

INVESTOR PRESENTATION

**stronger together**  
one global partner

MARCH 14, 2024

# SAF-HOLLAND at a glance

## Company Profile

- SAF-HOLLAND is **one of the world leaders**, manufacturing **chassis-related assemblies and components**, primarily for **trailers, semi-trailers** as well as for **trucks and buses**
- Offering includes **axle and suspension systems** for trailers, **fifth wheels and coupling systems** for trucks, trailers and semi-trailers as well as **braking and electronic braking systems** plus **solutions for “Smart Trailers”**
- SAF-HOLLAND has a **global production footprint** with a **local-for-local approach** and c. **12,000 spare parts & service stations**

## Brands

SAF

Holland

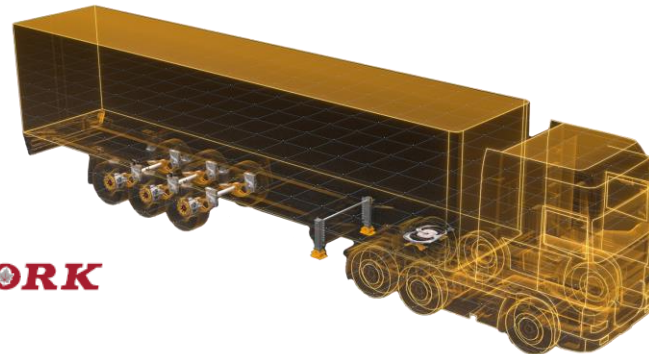
Haldex

KL

NEWAY

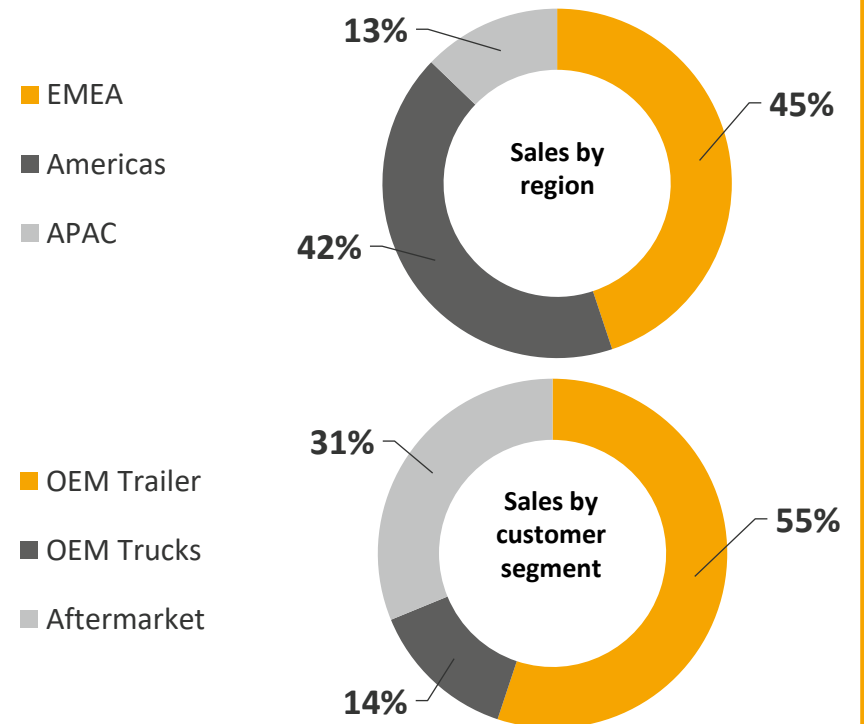
V. ORLANDI

YORK



## Numbers

- SAF-HOLLAND employs **~6,000 people** on **six continents**
- **FY 2023 sales** were **~ EUR 2.11 bn** and **adj. EBIT margin 9.6%** or **~ EUR 202 mn**



# Business model and financial overview





## OUR VISION

To be the most trusted and reliable systems partner in the commercial vehicle industry

# A compelling case: SAF-HOLLAND investment highlights

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**1** SAF-HOLLAND strongly positioned to benefit from **global road freight volume to almost triple** until FY 2050, creating **further need for transportation equipment**

**2** Industry megatrends such as digitalization, electrification, autonomous driving and safety addressed by SAF-HOLLAND's **comprehensive product and solution portfolio**

**3** SAF-HOLLAND with **strong market position** based on **one-stop-shop offering**, incl. **local-for-local approach** and **direct access to fleet customers**

**4** **Resilient and highly profitable aftermarket** sales streams of around one third of Group sales, **supporting Group adj. EBIT significantly**

# Attractive financial framework of SAF-HOLLAND

## Resilient aftermarket share

Around **one third of Group sales** is based on resilient and highly profitable aftermarket business

## Robust sales and margin targets for FY 2027

Group sales of **EUR 2.4 to 2.5 bn** resp. an **organic sales CAGR of 3.9%\*** compared to FY 2023 in combination with an **adj. EBIT margin of 9 to 9.5%**

## Asset and fixed cost light business model

Planning with stable **CAPEX ratio of up to 3%** of sales until FY 2027. **Low fixed cost structure with high double-digit material cost share of cost of sales** supports margin resilience

## Sustainable cash generation

Despite strong sales growth and Haldex acquisition, **NWC ratio of 14.1% of sales underlines FY 2027 target** of 15 to 16%

## Strong ROCE achievements

Rolling 8-quarter average\*\* **ROCE of 16.0%, above WACC**, creating constant shareholder value generation and **underlying FY 2027 target** of at least 15%

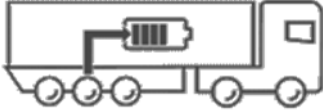





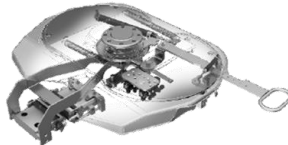

## Attractive dividend policy

Dividend policy: **Pay-out ratio of 40 to 50%** of available net income to shareholders

\* CAGR 2023-2027 calculated based on mid-point of FY 2027 target \*\* Rolling past eight quarter average

# SAF-HOLLAND very well positioned to benefit from increasing transportation demand

Overarching demand driver: Global road freight demand set to almost triple to 844 bn kilometres until 2050\*




Commercial Vehicle Industry Megatrends	<div>Electrification</div> 	<div>Digitalization</div> 	<div>Automated Driving</div> 	<div>Traffic Safety</div> 
Drivers	<ul style="list-style-type: none"><li>• CO<sub>2</sub> reduction</li><li>• Noise reduction</li><li>• Legislation</li></ul>	<ul style="list-style-type: none"><li>• Predictive maintenance</li><li>• Optimisation of uptime</li><li>• Increased efficiency</li><li>• Security increase</li></ul>	<ul style="list-style-type: none"><li>• CO<sub>2</sub> reduction</li><li>• Increased efficiency</li><li>• Driver shortage</li></ul>	<ul style="list-style-type: none"><li>• Brake regulation</li><li>• Long vehicle combinations</li><li>• Increasing road congestion</li><li>• Braking distances</li></ul>
Offering	<div>Electrified axle solutions</div> 	<div>Digital trailer management</div> 	<div>Automated coupling</div> 	<div>Tire pressure monitoring</div> 




\* Source: OECD non-urban freight model in billion kilometers, Aug 2023




# Strong market access and product offering of SAF-HOLLAND plus Haldex

## Advantages from the Haldex acquisition

			
<b>MARKET ACCESS</b>			
Fleets	+	0	+
Small/Mid OEs	+	0	+
Big OEs	+	0	+
<b>PRODUCT CAPABILITIES</b>			
Brake & Chassis Control	-	+	+
E/E-Vehicle-Architect.	0	0	+
Axle & Suspension	+	-	+
Telematics solutions	+	0	+
Wheel Brake	0	+	+
Wheel Hub	+	-	+
Tire Pressure Monitoring	0	-	0

 Competitive Advantage  
  Neutral competitive position  
  Competitive Disadvantage

Development to  progressing

## Deeper insight into the combined Group

- **Acquisition of longstanding supplier Haldex** and inclusion in the scope of consolidation as of February 21, 2023
- The combined Group has a **strong position as a one-stop-shop product and solution provider**
- **Comprehensive product portfolio** consisting of axles & suspension systems, brake & chassis control and telematics
- The combined product portfolio allows for additional solutions such as predictive maintenance or smart functions (e.g., burglary protection, trailer temperature measurement etc.)
- **Strong advantage especially from air disc brake solutions by Haldex**, offering significant sales growth opportunities in both trailer and truck markets
- **Synergies targets from the acquisition** amount to EUR 10 to 12 mn in FY 2023 as well as EUR 20 to 35 mn in FY 2027
- **SAF-HOLLAND should benefit from cross-selling synergies** of c. EUR 40 mn in FY 2023 and up to EUR 200 mn in FY 2027 driven by access to an extended customer base

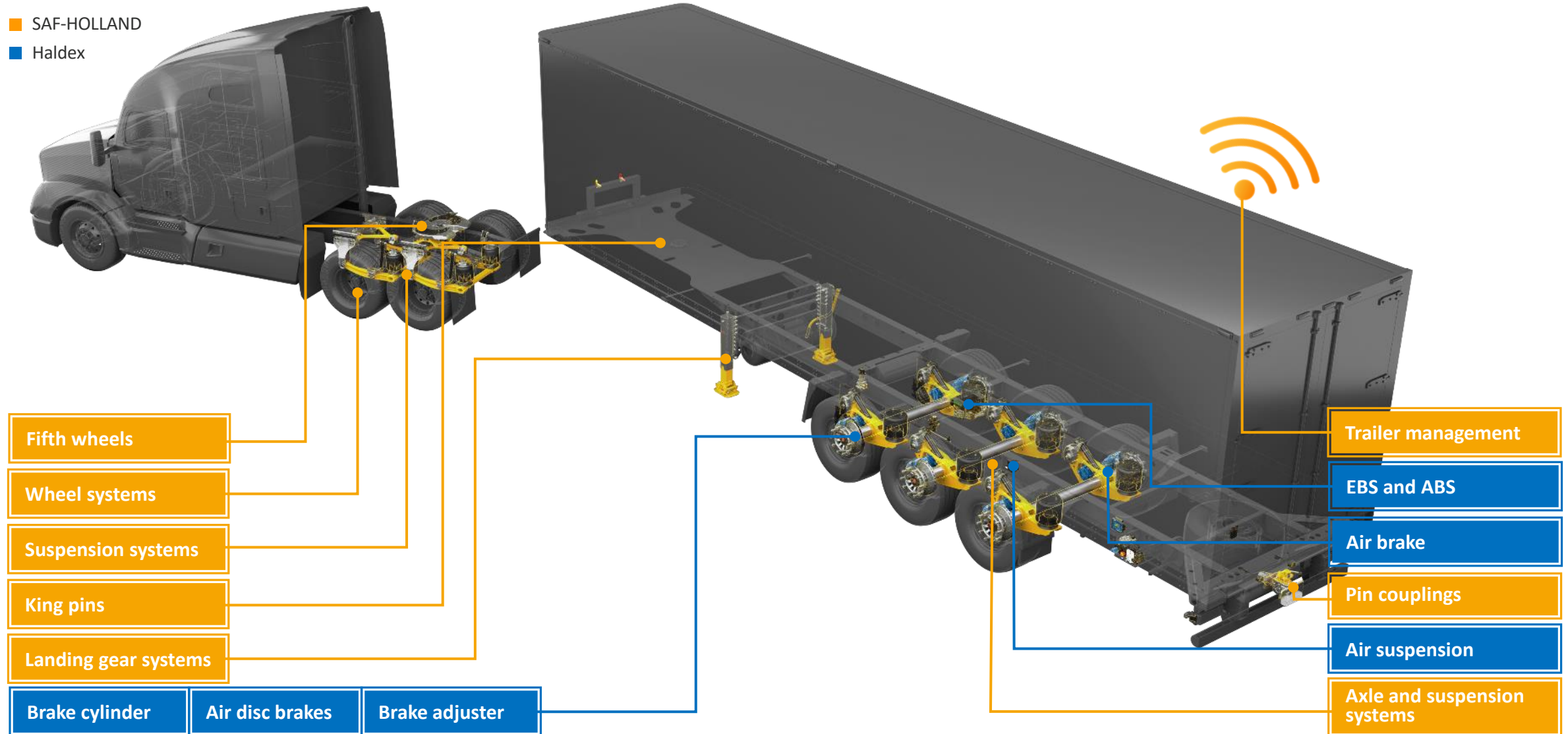
Note: Indicative competitive advantages



# Comprehensive high-quality product portfolio of SAF-HOLLAND plus Haldex

SAF-HOLLAND

Haldex



\* EBS: Electronic Brake System; ABS: Anti-Lock Braking System

# Significant customer benefits from increasingly integrated mechatronic offering



## One-stop shopping

- 1 **One contact** for **all chassis-related products** / systems
- 2 Solutions throughout the **entire product life cycle**: From initial consultation and configuration to delivery and Maintenance
- 3 **Single source provider** to help customers reduce the scope of supply chain and the dependence on external suppliers

