

CONFERENCE CALL PRESENTATION



SAF-HOLLAND SE

Q1 2022

MAY 10, 2022



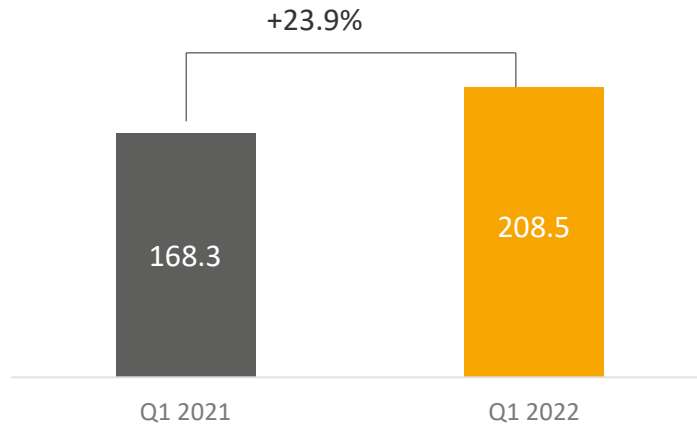
Facts & figures Q1 2022

Sales	EUR 369.7m (Q1 2021: EUR 285.6m)
Adj. EBIT margin	6.4% (Q1 2021: 7.7%) Adjusted EBIT EUR 23.5m (Q1 2021: EUR 22.0m)
Capex ratio	1.4% (Q1 2021: 1.9%) Capex EUR 5.3m (Q1 2021: EUR 5.3m)
Net working capital ratio	15.7% (December 31, 2021: 14.8%) Net working capital EUR 208.7m (December 31, 2021: EUR 184.4m)
Operating free cash flow	EUR -10.0m (Q1 2021: EUR 0.5m)
Adjusted EPS	EUR 0.33 (Q1 2021: EUR 0.32)
Dividend proposal	Dividend proposal of EUR 0.35 (2021: EUR 0.0) per share for FY 2021 to be confirmed by the Annual General Meeting on May 19, 2022
Guidance 2022	Sales guidance slightly raised and EBIT margin guidance specified

EMEA Q1 2022

Sales

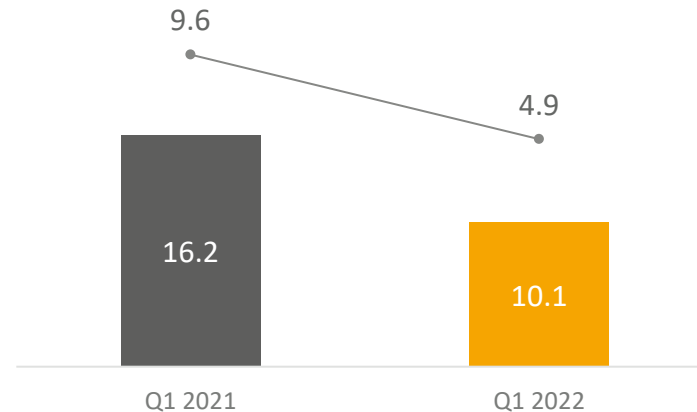
(in EUR million)



- Q1 2022 sales adjusted for FX effects: +24.5%
- Very strong trailer OE business despite Russia-Ukraine conflict
- Strong aftermarket and truck OE business

Adj. EBIT

(in EUR million and % of sales)

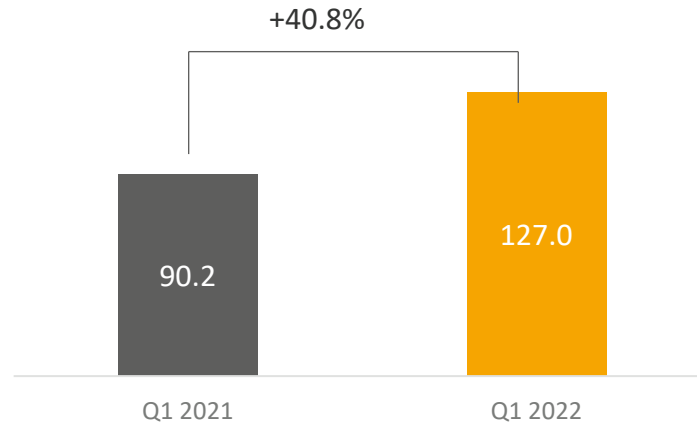


- Margin burdened by high cost inflation
- Higher input costs will be passed on with a time lag
- Adj. admin and R&D expenses ratio down to 4.4% and 1.3% respectively
- More dynamic pricing as of Q2

