

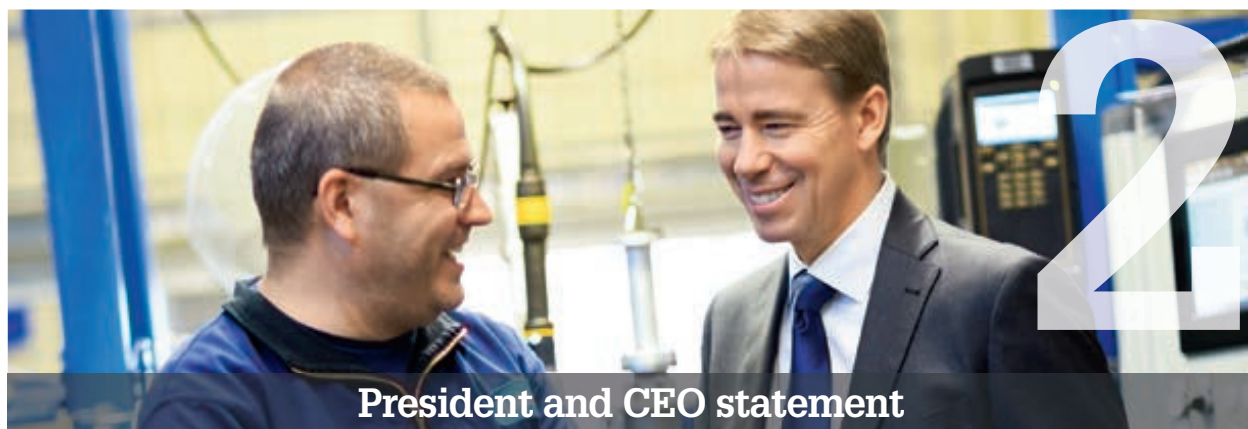
ANNUAL REPORT 2016

A WORLD OF **SAFER VEHICLES**

Brake solutions for heavy vehicles

Haldex

Contents



President and CEO statement



Transport needs are increasing



Bridge-building leadership




Disc brakes
continue to
capture
market share


24




The Haldex share

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Haldex products contribute t

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
55%**



**AIR CONTROLS
45%**

**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

SALES, SEK M
4,374

In 2016, currency-adjusted sales declined by 9 percent. Profitability followed sales, with an operating margin excluding one-off items of 6.6 percent.

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
45%

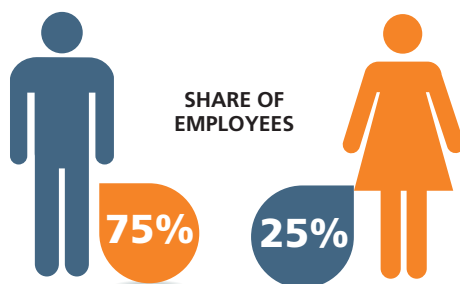


TRUCKS
23%

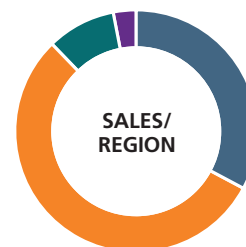
TRAILERS
32%

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%	Germany 5%
Mexico 19%	Brazil 3%
Sweden 14%	France 3%
Hungary 11%	UK 3%
China 10%	Canada 1%
India 6%	



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

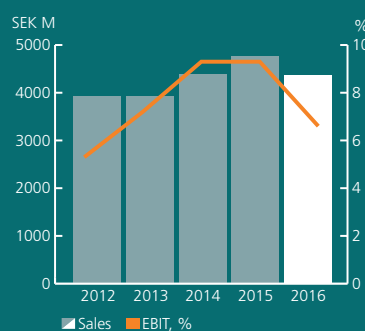
SPLIT OF BUSINESS: BorgWarner took over the all-wheel drive coupling for passenger cars, while Concentric took over the hydraulic pump operations in 2011. Since then, Haldex encompasses only brake products and air suspension systems.

2016 in brief

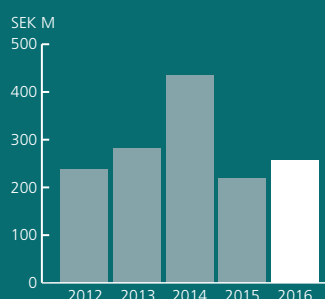
A year with a weaker market and a drawn-out public offer process. The general market trend affected sales adversely over the year despite the continued success of disc brakes. The operating margin has followed sales.

- **Currency adjusted sales decreased by 9 percent over the year. Demand in the North American market has been weak, and increased sales in Europe and Asia could not offset the decline in volumes in North America.**
- **Haldex's disc brake was the fastest-growing product with double-digit growth, which also led to sales within Trailer withstanding the market decline. Over the year, brake adjusters and actuators decreased as a result of deteriorating market conditions. Sales to the aftermarket in Europe and Asia has been stable but declined in North and South America, resulting in lower overall sales in this customer segment.**
- **The operating margin of 6.6 percent excluding non-recurring items did not reach the long-term target of 10 percent. However, the decline is associated with lower sales rather than the cost structure.**
- **Cash flow from operating activities improved compared with the preceding year.**
- **A public offer process for Haldex was initiated on July 14 and is still ongoing. Knorr-Bremse's offer of SEK 125 per share is conditional upon clearance from relevant competition authorities. When and if approval is obtained, the offer can be completed.**

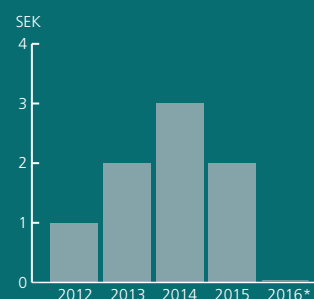
**SALES AND OPERATING MARGIN,
EXCLUDING ONE-OFF ITEMS**



**CASH FLOW FROM
OPERATING ACTIVITIES**



DIVIDEND



* Proposed dividend to be approved by the Annual General Meeting, SEK 0

KEY FIGURES	2016	2015	Change
Net sales, SEK m	4,374	4,777	-8%
Operating income excluding one-off items, SEK m	291	444	-34%
Operating income, SEK m	204	325	-37%
Operating margin excluding one-off items, %	6,6	9,3	-2,7
Operating margin, %	4,7	6,8	-2,1
Net income after tax, SEK m	91	191	-52%
Earnings per share, SEK	2.00	4.28	-53%
Dividend, SEK	0	2.00	-
Return on capital employed, excluding one-off items % ²⁾	13.8	21.7	-7,9
Return on capital employed ²⁾	9.7	15.9	-6,2
Equity/assets ratio, %	45	49	-4
Cash flow from operating activities, SEK m	256	220	36
Employees	2,045	2,140	-4%

¹⁾ Proposed dividend for 2016

²⁾ Rolling 12 months

” A challenging year for an attractive company

After almost five years, Bo Annvik steps down as CEO of Haldex. Along with Åke Bengtsson, who is the acting president and CEO since March 1, 2017, Annvik sums up the previous year and discusses Haldex's future.

One of Bo Annvik's principal contributions to Haldex's development is the long-term strategy and the course towards profitable growth on which the company embarked in 2012 when he took office. "Haldex has improved in many areas in recent years, and in 2016 we took a further step towards generating long-term value in the company. In particular, the three companies that entered the bidding fray for Haldex bear witness to this," says Bo Annvik.

Annvik continues: "In North America, where we have more than half of our sales, 2016 was challenging, with greatly decreased production volumes for newly manufactured commercial vehicles. Weak demand has significantly affected Haldex, which was unable to show growth for the year. However, the lower sales volumes correlates with the market in general and we have coped well, although Europe and Asia were unable to offset decreased sales in North America."

Åke Bengtsson adds: "Our cost structure remains good and we are maintaining good cost control. It has been our ambition to increase our operating margin, but profitability has also been impacted by lower volumes and the decline in the margin is in line with the change in sales. When demand picks up, Haldex will be well-positioned to take the next step towards its long-term profitability target of an operating margin of at least 10 percent, excluding one-off items."

” **When demand picks up, Haldex will be well-positioned to take the next step towards its long-term profitability target.**

Development in disc brakes

A recurring topic is how the ModulT disc brake is developing. Over the past two years, this has been Haldex's fastest-growing product, and it has also won new market shares. "ModulT is the result of successful product development in line with our strategy that all of our products are, or have the potential to be, market leaders," says Bo Annvik. "Since ModulT was launched six years ago, we have continued to develop a number of

variants. In 2016, we were able to re-launch it in North America, receiving a very good response from customers, after a break of several years due to a patent dispute. From having been able to offer ModulT for trailers only, in the autumn, we were able to present an initial version for trucks. With a complete product range for both trailers and trucks, we can proudly state that Haldex has the lightest disc brake on the market. This is a very important parameter for customers who want to reduce fuel consumption and environmental impact. Bengtsson adds: "Thanks to agreements that are already signed, we expect ModulT to continue to grow by double digits over the next few years."

Annvik continues: "On the other hand, we face challenges in terms of new disc brake contracts and the public offer process in which Haldex currently finds itself. Major customers seek dual sourcing, meaning they have two suppliers of the same product. With three disc brake suppliers in Europe, one of whom has entered an offer for Haldex, discussions with customers are affected. We have handled the situation by customizing and developing the product on our own, rather than entering into joint development contracts with customers. This entails Haldex bearing the full cost of the development process while there remains considerable uncertainty regarding future production contracts. It is crucial for the future development of the disc brake that we win some of the larger contracts for which we are bidding, particularly when it comes to trucks, and this in turn affects our growth opportunities."

Electromechanical brakes

Another topic related to Haldex's long-term growth opportunities, is the joint venture with VIE of China announced in 2016. Together, the companies are to develop electromechanical brakes for electric vehicles.

Bo Annvik explains: "The Chinese authorities are making a major investment in electric buses to reduce environmental impact. There is currently no optimum braking solution for commercial electric vehicles. Current solutions are either based on hydraulic brake technology, which lacks sufficient stopping power for heavy vehicles, or pneumatic braking technique, which is normally used on heavy vehicles. Electric vehicles are not built the same way, with the result that pneumatic solutions are heavy and cumbersome. With the patents Haldex holds on



”It is crucial for the future development of the disc brake that we win some of the larger contracts for which we are bidding and this in turn affects our growth opportunities.

electromechanical brakes, we are well-advanced with a technical solution and, together with VIE, which has a wide network of contacts in China, we take a confident view of what this joint venture could contribute to Haldex in the future. Annvik adds: “The combination of sustainable, innovative solutions with a rapidly growing market could not be better. Haldex has world-class expertise in electromechanical brakes. This is yet another example of our strategy of product leadership being implemented in practice.”

Broadened aftermarket offering

An important component of the strategy is the objective to increase sales to the more profitable aftermarket. The relative share of sales increased in 2016, while sales decreased in absolute terms. Annvik describes the past year: “We have made two important changes during the year. Complementary brands have been launched to differentiate product offerings and provide vehicle owners with differing needs a broader range of products. We have also taken the step to fully enter the e-commerce markets in North America and Europe. This makes it easier for our customers to place orders, but also the sales process more efficient.” Annvik continues: “A process that unfortunately has not generated visible results are the intense acquisition discussions that are in progress. Our ambition is to broaden the aftermarket offering through acquisitions, and we have not progressed as far as we would have liked.”

Focus on current operations

On several occasions, the discussion addresses the ongoing public offer process for Haldex and how this is affecting operations. Bengtsson explains: “Our main focus is to continue operating in accordance with the targets set previously. In the autumn, we added an additional level of detail in our strategy to clarify more clearly to all stakeholders what we seek to accomplish. By introducing milestones and accelerating projects rather than losing momentum, we want to ensure that Haldex continues to develop well. All employees should be able to see exactly how they contribute to Haldex’s success. Progress on the various strategic projects is communicated openly and monitored through various indicators.”

Another area on which Haldex is focusing is management training. This is a matter close to Åke Bengtsson’s heart. “We already planned to introduce a new training program for Haldex and have taken a decision to roll this program out as soon as possible, as an additional way of retaining and motivating employees. We perceive a high risk of losing key individuals and management training has many purposes, including motivating employees to remain at the company, to enhance skills, but also to ensure that competent managers are on hand, ready to be promoted if an employee were to choose to leave the company. Part of the program is aimed at middle management and focuses on leadership aided by Haldex’s values and 5Cs (the name given to Haldex’s behaviors, which all begin with the

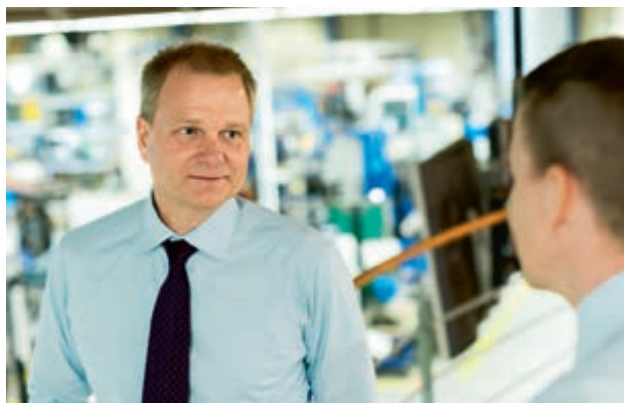
letter C), as well as specific areas of knowledge, such as leading through change, effective communication, and creating commitment within a team. Key individuals are also offered an international management program tailored for Haldex in cooperation with the Stockholm School of Economics.

Åke Bengtsson adds: "Protecting the values built up in the company over an extended period of time is important, regardless of who our owners will be. Being in a position to invest in strong leaders who can pursue important projects and act as role models within Haldex is path ahead in which I have much confidence."

Annik says: "Over the past few months, I have been asked several times where Haldex stands on the question of ownership. There is no doubt that Haldex would like to have a long-term owner and swift closure of the process. We have received three bids and have assisted in all competition investigations in the best way possible. Being able to reuse the same data for each bid, has given us a head start in compiling the data. The Board of Directors makes it clear that as a smooth process as possible is to be preferred in securing the approval of the competition authorities, and the management team is working hard to assist the examinations in an optimal manner while maintaining focus on current operations."

Outlook for 2017

When the discussion turns to 2017, Bo Annvik and Åke Bengtsson agree that this will be another challenging year. "North America is expected to remain weak," says Bengtsson. "2015 was a record year, so it is not surprising that both 2016 and 2017 will have lower volumes. Europe has been stable for a few years and is expected to remain so in 2017. We can see a slight increase in order bookings in Europe, driven mainly by disc brake sales. China slowed in 2016 and a weak 2017 is expected. However, there is a possibility that the authorities will hasten decisions making automatic brake adjusters standard on



Protecting the values built up in the company over an extended period of time is important, regardless of who our owners will be.



Haldex has worldclass expertise in electro-mechanical brakes.

heavy vehicles this year, which would put Haldex in a favorable situation in China. India has seen mixed performance in recent years and 2017 is not expected to be a good year. Brazil has experienced several tough years recently and we have yet to see any significant recovery."

Bengtsson continues: "Our market position for 2017 is weak in several markets, which, combined with a lengthy bidding process, makes it difficult for Haldex to show growth. We aim to continue ensuring good profitability, although, with reduced sales, the operating margin for 2017 is expected to be slightly lower than in 2016."

Annik says: "I would like to extend my warm thanks to all of our employees, customers, suppliers and shareholders who made the past five years highly rewarding and I am confident that Åke, alongside our very strong management team, will continue to lead the company in the right direction until my successor is appointed."

Bengtsson concludes: "In the immediate future, the continued focus will be on maintaining customer relationships, ensuring that key people stay and on assisting in the complex competition investigations. To date, we have succeeded very well, thanks to our skilled and dedicated employees who have done their utmost to continue securing business and protecting the values that make Haldex the amazing company it is. We are fully focused on taking Haldex across the finishing line in the ongoing offer process, while continuing to do our best to generate long-term results that benefit shareholders, employees and customers."

Landskrona, Sweden, March 2017

Bo Annvik
President and CEO
(Until March 2017)

Åke Bengtsson
Acting President and CEO
(From March 2017)

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	CUSTOMER FOCUS	AFTERMARKET EXPANSION	OPERATIONAL EXCELLENCE	BRIDGE BUILDING CULTURE	PAGES 7-9
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

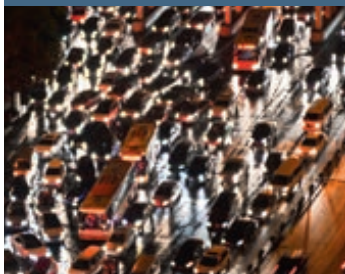
*non recurring items

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

Increasing transport needs



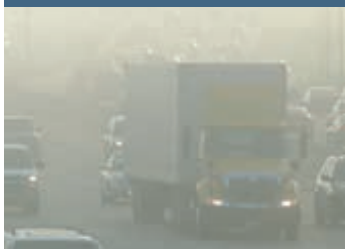
Improved infrastructure



Higher safety demands



Higher environmental standards imposed



Competition for skills



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.

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. 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.

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. As more countries and organizations set ambitious targets for safety, safety systems will increasingly become mandatory for commercial vehicles.

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.

Safety products and industrial production require a broad range of skills. 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'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. 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.

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. With increasing demands for sustainable and efficient vehicle solutions, Haldex's solutions become more attractive.

It is clear that safety requirements are increasing in all parts of the world. Newly introduced legislation in India and Brazil requires ABS on newly manufactured buses and trucks. In Europe, more stringent requirements on braking distances for heavy vehicles resulted in a breakthrough for disc brakes. The regulatory change that would have the greatest impact on Haldex, is if the US were to transition from drum brakes to disc brakes. However, no such amendment has yet been proposed.

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.

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.

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 with safer vehicles. The strategy, which is based on five pillars – product leadership, customer focus, aftermarket expansion offering, operational excellence and a bridge-building culture, forms the basis of our action plan, which in turn targets long-term and short-term 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 improving braking capacity and contributing to a more sustainable society by, for example, reducing fuel consumption. Nothing can 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 offer the driver the best possible experience and the best conditions for operating the vehicle safely.

Business model

Haldex sells to manufacturers of trucks and trailers (OEMs) and distributors. Distributors can be divided into OES (OEM suppliers) 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 OESs often have customers who are early owners of the vehicle, while the independent distributors often have clients who are later owners of the vehicle. These end-users impose different needs and different requirements on the distributors' product ranges. See illustration below.

Strategy

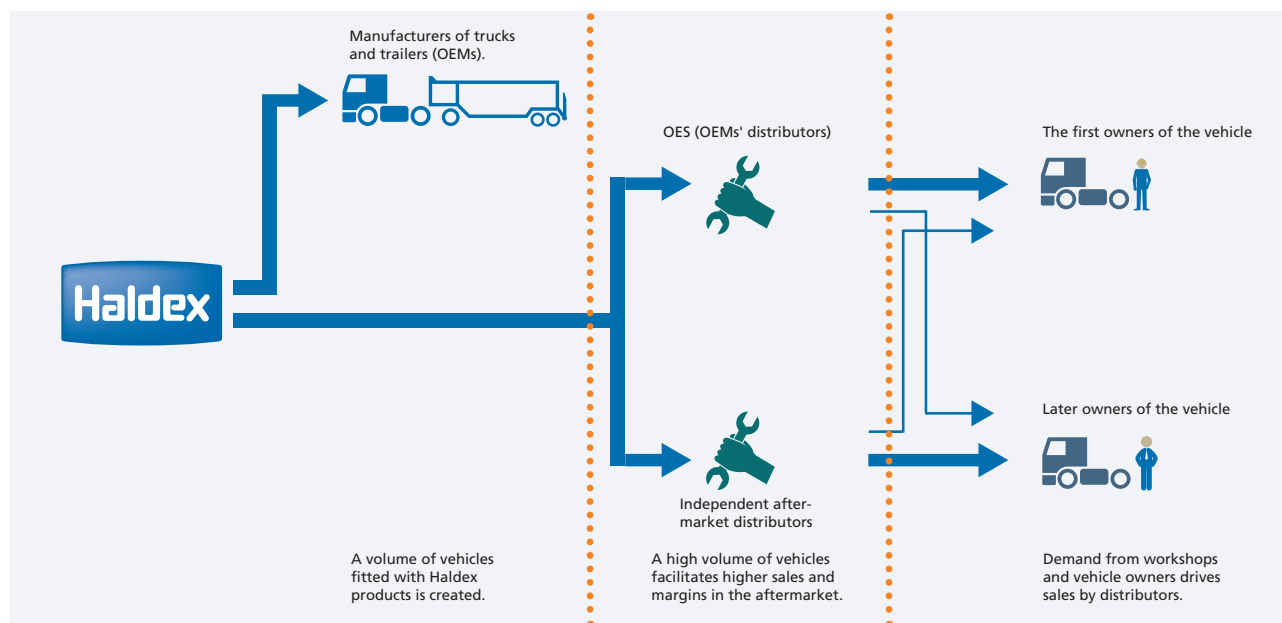
Haldex's strategy is based on strengths identified in dialogue with customers, suppliers and employees. The strategy has been named "Driving our future" and is based on five strategic pillars. The strategy is intended to show the way for the next five years and is followed up internally by a number of milestones, activities and indicators.

