



### Stable quarter on a weak market

The market conditions continued to weaken during Q2. Net sales increased slightly in the quarter, while the currency-adjusted net sales decreased. Sales in North America continue to be high, which did not have a full impact on profitability due to high raw material prices and tariffs. Demand in Europe has slowed, primarily in the Trailer customer category, which also affected the sales of disc brakes. The operating margin, excluding new technology, is in line with Q1. Operating income was primarily affected by lower sales volumes, but also by high costs for direct material and tariffs. Cash flow from operating activities improved compared to the previous year.

- Net sales for Q2 totalled SEK 1,389 (1,372) m, equivalent to an increase of 1 per cent compared to the previous year. After currency adjustments, net sales decreased by 4 per cent. The currency-adjusted net sales for the first six months of the year decreased by 2 per cent.
- Operating income excluding one-off items amounted to SEK 91 (102) m for Q2. The operating margin excluding one-off items totalled SEK 6.5 (7.4) m for Q2 and SEK 6.9 (7.2) m for the first six months of the year. The operating margin including one-off items amounted to 5.3 per cent for Q2.
- The operating margin excluding investments in new technology (Scalable Brake System) amounted to 7.4 per cent for Q2 and 7.5 per cent for the first six months of the year. The target is to achieve an operating margin of 10 per cent for the core business, i.e. excluding new technology, by 2022.
- Income after tax totalled SEK 49 (61) m for Q2 and SEK 117 (119) m for the first six months of the year. Earnings per share totalled SEK 1.11 (1.39) for Q2 and SEK 2.65 (2.69) for the first six months of the year.
- Cash flow from operating activities totalled SEK 97 (65) m for Q2 and SEK 13 (1) m for the first six months of the year.
- Helene Svahn will assume the role as President and CEO after Åke Bengtsson. The change goes into effect immediately, but she will become full-time on 12 August. In the interim, Deputy CEO Staffan Olsson will be responsible for the day-to-day operations.

Key figures	Apr-Jun			Jan-Jun		
	2019	2018	Change	2019	2018	Change
Net sales, SEK m	1,389	1,372	1%	2,728	2,624	4%
Operating income, SEK m	73	102	-29%	170	188	-10%
Operating income, excl. one-off items, SEK m	91	102	-11%	188	188	0%
Operating margin, %	5.3	7.4	-2.1	6.2	7.2	-1.0
Operating margin, excl. one-off items, %	6.5	7.4	-0.9	6.9	7.2	-0.3
Operating margin, excl. new technology <sup>1</sup> , %	7.4	-	-	7.5	-	-
Return on capital employed, % <sup>1</sup>	8.2	11.7	-3.5	8.2	11.7	-3.5
Return on capital employed, excl. one-off items, % <sup>1</sup>	10.6	14.0	-3.4	10.6	14.0	-3.4
Net income, SEK m	49	61	-19%	117	119	-2%
Earnings per share, SEK	1.11	1.39	-19%	2.65	2.69	-2%
Cash flow, operating activities, SEK m	97	65	32	13	1	12

<sup>1</sup> Reported from 2019. <sup>2</sup> Rolling twelve months, the effects from IFRS16 - financial leasing, has been excluded.

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Innovative Vehicle Solutions

## Comment from the CEO

Staffan Olsson, Deputy CEO, comments on the quarter: In Q2 the North American market continued to show strong growth, even if there are increasingly evident signs of a slow-down. The long winter had a negative impact on the aftermarket in Q1, but we recovered in Q2 what we had lost. North America is the geographic market where we have the highest profitability, but due to high raw material prices and tariffs, the high level of net sales has not had a full impact on profitability in the region.

Europe showed signs of a slow-down at the beginning of the year, and the downturn in Trailer was evident in Q2. Because the Trailer customer group is our strongest group in Europe, the declining demand had an impact and also affected disc brake sales.

China had stable sales in the first six months of the year, but at significantly lower levels than last year. In 2018, a law was introduced requiring automatic brake adjusters on newly manufactured heavy vehicles, which resulted in a sharp increase in sales in China in 2018. Comparative figures are thus high, and our operations in China will not reach last year's volumes this year. The market is still not fully compliant with the law, but it still benefits us since we are one of the leading manufacturers of automatic adjusters on a market that otherwise is characterised by heavy price pressure and lower production volumes for new vehicles. However, we make the assessment that in the long run the safety requirements will result in an increase in demand for Haldux's products.

### Serial production of disc brakes for trucks

One of Haldux's strategic areas for disc brakes is to expand the use of disc brakes from Trailer customers to Truck customers. Haldux has run a project together with one of the world's largest truck manufacturers to create a truck version of the ModulT disc brake for one of the customer's special vehicles. This product has now started serial production, which is the first time the truck version of ModulT is being serially produced. The order volume is low, but it has a higher symbolic value.

In North America, interest continues to increase for the disc brake. The preparations for local disc brake production are continuing prior to the start of production later this year.

### Continued streamlining and cost control

A price adjustment was made in Q1 that in part compensated for increased costs for raw material and tariffs. The cost for direct materials continues to be a challenge, and it is this expense item that has increased the most over the past year. More price adjustments to customers may be needed, and alternative supply strategies are evaluated continuously.

Work continues on the aftermarket to grow net sales and widen the product range. A number of products were introduced in Q2 under our Midland and Grau brands. We are currently analysing our entire product range to streamline the existing product portfolio. With a few thousand product variations in the portfolio, small-scale products need to be phased out and non-profitable products divested or closed down.

Haldux also has the goal of lowering fixed costs. The vehicle industry is cyclical, and lower demand is expected after several years of high production volumes. Haldux's objective is to reach an operating margin of ten per cent even when the market is experiencing weaker years. We have initiated activities to lower the cost base and continue to streamline the operations. For example, in Q2 we decreased the number of Friction Centers (facilities to apply a new coating to brake pads) in the USA in an effort to increase profitability.



Staffan Olsson, Deputy CEO

### New technology for electric and self-driving vehicles

Haldux's newly developed technology is gathered under the name Scalable Brake System, which, starting this year, is reported as a separate product line in the interim reports. One of the products that is part of Scalable Brake System is the electromechanical brake. The tests on vehicles on a test track continue, and they are progressing well. In August and September, customers will be invited for the first time to demonstrations.

For the product Fast Acting Brake Valve (FABV), the concept phase is successfully progressing with one of the world's largest truck manufacturers.

### Outlook for 2019

The market in North America is expected to continue to grow in 2019, even if the second half of the year is expected to be weaker than the first half of the year. The market in Europe is expected to decrease slightly compared to 2018. China has a weaker market in 2019. Haldux can partly withstand a downturn given that automatic brake adjusters are currently required by law on heavy vehicles. India is expected to have a weak year with lower production levels, and Brazil is expected to experience carefully optimistic market growth, although from low levels.

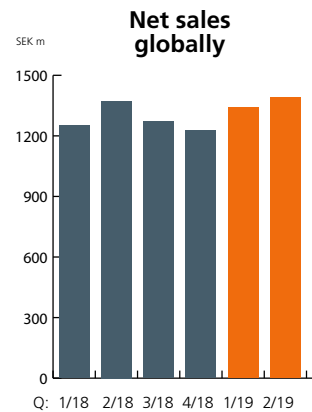
Our outlook for 2019 has not changed. We make the assessment that sales will increase in North America, which will be offset by unchanged or lower sales in other regions. As a whole, sales in 2019 are expected to be in line with 2018. Haldux makes the assessment that the operating margin in 2019, including increased investments in new technology, will be in line with or higher than the operating margin excluding one-off items in 2018.

Staffan Olsson  
Deputy CEO

## Net sales for the Group

Net sales for Q2 totalled SEK 1,389 (1,372) m, which is equivalent to a 1 per cent increase in absolute terms compared to the same period the previous year. After currency adjustments, net sales decreased by 4 per cent. Net sales for the first six months of the year totalled SEK 2,728 (2,624) m, which corresponds to a currency-adjusted decrease of 2 per cent. Net sales currently come from Foundation Brake and Air Controls and not from the new product line Scalable Brake System.

