

# FINANCIAL RESULTS

## Q1 2021

ALEXANDER GEIS, CEO  
INKA KOLJONEN, CFO

MAY 12, 2021

# AGENDA

## 1 HIGHLIGHTS Q1 2021

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Alexander Geis

## 2 FINANCIAL PERFORMANCE

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Inka Koljonen

## 3 OUTLOOK

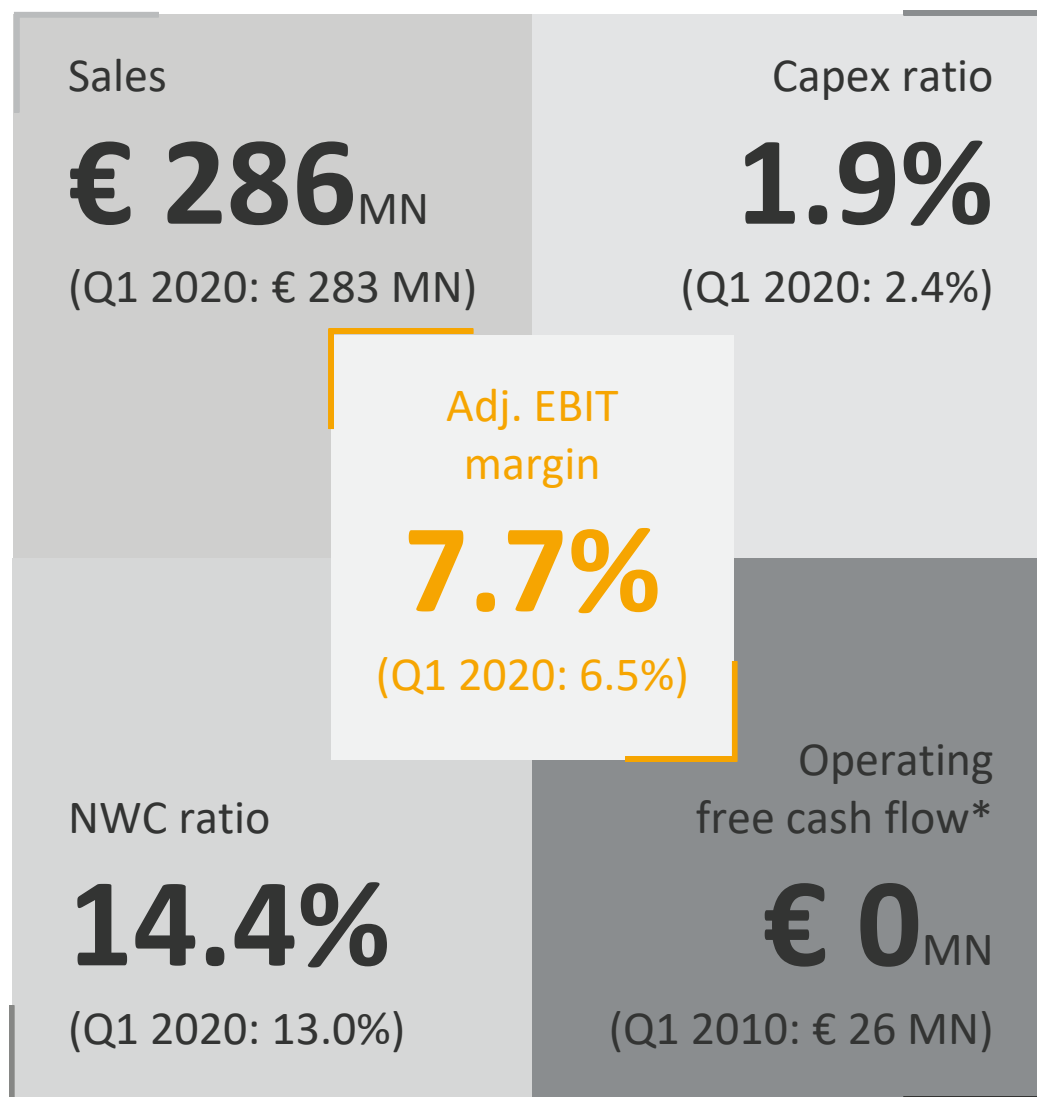
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Alexander Geis

## 4 APPENDIX

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# HIGHLIGHTS Q1 2021: STRONG MARKET RECOVERY



\* after income tax paid

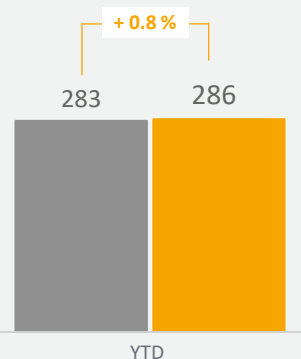
- **Sales:** strong start to the year in the EMEA and APAC regions driven by dynamic market recovery and further gains in market share in Europe and India
- Solid aftermarket performance
- **Adj. EBIT margin:** structural cost-cutting measures of the last months strongly paying off in all regions
- **Capex ratio:** full year guidance of 2.5 per cent will be achieved
- **NWC ratio:** cyclical rebound requires higher investments into inventories and the supply chain
- **Operating free cash flow:** affected by NWC build up



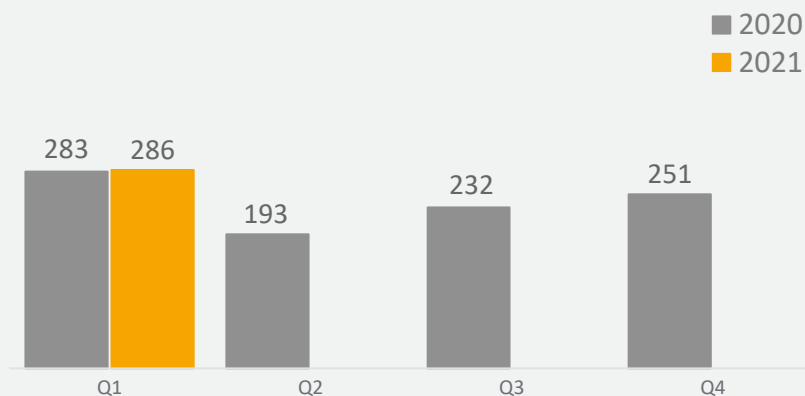
**ACCELERATING ORDER INTAKE LEADS TO STRONG VISIBILITY AND HIGH CAPACITY UTILISATION AT LEAST UNTIL AUTUMN**

# GROUP: STRUCTURAL COST-CUTTING MEASURES PAYING OFF

SALES (€ MN)



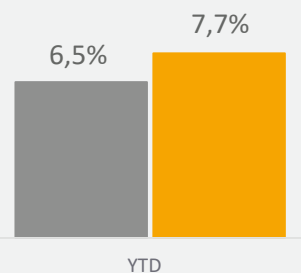
SALES BY QUARTER (€ MN)



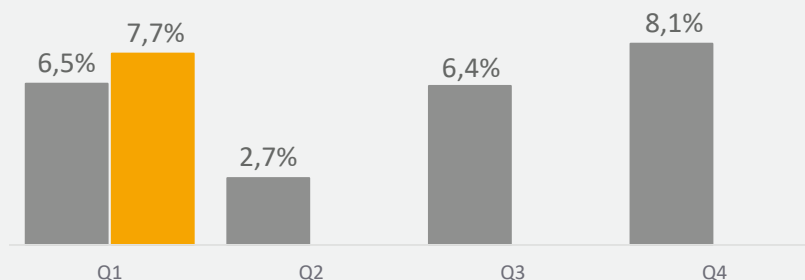
## MAIN DRIVERS

- Sales slightly above previous years' level, driven by the APAC region (+28.7 per cent) and EMEA region (+7.1 per cent)
- Sales growth adjusted for FX effects: +5.6 per cent
- High aftermarket sales share of 27.4 per cent in Q1
- Structural cost-cutting measures and aftermarket business driving adjusted gross profit margin improvement from 18.4 per cent to 19.6 per cent
- Restructuring mainly done (Q1/2021: € 0.2 mn vs. Q1/2020: € 1.6 mn)

