

Corporate News

SAF-HOLLAND successfully closes the year 2021 in a challenging market environment – dividend proposal of EUR 0.35 per share

- **Group sales increased by 29.9% from EUR 960 million to EUR 1,247 billion**
- **Adjusted EBIT margin improved from 6.1% to 7.5%**
- **Significant reduction of leverage ratio from 2.40x to 1.58x**
- **Dividend proposal of EUR 0.35 (previous year EUR 0.00) per share**
- **Outlook 2022 influenced by Ukraine war**

Bessenbach, March 17, 2022. SAF-HOLLAND SE ("SAF-HOLLAND"), one of the world's leading suppliers of trailer and truck components, today published the audited financial figures and the dividend proposal for 2021 as well as the outlook 2022.

Alexander Geis, CEO of SAF-HOLLAND SE, says: "We look back on a successful 2021. We have slightly exceeded or achieved our targets for Group sales and adjusted EBIT margin, which we raised last November. And this despite of the ongoing COVID-19 pandemic, strained supply chains and massive cost increases for steel, energy and freight. Without the strong cost inflation, we would have achieved a higher margin."

"Financially, we are very well positioned. Our equity ratio was a very solid 36.6% as of December 31, 2021. The leverage ratio – the ratio of net financial debt to EBITDA – was 1.58, compared to 2.40 a year ago. Our solid financial profile allows us to take advantage of opportunities that may arise in the market," adds Alexander Geis.

Adjusted EBIT margin improved to 7.5%

Group sales of EUR 1,246.6 million in 2021 were 29.9% higher than in 2020 (EUR 959.5 million) due to high demand for SAF-HOLLAND products and price increases. Exchange rate effects amounted to EUR -18.6 million (previous year EUR -22.6 million). Adjusted for FX effects, sales rose by 31.9% to EUR 1,265.2 million.

Adjusted EBIT improved overproportionately by 58.4% to EUR 93.1 million (previous year EUR 58.8 million) despite strongly increased cost for steel, freight and energy. This corresponds to an adjusted EBIT margin of 7.5% (previous year 6.1%). The significantly lower selling and administrative expenses ratio had a particularly positive effect on the margin.

EMEA region: Adjusted EBIT margin almost at previous year's level despite high cost pressure

In the EMEA region, sales improved by 32.9% to EUR 734.6 million in 2021 (previous year EUR 552.9 million), mainly based on strong OE business. Adjusted for FX effects, sales grew by 33.8%.

High steel prices and high freight and energy costs had a disproportionate negative impact on the cost of sales ratio, while the share of selling expenses declined significantly. In total, this led to an adjusted EBIT of EUR 67.2 million (previous year EUR 52.7 million). The adjusted EBIT margin of 9.2% was almost maintained at the previous year's level of 9.5% despite the cost burdens.

Americas region: Adjusted EBIT margin improves to 6.0%

In the Americas region, 2021 sales increased by 20.9% to EUR 401.8 million (previous year EUR 332.3 million) due to strong aftermarket and truck OE business. Adjusted for FX effects, sales improved by 25.0%.

Cost increases for steel as well as higher freight and energy costs also burdened the Americas region. Adjusted EBIT of EUR 24.0 million was 78.3% higher than in 2020 (EUR 13.5 million). The adjusted EBIT margin improved significantly from 4.1% to 6.0%.

APAC region: India and Australia fuel sales and EBIT margin

The APAC region achieved sales of EUR 110.2 million in 2021 (previous year EUR 74.3 million), an increase of 48.3%. Adjusted for FX effects, sales increased by 47.9% y-o-y. The main reasons for this significant increase in sales were the strong growth in OE business in India and the improved demand situation in Australia. The aftermarket business also made a positive contribution to sales growth.

Compared to the strong increase in sales, cost of sales have risen only disproportionately. The lower selling and administrative expenses ratio also had a positive margin effect. The adjusted EBIT improved from EUR -7.3 million to a positive EUR 1.9 million. The adjusted EBIT margin was 1.7% (previous year -9.9%).

Result for the period significantly above 2020 – Proposed dividend of EUR 0.35 per share

At a Group tax rate of 41.3% (previous year 26.7%), an unadjusted result for the period (including minority interests) of EUR 36.8 million (previous year EUR 14.2 million) was achieved in 2021. The result for the period attributable to the shareholders of SAF-HOLLAND SE amounts to EUR 36.7 million (previous year EUR 13.8 million).

Based on the unchanged number of approximately 45.4 million ordinary shares issued, undiluted unadjusted earnings per share in 2021 amount to EUR 0.81 (previous year EUR 0.30).

