

HALDEX INTERIM REPORT JANUARY - SEPTEMBER 2019

Q3 2019

Stable quarter on a further weakened market

The currency-adjusted net sales for Q3 decreased by 4 per cent compared to the same period the previous year. In North America, Haldex increased its net sales by 2 per cent during the quarter despite signs that the market is weakening. In Europe, net sales decreased by 7 percent due to a weaker market, primarily in the Trailer segment. Net sales also decreased in China primarily due to lower sales of brake adjusters compared to an unusually strong comparison quarter.

The operating income excluding one-off items increased 7 per cent compared to the previous year. This increase is largely due to higher sales to the more profitable aftermarket. Cash flow from operating activities was somewhat stronger compared to the previous year.

Forecast adjustment

Due to the weaker market conditions, the forecast for the full year has been adjusted slightly downward. The new assessment is that net sales and the operating margin excluding one-off items will be somewhat lower than the previous year. The assessment had been made earlier that net sales would be in line with the previous year and that the operating margin excluding one-off items would be in line with or higher than the previous year. The long-term target of an operating margin of 10 per cent, excluding investments in new technology, by 2022 is still in place.

Relocation of production

After the end of the quarter, two major production changes were announced that will result in annual savings of SEK 75 m once the relocation of production has been completed.

Key figures	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Net sales, SEK m	1,283	1,270	1%	4,010	3,894	3%
Operating income, SEK m	68	79	-15%	238	267	-11%
Operating income, excl. one-off items, SEK m	85	79	7%	273	267	2%
Operating margin, %	5.3	6.3	-1.0	5.9	6.9	-1.0
Operating margin, excl. one-off items, %	6.6	6.3	0.3	6.8	6.9	-0.1
Operating margin, excl. new technology, % ^{1,2}	7.4	-	-	7.5	-	-
Return on capital employed, % ³	7.5	12.5	-5.0	7.5	12.5	-5.0
Return on capital employed, excl. one-off items, % ³	10.5	13.8	-3.3	10.5	13.8	-3.3
Net income, SEK m	37	58	-37%	154	177	-13%
Earnings per share, SEK	0.83	1.30	-37%	3.48	3.95	-13%
Cash flow, operating activities, SEK m	76	74	2	89	75	14

¹ Reported from 2019. ² Excluding one-off items. ³ Rolling twelve months, the effects from IFRS16 - financial leasing, has been excluded.

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Innovative Vehicle Solutions

"The stable core business provides the financing for the journey we have embarked upon as we transition from being a component supplier to a system provider."

Partnership

Events during the quarter

- Serial production starts for ModulT disc brake for Daimler trucks
- Concept phase with associated framework agreement with one of the world's leading truck manufacturers
- Haldex's electromechanical brake approved by Chinese authorities
- Agreement with Chinese bus manufacturers for test installation of electromechanical brakes in their vehicles
- Multiple meetings with potential future partners



Helene Svahn
President & CEO

Comments from the CEO

The third quarter for Haldex was also my first quarter as CEO of the company. For me, both the opportunities and the challenges are beginning to come more into focus the more I learn about the operations. After having met colleagues, customers, suppliers, investors and potential new partners, I can see that Haldex holds a unique position.

Through our business mix of development, production and sales of established components, and a large percentage of the non-cyclical aftermarket, we are standing on solid ground. We also have leading technological solutions for the vehicles of the future, which is a good sign as we approach the exciting and most likely steep developmental curve that awaits the industry in the near future. The stable core business provides the financing for the journey we have embarked upon as we transition from being a component supplier to a system provider within brake, suspension and other related systems.

Despite favourable conditions, the work that lies ahead will be demanding. Improved cash flows from the core business are necessary to be able to finance the development of new systems. To reach our target margin of 10 per cent (EBIT margin, excluding new technology) by 2022, we need to shift up a gear, particularly within three identified main areas:

- **Streamlining market and customer excellence** to ensure that we are choosing the right customers, offering the right products, and selling at the right price.
- **Improvement of internal processes and workflows** to ensure that we are adapting our costs, improving our logistics flows, and reducing the number of suppliers.
- **Reduction in the number of production facilities** to enable economies of scale in other facilities and reduce complexity and administrative costs.

These initiatives will incur one-time costs, but the costs will prove to be necessary to achieve our overarching goals. In accordance with the decision to reduce the number of production facilities, we recently announced the closure of the factories in Blue Springs and Heidelberg, which will result in annual savings of SEK 75 million.

Within components, we are active in a large number of customer segments. In order to streamline our work with markets and customers, we should increase our market shares in attractive segments and actively step away from less attractive segments. The potential for Haldex in Asia means that this market will be key moving forward.

In terms of our products for the aftermarket, which represents a large part of our profit, we must ensure that we are taking the share of the spare parts market that our sales

to vehicle manufacturers make possible. This requires proactive management of logistics companies and a greater focus on, for example, Eastern Europe. These initiatives will become particularly important when the signals indicating weaker demand on the market become stronger, now, even in North America, which had good growth during the year. The quarter shows, for example, reduced order intake from the Trailer market in Europe.

At the same time as we have begun to take serious steps to clarify our long-term focus, I can point to several successes in the right direction, which shows that our goals are ambitious but realistic.

We are actively advancing our positions within new technology. During the quarter, we extended our framework agreement with one of the world's largest truck manufacturers for the development of brake and suspension systems for self-driving and electric vehicles.

We also reached significant milestones during the quarter in our development of the electromechanical disc brake with the approval by the Chinese authorities and the successful test installation in several customers' vehicles.

We are seeing the benefits of working in partnerships. One example is our cooperation with Daimler, where we together successfully developed disc brakes for their trucks. Based on this background, Daimler decided during the quarter to begin serial production of disc brakes together with Haldex for their vehicles.

Another noteworthy event during the third quarter is that Haldex's ownership structure changed following ZF's divestment of its entire ownership stake of 20 per cent. We are very positive about this divestment, since it leads to improved competition and greater possibilities for large transactions with vehicle manufacturers. Work is also under way to further improve the long-term ownership structure.

In conclusion, I can say that the third quarter has been positive, both for me as the new CEO and for the company. A final challenging quarter awaits, as well as several exciting years during which the vehicle industry will undergo a radical transformation and existing competitive advantages will change. It is on this constantly changing market that there is true potential, uncharted territory, where Haldex, by being fast, innovative, curious and resolute, will be able to take a leading position. I am looking forward to equipping Haldex to meet challenges and freeing its potential and possibilities, both in the short term and the long term.

Helene Svahn
President & CEO

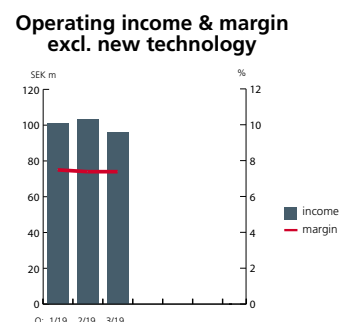
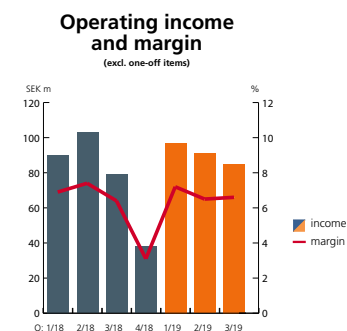
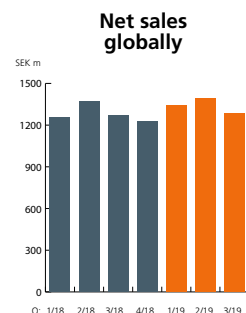
Financial targets

2019 forecast has changed

The new assessment is that net sales will be somewhat lower than the previous year. Net sales had been forecast to be in line with the previous year. Haldex's updated assessment is that the operating margin excluding one-off items will be somewhat lower than the previous year. The 2019 operating margin had been forecast to be in line with or higher than the operating margin from the previous year, excluding one-off items.

Long-term profitability target

Through 2022, the target is to achieve an operating margin of 10 percent, excluding investments in new technology.



