SAF-HOLLAND SE

Half-Year Financial Report 2021

KEY FIGURES

Results of operations

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020
Sales	608,124	476,253
Adjusted gross profit	113,226	84,227
Adjusted gross profit margin in %	18.6	17.7
Adjusted EBITDA	65,671	41,795
Adjusted EBITDA margin in %	10.8	8.8
Adjusted EBIT	46,953	23,655
Adjusted EBIT margin in %	7.7	5.0
Adjusted result for the period	31,174	12,681
Adjusted undiluted earnings per share in EUR	0.69	0.28
Diluted adjusted earnings per share in EUR	0.69	0.25

Net assets

in EUR thousands

	06/30/2021	12/31/2020
Balance sheet total	1,010,357	920,486
Equity	334,846	300,463
Equity ratio in %	33.1	32.6
Net working capital	161,455	114,599
Net working capital in % of sales (LTM)	14.8	11.9

Financial position

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020
Cash flow from operating activities	14,948	22,527
Cash flow from investing activities (property, plant and equipment/ intangible assets)	–8,141	–11,353
Operating free cash flow	6,807	11,174
Total free cash flow	6,807	11,174
Cash and cash equivalents	164,901	209,362
Net debt	200,374	278,851

Employees

	Q1-Q2/2021	Q1-Q2/2020
Employees at the reporting date	3,592	3,235
Employees (on average)	3,513	3,583

Yield

in %

	Q1-Q2/2021	Q1-Q2/2020
Return on capital employed (ROCE)	14.5	8.6

NOTE:

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

Net working capital ratio = Ratio of inventories and trade receivables less trade payables to sales of last twelve months.

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

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

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KEY EVENTS IN THE FIRST SIX MONTHS OF THE YEAR 2021

SCOPE HAMBURG CONFIRMS INVESTMENT GRADE RATING - OUTLOOK RAISED TO STABLE

SAF-HOLLAND SE published the rating report from Scope Hamburg GmbH (formerly Euler Hermes Rating GmbH) on June 9. The report confirmed the investment grade rating and set the outlook from negative to stable.

In its rating, Scope Hamburg particularly emphasizes the sustainable growth prospects from the increasing global transport volumes and the Group's leading market positions in the markets for axle and suspension systems for trailers in the EMEA region and India as well as fifth wheels in the Americas region and the less cyclical, high-margin spare parts business. The global production and service network, the broad customer base and the structural cost reduction and process optimisation measures are also viewed positively.

At the same time, the assessment of the slightly increased business risk reflects the high dependency on the cyclical commercial vehicle sector and the intense competition, which was recently once again briefly exacerbated by the COVID-19 pandemic.

Scope Hamburg rates the financial risk of SAF-HOLLAND as low to moderate, with reference to its high internal financial resources and solid capital structure and financing base.

FIRST ANNUAL GENERAL MEETING AFTER THE TRANSFER OF THE REGISTERED OFFICE SUCCESSFULLY CONCLUDED

On June 10, 2021, SAF-HOLLAND successfully concluded its first Annual General Meeting after the transfer of the registered office from Luxembourg to Germany. Against the backdrop of the ongoing COVID-19 pandemic, the Annual General Meeting was held as a virtual Annual General Meeting without the shareholders being physically present. To allow the shareholders to follow the Annual General Meeting, it was broadcast live via the internet.

With an attendance of 60.05 per cent, the Annual General Meeting of SAF-HOLLAND SE met with great interest. Apart from one exception, all the resolutions proposed by the Management Board and the Supervisory Board were passed with a large majority. In doing so, the shareholders followed the proposal of management to retain the profit of SAF-HOLLAND SE in full and approved the remuneration system for the members of the Management Board, which complies with the statutory provisions of the Second Shareholders' Rights Directive (SRD II) and considers the recommendations of the amendments to the German Corporate Governance Code. For the first time the remuneration system also includes sustainability and ESG targets.

INDUSTRY ENVIRONMENT

SECTOR DEVELOPMENT: TRUCK AND TRAILER MARKETS CONTINUE ON THE ROAD TO RECOVERY

The recovery of the global commercial vehicles market that started in the second half of 2020 continued through into the second quarter of 2021. Most of the relevant regions for SAF-HOLLAND – Europe, North and South America, China and India – recorded continued growth for trucks and trailers. Apart from China, production figures at the end of June were substantially above the previous year's figures.

POSITIVE TREND IN TRUCK REGISTRATIONS IN EUROPE

According to the European Automobile Manufacturers Association, ACEA, the number of new registrations for heavy-duty trucks (over 16 tons) in the European Union in the first half of 2021 is significantly up on the level of the previous year (+39 per cent). Some of the high-volume markets recorded rapid growth, with Germany rising by 23 per cent, France by 19 per cent and Poland by 106 per cent.

PRODUCTION ON THE NORTH AMERICAN TRUCK MARKET AT HIGH LEVELS

After an increase in the production of Class 8 trucks in the first quarter of 2021 (+12 per cent), production in the first six months of 2021 lay 60 per cent above the comparative figure of the previous year.

UPTURN IN THE SOUTH AMERICAN TRUCK AND TRAILER MARKET

The South American market for commercial vehicles grew on the back of an economic recovery in Brazil (with economic growth of 5.3 per cent in the year 2021, IMF World Economic Outlook July 2021) with growth of 115 per cent in heavy-duty trucks and 68 per cent in trailers.

EUROPEAN TRAILER MARKET ON A GROWTH TRAJECTORY

The European trailer market managed to recover further in the second quarter of 2021. In sum, the market in this region grew by 35 per cent in the first half of the year.

NORTH AMERICAN TRAILER MARKET CONTINUES TO BRIGHTEN

Approximately 34 per cent more trailers were manufactured in the North American market in the first six months of 2021 than in the comparable period of the previous year when the market recorded a production slump of around 40 per cent due to the spread of the COVID-19 pandemic.

MASSIVE BOOST TO PRODUCTION IN INDIA

The economic recovery led to an increase of 168 per cent in truck production and 81 per cent in trailer production in the reporting period from January to June 2021.

