SMART STEEL

Q1 2018 Results

Detlef Borghardt, CEO
Dr. Matthias Heiden, CFO

May 9, 2018

- Business summary Q1 2018
- Market update
- Financials
- Market forecast and Company outlook

Business summary Q1 2018

- Continued strong organic sales growth of 8.8% to € 312.6 million

- Negative exchange rate effects of € 17.7 million, resulting primarily from the depre-ciation of the US dollar against the euro, impacted reported sales, which were up 2.6 % to € 294.9 million (py: € 287.3 million)

- Gross profit in Q1 2018 was burdened by additional operating expenses of € 3.9 (down from € 6.3 mn in Q4 2017) related to the realignment of processes and logistics in the new production network in the US and a significant rise in steel prices leading to upfront material costs in purchasing of approx. € 4.0 mn

- The Q1 2018 adjusted EBIT decreased to € 20.3 million (py: € 25.1 million)

- Compared to Q4 2017 (6.7 %) the EBIT margin increased by 20 basis points to 6.9 % despite EUR 4.5 mn in volume-related positive purchasing effects recorded in Q4 2017

- Sequential improvement of adj. EBIT margin in the Americas region from -4.3% (Q4 2017) close to breakeven (-0.7%)

- Reported EBIT amounted to € 17.2 million in the first three months of 2018 (py: € 21.0 million)

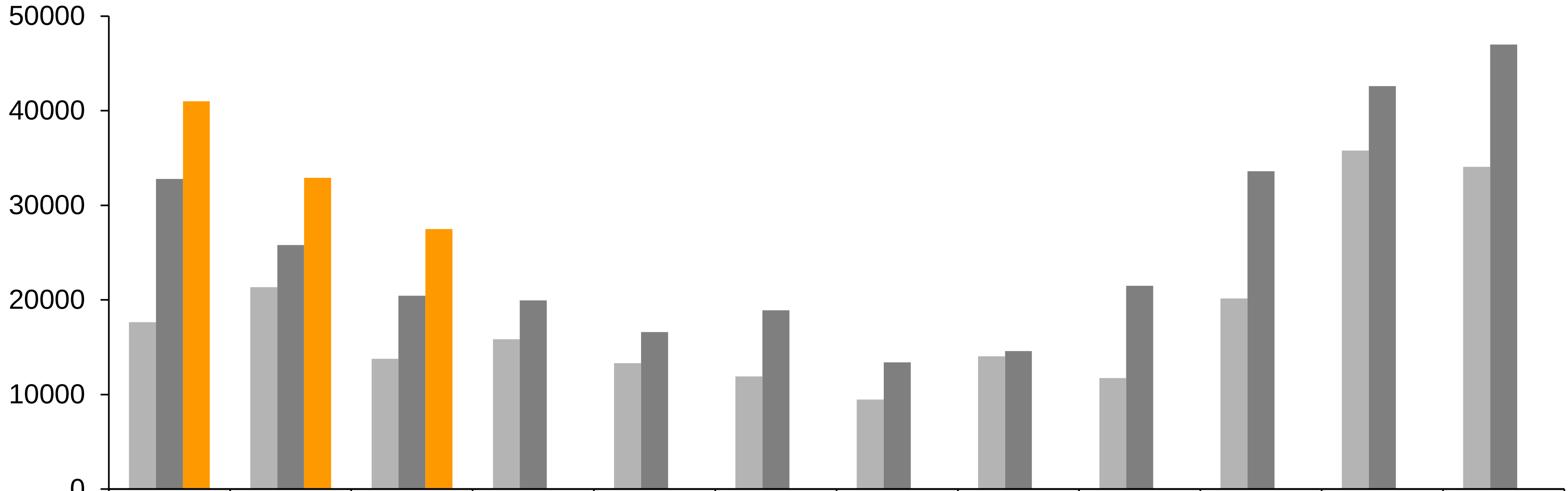
Business summary Q1 2018

- The Group effective tax rate fell to 26.4% in Q1 2018 (py: 32.7%)
- The result for the period reached € 9.8 million (py: € 11.3 million)
- Q1 2018 basic earnings per share achieved were € 0.22 (py: € 0.26)
- Q1 2018 adjusted basic earnings per share amounted to € 0.27 (py: € 0.32)

- Business summary Q1 2018
- Market update
- Financials
- Market forecast and Company outlook

Trailer market trend North America: Solid order intake in view of filling build slots

Trailer net orders



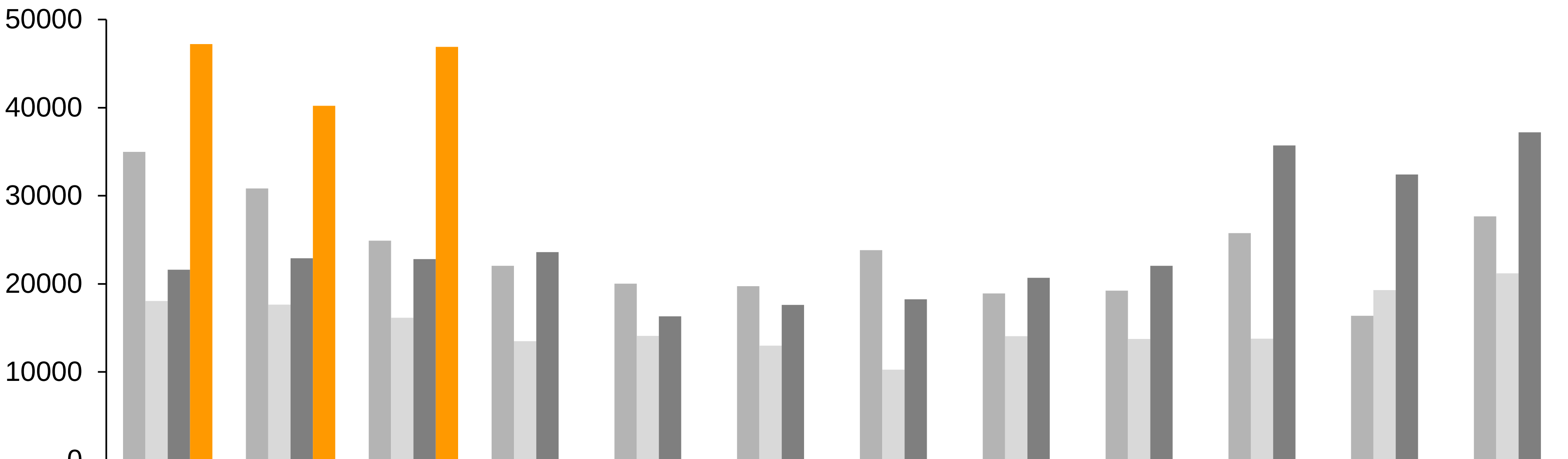
	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2016	17649	21360	13789	15840	13302	11931	9482	14031	11746	20158	35790	34060
2017	32800	25800	20455	19946	16600	18900	13400	14600	21500	33600	42600	47000
2018	41000	32900	27500									

NA March 2018 trailer net order intake was up 34% versus March 2017 figure. Q1 2018 trailer orders have gone up by 28% to reach 101.400 versus Q1 2017. Lead times and order backlogs have increased in the face of material supply and capacity restrictions.

