

Investor Presentation

December 2022





OUR VISION

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

Unique Opportunity To Invest in a Global Leader in Commercial Vehicle Systems



Diversified, asset-light and resilient business model



Global market leader for chassis-related commercial vehicle systems



Aftermarket Powerhouse safeguarding profitability in crisis times



Driven by global megatrends: Electrification, digitalisation, automated driving

SAF-HOLLAND + Haldex Scale & Market Position Create Firm Foundations For:

1

**Profitable
Growth**

2

**Attractive and
Resilient Margin**

3

**Strong Cash
Generation**

4

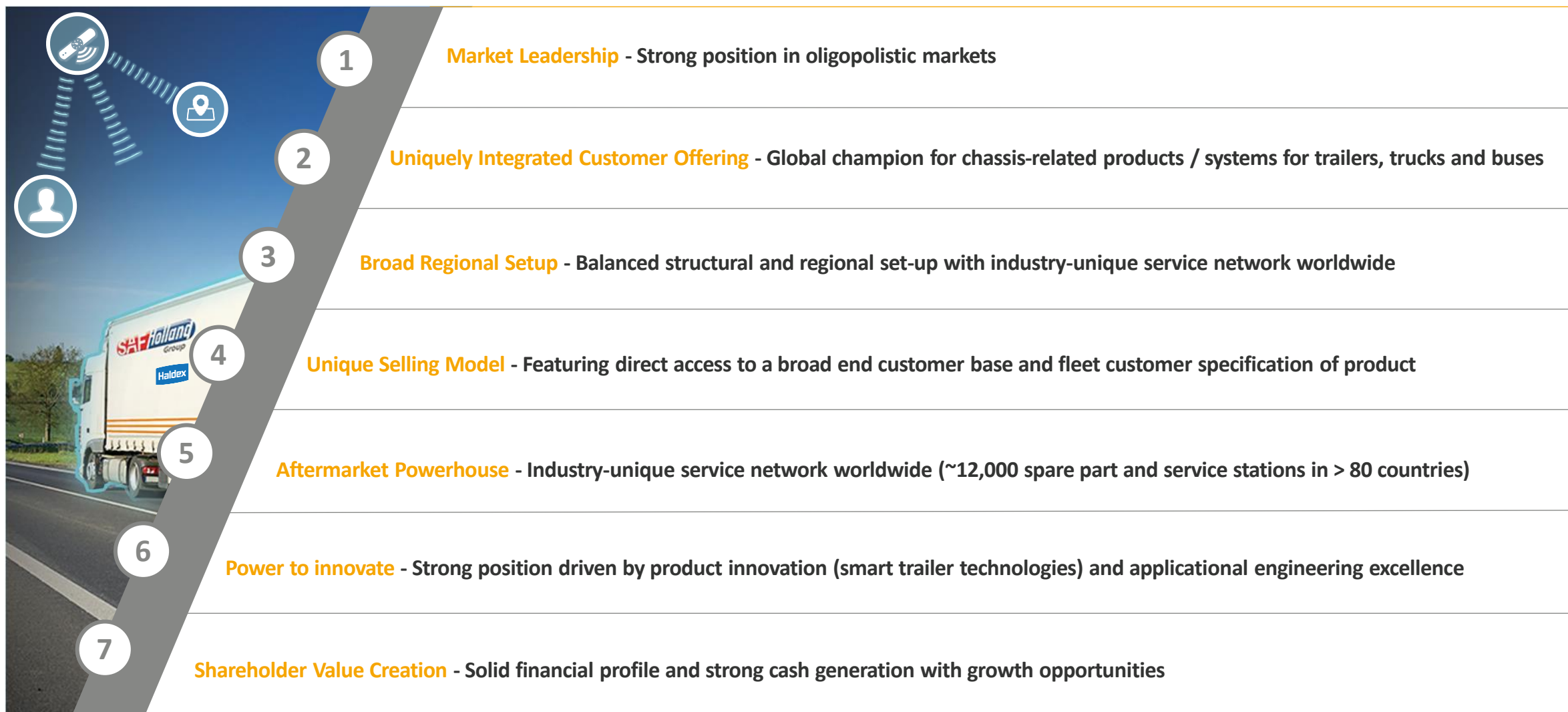
**Balance
Sheet Strength**


5

**High Quality
Returns on Investment**

Shareholder Value Creation

A Compelling Equity Story



	SAF-HOLLAND			Haldex	
	Trailer Axles	Fifth Wheels	Landing Gear	Suspensions / Air Controls	Foundation Brake
					
Global positioning	#1-2	#2	#2	#1-3	
Regional positioning	#1 EMEA #1 India #3 NA*	#1 NA* #2 EMEA	#2 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

