SAF-HOLLAND Group

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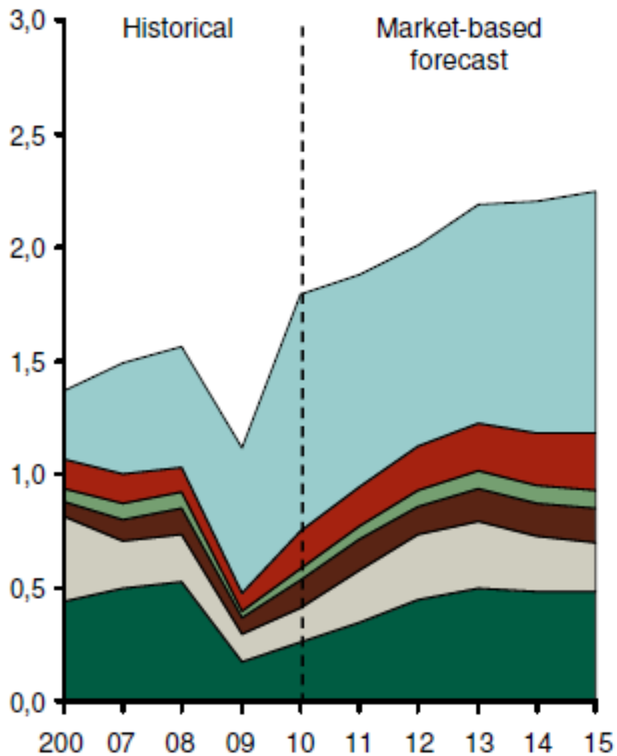
Outlook Conference 2012

World Outlook
Truck & Trailer Production

Truck Production

Heavy* truck production by region (2006-15)

Millions of units



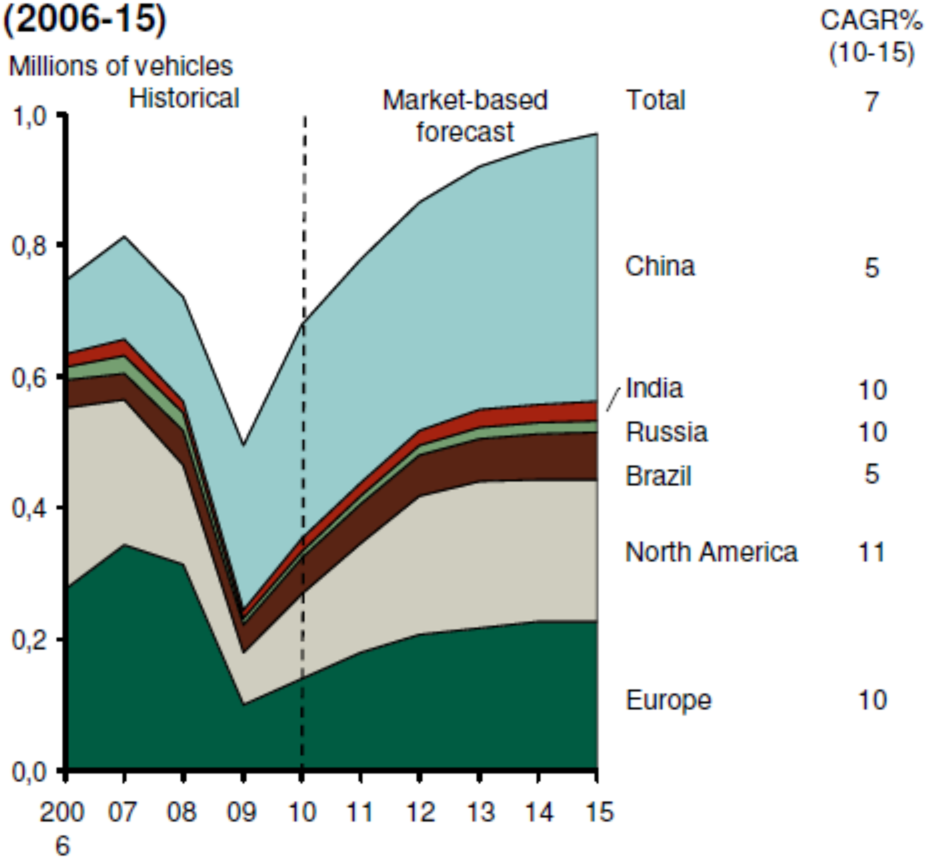
	Total heavy trucks CAGR% (10-15)	Articulated trucks CAGR% (10-15)
Total	5	8
China	0	3
India	8	13
Russia	12	12
Brazil	5	4
North America	7	7
Europe	13	17

