Haldex

Innovative Vehicle Solutions

ANNUAL REPORT **2013**

Content

Haldex in brief

Haldex develops, manufactures and distributes products for brake and suspension systems for commercial vehicles. Our customers include manufacturers of heavy trucks, buses and trailers, and axle manufacturers for these types of vehicles. Other applications as agriculture and special vehicles are also served. The product portfolio comprises all of the main components and sub-systems included in a complete brake or suspension system. Haldex has a global presence in terms of sales, research, development, technical service and production. Net sales amounted to approximately 3.9 billion SEK in 2013. Manufacturing takes place in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the USA. The company employs 2,135 people.

Haldex in the world

Highlights 2013

Supply agreement for Automatic Brake Adjuster

In North America, Haldex signed supply agreements for the Automatic Brake Adjuster and Actuator to a total value of 225 million SEK over a five-year period.

High technology certification in China

In China, Haldex was certified as a high-technology enterprise by the Chinese Government.

New strategy

New strategy was presented with focus on improving and stabilizing the platform to lay a foundation for profitable growth in the future.

Increased focus on CSR

Haldex takes a further step to strengthen and develop Haldex' Corporate Social Responsibility (CSR) by creating a new corporate function, Haldex CSR.

Paccar Quality Achievement Award

Haldex received the 2012 Quality Achievement Award in Europe and North America from Paccar, a world-leading manufacturer of commercial vehicles.

Europart Trade Star Award

Europart, a leading company within vehicle parts, named Haldex the winner of the Trade Star Award in the "European collaboration & performance" category for excellent performance.

Facility divestment in North America

A facility in North America was divested during the quarter, resulting in a gain of 5 million SEK.

Haldex establish new R&D centre in UK

Haldex relocates the UK Engineering activities and will open a new Research and Development Centre of Excellence at the MIRA Technology Park, near Nuneaton in Warwickshire, UK. The new R&D centre is due to be complete during Q3, 2014.

Key figures

	2013	2012
Net sales, SEK m	3,920	3,933
Operating income, SEK m[1]	281	210
Operating income, SEK m	153	150
Operating margin, %[1]	7.2	5.3
Operating margin, %	3.9	3.8
Earnings before tax, SEK m	110	114
Earnings after tax, SEK m	38	54
Earnings per share, SEK	0.80	1.12
Dividend (proposed for 2013), SEK	2.00	1.00
Return on capital employed, %[1]	14.6	9.8
Equity/assets ratio, %	46	43
Cash flow after net investments, SEK m	211	120
Investments, SEK m	94	118
Number of employees	2,135	2,200

[1] Excluding one-off items

Innovative vehicle solutions

Mission

Haldex develops and provides reliable and innovative solutions that improve safety, vehicle dynamics and environmental sustainability in the global, commercial vehicle industry.

Vision

Haldex will be the global, commercial vehicle industry's preferred choice for an innovative solution provider with a focus on brake and air suspension products.

Core values

Customer first – Respect for the individual – Passion for excellence

Strategic direction

Started in 2013, Haldex is changing its strategic direction to create a stable platform for profitable growth. To support this new course the management team has been strengthened with two new members. After several years of extensive footprint consolidation, the overall focus today is to improve and stabilize the platform to lay a foundation for profitable growth tomorrow. The strategic direction will be further outlined during 2014.

The strategic platform is based on six focus areas:

Haldex Way. Our system for establishing a culture of continuous improvement in our daily work and operational results.

Product management. Product managers with overall responsibility for driving product development and consolidating the range.

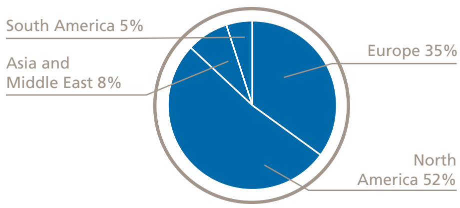
Sourcing structure. Centralized sourcing with a global category management responsible for driving our competitiveness and regional supply chain efficiency.

Quality organization. Implementing a global, uniform quality standard through all sites.

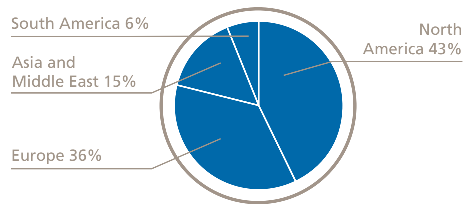
Haldex Way

Haldex runs a continuous improvement system called Haldex Way. The objective is to establish a corporate culture of improvement by progressing our daily work to increase efficiency and achieve market-leading operational results.

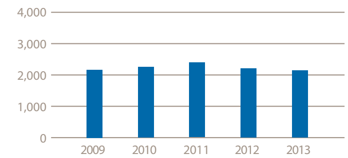
Net sales per region



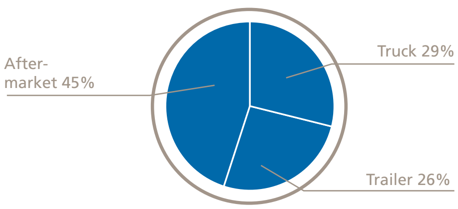
Number of employees per geographical market



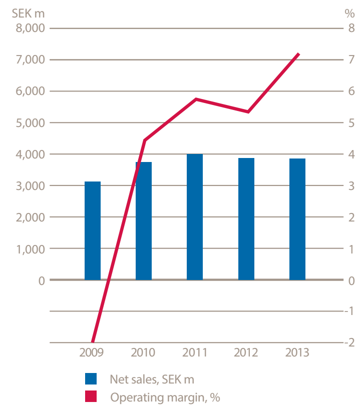
Number of employees



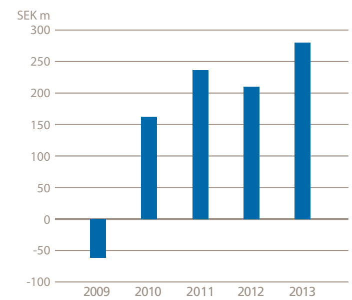
Sales per Market Segment



Net sales and Operating Margin*



Operating Income, SEK m*



* Excluding one-off items

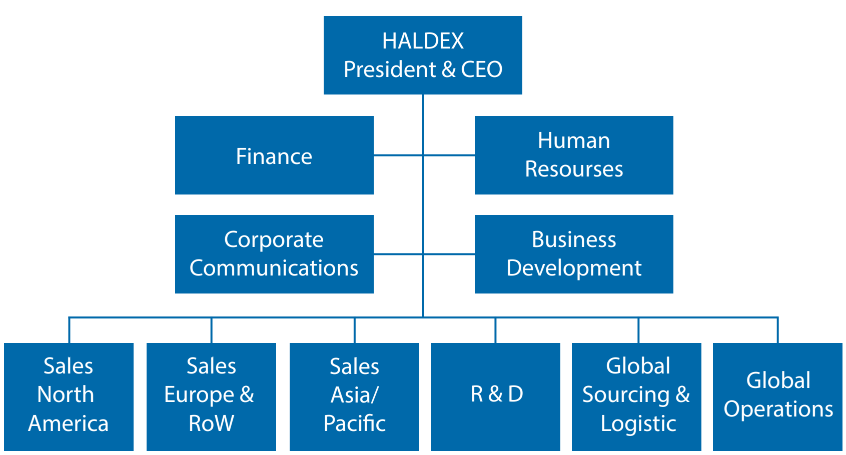
CSR. Intensified work in 2013 to identify target groups and define a new CSR strategy.

Further restructuring. Consolidation of processes, optimization of sales and costs, product rationalizations and transformation of European footprint.

Haldex is primarily focusing on high volume products which includes an aftermarket potential. This is typically valid for the Foundation Brake product range. Focus is also put on niche areas within the Air Controls product range. This approach will help Haldex reach the strategic goals on profitable growth.

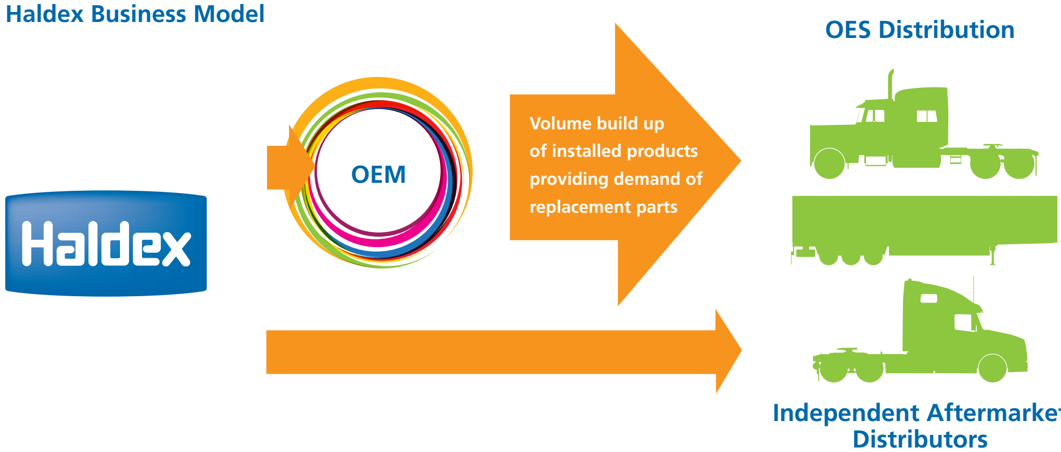
Business model

Haldex' place in the value chain is as a supplier to OEMs in the heavy vehicle industry. Our business model is based on offering competitive products that bring added value to the whole customer base, over the vehicle life time. OE sales is also important as a driver for future aftermarket business, building a larger installed base for replacement and service products. Haldex deploys the business model globally, but adapted to relevant regional and local conditions.



One functional organization

Haldex Business Model



Market overview

Haldex has a global share of about 15% of the market, and a significantly higher share in some product areas. Haldex approaches the market via the three customer segments Truck, Trailer and Aftermarket.

Truck

Haldex offers Truck and Bus manufacturers a portfolio of products contributing to more optimized transport solutions and increased safety. This enables us to increase our customers' competitiveness and support them in their endeavor towards more optimized transport solutions. Customer needs are identified and innovative solutions provided. Haldex can deliver premium products for leading OEMs, with the objective of being a preferred supplier in certain areas.

Trailer

In the trailer segment Haldex is a clear market leader in certain product areas, and has an overall strong global presence. As the technical complexity in the trailer segment rapidly increases, OEMs will in the near future depend on competent partners that understand all of their needs. Thanks to a complete trailer product range Haldex is well-equipped to further strengthen the position.

Aftermarket

The aftermarket accounts for approximately 45% of Haldex' annual sales. As the aftermarket is generally more stable over business cycles than OEM production of trucks, buses and trailers, this segment is very important. Haldex focuses on delivering premium products that will improve customers' total cost of ownership through high quality and performance.

Major customers

Customers include all major truck, bus and trailer manufacturers worldwide. Products are also sold to axle manufacturers for these vehicles as well as to the aftermarket. The top ten customers account for approximately one-third of sales, with no single customer accounting for more than 10%.

Competitors

The major global competitors are Knorr-Bremse AG of Munich, Germany and Wabco Automotive of Brussels, Belgium. Meritor of Troy, Michigan US is a competitor within certain product areas.

Financial targets

Haldex' long-term target is to achieve a compound annual growth in sales of 7% and an operating margin of 7% over a business cycle with a net debt/equity ratio not exceeding 1 and amounted to 0.33 in 2013. In 2013 sales grew by 3% and the operating margin excluding one-off items, was 7.2%. The outcome is the result of Haldex' strategic direction, including cost reductions in combination with increased sales focus.

The Haldex' stock

Haldex' stock is traded on the Nasdaq OMX Nordic stock exchange, accounting for 100% of the trade.

Reaching for gold... and beyond

Brad Page is Plant Manager at Haldex in Blue Springs, Missouri. He is in front of a framed diploma, with a happy smile on his face. The text on the diploma reads: "Paccar Quality Achievement Award".

"Haldex received the 2012 Quality Achievement Award in Europe and North America from Paccar, a world-leading manufacturer of commercial vehicles. Every year Haldex produces over 300,000 automatic brake adjusters for Paccar, and they recognized our efforts when we passed the milestone of going under 50 PPM. This is gratifying proof that our long-term quality work has paid off, and is appreciated by our customers."

Haldex runs a continuous improvement program called Haldex Way. By improving daily activities the company strives to increase efficiency and precision, and reduce variation. Important key performance indicators are measured to give the current status. Haldex' site in Blue Springs was the first to reach Gold Tier, a sign of the commitment the Blue Springs team put into their work.

"Every improvement we make is eventually turned into value, for us and for our customers. My team is highly aware of that, so every time there is a problem they immediately get out and address the issue. Hard and dedicated work, along with a great spirit, is behind this encouraging award from Paccar. We gathered the team to celebrate, but now we are right back out there to do even better. Gold Tier is not a destination, it is a step forward on our ongoing journey towards business excellence," Brad explains.

Improving and stabilizing the platform

It is not without a certain pride I can summarize the year 2013. I would like to start by acknowledging the Haldex spirit we have, and underlining my appreciation for all the efforts our various teams and colleagues in general have made around the world during the year – thanks to all of you, Haldex is a better company. Be proud!

We started the year with the very soft market ending of 2012 and had to be very focused in setting the agenda for 2013. As a result we implemented restructuring programs with the ambition of lowering our cost base, primarily focusing on our "white collar" work force. This is always emotionally difficult; however, in our case it was necessary in order to improve our financial strength and secure our ability to invest for the future.

Generally speaking we are in a phase of "improving and stabilizing the platform", which basically means that we need to improve our operational excellence as well as our financial performance. This is essential for us as we are approaching the next phase, which targets profitable growth. Building a strong company is much like building a long-standing house. One needs a solid foundation to build the house on. This is what we have been doing in 2013: building a solid foundation for Haldex, and we have come a long way.

Financial results

The organization is well aware that profitability is the key objective currently and that clarity is always helpful as a guide when it comes to making choices. Operating margin is our key financial target along with cashflow, and I am very pleased to summarize a year-end result of, excluding one-off items, 7.2% operating margin and cashflow of 330 MSEK, excluding one-off items. We have also managed to strengthen our balance sheet providing a gearing ratio of 33%, but there is still room for improvement in terms of working capital efficiency. Unfortunately we did not reach our target in terms of inventory days, the result being 59 days.

CSR

Our company culture has clear elements of empathy and caring, which over the years have driven autonomous and decentralized initiatives in terms of the safety and well-being of our employees and environmental impact from our processes. We have taken a further step in CSR by appointing a Group function for this in 2013 which will improve our work in this area in the coming years.

Haldex Way

In order to drive our operational excellence toward world-class levels, for many years we have had the Haldex Way program in place. This is basically a lean management program with the ambition to always strive for continuous improvements and minimize non value-adding activities in all our processes.

It was highly rewarding when our plant in Blue Springs, Missouri, became the first Haldex site to reach the Gold tier level. The leadership team at the plant has shown tremendous dedication, and this is now demonstrating to the other plants that it is possible to achieve very ambitious targets. It was equally rewarding to see that a large proportion of our sites took a step upward on the Haldex Way staircase, a broad improvement that makes a difference.

Strategic direction

As part of my leadership philosophy, it is fundamentally important that all employees understand our strategic direction and the critical focus areas. An integral part of the strategic direction is our business model. In essence, our model is to supply Haldex products in high volume to truck, bus and trailer companies, and also to provide Haldex products for the same vehicles when they need service or repair parts. The combination of supplying both the original equipment and the aftermarket segments makes us well balanced both in terms of growth opportunity and good operating margin development, while it also acts as a natural hedge in a weaker market.

Foundation Brake is Haldex' core product line with strong market positions and presence in all regions. The products are basically mechanical systems/components at the vehicle wheel ends with good volume multiplying effect. These products are also all wear parts which imply a requirement for several replacements during the vehicle's life time. From a technology perspective, the Air Control line is more demanding since it entails mechatronics, a combination of mechanical components with integrated electronics. As vehicles become more sophisticated in terms of safety requirements this offers business opportunities for smarter products, hence growth in revenue. With our brand new Air Control R&D center in the UK about to be inaugurated later this year, we are well positioned to further develop products with unique and differentiated properties.

As a complement to the organic growth initiatives, we will also consider acquisitions to complement our current product range or market presence.

Our strategic work will continue to be laid out in detail during the spring, and we plan to share further information about Haldex' direction in the early fall.

Report from the CEO

Outlook

North America is our key market with approximately half of our sales. Up to mid-year 2013, the truck and trailer market was strong, but the second half was softer and the year ended with an extremely weak December. Overall Haldex' sales in North America were 3% lower in 2013 than 2012, adjusted for currency effects. Our belief for 2014 is that North America will build more trucks and trailers than last year. We estimate an increase of approximately 5%.

The European commercial vehicle market was relatively stable for large parts of the year, and Haldex' sales increased by 7% in local currency compared to 2012. In 2014, the European market will most likely strengthen as the year progresses, and we believe it will finish a couple of percentage points up. China is the largest truck market in the world and usually provides strong growth rates. 2013 offered some increase with growth of 17%. However, in 2014 China appears rather flat compared to last year.

Haldex in China is continuing to localize new products and could therefore provide a better growth rate than the market in general.

The market in India was at its lowest level for 25 years and remains very hard to predict for 2014. We believe in India for the longer term though, and will open a new R&D center in Pune during the year. All in all, Asia will not play quite its usual role as an emerging market.

The best performing emerging market during 2013 was Brazil. Commercial vehicle sales were incentivized by the Government in order to keep the economy strong, and there were also legislative mandates for ABS installations. These aspects were positive driving forces for Haldex' sales, which increased by 54% on 2012. With both the Soccer World Cup and a presidential election, Brazil will be in the limelight in 2014, but the truck market will most likely suffer from less subsidies and be weaker than in 2013.

Finally, I would like to thank all our stakeholders for their valuable support in 2013. We now move into 2014 with humility, but also a sense of optimism.

Landskrona, March 6, 2014

Bo Annvik
President and CEO

Statement from the chairman

In the summer of 2010 the board of directors of Haldex decided to split the company's then three divisions into independent companies. In the midst of work on the split, the Haldex Traction division was sold to BorgWarner. The two remaining divisions for hydraulics and brake systems were separately IPOed under the names Concentric and Haldex.

Today, two years after the split, we are clearly starting to reap the benefits of the split. At the board level, as well as in the management team, there is a much stronger industrial focus than we would ever have been able to bring together in a set-up with divisional boards and management teams. Given the size of Haldex and the fierce competition of the global automotive industry, it is fundamental to organize and structure one's product and service offerings with an undisputed focus.

After some years with Haldex solely concentrating on brake systems, we today have a board and a management team that have the ability to focus on strategic as well as operational decisions. The board consists of members with a solid background from the automotive industry, but also from other fields in the value chain. This jointly enables the board to challenge and work with the direction of the company, rather than merely working as a controlling function.

In July 2012, Mr. Bo Annvik was elected the new President and CEO of Haldex. His task was defined from day one – to stabilize and revitalize Haldex and, together with the board, to more clearly formulate the company strategy. Mr. Annvik has provided a focused leadership suited to the specific demands following the company reorganization. In the past year we have clearly experienced the benefits of the new leadership.

The management team has so far done a tremendous job in increasing the company's efficiency, resulting in significant improvements in the operating margin. In 2014, the board and the management team will concentrate their efforts on adding profitable growth to the agenda. Making Haldex a better company is also about making Haldex a better corporate citizen and employer. We are involved in several initiatives in the communities closest to our operations to improve the regions where our co-workers and families live.

Finally, I would like to thank Bo Annvik and all his co-workers for their hard and structured work during 2013. I look forward with confidence to jointly taking on our future challenges.

Landskrona, March 6, 2014

Göran Carlson
Chairman of the Board

Bright future for road transports

More and more goods are being transported, all over the world. This trend is driven by a number of factors, including demographic changes and macroeconomic development. A growing population, an urbanization trend and higher wealth are all examples of factors that stimulate the need for increased transportation.

Manufacturers of commercial vehicles, which Haldex is closely connected to, are dependent on the overall demand for goods transportation. While the long-term demand is growing, different markets show different progress. Production volumes of commercial vehicles for the established markets in North America and Europe follow the concurrent financial cycles, while emerging markets like China and India usually show increasing production volumes following their fast-growing economies.

Global truck sales have been on a rising trend for the past 17 years, from 1.5 million sold vehicles in 1996 to approximately 2.6 million in 2013. The largest growth has been in Asia, which now accounts for 60% of all sold trucks.

Driving forces

There are a number of subordinated major macroeconomic trends, which are driving forces that affect the commercial vehicle industry and the manufacturers and subcontractors connected to it. These driving forces include:

- legislative requirements and implementation
- environmental demands
- focus on total cost of ownership
- demand for longer product life
- increased involvement of alternative suppliers

Manufacturers of commercial vehicles are under legislative pressure to adapt to sharper emissions rules. In addition to these legal requirements, customers are also asking for vehicles with an improved environmental footprint. Vehicle and road safety are other priorities. This trend is driven by increasingly strict legislation as well as the manufacturers' sales strategy to offer safer and technically more advanced vehicles.

Adapting to local needs

Different markets have different needs. Established markets like North America and Europe demand vehicles with higher technical specifications than many emerging markets, historically driven by stricter regulations. To succeed in all parts of the world Haldex needs to adapt its business strategies to these regional and local needs.

To be accepted as a supplier of vehicle components in the emerging markets, Haldex has established local representation in prioritized regions. Being present, it is easier to identify customer needs and adapt our products to local conditions. The industry as a whole is challenged with a number of factors, including cost sensitivity, demand for easy servicing of vehicles, different utilization of vehicles (overload), infrastructure conditions (demanding robust vehicles), vehicle financing/purchasing patterns, etc. The ability to adapt to these needs defines the success a company will have on each local market.

Haldex' unique market

Even though Haldex' sales mostly follow the production levels of heavy trucks, buses and trailers, several important factors often give rise to different trends in our markets compared to the commercial vehicle market in general.

- Haldex has strong aftermarket sales, approximately 45% of total sales. Since fluctuations on the aftermarket are normally quite minor, aftermarket sales have a stabilizing effect during economic cycles.
- Depending on the regional market, products with different technical specifications are used. In Europe disc brakes are installed in 75% of all new commercial vehicles, compared to 3% in North America where drum brakes are most common.
- Infrastructure development in the emerging markets is generating new requirements for vehicle solutions. This follows the implementation of stricter legal requirements that enhance vehicle and road safety.

North America

The North American market has been relatively flat since the peak in 2011. 2013 began with production volumes slightly up, but at the end of the year we have seen a slowdown. The forecast for 2014 is slightly positive as the fleets continue to replace their relatively old vehicles with newer ones. Even if the signals are positive we do not expect the fleets to expand; the number of operating vehicles will be about the same.

For Haldex, the North American trend of keeping vehicles over a longer period of time is positive. Customers tend to specify premium products with a long expected life span and warranty, which favors Haldex' products. In North America it is common practice to remanufacture used products, currently a substantial part of Haldex' aftermarket sales.

Europe

Due to the prolonged economic problems in Europe, the European market for commercial vehicles continued to show slow progress in 2013. It has been an almost flat year with no positive growth. In January 2014 the emission standard EURO6 becomes mandatory for all new registered trucks. There has been a certain pre-buy effect at the end of 2013, as some fleets advance their purchases to avoid the higher purchase costs associated with EURO6.

The need for goods transportation will continue to grow in line with general market development. This will affect the transport industry positively, and therefore the commercial vehicle industry as well. Road transportation has, and will for decades to come, have a major market share among the various transport modes in Europe.

South America

In South America, Brazil is the largest and single most important market for Haldex. The country has a strong economy, now recovering from a couple of slower years. It's also technically mature, due to a progressive legislation that stimulates development within the commercial vehicle industry. Brazil is self-sufficient with oil and gas and has ambitious infrastructure projects going on, partly due to the Summer Olympic Games that Brazil will host in 2016. The Olympics is boosting the Brazilian economy and large amounts of trucks and buses are expected to be ordered to handle the transportation of people and goods before and during the games.

In 2013, Brazil introduced ABS legislation in a two-step process, and by January 2014, ABS will be mandatory for all new commercial vehicles. Before the legislation very few commercial vehicles were equipped with ABS. As a positive effect the introduction of ABS will also drive a demand for Automatic Brake Adjusters where Haldex has a good market position with its product.

