

Focus on fleet customers

Quarterly Report of SAF-HOLLAND S.A.
as of June 30, 2014



KEY FIGURES

EUR million	Q1-Q2/2014	Q1-Q2/2013	Q2/2014	Q2/2013
Sales	482.0	435.6	246.7	225.5
Cost of sales	-391.2	-355.3	-199.9	-184.4
Gross profit	90.8	80.3	46.8	41.1
as a percentage of sales	18.8	18.4	19.0	18.2
Adjusted result for the period	21.1	16.6	11.5	8.0
as a percentage of sales	4.4	3.8	4.7	3.6
Adjusted EPS in EUR ¹⁾	0.47	0.37	0.26	0.18
Adjusted EBITDA	43.0	36.7	22.7	19.3
as a percentage of sales	8.9	8.4	9.2	8.6
Adjusted EBIT	36.5	29.8	19.4	16.0
as a percentage of sales	7.6	6.8	7.9	7.1
Operating cash flow ²⁾	15.0	36.4	11.1	25.3

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	Q1-Q2/2014	Q1-Q2/2013	Q2/2014	Q2/2013
Europe	261.2	227.0	128.4	116.8
North America	174.9	175.2	91.9	89.2
Other	45.9	33.4	26.4	19.5
Total	482.0	435.6	246.7	225.5

SALES BY BUSINESS UNIT

EUR million	Q1-Q2/2014	Q1-Q2/2013	Q2/2014	Q2/2013
Trailer Systems	280.8	249.2	139.9	127.8
Powered Vehicle Systems	78.9	75.5	42.4	38.4
Aftermarket	122.3	110.9	64.4	59.3
Total	482.0	435.6	246.7	225.5

OTHER FINANCIAL INFORMATION

	06/30/2014	03/31/2014	12/31/2013
Total assets (EUR million)	607.8	590.7	536.4
Equity ratio (%)	38.1	39.3	41.4
	Q1-Q2/2014	Q1-Q2/2013	
Employees (average)	3,383	3,062	
Sales per employee (kEUR)	142.5	142.2	

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Foreword from the Management Board

Ladies and Gentlemen, Dear Shareholders and Investors,

As already in the first quarter, SAF-HOLLAND finished the second quarter of 2014 very successfully, building on the positive business development of the first three months. We took advantage of the continuing positive market environment and once again recorded double-digit growth rates in both sales and earnings as compared to the previous year. Against the background of a positive evaluation of the overall economic situation for the second half of the year, we are therefore confident that we will achieve the sales target for 2014 between EUR 920 million and EUR 945 million with an adjusted EBIT of approximately EUR 70 million and an increasing adjusted EBIT margin.

Group sales in the first half of 2014 increased to EUR 482.0 million despite negative exchange rate effects in the conversion of sales in dollar to the Group currency Euro. This corresponds to a strong sales growth of 10.7% compared to the previous year period. All Business Units contributed to this positive development. The expansion of the business volume in combination with nearly constant cost structures led in the first half of the year 2014 to a more positive development in adjusted EBIT. Here we were able to achieve an increase of 22.5% to EUR 36.5 million, combined with a rise in the adjusted EBIT margin from 6.8% to 7.6%.

Our largest Business Unit, Trailer Systems, was the main contributor to the positive development at Group level, recording a sales increase of 12.7% to EUR 280.8 million. Because trailer orders were shifted from the fourth quarter 2013 into the new year in the course of the Euro 6 standard, the Business Unit had already achieved strong sales growth in the first quarter 2014. In the second quarter, we managed to increase sales even further. In North America, progress was made in the utilization of production capacities which had been doubled in 2013. Developments on the earnings side were also especially pleasing. Adjusted EBIT was more than doubled in the first half of 2014 and reached EUR 11.6 million (previous year: EUR 5.1 million); the adjusted EBIT margin rose from 2.0% to 4.1% – also due to first results of the package of measures initiated in the second half of 2013 to increase the profitability of the Business Unit. The implementation of the approved measures is proceeding as planned, especially with regard to the consolidation of the German plants which is scheduled for completion in the second half of 2015.

The initially weaker business development at the beginning of the year which was due to the hard winter in the USA and the still hesitant awarding of orders from the public sector following the US budget crises were more than offset by the Business Unit Powered Vehicle Systems at the end of the second quarter. Despite continuing unfavorable currency effects, the Business Unit reported a sales increase in the first half of 2014 of 4.5% to EUR 78.9 million as compared to the prior year period. Adjusted EBIT totaled EUR 5.3 million (previous year: EUR 6.7 million) with an adjusted EBIT margin of 6.7% (previous year: 8.9%). The weaker earnings figures as compared to the previous year are in line with expectations and are attributable primarily to the unfavorable customer and product mix reported in the first quarter as well as to seasonal influences from the Corpco integration. The majority of sales and earnings of the first half of 2014 was generated by the Powered Vehicle Systems Business Unit during the second quarter, which confirms the positive business development trend in the segment.

The Aftermarket Business Unit performed once again in the first half of 2014 and was able to increase its sales by 10.3% to EUR 122.3 million. Adjusted EBIT in the first half of 2014 increased to EUR 19.6 million (previous year: EUR 18.0 million) which corresponds to an adjusted EBIT margin of 16.0 percent (previous year: 16.2 percent). The sales offices in South America, which were newly-founded in 2013, as well as the new Parts Distribution Center in Mexico made an important contribution to the positive business development. The Business Unit's expansion strategy includes, among other things, the enlargement of the spare parts business in Southeast Asia. With the establishment of a Parts Distribution Center in Malaysia in the reporting period, a further important step forward was taken in this regard.



Detlef Borghardt,
Chief Executive Officer (CEO)

My colleagues from the Management Board and myself stand by the promises we made to our shareholders. Therefore we are pleased, that, based on the Group's performance in 2013 and for the first time in seven years, we were once again able to pay out a dividend – of EUR 12.2 million or EUR 0.27 per share. SAF-HOLLAND continues to follow the clear goal which calls for the payment on an ongoing basis of a dividend in the amount of approximately 40% to 50% of available net earnings from the financial year when the equity ratio is at about 40%.

Our thanks go out to our global customers, business partners, worker representatives and employees for the trusting cooperation and to our shareholders and investors for their solidarity with SAF-HOLLAND.

Sincerely,

A handwritten signature in blue ink, reading "Detlef Borghardt". The signature is written in a cursive style with a large, stylized 'D' and 'B'.

Detlef Borghardt
Chief Executive Officer (CEO)

SAF-HOLLAND ON THE CAPITAL MARKET

OVERVIEW OF SHARE PRICE DEVELOPMENT

German shares still rising

In the first half of the year, the German stock market continued its positive development, though not with the dynamic growth rates of the previous year. On the stock exchanges, it was primarily uncertainty as a result of events in Ukraine which made its presence felt as well as the associated political tension between Russia and Western countries.

Against this backdrop, the leading German index DAX concluded the first half of the year at 9,833 points, an increase of 2.9% as compared to the end of 2013. The SDAX, where SAF-HOLLAND is listed, was able to make more significant gains. The closing price of our comparative index reached 7,385 points on the last day of trading, an increase of 8.8% over the year-end closing price for 2013.

SAF-HOLLAND share price rises 6.6%

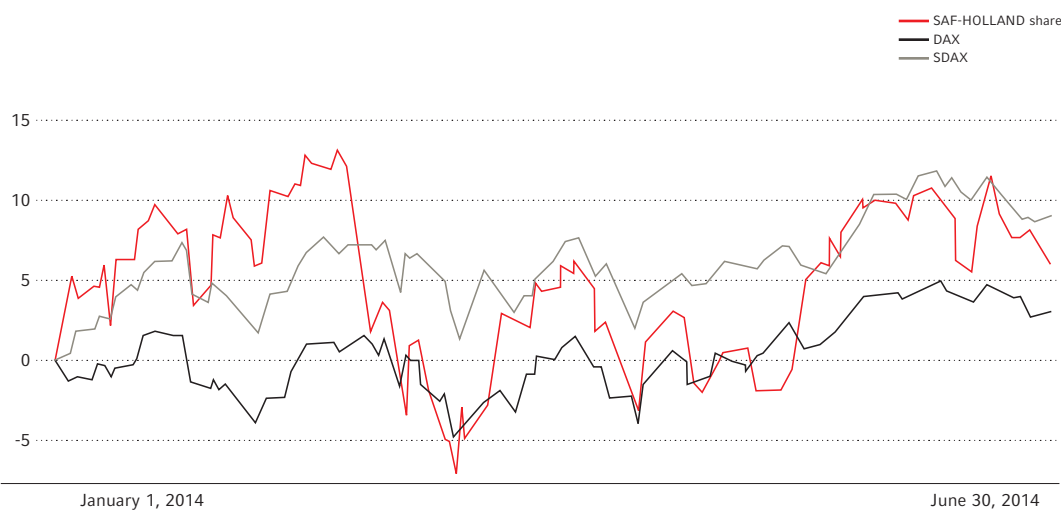
Our share continued its upward climb at the beginning of the year. As the price development shows, the increases were in the meantime used by a few investors for profit-taking, thus leading to a consolidation of the share price. In March, increasing uncertainty on the stock exchanges as a result of the Crimean crisis also left its mark, with both the DAX and SDAX as well as the price of our share all losing ground.

In mid-May, following publication of the first quarter results for SAF-HOLLAND, the share price rose considerably. At the end of the first half of the year, the price was at EUR 11.52 and had increased by 6.6% as compared to the year-end 2013.

On the basis of the half-year closing price and the 45,361,112 shares issued, the market capitalization of SAF-HOLLAND increased to EUR 522.6 million as of June 30, 2014 (previous year: EUR 332.8 million).

SAF-HOLLAND on the
Capital Market

DEVELOPMENT OF THE SAF-HOLLAND SHARE PRICE VS. DAX AND SDAX Figures in %



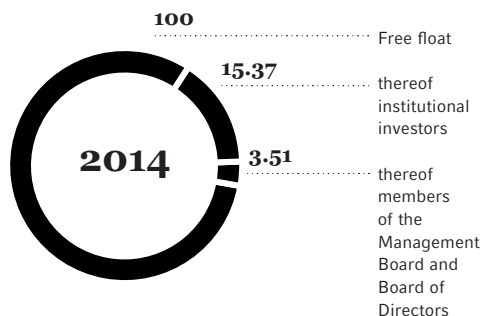
Source: Commerzbank AG,
Frankfurt am Main.

All shares in free float

The SAF-HOLLAND share is listed on the regulated market of the Frankfurt Stock Exchange. As SDAX stock, it meets the strict transparency criteria of the Deutsche Boerse Prime Standard. The average trading volume of our stock in the first six months of this year was 152,450 shares per trading day (previous year: 256,304 shares).

100% of SAF-HOLLAND’s shares are in free float. Larger contingents of our stock are held by investment companies from the USA, the United Kingdom and Germany. Large institutional investors include Deutsche Bank AG with a 5.29% stake and 2,401,539 voting rights, FMR LLC, Boston, (5.06% / 2,294,277 voting rights) and JP Morgan Asset Management Holdings Inc., London, (5.02% / 2,275,180 voting rights). Members of the Management Board and the Board of Directors of SAF-HOLLAND hold 3.51% of the company’s shares (previous year: 4.39%).

SHAREHOLDER STRUCTURE 2014 Figures in %



As of July 3, 2014

Buy recommendations from analysts

Several banks and brokers regularly analyze SAF-HOLLAND's share. After the Commerzbank and Montega announced their buy recommendations in the second quarter, all eight analyst's estimates at the time of the publication of this half-year report were listed as „buy“.

CURRENT ANALYSTS ESTIMATES

06/25/2014	Commerzbank AG	buy
06/23/2014	Hauck & Aufhäuser Institutional Research AG	buy
06/18/2014	Deutsche Bank AG	buy
06/16/2014	Kepler Cheuvreux	buy
05/16/2014	Bankhaus Lampe KG	buy
05/16/2014	equinet Bank AG	buy
05/15/2014	Close Brothers Seydler Bank AG	buy
05/15/2014	Montega AG	buy

Dividend of EUR 0.27 per share paid out

At the Annual General Meeting on April 24, 2014, the shareholders of SAF-HOLLAND decided on a dividend payment of EUR 0.27 per share for financial year 2013. They approved the proposal from the Board of Directors to involve the shareholders in the success of the past financial year. SAF-HOLLAND pursues the policy of distributing a dividend in the amount of 40 to 50% of available net earnings on an ongoing basis if the equity ratio reported in the annual financial statements reaches about 40%. With an equity ratio of 41.4% as of December 31, 2013, this requirement was thus fulfilled for the first time in seven years. The dividend amount paid out on April 25, 2014 of EUR 12.2 million corresponds to 50% of the available net earnings of the past financial year and is thus at the upper end of the range defined for the dividend policy. In relation to the individual share and the annual closing price 2013, the dividend yield amounts to 2.5%.

Extraordinary General Meeting on July 15, 2014

An important step forward in the further optimization of our capital structure and financing costs as well as the securing of the company's growth course was made at the Extraordinary General Meeting on July 15, 2014. The central point was the authorization of a conditional capital (authorized share capital II) in the amount of 20% of the existing share capital under exclusion of subscription rights.

