

CONFERENCE CALL PRESENTATION



SAF-HOLLAND SE

H1 2022

AUGUST 11, 2022



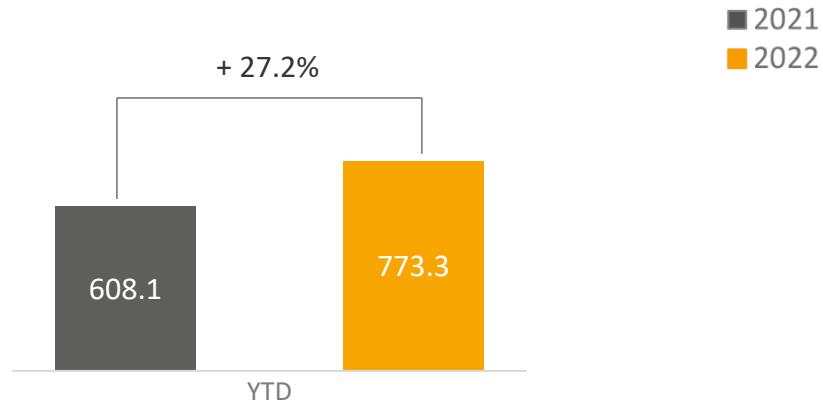
Facts & figures H1 2022

Sales	EUR 773.3m (H1 2021: EUR 608.1m)
Adj. EBIT margin	7.2% (H1 2021: 7.7%) Adjusted EBIT EUR 55.6m (H1 2021: EUR 47.0m)
Capex ratio	1.4% (H1 2021: 1.4%) Capex EUR 10.6m (H1 2021: EUR 8.4m)
Net working capital ratio	17.4% (December 31, 2021: 14.8%) Net working capital EUR 245.5m (December 31, 2021: EUR 184.4m)
Operating cash flow	EUR 18.8m (H1 2021: EUR 14.9m)
Adjusted EPS	EUR 0.84 (H1 2021: EUR 0.69)
Dividend	Dividend of EUR 0.35 (2021: EUR 0.0) per share for FY confirmed by the Annual General Meeting on May 19, 2022
Outlook 2022	Outlook for sales and EBIT margin increased

Group 2022 – Sales

Sales

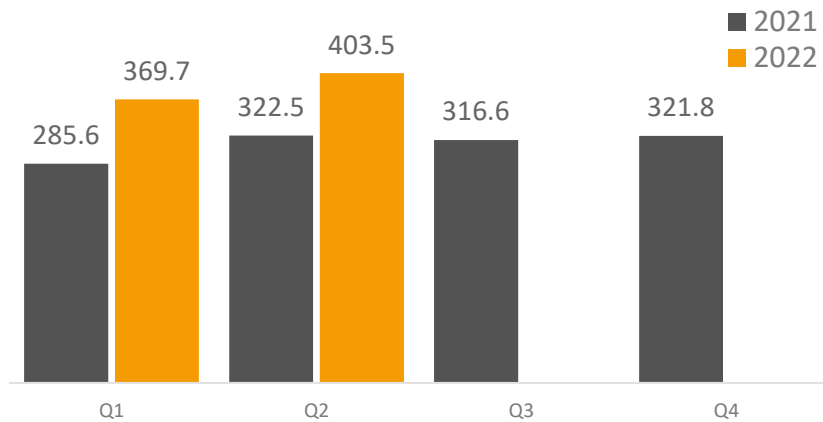
(in EUR million)



- H1 2022 sales adjusted for FX and M&A effects: +21.3%
- Overproportional sales growth in the Americas and APAC regions
- Aftermarket business remains strong

Sales by Quarter

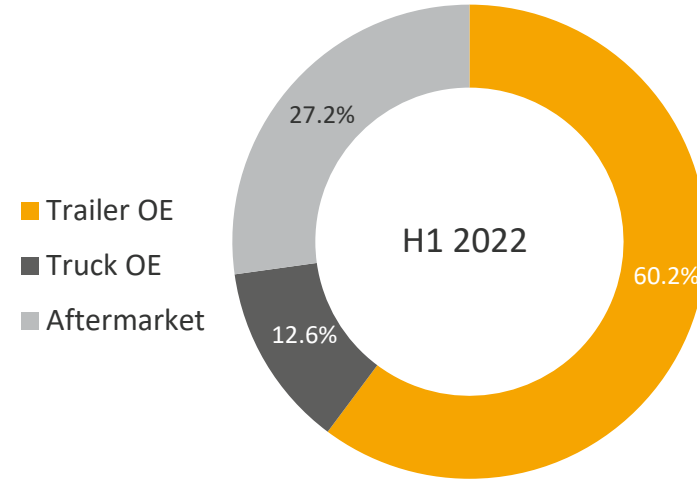
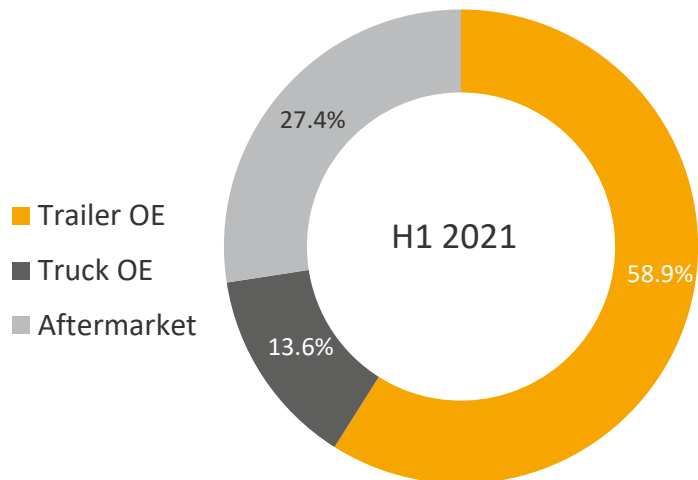
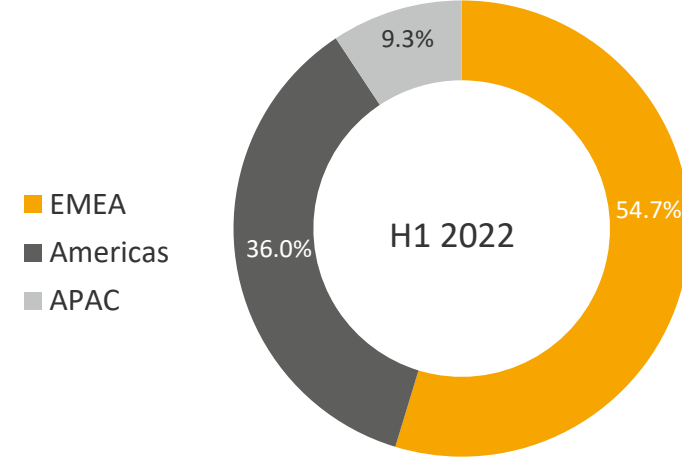
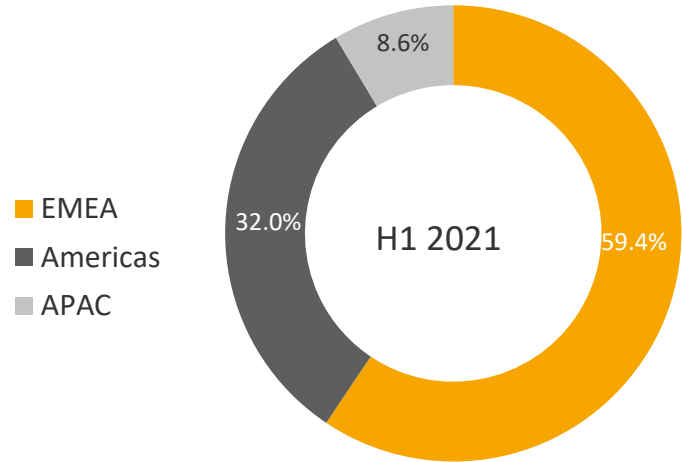
(in EUR million)