 Source: FTR, March 2018

Truck market trend North America remains upbeat

Class-8 net orders



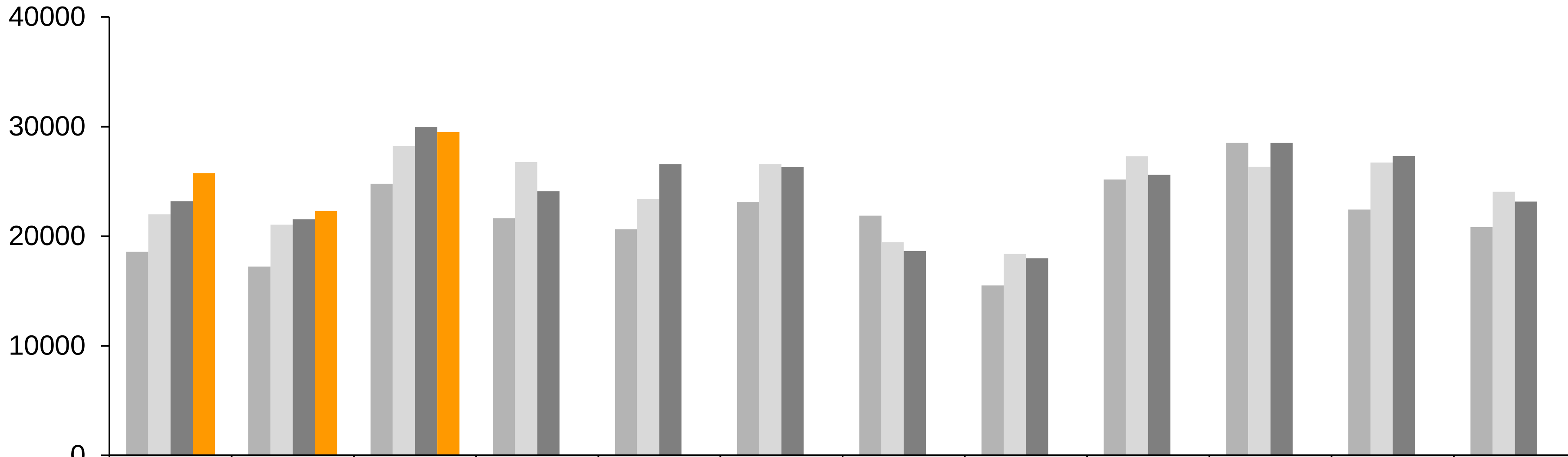
	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2015	34984	30838	24918	22044	20021	19747	23811	18926	19235	25749	16388	27660
2016	18062	17650	16147	13500	14095	13000	10263	14078	13753	13775	19300	21200
2017	21600	22900	22800	23600	16300	17600	18255	20683	22055	35700	32400	37200
2018	47200	40200	46900									

Class-8 net orders for March 2018 at 46,900 units, a month-over-month improvement of around 17% and 106% better than a year ago. In Q1 2018 Class-8 net orders year-to-date almost doubled. Order backlog in view of capacity issues meanwhile has expanded to 7 months, so the market seems to be bound for solid HY1 2019.

 Source: FTR, Truck OEMs -- Total N.A. Cl. 8 Orders (US/CAN/MEX/EXP), March 2018

Heavy truck market in the EU

New registrations of heavy commercial vehicles (HCV) >16 tons



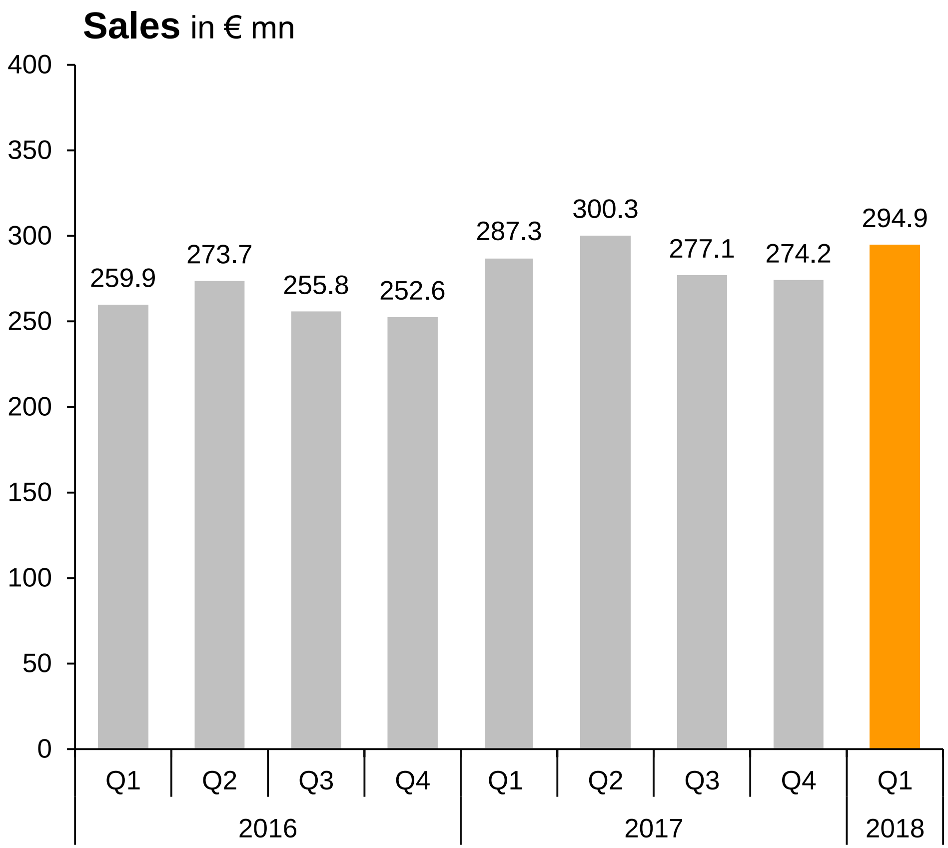
	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2015	18564	17234	24798	21653	20633	23126	21865	15516	25171	28529	22431	20839
2016	21989	21052	28250	26756	23402	26571	19453	18387	27305	26324	26727	24044
2017	23195	21531	29971	24096	26572	26307	18646	17984	25598	28521	27314	23177
2018	25753	22312	29501									

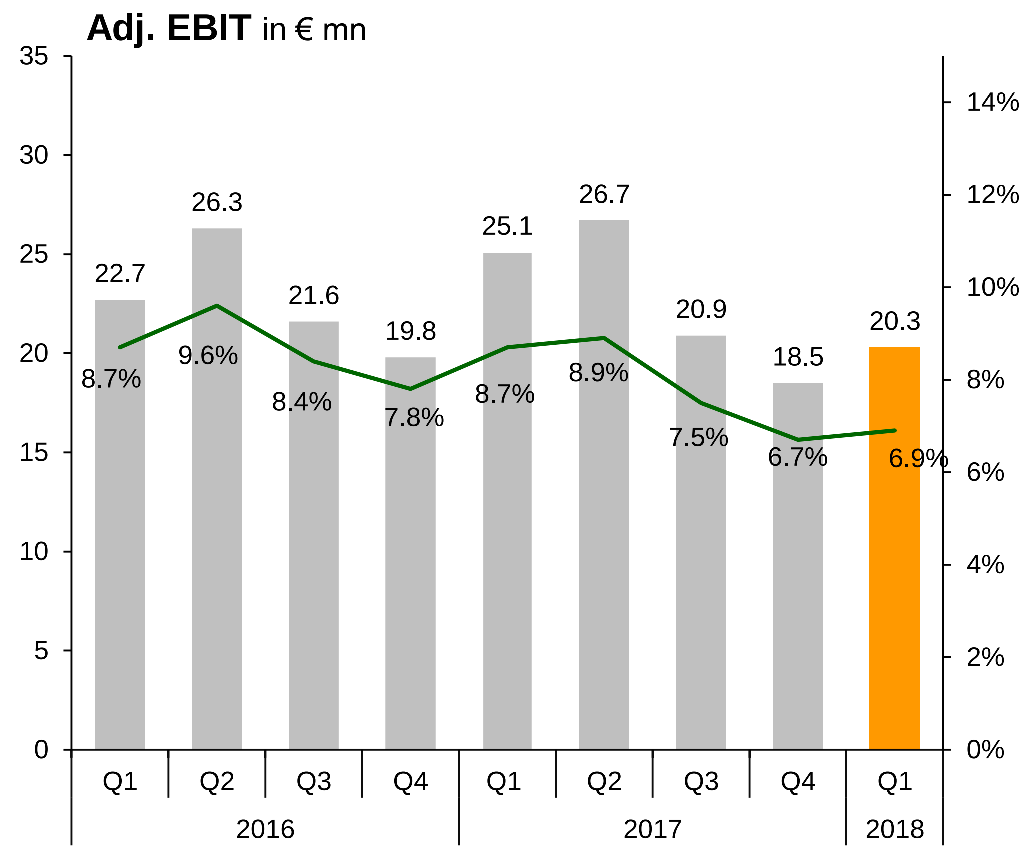
In March 2018, demand for heavy commercial vehicles came in 1.6% lower year-over-year. In the first three months of 2018, HCV new registrations were 3.8% higher, compared to Q1 2017.

