

# Q2 Report, 2014

July 18, 2014



Innovative Vehicle Solutions



**Bo Annvik**  
President and CEO

**Andreas Ekberg**  
CFO

# Agenda



- Business Highlights
- Market Update
- Sales
- Financials
- Restructuring
- Outlook

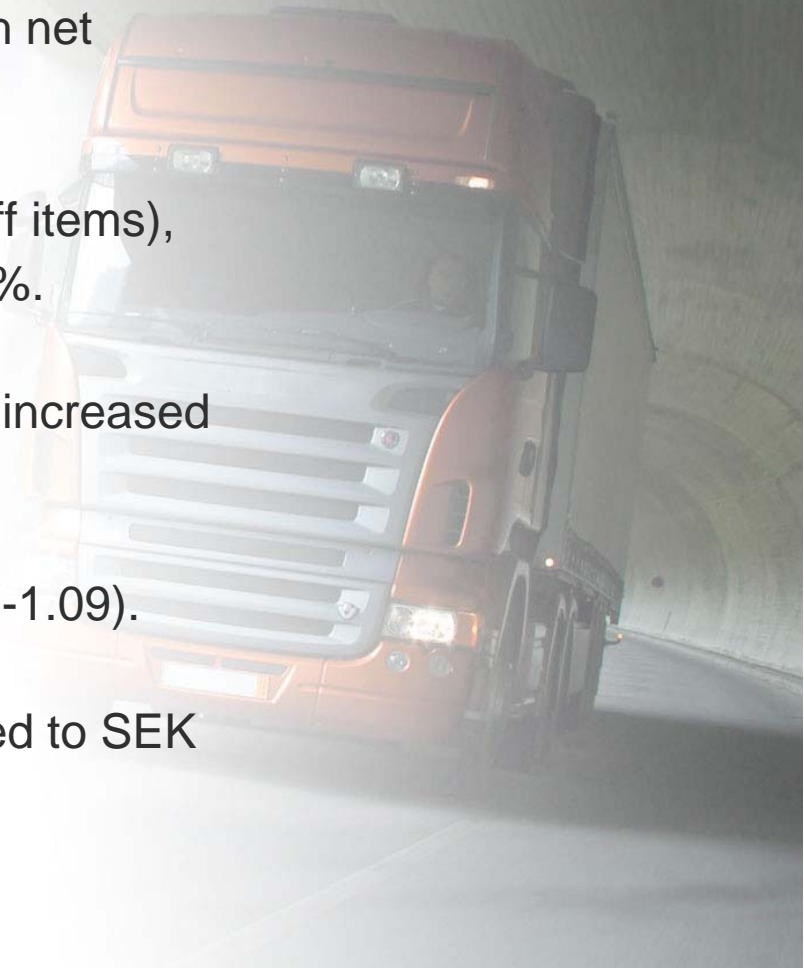


# Business Highlights

Q2 2014



- Sales growth of 4% (currency adjusted) with net sales reaching SEK 1,124 (1,067) million.
- Operating margin of 9.7% (excluding one-off items), thus exceeding the long term objective of 7%.
- Operating income, excluding one-off items, increased to SEK 110 (76) million.
- Earnings per share increased to SEK 1.44 (-1.09).
- Cash flow from operating activities amounted to SEK 116 (88) million.







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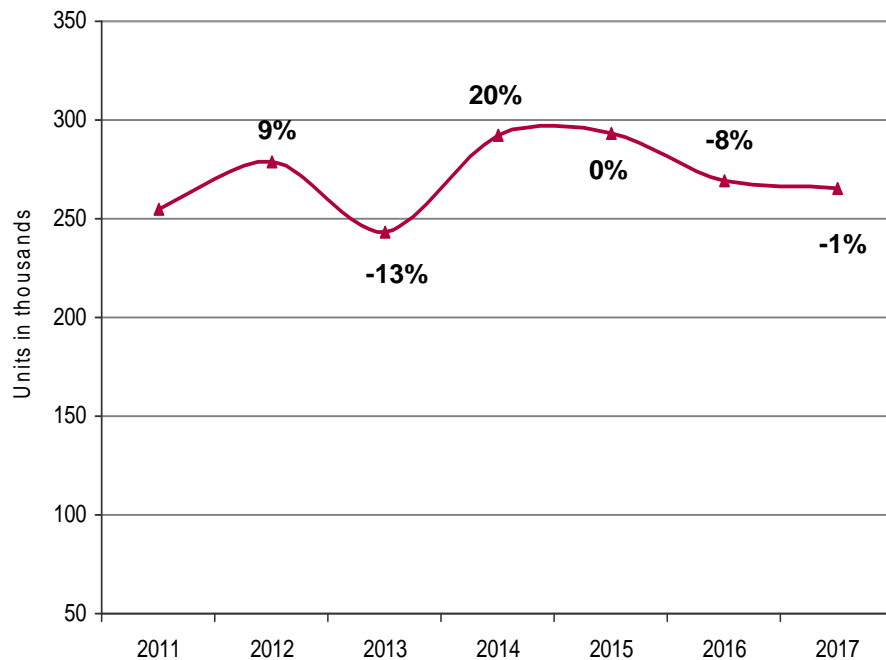
## **Market Update**



