# GLOBAL TRANSPORT

QUARTERLY REPORT
OF SAF-HOLLAND S.A.
AS OF JUNE 30, 2013

02

## Key Figures

| EUR million | Q1-Q2/2013 | Q1-Q2/2012[1] | Q2/2013 | Q2/2012[1] |
|---|---|---|---|---|
| Sales | 435.6 | 440.3 | 225.5 | 223.7 |
| Cost of sales | -355.3 | -359.4 | -184.4 | -182.1 |
| Gross profit | 80.3 | 80.9 | 41.1 | 41.6 |
| as a percentage of sales | 18.4 | 18.4 | 18.2 | 18.6 |
| Adjusted result for the period | 16.6 | 15.6 | 8.0 | 9.7 |
| as a percentage of sales | 3.8 | 3.5 | 3.6 | 4.3 |
| Adjusted EPS in EUR[2] | 0.37 | 0.38 | 0.18 | 0.24 |
| Adjusted EBITDA | 36.7 | 36.9 | 19.3 | 18.9 |
| as a percentage of sales | 8.4 | 8.4 | 8.6 | 8.4 |
| Adjusted EBIT | 29.8 | 29.7 | 16.0 | 15.3 |
| as a percentage of sales | 6.8 | 6.7 | 7.1 | 6.8 |
| Operating cash flow[3] | 36.4 | 23.6 | 25.3 | 17.4 |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

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

3) Operating cash flow is the cash flow from operating activities before income tax payments.

## Sales by Region

| EUR million | Q1-Q2/2013 | Q1-Q2/2012 | Q2/2013 | Q2/2012 |
|---|---|---|---|---|
| Europe | 227.0 | 227.4 | 116.8 | 115.2 |
| North America | 175.2 | 185.2 | 89.2 | 94.3 |
| Other | 33.4 | 27.7 | 19.5 | 14.2 |
| **Total** | **435.6** | **440.3** | **225.5** | **223.7** |

## Sales by Business Unit

| EUR million | Q1-Q2/2013 | Q1-Q2/2012 | Q2/2013 | Q2/2012 |
|---|---|---|---|---|
| Trailer Systems | 249.2 | 242.8 | 127.8 | 121.9 |
| Powered Vehicle Systems | 75.5 | 81.7 | 38.4 | 40.9 |
| Aftermarket | 110.9 | 115.8 | 59.3 | 60.9 |
| **Total** | **435.6** | **440.3** | **225.5** | **223.7** |

## Other Financial Information

| | 06/30/2013 | 03/31/2013 | 12/31/2012 |
|---|---|---|---|
| Total assets (EUR million) | 556.3 | 557.2 | 536.7 |
| Equity ratio (%) | 37.6 | 37.4 | 36.9 |

| | Q1-Q2/2013 | Q1-Q2/2012 |
|---|---|---|
| Employees (average) | 3,062 | 3,143 |
| Sales per employee (kEUR) | 142.2 | 140.1 |

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OF SAF-HOLLAND S.A.
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## KEY FIGURES IMPACTED BY IAS 19R

For financial years beginning on or after January 1, 2013, IAS 19R, the amended version of the accounting standard IAS 19 "Employee Benefits", is valid.

SAF-HOLLAND had already taken the amened standard into account in the preparation of its consolidated financial statements for 2012. The previous version, IAS 19, was applied for the interim financial statements of the past financial year. We have been using IAS 19R for interim financial reporting since the beginning of 2013. In line with IFRS and for better comparability, the new standard will also be applied retroactively to the respective reporting periods in the previous year.

You will find more details on the implementation of IAS 19R and the changes associated with it in the Notes to the Consolidated Interim Financial Statement on page 30.

# Table of Contents

# Foreword from the Management Board

Ladies and Gentlemen,
Dear Shareholders and Investors,

Following a good start in the financial year, SAF-HOLLAND also successfully finished the second quarter of 2013. In the reporting period just completed, we took a further significant step toward achieving our sales and earnings goals for 2013. As was the case in the first quarter, business in the second quarter proceeded as planned and we were pleased with the good order situation.

Group sales of EUR 435.6 million for the first half of 2013 was, as expected, with a minus of 1.1% slightly below the level of the previous year due to the somewhat weaker first quarter 2013. Looking at the second quarter on its own reveals a good sales increase of 7.3% as compared to the first three months of the financial year. This development was buoyed by all Business Units in both Europe and in North America as well as by the regions outside of these core markets. We continue to assume that sales of this financial year will be a mirror-image of the development in this previous financial year. For 2013, we therefore expect a sales increase in the second half of the year after a more subdued first half.

We were able to achieve an adjusted EBIT margin of 6.8 percent in the first half of the year, which was slightly above the previous year level with an adjusted EBIT of EUR 29.8 million.

Against the background of positive assessments of the overall economic situation in the second half of the year, we are confident that we will be in a position to reach our sales target for 2013 of EUR 875 to EUR 900 million with an adjusted EBIT of at least EUR 60 million and at least stable adjusted EBIT margin.

We are aware that we will have to sustainably improve the profitability of the Trailer Systems Business Unit in order to achieve the planned target margin of 10% adjusted EBIT for the full Group with sales of EUR 1 billion for 2015. To this end, we have developed a series of measures. These include, among other things, the optimization of the existing plant network and various production processes, the streamlining of the organization within the Business Unit as well as the reinforced positioning of activities in the development of new products. In addition savings in the areas of procurement and logistics are planned. These measures will be accompanied by an expansion of sales activities to countries outside of the core markets and BRIC – countries such as Mexico or the Middle East. We are confident that with the successful implementation of this package of measures, an improvement in the adjusted EBIT margin of the Trailer Systems Business Unit to about 6% can be achieved by the fourth quarter of 2015.

Parallel to the planned changes in the Trailer Systems Business Unit, we are continuously implementing our strategy for the increase in our market share in North America to up to 30%. It is also our declared objective there to expand our product portfolio for axle and suspension systems by 2015. We achieved an important milestone in the second quarter. We successfully completed the planned doubling of the production capacities in our Warrenton plant on schedule.

***Detlef Borghardt***
*Chief Executive Officer (CEO)*

Our strong Aftermarket business is a reliable component for the achievement of a target margin of 10% adjusted EBIT set for the full Group for 2015. Furthermore, we are gradually expanding our regional presence and increasing our distribution channels. In addition, we have expanded our product portfolio to include our "Sauer brand". Beyond that, the components and systems that are already being sold from the other two OEM business segments Trailer Systems and Powered Vehicle Systems are providing additional growth.

The third pillar on the path to the planned Group margin targets for 2015 is the consistent opening up or expansion of our market share in the BRIC countries.

My colleagues on the Management Board and myself are optimistic that we will achieve our goals and gladly accept these challenging tasks.

I would like to thank all employees, shareholders, investors, customers, business partners and employee representatives for their trust and support.

Sincerely,

Detlef Borghardt
Chief Executive Officer (CEO)

# SAF-HOLLAND on the Capital Market

## OVERVIEW OF SHARE PRICE DEVELOPMENT

The German stock market experienced a dynamic upswing in the first few months of this year. The slightly improved economic outlook brought about a positive development as did the expansive monetary policy of the central banks. At the same time, the dividend stocks continued to benefit from a shift in investment funds from state bonds and raw materials to shares.

From the beginning of the year up to the second half of May, the leading German index DAX rose by more than 12% to a record level of 8,531 points. It was not possible, however, to maintain the high level over the long term because in the middle of June the prospect of monetary policy shift by the US Federal Reserve Bank burdened stock exchanges around the world. This was on top of the feared liquidity bottlenecks at Chinese banks. These two factors also sent share prices in Germany on a sharp slide in the short term.

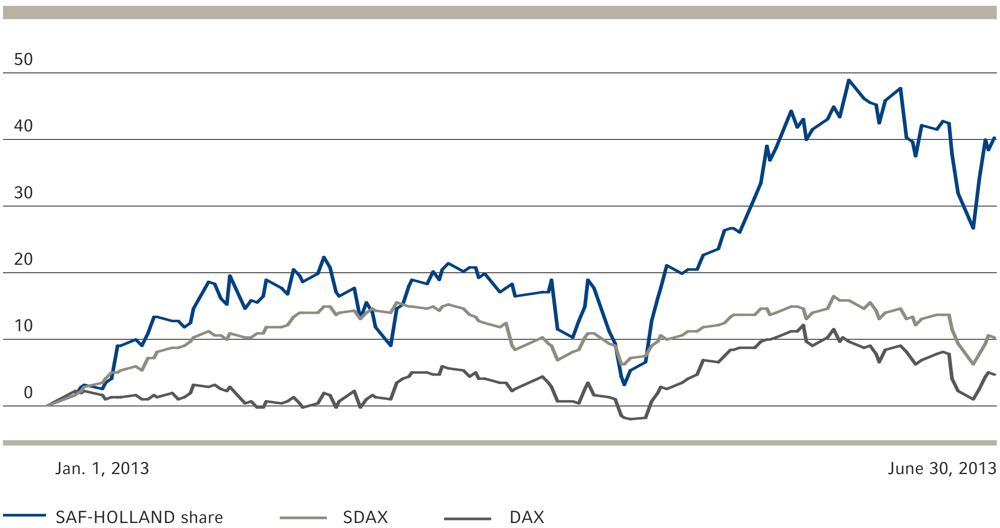
The DAX ended the last trading day of the first half of the year at 7,959 points, just slightly below the 8,000 mark. Compared to the year-end closing price for 2012, this was a price increase of 4.6%. Positive development on the SDAX, where SAF-HOLLAND is listed, was even more pronounced. On the balance sheet date the index closed at 5,795 points and thus recorded a half-year increase of 10.4%.

### SHARE PRICE INCREASE OF MORE THAN 40%

At the beginning of the year, the SAF-HOLLAND share was able to set itself apart from the comparative index SDAX and significantly expanded this advantage in the weeks that followed. With the exception of two short-term setbacks, the price development of the SAF-HOLLAND share showed a stronger upward development than the reference index over the entire reporting period.

**Development of the SAF-HOLLAND share price vs. SDAX and DAX** Figures in %






*Source: Commerzbank AG, Frankfurt am Main*

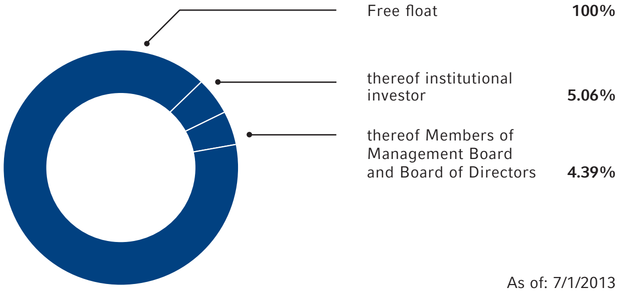
On April 18, the share price hit its low for the year at EUR 5.40, but recovered quickly after that. Already about six weeks later, on May 31 the high for the year of EUR 7.79 was achieved. On the last trading day of the reporting period, the closing price of our share was EUR 7.34. Compared with the year-end price for 2012, this results in a price increase of just over 40%.

On the basis of the half-year closing price and the 45,361,112 shares issued, the market capitalization of SAF-HOLLAND reached EUR 332.8 million on the balance sheet date (previous year: EUR 182.7 million). The average trading volume of the SAF-HOLLAND share in the first half of the year was 256,304 shares per trading day (previous year: 495,771 shares).

## SHARES FULLY IN FREE FLOAT

The free float of the SAF-HOLLAND share is 100%. Larger contingents of our stock are held by investment companies from the USA, the United Kingdom and Germany, among others. The North American investor FMR LLC, Boston, Massachusetts, informed us on April 15, 2013 that it held 5.06% of our shares. This corresponds to 2,294,277 voting rights. The members of the Management Board and the Board of Directors of SAF-HOLLAND hold about 4.4% of the shares (previous year: 5.97%).

**Shareholder structure 2013** Figures in %




As of: 7/1/2013

## COVERAGE EXPANDED

Hauck & Aufhäuser Institutional Research AG has recently taken up coverage of SAF-HOLLAND. They published their first analyst report at the beginning of July with a buy recommendation and a price target of EUR 11. Thus, of the current analyst estimates, five are for "buy" and one is for "hold".