Market Share Driver



## System integration




- 1 **Harmonisation and integration** of mechatronics and axles / suspensions
- 2 **Development of predictive Maintenance** functions
- 3 Combination of **Telematics and Trailer EBS\***

Structural Growth Driver

▶ Sole system supplier worldwide for all chassis-related products

\* EBS: Electronic Brake System

# Leading positions in oligopolistic markets further enhanced by Haldex acquisition

	SAF-HOLLAND			Haldex	
	Trailer Axles	Fifth Wheels	Landing Gear	Suspension / Air Controls	Foundation Brake
					
Global positioning	#1-2	#2	#2	#1-3	
Regional positioning	#1 EMEA #1 India #3 NA*	#1 NA* #2 EMEA	#1 NA* #2 EMEA	#2 Europe: Air Disc Brakes, Trailer #1 Europe: Air Suspension, Trailer #3 Europe: Trailer EBS* #1 Europe / NA*: Brake Adjusters	
<div>▶</div> <div>Top 3 positions across key products</div>					

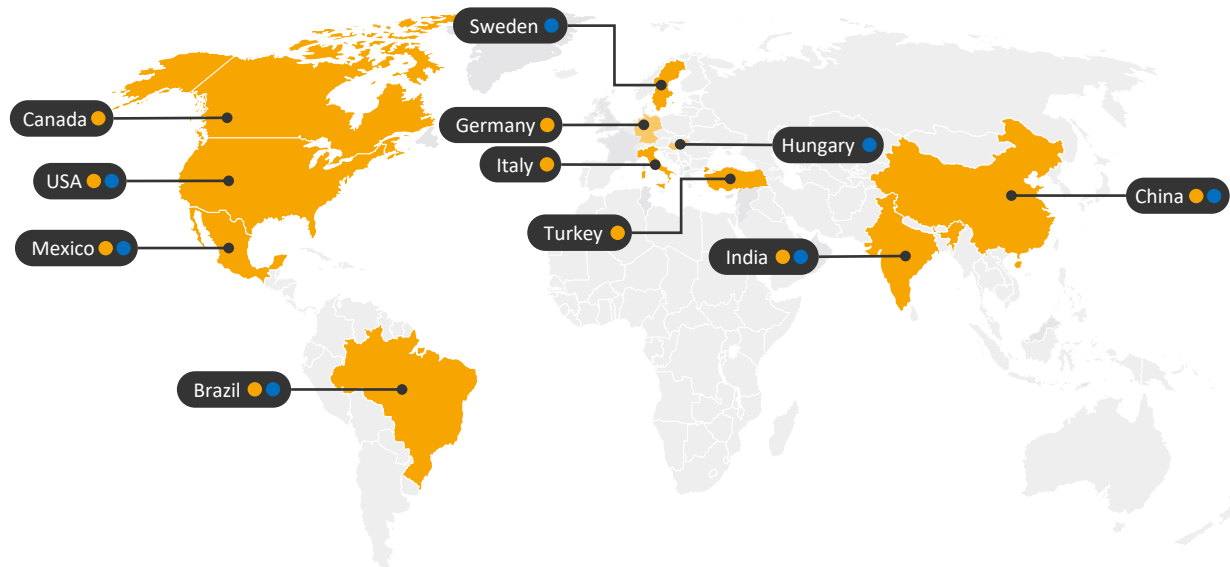
\* NA: North America; EBS: Electronic Brake System

Note: Data based on 2021 and 2022

# Local-for-local set-up covering developed and growth markets globally

## Production locations

- SAF-HOLLAND
- Haldex



1

### Significant Benefits from Global Footprint...



Optimisation of distribution, sales and aftermarket network



Resilience: Differing regional market trends and replacement cycles



Superior product offering as a system supplier

2

### ... Plus Potential From Additional Growth Avenues



Rolling out EBS<sup>(\*)</sup> technology in North America and China



Pushing Air Disc Brake technology North America and China



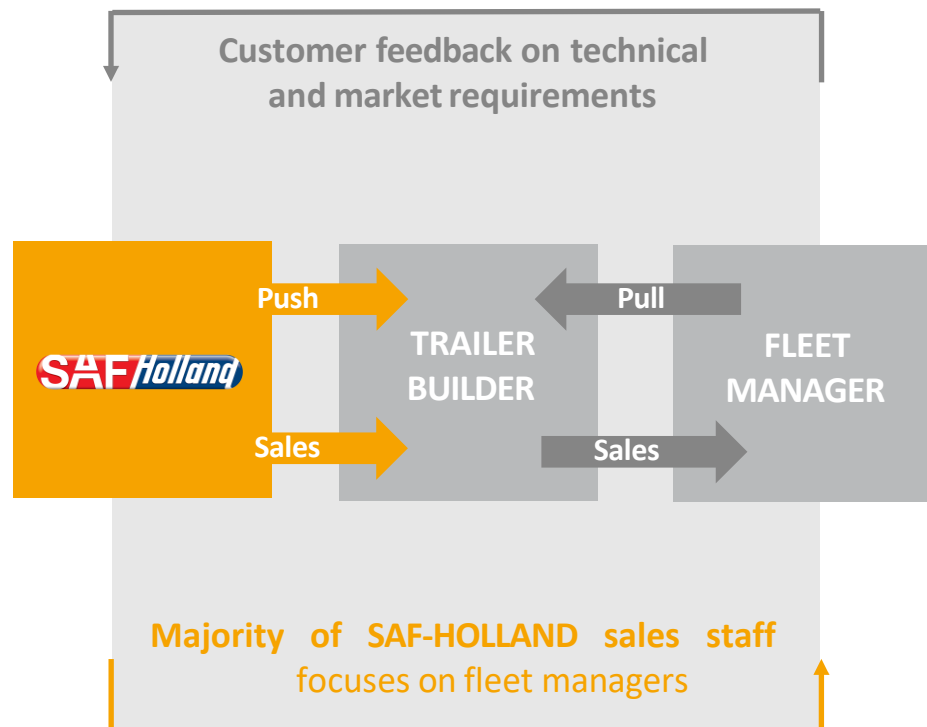
Air suspension regulation in various regions

\* EBS: Electronic Brake System



# Direct access to broad and diversified end customer base: Fleet operators

- SAF-HOLLAND has long established relationships with fleet owners and trailer builders
- High brand recognition and superior product performance combined with unique aftermarket network
- Fleet managers specify SAF-HOLLAND products with trailer builders
- No dependency on single group of customers. ~70% of Group sales comes from diverse customer portfolio



## Selected SAF-HOLLAND end customers



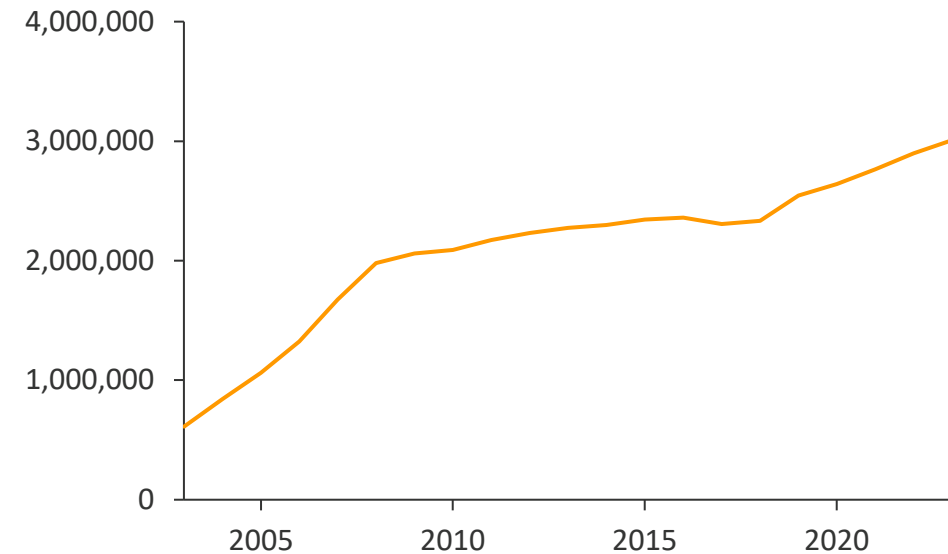
End customers choose SAF-HOLLAND because of  
lower total costs of ownership and higher efficiency over the life cycle

# Comprehensive aftermarket spare parts and service network worldwide

~12,000 spare parts dealers and service stations in more than 80 countries guarantee spare parts availability



SAF-HOLLAND axle population in EMEA has more than tripled



▶ Leading service network in Europe and North America:  
key asset for fleet customers and significant barrier to market entry

▶ Aftermarket business counter-balances potential volatility in OEM business and generates growth based on increasing product population in the field ("razor and blade business model")

# Digital aftermarket solutions ensure swift replacement of required Parts

## Ordering spare parts via QR-Code

- As of 2013, all axles delivered have a QR code on the type plate
- Since 2014, this has also applied to fifth wheels and landing gear
- The serial number is the key information required to identify replacement parts
- Via the QR code customers are directed to an online platform where they can directly order required spare parts

