



Innovative Vehicle Solutions

## PRESS RELEASE

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# Haldex is increasing the cost reservation for the product recall campaign

By end of 2014, Haldex launched a field inspection followed by a recall campaign of one of its actuator models in the North American market. The campaign is estimated to span a total of 159,000 actuators.

The cost was estimated to SEK 65 m at the beginning of the year, which impacted net income in the fourth quarter 2014 as a one-off item. According to new calculations, based on actual numbers and a new forecast, total cost is estimated to SEK 170 m (USD 20m), of which SEK 105 m will impact the third quarter 2015 as a one-off item.

The main reasons for the increased cost are:

- Higher yield percent. Industry figures show, on average, about 55-70 percent outcome of an exchange program. Haldex estimates that 85 percent will replace their products as part of the current program.
- Investment in the customer relationships. In discussions with customers Haldex has chosen a more generous level of compensation for work performed in the customer's workshops.
- Unforeseen handling costs for administration, shipping, increased storage and similar costs..

**Bo Annvik, President and CEO:** "We have concluded that customer confidence is most important for us in the long term and to show that we take full responsibility. The actual failure rate of 0,2 percent is still very low and it's very unfortunate that our early estimates of the cost of the program has to be adjusted. I have visited all the major customers in North America and we have concluded that it is better for Haldex to have more of a collaborative approach in the compensation discussions. Moreover, we have a higher yield percentage than the average for similar programs which implies that the information has reached affected vehicle owners in an efficient way."

### **Short background description**

A diaphragm in the actuator could get out of position during the manufacturing process, resulting in the actuator triggering the parking brake. The same error, under certain special conditions, can occur on trailers, if the vehicle's pneumatic system is not functioning properly. The specific behavior in the pneumatic system affects Haldex actuators that do not handle this system discrepancy in a completely reliable manner. National Highway Traffic Safety Administration (NHTSA) has decided that Haldex should offer all customers an alternative product as replacement.

For further information, visit [www.haldex.com](http://www.haldex.com) or contact:

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### **About Haldex**

With more than 100 years of intensely focused innovation, Haldex holds unrivaled expertise in brake systems and air suspension systems for heavy trucks, trailers and buses. We live and breathe our business delivering robust, technically superior solutions born from deep insight into our customers' reality. By concentrating on our core competencies and following our strengths and passions, we combine both the operating speed and flexibility required by the market. Collaborative innovation is not only the essence of our products – it is also our philosophy. Our 2,135 employees, spread on four continents, are constantly challenging the conventional and strive to ensure that the products we deliver create unique value for our customers and all end-users. We are listed on the Nasdaq OMX Stockholm Stock Exchange and have net sales of approximately 4 billion SEK .

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