

SAF-HOLLAND Annual General Meeting on April 28, 2016

Speech from Detlef Borghardt, CEO

Timing 14
Minuten

Chart 1



Dear shareholders and shareholder representatives, ladies and gentlemen, my name is Detlef Borghardt and I am the CEO of SAF-HOLLAND.

On behalf of the whole Management Board I would like to welcome you to the Annual General Meeting 2016 of SAF-HOLLAND S.A.

Chart 2

Financial targets 2015 largely exceeded

	Originally	Actual business development	Status
Sales	€ 980 mn to € 1,035 mn	€ 1,080.7 mn	
Adj. EBIT	Approx. € 90 mn	€ 94.0 mn	
Adj. EBIT-margin	9 -10% lower end	8.9%	

* Fully considering the higher number of shares due to convertible bond issue in 2014



2015 has been a special year for SAF-HOLLAND; not only because of the particular challenges presented to us by the international market environment but because, despite these challenges, we still achieved the mid-term targets presented to our shareholders.

We set out to achieve Group sales of one billion euros and an adjusted EBIT margin of 9 to 10% by the end of fiscal year 2015. You might recall, in 2010 we had sales of just EUR 631 million and an operating margin of 5.9%. Despite unforeseen weakness in markets important to us, such as the Russian Federation and Australia, and the further economic downside in Brazil – all of which pressured our sales and earnings in 2015 – we were able to keep our word: Sales significantly exceeded the one billion euro threshold and the adjusted EBIT margin of 8.9 % has largely been achieved.

Chart 3

Executive Summary



1	Sales target FY 2015 accomplished, double-digit sales increase <ul style="list-style-type: none">Group sales were up 10.5% to € 1,060.7 mn (959.7) driven by growth in all BUs despite the unexpectedly severe market weakness in Russia, Brazil and AustraliaPositive translational FX effects contribute tellingly (8.3%)
2	Adjusted EBIT picks up at a higher rate than sales <ul style="list-style-type: none">Adj. EBIT 2015 improved by 33.0% to € 94.0 mn (70.7) on sales growth, improved product mix, prolific efficiency measures and cost managementFY 2015 adj. EBIT margin up 150 BPs to 8.9% (7.4%),Q4 adj. EBIT margin reached 8.4% (6.4%)
3	In addition to the operational improvement, also the finance result increased by € 3.7 mn from € -7.7 mn in FY 2014 to € -4.0 mn in FY 2015 <ul style="list-style-type: none">Beneficial effects from unrealized FX gains from the valuation of intercompany foreign currency loans of EUR 8.4 mn (6.8)
4	Solid growth in undiluted EPS <ul style="list-style-type: none">Net profit soars 58.1% coming in at € 51.7 mn (32.7);EPS undiluted at € 1.14 as compared to € 0.72 in the previous yearDividend proposal: 25% increase to € 0.40 (€ 0.32)

² *Assumption is, that there is no significant deterioration of the political, economic or industry-specific environment.



Let me briefly relate to the FY 2015 figures: Supported by positive translational FX effects, sales were up 10.5% totaling EUR 1,060.7 million. Adjusted EBIT increased disproportionately by 33% to EUR 94.0 million taking the EBIT margin to 8.9%.

Backed by beneficial effects from unrealized FX gains, the finance result improved by EUR 3.7 million and came in at minus EUR 4.0 million.

Thus net profit soared by 58.1% to EUR 51.7 million.

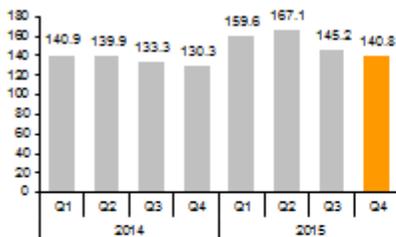
Undiluted earnings per share (EPS) amounted to EUR 1.14 – compared to EUR 0.72 a year ago.

Ladies and Gentlemen, we want our shareholders to participate adequately in our Company's success, which is why we proposed a 25% dividend increase to 40 (32) eurocents at this AGM. This equals to a payout ratio of 38.6% of available net earnings. Based on the share's 2015 closing price, this equates to, what we think, amounts to an attractive dividend yield of 3.2 percent.

