

Quarterly Report of SAF-HOLLAND S.A.
as of September 30, 2016

3

STRATEGY 2020

KEY FIGURES

EUR million	Q1-Q3/2016	Q1-Q3/2015	Q3/2016	Q3/2015
Sales	789.4	817.5	255.8	258.8
Cost of sales	-631.4	-658.6	-207.1	-208.6
Gross profit	158.0	158.9	48.7	50.2
in % of sales	20.0	19.4	19.0	19.4
Adjusted result for the period	42.8	49.3	13.4	14.0
in % of sales	5.4	6.0	5.2	5.4
Adjusted EPS in EUR ¹⁾	0.94	1.09	0.29	0.31
Adjusted EBITDA	83.1	84.8	25.8	28.0
in % of sales	10.5	10.4	10.1	10.8
Adjusted EBIT	70.6	73.6	21.6	24.1
in % of sales	8.9	9.0	8.4	9.3
Operating cash flow ²⁾	63.1	43.7	27.3	28.8

¹⁾ Adjusted net result / weighted average number of ordinary shares outstanding as of the reporting period.

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

SALES BY REGION

EUR million	Q1-Q3/2016	Q1-Q3/2015	Q3/2016	Q3/2015
Americas	309.7	350.7	104.7	111.3
EMEA	430.8	410.0	133.6	129.6
APAC/China	48.9	56.8	17.5	17.9
Total	789.4	817.5	255.8	258.8

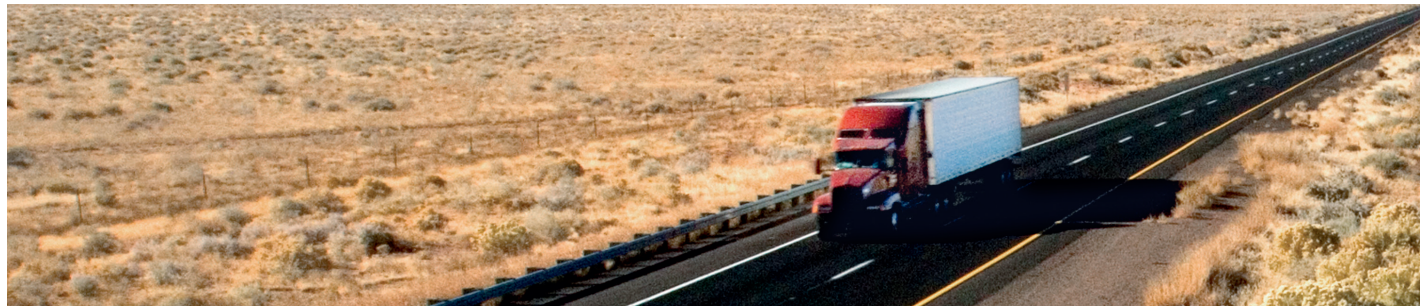
OTHER FINANCIAL INFORMATION

	09/30/2016	06/30/2016	03/31/2016	12/31/2015
Total assets (EUR million)	982.9	965.0	924.7	888.5
Equity ratio (%)	30.1	29.8	31.8	32.4
			Q1-Q3/2016	Q1-Q3/2015
Employees (average)			3,203	3,377
Sales per employee (kEUR)			246.4	242.1

2016

Quarterly Report as of September 30, 2016

STRATEGY 2020



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FOREWORD FROM THE MANAGEMENT BOARD



Detlef Borghardt,
Chief Executive Officer (CEO)

Ladies and Gentlemen, Dear Shareholders and Investors,

We look back at a third quarter that was as successful as it was eventful. Let me start with the successes: We have stayed on track with our business development in the third quarter. Despite a continued difficult market environment, we have achieved moderate sales growth on an organic basis. Business development in North America is to be particularly highlighted. Thanks to a series of new orders, here we have been able to maintain our sales organically at nearly the same level, while the truck and trailer markets recorded double-digit declines. The strong demand continued in the region EMEA/India. Here we are in the process of gradually expanding our capacities. As part of the increasing of capacities in Europe, we are currently building a new production site for axle systems in Turkey. In addition to the advantages of lower transport costs, in the medium-term this location will also offer us the chance to more quickly supply adjacent markets in the Middle East.

Our operating profitability also remained at a high level in the third quarter. The adjusted EBIT margin was 8.4%. It should be taken into account that one-time extraordinary write-downs on inventories and old stock were carried out in China. On the one hand, the buildings at the Xiamen location were hit by a severe typhoon and parts of the inventories were damaged by incoming rain water. On the other hand, a one-time inventory adjustment was carried out as part of the introduction of SAP. Without these extraordinary write-downs, the adjusted EBIT margin in the third quarter would have been at 8.8% and would thereby have once again been at the upper end of the targeted margin range of 8 to 9% for the full year. Our continued strong cash flow development is also pleasing. We were able to increase free cash flow in the first nine months by around EUR 30 million, primarily as a result of improved working capital management.

As already mentioned, the third quarter was exceptionally eventful: In mid-July, a takeover bid was made for Swedish company Haldex, a supplier of brake systems and modules for air suspensions. Following a higher offer for Haldex from another bidder, we decided to withdraw our offer. With this decision, we stood by our belief that acquisitions must not only be strategically appropriate, but must also be profitable in financial terms. We will also take these principles into account with future acquisitions and will continue to act in the best interests of our shareholders.

Irrespective of Haldex, we are on track with the implementation of the goals of our "Strategy 2020". In September we acquired a majority share in the Brazilian suspension specialist KLL. With KLL we have not only expanded our product portfolio with mechanical suspension systems, but have also gained direct access to almost all key manufacturers of trucks, buses and trailers in Brazil. Following significant declines in the market there in recent years as a result of the economic crisis, we consider our actions to be an anticyclical investment in the largest transport market in South America, with over 200 million inhabitants.

A further highlight of the quarter was our appearance at the IAA Commercial Vehicles in Hannover, where we presented a total of 14 innovations in products, components and services. We are particularly proud of the coveted "Trailer Innovation 2017" prize in the chassis category, which we were awarded for our new trailer axle concept SAF TRAK during the IAA. SAF TRAK supports tractors using a hydraulically-driven motor on inclines and difficult terrain. With SAF TRAK, we have demonstrated our system competences beyond the field of mechanical components.

In light of the pleasing business development so far this year, we confirm our outlook for financial year 2016. Despite the weakness in demand in important markets such as North America, we continue to assume that, organically, a sales level of between EUR 1,050 million and EUR 1,070 million can be achieved, whereby from today's perspective, Group sales are expected to come in at the lower end of the planned corridor. Furthermore, for the full year 2016, we anticipate an adjusted EBIT margin which will tend to reach the upper half of the originally projected corridor of between 8% and 9%.

On behalf of my colleagues on the Management Board and the Board of Directors, I would like to take this opportunity to thank our customers, suppliers, business partners, employee representatives, employees and shareholders for their good and successful cooperation and their trust in us. We are active in exciting markets and would be delighted if you continued to accompany us on the road ahead.

Sincerely,

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

Detlef Borghardt (CEO)

GROUP INTERIM MANAGEMENT REPORT

ECONOMY AND INDUSTRY ENVIRONMENT

GENERAL ECONOMIC DEVELOPMENT: GLOBAL ECONOMY CONTINUES MODERATE UPSWING

After a relatively turbulent start to the year, the global economy entered calmer seas again in the third quarter of 2016. Decreasing worries about the collapse of growth in emerging market countries, particularly in China, led to a broad recovery in the raw materials markets and, as a result, also in the stock markets. In addition, the numerous geopolitical uncertainties – such as the war in the Middle East and in Ukraine, the impending Brexit or the refugee crisis – have more recently shifted out of the spotlight and are no longer perceived as a potential burdening factor for the global economy to the same extent as it was previously the case. The moderate economic recovery thus continued or even picked up speed in most advanced economies over the course of the summer months.

This applied primarily to the United States where economic growth accelerated again in the third quarter. After a somewhat disappointing first half of the year with growth only slightly higher than 1%, gross domestic product increased by an annualized rate of 2.9% in the third quarter of 2016. Growth in the USA, however, was still unevenly distributed. Pleasing developments could be seen especially in the job market. Low rates of unemployment of 5.0% in combination with increasing wages led to a significant increase in private consumption. The recovery in the processing industry, on the other hand, was reserved. The ISM Manufacturing Index, at 51.5 points in September, was again only slightly above the threshold of 50% which would usually signal growth in the industry. Development in the processing industry was burdened in particular by weakness in the energy sector as a result of the fall in raw material prices.

Fears that the Brexit referendum could endanger the economic recovery in the euro zone have so far proven to be exaggerated. On the contrary: economic development in the euro zone remained very stable, even though growth was generally only moderate. Following good development in the first two quarters, a continuation of the trend is anticipated for the third quarter with growth of approximately 1.5%. This upswing was supported by the extremely loose monetary policy of the European Central Bank, low oil prices and the weak exchange rate of the euro. This was a boost above all for the domestic economy and, in particular, consumer demand.

A heterogeneous economic development was still in place in the large emerging market countries. Pleasantly strong growth of over 7% was recorded in India over the course of the year to date. In China, economic growth stabilized and amounted to 6.7% in the third quarter as well as in the first half-year 2016. Growth was thus within the scope of the range advised by the Chinese government of between 6.5 and 7%. In Russia, there are initial smaller indications of a bottoming out. After the GDP decreased by 1.2% in the first quarter, the decrease in the second quarter was only 0.6%. In light of the political squabbles in the country and the only tentative implementation of needed reforms, the Brazilian economy is likely to have also declined in the third quarter, although not at the same fast pace as was seen in previous quarters.

INDUSTRY DEVELOPMENT: STRONGLY DIFFERING DEVELOPMENT ACROSS THE REGIONS, CONTINUING GROWTH IN EUROPE

There were no fundamental changes in the development of the global commercial vehicles markets in the third quarter of 2016. The respective regional markets continued to show themselves in very different conditions. As before, the biggest impetus for growth came from the Western European truck and trailer market. By contrast, the market correction for heavy trucks (class 8) in North America continued and the expectations were recently reduced further. The truck and trailer markets in emerging countries developed unevenly. While the markets in India and China recorded pleasing growth rates, the important Brazilian market remained under pressure. In Russia, first signs of light at the end of the tunnel could be seen, where the market returned to a growth path in both the second and third quarter.

The commercial vehicles markets in European Union countries achieved generally pleasing growth rates also in the third quarter of 2016. New registrations for all types of commercial vehicles recorded an increase of 12.1% in the period from July to September 2016. After nine months, growth totaled 13.1%. In the segment for heavy trucks over 16 tons, the vehicle class that is relevant for SAF-HOLLAND, new registrations, according to data from the European Automobile Manufacturers Association (ACEA), even increased by 14.1% in the first nine months. In the third quarter, the increase of 8.9% was below the level of the first half of the year of 17.8%; after the strong recovery of sales in past years, however, a flattening of growth was generally expected. The positive trend of the previous year also continued in the European trailer market. According to estimates from market research institute CLEAR, the Western European trailer market should grow by nearly 10% in 2016; for Eastern Europe, CLEAR expects an increase of more than 6%.

The Russian commercial vehicles market stabilized at a low level in the third quarter of 2016. The registration figures for heavy trucks increased by 14.6% as compared to the previous year. As a result of the weak start to the year (Q1 2016: -23.7%), there was nevertheless a decrease in registrations of 3.4% from a nine-month perspective.

The market for medium duty and heavy duty trucks in India continued its strong growth in the first nine months of 2016 and registration figures increased by 14.7% and 8.8% respectively.

The truck market in North America had to deal with declines, also in the third quarter of 2016. In a year on year comparison, the number of newly-registered heavy trucks (class 8) fell by 31.7%; from a nine-month perspective, the decrease totaled 21.1%. The downturn was, on the one hand, a result of existing over-capacities after record levels of new registrations in previous years. On the other hand, the relatively cautious dynamic in the American processing industry slowed the willingness to invest among many fleet operators.

The North American trailer market also continued its downward trend in the third quarter of 2016. According to FTR, trailer production declined by 13.1% in the third quarter. In comparison with the truck market, however, the decreases were significantly more moderate due to the continued sound order backlog of trailer manufacturers.

Despite the very low level of registration figures that has been reached after years of declines, the Brazilian market for heavy trucks recorded a further drop in the third quarter of 2016. The registration figures fell in the three-month period 2016 by 16.4%, stretched over the first nine months of 2016, the minus stood at 14.8%.

Development in China was more positive. In the period from January to September 2016, truck sales volume increased by a total of 6.5%. For heavy trucks, the increase was even 20.4%. The bus segment by contrast recorded a sales decrease of 8.8% in the same period.

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2016

Pioneering order for disc brake technology in North America

SAF-HOLLAND received a trendsetting order from U.S. Xpress in July. For the first time, the forwarding company will equip 1,800 of its newly-ordered trailers with the latest P89 disc brake technology from SAF-HOLLAND, thus signaling a change from the drum brakes still widely used in the USA to disc brakes. While currently only about 10% of the trailers there are equipped with disc brakes, the vast majority of trailers in Europe are already driving with the better-performing disc brakes. In this area, SAF-HOLLAND has been playing a leading role for many years on the European market and has extensive expertise. In addition to a substantially improved brake performance, SAF-HOLLAND's disc brake technology also offers a high running performance and service life, ease of maintenance and thus optimized total cost of ownership for the end user.