**Current analysts estimates**

| | | |
|---|---|---|
| July 26, 2013 | **Deutsche Bank AG** | **buy** |
| July 22, 2013 | **Commerzbank AG** | **buy** |
| July 12, 2013 | **Hauck & Aufhäuser Institutional Research** | **buy** |
| May 16, 2013 | **Equinet Bank AG** | **buy** |
| May 16, 2013 | **Montega AG** | **hold** |
| November 8, 2012 | **Steubing AG** | **buy** |

### DIVIDEND PAYMENT TIED TO EQUITY RATIO

It is the goal of SAF-HOLLAND to allow shareholders to participate in the success of the company through a dividend. Our intention is to distribute 40 to 50% of available net earnings to the shareholders if the consolidated annual financial statements show an equity ratio of about 40%. In financial year 2012 with an equity ratio of 36.9% this was not yet the case. The shareholders therefore decided at the Annual General Meeting of SAF-HOLLAND S.A. on April 25, 2013 not to pay a dividend for the past financial year. At the end of the first half year, the equity ratio was 37.6% (December 31, 2012: 36.9%). Further information on the Annual General Meeting can be found in the Group Interim Management Report on page 11 and in the notes to the Consolidated Interim Financial Statements on page 36.

**Key share figures**

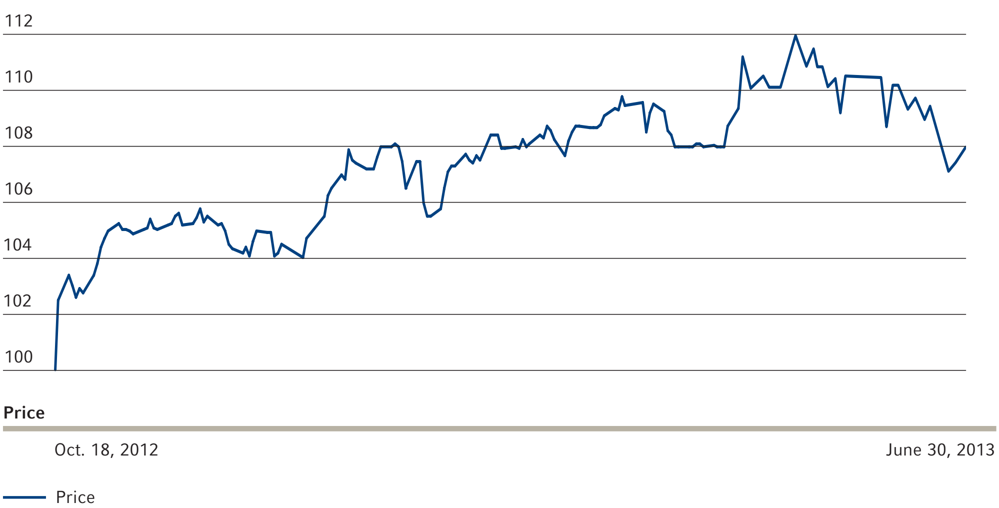
| | |
|---|---|
| WKN / ISIN | **A0MU70 / LU0307018795** |
| Stock exchange code | **SFQ** |
| Number of shares | **45,361,112 shares** |
| Designated Sponsors | **Commerzbank AG, Kepler Cheuvreux** |
| Daily high/low in the reporting period[1] | **EUR 7.79 / EUR 5.40** |
| Half-year closing price[1] | **EUR 7.34** |
| Market capitalization at the end of the half-year[2] | **EUR 332.8 million** |
| Adjusted earnings per share[2] | **EUR 0.37** |

1) XETRA closing price.
2) On the basis of 45,361,112 shares.

## CORPORATE BOND AS HIGH-YIELD ALTERNATIVE

The reporting period was characterized by further reductions in the interest rate level and all-time low yields of state bonds. In the first half of the year, European bond markets were once again influenced by the expansive monetary policy of the central banks. In the search for attractive alternatives, private and institutional investors were once again interested to a large degree in corporate bonds – preferably from companies with a liquidity rating in the investment grade range. This also benefited the SAF-HOLLAND bond, the price of which increased to 108.0% until June 30, 2013 (year-end closing 2012: 104.5%).

**Development of the corporate bond price** Figures in %




*Source: Industriekreditbank AG, Düsseldorf*

### COMPANY RATING IN INVESTMENT GRADE RANGE

Our corporate bond, which was issued in October 2012, is listed on the Frankfurt Stock Exchange. It is one of the values of the Prime Standard for corporate bonds. In the interest of the investors, this ensures a good level of tradability of the bond and guarantees the highest level of transparency. On October 18, 2012 the solvency and sustainability of SAF-HOLLAND was graded by the rating agency Euler Hermes as BBB- with a stable outlook. Since then, the rating has remained unchanged. On October 7, 2013 Euler Hermes is scheduled to conduct a reevaluation of the rating.

**Key figures for the SAF-HOLLAND corporate bond**

| | |
|---|---|
| WKN | **A1HA97** |
| ISIN | **DE000A1HA979** |
| Volume | **EUR 75.0 million** |
| Denomination | **EUR 1,000** |
| Coupon | **7.000% p.a.** |
| Interest date | **April 26** |
| Term | **5.5 years** |
| Maturity | **April 26, 2018** |
| Bond segment | **Prime Standard** |
| Exchange | **Frankfurt** |
| Status | **Not subordinate** |
| Company rating | **BBB-, outlook stable (Euler Hermes)** |
| Half-year closing price[1] | **108.0%** |

1) XETRA closing price.

## INVESTOR RELATIONS AND CAPITAL MARKET RELATIONSHIPS

### DIALOG WITH INTERNATIONAL INVESTORS

The focus of our investor relations activities is to provide timely and comprehensive information to our shareholders, bondholders and analysts. In the course of the extensive exchange with the capital market we took part in many investor conferences and discussion rounds in the first half of the year. Among others, we were present in May at the German Small and Mid Cap Conference in Boston and New York. In June we presented our company at a Corporate Day in London. In addition, we conveyed information in the second quarter at road shows in the United Kingdom, Italy, France and Switzerland. We also held diverse telephone conferences and a wide range of individual discussions with investors and analysts.

Detailed information on the share and the bond can be found at our Investor Relations website in the Internet at: http://corporate.safholland.com/en/investoren.html. The site offers reports and presentations for download, among other things.

# Group Interim Management Report

## FINANCIAL POSITION AND FINANCIAL PERFORMANCE

### GENERAL FRAMEWORK CONDITIONS

**Overall economic development**

The global economy gained momentum at the start of the year. Slightly improved early indicators suggested that the upward trend continued to accelerate over the course of the second quarter. According to the Institute for the World Economy (IfW), the moderate expansion in the entire first half of the year was primarily driven by the advanced economies. However this positive development continued to be hampered by the weak demand in Europe.

In the Euro zone the recession continued as expected, however it was less pronounced than in previous quarters. In June the European Central Bank confirmed its view that signs of stabilization are evident and an economic upturn could begin in the second half of the year. Germany is again one of the European countries with strong economic growth: According to calculations from the German Institute for Economic Research (DIW), production increased by 0.1% in the first quarter and rose by 0.3% between April and June 2013.

In the United States the overall economic activity accelerated again at the start of 2013. However, with a growth rate of 1.8%, the gross domestic product (GDP) remained below the forecasts of the Bureau of Economic Analysis in the first quarter. The IfW forecasts GDP growth of 1.5% for the second quarter. The restrictive financial policies and the uncertainty about the future direction of monetary policy continued to have a dampening effect on the economy.

The weak demand of the established industrial countries slowed the economy in the BRIC countries. In combination with a declining export market, the decreasing raw material prices resulted in reduced economic momentum in Russia. Following a weak increase in the gross domestic product of 1.6% for the time being, stronger growth is expected for the full year. For India too, where the GDP initially only increased by 1.2%, a higher increase is expected over the course of the year. In China, the second largest economy in the world, the economic performance is likely to show an increase of over 7% in 2013, thereby increasing twice as much as the global economy. Significantly more positive is the development in Brazil where the economy is picking up speed again – not least due to the government's investment programs and initiatives for modernizing the infrastructure.

**Industry-specific development**

In Europe we are still waiting for the basic recovery of the commercial vehicle market: The registration numbers fell again, however the decline slowed over the course of the year. Therefore the number of new registrations of heavy trucks with a total weight of more than 16 tons in the first quarter of the year was 16.8% below the comparable figure from the previous year period. Based on the entire first half of the year this difference was reduced by more than 5 percentage points to a minus of 11.2%. The market data in the segment for trucks over 3.5 tons also improved to a similar extent. Here the industry association ACEA recorded a decrease in new registrations of 16.7% for the first three months of the year and 11.4% for the first six months. Single digit decreases were recorded in both classes in April, May and June which could indicate a looming recovery.

The North American freight forwarders and fleet operators had already begun to catch up on their years of delayed modernization and reducing the investment bottleneck: From 2010 to 2012 the production figures for class 8 trucks increased by around 80%. The market has temporarily slowed down from this high level, however. On the basis of the figures from the first half of the year ACT Research expects a decrease in production of approximately 5.9% for 2013. In the coming year the production will begin to show double digit growth again. The North American spare parts market also appears to be falling slightly which is attributable to the ongoing modernization of the fleets. Overall, SAF-HOLLAND does not anticipate any disadvantages from this as our activities cover both the spare parts business as well as the original equipment business.

The commercial vehicle markets in the BRIC countries developed unevenly in the reporting period once again. In the context of the weak overall economy, 77,000 trucks were produced in Russia between January and May, 6.1% fewer than in the comparable prior year period. Also in India that market was characterized by the generally low economic growth. However, the Chinese commercial vehicles market is back on the growth path. According to the industry association CAAM, 2.1 million new commercial vehicles were sold between January and June, an increase of 6.7% in comparison to the prior year period. Figures also went up in Brazil, where 5.1% more trucks were initially registered in the first six months of the year compared to the prior year period. According to the Brazilian industry association Anfavea, demand was above-average for vehicles in the heavy weight class: In the segment which is important for SAF-HOLLAND the new registrations exceeded the comparable previous year figure by more than 30%.

## OVERVIEW OF BUSINESS DEVELOPMENT

We have responded well to the opportunities presented in both our core markets of Europe and North America as well as in the emerging BRIC countries. In comparison to the first three months of the year, the second quarter of 2013 showed a significantly stronger sales development. All three Business Units contributed to this upward trend. SAF-HOLLAND achieved a slightly improved adjusted EBIT in the first half of the year in comparison to the previous year of EUR 29.8 million (previous year: EUR 29.7) with a slightly increased adjusted EBIT margin of 6.8% (previous year: 6.7%).

We continued with the activities for further penetration of our markets in the last quarter. The focus was on the expansion of the manufacturing capacities to prepare for the pending reduction of the European backlog in demand and to expand the North American market share. In the Aftermarket Business Unit we increased our presence in Central and South America. The SAP project for harmonizing our IT architecture also made significant progress in the first six months of the year.

## Significant Events in the First Half of 2013

***Expansion of axle production in both core markets***

The strategic expansion of our international production capacities made decisive progress in the reporting period: In axle production we installed a new friction welding system in both North America and Europe. The system put into operation in Warrenton, Missouri, supports the planned expansion of our market share for axle and suspension systems. With this we are continuing to pursue our North American growth strategy. At the German location in Bessenbach the system fulfills a technical backup function. In addition, it provides additional capacities that SAF-HOLLAND will use once the European market recovers significantly as expected to benefit from the pent up demand that has built up over several years.

***Spare parts business in Central and South America strengthened***

To increase the independence from economic cycles in the commercial vehicle industry we plan to increase the Aftermarket Business Unit's share of group sales to 30% in the medium term. A significant step in this direction is the continuous expansion of our international distribution and sales channels. SAF-HOLLAND substantially increased its presence in Central and South America in the reporting period. A parts distribution center (PDC) was opened in Mexico that increases spare parts sales in this interesting market. In addition, we established sales offices in Bogotá, Columbia, Lima, Peru and Buenos Aires, Argentina.

