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SAF-HOLLAND achieves sales growth of 22.9% in Q3 2018; result for the period doubles

- Group sales in the third quarter of 2018 increase to EUR 340.6 million (py: EUR 277.1 million)
- EBIT including extraordinary income from the partial settlement of a US medical plan in the amount of EUR 4.4 million increases by 45.2% to EUR 22.5 million (py: EUR 15.5 million)
- Adjusted EBIT including extraordinary income amounts to EUR 27.1 million (py: EUR 20.9 million)
- Result for the period increases to EUR 15.3 million (py: EUR 7.5 million)
- Outlook confirmed

Luxembourg, November 8, 2018 – As announced in the preliminary figures on October 19, 2018, SAF-HOLLAND S.A. ("SAF-HOLLAND"), the supplier to the trailer, truck and bus industries, increased its sales in the third quarter of 2018 by 22.9% to EUR 340.6 million (py: EUR 277.1 million). On an organic basis – before exchange rate and acquisition effects – sales increased by 15.0% to EUR 318.8 million. The acquired companies V.ORLANDI, York Transport Equipment (Asia) Pte. Ltd. and Axscend Ltd. contributed EUR 25.6 million to Group sales in the same period.

High organic growth in all regions of the Group

Sales in the Americas region rose more than expected by 17.3% to EUR 129.0 million in the third quarter of 2018 (py: EUR 110.0 million), in a market environment still characterized by extremely dynamic demand. Excluding currency effects, sales in the region increased by 18.6%. Sales in the EMEA region grew organically by 4.1%. Including the sales contributions of V.Orlandi (Italy), which was acquired in the first quarter of 2018, and slightly positive exchange rate effects, the EMEA region increased sales by 8.0% to EUR 155.5 million (py: EUR 144.0 million). In the APAC/China segment, the Group recorded growth of 142.4% to EUR 56.1 million (py: EUR 23.2 million). It is important to note that the acquired York Group (Singapore) contributed EUR 20.1 million to the region's sales. The region achieved an organic increase in sales of 66.2%.

Adjusted Group EBIT margin reaches 8.0% and 6.7% before extraordinary income

The development of adjusted Group EBIT in the third quarter of 2018 was still influenced by additional operating expenses related to the restructured production network in the United States and significantly higher steel prices. Nevertheless, adjusted EBIT improved by EUR 6.2 million to EUR 27.1 million (py: EUR 20.9 million). This figure includes extraordinary income of EUR 4.4 million from the partial settlement of a medical plan in the United States. The adjusted EBIT margin reached 8.0% (py: 7.5%) and 6.7% before extraordinary income.

Steel prices and additional operating expenses affect profitability in the rapidly growing Americas segment; earnings still improve sequentially

Despite the still remaining production inefficiencies and related capacity constraints in the United States, the Americas region in the third quarter of 2018 achieved tangibly better-than-planned organic sales growth of 18.6 %. At the same time, the better-than-planned sales growth in North America resulted in the Americas region accounting for a noticeably higher share of Group sales versus the prior quarter. The Americas segment's adjusted EBIT improved in the third quarter of 2018 on a purely operational basis versus the prior quarter and rose to EUR 2.1 million (Q2 2018: EUR 0.7 million).

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In addition, the partial settlement of a US medical plan resulted in additional extraordinary income of EUR 4.4 million. This settlement also results in immediately effective annual cost savings of EUR 0.4 million. Overall, adjusted EBIT in the Americas region amounted to EUR 6.5 million (py: EUR 5.0 million). The higher steel prices, which have been weakening since the middle of the third quarter of 2018, remained at a very high level on a quarterly average. The additional cost of materials resulting from the steel price increase totaled EUR 3.9 million in the Americas region in the third quarter of 2018 (Q2 2018: EUR 4.3 million). In addition, start-up costs and lingering production inefficiencies within the restructured US production network resulted in additional operating expenses of EUR 2.0 million in the third quarter of 2018 (Q2 2018: EUR 2.3 million; Q1 2018: EUR 3.9 million). SAF-HOLLAND has made a conscious decision to give priority to the timely delivery of its customers. Increased express freight and logistics costs resulted primarily from continued strong demand in North America and the extremely tense situation in the supply chain in the industry as a whole.

