



Innovative Vehicle Technology

PRESS RELEASE

Haldex expands in China

Stockholm, Sweden, January 24, 2005 – **In order to better exploit the business opportunities on the growing Chinese market, a decision has been made to establish local manufacturing in China of several of the group's products. The capital expenditures amount to 130 MSEK split equally between 2005 and 2006. The group's sales in China are in a 5-year period targeted to grow from today's 100 MSEK towards 1 billion SEK.**

The Chinese vehicle industry shows a substantial growth and increasingly demands modern technology. Haldex has been present on the Chinese market for several years through a sales company in Shanghai and has developed good customer relations.

In order to establish a competitive base and closeness to the market, a decision has been made to start local manufacturing of several of the group's products.

The manufacturing in China will be located to Suzhou, west of Shanghai. The investments include two factories on a common land area. One factory will produce air brake system products and hydraulic products. The other factory will house the production of valve spring wire products. The Chinese production is established as wholly owned units.

The production start of certain brake products is planned to take place during the 2nd quarter 2005. Thereafter, the production program will be successively expanded to more brake and hydraulic products. Deliveries of valve spring wire products are estimated to start towards the end of 2006.

The capital expenditures amount to 130 MSEK split equally between 2005 and 2006. In addition, certain production equipment will be transferred from other factories.

Local manufacturing is necessary to be able to compete with local Chinese suppliers and with international competitors also establishing local production in China. In the future, export from China of certain products to other markets is a possibility.

The sourcing of components in China for Haldex production in Europe and North America has been ongoing for several years and is now being successively increased in order to create a supplier base for the Chinese production. A purchasing group has been established in China. The sales organization will be further strengthened. As previously announced, the group's CEO, Claes Warnander, will after the CEO shift at the annual shareholders' meeting in April 2005 strengthen the Haldex organization in China for a certain period.

Haldex goal is to capture significant market shares in China and be a leading supplier of the group's products. The current sales in China of 100 MSEK should in a 5-year period be targeted to increase towards 1 billion SEK.

Haldex (www.haldex.com), headquartered in Stockholm, Sweden, is a provider of proprietary and innovative solutions to the global vehicle industry, with focus on products in vehicles that enhance safety, environment and vehicle dynamics. Haldex is listed on the Stockholm Stock Exchange and has annual sales of nearly 7 billion SEK with 4,400 employees.

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