

Efficiency

QUARTERLY REPORT AS OF SEPTEMBER 30, 2011

3



Key Figures

EUR million	Q1–Q3/2011	Q1–Q3/2010	Q3/2011	Q3/2010
Sales	627.0	459.2	209.1	171.7
Cost of sales	-513.2	-371.7	-172.0	-139.4
Gross profit	113.8	87.5	37.1	32.3
Adjusted result for the period	21.1	1.8	9.2	2.4
Adjusted EPS in EUR ¹⁾	0.60	0.09	0.22	0.12
Adjusted EBITDA	55.5	37.6	18.5	15.3
Adjusted EBIT	45.0	26.0	15.0	11.4
Operating cash flow ²⁾	24.3	34.2	0.7	14.5

1) Adjusted net result / weighted average number of ordinary shares outstanding in the period under review.

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

Sales by Region

EUR million	Q1–Q3/2011	Q1–Q3/2010	Q3/2011	Q3/2010
Europe	349.6	220.7	114.5	85.1
North America	246.4	208.4	82.5	74.7
Other	31.0	30.1	12.1	11.9
Total	627.0	459.2	209.1	171.7

Sales by Business Unit

EUR million	Q1–Q3/2011	Q1–Q3/2010	Q3/2011	Q3/2010
Trailer Systems	362.2	227.9	120.4	91.9
Powered Vehicle Systems	111.9	93.6	38.1	32.1
Aftermarket	152.9	137.7	50.6	47.7
Total	627.0	459.2	209.1	171.7

Other Financial Information

	09/30/2011	06/30/2011	03/31/2011	12/31/2010
Total assets (EUR million)	540.5	519.6	656.1	484.7
Equity ratio (%)	33.7	33.8	26.1	5.1
	Q1–Q3/2011	Q1–Q3/2010	Q3/2011	Q3/2010
Employees (average)	3,091	2,567	3,189	2,702
Sales per employee (kEUR)	202.9	178.9	65.6	63.6

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Foreword from the Management Board

Ladies and gentlemen,
dear shareholders,

SAF-HOLLAND continues its profitable growth path. We have achieved our operating goals and increased the potential sales volume with new locations in Turkey and the Emirate of Dubai. We are continuing to lay the foundation for moving our business forward in the medium and long-term.

Our successful strategy was recognized by an outside source in September when we were declared "Turnaround Company of the Year 2010" by the business magazine "impulse". We are proud of the external recognition of our efforts, while at the same time mindful of the obligation for us to continue along the path we have chosen.

Despite the seasonally quieter summer months, we recorded stable development in the third quarter in comparison to the first two quarters of the financial year. Once again, all three business units contributed to this growth in sales and earnings. In the first nine months of the financial year, cumulative sales rose to EUR 627 million, a 37% increase over the previous year. Adjusted EBIT also increased: to EUR 45 million, a year-over-year increase of 73%.

The positive development confirms our strategy to grow by expanding our international presence and rounding out our product range in every market throughout the world, while continually improving the efficiency of our products and services. We have made good progress along this path in the third quarter as well.

Our new subsidiary in Dubai delivered the first parts to customers in the Middle East shortly after it was founded and will support our customers in the growth region of North Africa as well. In Turkey, currently the second fastest growing economy in the world, we founded a subsidiary, allowing us to take better advantage of the market opportunities and to benefit from the boom in this emerging region. At the same time, Turkey has become an important production site for many manufacturers – and here, our principle of always remaining close to our customers applies.



Detlef Borghardt

Significant efficiency improvements have resulted from the restructuring of our warehouses: In Germany, we now have a centralized spare part warehouse in Aschaffenburg and in America, the central warehouse in Cincinnati, Ohio, is now fully operational. As a result of these moves, ordering and delivery processes have been significantly simplified and improved for our customers.

The most important Eastern European commercial vehicle trade fair of 2011, COMTRANS, was held in Moscow just a few weeks ago. A 65% increase in the number of visitors at the fair was just one of the many signs pointing towards growth in Russia and Central Asia. SAF-HOLLAND presented its complete range of products at the fair and secured numerous orders for both the truck and trailer OEM business and the Aftermarket spare parts business. Many companies introduced themselves to us in an effort to position their business as a potential service partner. We are reviewing these offers carefully in order to maintain our high quality standards – the expansion of our service network, however, is already an important objective.

The current development of SAF-HOLLAND provides a positive outlook for the company. In Europe, we have noticed a more cautious approach on the part of our customers, while North America, our second important market, is still growing strongly. The Powered Vehicle Systems business unit development, in particular, is proceeding as planned, with both the Trailer Systems business unit and the Aftermarket business unit recording positive growth throughout the world as well.

Against this backdrop, SAF-HOLLAND confirms its forecast for full year 2011: sales will increase by up to 25% as compared with the previous year. Earnings will also improve considerably. On the basis of a changed product and customer mix, as well as rising material prices, however, growth in the earnings margin will not keep pace with sales growth. For 2012 we anticipate a positive business development for the overall Company, subject to the uncertainty of the global political and financial markets.

A handwritten signature in blue ink that reads "Detlef Borghardt". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Detlef Borghardt
Chief Executive Officer (CEO)

First nine months 2011 at a Glance

>> **Group sales increase to EUR 627.0 million**

- Growth in all three segments
- Trailer Systems Business Unit sees significant sales growth
- Powered Vehicle Systems benefits from a market which has remained highly dynamic, especially in North America
- Aftermarket business unit expands its market position

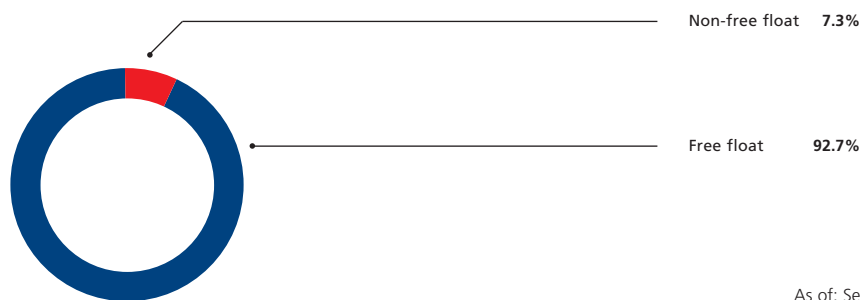
>> **Operating result further improved as compared to the previous year**

- Adjusted EBIT increased by 73.1%
- Adjusted EBIT margin rises to 7.2%
- Powered Vehicle Systems with stable earnings margin as compared to the second quarter
- Earnings up in the Trailer Systems and Aftermarket business units

>> **New international subsidiaries increase proximity to customers**

- SAF-HOLLAND founds subsidiary in Dubai
- The Group continues the expansion of its business in Turkey

The Share



As of: September 30, 2011

SAF-HOLLAND has increased its dialog with the capital markets over the past months. This included a “Capital Markets Day”, which took place at the head office in Bessenbach in October 2011. Numerous analysts and investors took advantage of the opportunity to get to know the Company better – including a tour of the main European Trailer Systems production area.

The SAF-HOLLAND share was more burdened by turbulence on the capital market than the SDAX index in the third quarter. As of September 30, the share was quoted at EUR 3.71 and thus significantly lower than at the beginning of the year when it had a starting price of EUR 6.36. In the third quarter the share peaked on July 7, 2011 at EUR 8.89. Subsequent to the reporting period, the share had once again climbed considerably and reached EUR 4.49 on October 31.

The increasing amount of nervousness in the financial markets as a result of uncertainty regarding solutions for the debt problems in several European countries was a major cause for the loss in the share price. Furthermore, the earnings development of one of our business units in the second quarter of 2011 apparently did not meet the expectations of some capital market participants. Upon publication of the preliminary figures for the third quarter, the SAF-HOLLAND share recovered substantially.

SAF-HOLLAND successfully completed a capital increase in March. The placement consisted of 20,535,100 new shares at a price of EUR 7.00. The free float increased to 92.7% as a result of the transaction.

Group Interim Management Report

For the first nine months of 2011 of SAF-HOLLAND S.A.

I BUSINESS AND FRAMEWORK CONDITIONS

SAF-HOLLAND S.A., hereinafter also referred to as SAF-HOLLAND, the Group, or the company, is one of the world's leading manufacturers and providers of premium systems and components for commercial vehicles (trucks and trailers) as well as buses and recreational vehicles. The product range encompasses axle and suspension systems, fifth wheels, coupling devices, kingpins, and landing legs. The Group, with its three Business Units – Trailer Systems, Powered Vehicle Systems, and Aftermarket – currently utilizes 16 production sites in Europe, North and South America, Brazil, Australia, China, and India. In addition, the company operates a worldwide service and distribution network and has cooperative agreements with well-known manufacturers.

