Strategy 2020 - Moving Ahead

Q3 2017 Results

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Agenda

- Business Summary Q3 2017
- Market Update
- Financials
- Market Forecast and Company Outlook

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Business Summary Q3 2017

- Q3 total sales growth of 8.3% to historically highest Q3 level of € 277.1 mn (Q3 2016: € 255.8 mn); higher-than-expected organic growth of 9.6 % driven by all regions
- Approx. € 4.0 mn burden from temporarily increased operating cost related to the US plant consolidation coinciding with dynamic sales which were not adjusted for
- € 3.0 mn in one-time restructuring cost related to US plant consolidation that were adjusted for (total € 4.0 mn)
- The Q3 adjusted EBIT amounted to € 20.9 mn (py: € 21.6 mn)
- The adjusted EBIT margin came in at 7.5% (py: 8.4%) lower than anticipated, most of all due to swift increase in demand from US truck and trailer customers which coincided with the late-stage transitioning measures from the US plant consolidation
- The reported EBIT amounted to € 15.5 mn (py: € 16.2 mn)

Business Summary Q3 2017

- Reported EPS came in at € 0.17 (Q3 2016: € 0.24); the adjusted basic EPS amounted to € 0.25 (Q3 2016: € 0.29)

- Outlook adjustment (as already reported on Oct. 9, 2017): Organic Group sales in the 2017 financial year are now expected stronger in the range of € 1,125 mn to € 1,135 mn; Adjusted EBIT margin is still expected within the originally planned range of 8-9% but now anticipated to rather tend towards the lower end of this range

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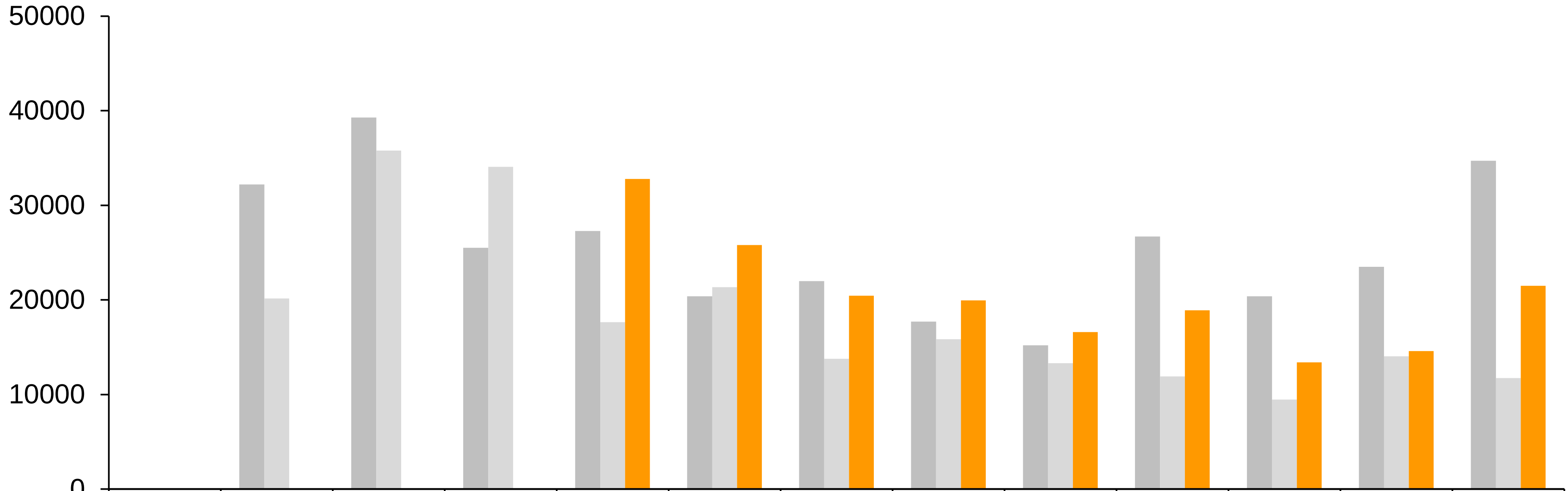
Trailer market trend North America

Trailer net orders



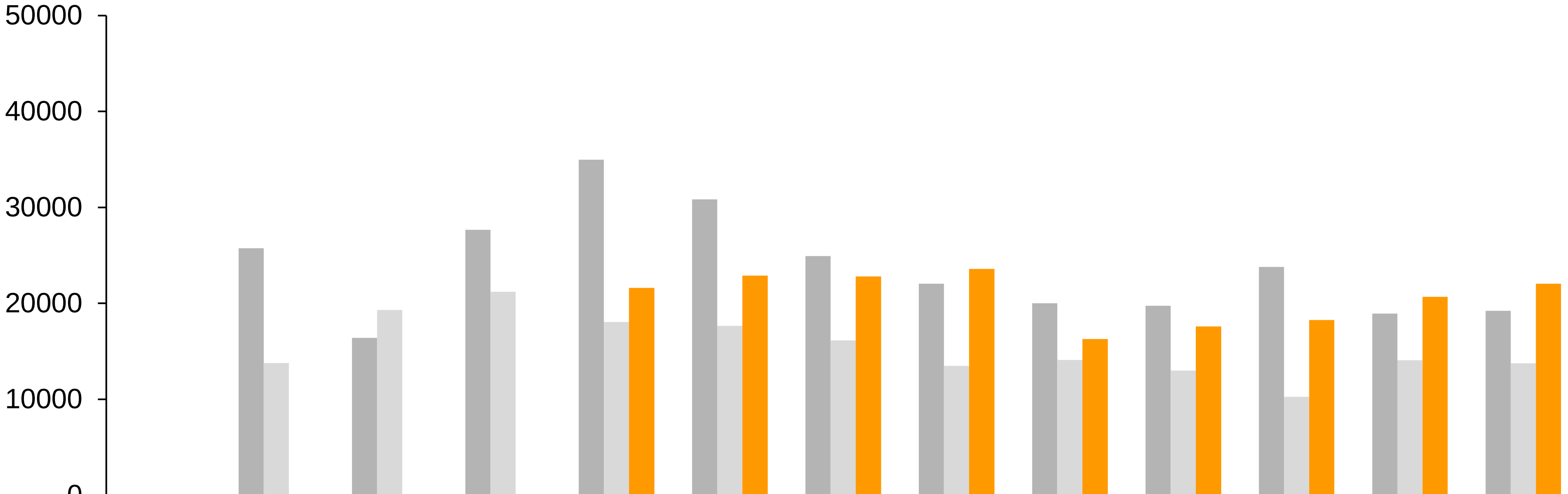
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.
2015	32200	39300	25500	27300	20400	22000	17700	15200	26700	20400	23500	34700
2016	20158	35790	34060	17649	21360	13789	15840	13302	11931	9482	14031	11746
2017				32800	25800	20455	19946	16600	18900	13400	14600	21500

NA final September net trailer orders at 21,500 units, up 47% m/m and 83% y/y. In the first nine months of 2017 net trailer orders increased by 43% yoy.

