



Haldex 1st half 2004

2nd quarter

- Earnings after tax were 44 MSEK (27) and earnings per share SEK 1:99 (1:23).
- Earnings before tax were 65 MSEK (39). Operating earnings were 78 MSEK (53).
- Order intake was 1,876 MSEK (1,431) and net sales 1,753 MSEK (1,542).

1st half year

- Earnings after tax were 88 MSEK (6) and earnings per share SEK 3:99 (0:27).
- Earnings before tax, excluding restructuring charges, were 132 MSEK (93), an increase of 41 %. Currency rate changes affected negatively with 13 MSEK. Including restructuring charges, earnings before tax were 132 MSEK (36).
- Operating earnings, excluding restructuring charges, were 163 MSEK (119), an increase of 37 %. Currency rate changes affected negatively with 15 MSEK. Operating margin was 4.8 % (4.0). Including restructuring charges, operating earnings were 163 MSEK (62) and operating margin 4.8 % (2.1).
- Order intake was 3,751 MSEK (3,104), an increase of 21 %. Net sales were 3,456 MSEK (3,098), an increase of 12 %. Adjusted for currency rate changes, the increases were 27 % and 17 % respectively.
- Material cost surcharges on mainly steel products have affected earnings negatively with net 16 MSEK corresponding to almost 0.5 %-age points on operating margin. The main part within Commercial Vehicle Systems and in the 2nd quarter.

<i>MSEK</i>	<i>2003</i>				<i>2004</i>		<i>Change 1 H 04/1 H 03</i>
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>I</i>	<i>II</i>	
Net sales	1,556	1,542	1,452	1,486	1,703	1,753	+12 %
Operating earnings *)	66	53	49	65	85	78	+ 37 %
Operating earnings	9	53	49	65	85	78	-
Earnings before tax *)	54	39	32	52	67	65	+ 41 %
Earnings before tax	- 3	39	32	52	67	65	-

*) excluding restructuring charges

Business events 2nd quarter

- A record AWD order of 2-2.5 billion SEK over a 5-year period was received from a European car manufacturer with delivery start planned for during 2007.
- A disc brake agreement was concluded with Scania regarding Scania's heavy truck program. Ongoing customer specific developments and field tests aim to serial deliveries in 2006. The disc brake agreement with Scania follows an earlier announced serial delivery order of disc brakes from Volvo/Renault regarding medium heavy trucks.
- Haldex and Alfa Laval formalized the cooperation by establishing the jointly owned company Alfdex AB. This company is the formal license owner of the technology and coordinates the cooperation.

The Alfdex system is a highly efficient solution to solve new environmental demands regarding cleaning of crankcase ventilation gases from diesel engines, and builds on Alfa Laval's centrifugal separation technology. Haldex handles manufacturing and marketing towards the vehicle industry.

Results 2nd quarter

During the 2nd quarter, order intake amounted to 1,876 MSEK (1,431) and net sales to 1,753 MSEK (1,542), increases of 31 % and 14 % respectively.

Earnings before tax amounted to 65 MSEK (39), an increase of 65 %.

Operating earnings were 78 MSEK (53), an increase of 47 %. Compared to the 2nd quarter previous year, all business areas showed improved operating earnings, except Garphyttan Wire which remained on last year's level.

Results 1st half year

The group's order intake amounted to 3,751 MSEK (3,104), an increase of 21 %. Net sales were 3,456 MSEK (3,098), an increase of 12 %. Adjusted for currency rate changes, the increases were 27 % and 17 % respectively.

Earnings before tax amounted to 132 MSEK as compared to 93 MSEK previous year (excluding restructuring charges), an increase of 41 %. Currency rate changes affected the result negatively with 13 MSEK compared to previous year. Including restructuring charges, earnings before tax were 132 MSEK (36).

Operating earnings amounted to 163 MSEK as compared to 119 MSEK previous year (excluding restructuring charges), an increase of 37 %. Currency rate changes affected the result negatively with 15 MSEK compared to previous year. Including restructuring charges, operating earnings were 163 MSEK (62).