Photo: Dan Boman 2013

Asia

In Asia several fast-growing economies represent a large potential for the commercial vehicle industry. Markets like China, India and South Korea show an increasing need for goods transportation due to demographic changes and higher wealth. Today Asia has a 60% share of all sold commercial vehicles, compared to 30% around the turn of the millennium.

Traditionally cost-sensitive customers in China have requested vehicles with lower technical specifications. Leading western manufacturers have begun meeting this demand by introducing low-cost models especially for these markets. The long-term trend is moving towards better quality and more sophisticated technology.

During 2013 the Indian market was weak, with the lowest levels in 25 years. However, the Indian government has introduced a state program to upgrade roads and expand the infrastructure. This will drive a demand for commercial vehicles over time. Legislative work is also in progress in India; by 2014–2015 new ABS regulations are expected to be in effect. In emerging markets like India new regulations can transform the market rapidly.

HALDEX STORY

#33

The longer life of the new Double Diaphragm Spring Brake Actuator

How do you reinvent an established product and make something new and interesting out of it? Well, ask Troy Adams, Project Manager Actuators at Haldex:

"I'm very proud of the whole team, who accepted the challenge and tackled the underlying tasks with great enthusiasm and attention to detail," he says. The result is a modern version of the well-proven actuator, a device that sits under the truck and transfers the braking power to activate the brake pads.

"We started with a creative technical workshop. Looking at the product from all angles, we discussed the improvement possibilities we saw," says Troy. "We wanted to improve the product, but without adding any extra costs; on the contrary, we wanted to reduce the costs."

The engineering team worked their magic and came up with several points of improvement. Features like more space to the power spring while keeping the overall package the same and better resistance to corrosion, in combination with a weight reduction of 1.5 kilograms, are improvements that have generated a more robust and durable product.

"In 2014 we will put the new Double Diaphragm Spring Brake Actuator on the market. With significantly longer product life than the old version, the new actuator is perfect for prolonging the service intervals and thus reducing costs. A lower weight is also in line with Haldex' idea of contributing to a reduced environmental footprint. The new actuator is the perfect example of how good product development can benefit the customer," Troy concludes.

Innovations for future growth

The overall goal for Haldex' development work is to enhance vehicle performance in terms of safety, environment and vehicle dynamics. Over the years, our ability to combine these important factors into commercially attractive products has made Haldex an appreciated partner to leading truck, bus and trailer manufacturers all over the world.

Haldex collaborates closely with the commercial vehicle industry and has a deep understanding of the manufacturers' varying needs. As a technology leader within our field, Haldex plays an important role in the OEM's product development. "Innovative Vehicle Solutions" is our company slogan, and even more it is a prerequisite for reaching our long-term strategic goals of profitable growth.

Customer-driven development

Every innovation from Haldex can be traced back to a customer need. Whether the demand comes from legislative requirements that the manufacturer needs to pay attention to, or relates to defending a market position, Haldex can actively serve its customers with innovative products that make a difference. In the competitive commercial vehicle industry, the general market requirements that affect Haldex' product development include:

- cost and quality efficiencies
- legislation to increase safety
- increased environmental awareness
- improved vehicle dynamics
- improving vehicle information systems

Often ideas are developed and discussed with our customers throughout the process, from initial concept stage to actual production launch. The close collaborations ensure that a new product is capable of meeting a customer's specific demands for fit and function, as well as specific market requirements. Haldex strives to satisfy each customer's unique requirements, which calls for a solid knowledge of the customer, the application, the market and a strong foundation of platform product development.

Adapting to local needs

Through early recognition of coming market trends, globally and locally, Haldex leads technological development forward. In established markets, technically advanced solutions are requested by manufacturers supporting optimized lifetime cost and usage of the vehicle. In many emerging markets factors like low initial purchase cost and ease of maintenance are important when evaluating a vehicle for purchase. By catering for both ends of this range, Haldex has a sustainable global strategy for growth on all markets.

Haldex has three platform development centers which are responsible for developing the important core technologies. Since product development is customer-driven, these development centers are supported by a number of regional application centers, close to the customers. Here Haldex' technical experts have direct contact with local markets and demands. They liaise with the customers to capture their requirements and define suitable product configurations for the application. Product customization may happen locally, or back at the platform technology center, depending on the complexity and the relevance to other markets.

Recent innovations

Throughout 2013 Haldex continued to invest in product development activities, closely in line with our new strategic direction. Every potential development project needs to live up to a number of criteria to motivate its existence in terms of relevance and cost efficiency. In order to support the business strategy, volume products with good aftermarket potential are the focus of the development work, as they represent a greater value to both Haldex and our customer base.

Building on the successful introduction of the ModulT disc brake, Haldex is now expanding the platform to also cover truck disc brakes. Just like its trailer counterpart, the new truck disc brake is lighter and more efficient making it a competitive alternative to the disc brakes available on the market today. The new truck disc brake will in due time replace the ModulX platform and strengthen Haldex' offering for truck manufacturers.

During 2013 Haldex finalized work on a new generation of Double Diaphragm Spring Brake Actuators. Following Haldex' development, the actuators now provide considerably longer product life. In addition they have better corrosion resistance, lower weight and even better reliability. Several new patents have been submitted during work on the new generation actuators. The Gold Seal and Life Seal Actuators will be commercially available during 2014.

Academic partnerships

Haldex has an ongoing cooperation with universities around the world. These partnerships are valuable since they provide access to the latest findings in our field of applicable topics. As a part of our relationship with universities, Haldex regularly supports students in completing their master's degree projects at the company. Academic institutions we cooperate with include the Royal Institute of Technology in Stockholm and the Faculty of Engineering at Lund University, both in Sweden, the University of Aalen in Germany and Cambridge University in the UK.

Test facilities

Haldex has access to test track facilities with dedicated teams. The sites provide Haldex with a wide range of test surfaces that support our vehicle development and homologation activities. Most used is the MIRA track close to Birmingham, UK. Here Haldex has for several years had a team putting our core fleet of test vehicles to hard work.

In November 2013, Haldex announced a move for the whole Haldex UK team to a purpose-designed building within the MIRA test track facility from September 2014.

Advancing technology in China

On the way to work, Fredrik Rennstam drops his children at their school in Shanghai, where he now lives with his family. It's a long way from his home country of Sweden, but Fredrik is already familiar with the surroundings and navigates the streets like a local. As new Engineering Director for Haldex in China he shares his time between Haldex' Shanghai site and the brand new Test Center in Suzhou, and today he heads for the latter.

"Operating locally and close to the customers is a key to success in fast-growing economies like China," Fredrik says. "We have learned that our customers are very interested in finding out about product development. From our point of view this builds our understanding of the local customer needs, and we can adapt our products accordingly. This often means reducing the technical complexity to cater for easy maintenance and low cost, but also increasing durability and robustness."

Due to greater demand, and to secure growth on the important Chinese market, Haldex decided to expand its local product development with a new and substantially larger Test Center in Suzhou. Fredrik Rennstam was appointed Manager in 2013 and is responsible for product verification, as well as continuous development of the Test Center.

"With this new Test Center we can work faster and with higher quality, in a direct and close dialogue with the market. Local presence also saves a lot of time by minimizing transportation. So far we have had great results with our Suzhou Test Center, and we now plan to expand with even more products. Personally I like living in China, and would gladly continue my work here for several more years to be a part of the technical revolution that's ahead of us," says Fredrik.

Trusted partner to the commercial vehicle industry

Haldex is a long-term partner to manufacturers of heavy trucks, buses and trailers, and axle manufacturers for these types of vehicles. As a customer-orientated company, Haldex is constantly improving its market offering and customer interface. Through a long history of creating innovative and competitive products, Haldex has created a position as a trustworthy, high-quality supplier serving varying market needs all over the world.

Our functional organization is tailored to fit our three customer segments, truck, trailer and aftermarket. By directly addressing the needs of each customer segment we create a clearer market offering, better customer dialogue and greater understanding of our company.

Haldex' manufacturing sites and distribution centers, which serve the three customer segments, are located in Landskrona (Sweden), São José dos Campos (Brazil), Suzhou (China), Nashik (India), Weyersheim (France), Seoul (South Korea), Monterrey (Mexico), Blue Springs, Kansas City and Marion (USA), Heidelberg (Germany), Szentlörinckáta (Hungary) and Cambridge (Canada).

Sales per Product Segment

	Air Controls		Foundation Brake	
All amounts in SEK m	2013	2012	2013	2012
Q1	443	479	508	594
Q2	488	471	579	594
Q3	464	427	530	504
Q4	418	406	490	458
Full year	**1,813**	**1,783**	**2,107**	**2,150**

TRUCK The global truck business is driven by a number of factors, where total cost of ownership, safety regulations and environmental considerations are prioritized. During a period of financial instability the truck OEMs have focused on maintaining market shares, resulting in an increased cost focus. This also affects suppliers to a large extent. Highly efficient production processes and superior quality are essential considerations for a supplier. Constant improvement and greater overall efficiency are key elements to secure and strengthen our position as a supplier to the OEMs.

Haldex has a number of selected product lines and innovations for the truck and bus segments. The focus is on areas were we have our core competence and were we believe we can bring a real added value to our customers.

Agriculture

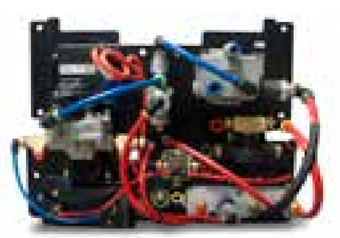
As a sub-segment, Haldex has been operating within the agricultural industry for many years as a supplier of conventional brake system components. Generally, agricultural tractors and their towed vehicles have been equipped with low-level braking technology, but governments in several markets are increasing their demands for improved safety and are planning for further legislation within this area. This is especially true for agricultural vehicles that also use public roads and which run at higher speeds. Over the last couple of years Haldex has increased its focus on this segment in order to further exploit the business opportunities.

ModulAir cleans, dries and distributes the compressed air in trucks and buses.

ModulT is a well established Air Disc Brake platform for commercial vehicles.

S-ABA and **Actuator Self-setting**, Automatic Brake Adjuster and an Actuator for drum brakes.

EB+ Third generation EB+, with more connections and increased functionality.



Dolly panel for easier assembly and maintenance of trailer/dolly air brake system in North America.

TEM Safe Parking Secures trailer maneuvering during truck and trailer coupling.

TRAILER Manufacturers of trailers operate independently of truck OEMs. The trailer business traditionally operates at a regional level, with a few exceptions acting globally. Independent axle manufacturers usually deliver to the trailer industry. Haldex offers complete solutions for basic brake and air management systems to trailer and axle manufacturers alike. Axle manufacturers normally dress the axles with products at the wheel-end, while trailer manufacturers install system-related products. Trailer and axle businesses are equally performance, quality and cost-driven as the truck industry, which calls for innovative solutions from suppliers.

As a supplier to leading trailer and axle manufacturers, with a complete product portfolio, Haldex acts as a system supplier offering innovative solutions. Haldex EBS and ABS are core parts of the trailer brake system, monitoring and controlling the trailer's main functions for brakes, suspension and vehicle stability. In addition, Haldex has developed diagnostic functions and monitoring systems to optimize driving performance and vehicle utilization.

Haldex has demonstrated its ability to develop innovative new solutions which has resulted in several industry awards in recent years. Many of these products have led the way toward further improved operator and vehicle safety.

AFTERMARKET Haldex' premium products have a strong position in the aftermarket. The company delivers to the vehicle manufacturers, known as OESs, as well as many independent distributors and retailers. The aftermarket is an integral part of Haldex' business model, which today accounts for a significant part of the total sales. In times of decreasing truck and trailer manufacturing, the aftermarket has a stabilizing effect in the economic cycles typical to our industries.

The aftermarket business differs between the continents. The North American aftermarket consists of OE Product Distribution Centers, Independent Warehouse Distributors and Automotive Parts Retailers. Remanufacturing is an important part of the Haldex North American aftermarket business. In Europe, the aftermarket is mainly divided in two segments: OES and Independent Distributors.

Market regions

North America

There is a trend among North American fleets to extend their vehicle trade cycle longer. OEM sales are, of course, negatively affected by this but the trend opens up possibilities for Haldex' premium products. When the fleets want to keep vehicles for a longer time they tend to specify products with a long life span and comprehensive warranties, which favors Haldex' products, offering reliability over time.

One important part of Haldex' North American operations, and unique to this market, is the remanufacturing centers. By refurbishing used parts to the same standard as new, Haldex offers a cost-efficient, environment-friendly method for re-using components and giving them a second product life.

The North American OEM market began 2013 with increasingly good volumes, but slowed down during the second half of the year. Overall, North American productivity, profitability and margins increased due to ongoing Operational Excellence programs during the period.

Haldex received the single largest fleet order ever in 2013: 24,000 trailers over a three-year period Haldex will supply ABA/Actuators/ABS systems for the entire build. The signals for 2014 are somewhat positive, even though forecasting is hard due to the uncertain financial development in the US. In 2013 Haldex maintained its leading market position in all prioritized areas.

Europe

In Europe, the OEMs have been preparing for the introduction of the new emission standard EURO6, which is mandatory for new commercial vehicles from January 2014. There has been a strong focus on optimizing engines to meet the new standard, and less focus has therefore been given to other components.

The situation in Southern Europe has stabilized further during the year. Northern Europe in particular shows an increasing demand for goods transportation, and Germany is continuing to act as an engine for the European economy. Overall, Haldex has seen growth in Europe in 2013 and the forecast for 2014 shows growth, but is to some extent still uncertain due to financial developments.

South America

Brazil is the largest and single most important country in South America. After a slow year in 2012, the Brazilian economy once again started to show its strength during 2013. In addition to a growing economy, Brazilian legislation is also driving technical development forward. An emissions standard equivalent to EURO5 has already been introduced, as well as rules regarding ABS and automatic brake adjustment.

ABS legislation was introduced in 2013 and requires new trailers in Brazil to be equipped with ABS systems. The legislation will be fully implemented by 2014. The ABS legislation is also expected to increase the penetration rate of Automatic Brake Adjusters in order to fully utilize ABS performance. Annual trailer production volume for the South American market amounts to approximately 80,000 vehicles.

Haldex' new manufacturing plant in São José dos Campos saw a 50% increase in production volume. This is a brand new facility with a new organization, so this positive progress is a welcome addition to meet the growing demand in South America. The plant in São José dos Campos has replaced three former sites, and it was carefully chosen for its strategic and logistical location.

Asia

Asia has become the largest market for commercial vehicles, accounting for 60% of all produced trucks. Fast-growing economies like China and India have sharply rising transport needs, supported by increased personal wealth, demographic changes and urbanization. However, the overheated market experienced a temporary slow-down in 2011 with a dramatic fall in the market, which is still highly noticeable. This has been especially true in the Indian market, which was very weak in 2013. But the bottom has been reached and the large economy in China is once again sending positive signals with moderate growth. Despite the temporary decline, the long-term Asian market still represents the greatest potential from a global commercial vehicle perspective. One trend in Asia is the growing number of heavy (16t) vehicles which are taking shares from medium-sized trucks.

Haldex has had its own manufacturing plant and test center in China for a long time. Thanks to our presence there we can meet customer demand locally and adapt our products to local needs. This is also requested by our Chinese customers who want to visit our facilities and personally examine products and test results. In 2013, Haldex opened a brand new test laboratory in Suzhou with substantially higher capacity. Tests are performed with high quality and accuracy. To take advantage of the higher capacity, Haldex plans to expand with even more products.

In 2013, Haldex was nominated as a supplier of ABS by Yutong Bus and Dongfeng, and also supplier of air disc brakes to the latter. Haldex has signed an agreement with leading axle manufacturer Hande Axle Company to supply ABA. Further to this, Hyundai has chosen Haldex as a supplier of ABA for its China Truck project, which will be in production in mid-2014.

HALDEX
STORY
#21

Establishing future growth in Brazil

Brazil is the largest and single most important market in South America. With a fast-growing economy and high technological development, Brazil is the natural base for Haldex' operations in South America. In early 2011 Haldex decided to consolidate from three locations to just one, handling both manufacturing and sales. Göran Jarl was tasked with finding the right location and project for the start-up.

"I began by analyzing the probable economic growth for a decade, to give us an idea of what size our new facilities needed to be," Göran Jarl explains. "Simultaneously, with the welcome help of the Swedish Export Council, we started to scan the market for suitable cities and facilities. This included a lot of traveling: what I didn't know about Brazil before, I learned during this period."

The main part of the automotive industry in Brazil is concentrated in the area between São Paulo and Rio de Janeiro. Just between these two major cities, in São José dos Campos, Haldex decided to establish its new South America site. At the end of 2011 Haldex moved to the new site and before the year ended the first batch of products were shipped.

"With the relocation we had a tough period of finding and training new employees, and at the same time securing the quality of a new manufacturing plant. But we succeeded to put together a fantastic team that will ensure Haldex' growth in South America. And the results have not been slow in coming: In 2013 we showed a 50% increase in production volume.

Working at Haldex

The 2,135 people who work at Haldex are without doubt our most valuable asset. Success in our highly competitive global business is dependent on the competence and commitment of all our employees. Creating and maintaining attractive workplaces where our employees can thrive and further develop are top priorities for us.

Teamwork and continuous improvement

The Haldex Way, our management and improvement system, provides the structure for how we develop our business activities and people. Our goal is to provide an environment where teamwork, continuous improvement, individual initiative and accountability are integral parts of everyone's daily work to achieve our business objectives.

The alignment of functions to support our organizational structure has provided opportunities for employees to take on challenging new roles and responsibilities. Participation in cross-functional teams, which strengthen working relationships and improve internal processes, is the norm at Haldex. Many activities and projects integrate competence development and the practical use of continuous improvement tools.

Employee engagement

In March, a management conference was held in Sweden to present our new strategic direction. Over 60 key managers attended this event, which included informative updates by Group and Country Managers and workshops designed to reinforce our Haldex Core Values, Leadership Model, and improve internal communications.

Town Hall Meetings are regularly held at all sites, which provide an effective platform for open dialogue and information. The number of employees with development plans, an important HR key performance indicator, improved by 10% year on year. In addition to Haldex being a safe workplace, health and wellness programs have engaged employees to participate in behavioral changes, which have significantly decreased the number of employees in high health risk categories.

Haldex People Management Strategy

Competence development

By increasing our competence levels we enable our organization to be innovative. The right competence is necessary to improve, learn and, ultimately, to establish a clear advantage over our competitors.

Management and leadership capabilities

By developing our ability to lead and manage people in all situations we will increase our operational excellence.

Haldex culture

By developing a strong corporate culture, in which performance and accountability are encouraged, we will create the prerequisites for continued improved performance.

Haldex Way leads the way to excellence

Haldex' main processes are continuously evaluated and improved to increase performance and reduce costs. Our current internal improvement system, Haldex Way, will from 2014 start to evolve into a business excellence framework based on a more coherent results-driven logic. The overall goal is to make Haldex a world-class company in all areas of the business, such as sourcing, manufacturing, product development, sales and distribution.

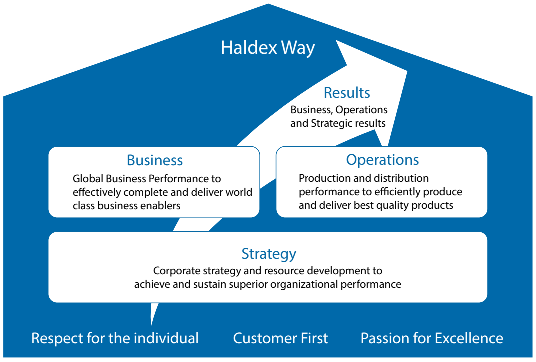
A decade of improvements

Haldex Way was first introduced at the end of the last millennium, based on Haldex' core values and "lean production". In the past year, Haldex' overall business strategy has undergone a thorough revision. Therefore, there were also reasons for updating Haldex Way to match the new strategic direction. After the formation of the new Haldex, Haldex Way received increased focus from late 2012, resulting in performance improvements with an increased speed of progression. The percentage of units advancing one tier per year increased 30% by 2013.

In 2013, Haldex installed a new function reporting directly to the management team, with the mission to manage Haldex Way and suggest necessary changes. In parallel with full-speed progression with the current Haldex Way, a sequenced roll-out of the improved Haldex Way will begin for production sites and distribution centers in 2014. It will be further developed and rolled out for our global business processes and functions over the coming years.

Haldex Way House

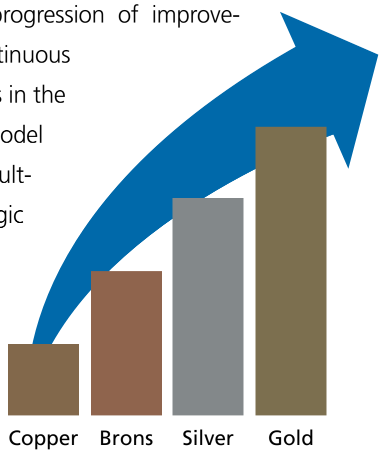
The Haldex Way House represents the overall framework for Haldex Way, with Haldex' core values as a foundation. The modules in the improved Haldex Way House establish the scope and objective for utilization and generation of results, and integrate the current principles as they relate to our daily work and Haldex' business objectives.



Results and progression are the keys to success

The Haldex Way Tier Model is a means and measure of improving working methods, and improved and sustained strategic operational results. To qualify for the next tier, individual target levels, when measuring a number of strategic operational key performance indicators in terms of productivity, value stream, quality and people, must be met and sustained.

The current step-wise progression of improvements is replaced with a continuous progression of improvements in the improved Haldex Way Tier Model by integrating a coherent result-driven business excellence logic throughout the model.



HALDEX STORY

#108

The environment is a priority for Haldex. Already in the early 1990s, Haldex began a long-term process for improved sustainability. A man that has been part of this journey, and also an important driving force, is Haldex' property manager in Landskrona, Joacim Wictorsson:

"Haldex, like many other companies, began its sustainability work in the trash bins. We instituted a separate environmental function with a primary objective to minimize waste. Leading this function, it was my responsibility to create a strategy for how Haldex could reduce our environmental footprint. In 2000 we were ISO 14001 certified, which is an important marker that shows our ambitions for continuous improvements."

Over the years Joacim has endeavored to broaden the scope, and today Haldex can look back and see that the investment has paid off. The environment is of course the big winner, but Haldex also makes substantial savings every year due to better utilization of energy, and reduced use of solvents and other chemicals.

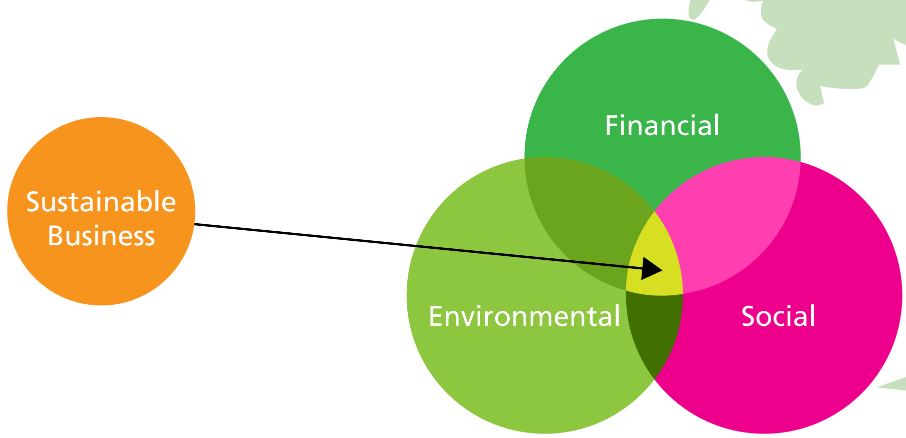
"Everyone understands that when a producing company like Haldex can reduce energy consumption by 50% over a 10-year period, and also get its hot water from heat recovered from the manufacturing process, that we are right on track. These are just two examples, but very telling ones, of how structured environmental work is valuable, in monetary terms but most importantly in coming one step closer to a sustainable society," says Joacim.