Net sales increased in North America and South America in Q2 while net sales decreased in Europe and Asia. From a product perspective, the sale of brake adjusters had the largest impact on net sales.



## Net sales per product line

Net sales, SEK m	Apr-Jun 2019	Apr-Jun 2018	Change <sup>1</sup>	Jan-Jun 2019	Jan-Jun 2018	Change <sup>1</sup>
Foundation Brake	828	833	-5%	1,595	1,573	-4%
Air Controls	561	539	-2%	1,133	1,051	1%
Scalable Brake System	-	-	-	-	-	-
Total	1,389	1,372	-4%	2,728	2,624	-2%

<sup>1</sup> Currency adjusted

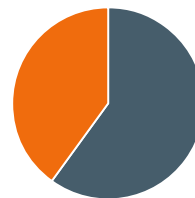
Haldex has three product lines. Foundation Brake includes brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators. Air Controls includes products to improve brake systems' safety and driving qualities, such as treatment and dehumidifying of compressed air, valves, and ABS and EBS. Scalable Brake System brings together products and technologies for electric and self-driving vehicles such as electromechanical disc brakes and the Fast Acting Brake Valve (FABV).

Net sales within Foundation Brake totalled SEK 828 (833) m in Q2. After currency adjustments, this is a decrease of 5 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 1,595 (1,573) m, which corresponds to a currency-adjusted decrease of 4 per cent compared to the equivalent period the previous year. In Q2, the sale of brake adjusters decreased in particular. Disc brakes also had lower sales in Q2 after a stronger Q1. For the first six months of the year, sales of disc brakes are in line with the same period the previous year.

Net sales within Air Controls totalled SEK 561 (539) m in Q2. After currency adjustments, this is a decrease of 2 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 1,133 (1,051) m, which corresponds to a currency-adjusted increase of 1 per cent. Within Air Controls,

Reman (remanufacturing of products) and valves increased at the same time as air suspension products decreased.

The Scalable Brake System product line does not have any sales yet since the products are still in the development stage. A concept phase for FABV is currently underway with one of the world's leading truck manufacturers. A decision about whether the concept phase will transition into a development contract is expected at the beginning of 2020. The electromechanical disc brake is developed in a joint venture with Chinese VIE. The Chinese law allow electromechanical brakes, unlike the USA and Europe, and there is also a large shift underway to electric buses in China. Tests are currently being conducted on electric vehicles in China with positive results, and sales are expected to begin in 2021.



**Net sales per product line (Apr-Jun)**

■ 60% Foundation Brake  
■ 40% Air Controls

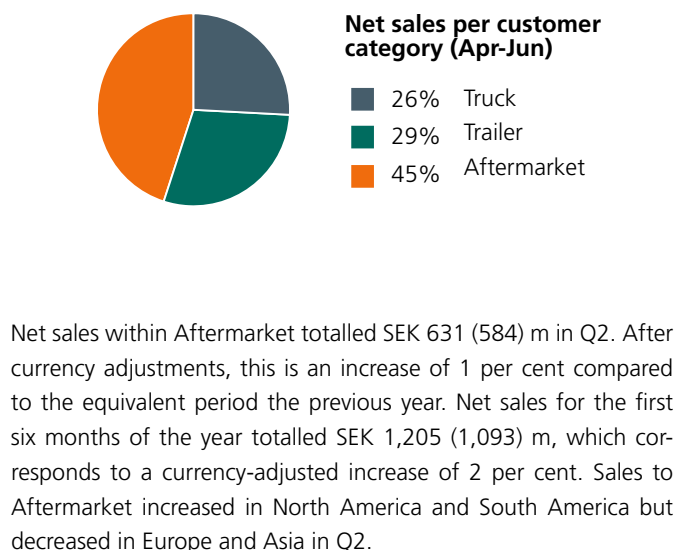
## Net sales per customer category

Net sales, SEK m	Apr-Jun			Jan-Jun		
	2019	2018	Change <sup>1</sup>	2019	2018	Change <sup>1</sup>
Truck (including buses)	355	348	-3%	691	665	-3%
Trailer	403	440	-12%	832	866	-8%
Aftermarket	631	584	1%	1,205	1,093	2%
Total	1,389	1,372	-4%	2,728	2,624	-2%

<sup>1</sup> Currency adjusted

Haldex operates in the market via three customer categories: Truck, Trailer and Aftermarket. Net sales within Truck totalled SEK 355 (348) m in Q2. After currency adjustments, this is a decrease of 3 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 691 (665) m, which corresponds to a currency-adjusted decrease of 3 per cent. In Q2 sales increased in all regions except Asia. Truck sales were impacted the most by the sales of brake adjusters and actuators in Q2.

Net sales within Trailer totalled SEK 403 (440) m in Q2. After currency adjustments, this is a decrease of 12 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 832 (866) m, which corresponds to a currency-adjusted decrease of 8 per cent. In Q2, Trailer increased its sales in North America and South America but decreased its sales in Europe and Asia. Disc brakes and brake adjusters have the greatest impact on growth within Trailer.



Net sales within Aftermarket totalled SEK 631 (584) m in Q2. After currency adjustments, this is an increase of 1 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 1,205 (1,093) m, which corresponds to a currency-adjusted increase of 2 per cent. Sales to Aftermarket increased in North America and South America but decreased in Europe and Asia in Q2.

## Industry production trends

New heavy trucks and trailers is a good indicator for the market Haldex operates on. It is important to remember that Haldex is affected depending on how large the proportion of sales is in each category.

Produced units Industry forecast <sup>1</sup>	Apr-Jun 2019	Change <sup>2</sup>	Full year 2019	Change <sup>2</sup>	Importance for Haldex sales
<b>Truck</b>					Haldex' sales to Truck customers in North America is larger than Truck sales in other regions. Changes in the production trends in North America are thus impacting Haldex' sales much more than changes in other regions. Changes in Europe and Asia have in turn slightly higher impact than changes of production trends in South America.
North America	92,043	17%	341,530	5%	
Europe	122,971	-3%	504,038	2%	
China	351,767	8%	1,078,694	-3%	
India	64,896	-11%	251,986	-16%	
South America	21,981	18%	85,898	15%	
All regions	653,658	5%	2,262,146	-2%	
<b>Trailer</b>					Within Trailer, sales in Europe is more significant than sales in North America. Other regions in Asia and South America have lower sales and, as a result, a lower impact on Haldex' total net sales.
North America	93,460	3%	352,600	1%	
Europe	89,171	4%	301,029	-10%	
China	166,700	45%	481,200	4%	
India	9,300	-42%	46,000	-15%	
South America	14,400	5%	53,300	-1%	
All regions	373,031	16%	1,234,129	-1%	

<sup>1</sup> The production statistics comprise a forecast from external sources. Historical figures also pertain to estimated production and not to the actual industrial outcome. Unless otherwise stated, the information pertaining to trucks is based on statistics from JD Powers. Information pertaining to the trailer market in Europe is based on statistics from CLEAR, the information pertaining to trucks and trailers in North America is based on statistics from FTR and the trailer information from South America and Asia is based on local sources.

<sup>2</sup> Change compared with same period previous year in percentage.