***Harmonized IT system landscape***

In global companies such as SAF-HOLLAND, the number of databases is increasing rapidly. The ability to reliably analyze, optimally evaluate and quickly use immense quantities of data at all locations is increasingly becoming an important success factor. Therefore in 2012 we started a comprehensive SAP project with the objective to create a Group-wide integrated IT platform. The previously separate SAP systems used on the North American and European continents are being harmonized. Once the final test phase was successfully completed in the first half of the year the entire platform was put into operation on July 1 for our consolidated locations in SAF-HOLLAND Inc. The connection of the organizations consolidated in SAF-HOLLAND GmbH is planned for the start of the fourth quarter 2013.

***SAF-HOLLAND awarded as supplier of the year***

Technological innovations improve our market position and promote global market share gains. We presented significant new products at various trade fairs in the first half of the year, including the Mid-America Trucking Show (MATS) in Louisville, Kentucky. At the most important commercial vehicle trade fair in North America we presented, among other things, our new tandem axle air suspension system with Auto-PosiLift®-Technology. The intelligent system solution for trailers independently determines the weight of the payload. If one axle is sufficient for transport, the front tandem axle is lifted which reduces both fuel consumption and tire wear.

In North America, SAF-HOLLAND offers this trend-setting innovation together with the axle and suspension system CBX40 – with a very good market response. For an international soft drinks producer in the USA, the innovation was cause to award SAF-HOLLAND the title "Supplier of the year". In its reasoning, the beverage manufacturer emphasized that equipping the trailer with SAF-HOLLAND's product supports the responsible fleet operation and thus directly benefits the sustainability goals of the company.

***Changes to the Board of Directors***

At the Annual General Meeting of SAF-HOLLAND S.A. on April 25, 2013, Dr. Martin Kleinschmitt was elected as new Member of the Board of Directors. He succeeds Ulrich Otto Sauer, who retired from the board as planned after reaching retirement age. The mandates of Sam Martin and Richard Muzzy were approved and extended until the end of the Annual General Meeting for financial year 2014. On May 14, 2013 the Board of Directors appointed Sam Martin as Deputy Chairman of the Board. This position was previously held by Ulrich Otto Sauer. Sam Martin has worked for the SAF-HOLLAND Group since 1974 and has been a member of the Board of Directors since April 2011.

**Board of Directors as of April 25, 2013**

| | |
|---|---|
| **Bernhard Schneider** | Chairman |
| **Sam Martin** | Deputy Chairman |
| **Detlef Borghardt** | Member |
| **Martin Kleinschmitt** | Member |
| **Anja Kleyboldt** | Member |
| **Richard Muzzy** | Member |

## EARNINGS SITUATION

### Group sales above expectation

In the second quarter SAF-HOLLAND's business development was positive: In comparison to the first three months of the year we increased sales in all business units – in fact both in Europe and North America as well as in regions outside our core markets. Group sales increased by 7.3% in comparison to the first quarter of 2013. Compared with the second quarter of the previous year sales increased to EUR 225.5 million (previous year: EUR 223.7 million) in the same quarter of 2013. This confirms our expectations for the entire year which compared with the previous year assume a weaker first half of the year and a stronger second half.

In the entire first half of 2013, SAF-HOLLAND recorded Group sales of EUR 435.6 million (previous year: EUR 440.3 million). Despite the 1.1% decrease in sales, the adjusted earnings figures developed in an almost consistently positive direction. Adjusted EBIT improved to EUR 29.8 million (previous year: EUR 29.7 million), which correlates with an adjusted EBIT margin of 6.8% (previous year: 6.7%). 11

**Sales development by region**

| EUR million | Q1-Q2/2013 | | Q1-Q2/2012 | |
|---|---|---|---|---|
| Europe | 227.0 | 52.1% | 227.4 | 51.6% |
| North America | 175.2 | 40.2% | 185.2 | 42.1% |
| Other | 33.4 | 7.7% | 27.7 | 6.3% |
| **Total** | **435.6** | **100.0%** | **440.3** | **100.0%** |

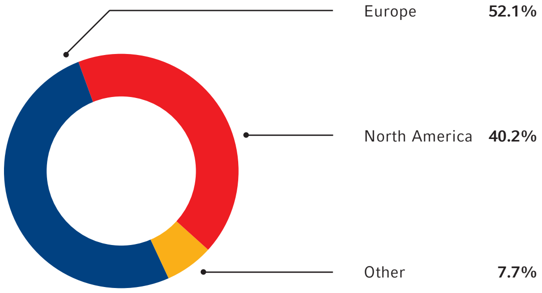
| EUR million | Q2/2013 | | Q2/2012 | |
|---|---|---|---|---|
| Europe | 116.8 | 51.8% | 115.2 | 51.5% |
| North America | 89.2 | 39.6% | 94.3 | 42.2% |
| Other | 19.5 | 8.6% | 14.2 | 6.3% |
| **Total** | **225.5** | **100.0%** | **223.7** | **100.0%** |

In Europe, sales for the second quarter were slightly above the previous year level at EUR 116.8 million (previous year: EUR 115.2 million) while the sales in the first quarter of 2013 were exceeded by approximately 6%. In the first half of the year sales in the region amounted to EUR 227.0 million which corresponds almost exactly to the level of the previous year of EUR 227.4 million. In a regional market, which has suffered massive declines in the same period, this underscores the strong market position of SAF-HOLLAND. With a 52.1% (previous year 51.6%) share of Group sales, Europe continues to be the largest sales region.

In North America sales of EUR 89.2 million (previous year: EUR 94.3 million) were generated between April and June 2013. The decrease compared to the same quarter in the previous year was attributable to a disproportionately strong second quarter in 2012 in which, as in the first quarter of 2012, the backlog in demand incurred during financial year 2011 was worked off. In the total reporting period sales in the region amounted to EUR 175.2 million (previous year: 185.2 million). The development for the first half of 2013 corresponds as planned to the normalized level of the second half of 2012. The contribution of the North American region to Group sales amounted to 40.2% (previous year: 42.1%) in the first half of 2013.

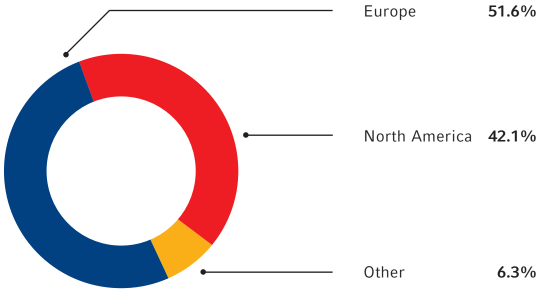
**Share of Group sales by region (H1 2013)**

Figures in %




**Share of Group sales by region (H1 2012)**

Figures in %




Outside of our core markets, SAF-HOLLAND increased sales by a total of 20.6% in the first half of the year to EUR 33.4 million (previous year: EUR 27.7 million). This means that currently 7.7% (previous year: 6.3%) of Group sales are generated in the BRIC countries and other emerging economies. Our activities in Brazil developed favorably where sales increased significantly once again, not least because of intensified sales activities. We also made progress in the South American country on the earnings side. From October, our cost saving project which is already underway will be supported by initiatives for optimizing production costs which will strengthen the earnings potential. Business in Russia, where SAF-HOLLAND is primarily active in the Aftermarket business, also developed again positively. In China the production of landing legs for trailers again made an important contribution to the positive development. In addition, projects were also launched which ensure improvements on the cost side.

In the emerging Indian market SAF-HOLLAND is working on its own for the time being: The joint venture with a local partner was ended in the reporting period and SAF-HOLLAND India Pvt. Ltd. was founded in its place. In the second half of 2013 the operational business will be started whereby the focus will again be on air suspension systems for large and medium buses.

## Earnings development

### Income statement

1) Adjusted for the effects of using IAS 19R; see Notes to the Consolidated Interim Financial Statements on page 30.

2) Weighted average number of ordinary shares.

| EUR million | Q1-Q2/2013 | | Q1-Q2/2012[1] | |
|---|---|---|---|---|
| Sales | 435.6 | 100.0% | 440.3 | 100.0% |
| Cost of sales | -355.3 | -81.6% | -359.4 | -81.6% |
| **Gross profit** | **80.3** | **18.4%** | **80.9** | **18.4%** |
| Other income | 0.9 | 0.2% | 0.4 | 0.1% |
| Selling expenses | -27.4 | -6.3% | -26.6 | -6.0% |
| Administrative expenses | -18.2 | -4.2% | -20.3 | -4.6% |
| Research and development costs | -9.6 | -2.2% | -8.8 | -2.0% |
| **Operating result** | **26.0** | **5.9%** | **25.6** | **5.9%** |
| Finance result | -5.8 | -1.3% | -7.3 | -1.7% |
| Share of net profit of investments accounted for using the equity method | -0.4 | -0.1% | 0.4 | 0.1% |
| **Earnings before income taxes** | **19.8** | **4.5%** | **18.7** | **4.3%** |
| Income taxes | -6.8 | -1.5% | -6.9 | -1.6% |
| **Result for the period** | **13.0** | **3.0%** | **11.8** | **2.7%** |
| Number of shares[2] | 45,361,112 | | 41,237,375 | |
| **Earnings per share in EUR** | **0.29** | | **0.29** | |

***Slight increase in adjusted EBIT***

In the first half of the year the Group's gross profit reached EUR 80.3 million (previous year: EUR 80.9 million) which ensured a constant gross margin of 18.4%. The expenses from the expansion of our business increased as planned. The selling expenses grew slightly to EUR 27.4 million (previous year: EUR 26.6 million). In addition, the costs of research and development increased to EUR 9.6 million (previous year EUR 8.8 million). General administrative expenses were around EUR 2.1 million below previous year's level. Thereof EUR 1.2 million is attributable to higher capitalized expenses in accordance with the harmonization of the SAP systems. Corrected by this effect, an improvement of around EUR 0.9 million would have been reached.

Earnings before tax increased from EUR 18.7 million to EUR 19.8 million in the reporting period. The improvement is a direct result of the optimized corporate financing which resulted in a significant reduction of the interest expenses. The finance result in the reporting period was therefore improved from EUR -7.3 million in the prior year period to EUR -5.8 million.

### Reconciliation of adjusted earnings figures

| EUR million | Q1-Q2/2013 | Q1-Q2/2012[1] | Q2/2013 | Q2/2012[1] |
|---|---|---|---|---|
| Result for the period | 13.0 | 11.8 | 5.8 | 7.9 |
| Income taxes | 6.8 | 6.9 | 3.2 | 4.1 |
| Finance result | 5.8 | 7.3 | 4.4 | 1.5 |
| Depreciation and amortisation from PPA[2] | 3.1 | 3.2 | 1.6 | 1.6 |
| Restructuring and integration costs | 1.1 | 0.5 | 1.0 | 0.2 |
| **Adjusted EBIT** | **29.8** | **29.7** | **16.0** | **15.3** |
| as a percentage of sales | 6.8 | 6.7 | 7.1 | 6.8 |
| Depreciation and amortization | 6.9 | 7.2 | 3.3 | 3.6 |
| **Adjusted EBITDA** | **36.7** | **36.9** | **19.3** | **18.9** |
| as a percentage of sales | 8.4 | 8.4 | 8.6 | 8.4 |
| Depreciation and amortization | -6.9 | -7.2 | -3.3 | -3.6 |
| Finance result | -5.8 | -7.3 | -4.4 | -1.5 |
| Restructuring and integration costs | – | 0.2 | – | 0.2 |
| **Adjusted earnings before taxes** | **24.0** | **22.6** | **11.6** | **14.0** |
| Income tax[3] | -7.4 | -7.0 | -3.6 | -4.3 |
| **Adjusted result for the period** | **16.6** | **15.6** | **8.0** | **9.7** |
| as a percentage of sales | 3.8 | 3.5 | 3.6 | 4.3 |
| Number of shares[4] | 45,361,112 | 41,237,375 | 45,361,112 | 41,237,375 |
| **Adjusted EPS in EUR** | **0.37** | **0.38** | **0.18** | **0.23** |

1) Adjusted for the effects of using IAS 19R see Notes to the Consolidated Interim Financial Statements on page 30.

2) 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 SAF-HOLLAND Verkehrstechnik GmbH in 2008.

3) In the calculation of the adjusted result for the period, a uniform tax rate of 30.80% was assumed.

