



*Innovative Vehicle Technology*

## ***PRESSRELEASE***

# **Haldex AB presents strategy, financial targets, summary financial information and new company names ahead of proposed reorganization**

*Stockholm, May 20, 2011*

*Haldex today hosts a capital markets day and presents the new management teams, the strategic platforms, financial targets, summary financial information and new company names of the divisions Commercial Vehicle Systems (CVS) and Hydraulic Systems.*

The Haldex Board of Directors has proposed a distribution of the Hydraulic Systems Division to shareholders so that Haldex's two divisions will become independent, listed companies, conditional upon the approval at the AGM held on June 8, 2011. The listing process for the Hydraulics Systems division is proceeding according to plan and a listing prospectus is expected to be published on May 24. At the capital markets day the new companies will be presented in more detail.

“During the last years we have taken decisive actions to streamline and position the Group, and the individual divisions have now achieved such size, maturity and profitability that they will have better opportunities for further growth as separate listed entities. The result is two companies with strong balance sheets, well positioned for future profitable growth providing long-term shareholder value”, says Joakim Olsson, President and CEO of Haldex.

### **New names**

CVS will continue to operate under the Haldex AB name and Hydraulics Systems will change name and operate under the name Concentric AB.

### **Concentric AB**

The new Concentric has developed its own standalone financial targets and strategy. Concentric management is the same as for the Hydraulic Systems Division. The new Board consists of some members from the current Haldex Board and management, and some new members. Concentric will be headquartered in Birmingham UK with the registered office located in the municipality of Örkelljunga, Skåne County, Sweden.

### ***Financial targets***

Measured over a business cycle, on a constant currency basis, Concentric's targets are:

- organic compounded annual organic growth rate of 7 percent
- an operating margin of 11 percent
- a net debt to equity ratio less than 1
- a dividend policy distributing 1/3 of net income<sup>1</sup>

### ***Strategy, market and outlook***

Concentric's market leading positions in both diesel engine and hydraulic pumps, enable Concentric to take full advantage of strong underlying market growth and increasingly stringent environmental demands.

Concentric will use its technology and market leadership in diesel engine pumps to take full advantage of tougher emission rules in order to increase sales. Concentric will use the existing infrastructure from the diesel engines products and its leading position to expand the scope for specialist hydraulic gear pumps in India, China and Brazil. The company aims to outgrow its underlying markets through its new product introductions and further penetration of developing economies. The company will maintain a competitive cost structure and operational leverage to maximize profit margin and cash conversion. Concentric will actively explore complimentary bolt on acquisitions.

Underlying market statistics currently indicate around 11 percent market growth in constant currencies for the full year 2011 versus the full year 2010, applying relevant market indices to Concentric's business mix.

### ***Board and management***

Management of Concentric AB:

- **Ian Dugan**, born 1956  
President and CEO. Employed since 2002  
Ian Dugan has announced that he will be stepping down after the listing, but not until a successor has been found (however, no later than in January 2012).
- **David Bessant**, born 1971  
CFO. Employed since 2009
- **Len Mason**, born 1953  
Head of region Americas. Employed since 1992
- **David Woolley**, born 1962  
Head of region Europe and rest of world. Employed since 2002
- **David Williams**, born 1964  
Head of Engine Engineering & Development. Employed since 2006
- **Bill Pizzo**, born 1967  
Head of Hydraulics Engineering & Development . Employed since 2007
- **Melissa Dunn**, born 1967  
Head of HR , Employed since 2007
- **Brian Nelson**, born 1952  
Head of Strategy , Employed since 1990

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<sup>1</sup> The Board of Directors will seek to provide shareholders with a good dividend yield, and to adjust the level of dividend to the company's strategy, financial position and other financial goals and risks that the Board deems relevant. The dividend policy provides that, in the long term, the annual dividend, taking into consideration the above, should correspond to approximately 1/3 of the Group's net income for the financial year.

Board of Directors for Concentric AB:

All board members were appointed in 2010, however Stefan Charette has been a board member in Haldex since 2009 and Joakim Olsson is currently the President and CEO of Haldex AB.

- **Stefan Charette**, Chairman , born 1972
- **Marianne Brismar**, born 1961
- **Kent Eriksson**, born 1961
- **Joakim Olsson**, born 1965
- **Martin Sköld**, born 1973
- **Claes Magnus Åkesson**, born 1959

### *Summary financial information*

<b>Concentric</b>		
	<i>Q1 2011</i>	<i>2010</i>
Sales	SEK 554m	SEK 1,977m
EBITDA margin <sup>2</sup>	15.1%	12.7%
Operating income <sup>2</sup>	SEK 66m	SEK 151m
Operating income margin <sup>2</sup>	11.9%	7.6%

### **The new Haldex AB**

Following the spin-off of Concentric, the new Haldex will also have its own standalone financial targets and strategy. The new management will consist of the current CVS management. The proposed Board consists mainly of existing Haldex Board members and two new members. Haldex will be headquartered in Landskrona, Sweden.

