

# HALDEX INTERIM REPORT JANUARY - MARCH 2020

## Q1 2020

### COVID-19 PUTS PRESSURE ON OPERATIONS AND HALDEX IMPLEMENTS LONG-TERM STRUCTURAL SAVINGS PROGRAMME

#### FIRST QUARTER 2020

- Sales fell by 12% and totalled SEK 1,180m (1,339). Currency-adjusted sales fell by 14%. However, the aftermarket has proven to be resilient and saw an increase of 2% compared to same period last year.
- Adjusted operating income totalled SEK 43m (97), equivalent to an adjusted operating margin of 3.6% (7.2).
- Adjusted operating margin excluding investments in new technology was 4.4% (7.5).
- Reported operating income was SEK 30m (97).
- Earnings per share was SEK 0.04 (1.54).
- Operating cash flow totalled SEK -43m (-84). Adjusted for the effect of IFRS 16, cash flow totalled SEK -64m in the first quarter.
- Antitrust complaint was filed with the European Commission against the largest shareholder, Knorr-Bremse.
- CFO Andreas Larsson resigned, the recruitment process is ongoing.
- The distribution centre in Weyersheim was temporarily closed for two weeks due to COVID-19 and is slowly reopening since 7 April.
- Furloughs were announced affecting 250 employees in Landskrona, Sweden.
- Negotiations with the trade unions in Germany regarding relocation of production from Heidelberg were finalised. Total cost for the relocation is estimated to EUR 14m, equivalent to approximately SEK 156m, which is in line with expectations.

#### EVENTS AFTER THE QUARTER

- The full-year forecast for 2020 was withdrawn as a consequence of the effects of COVID-19 (page 11).
- Haldex has decided to postpone the Annual General Meeting until 23 June 2020 due to the uncertain situation related to COVID-19 effects.
- In response to the negative effect of COVID-19, Haldex has decided to implement a general cost savings initiative to protect profitability going forward.
- A new long-term structural savings programme will be implemented with estimated annual savings of SEK 100m.
- Haldex has extended the partnership with one of the leading European trailer manufacturers signing a 3-year contract for the supply of brake components.

Group summary, SEK m	3 months			Full year 2019
	Jan-Mar 2020	Jan-Mar 2019	Δ	
Net sales, SEK m	1,180	1,339	-12%	5,151
Operating income, SEK m	30	97	-69%	105
Adjusted operating income, SEK m	43	97	-56%	317
Operating margin, %	2.5%	7.2%	-4.7	2.0%
Adjusted operating margin, %	3.6%	7.2%	-3.6	6.1%
Adjusted operating margin, excl. new technology items, %	4.4%	7.5%	-3.1	6.9%
Return on capital employed, % <sup>1</sup>	1.2%	9.7%	-8.5	3.1%
Return on capital employed, excl. one-off items, % <sup>1</sup>	8.6%	11.5%	-2.9	9.4%
Net income, SEK m	3	68	-96%	5
Earnings per share, SEK	0.04	1.54	-96%	0.12
Cash flow, operating activities, SEK m	-43	-84	41	328

<sup>1</sup>Rolling twelve months, excluding the effects of IFRS16 - financial leasing

## COMMENTS FROM THE CEO

The COVID-19 pandemic has swept the world, engulfing region after region. Being a global company, we were first affected in February when China closed down Wuhan and restricted travel. We had to close our factory in Suzhou, but were able to re-open after just 12 days. Thanks to the great effort put in by the team on site, the negative impact was kept to a minimum. These COVID-19 measures did, however, impact demand, which declined significantly, primarily in February. China is however recovering quickly and market volumes rose by 10% in March and from our perspective, both sales and operations are almost at full speed.

In March, the virus hit Europe, where governments took unprecedented measures to lower the rate of spread of the virus. A majority of truck OEMs closed their factories, while most trailer OEMs continued operations, albeit at a slower pace. All our sales and production facilities were affected, and we saw a significant drop in sales in March as Europe closed down. To mitigate the situation, we closed our distribution centre in Weyersheim for 14 days, partly offsetting this with direct factory deliveries. Weyersheim was reopened on 7 April and is slowly ramping up operations. We also announced a furlough in Landskrona which affected almost all employees. The rate of new COVID-19 cases is declining in Europe, and governments across the continent are considering responsible reopening of society.

The situation in our largest market, North America, is similar to Europe, where new builds fell significantly in March due to lower demand. Transport is classified as an essential business sector, and there has been continuous demand for services and spare parts in the aftermarket. Haldex aftermarket sales in the region increased by 9%, which is attributed to our high service level and agile organisation, which has been able to cater to our customers' needs.

COVID-19 has had a significant effect on operations, and with the exception of China we expect even weaker sales in the second quarter. Although we hope for a broader recovery in the second half of the year, we have withdrawn our forecast for the full year and have decided not to announce a new forecast until we have a better picture of the timing and speed of market recovery. In response to the negative effect of COVID-19, Haldex has decided to implement a general cost savings initiative to protect profitability going forward. This programme will affect all parts of the business, including for example personnel reductions, significantly reduced travel costs and other non-FTE related overhead costs. Haldex has also decided to reduce capital expenditures with approximately SEK 100m in 2020.

That said, I would like to stress the importance of focusing on what we can do. It is essential that we keep going. When the whole world economy is fragile, opportunities open up and it is very important to stay motivated and engaged. Having been

founded in 1887, Haldex has overcome many crises, and adaptation to new market conditions and change is part of our DNA. It is therefore imperative that we do not stand still and wait for others to move. My sole goal is to make sure that we emerge from this crisis as a stronger company and that we continue to pursue our work within our four focal areas:

### **Continued reduction of cost base**

We are committed to reaching an adjusted operating margin of 10% in 2022, and I am pleased to see that our cost saving initiatives are progressing according to plan.

To lower our cost base even further we have decided on a new long-term structural savings programme adding extra annual savings of SEK 100m. These measures will reduce the cost-base and number of employees. Adding the savings from our long-term structural plans, we expect annual savings of SEK 203m.

Going forward we will continue to identify structural measures that will further solidify our position, protect our profits and our staff, partners and investors for the longer term.

### **Increased economies of scale in production**

We successfully concluded the negotiations with the unions at the Heidelberg production facility, with an outcome in line with expectations. The reduction of our operational footprint will reduce annual costs by SEK 75m from 2021.

### **More effective cultivation of markets**

We continue to focus on attractive markets and product niches where we have a strong position and offering. We have had interesting dialogues with several potential customers. Of which some are testing our scalable brake system for the Chinese electric bus market, but due to the COVID-19 situation most processes have slowed.

### **Continued investment in new technology**

Our focus on new technology and product development remains high, and we managed to pass some important development milestones in concluding successful winter tests regarding our scalable brake system. The results were above expectations, but given the impact of COVID-19 the customers' decision processes are delayed. However, the large truck OEMs are now starting up gradually and we remain positive.