4) Weighted average number of ordinary shares.

Based on an improved result for the period of EUR 13.0 million (previous year: 11.8 million) adjusted EBIT amounted to EUR 29.8 million (previous year: 29.7 million) with an adjusted EBIT margin of 6.8% (previous year: 6.7%). Adjusted earnings before tax increased to EUR 24.0 million (previous year: EUR 22.6 million). Income tax of EUR 7.4 million (previous year: 7.0 million) remained largely unchanged. With regard to the taxes we are currently working on the sustainable optimization of the tax rate. The adjusted result for the period, which was calculated using an assumed uniform tax rate of 30.8%, rose to EUR 16.6 million in the first half of the year (previous year: EUR 15.6 million) and thereby represented 3.8% (previous year: 3.5%) of Group sales. Adjusted earnings per share declined slightly to EUR 0.37 (previous year: EUR 0.38) which is attributable to the increased number of shares of 45.4 million following the capital increase in December 2012 (previous year 41.2 million shares).

## Performance of the Business Units

### Overview of the Business Units

| | Trailer Systems Business Unit | | Powered Vehicle Business Unit | | Aftermarket Business Unit | | Adjustments/ Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] |
| Sales | 249.2 | 242.8 | 75.5 | 81.7 | 110.9 | 115.8 | – | – | 435.6 | 440.3 |
| Cost of sales | -226.7 | -217.9 | -62.1 | -69.4 | -79.2 | -72.1 | 12.7 | – | -355.3 | -359.4 |
| **Gross profit** | **22.5** | **24.9** | **13.4** | **12.3** | **31.7** | **43.7** | **12.7** | **–** | **80.3** | **80.9** |
| as a percentage of sales | 9.0 | 10.3 | 17.7 | 15.1 | 28.6 | 37.7 | – | – | 18.4 | 18.4 |
| Other income and expense | -15.7 | -17.0 | -6.2 | -5.1 | -12.9 | -27.0 | -15.7 | -2.1 | -50.5 | -51.2 |
| **Adjusted EBIT** | **6.8** | **7.9** | **7.2** | **7.2** | **18.8** | **16.7** | **-3.0** | **-2.1** | **29.8** | **29.7** |
| as a percentage of sales | 2.7 | 3.3 | 9.6 | 8.7 | 16.9 | 14.4 | – | – | 6.8 | 6.7 |

1) Adjusted for the effects of using IAS 19R see Notes to the Consolidated Interim Financial Statements on page 30.

***Trailer Systems: Good development in both core markets***

The largest business unit Trailer Systems showed significant sales growth. In the second quarter the business volume increased by 4.8% to EUR 127.8 million (previous year: EUR 121.9 million). In terms of the entire first half of the year, a sales increase of EUR 6.4 million to EUR 249.2 million was achieved (previous year: EUR 242.8 million).

In Europe, volume for the Trailer Systems Business Unit was above our expectations and business also developed well in North America. Here we continue to work intensively on increasing our market share. In the reporting period, SAF-HOLLAND won, among other things, a major order from a large trailer manufacturer which maintains two plants in the United States and a production location in Canada.

Gross profit of the Trailer Systems business segment reached EUR 22.5 million (previous year: EUR 24.9 million), which in relation to segment sales results in a gross margin of 9.0% (previous year: 10.3%). Adjusted EBIT amounted to EUR 6.8 million (previous year: EUR 7.9 million), the adjusted EBIT margin was 2.7% (previous year: 3.3%). In addition to higher sales and R&D the earnings side particularly reflects the planned higher guarantee costs which were incurred in connection with sales from the years prior to the crisis in 2008/2009 with above-average production figures.

For the full Group, we aim to achieve an adjusted EBIT margin of 10% with sales of EUR 1 billion for 2015. In order to reach this goal, it is necessary to sustainably improve the profitability of the Trailer Systems Business Unit. Therefore, a package of measures has been initiated which, in addition to our core markets of North America and Europe, also includes our activities in China and Brazil. The package utilizes and combines various adjustment levers – from the introduction of new products through to the expansion of the customer base to include new customer groups. Beyond that, the measures also include potential plant consolidation as well as initiatives for cost optimization, respectively cost savings and efficiency improvements in production, procurement and administration.

***Powered Vehicle Systems: strong adjusted EBIT margin once again***

The Powered Vehicle Systems Business Unit achieved sales of EUR 75.5 million (previous year: EUR 81.7 million) in the first half of the year. Despite the stronger second quarter, the previous year figure on the sales side could not be reached. The previous year, on the other hand, was characterized by a disproportionately strong first half during which the backlog in demand from 2011 was worked off. By contrast, clear progress was made on the earnings side. Despite the low sales volume, gross profit increased by 8.9% to EUR 13.4 million (previous year: EUR 12.3 million), which pushed up the gross margin from 15.1% to 17.7%. Adjusted EBIT reached EUR 7.2 million as in the previous year and thus led to an improved adjusted EBIT margin of 9.6% (previous year: 8.7%).

Especially in North America Powered Vehicle Systems benefited once again from a good product and customer mix. In terms of technical innovations, the ADZ air suspension system which entered the market at the end of 2012 proved strong. It is being used, among other things, by a well-known truck OEM as standard equipment for a new tractor unit, a heavy-load truck designed especially for the North American market. Our ADZ air suspension system is geared toward heavy-load powered axles and impresses with exemplary weight saving. A special suspension module allows for optimal drive stability.

We are continuing initiatives for the optimization of the European organizational structures in the business unit. The measures should be completed by the end of 2013 and, in addition to improved business processes, will also make a contribution to earnings. The focus is on changes at the German location in Singen: SAF-HOLLAND Verkehrstechnik GmbH, which is located there, will be merged with

Holland Europe GmbH. Afterwards, the affected assets will be transferred to SAF-HOLLAND GmbH. Sales and production has already been moved together in terms of space in Singen. Administrative tasks have for the most part been transferred to SAF-HOLLAND GmbH. As a result, the rental of the previous administration building was unnecessary, which opened up cost advantages. For the production of fifth wheels, the location procures cast plates from Georg Fischer Automotive.

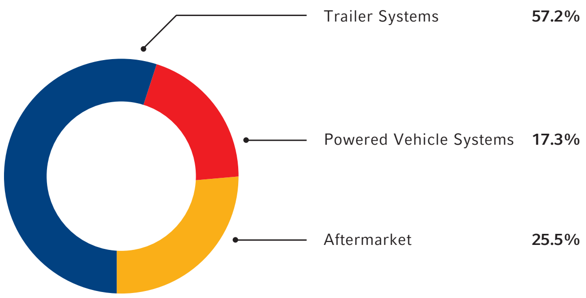
***Aftermarket: Business Unit remains on track***

The Aftermarket Business Unit generated sales of EUR 59.3 million in the second quarter (previous year: EUR 60.9 million). Business volume thus declined as compared to the same period in the previous year by 2.6%. As compared to the first quarter of 2013, however, sales increased significantly by 14.9%.

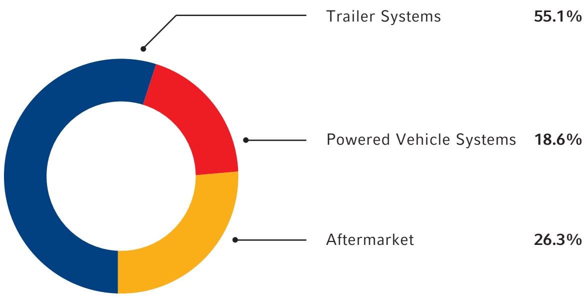
Half-year sales for the Business Unit reached EUR 110.9 million (previous year: EUR 115.8 million) and thus, as expected, remained below the high level of the previous year. The slight decrease in the first half of 2013 compared to the previous year can be explained by structural effects. In the first half of 2012 there were higher sales as an order backlog built up in 2011 was reflected in sales in the first half of 2012. In the reporting period, on the other hand, several factors had an impact on the reduced sales: The extended selection process of a qualified supplier led to delays in the introduction of a new fifth wheel. Furthermore, personnel shortages in China negatively impacted our internal group delivery. In Europe, on the other hand, the increasing focus on the optimization of net working capital among our end customers became noticeable for us. The intensive stocking up of inventories at the beginning of the year is increasingly being replaced by needs-oriented delivery with more limited inventory volumes. For the Aftermarket Business Unit, this led to a balanced order volume in the course of the year.

The gross profit in the Business Unit of EUR 31.7 million (previous year: EUR 43.7 million) reflects adjusted accounting modalities as part of the SAP consolidation project in which cost and revenue items from other operating expenses and incomes were reclassified to cost of sales. Adjusted EBIT improved considerably to EUR 18.8 million (previous year: EUR 16.7 million), with the adjusted EBIT margin rising from 14.4% to 16.9%. We expect the adjusted EBIT margin of the segment to stabilize in the target area of 15 to 16%.

**Share of Group sales by Business Unit (H1 2013)**
Figures in %




**Share of Group sales by Business Unit (H1 2012)**
Figures in %



## FINANCIAL SITUATION

### Financing: positive effects continue

In the second quarter of 2013, the key financing figures from the reporting period are characterized by the advantages resulting from the financial restructuring of our group which was completed in 2012. As of June 30, 2013, liabilities from interest bearing loans and borrowings decreased to EUR 147.8 million (previous year: EUR 179.2 million / December 31, 2012: EUR 160.4 million). Net debt also decreased significantly and as of the same date reached EUR 129.4 million (previous year: EUR 157.9 million / December 31, 2012: EUR 141.8 million).

Due to significantly more favorable financing conditions, interest expenses in connection with interest bearing loans and borrowings decreased by more than 25% in the reporting period to EUR 4.9 million (previous year: EUR 6.6 million). The interest rate margin for our credit lines is tied to the development of certain key figures. Improvements in the covenants thus open up further interest advantages. Especially due to the low utilization of our credit lines, the interest level as related to the bank loans will be reduced once again by a quarter of a percentage point as from June 30, 2013 onwards. As the same time, SAF-HOLLAND continues to benefit from an equally balanced and stable mix of external financing, which solidly secures a high degree of flexibility and our growth up to the year 2017.

### Liquidity: marked increase in cash flow from operating activities

Cash flow from operating activities before income tax increased to EUR 36.4 million in the reporting period and therefore substantially higher than the prior year figure (previous year: EUR 23.6 million). In comparison, however, it must be taken into account that the cash inflow in 2012 was unusually low due to the customer payments which were brought forward in December 2011. In the first half year of 2013, positive effects from the intensive utilization of the non-recourse factoring have already led to an additional cash inflow. Furthermore, the increase in cash flow from operating activities as of June 30, 2013 can be attributed in particular to the increase in trade payables.

Net working capital amounted to EUR 78.8 million as of June 30, 2013 (previous year: EUR 89.8 million). In relation to sales, this results in a margin of 8.7% (previous year: 10.0%), which is well below the internal target of maximum 10% of Group sales due to the optimization of the key financial figures as of June 30, 2013.

Cash flow from investing activities amounted to EUR -10.8 million (previous year: EUR -8.1 million) which reflects expenses in connection with the worldwide harmonization of our SAP systems in particular. A lower utilization of the credit lines and the scheduled repayment of financial debt in the amount of EUR 3.3 million shaped the cash flow from financing activities of EUR -17.9 million (previous year: EUR -5.3 million).

### Investments in production and IT

The focus of our investments, as was previously the case, was on the sustainable strengthening of the competitive situation of SAF-HOLLAND: Significant highlights included the expansion of our manufacturing capacities in Europe and North America as well as the worldwide project for the harmonization of the SAP systems. In the first half of the year we invested a total of EUR 10.3 million (previous year: EUR 8.5 million). Our investment spendings were thus above the level of the previous year as planned. The investment ratio expanded correspondingly from 1.9% to 2.4%. Further information on the expansion of production and on the SAP project can be found on page 10.

## ASSETS

### Equity ratio improved once again

SAF-HOLLAND seeks to achieve an equity ratio of about 40%. As of June 30, 2013, equity increased to EUR 209.4 million (December 31, 2012: EUR 197.9 million) which corresponds to an increase of EUR 11.5 million as compared to year-end 2012. As a result of the clear growth and despite the higher balance sheet total, an equity ratio of 37.6% was achieved in the second quarter of 2013 (December 31, 2012: 36.9%).

