

HALDEX YEAR-END REPORT JANUARY - DECEMBER 2019

Q4 2019

MAJOR ACHIEVEMENTS TOWARDS A STRONGER AND MORE PROFITABLE HALDEX

FOURTH QUARTER 2019

- Sales fell by 7% and totalled SEK 1,141m (1,225). Currency-adjusted sales fell by 11%.
- Adjusted operating profit totalled SEK 44m (38), equivalent to an adjusted operating margin of 3.8% (3.1).
- Adjusted operating margin excluding investments in new technology was 4.9%.
- Reported operating profit was SEK -133m (-12).
- Earnings per share was SEK -3.36 (-0.49).
- Operating cash flow totalled SEK 239m (199). Adjusted for the effect of IFRS 16, cash flow totalled SEK 230m in the fourth quarter.
- On 8 October and 22 October two major changes to production were announced which are to lead to annual savings of SEK 75m when the transfer of production has been completed and entail non-recurring costs of SEK 172m, of which SEK 162m is charged against 2019.
- Cost saving measures have led to decreased selling and administration expense of SEK 27 million currency-adjusted compared to the same quarter 2018.

FULL YEAR 2019

- Sales rose by 1% and totalled SEK 5,151m (5,119). In currency-adjusted terms, sales fell by 5%.
- Adjusted operating profit totalled SEK 317m (305), equivalent to an adjusted operating margin of 6.1% (6.0).
- Adjusted operating margin excluding investments in new technology was 6.9%.
- Reported operating profit totalled SEK 105m (255).
- Earnings per share was SEK 0.12 (3.46).
- Operating cash flow totalled SEK 328m (274), equivalent to SEK 263m including adjustment for IFRS 16.
- The Board of Directors proposes, with the application of the company's accepted principles for dividend distribution and in the light of the Company's efficiency measures, that no dividend will be paid.

Group summary, SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ	Jan-Dec 2019	Jan-Dec 2018	Δ
Net sales, SEK m	1,141	1,225	-7%	5,151	5,119	1%
Operating income, SEK m	-133	-12	993%	105	255	-59%
Operating income, excl. one-off items, SEK m	44	38	15%	317	305	4%
Operating margin, %	-11.6%	-1.0%	-10.6	2.0%	5.0%	-3.0
Operating margin, excl. one-off items, %	3.8%	3.1%	0.7	6.1%	6.0%	0.1
Operating margin, excl. new technology items, %	4.9%	-	-	6.9%	-	-
Return on capital employed, % ¹	3.1%	9.8%	-6.7	3.1%	9.8%	-6.7
Return on capital employed, excl. one-off items, % ¹	9.4%	11.8%	-2.4	9.4%	11.8%	-2.4
Net income, SEK m	-149	-24	520%	5	153	-97%
Earnings per share, SEK	-3.36	-0.49	520%	0.12	3.46	-97%
Cash flow, operating activities, SEK m	239	199	40	328	274	54

¹Rolling twelve months, excluding the effects of IFRS16 - financial leasing

COMMENTS FROM THE CEO

An intensive fourth quarter brings to an end an eventful year notable for a strong focus on efficiency improvements, reduced selling and administrative expenses and development of our new technology. Investments in installations in new technology surpassed expectations, and approval by the Chinese authorities of our electromechanical brake system has cleared the way for several test installations. Our joint venture Haldex VIE has consequently entered a more active phase in which we anticipate that within a few years our electromechanical brake system will be installed in a large number of electric buses. We have also seen a positive trend in Europe, featuring both extended and deeper cooperation with world-leading truck manufacturers.

The year began with a consistently high level of new production for trucks and trailers during the first six months. However, production declined during the third quarter, before a sharp downturn during the fourth quarter. The year ended with an overall decrease in the number of newly built trucks of 3% and trailers of around 8%. Our most important markets, Europe and North America, were hit hardest.

The lower demand for new vehicles had a severe impact on our sales of OE products for trucks and trailers, which in currency-adjusted terms fell by around 18% and 16% respectively over the quarter. The downturn was, however, offset by our aftermarket sales for the full year of 2019 remaining at the same level as in the previous year. The increasing share of aftermarket in the product mix contributed to an improved gross margin.

Sales for the full year totalled SEK 5,151m. Adjusted operating profit (excluding non-recurring expenses) improved to SEK 317m. Adjusted operating margin excluding investments in new technology amounted to 6.9%. Backed by this positive trend, the fact that we are continuing with our plan with the following four focal areas is even more encouraging:

Reduced selling and administrative expenses, and greater cost control

It is gratifying to see the measures we have taken to improve efficiency and profitability in our basic operation bear fruit. In the fourth quarter we reduced our selling and administrative expenses by 14% or SEK 27m compared with the same quarter of 2018. Looking forward, we see further opportunities to improve profitability through continued efficiency improvements. The target is to achieve 10% in adjusted operating margin, excluding investments in new technology, by the end of 2022.

Increased economies of scale in production

Restructuring decisions leading to the closure of two production units were announced in the fourth quarter. It is estimated that this action will yield annual savings of around SEK 75m due to production being transferred to existing plants with significant economies of scale. The restructuring involves non-recurring expenses which have been estimated at SEK 172m, of which SEK 162m is charged to 2019. We incurred combined restructuring expenses of SEK 175m during the quarter to boost profitability in the basic business.

More effective cultivation of markets

We have focused on strengthening our presence in attractive markets and in product niches where we have a strong offering

and position. We see potential in Asia with a large untapped market for example in disc brakes for trucks and brake systems for electrified vehicles. The switch in the industry to new technological vehicle solutions is due to increased requirements for safety and environmental improvements from the authorities in China in particular. Talks are therefore under way with several large, interesting industrial partners, with the aim of further advancing our positions in these areas. We must also ensure that our share of the spare parts market is on a par in terms of size with our installed base among existing vehicle manufacturers. During the quarter we started targeting logistics companies in Eastern Europe.

Continued investment in new technology

Haldex holds a unique position as a strong innovator and global brake specialist. In 2019 we made large investments in the development of an open and integrable brake system adapted to the electrified and self-driving heavy vehicles of the future. This means, among other things, a high-precision pneumatic brake system (Fast Acting Brake Valves), electromechanical brake systems and an open architecture for integration of the vehicle's dynamic control system. The benefits of the new systems include lower energy requirements, higher performance, open communication of data and cost-effective system integration.

Our development strategy is based on developing our scalable systems in close cooperation with our partners. The cooperation on the electromechanical brake system through Haldex VIE is an excellent example of how we develop a safe and effective brake system, primarily for electric commercial vehicles, together with partners. We reached significant milestones during the quarter, by successfully carrying out test installation of the system in the vehicles of several customers after obtaining product approval from the Chinese authorities. During the quarter we also completed a first prototype installation together with one of the largest vehicle manufacturers in Europe, which is a necessary step towards progress in the development of customised solutions for the European market.

To sum up, we took several important steps towards a more profitable and stronger Haldex in 2019. Growth and profitability in the core business is our top priority. At the same time, we have successfully pursued the development of our new concepts. We are currently in discussion with world-leading manufacturers of heavy vehicles and trailers and developers of new logistic solutions. These discussions have strengthened our belief that Haldex has a unique opportunity to position itself in a consolidated market as an independent supplier of open systems that enable our partners to meet their challenges. The key to continued success is to continue to be innovative, inquisitive and decisive.

