SMART STEEL

Analysts and Investors Conference 2018

Detlef Borghardt, CEO

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March 16, 2018

Agenda

Business summary: Sales target 2017 overachieved

- FY 2017 sales driven by soaring customer demand from the US truck and trailer industries, a solid increase in Europe and dynamic sales growth in China, sales revenue picked up 9.3% equalling € 1,138.9 mn (py: 1,042.0)
- Negative FX effects (€ 9.1 mn) and sales contribution of the acquired Brazilian company KLL (€ 9.2 mn) balanced out
- Organic sales were up 9.3% to € 1,138.8 mn topping the upward guidance adjustment from Oct. 2017 (€ 1,125 to 1,135 mn) and the originally planned figure of up to € 1,090 mn
- In Q4 sales momentum continued in all regions with sales increasing by 8.6% to € 274.2 mn (py: 252.6)
- In Q4 2017 negative FX effects came in at € 11.4 mn, organic sales growth was double-digit at 13.1%

Business summary: Adj. EBIT margin within target range despite burdening cost overshoot in the Americas region

- FY 2017 adj. EBIT increased to € 91.2 mn (py: 90.4)
- As expected, adj. EBIT margin came in at 8.0% (py: 8.7%) at the lower end of the 8 to 9% range, mostly due to an unexpected, swift increase in demand from US truck and trailer customers coinciding with the transitioning measures from the US plant consolidation
  - > Negative impact from steel price increase and unfavorable product mix
  - > Significant impact on earnings from implementation of major US plant consolidation
  - > € 10.9 mn (of a total of € 13.2 mn) in one-time restructuring cost related to US plant consolidation that largely consisted of relocation costs, impairments of tools and equipment and severance payments, that were adj. for
  - > € 10.3 mn burden from unplanned additional cost attributable to the US plant consolidation measures and effects which were fully accounted for in the EBIT
- Reported EBIT achieved approx. € 72.7 mn (py: 78.4)

Business summary: Final phase of US plant consolidation weighing in on Q4 2017

- Q4 saw significant negative impact on earnings from the US plant consolidation as OEM sales in the US picked up 13.7% organically while plants were transitioned
- Q4 included € 1.6 mn (Group total € 1.7 mn) in one-time restructuring cost related to the US plant consolidation, which were readded in the adj. EBIT
- € 6.3 mn burden in Q4 2017 (€ 4.0 mn in Q3 2017) from higher operating cost related to the final phase of the US plant consolidation transition measures which were fully booked into the EBIT
- In Q4 2017 adj. EBIT in the Americas region was negative at € -3.9 mn
- Compensated partially by strong earnings trend in Europe (including volume-related year-end positive purchasing effects of € 4.5 mn) and China
- Overall in Q4 2017 the Group achieved an adj. EBIT of € 18.5 mn (py: 19.8) equaling an adj. EBIT margin of 6.7% (py: 7.8%)

Agenda

Market trend 2017 and forecast 2018

Global trailer forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY17*
North America	ACT Trailer Shipm.[1)]	296	334	313	-6.4	316	+1.0	332	+5.1	approx. 20 %
	FTR Trailer Build[2)]	292	331	309	-6.6	314	+2.0	319	+1.6	

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY17**
Western & Eastern Europe	Trailer Production[4)]	261	279	301	+7.8	301	0.0	286	-5.0	approx. 40 %

Global truck forecast in thousand

		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY17*
North America Class 8	ACT Truck Build[1)]	297	323	228	-29.4	256	+12.0	324	+26.6	approx. 11 %
	FTR Truck Shipment[2)]	295	320	227	-29.1	250	+9.5	315	+26.0	

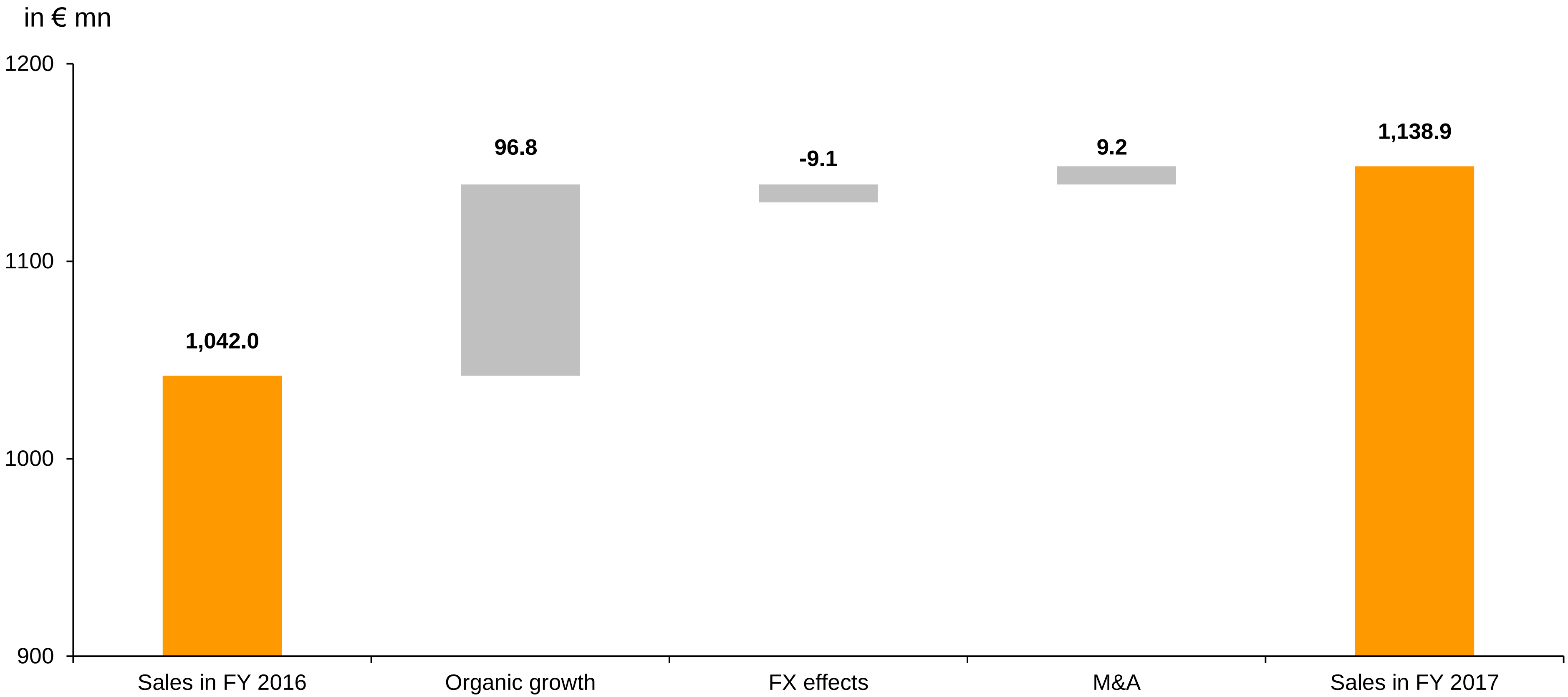
		2014	2015	2016	Change in % yoy	2017	Change in % yoy	2018	Change in % yoy	Share in group sales FY17**
Western, Central & East. Europe	LMC[3)]	403	427	445	+4.3	470	+5.5	490	+4.3	approx. 4 %

End of 2016, NA class-8 truck production was projected to decrease by around 8% and trailer to fall by 14%; Instead both segments successively picked up in 2017. For 2018 NA class-8 truck and trailer production are projected up, European trailer market to consolidate at a high level.

Sources:
1) ACT N.A. Commercial Vehicle Outlook, Feb. 2018, published monthly by Americas Commercial Transportation Research Co., LLC, Columbus, Indiana.
2) North American Commercial Truck & Trailer Outlook, Feb. 2018, published monthly by FTR Associates, Nashville, Indiana.
3) LMC/Global Commercial Vehicle Forecast Q3 2017
4) CLEAR Nov. 2017, Western Europe, Eastern Europe (incl. RU, TR)
* Figure relates to OEM business of the Americas region; not only North America
** Figure relates to OEM business of the EMEA/I region; not only Western & Eastern Europe