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. Prioritized areas of value creation are safety, environmental impact and total cost of ownership. These are areas where product innovation contributes to the customer's business benefit. Market knowledge is also required so that the product that is created has the potential to attain the critical volumes required to achieve adequate profitability.

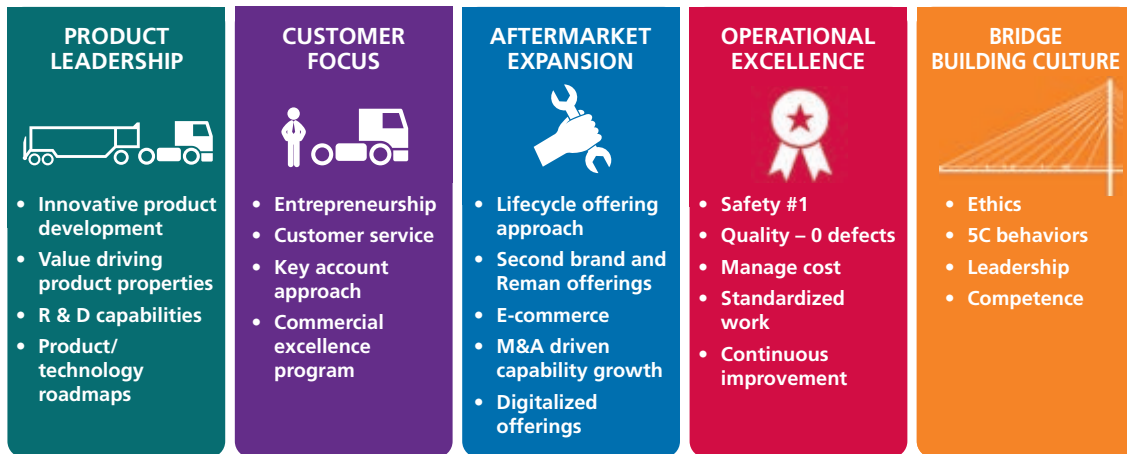
With the long lead times that exist in the automotive industry, future technology trends are of great interest. What happens in the automotive industry 10-15 years from now can have direct consequences on how product development looks today.



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.

STRATEGIC OBJECTIVES

- Profitable growth
- Ethical Haldex
- Green Haldex
- Safe Haldex



Haldex's strategy builds on strengths identified in dialog with customers, suppliers and employees. The strategy has been named "Driving our future" and is based on five strategic pillars. The strategy is intended to show the way for the next five years and is monitored internally through a number of milestones, activities and key figures.

Product leadership requires focus. We aim to invest our resources where they generate the most value by building on the product areas that are successful today. Our resources will be focused on projects that can make a difference, rather than being thinly distributed across many projects. We must also ensure that our development engineers have the right skills, both to understand and develop the products currently in the market, but also to anticipate and develop products for the future

Customer focus

The target is to grow faster than the market, but with increased customer satisfaction. It should be easy to do business with Haldex. As our customer, you are 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 degree of service that distinguishes Haldex.

With our OEM customers, we are building personal and strategic relationships. Joint development projects are conducted with the largest customers, and we work in close proximity to their operations. Aftermarket customers have different needs and require convenient access to a wide range of products. We must therefore apply different strategies and internal tools for different customer groups to facilitate doing business with us for all customers, while we use our own resources in an efficient manner.

Aftermarket expansion

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. The goal is to increase revenue from the more profitable aftermarket through a broader offering and use of new technologies such as e-commerce.

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' 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. Acquisitions are high priority as a way of bringing in additional complementary products and several acquisition targets have been discussed without yet having resulted in any completed acquisitions. An important step in efforts to broaden the product range is the grouping of products under the Premium Line, Value Line and Reman line, which were launched in 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. The Grau and Midland brands have been introduced to make it clear to the customer what properties each product represents. As a step in simplifying the offering to aftermarket customers, e-commerce solutions were introduced in Europe and North America during the year. Other digitized offerings are continually evaluated to increase the service further.

Operational excellence

Efficiency, cost awareness, high safety levels, precision and quality are prerequisites for achieving product leadership and customer focus. Effective processes free up time and energy for

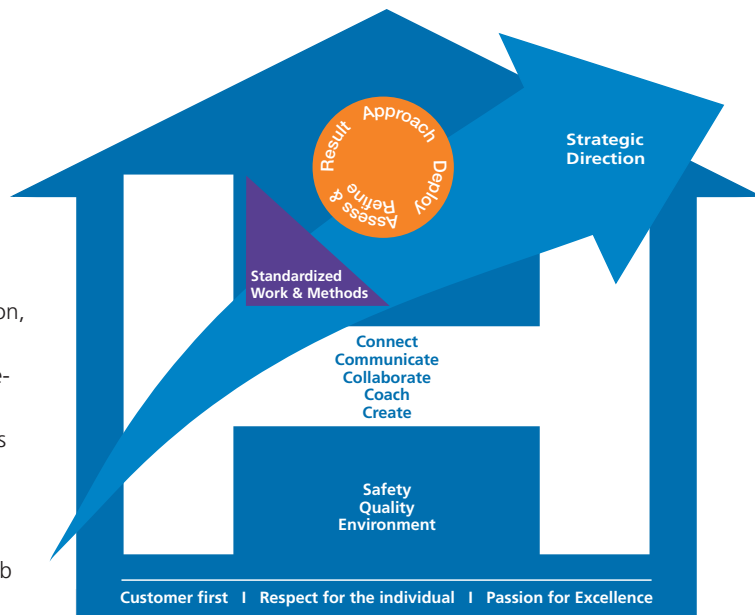
developing products, building customer relationships and providing good service. Quality at every stage, from production, supplier procurement and cost monitoring to competence development and recruitment. Continuous efficiency improvements and cost savings are a matter of survival in an industry under price pressure. In other words, operational excellence is a precondition for competitiveness in our industry.

Bridge-building culture

The goal is to create a better workplace with high levels of job satisfaction. Over the past few years, we have intensified our efforts with regard to culture, values and leadership in the workplace. High standards in terms of ethics and morals are essential in developing a better workplace. A sound culture that inspires, challenges and motivates employees has been complemented with five behaviors that we call the 5 Cs, since all of them start with the letter C – Connect (understanding the big picture and network), Communicate (globally and locally), Collaborate (across the company), 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.

The role of our leaders is to create opportunities for everyone to reach their full potential and work toward the Group's shared objectives. Since 2015, we have introduced a joint framework for how we want to develop and evaluate our managers. The Haldex Bridge Leadership Framework defines 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 be accountable and take 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.

New technologies also allow different working environments to be created that adapt to employees' wishes and circumstances. This is even more important in a global environment where cooperation between countries and time zones is necessary.



Haldex Way – achieving world class

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 arrow shows the direction of the improvements. The circle illustrates a ball that is rolled in the direction of the arrow. By using systematic analysis of our way of working we can achieve continuous improvements and move the ball upwards. The wedge illustrates standardized methods ensuring that the ball is not sliding down again.

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 grading of production units

Copper

Blue Springs, USA
Heidelberg, Germany
Monterrey, Mexico
Nashik, India
Suzhou, China
Szentlőrinc, Hungary

Bronze

Landskrona, Sweden
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.

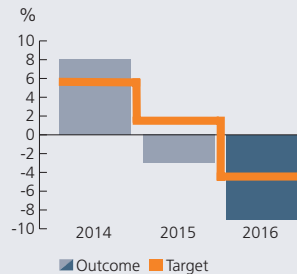
FINANCIAL OBJECTIVES

Organic growth

Target:
-4%

Outcome:
-9%

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 2016, Haldex's sales declined by 9 percent while the market decreased by about 4 percent.

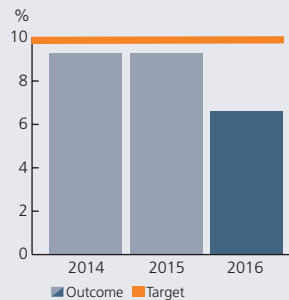


Operating margin

Target:
>10%

Outcome:
+6.6%

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. The objective is to achieve this margin level even during periods of weak economic growth. In 2016, a margin of 6.6 percent was achieved, attributable primarily to the decrease in volumes. The underlying cost structure is good.

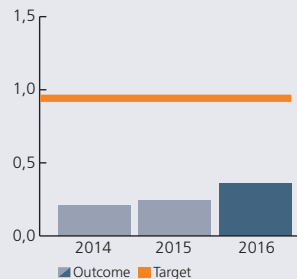


Net debt/equity ratio

Target:
<1

Outcome:
0.36

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 2016.

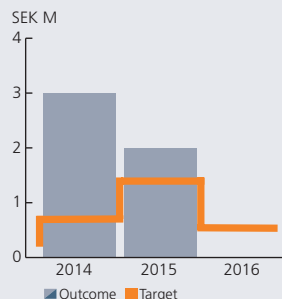


Dividend

Target:
SEK 0.67

Outcome:
SEK 0

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. Given the public offer situation, 2016 was a special year. A dividend would be offset against the bid price and, accordingly, there was no reason to recommend a dividend for this year.



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 remanufacturing facilities, Haldex's environmental management achieves noticeable effects. Haldex aims to reduce CO₂ emissions 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 the pages 16-17.

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 (45 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, who account for 23 percent of sales and trailer manufacturers, who account for 32 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 7.

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 150 m in R&D, which primarily involves personnel costs, corresponding to 3.5 percent of sales.

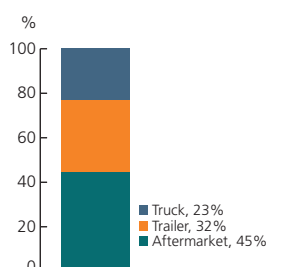
Fixed costs

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-fourth of total costs.

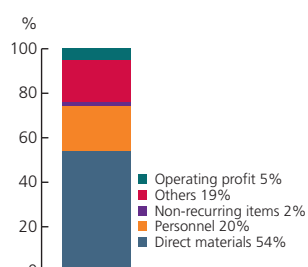
Value creation

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.

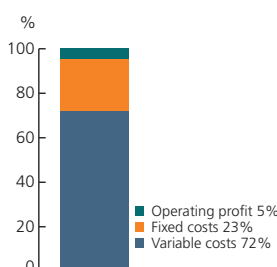
REVENUES



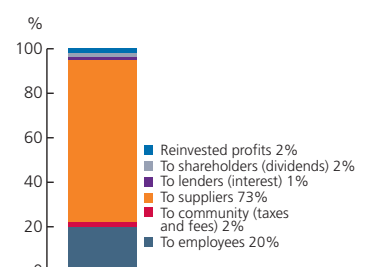
COST TYPE



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.

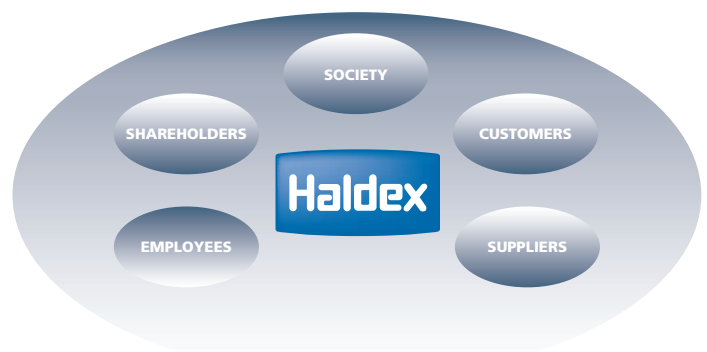
Customers

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 takes different forms

Much of Haldex's sustainability work is directly integrated into the operations, including product development resulting in more environmentally friendly and less resource-intensive products, or more environmentally friendly investments in production technologies. Another aspect of sustainability efforts are local initiatives to strengthen the communities in which we operate. In Nashik, India, where one of our major production facilities is located, local sustainability efforts are extensive.

Some examples from 2016:



Haldex has adopted eight schools with a total of 2,600 pupils and with 18 teachers funded by Haldex. The schools' teachers are offered training assisted by our staff and facilities.



Scholarships are funded by Haldex to encourage a greater number of girls to choose a career in engineering and the automotive industry. Visits are offered to our facilities and student counseling is provided.



Investments are made in dams and bridges to prevent flooding. Rehabilitation of equipment and buildings in the schools that Haldex has adopted.



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. 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

	2016	2015
Number of incidents per million hours worked	156.0	107.6
Number of accidents per million hours worked	8.8	8.9

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

	2016	2015
Proportion of employees trained in the Code of Conduct, %	99.5	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.



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’ objectives were to reduce CO₂ emissions by 1.4 percent and to

maintain or increase material efficiency. The objectives were met for 2016. 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.

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. Since 2015, this has been 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

	2016	2015
Material efficiency, %	93	93
CO ₂ emissions, tonnes	27,414	33,490
Proportion of suppliers meeting ISO 14001, %	41	34

Proud and dedicated employees

Our 2,045 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 25 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

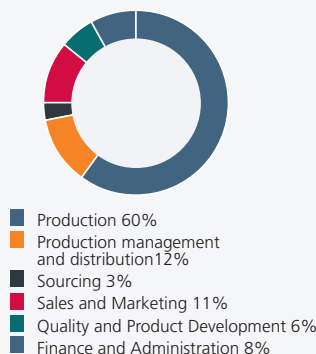
To achieve a dynamic corporate culture, we work to attract people with different backgrounds, personalities, perspectives and knowledge. Employees who dared to think differently and chart new territories have made Haldex what it is today. We consider different backgrounds and experience as positive, 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

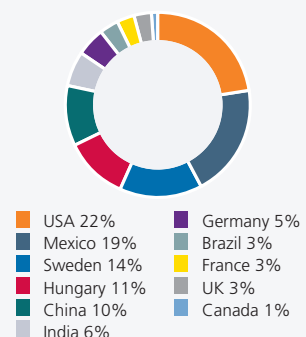
Haldex shall have leaders who can inspire, challenge and motivate. The role of our leaders is to create opportunities for everyone to reach their full potential and work toward the Group's shared targets. Since 2015, we have introduced a joint framework for how we want to develop and evaluate our managers.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



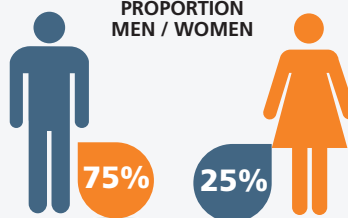
EMPLOYEES / FUNCTION



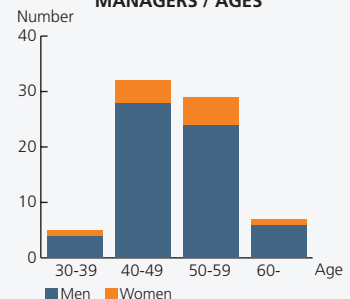
EMPLOYEES / COUNTRY



PROPORTION
MEN / WOMEN



MANAGERS / AGES





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. Every second year, the team is 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

Customer first:

We understand our customer's 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

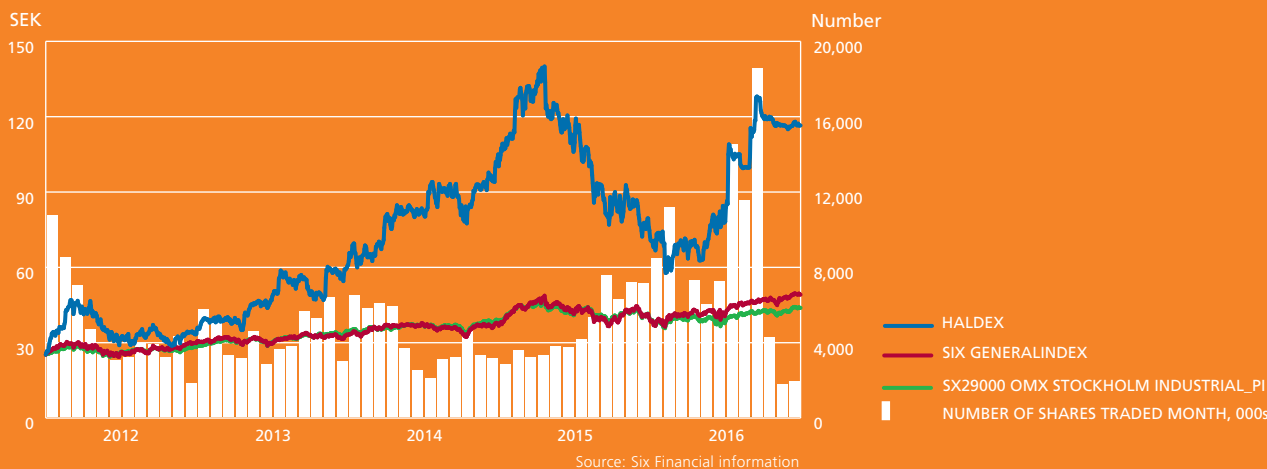
COACH – help yourself and others to improve

CREATE – create opportunities and see change as something positive

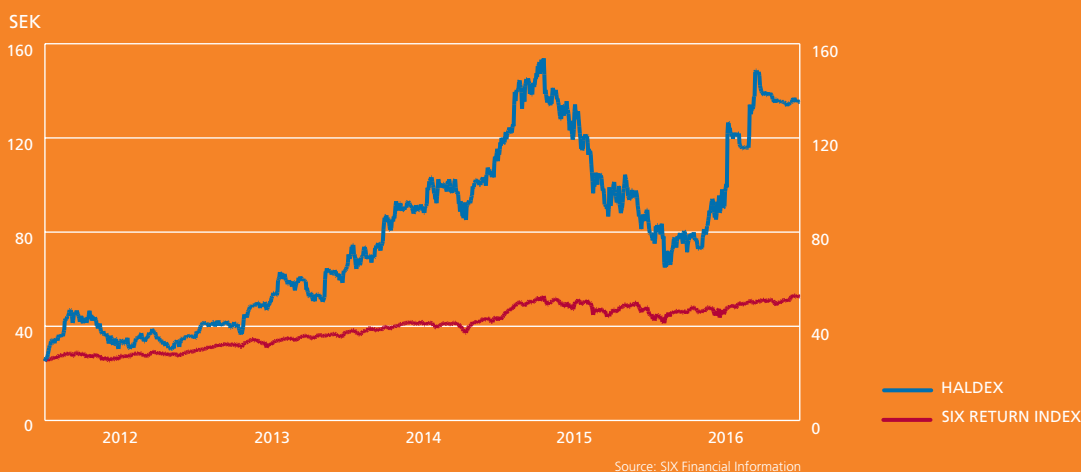
The Haldex share

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, 2016.