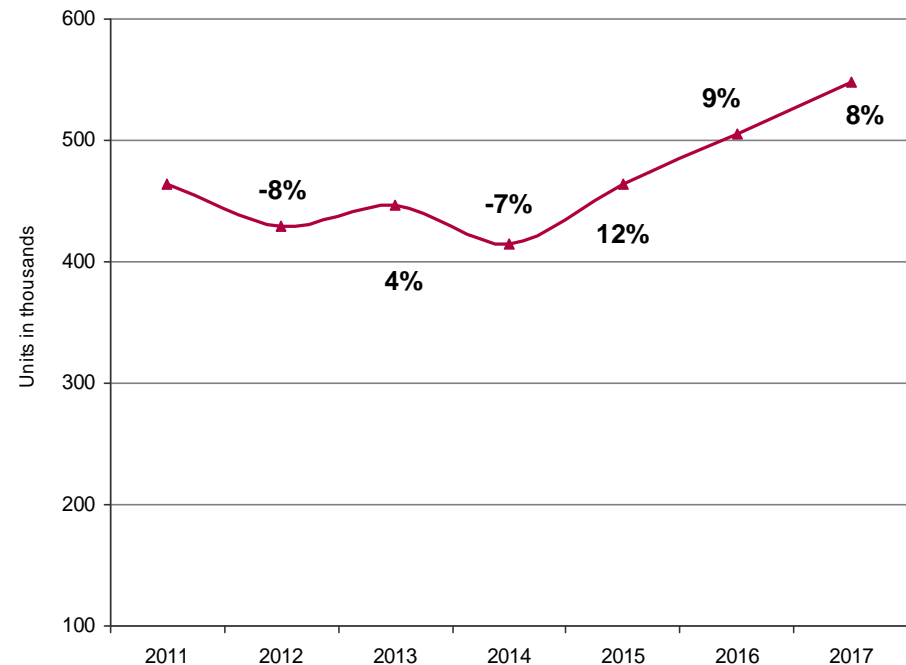
# Build Rates Heavy Truck

## North America & Europe

### North America



### Europe



- **North America official build rates increased 10% Q2 2014 compared to Q2 2013. Official build rates are indicating 20% increase 2014 compared to 2013.**
- **Europe official build rates decreased 4% Q2 2014 compared to Q2 2013. Official build rates are indicating 7% decrease 2014 compared to 2013.**

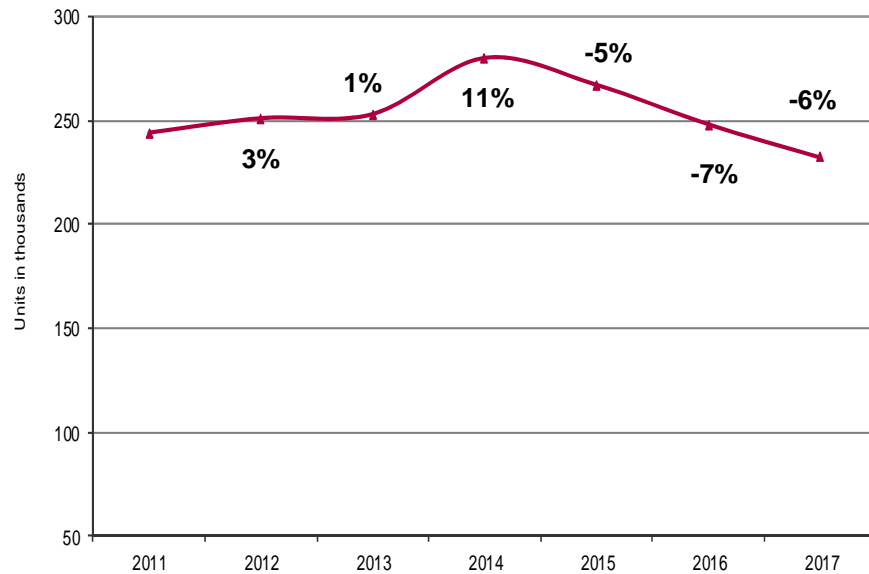
Note: JDP data – official statistics per June 2014



