CONFERENCE CALL PRESENTATION

SAF Holland Group

# SAF-HOLLAND SE
# Investors and Analysts Conference
# FY 2022

MARCH 30, 2023

SAF Holland Haldex KLL NEWAY TRAILERMASTER.COM V.ORLANDI YORK

# Financial Figures 2022 - Highlights

# Q4 2022 Highlights

| | |
|---|---|
| **Double-digit sales growth** | Continued strong customer demand led to **sales growth** of 21.0% YoY to EUR 389.5 mn in Q4 2022; organic growth of 13.0% |
| **Inflation mitigation** | Higher **input costs** (steel, freight and energy) largely passed on to customers; additional efficiency gains achieved in production processes |
| **Dynamic OE business** | Momentum remained strong in Q4 2022, with sales in OE increasing 24.8%;<br>**Americas and APAC** regions were main growth drivers |
| **Solid aftermarket** | Overall solid performance with sales increasing 11.2% |
| **Strong earnings** | **Adjusted EBIT margin at 8.3%** in Q4 2022, up 150 basis points;<br>Result for the period benefited from normalized tax rate |
| **Cashflow** | SAF-HOLLAND generated EUR 62.5 mn in OFC in Q4 2022 taking OFCF for the full year to EUR 120.0 mn. Cash deployed according to capital allocation priorities incl. a dividend of EUR 0.60 per share. |

# Guidance exceeded: Strong performance in FY 2022 despite a challenging economic environment

*YoY sales growth*

| | |
|---|---|
| **EMEA** | ***+11.0%*** |
| **Americas** | ***+47.0%*** |
| **APAC** | ***+44.5%*** |

Sales

**EUR 1,565** MN

(FY 2021: EUR 1,247 MN)

Adjusted EPS

**EUR 1.82**

(FY 2021: EUR 1.35)

Adj. EBIT Margin

**8.0%**

(FY 2021: 7.5%)

NWC ratio

**12.0%**

(Dec. 31, 2021 14.8%)

Operating FCF*

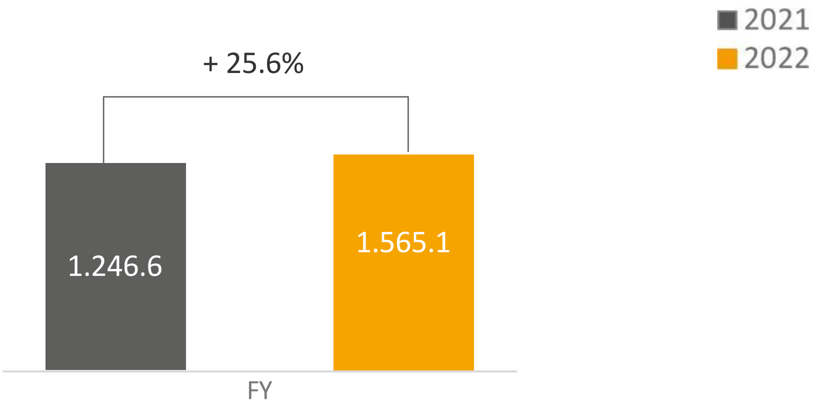
**EUR 120** MN

(FY 2021: EUR 16.1 MN)

* Pre-acquisitions/excl. purchase of Haldex shares

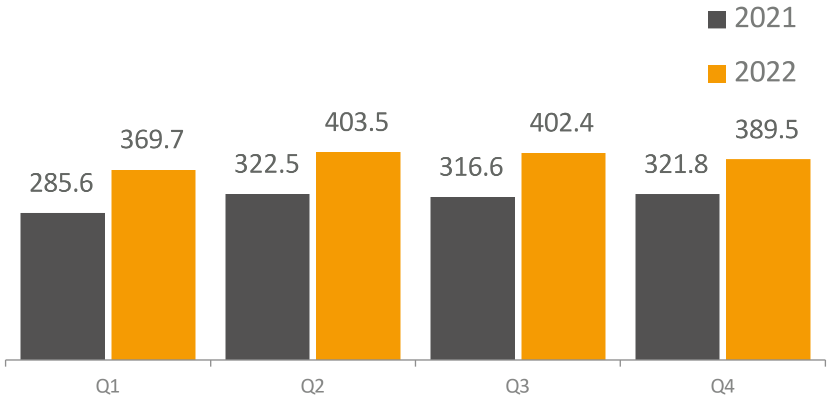
# Group sales – Double-digit growth in each quarter

**Sales**
(In EUR million)



- FY 2022 sales up 25.6%; adjusted for FX and M&A effects +17.9%
- Favorable FX effects add EUR 78.7 mn or 6.3 percentage points (related mainly to US dollar)
- Main drivers: strong customer demand, market share gains and higher prices

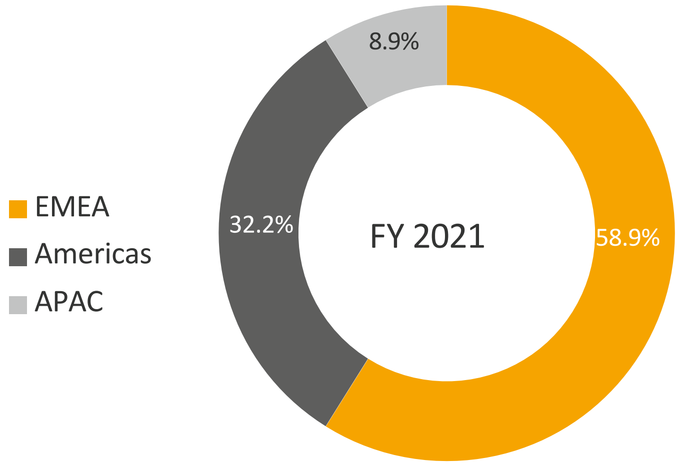
**Sales by quarter**
(In EUR million)

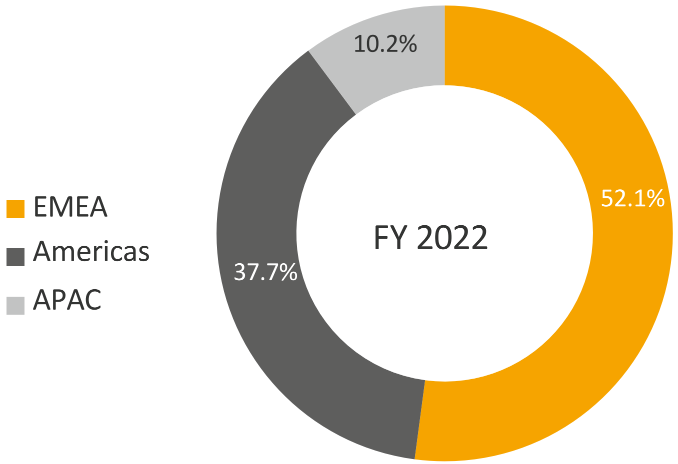


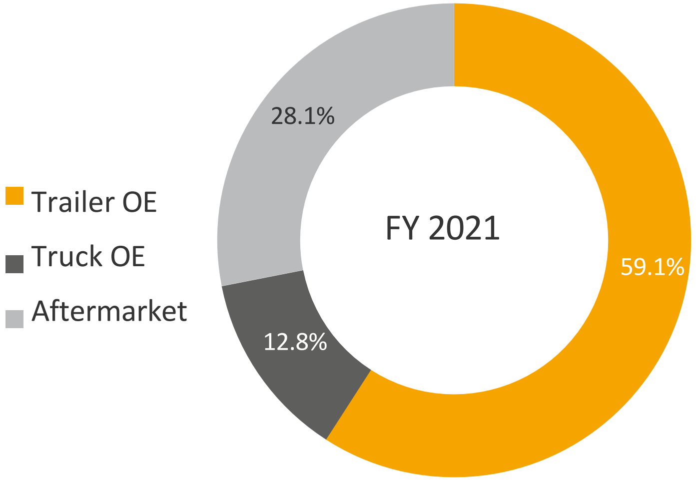
- Strong performance in Q4 2022 despite difficult macroeconomic conditions as fleet operators continue to renew fleets (catch-up effects after pandemic)
- Q4 2022 sales up 21.0%, adjusted for FX an M&A effects +13.0 %
- Americas and APAC regions with strong momentum
- Europe up slightly in Q4 (+1.0%)

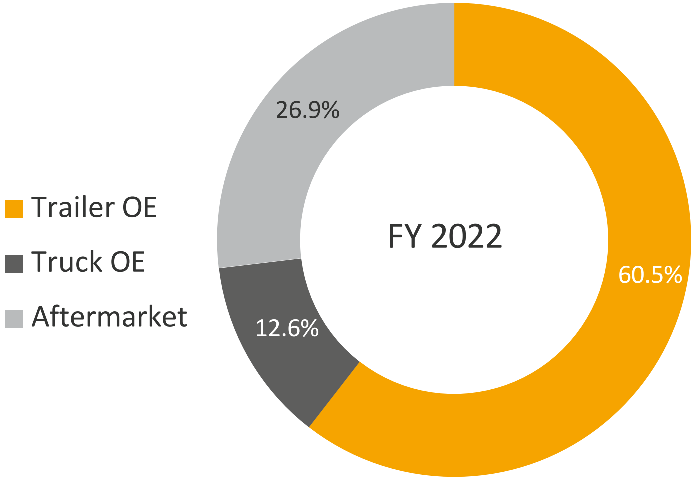
# Top line drivers: Americas region bolstering its share of Group sales – Trailer OE business accounts for more than 60%

