

A man and a woman are working together on a blue industrial machine in a factory setting. The man, wearing glasses and a blue shirt, is pointing at a component of the machine. The woman, with red hair and wearing a black shirt, is smiling and looking at the machine. The background shows other industrial equipment and a computer monitor.

ANNUAL REPORT 2015

A WORLD OF **SAFER VEHICLES**

Brake solutions for heavy vehicles

Haldex

Haldex products contribute to

Haldex has been developing technically advanced products for more than 100 years. The foundation for today's Haldex was laid in the 1960s when the business was focused on brake products. In recent years, the focus has been further sharpened, and today Haldex develops and sells Haldex brake and air suspension products for heavy vehicles. All of the major truck and trailer manufacturers in North America and Europe are Haldex customers, which is one of our foremost strengths. Our larger customers around the world include Daimler, Freightliner, Hendrikson, Krone, Paccar, SAF Holland, Schmitz Cargobull, Volvo and Yutong as well as a number of distributors in the aftermarket such as Europart, Winkler, Fleet Pride and Napa.



**FOUNDATION
BRAKE**
57%



AIR CONTROLS
43%

**HALDEX
BRAKE
ADJUSTERS**
#1



**FASTEST
GROWING**

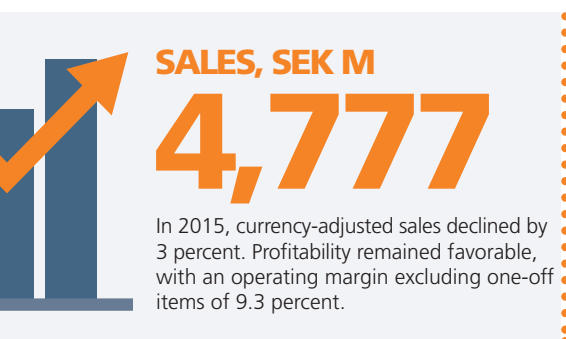
**LARGEST IN
NORTH
AMERICA**



Haldex focuses on brake products, air suspension systems and products to enhance safety for heavy vehicles. We are market leaders in several areas, including brake adjusters. Our products are rapidly winning market share in other growth areas, such as our disc brakes, which are recognized for their innovative design. The Foundation Brake product line includes brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators. Air Controls comprises products that improve the safety and driving dynamics of the brake system, such as compressed air dryers, valves, ABS and EBS. The products are usually available in a range of variants for different geographic markets.



to a world with safer vehicles



Haldex operates sales, R&D and manufacturing all over the world. We have offices in 18 countries and production facilities in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the US. More than half of our sales are generated in North America, one-third in Europe and the remainder in Asia and South America.



AFTERMARKET
44%

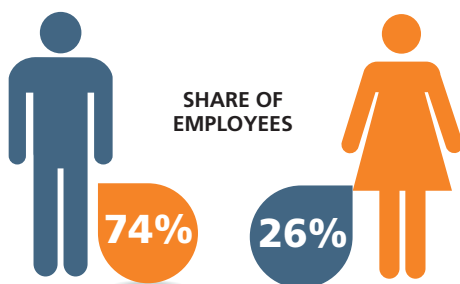


TRUCKS
27%

TRAILERS
29%

Haldex operates in the market via the three customer categories: Truck (trucks and buses), Trailer and Aftermarket (spare parts and service). Trailers are used more widely where infrastructure is better, resulting in sales to this category are greatest in North America and

Europe. Although China is the world's largest producer of trucks, the technology content in most of the vehicles manufactured there is currently too low for Haldex's products to be of interest.



| | |
|------------|-----------|
| USA 22% | India 5% |
| Mexico 22% | Brazil 4% |
| Sweden 13% | France 3% |
| China 10% | UK 2% |
| Germany 8% | Others 2% |
| Hungary 7% | |



| |
|-------------------------|
| Europe 33% |
| North America 55% |
| Asia and Middle East 9% |
| South America 3% |

SPLIT OF BUSINESS: BorgWarner took over the all-wheel drive coupling for passenger cars, while Concentric took over the hydraulic pump operations in 2011. Since then, Haldex encompasses only brake products and air suspension systems.

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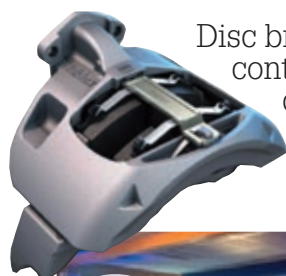
President and CEO statement



Transport needs are increasing



Bridge-building leadership




Disc brakes
continue to
capture
market share

20



The Haldex share

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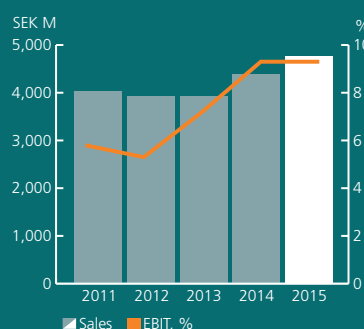
 Haldex's sustainability work, pages 12-17.

2015 in brief

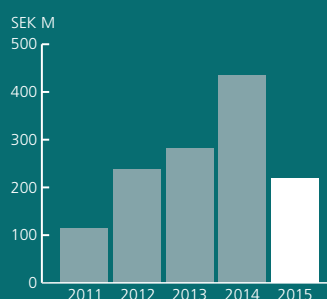
Profitability remained favorable, with an operating margin excluding one-off items of 9.3 percent and almost doubled earnings per share, despite the market slow down in the second half of the year.

- Currency adjusted sales decreased by 3 percent over the year. Demand in the North American market slowed in the second half of the year, while demand in Brazil and China were notably lower throughout the year. The deteriorating market situation, combined with a product recall in North America, resulted in sales declining over the year.
- The largest individual event that affected Haldex negatively during the year was the recall of a variant of the company's actuators in North America. This led to lost sales and damaged confidence among North American customers, as well as costs of about SEK 170 m, of which SEK 96 m was charged against earnings in 2015.
- Haldex disc brakes were the fastest growing product and also showed improved profitability. Over the year, EBS for trailers showed good growth. Both are among the products on which Haldex is focusing for the future.
- Aftermarket sales have grown, particularly in Europe and Brazil. The aftermarket is more profitable than other customer categories, which also affected the operating margin positively.
- Good cost control, higher aftermarket sales, as well as improved profitability on growing products helped maintain the operating margin in a year of deteriorating market conditions.

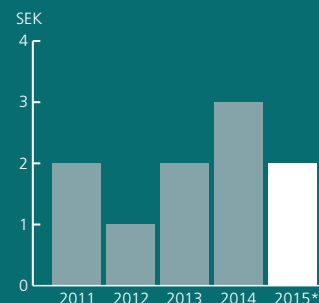
SALES AND OPERATING MARGIN,
EXCLUDING ONE-OFF ITEMS



CASH FLOW FROM
OPERATING ACTIVITIES



DIVIDEND



*Proposed dividend to be approved by the Annual General Meeting.

| KEY FIGURES | 2015 | 2014 | Change |
|---|--------------------|-------|--------|
| Net sales, SEK m | 4,777 | 4,380 | 9% |
| Operating income excluding one-off items, SEK m | 444 | 408 | 9% |
| Operating income, SEK m | 325 | 233 | 39% |
| Operating margin excluding one-off items, % | 9.3 | 9.3 | 0 |
| Operating margin, % | 6.8 | 5.3 | 1.5 |
| Net income after tax, SEK m | 191 | 107 | 79% |
| Earnings per share, SEK | 4.28 | 2.32 | 84% |
| Dividend, SEK | 2.00 ¹⁾ | 3.00 | -33% |
| Return on capital employed, excluding one-off items % ²⁾ | 21.7 | 21.4 | 0.3 |
| Return on capital employed ²⁾ | 15.9 | 12.2 | 3.7 |
| Equity/assets ratio, % | 49 | 44 | 5 |
| Cash flow from operating activities, SEK m | 220 | 435 | -215 |
| Employees | 2,140 | 2,235 | -4% |

¹⁾ Proposed dividend to be approved by the Annual General Meeting

²⁾ Rolling 12 months

” Profitable growth is still the overall objective



Following a very strong year in 2014, profitable growth was at the top of the agenda for 2015. As we summarize 2015, we can look back on a year that began with a strong market position that gradually deteriorated. Combined with the effects of the product recall that affected us throughout the year, we chose to prioritize profitability over growth. We end 2015 with a high operating margin of 9.3 percent, despite experiencing a year of unforeseen events and lower turnover.

” In 2015, we chose to prioritize profitability over growth.

“During 2015, we were able to maintain profitability despite declining demand. This demonstrates that we have, to all extents, built the stable platform that we presented as an objective for 2014.”

The major markets in Europe and North America showed high demand at the beginning of the year. The North American market subsequently slowed down, while Asia showed slight growth, and South America very weak growth over the full-year. For Haldex, which has more than half of its sales in North America, the shift was clear.

Product recall

The product recall for an actuator variant in the US market has been the largest individual event that impacted us negatively during the year. We have worked hard to regain customers' trust and have received very positive feedback on how we have handled our customer commitments. I have visited all major customers personally to show how very seriously we view what happened. The product recall will continue to affect us well into 2016, partly because we will not have a replacement product until sometime in the summer, and partly because it understandably takes time to regain customer confidence.

Products gaining ground

Product leadership, with fewer products but products that are the absolute leaders in their categories, is our selected strategy ahead. The success with discs brakes offers reliable evidence that our R&D work is on the right track. In 2015, disc brakes were the fastest growing product and also captured market share. In 2016, sales from this product category are expected to increase by one third, to then gradually escalate to even higher volumes over the next few years thanks to contracts already secured. Discussions are currently in progress with a number of large truck and trailer manufacturers. One of the major truck manufacturers has approved Haldex's disc brake for the next stage and we now remain as one of a small number of suppliers in the final procurement process. The planning times in our

business are long, however, and revenues from these contracts are expected from 2020 and onwards.

Another product category that showed good growth over the year was EBS for trailers. This is a product where we have a major R&D projects in progress and it feels very positive that Haldex is achieving an increasingly strong position in this area. EBS is a technology that, to date, has been biggest in Europe, but which, like disc brakes, has the potential to be introduced in other parts of the world in the longer term.

Good aftermarket

The aftermarket in Europe and South America showed positive sales figures throughout the year. The aftermarket is generally more profitable than Truck and Trailer, which contributed to the strong operating margin for the year. It is also gratifying to see that aftermarket sales in disc brakes have gradually gained momentum.

Haldex seeks to broaden its offering to the market, and efforts to introduce new products are in progress. First is North America with an actuator in the low-cost segment bearing the Midland brand. In the spring, similar launches will take place under the Grau brand in Europe. This is part of our endeavor to present a wider range focusing on the vehicle's third and fourth owners, who have lower demands on product lifetime compared with first and second owners, who buy premium products and demand a longer lifetime. Since the aftermarket acts as a stabilizing factor in times of lower demand for newly manufactured vehicles, in 2016, it is even more important to attend to these customers.

Restructuring program completed

In 2013, Haldex announced a restructuring program that ran until the end of 2015. The final step in the program included the relocation of production from the Heidelberg plant to a facility in Hungary. The restructuring program was completed in the fourth quarter of 2015. Now we can instead redirect our focus and resources to growth-generating activities.

Maintained profitability

One of our financial objectives is to reach a sustainable operating margin of 10 percent. To achieve this, all parts of Haldex must work smoothly. In other words, we will not cease improving and refining operations. Continuous improvement is one of the cornerstones of the approach we call the Haldex Way, and continuing to raise efficiency and identifying superior ways of performing tasks will always be a part of the Haldex culture.

During 2015, we were able to maintain profitability despite declining demand. This demonstrates that we have, to all

WHY INVEST IN HALDEX?

- Transport needs are increasing, meaning the market has favorable long-term growth opportunities.
- Haldex has a strong product portfolio, including the rapidly growing disc brake, which is capturing market share.
- As infrastructure improves, more advanced technology is demanded, which benefits Haldex. The US market faces a shift from drum brakes to disc brakes, which suits the Haldex product portfolio.
- Haldex already has well-established customer relationships with all of the major truck and trailer manufacturers.
- The strategy of product leadership and a broadened aftermarket offering shows the way to an even more competitive Haldex.

MARGIN

9.3%

We were able to maintain the operating margin excluding one-off items, despite declining demand.

DIVIDEND

SEK 2.00

Haldex again proposes distributing more than the 30 percent advocated by our policy. We are also planning to repurchase shares.

SAFETY

8.9**ACCIDENTS PER MILLION HOURS WORKED**

A decrease of 17 percent. By also reporting incidents, we seek to identify safety risks before an accident occurs.

extents, built the stable platform that we presented as an objective for 2014. However, the operating margin of 9.3 percent is not the 10 percent for which we are aiming. Consequently we will continue to focus on the aspects that create value and, not least, develop and refine all strategic aspects. We want to leverage our size relative to competitors and be the player who – thanks to fast decision-making, close customer relations and talented employees – leads industry development.

People and the environment

I want to highlight my appreciation of our employees across the globe who have experienced a challenging year. We have previously affirmed that we have been good at maintaining our Haldex spirit, but that we have not been as good at continuously developing our leaders. In 2015, we launched our Bridge concept, which deals with building bridges internally to increase cooperation, innovation, communication and an understanding of what generates value for the company as a whole. We took a major step in clarifying our values, stimulating new energy in them and complementing them with five everyday behaviors. We call these behaviors the 5 Cs, since all of them start with the letter C. For me it is extremely important that this does not become a "paper product", but something that guides all of us at Haldex every day. I am convinced that what we achieve today in terms of leadership and personnel development will be a major factor contributing to Haldex's future results.

In the environmental area, we have, for the first time, a consolidated objective for how we want to enhance material efficiency and reduce CO₂ emissions. In 2015, we made significant progress – training, collecting data and improving our tools in the environmental area at all of our units. It is extremely gratifying that we can now continue our journey as "one Haldex", working together towards improved environmental performance.

Outlook for 2016

The market situation for 2016 is predicted to continue in line with the end of 2015. That is to say, the market in Europe looks

promising, while North America is expected to experience a dip. In India, the positive trend continues, while we expect no significant improvement in Brazil and China in 2016.

Weakening demand in North America will have a considerable impact on Haldex. To ensure that we build long-term, profitable and growth-oriented operations in North America, I will be spending a lot of time in that region during the year. I will step in temporarily to head our North American operations, to stabilize them before handing over to a successor. For the long-term, we have all the prerequisites to return to our previous sales levels in North America.

Given the stable platform we have created, we are also prepared for acquisitions. The aim is to either strengthen the product portfolio or enhance our geographic presence in North America or China. We have spoken of acquisitions for a long time, without this resulting in a completed transaction. However, a great deal is happening under Haldex's direction and we are continuing to work vigorously and with high ambitions in the area of acquisitions.

Haldex enters 2016 with growth in key product categories. The restructuring program has been completed and the focus has shifted to the roll-out of the aftermarket strategy and securing a major truck contract for disc brakes. However, these are activities leading to future revenue and that will not affect 2016 positively. We see a year ahead of us in which we will still feel the effect of the events in North America and will find it difficult to show growth. Our ambition is to continue ensuring good profitability in line with levels in 2015, although, with weaker demand, it will be a challenge to achieve this goal during the year.

Finally, I would like to thank all customers, employees, suppliers and shareholders who helped us in 2015. We enter the new year with humility, knowing it will be a tough one. Nonetheless, I also feel great confidence in the future and I know that Haldex is on the right path in the long term.

Landskrona, Sweden, March 2016

Bo Annvik
President & CEO



AN EVENTFUL YEAR. Over the year, the CEO visited several customers. Where possible, these visits to customers are combined with visits to Haldex facilities. Our employees appreciate having the opportunity to ask questions and have the strategy explained directly by the CEO. In addition, a number of presentations are held for investors, both externally and at Haldex's own offices and production units.

Haldex's business concept

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.

A world of safer vehicles

BRAKE SOLUTIONS FOR HEAVY VEHICLES

| | | | | | |
|--------------------------|---|--------------------------------|---------------------------------|---|-------------|
| Strategy | PRODUCT LEADERSHIP | BROADENED AFTERMARKET OFFERING | CUSTOMER FOCUS | OPERATIONAL EXCELLENCE | PAGES 8-9 |
| | | | | | |
| Financial objectives | ORGANICALLY GROW FASTER THAN THE MARKET | +10%* OPERATING MARGIN | <1 NET DEBT/ EQUITY RATIO | 1/3 DIVIDEND | PAGE 10 |
| | | | | | |
| Non-financial objectives | SAFETY | ETHICS | ENVIRONMENT | PAGES 14-15 | |
| | | | | | |
| Values | CUSTOMER FIRST | RESPECT FOR THE INDIVIDUAL | PASSION FOR EXCELLENCE | 5Cs CONNECT COMMUNICATE COACH COLLABORATE CREATE | PAGES 16-17 |

■ = not met ■ = met

*non recurring items

Global trends affect Haldex's opportunities

Due to global macro trends, from growing transportation needs to more stringent environmental standards, the conditions for our operations are changing. It is more important than ever to have a well-founded understanding of the market changes that affect us. By making use of these driving forces, we can build long-lasting, sustainable operations.

DRIVING FORCES

Transport needs are increasing



SIGNIFICANCE

More and more goods are being transported in a world with a growing population. According to the United Nations Population Fund (UNFPA), the current world population of 7 billion will increase to 8 billion by the year 2025, and reach 9 billion by 2050. Another significant factor is growing prosperity. Between now and the year 2030, the world's middle class will double while absolute poverty is expected to decline. This is expected to lead to increased demand and thus, increased transportation needs, which will, in turn, lead to more trucks and trailers being produced.

HALDEX'S APPROACH

Demand for transport capacity is closely linked to demand for Haldex's products, since our customers are commercial vehicle manufacturers. The official production statistics for trucks and trailers are analyzed carefully to observe peaks and dips at an early stage, allowing production capacity to be adjusted. Although the long-term prognosis is good, there is considerable variation between individual years and the different geographic markets, which must be factored into the analysis. With a high proportion of fixed costs, it is important that Haldex has a long-term plan for its operations, so that adjustments can be made in time.

Improved infrastructure



More than 50 percent of the world's population currently lives in cities and, according to the UN, this figure will reach 66 percent by 2050. Increased urbanization, coupled with a growing population and improved prosperity, are creating an urgent need for better transportation infrastructure. Growing problems, with traffic congestion, noise and air pollution demand more sustainable and efficient solutions. As the urban population grows, we will see better road networks and more technologically advanced vehicles to meet the social and environmental challenges.

In countries where the road network is of poor quality, trucks without trailers are most common. Increased road network quality leads to more trailers being produced, which is the customer category where Haldex's market position is strongest. Technologically more advanced vehicles also benefit Haldex. Today, in many countries, Haldex's products are not competitive, because cost is prioritized over quality. With increasing demands for sustainable and efficient vehicle solutions, Haldex's solutions become more attractive.

Higher safety requirements



Each year, 1.2 million people die on the world's roads and 50 million are injured according to the World Health Organization (WHO). Although low and middle-income countries only have roughly half of the world's vehicles, these countries account for about 91 percent of these accidents. The problems are greatest where the resources to combat them are least. Only 7 percent of the world's population lives in countries with sufficiently effective legislation that can be used to address the risk factors. As more countries and organizations set ambitious targets for safety, safety systems will increasingly become mandatory for commercial vehicles.

It is clear that safety requirements are increasing in all parts of the world. In 2015, it became mandatory for all newly manufactured buses and trucks in India to have ABS installed. Similar legislation has been in place in Brazil for some years. In Europe, more stringent requirements on braking distances for heavy vehicles resulted in a breakthrough for disc brakes. Since Haldex's products serve to improve safety, we work to promote and hasten stringent regulatory requirements. The regulatory change that could appear in the near future and that would have the greatest impact on Haldex, concerns whether or not the US will tighten its regulations on braking distance, such that this would cause a transition from drum brakes to disc brakes. However, no such amendment has yet been proposed.

DRIVING FORCES

Higher environmental standards imposed

SIGNIFICANCE

The combustion of fossil fuels, such as oil and diesel, is a major source of the greenhouse gas emissions that are causing climate change. A sustainable transportation sector must improve fuel efficiency, and find alternatives with lower carbon emissions. An important area that affects emissions in this regard is the vehicle's weight. A rule of thumb is that a 10-percent drop in truck weight reduces fuel consumption by 5-10 percent. For some time, the EU has been working on regulations to change emission levels, with the most recent change, known as Euro 6, entering force in 2014. In the US, the next change in levels is expected to take place in 2017 when so-called Tier 3 enters force.

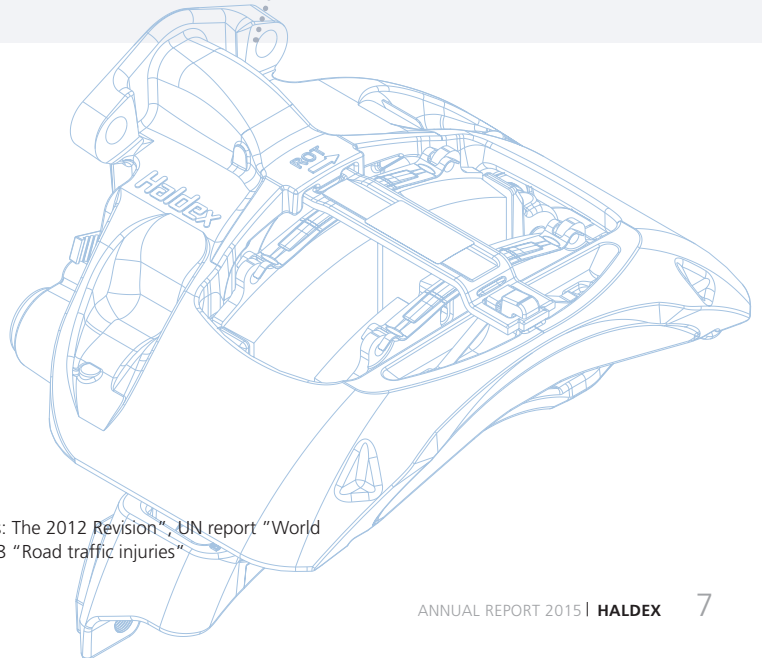
HALDEX'S APPROACH

As a brake manufacturer, weight is the foremost area that can be influenced. Many kilos can be saved by optimizing a product's design and choice of materials. The latest version of Haldex's disc brake is 11 kg lighter than the previous model. With an average 5.8 wheels on a trailer, this entails an overall weight saving of 63 kg. Another important aspect is the environmental requirements that customers impose on our operations. Haldex measures and continuously monitors environmental impact, particularly of its manufacturing. Demonstrating that Haldex has long-lasting, sustainable operations is growing increasingly important in the customer's choice of supplier.

Competition for skills

Safety products and industrial production require a broad range of skills. With fewer and fewer students applying to study the natural sciences and engineering subjects, the number of potential candidates is decreasing. In addition, competition for labor is expected to escalate as we have an aging workforce in general. Ernst & Young has estimated that there is currently a gap in Europe of 200,000 people between companies' demand for labor and the available workforce. By 2030, it predicts that the gap will amount to 8.3 million people in Europe alone. This means that competition for skills and knowledge will escalate further.

Haldex has developed a plan to become an even more attractive employer. People want to work in areas where they make a difference and they want to work in companies with sound values and good leadership. By contributing to safer vehicles, we create a better traffic environment for everyone. Haldex's values have been supplemented with behaviors called the 5 Cs and a management platform called the Bridge, which focuses on bridge-building and cooperation. Digital solutions and flexible working arrangements are other areas that, combined, give Haldex the appeal it needs to secure skills for the future.



Sources: OECD Yearbook 2012, UN report "World Population Prospects: The 2012 Revision", UN report "World Urbanization Report 2014 Revision Highlights", WHO fact sheet No. 358 "Road traffic injuries"

A world of safer vehicles

Haldex is guided by its long-term vision of creating a world of safer vehicles. The strategy, which is based on product leadership and a broadened aftermarket offering, forms the basis for our action plan, which in turn translates into annual objectives.

Vision

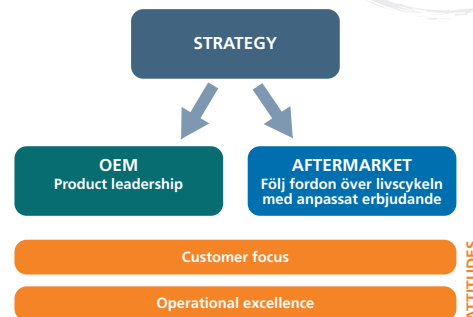
Haldex's vision is to contribute to a world with a better traffic environment and safer vehicles. Our product development is aimed at either improving braking capacity or contributing to a more sustainable society by, for example, reducing fuel consumption. Nothing may go wrong when we manufacture our products. Everyone, from supplier to assembler, must understand that people's lives and health can be affected if the product does not meet all safety requirements. We are one of many players creating safer vehicles and our solutions must work together optimally to afford the driver the best possible experience and the best conditions for operating the vehicle safely.

Strategy

Haldex's strategy is based on strengths identified in dialogue with customers, suppliers and employees: a strong product portfolio, a high level of expertise, a fast-moving organization, and a high level of service to customers. The analysis of Haldex's strengths resulted in a strategy encompassing product leadership, a broad aftermarket offering, customer focus and operational excellence.

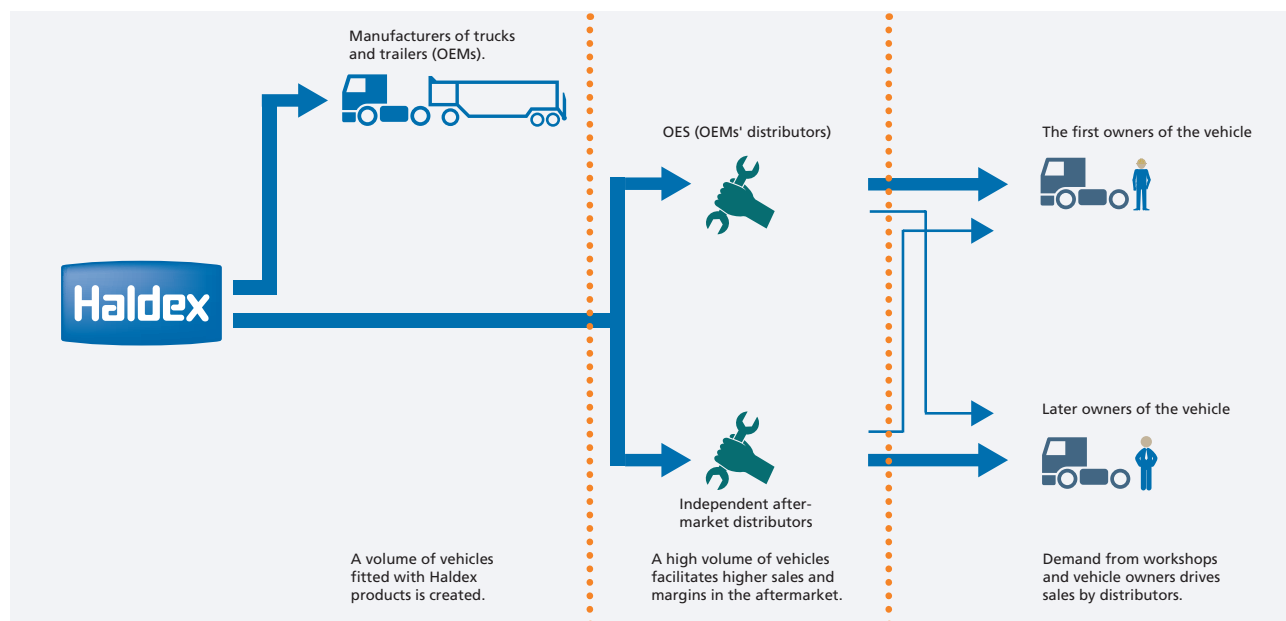
Product leadership

Every single product that Haldex develops or includes in its customer portfolio shall have the potential to be the market leader in its segment. It should also have an attractive aftermarket



offering, to keep the revenue stream continuing for many years. Becoming a market leader requires innovation and deep insight into the customer's business. This requires innovation – not for its own sake – but innovation where it best contributes to the customer's business value. It also requires market knowledge, so that the product that is created has the potential to attain the critical volumes required to achieve adequate profitability.

Product leadership requires focus. We aim to invest our resources where they generate the most value by building on the product categories that are successful today. Our resources will be focused on projects that can make a difference, rather than being thinly distributed across many projects. The objective is not to build the broadest product range, but to achieve market leadership for each individual product. The focus will mainly be on Foundation Brake, where we both lead the market



Haldex's business model: Haldex sells both to manufacturers of trucks and trailers (OEMs) and distributors, who can be divided between OESs (OEM's distributors) and independent distributors. By ensuring high volumes of vehicles with Haldex products installed by OEMs from the outset, high volumes are generated on the more profitable aftermarket. In turn, the distributors sell products on to workshops and fleet operators. The picture above is highly simplified to illustrate the principles of the business model.

and enjoy the greatest potential in terms of volumes, although, since electronics are becoming an increasingly significant component in many products, a continued presence in the Air Controls area is essential.

Broad aftermarket offering

In the aftermarket, the customers' needs change over the lifetime of their vehicles. During the first few years, parts with high durability are generally in demand. The older a vehicle becomes, the shorter the period it is owned by each owner and the durability of spare parts is not prioritized to the same extent. Haldex is a supplier of premium products that are attractive to owners who prioritize a high level of quality and service at brand workshops. Haldex's quality awareness and knowledge can be extended to include products of the same high quality, but with a shorter lifetime. We are working to broaden our product range to be attractive over a longer portion of the vehicle's lifetime. An important step in this process is the grouping of product range into the three product lines: Premium line, Value line and Reman line, which will be launched during the spring of 2016. Value line comprises affordable products based on simpler specifications. Reman line offers refurbished products that are accordingly both environmentally friendly and cost less than premium products.

Customer focus

It should be easy to do business with Haldex. As our customer, you will be greeted by people who understand your business, who want to contribute to your success and build solid and long-lasting relationships. Haldex encourages entrepreneurship, which means being innovative, proactive and able to identify market potential. We use our size to our advantage. By being a fast-moving and flexible organization, we can adapt to our customers, providing that extra level of service that distinguishes Haldex.

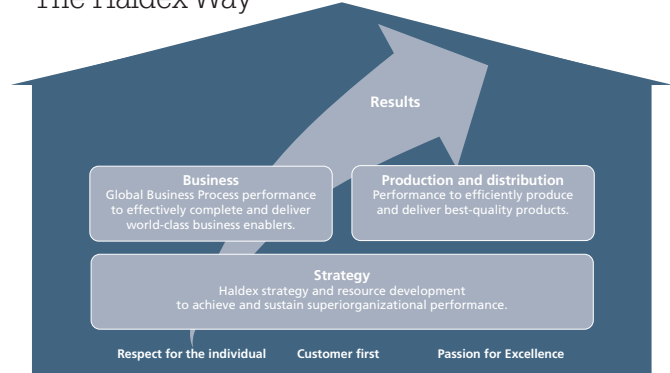
Operational excellence

Efficiency, cost awareness, precision and quality are prerequisites for achieving product leadership and customer focus. Effective processes free up time and energy for developing products, building customer relationships and providing good service. Quality at every stage, from production, supplier procurement and cost monitoring to professional development and recruitment. Continuous efficiency improvements and cost savings are a matter of survival in an industry under price pressure. In other words, operational excellence is a precondition for competitiveness in our industry.