The quarter in brief

Net sales

The currency-adjusted net sales for Q3 decreased by 4 per cent compared to the same period the previous year.

Net sales increased in North America and South America in Q3 but decreased in Europe and Asia. The change in net sales is due primarily to changes in market conditions in each region. The product with the largest impact on the quarter's net sales was the brake adjuster, sales of which decreased in China compared to the previous year. Due to a legislative amendment in 2018, China had a temporarily higher sales rate.

Cash flow

Cash flow from operating activities improved both during Q3 and the first nine months of the year.

Operating margin

The operating margin excluding one-off items is slightly higher in Q3 than in the corresponding period the previous year. Despite a decrease in net sales, the operating margin increased as a result of a higher gross margin linked to a higher percentage of sales to the more profitable aftermarket. The investments that Haldex is making in product development are progressing according to plan. Higher costs within R&D do not fully impact the operating margin as they in part are capitalised.

The operating margin excluding investments in new technology was 7.4 per cent for Q3 and 7.5 per cent for the first nine months of the year. The target is to achieve an operating margin of 10 per cent for the core business, excluding new technology, by 2022.

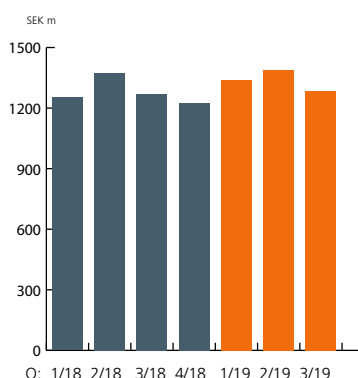
One-off items amounted to SEK 17 (0) m in Q3. They consist primarily of costs for legal advice for the change in ownership, a finalised settlement in a multi-year dispute regarding IT operations, and costs for staff reductions in conjunction with reorganisations.

Key figures

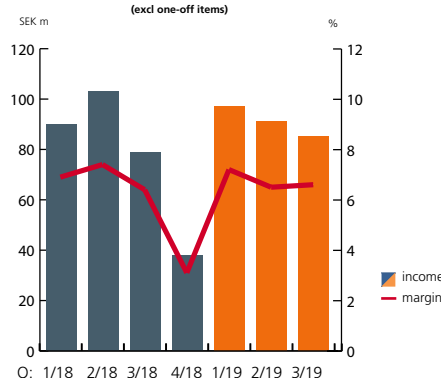
	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Net sales, SEK m	1,283	1,270	1%	4,010	3,894	3%
Operating margin, %	5.3	6.3	-1.0	5.9	6.9	-1.0
Operating margin, excl. one-off items, %	6.6	6.3	0.3	6.8	6.9	-0.1
Operating margin, excl. new technology, % ¹	7.4	-	-	7.5	-	-
Return on capital employed, % ²	7.5	12.5	-5.0	7.5	12.5	-5.0
Return on capital employed, excl. one-off items, % ²	10.5	13.8	-3.3	10.5	13.8	-3.3
Earnings per share, SEK	0.83	1.30	-37%	3.48	3.95	-13%
Cash flow, operating activities, SEK m	76	74	2	89	75	14

¹ Excluding one-off items. ² Rolling twelve months, the effects from IFRS 16 - financial leasing, has been excluded.

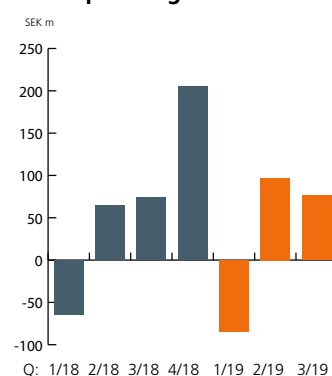
Net sales globally



Operating income & margin (excl one-off items)



Cash flow operating activities



Net sales per region

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Europe	413	440	-7%	1,341	1,392	-6%
North America	686	628	2%	2,088	1,817	5%
Asia & Middle East	127	158	-23%	422	562	-28%
South America	57	44	23%	159	123	28%
Total	1,283	1,270	-4%	4,010	3,894	-3%

¹ Currency adjusted

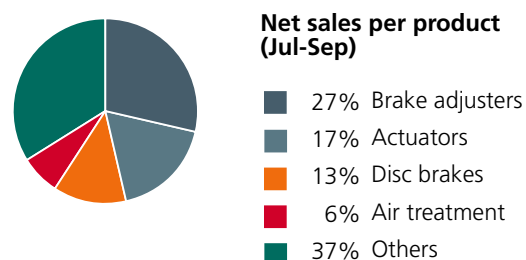
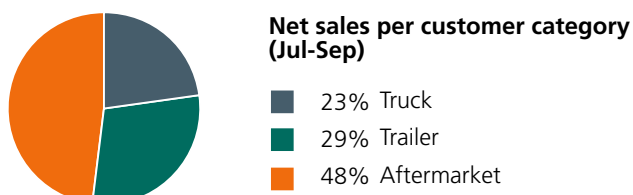
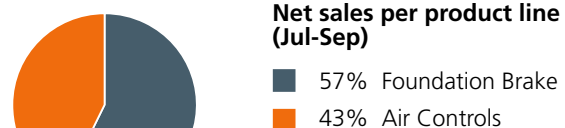
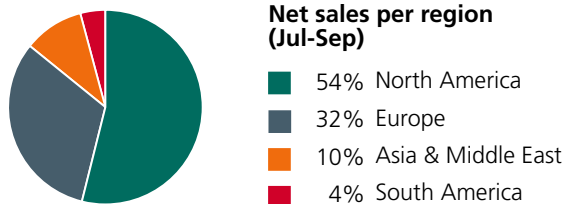
Net sales per customer category

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Truck - including buses	296	317	-11%	987	983	-6%
Trailer	367	377	-6%	1,199	1,243	-7%
Aftermarket	620	576	2%	1,824	1,668	2%
Total	1,283	1,270	-4%	4,010	3,894	-3%

¹ Currency adjusted

Net sales per product line

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Foundation Brake	735	745	-6%	2,329	2,317	-5%
Air Controls	548	525	-1%	1,681	1,577	0%
Scalable Brake System	-	-	-	-	-	-
Total	1,283	1,270	-4%	4,010	3,894	-3%

¹ Currency adjusted

Region North America

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Truck	162	158	-4%	541	461	7%
Trailer	132	122	1%	393	348	3%
Aftermarket	392	349	5%	1,154	1,008	5%
Total	686	628	2%	2,088	1,817	5%

¹ Currency adjusted

North America is Haldex's largest geographical region, and it represented 54 per cent of the company's total sales. The number of newly produced vehicles was high for several years, and lower levels are expected in the future. In 2019, production is expected to increase 7 per cent for new production of trucks and 3 per cent for new production of trailers. The forecast for 2020 is that the total production volume will decrease by 23 per cent and then gradually increase again.

In Q3, Haldex increased its North American sales by 2 per cent, which is somewhat lower than the growth in earlier quarters of the year. Haldex holds leading market positions in the products that have the largest sales in the region: brake adjusters and actuators. Sales of these products also increased the most during the quarter. ABS and Friction (applying new coating to brake pads) also reported increased sales in the quarter. Haldex's leading market position in the products with the largest sales means that Haldex benefits when the number of newly produced vehicles increases. The correlation with production trends is not as clear for Haldex's other products in the region.

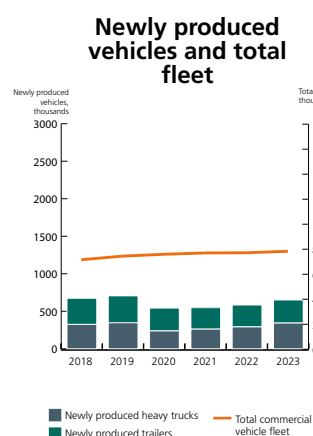
Drum brakes and ABS are still the dominant technologies in North America. However, the trend towards more advanced technology is clear. The shift from drum brakes to disc brakes has been ongoing for a number of years, but progress is slow. It is Haldex's goal to take a leading position in the market for disc brakes in the region. Disc brake sales continued to increase in Q3, but from low levels. In Q3, an axle manufacturing company that purchases disc brakes from Haldex in Europe began an assessment of Haldex's disc brakes for the

U.S. market. This assessment will be used to select the company's supplier for its axle manufacturing business in North America.