The Management Board and Supervisory Board of SAF-HOLLAND SE will propose to the Annual General Meeting on May 19, 2022 that a dividend of EUR 0.35 per share be distributed for the 2021 financial year. With a total distribution of EUR 15.9 million, this corresponds to a payout ratio of around 43%. This corresponds to SAF-HOLLAND SE's dividend policy which envisages distributing 40% to 50% of the available result for the period. After the targeted dividend payment, sufficient liquid funds will remain in the company.

Investment ratio of 2.0% due to high sales growth

Additions to property, plant and equipment and intangible assets, including capitalised development costs of EUR 3.3 million (previous year EUR 2.8 million), amounted to EUR 24.7 million in 2021 (previous year EUR 24.5 million). The EMEA region accounted for EUR 15.6 million (previous year EUR 10.0 million), the Americas region for EUR 6.0 million (previous year EUR 9.1 million) and the APAC region for EUR 3.0 million (previous year EUR 5.4 million). Due to the high sales growth, the investment ratio decreased from 2.5% to 2.0%. Main investment focus was on the further automation of production processes, mainly in Germany, as well as capacity expansions in Turkey, Russia and Mexico.

Solid financial profile: significant reduction of the leverage ratio

Compared to December 31, 2020, equity increased by EUR 70.6 million to EUR 371.1 million as of December 31, 2021. This corresponds to an equity ratio of 36.6% (previous year 32.6%). Equity was increased by the result for the period of EUR 36.8 million as well as exchange differences on translation of foreign operations of EUR 23.4 million (previous year EUR -30.5 million) and the revaluation of defined benefit pension plans of EUR 10.4 million (previous year EUR -1.6 million).

Net financial debt (incl. lease liabilities) of EUR 198.0 million as of 31 December 2021 was almost unchanged from the previous year's figure of EUR 196.7 million. The leverage ratio (ratio of net financial debt to unadjusted EBITDA) improved significantly from 2.40x to 1.58x in the same period and is due to the significant improvement in the operating result.

Outlook 2022

The ongoing COVID-19 pandemic and the armed conflict between Russia and Ukraine make it difficult to issue a forecast for SAF-HOLLAND, as the associated macroeconomic effects are difficult to assess.

The Management Board currently assumes that demand for components for commercial vehicles will continue to increase and that SAF-HOLLAND will continue to grow in both the OE and aftermarket business. First smaller sales and earnings contributions are expected from new innovative products, such as the electrified axles, which will go into serial production in H2 2022. In contrast, there will be a shift in the product mix towards standard products, while special solutions had a positive impact in 2021.

On the cost side, the company is burdened by the significant increase in steel prices and high freight and energy costs as well as inflation and salary increase. Most of the steel price increases recorded in 2021 will be passed on in 2022 on the basis of customer contracts. However, passing on of material price increases – together with general cost savings – will only partially compensate for the cost increases.

Due to the military conflict in Ukraine and the associated sanctions that have been imposed and will continue to be imposed on Russia, there are risks for SAF-HOLLAND in 2022. SAF-HOLLAND has decided to put the investments in the new production site in Russia on hold.

The company has started the year 2022 with a very high order backlog. This ensures very good capacity utilisation in the first half of the year. The outlook is currently burdened by the Russia-Ukraine conflict, as OE orders from Russia have been put on hold. It can be assumed that a low single-digit percentage of expected Group sales will be lost from the OEM Russian business. Partial cancellations of customer orders related to deliveries of trucks and trailers to Russia could also occur. Taking into account the Russia-Ukraine conflict and assuming stable exchange rates, the Management Board of SAF-HOLLAND SE currently expects Group sales in a range of EUR 1.15 billion to EUR 1.3 billion in 2022.

The forecasted sales volume and costs, particularly for steel, energy and freight, are negatively influenced by the Russia-Ukraine conflict and cannot be fully forecast at the current time. Steel price increases can only be passed on in part and with a time lag. The expected decline in sales in connection with the "on hold" original equipment orders in Russia would consequently mean a decline in the planned EBIT in the low single-digit EUR million range. Based on these assumptions, SAF-HOLLAND currently expects the adjusted EBIT margin to be significantly below the previous year.

Alexander Geis says: "The unprecedented increase in raw material, energy and freight costs will remain for now and we can only pass on increased raw material costs with a time lag. Against this background, particularly Q1 2022 will be challenging. Also, the further impacts of the Russia-Ukraine war on supply chains, commodity and energy prices, freight rates and inflation, as well as global GDP development, are currently not predictable."

In order to support the strategic targets, the company is planning to invest around 2% to 2.5% of Group sales in 2022. The investments will focus on the continuation of the capacity expansions already started in Turkey and Mexico as well as a capacity expansion in India. Furthermore, the company plans to continue investing in efficiency-enhancing measures, especially in Germany and the USA.

