SAF-HOLLAND Annual General Meeting on April 27, 2017

Speech from Detlef Borghardt, CEO

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 and the subsequent Extraordinary General meeting of SAF-HOLLAND S.A.

SAF-HOLLAND looks back to a year 2016 that was as satisfying as it was eventful. Before addressing the financial performance of the company, let me comment on our M&A activities. In July 2016, we made a takeover offer for Haldex AB, the Swedish supplier of brake systems and modules for air suspensions. Shortly after the offer, as you know, two additional bidders appeared on the scene offering significantly higher offer prices for Haldex. We decided to adhere to our M&A principles, maintain our financial discipline and refused to participate in a potential bidding war. That is why we withdrew the offer. This decision was an expression of our strong conviction that takeovers should not only be appropriate in the strategic sense but also pay off from a financial perspective. We will also take these principles into account with future acquisitions and will continue to act in the best interest of our shareholders. The fact that we were not able to acquire Haldex will not stop us from reaching our 2020 targets. We made a first step in this direction with the acquisition of KLL in Brazil. And there is more to come.

Chart 2

Full-year 2016 sales and earnings targets achieved

	Originally (as of August 2016)	Actual business development	Status
Sales	Lower end of range of EUR 1,050 and EUR 1,070 mn	EUR 1,042.0 mn (reported) EUR 1,052.9 mn (organic)	
Adj. EBIT margin	Upper half of the 8-9% range	8.7%	
Net Working Capital ratio	12-13%	11.1%	

- Lower end of sales target range reached with essentially stable organic sales (sales excluding negative currency effects and sales contribution from KLL)
- Target of an adjusted EBIT margin rather towards the upper half of 8-9% range achieved

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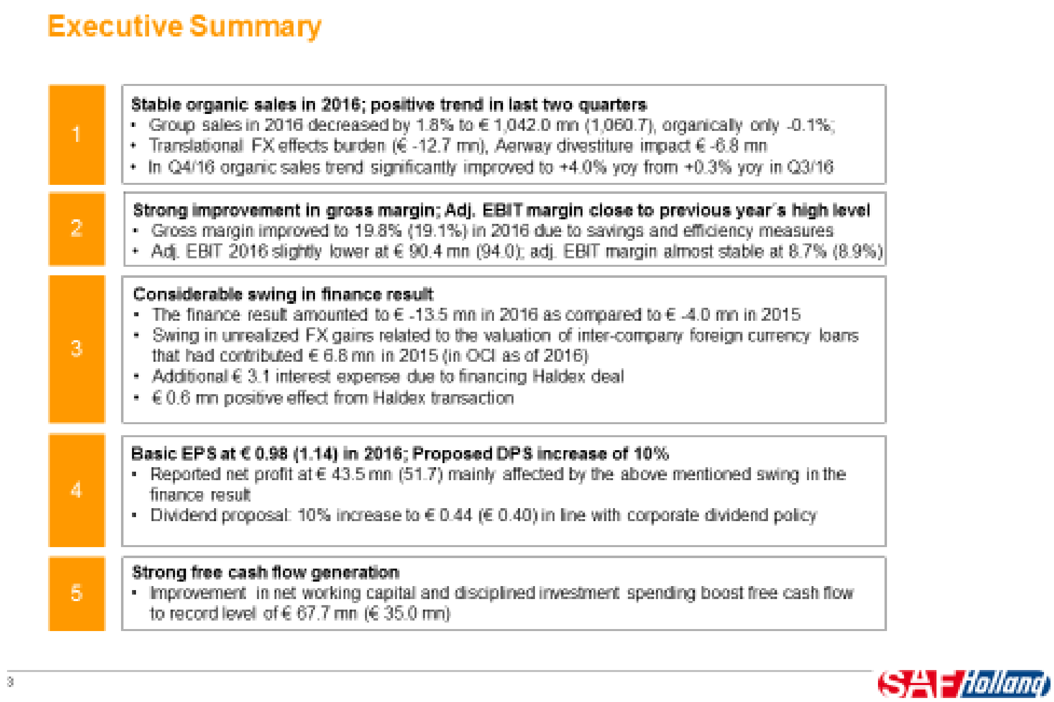
One year ago, I indicated, that 2016 would be a challenging year: As you know, class 8 trucks production in the North American market suffered a sharp decline of almost 30%. Other important transportation markets, such as those in Australia, Russia, Brazil and Turkey were also weak.