 Source: FTR, October 2017

Truck market trend North America

Class-8 net orders



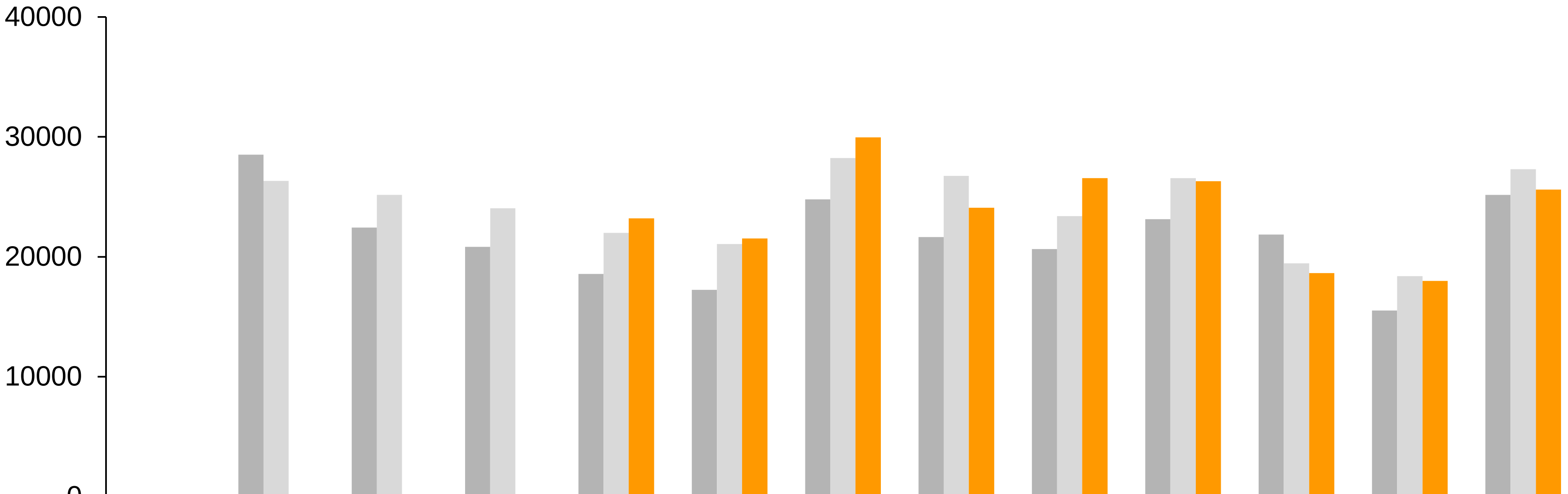
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.
2015	25749	16388	27660	34984	30838	24918	22044	20021	19747	23811	18926	19235
2016	13775	19300	21200	18062	17650	16147	13500	14095	13000	10263	14078	13753
2017				21600	22900	22800	23600	16300	17600	18255	20683	22055

Class 8 net orders for September at 22,055 units, a month over month improvement of 7% and 60% better than a year ago. In the first nine months net orders soared by 42%.

 Source: FTR, Truck OEMs -- Total N.A. Cl. 8 Orders (US/CAN/MEX/EXP), October 2017

Heavy truck market EU

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



	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep
2015	28529	22431	20839	18564	17234	24798	21653	20633	23126	21865	15516	25171
2016	26324	25156	24044	21989	21052	28250	26756	23402	26571	19453	18387	27305
2017				23195	21531	29971	24096	26572	26307	18646	17984	25598

In September 2017, demand for heavy commercial vehicles declined by 6.3% to 25,598 vehicles.
In the nine-months period 2017 HCV registrations increased slightly by 0.4%.

 Source: ACEA, Commercial vehicle registrations, October 2017

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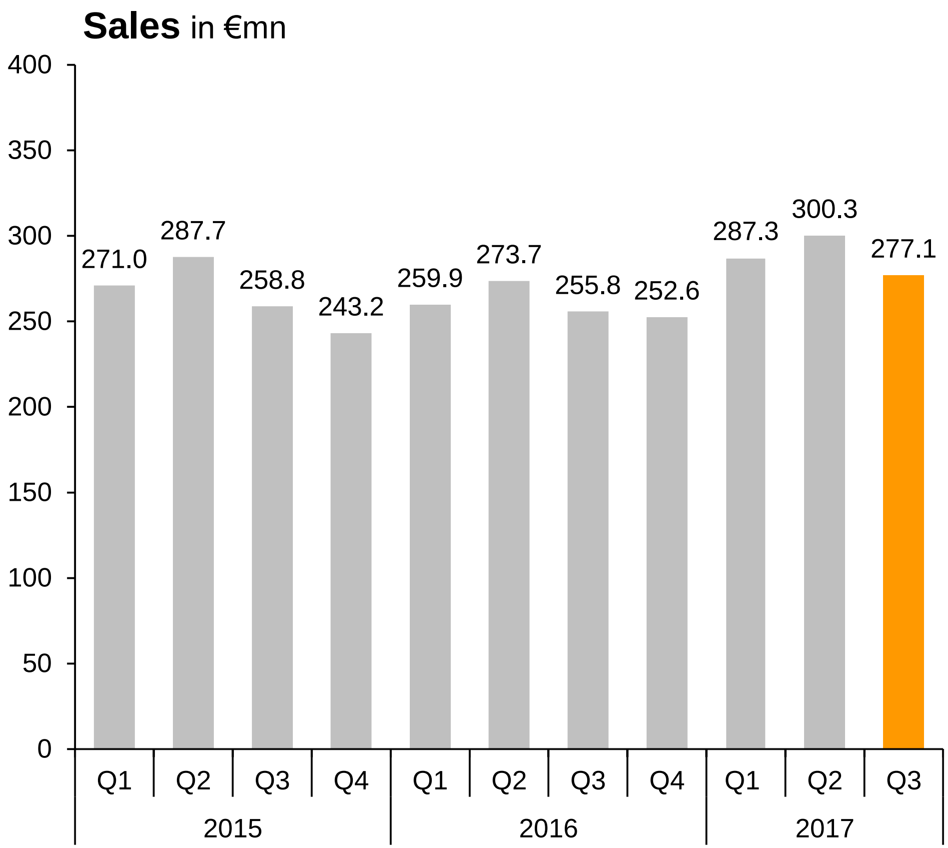
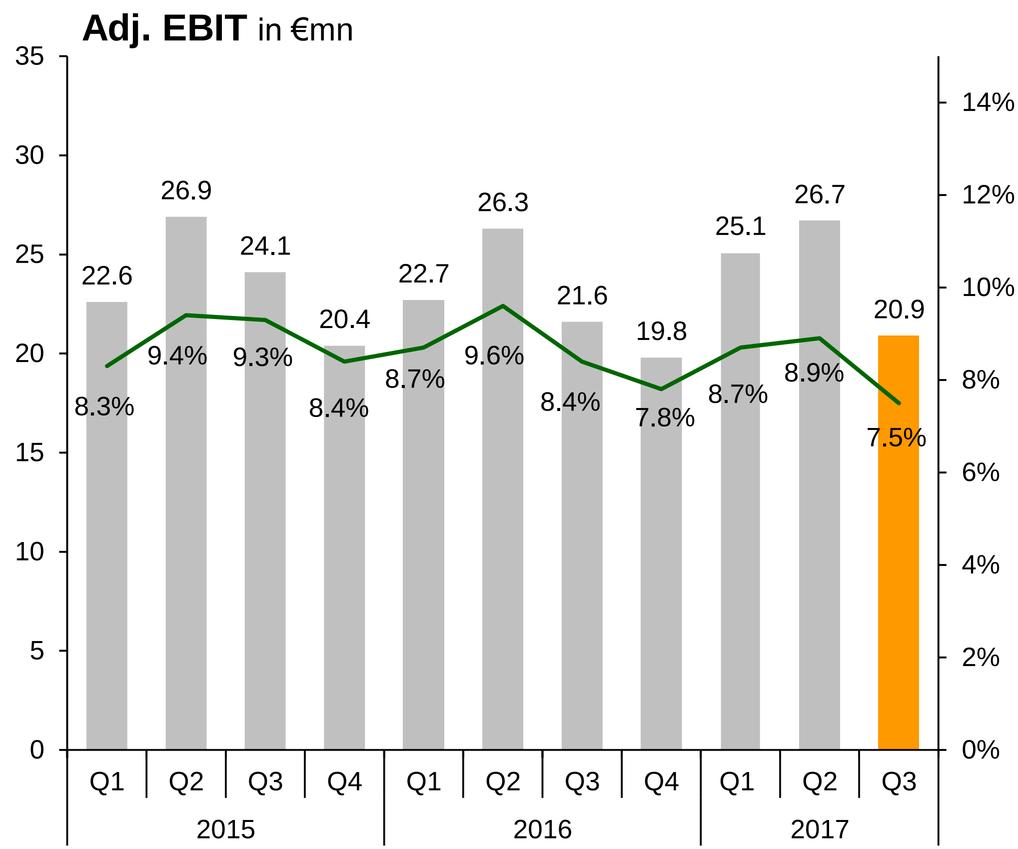
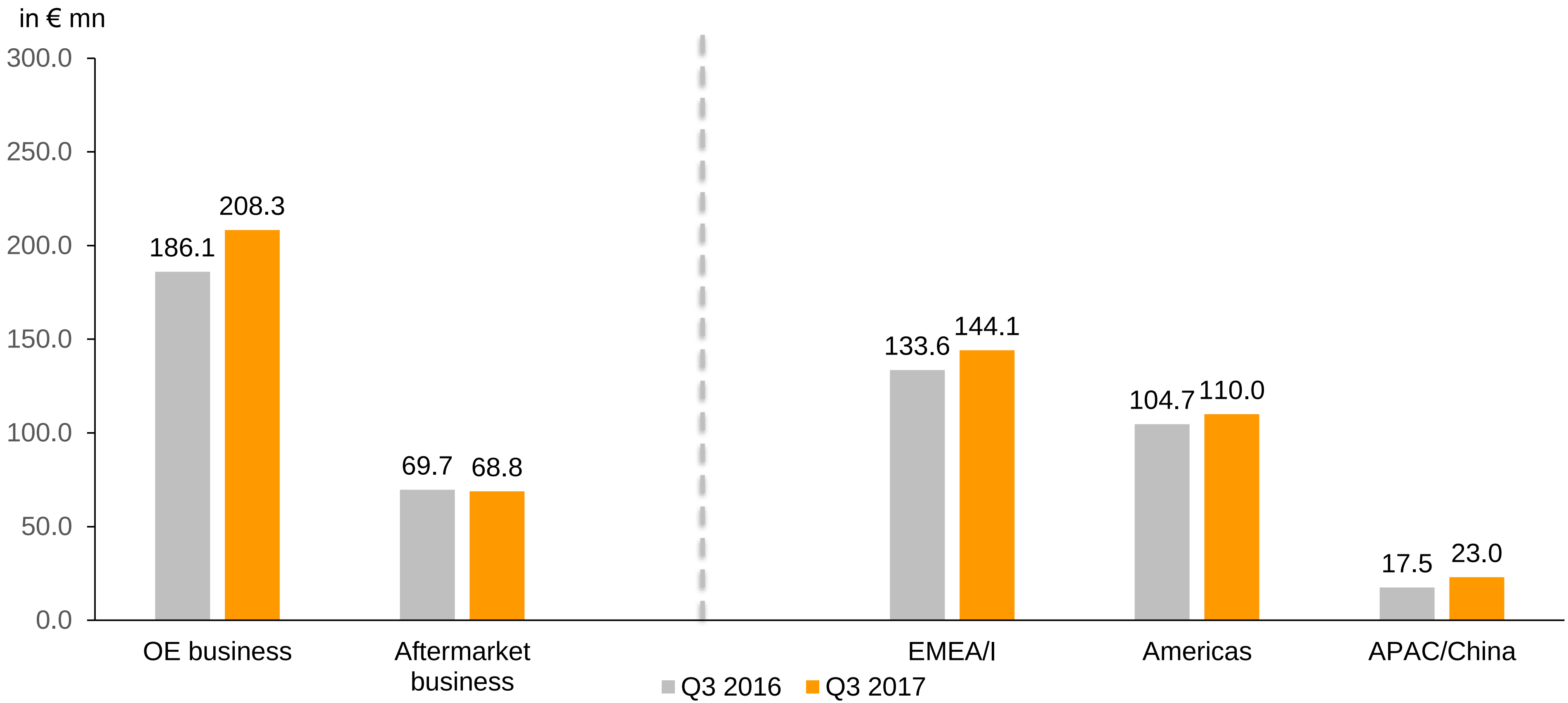
Group sales and adjusted EBIT by quarter





