

SAF-HOLLAND SE

# Quarterly Statement

## Q1 2022



## KEY FIGURES

### Results of operations

in EUR million	Q1/2022	Q1/2021
Sales	369.7	285.6
Adjusted gross profit	58.5	56.0
Adjusted gross profit margin in %	15.8	19.6
Adjusted EBITDA	32.4	31.0
Adjusted EBITDA margin in %	8.8	10.9
Adjusted EBIT	23.5	22.0
Adjusted EBIT margin in %	6.4	7.7
Adjusted result for the period	15.1	14.9
Adjusted result for the period with non-controlling interests	15.1	14.9
Adjusted result for the period without non-controlling interests	15.0	14.6

### Financial position

in EUR million	Q1/2022	Q1/2021
Operating free cash flow	-10.0	0.5
Cash flow from investing activities (property, plant and equipment/ intangible assets)	-4.8	-5.2
Net debt	210.3	195.6

### Yield

in %	Q1/2022	Q1/2021
Return on capital employed (ROCE)	15.2	11.3

### CAPEX ratio

in %	Q1/2022	Q1/2021
Capex ratio	1.4	1.9

### Net assets

in EUR million	03/31/2022	12/31/2021
Balance sheet total	1,060.4	1,014.3
Equity	390.5	371.1
Equity ratio in %	36.8	36.6

All figures shown are rounded. Minor discrepancies may arise from additions of these amounts.

Operating free cash flow = Net cash flow from operating activities less net cash flow from investing activities (purchase of PP&E and intangible assets less proceeds from sales of PP&E).

ROCE = Adjusted EBIT / (total equity + financial liabilities (excl. refinancing costs, incl. lease liabilities) + pension and other similar benefits - cash and cash equivalents).

## PORTRAIT

SAF-HOLLAND SE is a leading international manufacturer of chassis-related assemblies and components for trailers, trucks and buses. The product range includes, among other things, axle and suspension systems for trailers as well as fifth wheels for trucks and coupling systems for trucks, trailers and semi-trailers. 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, 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 the manufacturers' service networks as well as to wholesalers and, through an extensive global distribution network, to end customers and service centers. Around 3,600 dedicated employees worldwide are already working on the future of the transport industry.

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## INDUSTRY ENVIRONMENT

### VERY DIFFERENTIATED DEVELOPMENT OF THE TRAILER AND TRUCK MARKETS

The largest trailer and truck markets in terms of volume developed very differently year-over-year in Q1 2022. The particularly relevant trailer markets for SAF-HOLLAND – Europe, North America, and India – developed very well. In the high-volume truck markets of Europe and North America, semiconductor shortage was still apparent.

#### Development of the trailer and truck markets Q1 2022 to Q1 2021

	Trailer	Trucks
Europe	20%	-7%
North America	21%	2%
Brazil	-8%	4%
India	43%	22%
Australia	2%	12%
China	-38%	-63%

Sources: ACT, ANFAVEA, ANFIR, SIAM, CV World, ARTSA, own estimates.

## RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

in EUR million

	Q1/2022	Total Adjustments	Q1/2022 adjusted	in % of sales	Q1/2021	Total Adjustments	Q1/2021 adjusted	in % of sales
Sales	369.7	–	369.7	100.0%	285.6	–	285.6	100.0%
Cost of sales	–311.7	0.5	–311.2	–84.2%	–230.2	0.5	–229.6	–80.4%
<b>Gross profit</b>	<b>58.0</b>	<b>0.5</b>	<b>58.5</b>	<b>15.8%</b>	<b>55.5</b>	<b>0.5</b>	<b>56.0</b>	<b>19.6%</b>
Other income	0.3	–	0.3	0.1%	0.3	–	0.3	0.1%
Selling expenses	–17.1	1.7	–15.4	–4.2%	–14.7	1.8	–12.9	–4.5%
Administrative expenses	–16.3	0.1	–16.1	–4.4%	–15.8	–0.1	–16.0	–5.6%
Research and development costs	–4.3	0.1	–4.2	–1.1%	–6.0	0.3	–5.7	–2.0%
<b>Operating profit</b>	<b>20.7</b>	<b>2.4</b>	<b>23.1</b>	<b>6.3%</b>	<b>19.2</b>	<b>2.5</b>	<b>21.7</b>	<b>7.6%</b>
Share of net profit of investments accounted for using the equity method	0.4	–	0.4	0.1%	0.3	–	0.3	0.1%
<b>Earnings before interest and taxes (EBIT)</b>	<b>21.0</b>	<b>2.4</b>	<b>23.5</b>	<b>6.4%</b>	<b>19.5</b>	<b>2.5</b>	<b>22.0</b>	<b>7.7%</b>
Finance income	0.9	–	0.9	0.2%	0.9	–	0.9	0.3%
Finance expenses	–3.7	–	–3.7	–1.0%	–2.6	–	–2.6	–0.9%
<b>Finance result</b>	<b>–2.8</b>	<b>–</b>	<b>–2.8</b>	<b>–0.8%</b>	<b>–1.7</b>	<b>–</b>	<b>–1.7</b>	<b>–0.6%</b>
<b>Result before taxes</b>	<b>18.2</b>	<b>2.4</b>	<b>20.7</b>	<b>5.6%</b>	<b>17.8</b>	<b>2.5</b>	<b>20.3</b>	<b>7.1%</b>
Income taxes	–5.2	–0.4	–5.5	–1.5%	–6.5	1.1	–5.4	–1.9%
Income taxes in %	28.3%		26.8%		36.6%		26.7%	
<b>Result for the period</b>	<b>13.1</b>	<b>2.1</b>	<b>15.1</b>	<b>4.1%</b>	<b>11.3</b>	<b>3.6</b>	<b>14.9</b>	<b>5.2%</b>

