

CONFERENCE CALL PRESENTATION Q2 2024

stronger together one global partner

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FRANK LORENZ-DIETZ (CFO)

AUGUST 8, 2024

Highlights and regional performance Q2 2024

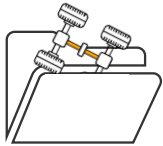
Acquisition of Assali Stefen – An Italian manufacturer of axle and suspension systems

Footprint



- Operates a development and production site in Verona, Italy
- Well positioned, especially in Italy, North Africa, Scandinavia and New Zealand

Products



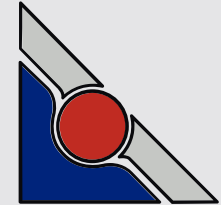
- Develops, produces and sells chassis-related components for trailers and semitrailers as well as other special applications
- With the acquisition, SAF-HOLLAND expands its product portfolio for standard and special applications, ranging from standard rigid axles to self-steering axles for trailers

People



- Employs around 70 people currently
 - Management stays on board
-
- **First time consolidation expected in Q3 2024**

**assali
STEFEN**

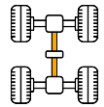


Q2 2024 Highlights



M&A

Full consolidation of Tecma since April 2nd, 2024



Sales development

Sales decreased by **8.7%** (organically: -10.8%) compared to PY due to **weaker OE demand**, partially offset by **strong aftermarket business** and **acquisition-related effects**



Adj. EBIT margin

Profitability significantly improved from 9.1% to **10.7%** due to **favorable customer group mix** as well as **strict cost management**



Cash flow & leverage

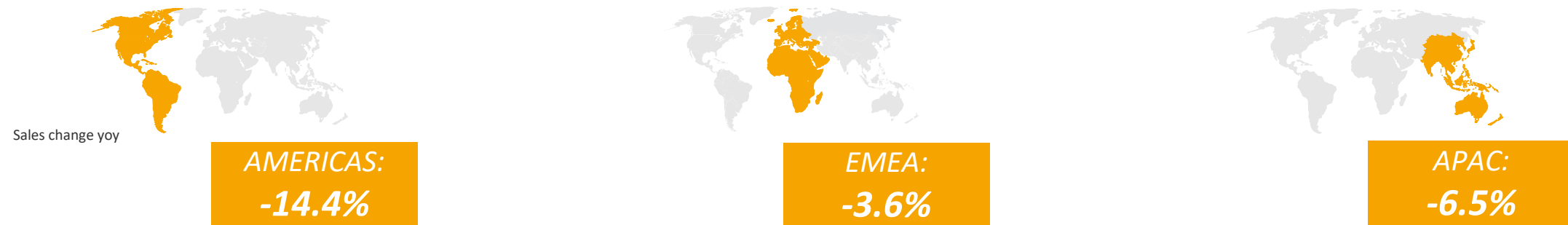
Strong operating free cash flow of **EUR 56.8 mn** driven by **strong operating result** and **improved NWC in Q2**; leverage of **1.8x** remains below 2024 target of 2.0x



Outlook

2024 outlook adjusted in June with raised adj. EBIT margin guidance

SAF-HOLLAND demonstrates resilience of its business model



<p>Sales</p> <p>EUR 507.1 mn (Q2 2023: EUR 555.7 mn)</p>	<p>Adjusted EPS</p> <p>EUR 0.69 (Q2 2023: EUR 0.74)</p>	<p>Adj. EBIT margin</p> <p>10.7% (Q2 2023: 9.1%)</p>	<p>NWC ratio*</p> <p>15.8% (31 Dec. 2023: 14.1%)</p>	<p>Operating FCF</p> <p>EUR 56.8 mn (Q2 2023: EUR 25.1 mn)</p>
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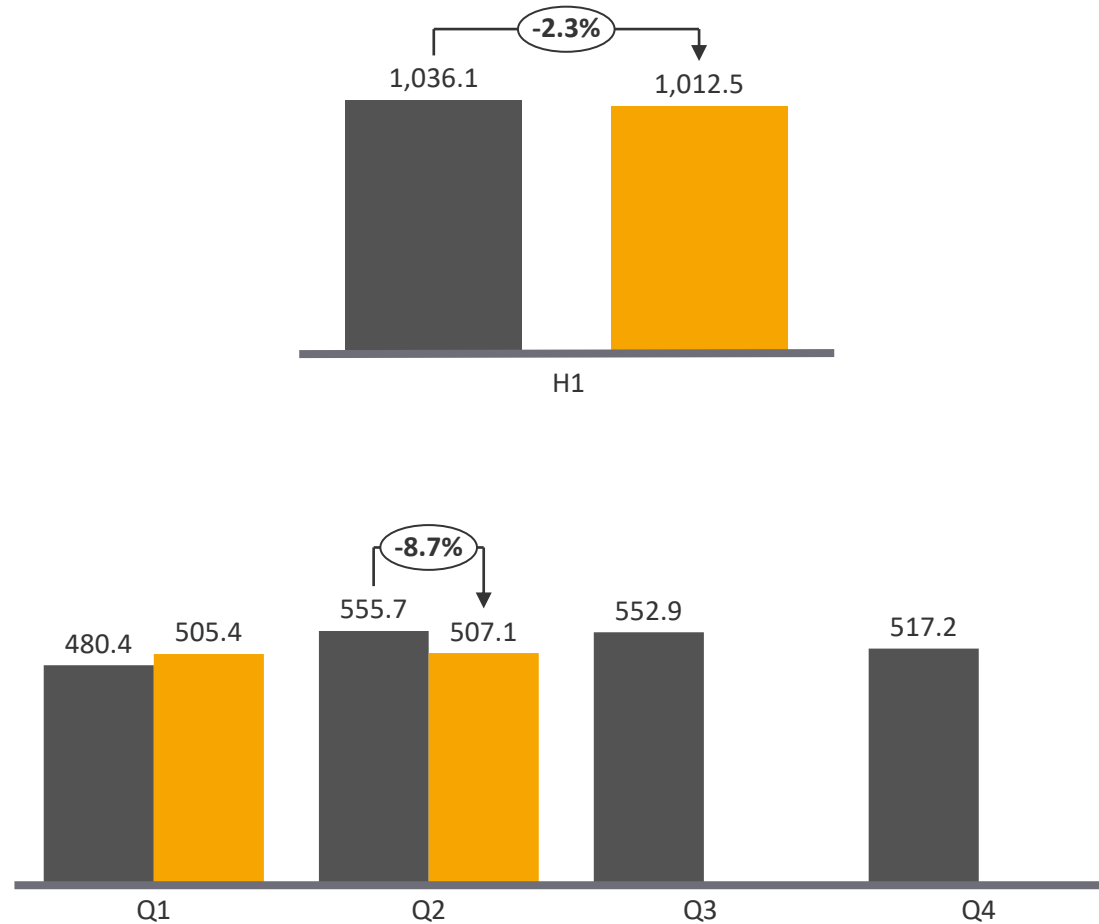
* Including pro-forma LTM sales of IMS Group and Tecma