Last but not least, I would like to extend my sincere thanks to all the employees who contributed during the year to making Haldex stronger and more capable of fulfilling its long-term potential.

Helene Svahn
President & CEO

EVENTS DURING THE YEAR

Fourth quarter

Transactions and partnerships

- Haldex has renewed its contracts with two large truck manufacturers to act as exclusive subcontractor for the supply of automatic brake adjusters. Haldex has been the exclusive supplier of automatic brake adjusters to two large truck manufacturers in EMEA and South America since the 1970s. This contract, signed in December 2019, has secured the partnership until the end of 2023, with estimated business value of SEK 260m.
- The first prototype of the electromechanical brake system was installed in a test vehicle at a major European vehicle manufacturer. This represents a large and important step in the development of customised solutions for the European market.

Efficiency improvement and organisation

- Haldex has decided to move the assembly of brake adjusters from the United States to Mexico. Action to make the manufacturing of brake adjusters more efficient began in 2018, when the machining of brake adjusters in the United States was transferred to India. Economies of scale are achieved by transferring assembly from the factory in Blue Springs, Missouri in the United States to Mexico, where Haldex's largest factory is located. The annual cost savings are estimated at SEK 25m when the transfer has been fully implemented. A total of 154 employees are affected, a few of whom will be offered relocation within Haldex's American operation. The costs of moving production are estimated at SEK 29m, and it is anticipated that the move will be completed in the fourth quarter of 2020. Further expenses of SEK 5m are expected to be charged against profit in 2020.
- Haldex has also decided to concentrate the production of EBS and air suspension products by transferring manufacturing from Heidelberg to Hungary. Economies of scale will be achieved by closing the factory in Heidelberg, which is expected to lead to reduced costs. The annual cost savings are estimated at SEK 50m when the transfer has been fully implemented. A total of 100 employees are affected, around 80 of whom are expected to be served notice. It is anticipated that the move will be implemented in the first half of 2020. The cost of relocation is estimated at SEK 143m and was charged against profit as a non-recurring expense of SEK 138. The remaining SEK 5m will be charged against profit in 2020.

The period January to September

Transactions and partnerships

- In third quarter, Haldex completed the development phase for the ModulT disc brake in cooperation with Daimler, the world's largest truck manufacturer. As part of the project, Haldex has adapted ModulT to one of the customer's special vehicles, and the project is now entering series production for Mercedes-Benz Unimog.
- Haldex concluded a concept phase contract, including an associated framework contract, with one of the world's largest truck manufacturers for the development of brake and suspension systems for self-driving and electric vehicles.
- The Haldex electromechanical braking system was approved by the Chinese authorities for use on the Chinese market.
- Haldex concluded contracts with several different Chinese bus manufacturers for the test installation of electromechanical brake systems on their vehicles.

Organisational change

The Board appointed Helene Svahn as the new Chief Executive Officer in June 2019. At the time when she was appointed, she was a member of the Haldex Board and active as head of research and innovation for Permobil and as a professor at the Royal Institute of Technology (KTH). She remains on the Board.

With the new leadership, changes have taken place in the management team to make faster, clearer and more efficient decision pathways possible.

Events after the end of the quarter

On 20 January 2020 Haldex replaced the bond loan of SEK 270m which expired on that date with a short-term loan in the same amount with a term of 4 months, with the option of extension until refinancing of the whole of Haldex borrowings has taken place. The company anticipates that refinancing will be implemented in the first quarter.

FINANCIAL SUMMARY OF THE FOURTH QUARTER AND THE FULL YEAR OF 2019

Net sales

Currency-adjusted sales for the fourth quarter fell by 11% compared with the same period of the previous year. Asia and South America showed clear growth, albeit from low levels, while our most important markets of North America and Europe fell sharply as a result of weak market conditions in both regions. According to available statistics, the truck market shrank by 19% and the trailer market by 14% in North America. Equivalent volumes in Europe shrank by 12% and 7% respectively. The aftermarket developed substantially better than the OE business, which declined by 3%.

NET SALES PER REGION

SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ ¹	Jan-Dec 2019	Jan-Dec 2018	Δ ¹
Europe	357	420	-17%	1,698	1,811	-8%
North America	571	615	-12%	2,659	2,432	1%
Asia & Middle East	164	146	8%	586	708	-20%
South America	49	44	11%	208	168	23%
Total	1,141	1,225	-11%	5,151	5,119	-5%

¹Currency adjusted

NET SALES PER PRODUCT LINE

SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ ¹	Jan-Dec 2019	Jan-Dec 2018	Δ ¹
Foundation Brake	637	691	-11%	2,966	3,008	-6%
Air Controls	504	534	-10%	2,185	2,111	-2%
Scalable Brake System	-	-	-	-	-	-
Total	1,141	1,225	-11%	5,151	5,119	-5%

¹Currency adjusted

NET SALES PER CUSTOMER CATEGORY

SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ ¹	Jan-Dec 2019	Jan-Dec 2018	Δ ¹
Truck - including buses	265	313	-19%	1,252	1,295	-9%
Trailer	303	350	-16%	1,502	1,593	-9%
Aftermarket	573	562	-3%	2,397	2,231	1%
Total	1,141	1,225	-11%	5,151	5,119	-5%

¹Currency adjusted

Operating profit

Adjusted operating profit in the fourth quarter improved to SEK 44m (38), equivalent to an adjusted operating margin of 3.8% (3.1). The adjustment for the fourth quarter principally relates to non-recurring expenses linked to the closure of the factories in Blue Springs and Heidelberg. The factory closures are estimated to yield annual savings of SEK 75m from the fourth quarter of 2020 onward, taking full effect in the first quarter of 2021. Other non-recurring expenses relate to management changes and legal expenses.

The improved adjusted operating margin in comparison with the fourth quarter of 2018 is explained by an increased proportion of aftermarket sales, lower material expenses and the fact that Haldex succeeded in lowering its selling and administrative expenses by SEK 27m, net of currency effects.

Exchange-rate fluctuations, including gains or losses from currency hedging and currency translation effects, had a negative impact on consolidated operating profit of SEK -2m (3) in the fourth quarter. The currency effect in net financial income/expense in the fourth quarter was SEK 0m (-7).

The adjusted operating margin excluding investments in new technology improved, amounting to 4.9% in the fourth quarter. The trend shows that Haldex efficiency improvement efforts have produced results and that the company is coming

close to the target of an adjusted operating margin for the basic operation, i.e. excluding new technology, of 10% by 2022.

Reported operating profit totalled SEK -133m (-12) in the fourth quarter, equivalent to an operating margin of -11.6% (-1.0). The operating loss is explained mainly by restructuring expenses attributable to the closure of the factories in Heidelberg and Blue Springs. In addition to the provisions made in the fourth quarter, we anticipate further non-recurring expenses relating to the closures of SEK 10m in 2020. Non-recurring items totalled SEK 177m (50). The new standard, IFRS 16, has had only a minor impact on operating profit and the adjusted operating margin excluding IFRS 16 was 3.8% for the fourth quarter. Higher financial expenses in the quarter are due to increased interest expenses resulting from the new standard for leases, IFRS 16.

