

Strategy 2020 - Moving Ahead

Q1 2017 results

Detlef Borghardt, CEO

Dr. Matthias Heiden, CFO

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Agenda

- Business Summary Q1 2017
- Market Update
- Financials
- Market forecast and Company Outlook

- Business Summary Q1 2017

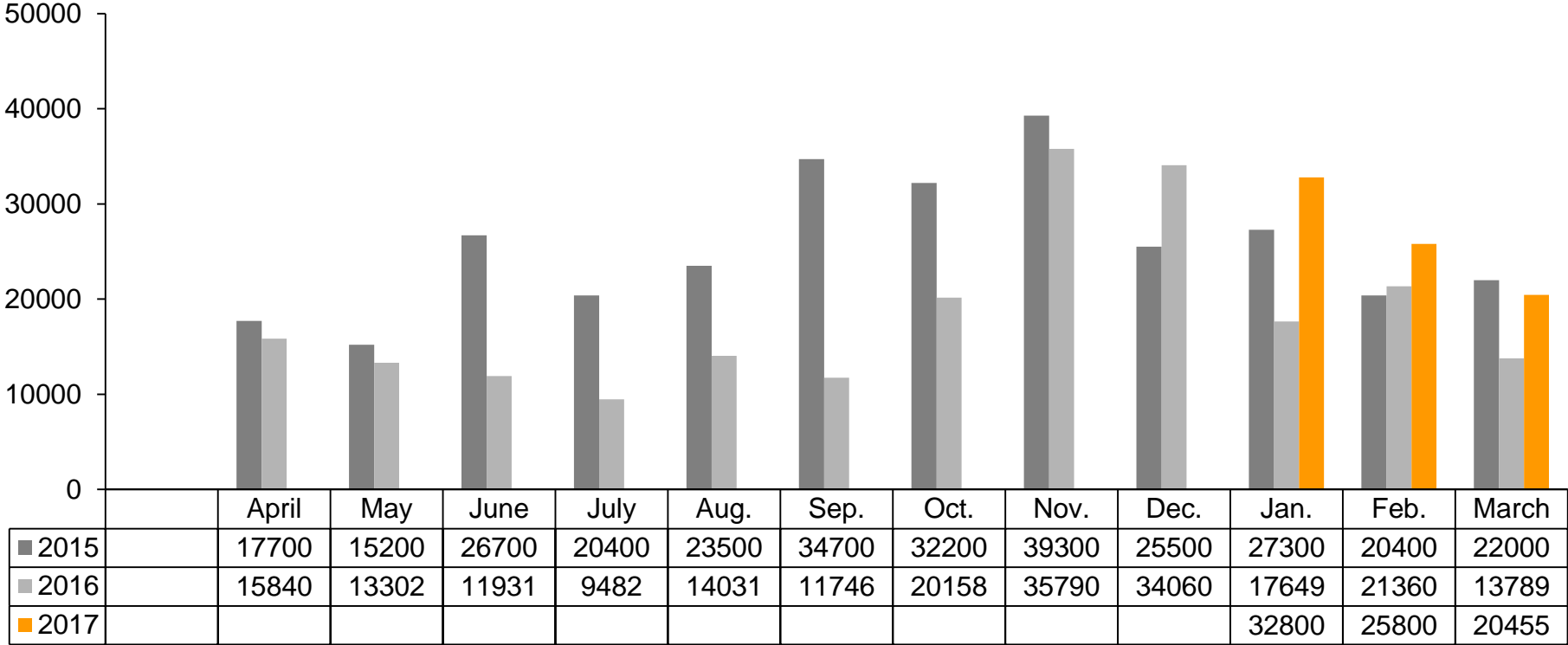
Business Summary Q1 2017

- Solid organic top line growth in continuously challenging markets featuring weak truck and trailer markets in North America
- Top line growth of 10.5% to € 287.3 (259.9) mn, thereof organic growth +7.6%, FX effects +1.9% and M&A (KLL) +1.0%
- The adjusted EBIT amounted to € 25.1 mn (previous year: € 22.7 mn) and exceeded the prior year's figure by 10.6%
- The adjusted EBIT margin remained solid at 8.7% (Q1 16: 8.7%), thus within the range of 8-9% targeted for the full year of 2017
- Reported EPS came in at € 0.26 (Q1 16: € 0.25); the adjusted basic EPS amounted to € 0.32 (Q1 16: € 0.27)
- Plant consolidation in the US in process: € 2.1 mn in restructuring expenses in Q1
- Implementation of production consolidation in Brazil to realize synergies
- Successful start of production in new Turkish plant

- Market Update

Trailer market trend North America

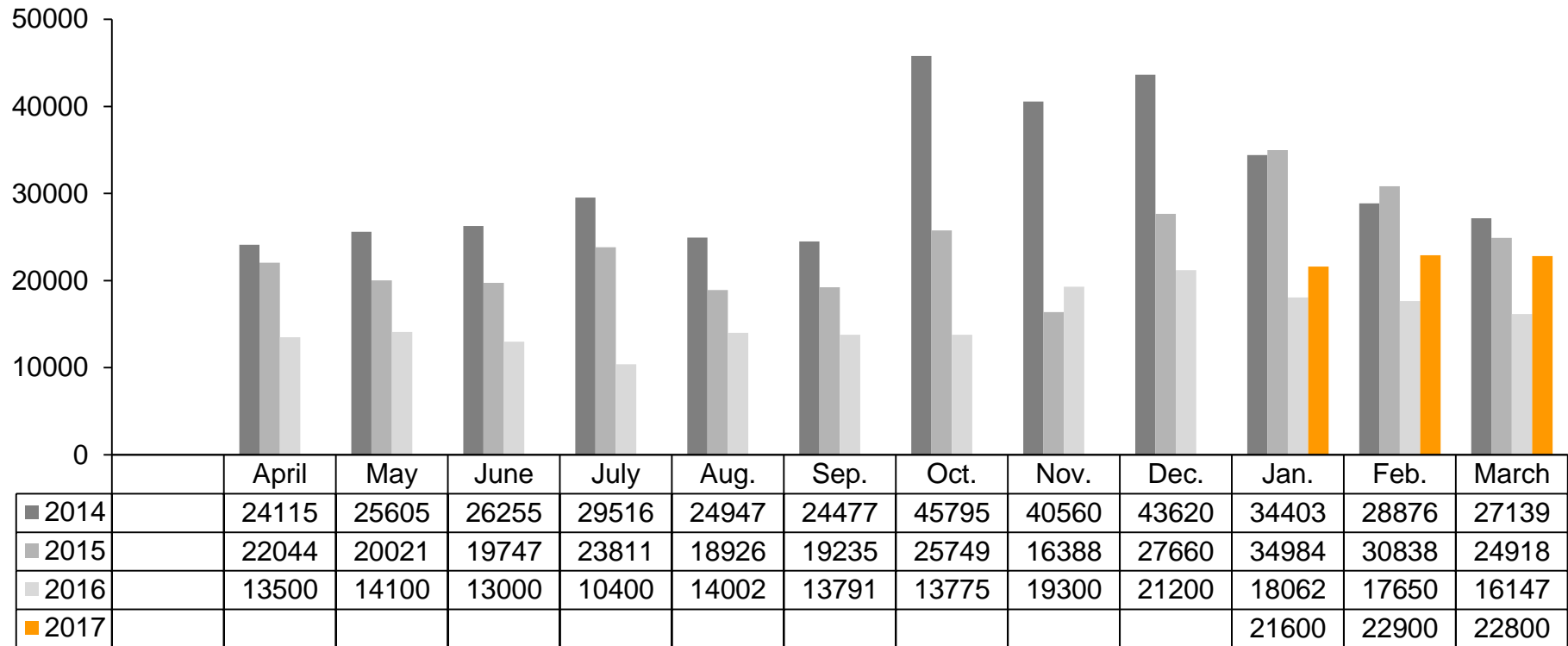
Trailer net orders



➔ NA trailer market also recorded a drop in production of about 11% in Q1 2017, while net orders – on a weak comparison basis – improved by almost half versus Q1 2016