Softer market environment partially offset by M&A effect

Group sales

(in EUR mn)

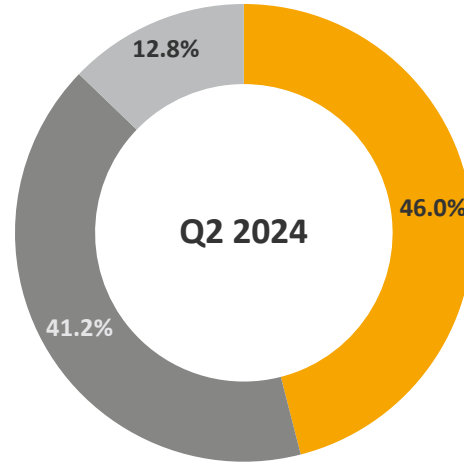
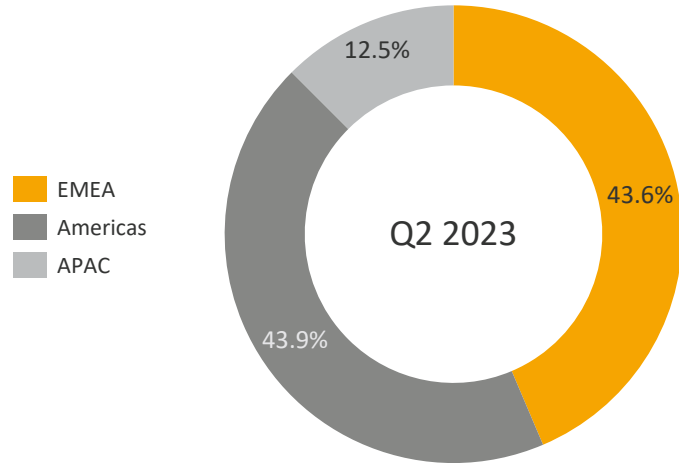
- 2023
- 2024



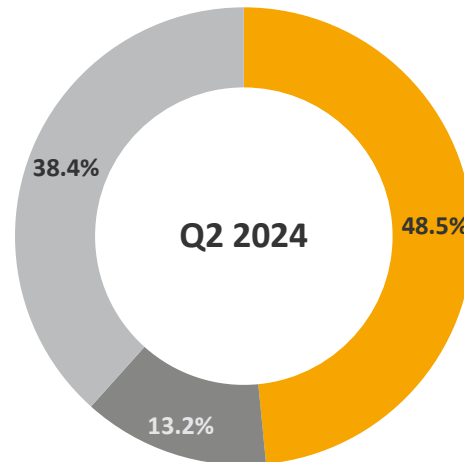
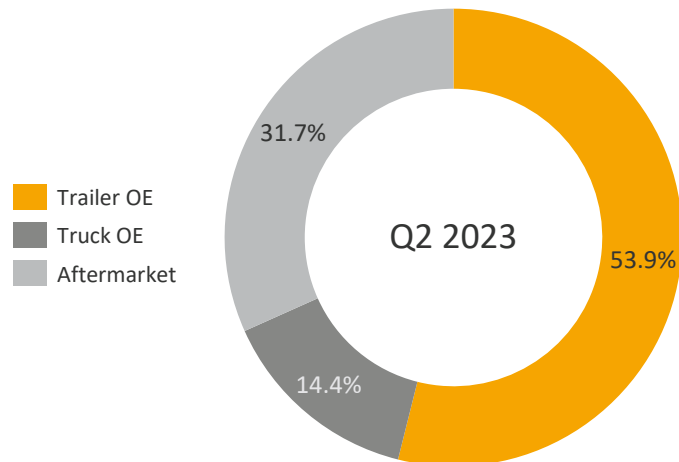
- Acquisition-related sales contributed EUR 9.9 mn to Group sales in Q2 (IMS Group and Tecma)
- Continued muted commercial vehicle markets, particularly in the trailer segment, resulted in an organic Group sales development of -10.8% yoy in Q2 2024
- H1 organic sales declined by 9.5% yoy respectively EUR 98.9 mn while acquisitions contributed EUR 76.0 mn to sales (including 7 weeks related to Haldex)
- OE sales declined by 12.8% yoy in H1

Aftermarket develops solidly & benefits from strong OE business in previous years

Group sales split (by region, by customer category)



- EMEA region supported by additional acquisition-related growth from IMS Group and Tecma
- Softer trailer market weighs on Americas exposure
- Restrained infrastructure spending in connection with the parliamentary elections in India, which were held over several weeks, only slightly dampens APAC's topline development
- Share of APAC region increased slightly