 Source: ACEA, Commercial vehicle registrations, April 2018

- Business summary Q1 2018
- Market update
- Financials
- Market forecast and Company outlook

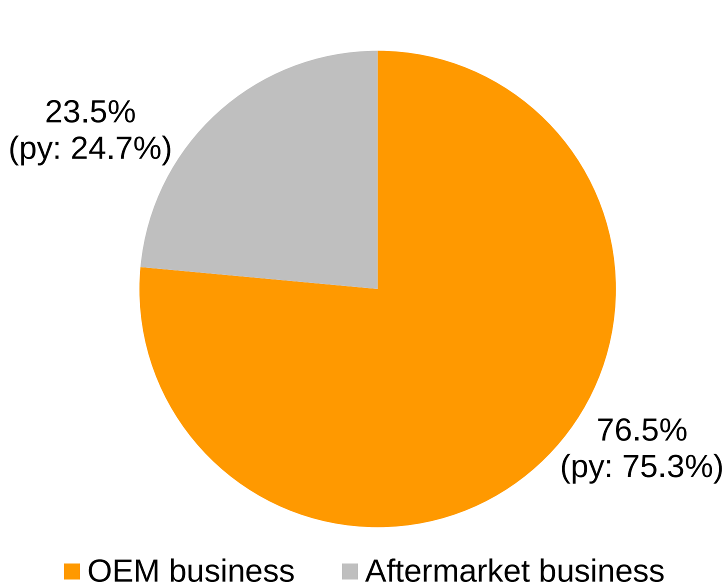
Group sales and adjusted EBIT by quarter

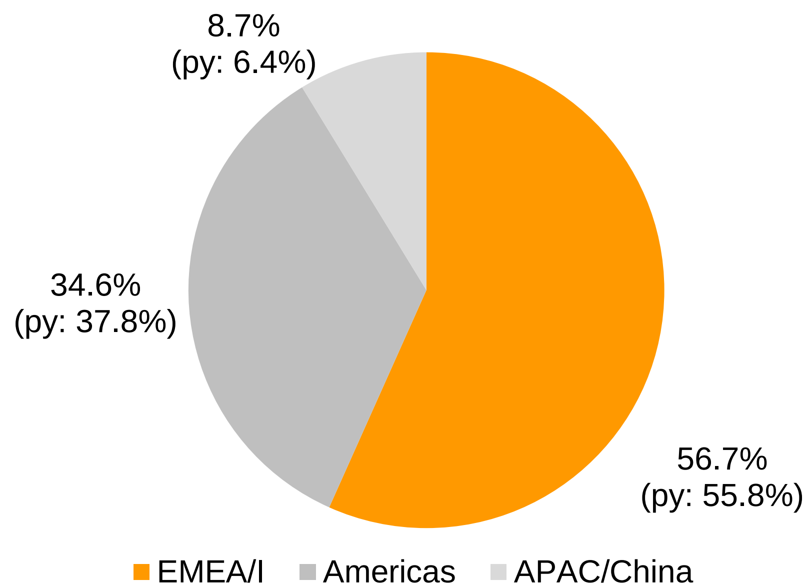




Q1 2018 top line grew 2.6 % yoy to € 294.9 mn featuring strong organic growth of 8.8% to € 312.6 mn.
Adj. EBIT margin of 6.9 % sequentially higher due to lowered add-on operating expenses in the US.

Share of group sales by channel and region in Q1 2018

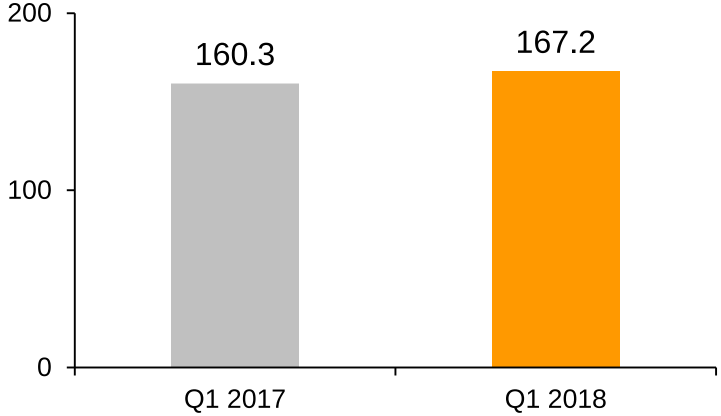




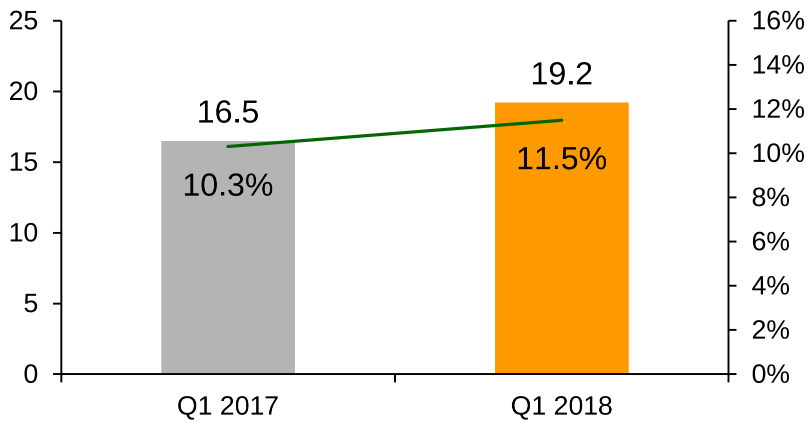
Share of the OEM business increases to 76.5%. Share of APAC/China picks up significantly while share of the Americas region shrinks burdened by negative translational FX effects.

Business performance by region: EMEA/I posts solid organic sales increase realizing operational leverage

Sales in € mn



Adj. EBIT in € mn and **margin** in %



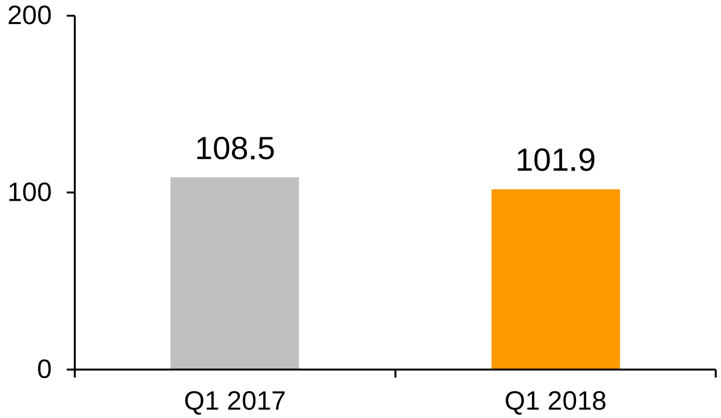
Summary

- Q1 2018 sales growth of 4.3% to € 167.2 mn (py: € 160.3 mn). On a currency-adjusted basis: +5.1% yoy
- Favorable macroeconomic environment, improved Eastern European and Middle-East business as well as share gains in the original equipment business (OEM) collude
- Aftermarket (AM) grows of 2.6% on a high basis
- Stepped up production figures at the Turkish plant

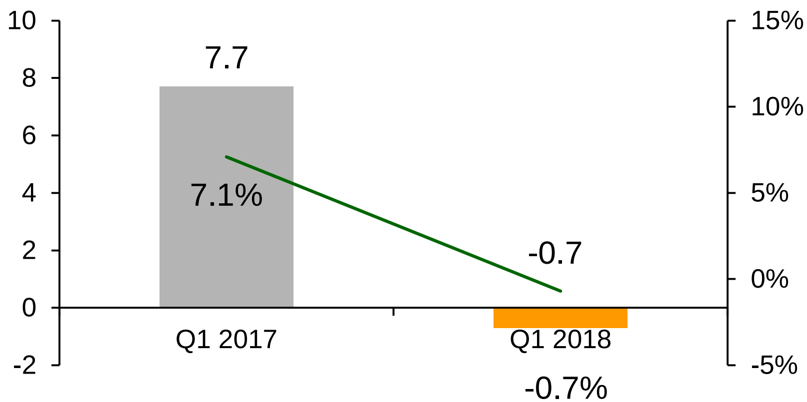
- Q1 2018 adj. EBIT rose to € 19.2 mn (py: € 16.5 mn)
- Adj. EBIT margin expanded to 11.5% (py: 10.3%) supported by positive mix effects, operational leverage and positive mix effects combine

Business performance by region: Sequential improvement of earnings situation, still burdened by realignment of plant network in the US

Sales in € mn



Adj. EBIT in € mn and **margin** in %



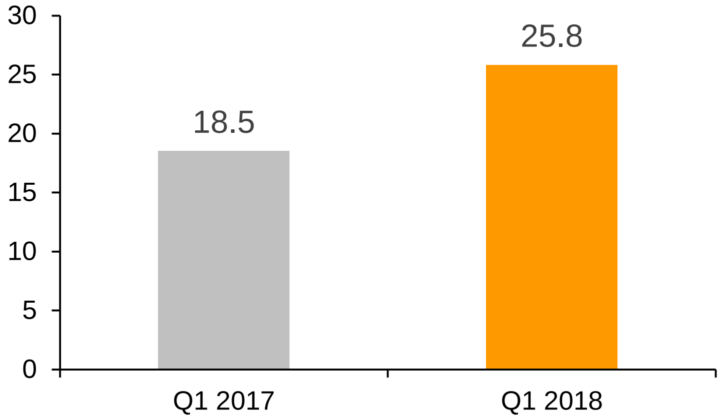
Summary

- Despite the ongoing realignment measures, the Americas Region realized organic sales growth in the high single-digit percentage range (7.6%) to € 116.7 mn
- Negative exchange rate effects (-13.7 %) caused a yoy decline in the reported sales figure
- Q1 2018 sales decreased by 6.1% to € 101.9 mn (py: € 108.5 mn)

