Quarterly Report of SAF-HOLLAND S.A. as of September 30, 2017

KEY FIGURES

Result of operations

EUR million

	Q1 – Q3 / 2017	Q1 – Q3 / 2016	Q3 / 2017	Q3 / 2016
Sales	864.7	789.4	277.1	255.8
Gross profit	158.7	158.0	46.5	48.8
Gross profit margin in %	18.3	20.0	16.8	19.1
Earnings before interest and taxes (EBIT)	57.2	60.9	15.5	16.2
EBIT margin in %	6.6	7.7	5.6	6.3
Adjusted EBIT	72.7	70.6	20.9	21.6
Adjusted EBIT margin in %	8.4	8.9	7.5	8.4
Result for the period	30.5	36.4	7.5	10.7
Adjusted result for the period	41.9	42.8	11.5	13.4
Undiluted earnings per share	0.69	0.81	0.17	0.24
Adjusted undiluted earnings per share	0.92	0.94	0.25	0.29

Net Assets

EUR million

	09 / 30 / 2017	12 / 31 / 2016
Balance sheet total	1,019.9	1,014.7
Equity	294.8	305.6
Equity ratio in %	28.9	30.1
Cash and cash equivalents	217.2	344.6
Net debt	128.2	97.1
Net working capital	142.7	111.9
Net working capital / sales in %	12.9	11.1

Financial position

EUR million

	Q1 – Q3 / 2017	Q1 – Q3 / 2016	Q3 / 2017	Q3 / 2016
Cash flow from operating activities before income tax paid	38.2	63.1	23.0	27.3
Cash conversion rate in %	52.5	89.4	110.0	126.4
Net cash flow from operating activities	23.6	53.9	18.0	24.2
Net cash flow from investing activities	– 116.2	87.6	– 20.2	– 5.0
Purchase of property, plant and equipment and intangible assets	– 20.7	– 15.4	– 7.1	– 4.8
Free cash flow	2.9	38.4	10.9	19.4

Employees

	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Employees (average)	3,581	3,203
Sales per employee (kEUR)	241.5	246.4

Due to rounding, numbers presented throughout this report may not add up precisely to the totals shown and percentages may not precisely reflect the absolute figures. Such differences are not of a material nature.

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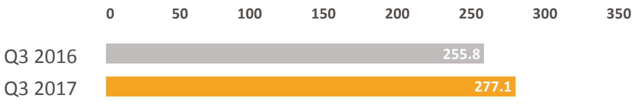
Development of sales

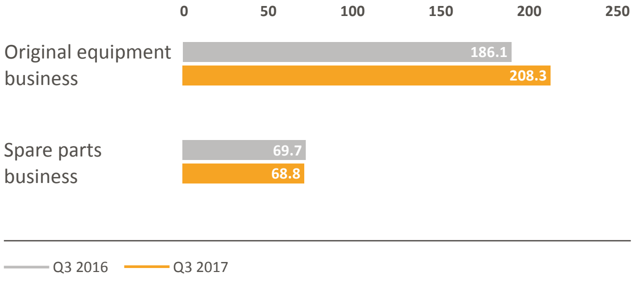
EUR million



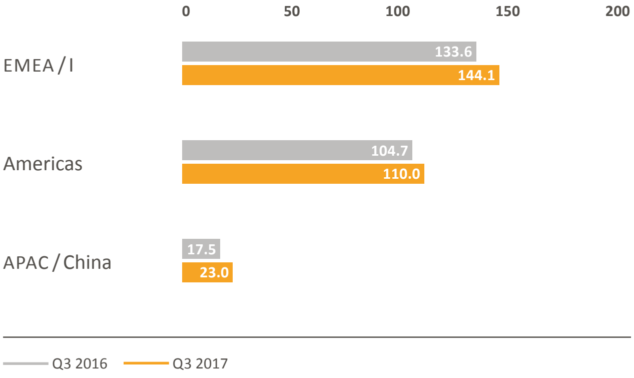
Effects on group sales

	in EUR Mio.	Shares in %
Sales in Q3 2016	255.8	–
Organic growth	24.5	9.6
Currency effects	– 6.6	– 2.6
M&A	3.4	1.3
Sales in Q3 2017	**277.1**	**8.3**

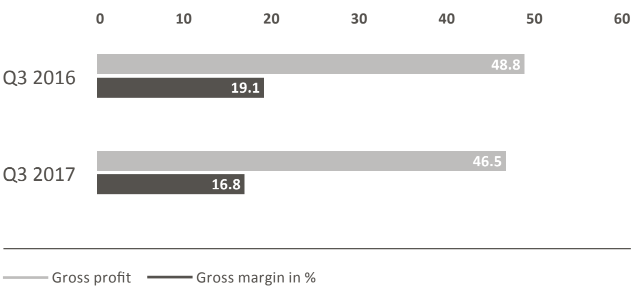
Development of sales by business area



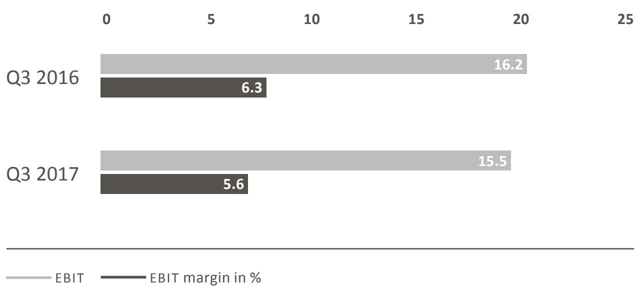
Development of sales by region



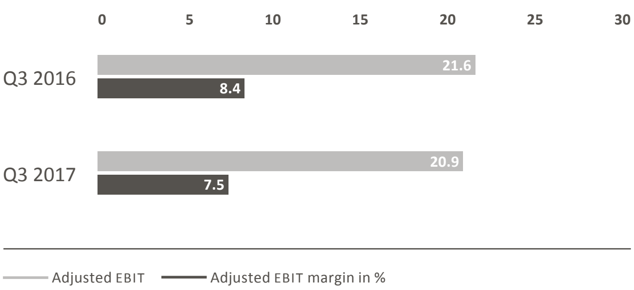
Gross profit and gross margin



EBIT and EBIT margin

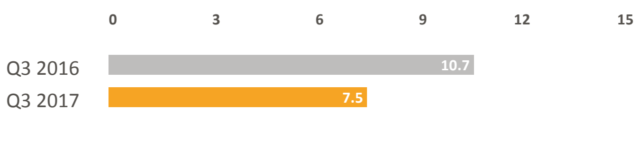


Adjusted EBIT and Adjusted EBIT margin



Result for the period

EUR million



Free cash flow

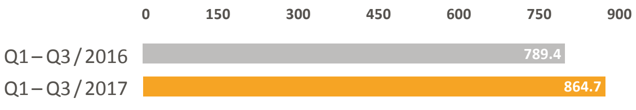
EUR million

	Q3 2017	Q3 2016
Net cash flow from operating activities	18.0	24.2
Investments in property, plant and equipment and intangible assets	−7.1	−4.8
Free cash flow	**10.9**	**19.4**

HIGHLIGHTS Q1 – Q3 / 2017

Development of sales

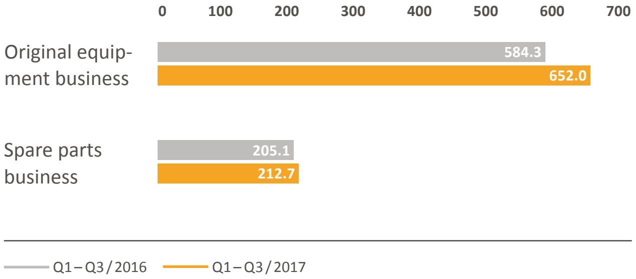
EUR million



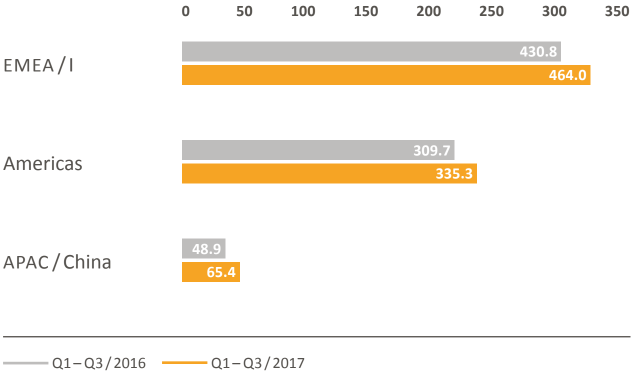
Effects on group sales

	in EUR Mio.	Shares in %
Sales in Q1 – Q3 2016	789.4	–
Organic growth	63.8	8.1
Currency effects	2.3	0.3
M&A	9.2	1.2
Sales in Q1 – Q3 2017	**864.7**	**9.5**

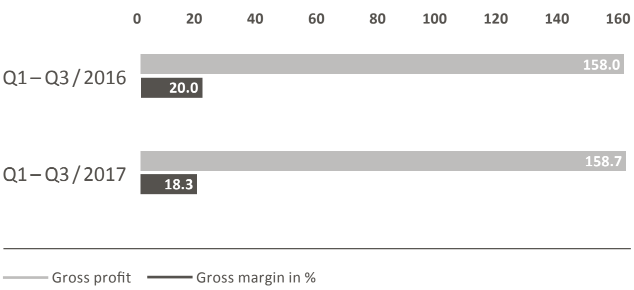
Development of sales by business area



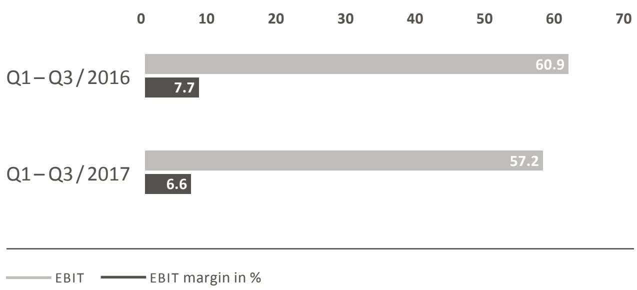
Development of sales by region



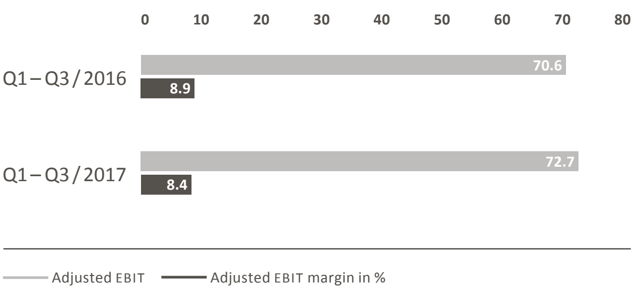
Gross profit and gross margin



EBIT and EBIT margin

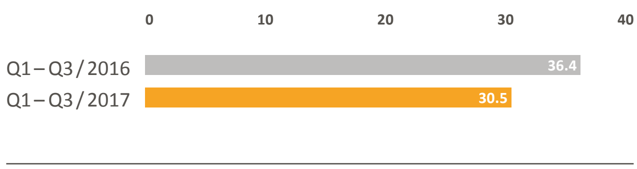


Adjusted EBIT and Adjusted EBIT margin



Result for the period

EUR million



Free cash flow

EUR million

	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Net cash flow from operating activities	23.6	53.9
Investments in property, plant and equipment and intangible assets	– 20.7	– 15.4
Free cash flow	**2.9**	**38.4**