SAF-HOLLAND withdraws all-cash offer for Haldex AB

On July 14, 2016, SAF-HOLLAND had announced an all-cash offer for Haldex AB in the amount of SEK 94.42 per Haldex share. On August 11, 2016, SAF-HOLLAND gave notice, in light of a higher offer announced by another bidder on August 4, 2016, that the offer price would not be increased.

The acceptance period for the offer ended on August 24, 2016. Completion of the offer was, among other things, conditional upon the offer being accepted by Haldex' shareholders to such an extent that SAF-HOLLAND would become the owner of shares representing more than 90 per cent of the outstanding shares in Haldex. This condition has not been satisfied. Thus, SAF-HOLLAND has decided to withdraw the offer.

The decision reflects SAF-HOLLAND's clear M&A principles, among them the policy that acquisitions must deliver a strategic and financial value added. SAF-HOLLAND believes it is obligated to maintain these principles in the best interest of its shareholders.

SALES AND EARNINGS PERFORMANCE, NET ASSETS AND FINANCIAL POSITON

SALES AND EARNINGS PERFORMANCE

Slight organic sales growth in the third quarter

Despite significant weakness in many transport markets worldwide, the SAF-HOLLAND Group was able to maintain sales close to the level of the previous year in the third quarter of 2016. Group sales decreased by 1.2% to EUR 255.8 million (previous year: EUR 258.8 million). This allowed the sales decline in the period January to September 2016 to be limited to just 3.4%, following a drop of 4.5% in the first six months. Organically, i.e. without taking into account negative exchange rate effects from the conversion of sales into the Group currency euro, which amounted to EUR 2.2 million in the third quarter of 2016, as well as effects from the sale of the AerWay product line in the previous year, sales in the third quarter increased slightly by 0.3%. In the nine-month period, a moderate organic sales decline of 1.3% was recorded.

In North America and numerous emerging markets, the truck and trailer markets were characterized by partially significant declines in both the third quarter and the first nine months of 2016. Brazil and Australia, important markets for SAF-HOLLAND, have remained at a very low

Significant Events in the
Third Quarter of 2016
Sales and Earnings Performance,
Net Assets and Financial Position

level so far this year. In contrast, development in the region EMEA/India was pleasing. Here SAF-HOLLAND benefited from the continued strong demand. In addition, the market position could be expanded. As a result of the balanced geographical positioning, the SAF-HOLLAND Group was able to largely compensate for the decline in the important North American market.

SALES DEVELOPMENT BY BUSINESS SEGMENT

EUR million	Q1-Q3/2016		Q1-Q3/2015	
Original equipment business	584.3	74.0%	611.2	74.8%
Spare parts business	205.1	26.0%	206.3	25.2%
Total	789.4	100.0%	817.5	100.0%

Original equipment: Solid sales growth in the region EMEA/India

Following a drop in sales in the original equipment business of 5.5% in the first six months of 2016, the business segment was able to noticeably limit the decline in the third quarter. Sales in this period reached EUR 186.1 million (previous year: EUR 189.7 million) and were thereby 1.9% below the level of the previous year, although negative exchange rate effects and the no longer included revenues of the AerWay product line had a negative impact on sales.

The improvement in comparison with the development in the first six months of 2016 is also attributable to the business development in North America. Several new orders were won in this region. The increasing use of disc brake technology had a positive effect. This allowed the company to at least partially escape the negative market trend.

In the Region APAC/China, the sales decline recorded so far this year was also able to be limited in the third quarter. The situation in the Australian market, where market share was gained, also showed a slight improvement.

SAF-HOLLAND achieved solid growth in the region EMEA/India, where the demand for components for trucks and trailers continues to be strong. However, sales were seasonally weaker in the third quarter of 2016 than in the second quarter due to vacation plant closings in Germany as well as weakened demand in some sub-markets such as Turkey. Although the Russian Federation showed the first signs of a revival in demand, sales in the region remained at a low level.

After nine months, the original equipment business recorded an overall decrease in sales of 4.4% to EUR 584.3 million (previous year: EUR 611.2 million).

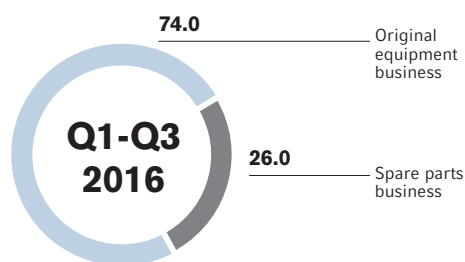
Spare parts business with renewed slight growth in the third quarter

In the period from July to September 2016, the spare parts business achieved sales growth of 0.9% to EUR 69.7 million (previous year: EUR 69.1 million). As in the previous quarter, the region EMEA/India recorded good growth. Among others, products of the SAUER GERMANY QUALITY PARTS brand for trucks and trailers in their 'second life' contributed to this. The Region APAC/China recorded even higher percentage growth, however starting from a low basis in absolute terms. In this region SAF-HOLLAND must initially expand the customer base in the original equipment business and increase the product population on the market; the spare parts business is therefore still of limited importance in this region. In contrast, in the region Americas, as in the first six months, sales remained below the level of the previous year. The North American spare parts market continued to develop comparatively slowly as a result of the relatively low fleet age, particularly of heavy Class 8 trucks. However, the high fleet

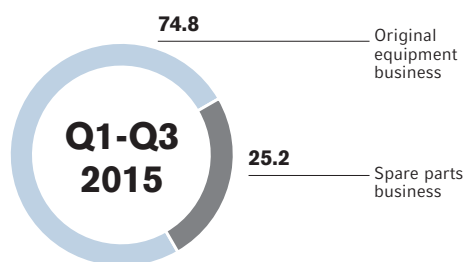
registrations in recent years represent the basis of the future spare parts business. Market researchers therefore expect a noticeable increase in demand in North America over the course of the next twelve months.

After nine months, sales in the spare parts business were almost unchanged at EUR 205.1 million (previous year: EUR 206.3 million). Following a decrease of 3.5% in the first quarter, the sales gap was thereby able to be largely compensated for in the second and third quarters and was just 0.6% below the level of the previous year.

SHARE OF GROUP SALES BY BUSINESS SEGMENT in %



SHARE OF GROUP SALES BY BUSINESS SEGMENT in %



Third quarter of 2016 characterized by one-time effects

INCOME STATEMENT

EUR million	Q1-Q3/2016	Q1-Q3/2015	Q3/2016	Q3/2015
Sales	789.4	817.5	255.8	258.8
Cost of sales	-631.4	-658.6	-207.1	-208.6
Gross profit	158.0	158.9	48.7	50.2
in % of sales	20.0	19.4	19.0	19.4
Other operating income	0.8	1.2	0.6	0.3
Selling expenses	-45.1	-45.4	-13.9	-14.4
Administrative expenses	-39.1	-35.2	-14.1	-11.0
Research and development costs	-14.3	-14.8	-4.8	-4.1
Operating result	60.3	64.7	16.5	21.0
in % of sales	7.6	7.9	6.5	8.1
Finance Result	-10.3 ¹⁾	-2.5 ²⁾	-3.4 ¹⁾	-3.9 ²⁾
Share of net profit of investments accounted for using the equity method	1.4	1.0	0.6	0.2
Result before tax	51.4	63.2	13.7	17.3
in % of sales	6.5	7.7	5.4	6.7
Income tax	-15.1	-21.1	-3.1	-5.6
Result for the period	36.3	42.1	10.6	11.7
in % of sales	4.6	5.1	4.1	4.5
Number of shares ³⁾	45,361,112	45,361,112	45,361,112	45,361,112
Undiluted earnings per share in EUR	0.81	0.93	0.24	0.26
Diluted earnings per share in EUR	0.70	0.80	0.20	0.22

¹⁾ From 2016, unrealized foreign exchange gains/losses from the valuation of inter-company foreign currency loans are no longer recognized in the finance result. For the first time, unrealized exchange rate losses in the amount of EUR 1.7 million from the valuation of inter-company foreign currency loans as of the balance sheet date were recognized directly in other comprehensive income in the first nine months of 2016 (Q3/2016: unrealized exchange rate losses of EUR 0.4 million).

²⁾ The financial result of the first nine months of 2015 includes unrealized exchange rate gains from the valuation of inter-company foreign currency loans in the amount of EUR 5.0 million as of the balance sheet date (Q3/2015: exchange rate losses of EUR 0.6 million).

³⁾ Weighted average number of ordinary shares.

Continued high operating profitability

In the third quarter of 2016, the gross margin was slightly below the previous year at 19.0% (previous year: 19.4%). Increasing steel scrap prices in North America, among other things, had an effect on earnings, because the higher purchase prices can generally be passed on to the customer following a delay.

At the Xiamen location, South China, the buildings were damaged by a severe typhoon. However, it was possible to restart production at the plant soon afterwards. Part of the inventories, primarily axle systems, were damaged by rainwater. In addition, a one-time inventory adjustment was carried out as part of the introduction of SAP. The two situations in China resulted in one-time extraordinary write-downs on inventories and old stock totaling nearly EUR 1.0 million, which was recognized in manufacturing costs. Without these extraordinary write-downs, the gross margin would have been at the level of the previous year.

In the first nine months of 2016, the gross margin improved by 60 base points and amounted to 20.0% (previous year: 19.4%). The increase in the gross margin in this period primarily resulted from cost reduction effects from the bundling of purchasing activities as well as the prompt adjustment of manufacturing capacities to the declining production volumes in North America.

After nine months, selling expenses were almost unchanged at EUR 45.1 million (previous year: EUR 45.4 million). Their share of Group sales increased slightly to 5.7% (previous year: 5.6%).

The significant increase in administrative expenses to EUR 39.1 million (previous year: EUR 35.2 million) in the first nine months is primarily attributable to one-time expenses, which were incurred as part of the takeover bid for Swedish Haldex AB and the acquisition of the Brazilian suspension specialist KLL (including legal and consulting expenses as well as broker fees). The one-time transaction costs totaled approximately EUR 2.5 million and were adjusted for one-time effects in adjusted earnings figures. Furthermore, additional expenses for the development of central functions in the new regional organization structure of the Group were also incurred.

In the first nine months of 2016, research and development costs were at EUR 14.3 million (previous year: EUR 14.8 million). The research and development expense ratio excluding capitalized development costs remained unchanged at 1.8% (previous year: 1.8%). Development expenses of EUR 2.7 million (previous year: EUR 3.1 million) were also capitalized, countered by scheduled depreciations in the amount of EUR 0.6 million (previous year: EUR 0.4 million). Under consideration of the capitalized development costs, research and development costs in the first nine months of 2016 totaled EUR 17.0 million (previous year: EUR 17.9 million). This corresponds to an unchanged research and development ratio of 2.2% (previous year: 2.2%).

Operating result after nine months was at EUR 60.3 million (previous year: EUR 64.7 million) and totaled EUR 16.5 million in the third quarter (previous year: EUR 21.0 million). In the third quarter of 2016, the already discussed acquisition-related expenses for Haldex and KLL in the amount of EUR 2.5 million were recorded. The one-time extraordinary write-downs on inventories and old stock in China resulted in a one-time burden on earnings of nearly EUR 1.0 million. Excluding these two effects, the operating result in the third quarter of 2016 would have reached EUR 20.0 million.

Finance result of the third quarter of 2016 influenced by Haldex bid

The finance result for the third quarter of 2016 improved to EUR -3.4 million compared with the same quarter of the prior year (previous year: EUR -3.9 million). The effects from the takeover bid for Haldex had a significant impact, as SAF-HOLLAND had acquired around 3.6% of the Haldex shares before the takeover bid was submitted and held these shares as financial assets as of September 30, 2016.

As a consequence of the share price development, a fair value assessment of the Haldex shares, reclassified to current financial assets, resulted in finance income in the amount of EUR 6.7 million.

However, this income was countered by transaction-related expenses in the amount of EUR 6.1 million. EUR 5.2 million was attributable to the necessary securing of the purchase price offered for the planned acquisition of Haldex in Swedish krona. There were also other transaction-related finance expenses in the amount of EUR 0.9 million. The currency hedging took place prior to the takeover bid in order to guarantee the necessary transaction security, including the case of a disadvantageous development of exchange rate relationships.

In addition, in the third quarter of 2016 finance expenses due to derivatives of EUR 0.5 million incurred, which resulted from the evaluation of the variable interest-bearing tranches of the promissory note loan issued at the end of 2015, but were not cash effective.

While the third quarter of the previous year still included unrealized exchange rate losses from the valuation of intercompany foreign currency loans in the amount of EUR 0.6 million, there was no noteworthy effect from this position in the third quarter of 2016. The translation effects from the valuation of the majority of intercompany foreign currency loans have been treated as part of a net investment in a foreign operation since the beginning of 2016. They have therefore been recognized directly in other comprehensive income since then.

