
Focus on fleet customers

SAF-HOLLAND 1st Quarter Results 2014

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Executive Summary



1

Strong increase in group sales by 12.0% to €235.3mn (previous year: €210.1mn) particularly driven by positive business development in Europe and emerging markets.

2

Increase in adj. EBIT to €17.1mn (previous year: 13.8) and **adj. EBIT margin** to 7.3% (previous year: 6.6) due to higher business volume and stable overhead cost structure.

3

Integration of business activities of Corpco, a leading Chinese commercial vehicle suspension systems supplier, successfully started in 1st quarter 2014.

4

Enhancement of Aftermarket activities: Opening of Parts Distribution Center in Kuala Lumpur, Malaysia in order to supply fleet customers in Southeast Asia with original spare parts and “Sauer Quality Parts”.

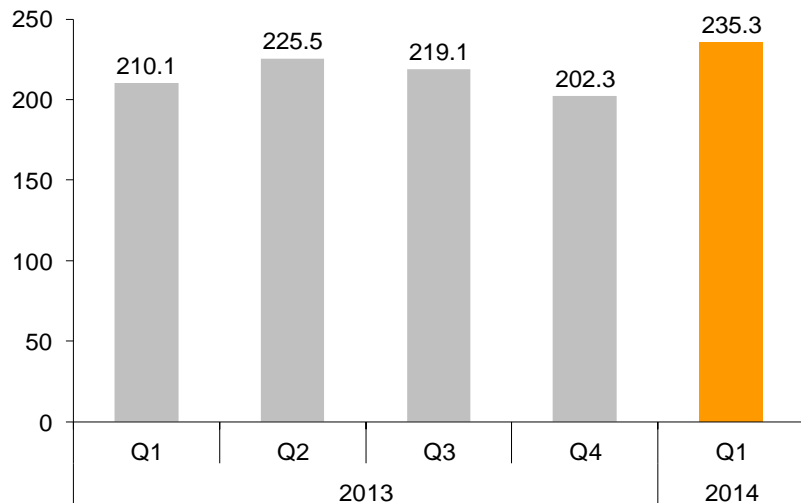
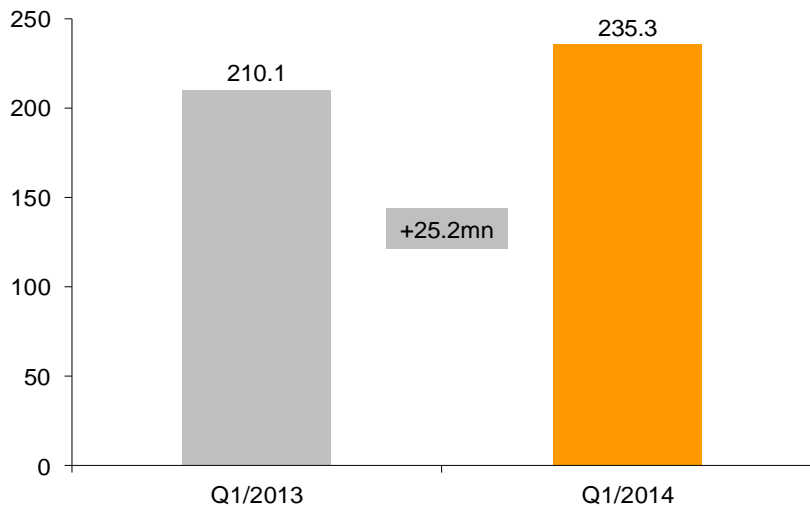
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Outlook 2014 confirmed

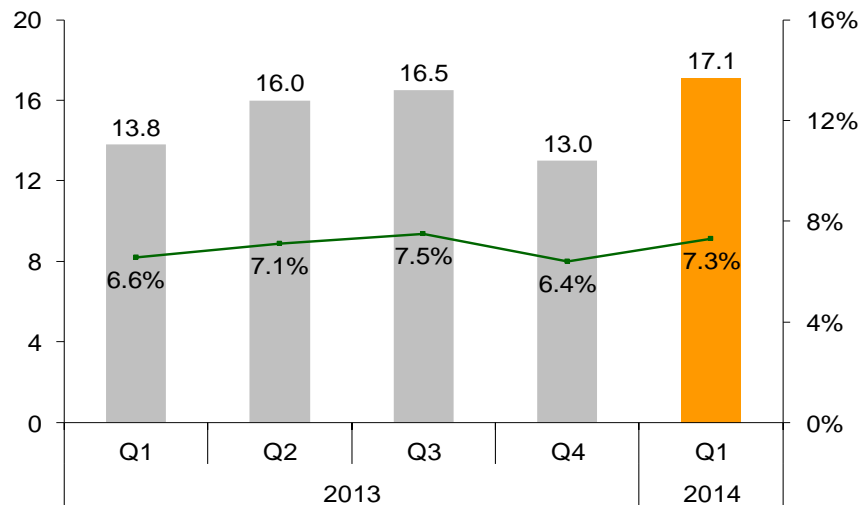
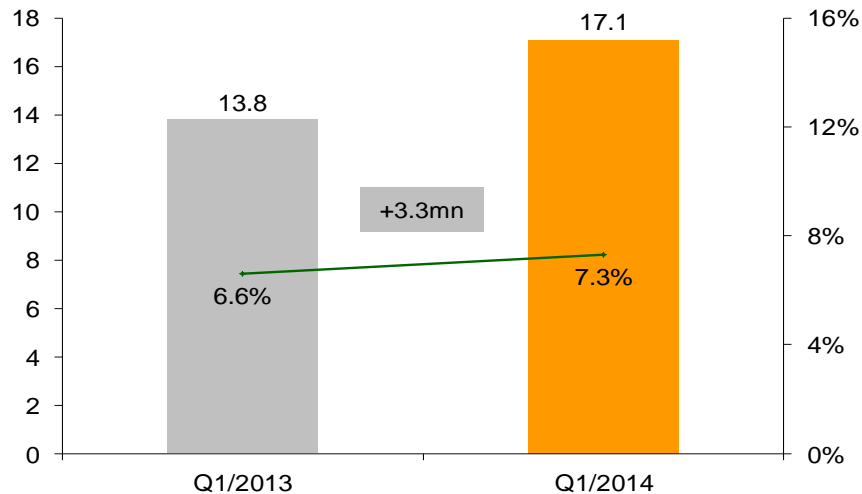
- Sales between €920mn and €945mn.
- Adj. EBIT of approximately €70mn and increasing adj. EBIT margin.
- Assumptions: Generally stable economic and political conditions in Europe and North America and improvement of industry indicators for both core markets.

