Strategy 2020 - Moving Ahead

Q2 2017 Results

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Agenda

- Business Summary Q2 2017
- Market Update
- Financials
- Market forecast and Company Outlook

- Business Summary Q2 2017

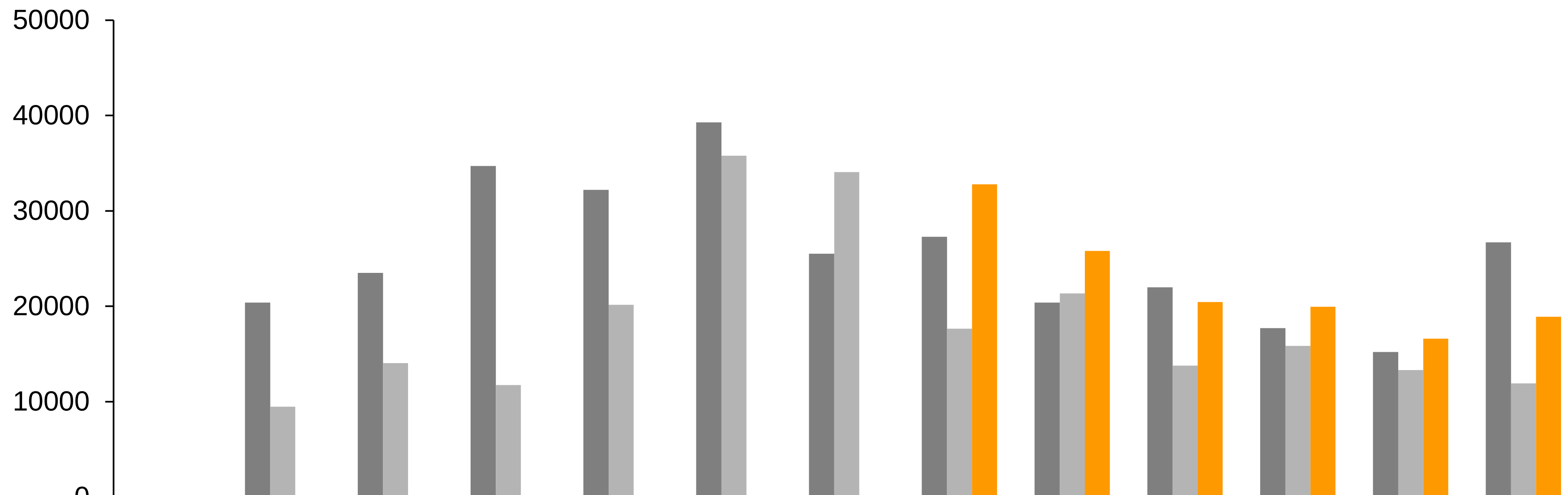
Business Summary Q2 2017

- Solid organic top line growth driven by all regions in still challenging market environment, e.g. featuring lower truck and trailer production figures throughout first 6-months 2017 in North America
- Q2 sales growth of 9.7% reaching a record quarterly sales level of € 300.3 (273.7) mn, thereof organic growth +7.1%, FX effects +1.4% and M&A +1.2%
- The adjusted EBIT margin came in within the range of 8-9% as targeted for the full year of 2017 but higher than the expected mid range of 8 to 9%: 8.9% in Q2 and 8.8% in H1 2017
- The Q2 adjusted EBIT amounted to € 26.7 mn (previous year: € 26.3 mn)
- Plant consolidation in the US in full progress according to plan: € 2.1 mn in restructuring expenses in Q1 17 and € 4.3 mn in Q2 17
- Reported EPS came in at € 0.26 (Q2 16: € 0.32); the adjusted basic EPS amounted to € 0.35 (Q2 16: € 0.38)
- Efficiency measures: Production consolidation in Brazil at KLL to realize synergies alongside repositioning and structural measures at Corpco

- Market Update

Trailer market trend North America

Trailer net orders



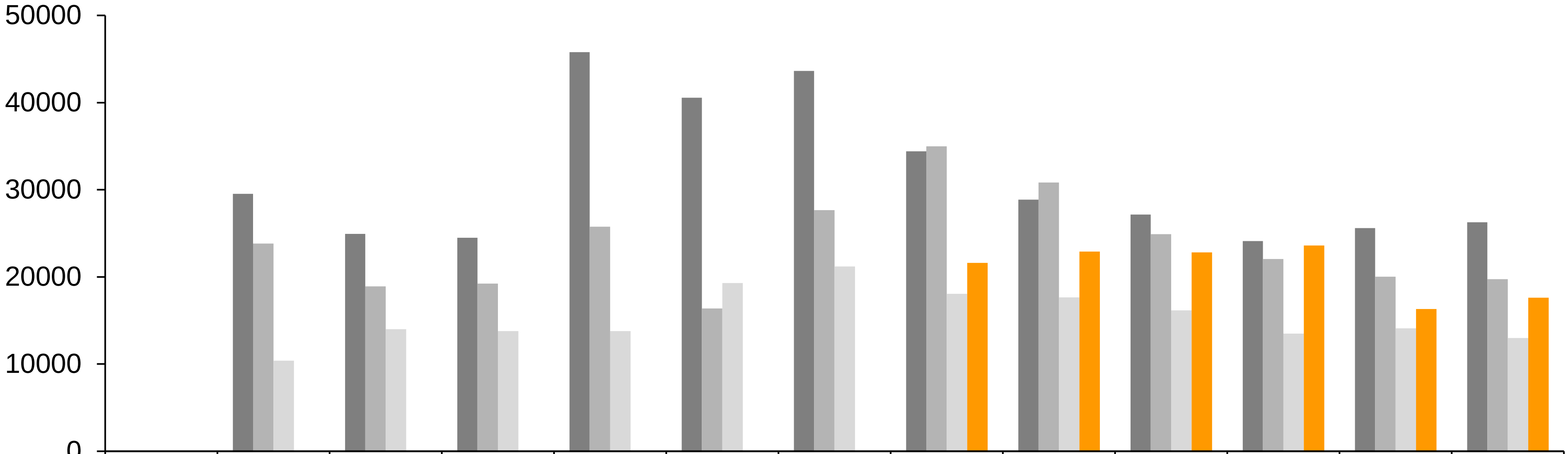
	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
2015	20400	23500	34700	32200	39300	25500	27300	20400	22000	17700	15200	26700
2016	9482	14031	11746	20158	35790	34060	17649	21360	13789	15840	13302	11931
2017							32800	25800	20455	19946	16600	18900

In the first half 2017 trailer production was still down 7% while net orders soared by 41% yoy. June trailer net orders came in at 18,900 units, rebounding from May at 12% m/m growth, a 58% increase over June 2016.

 Source: ACT; FTR, July 2017

Heavy truck market trend North America

Class-8 net orders



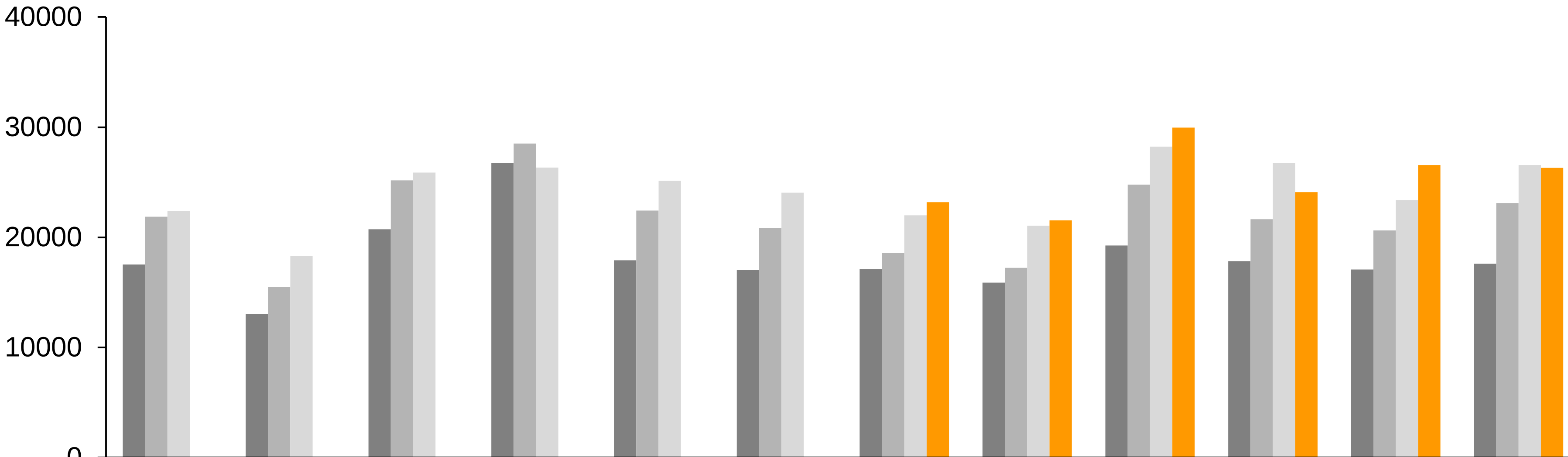
	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
2014	29516	24947	24477	45795	40560	43620	34403	28876	27139	24115	25605	26255
2015	23811	18926	19235	25749	16388	27660	34984	30838	24918	22044	20021	19747
2016	10400	14002	13791	13775	19300	21200	18062	17650	16147	13500	14095	13000
2017							21600	22900	22800	23600	16300	17600