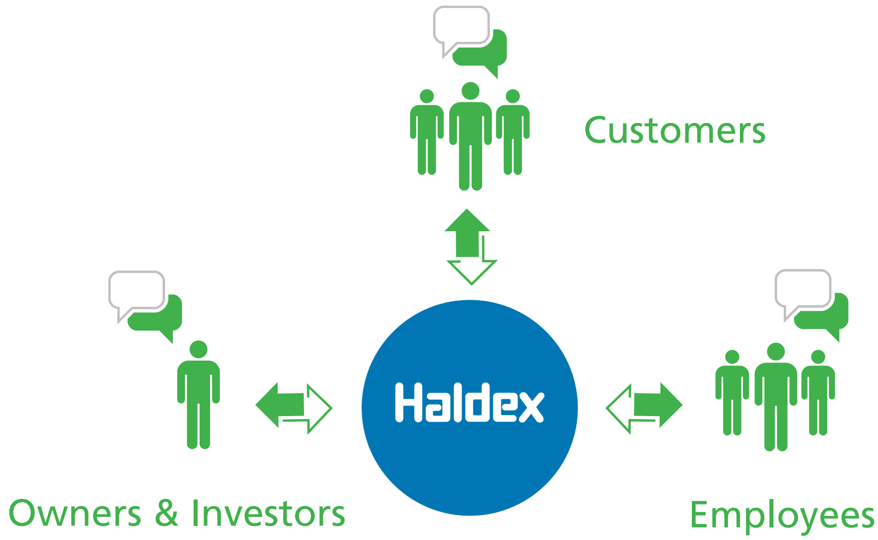
Our responsibility

Haldex offers products that increase road safety and make transportation more efficient. At the same time it is of the utmost importance that our own activities are safe and sustainable from a financial, social and environmental perspective. To cater for this responsibility, Haldex has a constant, ongoing process in place to continuously improve products, manufacturing and internal processes.

Haldex' Corporate Social Responsibility (CSR) is currently guided by the Haldex Social Policy, based on the UN's Universal Declaration on Human Rights, the UN Global Compact Initiative, the International Labor Organization's basic principles on labor law, and OECD guidelines for multinational companies.

The triple bottom line – Haldex principle for a financially, socially and environmentally successful and sustainable business





Launching a new CSR strategy

During 2013, Haldex raised its ambitions regarding CSR. A new function reporting directly to the management group is responsible for managing CSR, starting by investigating the present status of CSR at the local sites. The next task is to produce a roadmap for how to integrate CSR even more closely into our core business on a global corporate level. The objective is a new strategy for Haldex' long-term sustainability. Work is expected to be finalized during 2014.

Work process toward Haldex' new CSR strategy

The first step toward a new strategy for Haldex CSR was inventorying our capabilities at the local sites, identifying what we already do, where and why. It became evident that we do a lot of good things as an integral part of our daily work, and that the company on average already addresses the majority of subjects in the guiding ISO 26000 standard. This standard offers guidance on socially responsible behavior, but does not offer certification. By benchmarking Haldex' CSR work to an international standard, we see the subjects that are already covered and also the areas that need more attention. The findings are that the strongest driver is our own policies and procedures, extending beyond legislation. Haldex is especially strong at protecting labor practices and human rights.

As a second step, based on Haldex' business model and strategies, we have identified current and future Customers, Employees and Owners/Investors as primary stakeholders for Haldex' CSR. At the end of 2013, work focused on understanding the stakeholders' needs and expectations.

Haldex' capabilities and the stakeholders' objectives provide the basis for defining our CSR objectives, as the third step of the work process toward defining a new Haldex CSR strategy in 2014.

Haldex CSR stakeholders

With the environment, labor practices and human rights already being areas of involvement, a dialogue with the primary stakeholders for Haldex' CSR will define objectives to further prioritize and strengthen.

Haldex Social Policy

Haldex Social Policy is a guideline for Haldex' organization. It applies to all our activities and safeguards the individual's interests in areas such as human rights, child labor, business ethics and health and safety. Haldex Social Policy is based on:

- UN Universal Declaration on Human Rights
- UN Global Compact Initiative
- International Labor Organization's basic principles on labor law
- OECD guidelines for multinational companies

Sustainability is part of our business

Manufacturers of commercial vehicles are to a great extent affected by stricter environmental legislation, as well as market demands for cleaner and more fuel-efficient engines. From January 2014 the EURO6 standard will be fully implemented, lowering the permitted emission levels on every newly registered commercial vehicle.

Several of Haldex' newer products, like the 15% lighter ModulT disc brake, fulfill commercial vehicle manufacturers' needs for more efficient and lighter products, improving transport efficiency and reducing the environmental footprint of products in service throughout their entire life cycle. In addition to improved product performance, Haldex makes quality products with a long life span, which can be extensively recycled. This is equally important from both an environmental perspective and in terms of the product's overall cost.

A life-cycle perspective

Haldex has an active and long-term commitment to minimizing its environmental footprint. This engagement encompasses the entire company: From product development and manufacturing processes, to how we utilize our resources and minimize waste.

The greatest potential for improvement lies in the future, depending on the strategic choices we make today. Product design, production equipment, materials, processes, suppliers and shippers will all affect how well we succeed in lowering our own and our customers' environmental impact in the years to come. A life-cycle perspective leads the way to sustainable development, and most often also to lower overall costs for the company and the users of our products.

Continuous improvement

Effective utilization of all resources is important for Haldex, and a fundamental value is the elimination of all waste. Through active, systematic implementation of our systems for increased efficiency and effectiveness, we ensure that resources are used as efficiently as possible at any given time. We have also streamlined many production steps that have a negative impact on the environment.

All Haldex' production plants around the world have environmental management systems that are ISO 14001 certified as a minimum requirement. In line with and beyond that, all sites are continuously working to reduce their impact on the environment.

HALDEX STORY #77

Rocking, but not rolling

Haldex' Product Manager Horst Genthner has been leading the team that created the new TEM Safe Parking Single, where TEM stands for Trailer Emergency Module. This innovative product has in different versions been generously awarded for its ability to eliminate the risk of damage to man and material during the coupling and decoupling of trailers. Horst Genthner explains:

"The basic idea behind TEM Safe Parking is to protect the driver and avoid accidents while handling an uncoupled trailer. Without TEM Safe Parking there is always a risk of misuse or errors, like mixing up the lines, and the trailer can start to roll out of control. This is simply not possible if the trailer is equipped with TEM Safe Parking Single."

The latest version of the product, TEM Safe Parking Single, foolproofs the trailer by simple, rock solid performance. Inspired by the "dead man's grip" on railway trains, TEM Safe Parking Single has just one knob that needs to be pressed to release the brakes. With no pressure on the knob, the brakes are by default activated to prevent rolling.

"Haldex can now offer safer working conditions for all drivers and other personnel handling trailers, eliminating the hazards associated with uncontrolled rolling. The product has a unique safety feature only Haldex can offer, and is highly appreciated by drivers, unions, fleets and insurance companies. TEM Safe Parking Single is simple and safe, which is exactly what we intended with this product, says Horst.

Content

Directors' report including Risk and Risk Management

The Board of Directors and the President of Haldex AB (publ), Corp. Reg. No. 556010-1155, hereby issue the Annual Report and Consolidated Financial Statements for 2013. Haldex provides innovative-proprietary solutions to the global vehicle industry with focus on brake products and brake components for heavy trucks, trailers and buses.

Haldex AB is the Parent Company of the Haldex Group. The company mainly conducts corporate functions, including the central finance function. Haldex shares are listed on the Nasdaq OMX Exchange in Stockholm, MidCap.

Amounts are stated in millions of kronor (SEK m), unless otherwise indicated. Amounts in parentheses refer to figures for the preceding year. "Haldex" refers to the Haldex Group, meaning Haldex AB and its subsidiaries.

Haldex during the year

Started in 2013, Haldex is changing its strategic direction to create a stable platform for profitable growth. To support this new course the management team has been strengthened with two new members, starting in January and February 2014 respectively. After several years of extensive footprint consolidation, the overall focus today is to improve and stabilize the platform to lay a foundation for profitable growth tomorrow. Communicated at Haldex Capital Markets Day on May 22 the new company strategy is based on a number of cornerstones, which are:

- Increase focus on the aftermarket segment as a key business segment and use the OEM business as the "volume engine" for the aftermarket to build a large installed base of products which needs replacement/service within different time periods.
- Deploy business model globally; however, align to the relevant local condition.
- Foundation Brake to be the core Product line.
- Focus on Air Controls products in selective niches.
- Strong focus on growth in Emerging Markets.

The strategic direction will be further outlined during 2014.

In line with Haldex new business strategy and to meet the expectations from our customers, employees, investors and society in general, an increased awareness towards social responsibility is necessary.

Good initiatives are already undertaken and ongoing in the various Haldex units and functions, and these are encouraged to be continued. Haldex takes now a further step to strengthen and develop Haldex Corporate Social Responsibility (CSR) by creating a new Corporate function, Haldex CSR.

Streamlining processes

On May 21, 2013, Haldex announced a restructuring program, which is expected to result in total annual savings of SEK 100 m, with full impact from 2015. Total cost of the program will be SEK 250 m with a cash effect in the range of SEK 150 m. The program includes costs associated to consolidate key processes and functions, optimization of sales and G&A costs, a transformation of our European footprint and product rationalization activities. The program will be rolled out until 2015, and includes headcount reductions of approximately 200 employees, as well as other operating cost reductions. Expenses associated with the restructuring program will be booked as and when projects are approved and implemented during the relevant period.

This program includes asset write-downs of SEK 98 m relating to the footprint and product rationalization activities. Approximately half of the write down is related to the footprint transformation and is a mix of tangible and intangible assets. The other half relates to the disc brake product line, where a number of different technologies historically have been explored, but not all are deemed to be commercialized.

One-off expenses related to actions in UK. Germany and Hungary amounted to SEK 128 m, of which SEK 98 m concerns assets write-down.

UK – The R&D function has now been transferred from Redditch to Mira Technology Park and construction work on the new facility has been started. With the new building in place, engineering and testing will be co-located resulting in shorter development cycles and improved customer responsiveness.

Germany – Prolonged negotiations with the Works Council related to the restructuring of the German operation.

Hungary – Haldex has started the preparation for the expansion of the production capacity and the other tenant, with whom Haldex has shared its facility, has initiated the relocation to new premises

Sales and operating income

Haldex net sales amounted to SEK 3,920 m (3,933). Adjusted for currency-exchange fluctuations sales increased 3%, compared with 2012.

Net sales within Air Controls amounted to SEK 1,813 m (1,783). Adjusted for currency exchange fluctuations sales increased by 5% compared with 2012. Net sales within Foundation Brake amounted to SEK 2,107 m (2,150). Adjusted for currency exchange fluctuations sales increased by 2% compared with 2012.

Sales amounted to SEK 1,386 m (1,304) in Europe, SEK 2,019 m (2,162) in North America, SEK 313 m (317) in Asia and the Middle East and SEK 202 m (150) in South America.

Operating income, excluding one-off items, amounted to SEK 281 m (210), resulting in a operating margin of 7.2% (5.3). Operating income and operating margin including one-off items amounted to SEK 153 m (150) and 3.9% (3.8) respectively. Exchange rate fluctuations and the results from currency hedging and translation effects had a negative year-on-year impact on consolidated operating income of SEK 15 m compared with the corresponding period previous year

Earnings

Earnings before tax amounted to SEK 110 m (114). Financial expenses amounted to SEK 43 m (36). The costs essentially consist of interest payments on loans and pension liabilities, as well as unutilized credit facilities. Earnings after tax amounted to SEK 38 m (54). Tax charges amounted to SEK 72 m (60). The tax rate is affected by the one-off items that are charged to earnings in 2013. Tax assets related to ongoing restructuring program have been recognized only to the extent that Haldex expects to utilize them in future activities. Further, the tax rate is also affected by the fact that the one-off items, including asset-write downs, mainly relates to European operations where the tax rates are lower than in North America. The underlying tax for the year amounts to 39%. Haldex assesses the tax rate to decrease during 2014.

Cash flow

Cash flow from operating activities amounted to SEK 282 m (238), including restructuring of SEK 48 m (40). Cash flow after net investments amounted to SEK 211 m (120), including net investments of SEK 94 m and divestments of two facilities in North America, resulting in a positive cash flow of SEK 23 m.

Investments

Net investments for Haldex decreased by SEK 24 m from last year and amounted to SEK 94 m (118), of which investments in development projects accounted for SEK 4 m (11).

Product development

Every year, substantial investments in development projects are made within the Group to ensure the creation of market leading products and to strengthen market positions. This development work comprises the creation of completely new products, both in-house and in some cases in cooperation with partners, and updates of existing product solutions.

Development cost within Haldex during fiscal year 2013 totaled SEK 168 m (156), of which SEK 4 m (11) was capitalized. At December 31, 2013, capitalized development costs amounted to SEK 95 m (177).

Financial position

As per December 31, 2013, the Group has a net debt amounting to SEK 378 m (445). The net debt consists of cash and cash equivalents totaling SEK 323 m, interest bearing debt of SEK 412 m, and a pension liability of SEK 291 m.

The value of derivatives in respect of the company's loans in foreign currency is also included in the net debt, SEK 2 m.

Haldex primary sources of loan financing comprise:

- A bond loan totaling SEK 270 m, maturing in 2015
- A syndicated credit facility in the amount of USD 95 m, maturing in 2016. At year-end, USD 20 m of the facility had been utilized

Shareholder's equity amounts to SEK 1,152 m (1,129) resulting in an equity/asset ratio of 46% (43).

Employees

By year end, Haldex had 2,135 (2,200) employees.

RISKS & RISK MANAGEMENT

Operational risks

Market risks

Haldex provides innovative proprietary solutions to the global vehicle industry. The main focus is brake products and brake components for heavy trucks, trailers and buses related to vehicle dynamics, safety and the environment. Demand for the company's products is dependent on demand for transportation, which is in turn driven by increases in global trading, infrastructure construction, increased traffic safety awareness, environmental and safety legislation, as well as economic growth on the particular continent. Haldex' main geographical markets are North America and Europe, but the Group is also active in the Asian and South American markets. Market risks are handled in the strategy process, which encompasses all Group units. The Board paticipates in this process and makes decisions concerning the Group's strategy and direction.

Customers

Haldex is active in several different market segments and has a large number of customers distributed over several areas of operation. However, a loss of a customer or the loss or delay of a major contract could have a major impact on an individual location.

Sensitivity to economic fluctuations

Production in the vehicle industry, mainly of heavy trucks and trailers, is an indicator of the trend in Haldex' market. The vehicle industry has normally shown a cyclical pattern. Haldex' operations are affected by the general state of the economy. A significant part of Haldex' market is the aftermarket, which normally exhibits fewer fluctuations than the vehicle industry in general and consequently has a leveling effect on Haldex' sales and earnings during both upturns and downturns.

Price trend

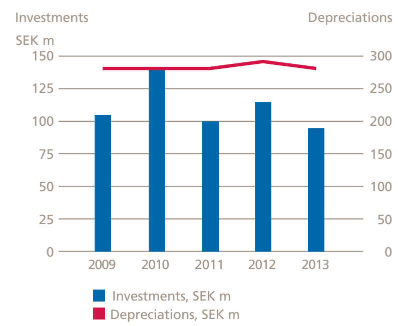
Price pressure is a natural feature in the competitive market in which Haldex is active. To manage this, Haldex focuses continuously on reducing its costs and increasing the value it provides to customers by developing new products and technologies.

Raw materials and prices of raw materials

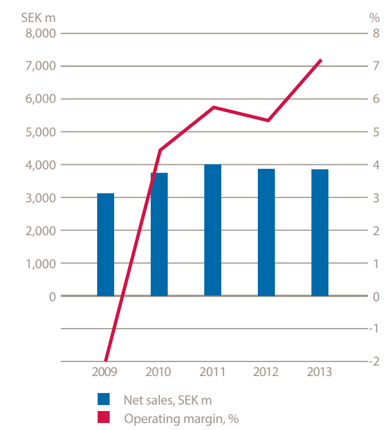
The Group depends on a number of raw materials and intermediates. Haldex has defined its exposure to raw materials in terms of both the Group's own purchasing of raw materials and of Haldex' subsuppliers' purchasing of raw materials. Exposure is greatest towards various types of metal, where annual volumes total approximately SEK 1,050 m, of which various grades of steel accounted for about SEK 850 m and aluminum for about SEK 200 m. The Group also has some exposure to copper.

To limit the risk of an adverse impact on earnings, certain contracts include price clauses for raw materials. In those cases where price clauses are not included, Haldex endeavors to renegotiate agreements in the event that the price trend for raw materials has resulted in a considerable increase in costs. To a large extent, the short-term effects of

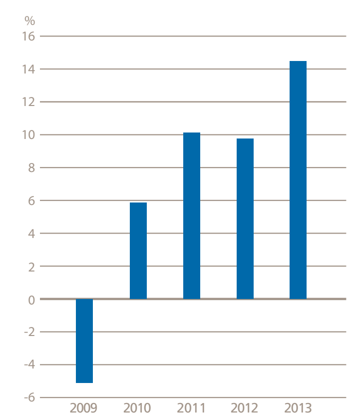
Investments and Depreciations



Net sales and Operating Margin[1]



Return on capital employed[1,2]



1) Excluding one-off items
2) Rolling 12 months

price increases for raw materials are limited by the fact that price agreements with the Group's raw materials suppliers extend over an average period of six months.

Production

Damage to production plants, caused, for example, by fire could have an adverse impact in the form of direct damage to property and of business disruption that impedes the potential to live up to commitments to customers. This in turn could result in customers choosing other suppliers.

Because Haldex has production at several plants for a particular product line, it has the potential to reduce the consequences of such business disruption by increasing production at other plants. However, this normally results in additional costs.

Haldex is continuously developing various damage-prevention measures. The Group has adequate insurance cover against both business disruption and damage to property.

Product development

Requirements from users and legislators for increased safety and improved environmental and vehicle dynamics are resulting in increased demand for the products provided by Haldex. Accordingly, it is essential that the Group continuously develop new products or improve existing products that satisfy this demand so that markets shares are not lost to competitors.

Consequently, a key part of Haldex' strategy involves developing new products in those areas that the Group regards as important for continued growth and/or for defending market shares. In 2013, the Group's expenditure for product development corresponded to 3.5% (excluding amortization) of sales (3.4).

The development of new products always entails the risk that a product launch will fail for some reason. Because the Group capitalizes costs for major product development programs, a failed launch would give rise to an impairment requirement. The Group's capitalized investments in product development amounted to SEK 95 m (177) at December 31, 2013.

Patents

The risks pertain in part to cases whereby competitors infringe on the Group's patents and in part to cases where Haldex accidentally infringes upon the patents held by competing companies. The risk of the marketing of unlicensed copies of the Group's products has increased in recent years, particularly in the Asian markets. To minimize these risks, the patent situation is monitored thoroughly on a continuous basis. Haldex' own innovations are protected by patents to the extent possible.

Complaints, product recalls and product liability

Haldex is exposed to complaints in the event that the Group's products fail to function the way they should. In such cases, the Group is obliged to rectify or replace the defective products.

Recalls pertain to cases where an entire production series or a large part has to be recalled from customers in order to rectify deficiencies. This occurs occasionally in the vehicle industry. The Group has no insurance covering recalls. The assessment is that the cost of such insurance would not be proportionate to the risk covered by the insurance. Haldex has historically not been affected by any major recalls of products. There is always a risk that our customers demand that suppliers cover costs in addition to replacing the product, such as the cost of dismounting, assembly and other ancillary costs. To the extent possible, Haldex endeavors to be exempted from such liability.

If a product causes damage to a person or property, the Group could be liable to pay damages. Haldex is insured against such product liability. In the past decade, no major product liability claims have occurred. Haldex endeavours to minimize its risks in respect of complaints, product recalls and product liability by means of comprehensive long-term tests in the development process and through quality controls and checks in the production process.

Human capital risk

It is of importance to the company in the short and the long-term perspective that favorable conditions are created in the Group to attract and retain skilled employees and managers. To achieve this, the Group's HR efforts focus on three main areas: skills development, development of leadership and management efforts and a strengthened corporate culture.

A series of Group-wide processes have been implemented in these three areas, in order, for example, to assess performance and identify and develop skills and potential, salaries and rewards, thus ensuring consistent management of personnel-related matters and minimizing human capital risks.

Financial risks

The Group is exposed to financial risks such as market, credit, liquidity and financing risks. To reduce the impact of these risks, Haldex works in accordance with a policy that regulates their management. This policy has been adopted by Haldex' Board of Directors. Follow-up and control occurs continuously in each particular company and at the corporate level.

Exchange rate risks

Through its international operations, Haldex is exposed to exchange rate risks. Exchange rate changes affect the consolidated income statement and balance sheet in part in the form of transaction risks and in part translation risks.

Transaction risks

The Group's net flows of payments in foreign currencies give rise to transaction risk. In 2013, the value of net flows in foreign currencies totalled approximately SEK 287 m (188). The currency flows with the largest potential impact on earnings are the inflows of EUR into SEK and inflows of CAD against USD. An exchange rate difference of 10% between EUR and SEK affects the Group´s earnings in 2014 by approximately SEK 23 m (17) and between CAD and USD by some SEK 8 m (8), after tax. Pre consideration of the currency hedges done according to the Treasury policy. The translation effect on operating receivables and liabilities as well as on financial assets and liabilities, to a currency other than the respective local functional currency, is SEK 5 m (1) at a weakening/strengthening of 10% of the underlying currency. Equity would be SEK 21 m (11) higher / lower by a strengthening/weakening of 10% of the underlying rates on cash flow hedges. In accordance with the current Treasury policy, 70% of anticipated net flows for the estimated volumes during the forthcoming 6-month period and 30 % for the coming 7-12 months are hedged, with a permissible deviation of +/–10%. At December 31, 2013, 50% (62) were hedged via derivative instruments. The Group's Treasury policy governs the types of derivative instruments that can be used for hedging purposes as well as counterparties with whom contracts may be signed. Currency forward contracts were used in 2013 to hedge invoiced and forecasted currency flows. At December 31, these contracts had a nominal value of SEK 195 m net (141) and had a negative market value of SEK 2 m (2).

At December 31, 2013

SEK m Nominal amount	USD Net purchased	HUF Net purchased	CAD Net sold	GBP Net sold	EUR Net sold
Year of maturity 2014	42	19	48	23	185
Average exchange risk	6.49	2.81	6.30	10.26	8.78
Hedging of flows >12 months	-	-	-	-	-
Average exchange rate	-	-	-	-	-

Translation risks

The net assets (i.e. equity) of the non-Swedish subsidiaries represent investments in foreign currencies which, when translated into SEK, give rise to a translation difference. In its treasury policy, the Group has established a framework for how the translation exposure that arises shall be managed in order to control the impact of translation differences on the Group's capital structure. The Treasury policy stipulates that the Group's net debt shall be distributed in proportion to the capital employed per currency. Wherever necessary, this goal is achieved by raising loans in the various currencies used by the subsidiaries.

Gains and losses on such loans that are adjudged as effective hedging of translation differences are recognized directly in other comprehensive income, while gains and losses on loans that cannot be adjudged as effective hedging are recognized in profit and loss as a financial item. At the close of 2013, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK 1,152 m (1,129) and was represented by the following currencies:

SEK m	**2013**	2012
SEK	247	296
USD	411	328
EUR	139	149
GBP	-55	-21
Other	411	377

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on Group earnings. Since the Group had no significant holdings of interest-bearing assets on December 31, 2013, revenues and cash flow from operating activities are, in all significant respects, independent of changes in market interest rates. The Group's interest rate risk arises through its borrowing. According to the Treasury policy, the average fixed interest term must be between 1 and 12 months. The risk must also be spread over time so that interest on a lesser part of the total debt is renegotiated at the same time. The average fixed interest term at year-end 2013 was two months, meaning that most of the Group's financial liabilities were subject to variable interest; in other words, that the interest rate will be reset within one year. As of December 31, 2013, SEK 412 m (605) of the loan liability was subject to an average variable interest rate of 3.50% (3.51). A change of one percentage point in the interest rate would affect the cost of the Group's borrowing by approxmately SEK 3 m (4) after tax.

Credit risk

Credit risk arises when a party to a transaction can not fulfill his obligations and thereby creates a loss for the other party.

The risk that customers will default on payment for delivered products is minimized by conducting thorough checks of new customers and following up with payment behavior reviews of existing customers, combined with credit insurance, according to the Group's Treasury policy. The Group's accounts receivable totalled SEK 477 m (449) on December 31 and are recognized at the amounts expected to be paid. Haldex customers are primarily vehicle manufacturers, other system and component producers and aftermarket distributors within the vehicle industry. The geographic distribution of receivables from customers largely corresponds to the division of sales per region. During 2013, no single customer accounted for more than 9% (9) of sales. The Group's customer losses normally total less than 0.1% of sales.

