

CONFERENCE CALL PRESENTATION



SAF-HOLLAND SE

Q1 2023

MAY 26, 2023



Q1 2023 Highlights

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Trading Review

Strong **sales increase of 29.9%** y-o-y mainly driven by Americas and APAC regions plus Haldex having been consolidated for five weeks. Organic growth 10.8%

Cyber Attack

SAF-HOLLAND lost c. EUR 15 mn in revenues during Q1 2023 but expects to **recover most of lost revenue** during Q2 and Q3 2023

Aftermarket Strength

Strong aftermarket growth of 30.0%, partly driven by first consolidation of Haldex

Haldex Update

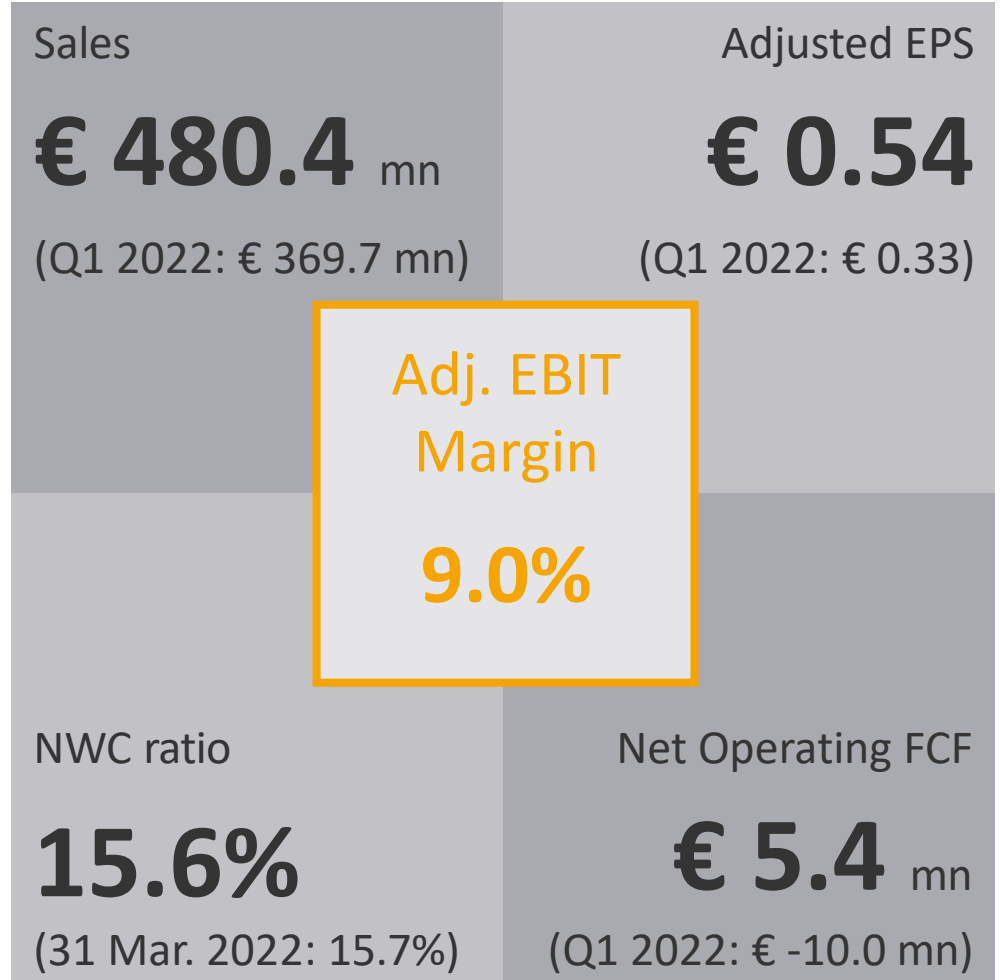
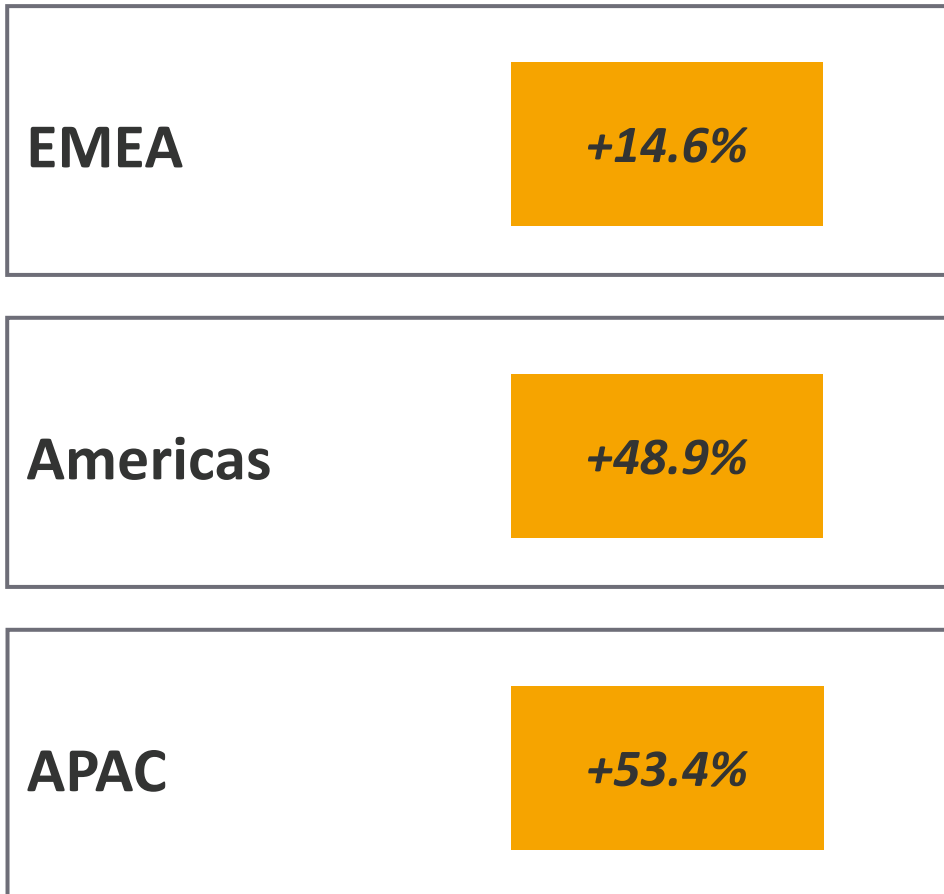
Haldex AB was **consolidated** for the first time as of **February 21, 2023** and **contributed EUR 59.1** mn to sales in Q1 2023