Truck market trend North America

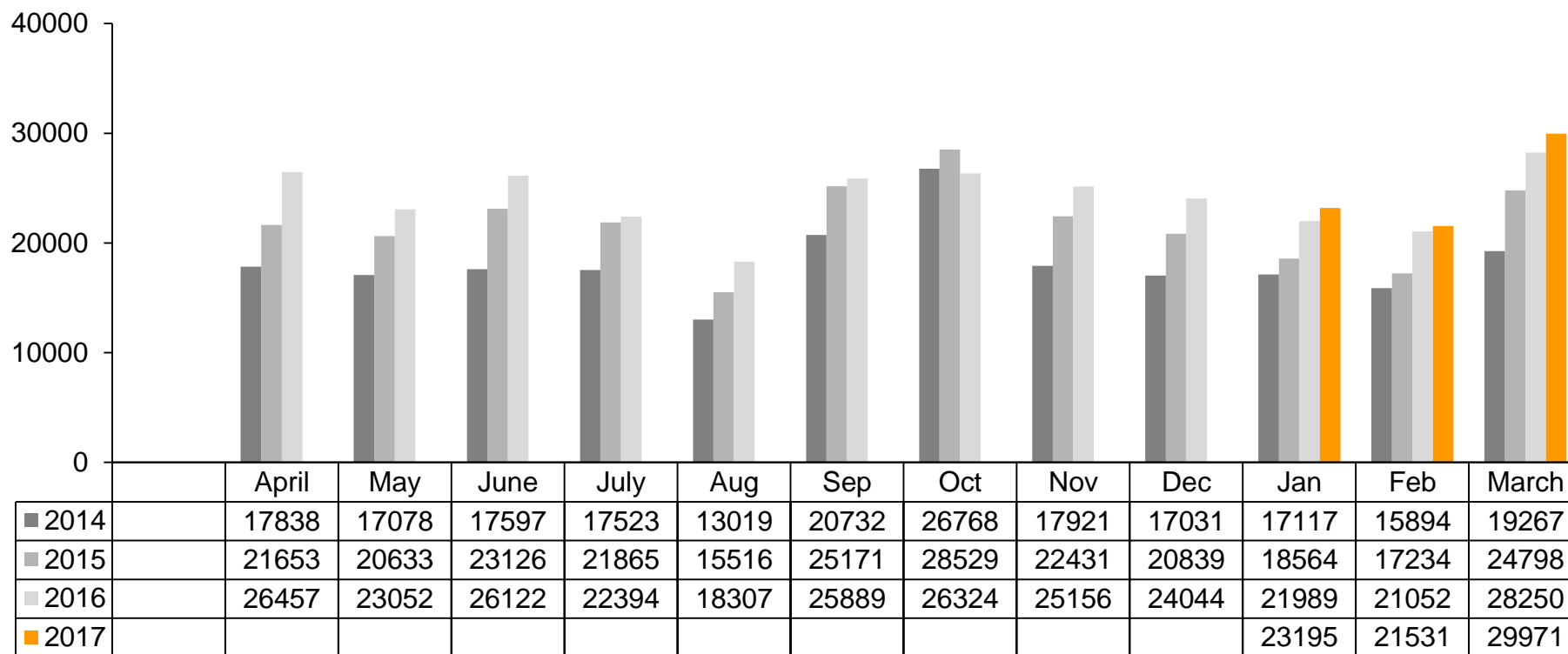
Class-8 net orders



Class-8 heavy truck production in NA fell by 21.0% in Q1 2017 whereas net order intake increased by almost 30% year-on-year yet on a weak comparison basis

Heavy truck market in the EU

New registrations of heavy commercial vehicles (HCV) >16 tons

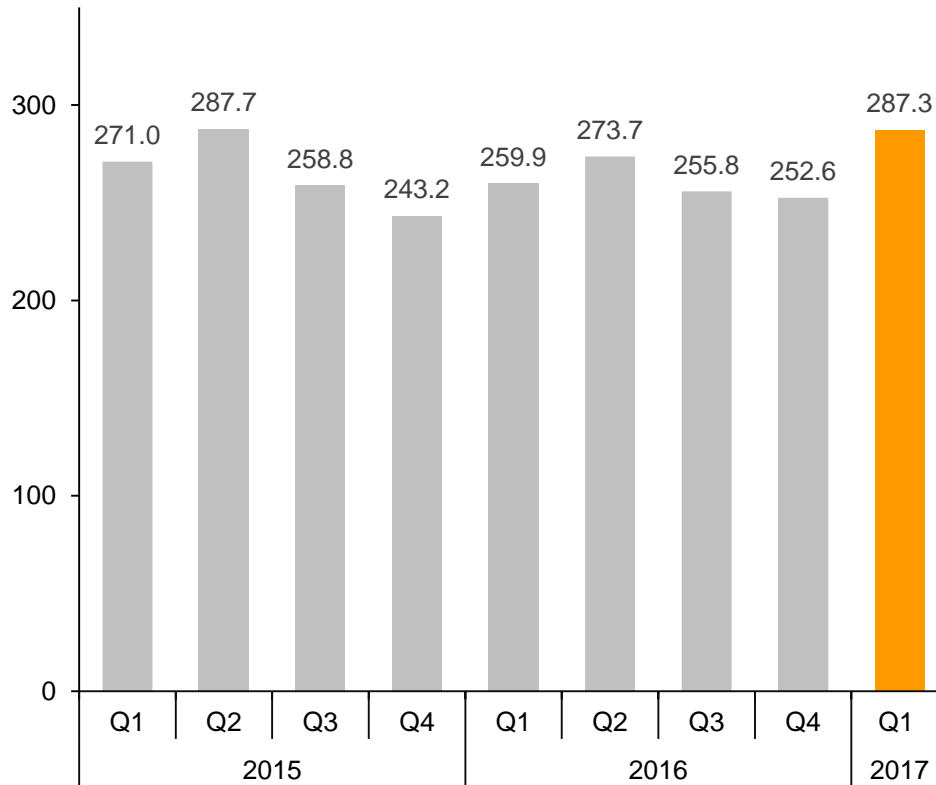


In Q1 2017, EU new truck registrations grew by 4.8%, reaching 74,697 units. Italy (+43.9%), France (+5.7%), Germany (+4.9%), Spain (+2.0) and the UK (+0.6%) saw demand for heavy trucks increase.

