

Corporate News

SAF-HOLLAND SE: Robust business model ensures strong operating performance in the first half of 2024 – Raised full-year forecast for adjusted EBIT margin confirmed

- **Group sales amount to EUR 1,012.5 million in the first half of 2024 (previous year: EUR 1,036.1 million) and were supported by acquisition effects and cyclically resilient aftermarket business**
- **Adjusted EBIT margin significantly improved to 10.2% (previous year: 9.1%)**
- **Result for the period increases significantly by 35.6% to EUR 50.7 million (previous year: EUR 37.4 million)**
- **Strong operating free cash flow of EUR 44.3 million (previous year: EUR 30.5 million)**

Bessenbach (Germany), August 8, 2024. SAF-HOLLAND SE ("SAF-HOLLAND"), one of the world's leading suppliers of trailer and truck components, successfully closed the first half of 2024 in a weaker market environment in Europe and the Americas and significantly improved its adjusted EBIT margin despite declining sales.

At EUR 1,012.5 million, Group sales in the first half of 2024 were 2.3% below the previous year's figure (EUR 1,036.1 million). In organic terms – i.e. excluding the impact of exchange rate and acquisition effects – sales were down by EUR 98.9 million or 9.5%. After years of strong growth, this was mainly due to the market slowdown in the original equipment business, particularly in the EMEA and Americas regions.

By contrast, acquisition effects amounting to EUR 76.0 million had a sales increasing effect. These relate to the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to June 30), the IMS Group, which has been included in the consolidated financial statements since the beginning of 2024, and Tecma, which has been fully consolidated since April 2024.

In the second quarter of 2024, SAF-HOLLAND's consolidated sales amounted to EUR 507.1 million (previous year: EUR 555.7 million). In organic terms, this represents a decrease of EUR 59.8 million or 10.8%. This was again offset by positive acquisition effects of EUR 9.9 million from the takeovers of the IMS Group and Tecma.

The opposing effects of weaker customer demand in the EMEA and Americas regions and additional acquisition-related sales led to a 14.9% reduction in the Original Equipment Trailer customer segment's contribution to sales to EUR 504.8 million in the first half of 2024 (previous year: EUR 593.3 million). As a result, the share of Group sales fell from 57.3% to 49.9%. Sales from the original equipment business with trucks fell by 3.9% to EUR 135.8 million (previous year: EUR 141.3 million) and particularly affected the EMEA region. In contrast, the cyclically resilient aftermarket business was able to significantly improve its share of sales from 29.1% to 36.7%. The sales growth of EUR 70.5 million to EUR 372.0 million (previous year: EUR 301.5 million) was the result of increased market penetration with SAF-HOLLAND products, acquisition effects (in particular Haldex) and special sales measures which were limited to the second quarter. Accordingly, the share of sales accounted for by the aftermarket business improved by 6.7 percentage points to a strong 38.4% in the period from April to June 2024.

The breakdown of Group sales by region in the first half of 2024 was also influenced by both acquisition effects and organic sales development in the EMEA and Americas regions. With sales of EUR 477.5 million (previous

year: EUR 480.9 million) and a 47.2% share of Group sales (previous year: 46.4%), the EMEA region remains the company's largest region. The Americas region accounted for 40.1% (previous year: 41.8%) or EUR 406.3 million (previous year: EUR 433.1 million) of sales. The APAC region increased its sales by 5.4% to EUR 128.7 million (previous year: EUR 122.1 million) and thus contributed 12.7% (previous year: 11.8%) to Group sales.

Strong adjusted EBIT margin of 10.2% benefits from favorable customer mix

In the first half of 2024, SAF-HOLLAND increased adjusted EBIT by 9.1% to EUR 102.8 million (previous year: EUR 94.2 million) and the adjusted EBIT margin from 9.1% to 10.2%. The basis for this was the significantly higher share of sales generated by the aftermarket business. In addition, the company continued to benefit from the cost-cutting measures introduced at an early stage - particularly in the EMEA and Americas regions - as well as the ongoing consistent realization of cost synergies in the course of the Haldex integration.