## Net sales per region

Net sales, SEK m	Apr-Jun 2019	Apr-Jun 2018	Change <sup>1</sup>	Jan-Jun 2019	Jan-Jun 2018	Change <sup>1</sup>
Europe	448	485	-9%	928	952	-5%
North America	732	629	7%	1,403	1,189	7%
Asia & Middle East	152	216	-32%	295	404	-30%
South America	57	42	35%	102	79	30%
Total	1,389	1,372	-4%	2,728	2,624	-2%

<sup>1</sup> Currency adjusted

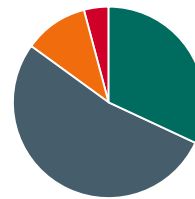
In Europe, Haldex has higher Trailer sales than Truck sales. Aftermarket also accounts for a significant percentage of sales. In Europe, net sales totalled SEK 448 (485) m in Q2. After currency adjustments, this is a decrease of 9 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 928 (952) m, which corresponds to a currency-adjusted decrease of 5 per cent. In Europe, sales in Q2 were affected by a weaker market for Trailer. Net sales increased in the product areas for valves but decreased for brake adjusters and disc brakes.

In North America, the distribution between Truck and Trailer is more even than in Europe. Aftermarket accounts for a significant percentage of sales here as well. In North America, net sales totalled SEK 732 (629) m in Q2. After currency adjustments, this is an increase of 7 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 1,403 (1,189) m, which corresponds to a currency-adjusted increase of 7 per cent. The market conditions continued to be positive in Q2, primarily within Truck. Sales increased in the quarter for brake adjusters, actuators and ABS. Disc brake sales in North America continued to grow, although from low levels.

In Asia, with China and India as the primary markets, trucks without trailers are still the most common type of vehicle combination. This means that Haldex's sales are more focused on Truck than on Trailer. Aftermarket accounts for a smaller percentage of sales. In Asia and the Middle East, net sales totalled SEK 152 (216) m in Q2. After currency adjustments, this is a decrease of 32 per cent compared to the equivalent period the previous year. Net sales for the first six months of the year totalled SEK 295 (404) m, which corresponds to a currency-adjusted decrease of 30 per cent. Last year, China doubled its net sales due to new legislation that entered into force in 2018

requiring automatic brake adjusters. The new legislation continued to have a positive impact on sales, but demand is not increasing at the same rate as before. The development in the Indian market was weak in Q2 with lower production volumes of heavy vehicles. In terms of products, the drop in sales of brake adjusters represents the absolute majority of the decrease in sales in the region.

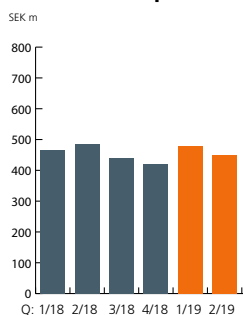
In South America, Truck sales are more significant than Trailer and Aftermarket sales. Net sales totalled SEK 57 (42) m in Q2. After currency adjustments, this is an increase of 35 per cent. Net sales for the first six months of the year totalled SEK 102 (79) m, which corresponds to a currency-adjusted increase of 30 per cent. The market conditions in Brazil, which is the most important market in South America, continued to improve after several years of weak demand, although from low levels. Sales of brake adjusters increased the most in the region.



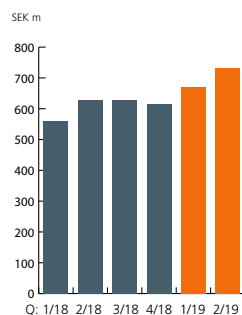
Net sales per region (Apr-Jun)

32%	Europe
53%	North America
11%	Asia & Middle East
4%	South America

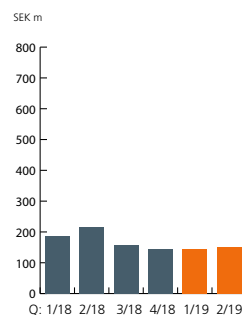
Net sales Europe



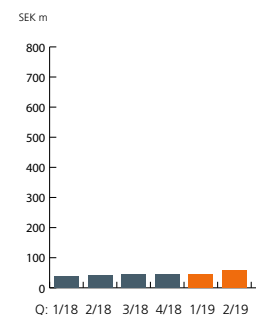
Net sales North America



Net sales Asia & Middle East



Net sales South America





# Earnings

Operating income excluding one-off items for Q2 totalled SEK 91 (102) m, which corresponds to an operating margin of 6.5 (7.4) per cent. The corresponding figures for the first six months of the year were operating income of SEK 188 (188) m and an operating margin of 6.9 (7.2) per cent. Operating income excluding investments in new technology amounted to SEK 103 m in Q2, which corresponds to an operating margin of 7.4 per cent. For the first six months of the year, the operating margin excluding investments in new technology was 7.5 per cent. The target is to achieve an operating margin of 10 per cent for the core business, i.e. excluding new technology, by 2022.

Operating income including one-off items for Q2 totalled SEK 73 (102) m, which corresponds to an operating margin of 5.3 (7.4) per cent. The corresponding figures for the first six months of the year were operating income of SEK 170 (188) m and an operating margin of 6.2 (7.2) per cent.

Operating income was primarily affected by lower sales, even if a higher share of the sales to the more profitable aftermarket had somewhat of a positive impact. High raw material prices and tariffs, primarily in the USA, continued to have a negative impact on operating income. The investments that Haldex is making in product development are progressing according to plan, and higher costs within R&D are offset in part by capitalisations of product development expenditure for future product launches.

One-off items amounted to SEK 18 (0) m in Q2. In Q2, these items included, for example, costs from the closing of two Friction Centers (facilities to apply a new coating to brake pads) in the USA in an

effort to optimise the business. Remuneration to the departing President & CEO also constituted a portion of the one-off items.

The new standard in IFRS regarding leasing only has a small impact on operating income, and the operating margin excluding IFRS 16 amounts to 5.2 per cent.

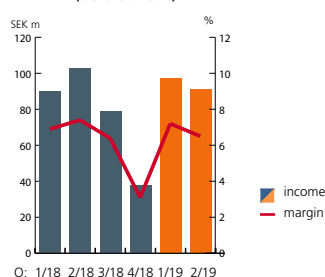
Given the recent growth in electromechanical brakes in China, the operations were reclassified in 2018 so that income from the joint venture is now reported as a part of the operating activities and not as a financial item. In April, a capital injection of SEK 20 m was made from both joint venture partners. The operating income from the joint venture had a negative effect of the Group's operating income with SEK 7 m in Q2 and during the first six months of the year.

Financial items amounted to SEK -8 (-11) m in Q2. The higher costs in the quarter are due to increased interest rate expenses of SEK 3 m due to the new leasing standard (IFRS 16).

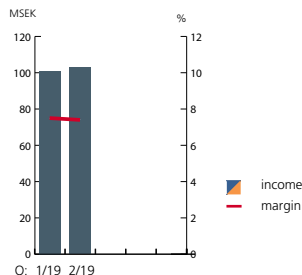
Income before tax totalled SEK 65 (91) m for Q2 and SEK 155 (173) m for the first six months of the year. Income after tax totalled SEK 49 (61) m for Q2 and SEK 117 (119) m for the first six months of the year. This corresponds to earnings per share of SEK 1.11 (1.39) for Q2 and SEK 2.65 (2.69) for the first six months of the year.

Currency fluctuations, including gains or losses from currency hedging and currency translation effects, had a positive impact on consolidated operating income excluding one-off items of SEK 9 (10) m in Q2. The currency effect in net financial income/expense in Q2 totalled SEK 4 (-3) m.

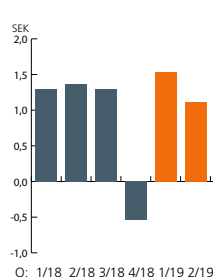
**Operating income & margin**  
(excl. one-off items)



**Operating income & margin**  
excl. new technology



**Earnings per share**



## Earnings

	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Operating income, SEK m	73	102	-29%	170	188	-10%
Operating income, excl. one-off items, SEK m	91	102	-11%	188	188	0%
Operating margin, %	5.3	7.4	-2.1	6.2	7.2	-1.0
Operating margin, excl. one-off items, %	6.5	7.4	-0.9	6.9	7.2	-0.3
Operating margin, excl. new technology, % <sup>1</sup>	7.4	-	-	7.5	-	-
Net income, SEK m	49	61	-19%	117	119	-2%
Earnings per share, SEK	1.11	1.39	-19%	2.65	2.69	-2%

<sup>1</sup> Reported from 2019.