Americas Q1 2022

Sales

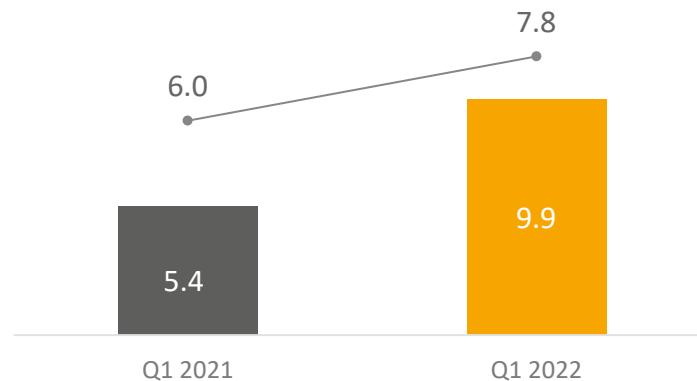
(in EUR million)



- Q1 2022 sales adjusted for FX effects: +30.7%
- Very strong trailer OE with market share gains in air disc brakes
- Strong truck OE and aftermarket business
- Truck and bus suspension market share gains in Brazil
- Successful launch of fifth wheel assembly line dedicated for aftermarket business

Adj. EBIT

(in EUR million and % of sales)

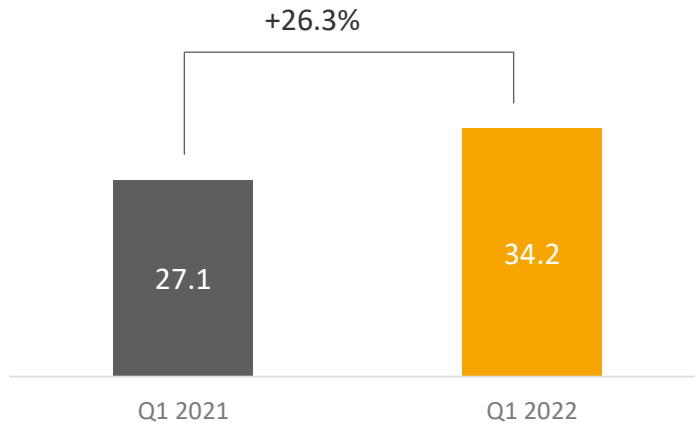


- Margin well on track based on
 - Price increases to customers realized in Q1
 - Favourable impacts from efficiency programme FORWARD 2.0
 - Successful product portfolio complexity reduction
 - Positive product mix
 - Lower adj. admin and R&D expenses ratio of 4.3% and 1.0% respectively

APAC Q1 2022

Sales

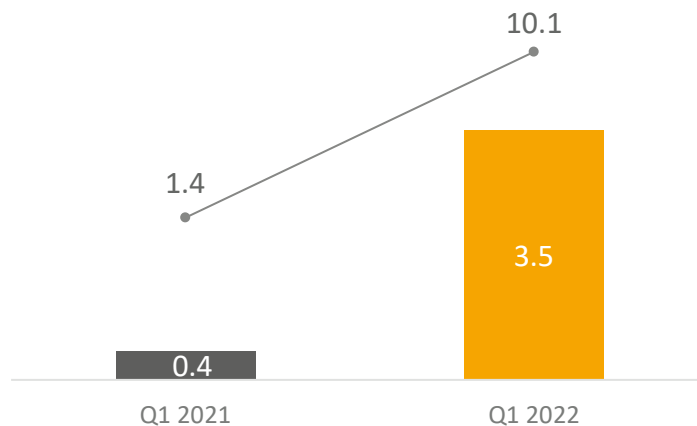
(in EUR million)



- Q1 2022 sales adjusted for FX effects: +22.7%
- Very strong trailer OE business driven by India and Australia
- Strong aftermarket business
- Much higher export sales from India
- Successful launch of new trailer products in India

Adj. EBIT

(in EUR million and % of sales)



- Strong margin development based on
 - Economies of scale
 - Fast passing on of higher input costs to customers
 - Lower adj. SG&A expenses ratio of 7.1%
- Planned capacity increase in India on time