Comprising High-Quality Product Portfolio That Fulfills Customer Needs

SAF-HOLLAND

Haldex



Air
Suspension



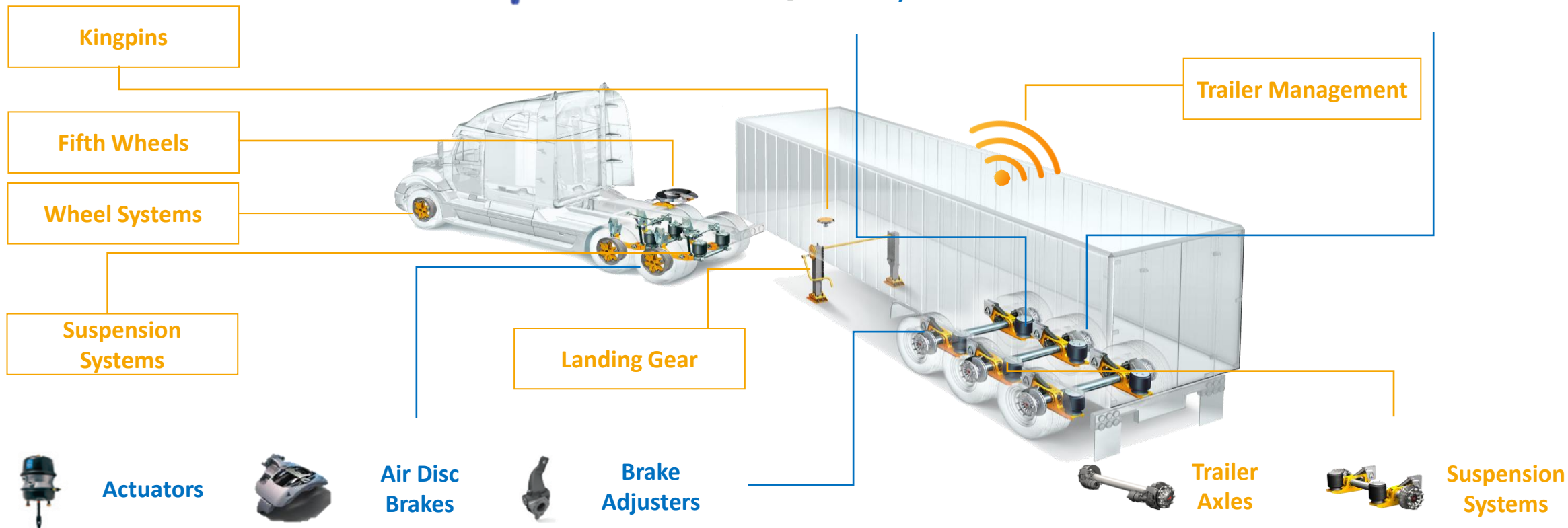
Parking
Safety



Lift Axle
Control



EBS* and
ABS*



SUPERIOR QUALITY – HIGH SAFETY – LIGHTWEIGHT – HIGH DURABILITY – INTEGRATED

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



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

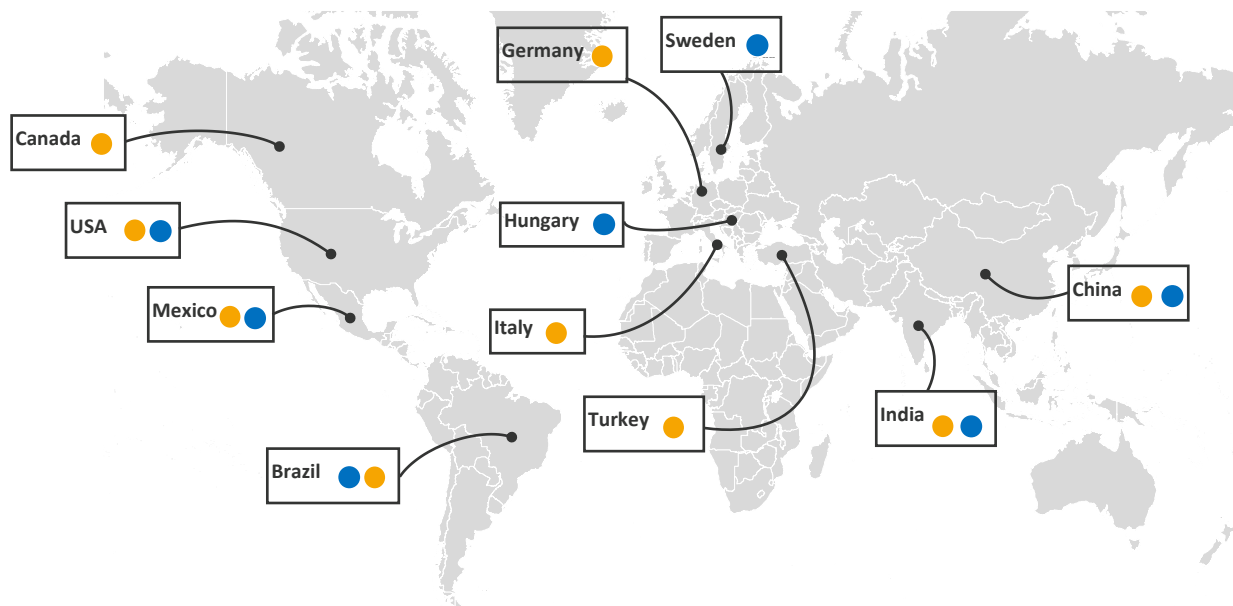
Sole system supplier worldwide for all chassis-related products

* EBS: Electronic Brake System

Balanced and Regional Set-Up Covering All Major Growth Markets Globally

● Haldex manufacturing site

● SAF-HOLLAND manufacturing site



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^(*) technology in North Americas and China



Pushing Air Disc Brake technology North Americas and China

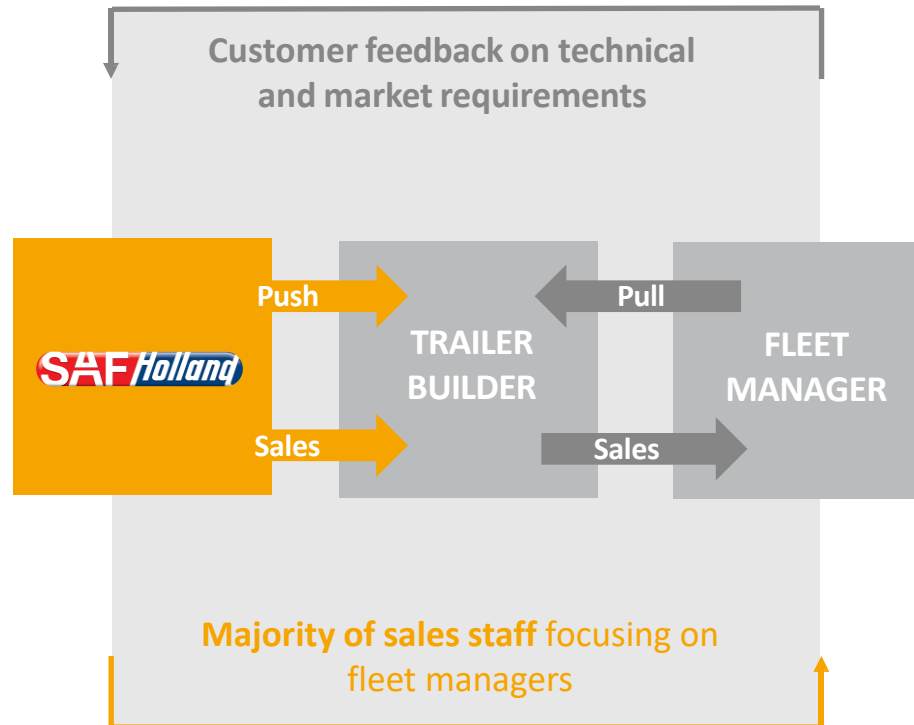


Air suspension regulation in various regions

*EBS: Electronic Brake System

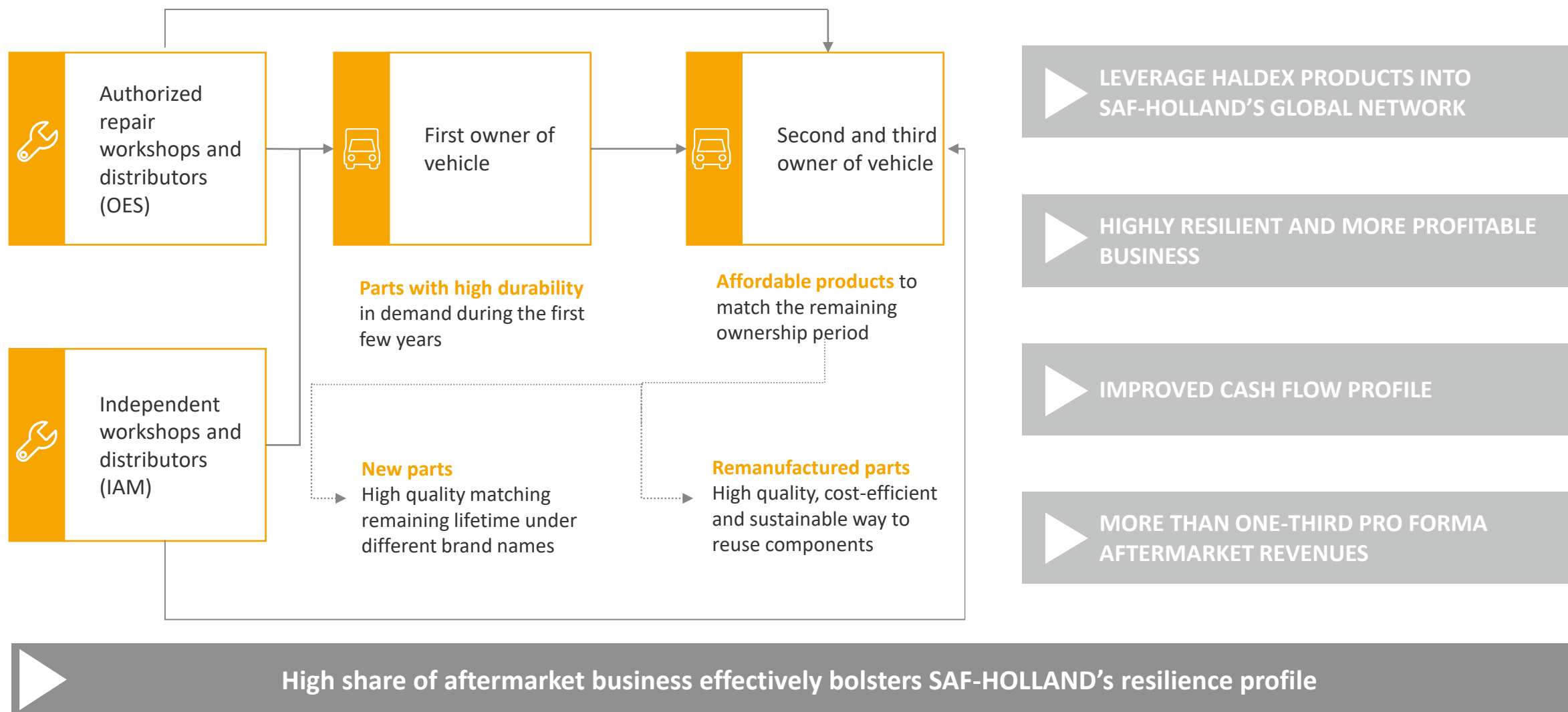
Direct Access to Broad and Diversified End Customer Base: The Fleets

- 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
- Top 10 customers represent less than one-third