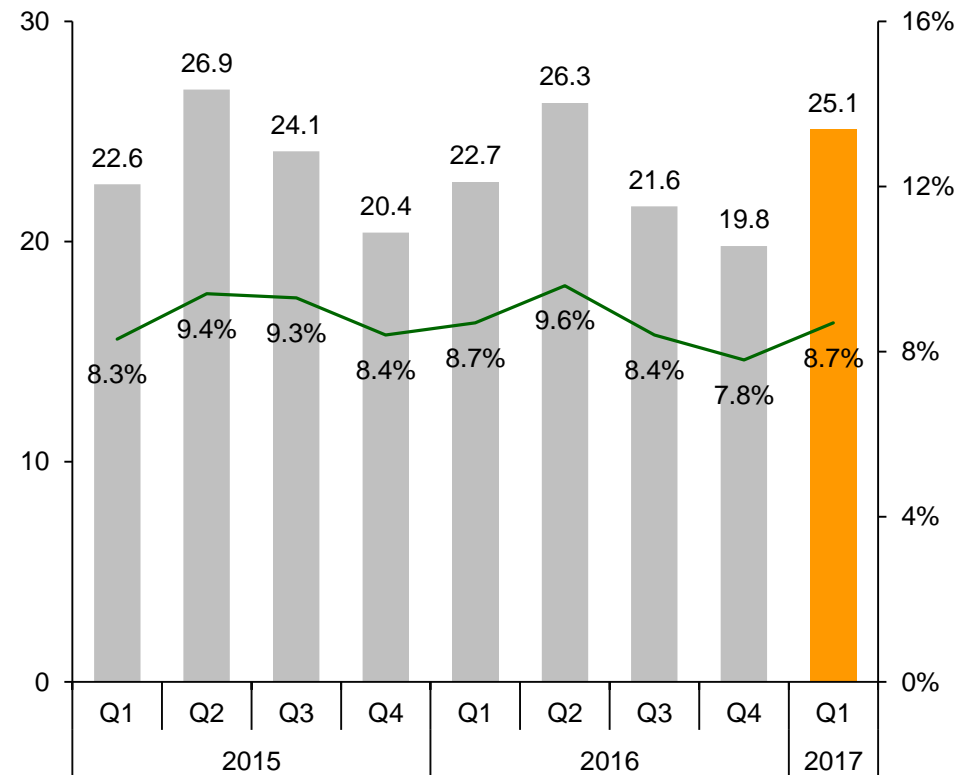
- Financials

Group sales and group adjusted EBIT by quarter

Sales in €mn

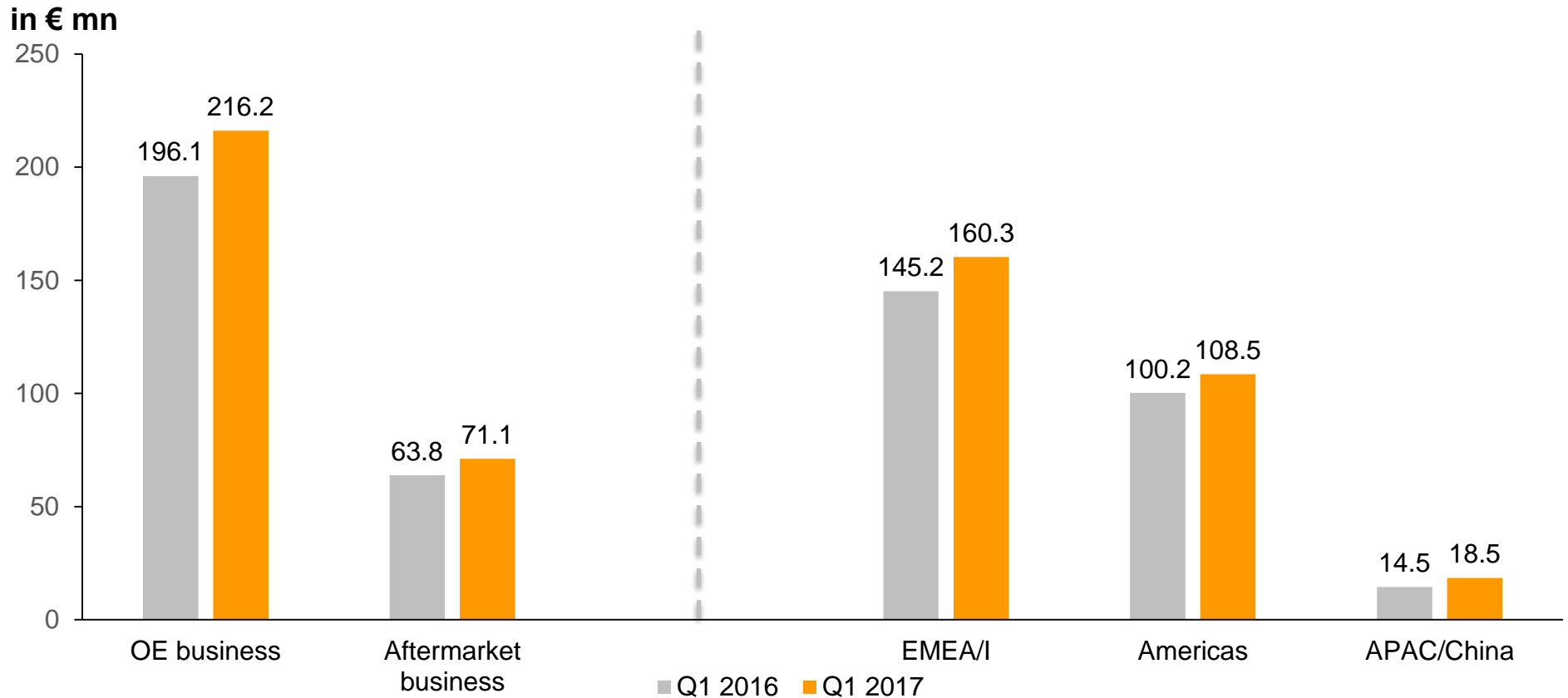


Adjusted EBIT in €mn



➔ Q1 2017 top line grew 10.5% yoy to € 287.3 mn, thereof strong organic growth of 7.6% after 4.0% in Q4 2016; Adjusted EBIT increase in line with sales growth, margin stable at 8.7% (Q1 2016: 8.7%)

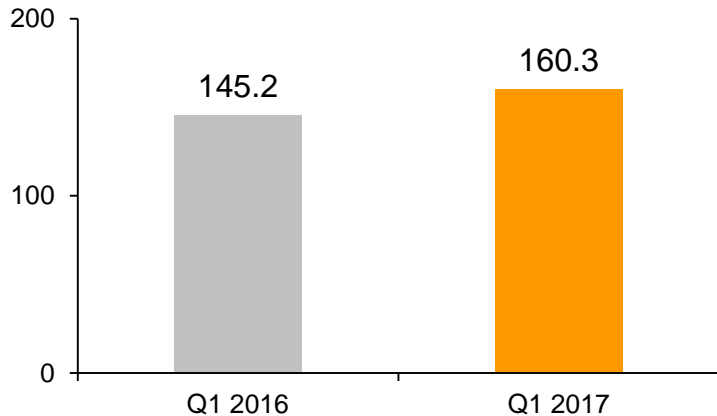
Sales split by channel and region



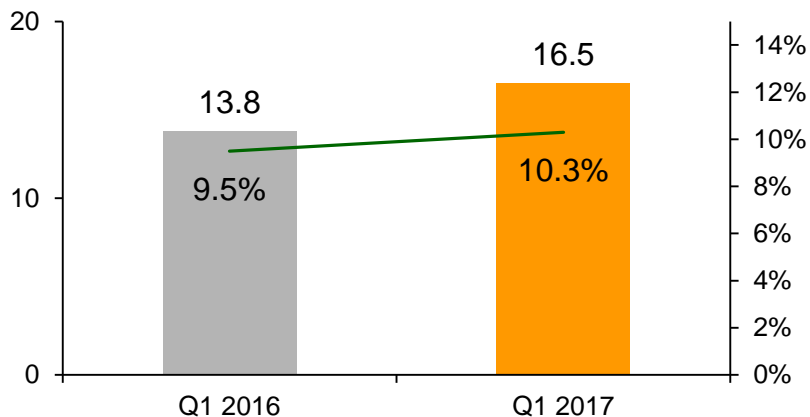
Q1 2017 sales growth driven by both the OE (+10.2% yoy) and AM (+11.4% yoy) business; Growth supported by all regions, featuring a strong performance of the EMEA/India region; Overall solid business performance in the Americas region amid a continued pronounced market decline