- Q2 2022 sales adjusted for FX and M&A effects: + 17.0%
- All regions and customer segments developing positively
- Robust aftermarket business

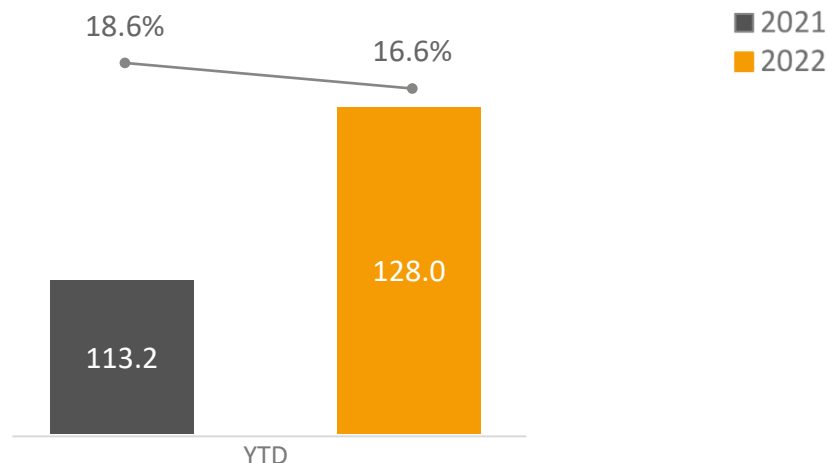
Top line development

Sales development (by region, by customer category)



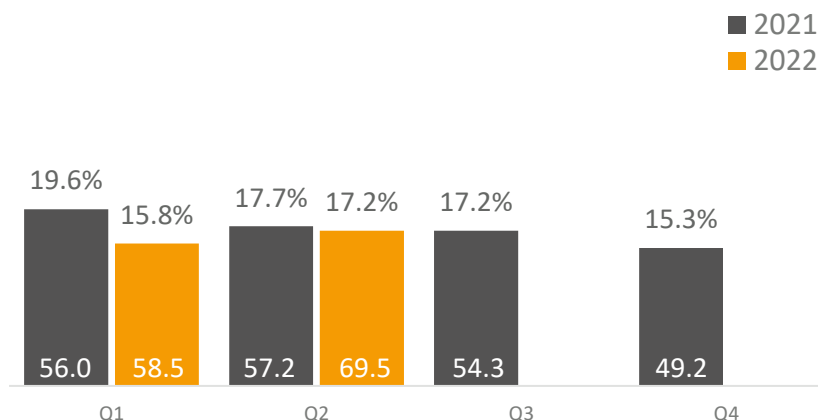
Group 2022 – Adj. Gross Profit Margin

Adj. Gross Profit
(in EUR million and % of sales)



- H1 adjusted cost of sales rose disproportionately by 30.4% to EUR 645.2 million (previous year: EUR 494.9 million) due to the increase in demand, but in particular due to high steel prices and high freight and energy costs, which are passed on with a time lag, especially in the EMEA region
- Price adjustments and efficiency increases could only partially compensate for the cost increases, especially in the EMEA region

Adj. Gross Profit by Quarter
(in EUR million and % of sales)

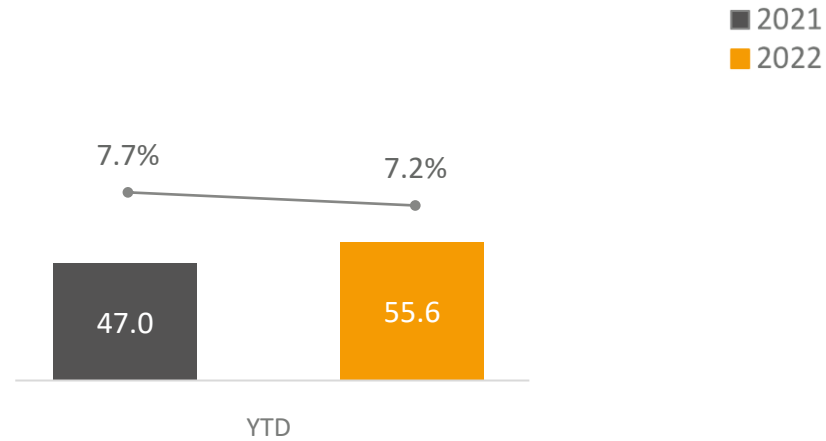


- Q2 adjusted cost of sales rose disproportionately by 25.9% to EUR 334.1 million (previous year: EUR 265,3 million) due to the increase in demand, but in particular due to high steel prices and high freight and energy costs, which are passed on with a time lag, especially in the EMEA region
- Strong development in the Americas region, first price adjustments in the EMEA region and a robust aftermarket business already offset a part of the cost increases

Group 2022 – Adj. EBIT

Adj. EBIT

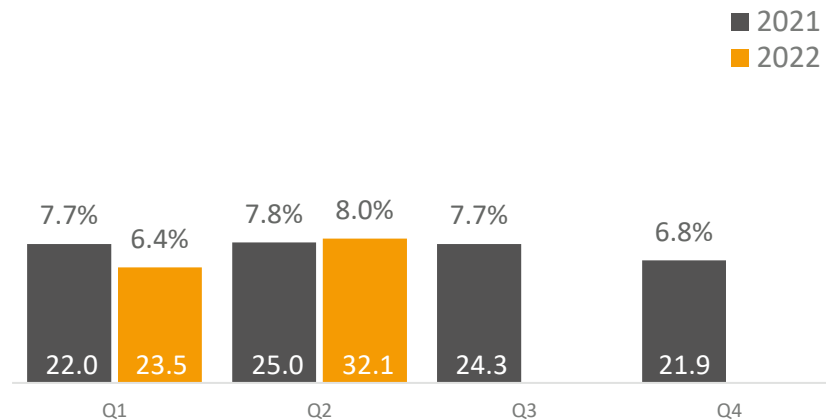
(in EUR million and % of sales)



- The significantly lower administration and research and development expense ratios largely compensated for the higher cost of sales ratio
- Adjusted EBIT increased by 18.4% to EUR 55.6 million (previous year: EUR 50.0 million) due to higher volumes
- H1 adjusted EBIT margin decreased by 0.5PP due to a weaker performance of the EMEA region

Adj. EBIT by Quarter

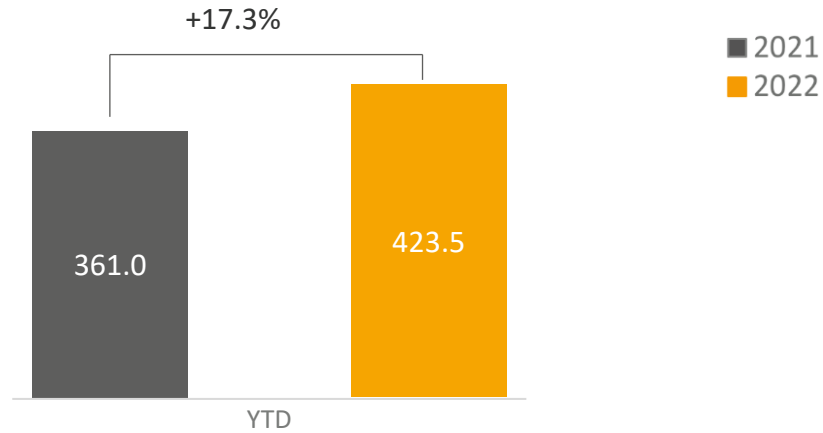
(in EUR million and % of sales)