All business areas improved sales, operating earnings and profitability:

MSEK	1st half year		Δ
	2004	2003	
Commercial Vehicle Systems			
Net sales	2,151	1,932	+11 %
Operating earnings	85	60	+40 %
Margin	4.0 %	3.1 %	+0.9
Return on cap empl*)	7.6 %	4.5 %	+3.1

Hydraulic Systems			
Net sales	527	466	+13 %
Operating earnings	25	13	+93 %
Margin	4.8 %	2.8 %	+2.0
Return on cap empl*)	13.7 %	4.1 %	+9.6

Garphyttan Wire			
Net sales	463	423	+ 9 %
Operating earnings	46	42	+ 9 %
Margin	9.8 %	9.9 %	-0.1
Return on cap empl*)	23.6 %	23.2 %	+0.4

Traction Systems			
Net sales	315	277	+14 %
Operating earnings	7	4	+91 %
Margin	2.2 %	1.3 %	+0.9
Return on cap empl*)	12.3 %	3.5 %	+8.8

*) 12 months rolling

Gross margin

The group's gross margin was 25.0 % as compared to 25.9 % previous year. The lower gross margin was caused by several factors:

- Increased material costs due to heavily increased steel prices, have so far only to a limited extent been possible to pass on to sales prices.
- Changes in product mix. The share of aftermarket sales with better margins has declined as the sales increase refers to products for first fit.
- The rapid volume growth in orders and shipments has caused increased costs for production personnel.

Material price surcharges

Extra increases in prices have occurred for raw materials and components as a consequence of increased prices for steel and some other raw materials. For the 1st half year, this is estimated to have increased the group's costs with some 20 MSEK. Only to a limited degree has it so far been possible to pass these costs increases on to sales prices. Net, some 16 MSEK has affected the 1st half year and the main part Commercial Vehicle Systems and in the 2nd quarter. For the 1st half year, the material cost increases have affected the group's operating margin negatively with almost 0.5 %-age points.

Profitability

The group's return on capital employed during the 1st half year – expressed as annual rate – was 12.3 % as compared to 8.8 % previous year (excluding restructuring charges).

The higher profitability was the result of improvements of both profit margins, increasing from 4.0 % to 4.8 %, and capital turnover, improving from 2.22 times to 2.56 times.

Cash flow

The operating cash flow before capital expenditures amounted to 95 MSEK (100). Higher profits before depreciations was counterbalanced by increased working capital – mainly accounts receivables – as a consequence of the increased business volume.

Customer credit days were, however, lower than previous year (53 days compared to 58 days).

Inventory days also improved compared to previous year (55 days compared to 57 days).

Capital expenditures amounted to 153 MSEK (124), the same level as depreciations.

Order intake and net sales

The group's order intake amounted to 3,751 MSEK (3,104), an increase of 21 %. Adjusted for currency rate changes, the increase was 27 %.

Net sales amounted to 3,456 MSEK (3,098), an increase of 12 %. Currency adjusted, an increase of 17 %.

Net sales per business area and region developed as follows:

<i>MSEK</i>	<i>1st half year</i>		<i>Change</i>	
	<i>2004</i>	<i>2003</i>	<i>Nominal</i>	<i>Currency adj.</i>
Commercial Vehicle Systems	2,151	1,933	+11 %	+18 %
Hydraulic Systems	527	466	+13 %	+20 %
Garphyttan Wire	463	422	+ 9 %	+13 %
Traction Systems	315	277	+14 %	+14 %

North America	1,647	1,537	+ 7 %	+18 %
Europe	1,609	1,419	+13 %	+13 %
Asia	117	80	+45 %	+58 %
South America	83	62	+35 %	+36 %

All business areas and regions showed increased sales as a consequence of the growing market and increased market shares in certain segments.

Market

The vehicle industry is currently in a cyclical upturn. This is particularly true for heavy vehicles and industrial vehicles (construction equipment and forklifts). The upturn is strongest in North America, but also Europe and other markets show a positive development.

Preliminary figures (J.D. Power/ACT) show that the North American production of heavy trucks (Class 8) increased by 43 % and trailers by 28 % as compared to the 1st half year previous year. In Europe, the heavy vehicle production increased by some 9 %.