Development of employee numbers by region

	09 / 30 / 2017	09 / 30 / 2016
EMEA / I	1,399	1,315
Americas	1,628	1,369
APAC / CHINA	553	521
Total	**3,580**	**3,205**

KEY EVENTS IN THE THIRD QUARTER OF 2017

SAF ADAPTIVE AIR DAMPING: ADAPTIVE AIR DAMPING SYSTEM FOR CURTAINSIDERS

In July 2017, SAF-HOLLAND presented another promising technology, the new SAF Adaptive Air Damping system. The virtually maintenance-free system simultaneously assumes the functions of both the air spring and the damper and is integrated into the usual space in today's chassis systems. As a result, semi-trailers no longer need hydraulic shock absorbers. Because the damping adapts to the load, the new adaptive air damping is particularly tire- and cargo-friendly. Another important advantage is the weight reduction of around six kilograms per axle. The air damping system was developed especially for curtainsiders and coolers. Further applications for semi-trailers with high idle and load ratios may follow. The market launch of the new system is scheduled for 2018.

ECONOMY AND INDUSTRY ENVIRONMENT

ACCELERATION IN GLOBAL ECONOMIC GROWTH

According to the projections of the International Monetary Fund (IMF), the growth rate of the global economy is set to increase slightly in 2017. In its World Economic Outlook of October 2017, the IMF expects global growth to reach 3.6 % in 2017 versus 3.2 % in the prior year. This forecast is slightly higher than the + 3.5 % projected in the IMF's July report. Above all, the eurozone has been developing positively in the current year primarily as a result of the acceleration in the large eurozone economies (Germany, France, Italy, and Spain). The IMF now expects growth in this region to reach 2.1 % after projecting growth of 1.9 % in July 2017. Most of the emerging economies are experiencing solid economic development. This is especially true for China. At the same time, countries like Russia and Brazil will be able to end their lengthy recessions. The trend in the United States, however, was mixed. After strong growth acceleration in the second quarter, the impact of major hurricanes went on to dampen growth in the third quarter. Despite this, the IMF also raised its growth forecast for the United States from 2.1 % to 2.2 % for the year as a whole.

DEVELOPMENT OF THE GLOBAL COMMERCIAL VEHICLE MARKET EXCEEDS EXPECTATIONS

Supported by a favorable economic environment, the global truck and trailer markets have developed better year-to-date than originally forecasted in our 2016 Annual Report. Some regions have seen a considerable pickup in momentum, especially in the third quarter of 2017. This was particularly true for the North American truck market (Class 8). The extent of the recovery in markets such as Russia and Brazil had been underestimated at the start of the year, although the upswing was partly a result of low prior-year comparisons. Europe, our core market, remained stable at a high level as expected.

STABLE, HIGH DEMAND FOR TRUCKS AND TRAILERS IN EUROPE

Building on the strong growth experienced from 2014 through 2016, the market research institute CLEAR expects trailer production in Western Europe to increase slightly (+ 2 %) in 2017. This expectation is based on the sound overall economic development in the region, which is the reason numerous fleet operators are investing in the expansion and renewal of their transportation capacities. In Eastern Europe, CLEAR expects trailer production to remain at the prior year's level.

Market observers are also forecasting a stable to slightly rising trend in the European truck market. Based on the ongoing economic recovery in the eurozone, the automotive industry forecaster LMC Automotive is projecting a 3 % increase in the production of heavy trucks (over 15 tons) in Western Europe after forecasting a 1 % decline at the beginning of the year. In Eastern Europe, LMC is even projecting a clear double-digit increase, mainly due to the recovery of the Russian market. The registration figures for the first nine months of 2017 support these forecasts. According to the European Automobile Manufacturers' Association (ACEA), new registrations for heavy trucks over 16 tons, the relevant vehicle class for SAF-HOLLAND, increased by 0.4 % throughout the European Union. In Russia, the increase in new registrations for medium and heavy trucks from January to September was as much as 48 %.

UNEXPECTED STRONG TURNAROUND IN THE NORTH AMERICAN COMMERCIAL VEHICLE MARKET

The recovery in order intake for trucks and trailers in North America that started at the end of 2016 has gone on to gain further momentum in 2017. Order intake for Class 8 trucks has risen more than 40 % year-to-date. After declining in the first quarter and stabilizing in the second quarter, production figures for Class 8 trucks rebounded in the third quarter of 2017 recording an unexpected sharp year-on-year increase. According to preliminary estimates from the market research institute ACT Research, production from July to September 2017 appears to have risen 30 % over the prior year. Markets in the United States and Canada developed positively, while production in Mexico declined due to the difficult environment. In the first nine months, North America recorded growth of 3 % overall. As a result, ACT has repeatedly increased its full-year forecast over the past several months and is now forecasting a 10 % increase in production for 2017. This compares to ACT's forecast at the start of the year projecting a decline in production of around 11 %.

Keeping in step with trucks, the order intake for trailers in the first nine months has also risen by about 40 %, according to FTR. The recovery in trailer production (+3 % in Q3, –2 % in the nine-month period) was more moderate than in the truck market. The decline in 2016, however, was noticeably lower. For the 2017 financial year as a whole, FTR expects production to reach the previous year's level, after expecting a decline of 13 % at the start of the year.

The Brazilian market recovery continued in various market segments in the first three quarters of 2017. Production of heavy trucks rose by 41 % during this period, increasing almost 80 % in the third quarter alone. This growth, however, is on the back of years of market decline, making the comparisons in Brazil very low. For full-year 2017, LMC Automotive expects production to increase by 31 %.

BOOM IN CHINA SPARKED BY REGULATORY REQUIREMENTS

So far this year, the Chinese commercial vehicle market has been profiting from more stringent regulatory requirements. Regulation GB 1589, which limits the maximum allowable weight and length of a truck and trailer combination, continued to fuel a boom in trucks and trailers. According to data from the CAAM manufacturer's association, sales of heavy trucks in China in the first nine months of 2017 rose by more than 70 %. Sales of trailers – the significantly more relevant market segment in China for SAF-HOLLAND – also remained very high in the first nine months of the year. Sales in the bus segment however fell by 19 %. For 2017 as a whole, LMC Automotive expects heavy truck production to increase by almost 40 %.

In the Australian market, also an important market for SAF-HOLLAND, registration figures for heavy trucks (over six tons) rose by 19 % in the first nine months of 2017. LMC Automotive is expecting a year-on-year increase in truck registrations of roughly 9 %.

SALES AND EARNINGS PERFORMANCE, NET ASSETS AND CASH FLOWS

SALES AND EARNINGS PERFORMANCE

STRONG ORGANIC SALES GROWTH IN THE THIRD QUARTER OF 2017

SAF-HOLLAND continued to strengthen its market position in the first nine months of 2017. After an already strong first half-year in 2017, organic sales growth gained further momentum in the third quarter of 2017, rising a total of 9.6 %. Taking into account negative currency effects (EUR –6.6 million) in the third quarter and the EUR 3.4 million sales contribution of the Brazilian company KLL Equipamentos para Transporte Ltda (KLL), the majority of which was acquired in October 2016, SAF-HOLLAND increased Group sales in the third quarter of 2017 by 8.3 % for a total of EUR 277.1 million (previous year: EUR 255.8 million).

In the first nine months of 2017, sales rose by 9.5 % to EUR 864.7 million (previous year: EUR 789.4 million). Organic sales growth for the Group reached 8.1 %, excluding positive currency effects of EUR 2.3 million in the nine-month period and the contribution to sales from majority-owned KLL of EUR 9.2 million following its first-time consolidation in the SAF-HOLLAND Group.

Effect on Group sales

	Q3		Q1–Q3	
	EUR million	Share in %	EUR million	Share in %
Sales in 2016	255.8	–	789.4	–
Organic growth	24.5	9.6	63.8	8.1
Currency effects	–6.6	–2.6	2.3	0.3
M&A	3.4	1.3	9.2	1.2
Sales in 2017	**277.1**	**8.3**	**864.7**	**9.5**

All of the Group's regions contributed to the better-than-expected sales growth. Based on still relatively low comparisons, SAF-HOLLAND achieved its highest growth rate in the third quarter of 2017 in the APAC / China region. In the Americas region, customer demand from the original equipment segment gathered noticeable momentum in the third quarter of 2017. Sales in the EMEA / India region also picked up again versus an already solid second quarter.

Sales by business area

EUR million

	Q1–Q3 / 2017		Q1–Q3 / 2016	
Original equipment business	652.0	75.4 %	584.3	74.0 %
Spare parts business	212.7	24.6 %	205.1	26.0 %
Total	**864.7**	**100.0 %**	**789.4**	**100.0 %**

ORIGINAL EQUIPMENT BUSINESS SCORES DOUBLE-DIGIT GROWTH; SHARP RISE IN DEMAND IN NORTH AMERICA

In the third quarter of 2017, SAF-HOLLAND increased sales in the original equipment business by 11.9 % to EUR 208.3 million (previous year: EUR 186.1 million). Despite negative currency effects mainly due to a marked drop in the US dollar versus the euro, sales growth in the third quarter exceeded the level recorded in the first half of 2017 (+ 11.4 %). Sales in the first nine months as a whole rose by 11.6 % to EUR 652.0 million (previous year: EUR 584.3 million). The APAC / China region showed the highest percentage growth within the Group. Sales in this region benefited in particular from a significant regulatory-driven pickup in demand in the Chinese commercial vehicle market. The Americas region also achieved surprisingly strong growth, supported not only by new products for the trailer segment but also the unexpected strong improvement in the market environment in North America. Brazil also gained from a moderate recovery in demand. The pace of sales in the EMEA / India region picked up in the third quarter of 2017 after slightly lower growth in the second quarter of 2017. Business development in the region benefited from cyclical market demand for heavy trucks and trailers as well as from gains in market share.

