

# Moving Values.

NINE-MONTH REPORT AS OF SEPTEMBER 30, 2008

## Key Figures

€ m	Q1-Q3/2008	Q1-Q3/2007	Q3/2008	Q3/2007
Sales	<b>646.3</b>	613.4	<b>188.3</b>	201.8
Cost of sales	<b>-537.1</b>	-504.3	<b>-160.1</b>	-166.6
Gross profit	<b>109.2</b>	109.1	<b>28.2</b>	35.1
Profit/loss for the period	<b>18.4</b>	14.7	<b>1.1</b>	11.7
Earnings per share in Euro <sup>1)</sup>	<b>0.97</b>	0.77	<b>0.06</b>	0.62
Adjusted EBITDA	<b>56.1</b>	55.2	<b>12.4</b>	19.0
Adjusted EBIT	<b>46.4</b>	46.6	<b>8.9</b>	16.3
Operating cash flow <sup>2)</sup>	<b>30.9</b>	40.0	<b>10.6</b>	11.0

1) The number of shares is assumed as if the number of shares issued as of 09/30/2008 had been unchanged in 2007 and 2008.

2) The operating cash flow is the cash flow from operating activities before income tax payments.

## Sales by Region

€ m	Q1-Q3/2008	Q1-Q3/2007	Q3/2008	Q3/2007
Europe	<b>441.0</b>	381.9	<b>119.0</b>	131.0
North America	<b>205.3</b>	231.5	<b>69.3</b>	70.8
Total	<b>646.3</b>	613.4	<b>188.3</b>	201.8

## Sales by Business Unit

€ m	Q1-Q3/2008	Q1-Q3/2007	Q3/2008	Q3/2007
Trailer Systems	<b>451.3</b>	407.0	<b>123.5</b>	133.7
Powered Vehicle Systems	<b>60.4</b>	64.1	<b>23.4</b>	19.0
Aftermarket	<b>134.6</b>	142.3	<b>41.4</b>	49.1
Total	<b>646.3</b>	613.4	<b>188.3</b>	201.8

## Other Financial Information

€ m	09/30/2008	06/30/2008	03/31/2008	12/31/2007
Total assets	<b>592.3</b>	<b>595.2</b>	<b>564.9</b>	554.6
Equity ratio (in %)	<b>21.9</b>	<b>19.7</b>	<b>19.9</b>	19.5
Employees (average)	<b>3,061</b>	<b>3,037</b>	<b>3,099</b>	2,996
Sales per employee (in k €)	<b>211.2</b>	<b>150.8</b>	<b>70.8</b>	271

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# Foreword from the Management Board

Dear shareholders, business associates, and employees,

In recent weeks and months, SAF-HOLLAND has laid important groundwork for the development of the Company. First of all, we have strengthened the foundation for future growth in our business areas and in regions around the world. In addition, we are steadily increasing our productivity. Thus, we are able to remain on the course we have defined even in the current turbulent economic environment and adapt flexibly to changes in market conditions. The negative economic outlook in recent months has weighed on business performance in general and also exerted pressure on our annual result. Nevertheless, we will increase our sales in 2008 over last year slightly.

An overview of the measures we have taken:

**1. Opening up new markets:** With two acquisitions, SAF-HOLLAND has expanded its regional base and is now positioned as an international supplier of systems for the truck and trailer industries. With Georg Fischer Verkehrstechnik GmbH we acquired the second-leading producer of fifth wheels in Europe, complementing our already outstanding market position in North America. Not only does Georg Fischer Verkehrstechnik already generate above-average margins, the acquisition also enables us to take advantage of additional synergies within the Company as a whole and to expand our fifth wheel business internationally. With the purchase of the landing leg business of the US company Austin-Western, we are also solidifying our position in China and are in a position to supply the European market with landing legs.

**2. Improving productivity:** The consequences of the financial crisis have begun to affect not only banks around the world but also the real economy. Fears of recession, financial bottlenecks, and last but not least, higher fuel prices have led to significant declines in orders from trailer and truck manufacturers, following record sales in past years. The IAA Commercial Vehicle trade show also failed to stimulate sales for the balance of 2008 and 2009, contrary to the pattern established in many previous years. As a result, SAF-HOLLAND has expanded its program to consolidate and restructure the Company. The objectives are to reduce costs for materials and personnel sharply and to increase the Company's flexibility. In the initial step, contracts with temporary workers and contractors were not extended,

or terminated. This affects approximately 350 employees at Company sites in Germany. Through the end of the year, we will continue to reduce the number of employees. Further site reductions are under consideration, in addition to this year's transfer of operations from the Schloss Holte plant to the plant in Wörth and the closure of an American facility in Holland, Michigan. Additional projects are underway, for example to reduce logistics costs through a new transportation and storage concept and to limit the amount of capital tied up in inventories.

Despite these measures, the current overall conditions are weighing on our results. Following a dynamic growth phase extending into the first half of 2008, we now expect only a slight increase in sales to approximately EUR 820 million for the entire year. The adjusted EBIT margin is expected to be about 6%, thus below the level of the previous year.

SAF-HOLLAND possesses a robust business model, which is proving itself even in a difficult environment. Building on a strong market position in our core markets, our focus is on enhancing shareholder value. We are confident in our ability to continue to profit from the advancing globalization of all sectors of the economy. Today, we are very well established in Europe and North America and are active in important growth regions such as China and Brazil. We are well positioned to participate in the transport volumes around the world.

Best regards,

A handwritten signature in blue ink that reads "Rudi Ludwig". The signature is fluid and cursive, with "Rudi" on the top line and "Ludwig" on the bottom line.

Rudi Ludwig  
Chief Executive Officer (CEO)

# Highlights

**>> CONSOLIDATED SALES RISE IN THE FIRST NINE MONTHS OF 2008 BY 5.4 % TO EUR 646.3 MILLION, AND, ADJUSTED FOR EXCHANGE RATE EFFECTS, BY 9.7 % TO EUR 673.2 MILLION**

- Trailer Systems Business Unit with 13.1% higher sales (adjusted for exchange rate effects) remains the most important growth driver
- Powered Vehicle Systems Business Unit stands out in a difficult market environment with 6.6% higher sales (adjusted for exchange rate effects)
- Aftermarket Business Unit has a stable margin and a slight sales increase of 1.5% (adjusted for exchange rate effects)

**>> EARNINGS REMAIN POSITIVE**

- Profit for the period climbs by 25.2 %
- Adjusted EBIT of EUR 46.4 million is the same as previous year
- Adjusted EBIT margin of 7.2 %

**>> EARNINGS PER SHARE REACHES EUR 0.97**

**>> EQUITY RATIO IMPROVES FURTHER TO 21.9 %**

**>> CAPITAL INCREASE SUCCESSFULLY PLACED IN SEPTEMBER 2008**

**>> ACQUISITION OF GEORG FISCHER VERKEHRSTECHNIK IMPROVES MARKET POSITION IN THE EUROPEAN TRUCK INDUSTRY**

**>> REORGANIZATION INTENSIFIED IN ORDER TO REDUCE PERSONNEL AND MATERIAL COSTS**

**>> NUMBER OF SERVICE POINTS INCREASES TO APPROXIMATELY 8,000 WORLDWIDE**

**>> OUTLOOK 2008**

- Sales rise slightly in a difficult market environment to around EUR 820 million
- Adjusted EBIT margin of about 6.0 % reflects the significant decline in sales in the fourth quarter

## The Share

The SAF-HOLLAND share price has been volatile in recent months from factors including crude oil prices and the developing financial crisis, which intensified in the third quarter and increasingly took its toll on the overall stock market. The first industrial companies to be affected were those which had greater financing requirements or which suffered from price increases – for example, diesel fuel. As a result, these companies reduced their investments, orders declined, and the economic climate deteriorated markedly. Consequently, the major indices such as DAX, MDAX, and SDAX came under pressure, and the SAF-HOLLAND share traded lower as well. The share price declined by approximately 50% from EUR 13.68 at the beginning of the year to EUR 6.70 as of the reporting date on September 30, 2008. The SAF-HOLLAND share reached its highest closing price on January 2, 2008 at EUR 14.19, and its low of EUR 6.20 on September 29, 2008. After the end of the reporting period, the financial crisis and a forecast revision by the Company weighed on the stock price.

Within the framework of a capital increase on September 4, 2008, SAF-HOLLAND issued 1,864,900 bearer shares with a par value of EUR 0.01 per share. At a price of EUR 7.50 per share, the shares were placed with qualified investors in Germany and throughout Europe. As a result of the capital increase, the number of shares rose by 9.9% from 18,837,375 to 20,702,275. The gross proceeds from the issuance totaling EUR 14 million were deployed for the acquisition of Georg Fischer Verkehrstechnik GmbH, which was financed through a combination of equity and borrowing.

