

Corporate News

SAF-HOLLAND SE: Resilient business model proves itself in a challenging market environment

- **Nine-month sales amounted to EUR 1,452.5 million (previous year: EUR 1,589.0 million)**
- **Adjusted EBIT margin improves by 0.5 percentage points to 10.1% after nine months**
- **Result for the period of EUR 60.2 million only slightly below previous year's figure of EUR 62.6 million**
- **Operating free cash flow reaches solid level of EUR 86.7 million (previous year: EUR 101.6 million)**

Bessenbach (Germany), November 12, 2024. SAF-HOLLAND SE ("SAF-HOLLAND"), one of the world's leading suppliers of trailer and truck components, recorded a robust business development in a challenging market environment in the first nine months of 2024.

"The operating result achieved in a weak market environment once again underlines the resilience of our business model. Thanks to strict cost discipline and the ability to react quickly to fluctuations in demand, we were able to take effective countermeasures and keep the company on a profitable course," commented Alexander Geis, Chairman of the Management Board and Chief Executive Officer of SAF-HOLLAND SE. And he adds: "In this context, the aftermarket business is of particular importance and a key pillar of our company's resilience. The successful original equipment business of previous years, with a significant increase in the population of SAF-HOLLAND systems in the market, is now driving demand for spare parts. The current market weakness in the original equipment business has thus been at least partially offset."

Nine-month sales supported by acquisition effects and cyclically resilient aftermarket business

Group sales amounted to EUR 1,452.5 million in the first nine months of 2024, down 8.6% on the previous year's figure of EUR 1,589.0 million. In organic terms – i.e. excluding the influence of exchange rate and acquisition effects – this figure fell by EUR 217.6 million or 13.7%. The main reason for this was the market-related slowdown in the original equipment business after years of strong growth, particularly in the EMEA and Americas regions.

By contrast, acquisition effects of EUR 85.7 million, relating to the first-time consolidation of Haldex AB for the entire reporting period and the first-time consolidation of IMS Group B.V., Tecma Srl and Assali Stefen Srl during the course of the year, had the effect of increasing sales.

In the third quarter of 2024, Group sales amounted to EUR 439.9 million (previous year: EUR 552.9 million). In organic terms, this represents a decrease of EUR 118.7 million or 21.5%. This was again offset by positive acquisition effects of EUR 9.7 million from this year's takeovers.

The contrasting effects of a weaker customer demand in the EMEA and Americas regions in the original equipment business and additional acquisition-related sales led to an overall decline in the sales contribution of the customer segment original equipment trailer from 55.8% to 49.0% in the first nine months of 2024. In contrast, the cyclically resilient aftermarket business significantly improved its share of sales from 30.8% to 37.6%. The sales growth of EUR 57.6 million to EUR 546.8 million (previous year: EUR 489.2 million) resulted from the increased market penetration of SAF-HOLLAND products, acquisition effects (in particular Haldex) and special sales measures that were limited to the second quarter.

In the third quarter of 2024, the aftermarket business improved its share of sales by 5.8 percentage points to 39.7%.

Adjusted EBIT margin improves by 0.5 percentage points to 10.1%

In the first nine months of 2024, SAF-HOLLAND achieved an adjusted EBIT of EUR 146.1 million (previous year: EUR 152.8 million) despite the decline in sales and increased the adjusted EBIT margin from 9.6% to 10.1%. This was due to the significant increase in the share of sales generated by the aftermarket business. In addition, the company continued to benefit from consistent cost adjustments in the original equipment business and the ongoing realization of synergies from the Haldex integration.

In the third quarter of 2024, adjusted EBIT amounted to EUR 43.3 million (previous year: EUR 58.6 million), resulting in an adjusted EBIT margin of 9.8% (previous year: 10.6%). The consistent cost adjustments in the original equipment business and the significantly higher share of sales generated by the aftermarket business had a stabilizing effect.

Result for the period only slightly below previous year's level despite decline in sales

In the first nine months of 2024, earnings before taxes fell by just 8.1% to EUR 91.0 million (previous year: EUR 99.0 million) despite the decline in sales and negative unrealized exchange rate effects in the financial result.

An improved group tax rate of 33.9 % (previous year: 36.7 %) led to a result for the period of EUR 60.2 million, which is only 3.9% lower than the previous year's figure. After deducting minority interests, the result for the period for the shareholders of the parent company amounted to EUR 59.6 million in the first nine months of 2024 (previous year: EUR 62.2 million).

Based on an unchanged number of shares compared to the previous year of 45.4 million, earnings per share for the first nine months of 2024 amounted to EUR 1.31 (previous year: EUR 1.37).

Operating free cash flow only slightly below previous year – Leverage ratio of 1.9 still below the 2024 target of 2.0

Net cash flow from operating activities amounted to EUR 113.4 million in the first nine months and was only EUR 14.7 million below the previous year's level of EUR 128.1 million, primarily due to non-cash balance-sheet date valuations and an acquisition-related and business-specific increase in net working capital requirements.

