Press Release · Corporate News

SAF-HOLLAND increases Group sales by 8.3% in the third quarter of 2017

- **Strong organic sales growth of 9.6%**
- **Boost in demand coupled with current plant consolidation in the US causes a temporary rise in operating expenses**
- **Adjusted EBIT margin of 7.5% in the third quarter**
- **Company confirms the adjusted outlook announced with the publication of the preliminary figures on October 9, 2017**

Strong organic sales growth in the third quarter

Luxembourg, November 9, 2017 +++ As announced with the publication of the preliminary figures on October 9, 2017, the SAF-HOLLAND Group increased sales in the third quarter of 2017 by 8.3% to EUR 277.1 million (previous year: EUR 255.8 million). On an organic basis (excluding currency and consolidation effects), sales growth reached 9.6%, gaining further momentum after an already strong first half-year (+7.4%). All of the Group's reporting segments were able to increase sales. The strongest percentage sales growth was achieved in the APAC/China region against the backdrop of the statutory maximum load restrictions for commercial vehicles in China. In the United States, there was stronger year-on-year short-term demand from OEM customers in the truck and trailer industry in the third quarter of 2017 while, in Europe, on a high level, the essentially solid market trend continued. Sales for the Group in the nine-month period increased 9.5% to EUR 864.7 million (previous year: EUR 789.4 million).

Noticeable increase in demand coinciding with the current US plant consolidation causes a temporary rise in expenses

As part of the consolidation of the US plant network announced at the start of the year, one-time restructuring expenses of roughly EUR 3.0 million were incurred in the third quarter of 2017, which were excluded in the calculation of adjusted EBIT. The noticeably stronger-than-expected demand from numerous OEM customers in North America coinciding with the late-stage transitioning measures being undertaken as part of the current plant consolidation and the resulting temporary limitations on capacity also caused appreciable transitional production inefficiencies in the third quarter of 2017. These inefficiencies led to additional unplanned operating expenses in the Americas region in the third quarter of 2017 of EUR 4.0 million, which weighed equally on the Group's gross profit, operating result and adjusted EBIT. Overall, the Group's adjusted EBIT in the third quarter of 2017 reached EUR 20.9 million (previous year: EUR 21.6 million). This is equivalent to an adjusted EBIT margin of 7.5%. Reported EBIT in the third quarter of 2017 amounted to EUR 15.5 million (previous year: EUR 16.2 million). The Group's adjusted EBIT for the nine-month period increased to EUR 72.7 million (previous year: EUR 70.6 million), reaching an adjusted EBIT margin of 8.4%.

Higher interest expenses in the finance result

The finance result for the third quarter of 2017 amounted to EUR -4.5 million (previous year: EUR -2.5 million). In addition to higher net interest expenses (EUR 3.5 million compared to EUR 3.1 million), the decline resulted from a net positive effect of EUR 1.5 million in connection with the Haldex offer contained in the third quarter of 2016. This compares to finance expenses of EUR 0.3 million in the third quarter of 2017 for the accrued interest on liabilities resulting from the option for the remaining shares in the Brazilian company KLL, in which SAF-HOLLAND acquired the majority. The finance

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

result for the first nine months of 2017 amounted to EUR -12.7 million compared to EUR -9.4 million in the same period of the prior year. The decline in the operating result in the third quarter coupled with a net rise in finance expenses of EUR 2.0 million led to a decline in the result before taxes in the third quarter of 2017 to EUR 11.0 million (previous year: EUR 13.8 million). In the first nine months of 2017, the result before taxes amounted to EUR 44.5 million (previous year: EUR 51.5 million).

Adjusted result for the period in the third quarter at EUR 11.5 million

Based on a normalized income tax rate of 31.8% versus the low rate in the prior year (22.6%) related to tax effects in the context of the Haldex transaction, the result for the period declined in the third quarter to EUR 7.5 million (previous year: EUR 10.7 million). This amounted to basic earnings per share in the third quarter of EUR 0.17 (previous year: EUR 0.24). The result for the period in the first nine months of 2017 amounted to EUR 30.5 million (previous year: EUR 36.4 million).

SAF-HOLLAND's adjusted result for the period, which excludes one-time restructuring and transaction costs and purchase price allocation effects, reached EUR 11.5 million (previous year: EUR 13.4 million) in the third quarter. The key reasons for the decline were the additional operating expenses of EUR 4.0 million already described and the positive net effect of EUR 1.5 million from the valuation of the Haldex shares held in the previous year period. There was no adjustment made for either of these effects. The adjusted result for the period in the first nine months of 2017 amounted to a total of EUR 41.9 million (previous year: EUR 42.8 million) and was slightly below the prior year's level. As a result, adjusted basic earnings per share on an unchanged number of 45.4 million ordinary shares in the third quarter of 2017 amounted to EUR 0.25 (previous year: EUR 0.29) and EUR 0.92 (previous year: EUR 0.94) in the nine-month period.

Significant sequential improvement in free cash flow

Despite the strong rise in sales and the current US plant consolidation, the Group was able to maintain a constant level of net working capital during the third quarter of 2017. Free cash flow improved versus the second quarter of 2017 by an amount of EUR 3.4 million for a total of EUR 10.9 million (previous year: EUR 19.4 million).

Adjusted outlook for 2017 confirmed: Sales expected in the range of EUR 1,125 million to EUR 1,135 million, adjusted EBIT margin to tend towards the lower end of the range of 8-9%

SAF-HOLLAND confirms its sales and earnings outlook for full-year 2017, which was adjusted upon the publication of the preliminary figures for the third quarter of 2017 on October 9, 2017. Given the high level of organic growth generated year-to-date and the business development expected for the remainder of the 2017 financial year, SAF-HOLLAND expects full-year 2017 organic Group sales to be in the range of EUR 1,125 million to EUR 1,135 million (previous year: EUR 1,042 million). As a result, Group sales should significantly exceed the original forecast of tending towards the upper end of the range of EUR 1,060 million to EUR 1,090 million. Following the relocation of production from the Holland location at the end of September, the Company is now working on relocating the Muskegon location's production facilities, which is set to be completed by the end of the year. In light of the market demand in the region, which continues to exceed expectations, SAF-HOLLAND anticipates additional operating expenses also in the current fourth quarter, beyond the restructuring costs planned for the US plant consolidation. Against this backdrop, SAF-HOLLAND still expects to reach an adjusted EBIT margin in the range of 8-9%. However, from today's standpoint and based on the temporary cost situation in North America already described, the Company expects the adjusted EBIT margin to rather tend towards the lower end of the 8-9 % range planned, whereas the expectation originally was that the margin would tend towards the mid-point of this range.

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

In view of the one-time restructuring expenses for the consolidation of the US plant network, the Group expects an amount of USD 11 million to USD 12 million for full-year 2017. These expenses will mainly consist of relocation costs, asset impairment charges and severance payments. This range compares to the originally planned restructuring expenses of USD 10 million. It is important to note that the Group´s key performance indicator – adjusted EBIT – is adjusted for these expenses. After the successful completion of the restructuring measures, SAF-HOLLAND continues to expect a reduction in the direct cost base in North America of roughly USD 5 million p.a.

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 1,042 million in 2016, 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 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 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. With the innovation campaign "SMARTSTEEL - ENGINEER BUILD CONNECT," SAF-HOLLAND combines mechanics with sensors and electronics and drives the digital networking of commercial vehicles and logistics chains. A total of 3,200 committed employees worldwide are already working on the future of the transportation industry.

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