

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 Hespes

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

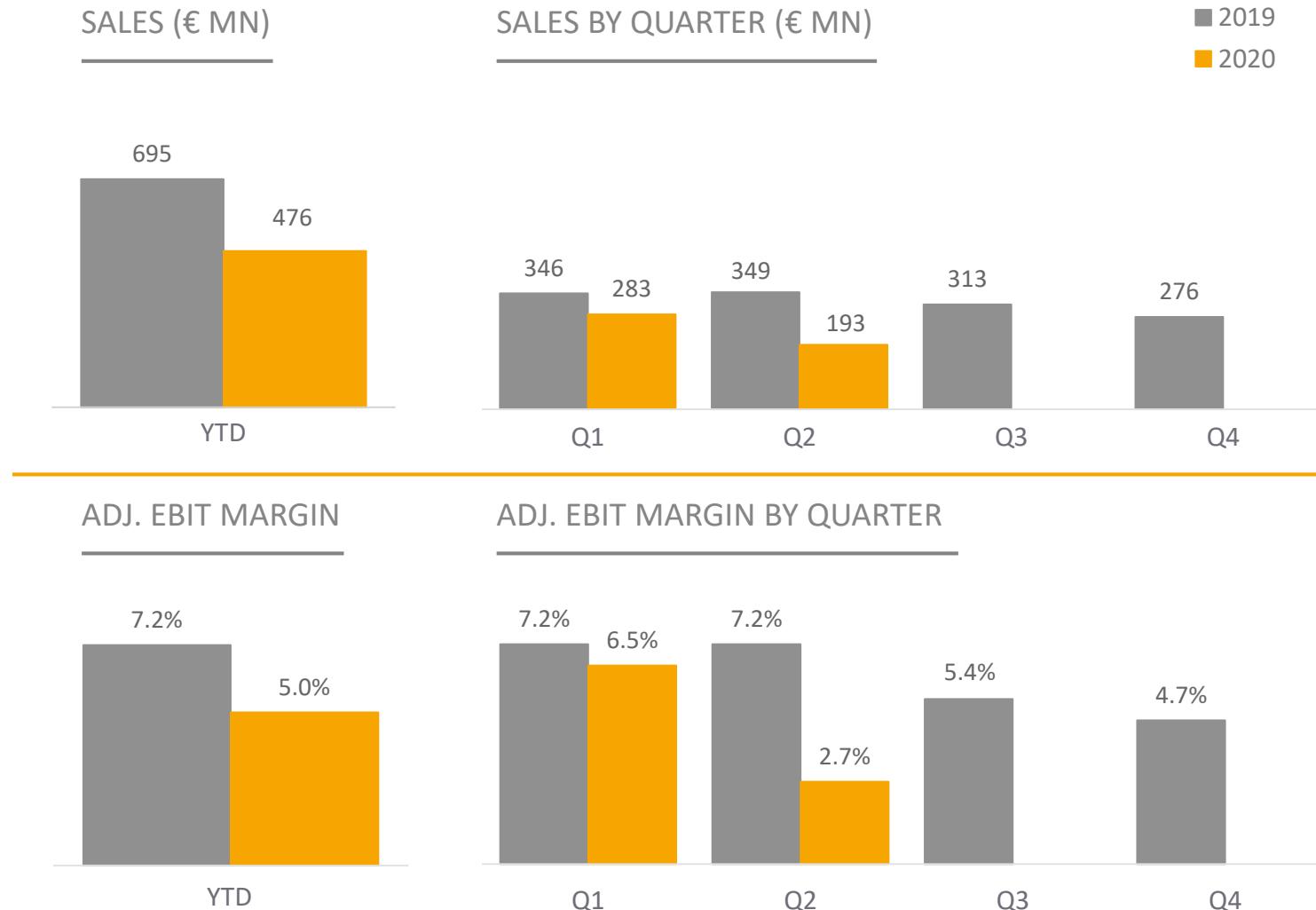
Capex ratio
2.5%

- 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

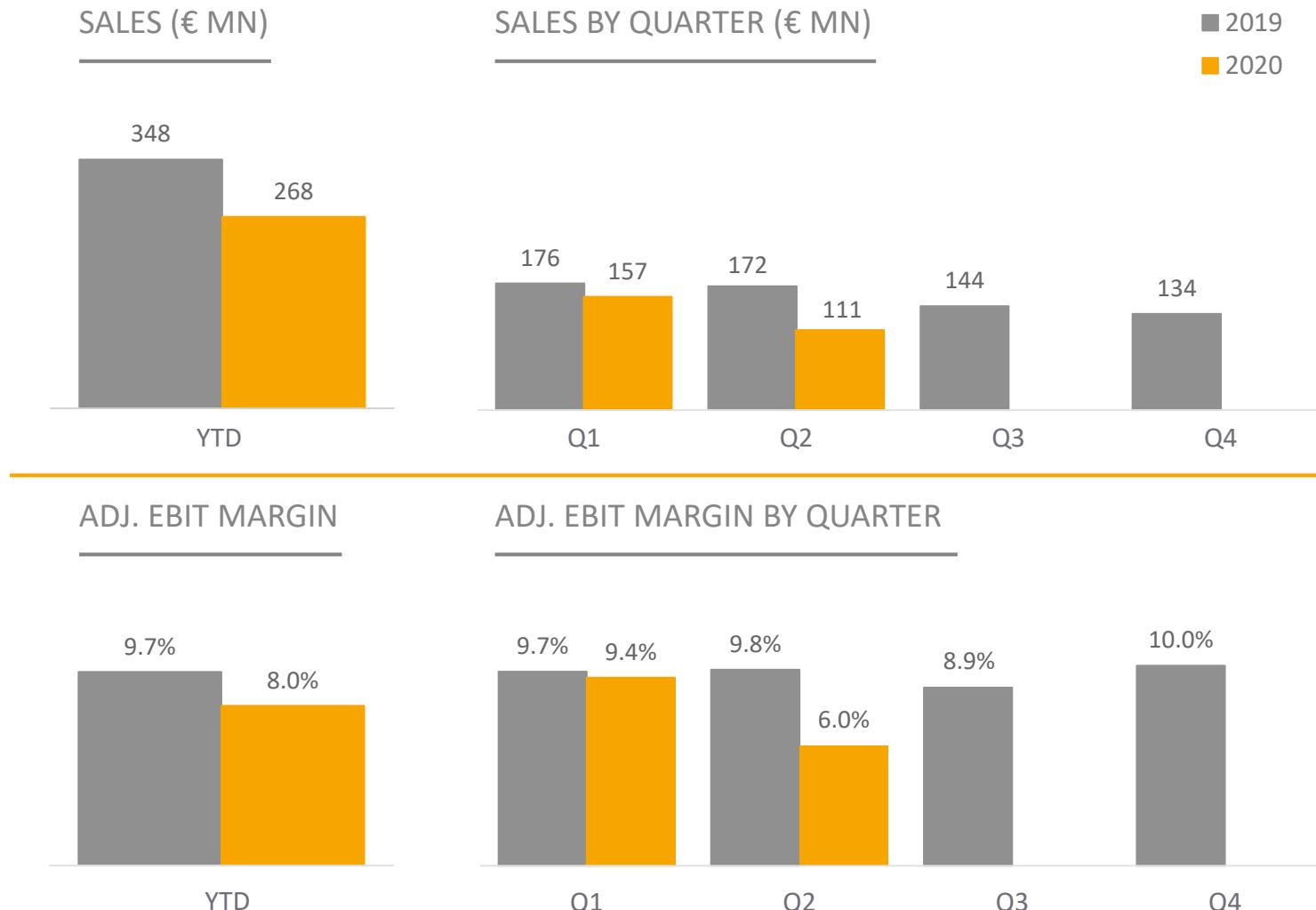
WESTERN & EASTERN EUROPE		NORTH AMERICA		CHINA		SOUTH AMERICA		INDIA	
Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
-45% to -50%	-35% to -40%	-50%	-40%	-25%	-30%	-20%	-15%	-45%	-45%

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



