

Corporate News

SAF-HOLLAND SE achieves record sales in the first half of 2023 with a substantially improved adjusted EBIT margin of 9.1% and increases the outlook for the full year 2023

- **Record sales in the first half of 2023 of EUR 1,036.1 million (previous year: EUR 773.3 million), Q2 2023 sales growth of 37.7%; 11.4% organic growth**
- **Adjusted EBIT improves by 69.3% to EUR 94.2 million in H1 2023, Q2 2023 also grew significantly by 58.1% to EUR 50.8 million**
- **Adjusted EBIT margin increases significantly to 9.1% (previous year: 7.2%) in the first six months and to 9.1% (previous year: 8.0%) in Q2 2023**
- **Significantly improved free operating cash flow of EUR 30.5 million (previous year: EUR 8.7 million) generated in the first half of the year**
- **Outlook for FY 2023 increased – Group sales of slightly above EUR 2.0 billion and an adjusted EBIT margin of up to 9% expected**

Bessenbach (Germany), August 10, 2023. +++ SAF-HOLLAND SE ("SAF-HOLLAND"), one of the world's leading suppliers of trailer and truck components, having achieved a strong start to the year in Q1 2023, also recorded a significant increase in sales and earnings in Q2 2023.

Significant sales increase due to the consolidation of Haldex and strong organic growth

Specifically, Americas (+61.5% to EUR 244.0 million) and APAC (+85.5% to EUR 69.6 million) contributed to the 37.7% increase in sales to EUR 555.7 million in the second quarter. The EMEA region grew by 12.6% to EUR 242.0 million and benefited from the consolidation of Haldex. On an organic basis, sales in the EMEA region declined slightly, but exceeded the development of the market due to SAF-HOLLAND's strong market position. On an organic basis, the Group grew by 11.4% in the second quarter, which means that the growth momentum accelerated somewhat compared to the first quarter (10.8%).

Overall, SAF-HOLLAND grew by 34.0% to a record sales level of EUR 1,036.1 million in the first half of the year. Haldex AB, which has been included in the scope of consolidation since February 21, 2023, contributed EUR 176.4 million to Group sales. Organic growth in the first half of the year was 11.1%.

"SAF-HOLLAND is on the way to exceeding the EUR 2 billion mark in terms of sales this year. The acquisition of Haldex supports us on this path. At the same time, important regions such as America and APAC are showing very pleasant organic growth rates, helping us to achieve greater regional diversification and making us even more resilient," said Alexander Geis, Chairman of the Management Board and CEO of SAF-HOLLAND SE.

As expected, the distribution of sales by customer segment shifted in favor of the aftermarket business in the first half of 2023. As a result of an increase in revenue of 43.6% to EUR 301.5 million (previous year EUR 210.0 million), the share of the aftermarket business of Group sales rose to 29.1% (previous year 27.2%). The inclusion of Haldex in particular had a positive effect, since Haldex generates around half of sales in the aftermarket business. At the same time, the strong growth of SAF-HOLLAND in recent quarters has significantly expanded the basis for aftermarket sales. The original equipment business for trucks also grew significantly by 44.7 % and

benefited above all from the persistently high demand in the US market. Sales in the original equipment business for trailers grew by 27.4%, causing a decline of the share of Group sales to 57.3% (previous year: 60.2%).

Adjusted EBIT margin increased significantly to 9.1%

Adjusted EBIT increased by 69.3% in the first half of the year and reached EUR 94.2 million (previous year: EUR 55.6 million). The adjusted EBIT margin consequently improved from 7.2% to 9.1%.

With an increase of 58.1% compared to the same quarter of the previous year, SAF-HOLLAND achieved an adjusted EBIT of EUR 50.8 million and an adjusted EBIT margin of 9.1% in the second quarter of 2023.

The reasons for the increase in adjusted EBIT were volume effects from the significant increase in sales, the strong growth in the aftermarket business and the gradual passing on of previously increased steel, logistics and energy costs. SAF-HOLLAND also benefited from synergies from the acquisition of Haldex.

Frank Lorenz-Dietz, member of the Management Board and CFO, commented on the results as follows: “I am very satisfied with the development in the first half of the year. The consistency of the adjusted EBIT margin in recent quarters shows that we deliver stable operating results even under challenging circumstances. Despite the cyberattack that kept us busy for the first two weeks of the second quarter, we delivered very strong results and achieved financially what we set out to do internally. In connection with the cyberattack, I would like to thank all employees who helped overcome the attack. The team did an outstanding job.”

Result for the period increases by 19.6%

Based on a slightly higher group tax rate of 34.5% (previous year: 31.0%), the group achieved a result for the period of EUR 37.4 million (previous year: EUR 31.3 million) in the first half of 2023. This corresponds to an increase of 19.6%. Basic earnings per share were EUR 0.82 (previous year: EUR 0.68); adjusted earnings per share increased substantially with 52.4% reaching EUR 1.28 (previous year: EUR 0.84) in H1 2023.

Free operating cash flow improved to EUR 30.5 million

Net financial debt increased slightly to EUR 536.5 million as of June 30, 2023 (December 31, 2022: EUR 510.6 million), mainly due to the dividend payment which reduced the cash position. Using a pro-forma view, i.e. considering Haldex's EBITDA contribution for a trailing twelve months period, the leverage ratio (ratio of net financial debt to EBITDA) stood at 2.5 at June 30, 2023 (December 31, 2022: 2.6). The leverage improvement was largely due to the development of the free operating cash flow, which in the first half of 2023, as a result of the significantly higher earnings before taxes and the continued strict management of the net working capital, increased to EUR 30.5 million (previous year: EUR 8.7 million).

Outlook for full year 2023 increased

In view of the results of the first half of 2023 and the continued high demand for trailer and truck components, the Management Board of SAF-HOLLAND SE has decided on August 8, 2023 to adjust its outlook for Group sales and adjusted EBIT margin. Assuming stable exchange rates and taking into account the sales contribution of Haldex following its inclusion in the Group's scope of consolidation as of February 21, 2023, the Management Board now expects Group sales of slightly above EUR 2,000 million (previous outlook tending around the upper end of the sales range of EUR 1,800 to 1,950 million). Based on continued strong market demand from the higher-margin Americas and APAC regions, as well as significant progress in achieving synergy targets following the acquisition of Haldex, the Management Board expects an adjusted EBIT margin of up to 9% in full-year 2023 (previous outlook: 7.5% to 8.5%). In order to achieve the growth targets, position the Company for the future in terms of products, and realize the identified synergy potential of the Haldex integration, the Group, including Haldex, still plans to make capital expenditures of up to 3% of 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 3:00 p.m. (CEST). A recording of the conference call will subsequently be available on the SAF-HOLLAND SE website. The conference call presentation in English and the half-year financial report 2023 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

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

About SAF-HOLLAND

SAF-HOLLAND SE is a leading international manufacturer of suspension-related assemblies and components for trailers and trucks. 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.