Group sales in the third quarter of 2017 were up 8.3 % reaching a record of € 277.1 mn (Q3 2016: € 255.8 mn). Adj. EBIT margin of 7.5 % below plan due to unexpected additional expenses for the US plant consolidation which were not adjusted in the adj. EBIT in the third quarter 2017.

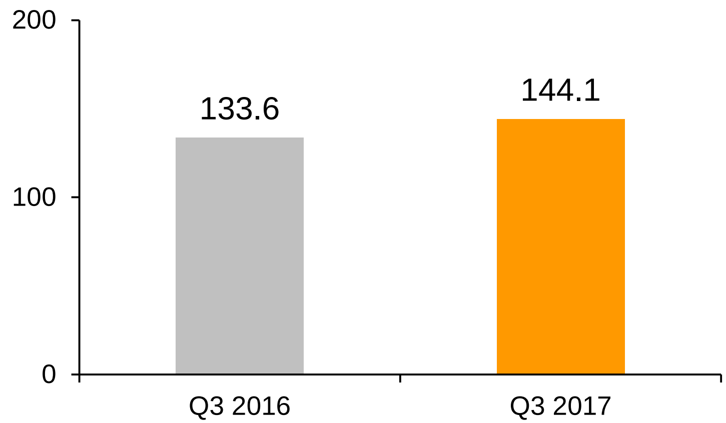
Sales split Q3 2017 by channel and region



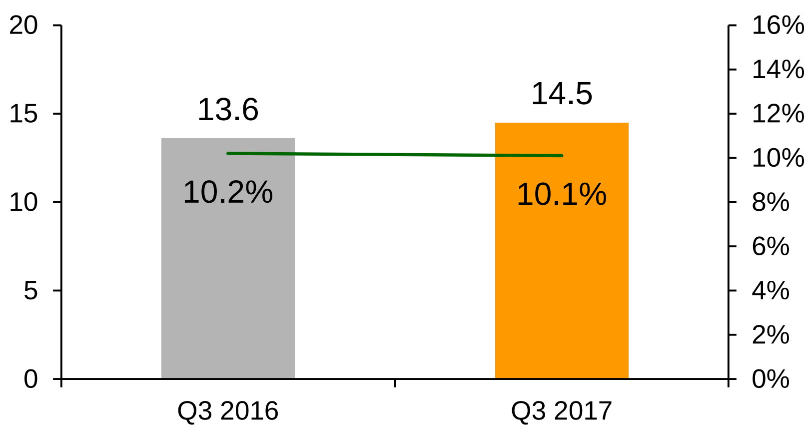
Strong Q3 2017 sales growth driven by the OE (+11.9% yoy) business whereas AM was only stable due to US production restrictions; All of the Group´s regions contributed to the better-than-expected sales growth.

Business performance by region – EMEA/I: Strong organic growth outperforming market trend

Sales in €mn



Adj. EBIT in €mn and **margin** in %



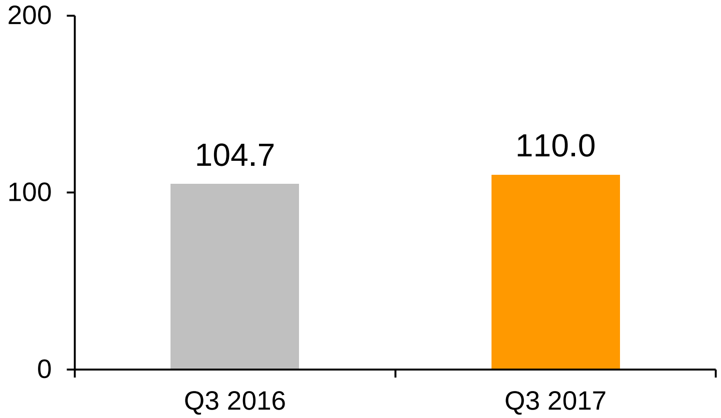
Summary

- Q3 sales growth of 7.9% to € 144.1 mn (py: € 133.6 mn). On a currency-adjusted basis: +8.6% yoy
- Solid growth esp. in Italy, France, and Spain as well as in Eastern European countries, i.e. Poland and Russia
- OE share gains in concert with solid AM performance
- Improved capacity utilization at Turkish plant due to better demand and new contracts

- Q3 adjusted EBIT rose to € 14.5 mn (py: € 13.6 mn)
- Continued steel price increase burdened
- Adjusted EBIT margin in this environment came in strong at 10.1% (py: 10.2%) supported by mix effects.