Acquisitions

Haldex intends to make complementary acquisitions. These could involve companies in low-cost countries, thereby strengthening and speeding up the implementation of the aftermarket strategy. They could also be acquisitions to complement the product range – particularly current in the US, where the market is mature and it is difficult to achieve organic growth.

The Haldex Way



Haldex Way – achieving business excellence

The Haldex Way is our philosophy for achieving results-driven, continuous improvements. The Haldex Way can be described as a system comprising values, processes, tools and evaluation methods to continuously increase quality and efficiency.

The Haldex Way was introduced in the late 1990s and is based on our core values and the basic principles of lean production. The Haldex Way was originally focused on improving production productivity. The Haldex Way has since evolved to include other parts of the supply chain, such as distribution and interaction with customers and suppliers. Over the past year, other critical aspects such as personal and professional development, risk management, change processes and production development have also been included. The Haldex Way has gradually evolved into an overall business development concept, from lean production

to operational excellence and now, business excellence".

The Haldex Way House (above) illustrates the overall framework of the concept, based on our core values. The Strategy box relates to our overall strategies for creating and maintaining high efficiency in the organization. The Production box is linked to production and distribution. Finally, the Business operations box relates to global functions including sourcing, sales and finance.

The working method of each production or distribution unit is evaluated annually, and the results are monitored by the Group management team on a monthly basis. In the latest version of the Haldex Way, the measurement model has been changed. The target scenario is continuously modified to achieve continuous improvements. Bronze shows that targets are being met, securing Silver means that the improvement rate is high, and Gold is a level a unit can reach for periods, to then increase its level of ambition.

Haldex Way Tier Model

Copper

Szentlőrincskáta, Hungary
Landskrona, Sweden
Monterrey, Mexico
Suzhou, China
Weyersheim, France
Kansas City, USA

Bronze

Blue Springs, USA
São José dos Campos, Brazil

Our objectives

Haldex's strategy is based on a business model in which generating value for people and the environment is just as important as growth and profitability. It builds a sustainable and successful business for the short and long term.

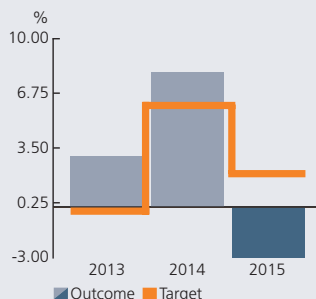
FINANCIAL OBJECTIVES

Organic growth

Target:
+2%

Outcome:
-3%

Growth creates economies of scale. This is crucial for a company like Haldex, which invests substantial amounts in product development each year. Haldex aims to outperform the market through organic growth. To achieve comparable figures, market growth is weighted by region and customer segment based on Haldex's volumes. In 2015, Haldex's sales declined by 3 percent while the market grew by 2 percent.

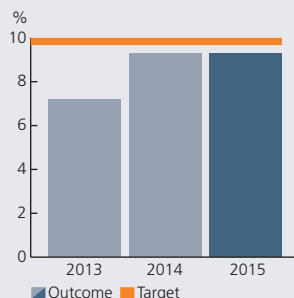


Operating margin

Target:
>10%

Outcome:
+9.3%

However, growth without profitability does not create value. Profitability creates opportunities for investing in projects to further enhance the product range, strengthen the marketing organization and provide scope for innovation. The objective is to sustainably achieve an operating margin of not less than 10 percent. Haldex has seen a steady improvement in its profitability in recent years and managed to maintain a margin of 9.3 percent in 2015, despite declining sales. The objective is to achieve an operating margin of at least 10 percent even during periods of weak economic growth.

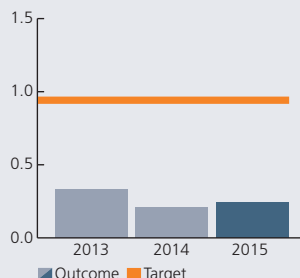


Net debt/equity ratio

Target:
<1

Outcome:
0.24

A low net debt/equity ratio means a strong balance sheet. This provides us with the scope to make acquisitions and invest in future projects. The objective is to achieve a net debt/equity ratio of less than 1. This is an objective we have achieved for several years, including in 2015.

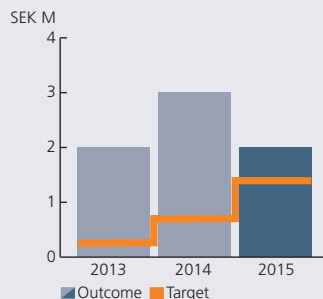


Dividend

Target:
>SEK 1.40

Outcome:
SEK 2

We aim to provide stable and predictable shareholder returns. According to our dividend policy, one-third of annual net profit over a business cycle should be distributed to shareholders. This is an objective we have achieved, and aim to continue achieving. With a higher profit margin over the longer term, we aim to share some of the profits with our shareholders, and reinvest the remaining amount in future projects.



PEOPLE AND THE ENVIRONMENT

Haldex's sustainability vision is to contribute to society by improving vehicle safety and efficiency with its products performance and optimization of resources. Three areas were identified as key to making a real difference – safety, ethics and the environment.

Safe Haldex

We have zero tolerance for accidents. With the Safety #1 program, we work systematically to prevent accidents and incidents through training, safer workplace environments and changed attitudes.

Ethical Haldex

We have zero tolerance for bribery, corruption, child labor and discrimination. Our suppliers are continuously assessed to ensure they adhere to the applicable sections of our Code of Conduct. By promoting shared values throughout the supply chain, we aim to contribute to a better society. Our employees shall undergo regular training in the Haldex Code of Conduct.

Green Haldex

With eight production plants and a number of restoration facilities, Haldex's environmental management achieves noticeable effects. For 2016, Haldex aims to reduce CO₂ emissions by 1.4 percent and to maintain or increase material efficiency.

OUR CORE VALUES

CUSTOMER FIRST:

We understand our customers' demands. The customer's success is our success.

RESPECT FOR THE INDIVIDUAL:

Our success depends on responsible individuals who work effectively together.

PASSION FOR EXCELLENCE:

We are committed to continuous improvement.

THE 5 CS – OUR METHOD FOR BUILDING BRIDGES

CONNECT – connect the dots, or understand the bigger picture.

COMMUNICATE – both within and outside your team.

COLLABORATE – collaborate across the entire company.

COACH – help yourself and others to improve.

CREATE – create opportunities and see change as something positive.

Read more about our values and corporate culture on page 16.

How we create value

One way of better understanding what affects Haldex's sales and profitability is to break down both revenues and expenses to see how the operations are structured. At the same time, Haldex's costs are a way of returning value to employees, suppliers and shareholders.

Business model and profitability

Truck, Trailer and Aftermarket

The largest portion of Haldex's sales (44 percent) consist of sales to the aftermarket. However, these sales could not be made if a large number of vehicles were not manufactured with Haldex products installed on them from the outset. Volumes are built up by signing large-scale contracts with OEM's (Original Equipment Manufacturers, that is, manufacturers of trucks and trailers). These contracts are subject to intense price pressure from experienced purchasing organizations, since the volumes procured are sizable. OEM sales can, in turn, be divided between truck manufacturers (Truck), who account for 27 percent of sales and trailer manufacturers (Trailer), who account for 29 percent of total sales. Truck manufacturers generally sign larger contracts than trailer customers. On the other hand, trailer customers have shorter lead times from projects being initiated to the commencement of production, so aftermarket sales start sooner than with larger contracts signed with truck manufacturers.

Aftermarket sales generally have higher margins than OEM sales. For distributors owned by OEMs – known as OESs (Original Equipment Supplier) – contracts are, in many cases, linked to those signed with the OEM customer. (See also the business model on page 10.)

Product

Products in a start-up phase incur higher fixed costs than those that have been on the market for a long time. For Haldex, this means, in the current situation, that brake adjusters have a higher margin than disc brakes, although the difference is expected to even out as disc brake volumes rise and aftermarket sales get underway. Since disc brakes are most common in Europe, this region's profitability is lower than that of North America where drum brakes (of which brake adjusters are a part) are still most common.

Costs

Direct materials

Haldex's largest cost item consists of direct materials, which account for more than half of the Group's costs. Consequently, a saving of 1 percent on material costs has a considerable impact on Haldex. Direct materials are considered to be a variable cost. With a total of about 850 suppliers globally, many job opportunities are generated among suppliers.

Personnel

Personnel costs account for about a fifth of the Group's costs and are considered to be partly fixed costs and partly variable costs. About 40 percent of employees are white-collar workers, while 60 percent work in production. Our largest manufacturing facilities are located in Mexico, Sweden, China and Hungary. Our Code of Conduct ensures that working conditions are good in all of the 18 countries where we operate. We also invest some SEK 170 m in R&D, which primarily involves personnel costs, corresponding to 3.6 percent of sales.

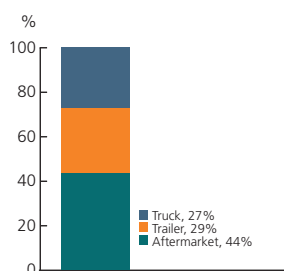
Fixed costs

Haldex's other costs involve investments in machinery, rental costs, property maintenance, depreciation and financial costs. Including fixed personnel costs, fixed costs represent approximately one-third of total costs.

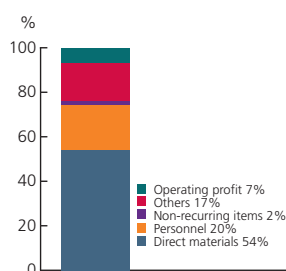
Value creation

Another way of breaking down costs is to look at who is the recipient. For our employees, we create value by offering jobs. Our purchasing from suppliers creates jobs, often in developing countries that need them most. Social security contributions, pensions and taxes are paid to the community. Haldex does not pursue aggressive tax planning and does not locate subsidiaries in tax havens. Finally, we have shareholders, for whom we create value through dividends. In addition, some of the company's profits are reinvested to generate long-term value for Haldex as a whole.

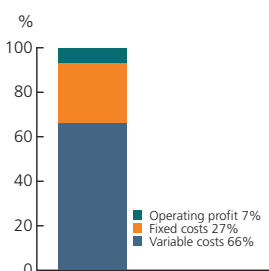
REVENUES



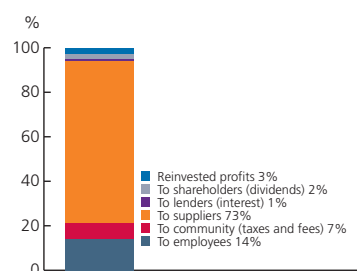
COST TYPE



FIXED AND VARIABLE COSTS



VALUE CREATION



Sustainability is important from many perspectives

Haldex's sustainability ambitions show the kind of company we seek to be. In many parts of the Group, we have worked on sustainability issues for a long time, while in certain countries within the Haldex Group, this is a newer phenomenon. A major step forward is that this work is now structured and organized on a global basis.



Haldex's stakeholders

An initial step in our sustainability work is to analyze and identify who the company's various stakeholders are and what they want to achieve. Among Haldex's stakeholders, five groups have been identified as particularly important: shareholders, customers, employees, suppliers and the communities in which we operate.

Shareholders

As a company, the overall objective is to generate long-term value for shareholders. We achieve this by combining sustainable operations with increasing sales and profitability. Stable and predictable development, with as little uncertainty and risk as possible, is preferable. Sustainability issues have also become a way of attracting investors, which is important in maintaining a stable shareholder base and being able to ensure the supply of capital in the long term.

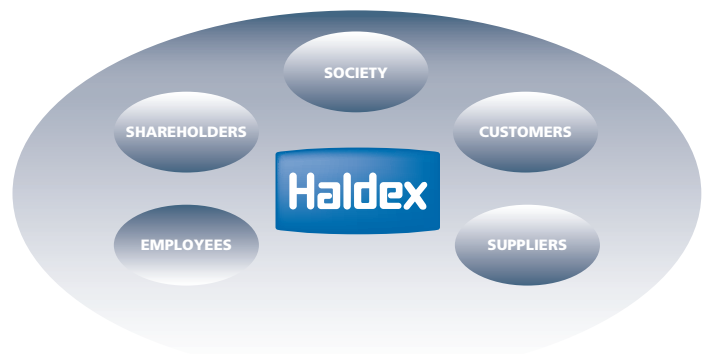
Customers

Good sustainability work strengthens customer relationships and our offering. Customers want to work with reliable suppliers who have their operations under control and who can help them meet their own sustainability objectives. High-quality sustainability work also strengthens brand identity and generates long-term value. By investing in resource efficiency, both environmental impact and costs are reduced. A closely-related area that is very important to Haldex is quality.

Sustainability and quality are closely linked because solutions are sought that are cost- and resource-efficient in the long term. Customers also demand flexibility and a high level of service from knowledgeable Haldex representatives.

Employees

Haldex must provide employees a safe workplace where they can develop in their professional capacity and as managers. Each individual should understand how he or she contributes to achieving Haldex's vision of a world of safer vehicles, which in turn inspires motivation and commitment. Working in a sustainable company also strengthens employees' pride. Good working conditions and financial compensation in line with the market are self-evident. With increasingly fierce competition for



skilled and experienced labor, our employees want to feel they make a difference and are helping to make a better world. Accordingly, ethics and values have become a very important factor in being able to recruit top talent.

Suppliers

Maintaining good relationship with suppliers generates mutual value for Haldex and its suppliers. Long-term relationships and financial stability benefit both parties. In relations with suppliers, ethics and morals are of the utmost importance in building a healthy competitive situation. Haldex can also contribute by encouraging and rewarding good working conditions and superior quality among suppliers.

Society

Haldex is a significant employer in many regions where we operate. We contribute to the local economy with jobs and by paying taxes in areas including income tax, value added tax, pension fees, energy taxes and customs duties. Haldex wants to give back to the communities in which it operates by, for example, supporting local development, youth ventures, educational courses and environmental initiatives. >>

Gas nitriding reduces resource consumption and hazardous waste



A facility for the gas nitriding of brake adjusters has been made operational with a capacity of 700,000 brake adjusters. Previously, liquid nitrocarburizing was used to harden parts for brake adjusters. Gas nitriding reduces resource consumption in several key areas.

Energy consumption is reduced by 70 percent. The new plant only runs when needed unlike nitrocarburizing, which was always running. A hardening process takes 7.5 hours and 6-7 processes are needed per week.

Ammonia emissions are

reduced by 75 percent. Water consumption and hazardous waste disappear completely compared with the use of nitrocarburizing. This reduces hazardous waste by 250 per year. Overall, the changes have resulted in a different environmental classification of the entire production plant. With better energy use and reduced use of solvents and other chemicals, significant cost savings are achieved. This makes gas nitriding one of Haldex's best examples of sustainable change that benefits all stakeholders.

Sustainability as a natural part of operations



1 What is most important in creating sustainable operations?

For sustainability work, what is most important is making it become a natural part of the operations. Sustainability projects should not run concurrently with other operations, but should be an integral part of them. Our values and attitudes are the foundation of everything we do and accordingly we must start there.

2 How does Haldex work with values to achieve sustainability?

This actually happens on two levels. We work directly with values and attitudes through our 5 Cs and the Bridge model, for example. There are courses, workshops and presentations to help all employees understand what we mean by these values and attitudes. We also affect values indirectly through the various projects being conducted, all of which have something to do with sustainability. Example include the major safety project we ran in 2015, the formalization of our environmental reporting, environmental impact now being a formal resolution item in the R&D process and the supplier development programs that we have introduced. These are concrete examples of how the values work in practice.

3 What do you think is the greatest challenge in sustainability work?

Haldex operates in many countries around the world where sustainability issues have reached different degrees of progress. It may be a major step in one country to get transportation companies to report CO₂ emissions, while this is a matter of course in another country. Or getting a supplier to understand that it is not acceptable to act in a certain way, even though it has conducted its operations precisely that way for many years. While there is a global standard that should be perceived as both stimulating and achievable for all, it is a major challenge to find a common platform where the requirements are adapted to the current level of each country.

Bo Annvik
President & CEO



Sustainability objectives

Haldex's sustainability work is based on the Universal Declaration on Human Rights, the United Nations Global Compact Initiative, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. At the end of 2013, we raised our CSR ambitions. A new function that reports directly to the Group management was established. The first assignment was to review conditions at Haldex's different facilities. While many positive features were already an integral part of everyday activities, they were not, at that time, harmonized at global level.

Haldex's sustainability vision is to contribute to society by improving vehicle safety and efficiency with its products performance and optimization of resources. This provides the best sustainable value for customers, investors and employees. Three areas were identified as key to making a real difference and, in these three areas, we have drawn up global objectives – Safe Haldex, Ethical Haldex and Green Haldex.

Safe Haldex

Haldex has a joint, global program for safety – Safety #1 – whereby safety is a number-one priority. We have zero tolerance for workplace accidents. To achieve our target, we work with safer environments, training and attitude changing. A global improvement process has been in progress since 2014, under the motto "If you can't do it safely, don't do it."

Training for all personnel in production has taken place in 2015. Joint global guidelines for visitors and information material has been produced. New measurement methods were introduced in 2015, such as more nuanced measurement of incidents that often serve as a warning sign for more serious

accidents. Reinforcing positive behaviors is also important, and showing why all incidents should be reported, no matter how insignificant they seem.

Haldex defines an accident as an injury that leads to more than two hours of absence, which is a stricter definition than normally applied. An incident is defined as an event that could result in an accident.

KEY FIGURES – SAFETY

| | 2015 | 2014 |
|--|-------|------|
| Number of incidents per million hours worked | 107.6 | – |
| Number of accidents per million hours worked | 8.9 | 10.7 |

Ethical Haldex

Haldex has zero tolerance for bribery, corruption, child labor and discrimination. We have had a revised Code of Conduct since 2015. All employees are trained in the Code and sign that they have understood it and aim to follow it. Haldex's Code of Conduct is based on our three values. One purpose of this division is to demonstrate that you cannot regulate and document all imaginable situations. In many areas, sound values must provide guidance.

The value "Customer first" covers areas such as bribery, corruption, gifts, conflicts of interest, competitive situations, business-critical information and entertainment. In the Code of Conduct, the value "Respect for the individual" describes a good workplace with regard to employee privacy, unreasonable working conditions (including child labor), zero tolerance for discrimination and harassment, and equal opportunities regardless of gender, religion, sexual orientation, geographic origin, age or physical/mental difficulties. Finally, the value "Passion for excellence" covers areas such as safety and the environment, including drug-related problems and violence in the workplace.

Our suppliers are continuously assessed to ensure they adhere to the applicable sections of our Code of Conduct. In 2015, Haldex introduced a development program for suppliers, with the aim of raising quality among suppliers through joint projects where both Haldex and the suppliers benefit from the results. These projects continue over many months to get suppliers to truly realize the benefits of a changed approach.

KEY FIGURES – ETHICS

| | 2015 | 2014 |
|---|------|------|
| Proportion of employees trained in the Code of Conduct, % | 99.5 | – |



Our Code of Conduct aims to ensure secure working conditions, environmental responsibility, ethical relationships with customers and suppliers, and positive interaction with the community in which we operate. All employees are to undergo regular training in the Code.



**”If you can’t do it safely,
don’t do it!”**

Green Haldex

Environmental issues play a major role in our sustainability work. With eight production plants and a number of restoration facilities, Haldex’s environmental management achieves noticeable effects. All of our production plants around the world comply with ISO 14001 requirements for their Environmental Management Systems as a minimum.

Systematic programs are in place to use resources efficiently and eliminate waste. In 2014, an extensive project was launched to map the environmental impact of all units. During 2015, work continued to develop a global compilation of resource utilization and specific targets for the reduction of resource utilization. A “Green performance map” has been developed for each production unit. This is a analysis of how much material, energy and resources are consumed by the facility, and the emissions and waste that it generates. Facts about resource usage and emissions in some 30 different areas have been compiled. In analyzing the data, Haldex has concluded that the most important key figures to monitor and set targets for are CO₂ emissions and material efficiency. For 2016, Haldex aims to reduce CO₂ emissions by 1.4 percent and

to maintain or increase material efficiency. It is worth noting that numerical data are still not fully reliable from certain parts of the world where environmental regulations are not as extensive as they are in Sweden, for example.

An equally important part of our environmental efforts is product development. Environmental issues and sustainability are key parameters taken into account in the development process. In 2015, this was formalized by introducing an environmental life cycle assessment in an early stage of the project as a formal decision-making step when products are changed or redeveloped. The environmental impact of our customers’ usage of our products is equally as important as the environmental impact of our manufacturing processes.

KEY FIGURES – ENVIRONMENT

| | 2015 | 2014 |
|--|--------|----------------------|
| Material efficiency, % | 93 | – |
| CO ₂ emissions, tonnes | 33,490 | 22,510 ¹⁾ |
| Proportion of suppliers meeting ISO 14001, % | 34 | 31 |

¹⁾ Five out of eight facilities reported this figure in 2014.

Proud and dedicated employees

Our 2,140 employees are based in 18 countries. Those countries with the most employees are the US and Mexico, followed by Sweden, China and Hungary. About 60 percent work in production, while 40 percent are white-collar employees. Women account for 26 percent of the Group's employees.

Motivational culture

The importance of a strong culture in achieving success has been written about extensively. For a long time, we at Haldex, have upheld three fundamental values: Customer first, Respect for the individual and Passion for excellence. But a culture is so much more than its values. It includes everything from our vision to our behavior, how we build sustainable operations and how we work together. Haldex's culture is its personality and therefore provides an overall picture of what working with us is like. Our culture is also one of the success factors that other companies cannot copy. Haldex's corporate culture is characterized by entrepreneurship, quality awareness and a desire to make things better.

As a complement to our values, we have identified five behaviors that we call the 5 Cs, since all of them start with the letter C – Connect (connecting the dots/make contact), Communicate, Collaborate, Coach (help yourself and others) and Create (build opportunities). These behaviors act as a daily reminder to build bridges internally to solve problems, understand the bigger picture and strengthen the sense of community. It is based on these 5 Cs that we evaluate each employee in connection with their annual performance

reviews. In these conversations, employees also agree on an individual development plan for the future.

Diversity

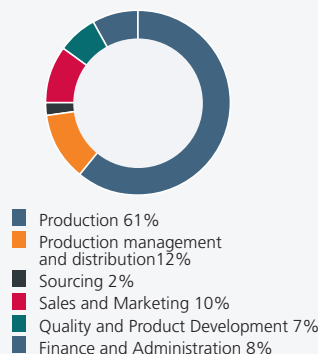
To achieve a dynamic corporate culture, we work to attract people with different backgrounds, personalities, perspectives and knowledge. Employees who dared to think differently and chart new territories have made Haldex what it is today. We consider different backgrounds and experience as positive, and something we want to promote. The Haldex Equal Opportunity Policy states that no employee is to receive less favorable treatment in regard to employment or work assignments on the grounds of gender, religion, sexual orientation, geographic origins, age or physical/mental difficulties.

Bridge-building leadership

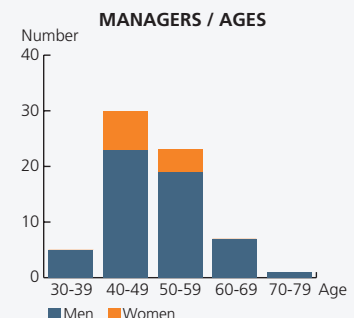
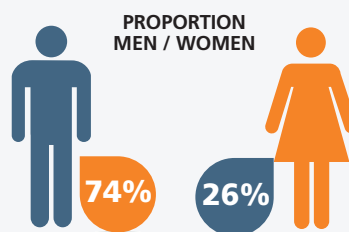
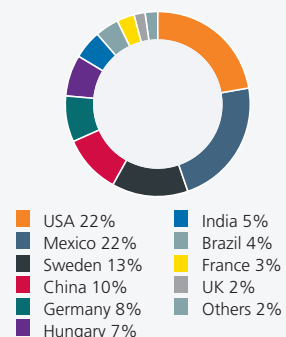
Haldex shall have leaders who can inspire, challenge and motivate. The role of our leaders is to create opportunities for everyone to reach their full potential and work toward the Group's shared targets. During 2015, we introduced a joint framework for how we want to develop and evaluate our managers. The Haldex Bridge Leadership Framework defines



EMPLOYEES / FUNCTION



EMPLOYEES / COUNTRY





the qualities we consider important for effective leadership: an ability to communicate and understand the business vision, to achieve results, successfully drive improvement processes, develop him/her self and the team, be a global team player and accept responsibility and ownership. In the Bridge Leadership Framework, our 5 Cs are even more prominent and there is a strong focus is on building bridges internally and externally.

Haldex's 70 senior managers make up the Bridge Leadership Team. These managers hold quarterly video conferences to discuss the business situation and strategic issues. In September 2015, the team was invited to a three-day conference to discuss strategy, future product plans, leadership issues and other related topics.

Employee surveys

Haldex conducts regular employee surveys. The response rate for the latest survey was 70 percent. Some 86 percent of respondents claimed they were proud, or very proud, to be working at Haldex. A similar percentage of respondents said they would recommend working at Haldex to a friend.

”Of our employees, 86 percent are proud or very proud to work at Haldex.

Lena Nordin, SVP Human Resources, explains how we have intensified our work on culture and behavior: “It is important that our employees can relate to our culture. When we talked with colleagues around the world about what they see as the strengths of our culture, the phrase ‘building bridges’ appeared very quickly. The labor market changes quickly and we are seeing a trend away from an individualistic approach to a more collaborative approach. We want to build bridges between cultures, generations and technologies, and we are well on the way.”



OUR CORE VALUES

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Respect for the individual:

Our success depends on responsible individuals who work effectively together.

Passion for Excellence:

We are committed to continuous improvement.

THE 5 Cs – OUR METHOD FOR BUILDING BRIDGES

CONNECT – connect the dots, or understand the bigger picture

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COACH – help yourself and others to improve

CREATE – create opportunities and see change as something positive

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 2015. The directors' report includes the information on pages 18-30 and the financial information presented on pages 34-66. The Corporate Governance Report containing further information is presented on pages 69-77.

The year in brief

The year 2015 began with high demand in the major markets in Europe and North America, resulting in sales growth for Haldex at the start of the year. In Asia and South America, however, the market was weak throughout the year. In North America, demand slowed down in the second half of the year, while Haldex was forced to implement a product recall. The deteriorating market situation, combined with the product recall, resulted in sales for the full-year declining. Profitability remained favorable, with an operating margin excluding one-off items of 9.3 percent and increased earnings per share.

Operations

Haldex provides innovative proprietary solutions to the global automotive industry with a focus on brake products and brake components for heavy trucks, trailers and buses. Haldex AB is the Parent Company of the Haldex Group. "Haldex" refers to the Haldex Group, meaning Haldex AB and its subsidiaries.

Sales

Sales for the full-year amounted to SEK 4,777 (4,380) m, which in absolute terms represents an increase of 9 percent compared with the preceding year. The Swedish krona weakened against several currencies of significance for the Group in 2015, resulting in significant differences between growth figures including and excluding currency adjustments. Sales fell 3 percent after currency adjustments.

Europe showed growth, with currency-adjusted sales 1 percent higher than in the preceding year. Sales decreased in all other geographic regions. Currency-adjusted sales in North America declined by 5 percent, in Asia by 2 percent and in South America by 25 percent.

Disc brakes were the fastest growing product and also showed improved profitability. Over the year, EBS for trailers showed good growth. Both are among the products on which Haldex is focusing for the future.

Aftermarket sales have grown, particularly in Europe and Brazil. The aftermarket is more profitable than other customer categories, which also affected the operating margin positively.

Earnings

Operating income excluding one-off items amounted to SEK 444 (408) m for the full-year. This corresponds to an operating margin of 9.3 (9.3) percent. Including one-off items, operating income and the operating margin for the full-year amounted to SEK 325

(233) m and 6.8 (5.3) percent, respectively. One-off items for the full-year amounted to SEK 119 (175) m, of which SEK 96 (65) m was for the product recall and SEK 23 (112) m for restructuring activities (see also Note 6 on page 46). Continued good cost control and a higher proportion of aftermarket sales have partially offset decreased sales, since the aftermarket is more profitable than the Truck and Trailer customer categories.

Earnings before tax amounted to SEK 271 (205) m and earnings after tax to SEK 191 (107) m for the full-year. That

Product recall

In November 2014, Haldex launched a field inspection of one of the company's actuator models in the North American market. Based on a comprehensive analysis from the field inspection, an error was identified that can occur under certain special conditions. In total, 159,000 actuators are estimated to be affected by the recall. In early 2015, the cost was estimated at SEK 65 m, which impacted earnings in the form of a one-off item in the fourth quarter of 2014. According to calculations, based on actual results and measures implemented, a new assessment was announced in September 2015. The total cost is now estimated at USD 20 m (~ SEK 170 m), of which SEK 96 m impacted earnings in the third quarter of 2015 as a one-off item. Although the product recall will continue in 2016, based on currently known facts and conditions, it is not expected to entail any additional costs being charged against earnings for the year.

The foremost 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 inventory and similar costs.

Significant events 2015



MIRA R&D center in the UK officially opened.



Haldex announces field inspections of actuators in North America.



Results from the first quarter show 2 percent currency-adjusted growth and improved profitability.

CFO Andreas Ekberg announces his resignation.



Annual General Meeting with plant tour. Approximately 74 shareholders and assistants participated.



Carina Olson joins Haldex's Board of Directors.



For the second quarter, the outcome was an operating margin of more than 10 percent, although with a decline in currency-adjusted sales of 1 percent.

corresponded to earnings per share of SEK 4.28 (2.32). Excluding one-off items, earnings per share amounted to SEK 6.00 (5.47)

Excluding one-off items, currency fluctuations, including the results of currency hedging and currency translation effects, had a positive effect of SEK 68 (31) m on the Group's operating income.

Restructuring activities

In 2013, Haldex announced a restructuring program that included the costs related to the work of consolidating central processes and functions, optimizing sales and administration costs, adjusting the European production structure, product rationalization and impairment testing of related non-current assets. The program included staff reductions of about 200 employees, and other reductions in operating costs.

A major part of the program was related to relocating large parts of the company's manufacturing from Germany to Hungary. Following the restructuring, the manufacture of air suspension valves and the EBS brake system will continue at the Heidelberg plant, while other production was gradually reduced in 2015, with relocation of a significant part to Hungary. The German part of the plan was completed in 2015 and, accordingly, the restructuring program is fully completed.

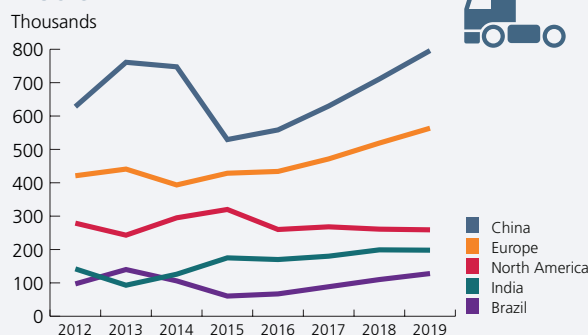
The program is expected to generate total annual savings of SEK 85 m and a total cost of SEK 250 m, of which SEK 100 m will affect cash. From the start of the restructuring program until the end of 2015, SEK 256 m was expensed in conjunction with activities in the UK, Germany, Brazil, Sweden and Hungary, of which SEK 106 m was attributable to restructuring costs and SEK 150 m to impairment losses. Of these costs, SEK 128 m was recognized in 2013, SEK 112 m in 2014 and SEK 16 m in 2015. All savings are expected to be implemented by the first quarter of 2016. A thirds of the payments remain to be made. Certain monthly payments will continue until the end of 2017.