Business performance – group sales and group adjusted EBIT

Sales in €mn

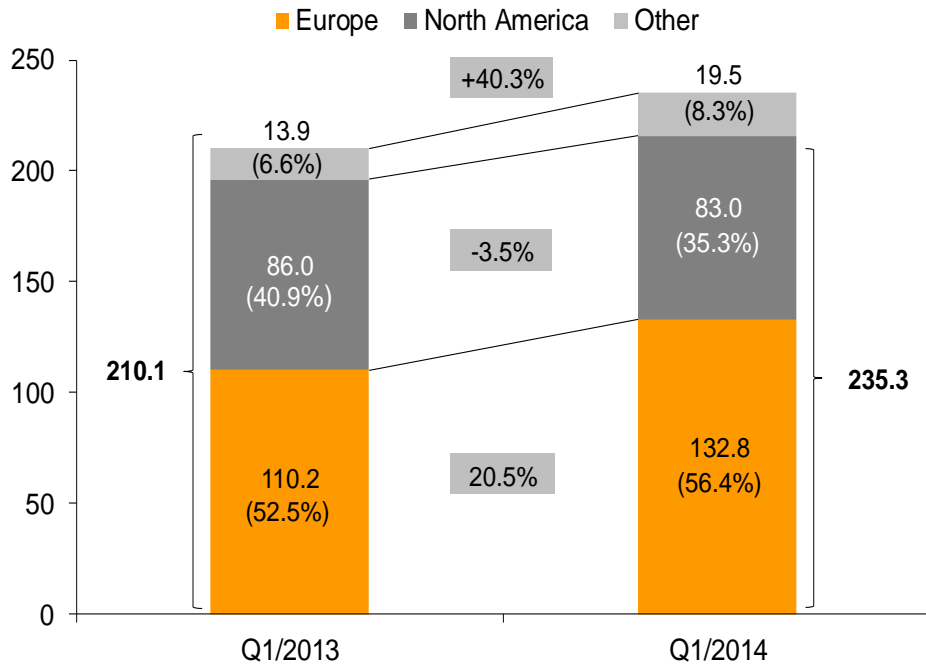


Adjusted EBIT in €mn

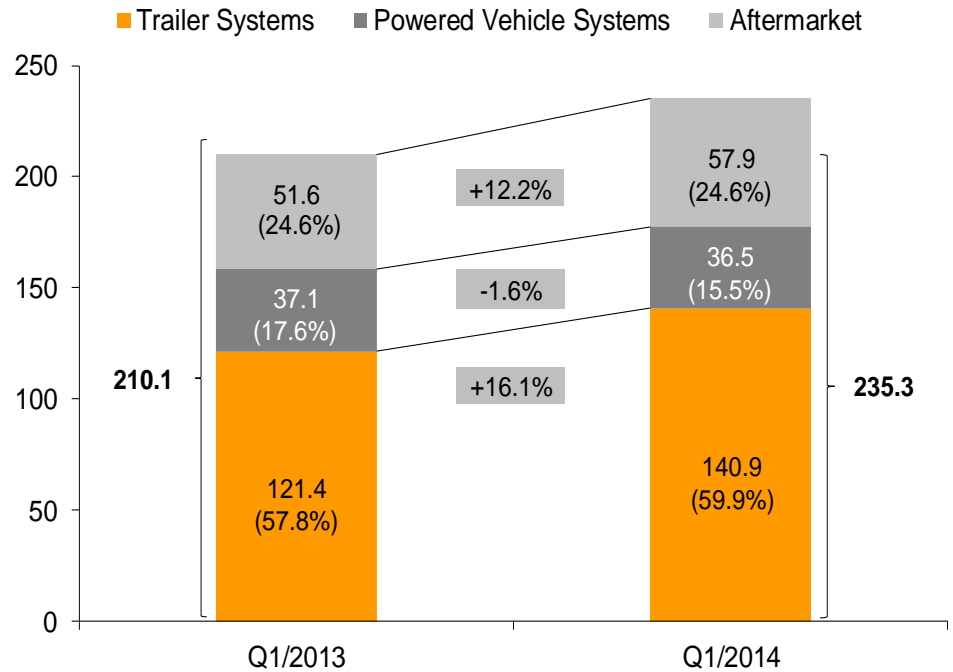


Business performance – sales by region and business unit

Sales in €mn by region

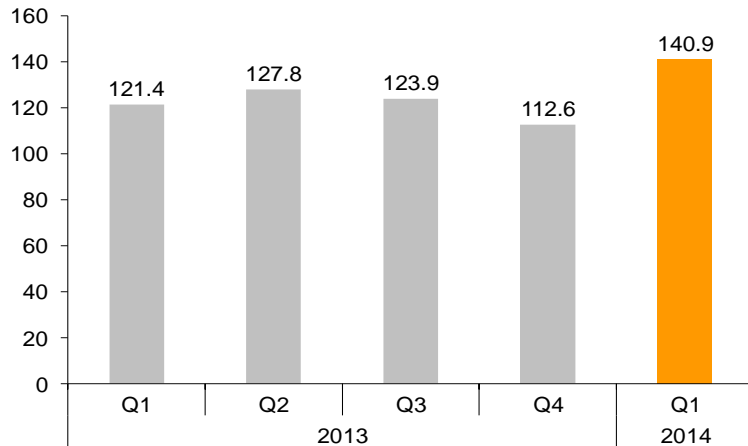


Sales in €mn by business unit



Business performance – Trailer Systems

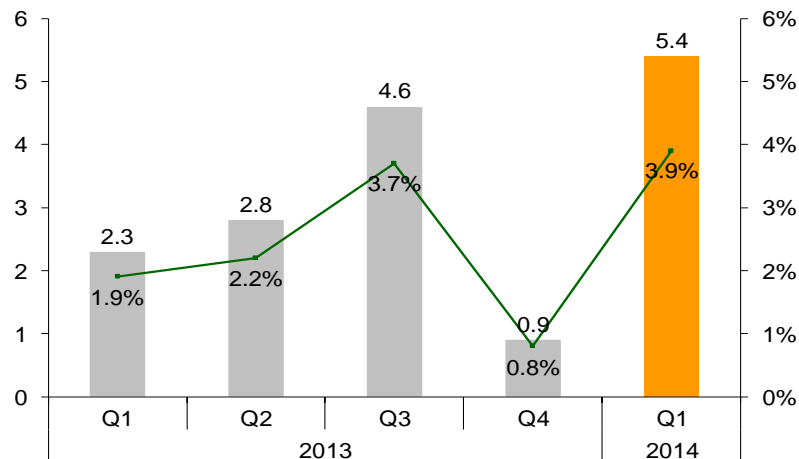
Sales in €mn



Summary

- Strong sales increase of 16.1% to €140.9mn YTD 2014 (YTD 2013: 121.4)
- Sales development mainly influenced by recovery of European trailer market; pre-buy of trucks in Q4/2013 in connection with new Euro 6 standard led to postponement of investments in trailers into Q1/2014
- Reluctant investments in new trailers in North America due to effects from harsh winter

Adjusted EBIT in €mn and margin in %



- Adj. EBIT of €5.4mn in YTD 2014 (YTD 2013: 2.3).
- Adj. EBIT margin of 3.9% YTD 2014 (YTD 2013: 1.9).
- Strongly improved profitability impacted by volume effects and first positive results of measures to improve the earnings situation of Trailer Systems BU

Gap between BU TS target margin for 2015 and current adj. EBIT margin needs to be closed by implementation of measures

Targets 2015

- Sales: €980mn to €1.035bn
- Earnings: 9 to 10% adj. EBIT margin
- Net Working Capital: <10% of sales
- Capex: < 2% of sales

Growth potential for 2015

Trailer Systems

- Full product range of suspension systems in N.A. with own axle
- Increase of N.A. market share of up to 30% in medium term
- Participation in potentially growing US disc brake market

Current adj. EBIT margin not sufficient to reach 9 to 10% adj. EBIT target for the Group until 2015



