

## **SAF-HOLLAND achieves an operating result in the first half of the year just short of break-even**

- **Sales: EUR 213.3 million**
- **Adjusted EBIT: EUR -1.3 million**
- **CEO Dr. Beutel: “Restructuring makes an impact, proposed trustee model sustainably supports operating business”**

*Bessenbach, August 25, 2009* – SAF-HOLLAND S.A. achieved an adjusted operating result nearly at break-even point in the first half of 2009 with June the first month of the year to show a profit. The Group is beginning to benefit from the cost reduction and restructuring activities which the Company has initiated due to weak business conditions. Management and employees remain focused on the day to day business of the Company, a situation unaffected by the on-going negotiations with the banks on the Company's financing arrangements. The trustee model proposed by the banks primarily affects the interests of owners and financing banks.

Dr. Reiner Beutel, CEO of SAF-HOLLAND Group GmbH: “SAF-HOLLAND is benefitting from our decisive cost reduction initiatives. Both in June and July, a positive monthly operating result was achieved. In addition, liquidity has continuously improved. It is not only on the cost side where positive signs are visible: the truck market in the USA also seems to be stabilizing and our global Aftermarket business has been showing an upswing since March. We are confident that this positive development in North America and in the Aftermarket will continue. Our efforts will pay off even more, if demand sustainably increases. Finalizing the negotiations with the banks, whether on the basis of the currently proposed “trustee model”, would also sustainably support and financially secure the operating business.”

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### **Cost savings stop decline in earnings**

Demand for trucks, trailers, components and replacement parts continues to suffer from high inventories of unsold vehicles and under-utilized fleets and equipment. As a result, Group sales fell in the first half of the year by more than 50 % to EUR 213.3 million (previous year: EUR 458.0 million). The decline primarily affected business in Europe with a drop of 67.9 % to EUR 104.9 million (previous year: EUR 326.8 million) in the first half-year. In North America, sales went down by only 16.3% to EUR 98.3 million (previous year: EUR 117.5 million). While extraordinary expenses, which were primarily due to refinancing negotiations, burdened earnings, cost savings and efficiency increases had a positive effect. Adjusted EBIT amounted to a total of EUR -1.3 million (previous year: EUR 37.5 million). The gross margin in the first half of the year was almost at the same level as in the previous year at 16.2 % (previous year: 17.7 %). Adjusted profit for the period amounted to EUR -9.9 million (previous year: EUR 21.1 million) in the first half of the year, and was influenced by financing costs, particularly higher interest rates and a higher utilization of bank credits. Adjusted earnings per share amounted to EUR -0.48 (previous year: 1.12)

The second quarter of 2009 was characterized by conflicting developments: a weak May was followed in June by the second highest monthly sales of 2009 to date. In the three months from April to June, the Group achieved sales of EUR 101.2 million (previous year: EUR 238.7 million). Adjusted EBIT was EUR -0.8 million (previous year: EUR 19.4 million).

### **Trailer Systems with higher demand since June**

A decline in sales of up to 90%, related mainly to plant closures by our customers, was experienced by the Trailer Systems Business Unit. Since June, however, sales have increased but at a low rate. We have started our own axle production in the USA, replacing purchased axles from external manufacturers. The Group also received its first orders for axle systems

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with disc brakes which offer reduced braking distances over drum brakes. We expect our business to benefit from new braking regulations which take effect in 2011 and require that braking distances for new trucks be reduced by 30%. Cumulative sales declined in the first half-year to EUR 89.5 million (previous year: EUR 327.8 million), the gross margin decreased to -3.8% (previous year: 13.0%) due to the high underutilization. The Business Unit's share of total sales fell to 42.0% (previous year: 71.6%).

### **Powered Vehicle Systems with stable demand in the USA**

The Powered Vehicle Systems Business Unit significantly increased sales and earnings compared to the previous year. Additional business from the former Georg Fischer Verkehrstechnik GmbH acquired in 2008 as well as a major order in the USA allowed for an increase in sales of 32.2% to EUR 48.9 million (previous year: EUR 37.0 million) in the first half of the year. The gross margin improved to 21.1% (previous year: 14.9%). The share in Group sales rose to 22.9% (previous year: 8.1%). According to estimates from leading market research institutes, the truck market in the USA has stabilized. In view of new emission regulations beginning in 2010, an upturn of demand can be expected at the end of the year.

### **Aftermarket with upswing since March**

In the first half of 2009, the Aftermarket Business Unit again assisted in stabilizing sales of the Group. Since March, demand has revived in Europe and North America. The acquisition of the former Georg Fischer Verkehrstechnik showed positive effects due to the broader product portfolio. In addition, new orders were generated in the Middle Eastern states and the worldwide services network is continuously being extended. With -19.6%, the decline in sales to EUR 74.9 million (previous year: EUR 93.2 million) was lower than in the Trailer Systems business. New international sourcing activities contributed to an improved gross margin, which increased to 37.8% (previous year 35.4%). This business segment currently contributes 35.1% (previous year: 20.3%) to total Company sales.