**Sales development** (by region, by customer category)





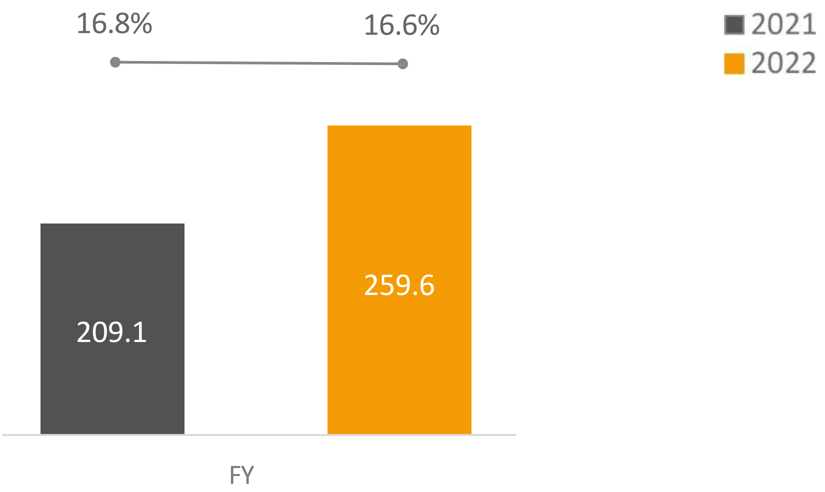




# Group gross margin – Sequential yoy improvement in the course of 2022

**Gross profit**

(In EUR mn and % of sales)



- FY 2022 gross margin almost stable at 16.6% of sales (PY: 16.8%)
- Material price inflation, in particular steel, freight and energy prices, adversely impacted the gross margin especially in H1
- Passing on higher input costs usually requires a time lag, depending on the respective contract structure
- FY 2022 gross profit includes impairment losses of EUR 2.4 mn, restructuring costs of EUR 2.8 mn and PPA amortization of EUR 2.1 mn

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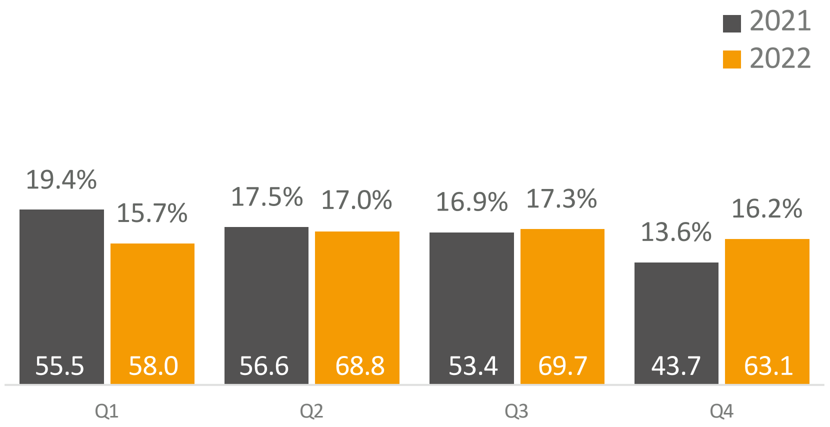
**Gross profit by quarter**

(In EUR mn and % of sales)

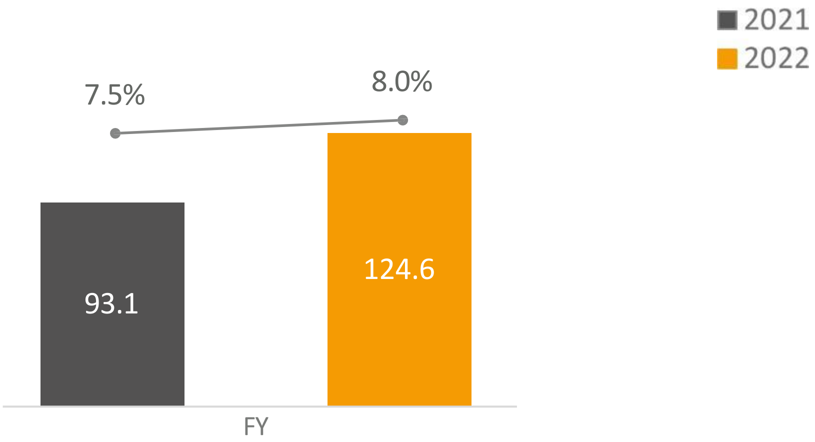


- Q4 gross margin reached 16.2% (PY 13.6%), mainly supported by the successful passing on of higher input prices to customers
- Additional efficiency gains and cost savings achieved
- Supply chain bottlenecks have continued to ease
- Q4 gross margin rose to 16.2% (PY: 13.6%)

# Group adjusted EBIT margin reaches the upper end of the target corridor

**Adj. EBIT**

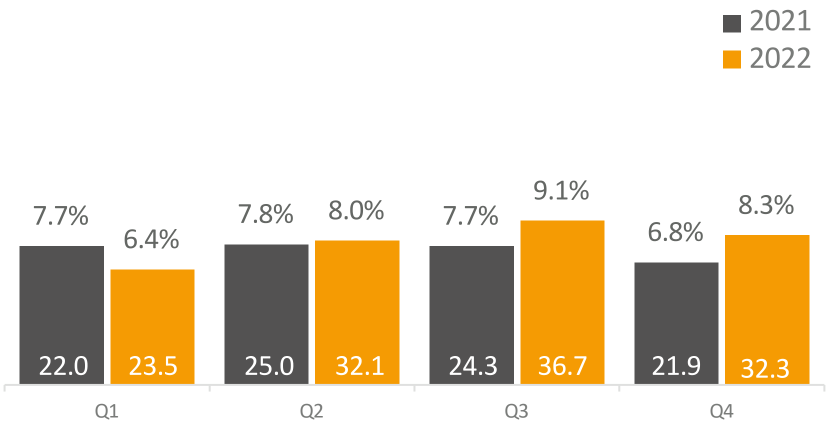
(In EUR mn and % of sales)



- Group adjusted EBIT increased by 33.8%
- Adjusted EBIT margin at 8.0%, reaching the upper end of the target corridor of 7.0-8.0%
- Margin improvement mainly a result of strict cost discipline in administrative areas and efficiency measures
- SG&A costs increased at a significantly lower rate than sales

**Adj. EBIT by quarter**

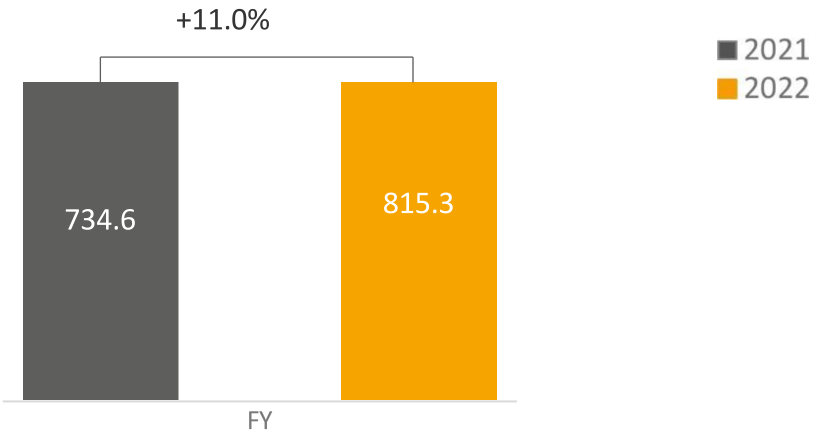
(In EUR mn and % of sales)



- At EUR 32.3 mn, the adjusted EBIT rose by 47.9 % in Q4
- Despite the usual plant vacations at year-end, the adjusted EBIT margin reached 8.3% (PY: 6.8%)
- YoY improvement due to recovery in the gross margin and fixed cost degression in the administrative areas
- Q4 already includes one-off payment of EUR 1.7 mn from collective wage agreement in Germany

# EMEA FY and Q4 2022 – Sales

**Sales**
(In EUR mn)



- FY 2022 sales up 11.0%, driven by truck and trailer OE business as well as the aftermarket
- OE business in parts benefited from catch-up investments of fleet operators following a low level of investments during the pandemic
- Organic growth at 7.8%
- Fleet age still above average

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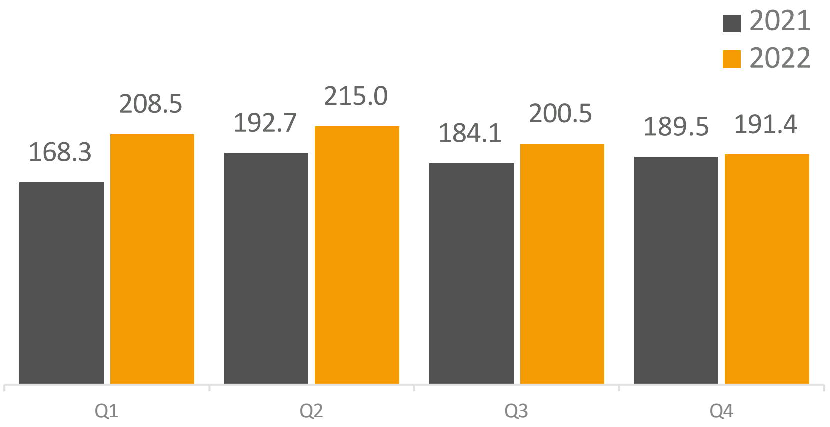
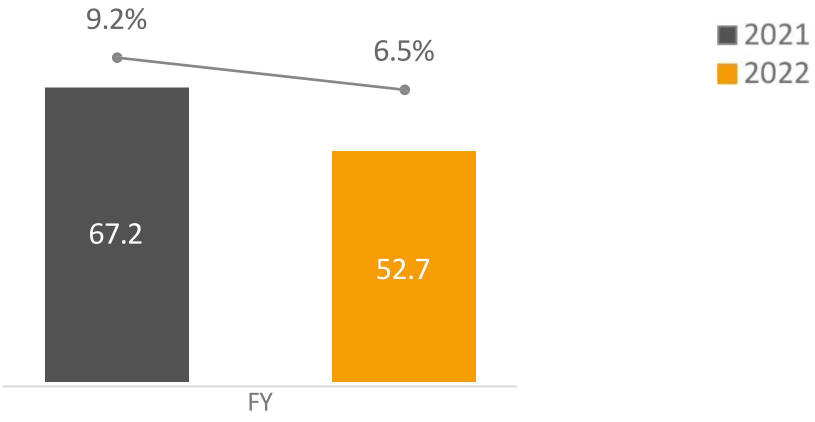
**Sales by quarter**
(In EUR mn)



