

# HALDEX INTERIM REPORT JULY–SEPTEMBER 2020

## Q3 2020

### GRADUAL RECOVERY AND POSITIVE OPERATING INCOME

#### THIRD QUARTER 2020

- Sales declined organically by 19% and totaled SEK 964m (1,283). The downturn is mainly explained by COVID-19 and its impact on new manufacturing of trucks and trailers. The aftermarket was more stable.
- Adjusted operating income totaled SEK 58m (85), equivalent to an adjusted operating margin of 6.0% (6.6). Fixed costs decreased by a total of SEK 49m in the quarter. The structural savings programs of SEK 200 million in annual savings contributed SEK 26 million in the quarter. Full effect is expected to be achieved during the first half of 2021.
- Adjusted operating margin excluding investments in new technology was 6.6% (7.4).
- Reported operating income was SEK -23m (68). Non-recurring items of SEK 81m were charged against income for the quarter of which 70 are attributable to write downs of capitalized investments in the development of FABV.
- Income for the period totaled SEK -104m (37). Tax totaled SEK 75m (15), equivalent to a tax rate of +257 (28)%. The high tax rate is explained by deferred taxes related to deficits, was written down by SEK 55m.
- Earnings per share were SEK -2.15 (0.83).
- Operating cash flow totaled SEK 231m (76) and was positively impacted by lower inventories and increased accounts payable. Sale of the property in Heidelberg contributed SEK 54m to cash flow for the period, which totaled SEK 211m (15).
- Contract signed with the axle manufacturer Gigant for disc brakes in Europe.

#### SIGNIFICANT EVENTS AFTER THE QUARTER

- The Board decided to expand present savings program by SEK 100 million in annual savings, more information will be presented in connection with the year-end report.
- After an updated impairment test the Board decided to write down capitalized investments by SEK 70 million. The write down is a consequence of the decision to postpone the development of FABV due to OEM customer change of priorities.

	Third quarter			Accumulated			Rolling 12 m	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ	Jan-Sep 2020	Jan-Sep 2019	Δ	Oct 2019-Sep 2020	2019
<b>Group overview, SEKm</b>								
Net sales, SEKm	964	1,283	-25%	3,019	4,010	-25%	4,159	5,151
Organic growth	-19%	-4%	–	-24%	-3%	–	–	-5%
Operating income, SEKm	-23	68	-135%	-145	238	-161%	-277	105
Adjusted operating income, SEKm	58	85	-32%	96	273	-65%	140	317
Operating margin	-2.4%	5.3%	-7.7	-4.8%	5.9%	-10.7	-6.7%	2.0%
Adjusted operating margin (excl. non-recurring items), %	6.0%	6.6%	-0.6	3.2%	6.8%	-3.6	3.4%	6.1%
Adjusted operating margin excl. investment in new technology	6.6%	7.4%	-0.8	3.9%	7.5%	-3.6	4.2%	6.9%
Return on capital employed <sup>1</sup>	-9.5%	7.5%	-17.0	-9.5%	7.5%	-17.0	-9.5%	3.1%
Return on capital employed (excl. non-recurring items) <sup>1</sup>	4.3%	10.5%	-6.2	4.3%	10.5%	-6.2	4.3%	9.4%
Profit after tax, SEKm	-104	37	-378%	-239	154	-256%	-388	5
Earnings per share, SEK	-2.15	0.83	-378%	-5.19	3.48	-256%	-8.70	0.12
Cash flow, operating activities, SEKm	231	76	155	92	89	3	331	328

<sup>1)</sup>Rolling twelve months, the effect of IFRS16 Finance Leases has been excluded.

## CLEAR RECOVERY COMPARED TO Q2 AND SAVINGS HAD POSITIVE IMPACT ON INCOME

COVID-19 continues to pressure people and communities. Haldex has escaped serious outbreaks of disease, but it has nevertheless been a challenging period. In spite of that, the organization has delivered and carried out necessary activities to adapt the business to the prevailing situation, and we see clear positive impacts on income, despite an unusually large loss of sales.