A regular dialogue with capital market participants is important to SAF-HOLLAND. In addition to road shows in Scandinavia and France, an analyst conference took place in September during the IAA Commercial Vehicles trade show in Hanover. In the third quarter, equinett AG became the eighth securities firm to initiate coverage of SAF-HOLLAND.

### Analysts' recommendations<sup>1)</sup>

Institution	Analyst	Recommendation	Price target (€)	Date
Morgan Stanley	David Cramer/Adam Jonas	Overweight	9.00	10/16/2008
Sal. Oppenheim	Ulrich Scholz	Reduce	7.50	09/05/2008
HSBC Trinkaus & Burkhardt AG	Niels Fehre	Overweight	9.00	10/13/2008
Dresdner Kleinwort	Saul Rans/Georg Remshagen	Buy	8.30	10/10/2008
Berenberg Bank	Christian Ludwig	Buy	14.00	10/14/2008
equinet AG <sup>2)</sup>	Tim Schultdt	Reduce	2.50	08/04/2008
Viscardi AG	Robert Willis/Isabell Friedrichs	Buy	20.00	05/14/2008
Société Générale	Frédéric Labia	Neutral	20.00	11/06/2007

1) The overview contains investment banks and security firms which regularly issue commentaries, valuations, and recommendations pertaining to the SAF-HOLLAND share. SAF-HOLLAND cannot assume any liability for the completeness and accuracy of the statements. The recommendations made by the cited analysts reflect only their assessments and do not represent the opinion of SAF-HOLLAND.

2) Initiation of coverage in the third quarter of 2008

### Shareholder structure Figures in %



# Group Interim Management Report

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# Group Interim Management Report

For the third quarter of 2008 of SAF-HOLLAND S.A.

## I BUSINESS AND GENERAL FRAMEWORK CONDITIONS

SAF-HOLLAND S.A. is one of the leading worldwide manufacturers and suppliers of premium systems and components primarily for trailers as well as for trucks, buses, and recreational vehicles. The product range encompasses axle and suspension systems, fifth wheels, couplers, kingpins, and landing legs<sup>1)</sup>. The Company has 21 production sites in Europe, North America, Brazil, Australia, China, and India. In addition, the Company has a service network of more than 8,000 locations at its disposal.

The Company was founded in December 2005 for the purpose of acquiring SAF Group, a European market leader in the manufacture and sale of axles and axle systems for the trailer industry. The acquisition was carried out indirectly via two intermediaries on 03/31/2006. Similarly, the acquisition of the US-based Holland Group, an American market leader in the components and systems segment for the truck and trailer industry, was executed via an intermediary on 12/18/2006. Reflecting the customer base, the Company is divided into the following three Business Units: Trailer Systems, Powered Vehicle Systems, and Aftermarket.

## II OVERVIEW OF BUSINESS ACTIVITIES

### II.1 Overall economic environment

In the third quarter of 2008, the economic climate worldwide deteriorated considerably. The primary contributing factors were the financial market crisis and the prices for commodities, which at times reached record levels. The real economy – above all machine and automobile manufacturing – is increasingly under pressure. As early as the second quarter, the German gross domestic product declined by 0.5 % compared to the prior quarter<sup>2)</sup>, although growth of 1.8 % (previous year: 2.5 %) is still expected for the year. According to the fall surveys of the leading economic forecasting institutes, Germany stands on the verge of a recession<sup>3)</sup>. Given forecasts of a massive global economic downturn, the International Monetary Fund (IMF) once again has revised its economic expectations downward and now projects economic growth of only 3.9 % (previous year: 5.0 %). The forecast assumes growth of 1.6 % (previous year: 2.0 %) in the USA and 1.3 % (previous year: 2.6 %) in the Euro zone. However, despite economic headwinds dynamic growth is generally expected to continue in growth regions such as China with an increase of 9.7 % (previous year: 11.9 %) and Brazil with an increase of 5.2 % (previous year: 5.4 %)<sup>4)</sup>.

For 2009 economic experts, particularly in western industrialized countries, are anticipating a massive slump; the best-case scenario for Germany is 0.2 % growth, though a worst-case economic downturn of 0.8 % cannot be ruled out<sup>5)</sup>. The IMF expects increases of 0.2 % and 0.1 % for the Euro zone and USA, respectively. However, China (9.3 %) and Brazil (3.5 %) should remain engines of economic growth. Global economic growth for 2009 is expected to be 3.0 %, revised downward from the 2009 forecast of 3.9 % issued as recently as July<sup>6)</sup>.

1) Important financial and product-specific concepts are explained in the glossary on pages 34 to 37.

2) German Federal Statistical Office

3) Joint diagnosis, fall 2008

4) IWF, World Economic Outlook,  
October 2008

5) Joint diagnosis, fall 2008

6) IWF, World Economic Outlook,  
October 2008

The developing economic crisis is already placing massive pressure on commercial vehicle manufacturers. Numerous trailer and truck manufacturers are recording steep drops in orders following robust sales with sustained high demand until this past summer. Order entry from domestic customers declined, according to the German Automobile Association. That would represent a continuation of the trend since the beginning of the year. Reasons for the reluctance of end customers, primarily trucking companies and fleet operators, to make purchases include tight credit from banks, relatively high diesel prices, declining transport volumes and the generally hesitant sentiment in industry.

In recent months, new vehicle registrations for trucks have declined slightly in Europe, according to the European Automobile Manufacturers' Association (ACEA). Across all categories of commercial vehicles (including buses), the number of new vehicle registrations declined in the first nine months of 2008 by 3.8%, with an increase in the new EU member countries partially compensating for the drop-off in western Europe. With respect to the category of heavy trucks weighing more than 16 tons, the cumulative number of new registrations from January to September rose modestly by 3.5%, but September alone produced a drop of 4.8%. In individual markets such as Spain, the number of new registrations even fell by half, though there were still increases in Germany. However, truck manufacturers expect that the dynamic growth in regions like China, India, and South America will continue and this can partially offset weak demand in Europe. In the western European trailer market, the number of new registrations annually is expected to remain stable in 2008, followed by a decline in 2009<sup>1)</sup>.

1) Clear-Report

## **II.2 Significant events in the third quarter**

In the first nine months of 2008, SAF-HOLLAND S.A. once again increased both sales and profit for the period compared with last year. These results reflect the European business and the growth of the trailer market, particularly in the first half of the year. After the above-average growth dynamic in recent years, however, markets weakened in the third quarter. In addition to the rather subdued summer season largely attributable to vacations, contributing factors included the general reluctance to commit to purchases prior to the IAA Commercial Vehicles trade show and the consequences of the financial crisis in September.

Only 18 months after the integration of the German SAF and the American Holland, SAF-HOLLAND achieved another milestone towards rounding out its product range. In August, the Company announced its intention to acquire Georg Fischer Verkehrstechnik GmbH, the second-leading European producer of fifth wheels. The former subsidiary of Georg Fischer AG manufactures fifth wheels, trilex wheels, and kingpins and was legally incorporated into SAF-HOLLAND on October 6. Through the acquisition, SAF-HOLLAND has solidified its position in the European markets and is now positioned as an international partner and supplier of the worldwide truck industry. The Company is closing a strategic product gap in Europe and is expanding its already leading market position in North America to new regions. Together with the acquisition of the landing leg business of Austin-Western at the beginning of the year, the Company is now established with a complete product range in all relevant markets worldwide. Despite the dim market outlook, the Company has established the prerequisites for further growth.

The acquisition of Georg Fischer Verkehrstechnik GmbH was financed through a mix of borrowing and additional equity, which was generated through an increase of authorized capital in September. The Company placed the shares at a price of EUR 7.50 per share with qualified investors. Through broad diversification, free float increased from 39.8 % to 42 %. With the capital increase, subscribed share capital rose by 9.9 %. Pamplona Capital Partners I LP, which possessed 34.5 % of the shares of SAF-HOLLAND S.A. prior to the capital increase, maintained its ownership share and also provided a guarantee to underwrite all shares that could not be placed.

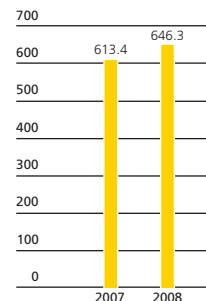
In July, SAF-HOLLAND completed the transfer of the production of kingpins and fifth wheels from Schloss Holte, Westphalia, to the axle production facility at Wörth in Bavaria. In September, one plant in Michigan, USA, was likewise closed. The production of this plant was successfully relocated to an already existing location as well. By taking this step, the Company has continued its program to streamline and improve the efficiency of its production units.