Financials Q1 2022

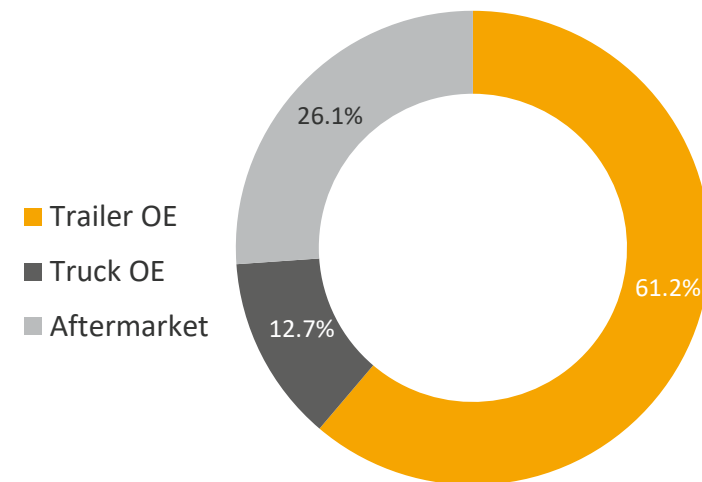
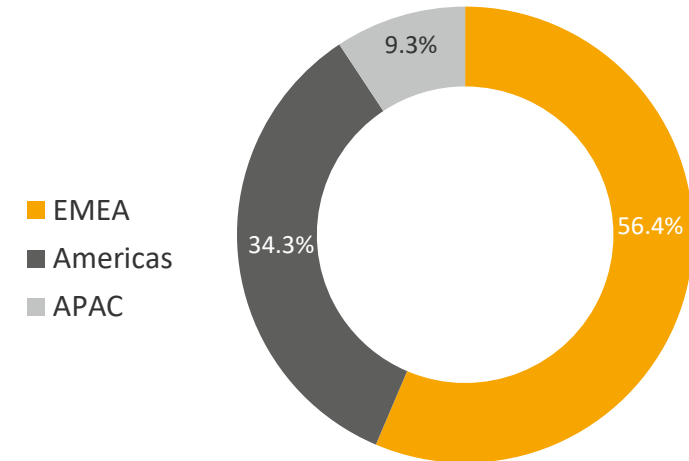
Top line development

Sales development (by quarter, by region, by customer category)

in EUR million	2021	2022	Change	Change in %	thereof organic	thereof currency
Q1	285.6	369.7	84.1	29.4%	26.3%	3.1%

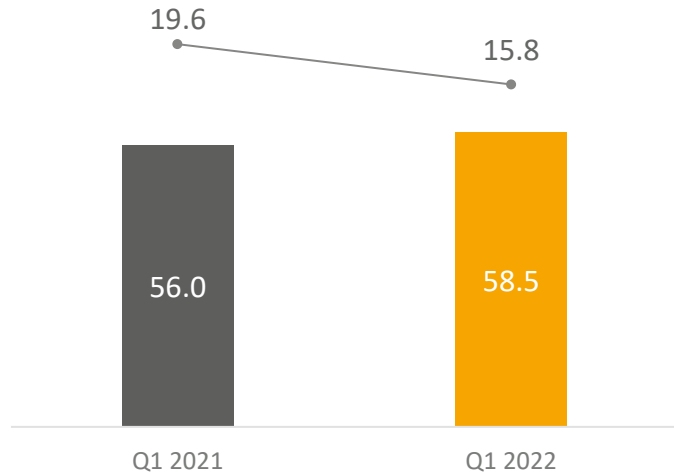
Strong performance, especially driven by strong trailer OE business; good contribution by aftermarket business; substantial demand growth in all three regions EMEA, Americas and APAC (India and Australia)

EUR 9 million positive FX effect



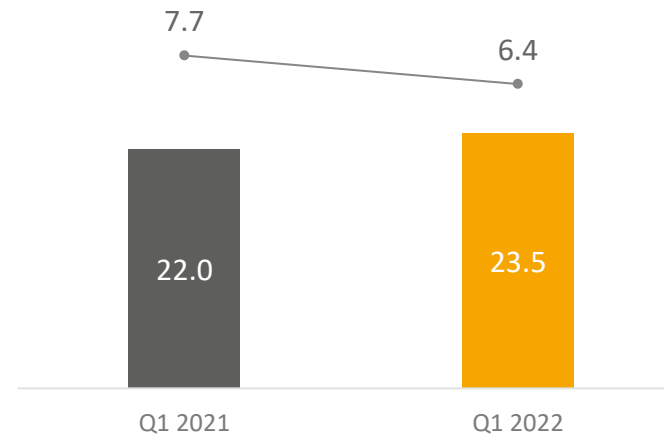
Margin development and net profit

Adjusted Gross Profit (in EUR million and % of sales)



- Adjusted gross profit increased by 4.5% y-o-y
- Cost of sales impacted by high cost inflation (steel prices, freight rates, energy costs and cost for materials)
- Price increases and efficiency improvements could not offset overproportional high cost increases

Adjusted EBIT (in EUR million and % of sales)



- Adjusted EBIT increased by 7.0% y-o-y
- Significantly lower SG&A and R&D expenses ratio could only partially offset higher cost of sales ratio, leading to a significantly lower adjusted EBIT margin

Adjusted Net Profit* (in EUR million)



- Adjusted net profit 1.8% up y-o-y
- Financial result increased to EUR -2.8m (Q1 2021: EUR -1.7m)
- Adjusted tax rate of 26.8% on prior year level
- Undiluted adjusted EPS of EUR 0.33 (Q1 2021: EUR 0.32)

