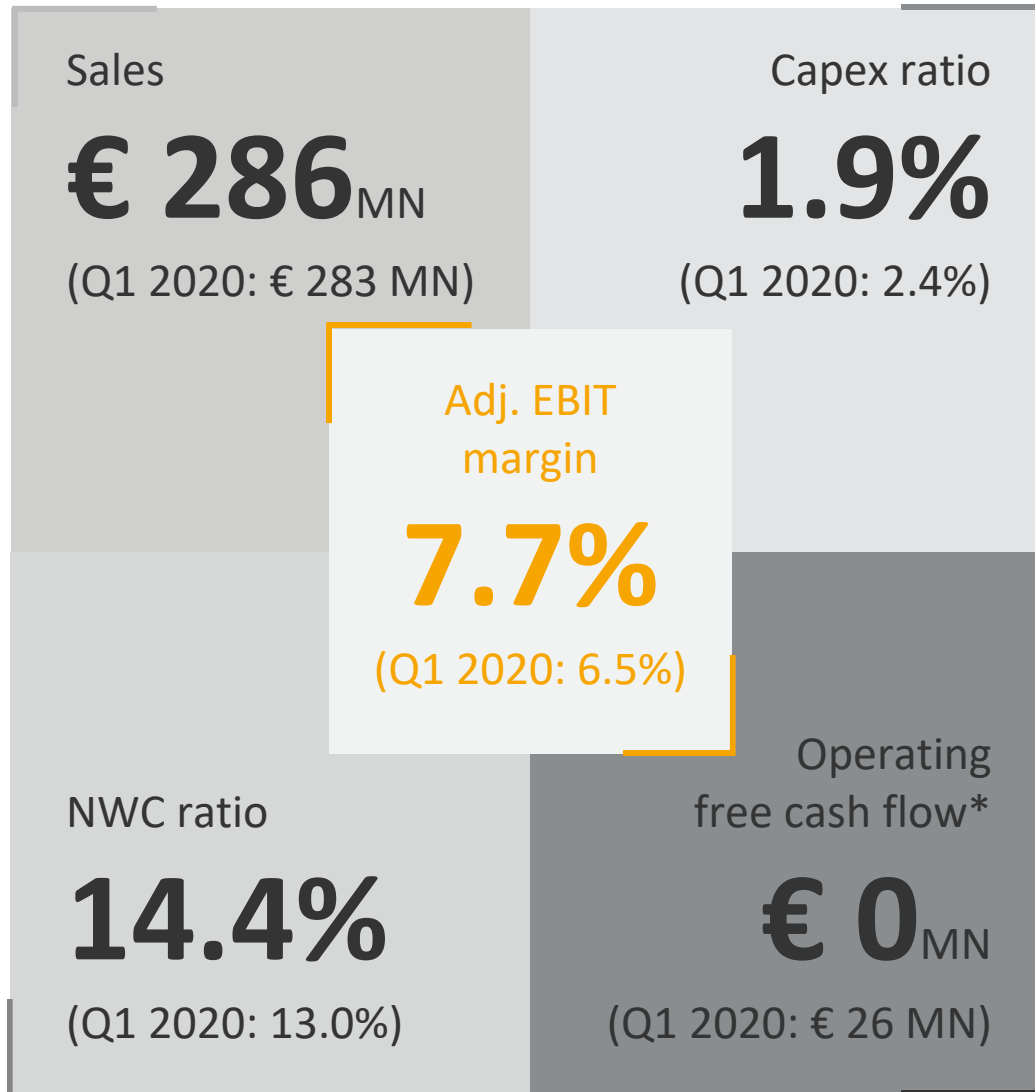
Inka Koljonen

3 OUTLOOK

Alexander Geis

4 APPENDIX

HIGHLIGHTS Q1 2021: STRONG MARKET RECOVERY



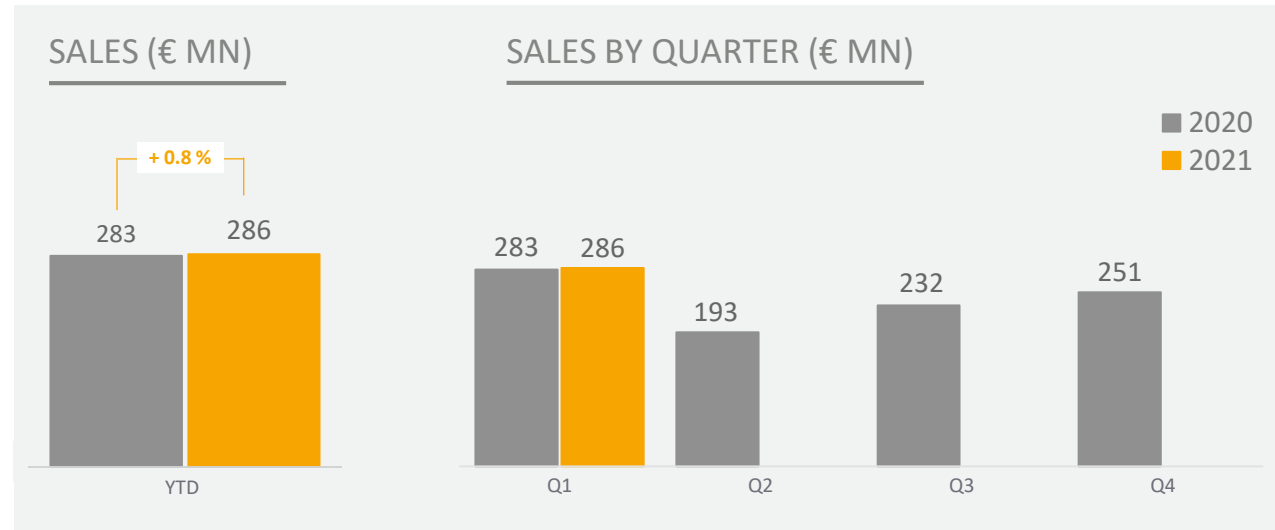
- **Sales:** strong start to the year in the EMEA and APAC regions driven by dynamic market recovery and further gains in market share in Europe and India
- Solid aftermarket performance
- **Adj. EBIT margin:** structural cost-cutting measures of the last months strongly paying off in all regions
- **Capex ratio:** full year guidance of 2.5 per cent will be achieved
- **NWC ratio:** cyclical rebound requires higher investments into inventories and the supply chain
- **Operating free cash flow:** affected by NWC build up



