



ALEXANDER GEIS (CEO)  
INKA KOLJONEN (CFO)

## Financial results 9M 2020

18 NOVEMBER 2020

**SAF** *Holland*  
Group



## AGENDA

### *Welcome*

- 1 Performance 9M 2020** – Very solid performance in a challenging market environment
- 2 Outlook**

# Today's speakers – Welcome to our 9M 2020 Financial Results Conference

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**Alexander Geis**

Chairman of the Management Board and Chief Executive Officer

- With the company since 1992
- Responsible for Strategy, Key Accounts, Purchasing, Human Resources, M&A, Digital, Research & Development and Regions
- Most recently member of the Group Management Board, President EMEA and Chief Procurement Officer
- Prior to that member of the Group Management Board responsible for the Business Unit Aftermarket



**Inka Koljonen**

Member of the Management Board and Chief Financial Officer

- With the company since September 2020
- Responsible for Finance, Accounting and Controlling, IT, Legal and Compliance, Investor Relations and Internal Audit
- Previously CFO positions at Clariant AG (Business Unit Catalysts) and Siemens Russia
- Prior to that Head of IR at MTU Aero Engines



## 1 Performance 9M 2020 – Very solid performance in a challenging market environment

# 9M 2020 results demonstrate resilience of our business model – guidance raised

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Sales  
€ 709 MN

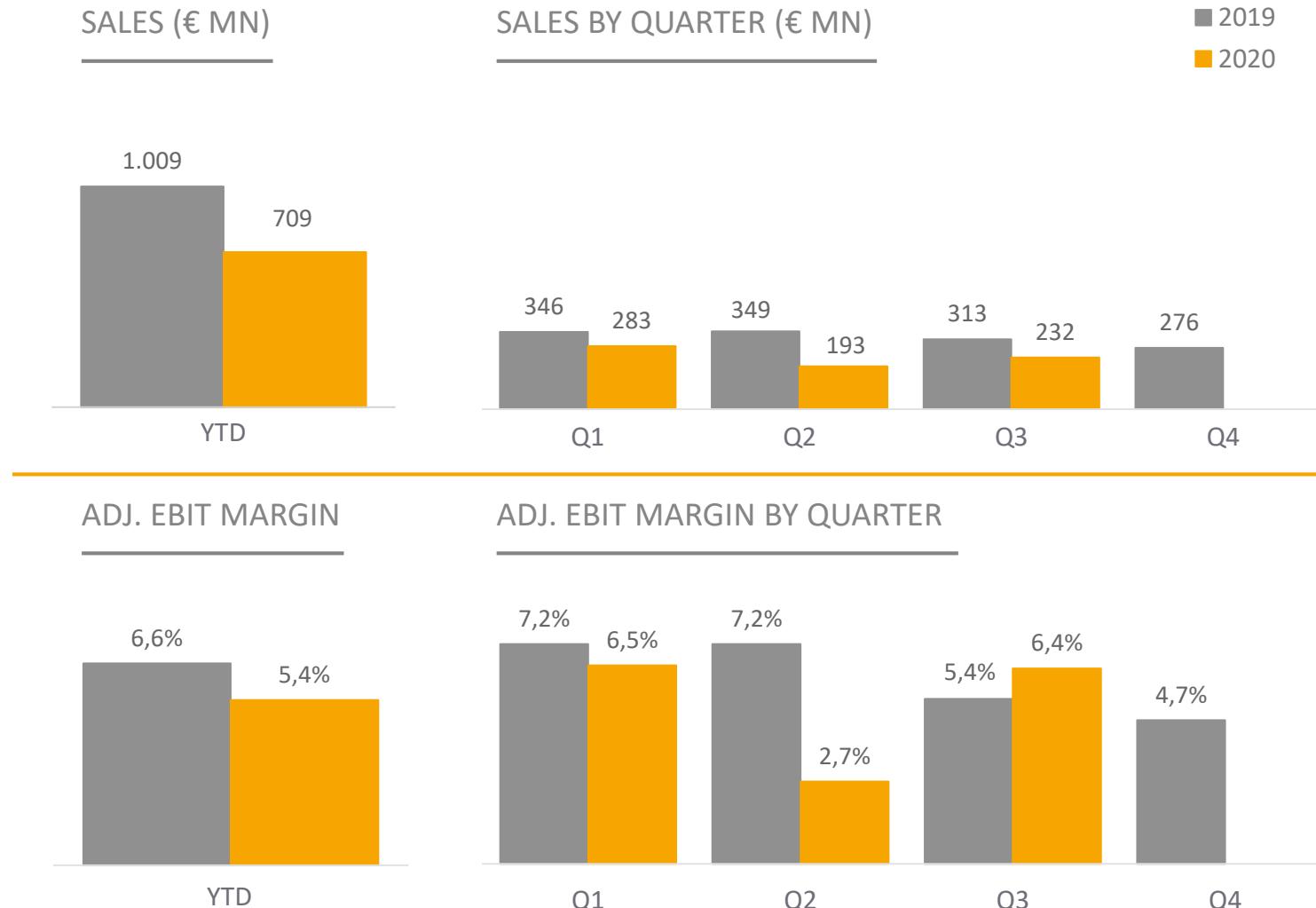