The balance of interest income and expenses due to interest bearing loans and bonds thus amounted to EUR -3.1 million in the third quarter (previous year: EUR -2.0 million). The increase primarily resulted from the additional interest expenses for the promissory note loans issued, with which SAF-HOLLAND provided the financial basis for the acquisitions planned as part of strategy 2020.

After nine months, the finance result was at EUR -10.3 million (previous year: EUR -2.5 million). Alongside the one-time income and expenses in connection with the takeover bid for Haldex in the third quarter, unrealized and non-cash exchange rate gains from the valuation of inter-company foreign currency loans in the previous year also had an effect, which amounted to EUR 5.0 million in the first three quarters of 2015. As already discussed, there was no longer any noteworthy effect from this position in 2016. The balance of interest income and expenses in the first nine months of 2016 amounted to EUR -8.5 million (previous year: EUR -6.3 million).

Result for the period in the third quarter of 2016 at EUR 10.6 million

The one-time acquisition-related expenses as well as the already described extraordinary write-downs at the Xiamen location were primarily responsible for the fact that the result before tax in the third quarter of 2016 remained below the level of the prior year at EUR 13.7 million (previous year: EUR 17.3 million). In the first nine months, the result before tax in the Group reached EUR 51.4 million (previous year: EUR 63.2 million).

The tax rate in the third quarter of 2016 came in lower than in the comparable period of the previous year, among others because parts of the finance income achieved were subject to flat-rate taxation. The result for the period in the third quarter decreased accordingly at a lower rate than the result before tax, falling by 9.4% to EUR 10.6 million (previous year: EUR 11.7 million). Based on an unchanged figure of 45.4 million issued ordinary shares, this resulted in undiluted earnings per share of EUR 0.24 for the third quarter of 2016 (previous year: EUR 0.26). Diluted earnings per share amounted to EUR 0.20 (previous year: EUR 0.22).

In the first nine months of 2016, the result for the period, based on a slightly lower Group tax rate of 29.4% compared with the prior year (previous year: 33.4%), was at EUR 36.3 million (previous year: EUR 42.1 million). Undiluted earnings per share thereby amounted to EUR 0.81 (previous year: EUR 0.93), whilst diluted earnings per share were at EUR 0.70 (previous year: EUR 0.80).

Sales and Earnings Performance,
Net Assets and Financial Position

¹⁾ From financial year 2016, the majority of unrealized foreign exchange gains/losses from the valuation of inter-company foreign currency loans are no longer recognized in the finance result. Unrealized exchange rate losses in the amount of EUR 1.7 million from the valuation of inter-company foreign currency loans as of the balance sheet date were recognized directly in other comprehensive income for the first time in the first nine months of 2016 (Q3/2016: unrealized exchange rate losses of EUR 0.4 million).

²⁾ For better comparability, the finance result – recorded from the adjusted EBITDA – for 2015 was recorded using the same method as for 2016, which means that unrealized exchange rate gains in the amount of EUR 4.9 million in the first nine months of 2015 (Q3/2015: exchange rate losses of EUR 0.7 million) were no longer reported in this item.

³⁾ The financial result of the first nine months of 2015 includes unrealized exchange rate gains from the valuation of inter-company foreign currency loans in the amount of EUR 5.0 million as of the balance sheet date (Q3/2015: exchange rate losses of EUR 0.6 million).

⁴⁾ A uniform tax rate of 30.10% was assumed for the adjusted result for the period.

⁵⁾ A uniform tax rate of 30.60% was assumed for the adjusted result for the period.

⁶⁾ Weighted average number of ordinary shares.

⁷⁾ Undiluted adjusted earnings per share calculations include non-controlling interests in the amount of EUR -0.5 million (previous year: EUR 0.1 million).

⁸⁾ Calculation with consideration of 8.1 million share equivalents (previous year: 8.1 million) and a EUR 0.9 million earnings contribution (previous year: EUR 0.9 million) for convertible bonds issued in 2014 and the minority result in the amount of EUR -0.5 million (previous year: EUR 0.1 million).

RECONCILIATION OF ADJUSTED EARNINGS FIGURES

EUR million	Q1-Q3/2016	Q1-Q3/2015 adjusted ²⁾	Q1-Q3/2015	Q3/2016	Q1-Q3/2015 adjusted ²⁾	Q3/2015
Result for the period	36.3	42.1	42.1	10.6	11.7	11.7
Income tax	15.1	21.1	21.1	3.1	5.6	5.6
Finance Result	10.3 ¹⁾	2.5	2.5 ³⁾	3.4 ¹⁾	3.9	3.9 ³⁾
Depreciation and amortization from PPA	4.0	4.9	4.9	1.2	1.7	1.7
Restructuring and transaction costs	4.9	3.0	3.0	3.3	1.2	1.2
Adjusted EBIT	70.6	73.6	73.6	21.6	24.1	24.1
in % of sales	8.9	9.0	9.0	8.4	9.3	9.3
Depreciation and amortization	12.5	11.2	11.2	4.2	3.9	3.9
Adjusted EBITDA	83.1	84.8	84.8	25.8	28.0	28.0
in % of sales	10.5	10.4	10.4	10.1	10.8	10.8
Depreciation and amortization	-12.5	-11.2	-11.2	-4.2	-3.9	-3.9
Finance Result	-10.3 ¹⁾	-7.4	-2.5 ³⁾	-3.4 ¹⁾	-3.2	-3.9 ³⁾
Transaction costs	0.9	0.0	0.0	0.9	0.0	0.0
Adjusted result before tax	61.2	66.2	71.1	19.1	20.9	20.2
Income tax	-18.4	-20.3	-21.8	-5.7	-6.4	-6.2
Adjusted result for the period	42.8⁴⁾	45.9⁵⁾	49.3⁵⁾	13.4⁴⁾	14.5⁵⁾	14.0⁵⁾
in % of sales	5.4	5.6	6.0	5.2	5.6	5.4
Number of shares ⁶⁾	45,361,112	45,361,112	45,361,112	45,361,112	45,361,112	45,361,112
Undiluted adjusted earnings per share in EUR	0.94⁷⁾	1.01	1.09	0.29	0.32	0.31
Diluted adjusted earnings per share in EUR⁸⁾	0.82	0.86	0.94	0.26	0.27	0.27

Operating profitability at a continued high level in the third quarter

In the first nine months of 2016, the EBIT, adjusted for effects from the purchase price allocation (depreciation and amortization from PPA) as well as restructuring and transaction costs in the amount of EUR 8.9 million (previous year: EUR 7.9 million), amounted to EUR 70.6 million (previous year: 73.6 million). At 8.9% (previous year: 9.0%), the adjusted EBIT margin reached approximately the level of the prior year. In the third quarter, the adjusted EBIT was 10.4% lower at EUR 21.6 million (previous year: EUR 24.1 million) and the adjusted EBIT margin reached 8.4% (previous year: 9.3%). Without the one-time extraordinary write-down on inventories and old stock at the Xiamen location in the amount of nearly EUR 1.0 million, the EBIT would have reached EUR 18.1 million and the adjusted EBIT EUR 22.6 million. The adjusted EBIT margin would have been at 8.8% and would thereby have once again been at the upper end of the targeted margin range of 8 to 9%.

In the reconciliation of the adjusted result before tax, the transaction-related expenses in the amount of EUR 0.9 million in connection with the takeover bid for Haldex were also adjusted, which were recognized in the finance result. Adjusted result before tax after nine months were therefore at EUR 61.2 million (previous year: EUR 71.1 million) and totaled EUR 19.1 million in the third quarter (previous year: EUR 20.2 million). If the unrealized exchange rate gains and losses from the valuation of inter-company foreign currency loans had been recognized directly in other comprehensive income in the previous year as in 2016, the adjusted result before tax in the third quarter would have fallen by EUR 1.8 million and by EUR 5.0 million in the first nine months compared with the same period of the previous year.

After the deduction of income tax, the adjusted result for the period in the third quarter of 2016 was at EUR 13.4 million just below the level of the prior year of EUR 14.0 million. Undiluted adjusted earnings per share amounted to EUR 0.29 (previous year: EUR 0.31) and the diluted

adjusted earnings per share amounted to EUR 0.26 (previous year: EUR 0.27). After nine months, the adjusted result for the period amounted to EUR 42.8 million (previous year: EUR 49.3 million) and the undiluted and diluted adjusted earnings per share reached EUR 0.94 (previous year: EUR 1.09) and EUR 0.82 (previous year: EUR 0.94) respectively.

If the unrealized exchange rate gains and losses had been recognized in other comprehensive income in line with the approach in 2016, the adjusted result for the period in the third quarter would have decreased by EUR 1.1 million and by EUR 3.1 million in the first nine months compared with the same period of the previous year.

Business development in the regions: Strong business in Europe, sales development in Americas significantly better than the market

OVERVIEW OF REGIONS

EUR million	EMEA ¹⁾		Americas ²⁾		APAC/China ³⁾		Total	
	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015
Sales	430.8	410.0	309.7	350.7	48.9	56.8	789.4	817.5
Cost of sales	-342.7	-335.1	-250.2	-279.9	-38.5	-43.6	-631.4	-658.6
Gross profit	88.1	74.9	59.5	70.8	10.4	13.2	158.0	158.9
in % of sales	20.5	18.3	19.2	20.2	21.3	23.2	20.0	19.4
Other operating income and expense	-43.5	-39.3	-35.2	-37.1	-8.7	-8.9	-87.4	-85.3
Adjusted EBIT	44.6	35.6	24.3	33.7	1.7	4.3	70.6	73.6
in % of sales	10.4	8.7	7.8	9.6	3.4	7.5	8.9	9.0

¹⁾ Includes Europe, Middle East, Africa and India.

²⁾ Includes Canada, the USA as well as Central and South America.

³⁾ Includes Asia/Pacific and China.

EMEA/India: Improved profitability, gradual expansion of capacities

In the first nine months of financial year 2016, sales in the EMEA/India region increased by 5.1% to EUR 430.8 million (previous year: EUR 410.0 million). Adjusted for currency effects, sales in this region increased by 6.3% to EUR 435.8 million (previous year: EUR 410.0 million). The improved economic development in parts of the region resulted in continued solid demand for transport capacities and led to increasing demand for trailers in the fleets. Positive contributions were also made by the growing export business. The region Middle East also showed pleasing development, where major orders from large original equipment manufacturers were able to be won in the first nine months of 2016.

Sales increased by 3.1% compared with the same period of the prior year to EUR 133.6 million (previous year: EUR 129.6 million) in the third quarter of 2016; adjusted for exchange rate effects, this represents growth of 3.7%. The slightly weaker growth than in the first six months of 2016 was primarily due to vacation plant closings in Germany in August. Furthermore, the sales situation in the Turkish subsidiary was weaker, as a result of both the political situation and the devaluation of the national currency in the third quarter of 2016. The region expects further growth in the medium-term. Important orders were recently able to be won from major manufacturers, which will be reflected in sales from 2017 on.

As a result of the generally solid demand, manufacturing capacities in the region EMEA/India are well utilized. In order to prepare for the planned further growth, capacities in Europe will be gradually expanded from the fourth quarter of 2016 on. In addition, SAF-HOLLAND is currently building a new production site in Turkey for axle systems. The planned location will bring advantages as a result of lower transport costs and will offer the prospect of being able to more quickly supply adjacent new markets and some "stan" countries. The existing capacities of the EMEA/India region will be increased by up to 15% with this measure.

Gross profit in the region EMEA/India increased in the period January to September 2016 by 17.6% to EUR 88.1 million (previous year: EUR 74.9 million). Accordingly, the region's gross margin reached 20.5% (previous year: 18.3%). The margin improvement primarily resulted from the growing export business as well as an advantageous product mix. The region's adjusted EBIT increased to EUR 44.6 million (previous year: EUR 35.6 million). The adjusted EBIT margin reached 10.4% (previous year: 8.7%).

In the third quarter of 2016, the adjusted EBIT amounted to EUR 13.6 million (previous year: EUR 12.2 million) and the adjusted EBIT margin reached 10.2% (previous year: 9.4%).

Americas: Market position expanded in the third quarter

As in the second quarter, the Americas region performed better in the third quarter of 2016 than the overall market. Sales in the period July to September thereby fell by 5.9% to EUR 104.7 million (previous year: EUR 111.3 million). On an organic basis, i.e. adjusted for currency effects and the sale of the AerWay product line at the end of 2015, this represents a decrease of just 3.7%. This is comparable with a decline in the production of Class 8 trucks in North America of 36.1% in the same period and a decline in trailer production of 13.1%. After nine months, sales in the region were at EUR 309.7 million (previous year: EUR 350.6 million); this represents an organic sales decrease of 8.9%.

The relatively pleasing sales development of the Americas region, in light of the described market environment, is also attributable to a gain in market share. The spare parts business continued to be difficult, because as a result of the record new registrations in years 2014 and 2015, the average fleet age is currently relatively low and demand for spare parts therefore is also low.

In Brazil, the subsidiary SAF-HOLLAND do Brasil was able to further stabilize its sales in the third quarter, however at a very low level.

As in the second quarter, gross profit in the third quarter was burdened by an increased scrap steel price level in North America. The higher purchase prices can generally be passed on to the customers following a delay. Because this effect was applicable across the whole of the third quarter, the financial consequences were greater than in the second quarter. In connection with the declining revenue, in the first nine months this led to a decreased gross margin of 19.2% (previous year: 20.2%). From the fourth quarter of 2016 on we expect these effects to phase out, as the increase can be gradually passed on to customers.