At the same time, the Board of Directors was authorized to utilize this conditional capital within five years for the issue of convertible bonds and / or bonds with warrants. The shareholder resolution corresponds to the positioning of SAF-HOLLAND with the objective of a corporate financing on a broad basis with a high degree of flexibility and independence as well as optimal conditions.

SAF-HOLLAND on the
Capital Market

KEY SHARE FIGURES

WKN / ISIN	A0MU70 / LU0307018795
Stock exchange symbol	SFQ
Number of shares	45,361,112 shares
Designated Sponsors	Commerzbank AG, Close Brothers Seydler Bank AG, Kepler Cheuvreux
Daily high/low in the reporting period ¹⁾	EUR 12.22 / EUR 10.06
Half-year closing price ¹⁾	EUR 11.52
Market capitalization at the end of the half-year	EUR 522.6 million
Adjusted earnings per share ²⁾	EUR 0.47

¹⁾XETRA closing price.

²⁾Based on the weighted average number of shares outstanding in the period under review.

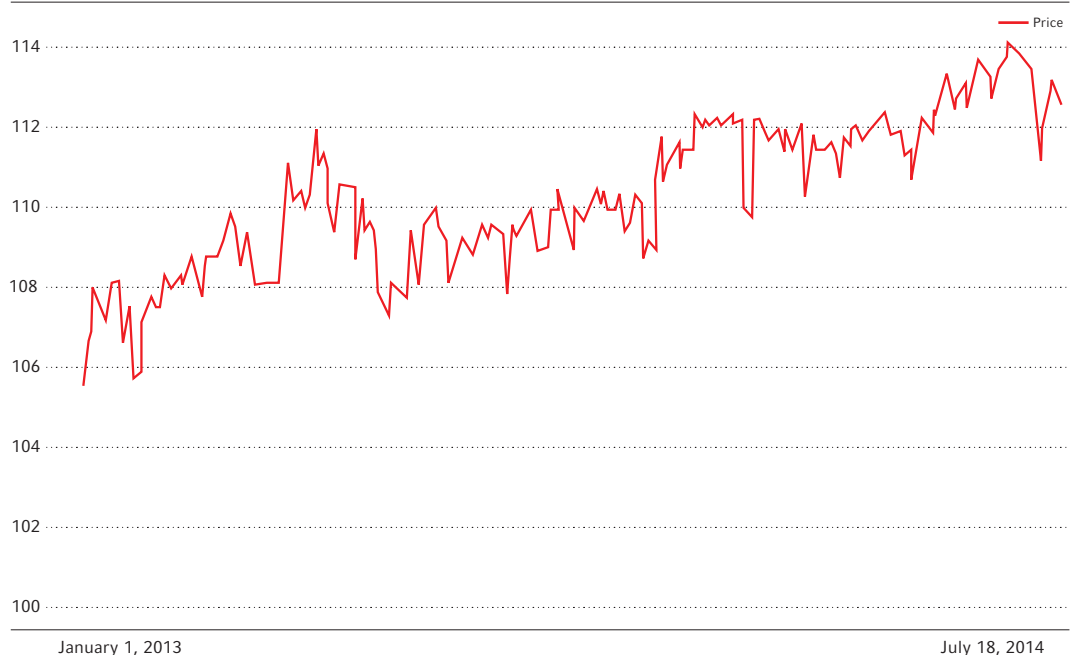
CORPORATE BOND OVERVIEW

Bonds remain a high-yield alternative

The SAF-HOLLAND corporate bond is listed on the Prime Standard for corporate bonds on the Frankfurt Stock Exchange. For investors, the listing in this premium segment offers the highest level of transparency and a good tradability of the bond.

In the first three months of this year, the SAF-HOLLAND corporate bond recorded a stable price development above the 111% mark. Following publication of our report on the first quarter, the price in mid-May reached 113% and at the end of the half-year was at 114.1%. The positive development underscores the fact that corporate bonds remain in strong demand among private and institutional investors as an attractive yield alternative.

DEVELOPMENT OF THE SAF-HOLLAND CORPORATE BOND Figures in %



Source: IKB Deutsche Industriebank
AG, Düsseldorf.

Liquidity rating in investment grade range

In September 2013, Euler Hermes raised the rating for our company from BBB- to BBB with a stable outlook. This assessment was confirmed by the rating agency on April 23, 2014 at the conclusion of a further analysis. Based on a twelve month perspective, Euler Hermes expects a continued stable development of the company.

KEY FIGURES FOR THE CORPORATE BOND

WKN	A1HA97
ISIN	DE000A1HA979
Volume	EUR 75.0 million
Denomination	EUR 1,000
Coupon	7.00% p.a.
Interest date	April 26
Term	5.5 years
Maturity	April 26, 2018
Bond segment	Prime Standard
Exchange	Frankfurt
Status	Not subordinate
Company rating	BBB, outlook stable (Euler Hermes)
Half-year closing price ¹⁾	114.1%

¹⁾Closing price Bloomberg.

INVESTOR RELATIONS AND CAPITAL MARKET RELATIONSHIPS

Intensive dialogue with shareholders, investors and analysts

With intensive investor relations activities, SAF-HOLLAND offers capital market participants extensive and timely information – on business development as well as on the global growth strategy and the future prospects of the company. Further objectives of our IR efforts include an increase in the importance of shares and corporate bonds as attractive investments as well as the broadening of the investor basis.

Also in the first six months of this year, members of the Management Board and the IR team conducted numerous meetings with analysts and investors. The spectrum of our capital market activities ranges from individual and group discussions through to telephone conferences and international events. During road shows, we provided information at international financial centers about the strategic positioning and business development of SAF-HOLLAND. These included stock exchange locations in Germany, the USA, France, the United Kingdom, Italy, Austria, Switzerland and the Benelux countries.

In addition, we participated in several investor conferences both in Germany and abroad over the course of the first half of the year. In Germany, these included the German Corporate Conference held by UniCredit and Kepler Cheuvreux, the Small & Mid Cap Conference held by the Close Brothers Seydler Bank as well as the German Credit Conference from the IKB Deutsche Industriebank. In Paris we participated in the Mid Cap Days from Kepler Cheuvreux. In addition, we presented in London at the Pan European Small and Mid Cap Conference from the Deutsche Bank and at the European Automotive Conference from J.P. Morgan.

Detailed information on the share and the corporate bond of SAF-HOLLAND can be found on our Investor Relations website on the Internet. Here you will find, among other things, reports and presentations for download: <http://corporate.safholland.com/en/investoren.html>.

Group Interim Management Report

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

GENERAL FRAMEWORK CONDITIONS

Overall economic development

As expected, the global economic situation appears to be improving further as the year progresses. Early signals indicate that the global economy in the second quarter grew somewhat stronger than it did in the first quarter of 2014. The developed economies in particular continued to contribute to this upward swing.

In the Euro zone, the economic course of recovery continued to move forward. According to the Market Economics Institute, gross domestic product (GDP) in the Euro Zone increased by up to 0.4% from April to June following growth of 0.2% in the period from January to March. Germany was once again among the economic growth motors of the currency union with an increase in economic output of 0.3% in the second quarter as compared to the first.

Economic activities also became more dynamic in the United States. Agreement in the US budget dispute provided positive impetus, as did the end of the unusually cold winter. According to initial calculations from the Bureau of Economic Analysis (BEA), GDP in the second quarter increased by 4.0% as compared to the previous year period. Higher expenditures from state and regional government institutions in particular contributed to the increase, according to the BEA.

Economies in emerging markets benefited from stronger demand from established industrialized countries but were at the same time held back by financial markets. Through the shifting of international investment funds and capital from the BRIC countries in the advanced economies, financing conditions worsened which noticeably curbed economic expansion in these countries. The Brazilian central bank lowered its forecast on annual growth of the domestic economy in July by 0.4 percentage points to 1.6%. For Russia, where the crisis in Ukraine is also having an impact, the International Monetary Fund reduced its annual forecast by more than one percentage point to 0.2%.

In the two Asian BRIC countries, on the other hand, a more positive economic outlook was apparent in the reporting period. With the parliamentary elections in May, there was a noticeable improvement in the economic environment in India. At the same time, more stable economic growth transpired in China. The purchasing manager index of the National Office of Statistics and the country's logistics association, for example, reached 51 points in June and thus the highest level in six months.

Industry-specific development

___ Dynamic market growth in both core markets

Demand for trucks and trailers in both Europe and North America developed positively in the first half of the year. According to the industry association ACEA, new registrations for trucks in the European Union increased by 9.3% in the first six months as compared to the same period in the previous year. In the segment for heavy trucks over 16 tons, new registrations rose by 5.7% as

compared to the prior year period. Advanced purchases made in anticipation of the stricter Euro 6 emissions standard were thus less noticeable than originally expected.

Germany proved once again to be one of the strongest sales markets in Europe: Until the end of June new registrations for trucks over 3.5 tons increased by 10.4% and for trucks over 16 tons by 19.4%. New registrations for trailers in the period from January to May increased by 14% as compared with the prior year period.

In North America it was apparent that freight forwarders and fleet operators are also investing much more intensively in their fleets. The monthly order rates rose in the reporting period in the double-digit range nearly everywhere. This applies especially for heavy trucks in class 8. In June, for example, 41% more vehicles of this type were ordered than in the same period of the prior year. Trucks in classes 5 to 7 also experienced strong demand and in April recorded the highest monthly number of orders received since the beginning of the year 2006. With regard to trailers, ACT Research assumes that the high levels of orders received over the course of the year to date will continue relatively unchanged. In May, 52% more trailers were ordered in North America than in the same period of the previous year.

The commercial vehicles markets in the BRIC countries were not initially able to keep pace with the dynamic development in Europe and North America. In Brazil in the first half of the year 12.7% fewer trucks were newly registered than in the same period of the previous year. According to statistics from the industry association Anfavea, the decline primarily impacted lighter trucks. The medium and higher weight classes that are relevant for SAF-HOLLAND experienced stronger demand but were also below the levels of the previous year.

A weak overall economy, uncertainty in connection with the unresolved situation in Ukraine and a lack of infrastructure projects curbed sales in Russia: Compared to the same period in the previous year, sales figures for trucks over 16 tons declined by 16.2% from January to May. Delays in the implementation of infrastructure measures also burdened sales in India.

The Chinese commercial vehicles expanded further in the reporting period. According to information from manufacturer's organization CAAM, commercial vehicle production in the first five months of the year expanded by 2.4% to 1.8 million units. In the truck segment, a plus of 2.3% was recorded, primarily due to demand for medium and heavy trucks. Against the backdrop of the acquisition of Corpco Beijing Technology and Development Co, Ltd. (Corpco), the bus segment is also relevant for SAF-HOLLAND in China. Here, the manufacturing figures until the end of May increased by 3.4% and thus grew stronger than the overall Chinese market.

OVERVIEW OF BUSINESS DEVELOPMENT

The very strong business development in the first months of financial year 2014 continued in the second quarter. SAF-HOLLAND was able to take advantage of the opportunities that presented themselves. In the second quarter, in Europe and North America as well as in the other regions, higher sales volumes were achieved than in the prior year period. Also in relation to the individual Business Units, business was consistently expanded as compared to the same quarter in the previous year. At the half year, Group sales for SAF-HOLLAND grew to EUR 482.0 million (previous year: EUR 435.6 million) with an adjusted EBIT of EUR 36.5 million (previous year: 29.8 million).

We also made significant progress from an operational point of view. Our initiatives to increase profitability in the Trailer Systems Business Unit took a clear step forward. In line with the growth strategy, we also intensified activities in Southeast Asia and strengthened our commitment in China, the world's largest commercial vehicles market. At the same time, we are working on a range of newly developed products in order to secure SAF-HOLLAND's technological leadership over the long term. New products for the North American market were introduced at the Mid-America Trucking Show (MATS) in Louisville, Kentucky at the end of March. Innovations

for European customers and clients in neighboring regions will be shown in the fall at the IAA Commercial Vehicles trade fair in Hanover, Germany. The IAA is the industry's leading global trade fair.