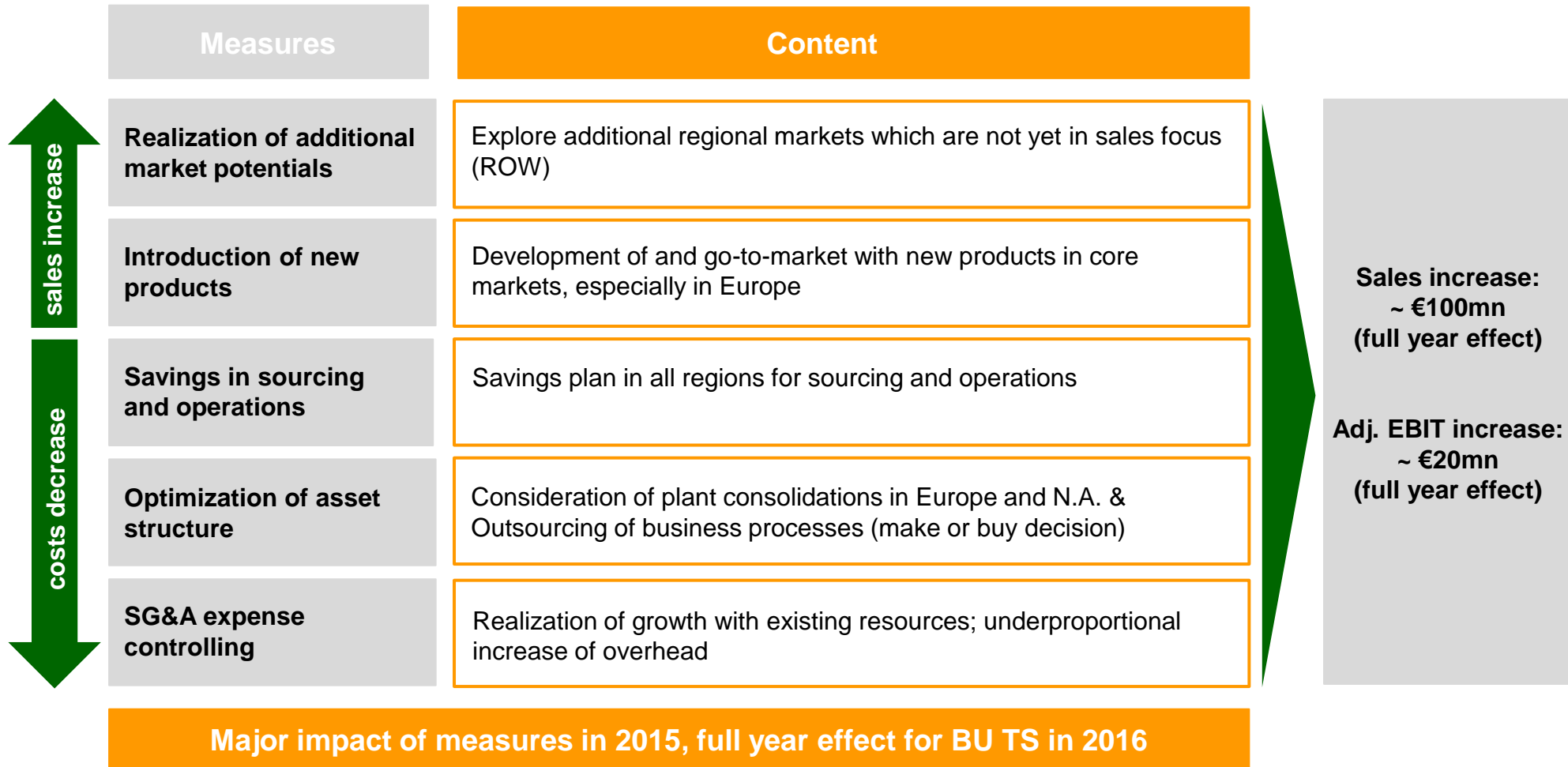
Development of bundle of measures for margin improvement

| | |
|--------------------------------|--------------|
| Adj. EBIT FY 2012: | 2.5% |
| <u>./.</u> Required adj. EBIT: | 5-6% |
| = Gap adj. EBIT: | ~3.0% |

9 to 10% adj. EBIT margin for the Group - Assumptions -

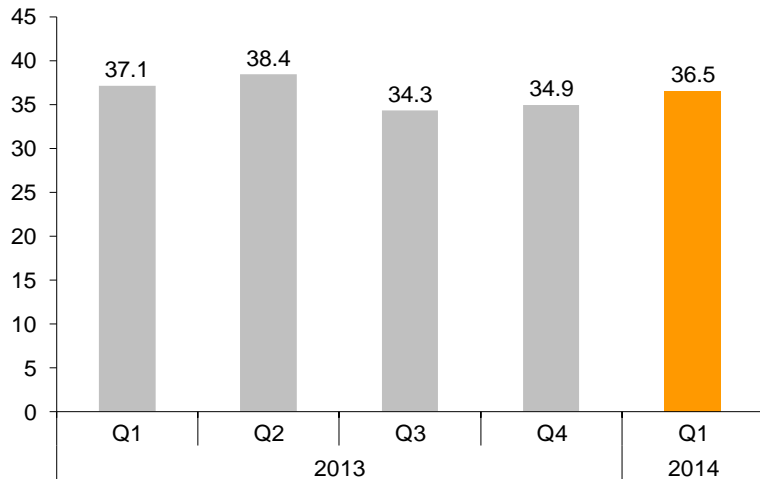
- Stable profits in BU Powered Vehicles Systems
- Overproportional increase of BU Aftermarket share
- Economies of scale and underproportional increase of overhead costs

Implementation of measures to increase sales and adj. EBIT margin of BU TS until 2015 started in Q3/2013