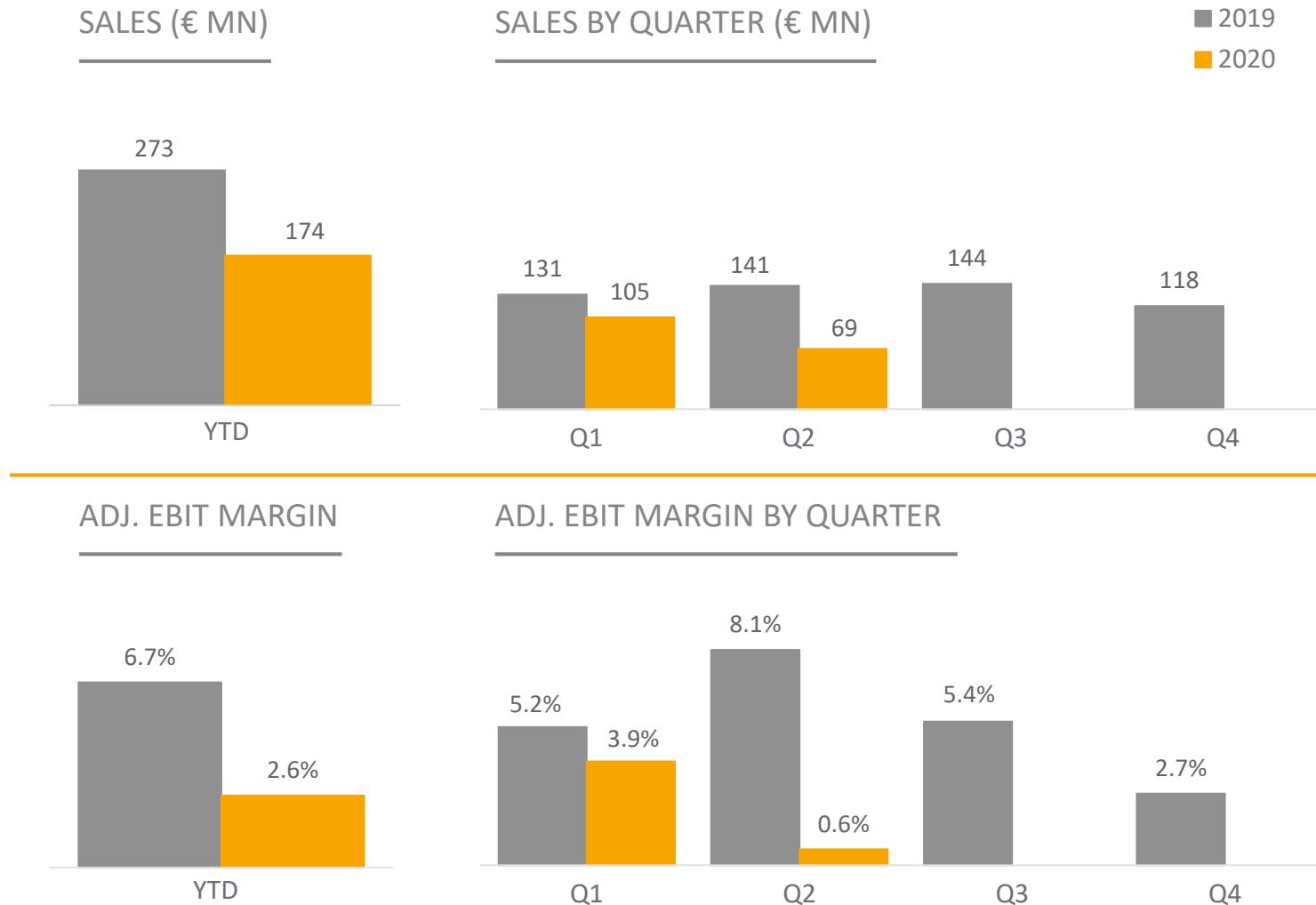
- **Sales in H1 2020 influenced by market downturn and COVID-19**
 - Acquisition effects (+0.2 per cent respectively € +1.6 mn)
 - FX effects (-0.1 per cent respectively € -0.8 mn)
 - Organic effects (-31.6 per cent respectively € -219.9 mn)
- **Adj. EBIT margin in H1 2020 affected by**
 - Almost stable 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)
 - Corpco wind-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