After deducting net investments in property, plant and equipment and intangible assets of EUR 26.7 million (previous year: EUR 26.5 million), the Group generated an operating free cash flow of EUR 86.7 million (previous year: EUR 101.6 million).

In connection with the acquisition of the IMS Group, Tecma and Assali Stefen, there was a net cash outflow totaling EUR 37.0 million. In the same period of the previous year, however, there was a net cash inflow of EUR 30.7 million, which 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 49.7 million (previous year: EUR 132.3 million).

Net financial debt (including lease liabilities) increased by EUR 48.7 million to EUR 498.9 million as of the end of September 2024 compared to the balance sheet date of December 31, 2023. This increase is due, among other things, to this year's dividend distribution of EUR 38.6 million and the financing of this year's acquisitions in the amount of EUR 37.0 million. Accordingly, the leverage ratio (net debt to EBITDA) was 1.9 at the end of the third quarter of 2024 (December 31, 2023: 1.8). In addition, the successful placement of a promissory note with a volume of EUR 100 million improved the maturity profile.

Frank Lorenz-Dietz, Member of the Management Board and Chief Financial Officer of SAF-HOLLAND SE, comments: "Thanks to our internal financing capability, we were able to pay for both the acquisitions of the current fiscal year and the dividend largely from the operating free cash flow. I see further potential in the area of net working capital in particular. Excluding acquisitions the company would already have achieved its medium-term target of 15–16% with a net working capital ratio of 15.2%."

Outlook for the full year 2024 specified

Compared to the expectations in the Group management report 2023, the industry-related economic conditions have deteriorated over the course of the year. Accordingly, the Management Board of SAF-HOLLAND SE is specifying the outlook for Group sales for the 2024 fiscal year from previously around EUR 2,000 million to around EUR 1,950 million (previous year: EUR 2,106.2 million) on the basis of current market developments, general industry expectations and after weighing up the potential risks and opportunities and on the basis of stable exchange rates.

The Management Board of SAF-HOLLAND SE continues to assume that the adjusted EBIT margin for the 2024 fiscal year will be around 10%, after the outlook was raised from 9.0% to 9.5% on June 17, 2024. The adjusted EBIT margin is expected to benefit in particular from a favorable development of the product mix with a higher share of the aftermarket business. Furthermore, the continued realization of synergies from the Haldex acquisition and the consistent cost adjustments in the original equipment segment should have a positive impact on profitability.

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 nine months and the third quarter of 2024

in EUR thousand

	Q1-Q3/2024	Q1-Q3/2023	Change in %	Q3 2024	Q3 2023	Change in %
Result of Operations						
Sales	1,452,456	1,588,983	-8.6%	439,934	552,887	-20.4%
Gross profit	322,870	304,395	6.1%	99,294	110,687	-10.3%
Gross profit margin in %	22.2%	19.2%		22.6%	20.0%	
Adjusted gross profit	328,685	313,779	4.8%	101,151	112,266	-9.9%
Adjusted gross profit margin in %	22.6%	19.7%		23.0%	20.3%	
EBITDA	191,398	180,622	6.0%	58,930	73,173	-19.5%
EBITDA margin in %	13.2%	11.4%		13.4%	13.2%	
Adjusted EBITDA	193,428	194,364	-0.5%	59,608	73,259	-18.6%
Adjusted EBITDA margin in %	13.3%	12.2%		13.5%	13.3%	
EBIT	126,654	124,924	1.4%	36,940	52,643	-29.8%
EBIT margin in %	8.7%	7.9%		8.4%	9.5%	
Adjusted EBIT	146,095	152,773	-4.4%	43,321	58,596	-26.1%
Adjusted EBIT margin in %	10.1%	9.6%		9.8%	10.6%	
Result for the period without non-controlling interests	59,571	62,249	-4.3%	9,311	25,103	-62.9%
Adjusted result for the period without non-controlling interests	81,605	93,544	-12.8%	19,012	35,293	-46.1%
Basic earnings per share in EUR	1.31	1.37	-4.3%	0.20	0.55	-62.9%
Adjusted earnings per share in EUR	1.80	2.06	-12.8%	0.42	0.78	-46.1%
Cash flow development						
Net cash flow from operating activities	113,376	128,062	-11.5%	50,735	84,426	-39.9%
Net cash flow from investing activities (property, plant and equipment/intangible assets)	-26,656	-26,473	0.7%	-8,333	-13,317	-37.4%
Operating free cash flow	86,720	101,589	-14.6%	42,402	71,109	-40.4%
Net cash flow from investing activities (acquisition of subsidiaries)	-36,999	30,732		-20,841	-	
Total free cash flow	49,721	132,321	-62.4%	21,561	71,109	-69.7%
Yield						
Return on capital employed (ROCE) in %	19.4%	18.3%				
Balance sheet						
	09/30/2024	12/31/2023				
Balance sheet total	1,678,807	1,651,739	1.6%			
Equity	484,402	475,969	1.8%			
Equity ratio in %	28.9%	28.8%				
Non-current and current liabilities	1,194,405	1,175,770	1.6%			

All figures shown are rounded. Minor discrepancies may arise from the addition of 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.