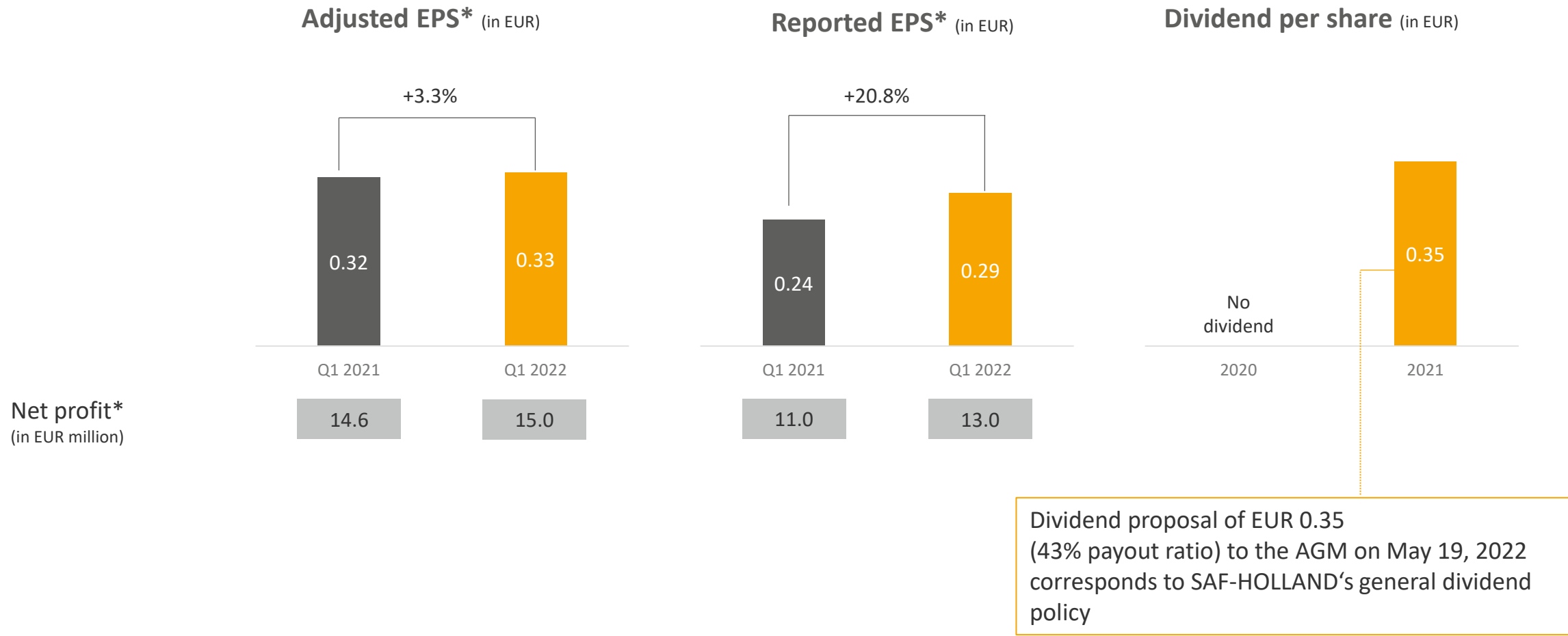
* before minorities

Operational adjustments

in EUR million	Q1 2021			Q1 2022		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Sales	285.6	–	285.6	369.7	–	369.7
Gross profit	55.5	0.5	56.0	58.0	0.5	58.5
EBIT	19.5	2.5	22.0	21.0	2.4	23.5
EBIT margin	6.8%		7.7%	5.7%		6.4%
Earnings before tax	17.8	2.5	20.3	18.2	2.4	20.7
Net profit for the period	11.3	3.6	14.9	13.1	2.1	15.1

Restructuring expenses of EUR 0.2m on previous year's level (Q1 2021: EUR 0.2m)