- The significantly lower administration and research and development cost ratios more than compensated for the higher cost of sales ratio
- Strong performance of the Americas and APAC regions, a robust aftermarket business and price adjustments in the EMEA region contributed to the positive development in Q2 2022

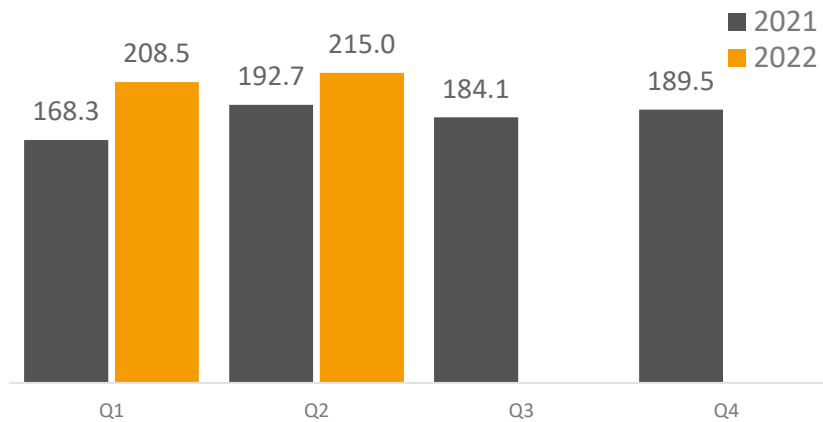
EMEA 2022 – Sales

Sales
(in EUR million)



- H1 2022 sales adjusted for FX and M&A effects: +15.7%
- Overproportional sales growth in the trailer OE business – despite Russia-Ukraine conflict
- Solid performance in the aftermarket business
- Successful launch of the recuperation axle SAF TRAKr

Sales by Quarter
(in EUR million)

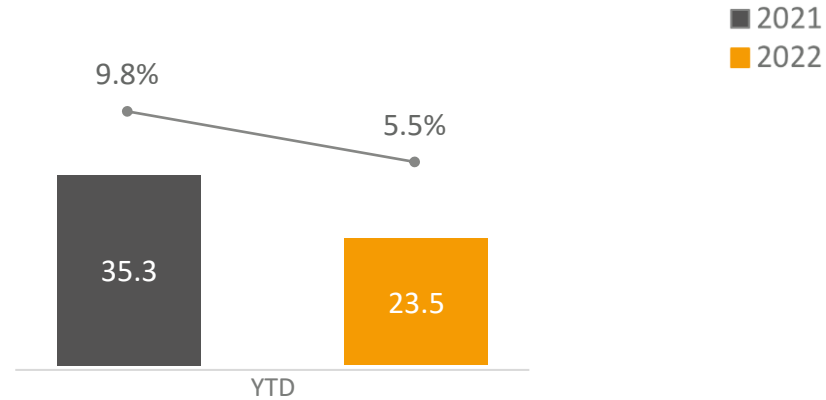


- Q2 2022 sales adjusted for FX and M&A effects: + 7.9%
- Robust sales growth in the aftermarket business
- Initiated price adjustments show first positive effects

EMEA 2022 – Adj. EBIT

Adj. EBIT

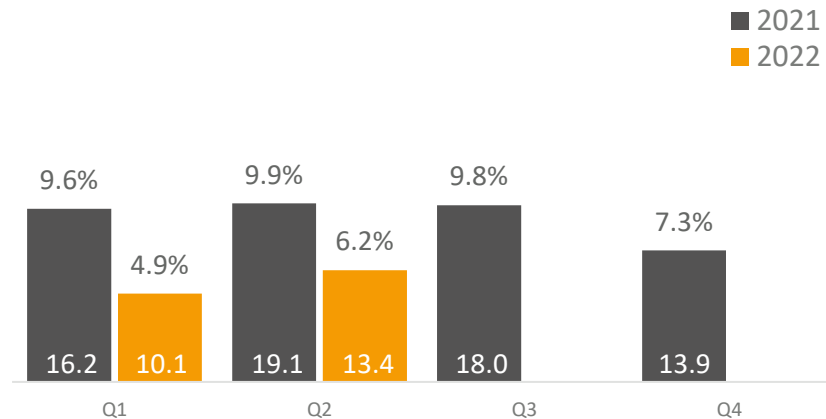
(in EUR million and % of sales)



- High steel prices and high freight and energy costs, which are passed on with a time lag, have weighed very heavily on the cost of sales ratio
- The lower administration and research and development expense ratios could only partially offset for the significantly higher cost of sales ratio
- Accordingly H1 adjusted EBIT margin decreased by 4.3PP

Adj. EBIT by Quarter

(in EUR million and % of sales)

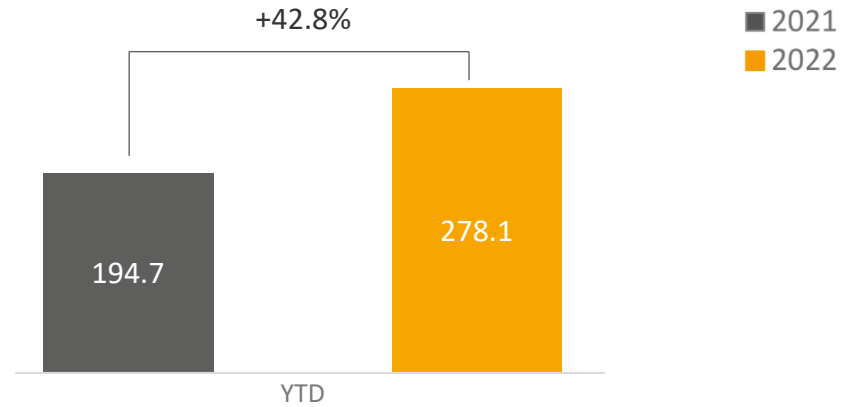


- High steel prices and high freight and energy costs, which are passed on with a time lag, still have weighed very heavily on the cost of sales ratio
- Lower administration and research and development expenses could only partially offset significantly higher cost of sales
- Initiated price adjustments show first positive effects
- EBIT margin improved compared to the previous quarter but has not reached previous years levels

Americas 2022 – Sales

Sales

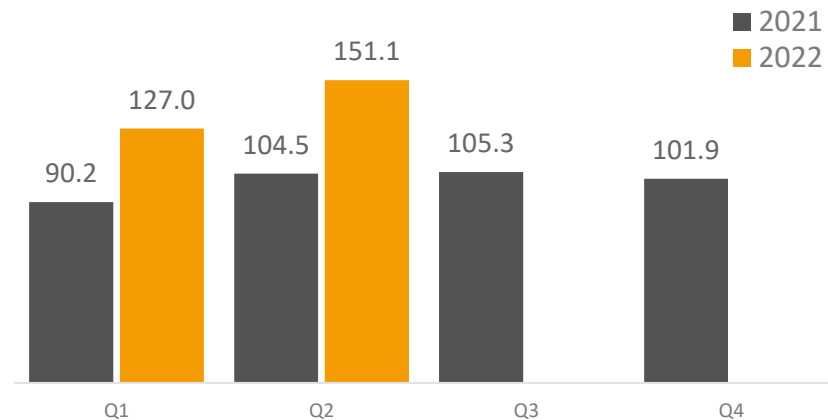
(in EUR million)



- H1 2022 sales adjusted for FX effects: +29.3%
- Strongly overproportional sales growth in the trailer OE business with market share gains especially in the Air Disc Brake (ADB) segment
- Solid performance in the aftermarket business
- Start of a dedicated assembly line for fifth wheels in Mexico will further strengthen the aftermarket business