SALES PERFORMANCE IN SPARE PARTS BUSINESS AFFECTED BY BOTTLENECKS IN NORTH AMERICA

Sales in the spare parts business (Aftermarket) in the first nine months of 2017 rose by 3.7 % to EUR 212.7 million (previous year: EUR 205.1 million), driven by strong performance in the EMEA / India region. Spare parts sales in the third quarter of 2017, however, declined by 1.3 % to EUR 68.8 million (previous year: EUR 69.7 million). The key causes of this development were negative currency effects and sales in the United States that came in well below target. Unexpected strong demand from the original equipment business combined with capacity constraints from the current consolidation of the US plant network led to noticeable bottlenecks in supply to the aftermarket, resulting in contract overhangs and declining sales.

The EMEA / India region, on the other hand, recorded solid growth in the third quarter of 2017, driven by a higher installed base of SAF-HOLLAND systems in the market, the age structure of the fleets and the ongoing uptrend in transportation volumes in most submarkets of the region. Based on very low comparisons, SAF-HOLLAND again achieved its strongest percentage growth in the third quarter of 2017 in the APAC / China region. The business focus in this region continues to be on building the customer base and increasing the installed base of products in the market, which constitutes the foundation for future expansion in the aftermarket business.

EARNINGS IMPACTED BY ONE-OFF RESTRUCTURING COSTS AND ADDITIONAL EXPENSES FOR US PLANT CONSOLIDATION

The SAF-HOLLAND Group's overall solid operating earnings performance in the first nine months of 2017 was overshadowed by short-term pressures in the third quarter of 2017 from the current US plant consolidation. Given the significantly higher-than-expected demand from a number of OEM customers in North America, which coincided with the late-stage transitioning measures being undertaken as part of the current plant consolidation and the resulting temporary limitation in capacity, there were appreciable production inefficiencies in the third quarter of 2017. In order to cope with the high production quantities, there was a temporary need for a significantly higher number of employees than originally planned, and freight and logistics costs were forced sharply higher. As a result, the Americas region incurred unplanned additional expenses of EUR 4.0 million in the third quarter of 2017, which had an equal impact on the region's gross profit and, in turn, the operating result and adjusted EBIT.

In addition, one-off restructuring costs of EUR 4.0 million (previous year: EUR 4.2 million) were incurred in the third quarter of 2017, of which EUR 3.0 million were attributable to the consolidation of SAF-HOLLAND's US plant network currently underway. Planned restructuring costs totaling EUR 11.5 million (previous year: EUR 5.7 million) were recorded in the 2017 nine-month period. The majority of these one-off expenses (EUR 9.4 million) were attributable to the consolidation of the aforementioned North American plant network and largely consisted of relocation costs, impairments of tools and equipment and severance payments. In addition, the Company incurred EUR 1.0 million in restructuring costs for the completion of the merger of the two production sites in Brazil and EUR 0.9 million for the restructuring and product realignment of the Chinese bus suspension specialist Corpco. The bulk of restructuring costs (EUR 9.8 million) in the first nine months of 2017 were recognized in cost of sales.

MAJORITY OF US CONSOLIDATION EXPENSES RECOGNIZED IN GROSS PROFIT

The majority of one-off restructuring costs and temporary additional expenses described above related to the consolidation of the North American plant network in the third quarter were recognized under cost of sales. This resulted in a decline in gross profit for the same period to EUR 46.5 million (previous year: EUR 48.8 million), amounting to a gross margin of 16.8 % (previous year: 19.1 %). When adjusted for one-time restructuring costs of EUR 3.1 million (EUR 3.0 million of which stem from the US) recognized under cost of sales and temporary additional expenses in the third quarter of EUR 4.0 million for the US plant consolidation, the gross margin would have remained unchanged year-on-year at 19.3 % (19.3 %). Here it is important to note that the quarter had an unfavorable product and segment mix. The strong organic sales growth generated in the original equipment segment meant that the percentage of sales from the higher margin aftermarket business declined.

The Group's gross profit increased slightly in the first nine months of 2017 to EUR 158.7 million (previous year: EUR 158.0 million), resulting in a gross margin of 18.3 % (previous year: 20.0 %). The rise in gross profit on a percentage basis trailed the strong sales performance for the reasons described above.

COST MANAGEMENT HAS A POSITIVE EFFECT ON OPERATING EXPENSES

As a result of strict cost management, the rise in operating expenses (consisting of selling and general administrative expenses and research and development costs) in the first nine months of 2017 was only 4.7 % for a total of EUR 104.1 million (previous year: EUR 99.4 million) and disproportionately low compared to sales growth.

Research and development costs increased to EUR 15.5 million (previous year: EUR 14.3 million) due to several newly launched development projects. The capitalized development costs amounted to EUR 3.3 million compared to EUR 2.7 million in the same period of the previous year. The Group spent a total of EUR 18.8 million (including capitalized development costs) on research and development versus EUR 17.1 million in the prior year. However, as a result of higher sales, the R&D ratio remained unchanged at 2.2 % (previous year: 2.2 %).

General administrative expenses in the 2017 nine-month period amounted to EUR 41.3 million (previous year: EUR 39.9 million). This only slight increase versus the prior year was partly due to high comparisons as the third quarter of 2016 contained one-time transaction costs of EUR 3.4 million related to the takeover bid for Haldex and the acquisition of KLL. The rise in selling expenses to EUR 47.3 million (previous year: EUR 45.1 million) was also disproportionately low compared to sales growth.

THIRD QUARTER ADJUSTED EBIT MARGIN OF 7.5 % BELOW PLAN

Group EBIT in the third quarter of 2017 (including the share of net profit of investments accounted for using the equity method) amounted to EUR 15.5 million compared to EUR 16.2 million in the third quarter of 2016 and included the described one-off restructuring costs and unplanned additional expenses necessary for the US plant consolidation. SAF-HOLLAND has deliberately decided to focus on the delivery requirements and needs of its customers, in order to create a strong base for future projects and further gains in market share. The appreciably higher costs for express freight and logistics, the temporary need for a higher number of employees and production inefficiencies due to fluctuations that resulted, caused a corresponding reduction in the EBIT margin in the third quarter. The Group's EBIT in the 2017 nine-month period amounted to EUR 57.2 million (previous year: EUR 60.9 million).

Adjusted for the restructuring and transaction costs described above in the amount of EUR 4.0 million (previous year: EUR 4.2 million), as well as purchase price allocation effects (depreciation and amortization from PPA) of EUR 1.3 million (previous year: EUR 1.2 million), adjusted EBIT in the third quarter of 2017 declined 3.2 % to EUR 20.9 million (previous year: EUR 21.6 million). Due to their operational nature, the aforementioned EUR 4.0 million in additional expenses for the US plant consolidation were not adjusted and are therefore fully included as an expense in the adjusted EBIT for the first nine months of 2017. The adjusted EBIT margin in the third quarter of 2017 totaled 7.5 % (previous year: 8.4 %).

In the first nine months of 2017, the SAF-HOLLAND Group increased its adjusted EBIT by 3.0 % to EUR 72.7 million (previous year: EUR 70.6 million), which excluded restructuring and transaction costs totaling EUR 11.5 million (previous year: EUR 5.7 million) and purchase price allocation effects of EUR 4.0 million (previous year: EUR 4.0 million). At 8.4 % (previous year: 8.9 %), the adjusted EBIT margin was in the range planned for the 2017 financial year of 8 to 9 %.

Reconciliation of the operating result to adjusted EBIT

EUR million

	Q1–Q3/2017	Q1–Q3/2016	Q3/2017	Q3/2016
Operating result	55.4	59.5	15.0	15.7
Share of net profit of investments accounted for using the equity method	1.8	1.4	0.6	0.6
EBIT	**57.2**	**60.9**	**15.5**	**16.2**
Additional depreciation and amortization from PPA	4.0	4.0	1.3	1.2
Restructuring and transaction costs	11.5	5.7*	4.0	4.2*
Adjusted EBIT	**72.7**	**70.6**	**20.9**	**21.6**

* Change in presentation versus the prior year. Transactions costs of EUR 0.9 million for the planned Haldex acquisition were reclassified to the operating result and adjusted accordingly in the calculation of adjusted EBIT.

HIGHER INTEREST EXPENSES IN THE FINANCE RESULT

The finance result for the first nine months of 2017 amounted to EUR –12.7 million (previous year: EUR –9.4 million). The year-on-year decline was due to higher net interest expenses on interest-bearing loans and bonds of EUR 10.2 million (previous year: EUR 8.5 million). The increased interest expense was a result of securing the financing necessary for last year's bid for Haldex, which was ultimately withdrawn. In this context, SAF-HOLLAND had taken on additional loans and a promissory note. The finance result in the first nine months of 2016, in contrast, contained a positive net effect of EUR 1.5 million from the fair value measurement of the acquired Haldex shares (EUR 6.7 million). This positive effect was offset by the cost of currency hedging for the purchase price offered in Swedish krona (EUR 5.2 million).

The finance result for the third quarter of 2017 amounted to EUR –4.5 million (previous year: EUR –2.5 million). In addition to higher net interest expenses (EUR 3.5 million compared to EUR 3.1 million), the decline can be explained by the net positive effect of EUR 1.5 million in connection with the Haldex offer contained in the third quarter of 2016. This compares to finance expenses of EUR 0.3 million in the third quarter of 2017 for the accrued interest on the liabilities resulting from the put option for the remaining shares in KLL.

EFFECT ON EARNINGS FROM US PLANT CONSOLIDATION AND HIGHER INTEREST EXPENSES CAUSE DECLINE IN RESULT BEFORE TAXES

The decline in the operating result coupled with the net rise of EUR 2.0 million in finance expenses caused a reduction in the result before taxes in the third quarter of 2017 of 20.3 % to EUR 11.0 million (previous year: EUR 13.8 million).

In the first nine months of the 2017 financial year, the Group's result before taxes reached EUR 44.5 million (previous year: EUR 51.5 million).