Guidance

Group is assuming **sales for full-year 2023** tending around the **upper end of the guided range**. Adjusted EBIT margin projection unchanged between 7.5% to 8.5%

Significant sales growth supported by Haldex, strong adjusted EBIT margin

Q1 2023 y-o-y sales growth

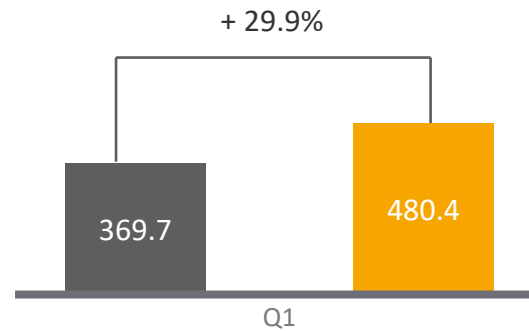


Q1 2023 Group sales includes five weeks of Haldex sales, double-digit growth organically

Sales

(in EUR mn)

■ 2022
■ 2023

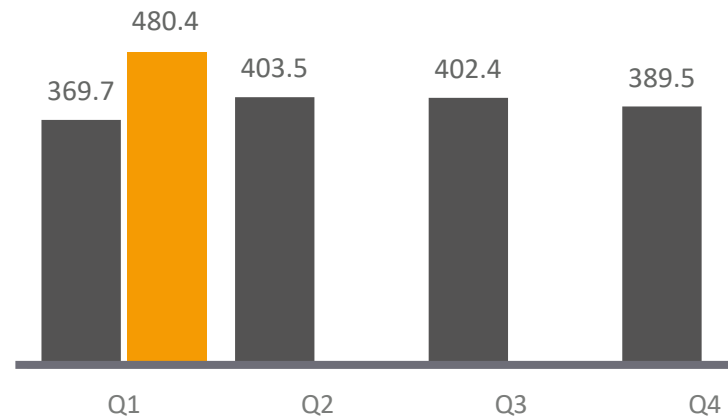


- Q1 2023 sales up 29.9%; adjusted for FX and M&A effects +10.8%
- Continued strong demand from customers for truck and trailer components
- Haldex included for five weeks in the scope of consolidation contributed EUR 59.1 mn to group sales
- Approximately EUR 15 mn of temporary loss in sales due to a cyber attack - most of the production shortfall to be recovered during Q2 and Q3 2023

Sales by Quarter

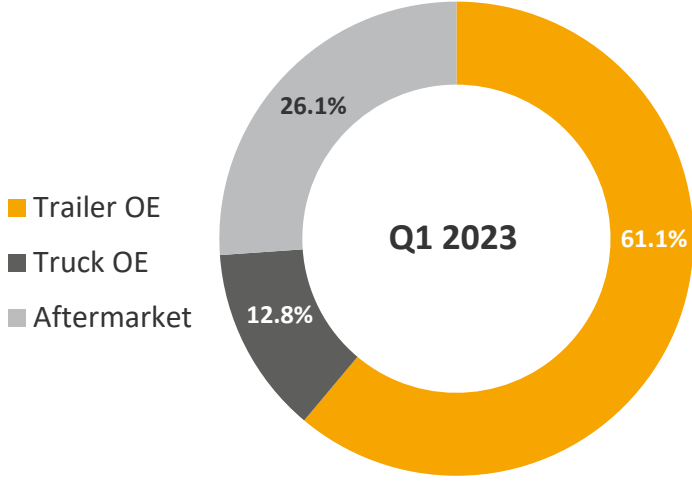
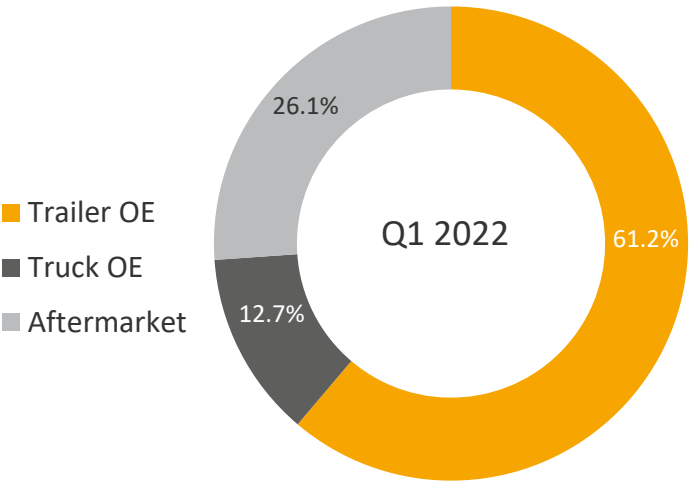
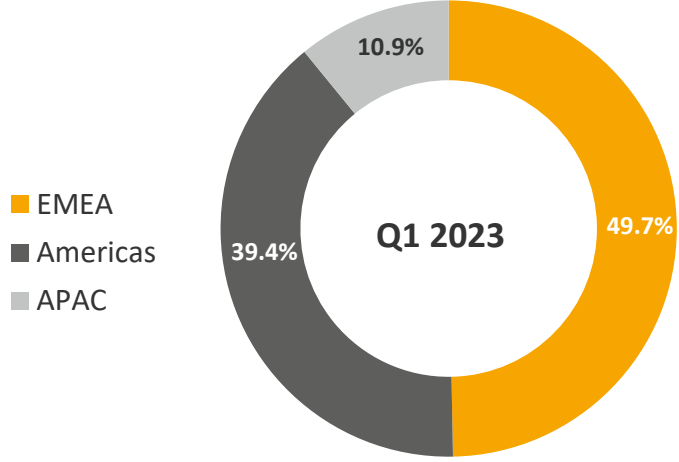
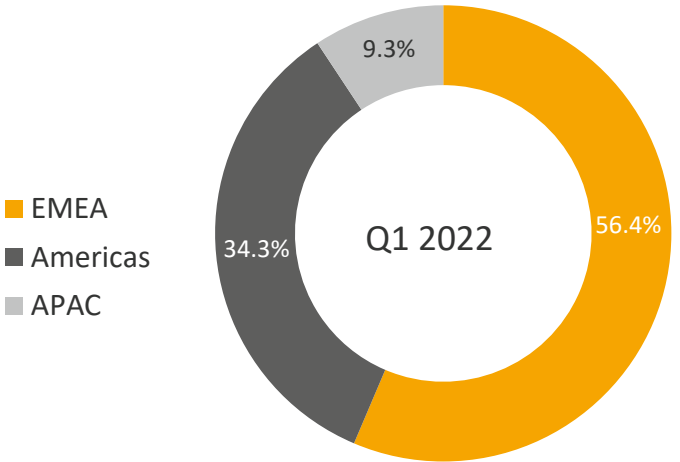
(in EUR mn)