In the second quarter of 2024, adjusted EBIT amounted to EUR 54.2 million (previous year: EUR 50.8 million) and the adjusted EBIT margin was 10.7% (previous year: 9.1%). Compared to the first quarter of 2024 (9.6%), SAF-HOLLAND was thus once again able to significantly increase its profitability, which was largely influenced by the strong aftermarket business and strict cost management.

Result for the period benefits from good operating performance and lower tax rate

In the first half of 2024, earnings before taxes improved by 25.4% to EUR 71.6 million (previous year: EUR 57.1 million).

The Group tax rate for the first half of 2024 decreased from 34.5% to 29.2% compared to the same period of the previous year. Accordingly, the Group generated a result for the period of EUR 50.7 million in the first half of 2024 (previous year: EUR 37.4 million), which corresponds to an increase of 35.6%. After deducting minority interests, the result for the period for the shareholders of the parent company amounted to EUR 50.3 million in the first half of 2024 (previous year: EUR 37.1 million).

Based on an unchanged number of shares compared to the previous year of 45.4 million, earnings per share for the first half of 2024 improved significantly to EUR 1.11 (previous year: EUR 0.82).

Strong operating free cash flow - leverage ratio of 1.8 still below the 2024 target of 2.0

Net cash flow from operating activities amounted to EUR 62.6 million in the first half of the year (previous year: EUR 43.6 million) and was therefore EUR 19.0 million higher than in the previous year. This was mainly due to the significant improvement in earnings before taxes, which increased by EUR 14.5 million to EUR 71.6 million.

As a result, the Group generated a EUR 13.8 million increase in operating free cash flow (net cash flow from operating activities after deducting net investments in property, plant and equipment and intangible assets) to EUR 44.3 million (previous year: EUR 30.5 million).

In connection with the acquisition of the IMS Group and Tecma, there was a net cash outflow of EUR 16.2 million. The net cash inflow of EUR 30.7 million in the first half of 2023 related to the cash received less the payment for the acquisition of the outstanding shares in Haldex AB.

Accordingly, free cash flow amounted to EUR 28.2 million (previous year: EUR 61.2 million).

In the second quarter of 2024, operating free cash flow more than doubled to EUR 56.8 million compared to the previous year's figure of EUR 25.1 million. This was due in particular to the cash inflow from the reduced capital tied up in net working capital, especially from the change in trade receivables. Taking into account the net cash outflow from the acquisition of company shares, free cash flow amounted to EUR 50.9 million (previous year: EUR 25.1 million).

Net financial debt (including lease liabilities) increased by EUR 42.3 million to EUR 492.4 million as at the end of June 2024 compared to the balance sheet date of December 31, 2023. This increase is partly due to this year's dividend payment of EUR 38.6 million and the financing of the recent acquisitions. The leverage ratio (ratio of net financial debt to EBITDA) was therefore 1.8 at the end of the second quarter of 2024 (December 31, 2023: 1.8).

Raised annual forecast for adjusted EBIT margin confirmed

Alexander Geis, Chairman of the Management Board and CEO of SAF-HOLLAND SE, comments: "The figures published today for the first half of 2024 confirm that our robust business model combined with strict cost management is paying off. Despite the weaker economic conditions, we were able to raise our annual forecast for the adjusted EBIT margin in June. The cyclically resilient aftermarket business and further synergies from the Haldex acquisition will make valuable contributions to profitability."

Based on the expected macroeconomic and industry-specific conditions and taking into account the potential risks and opportunities and on the basis of stable exchange rates, the Management Board of SAF-HOLLAND SE continues to expect Group sales of around EUR 2,000 million (previous year: EUR 2,106.2 million) for the 2024 fiscal year, as published on March 14, 2024.

On June 17, 2024, the Management Board of SAF-HOLLAND SE raised its annual forecast for the adjusted EBIT margin on the basis of business performance from January to May 2024. It is still expected that this will be around 10% for the 2024 fiscal year (previously 9.0% to 9.5%).