Based on a significantly higher Group tax rate of 31.4 % (previous year: 29.4 %), the result for the period in the first nine months of 2017 fell 16.0 % to EUR 30.5 million (previous year: EUR 36.4 million). In addition to the EUR 3.3 million increase in net finance expenses, this development was largely attributable to significantly higher restructuring costs and additional operating expenses related to the US plant consolidation as described above. Based on an unchanged number of around 45.4 million outstanding ordinary shares, basic earnings per share for the first nine months of 2017 amounted to EUR 0.69 (previous year: EUR 0.81), and diluted earnings per share amounted to EUR 0.60 (previous year: EUR 0.70).

In the third quarter of 2017, the Group's result for the period came to EUR 7.5 million (previous year: EUR 10.7 million). As a result, basic earnings per share amounted to EUR 0.17 (previous year: EUR 0.24), and diluted earnings per share totaled EUR 0.15 (previous year: EUR 0.20).

ADJUSTED RESULT FOR THE PERIOD IN THE FIRST NINE MONTHS ONLY SLIGHTLY BELOW PRIOR YEAR'S LEVEL

At EUR 41.9 million (previous year: EUR 42.8 million), the adjusted result for the period for the first nine months of 2017, which is adjusted for restructuring and transaction costs as well as purchase price allocation effects, was only slightly below the prior year's level. The aforementioned additional operating expenses of EUR 4.0 million and the overall net positive effect of EUR 1.5 million from the valuation of the Haldex shares held in the prior-year period were largely responsible for the slight decline. There was no adjustment made for either of these effects. Based on an unchanged number of around 45.4 million outstanding ordinary shares, adjusted basic earnings per share for the nine-month period amounted to EUR 0.92 (previous year: EUR 0.94), and adjusted diluted earnings per share amounted to EUR 0.80 (previous year: EUR 0.82). The adjusted result for the period in the third quarter of 2017 amounted to EUR 11.5 million (previous year: EUR 13.4 million). As a result, adjusted basic earnings per share amounted to EUR 0.25 (previous year: EUR 0.29), and adjusted diluted earnings per share totaled to EUR 0.22 (previous year: EUR 0.26).

Reconciliation of adjusted earnings figures

EUR million

	Q1 – Q3 / 2017	Q1 – Q3 / 2016	Q3 / 2017	Q3 / 2016
Result for the period	30.5	36.4	7.5	10.7
Income taxes	14.0	15.1	3.5	3.1
Finance result	12.7	9.4 [6]	4.5	2.5 [6]
Depreciation and amortization from PPA	4.0	4.0	1.3	1.2
Restructuring and transaction costs	11.5	5.7 [6]	4.0	4.2 [6]
Adjusted EBIT	**72.7**	**70.6**	**20.9**	**21.6**
in % of sales	8.4	8.9	7.5	8.4
Adjusted result for the period	**41.9** [1]	**42.8** [2]	**11.5** [1]	**13.4** [2]
in % of sales	4.8	5.4	4.2	5.2
Number of shares[3]	45,361,112	45,361,112	45,361,112	45,361,112
Adjusted basic earnings per share in EUR[4]	**0.92**	**0.94**	**0.25**	**0.29**
Adjusted diluted earnings per share in EUR[5]	**0.80**	**0.82**	**0.22**	**0.26**

1 Adjusted result for the period assumes a uniform tax rate of 30.20 %.
2 Adjusted result for the period assumes a uniform tax rate of 30.10 %.
3 Weighted average number of ordinary shares.
4 The calculation of adjusted basic earnings per share includes the result attributable to non-controlling interests of EUR – 0.8 million (previous year: EUR – 0.5 million).
5 Calculation based on 8.2 million share equivalents (previous year: 8.1 million) and EUR 0.9 million (previous year: EUR 0.9 million) of earnings contribution from convertible bonds issued in 2014, as well as non-controlling interests of EUR – 0.8 million (previous year: EUR – 0.5 million).
6 Change in presentation versus the prior year. Transactions costs of EUR 0.9 million for the planned Haldex acquisition were reclassified to the operating result and adjusted accordingly in the calculation of adjusted EBIT.

SEGMENT REPORTING

EMEA/INDIA: STRONG ORGANIC GROWTH IN THE THIRD QUARTER

Sales in the EMEA/India region rose by 7.7 % in the first nine months of 2017 to EUR 464.0 million (previous year: EUR 430.8 million). On a currency-adjusted basis, sales rose 7.6 % to EUR 463.4 million (previous year: EUR 430.8 million). As a result of the region's sustained economic growth, investment by fleet operators in the expansion and renewal of their transportation capacities was on a consistently solid level. Significant growth momentum so far this year came from southern European countries such as Spain, Italy, and France. Some of the eastern European countries also recorded higher sales growth. This was particularly true for Poland, as well as Russia, which has significant catching-up to do after years of market weakness. The development was considerably more subdued in the Middle Eastern and African markets where the difficult political environment in some countries had a negative impact on growth.

In the third quarter of 2017, sales in the EMEA/India region increased by 7.9 % (currency-adjusted + 8.6 %) to EUR 144.1 million (previous year: EUR 133.6 million). Thus, organic sales growth accelerated in comparison to the second quarter (+ 4.3 %). The new assembly plant in Düzce, Turkey, which opened in the spring of 2017, has been operating one shift, which is now well-utilized despite the difficult environment already mentioned. Capacity utilization increased due to better demand and new contracts from Turkey and key neighboring countries, as expected.

Adjusted EBIT in the EMEA/India region rose by 8.3 % in the first nine months of 2017 to EUR 48.3 million (previous year: EUR 44.6 million). A rather disadvantageous product mix was compensated for by cost savings, efficiency gains and economies of scale allowing the adjusted EBIT margin to remain at 10.4 % (previous year: 10.4 %).

AMERICAS: SURGE IN DEMAND DURING ONGOING US PLANT CONSOLIDATION TEMPORARILY CAUSES ADDITIONAL OPERATING EXPENSES

Sales in the Americas region in the first nine months of 2017 rose by 8.3 % to EUR 335.3 million (previous year: EUR 309.7 million). Organic sales in the region grew 4.5 % after adjusting for cumulative nine-month positive currency effects of EUR 2.4 million and the sales contribution of EUR 9.2 million from KLL, which was not yet included in the SAF-HOLLAND Group´s scope of consolidation in the previous year. This noticeably better development compared to the production of trucks and trailers in the United States is all the more remarkable given that the Mexican transportation market – an important market for SAF-HOLLAND – was at a sustained weak level, not least due to economic policy issues, and performed far below the level originally planned.

In the third quarter of 2017, organic sales growth in the Americas region rose by 6.4 %. The acceleration in organic growth in the quarter resulted from a dynamic increase in the original equipment business, while sales in the aftermarket business declined. Due to temporary restraints in product availability in the course of consolidating plants. Taking into account sharply negative currency effects of EUR 4.8 million in the third quarter of 2017 and KLL's first-time sales contribution of EUR 3.4 million, sales in the region increased by 5.1 % to EUR 110.0 million (previous year: EUR 104.7 million).

Regional overview

EUR million

	EMEA/I		Americas		APAC/China		Total	
	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016
Sales	464.0	430.8	335.3	309.7	65.4	48.9	864.7	789.4
Cost of sales	– 369.4	– 342.7	– 284.3	– 250.2	– 52.3	– 38.5	– 706.0	– 631.4
Gross profit	**94.6**	**88.1**	**51.0**	**59.5**	**13.1**	**10.4**	**158.7**	**158.0**
in % of sales	20.4	20.5	15.2	19.2	20.0	21.3	18.3	20.0
Sundry operating income and expenses*	– 46.3	– 43.5	– 31.0	– 35.2	– 8.7	– 8.7	– 86.0	– 87.4
Adjusted EBIT	**48.3**	**44.6**	**20.0**	**24.3**	**4.4**	**1.7**	**72.7**	**70.6**
in % of sales	10.4	10.4	6.0	7.8	6.7	3.4	8.4	8.9

* Sundry operating income and expenses consists of selling expenses, general and administrative expenses, research and development costs, other operating income and net profit of investments accounted for by using the equity method, less restructuring and transaction costs in the amount of EUR 11.5 million (previous year: EUR 5.7 million) and less depreciation and amortization from PPA in the amount of EUR 4.0 million (previous year: EUR 4.0 million).

As already described, North American truck production in the third quarter of 2017 rose sharply year-on-year and was unexpectedly strong. There was also a visible pickup in demand in the trailer segment in the third quarter in contrast to the first half-year of 2017, which was still in decline. The sharp rise in demand in the North American original equipment business coincided with the late-stage transitioning measures being undertaken as part of the current plant consolidation and the resulting temporary limitation on capacity. This led to noticeable production inefficiencies in the third quarter of 2017. Coping with high production volumes temporarily required a significantly higher number of employees than originally planned and also resulted in sharply higher freight and logistics costs. Therefore, in addition to scheduled restructuring expenses of EUR 3.0 million for the US plant consolidation, the Americas region incurred unplanned additional expenses totaling EUR 4.0 million in the third quarter of 2017, which negatively impacted gross profit and, in turn, the operating result and adjusted EBIT. Measures to improve operating management are underway.

The relocation of production lines from their location in Holland at the end of September 2017 marked an important milestone in consolidating the US plant network. Further consolidation will include the relocation of the Muskegon production facilities, which is set to be completed by the end of the year. By combining the original seven production sites into five locations, the North American production network will be more centralized and geographically closer to the customer base of the truck and trailer industry, which will increase the Group's long-term competitiveness. Internal logistics processes will also be optimized, which will improve delivery times. The Company continues to expect the region to realize an annual US dollar mid-single-digit million reduction in its direct cost base after completing the relocation and restructuring operations.

Centralizing the Brazilian companies at the modern production site of the newly acquired company KLL in Alvorada has largely been completed. Further restructuring expenses of EUR 0.7 million were incurred in the reporting quarter for the closure of the old site and the relocation of tools and equipment.

The adjusted EBIT for the Americas region, which excludes one-off restructuring costs, declined by 17.7 % to EUR 20.0 million (previous year: EUR 24.3 million) in the first nine months of 2017. This resulted in an adjusted EBIT margin of 6.0 % (previous year: 7.8 %). In the third quarter of 2017, adjusted EBIT, which was impacted by additional operating expenses caused by the US plant consolidation, decreased by 37.5 % to EUR 5.0 million (previous year: EUR 8.0 million). The adjusted EBIT margin declined accordingly to 4.5 % (previous year: 7.6 %).