ADJ. EBIT MARGIN

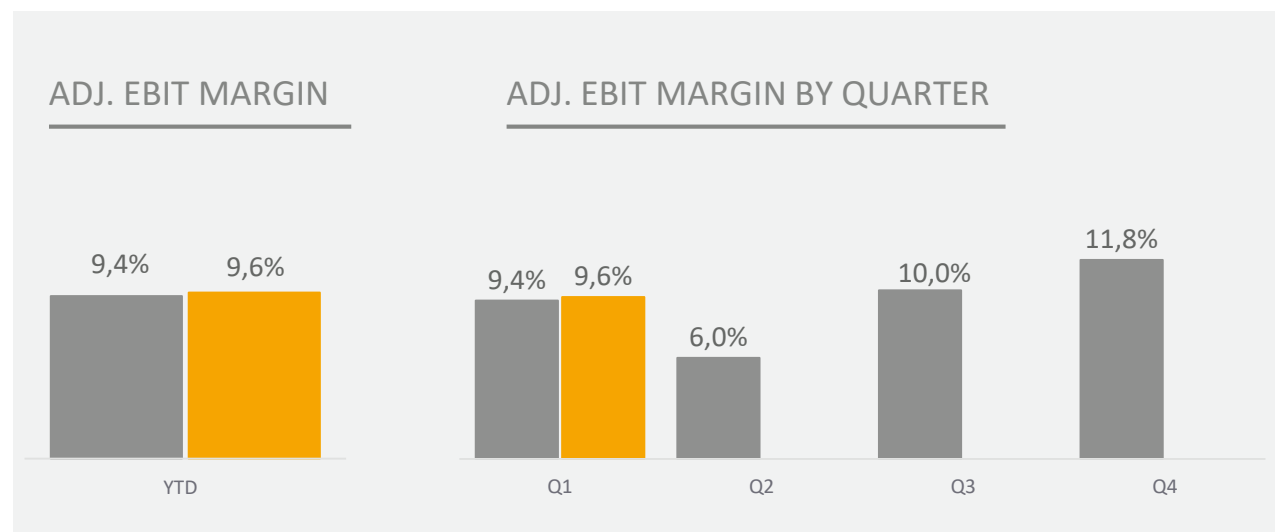
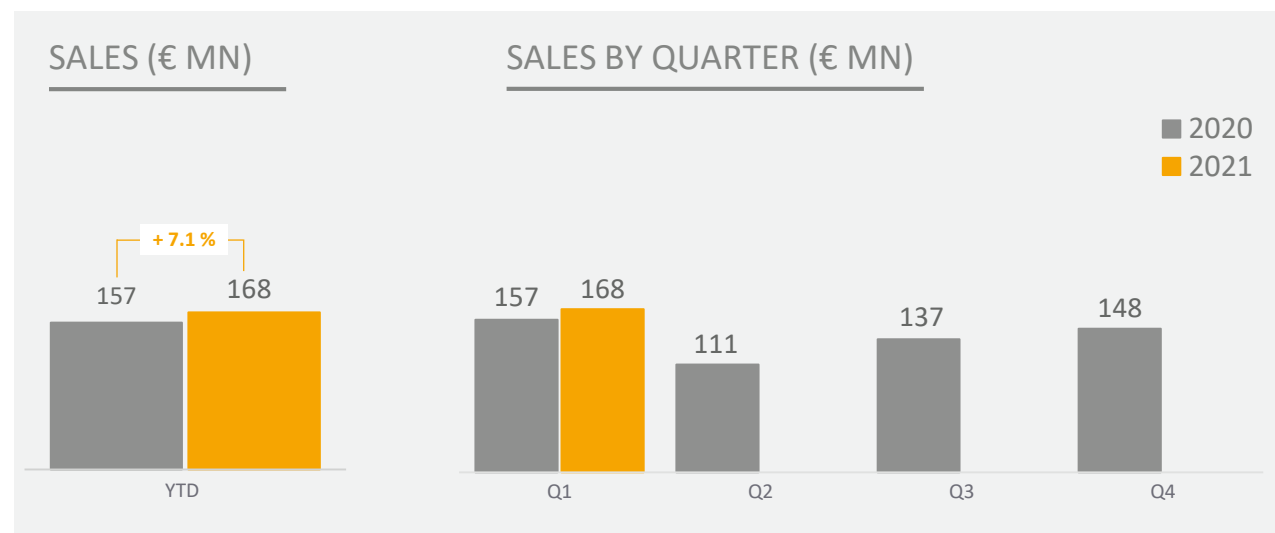


ADJ. EBIT MARGIN BY QUARTER



**VERY GOOD BASIS TO ACHIEVE FULL YEAR GUIDANCE**

# EMEA: ADJ. EBIT MARGIN AT A CONSTANT HIGH LEVEL



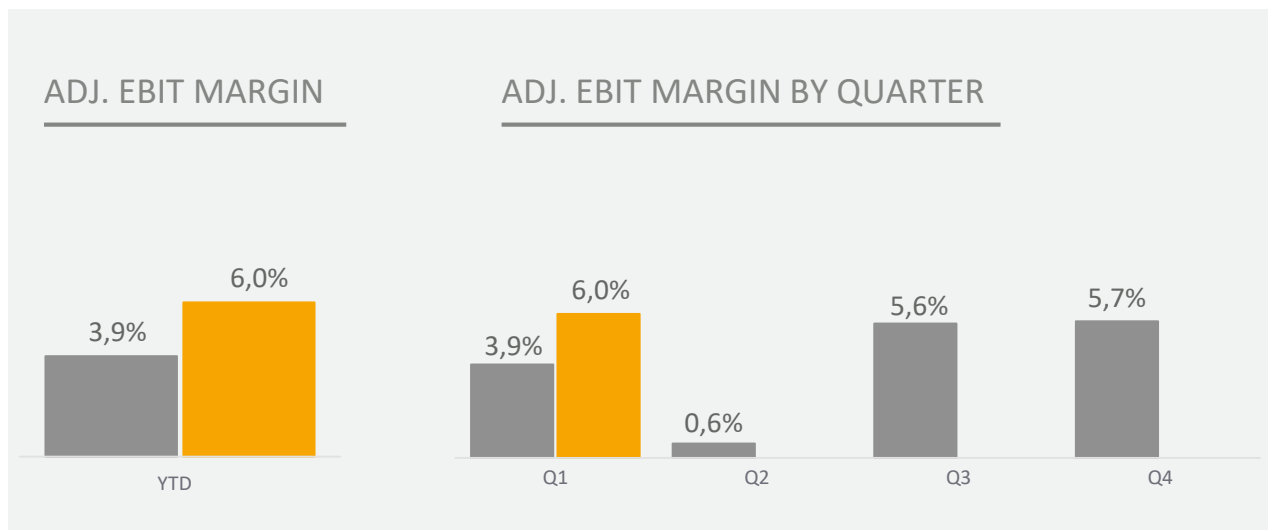
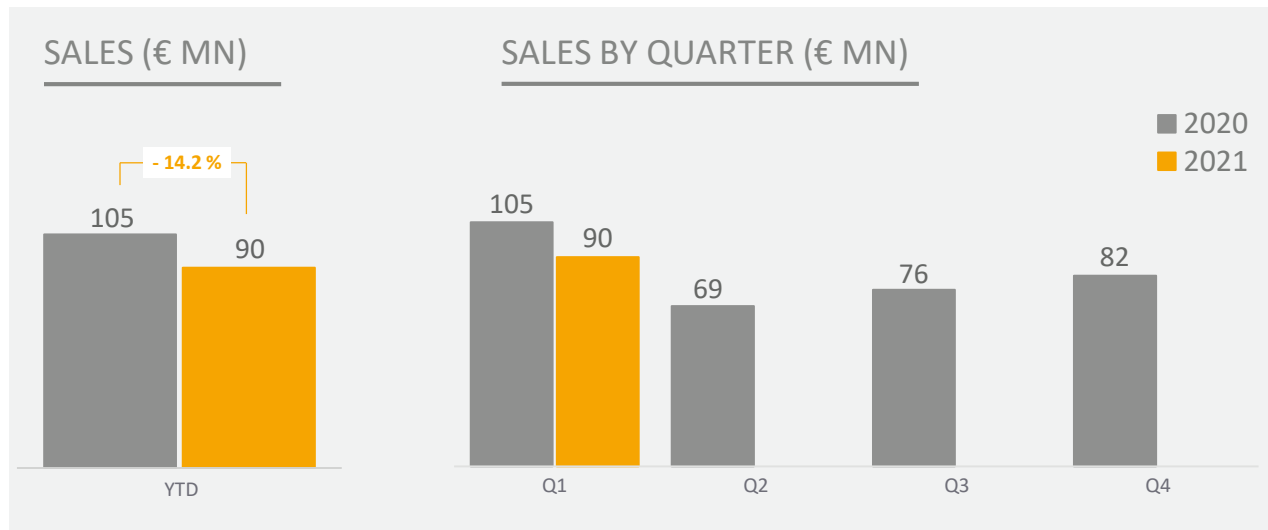
## MAIN DRIVERS