Thanks to the early introduction of measures to adjust capacities, cost savings as a result of efficiency enhancement measures and a generally strict cost discipline, the reduction in earnings could be limited. Gross profit was EUR 59.5 million (previous year: EUR 70.8 million). Adjusted EBIT totaled EUR 24.3 million (EUR 33.7 million). The adjusted EBIT margin was thereby at 7.8% (previous year: 9.6%). In the context of the described market environment, the earnings development of the region Americas is still to be considered solid.

In the third quarter of 2016, profitability of the region remained stable at the level of the previous quarter. Adjusted EBIT totaled EUR 8.0 million (previous year: EUR 11.2 million) and adjusted EBIT margin was at 7.6% (previous year: 10.0%).

APAC/China: Sales in the third quarter of 2016 at approximately the level of the previous year

Following a weak first six months, the region APAC/China was able to keep sales nearly stable in the third quarter of 2016 at EUR 17.5 million (previous year: EUR 17.9 million); adjusted for exchange rate effects, sales were at exactly the level of the previous year. The clearly improved

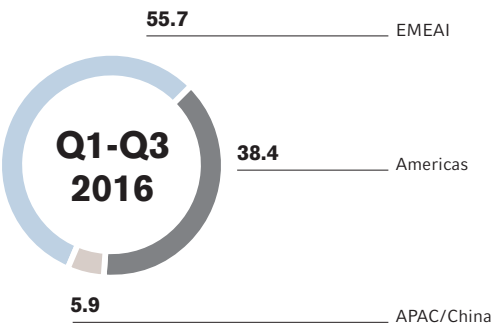
sales development in comparison with the first six months (-19.3%) was primarily a result of the sales increase of the Australian subsidiary, which was able to gain market share despite a difficult market environment.

After nine months, sales in the region APAC/China stood at EUR 48.9 million (previous year: EUR 56.8 million); adjusted for exchange rate effects, this represents a decrease of 10.0%. The business development in the region was influenced by both the weak economic development in the majority of ASEAN markets as well as the subdued environment in the Chinese market for buses.

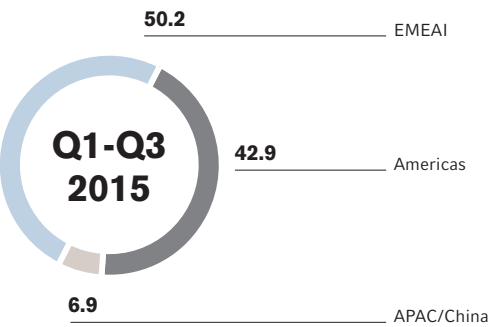
As already discussed, in mid-September the buildings at the Xiamen location in South China were hit by a severe typhoon and parts of the inventories were damaged by rainwater. In addition, a one-time inventory adjustment was carried out as part of the introduction of SAP. The two situations in China resulted in one-time extraordinary write-downs in inventories and old stock of a total of nearly EUR 1.0 million.

Despite the low sales and the one-time expenses, the decrease in the gross margin to 21.3% (previous year: 23.2%) in the first nine months could be limited. Gross profit totaled EUR 10.4 million (previous year: EUR 13.2 million). The adjusted EBIT in the region was at EUR 1.7 million in the first nine months (previous year: EUR 4.3 million) and the adjusted EBIT margin was 3.4% (previous year: 7.5%). The adjusted EBIT in the third quarter of 2016 amounted to EUR 0.0 million (previous year: EUR 0.7 million) and the adjusted EBIT margin to 0.0% (previous year: 3.9%). It is thereby to be taken into account that the quarterly results include the described extraordinary write-downs in the amount of nearly EUR 1.0 million. Without this expense, the region would have achieved an adjusted EBIT margin at approximately the level of the first six months of 2016 (5.3%).

SHARE OF GROUP SALES BY REGION in %



SHARE OF GROUP SALES BY REGION in %



NET ASSETS

Balance sheet still shaped by acquisition strategy

Compared to the end of the year 2015 (EUR 888.5 million) the total assets as of September 30, 2016 increased by EUR 94.4 million to EUR 982.9 million. The vast majority of this growth is attributable to the expansion of liquidity (EUR 44.1 million) and the acquisition of and the increased valuation of the Haldex shares that were purchased in advance of the takeover bid (EUR 19.9 million). Over the course of the third quarter of 2016 on the other hand, the total assets grew by only EUR 17.9 million.

Cash and cash equivalents of EUR 304.8 million was thus the largest individual position on the assets side (December 31, 2015: EUR 260.7 million; thereof EUR 145.7 million cash and cash equivalents and EUR 115.0 million other short-term investments). In the third quarter of 2016

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alone, cash and cash equivalents increased by EUR 12.1 million. By maintaining the significantly increased cash position, SAF-HOLLAND established the financial conditions for the takeover bid for Haldex which was limited to the end of August.

Also in terms of the other current assets (excluding other short term investments and cash and cash equivalents), there was an increase from a nine-month perspective. This is attributable, on the one hand, to the reclassification of the Haldex shares from non-current to current financial assets because there is no intention to hold them over the long term (EUR 19.9 million). Furthermore, there was also an expanding of the working capital positions on the assets side which, however, was partially compensated by the expansion of trade payables on the liabilities side. Inventories increased to EUR 124.6 million (December 31, 2015: EUR 118.0 million). At 54 days, days inventory outstanding increased slightly as compared to the end of the year 2015 (53 days). Compared to the figure at the end of June 2016 (EUR 123.7 million or 51 days), inventories in the third quarter of 2016 increased only slightly but, due to lower sales, days inventory outstanding increased by 3 days. The background of this increase were mainly higher inventories for a number of important intermediate products undertaken intentionally for risk-related reasons. Efforts will be made to significantly reduce inventories again by the end of the year.

Trade receivables increased in the first nine months of 2016 to EUR 139.9 million (December 31, 2015: EUR 116.5 million). In addition to the usual seasonal increase in receivables in the first two quarters, this is also attributable to greater business activities in regions where longer payment terms are customary in these markets. The days sales outstanding as of September 30, 2016 were thus 49 days (December 31, 2015: 43 days). Compared to June 30, 2016 (EUR 140.5 million or 46 days), it was possible to reduce trade receivables somewhat, but days sales outstanding nevertheless increased. A significant reduction is also planned for receivables by the end of the year 2016.

Non-current assets, on the other hand, remained largely unchanged as of September 30, 2016 at EUR 380.7 million (December 31, 2015: EUR 380.3 million). An increase in deferred tax assets of EUR 3.6 million as compared to December 31, 2015 was countered by a decrease in intangible assets and property, plant and equipment totaling EUR 5.3 million because depreciation exceeded the corresponding additions. Compared with June 30, 2016 (EUR 394.5 million), non-current assets fell by EUR 13.8 million. This decrease is attributable to the previously described reclassification of the Haldex shares to current financial assets. As of June 30, 2016, the Haldex shares were still presented as non-current financial assets (EUR 13.4 million).

OVERVIEW OF NET ASSETS

EUR million	09/30/2016	06/30/2016	12/31/2015
Total assets	982.9	965.0	888.5
Total equity	295.8	287.8	287.8
Equity ratio	30.1%	29.8%	32.4%
Adjusted equity ratio ¹⁾	43.2%	42.4%	45.3%
Net debt ²⁾	130.2	139.6	122.4

¹⁾ Adjusted for cash and cash equivalents and other short-term investments that go beyond the figure targeted by SAF-HOLLAND of approximately EUR 7 million.

²⁾ Including cash and cash equivalents as well as other short-term investments of EUR 0 million (December 31, 2015: EUR 115.0 million; June 30, 2016: EUR 0 million).

Adjusted equity ratio remains at sound level

As of the balance sheet date on September 30, 2016, total equity rose to EUR 295.8 million (December 31, 2015 and June 30, 2016: EUR 287.8 million). The increase as compared to the first half of the year reflects the result for the period generated in the third quarter of 2016 of EUR 10.6 million; this was countered by currency differences from the translation of foreign operations in the amount of EUR -2.7 million. Compared to the status at the end of 2015, the

dividend distribution (EUR 18.1 million) and negative effects on equity attributable to the re-valuation of pension obligations as a result of the lower interest rates (EUR 5.2 million) must also be taken into account. As of the reporting date September 30, 2016, the equity ratio was 30.1% after 29.8% as of June 30, 2016 (December 31, 2015: 32.4%).

At both September 30, 2016 and the end of financial year 2015 the balance sheet ratios were influenced by the retention of excess liquidity. If the total assets are adjusted for cash and cash equivalents as well as other short-term investments which exceed the figure of approximately EUR 7 million targeted by SAF-HOLLAND, this would result in an equity ratio of 43.2% as of September 30, 2016 following 42.4% as of June 30, 2016 (December 31, 2015: 45.3%). This remains well above the target figure for the Group of around 40%.

Net debt in the third quarter reduced by nearly EUR 10 million

Non-current liabilities increased to EUR 539.3 million as of the reporting date (December 31, 2015: EUR 475.4 million). Primary changes relate, on the one hand, to the long term interest bearing loans and bonds which, as a result of the assumption of a non-current loan (EUR 50.0 million) in the second quarter of 2016 increased to EUR 431.1 million (December 31, 2015: EUR 379.3 million). There was, on the other hand, an increase to EUR 45.7 million in pensions and other similar benefits due to the lower interest rate levels (December 31, 2015: EUR 37.3 million). Over the course of the third quarter of 2016, non-current liabilities increased – mainly due to higher other provisions – slightly by a net EUR 1.1 million (June 30, 2016: EUR 538.2 million).

The increase in current liabilities to EUR 147.8 million (December 31, 2015: EUR 125.3 million) is primarily attributable to the increase in trade payables (EUR 107.7 million after EUR 89.9 million as of the end of 2015) and is related to the reporting date consideration. Over the course of the third quarter of 2016, current liabilities rose by EUR 8.8 million (June 30, 2016: EUR 139.0 million). This increase, too, is mainly attributable to trade payables (increase of EUR 6.8 million in comparison with June 30, 2016).

Non-current and current liabilities from interest bearing loans and bonds as of September 30, 2016 were largely unchanged at EUR 435.0 million (June 30, 2016: EUR 432.3 million). By contrast, net debt (after deducting cash and cash equivalents and other short term investments) was reduced over the course of the third quarter to EUR 130.2 million (June 30, 2016: EUR 139.6 million). The reduction in net debt resulted mainly from the free cash flow generated in the third quarter of EUR 19.4 million, whereby in addition a cash outflow of EUR 5.2 million from the elimination of foreign currency derivatives must also be taken into account. Compared to the end of 2015 (EUR 122.4 million), net debt on the other hand increased slightly. This is attributable for the most part to the dividend distribution carried out in the second quarter (EUR 18.1 million) as well as the acquisition of Haldex shares (EUR 13.4 million). The overall liquidity in the Group stood at EUR 451.1 million on the balance sheet date of September 30, 2016, following EUR 409.2 million at the end of 2015.

FINANCIAL POSITION

Strong cash flow development after nine months

At EUR 53.9 million, net cash flow from operating activities after income tax paid was substantially improved in the first nine months of 2016 as compared to the previous year (EUR 29.9 million). In the third quarter of 2016, net cash flow from operating activities after income tax paid of EUR 24.3 million was nearly at the level of the previous year (EUR 25.7 million). The primary reason behind the pleasing development in the first nine months was above all a

Sales and Earnings Performance,
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significantly reduced amount of additional funds tied up in net working capital as compared to the prior year period. In the nine month period 2016, from the change in inventories as well as trade receivables and payables, there was a net cash outflow of just EUR 19.3 million (previous year: EUR 37.5 million). The favorable development in net working capital was, on the one hand, attributable to an improved working capital management, and on the other hand to positive effects from the plant consolidation in Germany completed in the previous year. In the third quarter 2016, from the change in inventories as well as trade receivables and payables, there was a cash inflow of EUR 3.4 million (previous year: EUR 2.6 million). Calculated based on sales projected for the full year, the net working capital ratio (ratio of net working capital to third quarter sales calculated over twelve months) improved to 12.2% (previous year: 12.7%). This was at the lower end of the medium-term target range of 12 to 13%. Compared with the second quarter of 2016 (12.2%), the net working capital ratio remained unchanged.

In addition, there was a positive effect on net cash flow from operating activities of EUR 1.8 million (previous year: EUR -1.8 million) from the increase in other provisions and pensions; of that amount, an increase of EUR 0.3 million attributable to the third quarter (previous year: EUR -0.9 million).

In the first nine months of 2016, cash flow before change of net working capital totaled EUR 80.6 million and was slightly below the previous year figure (EUR 83.0 million). The decline of EUR 11.7 million in result before tax was largely compensated for by the increased depreciation of intangible assets and property, plant and equipment of EUR 16.8 million (previous year: EUR 16.0 million), valuation allowances on current assets of EUR 3.3 million (previous year: EUR 2.5 million) and in particular net finance income and expenses of EUR 10.3 million (previous year: EUR 2.5 million). Cash flow before change of net working capital was EUR 23.5 million in the third quarter of 2016 (previous year: EUR 27.0 million).

