

HALDEX INTERIM REPORT APRIL–JUNE 2020

Q2 2020

SHARPLY REDUCED SALES, SIGNS OF RECOVERY IN AFTERMARKET

SECOND QUARTER 2020

- Sales fell by 37% and totalled SEK 875m (1,389). Currency-adjusted sales fell by 37%. The decline is mainly explained by covid-19 and its effect on production of trucks and trailers. The aftermarket was also affected, but as road transport returned in June and we are already seeing some recovery.
- Adjusted operating income totalled SEK -3m (91), equivalent to an adjusted operating margin of -0.3% (6.5). Costs decreased by SEK 49 million, of which long term structural savings programs contributed SEK 5 million during the second quarter. The savings programs totalling approximately SEK 200 million in annual savings will have full effect during the first half of 2021.
- Adjusted operating margin excluding investments in new technology was 0.8% (7.4).
- Reported operating income was SEK -151m (73). Non-recurring items of SEK 148m were charged to the quarter's earnings, of which SEK 101m are related to write downs. For the quarter non-recurring items had a cashflow effect of SEK 8m.
- Earnings per share was SEK -2.95 (1.11).
- Operating cash flow totalled SEK -96m (97).
- A directed new share issue provided the company with SEK 157m before transaction expenses.
- The Annual General Meeting appointed four new Board members; Stefan Charette was elected as the new Chairman.

	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ	Jan-Jun 2020	Jan-Jun 2019	Δ	Jul 2019-Jun 2020	2019
Group summary								
Net sales, SEK m	875	1,389	-37%	2,055	2,728	-25%	4,477	5,151
Organic growth	-37%	-4%	-	-26%	-2%	-	-	-5%
Operating income, SEK m	-151	73	-307%	-121	170	-171%	-186	105
Adjusted operating income, SEK m	-3	91	-103%	39	188	-79%	168	317
Operating margin	-17.2%	5.3%	-22.5	-5.9%	6.2%	-12.1%	-4.2%	2.0%
Operating margin excl. non-recurring items	-0.3%	6.5%	-6.8%	1.9%	6.9%	-5.0%	3.8%	6.1%
Adjusted operating margin excl. investment in new technology	0.8%	7.4%	-6.6%	2.8%	7.5%	-4.7	4.6%	6.9%
Return on capital employed ¹	-6.4%	8.2%	-14.6%	-6.4%	8.2%	-14.6%	-6.4%	3.1%
Return on capital employed excl. non-recurring items ¹	5.2%	10.6%	-5.4%	5.2%	10.6%	-5.4%	5.2%	9.4%
Profit after tax, SEK m	-139	49	-384%	-136	117	-216%	-248	5
Earnings per share, SEK	-2.95	1.11	-384%	-3.01	2.65	-216%	-5.58	0.12
Cash flow, operating activities, SEK m	-96	97	-193	-139	13	-152	176	328

¹Rolling twelve months, where the effect of IFRS16 Finance leases has been excluded.

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

COMMENTS FROM THE CEO

The effects of the covid-19 pandemic are severely denting market demand. New production of heavy trucks and trailers fell sharply in the second quarter, while the aftermarket showed some resilience. New production in our two largest markets, North America and Europe, were more or less closed during the quarter which led to a very weak quarter where total net sales fell by -37%. In terms of OEM sales of trucks decreased by 58% and trailers decreased by 39%. We were hoping the aftermarket to show more resilience, but the uncertainty of markets made customers postpone planned maintenance and service measures. The aftermarket fell by 23% in the quarter, but volumes recovered somewhat at the end of the quarter and sales were better in June.

Reduced demand led us to take powerful and necessary restructuring and savings measures in all regions. Among other things, we introduced a general savings programme that reduced cost by approximately SEK 37m. The savings mainly consist of reduced travel and consultancy costs, the introduction of short-time working from 1 April 2020 and withheld bonuses. In addition, we received SEK 10 million in government subsidies during the quarter.

Despite the savings made, the weak sales led to a negative adjusted operating income of SEK -3m. During the quarter, we decided to write down assets by SEK 101 million. The main part of the write-down relates to investment in an IT platform. After an impairment test, we also decided to write down the remaining intangible assets regarding ModulT. The writedown is mainly attributable to covid-19 effects, expectation of lower volumes and that we have noticed customers being more careful when it comes to choosing new suppliers and new technology. We continue our dialogue with a Chinese partner and consider our future potential on the Asian market to be attractive.

PLAN FOR LONG-TERM VALUE CREATION

Work on developing Haldex's long-term strategy is in progress alongside management of the covid-19 situation. The principle underpinning the strategic effort is that we should safeguard our technological edge and on that basis defend and develop our position as a leading global niche player in the market for brake systems in heavy vehicles. In purely practical terms, this means that the business must be specialised and concentrated, and in particular more streamlined. Our structural savings programmes have taken us part of the way, and our efforts to achieve savings are continuing with a focus on simplifying the value chain and reducing direct material costs. We must also increase our focus on profitability in sales activities and commit to products and services with a higher margin. We see great potential to develop our offering to the

aftermarket where we have a strong position and high profitability. The target of an adjusted operating margin excluding investments in new technology of 10% remains in place, but is dependent on when the market will recover from the effects of covid-19.

Altogether we have initiated strong measures expected to yield annual savings of around SEK 200m. The structural work to streamline and reduce our production footprint is proceeding according to plan. The closure of the production facilities in Heidelberg and Blue Springs as well as the Friction Centers in US are expected to be completed during the fourth quarter. During the quarter, we also implemented a staff reduction program, which currently includes 65 employees globally.

SALES, CUSTOMERS AND PARTNERSHIPS

During the quarter, we landed two larger customer contracts. Sales efforts and technological development go hand in hand, and we are focusing on attractive markets and product niches such as EBS gen4 and Scalable Brake System. Our position as a global niche player with open system solutions and future partnerships is attracting new and existing customers and we are engaged in several interesting dialogues with potential customers in Europe, the United States and China.

Several customers are testing our Scalable Brake System, and the system is running in test buses in China for the Chinese electric bus market. The tests are continuing but negotiations are still on hold due to uncertainty of covid-19 and market recovery. We follow the development of our customers' strategic priorities and have noted increased focus on the development of electric vehicles.

NEW SHARE ISSUE AND FINANCING IN PLACE

To bolster the company's financial position, a directed new share issue was made, providing SEK 157m in equity, which in turn made it possible to extend existing loans to April 2022.

NEW CHAIRMAN AND CFO TAKE OVER

The Annual General Meeting appointed a new Chairman and three new Board members. The new Board members provided valuable industrial and sector-specific expertise, and I look forward to their contributions to Haldex's continued development.

In conclusion, I would like to thank all the employees who, despite these exceptional times, have shown great loyalty and commitment. I would also like to extend a welcome to Haldex to our new CFO, Lottie Saks.

HELENE SVAHN

President & CEO

EVENTS DURING THE QUARTER

HALDEX OCH WIELTON GROUP IN 3-YEAR CONTRACT

The Wielton Group has appointed Haldex to be its principal supplier of EBS and air suspension systems. As a result of this cooperation Haldex will be an important cog in the Wielton Group's European expansion and its offering to European logistics companies. The contract has an estimated contract value of a two-digit sum in millions of EUR, and provides Haldex with an opportunity to introduce EBS gen4 and grow in the servicing market and aftermarket throughout Europe.

The 3-year contract includes delivery of EBS and air suspension systems to Wielton Group, which is one of the leading trailer manufacturers in Europe. The Wielton Group annually manufactures around 16,000 trailers shared among a portfolio of brands comprising Wielton, Fruehauf, Lawrence David and Langendorf.