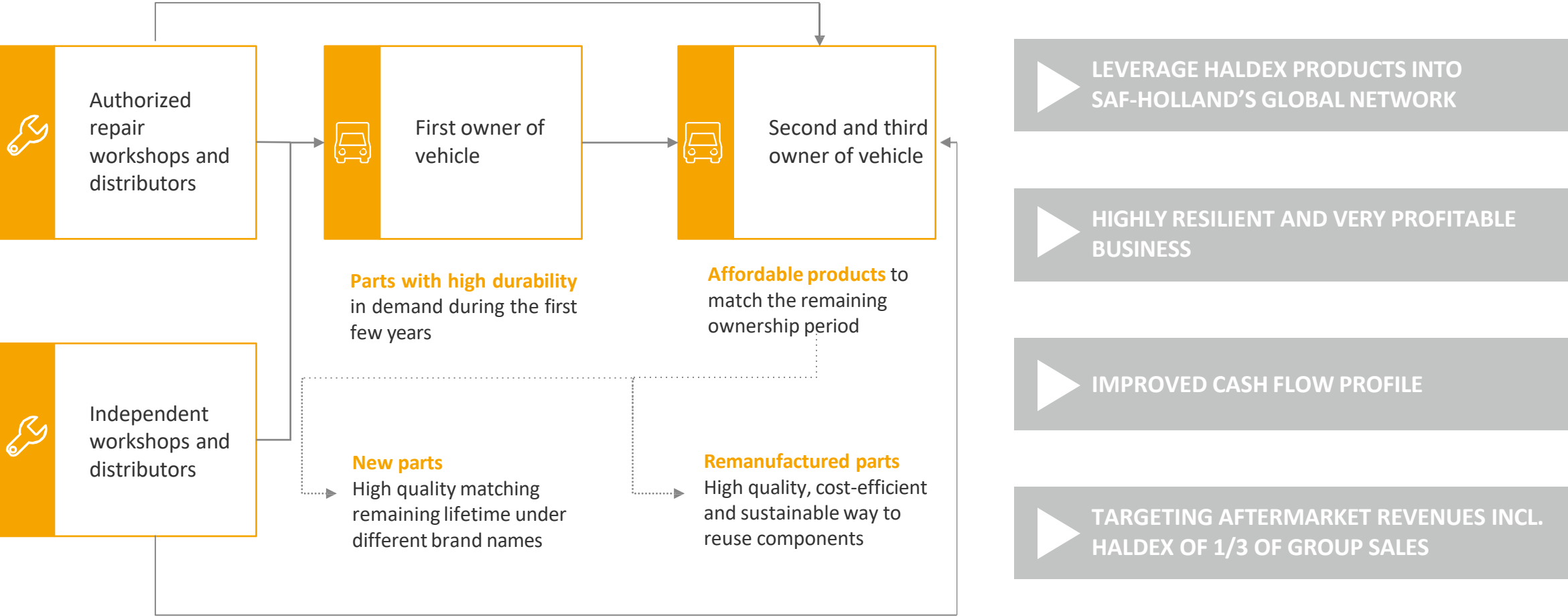
SAF-HOLLAND GMBH D-63856 BESSENBACH · GERMANY		SAF Holland
Version	B9-22S	ID1 – SBS2243 – 10°
Serial No.	13 12 125 0328	ID2 – SBS2220 H0
Ident No.	347 91 68 7 49 01	ID3 – 10006
Stat.	9000 kg Vmax. 105 km/h	ID4 – TDB0843
Made in Germany	E	SN 13121250328

## Ordering spare parts via NFC

- From May 2023, all axles with compact bearings are fitted with an NFC chip in the hub cap
- With an NFC-enabled smartphone and the SAF-HOLLAND "SH-Connect" app product-specific spare parts and technical documentation is available and needed spare parts can be order online



# Aftermarket needs addressed from first to third owner of a vehicle

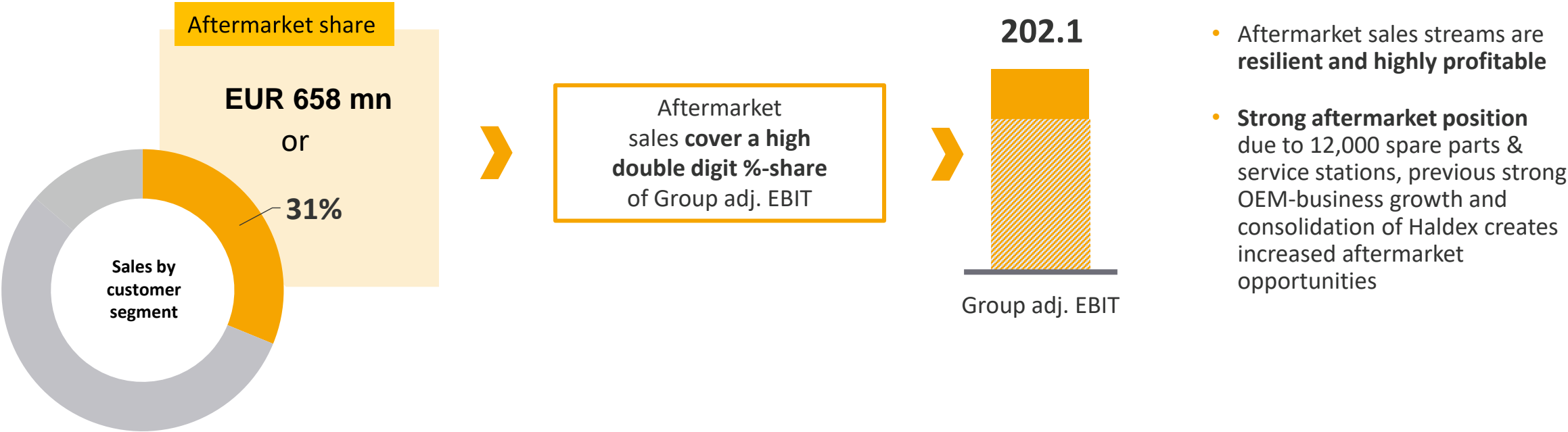


▶ High share of aftermarket business effectively bolsters SAF-HOLLAND's resilience profile



# Strong aftermarket exposure ensures resilient profitability

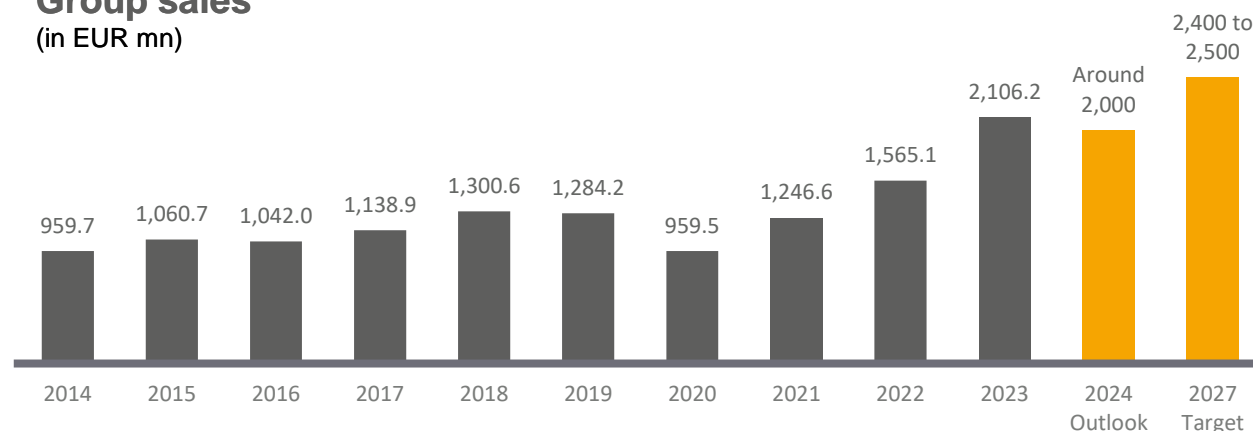
(EUR mn and %)



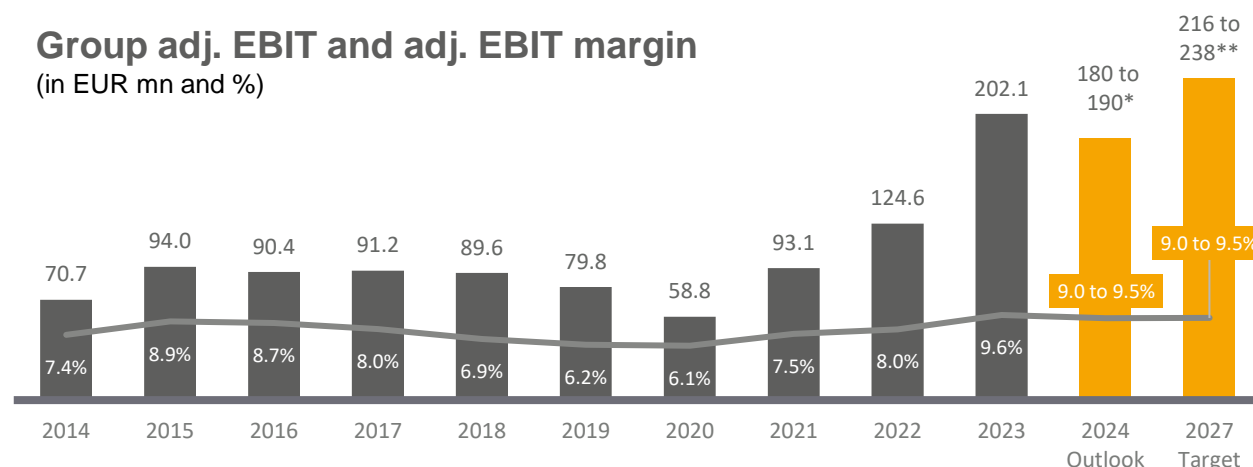
\* LTM figures calculated incl. Haldex consolidation as of February 22, 2023

# SAF-HOLLAND targets through-the-cycle profitability of 9.0 – 9.5%

## Group sales (in EUR mn)



## Group adj. EBIT and adj. EBIT margin (in EUR mn and %)



- **FY 2018 to FY 2020 adj. EBIT impacted** by reorganization of US factory footprint and supply chain disruptions, Chinese factory consolidation as well as COVID-19
- Despite a substantial sales decline of -25% in **FY 2020, adj. EBIT margin was resilient** and only slightly changed compared to FY 2019
- **Significant margin improvement from FY 2021 to FY 2023** despite supply chain disruptions as well as increased cost for material, energy and logistic as well as Haldex consolidation
- **FY 2024 outlook** is based on resilient business model and includes good profitability despite lower sales
- **FY 2027 target** implies an organic sales CAGR 2023 - 2027 of around 3.9%\*\*\* and a **through-the-cycle adj. EBIT margin of 9.0 to 9.5%**
- **Additional FY 2027 targets include:**
  - NWC ratio of 15 to 16%
  - ROCE of  $\geq 15\%$
  - Capex ratio of  $\leq 3\%$

\* Implied value calculated based on lower respectively upper end of target range of sales and adj. EBIT margin guidance

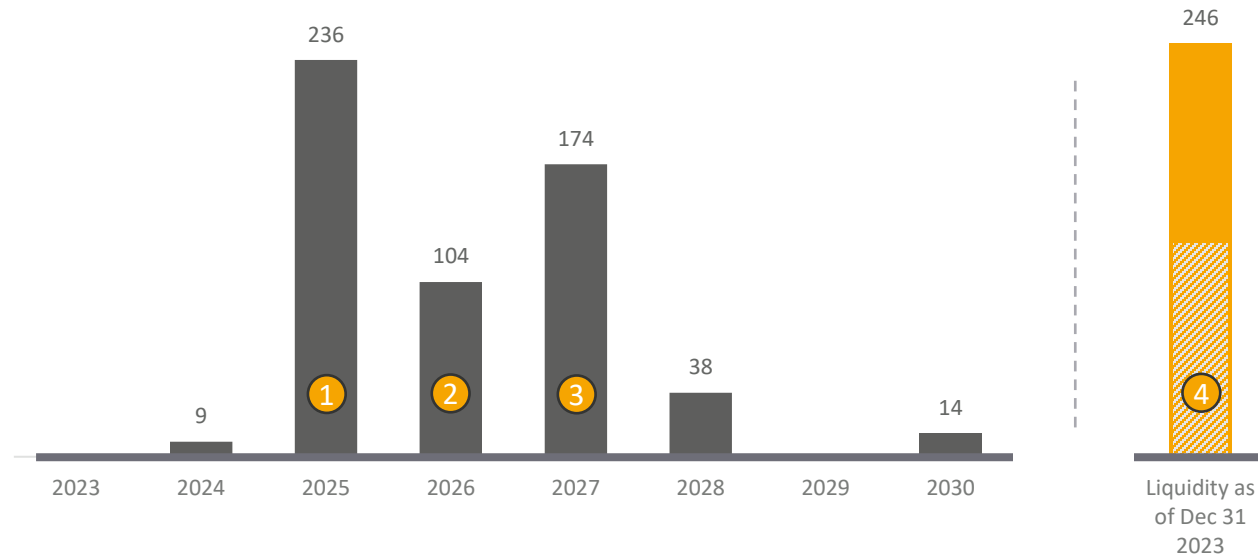
\*\* Implied value calculated based on lower respectively upper end of target range of adj. EBIT margin guidance and FY 2027 mid-point sales