## Financial position

The net debt of the Group at June 30 totaled SEK 1,443 (808) m, a net debt increase of SEK 711 m compared to the end of the previous year. Of the increase SEK 237 m is related to increased working capital and SEK 397 m to changed accounting rules (IFRS16). The revaluation of the pension liability in 2019 have had a negative effect of the net debt of SEK 56 m.

Financial items totaled SEK -8 (-11) m in Q2, with net interest income and expenses, excluding IFRS 16, accounting for SEK -5 (-6) m of these items. Interest expenses for leases amounted to SEK 3 m. Shareholders' equity amounted to SEK 1,675 (1,581) m, resulting in an equity/asset ratio of 38 (42) percent.

Haldex's primary sources of loan financing comprise:

- A bond loan of SEK 270 m maturing in January 2020.
- A syndicated credit facility in the amount of EUR 90 m, maturing in April 2021. EUR 43 m of this facility had been used at the end of the quarter.

Net debt and Net interest, SEK m	Jun 30 2019	Jun 30 2018	Change
<i>Assets as part of the net debt:</i>			
Cash and cash equivalents <sup>1</sup>	196	216	-9%
<i>Liabilities as part of the net debt:</i>			
Interest-bearing liabilities including derivative instruments	-731	-554	32%
Pension liabilities <sup>2</sup>	-511	-470	9%
Net debt in total, excluding IFRS16 - financial leasing	-1,046	-808	29%
Debt related to IFRS16	-397	-	-
Net debt in total	-1,443	-	-
Net of interest during the year	-8	-10	-20%

<sup>1</sup> For a definition of cash and cash equivalents, see note 28 in the annual report.

<sup>2</sup> The change of pension liabilities are primarily related to variations in actuarial assumptions (changes in market interest rates).

<sup>3</sup> Net of interest excluding IFRS16 was SEK -5 m.

## Cash flow

Cash flow from operating activities in Q2 totaled SEK 97 (65) m. Cash flow from operating activities for the quarter was impacted negatively by an increase in the amount of working capital bound up.

Investments, including capitalized development expenditure, totaled SEK -97 (-89) m in Q2 and cash flow after investments amounted to SEK 0 (-24) m. Total cash flow was SEK -77 (18) m in Q2.

Cash flow and cash equivalents, SEK m	Apr-Jun 2019	Apr-Jun 2018	Change	Jan-Jun 2019	Jan-Jun 2018	Change
Cash flow, operating activities	97	65	32	13	1	12
Cash flow after investment activities	-	-24	24	-150	-169	19
Cash and cash equivalents (at end of period)	196	216	-20	196	216	-20

## Taxes

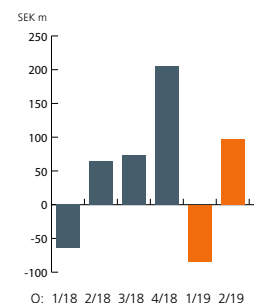
Tax expenses for Q2 amounted to SEK 16 (30) m, corresponding to a tax rate of 24 (33)%. The tax rate for the year was impacted positively by lower tax rates in the US due to the tax reform.

Deferred tax assets for tax loss carry-forwards are recognized to the extent it is probable that they can be offset against taxable profit.

## Pledged assets and contingent liabilities

There were no changes to the Group's pledged assets or contingent liabilities during the quarter. The Group sometimes has product warranties and customer commitments that cannot be estimated reliably. For more information, see "Significant risks and uncertainties".

Cash flow  
operating activities





## Helene Svahn - new President and CEO

The commercial vehicle industry is going through an extensive technology shift, with focus on self-driving vehicles and electrification. The board of Haldex therefore appointed Helene Svahn as new President and CEO. Helene Svahn is an experienced scholar and entrepreneur. She has been a board member of Haldex and chairman of the technical committee since 2018. Already at the age of 34 she was announced professor at the Royal Institute of Technology, KTH, within the field of nanobiotechnology. During the past couple of years, she has divided her time between KTH and the position as Head of Research and Innovation at Permobil, being a member of the Royal Swedish Academy of Engineering Sciences as well as board appointments in, among others, the Nobel Center Foundation.

Helene Svahn herself thinks her thriving passion for technology and experience in managing high performing international teams will be helpful for developing the company in line with the new strategic direction. In addition, she has an extensive network within the automotive industry, which will be useful on the changing market where partnerships increase in importance. "I see the shift that the industry is facing, leaving a client-supplier relationship for one that relies on collaboration, in a positive light. Haldex has an opportunity to take a larger share on the market through initiating and launching new collaborations. With that said, we have a previously set profitability goal of a 10 % margin and in order for it to be achieved, the company needs to become more efficient. I am looking forward to accelerate the pace going forward as CEO", says Helene Svahn.

## Employees

At the end of the quarter, there were 2,283 (2,403) employees, which is 26 fewer than at the end of the previous year. The change compared to the same period the previous year and the end of the previous year, is mainly due to the operations in China, where staff was reduced as result of decreased production volumes.

## Parent Company

Haldex AB (publ), Corporate Registration Number 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. Haldex AB's shares are listed on Nasdaq Stockholm, Mid Cap. The Parent Company performs corporate office functions, including the corporate finance function. Net sales for the Parent Company totalled SEK 31 (27) m in Q2. Net income after tax amounted to SEK 8 (40) m.

## Changes in management

Haldex announced on June 3 that Helene Svahn will replace Åke Bengtsson as President and CEO. She will take over immediately but will become full-time on August 12. In the interim, Deputy CEO Stefan Olsson will be responsible for the day-to-day operations.

## Annual General Meeting

Haldex held its Annual General Meeting (AGM) on May 9 2019 in Landskrona, Sweden.

- The AGM resolved to re-elect Board members Jörgen Durban and Helene Svahn as Board members and elect Bernd Gottschalk, Markus Gustafsson and Mikael Thunved as Board members.
- Jörgen Durban was re-elected the Chairman of the Board.
- The AGM resolved to release the Board's members and the company's CEO from liability for the 2018 financial year.
- The AGM resolved to pay SEK 1.15 (0.55) per share in dividends.

- The AGM re-elected Öhrlings PricewaterhouseCoopers AB as auditor. Auditor-in-charge is Magnus Willfors.
- The AGM resolved to adopt the proposed remuneration to the Board members and the guidelines for remuneration to senior executives.

## Miscellaneous

### Significant risks and uncertainties

Haldex is exposed to risks of a financial and operational nature. The Group has a process for risk identification and risk management that is described in Haldex's 2018 Annual Report and Corporate Governance Report on pages 34-37 and 75-83. As described in the Annual Report, the consolidated financial statements contain some assessments and assumptions about the future that are based on both historical experience and future expectations. Goodwill, development projects, taxes and pensions are the areas representing considerable risk of future adjustments to recognized values. Warranty provisions and customer commitments have been identified as the areas where the uncertainty for future adjustments to estimated values is the highest.

### Forward-looking information

This report includes forward-looking information with statements concerning the future outlook for Haldex's operations. This information is based on the current expectations, estimates and forecasts of Haldex's management. Actual future outcomes may vary significantly from the forward-looking information presented in this report. This may be due to changes in assumptions concerning economic factors, markets and competition.

### Transactions with related parties

No transactions occurred between Haldex and its related parties.

### Seasonal effects

Haldex does not have any significant seasonal variations. However, sales are affected by the production schedules of Haldex's customers, which results in lower sales during holiday periods and when custo-



mers are closed for public holidays, for example at the end of the year.

### Acquisitions and disposals

There were no acquisitions or disposals in 2019.