Nevertheless, SAF-HOLLAND successfully countered many of these effects. Our Group’s positive development in Europe, market share gains and the increase in the aftermarket business enabled SAF-HOLLAND to maintain essentially stable organic sales reaching a level of EUR 1,052.9 million. When talking about organic sales, I refer to sales excluding negative currency effects of EUR 12.7 mn and excluding the contribution to sales from the purchased of KLL. Based on this, SAF-HOLLAND reached the predicted lower end of its Group sales target range of EUR 1,050 to EUR 1,070 million.

With an adjusted EBIT margin of 8.7%, we not only reached our target for the 2016 financial year, but our performance clearly set us apart from others in our industry.

In terms of capital efficiency, we even exceeded our target for capital efficiency. Due to the planned increase in sales contributions from new regions, we were projecting a slight rise in the net working capital ratio in the range of 12 to 13%. With 11.1%, we not only reached this target but also managed to substantially improve this ratio as compared to 2015.

Chart 3



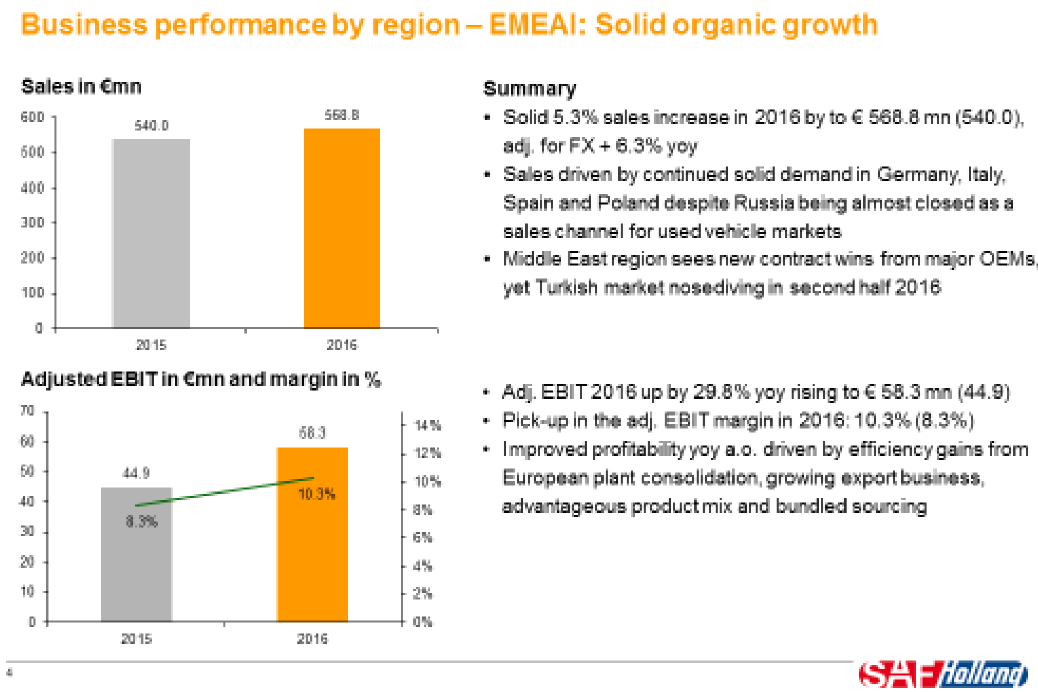
Let me briefly relate to the most important other FY 2016 figures: Besides maintaining essentially stable organic sales, we were able to strongly improve gross margin from 19.1% to 19.8% due to savings and efficiency measures. Adjusted EBIT came in slightly lower at EUR 90.4 mn (94.0) leading to the already mentioned almost stable adjusted EBIT margin of 8.7% (8.9%).

Finance result reached EUR -13.5 mn compared to -4.0 mn in the previous year. This decline largely resulted from the change in the accounting of unrealized FX gains from the valuation of intercompany foreign currency loans which as of Jan. 2016 has been considered in the OCI. In the previous year 2015, the finance results still included an exchange gain of EUR 6.8 mn.

For the financial year 2016, we propose to the Annual General Meeting a dividend of 0.44 EUR per share which is equivalent to a 10% increase. Worth mentioning is also the fact that an improved net working capital and a disciplined investment spending boosted free cashflow to a record level of EUR 67.7 mn compared to EUR 35.0 mn in the 2015 financial year.

