Press Release · Corporate News

SAF-HOLLAND result for the period in the second quarter 2016 up 18.7%

- **Group organic sales in Q2 close to previous year's level despite U.S. market weakness**
- **Q2 adjusted EBIT margin increases to 9.6%**
- **Free cash flow in the first half-year improves by almost EUR 28 million**
- **Company confirms its full-year guidance**

Luxembourg, August 11, 2016 – Thanks to the encouraging growth achieved in Western Europe and the Middle East, SAF-HOLLAND, Europe's largest independent listed supplier for trailers, trucks and buses was able to largely counteract the market difficulties experienced in North America and several of the Emerging markets during the first half of 2016. Sales declined by 4.5% to EUR 533.6 million (previous year: EUR 558.7 million) in the first half-year 2016. Organically, adjusted for negative currency effects and the sales contribution in the same period of the previous year from the AerWay product line, which was sold at the end of 2015, sales came in almost stable declining a mere 2.0%. In the second quarter of 2016, SAF-HOLLAND generated Group sales of EUR 273.7 million (previous year: EUR 287.7 million) with organic sales declining a moderate 1.8% compared to a 2.2% decline in the first quarter of 2016.

Further rise in gross margin
The gross margin increased by one percentage point to 20.5% in the first half of 2016 (previous year: 19.5%) by virtue of cost savings from consolidating the plants in Germany, efficiency enhancement measures as well as savings effects from bundling procurement activities. Given virtually stable selling, administrative, and research and development costs, the operating result in the first half-year increased slightly to EUR 43.8 million (previous year: EUR 43.7 million). The operating result in the second quarter of 2016 amounted to EUR 23.4 million (previous year: EUR 23.4 million) matching the high level of the comparable quarter in the prior year.

Adjusted EBIT margin rises 30 basis points in the first half-year
Despite lower sales, EBIT adjusted for special items was stable in the first six months of fiscal year 2016 amounting to EUR 49.0 million (previous year: EUR 49.5 million). The adjusted EBIT margin even expanded to 9.2% (previous year: 8.9%). In the second quarter of 2016, adjusted EBIT reached the record level achieved in the second quarter 2015 and amounted to EUR 26.3 million (previous year: EUR 26.9 million). The adjusted EBIT margin increased by 20 basis points to 9.6% (previous year: 9.4%).

Sharp improvement in finance result in the second quarter
The finance result recorded a significant decrease to EUR -6.9 million in the first half of 2016 (previous year: EUR 1.4 million). The significant change in the finance result was primarily attributable to the unrealized and non-cash foreign exchange gains from the valuation of inter-company foreign currency loans in the first six months of 2015 in the

Contact
Stephan Haas
Investor Relations/ PR
Tel:+49 (0) 6095 301 617
Fax:+49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach

amount of EUR 5.6 million. In contrast, there was no appreciable effect in the finance result from this position in the first half of 2016 because translation effects from the valuation of the majority of inter-company foreign currency loans have been treated as part of a net investment in a foreign operation in accordance with IFRS and are therefore recognized directly in other comprehensive income. The considerable unrealized exchange rate gains from the valuation of inter-company foreign currency loans in the first quarter of 2015 (EUR 8.8 million) were seen alongside unrealized exchange rate losses in the net amount of EUR 3.2 million in the second quarter of 2015. Overall, a noticeable improvement in the finance result to EUR -2.0 million in the second quarter of 2016 (previous year: EUR -5.2 million) was recorded, primarily as a result of this situation.

Result for the period climbs 18.7% in the second quarter

Despite the improvement in the operating result, the change in the finance result led to a decline in the result before tax in the first half of 2016 to EUR 37.7 million (previous year: EUR 45.9 million) and a corresponding decline in the result for the period to EUR 25.7 million (previous year: EUR 30.4 million). This result amounted to undiluted earnings per share of EUR 0.57 (previous year: EUR 0.67) based on an unchanged number of ordinary shares outstanding of 45.4 million. The result before tax in the second quarter of 2016, on the other hand, increased by 16.6% to EUR 21.8 million (previous year: EUR 18.7 million). During this same period, the result for the period rose 18.7% to EUR 14.6 million (previous year: EUR 12.3 million) resulting in a rise in undiluted earnings per share to EUR 0.32 (previous year: EUR 0.27).

Clear improvement in free cash flow

In the first half-year 2016, net cash flow from operating activities improved significantly year-on-year reaching EUR 29.6 million (previous year: EUR 4.2 million). This sharp rise was largely a consequence of the Company's improved net working capital, which also prompted free cash flow in the first half of 2016 to climb by EUR 27.8 million to EUR 19.0 million (previous year: EUR -8.8 million).