- Due to excellent market position and strong order situation sales increased by 7.1 per cent to € 168 mn
- Sales growth adjusted for FX effects: +9.4 per cent
- Structural cost-cutting measures and supplemental collective agreement helping to secure profitability at a constant high level
- Various measures taken to counterbalance material price increases and supply chain shortages



**EMEA REGION WELL POSITIONED FOR FURTHER MARKET RECOVERY**

# AMERICAS: ADJUSTED EBIT MARGIN STRONGLY IMPROVED



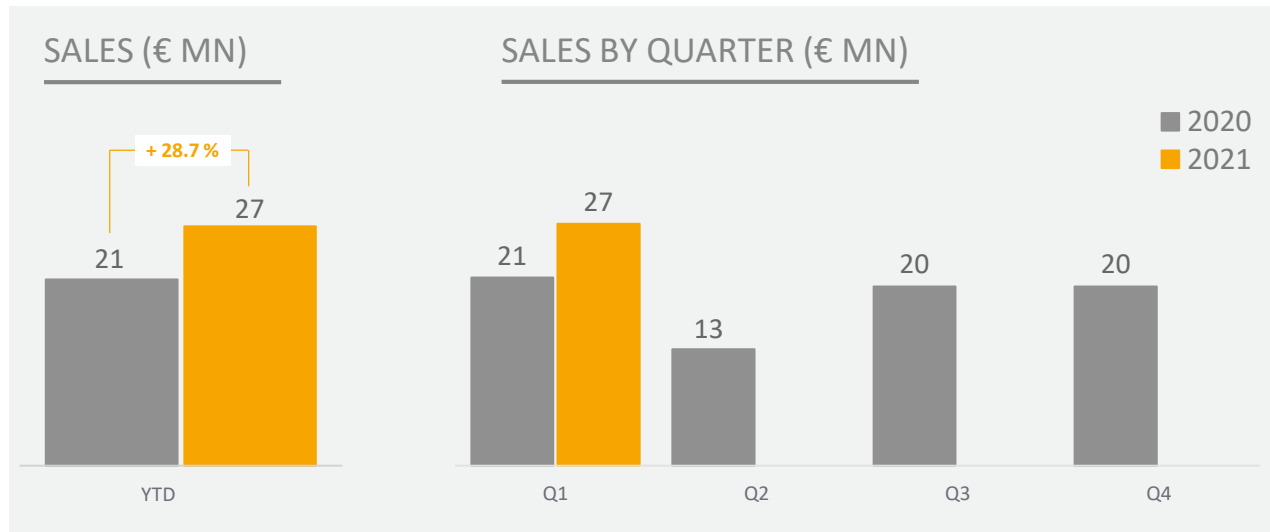
## MAIN DRIVERS

- Sales decline of -14.2 per cent in the Americas region due to clean-up of loss-making business and winter storms in Texas; Canada, Mexico and Brazil performed very well
- Sales decline adjusted for FX effects: - 5.4 per cent
- Strong aftermarket business could partially compensate for the weaker OE business
- Substantially lower SG&A sales ratio (from 11.5 per cent to 10.6 per cent) due to structural cost-cutting measures