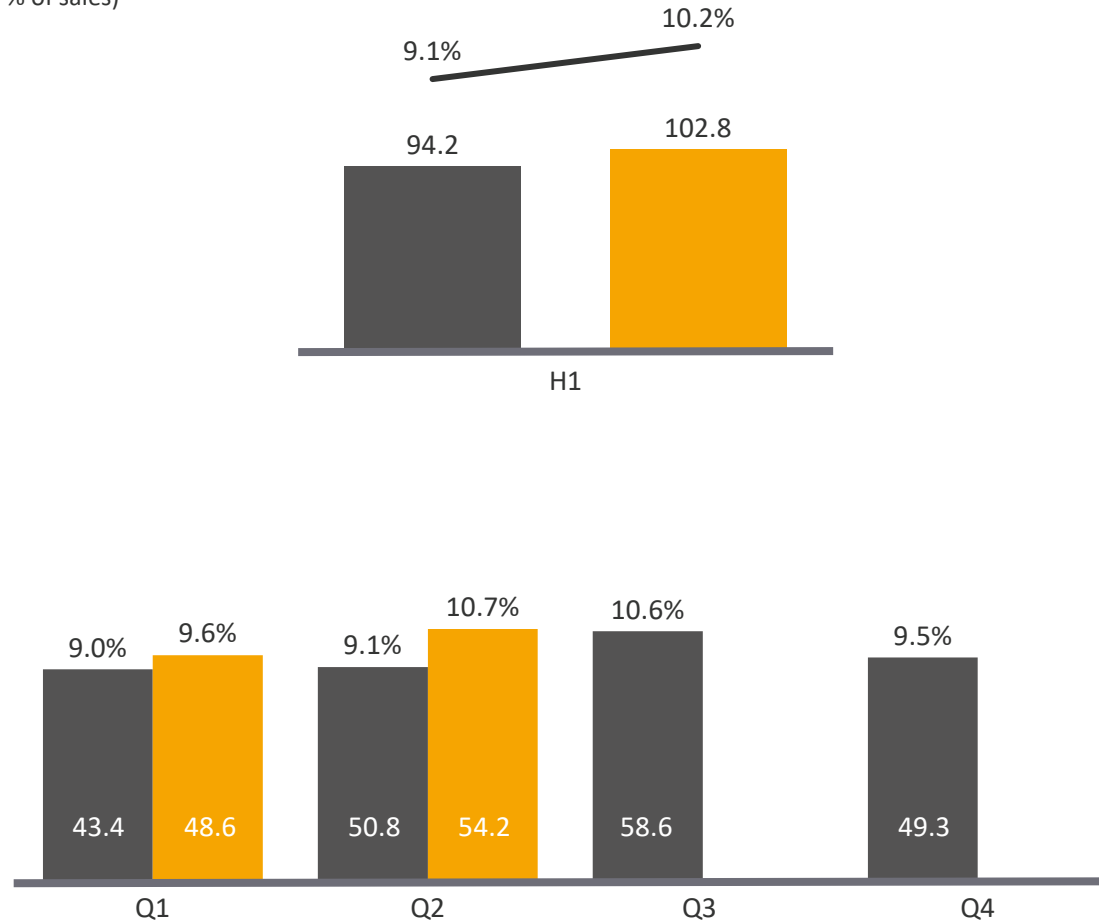
- With EUR 312.6 mn, total OEM sales decreased by 17.6% yoy mainly due to continued softer commercial vehicle markets in EMEA and Americas
- Aftermarket business grew significantly by 10.4% yoy to EUR 194.5 mn in particular benefitting from strong OE sales in previous years as well as special sales campaigns

SAF-HOLLAND with double-digit adj. EBIT margin in Q2 2024

Group adj. EBIT and margin

(in EUR mn and % of sales)

- 2023
- 2024



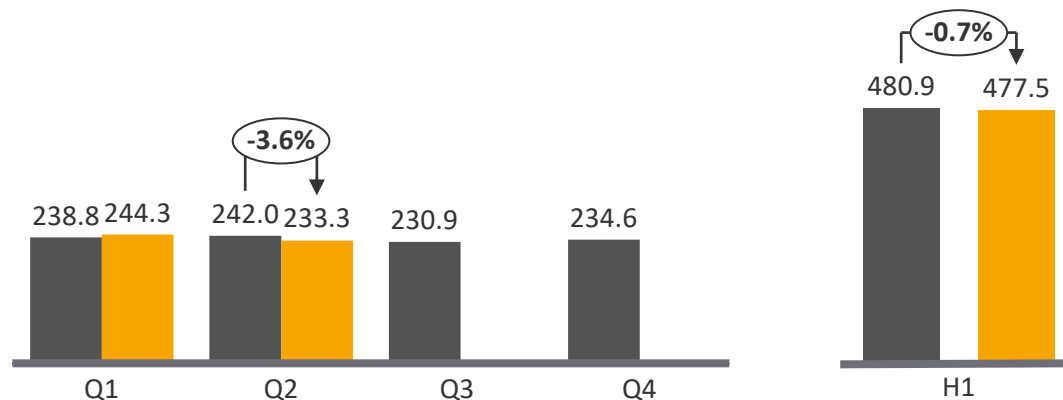
- Q2 2024 adj. EBIT increased by 6.7% yoy to EUR 54.2 mn and resulted in an adj. EBIT margin of 10.7%
- Adj. EBIT margin benefited in particular from a favorable mix effect of higher aftermarket business
- In addition, early cost adjustments in response to the normalized market environment in the EMEA and Americas regions as well as the continued realization of synergies from the Haldex integration had a positive impact on profitability
- In H1 2024, adj. EBIT improved strongly by 9.1% yoy to EUR 102.8 mn, leading to a significant margin improvement from 9.1% to 10.2%

EMEA benefits from strong aftermarket and acquisition-related effects

EMEA sales

(in EUR mn)

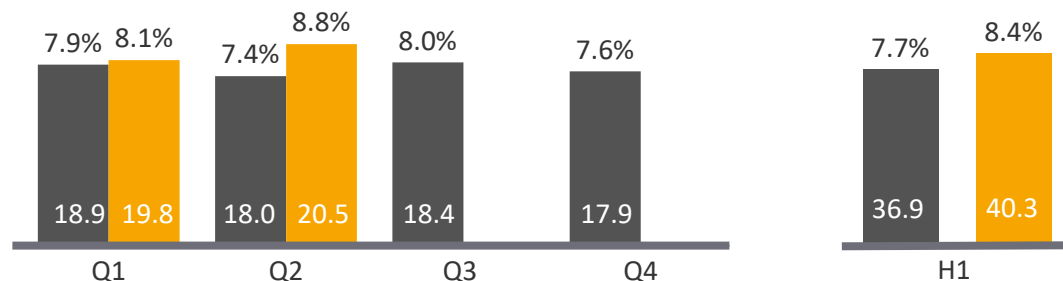
- 2023
- 2024



EMEA adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



Sales

- Q2 2024 organic sales growth amounted to -8.1% yoy (H1 2024: -7.7% yoy)
- Although region outperformed key EMEA trailer market, sales declined due to lower OE demand
- Strong aftermarket business partly driven by special sales campaigns
- Newly acquired IMS Group and Tecma contributed EUR 9.9 mn to sales in Q2