SAF-HOLLAND's exhibit at the IAA Commercial Vehicles trade show in Hanover resonated positively with customers. For the first time, the Company presented its complete product range for the truck and trailer industry. In addition to the new landing legs program, which will be produced in China for the Asian and European markets, the new range of fifth wheels and the axle program both received significant interest from customers. For SAF-HOLLAND, the IAA was an important indicator of the sentiment and trends in the truck and trailer markets in the coming months. The trade show signaled an economic downturn in the fall following summer weeks already characterized by weak order entry.

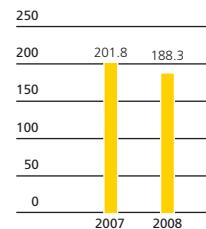
### II.3 Sales development

In the first nine months of 2008, SAF-HOLLAND increased sales by 5.4 % to EUR 646.3 million (previous year: EUR 613.4 million), of which EUR 188.3 million (previous year: EUR 201.8 million) was generated in the third quarter. Adjusted for exchange rate effects, Company sales even rose by 9.7 % to EUR 673.2 million (previous year: EUR 613.4 million); in the third quarter, adjusted for exchange rate effects, sales totaled EUR 194.7 million (previous year: EUR 201.8 million). Much of the development over the entire period was attributable to Europe with sales of EUR 441.0 million (previous year: EUR 381.9 million), representing a 15.5 % increase. Robust business activity in the first half of the current year made a substantial contribution. In the third quarter, economic headwinds in the European business became noticeable. As a result, European sales fell by 9.2 % to EUR 119.0 million (previous year: EUR 131.0 million). By contrast, sales development in North America began to show initial signs of stabilization in the last three months of the period under review. At EUR 69.3 million (previous year: EUR 70.8 million) sales almost reached last year's level. Adjusted for ex-

Sales from  
01/01 to 09/30 in m €



Sales in  
the third quarter in m €



change rate effects, the North American business even grew in the third quarter by 6.9% to EUR 75.7 million (previous year: EUR 70.8 million). During the January to September 2008 period, North American sales fell by 11.3% to EUR 205.3 million (previous year: EUR 231.5 million); adjusted for exchange rate effects, sales remained relatively stable at EUR 232.2 million (previous year: EUR 231.5 million).

#### Sales development by region

€ m	Q1–Q3/2008	Q1–Q3/2007	Q3/2008	Q3/2007
Europe	<b>441.0</b>	68.2 %	381.9	62.3 %
North America	<b>205.3</b>	31.8 %	231.5	37.7 %
<b>Total</b>	<b>646.3</b>	100.0 %	613.4	100.0 %

#### Sales development by region (exchange rate-adjusted)

€ m	Q1–Q3/2008	Q1–Q3/2007	Q3/2008	Q3/2007
Europe	<b>441.0</b>	65.5 %	381.9	62.3 %
North America	<b>232.2</b>	34.5 %	231.5	37.7 %
<b>Total</b>	<b>673.2</b>	100.0 %	613.4	100.0 %

#### Sales development by Business Unit

€ m	Q1–Q3/2008	Q1–Q3/2007	Q3/2008	Q3/2007
Trailer Systems	<b>451.3</b>	69.9 %	407.0	66.4 %
Powered Vehicle Systems	<b>60.4</b>	9.3 %	64.1	10.4 %
Aftermarket	<b>134.6</b>	20.8 %	142.3	23.2 %
<b>Total</b>	<b>646.3</b>	100.0 %	613.4	100.0 %

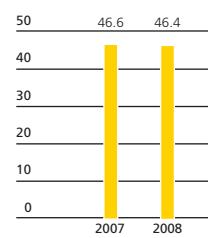
#### Sales development by Business Unit (exchange rate-adjusted)

€ m	Q1–Q3/2008	Q1–Q3/2007	Q3/2008	Q3/2007
Trailer Systems	<b>460.4</b>	68.4 %	407.0	66.4 %
Powered Vehicle Systems	<b>68.3</b>	10.1 %	64.1	10.4 %
Aftermarket	<b>144.5</b>	21.5 %	142.3	23.2 %
<b>Total</b>	<b>673.2</b>	100.0 %	613.4	100.0 %

## II.4 Earnings development

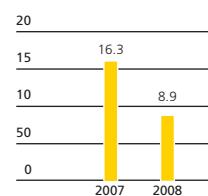
In the first nine months of 2008, SAF-HOLLAND increased its profit for the period by 25.2% to EUR 18.4 million (previous year: EUR 14.7 million). Adjusted earnings before interest and taxes (EBIT) of EUR 46.4 million (previous year: EUR 46.6 million) remained stable compared with the previous year. The EBIT margin amounted to 7.2% (previous year: 7.6%). The good order situation in the first half of 2008 was largely responsible for the improvement in earnings for the period. In the last three months of the period under review, earnings reflected partly the burden of higher costs for materials and even more so an underutilization of capacity. In particular, customer plant shutdowns for vacations contributed to the somewhat slow summer. At 16.9% the gross margin was 0.9 percentage points below last year's level. As a result of these factors, profit for the third quarter declined to EUR 1.1 million.

Adjusted EBIT from 01/01 to 09/30 in m €



As a result of the combination of the companies SAF and Holland at the end of 2006 and the IPO in 2007, costs have accrued that are not directly attributable to the Company's operating business. In order to avoid a distorted view of the actual earnings position, SAF-HOLLAND is reporting adjusted earnings figures. EBIT has been adjusted for the effects of the purchase price allocation after the combination of the two companies as well as for transaction and integration costs.

Adjusted EBIT in the third quarter in m €



## Reconciliation of adjusted earnings figures

€ m	Q1–Q3/2008	Q1–Q3/2007	Q3/2008	Q3/2007
EBIT	<b>39.1</b>	30.8	<b>5.6</b>	14.5
EBITDA	<b>53.3</b>	44.4	<b>10.6</b>	18.9
Adjusted EBIT/EBITDA				
Depreciation and amortisation from PPA <sup>1)</sup>	<b>4.5</b>	5.0	<b>1.5</b>	1.7
Step-up inventory from PPA <sup>1)</sup>	<b>0.3</b>	1.2	<b>0.0</b>	0.0
Transaction and integration costs	<b>2.5</b>	9.6		0.1
Adjusted EBIT	<b>46.4</b>	46.6	<b>8.9</b>	16.3
Depreciation and amortisation	<b>9.7</b>	8.6	<b>3.5</b>	2.7
Adjusted EBITDA	<b>56.1</b>	55.2	<b>12.4</b>	19.0

1) Purchase price allocation (PPA) after the acquisition of SAF group and Holland group in 2006.

## II.5 Performance of the Business Units

In the first two quarters of 2008, the performance of the Business Unit Trailer Systems was propelled by strong European growth. As a result of the slower summer season and the consequences of the financial crisis in September, the third quarter was much weaker. Overall, in the first nine months of the year, the Business Unit recorded 10.9% higher sales to EUR 451.3 million (previous year: EUR 407.0 million); adjusted for exchange rate effects, sales rose by 13.1% to EUR 460.4 million (previous year: EUR 407.0 million). The gross margin declined slightly from 12% to 11.9%, primarily as a result of higher prices for materials, which could not be immediately passed on to the market, in addition to the underutilization of capacity. At the IAA Commercial Vehicles trade show, SAF-HOLLAND displayed its landing legs for the European market for the first time. Through the acquisition of the landing leg business in China at the beginning of the year, SAF-HOLLAND was able to expand its prod-

uct range for the European trailer market. Austin-Western's production facility in southern China will become the central hub for the Asian market and also manufacture landing legs for the European market.

In the third quarter, the Business Unit Powered Vehicle Systems achieved 23.2 % sales growth to EUR 23.4 million (previous year: EUR 19.0 million); adjusted for exchange rate effects, the Business Unit's sales rose by 35.3% to EUR 25.7 million (previous year: EUR 19.0 million). The improved sales apparent in the second quarter of 2008 had continued during the third quarter. The Business Unit's cumulative sales during the nine-month period from January through September 2008 totaled EUR 60.4 million (previous year: EUR 64.1 million); adjusted for exchange rate effects, the Business Unit generated 6.6 % growth to EUR 68.3 million (previous year: EUR 64.1 million). Higher prices for materials had a particularly strong impact on the North American Powered Vehicle Systems business, reducing the gross margin from 14.4 % to 12.6 %. This Business Unit will receive a significant growth stimulus from the acquisition of Georg Fischer Verkehrstechnik GmbH. In addition to acquiring a European fifth wheel business, SAF-HOLLAND will benefit from cross-linkages with the American business. In North America, SAF-HOLLAND is already the leading manufacturer of fifth wheels. By strengthening its position in the European market, the Company has become a global supplier to the likewise globally oriented truck industry. In addition, with an above-average EBIT margin Georg Fischer Verkehrstechnik GmbH is making a positive contribution to the Company's future earnings position.