### Asset structure: external financing further reduced

As of June 30, 2013, total assets rose to EUR 556.3 million (December 31, 2012: EUR 536.7 million). Non-current assets increased to EUR 333.4 million (December 31, 2012: EUR 330.1 million), which is due primarily to the increase in intangible assets in the course of the SAP harmonization project.

Current assets also increased and reached EUR 222.9 million (December 31, 2012: EUR 206.6 million). In addition to higher trade receivables of EUR 100.1 million (December 31, 2012: EUR 87.3 million), increased inventories also had an impact here. As of the reporting date, the Group had inventories with a value of EUR 94.4 million (December 31, 2012: EUR 88.2 million). Due to the planned implementation of the harmonized SAP system, inventories in North America were increased as a precautionary measure because this system launch also impacted production-relevant programs. Days inventory outstanding in the reporting period was 46 days (previous year: 47 days) and was thus closer to our target value of 45 days.

On the liabilities side, non-current liabilities decreased by EUR 10.4 million to EUR 219.8 million (December 31, 2012: EUR 230.2 million). This balance sheet position is influenced by counteracting effects. On the one hand, tax liabilities and finance lease liabilities increased. On the other hand, we were able to reduce the interest bearing bank loans by EUR 12.6 million through improved liquidity management.

Current liabilities of EUR 127.1 million (December 31, 2012: EUR 108.6 million) are influenced primarily by higher trade payables. On June 30, 2013, SAF-HOLLAND had cash on hand of EUR 18.4 million (December 31, 2012: EUR 18.6 million). A disproportionately high amount on the balance sheet date contributed to meeting the criteria for a reduction of the interest rate margin of our credit facility convenants. Our goal is to stabilize cash and cash equivalents at a level of around EUR 7 million. We therefore extended our cash pooling, which we have been using for some time in Europe among other locations, to our American companies. It is thus possible to plan better, which also benefits our interest position.

Including the agreed credit facility, overall liquidity of the company amounted to EUR 149.7 million as of June 30, 2013 (previous year: EUR 64.5 million / December 31, 2012: EUR 140.5 million). It should be taken into consideration that the credit facility as of March 31, 2013 was reduced as planned through the half-year repayment of EUR 3.3 million.

**Table summarizing the determination of overall liquidity**

| | 06/30/2013 | | | | |
|---|---|---|---|---|---|
| kEUR | Amount drawn valued as of the period-end exchange rate | Amount drawn valued as of the borrowing date exchange rate | Agreed credit lines valued as of the borrowing date exchange rate | Cash and cash equivalents | Total Liquidity |
| Facility A1 | 68,065 | 68,065 | 68,065 | – | – |
| Facility A2 | – | – | 20,000 | – | 20,000 |
| Facility B1 | 4,678 | 4,678 | 80,000 | 18,386 | 93,708 |
| Facility B2 | 2,978 | 3,031 | 39,063 | – | 36,031 |
| **Total** | **75,721** | **75,774** | **207,128** | **18,386** | **149,739** |

## Personnel structures allow for greater flexibility

Market-appropriate and flexible personnel structures are an important success factor for SAF-HOLLAND. We therefore place great value on flexible working time models. In addition to a permanent workforce, we also rely on fixed-term contracts and temporary workers.

In the first half of the year, the average number of employees was 3,062 (previous year: 3,143). On June 30, 2013 the number of employees in the Group amounted to 3,075 (previous year: 3,167) including temporary employees. On the balance sheet date, 48% of our employees worked for our companies in North America. About 38% of the workforce belonged to European companies, while a further 14% were part of locations outside the two core markets. Sales per employee increased to kEUR 142.2 in the reporting period (previous year: kEUR 140.1).

**Development of employee numbers by region**

| | 06/30/2013 | 06/30/2012 |
|---|---|---|
| Europe | 1,169 | 1,154 |
| North America | 1,471 | 1,597 |
| Other | 435 | 416 |
| **Total** | **3,075** | **3,167** |



## R&D activities for the success of fleet customers

SAF-HOLLAND works continuously on the development of future-oriented solutions. The primary focus in the reporting period was once again on innovations that support the success of the business units. Significant points were thus innovations for greater transport efficiency, for example through a further increase in the quality or advances in weight reduction. Beyond that, the focus has been on product adaptations, as in the past. They address specific customer requirements in the various country markets and offer technology levels that are directly adapted for national particularities.

Expenditure for research and development totaled EUR 10 million in the first half of the year (previous year: EUR 9.5 million). In relation to Group sales, this results in an R&D ratio of 2.3% (previous year: 2.2%). Of this amount, EUR 0.4 million (previous year: EUR 0.6 million) was capitalized as development costs.

## OPPORTUNITIES AND RISK REPORT

Compared with the opportunities and risk profile at the end of financial year 2012, 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.

## EVENTS AFTER THE REPORTING DATE

No events of relevance for this report occurred after the reporting date.

## OUTLOOK

### Global economy grows in small steps

As emphasized by the Institute for World Economy (IfW), the further development of the global economy is influenced by the development of the sovereign debt crisis in the Euro zone. It dampens economic expansion around the world and ensures that global production only slowly kicks into gear. Insofar as the crisis does not worsen, global economic expansion can accelerate over the course of the year, according to the IfW. This, however, will not be sufficient to offset the delayed progress in the first half of the year. As a result, the Institute lowered its forecast on global gross domestic product for 2013 by 0.2 percentage points to 3.2%. Expectations for 2014 were also decreased by 0.2 percentage points to 3.8%. Global trade is expected to increase by 2.8% in 2013 and by 4.5% in the following year.

In the United States, the economy is expected to continue to grow this year at the previous level, i.e. with a growth rate of under 2%. In the European Union, on the other hand, the economy should gain speed over the course of the year so that the recession should be overcome in the coming year.

The IfW also forecasts an economic upswing for the emerging markets in the near future, with particular contributions coming from improved export prospects. In China, gross domestic product is expected to expand by more than 7% in both 2013 and 2014; in India growth rates of 5.5% this year and 6.5% next year are possible. For Brazil, the institute expects impetus from the economic stimulus program there and from infrastructural measures in advance of the Football World Cup in 2014 and the Olympic Summer Games in 2016. A slow revival of economic output is also expected for Russia, whereby risks from the country's dependence on the raw materials market could arise.



**Predicted economic development in important markets**

| | 2012 | 2013 | 2014 |
|---|---|---|---|
| European Union | -0.3% | -0.2% | 1.1% |
| Eurozone | -0.6% | -0.6% | 0.8% |
| Germany | 0.7% | 0.5% | 1.8% |
| United States of America | 2.2% | 1.8% | 2.3% |
| Brazil | 0.9% | 3.1% | 4.5% |
| Russia | 3.4% | 2.5% | 3.3% |
| India | 3.9% | 5.5% | 6.5% |
| China | 7.8% | 7.5% | 7.5% |

*Source: Institute for World Economy (IfW), Global Economy in Summer 2013, June 2013*

## Industry trend: Global market continues to grow

According to Frost & Sullivan, the global market for commercial vehicles will grow faster than the overall global economy in 2013. With an increase in global GDP of between 3% and 3.5%, demand for heavy trucks will increase by 3.6% and demand for medium-sized trucks will rise by 5.6%. The global volume of vehicles in both classes will thus increase to a total of 2.8 million units this year.

According to current estimations, the North American market is gaining momentum in 2013 for strong growth in the next year. For trucks in class 8, the most important segment for SAF-HOLLAND, ACT Research is predicting an increase in production figures of nearly 15%. In the trailer segment, the constant upward trend will continue both in the current year and in the coming year, whereby the percentage market growth for 2014 may nearly double.

The forecasts for the European commercial vehicles market remain weak. Insofar as the overall economic conditions brighten as forecast, a continued revival of demand is anticipated. Supporting impetus could also come from anticipatory effects relating to the commencement of Euro 6 emission standard. The stricter requirements in the standard apply to all trucks that are newly registered in the EU from the beginning of 2014.

Market volumes should increase throughout the BRIC countries in 2013, but with differing rates of growth. India Ratings forecasts an increase in sales figures for the domestic market of 10 to 11%. In the Brazilian truck market, industry association Anfavea anticipates a volume increase of 7%. In Russia, too, demand will increase and with growth of just over 7% will especially push the medium-sized truck segment. Based on the forecasts, the Chinese market will bring up the rear, with the national industry association CAAM forecasting growth of 1% to 3.9 million trucks and buses.

## Strategic focus unchanged

The trailer market in North America, global activities in the Aftermarket business and our commitment in the BRIC countries remain at the core of our growth strategy. SAF-HOLLAND wants to grow organically in all three areas. To open up complementary potential, the development of market activities through smaller acquisitions is also conceivable.

In the North American trailer market, we are doubling our local production capacities this year in order to offer our complete axle and suspension systems to an even greater extent than before. In addition, stricter US requirements on braking distances could lead to an increase in interest in our disc brake technology.

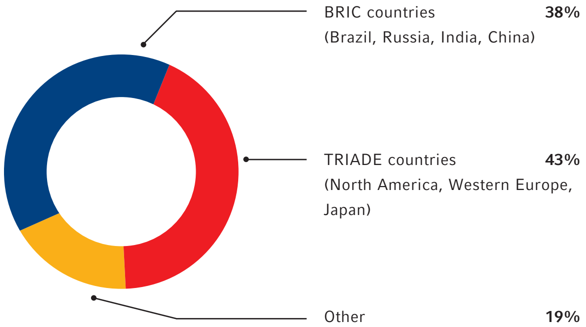


An action plan presented by the White House in June intensifies the initiatives against climate change in the USA. Among other things, it calls for extending and tightening fuel consumption standards for heavy trucks over the next five years and beyond. This also opens up additional perspectives because our weight-optimized products support reduced fuel consumption.

The Aftermarket business is an ideal complement to our original equipment activities. With its worldwide sales and service network, it offers trucking companies and fleet operators a strong incentive to order trucks and trailers with products from SAF-HOLLAND. Conversely, the Aftermarket Business Unit benefits from the steadily growing number of vehicles that are equipped with our products. In order to expand the reciprocal advantages, we are further expanding the spare parts business internationally. After Central and South America were the subject of focus in the first half of the year, the opening of a parts distribution center for the South East Asian market is now being prepared. From there, sales in the region will be driven forward.

The economic upswing in the BRIC countries has lost some of its luster, but the growth rates are still significantly higher than those of the global economy. This is on top of the intensive expansion of infrastructure which disproportionately benefits the transport sector. According to projections from KPMG, the share of BRIC-countries on the global market for trucks may have reached 38% in the past year – a figure that is increasing. The emerging countries are promising markets for SAF-HOLLAND, Brazil and China in particular. Beyond the market penetration that is shaped by volume, SAF-HOLLAND also has the opportunity to benefit from the qualitative, technical upward development of the fleets. We are already working, for example, on gradually developing the product program for China toward more demanding technical standards.

**Geographic segments of the global market for trucks (2012)**




Source: KPMG International, Competing in the Global Truck Industry (September 2011)

## GENERAL STATEMENT ON FUTURE BUSINESS DEVELOPMENT

SAF-HOLLAND continues to have promising prospects in its core markets of Europe and North America. We assume that the European market has now bottomed out. This is evidenced not only by the general slight improvement in demand development in recent months, but also by the current pent-up demand in the truck and trailer segment. European freight forwarders and fleet operators have now been delaying the fundamental modernization of their fleets for years. Because the ownership period and the age of the trucks and trailers has increased steadily in recent years, a reduction of the investment backlog is inevitable. Our European locations are well-positioned to be able to directly and comprehensively benefit from the expected jump-start in demand.



In the North American market the catch-up process has already begun, but is not yet complete. From our perspective, this ensures a further upward trend. Accordingly, demand, which has been somewhat weaker lately, could pick up over the course of the year. Furthermore, our North American growth initiatives are providing impetus, which will benefit the expansion of our market share.

SAF-HOLLAND began the second half of the year with well-filled order books. The sales increase over the previous year planned for the second half of the current year is based in particular on good market forecasts for trucks and trailers in North America. In the Powered Vehicle Systems Business Unit, which in the meantime can build on more positive signals from manufacturers in Europe, we also anticipate a better development. In addition, the Aftermarket business could return to better development in the second half of the year.