	2006	07	08	09	10	11	12	13	14	15
Share of articulated trucks (%)**	54	48	49	43	42	47	49	50	49	49

- **China constitutes 58% of heavy truck production**
- **Indian production is expected to rise**
- **Nth American will continue to be volatile**

Trailer Production

Trailer production (semi and drawbar) by region (2006-15)



87	85	84	87	87	88	88	88	88	89	Share of semi-trailers (%)*

Note: * As share of total truck trailers

- China demand will continue ,driven by improved road infrastructure and export
- Europe and Nth America are expected to recover but not to pre-crisis in the mid term

Regional Outlook
Truck & Trailer

North America

- Trailer
  - Canadian market is influenced by European technology :
    - Self Steer Axles,
    - Disc Brakes
    - Long Life Bearings packages
  - Market drivers:
    - Weight
    - Reliability
    - Corrosion protection
  - Disc brakes are coming but at a slow pace
  - Mechanical vs. Air is still around 50/50
- Truck
  - Fuel efficiency is a growing issue.
  - Market drivers:
    - Weight
    - Reliability and performance of components
  - No significant difference in North America regarding types of trucks
  - Disc brakes are coming but at a slow pace

Europe

- **Trailer**
- **After the crisis (80% down in 2009), the market has recovered**
- **The European monetary crisis imposes some uncertainty, but has not had a big influence on the trailer industry – SO FAR!**
  - **Market drivers:**
    - **Weight**
    - **Reliability**
    - **Corrosion protection**
- **95% on Air suspension, 80% on Disc Brakes**
- **Eastern European (especially Polish) trailer manufacturers are doing well as the demand in Russia is increasing due to huge infrastructure projects.**

- **Truck**
  - **All trucks are standard on Disc Brakes and EBS-systems which drives the trailer market to adapt to these technologies**
  - **Market drivers:**
    - **Weight**
    - **Reliability and performance of components**

China

- Trailer
  - Trailer build in 2011 was around 220,000 (comparable to Europe and NA) with over 300.000 units in 2010.
  - Market is in transition phase from low end technology to medium/high-end technology.
  - The biggest roadblock for safer and technologically advanced vehicles is the lack of enforcement when it comes to regulations. Significant overloading and abuse is daily reality as well as lack of service facilities and experience. Technology needs to be extremely robust
  - Some trailer manufacturers are trying to introduce advanced technology into the market.

- Truck
  - Major difference in the truck market is the Chinese manufacturers focusing on export possibilities which will drive them to higher end technology products although still with a focus on price
  - There will be a slow movement towards air suspension and disc brakes but only for specialty vehicles for domestic China and export vehicles