Accounts receivable

Due but not impaired	**2013**	2012
1– 30 days	24	22
30 – 60 days	7	6
> 60 days	12	18

The year's net cost for doubtful accounts receivable amounted to SEK 5 m (-3).

The provision for doubtful receivables changed as follows:

Provision for doubtful receivable	**2013**	2012
Provision on January 1	17	12
Change in provision for anticipated losses	-1	5
Confirmed losses	-2	-1
Exchange-rate effect	0	1
Provision on December 31	14	17

The credit risk associated with financial assets is managed in accordance with the Treasury policy. The risk is minimized through such measures as limiting investments to interest-bearing instruments demonstrating low risk and high liquidity, as well as by maximizing the amount invested with specific counterparties and by checking credit ratings. To additionally reduce the risk, framework agreements governing offsetting rights are entered into with most of the counterparties. The credit risk in foreign currency and interest rate derivatives corresponds to their positive market value, i.e. potential gains on these contracts. The credit risk for foreign exchange contracts corresponded to SEK 11 m (25) at December 31. The corresponding risk for investments in credit institutions was SEK 323 m (346), without taking possible offsetting opportunities into account.

Financing risk

The Group's financing risk is the risk that the company will be unable to raise new loans or to finance existing loans. This risk is reduced by a stipulation in the Treasury policy stating that the loans raised must have a long maturity. The total liability must have an average remaining maturity of at least one year. On December 31, 2013, 100% (100) of borrowing had a maturity longer than one year. The maturity structure was as follows: 2015 30%, 2016 70%.

Liquidity risk

Liquidity risk, meaning the risk the Group's immediate capital requirements will not be met, is limited by holding sufficient cash and cash equivalents and granted but unused credit facilities that can be utilized without conditions. The goal according to the Treasury policy is that cash and cash equivalents and available long-term credit facilities must total at least 5% of net sales. These funds totalled SEK 811 m (667) at year-end 2013, corresponding to 21% (17) of net sales.

Haldex' main sources of financing December 31

Nominal value	**2013**	2012
Syndicated loan	USD 95	EUR 75
Bond loans	SEK 270	SEK 270

Capital risk

The Group's objective in respect of the capital structure is to secure Haldex' ability to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders and in order to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group could change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets in order to reduce debt.

Legal risks

Through its global operations, Haldex is subject to many laws, ordinances, rules, agreements and guidelines, including those concerning the environment, health and safety, trade restrictions, competition regulation and currency controls.

Legislation and regulation

With a focus on activities conducted at the local and regional levels and with central Group support, Haldex continuously complies with the rules and regulations prevailing in each respective market and works to adapt the Group to identified future changes in this area. However, changes in regulatory codes, customs regulations and other trade barriers, price, currency controls and public guidelines in the countries in which Haldex is active could affect the Group's operations and future business development.

Intellectual property rights

Haldex invests considerable resources in product development. To secure the return on these investments, Group companies actively assert their rights and carefully monitor the activities of their competitors. The risks in part involve cases where competitors infringe on the Group's patents, and in part instances when Haldex is at risk of infringing on valid patents held by competing companies due to mistakes or errors in judgment. The company carefully and continuously monitors the status of patents and protects its own innovations with patents to the furthest possible extent. The risk of unlicensed copies of the Group's products being marketed has increased in recent years, primarily in Asian markets. Furthermore, the industries in which Haldex is active are in many respects characterized by rapid technical development. Consequently, there is a risk that new technologies and products will be developed that circumvent or replace Haldex' intellectual property rights.

Environmental impact

The Group is engaged through one Swedish subsidiaries in business activities that are subject to license requirements pursuant to the Swedish Environmental Code. The Group's Swedish operations that are subject to license and reporting requirements impact the natural environment mainly through the subsidiary, Haldex Brake Products AB. This company is involved in surface-treatment and the painting of brake systems for highway vehicles, activities that mainly impact the natural environment by means of air and water emissions as well as noise.

Guidelines concerning adoption of guidelines for remuneration of senior executives

In compliance with the motion submitted to the 2014 Annual General Meeting (AGM), the Board of Directors proposes that the following guidelines apply for the period up to the 2015 AGM. The guidelines are to apply for employment contracts entered into following the AGM's resolution and in the event that existing agreements are amended following the AGM's resolution.

Remuneration of the President and CEO and other senior executives shall consist of a wellbalanced combination of fixed salary, annual bonus, long-term incentive programs, pension and other benefits and conditions concerning termination of employment/severance payment. The total remuneration shall be competitive in the market and based on performance. The fixed remuneration shall be determined individually and based on each individual's responsibility, role, competence and position. The annual bonus shall be based on outcomes of predetermined financial and individual objectives and not exceed 50% of the fixed annual salary.

In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to move to new places of service or accept new positions. Such remuneration may not be paid out for periods exceeding 36 months and may not exceed the equivalent of twice the remuneration the executive would otherwise have received. The Board of Directors may propose that the General Meeting resolve on long-term incentive programs.

Pension benefits shall be based on definedcontribution plans and, for employees in Sweden, provide entitlement to pension at age 65. Upon termination of employment by the company, the notice period for the President and CEO is 12 months and for other senior executives up to six months. In addition, when entering into new employment contracts, agreement may be made on severance pay not exceeding the equivalent of 12 months' fixed salary. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual cases.

In all essential respects, the above guidelines are unchanged compared with the guidelines adopted by the 2013 AGM. For further information on remuneration of senior executives, refer to Note 6.

Future trends

In addition to the number of vehicles produced, Haldex' market is affected by requirements from customers and legislators. These requirements create trends and driving forces, such as an increased emphasis on safety and environmental awareness, combined with the ever-increasing importance of vehicle dynamics.

Other trends that affect Haldex are vehicle manufacturers' endeavors to build lighter vehicles in order to reduce fuel consumption. In markets outside Europe and North America, a distinct trend towards increased demand for a higher level of technology is noticeable. This applies particularly to large markets, such as India and China.

On the whole, the trends involving safety, environmental aspects and vehicle dynamics are resulting in expectations that Haldex' market will grow faster than the vehicle market in general. Other indications of this include developments in rapidly growing, emerging markets in Asia, where demand for leading-edge products and technologies is increasing continuously.

Parent Company

The Group's Parent Company, Haldex AB, performs the headoffice functions, including the central financial function.

In 2013, Haldex AB reported an operating income of SEK 8 m (loss: 11). Earnings after tax amounted SEK 27 m (32). Equity at year-end amounted to SEK 1,211 m (1,231) and cash and cash equivalents to SEK 149 m (167).

Events after the balance-sheet date

No significant events have occurred since the balance-sheet date.

Proposed distribution of earnings

The following unappropriated funds are at the disposal the Annual General Meeting (SEK)	
Share premium reserve	378,276,231
Profits brought forward	611,615,963
Total	**989,892,194**

The Board of Directors proposes the following distribution of the above funds:

Cash dividend to shareholders of SEK 2.00 per share	
in the following manner:	
To be distributed to the shareholders:	88,408,530
To be carried forward:	901,483,664

Consolidated income statement

Amounts in SEK m	Note	**2013**	2012
Net sales		3,920	3,933
Cost of goods sold	9	-2,827	-2,904
Gross income		**1,093**	**1,029**
Selling expenses	9	-376	-389
Administrative expenses	8,9	-299	-302
Product development expenses	9	-164	-145
Other operating income and expenses		-101	-43
Operating income		**153**	**150**
Interest income	10	1	2
Interest expense	10	-34	-27
Other financial items	10	-10	-11
Earnings before tax		**110**	**114**
Taxes	11	-72	-60
Net income for the year		**38**	**54**
Attributable to:			
Parent Company shareholders		35	50
Minority interests		3	4
Earnings per share, SEK (prior and post dilution)		0.80	1.12
Average number of shares, thousands		44,206	44,216

Consolidated statement of comprehensive income

Amounts in SEK m	**2013**	2012
Net income	38	54
Other comprehensive income		
Items not to be reclassified to P&L		
Remeasurement of pension obligation, after tax	38	-72
Items that may be reclassified subsequently to P&L		
Change in hedging reserve, after tax	-3	-
Translation difference	-3	-55
Total other comprehensive income/loss	**32**	**-127**
Total comprehensive income/loss	**70**	**-73**

Consolidated balance sheet

Amounts in SEK m	Note	2013	2012
ASSETS			
Fixed assets			
Intangible fixed assets	12	450	537
Tangible fixed assets	13	429	501
Financial fixed assets			
Deferred tax assets	15	140	123
Long-term receivables		28	25
Total fixed assets		**1,047**	**1,186**
Inventories	20	480	456
Current receivables			
Accounts receivable		477	449
Other current receivables	21	150	138
Derivate instruments	16	9	25
Cash and cash equivalents	22	323	346
Total current assets		**1,439**	**1,414**
Total assets	17	**2,486**	**2,600**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		221	221
Share premium		491	491
Retained earnings		424	401
Attributable to Parent Company shareholders		1,136	1,113
Attributable to non-controlling interests		16	16
Total equity		**1,152**	**1,129**
Long-term liabilities	18		
Long-term interest-bearing liabilities	23	400	595
Pensions and similiar obligation	24	291	333
Deferred tax liabilities	15	12	16
Other long-term liabilities		25	23
Total long-term liabilities		**728**	**967**
Current liabilities			
Short-term loans		11	10
Debt to suppliers		353	279
Derivative instruments	16	10	11
Other provisions	25	55	66
Other current liabilities	26	177	138
Total current liabilities	18	**606**	**504**
Total equity and liabilities		**2,486**	**2,600**
Collateral pledged		None	None
Contingent liabilities		3	3

Changes in shareholders´equity

Amounts in SEK m	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Consolidated statement of changes in shareholders' equity							
Opening balance January 1, 2012	**221**	**491**	**-194**	**1**	**758**	**1,277**	**13**	**1,290**
Total comprehensive income								
Profit or loss					50	50	4	54
Other comprehensive income								
Foreign currency translation difference			-55			-55		-55
Remeasurement of pension obligation, after tax					-72	-72		-72
Change in hedging reserve, after tax						0		0
Total other comprehensive	0	0	-55	0	-72	-55	0	-127
Total comprehensive income	**0**	**0**	**-55**	**0**	**-22**	**-77**	**4**	**-73**
Transactions with shareholders								
Dividend, cash					-88	-88		-88
Change in non-controlling interests						0	0	0
Total transactions with shareholders	**0**	**0**	**0**	**0**	**-88**	**-88**	**0**	**-88**
Closing balance December 31, 2012	**221**	**491**	**-249**	**1**	**649**	**1,113**	**16**	**1,129**
Opening balance January 1, 2013	**221**	**491**	**-249**	**1**	**649**	**1,113**	**16**	**1,129**
Total comprehensive income								
Profit or loss					35	35	3	38
Other comprehensive income								
Foreign currency translation difference			-1			-1	-2	-3
Remeasurement of pension obligation, after tax					38	38		38
Change in hedging reserve, after tax				-3		-3		-3
Total other comprehensive	0	0	-1	-3	38	34	-2	32
Total comprehensive income	**0**	**0**	**-1**	**-3**	**73**	**69**	**1**	**70**
Transactions with shareholders								
Dividend, cash					-44	-44		-44
Buyback of own shares					-2	-2		-2
Settlement of share based payments					-2	-2		-2
Value of employee services					1	1	0	1
Total transactions with shareholders	**0**	**0**	**0**	**0**	**-47**	**-47**	**-1**	**-47**
Closing balance December 31, 2013	**221**	**491**	**-250**	**-2**	**675**	**1,135**	**17**	**1,152**

Consolidated Cash Flow statement

Amounts in SEK m	**2013**	2012
Cash Flow from Operating activities		
Operating income	153	150
Reversal of depreciation, asset write-down & non-cash items	231	145
Interest paid	-37	-34
Taxes paid	-98	-18
Cash Flow from operating activities before changes in working capital	**249**	**243**
Change in working capital		
Current receivables	-41	68
Inventories	-27	22
Operating liabilities	101	-95
Change in working capital	33	-5
Cash flow from operating activities	**282**	**238**
Cash Flow from investments		
Net investments	-94	-118
Divestment of facility	23	-
Cash Flow from investments	**-71**	**-118**
Cash Flow from financing		
Change in loans	-186	-76
Dividend to Haldex shareholders'	-44	-88
Cash Flow from financing	**-230**	**-164**
Change in cash and bank assets, excl. exchange-rate difference	**-19**	**-44**
Cash and cash equivalents, opening balance	346	395
Exchange-rate difference in cash and bank assets	-4	-5
Cash and cash equivalents, closing balance	**323**	**346**

Notes, Group

NOTE 1 GENERAL INFORMATION

Haldex AB (Parent Company) and its subsidiaries constitute the Haldex Group. Haldex provides proprietary and innovative solutions to the global vehicle industry. The main focus is on products related to vehicle dynamics, safety and the environment. Haldex AB (publ), Corp. Reg. No. 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. The address of the Head Office is Haldex AB, Box 507, SE-261 24 Landskrona. Haldex AB's shares are listed on the Nasdaq OMX Exchange in Stockholm, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council RFR 1.2 "Supplementary accounting regulations for Groups" were applied.

The Parent Company's function currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in SEK. All amounts are recognized in SEK m unless otherwise indicated. Assets and liabilities are recognized at historical acquisition value (cost), apart from certain financial assets and liabilities that are recognized at fair value. The income statement has been prepared in functional format in accordance with IAS 1, which reflects the internal reporting and provides an accurate picture of the Company's income.

2.1 Consolidated financial statements

Subsidiaries

The consolidated financial statements include the Parent Company and those companies in which the Parent Company directly or indirectly owns more than 50% of the voting rights or exerts controlling influence in some other way. Controlling influence entails a right, either directly or indirectly, to shape a company's financial and operational strategies in order to obtain economic benefits. The subsidiaries are included in the Group as of the day the controlling influence is transferred to the Group. Divested companies are excluded from the consolidated financial statements as of the date upon which the controlling influence ceases.

Non-controlling influence (minority share) is recognized as a separate line item under equity.

The purchase method is used for the recognition of the Groups business combinations. Payments transferred for the acquisition of a subsidiary comprise the fair value of transferred assets, liabilities and the shares issued by the Group. The transferred payment also includes the fair value of all assets or liabilities resulting from agreements concerning conditional purchase considerations. Acquisition-related costs are expensed when they arise. Identifiable acquired assets and liabilities taken over in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, the Group determines whether all non-controlling interests in the acquired company are to be recognized at fair value or at the holding's proportional share of the acquired company's net assets.

The amount by which the transferred payment, any non-controlling interest and fair value on the date of acquisition of previous shareholdings exceeds the fair value of identifiable acquired net assets is recognized as goodwill. In the event of a bargain acquisition, should the amount be less than the fair value of the acquired subsidiary's assets, the difference is to be recognized directly in the statement of comprehensive income.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In the event of acquisitions from non-controlling interests, the difference between the purchase consideration paid and the actually acquired share of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses arising from divestments to non-controlling interests are also recognized in equity.

2.2 Translation of foreign currency

The functional currency for the Haldex Group and the presentation currency is Swedish kronor (SEK).

Transactions and balance sheet items

Transactions in foreign currency are translated into SEK using the exchange rates from the day of the transaction. Exchange gains and losses resulting from these transactions and the translation of monetary assets and liabilities at the closing rate are recognized in the consolidated income statement. Transactions that fulfill the requirements for hedge accounting are recognized under equity.

Subsidiaries

The balance sheets and income statements of non-Swedish subsidiaries are translated by translating assets and liabilities at the closing rate and income and expenses at the average rate during the year.

Translation differences resulting from the translation of foreign subsidiaries' net assets at different rates on the opening and the closing dates are recognized directly in the translation reserves in equity. Exchange rate differences on loans and other currency instruments that are recognized as hedges for net investments in foreign currency are recognized directly in the translation reserves in equity.

2.3 Revenue recognition

Income from the sale of goods and services is recognized when the goods/services are delivered in accordance with the terms of delivery with the customer, as soon as the principal risks and rights associated with ownership are adjudged to have been transferred to the purchaser. The income is reported at fair value and, where applicable, is reduced by the value of discounts granted and returned goods.

2.4 Leasing

Leasing is classified in the consolidated financial statements as either financial leasing or operational leasing, depending on whether the Company retains all the risks and benefits associated with ownership of the underlying asset. A requirement for the reporting of financial leasing is that the fixed asset be posted as an asset item in the balance sheet and that the leasing obligation be recognized as a liability in the balance sheet. Fixed assets are depreciated according to plan over their useful life, while lease payments are recognized as interest expenses and amortization of debt. No asset or liability items are recognized in the balance sheet in the case of operational leasing. The leasing fee is expensed in the income statement on a straight-line basis over the term of the lease.

2.5 Tangible fixed assets

Tangible fixed assets consist of buildings (offices, factories, warehouses), land and land improvements, machines, tools and installations. These assets are measured at acquisition value less depreciation and any impairment losses. Scheduled depreciation is based on the acquisition value and estimated economic life of the assets. Buildings

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES CONT.

are depreciated over 25–50 years. Machinery and equipment are usually depreciated over 3–10 years, while heavier machinery has an economic life of 20 years. Land is not depreciated. The assets' residual values and useful lives are reassessed every closing day and adjusted if needed.

2.6 Intangible assets

Product development

According to IAS 38, costs for developing new products are recognized as intangible fixed assets when the following criteria are met: it is likely that the assets will result in future financial benefits to the company; the acquisition value can be calculated reliably; the company intends to finish the asset and has technical and financial resources to complete its development. The documentary basis for capitalizing product development costs can consist of business plans, budgets or the company's forecasts of future earnings. The acquisition value is the sum of the direct and indirect expenses accruing from the point in time when the intangible asset fulfills the above criteria. Intangible assets are recognized at their acquisition value less accumulated amortization taking into account any impairment losses. Amortization begins when the asset becomes usable and is applied in line with the estimated useful life and in relation to the financial benefits that are expected to be generated by the product development. The useful life is not normally assessed as exceeding five years.

Brands, licenses and patents

Brands, licenses and patents are recognized at acquisition value less accumulated amortization plus any impairment losses. Brands, licenses and patents, which are acquired through business acquisitions, are recognized at fair value on the day of acquisition. Brands, licenses and patents have a determinable useful life over which straight-line amortization is applied to distribute the cost in the income statement. The expected useful life of licenses and patents is estimated at 3–15 years. The expected useful life of brands is estimated at 20 years.

Customer relations

Customer relations acquired through business acquisitions are recognized at fair value on the day of the acquisition and at acquisition value less accumulated amortization and any impairment losses. Customer relations have a determinable useful life estimated at 11–17 years. Straight-line amortization is applied over the estimated useful life of customer relations.

Software and IT systems

Acquired software licenses and costs for development of software that are expected to generate future financial benefits for the Group for more than three years are capitalized and amortized over the expected useful life (3–5 years).

Goodwill

Goodwill is the amount by which the acquisition cost of an asset exceeds the asset's fair value. Goodwill arising in conjunction with the acquisition of a subsidiary is recognized as an intangible asset. Goodwill is tested annually to determine any impairment requirement and is recognized at acquisition value less accumulated impairment losses. Impairment losses on goodwill are never reversed. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill pertaining to the divested unit.

Goodwill should be impairment tested per cash-generating unit. Within Haldex the impairment test is carried out on a Haldex Group level.

2.7 Financial instruments

The Group classifies its financial instruments in the following categories: financial assets valued at fair value through profit or loss, loans and receivables, financial instruments held to maturity and financial assets available for sale. The classifications are based on the purpose of the acquired instrument. Management determines the classification of the instruments when they are first recognized and reassess the classification at each reporting event. During the fiscal year, the Group had financial instruments belonging to financial assets measured at fair value through profit or loss, as well as loans and receivables.

Financial assets measured at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and assets that from the very beginning are attributed to the category measured at fair value through profit or loss. A financial asset is classified in this category if it has been acquired primarily with a view to being resold in the near future or if this classification is determined by company management. Derivative instruments are also categorized as being held for sale, assuming that they have not been identified as hedging instruments.

Loans receivables and accounts receivable

Loans receivables and accounts receivable are non-derivative financial assets with established or determinable payments that are not listed on an active market. They occur when the Group supplies money, products or services directly to the customer without intending to trade the resulting claim. They are included in current assets, with the exception of items with due dates more than 12 months after the closing day, which are classified as fixed assets.

Recognition of derivative instruments

Derivative instruments are recognized in the balance sheet as of the trade date and are measured at fair value, both initially and during subsequent revaluations. The method used for recognizing the profit or loss arising at every revaluation occasion depends on whether the derivative has been identified as a hedging instrument and, if this is the case, the nature of the hedged item. The Group identifies certain derivatives as either: 1) hedging of the fair value of assets or liabilities; 2) hedging of forecast flows (cash flow hedging) or 3) hedging of net investment in a foreign operation. To qualify for hedge accounting, certain documentation is required concerning the hedging instrument and its relation to the hedged item. The Group also documents goals and strategies for risk management and hedging measures, as well as an assessment of the hedging relationship's effectiveness in terms of countering changes in fair value or cash flow for hedged items, both when the hedging is first entered into and subsequently on an ongoing basis.

Fair value hedges

Changes in fair value of derivatives that are classified as fair value hedges and fulfill the conditions for hedge accounting are recognized in profit and loss with the changes in the fair value of the asset or liability that caused the hedged risk.

Cash flow hedging

Cash flow hedging is applied for future flows from sales. The portion of changes in the value of derivatives that satisfy the conditions for hedge accounting is recognized in other comprehensive income. The ineffective portion of profit or loss is recognized directly in the income statement, among financial items. The unrealized profit or loss that is accumulated in equity is reversed and recognized in profit and loss when the hedged item affects profit or loss (for example, when the forecast sale that has been hedged actually occurs).

If a derivative instrument no longer meets the requirements for hedge accounting, is sold or terminated, what remains is any accumulated profit or loss in equity, which is recognized in profit and loss at the same time as the forecast transaction is finally recognized in profit and loss.

When a forecast transaction is no longer

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES CONT.

expected to occur, the accumulated profit or loss recognized in equity is immediately transferred to the income statement.

Hedging of net investments

Accumulated gains/losses from revaluation of hedges of net investments that fulfill the conditions for hedge accounting are recognized in other comprehensive income. When operations are divested, the accumulated effects are transferred to the profit and loss and affect the Company's net profit/loss from the divestment.

Calculation of fair value

Fair value of financial instruments that are traded on an active market (for example, publicly quoted derivative instruments, financial assets that are held for trade and financial assets that are held for sale) is based on the quoted market rate on the closing day. The quoted market rates used for the Company's financial assets are the actual bid prices; quoted market rates used for financial liabilities are the actual asked prices. The instruments held by the Group are traded 100% in an active market.

2.8 Inventories

Inventories are valued at the lowest of the acquisition cost in accordance with the first-in first-out principle and the net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity).

2.9 Accounts receivable from customers

After individual valuation, receivables are valued in the amounts in which they are expected to be paid.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash, cash in banks, other short-term investments that fall due in less than three months and bank overdraft facilities. Bank over draft facilities are recognized in the balance sheet as borrowing under current liabilities.

2.11 Receivables and liabilities

Receivables and liabilities in foreign currencies are valued at the yearend rate. Exchange gains and losses pertaining to operational currency flows are recognized in operating income. Current and long-term interest-bearing liabilities are recognized in the balance sheet to nominal value.

2.12 Provisions

Provisions are recognized in the balance sheet when the Group has future obligations resulting from an event that is likely to result in expenses that can be reasonably estimated. Provisions for restructuring costs are recognized when the Group has presented a plan for carrying out the measures and the plan has been communicated to all affected parties.

2.13 Employee benefits

Pension commitments

The Group has both defined contribution pension plans and defined benefit pension plans.

Defined contribution plans mainly include retirement pensions, disability pensions and family pensions. A defined contribution, normally based on a percentage of current salary, is paid to a separate legal entity. The employee is responsible for the inherent risk in these plans and the Group does not have any further obligations if the fund's asset decline in value.

Defined benefit plans state which amount an employee can expect to receive after retirement, calculated on the basis of factors such as age, length of service and future salary.