Business performance by region – Americas facing temporary pressures from plant consolidation

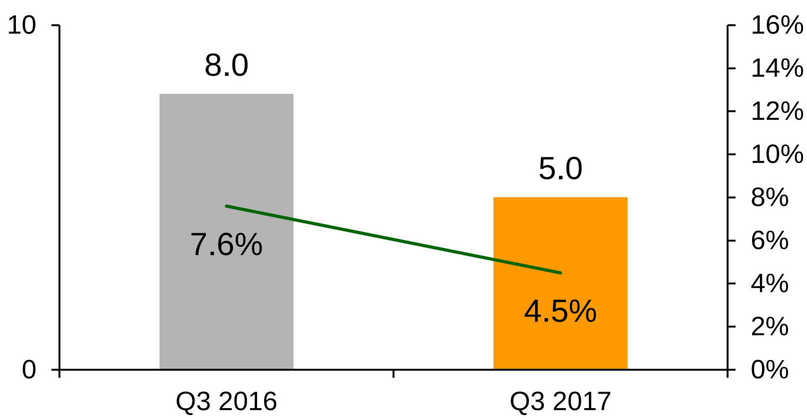
Sales in €mn



Summary

- Q3 sales in the region increased to € 110.0 mn (py: € 104.7 mn)
- After adjustment for contribution of € 3.4 mn from KLL, Brazil (acquired in Oct. 2016) and negative currency effects of € 4.8 mn organic sales increased by 6.4%
- Unexpectedly strong rise in demand in the US OE business

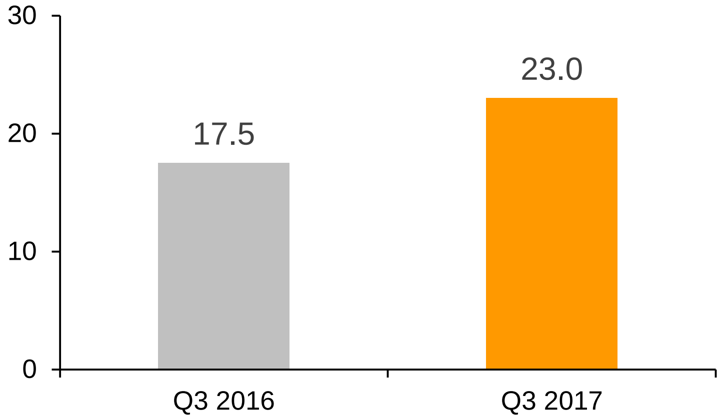
Adj. EBIT in €mn and **margin** in %



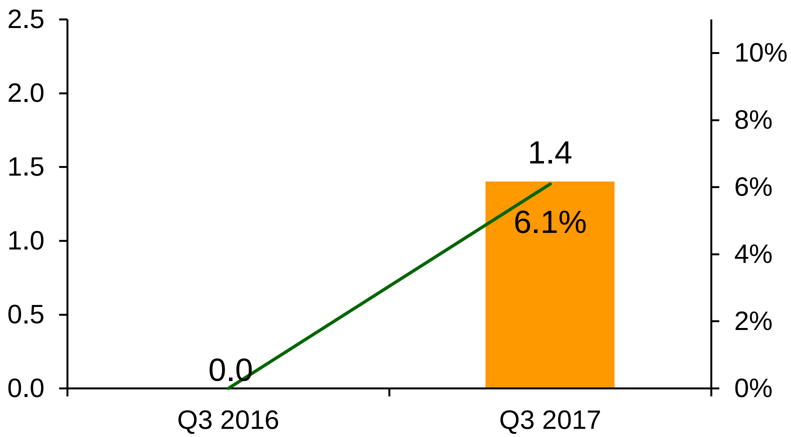
- Q3 adj. EBIT margin at 4.5% (py: 7.6%)
- Besides € 3.0 mn in adjusted restructuring cost, € 4.0 mn in additional operating expenses
- Margin burdened by temporarily higher personnel cost, expedited freight expenses and production inefficiencies related to progressing US plant consolidation as well as unfavorable segment/product mix
- Persistent steel price increase

Business performance by region – APAC/China: Double-digit growth and improved earnings situation in China major driver

Sales in €mn



Adj. EBIT in €mn and **margin** in %

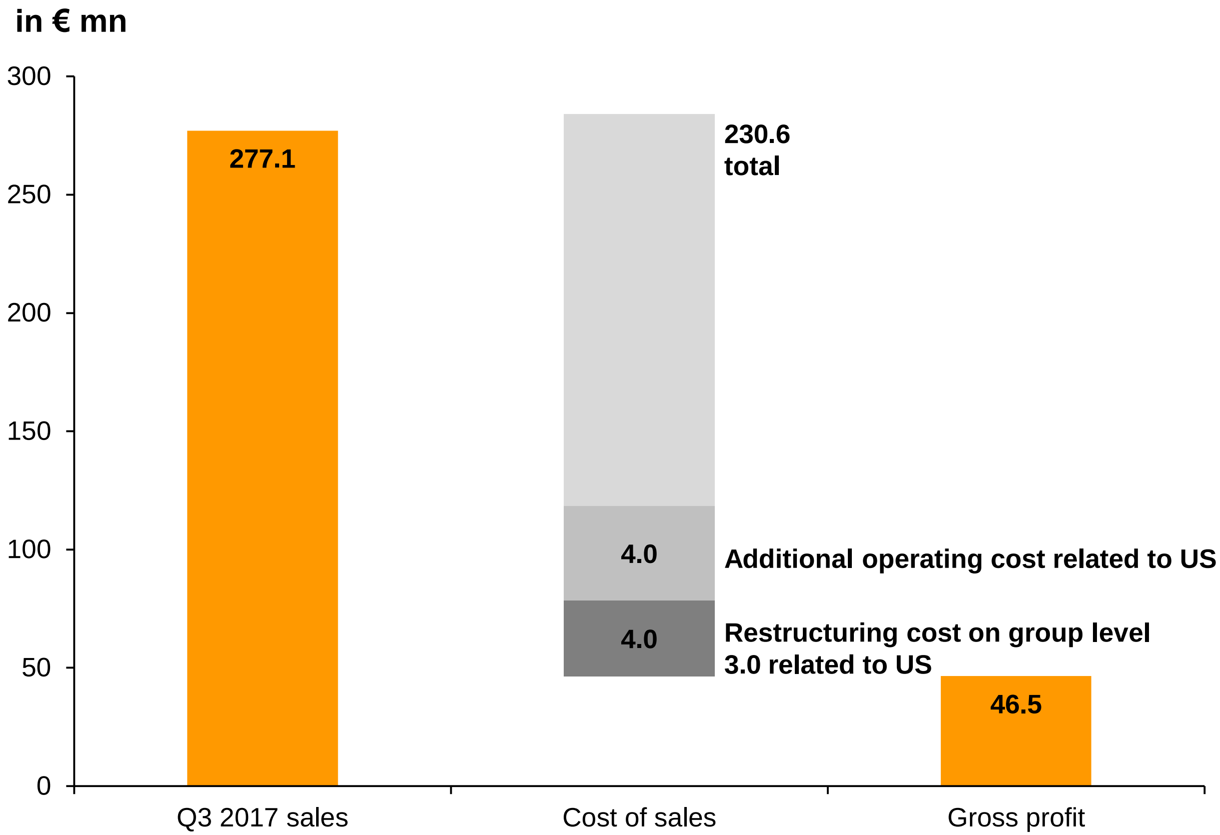


Summary

- Strong sales increase in Q3 2017 of 31.1% to € 23.0 mn, on a currency-adjusted basis 35.8%
- Key driver was the growing business with trailer components in China, driven by GB 1589 overload ban and market share gains with weight-saving axle and suspension systems
- Demand in the remaining APAC markets (incl. Australia) remained mixed