Spare parts business picks up further momentum in the second quarter

In the first half of 2016, the Group's spare parts business generated sales of EUR 135.4 million (previous year: EUR 137.2 million). After a weaker first quarter of 2016, sales momentum in the spare parts business in the second quarter noticeably improved with sales increasing 0.7% to EUR 71.6 million (previous year: EUR 71.1 million). This improvement was mainly driven by growing demand from the EMEA/India region. In North America, however, demand for spare parts continued to be relatively subdued in a market environment still being impacted by the high level of new registrations recorded in 2014 and 2015. On the positive side, the high number of fleet registrations in recent years is also a source of future sales for the spare parts business.

Sales in the Original Equipment business in the first half of 2016 reached EUR 398.2 million (previous year: EUR 421.5 million) and were largely influenced by the weak market environment in North America. The environment in most emerging markets

Contact
Stephan Haas
Investor and Public Relations
Tel: +49 (0) 6095 301 617
Fax: +49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach

continued to be challenging whereas in Europe and the Middle East the Group is seeing solid growth. In the second quarter of 2016, sales in the Original Equipment business amounted to EUR 202.1 million (previous year: EUR 216.6 million). On a positive note, sales in the Americas region in the second quarter recorded a smaller decline than in the first quarter. This development is even more impressive given the continued deterioration in the North American market and the decline in production numbers – particularly for Class 8 trucks as well as trailers – during the same period. It also shows that SAF-HOLLAND was able to enhance its market position in North America and gain market share in key segments.

EMEA/India region delivers further sales and earnings growth

Sales in the EMEA/India segment increased 6.0% in the first half of 2016 to EUR 297.2 million (previous year: EUR 280.4 million), expanding the region's position as the Group's strongest pillar. Sales in the second quarter of 2016 increased 5.0% to EUR 152.0 million (previous year: EUR 144.7 million). Business performance benefited from continued favorable economic trends in Western Europe and the release of pent-up demand from prior years which led to customers' sustained investment in modernizing their trailer fleets. The Group was also able to win market share in key European trailer markets and acquire additional new business. Adjusted EBIT in the first half of 2016 increased significantly to EUR 31.0 million (previous year: EUR 23.4 million) and the region’s adjusted EBIT margin reached a level of 10.4% (previous year: 8.3%). In the second quarter of 2016, adjusted EBIT amounted to EUR 17.2 million (previous year: EUR 11.2 million) and the adjusted EBIT margin reached 11.3% (previous year: 7.7%) supported by the effects of a positive product mix and strong business development in the Middle East.

Sales in the Americas region in the first half of 2016 declined 14.4% to EUR 205.0 million (previous year: EUR 239.4 million). The sales decline resulted from structural effects (sale of AerWay product line) and to a large extent from negative exchange rate effects and the market weakness in class 8 trucks in the United States. Brazil, on the other hand, offered the first signs of hope with sales remaining stable in the second quarter despite continued market weakness. The region’s adjusted EBIT margin in the first half-year of 2016 remained at an overall solid level given the weak market environment and amounted to 8.0% (previous year: 9.4%). Sales in the second quarter of 2016 even saw a consecutive improvement of 4.6% to EUR 104.8 million (previous year: EUR 121.7 million) compared to the first quarter of 2016. Adjusted EBIT in the second quarter came to EUR 8.0 million (previous year: EUR 13.4 million) allowing the adjusted EBIT margin to reach 7.6% (previous year: 11.0%) and remain just slightly below the level of the first quarter of 2016.

Sales in the APAC/China region declined 19.3% in the first half of 2016 to EUR 31.4 million (previous year: EUR 38.9 million). Sales in the second quarter declined to EUR 16.9 million (previous year: EUR 21.3 million) but still showed a 16.6% increase compared to the first quarter of 2016. The traditional trailer axle systems and components business in China was once again solid due to steadfast demand for trailer

Contact
Stephan Haas
Investor and Public Relations
Tel: +49 (0) 6095 301 617
Fax: +49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach

chassis exports. Most of the markets in the region were confronted by a persistently weak economic environment. The market environment in Australia continued to be dominated by the difficulties in the raw materials and transport sectors. Upfront costs and investments in the APAC/China region's continued business expansion led to a decline in adjusted EBIT in the first half of 2016 to EUR 1.7 million (previous year: EUR 3.6 million). The adjusted EBIT margin was 5.3% (previous year: 9.3%). The region's adjusted EBIT in the second quarter amounted to EUR 1.1 million (previous year: EUR 2.3 million) and the adjusted EBIT margin stood at 6.5% (previous year: 10.8%).

Guidance confirmed: Continued solid development of sales and operational earnings expected in 2016

Provided that the industry trend in the markets does not cool down further, SAF-HOLLAND continues to anticipate a constant to slightly increased organic sales development as compared to the previous year and, thus, Group sales of between EUR 1,050 million and EUR 1,070 million. It should be kept in mind that the agricultural product line AerWay will no longer contribute to the sales and earnings in financial year 2016. In light of the significant weakening of the market environment in North America which, however, SAF-HOLLAND will be able to partially offset by the pleasing development in Europe, the Group expects that sales will tend to be closer to the lower end of this corridor. The Group is budgeting for an adjusted EBIT margin of between 8 and 9% in 2016. With the cost savings and productivity increases achieved to date, SAF-HOLLAND now anticipates an adjusted EBIT margin for the full year that will tend to reach the upper half of the originally projected corridor.