### Accounting policies

This interim report is presented in accordance with IAS 34 Interim Financial Reporting. The interim information on pages 1-20 form an integral part of this financial report. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company's financial statements were prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 "Financial Reporting for Legal Entities" and the Swedish Annual Accounts Act (Årsredovisningslagen). The accounting policies are thus unchanged from those presented in the 2018 Annual Report on pages 43-48. Holdings in associated companies are recognized in accordance with the equity method; the Group's share of the associated company's income is reported on a separate line in the income statement. In 2017, the underlying development project was in an initial research phase, and the Group's share was therefore reported as a financial item. In 2018, the decision was made to move forward with development, and the Group's share of income was therefore moved from this associated company to the Group's operating income.

### Changed estimates and judgements

Actuarial assumptions for the measurement of the pension liability are determined on an ongoing basis. In Q2 2019, this resulted in an increase of the pension liability of SEK 29 (6) m. The change to the pension liability is primarily related to changes in discount rates and measurement of the Group's pension provisions.

### Changed accounting policies for 2019

IFRS 16 Leases entered into force on January 1, 2019. Haldex will implement the standard in accordance with the simplified approach. Under the standard, all leases will be recognized in the balance sheet, with the sum of the rights-of-use less depreciation and any other adjustments recognized as an asset, and with discounted cost less lease payments recognized as a liability. Haldex did not include in its calculations leases that are shorter than 12 months and contracts where the underlying asset is measured at less than USD 5,000. The majority of the value of leases in the Group refers to rental contracts

for property. Haldex used the marginal borrowing rate for each currency when discounting and took into consideration the term of each lease.

Commitments for leasing agreements as of December 31, 2018 in the Group amounted to SEK 274 m. After Haldex individually analyzed options to extend or terminate agreements, these commitments are adjusted by SEK 182 m. When discounting, Haldex has used a weighted average loan rate of 3.19%, which reduces the commitment by SEK 31 m. The increase in total assets, according to IFRS 16 Leasing agreements, thus amounts to SEK 426 m as of January 1, 2019.

## Outlook for 2019

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

**North America** is expected to continue to grow in 2019, even if the second half of the year is expected to be weaker than the first half of the year.

**Europe** is judged to slightly decrease compared with 2018.

**China** will have a weaker market in 2019. Haldex can partly withstand a downturn given that automatic adjusters are currently required by law on heavy vehicles.

**India** is expected to have a weak year with lower production levels.

**Brazil** will experience cautiously optimistic market growth, although from low levels.

The outlook for 2019 is unchanged. The assessment is that sales will increase in North America in 2019, but this will be offset by unchanged or lower sales in other regions. As a whole, this will lead to sales in 2019 that are expected to be in line with 2018. Haldex's assessment is that the operating margin in 2019, including increased investment in new technology, will be in line with or higher than the operating margin excluding one-off items in 2018.

Landskrona, July 18, 2019

*This report has not been reviewed by the Company's auditors.*

## The Board of Directors' assurance

*The Board of Directors and the President assure that this six-month interim report provides a true and fair overview of the parent company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.*

Landskrona, July 18, 2019

Haldex AB (publ)

Jörgen Durban  
Chairman

Bernd Gottschalk  
Board member

Markus Gustafsson  
Board member

Mikael Thunved  
Board member

Per Holmqvist  
Board member  
Employee representative

Fredrik Hudson  
Board member  
Employee representative

Helene Svahn  
President & CEO

## Consolidated income statement

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales	1,389	1,372	2,728	2,624	5,119
Cost of goods sold	-1,031	-1,014	-2,036	-1,941	-3,813
Gross income	358	358	692	683	1,306
<i>Gross margin</i>	25.7%	26.1%	25.4%	26.0%	25.5%
Product development cost	-39	-44	-72	-80	-162
Selling and admin costs	-229	-216	-452	-417	-863
Share of result from joint venture	-7	-1	-7	-5	-5
Other operating income and expenses	-10	5	9	7	-21
Operating income <sup>1</sup>	73	102	170	188	255
Financial income and expenses	-8	-11	-15	-15	-36
Income before tax	65	91	155	173	219
Tax	-16	-30	-38	-54	-66
Net income	49	61	117	119	153
<i>attributable to non-controlling interests</i>	2	1	3	1	5
Earnings per share, before and after dilution, SEK	1.11	1.39	2.65	2.69	3.46
Average No. of shares, thousands	44,204	44,204	44,204	44,204	44,204

## Operating income, by nature of expenses

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales	1,389	1,372	2,728	2,624	5,119
Direct material costs	-786	-772	-1,549	-1,476	-2,895
Personnel costs	-291	-281	-575	-537	-1,057
Depreciation and amortization	-59	-36	-116	-66	-136
Other operating income and expenses	-180	-181	-318	-357	-776
Operating income <sup>1</sup>	73	102	170	188	255

### 1) One-off items included in the operating income

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Operating income, including one-off items	73	102	170	188	255
Restructuring costs	-17	-	-17	-	0
Product related warranty	-	-5	-	-5	-54
Costs related to the bidding process	-1	5	-1	5	4
Operating income, excluding one-off items	91	102	188	188	305

## Consolidated statement of comprehensive income

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net income	49	61	117	119	153
<b>Other comprehensive income/loss</b>					
<i>Items not to be reclassified to the income statement:</i>					
Remeasurement of pension obligation, after tax	-24	-6	-51	-6	6
Total	-24	-6	-51	-6	6
<i>Items that may be reclassified subsequently to the income statement:</i>					
Currency translation differences	-10	45	52	96	73
Changes in financial instruments at fair value, after tax	0	3	-3	1	4
Total	-10	48	49	97	77
Total other comprehensive income/loss	-34	42	-2	91	83
Total comprehensive income	15	103	115	210	236
<i>attributable to non-controlling interests</i>	2	1	3	1	5

## Consolidated statement of financial position

SEK m	Jun 30 2019	Jun 30 2018	Dec 31 2018
Goodwill	434	426	419
Other intangible assets	288	195	245
Tangible assets	1,205	676	753
Financial assets	36	27	23
Deferred tax assets	168	173	145
Total non-current assets	2,131	1,497	1,585
Inventories	737	683	709
Current receivables	1,290	1,314	1,068
Derivative instruments	20	59	22
Cash and cash equivalents	196	216	305
Total current assets	2,243	2,272	2,104
Total assets	4,374	3,769	3,689
Equity	1,675	1,581	1,611
Pension and similar obligations	511	470	455
Deferred tax liabilities	30	7	26
Non-current interest-bearing liabilities	781	471	572
Other non-current liabilities	34	27	19
Total non-current liabilities	1,356	975	1,072
Derivative instruments	15	80	15
Current interest-bearing liabilities	344	59	10
Current liabilities	984	1,074	981
Total current liabilities	1,343	1,213	1,006
Total equity and liabilities	4,374	3,769	3,689

## Statement of changes in equity

SEK m	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Opening balance	1,611	1,395	1,395
Net income	117	119	153
Other comprehensive income/loss	-2	91	83
Total comprehensive income	115	210	236
<b>Transactions with shareholders:</b>			
Dividend to Haldex' shareholders	-51	-24	-24
Dividend to non-controlling interests	-	-	-2
Value of employee services/incentive programs	-	-	6
Total transactions with shareholders	-51	-24	-20
Closing balance	1,675	1,581	1,611
<i>attributable to non-controlling interests</i>	<i>33</i>	<i>27</i>	<i>28</i>