ACCELERATING ORDER INTAKE LEADS TO STRONG VISIBILITY AND HIGH CAPACITY UTILISATION AT LEAST UNTIL AUTUMN

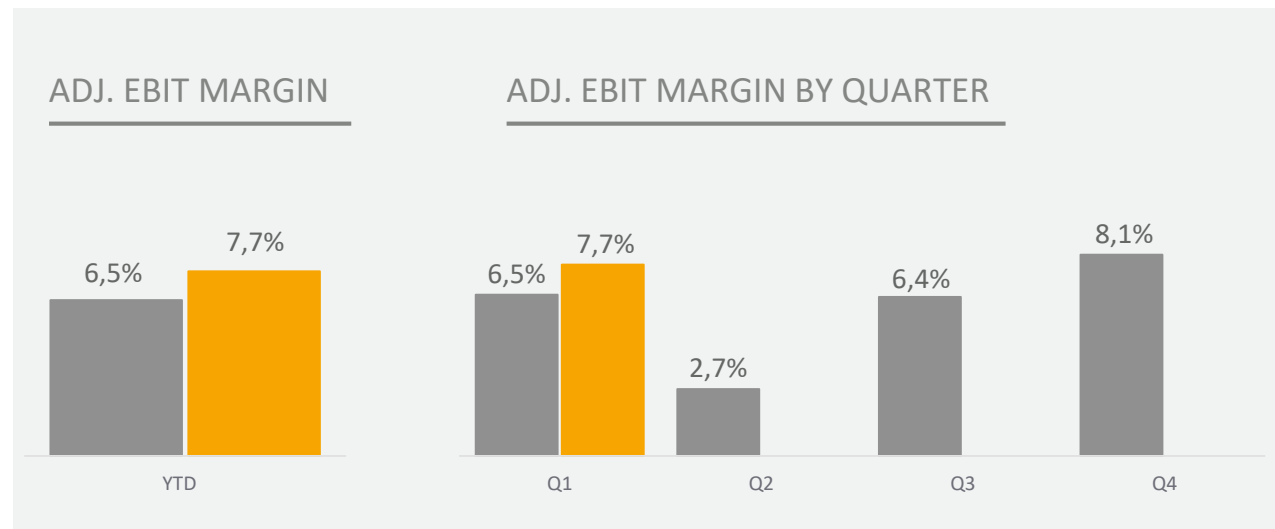
* after income tax paid

GROUP: STRUCTURAL COST-CUTTING MEASURES PAYING OFF



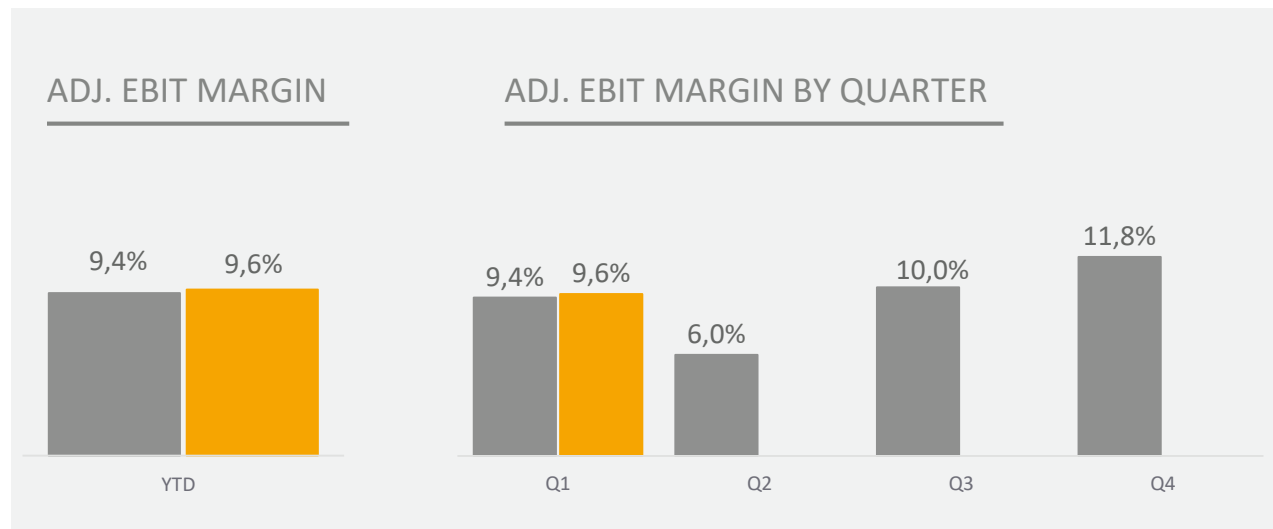
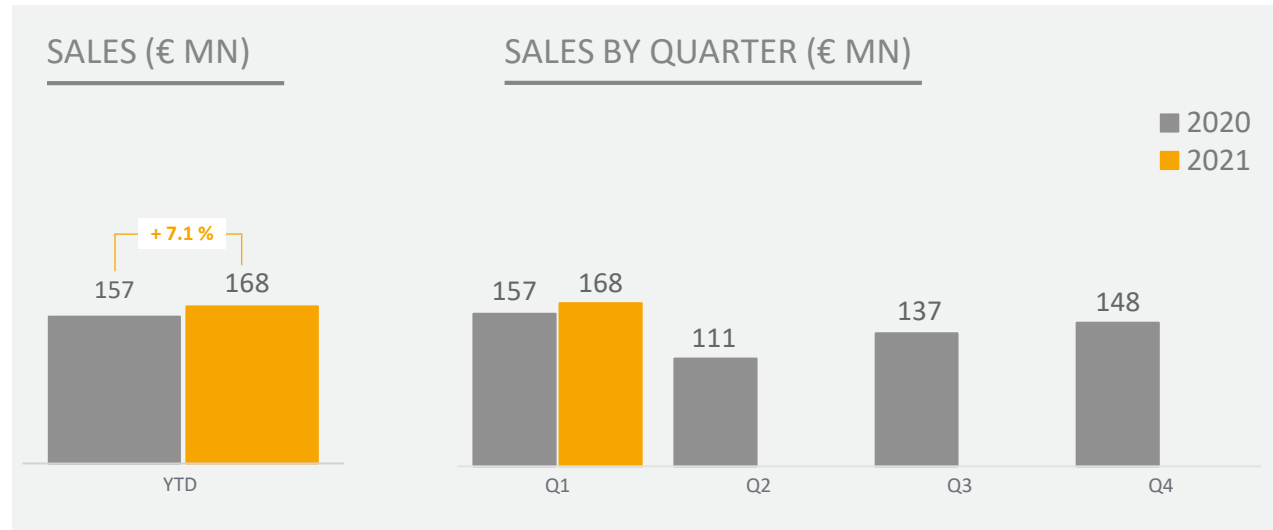
MAIN DRIVERS

- Sales slightly above previous years' level, driven by the APAC region (+28.7 per cent) and EMEA region (+7.1 per cent)
- Sales growth adjusted for FX effects: +5.6 per cent
- High aftermarket sales share of 27.4 per cent in Q1
- Structural cost-cutting measures and aftermarket business driving adjusted gross profit margin improvement from 18.4 per cent to 19.6 per cent
- Restructuring mainly done (Q1/2021: € 0.2 mn vs. Q1/2020: € 1.6 mn)



