

CONFERENCE CALL PRESENTATION Q1 2024

# stronger together one global partner

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MAY 8, 2024

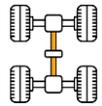
# Highlights and regional performance Q1 2024

# Q1 2024 Highlights



## M&A

**Full consolidation of IMS Group** as of January 2<sup>nd</sup> 2024; **Tecma closing** on April 2<sup>nd</sup> 2024



## Sales development

**Sales growth of +5.2% yoy positively impacted by acquisition-related effects** from Haldex and IMS Group counteracting declining OE markets in EMEA & North America



## Adj. EBIT margin

**Strong improvement in profitability from 9.0% of 9.6%** due to strict cost management as well as **favorable regional and customer segment mix**



## Cash flow & leverage

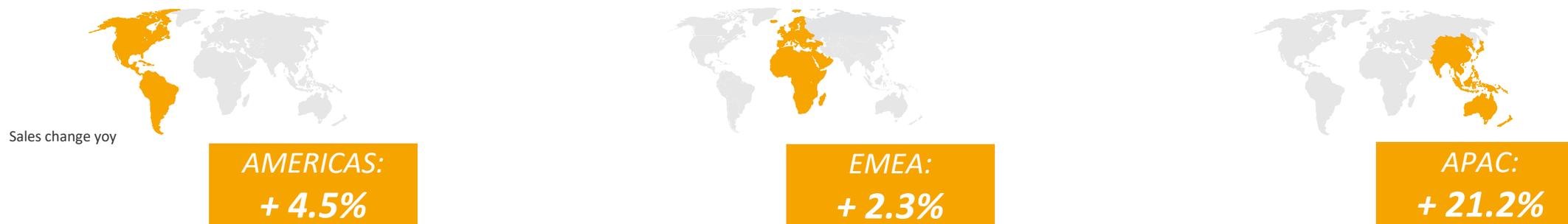
**Seasonal NWC built-up impacted operating free cash flow** which amounted to EUR -12.4 mn; **leverage of 1.9x remains below 2024 target of 2.0x**



## Outlook

**2024 outlook confirmed**

# SAF-HOLLAND with sustainable performance in softer market environment



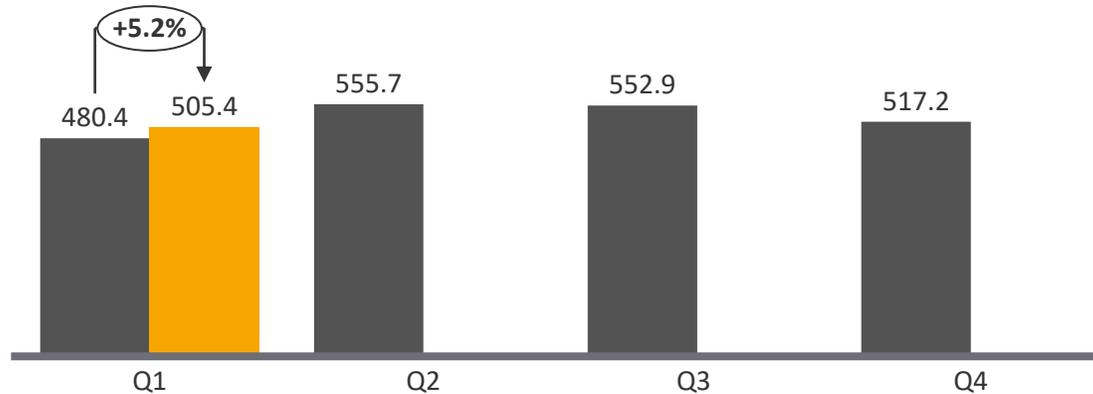
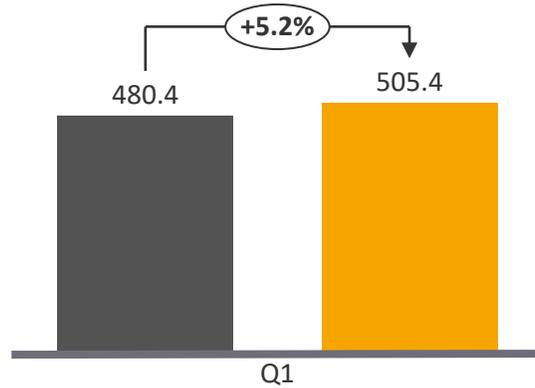
<p>Sales</p> <p><b>EUR 505.4 mn</b></p> <p>(Q1 2023: EUR 480.4 mn)</p>	<p>Adjusted EPS</p> <p><b>EUR 0.69</b></p> <p>(Q1 2023: EUR 0.54)</p>	<p>Adj. EBIT margin</p> <p><b>9.6%</b></p> <p>(Q1 2023: 9.0%)</p>	<p>NWC ratio</p> <p><b>16.5%</b></p> <p>(31 Dec. 2023: 14.1%)</p>	<p>Operating FCF</p> <p><b>EUR -12.4 mn</b></p> <p>(Q1 2023: EUR 5.4 mn)</p>
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# SAF-HOLLAND off to a solid start into 2024