To conclude, this has been a very challenging quarter for both people and enterprises. As a company we have lost sales and profits are down, but we are fortunate that our employees have not suffered serious illness and that we have been able to drive aftermarket sales to make the most of this crisis. I am very proud of all our employees and their professionalism.

**Helene Svahn**

President & CEO

## EVENTS IN THE QUARTER

### First quarter

#### Organisational change

- On 6 March, it was announced that CFO Andreas Larsson was to leave Haldex to take up a new position externally. Andreas Larsson will leave Haldex by 30 July 2020 at the latest. The recruitment process for filling the position is ongoing.

#### Legal

- An antitrust complaint was filed with the European Commission against the largest shareholder, Knorr-Bremse. The German brake system manufacturer was reported to the European Commission's Directorate-General for Competition, as well as the Brazilian Competition Authority. The complaint concerns Knorr-Bremse's ongoing shareholding in Haldex and its detrimental effects on competition in several markets.

#### Efficiency improvement and organisation

- The distribution centre in Weyersheim, France, was temporarily closed for a period of two weeks from 23 March due to COVID-19. Customer service continued to operate, as well as a few administrative staff.
- Negotiations with the trade unions in Germany regarding the closure of production in Heidelberg and the relocation of R&D were finalised. Production of EBS and air suspension products will be moved from Heidelberg, Germany, to Hungary. R&D will be relocated to the UK and Sweden. The relocations will take place in the second and third quarters of 2020. The total cost of the restructuring is estimated at EUR 14m, equivalent to approximately SEK 156m.
- Business operations were adjusted due to temporary market downturn following COVID-19. Haldex has announced a furlough affecting approximately 250 employees in Landskrona, Sweden. The furlough was effective on 30 March 2020 and will last until 30 April 2020.

### Haldex current structural savings programmes

Haldex began a margin improvement programme in 2019 with the target of attaining an adjusted operating margin of 10% in 2022. Successive programs have been announced and adding the savings from the current long-term structural plans, the estimated annual savings amount to SEK 203m as displayed in the table.

### Events after the end of the quarter

- Due to the negative effects of COVID-19 on sales and operating margin, Haldex has announced that the full-year forecast for 2020 has been withdrawn. No updated forecast will be submitted at this stage.
- Haldex has decided to postpone the 2020 Annual General Meeting due to the uncertain situation and the effects of the COVID-19 outbreak. The Annual General Meeting will be held on 23 June, at 2 pm at Strandvägen 7A in Stockholm.
- To further adjust the cost base to market conditions, Haldex has decided on a new long-term structural savings programme adding extra annual savings of SEK 100m. These measures aim at lowering the cost-base and reduce the number of employees.
- Haldex has extended the partnership with one of the leading European trailer manufacturers signing a 3-year contract for the supply of brake components. Haldex is appointed the main supplier of EBS and air suspension systems, thus supporting the OE-manufacturer to expand their services to fleets all over Europe.

Initiatives, SEKm	Start	Non-recurring cost			Est. Ann. Savings
		Total	2019	2020	
<b>Friction Centers</b>	May 2019	18	5	13	28
<b>Heidelberg</b>	Sep 2020	156	143	13	50
<b>Blue Springs</b>	Oct 2020	29	24	5	25
<b>Cost Base Adjust.</b>	July 2020	tba	0	tba	100
<b>Total</b>		<b>203</b>	<b>172</b>	<b>31</b>	<b>203</b>

## FINANCIAL SUMMARY OF THE FIRST QUARTER OF 2020

### Net sales

Currency-adjusted sales for the first quarter fell by 14% compared to the same period of the previous year. OE sales were weak, down 26% mainly as a result of the weaker market conditions prevalent since the second half of 2019 in Europe and North America. Aftermarket sales held up quite well and ended with a 2% increase compared to the same period of the previous year.

In currency-adjusted terms our most important markets, North America and Europe, fell 13% and 14% respectively. North America suffered only minor disruption from COVID-19, whereas Europe was affected in the last two last weeks of March by closure of customers' sites and also closure of the Haldex European distribution centre in Weyersheim, which was forced to close on 23 March before being re-opened on 7 April. According to recent market data, the truck market shrank by 33% and the trailer market by 17% in North America. Equivalent volumes in Europe shrank by 31% and 13% respectively. Asia was down 24%, and China in particular was affected by COVID-19. February was a slow month, but Asia recovered during March and volumes in China were up 10% compared to March 2019. India is still in recession, and Q1 2020 market volumes were down 52% compared to Q1 2019.

### NET SALES PER REGION

SEK m	3 months			
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	Full year 2019
Europe	417	480	-14%	1,698
North America	611	671	-13%	2,659
Asia & Middle East	111	143	-24%	586
South America	41	45	0%	208
<b>Total</b>	<b>1,180</b>	<b>1,339</b>	<b>-14%</b>	<b>5,151</b>

<sup>1</sup>Currency adjusted

### NET SALES PER PRODUCT LINE

SEK m	3 months			
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	Full year 2019
Foundation Brake	662	768	-16%	2,966
Air Controls	518	571	-13%	2,185
Scalable Brake System	-	-	-	-
<b>Total</b>	<b>1,180</b>	<b>1,339</b>	<b>-14%</b>	<b>5,151</b>

<sup>1</sup>Currency adjusted

### NET SALES PER CUSTOMER CATEGORY

SEK m	3 months			
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	Full year 2019
Truck - including buses	224	336	-35%	1,252
Trailer	352	430	-20%	1,502
Aftermarket	604	573	2%	2,397
<b>Total</b>	<b>1,180</b>	<b>1,339</b>	<b>-14%</b>	<b>5,151</b>

<sup>1</sup>Currency adjusted

### Operating income

Adjusted operating income in the first quarter decreased to SEK 43m (97), equivalent to an adjusted operating margin of 3.6% (7.2). The adjustment for the first quarter principally relates to non-recurring expenses linked to the closure of the Harrisburg friction centre in North America and to legal costs related to the ownership situation and filing against Knorr-Bremse. The close-down of Harrisburg is expected to generate savings of around SEK 8m per year.

The lower adjusted operating margin is explained primarily by lower net sales and higher expenditures in Haldex's Chinese joint venture, which were SEK 7m higher than in 2019. Haldex divested the Rotary Connector business in Q1 2019, yielding a SEK 10m one-off positive effect. On the positive side, the growth in aftermarket sales changed the product mix, which

had a positive impact on gross margin. Gross margin was also positively affected by continued improvements in material costs. Gross margin improved from 24.9% in Q1 2019 to 26.5% in Q1 2020.

Exchange-rate fluctuations, including gains or losses from currency hedging and currency translation effects, had a positive impact on consolidated operating income of SEK 13m (13) in the first quarter. The currency effect in net financial income/expense in the first quarter was SEK -19m (0). The negative currency effect comes from revaluation of a USD-denominated loan in Brazil related to the weakened BRL.

Reported operating income totalled SEK 30m (97) in the first quarter, equivalent to an operating margin of 2.5% (7.2).