Business performance by region – EMEAI: Solid organic growth

Sales in €mn



Adj. EBIT in €mn and margin in %

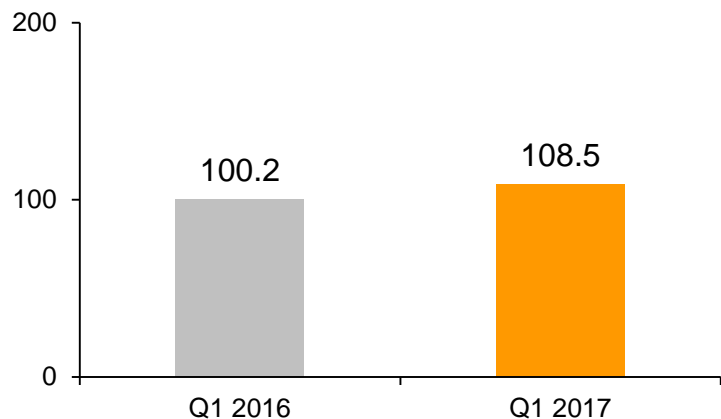


Summary

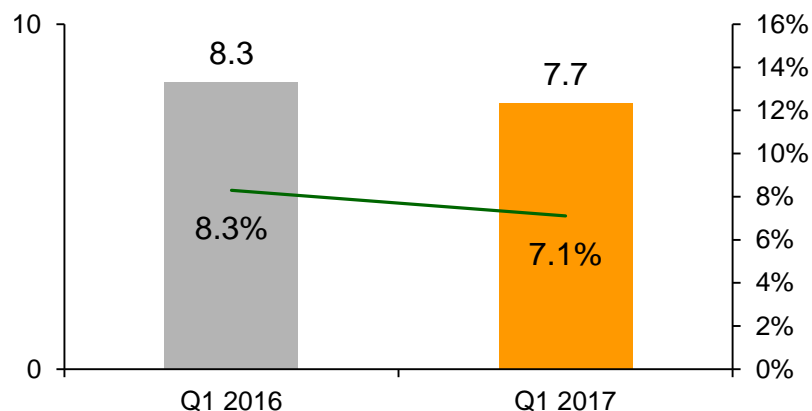
- Sales growth of 10.4% to € 160.3 (145.2) mn. On a currency-adjusted basis: +10.0% yoy
 - Solid growth in Southern Europe, e.g. in Italy and Spain, as well as in various Eastern European countries
 - Share gains and solid AM performance
 - Plant opening and start of production in Turkey
-
- Adjusted EBIT rose by 19.6% to € 16.5 (13.8) mn
 - The adjusted EBIT margin reached 10.3% (9.5%).
 - Besides effects from plant consolidation, orders received from outside of Europe, product mix and economies of scale contributed to the margin improvement.

Business performance by region – Americas: Outperform to market

Sales in €mn



Adj. EBIT in €mn and margin in %

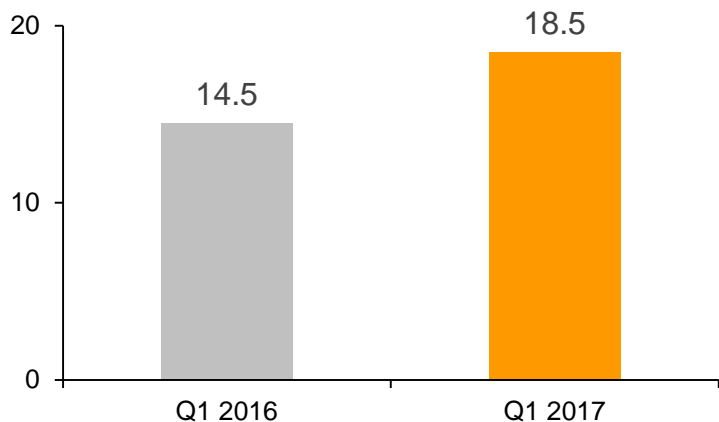


Summary

- Despite further contraction in class-8 (-21%) and trailer production (-11%) SAFH achieved sales growth of 8.2% to € 108.5 mn
- Organic sales up 1.6% to € 101.8 mn after adjustment for positive currency effects of € 4.1 mn and contribution of € 2.6 mn from KLL
- Outperformance of markets supported by market share gains, structural growth effects and new orders won
- Adjusted EBIT reached € 7.7 (8.3) mn in Q1 2017.
- At 7.1% (previous year: 8.3%) the adjusted EBIT margin was below PY level but showed a noticeable improvement versus Q4 2016 (6.2%).
- Margin still burdened by overall insufficient capacity utilization in the region, an unfavorable product mix and negative earnings in Brazil
- EUR 2.4 mn in restructuring cost booked in the region

Business performance by region – APAC/ China: Sales picking up

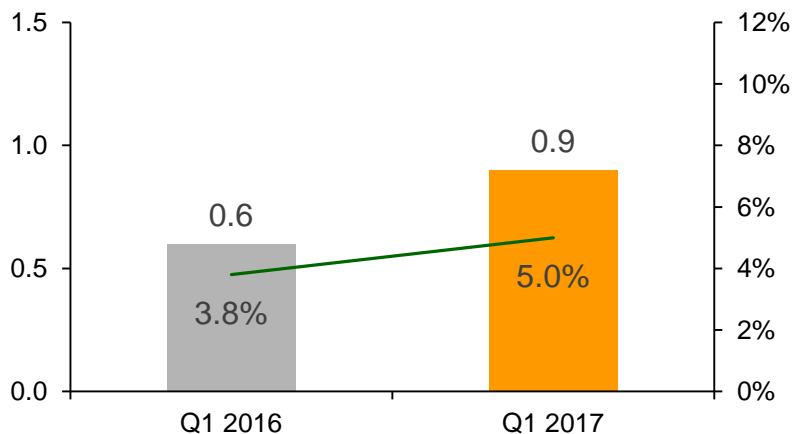
Sales in €mn



Summary

- Sales increase of 27.6% to € 18.5 mn, on a currency-adjusted basis 26.2%
- Key driver again was the growing business with trailer components in China, driven by the implementation of GB1589 standards

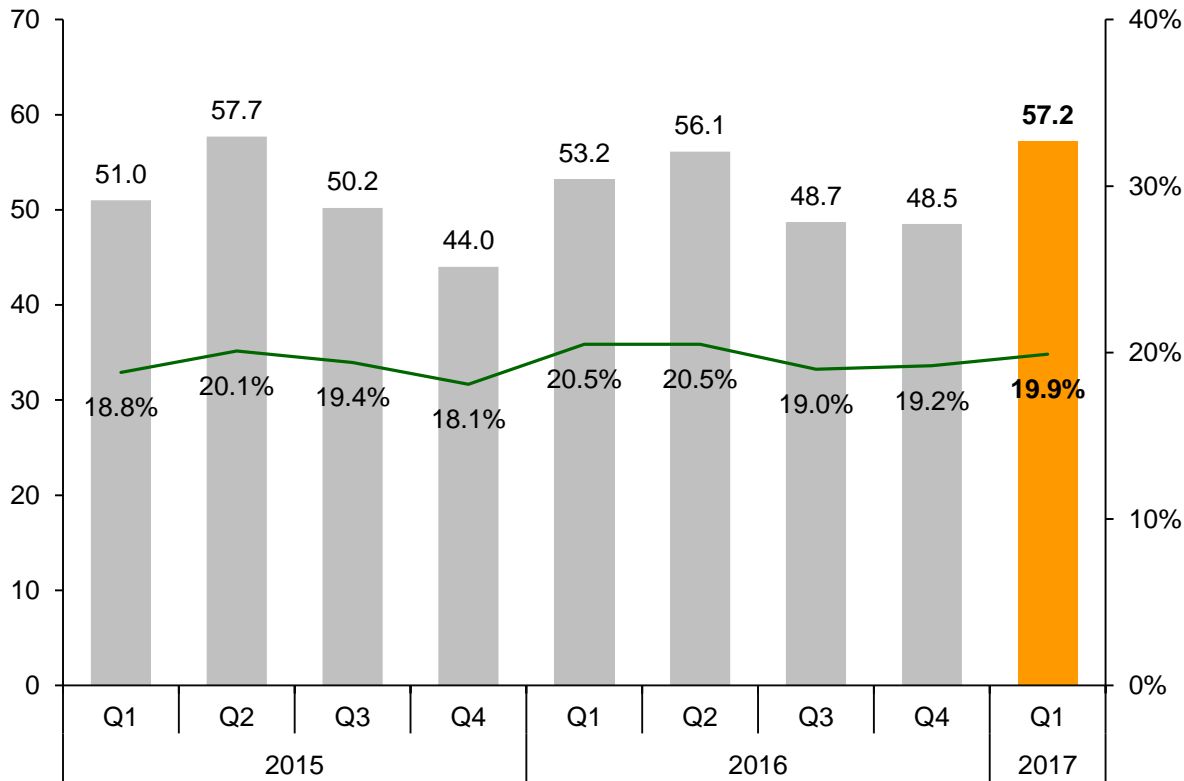
Adj. EBIT in €mn and margin in %



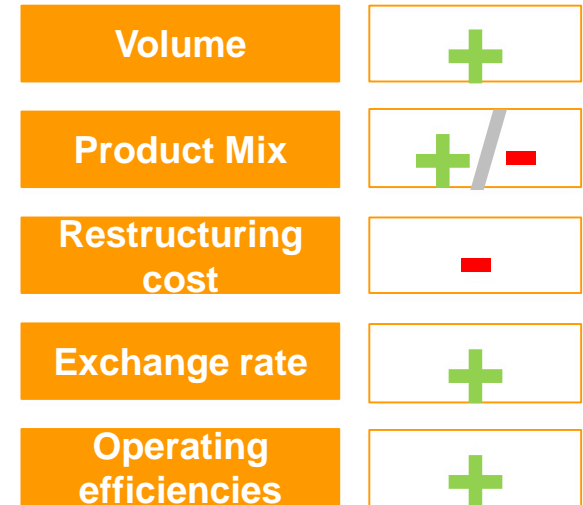
- Adjusted EBIT in the region rose to € 0.9 (0.6) mn
- At 5.0% (3.8%), the adjusted EBIT margin improved slightly year-on-year
- Lower as compared to group margin due to upfront investments to expand the organizational structure within the framework of "Strategy 2020" and disproportionately high share of OE business