## Consolidated statement of cash flow

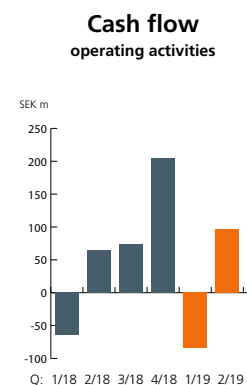
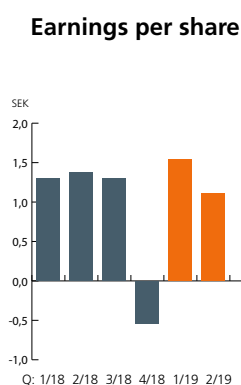
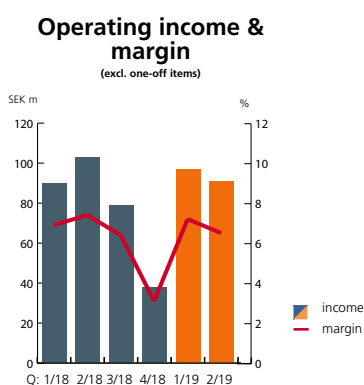
SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Operating income	73	102	170	188	255
Reversal of non-cash items	83	37	139	71	170
Interest paid	-13	-9	-19	-17	-19
Tax paid	-18	-34	-40	-59	-33
Cash flow from operating activities before change in working capital	125	96	250	183	373
Change in working capital	-28	-31	-237	-182	-99
Cash flow from operating activities	97	65	13	1	274
Investments, incl. capitalized R&D expenses	-97	-89	-163	-170	-381
Cash flow from investment activities	-97	-89	-163	-170	-381
Dividend to Haldex' shareholders	-51	-24	-51	-24	-24
Dividend to non-controlling interests	-	-	-	-	-2
Share swap, incentive program	-	-	-	-	6
Change of interest-bearing liabilities	-26	66	88	208	231
Cash flow from financing activities	-77	42	37	184	211
Net cash flow	-77	18	-113	15	104
Cash and cash equivalents, opening balance	280	195	305	194	194
Currency translation diff. in cash and cash equivalents	-7	3	4	7	7
Cash and cash equivalents, closing balance	196	216	196	216	305

## Key figures

	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Operating margin, excl. one-off items, %	6.9	7.2	6.0
Operating margin, %	6.2	7.2	5.0
Operating margin, excl investments in new technology, % <sup>1</sup>	7.5	-	-
Cash flow, operating activities, SEK m	13	1	274
Cash flow after investment activities, SEK m	-150	-169	-107
Return on capital employed, % <sup>1</sup>	8.2	11.7	9.8
Return on capital employed, excl. one-off items, % <sup>2</sup>	10.6	14.0	11.8
Investments (excl. capitalized R&D expenses), SEK m	106	140	313
R&D, %	4.2	3.8	4.1
Number of employees	2,283	2,403	2,309
Return on shareholders' equity, % <sup>2</sup>	9.0	10.9	9.8
Interest coverage ratio	12.8	9.9	11.8
Equity ratio, %	38	42	44
Net debt/equity ratio, %	62	51	45
<b>Share data:</b>			
Earnings per share, before dilution, SEK	2.65	2.69	3.46
Earnings per share, after dilution, SEK	2.65	2.69	3.46
Equity per share, SEK	37.89	35.76	35.80
Cash flow, operating activities, SEK	0.29	0.02	6.20
Share price, SEK	57.00	89.00	69.00
Average No. of shares, thousands	44,216	44,216	44,216
Total No. of shares at end of period, thousands	44,216	44,216	44,216
<i>of which is treasury shares, thousands</i>	12	12	12

<sup>1</sup> Reported from 2019

<sup>2</sup> Rolling twelve months





**Parent company's income statement**

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales	31	27	61	50	96
Administrative costs	-31	-22	-51	-32	-76
Operating income	0	5	10	18	20
Dividend from Group companies	-	25	-	25	50
Impairment shares in subsidiaries	-	-	-	-	-100
Financial income and expenses	9	16	23	29	50
Income after financial items	9	46	33	72	20
Group contribution	-	-	-	-	-59
Income before tax	9	46	33	72	-39
Tax	-1	-6	1	-14	-4
Net income	8	40	34	58	-43

**Parent company's statement of comprehensive income**

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net income	8	40	34	58	-43
Other comprehensive income	-	-	-	-	-
Total comprehensive income	8	40	34	58	-43

**Parent company's statement of financial position**

SEK m	Jun 30 2019	Jun 30 2018	Dec 31 2018
Non-current assets	2,936	2,887	2,898
Current assets	1,192	1,038	1,134
Total assets	4,128	3,925	4,032
Shareholders' equity	1,129	1,239	1,146
Provisions	54	52	54
Interest-bearing liabilities, external	720	470	570
Other liabilities	2,225	2,164	2,262
Total equity and liabilities	4,128	3,925	4,032

**Financial instruments by category - Group**

SEK m	Jun 30, 2019		Jun 30, 2018		Dec 31, 2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	1	1	3	6	4	1
Forward exchange contracts- at fair value through profit or loss	1	1	2	3	1	1
Currency swaps - at fair value through profit or loss	18	13	54	71	17	13
Total	20	15	59	80	22	15

Financial instruments categorized as financial assets available for sale are recognized at fair value in the statement of financial position according to Tier 1 in the fair value hierarchy, i.e. to a price quoted in an active market. Other financial instruments are recognized at fair value in the statement of financial position according to Tier 2 in the fair value hierarchy, meaning that the fair value is determinable, directly or indirectly, from observable market data. No transit has taken place between the different Tier levels during the year. 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. In regard of other financial assets and liabilities such as accounts receivables, other current receivables, cash and cash equivalents and debt to suppliers, the fair values are considered to correspond to the carrying amounts.

## Quarterly data

SEK m, if not otherwise stated	2019		2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Income statement:</b>									
Net sales	1,389	1,339	1,225	1,270	1,372	1,252	1,049	1,081	1,184
Cost of goods sold	-1,031	-1,005	-938	-934	-1014	-927	-774	-786	-853
Gross income	358	334	287	336	358	325	275	295	331
Product development cost	-39	-33	-37	-44	-44	-36	-39	-31	-38
Selling and admin. costs	-229	-223	-231	-216	-216	-201	-179	-198	-219
Share of result from joint venture	-7	-	-	-	-1	-4	-	-	-
Other operating income and expenses	-10	19	-31	3	5	2	-24	-18	-43
Operating income	73	97	-12	79	102	86	33	48	31
<i>Operating income, excl. one-off items</i>	91	97	38	79	102	86	66	68	78
Financial income and expenses	-8	-7	-10	-11	-11	-4	-3	1	-13
Share of result from joint venture	-	-	-	-	-	-	-4	-4	-4
Income before tax	65	90	-22	68	91	82	26	45	14
Tax	-16	-22	-2	-10	-30	-24	-12	-19	-4
Net income/loss	49	68	-24	58	61	58	14	26	10
<b>Statement of financial position:</b>									
Non-current assets	2,131	2,086	1,585	1,526	1,497	1,436	1,349	1,259	1,274
Current assets	2,243	2,291	2,104	2,207	2,272	2,095	1,729	1,861	1,881
Total assets	4,374	4,377	3,689	3,733	3,769	3,531	3,078	3,120	3,155
Equity	1,675	1,708	1,611	1,617	1,581	1,502	1,395	1,361	1,339
Non-current liabilities	1,356	1,296	1,072	974	975	884	775	749	797
Current liabilities	1,343	1,373	1,006	1,142	1,213	1,145	908	1,010	1,019
Total equity and liabilities	4,374	4,377	3,689	3,733	3,769	3,531	3,078	3,120	3,155
<b>Statement of cash flow:</b>									
Cash flow from operating activities	97	-84	199	74	65	-64	45	55	52
Cash flow from investment activities	-97	-66	-126	-85	-89	-81	-43	-82	-57
Cash flow from financing activities	-77	114	13	14	42	142	-74	30	2
Net cash flow	-77	-36	86	3	18	-3	-72	3	-3
<b>Key figures:</b>									
Operating margin, %	5.3	7.2	-1.0	6.3	7.4	6.9	3.1	4.5	2.6
Operating margin, excl. one-off items, %	6.5	7.2	3.1	6.3	7.4	6.9	6.3	6.3	6.6
Operating margin, excl. new technology <sup>1</sup>	7.4	7.5							
Earnings per share, before and after dilution, SEK	1.11	1.54	-0.54	1.30	1.39	1.30	0.25	0.59	0.22
Equity per share, SEK	37.89	38.64	35.80	36.57	35.76	33.97	30.98	30.3	29.83
Cash flow, operating activities, per share, SEK	2.19	-1.90	3.20	1.67	1.47	-1.45	1.98	0.62	0.88
Share price, SEK	57.00	62.00	69.00	87.20	89.00	85.40	87.25	100.75	106.00
Return on capital employed, % <sup>2,3</sup>	8.2	9.7	9.8	12.5	11.7	9.0	6.8	4.2	4.6
Return on capital employed excl. one-off items, % <sup>2,3</sup>	10.6	11.5	11.8	13.8	14.0	13.5	13.3	12.6	12.2
Return on equity, %	2.9	4.1	-1.7	3.7	3.9	4.0	0.8	2.1	0.7
Equity ratio, %	38	39	44	43	42	43	45	44	42
Net debt/equity ratio, %	62	55	45	50	51	50	42	42	38
External investments	69	37	99	74	74	66	43	59	69
R&D, %	4.3	4.2	4.9	3.9	3.9	3.7	4.5	3.7	3.4
Number of employees	2,283	2,315	2,309	2,313	2,403	2,315	2,176	2,149	2,150