RISING DEMAND FOR TRAILERS AND TRUCKS IN CHINA

After a weak first quarter 2020 mainly due to COVID-19, demand for trailers and trucks in China continued to recover in the following quarters. The production of trailers in the first six months of 2021 lay 15 per cent up on the level of the previous year. Truck production lay 20 per cent higher than in the previous year.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

in EUR thousands	Q1-Q2/2021	Total Adjustments	Q1-Q2/2021 adjusted	in % of sales	Q1-Q2/2020	Total Adjustments	Q1-Q2/2020 adjusted	in % of sales
Sales	608,124	–	608,124	100.0%	476,253	–	476,253	100.0%
Cost of sales	–496,103	1,205	–494,898	–81.4%	–398,550	6,524	–392,026	–82.3%
Gross profit	**112,021**	**1,205**	**113,226**	**18.6%**	**77,703**	**6,524**	**84,227**	**17.7%**
Other income	517	–	517	0.1%	803	–18	785	0.2%
Selling expenses	–29,382	3,515	–25,867	–4.3%	–28,758	4,040	–24,718	–5.2%
Administrative expenses	–31,847	582	–31,265	–5.1%	–32,914	3,501	–29,413	–6.2%
Research and development costs	–10,626	389	–10,237	–1.7%	–8,157	177	–7,980	–1.7%
Operating profit	**40,683**	**5,691**	**46,374**	**7.6%**	**8,677**	**14,224**	**22,901**	**4.8%**
Share of net profit of investments accounted for using the equity method	579	–	579	0.1%	754	–	754	0.2%
Earnings before interest and taxes (EBIT)	**41,262**	**5,691**	**46,953**	**7.7%**	**9,431**	**14,224**	**23,655**	**5.0%**
Finance income	1,043	–	1,043	0.2%	1,403	–	1,403	0.3%
Finance expenses	–5,466	–	–5,466	–0.9%	–7,516	–	–7,516	–1.6%
Finance result	**–4,423**	**–**	**–4,423**	**–0.7%**	**–6,113**	**–**	**–6,113**	**–1.3%**
Result before taxes	**36,839**	**5,691**	**42,530**	**7.0%**	**3,318**	**14,224**	**17,542**	**3.7%**
Income taxes	–14,291	2,935	–11,356	–1.9%	–1,640	–3,221	–4,861	–1.0%
Income taxes in %	38.8%		26.7%		49.4%		27.7%	
Result for the period	**22,548**	**8,626**	**31,174**	**5.1%**	**1,678**	**11,003**	**12,681**	**2.7%**

EXTRAORDINARY ITEMS

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

The figures in this report have been rounded using commercial principles. In isolated instances, this can lead to rounding differences in the sum totals and percentages.

In the first half-year of 2021 net expenses totalling EUR 5.7 million (previous year: EUR 14.2 million) were eliminated from earnings before interest and taxes (EBIT). These consist of restructuring expenses of EUR 1.1 million (previous year: EUR 9.4 million) and depreciation and amortisation of EUR 4.6 million (previous year: EUR 4.9 million) arising from purchase price allocations. Restructuring expenses chiefly result from the FORWARD 2.0 restructuring programme as well as expenses incurred within the framework of the ongoing liquidation of a number of entities in the APAC region (see the segment reporting on page 8).

Net expenses totalling EUR 1.2 million were eliminated from the cost of sales in the first half of 2021 (previous year: EUR 6.5 million). These consist of restructuring expenses of EUR 0.2 million (previous year: EUR 5.4 million) and depreciation and amortisation of EUR 1.0 million (previous year: EUR 1.1 million) arising from purchase price allocations.

Net expenses totalling EUR 3.5 million were eliminated from selling expenses in the first half of 2021 (previous year: EUR 4.0 million). These consist of restructuring expenses of EUR 0.1 million (previous year: EUR 0.5 million) and depreciation and amortisation of EUR 3.4 million (previous year: EUR 3.5 million) arising from purchase price allocations.

Moreover, expenses of EUR 0.6 million (previous year EUR 3.5 million) were eliminated from general administrative expenses, almost all of which relate to restructuring expenses.

Regarding research and development costs, an amount of EUR 0.4 million (previous year: EUR 0.2 million) was eliminated. This consists of restructuring expenses of EUR 0.2 million (previous year: EUR 0.0 million) and depreciation and amortisation of EUR 0.2 million (previous year: EUR 0.2 million) arising from purchase price allocations.

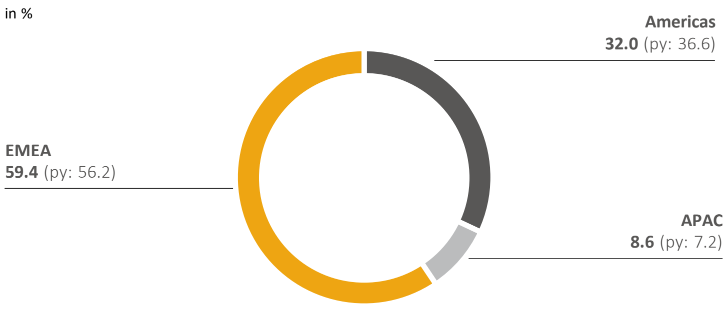
RESULTS OF OPERATIONS

The development presented below describes the changes in the most significant line items of the income statement in the reporting period after eliminating the extraordinary items discussed above.

GROUP SALES UP SIGNIFICANTLY ON THE PREVIOUS YEAR DUE TO HIGHER DEMAND

Group sales in the first half of 2021 came to EUR 608.1 million due to higher demand, marking a significant rise of 27.7 per cent on the comparable figure for the previous year of EUR 476.3 million. Currency effects amounted to EUR –24.0 million and resulted primarily from currency changes of the US dollar, the Turkish lira, the Australian dollar and the Brazilian real against the Euro. Adjusted for currency translation effects, sales improved by 32.7 per cent.

Group sales by segment H1 2021



SHARE OF OE BUSINESS INCREASES BY 2.0 PERCENTAGE POINTS

Sales in the OE business increased by 31.2 per cent or EUR 105.1 million to EUR 441.4 million in the reporting period from January to June 2021. The share of Group sales accounted for by the OE business increased from 70.6 per cent to 72.6 per cent.

in EUR thousands	Q1-Q2/2021	Q1-Q2/2020	Change absolute	Change in %
Original equipment business	441,434	336,374	105,060	31.2%
Spare parts business	166,690	139,879	26,811	19.2%
Group sales	**608,124**	**476,253**	**131,871**	**27.7%**
Original equipment business in % of Group sales	72.6%	70.6%		
Spare parts business in % of Group sales	27.4%	29.4%		

Sales in the spare parts business increased by 19.2 per cent or EUR 26.8 million to EUR 166.7 million. Consequently, the share of the spare parts business in Group sales decreased from 29.4 per cent to 27.4 per cent.

ADJUSTED GROSS PROFIT MARGIN ABOVE THE LEVEL OF THE PREVIOUS YEAR

Adjusted gross profit improved to EUR 113.2 million in the first half of 2021 due to the sales and cost situation (previous year: EUR 84.2 million). The adjusted gross profit margin of 18.6 per cent was above the level of the comparable period of the previous year of 17.7 per cent.

ADJUSTED EBIT MARGIN AT 7.7 PER CENT

Adjusted EBIT amounted to EUR 47.0 million in the first half of 2021 (previous year: EUR 23.7 million). This corresponds to an adjusted EBIT margin of 7.7 per cent (previous year: 5.0 per cent). The lower ratio of selling expenses and administrative expenses to Group sales was noticeably margin accretive.

FINANCIAL RESULT SIGNIFICANTLY IMPROVED

The financial result improved in the reporting period from January to June 2021 to EUR –4.4 million (previous year: a loss of EUR –6.1 million). In addition to lower interest expenses in association with interest-bearing loans and bonds, the main reason was the positive balance of realised/unrealised exchange gains/losses on loans denominated in foreign currencies and dividends.