### EXTRAORDINARY ITEMS

SAF-HOLLAND eliminates certain income and expenses for the management of its operations. The adjusted earnings presented below correspond to the management perspective.

In Q1 2022, net expenses of EUR 2.4 million (previous year EUR 2.5 million) were adjusted from earnings before interest and taxes (EBIT). These include restructuring costs of 0.2 million euros (previous year 0.2 million euros) as well as depreciation and amortisation from purchase price allocations of 2.3 million euros (previous year 2.3 million euros).

Within cost of sales, net expenses totalling 0.5 million euros (previous year 0.5 million euros) were adjusted in Q1 2022. These include almost exclusively depreciation from purchase price allocations of 0.5 million euros (previous year 0.5 million euros).

Within selling expenses, net expenses totalling 1.7 million euros (previous year 1.8 million euros) were adjusted in Q1 2022. These mainly include depreciation from purchase price allocations of 1.7 million euros (previous year 1.7 million euros).

Adjustments of 0.1 million euros (previous year -0.1 million euros) were made within the general administrative expenses and relate almost exclusively to restructuring expenses.

Research and development costs were adjusted by 0.1 million euros (previous year 0.3 million euros). This includes restructuring expenses of 0.0 million euros (previous year 0.2 million euros) as well as depreciation from purchase price allocations of 0.1 million euros (previous year 0.1 million euros).

### EARNINGS POSITION

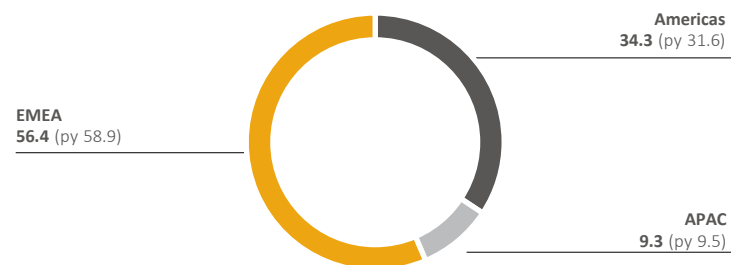
The following development describes the changes in the main items of the income statement in the reporting period, adjusted for the aforementioned extraordinary items.

### GROUP SALES AT RECORD LEVEL BASED ON HIGH DEMAND

Based on high demand, Group sales in Q1 2022 of 369.7 million euros were 29.4% higher than in the previous year (285.6 million euros). Exchange rate effects amounted to 9.0 million euros (previous year -13.7 million euros). Adjusted for exchange rate effects, revenues rose by 26.3% to 360.7 million euros.

#### Group sales by segment Q1 2022

in %



### STRONG GROWTH IN OE AND AFTERMARKET BUSINESS

Sales of the OE business increased by 31.7% to 273.3 million euros in Q1 2022. The share of Group sales from the OE business increased from 72.6% to 73.9%.

