

## **Slide: Title**

Mr. Chairman,  
Ladies and Gentlemen,  
Dear Shareholders,

On behalf of the entire Management Board, I would like to cordially welcome you to the Annual General Meeting of SAF-HOLLAND S.A. We are pleased that you are able to join us here in Luxembourg today to be informed first-hand on developments at SAF-HOLLAND:

## **Slide: Agenda**

I would at first like to provide you with an overview of the market environment, the most important events of the past year and the annual financial statements for 2009, followed by a summary of the pleasing business development in the first quarter of 2010. After that, I would like to present to you our growth strategy. To close out my remarks today, I will give you the outlook for the current year. I can, however, tell you in advance that our objective for 2010 is clear: we will return to a course of growth and improve our earnings.

## **Slide: Business Performance – We have delivered what we promised**

Ladies and gentlemen,

The 2009 financial year was, without a doubt, by far the most difficult for the Group since the merger in 2006. Nevertheless, we continued to work on our strategic goals and have successfully turned the corner as far as the dramatic market developments are concerned. We have managed to turn the crisis into an opportunity. Our goal was to react quickly and purposefully in order to increase the efficiency of SAF-HOLLAND and to secure its sustainability over the long-term. In short: today, SAF-HOLLAND is leaner and stronger than ever before. We have operated under the premise that our strengths - quality, product range and international alignment - had to be maintained.

One of the most important success factors with regard to securing future sales potential is the expansion of the product range in the USA: we have launched our own axle production and, in addition, have gained our first orders for our axle system. We have also increased the sales potential for the Aftermarket segment through additional cooperations and successfully integrated our subsidiary, SAF-HOLLAND

Verkehrstechnik. At the same time, we have made our production facilities in Europe, the USA and China more efficient, and we have reduced costs and cut inventories. To a large extent we have also reduced capacities – through shortened work hours or unpaid holiday leave, for example. It was important to us that these capacities could be started up again at any time. Because despite the crisis, one thing was sure: the long-term sales drivers are intact. What the crisis brought was a dramatic, but in the end only temporary drop in sales.

We also managed, following lengthy negotiations with the banks, to secure the financing of the Company. The new agreement from November 2009 forward provides us with planning security and flexibility until September 2014. It gives us the necessary room to maneuver so that we can expand our good market position and achieve our medium-term goals.

### **Slide: Background – Market Environment**

Before I present the financial statements to you, I would like to briefly draw your attention to the market environment in which we operate.

The transport and logistics sector around the world has suffered from the consequences of the economic downturn. Western Europe as well as the new EU member states, which were once growth countries, were particularly hard hit. The downturn also continued in the USA. In total, global production of heavy trucks decreased by about a third. Trailer producers suffered decreases of up to 80 percent in Europe and 50 percent in the USA.

#### **Slide: Business Performance – Group Sales**

It was not possible for SAF-HOLLAND to avoid weak demand around the world. Sales decreased by 47.5 percent to 419.6 million euros, with the trailer area especially hard hit. In the truck area we were able to keep sales volume nearly stable. This means that the share of sales of the North American region, where we are active especially in the truck area, has gained in terms of relative weighting.

Regardless of the environmental influences described, there were also rays of hope in 2009: on the one hand, business increasingly stabilized from the second quarter onward. On the other hand, our strategic alignment proved itself. Our

market position remains strong. The precondition that was necessary to participate in market growth is therefore established.

This can be seen already in the first quarter of 2010. Since the beginning of the year, we have been recording a pleasing development with an increasing number of orders received. They have so far been well above our expectations. More on that later.

### **Slide: Business Performance – Group Adjusted EBIT**

Ladies and gentlemen,

Our quick action and our cost reduction measures paid off already in financial year 2009: we achieved a positive adjusted EBIT in the amount of 1.5 million euros although sales were down by nearly half. This result confirms the fast and spirited way in which we adapted the Group to the new environment. The Group has once again been operating profitably since the third quarter. In total, costs were reduced by 49 million euros. It was, first and foremost, capacity adjustments at our plants that contributed to this. Unfortunately, it was not possible to avoid painful job cuts, especially in 2008. Additionally, we introduced shortened

work hours in Germany, and in the USA our employees took unpaid holidays. Managers, on the other hand, waived holiday entitlement and portions of their salary. Costs were also reduced through the merging or closing of locations as well as through lower costs for materials and logistics.

For 2010, we look forward with a sense of optimism and firmly expect to see an increase in earnings. Both higher sales and further cost reductions will contribute to this.