<sup>1</sup> Reported from 2019<sup>2</sup> Rolling twelve months<sup>3</sup> Effect of IFRS16 - financial leasing - has been excluded. Capital employed as of June 30, 2019 has been adjusted down with SEK 394 m.

## 5 year in summary

SEK m, if not otherwise stated	2018	2017	2016	2015	2014
<b>Income statement:</b>					
Net sales	5,119	4,462	4,374	4,777	4,380
Cost of goods sold	-3,813	-3,237	-3,155	-3,418	-3,142
Gross income	1,306	1,225	1,219	1,359	1,238
Product development cost	-162	-158	-177	-193	-173
Selling and admin. costs	-863	-797	-773	-749	-684
Other operating income and expenses	-21	-121	-65	-92	-148
Share of result from joint venture	-5	-	-	-	-
Operating income	255	149	204	325	233
<i>Operating income, excl. one-off items</i>	305	292	291	444	408
Financial income and expenses	-36	-8	-36	-54	-28
Share of result from joint venture	-	-12	-3	-	-
Income before tax	219	129	165	271	205
Tax	-66	-50	-74	-80	-98
Net income	153	79	91	191	107
<b>Statement of financial position:</b>					
Non-current assets	1,585	1,349	1,306	1,177	1,148
Current assets	2,104	1,729	1,751	1,678	1,788
Total assets	3,689	3,078	3,057	2,855	2,936
Equity	1,611	1,395	1,374	1,407	1,278
Non-current liabilities	1,072	775	757	692	718
Current liabilities	1,006	908	926	756	940
Total equity and liabilities	3,689	3,078	3,057	2,855	2,936
<b>Statement of cash flow:</b>					
Cash flow from operating activities	274	173	256	220	435
Cash flow from investment activities	-381	-231	-222	-174	-151
Cash flow from financing activities	211	-35	-222	-174	-151
Net cash flow	104	-93	-18	-133	68
<b>Key figures:</b>					
Operating margin, %	5.0	3.3	4.7	6.8	5.3
Operating margin, excl. one-off items, %	6.0	6.5	6.6	9.3	9.3
Earnings per share, before and after dilution, SEK	3.46	1.67	2.00	4.28	2.32
Equity per share, SEK	35.80	30.98	30.63	31.46	28.48
Cash flow, operating activities, per share, SEK	6.20	3.91	5.80	4.99	9.84
Dividend, SEK	1.15	0.55	0.00	2.00	3.00
Share price, SEK	69.00	87.25	116.50	79.50	101.75
Return on capital employed, %	9.8	6.8	9.7	15.9	12.2
Return on capital employed excl. one-off items, %	11.8	13.3	13.8	21.7	21.4
Return on equity, %	9.8	5.4	13.1	14.1	8.7
Equity ratio, %	44	45	45	49	44
Net debt/equity ratio, %	45	42	36	24	21
External investments	313	218	222	174	147
R&D, %	4.1	4.0	3.5	3.6	3.4
Number of employees	2,309	2,176	2,045	2,140	2,235

<sup>1</sup>Rolling twelve months

## Haldex in short

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

Haldex is listed on the Nasdaq Stockholm Mid Cap list. The main owners are ZF (20%), and Knorr-Bremse (10-15%, unconfirmed owner share).

### Vision

A world of safer vehicles.

### Mission

We develop and provide reliable and innovative brake solutions that improve safety, vehicle dynamics and environmental sustainability in the global, commercial vehicle industry.

### Business model

Our business model is based on strong sales to the OEMs that then serves as a volume

engine; an increased installed base of Haldex products on trucks, busses and trailers results in a great potential for aftermarket sales of service and spare parts.

### Strategy

Haldex will offer a world-class, focused product range for OEM customers. For the aftermarket, the offering will be adapted over the vehicles' lifecycle, with the ambition to offer support during the vehicle's main lifetime. Haldex forms partnerships with customers and it should be easy to do business with us regardless of the customers' size of business. In the automotive industry, quality focus and cost control are prerequisites to become successful. With co-workers around the globe, we are aiming at a bridge building culture with a high degree of collaboration. Haldex's core business is the foundation to generate positive cash flows that are invested in new product development to meet the technology shift towards self-driving and electrical vehicles.

### Financial targets

- Organically grow faster than the market (weighted segment volume).
- Sustainable operating margin of 10% or above. In 2022, reach an operating margin, excluding new technology, of 10%.
- Net debt/equity ratio less than 1.
- 1/3 of the yearly net income over a business cycle in dividend.

### Value drivers

- Number of heavy vehicles being produced.
- Development of a competitive product offering.

## Financial definitions and glossary

### 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 the appendix for additional information.

**Return on equity<sup>1</sup>:** 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<sup>1</sup>:** 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<sup>1</sup>:** Total equity attributable to the owners of the parent Company, divided by the average No of shares.

**One-off items<sup>1</sup>:** 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 customer obligations. The purpose of specifying this is to demonstrate the underlying business performance. For numerical data, see page 10 and the appendix.

**R&D, %<sup>1</sup>:** Research and development cost excluding depreciations and capitalized expenditure, divided by net sales.

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

**Net debt<sup>1</sup>:** Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions. For numerical data, see page 7 and the appendix.

**Net debt/equity ratio<sup>1</sup>:** Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

**Earnings per share<sup>1</sup>:** 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<sup>1</sup>:** 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<sup>1</sup>:** 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 period.

**Operating margin excl. investments in new technology:** Operating income excluding product development costs for new technology and one-off items, as a percentage of net sales for the period.

**Operating income:<sup>1</sup>** Operating income before financial items and tax. For numerical data, see page 10 and the appendix.

**Operating income excluding one-off items:** Operating income before financial items and tax, adjusted for one-off items. For numerical data, see page 10.

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

**Capital employed<sup>1</sup>:** Total assets less non-interest bearing liabilities and non-interest bearing provisions.

**Currency adjusted information<sup>1</sup>:** 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' 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.

**FABV:** Fast Acting Brake Valve, one of the products part of the Scalable Brake System product line. FABV is a valve that is used in pneumatic systems to reduce the brake distance and increase the controllability of the vehicle.

**Foundation Brake:** Haldex' product line for brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and brake cylinders.

**OEM:** Original equipment manufacturer.

**Scalable Brake System:** Haldex name for new technology and products for electrical and self-driving vehicles.

**Truck:** Heavy trucks and busses.

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

<sup>1</sup> Additional financial information is presented in an appendix.