In the first half 2017 class-8 production fell 8% with net order intake increasing by 35% yoy; Class-8 net order intake in June was 17,600 units, a m/m improvement of 7% and 38% higher than the admittedly very low comparables from a year ago; still way slower market when compared to 2015.

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

Heavy truck market EU

New registrations HCV >16 tons



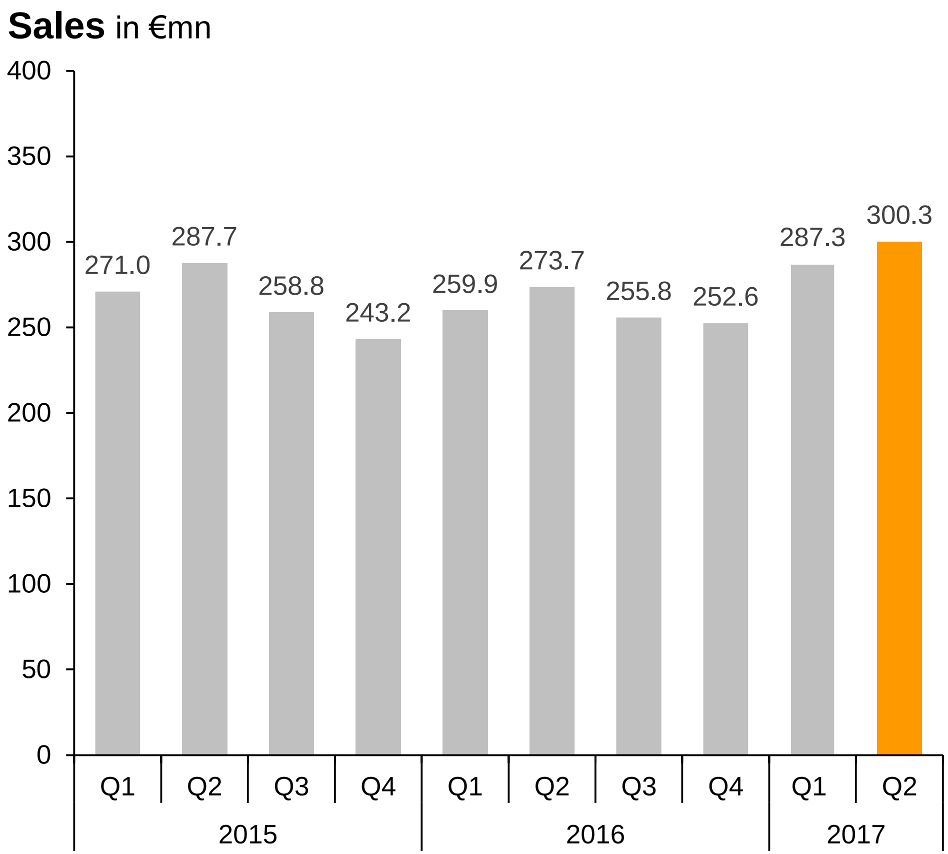
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June
2014	17523	13019	20732	26768	17921	17031	17117	15894	19267	17838	17078	17597
2015	21865	15516	25171	28529	22431	20839	18564	17234	24798	21653	20633	23126
2016	22394	18307	25889	26324	25156	24044	21989	21052	28250	26756	23402	26571
2017							23195	21531	29971	24096	26572	26307

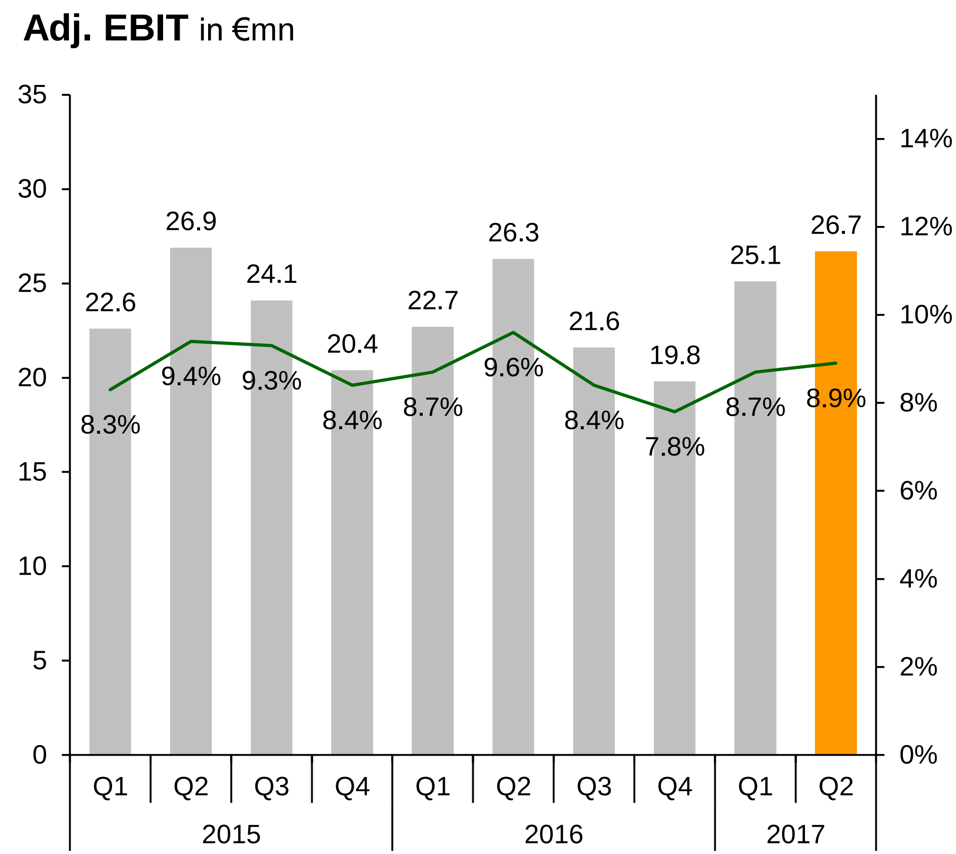
June 2017 registrations show a slight slowdown in demand for HCVs yoy (-1.0%) following May’s strong 13.5% increase. The Spanish, UK and French markets did well, expanding by 15.1%, 10.6% and 10.5% respectively, yet demand for heavy trucks contracted in Germany (-11.4%).