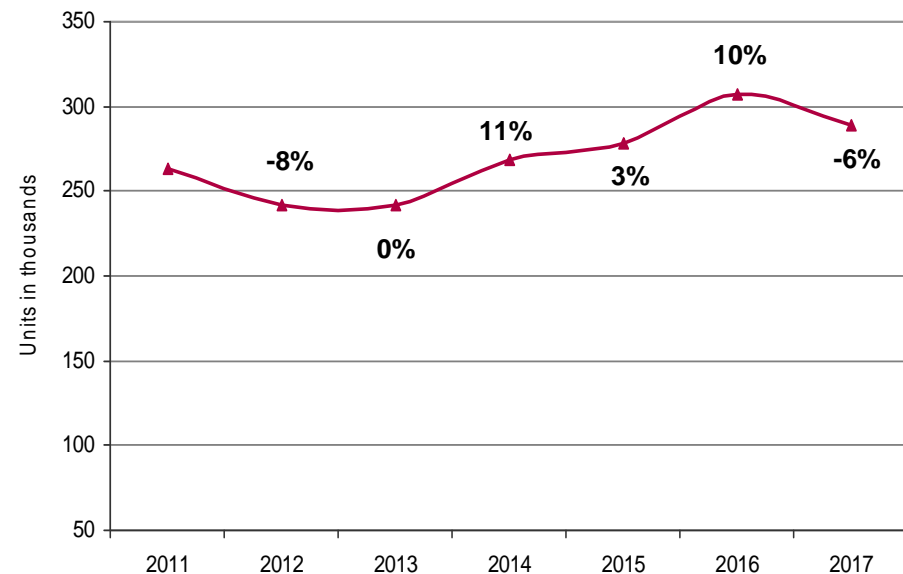
# Build Rates Trailer

## North America & Europe

### North America



### Europe



- **North America official build rates indicating a increase of 11% Q2 2014 compared to Q2 2013. The market is also expected to increase 11% for the full-year 2014.**
- **In Europe the official build rates 2014 indicate 11% growth compared to 2013. European build rates are 13% higher in Q2 2014 compared to Q2 2013.**