\*\*\* Calculated with FY 2027 sales target at mid-point compared to FY 2023 sales

# No maturities outstanding before 2025, SAF-HOLLAND hedged against rising interests

## Maturity profile

(EUR mn)

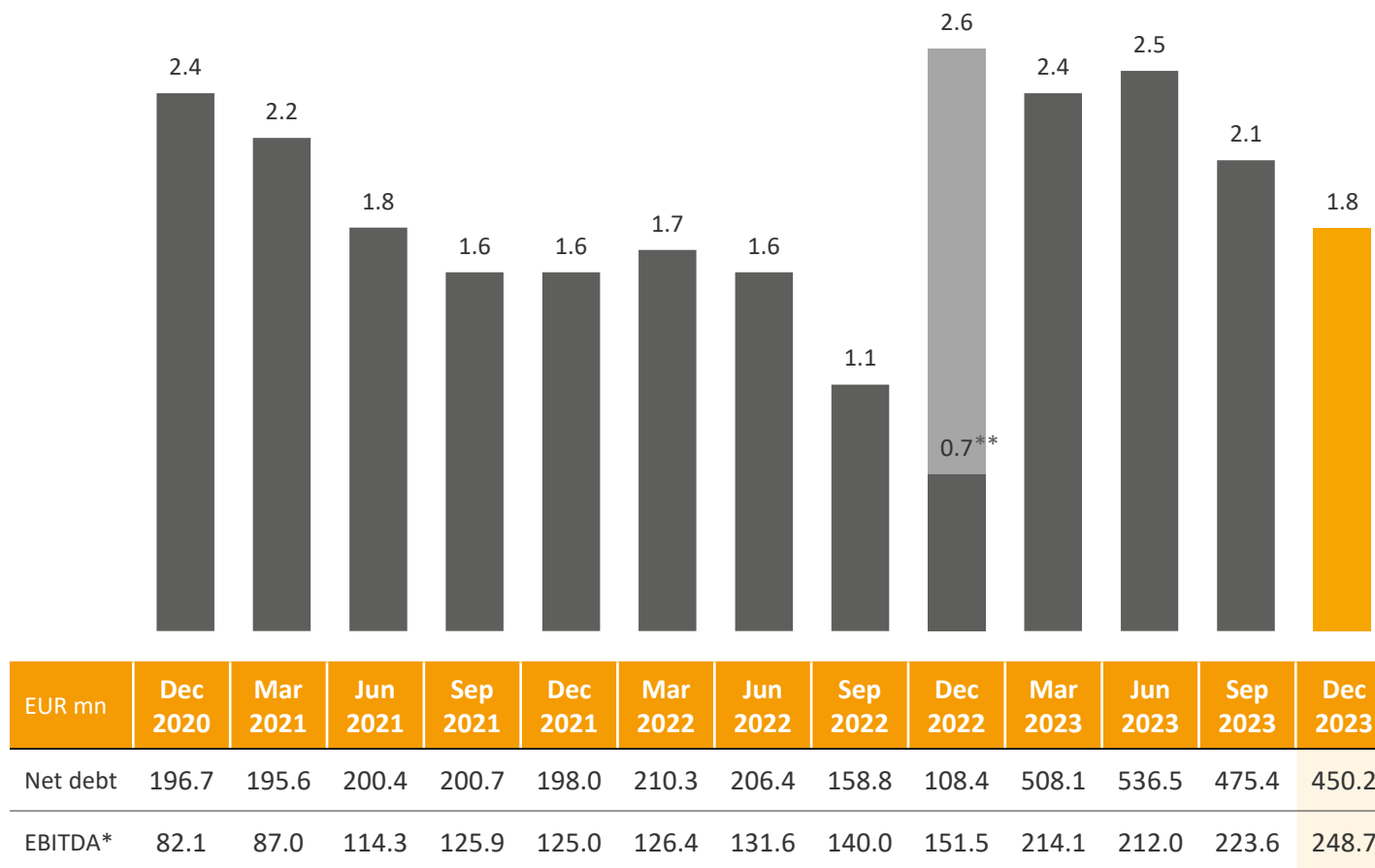


- ① Includes, amongst others, promissory notes of c. EUR 120mn and EUR 69mn each
- ② Includes various instruments from EUR 10 to 60 mn
- ③ Includes a term loan with a current amount of EUR 139 mn with a halfyearly regular repayment.

- **No substantial maturities** outstanding before FY 2025
- Slightly more than half of outstanding debt includes variable interest rates, **around 75% of these debt instruments are hedged against rising interest rates**
- Most of outstanding debt is related to the Haldex acquisition, was taken on balance end of FY 2022 and therefore already includes the elevated interest rate environment
- **Liquidity on balance** amounts to EUR 246 mn as of year-end 2023
  - ④ Targeting to make a substantial amount of liquidity available for either deleveraging, M&A activities or a share buy back via improved liquidity management
- A **revolving credit facility, most of which is undrawn**, of EUR 250 mn is also available to SAF-HOLLAND

# FY 2024 leverage target of $\leq 2.0x$ already achieved

## Net debt/EBITDA



- Net debt/EBITDA ratio amounted to 1.8x at the end of Dec 2023, significantly down from 2.6x year-end 2022
- Very strong operating performance and cash generation supported deleveraging
- FY 2024 target of  $\leq 2.0x$  already achieved during first year of Haldex integration due to strong cash generation

\* Reported EBITDA (LTM)

\*\* Dec 2022 net debt/EBITDA ratio of 0.7x did not include additional debt to finance the acquisition of Haldex

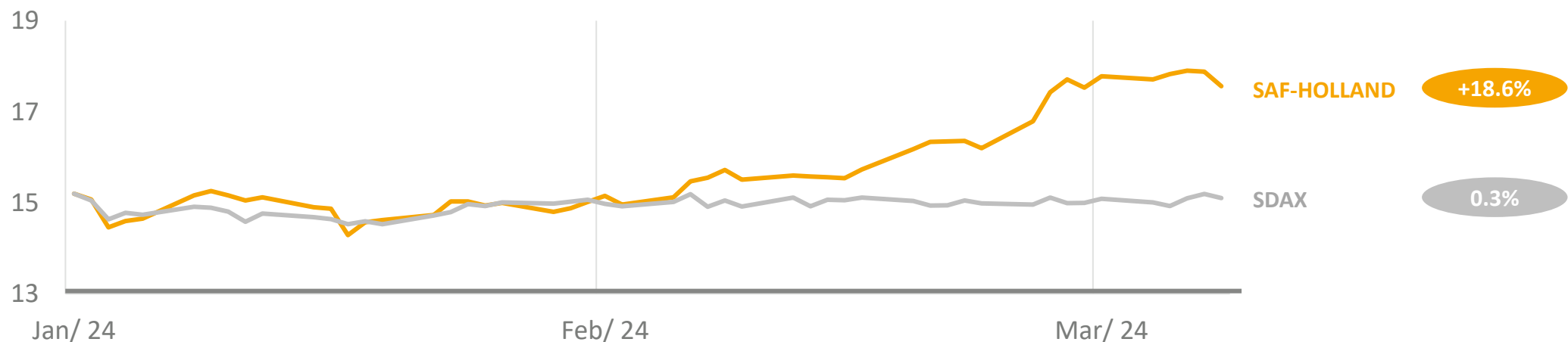
Note: Net debt / EBITDA calculation includes Haldex related debt and pro-forma EBITDA (LTM) contribution for the periods Mar to Sep 2023.



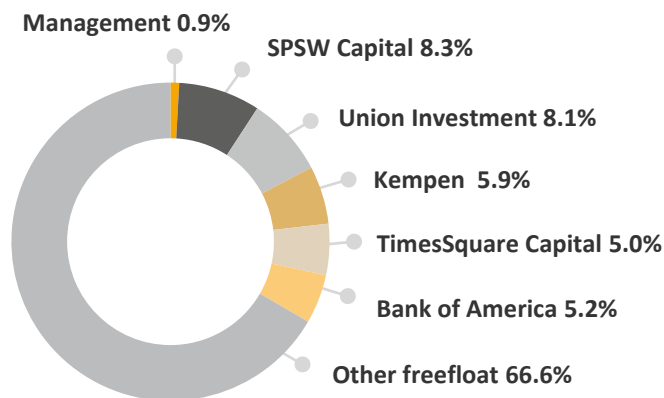
# Key information about SAF-HOLLAND shares

## SAF-HOLLAND share price against SDAX

(January to March 2024, in EUR)



### Shareholder structure\*



According to the definition of Deutsche Börse AG, 100% of the shares of SAF-HOLLAND SE are in free float



### Active analyst coverage

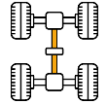
Berenberg	Yasmin Steilen
Deutsche Bank	Nicolai Kempf
DZ Bank	Holger Schmidt
Hauck Aufhaeuser Lampe	Jorge Gonzalez Sadornil
Kepler Cheuvreux	Dr. Hans-Joachim Heimbuerger
Oddo BHF	Klaus Ringel
Warburg Research	Fabio Hoelscher

A summary of **continuously updated consensus estimates by an external source** can be found on the Investor Relations website on [\[Link\]](#)

\* Shareholder structure based on voting rights notifications and internal shareholder analysis

# Highlights and regional performance FY and Q4 2023

# FY 2023 Highlights



## Sales development

Significant sales growth of 34.6% to EUR 2,106.2 mn (organic sales +11.4%)



## Adj. EBIT margin

Strong adj. EBIT margin of 9.6% (previous year: 8.0%)



## Cash flow & leverage

Solid cash generation with operating free cash flow of EUR 142.7 mn and reduction in leverage from 2.6x to 1.8x



## Dividend

**Dividend** proposal of **EUR 0.85** per share (+EUR 0.25)



## Outlook

FY 2023 outlook achieved on all metrics

# SAF-HOLLAND achieves record levels for sales, profitability and operating free cash flow



Sales	Adjusted EPS	Adj. EBIT Margin	NWC ratio	Operating FCF
<b>EUR 2,106.2 mn</b> (FY 2022: EUR 1,565.1 mn)	<b>EUR 2.61</b> (FY 2022: EUR 1.82)	<b>9.6%</b> (FY 2022: 8.0%)	<b>14.1%</b> (31 Dec. 2022: 12.0%)	<b>EUR 142.7 mn</b> (FY 2022: EUR 120.0 mn)