In the fourth quarter of 2015, restructuring activities also took place in Brazil to adjust operations to weaker market conditions. In the US, a Friction Center in Nashville was closed as part of consolidating the number of centers. These two measures that have been undertaken have resulted in additional restructuring costs of SEK 7 m in 2015.

| Units produced – industry forecast | 2015 | Change compared with prec. year |
|------------------------------------|------------------|---------------------------------|
| Trucks | | |
| North America | 320,442 | 9% |
| Europe | 428,642 | 9% |
| China | 529,525 | -29% |
| India | 175,297 | 39% |
| South America | 60,549 | -43% |
| All regions | 1,514,455 | -9% |
| Trailers | | |
| North America | 332,832 | 14% |
| Europe | 278,727 | 5% |
| China | 240,300 | -12% |
| India | 34,606 | 44% |
| South America | 36,545 | -45% |
| All regions | 923,010 | 0% |

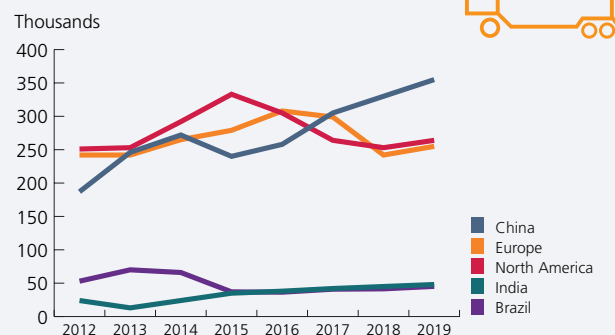
NEWLY PRODUCED trucks and trailers are a relevant indicator for the market in which Haldex operates. It is important to remember that Haldex is affected depending on how much of the company's sales are generated in each category and geographic region.

TRUCKS



Haldex's sales to truck customers are much higher in North America than in other regions. Consequently, changes in production statistics within Truck in North America have the greatest impact on Haldex's sales. In turn, sales to the Truck market in Europe and Asia are slightly higher than sales to the Truck market in South America and therefore more crucial for the Group.

TRAILERS



Within Trailer, sales to the European market are of greater importance than sales in North America. Other regions in Asia and South America have lower sales and therefore have less of an impact on Haldex's total sales.



Lena Nordin is appointed SVP Human Resources.

John Ducharme is appointed SVP North American sales. John terminated his employment in January 2016 for personal reasons.



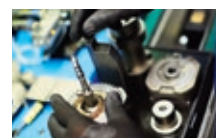
The field inspection is extended into a product recall at increased cost.



Åke Bengtsson assumes the position of CFO.



The third quarter can be summed up with continued high operating margin and currency-adjusted sales down by 5 percent. Cash flow, which had been weak for several quarters improved sharply.



Profitability was somewhat weakened in the fourth quarter, with currency-adjusted sales decreasing by 9 percent.



AUGUST



SEPTEMBER



OCTOBER



DECEMBER

Market-leading product portfolio

Haldex develops, produce and sells brake products and air suspension systems for heavy vehicles. The Foundation Brake product line includes brake products for wheel ends such as disc brakes, brake adjusters and actuators. Air Controls comprises products that improve the safety and driving dynamics of the brake system, such as compressed air dryers, valves, ABS and EBS. The products are usually available in a range of versions for different geographic markets.

Sales per product line

In 2015, sales in Foundation Brake amounted to SEK 2,712 (2,420) m, representing a currency-adjusted decrease of 1 percent compared with the year-earlier period. Sales in Air Controls amounted to SEK 2,065 (1,960) m in 2015, representing a currency-adjusted decline of 6 percent compared with the preceding year. Foundation Brake accounted for 57 percent of total sales, and Air Controls 43 percent.

Growth products

During the year, sales of disc brakes continued to increase sharply and are expected to continue rising by about a third in 2016. Sales of actuators, on the other hand, declined, primarily due to the product recall in North America. Sales of brake adjusters also decreased due to increased penetration of disc brakes. Within Air Controls, EBS sales increased steadily in Europe over the year.

A SELECTION OF OUR PRODUCTS:

FOUNDATION BRAKE



BRAKE ADJUSTERS are the central part of a drum brake and automatically control the distance between the brake lining and the brake drum.



DISC BRAKES offer better higher braking performance than drum brakes. As opposed to brake adjusters, which are only a component of drum brakes, Haldex manufactures complete air disc brakes



ACTUATORS and brake chambers are available for both drum and disc brakes. Haldex offers several versions, both with and without parking brakes.

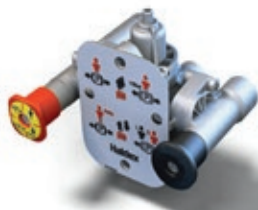
AIR CONTROLS



EBS controls the brake system electronically. Unlike ABS, EBS ensures that the brake power is always optimal for all brakes on the vehicle.



THE SEPARATOR Consep separates dirt, water and oil before air is passed on to the air dryer, reducing the need for maintenance and spare parts.



PARKING BRAKE CONTROL for trailers ensures the trailer can be maneuvered and safely parked.



RAISING AND LOWERING of vehicles with the help of the suspension system. A handle allows the driver to raise or lower the vehicle to the correct height at the loading bay.



AIR DRYERS are key parts in the braking system. Clean and dry air is correctly distributed to the vehicle's air sub system.



LIFT AXLE CONTROL ensures that the lift axle of a trailer is automatically raised and lowered to adapt to the load situation.

Remanufacturing of used products

Haldex also offers remanufacturing of used parts, which is a cost-efficient and eco-friendly way to reuse components. This is only available in the North American market at present, but discussions are underway regarding expansion of this service to more geographic regions. In total, this business accounts for about 4 percent of total income and is reported as part of Air Controls. In 2015, Reman's sales decreased as a result of a customer experiencing financial difficulties and thus choosing to handle the renovation of products as part of its own operations.

Market-leading position

Haldex's market share varies by product and geographic market. In general, the Group's position is stronger for Trailers than Trucks, and stronger for Foundation Brakes than Air Controls. Haldex's market share for brake adjusters is absolutely world-class, with more than 60 percent on a global basis. Disc brakes is the product that is gaining new market share fastest.

Customer-driven research

Every product innovation from Haldex can be traced back to a customer need. Ideas are usually developed and discussed with customers throughout the entire process, from concept to launch. In 2015, the Group's investment in product development continued, especially in volume products with high aftermarket potential. Haldex has three proprietary centers for platform development: in Sweden, the UK and the US. These centers are supported by a number of regional application centers, which are located close to customers. For testing, the Group has access to testing facilities with dedicated teams. Haldex also collaborates with a number of universities. This provides access to the latest research findings in the field and creates opportunities for recruiting talented engineers.

MARKET POSITION BY PRODUCT GROUP

| | Europe | North America | South America | Asia |
|---------------------------|-----------------|---------------|---------------|-----------------|
| Brake adjusters | 1 | 1 | 1 | 2 |
| Disc brakes (trailer/bus) | 2 ¹⁾ | – | – | 3 ²⁾ |
| Actuators | 5 | 1 | – | – |
| ABS/EBS (trailer) | 3 | 3 | 1 | – |
| Air suspension (trailer) | 1 | 3 | 1 | – |

1) Trailer 2) Bus

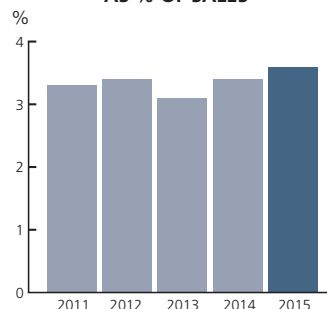
Source: Official statistics and Haldex own assessment

SALES PER PRODUCT LINE



■ Foundation Brake 57% ■ Air Controls 43%

INVESTMENT IN R&D / SALES AS % OF SALES



Full house at Winkler



Winkler has annual turnover of about EUR 340 m and keeps more than 100,000 spare parts in its warehouses, employing 1,400 people in seven countries.

The product portfolio encompasses vans, trucks and buses as well as agricultural equipment and workshop supplies. "As a strategic supplier, Haldex has always been a part of our sales mix," says product manager Jörg Rentschler in reference to the longstanding alliance between the

two companies. Jörg Rentschler summarizes what he appreciates about Haldex: "High levels of technical expertise, exemplary reliability of delivery and a quality standard that entails that that means practically no complaints."

For Winkler's line business, the essentials are clear: Availability and speed are everything. The large central warehouse in Ulm alone delivers 2,500-3,000 consignments to customers every day. Winkler's warehouse technology is

completely customised to quickly supply spare parts to professional commercial vehicle operators. Forklifts find their way automatically to the selected product. And packaged products travel automatically and quickly to the dispatch area "The parts are ready and waiting for the customer in the shop no more than 15 minutes after ordering," says marketing manager Karl-Heinz Aupperle.

Long-term and stable customer relationships

Haldex is a long-term partner to manufacturers of heavy trucks, trailers and buses, as well as to axle manufacturers for these types of vehicles. Due to a long history of innovative and competitive products, the Group has carved a position as a trusted, high-quality supplier, catering to a range of market needs all over the world.

Customers

There are few major truck and trailer manufacturers (OEMs), an estimated 10-15 truck manufacturers, and 5-10 trailer manufacturers, in North America and Europe. All of these are Haldex's customers to varying degrees. The picture is more segmented in emerging markets such as China and India, with many different manufacturers, most of which are local companies without global operations. Our customers include Daimler, Freightliner, Hendrickson, Krone, Paccar, SAF Holland, Schmitz Cargobull, Volvo and Yutong.

In the aftermarket, vehicle manufacturers have their own service organizations, known as Original Equipment Suppliers (OES). Of equal significance are independent market distributors, either workshop chains or independent workshops. Our aftermarket customers include Europart, Winkler Fleet Pride and Napa.

Close collaboration and a long-term approach required

Introducing a new product into one of the customer's projects takes a long time and requires a great deal of collaboration with the customer. It begins with discussions around the design and functionality, which then lead to the actual product development. Thereafter, the product must be tested in real conditions. Most customers require testing during two consecutive winters. The product finally makes it way to manufacturing. This entails

a total lead time of 4-5 years for a truck customer, and 2-4 years for a trailer customer, from when discussion begins until Haldex's product is installed in the customer's vehicle. When large-scale manufacturing commences, the customer places continuous production orders, usually 6-8 weeks in advance. Haldex rarely receives guaranteed volumes, only an expected volume level. The actual production outcome depends on the production orders placed by customers every week, which is common practice in the sector. Accordingly, although customers aim to meet the agreed volumes, the Group cannot guarantee future income.

Another factor that is specific to the industry in which Haldex operates is that the price usually decreases during the term of the contract. In the early stages of production, manufacturing volumes are lower and a number of adjustments are required. Since the volume and efficiency are expected to increase over time, the customer demands a price reduction of a few percent over the term of the contract.

Delivery reliability is critical for customers in the automotive industry. To ensure that their production processes do not stop when suppliers have problems, a single component or product is often purchased from several suppliers, known as "dual sourcing". This often proves advantageous for smaller companies like Haldex, since the customer can test us as a supplier on a

The major truck and trailer manufacturers are Haldex's customers

Axle manufacturer Gigant takes a new direction



Markus Gehle next to a Krone axle.

Quality and quantity rarely go hand in hand, but in Oldenburg-Land in Germany, they've been together almost forever. In the 60-year history of this family company, axles were a latecomer to its range of products. The company was founded in 1953 and began life in a blacksmith shop. Today, almost 150 people work at Dinklage, Germany and there are plans for expansion. Less than 50 km from Gigant's headquarters is the home base of Krone, one of the largest trailer manufacturers in Europe. Gigant has been part of the Krone Group

as a legally independent company since 2013, and the Group has something very special in mind: Gigant will supply the new proprietary Krone trailer axle.

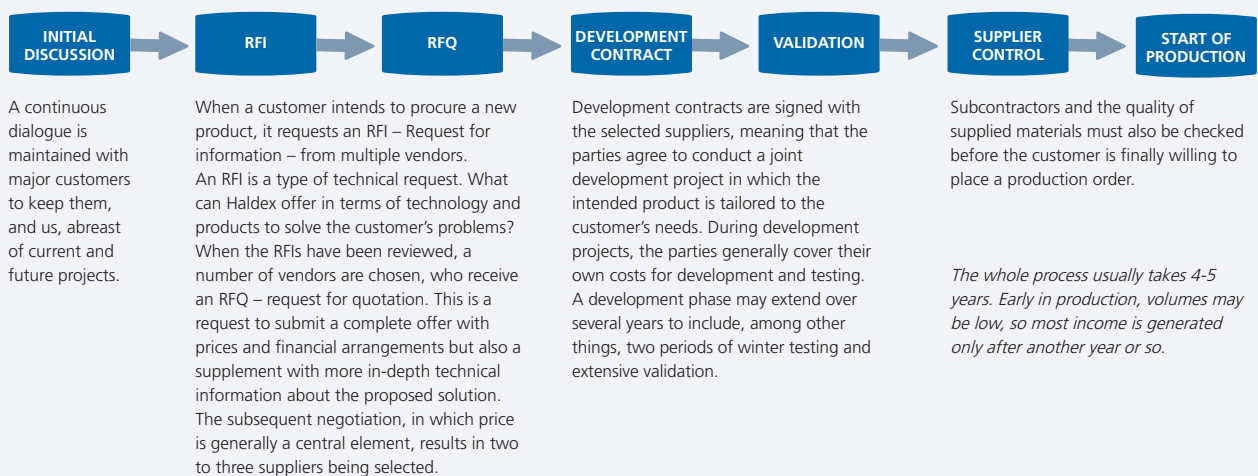
For Gigant, this means expanding its facility significantly. Axle production will double this year and in the long run, Gigant will be able to supply about half of Krone's axle requirements. "This means a tremendous boost for our manufacturing," says Markus Gehle, Marketing Manager for Gigant. "We are therefore making concrete plans for the construction of a new hall

to accommodate steadily increasing axle production," he continues.

An important factor is the Haldex ModulT disc brake, which Gigant has had tested at several stages, with rather impressive results. "Haldex has always been a reliable partner who really understands our requirements," says Markus Gehle of the long-term partnership between the two companies. "Lightweight and low maintenance – the ModulT is the perfect product for us."



An example of how a dialogue with an OEM customer can progress through a number of typical phases



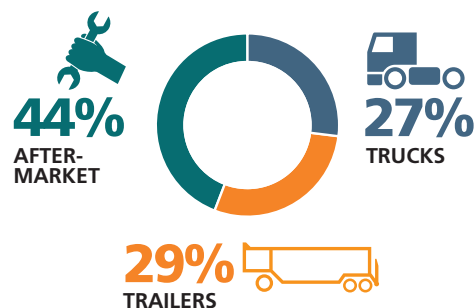
smaller scale, to see whether it works. If the customer had only engaged a single supplier, the barriers to entry would have been far greater.

Sales per customer category

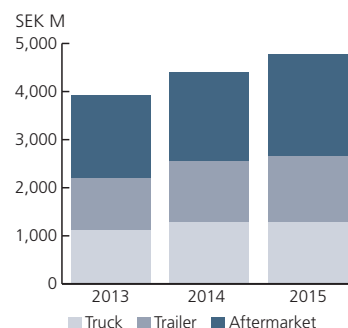
Haldex operates in the market via the three customer categories: Truck, Trailer and Aftermarket. Sales in Truck amounted to SEK 1,276 (1,276) m for the full-year, representing a currency-adjusted decline of 14 percent compared with the preceding year. Over the year, sales to Truck decreased, mainly in North America and Europe, but increased in Asia. In terms of products, decreased actuator sales had a negative impact. In addition, sales of brake adjusters decreased due to increased penetration of disc brakes.

Sales in Trailer amounted to SEK 1,380 (1,269) m for the full-year, representing a currency-adjusted decline of 1 percent compared with the preceding year. Successes for disc brakes were offset by a decline in sales to Trailer in North America over the full-year. Sales to Trailer rose significantly in South America, despite a weak market in the region.

Sales in Aftermarket amounted to SEK 2,121 (1,835) m for the full-year, representing a currency-adjusted increase of 2 percent. Aftermarket sales in Europe and South America were strong during the year.



SALES / CUSTOMER CATEGORY



Global operations with major geographic differences

Although trucks and trailers are available all over the world, there are major differences between the geographic regions. The expansion of infrastructure creates different conditions, and the technology content per vehicle varies greatly. In many cases, the same product may not be sold in several regions and must be adapted to local standards, laws and market conditions.



Europe has the most technologically advanced vehicles. Disc brakes dominate and only a minor percentage use drum brakes. EBS (electronically controlled brake systems) are common. The high level of technology is partly a result of strict safety regulations and high environmental standards. Customers are focused on high-quality solutions, weight optimization and requirements for low maintenance frequency. The European market developed favorably in 2015, with the number of both trucks and trailers produced having increased.

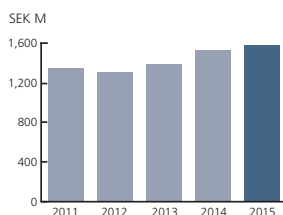


The North American market has the largest vehicle fleets. Many vehicles are driven from coast to coast under road conditions completely different to those of vehicles driven in urban areas. Drum brakes and ABS continue to dominate the market. The major fleets have greater influence over vehicle design than in Europe. This means that Haldex sells not only to manufacturers, but also indirectly to the fleets. The focus is on high-quality solutions, optimized weight, long service life and generous warranties. The North American market grew strongly in the first half of 2015. Demand has since slowed down and the year ended with negative growth for the fourth quarter. Overall, however, the North American market showed good growth when 2015 is summed up.

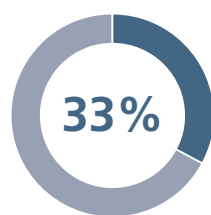
IN EUROPE, Haldex has higher sales in Trailer than in Truck. Aftermarket also accounts for a significant proportion of sales. Sales in Europe amounted to SEK 1,573 (1,522) m for the full-year, representing currency-adjusted growth of 1 percent compared with the preceding year. In Europe, sales of disc brakes and EBS to Trailer customers increased over the year, while aftermarket sales also grew. An older version of an Air Controls product, which has gradually been phased out, as well as decreased sales of brake adjusters due to the increased penetration of disc brakes, affected sales negatively.

IN NORTH AMERICA, the distribution between Truck and Trailer is more even than in Europe. Aftermarket also accounts for a significant proportion of sales here. Sales in North America, amounted to SEK 2,641 (2,280) m for the full-year. Currency adjusted sales decreased by 5 percent compared with the preceding year. Sales for the year were affected negatively by the recall of one of Haldex's actuator models. In the Reman area (renovation of products), a customer has fallen into financial difficulties and decided to renovate products as part of its own operations. On the whole, Haldex's sales in North America underperformed the market in general.

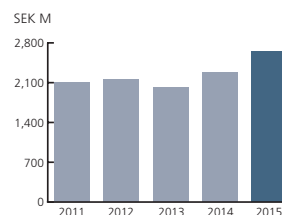
SALES EUROPE



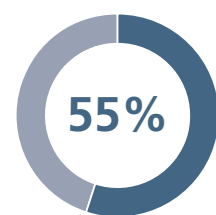
GROUP SHARE, EUROPE

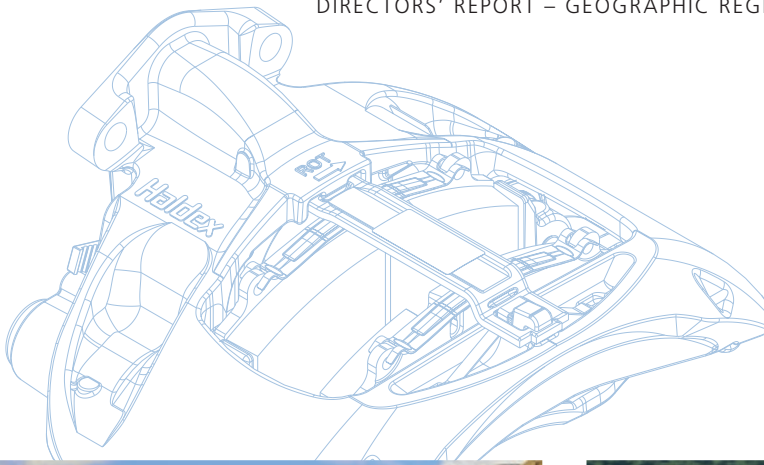


SALES NORTH AMERICA



GROUP SHARE, NORTH AMERICA





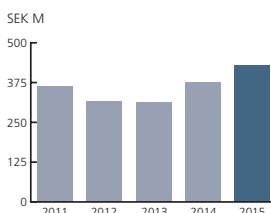
Asia is the largest market for commercial vehicles and it accounts for 60 percent of all trucks purchased. Although the region has rapidly increasing transport needs, infrastructure remains underdeveloped. This leads to low technology content per vehicle and to more trucks than trailers. However, increased demand for advanced technologies can be noted, which benefits Haldex in the long term. In China, there are many local manufacturers and price pressure is high. In 2015, development in the Chinese market was very weak. The Indian market is characterized by few, but major, vehicle manufacturers. A new law passed in India stipulated that all newly manufactured trucks and buses must have ABS installed from April 2015. The Indian market showed double-digit growth in 2015.

From a market perspective, Brazil is the single most important country in South America. Like Asia, Brazil has more trucks than trailers, but the technology content per vehicle is higher. Many European manufacturers are represented in Brazil, making the product range more like Europe's. Brazilian legislation has also helped to drive technological advancement. An emissions standard equivalent to Euro 5 has already been introduced, as well as regulations for ABS and automatic brake adjusters. The overall market has been in decline for a couple of years and continued to decline sharply in 2015. As yet, there is no sign of any significant recovery occurring in the near future.

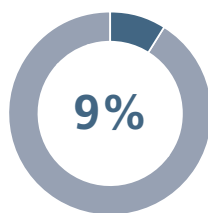
IN ASIA, trucks without trailers are still the most common vehicle configuration. For this reason, Haldex focuses its sales more on Trucks than Trailers. Aftermarket accounts for a minor proportion of sales. Sales in Asia and the Middle East, amounted to SEK 430 (376) m for the full-year. Currency adjusted sales decreased by 2 percent compared with the preceding year. In the Indian market, sales growth was very good, while sales in China remained weak during the year.

IN SOUTH AMERICA, sales in Truck are greater than sales in Trailer and Aftermarket. Sales for the full-year amounted to SEK 133 (202) m, representing a currency-adjusted decline of 25 percent. In Brazil, Haldex's sales to Truck decreased, while sales to Trailer and the aftermarket increased.

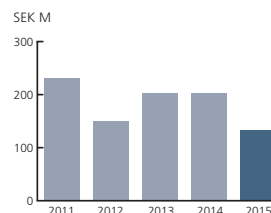
SALES ASIA



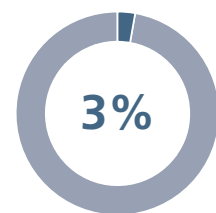
GROUP SHARE, ASIA



SALES SOUTH AMERICA



GROUP SHARE, SOUTH AMERICA



Cash flow

For the full-year, cash flow from operating activities totaled SEK 220 (435) m. Operating cash flow was primarily affected by changes in working capital. This was mainly a result of reduced accounts receivable, driven by lower sales. During the year, cash flow was negatively impacted by one-off items in the amount of SEK 145 (19) m.

Investment expenses for the full-year amounted to SEK 174 (173) m and cash flow after investments amounted to SEK 46 (284) m. The Group's cash flow from financing activities was negative in the amount of SEK 179 (216) m, primarily related to the amortization of interest-bearing liabilities and dividends to shareholders. On May 6, 2015, a dividend of SEK 133 (89) m was paid to shareholders. Total cash flow for the year was negative in the amount of SEK 133 (pos: 68) m.

Financial position

At December 31, 2015, consolidated net debt totaled SEK 335 m (272), an increase of SEK 63 m compared with the start of the preceding year. The change relates mainly to a decrease in cash and cash equivalents. Financial items amounted to a negative SEK 54 m (28), of which the net interest expense amounted to SEK 26 (25) m. Shareholders' equity amounted to SEK 1,407 (1,278) m, resulting in an equity/asset ratio of 49 (44) percent.

Loan financing for Haldex primarily consists of a bond loan of SEK 270 m (which matures in 2020) and a renewed syndicated credit facility of EUR 90 m, maturing in 2021. At year-end, no part of the facility had been utilized.

Seasonal effects

Haldex has no significant seasonal variations. However, sales are affected by customers' production schedules, which means lower sales during vacation periods and when customers are closed due to public holidays, such as at the end of the year.

Employees

At year-end Haldex had 2,140 (2,235) employees, which is 95 fewer than at the end of 2014. The greatest personnel changes took place in Germany, Brazil and Mexico.

The Haldex share

The Haldex share is listed on Nasdaq Stockholm. The share capital amounts to SEK 221 m distributed among 44,215,970 shares, each with a par value of SEK 5. There is only one class of share in Haldex and all shares carry one vote. At December 31, 2015, the single largest shareholder accounted for 5.7 percent. At December 31, Haldex held 11,705 of its own shares in treasury. No purchases or sales of treasury shares occurred during the fiscal year. However, in accordance with the resolution by the AGM, Haldex secured the financial exposure resulting from the share-based remuneration in the adopted incentive program. For more information, refer to The share on pages 27-29 and to note 11 on page 48.

Environmental impact

Through one of its Swedish subsidiaries, the Group conducts business activities subject to permit requirements under the Swedish Environmental Code. The Group's Swedish operations that are subject to permit and reporting requirements mainly impact the environment through the subsidiary Haldex Brake Products AB. This company works with the surface treatment and painting of brake systems for on-road vehicles, which mainly impacts the external environment through emissions to air and water, and noise.

Guidelines for the remuneration of senior executives

In all material respects, the guidelines proposed for adoption at the 2016 Annual General Meeting (AGM) remain unchanged compared with the guidelines adopted by the 2015 AGM. For more information about the remuneration of senior executives, see note 10 on pages 47-48.

Future trends

In addition to the number of vehicles produced, Haldex's market is also affected by demands from customers and regulators. These demands create trends and driving forces, such as greater emphasis on safety and environmental awareness, combined with the growing significance of vehicle dynamics. Other trends affecting Haldex include vehicle manufacturers' efforts to build lighter vehicles in order to reduce fuel consumption. In markets outside Europe and North America, there is a clear trend toward increased demand for a higher level of technology. This applies particularly to large markets, such as India and China.

Outlook for 2016

The official production forecasts provide insight into how the market is expected to perform. However, Haldex does not have an even distribution of revenues between the different categories of Truck and Trailer and does not necessarily share the view of the future espoused by the forecasters. Therefore, Haldex will provide its own overall view of how the Company sees each market performing.

North America is forecast to continue with high volumes in 2016, but with a lower volume than in the strong year of 2015. Europe has gradually improved and 2016 is expected to be a year with growth of a couple percentage points. China has gradually weakened and its outlook for 2016 remains negative. India has recovered after a long period of negative growth. Haldex estimates that market conditions will be very positive in 2016. Brazil has continued to worsen throughout the year and is not expected to recover in 2016.

As a result of the weaker market conditions and the effects of the product recall, Haldex's overall forecast is that net sales for 2016 will be lower than the net sales for 2015. Our goal is to achieve a stable operating margin, even if net sales are on the decline. Our ambition for 2016 is good profitability in line with 2015, but with a softer market it will be a challenge to reach this objective for the full year.

Parent Company

Haldex AB (publ), corporate identity number 556010-1155, is a limited company with registered offices in Landskrona, Sweden. Haldex AB is listed on the Nasdaq Stockholm Mid Cap list. The Parent Company performs head office functions, including the central finance function.

For the full-year, the Parent Company's net sales amounted SEK 101 (95) m, and profit after tax totaled SEK 406 (73) m. Profit included dividends of SEK 525 (63) m from Group companies. Over the year, earnings were charged with impairment of shares in subsidiaries in Brazil and impairment of receivables from this counterparty.

Events after the balance-sheet date

John Ducharme, SVP North America Sales, terminated his employment in January 2016 for personal reasons. President and CEO Bo Annvik will hold the position until a replacement is recruited.

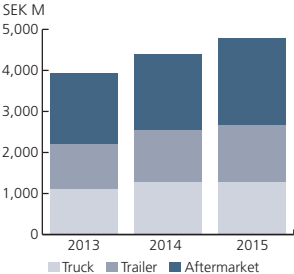
PROPOSED DISTRIBUTION OF EARNINGS

| The following unappropriated funds in the Parent Company are at the disposal of the Annual General Meeting, SEK | 2015 | 2014 |
|---|----------------------|--------------------|
| Share premium reserve | 378,276,231 | 378,276,231 |
| Profit brought forward | 860,727,792 | 588,143,245 |
| Total | 1,239,004,023 | 966,419,476 |
| The Board proposes the following distribution of the above funds: | | |
| A cash dividend of SEK 2.00 (3.00) per share to the shareholders | | |
| In the following manner: | | |
| To be distributed to the shareholders | 88,408,530 | 132,612,795 |
| To be carried forward | 1,150,595,493 | 833,806,681 |

Risks and risk management

Uncertainty about future events is a natural part of all business. The ability to identify, assess, manage and monitor risks play a central role in the management of Haldex. The objective is to implement the Group's strategy with a well-thought-out and well-balanced level of risk.