Sales of the aftermarket business increased by 23.3% to 96.4 million euros. The share of Group sales from the aftermarket business decreased from 27.4% to 26.1%.

in EUR million

	Q1/2022	Q1/2021	Change absolute	Change in %
Original equipment business	273.3	207.5	65.8	31.7%
Aftermarket business	96.4	78.2	18.2	23.3%
<b>Group sales</b>	<b>369.7</b>	<b>285.6</b>	<b>84.1</b>	<b>29.4%</b>
Original equipment business in % of Group sales	73.9%	72.6%		
Aftermarket business in % of Group sales	26.1%	27.4%		

### ADJUSTED GROSS MARGIN AT 15.8%

In Q1 2022, adjusted cost of sales rose disproportionately by 35.5% to 311.2 million euros (previous year 229.6 million euros) compared to the previous year due to the increase in demand, but in particular due to high steel prices as well as high freight and energy costs, which are passed on with a time lag. This corresponds to an adjusted cost of sales ratio of 84.2% (previous year 80.4%). Price adjustments and efficiency increases could not compensate for the disproportionate cost increases.

The adjusted gross profit in Q1 2022 improved by 4.5% to 58.5 million euros (previous year 56.0 million euros). The adjusted gross margin of 15.8% was below the previous year's level of 19.6%.

**ADJUSTED EBIT MARGIN AT 6.4%**

SAF-HOLLAND increased the adjusted EBIT in Q1 2022 by 7.0% to EUR 23.5 million (previous year EUR 22.0 million). This corresponds to an adjusted EBIT margin of 6.4% (previous year 7.7%). The significantly lower administrative and research and development cost ratios could only partially compensate for the higher cost of sales ratio.

Currency effects had no impact on the adjusted EBIT margin.

**SLIGHT DETERIORATION OF FINANCIAL RESULT**

The financial result deteriorated slightly in Q1 2022 to -2.8 million euros (previous year -1.7 million euros). This is mainly due to slightly higher financial expenses.

**UNADJUSTED RESULT FOR THE PERIOD 16.1% HIGHER THAN IN Q1 2021**

With an effective Group tax rate of 28.3% (previous year 36.6%), an unadjusted profit for the period of 13.1 million euros (previous year 11.3 million euros) was achieved in Q1 2022. The adjusted result for the period improved by 1.8% to 15.1 million euros (previous year 14.9 million euros) with an expected Group tax rate of 26.8% (previous year 26.7%).

Based on the unchanged number of approximately 45.4 million ordinary shares issued, undiluted unadjusted earnings per share in Q1 2022 amounted to 0.29 euros (previous year 0.24 euros) and adjusted earnings per share to 0.33 euros (previous year 0.32 euros).

**SEGMENT REPORTING****REGION EMEA: STRONG COST BURDEN****EMEA**

in EUR million

	Q1/2022	Q1/2021	Change absolute	Change in %
Sales	208.5	168.3	40.2	23.9%
EBIT	8.9	15.1	-6.2	-41.3%
EBIT margin in %	4.3%	9.0%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1.1	1.2	-0.1	-4.6%
Restructuring and transaction costs	0.1	-0.1	0.2	-
<b>Adjusted EBIT</b>	<b>10.1</b>	<b>16.2</b>	<b>-6.1</b>	<b>-37.4%</b>
Adjusted EBIT margin in %	4.9%	9.6%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	4.4	4.3	0.1	2.0%
in % of sales	2.1%	2.6%		
<b>Adjusted EBITDA</b>	<b>14.5</b>	<b>20.5</b>	<b>-6.0</b>	<b>-29.1%</b>
Adjusted EBITDA margin in %	7.0%	12.2%		

In the EMEA region, sales in Q1 2022 improved by 23.9% to 208.5 million euros (previous year: 168.3 million euros), in particular due to the strong trailer OE business. Adjusted for exchange rate effects, sales grew by 24.5% to 209.6 million euros.

High steel prices as well as high freight and energy costs, which are passed on with a time lag, have weighed heavily on the cost of sales ratio, while the share of administrative and research and development costs declined significantly. In total, this led to an adjusted EBIT of 10.1 million euros (previous year 16.2 million euros) and corresponds to an adjusted EBIT margin of 4.9% (previous year 9.6%).