Full year 2019

Sales for the full year of 2019 totalled SEK 5,151m (5,119). Growth was good in the first three quarters, but declined sharply in Europe and North America in the last three months of the year. In currency-adjusted terms, sales fell by 5%.

Adjusted operating profit for the full year of 2019 totalled SEK 317m (305), equivalent to an operating margin of 6.1% (6.0). In comparison with 2018, currency-adjusted sales fell by 5%. The downturn in sales to OE customers was offset by a continued high level of sales to the aftermarket, lower fixed production expenses and lower selling and administrative expenses. Gross margin improved by 0.5 percentage points, and selling and administrative expenses, in currency-adjusted terms, decreased by SEK 11m as a result of our cost-saving programme.

Reported operating profit totalled SEK 105m (255), equivalent to an operating margin of 2.0% (5.0). Non-recurring expenses of SEK 212m are charged against operating profit, the greater part of which, SEK 162m, is linked to the closures in Heidelberg and Blue Springs. Other non-recurring expenses are attributable to legal expenses and changes to the management team.

Currency fluctuations, including gains or losses from currency hedging and currency translation effects, had a positive impact on consolidated operating income excluding non-recurring items of SEK 24m (39) during the year. The currency effect in net financial income/expense during the year totalled SEK -2m (-17).

Product development

Investments in new technology and product development are going according to plan. The business operated by Haldex is associated with regular maintenance expenses but also expenses incurred in examining commercial and technical opportunities to launch new products (research expenses). Costs of maintenance of existing products and research for the development of new products are recognised on an ongoing basis in the income statement. Haldex estimates that, based on historical average, these normally amount to 3-4% of sales. Development expenses may not be capitalised, i.e. recognised as an asset, until a number of conditions have been met, see accounting policies in 2018. Haldex at present has a number of ongoing development projects, in particular the projects under way in new technology, which do not yet meet the conditions for capitalisation, and are therefore reported as research and development expenses. In addition to the expenditure recognised as expenses in the income statement, SEK 107m (68) was capitalised as an asset in the

balance sheet during the year. Total R&D expenditure including development expenses was SEK 67m (60) in the quarter, equivalent to 5.9% of sales. The corresponding figure for the full year was SEK 235m (212), equivalent to 4.6% of sales.

The company's Chinese joint venture, Haldex VIE, is continuing to develop according to plan. Development work on the electromechanical brake system for electric buses and other uses on the Chinese market was stepped up during the year, and expenses in the fourth quarter totalled SEK 7m (0). The equivalent expense for the full year was SEK 21m (5).

Taxes

The tax expense for the fourth quarter was SEK 4m (2). The tax rate for the quarter was negatively affected by the restructuring expense provision for transfer of production from Heidelberg to Hungary, where Haldex decided as a precaution not to capitalise the loss carry-forwards linked to this provision in the accounts.

Deferred tax assets for tax loss carry-forwards are recognised to the extent that it is likely that they can be offset against taxable surplus.

Tax expense for the full year totalled SEK 56m (66), which is equivalent to a tax rate of 91%. Adjusted for the restructuring expense in Heidelberg, the tax rate was 28%.

Net profit and earnings per share for the period

Profit after tax in the fourth quarter totalled SEK -149m (-24). Basic and diluted earnings per share were SEK -3.36 (-0.49).

Profit after tax for the full year of 2019 totalled SEK 5m (153). Basic and diluted earnings per share were SEK 0.12 (3.46).

Cash flow

Cash flow from operating activities totalled SEK 239m (199) in the fourth quarter. Investments, including capitalised developed expenses, totalled SEK -136m (-126). Investments principally comprise new machinery to enable production to be transferred to Mexico and continued implementation of the company's business system. Capitalised development expenditure of SEK -32m (-27) principally consists of expenses relating to the development of the new generation of EBS and continued development of new technology.

Operating capital developed favourably in the quarter, and there was a positive impact on cash flow from operating activities of SEK 143m (120), principally due to reduced accounts receivable as a result of low sales in December.

NET DEBT AND NET INTERESTS

SEK m	Dec 31 2019	Dec 31 2018	Δ
Assets as part of the net debt:			
Cash and cash equivalents	315	305	3%
Liabilities as part of the net debt:			
Interest-bearing liabilities including derivative instruments	-768	-582	32%
Pensions liabilities	-562	-455	24%
Net debt in total, excluding IFRS16 - financial leasing	-1,015	-732	39%
Debt related to IFRS16	-423	-	-
Net debt in total	-1,438	-	-
Net interest during the year	-8	-15	-47%

Financial position

Group net debt at 31 December totalled SEK 1,438m (732), representing an increase of SEK 706m on the equivalent period of the previous year. SEK 176m of the increase is attributable to investing activities, which consist of both capitalised product development and investments in machinery. SEK 107m is attributable to a revaluation of the pension liability which occurred in 2019, and SEK 423m is related to changed accounting policies (IFRS 16).

Financial items totalled SEK -12m (-10) in the fourth quarter, of which net interest income/expense, excluding IFRS 16, was SEK -7m (-2). The equity/assets ratio was 35% (44) for the fourth quarter.

Haldex loan financing consists primarily of:

- A short-term loan with a term of 4 months of SEK 270m, which replaced a bond loan of SEK 270m that matured on 20 January 2020.
- A syndicated credit facility of EUR 90m, maturing in April 2021. EUR 43m of this facility had been used at the end of the quarter.

The company has initiated negotiations with banks and other lenders to establish a long-term funding solution, and the aim is for this to be in place in the first quarter of 2020.

Pledged assets and contingent liabilities

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

REGION NORTH AMERICA

Net sales, SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ¹	Jan-Dec 2019	Jan-Dec 2018	Δ¹
Truck	116	153	-28%	657	613	-2%
Trailer	94	99	-10%	487	447	0%
Aftermarket	361	363	-7%	1,515	1,371	2%
Total	571	615	-12%	2,659	2,432	1%

¹Currency adjusted

Market

North America is Haldex's largest market and accounts for 50% of the company's total sales in the fourth quarter. The number of newly produced vehicles has been at a record high level for a number of years, but dropped sharply in the fourth quarter of 2019. The market for newly produced trucks fell overall by 19% in the fourth quarter. A strong first six months meant that the market for the year as a whole increased by 6%. The number of newly produced trailers fell by 14% both during the fourth quarter and for the full year. The decline in the market is principally explained by an economic downturn. The aftermarket bucked the downward trend and fell by only 2%. The forecast for 2020 is that the total volume of production in the region will decrease by 24% and then gradually rise again.

Haldex development in the fourth quarter

Currency-adjusted sales in the fourth quarter fell by 12%, largely due to lower production of new vehicles. A number of truck manufacturers announced decreases in volume of production and introduced planned closures of factories around public holidays. Haldex is the market leader in brake adjusters and actuators and is adversely affected when the number of newly produced vehicles decreases. Other products are attributable more to the aftermarket and are therefore less dependent on production trends in the region.

The aftermarket accounted for 63% of sales, despite decreasing by 7% in currency-adjusted terms. The market as

a whole decreased by 11%, linked to delays in maintenance programmes among a number of major haulage companies and the weaker economic climate.

Profitability is generally higher in North America than in Europe. In the fourth quarter, lower material costs had a positive impact on profitability of SEK 6m in comparison with 2018.

Profitability for the full year of 2019 was negatively impacted by higher material costs and customs duties. The company took a number of measures during the year to adapt operations to the worsened market climate, partly through the restructuring of Frictioncenters.