Adj. EBIT  
margin  
5.4%

Operating free  
cash flow  
€ 64.4 MN

Capex ratio  
2.3%

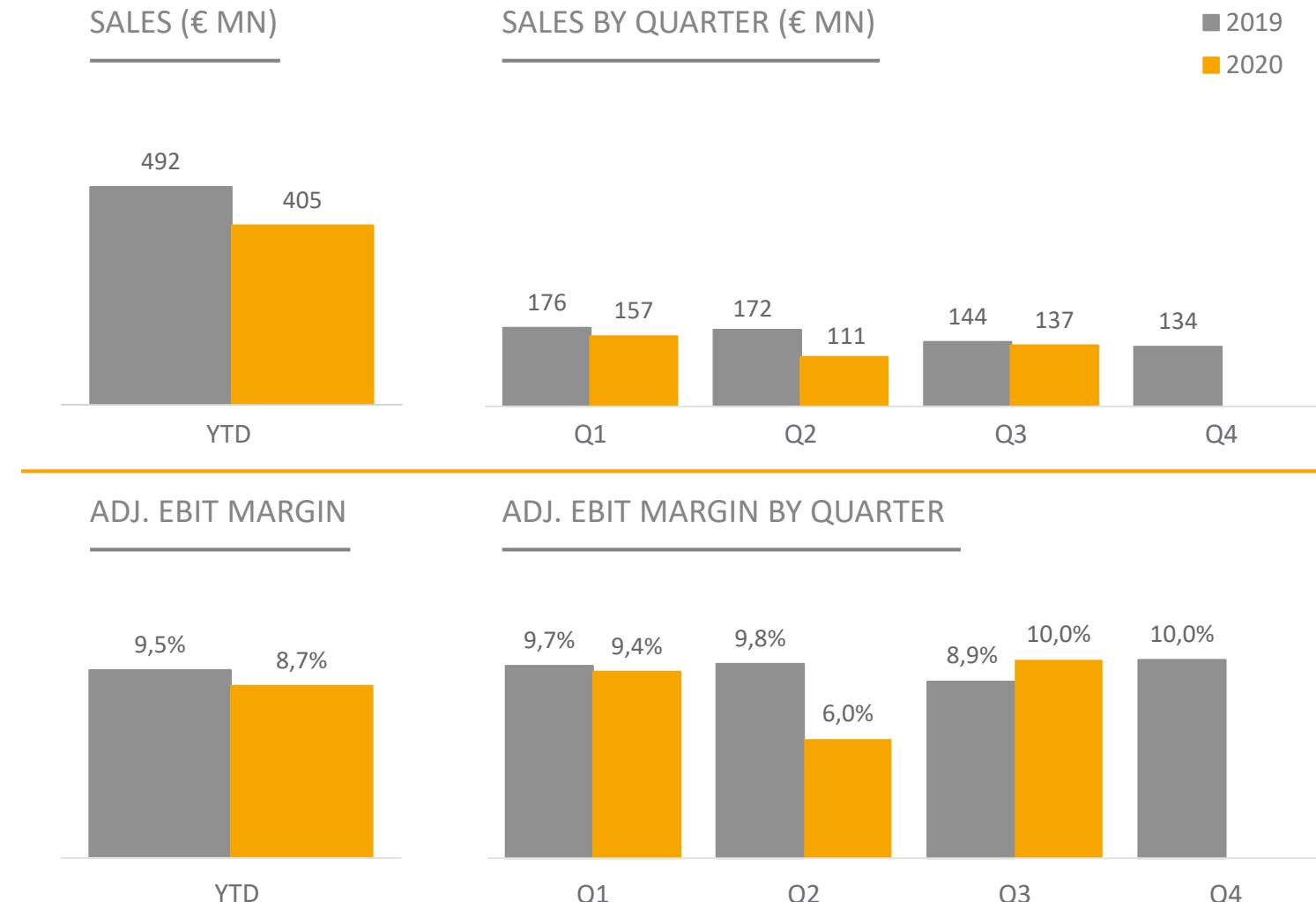
- 9M 2020 adj. EBIT margin with 5.4 per cent above the upper end of the FY guidance range of 3 to 5 per cent
- High share of aftermarket business safeguards profitability in crisis times
- Comprehensive cost-cutting programs continued (blue collar & white collar)
- Disciplined capex investment policy executed
- Solid financial profile;  
Net debt reduced by € 42.3 MN in Q3 2020

# Group – Adj. EBIT margin above the upper end of the previous guidance range



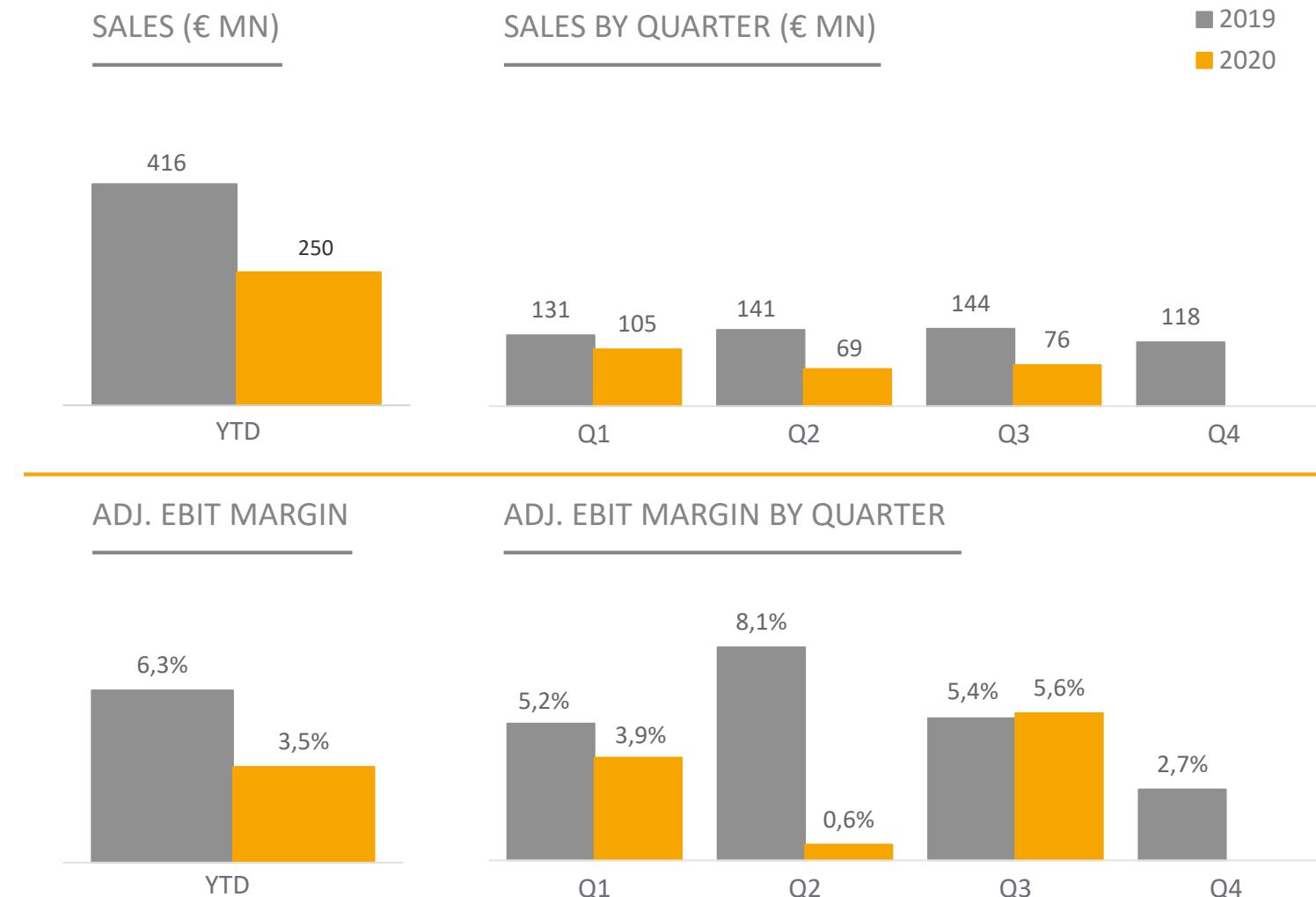
- Sales 9M 2020 down by 29.7 per cent yoy
- But Q3 2020 sales figure shows recovery compared to Q2 2020 (+ 20.5 per cent) led by the EMEA region
- Adj. EBIT margin 9M 2020 already slightly above previous FY guidance reflecting resilience of the business model and actions to reduce costs
  - Main drivers: higher share of aftermarket business and SG&A cost savings
  - Includes inventory write-downs of € 8.8 mn in the EMEA and Americas region and fixed-cost progression effect
- Adj. EBIT margin in Q3 2020 exceeds pre-corona value for the same quarter of last year
- **Restructuring expenses (€ 11.7 mn)**
  - Severance payments (€ 3.3 mn)
  - Corpco wind-down (€ 2.6 mn)
  - Closure of subsidiaries (€ 1.8 mn)
  - Project FORWARD 2.0 (€ 2.3 mn)
  - Change of legal form (€ 1.2 mn)
- **No goodwill impairments**