OVERVIEW OF FINANCIAL POSITION

EUR million	Q1-Q3/2016	Q1-Q3/2015	Q3/2016	Q3/2015
Cash flow from operating activities before income tax paid	63.1	43.8	27.3	28.9
Cash conversion rate ¹⁾	89.4%	59.5%	126.4%	119.9%
Net cash flow from investing activities	87.6	-20.7	-5.0	-7.9
Investments in property, plant and equipment and intangible assets	15.4	21.2	4.8	8.2
in % of sales	2.0%	2.6%	1.9%	3.2%
Net cash flow from financing activities	18.4	-22.3	-6.6	-11.2
Free cash flow ²⁾	38.4	8.7	19.4	17.5

¹⁾ Cash flow from operating activities before income tax paid divided by adjusted EBIT.

²⁾ Net cash flow from operating activities less investments in property, plant and equipment and intangible assets.

Investment ratio for the first nine months of 2016 remains at the level
of the first half-year 2016

Net cash flow from investing activities amounted to EUR 87.6 million (previous year: EUR -20.7 million) in the first nine months of the year. This figure, however, is distorted by the sale of other short-term investments that it contains (EUR 115.0 million). In addition, cash flow from investing activities includes a cash outflow of EUR 13.4 million for the acquisition of the Haldex shares. Without these two effects, each of which related to the second quarter of 2016, the net cash flow from investing activities after nine months amounted to EUR -14.0 million (previous year: EUR -20.7 million) or EUR -5.0 million (previous year: EUR -7.9 million) in the third quarter.

At EUR 11.9 million (previous year: EUR 16.6 million), investments in property, plant and equipment declined in the first nine months of 2016. The increase in intangible assets of EUR 3.5 million (previous year: EUR 4.6 million) primarily included the capitalization of development costs in the amount of EUR 2.7 million. The investment ratio in the first nine months of

2016 was at the same level as in the first half-year of 2.0% but below the level of the previous year (2.6%). In relation to the third quarter of 2016, investments in intangible assets and property, plant and equipment totaled EUR 4.8 million (previous year: EUR 8.2 million).

Free cash flow in the first nine months improved by roughly EUR 30 million

In the first three quarters, free cash flow increased significantly in comparison to the previous year to EUR 38.4 million (previous year: EUR 8.7 million). The most important reasons for the increase were the improved working capital management and lower investments. In the third quarter of 2016, free cash flow was EUR 19.4 million (previous year: EUR 17.5 million).

Cash flow from financing activities amounted to EUR 18.4 million (previous year: EUR -22.3 million) in the first nine months of the year. The main factors behind this included the dividend payment in the amount of EUR 18.1 million (previous year: EUR 14.5 million) as well as the assumption of a loan of EUR 50.0 million, both of which related to the second quarter of 2016. In the third quarter there was also a payment for the elimination of foreign currency derivatives in the amount of EUR 5.2 million in connection with the closing of the hedging for the planned purchase price payment for Haldex which was to be carried out in Swedish krona. Cash flow from financing activities was thus EUR -6.6 million in the third quarter of 2016 (previous year: EUR -11.2 million).

EMPLOYEES

Number of employees slightly lower

As of the reporting date on September 30, 2016, SAF-HOLLAND employed 3,205 people worldwide (previous year: 3,316) including temporary employees. Compared to the previous year, this corresponds to a decrease of 3.3%. The most substantial change took place in the Americas region. Due to capacity adjustments for lower demand related to market conditions, the number of employees there fell to 1,369 (previous year: 1,491). The workforce of the companies in EMEA/India, on the other hand, increased slightly to 1,315 (previous year: 1,268), reflecting the higher business volume in the region. The number of employees at companies in the APAC/China region fell from 557 to 521. Average sales per employee increased by 1.8% in the first nine months of 2016 to kEUR 246.4 (previous year: kEUR 242.1). Taking into account the negative currency effects of 1.5%, the output per employee increased accordingly by 3.3% in this period.

DEVELOPMENT OF EMPLOYEE NUMBERS BY REGION

	09/30/2016	09/30/2015
EMEA/	1,315	1,268
Americas	1,369	1,491
APAC/China	521	557
Total	3,205	3,316

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Employees
Research and Development
Opportunities and Risk Report
Events after the Balance Sheet Date

RESEARCH AND DEVELOPMENT

SAF-HOLLAND presented broad range of innovations at IAA Commercial Vehicles

The objective of SAF-HOLLAND's R&D activities is to offer its customers innovative products which ensure efficient fleet operation and which optimize their total cost of ownership. The Group relies on the development of pioneering product innovations, the goal of which is always to improve the durability, safety and ease of maintenance of its products and to achieve further weight savings through the use of lightweight components.

In the course of the third quarter 2016, SAF-HOLLAND introduced a number of the product innovations at trade fairs in Germany and abroad that are currently in the development phase. Among the most important trade fairs are the IANA Intermodal Expo in Houston, the Autom-echanika in Frankfurt and, most importantly, the IAA Commercial Vehicles in Hanover. At the IAA alone, SAF-HOLLAND was presented with a total of 14 innovations in the areas of products, components and services, most of which were related to the core products axles, suspensions, brakes and fifth wheels. New functionalities were also presented which primarily focused on providing additional benefits for the end customers.

The trade fair highlights at the IAA included, among other things, the trailer axle concept SAF TRAK, for which SAF-HOLLAND was awarded the coveted "Trailer Innovation 2017" prize in the category chassis during the IAA. SAF TRAK, initially designed specifically for tipper trailers, uses a hydraulically-driven motor to support the tractor unit when it faces inclines and difficult terrain, especially in construction site and dump areas. The drive energy is generated through tip hydraulic and can be activated any time at the push of a button. Further advantages for the customer are the long service life and the limited maintenance need. SAF TRAK can also be retrofitted on existing trailers. After the concept was introduced for the first time at the leading trade fair for construction equipment, bauma, in April 2016, SAF TRAK was subsequently introduced to a number of customers and their input was taken into consideration in the further development. With SAF TRAK, SAF-HOLLAND has impressively demonstrated its system competences also beyond the field of mechanical components. The series launch is scheduled for the end of 2017.

OPPORTUNITIES AND RISK REPORT

No significant changes have occurred in the reporting period compared to the statements regarding the overall risk position of the SAF-HOLLAND Group on pages 96 to 109 of the 2015 Annual Report. Overall, the risks are assessed as being manageable. We have made sufficient provisions for known risks.

EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of majority stake in Brazilian KLL

At the beginning of September, SAF-HOLLAND signed the contracts for the acquisition of 57.5% of the shares in Brazilian suspension specialist KLL Equipamentos para Transporte Ltda. (KLL). The acquisition was finalized on October 5, 2016 and KLL was included in the scope of consolidation. The remaining 42.5% of the shares will initially stay in the hands of the founding family. SAF-HOLLAND can acquire these shares by means of a call option at a later point in time. The companies agreed not to disclose the purchase price.

KLL is among the leading suppliers of air suspension systems for trucks, buses as well as for axles and mechanical or air suspension systems for trailers in the Brazilian market. KLL currently employs roughly 200 people and expects sales of approximately EUR 10 million in the current financial year. Its customer base includes nearly all manufacturers of trucks, buses and trailers in Brazil. With the acquisition, SAF-HOLLAND gains direct access to important customers on the truck side for its product range for trucks and, at the same time, gives itself a leading position in the market for air suspension systems for buses. SAF-HOLLAND also further expands its market share for trailer axles and suspension systems and adds mechanical suspension systems to its technology portfolio. In the course of the acquisition, existing SAF-HOLLAND activities in Brazil will be consolidated, thereby achieving cost savings and efficiency enhancements.

Personnel changes in the Management Board

The Board of Directors has appointed Dr. Matthias Heiden as its new Chief Financial Officer (CFO) effective March 1, 2017. Dr. Heiden has served in management positions at SAP, including as CFO of the German subsidiary and, most recently, as Regional CFO for Middle and Eastern Europe. He succeeds Wilfried Trepels, who will leave the Company at the end of 2016 to take over the role of the Chief Financial Officer at Wacker Neuson SE. During the interim period, Dr. Martin Kleinschmitt, a member of the Board of Directors of SAF-HOLLAND S.A. and an Executive Board member of Noerr Consulting AG, will temporarily assume the position as CFO.

On October 17, 2016, Arne Joern assumed his position as Chief Operating Officer (COO) and member of the Management Board of the SAF-HOLLAND Group. Arne Joern has been with SAF-HOLLAND for the past four years during which he has held several manufacturing-related executive positions. As COO, he will take over global responsibility for the organization and management of the manufacturing and operating processes of the Group's production network. Joern's core tasks, aside from his responsibility for global operations, will be to coordinate the purchasing, engineering and quality management activities worldwide. In his position as Chief Operating Officer, Arne Joern succeeds Mike Kamsickas, who left SAF-HOLLAND in early May 2016 for personal reasons.

No other material events occurred subsequent to the reporting date.

OUTLOOK

Global economic growth forecast confirmed

In its World Economic Outlook from October 2016, the International Monetary Fund (IMF) affirmed its growth expectations for the global economy in the current year. As before, the IMF estimates that global growth in 2016 will be 3.1%; for 2017, the IMF anticipates an acceleration of growth to 3.4% (July forecast also 3.4%). The IMF positively highlights the fact that a number of uncertainties for the development of the global economy have diminished in recent months, first and foremost among these is the recovery of raw material prices as well as decreasing worry about the impact of a departure of the United Kingdom from the European Union.

For the USA, the IMF forecasts growth in gross domestic product of 1.6% for the full year 2016 (after 2.2% in July), which is still a relatively clear acceleration as compared to the first half of the year despite the lowered annual forecast. The main reasons for this level of optimism are the leveling off of negative effects from the strong US dollar and the low investments in the energy sector. The American Federal Reserve Bank was quite positive at its meeting in September

Events after the Balance Sheet Date
Outlook

2016 where it lowered its growth forecast for the US economy slightly from 2.0% (June estimate) to 1.8% but, at the same time, noted a recovery in economic activity in the second half of 2016.

In the view of the IMF, the euro zone will continue its moderate economic upswing in 2016. The IMF raised its growth forecast for 2016 to 1.7% (following 1.6% in July). In this regard, the euro zone will continue to benefit from robust domestic demand, low raw materials prices and negative real interest rates as a result of the extremely expansive monetary policy of the European Central Bank. Following the initial uncertainty after the Brexit referendum, worries about the impact of a departure on the part of the United Kingdom from the European Union have more recently faded into the background. Accordingly, the IMF raised its growth estimate for 2017 back up to 1.8% after it had lowered it in July from 1.9% to 1.7% directly following the Brexit decision.

The IMF's economic outlook for the BRIC countries remains varied. It confirmed a sound growth forecast of 6.6% for China. The forecast for India was increased slightly from 7.4% to 7.6%. The IMF is also somewhat more optimistic as regards Russia and now expects a contraction in economic output of just 0.8% in 2016. In July, the IMF had predicted a decline of 1.2%. Russia will have overcome the recession by 2017 and achieve growth of 1.1%. The IMF continues to be skeptical when it comes to Brazil (-3.3%). An end of the recession and minimal economic growth is not expected by the IMF until 2017.

ECONOMIC DEVELOPMENT IN IMPORTANT MARKETS

	2015	2016	2017
Euro zone	2.0%	1.7%	1.5%
Germany	1.5%	1.7%	1.4%
United States	2.6%	1.6%	2.2%
Brazil	-3.8%	-3.3%	0.5%
Russia	-3.7%	-0.8%	1.1%
India	7.6%	7.6%	7.6%
China	6.9%	6.6%	6.2%

Source: IMF (World Economic Outlook October 2016).

Industry trend: Strongly differing demand trends in the global commercial vehicle markets

Divergent development in the global commercial vehicle markets will continue in 2016. This applies in particular to the two most important sales markets for SAF-HOLLAND, Europe and North America. While the extent of the market correction in North America seems more pronounced than originally expected, the development for trucks and trailers in Europe continued to be positive. There are still no concrete indications that the weak market situation in important individual markets that are important for SAF-HOLLAND such as Brazil and Australia will improve noticeably in the short term. Initial positive signals can be seen in Russia.

— Further strong growth in Western Europe

Buoyed by pent up demand from many fleet operators after years of lower than average investments, the resulting advanced age of vehicle fleets and the stable overall economic environment, the robust growth in the commercial vehicles market in Western Europe should continue for the rest of 2016.

For the Western European truck market, leading truck manufacturers expect growth in truck production in the upper single digit percentage range after the expectations at the beginning of the year were only for slight growth at best. For 2017, a number of manufacturers expect somewhat lower production figures based on the strong year in 2016.

For the Western European trailer market, the market research company CLEAR International expects production increases of about 9% for 2016 as compared to the previous year.

___ Russian market with initial indications of recovery

Parallel to the gradual stabilization of the Russian economy, the Russian truck market is also showing initial signs of recovery. Should the trend from the second and third quarters continue, the registrations of heavy trucks in Russia in the current year 2016 will be at about the level of the previous year.