 Source: ACEA, Commercial vehicle registrations, July 2017

- Financials

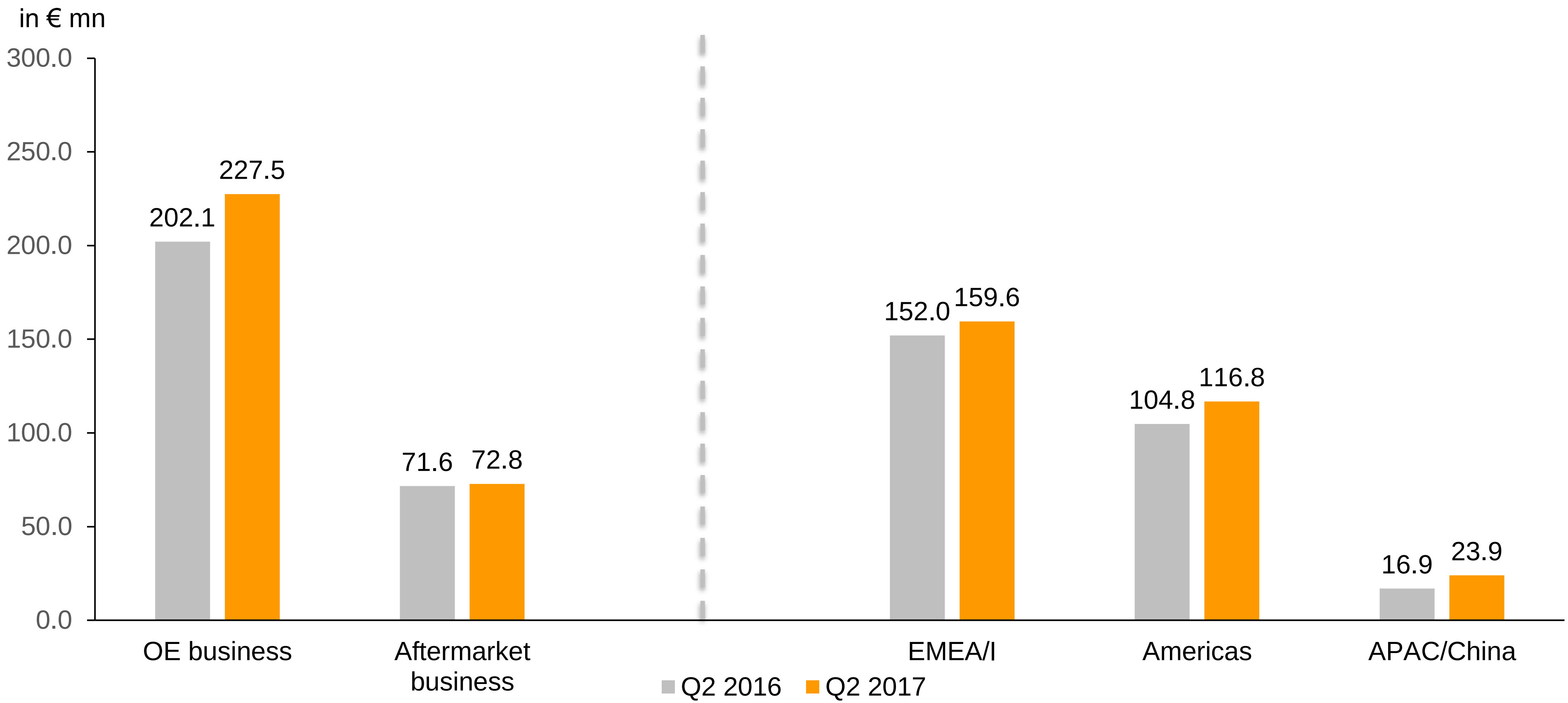
Group sales and group adjusted EBIT by quarter





Q2 2017 top line achieved a new record high growing 9.7% yoy to € 300.3 mn; Strong organic growth of 7.1% in Q2 following 7.6% in Q1 respectively 4.0% in Q4 2016; Adjusted EBIT (€ 26.7mn) higher sequentially and over previous year, margin at 8.9% (Q1 2017: 8.7%).

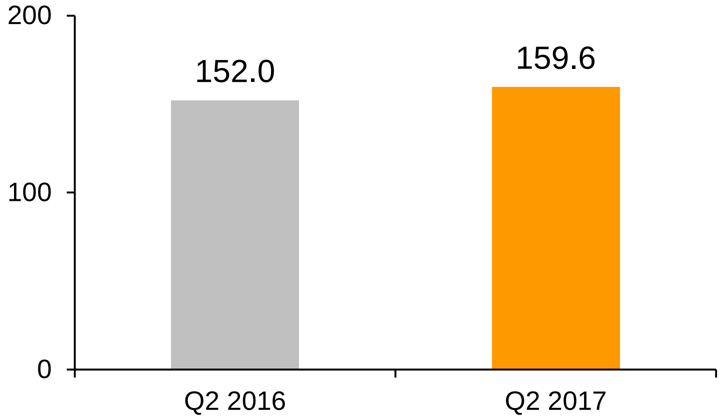
Sales split Q2 2017 by channel and region



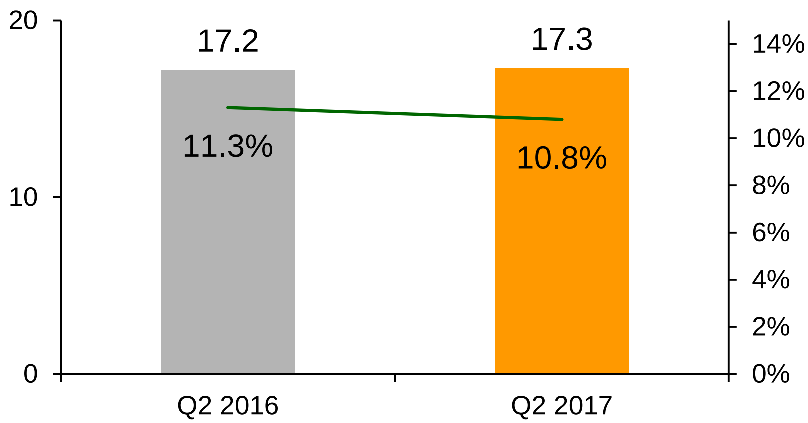
Q2 2017 sales growth driven by both the OE (+12.6% yoy) and AM (+1.6% yoy) business; Growth supported by all regions, also the Americas despite still lower trailer production. AM affected by high py comparables and lower number of working days in Q2; US AM still in only modest recovery mode

Business performance by region – EMEA/I: Solid organic growth continues

Sales in €mn



Adj. EBIT in €mn and **margin** in %



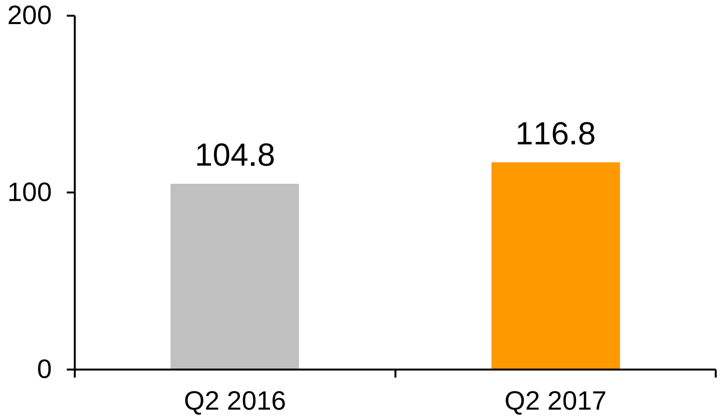
Summary

- Q2 sales growth of 5.0% to € 159.6 (152.0) mn. On a currency-adjusted basis: +4.3% yoy
- Solid growth in Southern Europe, e.g. in Italy and Spain, as well as in various Eastern European countries
- Share gains assisted by solid AM performance
- Ramp-up of Turkish plant covering the region in the face of difficult domestic market

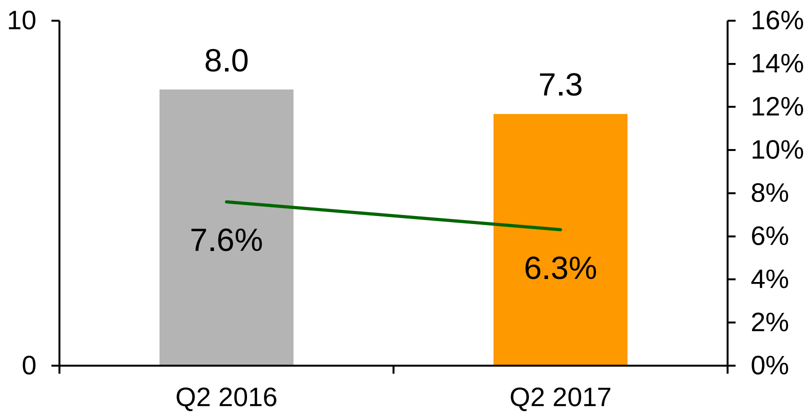
- Q2 Adjusted EBIT rose to € 17.3 (17.2) mn
- Once more double-digit adjusted EBIT margin reached 10.8% (11.3%).
- Sequentially up 50 bps vs Q1 17 despite steel price increase and unfavorable product mix