OPERATIONAL RISKS

| Risk | Policy/Action | | | | | | | | | | | | | | | | |
|---|--|---------|-------------|---------|-------------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|
| Economy Demand for Haldex's products is dependent on demand for transportation which, in turn, is driven by global trade trends, infrastructure needs, increasing awareness of traffic safety, environmental and safety legislation, as well as economic growth. The automotive industry usually follows a cyclical pattern. | <p>Haldex reduces economic impact by operating in a number of geographic markets that do not normally develop at the same pace. Haldex also balances demand, to a certain extent, by operating in both the OEM market (Truck and Trailer customer categories) and Aftermarket. During an economic upswing, sales in Truck and Trailer usually increase. During a recession, owners keep their vehicles longer and demand for spare parts grows in Aftermarket.</p> <p>Haldex monitors official production statistics closely to ensure early detection of fluctuations in demand and thus adapt production volumes.</p> <div><p>SALES / CUSTOMER CATEGORY</p><table><caption>SALES / CUSTOMER CATEGORY (SEK M)</caption><thead><tr><th>Year</th><th>Truck</th><th>Trailer</th><th>Aftermarket</th></tr></thead><tbody><tr><td>2013</td><td>1,100</td><td>1,100</td><td>1,800</td></tr><tr><td>2014</td><td>1,200</td><td>1,300</td><td>2,000</td></tr><tr><td>2015</td><td>1,300</td><td>1,400</td><td>2,200</td></tr></tbody></table></div> | Year | Truck | Trailer | Aftermarket | 2013 | 1,100 | 1,100 | 1,800 | 2014 | 1,200 | 1,300 | 2,000 | 2015 | 1,300 | 1,400 | 2,200 |
| Year | Truck | Trailer | Aftermarket | | | | | | | | | | | | | | |
| 2013 | 1,100 | 1,100 | 1,800 | | | | | | | | | | | | | | |
| 2014 | 1,200 | 1,300 | 2,000 | | | | | | | | | | | | | | |
| 2015 | 1,300 | 1,400 | 2,200 | | | | | | | | | | | | | | |
| Competition The automotive market is highly competitive with tight margins. Haldex has significantly lower sales than the two largest players in the market | <p>There are some economies of scale in the industry in which Haldex operates. A large company may, for example, be able to present more extensive testing results for new products than Haldex can. On the other hand, a small company has more opportunities for fast decision-making, flexibility towards customers and less bureaucracy. Although competitors may initially have larger volumes, customers that apply dual sourcing (described on pages 22-23) provide Haldex with opportunities to present new products. Downward pressure on prices is a natural dynamic in a competitive market. Haldex works consistently to lower costs and increase the value of its customer offering. The earnings trend in 2015 is proof that these efforts have been successful.</p> | | | | | | | | | | | | | | | | |
| Customers There are only a few major truck and trailer manufacturers and all of them are customers of Haldex. | <p>Despite having large companies in the customer portfolio, no single customer accounts for more than 10 percent of sales. Haldex's 20 largest customers account for 57 percent of sales. While the loss of a customer, or the loss or delay of a major contract, has a limited impact on Haldex as a whole, it could have a major impact on an individual unit.</p> | | | | | | | | | | | | | | | | |
| Suppliers Haldex is dependent on a large number of suppliers. The loss of a key supplier could lead to additional costs and problems in manufacturing. Suppliers may also cause problems if they do not comply with applicable laws or otherwise behave in an unethical manner. | <p>To reduce risk, every supplier is carefully assessed and visits are made to the largest suppliers before agreements are signed. For selected components, more than one supplier can be used. Haldex continuously assesses all key suppliers to ensure that they meet the specified requirements.</p> <p>Defaulted or delayed deliveries cause production problems. The risk is reduced by balancing delivery time against the cost of stocking components and, where economically feasible, by purchasing components and raw materials from the geographic region in which the production facility is located. Haldex has approximately 850 suppliers worldwide.</p> | | | | | | | | | | | | | | | | |

OPERATIONAL RISKS

| Risk | Policy/Action | | | | | | |
|---|---|----------------|-------|-------|-----|----------|-----|
| Physical injury In Haldex's production and reconditioning facilities, fires, breakdowns and other types of incidents can damage the facility and injure the employees who work there, thus causing delivery problems. | Since Haldex has production at several facilities for most products in the same product line, the consequences of a disruption can be minimized by increasing production at other facilities. The physical safety of employees is a top priority, and systematic efforts to prevent accidents are carried out on a daily basis. Read more about safety measures on page 14. | | | | | | |
| Quality Haldex is exposed to complaints in cases where the Group's products do not work as intended. In such cases, the Group is obliged to rectify or replace the defective products. | Recalls refer to cases where an entire production series or a major part thereof must be recalled from customers for rectification of deficiencies. This occurs occasionally in the automotive industry. The Group has no insurance cover for complete product recalls. The assessment is that the cost of such insurance is not proportionate to the insured risk. Haldex, which has not suffered any major recalls historically, implemented a product recall, commencing in 2014 and continuing throughout 2015. The assessed costs caused by the recall amounted to approximately USD 20 m (~ SEK 170 m). Complaints and warranty issues occur as a natural part of operations. Each incoming case is classified in one of the three categories: minor cases, moderate cases and product recalls. Based on historical experience and knowledge of pending cases, warranties are continuously arranged to cover minor and moderate cases. Among other things, the fact that Haldex currently has a number of new products with initially higher warranty costs is taken into account. At year-end, the warranty provision corresponded to 1.2 percent of sales. Should a product cause injury to a person or property, the Group may be held liable. Haldex is insured against such product liability. Over the past decade, no substantial product liability claims have been filed. Haldex strives to minimize risks regarding complaints, product recalls and product liability through extensive long-term testing during the development process, and through quality checks and controls in the production process. | | | | | | |
| Raw materials The Group is dependent on a number of raw materials and intermediate products. | Haldex has defined its exposure to raw materials in terms of both the Group's purchasing of raw materials, and Haldex's sub-contractors' purchasing of raw materials. Exposure to various types of metal is greatest. <table data-bbox="579 995 1008 1087"> <thead> <tr> <th>Annual volumes</th><th>SEK m</th></tr> </thead> <tbody> <tr> <td>Steel</td><td>850</td></tr> <tr> <td>Aluminum</td><td>200</td></tr> </tbody> </table> To limit the risk of an adverse impact on earnings, certain contracts include price clauses relating to raw materials. In cases where price clauses are not included, Haldex renegotiates the agreements if the price trend for raw materials has significantly changed. To a large extent, the short-term impact of price increases for raw materials is limited by the fact that price agreements with the Group's raw materials suppliers have an average duration of six months. | Annual volumes | SEK m | Steel | 850 | Aluminum | 200 |
| Annual volumes | SEK m | | | | | | |
| Steel | 850 | | | | | | |
| Aluminum | 200 | | | | | | |

OPERATIONAL RISKS

| Risk | Policy/Action | | | | | | | | | | | | |
|---|--|------|-------------------------------|------|-----|------|-----|------|-----|------|-----|------|-----|
| Product development Demands from users and regulators for increased safety and improved environmental and vehicle dynamic performance are leading to new demands on, and requests regarding, the products offered by Haldex. It is therefore essential that the Group continuously develops new products or improves existing products that meet these demands, to avoid losing market share to competitors. | <p>A key part of Haldex's strategy involves the development of new products in areas that the Group considers important for continued growth and/or to maintain market share. Every year, Haldex invests a considerable amount in research and development, which is expected to provide good opportunities for monitoring and also, in some areas, for leading development.</p> <div data-bbox="821 336 1141 659"> <p>INVESTMENT IN R&D / SALES</p> <table border="1"> <caption>INVESTMENT IN R&D / SALES (%)</caption> <thead> <tr> <th>Year</th> <th>Investment in R&D / Sales (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>3.3</td> </tr> <tr> <td>2012</td> <td>3.4</td> </tr> <tr> <td>2013</td> <td>3.1</td> </tr> <tr> <td>2014</td> <td>3.4</td> </tr> <tr> <td>2015</td> <td>3.6</td> </tr> </tbody> </table> </div> <p>When developing new products, there is always a risk that a product launch will fail for some reason. Since the Group capitalizes expenditure for major development programs, a failed launch could give rise to an impairment requirement.</p> <p>In 2015, the Group's total costs for product development (excluding depreciation) amounted to SEK 170 (149) m and capitalized investments in development to SEK 2 (3) m.</p> | Year | Investment in R&D / Sales (%) | 2011 | 3.3 | 2012 | 3.4 | 2013 | 3.1 | 2014 | 3.4 | 2015 | 3.6 |
| Year | Investment in R&D / Sales (%) | | | | | | | | | | | | |
| 2011 | 3.3 | | | | | | | | | | | | |
| 2012 | 3.4 | | | | | | | | | | | | |
| 2013 | 3.1 | | | | | | | | | | | | |
| 2014 | 3.4 | | | | | | | | | | | | |
| 2015 | 3.6 | | | | | | | | | | | | |
| Information and IT Effective information management, enabling the operations to share and process information, both internally and externally with customers and suppliers, is important. The primary risks are: <ul style="list-style-type: none"> – Disrupted critical information systems. – Disclosure of sensitive information to unauthorized parties. – Strategic or sensitive information being modified or tampered with. | <p>Haldex has a central unit for global control of IT/IS that is responsible for information security and system stability.</p> <p>Haldex is currently working to upgrade existing ERP systems with the aim of enhancing service levels, improving opportunities for producing reports from these systems, ensuring operating time, and generally increasing data security within and between systems. The geographic spread of the Group enables a diversification of risk, whereby a potential disruption would have a limited impact.</p> | | | | | | | | | | | | |
| Employees The ability to attract talented employees and retain key individuals is highly significant for Haldex's continued success. | <p>To create favorable conditions for attracting and retaining employees, Haldex's HR work focuses on three areas: knowledge development, leadership and corporate culture. In 2015, Haldex strengthened its work in leadership development as part of efforts initiated in 2014 to be an attractive employer. Opportunities to work in different geographic regions, a structured program for further development, and flexible and competitive remuneration models have been designed to recruit and retain employees.</p> | | | | | | | | | | | | |

LEGAL RISKS

| Risk | Policy/Action |
|---|---|
| Legislation The global nature of Haldex's operations means that we are subject to numerous laws, regulations, rules, agreements and guidelines, including those related to the environment, health and safety, trade restrictions, competition restraints and exchange control regulations. | <p>With a focus on the activities conducted at local and regional level, Haldex continuously monitors the rules and regulations in each market. The Group works to adapt its products and operations to identified future changes. Regulatory changes could impact the Group's operations, both positively and negatively. Stricter environmental legislation, for example, could lead to increased demand for a certain product but may also require the development of new features that the product does not have.</p> |
| Intellectual property rights and patent Haldex is entitled to use patent and brands for the products that the company manufactures and sells. These have been accrued over a long period of time and are valuable for the Group. | <p>Haldex carefully and continuously monitors the status of patents and protects its own patent innovations to the greatest extent possible. Haldex also carefully monitors the operations of its competitors to avoid infringing on patents currently owned by other parties. The risk of unlicensed copies of the Group's products has increased in recent years, particularly in the Asian markets.</p> |

FINANCIAL RISKS

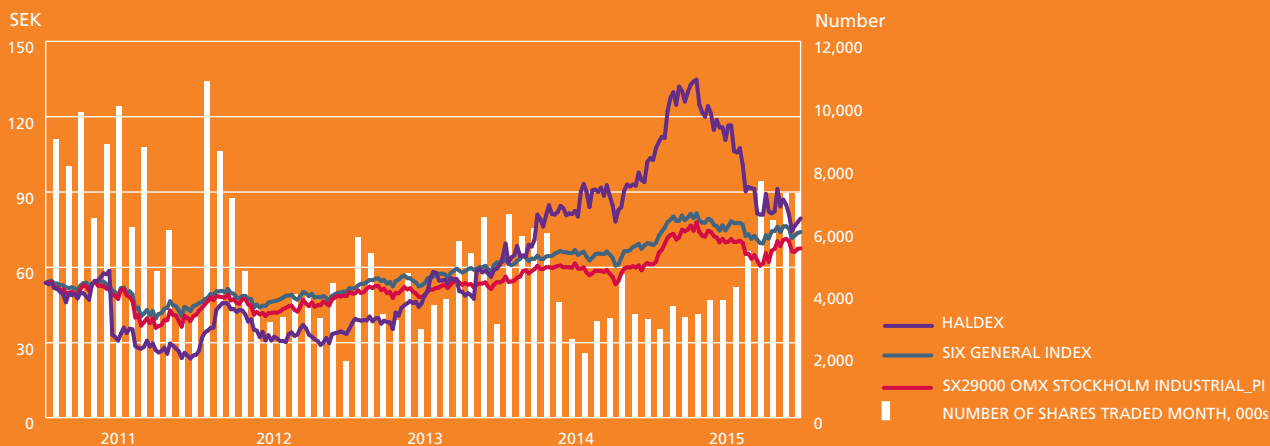
| Risk | Policy/Action | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|-------------------|-------------------|-------------------|---------|--------|--------|---------|--------|--------|---------|--------|--------|-------|-------------------|-------------------|-----|-----|-----|-----|-----|-----|-----|----|----|-----|-----|------|--------|-----|-----|-------|-------------------|-------------------|-----|--------|--------|-----|-------|-------|-----|-------|-------|
| Currency | <p>In 2015, the net inflow of foreign currencies amounted to approximately SEK 269 (259) m. The currency pairs with the greatest potential impact on earnings in the flows are EUR/SEK, USD/CAD and EUR/GBP. A change in the exchange rate by 10 percent is estimated to impact net profit prospectively in accordance with the below:</p> <table><tr><th>SEK m</th><th>December 31, 2015</th><th>December 31, 2014</th></tr><tr><td>EUR/SEK</td><td>-/+ 26</td><td>-/+ 23</td></tr><tr><td>USD/CAD</td><td>+/- 12</td><td>+/- 12</td></tr><tr><td>EUR/GBP</td><td>-/+ 19</td><td>-/+ 10</td></tr></table> <p>The above figures are prior to accounting for Haldex's currency hedges in accordance with the Group's Treasury Policy.</p> <p>The net assets (i.e. equity) of foreign subsidiaries represent investments in foreign currencies which, when translated into SEK, give rise to a translation difference. The Treasury Policy has a framework for how the translation exposure that arises should be managed in order to control the effect of the translation differences on the Group's capital structure. At the end of 2015, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK 1,407 (1,278) m and comprised the following currencies:</p> <table><tr><th>SEK m</th><th>December 31, 2015</th><th>December 31, 2014</th></tr><tr><td>SEK</td><td>666</td><td>289</td></tr><tr><td>USD</td><td>260</td><td>626</td></tr><tr><td>EUR</td><td>73</td><td>29</td></tr><tr><td>GBP</td><td>-23</td><td>-106</td></tr><tr><td>Others</td><td>431</td><td>440</td></tr></table> <p>In terms of sensitivity, the value of the Group's net assets in each currency would be affected as shown below, if the SEK were to fluctuate by 5 percentage points in relation to the following currencies:</p> <table><tr><th>SEK m</th><th>December 31, 2015</th><th>December 31, 2014</th></tr><tr><td>USD</td><td>-/+ 13</td><td>-/+ 31</td></tr><tr><td>EUR</td><td>-/+ 4</td><td>-/+ 1</td></tr><tr><td>GBP</td><td>+/- 1</td><td>+/- 5</td></tr></table> <p>The above is a summary of currency risks and provides no complete description of the transaction and translation risks. Refer to note 4 for a more detailed description.</p> | SEK m | December 31, 2015 | December 31, 2014 | EUR/SEK | -/+ 26 | -/+ 23 | USD/CAD | +/- 12 | +/- 12 | EUR/GBP | -/+ 19 | -/+ 10 | SEK m | December 31, 2015 | December 31, 2014 | SEK | 666 | 289 | USD | 260 | 626 | EUR | 73 | 29 | GBP | -23 | -106 | Others | 431 | 440 | SEK m | December 31, 2015 | December 31, 2014 | USD | -/+ 13 | -/+ 31 | EUR | -/+ 4 | -/+ 1 | GBP | +/- 1 | +/- 5 |
| SEK m | December 31, 2015 | December 31, 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR/SEK | -/+ 26 | -/+ 23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| USD/CAD | +/- 12 | +/- 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR/GBP | -/+ 19 | -/+ 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SEK m | December 31, 2015 | December 31, 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SEK | 666 | 289 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| USD | 260 | 626 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 73 | 29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GBP | -23 | -106 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 431 | 440 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SEK m | December 31, 2015 | December 31, 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| USD | -/+ 13 | -/+ 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | -/+ 4 | -/+ 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GBP | +/- 1 | +/- 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit risk | <p>The risk of customers defaulting on payments for delivered products is minimized by carefully monitoring new customers, by following up the payment behavior of existing customers and by taking out credit insurance, in accordance with the Treasury Policy. At December 31, 2015, the Group's accounts receivable amounted to a net SEK 545 (587) m and are recognized at the amounts expected to be paid. The Group's bad debt losses usually amount to less than 0.1 percent of sales.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

>>> All financial risks, and a more detailed description of these and an account of the Group's use of financial instruments, are presented in note 4 on pages 44-46.

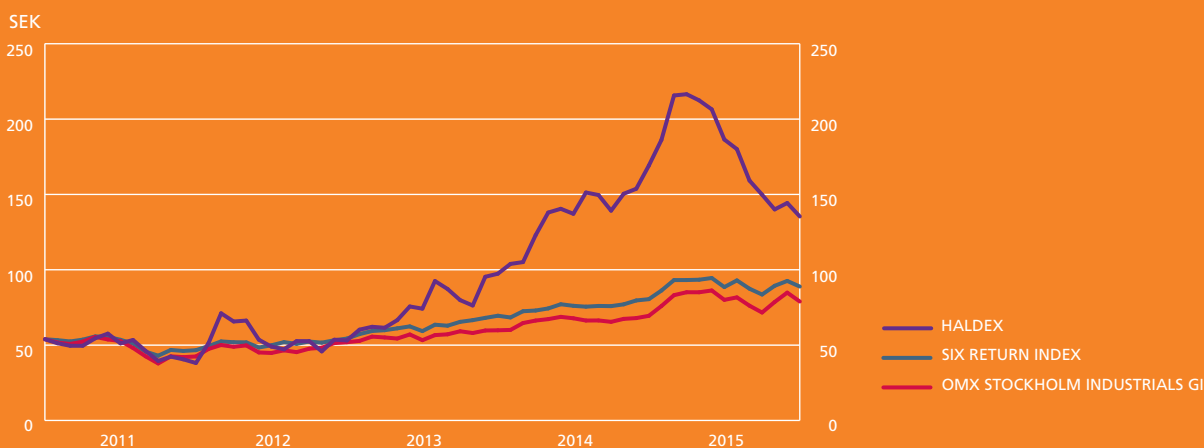
The Haldex share

The Haldex share has been listed since 1960. Today, the share is quoted on the Nasdaq Stockholm exchange's Mid Cap list, under the ticker symbol HLDX. The share capital in Haldex amounts to SEK 221 m distributed among 44,215,970 shares, each with a par value of SEK 5.00 as per December 31, 2015.

Haldex share price trend, January 1, 2011 – December 31, 2015



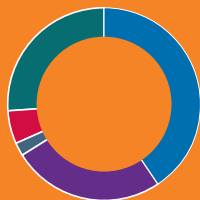
Haldex, total return, January 1, 2011 – December 31, 2015



Source: SIX Financial Information

*SIXRX, Six Return Index, average performance on the Nasdaq Stockholm exchange, including dividends.

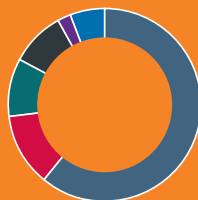
OWNERSHIP STRUCTURE



| | |
|--|--------------|
| Foreign shareholders | 40,7 (59,9)% |
| Swedish private individuals | 25,5 (19,0)% |
| Government, municipalities and stakeholder organizations | 2,2 (2,6)% |
| Other Swedish legal entities | 5,6 (3,5)% |
| Swedish financial institutions | 26,0 (14,7)% |

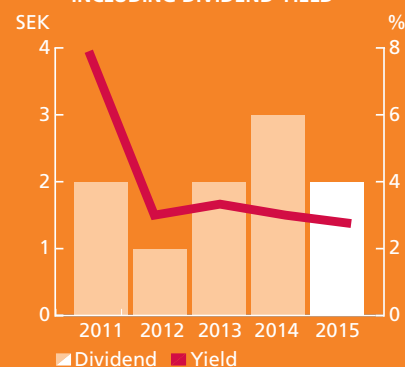
Source: Euroclear

GEOGRAPHIC DISTRIBUTION OF OWNERSHIP



| | |
|---------------|--------------|
| Sweden | 61,1 (41,1)% |
| UK | 12,1 (20,7)% |
| North America | 9,8 (21,3)% |
| Luxemburg | 9,0 (7,0)% |
| Finland | 2,4 (3,9)% |
| Others | 5,6 (6,0)% |

DIVIDEND PER SHARE INCLUDING DIVIDEND YIELD



Share price trend and turnover

The price trend for the Haldex share was characterised by volatility in 2015. The highest price paid during the year was SEK 140.00 on April 27 and the lowest was SEK 72.25 on December 14. In total, the Haldex share price fell by 22 percent (+70) in 2015. This can be compared with the Nasdaq Stockholm General Index, which rose by 6.1 (15.8) percent and the Nasdaq Stockholm Industrial Index (the sector that includes Haldex), which rose by 8.6 (16.0) percent over the same period. The closing price for the Haldex share at the end of the financial year was SEK 79.50 (101.75). At year-end, total market capitalization was SEK 3,515 (4,499) m.

In 2015, a total of 57.5 (49.3) million Haldex shares were traded, representing an average turnover of 229,170 (135,054) shares per day. The turnover rate rose to 130 (111) over the year.

Total return

The total return on the Haldex share in 2015 fell to 80 (175) percent, compared with the SIXRX¹⁾ index, for which the corresponding figure was 110 percent. Over the past five years, the Haldex share has had a total return of 151 percent. The corresponding figure for SIXRX is 65 percent and for the SX2000 Stockholm Industrials (the sector that includes Haldex), 46 percent.

Incentive programs

The Annual General Meetings in 2013 and 2014 resolved to introduce incentive programs for senior executives and key personnel, LTI2013 and LTI2014. The programs are based on whether certain performance targets are achieved during the financial year in question. If so, the participants in the programs are awarded a variable remuneration at the start of the following year, 60 percent of which is to be distributed in cash and 40 percent in the form of employee stock options. These options are designed as conditional, non-transferable deferred

rights to receive, free of charge, one ordinary share in Haldex for each performance right, automatically after four years.

The terms of the LTI2013 and LTI2014 programs are four years respectively, with vesting occurring during the performance year. After the end of the performance year, any cash amount in variable remuneration is paid and any share amounts are allotted. Subsequent to the allotment of any share amount, performance rights will be awarded to participants, after which a deferral period of three years ensues, before the final transfer of performance shares to the participants is made. This is expected to occur after the 2017 and 2018 Annual General Meetings respectively, and by the end of June in the year in question.

The 2015 Annual General Meeting resolved to introduce an additional incentive program (LTI2015), which is essentially equivalent in design to the previous two incentive programs. However, LTI2015 has not generated any outcome.

Shareholders

The number of shareholders in Haldex rose by 32 percent in 2015 to a total of 18,179 by the end of the year. Combined, the ten largest shareholders held 29.6 (29.7) percent of the capital and the same proportion of votes. Göran Carlson remains the largest shareholder with 5.7 percent of votes. His shares are registered in a custodial account and are reported under the name of Skandinaviska Enskilda Banken.

In 2015, foreign ownership declined to a total of 40.2 (59.5) percent at year-end. The largest foreign shareholders are still to be found in North America and the UK.

Dividends and dividend policy

The Board of Directors' policy for the distribution of unrestricted capital to shareholders is to transfer at least a third of annual earnings after tax over a business cycle to shareholders through dividends and share repurchases, taking the forecast financial position into account.

KEY FIGURES PER SHARE

| SEK | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------|-------|--------|-------|-------|-------|
| Earnings, SEK | 4.28 | 2.32 | 0.80 | 1.12 | 46.94 |
| Dividend, SEK | 2.00 | 3.00 | 2.00 | 1.00 | 2.00 |
| Share price at year-end, SEK | 79.50 | 101.75 | 60.00 | 33.50 | 25.20 |
| Equity, SEK | 31.46 | 28.48 | 26.06 | 25.53 | 30.20 |
| EBIT multiple | 9 | 12 | 11 | 9 | 7 |
| P/E ratio | 18 | 42 | 70 | 27 | 8 |
| Dividend ratio, % | 47 | 129 | 250 | 89 | 4 |
| Yield, % | 2.5 | 3.0 | 3.3 | 3.0 | 7.9 |
| Total return, % | 80 | 175 | 185 | 137 | 26 |
| Share price/equity, % | 253 | 357 | 230 | 131 | 82 |

SHAREHOLDERS AND NUMBER OF SHARES

| SEK | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------|--------|--------|--------|--------|
| Number of shareholders | 18,179 | 13,821 | 13,546 | 13,366 | 13,348 |
| Average no. of shares, thousands | 44,204 | 44,204 | 44,206 | 44,216 | 44,133 |
| Total number of shares at year-end, thousands | 44,216 | 44,216 | 44,216 | 44,216 | 44,216 |



For the 2015 financial year, the Board of Directors intends to propose to the Annual General Meeting that an ordinary dividend of SEK 2.00 (3.00) be paid per share.

External communication

Representatives from Haldex regularly meet with analysts, investors and shareholders to provide an ongoing overview of developments over the financial year. The published interim and annual reports are sent to shareholders on request. These documents can also be downloaded in PDF format from Haldex's website and via external actors, such as the website of

TEN LARGEST SHAREHOLDERS AS PER DECEMBER 31, 2015

| Shareholder | Number of shares | % of votes and capital |
|---|-------------------|------------------------|
| Skandinaviska Enskilda banken | 2,574,573 | 5.8 |
| Afa Försäkring | 2,114,791 | 4.8 |
| Carnegie fonder | 1,604,190 | 3.6 |
| Handelsbanken Fonder | 1,504,281 | 3.4 |
| CBNY-NORGES BANK | 1,396,772 | 3.2 |
| CBNY-DFA-INT SML CAP V | 1,170,266 | 2.6 |
| Försäkringsaktiebolaget, Avanza Pension | 1,048,365 | 2.4 |
| Enter Fonder | 991,741 | 2.2 |
| Didner & Gerge Fonder Aktiebolag | 917,661 | 2.1 |
| Länsförsäkringar Fondförvaltning AB | 683,580 | 1.6 |
| Total, ten largest shareholders | 14,006,220 | 31.7 |
| Others | 30,198,045 | 68.3 |
| Haldex AB | 11,705 | 0.0 |
| Total | 44,215,970 | 100.0 |

Source: Euroclear

OWNERSHIP STRUCTURE DECEMBER 31, 2015

| Holding | Number of shareholders | Number of shares | Holding, % |
|-----------------|------------------------|-------------------|--------------|
| 1 – 500 | 12,445 | 2,289,219 | 5.2 |
| 501 – 1,000 | 2,795 | 2,374,263 | 5.4 |
| 1,001 – 5,000 | 2,366 | 5,429,618 | 12.3 |
| 5,001 – 10,000 | 280 | 2,110,196 | 4.8 |
| 10,001 – 15,000 | 77 | 1,007,290 | 2.3 |
| 15,001 – 20,000 | 41 | 767,569 | 1.7 |
| 20,001 – | 175 | 30,237,815 | 68.4 |
| Total | 18,179 | 44,215,970 | 100.0 |

Source: Euroclear

Swedish financial daily Dagens Industri. Press releases, interim and annual reports are published on Haldex's website in Swedish and English. The website also offers subscription for these documents.

The most common questions from analysts and investors:

How is the market in North America developing?

The North American market had a very good year in 2015 and is expected to develop more weakly in 2016. It is nonetheless expected to be a year of continued high production volumes in absolute terms. In comparison with the previous year, however, truck production is expected to fall by 18 percent and trailer production by 8 percent.

How is the product recall progressing?

The product recall is progressing according to plan. The most difficult phase of the product recall has been completed, although many customers still have a large number of vehicles on which the actuators have yet to be exchanged.

How are the negotiations on future disc brake contracts progressing?

Negotiations are underway with a number of major truck manufacturers and we hope to sign a so-called development contract. This provides no guaranteed income, but entail Haldex customising its disc brake to the customer's environ-

ment and conducting a number of joint tests. Development contracts usually take a few years before hopefully resulting in a production agreement. The signing of a development contract could lead to revenues in about 2020. Haldex currently has no disc brake contract with a truck manufacturer, only with trailer manufacturers, so this would be a major strategic step forward for the company.

ANALYSTS WHO MONITOR HALDEX REGULARLY

| Investment bank | Analyst/s |
|------------------------------|--------------------------------|
| ABG Sundal Collier | Oscar Svensson |
| Carnegie | Kenneth Toll Johansson |
| Handelsbanken Capital Market | Carl Bertilsson |
| Nordea | Erik Golrang |
| Remium Nordic | |
| SEB Enskilda | Olof Larshammar / Anders Trapp |
| Swedbank | Mats Liss |

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Consolidated income statement

| Amounts in SEK m | Note | 2015 | 2014 |
|---|-------------------------|--------------|--------------|
| Net sales | 5 | 4,777 | 4,380 |
| Cost of goods sold | 14 | -3,418 | -3,142 |
| Gross income | | 1,359 | 1,238 |
| Selling expenses | 14 | -431 | -383 |
| Administrative expenses | 13, 14 | -318 | -301 |
| Product development expenses | 14 | -193 | -173 |
| Other operating income and expenses | 6, 9 | -92 | -148 |
| Operating income | 6, 7, 8, 10, 11, 12, 19 | 325 | 233 |
| Interest income | 15 | 1 | 1 |
| Interest expenses | 15 | -27 | -26 |
| Other financial items | 15 | -28 | -3 |
| Income before tax | | 271 | 205 |
| Tax | 16 | -80 | -98 |
| Net income | | 191 | 107 |
| <i>Attributable to:</i> | | | |
| Shareholders of the Parent Company | | 189 | 102 |
| Non-controlling interests | | 2 | 5 |
| Earnings per share, SEK (before and after dilution) | | 4,28 | 2.32 |
| Average number of shares, thousands | | 44,204 | 44,204 |

Consolidated statement of comprehensive income

| Amounts in SEK m | Note | 2015 | 2014 |
|---|--------|------------|------------|
| Net income | | 191 | 107 |
| Other comprehensive income | | | |
| <i>Items not to be reclassified to the income statement:</i> | | | |
| Remeasurement of pension obligation, after tax | 16, 30 | 22 | -71 |
| Total | | 22 | -71 |
| <i>Items that may be reclassified subsequently to the income statement:</i> | | | |
| Change in hedging reserves, after tax | 16 | 8 | 0 |
| Change in financial assets available for sale, after tax | 16, 22 | -6 | 0 |
| Currency translation differences | | 49 | 190 |
| Total | | 51 | 190 |
| Total other comprehensive income | | 73 | 119 |
| Total comprehensive income | | 264 | 226 |
| <i>Attributable to:</i> | | | |
| Shareholders of the Parent Company | | 261 | 218 |
| Non-controlling interests | | 3 | 8 |

Consolidated statement of financial position

| Amounts in SEK m | Note | December 31, 2015 | December 31, 2014 |
|--|------------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 17 | 418 | 408 |
| Other intangible assets | 17 | 64 | 58 |
| Tangible assets | 18 | 479 | 449 |
| Financial assets | 22 | 63 | 68 |
| Deferred tax assets | 20 | 153 | 165 |
| Total non-current assets | 23 | 1,177 | 1,148 |
| Current assets | | | |
| Inventories | 26 | 571 | 544 |
| Accounts receivable | 4, 25 | 545 | 587 |
| Other current receivables | 27 | 218 | 200 |
| Derivate instruments | 21, 22, 25 | 40 | 20 |
| Cash and cash equivalents | 28 | 304 | 437 |
| Total current assets | 23 | 1,678 | 1,788 |
| TOTAL ASSETS | 5 | 2,855 | 2,936 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 221 | 221 |
| Share premium | | 491 | 491 |
| Retained earnings | | 676 | 547 |
| Attributable to shareholders of the Parent Company | | 1,388 | 1,259 |
| Attributable to non-controlling interests | | 19 | 19 |
| Total equity | | 1,407 | 1,278 |
| Non-current liabilities | | | |
| Non-current interest-bearing liabilities | 25, 29 | 270 | 270 |
| Pensions and similiar obligations | 30 | 368 | 400 |
| Deferred tax liabilities | 20 | 16 | 12 |
| Other non-current liabilities | | 38 | 36 |
| Total non-current liabilities | 24 | 692 | 718 |
| Current liabilities | | | |
| Current interest-bearing liabilities | 25 | 3 | 15 |
| Accounts payable | 25 | 390 | 457 |
| Derivative instruments | 21, 22, 25 | 29 | 38 |
| Provisions | 31 | 166 | 184 |
| Other current liabilities | 32 | 168 | 246 |
| Total current liabilities | 24 | 756 | 940 |
| TOTAL EQUITY AND LIABILITIES | | 2,855 | 2,936 |
| Pledged assets | | None | None |
| Contingent liabilities | | 3 | 3 |

Statement of changes in equity

| Amounts in SEK m | Share capital | Share premium | Translation reserve | Hedging and fair value reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|--|---------------|---------------|---------------------|--------------------------------|-------------------|--------------|--------------------------|--------------|
| Opening balance January 1, 2014 | 221 | 491 | -250 | -2 | 676 | 1,136 | 16 | 1,152 |
| Net income | | | | | 102 | 102 | 5 | 107 |
| <i>Other comprehensive income</i> | | | | | | | | |
| Currency translation differences of net assets | | | 187 | | | 187 | 3 | 190 |
| Remeasurement of pension obligation, after tax | | | | | -71 | -71 | | -71 |
| Change in hedging reserve, after tax | | | | 0 | | 0 | | 0 |
| Change in financial assets available for sale, after tax | | | | 0 | | 0 | | 0 |
| Total other comprehensive income | - | - | 187 | 0 | -71 | 116 | 3 | 119 |
| Total comprehensive income | - | - | 187 | 0 | 31 | 218 | 8 | 226 |
| <i>Transactions with shareholders</i> | | | | | | | | |
| Dividend | | | | | -89 | -89 | -5 | -94 |
| Share swap incentive program (see note 11) | | | | | -8 | -8 | | -8 |
| Value of employee services/incentive programs | | | | | 2 | 2 | | 2 |
| Total transactions with shareholders | - | - | - | - | -95 | -95 | -5 | -100 |
| Closing balance December 31, 2014 | 221 | 491 | -63 | -2 | 612 | 1,259 | 19 | 1,278 |
| Opening balance January 1, 2015 | 221 | 491 | -63 | -2 | 612 | 1,259 | 19 | 1,278 |
| Net income | | | | | 189 | 189 | 2 | 191 |
| <i>Other comprehensive income</i> | | | | | | | | |
| Currency translation differences of net assets | | | 48 | | | 48 | 1 | 49 |
| Remeasurement of pension obligation, after tax | | | | | 22 | 22 | | 22 |
| Change in hedging reserve, after tax | | | | 8 | | 8 | | 8 |
| Change in financial assets available for sale, after tax | | | | -6 | | -6 | | -6 |
| Total other comprehensive income | - | - | 48 | 2 | 22 | 72 | 1 | 73 |
| Total comprehensive income | - | - | 48 | 2 | 211 | 261 | 3 | 264 |
| <i>Transactions with shareholders</i> | | | | | | | | |
| Dividend | | | | | -133 | -133 | -3 | -136 |
| Value of employee services/incentive programs | | | | | 1 | 1 | | 1 |
| Total transactions with shareholders | - | - | - | - | -132 | -132 | -3 | -135 |
| Closing balance December 31, 2015 | 221 | 491 | -15 | 0 | 691 | 1,388 | 19 | 1,407 |

Consolidated statement of cash flow

| Amounts in SEK m | 2015 | 2014 |
|--|-------------|-------------|
| Cash flow from operating activities | | |
| Operating income | 325 | 233 |
| Reversal of non-cash items | 139 | 252 |
| Interest paid | -28 | -28 |
| Tax paid | -87 | -101 |
| Cash flow from operating activities before changes in working capital | 349 | 356 |
| <i>Change in working capital</i> | | |
| Current receivables | 11 | -56 |
| Inventories | -20 | -1 |
| Current liabilities | -120 | 136 |
| <i>Change in working capital</i> | -129 | 79 |
| Cash flow from operating activities | 220 | 435 |
| Cash flow from investment activities | | |
| Investments | -174 | -173 |
| Divestment of tangible assets | - | 22 |
| Cash flow from investment activities | -174 | -151 |
| Cash flow from financing activities | | |
| Dividend to Haldex's shareholders | -133 | -89 |
| Dividend to non-controlling interests | -3 | -5 |
| Change of interest-bearing liabilities | -43 | -114 |
| Share swap incentive program | - | -8 |
| Cash flow from financing activities | -179 | -216 |
| Change in cash and cash equivalents, excl. currency translation differences | -133 | 68 |
| Cash and cash equivalents, opening balance | 437 | 323 |
| Currency translation difference in cash and cash equivalents | 0 | 46 |
| Cash and cash equivalents, closing balance | 304 | 437 |

NOTE 1 GENERAL INFORMATION

Haldex AB (Parent Company) and its subsidiaries constitute the Haldex Group. Haldex provides proprietary and innovative brake and suspension systems 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 Stockholm, Mid-Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The consolidated financial statements of Haldex have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council RFR 1 "Supplementary accounting regulations for Groups" were applied. This note contains a description of the most important accounting policies applied in the preparation of the consolidated financial statements, and the policies have been applied consistently for presented years.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. This means that the financial statements 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 financial assets available for sale and certain financial assets and liabilities (including hedge instruments) that are recognized at fair value. The income statement has been prepared in a function of expense format in accordance with IAS 1, which reflects the internal reporting and provides an accurate overview of the Group's income.