Sales by Quarter

(in EUR million)

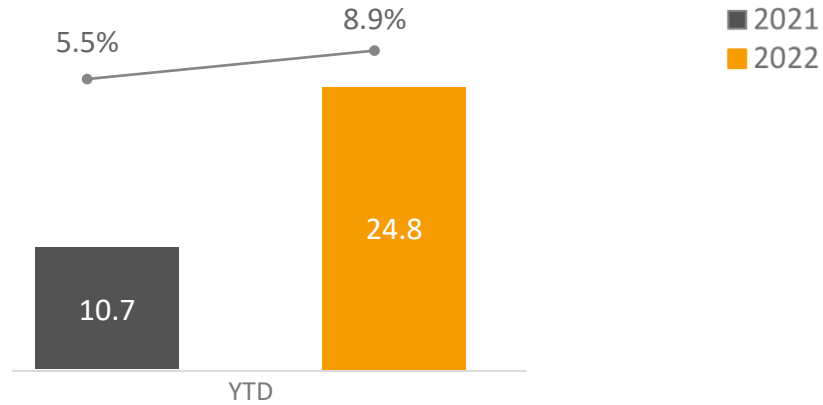


- Q2 2022 sales adjusted for FX effects: +28.2%
- Ongoing strong sales growth in the trailer OE business
- Expansion of the trailer axle production capacities to meet increasing customer demand
- Aftermarket business gaining momentum

Americas 2022 – Adj. EBIT

Adj. EBIT

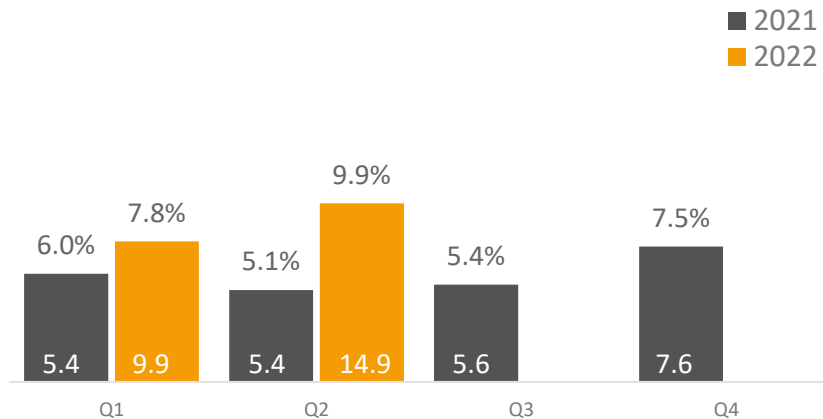
(in EUR million and % of sales)



- The cost of sales ratio improved significantly due to lower material and personnel expense ratios and sales price adjustments
- In addition, the lower share of administrative and research and development costs had a margin-enhancing effect
- H1 adjusted EBIT margin increased significantly by 3.4PP due to strong business development, efficiency gains and strict cost control

Adj. EBIT by Quarter

(in EUR million and % of sales)

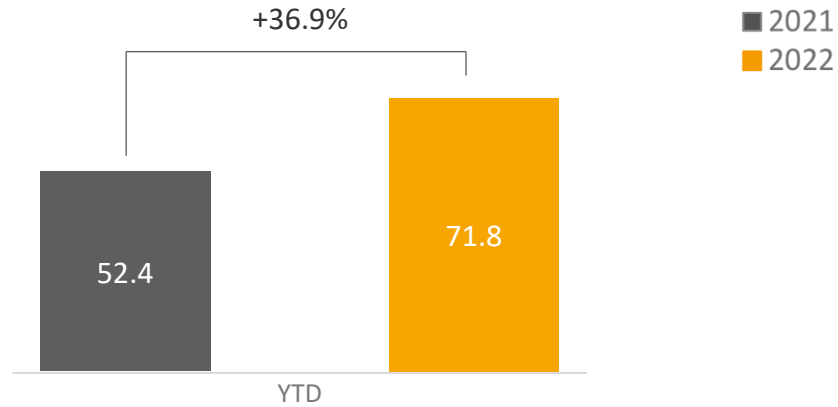


- The cost of sales ratio improved very significantly due to lower material and personnel expense ratios and a strong development of the aftermarket business
- In addition, the significantly lower share of administrative and research and development costs had a margin-enhancing effect
- Q2 adjusted EBIT margin increased further by 2.1PP q-o-q due to higher volumes and a robust aftermarket business

APAC 2022 – Sales

Sales

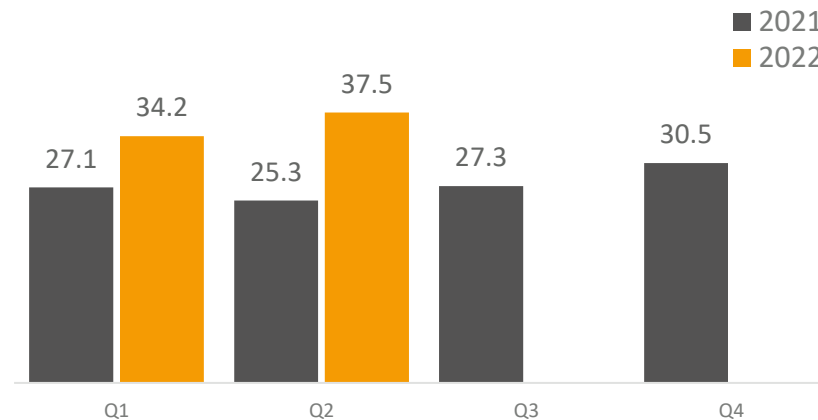
(in EUR million)



- H1 2022 sales adjusted for FX effects: +30.7%
- Strong sales growth in the trailer OE business driven by India and Australia

Sales by Quarter

(in EUR million)

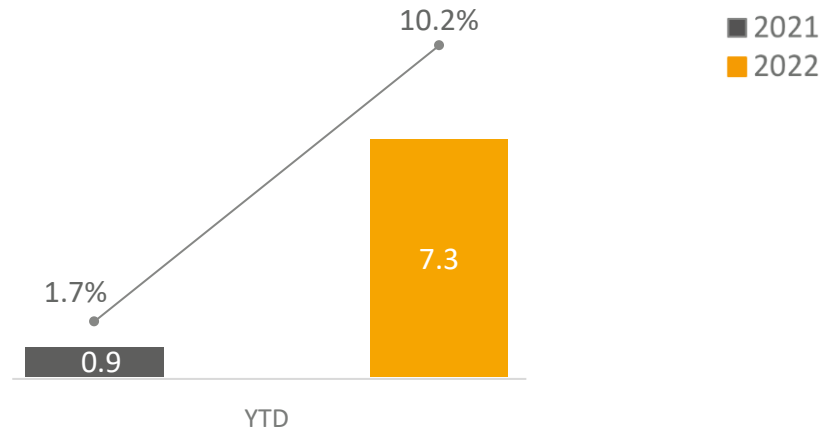


- Q2 2022 sales adjusted for FX effects: +39.3%
- Strongly overproportional sales growth in the trailer OE business driven by India and Australia
- To meet increasing customer demand in India capacities will be expanded by 50% in a first step; new facility in Pune will start operations in the course of the first quarter 2023