UNADJUSTED NET PROFIT FOR THE PERIOD SIGNIFICANTLY UP ON THE PREVIOUS YEAR

With a Group tax rate of 38.8 per cent (previous year: 49.4 per cent), the unadjusted net profit for the first half year of 2021 comes to EUR 22.5 million. This significantly surpassed the previous year's figure of EUR 1.7 million.

Based on approximately 45.4 million ordinary shares outstanding, unchanged on the previous year, unadjusted basic earnings per share for the reporting period from January to June 2021 amounted to EUR 0.50 (previous year: EUR 0.04).

SEGMENT REPORTING

EMEA REGION: STRONG PERFORMANCE

EMEA

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020	Change absolute	Change in %
Sales	**361,010**	**267,877**	**93,133**	**34.8%**
EBIT	**32,815**	**16,919**	**15,896**	**94.0%**
EBIT margin in %	9.1%	6.3%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	2,332	2,321	11	0.5%
Restructuring and transaction costs	197	2,249	–2,052	–91.2%
Adjusted EBIT	**35,344**	**21,489**	**13,855**	**64.5%**
Adjusted EBIT margin in %	9.8%	8.0%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	9,378	8,880	498	5.6%
in % of sales	2.6%	3.3%		
Adjusted EBITDA	**44,722**	**30,369**	**14,353**	**47.3%**
Adjusted EBITDA margin in %	12.4%	11.3%		

Sales in the EMEA region improved by 34.8 per cent to EUR 361.0 million (previous year: EUR 267.9 million) in the first half of 2021, primarily on account of a strong upturn in OE business and further gains in market share. Adjusted for currency translation effects, sales growth of 36.8 per cent was recorded.

The EMEA region generated an adjusted EBIT of EUR 35.3 million in the reporting period from January to June 2021 (previous year: EUR 21.5 million) and an adjusted EBIT margin of 9.8 per cent (previous year: 8.0 per cent). Particularly the lower ratio of selling expenses and administrative expenses to sales was noticeably margin accretive.

AMERICAS REGION: BACK TO PROFITABLE GROWTH

Americas

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020	Change absolute	Change in %
Sales	**194,693**	**174,146**	**20,547**	**11.8%**
EBIT	**9,335**	**745**	**8,590**	**1153.0%**
EBIT margin in %	4.8%	0.4%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1,086	1,224	–138	–11.3%
Restructuring and transaction costs	301	2,552	–2,251	–88.2%
Adjusted EBIT	**10,722**	**4,521**	**6,201**	**137.2%**
Adjusted EBIT margin in %	5.5%	2.6%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	7,038	7,700	–662	–8.6%
in % of sales	3.6%	4.4%		
Adjusted EBITDA	**17,760**	**12,221**	**5,539**	**45.3%**
Adjusted EBITDA margin in %	9.1%	7.0%		

Due to the booming OE truck business and solid sales of spare parts, sales in the Americas region increased by 11.8 per cent to EUR 194.7 million (previous year: EUR 174.1 million) in the first half of 2021. Adjusted for currency translation effects, sales improved by 22.0 per cent.

The Americas region generated an adjusted EBIT of EUR 10.7 million in the reporting period from January to June 2021 (previous year: EUR 4.5 million) and a significantly improved adjusted EBIT margin of 5.5 per cent (previous year: 2.6 per cent). Thereby the OE business had a slightly negative impact on the gross margin, which, however, was more than compensated for by the spare parts business. The gross margin in the OE business was burdened, particularly in the second quarter of 2021, by higher prices for steel and higher freight charges. These cost increases will be passed on at a delay, resulting in relief from the corresponding costs in the third and fourth quarter of 2021 (see the risk and opportunity report on page 12). In addition, the decline in the ratio of selling expenses and administrative expenses to sales was noticeably margin accretive.

APAC REGION: OPERATING RESULT BACK IN THE BLACK

APAC

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020	Change absolute	Change in %
Sales	**52,421**	**34,230**	**18,191**	**53.1%**
EBIT	**–888**	**–8,233**	**7,345**	**–89.2%**
EBIT margin in %	–1.7%	–24.1%		
Additional depreciation and amortisation of property, plant and equipment and intangible assets from PPA	1,202	1,311	–109	–8.3%
Restructuring and transaction costs	573	4,567	–3,994	–87.5%
Adjusted EBIT	**887**	**–2,355**	**3,242**	**–137.7%**
Adjusted EBIT margin in %	1.7%	–6.9%		
Depreciation and amortisation of property, plant and equipment and intangible assets (excluding PPA)	2,302	1,560	742	47.6%
in % of sales	4.4%	4.6%		
Adjusted EBITDA	**3,189**	**–795**	**3,984**	**–501.1%**
Adjusted EBITDA margin in %	6.1%	–2.3%		

The APAC region generated sales of EUR 52.4 million in the first half of 2021 (previous year: EUR 34.2 million). Adjusted for currency translation effects, sales increased by 55.5 per cent in comparison to the previous year. The main cause for the significant increase in sales was the strong upturn in business in India and the pleasing development of demand in Australia.

Adjusted EBIT improved by EUR 3.2 million to EUR 0.9 million. The adjusted EBIT margin amounted to 1.7 per cent (previous year: –6.9 per cent). Thereby the spare parts business had a slightly negative impact on the gross margin, which, however, was more than compensated for by the OE business. In addition, the decline in the ratio of selling expenses and administrative expenses to sales was noticeably margin accretive.

NET ASSETS

in EUR thousands

	06/30/2021	12/31/2020	Change absolute	Change in %
Non-current assets	**488,366**	**495,372**	**–7,006**	**–1.4%**
of which intangible assets	235,644	239,900	–4,256	–1.8%
of which property, plant and equipment	204,239	207,123	–2,884	–1.4%
of which other (financial) assets	48,483	48,349	134	0.3%
Current assets	**521,991**	**425,114**	**96,877**	**22.8%**
of which inventories	175,955	126,424	49,531	39.2%
of which trade receivables	148,873	95,347	53,526	56.1%
of which cash and cash equivalents	164,901	170,982	–6,081	–3.6%
of which other (financial) assets	32,262	32,361	–99	–0.3%
Balance sheet total	**1,010,357**	**920,486**	**89,871**	**9.8%**

TOTAL ASSETS INCREASED BY 9.8 PER CENT

Total assets as of June 30, 2021 increased by EUR 89.9 million or 9.8 per cent to EUR 1,010.4 million compared to the end of the 2020 financial year. This increase is due primarily to the increase in inventories and trade receivables.