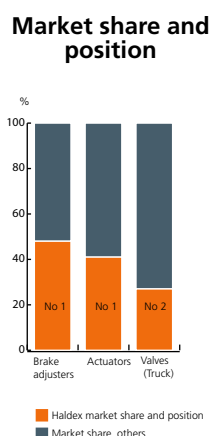
Aftermarket constituted 57 per cent of North America's sales in Q3, and net sales on the aftermarket increased by 5 per cent. Haldex increased its activity level on the aftermarket through activities that targeted fleets and the expansion of its range of third-party products. For example, ConnectSet, a product series with accessories for the connection of a tractor unit to a trailer, was introduced during the quarter.

Profitability is higher in North America than in Europe, in general. During the quarter, higher material costs and tariffs had a negative impact on profitability. Measures were taken during the year to prepare for a weaker business climate on the market, in part by restructuring Haldex's Friction centres.

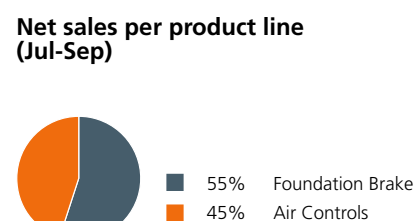
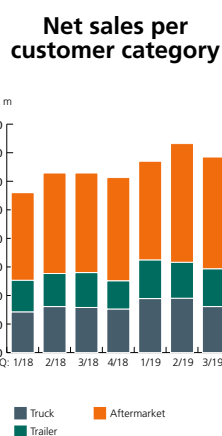
An announcement was made in October that the Blue Springs factory, which produces brake adjusters, would be closed. Production will relocate to Mexico, where Haldex's largest production facility is located. The annual savings are estimated to be SEK 25 m once the relocation has been completed, preliminarily at the end of 2020. Consolidated income will be charged with SEK 27 m in one-off costs related to the relocation.



Based on external sources and Haldex's own estimates.



Based on external sources and Haldex's own estimates.



Region Europe

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Truck	40	45	-13%	140	142	-4%
Trailer	184	209	-13%	649	699	-8%
Aftermarket	189	186	0%	552	551	-3%
Total	413	440	-7%	1,341	1,392	-6%

¹ Currency adjusted

Europe represented 32 per cent of Haldex's total sales in Q3. The number of newly produced vehicles has increased steadily on the European market in recent years. In 2019, production is expected to be in line with previous year for new production of trucks and decrease by 8 per cent for new production of trailers. The forecast for 2020 is that the total production volume will decrease by 2 per cent, and then to increase slightly again.

In Q3, Haldex decreased its sales in Europe by 7 per cent. Net sales decreased gradually during the year as the business climate on the market declined. Haldex has a higher share of Trailer sales than Truck sales and thus has been impacted by the decrease in the new production of trailers.

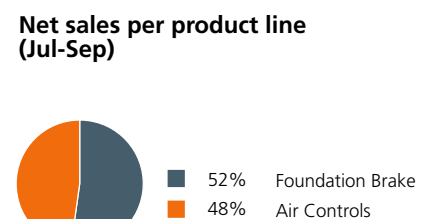
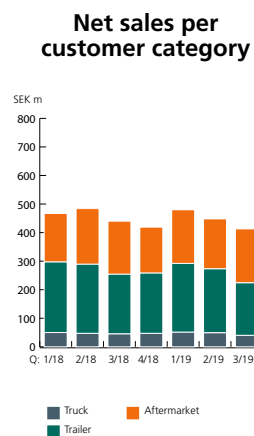
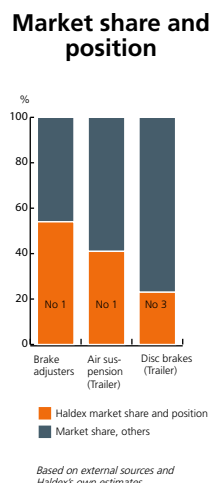
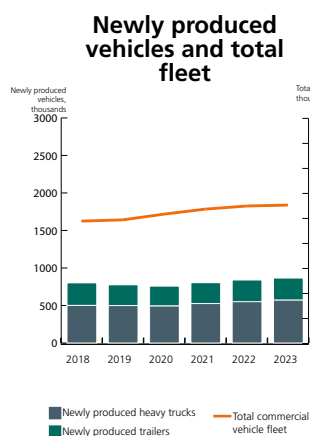
Europe is the geographic region with the most advanced vehicles, technologically speaking. Disc brakes and EBS are dominant technologies both in newly produced vehicles and on the aftermarket. European truck manufacturers are leading the development in the technologies of the future, for example self-driving vehicles. Since the start of the year, Haldex has had an ongoing concept phase with a European truck manufacturer for FABV (Fast Acting Brake Valve), which is part of Haldex's technology for self-driving vehicles. The concept phase continued to progress according to plan in Q3, and a decision about the next phase is expected at the beginning of 2021.

Haldex's strongest product in Europe in terms of sales is the disc brake. In Q3, sales of disc brakes decreased due to the decrease in the new production of vehicles at Haldex's largest customers. Sales increased in the quarter for two product lines: air suspension and

EBS. Haldex will introduce a new EBS solution next year to further strengthen its market position. Sales in the air suspension product line increased the most during the quarter, in part due to an increase in sales to an existing customer.

Aftermarket constituted 46 per cent of Europe's sales in Q3, and net sales on the aftermarket remained the same compared to the same quarter the previous year. Haldex has also been able in the past to maintain sales on the aftermarket even when the number of newly produced vehicles decreases. Brake pads from a third party were introduced in Q3 under the brand Grau as a complement to Haldex's original parts. Efforts to work with fleets as an indirect way to increase demand for Haldex's product on the aftermarket intensified during the year.

Europe is the geographical region within Haldex that has the lowest profitability. A broad product portfolio and an organisation that has not been fully adapted to current demand are two of the main reasons. In October, the closure of the Heidelberg plant in Germany was announced. The production of EBS and air suspension products will move to Haldex's factory in Hungary, which is the region's largest production facility. The savings are expected to amount to SEK 50 m per year when the move is fully completed, which is estimated mid 2020. The exact cost is difficult to estimate as the work council negotiations started in connection with the announcement.



Region Asia & Middle East

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Truck	64	94	-35%	220	317	-34%
Trailer	46	43	6%	146	187	-24%
Aftermarket	17	21	-25%	56	58	-7%
Total	127	158	-23%	422	562	-28%

¹ Currency adjusted

Asia and the Middle East represented 10 per cent of Haldex's total sales in Q3. China produces more heavy vehicles than any other country in the world. A large number of these vehicles are simple from a technological perspective and thus fall outside of Haldex's target group. The long-term trend is moving towards more advanced vehicles, which is positive for Haldex. In 2019, production in Asia is expected to decrease by 7 per cent for new production of trucks and to increase by 2 per cent for new production of trailers. The market conditions are somewhat more favourable in China than in India. The forecast for 2020 is that the total number of newly produced heavy vehicles will decrease by 15 per cent and then gradually increase again.

In Q3, Haldex's sales in Asia and the Middle East decreased by 23 per cent, largely due to high comparison figures. Last year, sales were boosted by new legislation requiring automatic brake adjusters. The new legislation continued to have a positive impact on sales.

Haldex is the market leader in brake adjusters in Asia. Brake adjusters are also the largest product in the region in terms of sales and constituted half of the sales in the quarter. Thus, there is a correlation between changes in the number of newly produced vehicles and the sales of brake adjusters. However, the comparison of brake adjuster sales to the previous year is impacted to a large extent by the unusually high comparison figures.