A very sharp decline in OEM customers' production volumes in the second quarter was followed by a gradual recovery in the third quarter, driven by goods transportation by road returning relatively quickly to near-normal volumes.

Haldex's net sales fell by 25% in the quarter and totaled SEK 964m. Sales were negatively impacted by the strength of the Swedish currency (SEK), with an organic decline of 19%, which was a clear improvement on the decline of -37% we saw during the second quarter. Uncertainty over the market trend for the remainder of 2020 remains high given the current spread of COVID-19. The industry anticipates that there will be a strong recovery in 2021, but that it will take a few more years to return to 2019 levels.

In terms of individual regions and customer segments, there were wide differences. Region North American faced another challenging quarter, with net sales declining organically by 26%. Region Europe, on the other hand, showed a stronger recovery, and the downturn compared to the third quarter of 2019 was -13%. Among customer segments, the aftermarket showed stability and recovery, but was nevertheless down 9%. Capacity utilization in the existing vehicle fleet has been consistently high, leading to increased demand for servicing and spare parts. The trailer segment also improved substantially compared to the second quarter, but sales were nevertheless 18% lower than in the third quarter of 2019. Sales regarding new production of trucks and buses had another challenging quarter, and sales fell by 42%. The weak trend for the truck segment is chiefly explained by continued economic uncertainty due to COVID-19, effects of a previously reported lost contract in North America and a global decline in bus transportation.

### **SAVINGS PROGRAMS SHOW EFFECT AND ARE EXPANDED BY SEK 100M**

Work aimed at strengthening our financial position and competitiveness is continuing.

Existing programs are running according to plan, and fixed costs decreased by SEK 49m in the quarter, of which the structural savings programs accounted for SEK 26m. For the full year 2020 we estimate fixed costs to decrease with SEK 140m.

In line with our objective to attain an adjusted operating margin of 10% the Board today decided to extend existing savings program with SEK 100m. Next step is to work out the details for the increased savings.

Substantially lower revenues during the quarter was supported by a lower cost level and we achieved a positive adjusted operating income of SEK 58m (85), equivalent to an adjusted operating margin of 6.0% (6.6). The closure of Blue Springs led to SEK 8m in increased non-recurring costs. Cash flow also developed favorably thanks to increased profit, as well as lower capital tied up and sale of the property in

Heidelberg, bringing in SEK 54m. The target to achieve an adjusted operating margin excluding investments in new technology of 10% is within reach, but is dependent on the market returning to the volumes that applied before the COVID-19 pandemic.

### **PLAN FOR LONG-TERM VALUE CREATION**

Work on developing Haldex's long-term strategy is ongoing. The goal is to strengthen our position as a global niche player. Customers appreciate Haldex's presence and position in the market, but price competition is tough, and we must ensure that our proposition creates long-term added value. Our structural measures to make production more efficient have taken us some way forward, and we are now working to develop and hone our proposition, so that it is focused on profitable products. To achieve this, we have to rationalize the value chain and lower material expenses.

The investments in developing our proposition to the trailer segment and in the aftermarket continued. Investment is focused on niches where we see that Haldex has clear competitive advantages and where our proposition of flexibility, close customer relationships and an open architecture in our innovative brake solutions make a difference.

Customers' focus on electric operation was strengthened, and investments in the development of autonomous vehicles have been given lower priority. Our investments in new technology must reflect our customers' priorities, and in the current situation we have decided to postpone the development of FABV and increased our focus on developing the electromechanical braking system (EMB) for heavy vehicles. After an updated impairment test the Board decided to write down capitalized investments by SEK 70 million.

Customers still show great interest in EMB, and at the end of September we signed a contract with a global truck manufacturer based in Europe regarding a test installation. The order has a marginal impact on income but is strategically important. With this contract we have two global OEMs based in Europe evaluating EMB, and a number of test installations in China. The outcome from a test installation will be known within a few years from the start of testing and we hope to launch EMB in China in 2021.