II OVERVIEW OF BUSINESS DEVELOPMENT

II.1 Overall Economic Environment

Economic growth weakens

The dynamic development on the world markets is slowing. The International Monetary Fund (IMF) again lowered its forecast for global economic growth in September 2011 and now expects an increase of 4.0% for the current year, whereas an increase of 4.3% had been expected as recently as June. In Germany, economic output is now only expected to increase by 2.7% (forecast in June 2011: 3.2%) and by 1.6% in the Euro zone (2.0%). An increase of only 1.5% (2.5%) is forecast for the USA. Expectations in the global growth regions have also declined slightly although the strong upswing is continuing. According to the IMF, economic output will increase by 9.5% (9.6%) in China and by 7.8% (8.2%) in India. Experts forecast growth of 3.8% (4.1%) in Brazil and 4.3% (4.8%) in Russia.

In the current year, the number of new truck registrations increased dramatically. From January to September, the number of new trucks (over 16 tons) in Europe (EU 27) grew by over 44% to approximately 175,000 and, in Germany, by 32% to almost 46,000 new trucks. There are, however, a growing number of signs that the upturn in the commercial vehicle industry could weaken – “Truck Companies Cut Production” was the title of the *Börsen-Zeitung* (German financial newspaper) in the beginning of October for example.

In the face of slightly weakening economic activity, truck production (class 8) in North America is expected to increase by approximately 65% to about 178,000 vehicles according to a forecast from market research institute ACT in September 2011 – as recently as July, an increase of 70% to 184,000 vehicles was expected. For the trailer market, deliveries are expected to increase by 66% to approximately 206,000 units.

II.2 Significant Events in the first nine months of 2011

SAF-HOLLAND recorded overall positive developments in the third quarter of 2011. As compared to the previous year period, we improved our sales by 21.8% and the adjusted EBIT rose by 31.6%. Strong sales in September, in particular, were able to compensate for the seasonally quieter summer months of July and August.

In the first nine months of 2011, Group sales totaled EUR 627.0 million (previous year: EUR 459.2 million), thus growing by 36.5%. The Group's accumulated adjusted EBIT improved significantly by 73.1% to EUR 45.0 million (previous year: EUR 26.0 million).

In the third quarter, the Group carried out additional measures to further advance expansion in international markets. SAF-HOLLAND thus opened a new subsidiary in Dubai in July. SAF-HOLLAND has already been active in the region for many years and the new company immediately took up these previous activities and continues to expect strong growth. Within a few weeks of being formally founded, the company had already delivered the first parts to customers in the Middle East. The Dubai facility will also supply SAF-HOLLAND replacement parts to North and Central Africa.

Our new subsidiary in Istanbul presented itself to Turkish trade professionals with its official inauguration ceremony in July. With the decision to reinforce our sales activities by having our own team in the region, we strengthened our principle of staying close to our customers in the important international markets. Turkey has become an important location for the truck and trailer industry with many well-known manufacturers having already built up their production capacities or with future plans to do so. SAF-HOLLAND has established excellent customer relationships over the years in Turkey and the decision to open a subsidiary there is a consequence of our continued international expansion strategy.

The Aftermarket business unit took numerous measures in the third quarter that contribute to even better customer service and further efficiency improvements for the business unit. In the USA, SAF-HOLLAND opened a logistics center for the North American Aftermarket business in Cincinnati, Ohio. Here, all incoming orders and deliveries to customers will be integrated and processed together. The logistics center contributes to significantly streamlining and increasing the efficiency of internal processes and thus ensures our customers quick and friendly service. Along the same lines, we transferred logistics activities from the German location in Singen to Aschaffenburg, where the European headquarters for the spare parts business is located.

SAF-HOLLAND was very positively received at the COMTRANS trade fair, which took place September 13–17, 2011 in Moscow. We presented our fifth wheels, landing legs and kingpins, as well as air suspension axle systems. This year, with more than 20,000 visitors, COMTRANS lived up to its reputation as the most important Eastern European commercial vehicle trade fair. The number of visitors increased by a total of 65% as compared to the previous year, which also contributed to a great deal of attention for SAF-HOLLAND's presentation. Many companies expressed their interest in cooperating with SAF-HOLLAND as service partners. We will review these offers carefully, to take advantage of the excellent possibilities for the continued expansion of our service network.

For the purpose of streamlining the corporate structure, SAF-HOLLAND merged various German Group companies into the German parent company, SAF-HOLLAND GROUP GmbH, in August. This means that the operational business of SAF-HOLLAND GmbH is now handled by SAF-HOLLAND GROUP GmbH which, upon conclusion of the merger, was renamed SAF-HOLLAND GmbH. The merger was carried out retroactively to January 1, 2011.

II.3 Earnings development

Sales grow by 36.5%

Positive sales development from the first half of the year continued into the third quarter. SAF-HOLLAND increased Group sales by 21.8%, generating sales of EUR 209.1 million (previous year: EUR 171.7 million), adjusted for exchange rate effects, sales were EUR 218.0 million, with all Business Units contributing to the positive development. For the first nine months of 2011, sales rose to EUR 627.0 million (previous year: EUR 459.2 million). Adjusted for exchange rate effects, this figure was EUR 645.9 million. Influenced by the positive business development in the Trailer Systems business unit, the share of our European business grew by 58.4% to EUR 349.6 million (previous year: EUR 220.7 million) in the first nine months of 2011 as compared to the previous year. This represents a share of 55.8% (previous year: 48.1%) of the Group's total sales. In North America, we generated sales of EUR 246.4 million (previous year: EUR 208.4 million) and thus a share of 39.3% (previous year: 45.4%) in Group sales. In other regions, sales remained stable at EUR 31.0 million (previous year: EUR 30.1 million). Their share in Group sales was 4.9% (previous year: 6.5%).

Sales development by region

EUR million	Q1–Q3/2011		Q1–Q3/2011 (exchange rate-adjusted)		Q1–Q3/2010	
Europe	349.6	55.8%	349.6	54.1%	220.7	48.1%
North America	246.4	39.3%	263.8	40.8%	208.4	45.4%
Other	31.0	4.9%	32.5	5.1%	30.1	6.5%
Total	627.0	100.0%	645.9	100.0%	459.2	100.0%

EUR million	Q3/2011		Q3/2011 (exchange rate-adjusted)		Q3/2010	
Europe	114.5	54.8%	114.5	52.5%	85.1	49.6%
North America	82.5	39.5%	90.7	41.6%	74.7	43.5%
Other	12.1	5.7%	12.8	5.9%	11.9	6.9%
Total	209.1	100.0%	218.0	100.0%	171.7	100.0%

Adjusted EBIT increased by 73.1%

Despite seasonal effects from the months of July and August, SAF-HOLLAND increased the adjusted Group EBIT margin to 7.2% (previous year: 5.7%) in the first nine months. Adjusted EBIT reached EUR 45.0 million (previous year: EUR 26.0 million) and thereby improved by 73.1% as compared to the previous year. With regard to the third quarter, adjusted EBIT rose by 31.6% to EUR 15.0 million (previous year: EUR 11.4 million). The gross margin decreased under the influence of rising material prices to 18.1% (previous year: 19.1%). The adjusted result for the period rose in the first nine months to EUR 21.1 million (previous year: EUR 1.8 million). A special item also contributed to this in the third quarter: Finance income includes, among other things, unrealized exchange rate gains in the amount of EUR 2.2 million, which resulted from the valuation of US foreign currency loans as of the balance sheet date. Depending on exchange rate development, this item can potentially be reversed by the end of 2011. Adjusted earnings per share improved to EUR 0.60 (previous year: EUR 0.09).

Reconciliation Statement for Adjusted Figures

EUR million	Q1-Q3/2011	Q1-Q3/2010	Q3/2011	Q3/2010
Result for the period	21.7	-9.5	7.3	-0.6
Income tax	-2.5	3.6	3.3	1.7
Finance result	20.2	25.8	2.2 ²⁾	8.0
Depreciation and amortization from PPA ¹⁾	4.8	5.0	1.6	1.7
Restructuring and integration costs	0.8 ³⁾	1.1	0.6	0.6
Adjusted EBIT	45.0	26.0	15.0	11.4
as a percentage of sales	7.2	5.7	7.2	6.6
Depreciation and amortization	10.5	11.6	3.5	3.9
Adjusted EBITDA	55.5	37.6	18.5	15.3
as a percentage of sales	8.9	8.2	8.8	8.9
Depreciation and amortization	-10.5	-11.6	-3.5	-3.9
Finance result	-20.2	-25.8	-2.2 ²⁾	-8.0
Restructuring and integration costs	5.7 ⁴⁾	2.4	0.5	–
Adjusted result before taxes	30.5	2.6	13.3	3.4
Income tax	-9.4 ⁵⁾	-0.8	-4.1	-1.0
Adjusted result for the period	21.1	1.8	9.2	2.4
as a percentage of sales	3.4	0.4	4.4	1.4
Number of shares ⁶⁾	34,924,733	20,702,275	41,237,375	20,702,275
Adjusted earnings per share in EUR	0.60	0.09	0.22	0.12

1) Purchase price allocation (PPA) from the acquisition of the SAF Group and Holland Group in 2006 as well as Austin-Westran Machinery Co., Ltd. and the current SAF-HOLLAND Verkehrs-technik GmbH in 2008.