Consolidated financial statements

Subsidiaries

The consolidated financial statements include the Parent Company and those companies over which the Parent Company exercises direct or indirect control. Controlling influence entails an ability to exert power over the investee in order to affect the investee's returns, and to be exposed/entitled to variable return from the involvement in the investee. The definition of controlling influence is in accordance with IFRS 10, which came into effect on January 1, 2014. The amendment of the standard in 2014 led to no change in the company's accounting and reporting compared with previously.

Subsidiaries are included in the Group as of the date 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.

The purchase method is used for the recognition of the Group's 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. Identifiable acquired assets and liabilities transferred 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. Non-controlling interest is recognized as a separate line item under equity.

Acquisition-related costs are expensed when they arise.

If a business combination is completed in several steps, the previous equity interest in the acquired company is measured at fair value at the date of the acquisition. Any gain or loss arising is recognized in the income statement.

Goodwill is initially measured as the amount by which the total purchase consideration and the fair value of non-controlling interest exceeds the value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in the income statement.

Intra-Group transactions, balance sheet items and income and costs for intra-Group transactions are eliminated in the consolidated financial statements. Gains and losses resulting from intra-Group transactions,

which are recognized in assets, are also eliminated. It is worth mentioning that specific Group-internal transactions in 2015, partly involved the relocation of production from Germany to Hungary in connection with the adopted restructuring program, and the Group-internal restructuring of intangible assets with a view to better reflecting the assumed footprint of the operations.

Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's accounting policies.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In the event of an acquisition 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.

Translation of foreign currency

Functional currency and presentation currency

Financial items included in the financial statements of the different entities of Haldex are valued in the currency used in the primary economic environment of each company's operations (functional currency). The consolidated financial statements of the Group are prepared in Swedish kronor (SEK), which is the Group's presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are translated into functional currency using the exchange rates from the date 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. An exception is made when transactions fulfill the requirements for hedge accounting, whereby gains and losses are recognized against other comprehensive income after adjustment for deferred taxes.

Subsidiaries

The balance sheets and income statements of subsidiaries, using another functional currency than the presentation currency of the Group, are translated into SEK in the consolidated financial statements. This is carried out by translating assets and liabilities at the closing rate and income and expenses at the average rate during the year. Translation differences arising from translations are recognized as separate items in other comprehensive income. 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 other comprehensive income.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting presented to the chief operating decision maker of the Group. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the segments' earnings. For Haldex, this function has been identified as the President. For further information about the segment reporting of Haldex, see note 5, page 46.

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

Revenue recognition

Revenue comprises the fair value of the amount that has been received, or will be received for a certain transaction. The revenue is accounted for when the value can be measured with reliability and it is probable that the future economic benefits will gain the Group.

Sales of goods and services

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

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Product development costs

Research and development work is an essential part of Haldex's long-term operations and the Group's annual product development costs are sizable. Development cycles are often quite long and, moreover, not all development results in commercialization. Consequently, the correlation is normally not strong between the sales reported for a given year and the costs incurred during that year for product development. As a result, Haldex has chosen to recognize product development costs specifically under a separate heading in the income statement organized by function, with the aim of distinguishing long-term investments in products essential for Haldex's future earnings and the annual costs for these.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement, apart from when underlying transactions are recognized in other comprehensive income or directly in equity, whereby the related tax effect is also recognized in other comprehensive income or 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.

For further disclosures regarding the testing of deferred tax assets and unrealized taxes attributable to tax-loss carryforwards, please refer to note 3 on page 43 and note 20 on page 53.

Intangible assets

Goodwill

Goodwill is the amount by which the acquisition cost of an asset exceeds the fair value of identifiable acquired net assets. 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.

The balance of goodwill is primarily attributable to the Group's earlier acquisitions of Midland-Grau and Neway/Anchorlok. These acquisitions have been integrated into the Group's operations for many years, and, as per the balance sheet date, the value of goodwill at the lowest cash-generating unit is tested. For Haldex, this means that the impairment test is performed for the entire Group, that is, at the

segment level. For additional information on goodwill and its impairment testing, please refer to note 3 on page 43.

Brands, licenses and patents

Brands, licenses and patents are recognized at acquisition value less accumulated amortization and any impairment losses. Brands, licenses and patents, which are acquired through business acquisitions, are recognized at fair value on the day of acquisition. These intangible assets 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 and 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 thereafter 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.

Product development

Expenditure for research and development is expensed when it arises. Expenditures are capitalized in the balance sheet, to the extent, and from the time a development phase meets all of the following criteria:

- It is technical possible to complete the asset so it can be commercialized.
- The Group intends to complete the asset and there are opportunities to use/sell it.
- The Group can demonstrate how the asset is expected to generate probable future economic benefits; based on business plans, budgets and/or forecasts of estimated future revenues.
- There are available adequate technical, financial and other resources to complete the development and to use/sell the asset.
- The Group is able to reliably calculate the expenditure attributable to the intangible asset during its development, which is achieved through project reporting and feedback on the phase to which a specific project has progressed.

The Group applies a concrete project management model, in which a development project undergoes certain specific activities and assessments to qualify to the next level. In all, a project is assessed at six different qualifying levels and, at each level, a specific assessment is made of all identified requirements, before a decision is made regarding whether the project should proceed. In terms of capitalization, a project to develop a new product meets the above criteria when it has reached Gate 2 (level 3).

Intangible product development assets are recognized at 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 normally not assessed as exceeding five years.

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 straight-lined over the expected useful life (3–5 years). In 2015, the Group launched a project to upgrade the existing ERP system. Costs for development and adaptation have been capitalized to the extent they meet the criteria under IFRS and to the extent the system is deemed to be of significant future value to the Group when fully implemented.

Tangible assets

Tangible assets consist of buildings (offices, factories, warehouses), land and land improvements, machines, tools, installations and equipment. These assets are measured at acquisition value less depreciation and any impairment losses.

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The initial acquisition value includes expenses directly attributable to the purchase of an asset. Subsequent expenditures for tangible assets are added to the carrying amount or recognized as a separate asset, depending on which is suitable and only if it is probable that the future economic benefits associated with the asset will flow to the Group. The carrying amount of replaced items is derecognized from the balance sheet. All other forms of maintenance and repairs of tangible assets are expensed in the income statement as incurred.

Scheduled depreciation is based on the acquisition value and estimated useful life of the assets. The depreciations are straight-line and based on the following useful life: Buildings are depreciated over 25–50 years, machinery and equipment are usually depreciated over 3–10 years, while heavier machinery has an economic life of up to 20 years. Land is not depreciated.

The assets' residual values and useful lives are reassessed every closing date and adjusted if needed. The carrying amount is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. See section relating to impairment.

Leasing

Leasing is classified in the consolidated financial statements as either financial leasing or operational leasing, depending on whether the lessor retains all essential risks and benefits associated with ownership of the underlying asset or not.

A requirement for the reporting of financial leasing is that the leased asset shall be posted as an asset item in the balance sheet at the inception of the lease period, and that the leasing obligation shall be recognized as a liability in the balance sheet. The 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 then expensed in the income statement in line with the terms of the lease.

Financial instruments

Financial instruments are recognized in the balance sheet when the Group becomes a party to the contractual conditions of the instrument. The instruments are initially recognized at fair value and subsequently at fair value or amortized cost depending on their classification. Gains and losses due to changes in fair value of financial instruments measured at fair value through profit and loss, are recognized in profit and loss in the period when they occur. Changes in fair value of financial assets available for sale are recognized in other comprehensive income. On balance sheet date there is an assessment whether any financial instrument has been impaired. Financial instruments are derecognized from the balance sheet when the benefits and risks have been transferred to a counterparty or when the obligations have been met.

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 Group's financial assets are actual bid prices; quoted market rates used for financial liabilities are actual asked prices. The instruments held by the Group are traded in an active and/or observable market.

Classification

The Group classifies its financial instruments in the following categories: financial assets and financial liabilities valued at fair value through profit or loss, loans and accounts receivable, financial assets available for sale and financial liabilities at amortized cost. 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 on each reporting occasion.

Financial instruments measured at fair value through profit or loss

This category has two sub-categories: financial instruments held for sale and instruments that are initially attributed to the category measured at fair value through profit or loss. A financial instrument 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 management. Derivative instruments are also categorized as being held for sale, assuming that they have not been identified as hedging instruments. Financial instruments within this category are classified as current if they are expected to be realized within one year, otherwise they are classified as non-current.

Loan receivables and accounts receivable

Loan 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 cash or cash equivalent, 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 twelve months after the closing date, which are classified as fixed assets.

Financial assets available for sale

Financial assets available for sale are non-derivative assets designated as available for sale. The instruments are classified as non-current if the management does not have the intention to realize them within one year.

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: hedging of the fair value of assets or liabilities; hedging of forecast cash flows or 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.

Hedging of fair value

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.

Hedging of cash flow

Cash flow hedging is applied for future flows within the operating business. 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 expected to occur, the accumulated profit or loss recognized in equity is immediately transferred to the income statement.

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

Hedging of net investments

Accumulated gains and 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.

Impairment

Impairment of intangible and tangible assets

Intangible assets with an indefinite useful life or not fully recognized assets, are not amortized but are tested for impairment annually. For Haldex, these assets are primarily related to goodwill and the value of capitalized development projects. For further information on the testing of these specific assets, refer to note 3 on page 43.

All intangible and tangible assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment losses are recognized at the value by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset is the highest value of fair value less selling costs and value in use. On each balance sheet date, an assessment is conducted to conclude if any impairment losses can be reversed due to changes in the recoverable amount. However, this is not applicable to goodwill.

Impairment of financial assets

Financial instruments carried at amortized cost are tested for impairment as soon as there are objective evidence indicating an impairment loss. The objective evidence shall be a result from the occurrence of one or more events after the asset was initially recognized, the events shall have an impact on estimated future cash flow for the asset and it can be measured reliably. On each balance sheet date, an assessment is conducted to conclude if any impairment of financial assets can be reversed.

An assessment is also conducted on the balance sheet date to conclude whether there is objective evidence indicating an impairment of financial assets available for sale. For equity instruments in this category, a significant or prolonged decline in the fair value of the instrument is seen as objective evidence for impairment. If such evidence exist, the loss will be removed from other comprehensive income and recognized in the income statement. Impairment of equity instruments, which were previously recognized in profit or loss, are not reversed through the income statement.

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). The net realizable value is based on the estimated selling price less applicable variable selling expenses.

Accounts receivable

Accounts receivable are initially recognized at fair value, and thereafter at amortized cost using the effective interest method. The balance sheet value is also reduced by provisions for doubtful receivables. Haldex applies recommended guidelines for the impairment of accounts receivable exceeding certain age ranges, guidelines that may/should be disregarded if so approved by someone with the appropriate authority and based on individual customer evaluation. Provisions for doubtful receivables should always be based on an assessment at the level of the individual customer. For information on the reporting of accounts receivable and the inherent credit risk, refer to note 4 on page 45.

Cash and cash equivalents

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

Accounts payable

Accounts payable is initially recognized at fair value, and thereafter at amortized cost using the effective interest method.

Receivables and liabilities

Receivables and liabilities in foreign currencies are valued at the closing rate. Exchange gains and losses pertaining to operational currency flows are recognized in operating income, while exchange rate differences on financial balance sheet items are classified in financial income and expenses. Current and non-current interest-bearing liabilities are recognized in the balance sheet at nominal value.

Provisions

Provisions are recognized in the balance sheet when the Group has legal or constructive future obligations resulting from an event that is likely to result in expenses that can be reasonably estimated. The provisions recognized in Haldex's balance sheet are primarily attributable to product-related warranty provisions and restructuring reserves. Warranty provisions consist partly of an initial reserve based on experience, as well as specific reserves based on the best estimate of costs for measures of identified product deviations. 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.

Provisions are reviewed regularly and adjusted as soon as further information is available or circumstances change. For additional information concerning warranty provisions, refer to note 3 on page 44.

Employee benefits

Pension obligations

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 pensions and similar obligations. All changes in the net defined-benefit liability are recognized as they occur, either as service cost and net interest in the income statement; or as remeasurements of both defined-benefit obligations and plan assets in other comprehensive income.

Share-based payment

The 2013 and 2014 Annual General Meeting respectively resolved on incentive programs for senior executives and other key employees. In brief, the incentive programs stipulates that if certain performance targets were achieved during the financial year in question the participants were awarded by a variable remuneration in the ensuring year, of which 60 percent was paid in cash and 40 percent was 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 2018 respectively, 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.

During spring 2014 and 2015 respectively the cash proportion of the incentive programs was paid out and stock options were registered. A new incentive program was resolved on at the 2015 Annual General Meeting with the same content as previous years. However, this program has not generated any outcome. For more information, see note 11 on page 48.

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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.

Government grants

Government grants are recognized at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants connected to the acquisition of non-current assets have 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. Government grants providing compensation for expenses are, when possible, recognized in the same period as the expenses they offset.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The standards, amendments and interpretations that became effective for the fiscal year commencing on January 1, 2015 have had no material impact on the Group's financial statements.

New standards and interpretations of existing standards not yet adopted by the Group

A number of new standards and interpretations enter into force for fiscal years beginning after January 1, 2015 and were not applied in the preparation of these financial statements. None of these are expected to have any material impact on the Group's financial statements with the exception of those detailed below:

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The full version

of IFRS 9 was issued in July 2014. It replaces the components of IAS 39 that regulate the classification and measurement of financial instruments. The standard is to apply to fiscal years beginning on or after January 1, 2018. Advance application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15 Revenue from Contracts with Customers regulates the manner in which revenue is to be recognized. The principles on which IFRS 15 is based aim to provide users of financial reports with more useful information on the company's revenues. The expanded disclosure obligation entails that information must be submitted concerning the category of revenue, settlement date, uncertainty linked to revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS 15, revenue must be recognized when the customer gains control of the sold goods or services and has the opportunity to use or benefit from the goods or services. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC guidance. IFRS 15 comes into effect on January 1, 2018. Advance application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 16 Leases. In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. EU has not yet adopted the standard. The Group has not yet assessed the impact of IFRS 16.

No other IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

NOTE 3 IMPORTANT ESTIMATIONS AND ASSESSMENTS

The consolidated financial statements contain estimations and assessments about the future, which are based on both historical experience and expectations about the future. These estimations and assessments impact the accounted value of assets and liabilities as well as income and costs. The actual outcome may diverge from these estimates if other assumptions are made or other conditions arise. The areas where the risk of future adjustments of carrying amounts are the highest are detailed in this note.

Goodwill

During 2015, the Group's total goodwill, which amounted to SEK 418 (408) m at December 31, was impairment tested. The impairment testing is conducted by discounting expected future cash flows, as determined in the business plans and strategies and thus arriving at a value. The value is placed in relation to the carrying amount of the Group's goodwill. Haldex's 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 among other factors Haldex's historical financial performance and chosen strategies 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) percent. 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 9.0 (8.8) percent. WACC before tax is equivalent to 13.2 (13.5) percent. 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: 7.5 (6.9) percent
- Beta: Established beta for Haldex
- Interest expense: 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 2015 and 2014 revealed no impairment requirement. A change in the discount interest rate by 1 percent or a decrease in cash flow by 10 percent would not change the outcome of the testing. Goodwill represents approximately 30 (32) percent of the Group's equity per December 31.

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 and/or costs diverge negatively from the predictions, an impairment loss could arise.

Since development projects are considered to be a normal part of Haldex's daily business, impairment tests are generally carried out with the same assumptions (WACC) as the impairment test for goodwill. However, since individual risk assessment point 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 an assessed lower risk. In 2015, an WACC of 9.9 (9.9) percent after tax was used. WACC before tax is equivalent to 14.7 (15.2) percent.

Net value of capitalized development costs represents SEK 47 (56) m, approximately 3 (4) percent of the Group's equity per December 31.

NOTE 3 CONTINUED IMPORTANT ESTIMATIONS AND ASSUMPTIONS

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. Haldex 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.

Tax assets are carefully assessed in order to estimate the Group's ability to realize these, particularly when it comes to deferred tax assets and the possibility to utilize them for settlement against future taxable gains. The fair value of taxable assets may diverge in the future depending on changes in adopted earnings and/or tax regulations. At December 31, the capitalized value of deferred tax assets was SEK 153 (165) m, equivalent to 11 (13) percent of the Group's equity.

Warranty reserves

The Group continuously assesses the value of warranty reserves in relation to the estimated need. In late 2014, Haldex began a field

inspection, followed by a product recall of one version of the Company's actuators on the North American market. The inspection identified an error that can occur under certain special conditions. The cost was estimated at SEK 65 m, which impacted net income in Q4 2014 as a one-off item. According to calculations based on actual outcomes and the measures taken, a new estimate was made in September 2015. In total 159,000 actuators was estimated to be affected by the recall, which put the expected total cost at USD 20 m (SEK ~170 m), with USD 11 m (SEK 96 m) impacting 2015. At December 31, the total warranty reserve was equivalent to SEK 129 (129) m, corresponding 2.7 (2.9) percent of net sales. 1.3 (1.5) percent of this is related to the field inspection campaign described above. For further information, refer to note 31, page 58.

Pensions

The pension liabilities recognized in the balance sheet are estimated by actuaries and based on annual assumptions. These assumptions are described in note 30 on page 56-57. A 0.25 percent change in the utilized discount rate for each particular country affects the present value of the Group's pension obligations by approximately SEK 29 (31) m.

NOTE 4 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's 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 consolidated statement of financial position in the form of transaction risks and translation risks.

Transaction risks

The Group's net flows of payments in foreign currencies give rise to transaction risk. In 2015, the value of net flows in foreign currencies totalled approximately SEK 269 (259) m. The currency flows with the largest potential impact on earnings are the flows of EUR/SEK, USD/CAD and EUR/GBP. An exchange rate difference of 10 percent in these currency flows have approximately the below specified effect on the future net profit. All presented numbers are pre consideration of hedges done in accordance with the Treasury policy.

| SEK m | 2015 | 2014 |
|---------|--------|--------|
| EUR/SEK | -/+ 26 | -/+ 23 |
| USD/CAD | +/- 12 | +/- 12 |
| EUR/GBP | -/+ 19 | -/+ 10 |

The translation effect on operating receivables and liabilities as well as on financial assets and liabilities, in relation to a currency other than the respective local functional currency, is SEK 4 (0) m in the event of a weakening/strengthening of 10 percent of the underlying currency. Equity would be SEK 18 (22) m higher/lower in the event of a strengthening/weakening of 10 percent of the underlying rates on cash flow hedges.

In accordance with the current Treasury policy, 70 percent of anticipated net flows for the estimated volumes during the forthcoming 6-month period and 30 percent for the coming 7-12 months are hedged, with a permissible deviation of +/-10 percent. At December 31, 2015, 45 (46) percent 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 2015 to hedge invoiced and forecasted currency flows. At December 31, these contracts had a nominal value of SEK 123 (174) m net and had a positive market value of SEK 9 (negative 2) m.

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

| December 31, 2015 | | | | | | December 31, 2014 | | | | | |
|------------------------------|---------------|---------------|----------|----------|----------|------------------------------|---------------|----------|----------|----------|------|
| SEK m | USD | HUF | CAD | GBP | EUR | USD | HUF | CAD | GBP | EUR | |
| Nominal amount | Net purchased | Net purchased | Net sold | Net sold | Net sold | Net purchased | Net purchased | Net sold | Net sold | Net sold | |
| Year of maturity 2016 | 71 | 16 | 75 | 45 | 90 | Year of maturity 2015 | 75 | 17 | 71 | 48 | 147 |
| Average exchange rate | 8.29 | 0.0303 | 6.49 | 12.86 | 9.37 | Average exchange rate | 6.87 | 0.0295 | 6.33 | 11.61 | 9.18 |
| Hedging of flows > 12 months | - | - | - | - | - | Hedging of flows > 12 months | - | - | - | - | - |
| Average exchange rate | - | - | - | - | - | Average exchange rate | - | - | - | - | - |

NOTE 4 CONTINUED FINANCIAL RISKS

stipulates that the Group's net debt shall be distributed in proportion to the capital employed per currency if certain predetermined levels are exceeded. 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 2015, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK 1,407 (1,278) m and was represented by the following currencies:

| SEK m | December 31, 2015 | December 31, 2014 |
|-------|-------------------|-------------------|
| SEK | 666 | 289 |
| USD | 260 | 626 |
| EUR | 73 | 29 |
| GBP | -23 | -106 |
| Other | 431 | 440 |

Sensitivity analysis show that the value of the net assets in each currency would be affected according to below, in the event of SEK would change by 5 percentage points in relation to the following currencies:

| SEK m | December 31, 2015 | December 31, 2014 |
|-------|-------------------|-------------------|
| USD | -/+ 13 | -/+ 31 |
| EUR | -/+ 4 | -/+ 1 |
| GBP | +/- 1 | +/- 5 |

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, 2015, 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 2015 was one month, 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, 2015, SEK 273 (285) m of the loan liability was subject to an average variable interest rate of 1.55 (3.71) percent. A change of one percentage point in the interest rate would affect the cost of the Group's borrowing by approximately SEK 2 (2) m after tax.

Credit risk

Credit risk arises when a party to a transaction cannot 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 insurances.

The Group's accounts receivable totalled SEK 545 (587) m 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 2015, no single customer accounted for more than 10 (10) percent of sales. The Group's customer losses normally total less than 0.1 percent of sales.

| Accounts receivable | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Not due or impaired | 490 | 513 |
| Due by 1-30 days and not impaired | 46 | 66 |
| Due by 31-60 days and not impaired | 13 | 12 |
| Due >60 days and not impaired | -6 | -5 |
| Impaired accounts receivable, gross value | 16 | 17 |
| Accounts receivable, gross value | 559 | 603 |
| Provisions for doubtful accounts receivable | -14 | -16 |
| Accounts receivable, net value | 545 | 587 |

The provisions for doubtful accounts receivable changed as follows:

| Provision for doubtful accounts receivable | 2015 | 2014 |
|--|------------|------------|
| January 1 | -16 | -14 |
| Impaired/provisions recognized in the income statement | -2 | -3 |
| Utilization of reserves attributable to identified bad debt losses | 2 | 2 |
| Reversal recognized in the income statement | 1 | 1 |
| Currency translation differences | 1 | -2 |
| December 31 | -14 | -16 |

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, before consideration of netting agreements, corresponded to SEK 40 (20) m at December 31. After consideration of netting agreements, the credit risk corresponded to SEK 13 (8) m. The corresponding risk for investments in credit institutions was SEK 304 (437) m, without taking possible off-setting opportunities into account.

Financing risk

The Group's financing risk is the risk that Haldex 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, 2015, 25 (100) percent of borrowing had a maturity longer than one year. The maturity structure was as follows: Year 2015 75 percent, year 2020 25 percent. See note 29, page 56. After year end has the syndicated credit facility been extended to year 2021. The syndicated credit facility amounts to EUR 90 m at present.

NOTE 4 CONTINUED FINANCIAL RISKS

Capital requirements and liquidity risk

From a Group perspective, Haldex has no regulatory capital requirements, except those stipulated by the Companies Act regarding the Parent Company's total equity in relation to its share capital. However, Haldex has set its own financial target with a capital structure and net debt/equity ratio of less than 1. This target was met by a good margin at year-end and the net debt/equity ratio was 0.24 (0.21).

Haldex's main sources of financing

| Nominal value | December 31, 2015 | December 31, 2014 |
|-----------------|-------------------|-------------------|
| Syndicated loan | 95 USD m | 95 USD m |
| Bond loans | 270 SEK m | 270 SEK m |

The purpose of the above specified net debt/equity ratio is essentially to have a strong and stable balance sheet, supporting operating activities and allowing for possible acquisitions and investments in future projects. The objective of the Group's capital structure is also to safeguard Haldex's ability to continue to operate the business so that the company can generate returns for shareholders and value for other stakeholders and to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group can change the level of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

With regard to the Group's liquidity risk, that is, the risk that it would not be possible to meet the Group's immediate capital needs, this is limited by maintaining sufficient cash and cash equivalents, as well as granted but unutilized credit facilities that can be used unconditionally. According to the finance policy, cash and cash equivalents and available long-term credit facilities must amount to at least 5 (5) percent of net sales. At year-end, these funds amounted to SEK 1,097 (1,179) m at year end, which is equivalent to 23 (27) percent of net sales.

NOTE 5 SEGMENT REPORTING

Haldex is recognized as a functional organization. The functional matrix structure provides a more focused support for the organization and these services will be 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 chief operating decision maker as one segment in the assessment of the Haldex performance.

Air Controls and Foundation Brake are the Group's two major product lines. Air Controls develops and manufactures products to improve brake systems' safety and driving qualities, such as treatment

and dehumidifying of compensated air, valves, ABS and EBS. Foundation Brake develops and manufactures products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators. However, since the two product lines have similar businesses, customers and long-term operational margins the two product lines are reported and assessed as one segment.

The top ten customers accounts for about a third of the sales, with no single customer accounting for more than 10 percent. The location of the customers forms the basis of sales by geographic area. 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

| | 2015 | 2014 | Change, nominal | Change, currency adjusted |
|------------------|--------------|--------------|--------------------|------------------------------|
| Air Controls | 2,065 | 1,960 | 5% | -6% |
| Foundation Brake | 2,712 | 2,420 | 12% | -1% |
| Total | 4,777 | 4,380 | 9% | -3% |

Breakdown by geographic area

| 2015 | North America | Europe | Asia and Middle East | South America | Total |
|----------------------------------|---------------|--------|-------------------------|---------------|--------------|
| Net sales | 2,641 | 1,573* | 430 | 133 | 4,777 |
| Assets | 1,239 | 1,178 | 354 | 84 | 2,855 |
| Investments (see note 17 and 18) | 73 | 88 | 11 | 2 | 174 |

| 2014 | North America | Europe | Asia and Middle East | South America | Total |
|----------------------------------|---------------|--------|-------------------------|---------------|--------------|
| Net sales | 2,280 | 1,522* | 376 | 202 | 4,380 |
| Assets | 1,104 | 1,388 | 320 | 124 | 2,936 |
| Investments (see note 17 and 18) | 44 | 87 | 8 | 8 | 147 |

* Of which net sales to Sweden amounts to SEK 71 (72) m.