Significant events in the first half of 2014

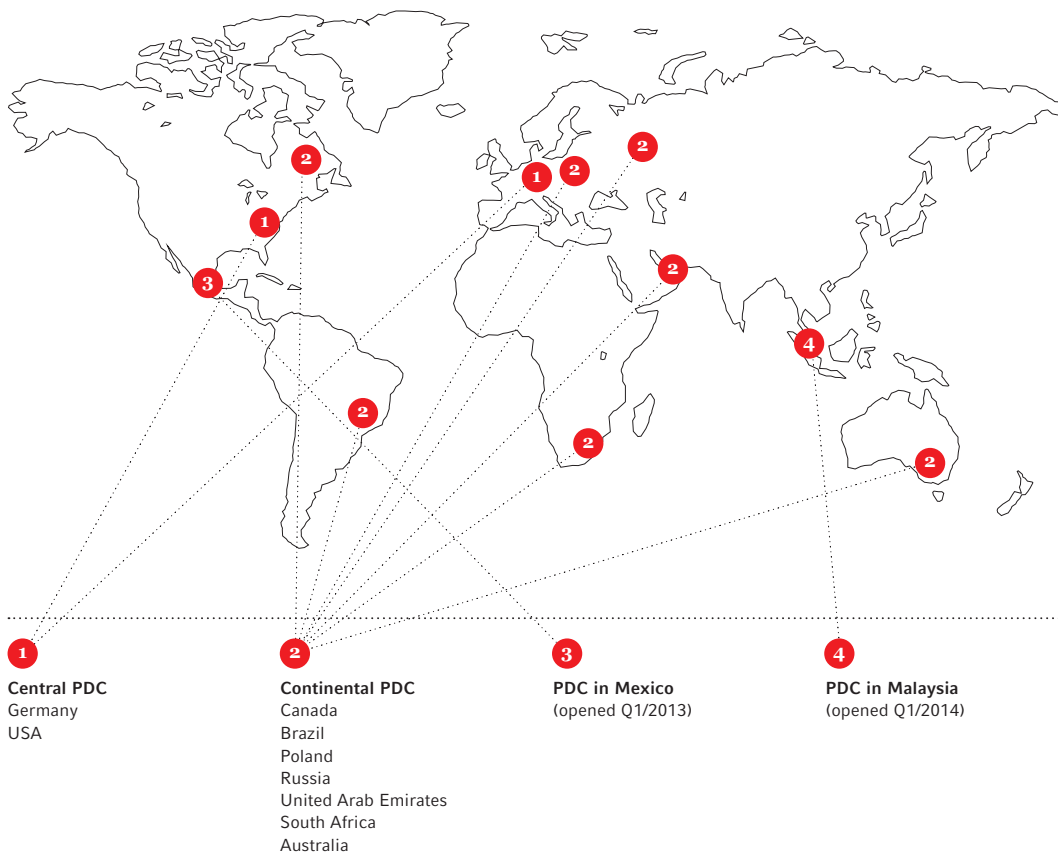
__ Measures to increase profitability in Trailer Systems proceeding as planned

In the past year, a program of measures was established to improve the adjusted EBIT margin of the Trailer Systems business segment to about 6% by the end of 2015. The implementation of the program of measures proceeded as planned in the reporting period, also in regard to the plant consolidation in Germany. A significant portion of the machines and equipment from the German plant in Würth were transferred to the main location in Bessenbach, including a complete manufacturing line for swivel axles and the training workshop. Plans call for the plant in Würth to be fully transferred to the plant in Bessenbach by 2015. To allow for the move, the factory network at the location in Bessenbach will be modernized and expanded. You can find more detailed information on this project on page 23.

__ Strengthening spare parts distribution in Southeast Asia

With the opening of a Parts Distribution Center (PDC) in Malaysia, we expanded our presence in Southeast Asia in the reporting period. From its base in Kuala Lumpur, the PDC supplies fleet customers with original spare parts and our products from the brand SAUER Quality Parts. The ongoing expansion of the global spare parts and service activities is a key driver for the expansion of our Aftermarket business. Worldwide, SAF-HOLLAND currently has a total of eleven PDCs on the continents North and South America, Europe, Africa, Asia and Australia.

PARTS DISTRIBUTION CENTERS (PDC): 11 LOCATIONS WORLDWIDE



— Diversification into bus segment through acquisition of Corpco

On January 2, 2014, SAF-HOLLAND acquired 80% of the shares in Corpco Beijing Technology and Development Co., Ltd. (Corpco). The acquisition is combined with an option on the remaining 20% of shares in the company. The integration of the leading Chinese supplier of suspension systems for buses proceeded as planned in the period under review. Through Corpco, we intensify our activities in the bus segment which gives SAF-HOLLAND a greater degree of independence from demand cycles in the truck and trailer sector. In addition, the acquisition expands the international service network of our Aftermarket Business Unit and generates advantages in the technology transfer among the locations in North America and China.

— Innovations for both core markets

We presented new products for the North American market in spring at the Mid-America Trucking Show (MATS) in Louisville, Kentucky. The focus was on the new NEWAY LSZ, an auxiliary self-steering lift axle system. Designed for special trucks, it brings together several best-in-class functions and sets standards in relation to performance, durability and space needs.

For the IAA Commercial Vehicles trade fair to take place in September, SAF-HOLLAND is planning the introduction of new products, including a product line of axle and suspension systems. The preparations progressed well in the reporting period. With the pioneering new introductions, we want to show at the IAA that our package of measures for the Trailer Systems Business Unit follows a general approach: in addition to efficiency and cost advantages, we are also covering new ground on the way to even greater productivity and market penetration.

— Dividend payment for financial year 2013

At the Annual General Meeting of SAF-HOLLAND on April 24, 2014, shareholders approved the proposal of the Board of Directors. It was resolved that for financial year 2013 a dividend of EUR 0.27 per share would be distributed. The dividend was distributed on April 25, 2014. The total dividend distribution amounted to EUR 12.2 million. This corresponds to a share of 50% of the available net earnings from the past financial year.

SAF-HOLLAND follows a distribution policy which calls for the payment of a dividend in the amount of 40% to 50% of available net earnings from the financial year when the equity ratio is at about 40%.

— Changes in the Board of Directors

Martina Merz was elected as a new Member of the Board of Directors at the Annual General Meeting. Martina Merz studied Mechanical Engineering and is the Chief Executive Officer of Chassis Brakes International, a producer of car brakes in Amsterdam, the Netherlands. She had already belonged to the Board as an associated member from December 1, 2013 until April 24, 2014. Martina Merz's mandate runs until the Annual General Meeting which will decide on financial year 2016.

The Board of Directors mandates of Bernhard Schneider, Sam Martin and Detlef Borghardt were extended by the shareholders until the end of the Annual General Meeting for financial year 2016, the mandate of Anja Kleyboldt was extended until the end of the Annual General Meeting for financial year 2015. After the Annual General Meeting of April 24, 2014, the Board of Directors met to appoint - as previously - Bernhard Schneider as Chairman of this Committee and Sam Martin as Deputy Chairman.

 BOARD OF DIRECTORS SINCE APRIL 24, 2014

Bernhard Schneider	Chairman of the Board of Directors
Sam Martin	Deputy Chairman of the Board of Directors
Detlef Borghardt	Member of the Board of Directors
Dr. Martin Kleinschmitt	Member of the Board of Directors
Anja Kleyboldt	Member of the Board of Directors
Martina Merz	Member of the Board of Directors
Richard Muzzy	Member of the Board of Directors

EARNINGS SITUATION

Group sales increase by approximately 11%

The positive business development in the first quarter continued steadily in the months that followed. In total, Group sales at SAF-HOLLAND increased in the first half of the year to EUR 482.0 million (previous year: EUR 435.6 million). Compared with the same period in the previous year, we thus achieved sales growth of EUR 46.4 million or 10.7%. The European business in particular contributed to the significant increase. In this important key market for us, sales in the first half of the year rose by 15.1%.

Currency effects from the conversion of sales in dollar to the Group currency euro burdened the overall sales of SAF-HOLLAND in the amount of EUR 8.8 million in the first half of the current financial year. Adjusted for these currency effects, half-year sales totaled EUR 490.8 million in the Group, which represents an increase of 12.7% as compared to the previous year.

 CURRENCIES: LOSS AGAINST THE EURO (Q1-Q2/2014)¹⁾

North America	
US dollar	-4.2%
Canadian dollar	-11.3%

¹⁾ Average rates Q1-Q2/2014 versus Q1-Q2/2013.

The strong expansion of sales volume was linked to a disproportionately high increase in profitability. With regard to the first six months of the current financial year, SAF-HOLLAND achieved an adjusted EBIT of EUR 36.5 million (previous year: EUR 29.8 million). In relation to the prior year period this represents an increase of 22.5%. The increased business volume combined with good cost discipline had a particular impact here.

 SALES DEVELOPMENT BY REGION

EUR million	Q1-Q2/2014		Q1-Q2/2013	
	Value	%	Value	%
Europe	261.2	54.2%	227.0	52.1%
North America	174.9	36.3%	175.2	40.2%
Other	45.9	9.5%	33.4	7.7%
Total	482.0	100%	435.6	100%

Financial Position and
Financial Performance

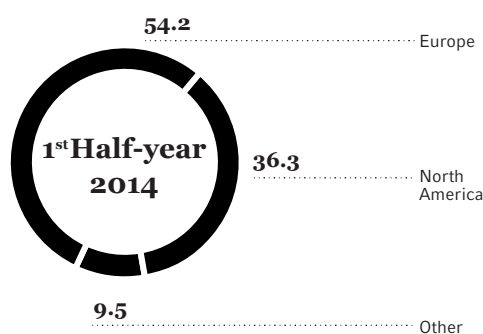
SALES DEVELOPMENT BY REGION

EUR million	Q2/2014		Q2/2013	
Europe	128.4	52.0%	116.8	51.8%
North America	91.9	37.3%	89.2	39.6%
Other	26.4	10.7%	19.5	8.6%
Total	246.7	100%	225.5	100%

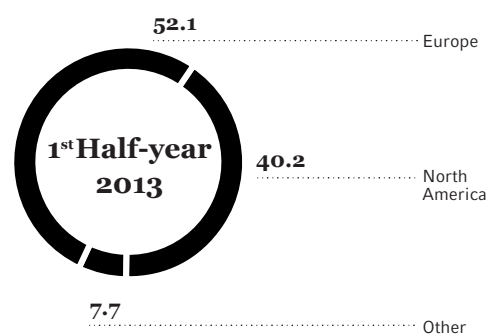
In Europe, sales volume continued to develop very positively, especially for trailers but also with regard to the truck area. In the first quarter of 2014 in particular, the company benefited from a strong increase in sales in the Trailer Systems Business Unit because, in the course of the upcoming Euro 6 standard in the fourth quarter 2013, orders from fleet operators for trailers were postponed until the first quarter of 2014. In the second quarter of 2014, sales growth adjusted for this special topic also showed strong growth. From January to June we increased sales generated in European markets by 15.1% to EUR 261.2 million (previous year: EUR 227.0 million). The high growth rate is evidence that SAF-HOLLAND was able to benefit to an over-proportionately significant extent from the favorable industry environment and that the company further expanded its position in this core market. With a 54.2% (previous year: 52.1%) share of Group sales, Europe continues to be our most important sales region.

Sales generated in North America in the first six months amounted to EUR 174.9 million (previous year: EUR 175.2 million) and were thus at nearly the same level as in the prior year period. Sales in the second quarter exceeded those from the prior year period: from April to June 2014 sales of EUR 91.9 million were achieved in the region (previous year: EUR 89.2 million), 3.0% more than in the previous year period. The North American sales figures are impacted in the first quarter in particular by unfavorable currency relations in the translation of the Canadian dollar and the US dollar into the Group currency euro. Adjusted for currency effects, half-year sales totaled EUR 182.6 million in the region, which represents an increase of 4.3% as compared to the previous year. Primarily as a result of the disproportionately high sales growth in other markets, North America's share in Group sales in the first half of the year was 36.3% (previous year: 40.2%).

SHARE IN GROUP SALES BY REGION Figures in %



SHARE IN GROUP SALES BY REGION Figures in %



In countries outside the core markets of Europe and North America, we generated total sales in the first half of the year of EUR 45.9 million (previous year: EUR 33.4 million), an increase of 37.4%. In addition to organic growth, the newly-added Corpco Beijing Technology and Development Co., Ltd. also contributed to the strong increase. The company, which is specialized in suspension systems for buses, has been part of SAF-HOLLAND's scope of consolidation since the beginning of January 2014 and typically experiences a seasonally-related weaker first half of the year. For more information on the Corpco acquisition, see page 15.

Our Chinese activities developed well in the reporting period, especially the landing gear production. Further progress was also achieved in the production of axles. We are now supplying special countries with cost-effective standard axles from China. The models, which are adjusted to regional requirements, are sold to smaller vehicle manufacturers in the Middle East and Southeast Asia, among other places. Overall, the contribution to Group sales from emerging countries at the half year mark amounted to 9.5% (previous year: 7.7%).

INCOME STATEMENT

EUR million	Q1-Q2/2014		Q1-Q2/2013	
Sales	482.0	100%	435.6	100%
Cost of sales	-391.2	-81.2%	-355.3	-81.6%
Gross profit	90.8	18.8%	80.3	18.4%
Other income	0.3	0.1%	0.9	0.2%
Selling expenses	-28.5	-5.9%	-27.4	-6.3%
Administrative expenses	-21.8	-4.5%	-18.2	-4.2%
Research and development costs	-9.8	-2.0%	-9.6	-2.2%
Operating result	31.0	6.4%	26.0	5.9%
Finance result	-6.0	-1.3%	-5.8	-1.3%
Share of net profit of investments accounted for using the equity method	0.4	0.1%	-0.4	-0.1%
Result before tax	25.4	5.3%	19.8	4.5%
Income tax	-7.9	-1.6%	-6.8	-1.5%
Result for the period	17.5	3.6%	13.0	3.0%
Number of shares ¹⁾	45,361,112		45,361,112	
Earnings per share in EUR	0.39		0.29	

¹⁾ Weighted average number of ordinary shares.