Finance result for the third quarter of 2018 benefits from lower interest expenses

At the end of April 2018, SAF-HOLLAND redeemed a corporate bond with a nominal volume of EUR 75.0 million and a coupon of 7.0% using existing cash leading to a tangible decline in the Group’s interest costs. Net interest expenses on interest-bearing loans and bonds fell to EUR -2.1 million (py: EUR -3.5 million). Overall, the finance result improved by EUR 1.4 million to EUR -3.1 million in the third quarter of 2018 (py: EUR -4.5 million).

Result for the period doubles in the third quarter of 2018

The result before taxes, which improved 77.3% to EUR 19.5 million in the third quarter of 2018 (py: EUR 11.0 million), benefited significantly from the sharp decline in interest expenses. In conjunction with a lower Group tax rate, the result for the period increased by 104.0% to EUR 15.3 million in the third quarter of 2018 (py: EUR 7.5 million).

Basic earnings per share in the third quarter at EUR 0.34

Based on an unchanged 45.4 million ordinary shares outstanding, basic earnings per share in the third quarter of 2018 were EUR 0.34 (py: EUR 0.17). Adjusted basic earnings per share in the third quarter amounted to EUR 0.39 (py: EUR 0.25).

2018 full-year outlook confirmed

Based on the high organic growth in the third quarter of 2018 and the continued strong demand for SAF-HOLLAND products, the Group had refined its sales and earnings forecast on October 19, 2018 with the release of the preliminary figures for the third quarter of 2018. The Group expects organic sales growth to reach 9% to 10% in full-year 2018, compared to the previously planned growth of 5% to 7%. Due to the significantly better-than-expected performance of the acquired companies, SAF-HOLLAND had also increased its target for the sales contribution of the acquisitions. V. ORLANDI, York and Axscend are now expected to contribute EUR 65 to 70 million to Group sales in 2018, after the previously expected contribution of EUR 60 million. Based on the results for the third quarter of 2018, the significantly stronger-than-expected sales development in the Americas region – which currently contributes below-average margins to the Group’s result – and the high steel prices, SAF-HOLLAND sees the adjusted EBIT margin in full-year 2018 (including EUR 4.4 million in extraordinary income) rather tending to the lower end of the range of 7.0% to 8.0%. This range takes into account the usual seasonal effects in the fourth quarter.

With regard to the medium-term goals of Strategy 2020, SAF-HOLLAND’s management board confirms its target to return to an adjusted Group EBIT margin of at least 8.0% in

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the years ahead. The Company is currently comprehensively optimizing the process chains and the integration of capacity planning and logistics processes in the North America region in order to continue gradually improving its earnings. In view of the current trend in commodity prices, the Company expects the negative effects of the sharp rise in steel prices to have peaked and, in the medium term, to also tend to decrease as a result of its passing on most of these effects in its own selling prices. At the Group level, management believes that price adjustments, among others, and material cost savings related to attaining specific purchasing volumes will have a positive effect on profitability.

Acquisition of the remaining interest in the Chinese bus and suspension system specialist Corpco

On November 6, 2018, SAF-HOLLAND signed an agreement to acquire the remaining 20 percent interest in Corpco Beijing Technology and Development Co., Ltd., still owned by the founding family. With this acquisition, SAF-HOLLAND GmbH holds 100% of the shares in Corpco Beijing Technology and Development Co., Ltd., which generated sales in the single-digit-million euro range during the past fiscal year and is active primarily in bus and truck air suspension systems. SAF-HOLLAND CEO Detlef Borghardt explains: "This fits in with our declared strategy of fully owning our acquisitions, allowing us to implement our goals and measures even faster and more efficiently. Especially in China, acquiring the remaining shares enables us to take advantage of all the available alternatives for action to successfully implement our strategy in the region."

Key figures Q3 2018

Euro million	Q3 2018	Q3 2017	Change in %
Sales	340.6	277.1	22.9
Adjusted EBIT	27.1	20.9	29.7
Adjusted EBIT margin in %	8.0	7.5	+50 bps
Result before taxes	19.5	11.0	77.3
Result for the period	15.3	7.5	104.0
Basic EPS in EUR	0.34	0.17	100.0
Adjusted basic EPS in EUR	0.39	0.25	56.0
Free cash flow	-12.2	10.9	n.a.
Equity ratio in %	31.5	28.9	+260 bps

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 Sep. 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

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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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