Business performance by region – Americas: Outperforming the market

Sales in €mn



Adj. EBIT in €mn and **margin** in %



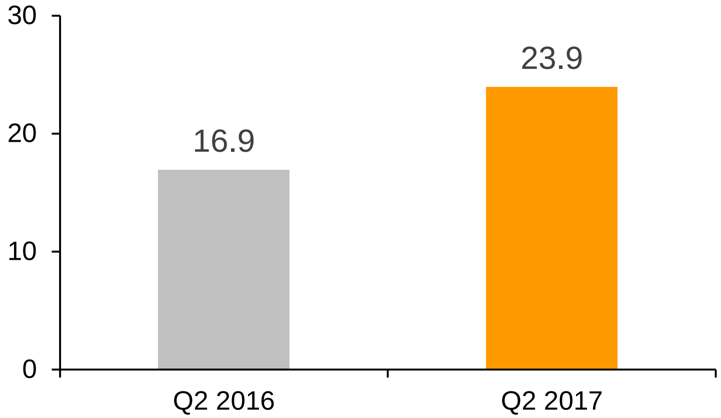
Summary

- Despite divergent market segment trends in Q2 – class-8 production up 4% on weak comparables, trailer production fell 3% – SAFH achieved sales growth of 11.5%
- After adjustment for positive currency effects of € 3.1 mn and contribution of € 3.2 mn from KLL, Brazil (acquired in Oct. 2016), organic sales increased by 5.4%
- Outperformance of market trend based on market share gains, structural growth effects and new orders

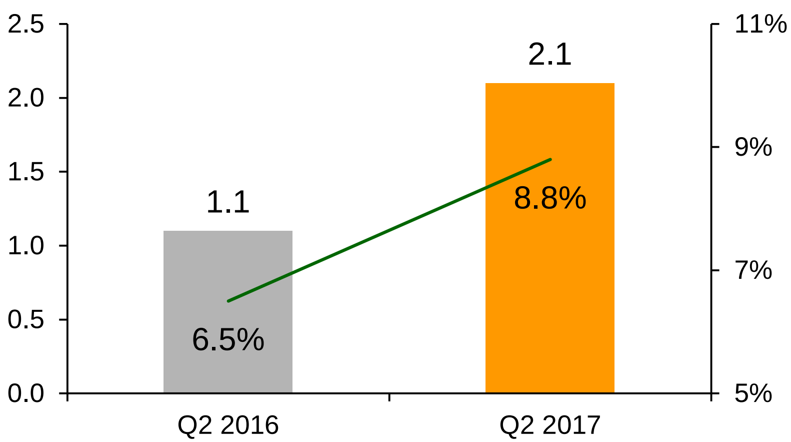
- Q2 adj. EBIT margin at 6.3% (previous year: 7.6%)
- EUR 4.3 mn in restructuring costs booked in the region
- Margin burdened by increasing scrap steel prices, temporarily higher personnel costs and freight expenses related to progressing US plant consolidation as well as unfavorable segment/ product mix

Business performance by region – APAC/ China: Sales picking up at improved profitability levels

Sales in €mn



Adj. EBIT in €mn and **margin** in %



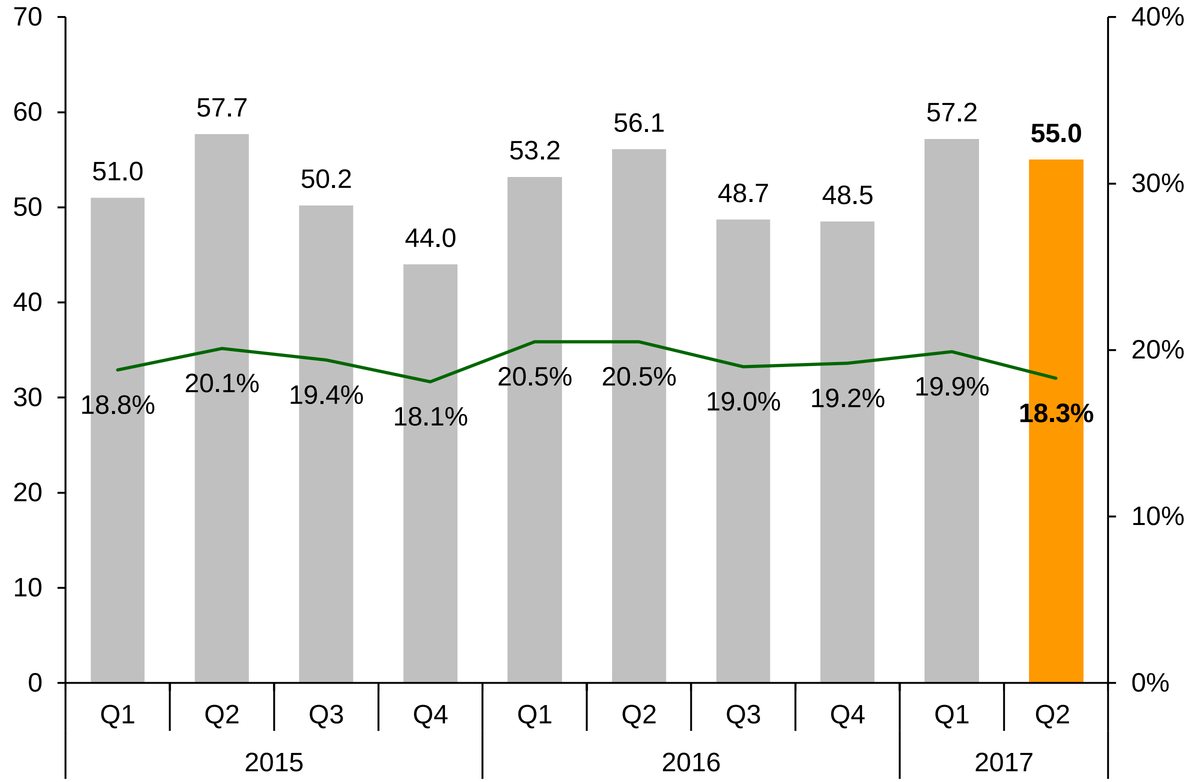
Summary

- Strong sales increase in Q2 2017 of 41.5% to € 23.9 mn, on a currency-adjusted basis 41.9%
- Key driver again was the growing business with trailer components in China, driven by the implementation of GB1589 overload ban standards and new project wins
- Australia remained below plan

- Adjusted EBIT in the region rose to € 2.1 (1.1) mn
- At 8.8% (6.5%), the adjusted EBIT margin improved significantly yoy
- Margin improvement resulting from successful restructuring measures and automation procedures as well as positive product mix in the quarter
- Corpco repositioning and product portfolio adaptation: EUR 0.4 mn in restructuring expenses