The performance of the Aftermarket Business Unit was also characterized by a weaker economy in the third quarter. In the first nine months of 2008, the Business Unit generated cumulative sales of EUR 134.6 million (previous year: EUR 142.3 million); adjusted for exchange rate effects, sales totaled EUR 144.5 million (previous year: EUR 142.3 million). The gross margin declined slightly by 0.2 percentage points to 35.7% (previous year: 35.9%). With a double-digit EBIT margin and a 21% share of sales, SAF-HOLLAND's aftermarket business is making a significant contribution to the Company's success and also helps to stabilize the business. Through direct contact with the end user, the Business Unit is also an important catalyst for the research and development of new products. Similarly, through its international service network, the Company is benefiting from the growing number of axles in the field, which will generate demand for replacement parts.

#### Overview of the Business Units

€ m	Business Unit Trailer Systems		Business Unit Powered Vehicle Systems		Business Unit Aftermarket		Total	
	Q1–Q3 2008	Q1–Q3 2007	Q1–Q3 2008	Q1–Q3 2007	Q1–Q3 2008	Q1–Q3 2007	Q1–Q3 2008	Q1–Q3 2007
Sales	<b>451.3</b>	407.0	<b>60.4</b>	64.1	<b>134.6</b>	142.3	<b>646.3</b>	613.4
Cost of sales	<b>397.7</b>	358.2	<b>52.8</b>	54.9	<b>86.6</b>	91.2	<b>537.1</b>	504.3
Gross profit	<b>53.6</b>	48.8	<b>7.6</b>	9.2	<b>48.0</b>	51.1	<b>109.2</b>	109.1
In % of sales	<b>11.9</b>	12.0	<b>12.6</b>	14.4	<b>35.7</b>	35.9	<b>16.9</b>	17.8

## II.6 Financing

In the third quarter, SAF-HOLLAND boosted its financial strength: through a capital increase, EUR 14.0 million (gross) in funds flowed into the Company. The issue price was EUR 7.50 per share. During the placement, 1,864,900 shares with a par value of EUR 0.01 per share were offered to qualified investors in Germany and throughout Europe. The capital increase was oversubscribed several times over, confirming investors' strong interest in SAF-HOLLAND. The Company is using the proceeds from the issuance to finance part of the acquisition of Georg Fischer Verkehrstechnik GmbH. The other part of the purchase price will be financed by borrowing via the existing credit line.

In spring 2008, SAF-HOLLAND agreed to a new credit line, which substantially reduces finance expenses. In the period under review from January through September, expenses amounted to EUR 13.3 million, down from EUR 21.1 million in the comparable period of last year. The credit line has a total volume of EUR 325 million and is subdivided into a EUR 140 million loan with a semi-annual redemption of EUR 5.5 million and a revolving credit facility of EUR 185 million. The credit agreement, which has a term of five years, reduces borrowing costs by 1 to 1.25 percentage points. Currently discussions are underway with the consortium led by Dresdner Kleinwort and UniCredit regarding further cooperation (also see the section Subsequent Events).

## II.7 Investments

During the period under review, SAF-HOLLAND invested a total of approximately EUR 27.0 million (previous year: EUR 20.3 million). The funds were dedicated to acquiring the landing leg business of Austin-Western and the Company invested in establishing its own axle production capacity in North America.

## II.8 Liquidity

As of the reporting date on 30 September 2008, cash and cash equivalents climbed slightly to EUR 30.9 million following EUR 27.8 million as of 31 December 2007. The primary reason for the rise was the proceeds from the capital increase in September.

In the first nine months of 2008, cash flow from operating activities totaled EUR 30.9 million (previous year: EUR 40.0 million). The decline related to higher trade receivables as well as a build-up of inventories, both as expected. This was due to a very high demand in the early months of the current fiscal year, the relocation of activities to facilitate plant closures in Germany and North America, as well as preparations for the Company's own axle production capacity in North America. SAF-HOLLAND has initiated a project to reduce net working capital requirements by the end of the year by approximately EUR 20 million. Cash flow from investing activities, including the acquisition of Austin-Western's landing leg business, amounted to EUR -25.0 million (previous year: EUR -19.0 million). Cash flow from financing activities during the period under review totaled EUR 4.9 million (previous year: EUR -12.9 million). The inflows were primarily attributable to the capital increase. In addition, cash flow from financing activities reflected the conclusion of the new credit agreement, including repayment of the existing credit line as well as the first-time payment of a dividend.

## II.9 Assets

Equity rose to almost EUR 130 million (12/31/2007: EUR 108.2 million). The determining factor for this development was among other things the capital increase. Non-current liabilities climbed to EUR 329.5 million (12/31/2007: EUR 329.2 million), while current liabilities increased as a result of short-term bank loans to EUR 127.8 million (12/31/2007: EUR 117.2 million). Total assets amounted to EUR 592.3 million (12/31/2007: EUR 554.6 million). As of the reporting date, the equity ratio improved to 21.9% (12/31/2007: 19.5%).

## II.10 Employees

As of September 2008, the Company had 3,061 employees (12/31/2007: 2,996). The increase resulted primarily from the purchase of Austin-Western's landing leg business. In Germany, contracts with around 130 temporary workers were not extended in order to adapt personnel requirements to declining order entry. Through the end of the year, the number of employees will be reduced further (also see the section on Subsequent Events). Sales per employee amounted to around EUR 211,200 (previous year: 150,800).

## II.11 Research and development

Significant events in the area of R&D occurred in September 2008; at the IAA Commercial Vehicles trade show in Hanover, SAF-HOLLAND presented a new generation of fifth wheel. The "Holland FWAL Lightweight" fifth wheel was at the center of attention. This product will now be marketed in Europe after its initial introduction in North America. This product exemplifies the fact that SAF-HOLLAND develops innovative and economical solutions for the end user. Through the use of aluminum, this fifth wheel is considerably lighter than conventional solutions made from cast iron or steel. By focusing on premium products, the Company will solidify and expand its market position. Simultaneously, SAF-HOLLAND is proceeding with the technology transfer between North America and Europe, which, for example, will manifest itself through the commencement of the Company's own axle production in the USA in the fourth quarter. Total R&D expenses during the period under review amounted to EUR 9.2 million (previous year: EUR 8.9 million). The R&D ratio was 1.4% as in the previous year.

## III SUBSEQUENT EVENTS

SAF-HOLLAND S.A. successfully completed the acquisition of Georg Fischer Verkehrstechnik GmbH, a former subsidiary of Georg Fischer AG, on October 6.

Against the backdrop of weakening markets, in October SAF-HOLLAND launched a program of measures designed to boost productivity and adapt corporate structures to new external conditions. Activities include:

- Reducing the amount of capital tied up in inventories
- Focusing investments on growth areas in China and Brazil
- Lowering transportation and storage costs on the basis of a new logistics concept
- Promoting measures to consolidate worldwide production sites
- Consolidating Chinese business activities at one site
- Reducing costs in all overhead areas around the world

In February 2008, the Company arranged a loan agreement, which stipulates adherence to certain corporate performance statistics (so-called covenants). SAF-HOLLAND continued to comply with these covenants in the third quarter. However, in view of future market risks, in October the Company initiated discussions with the responsible bank consortium in order to come up with a joint approach to the changing market and economic conditions.

#### IV RISK REPORT

With respect to existing risks, management refers to statements published in the annual report as of December 31, 2007. The financial crisis, which spread in recent months and with particular vehemence in the third quarter to the global banking system and increasingly to the real economy, is taking its toll on the business sentiment and stoking fears of recession. An additional factor is the relatively high price of diesel, which, along with availability of credit and weaker transport volumes, has significantly curbed the willingness of trucking companies to invest. The latest economic institute forecasts project considerably slower global economic growth, which will result in weaker demand for products and ultimately raise risks for the Company.

#### V OUTLOOK

For the full year 2008, SAF-HOLLAND expects that as a result of current economic conditions global output will only rise slightly. Plummeting stock prices, the muted economic outlook, and higher prices for certain products and raw materials in recent months have had a dampening effect on the willingness of many companies to invest. It is foreseeable that particularly in Europe and North America, difficult months lie ahead.