NOTE 6 ONE-OFF ITEMS

Operating income includes the presented one-off items to the right. All one-off items are accounted for as other operating income and expenses in the consolidated income statement classified by function. For an alternative allocation of restructuring related costs per function, see note 8.

| | 2015 | 2014 |
|--|------------|------------|
| Operating income, incl. one-off items | 325 | 233 |
| Restructuring costs | -23 | -60 |
| Impairment/dispose of non-current assets | - | -52 |
| Product related warranty (see note 3) | -96 | -65 |
| Other | - | 2 |
| Operating income, excl. one-off items | 444 | 408 |

NOTE 7 EXPENSES BY NATURE

| | 2015 | 2014 |
|---|--------------|--------------|
| Direct material costs incl. inventory changes | 2,596 | 2,387 |
| Personnel costs | 935 | 887 |
| Depreciation (see note 17 and 18) | 139 | 137 |
| Other operating income and expenses | 782 | 736 |
| Total | 4,452 | 4,147 |

NOTE 8 ALTERNATIVE FUNCTION BY EXPENSE

Haldex announced a restructuring program in 2013, which included costs related to the work of consolidating central processes and functions, optimizing sales and administration costs, adjusting the European production structure, product rationalization measures and impairment testing of related non-current assets. From the start of the restructuring program to December 31, 2015 SEK 256 m has been recognized as costs, with SEK 106 m in restructuring costs and SEK 150 m in impairment/disposal losses. Out of these costs, SEK 112 m was recognized in 2014 and SEK 16 m in 2015. All these costs are classified in the category other income and expenses in the consolidated income statement on page 35. If all the restructuring program related costs

were allocated directly by function, the restructuring costs of Haldex would be allocated as follows:

| | 2015 | 2014 |
|-------------------------------------|-----------|------------|
| Cost of goods sold | 1 | 27 |
| Selling expenses | - | 1 |
| Administrative expenses | 15 | 56 |
| Product development expenses | - | 28 |
| Other operating income and expenses | - | 0 |
| Total | 16 | 112 |

NOTE 9 GOVERNMENT GRANTS

| | 2015 | 2014 |
|-------------------|----------|----------|
| Government grants | 7 | 5 |
| Total | 7 | 5 |

Credit for qualifying research and development expenditure (2015).

Government grants for business-related purchases, conditioned by previous non-current capital investments (2014).

NOTE 10 INFORMATION ON REMUNERATION TO SENIOR EXECUTIVES

| Amounts in SEK k | 2015 | | | 2014 | | |
|--|--|-----------------------|--------------|--|-----------------------|--------------|
| | Fixed remuneration incl. benefits/ Director fees | Variable remuneration | Pension | Fixed remuneration incl. benefits/ Director fees | Variable remuneration | Pension |
| Board of Directors | | | | | | |
| (6 members, of whom 2 women) | | | | | | |
| Göran Carlsson (Chairman) | 583 | - | - | 562 | - | - |
| Magnus Johansson | 263 | - | - | 255 | - | - |
| Staffan Jufors | 238 | - | - | 230 | - | - |
| Arne Karlsson | 313 | - | - | 305 | - | - |
| Carina Olson (from April 2015) | 133 | - | - | - | - | - |
| Annika Sten Pärson | 238 | - | - | 230 | - | - |
| Stefan Charette (to April 2015) | 130 | - | - | 255 | - | - |
| Cecilia Löf (to April 2015) | 105 | - | - | 105 | - | - |
| Total | 2,003 | - | - | 1,942 | - | - |
| President | | | | | | |
| Bo Annvik | 4,669 | 391 | 1,083 | 4,436 | 1,350 | 996 |
| Other senior executives (Group Management) | | | | | | |
| 9 (9) people, of whom 2 (1) women at year end 2015 | | | | | | |
| | 15,365 | 188 | 3,137 | 15,140 | 4,090 | 3,315 |
| Total | 20,034 | 579* | 4,220 | 19,576 | 5,440* | 4,311 |

*Costs related to share-based remuneration are included in the amount of SEK 579 (1,355) k and the value is related to LTI2013 and LTI2014. No outcome in LTI2015.

NOTE 10 CONTINUED INFORMATION ON REMUNERATION TO SENIOR EXECUTIVES

Guidelines

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 percent of the fixed annual salary.

For members in the Group Management, severance pay is provided in accordance with the guidelines established by the Board of Directors for remuneration of senior executives. If employment is terminated by the Group, the notice period for the President and CEO is 12 months and for other senior executives up to 6 months. In addition to a reciprocal 12-month period of notice, the President will, in the event of termination of employment by the company, receive a severance pay equivalent to 12-months salary. Upon termination by the President, no severance pay may be claimed.

Incentive program

The Annual General Meeting 2013 and 2014 resolved to implement incentive programs for senior executives and key personnel, LTI 2013 respectively LTI2014. In brief, LTI means that if certain performance targets are achieved during the financial year, the LTI participants are awarded by a variable remuneration in the beginning of next year, of which 60 percent will comprise cash and 40 percent will comprise employee stock options, which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each performance right, automatically after four years and free of charge.

The term of LTI 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 after the performance year. Subsequent to the allotment of any share amount, performance rights will be awarded to the participant followed by a deferral period of three years, before final transfer of performance shares to the participant is expected to occur, the year after the 2017 respectively 2018 Annual General Meeting and before the end of June the same year. Deferred variable remuneration under LTI is not a pensionable income.

The 2015 Annual General Meeting resolved to introduce an additional incentive program, which essentially corresponds to the design of the two previously implemented incentive programs. Thus, LTI2015 did not generate any outcome.

For more information about performance rights and share-based remuneration, see note 11 below.

NOTE 11 SHARE-BASED REMUNERATION

In 2013 and 2014, the Annual General Meeting (AGM) resolved to implement share-based incentive programs (LTI2013/LTI2014) for senior executives and key personnel. The programs were based on the attainment of certain performance targets during the fiscal years, following which the participants were to receive variable remuneration in beginning of the following year, with 60 percent in cash, due for payment in 2014 respectively 2015, and 40 percent in the form of employee stock options. The employee stock options are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each allotted performance right; however, the options are also subject to a deferral period of three years before the final transfer of ordinary shares is conducted in 2017 respectively 2018. Thus, the term of the share-based component is four years; however, vesting in accordance with the cash portion is related to the performance year.

The outcome for LTI2013 and LTI2014 was determined in spring 2014 respectively 2015, whereby the cash portion was settled and the number of option rights was set and allotted to program participants. In conjunction with this, Haldex, pursuant to the resolution of the AGM,

hedged the financial exposure and concluded a share-swap agreement with a third party, which, under its own name, acquired shares corresponding to the option portion of the LTI programs, with the third party holding these shares in its own name until distribution is made to the qualified LTI participants in 2017 respectively 2018.

The 2015 AGM resolved to introduce an additional incentive program (LTI2015), which essentially corresponds to the design of the two previously implemented incentive programs. However, LTI2015 did not generate any outcome for the senior executives and key personnel, who were included in the program.

The net total cost, which is recognized in the income statement, for share-based remuneration for the resolved incentive programs amounted to SEK 1 (3) m and refers to the actual allotted options for LTI2013 and LTI2014. In particular cases, the amounts also include related social security costs. See note 10 for information regarding the total cost for the year of incentive programs allotted to senior executives.

| LTI2013 – No of option rights | Opening balance Januari 1, 2015 | Allotted or reclassified | Cancelled | Closing balance December 31, 2015 | Distribution year |
|---|------------------------------------|-----------------------------|----------------|--------------------------------------|-------------------|
| President | 13,694 | - | - | 13,694 | 2017 |
| Other senior executives (Group Management) | 32,956 | -3,577 | -12,388 | 16,991 | 2017 |
| Other key personnel | 18,559 | 3,577 | -2,401 | 19,735 | 2017 |
| Total | 65,209 | - | -14,789 | 50,420 | |

| LTI2014 – No of option rights | Opening balance Januari 1, 2015 | Allotted | Cancelled | Closing balance December 31, 2015 | Distribution year |
|---|------------------------------------|---------------|---------------|--------------------------------------|-------------------|
| President | - | 5,216 | - | 5,216 | 2018 |
| Other senior executives (Group Management) | - | 15,185 | -4,986 | 10,199 | 2018 |
| Other key personnel | - | 14,620 | -1,649 | 12,971 | 2018 |
| Total | - | 35,021 | -6,635 | 28,386 | |

NOTE 12 EMPLOYEES AND EMPLOYEE REMUNERATION

| | Women | Men | Total 2015 | Women | Men | Total 2014 |
|---------------|------------|--------------|---------------|------------|--------------|---------------|
| Sweden | 58 | 224 | 282 | 84 | 208 | 292 |
| USA | 127 | 360 | 487 | 132 | 363 | 495 |
| Mexico | 137 | 329 | 466 | 161 | 332 | 493 |
| China | 44 | 164 | 208 | 48 | 167 | 215 |
| Hungary | 84 | 88 | 172 | 77 | 87 | 164 |
| Germany | 31 | 112 | 143 | 43 | 136 | 179 |
| India | 11 | 109 | 120 | 16 | 95 | 111 |
| France | 25 | 45 | 70 | 25 | 42 | 67 |
| Brazil | 20 | 49 | 69 | 30 | 68 | 98 |
| Great Britain | 7 | 49 | 56 | 7 | 48 | 55 |
| Canada | 7 | 16 | 23 | 7 | 15 | 22 |
| Italy | 5 | 3 | 8 | 5 | 3 | 8 |
| Poland | 2 | 6 | 8 | 2 | 6 | 8 |
| Spain | 3 | 4 | 7 | 3 | 4 | 7 |
| South Korea | 1 | 6 | 7 | 1 | 6 | 7 |
| Austria | 1 | 5 | 6 | 1 | 5 | 6 |
| Belgium | 1 | 4 | 5 | 1 | 4 | 5 |
| Russia | 1 | 2 | 3 | 1 | 2 | 3 |
| Total | 565 | 1,575 | 2,140 | 644 | 1,591 | 2,235 |

| | 2015 | | | 2014 | | |
|--------|---------------------------|-----------------------|------------------------|---------------------------|-----------------------|------------------------|
| | Salaries and remuneration | Social security costs | Of which pension costs | Salaries and remuneration | Social security costs | Of which pension costs |
| Haldex | 692 | 243 | 22 | 652 | 235 | 19 |

For information about remuneration to senior executives, see note 10 on page 47. Of the total pension cost included in operating income is SEK 10 (11) m related to defined contribution plans and SEK 12 (8) m attributable to defined benefit plans. For more information about Haldex's defined benefit plans, see note 30, page 56.

NOTE 13 AUDITOR'S REMUNERATION

| | 2015 | 2014 |
|--|-----------|----------|
| PwC | | |
| Audit assignment | 5 | 4 |
| Audit activities other than audit assignment | 0 | 0 |
| Tax consultancy services | 5 | 4 |
| Other services | 1 | 0 |
| Total | 11 | 8 |

NOTE 15 FINANCIAL INCOME AND EXPENSES

| | 2015 | 2014 |
|---|------------|------------|
| Interest income | 1 | 1 |
| Interest expenses | -16 | -14 |
| Interest on pension liabilities (net) (see note 30) | -11 | -12 |
| Other financial income and expenses | -28 | -3 |
| Total | -54 | -28 |

NOTE 14 DEPRECIATION

| | 2015 | 2014 |
|------------------------------|------------|------------|
| Cost of goods sold | 94 | 88 |
| Selling expenses | 2 | 2 |
| Administrative expenses | 21 | 20 |
| Product development expenses | 22 | 27 |
| Total | 139 | 137 |

NOTE 16 TAX

| | 2015 | 2014 |
|--------------|------------|------------|
| Current tax | -71 | -97 |
| Deferred tax | -9 | -1 |
| Total | -80 | -98 |

Tax on the Group's income 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 | 2015 | 2014 |
|---|------------|------------|
| Income before tax | 271 | 205 |
| Tax at applicable tax rate in Sweden | 22% | 22% |
| Differences in tax rates of various countries of operation | 8% | 8% |
| Non-deductible expenses | 4% | 2% |
| Non-taxable revenues | -1% | -1% |
| Tax attributable to prior years | -1% | 0% |
| Utilization of previously unrecognized loss carry-forwards | -7% | 0% |
| Revaluation of losses carried forward/not recognized deferred tax assets due to tax loss carry-forwards | 2% | 15% |
| Other taxes | 3% | 2% |
| Effective tax rate | 30% | 48% |

The Group's tax expense totaled SEK 80 (98) m. Tax for the year was affected significantly as a result of it being possible to utilize a previously unrecognized tax-loss carryforward in the context of internal restructuring. In the preceding year, the tax rate was extensively influenced by significant restructuring costs. Tax assets related to the restructuring program were then recognized only to the extent that Haldex expected to use them in its future operations, a principle that is also applied now. The underlying tax rate for the year was 32 percent, which compares with a tax rate of 35 percent for the preceding year.

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

| | 2015 | 2014 |
|-------------------------------------|-----------|-----------|
| Deferred tax | | |
| Remeasurement of pension obligation | -5 | 15 |
| Change in hedge reserve | 2 | 0 |
| Change in assets available for sale | -2 | 0 |
| Total | -5 | 15 |

NOTE 17 INTANGIBLE ASSETS

| | Goodwill | Capitalized development costs | Patent and other intangible assets | Total |
|--------------------------------------|------------|-------------------------------|------------------------------------|------------|
| January 1, 2014 | | | | |
| Acquisition value | 354 | 253 | 65 | 672 |
| Accumulated amortization | - | -158 | -64 | -222 |
| Carrying amount | 354 | 95 | 1 | 450 |
| January 1 - December 31, 2014 | | | | |
| Opening carrying amount | 354 | 95 | 1 | 450 |
| Currency translation differences | 54 | 3 | 0 | 57 |
| Investment | - | 3 | 1 | 4 |
| Divestment/impairment | - | -27 | - | -27 |
| Amortization | - | -18 | 0 | -18 |
| Closing carrying amount | 408 | 56 | 2 | 466 |
| December 31, 2014 | | | | |
| Acquisition value | 408 | 270 | 70 | 748 |
| Accumulated amortization | - | -214 | -68 | -282 |
| Carrying amount | 408 | 56 | 2 | 466 |
| January 1 - December 31, 2015 | | | | |
| Opening carrying amount | 408 | 56 | 2 | 466 |
| Currency translation differences | 10 | 1 | -1 | 10 |
| Investment | - | 2 | 17 | 19 |
| Amortization | - | -12 | -1 | -13 |
| Closing carrying amount | 418 | 47 | 17 | 482 |
| December 31, 2015 | | | | |
| Acquisition value | 418 | 271 | 90 | 779 |
| Accumulated amortization | - | -224 | -73 | -297 |
| Carrying amount | 418 | 47 | 17 | 482 |

Goodwill and intangible assets that are subject to amortization are measured in accordance with the accounting policies described in note 2 and 3. For allocation of amortization per function in the income statement, see note 14, page 49.

NOTE 18 TANGIBLE ASSETS

| | Buildings | Land and land improvements | Machinery and other technological investments | Equipment, tools and installations | Construction in progress and advances to suppliers | Total |
|--------------------------------------|-----------|----------------------------|---|------------------------------------|--|------------|
| January 1, 2014 | | | | | | |
| Acquisition value | 156 | 24 | 960 | 573 | 55 | 1,768 |
| Accumulated depreciation | - 103 | - 2 | - 754 | - 475 | - 4 | -1,338 |
| Carrying amount | 53 | 22 | 206 | 98 | 51 | 429 |
| January 1 - December 31, 2014 | | | | | | |
| Opening carrying amount | 53 | 22 | 206 | 98 | 51 | 429 |
| Currency translation differences | 6 | 2 | 18 | 10 | 5 | 41 |
| Investment | 13 | - | 78 | 36 | 16 | 143 |
| Divestment/impairment | - 6 | - 15 | - 9 | - 16 | - | - 46 |
| Internal transfer | - | - | 10 | 18 | - 28 | 0 |
| Depreciation | - 9 | - 1 | - 69 | - 40 | 0 | - 119 |
| Closing carrying amount | 57 | 8 | 234 | 106 | 44 | 449 |
| December 31, 2014 | | | | | | |
| Acquisition value | 155 | 11 | 1,104 | 668 | 48 | 1,986 |
| Accumulated depreciation | - 98 | - 3 | - 870 | - 562 | - 4 | -1,537 |
| Carrying amount | 57 | 8 | 234 | 106 | 44 | 449 |
| January 1 - December 31, 2015 | | | | | | |
| Opening carrying amount | 57 | 8 | 234 | 106 | 44 | 449 |
| Currency translation differences | 1 | 1 | - 2 | 2 | 0 | 2 |
| Investment | 5 | 2 | 80 | 24 | 44 | 155 |
| Divestment/impairment | - | - | - 1 | 0 | 0 | - 1 |
| Internal transfer | 0 | - | 1 | - 2 | 1 | 0 |
| Depreciation | - 12 | - 1 | - 74 | - 39 | 0 | - 126 |
| Closing carrying amount | 51 | 10 | 238 | 91 | 89 | 479 |
| December 31, 2015 | | | | | | |
| Acquisition value | 165 | 14 | 1,127 | 682 | 92 | 2,080 |
| Accumulated depreciation | - 114 | - 4 | - 889 | - 591 | - 3 | -1,601 |
| Carrying amount | 51 | 10 | 238 | 91 | 89 | 479 |

The tangible assets of Haldex are depreciated and measured in accordance with the accounting policies described in note 2. For allocation of depreciation per function in the income statement, see note 14, page 49.

NOTE 19 OPERATIONAL LEASES

Expensed leasing fees for assets held under operating lease contracts totaled SEK 52 (47) m in 2015.

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

| | December 31, 2015 | | | December 31, 2014 | | |
|--------------------|-------------------|-------------------------------|------------|-------------------|-------------------------------|------------|
| | Premises | Machinery and other equipment | Total | Premises | Machinery and other equipment | Total |
| Year 1 | 43 | 7 | 50 | 40 | 8 | 48 |
| Year 2-5 | 123 | 10 | 133 | 112 | 16 | 128 |
| Later than 5 years | 29 | 1 | 30 | 20 | 3 | 23 |

NOTE 20 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current taxes, and when the deferred tax 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 changes of deferred taxes were as follows:

| | 2015 | 2014 |
|--|------------|------------|
| January 1 | 153 | 128 |
| Tax attributable to the income statement (see note 16) | -9 | -1 |
| Tax attributable directly to equity (see note 16) | 0 | 0 |
| Tax attributable to other comprehensive income (see note 16) | -5 | 15 |
| Reclassification within the statement of financial position | -3 | - |
| Currency translation differences | 1 | 11 |
| December 31 | 137 | 153 |

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

| | Assets | | Liabilities | | Net | |
|---|------------|------------|-------------|-----------|------------|------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Tax loss carry-forwards | 52 | 79 | - | - | 52 | 79 |
| Tangible assets | 12 | - | 1 | 0 | 11 | 0 |
| Provisions | 48 | 53 | - | - | 48 | 53 |
| Pensions and similar obligations | 37 | 43 | - | - | 37 | 43 |
| Acquisition-related surplus values | - | - | 9 | 13 | -9 | -13 |
| Other | 39 | 23 | 41 | 32 | -2 | -9 |
| Net deferred tax assets/tax liability | 188 | 198 | 51 | 45 | 137 | 153 |
| Offsetting of deferred tax assets/tax liabilities | -35 | -33 | -35 | -33 | | |
| Total | 153 | 165 | 16 | 12 | 137 | 153 |

Deferred tax assets are only recognized for tax loss carry-forwards to the extent that it is probable that they can be utilized in connection with future taxable profit. At balance sheet date there are also tax loss carry-forwards for which no deferred tax assets are recognized. The potential of these tax loss carry-forwards corresponds to a deferred tax asset of approximately SEK 23 (44) m. The change relates to that Haldex utilized previously accrued tax loss carry-forwards in UK during the year. All recognized tax loss carry-forwards have an expiry date exceeding ten years.

NOTE 21 DERIVATIVE INSTRUMENTS

| | December 31, 2015 | | December 31, 2014 | |
|---|-------------------|-------------|-------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Forward exchange contracts - cash flow hedges | 10 | 1 | 4 | 7 |
| Forward exchange contracts - at fair value through profit or loss | 2 | 3 | 2 | 2 |
| Currency swaps - at fair value through profit or loss | 28 | 25 | 14 | 29 |
| Total derivatives as recognized in the statement of financial position | 40 | 29 | 20 | 38 |
| Derivatives subject to offsetting, enforceable master netting arrangements | -27 | -27 | -12 | -12 |
| Net amount | 13 | 2 | 8 | 26 |

Equity gains and losses in short-term currency forward contracts will be transferred to income statement at different points during 2016. All equity gains and losses in short-term currency forward contracts recognized in 2014 were transferred to the income statement in 2015. The financial instruments recognized at fair value in the statement of financial position 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.

NOTE 22 FINANCIAL INSTRUMENTS AT FAIR VALUE

The Group holds both derivatives and financial assets available for sale, which are measured at fair value. The financial instruments classified as financial assets available for sale are recognized at fair value according to Tier 1 in the fair value hierarchy, i.e. to a price quoted in an active market. The derivatives are recognized at fair value in the statement of financial position according to Tier 2 in the fair value hierarchy, meaning that the fair value is determinable, directly or indirectly, from observable market data. No transit has taken place between the different Tier levels during the year.

The table below shows the Group's assets and liabilities measured at fair value at balance sheet date based on the principles described above:

| | December 31, 2015 | | | December 31, 2014 | | |
|-------------------------------------|--|---|---|--|---|---|
| | Measured at quoted prices in an active market (Tier 1) | Measured at observable market data (Tier 2) | Measured at non observable market data (Tier 3) | Measured at quoted prices in an active market (Tier 1) | Measured at observable market data (Tier 2) | Measured at non observable market data (Tier 3) |
| Financial assets available for sale | 19 | - | - | 27 | - | - |
| Derivative instruments | - | 11 | - | - | -18 | - |
| Total | 19 | 11 | - | 27 | -18 | - |

All financial assets available for sale were acquired in 2014. Measurement at fair value were recognized in other comprehensive income at a value of SEK -6 (0) m after taxes. No impairment losses were recognized for the assets.

The other financial instruments of the Group are accounted for as follows: Haldex's multicurrency revolving credit facility and bond loans are subject to variable interest rate of 1-6 months, thus the fair values correspond to the carrying amounts. With regards to the other financial assets and liabilities, such as accounts receivable, other current receivables, cash and cash equivalents and accounts payable, the fair value is considered to correspond to the carrying amounts.

NOTE 23 ASSETS AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | December 31, 2015 | | | | | | December 31, 2014 | | | | | |
|--------------------------------|---------------------------|-----------------------|---|------------------------------|--------------------------------------|--------------|---------------------------|-----------------------|---|------------------------------|--------------------------------------|--------------|
| | Non financial instruments | Loans and receivables | Assets at fair value through profit or loss | Derivatives used for hedging | Financial assets available for sales | Total | Non financial instruments | Loans and receivables | Assets at fair value through profit or loss | Derivatives used for hedging | Financial assets available for sales | Total |
| Non-current assets | | | | | | | | | | | | |
| Intangible and tangible assets | 961 | - | - | - | - | 961 | 915 | - | - | - | - | 915 |
| Financial assets | | | | | | | | | | | | |
| Deferred tax assets | 153 | - | - | - | - | 153 | 165 | - | - | - | - | 165 |
| Other financial assets | - | 44 | - | - | 19 | 63 | - | 41 | - | - | 27 | 68 |
| Current assets | | | | | | | | | | | | |
| Inventory | 571 | - | - | - | - | 571 | 544 | - | - | - | - | 544 |
| Current receivables | | | | | | | | | | | | |
| Accounts receivable | - | 545 | - | - | - | 545 | - | 587 | - | - | - | 587 |
| Other current receivables | 93 | 125 | - | - | - | 218 | 76 | 124 | - | - | - | 200 |
| Derivative instruments | - | - | 31 | 9 | - | 40 | - | - | 16 | 4 | - | 20 |
| Cash and cash equivalents | - | 304 | - | - | - | 304 | - | 437 | - | - | - | 437 |
| Total | 1,778 | 1,018 | 31 | 9 | 19 | 2,855 | 1,700 | 1,189 | 16 | 4 | - | 2,936 |

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

NOTE 24 LIABILITIES AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | December 31, 2015 | | | | | December 31, 2014 | | | | |
|----------------------------------|---------------------------|-----------------------------|--|------------------------------|--------------|---------------------------|-----------------------------|--|------------------------------|--------------|
| | Non-financial liabilities | Other financial liabilities | Liabilities at fair value through profit or loss | Derivatives used for hedging | Total | Non-financial liabilities | Other financial liabilities | Liabilities at fair value through profit or loss | Derivatives used for hedging | Total |
| Non-current liabilities | | | | | | | | | | |
| Deferred tax liabilities | 16 | - | - | - | 16 | 12 | - | - | - | 12 |
| Pensions and similar obligations | 368 | - | - | - | 368 | 400 | - | - | - | 400 |
| Interest-bearing liabilities | - | 270 | - | - | 270 | - | 270 | - | - | 270 |
| Other non-current liabilities | - | 38 | - | - | 38 | - | 36 | - | - | 36 |
| Current liabilities | | | | | | | | | | |
| Interest-bearing liabilities | - | 3 | - | - | 3 | - | 15 | - | - | 15 |
| Accounts payable | - | 390 | - | - | 390 | - | 457 | - | - | 457 |
| Derivative instruments | - | - | 28 | 1 | 29 | - | - | 31 | 7 | 38 |
| Provisions | 166 | - | - | - | 166 | 184 | - | - | - | 184 |
| Other current liabilities | 168 | - | - | - | 168 | 246 | - | - | - | 246 |
| Total | 718 | 701 | 28 | 1 | 1,448 | 842 | 778 | 31 | 7 | 1,658 |

Haldex's current and non-current loans, multicurrency revolving credit facility and bond loan are subject to a variable interest term of 1-6 months and, accordingly, the fair values correspond to the carrying amounts.

NOTE 25 LIQUIDITY

| | December 31, 2015 | | | December 31, 2014 | | |
|---|-------------------|--------------|-------------|-------------------|--------------|-------------|
| | <1 year | >1 < 2 years | > 2 years | <1 year | >1 < 2 years | > 2 years |
| Non-current interest-bearing liabilities. | -4 | -4 | -278 | -5 | -5 | -285 |
| Current interest-bearing liabilities incl. interest | -3 | - | - | -16 | - | - |
| Accounts payable | -390 | - | - | -457 | - | - |
| Derivative instruments | -29 | - | - | -38 | - | - |
| Total | -426 | -4 | -278 | -516 | -5 | -285 |
| Account receivables | 545 | - | - | 587 | - | - |
| Derivative instruments | 40 | - | - | 20 | - | - |
| Net flow | 159 | -4 | -278 | 91 | -5 | -285 |
| Derivative instruments | | | | | | |
| -outflow | 2,704 | - | - | 1,923 | - | - |
| -inflow | 2,707 | - | - | 1,905 | - | - |

Haldex's multicurrency revolving credit facility and bond loan are subject to a variable interest term of 1-6 months and, accordingly, the fair values correspond to the carrying amounts. Available unutilized credit facilities at year-end totaled SEK 972 (921) m. Calculated interest comprised the counter-value in SEK based on exchange rates at December 31 and the future interest rates on the liability. The derivative instruments presented above are settled to gross amounts and are related to currency instruments, see note 21 on page 53 for a more detailed description.

NOTE 26 INVENTORIES

| | December 31, 2015 | December 31, 2014 |
|----------------------------|-------------------|-------------------|
| Raw materials | 373 | 334 |
| Semi-manufactured products | 18 | 16 |
| Finished products | 180 | 194 |
| Total | 571 | 544 |

NOTE 27 OTHER CURRENT RECEIVABLES

| | December 31, 2015 | December 31, 2014 |
|--|-------------------|-------------------|
| Tax receivables | 35 | 26 |
| <i>Prepaid expenses and accrued income</i> | | |
| Rents and insurance | 17 | 13 |
| Other prepaid expenses | 41 | 37 |
| Other current receivables | 125 | 124 |
| Total | 218 | 200 |

NOTE 28 CASH AND CASH EQUIVALENTS

| | December 31, 2015 | December 31, 2014 |
|------------------------|-------------------|-------------------|
| Bank accounts and cash | 304 | 437 |
| Total | 304 | 437 |

NOTE 29 NON-CURRENT INTEREST-BEARING LIABILITIES

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Multicurrency revolving credit facility | - | - |
| Bond loans | 270 | 270 |
| Total | 270 | 270 |

| | December 31, 2015 | | December 31, 2014 | |
|---|-------------------|---------------------------|-------------------|---------------|
| | Facility limit | Maturity date | Facility limit | Maturity date |
| Multicurrency revolving credit facility | USD 95 m | Sep 30, 2016 ¹ | USD 95 m | Sep 30, 2016 |
| Bond loans | SEK 270 m | Jan 20, 2020 | SEK 270 m | Jan 20, 2020 |

¹⁾ After year end has the syndicated credit facility been extended to year 2021. The syndicated credit facility amounts to EUR 90 m at present.

NOTE 30 PENSIONS AND SIMILAR OBLIGATIONS

Haldex has defined-benefit pension plans for certain units and those places are primarily related to companies in Sweden, Germany, France, UK and the US. The pensions under these plans are mainly based 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 UK has a minimum funding requirement. Based on a funding valuation, which is performed every third year, the company and the trustees agree upon a recovery plan to fund the obligation to the minimum requirements.

Amount recognized in the statement of financial position

| Group | 2015 | 2014 |
|--|------------|------------|
| Defined-benefit obligation January 1 | 762 | 594 |
| Pensions vested during the period | 12 | 8 |
| Interest on obligation | 25 | 25 |
| Benefits paid | -31 | -24 |
| Contributions | 1 | 1 |
| Effects of reductions and settlements | 0 | 0 |
| Remeasurements due to changes in demographic assumptions | -17 | 0 |
| Remeasurements due to changes in financial assumptions | -44 | 103 |
| Experienced-based remeasurements | 23 | -3 |
| Currency translation differences | 6 | 58 |
| Defined-benefit obligation December 31 | 737 | 762 |
| Fair value of plan assets January 1 | 362 | 303 |
| Expected return on plan assets | 14 | 13 |
| Payment from assets | -23 | -18 |
| Contributions | 19 | 12 |
| Valuation gains/losses on plan assets | -12 | 14 |
| Currency translation differences | 9 | 38 |
| Fair value of plan assets December 31 | 369 | 362 |

Reconciliation of interest-bearing pension liabilities

| | 2015 | 2014 |
|---|------------|------------|
| Pension liability (net) January 1 | 400 | 291 |
| Pension cost | 23 | 20 |
| Benefits paid | -31 | -24 |
| Contributions | -18 | -11 |
| Payment from assets | 23 | 18 |
| Effects of reductions and settlements | 0 | 0 |
| Actuarial gains/losses recognized in other comprehensive income | -26 | 86 |
| Currency translation differences | -3 | 20 |
| Net amount recognized in the statement of financial position December 31 | 368 | 400 |

Amounts recognized in the income statement

| | 2015 | 2014 |
|-----------------------------------|------------|------------|
| Pensions vested during the period | -12 | -8 |
| Interest on obligation | -25 | -25 |
| Expected return on plan assets | 14 | 13 |
| Total | -23 | -20 |

NOTE 30 CONTINUED PENSIONS AND SIMILAR OBLIGATIONS**Amounts recognized in other comprehensive income**

| | 2015 | 2014 |
|--|-----------|------------|
| Remeasurments of pension obligation | | |
| where of due to changes in demographic assumptions | 17 | 0 |
| where of due to changes in financial assumptions | 44 | -103 |
| where of experience-based remeasurements | -23 | 3 |
| Valuation gains/valuation losses on plan assets | -12 | 14 |
| Total | 26 | -86 |

Defined pension obligation and plan asset per country

| 2015 | Sweden | Germany | UK | US | Other | Total |
|---|------------|------------|-----------|----------|-----------|------------|
| Defined-benefit obligation | 207 | 114 | 327 | 69 | 20 | 737 |
| Plan assets | 54 | - | 245 | 65 | 5 | 369 |
| where of equities | 8 | - | 114 | 20 | - | 142 |
| where of interest-bearing securities | 43 | - | 94 | 45 | - | 182 |
| where of properties | - | - | 9 | - | - | 9 |
| where of cash and cash equivalents | 3 | - | 28 | - | 5 | 36 |
| Net amount recognized in the statement of financial position | 153 | 114 | 82 | 4 | 15 | 368 |

Defined pension obligation and plan asset per country

| 2014 | Sweden | Germany | UK | US | Other | Total |
|---|------------|------------|-----------|----------|-----------|------------|
| Defined-benefit obligation | 234 | 118 | 325 | 67 | 18 | 762 |
| Plan assets | 58 | - | 237 | 62 | 5 | 362 |
| where of equities | 10 | - | 117 | 27 | - | 154 |
| where of interest-bearing securities | 45 | - | 86 | 35 | - | 166 |
| where of properties | - | - | 9 | - | - | 9 |
| where of cash and cash equivalents | 3 | - | 25 | - | 5 | 33 |
| Net amount recognized in the statement of financial position | 176 | 118 | 88 | 5 | 13 | 400 |

Assumed life expectancy after retirement at the age of 65

| | Sweden | Germany | UK | US |
|-------|--------|---------|----|----|
| Men | 23 | 19 | 21 | 19 |
| Women | 25 | 23 | 23 | 21 |

Actuarial assumptions 2015

| Percent | Sweden | Germany | UK | US |
|---|--------|---------|-----|-----|
| Discount rate and expected return on plan assets, January 1, 2015 | 3.1 | 2.2 | 3.7 | 4.0 |
| Discount rate and expected return on plan assets, December 31, 2015 | 3.8 | 2.3 | 3.8 | 4.2 |
| Expected salary increase | 3.0 | 2.3 | 2.6 | 3.0 |
| Expected inflation | 2.0 | 2.0 | 2.3 | 2.5 |

Actuarial assumptions 2014

| Percent | Sweden | Germany | UK | US |
|---|--------|---------|-----|-----|
| Discount rate and expected return on plan assets, January 1, 2014 | 4.1 | 4.0 | 4.3 | 4.6 |
| Discount rate and expected return on plan assets, December 31, 2014 | 3.1 | 2.2 | 3.7 | 4.0 |
| Expected salary increase | 3.0 | 2.5 | 2.6 | 3.0 |
| Expected inflation | 2.0 | 2.0 | 2.4 | 2.5 |

Average remaining of the pension plan

| | Sweden | Germany | UK | US |
|------|--------|---------|----|----|
| Year | 30 | 12 | 19 | 9 |

The discount rate is based on high-quality corporate bonds, or alternatively in Sweden government bond, with a maturity time corresponding to the estimated maturity of the obligations for post-benefit employment. All the pension plans consist of listed investments. It can also be mentioned that a change to the discount rate of +/- 0,25 percent, for each particular country affects the present value of the Group's pension obligation by approximately SEK 29 (31) m.