Note: ACT data and CLEAR – official statistics per June 2014

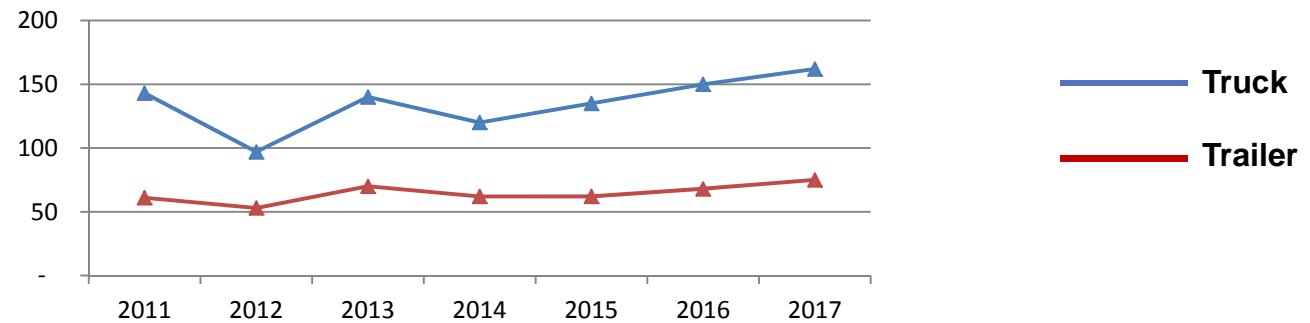
# Build Rates Heavy Truck & Trailer

## Emerging Markets

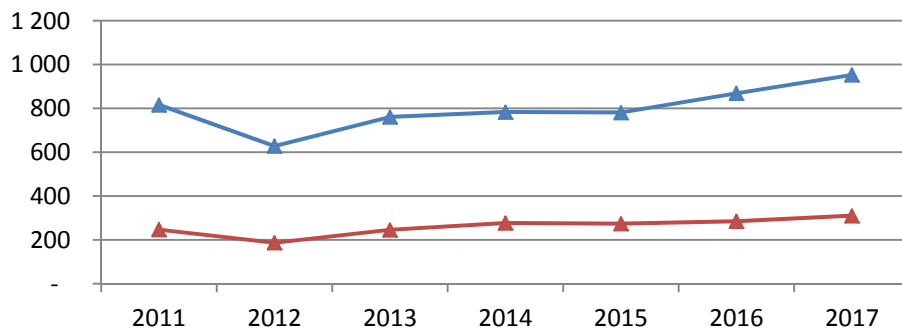


### Brazil, China & India

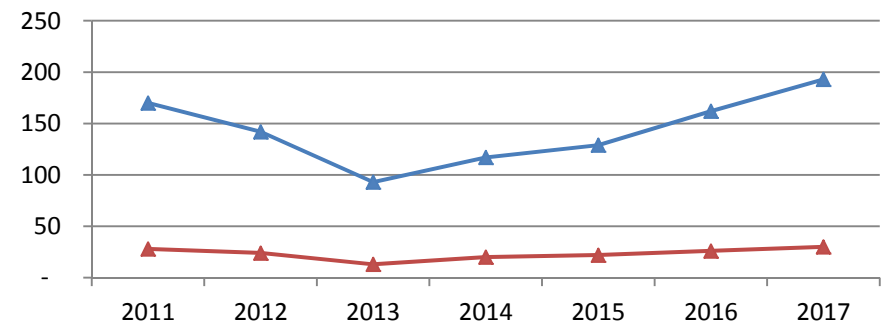
#### Brazil



#### China



#### India



Note: JDP and Haldex data – official statistics per June 2014





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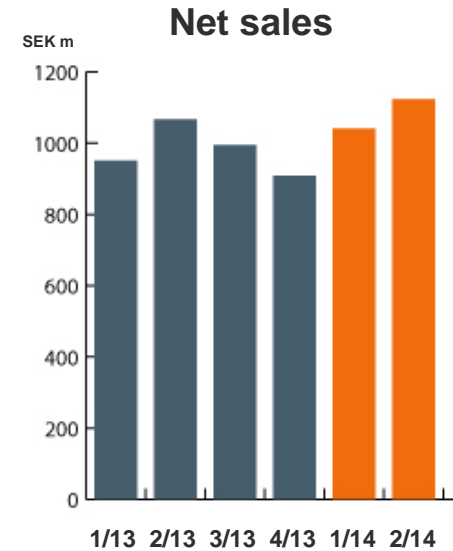
**Sales**



# Sales, Haldex Group



Currency adjusted growth of 4% in Q2 and growth of 7% in the first 6 months.

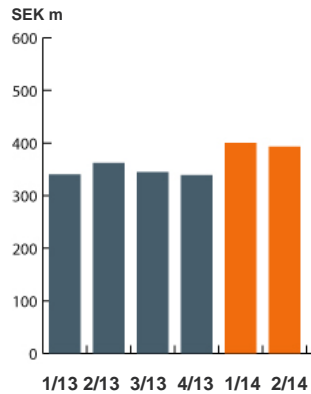


	Q2/14	Q2/13	6M/14	6M/13	2013
Net sales, SEK million	1,124	1,067	2,165	2,018	3,920
Growth	5%	0%	7%	-6%	0%

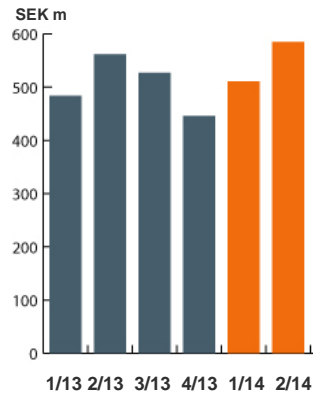
# Sales per region



Europe

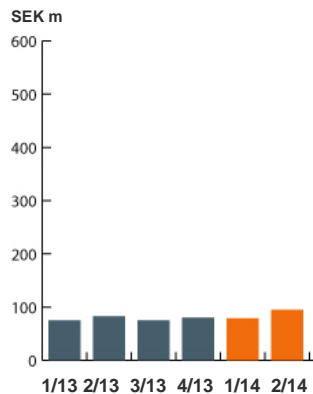


North America

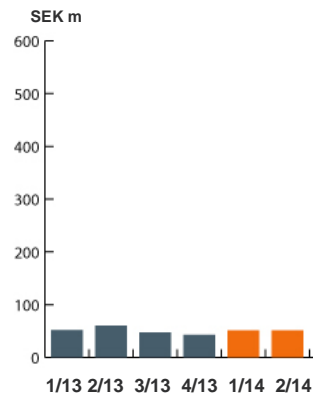


SEK million	Q2/14	Q2/13	change <sup>1</sup>
Europe	392	362	5%
North America	585	562	4%
Asia & Middle East	95	83	13%
South America	52	60	-9%