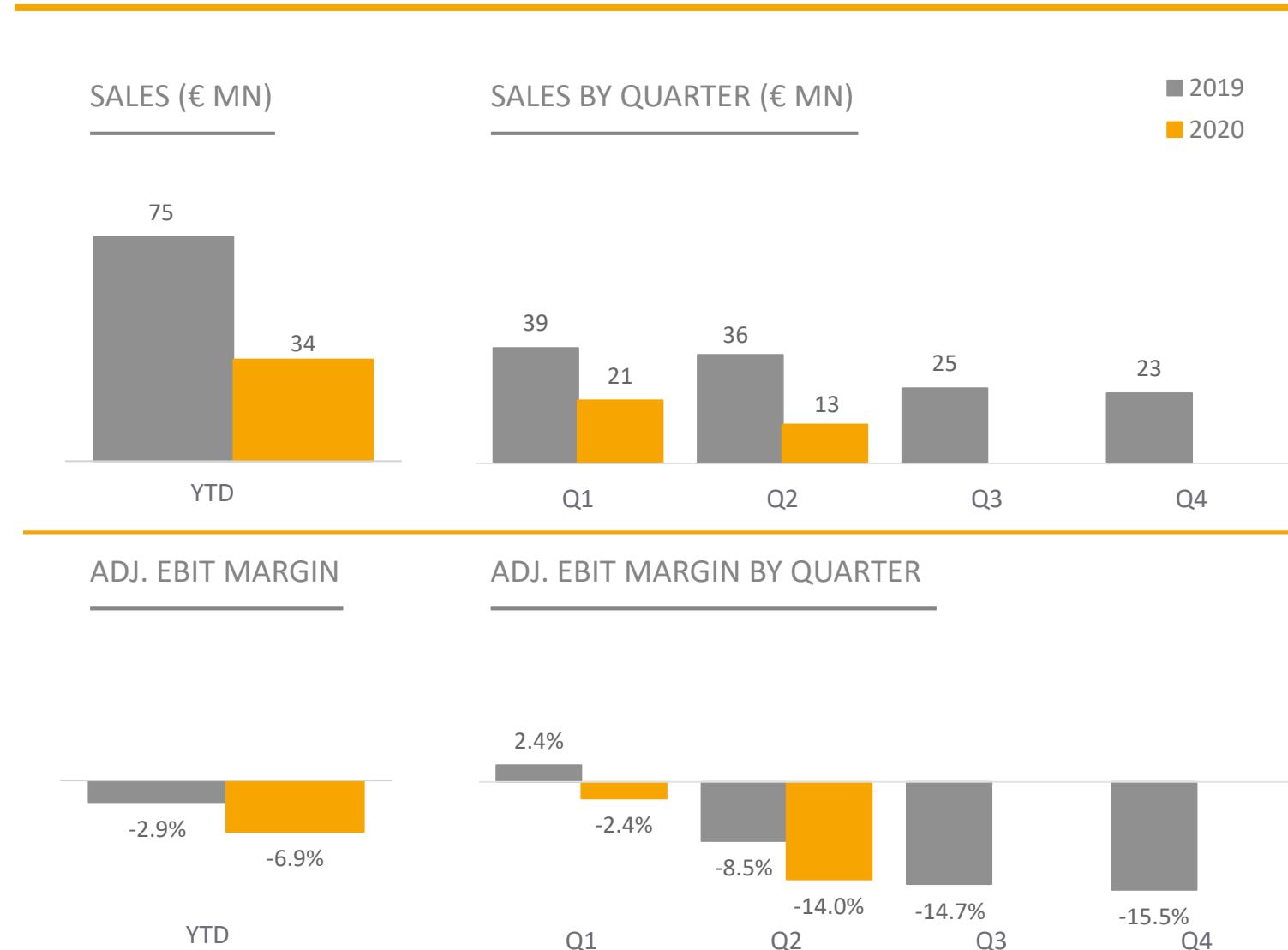
- **Sales in H1 2020 influenced by market downturn and COVID-19**
 - Acquisition effects (+0.4 per cent respectively € +1.6 mn)
 - FX effects (-0.5 per cent respectively € -1.9 mn)
 - Organic effects (-22.9 per cent respectively € -79.8 mn)
- **Adj. EBIT margin in H1 2020 affected by**
 - Improved gross 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 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

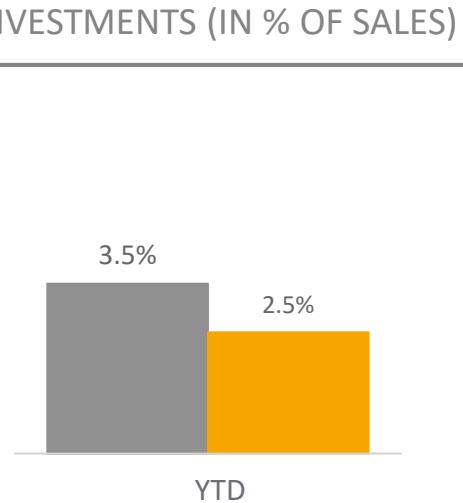
APAC – Lockdown weighs on sales and profitability in Q2