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

Aftermarket Powerhouse With Increased Scale, Resilience and Profitability

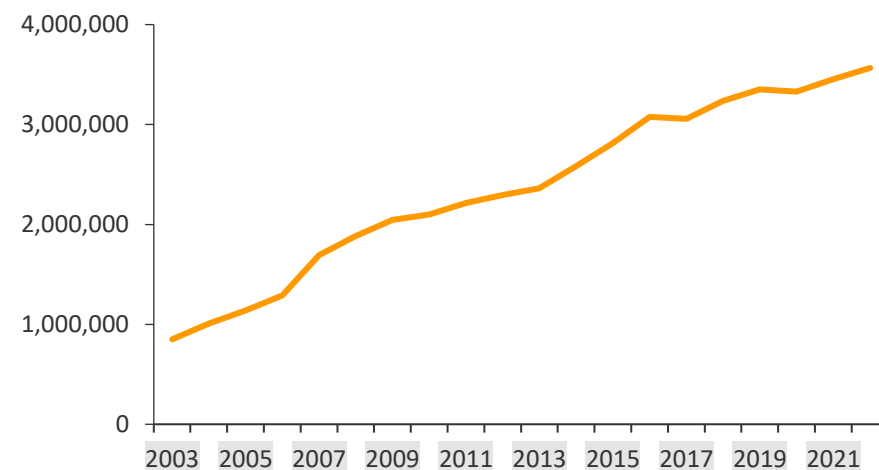


The Most Comprehensive Aftermarket Spare Parts and Service Network Worldwide

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



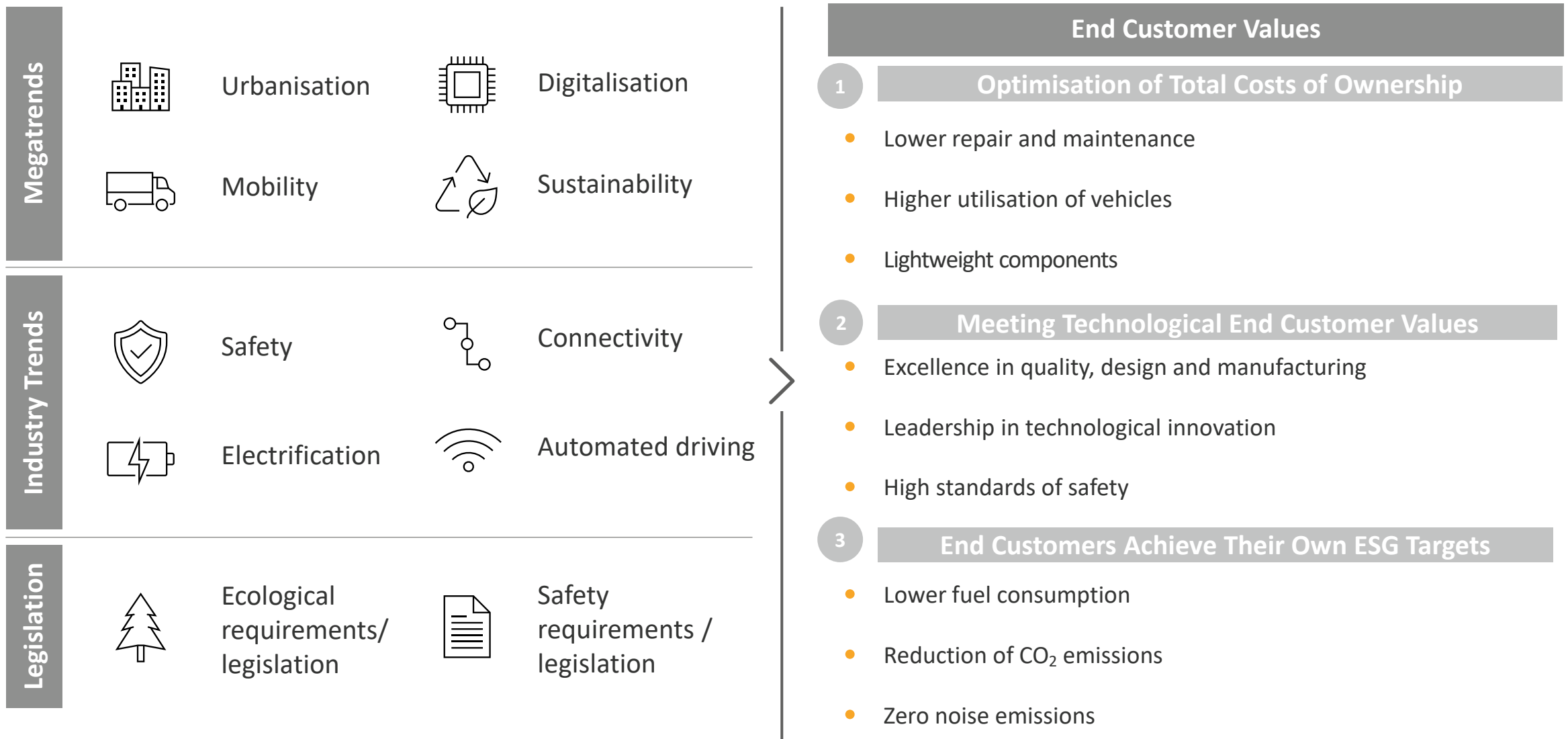
Axle population in EMEA has more than tripled








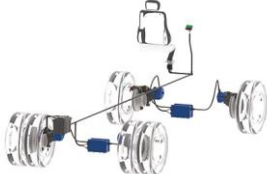



▶ Leading Service Network in Europe and North America:
key asset for fleet customers and significant barrier to market entry

▶ Counter-Balances volatility in OE industries and generates growth based on increasing product population in the field (“razor and blade” business model”)

Unique Ability to Drive Industry Transformation and Profit from Megatrends Via Smart Solutions and Mechatronic Systems



Driving Key Innovation Trends in the Trailer & Truck Industry

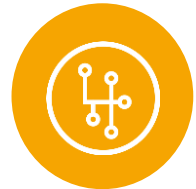
	Drivers	SAF-Holland Group	Haldex	Combined Integrated Offering
Electrification 	<ul style="list-style-type: none"> • CO₂ reduction • Noise reduction • Legislation 	TRAKr axle 	EMB 	<ul style="list-style-type: none"> • Intelligent electric recuperation with integrated brake control / recuperation • System know-how through integration of Electro- mechanical Brake (EMB)
Automated Driving 	<ul style="list-style-type: none"> • CO₂ reduction • Increased efficiency • Driver shortage 	SHAC 	EBS 	<ul style="list-style-type: none"> • Set industry standard for intelligent Truck / Trailer communication • Pave the road for automated driving • High-speed data interface between Truck & Trailer EBS
Digitalisation 	<ul style="list-style-type: none"> • Predictive maintenance • Optimisation of uptime • Increased efficiency • Security increase 	Smart Steel 	EB+4.0 	<ul style="list-style-type: none"> • Combined mechatronic know-how with telematics expertise • Data driven and mechanical-based skills drive remote diagnostics • Develop predictive maintenance functionalities