## Product development

Investments in new technology and product development are proceeding 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 the 2018 annual report. 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 costs. In addition to the expenditure recognised as costs in the income statement, SEK 33m (29) was capitalised as an asset in the balance sheet during the quarter. Total R&D expenditure including development expenses was SEK 63m (56) in the quarter, equivalent to 5.3% 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 costs in the first quarter totalled SEK 7m (0).

## Taxes

The tax expense for the first quarter totalled SEK 1m (22), equivalent to a tax rate of 28% (24). The tax rate was in line

with the average tax rate of the Group based on earnings and local tax rates in the Group companies.

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.

## Net profit and earnings per share for the period

Profit after tax in the first quarter totalled SEK 3m (68). Basic and diluted earnings per share were SEK 0.04 (1.54).

## Cash flow

Cash flow from operating activities was negative and totalled SEK -43 m (-84) in the first quarter. Cash flow from operating activities for the quarter was negatively impacted by lower operating income compared to the previous year.

The first quarter is also negatively impacted by an increase in working capital, primarily as a result of an increase in accounts receivable due to higher sales in the quarter in comparison to sales at the end of 2019.

Investments, including capitalised developed expenses, totalled SEK 130m (66). Investments in the first quarter of 2020 include the temporary acquisition of the facility in Heidelberg Germany at SEK 54m. The acquisition of the facility was part of the Heidelberg closure, and the facility will be re-sold on the same terms later during the second quarter. The main driver for the underlying investments continues to be machinery and equipment needed for the ongoing business as well as capitalised development expenditure of SEK 33m (29), principally consisting of expenses related to the development of the new generation of EBS and continued development of new technology.



## NET DEBT AND NET INTEREST

SEK m	Mar 31 2020	Mar 31 2019	Δ
Assets as part of the net debt:			
Cash and cash equivalents	294	280	5%
Liabilities as part of the net debt:			
Interest-bearing liabilities including derivative instruments	-949	-724	31%
Pensions liabilities	-571	-498	15%
Net debt in total, excluding IFRS16 - financial leasing	-1,226	-942	30%
Debt related to IFRS16	-384	-414	-7%
Net debt in total	-1,610	-1,356	19%
Net interest during the year	-7	-2	250%

Group net debt at 31 March totalled SEK 1,610m (1,356), representing an increase of SEK 254m on the equivalent period of the previous year. SEK 211m of the increase is attributable to investing activities, which consist of both capitalised product development and investments in machinery, of which purchase of Heidelberg accounts for SEK 54m, and lower profitability in the quarter. SEK 73m is attributable to a revaluation of the pension liability mainly related to the lower interest rate. SEK -30m is related to IFRS16 changes.

Of the total net debt in Haldex of SEK 1,610m, SEK 384m is related to IFRS16 and SEK 571m to pension liabilities. Only SEK 655m is related to net bank interest-bearing debt.

Financial items totalled SEK -26m (-7) in the first quarter, of which net interest income/expense, excluding IFRS 16, was SEK -4m (-3). The main negative effect is currency effects of SEK -16m (1). The equity/assets ratio was 34% (39) for the first 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 53m 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, however due to COVID-19 and the uncertain financial outlook for 2020 the process of finalising this has been delayed.

### 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			Full year 2019
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	
Truck	109	190	-45%	657
Trailer	105	135	-26%	487
Aftermarket	397	346	9%	1,515
<b>Total</b>	<b>611</b>	<b>671</b>	<b>-13%</b>	<b>2,659</b>

<sup>1</sup>Currency adjusted

### Market

North America is Haldex's largest market and accounts for over 50% of the company's total sales in the first quarter. The market was predicted to decline in 2020, coming off several strong build years, but COVID-19 has further dampened fleets' need to buy new vehicles. The market for newly produced trucks fell overall by 36% in the first quarter versus the first quarter of 2019. The number of newly produced trailers also dropped sharply, falling by 29% from the first quarter of 2019. The aftermarket bucked the downward trend with an increase of 13%. The current estimates for truck and trailer build predict a 57% and 51% decrease respectively from 2019 due to COVID-19 and its economic impact.

### Haldex trend in Q1

Currency-adjusted sales in the first quarter fell by 13% from the previous year, largely due to lower production of new vehicles. Several 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 65% of North American sales and increased by 9% versus the previous year in currency-adjusted terms.

### Significant events

It was announced late in the fourth quarter 2019 that Haldex would be restructuring its friction relining centres in 2020 as a second phase of what was initiated in 2019. This activity was initiated in Q1 and will be completed by Q4 of 2020.

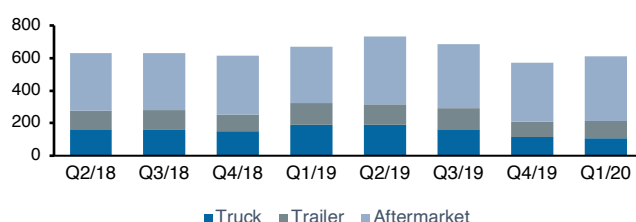
In late Q4 2019 PACCAR notified Haldex of a strategic shift in sourcing of actuators and brake adjusters which will have a significantly negative impact on revenues but have less impact on profitability.

The impact of the COVID-19 virus on the North American business is seen as having a serious effect on 2020 revenue and profitability. Truck OEMs have announced short to mid-term closures of their manufacturing facilities, with trailer manufacturers following suit. The aftermarket business in North America is seen as being slightly less impacted as the need to keep vehicles in service is significant in ensuring necessary transport logistics. For the first three months of 2020, we see increased penetration with the Haldex aftermarket products versus a general decrease for the peer group of aftermarket suppliers. We anticipate the impact of COVID-19 on service parts to be significantly less than on the OEM market.

### Future outlook

Drum brakes and ABS remain the dominant technologies in North America. There is, however, a clear trend towards more advanced technology featuring the Haldex Air Disc Brake (ADB). The switch from drum brakes to ADB is continuing, albeit slowly. Haldex aspires to take a leading position in the disc brake market. In the fourth quarter 2019, one of Haldex's European disc brake customers, an axle manufacturer, began an evaluation of Haldex disc brakes for the North American market. The Haldex ADB is available as an option at various trailer manufacturers and a global suspension manufacturer. Haldex continues to pursue truck/tractor OEMs with optional release opportunities in North America.

Net sales per customer category



Net sales per product line



## REGION EUROPE

Net sales, SEK m	3 months			Full year 2019
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	
Truck	41	51	-19%	177
Trailer	198	241	-19%	803
Aftermarket	178	188	-7%	718
<b>Total</b>	<b>417</b>	<b>480</b>	<b>-14%</b>	<b>1,698</b>

<sup>1</sup>Currency adjusted

### Market

Europe accounted for 35% of total Haldex sales in the first quarter. The new COVID-impacted forecast for 2020 indicates that production volume (trucks and trailers) will decline by 25-30% and then gradually regain momentum in the third quarter onwards. However, there is still great uncertainty over what the ramp-up will look like.