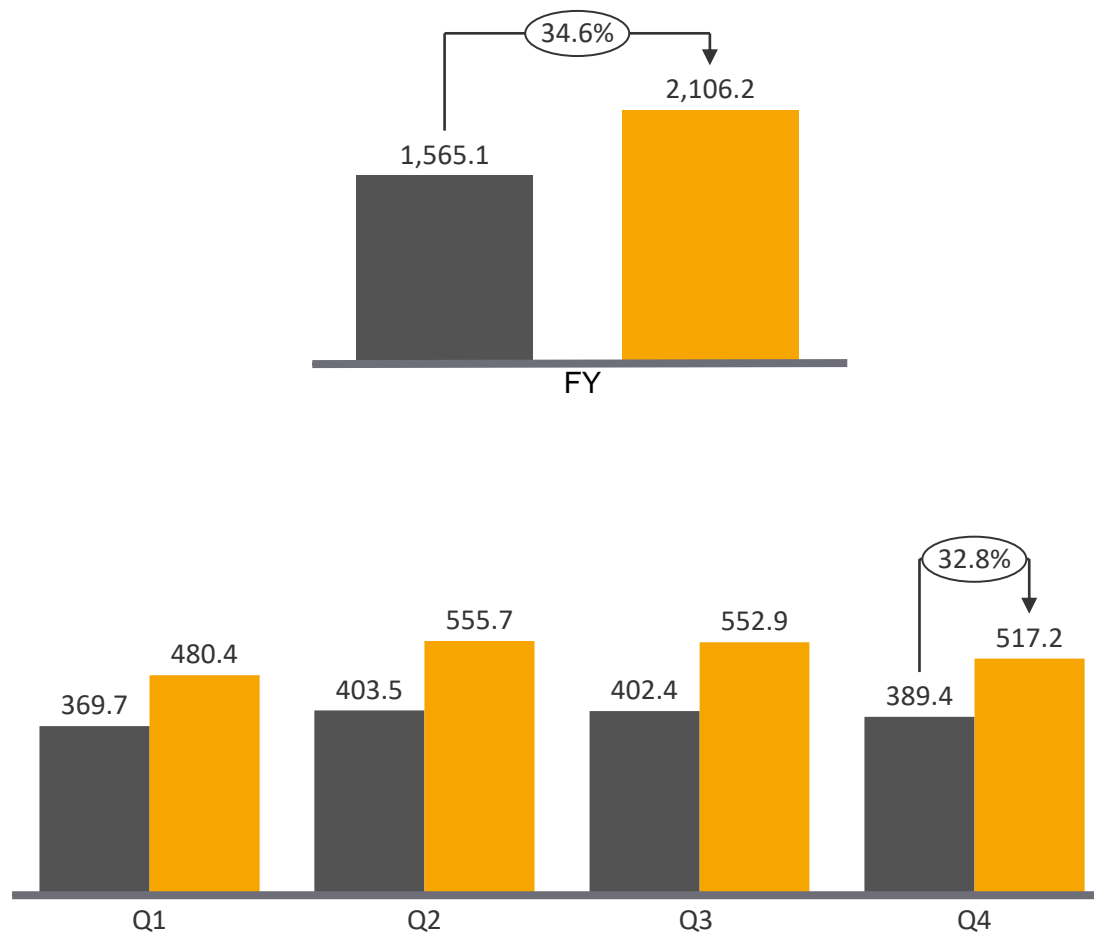


# Significant growth from Haldex consolidation paired with solid underlying demand

## Group sales

(in EUR mn)

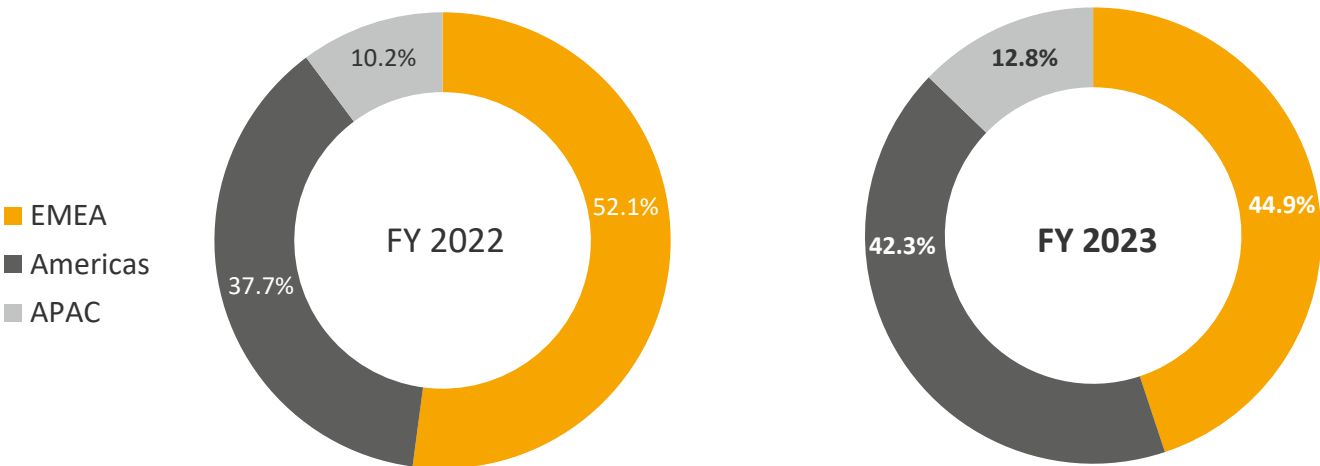
■ 2022  
■ 2023



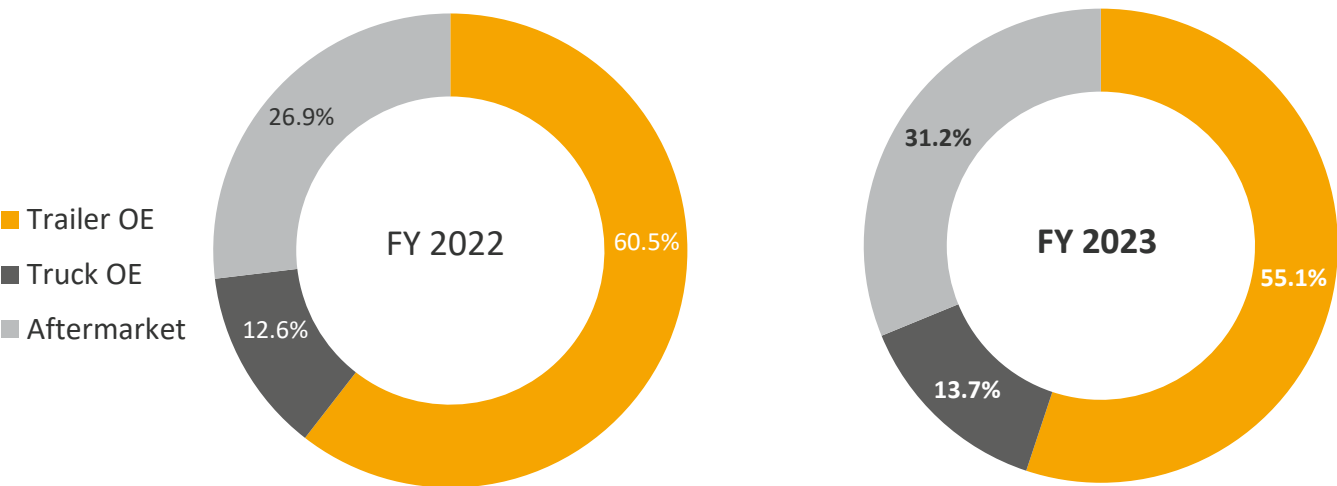
- Consolidation of Haldex and solid demand in all three regions positively supported FY growth development
- Both, higher volumes and prior price increases were beneficial to sales growth
- FY organic sales growth amounted to +11.4% yoy
- Q4 organic sales growth amounted to +10.0% yoy
- Haldex contributed EUR 399.4 mn in FY 2023 respectively EUR 102.4 mn in Q4 2023

# Change in regional mix and higher share of aftermarket business strengthens resilience

Group sales split (by region, by customer category)



- Change in sales distribution by region compared to FY 2022 mainly due to Haldex consolidation as well as organic growth in all three regions



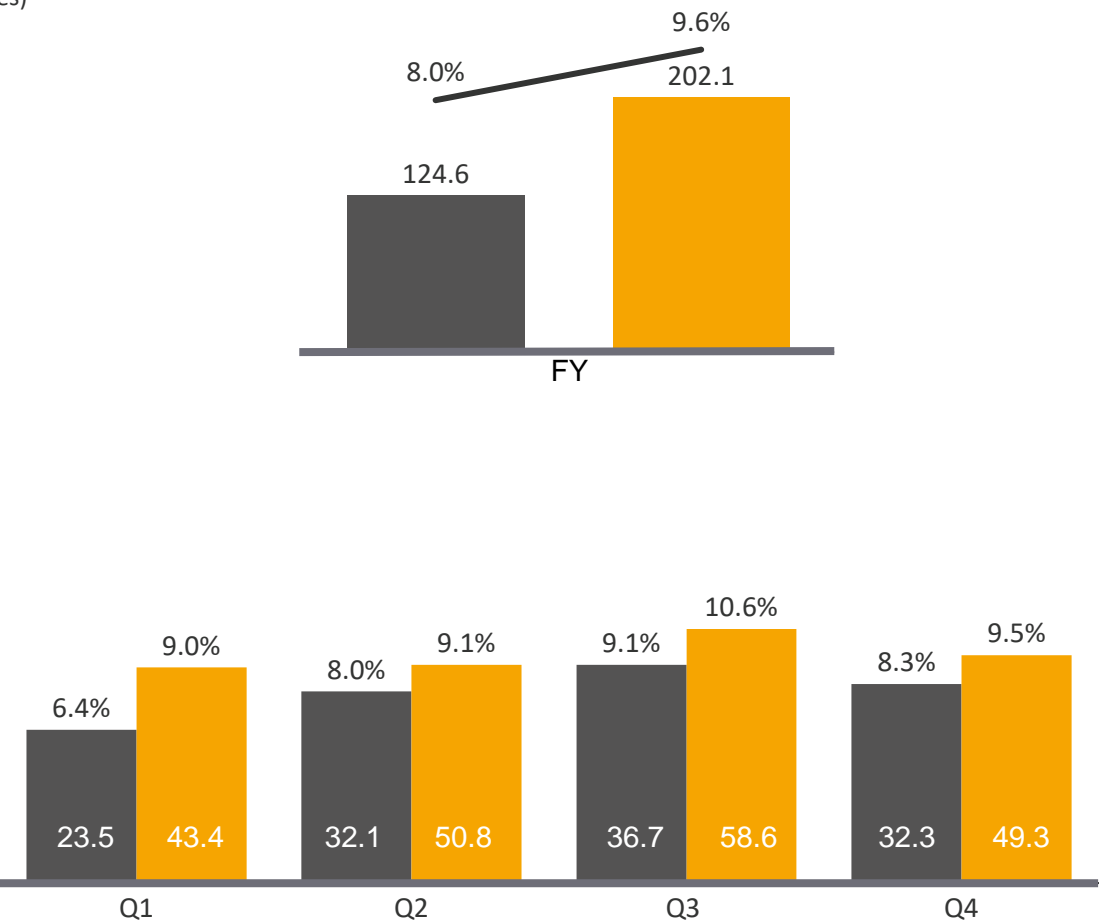
- Total OEM sales of EUR 1,448.0 mn grew significantly due to Haldex consolidation as well as underlying customer demand
- Strong increase in aftermarket sales of 56.3% yoy to to EUR 658.1 mn due to strong OEM business in previous years and thus an increased population of SAF-HOLLAND products in the market

# Adj. EBIT benefited from a good operating performance and cost synergies

## Group adj. EBIT and margin

(in EUR mn and % of sales)

■ 2022  
■ 2023

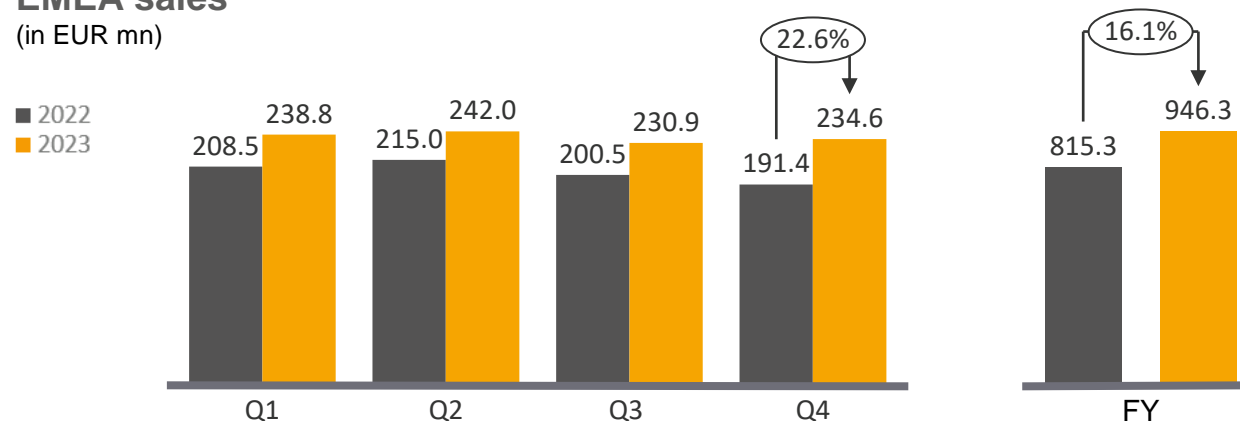


- Q4 2023 adj. EBIT was EUR 49.3 mn, up by 52.5%, equal to a margin of 9.5%
- In FY 2023, adj. EBIT improved strongly by 62.2% to EUR 202.1 mn, leading to a substantial margin improvement from 8.0% to 9.6%
- Adj. EBIT and margin benefited significantly from achieved efficiency improvements, economies of scale, a higher aftermarket share and cost synergies from Haldex integration
- FY 2023 adj. EBIT margin of 9.6% slightly exceeds the through-the-cycle and 2027 target range of 9.0 to 9.5 %