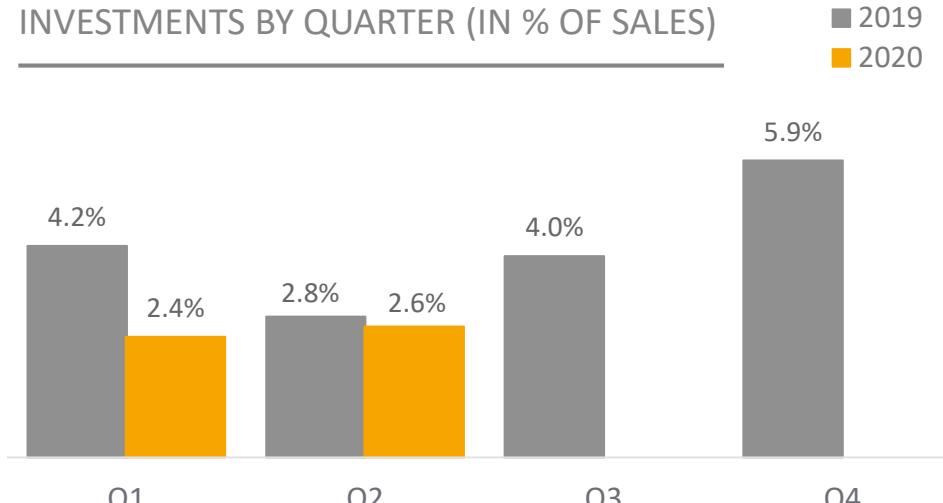
- **Sales in H1 2020 massively influenced by market downturn and COVID-19**
 - FX effects (-1.0 per cent respectively € -0.8 mn)
 - Organic effects (-53.3 per cent respectively € -39.9 mn) due to the several weeks lockdown of the Indian and Singapore entities, the ceased export business as a result of 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)

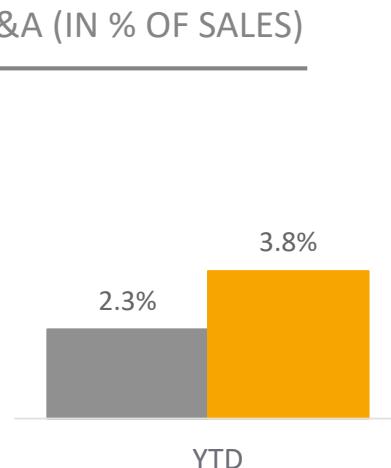


INVESTMENTS BY QUARTER (IN % OF SALES)

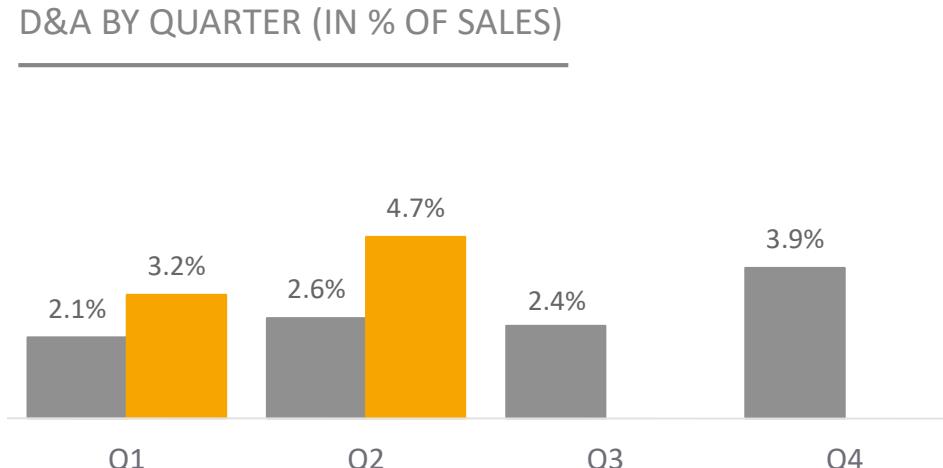


■ 2019
■ 2020

D&A (IN % OF SALES)