For the Russian trailer market, CLEAR, after the market in the period between 2011 and 2015 declined by more than half, expects only slight growth from a low basis.

Because the countries of the Russian Federation and other Eastern European countries represent an important sales channel for used trucks and trailers from Western European freight forwarders, development of demand in the Russian Federation at the same time has an indirect impact on demand for new trucks and trailers in Western Europe. Due to the sanctions and the drop in demand from the Russian market, many Western European fleet operators have, in recent years, felt compelled to temporarily postpone the sale of their used vehicles and to use them for a longer period of time. A gradual recovery of the Russian market as a result of stabilization in the price of oil and gas would therefore have positive effects on the further demand for new vehicles from Western European freight forwarders.

___ India: Dynamic growth mainly for heavy trucks

For full-year 2016, industry experts anticipate a continuation of dynamic growth. This applies in particular to the heavy duty truck sector, where registrations are expected to increase by nearly 20%.

___ Expectations for the North American truck market lowered again

After orders received for class 8 trucks in the third quarter again decreased by about 40% as compared to the previous year, the market research institute ACT Research once again lowered its expectations for the development of the North American market for heavy trucks for full-year 2016.

For North America, ACT now expects a decrease of class 8 new vehicle registrations of about 20% to 250,000 units. Class 8 production could, accordingly, fall by about 30% to below 230,000 units. At the beginning of the year, expectations were still for a substantially lower decline of 20% and primarily reflected the assumption of a short term market correction after several record years in a row. ACT now expects that the market will have bottomed out in the first half of 2017, a development that will then be followed by a slight recovery in the second half of 2017. This assumption is supported, among other things, by the advancing inventory reduction in the truck industry. Compared to the peak of 61,000 vehicles in May 2016, the inventories for class 8 trucks fell by 34.1% to 40,000 vehicles at the end of September. The economic situation of most fleet operators remains reasonable which, in light of the increasing age of the fleets, is also a sign of a market stabilization.

The North American trailer market continues to demonstrate somewhat more stability but is also noticeably declining. Because the capacity expansion for trailers was lower in the previous years than it was for class 8 trucks, there is still pent up demand among a number of fleet operators. For full-year 2016, ACT expects a decrease in trailer production in North America in the high single digit percentage range. Orders received for trailers in the USA over the

Outlook

course of the year declined a little more strongly, but manufacturers have been able to cushion this effect due to the high order backlog.

___ **Brazil: Hope for an end to the crisis after a new political beginning**

In the course of the political conflicts and severe recession in the country, the Brazilian commercial vehicles market collapsed in recent years. After the Brazilian parliament voted to impeach former President Rousseff in August, the country is facing an economic and political change of direction. New President Temer has announced a range of reforms, including far-reaching privatizations. South America's largest economy could thus return to a path of growth in the medium term. For the current year, there does not appear to be any positive impetus for truck and trailer demand. Shrinking sales figures are once again expected for heavy trucks in full-year 2016. The outlook for the Brazilian trailer market is somewhat more optimistic with CLEAR – following dramatic declines in the previous years and a starting basis that is more than 75% lower – predicting a moderate increase. The outlook is somewhat more positive especially for the second half of 2017.

___ **Commercial vehicles market in China recovering**

In the course of the stabilizing overall economic development, it is expected that the Chinese commercial vehicles market can also grow in full-year 2016. Industry experts now expect growth in registrations for heavy trucks of more than 15%. At the beginning of the year, the expectations were for a comparatively modest increase of between 0% and 5%. CLEAR is also predicting slight growth for trailers. In China, SAF-HOLLAND is focused primarily on the trailer and bus segments, but at the beginning of 2016 the company won two reference orders for suspension systems for heavy duty trucks with production expected to begin in the course of 2018. With these orders SAF-HOLLAND will, in the coming years, increasingly benefit from growth opportunities with air suspension systems in the truck sector.

GENERAL STATEMENT OF THE MANAGEMENT BOARD ON THE FUTURE DEVELOPMENT OF THE COMPANY

Sound development of sales and operational earnings in difficult environment

SAF-HOLLAND pursues a medium to long-term oriented business development, which will be implemented as part of the strategy 2020 and will take advantage of growth opportunities, particularly by rolling out the business in additional markets outside of the current core markets and the expansion of the product portfolio on the one hand and complementary cooperations, joint ventures and acquisitions on the other hand.

Our planning is based on the expectation that the world economy will grow by approximately 3% in 2016 and that the economic development in the current core markets of North America and Europe will continue at a moderate rate. The market environment over the course of the rest of the year will remain challenging. In North America, orders received for trucks do not yet point to an easing of the significant market weakness in this segment. A turnaround is forecast however from the second half of 2017 on. SAF-HOLLAND assumes that market weakness in North America and in many Asian countries can, for the most part though not completely, be compensated for by the pleasing development in Europe and in the Middle East. In this regard, the SAF-HOLLAND Group benefits from its relatively high share of sales in the European markets. Besides, in the important transport markets Brazil and Russia, a noticeable improvement in the market situation that has been weak for quite some time is not evident for the remainder of the year for the reasons already mentioned. A moderate rise in demand can be seen in Australia, however.

Provided that the mostly mixed industry trend in the markets does not cool down any further, SAF-HOLLAND, from today's perspective, continues to expect that the generally stable business development of the first nine months of the year can be carried forward over the course of financial year 2016. Management of the SAF-HOLLAND Group thus continues to assume that constant or slightly increased organic sales, i.e. before currency exchange rate and consolidation effects, can be achieved. It should be kept in mind here that the agricultural product line AerWay was sold in December 2015 and that it will no longer contribute to the sales and earnings of the Group in financial year 2016. In full-year 2015, AerWay had contributed approximately EUR 7 million to Group sales. Despite the marked weakness in demand in important markets such as North America, the company continues to assume that, organically, a sales level of between EUR 1,050 to EUR 1,070 million can be achieved, whereby from today's perspective Group sales are expected to come in at the lower end of the planned corridor.

In order to take advantage of additional cost savings potential, further optimization of the production network in North America will, among other things, be investigated. The intensified establishment of competence centers as well as focused manufacturing at the manufacturing sites are at the forefront of these efforts. As to the area of information technology, the data technology networking of the production locations will be expanded. In North America, the focus is on the introduction of a new software solution, which will in an optimal way link planning, flow of materials and production and, once the project is completed, will make a noticeable contribution to reducing costs and reducing net working capital requirements. In China, too, we see cost reduction and efficiency enhancement potential that will be leveraged through process standardization in the manufacturing structures.

Overall, payments for investments in property, plant and equipment and intangible assets of are still planned to come in at around EUR 28 million for 2016. The investment volume will thus be at a level comparable to 2015. In addition to capacity expansion, the planned investments will be allocated primarily to the area of engineering and the establishment of regional development and application capacities in the new markets.

In view of the projected upfront expenses for business expansion under strategy 2020, the Group has been budgeting for an adjusted EBIT margin of between 8 and 9% in 2016 compared to 7.4% in 2014 and 8.9% in 2015. On the basis of the cost savings and increases in productivity achieved to date as well as a generally beneficial product mix, the company, under the assumption of stable market conditions, assumes that it will be able to compensate for the projected upfront expenses for business expansion within the scope of strategy 2020 and that it can, in terms of the adjusted EBIT margin, achieve a level for the full year 2016 which will tend to reach the upper half of the originally projected corridor of between 8% and 9%.

In accordance with the objectives of our strategy 2020, cooperations, joint ventures and acquisitions will provide an additional contribution to Group sales and earnings. This will require that suitable opportunities arise and transactions can be realized and closed. In this regard we will, as in the case with our withdrawn bid for the Swedish Haldex AB, strictly follow our clear M&A objectives and our financial discipline. In line with this approach, effects from planned acquisitions or joint ventures are currently not included in our sales and earnings forecast for 2016. Through, among other things, the assumption of the promissory note loans already described, SAF-HOLLAND has resolutely laid the financial footing for the implementation of strategy 2020, particularly for the planned external growth aspects. For full-year 2016, this will result initially in an increase of the interest expense by approximately EUR 3.5 million that is not yet compensated for by operating earnings. Overall, the SAF-HOLLAND Group, on the basis of the business results achieved in the first nine months of 2016, considers itself to be in a solid position to reach the sales, earnings and returns targets established as part of the medium-term strategy 2020.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	Notes	Q1-Q3/2016	Q1-Q3/2015	Q3/2016	Q3/2015
Sales	(6)	789,440	817,524	255,794	258,785
Cost of sales		-631,405	-658,649	-207,030	-208,602
Gross profit		158,035	158,875	48,764	50,183
Other income		818	1,245	604	352
Selling expenses		-45,097	-45,490	-13,934	-14,504
Administrative expenses		-39,076	-35,186	-14,107	-11,011
Research and development costs		-14,347	-14,787	-4,797	-4,041
Operating result	(6)	60,333	64,657	16,530	20,979
Finance income	(7)	8,051	6,715	6,742	-670
Finance expenses	(7)	-18,315	-9,212	-10,062	-3,245
Share of net profit of investments accounted for using the equity method		1,397	1,048	572	289
Result before tax		51,466	63,208	13,782	17,353
Income tax	(8)	-15,116	-21,063	-3,091	-5,560
Result for the period		36,350	42,145	10,691	11,793
Attributable to					
Equity holders of the parent		36,805	42,061	10,848	11,825
Non-controlling interests		-455	84	-157	-32
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	(11)/(12)	-7,690	-	539	-
Income tax effects on items recognized directly in other comprehensive income	(11)	2,524	-	-196	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(11)	-3,688	-4,384	-2,729	-12,084
Changes in fair values of derivatives designated as hedges, recognized in equity	(11)/(14)	-1,844	-	-117	-
Changes in the revaluation of financial assets available for sale, recognized in equity	(11)/(14)	-	-	-277	-
Income tax effects on items recognized directly in equity	(11)	502	-	109	-
Other comprehensive income		-10,196	-4,384	-2,671	-12,084
Comprehensive income for the period		26,154	37,761	8,020	-291
Attributable to					
Equity holders of the parent		26,712	37,901	8,203	294
Non-controlling interests		-558	-140	-183	-585
Undiluted earnings per share in EUR		0.81	0.93	0.24	0.26
Diluted earnings per share in EUR		0.70	0.80	0.20	0.22

Consolidated Statement of
Comprehensive Income
Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

kEUR	Notes	09/30/2016	12/31/2015
Assets			
Non-current assets		380,735	380,252
Goodwill		52,498	52,985
Intangible assets		141,689	145,372
Property, plant and equipment		126,161	127,750
Investments accounted for using the equity method		15,617	14,102
Financial assets	(14)	3,300	1,368
Other non-current assets		2,902	3,668
Deferred tax assets		38,568	35,007
Current assets		602,137	508,260
Inventories		124,599	118,008
Trade receivables		139,903	116,535
Income tax assets		1,247	1,611
Other current assets		10,394	8,279
Financial assets	(14)	21,214	3,079
Other short-term investments	(9)	–	115,000
Cash and cash equivalents	(10)	304,780	145,748
Total assets		982,872	888,512
Equity and liabilities			
Total equity	(11)	295,810	287,800
Equity attributable to equity holders of the parent		294,386	285,818
Subscribed share capital		454	454
Share premium		268,644	268,644
Legal reserve		45	45
Other reserve		720	436
Retained earnings		54,715	36,338
Accumulated other comprehensive income		-30,192	-20,099
Shares of non-controlling interests		1,424	1,982
Non-current liabilities		539,297	475,417
Pensions and other similar benefits	(12)	45,744	37,336
Other provisions		9,432	8,042
Interest bearing loans and bonds	(13)	431,127	379,276
Finance lease liabilities		1,147	1,509
Other financial liabilities	(14)	1,570	707
Other liabilities		636	838
Deferred tax liabilities		49,641	47,709
Current liabilities		147,765	125,295
Other provisions		7,517	7,202
Interest bearing loans and bonds	(13)	3,853	3,917
Finance lease liabilities		444	465
Trade payables		107,745	89,940
Income tax liabilities		4,227	756
Other financial liabilities	(14)	1,630	178
Other liabilities		22,349	22,837
Total equity and liabilities		982,872	888,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q1-Q3/2016									
kEUR	Attributable to equity holders of the parent						Total amount	Shares of non-controlling interests	Total equity (Note 11)
	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income			
As of 01/01/2016	454	268,644	45	436	36,338	-20,099	285,818	1,982	287,800
Result for the period	–	–	–	–	36,805	–	36,805	-455	36,350
Other comprehensive income	–	–	–	–	–	-10,093	-10,093	-103	-10,196
Comprehensive income for the period	–	–	–	–	36,805	-10,093	26,712	-558	26,154
Dividend	–	–	–	–	-18,144	–	-18,144	–	-18,144
Transfer to statutory reserve	–	–	–	284	-284	–	–	–	–
As of 09/30/2016	454	268,644	45	720	54,715	-30,192	294,386	1,424	295,810

