Press Release · Corporate News

SAF-HOLLAND increases organic sales in the third quarter of 2016

- **Third quarter adjusted EBIT margin before special items at 8.8%**
- **Operating free cash flow improves by roughly EUR 30 million in the first nine months**
- **Full-year outlook remains unchanged**

Luxembourg, November 10, 2016 – SAF-HOLLAND, Europe's largest independent listed supplier for trailers, trucks and buses, was able to successfully stand up to the difficult market environment experienced in the North American truck and trailer markets and several of the emerging markets during the third quarter of 2016. The group increased organic sales by 0.3%. Overall, in the third quarter, the Group generated 1.2% lower sales of EUR 255.8 million (previous year: EUR 258.8 million) including negative currency effects and the absence of sales from the divested AerWay product line, which had still been included in the prior year's figures. Sales in the first nine months declined slightly by 3.4% to EUR 789.4 million (previous year: EUR 817.5 million), or 1.3% on an organic basis.

High operating profitability continues

Gross margin reached 19.0% in the third quarter of 2016 (previous year: 19.4%) and included one-time special items. These items included damage to a leased building at the location in Xiamen, China, due to a major typhoon in September which caused portions of the inventory to be rendered unusable. A one-time inventory adjustment was also made at the Xiamen location in the course of implementing SAP at that location. Together these events resulted in one-time write-downs on inventories and old stock of nearly EUR 1.0 million, which was recognized under cost of sales. Excluding these effects, the gross margin in the third quarter was identical to the prior year's level. Gross margin for the 2016 nine-month period increased to 20.0% (previous year: 19.4%) thanks to efficient cost reductions from consolidating the Group's plants in Europe, bundling the procurement activities and a more favorable product mix.

Third quarter adjusted EBIT margin remains within the target range

Adjusted EBIT reached EUR 21.6 million (previous year: EUR 24.1 million) in the third quarter of 2016. Adjustments included, among others, acquisition-related expenses in the third quarter totaling EUR 2.5 million for the acquisition of the Brazilian suspension specialist KLL and the takeover offer for the Swedish company Haldex AB, which was withdrawn at the end of August. The adjusted EBIT margin was 8.4% (previous year: 9.3%) and would have amounted to 8.8% excluding the one-time write-down. At 8.9% (previous year: 9.0%), the adjusted EBIT margin for the nine-month period 2016 remained at the prior year's high level.

Haldex offer affects 2016 third quarter finance result

The finance result in the third quarter of 2016 improved year-on-year to EUR -3.4 million (previous year: EUR -3.9 million) and was influenced by measurement effects in connection with the takeover offer for Haldex. The fair value assessment of the Haldex shares held by SAF-HOLLAND resulted in finance income of EUR 6.7 million, which was offset by EUR 6.1 million in transaction-related expenses for the required hedging

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of the purchase price offered for Haldex in Swedish krona and one-time other transaction-related finance expenses in the amount of EUR 0.9 million. The balance of interest income and expenses increased to EUR -3.1 million (previous year: EUR -2.0 million). The finance result for the nine-month period amounted to EUR -10.3 million (previous year: EUR -2.5 million). The change in the finance result on the one hand resulted from the absence of EUR 5.0 million in unrealized and non-cash exchange rate gains from the valuation of intercompany foreign currency loans contained in the prior year's results. This item no longer had an appreciable effect on results in 2016. Besides net interest expenses came in higher at EUR 8.5 million (previous year: EUR 6.3 million).

Adjusted result for the period in the third quarter of 2016 at EUR 13.4 million
The acquisition-related expenses and the write-down were the main reason that the result before tax in the third quarter of 2016 of EUR 13.7 million (previous year: EUR 17.3 million) came in below the prior year's level. The Group's result before tax in the first nine months amounted to EUR 51.4 million (previous year: EUR 63.2 million). The 2016 third quarter result for the period due to a lower tax rate posted a lower decline in percentage terms than the result before tax and decreased 9.4% to EUR 10.6 million (previous year: EUR 11.7 million). Excluding the one-time acquisition-related expenses for Haldex and KLL the third quarter's adjusted result for the period amounted to EUR 13.4 million (previous year: EUR 14.0 million), despite the after-tax negative effect of EUR 0.7 million from the write-down. Based on an unchanged number of 45.4 million shares outstanding, undiluted earnings per share for the third quarter 2016 amounted to EUR 0.24 (previous year: EUR 0.26) and diluted earnings per share were EUR 0.20 (previous year: EUR 0.22). The result for the period in the first nine months of 2016 reached EUR 36.3 million (previous year: EUR 42.1 million) based on a slightly lower year-on-year Group tax rate of 29.4% (previous year: 33.4%). This led to undiluted earnings per share of EUR 0.81 (previous year: EUR 0.93) and diluted earnings per share of EUR 0.70 (previous year: EUR 0.80).

Operating free cash flow improves by roughly EUR 30 million in the first nine months
The cash flow situation was favorable with net cash flow from operating activities sharply higher at EUR 53.9 million in the 2016 nine-month period (previous year: EUR 29.9 million). This rise can be attributed, above all, to improved working capital management, which also drove operating free cash flow significantly higher in the nine-month period to EUR 38.4 million (previous year: EUR 8.7 million).