2) The finance result includes unrealized gains from foreign currency loans in the amount of EUR 2.2 million.

3) Thereof depreciation and amortization in the amount of EUR 0.2 million.

4) Mainly one-time effects from the early redemption of bank loans of EUR 4.4 million and swaps of EUR 0.7 million.

5) A uniform tax rate of 30.80% (previous year: 28.59%) was assumed for the adjusted result for the period. One-time effects from the creation of deferred tax assets on previously unrecognized interest carry-forwards in the amount of EUR 9.4 million are not considered (see Note 7).

6) Weighted average number of shares outstanding in the period under review.

II.4 Development in the Business Units

Business Unit Overview

	Business Unit Trailer Systems		Business Unit Powered Vehicle Systems		Business Unit Aftermarket		Adjustments/ eliminations		Total	
EUR million	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Sales	362.2	227.9	111.9	93.6	152.9	137.7	–	–	627.0	459.2
exchange rate- adjusted	369.4	–	118.1	–	158.4	–	–	–	645.9	–
Cost of sales	-327.7	-215.0	-92.3	-70.9	-92.4	-85.7	-0.8	-0.1	-513.2	-371.7
Gross profit	34.5	12.9	19.6	22.7	60.5	52.0	-0.8	-0.1	113.8	87.5
as a percentage of sales	9.5	5.7	17.5	24.3	39.6	37.8	–	–	18.1	19.1
Other income and expense	-22.4	-22.3	-8.8	-5.7	-35.8	-31.4	-1.8	-2.1	-68.8	-61.5
Adjusted EBIT	12.1	-9.4	10.8	17.0	24.7	20.6	-2.6	-2.2	45.0	26.0
as a percentage of sales	3.3	-4.1	9.7	18.2	16.2	15.0	–	–	7.2	5.7

Trailer Systems

Despite recessionary fears in the financial markets, the Trailer Systems business unit continued its dynamic growth as compared to the previous year. With EUR 362.2 million (previous year: EUR 227.9 million), it improved its sales by 58.9% in the first nine months of 2011. In the third quarter alone, sales amounted to EUR 120.4 million (previous year: EUR 91.9 million), which corresponds to an increase of 31.0%. The trailer markets in North America are showing positive development, still influenced by pent-up demand for investment in new vehicles. The dynamic growth of the European trailer market seems to be subsiding somewhat for the coming months. The gross margin increased thanks, among other things, to greater capacity utilization to 9.5% from 5.7% in the previous year period. The segment contributed 57.8% to Group sales (previous year: 49.6%).

Powered Vehicle Systems

The Powered Vehicle Systems business unit recorded significant sales growth in the third quarter of 2011 to EUR 38.1 million (previous year: EUR 32.1 million) an increase of 18.7% over the previous year. Despite two-week plant closures in the summer months, the business unit was even able to improve its quarterly sales in comparison to the previous quarter in 2011. In the first nine months of 2011, the segment increased its sales to EUR 111.9 million (previous year: EUR 93.6 million). In the summer months, production was burdened by bottlenecks in the supply of casting material. Nevertheless, weekend shifts and overtime hours enabled us to supply our customers punctually and reliably. The gross margin amounted to 17.5% (previous year: 24.3%), influenced by increases in the prices for materials, inefficiencies in production due to supply delays and changes to the product mix. The segment's share of the Group's total sales declined to 17.8% (previous year: 20.4%) as a result of the Trailer Systems business unit's strong growth.

Aftermarket

The Aftermarket business unit increased its sales in the third quarter by 6.1% to EUR 50.6 million (previous year: EUR 47.7 million) as compared to the previous year period. In the first nine months, sales increased to EUR 152.9 million (previous year: EUR 137.7 million), which corresponds to an increase of 11.0%. The gross margin increased to 39.6% (previous year: 37.8%). The segment generated 24.4% of Group sales (previous year: 30.0%), the smaller share is attributable to growth in the Trailer Systems business unit. The mid-term goal is to increase its share in Group's sales to 30%. The business unit is still on track in terms of its growth strategy. In July SAF-HOLLAND opened a subsidiary in Dubai, and, from this location, the Aftermarket business unit started delivering to customers in the Middle East and parts of Africa at the same time.

II.5 Financing

Significant debt reduction

The Group significantly improved its capital strength in the reporting period. In March 2011, SAF-HOLLAND generated net proceeds of EUR 139.4 million with a capital increase. A total of 20,535,100 shares were issued at a price of EUR 7.0. With this move, the subscribed share capital increased to EUR 412,373.75. We used a large portion of the proceeds to reduce liabilities from interest bearing loans and borrowings. The following payments were made in April 2011:

- Repayment of all accrued interest liabilities to that date (PIK interest) in the amount of EUR 14.3 million
- Repayment of EUR 49.2 million from the euro loan tranche "facility A1"
- Repayment of USD 56.7 million from the dollar loan tranche "facility A2"
- Minimized use of the revolving credit line "facility B"

At the same time the Group repaid the loans in the total amount of EUR 1.4 million that were granted by members of the Board of Directors and Management Board.

The successful capital increase was at the same time required for more favorable financing conditions: The interest margin was thereby reduced in a first step from 5.95% to 4.25%, which will be further reduced when certain key figures are reached. As a result, the interest margin already dropped to 4.0% in the third quarter. Furthermore, the amendment agreement includes the discontinuation of simplified liquidation of securities on the part of the banks. The one-time costs for the capital increase and the adjustment to the financing amount to EUR 9.4 million. They were deducted from the proceeds of the capital increase respectively capitalized as transaction costs from the existing loans. As a result of the capital increase and improved credit conditions, SAF-HOLLAND released interest rate hedge instruments with a nominal value of EUR 56.8 million and USD 40.0 million. The target was to avoid over-hedging. One-time payments of EUR 2.0 million and USD 8.8 million were required for the release (see Notes 12 and 13).

Moreover, expected cash flows from the loan were adjusted for the early repayment in April 2011. This resulted in a negative effect on earnings of EUR 4.4 million (see Note 6).

As of September 30, 2011, liabilities from interest bearing collateralized bank loans decreased to EUR 187.2 million (December 31, 2010: EUR 295.0 million) while net debt fell to EUR 171.8 million (previous year: EUR 302.1 million).

We prepared the issuing of a bond in July 2011. We thereby wish to become less dependent on the banking syndicate and achieve a long-term predictable external financing structure. The bond is planned with a term of seven years. As soon as the situation on the capital markets, currently burdened by budget issues in Europe and the USA, becomes more favorable, we will be in a position to quickly start with the marketing and placement of the bond. Contingent upon the successful placement of the bond, we have negotiated a new flexible credit line of EUR 90 million with a term of five years with four banks. Preparations for issuing the bond have been suspended for the moment. Costs incurred were recognized as finance expenses with a total of EUR 0.5 million in transaction costs.

II.6 Investments

Investments support the growth path

The primary focus was on replacement and expansion investments in the reporting period. The objective was to adjust capacities to the growing demand. The Group therefore invested EUR 9.0 million (previous year: EUR 5.0 million) in the first nine months. For the full year, we do not expect the investment rate to exceed the level of 2% of sales.

II.7 Liquidity

Operating cash flow sustainably positive

Cash flow from operating activities before income tax payments remained positive with EUR 24.3 million (previous year: EUR 34.2 million). The change resulted from the rise in net working capital in connection with increased business volume. Cash flow from investments totaled EUR -7.9 million (previous year: EUR -4.7 million). Cash flow from financing activities totaled EUR -7.1 million (previous year: EUR -33.7 million). This reflects, among other things, proceeds from the capital increase in the amount of EUR 143.7 million as well as the repayment of the credit line amounting to

EUR 89.1 million. Interest paid amounted to EUR 27.3 million and included the repayment of PIK interest in the amount of EUR 14.3 million as agreed in the new financing agreement with the banks.