Electrification/
alternative drives



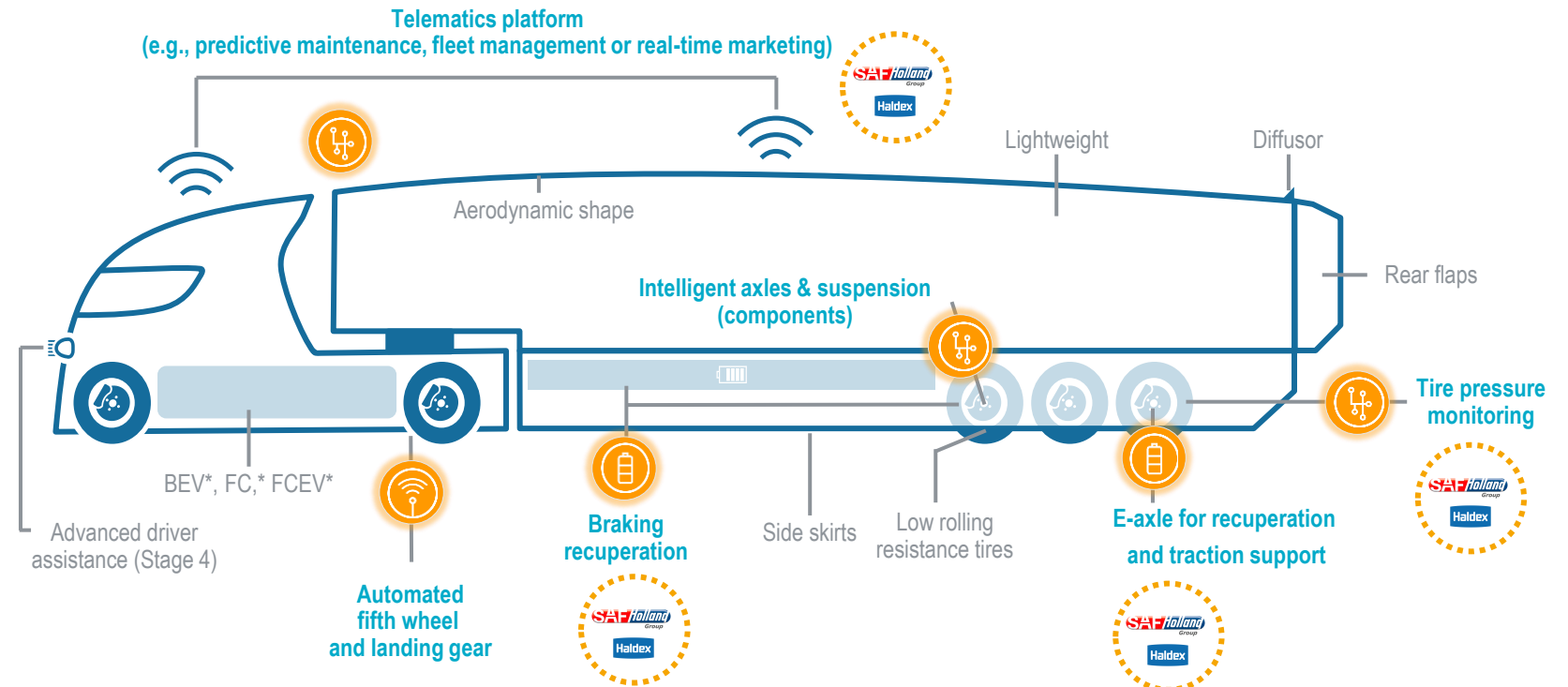
Automated
driving



Digitalization



SAF-HOLLAND +
Haldex existing
Product Portfolio



The Future: In 2025+ Commercial Vehicles to roll out partially autonomous, electrified and connected

We have broadened our footprint and portfolio over the past several years. Now our focus lies on:

- Optimising returns on investment
- Achieving economies of scale
- Optimising production facilities

We currently work on the successful integration of Haldex with focus on achieving:

- Significant synergy potential
- Value creation – aligned with ~ 15% RoCE target ambition
- Balance sheet resilience



We are reviewing our combined R&D capabilities and intend to enhance our internal process:

- Rigorous on all R&D and CapEx
- Projects must demonstrate a meaningful return above WACC (2021: EMEA 7.3%, Americas 8.8%, APAC 10.5%)
- Projects are subject to scenario analysis and reviewed periodically

We continue to be committed to providing shareholder payments to an appropriate level:

- It is our target to pay-out 40% - 50% of our available Net Income to our Shareholders



Capital allocation framework is designed to achieve enhanced (1) margins, (2) cash conversion, (3) asset turn and (4) returns

7 Strategy 2025 Based on 5 Mid-Term Targets



Profitable sales
growth



Adj. EBIT margin
improvement to
around 8% by 2023
the latest



Sustainable cashflow
with cash conversion
of **50 % to 60 %**



De-leverage
Net debt to EBITDA
ratio to **≤ 2x**
by end of 2024



Continued increase
of **shareholder value**
with an avg.
RoCE of ~15%

Financials

SAF-HOLLAND and Haldex at a Glance





2021 sales €1.25bn



2021 adj. EBIT €93mn
(7.5% margin)



Leading supplier
of TAs*, FWs*, AS*



21 global production
facilities

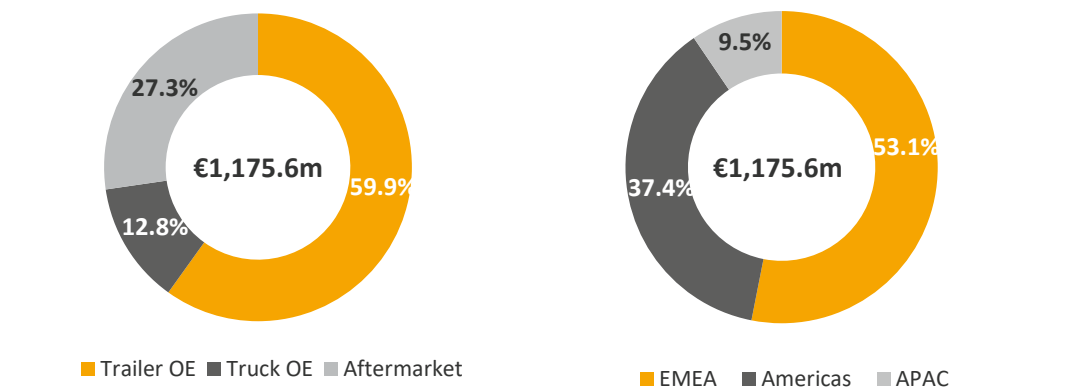



c.3,500 employees
globally




>100 years
of operations


Sales Breakdown (9m 2022)









2021 sales SEK4,612m
(€455m)




2021 adj. EBIT SEK357m
(€35m; 7.7% margin)




Leading supplier
of ADB*, TEBS*, ABA*



7 global production
facilities

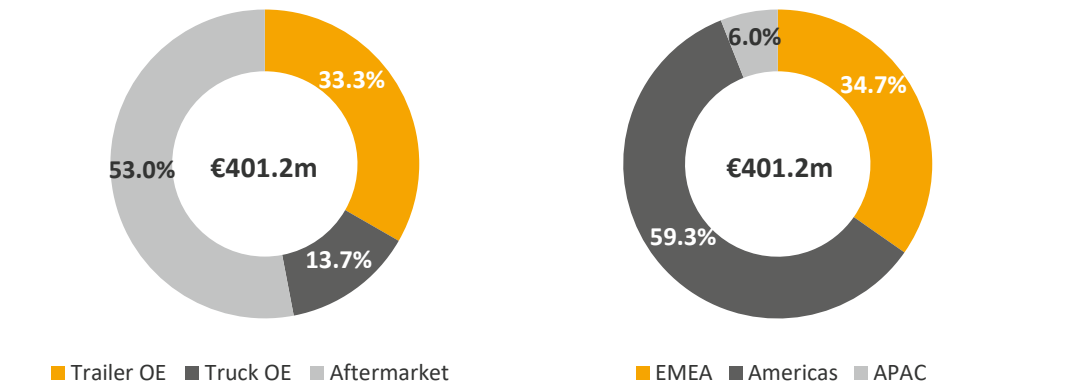


c.2,000 employees
globally



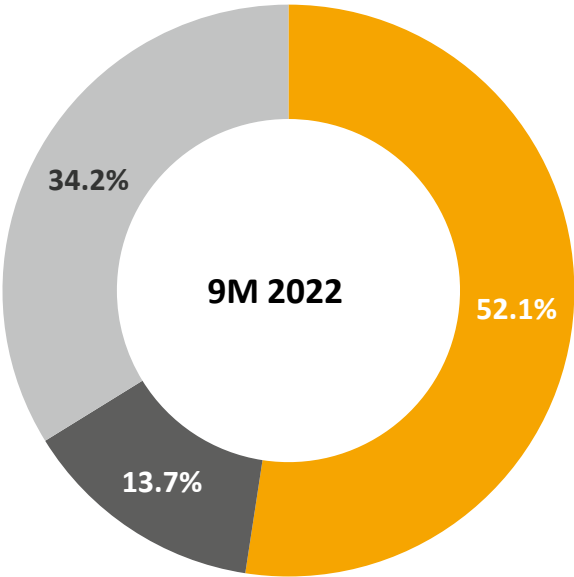
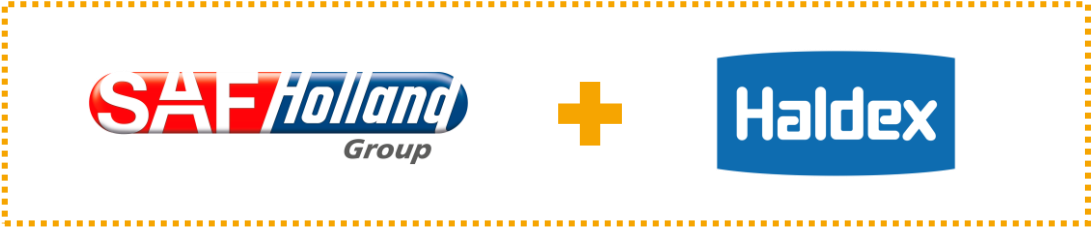
>100 years
of operations