Significant events

It was made known in October that the Blue Springs factory, which produces brake adjusters, would be closed. Production will be transferred to Mexico, where Haldex's largest production facility is located.

Future outlook

Drum brakes and ABS remain the dominant technologies in North America. There is, however, a clear trend towards more advanced technology. The switch from drum brakes to disc brakes is continuing, albeit slowly. Haldex aspires to take a leading position in the disc brake market. In the fourth quarter one of Haldex's European disc brake customers, an axle manufacturer, began an evaluation of Haldex disc brakes for the U.S. market.

REGION EUROPE

Net sales, SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ ¹	Jan-Dec 2019	Jan-Dec 2018	Δ ¹
Truck	38	47	-22%	177	189	-8%
Trailer	153	211	-29%	803	910	-13%
Aftermarket	166	161	0%	718	712	-2%
Total	357	420	-17%	1,698	1,811	-8%

¹Currency adjusted

Market

Europe accounted for 31% of total Haldex sales in the fourth quarter. The number of newly produced vehicles had increased steadily on the European market for several years before a downturn in 2019. Production of trucks fell by 12% and trailers by 7% in the fourth quarter. Production of newly produced trucks fell by 2% and newly produced trailers by 7% in 2019. The forecast for 2020 is that the total volume of production will decline by 2% and then gradually rise again.

Europe is notable for technologically advanced vehicles. Disc brakes and EBS are dominant technologies, both for newly produced vehicles and for the aftermarket. European truck manufacturers are leading and driving the development of technology for the vehicles of the future, such as self-driving trucks.

Haldex trend in Q4

Haldex sales in Europe fell by 17% in the fourth quarter. Sales declined in line with the weakening of the market. Haldex had a higher proportion of sales for trailers than for trucks.

At the start of the year Haldex initiated concept cooperation with a European truck manufacturer on the product FABV (Fast Acting Brake Valve). FABV is an important part of the Haldex brake system for self-driving vehicles, and the cooperation developed according to plan. It is anticipated that the next phase will be initiated at the start of the second quarter of 2020.

Trailer sales fell among the largest customers in the fourth quarter, with negative effects on Haldex sales of disc brakes. On the other hand, sales rose during the quarter for two product lines, air suspension and EBS. Sales in the air

suspension product line increased most during the quarter, in part due to larger volumes from an existing customer.

Aftermarket accounted for 46% of the region's sales in the fourth quarter. The region's sales were unchanged in comparison with the same quarter of the previous year. Haldex has historically usually been able to maintain sales on the aftermarket when the number of newly produced vehicles decreases. Pent-up need in the United Kingdom, which during the third quarter was dominated by concerns over Brexit and its consequences, led to increased demand on the British aftermarket in the fourth quarter. Efforts to target haulage firms and consequently increase demand for Haldex products were stepped up during the year.

Region Europe has the lowest profitability of all Haldex markets, which is explained by a broad product portfolio and a high cost level.

Significant events

In October a decision was made to close the factory in Heidelberg in Germany, resulting in transfer of the production of EBS and air suspension products to the Haldex factory in Hungary. It is estimated that the saving made will be SEK 50m when the transfer has been fully implemented, which is expected to be in the fourth quarter of 2020.

Future outlook

Haldex Europe is continuing to focus on increased sales and profitability. These efforts involve launching more cost-effective products and making the organisation more efficient. Haldex plans to introduce a new EBS solution with increased functionality next year to further bolster its market position.

REGION ASIA & MIDDLE EAST

Net sales, SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ¹	Jan-Dec 2019	Jan-Dec 2018	Δ¹
Truck	90	89	-4%	310	406	-27%
Trailer	53	37	38%	199	225	-14%
Aftermarket	21	19	3%	77	77	-5%
Total	164	146	8%	586	708	-20%

¹Currency adjusted

Market

Asia and the Middle East accounted for 14% of total Haldex sales during the fourth quarter. China produces the largest number of heavy vehicles in the world, but many of these vehicles fall outside the Haldex offering as they have technically simpler brake systems. The long-term trend is, however, towards more advanced vehicles, which is positive for Haldex.

In 2019, production fell by 5% for newly produced trucks and by 10% for newly produced trailers. The market situation is somewhat more favourable in China than in India. The forecast for 2020 is that the number of newly produced trucks and trailers will decline by 8% in Asia before slightly rising again.

Haldex trend in Q4

Haldex currency-adjusted sales in Asia and the Middle East decreased by 8% during the fourth quarter, largely due to increased sales to trailer customers. In the previous year, sales were boosted by new legislation requiring automatic brake adjusters. The effects of the new legislation are beginning to fade but nevertheless continued to have a positive impact on sales during the fourth quarter.

Haldex is the market leader in Asia for brake adjusters, which in addition are the largest product in the region in terms of sales and accounted for half of sales in the quarter. Changes in the number of newly produced vehicles are therefore driving the sale of brake adjusters.

The aftermarket accounted for 13% of Haldex sales in the fourth quarter. The aftermarket in Asia is notable for local suppliers who offer cheap products with which Haldex has difficulty competing, and the aftermarket's share of total sales is therefore low in this region.

Significant events

Haldex has had a Chinese joint venture, Haldex VIE, for the joint development of electromechanical disc brake systems since 2016. Fully electric brake systems for heavy vehicles (without compressed air) are for the time being only approved in China. During the third quarter Chinese authorities approved Haldex electromechanical brake systems (EMB), clearing the way for use in heavy vehicles on the Chinese market. Several Chinese customers have signed contracts for test installations on their vehicles, and implementation is proceeding. Interest is also high outside of China, and discussions are being held about test installations in Europe and North America.

Future outlook

The market outlook for 2020 remains weak. There is continued uncertainty over export tariffs from the United States to China. South Korea also looks likely to develop weakly in 2020. The trend towards increasingly advanced vehicles with a higher technological content is continuing, however, which is positive for Haldex.

REGION SOUTH AMERICA

Net sales, SEK m	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Δ ¹	Jan-Dec 2019	Jan-Dec 2018	Δ ¹
Truck	21	24	-10%	108	87	25%
Trailer	3	2	37%	13	11	17%
Aftermarket	25	19	35%	86	70	23%
Total	49	45	11%	208	168	23%

¹Currency adjusted

Market

For Haldex, South America principally consists of Brazil. The region accounted for 4% of Haldex sales during the quarter. 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 remains lower. Haldex is the market leader in South America for brake adjusters, which are also the largest product and accounted for an absolute majority of 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 in 2019.

Haldex trend in Q4

During the fourth quarter, Haldex increased its sales in South America by 11%, which represents a lower rate of growth than in the third quarter. The truck segment in Brazil in particular achieved lower sales in the fourth quarter, while aftermarket and the trailer segment continued to develop favourably. Export activity to other countries outside Brazil in the region also showed good growth.

Aftermarket grew by 35% and accounted for 51% of the company's sales in South America in the fourth quarter. Over

the past few years, Haldex has grown faster than the market and has consequently taken market shares.

Profitability in South America has steadily improved. Sales have been positively impacted by an improved market situation and increased demand, which combined with implemented cost-saving programmes have boosted profitability.