HALDEX RENEWS ITS COLLABORATION WITH ONE OF THE COMPANY'S LARGEST DISC BRAKE CUSTOMERS

Haldex and one of the Haldex's largest global disc brake customers renewed their cooperation, with the result that Haldex will continue to supply disc brakes after 2020 for a further three years, with the possibility of further extension.

DIRECTED NEW SHARE ISSUE AND EXTENDED LOAN FINANCING

With the backing of the share issue authorisation granted by the AGM in 2019, the Board decided to issue a total of 4,421,597 new shares to the insurance companies AMF Pensionsförsäkring and AFA Försäkring. The new shares have been issued at a subscription price of SEK 35.56 per share, representing the volume-weighted average price of Haldex shares on Nasdaq Stockholm on the five trading days preceding the Board's decision on a new share issue. The new share issue provides Haldex with approximately SEK 157 million before issuing expenses. The issue expenses were around SEK 1 million.

The injection of equity made it possible to extend a syndicated credit facility of EUR 90 million and an existing short-term loan of SEK 270 million to April 2022. In conjunction with the new loan agreements, certain adjustments were also made to special loan terms pertaining to financial key ratios and interest levels.

WORKFORCE REDUCTIONS AND EXTENDED SHORT-TIME WORKING IN LANDSKRONA

Haldex has on three occasions extended the short-time work that was introduced at the production unit in Landskrona on 31 March. In addition, Haldex has so far given notice of termination to 65 employees as a part of the strategic savings programme (cost base adjustment) launched in May.

COMPREHENSIVE SAVINGS PROGRAMMES IMPLEMENTED DURING THE SECOND QUARTER

The organisation has worked intensively to adapt the business to the effects of covid-19 and to reduce costs in the long term. In addition to furloughing and temporary closures, this work includes adjustments to distribution and production flows as well as evaluation and reprioritisation of investments and ongoing projects. Haldex is also monitoring and evaluating the various employment subsidies introduced by local authorities around the world.

LONG TERM STRUCTURAL COST SAVINGS PROGRAMME			Non-recurring expenses, SEK m		
	Est. annual saving	Saving from	Total	2019	2020
Friction Centers, USA	28	May 19	18	5	13
Heidelberg, Germany	50	September-20	156	143	13
Blue Springs, USA	25	October 20	29	24	5
Cost base adjustment	100	July-20	34	0	34
Total	203		237	172	65

FINANCIAL SUMMARY OF THE SECOND QUARTER OF 2020

NET SALES

Currency-adjusted sales for the second quarter fell by 37% compared to the same period of the previous year. OEM sales fell by 48% and the aftermarket by 23%. Both OEM and the aftermarket business were hit hard by covid-19 during the second quarter, and covid-19 is therefore by far the largest factor explaining the downturn in sales. Aftermarket was affected to a greater extent than anticipated, which can be largely linked to the lockdowns of countries and regions imposed around the world during the second quarter. The downturn in currency-adjusted terms was 42 and 32% respectively for our most important markets, North America and Europe.

With regard to the individual regions, North America was severely impacted by covid-19 during the second quarter, truck manufacturing in particular according to the latest market statistics falling by 82% compared to the same period of the previous year. Sales in Trucks were 76% down on the second quarter of 2020. Aftermarket also fell by 24%, a greater decline than anticipated. However, we anticipate a faster recovery in the aftermarket than for the OEM market.

The European market also experienced a very sharp contraction in the second quarter. The OEM business in Europe principally consists of the trailer segment, and this fell by 39%. Aftermarket fell by 20%, with the greatest loss of sales at the start of the quarter while sales in June recovered well, and the aftermarket here is only marginally down on the previous year.

Asia were -19% down for the quarter, largely due to India and the lockdown imposed during the second quarter. The largest truck manufacturers are more than 80% down on last year, and Haldex sales fell by 82%. Remaining markets in Asia have developed significantly better, and Haldex sales fell only 9% in the second quarter.

For the first half of the year, sales were 26% lower than in the corresponding period of 2019. Covid-19 has had by far the greatest effect on the downturn, but weaker underlying demand in North America has also had an impact. The OEM business is down a total of 37% on 2019, while the aftermarket fell by only 11%.

SALES BY REGION	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
SEK m								
Europe	302	448	-32%	719	928	-23%	1,489	1,698
North America	431	732	-42%	1,042	1,403	-28%	2,298	2,659
Asia and Middle East	122	152	-19%	233	295	-21%	523	586
South America	20	57	-50%	61	102	-28%	167	208
Total	875	1,389	-37%	2,055	2,728	-26%	4,477	5,151

¹⁾ Currency adjusted

SALES BY PRODUCT LINE	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
SEK m								
Foundation Brake	472	828	-42%	1,134	1,595	-29%	2,504	2,966
Air Controls	403	561	-28%	921	1,133	-20%	1,973	2,185
Scalable Brake System	-	-	-	-	-	-	-	-
Total	875	1,389	-37%	2,055	2,728	-26%	4,477	5,151

¹⁾ Currency adjusted

SALES BY CUSTOMER CATEGORY	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
SEK m								
Truck	144	355	-58%	368	691	-47%	929	1,252
Trailer	245	403	-39%	597	832	-29%	1,267	1,502
Aftermarket	486	631	-23%	1,090	1,205	-11%	2,282	2,397
Total	875	1,389	-37%	2,055	2,728	-26%	4,477	5,151

¹⁾ Currency adjusted

OPERATING INCOME

Adjusted operating income for the second quarter totalled SEK -3m (91), equivalent to an adjusted operating margin of -0.3% (6.5). Currency adjusted costs decreased by SEK 49 million, of which long term structural savings programs contributed with SEK 5 million during the second quarter. The full effect of the long term structural cost savings programs will come during the first half of 2021. Other Cost Reductions are attributable to reduced travel and consulting costs, introduction of short-time work since April 2020, withdrawn bonuses. As well as government subsidies of SEK 10 million during the quarter.

The reported operating income amounted to SEK -151 (73) million in the second quarter, which corresponds to an operating margin of -17.2 (5.3)%.

The operating income during the quarter was impacted by non-recurring items which amounted to SEK 148 million consisting of SEK 34 million attributable to Haldex's cost base adjustment program, SEK 8 million to the closure of Friction Centers, SEK 61 million attributable to a write-down of investment in an IT platform that won't be fully implemented, and SEK 40 million attributable to a write-down of intangible assets linked to ModulT. The write-down of ModulT is mainly due to the fact that covid-19 has resulted in lower expected volumes, primarily in North America, and that OEM manufacturers have become more cautious in choosing new suppliers and investing in new technology. We see a slower conversion from drum to disc brake in the trailer segment.

The lower adjusted operating margin is mainly attributable to lower net sales. Currency-adjusted sales were down 37%. We have a counteracting effect in a positive product mix against a larger share of aftermarket sales due to the large loss of sales in the OEM market. The aftermarket accounted for 55% of sales in the second quarter, compared to 45% in the same quarter of 2019, which had a positive effect on gross margin. The gross margin was also positively affected by lower fixed production costs. Gross margin improved from 25.7% in the second quarter of 2019 to 26.1% in the second quarter of 2020.

Currency fluctuations, including gains or losses from currency hedging and currency translation effects, had a negative impact on consolidated operating income of SEK -8m (9) during the quarter. The currency effect in net financial income/expense in the second quarter was SEK -4m (4).

Reported operating income was SEK -151m (73) in the second quarter, which corresponds to an operating margin of -17.2% (5.3).

Adjusted operating income for the first half of 2020 totalled SEK 39m (188), equivalent to 1.9% (6.9). The single largest explanation for the decline is lower sales.

