



Innovative Vehicle Technology

PRESS RELEASE

Preliminary year-end report for 2001 is burdened by a weak 4th quarter. Sales and profits are estimated to increase 2002.

The outcome of the 4th quarter was weaker than expected. Operating profits amounted to 18 MSEK and income before tax to 2 MSEK. All divisions showed weaker sales and operating profits than the average for previous quarters. The preliminary year-end report (which is not yet fully audited) thus shows an operating profit of 178 MSEK (338), a 47% decrease. Income before taxes amounts to 112 MSEK (270), a decrease of 59%.

The weak 4th quarter can be attributed to two main factors:

- In North America, the production of heavy-duty trailers was reduced by 35% in the 4th quarter compared to earlier forecast and also compared to previous quarters. This could not be anticipated and the sudden development can be attributed to the uncertainty after September 11, which led to considerable order cancellations. The drop in the trailer production, which is an important segment for the Brake Systems division, affected volumes and profits in several of the group units in the U.S. The negative profit impact on the 4th quarter can be estimated to 10-15 MSEK.
- The 4th quarter was charged with provisions and costs for warranty claims amounting to 35 MSEK, which is 15 MSEK more than the average for previous quarters. These guarantees mainly pertain to new products, for instance ECAM (Electronically Controlled Air Management). The main part of this extra cost compared to previous quarters, can be regarded as non-recurring expenses.

The forecast for vehicle production in 2002 point to a further decrease compared to 2001.

Even though the production of heavy vehicles in North America is estimated to increase by some 2%, the forecast for the production of heavy-duty trailers has recently (J.D. Power/ January) been adjusted downwards and shows a decrease of 20%. Combined, this means a forecast of some 9% production decrease of heavy-duty tractors and trailers in North America 2002 compared to 2001.

In Western Europe, the estimates for 2002 point to a production rate of heavy-duty tractors and trailers that is about 12% lower than 2001.

In spite of the lower volume forecast for vehicle production, the group's sales and profits are estimated to increase in 2002 compared to 2001. This is due to new delivery contracts awarded in 2001, and to the acquisition closed in January this year. The first half of 2002 is expected to continue to be weak and then successively improve towards the end of the year. The forecasts for vehicle production in 2003 and thereafter show considerable increases.

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

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