- Adjusted EBIT in the region rose to € 1.4 (0.0) mn
- At 6.1% (0.0%), the adjusted EBIT margin improved significantly yoy
- Margin improvement resulting from the successful implementation of restructuring and automation measures and product mix besides low prior year basis
- Corpco repositioning and product portfolio adaption: € 0.2 mn in restructuring expenses

Reconciliation sales to gross profit Q3 2017



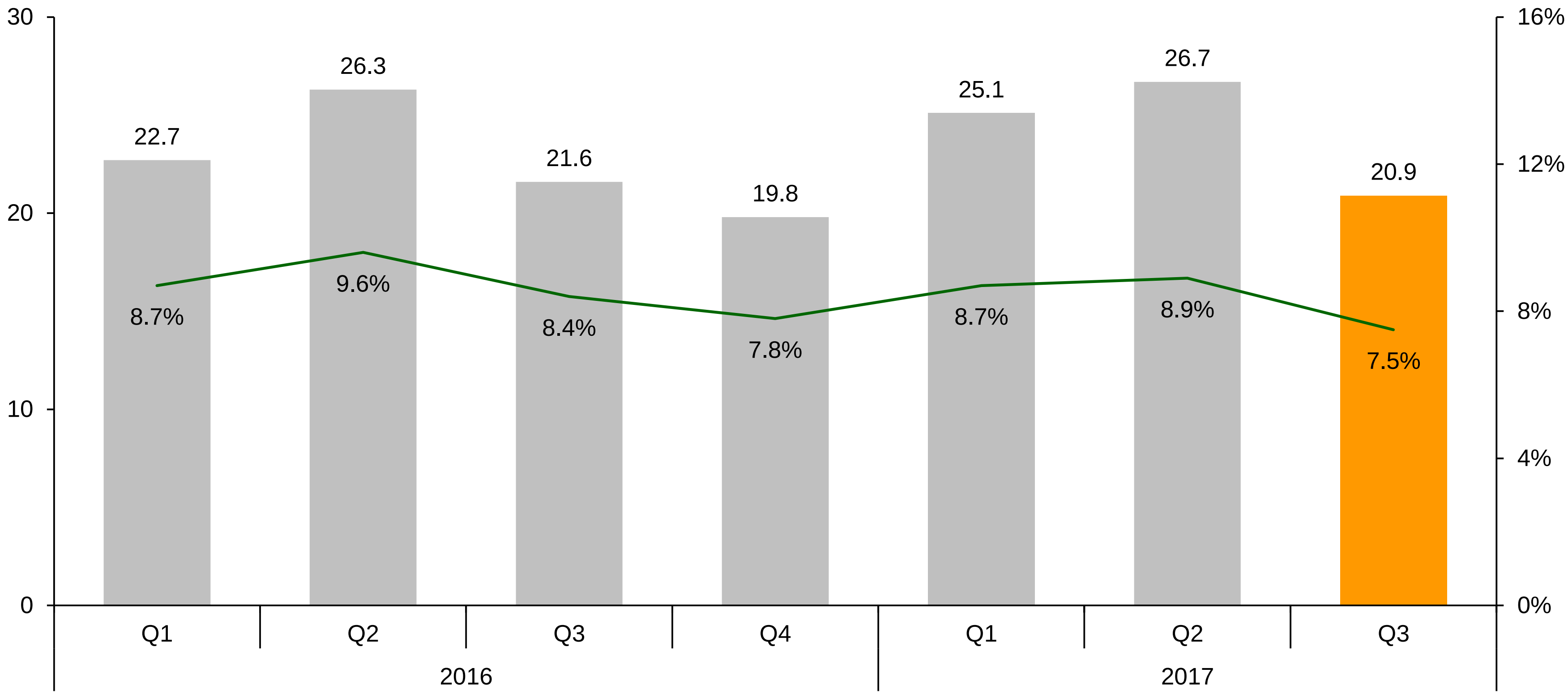
Impacts on gross margin in Q3 17

Temp. Workforce	-
Volume	+ -
Raw Materials	-
Product Mix	-
Restructuring Cost	-
Exchange Rate	-
Operating Efficiencies	-

Q3 2017 gross profit at € 46.5 mn and gross margin at 16.8% (py: 19.1%); Disproportionate increase in cost of sales (+11.4% yoy) versus sales growth (+ 8.3% yoy) mostly due to the US: temporarily higher number of workforce and significantly higher expedited freight cost due to seasonally untypical soaring of customer call-offs coinciding with US plant consolidation affected gross margin