In order to achieve its medium and long-term growth targets and position the company for the future in terms of its products, the Group is still planning to invest up to 3% of Group sales in the 2024 fiscal year, as published on March 14, 2024 (previous year: 2.9%).

Key figures for the first half and second quarter of 2024

in kEUR

	Q1-Q2/2024	Q1-Q2/2023	Change in %	Q2 2024	Q2 2023	Change in %
Result of Operations						
Sales	1,012,522	1,036,096	-2.3%	507,091	555,673	-8.7%
Gross profit	223,576	193,708	15.4%	114,701	107,430	6.8%
Gross profit margin in %	22.1%	18.7%		22.6%	19.3%	
Adjusted gross profit	227,534	201,513	12.9%	116,979	114,416	2.2%
Adjusted gross profit margin in %	22.5%	19.4%		23.1%	20.6%	
EBITDA	132,468	107,448	23.3%	68,668	53,595	28.1%
EBITDA margin in %	13.1%	10.4%		13.5%	9.7%	
Adjusted EBITDA	133,820	121,104	10.5%	70,020	65,401	7.1%
Adjusted EBITDA margin in %	13.2%	11.7%		13.8%	11.8%	
EBIT	89,714	72,280	24.1%	46,309	33,449	38.4%
EBIT margin in %	8.9%	7.0%		9.1%	6.0%	
Adjusted EBIT	102,774	94,176	9.1%	54,209	50,817	6.7%
Adjusted EBIT margin in %	10.2%	9.1%		10.7%	9.1%	
Result for the period without non-controlling interests	50,260	37,145	35.3%	24,035	17,584	36.7%
Adjusted result for the period without non-controlling interests	62,593	58,251	7.5%	31,298	33,657	-7.0%
Basic earnings per share in EUR	1.11	0.82	35.3%	0.53	0.39	36.7%
Adjusted earnings per share in EUR	1.38	1.28	7.5%	0.69	0.74	-7.0%
Cashflow						
Net cash flow from operating activities	62,641	43,636	43.6%	69,532	31,549	120.4%
Net cash flow from investing activities (property, plant and equipment/intangible assets)	-18,323	-13,156	39.3%	-12,780	-6,443	98.4%
Operating free cash flow	44,318	30,480	45.4%	56,752	25,106	126.0%
Net cash flow from investing activities (acquisition of subsidiaries)	-16,158	30,732		-5,832	-53	
Total free cash flow	28,160	61,212	-54.0%	50,920	25,053	103.2%
Yield						
Return on capital employed (ROCE) in %	22.6%	17.1%				
Balance sheet						
	06/30/2024	12/31/2023				
Balance sheet total	1,715,684	1,651,739	3.9%			
Equity	492,292	475,969	3.4%			
Equity ratio in %	28.7%	28.8%				
Non-current and current liabilities	1,223,392	1,175,770	4.1%			

All figures shown are rounded, minor deviations may arise due to additions to these amounts.



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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. With its around 6,000 dedicated employees worldwide, the company generated sales of EUR 2.11 billion in 2023.

The product range includes axle and suspension systems for trailers as well as fifth wheels and coupling systems for trucks, trailers, and semi-trailers as well as brake and EBS systems. In addition, SAF-HOLLAND also develops innovative products to increase the efficiency, safety, and environmental friendliness of commercial vehicles. With the brands SAF, Holland, Haldex, V.Orlandi, Neway, KLL and York, the Group achieved strong market positions in the top three positions in the most important regions worldwide in 2023. SAF-HOLLAND supplies manufacturers in the original equipment market on six continents. In the aftermarket business, the company supplies spare parts to manufacturers' service networks and wholesalers as well as to end customers and service centers via an extensive global distribution network.

SAF-HOLLAND SE is listed in the Prime Standard of the Frankfurt Stock Exchange and is included in the SDAX (ISIN: DE000SAFH001). Further information is available at www.safholland.com.