## Haldex' product range

The Foundation Brake product line includes brake products for wheel ends such as disc brakes, brake adjusters and actuators. Air Controls comprises products to improve brake systems' safety and driving qualities, such as treatment of compressed air, valves and ABS and EBS. Scalable Brake System brings together products and technologies for electric and self-driving vehicles such as electromechanical disc brakes and the Fast Acting Brake Valve (FABV). These products are currently under development.

A selection of our products that currently are offered:

### 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** have higher braking performance. As opposed to brake adjusters, which are a part of a drum brake, Haldex manufactures complete air disc brakes.



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

### AIR CONTROLS



**EBS** controls the braking system electronically. The system ensures that the brake power is always optimal for all brakes on a trailer including stability control.



The **SEPARATOR** Consep separates dirt, water and oil before compressed air is passed on to the air dryer, which reduces the need for maintenance in the air system.



**PARKING BRAKE CONTROL** for trailers ensures that the trailer can be manoeuvred and safely parked.



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



**ABS**, in combination with the ITCM modul, results in added intelligence which enables some functions found in EBS, such as stability control and lift axle control valve.

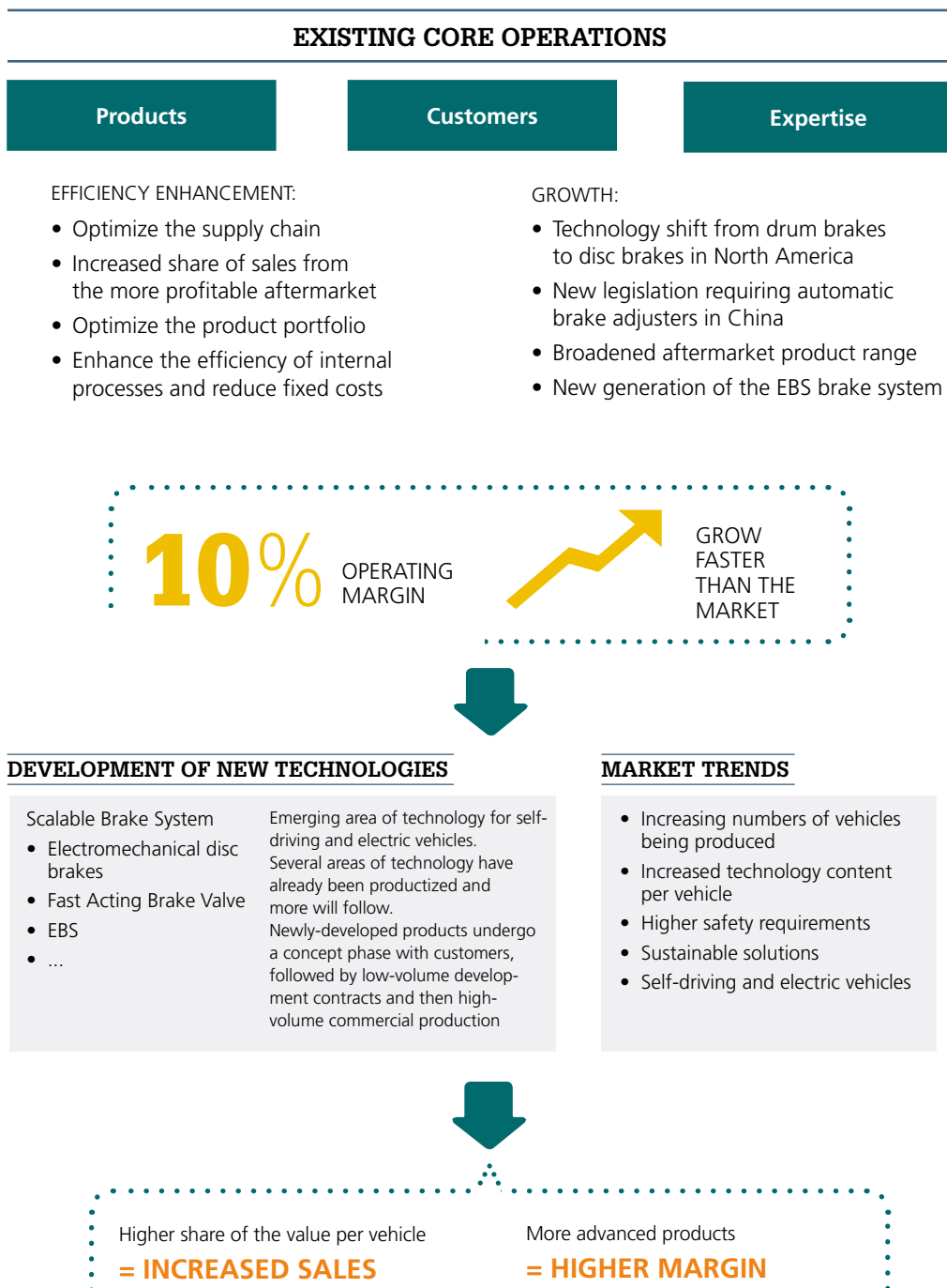


The **LIFT AXLE CONTROL** ensures that the lift axle of a trailer is automatically raised and lowered to adapt to the load situation.



# How Haldex generates durable value

Haldex's core business encompass a high-quality product portfolio and delivery precision. Long-term customer relationships have qualified Haldex to partner with the major automotive manufacturers on new technologies. The company also brings expertise in pneumatic and electrical brake systems. This provides a stable platform on which to continue building value. In the existing core business, sales will increase and efficiency will be enhanced. This cash flow finances development of new technologies, which, combined with the major technological shift the industry is undergoing, will open up a larger market, of which Haldex can also capture a larger market share.

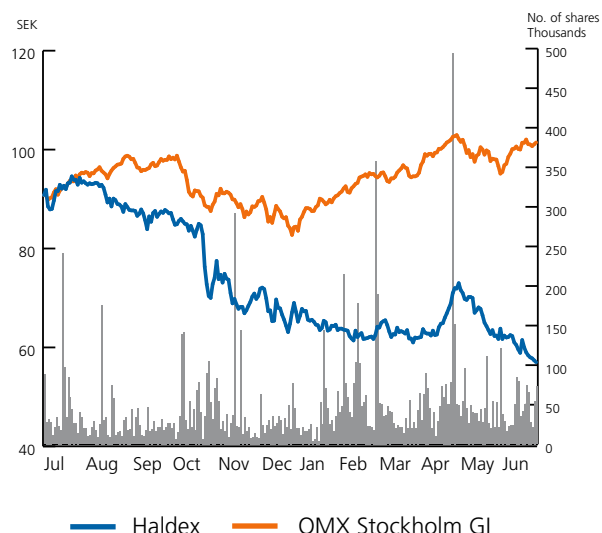


# Haldex share

Apr-Jun 2019

Change in share price	-9%
Share price (Jun 30)	57.00 SEK
Market capital (Jun 30)	2,520 MSEK
Highest share price	73.00 SEK
Lowest share price	57.00 SEK
Average No. of traded shares/day	57,557
Total No. of shares (Jun 30)	44,215,970

*This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.*



## Press and analyst meeting

Media and analysts are invited to a telephone conference at which the report will be presented with comments by Staffan Olsson, Deputy CEO and Andreas Larsson, CFO. The presentation will also be webcasted live and you can participate with questions by telephone.

Date & Time: Thursday, July 18 at 11.00 CEST

The press conference is broadcasted at:  
<https://tv.streamfabriken.com/haldex-q2-2019>

To join the telephone conference:

SE: +46 8 505 583 56  
UK: +44 3333 009 264  
US: +1 833 526 83 81

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

### Financial calendar 2019

Interim report, Jul-Sep	October 24
Annual Statement	February 13, 2020

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A WORLD OF  
**SAFER VEHICLES**

**Haldex**