The pension commitments of the Group with respect to defined benefit plans are covered by the pension funds of the Group, through insurance solutions or through provisions on the balance sheet.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The assumptions upon which the calculations are based are found in the note addressing staff costs. All changes in the net defined benefit liability are recognized as they occur, as follows: (i) service cost and net interest in the Income statement; and (ii) remeasurements of both defined benefit obligations and plan assets in Other comprehensive income.

Share-based payment

In 2010 the annual general meeting resolved on a share-based payment plan in the form of an incentive program directed to senior executives and other key employees. The company obtained services from employees as compensation for equity instruments (options) in the Group. The fair value of the service that entitled the employees to an allotment of options has been expensed over the vesting period and has been based on the fair value of the allotted options. All options have been settled during 2013.

The annual general meeting 2013 resolved on a new incentive program for senior executives and other key employees. In brief, the incentive program means that if certain performance targets are achieved during the financial year 2013 the participants are awarded a variable remuneration in the beginning of 2014, of which 60% will be awarded in cash and 40% will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each Performance Right, automatically during 2017 and free of charge. The fair value of the service that entitles the employees to an allotment of employee stock options is expensed over the vesting period.

2.14 Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, apart from when underlying transactions are recognized directly in equity, whereby the related tax effect must also be recognized in equity.

Current tax is the tax to be paid or received for the current year based on current tax rates. Adjustment of current tax attributable to previous periods is also included here. Deferred tax is calculated on the basis of the temporary differences between the recognized and tax-assessment value of assets and liabilities. The valuation of deferred tax is based on the recognized amounts for assets and liabilities that are expected to be sold or settled. A valuation is performed based on the tax rates and tax regulations that have been decided or announced at year-end. Deferred tax assets pertaining to loss carry forwards are recognized insofar as it is probable that the losses will be used to offset future tax.

2.15 Cash flow statement

The Cash flow statement is prepared using the indirect method. This means that the operating income is adjusted for transactions that do not entail receipts or disbursements during the period, and for any income and expenses referable to cash flows for investing or financing activities.

2.16 Government assistance

Government assistance connected to the acquisition of fixed assets has reduced the acquisition value of the particular assets. This means that the asset has been recognized at a net acquisition value, on which the size of depreciation has been based.

2.17 Changes in accounting policy and disclosures

New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the group:

Amendment to IAS 1, 'Financial statement

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES CONT.

presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19, 'Employee benefits' was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The impact on the financial position is described below.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

The amendment to IAS 36, 'Impairment of assets' addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The group applies the standard as of 1 january 2013 and it has had no effect on the financial statement.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 on the accounting period beginning on 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 on the accounting period beginning on 1 January 2014.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The group is yet to assess IFRIC 21's full impact and intends to adopt IFRIC 21 on the accounting period beginning on 1 January 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidated Balance Sheet, revised IAS 19

	Dec 31 2012	Effect, changed principle	Dec 31 2012 revised
Other fixed assets	1,063	-	1,063
Deferred taxes	109	14	123
Total fixed assets	**1,172**	**14**	**1,186**
Total current assets	**1,414**	**-**	**1,414**
Total assets	**2,586**	**14**	**2,600**
Total shareholders' equity	**1,242**	**-113***	**1,129**
Pension and similar obligations	206	127	333
Other long term liabilities	634	-	634
Total long-term liabilities	**840**	**127**	**967**
Total current liabilities	**504**	**-**	**504**
Total liabilities and equity	**2,586**	**14**	**2,600**

** Of which affected the opening balance 2012 with SEK -46 m, resulting in a adjusted opening equity of SEK 1,290 m.*

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES CONT.

Consolidated income statement, revised IAS 19

Amounts in SEK m	Full year 2012	Effect changes principle	Full year 2012 revised
Operating income	**150**	**-**	**150**
Financial income and expense	-44	8	-36
Earnings before tax	**106**	**8**	**114**
Taxes	-57	-3	-60
Net profit	**49**	**5**	**54**
Earnings per share SEK	**1.02**	**0.10**	**1.12**

Restatement – Key ratios

	Jan-Dec 2012, old	Jan-Dec 2012, revised
Return on shareholders' equity, %	3.5	4.1
Interest coverage ratio	7.2	9.8
Equity ratio, %	48	43
Net debt/equity ratio, %	36	51
Shareholders' equity, SEK	28.09	25.53

NOTE 3 IMPORTANT ESTIMATIONS AND ASSUMPTIONS

The Consolidated Financial Statements contain estimations and assumptions about the future, which are based on both historical experience and expectations about the future. The areas where the risk of future adjustments of carrying amounts are the highest are mentioned below.

Goodwill

During 2013, the Groups' total goodwill, which amounted to SEK 354 m (354) at December 31, 2013, was impairment tested. The impairment testing is conducted by discounting expected future cash flows, as determined in the business plans and thus arriving at a value. The value is placed in relation to the carrying amount of the Groups' goodwill. Haldexs' net sales and return have historically shown a very close correlation with the number of produced units of vehicles. Accordingly, the official forecasts of future vehicle manufacturing form the foundation for the business plans, in which Haldexs' historical financial performance and expected future benefits through current improvement programs are also taken into account.

The forecast period for the testing of goodwill comprises five years of business plans and, after the explicit forecast period, a residual value is assigned, which is designed to represent the value of the business following the final year of the forecast period. The residual value has been calculated on the basis of an assumption concerning a sustainable level for the free cash flow (after the forecast period) and its growth, in the case of Haldex 2% (2). In this context, the residual value corresponds to all cash flows after the forecast period.

When discounting expected future cash flows, an average cost of capital (WACC) after tax has been used, at present 9% (9). The average cost of capital has been based on the following assumptions:

- Risk-free interest rate: Ten-year yield on government bonds
- The market's risk premium: 6.4%
- Beta: Established beta for Haldex
- Interest expense: This was calculated as a weighted interest rate on the basis of the Group's financing structure in various currencies, taking a loan premium into account
- Tax rate: In accordance with the tax rate prevailing in the particular countries

The testing of goodwill conducted during 2013 and 2012 revealed no impairment requirement. A change in the discount interest rate by 1% or a decrease in cash flow by 10% would not change the outcome of the testing.

Development projects

Haldex capitalizes the costs of its development projects. These capitalized development projects are tested for impairment each year or when there is an indication of a decrease in value. The tests are based on a prediction of future cash flow and corresponding production costs. In case the future strategy changes or future volumes, prices or costs diverge negatively from the predictions, an impairment loss could arise.

Since development projects are considered to be a normal part of Haldexs' daily business, impairment tests are generally carried out with the same assumptions (WACC) as the impairment test for goodwill. However, since individual risk assessment points to different risks in the different projects, the discount rate is adjusted based on the estimated risk in the various projects. Development projects considered a higher risk are tested with a higher discount rate than a project with a considered lower risk.

Income taxes

The Group pays tax in many different countries. Detailed calculations of future tax obligations are completed for each tax object within the Group. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Warranty reserves

The Group continuously assesses the value of the reserves in relation to the estimated need. The warranty reserve amounted to 1.1% (1.1) of net sales as of December 31, 2013.

Pensions

The pension liabilities recognized in the balance sheet are estimated by actuaries and based on annual assumptions. These assumptions are described in Note 24.

A 0.25% change in the utilized discount rate for each particular country affects the present value of the Group's pension obligations by approximately SEK 24 m.

NOTE 4 SEGMENT REPORTING

Since May 2012 Haldex is organized as a functional organization.

The functional matrix structure provides a more focused support for the organization and the services are shared amongst the various product lines, sales and distribution channels.

The Haldex business is one reporting segment and the financial information is analyzed and reviewed by the executive decision makers from one segment to assess the company performance.

Air Controls and Foundation Brake are the Groups two major product lines.

Air Controls develops and manufactures products to dehumidify and regulate compressed air in brake systems, such as air dehumidifiers and air purifiers, aswell as air suspension systems, valves and electronically regulated subsystems (ABS, ESP, EBS).

Foundation Brake develops and produces the wheel-brake products that provide the actual braking effect, such as disc brakes, automatic brake adjusters fordrum brakes and electronic sensor systems for indicating wear on brake surfaces.

However, since the two product lines have similar businesses, customers and long-term operational margins the two product lines are reported as one segment.

The top ten customers accounts for about a third of the salses, with no single customer accounting for more than 10%.

The location of the customers forms the basis of sales by geographic area. The information concerning the segments' assets and the period's investments are based on geographic areas grouped by where the assets are located.

Net sales per product line and region

	2013	2012	Change, nominal	Change, currency adjusted
Air Controls	1,813	1,783	2%	5%
Foundation Brake	2,107	2,150	-2%	2%
Haldex Group	**3,920**	**3,933**	**0%**	**3%**

Breakdown by geographic area

2013	North America	Europe	Asia and the Middle East	South America	**Haldex Group**
Net sales	2,019	1,386*	313	202	3,920
Assets	935	1,191	222	138	2,486
Investments	46	38	7	3	94

2012	North America	Europe	Asia and the Middle East	South America	**Haldex Group**
Net sales	2,162	1,304	317	150	3,933
Assets	950	1,327	190	133	2,600
Investments	37	68	7	6	118

* Of which net sales to Sweden amounts to SEK 62 m (70).

NOTE 5 COST DISTRIBUTED BY TYPE

	2013	2012
Direct material costs	2,138	2,202
Personnel costs	832	835
Depreciation	138	145
Other operating costs	659	601
Total operating costs	**3,767**	**3,783**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

NOTE 6 INFORMATION ON REMUNERATION OF SENIOR EXECUTIVES

Amounts in SEK k	2013 Basic remuneration incl. benefits/ Director fees	2013 Variable remuneration**	2013 Pension	2012 Basic remuneration incl. benefits/ Director fees	2012 Variable remuneration	2012 Pension
Board of Directors						
(6 members, of whom 1 women)						
Göran Carlson (Chairman)	525	-	-	525	-	-
Stefan Charette	225	-	-	188	-	-
Arne Karlsson	300	-	-	263	-	-
Magnus Johansson	250	-	-	225	-	-
Staffan Jufors *(Board member from April 2013)*	113	-	-	-	-	-
Annika Sten Pärson *(Board member from April 2012)*	212	-	-	100	-	-
C.S. Patel *(Board member until April 2012)*	-	-	-	86	-	-
Caroline Sundewall *(Board member until April 2012)*	-	-	-	138	-	-
Anders Thelin *(Board member until April 2012)*	-	-	-	100	-	-
Total	**1,625**	**-**	**-**	**1,625**	**-**	**-**
President						
Bo Annvik, *from July 2012*	4,198	1,512	933	2,009	476*	844
Ulf Ahlén, *to June 2012*	-	-	-	1,906	-	1,262
Other senior executives (Group Management)						
10 (9) people, of whom 0 women at year end 2013	13,251	4,199	2,108	12,123	1,637	1,760
	17,449	**5,711**	**3,041**	**16,038**	**2,113**	**3,866**

* One-time remuneration for shares in Haldex.
**In addition to expensed variable remuneration for 2013 above, bonus for 2012 have been paid out with SEK 165 k to the President and SEK 699 k to other senior executives.

Guidelines

The guidelines for determining the remuneration of senior executives that were adopted by the 2013 Annual General Meeting comply with the guidelines proposed to the 2014 Annual General Meeting.

Information on these is presented in the Directors' Report on page 40.

Severance pay

For members of the Group Management, serevance pay is provided in accordance with the guidelines established by the Board of Directors for remuneration of senior executives.

Serevance pay to the President is disclosed in the Remuneration of the Board of Directors and senior executives section within the Coprorate Governance report, page 78.

Variable Remuneration

The Annual General Meeting 2013 resolved to implement a new incentive program for senior executives and key personnel, LTI 2013. In brief, LTI 2013 means that if certain performance targets are achieved during the financial year 2013, the participants in LTI 2013 are awarded a variable remuneration in the beginning of 2014, of which 60% will be awarded in cash and 40 % will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each Performance Right, automatically during 2017 and free of charge.

The term of LTI 2013 is four years. After the expiry of the Performance Year, allotment of any Performance Amount will occur. Settlement of any Cash Amount is expected to occur during the spring 2014. Subsequent to the allotment of any Share Amount, Performance Rights will be awarded the Participant followed by a deferral period of three years, before final transfer of Performance Shares to the Participant is expected to occur during 2017, after the annual general meeting 2017 and before the end of June 2017.

Deferred variable remuneration under the LTI 2013 will not be pensionable income.

NOTE 7 EMPLOYEES

	Women	**Men**	**Total 2013**	Women	Men	Total 2012
Sweden	67	218	285	80	207	287
USA	130	372	502	145	422	567
Mexico	129	271	400	132	270	402
China	44	151	195	37	130	167
Germany	38	136	174	39	139	178
Hungary	77	81	158	66	76	142
Brazil	39	92	131	25	96	121
India	14	93	107	14	105	119
Great Britain	6	47	53	11	66	77
France	24	42	66	27	45	72
Canada	7	14	21	7	14	21
Italy	5	3	8	5	4	9
Poland	2	6	8	3	6	9
Spain	2	4	6	3	4	7
Austria	1	5	6	2	5	7
South Korea	1	6	7	1	6	7
Belgium	1	4	5	1	4	5
Russia	1	2	3	1	2	3
Total	**588**	**1,547**	**2,135**	**599**	**1,601**	**2,200**

	2013			2012		
	Salaries and remuneration	Social security costs	Of which, pension costs	Salaries and remuneration	Social security costs	Of which, pension costs
Haldex	615	217	25	617	218	31

NOTE 8 AUDITING FEES

	2013	2012
PricewaterhouseCoopers		
Audit assignments	3	4
Tax advice	4	4
Other assignments	1	2
Total	**8**	**10**

NOTE 9 DEPRECIATION

	2013	2012
Cost of goods sold	88	96
Selling costs	3	4
Administrative costs	18	22
Product development costs	29	23
Total	**138**	**145**

NOTE 10 FINANCIAL INCOME AND EXPENSE

	2013	2012
Interest income	1	2
Interest expense	-23	-18
Pension financial expense	-11	-9
Other financial expense	-10	-11
Total	**-43**	**-36**

NOTE 11 TAXES

	2013	2012
Current tax	-98	-18
Deferred tax	26	-42
Total recognized tax expenses	**-72**	**-60**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Reconciliation of effective tax rate	**2013**	2012
Earnings before tax	110	106
Tax at applicable tax rate in Sweden	22%	26%
Differences in tax rates of different countries of operation	17%	12%
Non-deductible expenses	3%	3%
Non-taxable revenues	-1%	0%
Tax attributable to prior years	4%	-2%
Utilization of previously unrecognized loss carryforwards	0%	-2%
Revaluation of losses carried forward	19%	15%
Other taxes	2%	3%
Transition effects due to revised accounting standard, IAS 19	-	-1%
Reported effective tax rate	**66%**	**54%**

The Group's tax expense (YTD) amounts to SEK 72 m (60). The tax rate is affected by the restructuring costs that are charged to earnings in 2013. Tax assets related to ongoing restructuring program have been recognized only to the extent that Haldex expects to utilize them in future activities. Further, the tax rate is also affected by the fact that the restructuring costs, including asset-write downs, mainly relates to European operations where the tax rates are lower than in North America.

The underlying tax rate for the year amounts to 39%. Haldex assess the tax rate to decrease during 2014.

The income tax charged/credited to equity during the year is as follows:

	2013	2012
Deferred tax		
Hedging reserve	1	1
	1	**1**

NOTE 12 INTANGIBLE ASSETS

	Goodwill	Patent and other intagible assets	Capitalized development costs	**Total**
As per January 1, 2012				
Acquisition value	371	64	238	673
Accumulated depreciaion	-	-60	-54	-114
Carrying amount	**371**	**4**	**184**	**559**
January 1 – December 31, 2012				
Opening carrying amount	371	4	184	559
Exchange rate differences	-17	-1	-3	-21
Investments	-	5	11	16
Depreciation	-	-2	-15	-17
Closing carrying amount	**354**	**6**	**177**	**537**
At December 31, 2012				
Acquisition value	354	67	245	666
Accumulated depreciation	-	-61	-68	-129
Carrying amount	**354**	**6**	**177**	**537**
January 1 – December 31, 2013				
Opening carrying amount	354	6	177	537
Exchange rate differences	-	0	2	2
Investments	-	0	4	4
Divested/impaired	-	-5	-69	-74
Depreciation	-	-	-19	-19
Closing carrying amount	**354**	**1**	**95**	**450**
At December 31, 2013				
Acquisition value	354	65	253	672
Accumulated depreciation	-	-64	-158	-222
Carrying amount	**354**	**1**	**95**	**450**

NOTE 13 TANGIBLE FIXED ASSETS

	Buildings	Land and land improvements	Machinery and other technological investments	Equipment, tools and installations	Construction in progress and advances to suppliers	**Total**
As per January 1, 2012						
Acquisition value	204	25	988	595	59	1,871
Accumulated depreciation	-119	-3	-699	-496	-4	-1,321
Carrying amount	**85**	**22**	**289**	**99**	**55**	**550**
January 1 – December 31, 2012						
Opening carrying amount	85	22	289	99	55	550
Exchange rate differences	-3	-1	-10	-3	-2	-19
Investments	5	1	45	29	22	102
Divested/impaired	-	-	-3	0	-	-3
Internal transfer	-	-	5	2	-7	0
Depreciation	-11	0	-82	-35	-	-128
Closing carrying amount	**76**	**22**	**244**	**92**	**68**	**502**
At December 31, 2012						
Acquisition value	201	25	961	576	72	1,835
Accumulated depreciation	-125	-3	-717	-484	-4	-1,333
Carrying amount	**76**	**22**	**244**	**92**	**68**	**502**
January 1 – December 31, 2013						
Opening carrying amount	76	22	244	92	68	502
Exchange rate difference	-	-	-2	1	-	-1
Investments	3	1	42	34	11	91
Divested/impaired	-17	-1	-2	-1	-23	-44
Internal transfer	-	-	0	5	-5	0
Depreciation	-9	-	-76	-33	-	-118
Closing carrying amount	**53**	**22**	**206**	**98**	**51**	**429**
At December 31, 2013						
Acquisition value	156	24	960	573	55	1,768
Accumulated depreciation	-103	-2	-754	-475	-4	-1,336
Carrying amount	**53**	**22**	**206**	**98**	**51**	**429**

NOTE 14 OPERATIONAL LEASES

The future aggregate minimum lease payments under non-cancellable operating leases fall due as follows:

	Premises	Machinery and other equipment	**Total**
2014	39	10	49
2015-2018	123	9	132
2019 and beyond	94	1	95

Expensed leasing fees during 2013 totaled SEK 50 m (54).

NOTE 15 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current taxes and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The gross movement on deferred income tax account was as follows:

	2013	2012
At January 1	107	128
Transition effects due to revised accounting standard, IAS 19	-	14
Income statement charge (Note 11)	26	-39
Tax charged directly to equity (Note 11)	1	1
Tax charged to other comprehensive income	-9	-
Exchange differences	3	3
At December 31	**128**	**107**

Deferred income tax assets and liabilities, without taking offsetting of balances within the same tax jurisdiction into consideration, were as follows:

	Assets		Liabilities		Net	
	2013	2012	**2013**	2012	**2013**	2012
Tax loss carryforwards	100	108	-	-	100	108
Tangible fixed assets	-	-	2	4	-2	-4
Intangible assets	-	-	7	23	-7	-23
Provisions	28	15	-	-	28	15
Pensions and similar obligations	27	36	-	-	27	36
Acquisition-related surplus values	-	-	15	17	-15	-17
Other	21	21	24	29	-3	-8
Net deferred tax assets/tax liability	**177**	**180**	**48**	**73**	**128**	**107**

Deferred income tax assets are recognized for tax loss carryforwards insofar as the realization of the related tax benefit through future taxable profits is probable.
All recognized tax loss carryforwards have an expiry date exceeding ten years.

NOTE 16 DERIVATIVE INSTRUMENTS

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – cash flow hedges	1	3	4	2
Forward exchange contracts – at fair value through profit or loss	4	3	1	1
Currency swaps – at fair value through profit or loss	4	4	20	8
Total derivatives as recognized in the Balance sheet	9	10	25	11
Derivatives subject to offsetting, enforceable master netting arrangements	-9	-9	-11	-11
Net amount	**0**	**1**	**14**	**0**

Equity gains and losses in short-term currency forward contracts will be transferred to income statement at different points during 2014.
All equity gains and losses in short-term currency forward contracts recognized in 2012 has been transferred to the income statement in 2013.
The financial instruments recognized at fair value in the balance sheet belong to Tier 2 in the fair value hierarchy, meaning that the fair value is determinable,directly or indirectly, from observable market data.
There was no ineffectiveness to be recorded from the cash flow hedges hedges.

NOTE 17 ASSETS AS PER BALANCE SHEET

	2013					2012				
	Non Financial instruments	Loans and receivables	Assets at fair value through profit or loss	Derivates used for hedging	**Total**	Non Financial instruments	Loans and receivables	Assets at fair value through profit or loss	Derivates used for hedging	**Total**
Assets as per balance sheet										
Tangible & Intangbible										
fixed assets	**879**	**-**	**-**	**-**	**879**	**1,038**	**-**	**-**	**-**	**1,038**
Financial fixed assets										
Deferred tax assets	140	-	-	-	140	123	-	-	-	123
Long-term receivables	-	28	-	-	28	-	25	-	-	25
Inventory	**480**	**-**	**-**	**-**	**480**	**456**	**-**	**-**	**-**	**456**
Current receivables										
Accounts receivables	-	477	-	-	477	-	449	-	-	449
Other current receivables	79	71	-	-	150	78	60	-	-	138
Derivative instruments	-	-	8	1	9	-	-	21	4	25
Cash and cash equivalents	-	323	-	-	323	-	346	-	-	346
Total	**1,578**	**899**	**8**	**1**	**2,486**	**1,695**	**880**	**21**	**4**	**2,600**

Haldex accounts receivables and other current receivables are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts. Long- term receivables are recognized at amounts that correspond to fair value.

NOTE 18 LIABILITIES AS PER BALANCE SHEET

	2013					2012				
	Non financial liabilities	Other financial liabilities	Liabilities at fair value through profit or loss	Derivates used for hedging	**Total**	Non financial liabilities	Other financial liabilities profit or loss	Liabilities at fair value through	Derivates used for hedging	**Total**
Liabilities as per balance sheet										
Long-term liabilities										
Deferred taxes liabilities	12	-	-	-	12	16	-	-	-	16
Pension & similar obligation	291	-	-	-	291	333	-	-	-	333
Interest-bearing liabilities	-	-	400	-	400	-	595	-	-	595
Other long-term liabilities	-	-	25	-	25	-	23	-	-	23
Current liabilities										
Short-term loans	-	-	12	-	12	-	10	-	-	10
Debt to suppliers	-	-	353	-	353	-	279	-	-	279
Derivative instruments	-	7	-	3	10	-	-	7	4	11
Other provisions	55	-	-	-	55	66	-	-	-	66
Other current liabilities	177	-	-	-	177	138	-	-	-	138
Total	**535**	**7**	**790**	**3**	**1,334**	**553**	**907**	**7**	**4**	**1,471**

Haldex short and long term loans, multicurrency revolving credit facility and bond loan are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts.

NOTE 19 LIQUIDITY

	2013			2012		
	<1 yr.	>1< 2 yr.	> 2 yr.	<1 yr.	>1< 2 yr.	> 2 yr.
Long-term credit facilities incl. Int.	-13	-273	-132	-20	-341	-271
Other credits						
Account payable	-353			-279		
Derivatives	-10			-11		
Total	**-376**	**-273**	**-132**	**-310**	**-341**	**-271**
Account receivable	477			449		
Derivatives	9			25		
Net flow	**110**	**-273**	**-132**	**164**	**-341**	**-271**
Derivatives						
-outflow	-1,602			-1,450		
-inflow	-1,602			1,465		

Haldex Multicurrency Revolving Credit Facility and bond loan are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts. Available unused credit facilities at year-end totaled SEK 651m (481). Calculated interest comprised the the counter-value in SEK based on exchang rates at December 31, 2013 and the current interst rates on the liability.