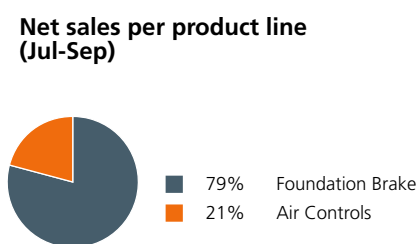
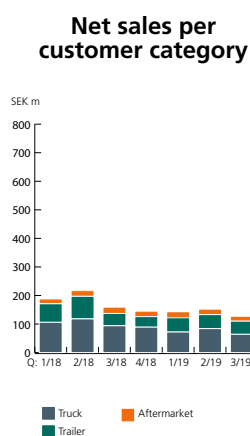
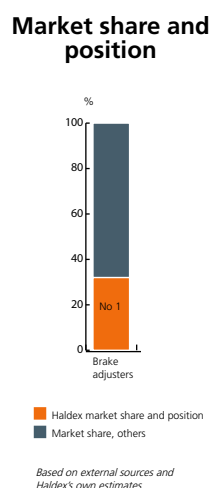
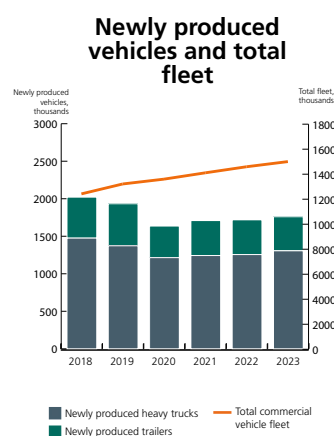
The second-largest product in the region is disc brakes. These are produced in Europe and delivered to a European customer in wes-

tern Asia but are included in Asia's sales figures. The region otherwise only has product lines that are too small to identify any quarterly trends.

Aftermarket represented 13 per cent of the region's total sales in Q3. The aftermarket in Asia has local suppliers that offer discount products. Haldex has difficulty competing with these suppliers, and, therefore, the aftermarket's share of total sales is low in the region.

In China, Haldex has a joint venture with Chinese VIE to jointly develop electromechanical disc brakes. Fully electric braking systems for heavy vehicles (without pressured air) have not yet been approved in North America and Europe, but they have been in China. The product development is progressing according to plan, and the product was approved in the quarter by Chinese authorities after a number of tests. Several Chinese customers also signed agreements for test installations in their vehicles. Interest is also high outside of China, and discussions are being held about test installations in Europe and North America.

Asia and the Middle East have the highest operating margin of the regions. The development towards increasingly advanced vehicles with a higher technological component is positive for Haldex.



Region South America

Net sales, SEK m	Jul-Sep 2019	Jul-Sep 2018	Change ¹	Jan-Sep 2019	Jan-Sep 2018	Change ¹
Truck	32	21	43%	87	63	37%
Trailer	3	3	0%	11	9	12%
Aftermarket	22	20	5%	61	51	18%
Total	57	44	23%	159	123	28%

¹ Currency adjusted

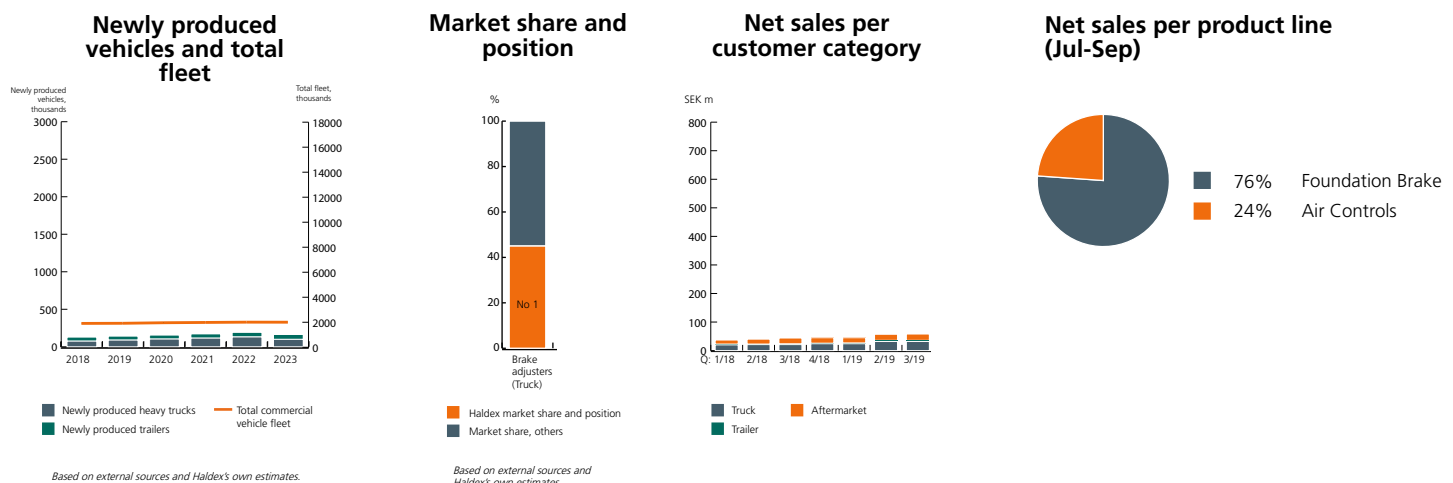
For Haldex, Region South America consists mainly of Brazil. The region represented 4 per cent of Haldex's sales during the quarter. The number of newly produced vehicles has been very low in South America for a number of years, but the trend turned upward again in 2019. In 2019, production is expected to increase by 20 per cent for new production of trucks and to decrease by 1 per cent for new production of trailers. The forecast for 2020 is that the total production volume will increase by 9 per cent and then gradually grow by these numbers the coming years.

In Q3, Haldex increased its South American sales by 23 per cent, which is somewhat lower than the growth in earlier quarters of the year. Haldex is the market leader in brake adjusters for trucks in the region. Brake adjusters are also the largest product and represent an absolute majority of sales during the quarter. This means that Haldex's sales of brake adjusters benefit when the number of newly produced vehicles increases.

The European truck and trailer manufacturers have a strong presence in South America, which means that the vehicle technology follows the same standard as in Europe, but the technological content per vehicle is still lower. The valves product line is second largest and reported slightly positive development during the year. Sales are too small to be able to draw any conclusions based on individual quarters.

Aftermarket constituted 39 per cent of South America's sales in Q3, and net sales on the aftermarket increased by 5 per cent. Over the past few years, Haldex's net sales in the aftermarket have increased faster than the market, which means Haldex has taken market shares.

Profitability in South America is low, but it has gradually improved. The high percentage of sales in the more profitable aftermarket and improved market conditions had a positive impact on profitability.



Sourcing and Operations

In October, Haldex announced two major production changes. The North American production will be further concentrated to Mexico, and the factory that manufactured brake adjusters in the USA will be closed at the end of 2020. The savings are estimated to total SEK 25 m once the relocation has been completed. Income will be charged with one-off costs of SEK 27 m.

In October, the closure of the Heidelberg plant in Germany was announced. The production of EBS and air suspension products will move to Haldex's factory in Hungary, which is the region's largest production facility. The savings are expected to amount to SEK 50 m per year when the move is fully completed, which is estimated mid 2020. The exact cost is difficult to estimate as the work council negotiations started in connection with the announcement.

Product development

The investments that Haldex is making in product development are progressing according to plan. Higher costs within R&D do not fully impact the operating margin as they in part are capitalised. During the quarter, the cost for product development amounted to SEK 53 m, which corresponded to 4.1 per cent of net sales.

Given the recent positive development for electromechanical brakes in China, the operations were reclassified in 2018 so that income from the joint venture is reported as a part of the operating activities and not as a financial item. The operating income from the joint venture had a negative impact of SEK 7 m on consolidated income in Q3.

Earnings

The operating margin excluding one-off items for Q3 amounted to 6.6 (6.3) per cent. The corresponding figure for the first nine months of the year was 6.8 (6.9) per cent. The operating margin excluding investments in new technology was 7.4 per cent for Q3 and 7.5 per cent for the first nine months of the year. The target is to achieve an operating margin of 10 per cent for the core business, excluding new technology, by 2022.

