

## PRESS RELEASE

### **SAF-HOLLAND meets targets for 2007 and gives positive outlook for 2008**

- **Consolidated sales rise to €812.5 million: +4.5%, on a constant currency basis +7.9%**
- **Adjusted EBIT of €60.5 million, in line with forecast**
- **Recommended dividend of 42.47 Euro cent per share**
- **Outlook 2008: further strong growth and increase in profitability**

**Luxembourg, 31 March 2008** – SAF-HOLLAND S.A., a world-leading producer and supplier of key systems and components for the truck and trailer industries, has seen a solid increase in sales over the last financial year, thanks to consistently high demand in Europe. “2007 was a decisive year for our company. We have reached the targets we set ourselves, and with the merger of SAF and Holland and the initial public offering, we have set a course for sustainable growth,” said Rudi Ludwig, CEO of SAF-HOLLAND Group. In view of the successful financial year, the Board of Directors will recommend to the General Meeting of Shareholders on 24 April 2008 that a dividend of 42.47 Euro cent per share should be paid already for the year of the IPO. This would result in a total dividend payment of €8.0 million.

#### **Fast-rising sales in Europe**

In the 2007 financial year, consolidated sales rose by 4.5% to €812.5 million (2006 PF: €777.8 million). On a constant currency basis the increase is by 7.9% to €839.0 million. The strongest growth of 29.2% was achieved in the European markets. With sales of €519.7 million, the European share of total sales rose continuously over the course of the year to 64%. The importance of the American market, on the other hand, continued to fall short as expected. Owing to the regulatory framework, and a slowdown in sales triggered by the property crisis in the US, sales reached €292.8 million in the period (on a constant currency basis: €319.3 million) compared to €375.6 million the previous year. SAF-HOLLAND reacted to this development by adjusting production capacities in the US and reducing personnel. Correspondingly, the number of SAF-HOLLAND employees fell by 9.3% to 2,974 at the end of

2007, compared with 3,279 the previous year.

In order to better understand the operating result, it was adjusted for unusual influences arising from the company acquisitions as well as further transaction costs. Adjusted EBIT stood at €60.5 million and the adjusted net profit for the 2007 financial year came to €22.3 million, which meant that the results were within the announced forecasts.

### **Sustainable growth momentum in Trailer Systems**

The trailer business, which represents 68% of group sales showed a continuously positive development in 2007. Against the background of strong growth in transport volumes in Europe, sales in this business unit rose by 16.5% (on a constant currency basis: 18.5%) to €551.1 million (2006 PF: €473.0 million). Due to the increasing trade flows between eastern and western Europe, SAF-HOLLAND expects the demand to continue to rise strongly in 2008. The gross margin of 12.3% (2006 PF: 14.0%) was affected by increased material costs and an under-utilisation of production capacities in the US. In the medium term, the company is aiming to bring the gross margin back to its level of 2006. Measures to reduce costs and thus increase profitability have already been introduced over the past financial year.

In the Powered Vehicle Systems business unit (systems for tractors, buses and mobile homes), SAF-HOLLAND was able to further increase its market share in the US. However, the development of sales was significantly marked by the introduction of new emission standards in the US on 1 January 2007, and the resulting pull-forward investments made by truck fleet operators in 2005 and 2006. This led to an expected market downturn of approximately 40% in 2007. Whereas sales decreased only by 28.9% (on a constant currency basis: 22.4%) from €114.3 million to €81.3 million. Based on favourable product mix, the gross margin rose from 12.1% to 14.0%.

The Aftermarket business unit generated sales of €180.1 million in 2007 (2006 PF: €190.5 million). While the European business was able to grow considerably (+14%), sales in North America fell by 15% owing to the conditions mentioned above (exchange-rate adjusted 7.3%). The gross margin rose slightly to 34.6% (2006 PF: 34.2%) and is expected to remain at this level. In 2007, in the context of optimising operating processes, SAF-HOLLAND also began to concentrate the administrative and sales functions of the Aftermarket business unit for Europe at a single location in Aschaffenburg. This process was successfully completed in the first quarter of 2008. The newly created structure will make an important contribution to further increasing productivity and improving customer services.

### **Continuous expansion of production capacities**

Due to the high demand for SAF-HOLLAND products, particularly in Europe, incoming orders exceeded the manufacturing capacities in 2007. In order to meet this increased demand in the long term – and in order to build on its strong position amongst the global competition – SAF-HOLLAND is making the investments necessary to expand its capacities. Axle production capacity in Europe already rose by 25% in 2007, and will increase by another 20% in 2008. Another focus of investment in the current financial year will be the set-up of the company's axle production in the US.