— Gross margin increased to 18.8%

The strong expansion of sales led to an increase in gross profit in the half year under review to EUR 90.8 million (previous year: EUR 80.3 million) with an improved gross margin of 18.8% (previous year: 18.4%). Selling expenses reached EUR 28.5 million after EUR 27.4 million in the previous year period. Our expenditures for research and development were EUR 9.8 million (previous year: EUR 9.6 million) and thus remained nearly unchanged despite the intensified activities in this area in the reporting period. Administrative expenses rose slightly because this item was relieved in the previous year as a result of higher capitalized internal contribution in the amount of EUR 1.5 million in the context of our global IT harmonization. Administrative expenses in the first half of the year amounted to EUR 21.8 million (previous year: EUR 18.2 million).

As a result of the significantly higher gross profit and the only slightly changed cost structures, the operating result rose to EUR 31.0 million (previous year: EUR 26.0 million). Result before tax improved to EUR 25.4 million (previous year: EUR 19.8 million). The finance result of EUR -6.0 million (previous year: EUR -5.8 million) was impacted by opposing effects in the year-over-year comparison. In the first quarter 2014, unrealized exchange rate gains on foreign currency loans in the amount of EUR 0.1 million were booked (previous year: EUR 2.1 million). In the second quarter of 2014, on the other hand, unrealized exchange rate gains of EUR 1.1 million were offset by unrealized exchange rate losses of EUR -0.9 million in the second quarter of 2013. The finance result on a half-year basis is thus roughly at the level of the previous year. With an increase of more than one third, the result for the period reached EUR 17.5 million following EUR 13.0 million in the prior year period.

Financial Position and
Financial Performance

RECONCILIATION OF ADJUSTED EARNINGS FIGURES

EUR million	Q1-Q2/2014	Q1-Q2/2013	Q2/2014	Q2/2013
Result for the period	17.5	13.0	9.2	5.8
Income tax	7.9	6.8	4.2	3.2
Finance result	6.0	5.8	2.7	4.4
Depreciation and amortization from PPA	3.0	3.1	1.5	1.6
Restructuring and integration costs	2.1 ¹⁾	1.1	1.8 ¹⁾	1.0
Adjusted EBIT	36.5	29.8	19.4	16.0
as a percentage of sales	7.6	6.8	7.9	7.1
Depreciation and amortization	6.5	6.9	3.3	3.3
Adjusted EBITDA	43.0	36.7	22.7	19.3
as a percentage of sales	8.9	8.4	9.2	8.6
Depreciation and amortization	-6.5	-6.9	-3.3	-3.3
Finance result	-6.0	-5.8	-2.7	-4.4
Adjusted result before taxes	30.5	24.0	16.7	11.6
Income tax	-9.4	-7.4	-5.2	-3.6
Adjusted result for the period	21.1 ²⁾	16.6 ³⁾	11.5 ²⁾	8.0 ³⁾
as a percentage of sales	4.4	3.8	4.7	3.6
Number of shares ⁴⁾	45,361,112	45,361,112	45,361,112	45,361,112
Adjusted EPS in EUR	0.47 ⁵⁾	0.37	0.26 ⁵⁾	0.18

¹⁾ Restructuring and integration costs include aperiodic expenses of kEUR 220.0.

²⁾ In the calculation of the adjusted result for the period, a uniform tax rate of 30.70% was assumed.

³⁾ In the calculation of the adjusted result for the period, a uniform tax rate of 30.80% was assumed.

⁴⁾ Weighted average number of ordinary shares.

⁵⁾ Adjusted earnings per share calculations include minority results.

___ Significant growth in adjusted EBIT

In the Group, adjusted EBIT in the first six months increased to EUR 36.5 million (previous year: EUR 29.8 million). Here, the higher gross profit in combination with the nearly unchanged cost structures led to the growth in the operating result. Compared with the prior year period, this represents an increase of 22.5%. The adjusted EBIT margin thus increased to 7.6% (previous year 6.8%). Primarily as a result of the plant consolidation in Germany, restructuring expenses reached EUR 2.1 million (previous year: EUR 1.1 million). They were thus within the scope of our expectations for the first half of the year.

Adjusted earnings before taxes increased to EUR 30.5 million (previous year: EUR 24.0 million); adjusted result for the period to EUR 21.1 million (previous year: EUR 16.6 million). Adjusted earnings per share improved to EUR 0.47 (previous year: EUR 0.37) whereas the number of shares on which this figure is based remained unchanged at 45.4 million shares.

Overview of the Business Units

OVERVIEW OF THE BUSINESS UNITS

EUR million	Trailer Systems Business Unit		Powered Vehicle Systems Business Unit		Aftermarket Business Unit		Adjustments / eliminations		Total	
	Q1-Q2 2014	Q1-Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Q1-Q2 2014	Q1-Q2 2013	Q1-Q2 2014	Q1-Q2 2013
Sales	280.8	249.2	78.9	75.5	122.3	110.9	–	–	482.0	435.6
Cost of sales	-253.1	-226.7	-65.2	-62.1	-86.6	-79.2	13.7	12.7	-391.2	-355.3
Gross profit	27.7	22.5	13.7	13.4	35.7	31.7	13.7	12.7	-90.8	80.3
as a percentage of sales	9.9	9.0	17.4	17.7	29.2	28.6	–	–	18.8	18.4
Other income and expense	-16.1	-17.4	-8.4	-6.7	-16.1	-13.7	-13.7	-12.7	-54.3	-50.5
Adjusted EBIT	11.6	5.1	5.3	6.7	19.6	18.0	–	–	36.5	29.8
as a percentage of sales	4.1	2.0	6.7	8.9	16.0	16.2	–	–	7.6	6.8

___ Trailer Systems: sales and earnings significantly increased

The Trailer Systems Business Unit substantially expanded its business in the first half of 2014. Supported by the favorable market environment, sales in Europe grew at a disproportionately high rate. In the first quarter of 2014 in particular, the Business Unit benefited from a strong increase in sales, as fleet operator orders for trailers had been postponed from the fourth quarter of 2013 into the first quarter of 2014 due to the upcoming Euro 6 standard. In the second quarter of 2014, sales revenue adjusted for this special effect continued positively as well. Our expectations were also fulfilled in North America, where SAF-HOLLAND is gradually utilizing the production capacity added in 2013. Overall, the Business Unit generated half-year sales of EUR 280.8 million (previous year: EUR 249.2 million), achieving a sales increase of EUR 31.6 million or 12.7%.

Positive developments were also seen on the earnings side. The Business Unit's gross profit rose in the first six months of the year by 23,1% to EUR 27,7 million (previous year: EUR 22.5 million). In relation to higher segment sales, this results in a gross margin of 9.9% (previous year: 9.0%). The initial successes of the package of measures to increase the profitability of the Business Unit were already becoming noticeable.

The guarantee costs included in the cost of sales in the reporting period corresponded mainly to our estimates. It became apparent that the guarantee costs in Europe are returning to the normal range again. In Canada, however, increased service measures in a lower six-digit euro range are being reviewed.

The package of measures launched in the second half of 2013 to increase the profitability of the Business Unit had a growing impact. Thus, the adjusted EBIT of the Trailer Systems Business Unit increased sharply during the reporting period to EUR 11.6 million (previous year: EUR 5.1 million); the adjusted EBIT margin rose from 2.0% to 4.1%. Further information on the bundle of measures can be found on page 14.

___ Powered Vehicle Systems: after a weak start to the year the company made up ground in the second quarter

Unlike the overall Group, Powered Vehicle Systems generates the majority of its sales in North America. As a consequence, the unfavorable currency situation in relation to the conversion of the dollar to the Group currency Euro significantly affects this Business Unit. Despite the negative currency effects, for the first half of the year, the Business Unit reported a sales increase to EUR 78.9 million (previous year: EUR 75.5 million). The weaker business performance at

the beginning of the year – due to the harsh winter in the U.S. and the public sector's continuing hesitancy to award contracts as a result of the US budget crisis – could thus be well compensated for by the end of June.

The gross profit of the Business Unit grew in the first half of the year to EUR 13.7 million (previous year: EUR 13.4 million). Based on the adjusted EBIT, Powered Vehicle Systems reached EUR 5.3 million (previous year: EUR 6.7 million), which corresponds to an adjusted EBIT margin of 6.7% (previous year: 8.9%). As expected, the weaker income figures as compared to the previous year mainly reflect structural effects. Thus, the earnings side was affected both by the less favorable customer and product mix of the first quarter as well as by seasonal influences from the integration of Corpco.

Compared with the first quarter of 2014, the Business Unit's sales increased from April to June by 16.2% and benefited from the favorable market forecasts. Powered Vehicle Systems generated the majority of the adjusted EBIT achieved in the first half-year in the second quarter. Both confirmed the positive trend of the Unit's business development. We expect additional impetus from the now ongoing launch of our new NEWAY LSZ. The highly innovative lift axle for the North American market is primarily aimed at trucks for special applications. It addresses a market segment that is particularly interesting for SAF-HOLLAND due to the less cyclical demand.

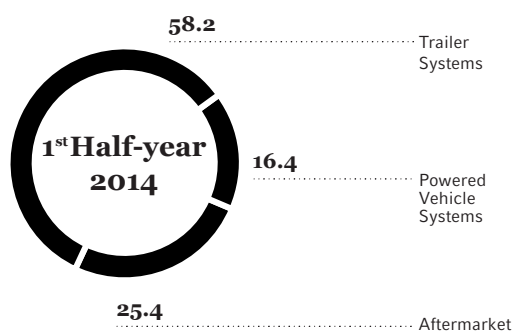
___ Aftermarket: double-digit growth rates in sales and earnings

Orders received for the Aftermarket Business Unit was further strengthened, meaning that the business development of the segment corresponded very well to our expectations. The positive development was driven by increasing success in Mexico and South America, where SAF-HOLLAND had expanded spare parts sales significantly in 2013. Overall, the area increased its sales for the first half year by 10.3% to EUR 122.3 million (previous year: EUR 110.9 million). Gross profit of the Business Unit increased to EUR 35.7 million (previous year: EUR 31.7 million). Adjusted EBIT increased to EUR 19.6 million (previous year: EUR 18.0 million) at an adjusted EBIT margin of 16,0% (previous year: 16.2 %).

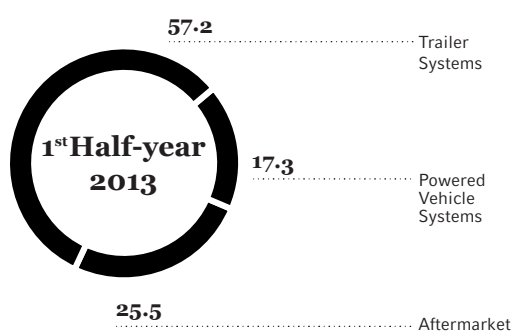
The operational successes of the Aftermarket Business Unit include in particular optimizations in the internal delivery capacity and logistics as well as the global integration of our brand SAUER Quality Parts into the product range. Within the spare parts range this brand addresses markets which, in contrast to our original products, are characterized by a high volume of trucks and trailers in later product lifecycles. These include Asian countries and regions in the Middle East, and also Eastern European nations.

In Eastern Europe in particular, we are currently experiencing a growing demand for this brand. The Aftermarket's earnings development benefits from economies of scale, both in terms of the gross margin and EBIT. The additional tapping of this market segment is one of the business segment's strategic growth initiatives. Geographically, this year the Aftermarket Business Unit is driving forward the spare parts business in the Southeast Asian market in particular. The Parts Distribution Center opened in Malaysia during the reporting period fulfills an important function for this.

SHARE OF GROUP SALES BY BUSINESS UNIT Figures in %



SHARE OF GROUP SALES BY BUSINESS UNIT Figures in %



FINANCIAL SITUATION

Financing: establishing a solid foundation for growth course

SAF-HOLLAND relies on corporate financing which supports the growth course of the company over the long term. A basic requirement is that corporate financing is broadly based and that, in addition to adequate financing conditions, it also ensures flexibility. The existing syndicated loan has a term until October 2017. The corporate bond from SAF-HOLLAND reaches maturity in April 2018.

As of June 30, 2014, liabilities from interest bearing bank loans and borrowings amounted to EUR 170.3 million (December 31, 2013: EUR 146.9 million). Net debt on the same reporting date totaled EUR 151.3 million (December 31, 2013: EUR 123.0 million). Both figures were affected by a greater utilization of the credit lines for the financing of increased net working capital as well as by the acquisition of Corpco.

Options for the optimization of the financing structure are regularly analyzed and reviewed in terms of their suitability for SAF-HOLLAND. In order to take advantage of the favorable capital market conditions, we are currently negotiating an adjustment to our syndicated loan. The goal is the financial security of the Group at advantageous conditions. Potential financing options were also a topic of the Extraordinary General Meeting on July 15, 2014 described in greater detail in Events After the Balance Sheet Date.