EQUITY RATIO AT 33.1 PER CENT

in EUR thousands

	06/30/2021	12/31/2020	Change absolute	Change in %
Equity	**334,846**	**300,463**	**34,383**	**11.4%**
Non-current liabilities	**450,546**	**448,896**	**1,650**	**0.4%**
of which interest-bearing loans and bonds	322,800	322,529	271	0.1%
of which finance lease liabilities	34,456	35,766	–1,310	–3.7%
of which other non-current liabilities	93,290	90,601	2,689	3.0%
Current liabilities	**224,965**	**171,127**	**53,838**	**31.5%**
of which interest-bearing loans and bonds	854	1,539	–685	–44.5%
of which finance lease liabilities	7,165	7,849	–684	–8.7%
of which trade payables	163,373	107,172	56,201	52.4%
of which other current liabilities	53,573	54,567	–994	–1.8%
Balance sheet total	**1,010,357**	**920,486**	**89,871**	**9.8%**

In comparison to December 31, 2020, equity has improved by EUR 34.4 million to EUR 334.9 million. Equity was bolstered by the addition of the result for the period of EUR 22.5 million as well as exchange differences on the translation of foreign operations of EUR 11.8 million. Coupled with the 9.8 per cent increase in the balance sheet total, this leads to an improvement in the equity ratio from 32.6 per cent to 33.1 per cent.

Non-current liabilities increased slightly by EUR 1.7 million in comparison to December 31, 2020 to EUR 450.5 million. The main factor in this regard was the increase in other non-current liabilities.

The increase in current liabilities is mainly due to the increase in trade payables.

NET WORKING CAPITAL RATIO IMPROVES DUE TO CYCLICAL FACTORS

Net working capital

in EUR thousands

	06/30/2021	12/31/2020	Change absolute	Change in %
Inventories	175,955	126,424	49,531	39.2%
Trade receivables	148,873	95,347	53,526	56.1%
Trade payables	–163,373	–107,172	–56,201	52.4%
Net working capital	161,455	114,599	46,856	40.9%
Sales (last 12 month)	1,091,390	959,519	131,871	13.7%
Net working capital ratio	14.8%	11.9%		

The net working capital ratio, measured as the ratio of net working capital to Group sales over the last twelve months, increased from 11.9 per cent as of December 31, 2020 to 14.8 per cent. An increase in inventories and trade receivables was countered by significantly higher trade payables. A positive factor was the rise in sales over the last twelve months due to higher demand.

FINANCIAL POSITION

Financial position

in EUR thousands

	Q1-Q2/2021	Q1-Q2/2020
Net cash flow from operating activities	14,948	22,527
Net cash flow from investing activities (property, plant and equipment/ intangible assets)	–8,141	–11,353
Operating free cash flow	**6,807**	**11,174**
Net cash flow from investing activities (acquisition of subsidiaries)	–	–
Total free cash flow	**6,807**	**11,174**
Other	–10,480	–38,358
Change in net financial liabilities (incl. lease liabilities)	**–3,673**	**–27,184**

POSITIVE OPERATING FREE CASH FLOW

The net cash flow from operating activities reached a level of EUR 15.0 million in the first half of 2021 (previous year: EUR 22.5 million). The decrease can be attributed primarily to changes in net working capital as a consequence of the rapidly increasing business activity. In this regard, it should be noted that as of June 30, 2021, trade receivables of EUR 42.3 million (previous year: EUR 26.9 million) had been sold in the context of a factoring contract.

The net cash flow from investing activities in property, plant and equipment and intangible assets of EUR –8.1 million lay EUR 3.2 million, or 28.3 per cent, below the comparable figure for the previous year. The focus of investing activity lay on measures to improve efficiency.

Operating free cash flow and total free cash flow was positive at EUR 6.8 million (previous year: EUR 11.2 million). In the first half of 2020 the line item “Other” was affected to the tune of EUR 21,2 million on account of the purchase of the remaining shares in V.Orlandi.

NET FINANCIAL DEBT UP SLIGHTLY

Net financial debt (including lease liabilities) increased slightly by EUR 3.7 million to EUR 200.4 million as of June 30, 2021 compared to the reporting date of December 31, 2020. As of June 30, 2021 SAF-HOLLAND carries cash and cash equivalents of EUR 164.9 million (December 31, 2020: EUR 171.0 million).

RISK AND OPPORTUNITY REPORT

Regarding the assessment of the risks and opportunities for the SAF-HOLLAND Group, there have not been any significant changes to the statements made on risks and opportunities in the Annual Report 2020 (pages 74 to 84), with the following exception:

The prices for steel and freight rates have risen considerably over the past months. Higher prices paid for purchases of steel are passed on at a delay. In the OE business, the delay is typically from three to six months. In the spare parts business, it is faster. Due to the extraordinary circumstances, SAF-HOLLAND entered into and conducted talks with its customers aimed at a more rapid adjustment of prices.

OUTLOOK

SECTOR-SPECIFIC DEVELOPMENT: RECOVERY OF THE GLOBAL COMMERCIAL VEHICLE MARKETS

The prospects for the current financial year 2021 have further improved on the commercial vehicle markets of most relevance for SAF-HOLLAND – North and South America, Europe, China and India – with the exception of the trailer markets in China and India. According to ACT Research, a slight increase in production figures is expected for Class-8 trucks and trailers in North America in the year 2021 in comparison to the projections made at the beginning of the year. While a rise in trailer production in China was still expected at the beginning of the year, the forecast has since shifted to a slight decline. In terms of Europe, it is anticipated that production of both trucks and trailers will be higher than last forecast.

RELEVANCE OF THE MARKETS FOR SAF-HOLLAND

Due to the breakdown by customer segment into the Original Equipment (truck, trailer) and the Aftermarket business, the regions relevant to SAF-HOLLAND vary in their importance. While the EMEA region (approximately 4 per cent of Group sales) and the Americas region (approximately 9 per cent of Group sales) are the most relevant for the truck OE segment, in the trailer OE and aftermarket segments SAF-HOLLAND operates worldwide.

RISING DEMAND FOR TRUCKS IN EUROPE

After a decrease in truck production in the previous year, SAF-HOLLAND expects production of heavy-duty trucks to increase by 25 to 30 per cent in 2021 (original forecast: +22 per cent).

EUROPEAN TRAILER MARKET RECOVERS

It is assumed that the production of trailers will return to its growth trajectory in 2021. Consequently, SAF-HOLLAND expects trailer production to rise by 20 to 25 per cent.

STRONG GROWTH IN THE NORTH AMERICAN TRUCK MARKET

ACT Research projects Class 8 truck production in North America to increase by roughly 45 per cent to approximately 314,000 units in 2021 following the cyclical downturn and COVID-19-related decline in 2020. While Mexico and Canada are expected to see an increase of around 78 per cent and almost 73 per cent respectively, growth of slightly more than 42 per cent is forecast for the largest market by volume, the United States.

TRAILER MARKET IN NORTH AMERICA – ORDER BACKLOG REMAINS ABOVE THE LEVEL OF THE PREVIOUS YEAR

The recovery in order intake on the North American trailer market, the first signs of which were seen in the third quarter of 2020, has already had a significant impact on the order backlog. At the end of 2020, for instance, order backlog was approximately 70 per cent higher than at year-end 2019. In the meantime, the order backlog has grown again slightly and now (May 2021) lies roughly 2 per cent above the order backlog recorded at the close of 2020. Against this background, SAF-HOLLAND expects approximately 45 per cent more trailers to come off the production lines in 2021 than in the previous year.