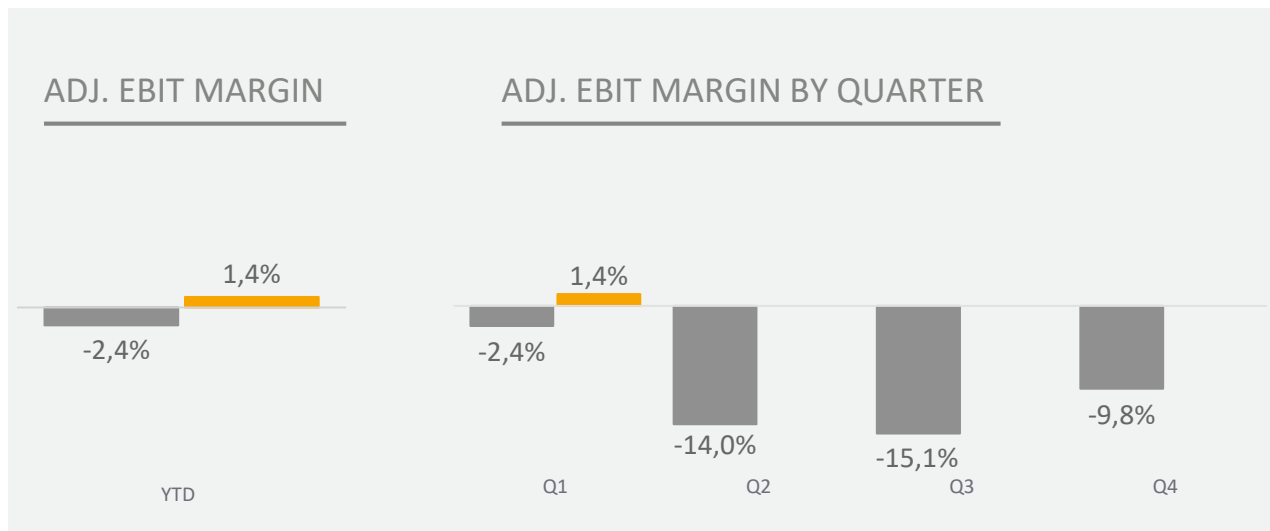
**AMERICAS REGION PREPARED FOR FURTHER MARGIN IMPROVEMENT**

# APAC: BREAK EVEN ACHIEVED



## MAIN DRIVERS

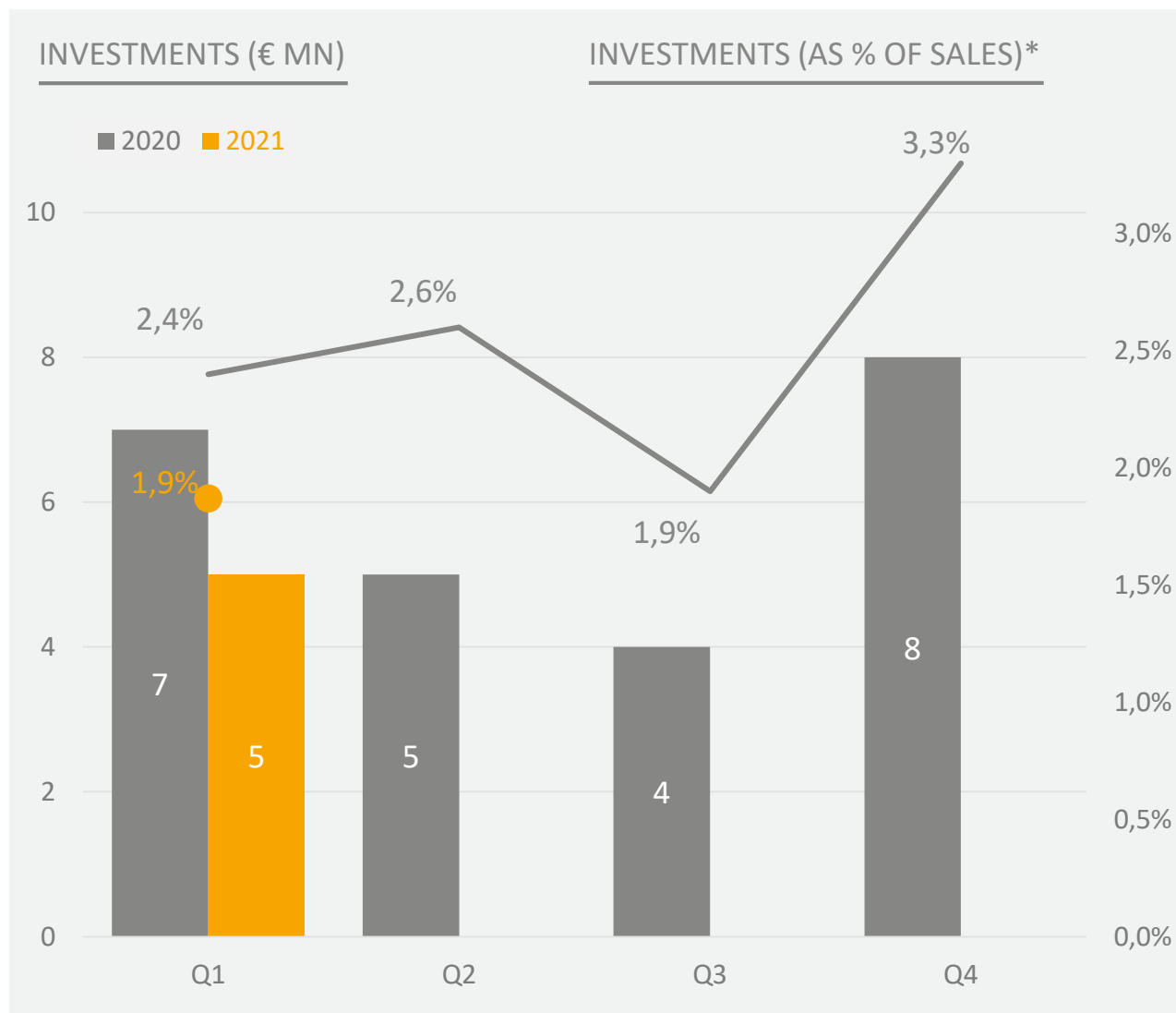
- Sales increased by 28.7 per cent especially driven by strong OE business in India and Australia
- Sales growth adjusted for FX effects: +32.6 per cent
- Volume increase and cost decrease driving profitability
- China: trending in the right direction



**APAC REGION HAS LAID THE FOUNDATION FOR FUTURE PROFITABLE GROWTH**



# INVESTMENTS: DISCIPLINED INVESTMENT POLICY CONTINUED



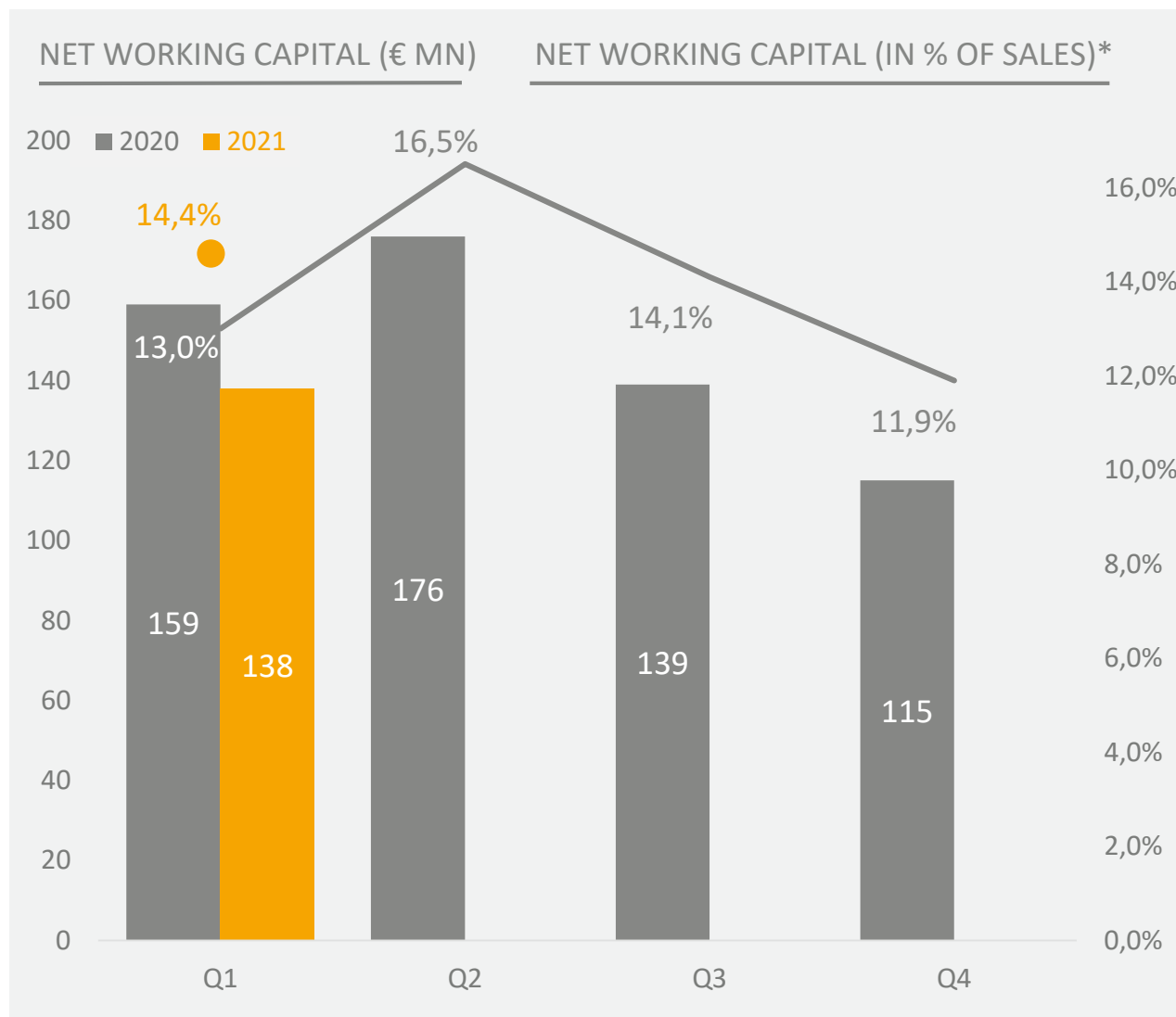
- Capex ratio of 1.9 per cent not representative for the full year
- Many investment projects are only at the beginning; cash outflow will follow in the subsequent quarters
- Focus of investing activities in Q1: further automation of production processes at the German and US locations