■ 2022
■ 2023



Top line: Americas region gaining importance, split by customer category unchanged

Sales development (by region, by customer category)

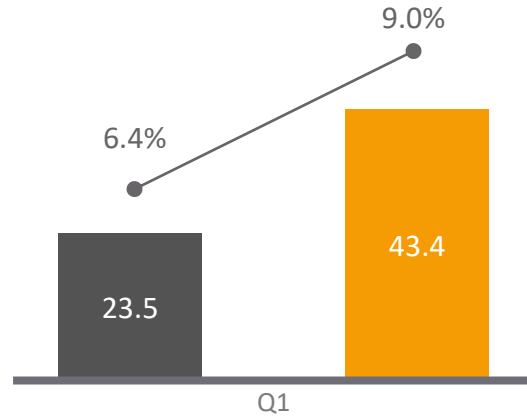


Group adj. EBIT: Increased sales volume and prior price increases supportive

Adj. EBIT

(in EUR mn and % of sales)

■ 2022
■ 2023

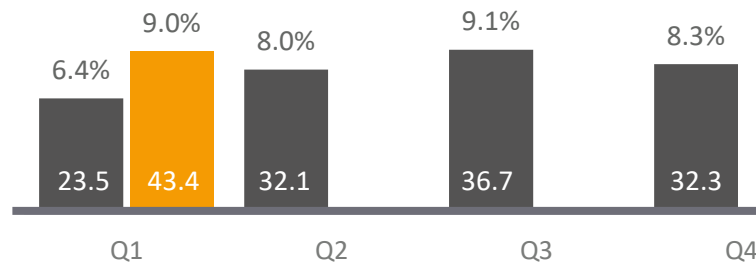


- Group adj. EBIT improved by EUR 19.9 mn or +84.6%
- Improvement in adjusted EBIT resulted mainly from higher volumes, increased aftermarket share and price increases compensating higher material, logistics and energy costs
- Process optimizations, cost efficiencies and economies of scale especially in SG&A also supportive

Adj. EBIT by Quarter

(in EUR mn and % of sales)

■ 2022
■ 2023

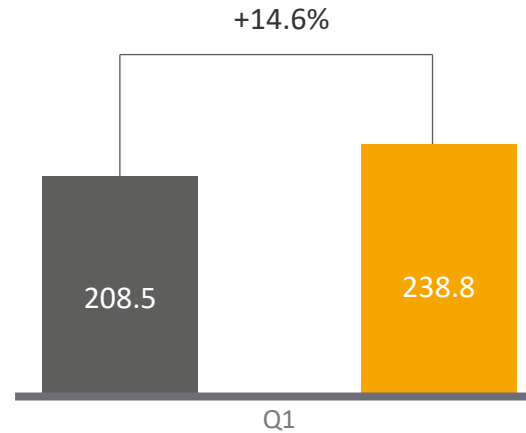


EMEA: Sales increase from Haldex consolidation and strong aftermarket, organic sales growth above market development

Sales

(in EUR mn)

■ 2022
■ 2023

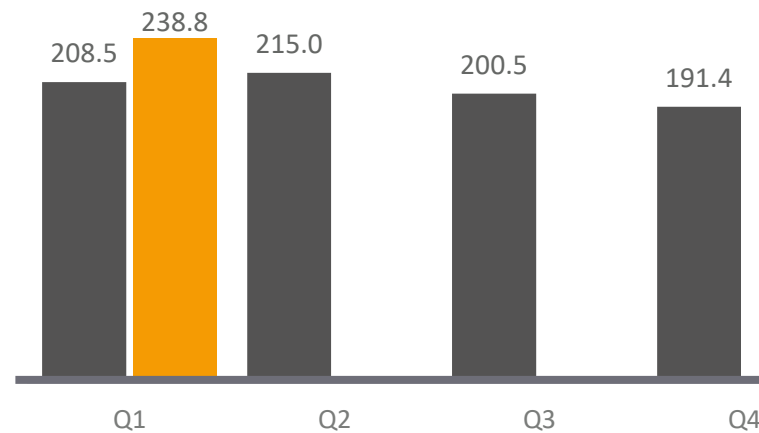


- Adjusted for exchange rate effects and changes in the scope of consolidation, sales were up 0.7% year-on-year
- Five weeks of Haldex consolidation contributed EUR 19.3 mn to sales in EMEA
- EMEA recorded solid sales growth in the aftermarket business in Q1 2023

Sales by Quarter

(in EUR mn)

■ 2022
■ 2023

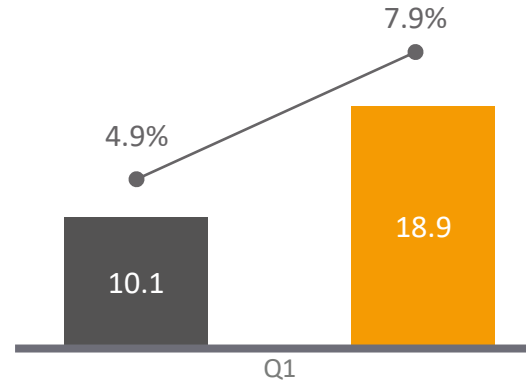


EMEA: Prior price increases as well as strong aftermarket business support margin improvement

Adj. EBIT

(in EUR mn and % of sales)

■ 2022
■ 2023

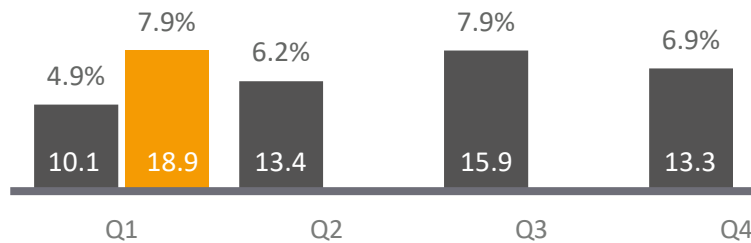


- Increase in adj. EBIT and adj. EBIT margin was supported by prior price increases partially compensating higher steel, logistics and energy costs as well as internal efficiency improvements
- Product mix and higher aftermarket share also had a positive impact

Adj. EBIT by Quarter

(in EUR mn and % of sales)