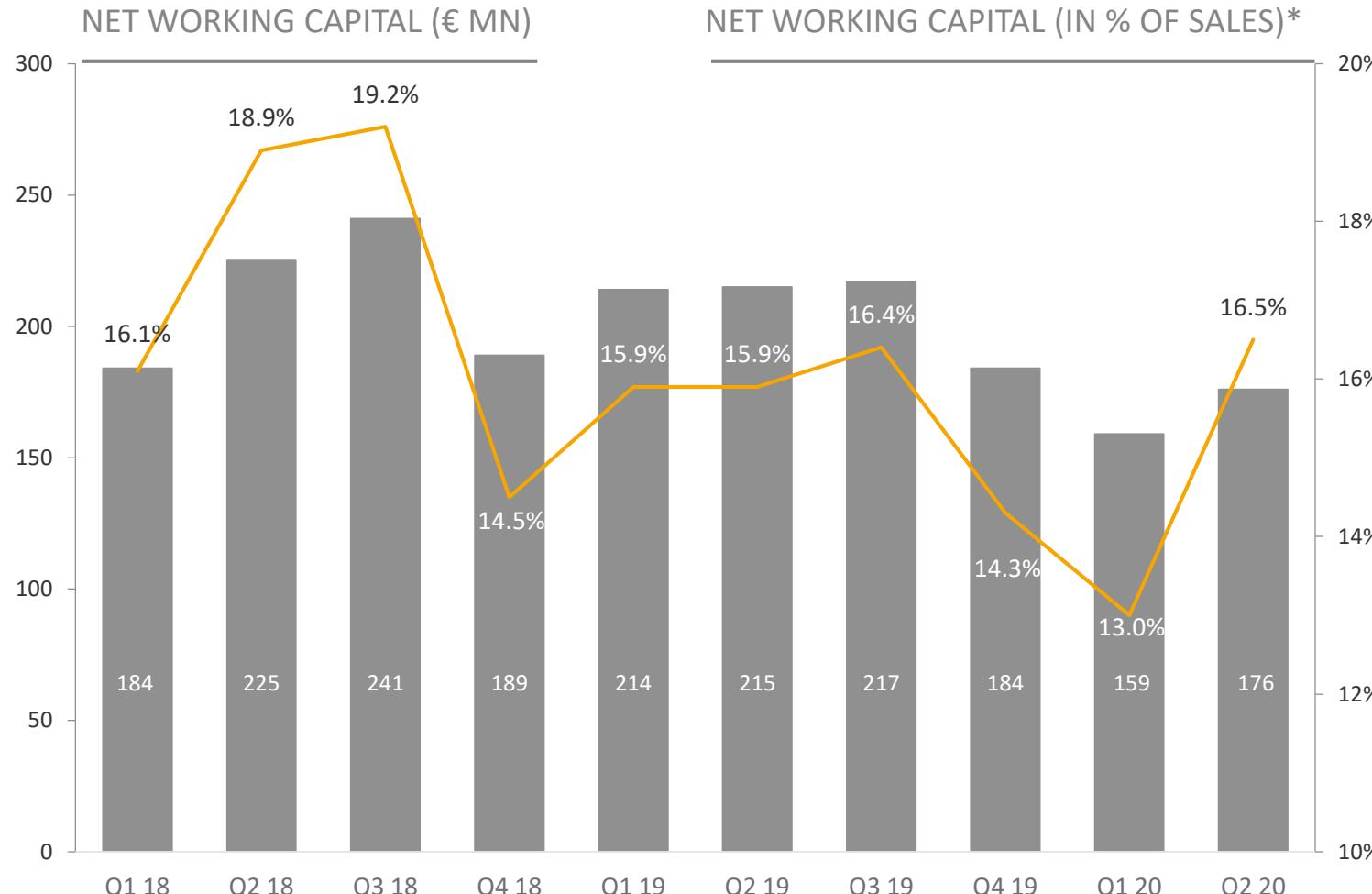


D&A BY QUARTER (IN % OF SALES)



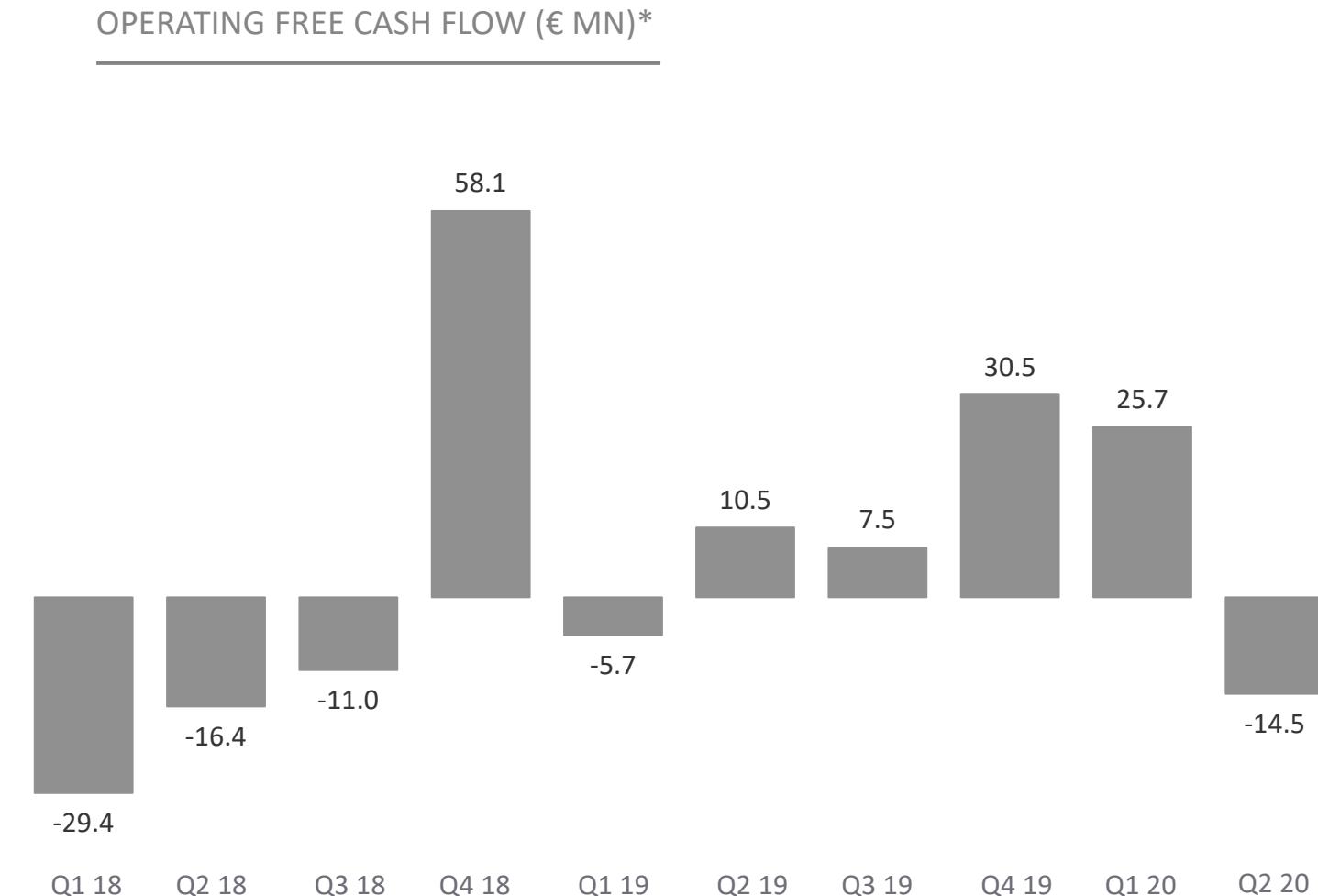
- **Investments** in plant, property, equipment and intangible assets reached 2.5 per cent of Group sales (New FY 2020 guidance: around 2.5 per cent of Group sales)
- **Operating cash flow** (4.7 cent of Group sales) covers investments by far
- **Focus of investments:** Rationalisation investments in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