Business performance – Powered Vehicle Systems

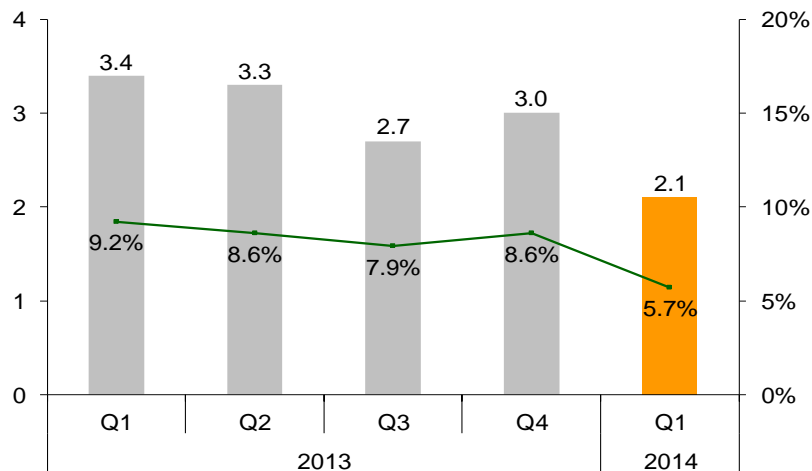
Sales in €mn



Summary

- Sales of €36.5mn YTD 2014 (YTD 2013: 37.1) burdened by exchange rate effects related to the translation of Canadian resp. US dollar sales to euro
- Benefits from rising demand regarding truck standard products
- Reluctant procurement activities by Government after US budget conflict led to unfavorable changes in product mix
- As expected seasonally weaker first quarter 2014 for Corpc
- Forecast of double-digit growth for class 8 trucks trucks built in North America gives good prospect for rest of FY 2014

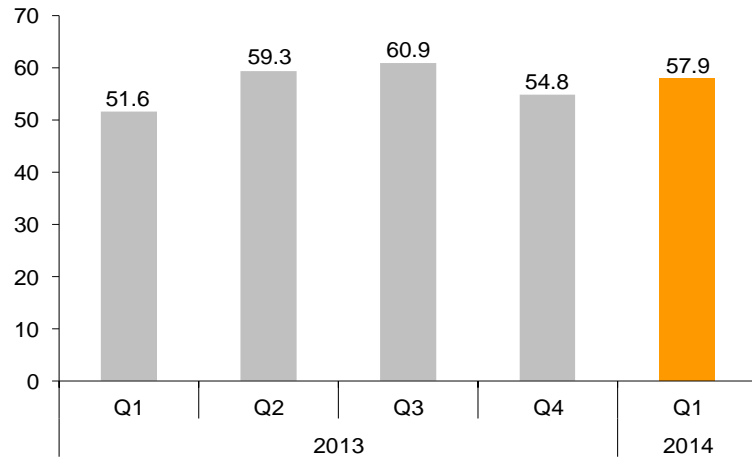
Adjusted EBIT in €mn and margin in %



- Adj. EBIT of €2.1mn YTD 2014 (YTD 2013: 3.4).
- Adj. EBIT margin of 5.7% YTD 2014 (YTD 2013: 9.2)
- Profitability in Q1/2014 mainly influenced by unfavorable customer and product mix compared to favorable product and customer mix in Q1/2013

Business performance – Aftermarket

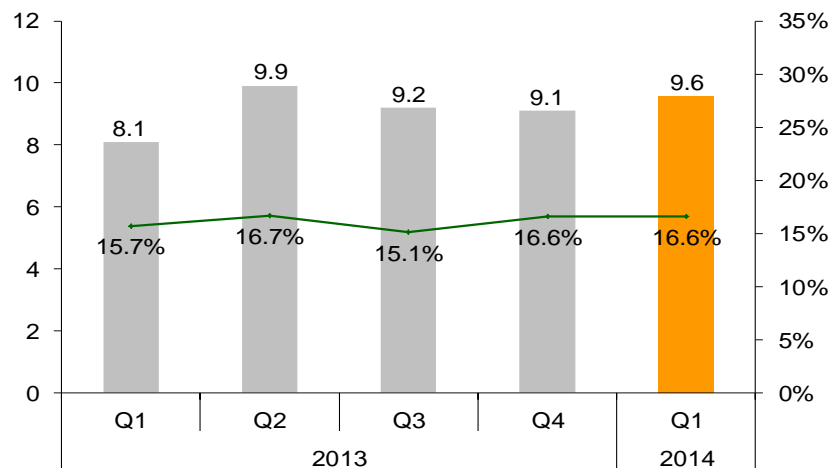
Sales in €mn



Summary

- Sales increase to €57.9mn YTD 2014 (YTD 2013: 51.6)
- Increase of sales driven by positive market development
- Successful expansion of Aftermarket activities with new sales offices and Parts Distribution Centers show first positive results on sales

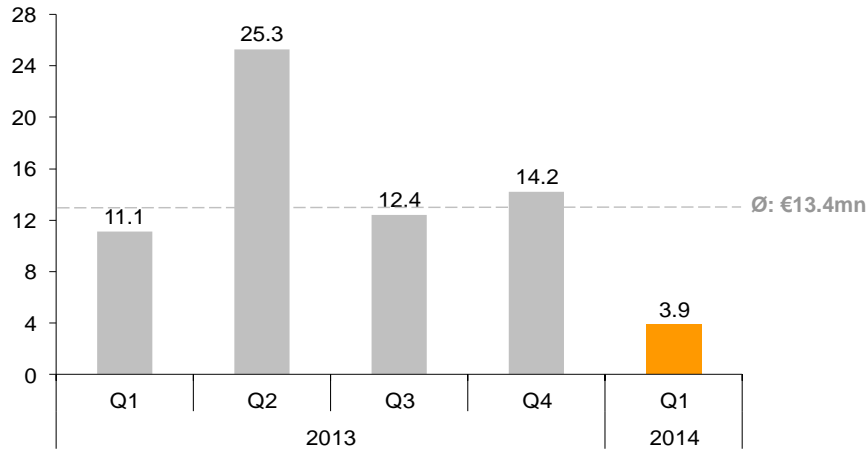
Adjusted EBIT in €mn and margin in %



- Adj. EBIT of €9.6mn YTD 2014 (YTD 2013: 8.1)
- Adj. EBIT margin of 16.6% YTD 2014 (YTD 2013: 15.7)
- Continuously strong earnings development due to improved product mix and implementation of global sourcing strategy