■ 2022
■ 2023

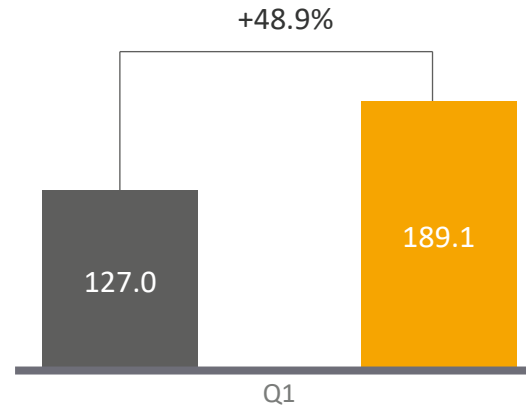


Americas: Strong growth due to unchanged high customer demand and Haldex consolidation

Sales

(in EUR mn)

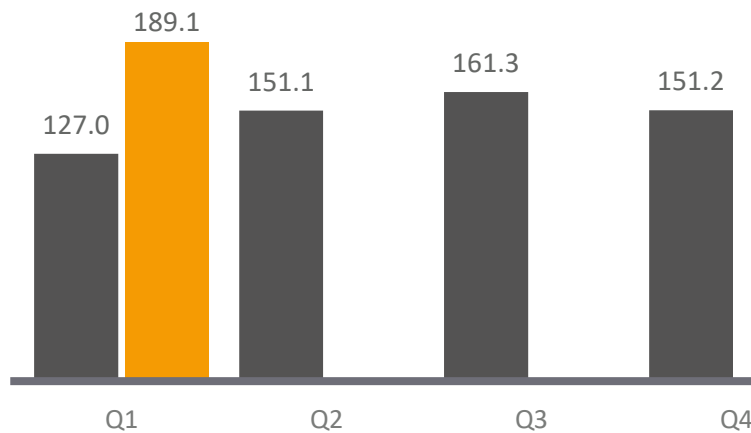
■ 2022
■ 2023



Sales by Quarter

(in EUR mn)

■ 2022
■ 2023



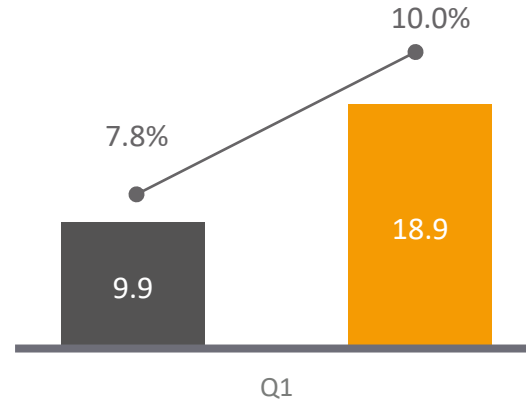
- The Americas region saw a growth of 48.9% as Haldex generates c. 50% of sales in the Americas region
- On an organic basis, SAF-HOLLAND increased sales in the region by 17.4%
- Haldex contributed EUR 34.4 mn to sales in the Americas region
- Growth in the OE business was driven by continued solid demand and strong production figures for Class 8 trucks and trailers
- Due to its strong position, SAF-HOLLAND benefitted from the trend towards disc brake axle systems

Americas: Operating leverage and efficiency enhancements support strong margin improvement

Adj. EBIT

(in EUR mn and % of sales)

■ 2022
■ 2023

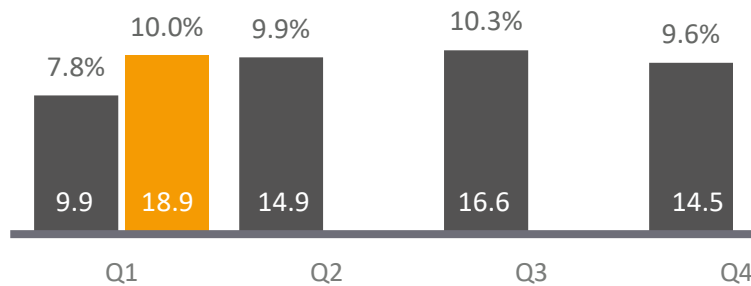


- The Americas region nearly doubled its adjusted EBIT in the first quarter
- Strong improvement in earnings was primarily the result of the operating leverage due to strong sales growth
- Successfully implemented efficiency enhancements and savings in the overhead area are showing the expected benefits

Adj. EBIT by Quarter

(in EUR mn and % of sales)

■ 2022
■ 2023

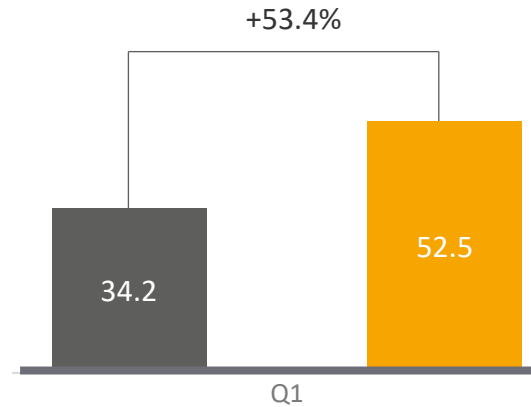


APAC: Strong growth driven by demand in India, Australia and Southeast Asia

Sales

(in EUR mn)

■ 2022
■ 2023

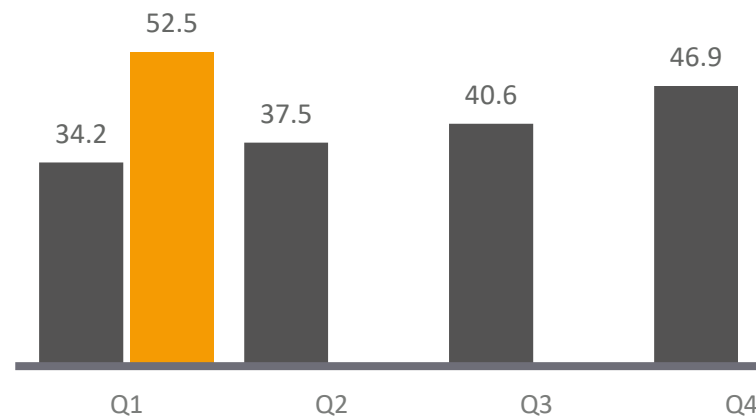


- Strong growth in the APAC region was again driven by the strong development in India due to India's ongoing government infrastructure measures and the expansion of its transport sector
- Customer demand also remained solid in the specialty market of Australia and Southeast Asia
- In APAC Haldex contributed EUR 5.5 mn in sales
- China business grew export-related as well as in new local OEM-business

Sales by Quarter

(in EUR mn)