- Q4 2022 sales slightly up by 1.0%
- Adjusted for FX and M&A effects, sales decreased by 3.5% against strong prior-year comparisons
- Softness in aftermarket business at year-end 2022 as customers were very cautious in stocking up on spare parts due to economic and industry-related uncertainties for 2023

# EMEA FY and Q4 2022 – Adj. EBIT

**Adj. EBIT**
(In EUR mn and % of sales)



- Earnings impacted by high steel and intermediate prices as well as sharp increases in freight and energy costs
- Price inflation passed on to a large extend but with a significant delay
- FY 2022 adjusted margin at 6.5%, down 2.7 pp YoY
- Margin decline occurred primarily in H1

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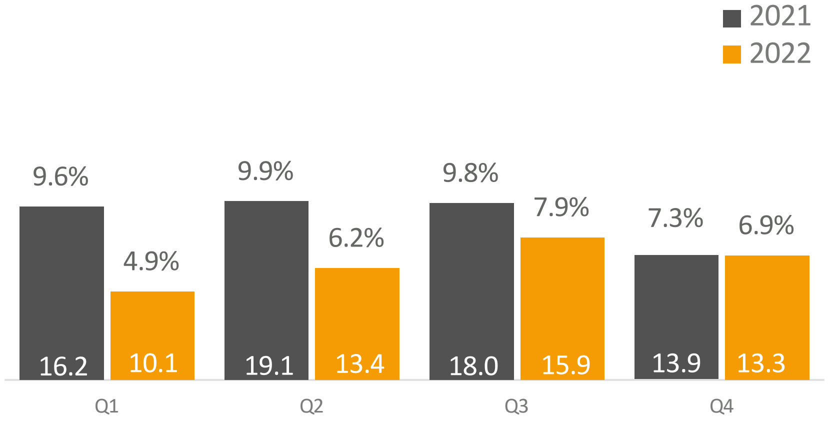
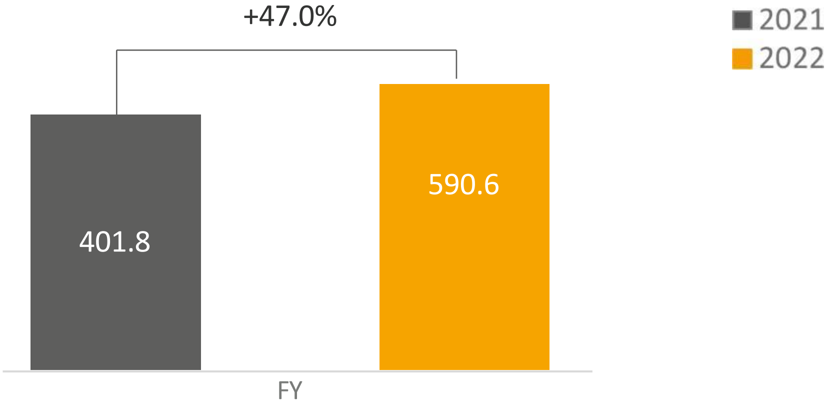
**Adj. EBIT by quarter**
(In EUR mn and % of sales)



- Adjusted EBIT margin in Q4 2022 close to prior year level at 6.9%
- Passing on of higher input costs largely implemented in contracts
- Q4 adjusted EBIT includes EUR 1.7 mn non-recurring personnel costs resulting from the special payment of the inflation compensation premium as part of the German metal and electrical industry’s collective wage agreement
- OE growth rate outpacing AM

# Americas FY and Q4 2022 – Sales

**Sales**
(In EUR mn)



- FY 2022 sales up 47.0% driven by all customer segments
- Structural growth with air disc brakes and mechanical suspensions in trailer business
- Adjusted for favourable FX effects from the depreciation of the euro against the dollar, sales were up by 30.9%
- Construction start of additional production line for fifth wheels in Mexico (Piedras Negras) to expand production capacity and achieve efficiency gains and cost reductions

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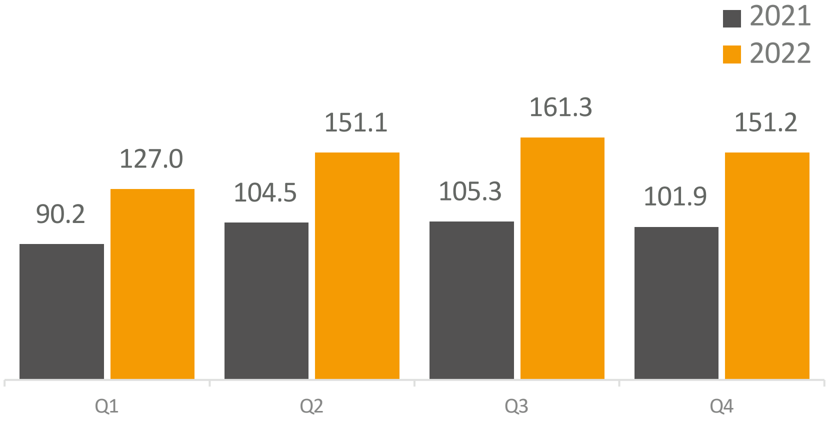
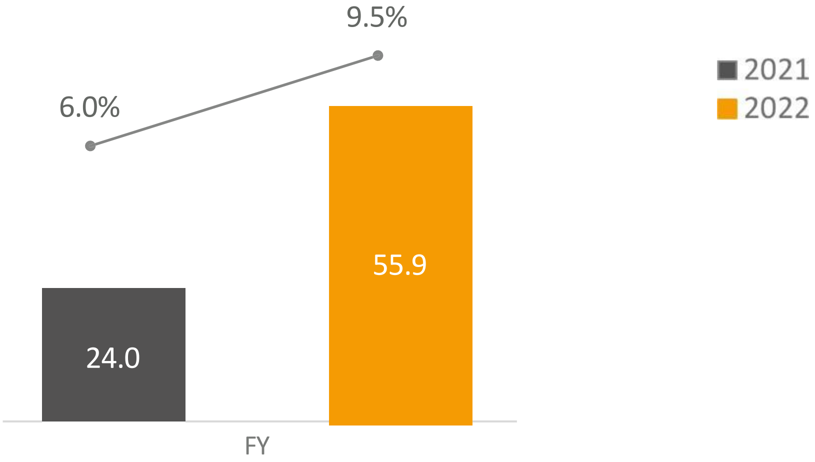
**Sales by quarter**
(In EUR mn)



- Strong momentum continued in Q4 2022, with organic sales growth of 33.0%
- Growth fuelled by strong demand in the trailer OE business due to market share gains and customers shifting to disc brakes
- Record order intake

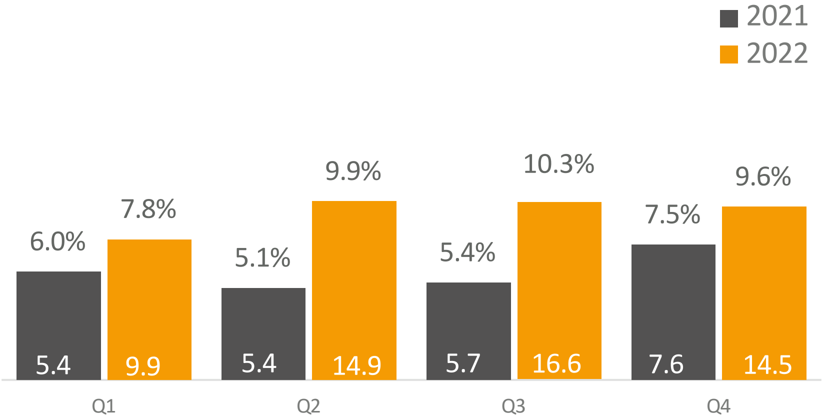
# Americas FY and Q4 2022 – Adj. EBIT more than doubles

**Adj. EBIT**
(In EUR mn and % of sales)



- Margin improvement of 3.5 pp as a result of economies of scale, mix effects and efficiency gains
- General and administrative expenses and selling expenses increased at a lower percentage rate than sales
- Americas region less affected by energy cost increases than the EMEA region
- Price increases initiated earlier compared to Europe

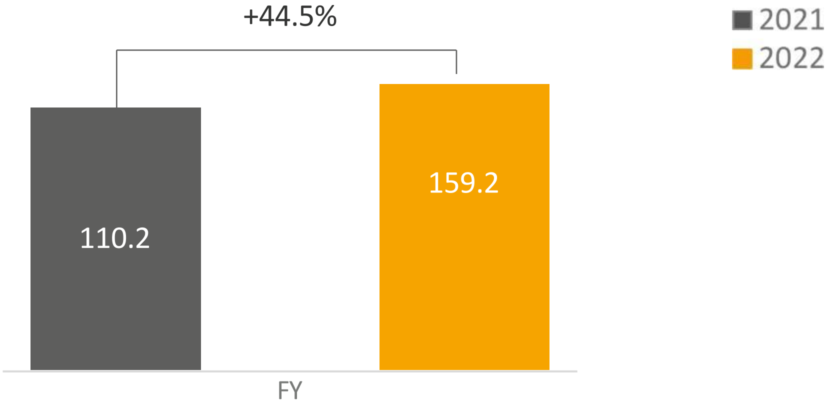
**Adj. EBIT by quarter**
(In EUR mn and % of sales)