As already announced, net working capital rose as a result of increased business volume and amounted to 10.5% of sales or EUR 87.9 million (December 31, 2010: 9.1% or EUR 62.7 million) as of the reporting date. The figure thereby just exceeded our target of 10%. Days of inventory outstanding also increased slightly to 47 days. The Group expects both the days of inventory outstanding as well as net working capital in relation to sales to decline again by the end of the year.

II.8 Assets

Balance sheet structure improved

Total assets increased along with the good business development to EUR 540.5 million (December 31, 2010: EUR 484.7 million). The structure of the balance sheet improved significantly with the successful capital increase and partial repayment of liabilities to banks. As of the reporting date, the equity ratio was 33.7% (December 31, 2010: 5.1%).

Non-current assets totaled EUR 318.0 million (December 31, 2010: EUR 317.9 million); current assets totaled EUR 222.5 million (December 31, 2010: EUR 166.1 million). Due to increased business volume, inventories increased to EUR 90.4 million (December 31, 2010: EUR 68.1 million) and trade receivables to EUR 111.8 million (December 31, 2010: EUR 80.4 million).

Equity improved thanks to the proceeds from the capital increase to EUR 182.1 million (December 31, 2010: EUR 24.9 million). As a result of the partial repayment of liabilities to banks, non-current liabilities dropped to EUR 231.4 million (December 31, 2010: EUR 362.4 million). Higher trade payables as a result of the risen business volume in the amount of EUR 91.6 million (December 31, 2010: EUR 69.9 million) increased current liabilities to EUR 127.0 million (December 31, 2010: EUR 97.4 million).

II.9 Employees

Focus on employee qualifications

In order to meet growing demand, the Group hired numerous new employees over the past months. As of the reporting date of September 30, SAF-HOLLAND had (including temporary employees) 3,152 employees worldwide (September 30, 2010: 2,742; December 31, 2010: 2,774).

SAF-HOLLAND primarily created new positions in production as well as research and development. In the third quarter, due to plant shutdowns, the number of employees remained nearly constant after many new employees had been hired in the first half of the year. In order to be able to react flexibly to actual demand, currently about 20% of the industrial employees at our German locations are either employed on a temporary basis or subcontracted. The Group also takes advantage of various employment models in the USA to ensure its flexibility.

Furthermore, the Group also invested its efforts in finding qualified staff. To this end, it participated in numerous trainee and university student contact fairs. In addition, numerous internal programs were started in an effort to further qualify our employees. In parallel, we increased the number of apprenticeship places in Germany from 15 to 22 for the new training year. In total, we offer 64 apprenticeship places in Germany, which corresponds to an above-average rate of 6.3% in an industry comparison. We gave employment contracts to all trainees who completed their apprenticeships in September in Germany.

II.10 Research and Development

Growth with new products

The Group intends to expand its market position primarily with new and energy-efficient products. An intensive exchange of technology between individual Group companies also contributes to completion of the product range worldwide. In the reporting period, we invested a total of EUR 11.8 million in research and development for an R&D ratio of 1.9% (previous year: EUR 10.7 million; R&D ratio: 2.3%), of that total, EUR 0.9 million was capitalized (previous year: EUR 0.5 million).

The most important product launches in the reporting period included a new product family of air suspension systems, which we introduced at the Mid-America Trucking Show in the USA in March. We believe that this step will double our market share in the medium term. We continue to expand our product range in growth markets: In China, we have been producing trailer axles since the beginning of the year and in Brazil, we are developing and testing products that meet the needs of the local customers.

In general, we rely on the development of product systems for improvements in efficiency. To that end, the Group is honing its focus on reducing the weight of components and increasing maintenance intervals. We are pursuing the goal of reducing costs for trucking companies and fleet operators – with high-quality premium products as well as reliable and comprehensive service.

III EVENTS AFTER THE BALANCE SHEET DATE

Detlef Borghardt, CEO and Member of the Management Board at SAF-HOLLAND GmbH, will also serve as Member of the Board of Directors at SAF-HOLLAND S.A. effective October 1, 2011. He succeeds Rudi Ludwig, who stepped down from his position on the Board of Directors at his own request effective September 30. This step is being taken in line with the German Corporate Governance Codex, according to which executive board members are prohibited from becoming members of the supervisory board for a period of two years subsequent to the end of their appointment. Ludwig was CEO of SAF-HOLLAND until June 30, 2011.

No additional material events have occurred since the reporting date.

IV RISK REPORT

Compared with the risk profile at the end of financial year 2010, as outlined in the annual report, the Group has recorded no changes. Overall, the risks are manageable and sufficient provisions have been made for known risks. In addition, it was decided by the Board of Directors last year to set up a specific independent department in the Group that deals with the development and review of internal control. Initial steps have already been taken to implement this plan.

V OUTLOOK

The IMF currently expects growth of 4.0% for the world economy in 2012. Global trading volume is forecast to increase by 5.8% pointing to a clear slowdown in the dynamic growth of the market as compared to the previous year. Economic output is expected to grow by 1.8% in the USA and by 1.3% in Germany. For the Euro zone, the IMF anticipates growth of 1.1%. Momentum is expected to remain high in China at 9.0% and in India at 7.5%. Economic output is also expected to remain on the rise in Russia (4.1%) and Brazil (3.6%) for 2012.

Although the speed of growth has diminished at least slightly, demand for commercial vehicles should remain high. Following the strong growth of 2011, the market research institute ACT still expects growth for the USA in 2012. It is assumed that truck production will grow by 22%. The number of trailers delivered should rise by 18% in 2012. There are currently no reliable estimates available for European market development in 2012.

SAF-HOLLAND is well-equipped for coming developments, even if the market may possibly see weaker growth than in the first half of 2011. For one thing, we have a complete range of products that is ideally suited to the needs of our customers. For another, we are highly flexible thanks to our global presence. The extent to which uncertainties in the financial markets and political landscape affect the industry and transport business is difficult to estimate from today's perspective. No negative effects are currently foreseen for SAF-HOLLAND within the market segments of Powered Vehicle Systems and Aftermarket. Only in the European trailer business, do we expect a decrease in the market dynamic over the coming months. Nevertheless, we confirm our forecast to increase sales in financial year 2011 by up to 25% in comparison to the previous year. Earnings will also improve significantly, although the earnings margin will not increase to the same extent as sales. This is primarily due to changes in the product and customer mix. This first and foremost pertains to our OEM business in the Powered Vehicle Systems business unit. For 2012 we anticipate a positive business development for the overall Company, subject to the uncertainty of the global political and financial markets.

Consolidated Interim Financial Statements

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Consolidated Statement of Comprehensive Income

KEUR	Notes	Q1–Q3/2011	Q1–Q3/2010	Q3/2011	Q3/2010
Result for the period					
Sales	(5)	627,025	459,241	209,119	171,717
Cost of sales		-513,183	-371,713	-172,030	-139,357
Gross profit		113,842	87,528	37,089	32,360
Other income		602	1,141	228	246
Selling expenses		-35,812	-31,493	-11,790	-10,965
Administrative expenses		-28,796	-27,029	-9,305	-8,875
Research and development costs		-10,866	-10,232	-3,704	-3,678
Operating result	(5)	38,970	19,915	12,518	9,088
Finance income	(6)	3,150	666	2,410	204
Finance expenses	(6)	-23,391	-26,513	-4,526	-8,236
Share of net profit of investments accounted for using the equity method		425	-24	217	8
Result before tax		19,154	-5,956	10,619	1,064
Income tax	(7)	2,561	-3,551	-3,270	-1,652
Result for the period		21,715	-9,507	7,349	-588
Other comprehensive income					
Exchange differences on translation of foreign operations	(10)	-3,910	8,139	1,520	-7,979
Changes in fair values of derivatives designated as hedges, recognized in equity	(10/13)	18	-5,965	-3,100	-679
Income tax effects on items recognized directly in other comprehensive income	(10)	-36	1,769	864	246
Other comprehensive income		-3,928	3,943	-716	-8,412
Comprehensive income for the period		17,787	-5,564	6,633	-9,000
Attributable to equity holders of the parent		17,787	-5,564	6,633	-9,000
Basic and diluted earnings per share in EUR	(11)	0.62	-0.46	0.18	-0.03

Consolidated Statement of Comprehensive Income/
Consolidated Balance Sheet >> 18–19