▶ VERY GOOD BASIS TO ACHIEVE FULL YEAR GUIDANCE

EMEA: ADJ. EBIT MARGIN AT A CONSTANT HIGH LEVEL

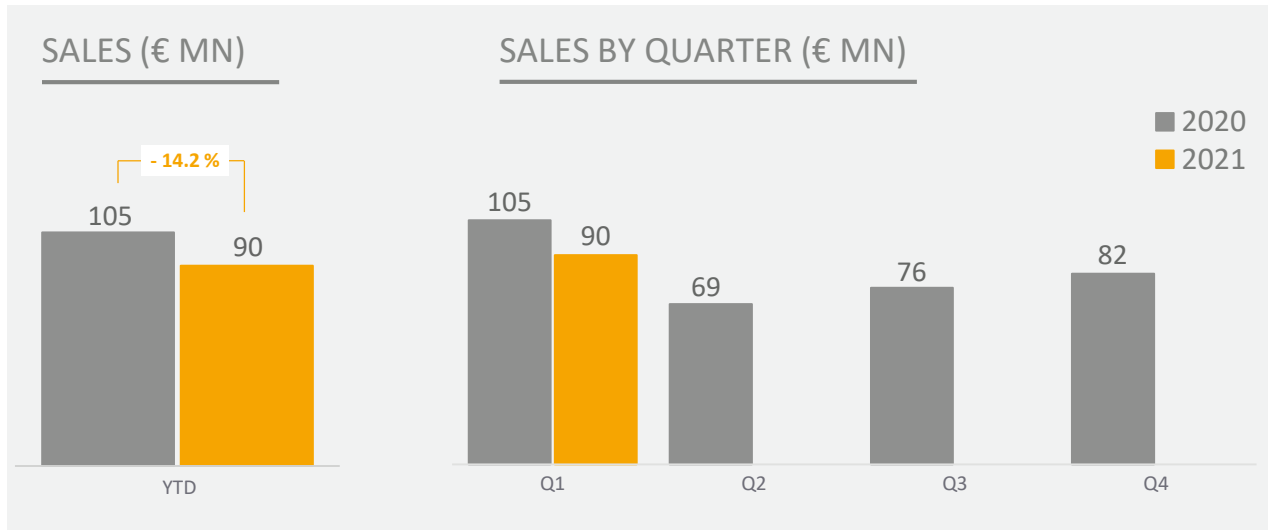


MAIN DRIVERS

- Due to excellent market position and strong order situation sales increased by 7.1 per cent to € 168 mn
- Sales growth adjusted for FX effects: +9.4 per cent
- Structural cost-cutting measures and supplemental collective agreement helping to secure profitability at a constant high level
- Various measures taken to counterbalance material price increases and supply chain shortages

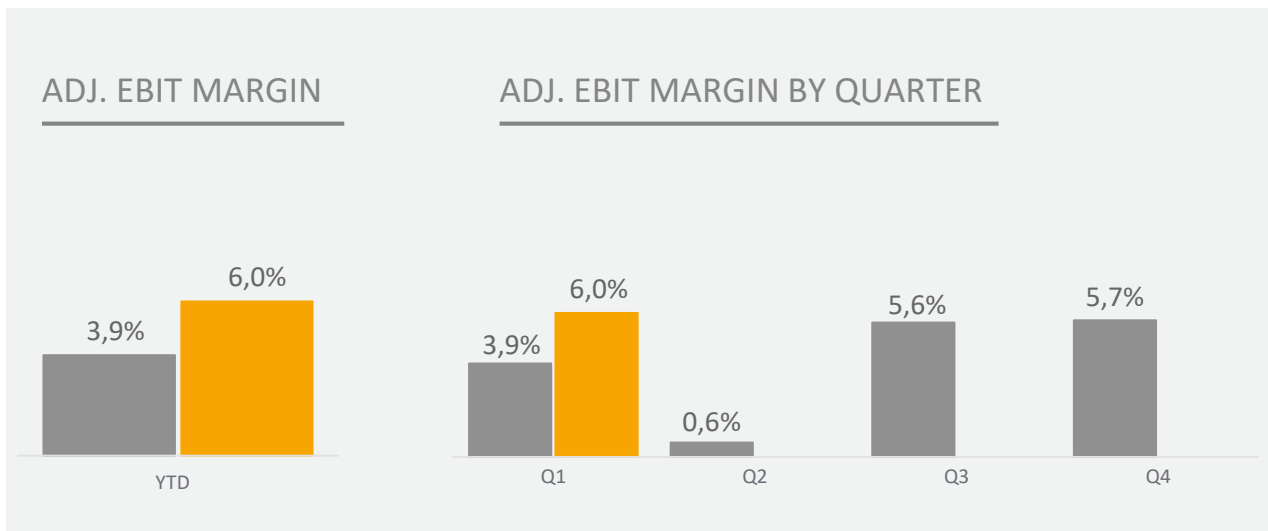
▶ EMEA REGION WELL POSITIONED FOR FURTHER MARKET RECOVERY

AMERICAS: ADJUSTED EBIT MARGIN STRONGLY IMPROVED



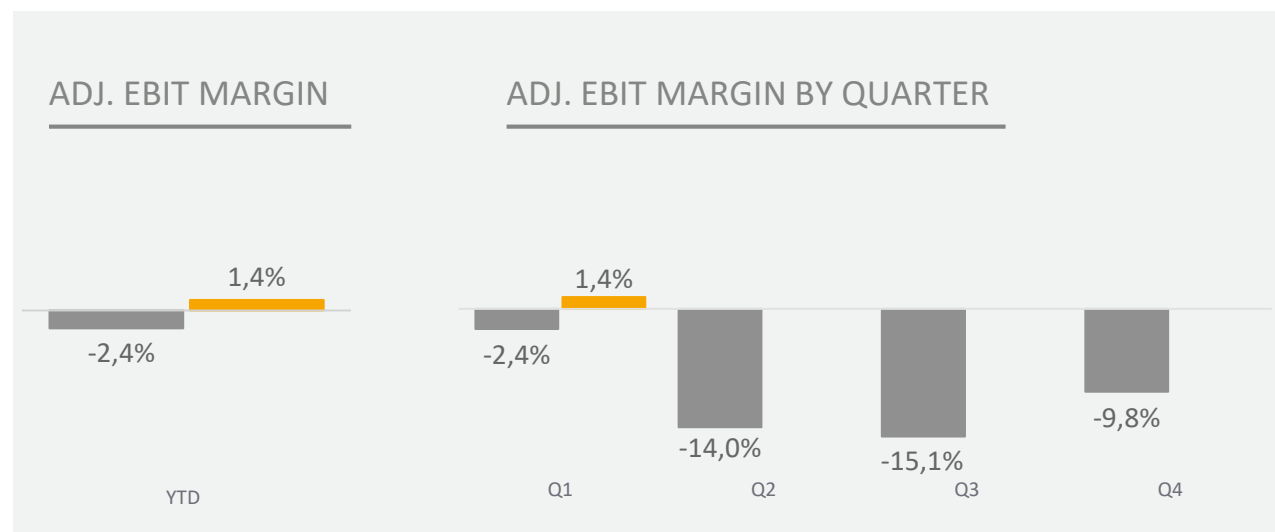
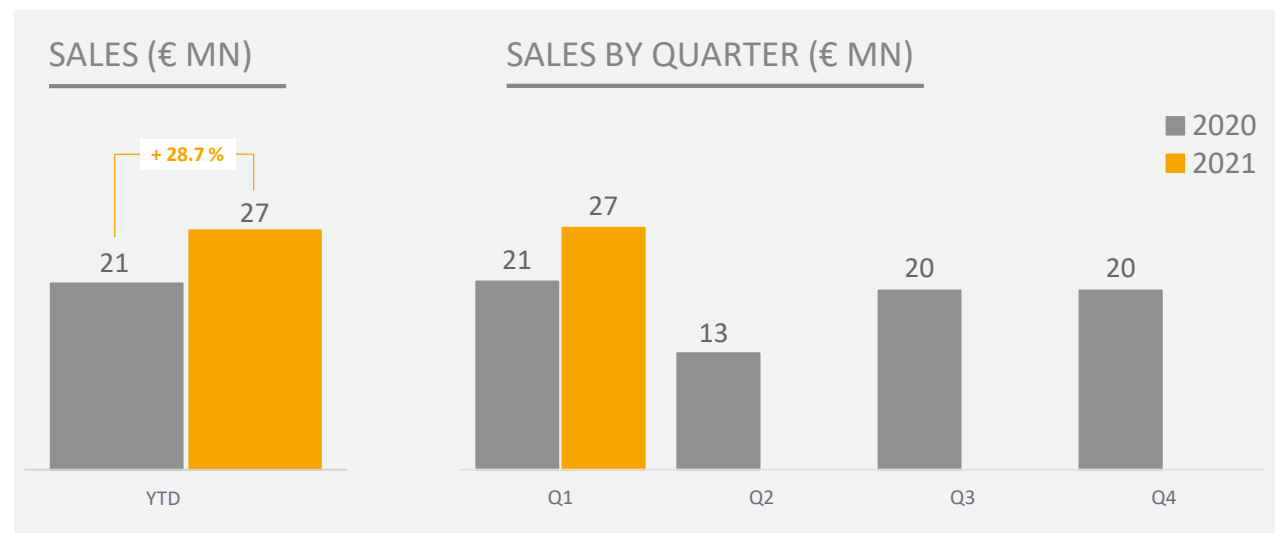
MAIN DRIVERS