Sales Breakdown (9m 2022)

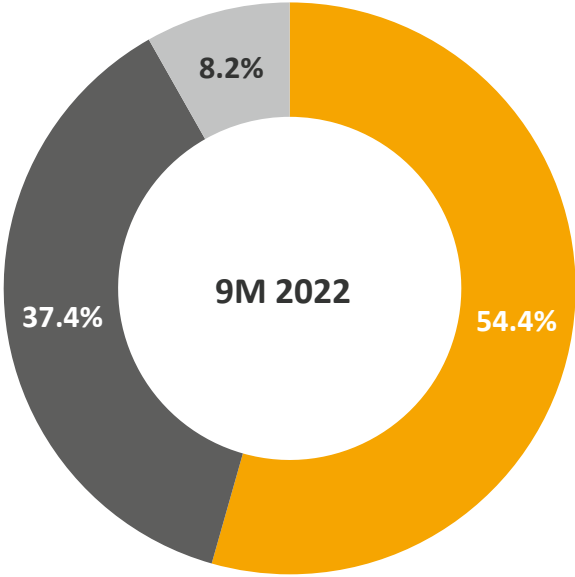


Acquisition Increases SAF-HOLLAND's Aftermarket Business and North American Presence

Sales (by customer category, by region)



Trailer OE Truck OE Aftermarket

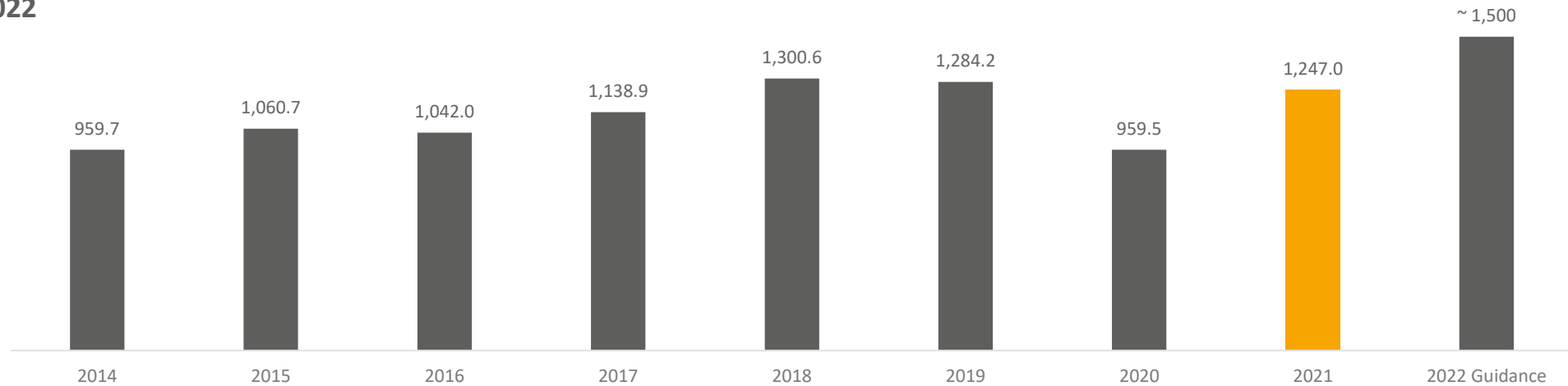


EMEA Americas APAC

SAF-HOLLAND: Solid Long-Term Growth and Attractive Margin Profile

Sales 2014 - 2022

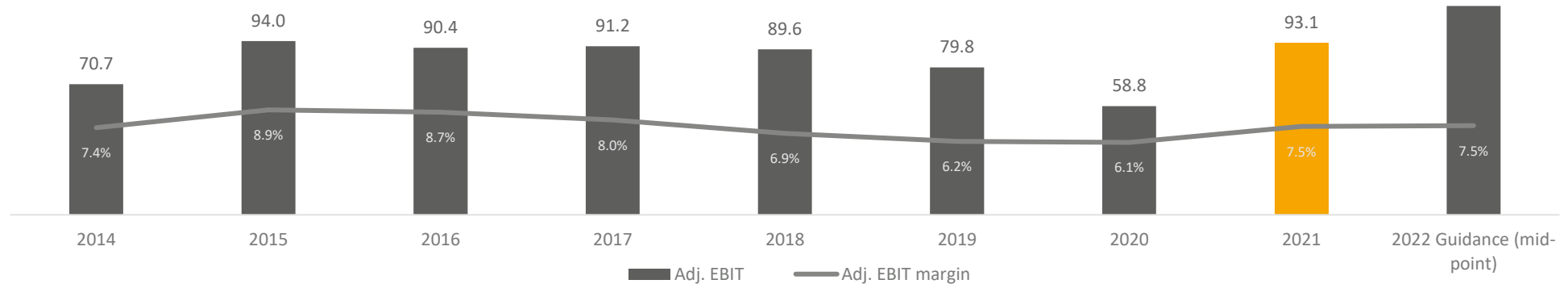
(in EUR mn)



Adj. EBIT and Adj. EBIT margin

2014 - 2022

(in EUR mn and %)

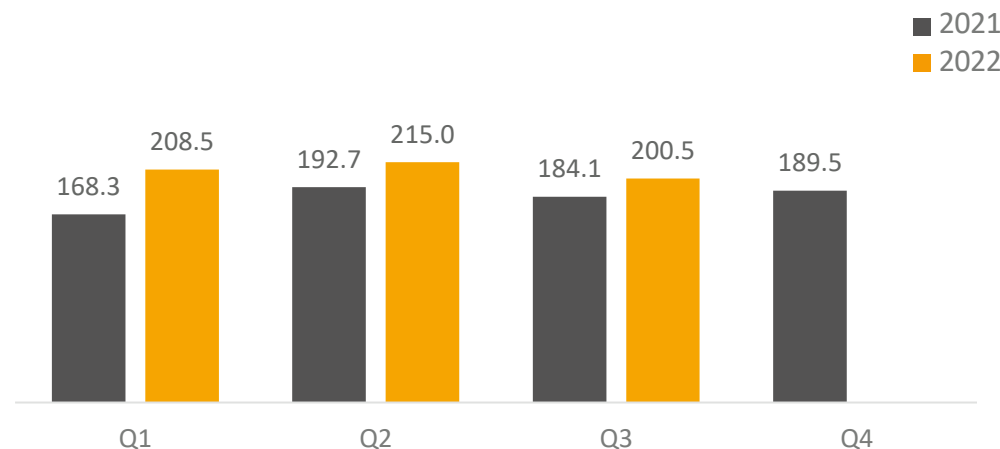


SAF-HOLLAND's resilient profile ensures robust profitability – even in times of crisis

SAF-HOLLAND: EMEA YTD and Q3 2022 – Sales and EBIT

Sales by Quarter

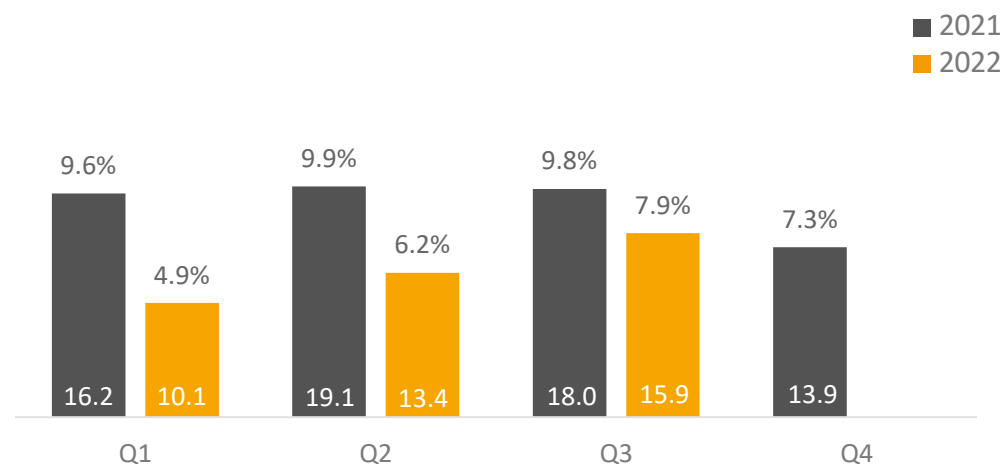
(in EUR million)