Consolidated Balance Sheet

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kEUR	Notes	09/30/2011	12/31/2010
Assets			
Non-current assets		317,981	317,864
Goodwill		45,295	45,822
Intangible assets		136,054	140,886
Property, plant, and equipment		95,979	100,630
Investments accounted for using the equity method		8,207	7,744
Financial assets	(13)	2	18
Other non-current assets		3,229	3,357
Deferred tax assets	(7)	29,215	19,407
Current assets		222,512	166,056
Inventories		90,351	68,082
Trade receivables		111,815	80,336
Income tax assets		138	731
Other current assets		7,439	8,361
Cash and cash equivalents	(8)	12,769	8,546
Non-current assets classified as held for sale	(9)	–	738
Total assets		540,493	484,658
Equity and liabilities			
Equity attributable to equity holders of the parent		182,126	24,927
Subscribed share capital	(10)	412	207
Share premium	(10)	245,661	106,454
Legal reserve		21	21
Other reserve	(10)	232	–
Retained earnings		-56,428	-77,911
Accumulated other comprehensive income	(10)	-7,772	-3,844
Non-current liabilities		231,438	362,410
Pensions and other similar benefits		11,449	11,730
Other provisions		3,744	4,089
Interest bearing loans and borrowings	(12)	178,136	306,917
Finance lease liabilities		5	40
Other financial liabilities	(13)	5,178	5,758
Other liabilities		294	273
Deferred tax liabilities	(7)	32,632	33,603
Current liabilities		126,929	97,321
Pensions and other similar benefits		2,329	2,732
Other provisions		5,255	5,748
Interest bearing loans and borrowings	(12)	6,478	3,758
Finance lease liabilities		63	131
Trade payables		91,572	69,938
Income tax liabilities		3,728	2,449
Other liabilities		17,504	12,565
Total equity and liabilities		540,493	484,658

Consolidated Statement of Changes in Equity

2011							
Attributable to equity holders of the parent							
kEUR	Subscribed share capital (Note 10)	Share premium (Note 10)	Legal reserve	Other reserve (Note 10)	Retained earnings	Accumulated other com- prehensive- income (Note 10)	Total equity
As of 01/01/2011	207	106,454	21	-	-77,911	-3,844	24,927
Comprehensive income for the period	-	-	-	-	21,715	-3,928	17,787
Issue of share capital	205	143,540	-	-	-	-	143,745
Transaction costs	-	-4,333	-	-	-	-	-4,333
Other reclassifications	-	-	-	232	-232	-	-
As of 09/30/2011	412	245,661	21	232	-56,428	-7,772	182,126

2010							
Attributable to equity holders of the parent							
kEUR	Subscribed share capital	Share premium	Legal reserve	Retained earnings	Accumulated other com- prehensive income (Note 10)	Total equity	
As of 01/01/2010	207	106,454	21	-69,601	-13,325	23,756	
Comprehensive income for the period	-	-	-	-9,507	3,943	-5,564	
As of 09/30/2010	207	106,454	21	-79,108	-9,382	18,192	

Consolidated Statement of Changes in Equity/
Consolidated Cash Flow Statement >> 20-21

Consolidated Cash Flow Statement

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kEUR	Notes	Q1-Q3/2011	Q1-Q3/2010
Cash flow from operating activities			
Result before tax		19,154	-5,956
- Finance income	(6)	-3,150	-666
+ Finance expenses	(6)	23,391	26,513
-/+ Share of net profit of investments accounted for using the equity method		-425	24
+ Amortization and depreciation of intangible assets and property, plant, and equipment		15,504	16,663
+ Allowance of current assets		1,460	491
-/+ Gain/Loss on disposal of property, plant, and equipment		-166	189
+ Dividends from investments accounted for using the equity method		22	11
Result before change of net working capital		55,790	37,269
- Change in other provisions and pensions		-1,498	-2,722
- Change in inventories		-32,634	-12,054
- Change in trade receivables and other assets		-24,616	-28,669
+ Change in trade payables and other liabilities		27,212	40,378
Cash flow from operating activities before income tax paid		24,254	34,202
- Income tax paid	(7)	-4,819	-5,598
Net cash flow from operating activities		19,435	28,604
Cash flow from investing activities			
- Purchase of property, plant, and equipment		-7,684	-4,334
- Purchase of intangible assets		-1,339	-579
- Purchase of investments accounted for using the equity method		-	-58
+ Proceeds from sales of property, plant, and equipment		982	177
+ Interest received		75	63
Net cash flow from investing activities		-7,966	-4,731
Cash flow from financing activities			
+ Proceeds from capital increase	(10)	143,745	-
- Payments for transaction costs relating to the capital increase	(10)	-6,068	-
- Payments for expenses relating to amended finance agreement	(6/12)	-3,844	-
- Repayments of Management and Board of Directors loans		-1,098	-109
- Payments for finance lease		-103	-215
- Interest paid		-27,280 ¹⁾	-10,090
- Repayments of current and non-current financial liabilities	(12)	-89,100 ²⁾	-
- Change in drawings on the credit line and other financing activities	(12)	-23,391	-23,315
Net cash flow from financing activities		-7,139	-33,729
Net increase/decrease in cash and cash equivalents		4,330	-9,856
Net foreign exchange difference		-107	620
Cash and cash equivalents at the beginning of the period	(8)	8,546	20,742
Cash and cash equivalents at the end of the period	(8)	12,769	11,506

1) Thereof kEUR 14,272 from the repayment of accrued PIK interest

2) Repayment of Facilities A1 and A2

Notes to the Consolidated Interim Financial Statements

For the period January 1 to September 30, 2011

1 CORPORATE INFORMATION

SAF-HOLLAND S.A. (the "Company") was incorporated on December 21, 2005 under the legal form of a "Société Anonyme" according to Luxembourg law. The registered office of the Company is in Luxembourg. The shares of the Company are listed in the Prime Standard of the Frankfurt Stock Exchange.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of SAF-HOLLAND S.A. and its subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and in effect as of the closing date.

The consolidated interim financial statements for the third quarter of 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As a rule, the same accounting policies and consolidation methods were applied as in the Group's annual financial statements for the financial year 2010. Therefore, the consolidated interim financial statements should be read in conjunction with the Group's annual financial statements as of December 31, 2010. Exceptions to the accounting principles stated there are new or revised standards and interpretations, whose application is required beginning in financial year 2011 and which have not been adopted early (see annual report 2010). The new regulations, however, have no significant impact on the consolidated interim financial statements.

In addition to the changes stated in the consolidated financial statements as of December 31, 2010, the following new or revised standards have been issued by the International Accounting Standards Board (IASB) since its publication:

- IAS 1 Presentation of Financial Statements (amended) – effective for annual periods beginning on or after July 1, 2012
- IAS 19 Employee Benefits (amended) – effective for annual periods beginning on or after January 1, 2013
- IFRS 10 Consolidated Financial Statements – effective for annual periods beginning on or after January 1, 2013
- IFRS 11 Joint Arrangements – effective for annual periods beginning on or after January 1, 2013
- IFRS 12 Disclosure of Interests in Other Entities – effective for annual periods beginning on or after January 1, 2013
- IFRS 13 Fair Value Measurement – effective for annual periods beginning on or after January 1, 2013

The Group reviews the impact of these new and amended standards on the consolidated financial statements.

During the preparation of the consolidated interim financial statements, management must make assumptions and estimates which affect the reported amounts of assets, liabilities, income, expenses, and contingent liabilities as of the reporting date. In certain cases, actual amounts may deviate from these estimates.

Expenses and income incurred unevenly during the financial year are anticipated or deferred if it is also appropriate to do so at the end of the financial year.

The consolidated interim financial statements and the Group Interim Management Report 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 the resulting profits. Please see the Group Interim Management Report for further details regarding earnings development.

4 SCOPE OF CONSOLIDATION

Companies Founded

In July 2011, SAF HOLLAND Middle East FZE, United Arab Emirates, was founded in Dubai and included in the consolidated financial statements for the first time on September 30, 2011.

Deconsolidations

Holland Eurohitch Ltd., United Kingdom, was deconsolidated upon its liquidation on March 29, 2011.

In August 2011, two German Group companies, SAF-HOLLAND GmbH and SAF-HOLLAND TECHNOLOGIES GmbH, were merged into the German parent company, SAF-HOLLAND GROUP GmbH. The merger was carried out retroactively to January 1, 2011. This means that the operational business of SAF-HOLLAND GmbH is now handled by SAF-HOLLAND GROUP GmbH which, once the merger was concluded, was renamed SAF-HOLLAND GmbH.

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 December 31, 2010. For more information, please see the notes of the 2010 annual report.