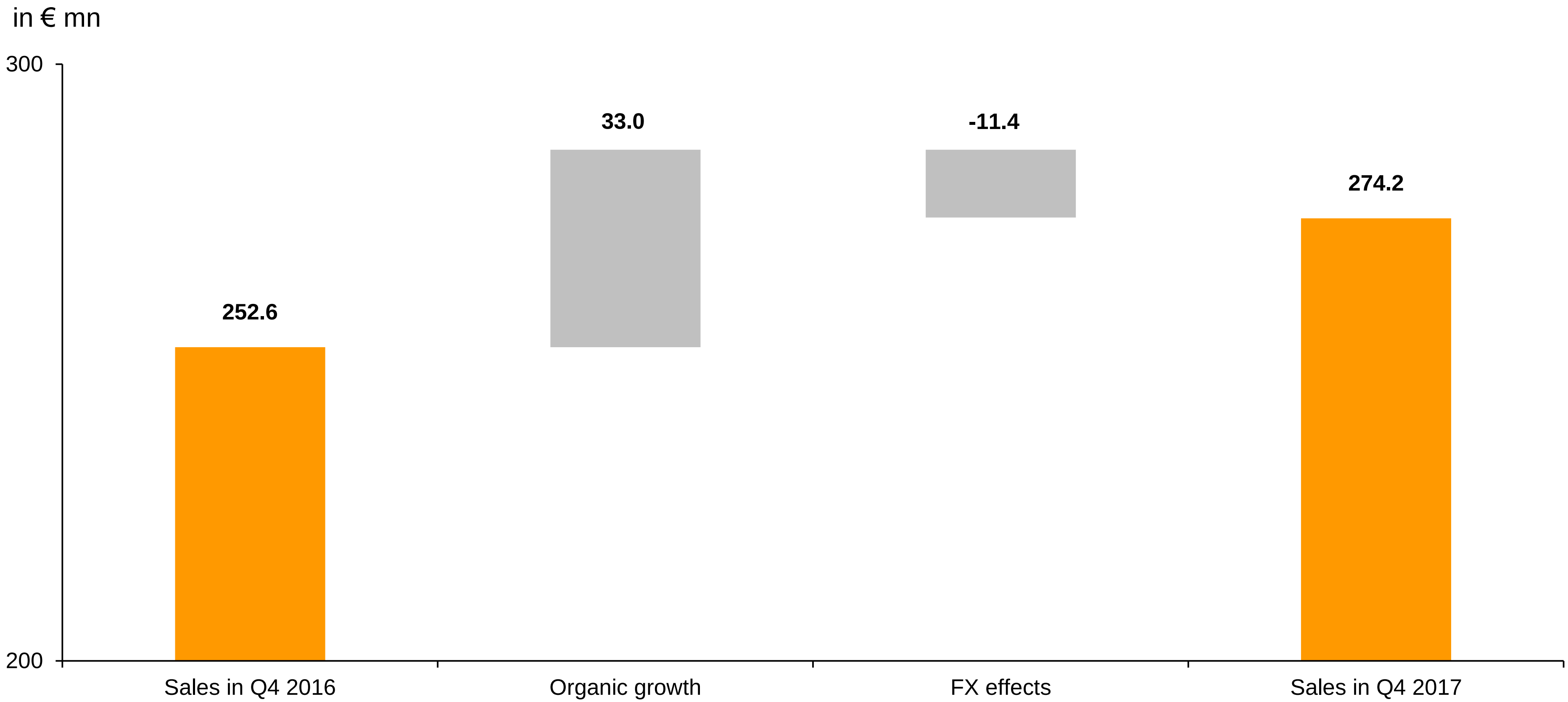
Agenda

Strong organic sales growth of 9.3% or almost € 100 mn in FY 2017



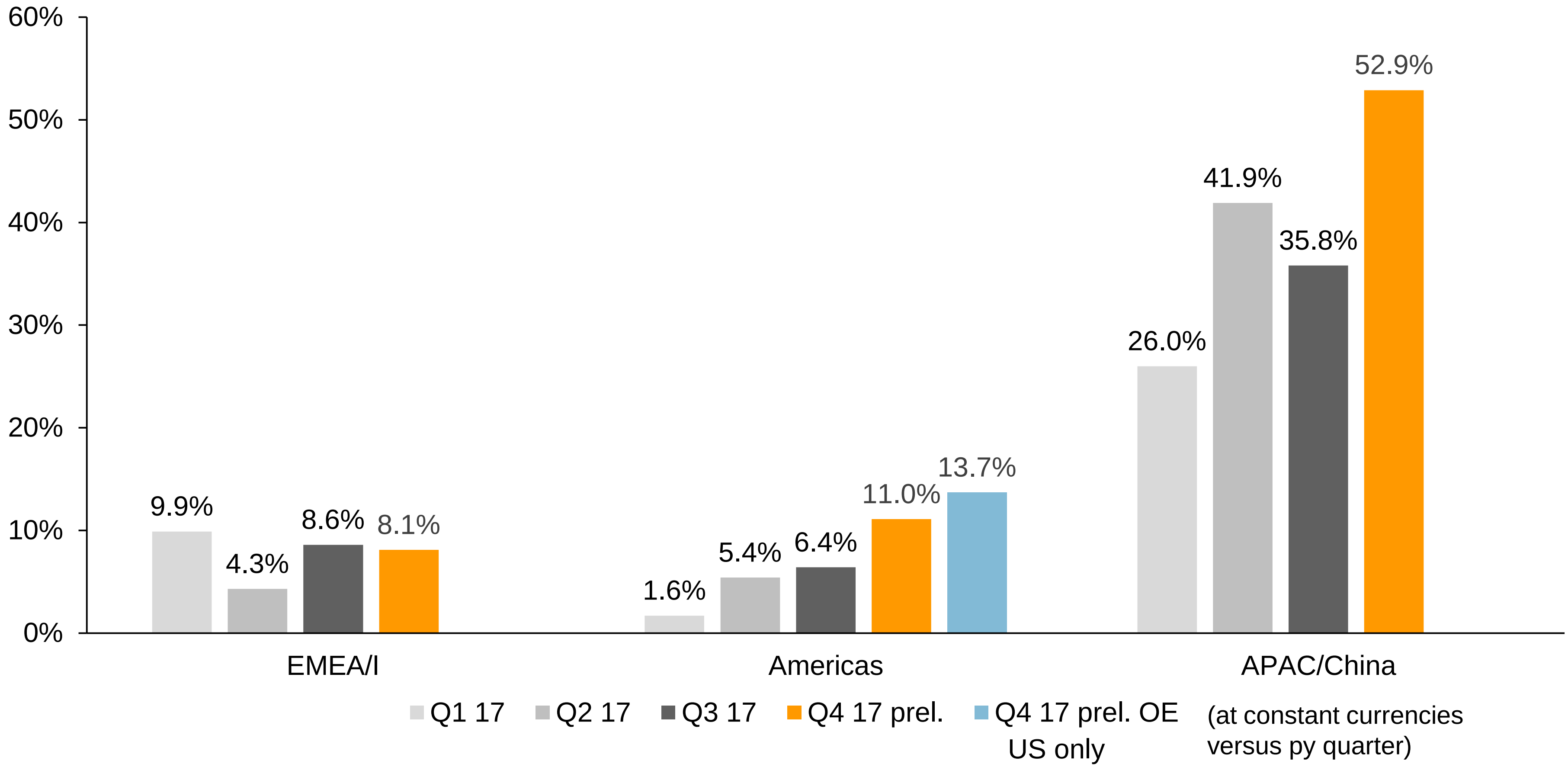
Reported sales in FY 2017 increased by 9.3% yoy to € 1,138.9 mn featuring strong organic growth of 9.3%; Negative translational impact (-0.9%) and contribution of KLL (0.9%) balanced out.

Sustained strong organic growth in Q4 2017: Plus 13.1%



Q4 2017 top line momentum continued in all regions resulting in an overall revenue increase of 8.5%; Despite negative FX effects of € 11.4 mn, organic sales growth reached its highest level throughout the year 2017 at 13.1%.

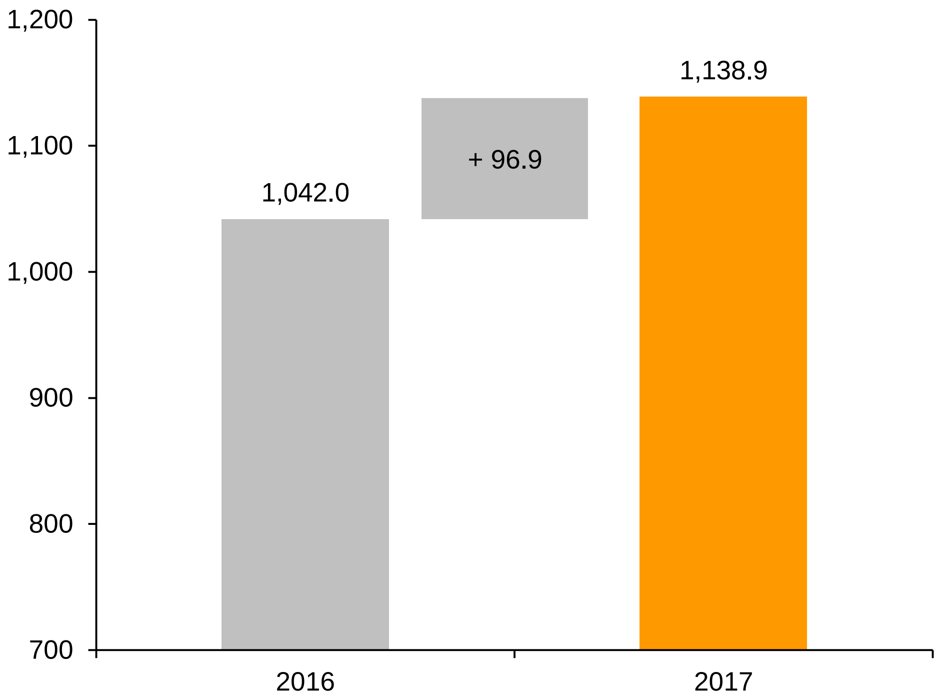
Upbeat trend in organic sales continued in all regions in Q4 2017 – organic growth rate versus py quarters