Let us briefly take a look at the course of business in the reporting regions.

Chart 4

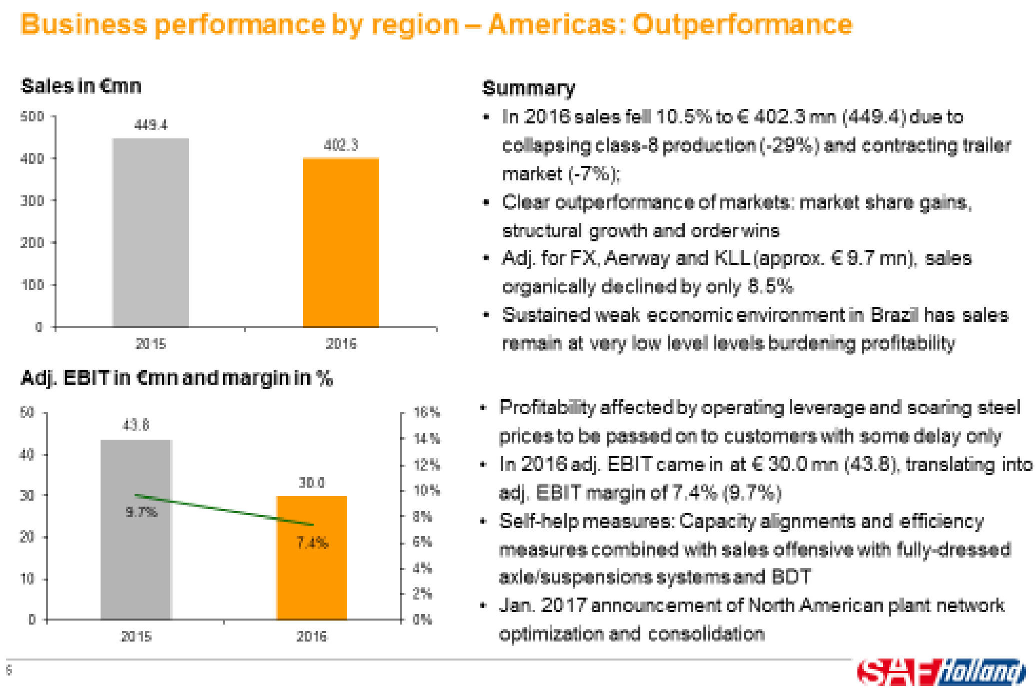


Sales in the EMEA/India region rose 5.3% to EUR 568.8 mn (540.0). On a currency-adjusted basis, the yoy increase was 6.3%.

This growth reflects a continued solid demand in Germany, Italy, Spain and Poland despite Russia being almost closed as a sales channel for used vehicle markets. The subsidiaries in the Middle East region won new contracts from major OEMs although the Turkish market nosedived in the second half of 2016.

Driven by efficiency gains from the European plant consolidation and bundled sourcing. The growing export business and advantageous product mix also contributed. In this context adjusted EBIT rose 29.8% to EUR 58.3 mn and adjusted EBIT margin picked-up 10.3% (8.3%).

Chart 5



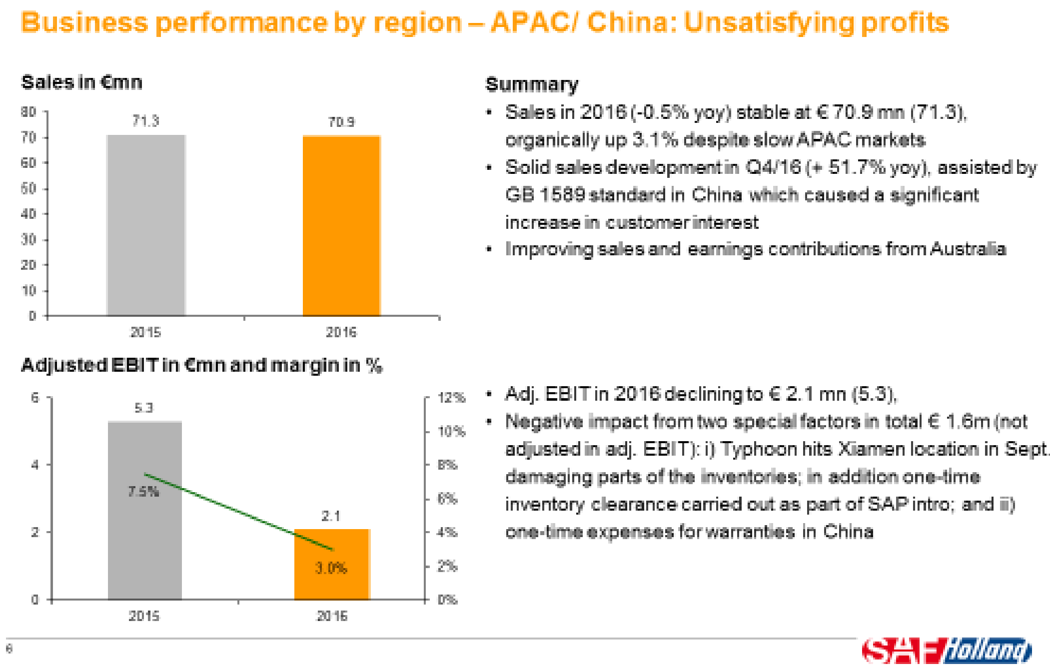
As already mentioned, class 8 production in North America collapsed by almost 30%. Besides the trailer markets contracted 7%.