## Group sales

(in EUR mn)

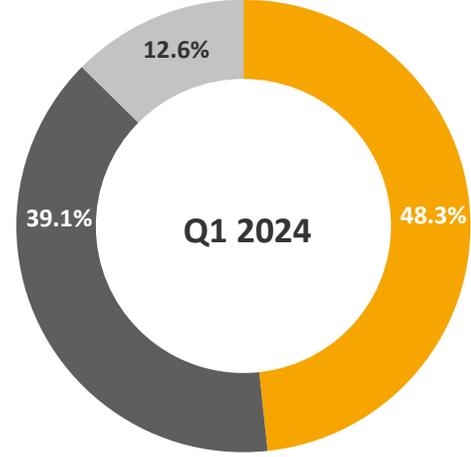
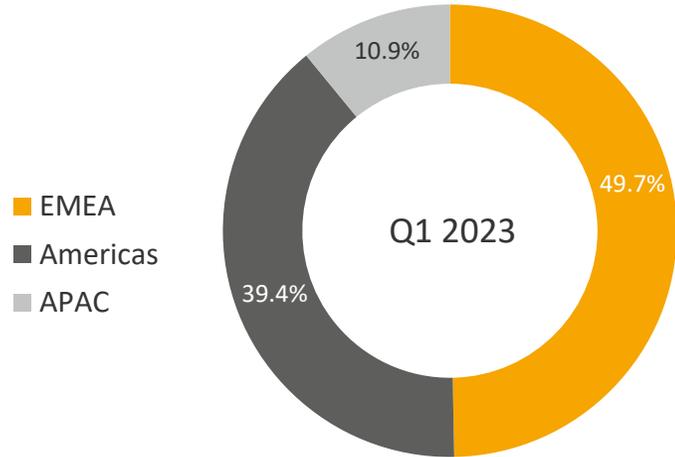
- 2023
- 2024



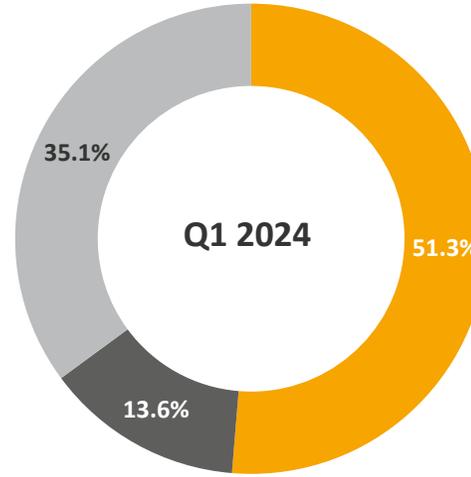
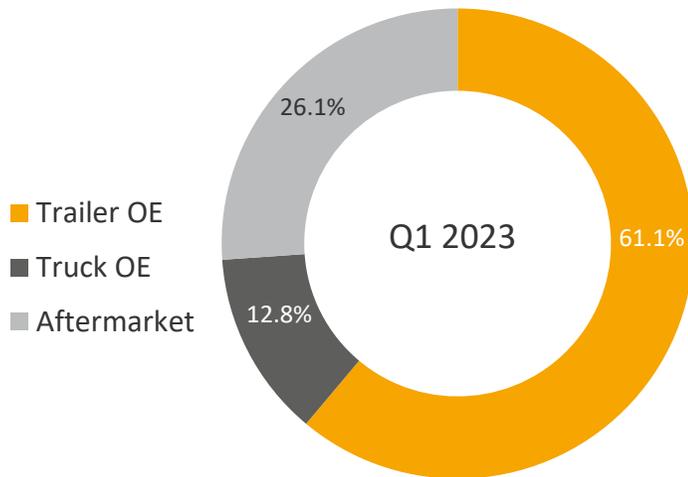
- Consolidation of Haldex (+7 weeks compared to Q1 2023) and IMS Group contributed EUR 66.1 mn to sales
- Weaker OE markets in EMEA and Americas cause an organic sales development of -8.1%, as expected
- APAC region with solid growth

# Increased share of aftermarket business driven by normalization of OE market

## Group sales split (by region, by customer category)



- Q1 2024 with opposing effects of weaker OE markets in EMEA and Americas but additional acquisition-related growth due to full contribution of Haldex as well as IMS Group (in EMEA)
- Share of Americas business impacted by softer trailer market
- APAC with continued solid growth