# EMEA – Adj. EBIT margin very robust despite COVID-19



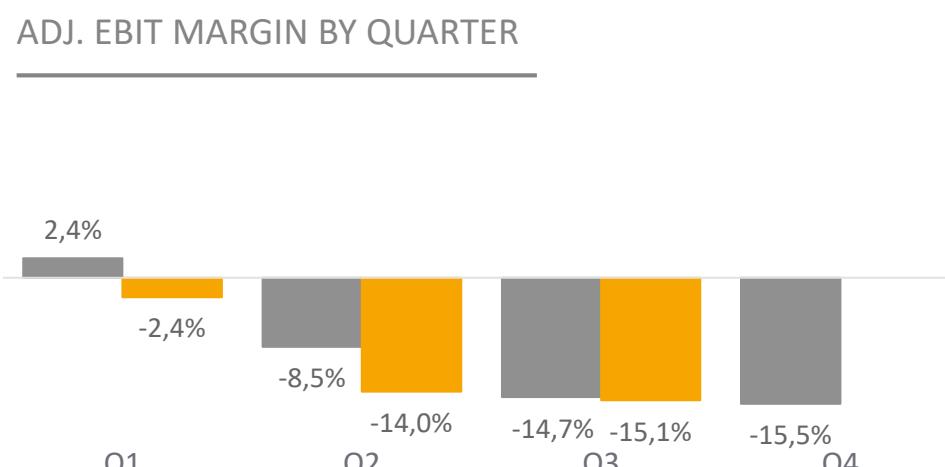
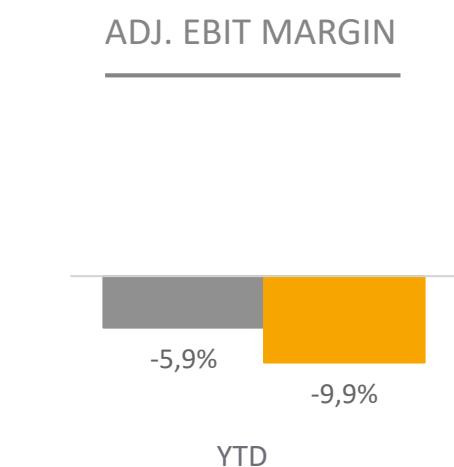
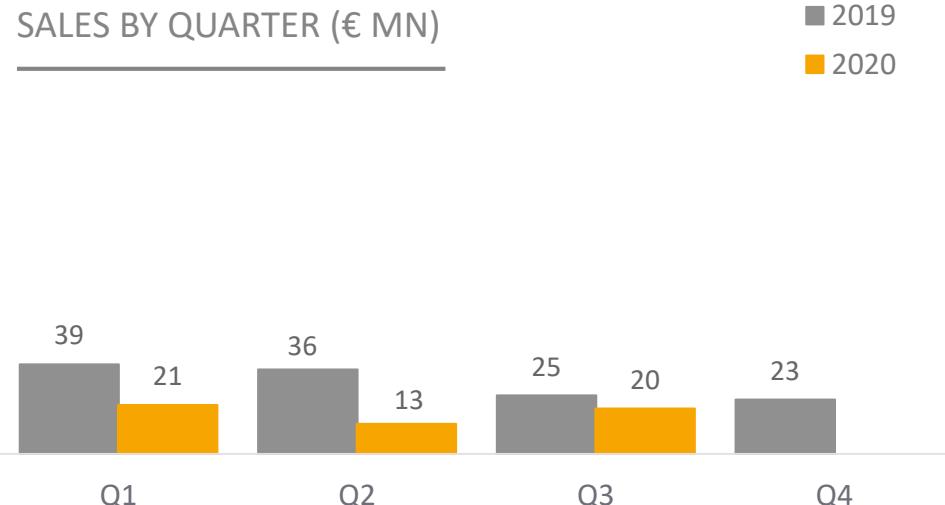
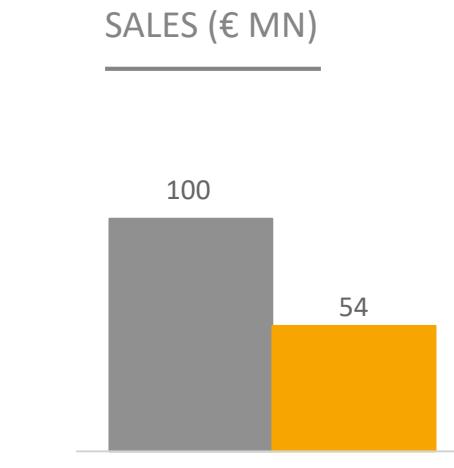
- Sales 9M 2020 down by 17.8 per cent yoy
- Q3 2020 sales figure down only 5.4 per cent yoy; good recovery in all areas
- Adj. EBIT margin 9M 2020 at 8.7 per cent (9M 2019: 9.5 per cent)
  - Main driver: higher share of aftermarket business
  - Includes inventory write-downs of € 4.7 mn and fixed-cost progression effect
- Adj. EBIT margin in Q3 2020 with 10.0 per cent above previous year's pre-corona level
- **Restructuring expenses (€ 2.8 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 – Improved adj. EBIT margin despite massive sales decline



- Sales 9M 2020 down by 39.9 per cent yoy
- Americas region strongly hit by COVID-19 even in Q3 with sales down by 47.0 per cent yoy
- Adj. EBIT margin 9M 2020 at 3.5 per cent reflecting successful restructuring efforts
  - Main drivers: higher share of aftermarket business and substantial SG&A cost savings
  - Includes Inventory write downs of € 4.1 mn and fixed-cost progression effect
- Adj. EBIT margin in Q3 2020 with 5.6 per cent significantly better than Q1 2020, Q2 2020 and even above previous year's pre-corona level
- Adj. EBIT margin 9M 2019 included positive one-offs (contractually agreed passing on of the 2018 steel price increases)
- **Restructuring expenses (€ 4.0 mn)**  
Mainly severance payments and costs related to Program FORWARD 2.0

# APAC – Lockdown and delayed ramp-up weigh on sales and profitability



- **Sales 9M 2020 down by 46.2 per cent yoy**
  - Several weeks lockdown of the Chinese, Australian, Indian and Singapore entities
  - Ceased export business as a result of the trade dispute between China and the USA
  - Delayed ramp-up of the new Chinese facility in Yangzhou
- **Sales Q3 2020 down by 22.1 per cent yoy**
- **Adj. EBIT margin 9M 2020 at – 9.9 per cent**
  - Main drivers: continuing low volumes and special sale of old stock
- **Adj. EBIT Margin Q3 2020 at – 15.1 per cent**
- **Restructuring expenses (€ 4.9 mn)**  
Mainly costs related to Corpco wind-down and closure of subsidiaries