NOTE 20 INVENTORIES

	2013	2012
Raw materials	291	275
Semi-manufactured products	19	27
Finished products	170	154
Total	**480**	**456**

NOTE 21 OTHER CURRENT RECEIVABLES

	2013	2012
Tax receivables	34	41
Prepaid expenses and accrued income		
Rents and insurance	10	9
Other prepaid expenses	35	28
Other current receivables	71	60
Total	**150**	**138**

NOTE 22 CASH AND CASH EQUIVALENTS

	2013	2012
Bank accounts and cash	323	346
Total	**323**	**346**

NOTE 23 LONG-TERM INTEREST-BEARING LIABILITIES

	2013	2012
Multicurrency Revolving Credit Facility	130	325
Bond loans	270	270
Total	**400**	**595**

NOTE 24 PENSIONS AND SIMILAR OBLIGATIONS

Haldex has defined-benefit plans for pensions for certain units in Sweden, Germany, France, Great Britain and USA.
The pensions under these plans are based mainly on final salary. Defined-contribution plans are also found in these countries.
Subsidiaries in other countries within the Group use mainly defined-contribution plans.
The pension scheme in Great Britain has a minimum funding requirement. Based on a funding valuation, that is performed every third year, the company and the trustees agree upon a recovery plan to fund the obligation to the minimum requirement.

Amount recognized in the Balance Sheet

Group	2013	2012
Defined benefit obligation at the beginning of the year	**615**	**520**
Pensions vested during the period	9	8
Interest on obligation	21	22
Benefits paid	-22	-21
Contributions	1	-
Effects of reductions and settlements	-	1
Remeasurements due to changes in demografical assumptions	-5	-
Remeasurements due to changes in financial assumptions	-36	90
Experienced based gains/losses	3	4
Exchange rate differences	9	-10
Defined benefit obligation at the end of the year	**595**	**615**
Fair value of plan assets at the beginning of the year	**282**	**263**
Expected return on plan assets	11	12
Payment from assets	-21	-10
Contributions	15	10
Valuation gains/losses on plan assets	11	11
Exchange rate differences	5	-4
Fair value of plan assets at the end of the year	**303**	**282**

Reconciliation of interest bearing pension liabilities

Group	2013	2012
Pension liability (net) at the beginning of the year	**333**	**257**
Pension cost	19	18
Benefits paid	-22	-21
Contributions	-14	-10
Payment from assets	21	10
Effects of reductions and settlements	-	1
Transition effects due to new Accounting Standard IAS 19	-	78
Actuarial gains/losses recognised in Other Comprehensive Income	-49	-
Exchange rate differences	4	-4
Net amount recognized in the balance sheet	**291**	**333**

Amounts recognised in the Income Statement

Group	2013	2012
Pensions vested during the period	-9	-8
Interest on obligation	-21	-22
Expected return on plan assets	11	12
Included in staff cost	**-19**	**-18**

NOTE 24 PENSIONS AND SIMILAR OBLIGATIONS CONT.

Amounts recognised in the Income Statement

Group	**2013**	2012
Remeasurments of pension obligation		
where of experience adjustments	-3	-4
where of du to changes in actuarial assumptions	41	-90
Valuation gains (losses) on plan assets	11	11
Included in Other Comprehensive Income	**49**	**-83**

Defined pension obligation and plan asset per country

2013	Sweden	US	UK	Other*	Group
Defined benefit obligation	187	56	250	102	595
Plan assets	58	49	193	3	303
where of equities	5	20	103	-	128
where of interest bearing securities	51	29	70	-	150
where of properties	-	-	4	-	4
where of cash and Cash equivalents	2	-	16	3	21
Net amount recognized in the balance sheet	**129**	**7**	**57**	**99**	**291**

Defined pension obligation and plan asset per country

2012	Sweden	US	UK	Other*	Group
Defined benefit obligation	216	65	234	100	615
Plan assets	64	46	171	1	282
where of equities	10	20	91	-	121
where of interest bearing securities	51	26	62	-	139
where of properties	-	-	4	-	4
where of cash and Cash equivalents	3	-	14	1	18
Net amount recognized in the balance sheet	**152**	**19**	**63**	**99**	**333**

Assumed life expectancy after retirement at the age of 65

	Sweden	US	UK	Other
Male	23	19	22	19
Female	25	21	23	23

Actuarial assumptions

Percent	Sweden	Germany	France	UK	US
Discount rate, January 1, 2013	3.3	3.8	3.8	4.3	3.6
Discount rate, December 31, 2013	4.1	4.0	4.0	4.3	4.6
Return on plan assets	3.3	-	-	4.3	3.6
Salary increase	3.0	2.7	2.7	2.9	-
Inflation	2.0	2.0	2.0	2.5	2.5

Average remaining maturity of the pension plan

	Sweden	Germany	France	UK	US
Years	31	14	17	19	9

* Mainly Germany

The discount rate is based on high quality corporate bonds, in Sweden mortgage-backed bond, with a maturity time corresponding to the estimated maturity of the obligations for post benefit employment.

All the pension plans are listed investment.

A change to the discount rate of +/- 0,25%, for each particular country affects the present value of the Group's pension obligation with approximately SEK 24 m.

The net contribtion to the Group's pension schemes in 2014 is estimated to be at the same level as in 2013.

NOTE 25 OTHER PROVISIONS

	Warranty reserves	Restructuring reserves	Total
January 1, 2013	42	24	66
Provisions	40	30	70
Requisitions	-37	-44	-81
Translation differences	0	0	0
December 31, 2013	**45**	**10**	**55**

NOTE 26 OTHER CURRENT LIABILITIES

	2013	2012
Tax liabilities	7	8
Accrued expenses and deffered income		
Personnel costs	113	82
Other accrued expenses	28	23
Other current liabilities	29	25
Total	**177**	**138**

NOTE 27 CORPORATE ACQUISITIONS

No acquisitions during 2013.

NOTE 28 RELATED-PARTY TRANSACTIONS

The Parent Company is a related party to its subsidiaries. Transactions with subsidiaries occur on commercial market terms. Remuneration of senior executives is presented in Note 6.

Parent Company income statement

Amounts in SEK m	Note	**2013**	2012
Net sales		67	67
Administrative costs		-59	-78
Operating income/loss		**8**	**-11**
Dividends from Group companies		31	10
Group contribution		-7	35
Interest income	7	34	44
Interest expenses	7	-27	-31
Other financial items		-10	-8
Earnings before tax		**29**	**39**
Taxes	14	-2	-7
Net income for the year		**27**	**32**

Parent Company comprehensive income report

Amounts in SEK m	**2013**	2012
Income for the period	27	32
Other comprehensive income	-	-
Total comprehensive income	**27**	**32**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

Parent Company balance sheet

Amounts in SEK m	Note	2013	2012
ASSETS			
Fixed assets			
Tangible fixed assets	8	0	0
Financial fixed assets			
Shares and participations	9	1,843	1,802
Long-term receivables subsidiaries	10	10	9
Other long-term receivables	10	22	23
Total fixed assets		**1,875**	**1,834**
Current assets			
Receivables from subsidiaries		695	841
Other current receivables	11	9	12
Derivative instruments	12	17	29
Cash and cash equivalents	13	149	167
Total current assets		**870**	**1,049**
Total assets		**2,745**	**2,883**
SHAREHOLDERS´EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (44,215,970 shares with a quota value of SEK 5)		221	221
Unrestricted equity			
Share premium reserve		378	378
Retained earnings		585	600
Net income for the year		27	32
Total equity		**1,211**	**1,231**
Untaxed reserves		**-**	**-**
Provisions			
Pensions and similar obligations	15	22	16
Other provisions		18	16
Total provisions		**40**	**32**
Long-term liabilities			
Long-term interest-bearing liabilities	16	400	595
Debts to subsidiaries		237	219
Total long-term liabilities		**637**	**814**
Current liabilities			
Debts to suppliers		4	2
Debts to subsidiaries		818	776
Short-term interest-bearing liabilities			-
Derivative instruments	12	16	17
Other current liabilities	17	19	11
Total current liabilities		**857**	**806**
Total equity and liabilities		**2,745**	**2,883**
Collateral pledged		None	None
Contingent liabilities	18	156	134

Changes in Parent Company equity

	Restricted equity	Unrestricted equity		
Amounts in SEK m	Share capital	Share premium reserve	Retained earnings	**Total**
Opening balance at January 1, 2012	**221**	**378**	**688**	**1,287**
Net income for the year			32	32
Dividend, cash			-88	-88
Closing balance at December 31, 2012	**221**	**378**	**632**	**1,231**
Opening balance at January 1, 2013	**221**	**378**	**632**	**1,231**
Net income of the year			27	27
Dividend, cash			-44	-44
Buyback of own shares			-2	-2
Settlement of share based payments			-1	-1
Closing balance at December 31, 2013	**221**	**378**	**612**	**1,211**

Parent Company Cash Flow statement

Amounts in SEK m	**2013**	2012
Cash flow from operations		
Income after financial items	29	39
Adjustment for non-cash items	5	1
Cash flow from operations before change in working capital	34	40
Change in working capital		
Current receivables	162	-27
Operating liabilities	51	212
Change in working capital	213	185
Cash flow from operations	**247**	**225**
Cash flow from investments		
Investments in shares and participations	-41	-79
Cash flow from investments	**-41**	**-79**
Cash flow from financing		
Dividend to shareholders	-44	-88
Repurchase of own shares	-3	-
Interest-bearing liabilities	-177	-73
Cash flow from financing	**-224**	**-161**
Change in cash and cash equivalents	-18	-15
Cash and cash equivalents at beginning of year	167	182
Cash and cash equivalents at year-end	149	167

Notes, Parent Company

NOTE 1 GENERAL INFORMATION

Haldex AB is the Parent Company of the Haldex Group. The main office functions, including the central financial function, are carried out within the Parent Company. Haldex AB (publ), Corp. Reg. No. 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. The address of the Head Office is Haldex AB, Box 507, SE-261 24 Landskrona. Haldex AB's shares are listed on the Nasdaq OMX Exchange in Stockholm, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

The Annual Report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 2.1 – Financial reporting for legal entities. According to the rules stated in RFR 2.1, the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements to the extent possible within the framework of the Annual Accounts Act, and taking into account the relationship between reporting and taxation. This recommendation specifies the exceptions from IFRS that are permissible and the necessary supplementary information. The Parent Company´s accounting policies correspond to those for the Group with the exceptations listed below.

The Parent Company recognizes pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments in accordance with IFRS are made at Group level. Group contributions are recognized as appropriations.

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

	2013			2012		
	Women	Men	Total	Women	Men	Total
Sweden	4	6	10	4	4	8

NOTE 4 SALARIES AND OTHER REMUNERATION

	2013				2012			
	Salaries and remuneration	Of which, Board of Directors, CEO and Senior Executives	Social security costs	Of which pension costs	Salaries and remuneration	Of which, Board of Directors, CEO and Senior Executives	Social security costs	Of which pension costs
Sweden	18	13	11	3	13	9	9	3

The Board of Directors consists of six members (5); for information on the individual remuneration paid to them and the President, refer to Note 6 on the consolidated financial statements.

Remuneration to other senior executives, three people (1) amounted to SEK 5 m (2), of which variable remuneration amounted SEK 1 m (0). Further information about remuneration to senior executives is disclosed in Note 6, page 52.

Pension payments for other senior executives accounted for SEK 1 m (0) of total pension costs.

NOTE 5 AUDITING FEES

	2013	2012
PricewaterhouseCoopers		
Audit assignment	1	2
Tax advice	2	1
Total	**3**	**3**

NOTE 6 DEPRECIATION

	2013	2012
Administrative costs	0	1
Total	**0**	**1**

NOTE 7 INTEREST INCOME AND INTEREST EXPENSES

	2013	2012
Interest income		
External interest income	-	1
Interest income from Group companies	34	43
Total	**34**	**44**
Interest expense		
External interest expense	-16	-17
Interest expenses from Group companies	-11	-14
Total	**-27**	**-31**

NOTE 8 TANGIBLE FIXED ASSETS

January 1 – December 31, 2012	
Opening carrying amount	1
Investments	0
Depreciation	-1
Closing carrying amount	**0**
At December 31, 2012	
Acquisition value	9
Accumulated depreciation	-9
Carrying amount	**0**
January 1 – December 31, 2013	
Opening carrying amount	0
Investments	0
Depreciation	0
Closing carrying amount	**0**
At December 31, 2013	
Acquisition value	0
Accumulated depreciation	0
Carrying amount	**0**

NOTE 9 SHARES AND PARTICIPATIONS

At December 31, 2013, Haldex AB held direct ownership interests in the subsidiaries listed in the specification in Note 9.

JSB Hesselman AB is parent company of the wholly owned UK subsidiary Haldex Ltd and the US subsidiary Haldex Inc. Haldex Ltd is parent company of the wholly owned UK subsidiary Haldex Brake Products Ltd, which is in turn parent company of Haldex España SA. Haldex Inc is a holding company for the wholly owned US subsidiaries, Haldex Brake Corp, Haldex Brake Products Corp and the Mexican subsidiary Haldex de Mexico S.A. De C.V. Haldex GmbH is a holding company for the wholly owned German subsidiary Haldex Brake Products GmbH.

Shares in subsidiaries	Corp. Reg. No	Registered office	Participations	%	**2013**	2012
Haldex Brake Prod AB	556068-2758	Landskrona	127,500	100	143	143
Haldex Halmstad AB	556053-6780	Landskrona	30,000	100	4	4
Haldex GmbH		Germany		100	51	51
Haldex Europé S.A		France	625,000	100	75	75
Haldex Ltd.		Canada		100	0	0
Haldex do Brasil Indústria e Comércio Ltda		Brazil		100	72	30
Haldex Sp.z.o.o.		Poland	30,000	100	3	3
Haldex N.V.		Belgium	4,399	100	1	1
Haldex Int Trading Co Ltd		China		100	0	0
Haldex Italia Srl		Italy	10,400	100	8	9
Haldex Korea Ltd.		South Korea	79,046	100	0	0
Haldex Financial Services Holding AB	556633-6136	Landskrona	1,000	100	0	0
Haldex Hungary Ktf		Hungary		100	74	74
Haldex Wien Ges mbH		Austria		100	7	7
Haldex India Ltd.		India		60	7	7
JSB Hesselman AB	556546-1844	Landskrona	1,000	100	855	855
Haldex Russia		Russia		100	0	0
Haldex Holding AB	556560-8220	Landskrona	23,079,394	100	458	458
Haldex Hong Kong Co Ltd.		Hong Kong		100	85	85
Haldex Traction Holding II AB	556819-2271	Landskrona		100	0	0
					1,843	**1,802**

Shares in subsidiaries	Participations	%	**2013**	2012
Shares and participations in other companies				
Anglo Scandinavian Aircraft Leasing KB	48	4.8	0	0
Altra Technologies Inc.	1,000,000	18	0	0
Swedish Aircraft Two KB	10	10	0	0

Change in shares and participations

	Opening balance	Acquisition	Other changes	Divestments	Closing balance
2013	**1,802**	**-**	**41**		**1,843**
2012	1,723	-	79		1,802

NOTE 10 LONG-TERM RECEIVABLES

	2013	2012
Deferred tax assets	4	7
Long-term receivables subsidiaries	10	9
Other long-term receivables	18	16
Total	**32**	**32**

NOTE 11 OTHER CURRENT RECEIVABLES

	2013	2012
Tax assets	1	1
Prepaid expenses	3	2
Other current receivables	5	9
Total	**9**	**12**

NOTE 12 DERIVATIVE INSTRUMENTS

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Short-term				
Forward exchange contracts – at fair value through profit or loss	13	12	9	9
Currency swaps – at fair value through profit or loss	4	4	20	8
Total	**17**	**16**	**29**	**17**

Gains and losses from current currency forward contracts and currency swaps are recognized on an ongoing basis in the income statement.

NOTE 13 CASH AND CASH EQUIVALENTS

	2013	2012
Cash and bank balances	149	167
Total	**149**	**167**

NOTE 14 TAXES

	2013	2012
Current tax expense for year	-2	1
Tax on group contribution	2	-9
Tax attributable to previous years	-3	-
Deferred tax related to temporary differences	1	1
Total	**-2**	**-7**

NOTE 15 PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations attributable to defined-benefit plans

	2013	2012
Pensions vested during the period	0	0
Interest on obligation	-1	-1
Total pension cost	**-1**	**-1**

Reconciliation of interest-bearing pension liabilities

	2013	2012
Opening balance, pension liabilities	16	16
Benefits paid	0	0
Pension costs	6	0
According to balance sheet	**22**	**16**

NOTE 16 LONG-TERM INTEREST-BEARING LIABILITIES

	2013	2012
Multicurrency Revolving Credit Facility	130	325
Bond loans	270	270
Total	**400**	**595**

Haldex Multicurrency Revolving Credit Facility and Bond loan are subject to a variable interst term of 1-6 months, thus the fair values correspond to the carrying amounts.

Available unused long-term credit facilities at year-end totaled SEK 488 m (321). Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2013 and the current interest rates on the liability

Maturity structure, years

	Total	0–1	1–3	3–5	> 5 years	Average rate
SEK m	400	–	400		-	3.31
Total	**400**	**-**	**400**		-	**3.31**
Calculated interest	18	13	5		-	-
Total	**418**	**13**	**405**		**-**	**-**

NOTE 17 OTHER CURRENT LIABILITIES

	2013	2012
Accrued expenses		
Personnel cost	11	7
Other accrued expenses	8	4
Total	**19**	**11**

NOTE 18 CONTINGENT LIABILITIES AND COLLATERAL PLEDGED ASSETS

	2013	2012
Securities and guarantees on behalf of subsidiaries	156	134

The Board of Directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the directors' report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Landskrona March 6, 2014

Göran Carlson
Chairman of the Board

Stefan Charette
Board member

Arne Karlsson
Board member

Magnus Johansson
Board member

Staffan Jufors
Board member

Annika Sten Pärson
Board member

Fredrik Hudson
Board member

Björn Cederlund
Board member

Bo Annvik
President and CEO

Our audit report was issued on March 6, 2014

Michael Bengtsson
Authorized Public Accountant
PricewaterhouseCoopers

Ann-Christine Hägglund
Authorized Public Accountant
PricewaterhouseCoopers

Auditor's report

To the annual meeting of the shareholders of Haldex AB (publ), corporate identity number 556010-1155

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Haldex AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 35–72.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Haldex AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

Responsibilities of the Board of Directors and the Managing Director

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

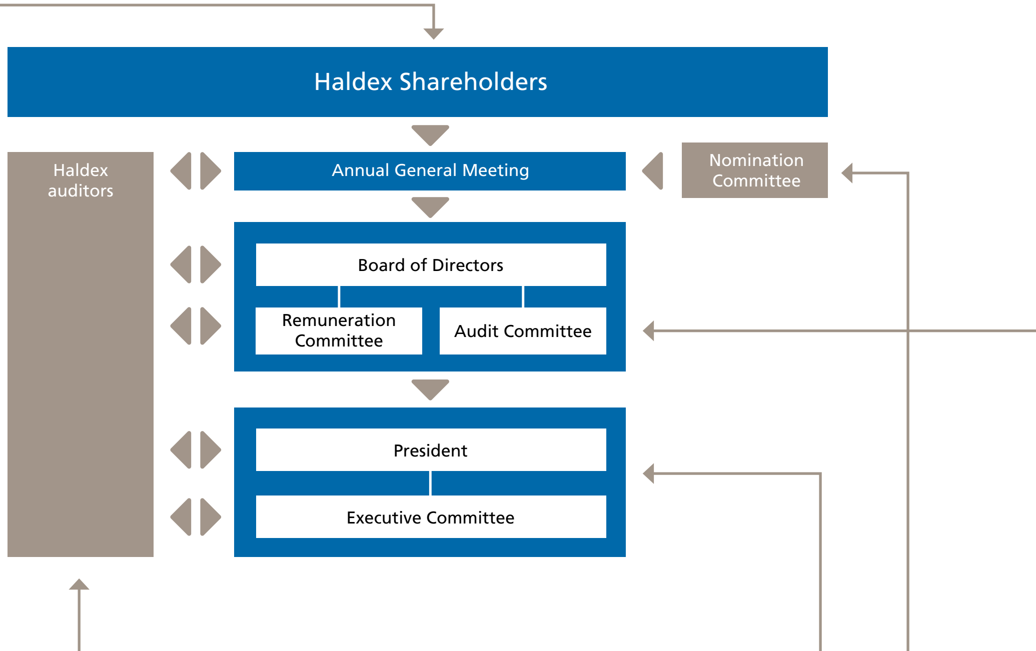
Landskrona March 6, 2014

Michael Bengtsson	Ann-Christine Hägglund
Authorized Public Accountant	Authorized Public Accountant
PricewaterhouseCoopers AB	PricewaterhouseCoopers AB

Corporate Governance Report
How Haldex is governed

Shareholders and Annual General Meeting

Shareholders' entitlement to pass resolutions regarding Haldex' affairs is exercised at the Annual General Meeting (and, where appropriate, at the Extraordinary General Meeting), which is Haldex' supreme decision-making body. The Annual General Meeting usually takes place in the month of April. The Annual General Meeting passes resolutions on such matters as the Articles of Association, appoints members of the Board and the Chairman of the Board, elects Auditors, and decides on the adoption of the income statement and balance sheet as well as the appropriation of the company's profits and the discharge from liability to the company of the Board members and the President. The Annual General Meeting also resolves on the composition and work of the Nomination Committee, and adopts principles for determining remuneration of the President and other senior executives.



Auditors

The Annual General Meeting elects two ordinary auditors and two deputy auditors for a period of one to four years at a time. The auditors review the Annual Report and the accounts as well as the administration of the Board of Directors and the President, and follow an audit schedule set in consultation with the Audit Committee. In connection with the audit, the auditors shall report their observations to Group Management, the Executive Committee, for reconciliation and then to the Audit Committee. The report to the Audit Committee takes place after the conclusion of the audit of the administration and the review of the hard-close accounts and in conjunction with the adoption of the Annual Report.

The Board of Directors as a whole meets with the auditors once a year, during the February Board meeting, where the auditor's report their observations directly to the Board of Directors without the presence of the President and the CFO. Finally, at least one of the auditors attends the Annual General Meeting and briefly describes their auditing work and summarizes for the shareholders the recommendations in the Auditor's Report.

President and Executive Committee

The President and CEO manages the company within the framework established by the Board of Directors. The President is responsible for the leadership and development of the company. The President, in consultation with the Chairman of the Board, prepares objective, detailed and relevant informational documents and the documentary basis for the Board meetings, presents the agenda items and explains proposed resolutions. The President leads the work of the Executive Committee and makes decisions in consultation with other senior executives.

Nomination Committee

Haldex' Annual General Meeting passes resolutions concerning procedures for appointment to the Nomination Committee and for the Committee's work. The Annual General Meeting has determined that the Nomination Committee's assignments shall include preparation and presentation of proposals for the election of members of the Board of Directors, the Chairman of the Board, the Chairman of the General Meeting, and auditors and proposals for decisions regarding remuneration of the Board of Directors, members of Board Committees and fees to the auditors. The Nomination Committee shall comprise four members, representing each of the four largest shareholders in terms of shareholding immediately prior to disclosure of the composition of the Nomination Committee. The names of these four members, and the names of the shareholders that they represent, must be disclosed at least six months before the Annual General Meeting by way of a press release and on Haldex' website. If a shareholder appointed as a member of the Nomination Committee no longer represents one of the four largest shareholders in terms of voting rights during the period of the Nomination Committee's assignment, this shareholder representative shall step down from his/her assignment and be replaced by a representative from one of the four largest shareholders. However, the composition of the Nomination Committee shall not be adjusted if the change is only marginal or if the change occurs later than two months prior to the Annual General Meeting. During the mandate period, it shall be possible for a shareholder who has appointed a representative to the Nomination Committee to replace this individual with another person. Unless otherwise agreed, the member who represents the largest owner in terms of voting rights shall be appointed the Chairman of the Nomination Committee. No remuneration is paid to members of the Nomination Committee. It is the duty of the Chairman of the Board to supply the Nomination Committee with information regarding future competence profiles, working forms and the results of evaluations of the work of the Board.

The Nomination Committee's proposals are presented in the notice convening the Annual General Meeting and on Haldex' website. In conjunction with the issuance of the notice convening the Annual General Meeting, the Nomination Committee shall publish on Haldex' website a statement in support of its proposal to the Board. At least one member of the Nomination Committee shall attend the Annual General Meeting in order to present an account of the work performed by the Nomination Committee and present and state the reasons for the Nomination Committee's proposals.