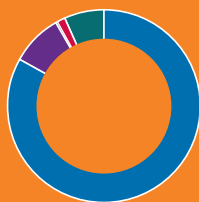
Haldex share price trend, January 1, 2012 – December 31, 2016



Haldex, total return, January 1, 2012 – December 31, 2016



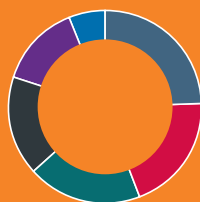
OWNERSHIP STRUCTURE



Foreign shareholders	83.1 (40.7)%
Swedish private individuals	8.6 (25.5)%
Government, municipalities and stakeholder organizations	0.1 (2.2)%
Other Swedish legal entities	1.5 (5.6)%
Swedish financial institutions	6.5 (26.0)%

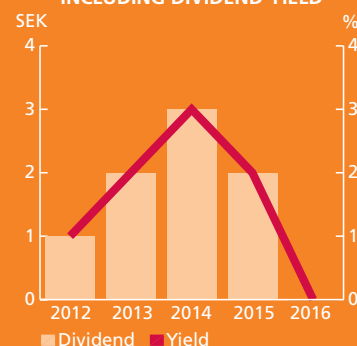
Source: Euroclear

GEOGRAPHIC DISTRIBUTION OF OWNERSHIP



UK	24.7 (12.1)%
Germany	19.7 (0.7)%
Netherlands	19.0 (0.04)%
Sweden	16.8 (61.1)%
North America	13.9 (9.8)%
Others	5.9 (5.6)%

DIVIDEND PER SHARE INCLUDING DIVIDEND YIELD



Share price trend and turnover

The price trend for the Haldex share was characterised by volatility in 2016. The highest price paid during the year was SEK 127.50 on September 16, 23 and 26 and the lowest was SEK 57.75 on February 12. In total, the Haldex share price rose by 46,5 percent (-22) in 2016. This can be compared with the Nasdaq Stockholm General Index, which rose by 5.6 (6.1) percent and the Nasdaq Stockholm Industrial Index (the sector that includes Haldex), which rose by 18.5 (8.6) percent over the same period. The closing price for the Haldex share at the end of the financial year was SEK 116.50 (79.50). At year-end, total market capitalization was SEK 5,151 m (3,515).

In 2016, a total of 97.4 million (57.5) Haldex shares were traded, representing an average turnover of 384,854 shares (229,170) per day. The turnover rate rose to 220 (130) over the year.

Total return

The total return on the Haldex share in 2016 rose to 151 (80) 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 437 percent. The corresponding figure for SIXRX is 109 percent and for the SX2000 Stockholm Industrials (the sector that includes Haldex), 126 percent.

Incentive programs

The 2013 to 2016 Annual General Meetings resolved to introduce incentive programs LTI2013, LTI2014, LTI2015 and LTI2016 for senior executives and key individuals. 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. LTI2015 and LTI2016 have not generated any outcome.

Shareholders

The number of shareholders in Haldex decreased by 53 percent in 2016 to a total of 8,533 by the end of the year. Combined, the ten largest shareholders held 58.7 percent (29.6) of the capital and the same proportion of votes. ZF is the largest shareholder with 17.1 percent of votes, followed by Knorr-Bremse with 14.9 percent. A large part of Haldex's shareholders are registered abroad and do not therefore appear under their own names in the list of shareholders.

In 2016, foreign ownership increased to a total of 83.2 percent (40.2) at year-end. The largest foreign shareholdings are in the UK and Germany.

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. The Board intends to propose that no dividend be paid for the 2016 financial year, since the company is undergoing an acquisition process.

KEY FIGURES PER SHARE

SEK	2016	2015	2014	2013	2012
Earnings, SEK	2.00	4.28	2.32	0.80	1.12
Dividend, SEK	0.00	2.00	3.00	2.00	1.00
Share price at year-end, SEK	116.50	79.50	101.75	60.00	33.50
Equity, SEK	30.63	31.46	28.48	26.06	25.53
EBIT multiple	19	9	12	11	9
P/E ratio	58	18	42	70	27
Dividend ratio, %	-	47	129	250	89
Yield, %	-	2.5	3.0	3.3	3.0
Total return, %	147	80	175	185	137
Share price/equity, %	380	253	357	230	131

SHAREHOLDERS AND NUMBER OF SHARES

SEK	2016	2015	2014	2013	2012
Number of shareholders	8,533	18,179	13,821	13,546	13,366
Average no. of shares, thousands	44,204	44,204	44,204	44,206	44,216
Total number of shares at year-end, thousands	44,216	44,216	44,216	44,216	44,216



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

Public offer process

A bidding process for Haldex was initiated on July 14 and is still ongoing. Knorr-Bremse's offer for 125 SEK per share is conditional upon clearance from relevant competition authorities. When and if approval is obtained, the bidding process can be completed.

TEN LARGEST SHAREHOLDERS AS PER DECEMBER 31, 2016

Shareholder	Number of shares	% of votes and capital
ALEXANDRA MATHEUSSER (ZF)	7,542,481	17.1
BPSS PAR/JOH BERENBERG GOSSLER-&-CO (Knorr-Bremse)	6,595,039	14.9
UBS AG LDN BRANCH A/C CLIENT, IPBr	3,831,953	8.7
GOLDMAN SACHS INTERN. LTID, W8IMY	1,722,983	3.9
CLIENTS ACCOUNT-DCS	1,388,449	3.1
MORGAN STANLEY AND CO LLC, W9	1,260,316	2.8
CBNY-DFA-INT SML CAP V	1,162,884	2.6
FÖRSÄKRINGSAKTIEBOLAGET AVANZA PENSION	851,105	1.9
AAGCS NV RE AACB NV RE EURO CCP	839,554	1.9
CBNY-NORGES BANK	800,803	1.8
Total, ten largest shareholders	25,995,567	58.7
Others	18,208,698	41.3
Haldex AB	11,705	0.0
Total	44,215,970	100.0

Source: Euroclear

OWNERSHIP STRUCTURE DECEMBER 31, 2016

Holding	Number of shareholders	Number of shares	Holding, %
1 – 500	6,577	1,023,546	2.31
501 – 1,000	979	808,756	1.83
1,001 – 5,000	737	1,638,688	3.71
5,001 – 10,000	84	626,722	1.42
10,001 – 15,000	34	442,795	1.00
15,001 – 20,000	13	235,209	0.53
20,001 –	109	39,440,254	89.20
Total	8,533	44,215,970	100.00

Source: Euroclear

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 a significantly weaker one in 2016, with volumes in Truck declining by up to 31 percent. For 2017, the assessment is that the market will decline by 5 percent for Truck and by 13 for Trailer.

How is the public offer process progressing?

Haldex will be operated as an independent company until the takeover process is complete. Knorr-Bremse is waiting for the approval of the competition authorities to be able to complete the acquisition.

How are the negotiations on future disc brake contracts progressing?

Negotiations are underway with a number of major truck manufacturers with the objective of signing a development contract. Given the public offer situation, no manufacturer

has wanted to take the decision to award Haldex a contract until the ownership situation has been determined, and Haldex has therefore resolved to finance development under its own auspices. If a manufacturer decides to proceed with Haldex, this would not generate income until 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
Carnegie	Kenneth Toll Johansson
Handelsbanken Capital Mark	Hampus Engellau
Nordea	Erik Golrang
SEB Enskilda	Olof Larshammar
Swedbank	Mats Liss

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 2016. The directors' report includes the information on pages 21-33 and the financial information presented on pages 34-66. The Corporate Governance Report containing further information is presented on pages 70-77.

The year in brief

Haldex's net sales followed the general market trend in 2016. In North America, which represents more than half of Haldex' net sales, the conditions on the market were weak during the year and demand fell even more during the fourth quarter. However, Haldex' sales in North America during the fourth quarter did not decline at the same rate as the market. Net sales in Europe and Asia increased during the fourth quarter, but could not compensate for the decrease in North America. Disc brake sales increased significantly during both the fourth quarter and the year as a whole, but sales of actuators and brake adjusters declined. The operating margin has followed net volumes each quarter, but weakened at the end of the year. Cash flow from operating activities improved compared with the preceding year.

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 4,374 (4,777) m, which in absolute terms represents a decrease of 8 percent compared with the preceding year. Sales fell 9 percent after currency adjustments.

Sales in Europe were stable, with currency-adjusted sales being 1 percent lower than in the preceding year. Sales in North America fell most, by 16 percent. Sales in Asia rose by 7 percent, while sales in South America remained weak, with a 7 percent decrease compared with the preceding year.

Disc brakes were the fastest growing product and also showed improved profitability. Over the year, sales of brake adjusters and actuators decreased as a result of the weaker market situation.

Currency-adjusted sales to the Trailer market have been unchanged, while sales to the Truck market decreased by 21 percent, mainly due to developments in North America. The aftermarket declined by 7 percent compared with the preceding year.

Earnings

Operating income excluding one-off items amounted to SEK 291 (444) m for the full-year. This corresponds to an operating margin of 6.6 (9.3) percent. Including one-off items, operating income and the operating margin for the full-year amounted to SEK 204 (325) m and 4.7 (6.8) percent, respectively. Operating income for the full-year is mainly affected by lower net sales and higher warranty provisions due to more generous customer obligations. The aim is to strengthen goodwill with customers and maintain good customer relationships.

In the fourth quarter, operating income declined further, which, in addition to lower volumes, was attributable to decreased sales of brake adjusters and actuators in North America, highly profitable products in a profitable region.

Income before tax amounted to SEK 165 (271) m and net income after tax to SEK 91 (191) m for the full-year. That corresponded to earnings per share of SEK 2.00 (4.28).

Currency fluctuations, including the result of currency hedging and currency translation effects, had a negative impact on the Group's operating income, excluding one-off items, of -23 (68) m for full year 2016.

One-off items

One-off items have incurred in 2016, partly because of uncertainty about Haldex' future owner situation to be able to win new business, maintain good customer relationships and support the review of the competitive situation:

- Haldex takes on a higher share of the risk in development projects, instead of the traditional split of risk between Haldex and the customer. This is a result of customers rating the probability of non-fulfillment of the contracts as too high.
- Increased warranty provisions due to more generous customer obligations.
- Costs to retain and motivate staff. Recruitment of new staff has become increasingly difficult.
- Significantly higher legal costs for the on-going review of the competitive situation related to the public offer. Legal costs are expected to increase since the US Antitrust authorities has announced that they will initiate a so-called second request of its competitive review.

Increased cost according to the list above together with other provisions for warranty and customer obligations is reported as one-off items amounting to SEK 87 m, of which SEK 59 m in warranty and customer obligations and SEK 15 m for legal costs related to the public offer. Legal costs are expected to increase while other one-off items are expected to decrease in 2017.

Public offer process

A public offer process for Haldex was initiated on July 14 and is still ongoing. Three companies have been involved, making offers at different levels. On the publication of the Annual Report, Knorr-Bremse's bid of SEK 125 per share remains. Knorr-Bremse's offer is conditional and dependent on the approval of the relevant competition authorities, and those investigations are currently in progress. If and when clearance is obtained, the offer can be completed.

The Board of Directors of Haldex has communicated that if and when Knorr-Bremse secures all of the necessary regulatory approvals, it will recommend the offer. However, the Board of Directors has emphasized that the process can be lengthy, since the antitrust process is complex.

Knorr-Bremse has extended the acceptance period in several stages. In February, the acceptance period was extended until June 16, which is the applicable date on the publication of this Annual Report. The latest updated information on the offer is available at www.corporate.haldex.com.

Product recall

In late 2014, Haldex began a field inspection followed by a product recall of one type of the Company's actuators on the North American market. The expected total cost is estimated to be USD 20 m (SEK ~170 m), which impacted 2014 and 2015. No further costs have impacted 2016 as a part of the product recall.

Restructuring activities

In 2017, minor costs are expected to impact earnings as one-off items when moving product capacity from Sweden to Hungary. The restructuring program that was completed in 2015 has realized the final SEK 30 m of the program's savings in 2016.

Cash flow

Cash flow from operating activities totaled SEK 256 (220) m for the full-year. Decreased inventories had a positive impact on cash flow. Investments totaled SEK -224 (-174) m and investments and cash flow after investments amounted to SEK 34 (46) m. The Group's cash flow from financing activities was negative in the amount of SEK 52 (179) m, primarily related to the amortization of interest-bearing liabilities and dividends to shareholders. In May 2016, SEK 88 (133) m was paid to shareholders in dividends. Total cash flow amounted to SEK 18 (30) million in the fourth quarter and SEK -18 (-133) m for the full-year.

Financial position

As of December 31, the Group's net debt was SEK 490 (335) m, a net debt increase of SEK 155 m in comparison to the start of the year. The change over the year is related to a decrease in cash and cash equivalents (in part due to the dividend paid to shareholders in May), an increase in interest-bearing liabilities and an increase in the pension liability (mainly due to changed discount rates). Financial items amounted to SEK -39 (-54) m for full year 2016, including net interest income and expenses of SEK -18 (-26) m. Shareholders' equity amounted to SEK 1,374 (1,407) m, resulting in an equity/asset ratio of 45 (49) percent.

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

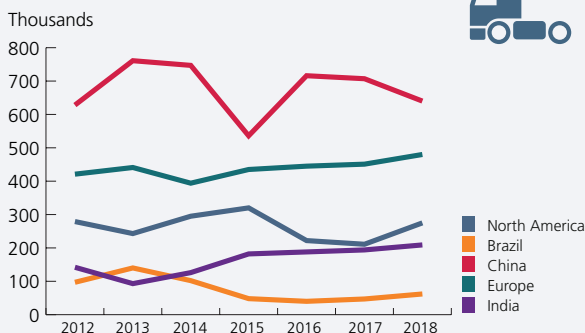
Seasonal effects

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.

Units produced – industry forecast	2016	Change compared with prev. year
Trucks		
North America	221,628	-31%
Europe	444,918	2%
China	715,690	34%
India	188,244	4%
South America	41,385	-20%
All regions		
Trailers		
North America	308,310	-7%
Europe	298,883	7%
China	366,400	48%
India	40,700	18%
South America	30,390	-10%
All regions		

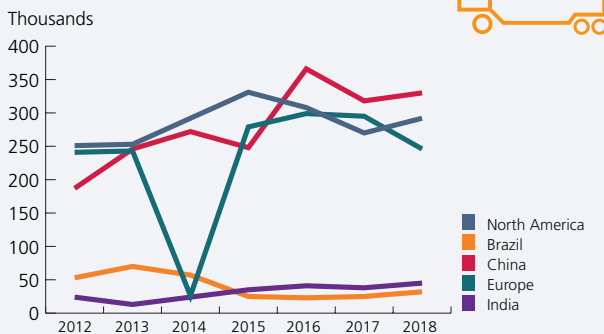
Newly produced trucks and trailers are a relevant indicator for the market in which Haldex operates. It is important to remember that Haldex is affected depending on how much of the company's sales are generated in each category and geographic region.

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.

Significant events 2016



Haldex introduces ModuT disc brakes in North America.



Haldex launches the Grau and Midland brands in the aftermarket.



Annual General Meeting in Haldex. Anders Nielsen elected to the Board of Directors.



Offer from SAF-Holland of SEK 94.42 per share.



Offer from ZF of SEK 100 per share.

FEBRUARY

MARCH

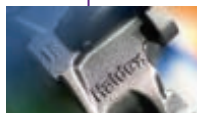
APRIL

MAY

JULY

AUGUST

1 million ModuT produced.



Haldex launches e-commerce platform.



Haldex and VIE form joint venture for electromechanical brakes.

SAF-Holland withdraws its offer.

Employees

At year-end Haldex had 2,045 (2,140) employees, which is 95 fewer than at the end of 2015. Major staff changes have taken place in Mexico, the US, Hungary and Germany.

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, 2016, the single largest shareholder accounted for 17.1 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 18-20 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 determination of remuneration for senior executives

In some respects, the guidelines proposed for adoption at the 2017 Annual General Meeting (AGM) have been updated compared with the guidelines adopted by the 2016 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 2017

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. Development in North America is expected to remain weak. Europe is forecasted to be stable with a slight increase in order intake in 2017. China slowed in 2016 and a weak 2017 is forecast. India recovered in the first six months of 2016 only to fall again. In 2017, negative market growth is expected. Brazil is not expected to recover materially in 2017.

The forecast for the full year 2017 is that it will be difficult for Haldex to show growth due to the weak market conditions and the drawn-out bidding process. Our ambition is to continue to ensure good profitability, but due to lower net sales the operating margin for 2017 is forecast to be slightly lower than in 2016.

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 to SEK 91 (101) m, and the loss after tax totaled SEK 139 (404) m. Profit included dividends of SEK 3 (525) m from Group companies.

Management changes

In the autumn, Haldex CEO, Bo Annvik, informed the Board of Directors that would be resigning in order to become the new CEO of Indutrade. Bo Annvik stepped down from the role of CEO as of February 28, 2017, but remains in the employment of the company until April 17. The current CFO, Åke Bengtsson, has been appointed acting President and CEO until a successor has been recruited.

PROPOSED DISTRIBUTION OF EARNINGS

	2016	2015
Share premium reserve	378,276,231	378,276,231
Profit brought forward	632,765,501	860,727,792
Total	1,011,041,732	1,239,004,023
To be distributed to the shareholders	0	88,408,530
To be carried forward	1,011,041,732	1,150,595,493



Offer from Knorr-Bremse of SEK 110 per share.

SEPTEMBER

Walter Frankiewicz appointed SVP North American Sales, Fredrik Seglö as SVP Product Management and Andreas Jähnke as SVP R&D.



Knorr-Bremse raises its offer to SEK 125 per share and ZF raises its offer to SEK 120 per share.



ZF raises its offer to SEK 110 per share.



World premiere for the lightest disc brakes in the market – from Haldex.

Bo Annvik resigns from his position as CEO but remains at his post until February 2017.

OCTOBER



ZF withdraws its offer due to the low level of acceptance from shareholders.



Knorr-Bremse announces that the offer has been accepted by 86.1 percent of shareholders. The acceptance period is extended.

DECEMBER

Second request for information by the US anti-trust authorities.

Haldex announces increased costs in connection with the offer and to maintain good customer relations.

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 2016, sales in Foundation Brake amounted to SEK 2,420 (2,712) m, representing a currency-adjusted decrease of 11 percent compared with the year-earlier period. Sales in Air Controls amounted to SEK 1,954 (2,065) m in 2016, representing a currency-adjusted decline of 6 percent compared with the preceding year. Foundation Brake accounted for 55 percent of total sales, and Air Controls 45 percent.

Growth products

During the year, sales of disc brakes continued to increase sharply and are expected to continue rising over the next few years. Sales of actuators and brake adjusters, on the other hand, declined, primarily due to the weakened market situation. In Air controls, sales of ABS have increased.

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 3 percent of total income and is reported as part of Air Controls. In 2016, 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 2016, 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

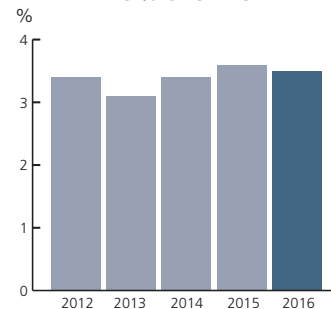
Source: Official statistics and Haldex own assessment

SALES PER PRODUCT LINE



■ Foundation Brake 55% ■ Air Controls 45%

INVESTMENT IN R&D / SALES AS % OF SALES



Green fingers in partnership with Haldex



'Quality and partnership are the alpha and omega of everything we do', says Bernd Thielepape, explaining why Komptech chose Haldex for all its braking system components. With over 3,000 customers in approximately 60 countries worldwide, this is just one measure of success of a company, founded in 1992, that makes very specialised machinery that is not exactly cheap. A Komptech machine can easily set you back as much as EUR 500,000.

"We don't have machines ready and waiting to be ordered", says CEO Bernd Thielepape as he describes the company's business model: 'It's more a case of developing solutions for what are usually highly specialized tasks' – solutions that can sometimes look a little intimidating. For example, one Komptech shredder bears the name 'Terminator' for good reason. Its favourite delicacies include bulky or industrial waste.

Komptech particularly appreciates the 'top service'

provided by Haldex' support staff such as sales engineer Andreas Spannaus and Haldex's 'exemplary training and documentation'. But there's another crucial issue: More than 90 percent of Komptech's production is for export, much of it within NAFTA where twelve-volt systems are standard. It's therefore important for Komptech that Haldex EB+ functions on 12 volts as well as 24.

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 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.

The major truck and trailer manufacturers are Haldex's customers

Full service at Frohnauer



The test bench with retractable rollers is 42 metres long.