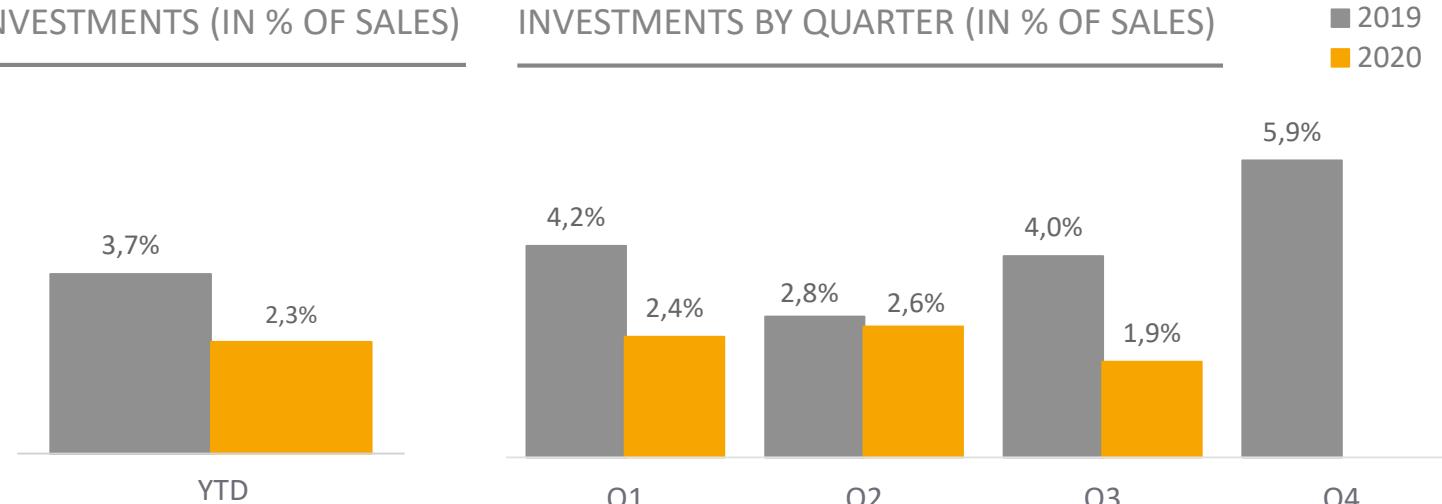
# Truck and trailer production 9M 2020 vs. 9M 2019 – COVID-19 strongly impacted already weakening markets

EUROPE		NORTH AMERICA		CHINA		SOUTH AMERICA*		INDIA	
Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
-30% to -35%	-25% to -30%	-45% to -50%	-40% to -45%	+10% to +20%	+10%	-35% to -40%	-10% to -15%	-70%	-60%

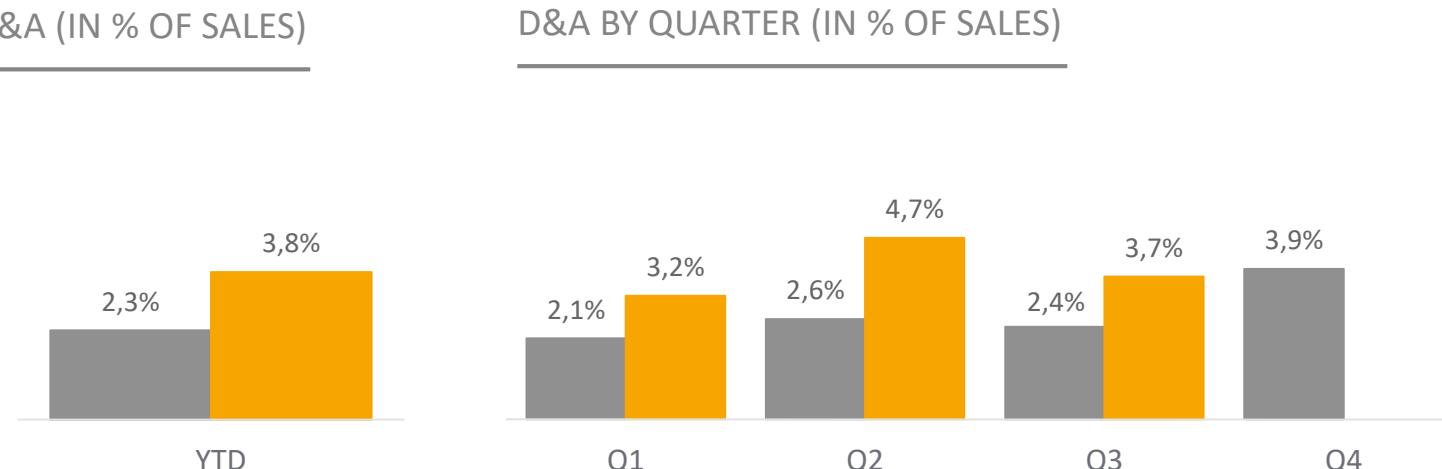
\* Mainly Brazil

# Investments and D&A – Capex ratio within target range of 2.0 to 2.5 per cent

INVESTMENTS (IN % OF SALES)