■ 2022
■ 2023

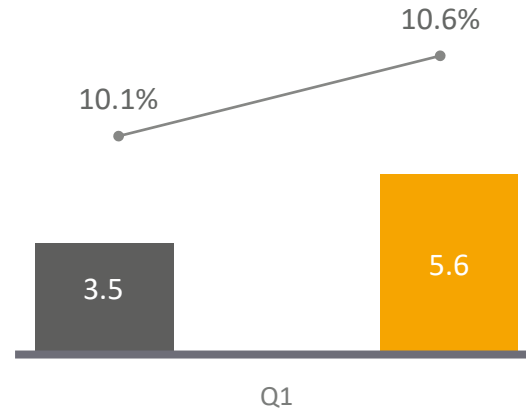


APAC: Profitability improvement driven by higher sales volumes and improved operating performance in China

Adj. EBIT

(in EUR mn and % of sales)

■ 2022
■ 2023

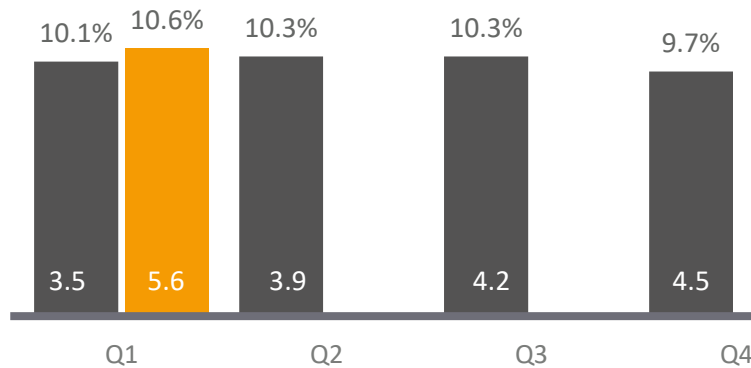


- Economies of scale from the higher business volume in India and a favorable product mix were supportive
- New highly profitable business in the mining sector in Southeast Asia
- Improvement in the operating performance in China also contributed to the earnings improvement

Adj. EBIT by Quarter

(in EUR mn and % of sales)

■ 2022
■ 2023



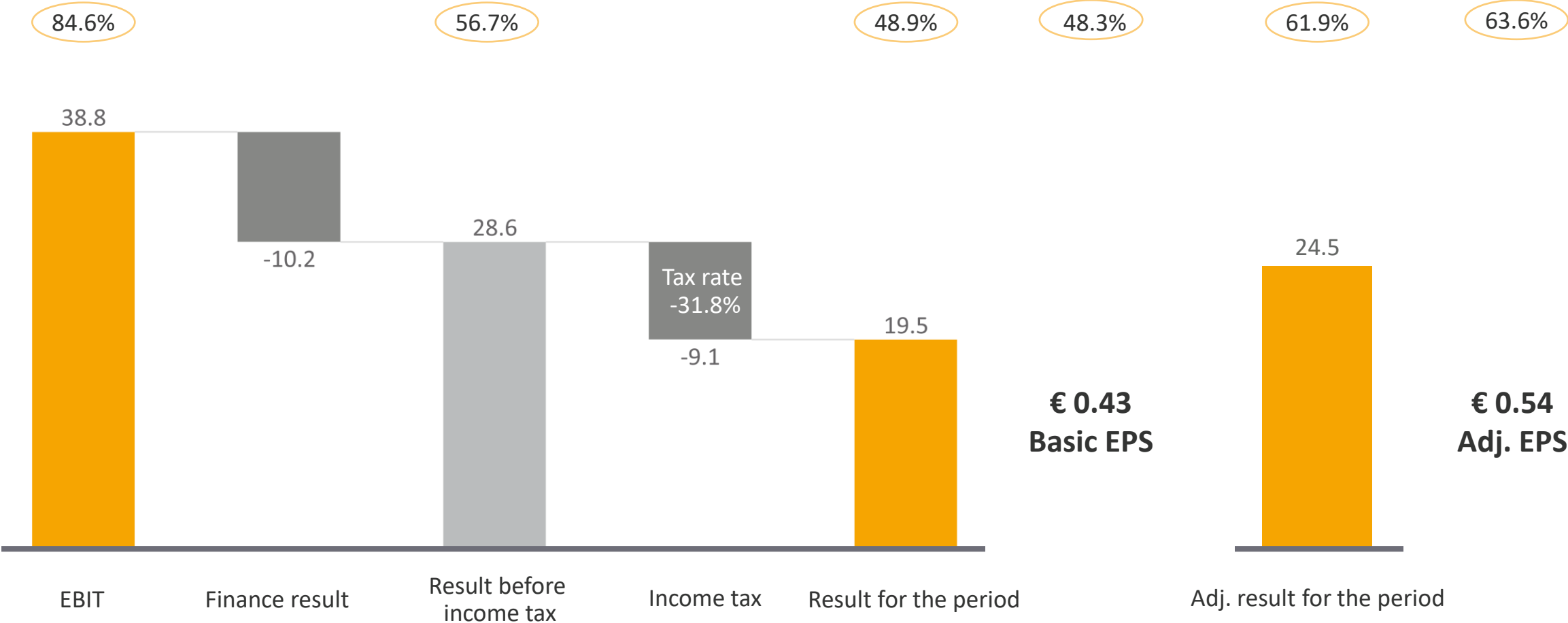
Financials Q1 2023

Group: Reconciliation EBIT to adjusted EBIT

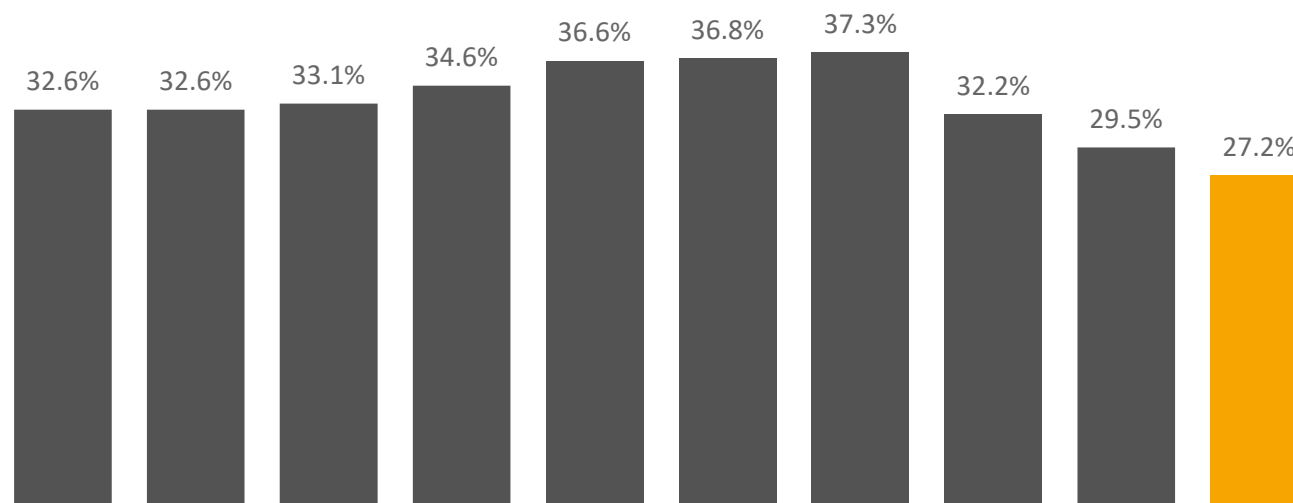
in EUR thousands	Q1 2023	Q1 2022	Change absolute	Change in %
EBIT	38,832	21,039	17,793	84.6%
EBIT margin in %	8.1%	5.7%	–	–
Additional depreciation and amortization of property, plant and equipment and intangible assets from PPA	2,328	2,289	39	1.7%
Restructuring and transactions costs	2,200	157	2,043	–
Adjusted EBIT	43,360	23,485	19,875	84.6%
Adjusted EBIT margin in %	9.0%	6.4%	–	–

