

## PRESS RELEASE

### **First Half 2007: SAF-HOLLAND sales rise 3%, boosted by strong demand in Europe**

- **H1 2007 sales increase to €411.6 million, up 3%**
- **Adjusted EBITDA of €36.2 million**
- **Outlook FY 2007: Sales volume expected at around €800 million**

**Luxembourg, 31 August 2007** – SAF-HOLLAND S.A., Luxembourg, a world-leading producer and supplier of key systems and components for the truck and trailer industries, today reported interim consolidated H1 2007 sales of €411.6 million, a 3% improvement on pro forma<sup>1</sup> sales compared to the same period the previous year (H1/2006: €399.1 million). Currency-adjusted, the growth in sales was 7%. Adjusted EBITDA<sup>2</sup> amounted to €36.2 million.

“Demand for SAF-HOLLAND’s products has been tremendous, specifically in Europe,” said Rudi Ludwig, CEO of the SAF-HOLLAND Group. “The merger, followed by the IPO of the newly formed group on July 26, also provided an impulse for further international growth, allowing us to offer our customers a wider product range on a global basis.”

Due to strong demand for axles and axle systems in the European market, orders on hand surged in the first six months of 2007, and SAF-HOLLAND, in common with the rest of the industry, has not been able to fully meet demand, despite having increased capacity.

“We will therefore increase our European capacity earlier than planned to meet our customer’s requirements,” said Rudi Ludwig.

#### **Robust sales growth**

On a regional basis, sales in Europe rose to €252.4 million in the first half of 2007, from €199.6 million in the year earlier period, representing a significant increase of 27%. In North America, sales amounted to €160.7 million, from €199.5 million in the year earlier period, a decline of 19% on a pro forma basis. Adjusted for exchange rate effects, sales were down 13%. The primary reasons for this decrease in sales were the pre-buying trend in 2005 and 2006 due to the new engine emissions regulations as of January 1, 2007, which impacted the Group’s sales in the truck industry. Additionally, sales related to trailers slowed down as a consequence of the weakening housing market in North America, leading to lower freight-related demand.

A breakdown into the three business units, however, shows that Trailer Systems sales increased by 13% (currency adjusted 15%) to €273.3 million in the first half of 2007, from €242.5 million pro

forma in the year earlier period. The exceptionally strong demand for SAF-HOLLAND axle systems in the European market clearly over-compensated the decrease in North America. Sales in the Powered Vehicle Systems business unit in the US declined 26% (currency-adjusted -20%) to €45.1m (H1/2006: €61.2 million) as a result of the market developments mentioned above in the US in advance of new emissions regulations. The Aftermarket Sales business unit posted a slight decline of 2% despite a dynamic sales development in Europe (+23%), with sales of €93.2 million in the first six months of the year (H1/2006: €95.4 million). Adjusted for currency-effects, Aftermarket Sales achieved a slight growth of 3%.

### **Earnings impacted by US market conditions**

The earnings performance in the first half year of 2007 was clearly impacted by the pre-buying situation in the US in 2005 and 2006. Additionally, sales related to trailers slowed down in North America as a consequence of the weakening housing market. In order to enhance the understanding of operating results, SAF-HOLLAND reports adjusted EBITDA and EBIT figures. The adjustments relate to the acquisition of SAF and HOLLAND subgroups and include additional depreciation and amortization as well as an inventory step up resulting from the purchase price allocation. In the first half of 2007, these effects amounted to a total of €4.5 million in addition to transaction costs which amounted to €9.5 million. Due to reduced volumes in the US and the existing cost base, the adjusted H1 2007 EBITDA<sup>3</sup> amounted to €36.2 million (H1/2006: €42.4 million) and adjusted EBIT<sup>4</sup> reached €30.3 million (H1/2006: €37.0 million).

### **Outlook**

SAF-HOLLAND expects a sustained high market demand in Europe in the further course of 2007. In North America, the markets should remain weak during 2007 as expected and then rebound in 2008. Additional international growth is expected through the establishment of the Brazilian subsidiary, which started operations in March 2007. The production of axles in North America, intended to start in the fourth quarter of 2008, should further support the international growth course.

For fiscal year 2007, SAF-HOLLAND expects a continued positive sales trend in Europe and a continued weak development in the US. Overall, sales for the group are expected to grow slightly to around €800 million in 2007. Based on reduced volumes in the US and the existing cost base, the adjusted EBIT<sup>4</sup> is expected to be around €60 million for 2007 and thus as expected the adjusted EBIT margin will be slightly lower than in 2006. However, the outlook for 2008 and 2009 remains positive, with sales expected to return to a double-digit growth rate and adjusted EBIT to be back in line with the 2006 margin for the fiscal year 2008.