Business performance – operating cash flow

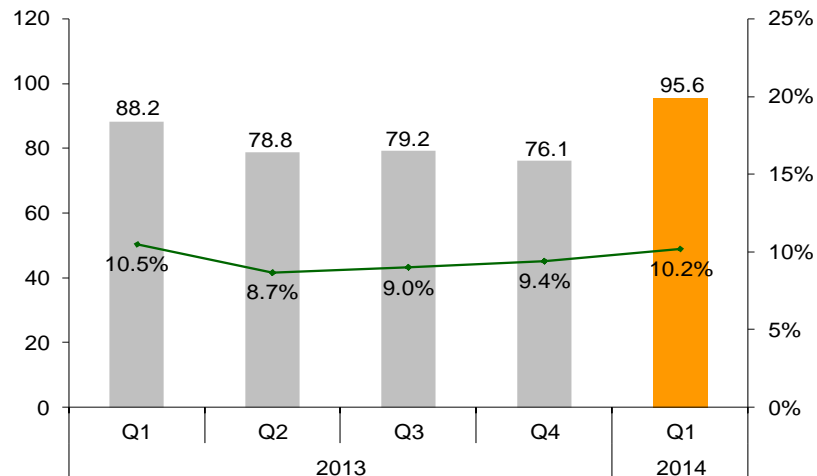
Operating cash flow before income tax in €mn



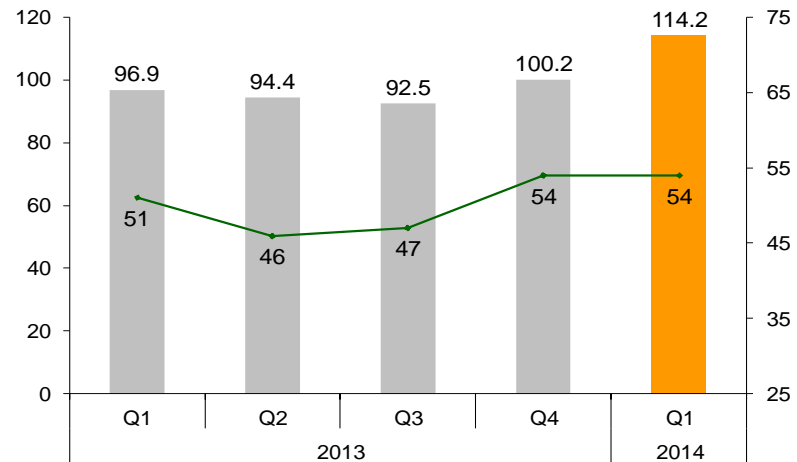
Summary

- Operating cash flow of €3.9mn YTD 2014 (YTD 2013: 11.1).
- Net working capital reached €95.6mn (Q1/2013: 88.2) and totaled 10.2% of sales (Q1/2013: 10.5%).
- Days of inventory 54 days; target figure of 45 days could not be reached due to higher business volume and increased demand

Net working capital in €mn and as % of sales



Inventories in €mn and days of inventories



Financials – balance sheet

| in €mn | 03/31/2014 | % | 12/31/2013 | % |
|---------------------------------------|--------------|---------------|--------------|---------------|
| Non-current assets | 333.0 | 56.4% | 329.1 | 61.3% |
| Inventories | 114.2 | 19.3% | 100.2 | 18.7% |
| Other current assets | 125.7 | 21.3% | 83.2 | 15.5% |
| Cash and cash equivalents | 17.8 | 3.0% | 23.9 | 4.5% |
| Total assets | 590.7 | 100.0% | 536.4 | 100.0% |
| Equity | 231.9 | 39.3% | 222.2 | 41.4% |
| Other non-current liabilities | 66.4 | 11.2% | 65.9 | 12.3% |
| Interest bearing loans and borrowings | 154.3 | 26.1% | 146.9 | 27.4% |
| Other current liabilities | 138.1 | 23.4% | 101.4 | 18.9% |

Net debt as of March 31, 2014: €136.5mn (12/31/13: €123.0mn)

Financials – profit and loss statement

| in €mn | Q1/2014 | % | Q1/2013 | % |
|------------------------------|-------------|--------------|-------------|--------------|
| Sales | 235.3 | 100% | 210.1 | 100% |
| Cost of Sales | -191.3 | -81.3% | -170.9 | -81.3% |
| Gross Profit | 44.0 | 18.7% | 39.2 | 18.7% |
| Selling expenses | -13.7 | -5.8% | -13.5 | -6.4% |
| Administrative expenses | -10.6 | -4.5% | -9.3 | -4.4% |
| R&D | -4.7 | -2.0% | -4.8 | -2.3% |
| Other | 0.1 | 0.0% | 0.3 | 0.1% |
| Operating result | 15.1 | 6.4% | 11.9 | 5.7% |
| Financial result | -3.1 | -1.3% | -1.1 | -0.6% |
| Earnings before tax | 12.0 | 5.1% | 10.8 | 5.1% |
| Income tax | -3.7 | -1.6% | -3.6 | -1.7% |
| Result for the period | 8.3 | 3.5% | 7.2 | 3.4% |