As a result, sales fell 10.5% to 402.3 mn but nevertheless outperformed the overall market due to market share gains, structural growth and order wins.

Adjusted EBIT came in at EUR 30 mn (43.8) with an adj. EBIT margin of 7.4% (9.7%). The Group was able to reduce costs through early capacity adjustments and efficiency measures. This was combined with a sales offensive with fully dressed axle/suspensions systems. Nevertheless, the weak market environment could not be offset completely.

In January, we announced the optimization of our operational footprint and restructuring of our North American plant network. To become more efficient, increase flexibility and be closer to our customer base, we will consolidate our seven existing locations into five production sites. We expect restructuring cost amounting to up to USD 10 mn. Yet, for this reason, we will reduce our direct cost base by a mid-single-digit million US dollar amount annually once the consolidation has been completed. Measures have already been initiated and are progressing well.

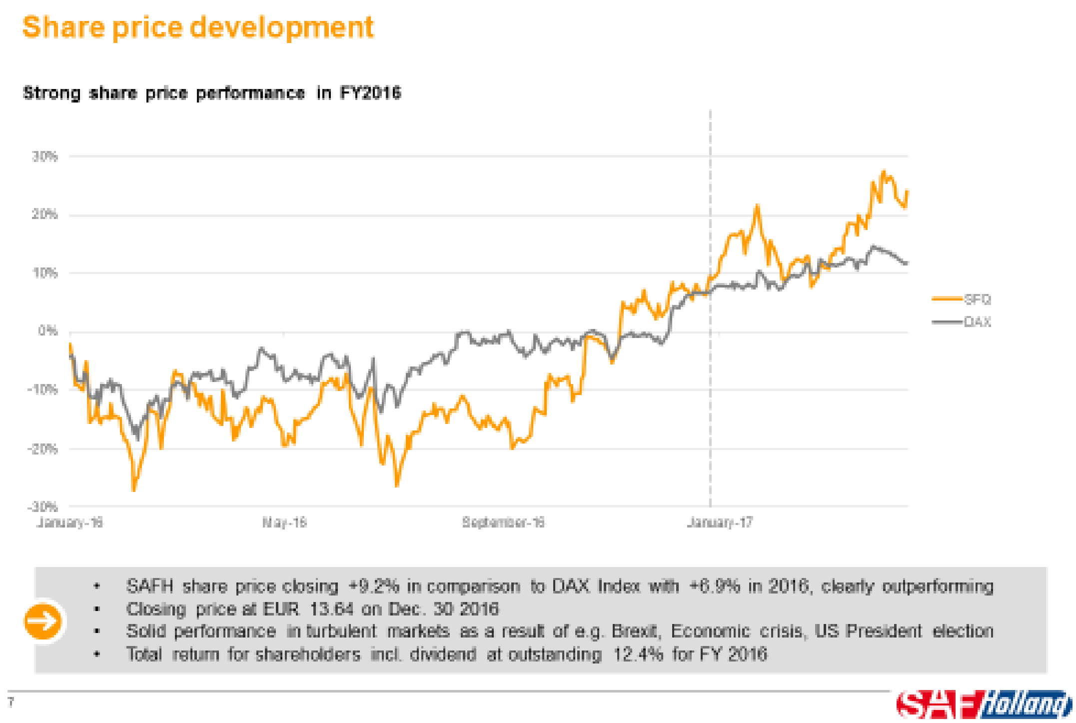
Chart 6



Sales in the APAC/China region were almost stable at EUR 70.9 mn (71.3): Organically sales even increased by 3.1% despite slow APAC markets. The region recorded a solid sales increase of 51.7% in the fourth quarter of 2016 which was assisted by a significant increase in customer interest due to the new GB 1589 standard in China. The standard limits the weight and length of truck and trailer combinations placing us in an advantagous position to expand our market share in China featuring our innovative and lightweight products.