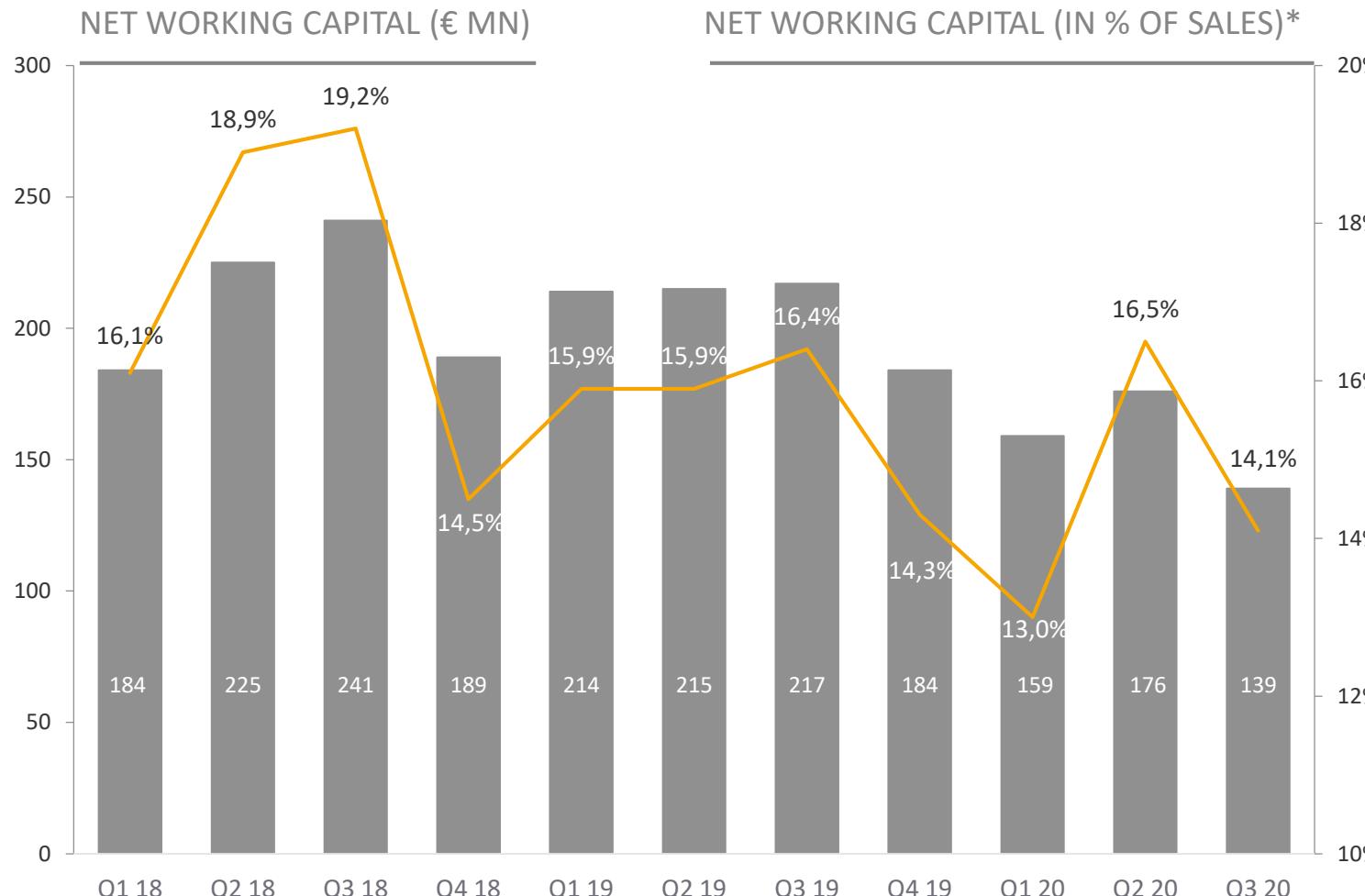


D&A (IN % OF SALES)



- **Investments** in plant, property, equipment and intangible assets reached 2.3 per cent of Group sales (FY 2020 guidance: around 2.5 per cent of Group sales)
- **Operating cash flow** with € 79.8 mn (149.2 per cent of EBITDA) 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 significantly lower sales

# Net working capital – Cash-is-King program well on track



- Net working capital (NWC) in Q3 significantly down both in absolute and relative terms compared to previous year
  - Minus 36.2 per cent from € 217.3 mn to € 138.7 mn
  - Main driver:
    - Trade receivables down 33.6 per cent due to cash collection
    - Inventories down 26.9 per cent with a decrease in sales of 29.7 per cent
  - NWC ratio down from 16.4 per cent to 14.1 per cent
- Cash-is-King program shows good results and will be continued with enhanced scope and focus on inventories

# Operating free cash flow significantly improved due to successful NWC management and lower capex

in EUR thousands	Q1 2019	Q2 2019	Q3 2019	Q1-Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q1-Q3 2020
EBITDA	28,411	29,195	12,120	69,726	18,487	88,213	25,876	6,550	21,061	53,486
Delta NWC	-14,914	-7,298	-1,741	-24,583	33,334	8,750	13,927	-19,937	27,560	21,550
<b>Net cash flow from operating activities</b>	<b>8,559</b>	<b>19,046</b>	<b>17,116</b>	<b>44,721</b>	<b>45,825</b>	<b>90,546</b>	<b>32,014</b>	<b>-9,487</b>	<b>57,260</b>	<b>79,787</b>
Purchase of PP&E	-13,304	-7,772	-10,859	-31,935	-13,656	-45,591	-5,446	-3,719	-3,672	-12,837
Purchase of intangible assets	-1,112	-2,048	-1,766	-4,926	-2,464	-7,390	-1,295	-1,374	-643	-3,312
Proceeds from sale of PP&E	164	1,292	3,009	4,465	789	5,254	418	63	242	723
<b>Operating free cash flow*</b>	<b>-5,693</b>	<b>10,518</b>	<b>7,500</b>	<b>12,325</b>	<b>30,494</b>	<b>42,819</b>	<b>25,691</b>	<b>-14,517</b>	<b>53,187</b>	<b>64,361</b>

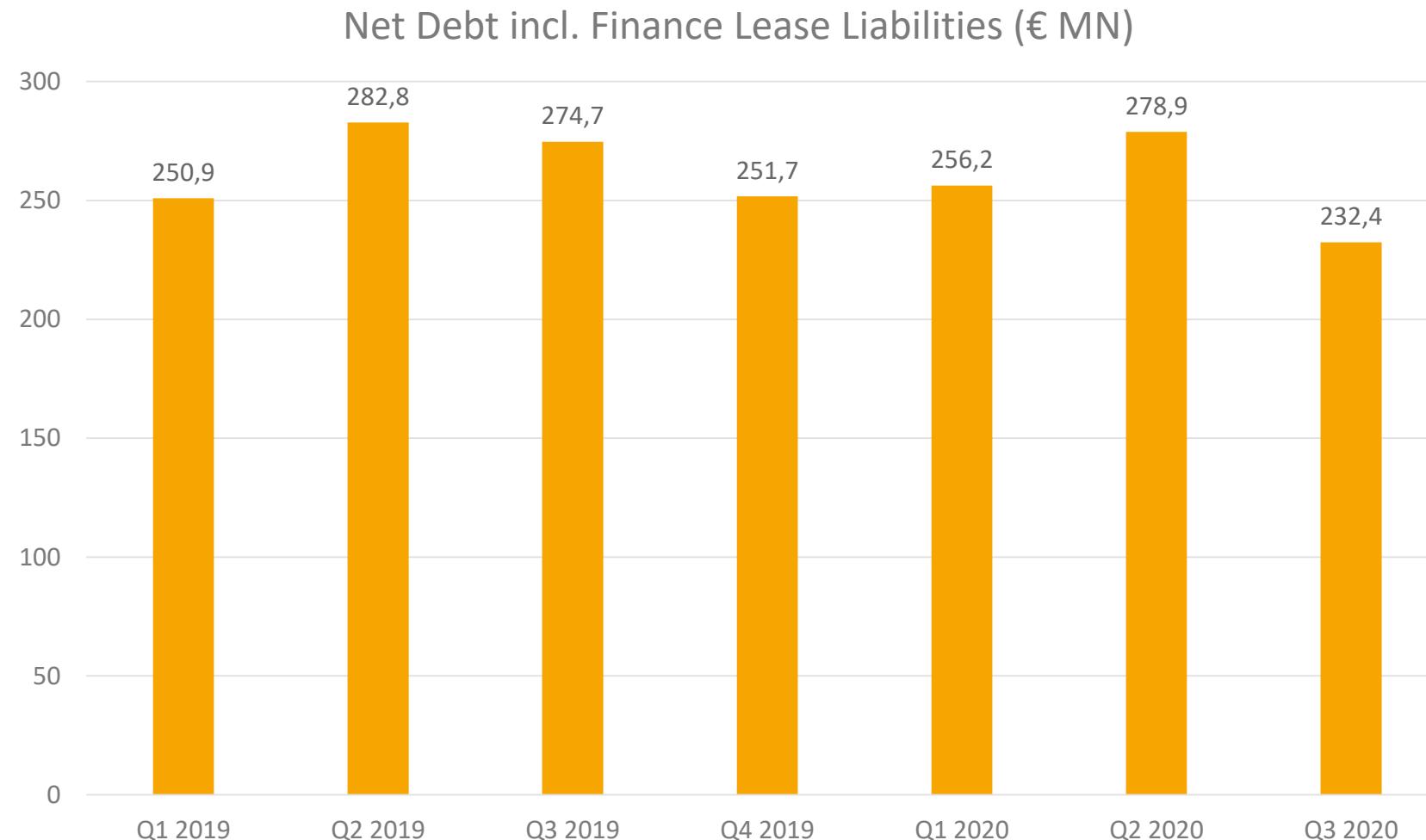
- **9M operating cash flow at € 79.8 mn**  
(9M 2019: € 44.7 mn)
- **9M operating free cash flow at € 64.4 mn**  
(9M 2019: € 12.3 mn)
- **9M net investing cash flow at € -15.4 mn**  
(PP&E and intangible assets)  
(9M 2019: € -32.4 mn)
- **Factoring volume at € 35.5 mn**  
(9M 2019: € 35.2 mn)