Adj. EBIT and margin

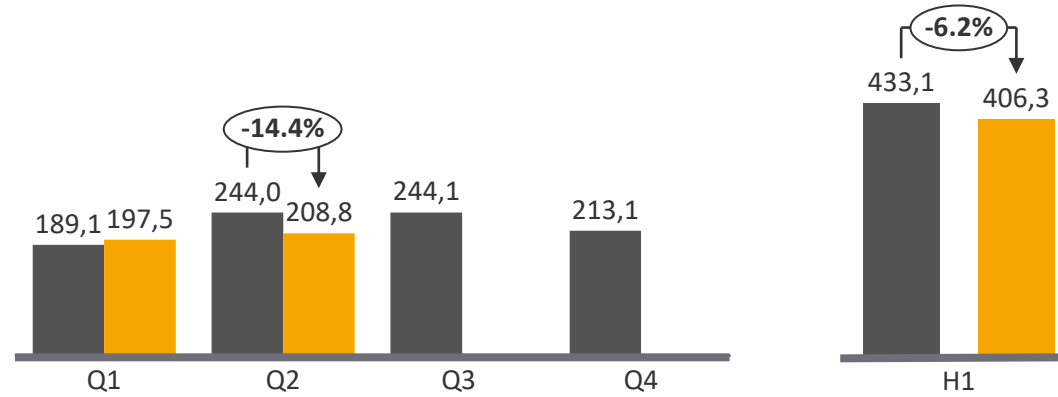
- Adj. EBIT grew significantly by 13.8% yoy to EUR 20.5 mn in Q2 which resulted in an adj. EBIT margin of 8.8%
- Favorable customer group mix effect with higher aftermarket share strongly drives margin improvement
- In addition, strict cost discipline and adaption of production capacities support profitability
- Positive impact from acquisition-related synergy effects from Haldex integration continued

Americas effectively manages its cost base despite weak trailer market

Americas sales

(in EUR mn)

- 2023
- 2024



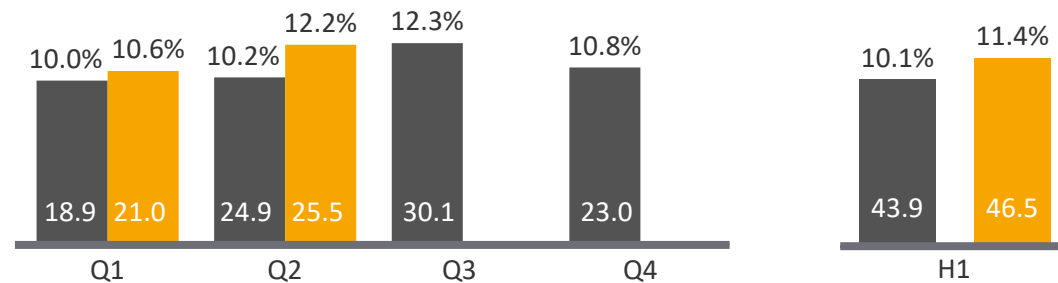
Sales

- Q2 2024 organic sales growth amounted to -14.7% yoy due to lower customer demand especially in the trailer market
- Solidly growing aftermarket business partly driven by special sales campaigns
- H1 2024 organic sales growth amounted to -15.1% yoy

Americas adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



Adj. EBIT and margin

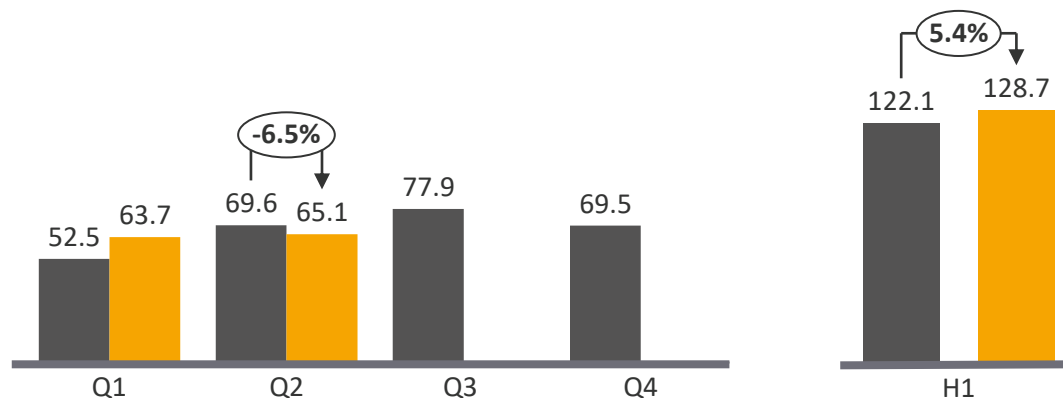
- Adj. EBIT increased slightly by 2.3% yoy to EUR 25.5 mn in Q2 despite lower topline development
- Besides a favorable high aftermarket share, profitability was strongly driven by a strict cost management
- Sequentially, efficiency gains in production as well as a more favorable product mix for specialty applications were margin supportive

APAC with strong profitability despite restrained infrastructure spending in India

APAC sales

(in EUR mn)