Group Gross Profit by quarter

Gross profit in €mn



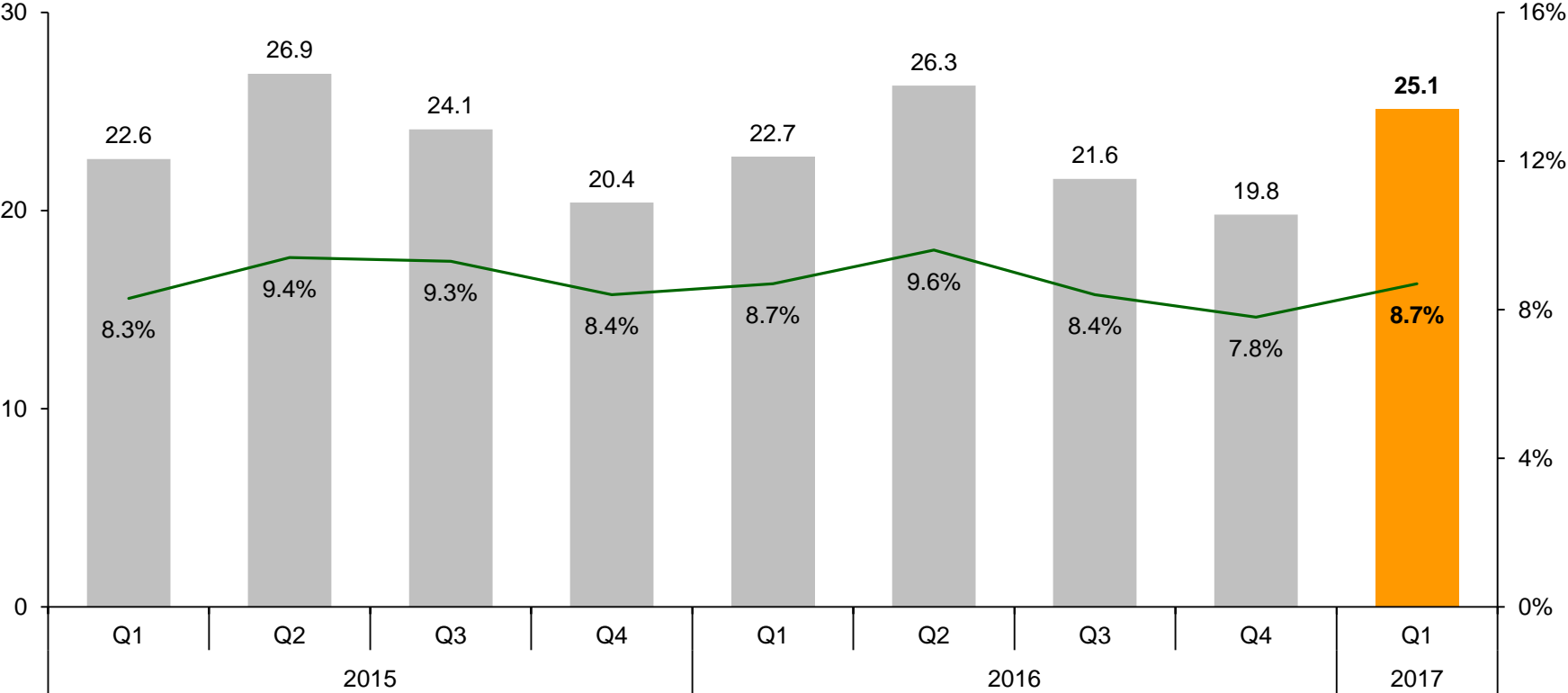
Margin analysis Q1 2017



➔ Slight gross margin decline in Q1 2017 to 19.9% mainly due to restructuring costs. Excluding one-time restructuring costs in the US, the gross margin came in 10 bps higher at 20.6% (20.5%).

Group adjusted EBIT by quarter

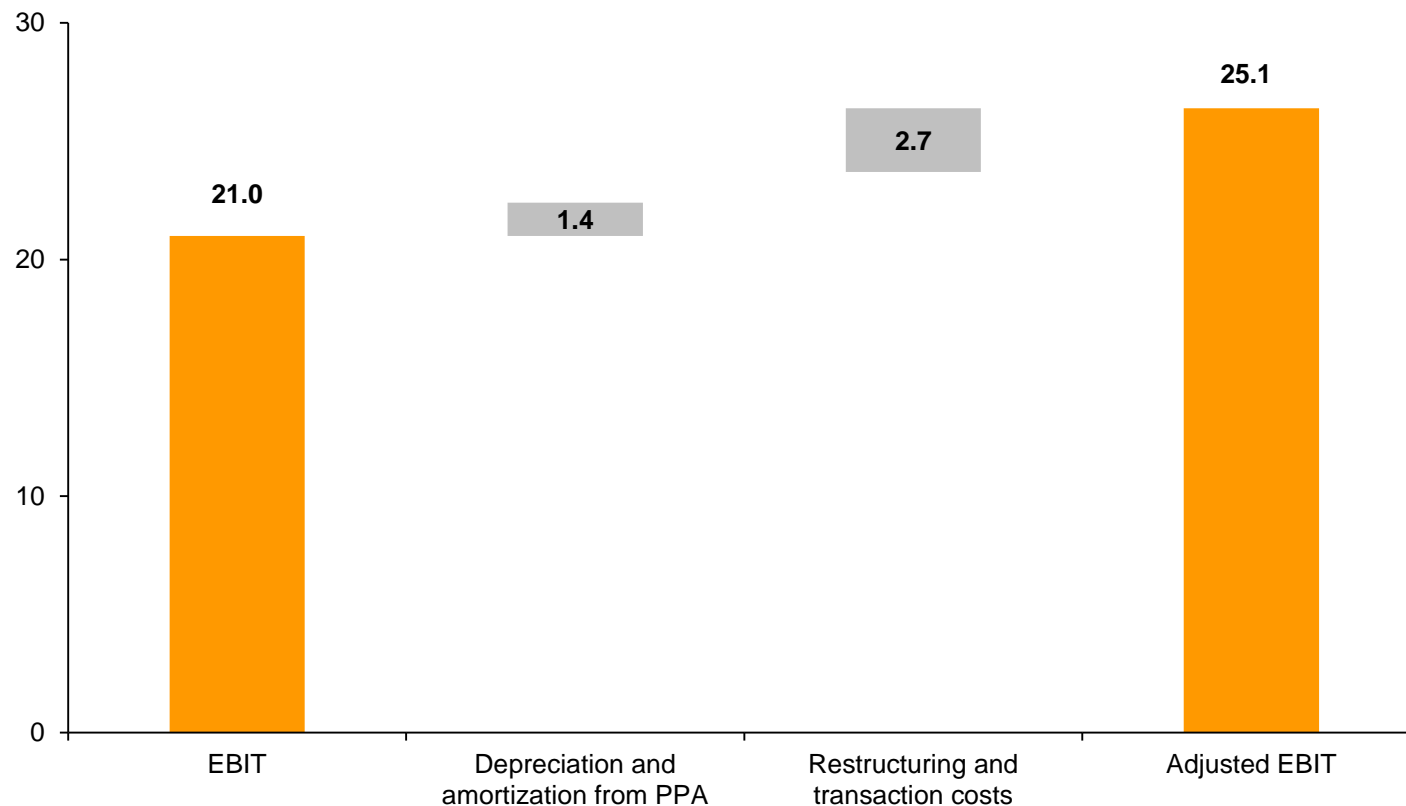
Adjusted EBIT in €mn



➔ The adjusted EBIT exceeded the prior year’s figure by 10.6% outpacing organic sales growth. The adjusted EBIT margin remained stable at 8.7% (previous year: 8.7%).