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 Q1

Haldex sales in Europe fell by 14% in the first quarter, mainly caused by COVID-19 starting mid-March. On 23 March, our distribution centre in Weyersheim, France, had to be closed for two weeks until 7 April. Deliveries were partly handled directly from the Hungarian plant.

The automatic brake adjuster is still the main product for OEM truck manufactures in Europe, while sales for the entire truck business dropped by 19%.

Trailer sales fell by 19% during the quarter for two product lines, air suspension and EBS.

Aftermarket accounted for 43% of the region's sales in the first quarter. The region's sales went down by 7%. Aftermarket represents crucial business in keeping transport running during the COVID-19 outbreak. Region Europe has the lowest

profitability of all Haldex markets, which is explained by a broad product portfolio and a high cost level.

Haldex Europe continued advancements in new technology in cooperation with a leading European truck manufacturer regarding FABV (Fast Acting Brake Valve). It is anticipated that the next phase will be initiated mid-way through the second quarter of 2020.

### Significant events

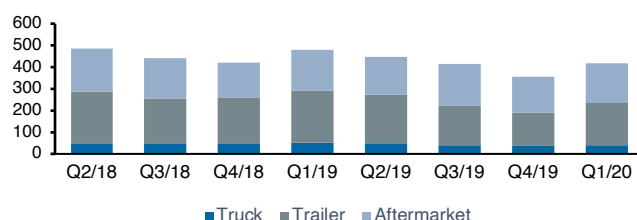
Haldex has decided to concentrate the production of EBS and air suspension in Hungary, leading to the closure of the factory in Heidelberg in Germany. Negotiations with labour unions have been completed, and non-recurring costs are in line with expectations. It is estimated that the saving made will 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 at the beginning of next year to further bolster its market position.

The COVID-19 outbreak will lower the European market significantly in 2020. Most OEMs, truck and trailer, have announced a shut-down or short-term layoffs. Therefore, production volume in Europe will drop significantly and a recession is expected in Europe for second and third quarters. Haldex will adjust activities in line with the dramatic changes in the market.

Net sales per customer category



Net sales per product line





## REGION ASIA & MIDDLE EAST

Net sales, SEK m	3 months			Full year 2019
	Jan-Mar 2020	Jan-Mar 2019	Δ	
Truck	53	72	-28%	310
Trailer	44	50	-13%	199
Aftermarket	14	21	-36%	77
<b>Total</b>	<b>111</b>	<b>143</b>	<b>-24%</b>	<b>586</b>

### Market

The Asian & Middle East market was significantly affected by the COVID-19 outbreak in Q1 with very low build rates of commercial vehicles, especially in China during February as a result of the extended closure.

The segments mainly affected were truck and bus in China, while trailer build in China and also the Japanese market in general remained at the same levels as last year until February. In March, the market recovered quite well. Various stimulus packages from the Chinese government, which will support the transport sector, are being evaluated. The phase one trade deal announced in mid-January between the US and China will remove some uncertainty.

The Indian commercial vehicle market is continuing the decline that started in 2019, and medium and heavy commercial vehicle production declined by 52% in Q1 as OEMs were clearing all existing stocks to prepare for the BS VI launch and a countrywide shut-down from 23 March.

### Haldex trend in Q1

Haldex sales in the region decreased by 24% during the first quarter versus the same period last year, the main reason being lower demand in February in China. Despite the challenging situation, Haldex has been able to retain its market position. The automatic brake adjuster is still the main product in the region, but we are also noting increased disc brake sales. As build rates of busses were significantly lower in the first quarter, the sales of air treatment and suspension related products were negatively affected. Haldex sales in Korea and Japan remained stable during the period versus last year, while Indian sales decreased by 41% (currency-adjusted) driven by OEM's stock clearing and countrywide shut down.

### Significant events

Haldex re-started the production facility in Suzhou in the second week of February, after the closure related to the COVID-19 situation.

At the beginning of March Haldex received an award for excellent quality from Hino China for Haldex ABA performance in 2019.

Vehicle testing of the electromechanical brake (EMB) system on one of our customer installations was performed at the Haldex winter test facility in Arjeplog, with positive results.

Haldex has been awarded 100% ABA business of a newly developed platform, 'Modular Business Program' by Ashok Leyland, the second largest medium and heavy commercial vehicle manufacturer in India. With this, Haldex's share of business with Ashok Leyland will increase from 40% to 60%.

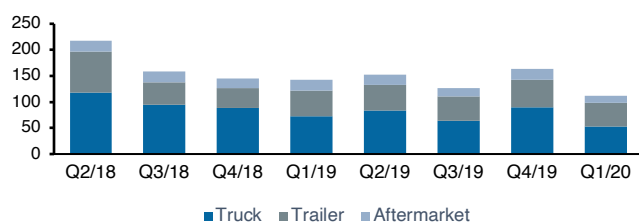
### Future outlook

In China, stimulus activities on infrastructure are expected from the government which would increase the need for construction vehicles. The Chinese truck market is expected to recover fully from April, and with regard to the bus segment it is likely that some subsidies for electric busses will be re-introduced. In certain trailer segments legislation on EBS and air suspension will come into force from 1 May and have a positive effect on Haldex sales going forward.

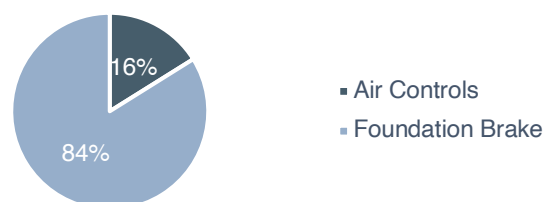
In Korea and Japan we will most likely see a slight decrease in vehicle build rates, especially due to the postponement of the Olympic Games in Japan.

The market outlook in India remains weak for 2020. There is continued uncertainty over countrywide lockdown, financial instability and challenges for restarting factories after lockdown.

Net sales per customer category



Net sales per product line



## REGION SOUTH AMERICA

Net sales, SEK m	3 months			Full year 2019
	Jan-Mar 2020	Jan-Mar 2019	Δ <sup>1</sup>	
Truck	21	24	-3%	108
Trailer	4	3	58%	13
Aftermarket	16	18	-4%	86
<b>Total</b>	<b>41</b>	<b>45</b>	<b>0%</b>	<b>208</b>

<sup>1</sup>Currency adjusted

### Market

For Haldex, South American business consists principally of the Brazilian market. However, business is growing in Argentina and Chile.

As the economy of Brazil recovered from the country's longest recession ever, 2019 saw a ramp-up. The pre-COVID-19 forecast for 2020 indicated higher volumes, but the COVID-19 outbreak has changed this scenario. Truck and bus OEMs and major trailer builders in Brazil have announced shut-downs for 20 days. Major bus transport companies are now running at 30% capacity (main aftermarket end-customers). Small trailer producers are continuing to run operations, challenged by the fact that some local governments were not allowing suppliers to operate for three weeks.

The first quarter was somewhat affected, but the major impact is expected to hit operations in the second quarter (April and May). Quarantine is expected to end by May, and factories are encouraged to keep running, and any commercial activity that does not concentrate people will be allowed. Public transport is expected to be back at 100% capacity by July.