Management assesses the performance of the operating segments based on adjusted EBIT. The reconciliation from operating result to adjusted EBIT is provided as follows:

kEUR	Q1–Q3/2011	Q1–Q3/2010
Operating result	38,970	19,915
Share of net profit of investments accounted for using the equity method	425	-24
EBIT	39,395	19,891
Additional depreciation and amortization from PPA	4,821	5,006
Restructuring and integration costs	791	1,064
Adjusted EBIT	45,007	25,961

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

kEUR	2011				Consolidated
	Business Units			Adjustments/ eliminations	
	Trailer Systems	Powered Vehicle Systems	Aftermarket		
Sales	362,277	111,854	152,894	–	627,025
Adjusted EBIT	12,060	10,774	24,757	-2,584	45,007

kEUR	2010				Consolidated
	Business Units			Adjustments/ eliminations	
	Trailer Systems	Powered Vehicle Systems	Aftermarket		
Sales	227,913	93,572	137,756	–	459,241
Adjusted EBIT	-9,514	17,025	20,646	-2,196	25,961

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

Please see the Group Interim Management Report regarding earnings development in the segments.

6 FINANCE RESULT

Finance income and expenses consist of the following:

Finance Income

kEUR	Q1–Q3/2011	Q1–Q3/2010
Interest income	71	65
Finance income due to derivatives	509	29
Finance income due to pensions and other similar benefits	322	–
Other	2,248	572
Total	3,150	666

Other financial income includes unrealized exchange rate gains on foreign currency loans in the amount of EUR 2.2 million.

Finance expenses

kEUR	Q1–Q3/2011	Q1–Q3/2010
Interest expenses due to interest bearing loans and borrowings	-15,028	-20,164
Transaction costs	-5,013	–
Amortization of transaction costs	-1,655	-1,519
Finance expenses due to pensions and other similar benefits	-563	-584
Finance expenses due to derivatives	-719	-3,037
Other	-413	-1,209
Total	-23,391	-26,513

In the context of the partial repayment of the bank loans, the hedging relationships of some interest rate swaps were terminated in the first quarter 2011. Accordingly changes in the fair value of these interest rate hedging instruments of EUR 0.7 million, which had previously been reported in equity, were recognized in the finance result (see Notes 10 and 13).

In addition, the expected cash flows relating to the loans were adjusted to current developments with regard to their premature repayment, resulting in a write-up of loan book values of EUR 1.2 million as well as a premature write-off of capitalized transaction costs in the total amount of EUR 3.2 million, recognized in the finance result in the first quarter of 2011 (see Note 12).

Preparations for the emission of a bond, which were started in July 2011, have been suspended for the time being due to the difficult market environment. The costs of EUR 0.5 million that have so far been incurred in this context are included in transaction costs (see Note 12).

7 INCOME TAXES

The major components of income taxes are as follows:

kEUR	Q1–Q3/2011	Q1–Q3/2010
Current income taxes	-6,690	-7,772
Deferred income taxes	9,251	4,221
Income tax reported in the result for the period	2,561	-3,551

Positive income taxes, which appear high when earnings before taxes are taken into consideration, result primarily from deferred tax assets of EUR 9.4 million that the Group recognized for tax interest carry-forwards unrecognized in previous years. Management assumes that their future utilization can be regarded as sufficiently probable due to the changed financial structure (see Note 12).

8 CASH AND CASH EQUIVALENTS

kEUR	09/30/2011	12/31/2010
Cash at banks and on hand	10,645	7,121
Short-term deposits	2,124	1,425
Total	12,769	8,546

Cash at banks includes restricted cash of kEUR 1,831.

9 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In January 2011, the Group sold a property with building in the USA (Holland, Michigan). The property and the building were classified as non-current assets held for sale already as of December 31, 2010. A gain of kEUR 60 results from the sale.

10 EQUITY

Subscribed share capital

On March 24, 2011, SAF-HOLLAND S.A. decided to issue an additional 20,535,100 ordinary shares with a par value of EUR 0.01 each. The shares were placed at an offering price of EUR 7.00 each.

As a result of this measure, the subscribed share capital of the company increased by EUR 205,351.00 to EUR 412,373.75.

Share premium

The share premium increased through premiums from the issue of the shares by kEUR 143,540. Directly attributable transaction costs of the capital increase kEUR 6,068 less associated income tax advantages kEUR 1,735 were deducted from the share premium (kEUR 4,333). As of September 30, 2011, the share premium amounted to kEUR 245,661.

Other reserve

Furthermore, on April 28, 2011, the Annual General Meeting resolved to transfer kEUR 232 into an other reserve that is subject to a distribution restriction. With this, the Group takes account of the specific requirements of Luxembourg tax law.

Dividend

No dividend payment was approved for 2010.

Accumulated other comprehensive income

kEUR	Q1-Q3/2011			Q1-Q3/2010		
	Before tax amount	Tax expenses	Net of tax amount	Before tax amount	Tax income	Net of tax amount
Exchange differences on translation of foreign operations	-3,910	–	-3,910	8,139	–	8,139
Changes in fair values of derivatives designated as hedges, recognized in equity	18	-36	-18	-5,965	1,769	-4,196
Total	-3,892	-36	-3,928	2,174	1,769	3,943

Changes in the fair value of hedging instruments of EUR 0,7 million which had previously been reported in equity, were recorded in the finance result in the first quarter of 2011 (see Notes 6 and 13 for details).

11 EARNINGS PER SHARE

		Q1-Q3/2011	Q1-Q3/2010
Result for the period	kEUR	21,715	-9,507
Weighted average number of shares outstanding	thousands	34,925	20,702
Basic and diluted earnings per share	EUR	0.62	-0.46

Basic earnings per share is calculated by dividing the result for the period attributable to shareholders of SAF-HOLLAND S.A. by the average number of shares outstanding. Newly issued shares are taken into account on a pro rata basis during the period in which they are in circulation.

The weighted average number of shares is determined as follows:

	Par value (EUR)	Number	Days	Weighted number
01/01/2011-03/23/2011	0.01	20,702,275	83	1,718,288,825
03/24/2011-09/30/2011	0.01	41,237,375	187	7,711,389,125
Total			270	9,429,677,950
Average		34,924,733		

In the reporting period, the weighted average number of shares increased as a result of the issue of 20,535,100 new shares in the context of the capital increase on March 24, 2011. In 2010, the weighted average number of shares remained constant at 20,702,275.

Earnings per share can be diluted by potential ordinary shares. No dilutive effects occurred during the reporting period or in the comparison period for 2010.

12 INTEREST BEARING LOANS AND BORROWINGS

kEUR	Non-current		Current		Total	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Interest bearing collateralized bank loans	180,980	294,572	6,199	424	187,179	294,996
Transaction costs	-7,625	-9,684	-243	–	-7,868	-9,684
Bank overdrafts	58	92	55	127	113	219
Success fee	4,138	2,310	–	–	4,138	2,310
Accrued interests	–	12,082	158	1,166	158	13,248
Management and Board of Directors loans	–	1,358	–	–	–	1,358
Other loans	585	6,187	309	2,041	894	8,228
Total	178,136	306,917	6,478	3,758	184,614	310,675

In November 2009, an agreement was signed with a banking syndicate that extended the credit agreement, which had existed since February 19, 2008, until September 2014. In March 2011, the following changes were included in the credit agreement in the context of the capital increase:

- Reduction of the interest margin in a first step to 4.25% (effective April 7, 2011)
- Further reduction of the interest rate margin depending on the achievement of certain key figures
- Discontinuation of the PIK structure
- Changes in the calculation of additional mandatory prepayments (50% of excess cash flow is repaid, whereby free liquidity shall be at least EUR 30 million)
- Change of the calculation method for interest margin adjustment (transition to total net debt to consolidated EBITDA ratio, previously equity ratio)
- Change of the amount for factoring to EUR 10 million
- Determination of the financial covenants effective as of June 30, 2011
 - Net interest cover (adjusted consolidated EBITDA divided by net finance expenses)
 - Total net debt cover (net debt divided by adjusted consolidated EBITDA)
 - Equity ratio cover (consolidated equity divided by consolidated assets)
- Increase of permitted capital expenses
- Changes in conditions for dividend payments
- Discontinuation of the trustee model and the associated contracts

Due to the capital increase and the associated changes in the financing agreement, on April 7, 2011, repayments of EUR 14.3 million for deferred PIK interest, of EUR 49.2 million for facility A1 as well as of USD 56.7 million for facility A2 were made. In addition, the loans granted by members of management and the Board of Directors of EUR 1.4 million including interest were repaid.

There was also a partial repayment in the amount of EUR 7.4 million of other loans from the financing of the prolongation options for interest rate swaps in the previous year.

