

Corporate News

SAF-HOLLAND SE with double-digit sales growth and improved adjusted EBIT margin also in the third quarter of 2022

- **Despite the headwinds, Group sales increase by 27.1 per cent in the third quarter to EUR 402.4 million (previous year: EUR 316.6 million)**
- **Adjusted EBIT rises more rapidly to EUR 36.7 million (previous year: EUR 24.3 million); adjusted EBIT margin reaches 9.1 per cent (previous year: 7.7 per cent)**
- **EPS at EUR 0.36 per share (previous year: EUR 0.32) and adjusted EPS at EUR 0.54 per share (previous year: EUR 0.36)**
- **Sales for the full year 2022 now expected to come in around the upper end of the forecast range of EUR 1.4 billion to EUR 1.5 billion**

Bessenbach (Germany), November 10, 2022 +++ In the third quarter of 2022 the positive sales development of SAF-HOLLAND SE, a manufacturer of trailer and truck components, continued at a high level despite difficult general conditions.

Growth in all regions

Strong organic growth in the Americas and APAC region was the main contributor, but the EMEA region also managed to improve its performance on the same quarter of the previous year. Group sales rose by 27.1 per cent to EUR 402.4 million (previous year: EUR 316.6 million). Foreign currency translation gains had a positive effect on sales of EUR 28.6 million. Adjusted for exchange rate and acquisition effects, Group sales increased by 16.1 per cent or EUR 51.0 million in the period from July to September 2022.

The spare parts business also exhibited remarkable growth, benefiting from the growing population of the company's axle and suspension systems as well as fifth wheels in the field. Although the OE business grew disproportionately, fuelled by higher demand, market share gains and, in some cases, catch-up effects, the share of the aftermarket business in total Group sales remained at a high level of 27.7 per cent (previous year: 29.6 per cent). With the integration of the Swedish brake systems specialist, HALDEX AB, which generates around half of its business in the aftermarket, the share of this segment, which is resilient to swings in the economic cycle, in the total sales of the entire SAF-HOLLAND Group will continue to rise and also benefit from cross-selling effects.

Adjusted EBIT margin at 9.1 per cent

While inflation continues to affect the prices of materials, freight and energy, the company is countering this development with measures to improve efficiency and by adjusting its prices. As a result, the gross margin improved slightly from 16.9 per cent to 17.3 per cent compared to the previous year. The product mix was beneficial in this regard, as it included a higher share of special applications.

The transaction costs of EUR 4.8 million posted in the third quarter of 2022 for the acquisition of Haldex and the impairment loss in China totalling EUR 2.0 million, which was recorded pro rata under general administrative expenses, resulted in a disproportionate rise in administrative expenses. Nevertheless, the Group's EBIT improved by 26.0 per cent to EUR 27.0 million (previous year: EUR 21.4 million). After adjusting for extraordinary income and expenses, this resulted in a 50.7 per cent improvement in adjusted EBIT compared to the previous

year to EUR 36.7 million (previous year: EUR 24.3 million). The adjusted EBIT margin therefore improved also sequentially in the third quarter of 2022 in comparison to the second quarter of the current financial year (8.0 per cent) to 9.1 per cent (previous year: 7.7 per cent).

Net profit for the period rises to EUR 16.5 million in the third quarter

Borrowing costs have increased due to the refinancing of the Haldex share acquisition and a rise in interest rates, leading to a weaker financial result of EUR -3.2 million (previous year: EUR -2.2 million). Consequently, earnings before tax improved at 23.8 per cent, a slightly lower rate than the increase in sales, in the third quarter of 2022 to reach EUR 23.8 million (previous year: EUR 19.2 million).