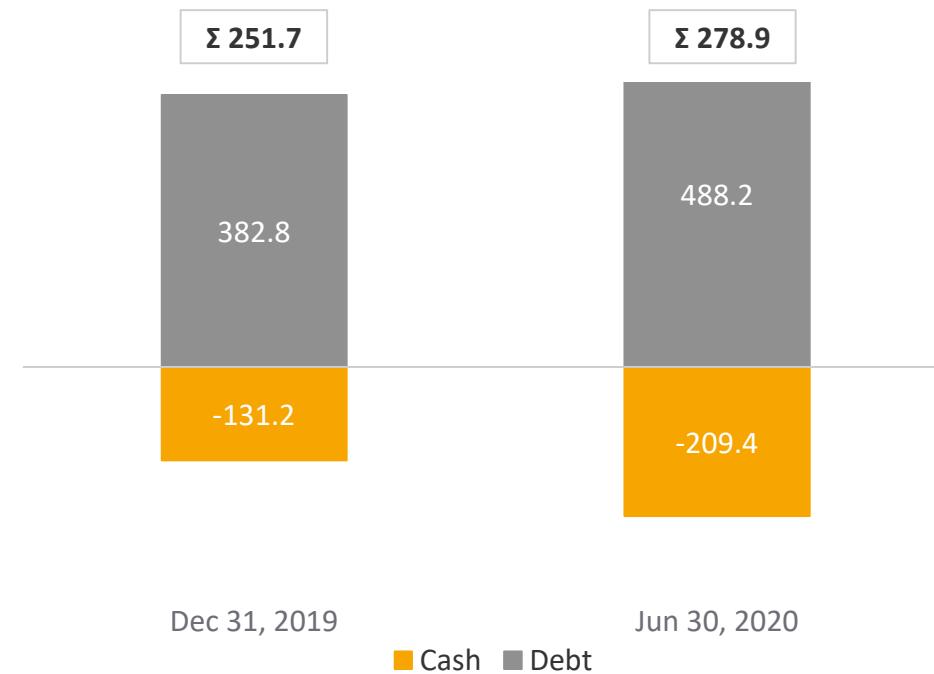
- **Operating free cash flow at € 11.2 mn**
(H1 2019: € 4.8 mn)
- **Operating cash flow at € 22.5 mn**
(H1 2019: € 27.6 mn)
- **Net investing cash flow at € -11.4 mn**
(PP&E and intangible assets)
(H1 2019: € -22.8 mn)
- **Factoring volume at € 26.9 mn**
(H1 2019: € 39.3 mn)

* 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

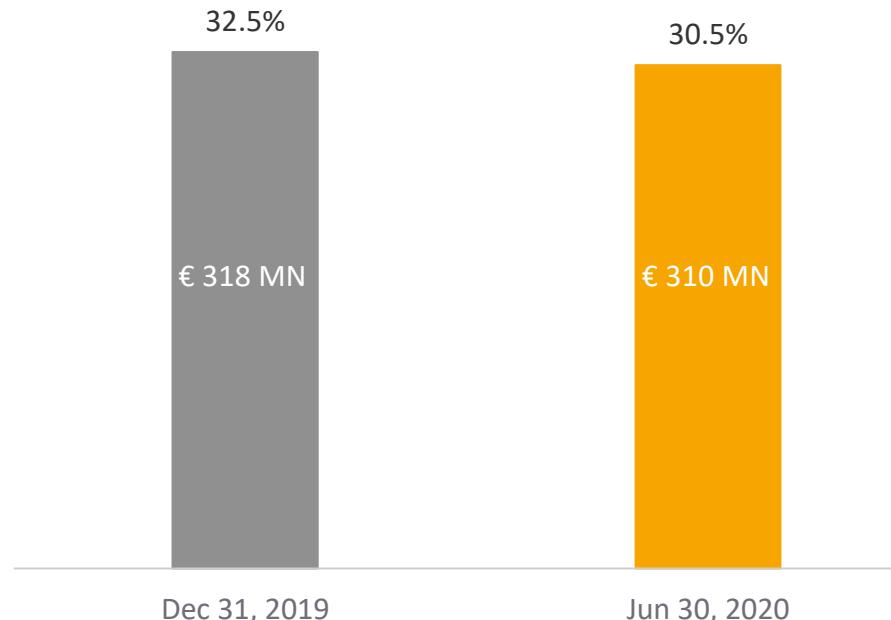
NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

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

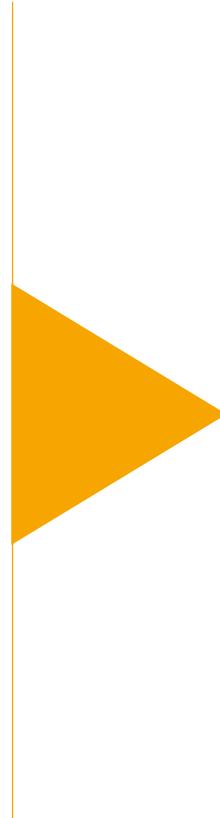
Financial guidance 2020

Sales
Adj. EBIT margin
CAPEX

FY 2019	FY 2020*
€ 1,284 mn	Decline by 20 to 30 per cent
6.2 per cent	Between 3 and 5 per cent
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

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»WE ARE HAPPY TO ANSWER
YOUR QUESTIONS.«