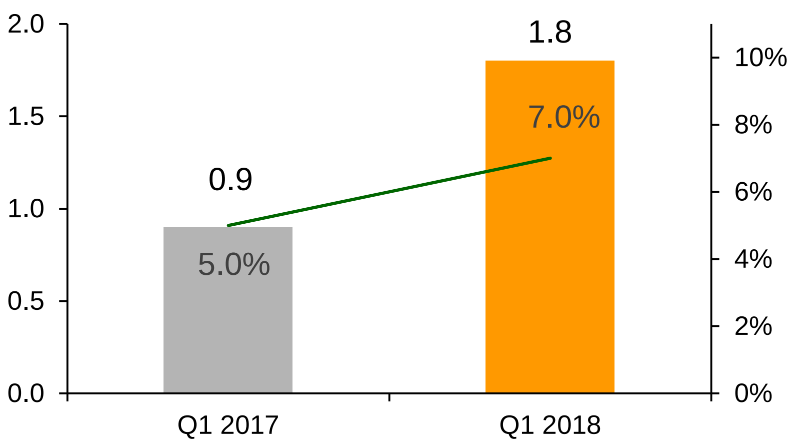
- Q1 2018 adj. EBIT at € -0.7 mn (py: € 7.7 mn)
- Additional operating expenses of € 3.9 mn were incurred, due to continued production start-up inefficiencies in the US
- These expenses were essentially caused by express freight and logistics costs, production inefficiencies and compensation payments in accordance with supply agreements
- € 0.9 mn in restructuring costs, mainly for severance payments related to the US plant realignment
- Nevertheless sequential improvement achieved

Business performance by region: APAC/China again achieves highest percentage sales growth within the Group

Sales in € mn



Adj. EBIT in € mn and **margin** in %

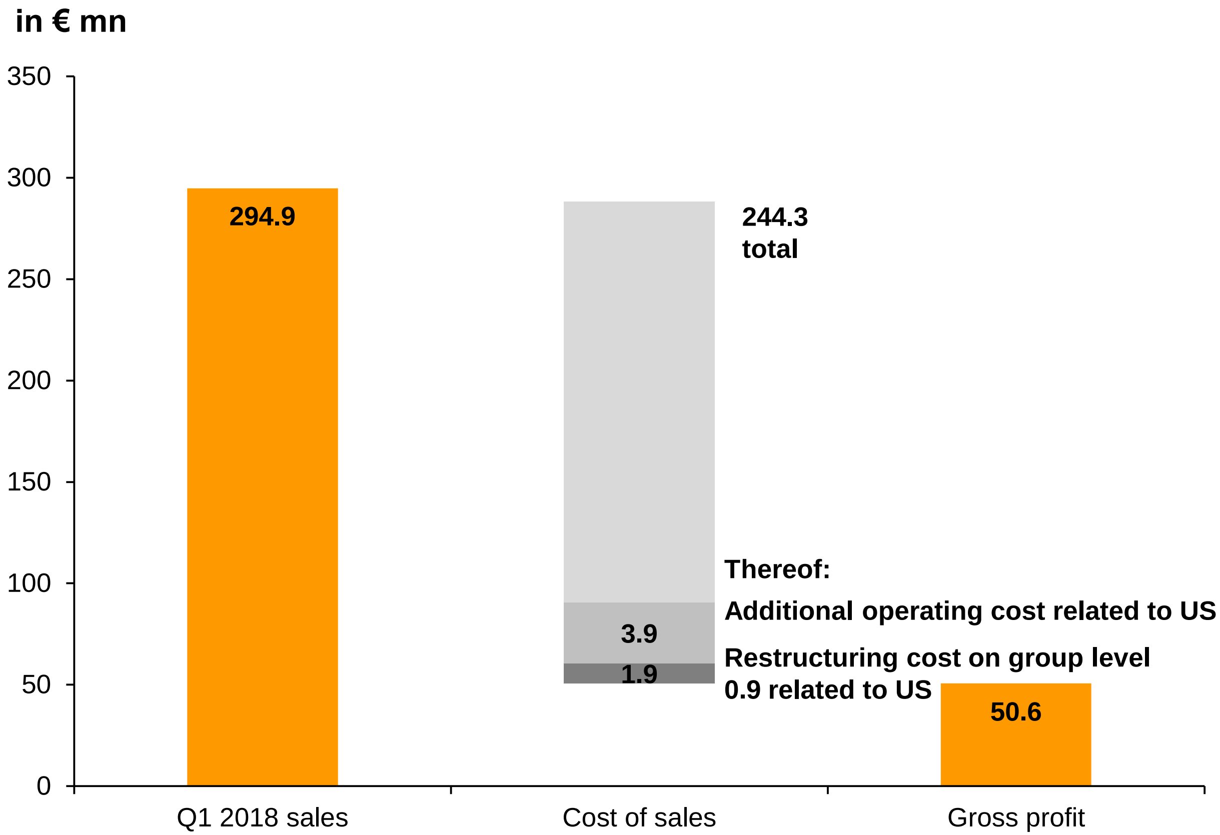


Summary

- Q1 2018 sales increased by 39.6% to € 25.8 mn, on a currency-adjusted basis 49.2%
- The focus has remained on growing the customer base in the OEM business
- Unchanged, the introduction of regulatory load limits for commercial vehicles and the announcement of stricter safety regulations for dangerous goods and automotive transporters led to continued high investment in new trucks and trailers in the premium segment in China

- Adj. EBIT in the region APAC/China doubled to € 1.8 (py € 0.9 mn)
- Adj. EBIT margin improved from 5.0% (Q1 2017) to 7.0% yoy despite still marginal share of aftermarket business

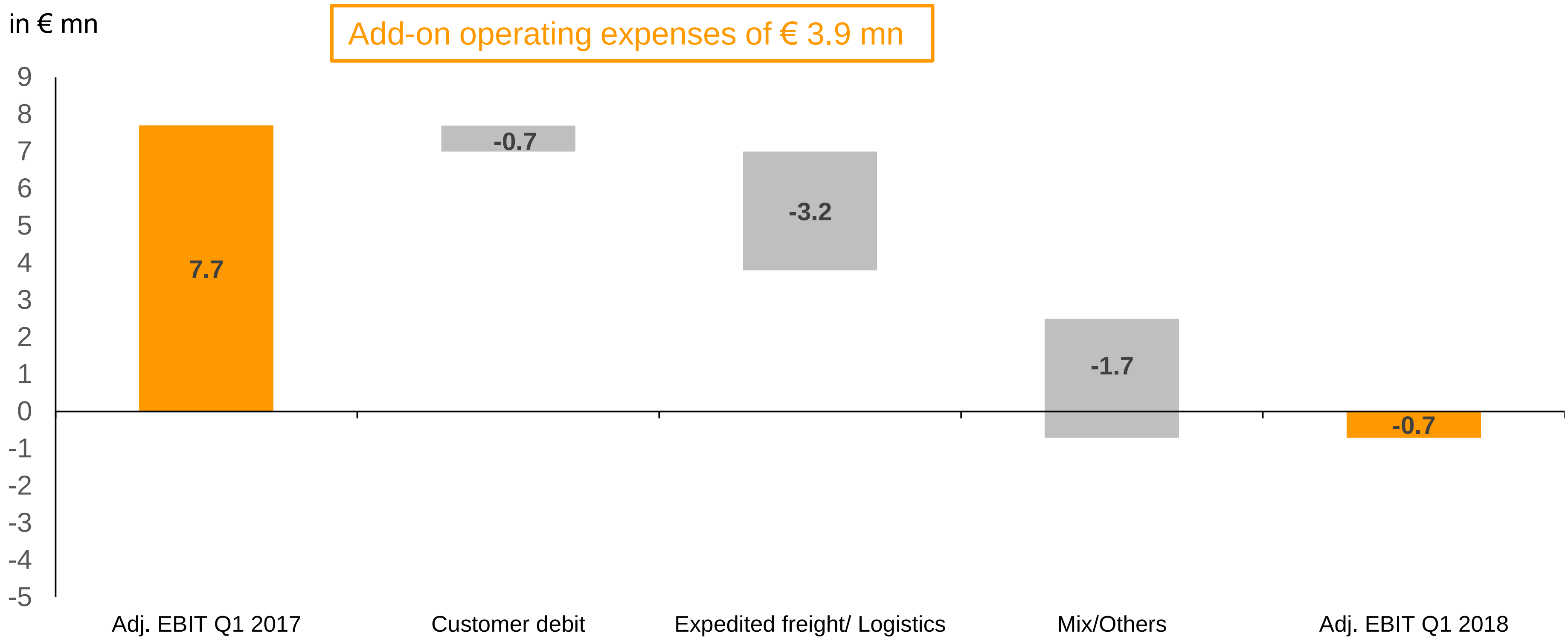
Reconciliation sales to gross profit Q1 2018