This Bavarian company Frohnauer, whose business also bears the Haldex Select Service Center seal of quality, has always enjoyed a good reputation, not only because of widely available service through four centers. A mechanical engineer by training, Michael Frohnauer has worked for the company since 1971 and has extended its reach so far that Frohnauer is now one of MAN's largest contract workshops and known for allround quality. More than 100 staff are all located in eastern and lower Bavaria. Their focus is service of any kind for pretty much all commercial vehicles. 'Our customers come in all shapes and sizes', says Michael Frohnauer. 'Flexibility is a must, and it's also our great strength'. The workshop, which includes six inspection

pits, is designed as a column-free hall and features a five-ton crane that travels across its entire width. In addition to this, it boasts a spare parts store that is well stocked with Haldex components and only a short distance from the parts dealer Winckler. They have thought of everything, and no one misses out. For example, the top floor features fully-furnished accommodation for drivers whose trucks are being serviced downstairs. When it comes to presenting a vehicle to a customer Michael Frohnauer likes to roll out the red carpet. Situated exactly halfway between the company offices and the workshop is a light filled presentation hall where each customer can ceremoniously take delivery of their new jewel.



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

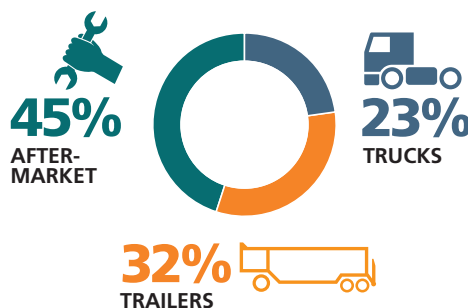


Sales per customer category

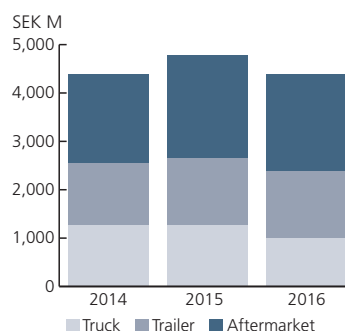
Haldex operates in the market via the three customer categories: Truck, Trailer and Aftermarket. Sales in Truck amounted to SEK 1,006 (1,276) m for the full-year, representing a currency-adjusted decline of 21 percent compared with the preceding year. Over the year, sales to Truck decreased, mainly in North America and, to a certain extent, Europe. 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 1,383 (1,380) m for the full-year, which, in currency-adjusted terms is unchanged compared with the preceding year. Successes for disc brakes were offset by a decline in actuators to Trailer in North America over the full-year.

Sales in Aftermarket amounted to SEK 1,985 (2,121) m for the full-year, representing a currency-adjusted decline of 7 percent. Aftermarket sales in Europe and Asia were stable, while sales in North and South America declined 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

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 slightly favorably in 2016, with the number of both trucks and trailers produced having increased.



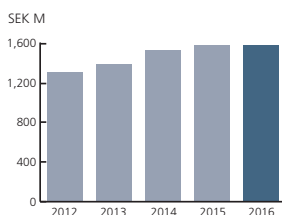
North America

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 declined sharply in 2016 after the record year of 2015. The major technology shift that the industry is waiting for is the transition to disc brake technology, which has only occurred on a small scale so far.

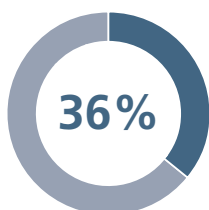
IN EUROPE, Haldex has higher sales for Trailers than for Trucks. Aftermarket also accounts for a significant proportion of sales. In Europe, sales amounted to SEK 1,571 (1,573) m, which corresponds to a currency-adjusted decline of 1 percent. In Europe, sales of disc brakes to Trailer customers rose during the year. 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. In North America, net sales for full year 2016 totaled SEK 2,238 (2,641) m, which is equivalent to a currency-adjusted decrease of 16 percent. Haldex's strong actuator position in Truck, which is the market segment that saw the biggest decrease in general demand, resulted in substantially lower actuator sales in 2016. Reman has continued to decline during all of 2016. In the second half of the year, brake adjuster sales were also down.

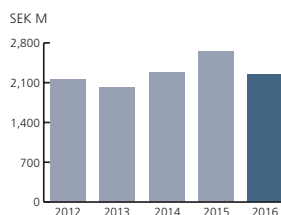
SALES EUROPE



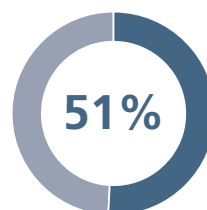
GROUP SHARE, EUROPE

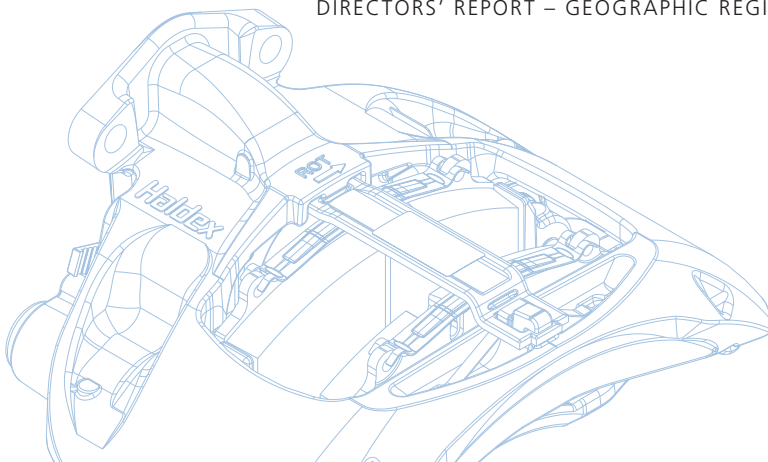


SALES NORTH AMERICA



GROUP SHARE, NORTH AMERICA





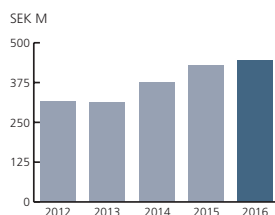
Asia is the largest market for commercial vehicles and it accounts for 60 percent of all trucks purchased. Although the region has rapidly increasing transport needs, infrastructure remains underdeveloped. This leads to low technology content per vehicle and to more trucks than trailers. However, increased 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 2016, development in the Chinese market was very strong. 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 favorable growth in 2016.

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 2016. As yet, there is no sign of any significant recovery occurring in the near future.

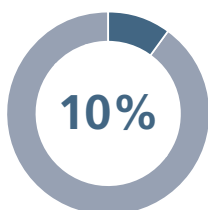
IN ASIA, trucks without trailers are still the most common vehicle configuration. For this reason, Haldex focuses its sales more on Trucks than Trailers. Aftermarket accounts for a minor proportion of sales. In Asia and the Middle East, sales amounted to SEK 445 (430) m, which corresponds to a currency-adjusted increase of 7 percent. In the Indian market, sales grew in the first half of the year to then decline in the second half. Performance in China was somewhat weaker in the first half of the year, but ended with a strong fourth quarter. Sales of brake adjusters have declined in Asia as a result of increased price pressure.

IN SOUTH AMERICA, sales in Truck are greater than sales in Trailer and Aftermarket. Net sales for full year 2016 totaled SEK 120 (133) m. After currency adjustments, this is a 7 percent decrease compared to the previous year. In Brazil, which is the most important market in South America, ABS sales saw an increase in 2016.

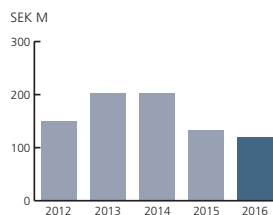
SALES ASIA



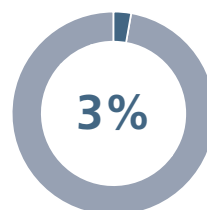
GROUP SHARE, ASIA



SALES SOUTH AMERICA



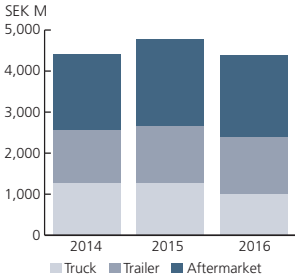
GROUP SHARE, SOUTH AMERICA



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> <p>SALES / CUSTOMER CATEGORY</p>  <table border="1"><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>2014</td><td>~1,200</td><td>~1,300</td><td>~1,500</td></tr><tr><td>2015</td><td>~1,300</td><td>~1,400</td><td>~1,600</td></tr><tr><td>2016</td><td>~1,100</td><td>~1,200</td><td>~1,400</td></tr></tbody></table>	Year	Truck	Trailer	Aftermarket	2014	~1,200	~1,300	~1,500	2015	~1,300	~1,400	~1,600	2016	~1,100	~1,200	~1,400
Year	Truck	Trailer	Aftermarket														
2014	~1,200	~1,300	~1,500														
2015	~1,300	~1,400	~1,600														
2016	~1,100	~1,200	~1,400														
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 page 26) provide Haldex with opportunities to present new products. Downward pressure on prices is a natural dynamic in a competitive market.</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 54 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>																
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.	<p>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.</p>																

OPERATIONAL RISKS

Risk	Policy/Action												
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.	<p>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. The Group regularly assesses its risk exposure relating to product, customer and warranty commitments and assesses cases on an ongoing basis, judging the need to implement provisions for outflows of resources based on the best possible estimates and assessments. Each incoming case is classified in one of the three categories: minor cases, moderate cases and product recalls. Product recalls refer to cases where an entire production series or major part thereof must be recalled from customers for rectification of deficiencies. Haldex, which has not suffered any major recalls historically, implemented a product recall, commencing in 2014 and continuing throughout 2015 and 2016. The assessed costs caused by the recall amounted to approximately USD 20 m (~ SEK 170 m).</p> <p>Over the year, the provision for warranty commitments for cases in other categories increased, in part because Haldex has a number of new products for which warranty expenses are initially higher, and in part because of more generous warranty and customer commitments. Provisions for these commitments are based partly on historical outcomes, but also include assumptions and estimates regarding future developments, where the most significant assumptions are the future trend in the return rate and the expense of replacing the product. The total warranty expenses for 2016 amounted to SEK 141 (153) m, equivalent to 3.2 (3.2) percent of sales.</p> <p>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.</p> <p>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.</p>												
Raw materials The Group is dependent on a number of raw materials and intermediate products.	<p>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.</p> <table border="1"> <thead> <tr> <th>Annual volumes</th><th>SEK m</th></tr> </thead> <tbody> <tr> <td>Steel</td><td>750</td></tr> <tr> <td>Aluminum</td><td>160</td></tr> </tbody> </table> <p>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.</p>	Annual volumes	SEK m	Steel	750	Aluminum	160						
Annual volumes	SEK m												
Steel	750												
Aluminum	160												
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> <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>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> <tr> <td>2016</td> <td>3.5</td> </tr> </tbody> </table> <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>The Group's total costs for product development (excluding depreciation) amounted to SEK 150 (170) m and capitalized investments in development to SEK 33 (2) m.</p>	Year	Investment in R&D / Sales (%)	2012	3.4	2013	3.1	2014	3.4	2015	3.6	2016	3.5
Year	Investment in R&D / Sales (%)												
2012	3.4												
2013	3.1												
2014	3.4												
2015	3.6												
2016	3.5												
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>												

OPERATIONAL RISKS

Risk	Policy/Action
Employees The ability to attract talented employees and retain key individuals is highly significant for Haldex's continued success.	To create favorable conditions for attracting and retaining employees, Haldex's HR work focuses on three areas: knowledge development, leadership and corporate culture. For a number of years, Haldex has strengthened its work in leadership development 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. With the on-going public offer process the risk to maintain and recruit employees has increased as the insecurity about the company's future organization and ownership has increased

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.	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. The ongoing discussions regarding trade agreements between the US and Mexico are being monitored carefully to assess how they will affect Haldex's operations.
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.	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.

HÅLLBARHETSRELATERADE RISKER

Read more about sustainability efforts on pages 12-17.

Risk	Policy/Action
Health and safety Accidents and inadequate safety at Haldex's facilities could result in injury or death. Health risks also include mental ill health due to harassment, high stress levels and poor working conditions.	The physical security of staff is a top priority and systematic efforts to prevent accidents are conducted daily, particularly at the Haldex production sites where the risks are the highest. For a number of years, Haldex has intensified its efforts in the area of favorable working environment by addressing its values, behavior and leadership training.
Environment Haldex's production facilities consume large amounts of energy, and handle raw materials and, in certain cases, hazardous waste. Improper or ineffective handling poses a risk to the environment.	For many years, Haldex has applied a comprehensive environmental program with strict policies and regulations. For a couple of years, these efforts at all production facilities have been followed up within the so-called "Green performance map" that charts the entire process, from the raw materials brought in, the amount of energy consumed and the resulting waste. Targets for reducing the various component processes are set at each site and measured both centrally and locally. Haldex has invested in several new systems to reduce environmental impact and has not had any incidents involving spills or improper handling of hazardous substances. An example of a typical investment is the gas nitriding facility described on page 14.
Working conditions With operations in 18 countries that differ considerably in terms of both legislation and attitudes regarding treatment of staff, there is a risk that employees will suffer discrimination and that labor laws will not be followed.	Since 2015, all employees have been regularly trained in Haldex's global Code of Conduct and sign that they understand the Code and will comply with it. Whistleblower procedures are in place to enable employees to sound the alarm when an irregularity is detected. Haldex has elected a more ambitious level in its Code of Conduct than the legislation in some countries requires.
Supplies Haldex has hundreds of suppliers, many of whom operate in countries with legislation that is less strict with regard to staff working conditions.	Haldex has developed a new Code of Conduct for suppliers that they are required to sign this. Although not all suppliers have signed the Code at this time, the work is progressing steadily and the suppliers have been informed that they may only deliver to Haldex if they comply with the Code. All major suppliers are paid visits on an ongoing basis and to some extent smaller suppliers too. If anomalies are detected, a visit is always immediately made and partnerships have been discontinued merely on suspicion of anomalies. Haldex's Code of Conduct represents a higher level than local legislation in many of the countries where suppliers are based.
Customers Haldex's reputation could be affected if customers become engaged in dubious activities or do business in countries with human rights issues.	Haldex's customers are typically companies with a good reputation who have established policies and processes with regard to ethical issues.

HÅLLBARHETSRELATERADE RISKER

Läs mer om hållbarhetsarbetet på sid 12-17

Risk	Policy/Action
Compliance with trade rules With global operations and handling of raw materials in production, there is a risk that Haldex will violate international trade rules.	The regulatory framework for international trade is complex and Haldex has dedicated staff working full-time to monitor and follow up, ensuring that Haldex complies with current regulations.
Unethical behavior With 2,000 employees in 18 countries with different cultures and values, there is a risk that a Haldex's employees will be involved in unethical behavior in terms of bribery, corruption or fraud.	Haldex's Code of Conduct makes it clear that unethical behavior is not acceptable. Checks are carried out continuously and procedures are well established so that the attestation of costs and disbursements, choice of suppliers and approval of recruitments cannot be made by single individuals. Although fraud has been detected within the Group, this has been on a smaller scale, because control procedures have worked. All unethical behavior in the form of bribery, corruption or fraud is reported to the police without exception, in accordance with Haldex's policy.

FINANCIAL RISKS

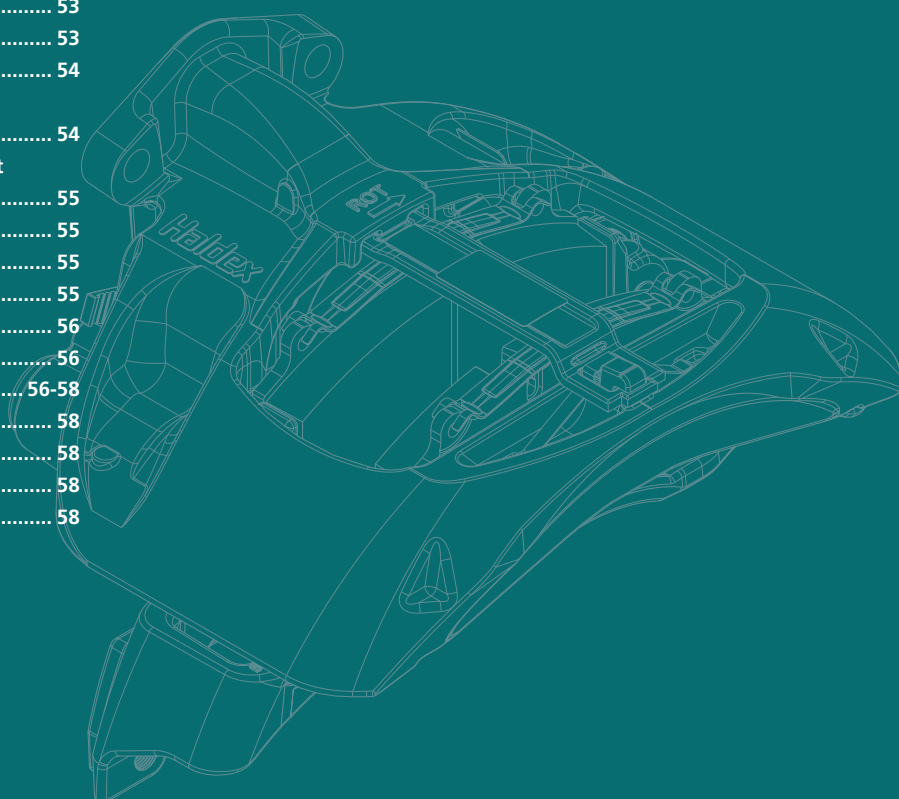
Risk	Policy/Action																		
Currency	<p>In 2016, the net inflow of foreign currencies amounted to approximately SEK 171 (269) m. The currency pairs with the greatest potential impact on earnings in the flows are EUR/SEK, USD/CAD and EUR/GBP. A change in the exchange rate by 10 percent is estimated to impact net profit prospectively in accordance with the below:</p>																		
<p>Haldex is exposed to currency risks due to its international operations. Currency fluctuations impact the Group's income statement and balance sheet in the form of both transaction risks and translation risks.</p>	<table><tr><th>SEK m</th><th>December 31, 2016</th><th>December 31, 2015</th></tr><tr><td>EUR/SEK</td><td>-/+ 17</td><td>-/+ 26</td></tr><tr><td>USD/CAD</td><td>+/- 9</td><td>+/- 12</td></tr><tr><td>EUR/GBP</td><td>-/+ 16</td><td>-/+ 19</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 2016, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK1,374 (1,407) m and comprised the following currencies:</p>	SEK m	December 31, 2016	December 31, 2015	EUR/SEK	-/+ 17	-/+ 26	USD/CAD	+/- 9	+/- 12	EUR/GBP	-/+ 16	-/+ 19						
SEK m	December 31, 2016	December 31, 2015																	
EUR/SEK	-/+ 17	-/+ 26																	
USD/CAD	+/- 9	+/- 12																	
EUR/GBP	-/+ 16	-/+ 19																	
	<table><tr><th>SEK m</th><th>December 31, 2016</th><th>December 31, 2015</th></tr><tr><td>SEK</td><td>496</td><td>666</td></tr><tr><td>USD</td><td>344</td><td>260</td></tr><tr><td>EUR</td><td>115</td><td>73</td></tr><tr><td>GBP</td><td>-69</td><td>-23</td></tr><tr><td>Others</td><td>488</td><td>431</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>	SEK m	December 31, 2016	December 31, 2015	SEK	496	666	USD	344	260	EUR	115	73	GBP	-69	-23	Others	488	431
SEK m	December 31, 2016	December 31, 2015																	
SEK	496	666																	
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EUR	115	73																	
GBP	-69	-23																	
Others	488	431																	
	<table><tr><th>SEK m</th><th>December 31, 2016</th><th>December 31, 2015</th></tr><tr><td>USD</td><td>-/+ 17</td><td>-/+ 13</td></tr><tr><td>EUR</td><td>-/+ 6</td><td>-/+ 4</td></tr><tr><td>GBP</td><td>-/+ 3</td><td>+/- 1</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, 2016	December 31, 2015	USD	-/+ 17	-/+ 13	EUR	-/+ 6	-/+ 4	GBP	-/+ 3	+/- 1						
SEK m	December 31, 2016	December 31, 2015																	
USD	-/+ 17	-/+ 13																	
EUR	-/+ 6	-/+ 4																	
GBP	-/+ 3	+/- 1																	
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, 2016, the Group's accounts receivable amounted to a net SEK 603 (545) 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>																		
<p>Credit risk arises when a party fails to fulfill its financial obligations, thereby causing a financial loss for the other party.</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 45-46.