- Q4 adjusted EBIT margin at a solid level of 9.6%
- Strong momentum of the first three quarters continued
- Strong net order intake with regard to trailer build throughout Q4

# APAC FY and Q4 2022 – Sales

**Sales**
(In EUR mn)



- FY 2022 sales up 44.5%
- Organic growth of 37.5%
- Growth fuelled by strong trailer OE business in India and Australia
- Capacity expansion at the site in Pune (India) by a total of 50% to serve the expected rising demand
- Governmental subsidies (scrappage) fueling demand for new trailers
- Structural growth of air suspension technology

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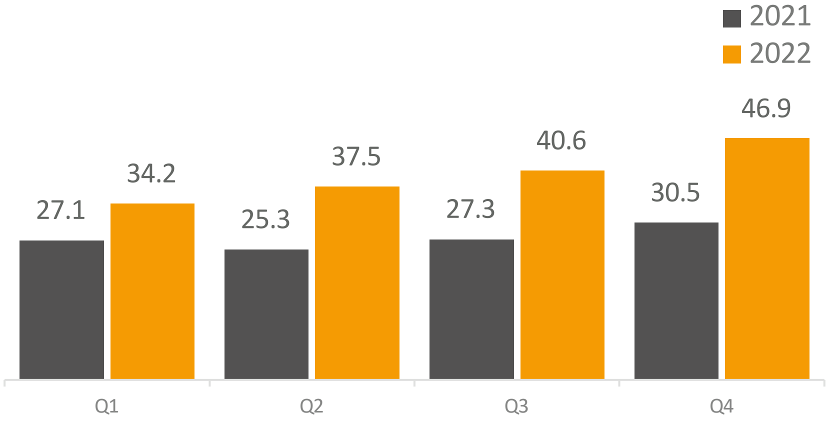
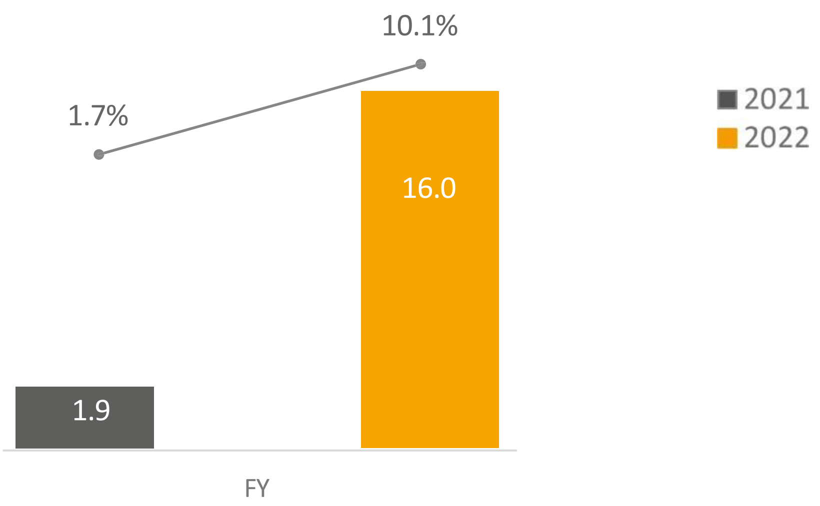
**Sales by quarter**
(In EUR mn)



- Q4 2022 sales adjusted for FX effects: +49.2%
- SAF-HOLLAND continues to profit from market leading position in axles systems in India due to the extended government infrastructure build-out program

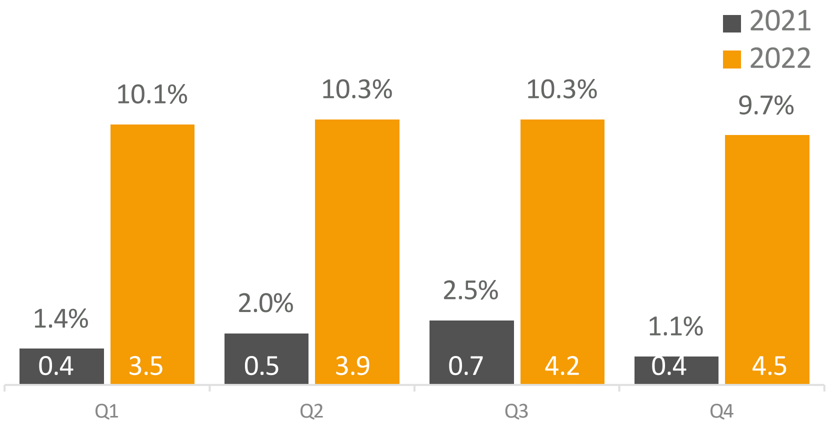
# APAC FY and Q4 2022 – Adj. EBIT

**Adj. EBIT**
(In EUR mn and % of sales)



- Solid adjusted EBIT margin of 10.1% in FY 2022
- Sharp rise in volumes and sales had a positive impact on earnings due to operating leverage, especially in India
- Additional restructuring charges (EUR 1.4 mn) and impairment losses (EUR 2.4 mn) in China
- Operating losses in China cut in half

**Adj. EBIT by quarter**
(In EUR mn and % of sales)



- Q4 adjusted EBIT margin sound at 9.7%
- YoY margin improvement driven by operational leverage in India and effective implementation of cost-saving measures in China

# Group P&L: Reconciliation from adjusted EBIT to EPS

| **In EUR thsd.** | Q4 2022 | Q4 2021 | Change in % | FY 2022 | FY 2021 | Change in % |
|---|---|---|---|---|---|---|
| **Adjusted EBIT** | **32,320** | **21,852** | **47.9** | **124,601** | **93,128** | **33.8** |
| *Adjusted EBIT margin in %* | *8.3* | *6.8* | *1.5PP* | *8.0* | *7.5* | *0.5 pp* |
| Total adjustments | 6,505 | 12,370 | -47.4 | 23,110 | 20,988 | 10.1 |
| **EBIT** | **25,815** | **9,482** | **172.3** | **101,491** | **72,140** | **40.7** |
| Finance result | -6,483 | -2,848 | 127.6 | -12,993 | -9,445 | 37.6 |
| **Result before income tax** | **19,332** | **6,634** | **191.4** | **88,498** | **62,695** | **41.2** |
| Income tax | -5,844 | -6,949 | -15.9 | -27,271 | -25,899 | 5.3 |
| *Tax rate* | *30.2* | *104.7* | *-74.5 pp* | *30.8* | *41.3* | *-10.5 pp* |
| **Result for the period** | **13,488** | **-315** | **–** | **61,227** | **36,796** | **66.4** |
| Earnings per share | 0.31 | -0.01 | – | 1.35 | 0.81 | 66.7 |
| Adjusted earnings per share | 0.44 | 0.31 | 41.9 | 1.82 | 1.35 | 34.8 |

# Group P&L: Disproportionate earnings growth

- Adjusted EBIT amounted to a record-breaking EUR 124.6 mn up 33.8% on PY
  Major one-offs adjusted: Restructuring and transaction cost totalling EUR 9.1 mn (of which EUR 6.2 mn transaction and legal fees in connection with Haldex transaction) as well as depreciation and amortization from purchase price allocations of EUR 9.5 mn (previous year: EUR 9.1 million)

- Finance result was marked by the stepped-up interest payments related to the financing of the Haldex acquisition and came in at EUR -13.0 mn as compared to EUR -9.4 mn in 2021
  Net interest result amounted to EUR -13.3 mn in FY2022 vs. EUR -7.6 mn in FY2021

- Result before income tax increased by 41.2% yoy to EUR 88.5 mn

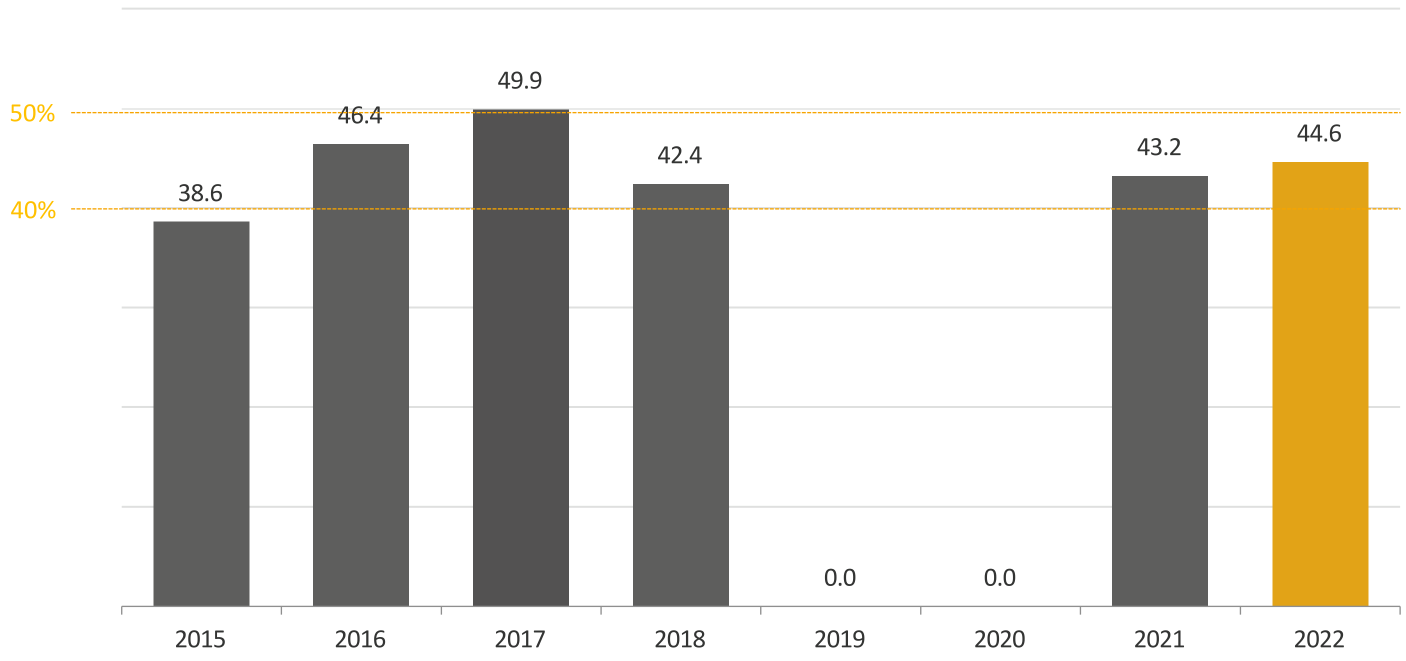
- Fuelled by the normalized income tax rate, the result for the period increased disproportionately by EUR 24.4 mn to EUR 61.2 mn (+ 66.4% yoy)