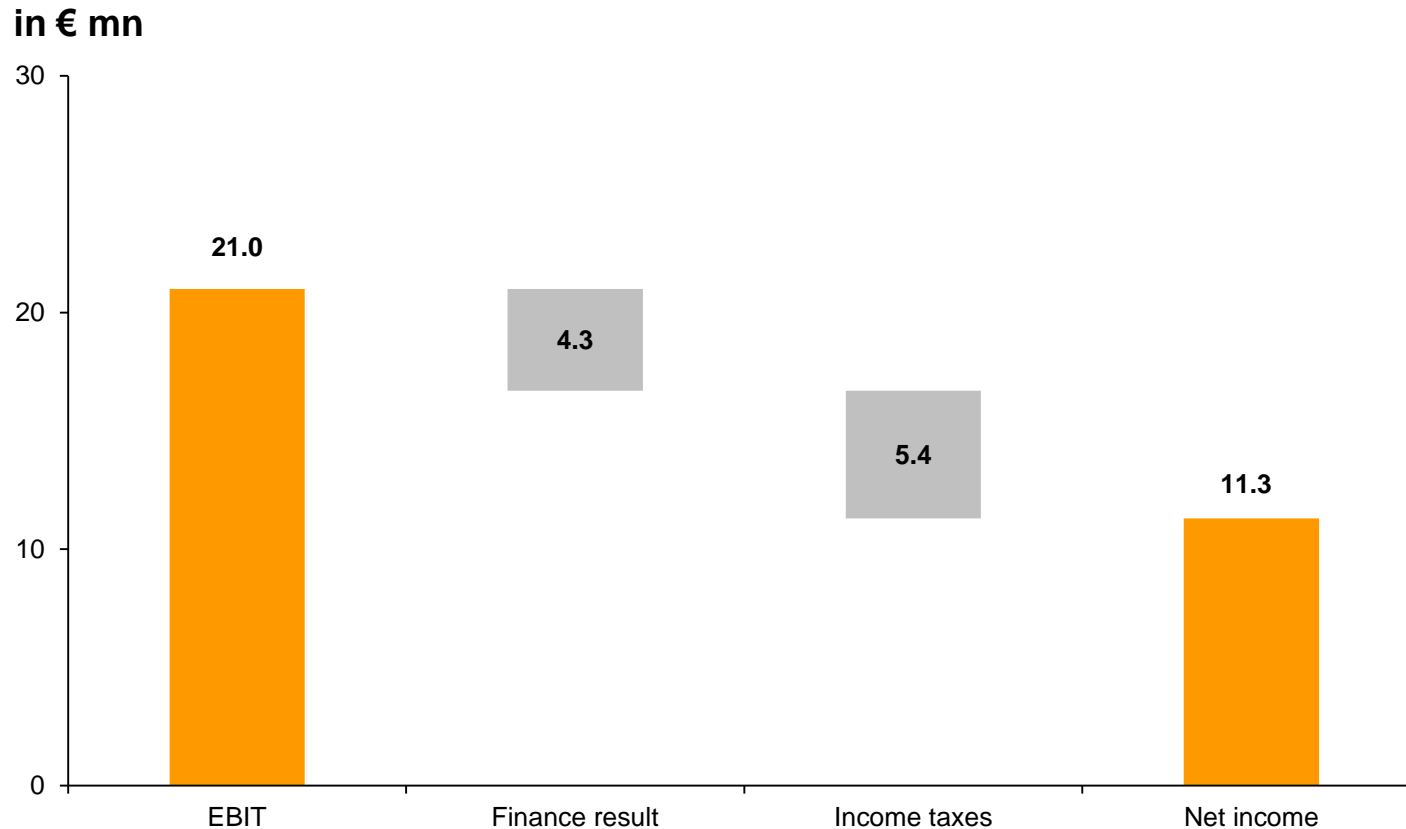
Reconciliation EBIT to adjusted EBIT Q1 2017

in € mn



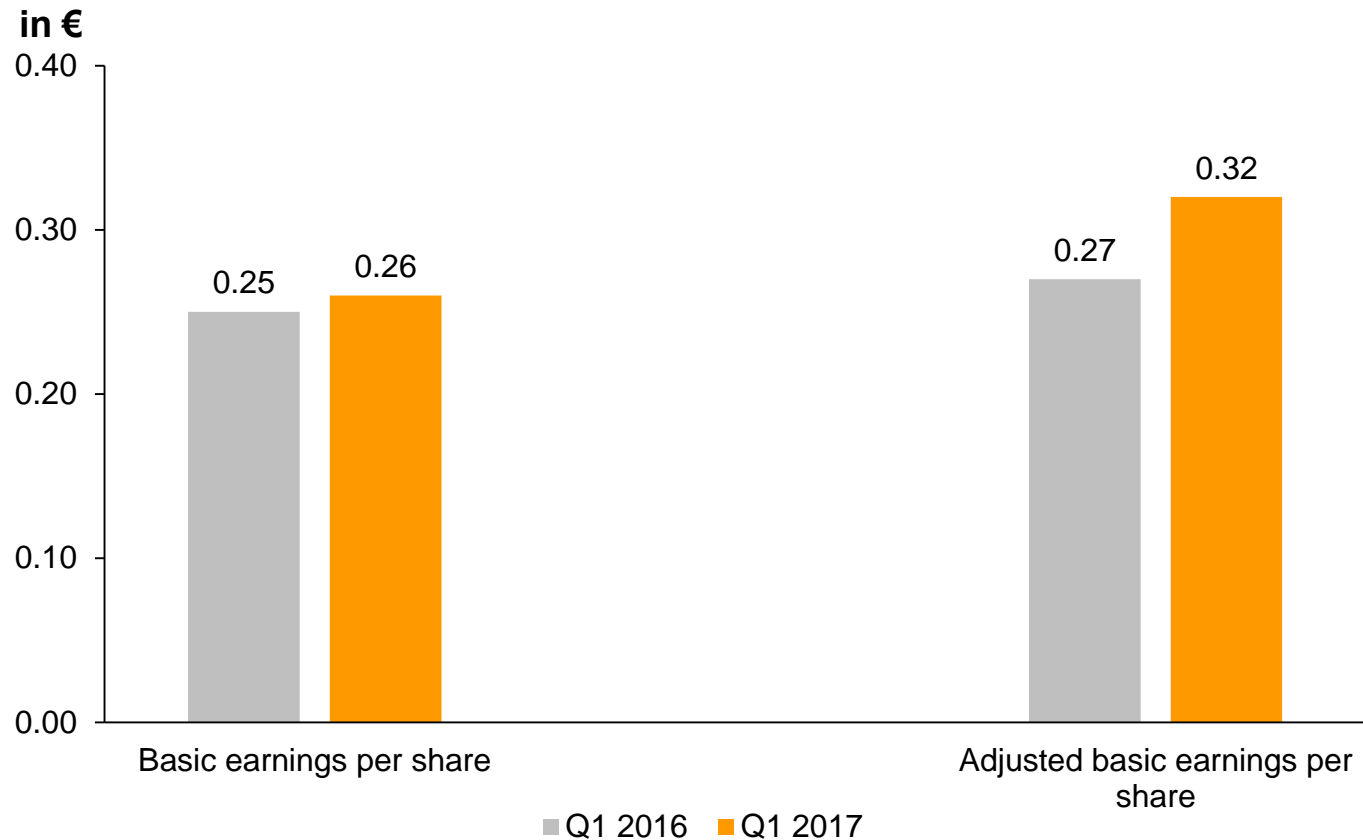
Excl. restructuring and transaction costs totaling € 2.7 (0.3) mn and PPA of € 1.4 mn (1.6), the adjusted EBIT amounted to € 25.1 (22.7) mn and exceeded the prior year's figure by 10.6%. Adjustments for the large part were related to the US plant consolidation and Brazil (€ 2.4 mn)

From EBIT to Net income Q1 2017



As a result of the slightly higher EBIT of € 21.0 (20.8) mn combined with an improved finance result (€ 4.3 mn vs € 4.9 mn in Q1 2016), despite higher Group tax rate (32.7% vs 30.1% in Q1 16) net income in Q1 2017 increased to € 11.3 mn (Q1 16: € 11.1 mn).