Conference call for analysts and investors

The Management Board of SAF-HOLLAND SE will hold a conference call for analysts and investors (English only) on March 17, 2022 at 10.00 am (CET). This will be broadcasted via the internet. The audio webcast will be available live and as an on-demand version on SAF-HOLLAND's website.

The current investor presentation (English only), the Annual Report 2021, the Sustainability Report 2021 and the press release are also available on the SAF-HOLLAND website.

Upcoming events:

May 10, 2022	Q1 2022 Statement
Mai 19, 2022	Ordinary Annual General Meeting
August 11, 2022	Half-year financial report 2022
November 10, 2022	Q3 2022 Statement

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About SAF-HOLLAND

SAF-HOLLAND SE is a leading international manufacturer of chassis-related assemblies and components for trailers, trucks and buses. The product range includes, among other things, axle and suspension systems for trailers as well as fifth wheels for trucks and coupling systems for trucks, trailers and semi-trailers. In addition, SAF-HOLLAND develops innovative products to increase the efficiency, safety and environmental friendliness of commercial vehicles. The focus here is on the digitalization and networking of trailers as well as the electrification of axles. The products and solutions are marketed under the brands SAF, Holland, V.Orlandi, TrailerMaster, Neway, KLL and York. SAF-HOLLAND supplies original equipment to vehicle manufacturers on six continents. In the aftermarket business, the company supplies spare parts to the manufacturers' service networks as well as to wholesalers and, through an extensive global distribution network, to end customers and service centers. Around 3,600 dedicated employees worldwide are already working on the future of the transport industry. SAF-HOLLAND shares have been listed in the Prime Standard of the German Stock Exchange since 2007 and are part of the SDAX selection index. For further information, please visit: www.safholland.com.

Key financials for the 2021 financial year

in EUR thousands

	Q1-Q4/2021	Q1-Q4/2020
Results of operations		
Sales	1,246,583	959,519
Adjusted gross profit	216,738	178,831
Adjusted gross profit margin in %	17.4	18.6
Adjusted EBITDA	132,105	98,126
Adjusted EBITDA margin in %	10.6	10.2
Adjusted EBIT	93,128	58,799
Adjusted EBIT margin in %	7.5	6.1
Adjusted result for the period with non-controlling interests	61,281	34,494
Adjusted result for the period without non-controlling interests	61,222	34,113
Net assets		
Balance sheet total	1,014,267	920,486
Equity	371,070	300,463
Equity ratio in %	36.6	32.6
Financial position		
Operating free cash flow	16,123	114,247
Investments in fixed assets and intangible assets	-23,528	-23,675
Net debt	198,039	196,701
Yield		
Return on capital employed (ROCE)	15.7	11.1
Employees		
Employees	3,572	3,369

All figures shown are rounded. Minor discrepancies may arise from additions of these amounts.

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).

ROCE = Adjusted EBIT / (total equity + financial liabilities (excl. refinancing costs, incl. lease liabilities) + pension and other similar benefits - cash and cash equivalents).

Employees at the reporting date = Active employees and temporary workers.



Future-oriented statements

This press release contains forward-looking statements based on assumptions and estimates made by the Management Board of SAF-HOLLAND SE. These statements can be identified by wording such as "expect", "want", "anticipate", "intend", "plan", "believe", "strive", "estimate", and "will" or similar terms. Although we assume that the expectations contained in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. These assumptions may contain risks and uncertainties that could cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include changes in the macroeconomic and business environment, changes in exchange rates and interest rates, the introduction of products that compete with our own products, a lack of acceptance of new products or services, and changes in corporate strategy. SAF-HOLLAND does not intend to update these forward-looking statements, nor does it assume any responsibility to do so.

This press release includes supplementary financial indicators that either are or may be so-called alternative performance indicators that are not clearly defined in the relevant financial reporting framework. In assessing the financial position and performance of SAF-HOLLAND, these supplementary financial indicators should not be used in isolation or as an alternative to those presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies that present or report alternative performance indicators with similar names may calculate them differently. Explanations of the key financial figures used are available in the Annual Report of SAF-HOLLAND SE.

Due to rounding, some of the figures presented in this press release as well as in other reports may not add up exactly to the stated totals and percentages presented may not accurately reflect the absolute values to which they relate.

Note

This announcement is for information purposes only and does neither constitute an offer to sell, purchase, exchange or transfer any securities nor a solicitation of any offer to sell, purchase, exchange or transfer any securities. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. SAF-HOLLAND SE does not intend to register any securities referred to herein under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States in connection with this announcement.