Asia & Middle East



South America



SEK million	6M/14	6M/13	change <sup>1</sup>
Europe	792	702	9%
North America	1,096	1,046	5%
Asia & Middle East	174	158	10%
South America	103	112	3%

<sup>1</sup> currency adjusted

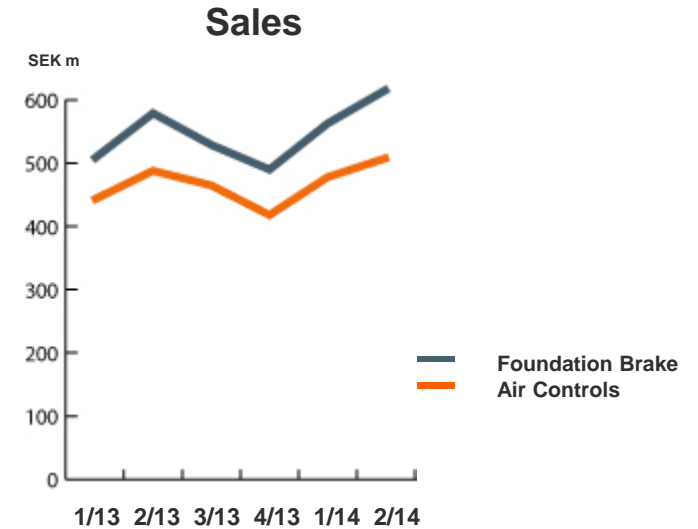
# Sales per product line



Foundation Brake: Wheel-end products for brake actuation and lining wear adjustment.



Air Controls: Products to dehumidify, clean and control compressed air in the brake system.



SEK million	Q2/14	Q2/13	change <sup>1</sup>
Foundation Brake	616	579	6%
Air Controls	508	488	2%

SEK million	6M/14	6M/13	change <sup>1</sup>
Foundation Brake	1,179	1,087	8%
Air Controls	986	931	5%

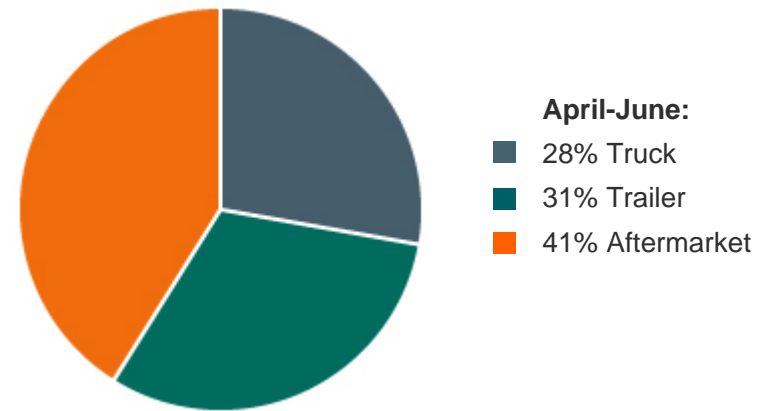
<sup>1</sup> currency adjusted

# Sales per customer group



Total growth numbers better than official production forecast.

Euro6 effect on trucks in Europe less noticeable than expected.



SEK million	Q2/14	Q2/13	change <sup>1</sup>
Truck	313	289	9%
Trailer	345	322	6%
Aftermarket	466	456	1%

6M/14	6M/13	change <sup>1</sup>
609	554	11%
648	582	10%
908	882	2%

<sup>1</sup> currency adjusted



# Success for the ModulT disc brake



- Haldex has gained significant market share on disc brakes for trailers in Europe.
- New agreements with a number of manufacturers that in combination are estimated to be worth SEK 650 million from 2014 until 2017.

*ModulT is the second generation of successful disc brakes from Haldex. The model was first introduced on the market in 2011 and has since then more than doubled in production every year. The ModulT disc brake is the most lightweight and maintenance friendly disc brake on the market. Compared with the first generation, ModulT saves 12 kg per axle or 36 kg for a trailer with a triaxle suspension.*





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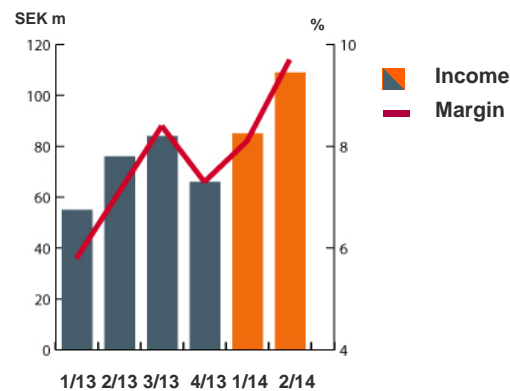
# Financials