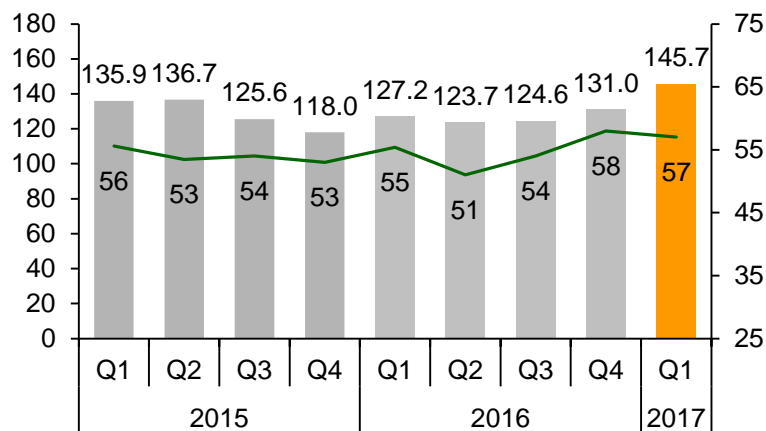
Improvement on EPS and adjusted EPS level



➔ Based on an unchanged number of 45.4 mn shares outstanding, basic EPS rose to € 0.26 (Q1 16: € 0.25). Adjusted basic EPS increased to € 0.32 (previous year: € 0.27)

Inventories and Net working capital

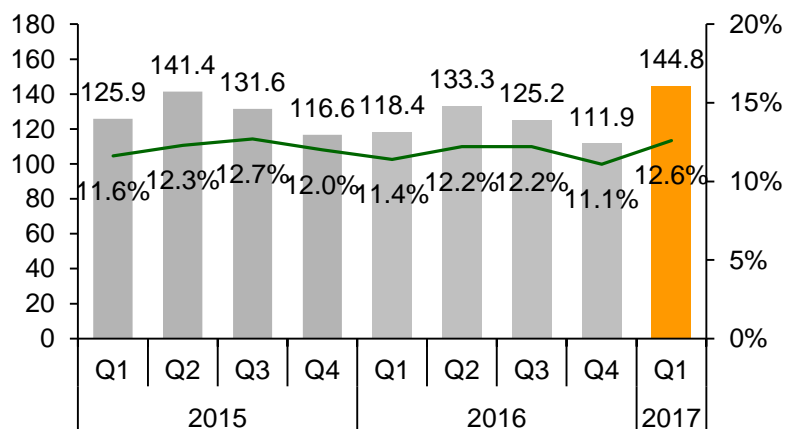
Inventories in € mn and days of inventories



Summary

- Inventories increased in parallel to sales trend to € 145.7 mn (Dec. 31, 2016: € 131.0 mn)
- In addition to usual seasonal effects, this rise was also due to the opening of the new plant in Turkey end of March 2017 and plant consolidation underway in NA
- DOI 57 days at the end of Q1/17 improved from Q4 2016

Net working capital in € mn and as % of sales



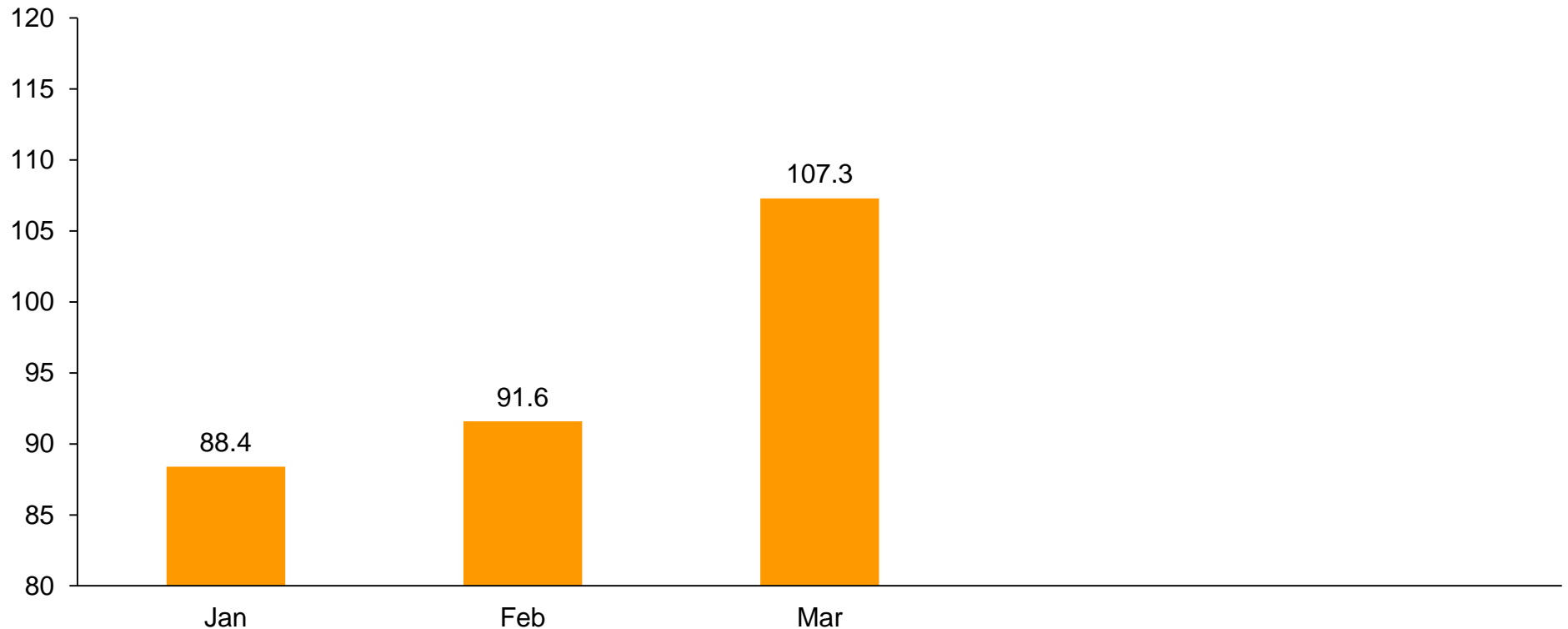
Summary

- NWC increase was particularly related to the rise in trade receivables (€ -43.5 mn compared to € -21.5 mn in Q1 2016) due to seasonal effects and most of all soaring sales in second half of Q1 backed by higher number of working days
- As of March 31, 2017 net working capital ratio was 12.6% compared to 11.1% at the end of 2016, but within the range of 12 to 13% stated in the forecast for the 2017 financial year