PRODUCT DEVELOPMENT

Investments in new technology and product development are progressing. 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 for maintenance of existing products and research for the development of new products are continuously recognised in profit or loss. Haldex estimates that these, based on historical average, normally amount to 3–4% of sales. Development expenses cannot be capitalised, i.e. recognised as an asset, until a number of conditions have been met, see accounting policies in the 2019 Annual Report. Haldex currently has a number of ongoing development projects, in particular projects under way in new technology, which do not yet meet the requirements for capitalisation, and are therefore recognised as R&D expenses. In addition to expenditure recognised as expenses in the income statement, SEK 27m (28) was capitalised as an asset in the balance sheet during the quarter. Total R&D expenditure including development expenses, was SEK 55m (59) in the quarter, equivalent to 6.3 % (4.3) of sales.

The company's Chinese joint venture, Haldex VIE, is continuing to develop according to plan. Development work on the electromechanical braking system for electric buses and other uses in the Chinese market continued during the year, and expenses totalled SEK 8m (7) for the second quarter.

During the first half of the year, we have capitalised SEK 59m (57) as an asset in the balance, sheet and total R&D expenditure was SEK 118m (115), which is equivalent to 5.7 % (4.2) of sales.

TAXES

Tax revenue for the second quarter totalled SEK 24m (-16), equivalent to a tax rate of 15% (24). The tax rate is approximately 12% lower than the average tax rate for the Group based on earnings and local tax rates in the Group companies, mainly due to the fact that we have not recognised the tax deduction for impairment of intangible assets made during the quarter.

Tax revenue for the first half of the year totalled SEK 22 m (-38), equivalent to a tax rate of 14% (24).

NET PROFIT AND EARNINGS PER SHARE FOR THE PERIOD

Profit after tax for the second quarter totalled SEK -139m (49). Basic and diluted earnings per share were SEK -2.95 (1.11).

Profit for the first six months after tax was SEK -136m (117). Basic and diluted earnings per share were SEK -3.01 (2.65).

CASH FLOW

Cash flow from operating activities totalled SEK -96m (+97) in the second quarter. Cash flow from operating activities was negatively affected during the quarter by the deterioration in operating income compared to same period previous year. The second quarter was also negatively affected by increased working capital

Investments, including capitalised development expenses, totalled SEK 76m (97). Most of the investments are attributable to machinery and equipment needed in operating activities, as well as capitalised development expenses of SEK 27m (28), mainly consisting of expenses related to the development of

the new generation of EBS and the continued development of new technology.

The increased investments for the first half year 2020 compared to 2019 are mainly driven by the temporary acquisition of the plant in Heidelberg in Germany totalling SEK 54 million. We have entered into an agreement to sell the plant, which will be paid for during the third quarter.

Cash flow from operating activities totalled SEK -139m (+13) in the first six months.

NET DEBT AND NET INTEREST INCOME/EXPENSE

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Net debt and net interest income/expense			
Assets as part of net debt:			
Cash and cash equivalents	260	196	315
Liabilities as part of net debt:			
Interest-bearing liabilities including derivative instruments	-920	-731	-768
Pension liabilities	-651	-511	-562
Total net debt, excl. IFRS16 - Finance leases	-1,311	-1,046	-1,015
Debt relating to IFRS16	-321	-397	-423
Total net debt, incl. IFRS16 - Finance leases	-1,632	-1,443	-1,438
Net interest income/expense for current year	-11	-15	-36

Group net debt at 30 June totalled SEK 1,632m (1,443), equivalent to an increase of SEK 189m compared to the equivalent period of the previous year. Of the increase, SEK 147m relates to investing activities, which consist of capitalised product development and investments in machinery and other equipment, combined with lower profitability during the quarter. SEK 140m can be attributed to a revaluation of the pension liability, mainly due to lower interest rates, while leasing commitments through IFRS16 reduce net debt by SEK 76m.

Of Haldex's total net debt of SEK 1,632m, SEK 321m can be attributed to lease commitments under IFRS 16 and SEK 651m to pension liabilities. SEK 920m can be attributed to interest-bearing liabilities to banks.

Financial items totalled SEK -12m (-8) in the second quarter, of which net interest income/expense, excluding IFRS 16, was

SEK -11m (-15). The equity/assets ratio was 33% (38) at the end of the second quarter.

Haldex loan financing consists primarily of:

- A long-term loan maturing in April 2022 of SEK 270m, which has replaced the previous bond loan of SEK 270m which matured in January 2020.
- A syndicated credit facility of EUR 90m, maturing in April 2022. EUR 63m of this facility had been used at the end of the quarter.

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

Sales, SEK m	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
Truck	46	190	-76%	155	380	-61%	432	657
Trailer	64	126	-49%	169	261	-37%	396	487
Aftermarket	321	416	-24%	718	762	-9%	1,470	1,515
Total	431	732	-42%	1,042	1,403	-28%	2,298	2,659

¹⁾Currency adjusted

SIGNIFICANT EVENTS

- Continued decline, slow recovery
- OEM customers resume production towards the end of the quarter
- The aftermarket is showing resilience
- Uncertainty regarding the 'second wave' of covid-19

MARKET DEVELOPMENT

North America is Haldex's largest market and accounted for just over 49% of the company's total sales during the second quarter. The market was predicted to decline in 2020 after many years of strong growth. The outbreak of covid-19 has further dampened the need of logistics companies to buy new vehicles, and the market for newly produced trucks fell by more than 80% during the second quarter compared to the corresponding period in 2019. New production of trailers also fell sharply, decreasing by 37% during the quarter. The aftermarket was resilient, but still declined by 24%. The aftermarket is less affected by covid-19 due to the need for vehicle maintenance that arises when logistics companies postpone the purchase of new vehicles while waiting for the economic situation and the demand for their services to stabilise.

The industry predicts a slow recovery in the market and, given current trend in covid-19 the recovery may extend well into 2021. Based on available information, truck and trailer manufacturers' volumes are expected to return to pre-covid-19 levels towards the end of the first half of 2021. The recovery in the aftermarket is also expected to be protracted, on the other hand the decline is significantly less deep.

OPERATIONS DURING THE SECOND QUARTER

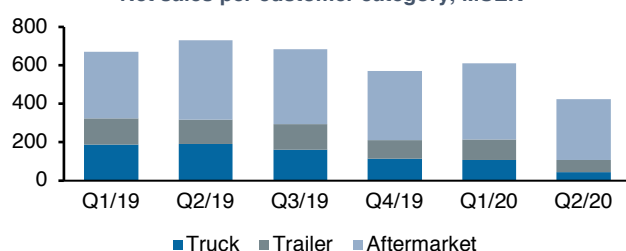
Most manufacturers of trucks and trailers have been closed due to covid-19 but are slowly ramping up the volume of production. Total production capacity is substantially curtailed, and the order books are thin compared to the corresponding period of 2019. OEMs are acting very cautiously and minimising the risks and safeguarding their cash flows. In the aftermarket, many customers are endeavouring to extend their payment terms and consequently improve their liquidity and cash flow. Haldex North America has so far managed to operate without changed terms of payment.

The closure of the Blue Springs plant has progressed faster, and we anticipate transferring production to Monterrey, Mexico during the third quarter. The streamlining of our Friction Center operations is proceeding according to plan, and we anticipate closing the last centre designated for phase-out towards the end of the third quarter.

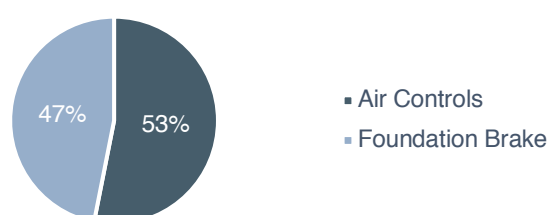
OUTLOOK

Region North America is continuing its efforts to develop its business with a focus on driving aftermarket demand and streamlining manufacturing. Work is underway to strengthen Haldex's market presence and position in the region. Despite a challenging situation, efforts to build up a disc brake business continue, where we endeavour to ensure partnerships with both trailers and truck OEMs. Finally, we will continue to work on developing cost-effective and competitive products that can contribute to sustainable and profitable growth.

