



Performance & Safety

Haldex 1st Quarter 2000

- **Earnings before tax increased 29% to 92 MSEK (71)**
- **Earnings per share increased 31% to 2:62 SEK (2:00)**
- **Operating earnings increased 18% to 107 MSEK (90)**
- **Profit margin improved**
- **Continued positive vehicle market during the 1st quarter**
- **Order intake rose 5% to 1,701 MSEK (1,613) and invoicing rose 8% to 1,618 MSEK (1,495)**
- **New 1 BSEK order for AWD systems from a European car manufacturer**

Market

The vehicle business climate on the main markets in North America and Western Europe continued positive during the first quarter. The markets in Asia and South America are successively improving from low levels.

Heavy vehicles

In North America, sales of heavy vehicles to fleets increased by 3% compared to the same period last year. The sales of trailers rose 5%.

As expected, the production rate of heavy vehicles in North America decreased compared to the latter part of 1999 in order to reduce the inventory of vehicles in the distribution chain. In comparison with the 1st quarter last year, however, the number of vehicles produced increased by 5%.

The production of trailers in North America increased about 3% compared to the 1st quarter last year. In the trailer segment there has not been the same build-up of inventory in the distribution chain as for powered vehicles. Therefore, the adjustment in production rate of trailers during the year is estimated to be significantly smaller than for powered vehicles. On a full year basis, the production of powered trucks in North America is estimated to decline some 15%.

Of the Group's total invoicing, approximately 15% are exposed to production of powered trucks in North America.

In Western Europe, the demand for trucks remained strong. During the 1st quarter this year, the production rate was on approximately the same level as during the latter part of last year, but about 3% higher than the 1st quarter last year.

In South America, the production of heavy trucks increased, but the production of buses decreased as much, leaving the total production of heavy vehicles unchanged. In Asia, the number of produced vehicles increased from a low level.

The Group's invoicing pertaining to products for heavy vehicles amounted to 1,054 MSEK (1,030), an increase of 2%. After adjustment for divested units within the Brake Systems division, the increase for continuing businesses was 5%.

Light vehicles

In North America, the sales of light vehicles increased by over 10% compared to the first quarter last year. In Western Europe the sales increase was 4%. In order to reduce inventories, the North American production only rose 4%. In Western Europe the number of produced light vehicles rose nearly 3%.

The Group's invoicing pertaining to light vehicles amounted to 280 MSEK (209), an increase of 34%. The large increase mainly relates to Traction Systems, but also Garphyttan Wire increased its deliveries.

Industrial vehicles

The market for forklift trucks remained strong in the first quarter, both in North America and Western Europe. In the heavy construction equipment segment, the market in North America declined whereas the Western European market improved. For light construction equipment the markets showed a growth in both North America and in Western Europe.

The Group's invoicing pertaining to products for industrial vehicles amounted to 284 MSEK (256), an increase of 11%.

Results

The Group's earnings before tax were 92 MSEK (71), an increase of 29% compared to the same period last year.

The operating earnings increased 18% to 107 MSEK (90). All four divisions increased their invoicing. The operating result increased in all divisions with the exception of Traction Systems, which remained on last year's level partially due to on-time costs for tools in order to reduce costs of components.

The profit margin was improved in all divisions with the exception of Brake Systems, which remained on last year's level. The Group's profit margin increased from 6.3% last year to 6.7%. Excluding Traction Systems, the profit margin improved from 8.1% last year to 8.8%.

The Group's return on capital employed improved from last year's 14.2% to 15.7%. Excluding Traction Systems, the return on capital employed improved from 18.5% last year to 19.6%.

The period's order intake was 1,701 MSEK (1,613), an increase of 5%. After adjustment for divested units within Brake Systems, the increase of order intake was 7%.

The invoicing amounted to 1,618 MSEK (1,495), an increase of 8%. For continuing businesses the increase was 10%.

