



Innovative Vehicle Technology

PRESS RELEASE

Haldex acquires cutting edge technology within electronically controlled hydraulic systems

Haldex Hydraulic Systems, a division in the Haldex group, has acquired all patents and other assets from the Canadian R&D company Micro Hydraulics Inc.

For several years, Micro Hydraulics has been involved in the research and development of technology for energy management and motion control, which has resulted in advanced design of electrohydraulic systems for mobile applications.

The acquisition encompasses a new, advanced concept for electronic control of hydraulic systems as well as a product range at a prototype stage consisting of compact, modular hydraulic components that have been designed around the new control concept of integrated electronics and software.

The acquired technology is expected to put Haldex in the forefront of electronically controlled electrohydraulic systems and positions the company well to participate in the technology of energy management and motion control utilizing hydraulics with integrated electronic controls.

The world market for applications of the acquired technology can be estimated at USD 500 million yearly, and offers Haldex Hydraulics significant growth opportunities with its existing customer base (manufacturers of construction machinery, forklift trucks and other industrial vehicles).

Serial deliveries of the new product range are expected to commence in year 2003. Thereafter, these new business opportunities should enable the Haldex Hydraulics business (present yearly sales of USD 100 million) to grow by 50% in a 5-year period, and significantly more in a longer-term perspective.

Except for three relatively modest one-time payments during the period 2001-2005, the majority of the purchase price is to be determined by sales based royalty payments during the period 2003-2010. Expenses to finalize product designs and to prepare for production are estimated to affect the group's result with USD 0.5-1 million for each of the first two full years, after which positive profit contributions are expected.

It is expected that the acquired base technology will enhance a wide variety of electrohydraulic products and that these products will remove many of the obstacles that vehicle manufacturers encounter with current electrohydraulic systems in the areas of efficiency and noise. It is also anticipated that these products will provide significant performance advantages in the area of system response and stability at lower cost than the technology currently utilized to attempt to achieve greater response and stability in electrohydraulic systems.

These products and integrated systems will provide vehicle manufacturers the ability to design vehicles with improved reliability, increased productivity, reduced energy consumption, reduced operator fatigue, improved operator safety and reduce costs over the life of the vehicle.

Haldex growth strategy is, to a great extent, based on an expansion within "vehicle dynamics systems", where electronic controls enable better performance and safety.

Through the development of electronically controlled four-wheel-drive systems for cars (AWD) and a series of electronically controlled subsystems for braking/stabilizing of heavy vehicles (ABS, EBS, ESP, ECAM, SDI, EPV), Haldex has already taken several steps in this growth strategy.

With the acquisition of the Micro Hydraulics technology, Haldex Hydraulic Systems division joins in this growth strategy and adds to the group's competence in vehicle dynamics systems.

Haldex is an innovator in vehicle technology and supplies proprietary products for trucks, cars and industrial vehicles on a global basis. The Group is listed on the Stockholm Stock Exchange and has annual sales exceeding 6 billion Swedish Krona with 4,100 employees.

For further information contact Claes Warnander, CEO, or Lennart Hammargren, CFO Haldex AB (phone +46 8 678 72 70).

Sept. 07, 2001