The sales of cars increased by 2 % in North America and by 1.5 % in Western Europe. However, the production increased slightly less: 0.5 % in North America and 1 % in Western Europe.

The market for construction equipment and forklift trucks developed positively in both North America and Western Europe with production increases of 5-15 %.

Structural changes

The various structural projects continue according to plan.

The move of all machining operations from Heidelberg to low-cost countries in Eastern Europe is almost completed and the new sub-suppliers are being run in.

The establishing of a production unit in Hungary for assembly and test is completed and shipments in small volumes have started.

The Blackburn machining operation has been moved to sub-suppliers and the assembly/test is successively moved to Hungary.

The move of the production of actuator products from the U.S. to Mexico has been initiated and is expected to be fully implemented at year-end.

The consolidation of the American relining service centers is ongoing. This year the West Coast and Middle America will be affected.

Employees

The number of employees at the end of the period was 4,367 (4,021). The increase is partly due to the added units in India and Brazil, together 155 persons, and to increased production personnel in almost all units as a consequence of increased demand.

New accounting principles

As of January 1, 2004 Haldex uses the recommendation RR29 issued by the Swedish Financial Accounting Standards Council regarding "Remuneration to employees" in the group accounting. The rules are based on IAS 19 and means that the group's pension liabilities increase by 124 MSEK. Net after deduction of deferred tax, the group's openings balance of shareholders' equity is affected by 86 MSEK. Net debt at the end of the period amounted to 1,304 MSEK (1,218).

Full year outlook

Previous 2004 full year outlooks have stated: "The group's sales are expected to show a moderate increase, while earnings and profitability should show a more marked improvement".

Now we want to formulate our estimate as follows:

The group's sales are expected to show a substantial increase. Results and profitability are estimated to show a considerable improvement compared to previous year.

Future reporting

Interim report January-September	22 October 2004
Year-end report	February 2005

Stockholm, 26 July 2004

Claes Warnander
President & CEO

For further information, please contact:
Claes Warnander, President & CEO, phone +46 8-545 049 50
Lennart Hammargren, CFO, phone +46 8-545 049 50

e-mail: info@haldex.com

www.haldex.com

Reg.no. 551060-1155

Auditors' Report

We have made a review of this Half-year Report in accordance with recommendations issued by the Swedish Institute of Authorized Public Accountants. A review is substantially limited in relation to an audit.

Nothing has come to our attention that indicates that the Half-year Report fails to comply with the requirements of the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm 26 July 2004

Richard Roth
CPA

Olof Herolf
CPA

Profit & Loss, Group	<i>April-June</i>		<i>Jan-June</i>		<i>July 2003</i>	<i>Total</i>
Amounts in MSEK	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>-June 2004</i>	<i>2003</i>
Net sales	1,753	1,542	3,456	3,098	6,394	6,036
Cost of goods sold	-1,320	-1,145	-2,593	-2,295	-4,789	-4,491
Gross income	433	397	863	803	1,605	1,545
	24.7%	25.7%	25.0%	25.9%	25.1%	25.6%
Sales, G&A and R&D costs	-357	-337	-699	-676	-1,336	-1,313
Other operating revenues & costs	2	-7	-1	-8	8	1
Items affecting comparability	-	-	-	-57	-	-57
Operating income	78	53	163	62	277	176
Financial net	-13	-14	-31	-26	-61	-56
Earnings before tax	65	39	132	36	216	120
Taxes	-21	-12	-43	-30	-63	-50
Minority share	-	-	-1	-	-1	-
Net income	44	27	88	6	152	70
Earnings per share, SEK	1:99	1:23	3:99	0:27	6:90	3:18
Balance Sheet, Group	<i>30 June</i>		<i>30 June</i>		<i>31 Dec</i>	
Amounts in MSEK	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
Goodwill		395		404		398
Other intangible assets		130		98		109
Tangible fixed assets		1,285		1,316		1,257
Financial fixed assets		58		64		59
Inventories		728		711		655
Current receivables		1,251		1,138		963
Cash and bank		74		25		155
Assets		3,921		3,756		3,596
Equity		1,393		1,429		1,384
Minority capital		5		-		4
Pension provisions		317		176		180
Other provisions		176		178		232
Long-term interest-bearing liabilities		1,039		1,052		994
Other long-term liabilities		18		6		22
Short-term debt		22		15		16
Other current liabilities		951		900		764
Shareholders' equity and liabilities		3,921		3,756		3,596
Change in shareholders' equity	<i>30 June</i>		<i>30 June</i>		<i>31 Dec</i>	
Amounts in MSEK	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
Equity at year-start		1,384		1,563		1,563
Adaption to RR29		-86		-		-
Dividend		-39		-33		-33
Translation difference		46		-107		-216
Net income		88		6		70
Equity at end of period		1,393		1,429		1,384