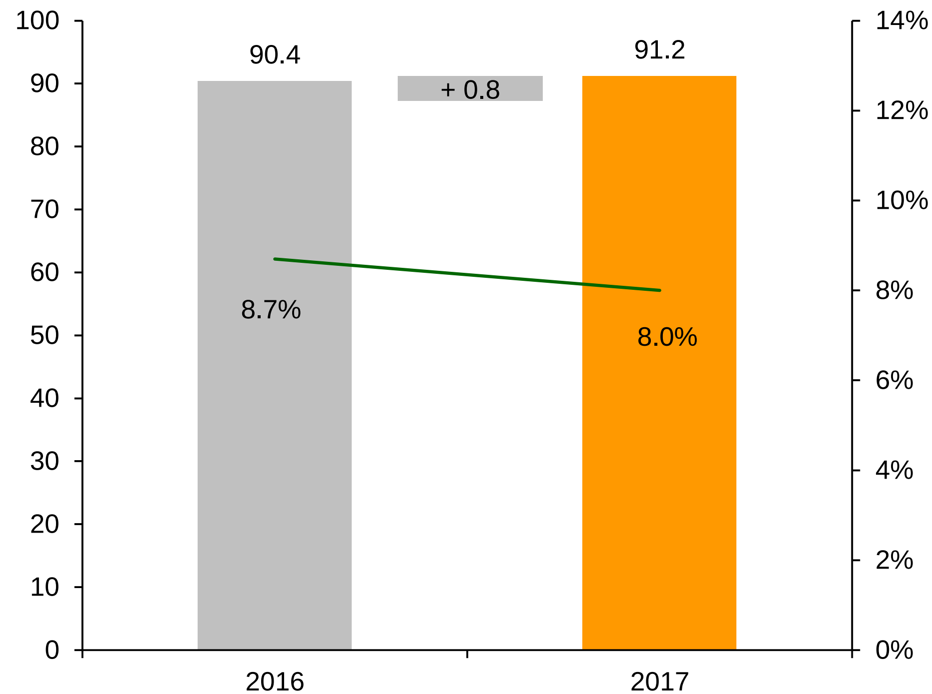
Americas: Noticeably higher demand from OEM customers coinciding with relocation measures of US plant consolidation resulted in noticeable cost issue also in Q4: Organic sales growth in the OEM business in the US soared by 13.7%. Driven by legislation, demand in China has continued to accelerate also in Q4.