Impacts on gross margin in Q1 18	
Temp. workforce	–
Volume	+ –
Raw materials	–
Product mix	–
Restructuring cost	–
Exchange rate	–
Operating efficiencies	+ –

Q1 2018 gross profit at € 50.6 mn (py: € 57.2 mn) and gross margin at 17.2% (py: 19.0%) still impacted by additional operating expense related to US plant realignment and also a significant steel price rise of € 4.0 mn leading to upfront material cost; But sequential gross margin improvement by 20 basis points despite € 4.5 mn in volume-related positive purchasing effects recorded in Q4 2017.

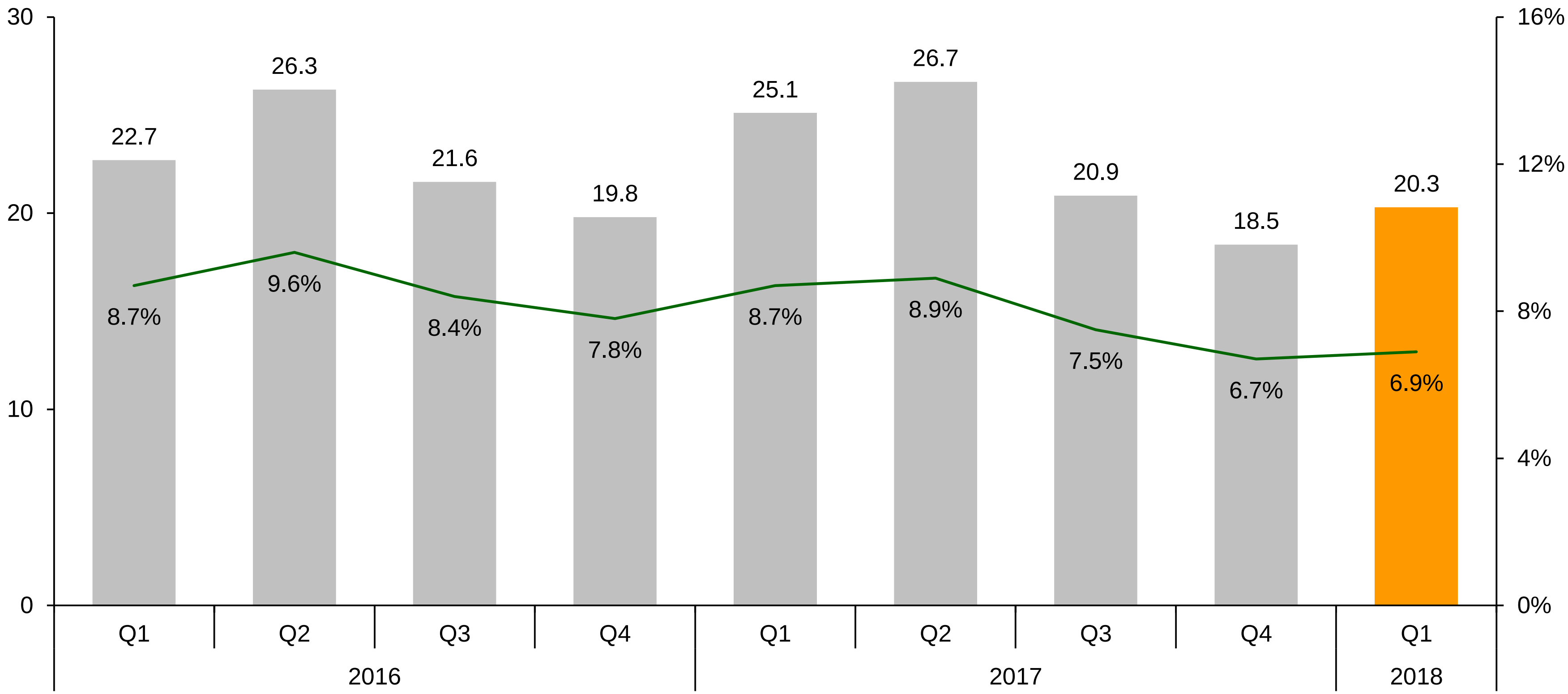
Burdening effects on Q1 2018 adj. EBIT Americas region



Besides, € 0.9 mn in restructuring charges (that were adjusted for), € 3.9 mn in extra operating expenses occurred, due to realignment of US production network. In the first quarter of 2018, mix was not supportive. Besides, steel price-related upfront material expenses had an negative overall impact of € 2.0 mn.