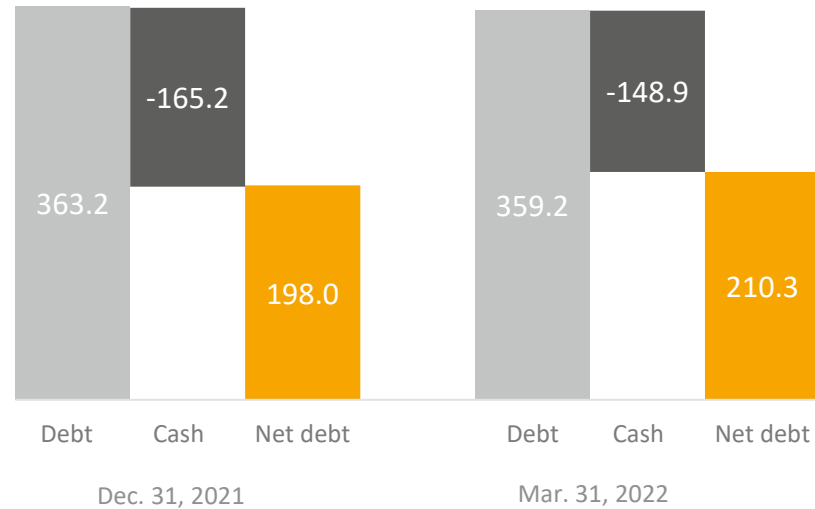
EPS development



* after minorities

Net debt and equity

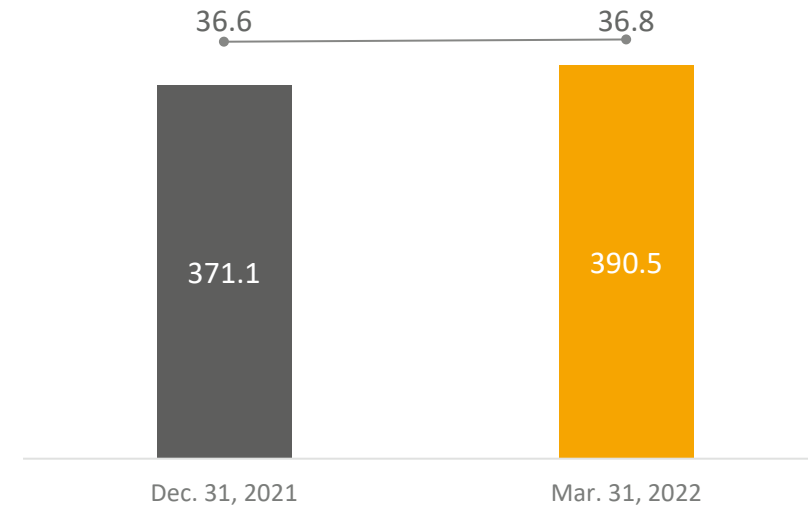
Net debt (in EUR million)



	Dec. 31, 2021	Mar. 31, 2022
Leverage (Net debt / unadjusted EBITDA (LTM))	1.58	1.66

- Leverage slightly up due to seasonally higher net debt

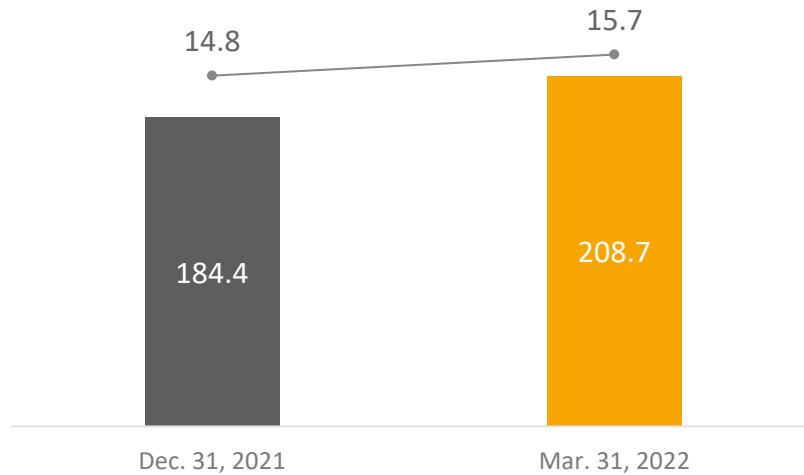
Equity (in EUR million and % of balance sheet total)



- Equity up due to
 - Net profit for the period of EUR 13.1m
 - FX differences from the translation of foreign operations of EUR 6.4m

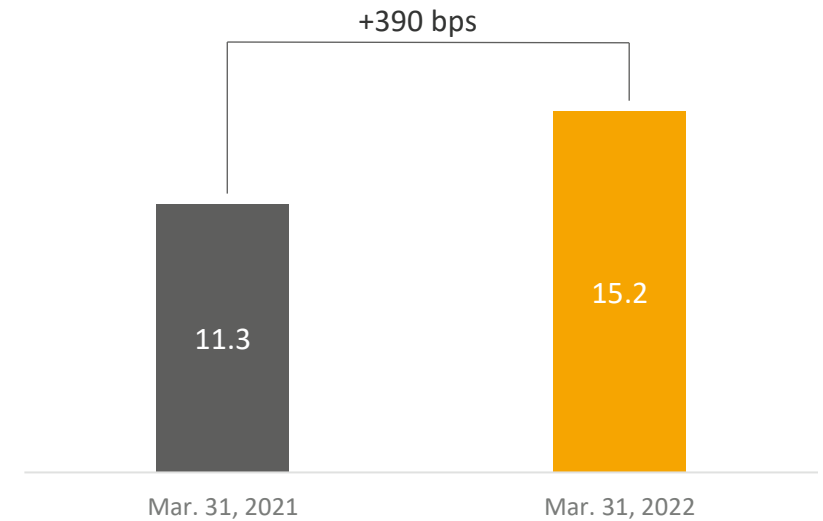
Net working capital and ROCE

Net Working Capital (in EUR million and % of LTM sales)



- Inventories up to secure delivery performance
- Trade receivables and trade payables up due to higher demand and higher production volumes