- Sales decline of -14.2 per cent in the Americas region due to clean-up of loss-making business and winter storms in Texas; Canada, Mexico and Brazil performed very well
- Sales decline adjusted for FX effects: - 5.4 per cent
- Strong aftermarket business could partially compensate for the weaker OE business
- Substantially lower SG&A sales ratio (from 11.5 per cent to 10.6 per cent) due to structural cost-cutting measures



AMERICAS REGION PREPARED FOR FURTHER MARGIN IMPROVEMENT

APAC: BREAK EVEN ACHIEVED

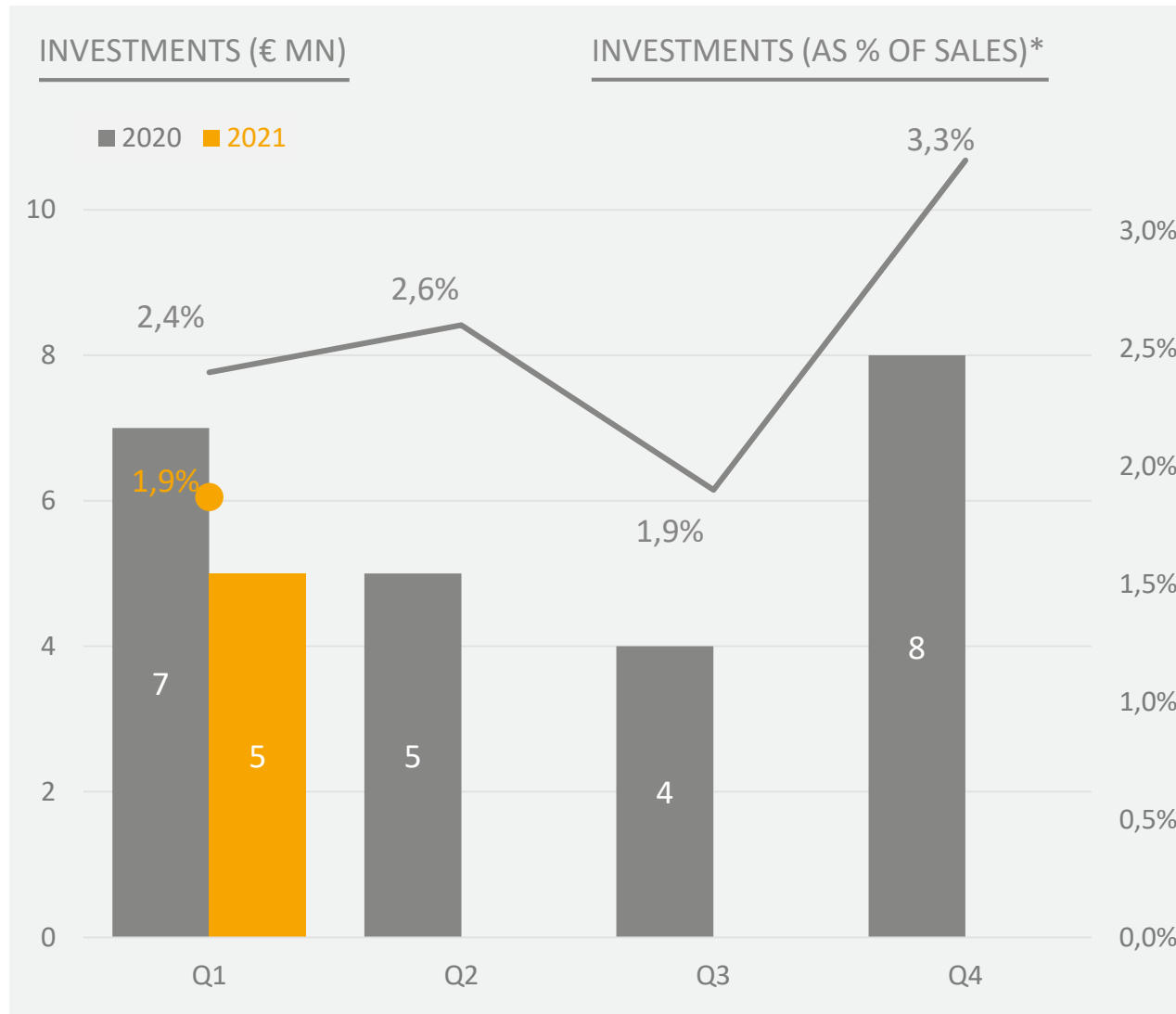


MAIN DRIVERS

- Sales increased by 28.7 per cent especially driven by strong OE business in India and Australia
- Sales growth adjusted for FX effects: +32.6 per cent
- Volume increase and cost decrease driving profitability
- China: trending in the right direction