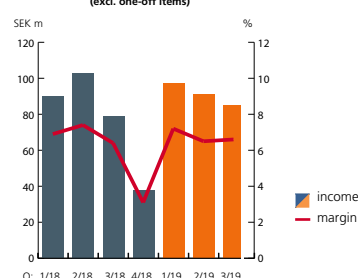
Operating profit is mainly affected by sales. Despite lower sales, operating profit increased as a result of a higher gross margin linked to a higher proportion of sales towards the more profitable aftermarket.

One-off items totalled SEK 17 (0) m in Q3 and SEK 35 (0) m for the first nine months of the year. In Q3, one-off items consisted primarily of costs for legal advice for the change in ownership, a finalised settlement in a multi-year dispute regarding IT operations, and costs for staff reductions in conjunction with reorganisations.

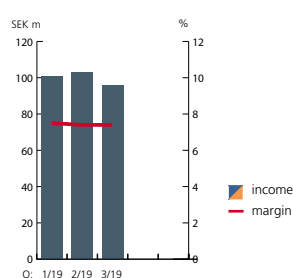
The new standard, IFRS16, regarding leasing has only had a small impact on operating income, and the operating margin excluding IFRS16 amounts to 5.3 per cent in the third quarter. Higher financial costs in the quarter are due to increased interest rate expenses resulting from the new leasing standard IFRS16.

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 4 (24) m in Q3. The currency effect in net financial income/expense in Q3 totalled SEK -6 (-7) m.

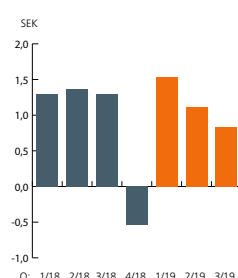
Operating income & margin
(excl. one-off items)



Operating income & margin
excl. new technology



Earnings per share



Earnings

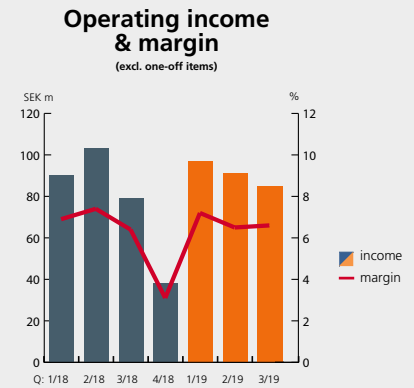
	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change
Operating income, SEK m	68	79	-15%	238	267	-11%
Operating income, excl. one-off items, SEK m	85	79	7%	273	267	2%
Operating margin, %	5.3	6.3	-1.0	5.9	6.9	-1.0
Operating margin, excl. one-off items, %	6.6	6.3	0.3	6.8	6.9	-0.1
Operating margin, excl. new technology, % ^{1,2}	7.4	-	-	7.5	-	-
Net income, SEK m	37	58	-37%	154	177	-13%
Earnings per share, SEK	0.83	1.30	-37%	3.48	3.95	-13%

¹ Reported from 2019. ² Excluding one-off items.

Operating margin target of 10 per cent

A plan has been prepared to reach an operating margin of 10 per cent. The plan was refined in Q3, and the focus will be on the following improvement areas:

- **Streamlining market and customer excellence** to ensure that we are choosing the right customers, offering the right products, and selling at the right price.
- **Improvement of internal processes and workflows** to ensure that we are adapting our costs, improving our logistics flows, and reducing the number of suppliers.
- **Reduction in the number of production facilities** to enable economies of scale in other facilities and reduce complexity and administrative costs.



Financial position

As at 30 September, consolidated net debt was SEK 1,471 (816) m, an increase of SEK 655 m in comparison with the same period the previous year. Of the increase, SEK 189 m pertains to an increase in working capital and continued investments in product development. A revaluation of the pension liability in 2019 also had a negative impact on net debt of SEK 82 m. In addition, amended accounting principles (IFRS 16) had a negative impact on net debt of SEK 387 m.

Financial items totalled SEK -16 (-11) m in Q3, including net interest income and expenses, excluding IFRS 16, of SEK -7 (-2) m. The equity/assets ratio amounted to SEK 39 (43) m in Q3.

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 42 m of this facility had been used at the end of the quarter.

Activities to secure the refinancing of the bond loan that is due in January 2020, are ongoing.

Taxes

The tax expense for Q3 totalled SEK 15 (10) m, which is equivalent to a tax rate of 28 (15) per cent. The quarter's tax rate is impacted negatively by new assessments regarding interest rate deductions in the USA. Last year's low tax rate has been impacted by adjustments from previous periods' tax expenses. Adjusted for this effect, the underlying tax rate for Q3 of the previous year was 27 per cent.

Deferred tax assets for tax loss carry-forwards are recognised 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 other product guarantees and customer commitments for which it is not possible to perform a reliable estimate. For more information, see "Significant risks and uncertainties".

Net debt and Net interest, SEK m	Sep 30 2019	Sep 30 2018	Change
<i>Assets as part of the net debt:</i>			
Cash and cash equivalents ¹	217	214	1%
<i>Liabilities as part of the net debt:</i>			
Interest-bearing liabilities including derivative instruments	-761	-572	33%
Pension liabilities ²	-540	-458	18%
Net debt in total, excluding IFRS16 - financial leasing	-1,084	-816	33%
Debt related to IFRS16	-387		
Net debt in total	-1,471	-	-
Net of interest during the year	-25 ³	-12	-25%

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

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

³ Net of interest excluding IFRS16 was SEK -15 m.

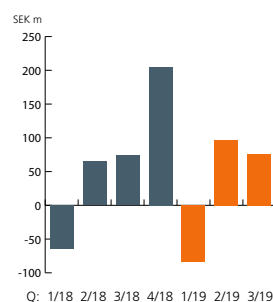
Cash flow

Cash flow from operating activities is slightly better than in the previous year and amounted to SEK 76 (74) m in Q3.

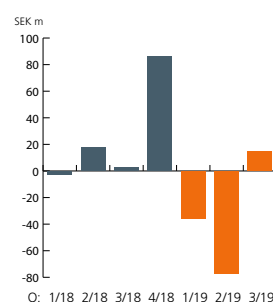
Investments, including capitalised R&D expenditure, amounted to SEK -82 (-85) m in Q3. Investments were made primarily in new machines to relocate production to Mexico and the continued roll-out of an updated ERP system.

Even though the total cash flow has improved in Q3, it was lower in the first nine months of the year than in the corresponding period the previous year. This is due primarily to fewer new loans issued in 2019 compared to in 2018.

**Cash flow
operating activities**



Total cash flow



Cash flow and cash equivalents, SEK m

Cash flow, operating activities	76	74	2
Cash flow after investment activities	-6	-11	5
Total cash flow	15	3	12
Cash and cash equivalents (at end of period)	217	214	3

Jul-Sep 2019	Jul-Sep 2018	Change
76	74	2
-6	-11	5
15	3	12
217	214	3

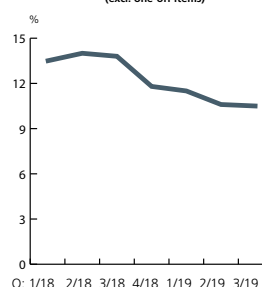
Jan-Sep 2019	Jan-Sep 2018	Change
89	75	14
-156	-180	24
-98	18	-116
217	214	3

Capital employed and working capital

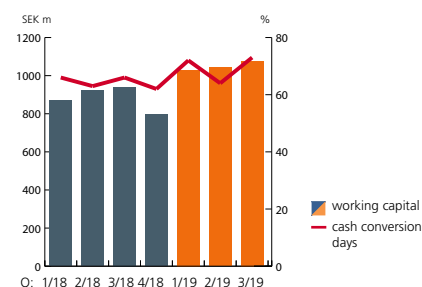
Working capital continued to increase during the quarter. This was primarily due to an increase in stock levels to prepare for the major production changes announced in October, but also due to an increase in inventories in the event of Brexit. The reduced demand in Asia also affected inventories since the finished products were sold at a slower rate than planned. Also, it continues to be common in Asia to make payments via a certain type of bank notes, which ties up capital longer.

Return on capital employed decreased during the quarter. The main reason for the decrease in return is that capital employed has increased due to investments in product development.