### Haldex trend in Q1

During the first quarter, Haldex sales in South America were in line with the previous year. Being able to provide availability of spare parts played an important role in not dropping these sales further. ABA parts increased aftermarket sales and local production of valves also contributed to boosting trailer sales.

The US dollar has continued its rise against the local currency (BRL), which negatively impacted profitability during the first quarter. Initiatives to develop local suppliers proved effective during this period (ABA parts) and will continue. Sales to countries such as Argentina and Chile are expected to increase when new products with a higher proportion of local Brazilian content are introduced (Mercosur deal).

### Significant events

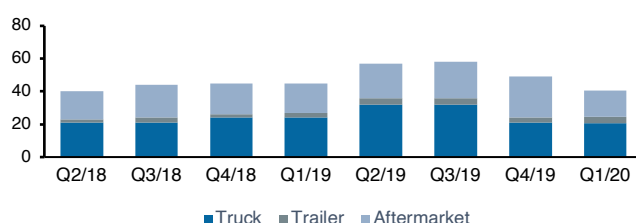
Quarantine restrictions affected current sales in Q1 as a consequence of COVID-19. However, quarantine has probably built some pent-up demand, and having spare parts available is a key factor in driving sales and recovering some of the volumes lost. Some customers have already revealed that they are struggling to obtain parts to fulfil their orders.

Profitability was negatively impacted as import costs increased during Q1 and the Brazilian Real continued to weaken. Increased localisation and more exports are the most important activities to recover profitability.

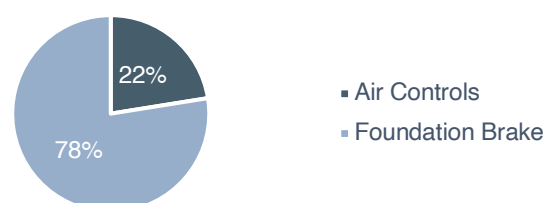
### Future outlook

Sales are expected to decrease in 2020, due to expected effects from COVID-19 impact on demand in March to June. Increased focus on aftermarket, export and trailer OEM may to some extent mitigate the reduced volumes of new builds. Profitability will be affected in the first two quarters due to a stronger USD, but these losses may be recovered if the BRL recovers. The focus will continue to be on localisation, cost reduction initiatives and exports to boost profitability.

Net sales per customer category



Net sales per product line



## EMPLOYEES

At the end of the quarter, there were 2,183 (2,315) employees, representing a decrease of 132 compared to Q1 2019. 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.

During the quarter a number of recruitment processes were ongoing to replace Andreas Larsson (CFO), Frida Wahlgren (EVP Human Resources) and Staffan Olsson (EVP Operations & Supply Chain), who have all announced their resignations. Peter Knauer has been recruited as new EVP Operations & Supply Chain starting 1 July.

## 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 (30) during the first quarter. Profit after tax was SEK 12m (26).

## ANNUAL GENERAL MEETING

The Haldex Annual General Meeting will be held on 23 June 2020, at 2.00 pm, in Stockholm. 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 agenda item to be included in the notice of the meeting.

## 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. The ongoing COVID-19 pandemic has created more uncertainty than normal. The task of predicting the duration and long-term consequences of the pandemic and thus the effects on Haldex earnings and valuation is very difficult. In the short term, it is clear that Haldex will be affected by less consumption and the general slowdown of the economy and the impact this will have on transport and use of heavy vehicles, be it trucks, trailers or buses. New builds are expected to decline more sharply, while aftermarket will be fairly stable.

## SHARES AND SHARE DATA

Earnings per share for the first quarter were SEK 0.04 (1.54). On the balance sheet date equity per share was SEK 36.24 (38.64). Haldex had 44,215,970 shares at the end of the period. The share price at 2 January 2020 was SEK 51.90. The price last paid at the end of the quarter was SEK 25.55 on 31 March 2020.

## 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.

## OUTLOOK FOR 2020

Due to the huge uncertainties in the business environment caused by the COVID-19 pandemic, Haldex will not for now issue an outlook for 2020 beyond the Q1 actual result presented in this report.

## **FUTURE-ORIENTED INFORMATION**

This report includes future-oriented information with statements concerning the future prospects for Haldex's operations. The information is based on 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.

## **ACQUISITIONS AND DISPOSALS**

There were no acquisitions or disposals in the first quarter.

## **ACCOUNTING POLICIES**

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim period information on

pages 1–22 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 holding 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 income.

Landskrona, 23 April, 2020

Board of Directors

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

## INCOME STATEMENT

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	1,180	1,339	5,151
Cost of goods sold	-867	-1,005	-3,812
<b>Gross income</b>	<b>313</b>	<b>334</b>	<b>1,339</b>
<i>Gross margin</i>	<i>26.5%</i>	<i>24.9%</i>	<i>26.0%</i>
Product development costs	-37	-33	-158
Selling and admin costs	-237	-223	-894
Share of profit/loss from joint venture	-7	0	-21
Other operating income and expenses	-1	19	-161
<b>Operating income<sup>1 2</sup></b>	<b>30</b>	<b>97</b>	<b>105</b>
Financial income and expenses	-26	-7	-44
<b>Income before tax</b>	<b>4</b>	<b>90</b>	<b>61</b>
Tax	-1	-22	-56
<b>Net income</b>	<b>3</b>	<b>68</b>	<b>5</b>
<i>attributable to non-controlling interest</i>	<i>1</i>	<i>1</i>	<i>4</i>
Earnings per share, basic and diluted, SEK	0.04	1.54	0.12
Average no. of shares, thousands	44,204	44,204	44,204

### <sup>1</sup>One-off items included in the operating income

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating income, including one-off items	30	97	105
Restructuring costs	-7	0	-204
Costs related to the bidding process	-6	0	-8
<b>Operating income, excluding one-off items</b>	<b>43</b>	<b>97</b>	<b>317</b>

### <sup>2</sup>Operating income excluding new technology and one-off items

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating income, excluding one-off items	43	97	317
Scalable brake systems	-2	-4	-17
JV	-7	0	-21
<b>Operating income, excluding new technology</b>	<b>52</b>	<b>101</b>	<b>355</b>



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
<b>Net income</b>	<b>3</b>	<b>68</b>	<b>5</b>
<b>Other comprehensive income/loss</b>			
<i>Items not to be reclassified to the income statement:</i>			
Remeasurement of pension obligation, after tax	1	-28	-47
<b>Total</b>	<b>1</b>	<b>-28</b>	<b>-47</b>
<i>Items that may be reclassified subsequently to the income statement:</i>			
Currency translation differences	59	60	24
Changes in financial instruments at fair value, after tax	2	-3	-3
<b>Total</b>	<b>61</b>	<b>57</b>	<b>21</b>
<b>Total other comprehensive income/loss</b>	<b>62</b>	<b>29</b>	<b>-26</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>65</b>	<b>97</b>	<b>-21</b>
<i>attributable to non-controlling interests</i>	<i>1</i>	<i>1</i>	<i>4</i>