The economic downturn in Europe has already significantly reduced order volumes in the truck and trailer industry. Against this backdrop, SAF-HOLLAND's business in Europe is expected to progress at a lower level in the fourth quarter than in the previous year. The North American business, which was already burdened by the real estate crisis and pull-forward effects resulting from regulatory changes, showed some evidence of stabilization in the third quarter, which will presumably continue through the end of the year. Contrary to current trends in Europe and North America, China and Brazil continue to exhibit good growth potential.

Despite the weaker market environment, SAF-HOLLAND stands to benefit by the end of the year from the strategic course set in recent months. The acquisitions of Georg Fischer Verkehrstechnik GmbH and the landing leg business of Austin-Western are having a positive impact on sales. Above all, they are generating new orders, reflecting the Company's global orientation and its broad product spectrum. SAF-HOLLAND expects additional growth stimulus from its own axle production in North America beginning in the fourth quarter. Thus, the Company will be able to replace products that previously had been purchased from competitors and progressively increase axle sales in the coming years.

As a result of the massive collapse in the financial markets, which is suppressing overall corporate investment and business activity, the sales and EBIT margin forecasts previously made can no longer be realized. In particular, the production downtimes announced by numerous customers for December are exerting pressure on the EBIT margin. SAF-HOLLAND expects that it can achieve annual sales of about EUR 820 million, representing modest growth over the previous year. The EBIT margin is projected to come in at 6 %, compared with 7.4 % in 2007. The Company has introduced a series of initiatives to improve efficiency, which it continues to pursue, in order to position itself successfully in a difficult market environment. A part of these measures is the reduction of costs for materials and personnel.

SAF-HOLLAND will also benefit from cost reduction programs during the next fiscal year. In the long term, the Group will maintain its goal of achieving an adjusted EBIT margin of 10% at a minimum sales volume of EUR 1 billion.

Luxembourg, November 2008  
SAF-HOLLAND S.A.



Dr. Rolf Bartke  
Chairman of the Board of Directors



Rudi Ludwig  
Chief Executive Officer (CEO)

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# Interim Consolidated Income Statement

For the period January 1 to September 30, 2008

k €	Notes	01/01/08 -09/30/08	01/01/07 -09/30/07	07/01/08 -09/30/08	07/01/07 -09/30/07
Sales	(5)	646,284	613,411	188,303	201,766
Cost of sales		-537,114	-504,284	-160,112	-166,637
<b>Gross profit</b>		<b>109,170</b>	<b>109,127</b>	<b>28,191</b>	<b>35,129</b>
Other income		2,468	1,489	1,288	1,286
Selling expenses		-34,796	-34,391	-11,287	-10,836
Administrative expenses		-28,989	-37,047	-9,447	-8,182
Research and development costs		-9,210	-8,863	-3,175	-2,952
<b>Operating profit</b>	(5)	<b>38,643</b>	<b>30,315</b>	<b>5,570</b>	<b>14,445</b>
Finance income		301	2,174	-37	-542
Finance expenses		-13,304	-21,109	-4,922	-7,672
Share of investments accounted for using the equity method		420	465	-9	56
<b>Profit before tax</b>		<b>26,060</b>	<b>11,845</b>	<b>602</b>	<b>6,287</b>
Income tax expense	(6)	-7,658	2,890	508	5,367
<b>Profit for the period</b>		<b>18,402</b>	<b>14,735</b>	<b>1,110</b>	<b>11,654</b>
<b>Attributable to equity holders of the parent</b>		<b>18,402</b>	<b>14,735</b>	<b>1,110</b>	<b>11,654</b>
<b>Basic earnings per share (EPS)<sup>1)</sup> in EUR</b>	(10)	<b>0.97</b>	<b>0.16</b>		
<b>Diluted earnings per share in EUR</b>	(10)	<b>0.97</b>	<b>0.02</b>		

1) EPS for the previous year is based on the number of shares after the split up of shares into par value of € 0.01 as of June 2007. EPS calculation for the period January to September 2007 is comparable only to a limited extent to current EPS figures due to IPO related repayments of preferred shares.

# Interim Consolidated Balance Sheet

As of September 30, 2008

k €	Notes	09/30/08	12/31/07
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		69,622	69,111
Intangible assets		124,562	118,580
Property, plant and equipment	(7)	116,799	108,556
Investments accounted for using the equity method		13,876	13,842
Financial assets		1,262	1,674
Other non-current assets		3,745	2,617
Deferred tax assets		16,464	19,426
<b>Current assets</b>		<b>245,994</b>	<b>220,760</b>
Inventories		111,916	96,714
Trade receivables		94,284	86,191
Other current assets		5,680	4,949
Income tax assets		3,173	5,149
Cash and cash equivalents	(8)	30,941	27,757
<b>Total assets</b>		<b>592,324</b>	<b>554,566</b>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Subscribed share capital	(9.1)	207	188
Share premium	(9.1)	106,496	93,146
Revenue reserves	(9.2)	507	0
Retained earnings	(9.2)	22,212	12,317
Accumulated other comprehensive income		545	2,506
<b>Non-current liabilities</b>		<b>329,537</b>	<b>329,214</b>
Pensions and other post-employment benefit plans		11,044	11,401
Other provisions		3,928	4,230
Interest bearing loans and borrowings	(13)	263,911	261,293
Finance lease liabilities		593	821
Other financial liabilities		3,796	2,908
Other liabilities		185	237
Deferred tax liabilities		46,080	48,324
<b>Current liabilities</b>		<b>132,820</b>	<b>117,195</b>
Pensions and other post-employment benefit plans		2,252	2,221
Other provisions		7,362	8,899
Income tax liabilities		6,095	6,922
Interest bearing loans and borrowings	(13)	18,695	1,627
Finance lease liabilities		431	443
Trade and other payables		88,883	90,877
Other liabilities		9,102	6,206
<b>Total liabilities and equity</b>		<b>592,324</b>	<b>554,566</b>

# Interim Consolidated Statement of Changes in Equity

For the period January 1 to September 30, 2008

k €	Attributable to equity holders of the parent					
	Subscribed share capital	Share premium	Revenue reserves	Retained earnings	Accumulated other comprehensive income	Total equity
<b>As of January 1, 2008</b>	<b>188</b>	<b>93,146</b>	<b>0</b>	<b>12,317</b>	<b>2,506</b>	<b>108,157</b>
Foreign currency translation	–	–	–	–	-1,181	-1,181
Net gain/loss on cash flow hedges	–	–	–	–	-780	-780
<b>Total income and expense for the period recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-1,961</b>	<b>-1,961</b>
Profit for the period	–	–	–	18,402	–	18,402
<b>Total income and expense for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18,402</b>	<b>-1,961</b>	<b>16,441</b>
Issue of ordinary shares	19	13,968	–	–	–	13,987
Transaction costs	–	-618	–	–	–	-618
Appropriation to the statutory reserve	–	–	19	-19	–	–
Appropriation to other revenue reserves	–	–	488	-488	–	–
Dividends paid	–	–	–	-8,000	–	-8,000
<b>As of September 30, 2008</b>	<b>207</b>	<b>106,496</b>	<b>507</b>	<b>22,212</b>	<b>545</b>	<b>129,967</b>

For the period January 1 to September 30, 2007

k €	Attributable to equity holders of the parent					
	Subscribed share capital	Share premium	Retained earnings	Convertible preferred equity certificates	Accumulated other comprehensive income	Total equity
<b>As of January 1, 2007</b>	<b>1,184</b>	<b>109</b>	<b>811</b>	<b>7,193</b>	<b>72</b>	<b>9,369</b>
Foreign currency translation	–	–	–	–	3,109	3,109
<b>Total income and expense for the period recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,109</b>	<b>3,109</b>
Profit for the period	–	–	14,735	–	–	14,735
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>14,735</b>	<b>0</b>	<b>3,109</b>	<b>17,844</b>
Issue of convertible preferred shares	–	–	–	40	–	40
Issue of ordinary shares	51	97,229	–	–	–	97,280
Transaction costs	–	-3,862	–	–	–	-3,862
Redemption of preferred shares	-1,047	–	–	–	–	-1,047
Share-based payment compensation	–	–	338	–	–	338
Redemption of convertible preferred shares	–	–	–	-7,233	–	-7,233
<b>As of September 30, 2007</b>	<b>188</b>	<b>93,476</b>	<b>15,884</b>	<b>0</b>	<b>3,181</b>	<b>112,729</b>