Chart 4

Business performance – Trailer Systems

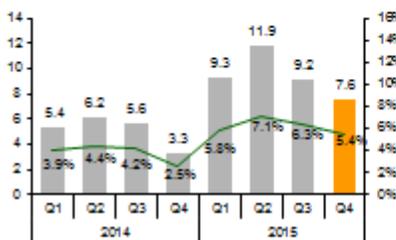
Sales in €mn



Summary

- Sales in 2015 increased 12.5% reaching € 612.7 mn (544.4)
- Sales trend in Western Europe supported by economic recovery and share gains
- North American sales development marked by normalization of demand and positive FX effects
- Severe weakness in Russia, Brazil and Australia (€ 13.0 mn less sales contribution) burdens
- Q4/2015 sales up 8.1% yoy to € 140.8 mn (130.3)

Adjusted EBIT in €mn and margin in %



- Adj. EBIT 2015 increased by 85.4% to € 38.0 mn (20.5)
- Adj. EBIT margin target of 6.0% achieved at 6.2% (3.8%)
- Improvement in profitability driven by volume growth, recognized effects of efficiency measures undertaken and favorable product mix
- Further initiatives for workflow and manufacturing process optimization
- Adj. EBIT in Q4/2015 at € 7.6 mn (3.3) exceeds previous year's final quarter significantly

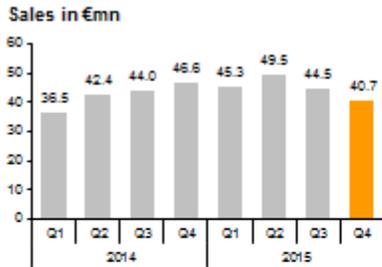


All three business units contributed to the increase in group sales. The Trailer Systems Business Unit, SAF-HOLLAND's largest segment, achieved a sales increase of 12.5% to EUR 612.7 million in FY 2015 after EUR 544.4 million in 2014.

Sales in Western Europe were supported by the economic recovery and market share gains. In North America, sales were marked by a normalization of demand on the one hand and positive exchange rate effects on the other. The lasting weakness in Russia, Brazil and Australia burdened the development of the Business Unit and contributed EUR 13 million sales less than in the previous year. Nevertheless volume growth and the effects of our efficiency measures led to a nice improvement in profitability of the business segment. The adjusted EBIT increased by 85.4% to EUR 38.0 million. Featuring an adjusted EBIT margin of 6.2% we exceeded our target of 6.0% for financial year 2015.

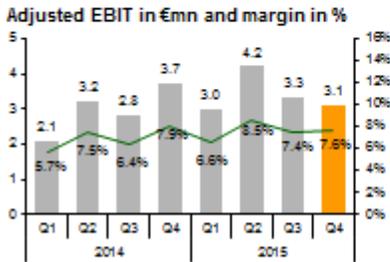
Chart 5

Business performance – Powered Vehicle Systems



Summary

- Sales increase of 6.2% in 2015 to € 180.0 mn (169.5) supported by FX
- Solid development in European truck business due to improved market environment and growing exports
- North America: Sales flatten in 2nd half-year due to declining US production from record levels
- Q4/2015 sales declined by 12.7% versus a strong final quarter 2014 to € 40.7 mn (46.6)



- Adj. EBIT 2015 came in 15.3% higher at € 13.6 mn (11.8)
- Adj. EBIT margin amounted 7.6% (7.0%), behind mid-term target corridor of 8 to 9%
- North America: Adjustment of capacities and variable cost structures in line with slower OE demand
- Q4/2015 adj. EBIT was € 0.6 mn lower yoy and stood at € 3.1 mn (3.7); margin holding up despite sales decrease



Sales in the Powered Vehicle Systems Business Unit in FY 2015 increased by 6.2% to EUR 180.0 million following EUR 169.5 million in the previous year.

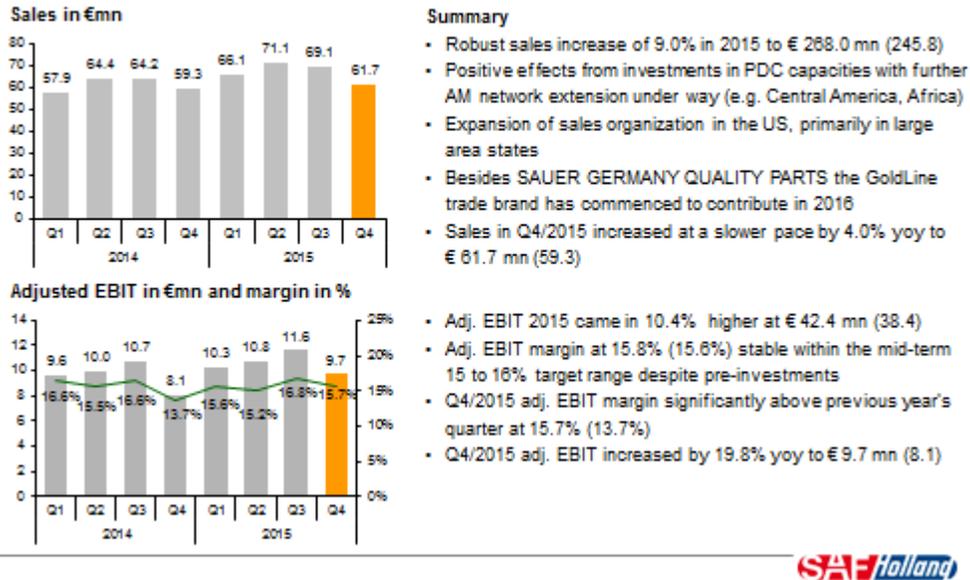
This development was also supported by positive exchange rate effects. The European truck business showed a solid development due to an improved market environment and growing exports.