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### **Milestones reached in cost reduction programme**

SAF-HOLLAND made good progress in terms of cost reductions and efficiency improvements in the first half of 2009. Net working capital declined significantly by EUR 13.6 million; inventories were reduced by EUR 22.8 million to EUR 66.3 million. Cash and cash equivalents rose to EUR 14.2 million (December 31, 2008: EUR 8.6 million) as of the reporting date June 30, 2009. Cash flow from operating activities before income tax improved despite weak sales development to EUR 21.0 million (previous year: EUR 20.3 million). Repayments for current financing were made on schedule. The equity ratio was 10.5% (December 31, 2008: 13.4%). In addition, the Group reached a supplementary labor agreement with the workforce in Germany. It provides for savings in the single-digit millions and grants employment and location guarantees in return.

In parallel with operating the business, there have been intensive discussions with the lending banks on the Group's refinancing. Until the end of July, a standstill agreement was in force with the banks, who have also endorsed a preliminary expert opinion on the financial restructuring from the auditing firm KPMG and the prognosis as a going concern. In August, the banks proposed a refinancing arrangement that included the transfer of the Company's operational activities to a trustee. This would mean that SAF-HOLLAND S.A. would, to a large extent, be legally separated from the operating business and the assets of the Group. At the same time, the operating business would be sustainably supported and financially secured. After negotiating the economic considerations, an extraordinary General Meeting of the shareholders must make a decision on the proposal.

### **Outlook:**

Even if the first signs of a market revival in the worldwide replacement part business and stabilization in the truck market in the USA are visible, SAF-

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HOLLAND expects a clear sales decline over the year compared to 2008 with a corresponding reduction in earnings. The planned cost reductions of EUR 60 million will, however, cushion the decline in earnings. Moreover, liquidity is to be improved by inventory cuts and lower net working capital. Over the long term, SAF-HOLLAND expects an increase in demand which will also be boosted by new emissions regulations in the USA (beginning in 2010) and braking regulations (beginning in 2011).

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## Key Figures

in EUR million	Q1-Q2/2009	Q1-Q2/2008	Q2/2009	Q2/2008
Sales	213.3	458.0	101.2	238.7
Cost of sales	-178.7	-377.0	-85.6	-196.2
Gross profit	34.6	81.0	15.6	42.5
Adjusted loss/profit for the period	-9.9	21.1	-4.6	11.7
Adjusted EPS in Euro*	-0.5	1.1	-	-
Adjusted EBITDA	6.1	43.7	3.0	22.5
Adjusted EBIT	-1.30	37.50	-0.8	19.4
Operating cash flow**	21.0	20.3	15.5	18.0
<b>Sales by Region</b>				
in EUR million	Q1-Q2/2009	Q1-Q2/2008	Q2/2009	Q2/2008
Europe	104.9	326.8	47.8	170.2
North America	98.3	117.5	47.8	60.7
Other	10.1	13.7	5.6	7.8
<b>Total</b>	<b>213.3</b>	<b>458.0</b>	<b>101.2</b>	<b>238.7</b>
<b>Sales by Business Unit</b>				
in EUR million	Q1-Q2/2009	Q1-Q2/2008	Q2/2009	Q2/2008
Trailer Systems	89.5	327.8	42.3	169.1
Powered Vehicle Systems	48.9	37.0	22.2	19.3
Aftermarket	74.9	93.2	36.7	50.3
<b>Total</b>	<b>213.3</b>	<b>458.0</b>	<b>101.2</b>	<b>238.7</b>
<b>Other Financial Information</b>				
		06/30/2009	03/31/2009	12/31/2008
Total assets (in EUR million)		507.0	536.3	537.4
Equity ratio (in %)		10.5	12.3	13.4
	Q1-Q2/2009	Q1/2009	Q1-Q4/2008	
Employees (average)		2,291	2,256	2,799
Sales per employee (in EUR thousand)		93.1	49.7	285.4

\* Adjusted profit/loss / number of ordinary shares as of June 30.

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

### Note:

SAF-HOLLAND reports adjusted earnings figures since costs have accrued as a result of the business combination, the IPO and restructuring that are not directly attributable to the operating business. EBIT has been adjusted for the following effects: depreciation and amortization from the purchase price allocation as well as restructuring and integration costs.

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**Company Profile:**

With more than EUR 800 million in sales and over 2,000 employees, SAF-HOLLAND S.A. is one of the worldwide 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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