# Earnings

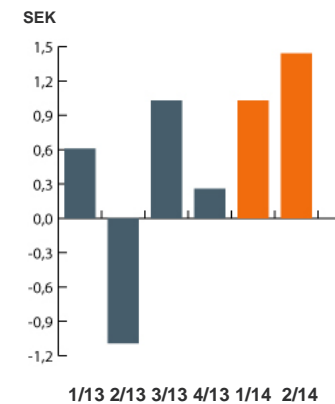


Operating margin excluding one-off items at 9.7% in Q2 and at 8.9% in the first six months, thus exceeding the long term objective of 7%.

Operating income & margin



Earnings per share



	Q2/14	Q2/13	change	6M/14	6M/13	change
Operating income (excl one-off items), SEK million	110	76	44%	194	131	48%
Operating income, SEK million	103	-44	-	186	11	-
Operating margin (excl. one-off items), %	9.7	7.1	2.6	8.9	6.5	2.4
Operating margin, %	9.2	-4.1	13.3	8.6	0.5	8.1
Net income, SEK million	64	-48	-	112	-20	-
Earnings per share, SEK	1.44	-1.09	2.53	2.47	-0.49	2.96

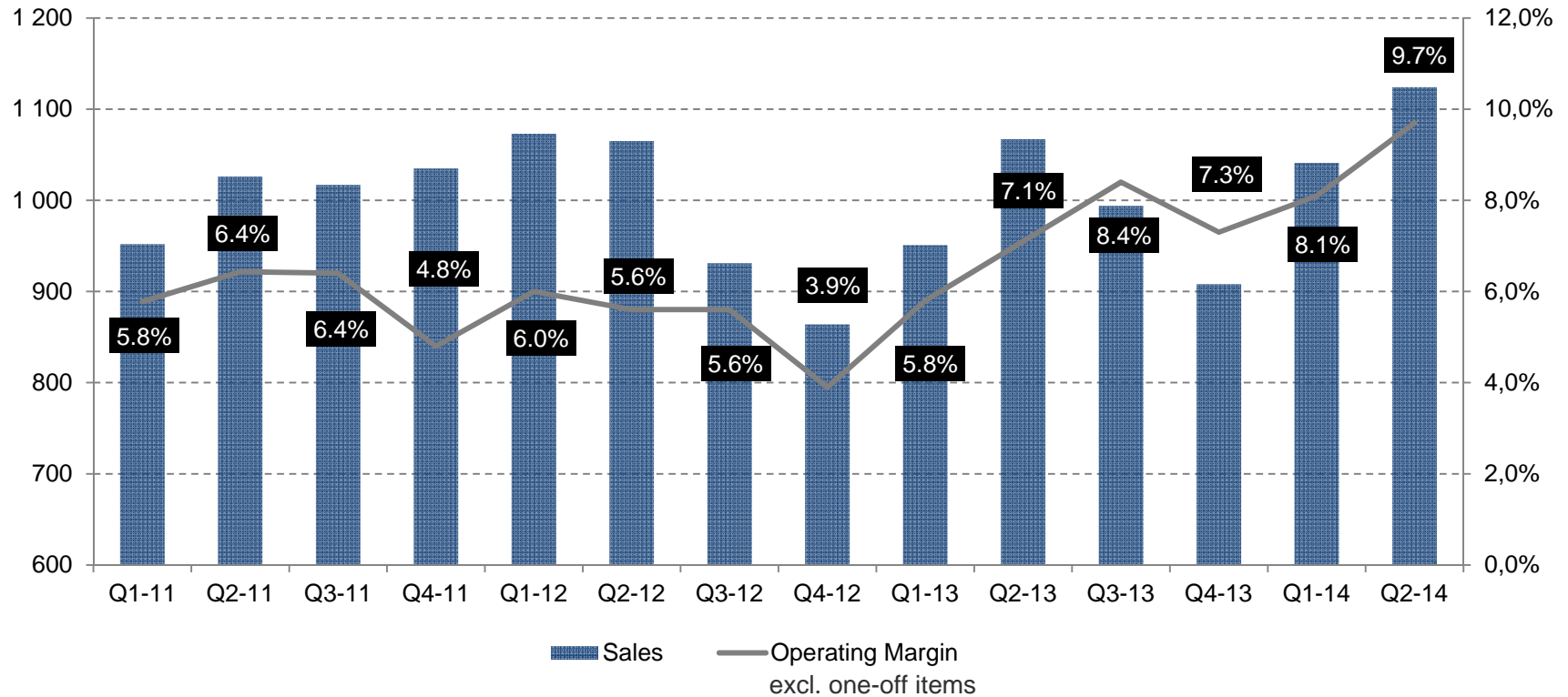