**REGION AMERICAS: STRONG START INTO THE YEAR****Americas**

in EUR million

	Q1/2022	Q1/2021	Change absolute	Change in %
Sales	127.0	90.2	36.8	40.8%
EBIT	9.3	4.7	4.6	98.6%
EBIT margin in %	7.3%	5.2%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	0.6	0.5	0.0	1.5%
Restructuring and transaction costs	0.0	0.1	-0.1	-82.2%
<b>Adjusted EBIT</b>	<b>9.9</b>	<b>5.4</b>	<b>4.5</b>	<b>84.3%</b>
Adjusted EBIT margin in %	7.8%	6.0%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	3.6	3.5	0.2	4.5%
in % of sales	2.9%	3.9%		
<b>Adjusted EBITDA</b>	<b>13.5</b>	<b>8.9</b>	<b>4.7</b>	<b>52.9%</b>
Adjusted EBITDA margin in %	10.7%	9.8%		

In the Americas region, sales in Q1 2022 increased by 40.8% to 127.0 million euros (previous year: 90.2 million euros) due to the strong aftermarket and trailer OE business. Adjusted for exchange rate effects, sales improved by 30.7% to 117.8 million euros.

Cost increases for steel as well as higher freight and energy costs also had a negative impact on the cost of sales ratio in the Americas region, but by far less than in the EMEA region. The significantly lower share of administrative and research and development costs had a positive margin effect. In total, this led to an adjusted EBIT of 9.9 million euros (previous year 5.4 million euros) and corresponds to an adjusted EBIT margin of 7.8% (previous year 6.0%).

**REGION APAC: INDIA AND AUSTRALIA DRIVE SALES AND EBIT MARGIN****APAC**

in EUR million

	Q1/2022	Q1/2021	Change absolute	Change in %
Sales	34.2	27.1	7.1	26.3%
EBIT	2.8	-0.4	3.2	-
EBIT margin in %	8.3%	-1.3%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	0.6	0.6	0.0	7.3%
Restructuring and transaction costs	-0.0	0.2	-0.2	-
<b>Adjusted EBIT</b>	<b>3.5</b>	<b>0.4</b>	<b>3.1</b>	<b>-</b>
Adjusted EBIT margin in %	10.1%	1.4%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	0.8	1.3	-0.4	-34.7%
in % of sales	2.5%	4.8%		
<b>Adjusted EBITDA</b>	<b>4.3</b>	<b>1.7</b>	<b>2.6</b>	<b>-</b>
Adjusted EBITDA margin in %	12.5%	6.2%		

The APAC region generated sales of 34.2 million euros in Q1 2022 (previous year 27.1 million euros). Adjusted for exchange rate effects, sales increased by 22.7% year-over-year to 33.3 million euros. The main reason for this significant increase in sales was the strong growth in the trailer OE business in India and Australia.

Compared to the strong increase in sales, the increase in cost of sales was disproportionately low. The significantly lower sales and administrative cost ratio also had a positive margin effect. The adjusted EBIT improved from 0.4 million euros to 3.5 million euros. The adjusted EBIT margin was 10.1% (previous year 1.4%).



**NET ASSETS**

in EUR million				
	03/31/2022	12/31/2021	Change absolute	Change in %
<b>Non-current assets</b>	<b>482.3</b>	<b>482.6</b>	<b>-0.3</b>	<b>-0.1%</b>
of which intangible assets	235.0	235.9	-0.9	-0.4%
of which property, plant and equipment	201.1	201.3	-0.2	-0.1%
of which other (financial) assets	46.2	45.3	0.8	1.9%
<b>Current assets</b>	<b>578.1</b>	<b>531.7</b>	<b>46.4</b>	<b>8.7%</b>
of which inventories	211.9	194.0	17.9	9.2%
of which trade receivables	176.1	136.3	39.9	29.3%
of which liquid assets	148.9	165.2	-16.3	-9.9%
of which other (financial) assets	41.2	36.2	5.0	13.7%
<b>Balance sheet total</b>	<b>1,060.4</b>	<b>1,014.3</b>	<b>46.1</b>	<b>4.5%</b>

**BALANCE SHEET TOTAL INCREASED BY 4.5%**

Compared to December 31, 2021, the balance sheet total increased by 46.1 million euros to 1,060.4 million euros. On the asset side, this was due in particular to the increase in trade receivables and inventories.

**EQUITY RATIO AT 36.8%**

in EUR million

	03/31/2022	12/31/2021	Change absolute	Change in %
<b>Equity</b>	<b>390.5</b>	<b>371.1</b>	<b>19.5</b>	<b>5.2%</b>
<b>Non-current liabilities</b>	<b>418.3</b>	<b>418.4</b>	<b>-0.1</b>	<b>0.0%</b>
of which interest-bearing loans and bonds	303.4	304.2	-0.8	-0.3%
of which finance lease liabilities	33.2	33.7	-0.4	-1.3%
of which other non-current liabilities	81.7	80.5	1.2	1.4%
<b>Current liabilities</b>	<b>251.5</b>	<b>224.8</b>	<b>26.7</b>	<b>11.9%</b>
of which interest-bearing loans and bonds	15.5	18.0	-2.5	-13.9%
of which finance lease liabilities	7.2	7.4	-0.2	-3.1%
of which trade payables	179.3	145.8	33.5	23.0%
of which other current liabilities	49.5	53.6	-4.1	-7.6%
<b>Balance sheet total</b>	<b>1,060.4</b>	<b>1,014.3</b>	<b>46.1</b>	<b>4.5%</b>

Compared to December 31, 2021, equity has increased by 19.5 million euros to 390.5 million euros. This corresponds to an equity ratio of 36.8% (December 31, 2021: 36.6%).