Group Gross Profit by quarter

Gross profit in €mn



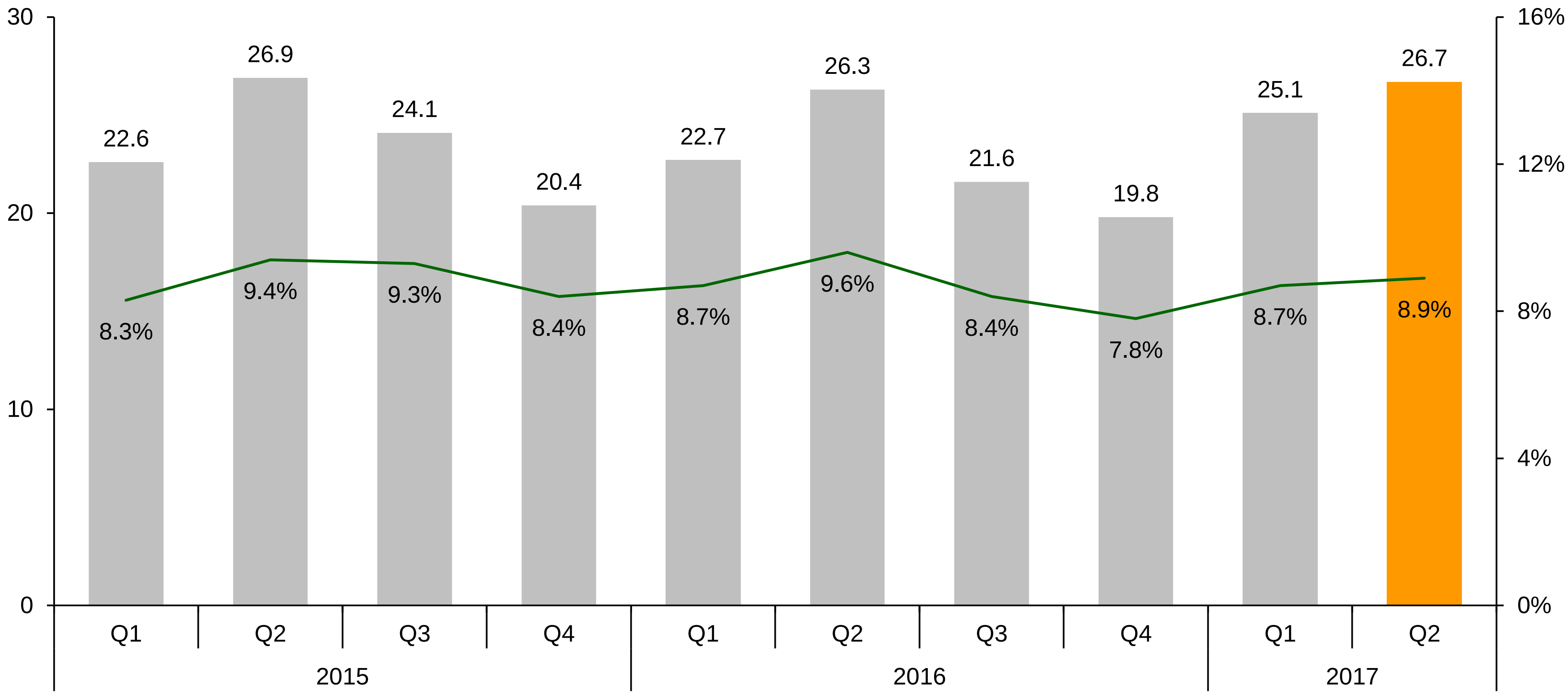
Margin analysis for Q2 2017

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

Gross margin declined in Q2 2017 to 18.3% mainly due to EUR 4.5 mn restructuring costs booked in cost of sales. Excluding one-time restructuring costs the adjusted gross margin came in at 19.8% (20.5%).