Group sales and group adj. EBIT in FY 2017

Sales in € mn

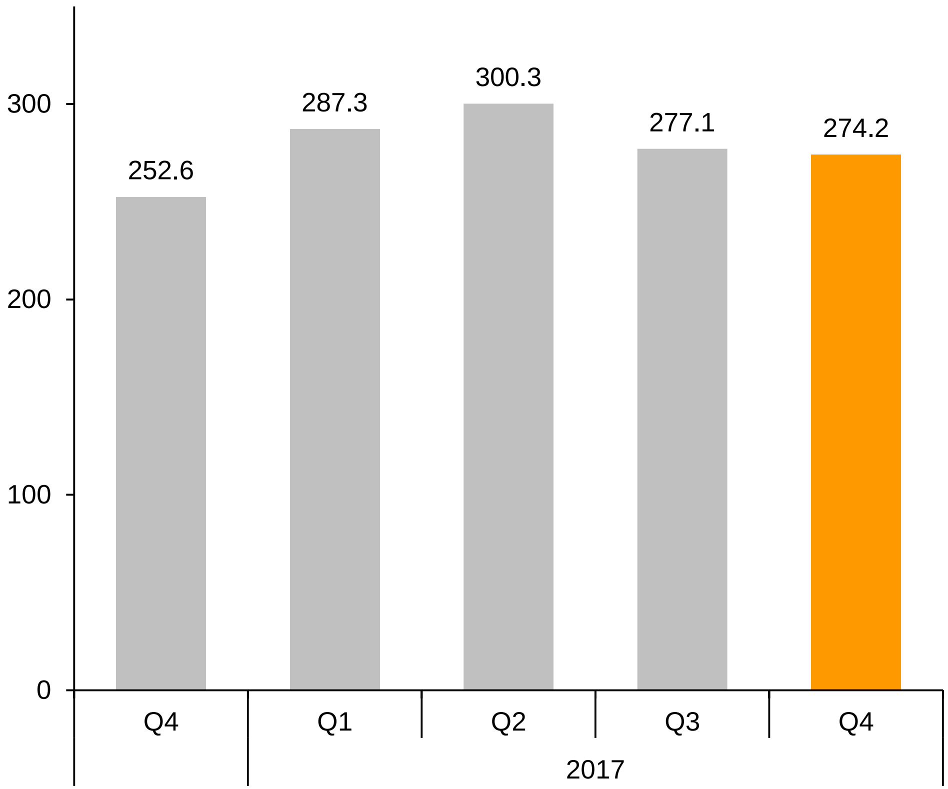


Adj. EBIT in € mn and margin in %

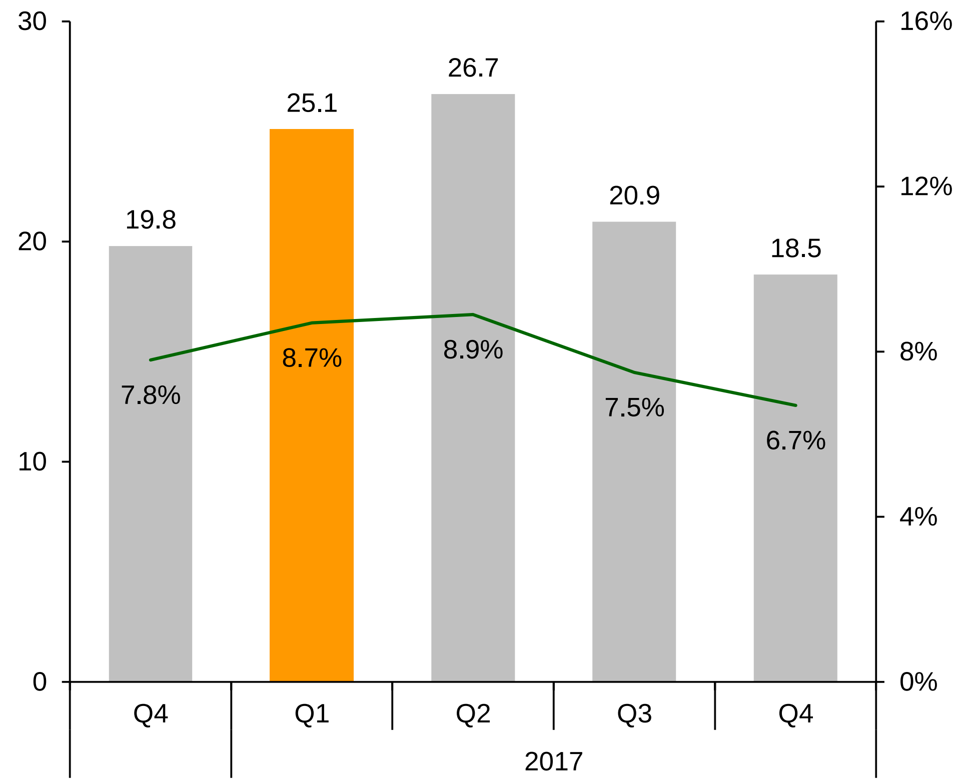


Group sales and group adj. EBIT by quarter

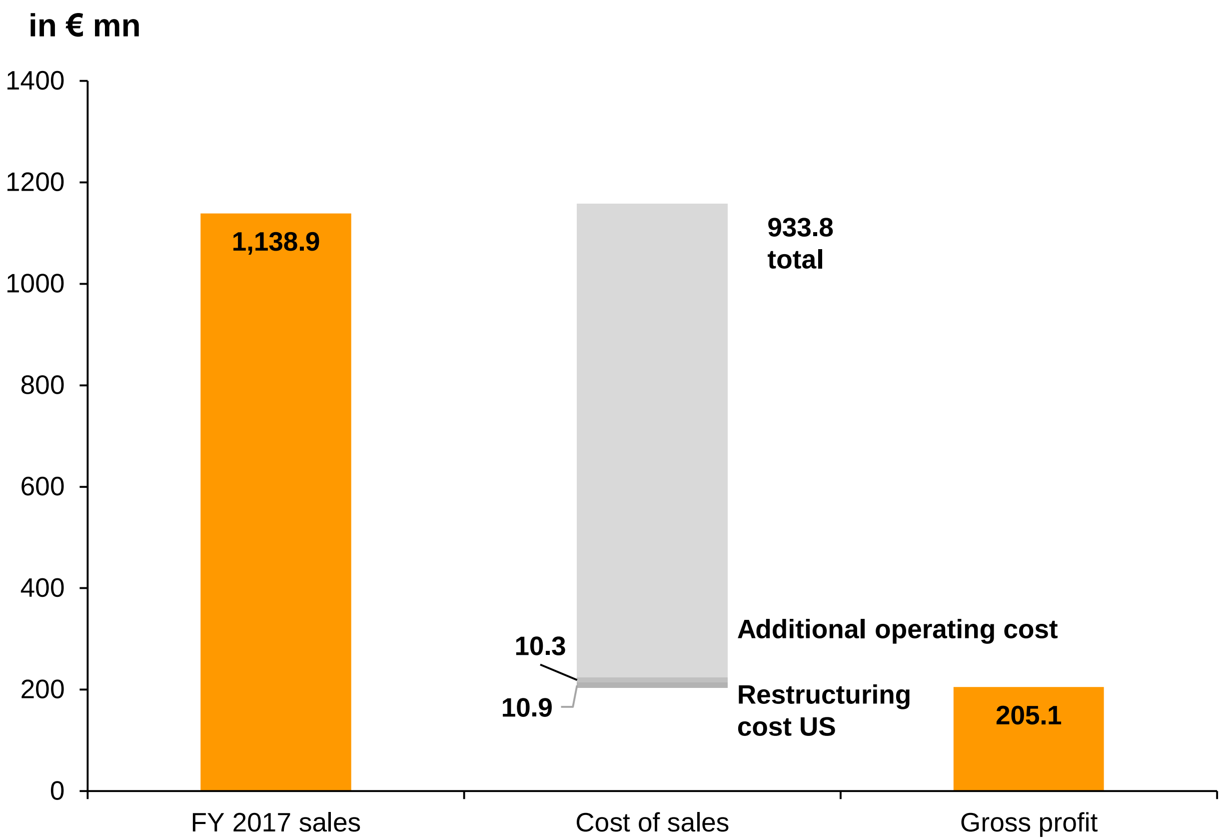
Sales in € mn



Adj. EBIT in € mn and margin in %



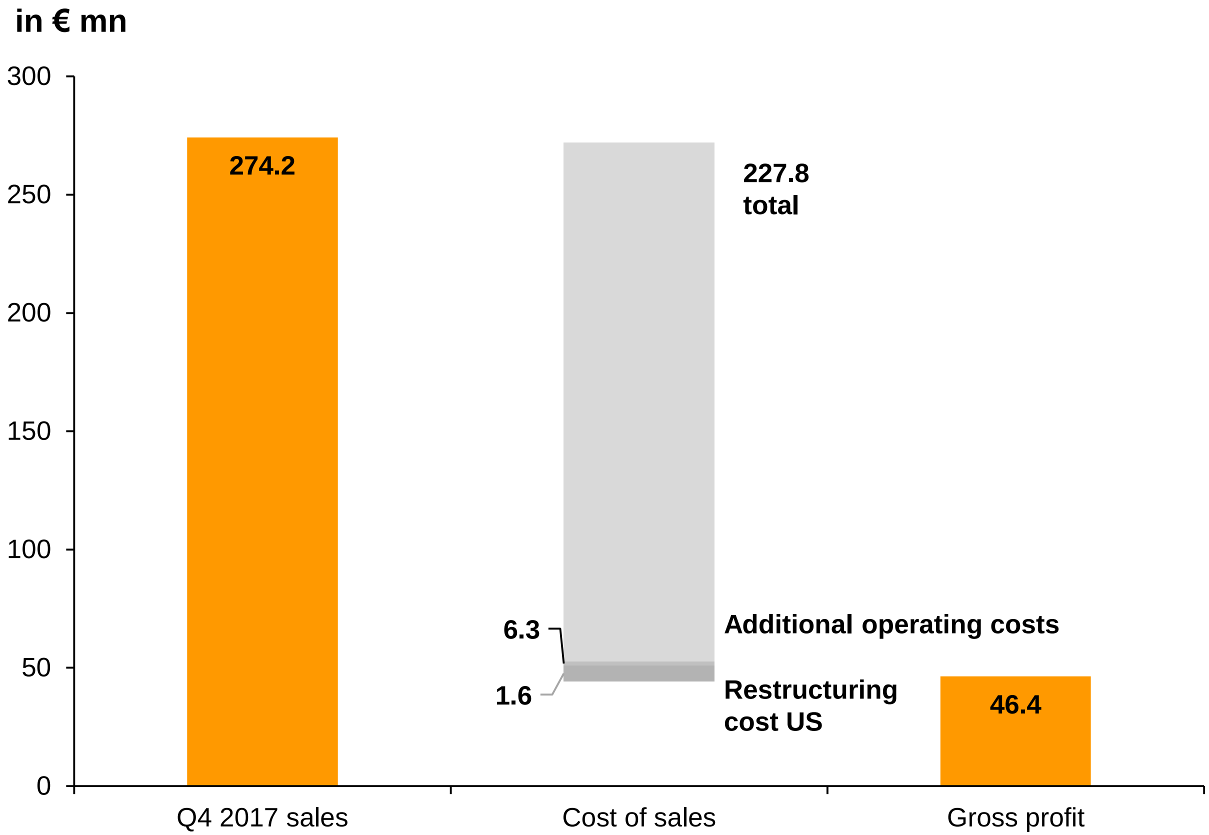
Reconciliation of sales to gross profit FY 2017



Impacts on gross margin in FY 17	
Temp. Workforce	-
Volume	+ -
Steel Price	-
Segment Mix	-
Restructuring Cost	-
Exchange Rate	-
Operating Efficiencies	+ -

FY 2017 preliminary gross profit reached € 205.1 mn carrying gross margin of 18.0% (py: 19.8%); Disproportionate increase in cost of sales (+11.8% yoy) vs sales growth (+9.3% yoy) to a large extent due to the US: temporarily higher number of workforce, significantly higher expedited freight cost due to seasonally untypical soaring of customer call-offs coinciding with US plant consolidation.

Reconciliation of sales to gross profit Q4 2017

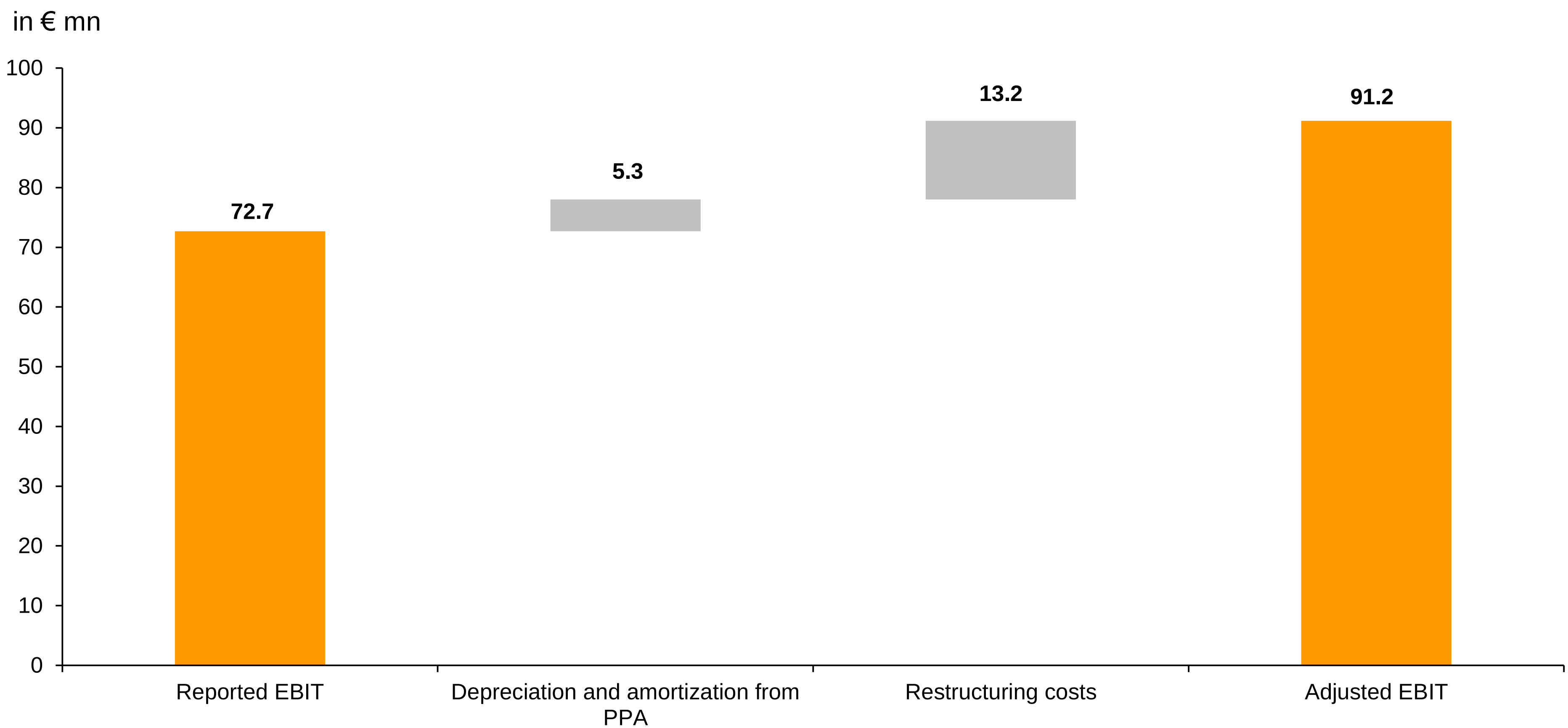


Impacts on gross margin in Q4 17

Temp. Workforce	−
Volume	+ −
Raw Materials	−
Product Mix	−
Restructuring Cost	−
Exchange Rate	−
Operating Efficiencies	+ −