# Sales & Operating Margin

2011 - 2014



Sales, SEK m

Operating Margin





# Statement of Financial Position

June vs. March

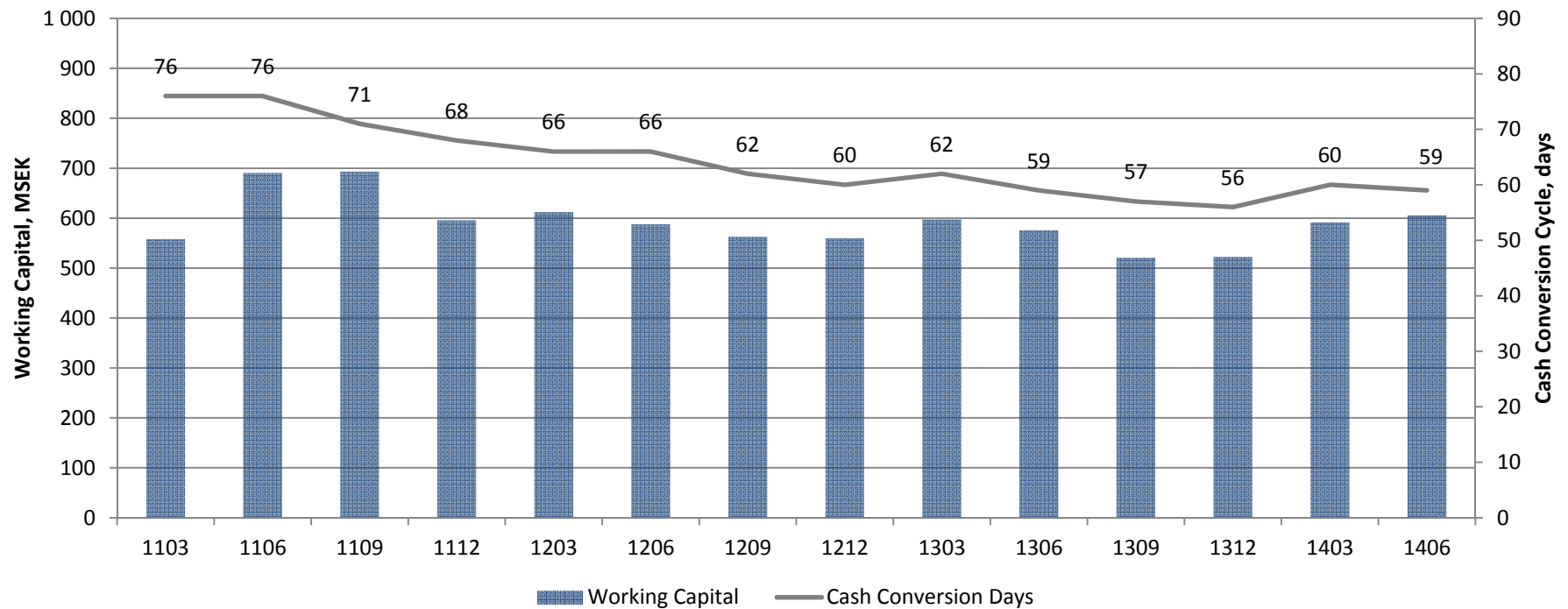


SEK million	June 30 2014	March 31 2014	quarterly change
Working capital	605	591	+2%
Intangible assets	464	448	+4%
Capital employed	1,908	1,901	+0%
Total assets	2,683	2,606	+3%
Equity	1,183	1,177	+1%
Net debt	442	408	+8%
Equity ratio, %	44	45	
Net debt/Equity ratio, %	37	35	



# Cash Flow

## Working Capital & Cash Conversion days



SEK million	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13
Operating cash flow <sup>1</sup>	124	6	83	96	111	40
Cash flow after net investments <sup>1</sup>	92	1	49	81	109	20