### *Financial targets*

Measured over a business cycle, on a constant currency basis, Haldex' targets are:

- an organic growth rate of 7 percent
- an operating margin of 7 percent
- a net debt to equity ratio not exceeding 1x
- a dividend policy distributing 1/3 of net income<sup>3</sup>

### *Strategy, market and outlook*

Haldex is well positioned to take full advantage of strong Truck and Trailer market growth, by promoting the benefits of its premium products. Haldex will continue to expand in China, India and Brazil. This expansion and new product development will drive growth and

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<sup>2</sup> Before items affecting comparability (demerger costs, restructuring expenses and capital losses)

<sup>3</sup> The Board of Directors will seek to provide shareholders with a good dividend yield, and to adjust the level of dividend to the company's strategy, financial position and other financial goals and risks that the Board deems relevant. The dividend policy provides that, in the long term, the annual dividend, taking into consideration the above, should correspond to approximately 1/3 of the Group's net income for the financial year.

profitability. Haldex will continue to make improvements in quality, productivity and cost efficiency.

Build rates of heavy Trucks and Trailers in Europe and North America are forecasted to increase more than 40% in 2011 according to market statistics. Haldex sales to Truck and Trailer customers typically grow in line with the market. Aftermarket sales are expected to show moderate growth. Emerging Markets will continue to have a positive growth trend. These factors will together lead to continued improvements in operating margins.

### ***Management and Board of Directors***

Management of the Haldex AB after the spin-off:

- **Jay C. Longbottom**, born 1953  
President, CEO and Head of Air Controls  
Employed since 2002
- **Pramod Mistry**, born 1970  
CFO, employed since 2006
- **Andreas Ekberg**, born 1969  
Vice President Haldex, Senior Vice President Foundation Brake, employed since 1998
- **Aichang Li**, born 1960  
Senior Vice President, Head of China, employed since 2006
- **Joseph A Panella**, born 1959  
Senior Vice President North America Sales, employed since 2003
- **Andreas Richter**, born 1965  
Senior Vice President Europe & Asia Sales, employed since 1993

Proposed board of Directors for Haldex AB as proposed by the Nomination Committee published on May 5, 2011 :

- **Göran Carlson**, born 1957  
Proposed to be elected Chairman. Member of the Board since 2010
- **Stefan Charette**, born 1972  
Member of the Board since 2009
- **Arne Karlsson**, born 1944  
Member of the Board since 2003
- **Caroline Sundewall**, born 1958  
Member of the Board since 2003
- **Anders Thelin**, born 1950  
Member of the Board since 2007
- **C S Patel**, born 1939  
New election, previously CEO of Anand Automotive Ltd.
- **Magnus Johansson**, born 1955  
New election, Senior Vice President of SKF

## Summary financial information

<b>Haldex<sup>4</sup></b>		
	<i>Q1 2011</i>	<i>2010</i>
Sales	SEK 952m	SEK 3,710m
EBITDA margin <sup>2</sup>	9.2%	8.3%
Operating income <sup>2</sup>	SEK 55m	SEK 162m
Operating income margin <sup>2</sup>	5.8%	4.4%

### Balance sheet

Following the proposed spin-off and the distribution of SEK 33 per share, both Haldex and Concentric will have strong balance sheets, and strong equity bases to develop their businesses. Below is the balance sheet as per 31 March 2011.

<b>Balance Sheet, SEKm</b>	<b>Pro-forma balance sheets<sup>5</sup></b>		
	<i>Haldex</i>	<i>Concentric</i>	<i>“New” Haldex</i>
Working Capital	560	8	539
Intangible assets	1,429	875	554
Capital Employed	4,203	1,077	2,182
Total Assets	5,553	1,617	2,955
Net debt	-604	282	578
Equity	3,410	722	1,229
Net debt/Equity		0.39	0.47

### The capital markets day

Haldex today hosts a capital markets day (CMD) at Grand Hotel in Stockholm, beginning at 9.00 a.m.

### Internet

The capital markets day will be web casted at:

<http://storm.zoomvisionmamato.com/player/haldex/objects/sj2x53pn>

### Telephone conference call:

You can also participate with questions by telephone.

Dial-in numbers:

SE: + 46 8 505 598 53

UK: +44 203 043 2436

US: +1 866 458 40 87

<sup>2</sup> Before items affecting comparability (demerger costs, restructuring expenses and capital losses)

<sup>4</sup> All figures relate to Haldex continued operations

<sup>5</sup> Pro-forma after distribution, dividend and redemption of shares of 1,459 MSEK

The presentations at the CMD, and the web cast, will be available on Haldex AB website [www.haldex.com/Investors/Capital](http://www.haldex.com/Investors/Capital) Market Day

For further information, please contact Lena Olofsdotter, SVP Corporate Communications  
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*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 Nasdaq OMX Stockholm Stock Exchange and had net sales of nearly 6.9 billion SEK in 2010. The number of employees amounts to about 3,800.*

Haldex discloses the information in this press release according to the Swedish Securities Market Act and/or the Swedish Financial Trading Act. The information was provided for public release on May 20, 2011, at 07.45.