Q1 2023 Earnings per share developed nicely

(EUR mn and y-o-y change in %)



Equity ratio down due to balance sheet expansion driven by Haldex acquisition

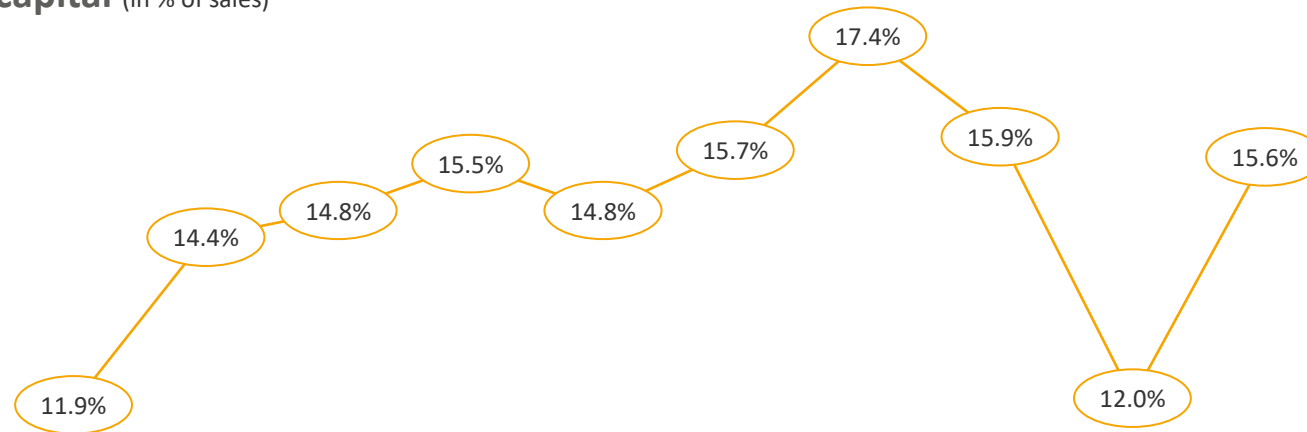


- Compared to 31 Dec. 2022, equity as of 31 Mar. 2023 improved by EUR 8.4 mn
- Negative currency effects had an impact of EUR 11.2 mn
- The expansion in total assets resulting from the first-time inclusion of Haldex however caused the equity ratio to decline to 27.2%, from 29.5 % as at 31 Dec. 2022

EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Equity	300.5	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8
Balance Sheet total	920.5	998.6	1,010.4	1,022.9	1,014.3	1,060.4	1,156.4	1,456.9	1,498.4	1,650.7

Net working capital ratio up due to seasonality and Haldex consolidation

Net working capital (in % of sales)

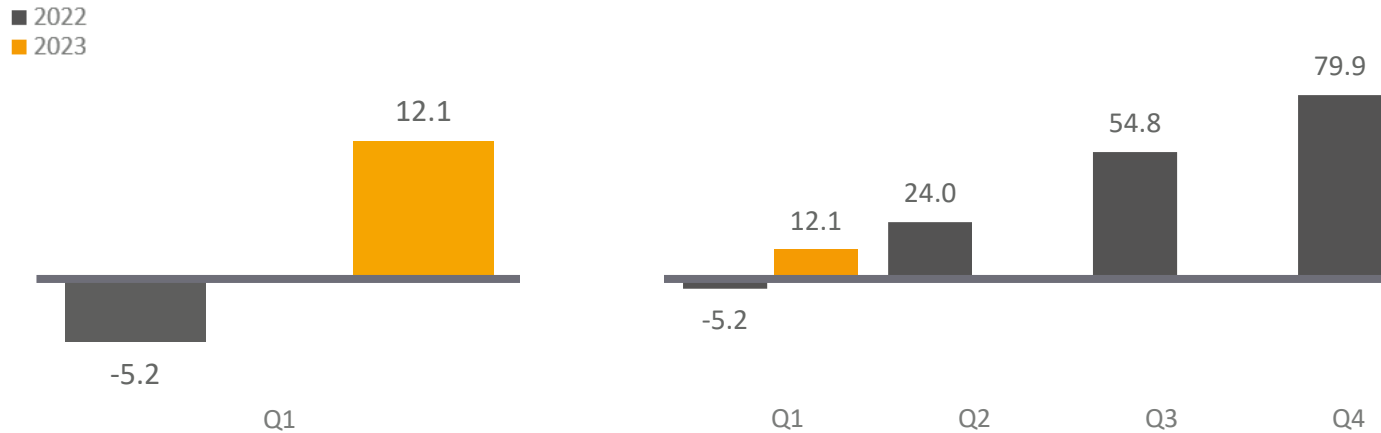


EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Inventories	126.4	155.8	176.0	195.3	194.0	211.9	237.0	237.9	202.2	308.4
Trade receivables	95.3	130.0	148.9	147.2	136.3	176.1	184.6	187.0	144.7	283.0
Trade payables	-107.2	-147.4	-163.4	-160.6	-145.8	-179.3	-176.2	-187.3	-159.0	-262.2
NWC	114.6	138.4	161.5	181.9	184.4	208.7	245.5	237.6	188.0	329.2
Sales (LTM)	959.5	961.7	1,091.4	1,175.6	1,246.6	1,330.7	1,411.7	1,497.5	1,565.1	2,112.8

- NWC ratio of SAF-HOLLAND on a stand-alone basis was 12.4%, showing only a slight increase against the 31 Dec. 2022 value of 12.0%
- Typical seasonality with Q1 usually showing an increase in NWC
- NWC increased due to the consolidation of Haldex, which has a significantly higher NWC-ratio around the 20%-mark
- For better comparability, NWC of sales calculation takes into account Haldex's contribution to sales on a pro forma basis for the last twelve months, as Haldex's contribution to NWC is also fully included