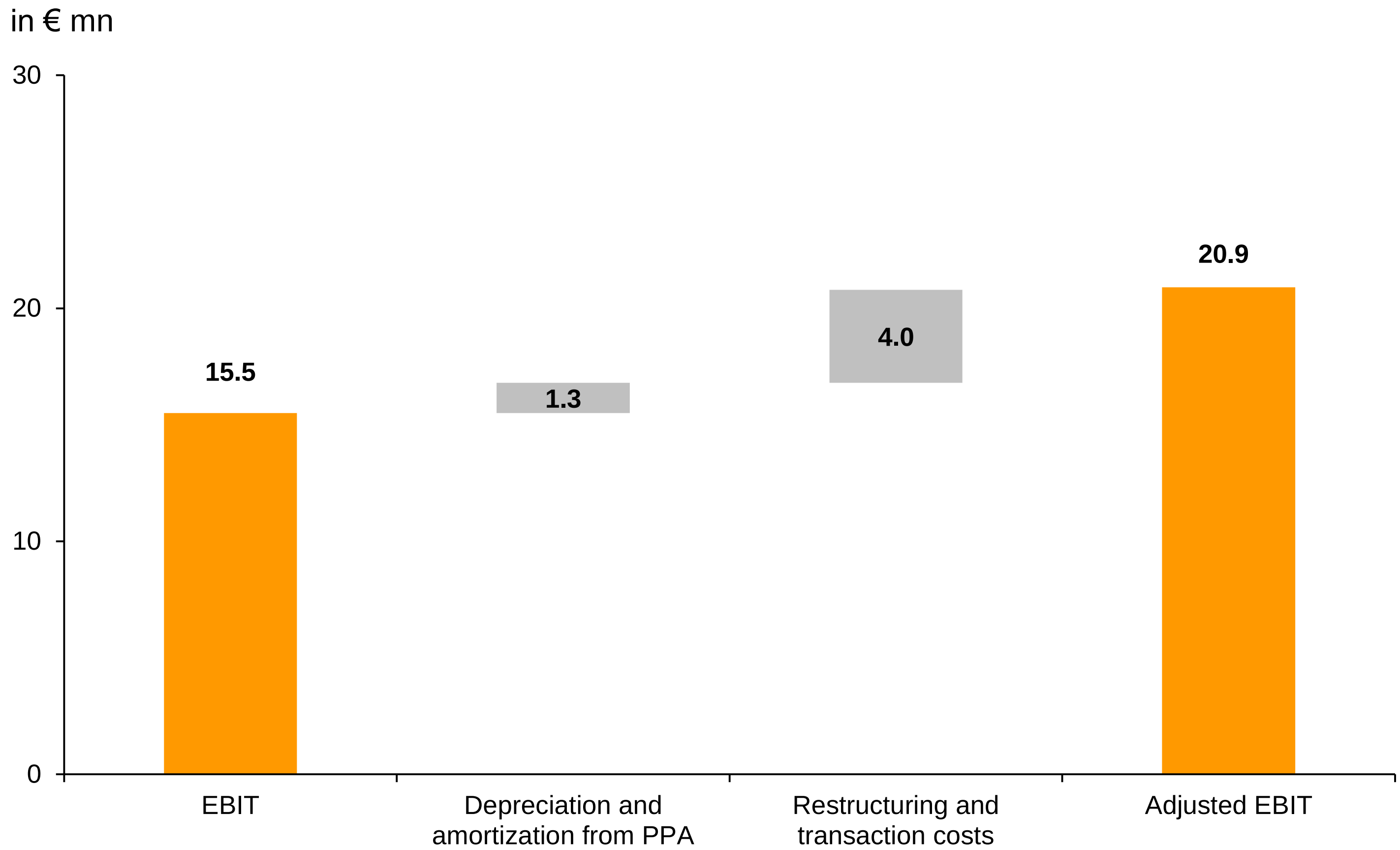
Group adjusted EBIT by quarter

Adjusted EBIT in €mn



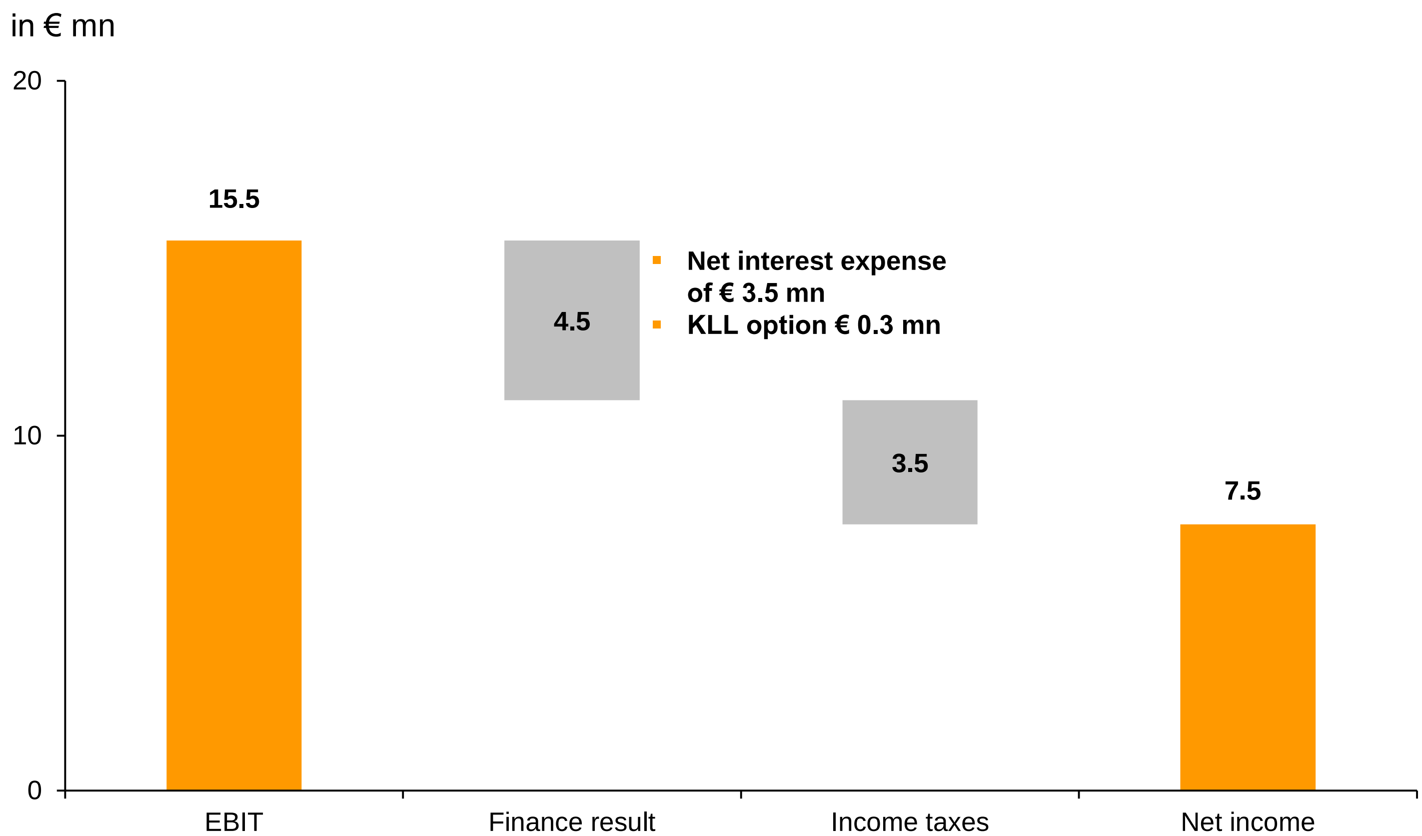
The Q3 17 adjusted EBIT and EBIT margin declined sequentially due to temporary pressures in the Americas region caused by plant consolidation; 9-months adjusted EBIT margin reached 8.4 % within the planned range of 8 - 9 %.

Reconciliation EBIT to adjusted EBIT Q3 2017



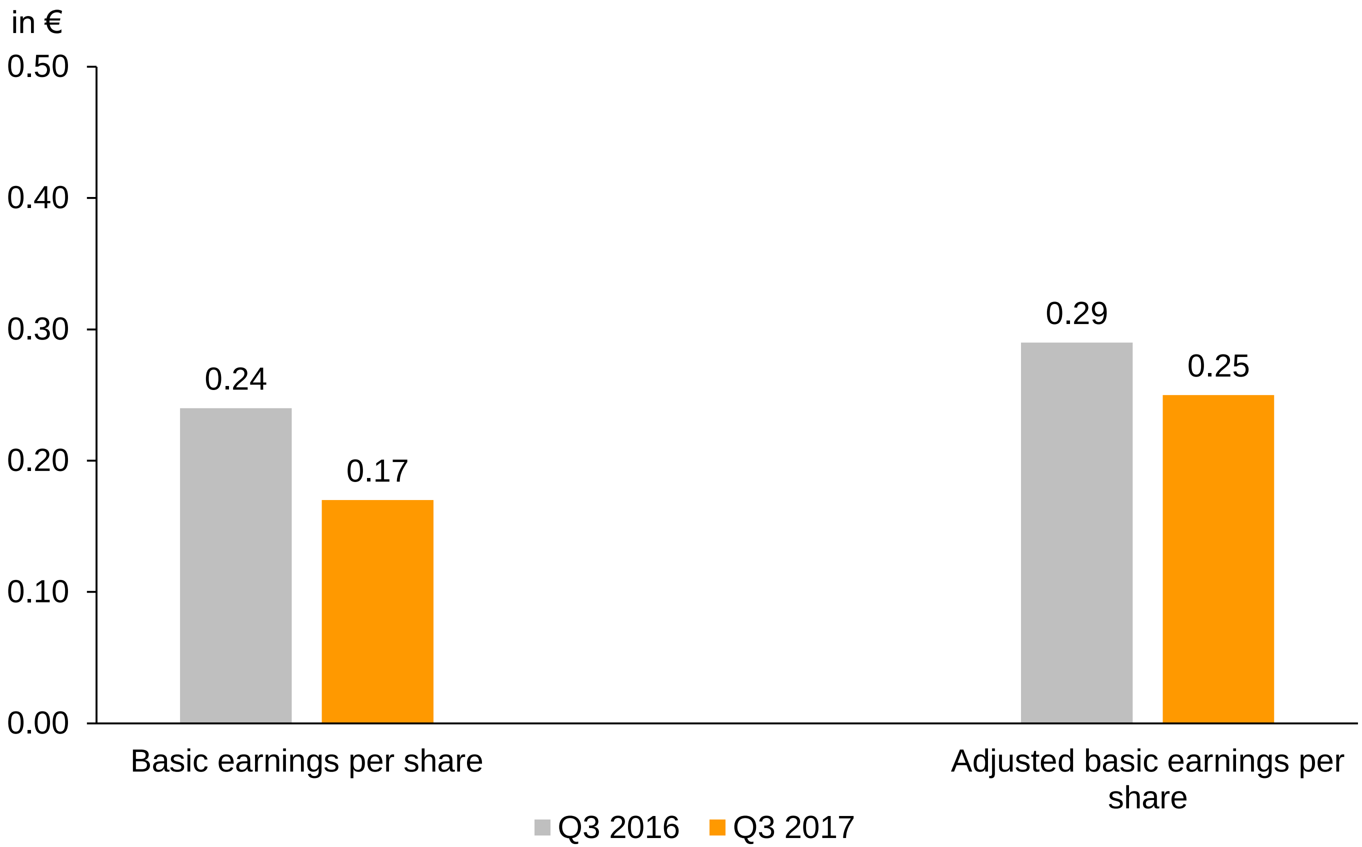
Excl. restructuring and transaction costs totaling € 4.0 mn (€ 3.0 mn related to US plant consolidation) and PPA of € 1.3 mn, the adjusted EBIT amounted to € 20.9 mn.