Significant events

The most significant event for Haldex in the region is that the economy has recovered and that the number of newly produced trucks increased between 2018 and 2019. This has led to increased sales, which has meant economies of scale in fixed costs.

Future outlook

In 2020, production is expected to increase by 19% for newly produced trucks and decrease by 1% for newly produced trailers. Haldex anticipates benefiting from the increase in new production of trucks.

EMPLOYEES

At the end of the quarter, there were 2,172 (2,309) employees, representing a decrease of 137 over the year. The largest decreases in workforce have occurred in countries with production facilities, such as Hungary, the United States, China and Mexico. The number of employees has increased in product development in the United Kingdom.

PARENT COMPANY

Haldex AB (publ), corporate identity number 556010-1155, is a registered limited liability company with registered office in Landskrona, Sweden. Haldex AB shares are listed on Nasdaq Stockholm, Mid Cap. The parent company fulfils head office functions, including the corporate finance function. Net sales in the parent company totalled SEK 31m (26) during the fourth quarter. Profit after tax was SEK -43m (-134).

ANNUAL GENERAL MEETING

The Haldex Annual General Meeting will be held on 6 May 2020, at 2.00 pm, in Landskrona. It is anticipated that the annual report will be available on the company's website no later than three weeks before the meeting. Under the company's Articles of Association, notice of the meeting must be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice will be given by announcement in the official gazette Post- och Inrikes Tidningar and in the newspaper Svenska Dagbladet. Shareholders wishing to attend the Annual General Meeting must notify the company not later than the date stated in the notice and be registered in the share register maintained by Euroclear Sweden AB for the Annual General Meeting. Information about the formalities and time for notification of intention to attend the meeting of shareholders will be provided in conjunction with the issuing of the notice. Shareholders wishing to have an item discussed at a shareholders' meeting must submit a written request to the Board of Directors. This request must be received by Haldex at least seven weeks prior to the meeting to enable the item to be included in the notice of the meeting.

DIVIDEND

The Board of Directors proposes, with the application of the company's accepted principles for dividend distribution and in the light of the Company's efficiency measures, that no dividend will be paid.

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, which is described in the Haldex 2018 Annual

Report and Corporate Governance Report, on pages 34–37 and 75–83. The section on risks in the Annual Report makes it clear that the consolidated final statements require certain judgements and assumptions about the future that are based on both historical experience and future expectations. Goodwill, development projects, taxes and pensions are the areas presenting a significant risk of future adjustments to recognised values. Warranty provisions and customer commitments have been identified as the areas where uncertainty about future adjustments to estimated values is greatest.

SHARES AND SHARE DATA

Earnings per share for the fourth quarter were SEK -3.36 (-0.49). Earnings per share for the full year 2019 were SEK 0.12 (3.46).

On the balance sheet date equity per share was SEK 34.78 (35.80). Haldex had 44,215,970 shares at the end of the period.

The share price at 2 January 2019 was SEK 67.20. The price last paid at the end of the year was SEK 51.00 on 30 December 2019.

LONG-TERM FINANCIAL GOALS

Adjusted EBITA, excluding new technology, 10%

The objective is to achieve an operating margin of 10% in 2022, excluding investments in new technology. R&D expenses will remain at a higher level than in previous years and have an impact on the total margin for the company.

Growth

Haldex is to grow organically at a faster rate than the market.

Debt

The net debt/equity ratio is to be less than 1.

TARGET FULFILMENT IN 2019

Net sales are expected to be somewhat lower than in 2018. Outcome: Net sales rose by 1%, which adjusted for exchange rates was equivalent to a decrease of 5% for the full year of 2019.

Adjusted operating margin is to be equal to or slightly better than 2018. Outcome: Adjusted operating margin was 6.1% (6.0).

OUTLOOK FOR 2020

Currency adjusted sales	SEK 4,850 – 5,000m
Adjusted operating margin	6.5 – 7.0%

FUTURE-ORIENTED INFORMATION

This report includes future-oriented information with statements concerning the future prospects for Haldex's operations. The information is based on the current expectations, estimates and forecasts of the Haldex management. Actual future outcomes may differ significantly from the information supplied in this report, which is future-oriented, due among other things to changes in economic, market and competition conditions.

TRANSACTIONS WITH RELATED PARTIES

No transactions have taken place 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 customers, resulting in lower sales during holiday periods and at times 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 prepared in accordance with IAS 34 Interim Financial Reporting. The interim period information on pages 1–24 forms an integral part of this financial report. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company's report has been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 'Financial Reporting for Legal Entities' and the Swedish Annual Accounts Act. The accounting policies are thus unchanged from those presented in the 2018 Annual Report on pages 43–48. Holdings in associated companies are recognised in accordance with the equity method; the Group's share of the associated company's profit is reported on a separate line in the income statement.

In 2017 the development of electromechanical disc brakes was in a research stage operated by Haldex VIE, a Chinese

joint venture which Haldex recognises as a minority item and where the Group share of profit or loss is recognised as a financial item. Since 2018 the research has become development work, and the Group's share of profit or loss from this associated company is now charged against Group operating profit.

Changed estimates and judgements

Actuarial assumptions for measurement of the pension liability are determined on an ongoing basis. During the fourth quarter of 2019 the pension liability increased by SEK 22m (-4). The equivalent change for the full year is 107 (12). 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 1 January 2019. Haldex has implemented the standard in accordance with the simplified approach. Under this standard, all leases are henceforth to be reported in the balance sheet, with the sum of the rights-of-use less depreciation and any other adjustments as asset and discounted cost less lease payments as liability. Haldex has not included in its calculations leases that are shorter than 12 months and contracts where the underlying asset has a value of less than USD 5,000. The greater part of the value of leases in the Group pertains to lease contracts for property. Haldex has used the marginal borrowing rate for each currency when discounting and has also taken into account the term of each lease.

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

Landskrona, February 13, 2020

Board of Directors

This report has not been the object of review by the company's auditors.

INCOME STATEMENT

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	1,141	1,225	5,151	5,119
Cost of goods sold	-849	-938	-3,812	-3,813
Gross income	292	287	1,339	1,306
<i>Gross margin</i>	<i>25.6%</i>	<i>23.4%</i>	<i>26.0%</i>	<i>25.5%</i>
Product development costs	-43	-38	-158	-162
Selling and admin costs	-215	-231	-894	-863
Share of result from joint venture	-7	0	-21	-5
Other operating income and expenses	-160	-31	-161	-21
Operating income^{1 2}	-133	-12	105	255
Financial income and expenses	-12	-10	-44	-36
Income before tax	-145	-22	61	219
Tax	-4	-2	-56	-66
Net income	-149	-24	5	153
<i>attributable to non-controlling interest</i>	<i>0</i>	<i>3</i>	<i>4</i>	<i>5</i>
Earnings per share, before and after dilution, SEK	-3.36	-0.49	0.12	3.46
Average No. of shares, thousands	44,204	44,204	44,204	44,204

¹One-off items included in the operating income

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income, including one-off items	-133	-12	105	255
Restructuring costs	-175	0	-204	0
Product related warranty	-	-49	-	-54
Costs related to the bidding process	-2	-1	-8	4
Operating income, excluding one-off items	44	38	317	305

²Operating income excluding new technology and one-off items

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income, excluding one-off items	44	38	317	305
Scalable brake systems	-5	-	-17	-
Joint venture, Haldex VIE China	-7	-	-21	-
Operating income, excluding new technology	55	38	355	305