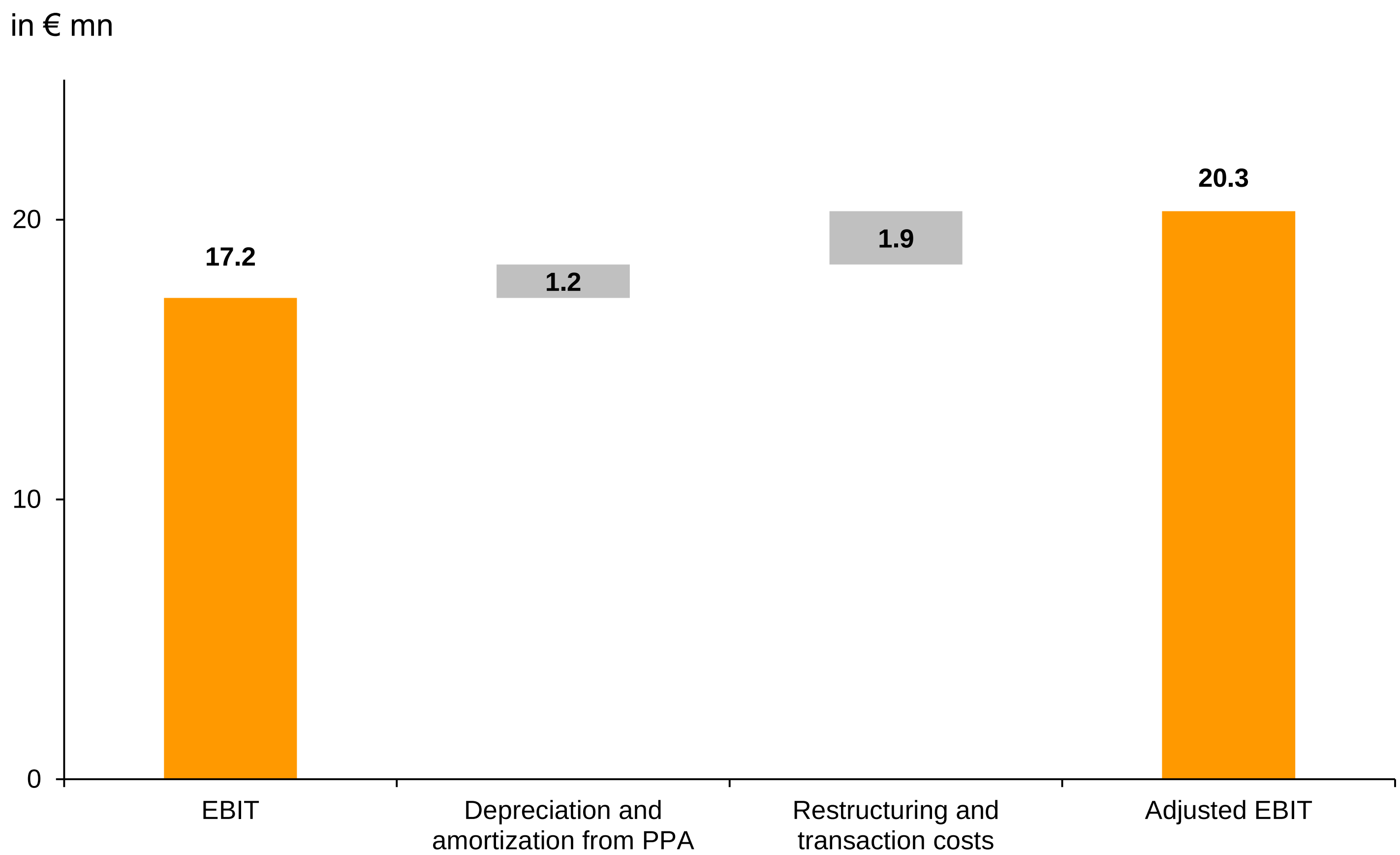
Group adjusted EBIT by quarter

Adjusted EBIT in € mn



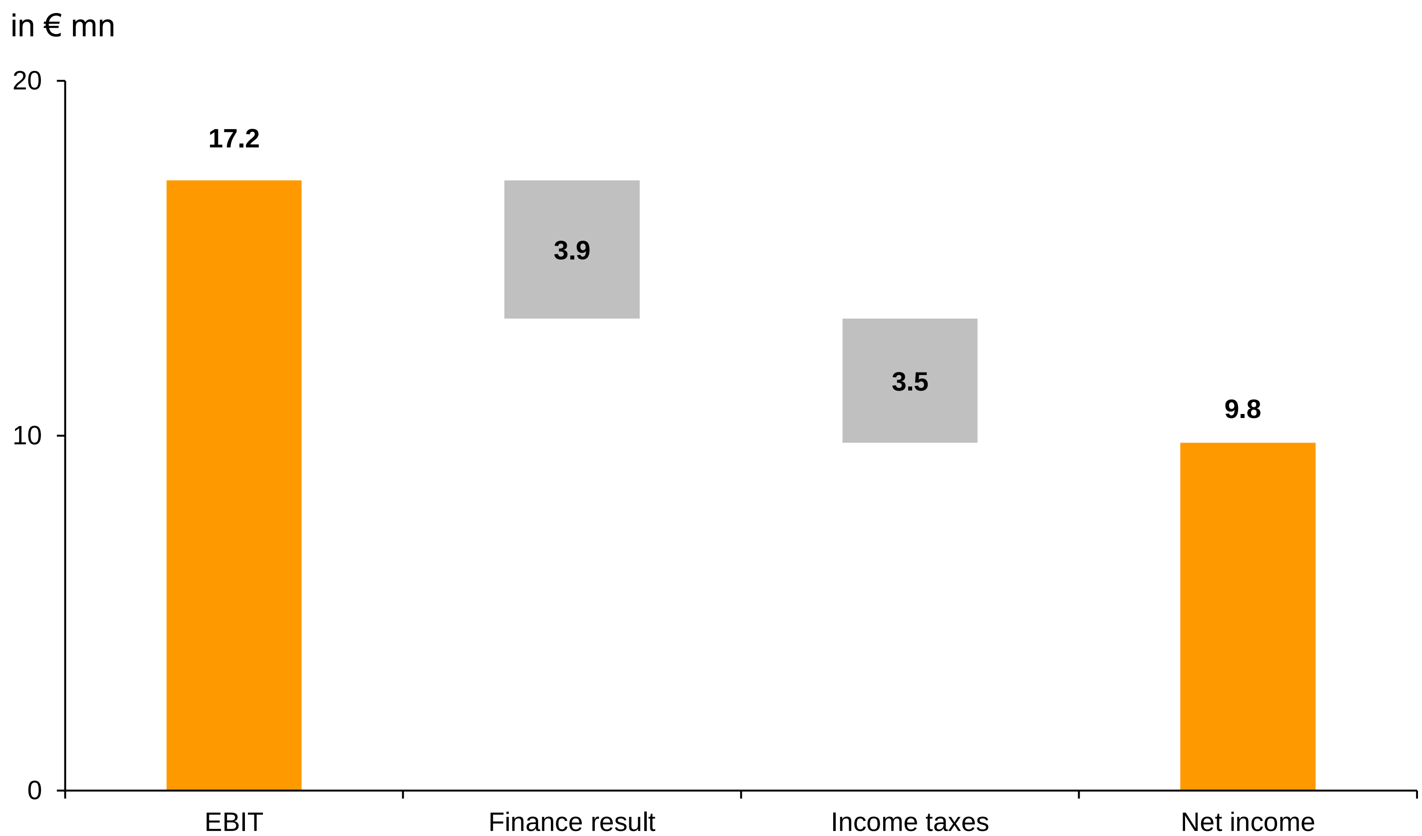
The Q1 2018 adjusted EBIT margin slightly improved to 6.9% compared to the previous quarter. The adjusted EBIT in the first quarter came in below the prior-year-figure at € 20.3 mn (py: € 25.1 mn) but sequentially also better.

Reconciliation reported EBIT to adjusted EBIT Q1 2018



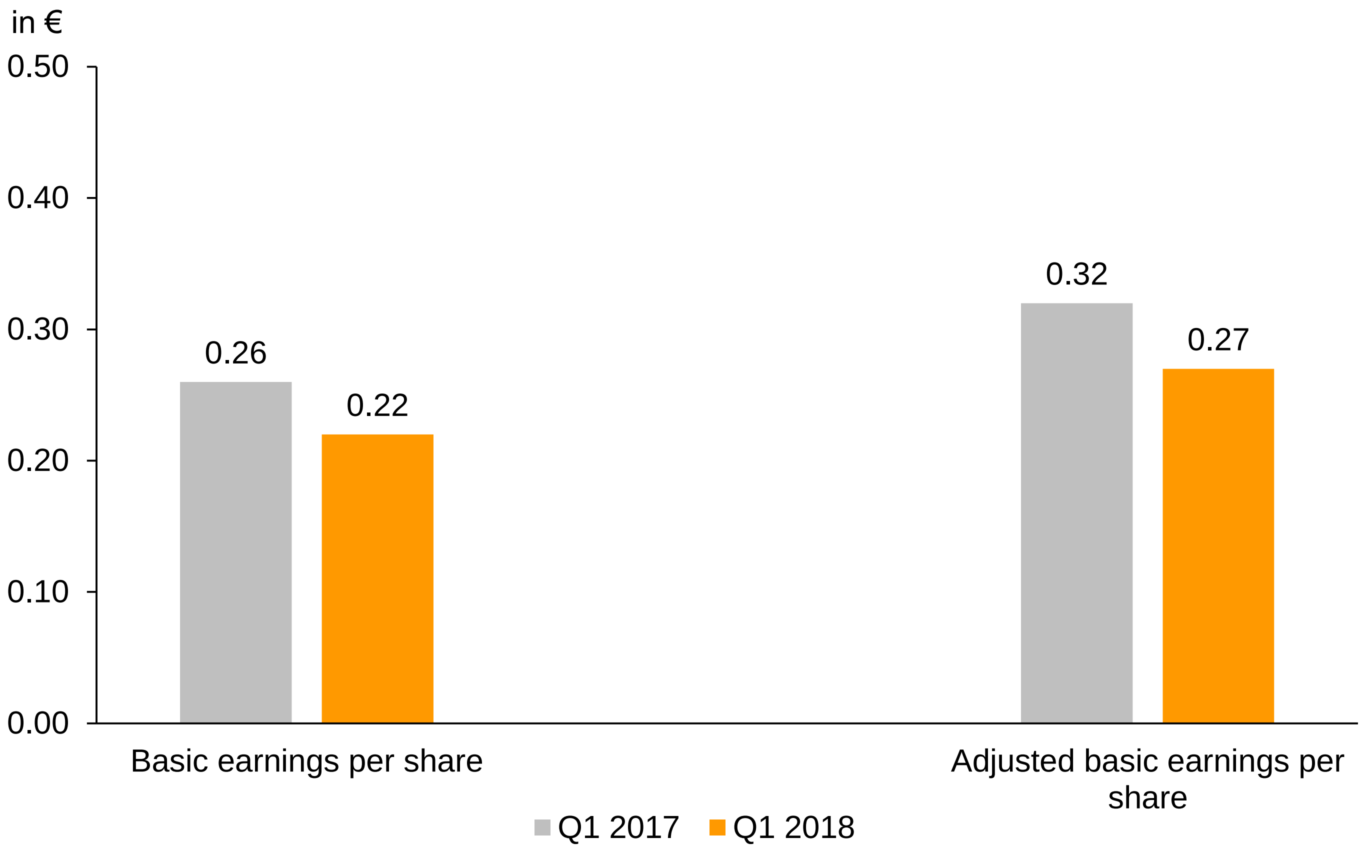
Excl. restructuring and transaction costs totaling € 1.9 mn (thereof € 0.9 mn related to US plant consolidation) and PPA of € 1.2 mn, the adjusted EBIT amounted to € 20.3 mn.