## Group Figures at a Glance

(€m)	FY 2006 Pro Forma <sup>1</sup>	H1/2007	H1/2006 Pro Forma <sup>1</sup>	Change in %	Q2/2007	Q2/2006 Pro Forma <sup>1</sup>	Change in %
Sales	777.8	<b>411.6</b>	399.1	3	<b>199.1</b>	199.5	-
Operating profit	55.0	<b>15.9</b>	31.2	-49	<b>1.8</b>	15.7	-89
Profit /loss before tax	23.6	<b>5.6</b>	15.7	-65	<b>-1.9</b>	7.8	-124
Profit/loss for the period	13.1	<b>3.1</b>	8.1	-62	<b>-1.4</b>	3.7	-138
Earnings per share (EPS) in € <sup>2</sup>	13.83	<b>3.25</b>	8.53	-62	<b>-1.44</b>	3.93	-137
EBIT	55.7	<b>16.3</b>	31.2	-48	<b>2.0</b>	15.6	-87
Adjusted EBIT <sup>3</sup>	65.1	<b>30.3</b>	37.0	-18	<b>12.3</b>	17.4	-29
EBITDA	74.5	<b>25.5</b>	40.1	-37	<b>6.6</b>	19.4	-66
Adjusted EBITDA <sup>4</sup>	77.0	<b>36.2</b>	42.4	-15	<b>15.2</b>	19.4	-22
Employees (Number as of June 30)	-	<b>2,949</b>	2,913	1	-	-	-

### Sales by region:

(€ MM)	H1/2007	H1/2006 Pro Forma <sup>1</sup>	Change in %	Change in % currency- Adjusted
North America	<b>160.7</b>	199.5	-19	-13
Europe	<b>252.4</b>	199.6	27	27
Elimination due to inter-segment sales	<b>-1.5</b>	0	-	-
<b>Total</b>	<b>411.6</b>	399.1	3	7

(€ MM)	Q2/2007	Q2/2006 Pro Forma <sup>1</sup>	Change in %	Change in % currency- Adjusted
North America	<b>73.8</b>	98.2	-25	-11
Europe	<b>126.2</b>	101.3	25	25
Elimination due to inter-segment sales	<b>-0.9</b>	0	-	-
<b>Total</b>	<b>199.1</b>	199.5	-	8

**Sales by business unit:**

(€ MM)	H1/2007	H1/2006 Pro Forma <sup>1</sup>	Change in %	Change in % currency- Adjusted
Trailer Systems	<b>273.3</b>	242.5	13	15
Powered Vehicle Systems	<b>45.1</b>	61.2	-26	-20
Aftermarket	<b>93.2</b>	95.4	-2	3
<b>Total</b>	<b>411.6</b>	399.1	3	7

(€ MM)	Q2/2007	Q2/2006 Pro Forma <sup>1</sup>	Change in %	Change in % currency- Adjusted
Trailer Systems	<b>134.0</b>	123.2	9	14
Powered Vehicle Systems	<b>20.0</b>	30.6	-35	-23
Aftermarket	<b>45.1</b>	45.7	-1	12
<b>Total</b>	<b>199.1</b>	199.5	-	8

<sup>1</sup>SAF-Holland S.A. acquired SAF-HOLLAND GmbH with effective date March 31, 2006 and SAF-HOLLAND Holdings (USA) Inc. with effective date December 18, 2006. Therefore the first six months and the second quarter 2007 can only be compared with the second quarter 2006 on a pro forma basis. Pro forma represents figures for the year 2006 as if the two subgroups would have been acquired as of January 1, 2007.

<sup>2</sup>EPS based on number of shares before share split into €0.01shares

<sup>3</sup>Adjusted EBITDA is defined as EBITDA plus additional step up inventory costs from purchase price allocation (PPA) as well as transaction costs.

<sup>4</sup>Adjusted EBIT is defined as EBIT plus any additional depreciation, amortization and step up inventory costs from purchase price allocation (PPA) as well as transaction costs.

**Legal Disclaimer:**

This report contains certain statements that are neither reported financial results nor other historical information. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. SAF-HOLLAND Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

**About SAF-HOLLAND:**

SAF-HOLLAND has been listed in the Prime Standard of the Frankfurt Stock Exchange since 26th July 2007. The stock exchange code is "SFQ", the ISIN LU0307018795. In the year 2006, the company achieved pro-forma sales of around €778 million and employed more than 3,100 employees at 20 locations on five continents. The pro-forma adjusted EBIT was around €65 million. The company's product range covers premium axles and axle systems, trailer and truck suspension systems, fifth wheels and "kingpins", the part on the semitrailer that is connected to the fifth wheel, as well as trailer couplings and landing gear for semi-trailers. SAF-HOLLAND customers include the majority of large truck and trailer producers all over the world. The products are sold to Original Equipment Manufacturers (OEM), Original Equipment Suppliers (OES) through a global service and distribution network, and direct to consumers and service garages through the spare parts market.

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