The increase in equity was based on the net profit for the period of 13.1 million euros and exchange rate differences from the translation of foreign operations of 6.4 million euros.

Non-current liabilities decreased by 0.1 million euros to 418.3 million euros compared to December 31, 2021 and thus accounted for 39.4% (December 31, 2021: 41.3%) of the balance sheet total.

Current liabilities increased by 26.7 million euros to 251.5 million euros compared to December 31, 2021 and thus accounted for 23.7% (December 31, 2021: 22.2%) of total assets. The main reason for the increase was the rise in trade payables due to the positive business development.

**BASED ON DEMAND NET WORKING CAPITAL RATIO SLIGHTLY UP****Net working capital**

in EUR million		Change 03/31/2022 to 12/31/2021		
	03/31/2022	12/31/2021	12/31/2021	Change in %
Inventories	211.9	194.0	17.9	9.2%
Trade receivables	176.1	136.3	39.9	29.3%
Trade payables	-179.3	-145.8	-33.5	23.0%
Net working capital	208.7	184.4	24.3	13.2%
Sales (last 12 month)	1,330.7	1,246.6	84.1	6.7%
Net working capital ratio	15.7%	14.8%		

Net working capital (inventories and trade receivables less trade payables) was 208.7 million euros as at March 31, 2022 (December 31, 2021: 184.4 million euros).

Based on demand, the net working capital ratio – net working capital in relation to Group sales for the last twelve months – increased slightly from 14.8% to 15.7% compared to December 31, 2021. An increase in 12-month sales of 6.7% was offset by the disproportionate increase in inventories (9.2%), trade receivables (29.3%) and trade payables (23.0%).

**FINANCIAL POSITION****Financial position**

in EUR million		Q1/2022	Q1/2021
Cash flow from operating activities		-5.2	5.7
Cash flow from investing activities (property, plant and equipment / intangible assets)		-4.8	-5.2
<b>Operating free cash flow</b>		<b>-10.0</b>	<b>0.5</b>
Cash flow from investing activities (acquisition of subsidiaries)		-	-
<b>Total free cash flow</b>		<b>-10.0</b>	<b>0.5</b>
Other		-2.3	0.6
<b>Change in net financial liabilities (incl. lease liabilities)</b>		<b>-12.3</b>	<b>1.1</b>

**OPERATING FREE CASH FLOW NEGATIVE**

The net cash flow from operating activities reached -5.2 million euros in Q1 2022 (previous year 5.7 million euros). This development is due in particular to the change in “Other provisions and pensions” and “Other assets” as well as higher taxes paid.

Net cash flow from investing activities in property, plant and equipment and intangible assets was -4.8 million euros, 0.4 million euros lower year-over-year. Investments focused on measures to increase efficiency and optimize the global production footprint.

The operating free cash flow and total free cash flow were both negative at -10.0 million euros.

**NET FINANCIAL DEBT INCREASED SLIGHTLY**

Net financial debt (including lease liabilities) increased slightly by 12.3 million euros to 210.3 million euros as at March 31, 2022 compared to December 31, 2021. SAF-HOLLAND had cash and cash equivalents of 148.9 million euros as at March 31, 2022 (December 31, 2021: 165.2 million euros).

## RISK AND OPPORTUNITY REPORT

In the assessment of the risks and opportunities for the SAF-HOLLAND Group, the following significant change has occurred compared to the risk and opportunity-related statements in the Annual Report 2021 (pages 101 to 112):

In recent months, prices for steel and freight rates have once again increased significantly. The passing on of the higher purchase prices for steel is taking place with a time lag. In the OE business, there is a time lag of three to six months; in the aftermarket business, this occurs more quickly. Due to the exceptional circumstances, SAF-HOLLAND has initiated or conducted discussions with its customers aimed at faster price adjustments.