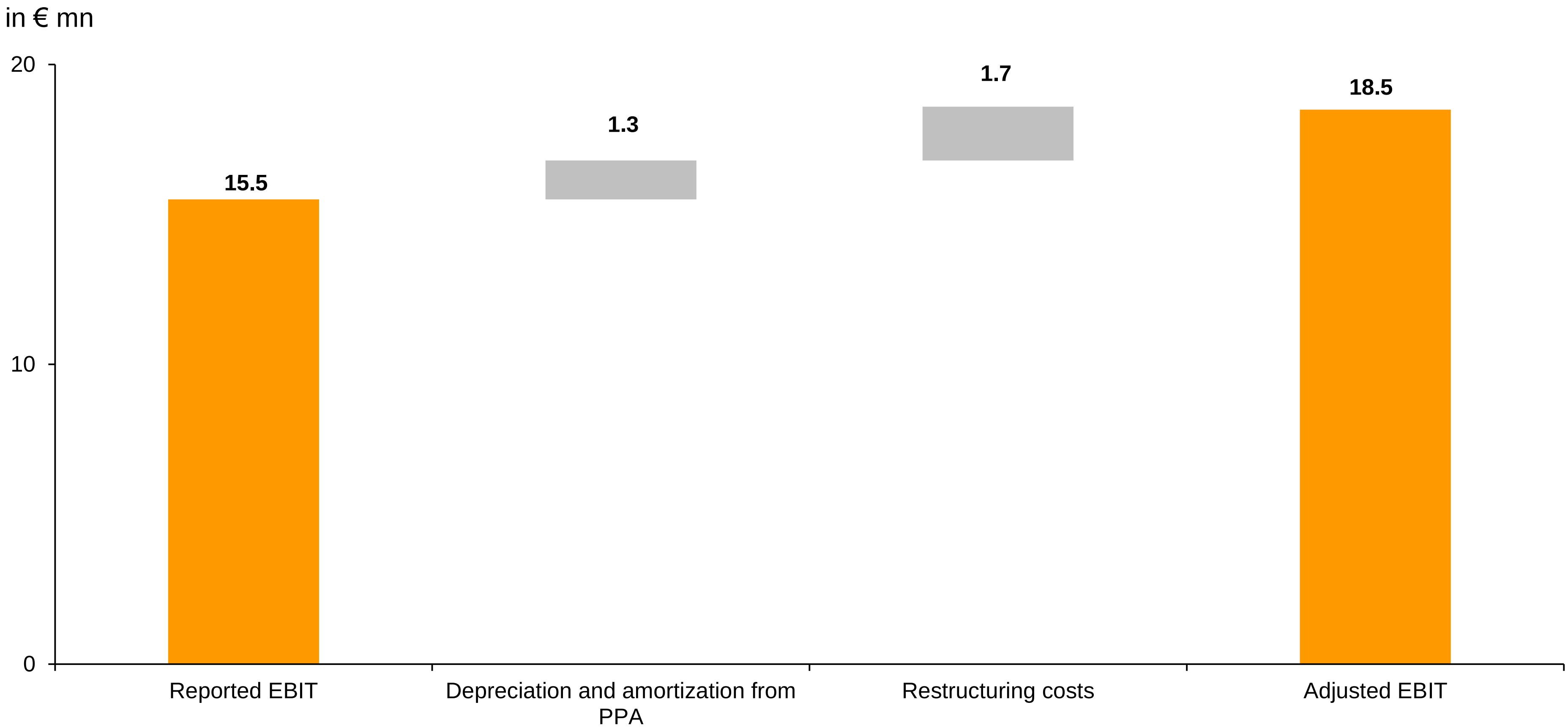
Q4 2017 preliminary gross profit at € 46.4 mn with gross margin at 16.9% (py: 19.2%); Disproportionate increase in cost of sales (+11.6% yoy) as compared to sales growth (+ 8.6% yoy) mostly due to US; Compensated partially by strong earnings performance in EMEA/I supported by volume-related positive purchasing effects of approx. € 4.0 mn and also strong earnings in APAC/China segment.

Reconciliation reported EBIT to adj. EBIT FY 2017



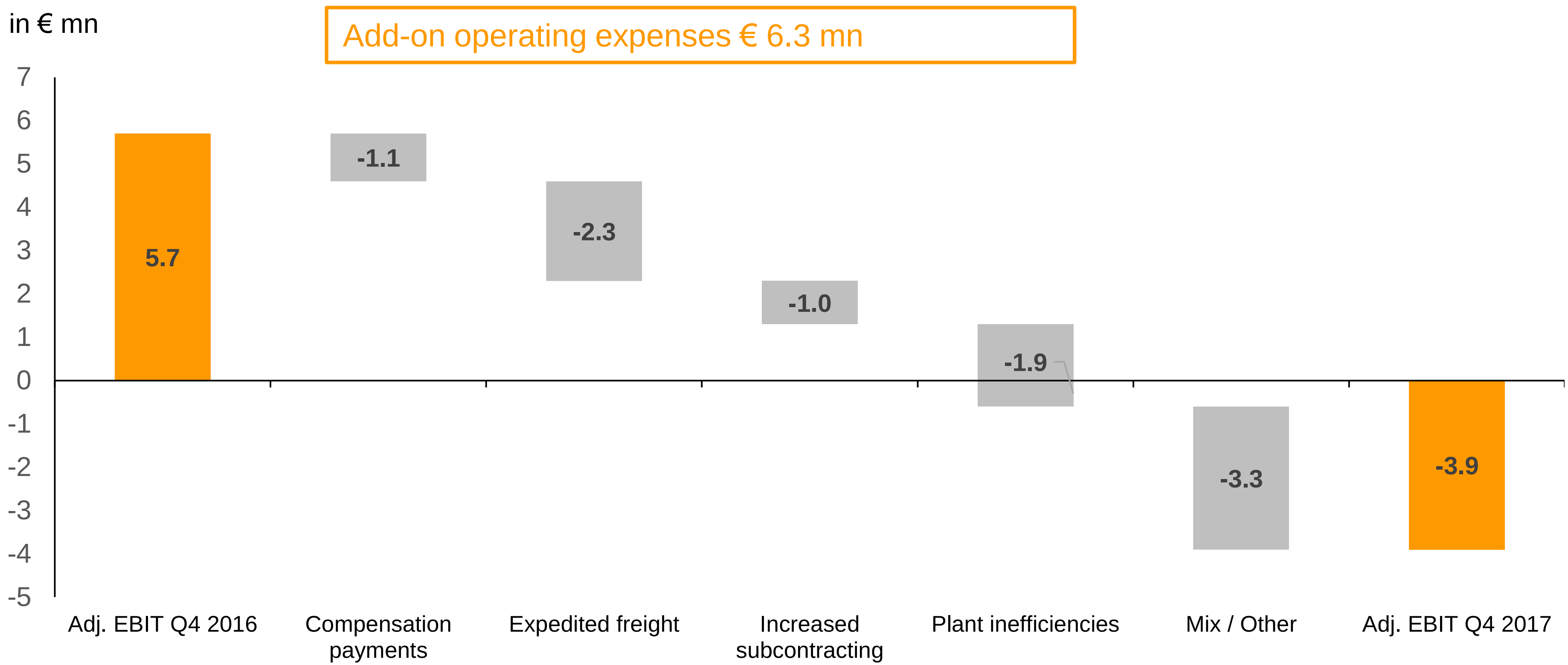
Incl. restructuring and transaction costs totaling € 13.2 (6.6) mn and PPA of € 5.3 (5.3) mn, the adj. EBIT amounted to € 91.2 (90.4) mn. Adjustments for the large part were related to the US plant consolidation (€ 10.9 mn).

Reconciliation reported EBIT to adj. EBIT Q4 2017



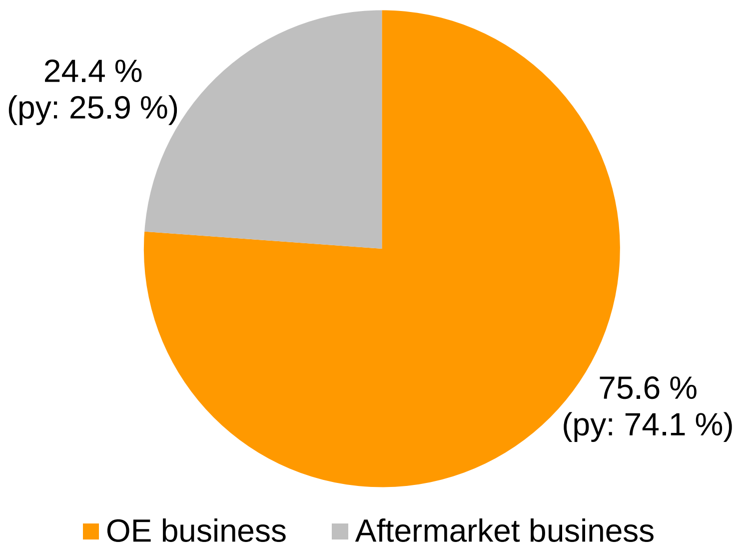
Incl. restructuring and transaction costs totaling € 1.7 (0.9) mn and PPA of € 1.3 (1.3) mn, the adj. EBIT amounted to € 18.5 (19.8) mn. Adjustments in Q4 2017 for the large part were related to the US plant (€ 1.6 mn) consolidation.

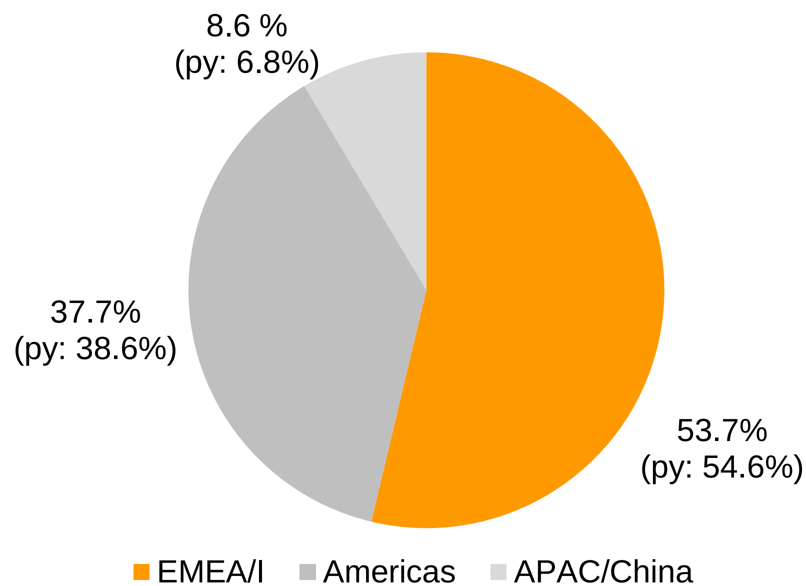
Negative effects on Q4 EBIT and adj. EBIT in the AMERICAS region



Apart from € 1.6 mn in restructuring charges (that were adjusted for), € 6.3 mn unplanned extra operating expenses occurred related to the US plant transition; Besides the continued steel price increase and restraints on supplying the AM burdened.