Following record years, North American sales weakened in the 2nd half-year due to the declining US production.

Overall the adjusted EBIT of the business unit increased by 15.3% to EUR 13.6 million and the adjusted EBIT margin amounted to 7.6% after 7.0% in the previous year.

Chart 6

Business performance – Aftermarket



The Aftermarket Business Unit increased its sales by 9.0% from EUR 245.8 million to EUR 268.0 million in 2015.

In North America, in an uneasy environment marked by record years of newly registered truck population, the business segment expanded its sales structure primarily in the large-area states where the company had previously been significantly under-represented.

Positive effects came from additional investments in warehouse capacities, as well as from the Sauer Germany Quality Parts and GoldLine brands that contributed to the sales development to an increasing extent.

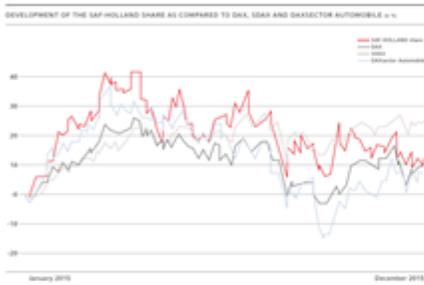
The adjusted EBIT of the business segment came in 10.4% higher at EUR 42.4 million (PY 38.4).

Despite pre-investments for further growth, the adjusted EBIT margin improved from 15.6% to 15.8% and thus remained stable within the target range of 15 to 16%

Chart 7

Share price and shareholder structure

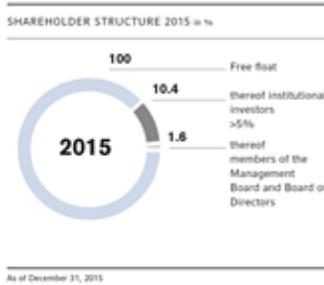
Development of SAF-HOLLAND share price vs. indices (in %)



Basic data for share as of December 31, 2015

ISIN	LU0307018795
Number of shares	45,361,112
Closing price	€12.49
undiluted adjusted EPS	€1.37

Shareholder Structure (in %)



SAF-HOLLAND share price development in 2015

- Share price increase of 12.5% in 2015
- Total return 15.4%
- Share price outperforms benchmark index DAX and also the DAXsector Automobile Index

Let's not forget about the share price development in 2015:

Parallel to the overall market, the SAF-HOLLAND share showed a decent rise at the beginning of 2015. Compared to the year-end figure for 2014, the share price climbed by approx. 40% by mid of March and reached its high for the year at EUR 16.00 in intra-day trading.

As a result of the significant downturn in the markets as a whole and burdened by the noticeably worsened mood in the automotive and commercial vehicles sector brought about by the VW emissions scandal and truck market downturn in the US, until September a correction materialized. Together with an improved stock market environment and sound quarterly figures, the share price picked up again ending the year 2015 with a closing price of EUR 12.49.

This corresponds to a respectable annual gain of 12.5%. The SAF-HOLLAND share thus fared better than the DAX which was up only 9.6%

and also outperformed the relevant industry index, the DAXsector Automobile Index, by more than 5 percentage points.

Chart 8

Outlook: Financial targets 2016

	FY 2016*	Strategy 2020
Sales	Organically constant or slight increase	Organic: € 1,250 mn
	€ 1,050 mn to € 1,070 mn	+ Coop., JVs, Acquisitions: € 1,500 mn
Adj. EBIT-margin	8 - 9%	≥ 8%
NWC ratio	12 – 13%	12%
CAPEX	Approx. €28 mn	€ 26 mn -€ 28 mn p.a.