From EBIT to Net income Q3 2017



Clean EBIT of € 15.5 (16.2) mn combined with higher net finance cost of € 4.5 mn (Q3 2016: € 2.5 mn) and a normalized Group tax rate of 32.0% (Q3 2016: 22.4%) resulted in Q3 2017 net income of € 7.5 mn (Q3 2016: € 10.7 mn).

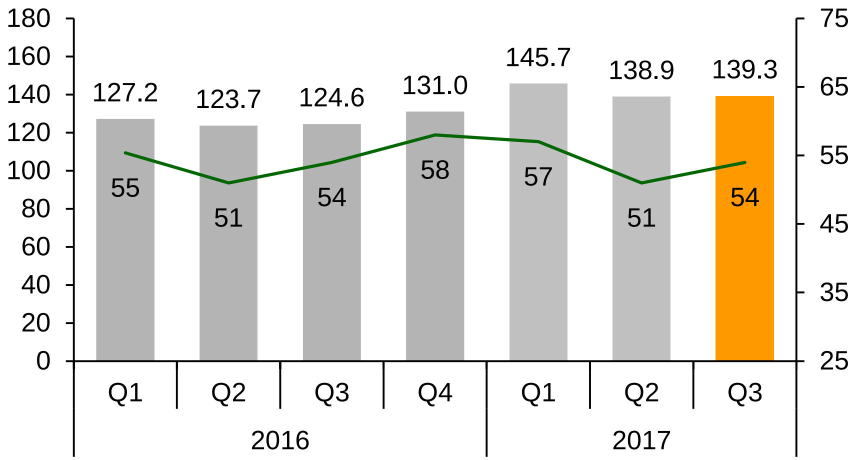
Basic EPS versus adjusted EPS



Based on an unchanged number of 45.4 mn shares outstanding, basic EPS reached € 0.17 (py: € 0.24); Adjusted basic EPS amounted to € 0.25 (py: € 0.29)

Inventories and Net Working Capital

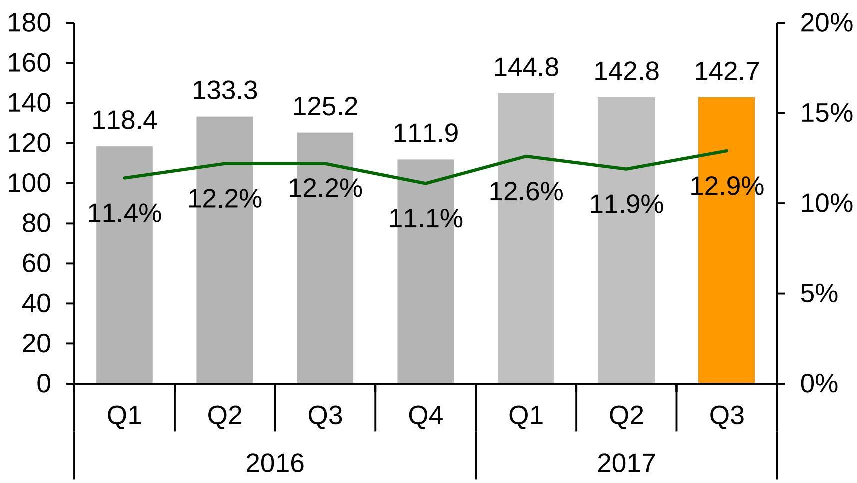
Inventories in € mn and days of inventories



Summary

- Despite dynamic sales trend, inventories at € 139.3 mn stagnated when compared to Q2 2017 (€ 138.9 mn)
- Inventories increased slightly compared to the Dec 31, 2016 level of € 131.0 mn; US plant consolidation has required temporarily stepped-up inventory
- Increase in inventories came in lower versus the 9.5% sales growth rate in the first nine months of 2017
- Days of inventory outstanding as of Sept. 30, 2017 improved to 54 (Dec. 31, 2016: 58)

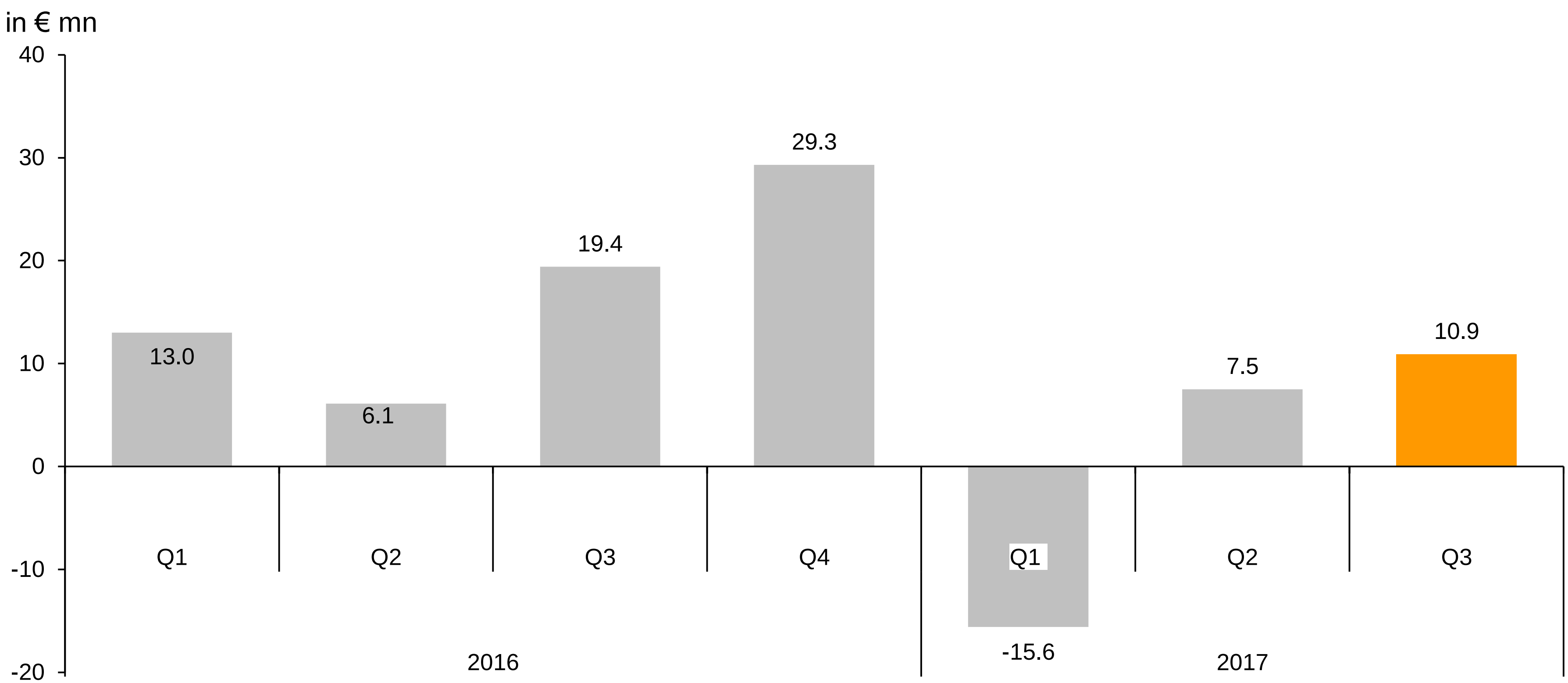
Net working capital in € mn and as % of sales