# Interim Consolidated Cash Flow Statement

For the period January 1 to September 30, 2008

k €	Notes	01/01/08 -09/30/08	01/01/07 -09/30/07
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>			
+ Expenses relating to the IPO		0	7,648
- Finance income		-301	-2,174
+ Finance expenses		13,304	21,109
- Share of net profit of investments accounted for using the equity method		-420	-465
+ Amortisation and depreciation of intangible and tangible assets		14,235	13,647
- Allowance and write-up of current assets		-122	-172
-/+ Profit/loss on disposal of property, plant, and equipment		-565	-123
+ Expense for share-based payments		0	338
<b>Profit before changes in net working capital</b>		<b>52,191</b>	<b>51,653</b>
+/- Change in other provisions and pensions		-2,166	-2,434
+/- Change in inventories		-11,666	-10,075
+/- Change in trade receivables		-6,222	-14,506
+/- Change in income tax assets and other assets		236	-3,622
+/- Change in trade payables		-4,120	6,004
+/- Change in other liabilities		2,664	13,021
<b>Cash flow from operating activities before income tax paid</b>		<b>30,917</b>	<b>40,041</b>
- Income tax paid		-7,767	-6,341
<b>Net cash flow from operating activities</b>		<b>23,150</b>	<b>33,700</b>
<b>Cash flow from investing activities</b>			
- Acquisition of subsidiaries net of cash acquired	(4)	-3,347	-7,220
- Purchase of property, plant, and equipment	(7)	-16,017	-12,342
- Purchase of intangible assets		-7,670	-787
- Purchase of financial assets		0	-42
+ Proceeds from the sale of property, plant, and equipment		1,725	272
+ Interest received		301	1,155
<b>Net cash flow from investing activities</b>		<b>-25,008</b>	<b>-18,964</b>
<b>Cash flow from financing activities</b>			
+ Proceeds from the capital increase net of costs		13,369	93,418
+ Proceeds from shareholders		0	-64,038
+ Repurchase of preferred shares		0	-1,047
+ Payments from CPECs		0	-7,193
- Payments for dividends to shareholders	(9.2)	-8,000	0
- Payments for expenses relating to the IPO		-546	-5,470
- Payments for finance lease		-335	-333
- Interest paid		-11,483	-14,737
- Repayments of current and non-current financial liabilities	(13)	-262,226	-15,165
+ Proceeds from current and non-current financial liabilities	(13)	274,155	1,698
<b>Net cash flow from financing activities</b>		<b>4,934</b>	<b>-12,867</b>
<b>Net decrease in cash and cash equivalents</b>		<b>3,076</b>	<b>1,869</b>
Net foreign exchange difference		108	714
<b>Cash and cash equivalents at the beginning of period</b>		<b>27,757</b>	<b>21,938</b>
<b>Cash and cash equivalents at the end of period</b>		<b>30,941</b>	<b>24,521</b>

# Notes to the Interim Consolidated Financial Statements

For the period January 1 to September 30, 2008

## 1 CORPORATE INFORMATION

SAF-HOLLAND S.A. (the "Company" or the "Group") is a commercial company incorporated in Luxembourg on December 21, 2005, under the legal form of a "Société Anonyme". The registered office of the Company is located at 68–70, Boulevard de la Pétrusse, L-2320 Luxembourg. The Company is registered with the Register of Commerce of Luxembourg under the section B, number 113,090. The shares of SAF-HOLLAND S.A. are listed in the Prime Standard of the Frankfurt Stock Exchange under the ticker "SFQ" (ISIN: LU0307018795).

## 2 ACCOUNTING AND VALUATION PRINCIPLES

The interim consolidated financial statements of SAF-HOLLAND S.A. and all of its subsidiaries are consistent with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Committee (IFRIC), as adopted by the European Union and in effect as of the closing date.

The interim consolidated financial statements for the first three quarters of 2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting." As a rule, the same accounting and valuation principles and consolidation methods were applied as in the Group's annual financial statements for fiscal year 2007. Therefore, the interim consolidated financial statements should be read in conjunction with the Group's annual financial statements as of December 31, 2007.

The Group does not anticipate the application of new or revised standards and interpretations that went into effect as of January 1, 2008 to have any significant impact on the assets, financial, or earnings position of the Group. Furthermore, the possible impact of new or revised standards and interpretations that apply beginning in fiscal year 2009 is currently being examined.

Expenses and income incurred irregularly during the fiscal year were brought forward or deferred if would also be appropriate to do so at the end of the fiscal year.

The interim consolidated financial statements have neither been audited nor reviewed by an auditing firm.

## 3 SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and profits. As a rule, the first quarter is characterized by the strongest sales.

#### 4 SCOPE OF CONSOLIDATION

Compared to December 31, 2007, the scope of consolidation was expanded by one company. The addition in the second quarter of 2008 involves the acquisition of Xiamen Austin-Westran Machinery Co. Ltd.

#### 5 SEGMENT INFORMATION

For management purposes, the Group is organized into customer-oriented Business Units based on their products and services. The three reportable operating segments are the Business Units Trailer Systems, Powered Vehicle Systems, and Aftermarket. There has been no change in the division of operating segments since the consolidated financial statements as of December 31, 2007. For more information, please see the notes of the 2007 annual report.

Management assesses the reporting of the operating segments based on adjusted EBIT. This measurement basis does not include any extraordinary items.

A reconciliation from operating profit to adjusted EBIT is provided as follows:

	01/01/08–09/30/08	01/01/07–09/30/07
Operating profit	38,643	30,315
Additional depreciation and amortisation from PPA	4,572	4,987
Step-up inventory from PPA	270	1,168
Expenses relating to the IPO as well as integration and restructuring costs	2,524	9,622
Share of investments accounted for using the equity method	420	465
<b>Adjusted EBIT</b>	<b>46,429</b>	<b>46,557</b>

Information on segment sales and earnings for the period from January 1 to September 30, 2008:

k €	2008				
	Business Units			Adjustments and eliminations	Consolidated
	Trailer Systems	Powered Vehicle Systems	Aftermarket		
Sales	451,342	60,393	134,549	0	646,284
<b>Adjusted EBIT</b>	<b>22,933</b>	<b>1,941</b>	<b>21,793</b>	<b>-238</b>	<b>46,429</b>

Information on segment sales and earnings for the period from January 1 to September 30, 2007:

k €	Business Units				2007 Consolidated
	Trailer Systems	Powered Vehicle Systems	Aftermarket	Adjustments and eliminations	
Sales	406,945	64,126	142,340	0	613,411
<b>Adjusted EBIT</b>	<b>20,610</b>	<b>2,613</b>	<b>22,618</b>	<b>716</b>	<b>46,557</b>

Adjustments and eliminations include expenses of the parent companies as well as other expenses and income which are not allocated to any Business Unit.

Assets of the operating segments as of September 30, 2008 compared to December 31, 2007:

k €	Business Units				2007 Consolidated
	Trailer Systems	Powered Vehicle Systems	Aftermarket	Adjustments and eliminations	
As of 09/30/2008	367,634	61,950	134,597	28,143	592,324
As of 12/31/2007	345,755	56,254	119,297	33,260	554,566

Assets of the Business Units do not include items accounted for using the equity method, derivatives, deferred tax assets, and income tax assets, as these assets are managed on a Group basis.

## 6 INCOME TAX EXPENSE

The major components of the income tax expense in the interim consolidated income statement are:

k €	01/01/08–09/30/08	01/01/07–09/30/07
Current income taxes	-8,466	-6,882
Deferred income taxes relating to origination and reversal of temporary differences	808	9,772
<b>Total</b>	<b>-7,658</b>	<b>2,890</b>

The effective tax rate in the first three quarters of 2008 was 29.39 %, compared to -24.40 % in the comparable period in 2007.

## 7 PROPERTY, PLANT AND EQUIPMENT

The Group acquired tangible assets totaling kEUR 16,017 as of September 30, 2008; of this amount, kEUR 5,335 were acquired in the third quarter of 2008.

In the first three quarters of the fiscal year, there were no significant disposals of tangible assets.

## 8 CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents and short-term deposits are comprised of the following:

k €	09/30/08	09/30/07
Cash at banks and on hand	26,583	9,100
Short-term deposits	4,358	15,421
<b>Total</b>	<b>30,941</b>	<b>24,521</b>

## 9 EQUITY

### 9.1 Subscribed share capital and share premium

On August 27, 2008, shareholders approved the issuance of an additional 1,864,900 ordinary shares with a par value of EUR 0.01. The shares were placed at an issue price of EUR 7.50 per share. As a result, the Company's equity increased by EUR 13,368,093.23 (net of costs).

As of September 30, 2008, the Group's subscribed share capital, including the additionally issued shares, amounts to EUR 207,022.75.

### 9.2 Retained earnings

On April 24, 2008, the Shareholders' Meeting resolved to allocate kEUR 19 to the statutory reserve and kEUR 488 to other revenue reserves.