### **Research and development**

Expenditure on research and development (R&D) came to €11.8 million in 2007, compared with €12.1 the previous year. This represents an R&D quota of 1.5% (2006 PF: 1.6%). One important investment in 2007 was the commissioning of the R&D testing laboratory in Bessenbach. Total investment for this item was €4.4 million. The R&D department focuses on reducing weight, improving energy efficiency, cutting total operating costs of our products and developing new technologies.

### **Good prospects for 2008**

SAF-HOLLAND expects further strong growth in the current financial year of 2008 based on a consistently high trend of demand in Western Europe, and additional potential from the important growth markets of Eastern Europe, Brazil and Asia. “We know that the mega-trends which form the basis of our growth story are intact, since flows of trade, and the associated transport requirements, are increasing on a global scale. As a premium supplier in the truck, trailer and transport industry, we are ideally positioned for further profitable growth,” said CEO Rudi Ludwig. SAF-HOLLAND expects a sales volume of between €900 million and €950 million in 2008. Based on the expected increase in sales and economies of scale, the company's profitability is as well expected to increase. SAF-HOLLAND is therefore targeting an adjusted EBIT margin of 8 to 8.5% in the 2008 financial year.

## Group figures

(€ m)	2007	2006 PF <sup>1</sup>	Change in %	Q4/2007	Q4/2006 PF <sup>1</sup>	Change in %
<b>Sales</b>	<b>812.5</b>	777.8	4.5	<b>199.1</b>	189.2	5.2
<i>On a constant currency basis</i>	839.0		7.9	207.3		9.6
<b>Gross profit</b>	<b>141.6</b>	143.0	-1.0	<b>32.5</b>	27.7	17.0
<i>Gross margin</i>	17.4	18.4		16.3	14.7	
<b>Adjusted EBITDA<sup>2</sup></b>	<b>72.5</b>	77.0	-5.8	<b>17.3</b>	13.1	32.1
<i>Adjusted EBITDA margin</i>	8.9	9.9		8.7	6.9	
<b>Adjusted EBIT<sup>3</sup></b>	<b>60.5</b>	65.1	-7.1	<b>13.9</b>	10.7	30.0
<i>Adjusted EBIT margin</i>	7.4	8.4		7.0	5.7	
<b>Adjusted annual net profit<sup>4</sup></b>	<b>22.3</b>	24.1	-7.5	n/a	n/a	
<b>Adjusted profit per share<sup>5</sup> (in €)</b>	<b>1.18</b>	1.28	-7.8	n/a	n/a	
<b>Employees (as of 31/12)</b>	<b>2,974</b>	3,279	-9.3	2,974	3,279	-9.3

## Sales by region

(€ m)	2007	2006 PF	Change in %	Change in % on a constant currency basis
<b>Europe</b>	<b>519.7</b>	402.2	29.2	29.2
<b>North America</b>	<b>292.8</b>	375.6	-22.0	-15.0
<b>Total</b>	<b>812.5</b>	777.8	4.5	7.9

## Sales by business unit

(€ m)	2007	2006 PF	Change in %	Change in % on a constant currency basis
<b>Trailer Systems</b>	<b>551.1</b>	473.0	16.5	18.5
<b>Powered Vehicle Systems</b>	<b>81.3</b>	114.3	-28.9	-22.4
<b>Aftermarket</b>	<b>180.1</b>	190.5	-5.5	-0.3
<b>Total</b>	<b>812.5</b>	777.8	4.5	7.9

<sup>1</sup> PF: Pro-forma represents figures for the year 2006 as if the subgroups would have been acquired as of January 1, 2006.

<sup>2</sup> Adjusted EBITDA: EBITDA plus additional step up inventory costs from purchase price (PPA) allocation as well as transaction and integration costs.

<sup>3</sup> Adjusted EBIT: EBIT plus any additional depreciation, amortization and step up inventory costs from PPA as well as transaction and integration costs.

<sup>4</sup> A standard tax rate of 36% was assumed for the adjusted annual net profit.

<sup>5</sup> The number of shares is stated as if the number of shares issued up to 31/12/2007 had remained unchanged in 2007 and in the whole of the 2006 financial year.

**About SAF-HOLLAND:**

SAF-HOLLAND has been listed in the Prime Standard of the Frankfurt Stock Exchange since 26 July 2007 (stock exchange code: SFQ, ISIN: LU0307018795). 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.

*Note:* The SAF-HOLLAND S.A. annual report for 2007 can be viewed online at <http://www.safholland.com>.

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