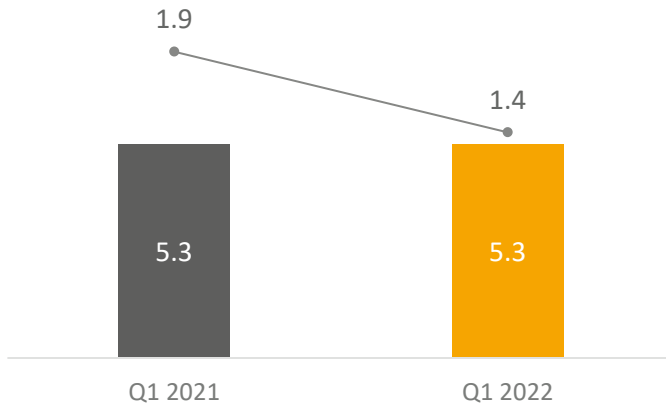
ROCE (in %)



- ROCE improved by 390 bps mainly driven by higher adjusted EBIT (LTM)

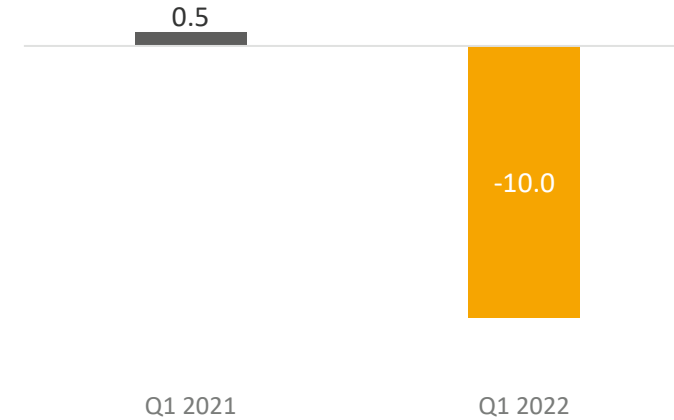
Capex and cash flow

Capex (in EUR million and % of sales)



- Efficiency improvements focused on Germany and USA
- Capacity expansion in India, Mexico and Turkey

Operating free cash flow (in EUR million)



- Operating net cash flow of EUR -5.2m mainly driven by
 - Changes in “Other provisions and pensions”
 - Changes in “Other assets”
 - Higher tax payments
- Net cash flow from investing activities of EUR -4.8m
- Operating free cash flow down to EUR -10.0m

Outlook 2022

Update on development of trailer and truck markets in 2022

	Trailer	Trucks
EMEA	+8%*	-6%
North America	+19%	+12%
Brazil	-7%	+9%
China	-33%	-37%
India	+41%	+4%

Sources: Market data for trucks and trailers based on IHS Markit (April 2022), ACT Research (April 2022), ANFAVEA (April 2022), ARTSA (April 2022), SIAM (April 2022)

* Based on own market intelligence as new data from CLEAR is not yet available at the moment

- **EMEA**

- Trailer production in 2022 expected to remain on a high level despite Russia-Ukraine crisis
- Truck business impacted by Ukraine war and supply chain disruptions

- **North America**

- Trailer OE order intake on all time high
- Trailer OEMs fully booked until the beginning of 2023; staffing and supply chain issues seem to improve
- Truck production to be still impacted by supply shortages which could gradually diminish towards the end of 2022 / beginning of 2023

- **Brazil**

- Infrastructure projects including focus on e-mobility
- Trailer business in 2021 on very high level: small pullback in 2022 was to be expected

- **China**

- Declining markets expected in 2022 as China still struggles with COVID-19 and lockdowns as well as inflation

- **India**

- Trailer expected to further increase significantly
- Large infrastructure and investment projects drive growth in coming years

Guidance 2022

	March 17, 2022	May 5, 2022
Sales	EUR 1.15bn to EUR 1.3bn	EUR 1.2bn to EUR 1.35bn
Adjusted EBIT margin	Significantly below 2021	6.5% to 7.0%
Capex ratio	2% to 2.5%	2% to 2.5%

Comments

- Encouraging strong demand and revenue dynamics in all 3 regions in Q1 2022
- Expect a gradual recovery of margin profile in the EMEA region over the upcoming quarters
- Americas on a good way to achieve old margin levels of 8% to 9%
- Loss of Russia business already incorporated in full year 2022 guidance
- Implementing a more dynamic pricing from Q2 onwards, including energy and freight cost adjustments in response to strong hikes in input costs
- Expect a gradual recovery of the Group margin in the upcoming quarters

Contact and additional information

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Additional information

ISIN	DE000SAFH001
WKN	SAFH00
Deutsche Börse Listing	SFQ Frankfurt Stock Exchange Prime Standard

Financial calendar 2022

May 19, 2022	Annual General Meeting (virtual)
August 11, 2022	H1 2022 Report
November 10, 2022	Q3 2022 Quarterly Statement