- EPS thus improved significantly to EUR 1.35 (FY 2021: EUR 0.81)

- Excluding one-offs adjusted EPS amounted to EUR 1.82 per share implying an attractive price-earnings-ratio versus peers of 5.8, based upon last week's share closing price of EUR 10.6

# Dividend increase to EUR 0.60 per share proposed to AGM

Target payout ratio of 40-50%*

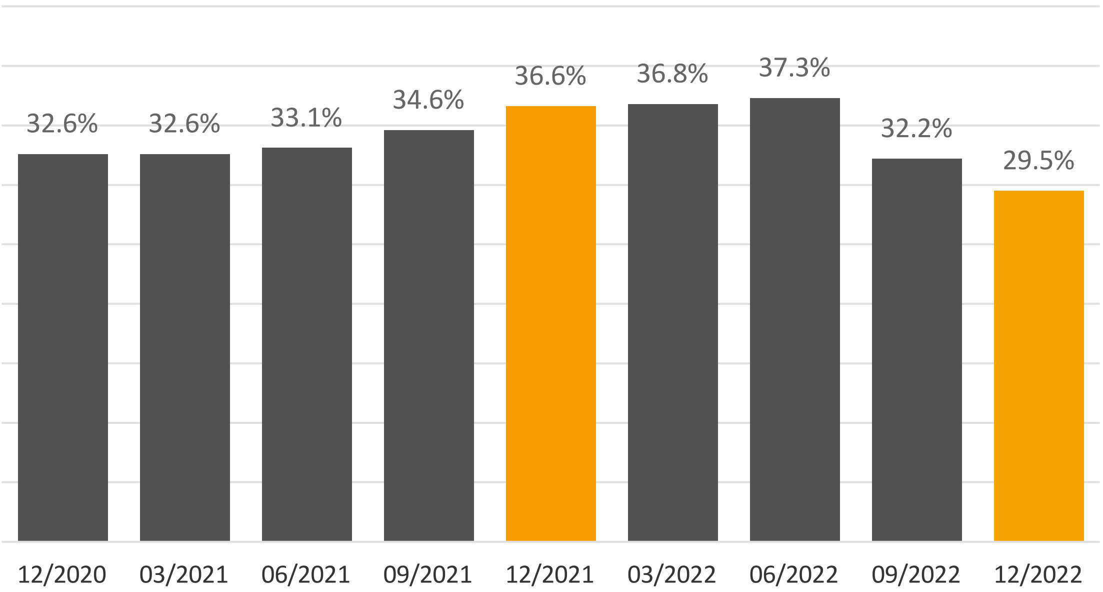


| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|
| Dividend per share (EUR) | 0.40 | 0.44 | 0.45 | 0.45 | 0.00 | 0.00 | 0.35 | 0.60 |
| Total dividend (EUR mn) | 18.1 | 20.0 | 20.4 | 20.4 | 0.0 | 0.0 | 15.9 | 27.2 |

- Management Board and Supervisory Board propose a dividend of EUR 0.60 per share at the Annual General Meeting on May 23, 2023
- Dividend proposal in line with long-term dividend policy of distributing 40-50% of the available net result for the period attributable to equity holders of the parent
- Dividend payment underscores management's confidence in the financing of the Haldex acquisition from existing cash and free cash flows
- Attractive dividend yield of 6.8% based on year-end 2022 share price

* Dividend as a percentage of the available result for the period (excluding significant non-cash items).

# Equity ratio declines exclusively due to the acquisition of Haldex

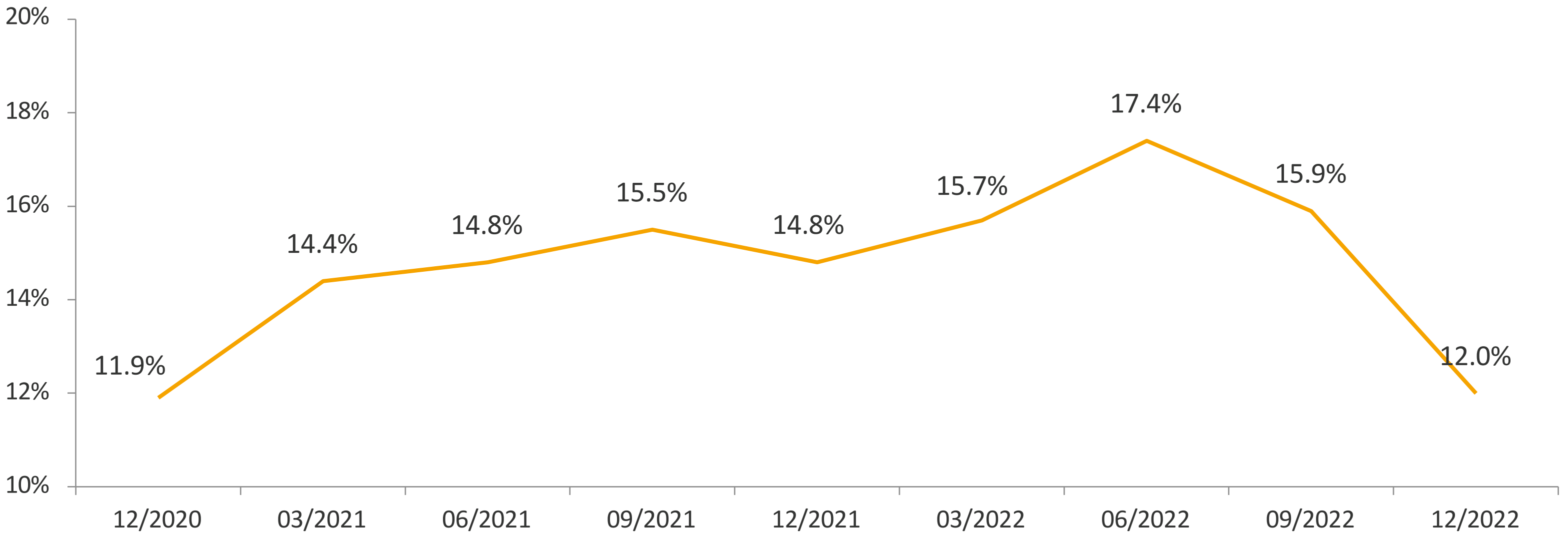


| EUR MN | 12/ 2020 | 03/ 2021 | 06/ 2021 | 09/ 2021 | 12/ 2021 | 03/ 2022 | 06/ 2022 | 09/ 2022 | 12/ 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Equity | 300 | 325 | 335 | 354 | 371 | 391 | 431 | 468 | 441 |
| Total assets | 920 | 999 | 1,010 | 1,023 | 1,014 | 1,060 | 1,156 | 1,457 | 1,498 |

- Compared to December 31, 2021, equity rose by a total of EUR 70.3 mn as of year-end 2022
- Equity increased due to the result for the period of EUR 61.2 million, currency effects of EUR 12.7 million and the remeasurement of defined benefit plans of EUR 8.1 million, partially offset by the EUR 15.9 million dividend payment for the 2021 financial year
- Due to the acquisition of Haldex (EUR 292.2 mn), total assets increased significantly and consequently the equity ratio decreased to 29.5% (December 31, 2021: 36.6%)

# 280 basis points improvement in the net working capital ratio

**Net working capital** (In % of sales)

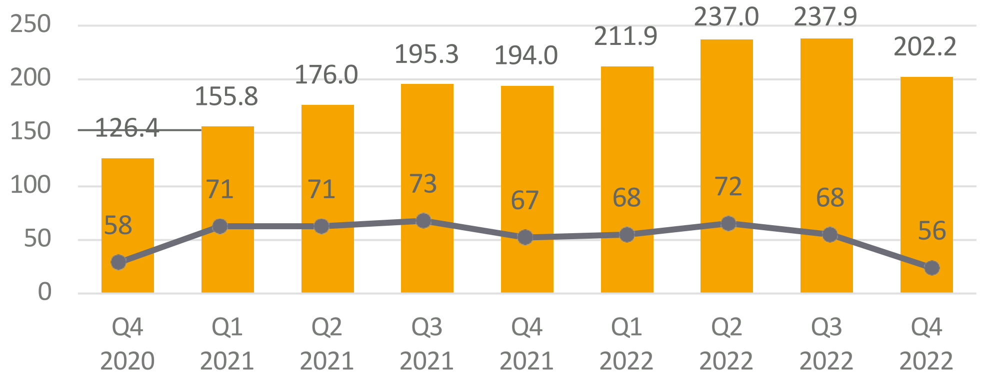


- Net working capital ratio at 12.0%, down 2.8 pp from previous year
- YoY increase in net working capital of only 1.9% to EUR 188.0 mn compared to sales growth of 25.6%
- Build-up of inventories and trade receivables curbed as a result of the strict working capital management under the "Cash is King" program