New transaction costs incurred due to the changed financing agreement of EUR 3.3 million were capitalized and will be amortized over the remaining term of the bank loans. As a result of the changed cash flows relating to the loans following the premature repayment, capitalized transaction costs of EUR 3.2 million were written-off in the period.

The following table summarizes the determination of overall liquidity defined as available undrawn credit lines measured at the initial borrowing rate plus cash and cash equivalents:

kEUR	09/30/2011				
	Amount drawn valued as at the period-end exchange rate	Amount drawn valued as at the borrowing date exchange rate	Agreed credit lines valued as at the borrowing date exchange rate	Cash and cash equivalents	Total liquidity
Facility A1	22,692	22,692	22,692	–	–
Facility A2	19,217	17,419	17,419	–	–
Facility B	144,844	144,844	188,800	12,769	56,725
Bank overdraft China	426	426	691	–	265
Total	187,179	185,381	229,602	12,769	56,990

kEUR	12/31/2010				
	Amount drawn valued as at the period-end exchange rate	Amount drawn valued as at the borrowing date exchange rate	Agreed credit lines valued as at the borrowing date exchange rate	Cash and cash equivalents	Total liquidity
Facility A1	71,911	71,911	71,911	–	–
Facility A2	62,481	55,200	55,200	–	–
Facility B	160,180	160,180	188,800	8,546	37,166
Bank overdraft China	424	424	687	–	263
Total	294,996	287,715	316,598	8,546	37,429

The collateral granted for the credit line is described in the annual report as of December 31, 2010.

In July 2011, the emission of a bond was prepared. Subject to the successful placement of the bond, a new flexible credit line of EUR 90 million with a term of five years was also concluded in this context. The placement of the bond depends on future developments on the financial markets.

13 FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

	01/01/2011				09/30/2011		09/30/2011	
kEUR	Fair value	Changes recognized in equity (before tax)	Changes recognized in profit or loss (before tax)	Release	Foreign currency translation	Fair value	Financial assets	Other financial liabilities
Interest rate cap	18	–	-16	–	–	2	2	–
Interest rate swaps EUR	-3,543	-378	509	-239	–	-3,651	–	-3,651
Interest rate swaps USD	-2,215	396	-703	949	46	-1,527	–	-1,527
Total	-5,740	18	-210	710	46	-5,176	2	-5,178

In the context of the partial repayment of bank loans, SAF-HOLLAND discontinued hedge accounting for derivatives with a nominal volume of USD 40.0 million and EUR 56.8 million. As the hedged cash flows from these hedging relationships will no longer occur due to the partial repayment in April 2011, changes in the fair value of these hedging instruments which had previously been reported in equity, were recognized in the finance result in the first quarter (see Note 6). For the release of the interest rate hedges payments of kEUR 710 were made.

The remaining interest rate hedging instruments continue to be classified as cash flow hedges which meet the criteria for hedge accounting. Changes in market values must therefore be recorded directly in equity, if the hedging relationship is effective.

14 RELATED PARTY DISCLOSURES

Management Board and Board of Directors

Rudi Ludwig stepped down from operating activities as Chairman of the Management Board effective June 30, 2011 at his own request and after restructuring the Group. Detlef Borghardt succeeded him as CEO effective July 1, 2011. Effective July 1, 2011, additional changes in management were also made in connection with the change in the company's Chairman of the Management Board. Steffen Schewerda took over as Head of the Trailer Systems Business Unit. He also continues in his role as Head of Group Operations. Alexander Geis, responsible for the Aftermarket Business Unit and previously deputy member of the Management Board, was appointed as a full member of the Board.

At the Annual General Meeting on April 28, 2011, it was decided to extend the Board of Directors mandates of Bernhard Schneider (Chairman) and Richard Muzzy until the Annual General Meeting 2015 and 2013 respectively. Gerhard Rieck resigned from the Board of Directors with the end of his contract term on June 30, 2011. Further, Sam Martin was appointed to the committee for two years until the Annual General Meeting 2013.

Further details regarding loans granted in February 2009 by members of management and the Board of Directors and repaid in April 2011 are provided in Note 12.

Transactions with related parties and companies in which the key management personnel of the Group hold key management positions

1) The Irwin Seating Company is a company in which a member of the Group's management holds a key management position.

kEUR	Q1–Q3/2011		09/30/2011	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
SAF-HOLLAND Nippon, Ltd.	473	–	127	189
Lakeshore Air LLP	–	76	–	7
FWI S.A.	–	5,643	–	419
Irwin Seating Company ¹⁾	1,074	–	127	–
Madras SAF-HOLLAND Manufacturing (I) P. Ltd.	1	–	89	–
Total	1,548	5,719	343	615

kEUR	Q1–Q3/2010		12/31/2010	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
SAF-HOLLAND Nippon, Ltd.	354	–	42	182
Lakeshore Air LLP	–	74	–	14
FWI S.A.	–	4,026	–	150
Irwin Seating Company ¹⁾	1,140	–	28	–
Madras SAF-HOLLAND Manufacturing (I) P. Ltd.	7	–	110	–
Total	1,501	4,100	180	346

15 CASH FLOW STATEMENT

Please see the Group Interim Management Report for further explanations of the cash flow statement.

16 EVENTS AFTER THE BALANCE SHEET DATE

Detlef Borghardt, CEO and Member of the Management Board at SAF-HOLLAND GmbH, will also serve as Member of the Board of Directors at SAF-HOLLAND S.A. effective October 1, 2011. He succeeds Rudi Ludwig, who stepped down from his position on the Board of Directors at his own request effective September 30, 2011.

No additional material events have occurred since the reporting date.

Financial Glossary

Adjusted EBIT: Earnings before interest and taxes (EBIT) is adjusted for special items, such as depreciation and amortization from purchase price allocations, as well as restructuring and integration costs.

Business Units: For management purposes, the Group is organized into customer-oriented Business Units (Trailer Systems, Powered Vehicle Systems, and Aftermarket).

Days inventory outstanding: $\text{Inventory} / \text{cost of sales per day (cost of sales of the quarter} / 90 \text{ days)}$.

Effective income tax rate: $\text{Income tax} / \text{earnings before tax} \times 100$.

Equity ratio: $\text{Equity} / \text{total assets} \times 100$.

Fair value: Amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

Gross margin: $\text{Gross profit} / \text{sales} \times 100$.

IFRS/IAS (International Financial Reporting Standards/International Accounting Standards): The standard international accounting rules are intended to make company data more comparable. Under the EU resolution, accounting and reporting at exchange-listed companies must be done in accordance with these rules.

Net working capital: Current assets less cash and cash equivalents less current and non-current other provisions less trade payables less other current liabilities less income tax liabilities.

Purchase Price Allocation (PPA): Distribution of the acquisition costs of a business combination to the identifiable assets, liabilities and contingent liabilities of the (acquired) subsidiary company.