Comments

- Increase in gross profit in combination with almost stable selling, general and admin costs led to strong improvement of operating result by 26.9%.
- In Q1/2013 lower admin costs which then were influenced by higher capitalized expenses due to harmonization of SAP systems. In 2014: no capitalized expenses for SAP projects.
- Increase in financial result caused by lower unrealized exchange rate gains on foreign currency loans of €0.1mn (Q1/2013: 2.1mn).

Financials – cash flow statement

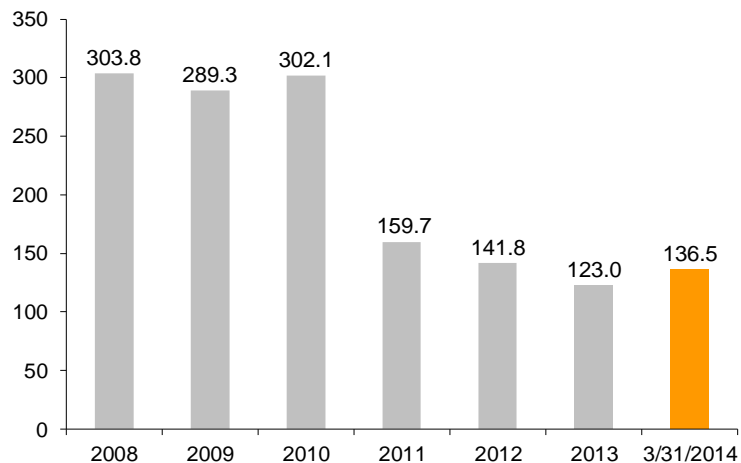
| in €mn | Q1/2014 | Q1/2013 |
|--|-------------|--------------|
| Result before tax | 12.0 | 10.7 |
| Finance result | 3.3 | 1.4 |
| Amortization/depreciation | 4.7 | 5.1 |
| Change in Net Working Capital | -15.6 | -5.9 |
| Other items cash flow | -0.5 | -0.2 |
| Operating cash flow before income tax | 3.9 | 11.1 |
| Income tax paid | -2.3 | -2.2 |
| Operating cash flow | 1.6 | 8.9 |
| Cash flow from investing | -8.5 | -5.6 |
| Cash flow from financing | 0.8 | -14.8 |
| Effect of F/X changes | 0 | 0.1 |
| Net change in cash | -6.1 | -11.4 |

Key financials

| in €mn | Q1/2014 | Q1/2013 |
|--|-------------|-------------|
| Sales | 235.3 | 210.1 |
| Cost of sales | -191.3 | -170.9 |
| Gross profit | 44.0 | 39.2 |
| Margin | 18.7% | 18.7% |
| Adjusted result | 9.6 | 8.6 |
| Margin | 4.1% | 4.1% |
| Adjusted EPS in € | 0.21 | 0.19 |
| Adjusted EBITDA | 20.3 | 17.4 |
| Margin | 8.6% | 8.3% |
| Adjusted EBIT | 17.1 | 13.8 |
| Margin | 7.3% | 6.6% |
| Operating cash flow (before income tax) | 3.9 | 11.1 |

Key financial ratios and figures

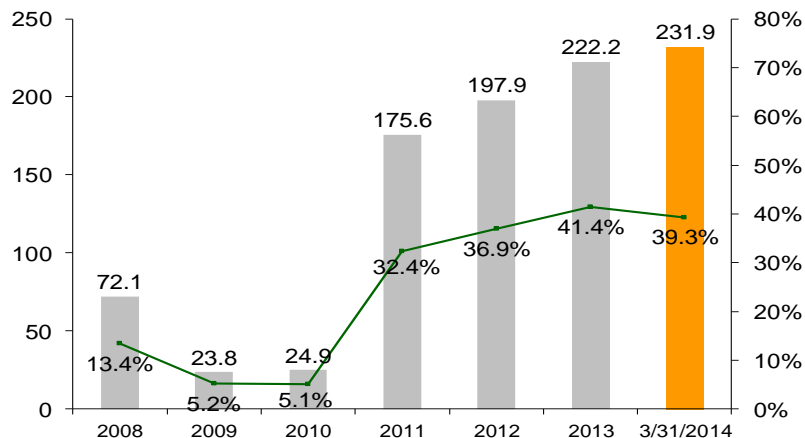
Net financial debt (€mn)