Net sales per customer category, MSEK



Sales by product line



REGION EUROPE

	Second quarter			6 months			Rolling 12	Full year
Sales, SEK m	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
Truck	25	49	-46%	66	100	-32%	144	177
Trailer	137	224	-39%	335	465	-28%	673	803
Aftermarket	140	175	-20%	318	363	-13%	673	718
Total	302	448	-32%	719	928	-23%	1,489	1,698

¹Currency-adjusted

SIGNIFICANT EVENTS

- Market demand and sales fell
- The aftermarket showed more resilience but still fell sharply
- Strategic partnership and contract with Wielton to roll out EBS and air suspension systems for the next three years starting in 2021
- Haldex renewed a long-term contract with one of the largest global disc brake customers

MARKET DEVELOPMENT

Europe accounted for 35% of Haldex sales in the second quarter. A new covid19-adjusted market forecast for 2020 indicates that production volume (trucks and trailers) will decrease by -31% pending a slow recovery from the third quarter onwards. However, there is still great uncertainty in the forecast and many customers have announced extended summer holidays with reduced activity in the market as a result. Despite already announced significant financial stimulus and support programmes across Europe, the market expects truck and trailer production volumes to recover slowly to reach pre-covid-19 levels by the end of 2021.

OPERATIONS DURING THE SECOND QUARTER

During the second quarter, Haldex's sales decreased by 32%, mainly due to the impact of covid-19 on society from mid-March. In April, our distribution centre in Weyersheim, France, reopened after a two-week closure. Sales were clearly affected by the closures of most of all truck manufacturers' OEM plants, with sales in this segment down by -46%. Trailer sales, our

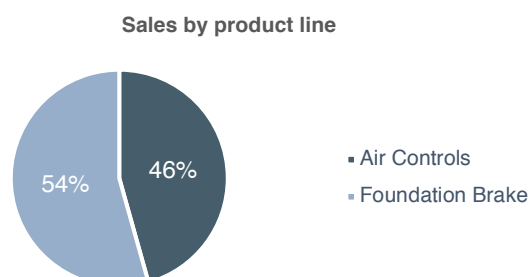
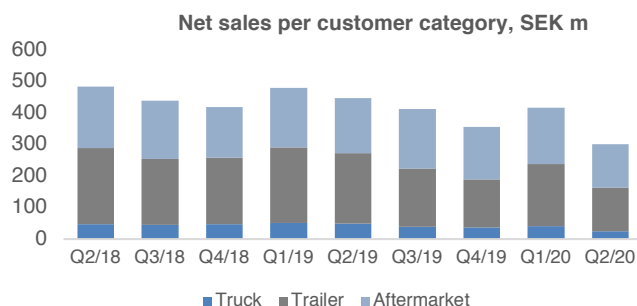
largest customer segment, were also greatly affected and sales fell by -39%. Product lines such as air suspension, valves and EBS were hit particularly hard. Aftermarket sales accounted for 46% of the region's total sales and declined by -20% during the second quarter. The aftermarket was affected somewhat less because freight transport is critical even during a pandemic.

Haldex Europe continued its development work with a leading European truck manufacturer based on the successful winter tests conducted during the first quarter.

Haldex has taken measures to concentrate production of EBS and air suspension in Hungary, which has led to the closure of the Heidelberg plant in Germany. The relocation of production is going according to plan and will be completed in the fourth quarter of 2020. The savings are estimated to amount to SEK 50m per year when the move is fully completed.

OUTLOOK

Haldex Europe is continuing to implement its regional strategy to strengthen its position as an innovative disc brake specialist and Trailer Full System supplier. We have entered into our first contracts for our new EBS solution with increased functionality, which will be delivered at the beginning of next year. We firmly believe that this will strengthen our market position in Europe. In addition to this, we are continuing to drive aftermarket growth and focus on efficiency and margin improvements. Our efforts include delivering more cost-effective products and making the organisation efficient.



REGION ASIA & MIDDLE EAST

Sales, SEK m	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
Truck	68	84	-18%	121	156	-23%	275	310
Trailer	42	49	-15%	86	100	-14%	185	199
Aftermarket	12	19	-33%	26	40	-35%	63	77
Total	122	152	-19%	233	295	-21%	523	586

¹⁾Currency adjusted

SIGNIFICANT EVENTS

- The business in China recovered, while the Indian business is severely impacted by covid-19.
- Strong ABA sales mainly to truck manufacturers in China
- Delayed legal requirements for ADB and EBS are holding back sales to the trailer segment in China

MARKET DEVELOPMENT

The Asian markets and the Middle East continued to be affected by the covid-19 outbreak during the second quarter. However, China showed a strong recovery with production volumes for trucks and trailers surpassing the corresponding quarter of 2019. The bus segment, on the other hand, is below last year's levels due to reduced bus travel in China since the covid-19 crisis began. As a result of the covid-19 situation, legal requirements for ADB and EBS for certain trailer models have been delayed. This has led to increased demand for automatic brake adjusters (ABA) used for drum brakes.

In the Indian market for heavy vehicles, the decline that began in 2019 is continuing and production of medium-sized and heavy vehicles decreased by 90 % during the second quarter.

OPERATIONS DURING THE SECOND QUARTER

Haldex sales in the region decreased by 19% in the second quarter compared to the corresponding period of the previous year. The decline is mainly explained by generally lower demand in the bus segment and a generally very sharp decline for all segments in the Indian market. Despite the challenging situation, Haldex has maintained its market position in the region and the automatic brake adjuster (ABA) is still Haldex's most important product. We have also noticed an increase in sales of disc brakes.

The substantially lower bus volumes during the second quarter had a negative impact on the region's sales of Air Controls and related products. Haldex's sales in India decreased by 82%, due to the OEMs emptying their warehouses and the whole country being locked down due to covid-19.

During 2020, Haldex has intensified its development efforts to introduce the ModulT platform to replace the current ModulX in the long term. ModulT offers lower weight and easy maintenance combined with high performance.

Vehicle tests of the electromechanical braking system (EMB) are running according to plan and additional test vehicles were equipped during the second quarter.

Haldex India has received a major contract from Ashok Leyland, India's second-largest manufacturer of medium and heavy vehicles, with the result that we are the exclusive supplier of automatic brake adjusters for their newly developed platform, Modular Business Program. In the long run, this means that Ashok Leyland's share of Haldex India's sales will increase from 40% to 60%.

OUTLOOK

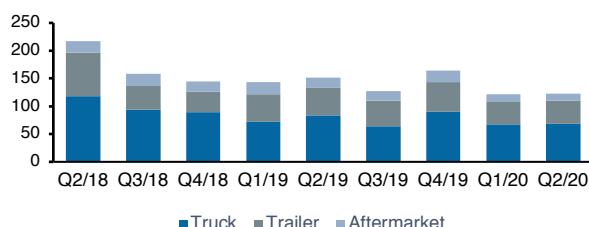
In China, further stimulus measures are expected from the government with a focus on infrastructure investments. The investments have several positive consequences, among other things in the form of increased demand for construction vehicles. Looking at the Chinese truck market, demand is expected to fall back in July, following normal seasonal variations over the summer.

With reference to the deferred legislation on requirements for EBS and ADB for certain trailer segments, we anticipate increased demand for these components from September instead. Despite the strong recovery in the domestic market during the second quarter, this has not been able to offset the fall in export-related business. In total we anticipate that our sales in China will develop in line with the market trend for the rest of the year.

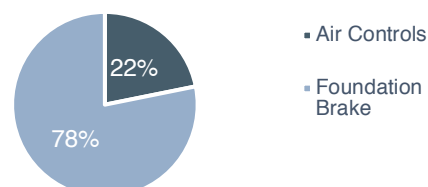
The focus for the coming six months in China is on developing new business regarding the market's transition to ADB and also EBS.