▶ APAC REGION HAS LAID THE FOUNDATION FOR FUTURE PROFITABLE GROWTH

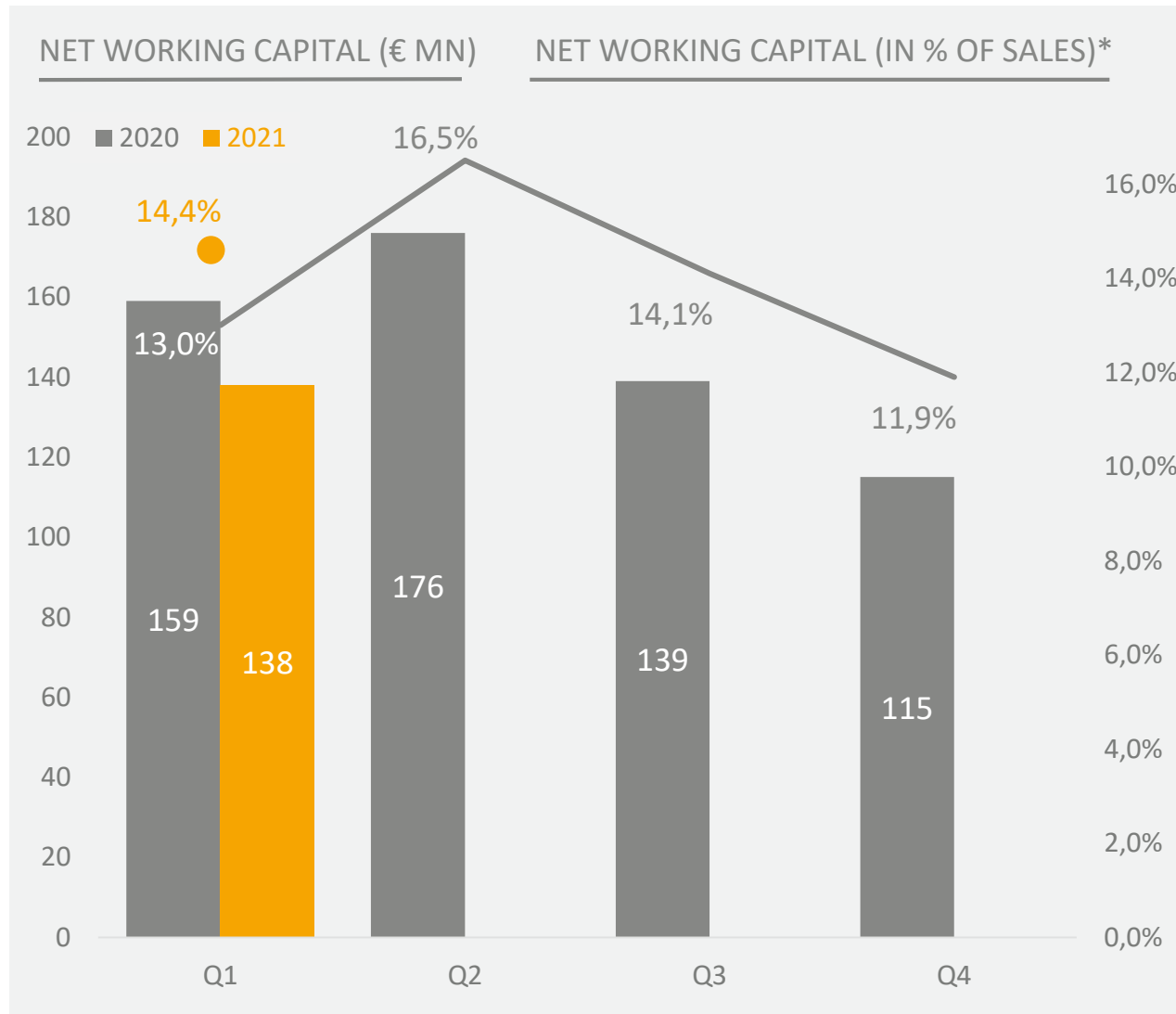
INVESTMENTS: DISCIPLINED INVESTMENT POLICY CONTINUED



- Capex ratio of 1.9 per cent not representative for the full year
- Many investment projects are only at the beginning; cash outflow will follow in the subsequent quarters
- Focus of investing activities in Q1: further automation of production processes at the German and US locations

**DISCIPLINED INVESTMENT POLICY
SUPPORTS FREE CASH FLOW
GENERATION**

NET WORKING CAPITAL: CYCLICAL INCREASE TO SAFEGUARD DELIVERY PERFORMANCE



- Due to very high demand combined with severe tightness in supply chain, conscious investment in NWC was necessary in Q1
- Material availability and freight capacity extremely tight
 - Inventories up by 23.2 per cent to € 156 mn
 - Trade receivables up 36.4 per cent to € 130 mn
 - Trade payables up by 37.5 per cent to € 147 mn
 - Sales (LTM) up by only 0.2 per cent to € 962 mn
- Cash-is-King program continued with an extended scope

NWC REBOUND EXPECTED TO EASE UP IN THE COURSE OF THE YEAR

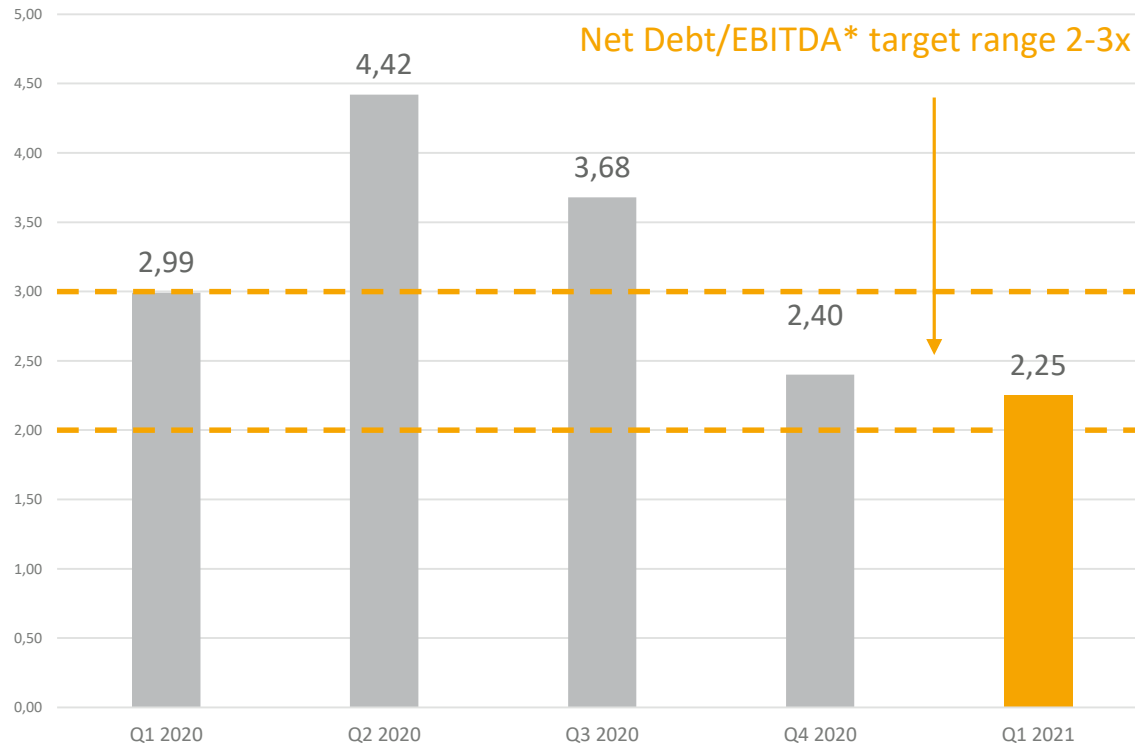
CASH CONVERSION RATE: NET WORKING CAPITAL KEY DRIVER

in EUR thousands	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
EBITDA	25,876	6,551	21,059	28,606	30,827
Change in NWC	8,018	-20,209	29,824	30,848	-23,969
Other Cash and Non-Cash Items	2,980	3,728	6,191	1,635	2,275
Operating cash flow *	36,874	-9,930	57,074	61,089	9,133
Cash Conversion Rate in % **	142.5	-151.6	271,0	213.6	29.6
Net Capex	-6,323	-5,030	-4,073	-8,249	-5,201
Operating free cash flow *	30,551	-14,960	53,001	52,840	3,932

• before income tax paid

** Operating cash flow divided by EBITDA

NET DEBT/EBITDA*: FURTHER DELEVERAGING EXPECTED



- Q1 2021 shows further improvement driven by slightly lower Net Debt and substantially better EBITDA (LTM)
- Further sequential deleveraging expected in the upcoming quarters driven by better EBITDA and lower Net Debt
- Strong gross liquidity position totalling € 380 mn (YE 2020: € 371 mn)
- Improved balance sheet structure and financial headroom provide flexibility for future growth

€ MN	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net Debt	256.2	278.9	232.4	196.7	195.6
EBITDA*	85.7	63.0	63.2	82.1	87.0

▶ ROBUST FINANCIAL PROFILE OPENS UP ADDITIONAL GROWTH OPPORTUNITIES



2. Outlook

TRUCK AND TRAILER PRODUCTION 2021: STRONG UPSWING



	EUROPE		NORTH AMERICA		SOUTH AMERICA*		CHINA		INDIA	
	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
New:	+22%	+20%	+42%	+42%	+30%	+16%	-5% to -10%	0% to +5%	+114%	+182%
Old:	+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 TRUCK VOLUMES