Cash Flow Statement, Group	Jan-June		July 2003	Total
Amounts in MSEK	2004	2003	-June 2004	2003
Operating income	163	62	277	176
Depreciation on fixed assets	145	147	285	287
Financial net & taxes paid	-70	-48	-124	-102
Change in working capital	-143	-61	-87	-5
Cash flow from operations	95	100	351	356
Net investments	-153	-124	-297	-268
Acquisitions	-	-	-30	-30
Investments in shares and participations	-	-	1	1
Cash flow from expenditures	-153	-124	-326	-297
Dividend	-39	-33	-39	-33
Change in debt	24	-31	53	-2
Change in other long-term liabilities	-7	-	8	15
Change in long-term receivables	-1	5	8	14
Cash flow from financing activities	-23	-59	30	-6
Change in cash and bank, excluding translation difference	-81	-83	55	53
Cash and bank at beginning of period	155	107	25	107
Translation difference in cash and bank	1	-6	-5	
Cash and bank end of period	74	25	74	155
Key ratios	Jan-June		July 2003	Total
	2004	2003	-June 2004	2003
Profit margin, %	4.8	2.1	4.5	3.1
Ditto, excluding one-time items, %	4.8	4.0	4.5	4.0
Capital turnover rate, times	2.56	2.22	2.39	2.23
Return on capital employed, %	12.3	4.7	10.6	6.8
Ditto, excluding one-time items, %	12.3	8.8	10.6	8.9
Return on equity, %	12.6	0.8	10.8	4.8
Interest coverage ratio, times	4.9	2.2	4.1	2.8
Equity/assets ratio, %	36	38	36	39
Debt/equity ratio, %	94	85	94	74
Share data	Jan-June		July 2003	Total
	2004	2003	-June 2004	2003
Earnings after tax, SEK	3:99	0:27	6:90	3:18
Ditto, excluding one-time items, SEK	3:99	2:87	6:90	5:78
Shareholders' equity, SEK	63:12	64:74	63:12	62:71
No. of shares, (000)	22,065	22,065	22,065	22,065
No. of shares end of period, (000)	22,065	22,065	22,065	22,065
No. of own shares, (000)	231	231	231	231
Börskurs, SEK	119:00	86:00	119:00	102:00

Quarterly development
Amounts in MSEK

	<i>Total</i>		<i>1st half</i>					<i>Total</i>		<i>1st half</i>	
	<i>2002</i>	<i>I</i>	<i>II</i>	<i>2003</i>	<i>III</i>	<i>IV</i>	<i>2003</i>	<i>I</i>	<i>II</i>	<i>2004</i>	
Net sales	6414	1556	1542	3098	1452	1486	6036	1703	1753	3456	
Cost of goods sold	-4790	-1150	-1145	-2295	-1088	-1108	-4491	-1273	-1320	-2593	
Gross income	1624	406	397	803	364	378	1545	430	433	863	
	25.3%	26.1%	25.7%	25.9%	25.1%	25.4%	25.6%	25.3%	24.7%	25.0%	
Sales, G&A and R&D costs	-1420	-339	-337	-676	-320	-317	-1313	-343	-357	-699	
Oth operat. revenues/costs	14	-1	-7	-8	5	4	1	-2	2	-1	
Non-recurring items	-41	-57	0	-57	0	0	-57	0	0	0	
Operating income	177	9	53	62	49	65	176	85	78	163	
Financial net	-65	-12	-14	-26	-17	-13	-56	-18	-13	-31	
Earnings before tax	112	-3	39	36	32	52	120	67	65	132	
Taxes	-34	-18	-12	-30	-12	-8	-50	-22	-21	-43	
Minority share	-	-	-	-	-	-	0	-1	0	-1	
Net income	78	-21	27	6	20	44	70	44	44	88	
Earnings per share, SEK	3:51	-0:95	1:23	0:27	0:92	1:99	3:18	2:00	1:99	3:99	
R&D, %	4.5	4.7	4.5	4.6	5.1	5.4	4.9	4.9	4.8	4.8	
Profit margin, %	2.9	0.8	3.5	2.1	3.5	4.6	3.1	5.1	4.5	4.8	
Return on capital employed*), %	6.0	4.6	4.3	4.3	5.0	6.8	6.8	9.7	10.6	10.6	
Return on shareholders' equity*), %	4.6	1.9	1.7	1.7	2.2	4.8	4.8	9.5	10.8	10.8	
Equity/assets ratio, %	41	39	38	38	38	39	39	37	36	36	
Cash flow	338	-53	29	-24	36	77	89	-81	23	-58	
Capital expenditures	246	56	68	124	56	91	271	65	88	153	
No. of employees*)	4022	4037	4024	4024	4001	4018	4018	4071	4149	4149	