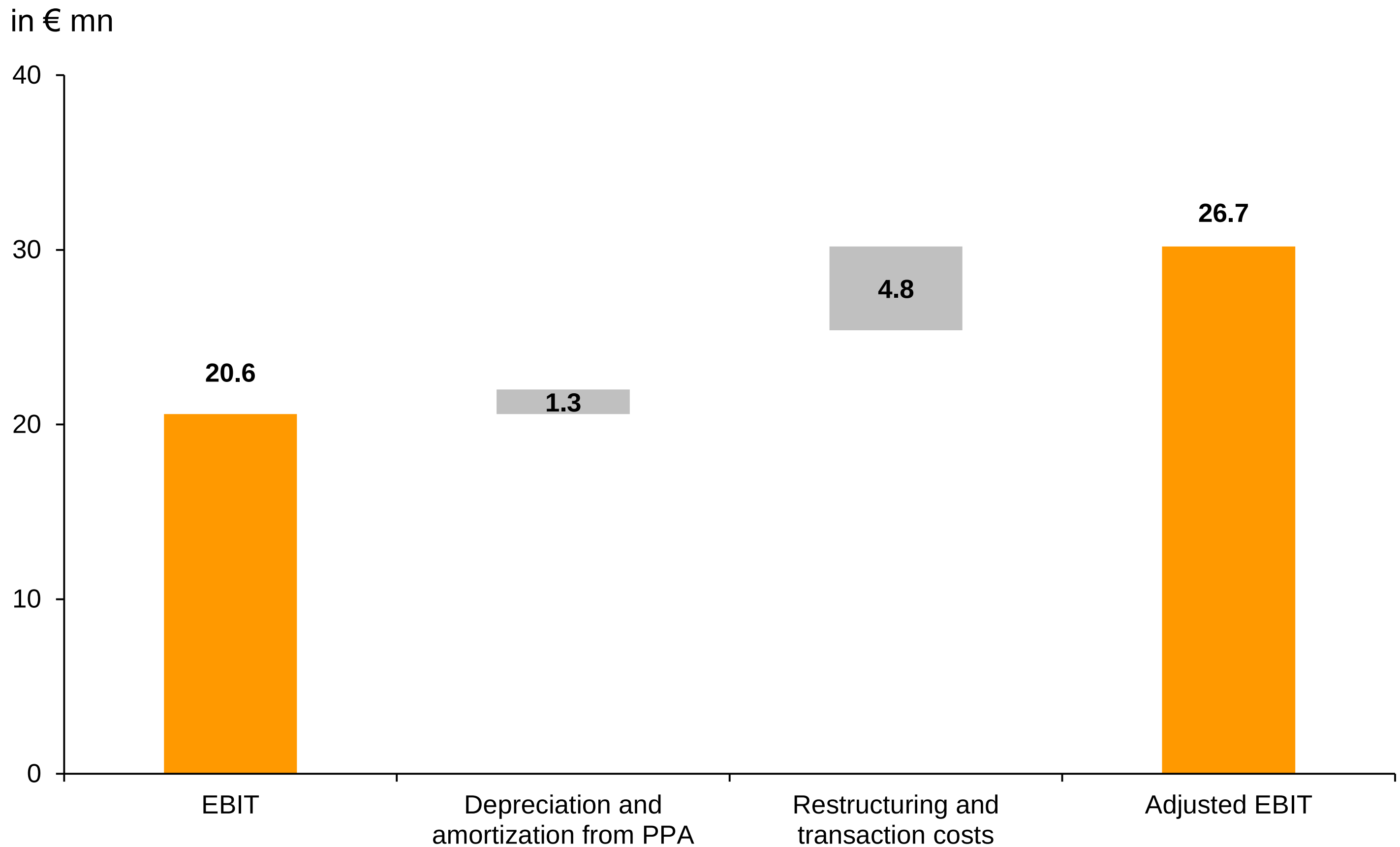
Group adjusted EBIT by quarter

Adjusted EBIT in €mn



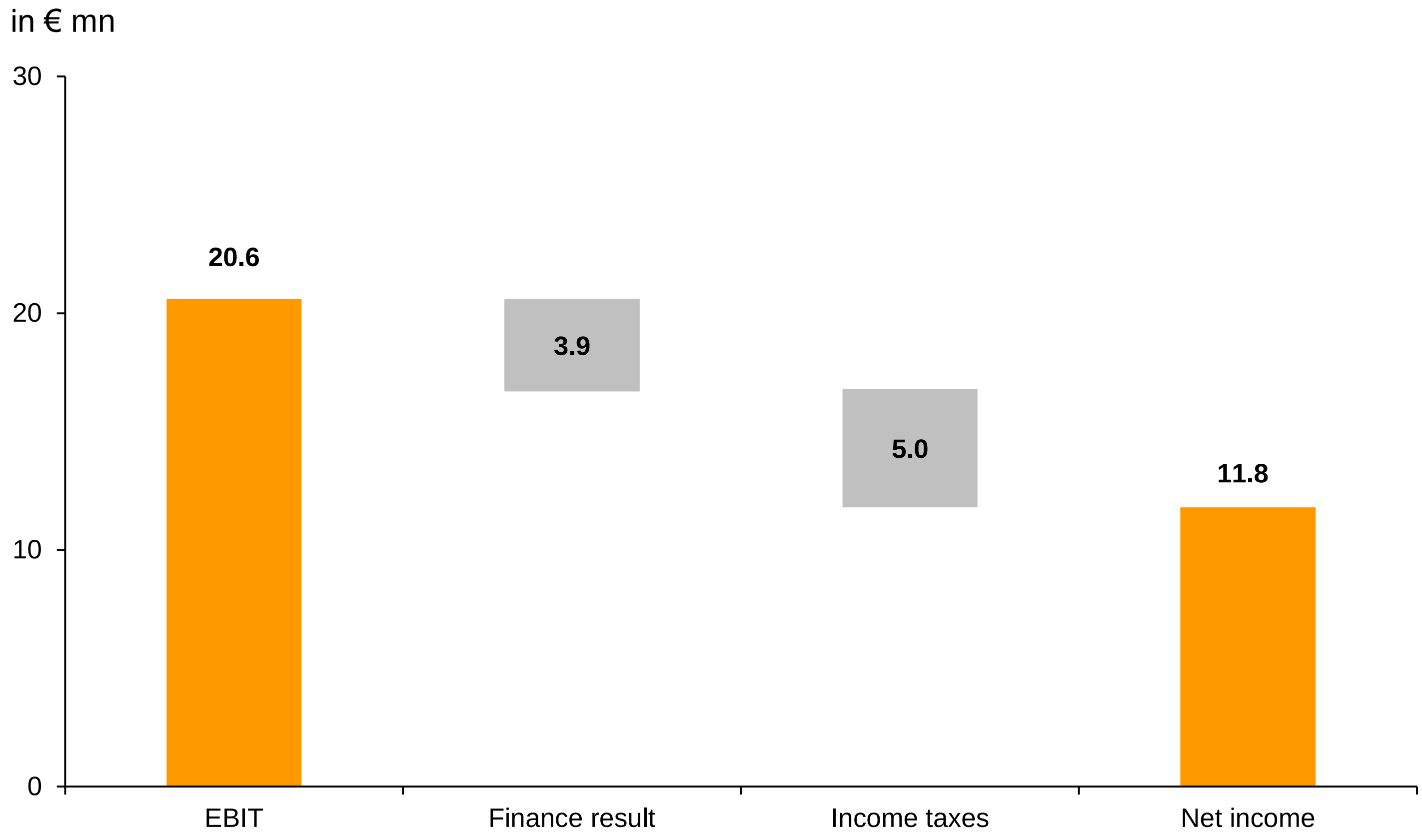
The Q2 17 adjusted EBIT increased sequentially and yoy. The adjusted EBIT margin (Q2 17: 8.9%; H1 17: 8.8%) came in closer to the high end of the 8-9% range targeted for the full year of 2017.

Reconciliation EBIT to adjusted EBIT Q2 2017



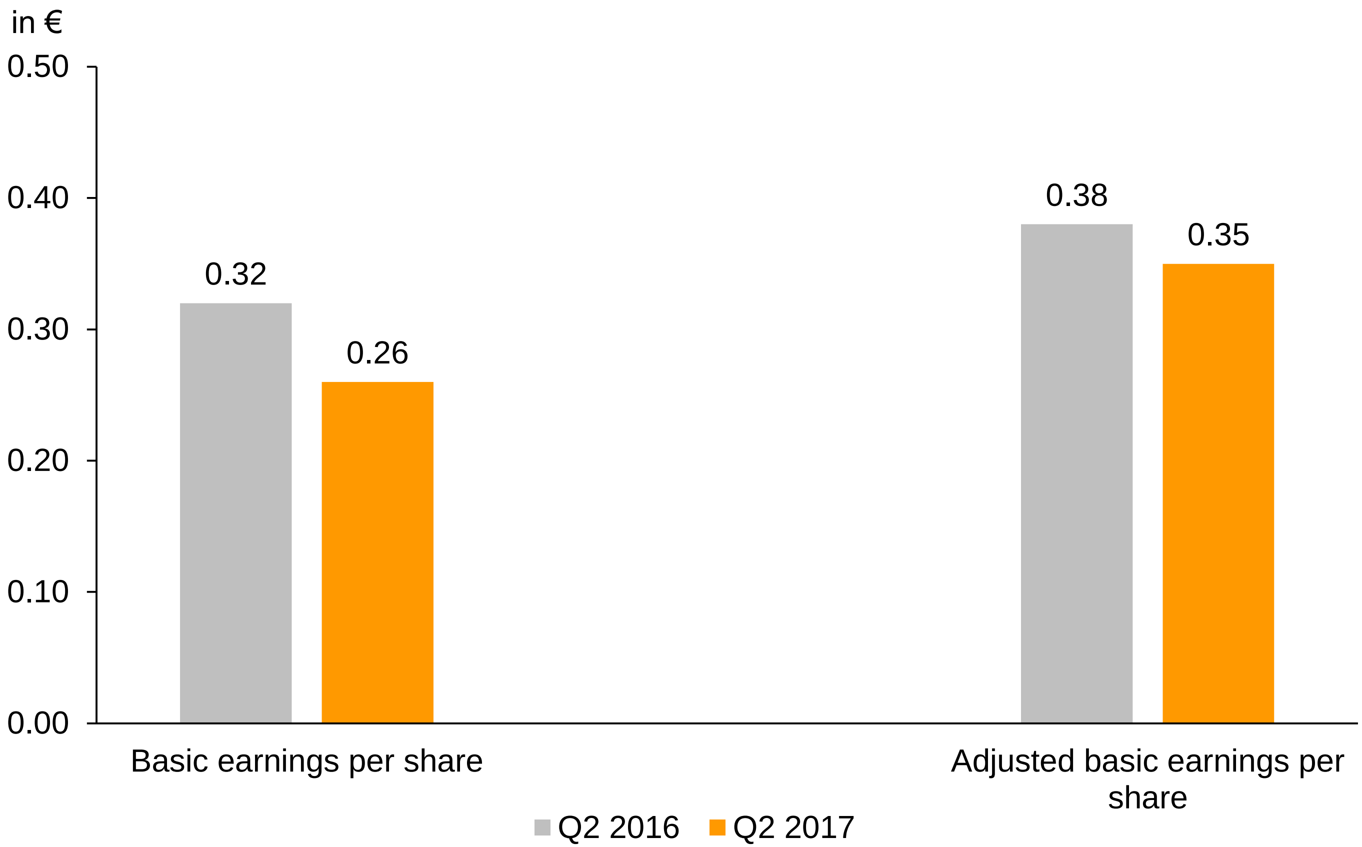
Excl. restructuring and transaction costs totaling € 4.8 (1.3) mn and PPA of € 1.3 mn (1.2), the adjusted EBIT amounted to € 26.7 (26.3) mn. Adjustments for the large part were related to the US plant (€ 4.3 mn) consolidation and Corpco

From EBIT to Net income Q2 2017



As a result of the restructuring-cost impacted clean EBIT of € 20.6 (23.8) mn combined with higher net finance cost of € 3.9 mn (Q2 2016: € 2.0 mn), despite lower Group tax rate (29.6% vs 33.3% in Q2 16), net income in Q2 2017 decreased to € 11.8 mn (Q2 16: € 14.6 mn).

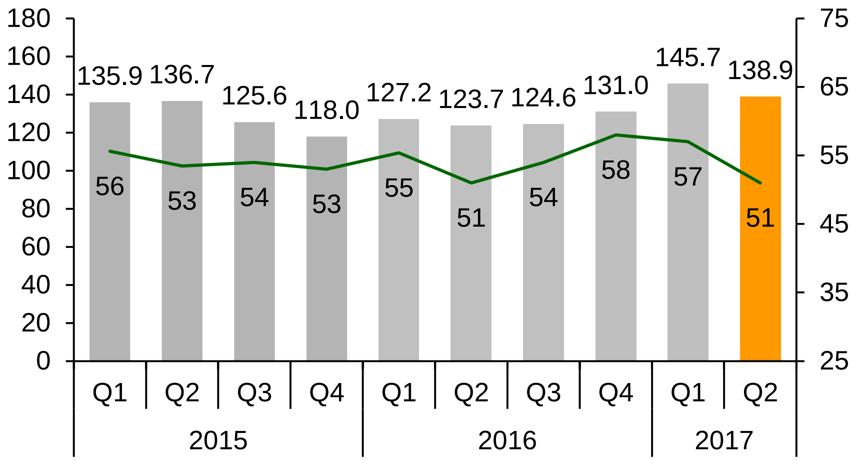
Restructuring impact on basic EPS versus stronger adjusted EPS



Based on an unchanged number of 45.4 mn shares outstanding, basic EPS reached € 0.26 (Q2 16: € 0.32). Adjusted basic EPS came in at € 0.35 (previous year: € 0.38)