**DISCIPLINED INVESTMENT POLICY  
SUPPORTS FREE CASH FLOW  
GENERATION**



# NET WORKING CAPITAL: CYCLICAL INCREASE TO SAFEGUARD DELIVERY PERFORMANCE



- Due to very high demand combined with severe tightness in supply chain, conscious investment in NWC was necessary in Q1
- Material availability and freight capacity extremely tight
  - Inventories up by 23.2 per cent to € 156 mn
  - Trade receivables up 36.4 per cent to € 130 mn
  - Trade payables up by 37.5 per cent to € 147 mn
  - Sales (LTM) up by only 0.2 per cent to € 962 mn
- Cash-is-King program continued with an extended scope

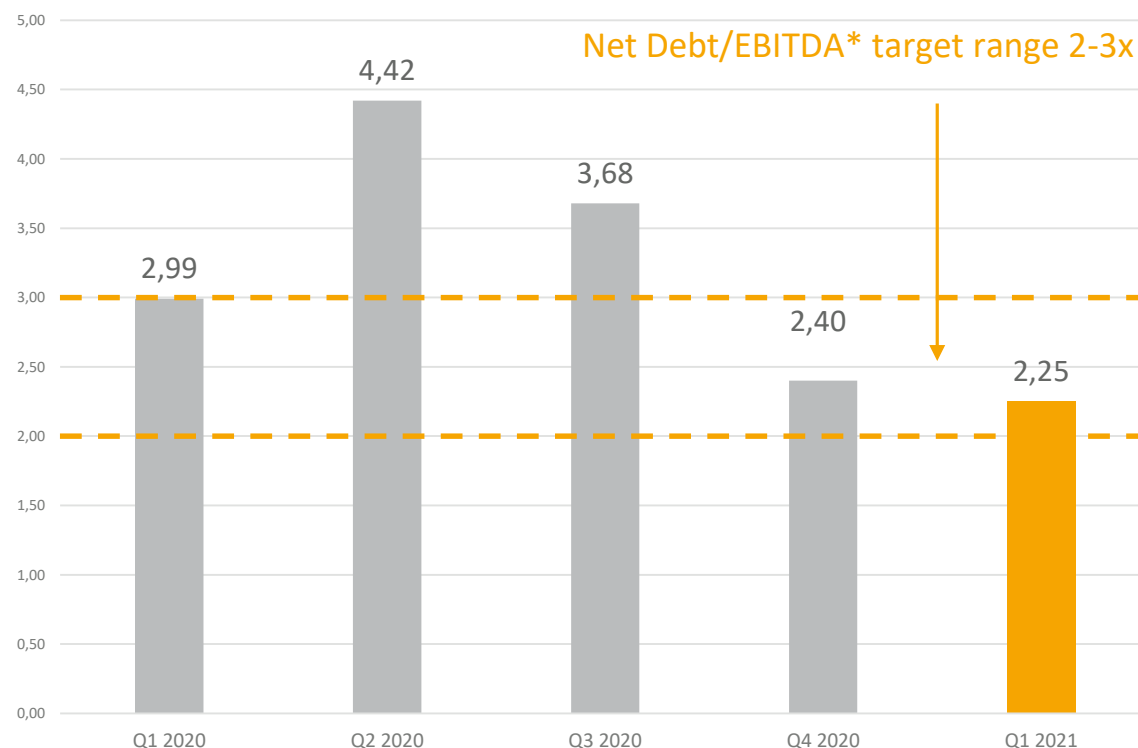


**NWC REBOUND EXPECTED TO EASE UP  
IN THE COURSE OF THE YEAR**

# CASH CONVERSION RATE: NET WORKING CAPITAL KEY DRIVER

in EUR thousands	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>EBITDA</b>	<b>25,876</b>	<b>6,551</b>	<b>21,059</b>	<b>28,606</b>	<b>30,827</b>
Change in NWC	8,018	-20,209	29,824	30,848	-23,969
Other Cash and Non-Cash Items	2,980	3,728	6,191	1,635	2,275
<b>Operating cash flow *</b>	<b>36,874</b>	<b>-9,930</b>	<b>57,074</b>	<b>61,089</b>	<b>9,133</b>
<b>Cash Conversion Rate in % **</b>	<b>142.5</b>	<b>-151.6</b>	<b>271.0</b>	<b>213.6</b>	<b>29.6</b>
Net Capex	-6,323	-5,030	-4,073	-8,249	-5,201
Operating free cash flow *	30,551	-14,960	53,001	52,840	3,932

# NET DEBT/EBITDA\*: FURTHER DELEVERAGING EXPECTED



- Q1 2021 shows further improvement driven by slightly lower Net Debt and substantially better EBITDA (LTM)
- Further sequential deleveraging expected in the upcoming quarters driven by better EBITDA and lower Net Debt
- Strong gross liquidity position totalling € 380 mn (YE 2020: € 371 mn)
- Improved balance sheet structure and financial headroom provide flexibility for future growth

€ MN	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net Debt	256.2	278.9	232.4	196.7	195.6
EBITDA*	85.7	63.0	63.2	82.1	87.0

\* Unadjusted EBITDA (LTM)



**ROBUST FINANCIAL PROFILE OPENS UP  
ADDITIONAL GROWTH OPPORTUNITIES**



## 2. Outlook

# TRUCK AND TRAILER PRODUCTION 2021: STRONG UPSWING



New:  
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**SIGNIFICANT REBOUND IN  
NORTH AMERICA AND INDIA**

**HIGHER VOLUMES IN EUROPE  
AND SOUTH AMERICA**

**CHINA WITH DECLINING  
TRUCK VOLUMES**

# GUIDANCE 2021\* UNCHANGED

	FY 2020	FY 2021
Sales	€ 959.5 mn	€ 1,050 mn to € 1,150 mn
Adj. EBIT margin	6.1 per cent	Around 7 per cent
CAPEX	2.5 per cent of sales	Around 2.5 per cent of sales

• The EBIT guidance for FY 2021 is based on the assumption that in the remainder of the year there will be no unexpected impacts from the ongoing COVID-19 pandemic on the production and supply chains.



WE ARE VERY WELL ON TRACK TO ACHIEVE OUR FULL YEAR TARGETS

# KEY TAKEAWAYS

1. Benefiting from the upswing in Europe, Brazil and India based on leading market positions; US trailer business to follow shortly
2. Structural cost-cutting measures bearing fruit
3. Disciplined approach to manage accelerating customer demand and working capital investments in recovery cycle
4. Further deleveraging expected
5. Material price increases included in full year guidance





# FINANCIAL CALENDAR & IR CONTACT

DATE	EVENT
02.06.2021	ODDO BHF Next Cap Forum
10.06.2021	Annual General Meeting
12.08.2021	Publication of the Half-Year Financial Report 2021
01.09.2021	Commerzbank Corporate Conference
15.11.2021	Publication of the Quarterly Statement Q3 2021

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# 3. Appendix

# TRUCK AND TRAILER PRODUCTION 1Q 2021: STRONG START TO THE YEAR



EUROPE		NORTH AMERICA		SOUTH AMERICA**		CHINA		INDIA	
Truck*	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
+15%	+12%	+12%	+7%	+25%	+41%	+98%	+142%	+110%	+37%