The net contribution to the Group's pension schemes amounts to SEK 18 m in 2015, which is SEK 7 m more than previous year. The main reason for the increase is a one-time payment in UK, an adjustment that is in accordance with the funding agreement with the pension plan trustees.

NOTE 31 PROVISIONS

| | 2015 | | | 2014 | | |
|----------------------------------|-------------------|------------------------|------------|-------------------|------------------------|------------|
| | Warranty reserves | Restructuring reserves | Total | Warranty reserves | Restructuring reserves | Total |
| January 1 | 129 | 55 | 184 | 45 | 10 | 55 |
| Provisions | 153 | 19 | 172 | 106 | 60 | 166 |
| Requisitions | -157 | -36 | -193 | -39 | -19 | -58 |
| Currency translation differences | 4 | -1 | 3 | 17 | 4 | 21 |
| December 31 | 129 | 37 | 166 | 129 | 55 | 184 |

Provisions for warranty and restructuring reserves are in accordance with the principles described in note 3.

NOTE 32 OTHER CURRENT LIABILITIES

| | 2015 | 2014 |
|---|------------|------------|
| Tax liabilities | 6 | 9 |
| <i>Accrued expenses and deferred income</i> | | |
| Personnel costs | 82 | 121 |
| Other accrued expenses | 58 | 70 |
| Other current liabilities | 22 | 46 |
| Total | 168 | 246 |

NOTE 33 CORPORATE ACQUISITIONS

No acquisitions were carried out during 2015 or 2014.

NOTE 34 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 10 on page 47.

Parent Company – income statement

| Amounts in SEK m | Note | 2015 | 2014 |
|-------------------------------------|----------|------------|------------|
| Net sales | | 101 | 95 |
| Administrative expenses | 4, 5, 13 | -89 | -56 |
| Operating income | | 12 | 39 |
| Dividends from Group companies | | 525 | 63 |
| Impairment shares in subsidiaries | 7 | -72 | - |
| Interest income | 6 | 60 | 31 |
| Interest expenses | 6, 13 | -17 | -22 |
| Other financial items | | -44 | 6 |
| Income after financial items | | 464 | 117 |
| Group contribution | | -60 | -47 |
| Income before tax | | 404 | 70 |
| Tax | 12 | 2 | 3 |
| Net income | | 406 | 120 |

Parent Company – statement of comprehensive income

| Amounts in SEK m | 2015 | 2014 |
|-----------------------------------|------------|-----------|
| Net income | 406 | 73 |
| Other comprehensive income | - | - |
| Total comprehensive income | 406 | 73 |

Parent Company – statement of financial position

| Amounts in SEK m | Note | December 31, 2015 | December 31, 2014 |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets | | | |
| Shares in subsidiaries | 7 | 1,771 | 1,843 |
| Other shares and participations | | 26 | 26 |
| Receivables subsidiaries | 8 | 1,013 | 10 |
| Other non-current receivables | 8 | 42 | 38 |
| Total non-current assets | | 2,852 | 1,917 |
| Current assets | | | |
| Receivables from subsidiaries | | 417 | 779 |
| Other current receivables | 9 | 10 | 7 |
| Derivative instruments | 10 | 47 | 30 |
| Cash and cash equivalents | 11 | 79 | 234 |
| Total current assets | | 553 | 1,050 |
| TOTAL ASSETS | | 3,405 | 2,967 |
| 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 | | 456 | 515 |
| Net income | | 405 | 73 |
| Total equity | | 1,460 | 1,187 |
| Provisions | | | |
| Pensions and similar obligations | 13 | 25 | 19 |
| Other provisions | | 23 | 21 |
| Total provisions | | 48 | 40 |
| Non-current liabilities | | | |
| Non-current interest-bearing liabilities | 14 | 270 | 270 |
| Debts to subsidiaries | | 314 | 255 |
| Other non-current liabilities | | 8 | 8 |
| Total non-current liabilities | | 592 | 533 |
| Current liabilities | | | |
| Accounts payable | | 2 | 2 |
| Debts to subsidiaries | | 1,247 | 1,141 |
| Derivative instruments | 10 | 42 | 45 |
| Other current liabilities | 15 | 14 | 19 |
| Total current liabilities | | 1,305 | 1,207 |
| TOTAL EQUITY AND LIABILITIES | | 3,405 | 2,967 |
| Pledged assets | | None | None |
| Contingent liabilities | 16 | 165 | 177 |

Parent Company – changes in equity

| Amounts in SEK m | Restricted equity | Unrestricted equity | | Total |
|--|-------------------|-----------------------|-------------------|--------------|
| | Share capital | Share premium reserve | Retained earnings | |
| Opening balance January 1, 2014 | 221 | 378 | 612 | 1,211 |
| Net income | | | 73 | 73 |
| Dividend, cash | | | -89 | -89 |
| Share swap incentive program | | | -8 | -8 |
| Closing balance December 31, 2014 | 221 | 378 | 588 | 1,187 |
| Opening balance January 1, 2015 | 221 | 378 | 588 | 1,187 |
| Net income | | | 406 | 406 |
| Dividend, cash | | | -133 | -133 |
| Closing balance December 31, 2015 | 221 | 378 | 861 | 1,460 |

Parent Company – statement of cash flow

| Amounts in SEK m | 2015 | 2014 |
|---|-------------|-------------|
| Cash flow from operating activities | | |
| Income before tax | 404 | 70 |
| Reversal of non-cash items* | -373 | -4 |
| Cash flow from operating activities before change in working capital | 31 | 66 |
| <i>Change in working capital</i> | | |
| Current receivables | -210 | -97 |
| Current liabilities | 98 | 351 |
| Change in working capital | -112 | 254 |
| Cash flow from operating activities | -81 | 320 |
| Cash flow from investment activities | | |
| Investments in shares and participations | - | -26 |
| Cash flow from investment activities | - | -26 |
| Cash flow from financing activities | | |
| Change in interest-bearing liabilities | 59 | -112 |
| Dividend to shareholders | -133 | -89 |
| Share swap incentive program | - | -8 |
| Cash flow from financing activities | -74 | -209 |
| Change in cash and cash equivalents | -155 | 85 |
| Cash and cash equivalents, opening balance | 234 | 149 |
| Cash and cash equivalents, closing balance | 79 | 234 |
| <i>*Reversal of non-cash items</i> | | |
| Dividend - not paid | -516 | - |
| Impairment of shares in subsidiaries | 72 | - |
| Impairment of Group receivables | 65 | - |
| Other | 6 | -4 |
| Total | -373 | -4 |

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 Stockholm, Sweden, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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, 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, taking into consideration 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 exceptions listed below.

The parent company recognizes pension obligations in accordance with the Pension Obligation Vesting Act. Adjustments in accordance with IFRS are made at Group level. Group contributions are recognized as appropriations.

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

| | 2015 | | | 2014 | | |
|--------|-------|-----|-------|-------|-----|-------|
| | Women | Men | Total | Women | Men | Total |
| Sweden | 5 | 10 | 15 | 5 | 8 | 13 |

NOTE 4 SALARIES AND OTHER REMUNERATION

| | 2015 | | | | 2014 | | | |
|--------|---------------------------|---|-----------------------|------------------------|---------------------------|---|-----------------------|------------------------|
| | Salaries and remuneration | Of which to Board of Directors, CEO and senior executives | Social security costs | Of which pension costs | Salaries and remuneration | Of which to Board of Directors, CEO and senior executives | Social security costs | Of which pension costs |
| Sweden | 21 | 15 | 13 | 4 | 22 | 16 | 15 | 5 |

The Board of Directors consists of 6 (7) members; for information on the individual remuneration paid to these individuals and the CEO, see note 10 in the consolidated financial statement. Remuneration to other senior executives, 7 (6) people amounted to SEK 13 (11) m, of which variable

remuneration amounted SEK 0 (2) m. Further information about remuneration to senior executives is disclosed in note 10, page 47.

Pension payments for other senior executives accounted for SEK 3 (3) m of total pension costs.

NOTE 5 AUDITOR'S REMUNERATION

| | 2015 | 2014 |
|--------------------------|----------|----------|
| <i>PwC</i> | | |
| Audit assignment | 1 | 1 |
| Tax consultancy services | 2 | 2 |
| Total | 3 | 3 |

NOTE 6 INTEREST INCOME AND INTEREST EXPENSES

| | 2015 | 2014 |
|-----------------------------------|------------|------------|
| <i>Interest income</i> | | |
| External interest income | 0 | 0 |
| Interest income Group companies | 60 | 31 |
| Total | 60 | 31 |
| <i>Interest expenses</i> | | |
| External interest expenses | -10 | -12 |
| Interest expenses Group companies | -7 | -10 |
| Total | -17 | -22 |

NOTE 7 SHARES IN SUBSIDIARIES

At December 31, 2015, Haldex AB held direct ownership interests in the subsidiaries listed in the specification in note 7. JSB Hesselman AB is the 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 is the parent company of Haldex España SA. Haldex Inc is a holding company

for the wholly owned US subsidiary, 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. Haldex Hong Kong Co Ltd. is a holding company for the wholly owned Chinese subsidiary Haldex Vehicle Products Co Ltd.

| Shares in subsidiaries | Corp. Reg. No | Reg'd office | Participations | % | December 31, 2015 | December 31, 2014 |
|--|---------------|--------------|----------------|-----|-------------------|-------------------|
| Haldex Brake Products 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 | 0 | 72 |
| 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 | 8 |
| 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 |
| Total | | | | | 1,771 | 1,843 |

Change in shares and participations

| | Opening balance | Impairment | Closing balance |
|-------------|-----------------|------------|-----------------|
| 2015 | 1,843 | -72 | 1 771 |
| 2014 | 1843 | - | 1 843 |

Cash and current deposits of SEK 164 (136) m in Brazil, China and South Korea are subject to local regulations in terms of monetary restrictions. These regulations impose limitations due to movement of capital from the country, other than by normal dividend.

NOTE 8 NON-CURRENT RECEIVABLES

| | December 31, 2015 | December 31, 2014 |
|--------------------------------------|-------------------|-------------------|
| Deferred tax assets | 11 | 7 |
| Non-current receivables subsidiaries | 1,013 | 10 |
| Other non-current receivables | 31 | 31 |
| Total | 1,055 | 48 |

NOTE 9 OTHER CURRENT RECEIVABLES

| | December 31, 2015 | December 31, 2014 |
|---------------------------|-------------------|-------------------|
| Tax assets | 1 | 1 |
| Prepaid expenses | 4 | 2 |
| Other current receivables | 5 | 4 |
| Total | 10 | 7 |

NOTE 10 DERIVATIVE INSTRUMENTS

| | December 31, 2015 | | December 31, 2014 | |
|---|-------------------|-------------|-------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Forward exchange contracts – at fair value through profit or loss | 18 | 17 | 16 | 15 |
| Currency swaps – at fair value through profit or loss | 29 | 25 | 14 | 30 |
| Total | 47 | 42 | 30 | 45 |

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

NOTE 11 CASH AND CASH EQUIVALENTS

| | December 31, 2015 | December 31, 2014 |
|------------------------|-------------------|-------------------|
| Cash and bank balances | 79 | 234 |
| Total | 79 | 234 |

NOTE 12 TAX

| | 2015 | 2014 |
|---|----------|----------|
| Current tax expense for the year | -13 | -12 |
| Tax on Group contribution | 13 | 10 |
| Tax attributable to previous years | 0 | 4 |
| Deferred tax related to temporary differences | 2 | 1 |
| Total | 2 | 3 |

NOTE 13 PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations attributable to defined-benefit plans

| | 2015 | 2014 |
|-----------------------------------|-----------|-----------|
| Pensions vested during the period | 0 | 0 |
| Interest on obligations | -1 | -1 |
| Total pension cost | -1 | -1 |

In addition to the pension costs above, the Parent Company has a cost of SEK 5 (revenue 4) m. This relates to the funding of a pension fund for pension obligations to former senior executives.

Reconciliation of interest-bearing pension liabilities

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Opening balance, pension liabilities | 19 | 22 |
| Benefits paid | 0 | 0 |
| Pension costs | 6 | -3 |
| Closing balance, pension liabilities | 25 | 19 |

The pension liabilities relate to PRI/FPG and are subject to the Swedish Pension Obligation Vesting Act.

NOTE 14 NON-CURRENT INTEREST-BEARING LIABILITIES

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Multicurrency revolving credit facility | - | - |
| Bond loans | 270 | 270 |
| Total | 270 | 270 |

Haldex's multicurrency revolving credit facility and bond loan are subject to a variable interest term of 1-6 months and, accordingly, the fair values correspond to the carrying amounts. Available unutilized credit facilities at year-end totaled SEK 793 (742) m. Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, and the future interest rates on the liability.

Maturity structure, years

| | Total | 0 – 1 | 1 – 3 | 3 – 5 | > 5 years | Average rate |
|---------------------|------------|----------|----------|------------|-----------|--------------|
| SEK m | 270 | - | - | 270 | - | 1.38 |
| Total | 270 | - | - | 270 | - | 1.38 |
| Calculated interest | 15 | 4 | 7 | 4 | - | - |
| Total | 285 | 4 | 7 | 274 | - | - |

NOTE 15 OTHER CURRENT LIABILITIES

| | December 31, 2015 | December 31, 2014 |
|------------------------|-------------------|-------------------|
| Accrued expenses | | |
| Personnel cost | 11 | 15 |
| Other accrued expenses | 3 | 4 |
| Total | 14 | 19 |

NOTE 16 CONTINGENT LIABILITIES

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Securities and guarantees on behalf of subsidiaries | 165 | 177 |

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 14 2016

Göran Carlson
Chairman of the Board

Magnus Johansson
Board member

Staffan Jufors
Board member

Arne Karlsson
Board member

Carina Olsson
Board member

Annika Sten Pärson
Board member

Fredrik Hudson
Employee representative

Per Holmqvist
Employee representative

Bo Annvik
President and CEO

Our audit report was issued on March 14, 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
*Authorized Public Accountant
Auditor in charge*

Carl Fogelberg
Authorized Public Accountant

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 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18-30 and 34-66.

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 2015 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 2015 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 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

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

Our audit report was issued on March 14, 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Carl Fogelberg
Authorized Public Accountant



”Lead times in this sector are long and we must have very good forward planning to build shareholder value in both the short and long term.

When looking back on 2015, we will remember an intensive year. The product recall received a great deal of attention and those of us who sit on the Board devoted our energy and focus to scrutinizing aspects of quality within the company, to ensure high levels of quality in the future.

There has also been an increased focus on brand issues, since we need to build long-term confidence in Haldex being the right partner for our customers. Naturally, a product recall puts this confidence to the test. At the same time, we had already begun a process to highlight brand issues in conjunction with our discussions on long-term strategy. The launch of disc brakes in the US will be another exciting parameter in these discussions, since this allows us to strengthen Haldex's market position and how we are perceived in the important US market.

The new ModulT disc brake, which is now generating good growth for Haldex, was launched in 2011 following several years of development. It is extremely important to us on the Board to discuss development projects that safeguard future growth. Combined with lower demand in North America, questions are raised regarding how the company should ensure that it invests in the right development projects, at the same time as the cost base must be adjusted to lower demand. In addition, increased activity in the aftermarket can partially offset lower new production and we have therefore intensified our efforts to implement the agreed aftermarket strategy. Lead times in this sector are long and we must have very good forward planning to build shareholder value in both the short and long term.

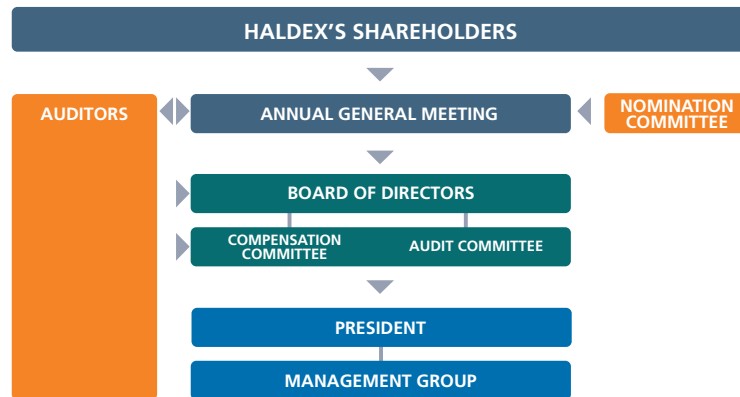
Finally, I would like to thank Bo Annvik and all of his colleagues for their dedication and hard work during 2015. It was a challenging year in which the company achieved profitability despite certain setbacks. I look forward with confidence to addressing our future challenges together.

Landskrona, Sweden, March 2016

Göran Carlson
Chairman of the Board

Corporate Governance Report

Haldex AB is a publicly traded Swedish limited liability company with its registered office in Landskrona. The company is listed on Nasdaq Stockholm in the Nordic Mid Cap segment. Haldex applies the Swedish Corporate Governance Code and hereby presents its 2015 Corporate Governance Report. The Report has been reviewed by the company's auditors.



Responsibility for management and control of the Haldex Group is divided between shareholders, the Board of Directors, its elected committees and the President, as shown in the illustration above.

Deviations from the Code

In 2015, Haldex complied 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 Corporate Governance Code stipulates that "neither the chairman nor any other member of the Board may chair the Nomination Committee." According to a resolution at the 2015 Annual General Meeting, the four largest shareholders have appointed representatives to the Nomination Committee and the member representing the largest shareholder in terms of votes is to be appointed Chairman of the Committee, unless otherwise agreed.

The Chairman of Haldex, Göran Carlson, was appointed Chairman of the Nomination Committee for 2015, since he is the company's largest shareholder. The Nomination Committee has stated that the reason for this is that Göran Carlson was considered best suited to lead the Committee's work by the Nomination Committee.

Shareholders and Annual General Meeting

The shareholders' influence is exercised at the Annual General Meeting (AGM), which is Haldex's supreme decision-making body. The AGM adopts the Articles of Association and at the AGM, which is the annual ordinary general meeting, the shareholders elect Board members, the Chairman of the Board and auditors, and determine their fees. The AGM also decides on the adoption of the income statement and balance sheet, on allocation of the company's profit and on discharge from liability for the Board members and President. The AGM also resolves on the Nomination Committee's appointment and duties, and the principles for remuneration and employment for the President and other senior executives. Haldex normally holds its AGM in April but for 2016 it will be held in the beginning of May.

At year-end, the number of shareholders was 18,179. The largest shareholder was Göran Carlson (through companies) with 5.7 percent of the shares and votes. Swedish ownership totaled 59.8 percent at year-end. Each share carries entitlement to one vote at the AGM. For more information about shareholders and the Haldex share, see pages 27-29 and www.haldex.com/investors.

2015 Annual General Meeting

The 2015 AGM was held on April 28, 2015 at Haldex's premises in Landskrona, Sweden. Some 74 shareholders attended the Meeting, either in person or through a representative, as well as several assessors and visitors.

The shareholders in attendance represented 37.2 percent of the total voting rights. The Chairman of the Board, Göran Carlson, was elected Chairman of the Meeting, according to the Nomination Committee's proposal. All Board members elected by the Annual General Meeting were present.

The full minutes and information about the AGM are available on www.haldex.com/investors. The AGM adopted resolutions on:

- Dividend according to the Board's proposal of SEK 3.00 per share for the 2014 fiscal year.
- Reelection of Board members Göran Carlson, Magnus Johansson, Staffan Jufors, Arne Karlsson and Annika Sten Pärson.
- New election of Carina Olson.
- Reelection of Göran Carlson as Chairman of the Board.
- Determination of remuneration of the Board in accordance with the Nomination Committee's proposal.
- Adoption of the Board's proposed guidelines for remuneration of senior executives.
- Approval of the Board's proposal to establish a long-term incentive program, LTI2015, as well as hedging measures in view of the program.

The Board's work in 2015



- In accordance with the Board's proposal, authorize the Board to decide on the acquisition/transfer of own shares on one or more occasions during the period until the 2015 AGM.
- Process for the Nomination Committee's appointment and duties.

2016 Annual General Meeting

Haldex will hold its AGM on Tuesday, May 3, 2016 at 4.00 p.m. at Haldex, Instrumentgatan 15 in Landskrona, Sweden. At 3.00 p.m., shareholders will also be invited to participate in a brief introduction of some company areas, or a guided tour of the plant. Light refreshments will be served after the Meeting.

Nomination Committee

The Nomination Committee represents the company's shareholders and nominates Board members and auditors, and proposes their fees.

Prior to the 2016 AGM, the Meeting decided that the Chairman of the Board would contact representatives of the largest shareholders based on shareholdings immediately prior to publication of the Nomination Committee's composition. The Nomination Committee is to comprise four members. Prior to the 2016 AGM, the Nomination Committee consists of Göran Carlson (through companies), Elisabet Jamal Bergström (Handelsbanken Fonder), Anders Algotsson (AFA Försäkring) and Nils Bolmstrand (Nordea Investment funds). After the Nomination Committee was formed, Carnegie funds has increased its share of ownership to a larger share than Nordea Investment funds. The parties have agreed that the composition of the committee should remain the same and Nordea will continue in the Nomination Committee until its work

NOMINATION COMMITTEE FOR THE 2016 ANNUAL GENERAL MEETING

| Name/representing | Share of votes 2015-09-30 | Share of votes 2015-12-31 |
|--|------------------------------|------------------------------|
| Göran Carlson, through companies | 5.7 | 5.7 |
| Elisabet Jamal Bergström, Handelsbanken Funds | 3.4 | 3.4 |
| Anders Algotsson, AFA Insurance | 4.8 | 4.8 |
| Nils Bolmstrand, Nordea Funds Carnegie funds | 3.5 | 3.6 |
| Total | 17.4% | 17.5% |

has been done. The Nomination Committee has appointed Göran Carlson as Chairman. Combined, they represent about 17,4 percent of the voting rights in Haldex AB at the time the committee was formed.

The Nomination Committee's proposal will be presented in the notice convening the AGM. No remuneration is paid to the Nomination Committee's members. The Chairman of the Board is responsible for informing the Nomination Committee of the Board's future competence profile, working methods and the results of the evaluation of the Board's work.

The company's shareholders are able to make comments and proposals to the Nomination Committee by e-mail or phone, since the members' contact details have been published on the company's website.

Board of Directors

The Board is responsible for the organization of Haldex and management of the company's affairs. According to the Articles of Association, the Board is to consist of at least three and not more than eight members, with a maximum of three deputies. Board members are elected annually at the AGM for the period until the end of the next AGM.

Following the 2015 AGM, the Board consisted of seven members elected by the AGM. The employees appointed two representatives and one deputy to the Board. The Group's President and CEO, Bo Annvik, and CFO, Andreas Ekberg (until September) and Åke Bengtsson (from October), attend Board meetings. Other employees participate during the meetings when required to report on particular matters. For further information about Board members, refer to pages 72-73 and note 10 for the Group pages 47-48.

Board of Director's independence

The Swedish Corporate Governance Code states that the majority of Board members elected by the AGM should be independent in relation to the Group and the Group Management, and that at least two of the independent members must also be independent in relation to the company's major shareholders. All members of Haldex's Board are considered independent.

The Board's work

In 2015, the Board of Directors held twelve (eleven) meetings. The main issues discussed were financial and market position, strategy, acquisitions, quality processes, product development, the branding platform, and personnel and organizational issues. Attendance at Board and Committee meetings is presented on pages 72-73.

Evaluation of the Board's work

Annual evaluations are conducted of the Board's collective work. The Chairman is evaluated on his ability to prepare and lead the Board's work and his ability to motivate and cooperate with the President. The evaluation of the Board's combined activities is conducted via a shared internal review of its activities. The results of the evaluation process for 2015 were discussed in conjunction with the Board meeting in December 2015.

Board Committees

The Board has established two internal committees – the Audit Committee and Compensation Committee. The work of the committees cannot be delegated by the Board, but is viewed as preparatory work upon which the Board, in its entirety, subsequently resolves on.

Audit Committee

The Audit Committee prepares matters that concern accounting, financial reporting, auditing and internal control. The Committee reviews the principles for accounting and financial control and establishes guidelines for purchasing services other than auditing from the company's auditors.

In 2015, the Audit Committee consisted of Arne Karlsson, Göran Carlson and Stefan Charette (until April) and Carina Olson (from April). Arne Karlsson was the Chairman of the Committee. The Audit Committee held six (seven) meetings in 2015.

Compensation Committee

Based on the guidelines adopted by the AGM, the Compensation Committee submits a proposal to the Board regarding remuneration and other terms of employment for the President and other senior executives, based on a proposal from the President.

In 2015, the Compensation Committee consisted of Magnus Johansson, Staffan Jufors and Annika Sten Pärson. Magnus Johansson was the Chairman of the Committee. The Compensation Committee held two (two) meetings in 2015.

Remuneration of Board members

Remuneration of Board members elected by the AGM is approved by the AGM based on proposals from the Nomination Committee. In 2015/16, remuneration will be paid in accordance with an AGM resolution, as set out in the table on pages 72-73. Payment for 2015 is reported in note 10 for the Group. Remuneration of the Board comprises fixed payment only (no variable remuneration is paid). No remuneration is paid to members who are also employed by the Group.

Auditors

The AGM appoints auditors who examine annual reports, accounting and consolidated accounts, the management of the Board and the President, as well as the annual reports and accounting of subsidiaries, and provide an audit opinion.

Öhrlings PricewaterhouseCoopers AB was elected as the company's auditors for the period until the end of the 2016 AGM. Main

AUDITORS

Öhrlings PricewaterhouseCoopers AB



Bror Frid
Authorized Public Accountant
Auditor in charge



Carl Fogelberg
Authorized Public Accountant

REMUNERATION OF AUDITORS, SEK M

| PwC | 2015 | 2014 |
|--|-----------|----------|
| Audit assignments | 5 | 4 |
| Audit activities other than audit assignment | 0 | 0 |
| Tax advice | 5 | 4 |
| Other assignments | 1 | 0 |
| Total | 11 | 8 |

responsibility has the Authorized Public Accountant Bror Frid. Bror Frid is elected auditor of such companies as Bufab, Elos, and Jula. The Board of Directors, in its entirety, meets the auditors once a year, at the Board meeting in February, where the auditor's present their findings directly to the Board, without the presence of the President and the CFO. At least one auditor attends the AGM and briefly describes the audit process and summarizes its recommendations in the Auditor's Report for shareholders.

Group Management

The President and CEO are responsible for ongoing management of the Haldex operations within the framework established by the Board. The President is assisted by Group Management, comprising the business area managers and staffs.

At the end of 2015, Group Management consisted of ten individuals. In January 2016, John Ducharme stepped down from Group Management. In 2015, Group Management held 16 meetings, of which 11 were teleconferences. The meetings focus on the Group's strategic and operational development, and monitor performance. For further information about Group Management, refer to pages 74-75.

Remuneration of senior executives

Principles for remuneration of senior executives adopted by the AGM are:

- 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 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 percent of the fixed annual salary.
- In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to

Continued on page 76

Board of Directors



Göran Carlsson



Arne Karlsson



Staffan Jufors



Magnus Johansson

| Name | Göran Carlsson | Arne Karlsson | Staffan Jufors | Magnus Johansson |
|--|--|---|--|---|
| Role on the Board | Chairman of the Board since 2011. | Board member Chairman of the Audit Committee. | Board member | Board member Chairman of the Compensation Committee. |
| Current employment | Investor | Board assignments | Board assignments | Advisor and Director, Mejex AB. |
| Education | MBA | MBA | MBA | BA in Behavioral Studies. |
| Elected | 2010 | 2003 | 2013 | 2011 |
| Born | 1957 | 1944 | 1951 | 1955 |
| Resident | Sweden | Sweden | Portugal | Sweden |
| Other assignments | Vice Chairman of Svenskt Tenn AB. | - | Board member of ÅF, Akelius Residential Property AB and Nordens Ark. | Chairman of the Board in Elektroautomatik AB and Lurn AB. |
| Dependent | No | No | No | No |
| Previous experience | Previously President of Ur & Penn, CEO and owner of c/o Departments & Stores and founder of pharmacy chain Medstop AB. | Has held several leading positions in Scania including Exec. Vice President of Scania Commercial Systems, Exec. Vice President of Scania CFO, Senior Vice President of Scania Vehicle Sales Overseas Markets, Vice President of Scania, President of Bus Division, President of Scania do Brazil, President of Scania Argentina SL. | Previously Chairman of the Board of Volvo Buses, President of Volvo Trucks, President of Volvo Penta as well as senior management positions at Volvo Cars. | Human Resources Director SKF, President of SKF Sweden, Human Resources Director Volvo Car Corporation, President of SKF China, Business Development Director for the SKF Group. |
| Shareholding (alone and with related party) | 2,506,365 | 2,000 | 0 | 0 |
| Audit Committee | 5/6 | 6/6, Chairman | No | No |
| Compensation Committee | No | No | 2/2 | 2/2, Chairman |
| Attendance at Board meetings | 12/12 | 10/12 | 11/12 | 12/12 |
| Remuneration 2015/16 | SEK 590,000 | SEK 315,000 | SEK 240,000 | SEK 265,000 |
| <i>of which Board work</i> | SEK 540,000 | SEK 215,000 | SEK 215,000 | SEK 215,000 |
| <i>of which Committee work</i> | SEK 50,000 | SEK 100,000 | SEK 25,000 | SEK 50,000 |

All shareholdings are as at December 31, 2015.