# EMEA with significant sales and profitability improvement despite a weaker trailer market

## EMEA sales

(in EUR mn)

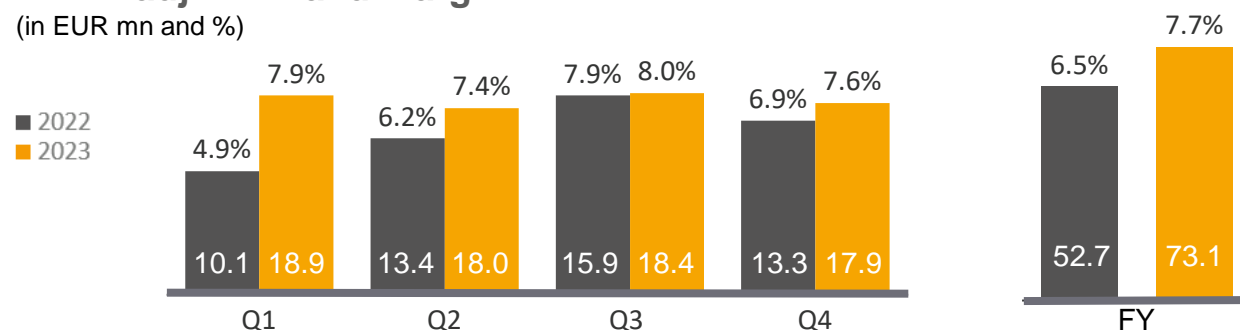


## Sales

- Q4 organic sales growth amounted to 8.5% yoy. Slight sequential growth Q4 vs. Q3 2023 based on strong truck OEM business
- FY organic sales growth amounted to 1.4% yoy despite weaker trailer market
- Solid aftermarket sales growth in FY 2023 due to Haldex consolidation as well as an increased addressable aftermarket due to prior strong OEM-business growth

## EMEA adj. EBIT and margin

(in EUR mn and %)



## Adj. EBIT and margin

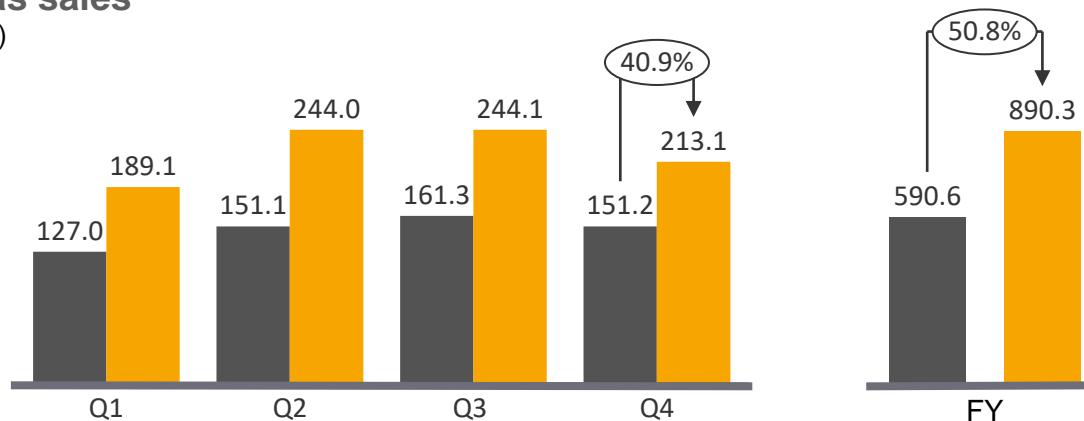
- Higher steel-, logistics and energy costs during 2022 could be partly compensated by internal efficiency improvements as well as price increases
- Positive impact from the realization of Haldex synergies as well as a higher aftermarket share

# Americas with strong sales increase and further improved adjusted EBIT margin

## Americas sales

(in EUR mn)

■ 2022  
■ 2023



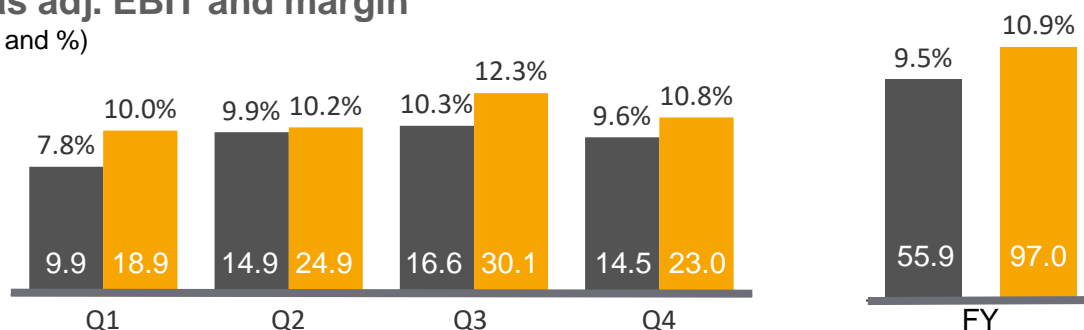
## Sales

- Q4 organic sales growth amounted to 3.3%; sequential decline vs. Q3 due to seasonal effects and an ongoing market normalization esp. in the trailer market
- FY organic sales growth amounted to 12.1%
- Significant double-digit sales increase in FY 2023 driven by Haldex consolidation paired with robust demand for trailer and truck components while trend towards air disc brake axle systems where also beneficial for SAF-HOLLAND
- An increased addressable aftermarket due to prior strong OEM-business growth supported sales growth

## Americas adj. EBIT and margin

(in EUR mn and %)

■ 2022  
■ 2023



## Adj. EBIT and margin

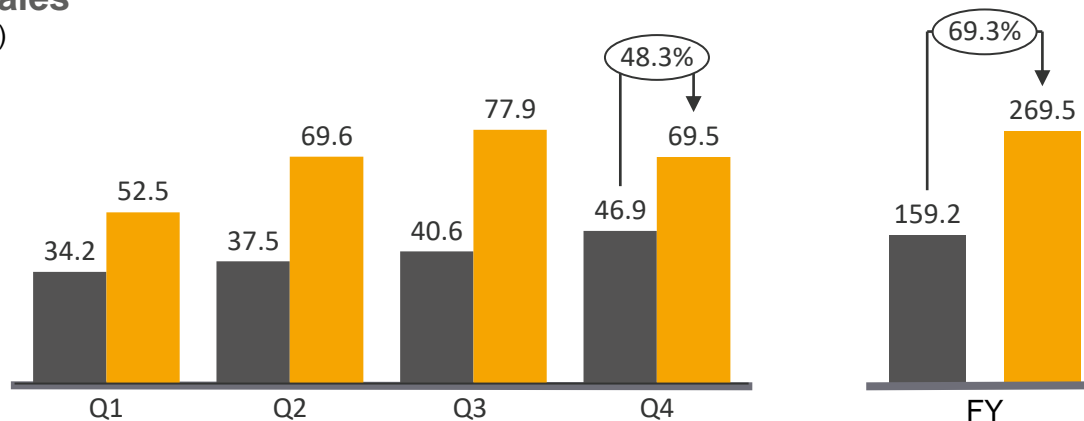
- Sequential softer adj. EBIT margin due to positive one-off effect during Q3 from favorable processing of the aftermarket backlog
- Based on strong sales growth, scale effects as well as synergies from the Haldex integration, adj. EBIT increased strongly by 73.5% to EUR 97 mn resulting in an improved margin of 10.9% in FY 2023

# Strong underlying demand drive organic sales increase and margin improvement in APAC

## APAC sales

(in EUR mn)

■ 2022  
■ 2023



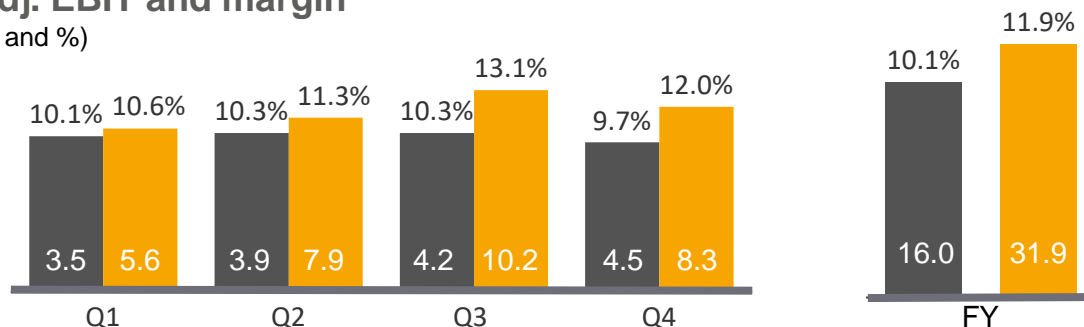
## Sales

- Q4 organic sales growth amounted to 37.5%; sequential sales decline vs. Q3 particularly driven by seasonally weaker sales at year-end as well as first signs of a softer demand in Americas which effects the trailer production in APAC
- FY organic sales growth amounted to 59.5%; substantial growth driven by ongoing strong development in India due to government infrastructure investments as well as an expansion of the transport sector
- Customer demand also remained solid in Southeast Asia and Australia

## APAC adj. EBIT and margin

(in EUR mn and %)

■ 2022  
■ 2023



## Adj. EBIT and margin

- FY 2023 adj. EBIT almost doubled and benefitted from economies of scale from a higher business volume in India, a favorable product mix as well as a significant improvement in China