Appendix

Group P&L unadjusted / adjusted

in EUR million	Q1 2022	Total Adjustments	Q1 2022 adjusted*	in % of sales	Q1 2021	Total Adjustments	Q1 2021 adjusted*	in % of sales
Sales	369.7	–	369.7	100.0%	285.6	–	285.6	100.0%
Cost of sales	-311.7	0.5	-311.2	-84.2%	-230.2	0.5	-229.6	-80.4%
Gross profit	58.0	0.5	58.5	15.8%	55.5	0.5	56.0	19.6%
Other income	0.3	–	0.3	0.1%	0.3	–	0.3	0.1%
Selling expenses	-17.1	1.7	-15.4	-4.2%	-14.7	1.8	-12.9	-4.5%
Administrative expenses	-16.3	0.1	-16.1	-4.4%	-15.8	-0.1	-16.0	-5.6%
Research and development costs	-4.3	0.1	-4.2	-1.1%	-6.0	0.3	-5.7	-2.0%
Operating profit	20.7	2.4	23.1	6.3%	19.2	2.5	21.7	7.6%
Share of net profit of investments accounted for using the equity method	0.4	–	0.4	0.1%	0.3	–	0.3	0.1%
EBIT	21.0	2.4	23.5	6.4%	19.5	2.5	22.0	7.7%
Finance income	0.9	–	0.9	0.2%	0.9	–	0.9	0.3%
Finance expenses	-3.7	–	-3.7	-1.0%	-2.6	–	-2.6	-0.9%
Finance result	-2.8	–	-2.8	-0.8%	-1.7	–	-1.7	-0.6%
Result before taxes	18.2	2.4	20.7	5.6%	17.8	2.5	20.3	7.1%
Income taxes	-5.2	-0.4	-5.5	-1.5%	-6.5	1.1	-5.4	-1.9%
Tax rate (%)	28.3%	–	26.8%		36.6%	–	26.7%	
Result for the period	13.1	2.1	15.1	4.1%	11.3	3.6	14.9	5.2%

* Adjusted earnings correspond to the management perspective. The adjustments essentially include restructuring and transactions costs, write-off of goodwill, depreciation and amortisation 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 million	Q1 2022	Q1 2021	Change absolute	Change in %
EBIT	21.0	19.5	1.5	8.0%
EBIT margin in %	5.7%	6.8%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	2.3	2.3	–	–
Valuation effects from call and put options	–	–	–	–
Impairment of tangible and intangible assets	–	–	–	–
Restructuring and transactions costs	0.2	0.2	–	–
Adjusted EBIT	23.5	22.0	1.5	7.0%
Adjusted EBIT margin in %	6.4%	7.7%		

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

EMEA: Reconciliation EBIT to adjusted EBIT

in EUR million	Q1 2022	Q1 2021	Change absolute	Change in %
EBIT	8.9	15.1	-6.2	-41.3%
EBIT margin in %	4.3%	9.0%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1.1	1.2	-0.1	-4.6%
Valuation effects from call and put options	–	–		–
Restructuring and transactions costs	0.1	-0.1	0.2	–
Adjusted EBIT	10.1	16.2	-6.1	-37.4%
Adjusted EBIT margin in %	4.9%	9.6%		

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

Americas: Reconciliation EBIT to adjusted EBIT

in EUR million	Q1 2022	Q1 2021	Change absolute	Change in %
EBIT	9.3	4.7	4.6	98.6%
EBIT margin in %	7.3%	5.2%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	0.6	0.5	0.0	1.5%
Valuation effects from call and put options	–	–	–	–
Restructuring and transactions costs	0.0	0.1	-0.1	-82.2%
Adjusted EBIT	9.9	5.4	4.5	84.3%
Adjusted EBIT margin in %	7.8%	6.0%		

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

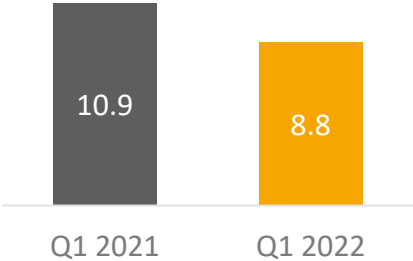
APAC: Reconciliation EBIT to adjusted EBIT

in EUR million	Q1 2022	Q1 2021	Change absolute	Change in %
EBIT	2.8	-0.4	3.2	–
EBIT margin in %	8.3%	-1.3%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	0.6	0.6	0.0	7.3%
Impairment of tangible and intangible assets	–	–	–	–
Restructuring and transactions costs	0.0	0.2	-0.2	–
Adjusted EBIT	3.5	0.4	3.1	>100%
Adjusted EBIT margin in %	10.1%	1.4%		

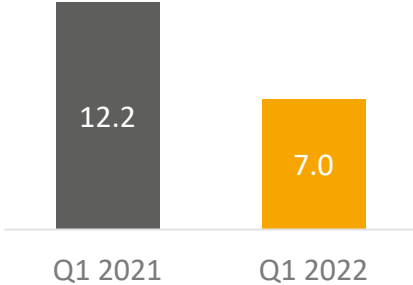
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Adjusted EBITDA margin