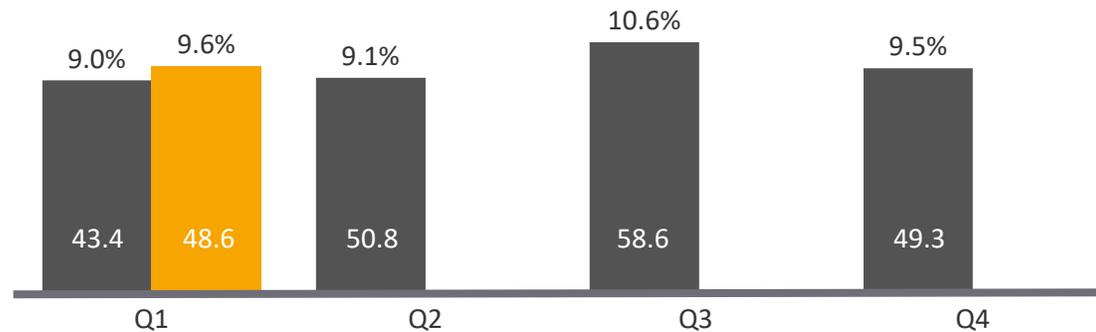
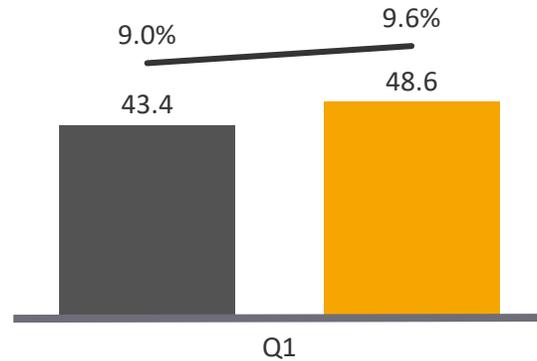
- Total OEM sales decreased by 7.6% to EUR 328.0 mn due to market normalization in EMEA and Americas
- Aftermarket business grew by 41.6% to EUR 177.5 mn in particular driven by full Haldex consolidation but also solid organic growth as a result of a growing OE population in previous years

# Strong profitability based on strict cost management, Haldex synergies and AM business

## Group adj. EBIT and margin

(in EUR mn and % of sales)

- 2023
- 2024



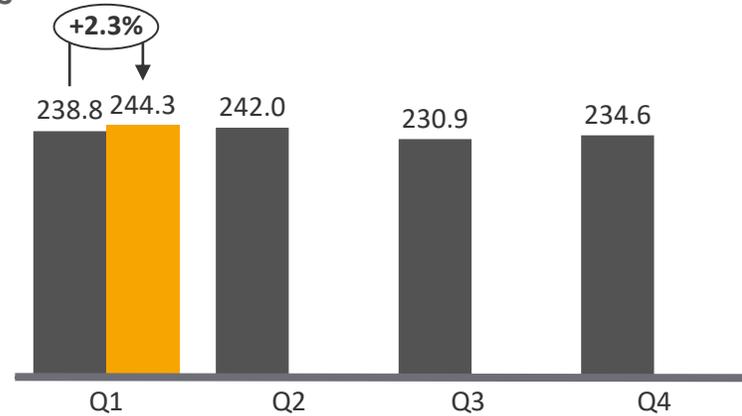
- Q1 2024 adj. EBIT rose by 12.0% to EUR 48.6 mn and resulted in an adj. EBIT margin of 9.6%
- Dampening effects on profitability from lower volumes in the OE business were more than compensated by
  - continued synergies from the Haldex integration, which were realized predominantly after Q1 2023
  - strict cost management, a favorable regional mix effect as well as a significantly higher aftermarket share

# Solid performance in EMEA due to Haldex and IMS Group acquisition

## EMEA sales

(in EUR mn)

- 2023
- 2024



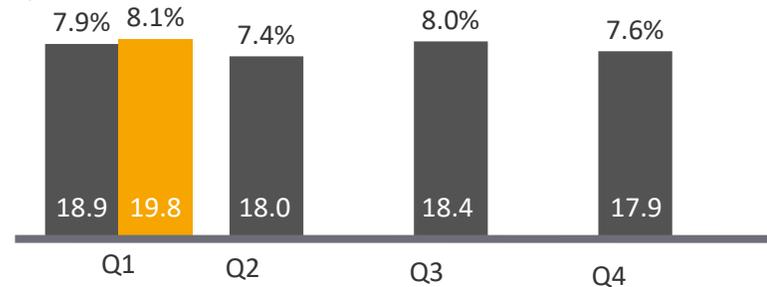
## Sales

- Q1 2024 organic sales growth amounted to -7.3%
- Newly acquired IMS Group contributed a mid single-digit euro million amount to sales
- Slight sequential organic growth of OE business compared to Q4 2023