APAC/CHINA: EARNINGS SITUATION IN CHINA IMPROVES SIGNIFICANTLY BASED ON STRONGER BUSINESS DRIVEN BY REGULATORY CHANGES

The APAC / China region generated the strongest percentage sales growth in the 2017 nine-month period, recording an increase of 33.9 % to EUR 65.4 million (previous year: EUR 48.9 million). Sales on a currency-adjusted basis rose by 35.3 %. Sales in the third quarter of 2017 grew 31.1 % (currency-adjusted +35.8 %) to EUR 23.1 million (previous year: EUR 17.6 million).

The region's growth was driven primarily by the strong increase in the trailer component business in China. The implementation of stricter load limits for commercial vehicles (GB 1589) has led to a noticeable rise in investments in new trucks and trailers by the fleet operators. This has been especially beneficial for the premium segment, where weight reduction plays an important role. Further information on this topic can be found in the chapter “Economy and industry environment” on page 8. We are also gaining further market share in this environment with our innovative and weight-saving axle and suspension systems. As a result, our Xiamen location has been able to significantly expand its sales.

The business of our Corpco subsidiary, in contrast, has remained difficult. Due to ongoing sluggish demand for intercity buses in the Chinese bus market, the company adapts its capacities to the changed market environment and expands the product portfolio for bus suspension systems on other segments. As a result, the region incurred restructuring costs in the third quarter of EUR 0.2 million.

Demand was mixed in the other APAC countries, which was also true for the development of our Australian subsidiary.

The dynamic increase in sales in the first nine months of 2017 also set the stage for a significant increase in the adjusted EBIT of the APAC / China region to a total of EUR 4.4 million (previous year: EUR 1.7 million). The restructuring and automation measures introduced at the end of last year also contributed to improved profitability. In addition, the previous year's earnings included extraordinary write-downs on inventory and old stock of just under EUR 1.0 million, which were related to typhoon damages and corrections during the launch of the SAP system. The adjusted EBIT margin rose to 6.7 % in the first nine months of 2017 (previous year: 3.4 %).

In the third quarter of 2017, the adjusted EBIT of the region amounted to EUR 1.4 million (previous year: EUR 0.0 million). The adjusted EBIT margin improved significantly and reached 6.1 % (previous year: 0.0 %). It is important to note that the extraordinary write-downs mentioned above were included in the comparable prior-year quarter.

NET ASSETS

TOTAL ASSETS REMAIN ESSENTIALLY UNCHANGED DESPITE STRONG SALES GROWTH IN THE THIRD QUARTER OF 2017

Total assets as of September 30, 2017 were essentially unchanged at EUR 1,019.9 million (December 31, 2016: EUR 1,014.7 million; June 30, 2017: EUR 1,025.3 million). Compared to their level at the end of 2016, non-current assets at the end of September 2017 declined by EUR 18.0 million. This was in contrast to the rise of EUR 23.2 million in current assets due to a build-up in working capital. As of the September 30, 2017 reporting date, net working capital increased by EUR 30.8 million to EUR 142.7 million (December 31, 2016: EUR 111.9 million). This increase was largely growth-driven and mainly occurred in the first quarter of 2017. At the end of September 2017, net working capital was unchanged compared to June 30, 2017 (EUR 142.8 million) despite the rise in organic sales growth in the third quarter of 9.6 %.

Trade receivables increased to EUR 157.3 million as of September 30, 2017 (December 31, 2016: EUR 116.7 million). In addition to the strong rise in sales, less factoring also resulted in higher reported receivables of roughly EUR 3 million. Days sales outstanding as of September 30, 2017 amounted to 51 days (December 31, 2016: 42 days). Trade receivables for the third quarter were EUR 8.3 million lower than the level reported on June 30, 2017 (EUR 165.6 million). The active management of receivables is expected to bring about a further decline by the end of 2017.

Inventories increased slightly to EUR 139.3 million as of September 30, 2017 compared to their level of EUR 131.0 million as of December 31, 2016. The plant consolidation currently underway in North America was a particular cause of the temporary rise in inventories. Because the increase in inventories was still significantly lower than the growth in sales, days inventory outstanding as of September 30, 2017 declined to a level of 54 days compared to 58 days as of December 31, 2016. Inventories remained essentially unchanged versus their level as of June 30, 2017 (EUR 138.9 million).

At EUR 313.5 million (December 31, 2016: EUR 344.6 million), the largest single asset item as of September 30, 2017 continued to be liquid assets (cash and cash equivalents and other short-term investments). The decline compared to the end of 2016 was mainly the result of the distribution of the dividend for the 2016 financial year in the amount of EUR 20.0 million.

Non-current assets totaled EUR 388.3 million (December 31, 2016: EUR 406.3 million) as of the September 30, 2017 reporting date. The decline was primarily attributable to intangible assets (EUR –6.9 million) and property, plant and equipment (EUR –6.1 million) and resulted mainly from currency translation effects due to the appreciation of the euro against the US dollar.

Overview of net assets

EUR million

	09/30/2017	06/30/2017	12/31/2016
Total assets	1,019.9	1,025.3	1,014.7
Equity	294.8	292.4	305.6
Equity ratio in %	28.9	28.5	30.1
Net debt [1]	128.2	135.4	97.1
Net working capital	142.7	142.8	111.9
Net working capital in % of sales	12.9	11.9	11.1

[1] Taking into account cash and cash equivalents and other short-term investments (September 30, 2017: EUR 313.5 million; December 31, 2016: EUR 344.6 million).

EQUITY RATIO AT A SOLID 29 %

Equity amounted to EUR 294.8 million as of September 30, 2017 (December 31, 2016: EUR 305.6 million). The change versus the end of 2016 was mainly a result of the dividend payment of EUR 20.0 million and negative currency differences from the translation of foreign operations (EUR 21.3 million) due to the appreciation of the euro against the Group's other key currencies. The result for the period in the first nine months of 2017 had a positive effect of EUR 30.5 million. As a result, the equity ratio as of September 30, 2017 amounted to 28.9 % compared to 30.1 % as of December 31, 2016. When considering the equity ratio, it is important to keep in mind that the balance sheet ratios are currently influenced by the high level of liquidity being held in anticipation of acquisitions and investments planned under the "Strategy 2020".

LITTLE CHANGE IN LIABILITIES

Non-current liabilities totaled EUR 477.2 million as of September 30, 2017 (December 31, 2016: EUR 555.4 million). This decline was mainly due to the reclassification of non-current interest-bearing loans and bonds to current interest-bearing loans and bonds due to their remaining maturities of less than one year. Non-current liabilities were almost unchanged in comparison to their level as of June 30, 2017 (EUR 475.8 million).

Current liabilities at the end of September 2017 increased to EUR 247.9 million (December 31, 2016: EUR 153.7 million). This increase was the result of the reclassification of non-current interest-bearing loans and bonds to current interest-bearing loans and bonds described above and from higher trade payables (EUR 119.9 million compared to EUR 106.7 million as of December 31, 2016). As of June 30, 2017, however, trade payables were still at EUR 131.2 million, which meant that this item recorded a decline in the third quarter of EUR 11.3 million.

NET DEBT REDUCED BY EUR 7 MILLION IN THE THIRD QUARTER

Non-current and current liabilities from interest-bearing loans and bonds amounted to EUR 441.8 million as of September 30, 2017 (December 31, 2016: EUR 441.7 million). Net debt (net of cash and cash equivalents and other short-term investments) amounted to EUR 128.2 million at the end of the first nine months of 2017 (December 31, 2016: EUR 97.1 million). The increase during the nine-month period resulted from the described impact of the dividend payment and the rise in working capital. Due to better working capital management, however, net debt could be reduced in the third quarter by EUR 7.2 million.

FINANCIAL POSITION: CASH FLOWS

SEQUENTIAL IMPROVEMENT IN OPERATING CASH FLOW IN THE THIRD QUARTER OF 2017

Cash flow before changes in net working capital in the first nine months of 2017 amounted to EUR 78.0 million (previous year: EUR 79.7 million) and was only slightly lower year-on-year despite a lower result before taxes (EUR 44.5 million versus EUR 51.5 million in the first nine months of 2016). The decline in the result before taxes was partially offset by higher depreciation and amortization of property, plant and equipment and intangible assets of EUR 18.3 million (previous year: EUR 16.8 million) and net finance income and expenses of EUR 12.7 million (previous year: EUR 9.4 million). Important to note is that the higher restructuring and transaction costs of EUR 11.5 million (previous year: EUR 5.7 million), as well as temporary additional operating expenses of EUR 4.0 million in the third quarter of 2017, were cash-effective and therefore affected not only the result before taxes but were also a burden on cash flow. At the same time, the prior-year figures contained non-cash income and expenses from the valuation of the Haldex shares and were adjusted for accordingly in the cash flow statement.

The growth-driven, cash-effective increase in net working capital in the first nine months of 2017 of EUR 39.8 million (previous year: EUR 16.6 million) and the aforementioned one-off expenses related to the US plant consolidation both led to a decline in net cash flow from operating activities to EUR 23.6 million (previous year: EUR 53.9 million).

Following the strong increase in net working capital in the first quarter of 2017 (EUR 31.5 million), further increases in subsequent quarters were effectively limited. The increase in net working capital in the second quarter of 2017 amounted to EUR 8.5 million. In the third quarter, there was a reduction of EUR 0.2 million (previous year: EUR 4.6 million), despite organic growth in the quarter of 9.6 %. The sequential improvement in net working capital in the third quarter of 2017 compared to the previous quarter was mainly due to the reduction in trade receivables (EUR 12.1 million versus EUR – 20.9 million in the second quarter of 2017). As a result, net cash flow from operating activities in the third quarter of 2017 improved over the previous quarter, rising from EUR 15.3 million to EUR 18.0 million.

As of September 30, 2017, the net working capital ratio (the ratio of net working capital to sales in the third quarter extrapolated for the full year) was 12.9 % (June 30, 2017: 11.9 %; December 31, 2016: 11.1 %), which still remained within the targeted range of 12 to 13 % for the 2017 financial year.