Inventories and Net Working Capital

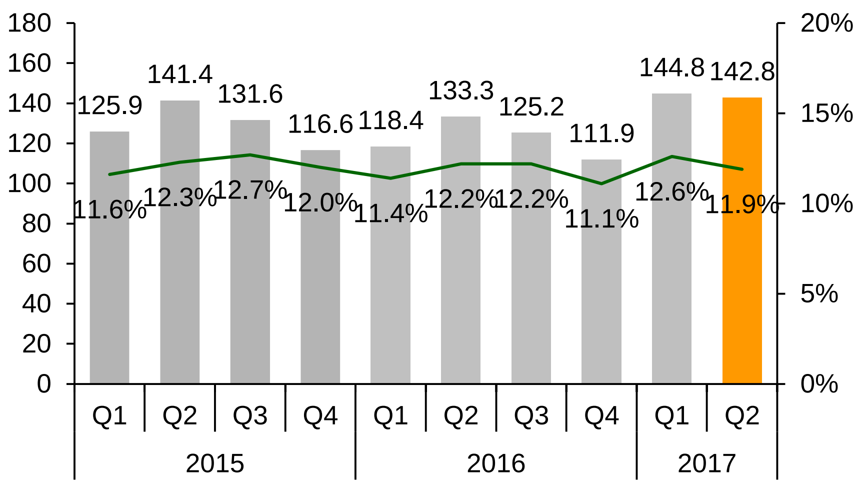
Inventories in € mn and days of inventories



Summary

- Inventories increased in parallel to sales growth to € 138.9 mn (Dec. 31, 2016: € 131.0 mn)
- Succesful € 6.8 mn reduction in inventories in Q2 vs Q1
- DOI 51 days at the end of Q2 17 (PY: 51) improved from 57 in Q1 2017 despite US plant consolidation

Net working capital in € mn and as % of sales

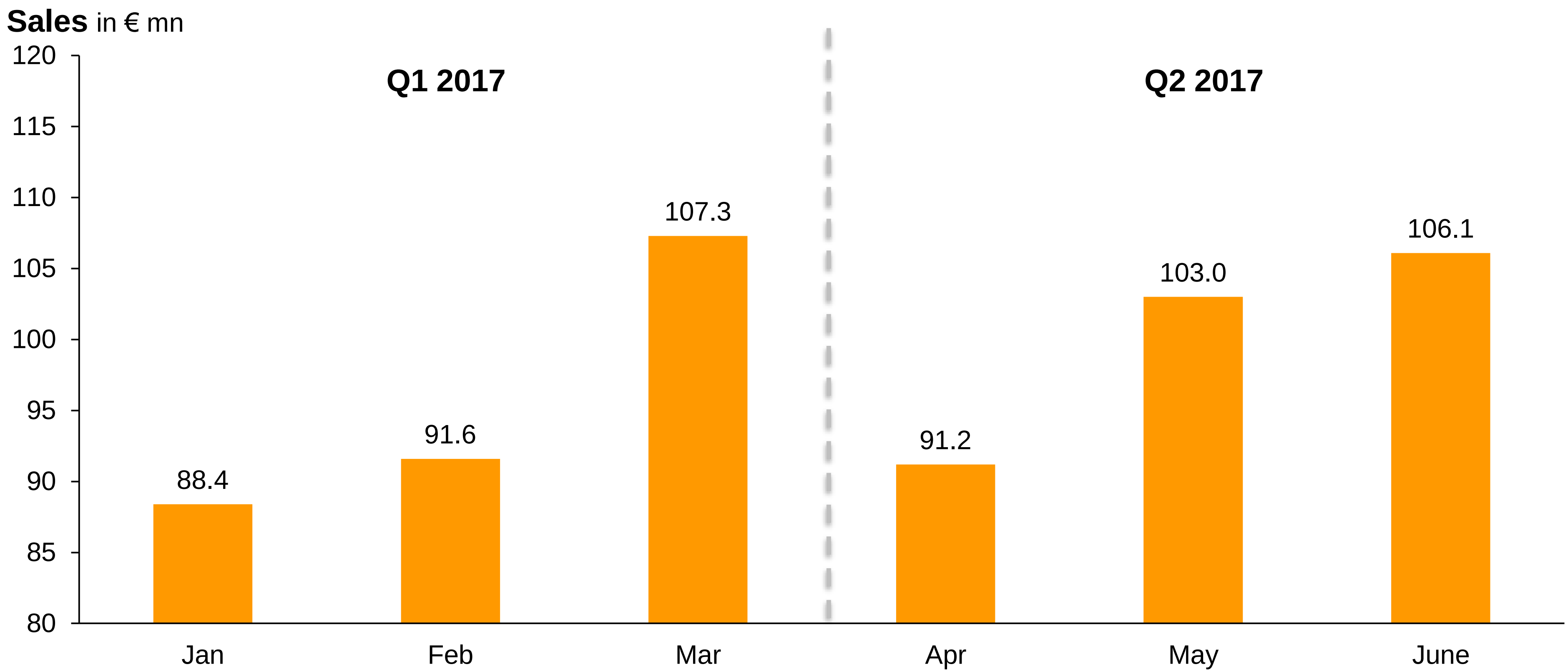


Summary

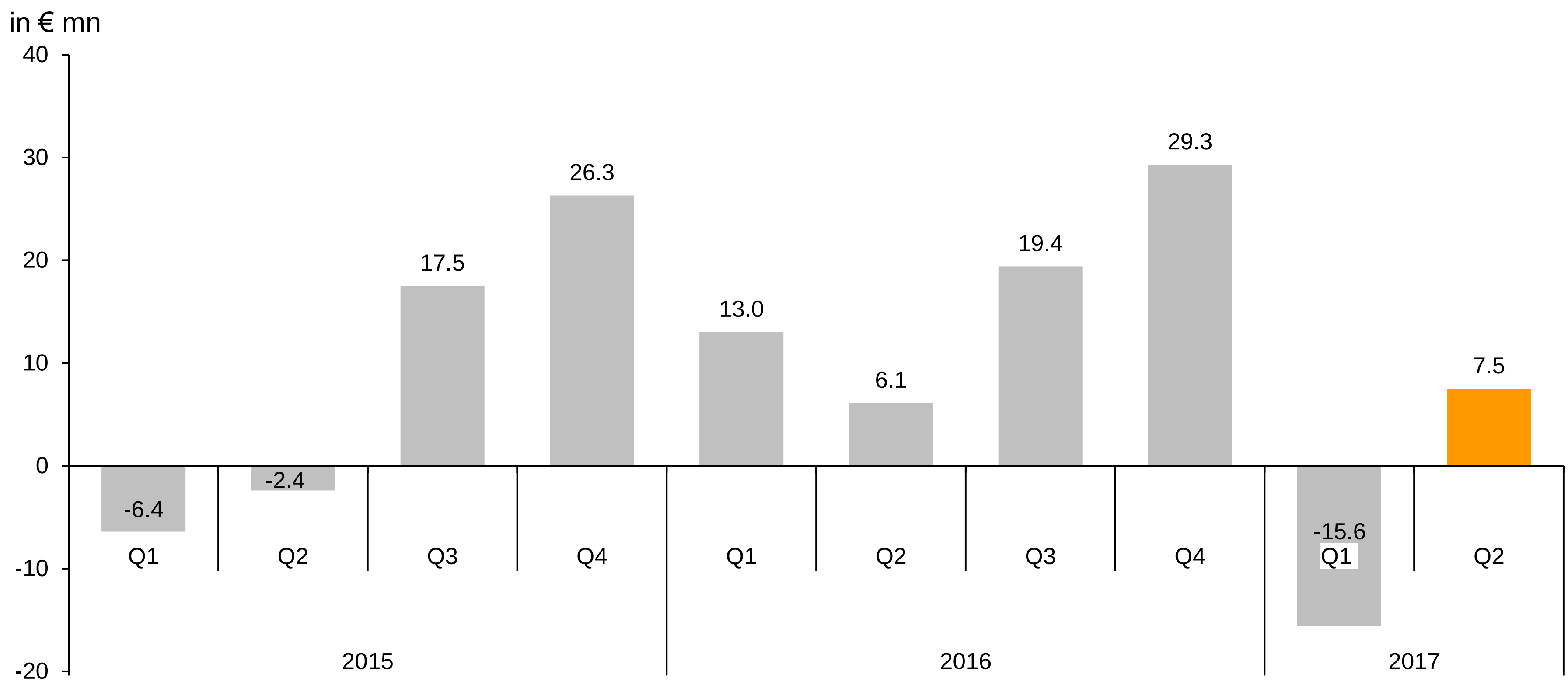
- Trade receivables reflect strong June sales which have not yet produced cash inflow in Q2 due to payment due dates
- NWC decreased vs Q1 17 supported by reduced inventories
- As of June 30, 2017 NWC ratio was 11.9% compared to 11.1% at the end of 2016, thus in line with the 12 to 13% target range