## EMEA adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



## Adj. EBIT and margin

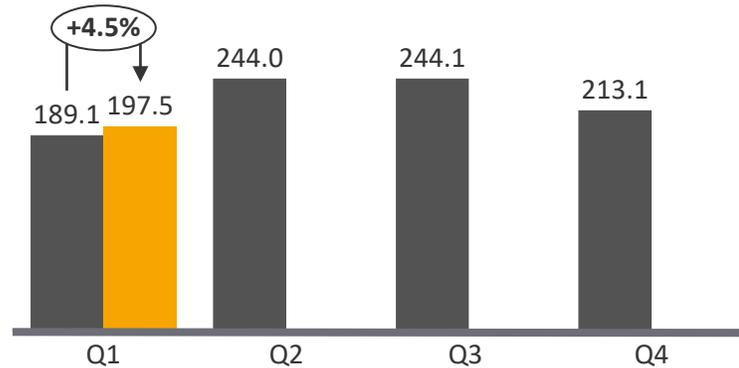
- Adj. EBIT grew by 5.0% to EUR 19.8 mn which resulted in an adj. EBIT margin of 8.1%
- Strict cost management as well as segment mix support favorable margin development
- Positive impact from acquisition-related synergy effects

# Americas region defies weaker market momentum and achieves strong adj. EBIT margin

## Americas sales

(in EUR mn)

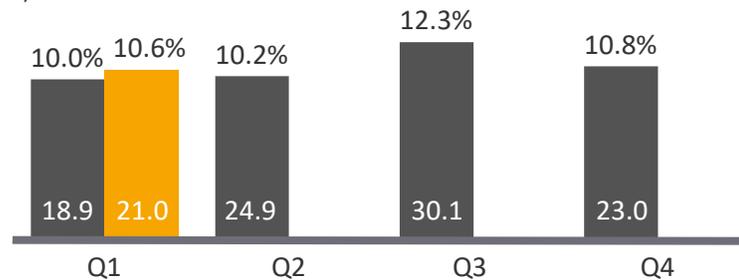
- 2023
- 2024



## Americas adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



## Sales

- Q1 2024 with solid sales growth (including an organic sales growth of -15.5%) and a significant acquisition-related contribution from Haldex
- Organic sales development was muted due to softer customer demand for trailer and truck products in the US while aftermarket business was able to more than compensate for weaker OE dynamics
- Truck market with only slight declines while trailer market stronger impacted by ongoing normalization

## Adj. EBIT and margin

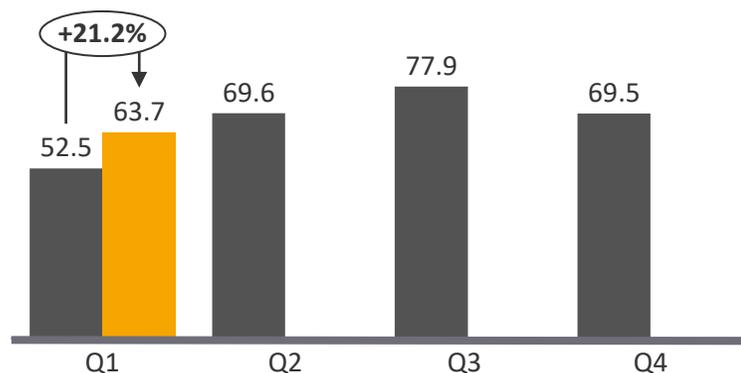
- Adj. EBIT increased strongly by 11.0% to EUR 21.0 mn and thus resulted in an improved margin of 10.6%, positively influenced by realized cost synergies from the Haldex takeover
- Sequentially compared to Q4 2023, capacity adjustments as well as a higher aftermarket share were able to compensate lower volumes

# Strong profitability development in APAC fueled by significant sales growth

## APAC sales

(in EUR mn)

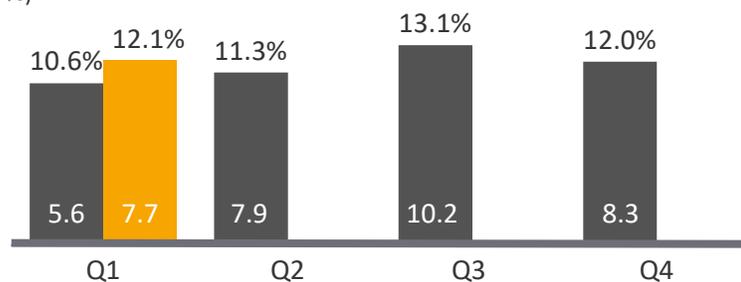
- 2023
- 2024



## APAC adj. EBIT and margin

(in EUR mn and %)

- 2023
- 2024



## Sales

- Q1 2024 organic sales growth amounted to 14.8% despite softer demand from North America which impacts the trailer production in APAC.
- Continued favorable market dynamics in India, Australia and China

## Adj. EBIT and margin

- Significant increase in adj. EBIT of 38.9% to EUR 7.7 mn mainly based on higher volumes
- Additionally, profitability benefited from a continued improvement in China