Appendix

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

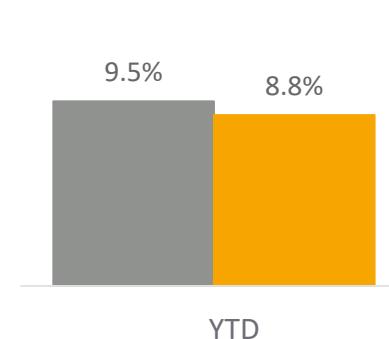
TEUR	Q1-Q2/2020	Total Adjustments	Q1-Q2/2020 adjusted*	in % of sales	Q1-Q2/2019	Total Adjustments	Q1-Q2/2019 adjusted*	in % of sales
Sales	476,253	–	476,253	100.0%	695,466	–	695,466	100.0%
Cost of sales	-398,550	6,524	-392,026	-82.3%	-576,741	4,887	-571,854	-82.2%
Gross profit	77,703	6,524	84,227	17.7%	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%

* Adjusted earnings correspond to the management perspective. The adjustments essentially include restructuring and transactions costs, write-off of goodwill, depreciation and amortization arising from purchase price allocations, expenses arising from the step-up of inventories arising from purchase price allocations and remeasurement effects related to call and put options.

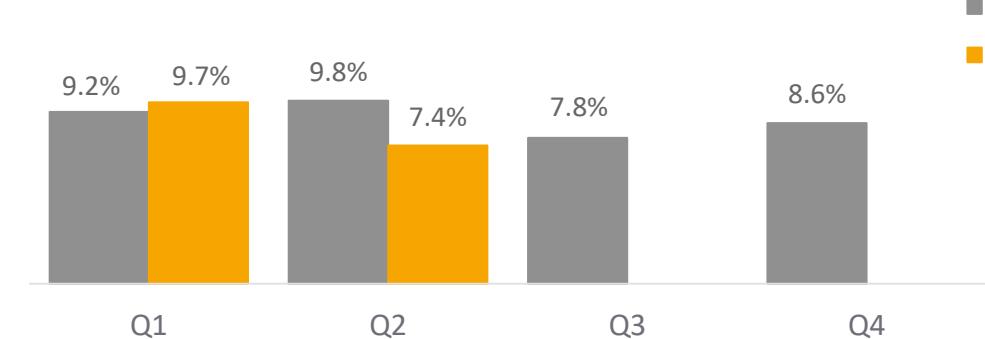
Adj. EBITDA margin

Group

ADJ. EBITDA MARGIN



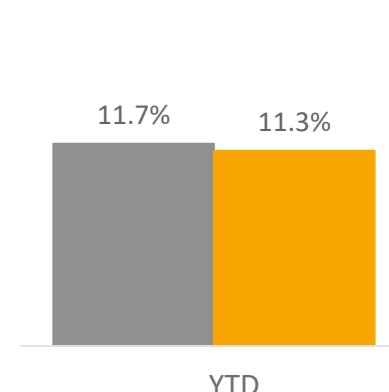
ADJ. EBITDA MARGIN BY QUARTER



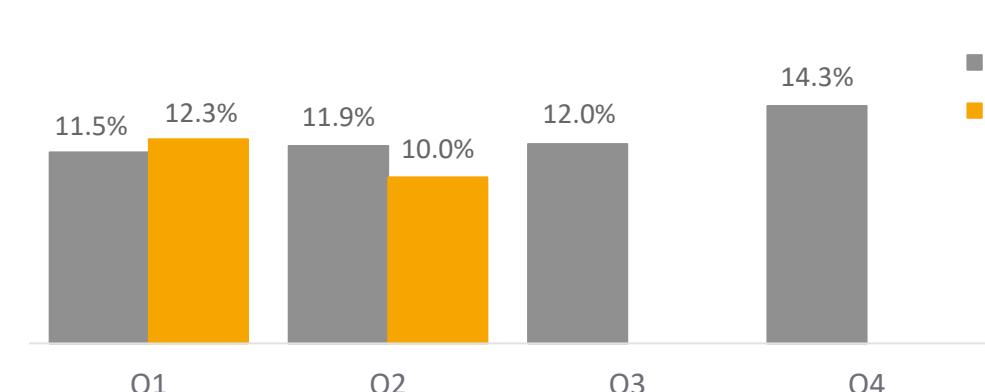
■ 2019
■ 2020

EMEA

ADJ. EBITDA MARGIN



ADJ. EBITDA MARGIN BY QUARTER

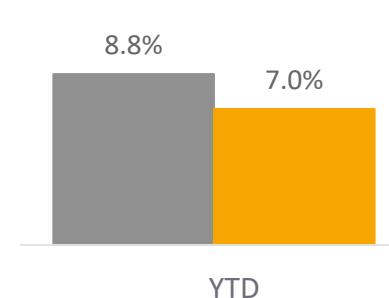


■ 2019
■ 2020

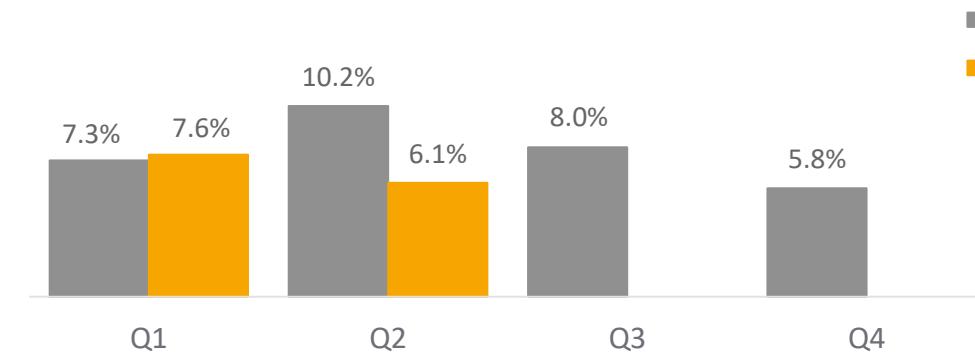
Adj. EBITDA margin

Americas

ADJ. EBITDA MARGIN



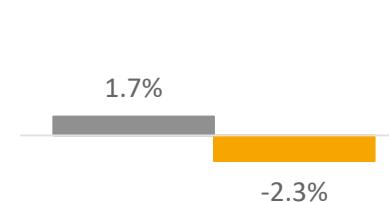
ADJ. EBITDA MARGIN BY QUARTER



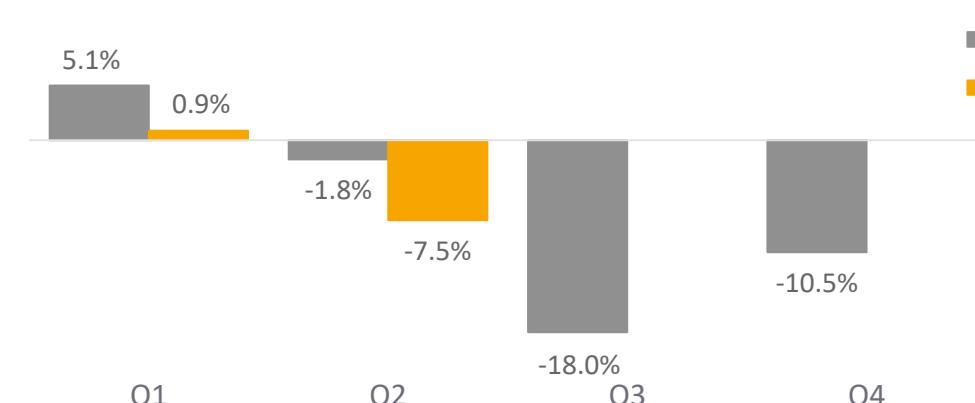
■ 2019
■ 2020

APAC

ADJ. EBITDA MARGIN



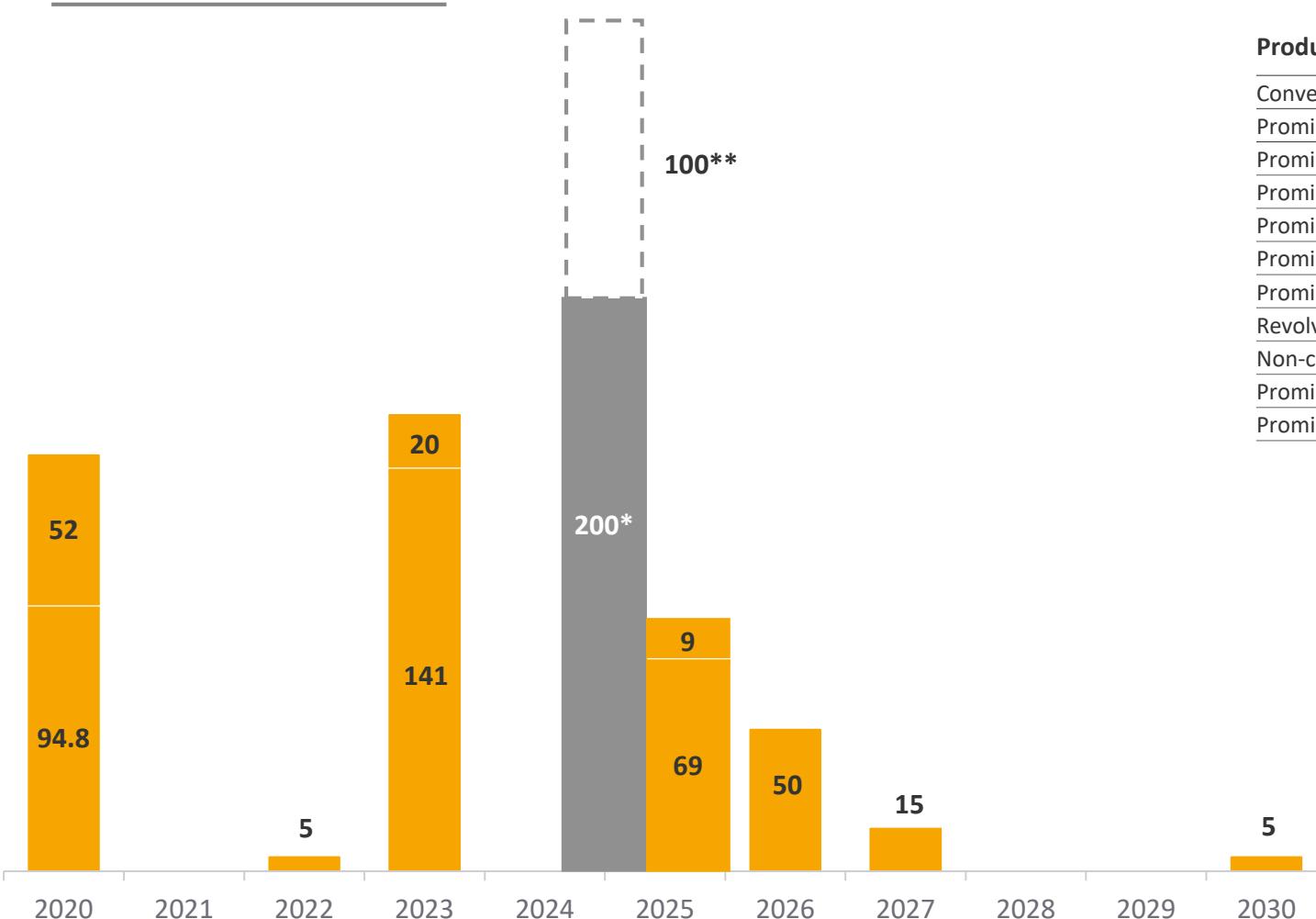
ADJ. EBITDA MARGIN BY QUARTER



■ 2019
■ 2020

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

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