## BALANCE SHEET

SEK m	Mar 31 2020	Mar 31 2019	Dec 31 2019
Goodwill	454	439	436
Other intangible assets	385	273	364
Tangible assets	1,317	1,184	1,273
Financial assets	34	23	23
Deferred tax assets	130	167	131
<b>Total non-current assets</b>	<b>2,319</b>	<b>2,086</b>	<b>2,227</b>
Inventories	892	733	815
Current receivables	1,160	1,241	1,009
Derivative instruments	55	37	47
Cash and cash equivalents	294	280	315
<b>Total current assets</b>	<b>2,401</b>	<b>2,291</b>	<b>2,186</b>
<b>TOTAL ASSETS</b>	<b>4,720</b>	<b>4,377</b>	<b>4,413</b>
<b>Equity</b>	<b>1,602</b>	<b>1,708</b>	<b>1,537</b>
Pension and similar obligations	571	498	562
Deferred tax liabilities	4	38	12
Non-current interest-bearing liabilities	862	1,011	749
Other non-current liabilities	21	19	23
<b>Total non-current liabilities</b>	<b>1,458</b>	<b>1,566</b>	<b>1,346</b>
Derivative instruments	71	41	34
Current interest-bearing liabilities	450	117	449
Current liabilities	1,140	945	1,047
<b>Total current liabilities</b>	<b>1,661</b>	<b>1,103</b>	<b>1,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,720</b>	<b>4,377</b>	<b>4,413</b>

## CHANGE IN EQUITY

SEK m	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
<b>Opening balance</b>	<b>1,537</b>	<b>1,611</b>	<b>1,611</b>
Net income	3	68	5
Other comprehensive income/loss	62	29	-26
<b>Total comprehensive income</b>	<b>65</b>	<b>97</b>	<b>-21</b>
<b>Transactions with shareholders:</b>			
Dividend to Haldex shareholders	0	0	-51
Dividend to non-controlling interests	0	0	-2
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>-53</b>
<b>Closing balance</b>	<b>1,602</b>	<b>1,708</b>	<b>1,537</b>
<i>attributable to non-controlling interests</i>	<i>34</i>	<i>31</i>	<i>32</i>

## CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating income	30	97	105
Reversal of non-cash items	75	56	427
Interest paid	-7	-6	-42
Tax paid	-14	-22	-41
<b>Cash flow from operating activities before change in working capital</b>	<b>84</b>	<b>125</b>	<b>449</b>
Change in working capital	-127	-209	-121
<b>Cash flow from operating activities</b>	<b>-43</b>	<b>-84</b>	<b>328</b>
Investments, incl. capitalised R&D expenses	-130	-66	-381
<b>Cash flow from investing activities</b>	<b>-130</b>	<b>-66</b>	<b>-381</b>
Dividend to Haldex shareholders	-	-	-51
Dividend to non-controlling interests	-	-	-2
Change of interest-bearing liabilities	132	114	112
<b>Cash flow from financing activities</b>	<b>132</b>	<b>114</b>	<b>59</b>
<b>Net cash flow</b>	<b>-41</b>	<b>-36</b>	<b>6</b>
Cash and cash equivalents, opening balance	315	305	305
Currency translation diff. in cash and cash equivalents	20	11	4
Cash and cash equivalents, closing balance	294	280	315

## FINANCIAL INSTRUMENTS BY CATEGORY

SEK m	Mar 31 2020		March 31 2019		Dec 31 2019	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	7	6	2	3	2	2
Forward exchange contracts - at fair value through profit or loss	0	2	3	1	1	0
Currency swaps - at fair value through profit or loss	48	63	32	37	44	32
<b>Total</b>	<b>55</b>	<b>71</b>	<b>37</b>	<b>41</b>	<b>47</b>	<b>34</b>

## PARENT COMPANY'S INCOME STATEMENT

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	31	30	125
Administrative costs	-37	-20	-107
<b>Operating income</b>	<b>-6</b>	<b>10</b>	<b>18</b>
Dividend from Group companies	4	0	55
Financial income and expenses	13	14	44
<b>Income after financial items</b>	<b>11</b>	<b>24</b>	<b>117</b>
Group contribution	0	0	-67
<b>Income before tax</b>	<b>11</b>	<b>24</b>	<b>50</b>
Tax	1	2	0
<b>Net income</b>	<b>12</b>	<b>26</b>	<b>50</b>

## PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net income	12	26	50
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>12</b>	<b>26</b>	<b>50</b>

## PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION

SEK m	3 months		
	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Total non-current assets	3,017	2,937	2,930
Total current assets	1,439	1,135	1,160
<b>Total assets</b>	<b>4,456</b>	<b>4,072</b>	<b>4,090</b>
Equity	1,156	1,172	1,144
Total non-current liabilities	51	55	53
Total current liabilities	550	670	112
Total equity and liabilities	2,699	2,175	2,781
<b>Total equity and liabilities</b>	<b>4,456</b>	<b>4,072</b>	<b>4,090</b>

## FIVE YEARS IN SUMMARY

SEK m, unless otherwise stated	2019	2018	2017	2016	2015
<b>Income statement</b>					
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
<b>Gross income</b>	<b>1,339</b>	<b>1,306</b>	<b>1,225</b>	<b>1,219</b>	<b>1,359</b>
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
<b>Operating income</b>	<b>105</b>	<b>255</b>	<b>149</b>	<b>204</b>	<b>325</b>
<i>Operating income, excluding one-off items</i>	<i>317</i>	<i>305</i>	<i>292</i>	<i>291</i>	<i>444</i>
Financial income and expenses	-44	-36	-8	-36	-54
Share of result from joint venture	-	-	-12	-3	-
<b>Income before tax</b>	<b>61</b>	<b>219</b>	<b>129</b>	<b>165</b>	<b>271</b>
Tax	-56	-66	-50	-74	-80
<b>Net income</b>	<b>5</b>	<b>153</b>	<b>79</b>	<b>91</b>	<b>191</b>
<b>Statement of financial position</b>					
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
<b>Total assets</b>	<b>4,413</b>	<b>3,689</b>	<b>3,078</b>	<b>3,057</b>	<b>2,855</b>
<b>Equity</b>	<b>1,537</b>	<b>1,611</b>	<b>1,395</b>	<b>1,374</b>	<b>1,407</b>
Non-current liabilities	1,346	1,072	775	757	692
Current liabilities	1,530	1,006	908	926	756
<b>Total equity and liabilities</b>	<b>4,413</b>	<b>3,689</b>	<b>3,078</b>	<b>3,057</b>	<b>2,855</b>
<b>Statement of cash flow</b>					
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 investing activities	-381	-381	-231	-222	-174
Cash flow from financing activities	59	211	-35	-52	-179
<b>Net cash flow</b>	<b>6</b>	<b>104</b>	<b>-93</b>	<b>-18</b>	<b>-133</b>
<b>Key figures</b>					
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, basic and diluted, 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 <sup>2</sup>	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, % <sup>1,3</sup>	3.1	9.8	6.8	9.7	15.9
Return on capital employed, excl. one-off items, % <sup>1,3</sup>	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, % <sup>3</sup>	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