Net working capital effects Q1 2017

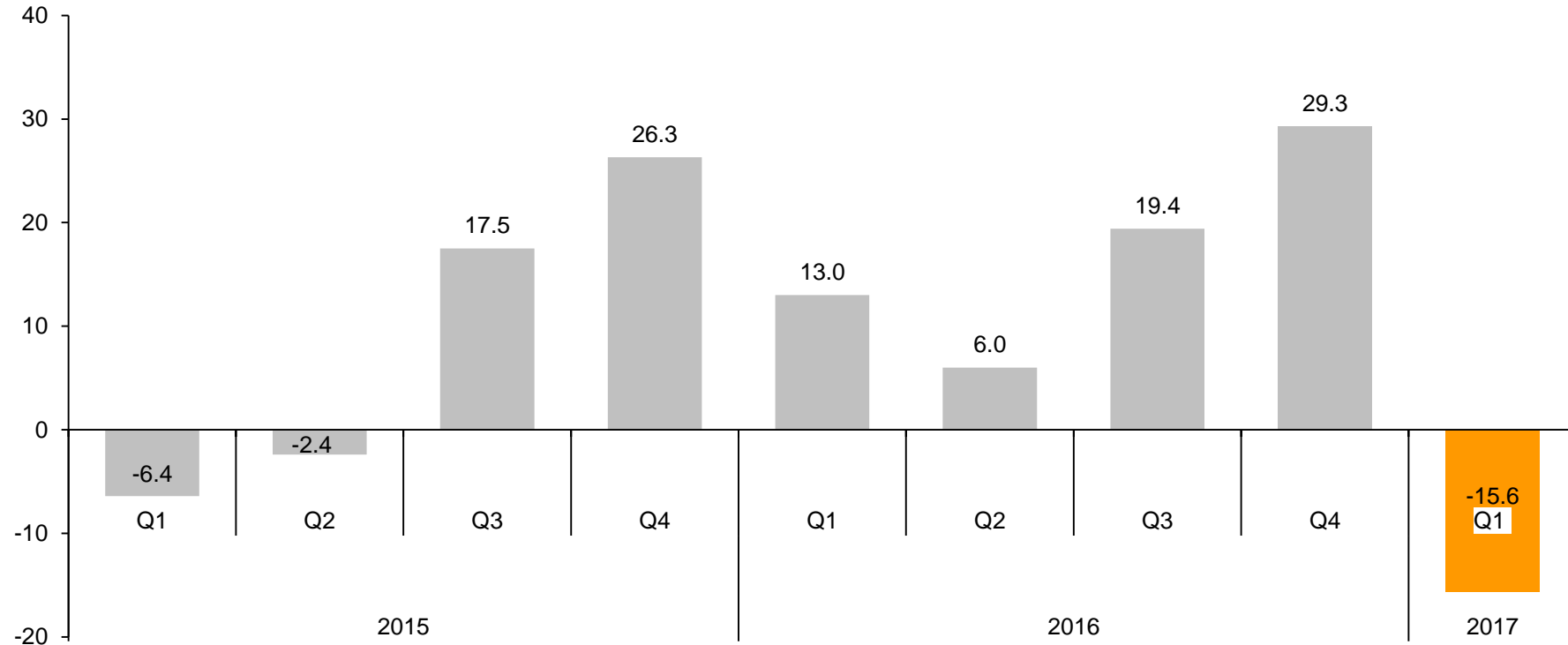
- Soaring second half Feb/ March 2017 sales
- Seasonal effect
- Two more working days in March

in € mn



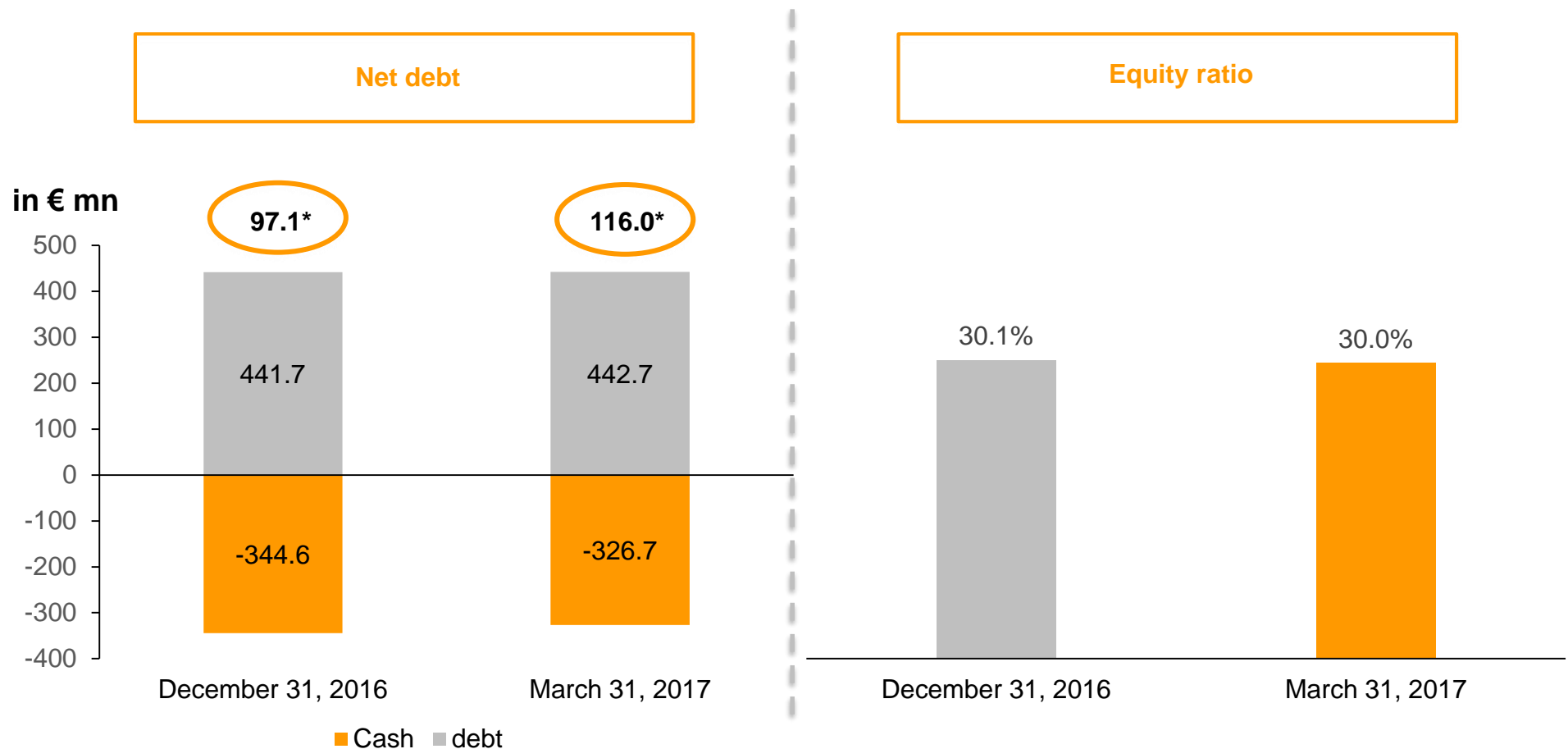
Free cash flow

in € mn



Due to the rise in net working capital, free cash flow (net cash flow from operating activities less investments in property, plant and equipment and intangible assets) in Q1 2017 came in at € -15.6 mn (Q1 16: € 13.0 mn)

Net debt slightly up - Equity ratio stable



* Net debt taking into account cash and cash equivalents and other short-term investments (March 31, 2017: € 95.0 mn; Dec. 31, 2016: € 0.0 mn) was up slightly; Despite € 10.3 mn rise in equity, the equity ratio came in marginally lower at 30.0% as liquidity level for external growth has remained high

- Market Forecast and Company Outlook


Market Forecast 2017

Global trailer forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in group sales FY16*
North America	ACT N.A. Trailer Shipments ¹⁾	328	385	359	-7.0	337	-6.1	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 group sales FY16**
Western & Eastern Europe	Trailer Production ⁴⁾	261	279	297	+6.4	290	-2.5	Approx. 40%

Global truck forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in group sales FY16*
North America Class 8	ACT Truck Build ¹⁾	297	323	228	-29.4	217	-4.8	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 group sales FY16**
Western, Central & Eastern Europe	LMC ³⁾	409	435	447	+2.8	461	+3.1	Approx. 4%


 NA trailer and truck markets are still expected to contract for the full year 2017;
 European trailer and truck markets are forecast to remain stable at a high level with volatile MEA markets

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

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

3) LMC/Global Commercial Vehicle Forecast Q1 2017

4) CLEAR Feb. 2017, Western Europe (incl. DE, FR, GB, ES, IT, NL, BE, AT, SE, DK, FI, PT, CH, NO, IE); CLEAR Mar. 2017, Eastern Europe (incl. RU, TR, PL, UA, CZ, HU, BY, RO, SK, LT, BG, LV, EE, SI, HR)

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

** Figure relates to OE business of the EMEA/I region; not only Western & Eastern Europe

Outlook: Confirmed 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.

²⁶ * 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

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Investor Relations

SAF-HOLLAND GmbH
Stephan Haas
Hauptstraße 26
63856 Bessenbach

Phone +49 6095 301-617
Telefax +49 6095 301-102
Mobile +49 170 306 64 97

Stephan.Haas@safholland.de
www.safholland.com