With regard to India, the outlook remains weak for the second half of 2020. There is great uncertainty about how covid-19 will develop and the level of lockdown in society.

Net sales per customer category



Sales by product line



REGION SOUTH AMERICA

Sales, SEK m	Second quarter			6 months			Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Δ ¹	Jan-Jun 2020	Jan-Jun 2019	Δ ¹	Jul 2019-Jun 2020	2019
Truck	5	32	-76%	25	55	-44%	78	108
Trailer	3	4	2%	7	7	25%	13	13
Aftermarket	12	21	-21%	28	40	-13%	75	86
Total	20	57	-50%	61	102	-28%	167	208

¹⁾Currency adjusted

SIGNIFICANT EVENTS

- Sharply reduced demand and sales halved
- The aftermarket was affected by withdrawal of public transport
- Export to Argentina and Chile balanced - inflow of new customers

MARKET DEVELOPMENT

For Haldex South America, the business consists mainly of the Brazilian market. However, sales are increasing in Argentina and Chile and sales to Argentina played an important role for the second quarter.

Operations during the second quarter were very greatly impacted by covid-19. Brazil's lack of coordination between local and federal authorities led to completely different outcomes. Some areas were severely affected by the outbreak, while others coped relatively well. Haldex's business in San Jose Dos Campos is located in one of the least affected areas of Brazil, but was nevertheless severely impacted because the entire South American economy was hit very hard.

All OEMs have recently opened and are currently operating with greatly reduced production capacity.

The aftermarket was also adversely affected by the government imposing severe restrictions on public transport. This segment has now returned to full capacity and our sales volumes are increasing month by month.

Demand for commercial vehicles has increased as a result of increased agricultural activity in Brazil. This increase has also contributed to greater demand from trailer manufacturers, and our new initiatives in this market have been successful. This is despite the fact that we implemented price increases to offset a stronger dollar.

BUSINESS DURING THE QUARTER

Due to the powerful impact of covid-19, sales were extremely weak during the second quarter. Our two main customers did not place any orders for two months. However, our good relations with our Argentine partner led to increased sales during April and May. In total, currency-adjusted sales decreased by 50% during the second quarter compared to the corresponding period last year, which was an unusually strong quarter.

Business was also affected by currency fluctuations, with a stronger US dollar having a negative impact on profitability. We expect profitability to improve during the third quarter, partly as an effect of imminent price negotiations.

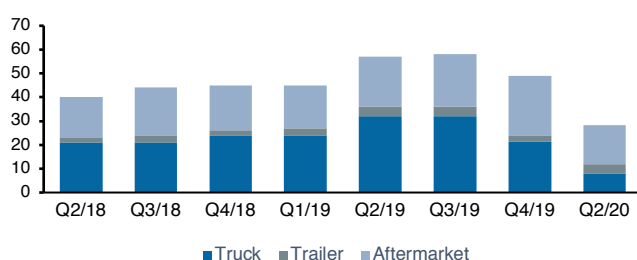
In order to reduce total costs, a reduction in various service contracts was implemented.

OUTLOOK

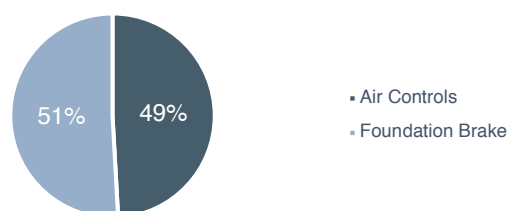
We expect OEM sales to increase slowly during the second half of the year. We will continue the development of new customers in the segment for small trailer manufacturers. We also hope to pursue various sales initiatives towards the agricultural market, where we see continued growth.

The aftermarket is expected to recover during the third quarter and we anticipate exports to develop positively.

Net sales per customer category



Sales by product line



EMPLOYEES

The number of employees at the end of the quarter was 2,055 (2,283) persons, which is 228 down on the second quarter of 2019. The greatest decreases in workforce have occurred in countries with production facilities, such as the United States, India and Hungary. In addition, the cost-saving programmes have started to have an impact on the number of salaried employees in high-cost countries such as Sweden, the United States and France.

During the quarter Lottie Saks took over as the new CFO and Nicola Gregory as EVP Supply Chain. In addition, Jeanna Tällberg has been recruited as the new EVP HR and will take up her duties on 1 September. Fredrik Seglö will take over as the new EVP Product & Technology from 1 November, in succession to Andreas Jähnke, who will leave on 31 October. Seglö currently fulfils the role of EVP APAC and will be replaced in that position by Yin Feng.

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, MidCap. The parent company fulfils head office functions, including the corporate finance function. Net sales in the parent company totalled SEK 29m (31) during the second quarter. Profit after tax was SEK 24m (8).

ANNUAL GENERAL MEETING 2020

Haldex held its Annual General Meeting on 23 June with shareholders representing 38% of votes present. Below is a brief summary of important decisions; a full account can be found on the website.

- The AGM approved the Board's proposal for no dividend to be paid and for the profit/loss for the year to be carried forward to new account.
- At the meeting, it was also decided that all Board members and the CEO would be granted discharge from liability for administration during the 2019 financial year, with the exception of the former CEO Åke Bengtsson.
- The Annual General Meeting also resolved on changes to the Board, meaning that Helene Svahn, CEO, was re-elected and that four new members were elected: Stefan Charette, Viveka Ekberg, Håkan Karlsson and Catharina Modal Nilsson.
- Stefan Charette was elected Chairman of the Board.
- The AGM adopted the Board's proposal for amended Articles of Association, under which the Articles of Association are adapted to proposed amendments to the Swedish Companies Act and updated to current terminology.
- The AGM rejected the Board's proposal to authorise the Board to decide on a new issue of shares during the period up to the 2021 AGM.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

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 2019 Annual Report and Corporate Governance Report, on pages 46–51 and 94–98. The section on risks in the Annual Report makes it clear that the consolidated financial 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 usual. It is difficult to predict how long the pandemic will last and its long-term consequences and thus the effects on Haldex's profit or loss and value. In the short term, it is clear that Haldex will be affected by reduced consumption and the general slowdown in the economy and the effects it will have on the transport and use of heavy vehicles, both lorries and trailers and buses.

SHARES AND SHARE DATA

Earnings per share for the second quarter was SEK -2.95 (1.11). On the balance sheet date equity per share was SEK 28.93 (37.89). Haldex had 44,215,970 shares at the start of the period. During the second quarter a new issue of 4,421,597 shares was made, so that the number of shares at the end of the period was 48,637,567. At 1 April 2020, the share price was SEK 24.40. The last paid price on 30 June 2020 was SEK 37.50.

LONG-TERM FINANCIAL GOALS

ADJUSTED OPERATING MARGIN EXCLUDING NEW TECHNOLOGY, 10%

The objective is to achieve an adjusted operating margin of 10% in 2022, excluding investments in new technology.

GROWTH

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

GEARING

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

OUTLOOK FOR 2020

Due to the great uncertainty the covid-19 pandemic is continuing to cause in the market, Haldex has decided not to provide a financial forecast for the full year 2020. However, we expect to develop in line with forecasted build rates for heavy vehicles and trailers in each market in terms of sales.

Market data shows that the OEM market is expected to recover slowly during the second half of 2020 to reach pre-covid-19 levels towards the end of the first half of 2021. Regarding the aftermarket, no market data is available, but Haldex's assessment is that the aftermarket follows the general economic development, and we see that capacity

utilization of heavy transport increased during June. There is also a certain pent-up need for maintenance work that must be done in the coming six months.