- Q3 2022 sales adjusted for FX and M&A effects increased by + 4.0% as compared to a strong PY quarter
- Still pent-up demand from fleets for new trailers due to lower production figures during the pandemic.
- By contrast, high material price inflation and the associated increase in manufacturing costs and selling prices has a noticeable dampening effect on customer demand
- Solid aftermarket business

Adj. EBIT by Quarter

(in EUR million and % of sales)

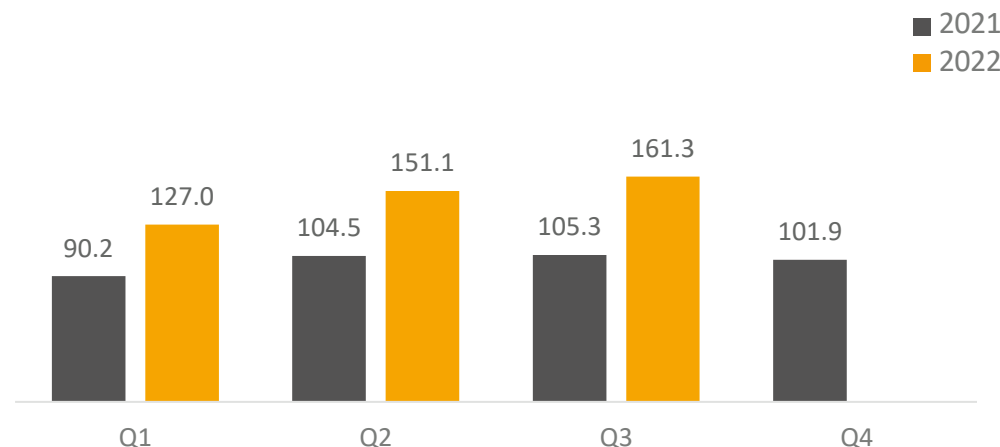


- Adj. EBIT margin in Q3 2022 came in at 7.9% still below PY level (9,8%)
- Adj. EBIT improved further sequentially coming from 6.2% in Q2 and 4.9% in Q1
- Reason is that the passing on of significant parts of material price inflation and manufacturing cost increase was possible but with a time lag
- Normalisation of input costs within some product groups and efficiency measures proved to be margin-supportive
- Disproportionately high growth of the AM

SAF-HOLLAND: Americas YTD and Q3 2022 – Sales and EBIT

Sales by Quarter

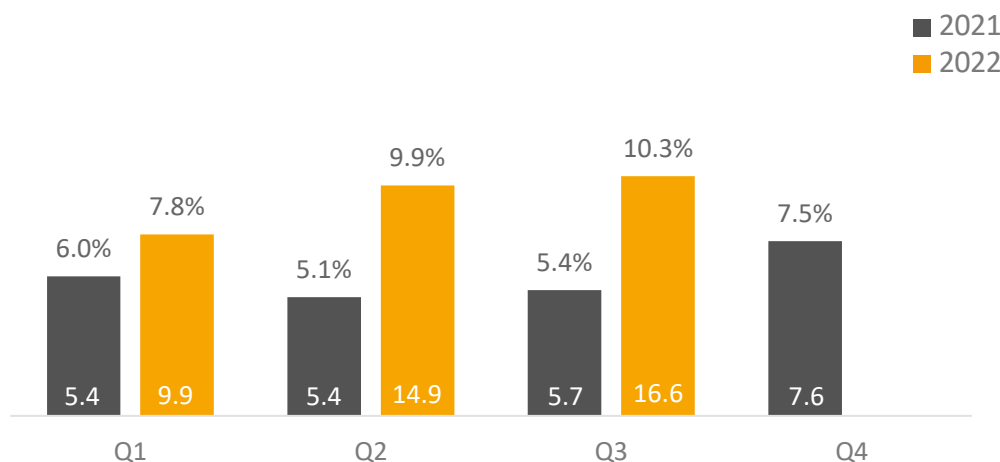
(in EUR million)



- Q3 2022 sales adjusted for FX and M&A effects increased by 31.8%
- Ongoing strong sales growth in the trailer OE business with market share gains
- Expansion of the trailer axle production capacities in USA and Mexico and fifth wheel production capacities in Mexico on track
- Aftermarket business gains further momentum

Adj. EBIT by Quarter

(in EUR million and % of sales)

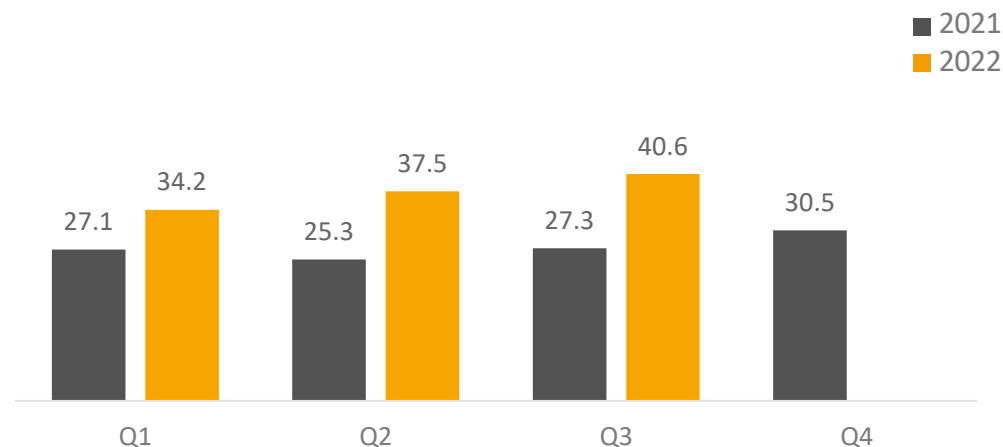


- Q3 adj. EBIT margin reached the 10% threshold at 10.3%
- Favourable product mix in Q3 2022

SAF-HOLLAND: APAC YTD and Q3 2022 – Sales and EBIT

Sales by Quarter

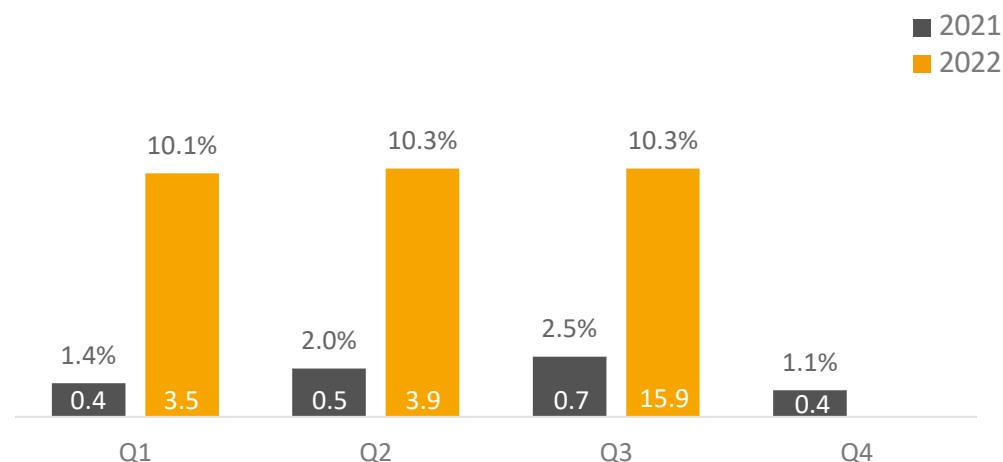
(in EUR million)



- Q3 2022 sales adjusted for FX effects: +37.3%
- Sales increased further in Q3 compared to the strong previous quarter driven by India and Australia
- To meet increasing customer demand in India, new facility in Pune will start operations in the course of the first quarter 2023 with capacities expanded by 50% in a first step