EMEA/India region largely offsets market weakness in North America and Brazil and posts higher earnings
From a regional perspective, business development diverged substantially. Despite discernible declines in Turkey, the EMEA/India region continued to perform well increasing sales in the third quarter of 2016 by 3.1% to EUR 133.6 million (previous year: EUR 129.6 million). An advantageous product mix and a rising export business drove the adjusted EBIT margin higher to 10.2% (previous year: 9.4%). Adjusted EBIT

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for the region increased 11.5% to EUR 13.6 million (previous year: EUR 12.2 million). In the first nine months of 2016, sales for the segment grew 5.1% to EUR 430.8 million (previous year: EUR 410.0 million) and adjusted EBIT for the region climbed to EUR 44.6 million (previous year: EUR 35.6 million). As a result of high capacity utilization and in preparation for future growth, the Company is now gradually expanding capacity in Europe.

Sales of the Americas segment again recorded a noticeable decline of 5.9% to EUR 104.7 million (previous year: EUR 111.3 million) in the third quarter with the adjusted EBIT margin decreasing to 7.6% (previous year: 10.0%). Still, in comparison to the sharp double-digit falls in production recorded in the North American truck and trailer market, SAF-HOLLAND's performance in this region was significantly better. In the nine-month period, sales of the segment amounted to EUR 309.7 million (previous year: EUR 350.6 million) and adjusted EBIT reached EUR 24.3 million (previous year: EUR 33.7 million).

Sales in the APAC/China segment of EUR 17.5 million (previous year: EUR 17.9 million) in the third quarter of 2016 were maintained close to the prior year's level. The one-time write-downs in China in the amount of EUR 1.0 million already described brought down adjusted EBIT in the third quarter to EUR 0.0 million (previous year: EUR 0.7 million). Sales in the APAC/China region for the nine-month period were 13.9% lower year-on-year, and adjusted EBIT amounted to EUR 1.7 million (previous year: EUR 4.3 million).

2016 forecast confirmed: Solid sales and operating earnings performance amid difficult market environment

Provided that the mostly mixed industry trend in the markets does not cool down any further, SAF-HOLLAND continues to expect constant to slightly higher year-on-year organic sales before currency exchange-rate and consolidation effects. It should be kept in mind here that the agricultural product line, AerWay, will no longer contribute to the Group's sales and earnings in the 2016 financial year. SAF-HOLLAND therefore expects to achieve organic sales between EUR 1,050 million and EUR 1,070 million, whereby, from today's perspective, Group sales are expected to come in at the lower end of the planned corridor. In view of the projected upfront expenses for business expansion under Strategy 2020, the Group has been budgeting for an adjusted EBIT margin of between 8% and 9% in 2016 compared with 8.9% in 2015. On the basis of the cost savings and increases in productivity achieved to date, as well as an advantageous product mix, the Company expects to achieve an adjusted EBIT margin for the full year 2016 which will tend to reach the upper half of the originally projected corridor.

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Key figures 9 months / Q3 2016

EUR million	9M/2016	9M/2015	vs. previous year in %	Q3/2016	Q3/2015	vs. previous year in %
Sales	789.4	817.5	-3.4	255.8	258.8	-1.2
Adjusted EBIT	70.6	73.6	-4.1	21.6	24.1	-10.4
Adjusted EBIT margin (%)	8.9	9.0	-10 bps	8.4	9.3	-90 bps
EBT	51.4	63.2	-18.7	13.7	17.3	-20.8
Result for the period	36.3	42.1	-13.8	10.6	11.7	-9.4
Undiluted earnings per share in EUR	0.81	0.93	-12.9	0.24	0.26	-7.7
Diluted earnings per share in EUR	0.70	0.80	-12.5	0.20	0.22	-9.1
Operating cash flow before income tax paid	63.1	43.8	44.1	27.3	28.9	-5.5
Free cash flow	38.4	8.7	341.4	19.4	17.5	10.9
Equity ratio in %	30.1 (43.2)	39.3	-9.2 pp			

* Adjusted for cash and cash equivalents and other non-current investments above the figure targeted by SAFH of approximately EUR 7 million; Legend: bps=basis point; pp=percentage point

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

About SAF-HOLLAND:
SAF-HOLLAND S.A., located in Luxembourg, is the largest independent listed supplier to the commercial vehicle market in Europe delivering mainly to the trailer markets. 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 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 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 supplies spare parts to the service networks of Original Equipment Suppliers (OES), as well as to end customers and service centers through its extensive global parts distribution network. SAF-HOLLAND is one of the few suppliers in the truck and trailer industry that is internationally positioned in almost all markets worldwide.

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In the context of the announcement of the third quarter financial results 2016, SAF-HOLLAND Management will host a conference call for analysts and investors on November 10, 2016 at 11:30 A.M. (CET). Media representatives have the possibility to join the conference call in listen-only mode:

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