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SAF-HOLLAND maintains strong organic growth in the first quarter of 2018; additional operating expenses in the US decline

- **Group sales organically increase by 8.8% in the first quarter of 2018**
- **Improvement in production inefficiencies in North America progressing**
- **Sequential improvement in the adjusted EBIT margin in the first quarter of 2018 to 6.9% (py: 8.7%) versus previous quarter (Q4 2017: 6.7%)**

Luxemburg, May 9, 2018 – In the first quarter of the 2018 financial year, SAF-HOLLAND increased Group sales by 2.6% to EUR 294.9 million (py: EUR 287.3 million). Adjusted for negative currency translation effects, the Group achieved strong organic sales growth of 8.8% to EUR 312.6 million, thereby maintaining the high growth momentum of the prior year. The acquisitions of V.ORLANDI S.p.A., Italy, and York Transport Equipment (Asia) Pte. Ltd., Singapore, both completed in April 2018, are not yet included in the results for the first quarter of 2018.

High organic growth in all regions

All of the SAF-HOLLAND Group's regional segments achieved higher sales on an organic basis. The APAC/China region reported an especially favorable development with sales rising 39.6% (currency-adjusted: 49.2%). Driven by stricter regulation, SAF-HOLLAND continued to benefit from the rising demand for premium applications such as air suspension and disc brake axle systems in China despite an overall declining market. Sales in the APAC/China region rose to EUR 25.8 million (py: EUR 18.5 million). The Group's sales in the EMEA/I region also outperformed the market trend climbing by 4.3% (currency-adjusted: 5.1%) to EUR 167.2 million (py: EUR 160.3 million). While organic sales in the Americas region recorded growth of 7.6%, the weakness in the US dollar versus the euro resulted in a decline of reported sales to EUR 101.9 million (py: EUR 108.5 million) in the first quarter of 2018.

Sequential reduction in additional operating expenses, gradual improvement of production inefficiencies in North America

Group earnings before interest and taxes (EBIT) amounted to EUR 17.2 million in the first three months of 2018 (py: EUR 21.0 million). The decline resulted primarily from the additional operating expenses and start-up costs of EUR 3.9 million for the restructured North American plant network, which, as expected, were still necessary. Besides production start-up inefficiencies, mainly express freight and higher logistics costs, also caused by industry-wide supply chain issues due to the ongoing surge in demand, burdened. It is important to note that the additional operating expenses related to the US plant consolidation occurred but in the second half of 2017 meaning the comparative figures for the first quarter of 2018 were relatively high. However, the roughly one-third decrease in additional operating expenses compared to the previous quarter (Q4 2017: EUR 6.3 million) shows that the measures implemented are gradually taking effect and production processes at the Group's expanded US sites (Dumas, Wylie) are increasingly better coordinated. Against this backdrop, the Americas region was able to noticeably reduce its loss in the first quarter of 2018 versus the immediately preceding quarter and post an adjusted EBIT close to the break-even level. In the quarters ahead, the start-up

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costs of the newly restructured plant network should successively decline, and capacity planning and logistics processes optimally brought in line with production processes.

The strong increase in steel prices in Europe and North America resulted in higher costs. Although much of the price increase can generally be passed on to customers, these adjustments usually occur with a clear time delay of up to six months. The adverse effect of higher up-front material prices resulting from the rise in steel prices on a Group level totaled almost EUR 4 million in the first quarter of 2018. This effect was partially offset by cost reductions in operating expense items.

Sequential improvement in the adjusted EBIT margin

Adjusted for one-time restructuring and transaction costs of EUR 1.9 million (py: EUR 2.7 million), that included EUR 0.9 million consulting and transaction cost related to the closed M&A transactions, and the negative effects of purchase price allocation (depreciation/amortization from PPA) of EUR 1.2 million (py: EUR 1.4 million), adjusted EBIT in the first quarter of 2018 was 19.1% below the prior-year figure and came in at EUR 20.3 million (py: EUR 25.1 million). Due to their operational nature, the aforementioned EUR 3.9 million in additional operating expenses, related to the structural realignment of the US production network, were not adjusted and therefore recognized in the adjusted EBIT as an expense. Compared to the fourth quarter of 2017 (6.7%), the Group's adjusted EBIT margin rose to 6.9% (py: 8.7%). It should be taken into account that the prior quarter had included a one-time, volume-related positive effect on the cost of materials of EUR 4.5 million. Excluding the additional operating expenses in the US, the adjusted EBIT margin in the first quarter of 2018 amounted to 8.2%.