# Financials FY and Q4 2023

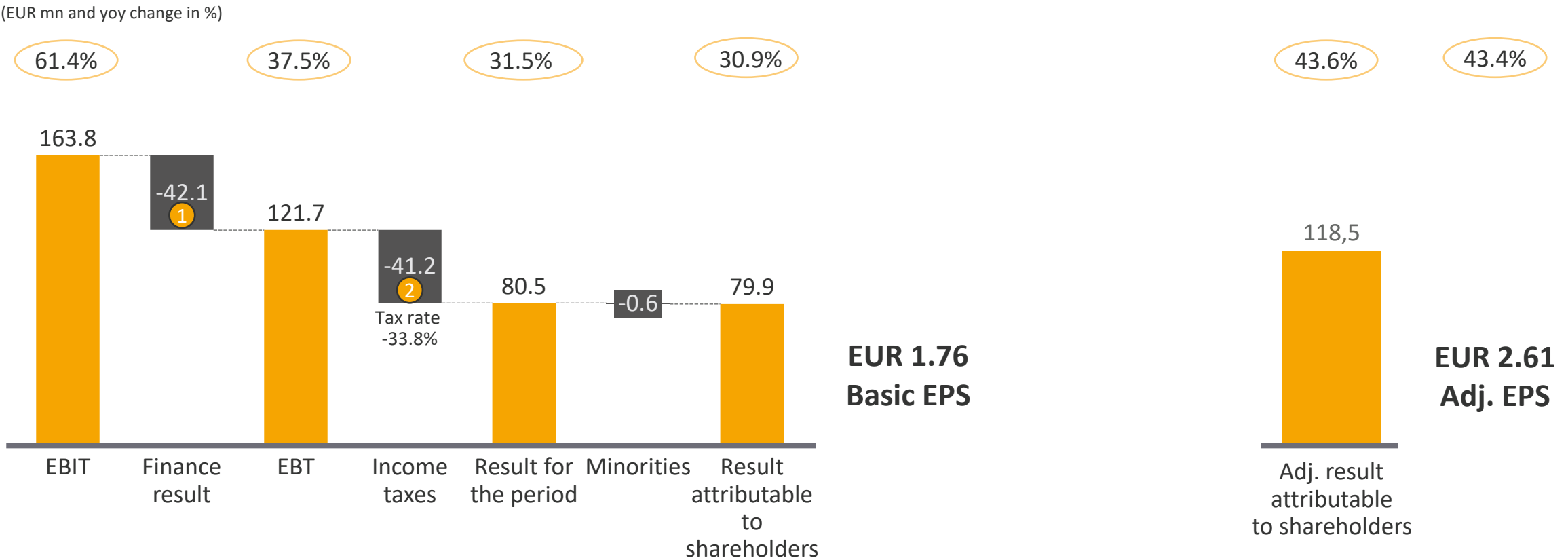
# EBIT to adjusted EBIT reconciliation for the Group

in EUR mn	FY 2023	FY 2022		Q4 2023	Q4 2022	
<b>EBIT</b>	<b>163.8</b>	<b>101.5</b>	<b>+61.4%</b>	<b>38.9</b>	<b>25.8</b>	<b>+50.7%</b>
<b>EBIT margin in %</b>	<b>7.8</b>	<b>6.5</b>		<b>7.5</b>	<b>6.6</b>	
Additional depreciation and amortization from PPA	① 19.1	9.5		5.0	2.4	
Valuation effects from call and put options*	-	2.1		-1.3	0.8	
Restructuring and transactions costs	② 10.2	9.1		3.0	2.9	
Impairment on property, plant and equipment and intangible assets	③ 3.6	2.4		3.6	2.4	
Other adjustments	④ 5.3	-		-	-2.0	
<b>Adj. EBIT</b>	<b>202.1</b>	<b>124.6</b>	<b>+62.2%</b>	<b>49.3</b>	<b>32.3</b>	<b>+52.5%</b>
<b>Adj. EBIT margin in %</b>	<b>9.6</b>	<b>8.0</b>		<b>9.5</b>	<b>8.3</b>	
<b>Adj. EBITDA</b>	<b>264.1</b>	<b>162.7</b>	<b>+62.3%</b>	<b>69.8</b>	<b>42.8</b>	<b>+62.9%</b>
<b>Adj. EBITDA margin in %</b>	<b>12.5</b>	<b>10.4</b>		<b>13.5</b>	<b>11.0</b>	

- ① Includes PPA from prior acquisitions as well as Haldex
- ② Amount mainly driven by around EUR 4 mn related to the cyber attack (Q2 2023), post-merger integration activities for Haldex as well as expenses for the settlement of claims of a former minority shareholder of EUR 1.3 mn\*
- ③ Mainly driven by impairment on one production machine for initially planned new factory in Russia
- ④ Inventory step-up due to Haldex acquisition

\* Adjustments amounting to EUR 1.3m in FY 2023 were reclassified compared to Q3 2023 from valuation effects from „call & put options“ into „restructuring & transaction costs“ as well as EUR 0.6 mn from „restructuring & transaction costs“ into „impairment on property, plant and equipment and intangible assets“

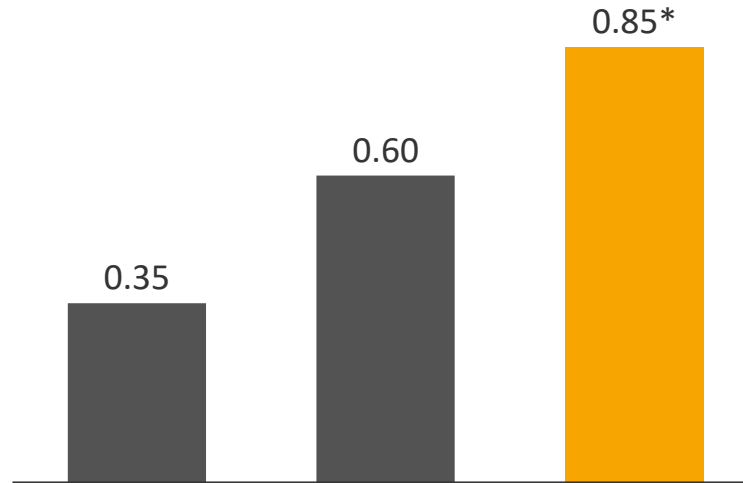
# Basic and adjusted EPS with significant growth



- ① Change in FY 2023 finance result from EUR -13.0 mn to EUR -42.1 mn, mainly driven by higher financing liabilities due to the Haldex acquisition as well as slightly higher interest rates for variable financing lines
- ② FY 2023 tax rate above previous year’s tax rate of 30.8% mainly due to non-capitalized deferred tax assets on loss carryforwards

# Dividend proposal to AGM reflects an increase of 41.7% to EUR 0.85

## Dividend per share (in EUR)

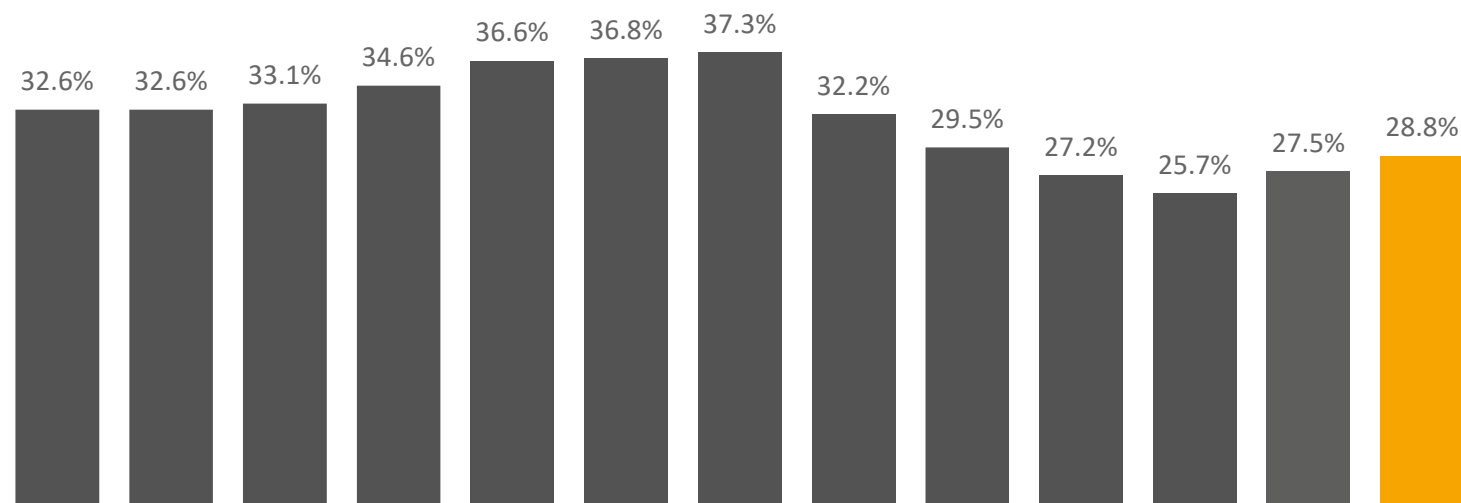


- Management Board and Supervisory Board propose a dividend of EUR 0.85 per share to the Annual General Meeting on June 11, 2024
- Dividend proposal in line with long-term dividend policy of distributing 40-50% of the available net result for the period attributable to equity holders of the parent
- Attractive dividend yield of 5.6% based on year- end 2023 share price

EUR mn	2021	2022	2023
Total dividend (in EUR mn)	15.9	27.2	38.6
Payout ratio (in %)	43.2	44.6	48.3

\* Dividend proposal is subject to approval of the AGM on June 11, 2024

# Equity ratio slightly decreased compared to prior year levels despite growth in equity

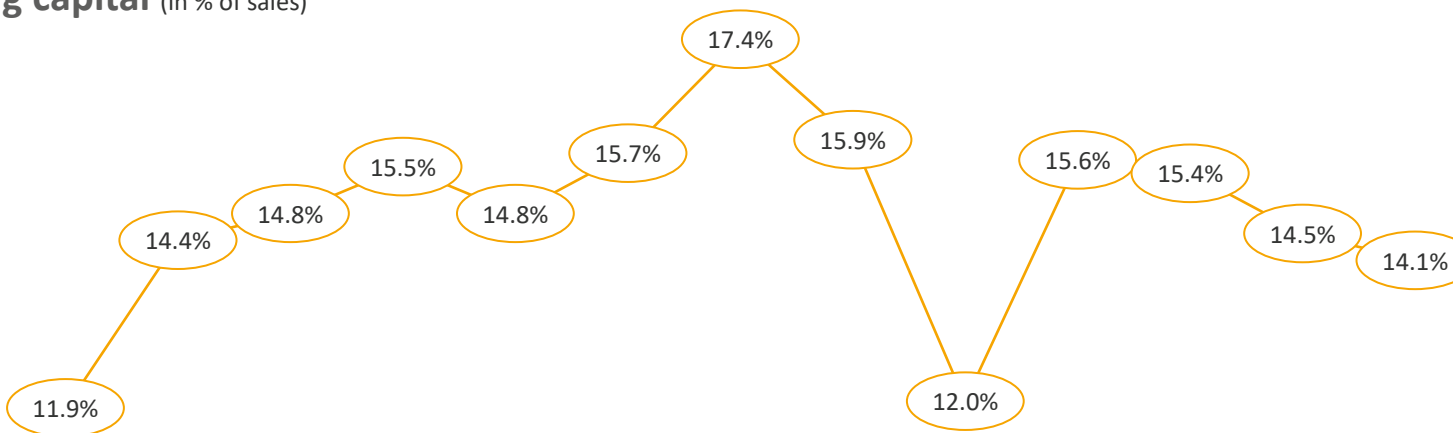


- Equity rose by +7.8% yoy, positively driven by a good result for the period of EUR 80.5 mn which was partly compensated by the dividend payment of EUR 27.2 mn and FX effects in the amount of EUR 20.7 mn
- Balance sheet total grew by 10.2% compared to 31 December 2022 primarily due to the acquisition of Haldex (FY 2022 already partly influenced by takeover)
- Hence, equity ratio slightly decreased by 0.7%pts despite a growth in equity

EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023
Equity	300.5	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0
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	1,686.9	1,706.5	1,651.7

# Net working capital ratio exceeds targeted level of 15-16%

Net working capital (in % of sales)



- NWC-ratio reached a level of 14.1% of sales, showing a continued improvement since the Haldex acquisition due to strict NWC-management
- Compared to Dec 2022, NWC increased due to the consolidation of Haldex, which had a significantly higher NWC-ratio of 20% - 25%