Risk	Risk classification			Change versus Annual Report 2021
	A	B	C	
<b>Process and project risks</b>				
Rising material prices	x			↑
Cybersecurity deficiencies		x		→
Rising energy prices		x		→
Failures of components of the IT applications environment		x		→
COVID-19 pandemic		x		→
Failures of IT infrastructure components		x		→
Supply chain disruptions		x		→
New Assembly line in Mexico		x		→
<b>Strategic risks / natural hazards</b>				
Russia-Ukraine conflict	x			→
Economic, political and geopolitical environment		x		→
<b>Compliance risks</b>				
Data privacy		x		→

## OUTLOOK

### ECONOMIC ENVIRONMENT: RUSSIA-UKRAINE-WAR AFFECTS GLOBAL ECONOMIC GROWTH

The International Monetary Fund (IMF) expects the global economy to continue its growth trend this year. Due to the Russia-Ukraine war, the IMF has adjusted its January 2022 forecast and now predicts a growth rate of 3.6% for 2022 (previously 4.4%). The adjustment affects Russia and the euro zone in particular.

#### Economic development in key markets

in %	2021	2022	
		January 2022	April 2022
Euro zone	5.3	3.9	2.8
Germany	2.8	3.8	2.1
United States	5.7	4.0	3.7
Brazil	4.6	0.3	0.8
Russia	4.7	2.8	-8.5
China	8.1	4.8	4.4
India	8.9	9.0	8.2
World	5.9	4.4	3.6

Source: IMF, World Economic Outlook.

### SECTOR ENVIRONMENT: RUSSIA-UKRAINE-WAR COULD ALSO INFLUENCE GLOBAL COMMERCIAL VEHICLE MARKETS OVER THE COURSE OF THE YEAR

In the commercial vehicle markets relevant to SAF-HOLLAND, the outlook remains favourable in 2022, although the somewhat slower growth dynamics of the global economy could in all likelihood also have a dampening effect on the global trailer and truck markets in the further course of the year. The trailer markets in Europe and the USA, which are particularly important for SAF-HOLLAND, are expected to remain robust according to external industry experts or based on own market intelligence. The Indian trailer market should grow by 41% according to estimates by SIAM (Society of Indian Automobile Manufacturers).

For the North American truck market, which is important for SAF-HOLLAND, ACT Research expects a growth rate for Class 8 trucks of around 12% for 2022.

#### Development of the trailer and truck markets 2022 to 2021

	Trailer	Trucks
Europe	8%	-6%
North America	19%	12%
Brazil	-7%	9%
India	41%	4%
Australia	-1%	3%
China	-33%	-37%

Source: CLEAR, ACT, ANFAVEA, ANFIR, SIAM, CV World, ARTSA, own estimates.

## FUTURE DEVELOPMENT OF SAF-HOLLAND

Based on the figures for the first quarter of 2022, the Management Board of SAF-HOLLAND SE has decided to raise the forecast for Group sales for the 2022 financial year and to concretise the forecast for the adjusted EBIT margin.

Based on the expected macroeconomic and industry-specific conditions and weighing up the potential risks and opportunities, the Management Board now expects Group sales for 2022 financial year to be in a range of EUR 1.2 billion to EUR 1.35 billion (previously EUR 1.15 billion to EUR 1.3 billion).

Based on this assumption, SAF-HOLLAND also expects an adjusted EBIT margin of 6.5% to 7.0% for the 2022 financial year (previously: significantly below the previous year).

In order to support the strategic goals, the company continues to plan investments in the range of 2% to 2.5% for the 2022 financial year. The investments will focus on the continuation of the capacity expansions already started in Turkey and Mexico as well as a capacity expansion in India. Furthermore, the company plans to invest in efficiency-enhancing measures, especially in Germany and the USA.

### Forecast business development

Indicator	Forecast 2022 on March 17, 2022	Adjustment on May 5, 2022
Sales	EUR 1.15 – 1.3 billion	EUR 1.2 – 1.35 billion
Adjusted EBIT margin	significantly below previous year	6.5% – 7.0%
Capex ratio	2% – 2.5%	2% – 2.5%