**SIGNIFICANT INCREASE IN INDIA,  
SOUTH AMERICA AND CHINA**

**HIGHER VOLUMES IN EUROPE AND NORTH  
AMERICA**

# P&L Q1 2021: QUALITY OF EARNINGS SUBSTANTIALLY IMPROVED

in EUR thousands	Q1 2021	Total Adjustments	Q1 2021 adjusted*	in % of sales	Q1 2020	Total Adjustments	Q1 2020 adjusted*	in % of sales
Sales	285,620	–	285,620	100.0%	283,411	–	283,411	100.0%
Cost of sales	-230,159	524	-229,635	-80.4%	-232,454	1,304	-231,150	-81.6%
<b>Gross profit</b>	<b>55,461</b>	<b>524</b>	<b>55,985</b>	<b>19.6%</b>	<b>50,957</b>	<b>1,304</b>	<b>52,261</b>	<b>18.4%</b>
Other income	276	–	276	0.1%	494	–	494	0.2%
Other expenses	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	–	–
Selling expenses	-14,692	1,794	-12,898	-4.5%	-16,249	1,934	-14,315	-5.0%
Administrative expenses	-15,847	-125	-15,972	-5.6%	-16,639	742	-15,897	-5.6%
Research and development costs	-6,034	311	-5,723	-2.0%	-4,567	88	-4,479	-1.6%
<b>Operating profit</b>	<b>19,164</b>	<b>2,504</b>	<b>21,668</b>	<b>7.6%</b>	<b>13,996</b>	<b>4,068</b>	<b>18,064</b>	<b>6.4%</b>
Share of net profit of investments accounted for using the equity method	289	–	289	0.1%	377	–	377	0.1%
<b>EBIT</b>	<b>19,453</b>	<b>2,504</b>	<b>21,957</b>	<b>7.7%</b>	<b>14,373</b>	<b>4,068</b>	<b>18,441</b>	<b>6.5%</b>
Finance income	927	–	927	0.3%	1,222	–	1,222	0.4%
Finance expenses	-2,605	–	-2,605	-0.9%	-4,048	–	-4,048	-1.4%
<b>Finance result</b>	<b>-1,678</b>	<b>–</b>	<b>-1,678</b>	<b>-0.6%</b>	<b>-2,826</b>	<b>–</b>	<b>-2,826</b>	<b>-1.0%</b>
<b>Result before taxes</b>	<b>17,775</b>	<b>2,504</b>	<b>20,279</b>	<b>7.1%</b>	<b>11,547</b>	<b>4,068</b>	<b>15,615</b>	<b>5.5%</b>
Income taxes	-6,508	1,104	-5,404	-1.9%	-2,890	-1,437	-4,327	-1.5%
Tax rate (%)	36.6%		26.7%		25.0%		27.7%	
<b>Result for the period</b>	<b>11,267</b>	<b>3,608</b>	<b>14,875</b>	<b>5.2%</b>	<b>8,657</b>	<b>2,631</b>	<b>11,288</b>	<b>4.0%</b>

# GROUP: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
<b>EBIT</b>	<b>19,453</b>	<b>14,373</b>	<b>5,080</b>	<b>35.3%</b>
EBIT margin in %	6.8%	5.1%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	2,290	2,436	-146	-6.0%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	214	1,632	-1,418	-86.9%
<b>Adjusted EBIT</b>	<b>21,957</b>	<b>18,441</b>	<b>3,516</b>	<b>19.1%</b>
Adjusted EBIT margin in %	7.7%	6.5%	–	–

# EMEA: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
<b>EBIT</b>	<b>15,124</b>	<b>14,019</b>	<b>1,105</b>	<b>7.9%</b>
EBIT margin in %	9.0%	8.9%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	1,162	1,162	–	–
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	-88	-347	259	-74.6%
<b>Adjusted EBIT</b>	<b>16,198</b>	<b>14,834</b>	<b>1,364</b>	<b>9.2%</b>
Adjusted EBIT margin in %	9.6%	9.4%	–	–

# AMERICAS: RECONCILIATION EBIT TO ADJUSTED EBIT

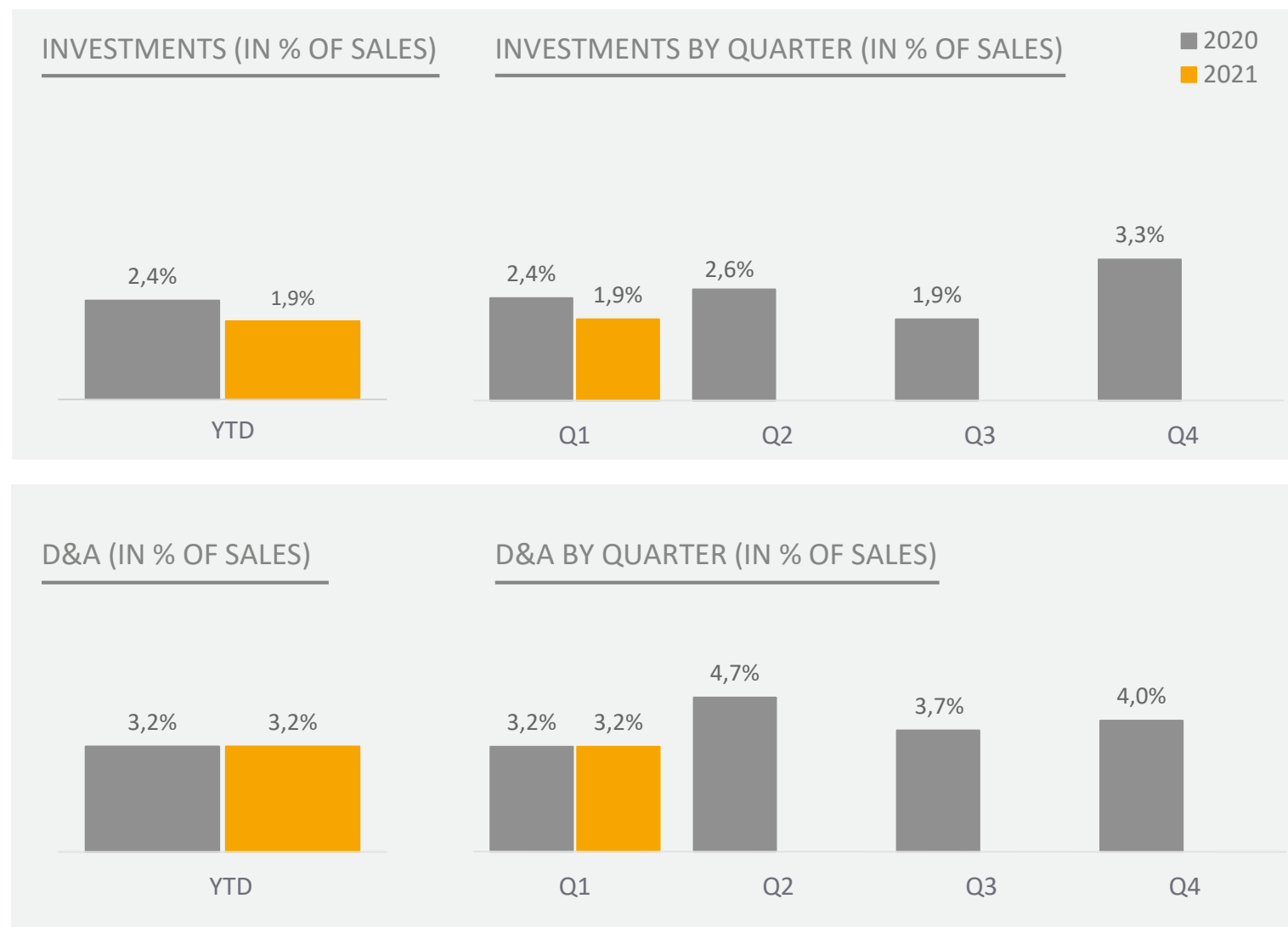
in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
<b>EBIT</b>	<b>4,695</b>	<b>2,860</b>	<b>1,835</b>	<b>64.2%</b>
EBIT margin in %	5.2%	2.7%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	542	619	-77	-12.4%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	135	641	-506	-78.9%
<b>Adjusted EBIT</b>	<b>5,372</b>	<b>4,120</b>	<b>1,252</b>	<b>30.4%</b>
Adjusted EBIT margin in %	6.0%	3.9%	–	–