Board of Directors

Board of Directors' composition

In accordance with the Articles of Association, Haldex' Board of Directors shall comprise not fewer than three and not more than eight members elected each year by the Annual General Meeting for the period that extends until the close of the next Annual General Meeting. The President makes regular reports to the Board and the Group's CFO serves as the Board's secretary. Other salaried employees participate in Board meetings in connection with presentations of particular issues. In addition to the elected members, the Board consists of two employee representatives and two deputy representatives appointed by the employees.

The Board has established two committees from within its ranks: the Compensation Committee and the Audit Committee.

The Compensation Committee is responsible for more thorough preparation of compensation matters. Based on the guidelines adopted by the Annual General Meeting, the Compensation Committee issues to the Board proposals concerning the President's salary and other employment terms.

Furthermore, the Compensation Committee shall establish the salary and other employment terms for the other members of the Executive Committee based on proposals from the President. Prior to each Annual General Meeting, the Compensation Committee shall also assist the Board in preparing a motion concerning guidelines for the remuneration of senior executives for the forthcoming year. The purpose of these guidelines shall be to determine the salary and other employment terms in respect of the President and other senior executives of the company.

The Audit Committee prepares matters that concern accounting, financial reporting, auditing and internal control. The Committee is responsible for the preparation of the Board's activities by ensuring that that system for auditing, internal control and risk management fulfills the requirements of applicable laws and regulations and that it promotes operational efficiency, generates accurate accounting documents and provides reliable financial information. The Committee reviews the principles for accounting and financial control and establishes guidelines for the procurement of services other than auditing from the company's auditors. The Committee meets regularly with the auditors during the year to discuss such matters as audit reports and audit plans. The Committee is responsible for the evaluation of the auditors' work and the auditors' efficiency, qualifications, fees and independence. The Audit Committee must also assist the Nomination Committee with proposals for potential auditors. The Committee also assists Haldex management in determining how identified risks will be handled in order to ensure effective internal control and risk management.

Responsibilities of the Chairman of the Board

The Chairman organizes and directs the Board's activities, promotes efficiency in these activities, ensures that they are conducted in accordance with the Swedish Companies Act and other applicable laws and regulations, and ensures that the resolutions of the Board are implemented. The Chairman ensures that the Board members receive the required education and continuously enhance their knowledge of the company and is responsible for evaluating the Board's activities. The Chairman proposes the agenda for Board meetings in consultation with the President and ensures that the Board receives satisfactory information and decisionmaking documentation. The Chairman has regular communication with the President, relays opinions from the shareholders to other Board members and acts as spokesperson on behalf of the Board. The Chairman also represents a vital link to the Nomination Committee and reports the results of the year's evaluation of Board work to the Nomination Committee.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the copany's and Group's organization, management and administration, and for ensuring that the follow-up and control of accounting, management of assets and financial circumstances is otherwise satisfactory. The Board of Directors monitors and evaluates the work of the President and the Executive Committee and is responsible for decisions regarding, and the follow-up of, company strategies by establishing plans and objectives and through decisions regarding the acquisition and divestment of operations, major investments, appointments and replacements in the management team, and by conducting regular reviews during the year.

The Board of Directors also approves the annual financial statements. In addition, the Board of Directors ensures that the information distributed externally by the company is characterized by transparency and objectivity. It is also the duty of the Board of Directors to establish guidelines and policy documents pertaining to such matters as financial activities, information publication, insider issues and ethical conduct.

The following standing items on the agenda are discussed at Board meetings: The Group's performance and status, the business climate, organizational issues, monthly accounts, press releases, disputes, acquisitions/divestments, major business agreements, development projects and investments.

STEERING INSTRUMENTS

External

Steering instruments that form the basis for corp rate governance in Haldex primarily include the Swedish Companies Act, the Annual Accounts Act, applicable regulations for publicly traded companies on the Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance and other pertinent legislation and rules.

Internal

Internal binding steering instruments include the Articles of Association adopted by the Annual General Meeting, and documents approved by the Board that include the Operating Procedures of the Board of Directors in Haldex, Directives for the Compensation and Audit Committees, Instructions for the President in Haldex, the Information Policy and the Treasury Policy. In addition to the above, the Group has a number of policies and manuals that contain binding regulations as well as recommendations that specify principles and provide guidance for the Group's operations and employees.

Operating Procedures of the Board of Directors

The Operating Procedures regulates the Board of Directors' internal division of work, the line of decision within the Board of Directors, the procedural rules for Board meetings and the duties of the Chairman of the Board. The work of the Board follows a fixed procedure aimed at ensuring that the Board of Directors' information requirements are met.

Instructions for the President

The Instructions for the President establishes the boundaries for the President's responsibility for the operational administration, the forms for reporting to the Board of Directors and what this shall contain, requirements for internal steering instruments and matters that require the approval of the Board of Directors or that notification be provided to the Board of Directors.

Values

Haldex' values – customer first, respect for the individual and passion for excellence – are linked to the Group's mission, vision and strategies, and provide guidance to employees in day-to-day activities. Customer first requires that Haldex' employees base their decisions and actions with a focus on what is best for the customer – fully aware that the values created for the customer also generate value for Haldex, Haldex' employees and Haldex' shareholders. Respect for the individual requires that colleagues are shown respect through open communication, encouraging others to take initiative, cooperation, support, professional development and advancement, performance-based compensation and active responsibility for all individuals. Passion for excellence means that we strive for excellence in serving our customers, empowering our employees and rewarding our investors. We are constantly striving to improve performance and achieve superior results through consistent business processes.

Corporate Governance at Haldex in 2013

Haldex AB is a publicly traded Swedish limited liability company with its registered office in Landskrona. The Report, which has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance, has been examined by the company's auditors. In 2013, Haldex compiled with the Swedish Code of Corporate Governance in all respects except for item 2.4 which concerns the composition of the nomination committee. The Swedish Code of Corporate Governance stipulate that "neither the company chair nor any other member of the board may chair the nomination committee". In accordance with a decision by the 2013 Annual General Meeting, the four largest shareholders have each appointed representatives to form the Nomination Committee for the 2014 Annual General Meeting. The Annual General Meeting also decided that unless otherwise agreed, the member who represents the largest owner in terms of voting rights shall be appointed the Chairman of the Nomination Committee. The board member Stefan Charette, representing Creades AB, was appointed chairman of the nomination committee. The nomination committee, with representatives from the major shareholders, have declared that the background to this was that Creades AB has a very small organization and that the board member Stefan Charette is very well suited to effectively lead the nomination committee's work to achieve the best results for the company's shareholders.

Shareholders

Haldex has been listed on the Nasdaq OMX Stockholm Stock Exchange since 1960. The share capital in Haldex AB totals SEK 221,079,850 m, represented by 44,215,970 shares. Each share confers one voting right and all shares carry equal entitlement to dividends.

The number of Haldex shareholders amounted to 13,546 at year-end. Creades AB represented the largest owner with 10.0% of the share capital. Swedish ownership totaled 62% at year-end 2013. Information concerning ownership is updated each quarter on Haldex' website, www.haldex.com. See also page 78-79, for further information.

Annual General Meeting

The official notification procedure for Annual General Meetings is specified in the Articles of Association. Official notification is to be issued through an announcement in Post- och Inrikes Tidningar and on the company's website. It shall further be advertised in Dagens Nyheter that notice convening a General Meeting has been made. Official notification is to be issued no earlier than six weeks and no later than four weeks prior to the Meeting.

Shareholders representing 39.4% of the voting rights attended the 2013 Annual General Meeting held on April 25, 2013, in Stockholm. Göran Carlson was appointed chairman of the general meeting in accordance with the nomination committee's proposal.

Resolutions

The minutes of the meeting are available on Haldex' website **www.haldex.com**.
The resolutions passed include the following:

- The AGM resolved in accordance with the Board of Directors' proposal, on a dividend of 1 SEK per share.
- It was decided that the Board shall comprise six members with no deputies. The Meeting re-elected Göran Carlson, Stefan Charette, Magnus Johansson, Arne Karlsson and Annika Sten Pärson and elected Staffan Jufors as director. Göran Carlson was re-elected Chairman of the Board.
- For the period up until the close of the 2014 Annual General Meeting, directors fees were decided as follows: SEK 500,000 pertains to the Chairman and SEK 200,000 to each of the other Board members. Fees for committee work shall be paid as follows: Chairman of the Audit Committee SEK 100,000, members of the Audit Committee SEK 50,000, Chairman of the Compensation Committee SEK 50,000 and members of the Compensation Committee SEK 25,000. It was noted that the fees may be paid as salary or, alternatively under certain conditions, be invoiced from a board member's company. It was further noted that the board fees and fees for committee work are paid with the addition of customary social security charges, or to the extent that the assignment is carried out through a company, such fee adjusted with an amount equivalent to the social security charges that the company would thus not be required to pay.
- In accordance with the board's proposal, the AGM resolved to authorise the board to acquire and/or transfer own shares on one or more occasions until the AGM 2014.

  Acquisition of the company's own shares can be made on NASDAQ OMX Stockholm at a price within the applicable stock market share price range at the time of the acquisition, for the purpose of increasing the flexibility of the board in connection with potential future corporate acquisitions and to increase the board's possibilities to continuously be able to adapt the company's capital structure, thereby contributing to increased shareholder value. The company's total holdings of own shares must not at any time exceed 10 per cent of the total number of shares in the company.

Authorized Public Accountant Ann-Christine Hägglund presented the Auditors' Report and the Group auditors' report for the 2013 fiscal year.

Stefan Charette, Creades AB, presented the Nomination Committee's proposal for a resolution regarding the Nomination Committee for the 2013 Annual General Meeting.

Nomination Committee for the 2014 Annual General Meeting

In accordance with a decision by the 2013 Annual General Meeting, the four largest shareholders shall each appoint representatives to form the Nomination Committee for the 2014 Annual General Meeting. At the end of September 2013, these shareholders were Creades AB, Göran Carlson through companies, Handelsbankens Fonder and JPM Chase NA. Combined, they represented 25,2% of the voting rights in Haldex AB as per September 30, 2013. The shareholders' representatives who will comprise members of the 2014 Nomination Committee are:

Stefan Charette (Chairman), Creades AB, Anders Algotsson, Afa Försäkring, Göran Carlson and Marianne Flink, Swedbank Robur Fonder AB.

The composition of the Nomination Committee was disclosed through a press release and a posting on Haldex' website, www.haldex.com, on October 29, 2013.

The company's shareholders were given the opportunity to submit opinions and proposals to the Nomination Committee via e-mail to the address specified on the company's website under the heading Media – Press Releases – 2013 – Nominations Committee at Haldex AB prior to 2014 Annual General Meeting.

Board of Directors

Board of Director's independence

The Swedish Code of Corporate Governance state that the majority of the Board members elected by the Annual General Meeting should be independent in relation to the company and its Group Management and that at least two of the independent members must also be independent in relation to the company's largest shareholders. The Haldex Board of Directors is adjudged to fulfill these requirements because all Members of the Board are adjudged to be independent in relation to both Haldex and its management, with the exception of Stefan Charette who represent Haldex' major shareholders. On 9 January 2014 they decreased their holdings to amount to less than 10 percent.

Board activities

During 2013, the Board of Directors met at 10 times. The main issues addressed were financial and market position, establishment of the Board of Directors' work procedures and the Instructions for the President, as well as strategic and organizational issues.

Board Committees

Until April 2013, the Audit Committee comprised of Göran Carlson, Stefan Charette, Magnus Johansson, Arne Karlsson and Annika Sten Pärson. Arne Karlsson was the Chairman of the Committee. After April 2013 the Audit Committee comprised of Arne Karlsson, Göran Carlson and Stefan Charette. Arne Karlsson continued as the Chairman of the Committee. The Audit Committee was convened 5 times during 2013.

Until April 2013, the Compensation Committee consisted of Board members Göran Carlson, Stefan Charette, Magnus Johansson, Arne Karlsson and Annika Sten Pärson. Magnus Johansson was the Chairman of the Committee After April 2013 the Compensation Committee comprised of Magnus Johansson, Staffan Jufors och Annika Sten Pärson. Magnus Johansson continued as the Chairman of the Committee. The Committee held 3 meetings during 2013.

Evaluation of Board activities in 2013

Annual evaluations are conducted of the Board's collective work. The Chairman is evaluated on his ability to prepare and lead the Board activities and his ability to motivate and cooperate with the President. The evaluation of the Board's activities as a whole is conducted via a shared internal review of its activities. The result of the evaluation process for 2013 was discussed in conjunction with the Board meeting in December 2013.

Board members, attendance 2013

Name	Audit Committee		Compensation Committee		Board meetings	
	Jan–April	April–Dec	Jan–April	April–Dec	Jan–April	April–Dec
Göran Carlson	1	3	1		4	6
Stefan Charette	1	4	1		4	6
Magnus Johansson			1	2	3	6
Arne Karlsson	1	4			4	6
Annika Sten Pärson	1		1	2	4	6
Staffan Jufors				2	1	6

Auditors

At the 2011 Annual General Meeting, Authorized Public Accountants Michael Bengtsson and Ann-Christine Hägglund from Pricewaterhouse-Coopers AB were re-elected, as auditors until the 2014 Annual General Meeting. Authorized Public Accountants Christine Rankin Johansson and Cesar Moré were reelected to deputy auditors by the 2011 Annual General Meeting.

Michael Bengtsson has been an Authorized Public Accountant since 1988, and is the elected auditor of such companies as Perstorp Holding AB and Carnegie Investment Bank AB.

Ann-Christine Hägglund has been an Authorized Public Accountant since 1997 and is the elected auditor of such companies as NCC Construction Sweden, Lernia AB and NCC Housing Group.

Neither Michael Bengtsson nor Ann-Christine Hägglund have assignments in other companies that are associated with Haldex' largest owners or President.

The auditors have had extra assignments outside the scope of the ordinary audit. These assignments included consultations in tax and accounting issues and other company issues. These assignments have been procured in accordance with the guidelines established by the Audit Committee for such procurement.

Remuneration of the Board of Directors and Senior Executives

Remuneration of the Board of Directors and Senior Executives

In compliance with a motion to be addressed by the 2014 Annual General Meeting, the Board of Directors proposes that the following guidelines shall apply up to the 2015 Annual General Meeting. The guidelines are to apply to all employment contracts entered into after the resolution by the Annual General Meeting and to all amendments to existing agreements that are made after the Meeting's resolution.

Remuneration of the President and CEO and other senior executives shall consist of a well-balanced combination of fixed salary, annual bonus, long-term incentive programs, pension and other benefits and conditions concerning termination of employment/severance payment. The total remuneration shall be competitive in the market and based on performance. The fixed remuneration shall be determined individually and based on each individual's responsibility, role, competence and position. The annual bonus shall be based on outcomes of predetermined financial and individual objectives and not exceed 50% of the fixed annual salary.

In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to move to new places of service or accept new positions. Such remuneration may not be paid out for periods exceeding 36 months and may not exceed the equivalent of twice the remuneration the executive would otherwise have received. The Board of Directors may propose that the General Meeting resolve on long-term incentive programs.

Pension benefits shall be based on definedcontribution plans and, for employees in Sweden, shall provide entitlement to pension at age 65. Upon termination of employment by the company, the notice period for the President and CEO is 12 months and for other senior executives up to six months. In addition, when entering into new employment contracts, agreement may be made on severance pay not exceeding the equivalent of 12 months' fixed salary. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual cases.

The above guidelines are essentially unchanged in relation to the guidelines adopted by the 2013 Annual General Meeting. For additional information concerning remuneration of senior executives, refer to Note 6.

Remuneration of the Executive Committee in 2013

President

In 2013, the president and CEO received a fixed salary and variable salary as detailed in the table below. In addition to a reciprocal 12-month period of notice, the President will, in the event of termination of employment by the company, receive severance pay equivalent to 12 months' salary. In the event of resignation by the President, no severance pay may be claimed. The President's pension benefits are premium-based and comprise an ITP scheme and an annual provision for 25% of fixed salary exceeding 20 "basic amounts" (base figure for Swedish social security). Retirement age is 65.

Other senior executives

According to guidelines approved by the Annual General Meeting, the President, in consultation with the Board's Compensation Committee, prepares remuneration issues concerning Group management, which are subject to resolution by the Annual General Meeting. Compensation consists of a fixed salary and a variable salary.

The variable part is based on goals established by the President and the Compensation Committee on a yearly basis and may amount to 50% of the fixed annual salary. All members of the Executive Committee have up to a reciprocal six-month period of notice and, in the event of termination of employment by the company, will receive severance pay equivalent to between 6-12 months' salary. The pension benefits are regulated in pension plans adapted to local practice in the countries in question, with the retirement age starting at 65.

Incentive program

The Annual General Meeting 2013 resolved to implement a new incentive program for senior executives and key personnel, LTI 2013. In brief, LTI 2013 means that if certain performance targets are achieved during the financial year 2013, the participants in LTI 2013 are awarded a variable remuneration in the beginning of 2014, of which 60% will be awarded in cash and 40% will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each Performance Right, automatically during 2017 and free of charge.

The term of LTI 2013 is four years. After the expiry of the Performance Year, allotment of any Performance Amount will occur. Settlement of any Cash Amount is expected to occur during the spring 2014.

Subsequent to the allotment of any Share Amount, Performance Rights will be awarded the Participant followed by a deferral period of three years, before final transfer of Performance Shares to the Participant is expected to occur during 2017, after the annual general meeting 2017 and before the end of June 2017.

Deferred variable remuneration under the LTI 2013 will not be pensionable income.

Remuneration of the Board of Directors for the period April 2013 – April 2014

Remuneration of Board members elected by the Annual General Meeting is approved by the Annual General Meeting following proposals from the Nomination Committee. For the period April 2013 to April 2014, remuneration was determined in accordance with the table below. All remuneration of the Board comprises fixed payments and does not contain any variable parts. No remuneration is paid to members who are employed by the Group.

Remuneration of Executive Committee 2013, SEK k

		2013	
	Basic salary incl. benefits	Variable remuneration*	Pension
President			
Bo Annvik	4,198	1,512	933
Other senior executives	13,251	4,199	2,108
Total	**17,449**	**5,711**	**3,041**

* In addition to expensed variable remuneration for 2013 above, bonus for 2012 have been paid out with SEK 165 k to the President and SEK 699 k to other senior executives.

Remuneration of the Board April 2013 to April 2014, SEK

	Audit Committee	Compensation Committee	Board fees	Total Remuneration
Göran Carlson (Chairman 2013)	50,000	-	500,000	550,000
Stefan Charette	50,000	-	200,000	250,000
Arne Karlsson	100,000	-	200,000	300,000
Magnus Johansson	-	50,000	200,000	250,000
Staffan Jufors	-	25,000	200,000	225,000
Annika Sten Pärson	-	25,000	200,000	225,000
Total	**200,000**	**100,000**	**1,500,000**	**1,800,000**

Auditing fees 2013, SEK m

	2013	2012
PricewaterhouseCoopers		
Audit assignments	3	4
Tax advice	4	4
Other assignments	1	2
Total	**8**	**10**

Internal control and risk management

Internal control at Haldex is a process that is regulated by the Board of Directors and the Audit Committee and performed by the President and the Executive Committee. It is designed to ensure that to the greatest extent possible Haldex' reporting is appropriate and reliable and that the company complies with applicable legislation and regulations. The process is based on a control environment that provides structure for other parts of the process, including risk assessment, control activities, information, communication and follow-ups. It is based on the framework for internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report on internal control and risk management was prepared in accordance with The Annual Accounts Act and the Swedish Code of Corporate Governance and is thus limited to a description of the material elements of Haldex' systems for internal control and risk management with regard to financial reporting.

The Board of Directors monitors and ensures the quality of external financial reporting in the manner documented in the Operating Procedures of the Board of Directors, the Instructions for the President and the Group's Treasury Policy.

It is the responsibility of the President together with the CFO to review and quality-assure all external financial reporting, such as interim reports, year-end reports, Annual Reports, press releases containing financial information and presentation material in conjunction with meetings with the media, the owners and financial institutions. The President and CFO presents all interim reports, year-end reports and Annual Reports to the Audit Committee for review. The Board of Directors is responsible for ensuring that the company's financial reports are prepared according to law, accounting standards and other requirements concerning listed companies.

The Board of Directors' instructions for the President also include requirements that the Board of Directors must be continuously provided with internal summary reports on financial matters. These reports, which must include income statements, balance sheets, valuation issues, assessments, forecasts, any changes and their consequences, possible amendments to accounting rules, legal matters and disputes, are reviewed by the Audit Committee and thereafter submitted to the Board of Directors. With regard to the Board of Directors' communication with the company's auditors, see below.

Control environment

The Board of Directors has adopted a number of control documents for the company's internal control and governance.

Within the Board of Directors, there is an Audit Committee. The Audit Committee, which prepares matters for the Board of Directors, considers such issues as the internal control process, follows up reporting issues and discusses accounting principles and the consequences of changes of these principles. Furthermore, the Audit Committee maintains regular contact with the external auditors. The Committee is responsible for evaluating auditing work and the auditors' efficiency, qualifications, fees and independence. In addition, the Audit Committee assist the Nomination Committee in nominating auditors and procuring their services.

Risk assessment

Haldex' risk assessment with respect to financial reporting, meaning the identification and evaluation of the principal risks in terms of financial reporting in the Group's companies and processes, provides the foundation for risk management. The risks may be managed by accepting the risks or by reducing or eliminating them, subject to the controls and control levels within the framework established by the Board of Directors, the Audit Committee, the President and the Executive Committee.

Control activities

Work to enhance internal control activities and governance is a continuing work and where documentation, evaluation, implementation of new controls and improvements of existing controls constantly are in progress.

Information and communication

The company has a system for information and communication that is intended to result in complete and correct financial reporting. The company has a reporting system in which all Group companies report monthly according to an established format and to fixed accounting principles. In conjunction with reporting, the reporting units perform risk assessments and decide on the need for any provisions. The central finance department produces reports from the Group-wide system, which is structured according to the Group's established reporting format. Responsible managers and controllers at various levels in the Group have access to the information in this system relating to their area of responsibility.

All of the Group's steering documents for internal control and governance are available on the Group's intranet.

Follow-ups

The company's financial reporting is followed up continuously, in part by business management at various levels in the company and in part by the finance organization and controllers in the various business units. Follow-ups take place each month in conjunction with reporting and comprise both analysis and reviews by the relevant controllers and meetings between the relevant business managers and the reporting units.

The Audit Committee communicates on a regular basis with the company's external auditors and the CFO, both at and between meetings. The Board of Directors receives a monthly report on business development. More detailed reporting is provided primarily by the President at all Board meetings. The Board of Directors regularly assesses the risks relating to financial reporting based on significant and qualitative factors.

Each year, the Board of Directors evaluates the need to establish a special internal audit function. In 2013, the Board did not consider this necessary. The Board considered that internal control is primarily exercised by:

- operative managers at various levels
- local and central finance functions
- through the Executive Committee's supervisory control

Due to this, in combination with the company's size, the Board of Directors currently does not consider it justifiable in financial terms to establish yet another function.

Auditors' report on the Corporate Governance Statement

To the annual meeting of the shareholders of Haldex AB (publ), corporate identity number 556010-1155

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2013 on pages 74-81 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Landskrona March 6, 2014

Michael Bengtsson
Authorized Public Accountant

Ann-Christine Hägglund
Authorized Public Accountant

Haldex share

Haldex has been listed on the Nasdaq OMX Stockholm Exchange since 1960. The company is included in the MidCap list, under the ticker symbol HLDX. A trading lot is one share. The share capital in Haldex AB is SEK 221,079,850 allocated among 44,215,970 shares.

Price trend and trading

NASDAQ OMX Stockholm increased 23.2% in 2013, with the OMX Stockholm Industrial Index (industrial goods and services), the sector in which Haldex is included, increased 6.9%. Total market capitalization at year-end 2013 was SEK 2,653 m (1,481). A total of 52.0 million Haldex shares (57.9) were traded on Nasdaq OMX during 2013, corresponding to average trading volume of 208,150 shares (229,012) per day. The lowest price paid during the year was SEK 34.20 on January 2 and the highest price was SEK 61.25 on November 11. Trading on Nasdaq OMX Stockholm accounted for about 75% of turnover (70) in the Haldex share during the year. The remaining 25% of trading took place in other markets as a result of the EU's MiFID Directive, which was implemented in 2007 and enables trading in marketplaces other than the one on which the share is listed. The turnover rate for the Haldex share decreased to 157% (174), compared to overall turnover rate on NASDAQ OMX Stockholm of 67% (74).