The sales volume that is achievable in 2013 depends on the pace of the market upswing in Europe and North America. Assuming that the current forecasts are not blurred by negative financial and economic developments, we anticipate Group sales of between EUR 875 million and EUR 900 million for the financial year 2013. In terms of earnings we are continuing to strive for an adjusted EBIT of at least EUR 60 million in 2013. Depending on the level of sales, this will result in an increased or at least stable adjusted EBIT margin. The fact that earnings in the current financial year are not being impacted by burdening one-time special effects would seem to indicate a significant improvement in the result for the period. On top of this there are positive earning effects as compared to the previous year due to a significantly improved finance result caused by the optimized financing structure. Assuming that the global economy becomes more stable, we continue to maintain our goal for 2015 of EUR 1 billion sales and an adjusted EBIT margin of 10%.

# Consolidated Interim Financial Statements

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| kEUR | Notes | Q1-Q2/2013 | Q1-Q2/2012[1] | Q2/2013 | Q2/2012[1] |
|---|---|---|---|---|---|
| **Result for the period** | | | | | |
| Sales | (5) | 435,558 | 440,321 | 225,505 | 223,699 |
| Cost of sales | | -355,216 | -359,357 | -184,341 | -182,097 |
| **Gross profit** | | **80,342** | **80,964** | **41,164** | **41,602** |
| Other income | | 900 | 432 | 565 | 164 |
| Selling expenses | | -27,382 | -26,594 | -13,885 | -13,468 |
| Administrative expenses | | -18,249 | -20,318 | -8,898 | -10,449 |
| Research and development costs | | -9,559 | -8,855 | -4,780 | -4,646 |
| **Operating result** | (5) | **26,052** | **25,629** | **14,166** | **13,203** |
| Finance income | (6) | 1,350 | 2,072 | -815 | 1,743 |
| Finance expenses | (6) | -7,233 | -9,392 | -3,650 | -3,202 |
| Share of net profit of investments accounted for using the equity method | | -381 | 409 | -648 | 212 |
| **Result before tax** | | **19,788** | **18,718** | **9,053** | **11,956** |
| Income tax | (7) | -6,779 | -6,918 | -3,221 | -4,075 |
| **Result for the period** | | **13,009** | **11,800** | **5,832** | **7,881** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified to profit or loss* | | | | | |
| Remeasurements of defined benefit plans | | – | -814 | – | -407 |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Exchange differences on translation of foreign operations | (10) | -2,961 | 4,022 | -5,474 | 4,973 |
| Changes in fair values of derivatives designated as hedges, recognized in equity | (10)/(13) | 1,981 | -309 | 1,184 | -39 |
| Income tax effects on items recognized directly in other comprehensive income | (10) | -538 | 330 | -321 | 127 |
| **Other comprehensive income** | | **-1,518** | **3,229** | **-4,611** | **4,654** |
| **Comprehensive income for the period** | | **11,491** | **15,029** | **1,221** | **12,535** |
| **Attributable to equity holders of the parent** | | **11,491** | **15,029** | **1,221** | **12,535** |
| **Basic and diluted earnings per share in EUR** | (11) | **0.29** | **0.29** | **0.13** | **0.19** |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

# CONSOLIDATED BALANCE SHEET

| kEUR | Notes | 06/30/2013 | 12/31/2012 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | **333,365** | **330,083** |
| Goodwill | | 47,302 | 46,985 |
| Intangible assets | (8) | 141,099 | 138,469 |
| Property, plant, and equipment | | 99,597 | 98,662 |
| Investments accounted for using the equity method | | 9,655 | 9,461 |
| Other non-current assets | | 1,372 | 859 |
| Deferred tax assets | (7) | 34,340 | 35,647 |
| **Current assets** | | **222,900** | **206,636** |
| Inventories | | 94,383 | 88,163 |
| Trade receivables | | 100,041 | 87,319 |
| Income tax assets | | 418 | 692 |
| Other current assets | | 9,335 | 11,883 |
| Financial assets | | 337 | – |
| Cash and cash equivalents | (9) | 18,386 | 18,579 |
| **Total assets** | | **556,265** | **536,719** |
| **Equity and liabilities** | | | |
| **Equity attributable to equity holders of the parent** | (10) | **209,354** | **197,863** |
| Subscribed share capital | | 454 | 454 |
| Share premium | | 265,843 | 265,843 |
| Legal reserve | | 22 | 22 |
| Other reserve | | 436 | 436 |
| Retained earnings | | -32,501 | -45,510 |
| Accumulated other comprehensive income | | -24,900 | -23,382 |
| **Non-current liabilities** | | **219,837** | **230,232** |
| Pensions and other similar benefits | | 38,977 | 39,251 |
| Other provisions | | 6,259 | 4,531 |
| Interest bearing loans and borrowings | (12) | 140,523 | 152,969 |
| Finance lease liabilities | (13) | 2,188 | 58 |
| Other financial liabilities | (14) | – | 836 |
| Other liabilities | | 331 | 320 |
| Deferred tax liabilities | (7) | 31,559 | 32,267 |
| **Current liabilities** | | **127,074** | **108,624** |
| Other provisions | | 4,965 | 5,273 |
| Interest bearing loans and borrowings | (12) | 7,250 | 7,446 |
| Finance lease liabilities | (13) | 364 | 54 |
| Trade payables | | 91,004 | 70,643 |
| Income tax liabilities | | 5,807 | 7,102 |
| Other financial liabilities | (14) | 11 | 44 |
| Other liabilities | | 17,673 | 18,062 |
| **Total equity and liabilities** | | **556,265** | **536,719** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the parent | | | | | | |
| kEUR | Subscribed share capital | Share premium | Legal reserve | Other reserve | Retained earnings | Accumulated other comprehensive income | **Total equity** (Note 10) |
| **As of 01/01/2013** | **454** | **265,843** | **22** | **436** | **-45,510** | **-23,382** | **197,863** |
| Comprehensive income for the period | – | – | – | – | 13,009 | -1,518 | 11,491 |
| **As of 06/30/2013** | **454** | **265,843** | **22** | **436** | **-32,501** | **-24,900** | **209,354** |

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the parent | | | | | | |
| kEUR | Subscribed share capital | Share premium | Legal reserve | Other reserve | Retained earnings | Accumulated other comprehensive income | **Total equity** (Note 10) |
| **As of 01/01/2012** (as before reported) | **412** | **245,661** | **21** | **232** | **-51,341** | **-2,753** | **192,232** |
| Effects of the retroactive adoption of IAS 19R and the correction due to IAS 8.42 | – | – | – | – | -1,382 | -15,277 | -16,659 |
| **As of 01/01/2012**[1] | **412** | **245,661** | **21** | **232** | **-52,723** | **-18,030** | **175,573** |
| Comprehensive income for the period[1] | – | – | – | – | 11,800 | 3,229 | 15,029 |
| Dividends paid / other reclassifications | – | – | 1 | 203 | -204 | | |
| **As of 06/30/2012** | **412** | **245,661** | **22** | **435** | **-41,127** | **-14,801** | **190,602** |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

# CONSOLIDATED CASH FLOW STATEMENT

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

2) As of June 30, 2013, trade receivables in the amount of EUR 19.7 million were sold in the context of a factoring contract. Assuming the legal validity of the receivable, no further rights of recourse exist against SAF-HOLLAND from the sold receivables.

3) As of June 30, 2012, trade receivables in the amount of EUR 3.9 million were sold in the context of a factoring contract. Assuming the legal validity of the receivable, no further rights of recourse exist against SAF-HOLLAND from the sold receivables.

| | kEUR | Notes | Q1-Q2/2013 | Q1-Q2/2012[1] |
|---|---|---|---|---|
| | **Cash flow from operating activities** | | | |
| | **Result before tax** | | **19,788** | **18,718** |
| - | Finance income | (6) | -1,350 | -2,072 |
| + | Finance expenses | (6) | 7,233 | 9,392 |
| -/+ | Share of net profit/loss of investments accounted for using the equity method | (4) | 381 | -409 |
| + | Amortization, depreciation of intangible assets and property, plant, and equipment | | 9,992 | 10,398 |
| + | Allowance of current assets | | 818 | 1,376 |
| -/+ | Gain/Loss on disposal of property, plant, and equipment | | 4 | 10 |
| -/+ | Gain/Loss on disposal of subsidiaries | | – | -125 |
| + | Dividends from investments accounted for using the equity method | | 253 | 23 |
| | **Cash flow before change of net working capital** | | **37,119** | **37,311** |
| - | Change in other provisions and pensions | | -40 | -1,848 |
| - | Change in inventories | | -7,118 | -3,558 |
| - | Change in trade receivables and other assets | | -11,685[2] | -13,823[3] |
| + | Change in trade payables and other liabilities | | 18,128 | 5,532 |
| | **Cash flow from operating activities before income tax paid** | | **36,404** | **23,614** |
| - | Income tax paid | (7) | -8,047 | -4,655 |
| | **Net cash flow from operating activities** | | **28,357** | **18,959** |
| | **Cash flow from investing activities** | | | |
| - | Purchase of property, plant, and equipment | | -5,084 | -6,070 |
| - | Purchase of intangible assets | | -5,196 | -2,444 |
| - | Purchase/winding-up of investments accounted for using the method | | -798 | – |
| + | Proceeds from sales of property, plant, and equipment | | 185 | 69 |
| + | Proceeds from sales of subsidiaries net of cash | (4) | – | 270 |
| + | Interest received | | 83 | 105 |
| | **Net cash flow from investing activities** | | **-10,810** | **-8,070** |
| | **Cash flow from financing activities** | | | |
| - | Payments for expenses relating to amended finance agreement | | -314 | – |
| - | Payments for finance lease | | -67 | -21 |
| - | Interest paid | | -4,981 | -5,747 |
| - | Repayments of current and non-current financial liabilities | (12) | -3,335 | -10,929 |
| - | Change in drawings on the credit line and other financing activities | (12) | -9,241 | 11,379 |
| | **Net cash flow from financing activities** | | **-17,938** | **-5,318** |
| | **Net decrease/increase in cash and cash equivalents** | | **-391** | **5,571** |
| | Net foreign exchange difference | | 198 | 433 |
| | **Cash and cash equivalents at the beginning of the period** | (9) | **18,579** | **15,345** |
| | **Cash and cash equivalents at the end of the period** | (9) | **18,386** | **21,349** |

# Notes to the Consolidated Interim Financial Statements

For the period January 1 to June 30, 2013

## 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. They have been included in the SDAX since 2010.

## 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 first half of 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Unless expressly indicated otherwise, the same accounting policies and consolidation methods were applied as in the Group's annual financial statements for the financial year 2012. Therefore, the consolidated interim financial statements should be read in conjunction with the Group's annual financial statements as of December 31, 2012.

IAS 19R was applied early in the annual financial statements for the financial year 2012. To allow a better comparison, the effects of the amended accounting principles were considered in the statement of comprehensive income, statement of changes in equity and in the cash flow statement for the first half of 2012.

The following table shows the effects of the amended accounting principles on the statement of comprehensive income.

| | 6 months to June 2012 | | |
|---|---|---|---|
| kEUR | Before adjusting | Adjustments | After adjusting |
| **Earnings before income taxes** | **18,555** | **163** | **18,718** |
| thereof cost of sales | -359,882 | 525 | -359,357 |
| thereof selling expenses | -26,722 | 128 | -26,594 |
| thereof administrative expenses | -20,431 | 113 | -20,318 |
| thereof research & development costs | -8,903 | 48 | -8,855 |
| thereof interest income | 2,258 | -186 | 2,072 |
| thereof interest expense | -8,927 | -465 | -9,392 |
| **Income taxes** | **-6,868** | **-50** | **-6,918** |
| **Result for the period** | **11,687** | **113** | **11,800** |
| **Basic/diluted earnings per share in EUR** | **0.28** | | **0.29** |

With regard to the impact on the balance sheet of the amended accounting principles, please refer to the Notes to the Consolidated Financial Statements in the annual financial statements for the financial year 2012.