Adj. EBIT by Quarter

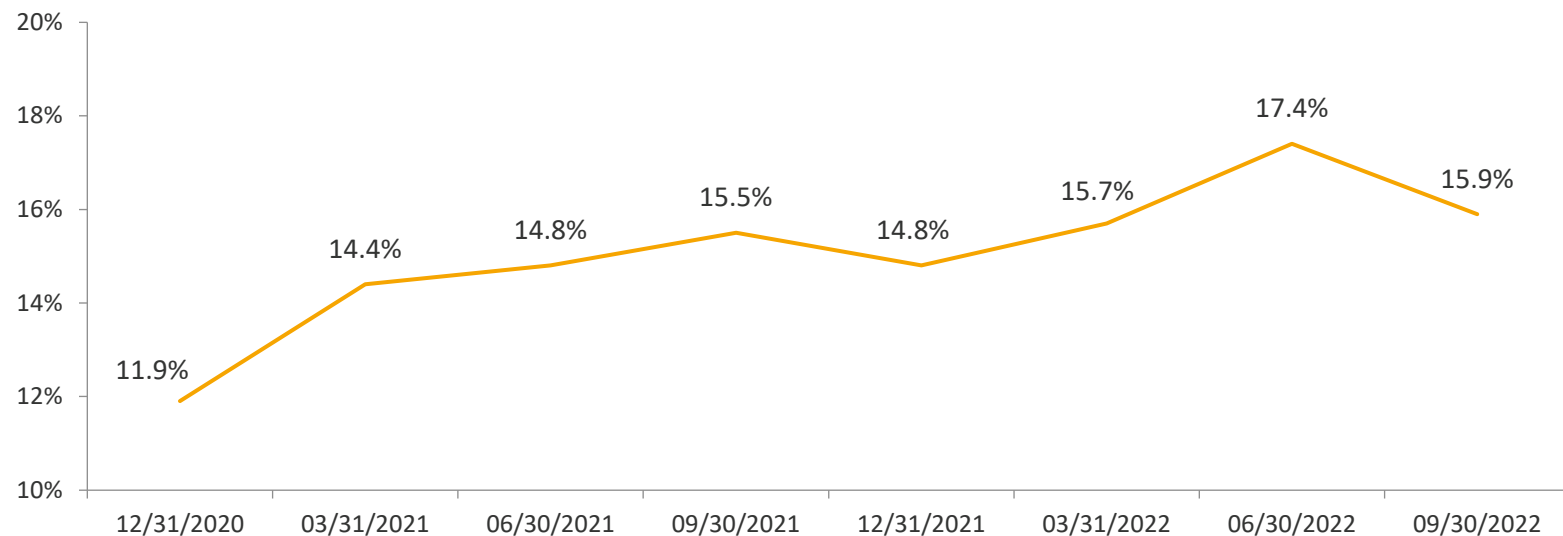
(in EUR million and % of sales)



- Product mix, successfully implemented efficiency enhancement measures and automation steps in production in particular have a beneficial effect
- The aftermarket business, which at 17.6% of total sales still contributed significantly less than the EMEA and Americas regions, also grew noticeably
- Impairment losses of EUR 2.0 million recognised for a Chinese subsidiary in cost of sales (EUR 1.2 million) and in administrative expenses (EUR 0.8 million) were adjusted accordingly

NWC Sequentially Improved Offering Further Cash Generation Potential

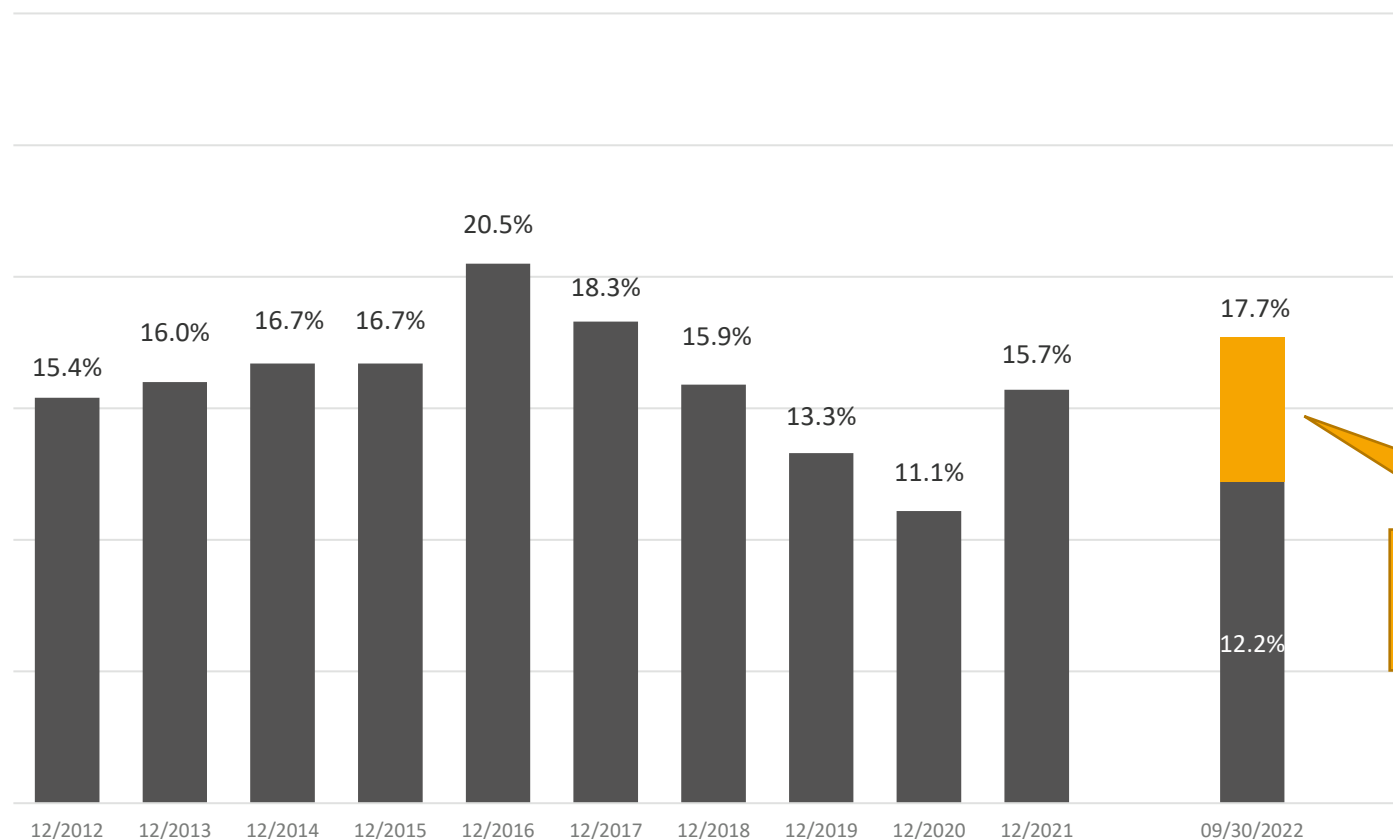
Net working capital (in % of sales)



EUR MN	12/31/ 2020	03/31/ 2021	06/30/ 2021	09/30/ 2021	12/31/ 2021	03/31 2022	06/30/ 2022	09/30/ 2022
Inventories	126.4	155.8	176.0	195.3	194.0	211.9	237.0	237.9
Trade receivables	95.3	130.0	148.9	147.2	136.3	176.1	184.6	187.0
Trade payables	-107.2	-147.4	-163.4	-160.6	-145.8	-179.3	-176.2	-187.3
NWC	114.6	138.4	161.5	181.9	184.4	208.7	245.5	237.6
Sales (LTM)	959.5	961.7	1,091.4	1,175.6	1,246.6	1,330.7	1,411.7	1,497.5

- Net working capital decreased slightly in Q3 despite sustained strong sales growth
- Inventory levels with some product groups deliberately higher related to supply chain uncertainties and material price inflation
- Whereas the level in inventories and trade receivables remained largely unchanged trade payables were expanded by EUR 11.1 mn
- Net working capital ratio in Q3 improved sequentially by 150 BPS to 15.9 %
- Cash-is-King program to be stepped up until year-end 2022 to focus on inventories by reducing DIO