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

In the second quarter, a related-party transaction took place with Evli Corporate Finance AB regarding advice on refinancing and new share issue. The related-party transaction consists in the then Board member of Haldex, Mikael Thunved, also being the CEO of Evli Corporate Finance AB. The total fee was SEK 1,7 m and is judged to follow normal market terms.

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.

THE BOARD OF DIRECTORS' ASSURANCE

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

ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the second quarter.

ACCOUNTING POLICIES

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. 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 2019 Annual Report on pages 56-60. 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 income.

LANDSKRONA, 16 JULY 2020

HALDEX AB

Stefan Charette
Chairman of the board

Håkan Karlsson
Vice Chairman

Catharina Modahl-Nilsson
Board member

Viveka Ekberg
Board member

Helene Svahn
Board member
President and CEO of Haldex

Per Holmqvist
Board member
Employee representative

Jahad Shako
Board member
Employee representative

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

INCOME STATEMENT

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Net sales	875	1,389	2,055	2,728	4,477	5,151
Cost of goods sold	-647	-1,031	-1,514	-2,036	-3,290	-3,812
Gross profit	228	358	541	692	1,187	1,339
Gross margin	26.1%	25.7%	26.3%	25.4%	26.5%	26.0%
Product development expenses	-35	-39	-72	-72	-158	-158
Selling and administrative expenses	-195	-229	-432	-452	-874	-894
Share of profit from joint venture	-8	-7	-15	-7	-28	-21
Other operating income and expenses ¹	-141	-10	-143	9	-313	-161
Operating income^{1,2}	-151	73	-121	170	-186	105
Financial items	-12	-8	-37	-15	-66	-44
Profit before tax	-163	65	-158	155	-252	61
Tax	24	-16	22	-38	4	-56
Profit/loss for the period	-139	49	-136	117	-248	5
of which relating to non-controlling interests	0	2	2	3	3	4
Earnings per share, basic and diluted, SEK	-2.95	1.11	-3.01	2.65	-5.58	0.12
Average number of shares, thousands	47,152	44,204	45,678	44,204	44,941	44,204

OPERATING INCOME BY TYPE OF COST

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Net sales	875	1,389	2,055	2,728	4,477	5,151
Direct material costs	-445	-786	-1,091	-1,549	-2,412	-2,871
Employee benefit expenses	-239	-303	-533	-593	-1,095	-1,155
Depreciation and amortization	-157	-59	-218	-116	-339	-237
Other operating income and expenses	-185	-168	-334	-300	-817	-783
Operating income¹⁾	-151	73	-121	170	-186	105

¹⁾ NON-RECURRING ITEMS INCLUDED IN OPERATING INCOME

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Operating income, including non-recurring items	-151	73	-121	170	-186	105
Restructuring expenses	-46	-17	-53	-17	-241	-204
Impairment of asset	-101	0	-101	0	-101	0
External services related to the bidding process	-1	-1	-6	-1	-14	-8
Operating income, excluding non-recurring items	-3	91	39	188	168	317

²⁾ OPERATING INCOME EXCLUDING NEW TECHNOLOGY AND NON-RECURRING ITEMS

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Operating income, excluding non-recurring items	-3	91	39	188	168	317
Scalable Brake Systems	-2	-6	-4	-10	-11	-17
Joint venture, Haldex VIE China	-8	-7	-15	-7	-29	-21
Adjusted operating income, excluding new technology	7	103	58	205	208	355

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	2019
Profit/loss for the period	-139	49	-136	117	-248	5
Other comprehensive income						
<i>Items not to be reclassified to the income statement</i>						
Remeasurement of pension obligation, after tax	-84	-24	-83	-51	-79	-47
Total	-84	-24	-83	-51	-79	-47
<i>Items that may be reclassified to the income statement</i>						
Translation difference	-99	-10	-40	52	-68	24
Change in financial instruments measured at fair value, after tax	-1	0	1	-3	1	-3
Total	-100	-10	-39	49	-67	21
Total other comprehensive income	-183	-34	-121	-2	-145	-26
TOTAL COMPREHENSIVE INCOME	-322	15	-257	115	-393	-21
<i>of which relating to non-controlling interests</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>4</i>

CONSOLIDATED BALANCE SHEET

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019
Goodwill	420	434	436
Other intangible assets	305	288	364
Property, plant and equipment	1,228	1,205	1,273
Financial assets	25	36	23
Deferred tax assets	180	168	131
Total non-current assets	2,158	2,131	2,227
Inventories	860	737	815
Current receivables	981	1,290	1,009
Derivative instruments	41	20	47
Cash and cash equivalents	260	196	315
Total current assets	2,142	2,243	2,186
TOTAL ASSETS	4,300	4,374	4,413
Equity	1,437	1,675	1,537
Pensions and similar obligations	651	511	562
Deferred tax liabilities	18	30	12
Non-current interest-bearing liabilities	1,185	781	749
Other non-current liabilities	19	34	23
Total non-current liabilities	1,873	1,356	1,346
Derivative instruments	32	15	34
Current interest-bearing liabilities	62	344	449
Current liabilities	896	984	1,047
Total current liabilities	990	1,343	1,530
TOTAL EQUITY AND LIABILITIES	4,300	4,374	4,413

CHANGE IN GROUP EQUITY

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019
Opening balance	1,537	1,611	1,611
Profit/loss for the period	-136	117	5
Other comprehensive income	-121	-2	-26
Total comprehensive income	-257	115	-21
Transactions with shareholders:			
Dividend to Haldex shareholders	-	-51	-51
New share issue Haldex AB	157	-	-
Dividend to non-controlling interests	-	-	-2
Total transactions with shareholders	157	-51	-53
Closing balance	1,437	1,675	1,537
<i>of which relating to non-controlling interests</i>	<i>30</i>	<i>33</i>	<i>32</i>

CONSOLIDATED STATEMENT OF CASH FLOW

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	2019
Operating income	-151	73	-121	170	-186	105
Reversal of non-cash items	203	83	278	139	566	427
Interest paid	-7	-13	-14	-19	-37	-42
Tax paid	11	-18	-3	-40	-4	-41
Cash flow from operating activities before changes in working capital	56	125	140	250	339	449
Change in working capital	-152	-28	-279	-237	-163	-121
Cash flow from operating activities	-96	97	-139	13	176	328
Investments, incl. capitalisation of R&D expenses	-76	-97	-206	-163	-424	-381
Cash flow from investing activities	-76	-97	-206	-163	-424	-381
Dividend to Haldex shareholders	-	-51	-	-51	-	-51
Dividend to non-controlling interests	-	-	-	-	-2	-2
New share issue Haldex AB	157	-	157	-	157	-
Interest-bearing liabilities	8	-26	140	88	164	112
Cash flow from financing activities	165	-77	297	37	319	59
Cash flow for the period	-7	-77	-48	-113	71	6
Cash and cash equivalents, opening balance	294	280	315	305	196	305
Translation difference on cash and cash equivalents	-27	-7	-7	4	-7	4
Cash and cash equivalents, closing balance	260	196	260	196	260	315

FINANCIAL INSTRUMENTS BY CATEGORY

	30 Jun 2020		30 Jun 2019	
SEK m	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	4	3	1	1
Forward exchange contracts – measured at fair value through profit or loss	0	1	1	1
Currency swaps – measured at fair value through profit or loss	37	28	18	13
Total	41	32	20	15

PARENT COMPANY INCOME STATEMENT

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Net sales	29	31	60	61	124	125
Administrative expenses	-25	-31	-62	-51	-118	-107
Operating income	4	0	-2	10	6	18
Dividends from Group companies	13	-	17	-	72	55
Financial items	7	9	20	23	41	44
Profit after financial items	24	9	35	33	119	117
Group contributions	-	-	-	-	-67	-67
Profit before tax	24	9	35	33	52	50
Tax	-	-1	1	1	0	0
Profit/loss for the period	24	8	36	34	52	50