APAC 2022 – Adj. EBIT

Adj. EBIT

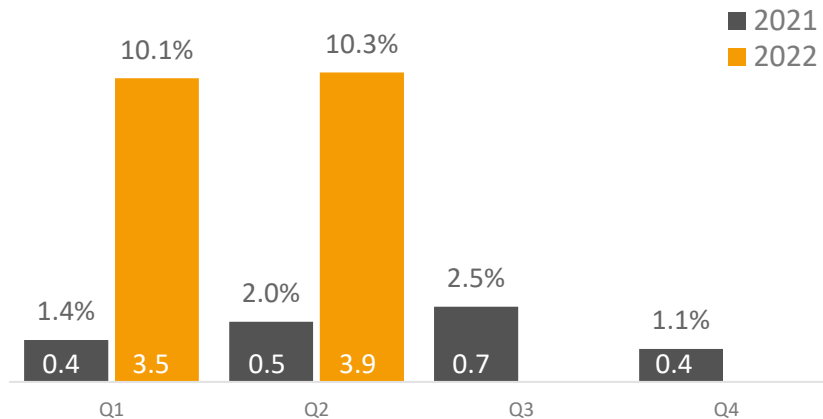
(in EUR million and % of sales)



- Compared to the strong sales increase, the increase in cost of sales in H1 2020 was clearly disproportionately low
- The significantly lower selling and administrative expense ratio also had a margin-enhancing effect
- The adjusted EBIT margin improved by 8.5PP due to strong business development, efficiency gains and strict cost control

Adj. EBIT by Quarter

(in EUR million and % of sales)



- Compared to the strong sales increase, the increase in cost of sales in Q2 2022 was clearly disproportionately low
- The significantly lower selling and administrative expense ratio also had a margin-enhancing effect
- Stable development of adjusted EBIT margin

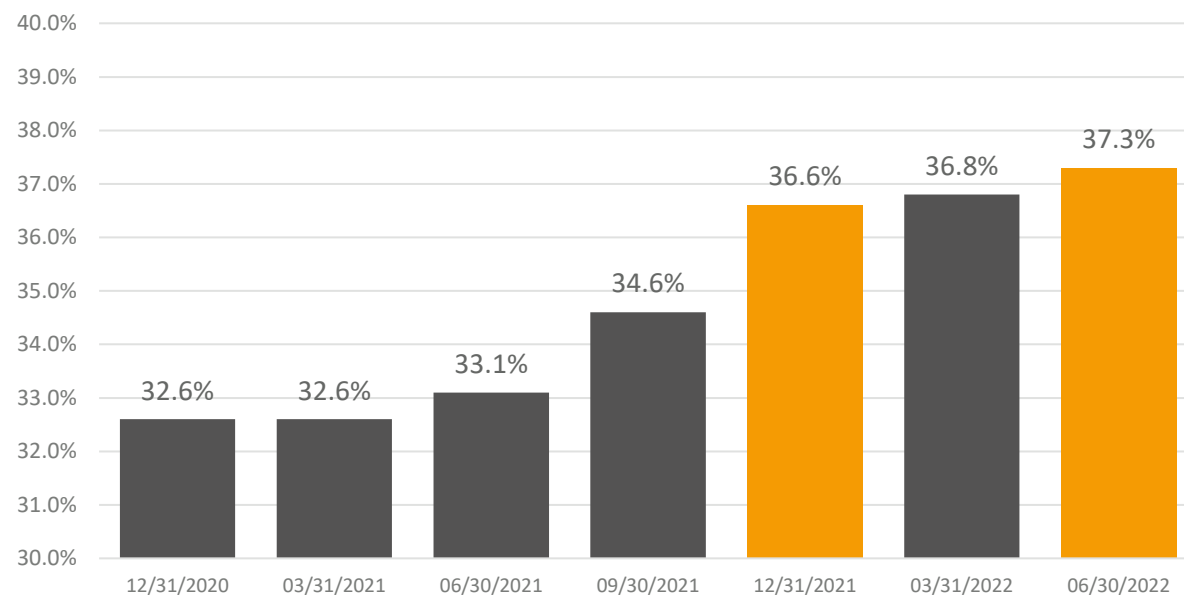
Financials H1 2022

Group P&L adjusted

in EUR thousands	H1 2022 adjusted*	H1 2021 adjusted*	Change abs.	Change in %	Q2 2022 adjusted*	Q2 2021 adjusted*	Change abs.	Change in %
Sales	773,253	608,124	165,129	27.2%	403,546	322,504	81,042	25.1%
Cost of sales	-645,243	-494,898	-150,345	30.4%	-334,050	-265,263	-68,787	25.9%
Gross profit	128,010	113,226	14,784	13.1%	69,496	57,241	12,255	21.4%
in % of sales	16.6%	18.6%			17.2%	17.7%		
SG&A	-73,169	-66,852	-6,317	9.4%	-37,762	-32,535	-5,227	16.1%
in % of sales	-9.5%	-11.0%			-9.4%	-10.1%		
Operating profit	54,841	46,374	8,467	18.3%	31,734	24,706	7,028	28.4%
Share of net profit of investments accounted for using the equity method	776	579	197	34.0%	398	290	108	37.2%
EBIT	55,617	46,953	8,664	18.5%	32,132	24,996	7,136	28.5%
in % of sales	7.2%	7.7%			8.0%	7.8%		
Finance result	-3,343	-4,423	1,080	-24.4%	-545	-2,745	2,200	-80.1%
Result before taxes	52,274	42,530	9,774	22.9%	31,587	22,251	9,336	42.0%
Income taxes	-13,994	-11,356	-2,638	23.2%	-8,450	-5,952	-2,498	42.0%
Tax rate (%)	26.8%	26.7%			26.8%	26.7%		
Result for the period	38,280	31,174	7,106	22.8%	23,137	16,299	6,838	42.0%
in % of sales	5.0%	5.1%			5.7%	5.1%		

* Adjusted earnings correspond to the management perspective. The adjustments essentially include restructuring and transactions costs, write-off of goodwill, depreciation and amortisation arising from purchase price allocations, expenses arising from the step-up of inventories arising from purchase price allocations and remeasurement effects related to call and put options.