From EBIT to net income Q1 2018



Clean EBIT of € 17.2 mn (py: € 21.0 mn) combined with slightly lower net finance cost of € 3.9 mn (py: € 4.3 mn) and a reduced Group tax rate of 26.4% (py: 32.7%) in producing net income of € 9.8 mn (py: € 11.3 mn).

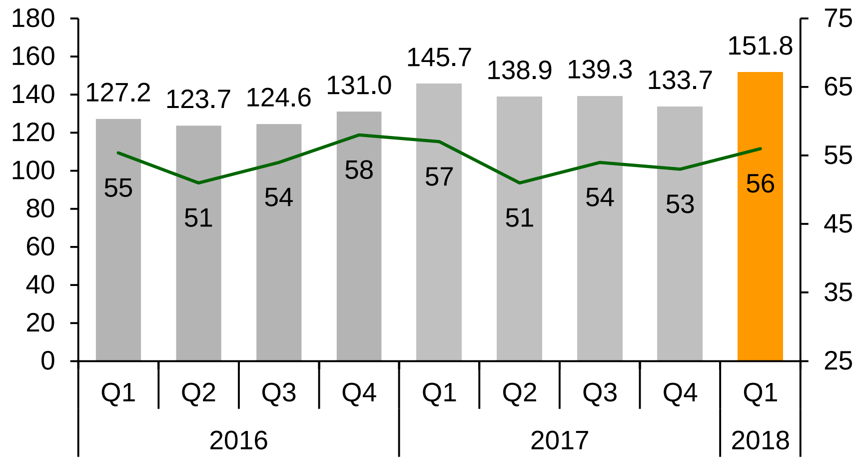
Basic EPS versus adjusted EPS



Based on 45.4 mn shares outstanding, basic EPS reached € 0.22 (py: € 0.26); Adjusted basic EPS amounted to € 0.27 (py: € 0.32).

Inventories and net working capital (NWC)

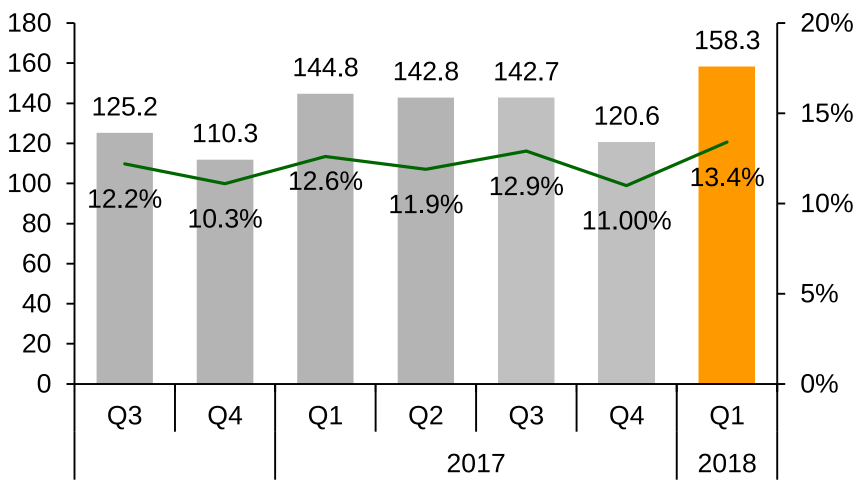
Inventories in € mn and days of inventories



Summary

- Inventories due to strong organic sales growth and seasonal patterns increased to € 151.8 mn until the end of Q1 2018 (Dec. 31, 2017: € 133.7 mn)
- Compared to March 31, 2017 (€ 145.7 mn), inventories recorded only a relatively small increase
- As a result, days of inventory outstanding came in one day less at 56 days (March 31, 2017: 57 days)

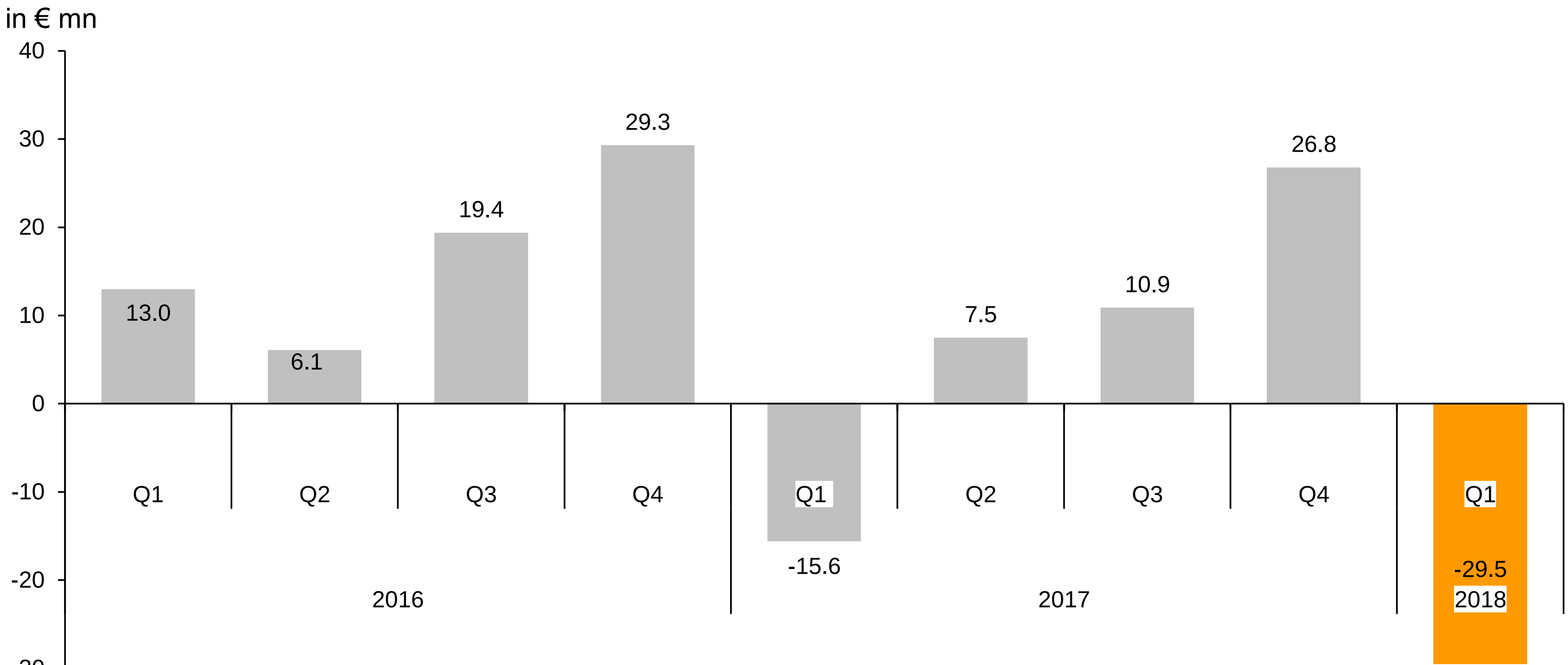
Net working capital in € mn and as % of sales