- 2023
- 2024



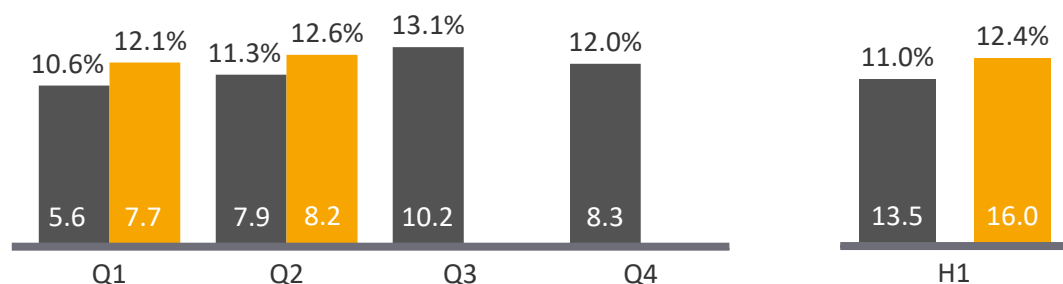
Sales

- Q2 2024 organic sales growth amounted to -6.0% yoy
- Solidly growing aftermarket segment and favorable mining sector could not compensate the decline from lower trailer demand due to held back of government spending in the context of the Indian parliamentary elections (April-June) as well as softer demand from North America
- H1 2024 organic sales growth amounted to 2.9% yoy

APAC adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



Adj. EBIT and margin

- Adj. EBIT in Q2 grew by 4.2% yoy to EUR 8.2 mn, resulting in an adj. EBIT margin of 12.6%
- A favorable contribution from the aftermarket business as well as a margin improvement in China drove increase in profitability

Financials Q2 2024

EBIT to adjusted EBIT reconciliation for the Group

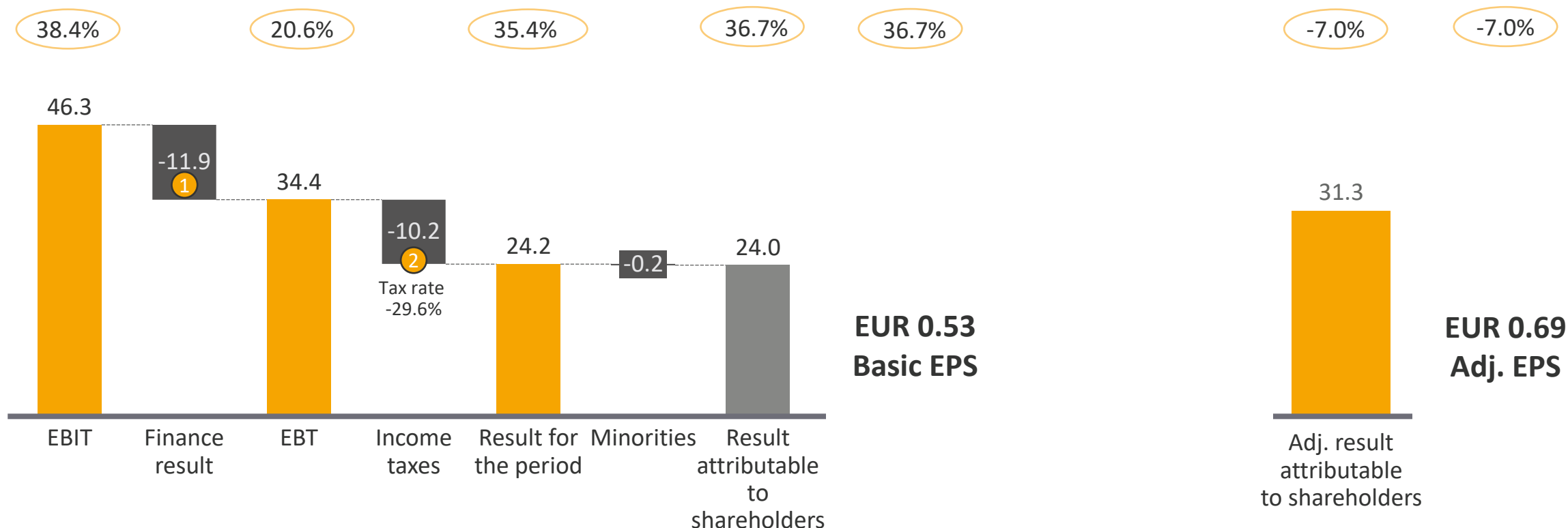
in EUR mn	Q2 2024	Q2 2023		H1 2024	H1 2023	
EBIT	46.3	33.5	+38.4%	89.7	72.3	+24.1%
EBIT margin in %	9.1	6.0		8.9	7.0	
Additional depreciation & amortization from PPA	① 6.5	5.9		11.7	8.2	
Restructuring and transaction costs	② 1.4	6.1		1.4	③ 8.3	
Impairment on property, plant and equipment and intangible assets	-	-		-	-	
Other adjustments*	-	5.3		-	5.3	
Adj. EBIT	54.2	50.8	+6.7%	102.8	94.2	+9.1%
Adj. EBIT margin in %	10.7	9.1		10.2	9.1	
Adj. EBITDA	70.0	65.4	+7.1%	133.8	121.1	+10.5%
Adj. EBITDA margin in %	13.8	11.8		13.2	11.7	

- ① Slightly higher PPA due to recent acquisitions of IMS Group and Tecma
- ② Restructuring and transaction costs mainly refer to acquisition-related and integration costs
- ③ H1 2023 restructuring and transaction costs were mainly related to around EUR 4 mn to the cyber attack as well as around EUR 2 mn to the post-merger integration activities of Haldex

* Step-up purchase price allocation from valuation of inventories from acquisitions