Summary

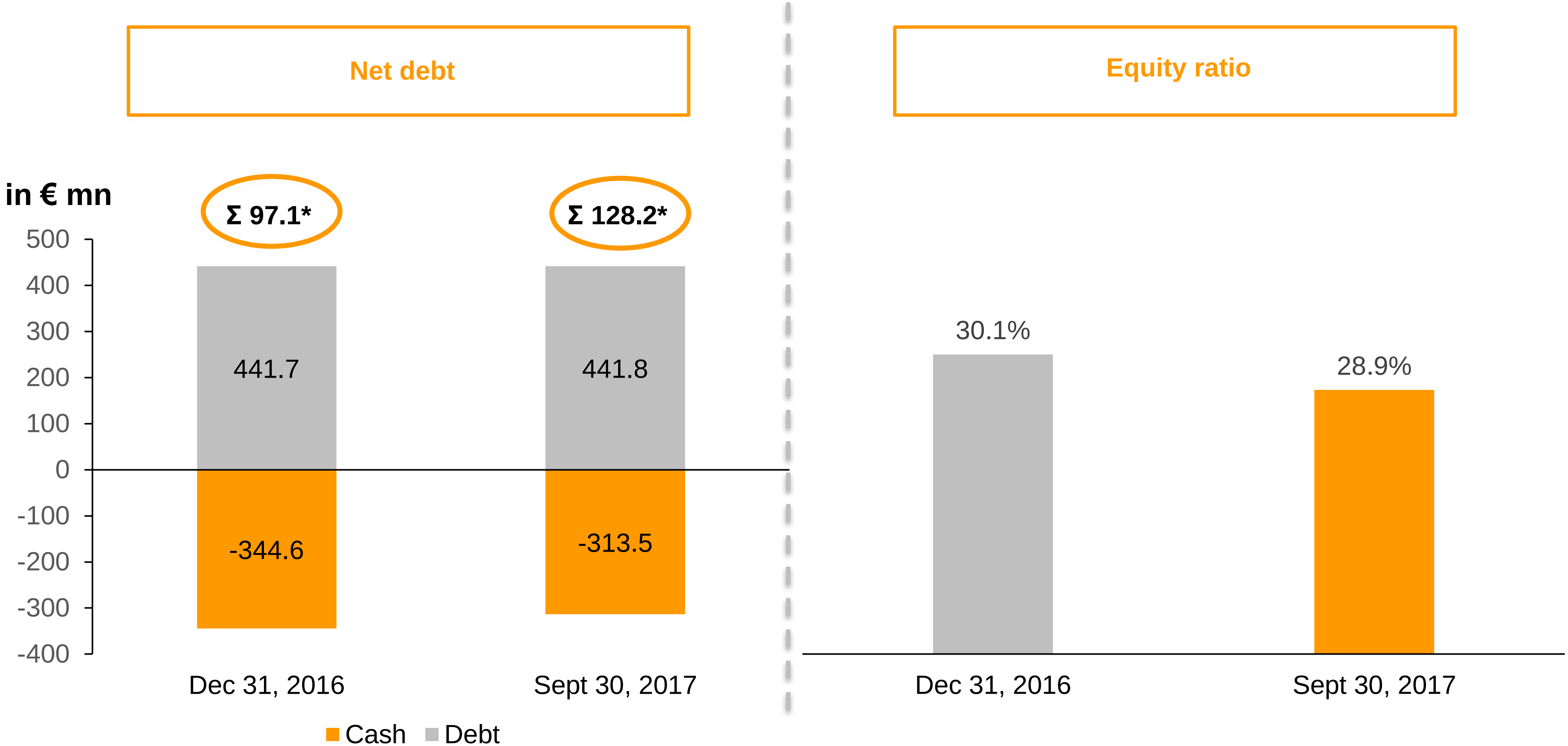
- NWC at € 142.7 mn, in absolute terms, remained unchanged compared to June 30, 2017 (€ 142.8 mn)
- As of Sept. 30, 2017 NWC ratio amounted to 12.9%, higher than Q2 (11.9%) but in line with the 12 to 13% target range
- Trade receivables lowered by € 12.1 mn in Q3

Free cash flow by quarter



Free cash flow (net cash flow from operating activities less investments in PPE and intangible assets, pre-dividend) sequentially improved in Q3 2017 to € 10.9 mn from € 7.5 mn in Q2 2017. Further improvement planned until year-end. Stepped-up capex in Q3: € 7.1 mn as compared to py (€ 4.8 mn)

Net debt reduced to € 128.2 mn - Equity ratio reflecting strong cash position



* Net debt incl. cash and cash equivalents and other short-term investments sequentially reduced to € 128.2 mn (Q2 2017: € 135.4 mn); The equity ratio as of Sept. 30, 2017 was 28.9% reflecting M&A related high cash and cash equivalents (€ 313.5 mn); Figures were impacted by € 20.0 mn dividend payment and neg. currency effects

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Market Forecast 2017 and 2018

Global trailer forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY16*
North America	ACT Trailer Shipm.[1)]	296	334	313	**-6.4**	310	**-1.0**	300	**-4.0**	approx. 20%
	FTR Trailer Build[2)]	292	331	309	**-6.6**	308	**-0.4**	314	**+1.8**	

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY16**
Western & Eastern Europe	Trailer Production[4)]	261	279	301	**+7.8**	301	**+0.0**	286	**-5.0**	approx. 40%

Global truck forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY16*
North America Class 8	ACT Truck Build[1)]	297	323	228	**-29.4**	251	**+9.7**	279	**+11.4**	approx. 11%
	FTR Truck Shipment[2)]	295	320	227	**-29.1**	247	**+8.8**	300	**+21.7**	

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY16**
Western, Central & East. Europe	LMC[3)]	403	427	445	**+4.3**	470	**+5.5**	490	**+4.3**	approx. 4%

NA trailer market 2017 now expected to match last year's solid production level; NA class-8 truck production meanwhile forecast to increase both in 2017 and 2018; Europ. trailer market forecast to remain at solid levels with HDT production growing moderately in 2018

Sources:
1) ACT N.A. Commercial Vehicle Outlook, Aug. 2017, published monthly by Americas Commercial Transportation Research Co., LLC, Columbus, Indiana.
2) North American Commercial Truck & Trailer Outlook, Sept. 2017, published monthly by FTR Associates, Nashville, Indiana.
3) LMC/Global Commercial Vehicle Forecast Q3 2017
4) CLEAR May. 2017, Western Europe, Eastern Europe (incl. RU, TR), preliminary estimates Sept. 2017
* 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: Adj. financial targets 2017 (as already reported on Oct. 9) – sales forecast raised, adj. EBIT margin now tending towards lower end of range

	FY 2017*	Strategy 2020
Sales	€ 1,125 mn to € 1,135 mn (before: up 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 towards the lower end of the range (before: mid-point of the range)	≥ 8%
NWC ratio	12 - 13%	12%
CAPEX	€ 28 mn - € 31 mn p.a.	€ 26 mn - € 28 mn p.a.

* 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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