# APAC: RECONCILIATION EBIT TO ADJUSTED EBIT

in EUR thousands	Q1 2021	Q1 2020	Change absolute	Change in %
<b>EBIT</b>	<b>-366</b>	<b>-2,506</b>	<b>2,140</b>	<b>-85.4%</b>
EBIT margin in %	-1.3%	-11.9%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	586	655	-69	-10.5%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	167	1,338	-1,171	-87.5%
<b>Adjusted EBIT</b>	<b>387</b>	<b>-513</b>	<b>900</b>	<b>-175.4%</b>
Adjusted EBIT margin in %	1.4%	-2.4%	–	–

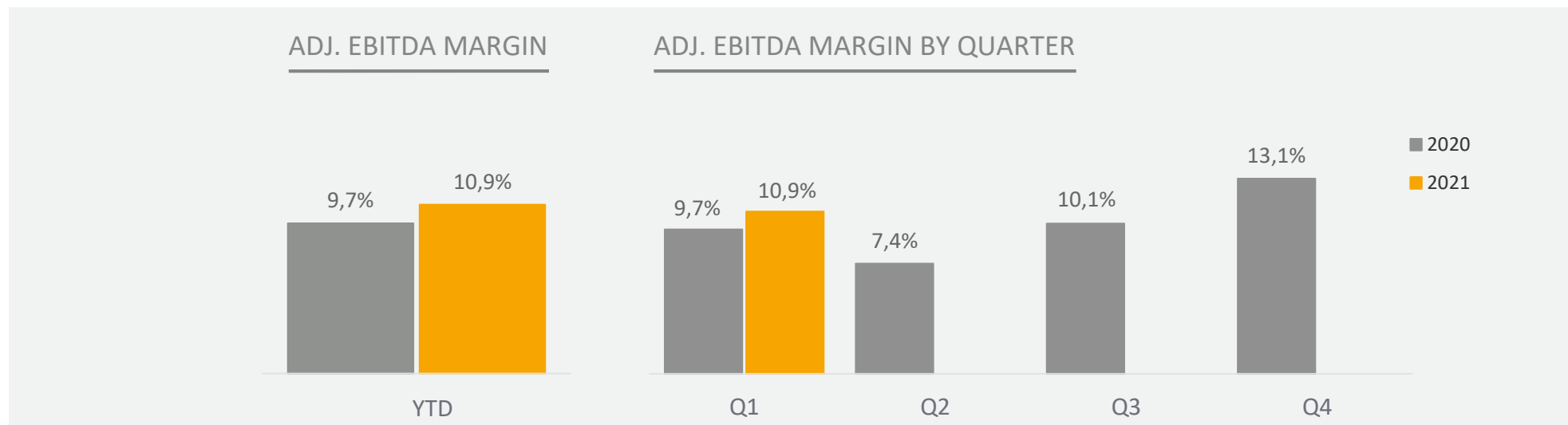
# D&A RATIO: FURTHER LEVER TO IMPROVE ADJ. EBIT MARGIN



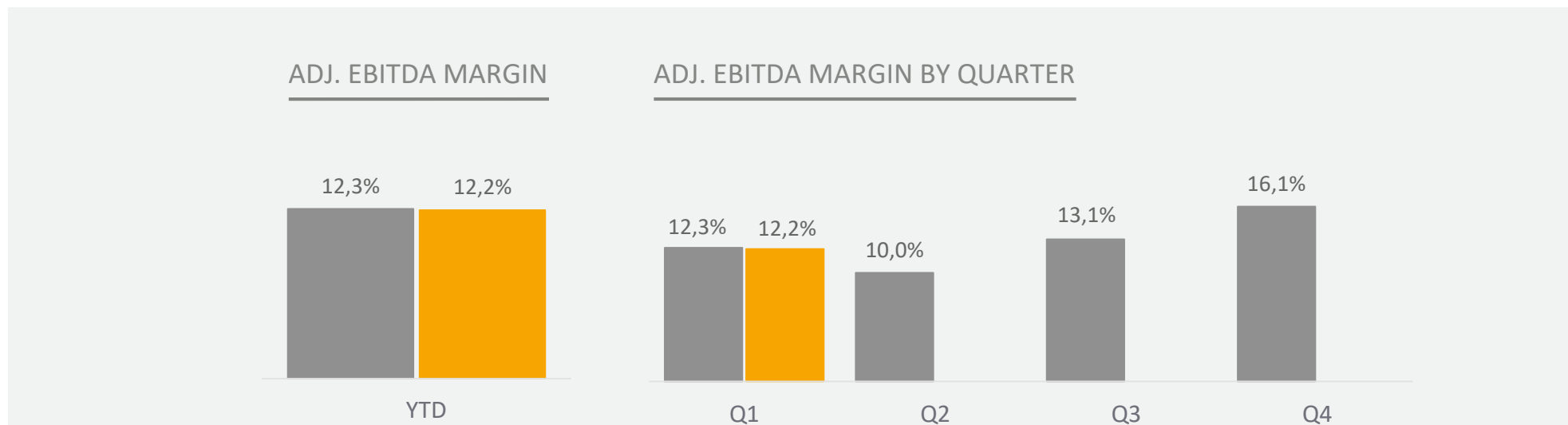
- **Investments** in plant, property, equipment and intangible assets reached 1.9 per cent of Group sales (FY 2021 guidance: around 2.5 per cent of Group sales)
- **Focus of investments:** further automation of production processes at the Bessenbach location and subsequent payments for the Yangzhou plant
- **Close monitoring of the investment approval process** to streamline capital allocation
- **Depreciation and Amortization ratio (excl. PPA, impairment of goodwill and R&D projects)** has peaked in Q2 2020