Furthermore, the Shareholders' Meeting approved the proposed dividend of kEUR 8,000 (42.47 Euro cents per share; 2006: 0.00 Euro cents per share) for fiscal year 2007. The dividend was paid out on April 28, 2008.

## 10 EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 as follows:

Earnings per share	09/30/08	09/30/07
Profit for the period	k €	18,402
Number of shares outstanding (weighted average)	Thousands	19,003
Weighted average number of shares outstanding (diluted)	Thousands	19,003
Earnings per share		
Basic	€	0.97
Diluted	€	0.97

In accordance with IAS 33, the stock split into a par value of EUR 0.01 that took place on June 18, 2007 has been taken into account since the beginning of the period before. Diluted earnings per share in 2007 also take into account potential convertible shares (CPECs), which were completely repaid during the IPO. There was no dilutive effect for the first three quarters of 2008.

## 11 RELATED PARTY DISCLOSURES

The table below shows the composition of the Management Board and the Board of Directors of SAF-HOLLAND S.A. as of September 30, 2008:

Name	Position
<b>Management Board</b>	
Rudi Ludwig	Chief Executive Officer and Head of the Aftermarket Business Unit
Wilfried Trepels	Chief Financial Officer
Samuel Martin	Chief Operating Officer
Detlef Borghardt	Head of Trailer Systems Business Unit
Steffen Schewerda	Head of Group Operations
Jack Gisinger	Head of Powered Vehicle Systems Business Unit
<b>Board of Directors</b>	
Dr. Rolf Bartke	Member of the Board of Directors (Chairman)
Ulrich Otto Sauer	Member of the Board of Directors (Vice Chairman)
Dr. Siegfried Goll	Member of the Board of Directors
Rudi Ludwig	Member of the Board of Directors
Richard W. Muzzy	Member of the Board of Directors
Gerhard Rieck	Member of the Board of Directors
Bernhard Schneider	Member of the Board of Directors
Martin Schwab	Member of the Board of Directors

As of September 30, 2008, ordinary shares amounting to kEUR 39 were held by key management or by the companies controlled by key management.

Shareholders with a significant influence over the Group are:

- Pamplona Capital Partner I, LP
- Ulrich Otto Sauer

Pamplona received a total remuneration of kEUR 375 for consulting services related to the capital increase. In the comparable period in 2007, EUR 1.5 million in consulting fees were paid to Pamplona in connection with the IPO.

Ulrich Otto Sauer, a member of the Board of Directors, provides certain business consultancy services to SAF-HOLLAND GmbH. For services rendered in the first three quarters of 2008, Ulrich Otto Sauer received kEUR 112, of which kEUR 37 related to the third quarter. In addition, SAF-HOLLAND GmbH paid kEUR 6 to Ulrich Otto Sauer for rental fees in the third quarter of 2008; in the first three quarters of 2008, rental fees totaled kEUR 18.

Similarly, Richard Muzzy, member of the Board of Directors, provides certain business consultancy services to SAF-HOLLAND Inc. For services rendered, Richard Muzzy received kUSD 35 (kEUR 23) in the third quarter of 2008 and a total of kUSD 105 (kEUR 69) in the first three quarters of 2008.

Transactions with related parties as of September 30, 2008:

k €	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Jinan SAF AL-KO Axle Co., Ltd.	847	588	735	30
SAF AL-KO Vehicle Technology Yantai Co., Ltd.	2	319	290	9
SAF-HOLLAND Nippon, Ltd.	610	0	160	0
Lakeshore Air LLP	0	226	0	23
FWI S.A.	0	18,858	0	1,478
Irwin Seating Company	1,339	0	186	0
	2,798	19,991	1,371	1,540

Transactions with related parties as of September 30, 2007:

k €	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Jinan SAF AL-KO Axle Co., Ltd.	339	0	207	0
SAF AL-KO Vehicle Technology Yantai Co., Ltd.	24	0	364	0
SAF-HOLLAND Nippon, Ltd.	41	0	38	0
Lakeshore Air LLP	0	197	0	27
FWI S.A.	0	18,557	0	436
Irwin Seating Company	1,330	0	149	0
	1,734	18,754	758	463

Sales to and purchases from related parties are carried out at normal market prices. Outstanding balances ending September 30, 2008 are unsecured, interest free, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 12 CASH FLOW STATEMENT

An explanation of the cash flow statement may be found in the Group interim management report.

## 13 INTEREST BEARING LOANS AND BORROWINGS

On February 19, 2008, SAF-HOLLAND S.A. concluded an agreement with a bank consortium which replaces the previous LBO financing and provides the Group with short- and long-term financing at more favorable interest rates. By means of the new consortium agreement, borrowed funds amounting to EUR 325 million will be provided with a term of five years.

The new consortium agreement includes one Euro tranche ("Facility A1") and one US-Dollar tranche ("Facility A2") as well as a multicurrency revolving facility tranche ("Facility B"), as illustrated below:

k €	Amount drawn under term loan	Face value after deducting incidental financing costs	Available facility
	09/30/08	09/30/08	09/30/08
Facility A1	78,161	77,028	78,161
Facility A2	62,307	61,364	62,307
Facility B	138,388	135,952	185,000
	278,856	274,344 <sup>1)</sup>	325,468

The Company's interest bearing loans and borrowings are secured by joint liability of Group companies (for further information, see the Group interim management report).

1) As seen in the above table, interest bearing loans and liabilities totaling kEUR 282,605 in the consolidated interim balance sheet include kEUR 274,344 of interest bearing and secured loans as well as kEUR 1,139 of interest expense, kEUR 6,924 of bank overdrafts, and kEUR 198 of other borrowings.

#### 14 FINANCIAL INSTRUMENTS

Due to its financing activities, the Group is exposed to interest rate risk. To hedge this cash flow risk, the Group holds (unchanged since December 31, 2007) interest rate swaps and prolongation options for these swaps.

The market values of derivatives as of the balance sheet date are as follows:

k €	09/30/2008		12/31/2007	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	621	1,880	1,269	1,518
Prolongation option for interest rate swaps	0	1,916	0	1,390
	621	3,796	1,269	2,908

In the reporting period, changes in the value of swaps amounting to kEUR 780 (after taxes) were recognized in equity without affecting net income. In the first three quarters of 2008, the changes to the swaption were recognized with effect on net income at the amount of kEUR 360 (after taxes).

#### 15 EVENTS AFTER THE BALANCE SHEET DATE

A discussion of events after the balance sheet date may be found in the Group interim management report as of September 30, 2008. No further material events have occurred since the closing date of the interim financial report.



# Financial Glossary

**Cash flow:** Reflects income and payment flows during a given period, provides information on the source and use of funds, and is an indicator of a company's ability to finance itself.

**Cash pooling:** Controlling of cash and cash equivalents across the enterprise. Serves to ensure optimal use of funding and improves the financial result.

**EBIT:** Earnings before interest and taxes

**EBIT (adjusted):** EBIT without special factors such as transaction and integration costs  
(calculation on page 14)

**EBITDA:** Earnings before interest, taxes, depreciation, and amortisation

**EBITDA (adjusted):** EBITDA without special factors

**Goodwill:** A company's goodwill is defined as the difference between the purchase price of a company and its net asset value.

**Gross margin:** Gross profit/sales x 100%

**Gross profit:** Sales minus cost of sales

**Impairment test:** A test to determine whether the values of intangible assets shown in the balance sheet tally with their actual value

**Inventory turnover rate:** Inventories/cost of sales x 365 days

**IPO:** Initial public offering, going public with a capital increase

**Net profit for the year (adjusted):** Net profit for the year without special factors and based on a uniform tax ratio.

**Net working capital:** Current assets minus cash and cash equivalents minus non-interest-bearing liabilities

**PPA:** Purchase price allocation. During the acquisition of the SAF Group and the Holland Group, undisclosed reserves were revealed that resulted from the difference between the book values of the business units acquired and the purchase prices paid for them. This leads to write-downs for which adjustments must be made in determining result factors such as EBIT. In the case of an indefinite useful life, as with goodwill, an impairment test must be carried out to check the value.