OUTLOOK FOR COMMERCIAL VEHICLE MARKETS IN SOUTH AMERICA REMAINS POSITIVE

After a decline in heavy-duty truck production in 2020, SAF-HOLLAND expects production to increase by around 45 per cent in the current year. The increase in production will be supported by an economic recovery in Brazil. The International Monetary Fund (IMF) is now forecasting economic growth of 5.3 per cent for the year 2021 (original forecast of 3.7 per cent). For the trailer market, SAF-HOLLAND expects a growth in demand of 20 per cent.

DEMAND FOR TRAILERS IN CHINA DOWN ON THE PREVIOUS YEAR

SAF-HOLLAND anticipates a decline in trailer production of 5 to 10 per cent for the current year. At the beginning of the year, a recovery of up to 5 per cent was forecast. However, in contrast to the trailer market, the Chinese truck market has no significance for SAF-HOLLAND. Here, a slight decline of up to 5 per cent is projected for 2021 – after a production increase of around 50 per cent in 2020.

Due to signs of a rapid economic recovery – the IMF projects economic growth of 9.5 per cent in 2021 – production of trucks on the Indian market is now forecast to rise by 115 per cent and trailer production by 100 per cent (original forecast of 182 per cent).

BUSINESS OUTLOOK

Based on the positive figures for the first six months, the Management Board of SAF-HOLLAND SE has decided to raise the outlook for Group sales and the adjusted EBIT margin for the financial year 2021.

Considering the expected macroeconomic environment and the sector-specific framework conditions and after weighing up the risk and opportunity potentials (including the currently foreseeable impact on business from the coronavirus SARS-CoV-2) the Management Board now expects Group sales for the 2021 financial year of between EUR 1,100 million and EUR 1,200 million (previously: EUR 1,050 million to EUR 1,150 million).

Under this assumption, SAF-HOLLAND is now expecting an adjusted EBIT margin of around 7.5 per cent for the 2021 financial year (previously: around 7 per cent).

To support its strategic objectives, the company is still planning investments of approximately 2.5 per cent of Group sales for the 2021 financial year. This capital expenditure will focus primarily on continuing the introduction of a Global Manufacturing Platform, further automation and the programme FORWARD 2.0 as well as IT.

EVENTS AFTER THE BALANCE SHEET DATE

There have not been any events of relevance since the reporting date that would require reporting here.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousands	Notes	Q1-Q2/2021	Q1-Q2/2020	Q2/2021	Q2/2020
Sales	(5)	608,124	476,253	322,504	192,842
Cost of sales	(7)	–496,103	–398,550	–265,944	–166,096
Gross profit		**112,021**	**77,703**	**56,560**	**26,746**
Other income		517	803	241	309
Selling expenses		–29,382	–28,758	–14,690	–12,509
Administrative expenses		–31,847	–32,914	–16,000	–16,275
Research and development expenses		–10,626	–8,157	–4,592	–3,590
Operating result		**40,683**	**8,677**	**21,519**	**–5,319**
Share of net profit of investments accounted for using the equity method		579	754	290	377
Earnings before interest and taxes		**41,262**	**9,431**	**21,809**	**–4,942**
Finance income	(8)	1,043	1,403	116	181
Finance expenses	(8)	–5,466	–7,516	–2,861	–3,468
Finance result	**(8)**	**–4,423**	**–6,113**	**–2,745**	**–3,287**
Result before income tax		**36,839**	**3,318**	**19,064**	**–8,229**
Income tax	(9)	–14,291	–1,640	–7,783	1,250
Result for the period		**22,548**	**1,678**	**11,281**	**–6,979**
Attributable to:					
Equity holders of the parent		22,489	1,752	11,530	–7,105
Shares of non-controlling interests		59	–74	–249	126
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	(11)	256	–	–	–
Income tax effects on items recognised in other comprehensive income	(11)	–234	–	–	–
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(11)	11,813	–9,342	–1,633	–1,232
Other comprehensive income		**11,835**	**–9,342**	**–1,633**	**–1,232**
Comprehensive income for the period		**34,383**	**–7,664**	**9,648**	**–8,211**
Attributable to:					
Equity holders of the parent		34,290	–6,849	9,791	–8,129
Shares of non-controlling interests		93	–815	–143	–82
Basic earnings per share in EUR		**0.50**	**0.04**	**0.26**	**–0.16**
Diluted earnings per share in EUR		**0.50**	**0.04**	**0.26**	**–0.12**

CONSOLIDATED BALANCE SHEET

in EUR thousands	Notes	06/30/2021	12/31/2020
Assets			
Non-current assets		**488,366**	**495,372**
Goodwill		77,823	77,119
Other intangible assets		157,821	162,781
Property, plant and equipment		204,239	207,123
Investments accounted for using the equity method		16,456	15,400
Financial assets	(14)	979	1,289
Other non-current assets		3,208	2,483
Deferred tax assets		27,840	29,177
Current assets		**521,991**	**425,114**
Inventories		175,955	126,424
Trade receivables		148,873	95,347
Income tax receivables		2,153	3,449
Other current assets		28,198	26,743
Financial assets	(14)	1,911	2,169
Cash and cash equivalents	(10)	164,901	170,982
Balance sheet total		**1,010,357**	**920,486**

in EUR thousands	Notes	06/30/2021	12/31/2020
Equity and liabilities			
Total equity	**(11)**	**334,846**	**300,463**
Equity attributable to equity holders of the parent		**334,041**	**297,819**
Subscribed share capital		45,394	45,394
Share premium		224,104	224,104
Retained earnings		109,987	84,423
Accumulated other comprehensive income		–45,444	–56,102
Shares of non-controlling interests		805	2,644
Non-current liabilities		**450,546**	**448,896**
Pensions and other similar benefits		32,226	31,415
Other provisions	(12)	10,634	8,713
Interest bearing loans and bonds	(13)	322,800	322,529
Lease liabilities		34,456	35,766
Other financial liabilities	(14)	919	905
Other liabilities		1,603	1,551
Deferred tax liabilities		47,908	48,017
Current liabilities		**224,965**	**171,127**
Other provisions	(12)	12,917	11,945
Interest bearing loans and bonds	(13)	854	1,539
Lease liabilities		7,165	7,849
Trade payables		163,373	107,172
Income tax liabilities		10,144	4,022
Other financial liabilities	(14)	1,649	9,950
Other liabilities		28,863	28,650
Balance sheet total		**1,010,357**	**920,486**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands