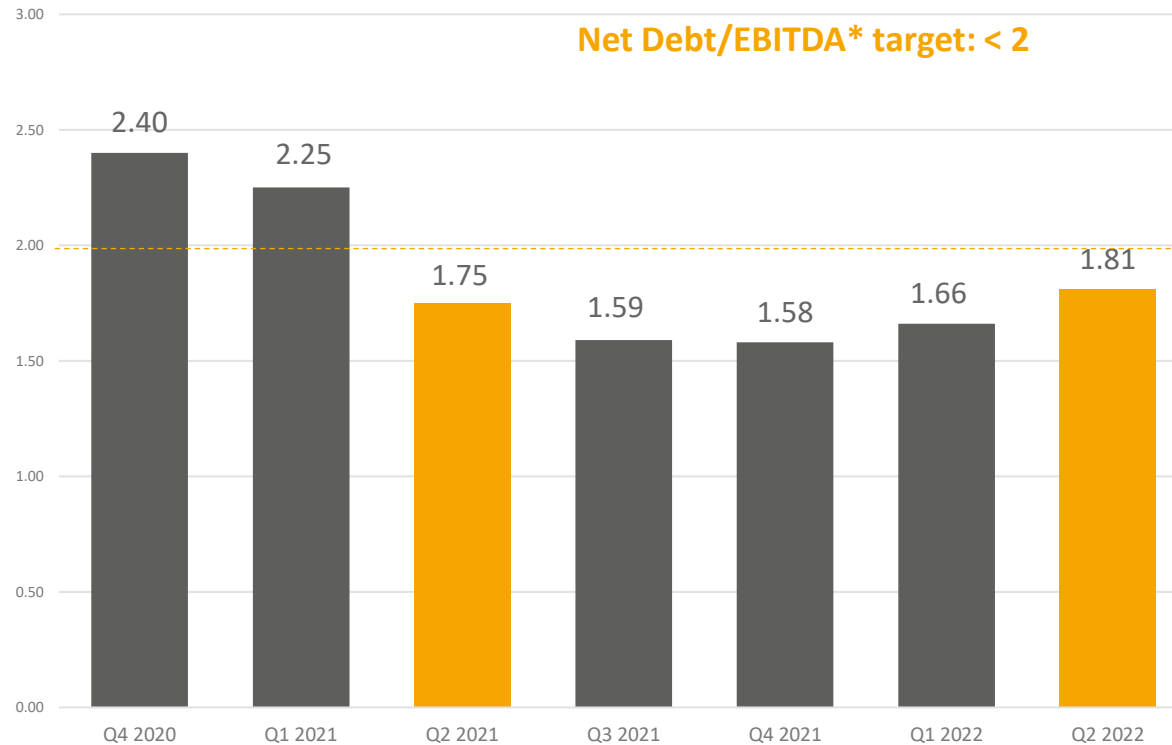
Equity ratio



- Compared to 31 December 2021, equity has improved by EUR 60.0 million respectively 16.2% to EUR 431.1 million
- Equity was increased in particular by the profit for the period of EUR 31.3 million and currency differences from the translation of foreign operations of EUR 34.4 million
- The dividend payment of EUR 15.9 million had the effect of reducing equity

EUR MN	12/31/2020	03/31/2021	06/30/2021	09/30/2021	12/31/2021	03/31/2022	06/30/2022
Equity	300.5	325.2	334.8	353.7	371.1	390.5	431.1
Balance Sheet total	920.5	998.6	1,010.4	1,022.9	1,014.3	1,060.4	1,156.4

NET DEBT/EBITDA

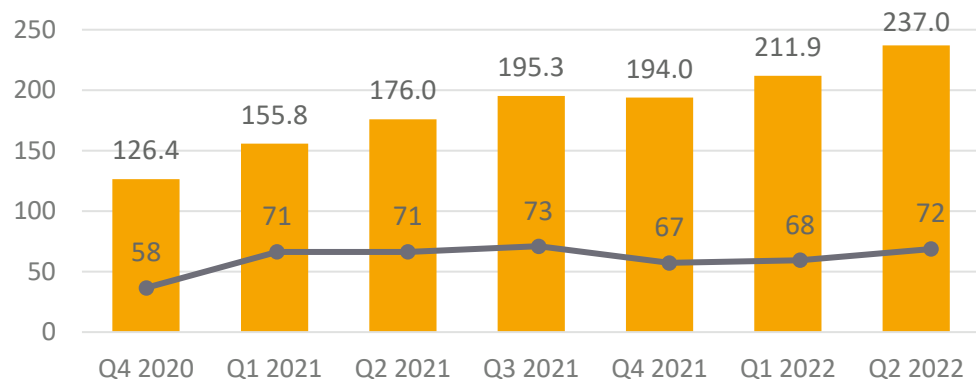


EUR MN	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net Debt	196.7	195.6	200.4	200.7	198.0	210.3	237,8
EBITDA*	82.1	87.0	114.3	125.9	125.0	126.4	131.6

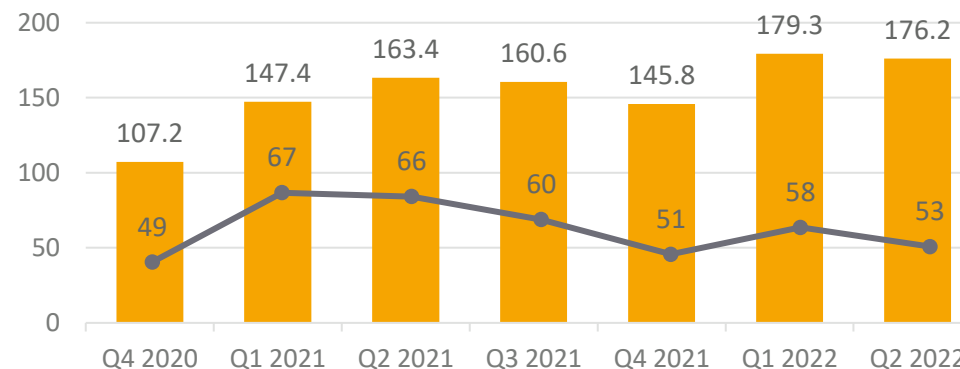
- Net debt in Q2 2022 mainly influenced by acquisition of shares in Haldex AB and payment of dividend
- Unadjusted EBITDA (LTM) improved by 15.1% to EUR 131.6 million in Q2 2022 compared to prior-year quarter
- Strong gross liquidity position (undrawn credit lines plus cash and cash equivalents) totalling EUR 323.0 million (YE 2021: EUR 365.2 million)
- Financial headroom provides flexibility for future growth

Inventories

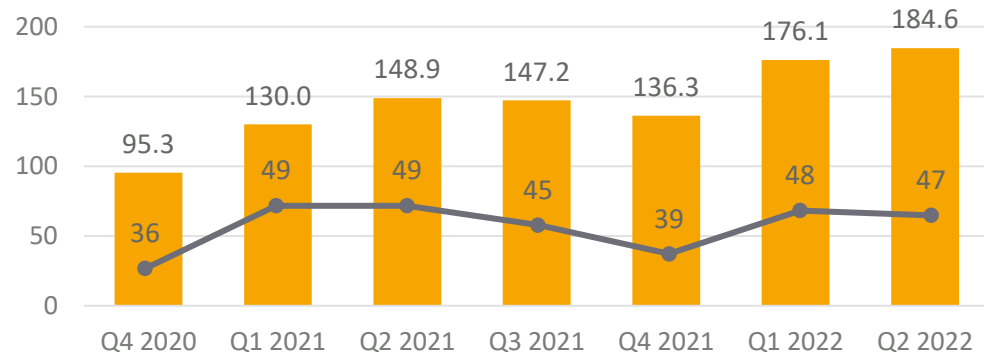
Inventories (in EUR MN of sales) and **DIO** (in days)



Trade payables (in EUR MN of sales) and **DPO** (in days)



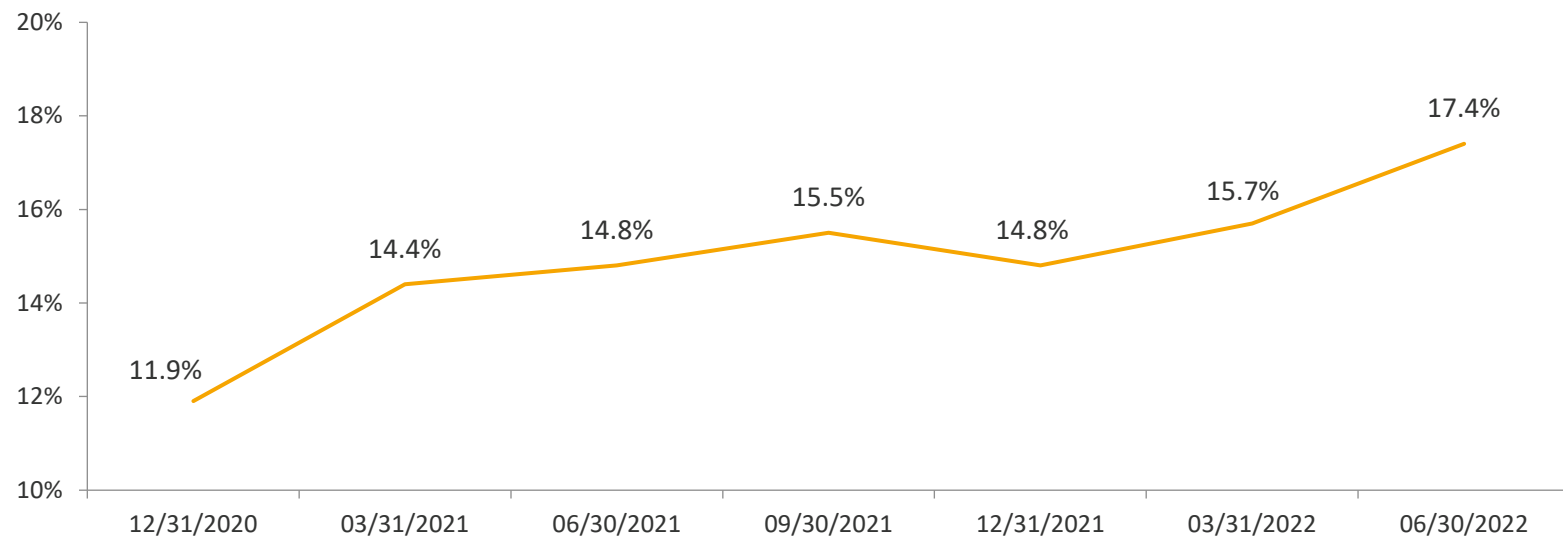
Trade receivables (in EUR MN of sales) and **DSO** (in days)