Net working capital effects Q2 2017

- Due to high customer demand the strong sales development in Q1 2017 continued in Q2 2017 despite 3 working days less
- Unusually high share of June sales results in payment-terms related increase in trade receivables

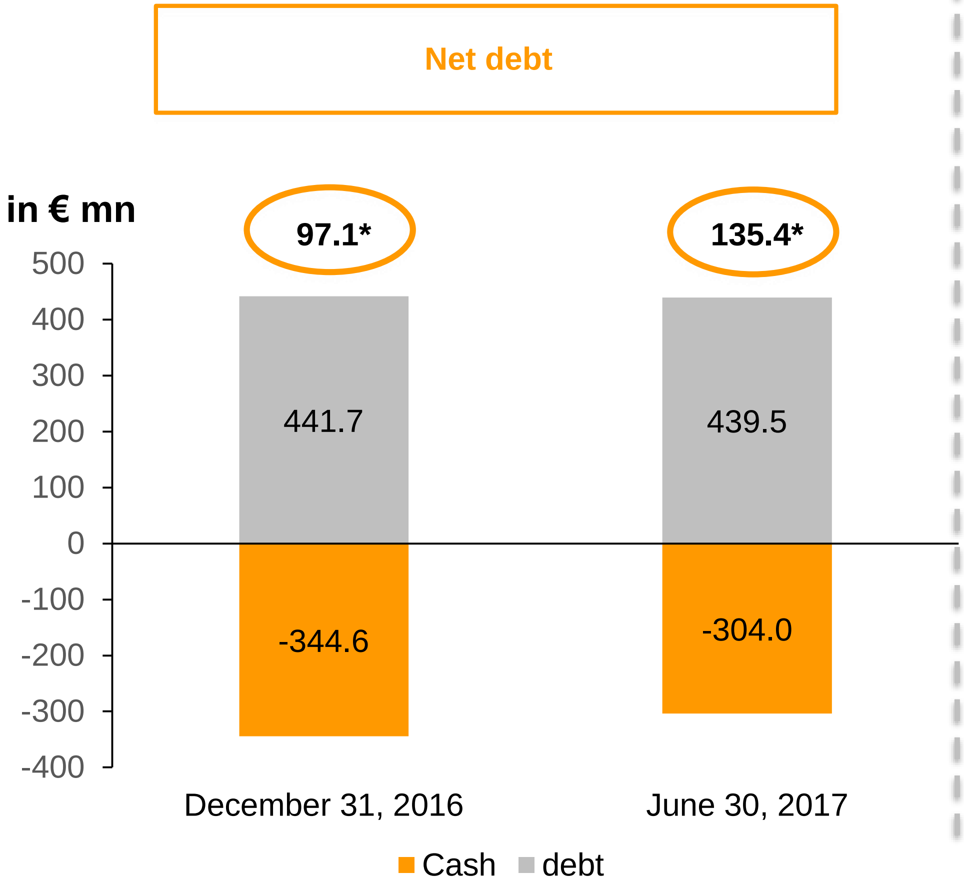


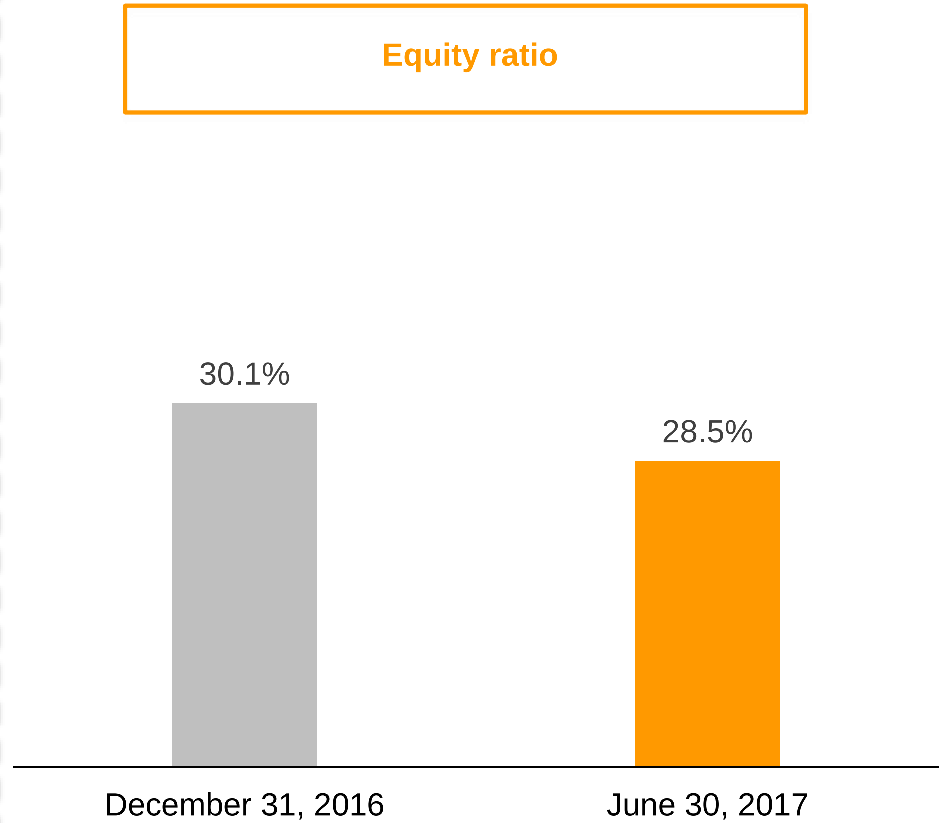
Free cash flow by quarter



Due to improved NWC, free cash flow (net cash flow from operating activities less investments in PPE and intangible assets, pre-dividend) sequentially improved in Q2 2017 to € +7.5mn from € -15.6 mn in Q1 2017

Net debt at € 135 mn - Equity ratio reflecting strong cash





* Net debt taking into account cash and cash equivalents and other short-term investments was up. Equity ratio at June 30, 2017 at 28.5% reflecting M&A related high cash and cash equivalents holding (€ 304.0 mn); Both figures impacted by EUR 20.0 mn dividend payment in Q2 2017.

- 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)]	296	334	313	-6.4	300	-4.0	approx. 20%
	FTR N.A. Trailer Build[2)]	292	331	309	-6.6	301	-2.8	

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	Share in group sales FY16**
Western & Eastern Europe	Trailer Production[4)]	261	279	301	+7.8	301	+0.0	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	246	+7.5	approx. 10%
	FTR Truck Shipment[2)]	295	320	227	-29.1	236	+4.2	

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

NA trailer market still expected to contract 3% to 4% in 2017; NA heavy truck production meanwhile forecast to pick up by 4% in 2017; Europ. trailer and truck markets are forecast to remain stable or slightly grow

Sources:
1) ACT N.A. Commercial Vehicle Outlook, July 2017, published monthly by Americas Commercial Transportation Research Co., LLC, Columbus, Indiana.
2) North American Commercial Truck & Trailer Outlook, July 2017, published monthly by FTR Associates, Nashville, Indiana.
3) LMC/Global Commercial Vehicle Forecast Q2 2017
4) CLEAR May. 2017, Western Europe (incl. DE, FR, GB, ES, IT, NL, BE, AT, SE, DK, FI, PT, CH, NO, IE); CLEAR April 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: Financial targets 2017 – Following a strong H1, sales now expected to tend towards the upper end of guidance range

	FY 2017*	Strategy 2020
Sales	Tending to the upper end of the range of € 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.

* 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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