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Second quarter		6 months		Rolling 12	Full year
SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Profit/loss for the period	24	8	36	34	52	50
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	24	8	36	34	52	50

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEK m	30 Jun 2020	Apr-Jun 2019	31 Dec 2019
Non-current assets	2,922	2 936	2,930
Current assets	1,441	1,192	1,160
Total assets	4,363	4,128	4,090
Equity	1,337	1,129	1,144
Provisions	49	54	53
Interest-bearing liabilities, external	920	720	112
Other liabilities	2,057	2,225	2,781
Total liabilities and equity	4,363	4,128	4,090

FIVE-YEAR SUMMARY, GROUP

SEK m, unless 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 profit	1,339	1,306	1,225	1,219	1,359
Product development expenses	-158	-162	-158	-177	-193
Selling and administrative expenses	-894	-863	-797	-773	-749
Share of profit from joint venture	-21	-5	-	-	-
Other operating income and expenses	-161	-21	-121	-65	-92
Operating income	105	255	149	204	325
<i>operating income excluding non-recurring items</i>	<i>317</i>	<i>305</i>	<i>292</i>	<i>291</i>	<i>444</i>
Financial items	-44	-36	-8	-36	-54
Share of profit from joint venture	-	-	-12	-3	-
Profit before tax	61	219	129	165	271
Tax	-56	-66	-50	-74	-80
Profit for the year	5	153	79	91	191
Balance sheet					
Non-current assets	2,227	1,585	1,349	1,306	1,177
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
Cash flow					
Cash flow from operating activities before change 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
Cash flow for the year	6	104	-93	-18	-133
Key ratios					
Operating margin, %	2.0	5.0	3.3	4.7	6.8
Operating margin excl. non-recurring 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	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 % ^{1,2}	3.1	9.8	6.8	9.7	15.9
Return on capital employed excl. non-recurring items, % ^{1,2}	9.4	11.8	13.3	13.8	21.7
Return on equity, %	0.1	9.8	5.4	13.1	14.1
Equity/assets ratio, %	35	44	45	45	49
Net debt/equity ratio, % ²	66	45	42	36	24
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. ²The effect of IFRS16 - Finance leases have been excluded.

QUARTERLY DATA

	2020		2019				2018 ³			
SEK m, unless otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement										
Net sales	875	1,180	1,141	1,283	1,389	1,339	1,225	1,270	1,372	1,252
Cost of goods sold	-647	-867	-849	-928	-1,031	-1,005	-938	-934	-1,014	-927
Gross profit	228	313	292	355	358	334	287	336	358	325
Product development expenses	-35	-37	-43	-43	-39	-33	-37	-44	-44	-36
Selling and administrative expenses	-195	-237	-215	-227	-229	-223	-231	-216	-216	-201
Share of profit from joint venture	-8	-7	-7	-7	-7	-	-	-	-1	-4
Other operating income and expenses	-141	-1	-160	-10	-10	19	-31	3	5	2
Operating income	-151	30	-133	68	73	97	-12	79	102	86
<i>operating income excluding non-recurring items</i>	<i>-3</i>	<i>43</i>	<i>44</i>	<i>85</i>	<i>91</i>	<i>97</i>	<i>38</i>	<i>79</i>	<i>102</i>	<i>86</i>
Financial items	-12	-26	-12	-16	-8	-7	-10	-11	-11	-4
Profit before tax	-163	4	-145	52	65	90	-22	68	91	82
Tax	24	-1	-4	-15	-16	-22	-2	-10	-30	-24
Profit/loss for the period	-139	3	-149	37	49	68	-24	58	61	58
Balance sheet										
Non-current assets	2,158	2,319	2,227	2,178	2,131	2,086	1,585	1,526	1,497	1,436
Current assets	2,142	2,401	2,186	2,283	2,243	2,291	2,104	2,207	2,272	2,095
Total assets	4,300	4,720	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531
Equity	1,437	1,602	1,537	1,745	1,675	1,708	1,611	1,617	1,581	1,502
Non-current liabilities	1,873	1,458	1,346	1,358	1,356	1,566	1,072	974	975	884
Current liabilities	990	1,661	1,530	1,358	1,343	1,103	1,006	1,142	1,213	1,145
Total equity and liabilities	4,300	4,720	4,413	4,461	4,374	4,377	3,689	3,733	3,769	3,531
Cash flow										
Cash flow from operating activities	-96	-43	239	76	97	-84	199	74	65	-64
Cash flow from investing activities	-76	-130	-136	-82	-97	-66	-126	-85	-89	-81
Cash flow from financing activities	165	132	1	21	-77	114	13	14	42	142
Cash flow for the period	-7	-41	104	15	-77	-36	86	3	18	-3
Key ratios										
Operating margin, %	-17.2	2.5	-11.6	5.3	5.3	7.2	1.0	6.3	7.4	6.9
Operating margin excl. non-recurring items, %	-0.3	3.6	3.8	6.6	6.5	7.2	3.1	6.3	7.4	6.9
Adjusted operating margin excl. investment in new technology, %	0.8	4.4	4.9	7.4	7.4	7.5				
Earnings per share, basic and diluted, SEK	-2.95	0.04	-3.36	0.83	1.11	1.54	-0.49	1.26	1.39	1.30
Equity per share, SEK	28.93	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	-2.04	-0.97	5.41	1.72	2.19	-1.90	3.20	1.67	1.47	-1.45
Share price, SEK	37.50	25.55	51.00	50.20	57.00	62.00	69.00	87.20	89.00	85.40
Return on capital employed % ^{1 2}	-6.4	1.2	3.1	7.5	8.2	9.7	9.8	12.5	11.7	9.0
Return on capital employed excluding non-recurring items, % ^{1 2}	5.2	8.6	9.4	10.5	10.6	11.5	11.8	13.8	14.0	13.5
Return on equity, %	-9.3	0.1	-9.3	2.1	2.9	4.1	-1.7	3.7	3.9	4.0
Equity/assets ratio, %	33	34	35	39	38	39	44	43	42	43
Net debt/equity ratio, % ²	91	76	66	62	62	55	45	50	51	50
External investments, SEK m	49	97	103	64	69	37	99	74	74	66
R&D, %	6.3	5.3	5.9	4.1	4.3	4.2	4.9	3.9	3.9	3.7
Number of employees	2,055	2,183	2,172	2,212	2,283	2,315	2,309	2,313	2,403	2,315

¹⁾Rolling twelve months. ²⁾The effect of IFRS16 - Finance leases has been excluded. ³⁾Not adjusted according to IFRS16

KEY RATIOS

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Operating margin excl. non-recurring items, %	1.9%	6.9%	6.1%
Operating margin, %	-5.9%	6.2%	2.0%
Operating margin excluding investment in new technology, %	2.8%	7.5%	6.9%
Cash flow, operating activities, SEK m	-139	13	328
Cash flow after investments, SEK m	-345	-150	-53
Return on capital employed % ^{1 2}	-6.4%	8.2%	3.1%
Return on capital employed excluding non-recurring items, % ^{1 2}	5.2%	10.6%	9.4%
Investments, SEK m	146	106	273
R&D, %	5.7%	4.2%	4.6%
Number of employees	2,055	2,283	2,172
Return on equity, % ¹	-16.0%	9.0%	0.1%
Interest coverage ratio, multiple	3.1	12.8	7.5
Equity/assets ratio, %	33	38	35
Net debt/equity ratio, % ²	91	62	66
Per share:			
Profit after tax, basic, SEK	-3.01	2.65	0.12
Profit after tax, diluted, SEK	-3.01	2.65	0.12
Equity per share, SEK	28.93	37.89	34.78
Cash flow, operating activities, per share, SEK	-3.04	0.29	7.42
Share price, SEK	37.50	57.00	51.00
Average number of shares, thousands	45,690	44,216	44,216
Total number of shares at end of period, thousands	48,638	44,216	44,216
of which number of treasury shares, thousands	12	12	12

¹Rolling twelve months. ²The effect of IFRS16 - Finance leases has been excluded.