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net income	-149	-24	5	153
Other comprehensive income/loss				
<i>Items not to be reclassified to the income statement:</i>				
Remeasurement of pension obligation, after tax	26	9	-47	6
Total	26	9	-47	6
<i>Items that may be reclassified subsequently to the income statement:</i>				
Currency translation differences	-84	8	24	73
Changes in financial instruments at fair value, after tax	1	2	-3	4
Total	-83	10	21	77
Total other comprehensive income/loss	-57	19	-26	83
TOTAL COMPREHENSIVE INCOME	-206	-5	-21	236
<i>attributable to non-controlling interests</i>	<i>0</i>	<i>3</i>	<i>4</i>	<i>5</i>

BALANCE SHEET

SEK m	Dec 31 2019	Dec 31 2018
Goodwill	436	419
Other intangible assets	364	245
Tangible assets	1,273	753
Financial assets	23	23
Deferred tax assets	131	145
Total non-current assets	2,227	1,585
Inventories	815	709
Current receivables	1,009	1,068
Derivative instruments	47	22
Cash and cash equivalents	315	305
Total current assets	2,186	2,104
TOTAL ASSETS	4,413	3,689
Equity	1,537	1,611
Pension and similar obligations	562	455
Deferred tax liabilities	12	26
Non-current interest-bearing liabilities	749	572
Other non-current liabilities	23	19
Total non-current liabilities	1,346	1,072
Derivative instruments	34	15
Current interest-bearing liabilities	449	10
Current liabilities	1,047	981
Total current liabilities	1,530	1,006
TOTAL EQUITY AND LIABILITIES	4,413	3,689

CHANGE IN EQUITY

SEK m	12 months	
	Jan-Dec 2019	Jan-Dec 2018
Opening balance	1,611	1,395
Net income	5	153
Other comprehensive income/loss	-26	83
Total comprehensive income	-21	236
Transactions with shareholders:		
Dividend to Haldex' shareholders	-51	-24
Dividend to non-controlling interests	-2	-2
Value of employee services/incentive programs	-	6
Total transactions with shareholders	-53	-20
Closing balance	1,537	1,611
<i>attributable to non-controlling interests</i>	<i>32</i>	<i>28</i>

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income	-133	-12	105	255
Reversal of non-cash items	214	63	427	170
Interest paid	-12	2	-42	-19
Tax paid	27	26	-41	-33
Cash flow from operating activities before change in working capital	96	79	449	373
Change in working capital	143	120	-121	-99
Cash flow from operating activities	239	199	328	274
Investments, incl. capitalised R&D expenses	-136	-126	-381	-381
Cash flow from investment activities	-136	-126	-381	-381
Dividend to Haldex' shareholders	-	-	-51	-24
Dividend to non-controlling interests	-	-	-2	-2
Share swap, incentive program	-	-	-	6
Change of interest-bearing liabilities	1	13	112	231
Cash flow from financing activities	1	13	59	211
Net cash flow	104	86	6	104
Cash and cash equivalents, opening balance	217	214	305	194
Currency translation diff. in cash and cash equivalents	-6	5	4	7
Cash and cash equivalents, closing balance	315	305	315	305

FINANCIAL INSTRUMENTS BY CATEGORY

SEK m	December 31, 2019		December 31 2018	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	2	2	4	1
Forward exchange contracts - at fair value through profit or loss	1	0	1	1
Currency swaps - at fair value through profit or loss	44	32	17	13
Total	47	34	22	15

PARENT COMPANY'S INCOME STATEMENT

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	31	26	125	96
Administrative costs	-23	-31	-107	-76
Operating income	8	-5	18	20
Dividend from Group companies	9	3	55	50
Impairment shares in subsidiaries	-	-100	-	-100
Financial income and expenses	8	15	44	50
Income after financial items	25	-87	117	20
Group contribution	-67	-59	-67	-59
Income before tax	-42	-146	50	-39
Tax	-1	12	0	-4
Net income	-43	-134	50	-43

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net income	-43	-134	50	-43
Other comprehensive income	-	-	-	-
Total comprehensive income	-43	-134	50	-43

PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION

SEK m	Dec 31 2019	Dec 31 2018
Total non-current assets	2,930	2,898
Total current assets	1,160	1,134
Total assets	4,090	4,032
Equity	1,144	1,146
Total non-current liabilities	53	54
Total current liabilities	112	570
Total equity and liabilities	2,781	2,262
Total equity and liabilities	4,090	4,032

FIVE YEARS IN SUMMARY

SEK m, if not otherwise stated	2019	2018	2017	2016	2015
Income statement					
Net sales	5,151	5,119	4,462	4,374	4,777
Cost of goods sold	-3,812	-3,813	-3,237	-3,155	-3,418
Gross income	1,339	1,306	1,225	1,219	1,359
Product development costs	-158	-162	-158	-177	-193
Selling and admin costs	-894	-863	-797	-773	-749
Share of result from joint venture	-21	-5	-	-	-
Other operating income and expenses	-161	-21	-121	-65	-92
Operating income	105	255	149	204	325
Operating income, excluding one-off items	317	305	292	291	444
Financial income and expenses	-44	-36	-8	-36	-54
Share of result from joint venture	-	-	-12	-3	-
Income before tax	61	219	129	165	271
Tax	-56	-66	-50	-74	-80
Net income	5	153	79	91	191
Statement of financial position					
Total non-current assets	2,227	1,585	1,349	1,306	1,177
Total current assets	2,186	2,104	1,729	1,751	1,678
Total assets	4,413	3,689	3,078	3,057	2,855
Equity	1,537	1,611	1,395	1,374	1,407
Non-current liabilities	1,346	1,072	775	757	692
Current liabilities	1,530	1,006	908	926	756
Total equity and liabilities	4,413	3,689	3,078	3,057	2,855
Statement of cash flow					
Cash flow from ongoing activities before changes in working capital	449	373	262	238	349
Cash flow from operating activities	328	274	173	256	220
Cash flow from investment activities	-381	-381	-231	-222	-174
Cash flow from financing activities	59	211	-35	-52	-179
Net cash flow	6	104	-93	-18	-133
Key figures					
Operating margin, %	2.0	5.0	3.3	4.7	6.8
Operating margin, excl. one-off items, %	6.1	6.0	6.5	6.6	9.3
Earnings per share, before and after dilution, SEK	0.12	3.46	1.67	2.00	4.28
Equity per share, SEK	34.78	35.80	30.98	30.63	31.46
Cash flow, operating activities, per share, SEK	7.42	6.20	3.91	5.80	4.99
Dividend, SEK ²	0.00	1.15	0.55	0.00	2.00
Share price, SEK	51.00	69.00	87.25	116.50	79.50
Return on capital employed, % ¹	3.1	9.8	6.8	9.7	15.9
Return on capital employed, excl. one-off items, % ¹	9.4	11.8	13.3	13.8	21.7
Return on equity, %	0.1	9.8	5.4	13.1	14.1
Equity ratio, %	35	44	45	45	49
Net debt/equity ratio, % ³	66	45	42	36	24
External investments	273	313	218	222	174
R&D, %	4.6	4.1	4.0	3.5	3.6
Number of employees	2,172	2,309	2,176	2,045	2,140