Incentive program

The Annual General Meeting 2013 resolved to implement a new incentive program for senior executives and key personnel, LTI 2013. In brief, LTI 2013 means that if certain performance targets are achieved during the financial year 2013, the participants in LTI 2013 are awarded a variable remuneration in the beginning of 2014, of which 60% will be awarded in cash and 40% will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each Performance Right, automatically during 2017 and free of charge.

The term of LTI 2013 is four years, with vesting during the Performance Year. After the expiry of the Performance Year, allotment of any Performance Amount will occur. Settlement of any Cash Amount is expected to occur during the spring 2014.

Subsequent to the allotment of any Share Amount, Performance Rights will be awarded the Participant followed by a deferral period of three years, before final transfer of Performance Shares to the Participant is expected to occur during 2017, after the annual general meeting 2017 and before the end of June 2017.

Shareholders

The number of Haldex shareholders increased slightly with 1% during 2013 to a total of 13,546 (13,366) at year-end. Swedish ownership decreased slightly from 65% to 62% at year-end 2013.

Dividend and dividend policy

The Board's policy for the distribution of unrestricted capital to shareholders is to pay at least one-third of annual profit after tax over a business cycle to shareholders through the allocation and repurchase of shares, taking into account the anticipated financial position. For the 2013 fiscal year, the Board intends to propose that the Annual General Meeting approve an ordinary dividend of SEK 2.00 per share.

Communication with the market

Representatives from Haldex regularly meet analysts, lenders and shareholders in order to provide a continuous view of the performance during the financial year. The published interim reports and the annual report are distributed to shareholders upon request. The documents may also be downloaded in PDF format from Haldex' website and through external providers, for example via Dagens Industri's website. Press releases, interim reports and the year-end report are published on the website in Swedish and English in accordance with the regulations of the stock exchange.

Data per share

	2013	2012	2011	2010	2009
Earnings, SEK	0.80	1.12	46.94	2.87	2.40
Dividend, SEK	2.00	1.00	2.00	3.00	-
Market price at year-end, SEK	60.00	33.50	25.20	105.25	44.50
Equity, SEK	26.06	25.53	30.20	53.62	54.13
EBIT multiple	11	9	7	12	neg
P/E ratio	70	27.4	8	37	24
Payout ratio, %	250	89	4	105	-
Payout ratio incl. redemption,%	-	-	-	1,150	
Dividend yield, %	3.33	3.0	7.9	2.9	-
Dividend yield incl. redemption, %	-	-	-	31.4	
Total return, %	185	137	26	137	157
Market price/equity, %	230	131	82	196	82

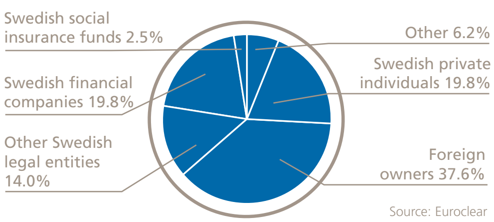
Financial Information 2014

Annual Report 2013 (available at www.haldex.com)	April 1, 2014
Annual General Meeting, Haldex Landskrona Sweden	April 29, 2014
Q1: Interim Report, January – March 2014	April 29, 2014
Q2: Interim Report, January – June 2014	July 18, 2014
Q3: Interim Report, January – September 2014	November 5, 2014
Q4: Interim Report, January – December 2014	February, 2015

Shareholders and number of shares

	2013	2012	2011	2010	2009
Number of shareholders	13,546	13,366	13,348	12,502	10,486
Average number of shares, thousands	44,206	44,216	44,133	44,216	34,02
Total numbers of shares at year-end, thousands	44,216	44,216	44,216	44,216	44,216

Ownership structure



Ten largest shareholders, December 30, 2013

Name	No. of Shares	Percent of votes and capital
CREADES AB	4,421,597	10.0
SKANDINAVISKA ENSKILDA	2,659,503	6.0
HANDELSBANKEN FONDER AB RE JPMEL	2,147,014	4.9
Afa Försäkring	1,671,896	3.8
JPM CHASE NA	1,424,402	3.2
UNIONEN	1,296,753	2.9
CBNY-DFA-INT SML CAP V	1,227,419	2.8
Swedbank Robur fonder	1,211,372	2.7
FJÄRDE AP-FONDEN	952,944	2.2
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	803,427	1.8
Total, ten largest shareholders	**17,816,327**	**40.3**
Other	26,387,938	59.7
Haldex AB	11,705	0.0
Total	**44,215,970**	**100.0**

Source: Euroclear

Ownership structure

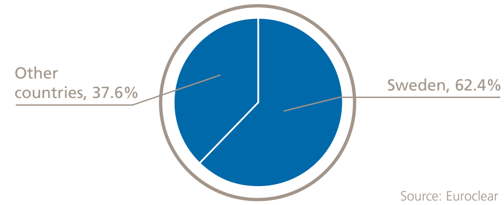
Shareholding	No. of shareholders	No. of shares	Percent of total
1 – 500	9,079	1,771,025	4.01
501 – 1 000	2,209	1,882,018	4.26
1 001 – 5 000	1,804	4,214,360	9.53
5 001 – 10 000	203	1,578,867	3.57
10 001 – 15 000	55	720,223	1.63
15 001 – 20 000	37	678,337	1.53
20 001 –	159	33,371,140	75.47
Total	**13,546**	**44,215,970**	**100.00**

Source: Euroclear

Changes in share capital since 1995

	Increase in share capital SEK m	Share capital, SEK m	Number of shares
1995 Beginning of the year		93	4,645,046
1995 Share split 4:1			18,580,184
1998 New issue 1:5/95	18	111	22,296,220
2009 New issue 1:1	110	221	44,215,970

Geographic distribution of ownership



The following analysts follow the development of Haldex on a regular basis

ABG Sundal Collier .... Erik Golrang
Carnegie .... Kenneth Toll Johansson
Erik Penser Bankaktiebolag ....Oscar Karlsson
Handelsbanken Capital Markets ..... Jon Hyltner
SEB Enskilda .... Olof Larshammar, Anders Trapp
Swedbank Markets .... Mats Liss

Five-year summary & Quarterly report

Five-year summary, Haldex Continued Operations

	2013	2012	2011	2010	2009
Net sales, SEK m	3,920	3,933	4,030	3,710	3,134
Operating income, SEK m[1]	281	210	235	162	-60
Operating income, SEK m	153	150	235	110	-112
Operating margin, %[1]	7.2	5.3	5.8	4.4	-1.9
Operating margin, %	3.9	3.8	5.8	3.0	-3.6
Return on capital employed, %[1,2]	14.6	9.8	10.1	5.9	-5.2
Depreciation, SEK m	138	145	146	146	144
Investments, SEK m	94	118	100	146	103
Number of employees	2,135	2,200	2,365	2,220	2,169

[1] Excluding one-off items.
[2] Rolling 12-month basis.

Quarterly Report, Haldex Continued Operations

	2013					2012				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales	951	1,067	994	908	3,920	1,073	1,065	931	864	3,933
Cost of goods sold	-692	-767	-704	-664	-2,827	-789	-784	-689	-642	-2,904
Gross income	**259**	**300**	**290**	**244**	**1,093**	**284**	**281**	**242**	**222**	**1,029**
	27.2%	28.1%	29.2%	26.9%	27.9%	26.4%	26.4%	26.0%	25.7%	26.2%
Sales, administrative and prod. development costs	-208	-229	-212	-190	839	-224	-224	-195	-193	-836
Other operating income and expenses	4	-115	11	-1	-101	4	-31	-15	-1	-43
Operating income[1]	**55**	**-44**	**89**	**53**	**153**	**64**	**26**	**32**	**28**	**150**
Financial income and expense	-10	-9	-13	-11	-43	-9	-11	-9	-7	-36
Earnings before tax	**45**	**-53**	**76**	**42**	**110**	**55**	**15**	**23**	**21**	**114**
Taxes	-17	5	-30	-30	-72	-20	-7	-10	-23	-60
Net profit/loss	**28**	**-48**	**46**	**12**	**38**	**35**	**8**	**13**	**-2**	**54**
of which non-controlling interests	*1*	*0*	*1*	*1*	*3*	*2*	*1*	*1*	*0*	*4*

Operating income

	2013					2012				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Restructuring costs	-	-22	-	-8	-30	-	-34	-20	-6	-60
Asset write-down	-	-98	-	-	-98	-	-	-	-	-
Other	-	-	5	-5	0	-	-	-	-	-
Operating income excluding one-off items	**55**	**76**	**84**	**66**	**281**	**64**	**60**	**52**	**34**	**210**

Quarterly key figures

	2013					2012				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-year
Operating margin, %[1]	5.8	7.1	8.4	7.3	7.2	6.0	5.6	5.6	3.9	5.3
Operating margin, %	5.8	-4.1	9.0	5.9	3.9	6.0	2.4	3.4	3.2	3.8
Cash flow after net investments	9	86	74	42	211	42	6	9	63	120
Return on capital employed, %[1,2]	9.5	10.4	12.6	14.6	14.6	10.1	10.9	10.4	9.8	9.8
Return on capital employed,%[2]	6.6	3.4	6.4	7.8	7.8	10.1	9.4	7.9	7.0	7.0
Investments	20	17	23	34	94	23	27	32	36	118
R&D,%	3.6	3.2	3.5	4.1	3.5	3.0	3.4	3.4	3.8	3.4
Number of employees	2,160	2,207	2,130	2,135	2,135	2,367	2,306	2,262	2,200	2,200

[1] Excluding one-off items.
[2] Rolling 12-month basis.

Definitions

Capital turnover rate
Net sales divided by average total assets less non-interest-bearing liabilities.

Debt/equity ratio
Net debt as a percentage of shareholders' equity.

Dividend yield
Dividend divided by market price at year-end.

Earnings per share
Net income for the year divided by average number of shares.

EBIT multiple
Market value at year-end plus net debt divided by operating income.

Equity/assets ratio
Shareholders' equity as a percentage of total assets.

Gross margin
Gross profit, i.e. net sales less cost of goods sold, as a percentage of net sales.

Interest coverage ratio
Operating income plus interest income divided by interest expenses.

Net debt
Interest-bearing debt less liquid assets.

Operating margin
Operating income as a percentage of net sales.

P/E ratio
Market value at year-end divided by earnings.

Payout ratio
Dividend divided by earnings per share.

Profit margin
Operating income plus interest income as a percentage of net sales.

R&D, %
Costs for research and development as a percentage of net sales.

Return on capital employed
Operating income plus interest income as a percentage of average total assets less non-interest-bearing liabilities.

Return on equity
Net income for the year as a percentage of shareholders' equity on average.

Return on total assets
Operating income plus interest income as a percentage of average total assets.

Total return
Market price at year-end, including dividend, divided by marketprice at beginning of year.

ABBREVIATIONS

ABA
Automatic Brake Adjuster

ABS
Antilock Brake System

ADB
Air Disc Brake

CVS
Commercial Vehicle Systems

EBS
Electronic Brake System

EMB
Electronic Mechanical (Disc) Brake

ModulAir
Air dryer product range with modular design

TCM
Trailer Control Module

TTM
Trailer Telematics Module

Board of Directors

Stefan Charette**

Born 1972. Elected 2009
MSc Mathematical Finance, BSc Electrical Engineering.
CEO of Creades AB.
Previously CEO of Investment AB Öresund, AB Custos and President of the Brokk Group. Corporate advisor for multinational corporations at Lehman Brothers and Salomon Smith Barney.
Chairman of the Board of Directors in Concentric AB, Note AB.
Board member of Transcom S.A., Bilia AB, Lindab International AB and Creades AB.
Shareholding: 9,682 (including companies, insurance and pension).

Göran Carlson**
Chairman of the Board since 2011.

Born 1957. Member since 2010.
M. Sc. Economics and MBA.
Previously President of Ur & Penn – Erling Persson AB, President
and owner of c/o Departments &
Stores AB and founder of Medstop AB, a chain of pharmacies.
Deputy Chairman of Svenskt Tenn AB.
Shareholding: 2,506,356 through companies.

Magnus Johansson*

Born 1955. Elected 2011.
Chairman of the Compensation Committee.
B.A.
Presently Senior Advisor and Director, Mejex AB. Magnus Johansson has held several top management positions within the SKF Group e.g. Group HR Director, MD of SKF Sweden and President of SKF China.
Johansson is also Chairman of the Board of Elektroautomatik AB and Lurn AB.
Shareholding: -

Fredrik Hudson

Born 1974. Member since 2011.
Represents IF Metall.
Shareholding: -

Björn Cederlund

Born 1942. Member since 1994.
Represents the Federation of Salaried Employees in Industry and Services in the Haldex Group.
Shareholding: 1,000

Joakim Gripemark

Born 1970. Deputy member since 2013
Represents the Federation of Salaried Employees in Industry and Services in the Haldex Group.
Shareholding: -

Annika Sten Pärson*

Born 1963. Elected 2012.
Degree in Strategic Marketing from Berghs School of Communication.
Advisor to Digital Media startups currently in the United States. Formerly Chief Sales & Marketing Officer of Com Hem AB and responsible for the Consumer division. Annika has also previously held management positions in companies such as Coop and Candelia.
Shareholding: -

Arne Karlsson*

Born 1944. Elected 2003.
Chairman of the Audit Committee.
M.Sc. Economics.
Has held several executive positions in Scania both in Sweden and abroad. Last position responsible for Commercial Systems, Scania AB, London and Executive Vice President Scania AB. Member of the Board and Chairman of the Audit Committee of FinnvedenBulten AB.
Shareholding: 2,000

Staffan Jufors*

Born 1951. Elected 2013.
B.A.
Previously President of Volvo Truck and President of Volvo Penta. Further, Staffan Jufors has been holding several executive positions within the Volvo Group throughout his entire carrier.
Shareholding: -

Michael Collin

Born 1974. Deputy member since 2013
Represents IF Metall
Shareholding: -

All holdings per December 31, 2013.
* Independent in relation to the company, Group Management and largest shareholders.
** Independent in relation to the company and Group Management, but not in relation to the largest shareholders.

Management

Bo Annvik
President and Chief Executive Officer

Born 1965. Employed 2012
Education: M Sc Business Administration
Previous employment: EVP Outokumpu Group and Head of Division Specialty Stainless. President SKF Sealing Solutions and VP Business Development, Automotive Division, SKF. Management positions at Volvo Cars
Board member: AB Handel och Industri, Handelsbanken
Shareholding: 6,000

Pramod Mistry
Senior Vice President, Business Development

Born 1970. Employed since 2006.
Education: CIMA
Previous employment: Various positions within Haldex, TEREX
Shareholding: 3,700

Ed Meador
Senior Vice President, North American Sales

Born 1962.
Employed since: November 2012
Education: BA Business Management
Previous employment: CEO Motor Wheel CVS, VP Commercial Operations, Hayes Lemmerz
Shareholdings: -

Bjarne Lindblad
Senior Vice President, Global Sourcing & Logistics

Born 1956.
Employed since 2004
Education: Business Administration
Previous employment: Nolato Group, Haldex
Shareholdings: 1,000

Andreas Ekberg
Chief Financial Officer

Born 1969. Employed since 1998.
Education: M. Sc Business and Economics
Previous employment: Various positions within Haldex, Tarkett
Shareholding: 3,500

Catharina Paulcén
Senior Vice President, Corporate Communications

Born 1973. Employed since 2014
Education: International B.A.
Previous employment: Enea, IBM, Telelogic
Shareholdings: -
Starting in February 2014.

Pete Lazar
Senior Vice President,
Human Resources

Born 1953. Employed since 2000.
Education: B.A., Business Administration and Political Science
Previous employment: Various positions within Haldex, Dr. Pepper/Seven Up Bottling Group.
Shareholdings: 3,000

AiChang Li
Senior Vice President,
Head of China

Born 1960. Employed since 2006.
Education: Master in Mechanical Engineering.
Previous employment: Various positions within western Automotive Companies in China.
Shareholdings: -

Andreas Richter
Senior Vice President,
Europe and ROW Sales

Born 1965. Employed since 1993.
Education: BSME
Previous employment: Various positions within Haldex
Shareholdings: 9,000

Per-Erik Kronqvist
Senior Vice President,
R&D

Born 1962. Employed since 2010
Education: M. Sc Mechanical engineering
Previous employment: Getinge AB, WACO Jonsereds AB, Volvo Cars Corp.
Shareholdings: -

Staffan Olsson
Senior Vice President,
Global Operations

Born 1967. Employed since 2014
Education: M. Sc Industrial Engineering and Management.
Previous employment: Scania Group
Shareholdings: -
Starting in January 2014.

Auditors:

Michael Bengtsson
Authorized Public Accountant,
PricewaterhouseCoopers AB.
Auditor in Haldex since 2007.

Ann-Christine Hägglund
Authorized Public Accountant,
PricewaterhouseCoopers AB.
Auditor in Haldex since 2010.

All holdings per December 31, 2013.

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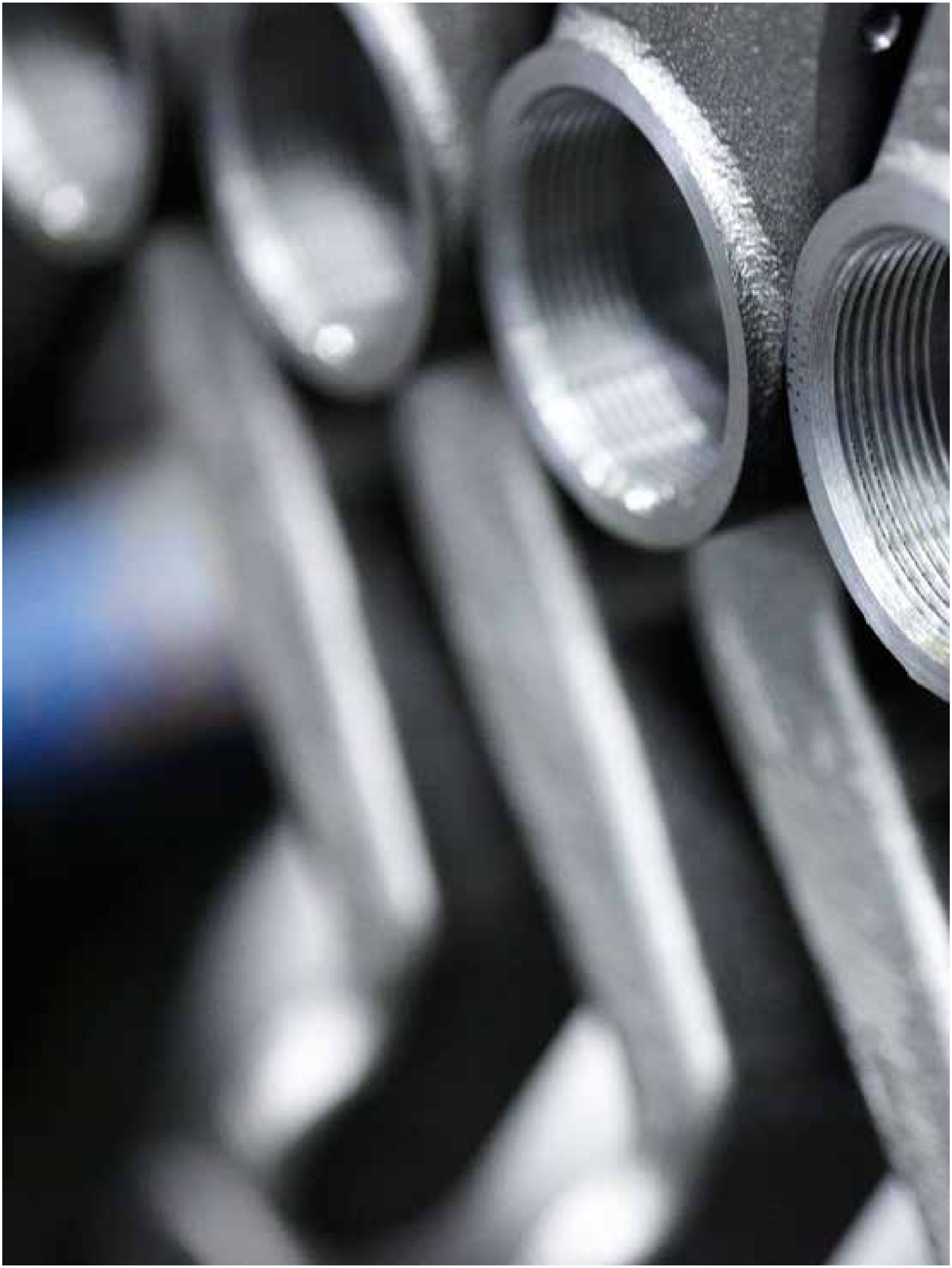

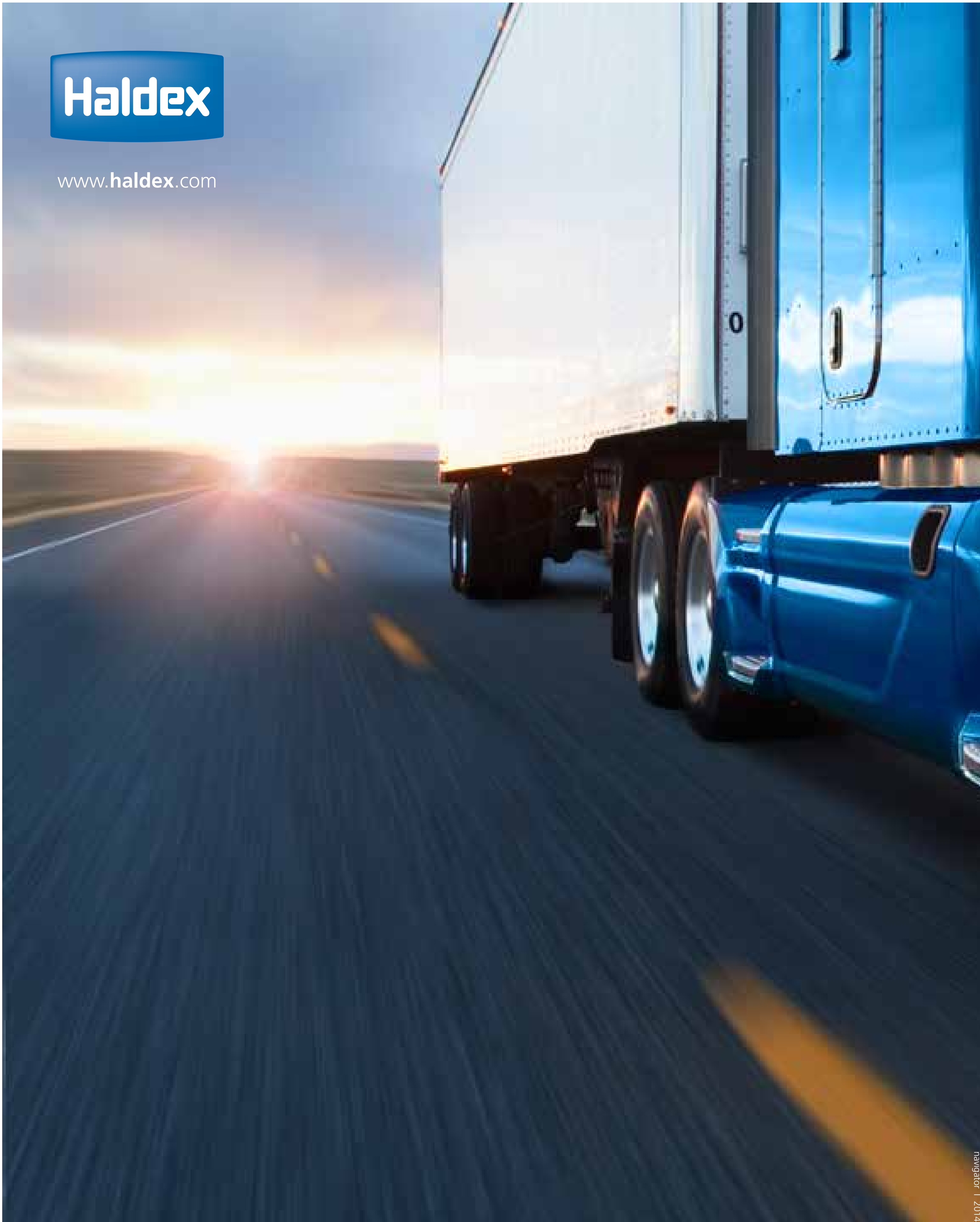
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