GUIDANCE 2021* UNCHANGED

	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 VERY WELL ON TRACK TO ACHIEVE OUR FULL YEAR TARGETS

KEY TAKEAWAYS

1. Benefiting from the upswing in Europe, Brazil and India based on leading market positions; US trailer business to follow shortly
2. Structural cost-cutting measures bearing fruit
3. Disciplined approach to manage accelerating customer demand and working capital investments in recovery cycle
4. Further deleveraging expected
5. Material price increases included in full year guidance



FINANCIAL CALENDAR & IR CONTACT

DATE	EVENT
02.06.2021	ODDO BHF Next Cap Forum
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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3. Appendix

TRUCK AND TRAILER PRODUCTION 1Q 2021: STRONG START TO THE YEAR



EUROPE		NORTH AMERICA		SOUTH AMERICA**		CHINA		INDIA	
Truck*	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
+15%	+12%	+12%	+7%	+25%	+41%	+98%	+142%	+110%	+37%



**SIGNIFICANT INCREASE IN INDIA,
SOUTH AMERICA AND CHINA**

**HIGHER VOLUMES IN EUROPE AND NORTH
AMERICA**

P&L Q1 2021: QUALITY OF EARNINGS SUBSTANTIALLY IMPROVED

in EUR thousands	Q1 2021	Total Adjustments	Q1 2021 adjusted*	in % of sales	Q1 2020	Total Adjustments	Q1 2020 adjusted*	in % of sales
Sales	285,620	–	285,620	100.0%	283,411	–	283,411	100.0%
Cost of sales	-230,159	524	-229,635	-80.4%	-232,454	1,304	-231,150	-81.6%
Gross profit	55,461	524	55,985	19.6%	50,957	1,304	52,261	18.4%
Other income	276	–	276	0.1%	494	–	494	0.2%
Other expenses	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	–	–
Selling expenses	-14,692	1,794	-12,898	-4.5%	-16,249	1,934	-14,315	-5.0%
Administrative expenses	-15,847	-125	-15,972	-5.6%	-16,639	742	-15,897	-5.6%
Research and development costs	-6,034	311	-5,723	-2.0%	-4,567	88	-4,479	-1.6%
Operating profit	19,164	2,504	21,668	7.6%	13,996	4,068	18,064	6.4%
Share of net profit of investments accounted for using the equity method	289	–	289	0.1%	377	–	377	0.1%
EBIT	19,453	2,504	21,957	7.7%	14,373	4,068	18,441	6.5%
Finance income	927	–	927	0.3%	1,222	–	1,222	0.4%
Finance expenses	-2,605	–	-2,605	-0.9%	-4,048	–	-4,048	-1.4%
Finance result	-1,678	–	-1,678	-0.6%	-2,826	–	-2,826	-1.0%
Result before taxes	17,775	2,504	20,279	7.1%	11,547	4,068	15,615	5.5%
Income taxes	-6,508	1,104	-5,404	-1.9%	-2,890	-1,437	-4,327	-1.5%
Tax rate (%)	36.6%		26.7%		25.0%		27.7%	
Result for the period	11,267	3,608	14,875	5.2%	8,657	2,631	11,288	4.0%

GROUP: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
EBIT	19,453	14,373	5,080	35.3%
EBIT margin in %	6.8%	5.1%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	2,290	2,436	-146	-6.0%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	214	1,632	-1,418	-86.9%
Adjusted EBIT	21,957	18,441	3,516	19.1%
Adjusted EBIT margin in %	7.7%	6.5%	–	–

EMEA: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
EBIT	15,124	14,019	1,105	7.9%
EBIT margin in %	9.0%	8.9%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	1,162	1,162	–	–
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	-88	-347	259	-74.6%
Adjusted EBIT	16,198	14,834	1,364	9.2%
Adjusted EBIT margin in %	9.6%	9.4%	–	–

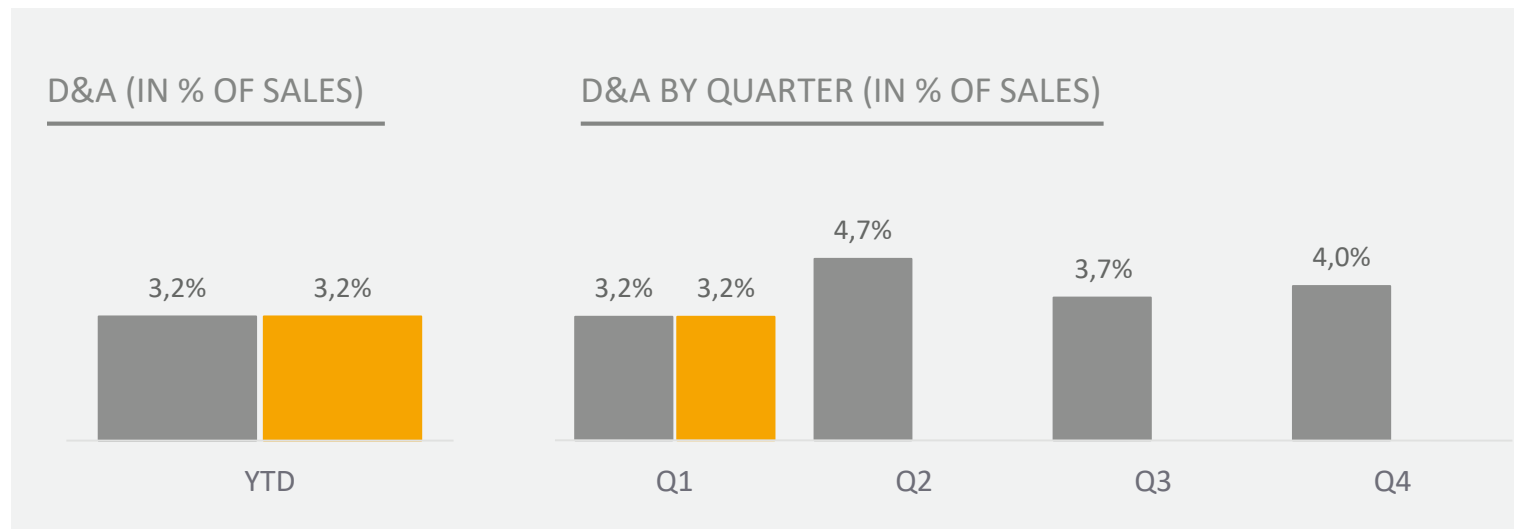
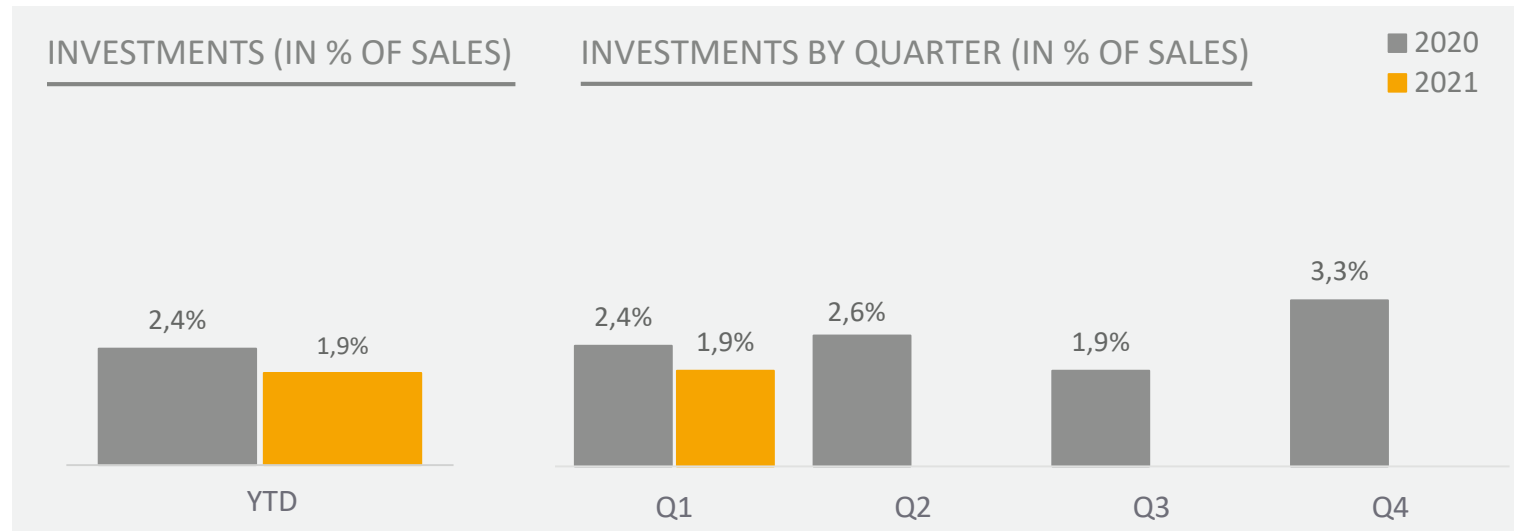
AMERICAS: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
EBIT	4,695	2,860	1,835	64.2%
EBIT margin in %	5.2%	2.7%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	542	619	-77	-12.4%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	135	641	-506	-78.9%
Adjusted EBIT	5,372	4,120	1,252	30.4%
Adjusted EBIT margin in %	6.0%	3.9%	–	–