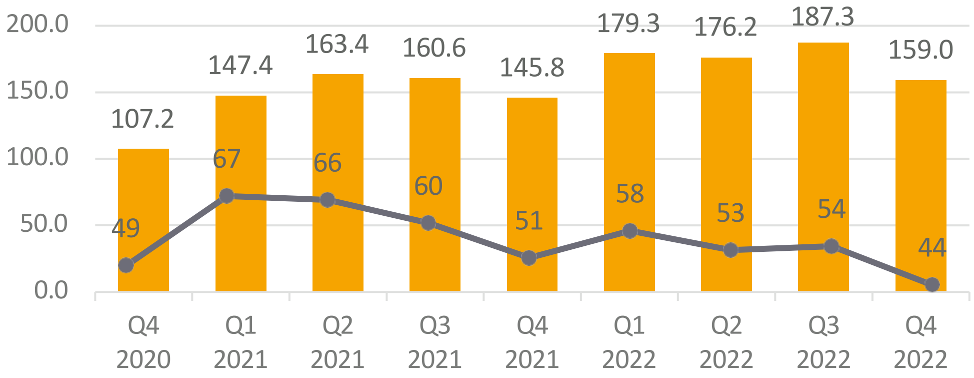
| EUR MN | 12/ 2020 | 03/ 2021 | 06/ 2021 | 09/ 2021 | 12/ 2021 | 03/ 2022 | 06/ 2022 | 09/ 2022 | 12/ 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Inventories | 126.4 | 155.8 | 176.0 | 195.3 | 194.0 | 211.9 | 237.0 | 237.9 | 202.2 |
| Trade receivables | 95.3 | 130.0 | 148.9 | 147.2 | 136.3 | 176.1 | 184.6 | 187.0 | 144.7 |
| Trade payables | -107.2 | -147.4 | -163.4 | -160.6 | -145.8 | -179.3 | -176.2 | -187.3 | -159.0 |
| NWC | 114.6 | 138.4 | 161.5 | 181.9 | 184.4 | 208.7 | 245.5 | 237.6 | 188.0 |
| Sales (LTM) | 959.5 | 961.7 | 1,091.4 | 1,175.6 | 1,246.6 | 1,330.7 | 1,411.7 | 1,497.5 | 1,565.1 |

# Improvements in all NWC components

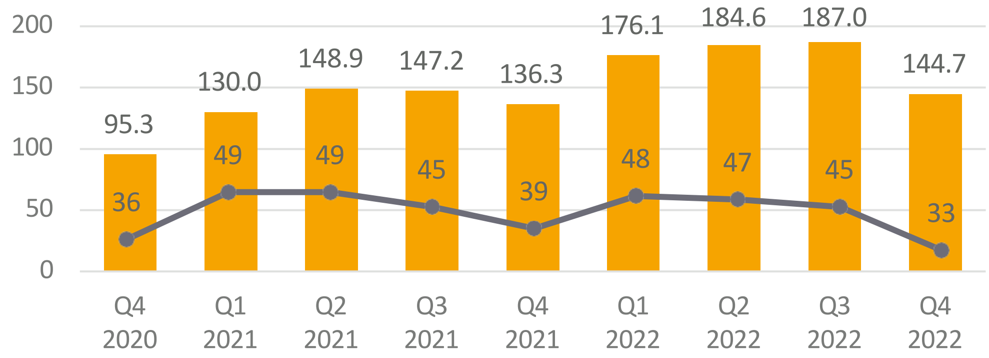
**Inventories** (in EUR mn of sales) and **DIO** (in days)



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



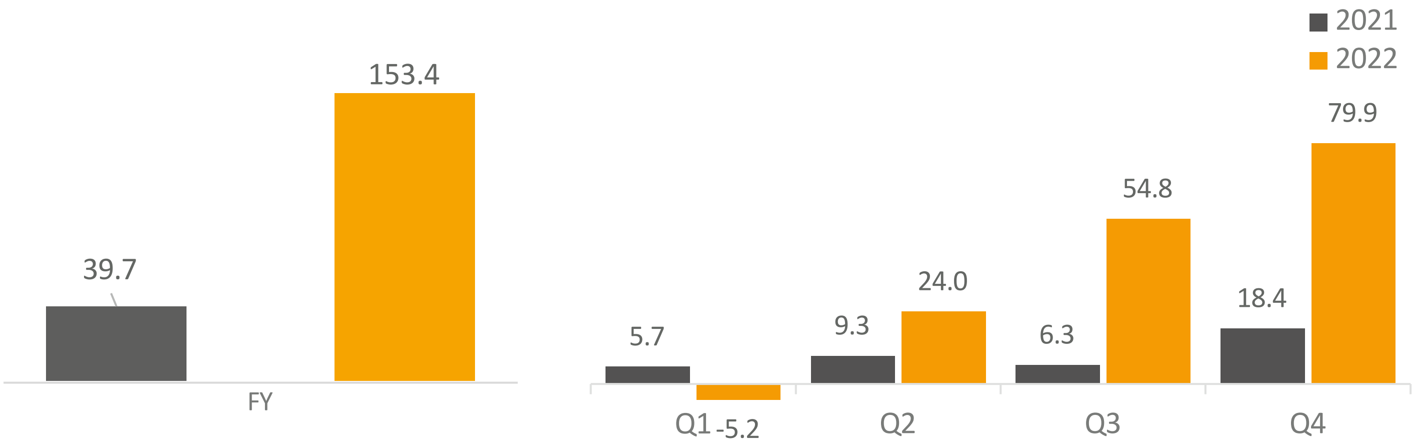
**Trade receivables** (in EUR mn of sales) and **DSO** (in days)



- Easing of supply chain tensions and strict management guidelines enabled reduction in inventory levels; DIO drops YoY from 67 to 56 days
- DSO improved slightly compared to 2021
- DPO at 44 days; the plan is to increase DPO level to 60 days

# Cash flows: Sequentially improved operating free cash flow generation

## Net cash flow from operating activities (in EUR million)



- FY2022 net cash flow from operating activities reached EUR 153.4 mn, almost 4-times the amount of 2021
- Cash generation benefited from significantly increased earnings
- Improvement mainly due to NWC management, which resulted in proceeds of EUR 2.1 mn from change in NWC in 2022 versus outflows of EUR 65.5 mn in 2021

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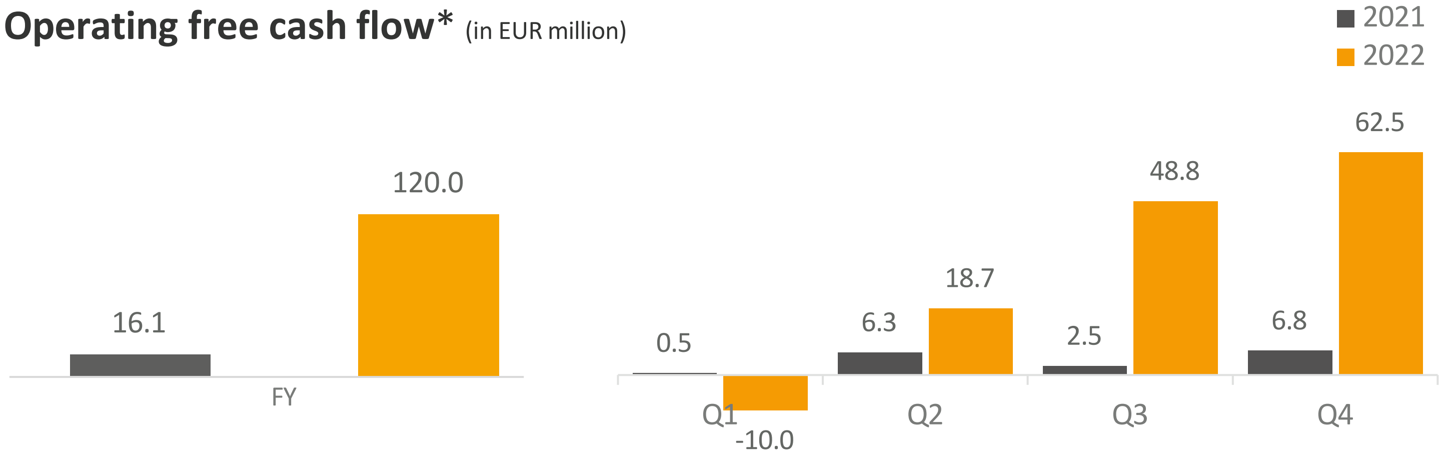
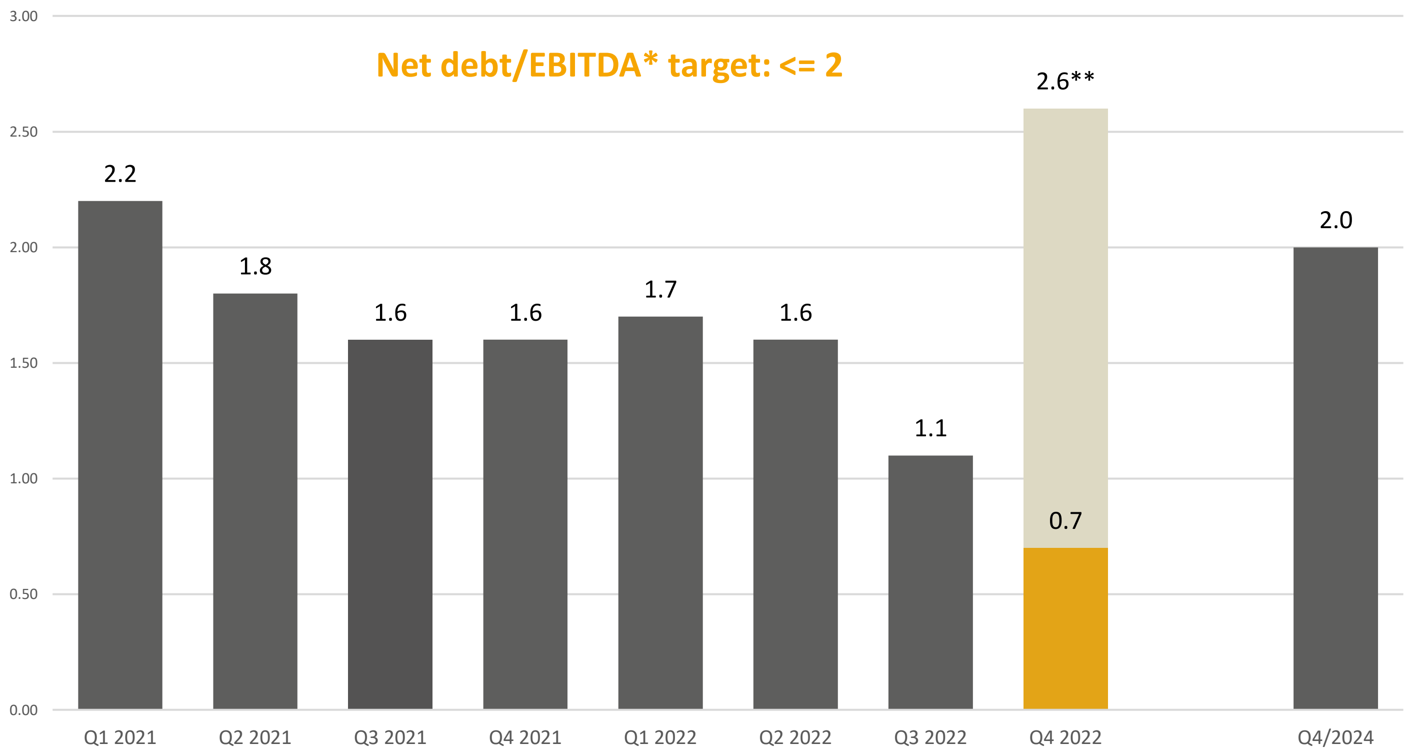
## Operating free cash flow* (in EUR million)