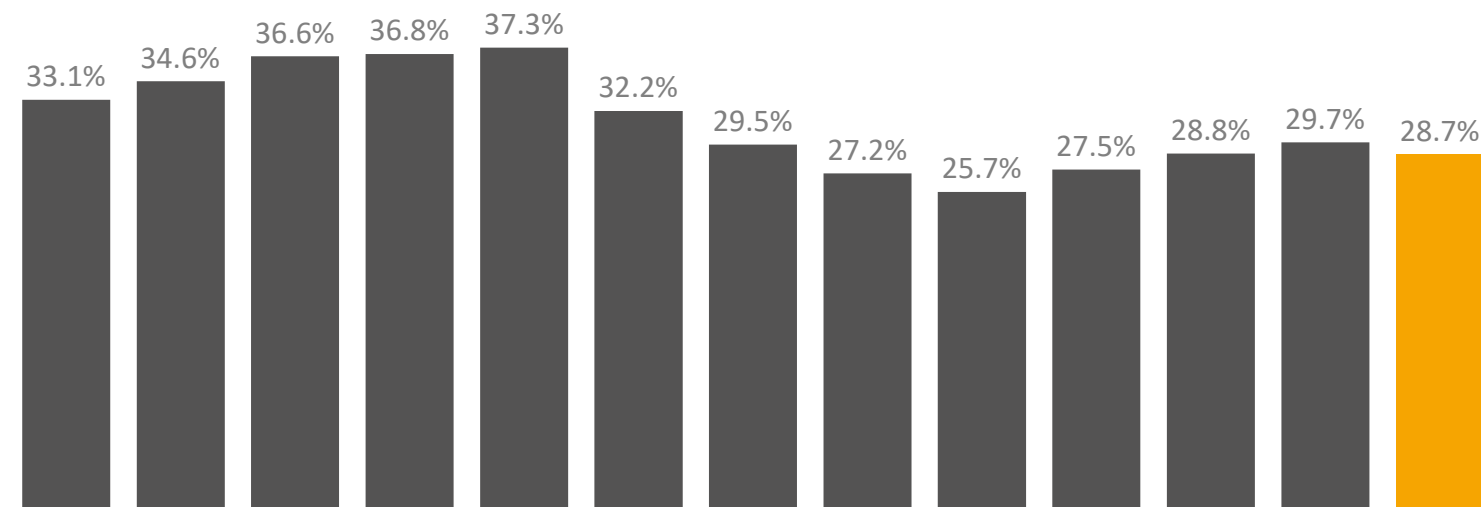
Substantial increase in adj. result for the period in Q2

(EUR mn and yoy change in %)



- ① Finance result increased from EUR -4.9 mn to EUR -11.9 mn mainly due to lower unrealized exchange rate gains from intercompany foreign currency loans at the closing rate as well as higher interest expenses in connection with interest-bearing loans and bonds
- ② Q2 2024 tax rate of 29.6% among others driven by a reduction of losses for which no deferred tax assets were recognized as well as by lower non-capitalized deferred tax assets on loss carryforwards (Q2 2023: 37.2%); Full year 2024 tax rate expected to be between 30-32%

Equity ratio slightly impacted by acquisition of IMS Group and Tecma

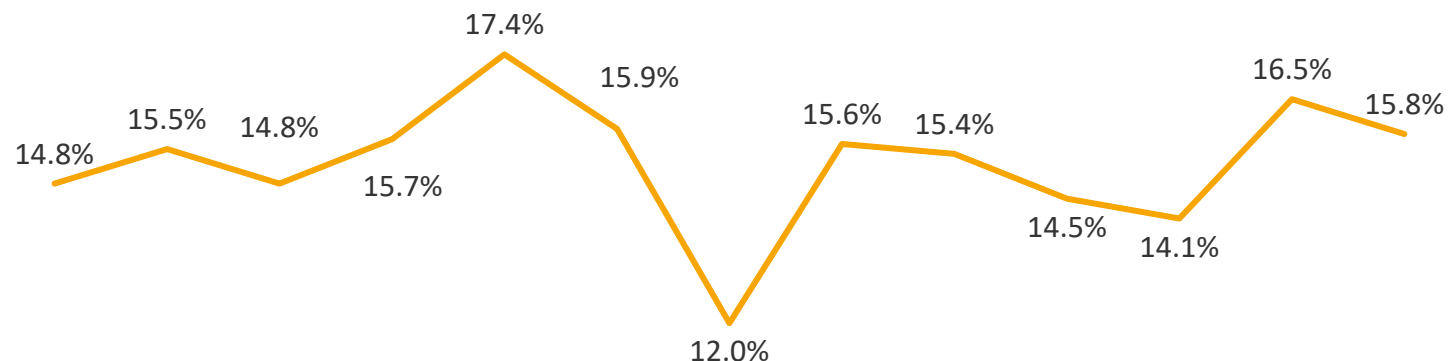


- Compared to 31 December 2023, equity rose by 3.4% despite the dividend payment of EUR 38.6 mn in June
- Balance sheet total grew by 3.9% compared to 31 December 2023 primarily due to the acquisition of IMS Group and Tecma
- Due to the disproportional growth of equity compared to the balance sheet total, SAF-HOLLAND's equity ratio declined slightly by 0.1pp compared to December 2023

EUR mn	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024
Equity	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0	502.3	492.3
Balance sheet total	1,010.4	1,022.9	1,014.3	1,060.4	1,156.4	1,456.9	1,498.4	1,650.7	1,686.9	1,706.5	1,651.7	1,691.2	1,715.7

Improvement of net working capital in Q2

Net working capital (in % of sales)



EUR mn	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023*	Sep 2023*	Dec 2023	Mar 2024	Jun 2024*
Inventories	176.0	195.3	194.0	211.9	237.0	237.9	202.2	308.4	305.7	308.03	306.7	322.6	311.0
Trade receivables	148.9	147.2	136.3	176.1	184.6	187.0	144.7	283.0	286.4	253.2	219.7	256.6	241.0
Trade payables	-163.4	-160.6	-145.8	-179.3	-176.2	-187.3	-159.0	-262.2	-261.4	-248.5	-228.6	-228.2	-219.6
NWC	161.5	181.9	184.4	208.7	245.5	237.6	188.0	329.2	330.7	313.0	297.8	350.9	332.4
Sales (LTM)	1,091.4	1,175.6	1,246.6	1,330.7	1,411.7	1,497.5	1,565.1	2,112.8	2,143.2	2,165.1	2,106.2	2,135.7	2,100.7

- NWC-ratio increased from 14.1% at year-end 2023 to 15.8%* but showed a solid improvement compared to the end of March 2024 due to a strict NWC management
- NWC grew by 11.6% compared to Dec 2023 in particular due to an acquisition-related increase of trade receivables and inventories
- In addition, the higher aftermarket business with usually higher inventory needs leads to a general higher NWC

Note: Since March 2023 data includes Haldex

* LTM sales include acquisition-related contribution on a pro forma basis

Strong operational result drives significant improvement in operating free cash flow