	Q1-Q2/2021						
	Attributable to equity holders of the parent						
	Subscribed share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 11)
As of 01/01/2021	**45,394**	**224,104**	**84,423**	**–56,102**	**297,819**	**2,644**	**300,463**
Result for the period	–	–	22,489	–	22,489	59	22,548
Other comprehensive income	–	–	–	11,801	11,801	34	11,835
Comprehensive income for the period	**–**	**–**	**22,489**	**11,801**	**34,290**	**93**	**34,383**
Transactions with non-controlling interests	–	–	3,075	–1,143	1,932	–1,932	–
06/30/2021	**45,394**	**224,104**	**109,987**	**–45,444**	**334,041**	**805**	**334,846**

in EUR thousands

	Q1-Q2/2020								
	Attributable to equity holders of the parent								
	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 11)
As of 01/01/2020	**454**	**269,044**	**45**	**720**	**59,903**	**–25,185**	**304,981**	**13,026**	**318,007**
Result for the period	–	–	–	–	1,752	–	1,752	–74	1,678
Other comprehensive income	–	–	–	–	–	–8,601	–8,601	–741	–9,342
Comprehensive income for the period	**–**	**–**	**–**	**–**	**1,752**	**–8,601**	**–6,849**	**–815**	**–7,664**
Reclassification	44,941	–44,941	–	–	–	–	–	–	–
Transactions with non-controlling interests	–	–	–	–	8,887	–94	8,793	–8,793	–
06/30/2020	**45,395**	**224,103**	**45**	**720**	**70,542**	**–33,880**	**306,925**	**3,418**	**310,343**

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousands

		Notes	Q1-Q2/2021	Q1-Q2/2020[2]
Cash flow from operating activities				
Result before income tax			**36,839**	**3,318**
–	Finance income	(8)	–1,043	–1,403
+	Finance expenses	(8)	5,466	7,516
+/–	Share of net profit of investments accounted for using the equity method		–579	–754
+	Amortisation and depreciation of intangible assets and property, plant and equipment		23,338	22,996
+	Allowance of current assets		2,760	7,410
+/–	Change in other provisions and pensions		2,904	1,490
+/–	Change in other assets		–1,550	–4,860
+/–	Change in other liabilities		–971	–2,810
+/–	Loss/Gain on disposal of property, plant and equipment		–51	31
+	Dividends from investments accounted for using the equity method		19	21
Cash flow before change of net working capital			**67,132**	**32,955**
+/–	Change in inventories		–48,898	3,384
+/–	Change in trade receivables[1]		–51,720	19,684
+/–	Change in trade payables		54,457	–29,079
Change of net working capital			**–46,161**	**–6,011**
Cash flow from operating activities before income tax paid			**20,971**	**26,944**
–	Income tax paid		–6,023	–4,417
Net cash flow from operating activities			**14,948**	**22,527**
Cash flow from investing activities				
–	Purchase of property, plant and equipment		–7,353	–9,165
–	Purchase of intangible assets		–1,039	–2,669
+	Proceeds from sales of property, plant and equipment		251	481
+	Proceeds from sales of financial assets		480	191
+	Interest received		254	338
Net cash flow from investing activities			**–7,407**	**–10,824**
Cash flow from financing activities				
+	Proceeds from promissory note loan		–	230,000
–	Repayments of current and non-current financial liabilities	(13)	–	–37,339
–	paid transaction costs relating to financing agreements		–9	–3,019
–	Proceeds from foreign currency derivatives		–242	–
–	Payments for lease liabilities		–4,481	–4,649
–	Interest paid		–4,032	–2,713
+/–	Change in drawings on the credit line and other financing activities	(13)	–559	–91,522
+/–	Transactions with non-controlling interests		–8,051	–21,193
Net cash flow from financing activities			**–17,374**	**69,565**
Net increase/decrease in cash and cash equivalents			**–9,833**	**81,268**
+/–	Effect of changes in exchange rates on cash and cash equivalents		3,752	–3,072
Cash and cash equivalents at the beginning of the period		**(10)**	**170,982**	**131,166**
Cash and cash equivalents at the end of the period		**(10)**	**164,901**	**209,362**

[1] As of June 30, 2021, trade receivables in the amount of € 42.3 million (previous year: € 26.9 million) were sold in the context of a factoring contract. Assuming the legal validity of receivables, no further rights of recourse to SAF-HOLLAND exist from the receivables sold.

[2] Changed disclosure with regard to “Transactions with minorities”, see Section 10 in the Notes to the Consolidated Financial Statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from January 1 to June 30, 2021

1. CORPORATE INFORMATION

SAF-HOLLAND SE (hereinafter referred to as the "Company") was founded on December 21, 2005 in the form of a stock corporation (Société Anonyme) under Luxembourg law. By resolution of an extraordinary general meeting on February 14, 2020 and the ensuing entry in the Luxembourg Trade and Companies Register on February 24, 2020 it was converted into a European Company (Societas Europaea). The registered office of the Company has been in Germany since July 1, 2020. The Company is entered in the commercial register of the local court of Aschaffenburg under the number HRB 15646. The Company's shares are listed in the in the SDAX of the Frankfurt Stock Exchange.

2. SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

The consolidated financial statements of SAF-HOLLAND SE and its subsidiaries (the "Group") were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and applicable as of the reporting date.

The interim consolidated financial statements for the first half of 2021 were prepared in accordance with IAS 34 "Interim Financial Reporting." Generally, the same accounting and valuation principles and consolidation methods were applied as those applied to the consolidated financial statements for the 2020 financial year unless explicit reference is made to changes. The interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements as of December 31, 2020.

In preparing the interim consolidated financial statements, management is required to make assumptions and estimates that affect the reported amounts of assets, liabilities, income, expenses and contingent liabilities as of the reporting date. In certain cases, actual amounts may differ from these assumptions and estimates.

Income and expenses that occur irregularly during the financial year are accrued or deferred when it is appropriate to recognise these expenses at the end of the financial year.

The most important functional currencies of foreign operations are listed in the following table:

	Closing rate		Average rate	
	06/30/2021	06/30/2020	Q1-Q2/2021	Q1-Q2/2020
Australian Dollar	0.63266	0.61068	0.64018	0.59693
Brazilian Real	0.17025	0.16304	0.15436	0.18726
Chinese Renminbi	0.13002	0.12563	0.12825	0.12916
Indian Rupee	0.01133	0.01181	0.01132	0.01230
Canadian Dollar	0.67910	0.65053	0.66547	0.66620
Polish Zloty	0.22167	0.22417	0.22064	0.22694
Russian Rouble	0.01158	0.01270	0.01117	0.01313
US-Dollar	0.84003	0.88911	0.82979	0.90814

The interim consolidated financial statements and the interim group management report have not been audited by an auditor.

3. SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and the resulting earnings. For information on earnings development, please refer to the explanations contained in the interim group management report.

4. BASIS OF CONSOLIDATION

In May 2021, SAF-HOLLAND do Brasil Ltda. acquired the remaining 42.5 per cent of the shares in KLL Equipamentos para Transporte Ltda., for a preliminary purchase price of kEUR 8,051. As a result, SAF-HOLLAND do Brasil Ltda. now holds all the shares in KLL Equipamentos para Transporte Ltda., after acquiring a stake of 57.5 per cent in the fourth quarter of 2016 already.