Cash flow reflects higher business volume, larger inventories and dividend payment

Cash flow before change of net working capital in the first half of the year reached EUR 41.2 million (previous year: EUR 37.1 million). Net working capital reached EUR 107.3 million (previous year: EUR 78.8 million). With quarterly sales projected over twelve months, this results in a margin of 10.9% (previous year: 8.7%).

Cash flow from operating activities before income tax payments totaled EUR 15.0 million (previous year: EUR 36.4 million) which primarily reflects changes in trade payables and trade receivables, i.e. effects from the substantially higher business volume. Expanded inventory volume also

had an impact here. The expansion of inventories is caused by the plant consolidation: the upcoming relocation of plants and machines requires a significant amount of work to be carried out in advance, which in turn requires corresponding stocks of materials. Further information on this topic can be found on page 24.

The cash flow from investing activities of EUR -14.6 million (previous year: EUR -10.8 million) reflects the influence of the higher utilization of the credit line in the course of the acquisition of Corpco. Cash flow from financing activities for the first half of the year was EUR 0.5 million (previous year: EUR -17.9 million). If cash inflow and cash outflow are viewed in combination, the company acquisition in the first quarter of 2014 led to an actual net cash outflow of EUR -4.5 million. The changes in cash and cash equivalents in the first quarter of 2014 were primarily a result of the purchase price payment for Corpco, which was paid in cash.

In addition, in the second quarter of 2014, the payment of the dividend in the amount of EUR 12.2 million as decided at the Annual General Meeting on April 24, 2014 also had an effect.

Investments in production and data technology

In addition to the plant consolidation, the most significant investment project in the current financial year is also our activities in Dubai. In addition to the existing activities, assembly capacities are being established for the Trailer Systems and Powered Vehicle Systems Business Units. A suitable property was found in the reporting period and coordination with the authorities is currently underway.

In Germany, we are modernizing and expanding the factory network at the main location in Bessenbach. Manufacturing halls that are about 60 years old are being partially replaced by new building sections. The project is scheduled for completion by the end of the year. The construction project expands production space in Bessenbach by a good 40%, so that in addition to the location's existing facilities, about 100 machines from the plant in Wörth can also be added. The training workshop is also among the areas that have already been moved from Wörth to Bessenbach. In order to facilitate the move, a building in Bessenbach was completely renovated and expanded. The plant relocation from Wörth to Bessenbach is part of the package of measures to enhance efficiency in the Trailer Systems Business Unit. For more information please see page 14.

Over the course of the reporting period, we invested in additions to the harmonization of our global IT systems which was completed in 2013. The focus here is on the IT solution Advanced Planner & Optimizer (APO), which is already being used in Europe and which will also be made available to the North American locations by the middle of the next year. With this planning and consolidation software, we optimize materials planning and inventories while at the same time achieving transparency and cost advantages.

In the first half of the year SAF-HOLLAND invested EUR 14.6 million worldwide (previous year: EUR 10.3 million). Our investment expenditures were primarily influenced by the acquisition of Corpco and, as planned, were thus above expenditures from the previous year. The investment rate increased to 3.0% (previous year: 2.4%). Expenses in connection with reconstruction at the location in Bessenbach will be mainly noticeable in the second half of the year. For this project, we anticipate a total investment expense of EUR 3.5 million.

ASSETS

Increase in equity of EUR 9.3 million

As of June 30, 2014, due to the positive earnings development, equity increased to EUR 231.5 million (December 31, 2013: EUR 222.2 million). In addition to the positive earnings development in the amount of EUR 17.5 million, development of the equity ratio is also accounted for by the reduction of retained earnings by EUR -12.2 million in the course of the dividend payment. In relation to the significantly increased balance sheet total, this results in an equity ratio of 38.1% (December 31, 2013: 41.4% / June 30, 2013: 37.6%).

Asset structure: planned expansion of inventories

As of June 30, 2014 the balance sheet total rose to EUR 607.8 million (December 31, 2013: EUR 536.4 million). Non-current assets increased to EUR 336.4 million (December 31, 2013: EUR 329.2 million), attributable primarily to the increase of EUR 5.8 million in property, plant and equipment. Current assets also increased and reached EUR 271.4 million (December 31, 2013: EUR 207.3 million). The clear increase resulted for the most part from changes in trade receivables and is also caused by the planned higher inventory volume in connection with the relocation of the Wörth plant to the location in Bessenbach.

With the increase in business volume, trade receivables also increased to EUR 119.9 million as of June 30, 2014 (December 31, 2013: EUR 76.1 million).

Inventories were at EUR 122.7 million at the reporting date (December 31, 2013: EUR 100.2 million), with 55 days of inventory outstanding (December 31, 2013: 54 days). The tendency toward larger inventories will continue in the coming months and is directly related to the plant consolidation. In order to ensure that the relocation of machines and systems does not have a negative impact on ongoing production, we are building up larger contingencies of products in advance for which corresponding amounts of material are necessary. We are now manufacturing, for example, in preparation for the relocation of our middle axle production from the German plant in Wörth to Bessenbach which is planned for 2015. Partly, the higher inventories result from expanded business activities, for example in Dubai and Malaysia, where we are intentionally increasing inventories as a pre-investment.

On the liabilities side, non-current liabilities amounted to EUR 230.4 million (December 31, 2013: EUR 197.9 million). Here the higher interest bearing bank loans and borrowings of EUR 161.8 million had an effect (December 31, 2013: EUR 132.0 million). Current liabilities of EUR 145.9 million (December 31, 2013: EUR 116.3 million) are influenced primarily by higher trade payables. As a result of the greater business volume, this balance sheet item also increased as of the reporting date to EUR 107.0 million (December 31, 2013: EUR 79.3 million).

As of June 30, 2014, SAF-HOLLAND had cash available of EUR 18.9 million (December 31, 2013: EUR 23.9 million). The changes in the reporting period in cash and cash equivalents were due, among other things, to the purchase price payment for Corpco. Including the agreed credit facility, overall liquidity amounted to EUR 108.7 million as of the reporting date (December 31, 2013: EUR 142.1 million).

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TABLE SUMMARIZING THE DETERMINATION OF OVERALL LIQUIDITY

kEUR	06/30/2014			
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the peri- od-end exchange rate	Cash and cash equivalents	Total liquidity
Facility A1	49,860	49,860	–	–
Facility A2	10,797	15,425	–	4,628
Facility B1	33,884	80,000	18,933	65,049
Facility B2	59	36,645	–	36,586
Other credit lines	2,343	4,764 ¹⁾	–	2,421
Total	96,943	186,694	18,933	108,684

¹⁾New bilateral credit line for the activities of the Group in China.

Number of employees increased

Worldwide, SAF-HOLLAND had an average of 3,383 employees (previous year: 3,062) in the Group in the first half of the year. On June 30, 2014 the number of employees in the Group amounted to 3,393 (previous year: 3,075) including temporary employees. The workforce increased particularly as a result of the integration of the Chinese company Corpco. On the reporting date, about 45% of employees worked for our North American companies. About 36% of the workforce belonged to the European organization, while a further 19% belonged to our locations outside the two core markets. Sales per employee reached kEUR 142.5 after a figure of kEUR 142.2 in the prior year period.

DEVELOPMENT OF EMPLOYEE NUMBERS BY REGION

	06/30/2014	06/30/2013
Europe	1,236	1,169
North America	1,519	1,471
Other	638	435
Total	3,393	3,075

At the end of June, our new training workshop at the German location in Bessenbach went into operation. As a result of the plant consolidation, the previous locations of the workshops in Würth and Bessenbach were merged. Due to the exemplary commitment from our apprentices, the new training workshop was set up entirely through internal resources. The relocation was preceded by extensive construction measures as well as the transfer of various machinery and systems. The training workshop offers workbenches and jobs for 35 apprentices. SAF-HOLLAND is currently training a total of 57 apprentices in Germany in twelve commercial and industrial fields.

R&D: innovations for the benefit of fleet customers

Technological leadership is a significant driver of SAF-HOLLAND's market success. In light of this, we put tremendous emphasis on intensive development activities. This is particularly true this year because for the IAA Commercial Vehicles trade fair, which will take place in the German city of Hanover, we are planning an unusually high number of innovations. You can find additional information on the IAA innovations and the new developments for the North American market introduced in the reporting period on page 15.

A main feature of our innovations is that they support the success of fleet customers. In the reporting period the focus was on new developments which enable the efficient operation of fleets and, at the same time, serve to enhance safety. Product adaptations were also presented once again to meet the specific needs of individual regions and country markets.

Overall, expenditures for research and development in the first half of the year amounted to EUR 10.8 million (previous year: EUR 10.0 million). In relation to Group sales, this results in an R&D ratio of 2.2% (previous year: 2.3%). The share of capitalized development costs reached EUR 1.0 million (previous year: EUR 0.4 million).

OPPORTUNITIES AND RISK REPORT

Compared with the opportunities and risk profile at the end of financial year 2013, as outlined in the annual report, the Group has recorded no changes. Overall, the risks are manageable and sufficient provisions have been made for known risks.

EVENTS AFTER THE BALANCE SHEET DATE

At the Extraordinary General Meeting on July 15, 2014, shareholders approved the proposal to create a new authorized share capital in the amount of 20% of the existing subscribed share capital with the exclusion of subscription rights. This additional authorized share capital can be used by SAF-HOLLAND within a period of five years for the issue of a convertible bond and/or bonds with warrants. This advance resolution is in line with the principles of our financial management which is geared toward the forward-looking security of SAF-HOLLAND's corporate financing. It was possible here to benefit from the currently very favorable interest rates on the capital markets and to further optimize the financing conditions of SAF-HOLLAND. Further information on corporate financing can be found on page 22 and on the Extraordinary General Meeting on page 8.

OUTLOOK

Moderate growth of the global economy

The Institute for the World Economy (IfW) expects that global investments will rise further and that the global economy will see slight gains in momentum in the second half of the year. Annual growth in global production for 2014 is anticipated at 3.5% and for 2015 at 3.9%. The institute assumes that the crisis in Ukraine will ease, that a solution to the disputes in the Middle East will be found and the price of oil as well as the exchange rates for the most important global currencies remain for the most part unchanged. In terms of global trade, an increase of 3.5% this year and 5.0% in the coming year is forecast.

According to the IfW, the economy in Europe will continue to revive although this will initially be in small steps. The same applies to the Euro zone, which will thus definitively put the recession behind it this year. In the United States, where the economy – thanks not least to accelerating investment – is looking at a clear upward trend, production will expand at a substantially higher rate than will be the case with European economic output.

For the time being, the BRIC countries will likely not be able to carry on the extraordinary growth rates of the past. This applies primarily to Russia where, as a result of the political crisis in Ukraine, the country's economy is likely to experience only marginal growth in 2014. A reversal is expected next year. A growth rate at the level of the previous year is predicted for Brazil in 2014, followed by increasing economic output in the coming year. The economic

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outlook of the Asian BRIC countries is significantly better. On the basis of Indian production, growth rates of 5% are possible and in China, gross domestic product is expected to rise by about 7% in 2014 and 2015. Production in both countries would thus expand at a considerably higher rate than the global economy.

PREDICTED ECONOMIC DEVELOPMENT IN IMPORTANT MARKETS

	2014	2015
European Union	1.4%	2.0%
Euro zone	1.0%	1.7%
Germany	2.0%	2.5%
United States	2.1%	3.0%
Brazil	2.5%	3.0%
Russia	0.5%	1.8%
India	5.8%	6.0%
China	7.2%	7.0%

Source: Institute for World Economy (IFW), Global Economy in Summer 2014, June 2014

Industry trend: core markets continue to show upward movement

In 2014, according to the VDA (German Automotive Industry Association), it is expected that 3 million commercial vehicles will be sold worldwide, an increase of 1% as compared to the previous year. Sales of middle-heavy and heavy trucks are expected to expand at a significantly higher rate than the overall market: in this segment, which is relevant for SAF-HOLLAND, Frost & Sullivan expects average market growth of 3.7%.

In Europe, the market upswing will likely intensify. According to Frost & Sullivan, the sales volume of middle-heavy duty trucks in this region is expected to increase by 3.1% and by 2.6% for higher weight classes. The Trailer segment is expected to see even more favorable development. According to findings from ACT Research, 12.5% more trailers will be produced in Western and Eastern Europe in 2014 than in the previous year. In the following year, production figures will increase again, reaching 283,868 units.

Clear growth rates are also expected in North America. ACT Research anticipates that considerably more trucks and trailers will be produced in 2014 than in the previous year. In terms of class 8 heavy trucks, an increase of 21.2% this year and 2.8% in the coming year is forecast. For class 7 vehicles, production in 2014 will increase by 6.3% and in 2015 by 3.6%. In the trailer segment, North American production in the current year is expected to grow by 7.4% to 252,380 units.

In the BRIC countries, the Asian markets will see the strongest gains. Sales of heavy trucks in Russia are not expected to grow this year. In Brazil, too, high growth rates are not expected since construction projects in connection with the major sporting events are not driving sales as much as expected. For the Indian market, the manufacturer's association SIAM anticipates a slight increase in demand this year. The bus segment, which is also interesting for SAF-HOLLAND, will once again benefit from infrastructure initiatives. This year, it is expected that a total of 10,000 buses will be bought by the public sector alone. In China, sales for commercial vehicles in 2014 will likely increase by 5%. As before, the numbers are enormous: every third commercial vehicle sold in the world subsequently traverses Chinese roads.