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

in EUR thousands		
	Q1/2022	Q1/2021
Sales	369,707	285,620
Cost of sales	-311,726	-230,159
<b>Gross profit</b>	<b>57,981</b>	<b>55,461</b>
Other income	343	276
Selling expenses	-17,129	-14,692
Administrative expenses	-16,271	-15,847
Research and development expenses	-4,263	-6,034
<b>Operating result</b>	<b>20,661</b>	<b>19,164</b>
Share of net profit of investments accounted for using the equity method	378	289
<b>Earnings before interest and taxes</b>	<b>21,039</b>	<b>19,453</b>
Finance income	900	927
Finance expenses	-3,698	-2,605
<b>Finance result</b>	<b>-2,798</b>	<b>-1,678</b>
<b>Result before income tax</b>	<b>18,241</b>	<b>17,775</b>
Income tax	-5,155	-6,508
<b>Result for the period</b>	<b>13,086</b>	<b>11,267</b>
Attributable to:		
Equity holders of the parent	12,995	10,959
Shares of non-controlling interests	91	308

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousands	Q1/2022	Q1/2021
<b>Result for the period</b>	<b>13,086</b>	<b>11,267</b>
Attributable to:		
Equity holders of the parent	12,995	10,959
Shares of non-controlling interests	91	308
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurements of defined benefit plans	–	256
Income tax effects on items recognised in other comprehensive income	–	–234
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	6,384	13,446
<b>Other comprehensive income</b>	<b>6,384</b>	<b>13,468</b>
<b>Comprehensive income for the period</b>	<b>19,470</b>	<b>24,735</b>
Attributable to:		
Equity holders of the parent	19,366	24,499
Shares of non-controlling interests	104	236
<b>Basic earnings per share in EUR</b>	<b>0.29</b>	<b>0.24</b>
<b>Diluted earnings per share in EUR</b>	<b>0.29</b>	<b>0.24</b>

## CONSOLIDATED BALANCE SHEET

in EUR thousands		
	03/31/2022	12/31/2021
<b>Assets</b>		
<b>Non-current assets</b>	<b>482,298</b>	<b>482,571</b>
Goodwill	79,432	78,985
Other intangible assets	155,552	156,904
Property, plant and equipment	201,118	201,334
Investments accounted for using the equity method	16,969	16,331
Financial assets	79	74
Other non-current assets	6,740	6,582
Deferred tax assets	22,408	22,361
<b>Current assets</b>	<b>578,058</b>	<b>531,696</b>
Inventories	211,888	193,971
Trade receivables	176,148	136,259
Income tax receivables	1,557	1,454
Other current assets	37,639	32,687
Financial assets	1,906	2,104
Cash and cash equivalents	148,920	165,221
<b>Balance sheet total</b>	<b>1,060,356</b>	<b>1,014,267</b>

in EUR thousands		
	03/31/2022	12/31/2021
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>390,539</b>	<b>371,070</b>
<b>Equity attributable to equity holders of the parent</b>	<b>389,585</b>	<b>370,220</b>
Subscribed share capital	45,394	45,394
Share premium	224,104	224,104
Retained earnings	137,229	124,235
Accumulated other comprehensive income	-17,142	-23,513
Shares of non-controlling interests	954	850
<b>Non-current liabilities</b>	<b>418,297</b>	<b>418,415</b>
Pensions and other similar benefits	22,521	22,340
Other provisions	9,605	9,910
Interest bearing loans and bonds	303,398	304,231
Lease liabilities	33,213	33,659
Other financial liabilities	950	463
Other liabilities	489	458
Deferred tax liabilities	48,121	47,354
<b>Current liabilities</b>	<b>251,520</b>	<b>224,782</b>
Other provisions	8,861	8,634
Interest bearing loans and bonds	15,467	17,968
Lease liabilities	7,173	7,402
Trade payables	179,314	145,789
Income tax liabilities	4,217	6,429
Other financial liabilities	128	650
Other liabilities	36,360	37,910
<b>Balance sheet total</b>	<b>1,060,356</b>	<b>1,014,267</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousands		
	Q1/2022	Q1/2021
<b>Cash flow from operating activities</b>		
<b>Result before income tax</b>	<b>18,241</b>	<b>17,775</b>
- Finance income	-900	-927
+ Finance expenses	3,698	2,605
+/- Share of net profit of investments accounted for using the equity method	-378	-289
+/- Other non-cash transactions	-	714
+ Amortisation and depreciation of intangible assets and property, plant and equipment	11,171	11,374
+ Allowance of current assets	1,497	1,912
+/- Loss/Gain on disposal of property, plant and equipment	-22	-81
+/- Change in other provisions and pensions	-243	2,725
+/- Change in other assets	-4,304	-1,414
+/- Change in other liabilities	-2,676	-2,161
+ Dividends from investments accounted for using the equity method	19	19
<b>Cash flow before change of net working capital</b>	<b>26,103</b>	<b>32,252</b>
+/- Change in inventories	-16,654	-27,833
+/- Change in trade receivables <sup>1</sup>	-39,700	-33,552
+/- Change in trade payables	32,090	38,266
<b>Change of net working capital</b>	<b>-24,264</b>	<b>-23,119</b>
<b>Cash flow from operating activities before income tax paid</b>	<b>1,839</b>	<b>9,133</b>
- Income tax paid	-7,037	-3,435
<b>Net cash flow from operating activities</b>	<b>-5,198</b>	<b>5,698</b>
<b>Cash flow from investing activities</b>		
- Purchase of property, plant and equipment	-4,430	-4,701
- Purchase of intangible assets	-896	-632