<sup>1</sup> excluding one-off items



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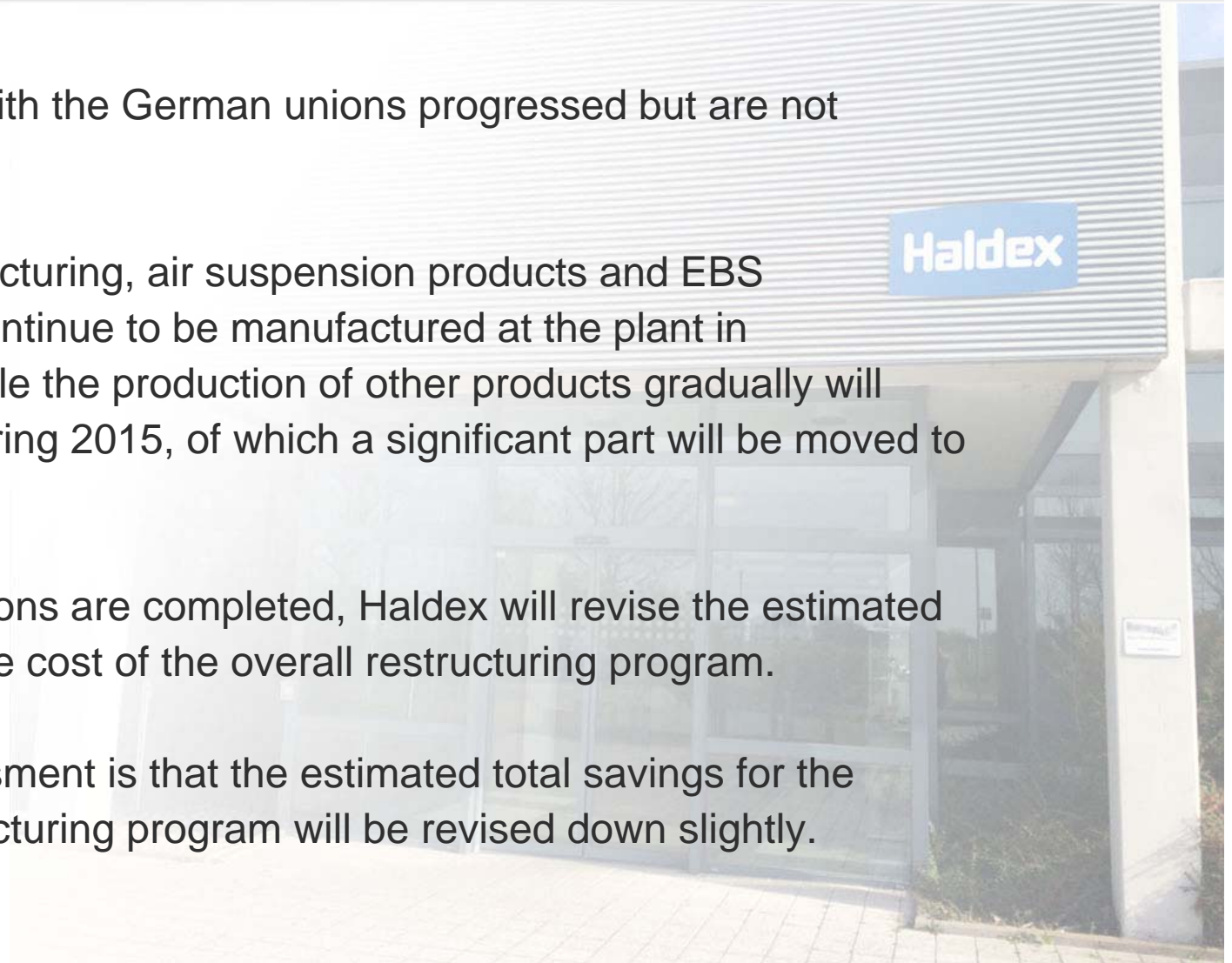


**Restructuring**

# Restructuring program



- Negotiations with the German unions progressed but are not complete.
- After the restructuring, air suspension products and EBS systems will continue to be manufactured at the plant in Heidelberg while the production of other products gradually will be reduced during 2015, of which a significant part will be moved to Hungary.
- Once negotiations are completed, Haldex will revise the estimated savings and the cost of the overall restructuring program.
- Haldex' assessment is that the estimated total savings for the ongoing restructuring program will be revised down slightly.







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## Outlook

# Outlook

2014



- We expect the North American truck and trailer market to grow with +10% in 2014.
- In 2014, the European market will most likely strengthen as the year progresses, and we believe it will finish a couple of percentage points up compared with 2013.
- In 2014 China appears rather flat compared to last year. Haldex in China is continuing to localize new products and we are striving at providing a better growth rate than the market in general.

The market in India was at its lowest level for 25 years and remains very hard to predict for 2014. We are cautiously optimistic about the impact the new government will have on the growth rates, with effects being visible as of next year.

- The truck market in Brazil will most likely suffer from less subsidies in 2014 and be weaker than the previous year.

**Thank you for  
listening!**

**Questions?**