The quarterly development has been as follows:

MSEK	1999				2000
	I	II	III	IV	I
Order intake	1,613	1,435	1,372	1,484	1,701
Invoicing	1,495	1,509	1,385	1,409	1,618
<i>hereof:</i>					
Brake Systems	1,030	1,021	930	922	1,054
Barnes Hydraulics	256	266	260	240	284
Garphyttan Wire	188	178	139	173	200
Traction Systems	21	44	56	74	80
Earnings before tax	71	78	63	90	92
Profit margin, %	6.3	6.5	5.6	7.9	6.7
R&D, %	4.0	3.9	3.7	3.9	4.2

Business development

The main business events during the quarter were:

- An alliance with the Brazilian company Ader Ltda, which gives the Brake Systems division a broader product range and a production base in Brazil.
- The newly developed product concept for controlling and distributing compressed air in braking systems, ECAM (Electronically Controlled Air Management), has been launched on the new truck generation from the German manufacturer MAN and serial deliveries have started.
- Traction Systems received another 1 BSEK order for AWD systems from a European car manufacturer with delivery start 2001/2002.
- In April we announced that the VW Group introduces the Haldex AWD system on another platform including the Sharan and Beetle vehicles.
- A decision was made to increase the production capacity by 50% at the Wire division's factory in USA.

Capital expenditures, net debt, employees

Capital expenditures during the period amounted to 57 MSEK (44). The cash flow for the period was -45 MSEK (-60) and the net debt at the end of the period was 1,022 MSEK (1,131). The number of employees at the end of the period was 4,166 (4,315).

Outlook for the full year 2000

In light of a first quarter with continued firm vehicle markets, the estimates for the full year have improved somewhat, even though the production rate of vehicles – especially heavy powered trucks in North America – are expected to decline during the year.

The Group's invoicing is estimated to be somewhat higher than previous year's. All divisions are expected to be able to improve their profit margins.

Profit & Loss, Group	Jan-Mar		April 1999	Total
Amounts in MSEK	2000	1999	-March 2000	1999
Net sales	1,618	1,495	5,921	5,798
Cost of goods sold	-1,186	-1,103	-4,344	-4,261
Gross profit	432	392	1,577	1,537
	26.7%	26.2%	26.6%	25.5%
Selling, G&A and R&D costs	-320	-290	-1,187	-1,157
Other revenues and costs	- 5	-12	- 4	-11
Operating profit	107	90	386	369
Financial net	-15	-19	-63	-67
Earnings before tax	92	71	323	302
Taxes	-34	-26	-124	-116
Net income	58	45	199	186
Balance Sheet, Group	31 March	31 March		31 Dec
Amounts in MSEK	2000	1999		1999
Intangible assets	421	493		427
Tangible assets	1,307	1,234		1,297
Financial assets	54	11		56
Inventories	779	787		783
Current receivables	1,065	1,012		880
Cash, bank and short-term investments	219	100		307
Assets	3,845	3,637		3,750
Shareholders' equity	1,555	1,400		1,490
Provisions	284	246		279
Long-term liabilities	919	1,051		1,087
Short-term debt	141	18		14
Other current liabilities	946	922		880
Shareholders' equity and liabilities	3,845	3,637		3,750

Cash Flow Statement, Group	Jan-Mar		April 1999	Total
Amounts in MSEK	2000	1999	-March 2000	1999
Operating profit	107	90	386	369
Depreciation on fixed assets	60	57	224	221
Financial net and taxes paid	-49	-42	-223	-216
Change in working capital	-106	-121	1	-14
Cash flow from operations	12	-16	388	360
Net investments	-57	-44	-224	-211
Divestitures	-	-	39	39
Acquisition	-	-4	1	-3
Cash flow	-45	-64	204	185
Dividend	-	-	-67	-67
Change in debt and pension liabilities	-43	-99	-13	-69
Change in long-term receivables	-	1	-3	-2
Change in cash excl. translation difference	-88	-162	121	47
Translation difference on liquid funds	-	1	-3	-2
Change in cash	-88	-161	118	45
Key Ratios	Jan-Mar		April 1999	Total
	2000	1999	-March 2000	1999
Profit margin, %	6.7	6.3	6.7	6.6
Return on capital employed, %	15.7	14.2	14.5	14.1
Return on equity, %	15.3	13.1	13.7	13.2
Interest coverage ratio, times	6.4	4.2	5.3	4.8
Equity/assets ratio, %	40	38	40	40
Debt/equity ratio, %	66	81	65	65
Share Data (adjusted for rights issue)	Jan-Mar		April 1999	Total
	2000	1999	March 2000	1999
Earnings after tax, SEK	2:62	2:00	8:95	8:33
Shareholders' equity, SEK	69:74	62:80	69:74	66:82
Average no. of shares, (000)	22,296	22,296	22,296	22,296
No. of shares at end of period, (000)	22,296	22,296	22,296	22,296

Future reporting

Interim report January-June

10 August 2000

Interim report January-September

25 October 2000

Stockholm, 27 April, 2000

Claes Warnander

President and CEO

This report has not been reviewed by the auditors.