Strategic focus unchanged

The trailer market in North America, global activities in the Aftermarket business and the commitment in emerging commercial vehicles markets remain at the core of SAF-HOLLAND's growth strategy.

In North America, we are working intensively on expanding our market share. In 2013, the most important foundations for this objective were laid with the doubling of production capacities. The additional capacities will be utilized gradually. SAF-HOLLAND thus has sufficient scope to take full advantage of the expected strong upward demand trend in the coming months.

The Aftermarket business, which for the most part is independent of economic fluctuation, is an ideal complement to our original equipment activities. In order to expand the reciprocal advantages, we are further expanding the spare parts business internationally. In this context, in addition to a broader geographical presence, the spare parts portfolio to which we have added the SAUER brand is also of importance. Beyond sales in our original parts, we can use the SAUER brand to tap into sales potential in country markets where primarily older trucks and trailers are in use.

Emerging countries are promising markets for SAF-HOLLAND. Growing transport volumes and further developed infrastructure increase demand for trucks and trailers. Via regionally adapted activities and products, we ensure an early positioning and market penetration here. With the upward development of the country markets in terms of quality, a switch to more demanding technical standards and thus also to more premium components will follow.

GENERAL STATEMENT ON FUTURE BUSINESS DEVELOPMENT

SAF-HOLLAND generates a good 90% of Group sales in Europe and North America. Demand in both core markets will rise considerably this year, with some areas showing double-digit growth rates. Business development in the first six months of the year shows that SAF-HOLLAND is in a position to take advantage of the business environment opportunities in both regions. This creates favorable conditions to continue the positive course of business.

Assuming that the industry environment does not worsen and overall economic or further negative political developments do not occur, SAF-HOLLAND confirms the forecast for the full-year as laid out in March of this year. For financial year 2014, SAF-HOLLAND thereby strives to achieve Group sales between EUR 920 and 945 million – with adjusted EBIT of approximately EUR 70 million and a rising adjusted EBIT margin.

The mid-term target introduced in December 2013 also remains unchanged. For financial year 2015, SAF-HOLLAND thereby continues to plan Group sales of EUR 980 million to EUR 1.035 billion and an adjusted EBIT margin of 9 to 10%.

Outlook

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	Notes	Q1-Q2/2014	Q1-Q2/2013	Q2/2014	Q2/2013
Result for the period					
Sales	(5)	481,964	435,558	246,676	225,505
Cost of sales		-391,186	-355,216	-199,926	-184,341
Gross profit		90,778	80,342	46,750	41,164
Other income		313	900	192	565
Selling expenses		-28,487	-27,382	-14,796	-13,885
Administrative expenses		-21,783	-18,249	-11,141	-8,898
Research and development costs		-9,805	-9,559	-5,117	-4,780
Operating result	(5)	31,016	26,052	15,888	14,166
Finance income	(6)	1,331	1,350	1,163	-815
Finance expenses	(6)	-7,290	-7,233	-3,810	-3,650
Share of net profit of investments accounted for using the equity method		408	-381	204	-648
Result before tax		25,465	19,788	13,445	9,053
Income tax	(7)	-7,916	-6,779	-4,156	-3,221
Result for the period		17,549	13,009	9,289	5,832
Attributable to:					
Equity holders of the parent		17,577	13,009	9,241	5,832
Non-controlling interests		-28	-	48	-
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(9)	2,081	-2,961	2,522	-5,474
Changes in fair values of derivatives designated as hedges, recognized in equity	(9)/(12)	574	1,981	178	1,184
Income tax effects on items recognized directly in other comprehensive income	(9)	-156	-538	-48	-321
Other comprehensive income		2,499	-1,518	2,652	-4,611
Comprehensive income for the period		20,048	11,491	11,941	1,221
Attributable to:					
Equity holders of the parent		20,076	11,491	11,893	1,221
Non-controlling interests		-28	-	48	-
Basic and diluted earnings per share in EUR	(10)	0.39	0.29	0.21	0.13

Consolidated Statement of
Comprehensive Income
Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

kEUR	Notes	06/30/2014	12/31/2013
Assets			
Non-current assets			
		336,420	329,166
Goodwill		46,694	45,404
Intangible assets		137,810	139,118
Property, plant, and equipment		106,359	100,605
Investments accounted for using the equity method		10,087	9,829
Other non-current assets		2,714	2,879
Deferred tax assets		32,756	31,331
Current assets			
		271,424	207,270
Inventories		122,657	100,223
Trade receivables		119,856	76,088
Income tax assets		517	498
Other current assets		9,340	6,590
Financial assets		121	15
Cash and cash equivalents	(8)	18,933	23,856
Total assets			
		607,844	536,436
Equity and liabilities			
Total equity			
	(9)	231,546	222,186
Equity attributable to equity holders of the parent			
		230,014	222,186
Subscribed share capital		454	454
Share premium		265,843	265,843
Legal reserve		45	22
Other reserve		436	436
Retained earnings		-15,839	-21,145
Accumulated other comprehensive income		-20,925	-23,424
Shares of non-controlling interests			
		1,532	-
Non-current liabilities			
		230,431	197,906
Pensions and other similar benefits		24,917	25,433
Other provisions		8,171	6,140
Interest bearing loans and borrowings	(11)	161,806	131,994
Finance lease liabilities		1,794	1,887
Other financial liabilities	(12)	924	205
Other liabilities		517	657
Deferred tax liabilities		32,302	31,590
Current liabilities			
		145,867	116,344
Other provisions		6,296	6,450
Interest bearing loans and borrowings	(11)	8,475	14,869
Finance lease liabilities		346	350
Trade payables		106,980	79,253
Income tax liabilities		4,329	2,107
Other financial liabilities	(12)	68	-
Other liabilities		19,373	13,315
Total equity and liabilities			
		607,844	536,436

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q2/2014									
Attributable to equity holders of the parent									
kEUR	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 9)
As of 01/01/2014	454	265,843	22	436	-21,145	-23,424	222,186	-	222,186
Comprehensive income for the period	-	-	-	-	17,577	2,499	20,076	-28	20,048
Dividend	-	-	-	-	-12,248	-	-12,248	-	-12,248
Other reclassifications	-	-	23	-	-23	-	-	-	-
Addition of shares of non-controlling interests	-	-	-	-	-	-	-	1,560	1,560
As of 06/30/2014	454	265,843	45	436	-15,839	-20,925	230,014	1,532	231,546

Q2/2013									
Attributable to equity holders of the parent									
kEUR	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	Total equity (Note 9)		
As of 01/01/2013	454	265,843	22	436	-45,510	-23,382	197,863		
Comprehensive income for the period	-	-	-	-	13,009	-1,518	11,491		
As of 06/30/2013	454	265,843	22	436	-32,501	-24,900	209,354		

Consolidated Statement of Changes in Equity
Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT

kEUR	Notes	Q1-Q2/2014	Q1-Q2/2013
Cash flow from operating activities			
Result before tax		25,465	19,788
- Finance income	(6)	-1,331	-1,350
+ Finance expenses	(6)	7,290	7,233
- Share of net profit of investments accounted for using the equity method		-408	381
+ Amortization, depreciation of intangible assets and property, plant, and equipment		9,471	9,992
+/- Allowance of current assets		663	818
+/- Loss/Gain on disposal of property, plant, and equipment		59	4
+ Dividends from investments accounted for using the equity method		17	253
Cash flow before change of net working capital		41,226	37,119
+/- Change in other provisions and pensions		688	-40
+/- Change in inventories		-17,174	-7,118
+/- Change in trade receivables and other assets		-36,316 ¹⁾	-11,685 ¹⁾
+/- Change in trade payables and other liabilities		26,612	18,128
Cash flow from operating activities before income tax paid		15,036	36,404
- Income tax paid	(7)	-5,976	-8,047
Net cash flow from operating activities		9,060	28,357
Cash flow from investing activities			
- Purchase of property, plant, and equipment		-8,409	-5,084
- Purchase of intangible assets		-1,710	-5,196
+/- Purchase/Sale/Winding up of at equity investments		-	-798
+ Proceeds from sales of property, plant, and equipment		18	185
- Acquisition of subsidiaries net of cash	(4)	-4,490	-
+ Interest received		44	83
Net cash flow from investing activities		-14,547	-10,810
Cash flow from financing activities			
- Dividend payments to shareholders of SAF-HOLLAND S.A.	(9)	-12,248	-
- Payments for transaction costs relating to the amended finance agreement		-	-314
- Payments for finance lease		-176	-67
- Interest paid		-7,457	-4,981
- Repayments of current and non-current financial liabilities	(11)	-3,618	-3,335
- Change in drawings on the credit line and other financing activities	(11)	23,999	-9,241
Net cash flow from financing activities		500	-17,938
Net increase in cash and cash equivalents		-4,987	-391
+/- Effect of changes in exchange rates on cash and cash equivalents		64	198
Cash and cash equivalents at the beginning of the period	(8)	23,856	18,579
Cash and cash equivalents at the end of the period	(8)	18,933	18,386

¹⁾ As of June 30, 2014, trade receivables in the amount of EUR 19.9 million (previous year: EUR 19.7 million) were sold in the context of a factoring contract. Assuming the legal validity of the receivable, no further rights of recourse exist against SAF-HOLLAND from the sold receivables.

Notes to the Consolidated Interim Financial Statements

For the period January 1 to June 30, 2014

1 _ CORPORATE INFORMATION

SAF-HOLLAND S.A. (the "Company") was incorporated on December 21, 2005 under the legal form of a "Société Anonyme" according to Luxembourg law. The registered office of the Company is in Luxembourg. The shares of the Company are listed in the Prime Standard of the Frankfurt Stock Exchange. They have been included in the SDAX since 2010.

2 _ SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of SAF-HOLLAND S.A. and its subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and in effect as of the closing date.

The consolidated interim financial statements for the first half of 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Unless expressly indicated otherwise, the same accounting policies and consolidation methods were applied as in the Group's annual financial statements for the financial year 2013. Therefore, the consolidated interim financial statements should be read in conjunction with the Group's annual financial statements as of December 31, 2013.

As of January 1, 2014, SAF-HOLLAND S.A. has applied IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and the amendment to IAS 28 "Investments in Associates and Joint Ventures". IFRS 10 uses a comprehensive control model to define whether companies are to be included in the consolidated financial statements. IFRS 11 outlines the accounting of joint arrangements and draws on the kind of rights and obligations that result from the arrangement. IFRS 12 stipulates comprehensive disclosure requirements for all types of investments in other companies. The pronouncements were applied retrospectively. The application of the new pronouncements has no effect on the Company's Consolidated Financial Statements. Disclosures in accordance with IFRS 12 will be presented in the Notes to the Consolidated Financial Statements for the financial year 2014.

In preparing the consolidated interim financial statements, management has to make assumptions and estimates which 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.

Expenses and income incurred irregularly during the financial year were anticipated or deferred if it would also be appropriate to take them into account at the end of the financial year.

The consolidated interim financial statements and the Group Interim Management Report have neither been audited nor reviewed by an auditing firm.

3 _ SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and the resulting profits. Please see the Group Interim Management Report for further details regarding earnings development.

Corporate Information
 Significant Accounting Policies
 Seasonal Effects
 Scope of Consolidation

4 _ SCOPE OF CONSOLIDATION

On January 2, 2014, SAF-HOLLAND GmbH has acquired 80% of voting shares in Corpco Beijing Technology and Development Co., Ltd., a non-listed company headquartered in China and specialized in the manufacture of air suspensions. In the context of the takeover, SAF-HOLLAND GmbH was given a call option for the remaining 20% of the shares which is exercisable for three years following takeover. The call option is accounted for in accordance with the requirements of IAS 39.

The initial consolidation of Corpco Beijing Technology and Development Co., Ltd. was carried out in accordance with IFRS 3 using the acquisition method. The results of the acquired company were included in the Consolidated Financial Statements from the date of acquisition. As of June 30, 2014, the earnings contribution of Corpco Beijing Technology and Development Co., Ltd. was seasonally-induced EUR -0.1 million; the sales thereby generated amounted to EUR 5.1 million.

The preliminary purchase price in the amount of EUR 8.4 million was paid in cash.

The preliminary fair values of the identified assets and liabilities have changed as compared to the description under "Events after the Balance Sheet Date" in the 2013 Notes to the Consolidated Financial Statements. Following a thorough review of the situation, the financial assets as well as a part of cash and cash equivalents were reclassified to trade receivables.

The still preliminary fair values of the identified assets and liabilities were as follows at the time of acquisition:

kEUR	Preliminary fair value as of acquisition date
Brand	381
Customer relationship	40
Other intangible assets	63
Property, plant, and equipment	2,358
Deferred tax assets	467
Inventories	4,935
Trade receivables	9,283
Other assets	119
Cash and cash equivalents	3,907
	21,553
Deferred tax liabilities	400
Interest bearing loans and borrowings	5,247
Trade payables	6,369
Other liabilities	681
	12,697
Total of identified net assets	8,856
Fair value of shares with non-controlling interests	-1,560
Goodwill from the acquisition	1,101
Consideration transferred	8,397

Preliminary goodwill in the amount of kEUR 1,101 includes non-separable intangible assets such as employee expertise and expected synergies.