* Assumption is, that there is no significant deterioration of political, economic or industry-specific environment.
Not including potential sales and earnings contributions from cooperations, JVs and acquisitions

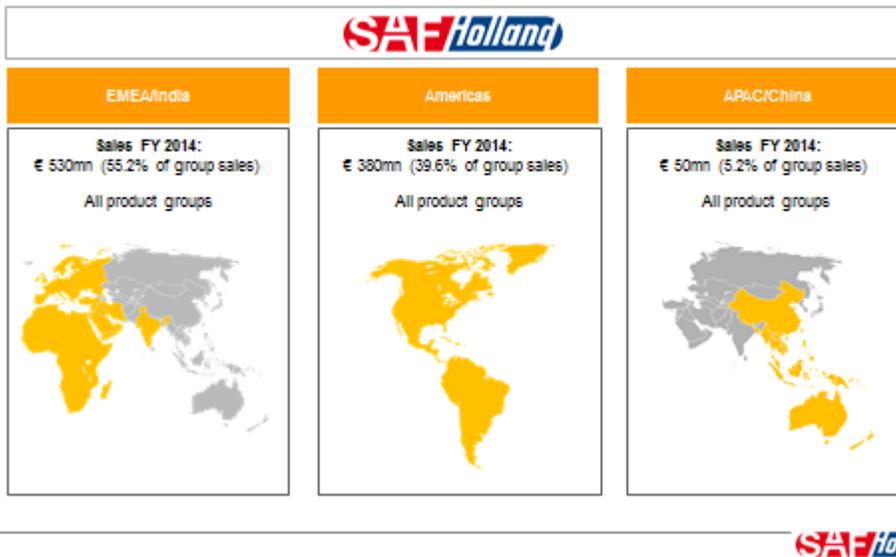


Now let us turn to what lies ahead: The year 2015 was also special because our Strategy 2020 brought the Company's development to the next level. In May 2015, we introduced the Group's new targets: Starting from sales of EUR 960 million in fiscal year 2014, we intend to increase Group sales organically to roughly EUR 1.25 billion by 2020. At the same time, we plan to reach a solid adjusted EBIT margin of at least 8% on average, providing a suitable return for our shareholders. In addition, we plan to grow through collaborations, joint ventures, and acquisitions to bring Group sales to the overall target level of EUR 1.5 billion by the year 2020. The emphasis will be on facilitating faster market penetration in new growth markets or on strengthening our existing foothold in these markets. We also intend to boost our Aftermarket business by establishing new international parts distribution centers and sales offices and by making targeted acquisitions. We have established the financial foundation for achieving the Strategy 2020 targets – including the mentioned M&A activities – with our strong

cash flow and our first time issue of a promissory note loan, which brought additional proceeds of EUR 200 million.

Chart 9

New structure implementing Strategy 2020: by Region/ Business Area



We have already restructured our organization and reporting lines according to our medium-term targets and have adopted a regional structure. These changes will make us more effective and bring us even closer to our customers.

Following our new internal reporting lines we changed our external reporting to the financial community correspondingly.

Approximately 90% of our sales in 2015 were generated in our core markets of North America and Europe. This means, in a worldwide comparison, we are operating in a relatively stable economic environment, also when taking political risks into consideration. Our strongest incremental percentage growth, however, was achieved in the emerged and emerging markets included in the region “Others”. We prefer to take a countercyclical

approach. The temporary slowdown in some growth markets that are highly attractive from a medium-term perspective, for example within the MINT economies or among the NEXT 11 countries, increases the opportunities of entering into prospective collaborations and joint ventures or making acquisitions at reasonable terms to complement our organic growth or add complementary technologies.

We are focused intently on designing new products and applications, particularly for the needs of our fleet customers. Among others, this means even lighter lightweight products that help save fuel, reduce CO2 emissions, and make a marked contribution to lowering the total cost of ownership for transportation companies. Technological innovation and digitalization are factors that are increasingly influencing our business model. Therefore, we will take advantage of any emerging opportunities and push forward with our development in these areas.

In some markets, the year 2016 is predicted to be another challenging year. However, our strong position in the further recovering European markets, the acquisition of new customers and our high standing in the Aftermarket business give us confidence that the 2016 fiscal year will be another year of solid sales and earnings performance for SAF-HOLLAND. The glass is, we think, half full rather than half empty: Pent-up demand in regions such as Russia and the bottoming-out in the Australian and Brazilian markets should set the stage for renewed growth in these countries at least in the mid-term.

Chart 10



We invite you to join us on our journey ahead and continue to count on your trust.

And with that in mind I would like to come to the end of my speech.

Thank you for your attention.