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

## QUARTERLY DATA

	2020		2019				2018			
SEK m, unless otherwise stated	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Income statement										
Net sales	1,180	1,141	1,283	1,389	1,339	1,225	1,270	1,372	1,252	
Cost of goods sold	-867	-849	-928	-1,031	-1,005	-938	-934	-1,014	-927	
Gross income	313	292	355	358	334	287	336	358	325	
Product development costs	-37	-43	-43	-39	-33	-37	-44	-44	-36	
Selling and admin costs	-237	-215	-227	-229	-223	-231	-216	-216	-201	
Share of result from joint venture	-7	-7	-7	-7	-	-	-	-1	-4	
Other operating income and expenses	-1	-160	-10	-10	19	-31	3	5	2	
Operating income <sup>1</sup>	30	-133	68	73	97	-12	79	102	86	
Operating income, excluding one-off items	43	44	85	91	97	38	79	102	86	
Financial income and expenses	-26	-12	-16	-8	-7	-10	-11	-11	-4	
Income before tax	4	-145	52	65	90	-22	68	91	82	
Tax	-1	-4	-15	-16	-22	-2	-10	-30	-24	
Net income	3	-149	37	49	68	-24	58	61	58	
Statement of financial position										
Total non-current assets	2,319	2,227	2,178	2,131	2,086	1,585	1,526	1,497	1,436	
Total current assets	2,401	2,186	2,283	2,243	2,291	2,104	2,207	2,272	2,095	
Total assets	4,720	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531	
Equity	1,602	1,537	1,745	1,675	1,708	1,611	1,617	1,581	1,502	
Total non-current liabilities	1,458	1,346	1,358	1,356	1,566	1,072	974	975	884	
Total current liabilities	1,661	1,530	1,358	1,343	1,103	1,006	1,142	1,213	1,145	
Total equity and liabilities	4,720	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531	
Statement of cash flow										
Cash flow from operating activities	-43	239	76	97	-84	199	74	65	-64	
Cash flow from investing activities	-130	-136	-82	-97	-66	-126	-85	-89	-81	
Cash flow from financing activities	132	1	21	-77	114	13	14	42	142	
Net cash flow	-41	104	15	-77	-36	86	3	18	-3	
Key figures										
Operating margin, %	2.5	-11.6	5.3	5.3	7.2	-1.0	6.3	7.4	6.9	
Operating margin, excl. one-off items, %	3.6	3.8	6.6	6.5	7.2	3.1	6.3	7.4	6.9	
Operating margin, excl. new technology items, %	4.4	4.9	7.4	7.4	7.5	0.0	0.0	0.0	0.0	
Earnings per share, before and after dilution, SEK	0.04	-3.36	0.83	1.11	1.54	-0.49	1.26	1.39	1.30	
Equity per share, SEK	36.24	34.78	39.48	37.89	38.64	35.80	36.57	35.76	33.97	
Cash flow, operating activities, per share, SEK	-0.97	5.41	1.72	2.19	-1.90	3.20	1.67	1.47	-1.45	
Share price, SEK	25.55	51.00	50.20	57.00	62.00	69.00	87.20	89.00	85.40	
Return on capital employed, % <sup>1 2</sup>	1.2	3.1	7.5	8.2	9.7	9.8	12.5	11.7	9.0	
Return on capital employed, excl. one-off items, % <sup>1 2</sup>	8.6	9.4	10.5	10.6	11.5	11.8	13.8	14.0	13.5	
Return on equity, %	0.1	-9.3	2.1	2.9	4.1	-1.7	3.7	3.9	4.0	
Equity ratio, %	34	35	39	38	39	44	43	42	43	
Net debt/equity ratio, % <sup>2</sup>	76	66	62	62	55	45	50	51	50	
External investments	97	103	64	69	37	99	74	74	66	
R&D, %	5.3	5.9	4.1	4.3	4.2	4.9	3.9	3.9	3.7	
Number of employees	2,183	2,172	2,212	2,283	2,315	2,309	2,313	2,403	2,315	

<sup>1</sup>Rolling twelve months. <sup>2</sup>Excluding effects of IFRS16 - financial leasing



## KEY FIGURES

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating margin, excl. one-off items, %	3.6%	7.2%	6.1%
Operating margin, %	2.5%	7.2%	2.0%
Operating margin, excl. new technology items, %	4.4%	7.5%	6.9%
Cash flow, operating activities	-43	-84	328
Cash flow after investing activities	-173	-150	-53
Return on capital employed, % <sup>1 2</sup>	1.2%	9.7%	3.1%
Return on capital employed, excl. one-off items, % <sup>1 2</sup>	8.6%	11.5%	9.4%
Investments (excl. capitalised R&D expenses), SEK m	97	37	273
R&D, %	5.3%	4.2%	4.6%
Number of employees	2,183	2,315	2,172
Return on shareholders' equity, % <sup>1</sup>	-4.0%	10.0%	0.1%
Interest coverage ratio	8.7	14.5	7.5
Equity ratio, %	34	39	35
Net debt/equity ratio, % <sup>2</sup>	76	55	66
Share data:			
Earnings per share, before dilution, SEK	0.04	1.54	0.12
Earnings per share, after dilution, SEK	0.04	1.54	0.12
Equity per share, SEK	36.24	38.64	34.78
Cash flow, operating activities, per share, SEK	-0.97	-1.90	7.42
Share price, SEK	25.55	62.00	51.00
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
of which treasury shares, thousands	12	12	12

<sup>1</sup>Rolling twelve months <sup>2</sup>Excluding 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 23 April, 11.00 am.

The press conference will be webcast at:  
<https://tv.streamfabriken.com/haldex-q1-2020>

To join the teleconference:

SE: +46 8 50 55 83 53  
 UK: +44 33 33 00 90 35  
 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/finanssiellarapporter>

### Financial calendar 2020

Interim Report, Jan-Mar	23 April
Interim Report, Apr-Jun	16 July
Interim Report, Jul-Sep	24 October
Year-End Report, 2020	11 February 2021

The AGM will be held on 23 June 2020.

### Contacts

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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, 23 April, 2020 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 equity<sup>1</sup>

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 employed<sup>1</sup>

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. One-off 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.

### R&D, %<sup>1</sup>

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 debt<sup>1</sup>

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

### Net debt/equity ratio<sup>1</sup>

Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

### Earnings per share<sup>1</sup>

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

### Net interest income/expense<sup>1</sup>

The financial difference in absolute terms between recognised interest income for financial assets and interest expenses for interest-bearing liabilities and provisions.

### Interest coverage ratio<sup>1</sup>

Operating income excluding non-recurring items plus interest income divided by interest expenses.

### Operating margin

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

### Adjusted operating margin

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

### Adjusted operating margin excluding investment in new technology

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

### Operating income<sup>1</sup>

Profit from operations before financial items and tax.

