



Innovative Vehicle Solutions

PRESS RELEASE

Landskrona, Sweden, October 23, 2015

Haldex interim report, January - September 2015

Strong operating margin and improved cash flow

Focused efforts to improve our cost base and a change in customer mix once again resulted in a strong operating margin in Q3. Cash flow, which was weak for several quarters, saw a strong improvement in Q3. Sales have been affected positively by increased disc brake sales and market share in Europe and South America. However, a very weak market in Brazil, a weak market in China and lower volumes in North America, resulted in a currency-adjusted decrease in consolidated sales for Q3.

Net sales for Q3 totaled SEK 1,189 (1,123) m, equivalent to an increase of 6% compared with the same period of the previous year. After currency adjustments, net sales decreased by 5% in Q3. Currency-adjusted net sales fell by 1% for the first nine months of the year.

Operating income for Q3, excluding one-off items, amounted to SEK 116 (113) m, which is equivalent to an operating margin of 9.7 (10.1)%. Including one-off items, operating income was SEK 8 (15) m and the operating margin was 0.7 (1.3)%. The operating margin excluding one-off items for the first nine months of the year amounted to 9.9 (9.3)%.

The net income after tax for Q3 totaled SEK -22 (-22) m and the earnings per share for Q3 totaled SEK -0.50 (-0.53). The net income after tax for the first nine months of the year totaled SEK 143 (90) m and the earnings per share for the first nine months of the year totaled SEK 3.20 (1.94).

Cash flow from operating activities totaled SEK 133 (112) m in Q3 and SEK 109 (231) m for the first nine months of the year.

Calculations based on actual outcome and the measures taken for the product recall campaign resulted in a new cost estimate. The total cost is expected to be USD 20 m (SEK ~170 m), with SEK 96 m impacting Q3 2015 as a one-off item.

In North America, John Ducharme has joined as the new SVP North America Sales. John Ducharme is a member of Haldex's management team.

Key figures for July - September 2015

(same period previous year in brackets)

- Net sales, SEK m 1,189 (1,123)
- Operating income, excl. one-off items, SEK m 116 (113)
- Operating income, SEK m 8 (15)
- Operating margin, excl. one-off items, % 9.7 (10.1)
- Operating margin, % 0.7 (1.3)
- Return on capital employed, excl. one-off items,%¹ 23.3 (19.6)
- Return on capital employed,%¹ 14.3 (13.5)
- Net income, SEK m -22 (-22)
- Earnings per share, SEK -0.50 (-0.53)
- Cash flow, operating activities, SEK m 133 (112)

1) *Rolling twelve months*

Key figures for January - September 2015

(same period previous year in brackets)

- Net sales, SEK m 3,725 (3,288)
- Operating income, excl. one-off items, SEK m 368 (307)
- Operating income, SEK m 256 (201)
- Operating margin, excl. one-off items, % 9.9 (9.3)
- Operating margin, % 6.9 (6.1)
- Return on capital employed, excl. one-off items,%¹ 23.3 (19.6)
- Return on capital employed,%¹ 14.3 (13.5)
- Net income, SEK m 143 (90)
- Earnings per share, SEK 3.20 (1.94)
- Cash flow, operating activities, SEK m 109 (231)

¹⁾ *Rolling twelve months*

Comment from Bo Annvik, President and CEO:

"Haldex delivered yet another quarter with a high operating margin, even though Q3 sales did not meet our expectations. Solid cost control measures are the main reason for the high margin. The currency-adjusted operating margin for Q3 came in at 10%, which is in line with last year. We also

reached our ten-percent operating margin target during the first nine months of the year, even though we are currently making a loss in Brazil due to the very weak market situation there.

North America

In spite of a strong market situation, we didn't achieve growth in North America in Q3. We can mainly attribute the drop in sales to actuators and Reman. However, we do not forecast long-term sales decreases for actuators. On the contrary, we see this as a temporary decline in the aftermath of the ongoing actuator product recall. 2015 has not been a good year in Reman. A long winter and a customer with financial problems brought sales down year-on-year. However, Reman is a segment with great growth potential and we still intend to expand inside and outside of North America. I'm also pleased to welcome our new North America manager, John Ducharme, who has long-standing industry experience and will focus on profitable growth and strengthening customer relationships.

Disc brakes continuing to grow

Disc brake sales have continued to rise and our investments have resulted in an increase in production capacity and sales. However, the increased penetration of disc brakes is impacting brake adjuster sales, which is clearly the case in Europe in particular. Our efforts to relaunch our disc brake in North America in February/March 2016 are now in an intensive phase and we are confidently looking forward to being able to reinitiate customer discussions.

Solid aftermarket

On the aftermarket, Europe and South America reported positive sales figures in Q3. The aftermarket has generally higher profitability than Truck and Trailer, which contributed to Q3's strong operating margin. The aftermarket in Europe remains solid. In South America, where the market situation is very weak, the growth in aftermarket sales is a result of hard work, which enabled us to gain market shares.

Supplier program

The supplier problems we experienced earlier this year have gradually been remedied and now it remains is to rectify certain components related to ABS in North America. We have launched a development program for our suppliers to identify potential problems at an early stage and remedy them prior to commencement of delivery.

Product recall

In mid-September, we announced new estimates of the costs of the ongoing product recall for one type of the Company's brake cylinders on the American market. We have determined that the most important factor for us in the long term is securing the confidence of customers and demonstrating that we take full responsibility for what happened. The actual error rate is still very low at 0.2% and it is unfortunate that our previous estimates of the cost of the program have to be adjusted up. I have visited all major customers in North America and we have determined that it is better for Haldex to have a more of a collaborative approach in the compensation discussions. We are also seeing a higher replacement percentage than the average for similar programs, which indicates that the information has been effective in reaching the vehicle owners affected.

Restructuring program approaching completion

In Q3, we completed relocation of production from Germany to Hungary. We are very pleased to be able to report that the relocation has gone better than planned and we have high confidence in Hungary for the future. In Q4, we are set to complete the final phase of the restructuring program ongoing since 2013. The remaining part of the program is the adjustment of the staff in Germany, in progress through the rest of the year.

Market outlook

The market situation for the remainder of 2015 is still solid for Truck and Trailer in Europe and North America, even though production volumes likely will be down slightly in Q4 in North America compared with the same period of the previous year. Unfortunately, it seems that Chinese truck volumes will be down year-on-year and, when combined with a very weak market in Brazil and Russia, this will have negative effects on the bottom line.

2016 is looking promising in Europe with an increase in order intake, while North America will see a decline from its record-breaking year in 2015. However, 2016 will be a year with above-average volumes in North America. The positive trend will continue in India, but we expect no significant improvement in Brazil, Russia and China in 2016.”

Full interim report

The full interim report is available at <http://www.haldex.com/financialreports> or at <http://news.cision.com/haldex>

Press and analyst meeting

Media and analysts are invited to a telephone conference at which the report will be presented with comments by Bo Annvik, President and CEO, and Åke Bengtsson, CFO. The presentation will also be webcasted live and you can participate with questions by telephone.

Date & Time: Friday October 23 at 11.00 CEST

The press conference is broadcasted at: <http://financialhearings.nu/151023/haldex/>

To join the telephone conference:

Sweden: +46 8 566 426 65

UK: +44 20 342 814 14

US: +1 646 502 5119

The webcast will also be available afterwards and you can download the Interim report and the presentation from Haldex website: <http://www.haldex.com/financialreports>

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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 2,235 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.

Haldex AB (publ) is required to publish the above information under the Swedish Financial Instruments Trading Act. The information was submitted for publication on October 23, 2015 at 7.20 am CEST.