Preliminary fair value of trade receivables amounted to kEUR 9,283 as of the acquisition date. The gross amount of trade receivables amounted to kEUR 9,320. At the acquisition date, receivables in the amount of kEUR 37 were written down.

Non-controlling interest in the acquiree is measured at the proportionate share measured at fair value of the acquiree's identifiable net assets and amounted to kEUR 1,560 as at the acquisition date.

Preliminary cash outflow due to the acquisition of the company is as follows:

kEUR	
Cash outflow	8,397
Cash acquired	3,907
Actual cash outflow	4,490

The amount of the final purchase price depends on the amount of net debt, on impairment of inventories and on net working capital on the date of fulfillment of the contract completion conditions. The consideration is currently still determined based on preliminary figures.

There were no further changes to the scope of consolidation compared to the consolidated financial statements as of December 31, 2013.

5 _ SEGMENT INFORMATION

For management purposes, the Group is organized into customer-oriented Business Units based on their products and services. The three reportable core segments are the Business Units Trailer Systems, Powered Vehicle Systems, and Aftermarket. There has been no change in the division of segments since December 31, 2013. For more information, please see the Notes to the Consolidated Financial Statements for the financial year 2013.

Management assesses the performance of the operating segments based on adjusted EBIT. The reconciliation from operating result to adjusted EBIT is provided as follows:

kEUR	Q1-Q2/2014	Q1-Q2/2013
Operating result	31,016	26,052
Share of net profit of investments accounted for using the equity method	408	-381
EBIT	31,424	25,671
Additional depreciation and amortization from PPA	3,013	3,060
Restructuring and integration costs	2,063 ¹⁾	1,096
Adjusted EBIT	36,500	29,827

¹⁾Restructuring and integration costs comprises aperiodic expenses in amount of kEUR 220.

Scope of Consolidation
Segment Information
Finance Result

Information on segment sales and earnings for the period from January 1 to June 30, 2014:

kEUR	Q1-Q2/2014			Consolidated
	Business Units			
	Trailer Systems	Powered Vehicle Systems	Aftermarket	
Sales	280,749	78,932	122,283	481,964
Adjusted EBIT	11,606	5,296	19,598	36,500

kEUR	Q1-Q2/2013 ¹⁾			Consolidated
	Business Units			
	Trailer Systems	Powered Vehicle Systems	Aftermarket	
Sales	249,227	75,441	110,890	435,558
Adjusted EBIT	5,099	6,715	18,013	29,827

¹⁾ The presentation of segment information has changed, see note 4 of the Notes to the Consolidated Financial Statements 2013.

Please see the Group Interim Management Report regarding earnings development of the segments.

6 _ FINANCE RESULT

Finance income and expenses consist of the following:

FINANCE INCOME		
kEUR	Q1-Q2/2014	Q1-Q2/2013
Foreign exchange gains on foreign currency loans	1,158	1,232
Finance income due to derivatives	108	-
Interest income	60	74
Other	5	44
Total	1,331	1,350

Foreign exchange gains on foreign currency loans primarily comprise unrealized foreign exchange gains on foreign currency loans translated at the period-end exchange rate.

FINANCE EXPENSES		
kEUR	Q1-Q2/2014	Q1-Q2/2013
Interest expenses due to interest bearing loans and borrowings	-4,803	-4,884
Amortization of transaction costs	-436	-396
Finance expenses due to pensions and other similar benefits	-484	-688
Finance expenses due to derivatives	-1,194	-1,088
Other	-373	-177
Total	-7,290	-7,233

The amortization of transaction costs of kEUR -436 (previous year: kEUR -396) represents the contract closing fees recognized as expenses in the period in accordance with the effective interest method.

Finance expenses in connection with derivative financial instruments include basically the reclassification to the financial result of the cash flow hedge reserve recorded in equity of kEUR 1,088 through profit or loss. The recycling of the cash flow hedge reserve results from the early repayment of interest rate swaps in the context of the refinancing in October 2012. The cash flow hedge reserve is released to the finance result using the effective interest method over the original term of the swaps.

7 _ INCOME TAXES

The major components of income taxes are as follows:

kEUR	Q1-Q2/2014	Q1-Q2/2013
Current income taxes	-8,548	-5,497
Deferred income taxes	632	-1,282
Income taxes reported in the result for the period	-7,916	-6,779

The effective income tax rate in the first half of 2014 was 31.10%. The variance between the effective income tax rate and the Group's income tax rate of 30.70% is mainly attributable to non-deductible expenses and unused tax loss carry forwards.

8 _ CASH AND CASH EQUIVALENTS

kEUR	06/30/2014	12/31/2013
Cash on hand, cash at banks and checks	18,928	23,851
Short-term deposits	5	5
Total	18,933	23,856

9 _ EQUITY

The Company's subscribed share capital is unchanged from December 31, 2013 and still amounted to EUR 453,611.12 on June 30, 2014. It consists of 45,361,112 ordinary shares with a par value of EUR 0.01 and is fully paid-in.

Due to legal requirements, kEUR 23 was added to the legal reserve. It now amounts to kEUR 45 (previous year: kEUR 22).

Finance Result
Income Taxes
Cash and Cash Equivalents
Equity
Earnings per share
Interest Bearing Loans and Borrowings

Changes in accumulated other comprehensive income consist of the following:

kEUR	Before tax amount		Tax expense		Net of tax amount	
	Q1-Q2/2014	Q1-Q2/2013	Q1-Q2/2014	Q1-Q2/2013	Q1-Q2/2014	Q1-Q2/2013
Exchange differences on translation of foreign operations	2,081	-2,961	-	-	2,081	-2,961
Changes in fair values of derivatives designated as hedges, recognized in equity	574	1,981	-156	-538	418	1,443
Total	2,655	-980	-156	-538	2,499	-1,518

At the Annual General Meeting on April 24, 2014, it was decided to distribute a dividend in the amount of EUR 0.27 per share to shareholders from the net profit of the financial year just ended. Total dividend distribution amounts to EUR 12.2 million.

10 _ EARNINGS PER SHARE

		Q1-Q2/2014	Q1-Q2/2013
Result for the period	kEUR	17,577	13,009
Weighted average number of shares outstanding	thousands	45,361	45,361
Basic and diluted earnings per share	EUR	0.39	0.29

Basic earnings per share are calculated by dividing the result for the period attributable to shareholders of SAF-HOLLAND S.A. by the average number of shares outstanding. New shares issued during the period are included pro rata for the period in which they are outstanding.

Both in the first half of 2014 and in the corresponding period of the previous year, the weighted average number of shares remained unchanged at 45,361,112.

Earnings per share can be diluted by potential ordinary shares. No dilutive effects occurred during the reporting period or in the comparison period.

11 _ INTEREST BEARING LOANS AND BORROWINGS

kEUR	Non-current		Current		Total	
	06/30/2014	12/31/2013	06/30/2014	12/31/2013	06/30/2014	12/31/2013
Interest bearing bank loans	89,495	60,216	7,448	7,059	96,943	67,275
Bond	75,000	75,000	-	-	75,000	75,000
Transaction costs	-2,806	-3,315	-675	-602	-3,481	-3,917
Bank overdrafts	-	-	-	4,084	-	4,084
Accrued interests	-	-	1,591	4,245	1,591	4,245
Other loans	117	93	111	83	228	176
Total	161,806	131,994	8,475	14,869	170,281	146,863

The current interest bearing bank loans include the agreed repayment in the coming twelve months.

The following table summarizes the determination of overall liquidity defined as available undrawn credit lines measured at the period-end exchange rate plus available cash and cash equivalents:

06/30/2014				
kEUR	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
Facility A1	49,860	49,860	–	–
Facility A2	10,797	15,425	–	4,628
Facility B1	33,884	80,000	18,933	65,049
Facility B2	59	36,645	–	36,586
Other Facility	2,343	4,764 ¹⁾	–	2,421
Total	96,943	186,694	18,933	108,684

¹⁾ New bilateral credit line for the activities of the Group in China.

12/31/2013				
kEUR	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
Facility A1	53,195	53,195	–	–
Facility A2	11,080	15,980	–	4,900
Facility B1	3,000	80,000	23,856	100,856
Facility B2	–	36,320	–	36,320
Total	67,275	185,495	23,856	142,076

The determination of overall liquidity has changed as compared to the Annual Report as of December 31, 2013. Overall liquidity is now calculated with reference to the period-end exchange rate. The management expects the changed calculation method to allow for better insight into the Company's financial position. The prior-year figures have been adjusted for reasons of comparability.

12 _ FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

kEUR	01/01/2014		06/30/2014
	Fair value	Changes recognized in equity (before tax)	Fair value
Interest rate swaps EUR	-205	-719	-924
Total	-205	-719	-924

kEUR	01/01/2014		06/30/2014
	Fair value	Fair value	Fair value
Forward exchange transaction		15	41

Interest Bearing Loans and Borrowings
 Financial Assets and Other
 Financial Liabilities
 Related Party Disclosures

Any gain or loss resulting from the measurement of financial assets and other financial liabilities is recognized in profit or loss unless the derivative is designated and effective as a hedging instrument in the context of hedge accounting.

Only interest rate swaps meet the criteria for hedge accounting in the Group. They are used to hedge the exposure to variability of cash flows. Changes in market values must therefore be recognized directly in equity, if the hedging relationship is effective.

Forward exchange transactions as of June 30, 2014 are used to hedge the risk position arising from the currency fluctuation of the South African rand, Russian ruble and the US dollar.

13 _ RELATED PARTY DISCLOSURES

At the Annual General Meeting on April 24, 2014, it was decided to approve and renew the Board of Directors mandate of Bernhard Schneider, Sam Martin and Detlef Borghardt until the Annual General Meeting that will resolve on the annual accounts for the financial year ending December 31, 2016. Furthermore, it was decided to approve and renew the Board of Directors mandate of Anja Kleyboldt until the Annual General Meeting that will resolve on the annual accounts for the financial year ending December 31, 2015. In addition, the appointment of Martina Merz to the Board of Directors until the Annual General Meeting that will resolve on the annual accounts for the financial year ending December 31, 2016 was approved.

Since April 24, 2014, the Board of Directors has consisted of the following members:

- Bernhard Schneider (Chairman)
- Sam Martin (Deputy Chairman)
- Detlef Borghardt
- Dr. Martin Kleinschmitt
- Anja Kleyboldt
- Martina Merz
- Richard Muzzy

TRANSACTIONS WITH RELATED PARTIES AND COMPANIES IN WHICH MEMBERS OF MANAGEMENT HOLD KEY POSITIONS

kEUR	Sales to related parties		Purchases from related parties	
	Q1-Q2/2014	Q1-Q2/2013	Q1-Q2/2014	Q1-Q2/2013
SAF-HOLLAND Nippon, Ltd.	540	584	–	–
Lakeshore Air LLP	–	–	–	64
FWI S.A.	–	–	13,813	13,825
Total	540	584	13,813	13,889

kEUR	Amounts owed by related parties		Amounts owed to related parties	
	06/30/2014	12/31/2013	06/30/2014	12/31/2013
SAF-HOLLAND Nippon, Ltd.	209	185	183	183
Lakeshore Air LLP	–	–	–	–
FWI S.A.	–	–	2,012	382
Total	209	185	2,195	565

14 _ CASH FLOW STATEMENT

Please see the Group Interim Management Report for further explanations of the cash flow statement.

15 _ EVENTS AFTER THE BALANCE SHEET DATE

At the Extraordinary General Meeting of July 15, 2014 shareholders resolved to increase the authorized capital by EUR 90,722.22 through the issue of up to 9,072,222 shares with a par value of EUR 0.01 each. The issue of these shares can be carried out under exclusion of subscription rights and can be used to issue convertible bonds and/or bonds with warrants. The approved capital newly created at the Extraordinary General Meeting of July 15, 2014 is independent of the approved capital generated on June 4, 2012 pursuant to Section 5.3 of SAF-HOLLAND S.A.'s Articles of Incorporation and is limited until July 15, 2019. Section 5 of the Articles of Incorporation was revised accordingly.

Responsibility Statement

To the best of our knowledge, and in accordance with all applicable financial principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group's business and position, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the fiscal year.

Luxemburg, August 7, 2014
SAF-HOLLAND S.A.



Bernhard Schneider
Chairman of the Board of Directors

Financial Glossary

A

Actuarial gains and losses

Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Adjusted EBIT

Earnings before interest and taxes (EBIT) is adjusted for special items, such as depreciation and amortization from purchase price allocations, impairment of goodwill and intangible assets, reversal of impairment of intangible assets as well as restructuring and integration costs.

Aperiodic

Non-periodic, at irregular intervals.