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Consolidated income statement

Amounts in SEK m	Note	2016	2015
Net sales	5	4,374	4,777
Cost of goods sold	14	-3,155	-3,418
Gross income		1,219	1,359
Selling expenses	14	-480	-431
Administrative expenses	13, 14	-293	-318
Product development expenses	14	-177	-193
Other operating income and expenses	6, 9	-65	-92
Operating income	6, 7, 8, 10, 11, 12, 19	204	325
Interest income	15	2	1
Interest expenses	15	-20	-27
Other financial items	15	-21	-28
Income before tax		165	271
Tax	16	-74	-80
Net income		91	191
<i>Attributable to:</i>			
Shareholders of the Parent Company		88	189
Non-controlling interests		3	2
Earnings per share, SEK (before and after dilution)		2,00	4,28
Average number of shares, thousands		44 204	44,204

Consolidated statement of comprehensive income

Amounts in SEK m	Note	2016	2015
Net income		91	191
Other comprehensive income			
<i>Items not to be reclassified to the income statement:</i>			
Remeasurement of pension obligation, after tax	16, 30	-62	22
Total		-62	22
<i>Items that may be reclassified subsequently to the income statement:</i>			
Change in hedging reserves, after tax	16	1	8
Change in financial assets available for sale, after tax	16, 22	0	-6
Currency translation differences		26	49
Total		27	51
Total other comprehensive income		-35	73
Total comprehensive income		56	264
<i>Attributable to:</i>			
Shareholders of the Parent Company		55	261
Non-controlling interests		1	3

Consolidated statement of financial position

Amounts in SEK m	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Goodwill	17	422	418
Other intangible assets	17	90	64
Tangible assets	18	557	479
Financial assets	22	71	63
Deferred tax assets	20	166	153
Total non-current assets	23	1,306	1,177
Current assets			
Inventories	26	524	571
Accounts receivable	4, 25	603	545
Other current receivables	27	306	218
Derivate instruments	21, 22, 25	21	40
Cash and cash equivalents	28	297	304
Total current assets	23	1,751	1,678
TOTAL ASSETS	5	3,057	2,855
EQUITY AND LIABILITIES			
Equity			
Share capital		221	221
Share premium		491	491
Retained earnings		640	676
Attributable to shareholders of the Parent Company		1,352	1,388
Attributable to non-controlling interests		22	19
Total equity		1,374	1,407
Non-current liabilities			
Non-current interest-bearing liabilities	25, 29	270	270
Pensions and similiar obligations	30	422	368
Deferred tax liabilities	20	30	16
Other non-current liabilities		35	38
Total non-current liabilities	24	757	692
Current liabilities			
Current interest-bearing liabilities	25	79	3
Accounts payable	25	401	390
Derivative instruments	21, 22, 25	32	29
Provisions	31	124	166
Other current liabilities	32	290	168
Total current liabilities	24	926	756
TOTAL EQUITY AND LIABILITIES		3,057	2,855
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, 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			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	0	1
Total transactions with shareholders	-	-	-	-	-132	-132	-3	-135
Closing balance December 31, 2015	221	491	-15	0	691	1 388	19	1 407
Opening balance January 1, 2016	221	491	-15	0	691	1 388	19	1 407
Net income					88	88	3	91
<i>Other comprehensive income</i>								
Currency translation differences			25			25	1	26
Remeasurement of pension obligation, after tax					-62	-62		-62
Change in hedging reserve, after tax				1		1		1
Change in financial assets available for sale, after tax								
Total other comprehensive income	-	-	25	1	-62	-36	1	-35
Total comprehensive income	-	-	25	1	26	52	4	56
<i>Transactions with shareholders</i>								
Dividend					-88	-88	-1	-89
Value of employee services/incentive programs								
Total transactions with shareholders	-	-	-	-	-88	-88	-1	-89
Closing balance December 31, 2015	221	491	10	1	629	1 352	22	1 374

Consolidated statement of cash flow

Amounts in SEK m	2016	2015
Cash flow from operating activities		
Operating income	204	325
Reversal of non-cash items	136	139
Interest paid	-40	-28
Tax paid	-62	-87
Cash flow from operating activities before changes in working capital	238	349
<i>Change in working capital</i>		
Current receivables	-66	11
Inventories	85	-20
Current liabilities	-1	-120
<i>Change in working capital</i>	18	-129
Cash flow from operating activities	256	220
Cash flow from investment activities		
Investments in intangible assest	-40	-16
Investments in tangible assest	-184	-158
Divestment of tangible assets	2	-
Cash flow from investment activities	-222	-174
Cash flow from financing activities		
Dividend to Haldex's shareholders	-88	-133
Dividend to non-controlling interests	-1	-3
Change of interest-bearing liabilities	37	-43
Cash flow from financing activities	-52	-179
Change in cash and cash equivalents, excl. currency translation differences	-18	-133
Cash and cash equivalents, opening balance	304	437
Currency translation difference in cash and cash equivalents	11	0
Cash and cash equivalents, closing balance	297	304

Cash and current deposits of SEK 232 m 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 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 OMX Exchange in 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).

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.

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

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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 measures 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 has 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. 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.

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 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.

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.

All intangible and tangible assets that are subject to amortization/

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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.

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.

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 to 2016 Annual General Meetings resolved to introduce incentive programs LTI2013, LTI2014, LTI2015 and LTI2016 for senior executives and key individuals. 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.

LTI2015 and LTI2016 have not generated any outcome. For more information, see note 11 on page 48.

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.

NOTE 2 CONTINUED SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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, 2016 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, 2016 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. 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. Haldex preliminary assessment is that the standard won't have a material impact on the Group's balance sheet or income statement, but the standard does bring additional disclosure requirements.

IFRS 15 – "Revenue from contracts with customers" replaces current standards and interpretations on revenue recognition in IFRS. The standard contains revised principles for revenue recognition and also requires considerably more disclosures compared to existing requirements in IFRS. The effective date for IFRS 15 is January 1, 2018. An evaluation of the effects of IFRS 15 is in progress. Haldex preliminary

assessment is that the standard won't have a material impact on the Group's balance sheet or income statement.

IFRS 16 – "Leases" sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date. However, Haldex does not plan to apply IFRS 16 before the effective date. IFRS 16 replaces the previous leases Standard, IAS 17 "Leases", and related Interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. At closing day the Haldex groups non-terminable operating leases amounts to 144 MKR. Haldex currently does not have sufficient data to present a quantitative impact analysis. The effects upon transitioning to IFRS 16 will also depend on which of the various transition options that Haldex choose to apply.

Amendments to IAS 7 "Statement of cash flows" will be applied in the 2017 annual report and onwards. Disclosures will be added regarding changes in financial liabilities that relate to financing activities, specifying for instance new loans, repayment of loans, investments/divestments of subsidiaries and foreign currency gains and losses.

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 2016, the Group's total goodwill, which amounted to SEK 422 (418) 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 (9.0) percent. WACC before tax is equivalent to 13.2 (13.2) 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 (7.5) 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 2016 and 2015 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 31 (30) 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

NOTE 3 CONTINUED IMPORTANT ESTIMATIONS AND ASSUMPTIONS

assessed lower risk. In 2016, an WACC of 9.9 (9.9) percent after tax was used. WACC before tax is equivalent to 14.7 (14,7) percent.

Net value of capitalized development costs represents SEK 33 (47) m, approximately 2 (3) percent of the Group's equity per December 31.

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 166 (153) m, equivalent to 12 (11) percent of the Group's equity.

Warranty provisions

Complaints and warranty issues occur as a natural part of operations. The Group regularly assesses its risk exposure relating to product, customer and warranty commitments and assesses cases on an ongoing basis, judging the need to implement provisions for outflows of resources based on the best possible estimates and assessments.

Each incoming case is classified in one of the three categories: minor cases, moderate cases and product recalls.

Product recalls refer to cases where an entire production series or major part thereof must be recalled from customers for rectification of deficiencies. In 2014, Haldex performed a product recall that continued in 2015 and 2016. At the end of 2016, the provision amounted to SEK 35 (60) million. No further expenses as a consequence of the product recall were charged in 2016.

Over the year, the provision for warranty commitments for cases in other categories increased, in part because Haldex has a number of new products for which warranty expenses are initially higher, and in part because of more generous warranty and customer commitments. Provisions for these commitments are based partly on historical outcomes, but also include assumptions and estimates regarding future developments, where the most significant assumptions are the future trend in the return rate and the expense of replacing the product. In these cases, provisions are based on an assessment of various risk scenarios, encompassing a high degree of uncertainty, and where the actual outcome may differ from these estimates.

As of December 31, 2016, warranty provisions totaled SEK 110 (129) million. The total warranty expenses for 2016 amounted to SEK 141 (153) million, equivalent to 3.2 (3.2) percent of sales. Of the total warranty expenses, SEK 59 (96) million is recognized as non-recurring expenses.

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 28 (29) 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' Board of Directors. Follow-up and control occurs continuously in each particular company and at the corporate level.

Exchange rate risks

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

Transaction risks

The Group's net flows of payments in foreign currencies give rise to transaction risk. In 2016, the value of net flows in foreign currencies totaled approximately SEK 171 (269) m. The currency flows with the largest potential impact on earnings are the flows of EUR/SEK, EUR/GBP and USD/CAD. An exchange rate difference of 10% in these currency flows have approximately the below specified effect. All presented numbers are pre consideration of hedges done in accordance with the Treasury policy.

SEK m	2016	2015
EUR/SEK	-/+ 17	-/+ 26
USD/CAD	+/- 9	+/- 12
EUR/GBP	-/+ 16	-/+ 19

The translation effect on operating receivables and liabilities as well as on financial assets and liabilities, to a currency other than the respective local functional currency, is SEK 7 (4) m at a weakening/strengthening of 10 percent of the underlying currency. Equity would be SEK 12 (18) m higher/lower by 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, 2016, 50 (45) 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 87 (123) m net and had a positive market value of SEK 2 (9) 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 stipulates that the Group's net debt shall be distributed in proportion to the capital employed per currency. Wherever necessary, this goal is achieved by raising loans in the various currencies used by the subsidiaries.

Gains and losses on such loans that are adjudged as effective hedging of translation differences are recognized directly in other comprehensive income, while gains and losses on loans that cannot be adjudged as effective hedging are recognized in profit and loss as a financial item.

At the close of 2016, the value of the Group's net assets, meaning the

SEK m	December 31, 2016	December 31, 2015
SEK	496	666
USD	344	260
EUR	115	73
GBP	-69	-23
Other	488	431

NOTE 4 CONTINUED FINANCIAL RISKS

difference between capital employed and net indebtedness, corresponded to SEK 1,374 (1,407) m and was represented by the following currencies:

SEK m	2016	2015
USD	-/+ 17	-/+ 13
EUR	+/- 6	+/- 4
GBP	-/+ 3	-/+ 1

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 2016 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, 2016, SEK 349 (273) m of the loan liability was subject to an average variable interest rate of 1.55 (1.55) 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 insurance, according to the Group's Treasury policy.

The Group's accounts receivable totaled SEK 603 (545) 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 2016, 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.

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

Accounts receivable	December 31, 2016	December 31, 2015
Not due or impaired	542	490
Due by 1-30 days and not impaired	59	46
Due by 31-60 days and not impaired	10	13
Due >60 days and not impaired	10	-6
Impaired accounts receivable, gross value	-	16
Accounts receivable, gross value	621	559
Provisions for doubtful accounts receivable	-18	-14
Accounts receivable, net value	603	545

The provisions for doubtful accounts receivable changed as follows:

Provision for doubtful accounts receivable changed as follows	2016	2015
January 1	-14	-16
Write-down/provisions recognized in the income statement	-2	-2
Utilization of reserves attributable to identified bad debt losses	0	2
Reversal recognized in the income statement	-	1
Exchange-rate differences	-2	1
December 31	-18	-14

ratings. To additionally reduce the risk, framework agreements governing offsetting rights are entered into with most of the counterparties. The credit risk in foreign currency and interest rate derivatives corresponds to their positive market value, i.e. potential gains on these contracts. The credit risk for foreign exchange contracts corresponded to SEK 19 (40) m at December 31. The corresponding risk for investments in credit institutions was SEK 297 (304) m, without taking possible offsetting opportunities into account.

Financing risk

The Group's financing risk is the risk that the company will be unable to raise new loans or to finance existing loans. This risk is reduced by a stipulation in the Treasury policy stating that the loans raised must have a long maturity. The total liability must have an average remaining maturity of at least one year. On December 31, 2016, 100 (100) percent of borrowing had a maturity longer than one year. The maturity structure was as follows: 2020 24 percent, 2021 76 percent.

December 31, 2016						December 31, 2015					
SEK m	USD	HUF	CAD	GBP	EUR	USD	HUF	CAD	GBP	EUR	
	Net purchased	Net purchased	Net sold	Net sold	Net sold	Net purchased	Net purchased	Net sold	Net sold	Net sold	
Nominal amount											
Year of maturity 2016	47	25	57	22	80	Year of maturity 2015	71	16	75	45	90
Average exchange rate	8,26	0,0309	6,56	11,13	9,54	Average exchange risk	8.29	0.0303	6.49	12.86	9.37
Hedging of flows > 12 months	-	-	-	-	-	Hedging of flows > 12 months	-	-	-	-	-
Average exchange rate	-	-	-	-	-	Average exchange rate	-	-	-	-	-

NOTE 4 CONTINUED FINANCIAL RISKS

Liquidity risk

Liquidity risk, meaning the risk the Group's immediate capital requirements will not be met, is limited by holding sufficient cash and cash equivalents and granted but unused credit facilities that can be utilized without conditions. The goal according to the Treasury policy is that cash and cash equivalents and available long-term credit facilities must total at least 5 percent of net sales. These funds totaled SEK 1,058 (1,097) m at year-end 2016, corresponding to 24 (23) percent of net sales.

Haldex's main sources of financing

Nominal value	December 31, 2016	December 31, 2015
Syndicated loan	90 MEUR	95 USD m
Bond loans	270 MSEK	270 SEK m

Capital risk

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

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 makers 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 and 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. The information concerning the segments' assets and the period's investments are based on geographic areas grouped by where the assets are located.

Net sales per product line

	2016	2015	Change, nominal	Change, currency adjusted
Air Controls	1,954	2,065	-5%	-6%
Foundation Brake	2,420	2,712	-11%	-11%
Total	4,374	4,777	-8%	-9%

Breakdown by geographic area

2016	North America	Europe	Asia and Middle East	South America	Total
Net sales	2,238	1,571*	445	120	4,374
Assets	1,283	1,246	419	109	3,057
Investments	84	125	11	3	223

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	73	88	11	2	174

* Of which net sales to Sweden amounts to SEK 57 (71) m.

NOTE 6 ONE-OFF ITEMS

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

	2016	2015
Operating income, including one-off items	204	325
Restructuring costs	-	-23
External services related to bidding process	-15	-
Product related warranty	-59	-96
Other	-12	-
Operating income, excluding one-off items	291	444

NOTE 7 EXPENSES BY NATURE

	2016	2015
Direct material costs incl. inventory changes	2,370	2,596
Personnel costs	894	935
Depreciation (see note 17 and 18)	136	139
Other operating income and expenses	770	782
Total	4,170	4,452

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 the balance sheet day of 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 income statement on

page 35. If all the restructuring program related costs were allocated directly by function, the costs of Haldex would be presented as follows:

	2016	2015
Cost of goods sold	0	1
Selling expenses	0	-
Administrative expenses	0	15
Product development expenses	0	-
Other operating income and expenses	0	-
Total	0	16

NOTE 9 GOVERNMENT GRANTS

	2016	2015
Government grants	1	7
Total	1	7

Credit for Vinnova (2016).

Credit for qualifying research and development expenditure (2015).

NOTE 10 INFORMATION ON REMUNERATION TO SENIOR EXECUTIVES

Amounts in SEK k	2016			2015		
	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)	603	-	-	583	-	-
Carina Olson (from April 2015)	293	-	-	133	-	-
Magnus Johansson	300	-	-	263	-	-
Staffan Jufors	243	-	-	238	-	-
Annika Sten Pärson	243	-	-	238	-	-
Anders Nielsen (from April 2016)	135	-	-	-	-	-
Arne Karlsson (to April 2016)	-	-	-	313	-	-
Stefan Charette (to April 2015)	-	-	-	130	-	-
Cecilia Löf (to April 2015)	-	-	-	105	-	-
Total	1,816	-	-	2,003	-	-
President						
Bo Annvik	4,742	391	1,166	4,669	391	1,083
Other senior executives (Group Management)						
8 (9) people, of whom 2 (2) women at year end 2016	14,194	1,058	3,089	15,365	188	3,137
Total	18,936	1,449*	4,255	20,034	579*	4,220

* Costs related to share-based remuneration are included in the amount of SEK 558 (579) k. SEK 500 k is variable remuneration related to "stay-on bonus" as explained on page 48.

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 there is a termination of employment by the Group, the notice period for the President and CEO is 12 months and for other senior executives up to six months. For more information about severance pay to the President and CEO, see Remuneration of the Board of Directors and Senior Executives on page 48.

In connection with the public offerings for Haldex, the Board of Directors identified an increased risk that senior executives would leave the company. Since the Board concluded that the bid process would be lengthy and there was significant risk that Haldex's operations would be adversely affected, senior executives were offered a loyalty program in November 2016. In brief, the agreement entails the period of notice being extended to 12 months if notice is served before June 30, 2017. As compensation, an additional six months' salary is received if the

person is employed on December 31, 2017. If notice is served due to a change of ownership or appointment of a new CEO, compensation equivalent to 12 months' salary is payable. The program does not include Bo Annvik who has resigned from his position as President and CEO.

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 be awarded in cash and 40 percent will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each Performance Right, automatically 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 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 Annual General Meeting 2017 respectively 2018 and before the end of June the same year. Deferred variable remuneration under LTI is not a pensionable income.

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

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 2016 AGM introduced an additional incentive program (LTI2016). However, LTI2016 did not generate any outcome.

The net total cost, which is recognized in the income statement, for share-based remuneration for the resolved incentive programs amounted to SEK 2 (1) 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, 2016	Allotted or reclassified	Cancelled	Closing balance December 31, 2016	Distribution year
President	13,694	-	-	13,694	2017
Other senior executives (Group Management)	16,991	2.218	-3.697	15.512	2017
Other key personnel	19,735	-2.218	-	17,517	2017
Total	50,420	-	-3.697	46,723	

LTI2014 – No of option rights	Opening balance Januari 1, 2016	Allotted or reclassified	Cancelled	Closing balance December 31, 2016	Distribution year
President	5,216	-	-	5,216	2018
Other senior executives (Group Management)	10,199	809	-1.374	9.634	2018
Other key personnel	12,971	-809	-	12,162	2018
Total	28,386	-	-1.374	27,012	

NOTE 12 EMPLOYEES AND EMPLOYEE REMUNERATION

	Women	Men	Total 2016	Women	Men	Total 2015
Sweden	64	213	277	58	224	282
USA	117	336	453	127	360	487
Mexico	66	324	390	137	329	466
China	41	166	207	44	164	208
Hungary	101	121	222	84	88	172
Germany	26	85	111	31	112	143
India	15	110	125	11	109	120
Brazil	18	45	63	25	45	70
France	25	46	71	20	49	69
Great Britain	10	49	59	7	49	56
Canada	6	17	23	7	16	23
Italy	5	3	8	5	3	8
Poland	2	6	8	2	6	8
Spain	3	5	8	3	4	7
South Korea	1	6	7	1	6	7
Austria	1	4	5	1	5	6
Belgium	1	4	5	1	4	5
Russia	1	2	3	1	2	3
Total	503	1,542	2,045	565	1,575	2,140

	2016			2015		
	Salaries and remuneration	Social security costs	Of which pension costs	Salaries and remuneration	Social security costs	Of which pension costs
Haldex	675	219	25	692	243	22

For information about remuneration to senior executives, see note 10 on page 47. Of total pension cost accounted for in operating income is SEK 18 (10) m related to defined contribution plans and SEK 7 (12) m attributable to defined benefit plans. For more information about defined benefit plans of Haldex, see note 30, page 56.