\* 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.

## Q3 2020 – Net debt reduced by € 46.5 mn vs. Q2 2020 due to improved cash generation

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## 2 Outlook

# 2020 Outlook truck and trailer production – Global downturn expected vs. 2019

EUROPE				NORTH AMERICA				CHINA				SOUTH AMERICA***				INDIA			
	Truck	Trailer		Truck	Trailer		Truck	Trailer		Truck	Trailer		Truck	Trailer		Truck	Trailer		
New*	-30% to -35%	-15% to -20%	New*	-40% to -45%	-40% to -45%	New*	0% to +5%	-5% to -10%	New*	-30% to -35%	-5% to -10%	New*	-40% to -50%	-40% to -50%					
Old**	-35% to -40%	-20%	Old**	-40% to -50%	-40% to -50%	Old**	-20%	-25%	Old**	-35%	-15%	Old**	-40%	-40%					

## 2020E:

- China with stable volumes
- Lower volumes in Europe and South America
- Significant declines in North America and India

# Guidance 2020 raised

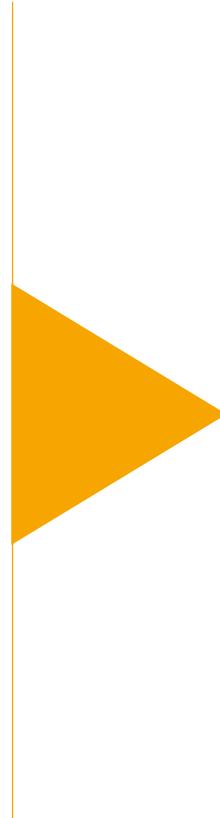
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	FY 2019	FY 2020* (new)	FY 2020 (old)
Sales	€ 1,284 mn	Decline by 20 to 30 per cent	Decline by 20 to 30 per cent
Adj. EBIT margin	6.2 per cent	Between 5 and 6 per cent	Between 3 and 5 per cent
CAPEX	4.1 per cent of sales	Around 2.5 per cent of sales	Around 2.5 per cent of sales

- The new EBIT guidance for FY 2020 is based on the assumption that in the remainder of the year there will be no new, unexpected impacts from the ongoing COVID-19 pandemic on the production and supply chains.

# Your key takeaways

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- **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

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DATE	EVENT
25.11.2020	SAF-HOLLAND Virtual Investor & Analyst Day

## Investor Relations Contact

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»WE ARE HAPPY TO ANSWER  
YOUR QUESTIONS.«



## Appendix

# P&L 9M 2020 – Extraordinary items

in EUR thousands	Q1-Q3/2020	Total Adjustments	Q1-Q3/2020 adjusted*	in % of sales	Q1-Q3/2019	Total Adjustments	Q1-Q3/2019 adjusted*	in % of sales
Sales	708,698	–	708,698	100.0%	1008,626	–	1008,626	100.0%
Cost of sales	-589,694	8,504	-581,190	-82.0%	-844,385	9,116	-835,269	-82.8%
<b>Gross profit</b>	<b>119,004</b>	<b>8,504</b>	<b>127,508</b>	<b>18.0%</b>	<b>164,241</b>	<b>9,116</b>	<b>173,357</b>	<b>17.2%</b>
Other income	1,713	-522	1,191	0.2%	3,109	-1,850	1,259	0.1%
Impairment of goodwill	–	–	–	0.0%	-6,691	6,691	–	0.0%
Selling expenses	-44,324	6,315	-38,009	-5.4%	-53,181	5,590	-47,591	-4.7%
Administrative expenses	-47,139	5,040	-42,099	-5.9%	-54,258	8,195	-46,063	-4.6%
Research and development costs	-11,421	256	-11,165	-1.6%	-15,746	279	-15,467	-1.5%
<b>Operating profit</b>	<b>17,833</b>	<b>19,593</b>	<b>37,426</b>	<b>5.3%</b>	<b>37,474</b>	<b>28,021</b>	<b>65,495</b>	<b>6.5%</b>
Share of net profit of investments accounted for using the equity method	1,110	–	1,110	0.2%	1,421	–	1,421	0.1%
<b>EBIT</b>	<b>18,943</b>	<b>19,593</b>	<b>38,536</b>	<b>5.4%</b>	<b>38,895</b>	<b>28,021</b>	<b>66,916</b>	<b>6.6%</b>
Finance income	1,762	–	1,762	0.2%	1,404	–	1,404	0.1%
Finance expenses	-10,483	–	-10,483	-1.5%	-10,151	–	-10,151	-1.0%
<b>Finance result</b>	<b>-8,721</b>	<b>–</b>	<b>-8,721</b>	<b>-1.2%</b>	<b>-8,747</b>	<b>–</b>	<b>-8,747</b>	<b>-0.9%</b>
<b>Result before taxes</b>	<b>10,222</b>	<b>19,593</b>	<b>29,815</b>	<b>4.2%</b>	<b>30,148</b>	<b>28,021</b>	<b>58,169</b>	<b>5.8%</b>
Income taxes	-2,270	-5,992	-8,262	-1.2%	-12,868	-2,430	-15,298	-1.5%
Tax rate (%)	22.2%		27.7%		42.7%		26.3%	
<b>Result for the period</b>	<b>7,952</b>	<b>13,601</b>	<b>21,553</b>	<b>3.0%</b>	<b>17,280</b>	<b>25,591</b>	<b>42,871</b>	<b>4.3%</b>

\* 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.