¹Rolling twelve months ²Proposed by the board of directors ³Excluding effects of IFRS16 - financial leasing

QUARTERLY DATA

SEK m, if not otherwise stated	2019				2018			2017	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Income statement									
Net sales	1,141	1,283	1,389	1,339	1,225	1,270	1,372	1,252	1,049
Cost of goods sold	-849	-928	-1,031	-1,005	-938	-934	-1,014	-927	-774
Gross income	292	355	358	334	287	336	358	325	275
Product development costs	-43	-43	-39	-33	-37	-44	-44	-36	-39
Selling and admin costs	-215	-227	-229	-223	-231	-216	-216	-201	-179
Share of result from joint venture	-7	-7	-7	-	-	-	-1	-4	-
Other operating income and expenses	-160	-10	-10	19	-31	3	5	2	-24
Operating income ¹	-133	68	73	97	-12	79	102	86	33
Operating income, excluding one-off items	44	85	91	97	38	79	102	86	66
Financial income and expenses	-12	-16	-8	-7	-10	-11	-11	-4	-3
Share of result from joint venture	-	-	-	-	-	-	-	-	-4
Income before tax	-145	52	65	90	-22	68	91	82	26
Tax	-4	-15	-16	-22	-2	-10	-30	-24	-12
Net income	-149	37	49	68	-24	58	61	58	14
Statement of financial position									
Total non-current assets	2,227	2,178	2,131	2,086	1,585	1,526	1,497	1,436	1,349
Total current assets	2,186	2,283	2,243	2,291	2,104	2,207	2,272	2,095	1,729
Total assets	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078
Equity	1,537	1,745	1,675	1,708	1,611	1,617	1,581	1,502	1,395
Total non-current liabilities	1,346	1,358	1,356	1,566	1,072	974	975	884	775
Total current liabilities	1,530	1,358	1,343	1,103	1,006	1,142	1,213	1,145	908
Total equity and liabilities	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078
Statement of cash flow									
Cash flow from operating activities	239	76	97	-84	199	74	65	-64	45
Cash flow from investment activities	-136	-82	-97	-66	-126	-85	-89	-81	-43
Cash flow from financing activities	1	21	-77	114	13	14	42	142	-74
Net cash flow	104	15	-77	-36	86	3	18	-3	-72
Key figures									
Operating margin, %	-11.6	5.3	5.3	7.2	-1.0	6.3	7.4	6.9	3.1
Operating margin, excl. one-off items, %	3.8	6.6	6.5	7.2	3.1	6.3	7.4	6.9	6.3
Operating margin, excl. new technology items, %	4.9	7.4	7.4	7.5	0.0	0.0	0.0	0.0	0.0
Earnings per share, before and after dilution, SEK	-3.36	0.83	1.11	1.54	-0.49	1.26	1.39	1.30	0.25
Equity per share, SEK	34.78	39.48	37.89	38.64	35.80	36.57	35.76	33.97	30.98
Cash flow, operating activities, per share, SEK	5.41	1.72	2.19	-1.90	3.20	1.67	1.47	-1.45	1.98
Share price, SEK	51.00	50.20	57.00	62.00	69.00	87.20	89.00	85.40	87.25
Return on capital employed, % ^{1 2}	3.1	7.5	8.2	9.7	9.8	12.5	11.7	9.0	6.8
Return on capital employed, excl. one-off items, % ^{1 2}	9.4	10.5	10.6	11.5	11.8	13.8	14.0	13.5	13.3
Return on equity, %	-9.3	2.1	2.9	4.1	-1.7	3.7	3.9	4.0	0.8
Equity ratio, %	35	39	38	39	44	43	42	43	45
Net debt/equity ratio, % ²	66	62	62	55	45	50	51	50	42
External investments	103	64	69	37	99	74	74	66	43
R&D, %	5.9	4.1	4.3	4.2	4.9	3.9	3.9	3.7	4.5
Number of employees	2,172	2,212	2,283	2,315	2,309	2,313	2,403	2,315	2,176

¹Rolling twelve months. ²Excluding effects of IFRS16 - financial leasing

KEY FIGURES

	2019	2018
Operating margin, excl. one-off items, %	6.1%	6.0%
Operating margin, %	2.0%	5.0%
Operating margin, excl. new technology items, %	6.9%	-
Cash flow, operating activities	328	274
Cash flow after investment activities	-53	-107
Return on capital employed, % ^{1 2}	3.1%	9.8%
Return on capital employed, excl. one-off items, % ^{1 2}	9.4%	11.8%
Investments (excl. capitalized R&D expenses), SEK m	273	313
R&D, %	4.6%	4.1%
Number of employees	2,172	2,309
Return on shareholders' equity, % ¹	0.1%	9.8%
Interest coverage ration	7.5	11.8
Equity ratio, %	35	44
Net debt/equity ratio, % ²	66	45
Share data:		
Earnings per share, before dilution, SEK	0.12	3.46
Earnings per share, after dilution, SEK	0.12	3.46
Equity per share, SEK	34.78	35.80
Cash flow, operating activities, per share, SEK	7.42	6.20
Share price, SEK	51.00	69.00
Average No. of shares, thousands	44,216	44,216
Total No. of shares at end of period, thousands	44,216	44,216
of which is treasury shares, thousands	12	12

¹Rolling twelve months ²Excluding the effects of IFRS16 - financial leasing

OTHER INFORMATION

Press and analyst conference

Journalists and analysts are invited to a teleconference at which the report will be presented with comments by Helene Svahn, President and CEO, and Andreas Larsson, CFO. The presentation will also be webcast, and you can take part and ask questions by phone. Date and time: Thursday 13 February, 11.00 am.

The press conference will be webcast at:
<https://tv.streamfabriken.com/haldex-q4-2019>

To join the teleconference:
 SE: +46 8 505 583 69
 UK: +44 33 33 00 92 71
 US: +1 83 38 23 05 90

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

Financial calendar 2020

Annual Report	week 16
Interim Report, Jan-Mar	23 April
Interim Report, Apr-Jun	16 July
Interim Report, Jul-Sep	24 October

The AGM will be held on 6 May 2020.

Haldex's Capital Markets Day April 2, 2020

Please register at: www.haldex.com/en/capitalmarketsday no later than March 19. Prior to the event, more information will be available through the registration link.

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This information is information that Haldex AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on Thursday, February 13, 2019 at 7:20 CEST.

FINANCIAL DEFINITIONS

As a result of the European Securities and Markets Authority's new guidelines for alternative performance measures, the list of financial definitions has been expanded. The purpose of the added terms is to achieve enhanced understanding and promote the usability of the financial information and provide the reader with a more nuanced and in-depth picture of the business.

No new performance measures have been added in the period in comparison with the previous quarter. In cases where the numerical basis for calculating alternative performance measures is not stated in the report, see the annex for additional information.

Return on equity¹

The proportion of net profit for the year attributable to the shareholders in the parent company as a percentage of the proportion of average equity attributable to the shareholders in 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 less cost of goods sold, in relation to net sales.

Equity per share

Equity attributable to the parent company shareholders divided by average number of shares.

One-off items

Income statement items which are of a non-recurring nature in normal business operations. Non-recurring items may, for example, include restructuring costs, impairments and product-related warranties attributable to specific customer commitments. The purpose of specifying these is to be able to demonstrate the trend in the underlying business. For numerical data, see page 10 and annex.