Annika Sten Pärson



Carina Olson



Fredrik Hudson



Michael Collin



Per Holmqvist

| Name | Annika Sten Pärson | Carina Olson | Fredrik Hudson | Michael Collin | Per Holmqvist |
|--|---|---|--|--|---|
| Role on the Board | Board member | Board member | Employee representative for IF Metall. | Employee representative for IF Metall, deputy. | Employee representative for Federation of Salaried Employees in Industry and Service clubs. |
| Current employment | Advisor to digital media startups in the US. | CFO at Praktikertjänst. | Tooling engineers Senior safety delegate, Landskrona. | Local Chairman of IF Metall. | Global responsibility for technical production issues. |
| Education | Degree in Strategic Marketing from Berghs School of Communication. | MBA. | Technical high school, electromechanics. | Economic high school. | Technical high school. |
| Elected | 2012 | 2015 | 2011 | 2013 | 2014 |
| Born | 1963 | 1965 | 1974 | 1974 | 1961 |
| Resident | US | Sweden | Sweden | Sweden | Sweden |
| Other assignments | - | - | - | - | - |
| Dependent | No | No | - | - | - |
| Previous experience | Previously Sales and Marketing Director and head of the consumer division of Com Hem, commercial head of Coop Forum with responsibility for an organization with nearly 4,000 employees and SEK 14 bn in sales. Board member of Svensk Bilprovning. | CFO of Södra since 2001 and has held the role of CFO in both Södra Timber, and Södra Cell. Parallel to her role as CFO, she also held the position of HR Director. Between 1990 and 2001, Carina held positions including CFO, accounting manager and controller in several companies within ABB Fläkt Industri AB. | - | - | - |
| Shareholding (alone and with related party) | 0 | 0 | 0 | 0 | 0 |
| Audit Committee | No | 4/6 (Elected in April). | - | - | - |
| Compensation Committee | 2/2 | No | - | - | - |
| Attendance at Board meetings | 10/12 | 8/12 (Elected in April). | 11/12 | 11/12 | |
| Remuneration 2015/16 | SEK 240,000 | SEK 265,000 | - | - | - |
| <i>of which Board work</i> | SEK 215,000 | SEK 215,000 | - | - | - |
| <i>of which Committee work</i> | SEK 25,000 | SEK 50,000 | - | - | - |

Management Group



Bo Annvik



Åke Bengtsson



AiChang Li



Andreas Richter



Staffan Olsson

| Name | Bo Annvik | Åke Bengtsson | AiChang Li | Andreas Richter | Staffan Olsson |
|--|--|---|--|---|---|
| Current position | President and CEO. | CFO | Senior Vice President Asia Pacific. | Senior Vice President Europe and ROW sales. | Senior Vice President Global Operations. |
| Education | M.Sc in Business and Economics. | MBA | M.Sc. Mechanical Engineering. | Deegree in Mechanical Engineering. | M.Sc. Industrial Engineering and Management. |
| Born | 1965 | 1963 | 1960 | 1965 | 1967 |
| Resident | Swedish | Swedish | China | Swedish | Swedish |
| Other assignments | Board member of AB Handel & Industri. | - | - | Ålabodarnas Hamnaktiebolag Chairman and President. | - |
| Previous experience | Executive Vice President of Specialty Stainless, Outokumpu 2007-2011; President of SKF Sealing Solutions 2002-2007, Senior positions at Volvo Car Corporation, 1994-2002; Management consultant for Arthur D. Little and other companies, 1990-1994. | CFO at Partnertech 2011-2015, CFO at Cardo Entrance Solutions, a division of Cardo AB 2005-2011, CFO for the Nordic operations of Rexam Beverage Can. | President of NORMA in China 2006, President of Wabco in China 1996-2006. | Senior Vice President Sales and Marketing 2011-2012, Business Unit manager Disc Brakes 2007-2011, Vice President of Business Development and Marketing Foundation Brake 2005-2007 and other senior positions at Haldex. | Project Director at Scania CV AB 2012-2013, Plant Manager Engine Production at Scania CV AB 2007-2012, Production Director Powertrain Production at Scania Latin America 2002-2007. |
| Shareholding (alone and with related party) | 6.000 | 3.000 | 0 | 9.000 | 0 |
| Accrued shares in LTI programs | 18.910 | 0 | 7.586 | 5.337 | 1.949 |
| Employed | 2012 | 2015 | 2006 | 1993 | 2014 |
| In current position since | 2012 | 2015 | 2011 | 2012 | 2014 |

All shareholdings are as at December 31, 2015.



Catharina Paulcén



Bjarne Lindblad



Lena Nordin



Per-Erik Kronqvist

| Name | Catharina Paulcén | Bjarne Lindblad | Lena Nordin | Per-Erik Kronqvist |
|---|---|--|---|--|
| Current position | Senior Vice President Corporate Communications. | Senior Vice President Global Sourcing & Logistics. | Senior Vice President Human Resources. | Senior Vice President R&D. |
| Education | B.Sc., Business Administration. | Business Administration | Business administration, organization and leadership. | M.Sc. Mechanical Engineering. |
| Born | 1973 | 1956 | 1964 | 1962 |
| Nationality | Swedish | Swedish | Swedish | Swedish |
| Other assignments | Deputy Director Compiler AB. | - | - | - |
| Previous experience | Senior Vice President of Marketing and Communications at Enea 2009-2014, Director of Marketing at IBM 2008-2009, Executive Vice President of Marketing & Communications at Telelogic 2004-2008. | Sourcing director Nolato AB 2002-2003, President Nolato Gejde AB 1995-2001, CFO Nolato AB 1987-1994, Controller Haldex AB 1984-1986. | VP Talent Management at Haldex 2014-2015, VP Human Resources, Gambro 2006-2014. Vice President Human Resources at Gambro, 2006-2014. Previously Manager Competence Development at Ericsson. | Development Director at ADB and ABA at Haldex 2010-2013, Program Manager Volvo Car 2001-2010, Development Director at WACO AB 1997-2001, Development Director at Getinge AB 1996-1997. |
| Shareholding (alone and with related party) | 2.000 | 1.100 | 0 | 0 |
| Accrued shares in LTI programs | 1.001 | 5.496 | 749 | 5.072 |
| Employed | 2014 | 2004 | 2014 | 2010 |
| In current position since | 2014 | 2012 | 2015 | 2013 |

John Ducharme terminated his employment in January 2016. John Ducharme was a member of the management group from August 2015 to January 2016.

move to new places of service or accept new positions. Such remuneration may not be paid for periods exceeding 36 months and shall be capped at the equivalent of twice the remuneration the executive would otherwise have received.

- The Board may propose that the AGM resolve on long-term incentive programs.
- Pension benefits shall be based on defined-contribution plans and, for employees in Sweden, provide entitlement to pension at the age of 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. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual cases.

For additional information concerning remuneration of senior executives, refer to note 10, pages 47-48.

Remuneration in 2015

President

In 2015, the President and CEO received fixed 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. Upon termination 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 percent of fixed salary exceeding 20 "basic amounts". Retirement age is 65.

Other senior executives

According to the guidelines approved by the AGM, the President, in consultation with the Board's Compensation Committee, prepares remuneration issues concerning Group Management, which are subject to resolution by the AGM. Remuneration consists of a fixed and a variable salary portion. The variable portion is based on goals established by the President and the Compensation Committee on a yearly basis and may amount to 50 percent of the fixed annual salary. All members of Group Management 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. Pension benefits are regulated in pension plans adapted to local practice in the countries in question, with a retirement age starting at 65.

REMUNERATION OF GROUP MANAGEMENT 2015, SEK K

| | Fixed salary incl. benefits | Variable remuneration | Pension |
|--|--------------------------------|--------------------------|--------------|
| President Bo Annvik | 4,669 | 391 | 1,083 |
| Other senior executives, 10 persons | 15,365 | 188 | 3,137 |
| Total | 20,034 | 579 | 4,220 |

Incentive programs

The AGMs in 2013 and 2014 and 2015 resolved to implement incentive programs for senior executives and key personnel, LTI2013, LTI2014 and LTI2015. In brief, LTI means that if certain performance targets are achieved during the fiscal year, the participants in LTI are awarded a variable remuneration at the beginning of the following year, of which 60 percent will be distributed in cash and 40 percent 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 after four years, free of charge.

The term of the LTIs 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 of the new fiscal year. Subsequent to the allotment of any share amount, performance rights will be awarded to the participant followed by a deferral period of three years, before final transfer of performance shares to the participant is expected to occur after the AGM at the end of the term (2017 and 2018, respectively), and before the end of June in the same year. Deferred variable remuneration under LTI is not pensionable income.

Internal control

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in Swedish Corporate Governance Code. 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 Group Management.

Internal control is designed to ensure, to the maximum extent possible, that Haldex's reporting is appropriate and reliable and that the company complies with applicable laws and other 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 monitoring. It is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Haldex already applies COSO 2013 and its 17 principles

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

The Board oversees and ensures the quality of external financial reporting in the manner documented in the Operating Procedures for the Board of Directors, and 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, shareholders 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 is responsible for ensuring that the company's financial statements are prepared in accordance with applicable laws, accounting standards and other requirements for 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 conditions. 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.

Control environment

The Board has adopted a number of governance 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 considers such issues as the internal control process, monitors reporting issues and discusses accounting policies and the consequences of changes in these

policies. Furthermore, the Audit Committee maintains regular contact with the external auditors. The Committee is responsible for evaluation of the audit process and the auditors' efficiency, qualifications, fees and independence. In addition, the Audit Committee assists the Nomination Committee with proposals for the election of auditors and the procurement of audit services.

Risk assessment

Haldex's risk assessment with respect to financial reporting, meaning the identification and evaluation of the most significant risks in the Group's companies and processes in relation to financial reporting, forms the basis 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 Group Management. During the year, Haldex carried out a new assessment of the risks faced by the Group, documented in a Group-wide document.

Policy instruments

Policy instruments that form the basis for corporate governance in Haldex primarily include the Swedish Companies Act, the Annual Accounts Act, applicable regulations for publicly traded companies on Nasdaq Stockholm, the Swedish Corporate Governance Code and other relevant legislation and regulations.

Internal policy instruments include the Articles of Association adopted by the AGM, and documents approved by the Board including Operating Procedures for the Board of Directors of Haldex, instructions for the Compensation and Audit Committees, instructions for the President of Haldex, the Communication Policy and Treasury Policy. In addition to the above, the Group has a number of policies and manuals containing regulations and recommendations, with principles and guidance for the Group's operations and employees.

The Operating Procedures for the Board of Directors regulate the Board's internal division of duties, decision-making procedures within the Board, the Board's meeting procedures and the Chairman's duties. The Board's work follows a fixed procedure aimed at ensuring that its information requirements are met.

The Instructions for the President establishes the President's responsibility for ongoing operations, forms for reporting to the Board and the content thereof, requirements for internal policy instruments and matters that require Board decisions or that should be addressed to the Board.

Control activities

Efforts to further develop internal control and governance are ongoing, including continuous documentation, evaluation, implementation of new controls and improvement of existing controls.

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 fixed accounting policies. 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 within the Group have access to the information in this system relating to their areas of responsibility.

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

Monitoring

The company's financial reporting is continuously monitored, in part by management at various levels of the company and in part by the finance organization and controllers in the various business units. Monitoring takes place each month in conjunction with reporting and comprises both analysis and reviews by the relevant controllers and meetings between the relevant business managers and reporting units.

The Audit Committee communicates on a regular basis with the company's external auditors and the CFO, both during and between meetings. The Board receives a monthly report on the operation's performance. More detailed reporting is provided primarily by the President at all Board meetings. The Board 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 2015, 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 supervisory control of Group Management
- Given the company's size, this means that the Board does not currently consider another function financially viable.

Auditors' statement on the Corporate Governance Report

To the Annual General Meeting of Haldex AB (publ), corporate identity number 556010-1155

The Board of Directors is responsible for the 2014 Corporate Governance Report on pages 69-77, and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report 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, a Corporate Governance Report has been prepared, and its statutory content is consistent with the annual accounts and the consolidated accounts.

Landskrona, Sweden, March 14, 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Carl Fogelberg
Authorized Public Accountant

Quarterly data

| SEK m, unless otherwise stated | 2015 | | | | 2014 | | | | 2013 |
|--|-----------|------------|------------|------------|------------|------------|------------|-----------|-----------|
| | Q 4 | Q 3 | Q 2 | Q 1 | Q 4 | Q 3 | Q 2 | Q 1 | Q 4 |
| Income statement: | | | | | | | | | |
| Net sales | 1,052 | 1,189 | 1,290 | 1,246 | 1,092 | 1,123 | 1,124 | 1,041 | 908 |
| Cost of goods sold | -772 | -835 | -912 | -899 | -789 | -797 | -806 | -750 | -664 |
| Gross income | 280 | 354 | 378 | 347 | 303 | 326 | 318 | 291 | 244 |
| Selling, administrative and product development expenses | -216 | -243 | -245 | -238 | -207 | -224 | -214 | -212 | -190 |
| Other operating income and expenses | 5 | -103 | 1 | 5 | -64 | -87 | -1 | 4 | -1 |
| Operating income | 69 | 8 | 134 | 114 | 32 | 15 | 103 | 83 | 53 |
| <i>Operating income, excl. one-off items</i> | <i>76</i> | <i>116</i> | <i>137</i> | <i>115</i> | <i>101</i> | <i>113</i> | <i>110</i> | <i>84</i> | <i>66</i> |
| Financial income and expenses | -7 | -28 | -6 | -13 | -8 | -7 | -5 | -8 | -11 |
| Income before tax | 62 | -20 | 128 | 101 | 24 | 8 | 98 | 75 | 42 |
| Tax | -14 | -2 | -42 | -22 | -7 | -30 | -34 | -27 | -30 |
| Net income | 48 | -22 | 86 | 79 | 17 | -22 | 64 | 48 | 12 |
| Statement of financial position: | | | | | | | | | |
| Non-current assets | 1,177 | 1,145 | 1,183 | 1,212 | 1,148 | 1,079 | 1,051 | 1,023 | 1,047 |
| Current assets | 1,678 | 1,807 | 1,836 | 2,061 | 1,788 | 1,668 | 1,632 | 1,583 | 1,439 |
| Total assets | 2,855 | 2,952 | 3,019 | 3,273 | 2,936 | 2,747 | 2,683 | 2,606 | 2,486 |
| Equity | 1,407 | 1,325 | 1,368 | 1,416 | 1,278 | 1,199 | 1,183 | 1,177 | 1,152 |
| Non-current liabilities | 692 | 737 | 721 | 786 | 718 | 732 | 736 | 741 | 728 |
| Current liabilities | 756 | 890 | 930 | 1,071 | 940 | 816 | 764 | 688 | 606 |
| Total equity and liabilities | 2,855 | 2,952 | 3,019 | 3,273 | 2,936 | 2,747 | 2,683 | 2,606 | 2,486 |
| Cash flow: | | | | | | | | | |
| Cash flow from operating activities before change in working capital | 57 | 26 | 132 | 134 | 82 | 60 | 116 | 98 | 67 |
| Cash flow from operating activities | 111 | 133 | -26 | 2 | 204 | 112 | 116 | 3 | 76 |
| Cash flow from investment activities | -52 | -47 | -43 | -32 | -61 | -53 | -32 | -5 | -34 |
| Cash flow from financing activities | -29 | -8 | -135 | -7 | -24 | -70 | -121 | -1 | -27 |
| Net cash flow | 30 | 78 | -204 | -37 | 119 | -11 | -37 | -3 | 15 |
| Key figures: | | | | | | | | | |
| Operating margin, excl. one-off items, % | 7.3 | 9.7 | 10.6 | 9.3 | 9.3 | 10.1 | 9.7 | 8.1 | 7.3 |
| Operating margin, % | 6.6 | 0.7 | 10.4 | 9.2 | 3.0 | 1.3 | 9.2 | 7.9 | 5.9 |
| Earnings per share, before and after dilution, SEK | 1.08 | -0.50 | 1.92 | 1.78 | 0.38 | -0.53 | 1.44 | 1.03 | 0.26 |
| Equity per share, SEK | 31.46 | 29.58 | 30.52 | 31.57 | 28.48 | 27.13 | 26.76 | 26.63 | 26.06 |
| Cash flow, operating activities, per share, SEK | 2.52 | 3.01 | -0.59 | 0.05 | 4.61 | 2.53 | 2.62 | 0.07 | 1.61 |
| Share price, SEK | 79.50 | 88.00 | 109.50 | 130.25 | 101.75 | 83.75 | 82.50 | 75.75 | 60.00 |
| Return on capital employed, excl. one-off items, % ² | 21.7 | 23.3 | 23.4 | 22.4 | 21.4 | 19.6 | 18.1 | 16.1 | 14.6 |
| Return on capital employed, % ² | 15.9 | 14.3 | 14.8 | 13.5 | 12.2 | 13.5 | 17.3 | 9.4 | 7.8 |
| Return on equity, % | 3.6 | -1.7 | 6.7 | 6.4 | 1.4 | -2.0 | 5.6 | 4.0 | 1.0 |
| Equity ratio, % | 49 | 45 | 45 | 43 | 44 | 44 | 44 | 45 | 46 |
| Net debt/equity ratio, % | 24 | 33 | 36 | 25 | 21 | 34 | 37 | 35 | 33 |
| Investments | 52 | 47 | 43 | 32 | 48 | 40 | 32 | 27 | 34 |
| R&D, % | 3.9 | 3.5 | 3.5 | 3.6 | 3.6 | 3.3 | 3.2 | 3.5 | 4.1 |
| No. of employees | 2,140 | 2,215 | 2,257 | 2,265 | 2,235 | 2,217 | 2,232 | 2,199 | 2,135 |

Five-year summary

| SEK m, unless otherwise stated | 2015 | 2014 | 2013 | 2012 | 2011 ¹⁾ |
|--|--------------------|--------|--------|--------|--------------------|
| Income statement: | | | | | |
| Net sales | 4,777 | 4,380 | 3,920 | 3,933 | 4,030 |
| Cost of goods sold | -3,418 | -3,142 | -2,827 | -2,904 | -2,967 |
| Gross income | 1,359 | 1,238 | 1,093 | 1,029 | 1,063 |
| Selling, administrative and product development expenses | -942 | -857 | -839 | -836 | -829 |
| Other operating income and expenses | -92 | -148 | -101 | -43 | 1 |
| Operating income | 325 | 233 | 153 | 150 | 235 |
| <i>Operating income, excl. one-off items</i> | 444 | 408 | 281 | 210 | 235 |
| Financial income and expenses | -54 | -28 | -43 | -36 | -18 |
| Income before tax | 271 | 205 | 110 | 114 | 217 |
| Tax | -80 | -98 | -72 | -60 | -75 |
| Net income | 191 | 107 | 38 | 54 | 142 |
| Statement of financial position: | | | | | |
| Non-current assets | 1,177 | 1,148 | 1,047 | 1,186 | 1,276 |
| Current assets | 1,678 | 1,788 | 1,439 | 1,414 | 1,582 |
| Total assets | 2,855 | 2,936 | 2,486 | 2,600 | 2,858 |
| Equity | 1,407 | 1,278 | 1,152 | 1,129 | 1,336 |
| Non-current liabilities | 692 | 718 | 728 | 967 | 924 |
| Current liabilities | 756 | 940 | 606 | 504 | 598 |
| Total equity and liabilities | 2,855 | 2,936 | 2,486 | 2,600 | 2,858 |
| Cash flow: | | | | | |
| Cash flow from operating activities before change in working capital | 349 | 356 | 249 | 243 | 439 |
| Cash flow from operating activities | 220 | 435 | 282 | 238 | 114 |
| Cash flow from investment activities | -174 | -151 | -71 | -118 | 1,301 |
| Cash flow from financing activities | -179 | -216 | -230 | -164 | -1,519 |
| Net cash flow | -133 | 68 | -19 | -44 | -104 |
| Key figures: | | | | | |
| Operating margin, excl. one-off items, % | 9.3 | 9.3 | 7.2 | 5.3 | 5.8 |
| Operating margin, % | 6.8 | 5.3 | 3.9 | 3.8 | 5.8 |
| Earnings per share, before and after dilution, SEK | 4.28 | 2.32 | 0.80 | 1.12 | 3.08 |
| Equity per share, SEK | 31.46 | 28.48 | 26.06 | 25.53 | 30.20 |
| Cash flow, operating activities, per share, SEK | 4.99 | 9.84 | 6.38 | 5.38 | 2.58 |
| Dividends, SEK | 2.00 ³⁾ | 3.00 | 2.00 | 1.00 | 2.00 |
| Share price, SEK | 79.50 | 101.75 | 60.00 | 33.50 | 25.20 |
| Return on capital employed, excl. one-off items, % ² | 21.7 | 21.4 | 14.6 | 9.8 | 10.1 |
| Return on capital employed, % ² | 15.9 | 12.2 | 7.8 | 7.0 | 10.1 |
| Return on equity, % | 14.1 | 8.7 | 3.1 | 3.4 | - |
| Equity ratio, % | 49 | 44 | 46 | 43 | 47 |
| Net debt/equity ratio, % | 24 | 21 | 33 | 51 | 37 |
| Investments | 174 | 147 | 94 | 118 | 100 |
| R&D, % | 3.6 | 3.4 | 3.5 | 3.4 | 3.3 |
| No. of employees | 2,140 | 2,235 | 2,135 | 2,200 | 2,365 |

¹⁾ Continuing operations ²⁾ Rolling 12 months ³⁾ Proposed dividend

Financial definitions

CAPITAL EMPLOYED: Total assets less non-interest bearing liabilities and non-interest bearing provisions.

CASH FLOW PER SHARE: Cash flow from operating activities divided by the average number of shares.

DIVIDEND YIELD: Dividend divided by market price at year-end.

EARNINGS PER SHARE: Proportion of net income for the year attributable to the owners of the Parent Company divided by weighted average number of shares.

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

EQUITY RATIO: Equity including non-controlling interests as a percentage of total assets.

INTEREST COVERAGE RATIO: Operating income excluding one-off items plus interest income divided by interest expenses.

NET DEBT: Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions.

NET DEBT/EQUITY RATIO: Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

OPERATING MARGIN: Operating income as a percentage of net sales for the year.

PAYOUT RATIO: Dividend divided by earnings per share.

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

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 capital employed.

RETURN ON EQUITY: The proportion of net income for the year attributable to owners of the Parent Company as a percentage of the proportion of average equity attributable to owners of the Parent Company.

TOTAL RETURN: Market price at year-end, including dividend, divided by marketprice at beginning of year.

Glossary

AIR CONTROLS: Haldex's product line for products to improve brake systems' safety and driving qualities, such as treatment and dehumidifying of compressed air, valves and ABS & EBS.

AFTERMARKET: Spare parts sold to, and training and services provided to the workshops that repair and service vehicles.

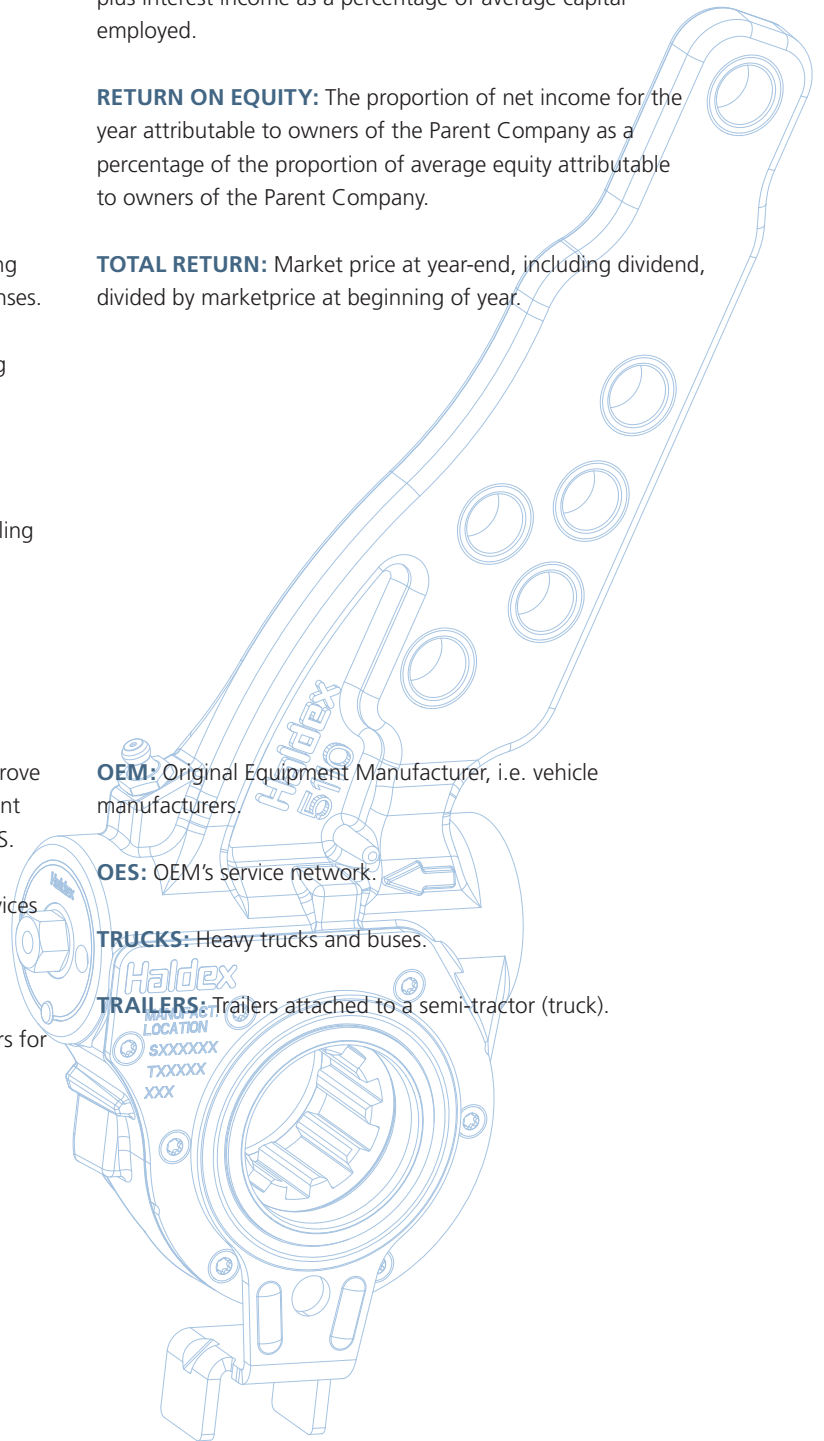
FOUNDATION BRAKE: Haldex's product line for brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and brake cylinders.

OEM: Original Equipment Manufacturer, i.e. vehicle manufacturers.

OES: OEM's service network.

TRUCKS: Heavy trucks and buses.

TRAILERS: Trailers attached to a semi-tractor (truck).



Haldex 2016 Annual General Meeting

The Annual General Meeting of Haldex AB (publ) will be held on Tuesday, May 3 at 4.00 p.m. at the company's premises at Instrumentgatan 15, Landskrona, Sweden. At 3.00 p.m., shareholders will also be invited to participate in a brief introduction to one of the company's areas or a guided tour of the plant. Light refreshments will be served after the Meeting.

Notification of attendance

To be entitled to participate in the Annual General Meeting and vote, shareholders must be recorded in the share register maintained by Euroclear Sweden AB on Wednesday, April 27, 2016, and notify the company of their intention to participate by letter to Haldex AB, Wiveca Kivi, Box 507, SE-261 24, Landskrona, Sweden, by telephone to +46 418 47 60 00, or by e-mail to anmalan.stamma@Haldex.com, not later than Wednesday, April 27, 2016.

Report dates in 2016

| | |
|--------------------------------|-------------------|
| Interim report, January-March | April 22, 2016 |
| Annual General Meeting | May 3, 2016 |
| Interim Report, January-June | July 15, 2016 |
| Interim report, July-September | October 25, 2016 |
| Year-end report 2016 | February 10, 2017 |

The interim report and a recording of the webcast is available on Haldex's website:
<http://www.haldex.com/financialreports>

External communication

Our communication with financial markets is characterized by transparent, relevant and accurate information to shareholders, investors and analysts, aimed at increasing knowledge of the Group's business and share. We disclose information in the form of interim reports, annual reports and press releases, and provide more comprehensive information in the IR section of our website. Shareholders and other interested parties can subscribe to press releases, financial reports and the closing price of the share via e-mail. General information, such as shareholder lists is updated on the IR section of the website at the end of a quarter. In the event of major changes, the website is updated immediately.

During the Annual General Meeting in April, shareholders were invited to participate in a guided tour of the facility in Landskrona, including the plant.

There is no communication with financial markets in the 30-day period prior to the publication of a financial report.

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Haldex AB is a registered limited liability corporation. Corporate registration number 556010-1155. Registered office in Landskrona, Sweden. Denna årsredovisning finns även på svenska. All values are expressed in Swedish kronor. Kronor is abbreviated as SEK and millions of kronor as SEK m. Figures in brackets refer to the previous year, 2014, unless otherwise stated. The Swedish annual report is the legally binding version. This report contains forward-looking information based on Haldex's current expectations. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that these expectations will prove correct. Consequently, future outcomes could vary considerably compared to what is stated in the forward-looking information depending, among other things, on changed economic, market and competitive conditions, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors.

This Annual Report was produced in collaboration with RHR/CC in Malmö, Sweden.

Follow Haldex at – www.haldex.se

We view our social media channels as a complement to press releases and financial reports. This is where we can provide a better insight into what is happening within the company in a less formal way. Since we use the channels in slightly different ways, you can choose which one suits you best.



www.facebook.com/Haldex

Our Facebook page presents a mix of short business news items with fun facts and Haldex-specific events.



www.twitter.com/HaldexAB

The Group's Twitter account is perfect for those who want to stay up-to-date on financial news from Haldex on an ongoing basis. We publish press releases, information about activities, as well as quotes and summaries from our financial presentations.



www.linkedin.com/company/haldex

On LinkedIn, you can read more detailed summaries of new products, customer cases and financial news.



www.twitter.com/Haldexbrake

On our second Twitter account, we communicate market and product news that we believe will be of interest to you as a customer.



www.youtube.com/user/HaldexTV

On YouTube, you will find videos that describe and demonstrate our product range. Short video clips and longer presentations are included, with everything from product demonstrations to training courses.



www.instagram.com

On Instagram, you can get a glimpse of everyday life at Haldex. Employees around the world publish photos from trade fairs and customer events, but also from internal meetings and ordinary office situations.

Haldex

After more than 100 years of powerfully focused innovation, Haldex has unrivaled expertise when it comes to brake and air suspension systems for heavy trucks, trailers and buses. We live and breathe our business, with the goal of delivering robust and technically superior solutions based on a deep understanding of our customers' reality. By focusing on our core competencies and the passion we all share, we have achieved the speed and flexibility required by the market.

Collaborative innovation is both our philosophy and the core of our products. Our 2,140 employees, spread across four continents, challenge conventional thinking on a daily basis to ensure that the products we deliver create unique value for our customers and all end-users.

We are listed on Nasdaq Stockholm with sales amounting to approximately SEK 4.8 bn.

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