



SAF-HOLLAND: Good growth in sales and earnings for financial year 2014

- **Group sales increased by 12 percent to EUR 959.7 million**
- **Earnings per share significantly increased**
- **Dividend of EUR 0.32 per share proposed**
- **Sales and earnings targets for 2015 confirmed**

Luxembourg, March 12, 2015 – SAF-HOLLAND made good progress in both sales and earnings in financial year 2014. In total, the globally-active commercial vehicle industry supplier increased Group sales by 12 percent to EUR 959.7 million (previous year: EUR 857.0 million) and thus surpassed the defined target corridor of EUR 920 to EUR 945 million. Adjusted EBIT increased by 19.2 percent to EUR 70.7 million (previous year: EUR 59.3 million) and achieved with an adjusted EBIT margin of 7.4 percent (previous year: 6.9 percent) the target set for 2014. Earnings per share increased significantly to EUR 0.72 (previous year: EUR 0.54) while average number of shares remained the same at 45.4 million.

Share of sales increased outside core markets in particular

All sales regions and Business Units contributed to the positive business development. Not least as a result of forward-looking capacity planning, SAF-HOLLAND was able to benefit extensively from the continued recovery in the European market and from strong demand in North America. Europe again strengthened its position as a primary source of sales. Here, with EUR 496.5 million (previous year: 447.9 million), the company generated a 51.7 percent share of Group sales (previous year: 52.3 percent). From the second quarter 2014, North American quarterly sales were continually above the comparable figures from the respective prior-year period. In total, sales increased to EUR 363.9 million (previous year: EUR 339.1 million). 37.9 percent of Group sales thus come from this region (previous year: 39.5 percent). Detlef Borghardt, CEO of SAF-HOLLAND: "We are very pleased with the strong market growth for both class 8 trucks and for trailers in the important North American market as we continue to grow our sales through our excellent market position and the quality of our

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innovative products and will be able to gain further market share, especially in the trailer sector."

In regions outside the core markets, including the BRIC countries, SAF-HOLLAND increased sales to EUR 99.3 million (previous year: EUR 70.0 million). It was possible to compensate for regional market weaknesses in Russia and Brazil with higher volumes in other emerging markets. Sales growth resulted both from organic growth and from the inclusion of Corpco Beijing Technology and Development Co., Ltd. (Corpco) in the consolidated financial statements. The Chinese company, which is specialized in suspension systems for buses, has been included in the scope of consolidation of SAF-HOLLAND since January 2014. Overall, the share of Group sales outside the core markets of Europe and North America increased to 10.4 percent (previous year: 8.2 percent).

Positive development of the Business Units

All three of SAF-HOLLAND's Business Units contributed to the growth in total sales. The Trailer Systems business unit increased sales by 12.1 percent to EUR 544.4 million (previous year: EUR 485.7 million) despite the effects of the Russia-Ukraine crisis which took hold from the second half of the year, thus contributing 56.7 percent of Group sales as in the previous year. The Business Unit was able to benefit from the positive market development in Europe and North America. The Business Unit's adjusted EBIT more than doubled compared to the previous year, reaching EUR 20.5 million (previous year: EUR 10.6 million). The adjusted EBIT margin improved to 3.8 percent (previous year: 2.2 percent). In addition to the successes of the operational business, growth in earnings reflects the first positive effects of the package of measures to improve the profitability of the Business Unit. With the initiatives bundled in this package, the adjusted EBIT margin of Trailer Systems should improve by the end of 2015 to around 6 percent.

The Powered Vehicle Systems Business Unit increased its sales in the reporting year to EUR 169.5 million (previous year: EUR 144.7 million) and thus contributed 17.7 percent (previous year 16.9 percent) to Group sales. Adjusted EBIT totaled EUR 11.8 million (previous year: EUR 12.4 million), which corresponds to an adjusted EBIT margin of 7.0 percent (previous year: 8.6 percent). Growth drivers

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were the strong market growth for class 8 trucks as well as the share of sales contributed by Corpco Beijing Technology and Development Co., Ltd. (Corpco). The Business Unit's expected weaker earnings figures are mainly influenced by an unfavorable customer and product mix. Primarily, the reluctance of the public sector in the USA regarding investments in equipment of its transport fleets had an impact on sales and adjusted EBIT of the Business Unit.

Despite a slight decline in business volume in the fourth quarter of 2014 related to the impact of the Russia-Ukraine crisis, full-year sales in the Aftermarket Business Unit increased by 8.5 percent to EUR 245.8 million (previous year: EUR 226.6 million), thus generating a 25.6 percent share of Group sales (previous year: 26.4 percent). Adjusted EBIT for the Business Unit reached EUR 38.4 million (previous year: EUR 36.3 million) despite the further expansion of sales structures. In addition, the Business Unit's earnings in the fourth quarter 2014 were affected by negative currency effects caused by the Russia-Ukraine crisis. In relation to sales, this results in an adjusted EBIT margin of 15.6 percent for financial year 2014 (previous year: 16.0 percent), thus achieving the defined margin corridor of 15 to 16 percent. In terms of both sales and earnings, the Aftermarket business benefited from contributions from our our brand, SAUER GERMANY QUALITY PARTS. These are targeted toward regions in which vehicles generally have a high service age.

Investments in intensified market activities, production and IT systems

In the reporting year, SAF-HOLLAND invested a total of EUR 30.1 million Group-wide (previous year: EUR 23.2 million). In relation to sales volume, this corresponds to an investment ratio of 3.1 percent (previous year: 2.7 percent). The expanded investment volume is influenced by the acquisition of Corpco. In addition, there were investments in the expansion of our business activities in Dubai and Malaysia, the plant consolidation in Europe and for information technology systems.

