



Innovative Vehicle Technology

PRESS RELEASE

Haldex acquires Chinese Hydraulics Company

Stockholm, Sweden, 21 February 2007 – **Haldex is acquiring Runguang Hydraulics, one of the leading suppliers of hydraulics products to the Chinese construction machinery industry. A newly formed company, Haldex Hydraulics (Qingzhou) Co. Ltd, will take over the employees and most of the assets of Runguang Hydraulics. The company will initially have annual sales of approx. MSEK 130. Haldex's ownership stake in the newly formed company is 85%, while the Chinese management group will own the remaining 15%.**

Haldex Hydraulics (Qingzhou) Co. Ltd will produce hydraulic pumps, valves and cylinders, mainly for use in different types of construction machinery such as wheel loaders and excavators. The company will have 1,200 employees, with largely vertically integrated production.

The operations that are to be taken over from Runguang Hydraulics by Haldex Hydraulics (Qingzhou) are profitable, with annual sales of MRMB 150. The prospects for future growth are considered to be favorable. Haldex will own 85% of the new co-owned company, while the local management group will own 15% through Runguang Hydraulics.

The transaction will enable the Haldex Group's hydraulics division to benefit from Runguang's 40 years of experience in the Chinese mobile hydraulics market, and to become one of the leading suppliers of hydraulic pumps, valves and cylinders to Chinese construction machinery manufacturers.

The acquisition will also give Haldex access to the products that are currently being used in China. As market demand for improved technical solutions grows, Haldex will be able to phase in its own technology and expand in terms of both product line and applications.

The Haldex Hydraulics (Qingzhou) operations will be sited at new plant facilities in Qingzhou, in the Shandong province. Sales and the recently launched production of hydraulic power systems at one of the two new Haldex-owned plants in Suzhou will be coordinated with the new co-owned company.

“This cooperation with Runguang Hydraulics will enable Haldex to benefit from their stable and healthy relations with Chinese customers and strengthen Haldex's market position in China. Because the production base is already in place, we will also quickly be able to serve our international customers in the Chinese market,” said Haldex President and Group CEO Joakim Olsson.

“The combination of this cooperative venture and our existing hydraulics operations in Suzhou gives us an opportunity to offer a broad line of locally produced hydraulics products for the Chinese market, and to develop a manufacturing base for global exports,” added Brian Nelson, acting manager of Haldex Hydraulic Systems Division.

The complete and final implementation of the shareholder agreement and the agreement to purchase the net assets is contingent upon approval from the local government authorities, which they are expected to grant in Q1 2007.

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 8 billion SEK with 4,600 employees.

For additional information, please contact Joakim Olsson, President and Group CEO, phone. +46 8 545 049 54 or +46 70-545 86 54.