R&D, %¹:

Total research and development expenditure excluding depreciation, divided by net sales.

Cash flow per share

Cash flow from operating activities divided by average number of shares.

Net debt¹

Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions. For numerical data, see page 11 and annex.

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 profit for the year attributable to the parent company shareholders divided by weighted average number of shares.

Net interest income/expense¹

The financial difference in absolute terms between recognised interest income for financial assets and interest expenses for interest-bearing liabilities and provisions. For numerical data, see annex. Interest coverage ratio¹: Operating profit excluding non-recurring items plus interest income divided by interest expenses.

Operating margin

Operating profit as a percentage of net sales for the period.

Adjusted operating margin

Operating profit excluding non-recurring items, as a percentage of net sales for the period.

Adjusted operating margin excluding investment in new technology

Operating profit excluding product development expenses for new technology and non-recurring items, as a percentage of net sales for the period.

Operating profit¹

Profit from operations before financial items and tax. For numerical data, see page 10 and annex.

Adjusted operating profit

Profit from operations before financial items and tax. For numerical data, see page 10 and annex.

Adjusted operating profit excluding one-off items

Profit from operations before financial items and tax, adjusted for non-recurring items and development expenses for new technology.

Equity/assets ratio

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

Capital employed¹

Balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions.

Currency-adjusted information¹

Financial figure converted at the same exchange rate as in the comparison period. The purpose is to show how the business operation would have developed without the impact of changes in exchange rates in the consolidation of foreign units.

GLOSSARY

ABS

A system that prevents the wheels from locking during braking. ABS stands for Anti-lock Braking System.

Air Controls

Haldex product line for products that improve the safety and driving dynamics of the brake system, such as treatment and dehumidifying of compressed air, valves, ABS and EBS.

EBS

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

Aftermarket

The selling of spare parts, training and services to the workshops which repair and service vehicles that have entered service.

EMB

Electromechanical brake system. This is part of an electronic braking system, i.e. the pneumatic brake system is replaced by an electronic brake system. Electromechanical brake systems are currently approved in China, but not in North America and Europe.

FABV

Fast Acting Brake Valve, one of the products in new technology. FABV is a valve that is used in brake systems based on compressed air to reduce braking distance and improve control of the vehicle's path.

Foundation Brake

Haldex product line for brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators.

New technology

New technology means Scalable Brake Systems, which include EMB and FABV. These are developed partly in-house by Haldex and partly with Haldex's VIE joint venture in China.

OEM

Original equipment manufacturer, i.e. manufacturer of vehicles.

Truck

Heavy goods vehicles and buses.

Trailer

Towed vehicles attached to a tractor (lorry).

¹Additional financial information is presented in an appendix

FINANCIAL DATA FOR ALTERNATIVE KEY FIGURES

Net sales

SEK m	Reported net sales Oct-Dec 2019	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Oct-Dec 2019	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
The Group	1,141	-47	1,094	-4%	5,151	-270	4,881	-5%
Total	1,141	-47	1,094	-4%	5,151	-270	4,881	-5%

Net sales per product line

SEK m	Reported net sales Oct-Dec 2019	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Oct-Dec 2019	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
Europe	357	-8	349	-2%	1,698	-36	1,662	-2%
North America	571	-32	539	-6%	2,659	-211	2,448	-8%
Asia & Middle East	164	-7	157	-4%	586	-22	564	-4%
South America	49	0	49	1%	208	-1	207	0%
Total	1,141	-47	1,094	-4%	5,151	-270	4,881	-5%

Net sales per customer category

SEK m	Reported net sales Oct-Dec 2019	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Oct-Dec 2019	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
Foundation Brake	637	-23	613	-4%	2,966	-145	2,821	-5%
Air Controls	504	-24	481	-5%	2,185	-125	2,060	-6%
Total	1,141	-47	1,094	-4%	5,151	-270	4,881	-5%

Net sales per region

SEK m	Reported net sales Oct-Dec 2019	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Oct-Dec 2019	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
Truck	265	-10	255	-4%	1,252	-71	1,181	-6%
Trailer	303	-9	294	-3%	1,502	-56	1,446	-4%
Aftermarket	573	-28	545	-5%	2,397	-143	2,254	-6%
Total	1,141	-47	1,094	-4%	5,151	-270	4,881	-5%

QUARTERLY DATA

FINANCIAL DATA FOR ALTERNATIVE KEY FIGURES

SEK m, if not otherwise stated	2019				2018			2017	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
One-off items									
- Restructuring costs	-175	-12	-17	0	-1	0	0	0	-11
- Costs related to the bidding process	-2	-5	-1	0	0	0	5	0	-22
- Product related warranty	0	0	0	0	-49	0	-5	0	0
Total one-off items	-177	-17	-18	0	-50	0	0	0	-33
Research and development expenditure excluding depreciations	-67	-54	-59	-56	-60	-51	-54	-47	-47
Product development cost for new technology	-14	-10	-12	-11	-	-	-	-	-
Joint venture EMB	-7	-7	-7	-	-	-	-	-	-
Scalable brake systems	-5	-2	-6	-4	-	-	-	-	-
Total operating expenses for new technology	-12	-9	-13	-4	-	-	-	-	-
Net of interest and financial items									
Interest income	2	4	4	3	5	0	1	1	1
Interest expenses	-10	-11	-10	-5	-7	-2	-8	-5	-4
Total net of interest	-8	-7	-6	-2	-2	-2	-7	-4	-3
Other financial items	-4	-3	-9	-5	-8	-9	-4	0	-4
Total financial items	-12	-10	-15	-7	-10	-11	-11	-4	-7
Net debt									
- Interest-bearing assets	315	217	196	280	305	214	216	195	194
- Interest-bearing liabilities including derivate instruments	-768	-761	-731	-724	-582	-572	-554	-481	-335
- Pension liabilities	-562	-540	-511	-498	-455	-458	-470	-460	-443
Total net debt¹	-1,015	-1,084	-1,046	-942	-732	-816	-808	-746	-584
Capital employed									
Total assets	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531	3,078
Non-interest-bearing liabilities and provisions	-1,116	-1,048	-1,062	-1,043	-1,041	-1,124	-1,187	-1,081	-909
Total capital employed	3,297	3,413	3,312	3,334	2,648	2,609	2,582	2,450	2,169
Average capital employed₂	3,366	3,198	2,941	2,699	2,571	2,449	2,336	2,239	2,193
Net income attr. to owners of parent company									
Net income	-149	37	49	68	-24	58	61	58	14
Net income attributable to non-controlling interests	0	1	2	1	3	1	1	0	2
Total net income attr. to owners of parent company	-149	36	47	67	-27	57	60	58	12
Equity attr. to owners of parent company									
Equity	1,537	1,745	1,675	1,708	1,611	1,617	1,581	1,502	1,395
Equity attributable to non-controlling interests	32	33	33	31	28	24	27	25	25
Total equity attr. to owners of parent company	1,505	1,712	1,642	1,677	1,583	1,593	1,554	1,477	1,370
Average equity attributable to owners of parent company	1,624	1,641	1,610	1,577	1,515	1,466	1,419	1,370	1,347
Average No. of share:	44,216	44,216	44,216	44,216	44,216	44,216	44,216	44,216	44,216

¹ excl. IFRS16 - leasing