**Return on capital
employed**
(excl. one-off items)



**Working capital &
cash conversion days**



Capital employed and working capital

Return on capital employed, % ¹	7.5	12.5	-5.0
Return on capital employed, excl. one-off items, % ¹	10.5	13.8	-3.3
Working capital, SEK m	1,082	941	141

Jul-Sep 2019	Jul-Sep 2018	Change
7.5	12.5	-5.0
10.5	13.8	-3.3
1,082	941	141

¹ Rolling twelve months

Employees

At the end of the quarter, Haldex had 2,212 (2,313) employees, which is 97 fewer than at the end of the year and 101 fewer than one year ago. The largest reduction in staff occurred in countries with production facilities, such as China and Mexico. The number of employees increased within product development in England and Sweden.



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 33 (20) m in Q3. Net income after tax amounted to SEK 59 (33) m.

Changes in executive management

Daniel Gustafsson took office as Executive Vice President Business Development and M&A during the quarter. Therese Jönsson will take office as Executive Vice President Legal in December.

Annual General Meeting

Haldex will hold its Annual General Meeting on 6 May 2020 at 1:00 p.m. in Landskrona, Sweden. It is estimated that the annual report will be available on the company's website no later than three weeks before the meeting.

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 present certain judgments and assumptions about the future that are based on both his-

torical 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 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 customers 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 1–24 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 Pa-

rent Company's report is presented 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 reported 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 the 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 Q3 2019, this resulted in an increase in the pension liability of SEK 29 (-11) m. The change to the pension liability is primarily related to changes in discount rates and a measurement of the Group's pension provisions.

Changed accounting principles for 2019

IFRS16 Leases entered into force on 1 January 2019. Haldex will implement the standard in accordance with the simplified approach.

Under the standard, all leases will be reported in the balance sheet moving forward, with the sum of the rights-of-use less depreciation and any other adjustments as the asset and discounted cost less lease payments as the 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.

The commitments for leases as at 31 December 2018 totalled SEK 274 m within the Group. After individually analysing options to extend or terminate contracts, Haldex adjusted these commitments by SEK 182 m. Haldex used a weighted average borrowing rate of 3.19 per cent when discounting, which reduces the commitment by SEK 31 m. The increase in the balance sheet total, according to IFRS 16 Leases, thus amounts to SEK 426 m as at 1 January 2019.

Landskrona, October 24, 2019
Board of Directors

Auditor's report

Haldex AB (publ) corp. reg. no. 556010-1155

Introduction

We have reviewed the condensed interim financial information (interim report) of Haldex AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Landskrona, October 24, 2019

Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant, Auditor in charge

Carl Fogelberg
Authorized Public Accountant

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 equity¹: 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 employed¹: 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 share¹: Total equity attributable to the owners of the parent Company, divided by the average No of shares.

One-off items¹: 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, %¹: 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 debt¹: Cash and cash equivalents plus interest-bearing receiv-

bles minus interest-bearing liabilities and provisions. For numerical data, see page 11 and the appendix.

Net debt/equity ratio¹: Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

Earnings per share¹: Proportion of net income for the year attributable to the owners of the parent Company divided by weighted average number of shares.

Net of interest¹: 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 ratio¹: 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:¹ 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 employed¹: 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

ABS: A system that prevents the wheels from locking during braking. ABS is an abbreviation of Anti-lock Braking System.

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.

EBS: Electronically controlled brake system. EBS is as a central part of the pneumatic braking systems and can monitor and control the braking system. In braking systems without EBS, the braking power of the wheels is the same at all times, in vehicles with EBS the power is distributed differently depending on need.

EMB: Electromechanical brakes. These are part of an electronic braking system, i.e. the pneumatic braking system is replaced with an electronic braking system. Electromechanical brakes are currently not approved in North America and Europe, but in China.

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).

¹ Additional financial information is presented in an appendix.

Consolidated income statement

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales	1,283	1,270	4,010	3,894	5,119
Cost of goods sold	-928	-934	-2,963	-2,875	-3,813
Gross income	355	336	1,047	1,019	1,306
Gross margin	27.6%	26.5%	26.1%	26.2%	25.5%
Product development cost	-43	-44	-115	-124	-162
Selling and admin costs	-227	-216	-679	-633	-863
Share of result from joint venture	-7	0	-14	-5	-5
Other operating income and expenses	-10	3	-1	10	-21
Operating income ¹	68	79	238	267	255
Financial income and expenses	-16	-11	-32	-26	-36
Income before tax	52	68	206	241	219
Tax	-15	-10	-52	-64	-66
Net income	37	58	154	177	153
attributable to non-controlling interests	1	1	5	2	5
Earnings per share, before and after dilution, SEK	0.83	1.30	3.48	3.95	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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales	1,283	1,270	4,010	3,894	5,119
Direct material costs	-707	-711	-2,256	-2,187	-2,895
Personnel costs	-274	-264	-848	-801	-1,057
Depreciation and amortization	-60	-36	-176	-102	-136
Other operating income and expenses	-174	-180	-492	-537	-776
Operating income ¹	68	79	238	267	255

1) One-off items included in the operating income

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Operating income, including one-off items	68	79	238	267	255
Restructuring costs	-12	-	-29	-	0
Product related warranty	-	-	-	-5	-54
Costs related to the bidding process	-5	-	-6	5	4
Operating income, excluding one-off items	85	79	273	267	305

Consolidated statement of comprehensive income

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net income	37	58	154	177	153
Other comprehensive income/loss					
<i>Items not to be reclassified to the income statement:</i>					
Remeasurement of pension obligation, after tax	-22	10	-73	4	6
Total	-22	10	-73	4	6
<i>Items that may be reclassified subsequently to the income statement:</i>					
Currency translation differences	56	-31	108	65	73
Changes in financial instruments at fair value, after tax	1	1	-2	2	4
Total	57	-30	106	67	77
Total other comprehensive income/loss	35	-20	33	71	83
Total comprehensive income	72	38	187	248	236
<i>attributable to non-controlling interests</i>	1	1	4	2	5

Consolidated statement of financial position

SEK m	Sep 30 2019	Sep 30 2018	Dec 31 2018
Goodwill	451	419	419
Other intangible assets	306	206	245
Tangible assets	1,227	706	753
Financial assets	29	24	23
Deferred tax assets	165	171	145
Total non-current assets	2,178	1,526	1,585
Inventories	753	748	709
Current receivables	1,274	1,219	1,068
Derivative instruments	39	26	22
Cash and cash equivalents	217	214	305
Total current assets	2,283	2,207	2,104
Total assets	4,461	3,733	3,689
Equity	1,745	1,617	1,611
Pension and similar obligations	540	458	455
Deferred tax liabilities	16	20	26
Non-current interest-bearing liabilities	766	471	572
Other non-current liabilities	36	25	19
Total non-current liabilities	1,358	974	1,072
Derivative instruments	51	54	15
Current interest-bearing liabilities	362	63	10
Current liabilities	945	1,025	981
Total current liabilities	1,358	1,142	1,006
Total equity and liabilities	4,461	3,733	3,689

Statement of changes in equity

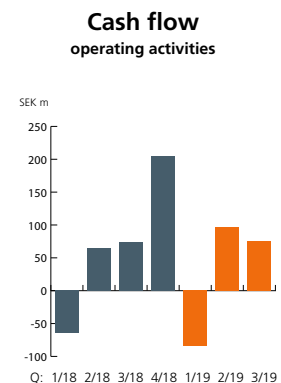
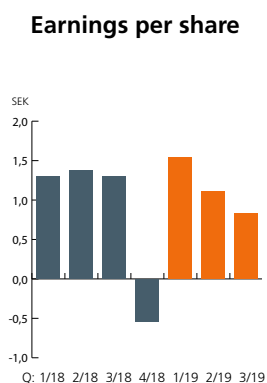
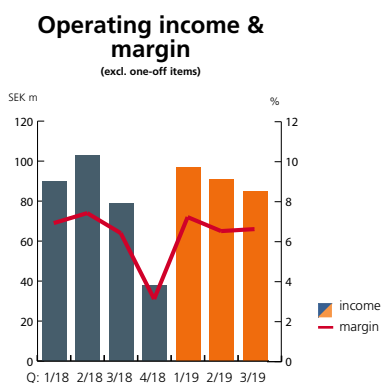
SEK m	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Opening balance	1,611	1,395	1,395
Net income	154	177	153
Other comprehensive income/loss	33	71	83
Total comprehensive income	187	248	236
Transactions with shareholders:			
Dividend to Haldex' shareholders	-51	-24	-24
Dividend to non-controlling interests	-2	-2	-2
Value of employee services/incentive programs	-	-	6
Total transactions with shareholders	-53	-26	-20
Closing balance	1,745	1,617	1,611
<i>attributable to non-controlling interests</i>	<i>33</i>	<i>24</i>	<i>28</i>