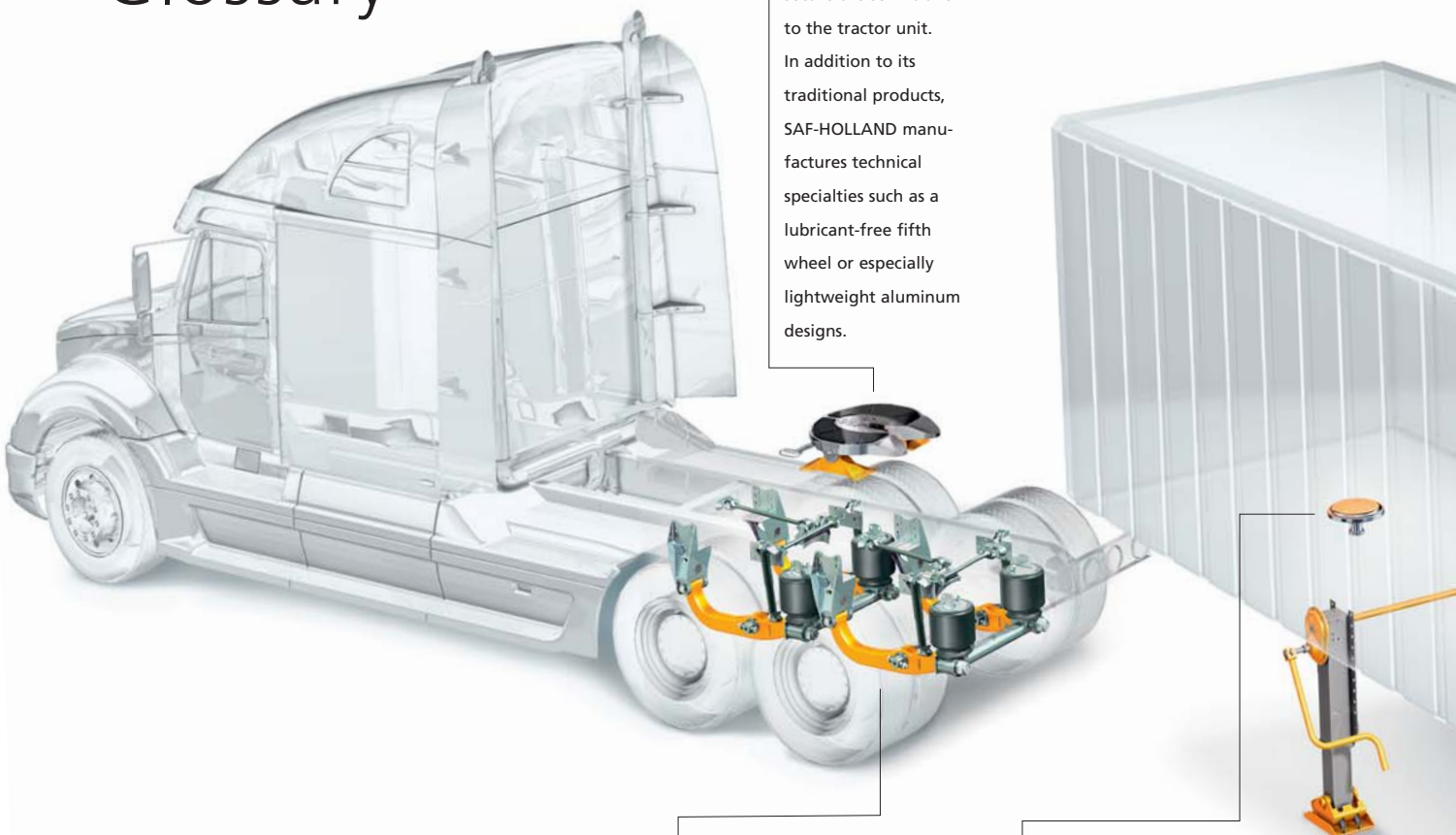
Prime Standard: Prime Standard is a market segment of the German Stock Exchange that lists German companies which comply with international transparency standards.

R&D ratio: $\text{R\&D cost and capitalized development cost} / \text{sales} \times 100$.

Sales per employee: $\text{Sales} / \text{average number of employees (including temporary employees)}$.

SDAX: The Small-Cap-Dax (SDAX) contains 50 companies that rank immediately below Mid-Cap-DAX (MDAX) shares in terms of market capitalization and order book volume. In addition to DAX, TecDAX and MDAX, the SDAX belongs to Prime Standard.

Technical Glossary



Fifth Wheel

Mounts with the kingpin and serves to secure the semi-trailer to the tractor unit.

In addition to its traditional products, SAF-HOLLAND manufactures technical specialties such as a lubricant-free fifth wheel or especially lightweight aluminum designs.

Suspension

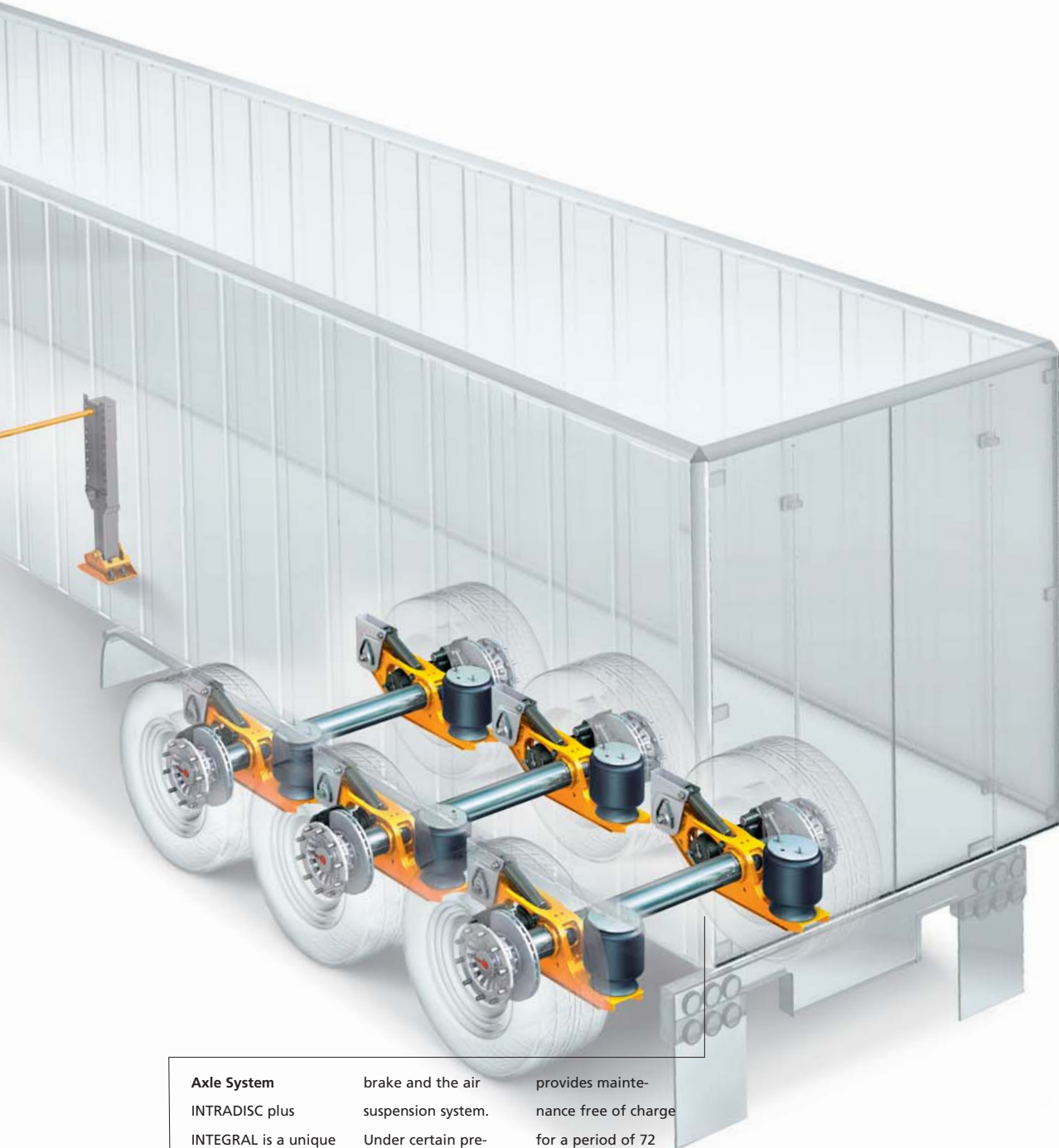
The suspension creates the link between the axle and the vehicle in order to compensate for road irregularities and improve maneuverability. The SAF-HOLLAND suspension system with its modular design can be used for up to three interlinked powered axles. Each axle is suspended individually. Suitable for gross vehicle weights of between 10 and 40 tons.

Kingpin

Mounts on the semi-trailer and couples with the tractor fifth wheel. SAF-HOLLAND products are sold around the world and are among the safest on the market.

Landing Legs

Retractable legs that support the front of a semi-trailer when it is not secured to the tractor unit. SAF-HOLLAND landing legs have a special coating that increases their service life significantly.

**Axle System**

INTRADISC plus
INTEGRAL is a unique
axle system for
trailers, which con-
sists of the axle itself
fitted with a disk

brake and the air
suspension system.
Under certain pre-
conditions, and
taking into account
the existing warranty
terms, SAF-HOLLAND

provides mainte-
nance free of charge
for a period of 72
months or 1 million
kilometers for the
INTRA ALL-IN axle
system.

List of Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAX	Deutscher Aktienindex (German stock index)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes and depreciation/amortization
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
OE	Original equipment
OEM	Original equipment manufacturer
PIK	Pay-in-kind
PPA	Purchase price allocation
R&D	Research and development
SDAX	Small-Cap-DAX

Financial Calendar and Contact Information

Financial Calendar

March 15, 2012	Full-Year 2011 Results, Financial press and analyst conference
April 26, 2012	Annual General Meeting
May 24, 2012	Publication of Q1 Report, Analyst conference

Contact Information

SAF-HOLLAND GmbH
Barbara Zanzinger
Hauptstraße 26
63856 Bessenbach
Germany

Tel.: +49 (0)6095 301 617

Fax: +49 (0)6095 301 102

Email: barbara.zanzinger@safholland.de

Web: www.safholland.com

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SAF-HOLLAND S.A.
68–70, Boulevard de la Pétrusse
2320 Luxembourg
Luxembourg

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