Summary

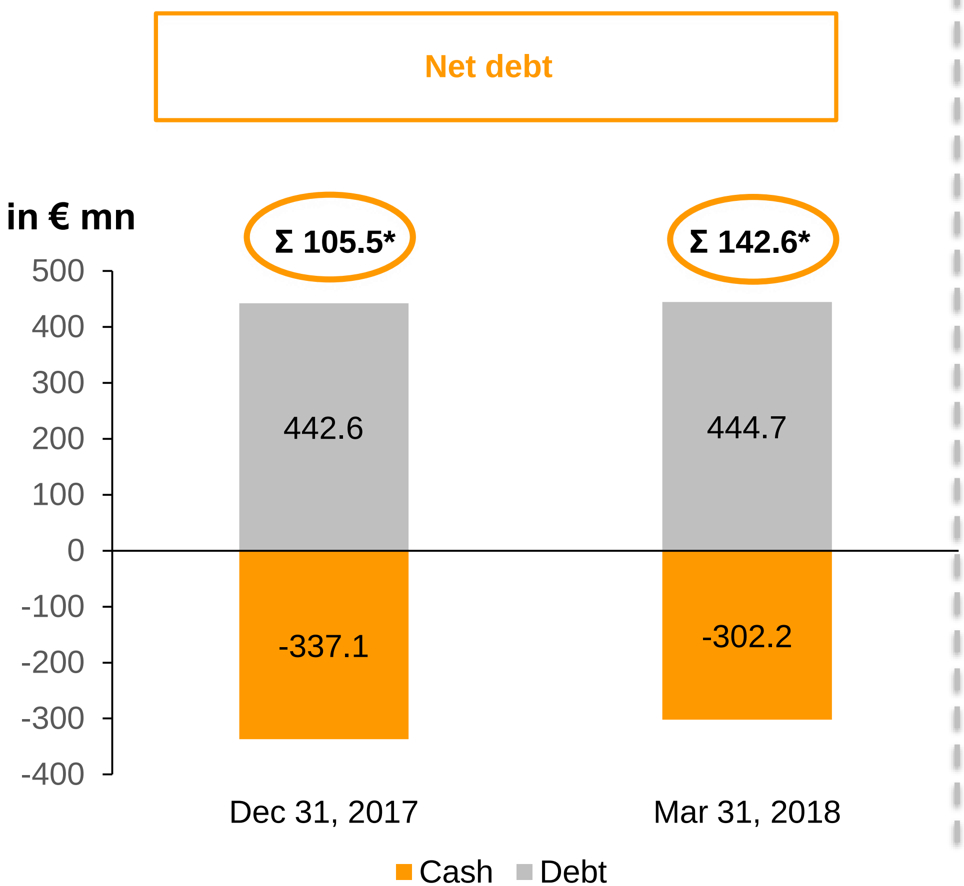
- NWC amounted to € 158.3 mn in absolute terms
- Strong sales increase and seasonal effects contribu-ted to the pick-up in net working capital driven by trade receivables, which increased by € 42.0 mn to € 177.7 mn when compared to Dec. 31, 2017
- Besides regional mix had an elevating effect with regard to receivables
- Thus, as of March 31, 2018, NWC ratio amounted to 13.4%, slightly higher than Q1 2017 (12.6%)

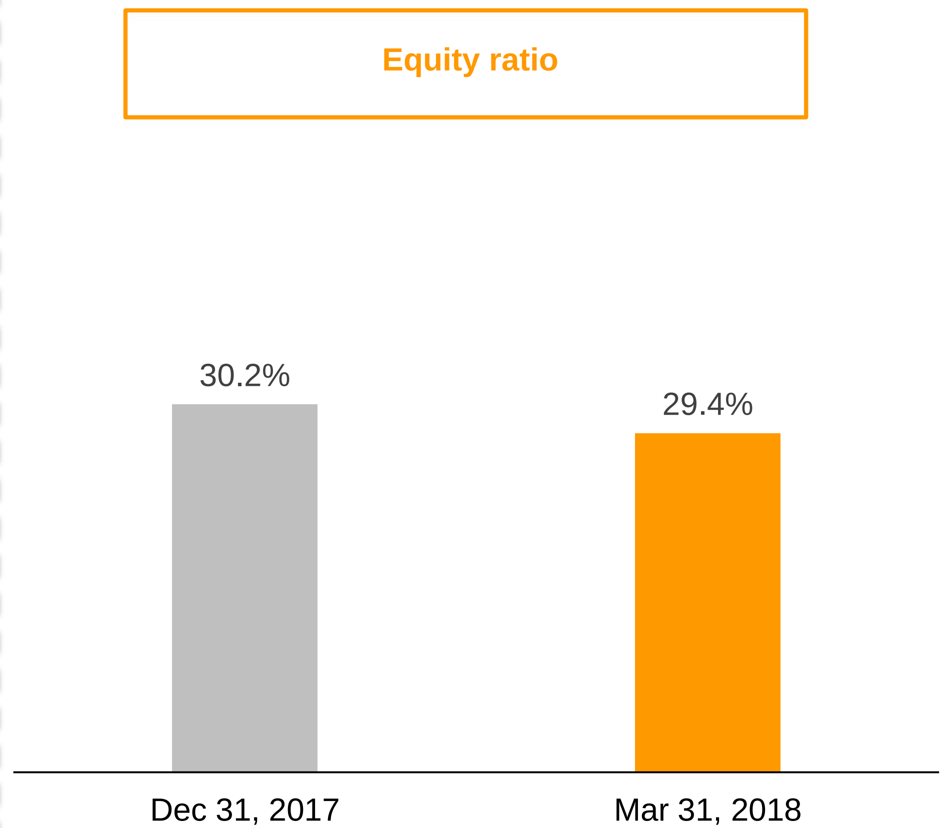
Free cash flow by quarter



Seasonally weaker Q1 free cash flow (net cash flow from operating activities less investments in property, plant and equipment and intangible assets) came in at € -29.5 mn in 2018 (py: € -15.6 mn) caused by the increase in net working capital, stepped up capex, lower result before tax and higher income taxes paid.

Net debt at € 142.6 mn - Equity ratio still reflecting strong cash position





***** Net debt including cash and cash equivalents and other short-term investments sequentially increased to € 142.6 mn (Dec. 31,2017: € 105.5 mn); Cash and cash equivalents and other short-term investments amounted to € 302.2 mn (Dec. 31, 2017: € 337.1 mn). The equity ratio as of March 31, 2018 was 29.4%.

- Business summary Q1 2018
- Market update
- Financials
- Market forecast and Company outlook

Market trend 2017 and forecast 2018

Global trailer forecast in thousand

Region	Indicator	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	334	+6.4	

Region	Indicator	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

Region	Indicator	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	327	+28.3	approx. 11 %
	FTR Truck Shipment[2)]	295	320	227	-29.1	250	+9.5	330	+31.9	

Region	Indicator	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 is expected to consolidate at a high level.

Sources:
1) ACT N.A. Commercial Vehicle Outlook, April 2018, published monthly by Americas Commercial Transportation Research Co., LLC, Columbus, Indiana.
2) North American Commercial Truck & Trailer Outlook, April 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

Outlook: Financial targets 2018 and mid-term planning 2020

	FY 2018*	Strategy 2020
Sales	Organic increase of 4 to 5% + contribution from V.Orlandi and York (~ € 50 mn) + 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%
Net working capital 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

Disclaimer

Not for general release, publication or distribution in the United States, Australia, Canada or Japan.

By attending this presentation you agree to be bound by the following limitations:

This presentation has been prepared by SAF-HOLLAND S.A. ("SAF-HOLLAND") and comprises written materials concerning SAF-HOLLAND. It is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. It contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither SAF-HOLLAND nor any of its directors, officers, employees or advisors nor any other person shall have any responsibility or liability whatsoever (for negligence or otherwise) arising, directly or indirectly, from the use of this presentation, or its contents or otherwise in connection with this presentation.

This presentation contains certain statements related to our future business and financial performance and future events or developments involving SAF-HOLLAND and/or the industry in which SAF-HOLLAND operates that may constitute forward-looking statements. These statements may be identified by words such as "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. Forward-looking statements are not historical facts, but solely opinions, views and forecasts which are based on current expectations and certain assumptions of SAF-HOLLAND's management or cited from third party sources which are uncertain and subject to risks. Actual events may differ significantly from the anticipated developments due to a number of factors, including without limitation, changes in general economic conditions, changes affecting the fair values of the assets held by SAF-HOLLAND and its subsidiaries, changes affecting interest rate levels, changes in competition levels, changes in laws and regulations, environmental damages, the potential impact of legal proceedings and actions and the Group's ability to achieve operational synergies from past or future acquisitions. Should any of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove to be incorrect, actual results, performance or achievements of SAF-HOLLAND may (negatively or positively) vary materially from those described, explicitly or implicitly, in the relevant forward-looking statement.

The information contained in this presentation, including any forward-looking statements expressed herein, speaks only as of the date hereof and reflects current legislation and the business and financial affairs of the SAF-HOLLAND which are subject to change and audit. Neither the delivery of this presentation nor any further discussions of SAF-HOLLAND with any of the recipients thereof shall, under any circumstances, create any implication that there has been no change in the affairs of SAF-HOLLAND since such date. Consequently, SAF-HOLLAND neither accepts any responsibility for the future accuracy of the information contained in this presentation, including any forward-looking statements expressed herein, nor assumes any obligation, to update or revise this information to reflect subsequent events or developments which differ from those anticipated.

This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. This presentation is for information purposes only and does neither constitute an offer to sell securities, nor any recommendation of, or solicitation of an offer to buy, any securities of SAF-HOLLAND in the United States, Germany or any other jurisdiction. In the United States, any securities may not be offered or sold absent registration or an exemption from registration under the U.S. Securities Act of 1933.

Investor Relations

SAF-HOLLAND GmbH
Stephan Haas
Hauptstraße 26
63856 Bessenbach

Phone +49 6095 301-617
Telefax +49 6095 301-102
Mobile +49 170 306 64 97

Stephan.Haas@safholland.de
www.safholland.com