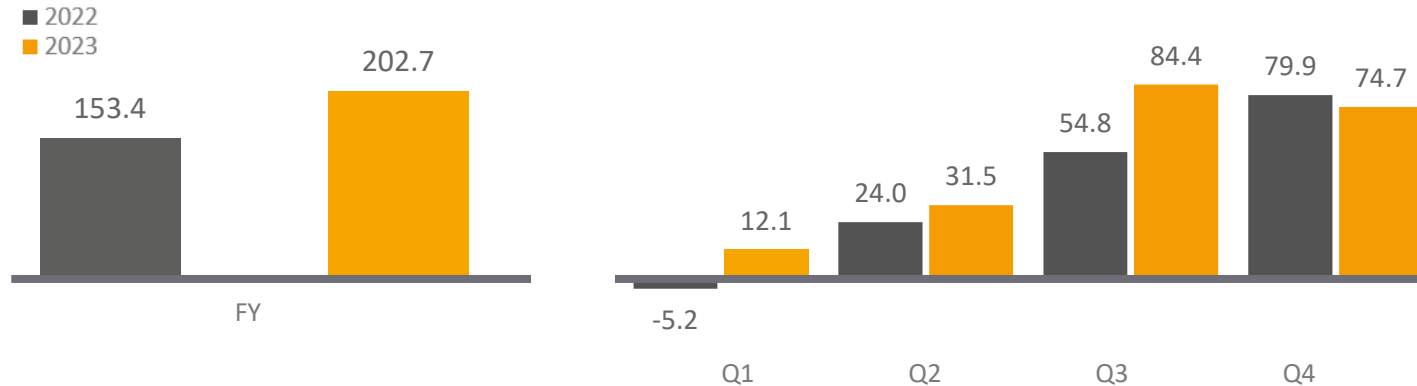
EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023*	Jun 2023*	Sep 2023*	Dec 2023
Inventories	126.4	155.8	176.0	195.3	194.0	211.9	237.0	237.9	202.2	308.4	305.7	308.3	306.7
Trade receivables	95.3	130.0	148.9	147.2	136.3	176.1	184.6	187.0	144.7	283.0	286.4	253.2	219.7
Trade payables	-107.2	-147.4	-163.4	-160.6	-145.8	-179.3	-176.2	-187.3	-159.0	-262.2	-261.4	-248.5	-228.6
<b>NWC</b>	<b>114.6</b>	<b>138.4</b>	<b>161.5</b>	<b>181.9</b>	<b>184.4</b>	<b>208.7</b>	<b>245.5</b>	<b>237.6</b>	<b>188.0</b>	<b>329.2</b>	<b>330.7</b>	<b>313.0</b>	<b>297.8</b>
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	2,143.2	2,165.1	2,106.2

\* Mar to Sep 2023 LTM sales include Haldex' contribution on a pro forma basis.



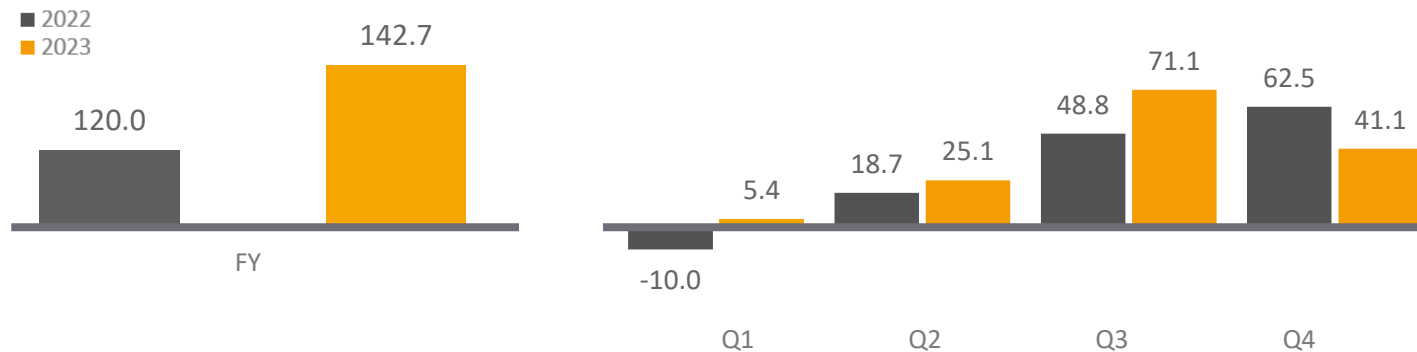
# Very solid cash generation driven by strong operating performance paired with ongoing strict NWC management

## Net cash flow from operating activities (EUR mn)



- During FY 2023, the growth in operating cash flow was mainly due to higher earnings before taxes (+EUR 33.2 mn) as well as amortization and depreciation of intangible assets and property, plant & equipment (+EUR 30.2 mn)
- Paid income taxes grew strongly to EUR 58.6 mn in FY 2023 from EUR 27.2 mn due to increased earnings before taxes in prior periods

## Operating free cash flow\* (EUR mn)

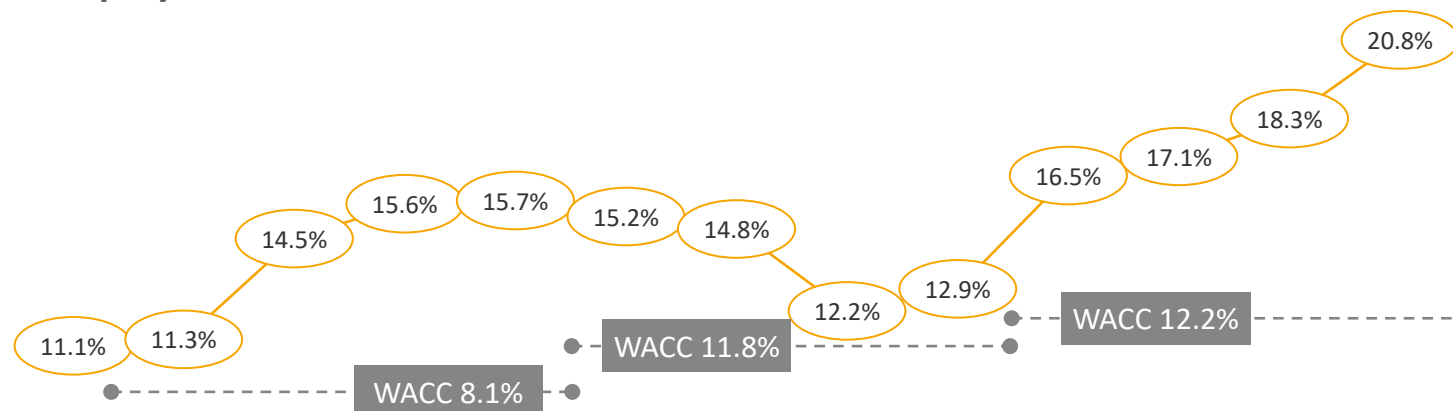


- Backend-loaded capex spending of EUR 33.9 mn (6.6% of sales) slightly impacted quarterly free cash flow generation
- In FY 2023, capex amounted to EUR 61.7 mn or 2.9% of Group sales
- FY 2023 investments focused on further automation of production processes in Germany & Sweden, the construction of a new production line in Mexico and capacity expansions in India
- Strong adj. EBITDA to operating FCF conversion of 54.0% in FY 2023 resp. 59.0% in Q4 2023

\* Pre acquisitions / acquisition of Haldex shares

# Very strong ROCE of more than 20% shows successful return on investments

## Return on capital employed (in %)



- Strong shareholder value creation with ROCE constantly above WACC\*
- At year-end 2023, ROCE amounted to 20.8%, representing a strong increase compared to prior periods due to further improved capital management while adj. EBIT substantially improved

EUR mn	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023**	Jun 2023**	Sep 2023**	Dec 2023**
Equity	300.5	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0
Financial liabilities	324.1	332.4	323.7	318.5	322.2	318.9	369.9	614.5	715.7	663.3	683.8	663.6	628.7
Lease liabilities	43.6	42.7	41.6	41.7	41.1	40.4	40.9	39.9	38.4	62.7	68.0	67.4	67.8
Pension provisions	31.4	32.2	32.2	32.7	22.3	22.5	16.8	16.9	15.3	43.1	41.6	42.3	43.2
Cash/cash equivalents	-171.0	-179.5	-164.9	-159.5	-165.2	-148.9	-173.0	-206.2	-243.5	-218.0	-215.3	-255.7	-246.3
<b>Capital employed</b>	<b>528.6</b>	<b>553.0</b>	<b>567.4</b>	<b>587.1</b>	<b>591.4</b>	<b>623.4</b>	<b>685.7</b>	<b>933.7</b>	<b>967.3</b>	<b>1,000.9</b>	<b>1,011.5</b>	<b>986.5</b>	<b>969.3</b>
Adjusted EBIT (LTM)	58.8	62.3	82.1	91.5	93.1	94.7	101.8	114.1	124.6	165.0	172.6	180.3	202.1

\* WACC calculation based on SAF-HOLLAND annual report FY 2021; FY 2022; and FY 2023

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

# Outlook FY 2024 and key takeaways

# FY 2024 market outlook – Normalization expected for EMEA and Americas

	FY 2024e Trailer Market	FY 2024e Truck Market
EMEA	~ -10%	~ -15%
North America	~ -22%	~ -16%
Brazil	+/- 0%	~ +36%
China	~ +10%	~ +10%
India	~ +10%	~ -5%

## EMEA

- Based on a difficult macroeconomic environment as well as on SAF-HOLLAND's current order situation, the European trailer market is expected to see a further slowdown in FY 2024
- The European truck market is expected to decline based on a difficult economic environment

## North America

- Trailer and truck markets expected to normalize after strong previous years

## Brazil

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

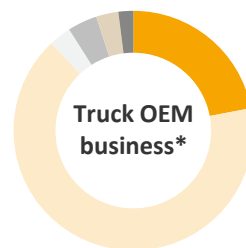
## China

- Both trailer and truck markets are expected to grow

## India

- Sharp increase in 2023 mainly based on public infrastructure investments and subsidies
- Healthy market outlook with increase in trailer production by around 10%

## 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, ACT Research (North America, February 2024), ANFAVEA (Brazil, Q4 2023)

# Outlook for 2024 represents robust profitability despite slightly lower sales

	Group FY 2023 Results*	Group FY 2024 Outlook
<b>Sales</b>	EUR 2,106.2 mn	Around EUR 2,000 mn
<b>Adj. EBIT margin</b>	9.6%	9.0% to 9.5%
<b>Capex ratio**</b>	2.9%	Up to 3%

## Sales

- Targeted market share gains expected to partially compensate for declining market demand
- Aftermarket business should show a stable to slightly positive development based on strong growth of OEM business in previous years and thus an increased population of SAF-HOLLAND products
- Positive contribution to consolidated sales growth from the proportionate acquisition-related effect from the takeover of Haldex, which was completed on February 21, 2023
- The latest announced acquisitions of IMS Group B.V. and Tecma Srl. should also contribute to sales in 2024 in the low double-digit million Euro range

## Adj. EBIT margin

- Lower sales volumes, higher wage-, IT and freight costs are expected to have a negative impact on adj. EBIT margin
- A resilient aftermarket business, efficiency measures as well as further synergies from the Haldex acquisition should support robust profitability in 2024

## Capex ratio

- Investments in production network improvements, automation projects as well as improving process efficiency in production
- Further expansion of production capacity for air disc brake systems
- Roll-out of SAP S/4 HANA which is planned for the coming years

\* 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

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**1** Change in **regional mix** and increased share of >30% **aftermarket business strengthens resilience**

**2** Increased profitability in 2023 paired with strict NWC-management led to strong operating free cash flow and **deleveraging to 1.8x Net debt/EBITDA, achieving 2024 target one year in advance**

**3** Strong ROCE development to >20% and constantly above WACC as well as a **dividend proposal of EUR 0.85** support notable shareholder value creation

**4** Despite **FY 2024 outlook** foreseeing **slightly lower sales**, SAF-HOLLAND is targeting a resilient **adj. EBIT margin of 9% to 9.5%**



## Contact and additional information

# Investor relations contact & financial calendar

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## Financial calendar and road show activities

April 03, 2024	ODDO BHF Roadshow, Frankfurt
<b>May 08, 2024</b>	<b>Publication of the Quarterly Statement Q1 2024</b>
<b>June 11, 2024</b>	<b>Annual General Meeting</b>
<b>August 08, 2024</b>	<b>Publication of Half-Year Financial Report 2024</b>
<b>November 12, 2024</b>	<b>Publication of the Quarterly Statement Q3 2024</b>

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