NOTE 13 AUDITOR'S REMUNERATION

	2016	2015
<i>PwC</i>		
Audit assignment	5	5
Audit activities other than audit assignment	-	0
Tax consultancy services	3	5
Other services	-	1
Total	8	11

NOTE 15 FINANCIAL INCOME AND EXPENSES

	2016	2015
Interest income	2	1
Interest expenses	-20	-16
Interest on pension liabilities (net) (see note 30)	-19	-11
Other financial income and expenses	-2	-28
Total	-39	-54

NOTE 14 AMORTIZATION AND DEPRECIATION

	2016	2015
Cost of goods sold	92	94
Selling expenses	2	2
Administrative expenses	21	21
Product development expenses	21	22
Total	136	139

NOTE 16 TAXES

	2016	2015
Current tax	-58	-71
Deferred tax	-16	-9
Total	-74	-80

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

Reconciliation of effective tax rate	2016	2015
Income before tax	165	271
Tax at applicable tax rate in Sweden	22%	22%
Differences in tax rates of various countries of operation	8%	8%
Non-deductible expenses	4%	4%
Non-taxable revenues	-1%	-1%
Tax attributable to prior years	4%	-1%
Utilization of previously unrecognized loss carry-forwards	0%	-7%
Revaluation of losses carried forward/not recognized deferred tax assets due to tax loss carry-forwards	3%	2%
Other taxes	2%	3%
Effective tax rate	42%	30%

The Group's tax expense amounts to SEK 74 (80) m. The tax rate is affected by costs related to 2015 but charged to earnings in 2016. The underlying tax rate for 2016 amounts to 42 percent, compared to 30 percent previous year.

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

	2016	2015
<i>Deferred tax</i>		
Remeasurement of pension obligation	14	-5
Change in hedge reserve	0	2
Change in assets available for sale	0	-2
Total	14	-5

NOTE 17 INTANGIBLE ASSETS

	Goodwill	Capitalized development costs	Patent and other intangible assets	Total
January 1, 2015				
Acquisition value	408	270	70	748
Accumulated depreciation	-	-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	-	19	-	19
Depreciation	-	-12	-1	-13
Closing carrying amount	418	64	0	482
December 31, 2015				
Acquisition value	418	291	73	779
Accumulated depreciation	-	-227	-73	-297
Carrying amount	418	64	0	482
January 1-December 31, 2016				
Opening carrying amount	418	64	0	482
Currency translation differences	4	-	-	4
Investments	-	40	-	40
Depreciation	-	-14	-	-14
Closing carrying amount	422	90	0	512
December 31, 2016				
Acquisition value	422	331	70	823
Accumulated depreciation	-	-241	-70	-311
Carrying amount	422	90	0	512

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

NOTE 18 TANGIBLE FIXED ASSETS

	Buildings	Land and land improvements	Machinery and other technological investments	Equipment, tools and installations	Construction in progress and advances to suppliers	Total
January 1, 2015						
Acquisition value	157	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	429
Currency translation differences	1	1	- 2	2	0	2
Investment	5	2	80	24	44	155
Divestment/impairment	0	-	- 1	0	0	- 1
Internal transfer	-	-	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
January 1 - December 31, 2016						
Opening carrying amount	51	10	238	91	89	479
Currency translation differences	2	1	8	2	2	15
Investment	6	-	97	23	57	183
Divestment/impairment	-	-	-3	- 1	-	-4
Internal transfer	-	-	4	-	2	6
Depreciation	- 9	- 1	- 74	- 38	-	- 122
Closing carrying amount	50	10	270	77	150	557
December 31, 2016						
Acquisition value	181	15	1,247	718	153	2,314
Accumulated depreciation	- 131	- 5	- 977	- 641	- 3	-1,757
Carrying amount	50	10	270	77	150	557

The tangible assets of Haldex are depreciated and valued in accordance with the accounting principles described in note 2 and 3. For allocation of depreciation per function in the income statement, see note 14.

NOTE 19 OPERATIONAL LEASES

Expensed leasing fees for assets held under operating lease contracts totaled SEK 32 (52) m.

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

	December 31, 2016			December 31, 2015		
	Premises	Machinery and other equipment	Total	Premises	Machinery and other equipment	Total
Year 1	25	6	31	43	7	50
Year 2-5	70	9	79	123	10	133
Later than 5 years	34	0	34	29	1	30

NOTE 20 DEFERRED INCOME TAXES

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

The gross changes of deferred income tax account was as follows:

	2016	2015
January 1	137	153
Tax attributable to the Income statement (see note 16)	-16	-9
Tax attributable to other comprehensive income (see note 16)	14	-5
Reclassification within the balance sheet	-	-3
Currency translation differences	1	1
December 31	136	137

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

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Tax loss carry-forwards	55	52	-	-	55	52
Tangible assets	6	12		1	6	11
Provisions	29	48	-	-	29	48
Pensions and similar obligations	46	37	-	-	46	37
Acquisition-related surplus values	-	-	9	9	-9	-9
Other	30	39	21	41	9	-2
Net deferred tax assets/tax liability	166	188	30	51	136	137
Offsetting of deferred tax assets/tax liabilities		-35		-35		
Total	166	153	30	16	136	137

All tax loss carryforwards are not capitalized, deferred tax assets are only recognized for tax loss carryforwards to the extent that it is probable that they can be utilized by future taxable profit. All recognized tax loss carryforwards have an expiry date exceeding ten years.

NOTE 21 DERIVATIVE INSTRUMENTS

	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	5	3	10	1
Forward exchange contracts - at fair value through profit or loss	3	3	2	3
Currency swaps - at fair value through profit or loss	13	26	28	25
Total derivatives as recognized in the balance sheet	21	32	40	29
Derivatives subject to offsetting, enforceable master netting arrangements	-33	-33	-27	-27
Net amount	-12	-1	13	2

Equity gains and losses in short-term currency forward contracts will be transferred to income statement at different points during 2017. All equity gains and losses in short-term currency forward contracts recognized in 2015 has been transferred to the income statement in 2016. The financial instruments recognized at fair value in the balance sheet belong to Tier 2 in the fair value hierarchy, meaning that the fair value is determinable, directly or indirectly, from observable market data. There was no ineffectiveness to be recorded from the cash flow hedges.

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 to fair value in the balance sheet according to Tier 2, 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, 2016			December 31, 2015		
	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	18	-	-	19	-	-
Derivative instruments	-	-11	-	-	11	-
Total	18	-11	-	19	11	-

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

The other financial instruments of the Group are accounted for as follows: Haldex 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. In regards of the other financial assets and liabilities, such as accounts receivable, other current receivables, cash and cash equivalents and debt to suppliers, the fair value are considered to correspond to the carrying amounts.

NOTE 23 ASSETS AS PER BALANCE SHEET

	December 31, 2016						December 31, 2015					
	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	1,069	-	-	-	-	1,069	961	-	-	-	-	961
Financial assets												
Deferred tax assets	166	-	-	-	-	166	153	-	-	-	-	153
Other financial assets		36	-	-	35	71	-	44	-	-	19	63
Current assets												
Inventory	524	-	-	-	-	524	571	-	-	-	-	571
Current receivables												
Accounts receivable	-	603	-	-	-	603	-	545	-	-	-	545
Other current receivables	125	181	-	-	-	306	93	125	-	-	-	218
Derivative instruments	-	-	16	5	-	21	-	-	31	9	-	40
Cash and cash equivalents	-	297	-	-	-	297	-	304	-	-	-	304
Total	1,884	1,117	16	5	35	3,057	1,778	1,018	31	9	19	2,855

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

NOTE 24 LIABILITIES AS PER BALANCE SHEET

	December 31, 2016					December 31, 2015				
	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	30	-	-	-	30	16	-	-	-	16
Pensions and similar obligations	422	-	-	-	422	368	-	-	-	368
Interest-bearing liabilities	-	270	-	-	270	-	270	-	-	270
Other non-current liabilities	-	35	-	-	35	-	38	-	-	38
Current liabilities										
Interest-bearing liabilities	-	79	-	-	79	-	3	-	-	3
Accounts payable	-	401	-	-	401	-	390	-	-	390
Derivative instruments	-	-	29	3	32	-	-	28	1	29
Provisions	124	-	-	-	124	166	-	-	-	166
Other current liabilities	290	-	-	-	290	168	-	-	-	168
Total	866	785	29	3	1,683	718	701	28	1	1,448

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, 2016			December 31, 2015		
	<1 year	>1< 2 years	> 2 years	<1 year	>1< 2 years	> 2 years
Non-current interest-bearing liabilities.	-3	-3	-273	-4	-4	-278
Current interest-bearing liabilities incl. interest	-79	-	-	-3	-	-
Accounts payable	-401	-	-	-390	-	-
Derivative instruments	-32	-	-	-29	-	-
Total	-515	-3	-273	-426	-4	-278
Account receivables	603	-	-	545	-	-
Derivative instruments	21	-	-	40	-	-
Net flow	109	-3	-273	159	-4	-278
Derivative instruments						
-outflow	3,048	-	-	2,704	-	-
-inflow	3,035	-	-	2,707	-	-

Haldex Multicurrency Revolving Credit Facility and bond loan are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts. Available unused credit facilities at year-end totaled SEK 979 (972) m. Calculated interest comprised the counter-value in SEK based on exchange rates at December 31, 2016 and the future current interest rates on the liability.

NOTE 26 INVENTORIES

	December 31, 2016	December 31, 2015
Raw materials	320	373
Semi-manufactured products	11	18
Finished products	193	180
Total	524	571

NOTE 27 OTHER CURRENT RECEIVABLES

	December 31, 2016	December 31, 2015
Tax receivables	73	35
<i>Prepaid expenses and accrued income</i>		
Rents and insurance	14	17
Other prepaid expenses	38	41
Other current receivables	181	125
Total	306	218

NOTE 28 CASH AND CASH EQUIVALENTS

	December 31, 2016	December 31, 2015
Bank accounts and cash	297	304
Total	297	304

Cash and current deposits of SEK 206 (164) m are held in Brazil, China and Korea and are subject to local currency control regulations. These local currency control regulations entail limitations to the transfer of capital from the country other than through normal dividends.

NOTE 29 NON-CURRENT INTEREST-BEARING LIABILITIES

	December 31, 2016	December 31, 2015
Multicurrency revolving credit facility		-
Bond loans	270	270
Total	270	270

	December 31, 2016		December 31, 2015	
	Facility limit	Maturity date	Facility limit	Maturity date
Multicurrency revolving credit facility	EUR 90 m	Apr 21, 2021	USD 95 m	Sep 30, 2016 ¹
Bond loans	SEK 270 m	Jan 20, 2020	SEK 270 m	Jan 20, 2020

NOTE 30 PENSIONS AND SIMILAR OBLIGATIONS

HHaldex has defined-benefit pension plans for certain units in Sweden, Germany, France, Great Britain and USA. 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 Great

Britain has a minimum funding requirement. Based on a funding valuation, that is performed every third year, the company and the trustees agree upon a recovery plan to fund the obligation to the minimum requirements.

Amount recognized in the Balance Sheet

Group	2016	2015
Defined-benefit obligation January 1	737	762
Pensions vested during the period	7	12
Interest on obligation	24	25
Benefits paid	-35	-31
Contributions	0	1
Effects of reductions and settlements	0	0
Remeasurements due to changes in demographic assumptions	-4	-17
Remeasurements due to changes in financial assumptions	88	-44
Experienced-based remeasurements	0	23
Currency translation differences	-23	6
Defined-benefit obligation December 31	794	737
Fair value of plan assets January 1	369	362
Expected return on plan assets	13	14
Payment from assets	-24	-23
Contributions	18	19
Valuation gains/losses on plan assets	19	-12
Currency translation differences	-18	9
Fair value of plan assets December 31	377	369

Reconciliation of interest-bearing pension liabilities

	2016	2015
Pension liability (net) January 1	368	400
Pension cost	17	23
Benefits paid	-35	-31
Contributions	-18	-18
Payment from assets	24	23
Effects of reductions and settlements	5	0
Actuarial gains/losses recognized in other comprehensive income	64	-26
Currency translation differences	-3	-3
Net amount recognized in the statement of financial position December 31	422	368

NOTE 30 CONTINUED PENSIONS AND SIMILAR OBLIGATIONS**Amounts recognized in the income statement**

	2016	2015
Pensions vested during the period	-7	-12
Interest on obligation	-24	-25
Expected return on plan assets	13	14
Total	-18	-23

Amounts recognized in other comprehensive income

	2016	2015
Remeasurments of pension obligation		
where of demographic assumption	4	17
where of due to changes in actuarial assumptions	-88	44
where of experience adjustments	-	-23
Valuation gains/valuation losses on plan assets	20	-12
Total	-64	26

Defined pension obligation and plan asset per country

2016	Sweden	Germany	UK	US	Other	Total
Defined-benefit obligation	215	125	372	72	10	794
Plan assets	57	-	240	68	7	372
where of equities	9	-	108	11	-	128
where of interest-bearing securities	43	-	84	57	-	184
where of properties	-	-	8	-	-	8
where of cash and cash equivalents	5	-	40	-	7	52
Net amount recognized in the balance sheet	158	125	132	4	3	422

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 balance sheet	153	114	82	4	15	368

Assumed life expectancy after retirement at the age of 65

	Sweden	Germany	UK	US
Male	22	19	21	19
Female	24	23	23	21

Actuarial assumptions 2016

Percent	Sweden	Germany	UK	US
Discount rate and expected return on plan assets, January 1, 2015	3,8	2,3	3,8	4,2
Discount rate and expected return on plan assets, December 31, 2015	2,8	1,8	2,7	3,7
Expected salary increase	2,0	2,0	2,0	0,0
Expected inflation	1,5	1,5	3,5	2,0

NOTE 30 CONTINUED PENSIONS AND SIMILAR OBLIGATIONS

Actuarial assumptions 2015

Percent		Sweden	Germany	UK	US
Discount rate and expected return on plan assets, January 1, 2014		3.1	2.2	3.7	4.0
Discount rate and expected return on plan assets, December 31, 2014		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

Average remaining of the pension plan

		Sweden	Germany	UK	US
Year		18	13	19	9

The discount rate is based on high quality corporate bonds, in Sweden mortgage-backed bond, with a maturity time corresponding to the estimated maturity of the obligations for post benefit employment. All the pension plans are listed investments. A change to the discount rate of +/- 0,25 percent, for each particular country affects the present value of the Group's pension obligation with approximately SEK 28 (29) m.

The net contribution to the Group's pension schemes amounts to SEK 35 m in 2016, which is SEK 4 m more than previous year. The main reason for the increase is a one-time payment in Great Britain, an adjustment that is in accordance with the funding agreement with the pension plan trustees.

NOTE 31 OTHER PROVISIONS

	2016			2015		
	Warranty reserves	Restructuring reserves	Total	Warranty reserves	Restructuring reserves	Total
January 1	129	37	166	129	55	184
Provisions	82	-	82	153	19	172
Requisitions	-106	-24	-130	-157	-36	-193
Translation differences	5	1	6	4	-1	3
December 31	110	14	124	129	37	166

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

NOTE 32 OTHER CURRENT LIABILITIES

	2016	2015
Tax liabilities	39	6
<i>Accrued expenses and deferred income</i>		
Personnel costs	89	82
Other accrued expenses	111	58
Other current liabilities	51	22
Total	290	168

NOTE 33 CORPORATE ACQUISITIONS

No acquisitions were carried out during 2016 or 2015.

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	2016	2015
Net sales		91	101
Administrative expenses	4, 5, 13	-84	-89
Operating income		7	12
Dividends from Group companies		3	525
Impairment shares in subsidiaries	7	-139	-72
Interest income	6	78	60
Interest expenses	6, 13	-15	-17
Other financial items		10	-44
Income after financial items		-56	464
Group contribution		-84	-60
Income before tax		-140	404
Tax	12	1	2
Net income		-139	406

Parent Company – statement of comprehensive income

Amounts in SEK m	2016	2015
Net income	-139	406
Other comprehensive income	-	-
Total comprehensive income	-139	406

Parent Company – statement of financial position

Amounts in SEK m	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	7	1,721	1,771
Other shares and participations		19	26
Receivables subsidiaries	8	1,103	1,013
Other non-current receivables	8	44	42
Total non-current assets		2,887	2,852
Current assets			
Receivables from subsidiaries		386	417
Other current receivables	9	8	10
Derivative instruments	10	27	47
Cash and cash equivalents	11	0	79
Total current assets		421	553
TOTAL ASSETS		3,308	3,405
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		772	456
Net income		-139	405
Total equity		1,232	1,460
Provisions			
Pensions and similar obligations	13	30	25
Other provisions		24	23
Total provisions		54	48
Non-current liabilities			
Non-current interest-bearing liabilities	14	270	270
Debts to subsidiaries		321	314
Other non-current liabilities		8	8
Total non-current liabilities		599	592
Current liabilities			
Accounts payable		2	2
Debts to subsidiaries		1,302	1,247
Derivative instruments	10	41	42
Other current liabilities	15	78	14
Total current liabilities		1,423	1,305
TOTAL EQUITY AND LIABILITIES		3,308	3,405
Pledged assets		None	None
Contingent liabilities	16	170	165

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, 2015	221	378	588		1,187
Net income			406		406
Dividend, cash			-133		-133
Closing balance December 31, 2015	221	378	861		1,460
Opening balance January 1, 2016	221	378	861		1,460
Net income			-139		-139
Dividend, cash			-88		-88
Closing balance December 31, 2016	221	378	633		1,232

Parent Company – statement of cash flow

Amounts in SEK m	2016	2015
Cash flow from operating activities		
Income before tax	-140	404
Reversal of non-cash items*	143	-373
Cash flow from operating activities before change in working capital	3	31
<i>Change in working capital</i>		
Current receivables	-37	-210
Current liabilities	123	98
Change in working capital	86	-112
Cash flow from operating activities	89	-81
Cash flow from investment activities		
Investments in shares and participations	-90	-
Disposals of shares and participations	10	-
Cash flow from investment activities	-80	-
Cash flow from financing activities		
Change in interest-bearing liabilities	-	59
Dividend to shareholders	-88	-133
Cash flow from financing activities	-88	-74
Change in cash and cash equivalents	-79	-155
Cash and cash equivalents, opening balance	79	234
Cash and cash equivalents, closing balance	-	79
<i>*Reversal of non-cash items</i>		
Dividend - not paid	-	-516
Impairment of shares in subsidiaries	139	72
Impairment of Group receivables	-	65
Other	4	6
Total	143	-373

NOTE 1 GENERAL INFORMATION

Haldex AB is the Parent Company of the Haldex Group. The main office functions, including the central financial function, are carried out within the Parent Company. Haldex AB (publ), Corp. Reg. No. 556010-1155, is a registered limited liability corporation with its registered office in

Landskrona, Sweden. The address of the Head Office is Haldex AB, Box 507, SE-261 24 Landskrona. Haldex AB's shares are listed on the Nasdaq OMX Exchange in Stockholm, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING 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 2.1, the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements to the extent possible within the framework of the Annual

Accounts Act, and taking into account the relationship between reporting and taxation. This recommendation specifies the exceptions from IFRS that are permissible and the necessary supplementary information. The Parent Company's accounting policies correspond to those for the Group with the exceptions listed below.

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

	2016			2015		
	Women	Men	Total	Women	Men	Total
Sweden	4	9	13	5	10	15

NOTE 4 SALARIES AND OTHER REMUNERATION

	2016				2015			
	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	20	16	14	5	21	15	13	4

The Board Directors consists of 8 members (8), wherof two appointed employee representatives, ; for information on the individual remuneration paid to them and the President, refer to Note 10 on the consolidated financial statements. Remuneration to other senior executives, 6

people (7) amounted to SEK 9 m (13), of which variable remuneration amounted SEK 0 m (0). Further information about remuneration to senior executives is disclosed in Note 10, page 47 Pension payments for other senior executives accounted for SEK 4 m (3) of total pension costs.