B

Bond with warrant

Bonds with warrants are fixed-interest securities issued by a company which are issued together with warrants. These warrants confer the right to purchase shares in the issuing company at a pre-defined point in time and at pre-defined conditions. In addition, the owner of a bond with warrant continues to have a right to interest payments and settlements from the bond after exercising the warrant.

Business Units

For management purposes, the Group is organized into customer-oriented Business Units (Trailer Systems, Powered Vehicle Systems, and Aftermarket).

C

Cash-generating unit

Cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

Convertible bond

Convertible bonds are fixed-interest securities issued by a company. In addition, the owner has the right to exchange the fixed-income securities for shares in the issuing company at pre-defined conditions at a certain point in time.

Coverage

Analysts at renowned banks and investment houses regularly observe and evaluate the development of SAF-HOLLAND S.A.'s shares.

D

Days inventory outstanding

Inventory / cost of sales per day
(cost of sales of the quarter / 90 days).

Days payable outstanding

Trade payables / cost of sales per day
(cost of sales of the quarter / 90 days).

Days sales outstanding

Trade receivables / sales per day
(sales of the quarter / 90 days).

E

Effective income tax rate

Income tax according to the income statement / earnings before tax x 100.

Equity ratio

Equity / total assets x 100.

F

Fair value

Amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

G**Gross margin**

Gross profit / sales x 100.

I**IFRS/IAS**

The standard international accounting rules are intended to make company data more comparable. Under the EU resolution, accounting and reporting at listed companies must be done in accordance with these rules.

M**MDAX**

The mid-cap-DAX (MDAX) comprises 50 companies that rank immediately below DAX securities in terms of market capitalization and order book volume.

N**Net working capital**

Current assets less cash and cash equivalents less current and non-current other provisions less trade payables less other current liabilities less income tax liabilities.

Non-recourse factoring

Factoring where the factor takes on the bad debt risk.

P**Personnel expenses per employee**

Personnel expenses (not including restructuring and integration costs) / average number of employees (not including temporary employees).

Prime Standard

Prime Standard is a market segment of the German Stock Exchange that lists German companies which comply with international transparency standards.

Purchase price allocation (PPA)

Distribution of the acquisition costs of a business combination to the identifiable assets, liabilities and contingent liabilities of the (acquired) company.

R**R&D ratio**

R&D cost and capitalized development cost / sales x 100.

Recoverable amount

The recoverable amount is the higher of the fair value less cost to sell and the value in use.

S**Sales per employee**

Sales / average number of employees (including temporary employees).

SDAX

The small-cap-DAX (SDAX) comprises 50 companies that rank immediately below mid-cap-DAX (MDAX) securities in terms of market capitalization and order book volume. As is the case with DAX, TecDAX and MDAX, the SDAX belongs to the Prime Standard.

Shares of non-controlling interests

Equity in a subsidiary not attributable, directly or indirectly, to a parent.

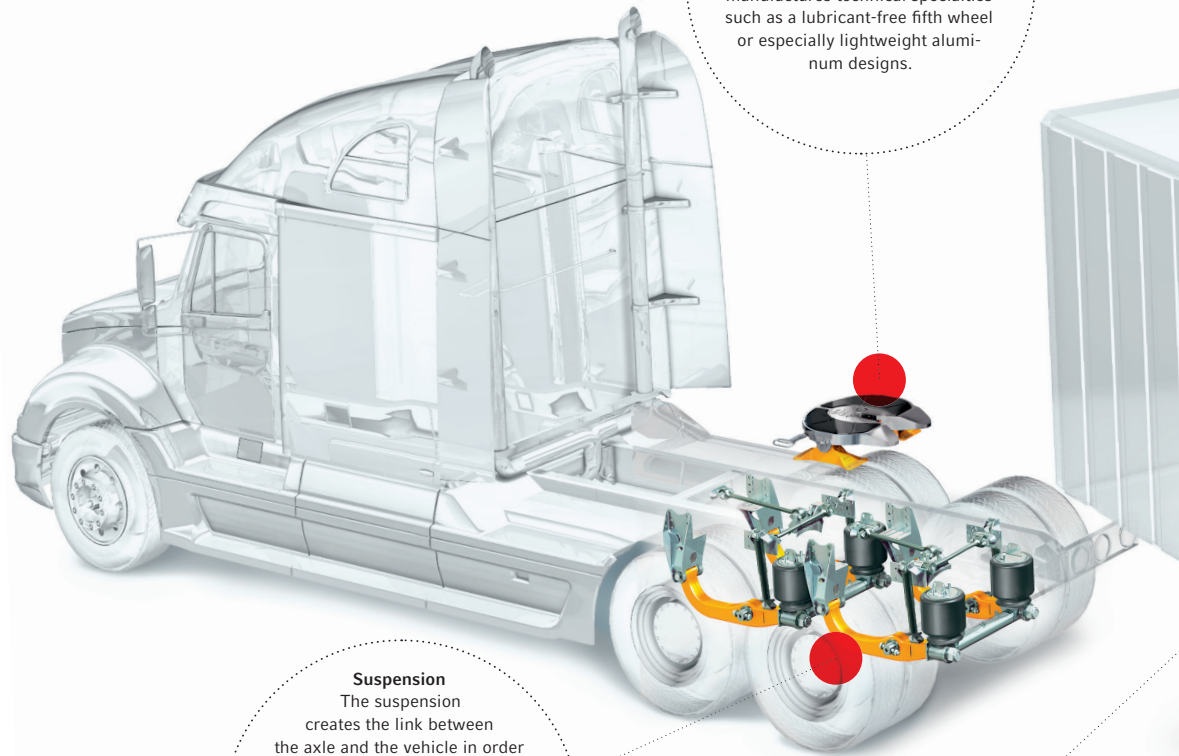
T**Total cost of ownership**

Total cost relating to acquisition, operating and maintenance of an asset.

V**Value in use**

Present value of future cash flows from an asset.

Technical Glossary



Fifth Wheel

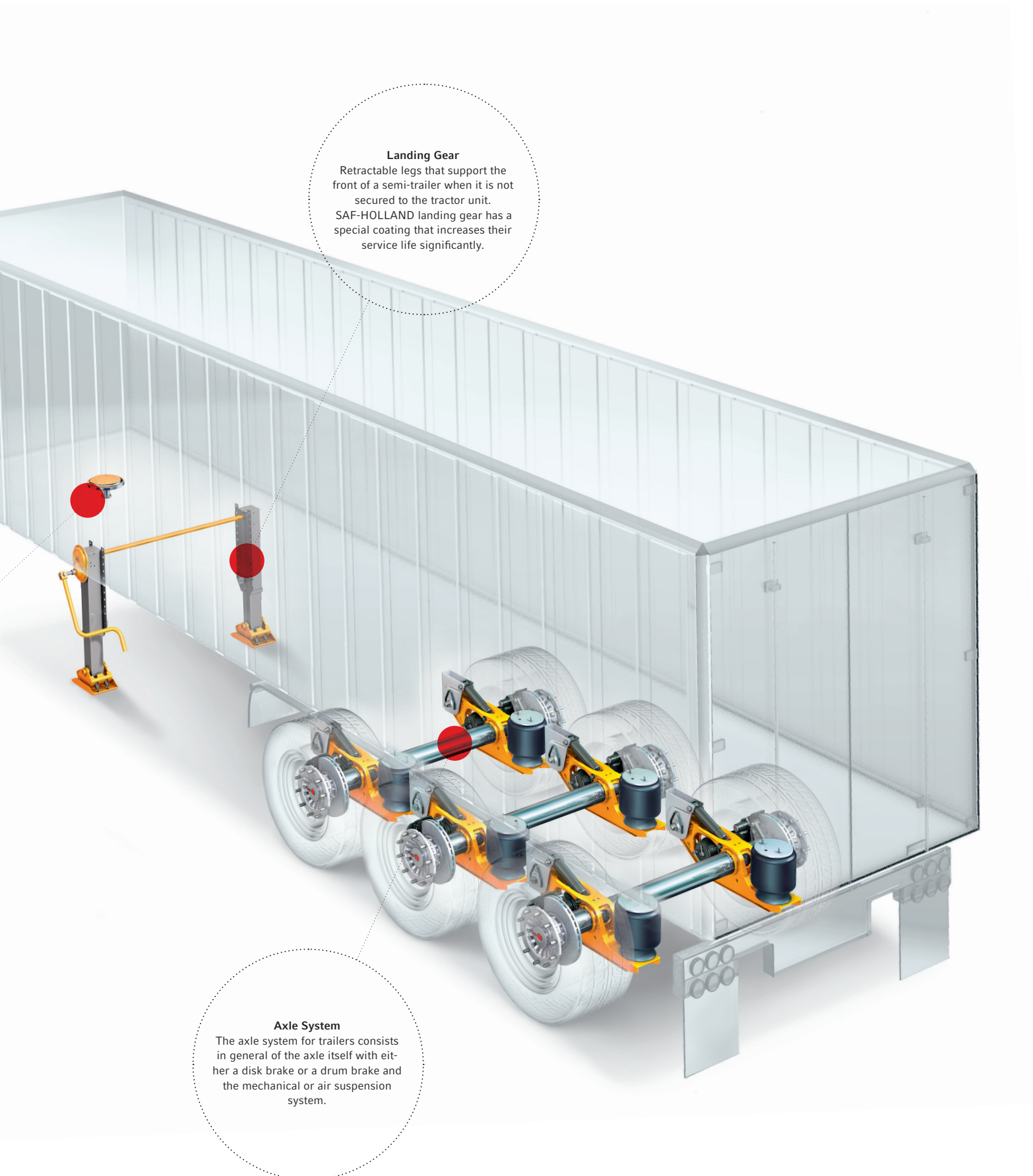
Mounts with the kingpin and serves to secure the semi-trailer to the tractor unit. In addition to its traditional products, SAF-HOLLAND manufactures technical specialties such as a lubricant-free fifth wheel or especially lightweight aluminum designs.

Suspension

The suspension creates the link between the axle and the vehicle in order to compensate for road irregularities and improve maneuverability. The SAF-HOLLAND suspension system with its modular design can be used for up to three interlinked powered axles. Each axle is suspended individually. Suitable for gross vehicle weights of between 10 and 40 tons.

Kingpin

Mounts on the semi-trailer and couples with the tractor fifth wheel. SAF-HOLLAND products are sold around the world and are among the safest on the market.



List of Abbreviations

A		F	
ACEA	European Automobile Manufacturer's Association	FEM	Finite Element Method; numerical technique for finding approximate solutions for partial differential equation; often used in industrial engineering
ACT Research	Americas Commercial Transportation Research Co., LLC		
APO	Advanced Planer & Optimizer (IT-System to utilize for supply chain management)		
B		G	
BRIC	Brasil, Russia, India, and China	GDP	Gross Domestic Product
C		I	
CAAM	China Association of Automobile Manufacturers	IAA	International Automobile Exhibition
CAD	IT-System often used in engineering/product development	IAS	International Accounting Standards
Cap	Derivative to hedge against rising interest rates	IASB	International Accounting Standards Board
CEO	Chief Executive Officer	IFRIC	International Financial Reporting Interpretations Committee
CFO	Chief Financial Officer	IFRS	International Financial Reporting Standards
D		IfW	
DAX	Deutscher Aktienindex (German stock index)	IR	Institut für Weltwirtschaft (German economic organization)
DIN	Deutsches Institut für Normung (German Institute for Standardization)	ISIN	Investor Relations
E		ISO	
EBIT	Earnings Before Interest and Taxes	IT	International Securities Identification Number
EBITDA	Earnings Before Interest, Taxes and Depreciation/Amortization		International Organization for Standardization
EDP	Electronic Data Processing		Information Technology
		K	
		kEUR	Thousand Euro

<hr/>		<hr/>	
M		U	
MATS	Mid-America Trucking Show	US	United States of America
Mio.	Million	USA	United States of America
		USD	US-Dollar
<hr/>		<hr/>	
N		V	
n.a.	Not applicable	VDA	Verband der Automobilindustrie
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O		W	
OEM	Original Equipment Manufacturer	WKN	Wertpapierkennnummer (security identification number)
OES	Original Equipment Service	WpHG	Wertpapierhandelsgesetz (German Securities Trading Act)
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P			
PDC	Parts Distribution Center		
PPA	Purchase Price Allocation		
ppm	Parts per million		
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R			
R&D	Research and Development		
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S			
SDAX	Small-cap-DAX		
SIAM	Society of Indian Automobile Manufacturers		
Swap	Hedging instrument in which two counterparties agree to exchange contractual rights and obligations against another (to swap) to a definite existing period of time in the future and to defined conditions		

Financial Calendar and Contact Information

Financial Calendar

November 6, 2014..... Report on Q3 2014 Results

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Editorial deadline: August 6, 2014

Date of publication: August 7, 2014

Editorial office: blackpoint communications GmbH, Hagen, and SAF-HOLLAND GmbH, Bessenbach

Design and realization: wagneralliance Kommunikation GmbH, Offenbach am Main

Translated by: MBETraining & Translations, Wiesbaden

Photography: Bernd Bodtländer, Frankfurt am Main
Corbis GmbH, Düsseldorf

This report is also available in German.

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