Consolidated statement of cash flow

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Operating income	68	79	238	272	255
Reversal of non-cash items	74	36	213	102	170
Interest paid	-11	-4	-30	-21	-19
Tax paid	-28	0	-68	-59	-33
Cash flow from operating activities before change in working capital	103	111	353	294	373
Change in working capital	-27	-37	-264	-219	-99
Cash flow from operating activities	76	74	89	75	274
Investments, incl. capitalized R&D expenses	-82	-85	-245	-255	-381
Cash flow from investment activities	-82	-85	-245	-255	-381
Dividend to Haldex' shareholders	-	-	-51	-24	-24
Dividend to non-controlling interests	-2	-2	-2	-2	-2
Share swap, incentive program	-	-	-	-	6
Change of interest-bearing liabilities	23	16	111	224	231
Cash flow from financing activities	21	14	58	198	211
Net cash flow	15	3	-98	18	104
Cash and cash equivalents, opening balance	196	216	305	194	194
Currency translation diff. in cash and cash equivalents	6	-5	10	2	7
Cash and cash equivalents, closing balance	217	214	217	214	305

Key figures

	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Operating margin, excl. one-off items, %	6.8	6.9	6.0
Operating margin, %	5.9	6.9	5.0
Operating margin, excl investments in new technology, % ¹	7.5	-	-
Cash flow, operating activities, SEK m	89	75	274
Cash flow after investment activities, SEK m	-156	-180	-107
Return on capital employed, % ¹	7.5	12.5	9.8
Return on capital employed, excl. one-off items, % ²	10.5	13.8	11.8
Investments (excl. capitalized R&D expenses), SEK m	170	214	313
R&D, %	4.2	3.9	4.1
Number of employees	2,212	2,313	2,309
Return on shareholders' equity, % ²	7.5	12.7	9.8
Interest coverage ratio	10.7	11.7	11.8
Equity ratio, %	39	43	44
Net debt/equity ratio, %	62	50	45
Share data:			
Earnings per share, before dilution, SEK	3.48	3.95	3.46
Earnings per share, after dilution, SEK	3.48	3.95	3.46
Equity per share, SEK	39.48	36.57	35.80
Cash flow, operating activities, SEK	2.01	1.70	6.20
Share price, SEK	50.20	87.20	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>	<i>12</i>	<i>12</i>	<i>12</i>

¹ Reported from 2019² Rolling twelve months

Parent company's income statement

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales	33	20	94	70	96
Administrative costs	-33	-13	-84	-45	-76
Operating income	0	7	10	25	20
Dividend from Group companies	46	22	46	47	50
Impairment shares in subsidiaries	-	-	-	-	-100
Financial income and expenses	13	6	36	35	50
Income after financial items	59	35	92	107	20
Group contribution	-	-	-	-	-59
Income before tax	59	35	92	107	-39
Tax	0	-2	1	-16	-4
Net income	59	33	93	91	-43

Parent company's statement of comprehensive income

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net income	59	33	93	91	-43
Other comprehensive income	-	-	-	-	-
Total comprehensive income	59	33	93	91	-43

Parent company's statement of financial position

SEK m	Sep 30 2019	Sep 30 2018	Dec 31 2018
Non-current assets	2,993	2,878	2,898
Current assets	1,257	551	1,134
Total assets	4,250	3,429	4,032
Shareholders' equity	1,189	1,272	1,146
Provisions	54	52	54
Interest-bearing liabilities, external	115	470	570
Other liabilities	2,892	1,635	2,262
Total equity and liabilities	4,250	3,429	4,032

Financial instruments by category - Group

SEK m	Sep 30, 2019		Sep 30, 2018		Dec 31, 2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	2	1	2	2	4	1
Forward exchange contracts- at fair value through profit or loss	1	2	1	1	1	1
Currency swaps - at fair value through profit or loss	38	48	23	51	17	13
Total	41	51	26	54	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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income statement:									
Net sales	1,283	1,389	1,339	1,225	1,270	1,372	1,252	1,049	1,081
Cost of goods sold	-928	-1,031	-1,005	-938	-934	-1,014	-927	-774	-786
Gross income	355	358	334	287	336	358	325	275	295
Product development cost	-43	-39	-33	-37	-44	-44	-36	-39	-31
Selling and admin. costs	-227	-229	-223	-231	-216	-216	-201	-179	-198
Share of result from joint venture	-7	-7	-	-	-	-1	-4	-	-
Other operating income and expenses	-10	-10	19	-31	3	5	2	-24	-18
Operating income	68	73	97	-12	79	102	86	33	48
Operating income, excl. one-off items	85	91	97	38	79	102	86	66	68
Financial income and expenses	-16	-8	-7	-10	-11	-11	-4	-3	1
Share of result from joint venture	-	-	-	-	-	-	-	-4	-4
Income before tax	52	65	90	-22	68	91	82	26	45
Tax	-15	-16	-22	-2	-10	-30	-24	-12	-19
Net income/loss	37	49	68	-24	58	61	58	14	26
Statement of financial position:									
Non-current assets	2,178	2,131	2,086	1,585	1,526	1,497	1,436	1,349	1,259
Current assets	2,283	2,243	2,291	2,104	2,207	2,272	2,095	1,729	1,861
Total assets	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078	3,120
Equity	1,745	1,675	1,708	1,611	1,617	1,581	1,502	1,395	1,361
Non-current liabilities	1,358	1,356	1,566	1,072	974	975	884	775	749
Current liabilities	1,358	1,343	1,103	1,006	1,142	1,213	1,145	908	1,010
Total equity and liabilities	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078	3,120
Statement of cash flow:									
Cash flow from operating activities	76	97	-84	199	74	65	-64	45	55
Cash flow from investment activities	-82	-97	-66	-126	-85	-89	-81	-43	-82
Cash flow from financing activities	21	-77	114	13	14	42	142	-74	30
Net cash flow	15	-77	-36	86	3	18	-3	-72	3
Key figures:									
Operating margin, %	5.3	5.3	7.2	-1.0	6.3	7.4	6.9	3.1	4.5
Operating margin, excl. one-off items, %	6.6	6.5	7.2	3.1	6.3	7.4	6.9	6.3	6.3
Operating margin, excl. new technology ¹	7.4	7.4	7.5	-	-	-	-	-	-
Earnings per share, before and after dilution, SEK	0.83	1.11	1.54	-0.49	1.26	1.39	1.30	0.25	0.59
Equity per share, SEK	39.48	37.89	38.64	35.80	36.57	35.76	33.97	30.98	30.3
Cash flow, operating activities, per share, SEK	1.72	2.19	-1.90	3.20	1.67	1.47	-1.45	1.98	0.62
Share price, SEK	50.20	57.00	62.00	69.00	87.20	89.00	85.40	87.25	100.75
Return on capital employed, % ^{2,3}	7.5	8.2	9.7	9.8	12.5	11.7	9.0	6.8	4.2
Return on capital employed excl. one-off items, % ^{2,3}	10.5	10.6	11.5	11.8	13.8	14.0	13.5	13.3	12.6
Return on equity, %	2.1	2.9	4.1	-1.7	3.7	3.9	4.0	0.8	2.1
Equity ratio, %	39	38	39	44	43	42	43	45	44
Net debt/equity ratio, %	62	62	55	45	50	51	50	42	42
External investments	64	69	37	99	74	74	66	43	59
R&D, %	4.1	4.3	4.2	4.9	3.9	3.9	3.7	4.5	3.7
Number of employees	2,212	2,283	2,315	2,309	2,313	2,403	2,315	2,176	2,149

¹ Reported from 2019² Rolling twelve months³ Effect of IFRS16 - financial leasing - has been excluded. Capital employed as of June 30, 2019 has been adjusted down with SEK 379 m.