- Higher volumes accompanied by higher safety stocks led to higher DIO and higher stock levels
- However DIO need to be reduced due to a normalisation of the supply chains
- Trade receivables went up due to higher sales with DSO unchanged on a normal level
- DPO need to be improved step-by-step to 60 days

Net working capital

Net working capital (in % of sales)

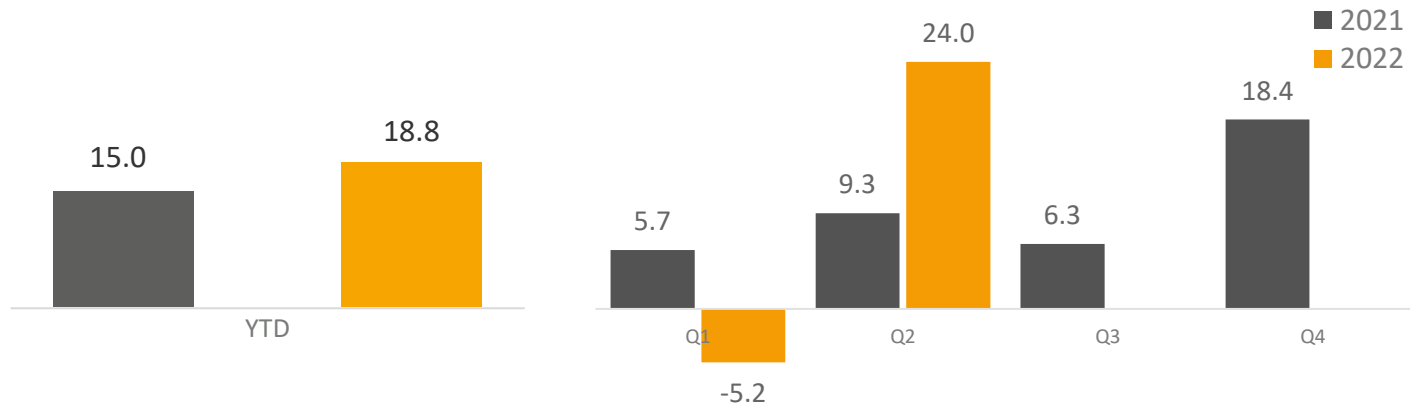


- Further increase in net working capital ratio in Q2 2022 by 1.7PP
- Trade receivables increased due to higher sales with stable DSO
- Slight decrease in DPO burdens net working capital
- Further increase in inventories in Q2 2022 with unpleasant development of DIO
- Cash-is-King program will be continued now with strong focus on inventories to reduce DIO

EUR MN	12/31/2020	03/31/2021	06/30/2021	09/30/2021	12/31/2021	03/31/2022	06/30/2022
Inventories	126.4	155.8	176.0	195.3	194.0	211.9	237.0
Trade receivables	95.3	130.0	148.9	147.2	136.3	176.1	184.6
Trade payables	-107.2	-147.4	-163.4	-160.6	-145.8	-179.3	-176.2
NWC	114.6	138.4	161.5	181.9	184.4	208.7	245.5
Sales (LTM)	959.5	961.7	1,091.4	1,175.6	1,246.6	1,330.7	1,411.7

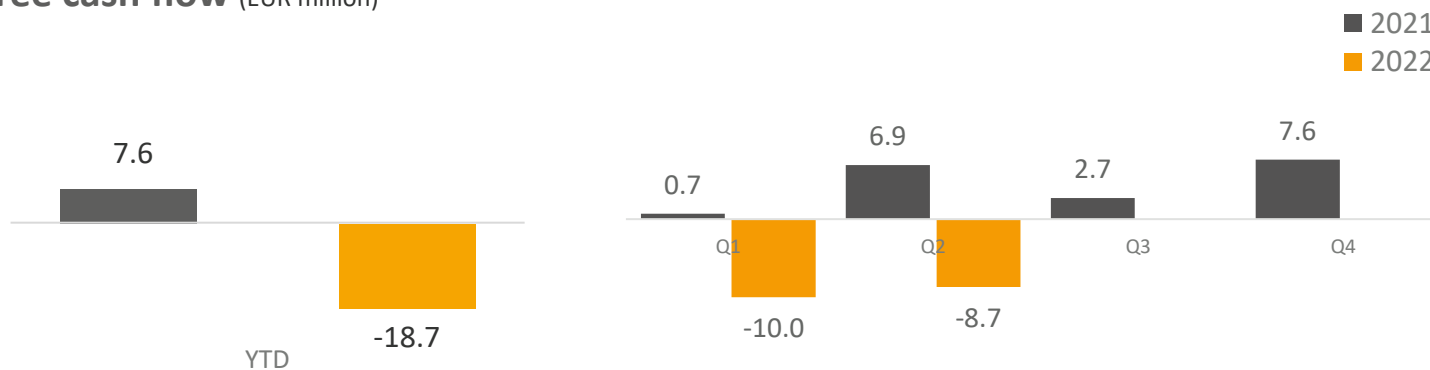
Cash Flows

Net cash flow from operating activities (EUR million)



- Operating cash flow in Q2 2022 at EUR 24.0 million (Q2 2021: EUR 9.3 million) mainly due to higher earnings

Free cash flow (EUR million)



- Investments in property, plant and equipment and intangible assets in Q2 2022 at EUR 5.3 million (Q2 2021: EUR 3.1 million)
- Acquisition of shares in Haldex AB in Q2 2022 totalling EUR 28.4 million, causing negative Free Cash flow

Outlook 2022

Update on development of trailer and truck production for full year 2022

	Trailer	Trucks
EMEA	-7%	-12%
North America	+27%	+15%
Brazil	-8%	+0%
China	-45%	-45%
India	+69%	+50%

Sources: Market data for trucks and trailers based on IHS Markit (July 2022), ACT Research (July 2022), ANFAVEA (July 2022), ARTSA (July 2022), SIAM (July 2022)

- **EMEA**
 - Weaker trailer production in Eastern Europe weighs on the overall European market
 - Truck business still impacted by semiconductor shortages and supply chain disruptions
- **North America**
 - Trailer OE order intake on all time high
 - Trailer OEMs fully booked until the beginning of 2023; staffing and supply chain issues seem to improve
 - Truck production to be still impacted by supply shortages which could gradually diminish towards the end of 2022 / beginning of 2023
- **Brazil**
 - Infrastructure projects including focus on e-mobility
 - Trailer business in 2021 on very high level: small pullback in 2022 was to be expected
- **China**
 - Declining markets expected in 2022 as China still struggles with COVID-19 and lockdowns as well as inflation
- **India**
 - Trailer expected to further increase significantly
 - Large infrastructure and investment projects drive growth in coming years