Share of group sales by channel and region in 2017

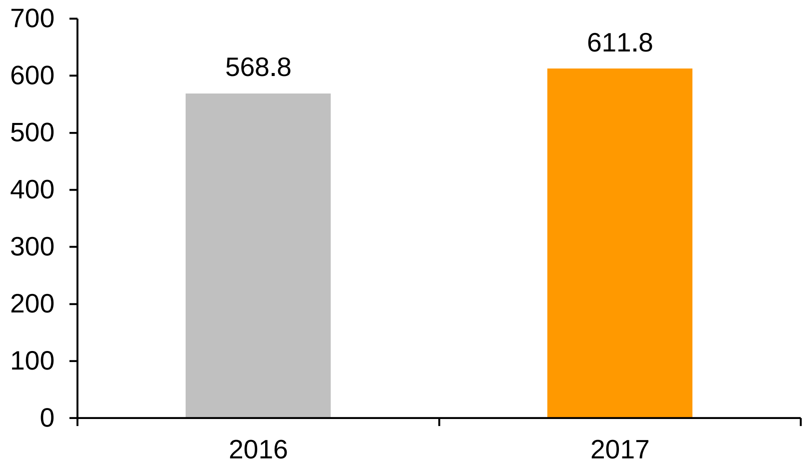




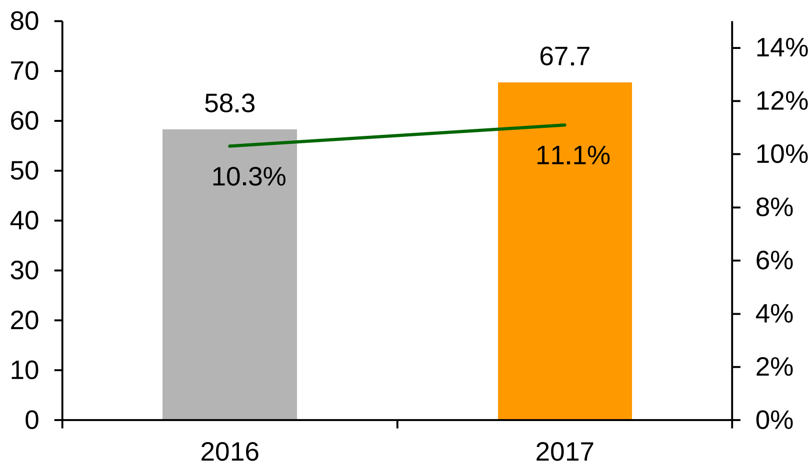
Share of OEM business increases due to well-above trend line sales growth; Well-balanced geographic exposure in the EMEA/I and Americas regions with clear growth strategy until 2020 in APAC/China and EMEA. In 2017 highest growth rate percentage-wise in APAC/China.

Business performance by region – EMEA/I: Solid organic growth

Sales in € mn



Adj. EBIT in € mn and margin in %



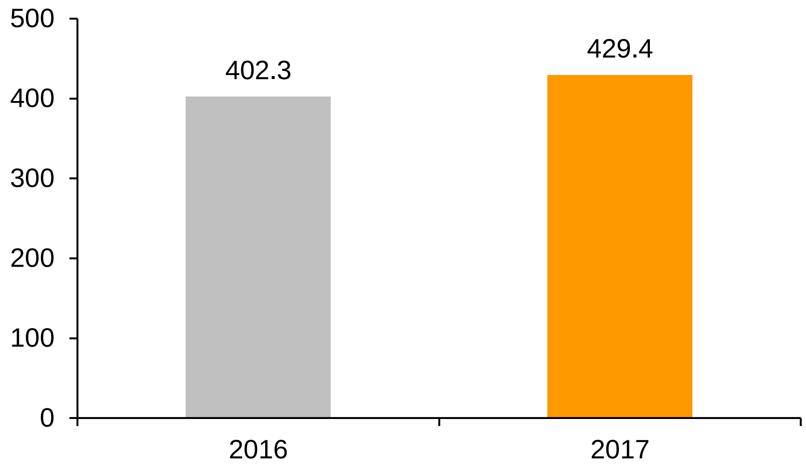
Summary

- Robust market environment in most countries. Significant growth impetus from Southern European countries such as Spain, Italy, and France combined with market share gains.
- Well-above market 7.6% sales increase in 2017 to € 611.8 mn (568.8), organic growth amounted to 7.7% yoy
- Solid overall development in the markets in the Middle East and Africa with Turkish plant ramping succesfully

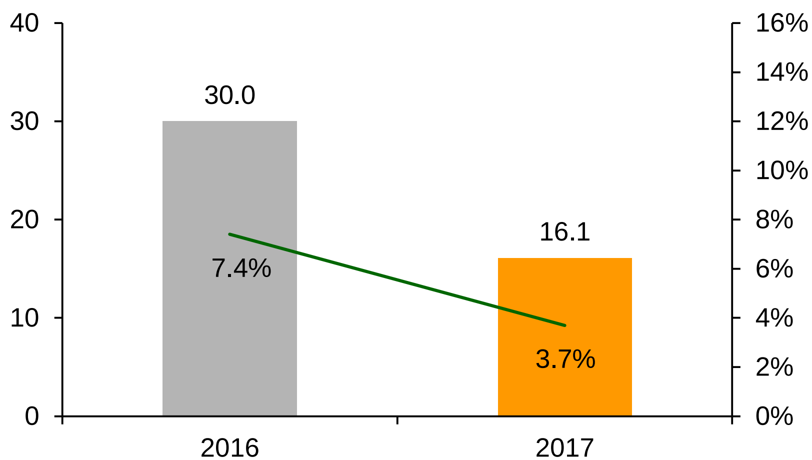
- Adj. EBIT 2017 up by 16.1% yoy rising to € 67.7 mn (58.3)
- Pick-up in the adj. EBIT margin 11.1% (10.3%)
- The effect of higher steel prices and a high sales volume of standard products were offset by cost reductions, further process improvements and economies of scale
- In Q4 positive effects on material cost from attaining specific purchasing volumes in the amout of € 4.5 mn

Business performance by region – Americas: Unexpectedly high OEM sales growth in HY 2 coinciding with US plant transition measures

Sales in € mn



Adj. EBIT in € mn and margin in %



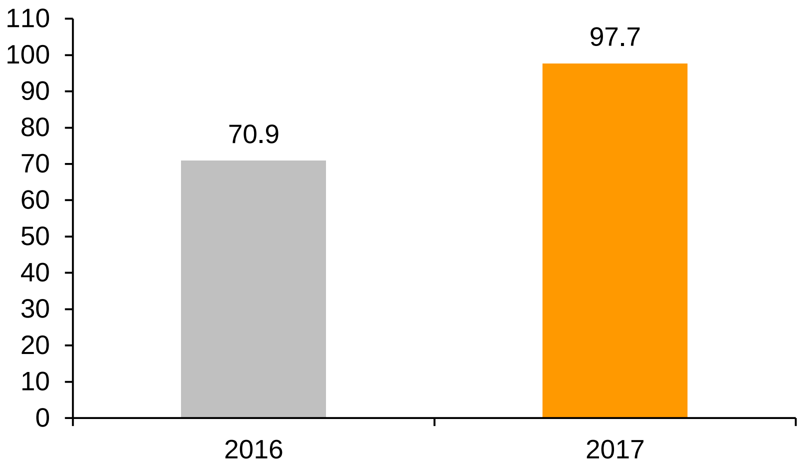
Summary

- In 2017 sales increased 6.7% to € 429.4 mn (402.3)
- Adj. for FX and KLL (approx. € 9.7 mn), sales organically picked up 6.0%
- Unexpectedly strong jump in customer demand in the OEM business accompanied by structural growth drivers
- In Q4 organic sales growth of 11.0%

- In 2017 adj. EBIT fell to € 16.1 mn (30.0), translating into adj. EBIT margin of 3.7% (7.4%)
- One-time restructuring costs in the course of the consolidation of the US plant network in the amount of € 10.9 mn, which were added back in the calculation of the adj. EBIT.
- Unplanned additional expenses of € 4.0 mn in the third quarter and € 6.3 mn in the fourth quarter of 2017, which were fully recognized in profit or loss
- Weak Mexican market and steel price increase burdened
- Restraints in supplying the AM (Aftermarket)

Business performance by region – APAC/ China: Strong sales growth and enhanced profitability

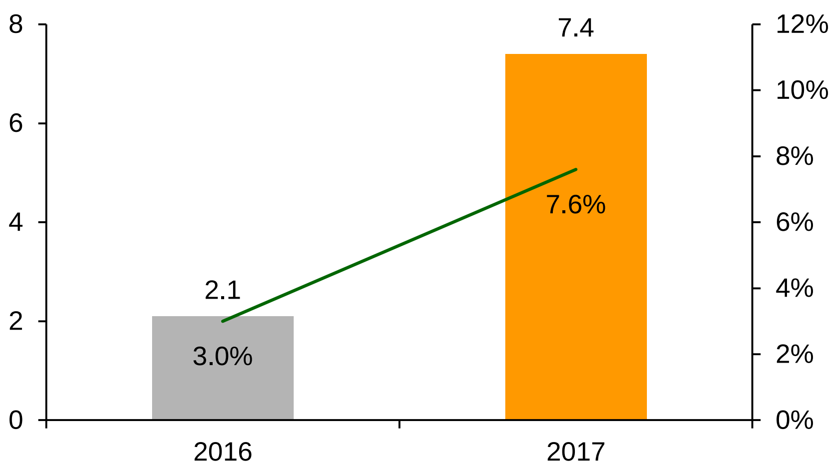
Sales in € mn



Summary

- Sales in 2017 increased 37.8% to € 97.7 mn (70.9), organically sales rose by 40.5%
- Business development in the APAC/China region was driven by strong demand for trailer components in China
- The overload ban for commercial vehicles (GB 1589) and the announcement of stricter safety regulations (GB 7258) for dangerous goods transportation led to a noticeable increase in demand in the premium segment in China

