



*Innovative Vehicle Technology*

## **PRESS RELEASE**

### **Weak North American market requires revision of earnings forecast**

Stockholm, October 2, 2007 – In recent months, demand in the North American market for trailers and hydraulic products for industrial vehicles has declined sharply in comparison with previous customer forecasts.

The sharp decline in nickel prices has led to substantial reductions in the price of alloy supplements for stainless wire, resulting in an impairment loss of about SEK 8 million being posted against Garphyttan's inventories in the third quarter.

Due to the continued weak state of the market for trucks, as well as new forecasts for trailers and hydraulic products for the North American market, combined with the consequences of the production problems experienced in Garphyttan during the year and the impairment loss posted for inventories of stainless products, Haldex's assessment is that its operating profit for the current year will be somewhat lower than in the preceding year, when operating profit amounted to SEK 390 million. Earnings during the second half of the year will also be adversely affected by the weak exchange rate for the US dollar. The previous assessment was that operating profit would improve in relation to the preceding year.

Haldex's previous assessment that net sales in 2007 would be on roughly the same level as in the preceding year is retained, since it will be possible to compensate the decline in sales in North America through growth in Traction Systems, the acquisition of Runguang Hydraulics in China and a strong trend in the European market. In terms of earnings, the contributions from these units will not fully compensate the decline in earnings from the North American units.

A review of the production structure in the Friction Products business unit in North America is currently under way. Haldex's assessment is that the coming changes will result in restructuring. The cost of these measures is estimated to amount to SEK 40-50 million, with an anticipated repayment period of one year. It is estimated that it will be possible to present a detailed plan during the fourth quarter.

Haldex will present its interim report for the January to September period on October 25.

---

Haldex ([www.haldex.com](http://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 6,000 employees

For additional information, please contact Joakim Olsson, President and Group CEO, phone. +46 8 545 049 52 or +46 70 545 86 54 or Stefan Johansson, CFO, phone. +46 8 545 049 52 or +46 70 224 24 01.