APAC: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
EBIT	-366	-2,506	2,140	-85.4%
EBIT margin in %	-1.3%	-11.9%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	586	655	-69	-10.5%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	167	1,338	-1,171	-87.5%
Adjusted EBIT	387	-513	900	-175.4%
Adjusted EBIT margin in %	1.4%	-2.4%	–	–

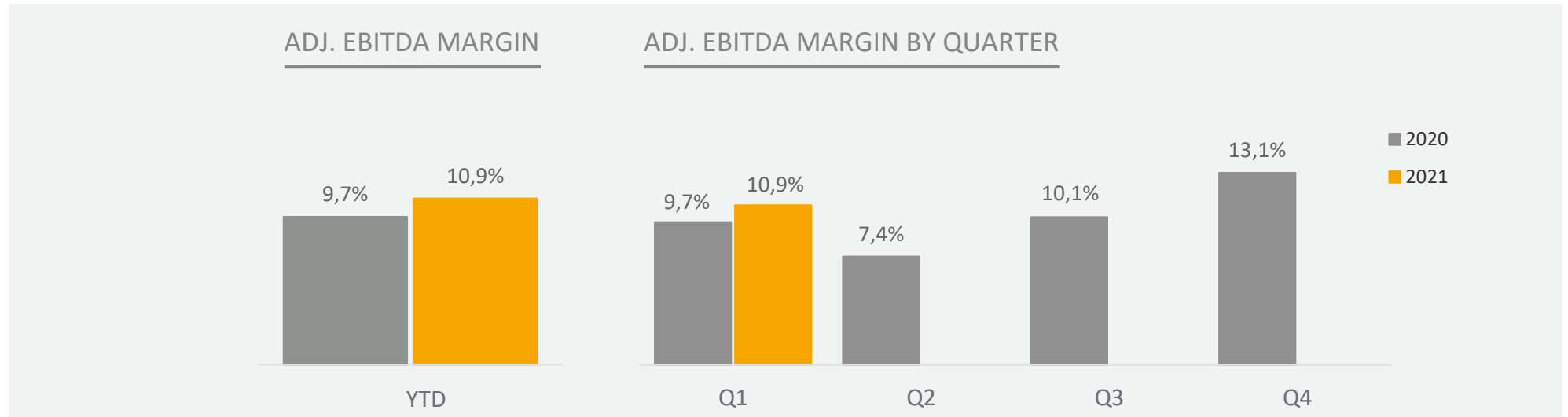
D&A RATIO: FURTHER LEVER TO IMPROVE ADJ. EBIT MARGIN



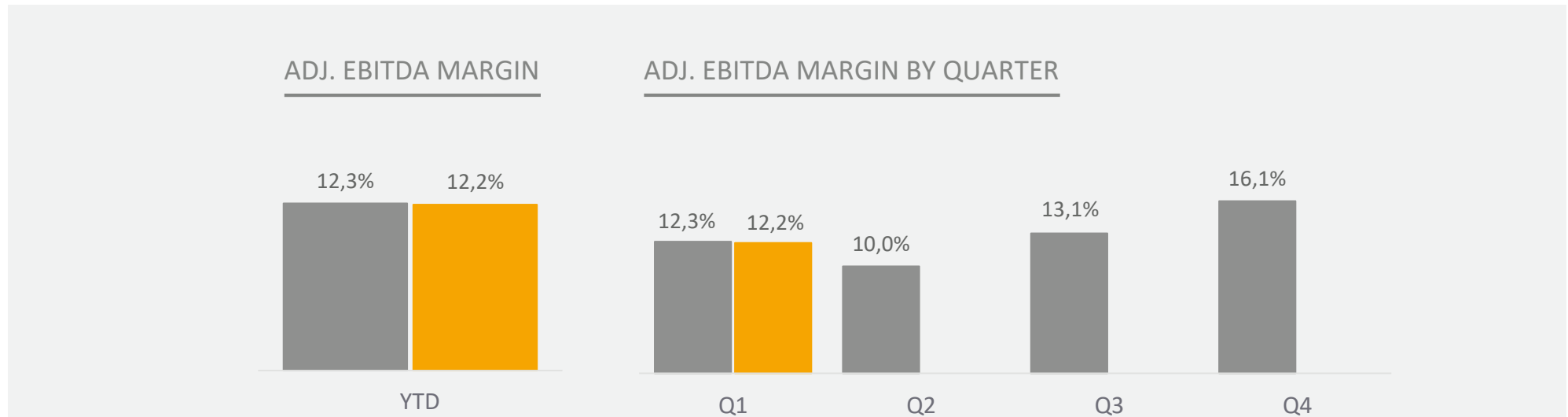
- **Investments** in plant, property, equipment and intangible assets reached 1.9 per cent of Group sales (FY 2021 guidance: around 2.5 per cent of Group sales)
- **Focus of investments:** further automation of production processes at the Bessenbach location and subsequent payments for the Yangzhou plant
- **Close monitoring of the investment approval process** to streamline capital allocation
- **Depreciation and Amortization ratio (excl. PPA, impairment of goodwill and R&D projects)** has peaked in Q2 2020