HIGHER INVESTMENT VOLUMES

At the end of September 2017, net cash flow from investing activities amounted to EUR – 116.2 million (previous year: EUR 87.6 million). However, in both 2016 and 2017, the nine-month period was strongly influenced by the acquisition of other financial assets (9M 2017: EUR – 96.3 million; Q3 2017: EUR – 13.3 million) and the sale of other short-term investments (9M 2016: + EUR 115.0 million; Q3 2016: EUR 0.0 million). Excluding these effects, net cash flow from investing activities in the first nine months of 2017 would have amounted to EUR – 19.9 million (previous year: EUR – 13.5 million) and EUR – 6.9 million in

Overview of financial position

EUR million

	Q1 – Q3 / 2017	Q1 – Q3 / 2016	Q3 / 2017	Q3 / 2016
Cash flow from operating activities before income taxes paid	38.2	63.1	23.0	27.3
Cash conversion rate in %[1]	52.5	89.4	110.0	126.4
Net cash flow from operating activities	23.6	53.9	18.0	24.2
Net cash flow from investing activities	– 116.2	87.6	– 20.2	– 5.0
Investments in property, plant and equipment and intangible assets	20.7	15.4	7.1	4.8
in % of sales	2.4	2.0	2.6	1.9
Net cash flow from financing activities	– 31.1	18.4	– 0.5	– 6.6
Free cash flow[2]	2.9	38.4	10.9	19.4

[1] Cash flow from operating activities before income taxes paid divided by adjusted EBIT.
[2] Net cash flow from operating activities less investments in property, plant and equipment and intangible assets.

the third quarter of 2017 (previous year: EUR –4.5 million). In the first nine months of 2017, net cash flow from investing activities consisted mainly of investments in property, plant and equipment and intangible assets totaling EUR 20.7 million (previous year: EUR 15.4 million), EUR 7.1 million of which occurred in the third quarter of 2017 (previous year: EUR 4.8 million). The investment ratio in the first nine months of 2017 was 2.4 % (previous year: 2.0 %). In the previous year, net cash flow from investing activities also included a payment in the amount of EUR 13.4 million for the acquisition of Haldex shares.

A FURTHER SEQUENTIAL IMPROVEMENT IN FREE CASH FLOW IN THE THIRD QUARTER

Free cash flow (net cash flow from operating activities less investments in property, plant and equipment and intangible assets) reached EUR 2.9 million in the first nine months (previous year: EUR 38.4 million). The decline was due to the growth-related build-up of net working capital and the temporary increase in restructuring and transaction costs as well as additional operating expenses related to the US plant consolidation, which were predominantly cash-effective. The plant consolidation also resulted in higher inventories. Despite these effects, free cash flow in the third quarter of 2017 (EUR 10.9 million versus EUR 19.4 million in the previous year) increased compared to the previous quarter (Q2 2017: EUR 7.5 million). A further improvement in free cash flow is planned by the end of the year along with a targeted reduction in the build-up of working capital.

Net cash flow from financing activities in the first nine months of 2017 was EUR –31.1 million (previous year: EUR +18.4 million). This item mainly consisted of interest paid as well the dividend payment of EUR 20.0 million (previous year: EUR 18.1 million). The prior-year figure also included a cash inflow of EUR 50.0 million from the assumption of a loan. In the third quarter of 2017, net cash flow from financing activities amounted to EUR –0.5 million (previous year: EUR –6.6 million). The same quarter of the prior year had included a cash outflow for the currency hedging of the Haldex purchase price offered in Swedish krona (EUR 5.2 million).

OUTLOOK

ADJUSTMENT IN SALES AND EARNINGS FORECAST

On October 9, 2017, SAF-HOLLAND adjusted its outlook for Group sales and adjusted EBIT margin for the 2017 financial year within the context of the publication of an inside information pursuant to Article 17 MAR.

Given the high level of organic growth generated year-to-date and the business development expected for the remainder of the 2017 financial year, SAF-HOLLAND now expects full-year 2017 organic Group sales to be in the range of EUR 1,125 million to EUR 1,135 million (previous year: EUR 1,042 million). This forecast is based on the assumption of an unchanged scope of consolidation and stable currency exchange rates. As a result, Group sales should significantly exceed the original forecast of tending towards the upper end of the EUR 1,060 million to EUR 1,090 million range.

Apart from the planned restructuring expenses for the plant consolidation in the United States, SAF-HOLLAND – due to the concurrent strong demand situation – is also expecting non-adjusted, additional operating expenses in the fourth quarter of 2017, after already incurring EUR 4.0 million in related additional operating expenses in the third quarter. SAF-HOLLAND still expects to reach the 2017 earnings expectations set out in the 2016 annual report for an adjusted EBIT margin in the range of 8–9 %. Yet whereas so far the expectation was that the margin would tend towards the mid-point of this range, based on the temporary cost situation in North America described above, the Company from today's standpoint expects that the adjusted EBIT margin will rather tend towards the lower end of the 8–9 % range planned.

In line with the targets under "Strategy 2020", additional Group sales and earnings contributions may result from collaborations, joint ventures, or acquisitions concluded. However, this assumes the availability and realization of appropriate opportunities with a reasonable price and manageable risk profile.

CONSOLIDATION OF NORTH AMERICAN PLANT NETWORK CAUSES ONE-TIME RESTRUCTURING EXPENSES

For the 2017 financial year, the Group expects to incur one-time restructuring expenses for the consolidation of the North American plant network in the range of US$ 11 million to US$ 12 million. These expenses mainly consist of relocation costs, asset impairment charges and severance payments. This range compares to the originally planned amount of up to US$ 10 million for restructuring expenses. It is important to take into account that the Group´s key performance indicator – the adjusted EBIT – is adjusted for restructuring expenses. SAF-HOLLAND continues to expect a reduction in the direct cost base in North America of roughly US$ 5 million p.a. after the successful completion of the restructuring measures.

SOLID FREE CASH FLOW EXPECTED IN 2017

The Group’s financial strength will remain at a solid level based on continued disciplined investment spending and the Group-wide optimization of net working capital. At the same time, payments for investments in property, plant and equipment and intangible assets for 2017 are expected to grow slightly and are anticipated in the range of EUR 28 to 31 million (2016: EUR 25 million).

The net working capital ratio as of September 30, 2017 was 12.9 % (year-end 2016: 11.1 %), which was at the upper end of the 12–13 % range targeted for the 2017 financial year. The strong organic sales growth leads to higher working capital requirements in 2017. Nevertheless, the working capital requirements at the end of the 2017 financial year are expected to be lower than at the end of the third quarter. A temporary increase in inventories may occur, depending on the timing of the implementation of the measures to consolidate the plants in the United States. Despite the effects mentioned, we continue to expect to generate solid free cash flow in 2017, which, however, due to the factors already mentioned, should come in below the high level generated in the 2016 financial year.

EVENTS AFTER THE BALANCE SHEET DATE

On October 9, 2017, SAF-HOLLAND adjusted its outlook for Group sales and adjusted EBIT margin for the 2017 financial year within the context of the publication of an inside information pursuant to Article 17 MAR. The adjusted outlook is explained in detail in the chapter entitled “Outlook.”

ALTERNATIVE PERFORMANCE MEASURES

In addition to the key figures defined or specified in the applicable IFRS financial reporting framework, SAF-HOLLAND also provides key financial ratios derived from or based on the prepared financial statements. These are known as Alternative Performance Measures (APM).

SAF-HOLLAND considers these key financial ratios to be important supplemental information for investors and other readers of the financial reports and press releases. The key financial ratios should therefore be seen as an addition to and not a replacement of the information prepared in accordance with IFRS.

With regard to the requirements of the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures, SAF-HOLLAND provides an overview of the Alternative Performance Measures used, their definition and their derivation on the SAF-HOLLAND website at https://corporate.safholland.com/en/apm.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	Notes	Q1 – Q3 / 2017	Q1 – Q3 / 2016	Q3 / 2017	Q3 / 2016
Sales	(5)	864,706	789,440	277,073	255,794
Cost of sales		– 706,045	– 631,405	– 230,577	– 207,030
Gross profit		**158,661**	**158,035**	**46,496**	**48,764**
Other operating income		801	818	338	604
Selling expenses		– 47,293	– 45,097	– 15,341	– 13,934
Administrative expenses		– 41,296	– 39,942*	– 12,348	– 14,973
Research and development costs		– 15,462	– 14,347	– 4,173	– 4,797
Operating result	(5)	**55,411**	**59,467**	**14,972**	**15,664**
Share of net profit of investments accounted for using the equity method		1,756	1,397	554	572
Earnings before interest and taxes		**57,167**	**60,864**	**15,526**	**16,236**
Finance income	(6)	1,299	8,051	89	6,742
Finance expenses	(6)	– 13,973	– 17,449*	– 4,580	– 9,196
Finance result	(6)	**– 12,674**	**– 9,398**	**– 4,491**	**– 2,454**
Result before tax		**44,493**	**51,466**	**11,035**	**13,782**
Income tax	(7)	– 13,968	– 15,116	– 3,532	– 3,091
Result for the period		**30,525**	**36,350**	**7,503**	**10,691**
Attributable to:					
Equity holders of the parent		31,351	36,805	7,641	10,848
Non-controlling interests		– 826	– 455	– 138	– 157
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	(10)	102	– 7,690	–	539
Income tax effects on items recognized in other comprehensive income	(10)	– 25	2,524	1	– 196
Items that may be reclassifed subsequently to profit or loss					
Exchange differences on translation of foreign operations	(10)	– 21,393	– 3,688	– 5,051	– 2,729
Changes in fair values of derivatives designated as hedges, recognized in equity	(10) / (12)	–	– 1,844	–	– 117
Changes in the revaluation of financial assets available for sale		–	–	–	– 277
Income tax effects on items recognized directly in other comprehensive income	(10)	–	502	–	109
Other comprehensive income		**– 21,316**	**– 10,196**	**– 5,050**	**– 2,671**
Comprehensive income for the period		**9,209**	**26,154**	**2,453**	**8,020**
Attributable to:					
Equity holders of the parent		10,430	26,712	2,616	8,203
Non-controlling interests		– 1,221	– 558	– 163	– 183
Basic earnings per share in EUR		**0.69**	**0.81**	**0.17**	**0.24**
Diluted earnings per share in EUR		**0.60**	**0.70**	**0.15**	**0.20**

* Change in presentation versus the prior year. Transaction costs of EUR 0.9 million for planned Haldex acquisition were reclassified to the operating result and adjusted accordingly in the calculation of adjusted EBIT.