### **Slide: Business Performance – Trailer Systems**

The Trailer Systems Business Unit continues to be our strongest in terms of sales. At the same time, Group-wide, this division was the most heavily impacted by the economic crisis. In addition to a steep decline in demand for new trailers, the business was also burdened by high trailer inventories on the manufacturer side. Division sales in 2009 fell to 175.1 million euros. Despite the low utilization of capacities, we managed to decrease the loss over the course of the year. In the fourth quarter, it was half of what it was in the previous year. We profited from the start of our own axle production in the USA which I had mentioned previously. We now no longer need to buy axles from third-

party manufacturers. This increases our margin and serves as a basis for us to continuously expand our market share.

### **Slide: Business Performance – Powered Vehicle Systems**

The Powered Vehicle Systems Business Unit generated sales that were nearly constant at 98.3 million euro. Especially pleasing: since the second quarter, demand has been increasing constantly. Here we are profiting from the acquisition of what is now SAF-HOLLAND Verkehrstechnik in 2008. The company is number two in Europe in fifth wheels and therefore substantially strengthens our business. The adjusted EBIT margin more than doubled to 14.9 percent. This is a reflection of both our improved customer-product mix and our cost reductions.

### **Slide: Business Performance – Aftermarket**

The Aftermarket Business Unit once again stabilized sales and earnings of the Group, even though sales in the segment decreased slightly to 146.2 million euros as a result of the economic crisis. At 12.1 percent, the adjusted EBIT margin remained at a high level.

In addition, we significantly expanded our sales and service network: in the footsteps of DAF, Volvo and MAN, Scania and Daimler also became cooperation partners in 2009. Our service network thereby once again gained in terms of quality, reliability and accessibility.

### **Slide: Business Performance – Operating Cashflow**

Dear shareholders,

Our restructuring measures were successful. As our cash flow statement shows: in the past year, SAF-HOLLAND increased its cash flow from operating activities by nearly 40 percent to 48.3 million euros. And this against the backdrop of a sales decrease of nearly 50 percent. The growth in liquidity is primarily a reflection of the aggressive reduction of our inventories.

### **Slide: Business Performance – Inventories**

In comparison to the peak levels of the inventory volume in the third quarter of 2008, inventories decreased by half. As of December 31, 2009, this corresponded to a reach of 57 days. We will continue to follow this consistent path. Our objective is to further reduce inventories – in the medium term to a reach of 45 days. Because one thing is clear: our

capital strength increases with every euro we save in inventories. And this is the key to the financing of further growth and decreasing liabilities.

### **Slide Financials – Key Financials**

Ladies and gentlemen,

At this point we have again summarized all of the relevant financial data for you.

Especially worth mentioning, in addition to the earnings figures: we increased our gross margin in the past year to 16.3 percent. That is an important indicator of the future earnings potential of our Company.

### **Slide Financials – Balance Sheet**

This brings us to our balance sheet. The balance sheet total in the reporting year decreased to 458.1 million euros. This decrease is primarily attributable to the reduction in inventories. At the same time, an extraordinary write-down on goodwill and brands also contributed to this. The write-down, which was carried out in the third quarter and amounted to 16 million euros, was necessary due to market developments.

Cash and cash equivalents more than doubled and amounted to 20.7 million euros on the balance sheet date. The equity ratio fell to 5.2 percent, which will not prevent SAF-HOLLAND from continuing to pursue its growth strategy. Increasing sales and an associated improvement in earnings will contribute to a strengthening of the capital side. In addition, the securing of the financing until 2014 provides us with a protective framework from which we can further expand the operating business.

One more note on debt: we were able to reduce net debt slightly in the previous year to 289.3 million euros. We made ongoing payments for principal and interest as planned.

### **Slide Financials – Cash Flow**

To conclude our look at the figures, I would like to show you the cash flow statement. I have already noted the increase in cash flow from operating activities. Here, the progress made in inventory reduction can be seen, so that working capital needs in the reporting year decreased significantly. Compared to sales, net working capital amounted to 12.6

percent. In the medium-term, we are seeking to achieve a figure of under 10 percent.

Cash flow from investing activities in past financial year decreased as expected. The higher investments in 2008 resulted from the acquisition of the Austin-Westran landing leg business and the purchase of the present SAF-HOLLAND Verkehrstechnik GmbH. With these two transactions we improved our product portfolio and international presence at the time they were made. In the past year we profited substantially from the purchase of SAF-HOLLAND Verkehrstechnik GmbH in particular: our new subsidiary contributed to the success of the Powered Vehicle Systems Business Unit. In addition, it was also involved in the cooperation agreements with the service subsidiaries of the major truck manufacturers.