RoCE Consistently Above WACC Creating Value

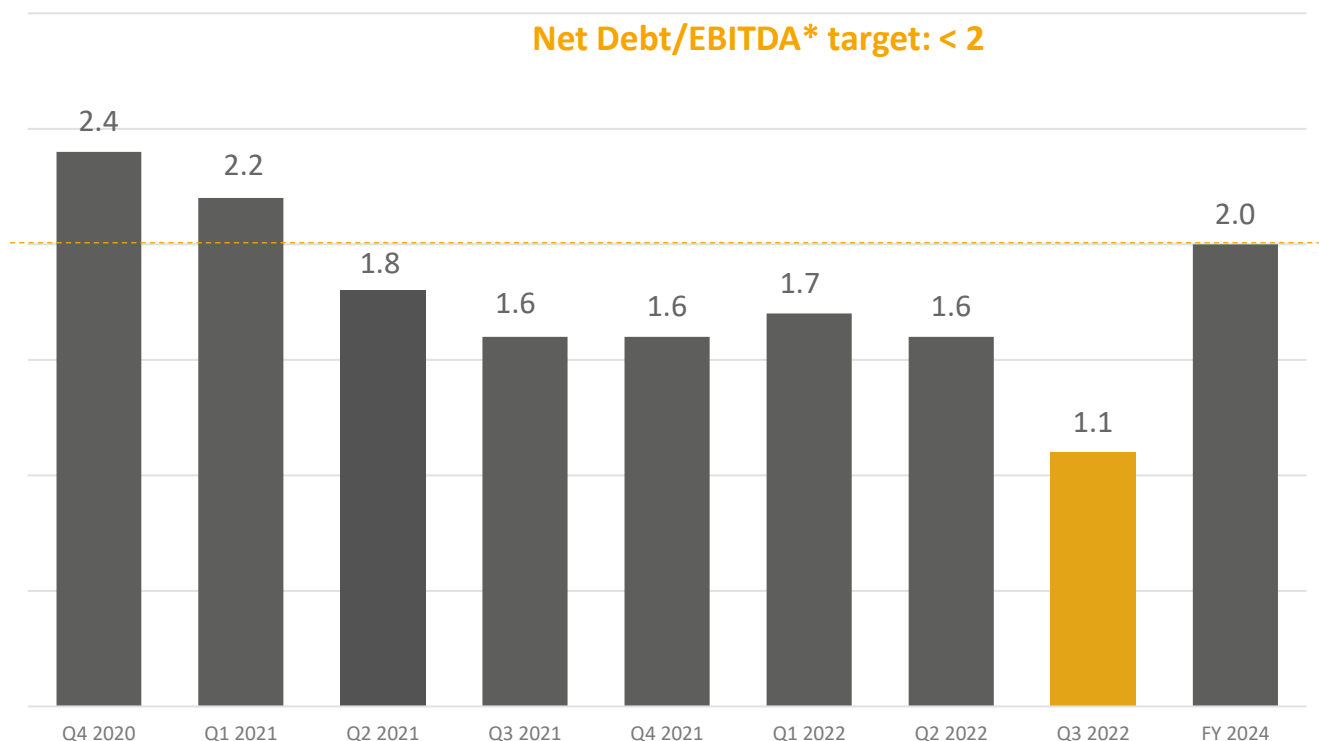


- RoCE as of 30 Sept. 2022 came in lower due to increased capital employed related to the financing of the Haldex transaction (plus EUR 289,5 mn)
- RoCE has remained above the 12% threshold clearly exceeding capital cost levels

Adjusted RoCE based on Capital Employed excluding financing related to Haldex transaction

ROCE = Adjusted EBIT (LTM) / (total equity + financial liabilities + lease liabilities + pension and other similar benefits - cash and cash equivalents).
Note: Capital employed 2012-2018 excluding lease liabilities (IFRS 16)

NET DEBT/EBITDA – Target for 2024: 2x or Below



EUR MN	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Debt	196.7	195.6	200.4	200.7	198.0	210.3	206.4	158.0
EBITDA*	82.1	87.0	114.3	125.9	125.0	126.4	131.6	140.0

- For comparability reasons, we have adjusted the net financial debt for the second quarter and third quarter of 2022 for the purchase of the Haldex shares
- Without the acquisition of Haldex shares the net debt to EBITDA ratio in Q2/2022 would have been at 1,6x instead of 1,8x
- Without the acquisition of the Haldex shares the net debt to EBITDA ratio in Q3/2022 would have been at 1.1x due to the strong operating free cash flow generated in the quarter
- For FY 2024 a net debt to EBITDA ratio of 2x or below is targeted

Outlook

Outlook 2022 Stepped Up Twice

	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

- Based on the expected overall economic environment, the current level of orders on the books in the OE business and sustained solid demand in the aftermarket business, the **Management Board now forecasts Group sales for the full year 2022 around the upper end of the forecast range** of between EUR 1.4 billion to 1.5 billion.
- In July 2022, the company had already raised its sales projection for the second time ranging from EUR 1.4 to 1.5 billion
- Unchanged the company projects an adjusted EBIT margin of between 7.0% to 8.0%

2023 Outlook: Markets Trends



EUROPE		NORTH AMERICA		SOUTH AMERICA		CHINA		INDIA	
Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer	Truck	Trailer
-5%	-5% to -8%	-4%	-5 %	-9%	-8 %	+25%	+25%	+14%	+21%

2023

▶ Down moderately from record levels amidst above-average age of truck and trailer park, share gains and growing resilient AM share

Financial Calendar & IR Contact

Issuer & contact

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Additional information

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WKN	SAFH00
Listing	Frankfurt Stock Exchange Prime Standard

Financial calendar

December 8, 2022	Berenberg European Conference 2022
January 10, 2023	Oddo BHF Forum 2023
January 17, 2023	UniCredit /Kepler Cheuvreux German Corporate Conference 2023
January 26, 2023	Capital Markets Day

Annex

Group: Reconciliation EBIT to adjusted EBIT

in EUR thousands	Q3 2022	Q3 2021	Change absolute	Change in %
EBIT	26,957	21,396	5,561	26.0%
EBIT margin in %	6.7%	6.8%	–	–
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	2,416	2,258	158	7.0%
Valuation effects from call and put options	35	–	–	–
Restructuring and transactions costs	5,271	699	4,572	687.9%
Impairment	1,985	–	–	–
Adjusted EBIT	36,664	24,323	12,341	50.7%
Adjusted EBIT margin in %	9.1%	7.7%	–	–

- Q3 2022 impairment includes China write-down

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

Group P&L

in EUR thousands	Q1-Q3 2022	Q1-Q3 2021	Change abs.	Change in %	Q3 2022	Q3 2021	Change abs.	Change in %
Sales	1,175,641	924,762	250,879	27.1%	402,388	316,638	85,750	27.1%
Cost of sales	-979,212	-759,384	-219,828	28.9%	-330,703	-263,281	-69,422	26.4%
Gross profit	196,429	165,378	31,051	18.8%	69,685	53,357	16,328	30.6%
in % of sales	16.7%	17.9%			17.3%	16.9%		
Gross profit adjusted	199,916	167,563	32,353	19.3%	71,906	54,337	17,569	32.3%
in % of sales	17.0%	18.1%			17.9%	17.2%		
SG&A	-121,950	-103,722	-18,228	17.6%	-43,149	-32,384	-10,765	33.2%
in % of sales	-10.4%	-11.2%			-10.7%	-10.6%		
Operating profit	74,479	61,656	12,823	20.8%	26,536	20,973	5,563	26.5%
Share of net profit of investments accounted for using the equity method	1,197	1,002	195	19.5%	421	423	-2	-0.5%
EBIT	75,676	62,658	13,018	20.8%	26,957	21,396	5,561	26.0%
in % of sales	6.4%	6.8%			6.7%	6.8%		
EBIT adjusted	92,281	71,276	21,005	29.5%	36,664	24,323	12,341	50.7%
in % of sales	7.8%	7.7%			9.1%	7.7%		
Finance result	-6,510	-6,597	87	-1.3%	-3,167	-2,174	-993	45.7%
Result before taxes	69,166	56,061	13,105	23.4%	23,790	19,222	4,568	23.8%
Income taxes	-21,427	-18,950	-2,477	13.1%	-7,322	-4,659	-2,663	57.2%
Tax rate (%)	30.9%	33.8%			30.8%	24.2%		
Result for the period	47,739	37,111	10,628	28.6%	16,468	14,563	1,905	13.1%
in % of sales	4.1%	4.0%			4.1%	4.6%		

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