# Financials Q1 2024

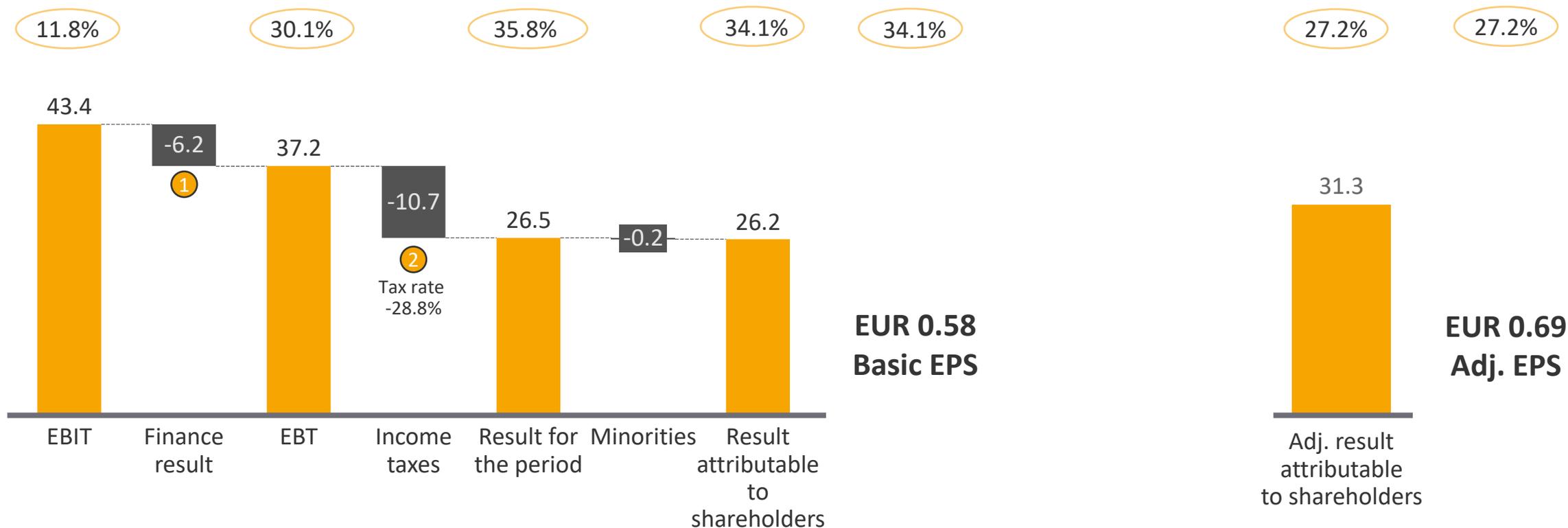
# EBIT to adjusted EBIT reconciliation for the Group

in EUR mn	Q1 2024	Q1 2023	
<b>EBIT</b>	43.4	38.8	+11.8%
EBIT margin in %	8.6	8.1	
Additional depreciation and amortization from PPA <sup>①</sup>	5.2	2.3	
Valuation effects from call and put options	-	-	
Restructuring and transactions costs <sup>②</sup>	-	2.2	
Impairment on property, plant and equipment and intangible assets	-	-	
Other adjustments	-	-	
<b>Adj. EBIT</b>	<b>48.6</b>	<b>43.4</b>	+12.0%
Adj. EBIT margin in %	9.6	9.0	
<b>Adj. EBITDA</b>	<b>63.8</b>	<b>55.7</b>	+14.5%
Adj. EBITDA margin in %	12.6	11.1	

- ① Adjustments in Q1 2024 purely refer to PPA
- ② Q1 2023 was also impacted by restructuring and transaction costs of EUR 1.4 mn due to Haldex post-merger integration activities as well as EUR 0.4 mn related to the cyber attack