Adj. EBIT in € mn and margin in %



- Adj. EBIT in the region increased to € 7.4 mn (2.1); adj EBIT margin rose to 7.6% (3.0%)
- Positive trend in China despite the fact that sales originate almost exclusively from OE, but supported by positive mix effects and economies of scale
- Solid development also in other markets of the region

From pre-tax earnings to EPS FY 2017

in € mn	**2017**	**2016**
Financial result	-16.5	-13.5
Result before tax	56.2	65.0
Income tax	-15.2	-21.5
Result for the period	41.0	43.5
Result for the period attributable to equity holders of the parent	42.9	44.2
Adj. Result for the period	52.7	53.7
Basic EPS	0.95	0.98
Adj. basic EPS	1.16	1.18

Extraordinary effect from US tax reform on net income: Overall € 2.0 mn positive effect

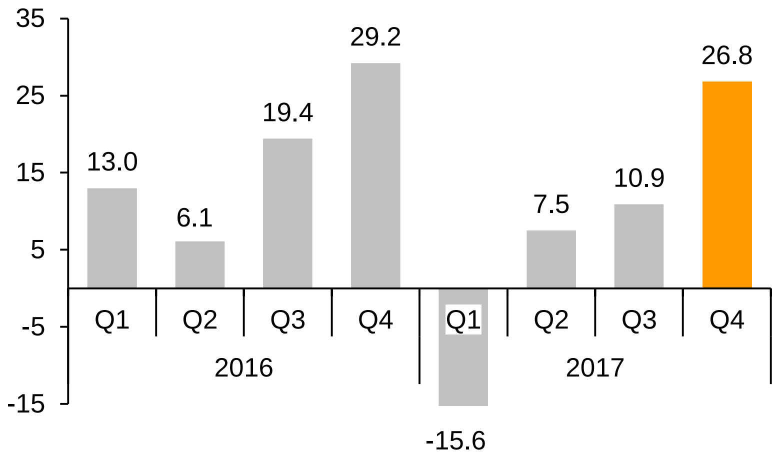
While the US tax effects, including the statutory changes from the US tax reform, resulted primarily in one-time positive effects in the amount of € 4.5 mn, one-time impairment on recognized deferred tax assets for recognized loss carryforwards at other subsidiaries had a countering effect of around € 2.6 mn

Reconciliation from result before tax to free cash flow

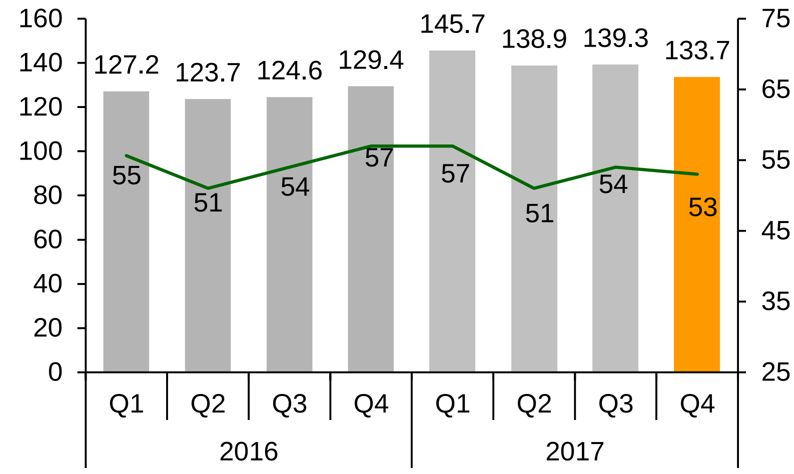
in € mn	2017	2016
Result before tax	56.2	65.0
Finance result	-16.5	-13.5
Amortization/depreciation	24.6	22.6
Changes in Net Working Capital	-25.4	1.9
Other items cash flow	2.2	3.4
Operating cash flow before income tax	**74.1**	**106.4**
Income tax paid	-17.3	-13.7
Operating cash flow	**56.8**	**92.7**
Investments in PPE and intangible assets	-27.1	-25.0
Free cash flow	**29.7**	**67.7**

Free cash flow reaches € 30 mn

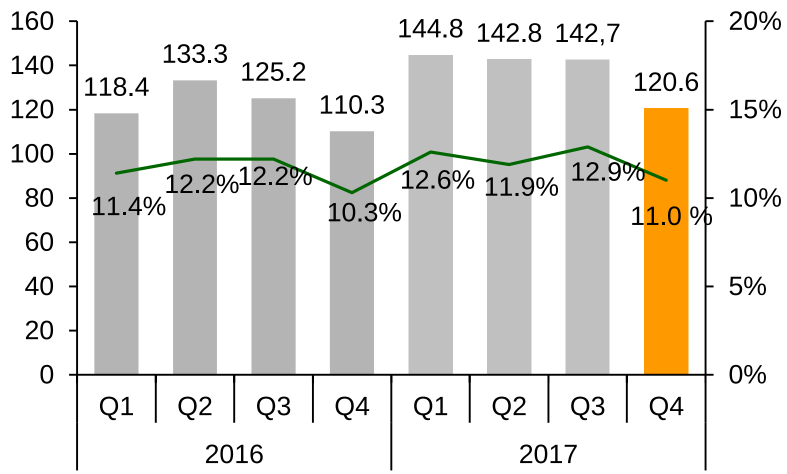
Operating free cash flow in € mn



Inventories in € mn and days of inventories



Net working capital in € mn and as % of sales



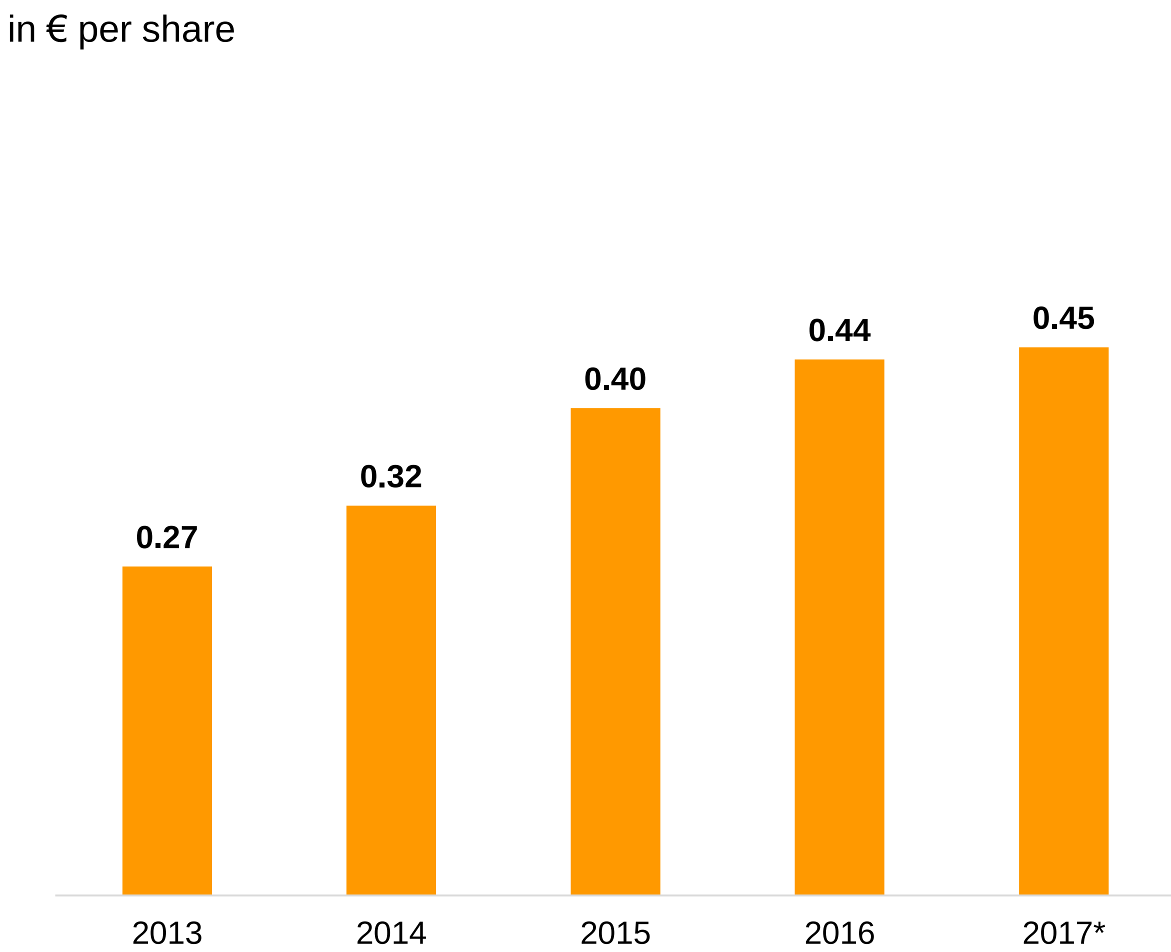
Operating FCF

- Full-year 2017 free cash flow at solid € 29.7 mn (67.7)
- Dividend distribution in 2017 was once again fully covered by the generation of internal funds

NWC/ Inventories

- Net working capital due to strong organic sales growth increased by € 10.3 mn to € 120.6 mn yoy
- Disproportionately low increase in inventories of € 4.3 mn yoy versus sales growth
- Days of inventories at 53 (PY: 57) days at the end of Q4 2017

Sustainable dividend payed from own cash flow generated, yield around 3%



* To be proposed at Annual General Meeting 2017

Agenda

Outlook: Financial targets 2018 and mid-term planning 2020

	FY 2018*	Strategy 2020
Sales	Organic increase of 4 to 5% + potential M&A Assuming stable FX rates and unchanged scope of consolidation	Organic: € 1,250 mn + M&A: Coops, JVs, acquisitions Total: € 1,500 mn
Adj. EBIT margin	8 to 8.5%	≥ 8%
NWC ratio	12%	12%
CAPEX	€ 38 to 40 mn incl. high single-digit Euro mn amount related to new China plant	€ 26 mn to € 28 mn p.a.