Nevertheless adj. EBIT declined from EUR 5.3 mn to EUR 2.1 mn in 2016. This development was impacted by two special factors: On the one hand, a typhoon hit our Xiamen location in September, damaging parts of the inventories and causing write-offs. In addition inventory adjustments were carried out in the course of introducing SAP in China. On the other hand, one-time expenses for warranties were necessary in the fourth quarter.

Chart 7



Let's talk about the most important thing for you as shareholders: our share price.

During 2016, the SAF-HOLLAND share price showed a strong performance. Following a weaker and more volatile first half of the year caused by the overall dismal mood on the capital markets and repeated newsflow of a strong decline in production figures for heavy trucks and trailers in North America, the tide turned in the second half.

In August, after the release of solid financial figures for the first half of 2016 and in the context of the takeover bid for Haldex, the share price started to appreciate significantly. At the same time, there was a noticeable increase in international investor awareness for the company. The initiation of research coverage by three additional brokers also helped to propel SAF-

HOLLAND into the spotlight of large institutional investors. As a result, shares climbed almost 52% from their year low and reached EUR 13.64 on the last trading day of the year. Overall our shareholders enjoyed a gratifying 9.2% increase for the year and an attractive 12.4% total return when including the dividend of EUR 0.40 for financial year 2015.

From today's point of view, during the last 9 months we experienced a share price appreciation of more than 75%. In the last couple of days we saw new 52-weeks-highs at levels around Euro 16.

Chart 8

Outlook: Financial targets 2017

	FY 2017*	Strategy 2020
Sales	€ 1,060 mn to € 1,090 mn Assuming stable FX rates and unchanged scope of consolidation	Organic: € 1,250 mn + Coops., JVs, acquisitions: € 1,500 mn
Adj. EBIT margin	8 - 9% From today's standpoint tending toward the mid-point of the range	≥ 8%
NWC ratio	12 – 13%	12%
CAPEX	€ 28 mn - € 31 mn p.a.	€ 26 mn - € 28 mn p.a.

8 * Assumed there is no significant deterioration of political, economic or industry-specific environment;
Not including potential sales and earnings contributions from acquisitions or JVs concluded during the course of the year

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Now let us turn to what lies ahead of us.

In 2015, we introduced our Strategy 2020 and the Group's mid-term targets. Starting from a sales level of EUR 960 million in fiscal year 2014, we planned to increase Group sales organically to roughly EUR 1.25 billion by 2020. On top, we intend to add approx. EUR 250 mn in sales originating from acquisitions, collaborations and joint ventures to bring Group sales to the overall target level of EUR 1.5 billion by the year 2020. At the same time, we plan to uphold a decent adjusted EBIT margin of at least 8% on average, thus providing a suitable return for our shareholders going forward

For the year 2017, from today's perspective, we expect the sound business performance of SAF-HOLLAND to continue. But we have to bear in mind that the market environment in important markets – such as North America and Brazil – to remain challenging. Given the anticipated solid market performance in Europe, market share gains and the start-up of significant major orders, we expect Group sales in the range of EUR 1,060 million to EUR 1,090 million. The adjusted EBIT margin is planned to come in within the range of 8% to 9% in 2017. From today's perspective, we expect the margin to rather tend toward the mid-point of the range due to upfront investment necessary to achieve the goals of our Strategy 2020.

In line with our targets under Strategy 2020, additional Group sales and earnings contributions may result from collaborations, joint ventures and acquisitions that may take place at some time during the year. This assumes the availability and realization of appropriate opportunities at reasonable prices. Generating external growth has a high priority in management activities. And be assured we will stick to our principles and financial discipline.

Chart 9

Ladies and gentlemen,

We invite you to join us on our journey ahead and continue to count on your trust and support. And with that in mind, I would like to come to the end of my presentation. Thank you for your attention.