

## Corporate News

**SAF-HOLLAND SE with strong operating performance, significant increase in operating free cash flow and clear reduction in leverage ratio in the first nine months of 2023**

- Group sales significantly increased by 35.2% to EUR 1,589.0 million and share of resilient aftermarket business to 30.8% (previous year: 27.3%) in the first nine months of 2023; Q3 2023 sales growth at 37.4%, 13.2% organic growth
- Adjusted EBIT improves by 65.6% to EUR 152.8 million in the first nine months, Q3 2023 also grew up by 59.8% to EUR 58.6 million
- Adjusted EBIT margin increases significantly in the first three quarters to 9.6% (previous year: 7.8%) and to 10.6% (previous year: 9.1%) in Q3 2023
- Both earnings per share with 31.7% to EUR 1.37 (previous year: EUR 1.04) and adjusted earnings per share with 49.3% to EUR 2.06 (previous year: EUR 1.38) show significant double-digit growth
- Strong operating performance and strict NWC management lead to strongly improved operating free cash flow of EUR 101.6 million (previous year: EUR 57.5 million) and a clear reduction in leverage ratio to 2.1x in the first nine months
- Outlook for full-year 2023 increased again on October 18, 2023 - Group sales of around EUR 2.1 billion and adjusted EBIT margin of around 9.5% expected

Bessenbach (Germany), November 09, 2023. SAF-HOLLAND SE ("SAF-HOLLAND"), one of the world's leading suppliers of trailer and truck components, recorded a significant increase in sales and earnings in the third quarter of 2023, too. In addition, the continued strict NWC management in combination with a strong operating result led to a significant improvement in operating free cash flow and a clear reduction in the company's leverage ratio.

### **Strong organic sales growth in APAC and Americas region, EMEA region with robust development, share of aftermarket business significantly increased**

The APAC (+91.9% to EUR 77.9 million) and Americas (+51.3% to EUR 244.1 million) regions in particular contributed to the increase in sales of 37.4% to EUR 552.9 million in the third quarter. The EMEA region grew by 15.2% to EUR 230.9 million. Adjusted for acquisition and exchange rate effects, sales in the EMEA region declined slightly, but outperformed the market due to SAF-HOLLAND's solid market position. The APAC (+83.3%) and Americas (+13.4%) regions recorded very strong organic growth. In total, SAF-HOLLAND's consolidated Group sales increased by 13.2% organically in the third quarter.

In the first nine months, SAF-HOLLAND increased its consolidated Group sales by 35.2% to EUR 1,589.0 million (previous year: EUR 1,175.6 million). This growth was largely due to Haldex AB, which has been included in the scope of consolidation since February 21, 2023 and contributed EUR 297.0 million to Group sales in this period. It should be noted that as part of the ongoing integration of Haldex into SAF-HOLLAND and increasing cross-selling, Haldex sales are partly invoiced via SAF-HOLLAND entities and Haldex sales on a stand-alone basis are therefore gradually becoming less meaningful. Adjusted for exchange rate and acquisition effects, Group sales increased by 11.8% in the first nine months.

The distribution of sales by customer segment shifted noticeably in favor of the more cyclically more resilient aftermarket business in the first nine months of 2023. As a result of an increase in sales of 52.2% to EUR 489.2

million (previous year: EUR 321.5 million), its share of Group sales increased to 30.8% (previous year: 27.3%). In the third quarter of 2023, the share of aftermarket sales rose by 6.2 percentage points to 33.9% (previous year: 27.7%). This development was largely due to the inclusion of Haldex, as Haldex generates around half of its sales in the aftermarket business. SAF-HOLLAND also benefited in the aftermarket business from the strong growth in the Original Equipment business in recent quarters, as the increased population of SAF-HOLLAND products has a positive impact on demand for spare parts.

Sales in the Original Equipment business for trucks increased by 42.7% to EUR 213.6 million in the first nine months of 2023, benefiting in particular from continued solid demand in the US market. Based on robust demand in EMEA and continued very strong growth in the APAC region, sales in the Original Equipment business for trailers increased by 25.8% to EUR 886.1 million. As sales from the Original Equipment Trucks customer group and the aftermarket business increased disproportionately, the share of Group sales accounted for by the Original Equipment business for trailers declined slightly to 55.8% (previous year: 60.0%).

"After the first nine months of the financial year, we are well on the way to achieving the synergies and cross-selling potentials we announced in connection with the acquisition of Haldex. Thanks to the increasing share of the aftermarket business to slightly over 30% of Group sales, or nominally EUR 489.2 million as at the end of September 2023, we are even more resilient as a Group and are very confident about the fourth quarter of the current year and the coming financial year." said Alexander Geis, Chairman of the Management Board and CEO of SAF-HOLLAND SE.