- Net cash flow from investing activities reached EUR -431.7 mn in 2022, including the purchase of Haldex shares (EUR 287.8 mn) and the granting of a loan to Haldex (EUR 110.0 mn)
- Excluding Haldex (purchase of shares and loan) and the acquisition of IMS, operating free cash flow was EUR 120.0 mn in 2022 as compared to EUR 16.1 mn in 2021

* Pre-acquisitions/excl. purchase of Haldex shares

# Net debt/EBITDA: Target for 2024 remains in place: 2 x or lower



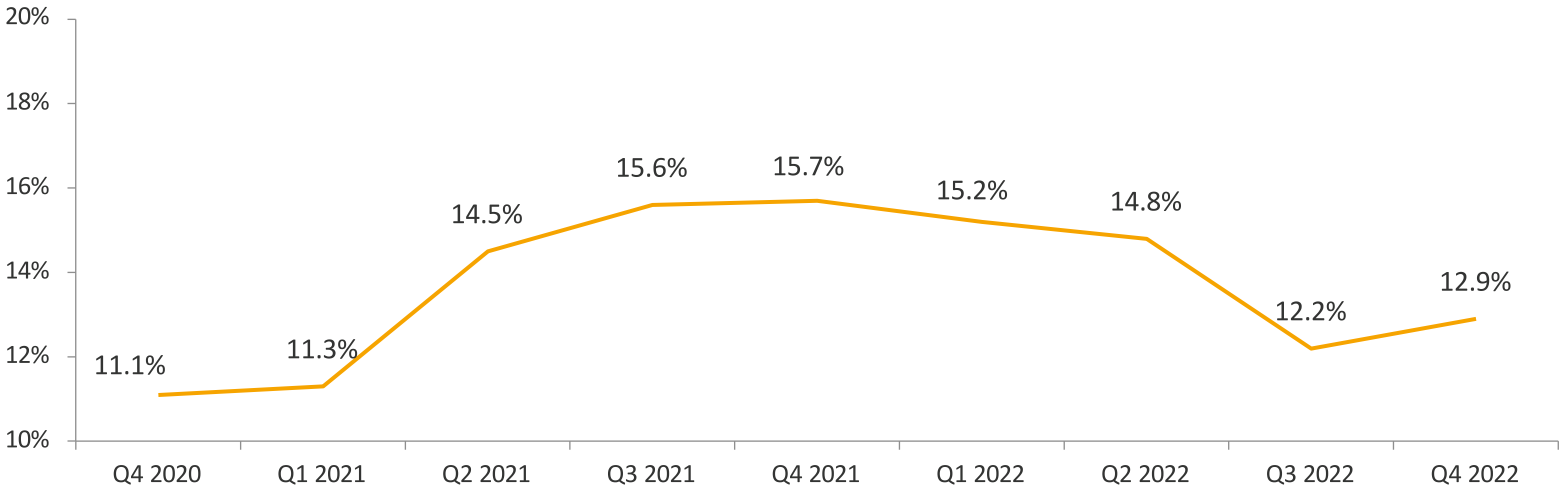
| EUR MN | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
|---|---|---|---|---|---|---|---|---|
| Net debt | 195.6 | 200.4 | 200.7 | 198.0 | 210.3 | 206.4 | 158.8 | 108.4 |
| EBITDA* | 87.0 | 114.3 | 125.9 | 125.0 | 126.4 | 131.6 | 140.0 | 151.5 |

- For comparability reasons, net financial debt has been adjusted for the purchase of the Haldex shares and granting of the loan to Haldex since the second quarter of 2022
- Excluding the effects from Haldex, net debt to EBITDA ratio at year-end 2022 was 0.7x
- The significant deleveraging in Q3 and Q4 2022 was the result of the strong operating free cash flow, which in turn was due to improved working capital management
- The target for 2024 is a net debt to EBITDA ratio of 2x or lower
- Including pro-forma EBITDA contribution of Haldex according to preliminaries, the net debt/EBITDA ratio would have amounted to approx. 2.6

* EBITDA (LTM)    ** Incl. Haldex related debt and pro-forma EBITDA contribution

# ROCE impacted by Haldex transaction, still well above WACC

## Return on capital employed (in %)



| EUR MN | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Equity | 300.5 | 325.2 | 334.8 | 353.7 | 371.1 | 390.5 | 431.1 | 468.5 | 441.4 |
| Financial liabilities | 324.1 | 332.4 | 323.7 | 318.5 | 322.2 | 318.9 | 369.9 | 614.5 | 715.7 |
| Lease liabilities | 43.6 | 42.7 | 41.6 | 41.7 | 41.1 | 40.4 | 40.9 | 39.9 | 38.4 |
| Pension provisions | 31.4 | 32.2 | 32.2 | 32.7 | 22.3 | 22.5 | 16.8 | 16.9 | 15.3 |
| Cash/cash equivalents | -171.0 | -179.5 | -164.9 | -159.5 | -165.2 | -148.9 | -173.0 | -206.2 | -243.5 |
| Capital employed | 528.6 | 553.0 | 567.4 | 587.1 | 591.4 | 623.4 | 685.7 | 933.7 | 967.3 |
| Adjusted EBIT (LTM) | 58.8 | 62.3 | 82.1 | 91.5 | 93.1 | 94.7 | 101.8 | 114.1 | 124.6 |

- SAF-HOLLAND’s cost of capital (WACC) amounted to close to 12%
- The Group’s target is to consistently achieve returns well in excess of capital cost, creating sustainable value for shareholders
- FY 2022 ROCE at 12.9%, significantly impacted by capital employed required to finance the Haldex acquisition
- Adjusted for Haldex according to preliminaries, ROCE of 22.1%
- Target for 2027, including Haldex, is an ROCE of >=15%

# Update Haldex Integration

# Integration of HALDEX continues as PATA consent allows for closing of transaction and inclusion into the scope of consolidation of SAF-HOLLAND Group

**Preparation**

**Transition**

**Integration / Combination**

**Phase 1: Key elements**

- "Cornerstones" of target set-up
- Definition of target organization blueprint and future management team

**Phase 2: PMI preparation**

- PMI strategic direction and integration plan design
- High-level target operating model concept

**Phase 3: Day-2 preparation**

- Integration plan refinement & prepare implementation start
- Day-2 organization setup
- Initial synergy realization
- Ensuring full Day-2 readiness
- Setup of IT system and data integration

**Phase 4: Closing & further integration**

- Synergy realization: Detailing of subsidiaries, production locations, etc.
- Continued systems and process integration
- Harmonization of go-to-market approach
- Polish merger control clearance obtained Feb. 21st , marking closing of transaction
- SAFH holds 100% in Haldex AB shares as of March 1st Jan