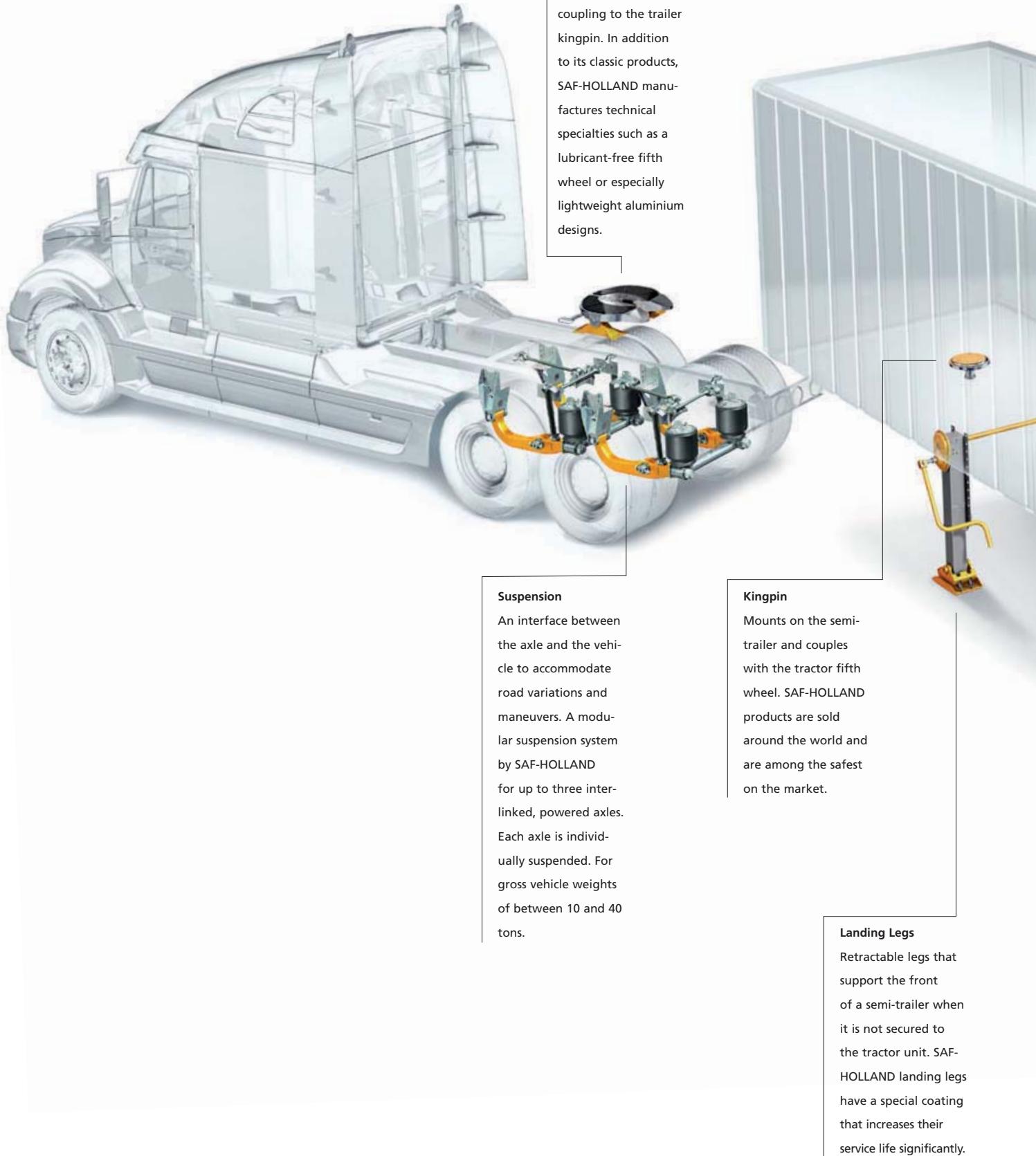
**ROCE:** Return on capital employed. EBIT minus tax expense/fixed assets minus deferred tax liabilities plus net working capital x 100%

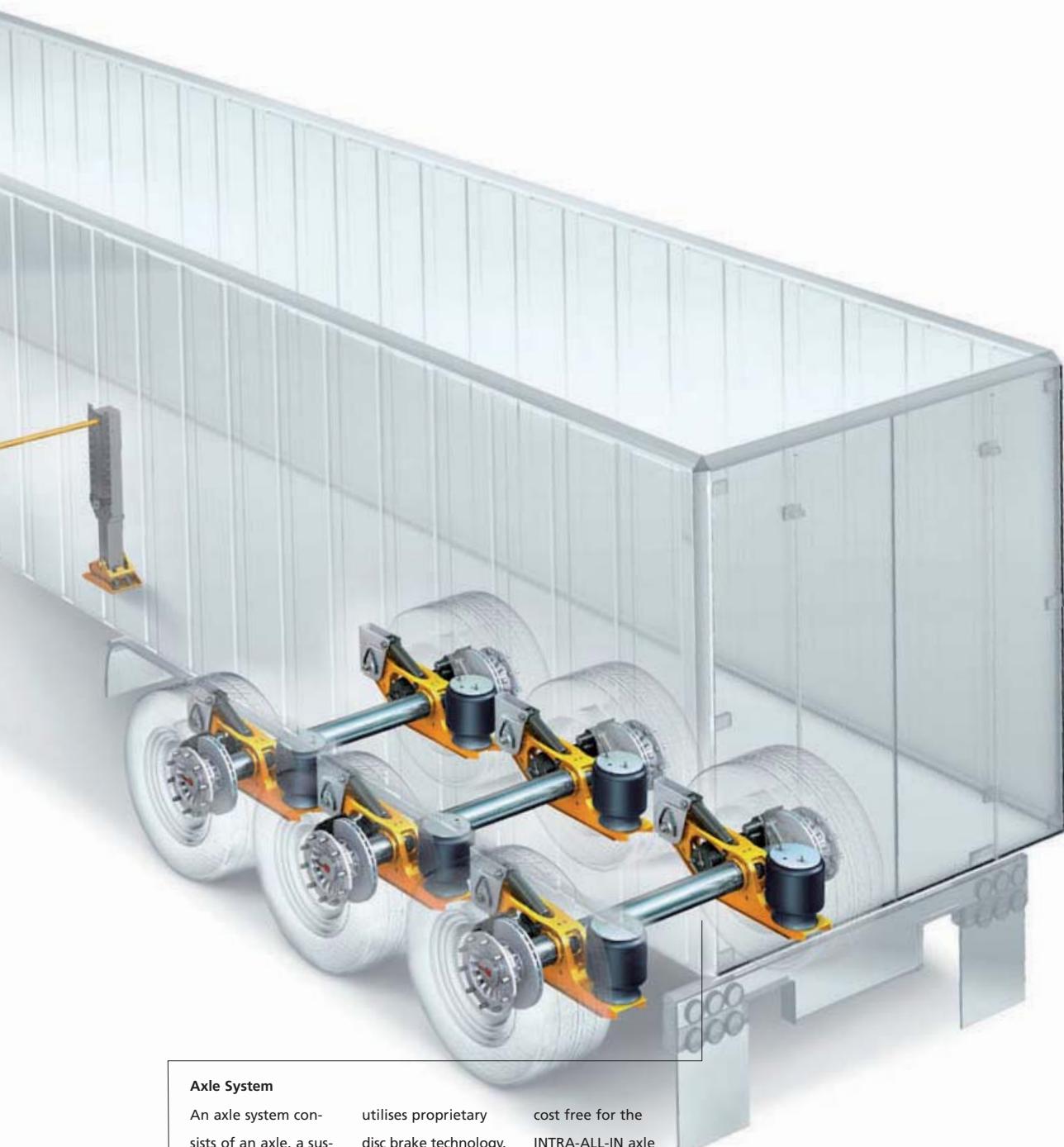
**ROI:** Return on investment, indicates the point at which the earnings from an investment exceed the expense.

**Tax ratio:** Tax expenses/earnings before taxes x 100%

**Value in use:** Corresponds to the cash value of the cash flow anticipated from an asset item.

# Technical Glossary





#### Axle System

An axle system consists of an axle, a suspension system, and a brake system. SAF-HOLLAND offers unique axle systems such as INTRADISC plus INTEGRAL which utilises proprietary disc brake technology. Subject to certain conditions and bearing in mind the existing warranties, SAF-HOLLAND provides maintenance

cost free for the INTRA-ALL-IN axle system for a period of up to 72 months or one million kilometers.

# Financial Calendar and Contact

## Financial Calendar

March 26, 2009	2008 Financial Statements and Annual Report
April 23, 2009	Annual General Meeting
May 28, 2009	Report on Q1 2009 Results

## Contact

Barbara Zanzinger  
SAF-HOLLAND GROUP GmbH  
Hauptstraße 26  
D-63856 Bessenbach  
Germany

Tel. +49 (0) 6095 301 617  
Fax +49 (0) 6095 301 200

Email: [ir@safholland.com](mailto:ir@safholland.com)  
Web: [www.safholland.com](http://www.safholland.com)

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SAF-HOLLAND S.A.  
68-70, Boulevard de la Pétrusse  
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