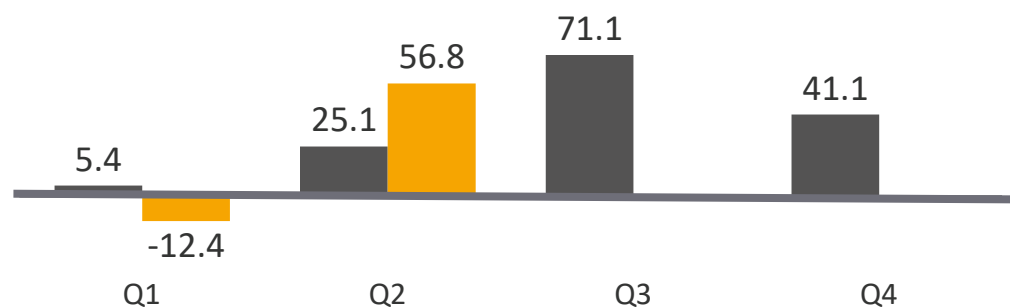
in EUR mn	Q2 2024	Q2 2023	H1 2024	H1 2023
EBITDA	68.7	53.9	132.5	107.4
Change in Net Working Capital	+21.5	-3.4	-22.1	-26.0
Taxes paid	-13.8	-19.5	-26.7	-27.0
Others	-6.9	+0.5	-21.1	-10.8
Net CF from operating activities	69.5	31.5	62.6	43.6
Operating capex	-12.8	-6.4	-18.3	-13.2
Operating free cash flow	56.8	25.1	44.3	30.5

- EBITDA grew solidly due to favorable mix effect and strict cost management
- Positive cash inflow from NWC during Q2 as a result of strict NWC management
- Paid income taxes almost stable on PY level
- Increase of “other position” mainly relates to changes in “other non-cash transactions” and “changes in other provisions and pensions” that refer to unrealized currency effects as well as pensions and non-cash effective provisions valuation
- Capex amounted to EUR 20.0 mn or 2.0% of Group sales in H1
- H1 2024 investments focused on further automation and modernization processes as well as on the preparation for capacity expansion in EMEA and Americas

Operating free cash flow*

(in EUR mn)

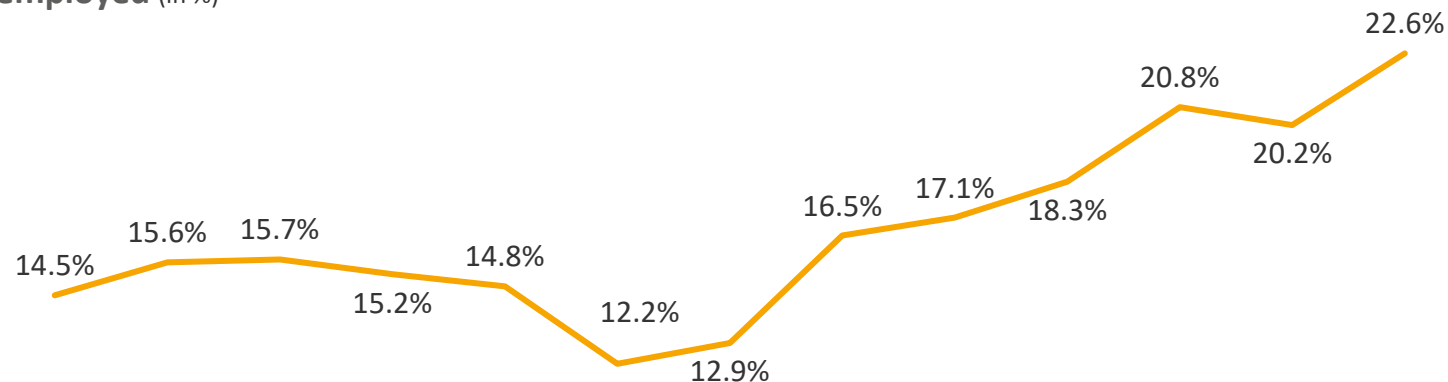
- 2023
- 2024



* Pre acquisitions / acquisition of Haldex shares

Continued strong ROCE level

Return on capital employed (in %)



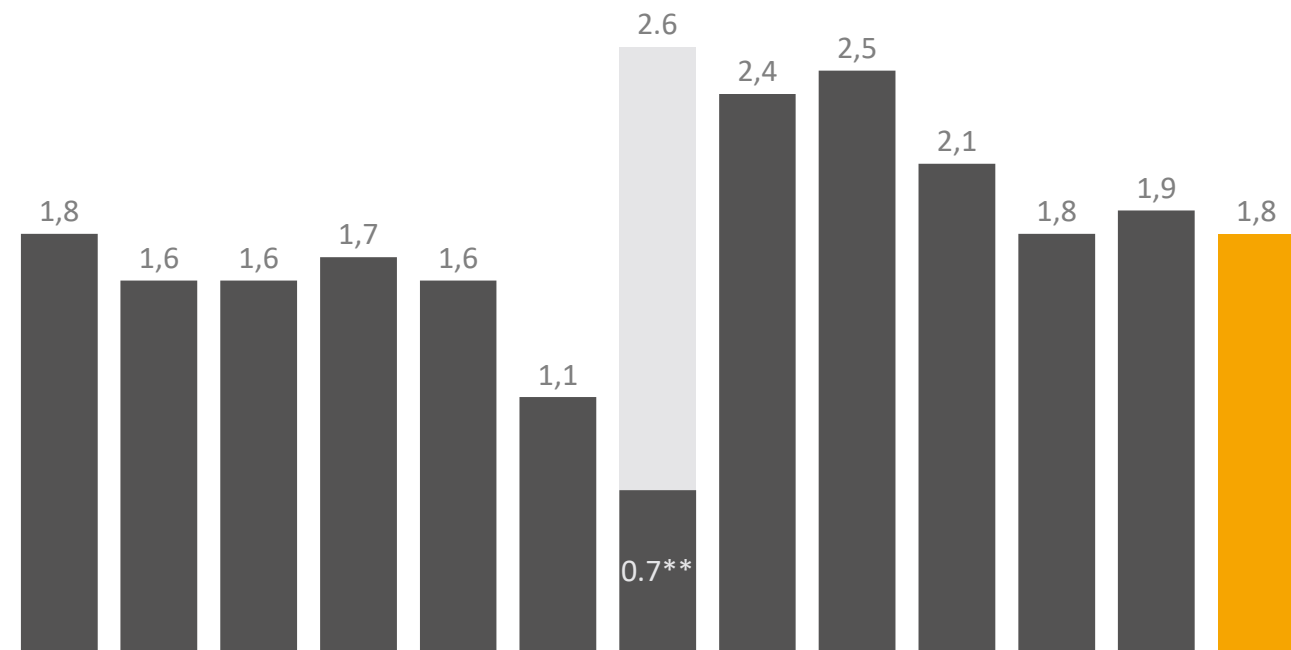
- ROCE amounted to 22.6% at the end of June
- Positively impacted by higher profitability