# Significant increase in adj. result for the period

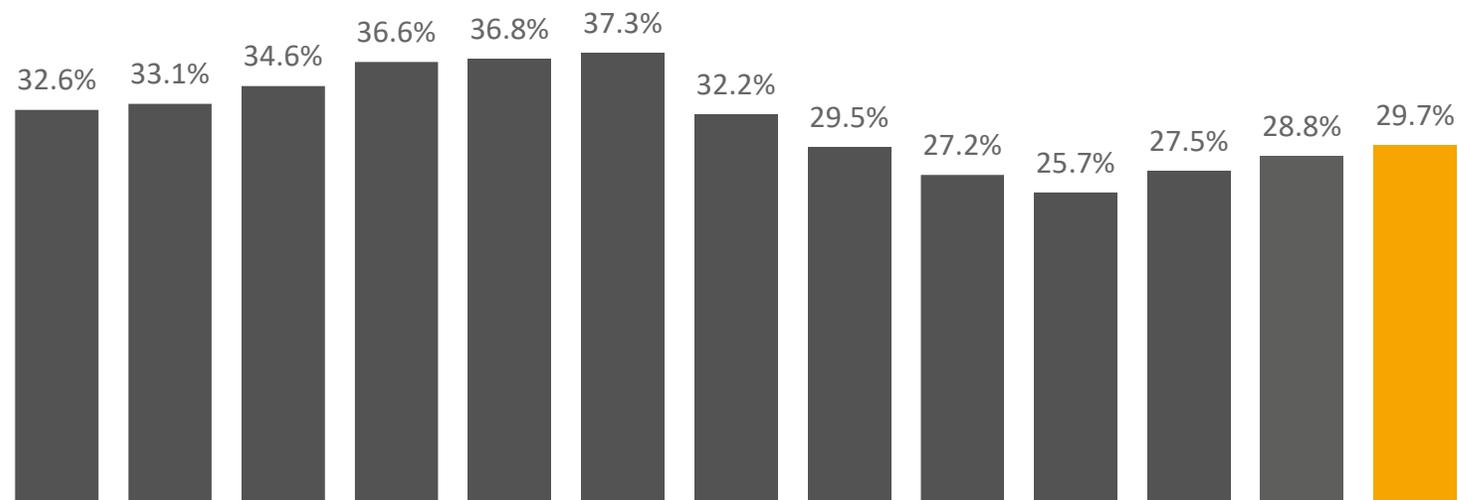
(EUR mn and yoy change in %)



① Finance result improved from EUR -10.2 mn to EUR -6.2 mn mainly due to the valuation of intercompany foreign currency loans at the closing rate

② Q1 2024 tax rate of 28.8% driven by lower non-capitalized deferred tax assets on loss carryforwards at some subsidiaries (Q1 2023: 31.8%)

# Equity ratio continues to grow close to 30% range



- Increase in equity by 5.5% compared to 31 December 2023 due to high result for the period
- Balance sheet total grew by 2.4% compared to 31 December 2023 primarily due to the acquisition of IMS Group
- Hence, equity ratio improved by 0.9%pts and came close to the 30% range

EUR mn	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Equity	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0	502.3
Balance sheet total	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	1,691,2

# Seasonal increase in net working capital

Net working capital (in % of sales)



- NWC-ratio increased from 14.1% at year-end 2023 to 16.5%, showing a usual seasonal development in the first quarter of a year
- NWC grew by 17.7% compared to Dec 2023 in particular due to a reporting date related increase in trade receivables (+16.8%) as well as a delayed adjustment of inventories to the lower production volume (+5.1%)
- In addition, the consolidation of IMS Group led to an increase in NWC positions

EUR mn	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023*	Sep 2023*	Dec 2023	Mar 2024
Inventories	155.8	176.0	195.3	194.0	211.9	237.0	237.9	202.2	308.4	305.7	308.03	306.7	322.6
Trade receivables	130.0	148.9	147.2	136.3	176.1	184.6	187.0	144.7	283.0	286.4	253.2	219.7	256.6
Trade payables	-147.4	-163.4	-160.6	-145.8	-179.3	-176.2	-187.3	-159.0	-262.2	-261.4	-248.5	-228.6	-228.2
<b>NWC</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>	<b>350.9</b>
Sales (LTM)	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	2,135.7

Note: Since March 2023 data includes Haldex

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

# Swing in operating free cash flow mainly due to change in NWC

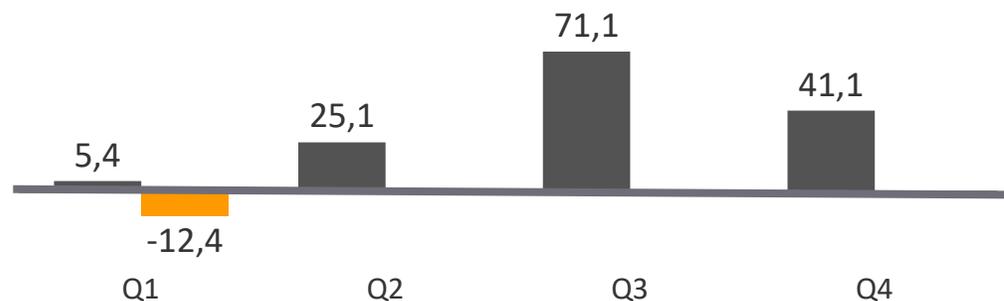
in EUR mn	Q1 2024	Q1 2023
<b>EBITDA</b>	<b>63.8</b>	<b>53.5</b>
Change in Net Working Capital	-43.6	-22.6
Taxes paid	-12.9	-7.5
Others	-14.2	-11.3
<b>Net CF from operating activities</b>	<b>-6.9</b>	<b>12.1</b>
Operating capex	-5.5	-6.7
<b>Operating free cash flow</b>	<b>-12.4</b>	<b>5.4</b>