*) = rolling 12 months

Segment development
Amounts in MSEK

	<i>Total</i> 2002	<i>I</i>	<i>II</i>	<i>Ist half</i> 2003	<i>III</i>	<i>IV</i>	<i>Total</i> 2003	<i>I</i>	<i>II</i>	<i>Ist half</i> 2004
<i>Commercial Vehicle Systems</i>										
Net sales	4260	977	955	1932	917	908	3757	1054	1097	2151
Operating income	158	38	22	60	21	30	111	49	36	85
Operating margin, %	3.7	3.9	2.4	3.1	2.3	3.2	2.9	4.7	3.3	4.0
Assets	2557			2460			2234			2504
Liabilities	398			534			513			591
Return on cap. empl.*), %	7.1			4.5			5.7	6.6	7.6	7.6
Capital expenditures	135			52			131			86
Depreciations	215			93			191			98
No. of employees*)	2735			2735			2737			2817
<i>Hydraulic Systems</i>										
Net sales	973	230	236	466	233	235	934	255	272	527
Operating income	14	7	6	13	9	10	32	11	14	25
Operating margin, %	1.4	3.1	2.5	2.8	3.7	4.3	3.4	4.1	5.4	4.8
Assets	431			436			410			480
Liabilities	125			107			107			145
Return on cap. empl.*), %	4.0			4.1			10.1	10.5	13.7	13.7
Capital expenditures	35			24			54			35
Depreciations	45			22			40			22
No. of employees*)	681			680			685			732
<i>Garphyttan Wire</i>										
Net sales	814	212	211	423	180	190	793	240	223	463
Operating income	81	20	22	42	15	18	75	25	21	46
Operating margin, %	9.9	9.1	10.8	9.9	7.8	9.9	9.4	10.2	9.5	9.8
Assets	474			495			463			487
Liabilities	183			149			122			163
Return on cap. empl.*), %	22.3			23.2			22.3	23.4	23.6	23.6
Capital expenditures	32			21			35			15
Depreciations	37			18			37			19
No. of employees*)	430			431			421			419
<i>Traction Systems</i>										
Net sales	367	137	140	277	122	153	552	154	161	315
Operating income	-35	1	3	4	4	7	15	0	7	7
Operating margin, %	neg	0.9	1.7	1.3	4.0	4.5	2.8	0.3	4.0	2.2
Assets	185			253			265			287
Liabilities	126			98			102			129
Return on cap. empl.*), %	neg			3.5			12.6	8.9	12.3	12.3
Capital expenditures	44			27			51			17
Depreciations	12			9			19			11
No. of employees*)	176			178			175			181
<i>Undistributed</i>										
Operating income	-41	-57	-	-57	-	-	-57	-	-	-
Financial items	-65	-12	-14	-26	-17	-13	-56	-18	-13	-31
Taxes	-34	-18	-12	-30	-12	-8	-50	-22	-21	-43
Assets	212			112			224			162
Liabilities	1464			1439			1364			1496

*) = rolling 12 months