As SAF-HOLLAND do Brasil Ltda. already exercised control prior to acquisition of the outstanding shares in KLL Equipamentos para Transporte Ltda., the acquisition of the additional shares did not have any impact on the consolidated group. This has not changed in comparison to the consolidated financial statements as of December 31, 2020.

5. SEGMENT REPORTING

For the purposes of corporate management and Group reporting, the Group is organised into the regional segments of “EMEA”, “Americas” and “APAC”. The three regions cover both the original equipment business as well as the spare parts business.

The management assesses the performance of the regional segments based on the adjusted EBIT. The reconciliation from the Group’s operating result to the adjusted EBIT is as follows:

in EUR thousands	Q1-Q2/2021	Q1-Q2/2020
Operating result	40,683	8,677
Share of net profit of investments accounted for using the equity method	579	754
EBIT	**41,262**	**9,431**
Additional depreciation and amortisation from PPA	4,620	4,856
Restructuring and transaction expenses	1,071	9,368
Adjusted EBIT	**46,953**	**23,655**

Information on segment sales and results for the period from January 1 to June 30, 2021:

	EMEA[1]		Americas[2]		APAC[3]		Total	
in EUR thousands	**Q1-Q2/2021**	**Q1-Q2/2020**	**Q1-Q2/2021**	**Q1-Q2/2020**	**Q1-Q2/2021**	**Q1-Q2/2020**	**Q1-Q2/2021**	**Q1-Q2/2020**
Sales	361,010	267,877	194,693	174,146	52,421	34,230	608,124	476,253
Adjusted EBIT	35,344	21,489	10,722	4,521	887	–2,355	46,953	23,655
Adjusted EBIT margin in %	9.8	8.0	5.5	2.6	1.7	–6.9	7.7	5.0
Amortization and depreciation of intangible assets and property, plant and equipment (without PPA)	9,378	8,880	7,038	7,700	2,302	1,560	18,718	18,140
in % of sales	2.6	3.3	3.6	4.4	4.4	4.6	3.1	3.8
Adjusted EBITDA	44,722	30,369	17,760	12,221	3,189	–795	65,671	41,795
Adjusted EBITDA margin in %	12.4	11.3	9.1	7.0	6.1	–2.3	10.8	8.8
Purchase of property, plant and equipment and intangible assets	4,682	4,229	1,200	5,009	2,510	2,596	8,392	11,834
in % of sales	1.3	1.6	0.6	2.9	4.8	7.6	1.4	2.5
Employees at the reporting date	1,514	1,439	1,545	1,309	533	487	3,592	3,235

[1] Includes Europe, Middle East and Africa.
[2] Includes Canada, the USA as well as Central and South America.
[3] Includes Asia/Pacific, India and China.

For information on the earnings development of the individual segments, please refer to the related explanations contained in the interim group management report.

6. SALES

In the course of the global economic recovery, sales increased rapidly in all regions in comparison to the same period of the previous year. The impacts of the COVID-19 pandemic and the economic downturn on the commercial vehicle markets left their mark on the sales generated in the previous year.

7. COST OF SALES

Despite a rapid rise in material costs, the cost of sales relative to revenue comes to 81.6 per cent and is therefore below the level of the comparable period of the previous year (H1 2020: 83.7 per cent). This is firstly due to the increase in sales volume, which led to comparatively better coverage of fixed overheads, and, secondly, to impairment losses recorded on inventories in the course of streamlining the product portfolio in the United States and the closure of Corpco Beijing Technology and Development, both of which burdened the cost of sales in the previous year.

8. FINANCIAL RESULT

Finance revenue breaks down as follows:

in EUR thousands	Q1-Q2/2021	Q1-Q2/2020
Unrealised foreign exchange gains on foreign currency loans and dividends	382	38
Realized foreign exchange gains on foreign currency loans and dividends	17	582
Finance income due to derivatives	299	285
Interest income	254	338
Other	91	160
Total	**1,043**	**1,403**

Finance costs break down as follows:

in EUR thousands	Q1-Q2/2021	Q1-Q2/2020
Interest expenses due to interest bearing loans and bonds	–3,592[1]	–4,627[1]
Amortisation of transaction costs	–555	–424
Finance expenses due to pensions and other similar benefits	–207	–290
Finance expenses due to derivatives	–221	–237
Realized foreign exchange losses on foreign currency loans and dividends	–15	–183
Unrealised foreign exchange losses on foreign currency loans and dividends	–13	–681
Finance expenses due to leasing	–647	–635
Other	–216	–439
Total	**–5,466**	**–7,516**

[1] In the previous year, this position included the non-cash interest expenses of kEUR 343 for the convertible bond. The convertible bond was redeemed in fiscal year 2020.

The repayment of the convertible bond of EUR 99.8 million in September 2020 and the repayment of the 5-year tranche of EUR 52.0 million in November 2020 of the promissory note loan issued in November 2015 significantly reduced the debt of the Group and therefore reduced the interest burden throughout the Group.

9. INCOME TAXES

The Group's average tax rate as a guide for expected taxes amounted to 26.7 per cent as of the reporting date (previous year: 27.7 per cent).

The Group's effective tax rate based on the actual tax expense for the reporting period relative to the result before tax decreased by 10.7 percentage points over the previous year to 38.7 per cent (previous year: 49.4 per cent). The reduction in the effective tax rate of the Group results primarily from the increase in earnings before tax with tax effects therefore having less of an impact on the effective tax rate of the Group. As in the comparative period of the previous year, no deferred tax assets were recognised on unused tax losses in the reporting period on grounds of prudence.

The difference between the Group's effective tax rate and the Group's average tax rate, which amounts to 12.0 percentage points (previous year: 21.7 percentage points), is primarily a result of unrecognised deferred tax assets on tax loss carryforwards as well as tax rate differences between local tax rates applicable to individual entities and the average weighted group tax rate and non-deductible operating expenses.

10. CASH AND CASH EQUIVALENTS

in EUR thousands	06/30/2021	12/31/2020
Cash on hand, cash at banks and checks	163,115	168,848
Short-term deposits	1,786	2,134
Total	**164,901**	**170,982**

The change in cash and cash equivalents is mainly due to the higher cash outflows for net working capital and the acquisition of the non-controlling interests in KLL Equipamentos para Transporte Ltda. For further information on the development of cash and cash equivalents, please refer to the statement of cash flows.

The presentation of “Transactions with non-controlling interests” has changed in comparison to the comparable period of the previous year. They are now presented under the cash flow from financing activities instead of being presented under the cash flow from investing activities. The figures for the previous year were adjusted accordingly to allow comparison.

11. EQUITY

The Company’s subscribed share capital has remained unchanged compared to December 31, 2020 and amounts to EUR 45,394,302.00 as of June 30, 2021. Subscribed share capital is fully paid-in and consists of 45,394,302 (previous year: 45,394,302) ordinary shares.