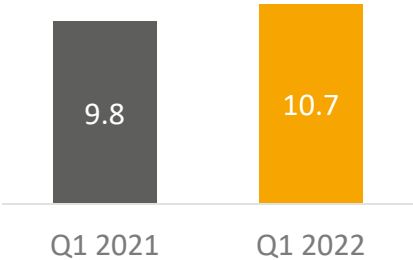
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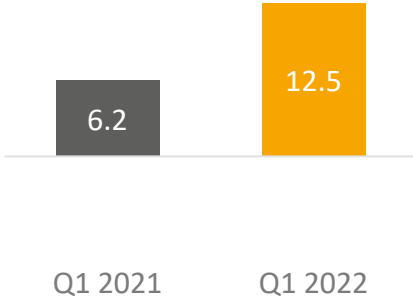
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Americas

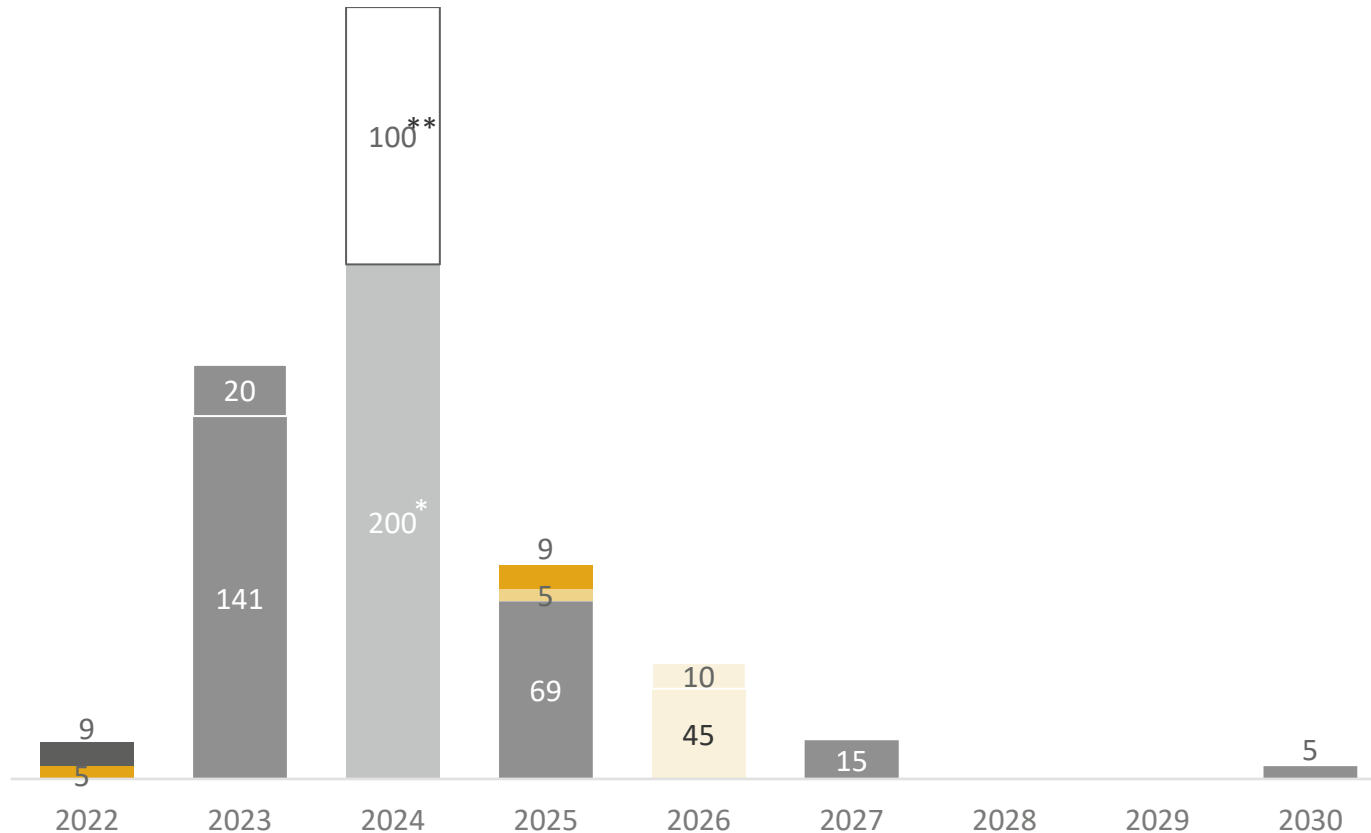


APAC



Financing structure

Maturity profile (in EUR million)



Product	Amount EUR m	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	10.0	03/2026
Non-current loan	35.0	06/2026
Promissory note loan new (7 years)	15.0	03/2027
Promissory note loan new (10 years)	5.0	03/2030

- RCF mostly undrawn ** option for an additional EUR 100 m *** additional one year extension possible

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