# ADJ. EBITDA MARGIN

## GROUP

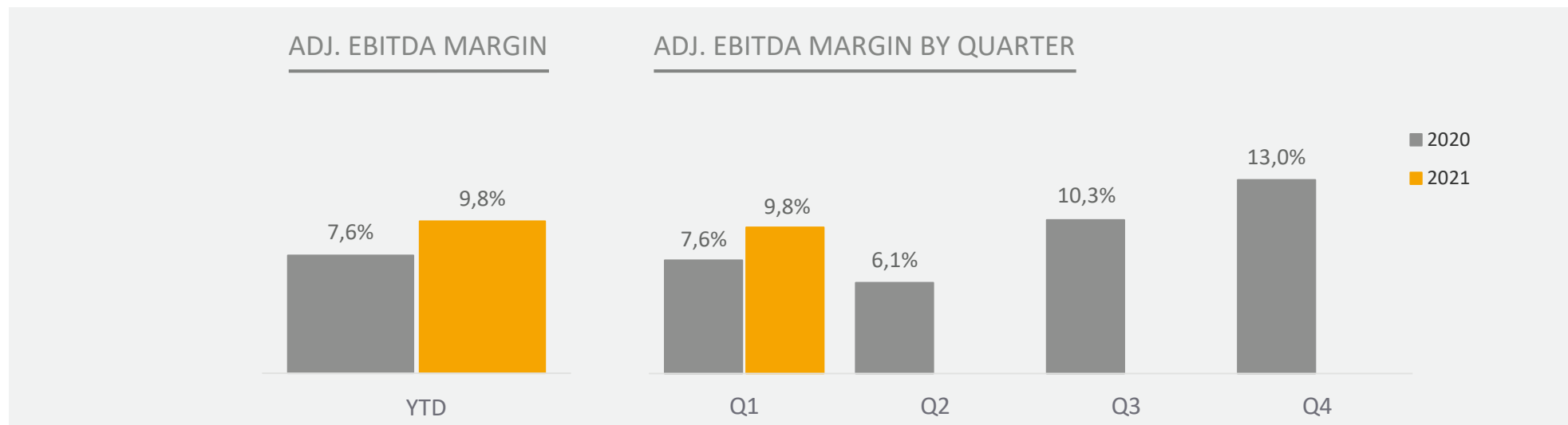


## EMEA

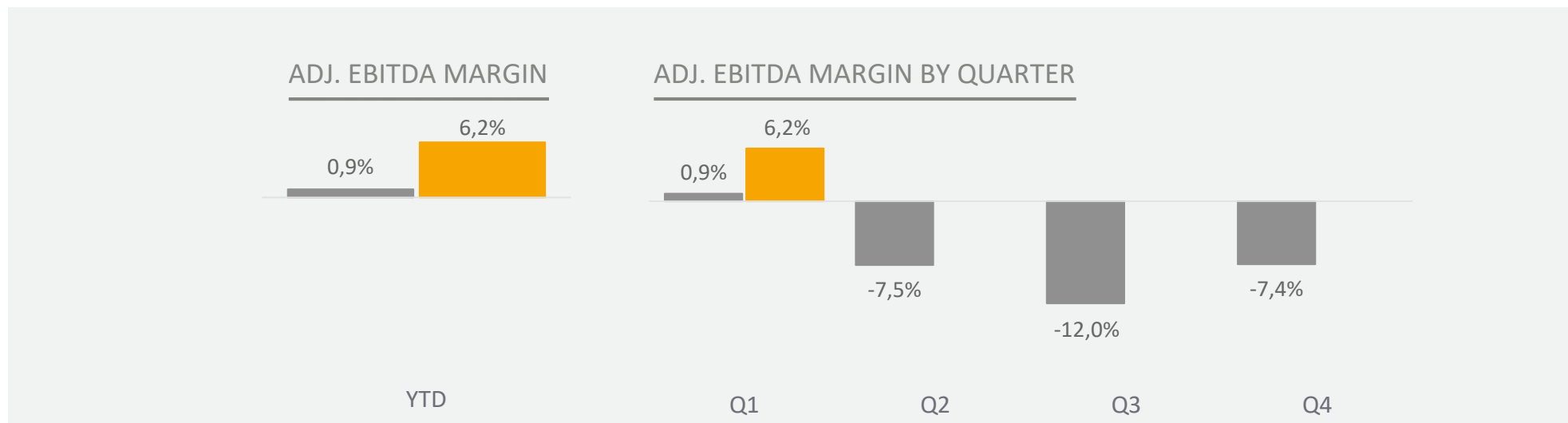


# ADJ. EBITDA MARGIN

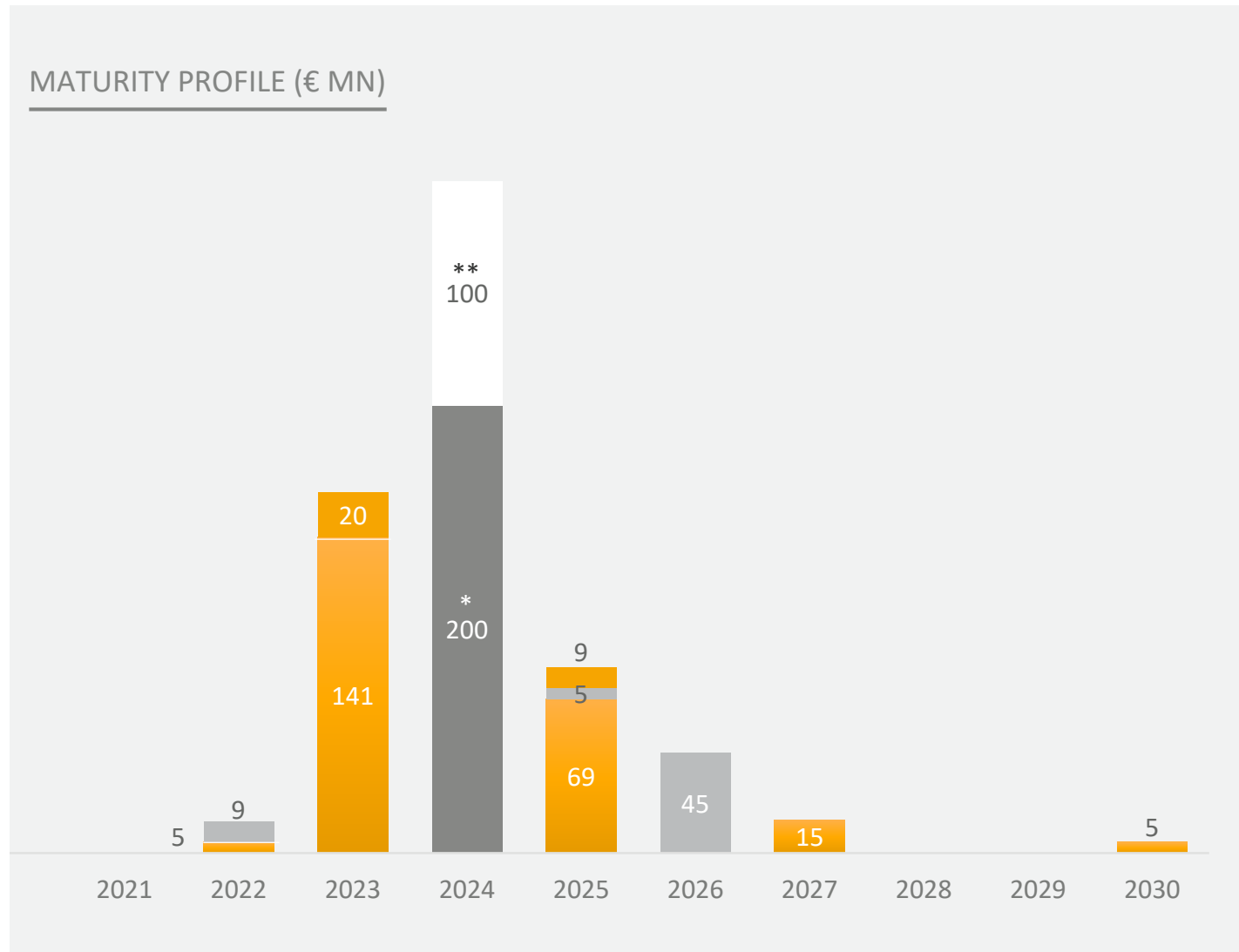
## AMERICAS



## APAC



# CURRENT FINANCING STRUCTURE



Product	Amount € mn	Maturity date
Loan RMB	9.0	06/2022
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	09/2023
Revolving credit facility***	200.0	10/2024
Promissory note loan new (5 years)	69.0	03/2025
Loan	5.0	09/2025
Promissory note loan old (10 years)	9.0	10/2025
Non-current loan	45.0	06/2026
Promissory note loan new (7 years)	15.0	03/2027
Promissory note loan new (10 years)	5.0	03/2030

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