Key figures HY1/Q2 2016

Euro million	HY1/2016	HY1/2015	vs. previous year in %	Q2/2016	Q2/2015	vs. previous year in %
Sales	533.6	558.7	-4.5	273.7	287.7	-4.9
Adjusted EBIT	49.0	49.5	-1.0	26.3	26.9	-2.2
Adjusted EBIT margin %	9.2	8.9	+30 bps	9.6	9.4	+20 bps
EBT	37.7	45.9	-17.9	21.8	18.7	16.6
Result for the period	25.7	30.4	-15.5	14.6	12.3	18.7
Undiluted earnings per share in EUR	0.57	0.67	-14.9	0.32	0.27	18.5
Diluted earnings per share in EUR	0.50	0.58	-13.8	0.28	0.24	16.7
Cash flow from oper. activities before income tax paid	35.8	14.9	140.3	13.3	12.6	5.6
Free cash flow	19.0	-8.8	n.a.	6.0	-2.4	n.a.
Equity ratio in %	29.8 (42.4)*	38.1	-8.3 pp			

* Adjusted for cash and cash equivalents and other short-term investments that go beyond the figure targeted by SAF-HOLLAND of approximately EUR 7 million; Legend: bps=basis point; pp=percentage point

Contact
Stephan Haas
Investor and Public Relations
Tel: +49 (0) 6095 301 617
Fax: +49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach

Please note:
Adjusted EBIT is adjusted for special items that are not attributable to the operating business and mainly consist of amortization resulting from purchase price allocation and impairment reversals on intangible assets from impairment tests as well as one-time restructuring and integration costs. The quarterly report of SAF-HOLLAND S.A. as of June 30, 2016, is available for download under http://corporate.safholland.com/en/investor-relations/publications/financial-reports/latest-reports.

###

In the context of the publication of the Q2 2016 financial results the Management of SAF-HOLLAND today, August 11, 2016, will host

a conference call for the media at 10.00 am CEST / 09.00 am BST

Please use one of the following dial-in numbers to participate:

+46(0)8 5065 3932	Sweden
+49(0)69 2999 3285	Germany
+44(0)20 3427 1921	United Kingdom

Confirmation Code: 7144726

To join the web-presentation please follow

www.audio-webcast.com

Participant code: safholland0816

a conference call for analysts/investors at 11.00 am CEST / 10.00 am BST. Please use one of the following dial-in numbers to participate:

+46 850 334654	Sweden
+49 69 247471833	Germany
+45 38323125	Denmark
+41 44 5807521	Switzerland
+44 203 1474861	United Kingdom
+1 212 4440296	United States

To join the web-presentation please follow

https://em-tn.meetyoo.de/?token=0jVlIPvkauY%3D&lang=en

Contact
Stephan Haas
Investor and Public Relations
Tel: +49 (0) 6095 301 617
Fax: +49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach

About SAF-HOLLAND:

SAF-HOLLAND S.A., located in Luxembourg, is the largest independent listed supplier to the commercial vehicle market in Europe. With sales of approximately EUR 1,060 million in 2015 and more than 3,100 employees, the company is one of the world's leading manufacturers and suppliers of chassis-related systems and components primarily for trailers, trucks, buses, and recreational vehicles. The product range comprises axle and suspension systems, fifth wheels, kingpins, and landing gear and is marketed under the brands SAF, HOLLAND, and Neway. SAF-HOLLAND sells its products to Original Equipment Manufacturers (OEMs) on six continents. The Group's Aftermarket business sells spare parts to the service networks of Original Equipment Suppliers (OES), as well as to end customers and service centers through its extensive global network of parts distribution centers. SAF-HOLLAND is one of the few suppliers in the truck and trailer industry that is internationally positioned in almost all markets worldwide.

SAF-HOLLAND contact for investors/analysts

Stephan Haas
Telephone: +49 (0)6095 301 617
Email: stephan.haas@safholland.de

Christina Hüttner
Telephone: +49 (0)6095 301 255
Email: christina.huettner@safholland.de

Contact for Swedish media and investors

Narva
Hans Westerberg
Mobile: +46 (0) 70 492 1936
Email: hans.westerberg@narva.se

Olof Ehrs
Mobile: +46 (0) 70 481 72 34
Email: olof.ehrs@narva.se

Contact for German media and additional contact for investors

FTI Consulting
Carolin Amann
Mobile: +49 (0)175 299 3048
Email: carolin.amann@fticonsulting.com

Anja Meusel
Mobile: +49 (0) 151 62841 240
E-Mail: anja.meusel@fticonsulting.com

Contact
Stephan Haas
Investor and Public Relations
Tel: +49 (0) 6095 301 617
Fax: +49 (0) 6095 301 102
ir@safholland.de
www.safholland.com

Published by
SAF-HOLLAND GmbH
Hauptstraße 26
D-63856 Bessenbach