NOTE 5 AUDITOR'S REMUNERATION

	2016	2015
<i>PwC</i>		
Audit assignment	1	1
Tax consultancy services	1	2
Total	2	3

NOTE 6 INTEREST INCOME AND INTEREST EXPENSES

	2016	2015
<i>Interest income</i>		
External interest income	0	0
Interest income Group companies	78	60
Total	78	60
<i>Interest expenses</i>		
External interest expenses	-8	-10
Interest expenses Group companies	-7	-7
Total	-15	-17

NOTE 7 SHARES IN SUBSIDIARIES

At December 31, 2014, Haldex AB held direct ownership interests in the subsidiaries listed in the specification in Note 7. JSB Hesselman AB is parent company of the wholly owned UK subsidiary Haldex Ltd and the US subsidiary Haldex Inc. Haldex Ltd is parent company of the wholly owned UK subsidiary Haldex Brake Products Ltd, which is in turn parent

company of Haldex España SA. Haldex Inc is a holding company for the wholly owned US subsidiaries, Haldex Brake Corp, Haldex Brake Products Corp and the Mexican subsidiary Haldex de Mexico S.A. De C.V. Haldex GmbH is a holding company for the wholly owned German subsidiary Haldex Brake Products GmbH.

Shares in subsidiaries	Corp. Reg. No	Reg'd office	Participations	%	December 31, 2016	December 31, 2015
Haldex Brake Prod AB		Landskrona	127,500	100	93	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	0
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 Brake Products Pty		Australia		100	0	0
Haldex Traction Holding II AB	556819-2271	Landskrona	500	100	0	0
Total					1 721	1 771

Change in shares and participations

	Opening balance	Impairment	Closing balance
2016	1,771	-50	1,721
2015	1,843	-72	1 771

NOTE 8 NON-CURRENT RECEIVABLES

	December 31, 2016	December 31, 2015
Deferred tax assets	11	11
Non-current receivables subsidiaries	1,103	1,013
Other non-current receivables	32	31
Total	1,146	1,055

NOTE 9 OTHER CURRENT RECEIVABLES

	December 31, 2016	December 31, 2015
Tax assets	2	1
Prepaid expenses	3	4
Other current receivables	7	5
Total	12	10

NOTE 10 DERIVATIVE INSTRUMENTS

	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Short-term				
Forward exchange contracts – at fair value through profit or loss	14	15	18	17
Currency swaps – at fair value through profit or loss	13	26	29	25
Total	27	41	47	42

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, 2016	December 31, 2015
Cash and bank balances	0	79
Total	0	79

NOTE 12 TAX

	2016	2015
Current tax expense for the year	31	-13
Tax on Group contribution	0	13
Tax on non-deductible costs	-31	0
Deferred tax related to temporary differences	1	2
Total	1	2

NOTE 13 PROPOSED DISTRIBUTION OF EARNINGS

The Board proposes the following distribution of the below funds, SEK 1.011.041.732f

Dividend	-
Other	-
Profit brought forward	1.011.041.732
Total	1.011.041.732

NOTE 14 PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations attributable to defined-benefit plans

	2016	2015
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 (5 m) m. This relates to the funding of a pension fund related to pension obligations to former senior executives.

Reconciliation of interest-bearing pension liabilities

	December 31, 2016	December 31, 2015
Opening balance, pension liabilities	25	19
Benefits paid	0	0
Pension costs	5	6
According to balance sheet	30	25

Of the pension liability, SEK 20 m relates to PRI/FPG and are subject to the Swedish Pension Obligation Vesting Act.

NOTE 15 NON-CURRENT INTEREST-BEARING LIABILITIES

	December 31, 2016	December 31, 2015
Multicurrency revolving credit facility	-	-
Bond loans	270	270
Total	270	270

Haldex Multicurrency Revolving Credit Facility and Bond loan are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts. Available unused credit facilities at year-end totaled SEK 861 (793) m. Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2015 and the current interest rates on the liability.

Maturity structure, years

	Total	0 – 1	1 – 3	3 – 5	> 5 years	Average rate
SEK m	270	-	-	270	-	1.17
Total	270	-	-	270	-	1.17
Calculated interest	9	3	6	-	-	-
Total	279	3	6	270	-	-

NOTE 16 OTHER CURRENT LIABILITIES

	December 31, 2016	December 31, 2015
Accrued expenses		
Personnel cost	13	11
Other accrued expenses	65	3
Total	78	14

NOTE 17 CONTINGENT LIABILITIES AND COLLATERAL PLEDGED ASSETS

	December 31, 2016	December 31, 2015
Securities and guarantees on behalf of subsidiaries	170	165

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 15 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

Åke Bengtsson
President and CEO

Our audit report was issued on March 28, 2017
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

Opinions

We have audited the annual accounts and consolidated accounts of Haldex AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 21-66 in this document.

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 parent company as of 31 December 2016 and its financial performance and cash flow 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 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group,

the accounting processes and controls, and the industry in which the group operates.

Based on the above, we have determined the units deemed to be significant and have determined the audit activities to be executed as regards these units. Haldex group is comprised of some thirty reporting units of which 15 have, to varying degrees, been deemed to be significant. The units in the group which were not seen to be significant have been examined by the group team on the basis of an overall analysis. The majority of the units which are not covered by the group audit is subject to statutory audits in the respective countries.

The Haldex group has the majority of its operations outside Sweden and we obtain reporting on an ongoing basis from the respective local audit teams in the global PwC network during the year and in conjunction with the audit of the year end closing. The group team annually assesses the scope and focus required to be able to ensure that sufficient and appropriate audit activities have been executed from a group perspective. The local audit team's work is managed and followed-up by the central team. As a part of this work, the group team visited Haldex operations in the US and France in order to undertake reviews with company management and local PwC auditors.

In addition, the group team has, amongst other things, executed an audit of the parent company, consolidation, annual accounts and significant assumptions and judgements.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters, see page 68.

Key audit matter	How our audit addressed the Key audit matter
<p>Provisions for guarantees and customer obligations <i>For information regarding provisions for guarantees and customer obligations refer to Note 2 (summary of important accounting policies), Note 3 (Important estimations and judgements) and Note 32 (Provisions)</i></p> <p>As per 31 December 2016, Haldex had 110 MSEK in recorded provisions referring to guarantee provisions and other customer obligations. During 2016, a total of 83 MSEK referring to guarantee and customer obligations impacted the company's results.</p> <p>In conjunction with a given sale, Haldex reports a calculated guarantee provision which is intended to cover future guarantee obligations. The provision regarding general product guarantees is, in all material aspects, based on historical outcome. Historical outcome is deemed by management to comprise a reliable basis for this assessment.</p> <p>Haldex has, on occasion, guarantee cases and customer obligations of a one-off nature, as well as individual product recalls. For these, individual provisions are reported in the accounts.</p> <p>The calculation and accounting of provisions for guarantees and customer obligations include assumptions and estimates regarding future developments involving a major degree of uncertainty. The provisions also comprise a significant amount and, against this background, this is a particularly significant area in our audit.</p>	<p>We have audited and assessed the appropriateness of Haldex's internal processes to identify and evaluate events which could result in an increased risk of future guarantee costs. We have reviewed the records and documentation produced in this process.</p> <p>We have reviewed the documentation and calculations for the recorded provisions for guarantee and customer obligations and have undertaken random sample reconciliations against relevant documentation.</p> <p>We have assessed the parameters applied in determining the provisions, such as unit costs and the return frequency, against actual historical outcome.</p> <p>We have made assessments to ensure that the group has described its principles for the valuation of guarantee and customer obligations in the annual accounts in a satisfactory manner, including the assessing of the estimations and judgements made in order to determine a value for these items as at 31 December 2016.</p>
<p>Deferred tax <i>For information regarding deferred tax, refer to Note 2 (summary of important accounting policies) Note 3 (Significant estimations and judgements) and Note 20 (Deferred tax)</i></p> <p>As at 31 December 2016, Haldex had 166 MSEK in deferred tax recoverables, of which 55 MSEK refers to non-utilised fiscal loss carry forwards. Haldex also has 30 MSEK in deferred tax liabilities.</p> <p>Haldex operates in a number of countries with various tax regulations which increases the complexity in the assessment of deferred tax recoverables. Local tax rules and extensive inter-group deliveries of goods and services imply the need of correct pricing between units.</p> <p>The valuation of deferred tax recoverables includes assumptions and estimations regarding future earnings trends involving a degree of uncertainty. The book value of deferred tax recoverables also totals a significant amount which implies that this item is, naturally, a focus area in our audit.</p>	<p>We have reviewed the company's documentation of the underlying temporary differences comprising the basis of the deferred tax recoverables and deferred tax liabilities and, as a stage in the group audit, we have obtained necessary audit evidence.</p> <p>We have checked, on a random sample basis, the mathematical correctness of the calculations undertaken by the company management to determine the value of deferred taxes.</p> <p>As regards deferred tax recoverables the value of which is dependent on future fiscal results, we have studied management's forecasts and have challenged management in terms of the assumptions made by management.</p> <p>In this context, we have compared historical forecasts with the outcome in order to assess reliability.</p> <p>We have evaluated to determine if Haldex, in a satisfactory manner, has described its principles for the valuation of deferred tax recoverables and tax liabilities in the annual accounts, including the estimations and judgements made to evaluate these items as at 31 December 2016.</p>
<p>Pension liabilities <i>For information regarding pension liabilities,= refer to Note 2 (summary of important accounting policies), Note 3 (Important estimations and judgements) and Note 31 (Pensions and similar commitments).</i></p> <p>As at 31 December 2016, a total of MSEK 422 was reported as a pension liability after deduction of the actuarial value of the assets.</p> <p>Haldex operates in a number of countries with varying premises as regards the calculation of pension liabilities according to IAS 19, such as lifetime assumptions, salary development, the inflation rate and the interest rate situation. Furthermore, there are varying contractual regulations governing the manner in which defined benefit pension plans are to be reported.</p> <p>The calculations are subsequently executed by independent actuaries in the respective countries.</p> <p>The complexity and degree of judgement inherent in this valuation implies that the reporting of pension liabilities is a significant area in our audit.</p>	<p>We have assessed the appropriateness of the method applied by company management and the degree of consistency used in applying this method.</p> <p>We have assessed the interest rate Haldex has applied against externally available details as regards appropriate discount rates for the actual tenors applying to Haldex's liabilities.</p> <p>We have studied the other judgements management has made and have established our own view of these judgments.</p> <p>On a random sampling basis, we have checked the data Haldex has sent to the actuaries to be applied and on which the liabilities have been calculated.</p> <p>We have reconciled Haldex's documentation of the bookkeeping against the reports received from the respective actuaries.</p> <p>We have assessed the agreements Haldex has entered into with local actuaries with regard to terms and conditions in those agreements which could impact their objectivity.</p> <p>We have undertaken evaluations to determine if Haldex has, in a satisfactory manner, described their principles for valuation of the pension liabilities in the annual report, including the estimations and judgements undertaken as at 31 December 2016.</p>

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-20, and 80-84. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Haldex AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Gothenburg March 28 2017
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Carl Fogelberg
Authorized Public Accountant



”With the long lead times required in our industry, a strong long-term owner would definitely be the best alternative for Haldex.”

In 2016, Haldex found itself in the spotlight with three bidders competing to acquire the company. Given that the operations of the remaining bidder compete with Haldex, the Board of Directors foresaw a complex and lengthy process. Maintaining focus on operations and continued long-term planning has been the principal priority for the Board of Directors. The fact that so many players are interested in Haldex is due to the value we have built up in the company over many years – value we will continue to nurture and develop, regardless of whom the company's future owner may be.

Over the year, we continued to develop our long-term strategy, breaking it down into a five-year plan with detailed milestones and activities to clarify Haldex's objectives. Product leadership is maintained only if there is a close dialogue with the market, combined with innovation and long-term investment. The ModulT disc brake is an example of a project generating long-term growth for Haldex. The product was launched in 2011, meaning that development began much earlier. The long lead times in our industry require very long-term product development and planning. It is extremely important to us on the Board to discuss development projects that safeguard future growth over an extended period of time. Over the year, we also invested in a joint venture with VIE of China to create sustainable brake solutions for electric buses together. Haldex's expertise in this area is clearly world-leading and we look forward with confidence to what this partnership can bring in the future.

The aftermarket is another focus area that we have worked to improve in recent years. With a weak North American market, it is more important to reach out to aftermarket customers with a broadened offering and to benefit from new technologies, such as e-commerce, to reach all customer groups efficiently.

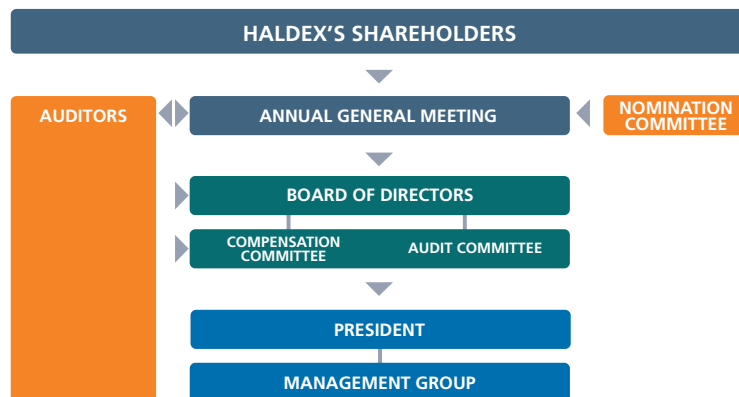
However, there is no escaping the fact that much of the Board's time over the year has been pervaded by the public offer process. Magnus Johansson and I have shared the Chairmanship since I sold my shares to ZF, which was the first offer to be recommended by the Board of Directors. Haldex's Board and management are fully dedicated to assisting the competition investigations to ensure that the process is concluded as quickly as possible, giving Haldex a stable and secure ownership structure for the future. With the long lead times required in our industry, a strong, long-term owner would definitely be the best alternative for Haldex.

Landskrona, Sweden, March 15, 2017

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 2016, 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 2016 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 2016, 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 or May.

At year-end, the number of shareholders was 8,533. The largest shareholders were ZF with 17.1 percent and Knorr-Bremse with 14.7 percent of the shares and votes. Swedish ownership totaled 16.8 percent at year-end. Each share carries entitlement to one vote at the AGM. For more information about shareholders and the share, see pages 18-20 and corporate.haldex.com.

2016 Annual General Meeting

The 2016 AGM was held on May 3, 2016 at Haldex's premises in Landskrona, Sweden. Some 68 shareholders attended the Meeting in person and a number of others through a representative, as well as several assessors and visitors.

The shareholders in attendance represented 18.6 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 corporate.haldex.com/en/investors. The AGM adopted resolutions on:

- Dividend according to the Board's proposal of SEK 2.00 per share for the 2015 fiscal year.
- Reelection of Board members Göran Carlson, Magnus Johansson, Staffan Jufors, Carina Olson and Annika Sten Pärson.
- New election of Anders Nielsen.
- 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, LTI2016, as well as hedging measures in view of the program.

The Board's work in 2016



- 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 2017 AGM.
- Process for the Nomination Committee's appointment and duties.

2017 Annual General Meeting

Haldex will hold its AGM on Thursday, May 4, 2017 at 4.00 p.m. at Hotell Öresund, Selma Lagerlöfs väg 4 in Landskrona, Sweden

Nomination Committee

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

The Nomination Committee shall consist of four members, representing the largest number of voting shareholders based on the shareholdings immediately prior to the publication of the composition of the Committee. On the publication of the Annual Report, no shareholders had announced their representatives on the Committee. 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 are 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.

In 2016, the Board consisted of six 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 74-75 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

The Board of Directors held 25 meetings (12) in 2016. The large increase in the number of meetings is a direct result of the Board's work necessitated by the three public offers for Haldex announced in 2016. The principal issues discussed during the meetings were the company's financial position and market position, its strategy, quality work, product development, brand platform, personnel and organizational issues, as well as the on-going public offer process and related matters. 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 2016 were discussed in conjunction with the Board meeting in December 2016 and is made available to the Nomination Committee.

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 2016, the Audit Committee comprised Carina Olson, Göran Carlson, Arne Karlsson (until April) and Anders Nielsen (from May). Arne Karlsson was chairman until April, when Carina Olson took over. The Audit Committee held six (six) meetings in 2016.

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 2016, 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 2016.

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 2016/17, remuneration will be paid in accordance with an AGM resolution, as set out in the table on pages 74-75. Payment for 2016 is reported in note 10 for the Group on pages 47-48.

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 2017 AGM. Main responsibility has the Authorized Public Accountant Bror Frid. Bror Frid is elected auditor of such companies as Chalmers, 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 2016, the management team consisted of 11 people. In September 2016, Walter Frankiewicz was appointed as SVP North American Sales, Fredrik Seglö as SVP Product Management and Andreas Jähnke as SVP R&D, with a position on the management team, see pages 76-77.

Remuneration of senior executives

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

AUDITORS

Öhrlings PricewaterhouseCoopers AB



Bror Frid
Authorized Public Accountant
Auditor in charge



Carl Fogelberg
Authorized Public Accountant

REMUNERATION OF AUDITORS, SEK M

PwC	2016	2015
Audit assignments	5	5
Audit activities other than audit assignment	0	0
Tax advice	1	5
Other assignments	1	1
Total	7	11

- 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 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. In 2016, the Board of Directors chose to depart from the adopted guidelines to introduce a retention program. For further information, see page 78.

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

Remuneration in 2016

President

In 2016, 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

Continued on page 78

Board of Directors



Göran Carlsson



Staffan Jufors



Anders Nielsen



Magnus Johansson

Name	Göran Carlsson	Magnus Johansson	Staffan Jufors	Anders Nielsen
Role on the Board	Chairman of the Board since 2011. Not chairman on matters relating to the public offer for Haldex since August 2016.	Board member Chairman of the Compensation Committee. Acting Chairman on matters relating to the offer for Haldex since August 2016.	Board member	
Current employment	Investor	Advisor and Director, Mejex AB.	Board assignments	Chief Technology Officer i Volkswagen Truck & Bus.
Education	MBA	BA in Behavioral Studies.	MBA	Industrial economics
Elected	2010	2011	2013	2016
Born	1957	1955	1951	1962
Resident	Sweden	Sweden	Portugal	Sweden
Other assignments	Vice Chairman of Svenskt Tenn AB.	Chairman of the Board in Elektroautomatik AB and EA Group.	Board member of ÄF, Akelius Residential Property AB and Nordens Ark.	-
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.	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.	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.	Anders joined Scania in 1987. In previous years, he held positions as Production Manager for gearboxes and cabins as well as Technical Director in Latin America. In recent years, Anders has been responsible for Global Production and Logistics at Scania, he has been President of MAN Truck & Bus and Head of Business Development at Volkswagen Truck & Bus for the MAN and Scania brands.
Shareholding (alone and with related party)	0	0	0	0
Audit Committee	6/6	No	No	1/6 (elected in May)
Compensation Committee	No	2/2, Chairman	2/2	No
Attendance at Board meetings	17/25 (not to participate in meetings relating to the public offer for Haldex due to sale of personal holdings to ZF.)	25/25	24/25	14/25 (elected in May)
Remuneration 2016/17	SEK 604,000	SEK 270,000	SEK 245,000	SEK 245,000
<i>of which Board work</i>	SEK 554,000	SEK 220,000	SEK 220,000	SEK 220,000
<i>of which Committee work</i>	SEK 50,000	SEK 50,000	SEK 25,000	SEK 25,000

All shareholdings are as at December 31, 2016.