- EBITDA increased due to early cost adjustments as well as favorable regional and customer segment mix
- Higher negative changes in NWC (EUR -21.0 mn) in particular impacted by change in trade receivables and trade payables; Q1 2023 figures were influenced by the cyber attack
- Paid income taxes grew strongly (+EUR 5.4 mn) due to higher earnings in previous periods
- Capex amounted to EUR 7.4 mn or 1.5% of Group sales
- Q1 2024 investments focused on further automation and modernization of production processes in EMEA and Americas

## Operating free cash flow\*

(in EUR mn)

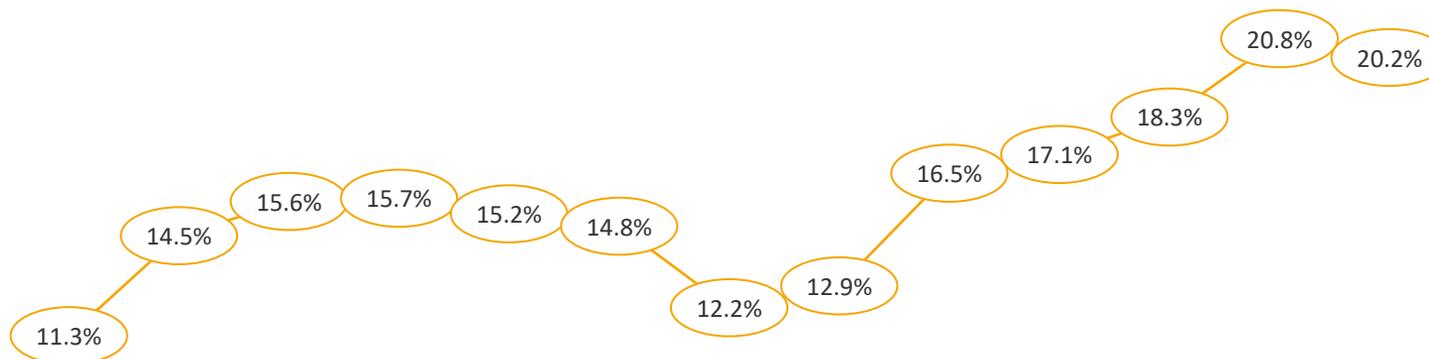
- 2023
- 2024



\* Pre acquisitions / acquisition of Haldex shares

# Remarkable ROCE level continues

Return on capital employed (in %)



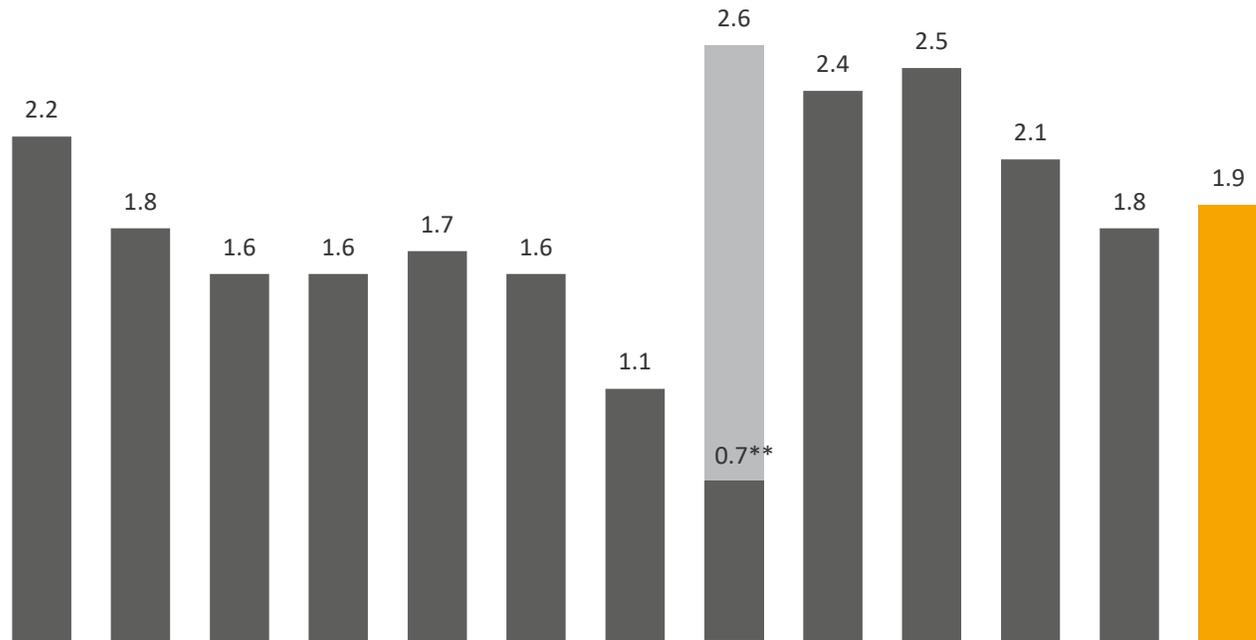
- ROCE amounted to 20.2% at the end of the first quarter, slightly decreased from high level at year-end 2023 predominantly due to the growth in equity as well as a moderate reduction in SAF-HOLLAND's cash position