5 year in summary

SEK m, if not otherwise stated	2018	2017	2016	2015	2014
Income statement:					
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
Statement of financial position:					
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
Statement of cash flow:					
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
Key figures:					
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

¹Rolling 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. Main owners are Knorr-Bremse (10-15%) and Kite Lake Capital Management LLP (5-10%).

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.

Value drivers

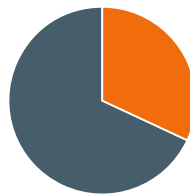
- Number of heavy vehicles being produced.
- Development of a competitive product offering.

Global presence

- ★ Head office
- Distribution
- Production
- R&D
- Sales



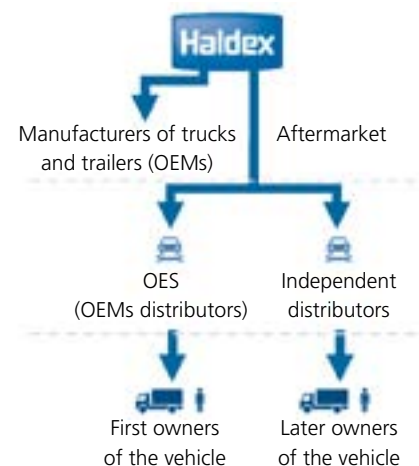
Largest customers



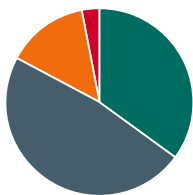
Net sales for 10 largest customers (2018)

- 32% Largest customers
- 68% Other customers

Business model



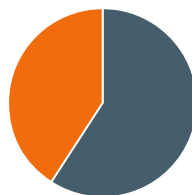
Per region



Net sales per region (2018)

- 35% North America
- 48% Europe
- 14% Asia & Middle East
- 3% South America

Per product line



Net sales per product line (2018)

- 59% Foundation Brake
- 41% Air Controls

Per customer category



Net sales per customer category (2018)

- 25% Truck
- 31% Trailer
- 44% Aftermarket

Haldex share

Jul-Sep 2019

Change in share price	-14%
Share price (Sep 30)	50.20 SEK
Market capital (Sep 30)	2,220 MSEK

Highest share price	61.80 SEK
Lowest share price	46.80 SEK

Average No. of traded shares/day	203,419
Total No. of shares (Sep 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 Helene Svahn, President & CEO and Andreas Larsson, CFO. The presentation will also be webcasted live and you can participate with questions by telephone.

Date & Time: Thursday, October 24 at 11.00 CEST

The press conference is broadcasted at:
<https://tv.streamfabriken.com/haldex-q3-2019>

To join the telephone conference:

SE: +46 8566 426 93

UK: +44 333 300 9263

US: +1 833 526 83 84

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

Annual statement	February 13
Interim report, Jan-Mar	April 23
Annual general meeting	May 6
Interim report, Apr-Jun	July 16
Interim report, Jul-Sep	October 22
Annual statement	February 11, 2021

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A WORLD OF
SAFER VEHICLES

Haldex

Appendix

Financial data for alternative key figures



Net sales

SEK m	Reported net sales Jul-Sep 2019	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Jul-Sep 2019	Change	Reported net sales Full year 2018	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Full year 2018	Change
The Group	1,283	-58	1,225	-4%	5,119	-118	5,001	-2%
Total	1,283	-58	1,225	-4%	5,119	-118	5,001	-2%

Net sales per product line

SEK m	Reported net sales Jul-Sep 2019	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Jul-Sep 2019	Change	Reported net sales Full year 2018	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Full year 2018	Change
Foundation Brake	735	-32	703	-4%	3,008	-46	2,962	-2%
Air Controls	548	-25	522	-5%	2,111	-72	2,039	-3%
Total	1,283	-58	1,225	-4%	5,119	-118	5,001	-2%

Net sales per customer category

SEK m	Reported net sales Jul-Sep 2019	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Jul-Sep 2019	Change	Reported net sales Full year 2018	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Full year 2018	Change
Truck (including buses)	296	-15	282	-5%	1,295	-19	1,276	-1%
Trailer	367	-12	355	-3%	1,593	-41	1,552	-3%
Aftermarket	620	-31	589	-5%	2,231	-58	2,173	-3%
Total	1,283	-58	1,225	-4%	5,119	-118	5,001	-2%

Net sales per region

SEK m	Reported net sales Jul-Sep 2019	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Jul-Sep 2019	Change	Reported net sales Full year 2018	Currency adj. to prev. year's exchange rates	Currency adjusted net sales Full year 2018	Change
Europe	413	-7	407	-2%	1,811	-74	1,737	-4%
North America	686	-44	641	-6%	2,432	-43	2,389	-2%
Asia & Middle East	127	-4	123	-3%	708	-19	689	-3%
South America	57	-3	54	-5%	168	18	186	11%
Total	1,283	-58	1,225	-4%	5,119	-118	5,001	-2%

Quarterly data

Financial data for alternative key figures

SEK m, if not otherwise stated	2019			2018				2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
One-off items:									
Restructuring costs	-12	-17	0	-1	0	0	0	-11	-7
Costs related to the bidding process	-5	-1	0	0	0	5	0	-22	-10
Product related warranty	0	0	0	-49	0	-5	0	0	-2
Total one-off items	-17	-18	0	-50	0	0	0	-33	-19
Research and development expenditure									
excl. depreciations:	-54	-59	-56	-60	-51	-54	-47	-47	-41
Product development cost for new technology¹	-11	-14	-13	-	-	-	-	-	-
Net of interest and financial items:									
Interest income	4	4	3	5	0	1	1	1	1
Interest expenses	-11	-10	-5	-7	-2	-8	-5	-4	-2
Total net of interest	-7	-6	-2	-2	-2	-7	-4	-3	-1
Other financial items	-10	-9	-5	-8	-9	-4	0	-4	-2
Total financial items	-17	-15	-7	-10	-11	-11	-4	-7	-3
Net debt:									
Interest-bearing assets	217	196	280	305	214	216	195	194	255
Interest-bearing liabilities including derivate instruments	-761	-731	-724	-582	-572	-554	-481	-335	-406
Pension liabilities	-540	-511	-498	-455	-458	-470	-460	-443	-421
Total net debt	-1,084	-1,046	-942	-732	-816	-808	-746	-584	-572
Capital employed:									
Total assets	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078	3,126
Non interest-bearing liabilities and provisions	-1,048	-1,062	-1,043	-1,041	-1,124	-1,187	-1,081	-909	-913
Total capital employed	3,413	3,312	3,334	2,648	2,609	2,582	2,450	2,169	2,213
Average capital employed²:	3,198	2,941	2,699	2,571	2,449	2,336	2,239	2,193	2,158
Net income attr. to owners of parent company:									
Net income	37	49	68	-24	58	61	58	14	26
Net income attributable to non-controlling interests	1	2	1	3	1	1	0	2	1
Total net income attr. to owners of parent company	36	47	67	-27	57	60	58	12	25
Equity attr. to owners of parent company:									
Equity	1,745	1,675	1,708	1,611	1,617	1,581	1,502	1,395	1,361
Equity attributable to non-controlling interests	33	33	31	28	24	27	25	25	23
Total equity attr. to owners of parent company	1,712	1,642	1,677	1,583	1,593	1,554	1,477	1,370	1,338
Average equity attributable to owners of parent company²:	1,641	1,610	1,577	1,515	1,466	1,419	1,370	1,347	1,342
Average No. of share:	44,216	44,216	44,216	44,216	44,216	44,216	44,216	44,216	44,216

¹ Reported from 2019, excluding joint venture with VIE in China.

² Rolling twelve months