# Group – Reconciliation EBIT to adjusted EBIT

in EUR thousands	Q1-Q3 2020	Q1-Q3 2019	Change absolute	Change in %
<b>EBIT</b>	<b>18,943</b>	<b>38,895</b>	<b>-19,952</b>	<b>-51.3%</b>
EBIT margin in %	2.7%	3.9%	-	-
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	7,876	7,288	588	8.1%
Impairment	-	6,691	-6,691	-
PPA step-up from inventory measuring of acquisitions	-	43	-43	-
Restructuring and transactions costs	11,717	13,999	-2,282	-16.3%
<b>Adjusted EBIT</b>	<b>38,536</b>	<b>66,916</b>	<b>-28,380</b>	<b>-42.4%</b>
Adjusted EBIT margin in %	5.4%	6.6%	-	-

# EMEA – Reconciliation EBIT to adjusted EBIT

in EUR thousands	Q1-Q3 2020	Q1-Q3 2019	Change absolute	Change in %
<b>EBIT</b>	<b>28,823</b>	<b>40,518</b>	<b>-11,695</b>	<b>-28.9%</b>
EBIT margin in %	7.1%	8.2%	-	-
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	3,478	3,449	29	0.8%
Impairment	-	-	-	-
PPA step-up from inventory measuring of acquisitions	-	3	-3	-
Restructuring and transactions costs	2,809	2,768	41	1.5%
<b>Adjusted EBIT</b>	<b>35,110</b>	<b>46,738</b>	<b>-11,628</b>	<b>-24.9%</b>
Adjusted EBIT margin in %	8.7%	9.5%	-	-

# Americas – Reconciliation EBIT to adjusted EBIT

in EUR thousands	Q1-Q3 2020	Q1-Q3 2019	Change absolute	Change in %
<b>EBIT</b>	<b>2,949</b>	<b>18,567</b>	<b>-15,618</b>	<b>-84.1%</b>
EBIT margin in %	1.2%	4.5%	-	-
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	1,794	1,912	-118	-6.2%
Impairment	-	-	-	-
PPA step-up from inventory measuring of acquisitions	-	-	-	-
Restructuring and transactions costs	4,005	5,571	-1,566	-28.1%
<b>Adjusted EBIT</b>	<b>8,748</b>	<b>26,050</b>	<b>-17,302</b>	<b>-66.4%</b>
Adjusted EBIT margin in %	3.5%	6.3%	-	-

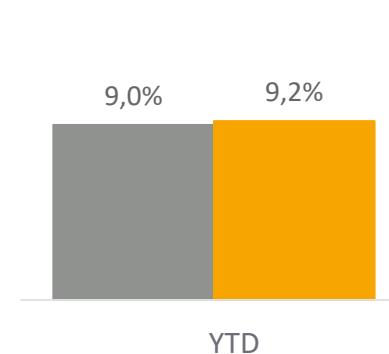
# APAC – Reconciliation EBIT to adjusted EBIT

in EUR thousands	Q1-Q3 2020	Q1-Q3 2019	Change absolute	Change in %
<b>EBIT</b>	<b>-12,829</b>	<b>-20,190</b>	<b>7,361</b>	<b>-36.5%</b>
EBIT margin in %	-23.8%	-20.2%	-	-
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	2,604	1,927	677	35.1%
Impairment	-	6,691	-6,691	-
PPA step-up from inventory measuring of acquisitions	-	40	-40	-
Restructuring and transactions costs	4,903	5,660	-757	-13.4%
<b>Adjusted EBIT</b>	<b>-5,322</b>	<b>-5,872</b>	<b>550</b>	<b>-9.4%</b>
Adjusted EBIT margin in %	-9.9%	-5.9%	-	-