ADJ. EBITDA MARGIN

GROUP

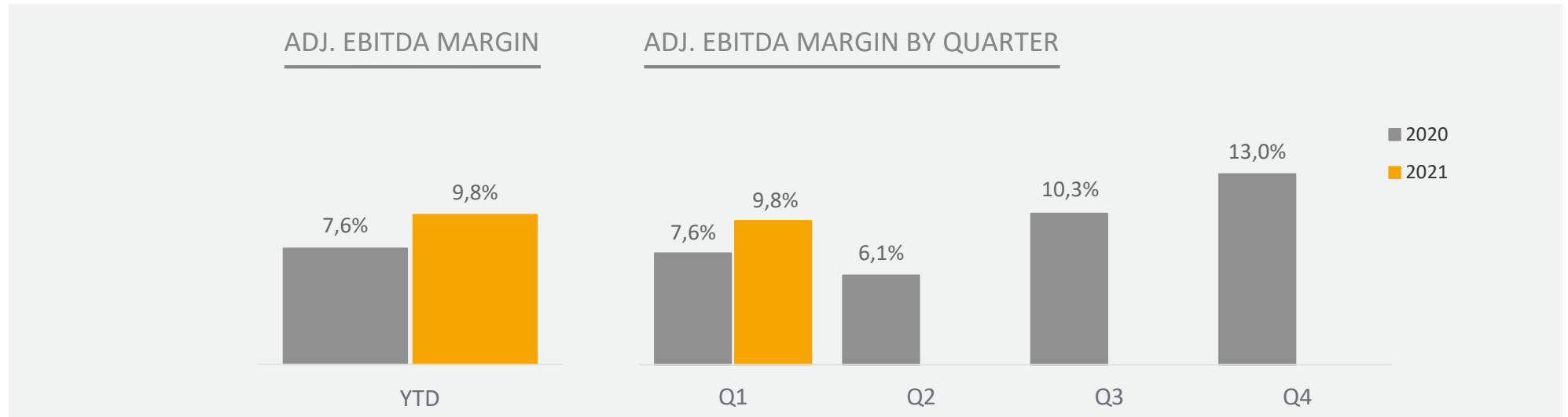


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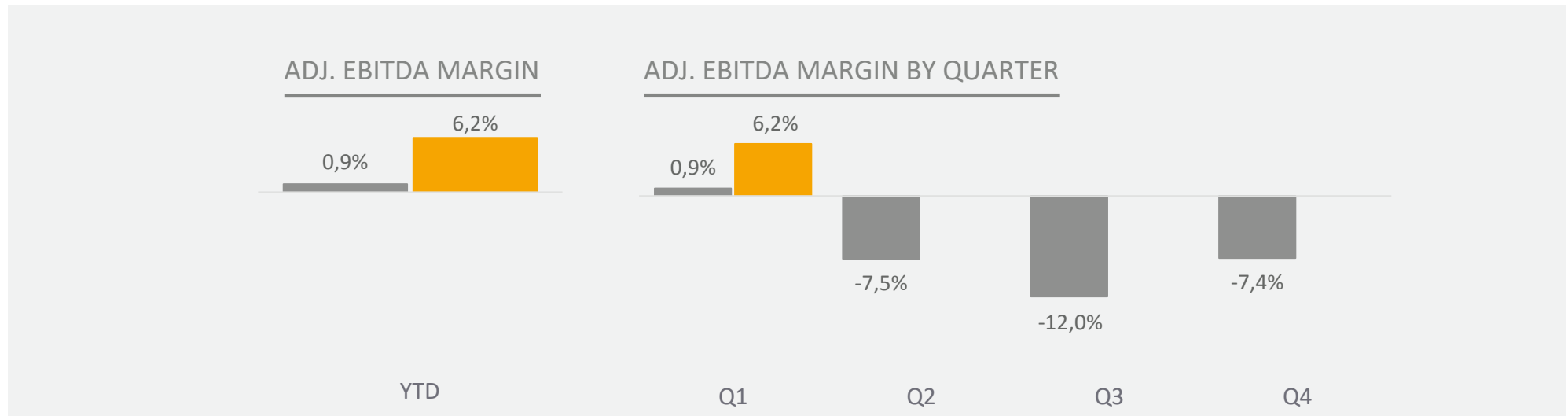


ADJ. EBITDA MARGIN

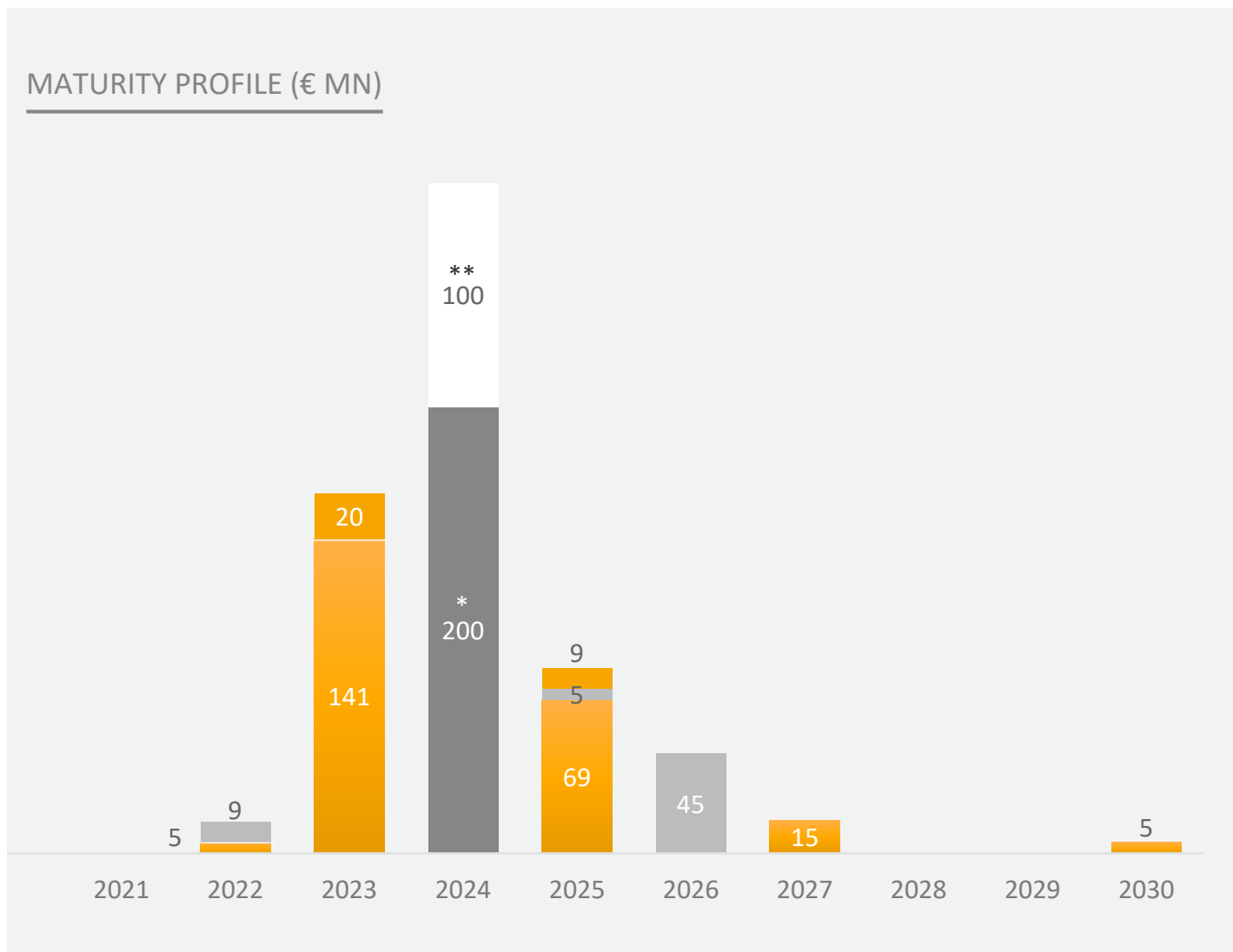
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APAC



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)	69.0	03/2025
Loan	5.0	09/2025
Promissory note loan old (10 years)	9.0	10/2025
Non-current loan	45.0	06/2026
Promissory note loan new (7 years)	15.0	03/2027
Promissory note loan new (10 years)	5.0	03/2030

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