Cash flow from financing activities totaled minus 28.4 million euros. This includes both costs in connection with the new financing agreement as well as ongoing payments for principal and interest. The high figure for the previous year was the result of a capital increase in September 2009.

## Slide: First Quarter 2010

Ladies and gentlemen,

Please allow me to now take a look at the pleasing developments in the first quarter of 2010. The markets are gradually recovering. Our business has been on the rise since January. Orders received in all business units and in all regions have so far significantly exceeded our expectations in the first months of the year. Our strong market position with a global presence and a comprehensive product range for trucks and trailers are paying off. As announced, SAF-HOLLAND will return to a growth course with an increase in demand. According to the current status – mid April – the positive trend is continuing. At the same time, adjusted EBIT is constantly improving. Our savings measures are bearing fruit and costs from under-utilization of capacities are also falling.

Particularly pleasing for our employees:

We were able to conclude the shortened work hours at our German plants already at the end of April – earlier than expected. Production in our Frauengrund plant was also started once again. We had temporarily shut down the plant at the beginning of 2009.

We will publish the final figures for the first quarter at the end of May. But one thing seems clear today: SAF-HOLLAND has turned the corner. However, and here I must ask for your understanding, the duration of the economic recovery remains relatively short. I can therefore not provide a precise forecast for the full year at this time. One thing is certain: we continue to adhere to our expectations for the full year 2010 with a sales increase in the double-digit percentage range and an improvement in earnings. That is a degree of optimism that is justifiable.

### **Slide Strategic Highlights – Trailer Systems North America**

Our optimism is based on our clear growth strategy, which I would like to describe to you in greater detail in the next few minutes – for each individual region and business unit. The objective is to expand our position in all markets and segments in the coming years. The focus will be on the USA in the trailer area and for all business units in the growth countries of China and Brazil.

The decisive factor for SAF-HOLLAND is the future demand for trailers, our strongest area in terms of sales. Following the dramatic collapse in recent years, the bottom has now been reached in North America. Market observers expect a steady increase in production. Within the next four years, production volumes in North America should triple. That alone will significantly vitalize our business. But we expect more: we assume that we will be able to increase our market share to nearly one third.

Our product offensive from the year 2009 will make a decisive contribution to these efforts. We have started, as already mentioned, our own axle production in the USA. We are currently increasing capacities so that we can serve the strong demand. On the one hand, our business will improve because the previous third-party transactions are no longer necessary. On the other hand, we have a much better image on the market as a full-range supplier. We also see strong market potential for our axle systems with integrated disc-brake technology. In Europe, we are already market leader in this area. In the USA, application of this technology has been very limited until now. Because in 2011, new safety requirements take effect which call for a substantial

reduction in braking distances for heavy trucks. With our proven axle systems with integrated disc brakes, we offer a high-performance solution.

The new developments, together with our existing comprehensive product range, thus fulfill all of the requirements for a significant increase in our sales in the USA.

### **Slide Strategic Highlights – Trailer Systems Europe**

In Europe, too, business is increasingly reviving. According to current estimates, market volume should double by 2014.

With our strong position and a most recent market share of 34 percent, we will fully participate in the coming upswing. We will further increase our market share in the medium term. Contributing to this are, among other things, products such as landing legs and kingpins.

### **Slide Strategic Highlights – Powered Vehicle Systems North America**

As it stands now, demand will increase in all industries around the world. This not only drives demand for trailers,

but also for new trucks. According to current estimates, production of new trucks in North America is expected to more than double.

As market leader for fifth wheels, SAF-HOLLAND in particular will profit from the upturn. Our solid market position already ensured in the last year that the Powered Vehicle Systems Business Unit was able to maintain sales at a nearly constant level.

### **Slide: Strategic Highlights – Powered Vehicle Systems Europe**

To a greater extent than in the USA, here on the continent demand for new trucks will increase. In Europe, by the year 2014, a tripling of production is expected.

In the European truck market we are profiting primarily from the acquisition of SAF-HOLLAND Verkehrstechnik GmbH in the fall of 2008. We have taken over second place in Europe for fifth wheels and also complemented our product portfolio. Today, as systems partner for truck manufacturers, the so-called OEMs, we are more important than ever and can offer all relevant products. With Daimler, MAN, Scania, Volvo,

Renault and Iveco, five well-known and important manufacturers are located in Europe. Manufacturers located here also serve as a springboard for the international growth markets such as Brazil and China. Because, like our customers, we are located worldwide. Local production facilities allow us to best meet the different requirements in specific regions.