* Projections assume that there is no significant deterioration of the political, economic or industry-specific environment; organic projections do not include potential sales and earnings contributions from acquisitions or JVs

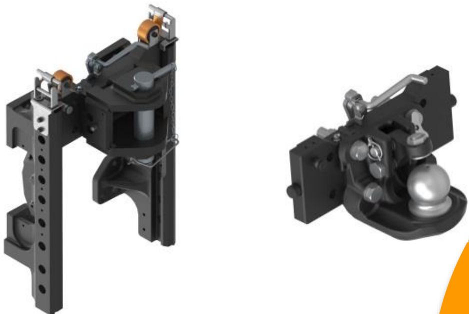
Agenda

Takeover of V.Orlandi S.p.A.: The specialty fifth wheel and coupling specialist

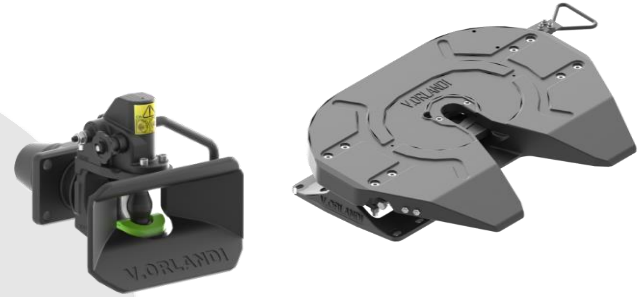
- Headquarter in Flero (Brescia), Italy
- Supplier of couplings for trucks and specialty fifth wheels
- Specialty business with couplings and drawbar eyes for trailers and specialized commercial vehicles systems
- Serves the industrial, agricultural, forestry and mining segments
- Two production sites in Northern Italy, currently employing around 60 people
- Well-established international sales network for OEM and Aftermarket

SAF-HOLLAND is strengthening its position as the number 2 in fifth-wheels and couplings in the European market by taking over the number 3 player.

V.Orlandi S.p.A.: Fully complementary product range

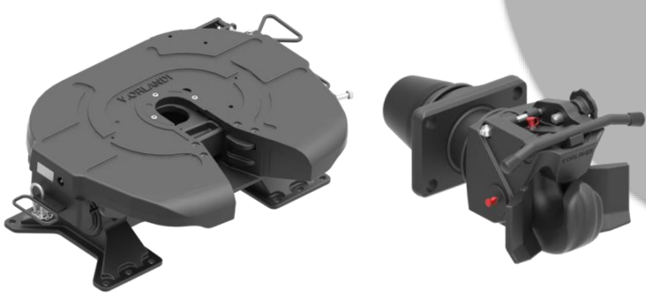


AGRICULTURAL

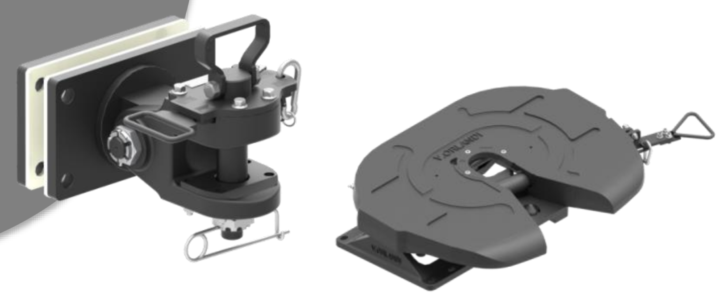


AUTOMOTIVE

DUAL INDUSTRY USE

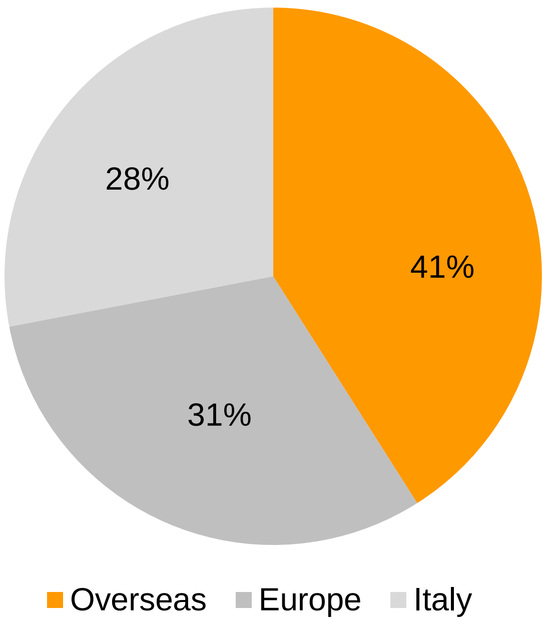


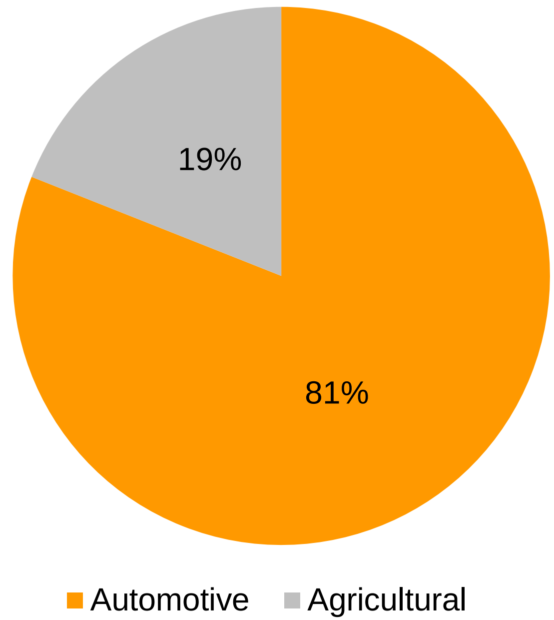
MINING



SAF-HOLLAND is complementing and strengthening its position in coupling systems and specialty fifth wheels for trucks, trailers, semi-trailers and agricultural vehicles. Significant cross-selling potential of Orlandi products to be realized within the worldwide set-up of the SAF-HOLLAND Group network.

V. Orlandi S.p.A.: Sales turnover by region and business unit in 2017





Almost two thirds from overseas sales originate from the APAC region besides Russia, South America, the Middle East and Africa.

Impressions: A very specialized product range

Terms and key financials

- SAF-HOLLAND acquires 70% stake in V.Orlandi S.p.A.
- Call option for SAF-HOLLAND for the remainder
- Expected full year sales: approx. € 22 million
- Expected annual growth rate: 3-5%
- Margin accretive: Adj. EBIT margin in the mid teens
- Pro rata tempore inclusion in the SAF-HOLLAND Group scope of consolidation
- Closing of transaction expected no later than in Q2 2018

After the takeover, V.Orlandi S.p.A. will continue to operate under its strong, well-established brand. As part of the SAF-HOLLAND Group, V.Orlandi S.p.A. will benefit from additional growth prospects and attractive cross-selling opportunities worldwide.

Appendix

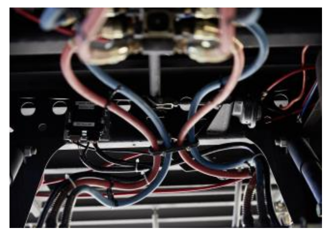
SMART STEEL provides for add-on business opportunities in a digitized transport world

SMART STEEL
ENGINEER BUILD CONNECT

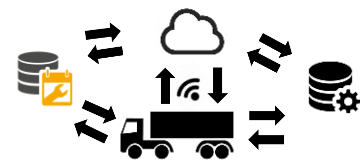
1	2	3	4	5
Mechanics	Upgrade to Electro-mechanics	Digitize Information & Data	Integrate & Connect	New business models & Digital solutions

ELIte™ ELECTRONIC LOCK INDICATOR

- RECOLUBE



- SAFH Connect App



- Predictive Maintenance
- Big Data Analytics

SAF-HOLLAND combines mechanics with sensors and electronics.
The Company‘s integration and data interpretation know-how enables smart/autonomous drive systems.

SAF Holland

Strong financial profile supporting further growth & dividend payments

Strong financial profile*

Corporate Bond	Revolving Credit lines	Convertible Bond	Promissory note (SSD)	Non-current loan
€75mn due 04/2018	**€159mn** due 10/2020 with option of renewal until 10/2022	**€100.2mn** due 09/2020	**€200mn** €140mn due in 11/2020 €17mn due in 11/2022 €43mn due in 11/2025	**€50mn** due 06/2026

- Optimized and diversified financing structure
- Access to institutional and private investors with reduced dependency from banks
- Currently unsecured financing
- More flexibility with increased financial headroom and optimized financing costs
- Financing of Strategy 2020 targets secured

Dividend policy

Dividend payment of € 0.44 per share (py: € 0.40); € 20.0mn (py: € 18.1 mn) distribution in total representing a 46% (py: 39%) share of FY 2016 available net earnings

Distribution of generally 40 to 50% of available net earnings on a sustainable base if reported equity ratio reaches around 40%

* as of December 31, 2016

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