### Adjusted operating income

Profit from operations before financial items and tax, adjusted for one-off items.

### Adjusted operating income excluding investment in new technology

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

### Equity/assets ratio

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

### Capital employed<sup>1</sup>

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

### Currency-adjusted information<sup>1</sup>

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).

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

## APPENDIX

### FINANCIAL DATA FOR ALTERNATIVE PERFORMANCE MEASURES

#### Net sales

	Reported net sales Jan-Mar 2020	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Jan-Mar 2020	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
<b>SEK m</b>								
The Group	1,180	-32	1,148	-3%	5,151	-270	4,881	-5%
<b>Total</b>	<b>1,180</b>	<b>-32</b>	<b>1,148</b>	<b>-3%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Net sales per region

	Reported net sales Jan-Mar 2020	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Jan-Mar 2020	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
<b>SEK m</b>								
Europe	417	-4	413	-1%	1,698	-36	1,662	-2%
North America	611	-31	580	-5%	2,659	-211	2,448	-8%
Asia & Middle East	111	-1	110	-1%	586	-22	564	-4%
South America	41	4	45	11%	208	-1	207	0%
<b>Total</b>	<b>1,180</b>	<b>-32</b>	<b>1,148</b>	<b>-3%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Net sales per product line

	Reported net sales Jan-Mar 2020	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Jan-Mar 2020	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
<b>SEK m</b>								
Foundation Brake	662	-13	649	-2%	2,966	-145	2,821	-5%
Air Controls	518	-19	499	-4%	2,185	-125	2,060	-6%
<b>Total</b>	<b>1,180</b>	<b>-32</b>	<b>1,148</b>	<b>-3%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Net sales per customer category

	Reported net sales Jan-Mar 2020	Currency adjusted to prev. year's exchange rates	Currency adjusted net sales Jan-Mar 2020	Δ	Reported net sales Full year 2019	Currency adj. to previous years exchange rates	Currency adjusted net sales Full year 2019	Δ
<b>SEK m</b>								
Truck	224	-4	220	-2%	1,252	-71	1,181	-6%
Trailer	352	-7	345	-2%	1,502	-56	1,446	-4%
Aftermarket	605	-21	583	-4%	2,397	-143	2,254	-6%
<b>Total</b>	<b>1,180</b>	<b>-32</b>	<b>1,148</b>	<b>-3%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

QUARTERLY DATA

FINANCIAL DATA FOR ALTERNATIVE PERFORMANCE MEASURES

	2020		2019		2018				
SEK m, if not otherwise stated	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>One-off items</b>									
- Restructuring costs	-7	-175	-12	-17	0	-1	0	0	0
- Costs related to the bidding process	-6	-2	-5	-1	0	0	0	5	0
- Product-related warranties	0	0	0	0	0	-49	0	-5	0
<b>Total one-off items</b>	<b>-13</b>	<b>-177</b>	<b>-17</b>	<b>-18</b>	<b>0</b>	<b>-50</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Research and development expenditure excluding depreciations</b>	<b>-63</b>	<b>-67</b>	<b>-54</b>	<b>-59</b>	<b>-56</b>	<b>-60</b>	<b>-51</b>	<b>-54</b>	<b>-47</b>
<b>Product development cost for new technology</b>	<b>-12</b>	<b>-14</b>	<b>-10</b>	<b>-12</b>	<b>-11</b>	-	-	-	-
Joint venture EMB	-7	-7	-7	-7	-	-	-	-	-
Scalable brake systems	-2	-5	-2	-6	-4	-	-	-	-
<b>Total operating expenses for new technology</b>	<b>-9</b>	<b>-12</b>	<b>-9</b>	<b>-13</b>	<b>-4</b>	-	-	-	-
<b>Net interest and financial items</b>									
Interest income	1	2	4	4	3	5	0	1	1
Interest expenses	-8	-10	-11	-10	-5	-7	-2	-8	-5
<b>Total net interest income/expense</b>	<b>-7</b>	<b>-8</b>	<b>-7</b>	<b>-6</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-7</b>	<b>-4</b>
Other financial items	-19	-4	-3	-9	-5	-8	-9	-4	0
<b>Total financial items</b>	<b>-26</b>	<b>-12</b>	<b>-10</b>	<b>-15</b>	<b>-7</b>	<b>-10</b>	<b>-11</b>	<b>-11</b>	<b>-4</b>
<b>Net debt</b>									
- Interest-bearing assets	294	315	217	196	280	305	214	216	195
- Interest-bearing liabilities including derivative instruments	-949	-768	-761	-731	-724	-582	-572	-554	-481
- Pension liabilities	-571	-562	-540	-511	-498	-455	-458	-470	-460
<b>Total net debt<sup>1</sup></b>	<b>-1,226</b>	<b>-1,015</b>	<b>-1,084</b>	<b>-1,046</b>	<b>-942</b>	<b>-732</b>	<b>-816</b>	<b>-808</b>	<b>-746</b>
<b>Capital employed</b>									
Total assets	4,720	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531
Non-interest-bearing liabilities and provisions	-1,235	-1,116	-1,048	-1,062	-1,043	-1,041	-1,124	-1,187	-1,081
<b>Total capital employed</b>	<b>3,485</b>	<b>3,297</b>	<b>3,413</b>	<b>3,312</b>	<b>3,334</b>	<b>2,648</b>	<b>2,609</b>	<b>2,582</b>	<b>2,450</b>
<b>Average capital employed<sup>2</sup></b>	<b>3,403</b>	<b>3,366</b>	<b>3,198</b>	<b>2,941</b>	<b>2,699</b>	<b>2,571</b>	<b>2,449</b>	<b>2,336</b>	<b>2,239</b>
<b>Net income attr. to owners of parent company</b>									
Net income	3	-149	37	49	68	-24	58	61	58
Net income attributable to non-controlling interests	1	0	1	2	1	3	1	1	0
<b>Total net income attr. to owners of parent company</b>	<b>2</b>	<b>-149</b>	<b>36</b>	<b>47</b>	<b>67</b>	<b>-27</b>	<b>57</b>	<b>60</b>	<b>58</b>
<b>Equity attr. to owners of parent company</b>									
Equity	1,602	1,537	1,745	1,675	1,708	1,611	1,617	1,581	1,502
Equity attributable to non-controlling interests	34	32	33	33	31	28	24	27	25
<b>Total equity attr. to owners of parent company</b>	<b>1,568</b>	<b>1,505</b>	<b>1,712</b>	<b>1,642</b>	<b>1,677</b>	<b>1,583</b>	<b>1,593</b>	<b>1,554</b>	<b>1,477</b>
<b>Average equity attributable to owners of parent company</b>	<b>1,621</b>	<b>1,624</b>	<b>1,641</b>	<b>1,610</b>	<b>1,577</b>	<b>1,515</b>	<b>1,466</b>	<b>1,419</b>	<b>1,370</b>
<b>Average no. of shares:</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>	<b>44,216</b>

<sup>1</sup> excluding the effects of IFRS16 - financial leasing