#### **Adjusted EBIT margin significantly increased to 9.6% thanks to efficiency improvements and positive mix and synergy effects**

In the first nine months of 2023, SAF-HOLLAND achieved an adjusted EBIT of EUR 152.8 million (previous year: EUR 92.3 million). This corresponds to an increase of 65.6%. The significant improvement in the adjusted EBIT margin from 7.8% to 9.6% was mainly the result of efficiency gains, economies of scale due to higher production volumes and the higher share of the aftermarket business. Previous price increases also supported the margin improvement. Earnings also benefited from the earlier than expected realization of synergies effects from the integration of Haldex.

In the third quarter of 2023, adjusted EBIT totaled EUR 58.6 million (previous year: EUR 36.7 million), while the adjusted EBIT margin rose significantly to 10.6% (previous year: 9.1%). From a quarterly perspective, the increased margin was primarily the result of a favorable regional sales structure, with the high-margin APAC and Americas regions accounting for a higher proportion of Group sales. The significant increase in the higher-margin aftermarket business also supported the positive margin trend. Synergy and exchange rate effects also had a slightly positive impact on the adjusted EBIT margin.

#### **Significant double-digit increase in profit for the period and earnings per share**

Profit for the period rose by 31.2% to EUR 62.6 million (previous year: EUR 47.7 million). Based on the unchanged number of around 45.4 million ordinary shares issued, earnings per share increased by 31.7% to EUR 1.37 (previous year: EUR 1.04).

Adjusted net profit for the period rose by 49.6% to EUR 93.9 million in the first nine months of 2023 (previous year: EUR 62.8 million) and adjusted earnings per share by 49.3% to EUR 2.06 (previous year: EUR 1.38).

#### **Operating free cash flow almost doubled to EUR 101.6 million, reduction in leverage ratio to 2.1x**

Based on the strong operating performance in combination with continued strict management of net working capital, operating free cash flow increased significantly in the first nine months of the current financial year, reaching EUR 101.6 million (previous year: EUR 57.5 million). Thanks to the free cash flow generated in the first

nine months, net financial debt was reduced to EUR 475.4 million as at September 30, 2023 (December 31, 2022: EUR 510.6 million). The pro forma leverage ratio (ratio of net financial debt to EBITDA) was also significantly reduced to 2.1x (December 31, 2022: 2.6) as at September 30, 2023. The pro forma leverage takes into account the EBITDA contribution of Haldex for the last twelve months.

Frank Lorenz-Dietz, member of the Management Board and CFO, commented on the results as follows: "In particular, the development of the significantly improved operating free cash flow as a result of the robust operating performance with continued strict management of net working capital and the resulting reduction in the leverage ratio to 2.1x are very strong achievements overall."

### **Outlook for the 2023 financial year raised again on October 18, 2023**

Based on the figures for the third quarter of 2023 and based on the strong performance in the financial year to date, continued solid demand for trailer and truck components, especially in the APAC and Americas regions, and a continued robust order backlog, the Management Board of SAF-HOLLAND SE has decided on October 18, 2023 to raise the forecast for Group sales and the adjusted EBIT margin. Assuming stable exchange rates and taking into account the sales contribution from Haldex from its inclusion in the Group's scope of consolidation on February 21, 2023, the Management Board now expects Group sales of around EUR 2,100 million (previously: slightly above the EUR 2,000 million mark). The adjusted EBIT margin for the 2023 financial year is now expected to be around 9.5% (previously: up to 9%). SAF-HOLLAND continues to expect a capex ratio of up to 3% of consolidated Group sales in the 2023 financial year.

### **Conference call for analysts and investors**

The Management Board of SAF-HOLLAND SE will hold a conference call for analysts and institutional investors today at 4:00 p.m. (CET). A recording of the conference call will subsequently be available on the SAF-HOLLAND SE website. The conference call presentation in English and the Q3 2023 Quarterly Statement are available on the Investor Relations website of SAF-HOLLAND SE.

#### **Contact:**

*Fabian Giese*  
*Interim Head of Investor Relations, Corporate & ESG Communications*  
*Tel: +49 6095 301 904*  
[fabian.giese.ext@safholland.de](mailto:fabian.giese.ext@safholland.de)

*Alexander Pöschl*  
*Senior Manager Investor Relations, Corporate & ESG Communications*  
*Tel: +49 6095 301 117*  
[alexander.poeschl@safholland.de](mailto:alexander.poeschl@safholland.de)

#### **About SAF-HOLLAND**

*SAF-HOLLAND SE is a leading international manufacturer of suspension-related assemblies and components for trailers, trucks and busses. Around 6,000 dedicated employees worldwide are already working on the future of the transport industry today, having generated sales of approximately EUR 1.6 billion in 2022. The product range includes, among other things, axle and suspension systems for trailers, fifth wheels for trucks and coupling systems for trucks, semi-trailers and trailers as well as brake and EBS systems. 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, Haldex, 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 manufacturers' service networks as well as to wholesalers and, through an extensive global distribution network, to end customers and service centers. 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](http://www.safholland.com).*