

## **SAF-HOLLAND significantly increases sales and profitability**

- **Noticeable growth in worldwide demand**
- **Sales in the first half-year increase by 34.8%**
- **Adjusted EBIT doubled in the second quarter**
- **Forecast 2010: Sales expected to increase to over EUR 550 million**

Luxembourg, August 26, 2010 – SAF-HOLLAND S.A., a leading supplier for the global truck and trailer industry, expects significant sales growth to over EUR 550 million in the current fiscal year, after reaching EUR 419.6 million in 2009. Earnings are positively influenced by growing sales. The Group benefits from rising demand and its own efficiency improvements. Adjusted EBIT increased substantially to EUR 14.6 million in the first half of the year. In the second quarter adjusted EBIT already doubled compared to the previous quarter, while sales increased by 29.4% from April to June.

Rudi Ludwig, CEO of SAF-HOLLAND: "SAF-HOLLAND can look back on a pleasing business development in the first half of 2010. The second quarter in particular gives us a positive outlook for the rest of the year. We notice both the continuously rising demand and the positive effects of cost-saving measures initiated in the past 18 months. As previously communicated, SAF-HOLLAND is benefitting tremendously from the economic upswing and the corresponding increase in demand for transportation services. This trend will continue. We expect Group sales to be over EUR 550 million and Group earnings to sustainability improve."

### **Adjusted result for the period nearly reaches profit threshold**

Overall, sales increased by 34.8% to EUR 287.5 million (previous year: EUR 213.3 million) in the first half of 2010, adjusted for exchange rate effects to EUR 286.7 million. All three Business Units improved in the reporting period. European business accounted for 47.2% (previous year:

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49.2%), while the Group generated 46.5% of its sales in North America (previous year: 46.1%). The share of other regions slightly increased to 6.3% (previous year: 4.7%). Thanks to greater capacity utilization and project related Aftermarket sales, the gross margin rose to 19.2% (previous year: 16.2%) in the reporting period. Adjusted EBIT improved to EUR 14.6 million (previous year: EUR -1.3 million). With adjusted profit for the period of EUR 1.0 million (previous year: -4.6) in the second quarter, the Group recorded a positive result once again, and was close to break-even level with EUR -0.6 million (previous year: EUR -9.9 million) in the first half of the year. Adjusted earnings per share amounted to EUR -0.03 (previous year: -0.48)

Cash flow from operating activities before income tax payments totaled EUR 19.7 million (previous year: EUR 21.0 million) in the first half of 2010 – in the second quarter, it improved considerably compared to the previous quarter. The Group benefited from its strict inventory management, which reduced the turnover period to 47 days in the second quarter. In the first three months of the year, it was 58 days. The equity ratio increased slightly to 5.4% as of the reporting date (December 31, 2009: 5.2%). As a result of growing demand, the Company employed 83 new industrial employees for German plants; in North America, the number of employees has risen by 131 since the beginning of the year.

### **Trailer Systems with best quarter since 2008**

The Trailer Systems Business Unit achieved the highest sales since the fourth quarter 2008 in the second quarter of 2010. In both Europe and North America, SAF-HOLLAND's sales volume increased. Despite the pleasing sales increase, demand is still significantly below earlier levels. Overall, the segment's sales increased by 52.0% to EUR 136.0 million in the first half of the year (previous year: EUR 89.5 million), adjusted for exchange rate effects to EUR 135.7 million. The gross margin improved to 4.0% (previous year:

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-3.8%). The share in Group sales rose to 47.3% (previous year: 42.0%).

### **Powered Vehicle Systems significantly increases its gross margin**

Thanks to growing demand and improved capacity utilization, the Powered Vehicle Systems Business Unit increased its gross margin to 25.2% (previous year: 21.1%). Sales in the segment grew by 25.8% to EUR 61.5 million (previous year: EUR 48.9 million), adjusted for exchange rate effects to EUR 61.2 million. The gross margin improved to 25.2% (previous year: 21.1%). The Business Unit accounted for 21.4% of total sales (previous year: 22.9%).

### **Aftermarket receives project contracts from North Africa**

Sales in the Aftermarket Business Unit increased to EUR 90.0 million (previous year: EUR 74.9 million), adjusted for exchange rate effects to EUR 89.8 million. The gross margin remained stable at 38.1% (previous year: 37.8%). The replacement parts business contributed 31.3% (previous year: 35.1%) to Group sales. The Business Unit benefits from new project business in North Africa as well as from its strong international service and distribution network. It will continue to be strengthened by establishing and expanding warehouse locations in North America, among other things. The Aftermarket Business Unit will continue to gain importance as a result of the increasing number of SAF-HOLLAND installed axles and, for the Group, is a guarantor of stable sales and earnings.