Q1-Q3/2015									
kEUR	Attributable to equity holders of the parent						Total amount	Shares of non-controlling interests	Total equity (Note 11)
	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income			
As of 01/01/2015	454	268,644	45	436	-773	-22,213	246,593	2,004	248,597
Result for the period	–	–	–	–	42,061	–	42,061	84	42,145
Other comprehensive income	–	–	–	–	–	-4,160	-4,160	-224	-4,384
Comprehensive income for the period	–	–	–	–	42,061	-4,160	-4,160	-140	37,761
Dividend	–	–	–	–	-14,516	–	-14,516	–	-14,516
As of 09/30/2015	454	268,644	45	436	26,772	-26,373	269,978	1,864	271,842

Consolidated Statement of Changes in Equity
Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT

kEUR	Notes	Q1-Q3/2016	Q1-Q3/2015
Cash flow from operating activities			
Result before tax		51,466	63,208
- Finance income	(7)	-8,051	-6,715
+ Finance expenses	(7)	18,315	9,212
+/- Share of net profit of investments accounted for using the equity method		-1,397	-1,048
+ Amortization/depreciation of intangible assets and property, plant and equipment		16,796	16,000
+ Allowance of current assets		3,335	2,526
+/- Loss/Gain on disposal of property, plant and equipment		111	-170
+ Dividends from investments accounted for using the equity method		20	18
Cash flow before change of net working capital		80,595	83,031
+/- Change in other provisions and pensions		1,798	-1,778
+/- Change in inventories		-9,241	-2,897
+/- Change in trade receivables and other assets		-28,336 ¹⁾	-40,615 ¹⁾
+/- Change in trade payables and other liabilities		18,278	6,027
Cash flow from operating activities before income tax paid		63,094	43,768
- Income tax paid	(8)	-9,241	-13,826
Net cash flow from operating activities		53,853	29,942
Cash flow from investing activities			
+ Proceeds from sale of other short term investments		115,000	-
- Purchase of property, plant and equipment		-11,870	-16,605
- Purchase of intangible assets		-3,536	-4,570
+ Proceeds from sales of property, plant and equipment		1,533	407
- Purchase of other financial assets		-13,918	-
+ Interest received		407	59
Net cash flow from investing activities		87,616	-20,709
Cash flow from financing activities			
- Dividend payments to shareholders of SAF-HOLLAND S.A.	(11)	-18,144	-14,516
+ Proceeds from borrowing of non-current other loans	(13)	50,000	-
- Payments for replacement of foreign currency derivatives		-5,158	-
- Payments for finance lease		-400	-324
- Interest paid		-8,458	-7,816
+/- Change in drawings on the credit line and other financing activities	(13)	528	323
Net cash flow from financing activities		18,368	-22,333
Net increase / decrease in cash and cash equivalents		159,837	-13,100
+/- Effect of changes in exchange rates on cash and cash equivalents		-805	838
Cash and cash equivalents at the beginning of the period	(10)	145,748	44,165
Cash and cash equivalents at the end of the period	(10)	304,780	31,903

¹⁾As of September 30, 2016, trade receivables in the amount of EUR 24.5 million (previous year: EUR 25.0 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period January 1 to September 30, 2016

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") for the financial year 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The consolidated interim financial statements for the third quarter of 2016 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 consolidated financial statements for the financial year 2015. Therefore, the consolidated interim financial statements should be read in conjunction with the Group's consolidated financial statements as of December 31, 2015. Amendments to the IFRS did not have any impact on the consolidated interim financial statements as of September 30, 2016.

In preparing the consolidated interim 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 differ 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 take them into account at the end of the financial year.

The most important functional currencies for foreign operations are the US dollar (USD) and the Canadian dollar (CAD). The exchange rates for these currencies as of the balance sheet date were USD/EUR = 1.12218 (previous year: 1.12448) and CAD/EUR = 1.46916 (previous year: 1.50807). The weighted average exchange rates for these two currencies were USD/EUR = 1.11580 (previous year: 1.11495) and CAD/EUR = 1.47449 (previous year: 1.40252).

The consolidated interim financial statements and the Group Interim Management Report have not been audited by an auditor.

Corporate Information
Significant Accounting Policies
Correction of Current Account
Seasonal Effects
Scope of Consolidation
Segment Information

3 _ CORRECTION OF CURRENT ACCOUNT

The Group has made a correction of the current account with regard to the disclosure of financial assets as of September 30, 2016. The correction relates to the classification of Haldex shares purchased in connection with the planned acquisition in the measurement categories pursuant to IAS 39. As of June 30, 2016, these shares were recognized as non-current financial assets, as an intention of long-term holding was assumed. The intention of long-term holding could, however, only have been assumed, if the acquisition of Haldex would have had been successful. At June 30, 2016, the acceptance period for the takeover offer was still ongoing, so that the shares should have been recognized as current financial assets, as it was planned from the beginning to sell the shares if the takeover would be unsuccessful. Because of this correction, the half-year result after taxes would have been higher by 0.2 Mio. EUR due to the valuation of the shares at the closing rate as of June 30, 2016 and would not have been recognized in OCI.

As of September 30, these securities were recognized as current assets and classified as "held for trading". Changes in the fair value were recognized accordingly through profit or loss and amounted to 6.7 Mio. EUR due to the positive development of the share price as of September 30, 2016.

4 _ SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and the resulting profits. Due to seasonal effects, the first half of the financial year tends to show a higher business volume than the second half of the financial year. Please also see the Group Interim Management Report for further details regarding earnings development.

5 _ SCOPE OF CONSOLIDATION

There were no changes to the scope of consolidation compared to the consolidated financial statements as of December 31, 2015.

6 _ SEGMENT INFORMATION

Effective January 1, 2016 a new organization was introduced in the management and reporting in order to better achieve the goals defined in the corporate strategy 2020. The previous business units "Trailer Systems", "Powered Vehicle Systems" and "Aftermarket" were dropped. As part of the regionally-focused repositioning of the SAF-HOLLAND Group, from the reporting period 2016 management and Group reporting will be carried out via the "EMEA/India", "Americas" and "APAC/China" regions.

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

kEUR	Q1-Q3/2016	Q1-Q3/2015
Operating result	60,333	64,657
Share of net profit of investments accounted for using the equity method	1,397	1,048
EBIT	61,730	65,705
Additional depreciation and amortization from PPA	3,986	4,838
Restructuring and transaction costs	4,866	3,018
Adjusted EBIT	70,582	73,561

Information on segment sales and earnings for the period from January 1 to September 30, 2016:

kEUR	Q1-Q3/2016			
	Regions			Consolidated
	Americas ¹⁾	EMEAI ²⁾	APAC/China ³⁾	
Sales	309,680	430,804	48,956	789,440
Adjusted EBIT	24,347	44,556	1,679	70,582
Adjusted EBIT margin	7.9%	10.3%	3.4%	8.9%

kEUR	Q1-Q3/2015			
	Regions			Consolidated
	Americas ¹⁾	EMEAI ²⁾	APAC/China ³⁾	
Sales	350,648	410,054	56,822	817,524
Adjusted EBIT	33,701	35,605	4,255	73,561
Adjusted EBIT margin	9.6%	8.7%	7.5%	9.0%

¹⁾ Includes Canada, the USA as well as Central and South America.

²⁾ Includes Europe, Middle East, Africa and India.

³⁾ Includes Asia/Pacific and China.

The segment sales information above is based on the locations of the customers.

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

7 _ FINANCE RESULT

Finance income and expenses consist of the following:

kEUR	Q1-Q3/2016	Q1-Q3/2015
Finance income from the valuation of other financial instruments	6,664	–
Realized foreign exchange gains on foreign currency loans and dividends	642	1,640
Interest income	407	111
Finance income due to derivatives	309	–
Unrealized foreign exchange gains on foreign currency loans and dividends	13	4,964
Other	16	–
Total	8,051	6,715

kEUR	Q1-Q3/2016	Q1-Q3/2015
Interest expenses due to interest bearing loans and bonds	-8,938 ¹⁾	-6,443 ¹⁾
Finance expenses due to derivatives	-6,628	-755
Finance expenses due to pensions and other similar benefits	-911	-788
Amortization of transaction costs	-575	-417
Reversal of transaction costs	–	-450
Unrealized foreign exchange losses on foreign currency loans and dividends	-320	–
Other	-943	-359
Total	-18,315	-9,212

¹⁾ Includes the non-cash interest expense of kEUR 480 (previous year: kEUR 472) for the convertible bond.

Segment Information
Finance Result
Income Taxes
Other Short-Term Investments

Financial income from the measurement of other financial instruments mainly resulted from the increase in value of the Haldex shares purchased in the context of the planned acquisition of Haldex.

Unrealized foreign exchange gains on foreign currency loans and dividends of the previous year primarily comprise unrealized foreign exchange gains on inter-company foreign currency loans translated at the period-end exchange rate.

From the first quarter of 2016, the majority of inter-company foreign currency loans are considered part of a net investment in a foreign operation. In the course of the regional reorganization of the Group, which was effective on January 1, 2016, the planned repayments of inter-company foreign currency loans were reassessed. Considering further market developments and the pursuit of the objectives of strategy 2020, the repayment of these loans is neither planned nor considered to be likely in the foreseeable future. The exchange rate effects from the measurement of inter-company foreign currency loans at the period-end exchange rate are therefore included in other comprehensive income.

The amortization of transaction costs of kEUR -725 (previous year: kEUR -417) represents the contract closing fees recognized as expenses in the period in accordance with the effective interest method.

On the one hand, finance expenses due to derivatives resulted from the settlement of foreign currency derivatives in the amount of kEUR 5,158. These had been concluded to hedge the purchase price payment in SEK in case of a successful acquisition of Haldex. On the other hand, the expenses resulted from the valuation of a derivative embedded in the contract of the promissory note loan, issued in November 2015. The variable interest bearing tranches of the promissory note loan include a so-called zero floor cap. This means that the development of the Euribor has a lower limit of 0%. As a so-called embedded derivative, the zero floor cap is assessed separately from the promissory note loan and has no impact on payments.

8 _ INCOME TAXES

The effective income tax rate in the first nine months of 2016 was 29.40% (previous year: 33.30%). The difference between the effective income tax rate and the Group's income tax rate of 30.10% is attributable, among other things, to the lower flat-rate taxation for dividends and capital gains from the disposal of investments than the standard taxation in accordance with German corporation tax law. Parts of the financial income achieved in the reporting period were therefore subject to flat-rate taxation.

9 _ OTHER SHORT-TERM INVESTMENTS

Other short-term investments as of December 31, 2015 resulted from the short-term deposit of liquid funds as a consequence of the issue of the promissory note loan in November 2015. Over the course of the first half of 2016 the Group sold these other short-term investments.

10 _ CASH AND CASH EQUIVALENTS

kEUR	09/30/2016	12/31/2015
Cash on hand, cash at banks and checks	304,780	145,742
Short-term deposits	–	6
Total	304,780	145,748

11 _ EQUITY

The Company's subscribed share capital is unchanged from December 31, 2015 and still amounts to EUR 453,611.12 on September 30, 2016. It consists of 45,361,112 ordinary shares with a par value of EUR 0.01 and is fully paid-in.

The company's share premium and legal reserve also remained unchanged from December 31, 2015.

An amount of kEUR 284 was added to the other reserve due to tax considerations. It now amounts to kEUR 720 (previous year: kEUR 436).

Changes in accumulated other comprehensive income as of the balance sheet date consist of the following:

kEUR	Before tax amount		Tax income / expense		Net of tax amount	
	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015
Exchange differences on translation of foreign operations	-3,688	-4,384	–	–	-3,688	-4,384
Changes in fair values of derivatives designated as hedges, recognized in equity	-1,844	–	502	–	-1,342	–
Remeasurements of defined benefit plan	-7,690	–	2,524	–	-5,166	–
Total	-13,222	-4,384	3,026	–	-10,196	-4,384

At the Annual General Meeting of SAF-HOLLAND S.A. on April 28, 2016, shareholders approved the recommendation of the Board of Directors to distribute a dividend of EUR 0.40 per share for financial year 2015. The total dividend distribution amounts to kEUR 18,144.

A dividend of EUR 0.32 per share was paid in the previous year. The total dividend distribution amounted to kEUR 14,516.

Comprehensive income is mainly affected by the revaluation of the pension obligations as of the balance sheet date. The revaluation of the pension obligations is due to lower interest rates in North America and Germany.

12 _ PENSIONS AND OTHER SIMILAR BENEFITS

Mainly due to lower interest rates in North America and Germany, pensions and other similar benefits increased by kEUR 8,408 to kEUR 45,744 (previous year: kEUR 37,336).

Cash and Cash Equivalents
Equity
Pensions and other Similar Benefits
Interest Bearing Loans and Bonds

13 _ INTEREST BEARING LOANS AND BONDS

kEUR	Non-current		Current		Total	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Interest bearing bank loans	10,267	9,305	–	–	10,267	9,305
Convertible bond	97,549	97,069	–	–	97,549	97,069
Bond	75,000	75,000	–	–	75,000	75,000
Promissory note loan	200,000	200,000	–	–	200,000	200,000
Financing costs	-1,840	-2,249	-696	-540	-2,536	-2,789
Accrued interests	–	–	4,518	4,209	4,518	4,209
Other loans	50,151	151	31	248	50,182	399
Total	431,127	379,276	3,853	3,917	434,980	383,193

Loans with a volume of EUR 50 million were raised with the agreement of June 13, 2016. The loans have a term of 10 years and bear interest of 2.75%.