Slightly improved finance result

The finance result for the first quarter of 2018 improved to EUR -3.9 million (py: EUR -4.3 million) as a result of lower unrealized exchange losses on foreign currency loans and dividends as well as a decline in net interest expense on interest-bearing loans and bonds of EUR 3.3 million (py: EUR 3.4 million).

Group tax rate declines, result for the period reaches EUR 9.8 million

The result before tax decreased by 20.4% to EUR 13.3 million in the first three months of 2018 (py: EUR 16.7 million). The Group tax rate decreased to 26.4% (py: 32.7%) largely due to a reduction in losses at some subsidiaries for which no deferred tax assets had been recognized. SAF-HOLLAND's result for the period in the first quarter of 2018 reached EUR 9.8 million (py: EUR 11.3 million). Based on approximately 45.4 million ordinary shares outstanding, basic earnings per share in the same period amounted to EUR 0.22 (py: EUR 0.26).

Outlook full year 2018: Solid organic sales growth and gradual earnings improvement supplemented by contributions from acquisitions

SAF-HOLLAND expects to be able to increase Group sales in the 2018 financial year by 4.0% to 5.0% on an organic basis. Based on the anticipation of continued solid earnings performance in the EMEA/I and APAC/China regions, SAF-HOLLAND unchanged expects the Group's adjusted EBIT margin in full-year 2018 to range from 8% to 8.5%. Due to the gradual earnings improvement anticipated in the Americas region, the Company expects profitability to increase successively with a tendency for the Group's

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adjusted EBIT margin in the first half of 2018 to come in lower than in the second half of the year. In addition to the anticipated improvement in adjusted EBIT, SAF-HOLLAND expects further positive effects on the Group's result for the period in 2018 due to the redemption of a corporate bond issued in 2012 and from US tax reform. At the end of April 2018, the corporate bond with a nominal volume of EUR 75.0 million and a coupon of 7.0% was repaid, which will have a positive effect of slightly more than EUR 3.5 million on net interest income for the remaining eight months of the 2018 financial year. In addition, the overall corporate tax rate in the US, which has fallen from around 35% to roughly 23%, will also have a positive impact depending on the further development of earnings in the US. SAF-HOLLAND expects the development in the Group's result for the period and earnings per share to outpace that of the adjusted EBIT.

The two acquisitions closed in April 2018 will result in additional sales and earnings contributions. V.ORLANDI is expected to contribute sales of just under EUR 17 million and an adjusted EBIT margin of around 15% in the remaining months of the 2018 financial year. The York Group is anticipated to add sales of around EUR 33 million in the remainder of the year and an adjusted EBIT margin in the mid-single-digit percentage range.

Key figures for Q1 2018

in Euro millions	Q1 2018	Q1 2017	Change in %
Sales	294.9	287.3	2.6
Adjusted EBIT	20.3	25.1	-19.1
Adjusted EBIT margin in %	6.9	8.7	-180 bps
Earnings before taxes	13.3	16.7	-20.4
Result for the period	9.8	11.3	-13.3
Basic EPS in EUR	0.22	0.26	-15.4
Adjusted basic EPS in EUR	0.27	0.32	-15.6
Free cash flow	-29.5	-15.6	n.a.
Equity ratio in %	29.4	30.0	-0.6 pps

Please note: Adjusted EBIT is adjusted for extraordinary items that do not result from the operating business and mainly consist of amortization from purchase price allocation and non-recurring restructuring and transaction-related costs. The SAF-HOLLAND S.A. quarterly statement as of March 31, 2018 is available at https://corporate.safholland.com/en/investor-relations/publications/financial-reports/latest-reports.

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About SAF-HOLLAND:

SAF-HOLLAND S.A., located in Luxembourg, is the largest independent listed supplier to the commercial vehicle market in Europe delivering mainly to the trailer markets. With sales of approximately EUR 1,139 million in 2017, the Company is one of the world's leading manufacturers and suppliers of chassis-related systems and components primarily for trailers, trucks, buses, and recreational vehicles. The product range comprises axle and suspension systems, fifth wheels, kingpins, and landing gear marketed under the brands SAF, Holland and Neway. SAF-HOLLAND sells its products to Original Equipment Manufacturers (OEM) on six continents. The Group's Aftermarket business supplies spare parts to the service networks of Original Equipment Suppliers (OES), as well as to end customers and service centers through its extensive global distribution network. SAF-HOLLAND is one of the few suppliers in the truck and trailer industry that is internationally positioned in almost all markets worldwide. With the innovation campaign SMART STEEL - ENGINEER BUILD CONNECT, SAF-HOLLAND combines mechanics with sensors and electronics and drives the digital networking of commercial vehicles and logistics chains. More than 3,700 committed employees worldwide are already working today on the future of the transportation industry.

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