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 Lottie Saks, CFO. The teleconference will also be webcast, and you can take part and ask questions by phone. Date and time: Thursday 16 July, 11.00 am.

The press conference will be webcast at:

<https://tv.streamfabriken.com/haldex-q2-2020>

To join the teleconference:

SE: +46 8 50 55 83 65

UK: +44 33 33 00 92 61

US: +1 83 38 23 05 90

The webcast is available afterwards, and both the interim report and presentation can be downloaded from the Haldex website: <http://www.haldex.com/finansiellrapporter>

FINANCIAL CALENDAR 2020

Interim report July-September	22 October 2020
Year-end report January-December	11 February 2021

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This information is such as Haldex AB (publ) is obliged to publish under the EU Market Abuse Regulation and the Swedish Financial Instruments Trading Act. The information was submitted for publication through contacts on 16 July 2020, at 07:20.

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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 alternative key ratios 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 during the period compared to 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

Net profit for the year relating to the shareholders in the parent company as a percentage of average equity relating 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 relating to the parent company shareholders divided by average number of shares.

Non-recurring 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 relating to specific customer commitments. The purpose of specifying these is to be able to demonstrate the trend in the underlying business.

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

Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables

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 relating to the shareholders of the parent company divided by weighted average number of shares.

Net interest income/expense¹

The 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 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 income¹

Profit from operations before financial items and tax.

Adjusted operating income

Profit from operations before financial items and tax, adjusted for non-recurring items.

Adjusted operating income excluding new technology

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 capital.

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.

¹Supplementary financial information is presented in the appendice.

GLOSSARY

ABA

Haldex's automatic brake adjusters which are used in drum brakes on heavy vehicles.

ABS

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

ADB

Air disc brake

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 not approved in North America and Europe, but are approved in China.

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 System, which includes EMB and FABV. These are developed partly internally at Haldex and partly via the Haldex joint venture VIE 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).

APPENDICE

FINANCIAL DATA FOR ALTERNATIVE PERFORMANCE MEASURES

Sales

	Reported sales Apr-Jun 2020	Currency adjustment to previous year's exchange rates	Currency adjusted sales Apr-Jun 2020	Δ	Reported sales full year 2019	Currency adjustment to previous year's exchange rates	Currency adjusted sales full year 2019	Δ
SEK m								
Group	875	4	879	1%	5,151	-270	4,881	-5%
Total	875	4	879	1%	5,151	-270	4,881	-5%

Sales by region

	Reported sales Apr-Jun 2020	Currency adjustment to previous year's exchange rates	Currency adjusted sales Apr-Jun 2020	Δ	Reported sales full year 2019	Currency adjustment to previous year's exchange rates	Currency adjusted sales full year 2019	Δ
SEK m								
Europe	302	2	304	1%	1,698	-36	1,662	-2%
North America	431	-7	424	-2%	2,659	-211	2,448	-8%
Asia and Middle East	122	1	123	1%	586	-22	564	-4%
South America	20	8	28	37%	208	-1	207	0%
Total	875	4	879	1%	5,151	-270	4,881	-5%

Sales by product line

	Reported sales Apr-Jun 2020	Currency adjustment to previous year's exchange rates	Currency adjusted sales Apr-Jun 2020	Δ	Reported sales full year 2019	Currency adjustment to previous year's exchange rates	Currency adjusted sales full year 2019	Δ
SEK m								
Foundation Brake	472	5	477	1%	2,966	-145	2,821	-5%
Air Controls	403	-1	402	0%	2,185	-125	2,060	-6%
Total	875	4	879	1%	5,151	-270	4,881	-5%

Sales by customer category

	Reported sales Apr-Jun 2020	Currency adjustment to previous year's exchange rates	Currency adjusted sales Apr-Jun 2020	Δ	Reported sales full year 2019	Currency adjustment to previous year's exchange rates	Currency adjusted sales full year 2019	Δ
SEK m								
Truck - heavy trucks	144	4	148	3%	1,252	-71	1,181	-6%
Trailer - trailers	245	2	247	1%	1,502	-56	1,446	-4%
Aftermarket	486	-2	484	0%	2,397	-143	2,254	-6%
Total	875	4	879	1%	5,151	-270	4,881	-5%

FINANCIAL DATA FOR ALTERNATIVE PERFORMANCE MEASURES

Quarterly data	2020		2019				2018		
SEK m, unless otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Non-recurring items									
- Restructuring expenses	-46	-7	-175	-12	-17	-	-1	-	-
- Impairment of asset	-101	-	-	-	-	-	-	-	-
Expenses related to the acquisition process	-1	-6	-2	-5	-1	0	0	0	5
- Product-related warranty costs	-	-	-	-	-	-	-49	-	-5
Total non-recurring items	-148	-13	-177	-17	-18	-	-50	-	-
Research and development expenses excl. depreciation	-55	-63	-67	-54	-59	-56	-60	-51	-54
Product development expenses for new technology	-12	-12	-14	-10	-12	-11	-	-	-
Joint venture EMB	-8	-7	-7	-7	-7	-	-	-	-
Scalable brake systems	-2	-2	-5	-2	-6	-4	-	-	-
Total operating expenses for new technology	-10	-9	-12	-9	-13	-4	-	-	-
Net interest income and financial items									
Interest income	0	1	2	4	4	3	5	0	1
Interest expenses	-6	-6	-13	-14	-13	-9	-7	-2	-8
Total net interest income	-6	-5	-11	-10	-9	-6	-2	-2	-7
Financial exchange rate effect	-4	-19	0	-6	4	0	-7	-7	-3
Other financial items	-2	-1	-1	-1	-3	-1	4	-2	-3
Total financial items	-12	-25	-12	-17	-8	-7	-5	-11	-13
Net debt									
- Interest-bearing assets	260	294	315	217	196	280	305	214	216
- Interest-bearing liabilities including derivative instruments	-920	-949	-768	-761	-731	-724	-582	-572	-554
- Pension liabilities	-651	-571	-562	-540	-511	-498	-455	-458	-470
Total net debt¹	-1,311	-1,226	-1,015	-1,084	-1,046	-942	-732	-816	-808
Capital employed									
Total assets	4,300	4,356	4,413	4,461	4,374	4,377	3,689	3,733	3,769
Non-interest-bearing liabilities and provisions	-965	-1,235	-1,116	-1,048	-1,062	-1,043	-1,041	-1,124	-1,187
Total capital employed	3,335	3,121	3,297	3,413	3,312	3,334	2,648	2,609	2,582
Average capital employed	3,417	3,403	3,366	3,198	2,941	2,699	2,571	2,449	2,336
Net profit relating to parent company shareholders									
Profit/loss for the period	-139	3	-149	37	49	68	-24	58	61
Profit attributable to non-controlling interests	0	1	0	1	2	1	3	1	1
Total net profit relating to parent company shareholders	-139	2	-149	36	47	67	-27	57	60
Equity relating to the parent company's owners									
Equity	1,437	1,602	1,537	1,745	1,675	1,708	1,611	1,617	1,581
Equity relating to non-controlling interests	30	34	32	33	33	31	28	24	27
Total equity attributable to parent company shareholders	1,407	1,568	1,505	1,712	1,642	1,677	1,583	1,593	1,554
Average equity relating to parent company shareholders	1,567	1,621	1,624	1,641	1,610	1,577	1,515	1,466	1,419
Average number of shares	47,164	44,216	44,216	44,216	44,216	44,216	44,216	44,216	44,216

¹The effect of IFRS16 finance leases has been excluded.