The changes in accumulated other comprehensive income as of the balance sheet date is as follows:

in EUR thousands	Before tax amount		Tax income/expense		Net of tax amount	
	Q1-Q2/2021	Q1-Q2/2020	Q1-Q2/2021	Q1-Q2/2020	Q1-Q2/2021	Q1-Q2/2020
Exchange differences on translation of foreign operations	11,813	–9,342	–	–	11,813	–9,342
Remeasurements of defined benefit plans	256	–	–234	–	22	–
Total	**12,069**	**–9,342**	**–234**	**–**	**11,835**	**–9,342**

In the course of the Annual General Meeting on June 10, 2021, a resolution was passed to refrain from paying out a dividend from the net profit of the year to the shareholders. No dividend was distributed in the previous year either.

12. OTHER PROVISIONS

Other provisions as of June 30, 2021 amount to EUR 23.6 million and have therefore risen by EUR 2.9 million in comparison to December 2020 (EUR 20.7 million).

This increase can be primarily attributed to higher warranty expenses and an addition to the provision for share-based payments.

13. INTEREST-BEARING LOANS AND BONDS

Interest-bearing loans and bonds consisted of the following:

in EUR thousands	Non-current		Current		Total	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Promissory note loan	264,000	264,000	–	–	264,000	264,000
Financing costs	–1,683	–2,073	–748	–907	–2,431	–2,980
Accrued interests	–	–	1,373	1,823	1,373	1,823
Other loans	60,483	60,602	229	623	60,712	61,225
Total	**322,800**	**322,529**	**854**	**1,539**	**323,654**	**324,068**

The following table shows the total liquidity calculated as the sum of freely available credit lines valued at the rate as of the reporting date including available cash and cash equivalents:

in EUR thousands				06/30/2021
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Total liquidity
Revolving credit line	–	200,000	164,901	364,901
Total	**–**	**200,000**	**164,901**	**364,901**

				12/31/2020
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Total liquidity
Revolving credit line	–	200,000	170,982	370,982
Total	**–**	**200,000**	**170,982**	**370,982**

14. FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

Fair values and carrying amounts of financial assets and financial liabilities as of the reporting date:

Financial Instruments

in EUR thousands

		06/30/2021		12/31/2020	
	Measurement category in accordance with IFRS 9	Fair value	Carrying amount	Fair value	Carrying amount
Assets					
Cash and cash equivalents	FAAC	164,901	164,901	170,982	170,982
Trade receivables	FAAC	148,873	148,873	95,347	95,347
Other financial assets					
Derivatives without a hedging relationship	FAHfT	87	87	–	–
Derivatives with a hedging relationship	FAHfT	5	5	–	–
Other financial assets	FAAC	2,798	2,798	3,458	3,458
Equity and liabilities					
Trade payables	FLAC	163,373	163,373	107,172	107,172
Interest bearing loans and bonds	FLAC	318,729	323,654	321,488	324,068
Other financial liabilities					
Derivatives without a hedging relationship	FLtPL	228	228	456	456
Other financial liabilities	FLtPL	2,340	2,340	10,399	10,399
of which aggregated by category in accordance with IFRS 9					
Financial assets measured at amortised cost	FAAC	316,572	316,572	269,787	269,787
Financial liabilities measured at amortised cost	FLAC	482,102	487,027	428,660	431,240
Financial assets held for trading	FAHfT	92	92	–	–
Financial Liabilities at fair value through profit and loss	FLtPL	2,568	2,568	10,855	10,855

Apart from measurement effects, the decrease in other financial liabilities can primarily be attributed to the exercise of a put option for the outstanding shares in KLL Equipamentos para Transporte Ltda. by the former shareholders and the associated preliminary purchase price payment.

The following table shows the allocation to the three levels of the fair value hierarchy for financial assets and liabilities measured at fair value:

				06/30/2021
	Level 1	Level 2	Level 3	Total
Promissory note loan	–	259,890	–	259,890
Interest bearing loans and bonds	–	58,839	–	58,839
Put option for the remaining shares in KLL Equipamentos para Transporte Ltda.	–	–	1,421	1,421
Put option for acquisition of remaining shares of Axscend Group Ltd.	–	–	463	463
Put option for acquisition of remaining shares of PressureGuard LLC	–	–	456	456
Derivative financial assets	–	92	–	92
Derivative financial liabilities	–	228	–	228

				12/31/2020
	Level 1	Level 2	Level 3	Total
Promissory note loan	–	261,963	–	261,963
Interest bearing loans and bonds	–	59,525	–	59,525
Put option for the remaining shares in KLL Equipamentos para Transporte Ltda.	–	–	9,477	9,477
Put option for acquisition of remaining shares of Axscend Group Ltd.	–	–	463	463
Put option for acquisition of remaining shares of PressureGuard LLC	–	–	442	442
Derivative financial liabilities	–	456	–	456

15. RELATED PARTY DISCLOSURES

The tables below show the composition of the Management Board and the Supervisory Board of SAF-HOLLAND SE as of the reporting date:

Management Board

Alexander Geis	Chief Executive Officer (CEO)
Inka Koljonen	Chief Financial Officer (CFO)
Dr. André Philipp	Chief Operating Officer (COO)

Supervisory Board

Dr. Martin Kleinschmitt	Chairman of the Supervisory Board
Martina Merz	Deputy Chairman of the Supervisory Board
Ingrid Jägering	Member of the Supervisory Board
Carsten Reinhardt	Member of the Supervisory Board
Matthias Arleth	Member of the Supervisory Board

The following shows the transactions with associates / joint ventures:

in EUR thousands	Sales to related parties		Purchases from related parties	
	Q2/2021	Q2/2020	Q2/2021	Q2/2020
Joint Ventures	1,125	772	–	–
Associates	–	–	14,887	11,076
Total	1,125	772	14,887	11,076

in EUR thousands	Amounts owed by related parties		Amounts owed to related parties	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Joint Ventures	756	312	–	–
Associates	–	–	3,105	40
Total	756	312	3,105	40

16. SUBSEQUENT EVENTS

There were no significant events after the reporting date.

Bessenbach, August 12, 2021

Alexander Geis
Chairman of the Management Board and Chief Executive Officer (CEO)

Inka Koljonen
Member of the Management Board and Chief Financial Officer (CFO)

Dr. André Philipp
Member of the Management Board and Chief Operating Officer (COO)

DECLARATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge and in accordance with the applicable financial reporting principles, the Interim Consolidated Financial Statements give a true and fair view of the results of operations, net assets and financial position of the Group, and the Group Interim Management Report includes a fair review of the development and performance of the Group's business and position, together with a description of the principal opportunities and risks associated with the development of the Group expected for the remaining financial year.

Bessenbach, August 12, 2021

SAF-HOLLAND SE
Management Board

Alexander Geis
Chairman of the Management Board and Chief Executive Officer (CEO)

Inka Koljonen
Member of the Management Board and Chief Financial Officer (CFO)

Dr. André Philipp
Member of the Management Board and Chief Operating Officer (COO)

FINANCIAL CALENDAR AND CONTACT INFORMATION

FINANCIAL CALENDAR

November 15, 2021
Quarterly Statement Q1–Q3 2021

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The half-year financial report is also available in German.
In cases of doubt, the German version shall prevail.

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