EUR mn	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023*	Jun 2023*	Sep 2023*	Dec 2023	Mar 2024	Jun 2024
Equity	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0	502.3	492.3
Financial liabilities	323.7	318.5	322.2	318.9	369.9	614.5	715.7	663.3	683.8	663.6	628.7	647.4	698.6
Lease liabilities	41.6	41.7	41.1	40.4	40.9	39.9	38.4	62.7	68.0	67.4	67.8	66.5	68.5
Pension provisions	32.2	32.7	22.3	22.5	16.8	16.9	15.3	43.1	41.6	42.3	43.2	42.7	43.8
Cash/cash equivalents	-164.9	-159.5	-165.2	-148.9	-173.0	-206.2	-243.5	-218.0	-215.3	-255.7	-246.3	-231.4	-274.7
Capital employed	567.4	587.1	591.4	623.4	685.7	933.7	967.3	1,000.9	1,011.5	986.5	969.3	1,027.4	1,028.5
Adjusted EBIT (LTM)	82.1	91.5	93.1	94.7	101.8	114.1	124.6	165.0	172.6	180.3	202.1	207.3	232.5

* For better comparability, Mar to Sep 2023 LTM adjusted EBIT includes Haldex' contribution on a pro forma basis.

Due to strong operational result, leverage improves to 1.8x

Net debt/EBITDA



- Net debt/EBITDA ratio amounted to 1.8x at the end of June 2024
- Increase in net debt compared to Dec 2023 partly due to drawing of RCF in connection with the acquisitions of IMS Group and Tecma as well as the dividend payment that increased the interest-bearing loans and bonds by EUR 69.9 mn
- Cash and cash equivalents were EUR 28.4 mn higher compared to 31 December 2023, despite the dividend payment in June

EUR mn	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024
Net debt	200.4	200.7	198.0	210.3	206.4	158.8	108.4	508.1	536.5	475.4	450.2	482.4	492.4
EBITDA*	114.3	125.9	125.0	126.4	131.6	140.0	151.5	214.1	212.0	223.6	248.7	259.0	273.2

* Reported EBITDA (LTM) ** Dec 2022 net debt/EBITDA ratio of 0.7x did not include additional debt to finance the acquisition of Haldex
 Note: Net debt / EBITDA calculation includes Haldex related debt and pro-forma EBITDA (LTM) contribution for the periods Mar to Sep 2023.

Outlook FY 2024 and key takeaways

FY 2024 market outlook impacted by softer environment in key markets

	FY 2024e Trailer Market	FY 2024e Truck Market
EMEA	~ -20%	~ -12%
North America	~ -26%	~ -9%
Brazil	+/- 0%	~ +36%
China	~ +5%	~ +5%
India	+/- 0%	~ -13%

EMEA

- Due to an uncertain global economic environment, lower registration numbers in recent months of 2024, still high interest rates as well as taking into account SAF-HOLLAND's current order situation, the European trailer market is expected to continue to see a softer demand with a recovery expected in 2025
- The European truck market expectations slightly better than in May

North America

- Customer hesitation to invest after years of high demand; Fleets shift investment focus to trucks rather than trailers in anticipation of upcoming 2027 emission regulation for trucks; commercial vehicle market expected to recover in 2025
- Trailer and truck market outlook slightly adjusted based on development of production figures to date

Brazil

- Trailer market is expected to be flat while truck markets are expected to increase significantly in 2024

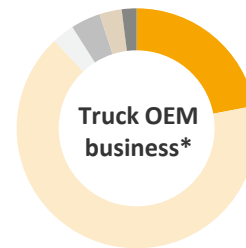
China

- Both trailer and truck markets are expected to grow

India

- Sharp increase in 2023 predominantly based on public infrastructure investments and subsidies
- Limited government spending in connection with parliamentary elections in H1 reduces potential for 2024

SAF-HOLLAND regional exposure by market segment



* Indicative view based on FY 2023 sales

Note: Market forecasts are internal management assumptions based on customer communication, IHS Markit (Q2 2024), ACT Research (North America, July 2024), ANFAVEA (Brazil, July 2023)

2024 Outlook - Guidance for adj. EBIT margin raised in June

	Group FY 2023 Results*	Group FY 2024 Outlook as of June 2024
Sales	EUR 2,106.2 mn	Around EUR 2,000 mn
Adj. EBIT margin	9.6%	Around 10% (previously: 9.0 to 9.5%)
Capex ratio**	2.9%	Up to 3%

* Incl. Haldex contribution, consolidated as of February 21, 2023

** Incl. payments for investments in property, plant and equipment and intangible assets as well as capitalized R&D

Key takeaways

1 Despite weaker sales due to lower demand in the OE segment, **aftermarket business remains solid**

2 Strong margin generation (Q2 2024: 10.7%) in weaker market environment **due to favorable mix effects and strict cost management**

3 Raising the full-year adj. EBIT margin outlook to around 10% (from 9.0 to 9.5%) demonstrates **resilience of SAF-HOLLAND business model**

4 Improvement in leverage despite **bolt-on M&A** underlines **solid cash generation**

Contact and additional information

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Financial calendar and road show activities

August 8, 2024	Publication of Half-Year Financial Report 2024
August 21, 2024	Montega HIT 2024, Hamburg
September 4, 2024	Commerzbank & ODDO BHF Corporate Conference, Frankfurt
September 25, 2024	Berenberg & Goldman Sachs German Corporate Conference, Munich
September 26, 2024	Baader Investment Conference, Munich
November 12, 2024	Publication of the Quarterly Statement Q3 2024
December 3, 2024	Berenberg European Conference, Surrey

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