### **Slide Strategic Highlights – Aftermarket**

Ladies and gentlemen,

Nowhere is global presence so important for success than in the replacement parts business. Because it is only those who can deliver replacement parts quickly and reliably, who will succeed in the long term.

SAF-HOLLAND is excellently positioned to do this. Last year alone, we expanded our network by a further 500 service centers – with new contracts with Scania and Daimler. We had previously already reached cooperative agreements with manufacturers DAF, MAN and Volvo. Through our service network, we are now represented on all continents and supply manufacturers, dealers and workshops with replacement parts to an equal degree. We see particular

potential for growth in the Middle East, Africa, Asia and Russia. The installed base of axles is an important driver for our business: every new axle means subsequent sales of replacement parts. The strong demand in 2007 and 2008 should therefore soon mean a boost for the Aftermarket unit.

This Business Unit has a high strategic importance for SAF-HOLLAND and we want to expand this area further.

### **Slide Strategic Highlights – China**

We see considerable opportunities in the Middle Kingdom. Last year China was the world's economic engine and further increased its economic output. This will continue in 2010. And as always, the key logistics sector plays an important role whenever there's economic growth. By 2014, the production of new trailers should almost double and further increase at a high level in the truck sector.

SAF-HOLLAND is ready for this market growth: we are currently consolidating our locations. We already disbanded the existing joint ventures in 2009 and are consolidating production at the location in Jinan. We are also operating the landing leg business in Xiamen. All activities are now to be

consolidated in Xiamen. This is only the first step in our expansion program: We will significantly expand our production capacities. Our China location will be a base for export and for supplying the Asian market.

### **Slide Strategic Highlights – Brazil**

As in China, we see many opportunities for our products in Brazil and would like to expand our position. With a slight increase in market volume, our market share is expected to increase to 15 percent in the fifth wheel sector and to double to 8 percent in the axle sector.

Our product portfolio comprises axles and will be expanded to include fifth wheels, suspension systems, landing legs and kingpins.

### **Slide Strategic Highlights – Next steps**

Let us now consider the next concrete steps to be taken for the current year. The Group wants to benefit from the positive market development and at the same time continue the restructuring measures.

Having successfully made savings of 49 million euros to date, we want to further reduce costs by around 10 million euros this year, while focusing in particular on continuously increasing productivity in the Group. As part of the restructuring, SAF-HOLLAND will, as already mentioned, consolidate production in China at the Xiamen location. At the same time, inventories will be further reduced, which will reduce capital lockup and as a result, working capital requirements.

But we will not be satisfied with cost savings alone. As in fiscal year 2009, we want to use the current year to again position our Company for growth. To this end, we will start axle production – both for the local market and for export – in China, which presents us with an environment with exceptional growth potential and favorable cost structures. In the USA too, we will continue to pursue a clear forward strategy: based on the positive response, we will increase our axle production capacities.

## **Slide Strategic Highlights – Mid-term Financial Targets**

Ladies and gentlemen,

In the first quarter of 2010, SAF-HOLLAND returned to a growth path. Rising demand, our clear strategy and ongoing efficiency improvements will allow us to improve our performance in 2010 compared to last year. Sales will see double-digit growth and earnings will show sustainable improvement.

What are our mid-term goals? With its global presence and extensive product range for trucks and trailers, SAF-HOLLAND is excellently positioned and is recognized as a quality supplier in the market. We have significantly improved our internal processes in the past year.

It is our mid-term goal to generate sales of 1 billion euros and to increase our adjusted EBIT margin to 10 percent. We also want to reduce net working capital to below 20 percent and at the same time to invest at least 2 percent of sales in growth every year. SAF-HOLLAND is well equipped to achieve these goals, since we are leaner and stronger than ever before. And as soon as the situation in the sector and in the international financial markets has stabilized, we could

even consider a capital increase to strengthen our financial resources, even if this does not happen this year.

If demand rises as expected, our success factors, efficiency, customer proximity, product range and international alignment will be more important than ever, as expected. And as ever, trucks and trailers are at the beginning and end of every transport chain. With increasing world trade, the demand for logistics services will continue to rise and SAF-HOLLAND will play its part.

Dear shareholders, ladies and gentlemen,

Before the Chairman of the meeting takes over again, I'd like to thank you for your loyalty to SAF-HOLLAND. The Management Board will continue to do its best to ensure the successful development of SAF-HOLLAND, for its shareholders, employees and customers.

Thank you for your attention.