EUR mn	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023*	Jun 2023*	Sep 2023*	Dec 2023	Mar 2024
Equity	325.2	334.8	353.7	371.1	390.5	431.1	468.5	441.4	449.8	433.4	468.8	476.0	502.3
Financial liabilities	332.4	323.7	318.5	322.2	318.9	369.9	614.5	715.7	663.3	683.8	663.6	628.7	647.4
Lease liabilities	42.7	41.6	41.7	41.1	40.4	40.9	39.9	38.4	62.7	68.0	67.4	67.8	66.5
Pension provisions	32.2	32.2	32.7	22.3	22.5	16.8	16.9	15.3	43.1	41.6	42.3	43.2	42.7
Cash/cash equivalents	-179.5	-164.9	-159.5	-165.2	-148.9	-173.0	-206.2	-243.5	-218.0	-215.3	-255.7	-246.3	-231.4
<b>Capital employed</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>	<b>1,027.4</b>
Adjusted EBIT (LTM)	62.3	82.1	91.5	93.1	94.7	101.8	114.1	124.6	165.0	172.6	180.3	202.1	207.3

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

# Leverage remains almost stable at 1.9x

## Net debt/EBITDA



- Net debt/EBITDA ratio amounted to 1.9x at the end of Mar 2024, only slightly up from 1.8x at year-end 2023
- Increase in net debt mainly due to negative free cash flow
- Cash and cash equivalents were EUR 14.8 mn lower compared to 31 December 2023
- Slight increase of long-term interest-bearing loans and bonds (+EUR 15.6 mn)

EUR mn	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Net debt	195.6	200.4	200.7	198.0	210.3	206.4	158.8	108.4	508.1	536.5	475.4	450.2	482.4
EBITDA*	87.0	114.3	125.9	125.0	126.4	131.6	140.0	151.5	214.1	212.0	223.6	248.7	259.0

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

# Outlook FY 2024 and key takeaways

# FY 2024 market outlook – Continued normalization in EMEA and Americas

	FY 2024e Trailer Market	FY 2024e Truck Market
EMEA	~ -15%	~ -15%
North America	~ -23%	~ -10%
Brazil	+/- 0%	~ +36%
China	~ +5%	~ +10%
India	~ +10%	~ -5%

## EMEA

- Based on an uncertain macroeconomic environment as well as on SAF-HOLLAND's current order situation, the European trailer market is expected to further normalize with a recovery expected in the second half of the year
- The European truck market expectations are unchanged

## North America

- Truck market expectations slightly improved compared to FY 2023 reporting
- Trailer market outlook almost unchanged

## Brazil

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

## China

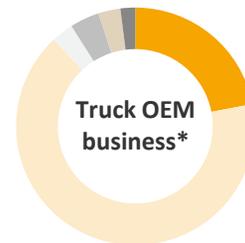
- Both trailer and truck markets are expected to grow

## India

- Sharp increase in 2023 mainly based on public infrastructure investments and subsidies
- After parliamentary elections, more clarity on future development of Indian commercial vehicle market

## SAF-HOLLAND regional exposure by market segment

- EMEA
- North America
- Brazil
- China
- India
- Rest of APAC



\* Indicative view based on FY 2023 sales

Note: Market forecasts are internal management assumptions based on customer communication, IHS Markit (Q1 2024), ACT Research (North America, April 2024), ANFAVEA (Brazil, Q4 2023)

# 2024 Outlook confirmed - robust profitability despite slightly lower sales

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

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

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

# Key takeaways

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**1** **Solid start to 2024** based on full Haldex and IMS consolidation as well as **favorable mix effects** and strict cost management

**2** **Market normalization continues** as expected after several years with strong customer demand

**3** **Full Year 2024 guidance confirmed**, including a solid Q1 and upcoming project and wage costs expected from Q2 onwards

**4** **SAF-HOLLAND with resilient business model** well set up for softer 2024 market

## Contact and additional information

# Investor relations contact & financial calendar

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## Financial calendar and road show activities

May 23, 2024	M.M.Warburg Conference, London
June 04 & 05, 2024	Berenberg Roadshow, North America
June 06, 2024	M.M.Warburg Conference, Hamburg
<b>June 11, 2024</b>	<b>Annual General Meeting</b>
<b>August 08, 2024</b>	<b>Publication of Half-Year Financial Report 2024</b>
September 04, 2024	Commerzbank & ODDO BHF Corporate Conference, Frankfurt
<b>November 12, 2024</b>	<b>Publication of the Quarterly Statement Q3 2024</b>

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