In preparing the consolidated financial statements, management has to 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 assumptions and estimates.

Expenses and income incurred irregularly during the financial year were anticipated or deferred if it would also be 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

On May 7, 2013, SAF-HOLLAND India Pvt. Ltd., Sriperambadur Taluk, India, was founded and included in the consolidated financial statements for the first time on June 30, 2013.

The joint venture Madras SAF-HOLLAND Manufacturing (I) P. Ltd., which was accounted for in the consolidated financial statements using the equity method, was ended in May 2013. A loss of kEUR 910 has resulted from the termination of the joint venture. The loss has been reported in the P&L-line “Share of net profit of investments accounted for using the equity method“.

## 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, 2012. For more information, please see the notes of the 2012 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-Q2/2013 | Q1-Q2/2012[1] |
|---|---|---|
| Operating result | 26,052 | 25,629 |
| Share of net profit of investments accounted for using the equity method | -381 | 409 |
| **EBIT** | **25,671** | **26,038** |
| Additional depreciation and amortization from PPA | 3,060 | 3,186 |
| Restructuring and integration costs | 1,096 | 501 |
| **Adjusted EBIT** | **29,827** | **29,725** |

1) Adjusted for effects of IAS 19R; see chapter “Significant Accounting policies“.

Information on segment sales and earnings for the period from January 1 to June 30, 2013:

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Business Units | | | | |
| kEUR | Trailer Systems | Powered Vehicle Systems | Aftermarket | Adjustments/ eliminations | **Consolidated** |
| Sales | 249,227 | 75,441 | 110,890 | – | **435,558** |
| Adjusted EBIT | 6,814 | 7,235 | 18,776 | -2,998 | **29,827** |

| | 2012[1] | | | | |
|---|---|---|---|---|---|
| | Business Units | | | | |
| kEUR | Systems | Powered Trailer Systems | Vehicle Aftermarket | Adjustments/ eliminations | **Consolidated** |
| Sales | 242,795 | 81,689 | 115,837 | – | **440,321** |
| Adjusted EBIT | 7,991 | 7,180 | 16,720 | -2,166 | **29,725** |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

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 of the segments.

## 6 FINANCE RESULT

Finance income and expenses consist of the following:

**Finance income**

| kEUR | **Q1-Q2/2013** | Q1-Q2/2012[1] |
|---|---|---|
| Foreign exchange gains on foreign currency loans | 1,232 | 1,779– |
| Interest income | 74 | 112 |
| Other | 44 | 181 |
| **Total** | **1,350** | **2,072** |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

**Finance expenses**

| kEUR | Q1-Q2/2013 | Q1-Q2/2012[1] |
|---|---|---|
| Interest expenses due to interest bearing loans and borrowings | -4,884 | -6,649 |
| Transaction costs | – | -178 |
| Amortization of transaction costs | -396 | -1,261 |
| Finance expenses due to pensions and other similar benefits | -688 | -789 |
| Finance expenses due to derivatives | -1,088 | – |
| Other | -177 | -515 |
| **Total** | **-7,233** | **-9,392** |

Foreign exchange gains on foreign currency loans primarily comprise unrealized foreign exchange gains on foreign currency loans translated at the closing rate.

Interest expenses from interest-bearing loans and borrowings decreased as a result of the refinancing in October 2012 and the corresponding improvement in the interest rate margin.

The amortization of transaction costs of kEUR -396 (previous year: kEUR -1,261) represents the contract closing fees recognized as expenses in the period in accordance with the effective interest method.

In the context of the refinancing in October 2012, SAF-HOLLAND replaced interest rate swaps with a nominal volume of USD 37.6 million and EUR 69.7 million. At the end of 2012, changes in the fair value of hedging instruments of kEUR 2,795, which had been reported in equity, were recorded in the finance result, as the hedged cash flows from these hedging relationships will no longer occur due to the repayment of bank loans resulting from the refinancing, insofar as there is over-hedging. Changes in the fair value in connection with the replaced swaps that continue to be reported in equity amounted to kEUR 3,264 as of December 31, 2012 (cash flow hedge reserve). It will be released to the finance result using the effective interest method over the original term of the swaps. As of June 30, expenses from the release to the finance result of the cash flow hedge reserve amounted to kEUR 1,088.

## 7 INCOME TAXES

The major components of income taxes are as follows:

| kEUR | Q1-Q2/2013 | Q1-Q2/2012[1] |
|---|---|---|
| Current income taxes | -5,497 | -6,567 |
| Deferred income taxes | -1,282 | -351 |
| **Income tax reported in the result for the period** | **-6,779** | **-6,918** |

The effective income tax rate in the first half of 2013 was 34.3 %. The variance between the effective income tax rate and the Group´s income tax rate of 30.8% is mainly attributable to non-deductible expenses and unused tax loss carry forwards.

## 8 INTANGIBLE ASSETS

The increase in intangible assets primarily resulted from the capitalized expenses of kEUR 4,384 associated with the project of consolidation of existing SAP systems in Europe and North America.

## 9 CASH AND CASH EQUIVALENTS

| kEUR | 06/30/2013 | 12/31/2012 |
|---|---|---|
| Cash at banks and on hand | 18,381 | 18,573 |
| Short-term deposits | 5 | 6 |
| **Total** | **18,386** | **18,579** |

## 10 EQUITY

The Company's subscribed share capital is unchanged from December 31, 2012 and amounted to EUR 453,611.12 on June 30, 2013. It consists of 45,361,112 ordinary shares with a par value of EUR 0.01 and is fully paid-in.

In the previous year the Company's subscribed share capital was increased by EUR 41,237.37 to EUR 453,611.12 as part of a capital increase.

The share capital was increased on November 30, 2012 with the exclusion of subscription rights of the existing shareholders in the scope of the authorized capital as set by the Extraordinary General Meeting of June 4, 2012.

Changes in accumulated other comprehensive income consist of the following:

| | Before tax amount | | Tax income/expense | | Net of tax amount | |
|---|---|---|---|---|---|---|
| kEUR | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] | Q1-Q2/2013 | Q1-Q2/2012[1] |
| Revaluation of defined benefit plan | – | -814 | – | 251 | – | -563 |
| Exchange differences on translation of foreign operations | -2,961 | 4,022 | – | – | -2,961 | 4,022 |
| Changes in fair values of derivatives designated as hedges, recognized in equity | 1,981 | -309 | -538 | 79 | 1,443 | -230 |
| **Total** | **-980** | **2,899** | **-538** | **330** | **-1,518** | **3,229** |

1) Adjusted for effects of IAS 19R; see chapter "Significant Accounting policies".

## 11 EARNINGS PER SHARE

| | | Q1-Q2/2013 | Q1-Q2/2012 |
|---|---|---|---|
| **Result for the period** | **kEUR** | **13,009** | **11,800** |
| Weighted average number of shares outstanding | thousands | 45,361 | 41,237 |
| **Basic and diluted earnings per share** | **EUR** | **0.29** | **0.29** |

Basic earnings per share are calculated by dividing the result for the period attributable to shareholders of SAF-HOLLAND S.A. by the average number of shares outstanding. New shares issued during the period are included pro rata for the period in which they are outstanding.

In the first half of 2013, the weighted average number of shares remained unchanged at 45,361,112. In the corresponding period of the previous year, the weighted average number of shares remained unchanged at 41,237,375.

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

## 12 INTEREST BEARING LOANS AND BORROWINGS

| | Non-current | | Current | | **Total** | |
|---|---|---|---|---|---|---|
| kEUR | 06/30/2013 | 12/31/2012 | 06/30/2013 | 12/31/2012 | 06/30/2013 | 12/31/2012 |
| Interest bearing collateralized bank loans | 69,051 | 81,489 | 6,670 | 6,700 | **75,721** | **88,189** |
| Bond | 75,000 | 75,000 | – | – | **75,000** | **75,000** |
| Transaction costs | -3,589 | -3,578 | -809 | -882 | **-4,398** | **-4,460** |
| Bank overdrafts | – | – | 118 | 300 | **118** | **300** |
| Accrued interests | – | – | 1,234 | 1,272 | **1,234** | **1,272** |
| Other loans | 61 | 58 | 37 | 56 | **98** | **114** |
| **Total** | **140,523** | **152,969** | **7,250** | **7,446** | **147,773** | **160,415** |

On October 5, 2012, an agreement was signed with a consortium of banks that replaced the previous financing arrangement and ensured a long-term supply of short- and long-term finance at more favorable interest rates for the Group until October 2017. As a result of the refinancing, the available credit lines increased to EUR 260.0 million. This primarily declined by EUR 48.6 million following the issue of a bond in October 2012 and the scheduled repayment of EUR 3.3 million in February 2013 to EUR 207.1 million.

The current interest bearing bank loans include the agreed repayment in the coming 12 months.

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



| | 06/30/2013 | | | | |
|---|---|---|---|---|---|
| kEUR | 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 | 68,065 | 68,065 | 68,065 | – | – |
| Facility A2 | – | – | 20,000 | – | 20,000 |
| Facility B1 | 4,678 | 4,678 | 80,000 | 18,386 | 93,708 |
| Facility B2 | 2,978 | 3,031 | 39,063 | – | 36,031 |
| **Total** | **75,721** | **75,774** | **207,128** | **18,386** | **149,739** |

| kEUR | 12/31/2012<br>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 | 71,400 | 71,400 | 71,400 | – | – |
| Facility A2 | – | – | 20,000 | – | 20,000 |
| Facility B1 | 4,682 | 4,682 | 80,000[1] | 18,579 | 93,897 |
| Facility B2 | 12,107 | 12,500 | 39,063 | – | 26,563 |
| **Gesamt** | **88,189** | **88,582** | **210,463** | **18,579** | **140,460** |

1) thereof EUR 25.0 million frozen for acquisitions until June 30, 2013.

## 13 FINANCE LEASE LIABILITIES

The increase of finance lease liabilities results from the conclusion of a lease contract for a friction welding machine effective from the end of the first half of 2013. The machine had a purchase price of kEUR 2,448.

## 14 FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

| kEUR | 01/01/2013<br>**Fair value** | Changes recognized in equity (before tax) | Changes recognized in profit or loss (before tax) | 06/30/2013<br>**Fair value** |
|---|---|---|---|---|
| Interest rate swaps EUR | **-836** | 887 | – | **51** |

| kEUR | 01/01/2013<br>**Fair value** | 06/30/2013<br>**Fair value** |
|---|---|---|
| Forward exchange transaction | **-44** | **275** |

Any gain or loss resulting from the measurement of financial assets and other financial liabilities is recognized in profit or loss unless the derivative is designated and effective as a hedging instrument in hedge accounting.

Only interest rate swaps, which are used as cash flow hedges, meet the criteria for hedge accounting in the Group. They are used to hedge the exposure to variability of cash flows. Changes in market values must therefore be recognized directly in equity, if the hedging relationship is effective.

## 15 RELATED PARTY DISCLOSURES

### MANAGEMENT BOARD UND BOARD OF DIRECTORS

At the Annual General Meeting on April 25, 2013, it was decided to approve and renew the Board of Directors mandate of Richard Muzzy and Sam Martin until the Annual General Meeting that will resolve on the annual accounts for the fiscal year ending December 31, 2014. In addition, the appointment of Martin Kleinschmitt to the Board of Directors until the Annual General Meeting that will resolve on the annual accounts for the fiscal yearending December 31, 2015 was approved. Furthermore, following the Annual General Meeting on April 25, 2013 Ulrich Otto Sauer resigned from the Board of Directors.