Brazil

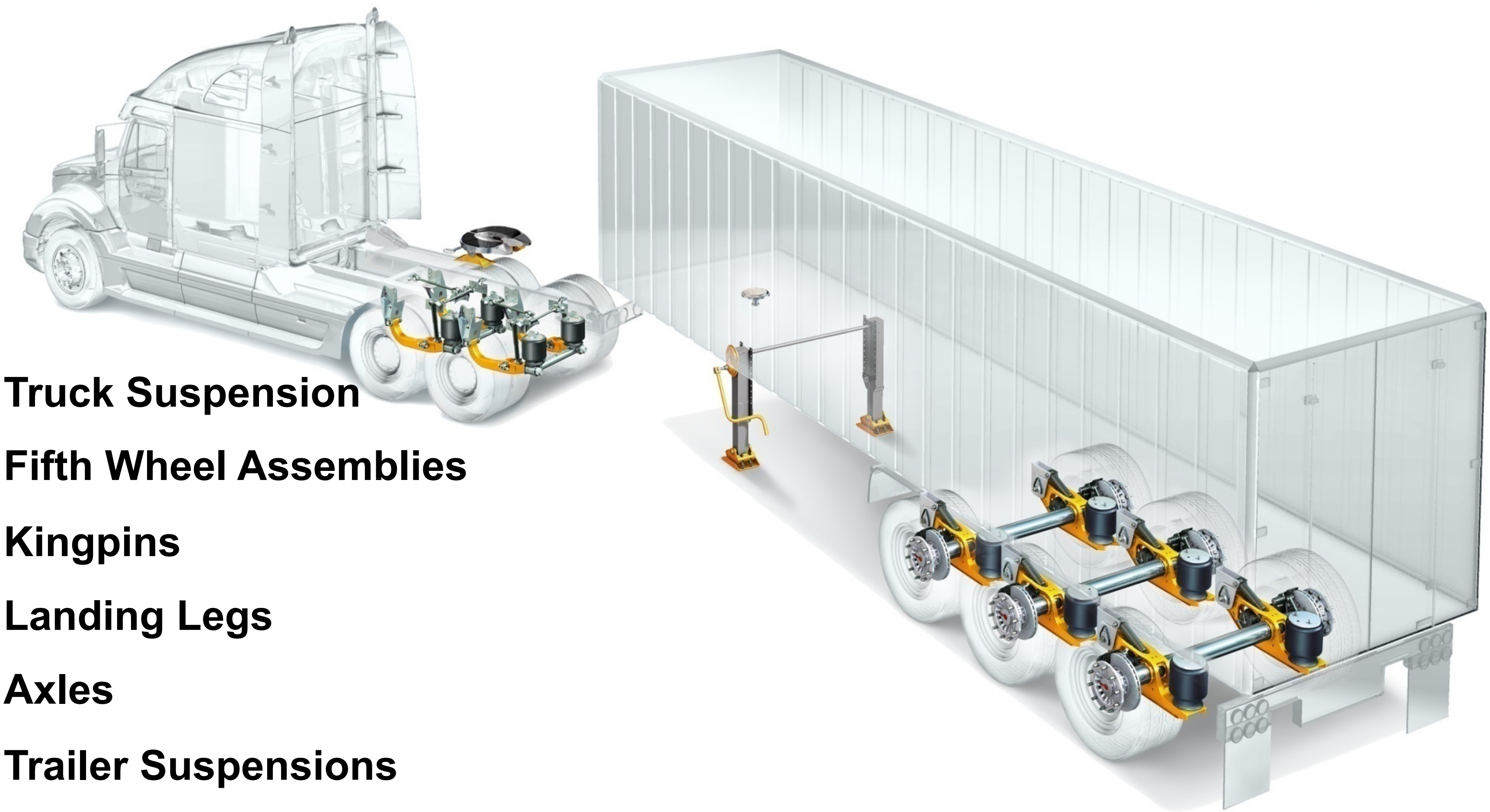
- **Trailer**
  - **The Brazilian transport market will continue grow**
  - **The Trailer market has experienced significant problems at the beginning of 2012 because of regulatory issues**
    - **Government demanded EURO 5 introduction for trucks.**
    - **Government capital rules changed, now requiring higher down payments on capital goods financing**
  - **The Brazilian market is slowly moving towards higher technology**
  - **The Brazilian market is not used to the concept of life cycle cost, although reliability is an important key**

- **Truck**
  - **The truck market is dominated by the European manufacturers**
  - **While the move within the truck market is for basic, high performing components there is some emphasis on higher technology components with this being driven by the European philosophy**

General

- **What is driving production?**
  - **North America**
    - **Government Regulation – 2014/18 carbon standards, 2012/13 Brake standard**
    - **Pent up demand from the recession of 2008/9, aged fleet**
    - **Pent up consumer demand which will drive the economy, i.e. greater ton-miles**
    - **Higher demand for Specialty vehicles to support the growing commodities industries, i.e. oil sands, mining, farming, etc.**
  - **Europe**
    - **Government regulations targeting "Green" issues driving introduction of new technologies**
    - **Pent up demand for trucks and trailers from the crisis**
    - **Resurgent road transport in Eastern Europe**
    - **Pre-buy activity in front of the Euro VI standard in 2013**
  - **BRIC Countries**
    - **Higher ton-miles of road transport due to an ever growing population and greater consumer demands**
    - **Government regulation – new emission standards, enforcement of regulations**

SAF HOLLAND offers the Complete Package



- Truck Suspension
- Fifth Wheel Assemblies
- Kingpins
- Landing Legs
- Axles
- Trailer Suspensions
- Brake Kits
- Couplings