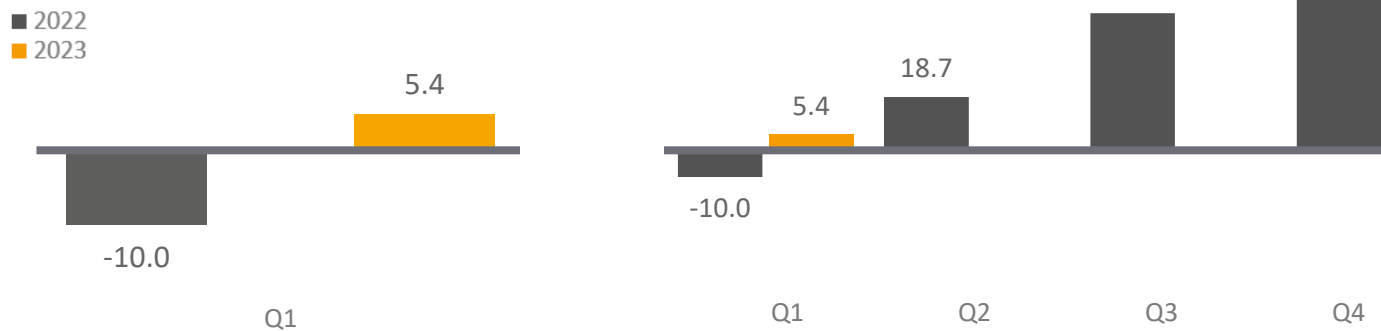
Strong start to the year with both positive operating and net free cash flow

Net cash flow from operating activities (EUR mn)



- The sharp increase was driven above all by the development of cash flow before changes in net working capital, which rose to EUR 42.2 mn (Q1 2022: EUR 26.1 mn)
- The increase was mainly due to higher earnings before taxes, while the higher finance expenses resulting from the Haldex financing and higher depreciation and amortization did not affect the calculation of operating cash flow

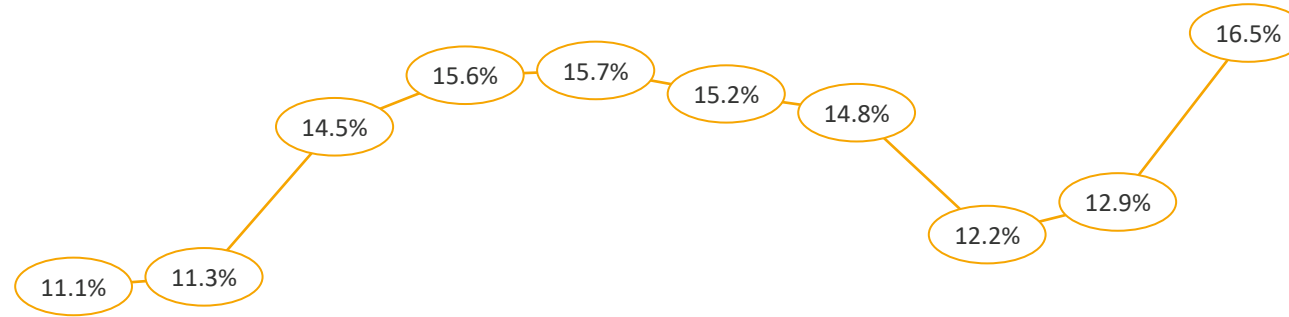
Net free cash flow from operating activities* (EUR mn)



- Payments for investments in property, plant and equipment and intangible assets increased to EUR 7.3 mn from EUR 5.3 mn in Q1 2022 in preparation for planned future growth
- The sale of property, plant and equipment generated a cash inflow to SAF-HOLLAND of EUR 0.6 mn against EUR 0.5 mn in Q1 2022

Strong ROCE improvement driven by lower financial liabilities and strong operating performance

Return on capital employed (in %)