CONSOLIDATED BALANCE SHEET

kEUR

	Notes	09/30/2017	12/31/2016
Assets			
Non-current assets		**388,289**	**406,268**
Goodwill		55,220	56,059
Other intangible assets		142,591	149,520
Property, plant and equipment		138,131	144,263
Investments accounted for using the equity method		14,271	15,425
Financial assets	(12)	1,136	1,243
Other non-current assets		3,059	3,528
Deferred tax assets		33,881	36,230
Current assets		**631,586**	**608,428**
Inventories		139,250	130,988
Trade receivables		157,313	116,666
Income tax assets		2,394	1,808
Other current assets		18,841	13,423
Financial assets	(12)	272	975
Other short-term investments	(8)	96,332	–
Cash and cash equivalents	(9)	217,184	344,568
Balance sheet total		**1,019,875**	**1,014,696**
Equity and liabilities			
Total equity	(10)	**294,827**	**305,577**
Equity attributable to equity holders of the parent		**290,870**	**300,399**
Subscribed share capital		454	454
Share premium		268,644	268,644
Legal reserve		45	45
Other reserve		720	720
Retained earnings		56,447	45,055
Accumulated other comprehensive income		– 35,440	– 14,519
Shares of non-controlling interests		**3,957**	**5,178**
Non-current liabilities		**477,158**	**555,436**
Pensions and other similar benefits		36,999	38,393
Other provisions		9,620	6,872
Interest bearing loans and bonds	(11)	360,537	435,599
Finance lease liabilities	(11)	24	–
Other financial liabilities	(12)	17,239	18,238
Other liabilities		834	615
Deferred tax liabilities		51,905	55,719
Current liabilities		**247,890**	**153,683**
Other provisions		6,504	9,918
Interest bearing loans and bonds	(11)	81,227	6,067
Finance lease liabilities	(12)	29	1,587
Trade payables		119,872	106,714
Income tax liabilities		5,654	5,660
Other financial liabilities	(12)	854	972
Other liabilities		33,750	22,765
Balance sheet total		**1,019,875**	**1,014,696**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR

Q1 – Q3 / 2017

	Attributable to equity holders of the parent								
	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 10)
As of 01 / 01 / 2017	**454**	**268,644**	**45**	**720**	**45,055**	**– 14,519**	**300,399**	**5,178**	**305,577**
Result for the period	–	–	–	–	31,351	–	**31,351**	– 826	**30,525**
Other comprehensive income	–	–	–	–	–	– 20,921	**– 20,921**	– 395	**– 21,316**
Comprehensive income for the period	**–**	**–**	**–**	**–**	**31,351**	**– 20,921**	**10,430**	**– 1,221**	**9,209**
Dividend	–	–	–	–	– 19,959	–	**– 19,959**	–	**– 19,959**
As of 09 / 30 / 2017	**454**	**268,644**	**45**	**720**	**56,447**	**– 35,440**	**290,870**	**3,957**	**294,827**

Q1 – Q3 / 2016

	Attributable to equity holders of the parent								
	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 10)
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 other reserve	–	–	–	284	– 284	–	–	–	–
As of 09 / 30 / 2016	**454**	**268,644**	**45**	**720**	**54,715**	**– 30,192**	**294,386**	**1,424**	**295,810**

CONSOLIDATED CASH FLOW STATEMENT

kEUR	Notes	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Cash flow from operating activities			
Result before tax		**44,493**	**51,466**
– Finance income	(6)	– 1,299	– 8,051
+ Finance expenses	(6)	13,973	17,449
+/– Share of net profit of investments accounted for using the equity method		– 1,756	– 1,397
+ Amortization / depreciation of intangible assets and property, plant and equipment		18,255	16,796
+ Allowance of current assets		2,886	3,335
+/– Loss / Gain on disposal of property, plant and equipment		150	111
+ Dividends from investments accounted for using the equity method		1,269	20
Cash flow before change of net working capital		**77,971**	**79,729**
+/– Change in other provisions and pensions		753	1,798
+/– Change in inventories		– 18,175	– 9,241
+/– Change in trade receivables and other assets		– 52,290*	– 28,336*
+/– Change in trade payables and other liabilities		29,902	19,144
Change of net working capital		**– 39,810**	**– 16,635**
Cash flow from operating activities before income tax paid		**38,161**	**63,094**
– Income tax paid		– 14,607	– 9,241
Net cash flow from operating activities		**23,554**	**53,853**
Cash flow from investing activities			
– Purchase of other short tern investments		– 96,337	–
+ Proceeds from sale of other short tem investments		–	115,000
– Purchase of property, plant and equipment		– 15,961	– 11,870
– Purchase of intangible assets		– 4,713	– 3,536
+ Proceeds from sales of property, plant and equipment		476	1,533
– Purchase of other financial assets	(8)	–	– 13,918
+ Interest received		318	407
Net cash flow from investing activities		**– 116,217**	**87,616**
Cash flow from financing activities			
– Dividend payments to shareholders of SAF-HOLLAND S.A.		– 19,959	– 18,144
+ Proceeds from borrowing of non-current other loans		–	50,000
+ Proceeds from foreign currency derivatives		– 449	– 5,158
– Payments for finance lease		– 1,501	– 400
– Interest paid		– 8,940	– 8,458
+/– Change in drawings on the credit line and other financing activities	(11)	– 258	528
Net cash flow from financing activities		**– 31,107**	**18,368**
Net increase / decrease in cash and cash equivalents		**– 123,770**	**159,837**
+/– Effect of changes in exchange rates on cash and cash equivalents		– 3,614	– 805
Cash and cash equivalents at the beginning of the period	(9)	**344,568**	**145,748**
Cash and cash equivalents at the end of the period	(9)	**217,184**	**304,780**

* As of September 30, 2017, trade receivables in the amount of EUR 23.6 million (previous year: EUR 24.5 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period January 1 to September 30, 2017

1. CORPORATE INFORMATION

SAF-HOLLAND S.A. (the "Company") was incorporated on December 21, 2005 as a "Société Anonyme" according to Luxembourg law. The Company's registered office is located in Luxembourg. The Company's shares are listed in the Prime Standard of the Frankfurt Stock Exchange. The shares have been included in the SDAX since 2010.

2. SIGNIFICANT ACCOUNTING AND VALUATION POLICIES

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

The interim consolidated financial statements for the third quarter of 2017 were prepared in accordance with IAS 34 "Interim Financial Reporting." Generally, the same accounting and valuation principles and consolidation methods were applied as those applied to the consolidated financial statements for the 2016 financial year unless explicit reference is made to changes. The interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements as of December 31, 2016. Amendments to IFRSs had no effect on the interim consolidated financial statements as of September 30, 2017.

In preparing the interim consolidated financial statements, management is required to make assumptions and estimates that 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.

Income and expenses that occur irregularly during the financial year are accrued or deferred when it is appropriate to recognize these expenses at the end of the financial year.

The most important functional currencies for the Company's foreign operations are the US dollar (USD) and the Canadian dollar (CAD). The exchange rates of these currencies as of the balance sheet date were USD/EUR = 1.1766 (previous year: 1.12218) and CAD/EUR = 1.46671 (previous year: 1.46916). The weighted average exchange rates for these two currencies were USD/EUR = 1.11088 (previous year: 1.11580) and CAD/EUR = 1.45199 (previous year: 1.47449).

The interim consolidated financial statements and the interim group management report have not been audited by an auditor.

3. SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and the resulting earnings. For information on the earnings development, please refer to the explanations contained in the interim group management report.

4. SCOPE OF CONSOLIDATION

There were no changes to the scope of consolidation compared to the consolidated financial statements as of December 31, 2016.

In October 2016, the SAF-Holland do Brasil Ltda acquired 57.5 % of the shares of KLL Equipamentos para Transporte Ltda., a non-listed company based in Brazil. The following values resulted from the preliminary updated purchase price allocation: Intangible assets kEUR 6,826, property, plant and equipment kEUR 12,588, inventories kEUR 2,204, cash and cash equivalents kEUR 552, trade receivables kEUR 1,985, other assets kEUR 924, deferred tax liabilities kEUR 2,267, interest-bearing loans and bonds kEUR 8,577, trade payables kEUR 925 and other liabilities kEUR 1,380. The intangible assets include, in particular, trademark rights in the amount of kEUR 1,095 and customer relationships valued at kEUR 875. Goodwill amounts to kEUR 4,627.

5. SEGMENT REPORTING

The Group is organized into the regional segments EMEA/India, APAC/China and the Americas for the purposes of corporate management and Group reporting. These three regions include both the original equipment and spare parts businesses.

The management assesses the performance of the regional segments based on the adjusted EBIT. The reconciliation from the operating result to the adjusted EBIT for the Group is as follows:

kEUR	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Operating result	55,411	59,467[1]
Share of net profit of investments accounted for using the equity method	1,756	1,397
EBIT	**57,167**	**60,864**
Additional depreciation and amortization from PPA	4,026	3,986
Restructuring and transaction costs	11,491	5,732[1]
Adjusted EBIT	**72,684**	**70,582**

[1] Change in presentation versus the prior year. Transaction costs of EUR 0.9 million for planned Haldex acquisition were reclassified to the operating result and adjusted accordingly in the calculation of adjusted EBIT.

Information on segment sales and results for the period from January 1 to September 30, 2017:

kEUR				Q1 – Q3 / 2017
				Regions
	Americas[1]	EMEAI[2]	APAC / China[3]	Consolidated
Sales	335,279	463,987	65,440	**864,706**
Adjusted EBIT	**19,962**	**48,254**	**4,468**	**72,684**
Adjusted EBIT margin	6.0 %	10.4 %	6.8 %	8.4 %

[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.

kEUR				Q1 – Q3 / 2016
				Regions
	Americas[1]	EMEAI[2]	APAC / China[3]	Consolidated
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 %

[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.

Please refer to the interim group management report for the corresponding explanations on the earnings development of the segments.

6. FINANCE RESULT

Finance income and expenses consist of the following:

kEUR	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Finance income from the sale of other financial instruments	–	6,664
Unrealized foreign exchange gains on foreign currency loans and dividends	249	13
Realized foreign exchange gains on foreign currency loans and dividends	154	642
Finance income due to derivatives	529	309
Interest income	218	407
Other	149	16
Total	**1,299**	**8,051**

kEUR	Q1 – Q3 / 2017	Q1 – Q3 / 2016
Interest expenses due to interest bearing loans and bonds	– 10,432[1]	– 8,938[1]
Amortization of transaction costs	– 539	– 575
Finance expenses due to pensions and other similar benefits	– 802	– 911
Finance expenses due to derivatives	– 1,231	– 6,628
Unrealized foreign exchange losses on foreign currency loans and dividends	–	– 320
Other	– 969	– 77[2]
Total	**– 13,973**	**– 17,449**

[1] Includes the non-cash interest expense of kEUR 489 (previous year: kEUR 480) for the convertible bond.