Since April 25, 2013, the Board of Directors has consisted of the following members:
- Bernhard Schneider (Chairman)
- Sam Martin (Vice Chairman)
- Detlef Borghardt
- Martin Kleinschmitt
- Anja Kleyboldt
- Richard Muzzy

### TRANSACTIONS WITH RELATED PARTIES AND COMPANIES IN WHICH THE KEY MANAGEMENT PERSONNEL OF THE GROUP HOLD KEY MANAGEMENT POSITIONS

| | Sales to related parties | | Purchases from related parties | |
|---|---|---|---|---|
| kEUR | Q1-Q2/2013 | Q1-Q2/2012 | Q1-Q2/2013 | Q1-Q2/2012 |
| SAF-HOLLAND Nippon, Ltd. | 584 | 390 | – | – |
| Lakeshore Air LLP | – | – | 64 | 84 |
| FWI S.A. | – | – | 13,825 | 15,649 |
| Irwin Seating Company[1] | 477 | 584 | – | – |
| Madras SAF-HOLLAND Manufacturing (I) P. Ltd.[2] | 3 | 35 | – | – |
| **Total** | **1,064** | **1,009** | **13,889** | **15,733** |

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

2) The joint venture was terminated in May 2013

| | Amounts owed by related parties | | Amounts owed to related parties | |
|---|---|---|---|---|
| kEUR | 06/30/2013 | 12/31/2012 | 06/30/2013 | 12/31/2012 |
| SAF-HOLLAND Nippon, Ltd. | 272 | 177 | 188 | 185 |
| Lakeshore Air LLP | – | – | – | 36 |
| FWI S.A. | – | – | 1,861 | 665 |
| Irwin Seating Company[1] | 213 | 109 | – | – |
| Madras SAF-HOLLAND Manufacturing (I) P. Ltd.[2] | – | 173 | – | – |
| **Total** | **485** | **459** | **2,049** | **886** |



## 16 CASH FLOW STATEMENT

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

## 17 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

# Responsibility Statement

To the best of our knowledge, and in accordance with all applicable financial principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group's interim management report provides a fair review of the development and performance of the Group's business and position, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the fiscal year.

Luxemburg, August 8, 2013
SAF-HOLLAND S.A.

Bernhard Schneider
Chairman of the Board of Directors

# Financial Glossary

**Adjusted EBIT:** Earnings before interest and taxes (EBIT) is adjusted for special items, such as depreciation and amortization from purchase price allocations, impairment of goodwill and intangible assets, reversal of impairment of intangible assets 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:** Inventory / cost of sales per day (cost of sales of the quarter / 90 days).

**Effective income tax rate:** Income tax / earnings before tax x 100.

**Equity ratio:** Equity / total assets x 100.

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

**Gross margin:** Gross profit / sales x 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.



**MDAX:** The mid-cap-DAX (MDAX) comprises 50 companies that rank immediately below DAX securities in terms of market capitalization and order book volume.

**Non-recourse factoring:** Factoring where the factor takes on the bad debt risk.

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

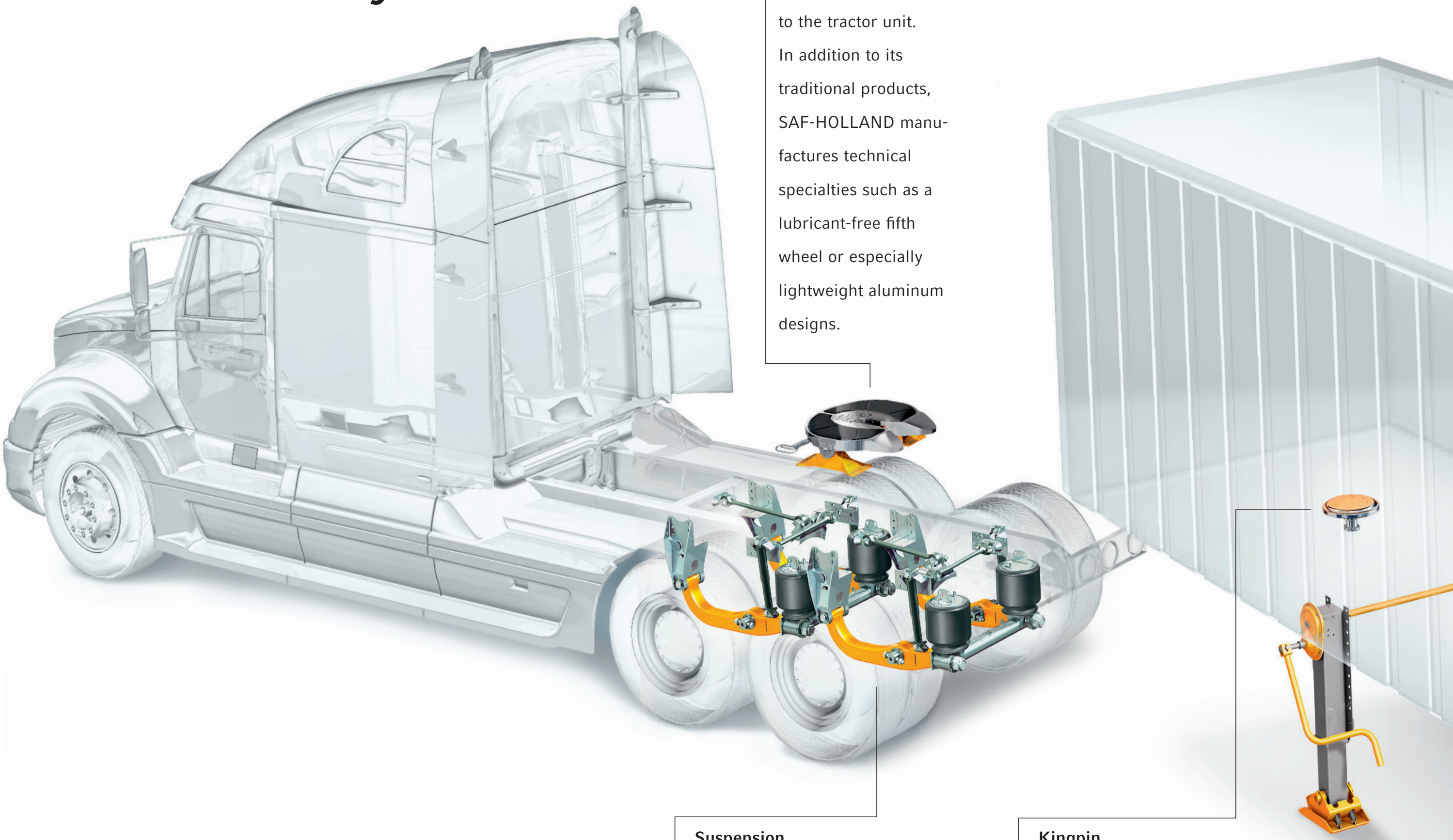
**Prime Standard:** Prime Standard is a market segment of the German Stock Exchange that lists German companies which comply with international transparency standards.

**R&D ratio:** R&D cost and capitalized development cost / sales x 100.

**Sales per employee:** Sales / average number of employees (including temporary employees).

**SDAX:** The small-cap-DAX (SDAX) comprises 50 companies that rank immediately below mid-cap-DAX (MDAX) securities in terms of market capitalization and order book volume. As is the case with DAX, TecDAX and MDAX, the SDAX belongs to the 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**

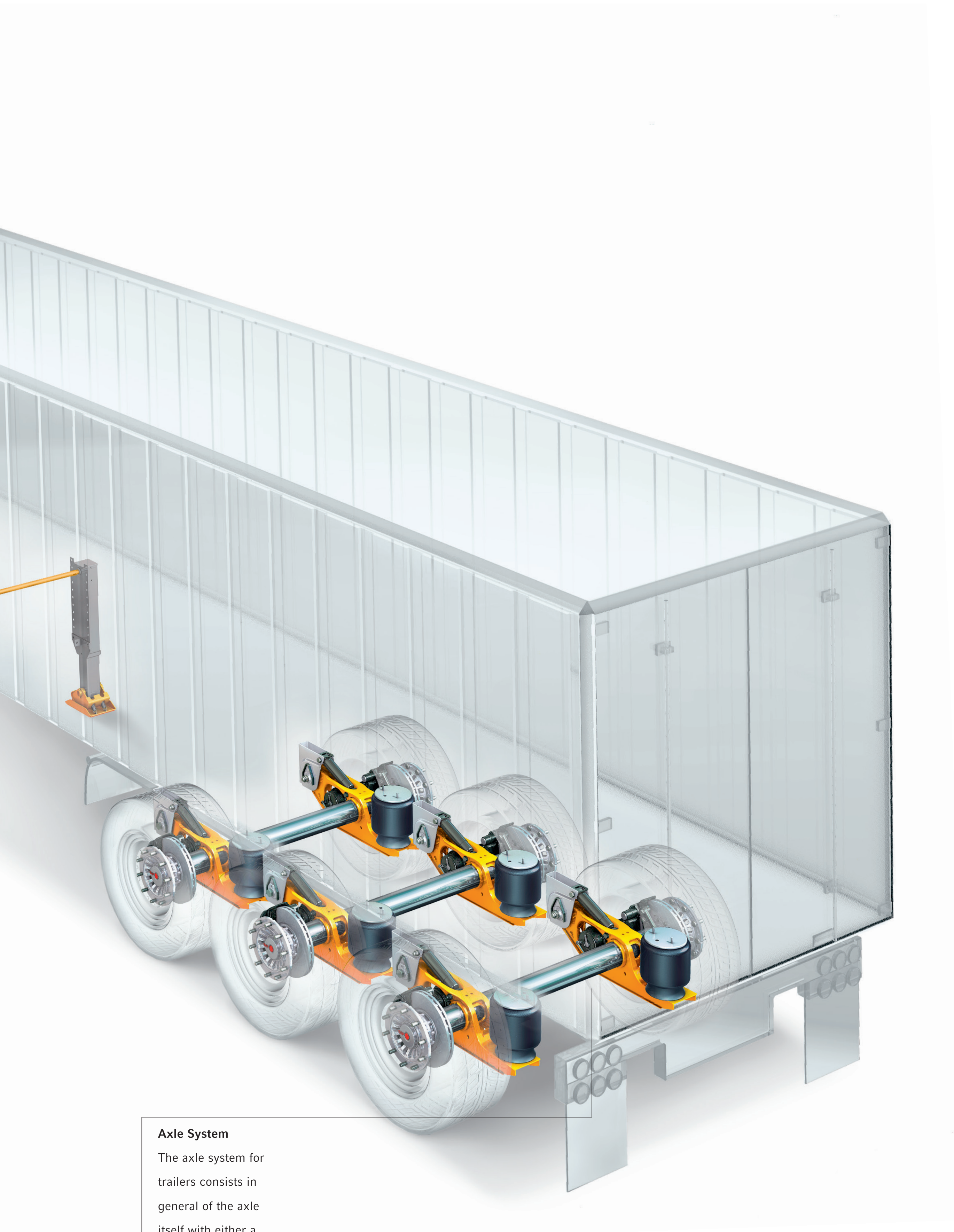
The suspension creates the link between the axle and the vehicle in order to compensate for road irregularities and improve maneuverability. The SAF-HOLLAND suspension system with its modular design can be used for up to three interlinked powered axles. Each axle is suspended individually. Suitable for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

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



**Axle System**

The axle system for trailers consists in general of the axle itself with either a disk brake or a drum brake and a mechanical or air suspension system.

# List of Abbreviations

| | |
|---|---|
| **ACEA** | Association des Constructeurs Européens d'Automobiles (European automobile manufacturers' association) |
| **BRIC** | Brasil, Russia, India and China |
| **CEO** | Chief executive officer |
| **DAX** | Deutscher Aktienindex (German stock index) |
| **EBIT** | Earnings before interest and taxes |
| **EBITDA** | Earnings before interest, taxes and depreciation/amortization |
| **EUR** | Euro |
| **GDP** | Gross domestic product |
| **IAS** | International Accounting Standards |
| **IFRS** | International Financial Reporting Standards |
| **IfW** | Institut für Weltwirtschaft (German economic organisation) |
| **kEUR** | thousand Euro |
| **Mio.** | Million |
| **OEM** | Original equipment manufacturer |
| **PDC** | Part Distribution Center |
| **PPA** | Purchase price allocation |
| **P&L** | Profit and loss statement |
| **R&D** | Research and development |
| **SDAX** | Small-Cap-DAX |
| **SWAP** | Hedging instrument in which two counterparties agree to exchange contractual rights and obligations against another (to swap) to a definite existing period of time in the future and to defined conditions |
| **USA** | United States of America |
| **VDA** | Verband der Automobilindustrie (German Automotive Industry Association) |

# Financial Calendar and Contact Information

## Financial Calendar

| | |
|---|---|
| **November 7, 2013** | Report on Q3 2013 Results |

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This report is also available in German.

## Legal Disclaimer

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