Carina Olson



Annika Sten Pärson



Per Holmqvist



Fredrik Hudson



Michael Collin

Name	Carina Olson	Annika Sten Pärson	Per Holmqvist	Fredrik Hudson	Michael Collin
Role on the Board	Board member	Board member	Employee representative for Federation of Salaried Employees in Industry and Service clubs.	Employee representative for IF Metall.	Employee representative for IF Metall, deputy.
Current employment	CFO at Praktikertjänst.	Executive director, Seleni Institute. Advisor to digital media startups in the US.	Global responsibility for technical production issues.	Tooling engineers Senior safety delegate, Landskrona.	Power coatener.
Education	MBA.	Degree in Strategic Marketing from Berghs School of Communication.	Technical high school.	Technical high school, electromechanics.	Economic high school.
Elected	2015	2012	2014	2011	2013
Born	1965	1963	1961	1974	1974
Resident	Sweden	US	Sweden	Sweden	Sweden
Other assignments	Board member of Svenska Spel.	-	-	-	-
Dependent	No	No	-	-	-
Previous experience	CFO of Södra 2001-2015 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.	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.	-	-	-
Shareholding (alone and with related party)	0	0	0	0	0
Audit Committee	6/6	No	-	-	-
Compensation Committee	No	2/2	-	-	-
Attendance at Board meetings	24/25	24/25		11/12	25/25
Remuneration 2016/17	SEK 270,000	SEK 245,000	-	-	-
<i>of which Board work</i>	SEK 220,000	SEK 220,000	-	-	-
<i>of which Committee work</i>	SEK 50,000	SEK 25,000	-	-	-

Management Group



Bo Annvik



Åke Bengtsson



Walt Frankiewicz



Andreas Jänke



AiChang Li



Bjarne Lindblad

Name	Bo Annvik	Åke Bengtsson	Walt Frankiewicz	Andreas Jänke	AiChang Li	Bjarne Lindblad
Current position	President and CEO until February 28, 2017.	CFO. Acting President and CEO from 1 March 2017.	Senior Vice President North American Sales	Senior Vice President R&D	Senior Vice President Asia Pacific.	Senior Vice President Global Sourcing & Logistics.
Education	M.Sc in Business and Economics.	MBA	B.Sc. Electrical Engineering	Officer training	M.Sc. Mechanical Engineering.	Business Administration
Born	1965	1963	1957	1977	1960	1956
Resident	Sweden	Sweden	USA	Sweden	China	Sweden
Other assignments	Board member of AB Handel & Industri.	-	-	-	-	-
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.	Extensive experience in leading international roles in the automotive and manufacturing sectors. He has been President of Bendix Spicer Foundation Brake LLC and Vice President and GM, Strategy and Business Planning and Global Chassis Systems for Meritor, to mention just a few of the roles he has held that have been directly related to the sector in which Haldex operates.	Global Project Director R&D, Haldex. Manager Program Management, BorgWarner. Various positions in R&D within Haldex, focusing on validation, quality and project management	President of NORMA in China 2006, President of Wabco in China 1996-2006.	Sourcing director Nolato AB 2002-2003, President Nolato Gejde AB 1995-2001, CFO Nolato AB 1987-1994, Controller Haldex AB 1984-1986.
Shareholding (alone and with related party)	6.000	3.000	0	0	0	1.100
Accrued shares in LTI programs	18.910	0	0	0	7.586	5.496
Employed	2012	2015	2016	2015	2006	2004
In current position since	2012	2015	2016	2016	2011	2012

All shareholdings are as at December 31, 2016.



Lena Nordin



Staffan Olsson



Andreas Richter



Fredrik Segö



Catharina Paulcén

Name	Lena Nordin	Staffan Olsson	Catharina Paulcén	Andreas Richter	Fredrik Seglö
Current position	Senior Vice President Human Resources.	Senior Vice President Global Operations.	Senior Vice President Corporate Communications.	Senior Vice President Europe and ROW sales.	Senior Vice President Product Management
Education	Business administration, organization and leadership.	M.Sc. Industrial Engineering and Management.	B.Sc., Business Administration.	Deegre in Mechanical Engineering.	Graduate engineer
Born	1964	1967	1973	1965	1969
Resident	Sweden	Sweden	Sweden	Sweden	Sweden
Other assignments	-	-	Deputy Director Compiler AB.	Ålabodarnas Hamnaktiebolag Chairman and President.	
Previous experience	VP Talent Management at Haldex 2014-2015, VP Human Resources 2006-2014 at Gambro. Previously Manager Competence Development at Ericsson.	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.	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.	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.	Various roles in R&D and product management within Haldex
Shareholding (alone and with related party)	0	0	2.000	9.000	0
Accrued shares in LTI programs	749	1.949	1.001	5.337	3.027
Employed	2014	2014	2014	1993	1993
In current position since	2015	2014	2014	2012	2016

John Ducharme was a member of the management team until January 2016.

REMUNERATION OF GROUP MANAGEMENT 2016, SEK K

	Fixed salary incl. benefits	Variable remuneration	Pension
President Bo Annvik	4,742	391	1,166
Other senior executives, 10 persons	14,194	1,058	3,089
Total	18,936	1,449	4,255

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.

Incentive programs

The AGMs in 2013, 2014, 2015 and 2016 resolved to implement incentive programs for senior executives and key personnel, LTI2013, LTI2014, LTI2015 and LTI2016. 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 (2017-2020 depending on the program), and before the end of June in the same year. Deferred variable remuneration under LTI is not pensionable income.

Temporary amendment for senior executives – deviation from resolution at annual general meeting

In connection with the public offerings for Haldex, the Board of Directors identified an increased risk that senior executives would leave the company. Since the Board concluded that the bid process would be lengthy and there was significant risk that Haldex's operations would be adversely affected, senior executives were offered a retention program in November 2016. In brief, the agreement entails the period of notice being extended to 12 months if notice is served before June 30, 2017. As compensation,

an additional six months' salary is received if the person is employed on December 31, 2017. If notice is served due to a change of ownership or appointment of a new CEO, compensation equivalent to 12 months' salary is payable. The program does not include Bo Annvik who has resigned from his position as President and CEO.

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.

Board of Directors
15 March, 2017

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 2016 Corporate Governance Report on pages 70-79, 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 28, 2017
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor in charge

Carl Fogelberg
Authorized Public Accountant

Quarterly data

SEK m, unless otherwise stated	2016				2015				2014
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4
Income statement:									
Net sales	1,054	1,076	1,147	1,097	1,052	1,189	1,290	1,246	1,092
Cost of goods sold	-774	-768	-824	-789	-772	-835	-912	-899	-789
Gross income	280	308	323	308	280	354	378	347	303
Selling, administrative and product development expenses	-253	-217	-241	-236	-216	-243	-245	-238	-207
Other operating income and expenses	-52	-23	5	5	5	-103	1	5	-64
Operating income	-25	68	87	77	69	8	134	114	32
<i>Operating income, excl. one-off items</i>	-25	80	87	77	76	116	137	115	101
Financial income and expenses	-27	-12	3	-5	-7	-28	-6	-13	-8
Income before tax	-52	56	90	72	62	-20	128	101	24
Tax	-4	-19	-28	-24	-14	-2	-42	-22	-7
Net income	-56	37	62	48	48	-22	86	79	17
Statement of financial position:									
Non-current assets	1,306	1,195	1,178	1,162	1,177	1,145	1,183	1,212	1,148
Current assets	1,751	1,709	1,744	1,723	1,678	1,807	1,836	2,061	1,788
Total assets	3,057	2,904	2,922	2,885	2,855	2,952	3,019	3,273	2,936
Equity	1,374	1,374	1,340	1,389	1,407	1,325	1,368	1,416	1,278
Non-current liabilities	757	786	761	717	692	737	721	786	718
Current liabilities	926	744	821	779	756	890	930	1,071	940
Total equity and liabilities	3,057	2,904	2,922	2,885	2,855	2,952	3,019	3,273	2,936
Cash flow:									
Cash flow from operating activities before change in working capital	-29	66	102	99	57	26	132	134	82
Cash flow from operating activities	88	65	61	42	111	133	-26	2	204
Cash flow from investment activities	-81	-50	-44	-47	-52	-47	-43	-32	-61
Cash flow from financing activities	11	0	-46	-17	-29	-8	-135	-7	-24
Net cash flow	18	15	-29	-22	30	78	-204	-37	119
Key figures:									
Operating margin, excl. one-off items, %	4.6	7.4	7.6	7.0	7.3	9.7	10.6	9.3	9.3
Operating margin, %	-2.4	6.3	7.6	7.0	6.6	0.7	10.4	9.2	3.0
Earnings per share, before and after dilution, SEK	-1.27	0.82	1.39	1.08	1.08	-0.50	1.92	1.78	0.38
Equity per share, SEK	30.63	31.08	29.94	31.07	31.46	29.58	30.52	31.57	28.48
Cash flow, operating activities, per share, SEK	1.99	1.47	1.38	0.95	2.52	3.01	-0.59	0.05	4.61
Share price, SEK	116.50	120.00	80.25	71.50	79.50	88.00	109.50	130.25	101.75
Return on capital employed, excl. one-off items, % ²	13.8	14.6	17.3	19.6	21.7	23.3	23.4	22.4	21.4
Return on capital employed, % ²	9.7	14.1	11.7	13.9	15.9	14.3	14.8	13.5	12.2
Return on equity, %	-4.7	2.7	4.5	3.5	3.6	-1.7	6.7	6.4	1.4
Equity ratio, %	45	47	46	48	49	45	45	43	44
Net debt/equity ratio, %	36	37	38	27	24	33	36	25	21
Investments	81	50	44	47	52	47	43	32	48
R&D, %	3.6	3.4	3.6	3.5	3.9	3.5	3.5	3.6	3.6
No. of employees	2,045	2,051	2,140	2,114	2,140	2,215	2,257	2,265	2,235

Five-year summary

SEK m, unless otherwise stated	2016	2015	2014	2013	2012
Income statement:					
Net sales	4,374	4,777	4,380	3,920	3,933
Cost of goods sold	-3,155	-3,418	-3,142	-2,827	-2,904
Gross income	1,219	1,359	1,238	1,093	1,029
Selling, administrative and product development expenses	-950	-942	-857	-839	-836
Other operating income and expenses	-65	-92	-148	-101	-43
Operating income	204	325	233	153	150
<i>Operating income, excl. one-off items</i>	291	444	408	281	210
Financial income and expenses	-39	-54	-28	-43	-36
Income before tax	165	271	205	110	114
Tax	-74	-80	-98	-72	-60
Net income	91	191	107	38	54
Statement of financial position:					
Non-current assets	1,306	1,177	1,148	1,047	1,186
Current assets	1,751	1,678	1,788	1,439	1,414
Total assets	3,057	2,855	2,936	2,486	2,600
Equity	1,374	1,407	1,278	1,152	1,129
Non-current liabilities	757	692	718	728	967
Current liabilities	926	756	940	606	504
Total equity and liabilities	3,057	2,855	2,936	2,486	2,600
Cash flow:					
Cash flow from operating activities before change in working capital	238	349	356	249	243
Cash flow from operating activities	256	220	435	282	238
Cash flow from investment activities	-222	-174	-151	-71	-118
Cash flow from financing activities	-52	-179	-216	-230	-164
Net cash flow	-18	-133	68	-19	-44
Key figures:					
Operating margin, excl. one-off items, %	6.6	9.3	9.3	7.2	5.3
Operating margin, %	4.7	6.8	5.3	3.9	3.8
Earnings per share, before and after dilution, SEK	2.00	4.28	2.32	0.80	1.12
Equity per share, SEK	30.63	31.46	28.48	26.06	25.53
Cash flow, operating activities, per share, SEK	5.8	4.99	9.84	6.38	5.38
Dividends, SEK	0.00	2.00 ³⁾	3.00	2.00	1.00
Share price, SEK	116.5	79.50	101.75	60.00	33.50
Return on capital employed, excl. one-off items, % ²	13.8	21.7	21.4	14.6	9.8
Return on capital employed, % ²	9.7	15.9	12.2	7.8	7.0
Return on equity, %	13.1	14.1	8.7	3.1	3.4
Equity ratio, %	45	49	44	46	43
Net debt/equity ratio, %	36	24	21	33	51
Investments	222	174	147	94	118
R&D, %	3.5	3.6	3.4	3.5	3.4
No. of employees	2,045	2,140	2,235	2,135	2,200

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

Financial data for alternative key figures

SEKM	Reported net sales Oct-Dec 2016	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Oct-Dec 2016	Change	Reported net sales. Full year 2016	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales. Full year 2016	Change
NET SALES								
The Group	1,054	-57	997	-5%	4,374	-20	4,354	-0.5%
Total	1,054	-57	997	-5%	4,374	-20	4,354	0%
NET SALES PER PRODUCT LINE								
Foundation Brake	577	-28	549	-5%	2,420	-4	2,416	0%
Air Controls	477	-29	448	-6%	1,954	-16	1,938	-1%
Total	1,054	-57	997	-9%	4,374	-20	4,354	-10%
NET SALES PER CUSTOMER CATEGORY								
Truck - (including buses)	236	-14	222	-6%	1,006	4	1,010	0%
Trailer	334	-13	321	-4%	1,383	-8	1,376	-1%
Aftermarket	484	-30	454	-6%	1,985	-17	1,968	-1%
Total	1,054	-57	997	-9%	4,374	-21	4,354	-10%
NET SALES PER REGION								
Europe	392	-13	379	-3%	1,571	-13	1,558	-1%
Nordth America	506	-36	470	-7%	2,238	-26	2,212	-1%
Asia & Middle East	131	0	131	0%	445	15	460	3%
South America	25	-8	17	-32%	120	4	124	3%
Total	1,054	-57	997	-5%	4,374	-20	4,354	-10%

Financial data for alternative key figures – quarterly data

	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4
One-off items:									
Restructuring costs	-	-	-	-	-7	-12	-3	-1	-4
Acquisition costs	-3	-12	-	-	-	-	-	-	-
Others	-11	-1	-	-	-	-	-	-	-
Product related warranty	-59	-	-	-	-	-96	-	-	-65
Total one-off items	-73	-13	-	-	-7	-108	-3	-1	-69
Research and development costs excl. depreciations:	-37	-37	-42	-39	-41	-42	-45	-44	-39
Net of interest and financial items:									
Interest income	2	0	0	0	0	0	0	0	0
Interest expenses	-7	-4	-5	-5	-9	-5	-6	-6	-7
Total net of interest	-5	-4	-5	-5	-9	-5	-6	-6	-7
Other financial items	-22	-8	8	0	2	-23	0	-7	-1
Total financial items	-27	-12	3	-5	-7	-28	-6	-13	-8
Net debt:									
Interest-bearing assets	297	272	256	277	304	277	195	418	437
Interest-bearing liabilities including derivate instruments	-365	-311	-317	-257	-271	-292	-290	-309	-309
Pension liabilities	-422	-468	-443	-397	-368	-422	-394	-456	-400
Total net debt	-490	-507	-504	-377	-335	-437	-489	-347	-272
Capital employed:									
Total assets	3,057	2,904	2,922	2,885	2,885	2,952	3,019	3,273	2,936
Non interest-bearing liabilities and provisions	-928	-783	-835	-824	-837	-922	-976	-1,120	-973
Total capital employed	2,129	2,121	2,087	2,061	2,048	2,030	2,043	2,153	1,963
Average capital employed:	2,089	2,069	2,054	2,067	2,047	2,016	1,992	1,963	1,904
Net income attr. to owners of parent company:									
Net income	-56	37	62	48	48	-22	86	79	17
Net income attributable to non-controlling interests	0,2	1	1	0	0	0	1	1	0
Total net income attr. to owners of parent company	-56	36	61	48	48	-22	85	78	17
Equity attr. to owners of parent company:									
Equity	1,374	1,374	1,340	1,389	1,407	1,325	1,368	1,416	1,278
Equity attributable to non-controlling interests	23	22	19	18	19	20	22	23	19
Total equity attr. to owners of parent company	1,351	1,352	1,321	1,371	1,388	1,305	1,346	1,393	1,259
Average equity attributable to owners of parent company:	1,357	1,347	1,346	1,361	1,338	1,297	1,269	1,232	1,180
Average No. of share:	44,216	44,216	44,216	44,216	44,204	44,204	44,204	44,204	44,204

Financial definitions

Following the European Securities and Markets Authority's new guidelines for alternative key figures, the list of financial definitions have been expanded. The purpose of the added terms is to create an enhanced understanding and promote the usefulness of the financial information and provide the reader with a more nuanced and deeper picture of the business. No new key figures has been added in the period relative to the previous quarter. If the base for the calculations of alternative key figures are not stated in the report, please refer to page 81-82 for additional information.

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.

Return on capital employed: Operating income plus interest income as a percentage of average capital employed.

Gross margin: Gross profit i.e net sales minus cost of goods sold, divided by net sales.

Equity per share: Total equity attributable to the owners of the parent Company, divided by the average No of shares.

One-off items: Income statement items, which are of non-recurring nature in normal operations. One-off items may for example include restructuring costs, impairment and product related warranties related to a specific product recall. The purpose of specifying this is to demonstrate the underlying business performance.

R&D, %: Research and development cost excluding depreciations divided by net sales.

Cash flow per share: Cash flow from operating activities divided by the average number of shares.

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.

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.

Net of interest: The economical difference in absolute terms between the reported interest income for financial assets and interest expense on interest-bearing liabilities and provisions.

Interest coverage ratio: Operating income excluding one-off items plus interest income divided by interest expenses.

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

Operating income: Operating income before financial items and tax.

Operating income excluding one-off items: Operating income before financial items and tax, adjusted for one-off items.

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

Capital employed: Total assets less non-interest bearing liabilities and non-interest bearing provisions.

Currency adjusted information¹: Financial figures converted to the same exchange rate as in the comparative period. The aim is to show how the business has developed without the impact of currency fluctuations.

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.

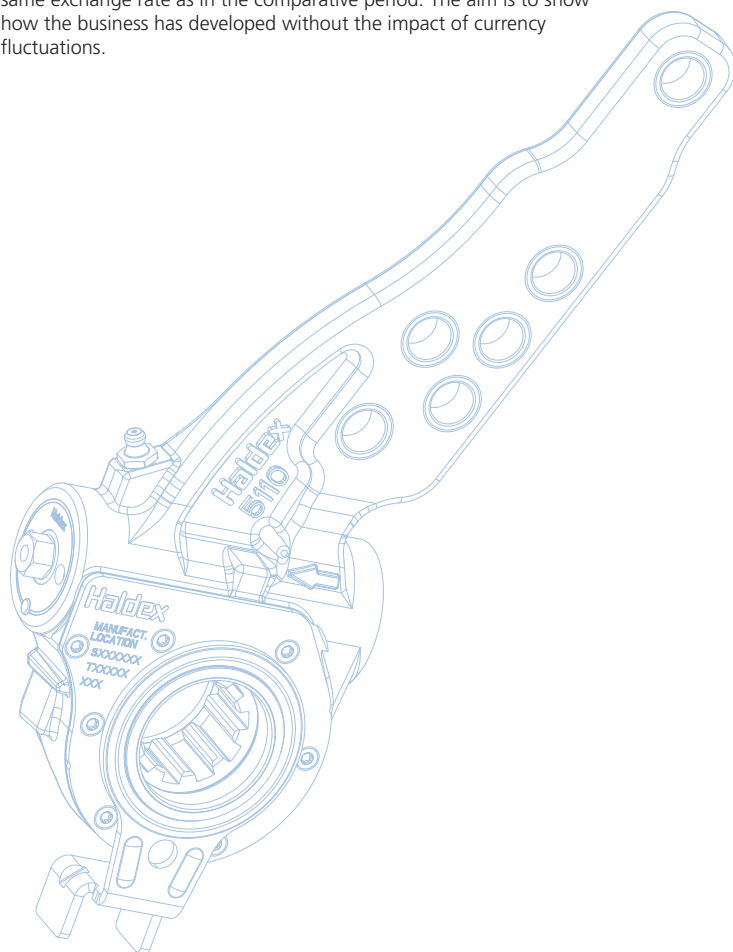
Aftermarket: Spare parts sold to, and training and services provided to the workshops that repair and service vehicles.

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.

Truck: Heavy trucks and busses.

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



Haldex 2016 Annual General Meeting

The Annual General Meeting of Haldex AB (publ) will be held on Thursday, May 4 at 4.00 p.m. at Hotel Öresund, Selma Lagerlövs väg 4, Landskrona, Sweden.

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 Thursday, April 27, 2017, 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 Thursday, April 27, 2016.

Report dates in 2016

Interim report, January-March	April 25
Annual General Meeting	May 4
Interim Report, January-June	July 18
Interim report, July-September	October 25
Year-end report 2016	February, 2018

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 monthly. In the event of major changes, the website is updated immediately.

During the 2016 Annual General Meeting, 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.

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, 2015, 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.



Haldex

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



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.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.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.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 2,045 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 4.4 billion in 2016.

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