### **New efficient components presented**

SAF-HOLLAND is continuously striving to increase the efficiency of trucks and trailers. With lighter and thus more efficient components, SAF-HOLLAND plans to build upon its strong market position and to reduce the burden on the environment and enterprises with new products for commercial vehicles. With a new disc brake, which was presented only recently, and a new wheel head, the weight of a typical three-axle trailer decreases by 96 kilogram for our European customers. The new

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components – disc brake and wheel head – are the beginning of a number of other planned innovations.

**2010: Sales increase to over EUR 550 million expected**

As the demand for trucks and trailers increases significantly again worldwide, the production is on the rise – a trend we expect to continue. For example, the North American truck business (class 8) is expected to grow in production by around 26% in the current year; the number of deliveries in the trailer area is forecast to increase by around 39% in the USA (source: Market research institute ACT). Due to the good business development in the first half of the year and the positive forecasts, SAF-HOLLAND expects sales to amount to over EUR 550 million for the full year 2010. In terms of earnings, the Group will benefit from greater capacity utilization and efficiency improvements. It is the Company's mid-term goal to achieve sales of EUR 1 billion while generating an adjusted EBIT margin of 10%.

Note: EBIT was adjusted for the following effects which are not originally attributable to the operating business: depreciation and amortization arising from the purchase price allocation as well as restructuring costs.

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### Key Figures

EUR million	Q1-Q2/2010	Q1-Q2/2009	Q2/2010	Q2/2009
Sales	<b>287.5</b>	213.3	<b>162.2</b>	101.2
Cost of sales	<b>-232.3</b>	-178.7	<b>-130.7</b>	-85.6
Gross profit	<b>55.2</b>	34.6	<b>31.5</b>	15.6
Adjusted result for the year	<b>-0.6</b>	-9.9	<b>1.0</b>	-4.6
Adjusted EPS in Euro*	<b>-0.03</b>	-0.48	<b>0.05</b>	-0.22
Adjusted EBITDA	<b>22.3</b>	6.1	<b>13.7</b>	3.0
Adjusted EBIT	<b>14.6</b>	-1.3	<b>9.8</b>	-0.8
Operating cash flow**	<b>19.7</b>	21.0	<b>12.5</b>	15.5

### Sales by Region

EUR million	Q1-Q2/2010	Q1-Q2/2009	Q2/2010	Q2/2009
Europe	<b>135.6</b>	104.9	<b>76.8</b>	47.8
North America	<b>133.7</b>	98.3	<b>74.7</b>	47.8
Other	<b>18.2</b>	10.1	<b>10.7</b>	5.6
<b>Total</b>	<b>287.5</b>	<b>213.3</b>	<b>162.2</b>	<b>101.2</b>

### Sales by Business Unit

EUR million	Q1-Q2/2010	Q1-Q2/2009	Q2/2010	Q2/2009
Trailer Systems	<b>136.0</b>	89.5	<b>79.3</b>	42.3
Powered Vehicle Systems	<b>61.5</b>	48.9	<b>34.0</b>	22.2
Aftermarket	<b>90.0</b>	74.9	<b>48.9</b>	36.7
<b>Total</b>	<b>287.5</b>	<b>213.3</b>	<b>162.2</b>	<b>101.2</b>

### Other Financial Information

	30.06.2010	31.03.2010	31.12.2009
Total assets (in EUR million)	<b>506.0</b>	<b>477.9</b>	<b>458.1</b>
Equity ratio (in %)	<b>5.4</b>	<b>4.9</b>	<b>5.2</b>

  

	Q1-Q2/2010	Q1-Q2/2009
Employees (average)	<b>2,480</b>	<b>2,291</b>
Sales per employee (in kEUR)	<b>115.9</b>	<b>93.1</b>

\* Adjusted net profit of the year / weighted average number of ordinary shares outstanding as of the reporting day.

\*\*The operating cash flow is the cash flow from operating activities before income tax payments.

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### **Company Profile:**

With approximately EUR 420 million in sales and over 2,000 employees, SAF-HOLLAND S.A. is one of the world's leading manufacturers and suppliers of premium product systems and components primarily for trailers as well as trucks, buses and recreational vehicles. The product range encompasses axle and suspension systems, fifth wheels, coupling devices, kingpins, and landing legs. SAF-HOLLAND customers include the majority of large truck and trailer producers all over the world. The products are sold to Original Equipment Manufacturers (OEMs) and Original Equipment Suppliers (OESs) by means of a global service and distribution network and via aftermarket channels directly to the end users and service garages. SAF-HOLLAND has therefore established itself as one of the few manufacturers in its sector that is internationally positioned with an extensive product range and a broad service network. SAF-HOLLAND S.A. has been listed in the Prime Standard of the Frankfurt Stock Exchange since July 2007.

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