Deal secured
*Aug 16th*

EGM/Former HALDEX Board replaced
*Nov 11th*

Day-2
*Jan 1st 2023*

Completion
*Dec. 31, 2023*

*Jul* | *Aug* | *Sep – Dec 2022* | *Jan – Dec 2023*

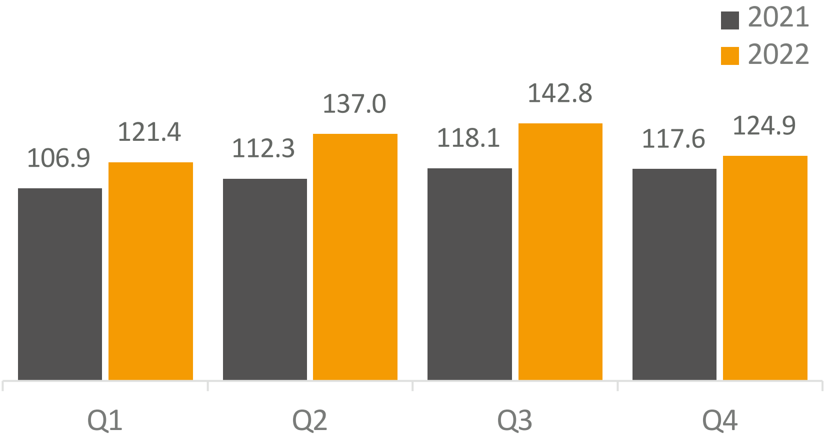
Today

# Status of Haldex integration: Another two milestones achieved

| | |
|---|---|
| Closing | Transaction finally closed with the approval of the Polish antitrust authority on **February 21, 2023** |
| Squeeze-out | Squeeze-out to be legally completed in due time as SAF-HOLLAND is holding 100% of Haldex AB shares since **March 1, 2023** |
| Haldex 2022 annual report | In its 2022 stand-alone IFRS financial statements (to be published until end of **May 2023**), Haldex will fully align its accounting and reporting principles with those of SAF-HOLLAND; this is expected to result in adjustments up to a maximum of 6-8% of the purchase price but will have no impact on SAF-HOLLAND's Group results going forward |
| First-time consolidation | Haldex will first be included in SAF-HOLLAND's Q1 2023 consolidated financial statements to be published on **May 26, 2023** (with effect of the closing date of Feb. 21, 2023) |
| 2023 outlook | SAF-HOLLAND's 2023 outlook includes Haldex **as of the closing date Feb. 21, 2023**;<br>In addition, SAF-HOLLAND guides a **pro-forma view** (Haldex included for the full 12-month period) |

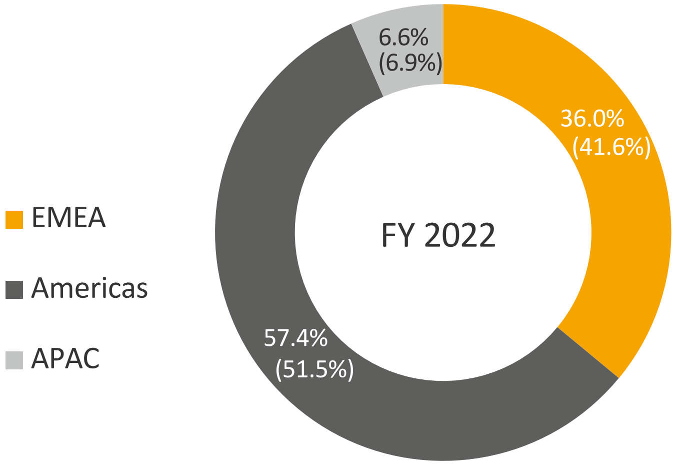
# Haldex sales trend 2022 (based upon preliminary figures)

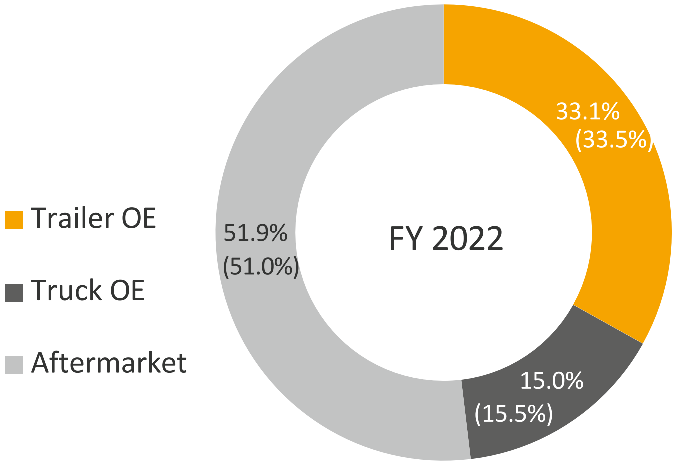
**Sales by quarter**
(In EUR million)



- Sales according to preliminary figures amounted to EUR 526.1 mn (PY EUR 454.9 mn), up 15.7% on the prior year
- Overall sales growth in FY 2022 of 20.9 % in SEK;
- FY sales driven by strong Trailer OE (+10.5% currency adjusted) and AM business (+8.9% currency adjusted)
- Q4 2022 sales up 6.2 % in EUR (+13.9% in SEK), impacted by reluctant restocking of AM customers and slow year-end in EMEA and Americas
- APAC saw strong recovery in Q4
- Internal sale to SAFH amounted to approx. EUR 50 mn

**Sales development**
(By region, by customer category)





# Conservative approach when including HALDEX in SAF-HOLLAND's scope of consolidation

| in EUR mn | Haldex 2022 | SAF-HOLLAND Group 2023 |
|---|---|---|
| Impairments on capitalized development cost | stand-alone | – |
| Value adjustments on inventories | stand-alone | – |
| Tooling and other | stand-alone | – |
| Total | 6 - 8 % of purchase price | – |
| Goodwill | | + 30 – 70 |
| PPA | | ~ 10<br>per annum<br>~ 3 in 2023<br>Step-up Inventory |

- The first-time consolidation of the acquired company could not take place until February 21, 2023, due to delayed approval of the Polish antitrust authority.
- SAF-HOLLAND will roll out its group accounting and valuation principles to Haldex and, where applicable, align its group accounting and reporting principles with those of the SAF-HOLLAND Group.
- Effects that may potentially result will merely be reflected in the separately prepared consolidated financial statements of Haldex AB.
- They will therefore have no impact on the outlook given for the combined SAF-HOLLAND Group in FY 2023.
- The purchase price allocation for Haldex is expected to result in increased goodwill of EUR 30 to 70 mn and additional PPA amortization of approx. EUR 10 mn per annum.

# Outlook 2023

# Expected development of trailer and truck production in 2023

| | Trailer | Trucks |
|---|---|---|
| Europe | -5% | -1% |
| North America | -4% | -4% |
| Brazil | -10% | -15% |
| China | +15% | +15% |
| India | +17% | +14% |

Sources: Market data for trucks and trailers based on ACT Research (January 2023), CLEAR International (Nov. 2022), IHS ( Jan 2023), ANFAVEA, SIAM

**EMEA**

- European trailer market expected to decline moderately, mainly due to the uncertain macroeconomic environment
- SAF-HOLLAND supported by market share gains
- Truck market assumed to consolidate slightly; component shortages increasingly overcome

**North America**

- Due to strong order books, trailer production in H1 2023 expected solid
- SAFH gaining market share in mechanical suspension and structural growth in air disc brakes
- Truck production could decline by 4% yoy albeit still at a solid level
- AM marked by high customer demand

**Brazil**

- Following strong growth in recent years, commercial vehicle production is set to drop by 10-15% in 2023 affected by economic crisis in Argentina
- SAF-HOLLAND outperforming due to major new steering axle contracts

**China**

- Easing of COVID-19 restrictions and economic recovery supposed to fuel a surge of approx. 15% in truck and trailer production in 2023

**India**

- Trailer and truck production expected to further increase driven by continued large-scale governmental infrastructure program and subsidies

# FY 2023 Outlook SAF-HOLLAND Group incl. Haldex

| | **IFRS**<br>(incl. Haldex as of Feb. 21) | **Pro-forma**<br>(incl. Haldex as of Jan. 1) |
|---|---|---|
| **Sales** | EUR 1,800 - 1,950 mn | EUR 1,850 - 2,000 mn |
| **Adjusted EBIT margin** | 7.5% to 8.5% | 7.5% to 8.5% |
| **Capex ratio** | Up to 3% | Up to 3% |

## Sales

- Demand from trailer and truck OE customers assumed to decline moderately in 2023 whereas demand in the AM is expected to remain stable
- Both SAF-HOLLAND and Haldex are expected to moderately outperform the underlying markets due to structural drivers and new orders ramping
- Sales forecast of EUR 1,800 to 1,950 mn excludes currency and exchange rate effects and includes Haldex as of February 21, 2023
- On a pro-forma basis (i.e. Haldex included for the full-year 2023), the corresponding guidance is EUR 1,850 – 2,000 mn
- Sales guidance takes into account intra-group sales elimination from Haldex to SAF-HOLLAND in the amount of approx. EUR 50 – 55 mn

## Adjusted EBIT margin drivers

+ Efficiency gains by operational excellence and automation

+ Net synergies from Haldex integration of EUR 10 – 12 mn mainly from SG&A

+ Positive mix effect from higher AM share

+ Eliminating losses in China

− Customers being highly price sensitive

− Continued inflationary burdens, among others increasing personnel cost worldwide, i.e. 5.2% in Germany

− In case of organic sales decrease, negative economies of scale

## Capex ratio

- Capex in 2023 will focus on expanding capacity in Mexico, Brazil Sweden and India as well as on automation projects in the EMEA and Americas regions; Reflects first steps in ERP system upgrade

# Next info touch-points and contact

# Financial calendar & IR contact

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DEUTSCHE BÖRSE
PRIME STANDARD

SDAX

## Additional information

| | |
|---|---|
| ISIN | DE000SAFH001 |
| WKN | SAFH00 |
| Listing | Frankfurt Stock Exchange<br>Prime Standard |

## Financial calendar 2023

| | |
|---|---|
| May 26, 2023 | **Quarterly Statement Q1 2023** |
| May 23, 2023 | **Annual General Meeting** |
| August 3, 2023 | **Half-Year Financial Report 2023** |
| November 9, 2023 | **Quarterly Statement Q3 2023** |

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