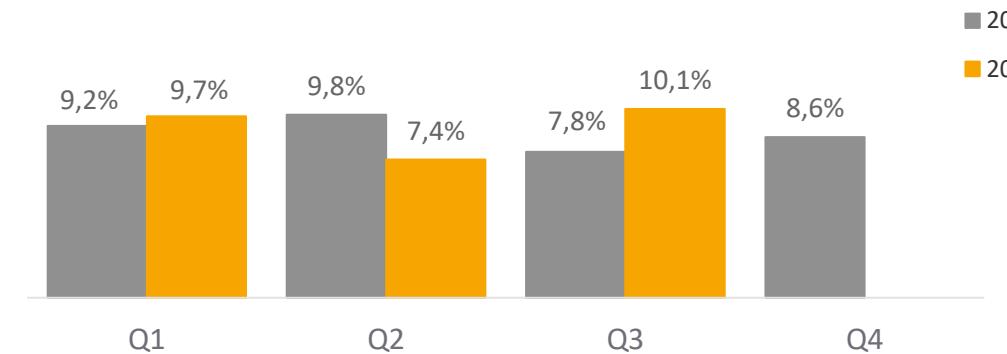
# Adj. EBITDA margin

## Group

### ADJ. EBITDA MARGIN

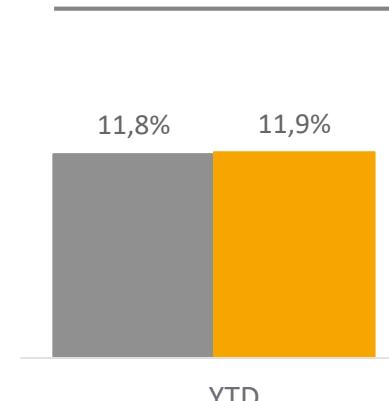


### ADJ. EBITDA MARGIN BY QUARTER

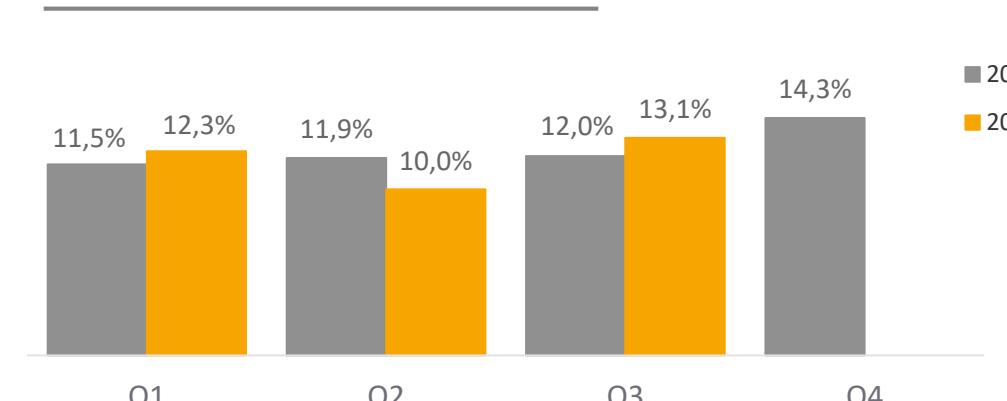


## EMEA

### ADJ. EBITDA MARGIN



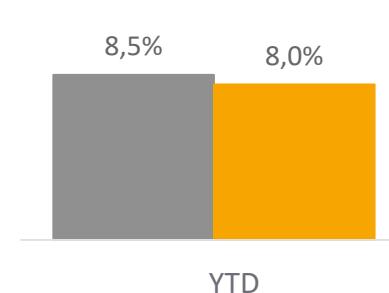
### ADJ. EBITDA MARGIN BY QUARTER



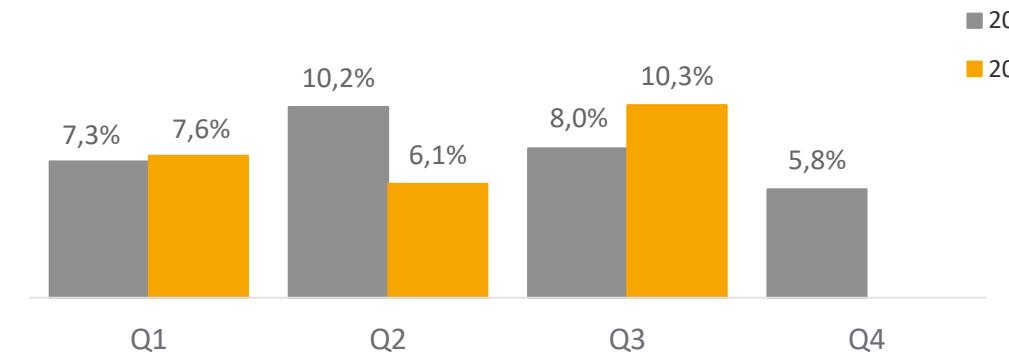
# Adj. EBITDA margin

## Americas

### ADJ. EBITDA MARGIN

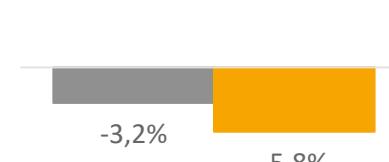


### ADJ. EBITDA MARGIN BY QUARTER

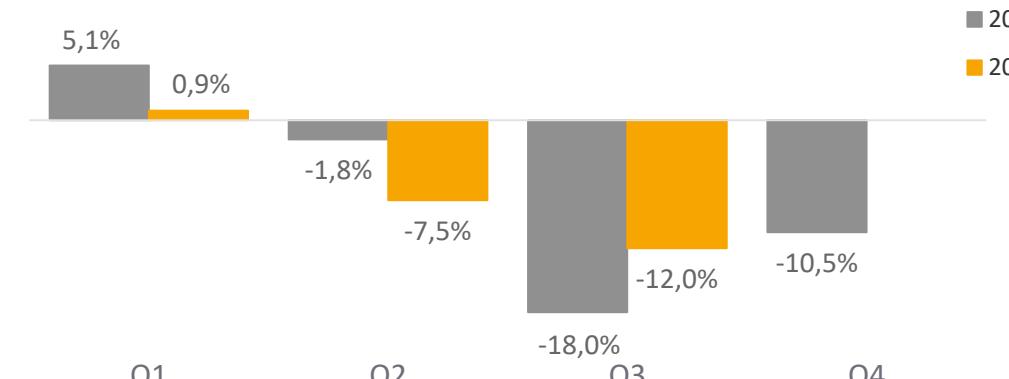


## APAC

### ADJ. EBITDA MARGIN

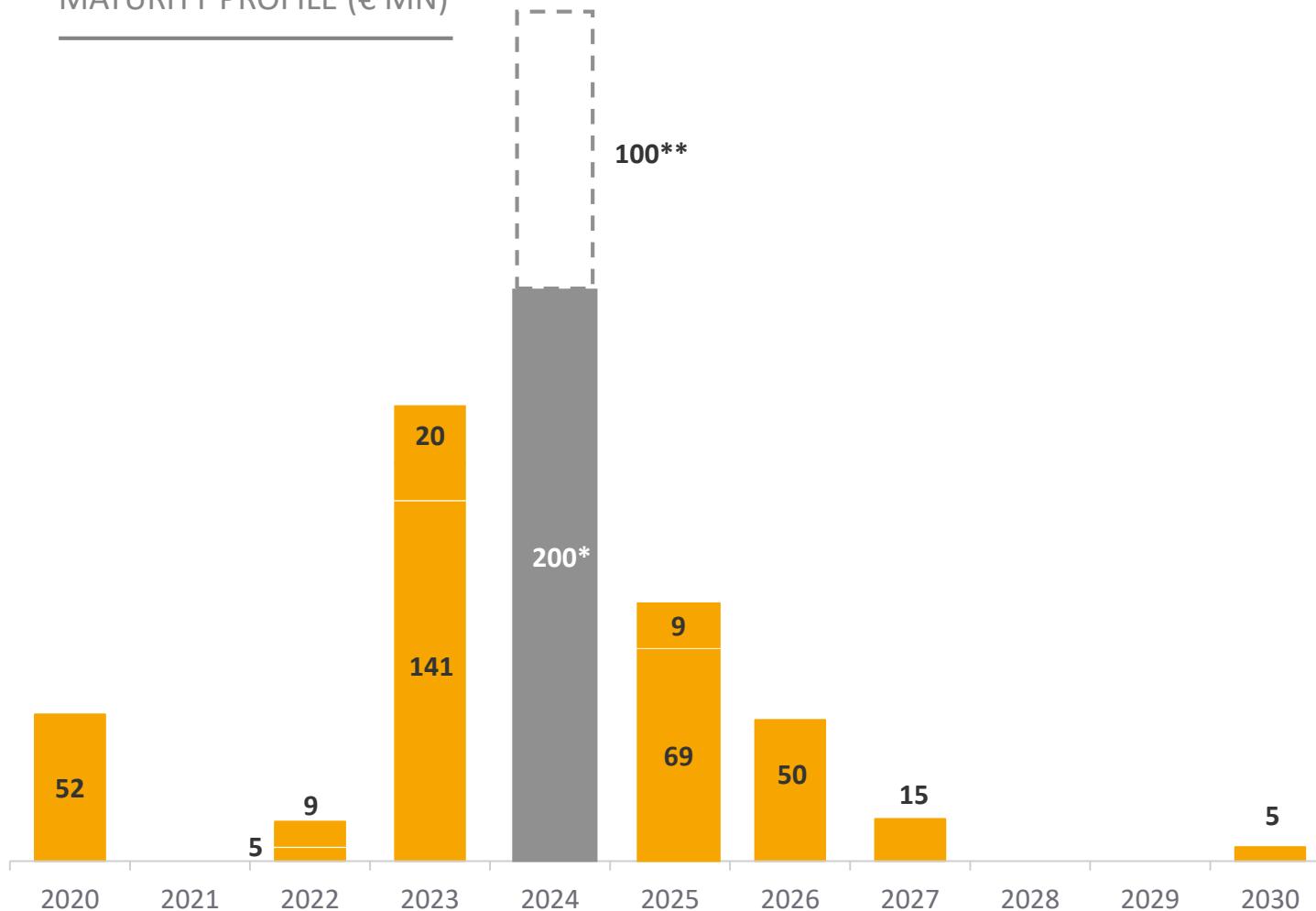


### ADJ. EBITDA MARGIN BY QUARTER



# Current financing structure

MATURITY PROFILE (€ MN)



• RCF mostly undrawn

\*\* option for an additional € 100 mn

\*\*\* additional one year extension possible

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