Due to the significant increase in the Group's effective tax rate to 30.8 per cent in comparison to the comparable period of the previous year (24.2 per cent), the increase in net profit for the third quarter of 2022 came to 13.1 per cent. As a result, the SAF-HOLLAND Group earned EUR 16.5 million after tax (previous year: EUR 14.6 million). Based on the unchanged number of 45.4 million ordinary shares outstanding, earnings per share amounted to EUR 0.36 (previous year: EUR 0.32) over the same period and adjusted earnings per share to EUR 0.54 (previous year: EUR 0.36).

Operating free cash flow shows strong improvement: EUR 48.8 million in the third quarter

The Group's current "Cash is King" programme, along with a reduction in net working capital (NWC) measured as a percentage of Group sales, has created the foundation for the substantial rise in operating free cash flow (not considering the Haldex shares acquisition) in the third quarter of 2022, which rose from EUR 2.5 million in the comparative period of the previous year to EUR 48.8 million. By the end of the financial year, the NWC ratio should show further improvement on the 15.9 per cent already attained by September 30, 2022.

Outlook: Group sales anticipated to lie around the upper end of the forecast range

Based on the expected overall economic environment, the current order situation in the OE business and sustained solid demand in the aftermarket business, the Management Board now forecasts Group sales for the full year 2022 around the upper end of the forecast range of between EUR 1.4 billion and EUR 1.5 billion. In July 2022, the company had already revised its sales forecasts upwards for the second time to a range of between EUR 1.4 billion and EUR 1.5 billion. The adjusted EBIT margin is still forecast to lie in a range of between 7.0 and 8.0 per cent.

Conference calls for analysts and investors

The Management Board of SAF-HOLLAND SE will host a conference call for analysts and investors at 10:00am (CET) on November 10, 2022 (only in English). This will be broadcast via the internet. The audio webcast will be streamed live and made available on-demand on the website of the SAF-HOLLAND Group. The latest investor presentation is available in English on the corporate website of the SAF-HOLLAND Group, along with the quarterly statement for Q3 2022 and the corresponding corporate news.

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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 3,700 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 Figures

Results of operations

in EUR thousands	Q1-Q3/2022	Q1-Q3/2021	Q3 2022	Q3 2021
Sales	1,175,641	924,762	402,388	316,638
Adjusted gross profit	199,916	167,563	71,906	54,337
Adjusted gross profit margin in %	17.0	18.1	17.9	17.2
Adjusted EBITDA	119,880	99,013	46,443	33,342
Adjusted EBITDA margin in %	10.2	10.7	11.5	10.5
Adjusted EBIT	92,281	71,276	36,664	24,323
Adjusted EBIT margin in %	7.8	7.7	9.1	7.7
Result for the period with non-controlling interests	47,739	37,111	16,468	14,563
Adjusted result for the period with non-controlling interests	62,810	47,410	24,530	16,235
Adjusted result for the period without non-controlling interests	62,427	47,343	24,450	16,228

Financial position

in EUR thousands	Q1-Q3/2022	Q1-Q3/2021	Q3 2022	Q3 2021
Net cash flow from operating activities	73,525	21,262	54,752	6,314
Net cash flow from investing activities (property, plant and equipment/ intangible assets)	-15,996	-11,987	-5,922	-3,846
Operating free cash flow	57,529	9,275	48,830	2,468
Net debt	448,274	200,681		

Yield

in %	09/30/2022	09/30/2021	06/30/2022	06/30/2021
Return on capital employed (ROCE)	12.2	15.6	14.8	14.5

CAPEX ratio

in %	09/30/2022	09/30/2021	Q3 2022	Q3 2021
Investment rate	1.4	1.4	1.4	1.4

Net assets

in EUR thousands	09/30/2022	06/30/2022	12/31/2021
Balance sheet total	1,456,916	1,156,375	1,014,267
Equity	468,482	431,128	371,070
Equity ratio in %	32.2	37.3	36.6

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

ROCE = Adjusted EBIT (LTM) / (total equity + financial liabilities + lease liabilities + pension and other similar benefits - cash and cash equivalents).

Note: Adjusted for the financing of the Haldex acquisition, ROCE had amounted to 18.0%.



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.