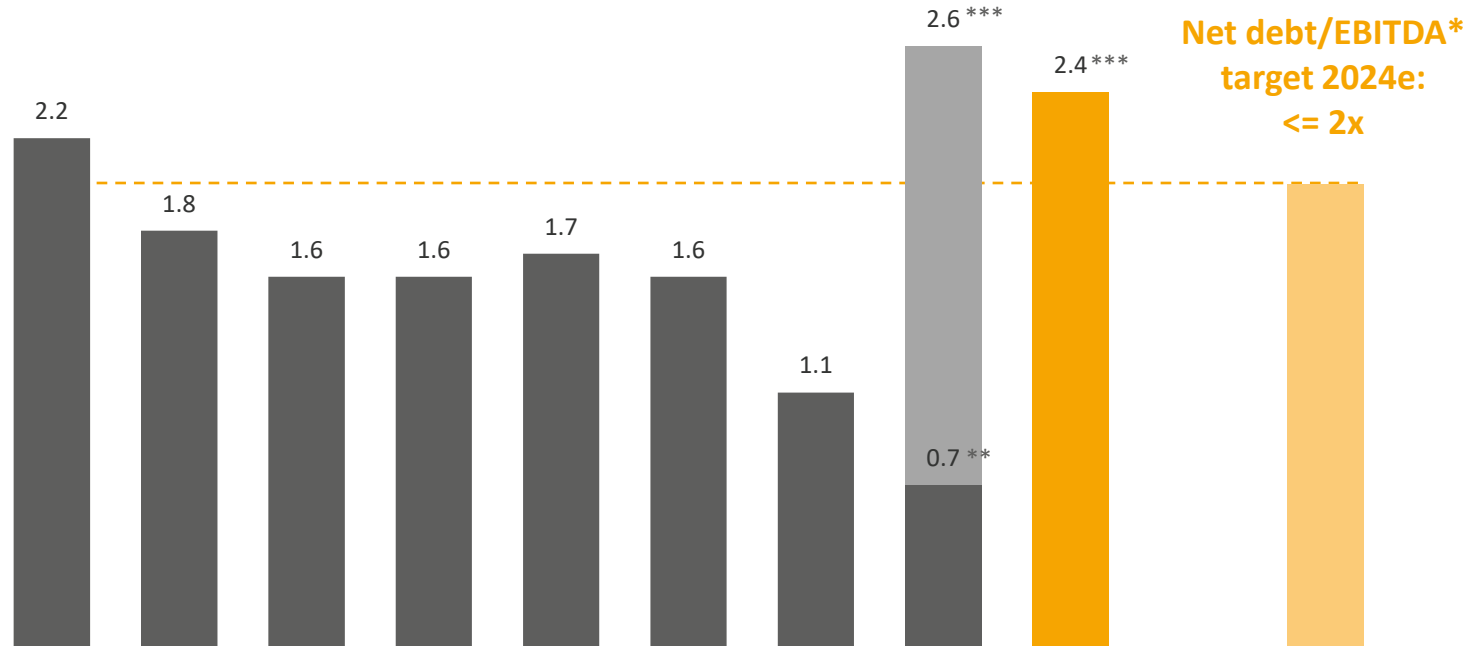


EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Equity	300.5	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8
Financial liabilities	324.1	332.4	323.7	318.5	322.2	318.9	369.9	614.5	715.7	663.3
Lease liabilities	43.6	42.7	41.6	41.7	41.1	40.4	40.9	39.9	38.4	62.7
Pension provisions	31.4	32.2	32.2	32.7	22.3	22.5	16.8	16.9	15.3	43.1
Cash/cash equivalents	-171.0	-179.5	-164.9	-159.5	-165.2	-148.9	-173.0	-206.2	-243.5	-218.0
Capital employed	528.6	553.0	567.4	587.1	591.4	623.4	685.7	933.7	967.3	1,000.9
Adjusted EBIT (LTM)	58.8	62.3	82.1	91.5	93.1	94.7	101.8	114.1	124.6	165.0

- Q1 2023 ROCE was 16.5%, significantly up due to lower financial liabilities and increased adjusted EBIT (LTM)
- Increased adjusted EBIT was driven by inclusion of Haldex on a pro-forma basis as well as SAF-HOLLAND's strong operating performance on a stand-alone basis
- Target for 2027, including Haldex, is a ROCE of $\geq 15\%$
- For better comparability, the calculation includes Haldex's contribution to adjusted EBIT on a pro forma basis for the last twelve months, as Haldex's contribution to capital employed is also fully included

Net debt/EBITDA: Target for 2024 remains in place: 2x or lower

Net debt/EBITDA



- Including pro-forma EBITDA contribution of Haldex and related debt, net debt/EBITDA ratio amounted to 2.4x, down from the 31 Dec. 2022 value of 2.6x
- 31. Dec 2022 net debt/EBITDA ratio of 0.7x did not include additional debt due to the acquisition of Haldex
- Significant deleveraging in Q3 2022 and Q4 2022 was the result of the strong operating free cash flow, which in turn was due to improved working capital management
- The target for 2024 is a net debt to EBITDA ratio of 2x or lower

EUR mn	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Net debt	195.6	200.4	200.7	198.0	210.3	206.4	158.8	108.4	508.1
EBITDA*	87.0	114.3	125.9	125.0	126.4	131.6	140.0	151.5	214.1

Update on Haldex Consolidation

Impacts of accounting and valuation roll-out solely effecting Haldex FY 2022 results

in EUR mn	Haldex 2022	SAF-HOLLAND Group 2023
Impairments on capitalized development cost	Total effect ~ 21	-
Value adjustments on inventories		-
Tooling and other		-
Total	6% - 8% of purchase price	-
Goodwill		+ 30 – 70
PPA amortization		~ -11 per annum
Inventory step-up		~ -5

- First-time consolidation of Haldex took place February 21, 2023, due to delayed approval of the Polish antitrust authority
- SAF-HOLLAND rolled out its group accounting and valuation principles to Haldex and aligned its group accounting and reporting principles to those of the SAF-HOLLAND Group
- Total effect on consolidated financial statements of Haldex AB were approximately EUR 21mn in FY 2022 solely visible in Haldex AB FY 2022 consolidated financial statements
- Based on current assessments, the purchase price allocation for Haldex is expected to result in increased goodwill around the upper end of EUR 30 to 70 mn and additional PPA amortization of approx. EUR 11 mn per annum
- Step-up in inventories is expected to be EUR 5 mn in FY 2023

Outlook 2023

Europe and North America facing consolidation, strong growth in India and China

	Trailer	Trucks
EMEA	-5%	-1%
North America	-3%	-1%
Brazil	-10%	-15%
China	+15%	+15%
India	+17%	+14%

Sources: Market data for trucks and trailers based on ACT Research (April 2023), CLEAR international (November 2022), IHS (January 2023), ANFAVEA, SIAM

- **EMEA**
 - Due to the difficult overall economic environment and persistent uncertainties surrounding the Ukraine conflict, the European trailer market, measured in terms of production in 2023, is expected to decline slightly
 - Truck business expected to contract slightly, albeit from a high level
- **North America**
 - Trailer market expected to decline slightly
 - After a strong start to the year, truck market is expected to gradually weaken over the remainder of 2023
- **Brazil**
 - For South America's most important commercial vehicle market, both trailer and truck markets are expected to decline in 2023
- **China**
 - Following previous year's sharp downturn in the truck and trailer markets, there are signs of a recovery in 2023, with both trailer and truck markets expected to grow by 15%
- **India**
 - Supported by the continued strong investment of India's government in infrastructure expansion, trailer production is expected to increase by 17% and truck production by 14%

Outlook FY 2023 – Sales expectations now tending around the upper end of the range

	IFRS (incl. Haldex as of Feb. 21)	Pro-forma (incl. Haldex as of Jan. 1)
Sales	EUR 1,800 - 1,950 mn	EUR 1,850 - 2,000 mn
Adjusted EBIT margin	7.5% to 8.5%	7.5% to 8.5%
Capex ratio	Up to 3%	Up to 3%

Comments on IFRS outlook FY 2023

- Based on current estimates, SAF-HOLLAND is assuming group sales for FY 2023 tending around the upper end of the previously planned sales range of EUR 1,800 mn to EUR 1,950 mn, assuming stable exchange rates and the sales contribution of Haldex as of February 21, 2023
- SAF-HOLLAND continues to expect an adjusted EBIT margin, including Haldex, in the range of 7.5% to 8.5%
- For FY 2023, including Haldex, the Group plans expenditures for investments of up to 3% of Group sales, with a focus on expanding production capacities in Mexico, Brazil and India
- In the EMEA region, the Group is significantly expanding capacity for the production of disc brake axle systems and for the new generation of EBS systems. In addition, further investments are planned in automation projects and process efficiency improvements in production, particularly in the core markets in Germany and North America

Contact and additional information

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Additional information

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WKN	SAFH00
Listing	Frankfurt Stock Exchange Prime Standard

Financial calendar 2023

June 15 & 16, 2023	Warburg Highlights Conference
August 10, 2023	Publication of the Half-Year Financial Report 2023
November 09, 2023	Publication of the Quarterly Statement Q3 2023



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