[2] Change in presentation versus the prior year. Transaction costs of EUR 0.9 million for planned Haldex acquisition were reclassified to the operating result and adjusted accordingly in the calculation of adjusted EBIT.

The increase in interest expenses relating to interest-bearing loans and bonds was mainly a result of the assumption of new loans in June 2016 with a volume of EUR 50 million and the assumption of financial liabilities in the course of the acquisition of KLL Equipamentos para Transporte Ltda. in October 2016.

Amortization of transaction costs in the amount of kEUR – 539 (previous year: kEUR – 575) represent the contract closing fees recognized as an expense for the period according to the effective interest method.

The finance expenses related to derivative financial instruments in the previous year resulted mainly from the redemption of foreign currency derivatives in the amount of kEUR 5,158, which were entered into to hedge the purchase price offered in Swedish krone in the event that the acquisition of Haldex would be successful. Finance expenses also resulted from the valuation of a derivative embedded in the promissory note issued in November 2015. The promissory note's variable interest-bearing tranches include a so-called zero floor cap, which specifies that a decline in the Euribor is limited to 0 %. In the previous year, the zero floor cap as a so-called embedded derivative was measured and recognized separately from the promissory note. Due to a clarification of the IFRS IC regarding the separation of interest rate floors from variable rate basic contracts in a negative interest rate environment in 2016, a separate measurement of the zero floor cap was waived.

Other finance expenses contain primarily accrued interest on other liabilities from the valuation of the put option held for the purchase of the outstanding interest in KLL Equipamentos para Transporte Ltda.

As of September 30, 2017, finance income and finance expenses related to derivative financial instruments consisted mainly of gains and losses from hedging the risk position from currency fluctuations in the US dollar, Russian ruble, South African rand, and Turkish lira.

7. INCOME TAXES

The effective income tax rate in the first nine months of 2017 was 31.40 % (previous year: 29.40 %).

The difference between the effective income tax rate and the Group's income tax rate of 30.20 % (previous year: 30.10 %) is particularly attributable to non-deductible operating expenses and unrecognized tax loss carryforwards.

8. OTHER CURRENT INVESTMENTS

Other current investments resulted from a short-term treasury management position in the amount of EUR 96.3 million (previous year: EUR 0).

9. CASH AND CASH EQUIVALENTS

kEUR	09/30/2017	12/31/2016
Cash on hand, cash at banks, and checks	217,178	344,154
Short-term deposits	6	414
Total	**217,184**	**344,568**

10. EQUITY

The Company's subscribed share capital was unchanged compared to December 31, 2016 and as of September 30, 2017 amounted to EUR 453,611.12 (previous year: EUR 453,611.12). Subscribed share capital is fully paid-in and consists of 45,361,112 ordinary shares (previous year: 45,361,112) with a nominal value of EUR 0.01 per share.

The Company's reserves, namely the share premium, legal and other reserves, were also unchanged compared to December 31, 2016.

The changes in accumulated other comprehensive income as of the balance sheet date are as follows:

kEUR	Before tax amount		Tax (income) / expense		Net of tax amount	
	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016
Exchange differences on translation of foreign operations	– 21,393	– 3,688	–	–	– 21,393	– 3,688
Changes in fair values of derivatives designated as hedges, recognized in equity	–	– 1,844	–	502	–	– 1,342
Revaluation defined benefit plan	102	– 7,690	– 25	2,524	77	– 5,166
Total	**– 21,291**	**– 13,222**	**– 25**	**– 3,026**	**– 21,316**	**– 10,196**

At the Ordinary Annual General Meeting on April 27, 2017, a resolution was made to distribute a dividend to shareholders in the amount of EUR 0.44 per share from the net profit of the 2016 financial year. The total dividend payment amounted to kEUR 19,959.

In the previous year, a dividend of EUR 0.40 per share was paid resulting in a total dividend payment of kEUR 18,144.

11. INTEREST-BEARING LOANS AND BONDS

Interest-bearing loans and bonds consisted of the following:

kEUR	Non-current		Current		Total	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Interest bearing bank loans	11,067	10,639	–	–	**11,067**	**10,639**
Convertible bond	98,232	97,743	–	–	**98,232**	**97,743**
Bond	–	75,000	75,000	–	**75,000**	**75,000**
Promissory note loan	200,000	200,000	–	–	**200,000**	**200,000**
Financing costs	– 1,227	– 1,668	– 597	– 722	**– 1,824**	**– 2,390**
Accrued interests	–	–	4,663	4,217	**4,663**	**4,217**
Other loans	52,465	53,885	2,161	2,572	**54,626**	**56,457**
Total	**360,537**	**435,599**	**81,227**	**6,067**	**441,764**	**441,666**

The following table shows the calculation of total liquidity as the sum of available undrawn credit lines measured at the period-end exchange rate plus available cash and cash equivalents and short-term, freely available financial assets:

kEUR					09/30/2017
	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	5,352	120,000	–	–	114,648
Facility B	–	29,747	–	–	29,747
Other Facilities	5,715	5,741*	217,184	96,332	313,542
Total	**11,067**	**155,488**	**217,184**	**96,332**	**457,937**

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

kEUR					12/31/2016
	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	5,731	120,000	–	–	114,269
Facility B	44	33,221	–	–	33,177
Other Facilities	4,864	5,465*	344,568	–	345,169
Total	**10,639**	**158,686**	**344,568**	**–**	**492,615**

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

The calculation of total liquidity takes into account other current investments. Other current investments are highly liquid and should be considered in economic terms as cash equivalents. In accordance with accounting policies, however, these are to be presented separately from cash and cash equivalents.

12. FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

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

kEUR		09/30/2017		12/31/2016	
	Category in accordance with IAS 39	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Cash and cash equivalents	LaR	217,184	217,184	344,568	344,568
Trade receivables	LaR	157,313	157,313	116,666	116,666
Other financial assets					
Derivatives without a hedging relationship	FAHfT	6	6	368	368
Other financial assets	LaR	1,402	1,402	1,850	1,850
Other short-term investments	LaR	96,332	96,332	–	–
Financial liabilites					
Trade payables	FLAC	119,872	119,872	106,714	106,714
Interest bearing loans and bonds	FLAC	495,610	441,764	475,336	441,666
Finance lease liabilities	n.a.	53	53	1,587	1,587
Other financial liabilities					
Other financial liabilities	FLAC	17,239	17,239	18,238	18,238
Derivatives without a hedging relationship	FLHfT	854	854	972	972

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

kEUR				09/30/2017
	Level 1	Level 2	Level 3	Total
Bonds	77,203	–	–	**77,203**
Convertible bond	–	146,435	–	**146,435**
Promissory note loan	–	199,763	–	**199,763**
Interest bearing loans and borrowings	–	72,209	–	**72,209**
Put option for the remaining shares in KLL Equipamentos para Transporte Ltda.	–	–	17,239	**17,239**
Derivative financial assets	–	6	–	**6**
Derivative financial liabilities	–	854	–	**854**

kEUR				
	12/31/2016			
	Level 1	Level 2	Level 3	Total
Bonds	79,729	–	–	**79,729**
Convertible bond	–	121,893	–	**121,893**
Promissory note loan	–	199,763	–	**199,763**
Interest bearing loans and borrowings	–	73,950	–	**73,950**
Put option for the remaining shares in KLL Equipamentos para Transporte Ltda.	–	–	18,238	**18,238**
Derivative financial assets	–	368	–	**368**
Derivative financial liabilities	–	972	–	**972**

Derivative financial liabilities as of September 30, 2017 consisted mainly of forward exchange transactions and serve to hedge the risk position from currency fluctuations in the US dollar, Russian ruble, South African rand, and Turkish lira.

13. RELATED PARTY DISCLOSURES

The following tables show the composition of the Management Board, which is the operating management body of the SAF-HOLLAND Group consisting of selected managing directors of the Group, and the 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
Dr. Matthias Heiden	Chief Financial Officer (CFO) (since 03/01/2017)
Arne Jörn	Chief Operating Officer (COO)
Steffen Schewerda	President Region Americas
Alexander Geis	President Region EMEA / India
Guoxin Mao	President Region China

Board of Directors

Martina Merz	Chairman of the Board of Directors
Dr. Martin Kleinschmitt	Deputy Chairman of the Board of Directors
Detlef Borghardt	Member of the Board of Directors
Jack Gisinger	Member of the Board of Directors (since 04/27/2017)
Anja Kleyboldt	Member of the Board of Directors
Carsten Reinhardt	Member of the Board of Directors (since 04/27/2017)

On the occasion of the Ordinary Annual General Meeting held on April 27, 2017, the mandates of Sam Martin and Bernhard Schneider ended as scheduled. The Board of Directors elected Martina Merz as the new Chair and Dr. Martin Kleinschmitt as Vice Chair. In addition, Carsten Reinhardt and Jack Gisinger were elected as members of the Board of Directors.

Transactions with related parties and companies in which members of the Company's management hold key management positions:

kEUR	Sales to related party		Purchases from related party	
	Q1–Q3/2017	Q1–Q3/2016	Q1–Q3/2017	Q1–Q3/2016
Joint Ventures	513	920	–	–
Associates	–	–	21,057	16,511
Total	**513**	**920**	**21,057**	**16,511**

kEUR	Amounts owed by related party		Amounts owed to related party	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Joint Ventures	274	237	207	207
Associates	–	–	1,812	1,303
Total	**274**	**237**	**2,019**	**1,510**

14. EVENTS AFTER THE BALANCE SHEET DATE

On October 9, 2017, SAF Holland adjusted its outlook for Group sales and adjusted EBIT margin for the 2017 financial year within the context of the publication of an inside information pursuant to Article 17 MAR. The adjusted outlook is explained in detail in the chapter entitled "Outlook" in the Group Interim Management Report.

No further material events occurred after the interim reporting date.

FINANCIAL CALENDAR AND CONTACT INFORMATION

FINANCIAL CALENDAR

March 16, 2018
Publication of Annual Report 2017

May 9, 2018
Report on Q1 2018 results

August 9, 2018
Report on Q2 2018 results

November 8, 2018
Report on Q3 2018 results

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