The following table summarizes the determination of total liquidity defined as available undrawn credit lines measured at the period-end exchange rate plus available cash and cash equivalents as well as short-term freely disposable financial assets:

kEUR	09/30/2016				
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Other short-term investments	Total liquidity
Facility A	5,627	120,000	–	–	114,373
Facility B	–	31,189	–	–	31,189
Other Facilities	4,640	5,365 ¹⁾	304,780	–	305,505
Total	10,267	156,554	304,780	–	451,067

¹⁾ Includes the bilateral credit line for the activities of the Group in China.

kEUR	12/31/2015				
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Other short-term investments	Total liquidity
Facility A	5,923	120,000	–	–	114,077
Facility B	42	32,088	–	–	32,046
Other Facilities	3,339	5,648 ¹⁾	145,748	115,000	263,057
Total	9,304	157,736	145,748	115,000	409,180

Total liquidity is calculated with consideration of other short-term investments. Other short-term investments are highly liquid and are to be viewed as cash equivalents in economic terms. In accordance with accounting policies, these are, however, to be presented separately from cash and cash equivalents.

14 _ FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

The fair values and carrying amounts of the financial assets and liabilities were as follows as of the balance sheet date:

		09/30/2016		12/31/2015	
kEUR	Category in accordance with IAS 39	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Cash and cash equivalents	LaR	304,780	304,780	145,748	145,748
Trade receivables	LaR	139,903	139,903	116,535	116,535
Other financial assets					
Other financial assets	LaR	4,365	4,365	3,334	3,334
Financial assets available for sale	FAHfT	19,937	19,937	–	–
Derivatives without a hedging relationship	FAHfT	212	212	839	839
Derivatives with a hedging relationship	FAHfT	–	–	274	274
Other short-term investments	LaR	–	–	115,000	115,000
Financial liabilities					
Trade payables	FLAC	107,745	107,745	89,940	89,940
Interest bearing loans and bonds	FLAC	455,100	434,980	413,304	383,193
Finance lease liabilities	n.a.	1,591	1,591	1,974	1,974
Other financial liabilities					
Derivatives without a hedging relationship	FLHfT	1,592	1,592	885	885
Derivatives with a hedging relationship	FLHfT	1,608	1,608	–	–

The following table shows the allocation of financial assets and liabilities measured at fair value to the three hierarchy levels of fair values:

kEUR	09/30/2016			
	Level 1	Level 2	Level 3	Total
Financial Assets available for sale	19,937	–	–	19,937
Bond and convertible bond	192,048	–	–	192,048
Promissory note loan	–	198,956	–	198,956
Interest bearing loans and borrowings	–	64,096	–	64,096
Derivative financial assets	–	212	–	212
Derivative financial liabilities	–	3,200	–	3,200

Financial Assets and other
Financial Liabilities
Related Party Disclosures

kEUR	12/31/2015			Total
	Level 1	Level 2	Level 3	
Bond and convertible bond	200,707	–	–	200,707
Promissory note loan	–	198,970	–	198,970
Interest bearing loans and borrowings	–	13,627	–	13,627
Derivative financial assets	–	1,113	–	1,113
Derivative financial liabilities	–	885	–	885

The financial assets available for sale result from the acquisition of nearly 3.6% of the shares of Haldex AB before the announcement of the takeover offer on July 14, 2016.

As of September 30, 2016, the derivative financial assets mainly contain forward exchange transactions and are used to hedge the risk position arising from the currency fluctuation of the US dollar, Russian rubel, South African rand and Turkish lira.

The derivative financial liabilities as of the balance sheet date primarily contain liabilities from interest rate hedges for hedging risks associated with interest rate changes from borrowed capital with variable interest rates.

15 _ RELATED PARTY DISCLOSURES

The tables below show the composition of the Management Board and Board of Directors of SAF-HOLLAND S.A. as of the balance sheet date:

MANAGEMENT BOARD

Detlef Borghardt	Chief Executive Officer (CEO), President Region APAC/China
Wilfried Trepels	Chief Financial Officer (CFO)
Mike Kamsickas	Chief Operating Officer (COO) (until May 03, 2016)
Steffen Schewerda	President Region Americas
Alexander Geis	President Region EMEA/Indien

BOARD OF DIRECTORS

Bernhard Schneider	Chairman of the Board of Directors
Sam Martin	Deputy Chairman of the Board of Directors
Detlef Borghardt	Member of the Board of Directors
Dr. Martin Kleinschmitt	Member of the Board of Directors
Anja Kleyboldt	Member of the Board of Directors
Martina Merz	Member of the Board of Directors

Mike Kamsickas, who held the position of Chief Operating Officer with responsibility for the Group's Central Operational Services division, has left the SAF-HOLLAND Group for personal reasons effective May 3, 2016. In this context, no material severance payments were made. The responsibilities in the Global Engineering and Global Product Planning divisions, which are managed centrally for the Group, will be assumed by Steffen Schewerda, President of the Americas region, until further notice. The Global Purchasing and Global Operations divisions will be led by Alexander Geis, President EMEA/India.

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

kEUR	Sales to related parties		Purchases from related parties	
	Q1-Q3/2016	Q1-Q3/2015	Q1-Q3/2016	Q1-Q3/2015
SAF-HOLLAND Nippon, Ltd.	920	1,015	–	–
Castmetal FWI S.A.	–	–	16,511	29,309
Total	920	1,015	16,511	29,309

kEUR	Amounts owed by related parties		Amounts owed to related parties	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
SAF-HOLLAND Nippon, Ltd.	526	300	207	207
Castmetal FWI S.A.	–	–	1,969	953
Total	526	300	2,176	1,160

16 _ EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of KLL Equipamentos para Transporte Ltda.

On October 5, 2016, SAF-HOLLAND do Brasil Ltda. acquired 57.5% of the shares in KLL Equipamentos para Transporte Ltda., a non-listed company headquartered in Brazil specializing in the manufacture of air suspension systems for trucks and buses as well as axles and mechanical and air suspension systems for trailers. In the context of the takeover, SAF-HOLLAND do Brasil Ltda. was given a call option for the remaining 42.5% of the shares which is exercisable after four years following takeover. As a result of having the majority in voting rights, SAF-HOLLAND do Brasil achieved control of KLL Equipamentos para Transporte Ltda. as of the acquisition date.

The initial consolidation of KLL Equipamentos para Transporte Ltda. was carried out in accordance with IFRS 3 using the acquisition method.

The parties to the transaction have agreed not to disclose any information on the purchase price.

A preliminary purchase price allocation for the assets acquired and liabilities assumed as of the acquisition date is currently not possible due to the timing of the acquisition and the reporting.

Personnel changes in the management board

The Board of Directors has appointed Dr. Matthias Heiden as its new Chief Financial Officer (CFO) effective March 1, 2017. Recently, Dr. Heiden has served in management positions at SAP SE, including as CFO of the German subsidiary and, most recently, as Regional CFO for Middle and Eastern Europe. He succeeds Wilfried Trepels, who will leave the Company at the

end of 2016 to take over the role of the Chief Financial Officer at Wacker Neuson SE. During the interim period, Dr. Martin Kleinschmitt, a member of the Board of Directors of SAF-HOLLAND S.A. and an Executive Board member of Noerr Consulting AG, will temporarily assume the position as CFO.

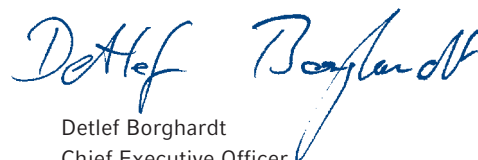
Furthermore, Arne Joern was appointed as Chief Operating Officer (COO) and member of the management board as of October 17, 2016. Arne Joern has already been with SAF-Holland for the past four years during which he has held several manufacturing-related executive positions. As COO, he will assume global responsibility for the organization and management of the manufacturing and operating processes of the SAF-HOLLAND Group's production network. Arne Joern succeeds in the position as Chief Operating Officer Mike Kamsickas, who left the SAF-HOLLAND Group for personal reasons in the beginning of May, 2016.

No further material events have occurred since the reporting date.

Luxembourg, November 9, 2016



Bernhard Schneider
Chairman of the Board of Directors



Detlef Borghardt
Chief Executive Officer
of SAF-HOLLAND GmbH

FINANCIAL GLOSSARY

A

Actuarial gains and losses

Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

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.

B

Business Units

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

C

Cash-generating unit

Cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

Clearing house

An institution connected to or integrated into a derivatives exchange, which offsets all exchange transactions and acts as counterparty to the buyer and the seller after each transaction.

Coverage

Analysts at renowned banks and investment houses regularly observe and evaluate the development of SAF-HOLLAND S.A.'s shares.

D

Days inventory outstanding

Inventory / cost of sales per day
(cost of sales of the quarter / 90 days)

Days payable outstanding

Trade payables / cost of sales per day
(cost of sales of the quarter / 90 days)

Days sales outstanding

Trade receivables / sales per day
(sales of the quarter / 90 days)

E

Effective income tax rate

Income tax / earnings before tax x 100.

Equity ratio

Equity / total assets x 100.

F

Fair value

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

Free cash flow

Operating cash flow minus capital expenditures.

G

Gross margin

Gross profit / sales x 100.

H

Hybrid financial instrument

Financial instrument that, depending on its economic substance, contains both a liability and an equity component.

I**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.

J**Joint venture**

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

M**MDAX**

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

N**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.

Net working capital to sales

Net working capital / (sales for the fourth quarter / 3 x 12)

Non-recourse factoring

Factoring where the factor takes on the bad debt risk.

Novation

Cancellation of a contractual obligation and establishment of a new contractual obligation in place of the old one.

P**Personnel expenses per employee**

Personnel expenses (not including restructuring and integration costs) / average number of employees (not including temporary employees)

Prime Standard

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

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.

R**R&D ratio**

R&D cost and capitalized development
cost / sales x 100

Recoverable amount

The recoverable amount is the higher of the fair value less cost to sell and the value in use.

Restructuring and transaction costs

Costs incurred outside the normal course of business, such as restructuring costs or costs in connection with the acquisition of companies.

S**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.

Structured entity

An entity has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

T**Total cost of ownership**

Total cost relating to acquisition, operating and maintenance of an asset.

V**Value in use**

Present value of future cash flows from an asset.

LIST OF ABBREVIATIONS

A

APO Advanced Planer & Optimizer
(IT-System to utilize
supply-chain-management)

B

BRIC Brasil, Russia, India, and China
B.S. Bachelor of Science (academic degree)

C

CAD IT-System often used in engineering/
product development
Cap Derivative to hedge against rising
interest rates
CEO Chief executive officer
CFO Chief financial officer
COO Chief operating officer

D

DAX Deutscher Aktienindex
(German stock index)
DBO Defined Benefit Obligation
DIN Deutsches Institut für Normung
(German Institute for Standardization)

E

EBIT Earnings before interest and taxes
EBITDA Earnings before interest, taxes and
depreciation/amortization
EURIBOR Euro interbank offered rate

F

FAHfT Financial assets held for trading
FEM Finite element method; numerical
technique for finding approximate
solutions for partial differential
equation; often used in industrial
engineering
FLAC Financial liabilities measured at
amortized cost
FLHfT Financial liabilities held for trading

G

GDP Gross domestic product

I

IAS International Accounting Standards
IASB International Accounting Standards
Board
IFRIC International Financial Reporting
Interpretations Committee
IFRS International Financial Reporting
Standards
IfW Institut für Weltwirtschaft
(German economic organization)
IR Investor Relations
ISIN International securities
identification number
ISO International Organization for
Standardization
IT Information technology

List of Abbreviations

K		S	
kEUR	Thousand Euro	SDAX	Small-cap-DAX
L		-stan	suffix „-stan“ is part of the name of many countries and regions in Central Asia and on the Indian subcontinent
LaR	Loans and receivables	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
LIBOR	London interbank offered rate	U	
M		US	United States of America
MATS	Mid-America Trucking Show	USA	United States of America
MBA	Master of Business Administration	USD	US-Dollar
MDAX	Mid-cap-DAX	V	
Mio.	Million	VDA	Verband der Automobilindustrie (German Automotive Industry Association)
M.S.	Master of Science (academic degree)	W	
N		WACC	Weighted average cost of capital
n.a.	Not applicable	WKN	Wertpapierkenn-Nummer (security identification number)
O		WpHG	Wertpapierhandelsgesetz (German Securities Trading Act)
OEM	Original equipment manufacturer	R	
OES	Original equipment service	ROI	Return on investment
P		R&D	Research and development
PDM	Product data management		
PIK	Pay-in-kind		
PPA	Purchase price allocation		
p.a.	per annum		

FINANCIAL CALENDAR AND CONTACT INFORMATION

Financial Calendar

March 17, 2017		Publication of Annual Financial Statements 2016
April 27, 2017		Annual General Meeting
May 11, 2017		Report on Q1 2017 Results
August 10, 2017		Report on Half-year 2017 Results
November 09, 2017		Report on Q3 2017 Results

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This quarterly report is also available in German.

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