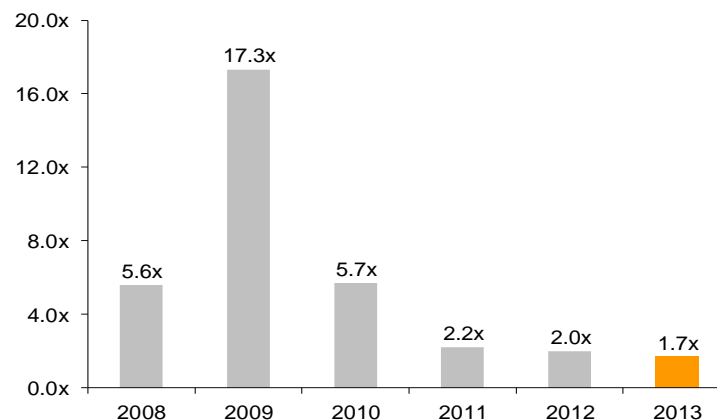
Summary

- Significantly improved financial profile through capital increases
- Reduction of interest costs
- Further improvement of the equity ratio
- Further reduction of net debt
- Long-term safeguarding of liquidity
- Proven access to capital markets (equity and bond market)

Equity (€mn)

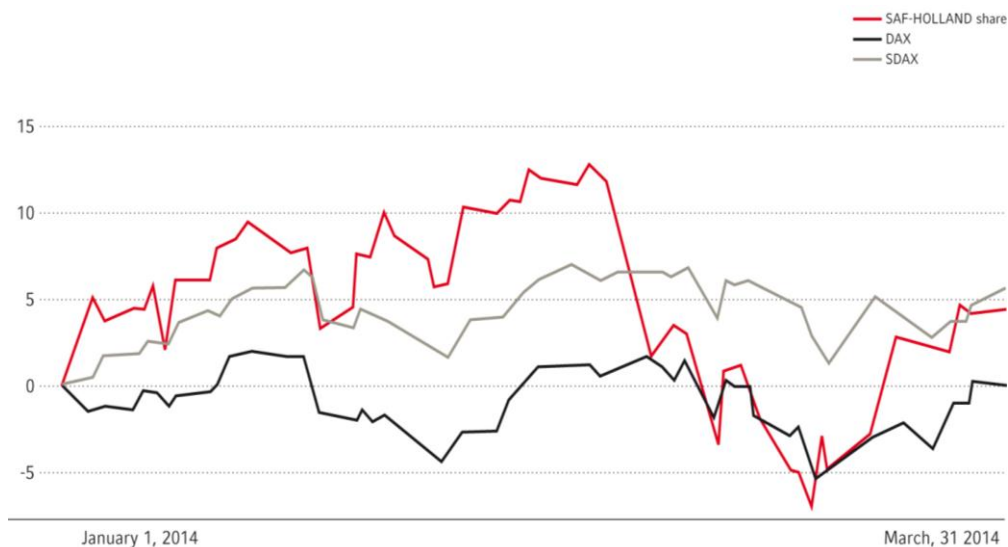


Net financial debt/ adjusted EBITDA (x)

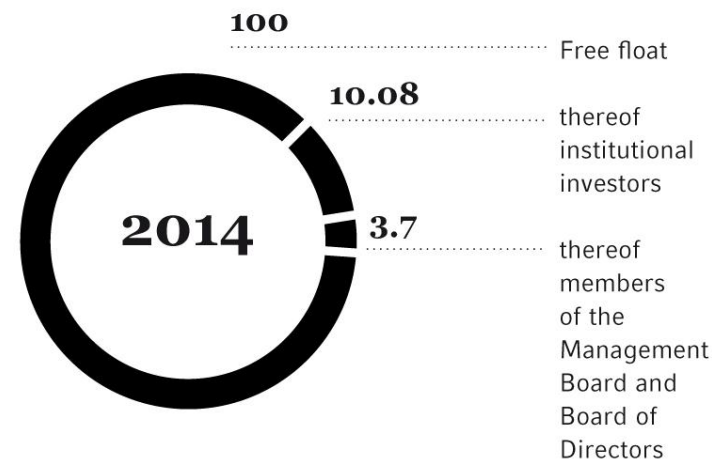


Share price and shareholder structure

Development of SAF-HOLLAND share price vs. indices (in %)



Shareholder Structure (in %)



As of April 4, 2014

Basic data for share as of March 31, 2014

| | |
|------------------|--------------|
| ISIN | LU0307018795 |
| Number of shares | 45,361,112 |
| Closing price | €11.30 |
| Adjusted EPS | €0.21 |

SAF-HOLLAND share price increase of 4.5%

- Strong share price development at the beginning of 2014
- Share price burdened by profit takings in the middle of February and conflict for the Crimean Peninsula at the beginning of March

Targets and outlook: Increase in sales and earnings expected for 2014

Targets 2014

- Sales between €920mn and €945mn
- Adj. EBIT approximately €70mn and increasing adj. EBIT margin
- Assumptions: Generally stable economic and political conditions in Europe and North America and improvement of industry indicators for both core markets.

Targets 2015

- **Sales: €980mn to €1.035bn**
- **Earnings: 9 to 10% adj. EBIT margin**
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Growth potential

Trailer Systems

- Full product range of suspension systems in N.A. with own axle
- Increase of N.A. market share of up to 30% in medium term
- Participation in potentially growing US disc brake market

Aftermarket

- Increase of installed product base driving the Aftermarket business (...automatically)
- Enlarged product portfolio (A2 brand and 3rd party products)
- Regional expansion of distribution & sales channels

BRIC Countries

- Custom-made products for China and Brazil
- Localized operations
- Increase of market share in strong growing market environments (e.g. China 5%)

9 to 10% adj. EBIT Margin

Overproportional increase of A.M. share, economies of scale and underproportional increase of overheads.

Thank you for your attention.