Outlook 2022

	March 17, 2022	May 5, 2022	July 28, 2022
Sales	EUR 1.15bn to EUR 1.3bn	EUR 1.2bn to EUR 1.35bn	EUR 1.4 bn to EUR 1.5 bn
Adjusted EBIT margin	Significantly below 2021	6.5% to 7.0%	7.0% to 8.0%
Capex ratio	2% to 2.5%	2% to 2.5%	2% to 2.5%

Comments

- Encouraging strong demand and revenue dynamics in all 3 regions in Q2 2022
- Expect a gradual recovery of margin profile in the EMEA region over the rest of the year
- Americas region already achieved old margin levels of 8% to 9%
- Very good development of the APAC region
- Efficiency programmes in North America and China on track
- Implemented price adjustments (including energy and freight costs) helping to recover margins

Contact and additional information

Financial calendar & IR contact

Issuer & contact

SAF-HOLLAND SE
Hauptstrasse 26
63856 Bessenbach

Michael Schickling
Tel: +49 6095 301 – 617

Alexander Pöschl
Tel: +49 6095 301 – 117

Email: ir@safholland.de

Additional information

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WKN	SAFH00
Listing	Frankfurt Stock Exchange Prime Standard



Financial calendar 2022

November 10, 2022

Q3 2022 Quarterly Statement

Appendix

Group P&L unadjusted / adjusted

in EUR thousands	H1 2022	Total Adjustments	H1 2022 adjusted*	in % of sales	H1 2021	Total Adjustments	H1 2021 adjusted*	in % of sales
Sales	773,253	–	773,253	100.0%	608,124	–	608,124	100.0%
Cost of sales	-646,509	1,266	-645,243	-83.4%	-496,103	1,205	-494,898	-81.4%
Gross profit	126,744	1,266	128,010	16.6%	112,021	1,205	113,226	18.6%
Other income	1,697	-7	1,690	0.2%	517	–	517	0.1%
Other expenses	-2,158	1,256	-902	-0.1%	–	–	–	0.1%
Selling expenses	-36,135	3,377	-32,758	-4.2%	-29,382	3,515	-25,867	-4.3%
Administrative expenses	-33,366	844	-32,522	-4.2%	-31,847	582	-31,265	-5.1%
Research and development costs	-8,839	162	-8,677	-1.1%	-10,626	389	-10,237	-1.7%
Operating profit	47,943	6,898	54,841	7.1%	40,683	5,691	46,374	7.6%
Share of net profit of investments accounted for using the equity method	776	–	776	0.1%	579	–	579	0.1%
EBIT	48,719	6,898	55,617	7.2%	41,262	5,691	46,953	7.7%
Finance income	3,130	–	3,130	0.4%	1,043	–	1,043	0.2%
Finance expenses	-6,473	–	-6,473	-0.8%	-5,466	–	-5,466	-0.9%
Finance result	-3,343	–	-3,343	-0.4%	-4,423	–	-4,423	-0.7%
Result before taxes	45,376	6,898	52,274	6.8%	36,839	5,691	42,530	7.0%
Income taxes	-14,105	111	-13,994	-1.8%	-14,291	2,935	-11,356	-1.9%
Tax rate (%)	31.0%	–	26.8%		38.8%	–	26.7%	
Result for the period	31,271	7,009	38,280	5.0%	22,548	8,626	31,174	5.1%

* Adjusted earnings correspond to the management perspective. The adjustments essentially include restructuring and transactions costs, write-off of goodwill, depreciation and amortisation arising from purchase price allocations, expenses arising from the step-up of inventories arising from purchase price allocations and remeasurement effects related to call and put options.

Group: Reconciliation EBIT to adjusted EBIT

in EUR thousands	H1 2022	H1 2021	Change absolute	Change in %
EBIT	48,719	41,262	7,457	18.1%
EBIT margin in %	6.3%	6.8%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	4,640	4,620	20	0.4%
Valuation effects from call and put options	1,256	–	1,256	
Restructuring and transactions costs	1,002	1,071	-69	-6.4%
Adjusted EBIT	55,617	46,953	8,664	18.5%
Adjusted EBIT margin in %	7.2%	7.7%		

NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

EMEA: Reconciliation EBIT to adjusted EBIT

in EUR thousands	H1 2022	H1 2021	Change absolute	Change in %
EBIT	20,535	32,815	-12,280	-37.4%
EBIT margin in %	4.8%	9.1%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	2,214	2,332	-118	-5.1%
Restructuring and transactions costs	746	197	549	278.7%
Adjusted EBIT	23,495	35,344	-11,849	-33.5%
Adjusted EBIT margin in %	5.5%	9.8%		

NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

Americas: Reconciliation EBIT to adjusted EBIT

in EUR thousands	H1 2022	H1 2021	Change absolute	Change in %
EBIT	22,272	9,335	12,937	138.6%
EBIT margin in %	8.0%	4.8%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1,134	1,086	48	4.4%
Valuation effects from call and put options	1,256	–	1,256	–
Restructuring and transactions costs	131	301	-170	-56.5%
Adjusted EBIT	24,793	10,722	14,071	131.2%
Adjusted EBIT margin in %	8.9%	5.5%		

NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

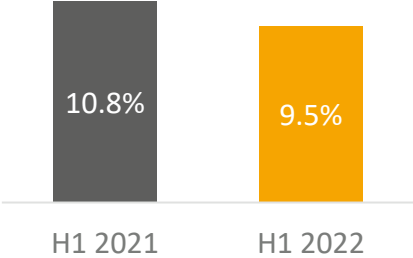
APAC: Reconciliation EBIT to adjusted EBIT

in EUR thousands	H1 2022	H1 2021	Change absolute	Change in %
EBIT	5,912	-888	6,800	
EBIT margin in %	8.2%	-1.7%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1,292	1,202	90	7.5%
Restructuring and transactions costs	125	573	-448	-78.2%
Adjusted EBIT	7,329	887	6,442	726.3%
Adjusted EBIT margin in %	10.2%	1.7%		

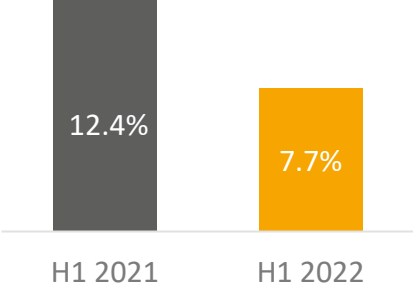
NOTE: All figures shown are rounded, minor discrepancies may arise from additions of these amounts.

Adjusted EBITDA margin

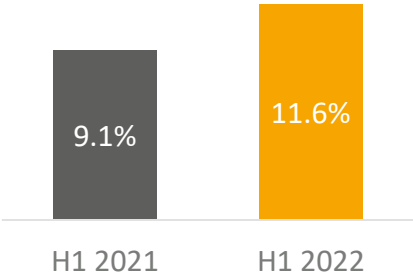
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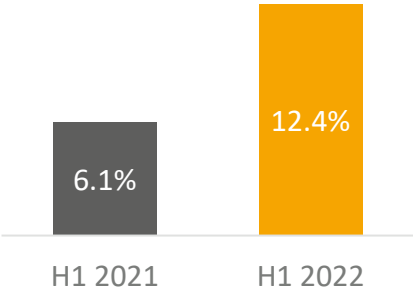
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Americas



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