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SAF-HOLLAND's sales surge in the second quarter of 2018; result for the period increases 2%

- Group sales in Q2 2018 increase by 15.0% to EUR 345.4 million (py: EUR 300.3 million); organic growth of 11.7%
- Adjusted EBIT at EUR 23.8 million (py: EUR 26.7 million)
- Result for the period up by 1.7%

Luxemburg, August 14, 2018 – As already announced with the release of preliminary results on July 16, 2018, SAF-HOLLAND S.A. ("SAF-HOLLAND"), a supplier to the trailer, truck and bus industries, increased sales by 15.0% to EUR 345.4 million (py: EUR 300.3 million). Higher sales were driven not only by the Group's better-than-expected organic sales growth but also the first-time consolidation of acquisitions carried out in the second quarter of 2018. The newly acquired companies V.Orlandi, Flero, Italy (as of April 1, 2018) and York Transport Equipment (Asia) Pte. Ltd., Singapore (as of May 1, 2018) added a total of EUR 21.1 million to Group sales in the second quarter of 2018. On an organic basis (before exchange rate and acquisition effects), Group sales rose by 11.7% to EUR 335.4 million (py: EUR 300.3 million).

Strong organic growth in all Group regions

In a market environment that continued to be characterized by very strong customer demand, sales in the Americas region in the second quarter of 2018 increased to EUR 123.0 million (py: EUR 116.8 million). Excluding exchange rate effects, sales in the region rose by 15.1%. The EMEA region recorded organic sales growth of 5.2% and outperformed the overall market. Including the sales contribution of newly acquired V.Orlandi and slightly positive exchange rate effects, the EMEA region increased sales by 11.5% to EUR 177.9 million (py: EUR 159.6 million). Including the acquired York Group, SAF-HOLLAND achieved growth of 86.2% to EUR 44.5 million (py: EUR 23.9 million) in the APAC/China region. Organic growth in the region was 38.3%. India, which had previously been consolidated in EMEA/I region, and thus the acquired York Group have been included in the scope of consolidation of the APAC/China region as of the second quarter of 2018.

Burden from additional expenses for restructuring of US plant network and strong rise in steel prices, especially in North America

The Americas region's adjusted EBIT was burdened by EUR 2.3 million (Q1 2018: EUR 3.9 million) in additional operating expenses and start-up costs still necessary for the newly restructured plant network in North America. In addition to start-up inefficiencies in production, expedited shipping and higher logistics costs – also resulting from the overall strained situation in the industry supply chain – led to cost increases. The sharp rise in steel prices, especially in North America, could only be partially compensated. Although SAF-HOLLAND is typically able to pass on a large part of the price increases, this occurs with a significant delay of up to six months. In the second quarter of 2018, the burden from the higher, steel-related up-front material costs in the Americas region totaled EUR 4.3 million (Q1

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2018: EUR 2.0 million). As a result, the earnings trend in the Americas region overall was noticeably weaker than planned. Nevertheless, the region managed to achieve a sequential earnings improvement with the adjusted EBIT margin rising from -0.7% in the first quarter of 2018 to 0.6% in the second quarter of 2018, thereby returning to profitability. In contrast, the regions EMEA and APAC/China (including India) continued their very solid earnings development.

Finance result improves significantly in the second quarter of 2018
At the end of April 2018, SAF-HOLLAND redeemed a corporate bond with a nominal volume of EUR 75.0 million and carrying a coupon of 7.0% by using available cash. The repayment led to a marked drop in the Group's interest costs in the second quarter of 2018. Net interest expenses from interest-bearing loans and bonds decreased to EUR -2.2 million (py: EUR -3.4 million). Overall, the finance result in the second quarter of 2018 improved by EUR 1.6 million to EUR -2.3 million (py: EUR -3.9 million).

Second quarter 2018 result for the period exceeds prior year's level
The significantly better finance result also had a positive impact on the result before taxes, which increased by 3.0% to EUR 17.2 million (py: EUR 16.7 million) in the second quarter of 2018. At 30.4% (py: 29.7%), the Group's effective income tax rate for the second quarter of 2018 was almost at the previous year's level, as the Group has not yet been able to materially benefit from the reduced corporate tax rate in the US due to the insufficient earnings situation in the Americas region. The result for the period in the second quarter of 2018 increased by 1.7% to EUR 12.0 million (py: EUR 11.8 million) and reached EUR 15.8 million. On an adjusted basis, the result for the period came in at EUR 15.8 million and thus remained virtually unchanged from the prior year's level (EUR 15.9 million).

Adjusted basic earnings per share of EUR 0.35 in the second quarter
Based on 45.4 million ordinary shares outstanding, basic earnings per share in the second quarter of 2018 reached EUR 0.26 (py: EUR 0.26). Adjusted basic earnings per share remained unchanged at EUR 0.35 (py: EUR 0.35) in the second quarter of 2018.

2018 full-year outlook
In light of the preliminary figures for the second quarter of 2018, the falling short of our initial schedule in reducing the additional operating expenses in the US in the current market environment, and in order to adequately reflect the effects of the continued increase in raw material prices for steel and components, SAF-HOLLAND on July 16, 2018 adjusted its full-year 2018 target for the adjusted EBIT margin from originally 8.0% to 8.5% to a range of 7.0% to 8.0%. The Company is still planning, however, a successive earnings improvement in the Americas region in the coming quarters. In addition to cost optimization and price increases, the better integration of capacity planning and the logistics processes in the North American region currently being implemented should also make a significant contribution. At the same time, the Group expects organic sales growth to come in above the original expectations for full-year 2018 and range from 5% to 7% (prior forecast: 4% to 5%). Besides business performance at the newly acquired

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companies is favorable and SAF-HOLLAND believes that V.Orlandi and York have the potential to contribute an additional approx. EUR 60 million to Group sales in 2018. Previously, the Group had anticipated sales of around EUR 50 million.

2020 medium-term forecast confirmed

The Management Board of SAF-HOLLAND confirms the medium-term goals of Strategy 2020 including the adjusted EBIT margin target of at least 8.0%. Group adjusted EBIT margin for the 2019 financial year is expected to return to a range of 8.0% to 9.0%.

Key figures for Q2 2018

Euro million	Q2 2018	Q2 2017	Change in %
Sales	345.4	300.3	15.0
Adjusted EBIT	23.8	26.7	-10.9
Adjusted EBIT margin in %	6.9	8.9	-200 bps
Result before taxes	17.2	16.7	3.0
Result for the period	12.0	11.8	1.7
Basic EPS in EUR	0.26	0.26	0.0
Adjusted basic EPS in EUR	0.35	0.35	0.0
Free cash flow	-16.6	7.5	n.a.
Equity ratio in %	30.4	28.5	+1.9 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. half-year report as of June 30, 2018 is available at https://corporate.safholland.com/en/investor-relations/publications/financial-reports/latest-reports.

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, Neway, KLL, V.Orlandi and York. 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 4,100 committed employees worldwide are already today working on the future of the transportation industry.

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