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Cost structures reflect enhanced efficiency

Primarily as a result of increased business volume, the Group's gross profit rose to EUR 174.6 million (previous year: EUR 155.6 million) with a constant gross margin of 18.2 percent (previous year: 18.2 percent). In relation to the key cost categories, our expenses rose at a lower rate than sales. Selling expenses of EUR 57.7 million (previous year: EUR 53.3 million) were 6.0 percent of Group sales (previous year: 6.2 percent). In the reporting year, a total of EUR 19.6 million was spent on research and development activities (previous year: EUR 18.0 million). Despite intensive activities in this area, the share of R&D expenditures in total sales, not including capitalized development costs, were 2.1 percent (previous year: 2.1 percent). General administrative expenses in 2014 amounted to EUR 44.6 million (previous year: EUR 38.0 million). In comparison with the previous year, it should be taken into consideration that in 2013 this position was relieved by capitalized project costs in the amount of EUR 2.1 million. In contrast, in 2014 one-time costs of EUR 2.3 million occurred related to a phantom share program created in financial year 2010.

Advantageous company financing

In financial year 2014, SAF-HOLLAND again sustainably optimized its company financing. This was made possible by the issuance of convertible bonds and the early refinancing of bank credit lines at more favorable conditions. In this regard, SAF-HOLLAND benefits from improved interest conditions. Overall, these efforts result in interest expense savings in the future of approximately EUR 2.0 million per year. The corporate bond has a term until April 2018, the new credit line until October 2019 and the convertible bonds are due in September 2020. Wilfried Trepels, CFO of SAF-HOLLAND: "We have further improved our financing structure, which secures the company's long-term growth course."

Increased dividend planned

The Board of Directors therefore proposes to the Annual General Meeting on April 23, 2015 the distribution of a dividend of EUR 0.32 per share (previous year: EUR 0.27 per share). This would result in a total distribution volume of EUR 14.5 million, which corresponds to a 44 percent share of net earnings.

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Sales and earnings goals for 2015 confirmed

SAF-HOLLAND believes that it is well-positioned in the market for further positive business development. In the current financial year, the company continues to pursue the growth strategy which focuses on an expansion of the trailer business in North America, strengthening of the international Aftermarket activities and a further exploration of markets in BRIC countries.

Assuming that the political, overall economic and industry-specific framework conditions do not worsen, SAF-HOLLAND confirms the forecast issued in December of 2013. Accordingly, we continue to target sales of between EUR 980 million and EUR 1.035 billion. The earnings target remains an adjusted EBIT margin of 9 to 10 percent. Details to the company's strategy and goals until 2020 will be provided on May 13, 2015.

Notes:

EBIT was adjusted for the following items that are not originally attributable to the operating business: amortization from the purchase price allocation and impairment reversals on goodwill and intangible assets from the impairment tests as well as restructuring and integration costs.

The key figures chart included in the press release can be accessed at <http://corporate.safholland.com/de/investor/finanznachrichten/pressemitteilungen.html>.

Company Profile:

With sales of approximately EUR 960 million in 2014 and more than 3,300 employees, SAF-HOLLAND S.A. is one of the world's leading manufacturers and suppliers of premium systems and components primarily for trailers as well as trucks, buses and recreational vehicles. The product range encompasses trailer axle systems and suspension systems, coupling devices, kingpins, and landing legs among other things. SAF-HOLLAND sells its products on six continents to Original Equipment Manufacturers ("OEM") in the spare parts market and, in the Aftermarket business, to the OEM's Original Equipment Suppliers ("OES"), as well as by means of a global service and distribution network. SAF-HOLLAND also sells its products to end users and service centers using this network. SAF-HOLLAND has established itself as one of the few manufacturers in its sector that is internationally positioned with an extensive product range and a broad service network. SAF-HOLLAND S.A. is listed in the Prime Standard of the Frankfurt Stock Exchange and is among the stocks in the SDAX (ISIN: LU0307018795)

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KEY FIGURES

EUR million	2014	2013	2012
Sales	959.7	857.0	859.6
Cost of sales	-785.1	-701.4	-703.4
Gross profit	174.6	155.6	156.2
as a percentage of sales	18.2	18.2	18.2
Adjusted result for the period	43.7	28.8	28.4
as a percentage of sales	4.6	3.4	3.3
Adjusted EPS in EUR ¹⁾	0.96	0.63	0.68
Adjusted EBITDA	84.3	71.1	72.7
as a percentage of sales	8.8	8.3	8.5
Adjusted EBIT	70.7	59.3	58.2
as a percentage of sales	7.4	6.9	6.8
Operating cash flow ²⁾	48.8	63.0	59.5

¹⁾Adjusted net result / weighted average number of ordinary shares outstanding as of the reporting day.

²⁾The operating cash flow is the cash-flow from operating activities before income tax payments.

SALES BY REGION

EUR million	2014	2013	2012
Europe	496.5	447.9	434.9
North America	363.9	339.1	367.1
Other	99.3	70.0	57.6
Total	959.7	857.0	859.6

SALES BY BUSINESS UNIT

EUR million	2014	2013	2012
Trailer Systems	544.4	485.7	473.5
Powered Vehicle Systems	169.5	144.7	157.6
Aftermarket	245.8	226.6	228.5
Total	959.7	857.0	859.6

OTHER FINANCIAL INFORMATION

	12/31/2014	12/31/2013	12/31/2012
Total assets (EUR million)	645.2	536.4	536.7
Equity ratio (%)	38.5	41.4	36.9
	2014	2013	2012
Employees (average)	3,346	3,106	3,118
Sales per employee (kEUR)	286.8	275.9	275.7

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