in EUR thousands		
	Q1/2022	Q1/2021
+ Proceeds from sales of property, plant and equipment	508	132
+ Proceeds from sales of financial assets	-81	63
+ Interest received	139	124
<b>Net cash flow from investing activities</b>	<b>-4,760</b>	<b>-5,014</b>
<b>Cash flow from financing activities</b>		
- paid transaction costs relating to the issuance of the promissory note loan	-5	-5
- Proceeds from foreign currency derivatives	71	-66
- Payments for lease liabilities	-2,383	-2,333
- Interest paid	-3,152	-3,226
+/- Change in drawings on the credit line and other financing activities	-2,302	9,548
<b>Net cash flow from financing activities</b>	<b>-7,771</b>	<b>3,918</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-17,729</b>	<b>4,602</b>
+/- Effect of changes in exchange rates on cash and cash equivalents	1,428	3,923
<b>Cash and cash equivalents at the beginning of the period</b>	<b>165,221</b>	<b>170,982</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>148,920</b>	<b>179,507</b>

<sup>1</sup> As of March 31, 2022, trade receivables in the amount of € 46.6 million (previous year: € 40.3 million) were sold in the context of a factoring contract. Assuming the legal validity of receivables, no further rights of recourse to SAF-HOLLAND exist from the receivables sold.

## SEGMENT INFORMATION

TEUR	EMEA <sup>1</sup>		Americas <sup>2</sup>		APAC <sup>3</sup>		Total	
	Q1/2022	Q1/2021	Q1/2022	Q1/2021	Q1/2022	Q1/2021	Q1/2022	Q1/2021
Sales	208,500	168,318	126,969	90,190	34,238	27,112	369,707	285,620
Adjusted EBIT	10,132	16,198	9,899	5,372	3,454	387	23,485	21,957
Adjusted EBIT margin in %	4.9	9.6	7.8	6.0	10.1	1.4	6.4	7.7
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	4,399	4,311	3,642	3,485	842	1,289	8,883	9,085
in % of sales	2.1	2.6	2.9	3.9	2.5	4.8	2.4	3.2
Adjusted EBITDA	14,531	20,509	13,541	8,857	4,296	1,676	32,368	31,042
Adjusted EBITDA margin in %	7.0	12.2	10.7	9.8	12.5	6.2	8.8	10.9
Purchase of property, plant and equipment and intangible assets	3,669	2,372	1,524	527	133	2,434	5,326	5,333
in % of sales	1.8	1.4	1.2	0.6	0.4	9.0	1.4	1.9
Employees at the reporting date	1,638	1,453	1,523	1,496	506	564	3,667	3,513

<sup>1</sup> Includes Europe, Middle East and Africa.

<sup>2</sup> Includes Canada, the USA as well as Central and South America.

<sup>3</sup> Includes Asia/Pacific, India and China.

## FINANCIAL CALENDAR AND CONTACT

### FINANCIAL CALENDAR

**May 19, 2022**

Ordinary Annual General Meeting 2022

**August 11, 2022**

Publication of Half-year Report 2022

**November 10, 2022**

Publication of Quarterly Statement Q3 2022

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### DISCLAIMER

The quarterly statement is also available in German. In cases of doubt, the German version shall prevail. The figures in this report have been rounded using commercial principles. In isolated instances, this can lead to rounding differences in the sum totals and percentages.

This report contains certain statements that are neither reported financial results nor other historical information. This report contains forward-looking statements. Such forward-looking statements are based on certain assumptions, expectations and forecasts made at the time of publication of this report. Consequently, they are inherently subject to risks and uncertainties. Moreover, the actual events could diverge significantly from the events described in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the ability of SAF-HOLLAND SE to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the achievement of anticipated synergies, and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this publication. Likewise, SAF-HOLLAND SE does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these materials.