### **SALES, CUSTOMERS AND PARTNERSHIPS**

To summarize, I am satisfied with the trend in the third quarter. We are achieving positive earnings despite substantially lower sales, and we are strengthening our position in the aftermarket in North America and on the trailer market in Europe. The contract with the axle manufacturer Gigant for disc brakes represented an important milestone. I look forward to more strategic partnerships that boost our proposition with increased volumes and improved profitability. I am also looking forward to the launch of our new EBS during the first quarter of 2021.

Last but not least, I would like to thank all the employees for their commitment despite these challenging times.

### **HELENE SVAHN**

President and CEO

## SIGNIFICANT EVENTS DURING THE QUARTER

### HALDEX EXPANDS FRAMEWORK CONTRACT WITH GIGANT

In August, Haldex signed a contract relating to disc brakes with Gigant GmbH, a German manufacturer of trailer axles that forms part of the Krone Commercial Vehicle Group. Haldex is to supply Gigant with disc brake systems for heavy trailers. The contract was extended early and applies for several years to come. The contract represents an important milestone and means deeper international cooperation between the parties.

### STRUCTURAL SAVINGS PROGRAMS

Haldex is undergoing a major restructuring with the aim of improving efficiency, lowering costs and improving operating margin. The outbreak of COVID-19 and its knock-on effects have speeded up efforts to lower costs in both the short and long terms. Existing cost savings programs with an annual saving of SEK 200m are running according to plan and contributed SEK 26m in lowered costs during the third quarter. However, the closure of Blue Springs led to higher non-recurring costs than expected, and non-recurring costs of SEK 8m have been charged against income.

LONG-TERM STRUCTURAL SAVINGS PROGRAMS	Non-recurring expenses, SEKm, at Sep. 30, 2020				
	Initiative,	Estimated annual saving SEK m	Saving from	Total	2019
Friction Centers, United States	28	May 2019	11	5	6
Heidelberg, Germany	50	September 2020	160	143	17
Blue Springs, United States	25	October 2020	40	24	16
Cost Base Adjustment (structural)	100	July 2020	34	-	34
Extended cost savings program*	100	Q2 2021	tba	-	tba
<b>Total</b>	<b>203</b>		<b>245</b>	<b>172</b>	<b>73</b>

\* After the end of the period, the Board decided to extend existing savings program by SEK 100 million, more information will be presented in connection with the year-end report. The intention is that the program will have full effect in 2021.

## FINANCIAL SUMMARY OF THE THIRD QUARTER OF 2020

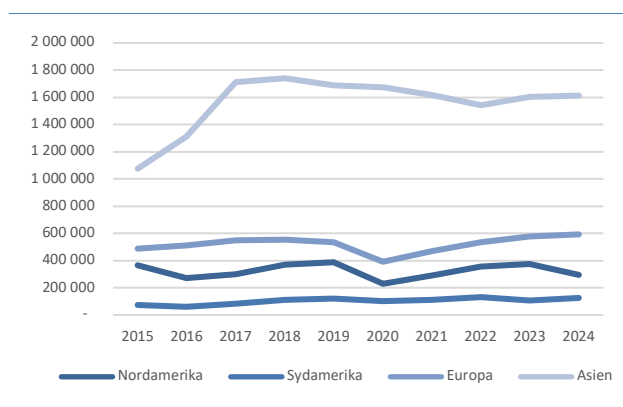
### NET SALES

Currency-adjusted sales for the third quarter fell by 19% compared with the same period of the previous year. OEM sales fell by 28% and the aftermarket by 9%. The OEM business continued to be hit hard by COVID-19 during the third quarter, and COVID-19 is consequently by far the greatest factor explaining the downturn in sales. In currency-adjusted terms, sales on our most important markets, North America and Europe, decreased by 26% and 13%, respectively.

In terms of individual regions, COVID-19 continued to have a great impact on development in North America in the third quarter, with new production of trucks according to the latest market statistics falling by 39% compared with the corresponding period of the previous year. The volume of production for trailers was also weak, reaching only 54% of 2019 levels. The aftermarket also remained weak, and sales declined by 28%.

The European market recovered somewhat toward the end of third quarter, but production volumes remained substantially lower than in 2019. Haldex's OEM business in Europe consists principally of the trailer segment, which improved from -39% in the second quarter to -11% in the third quarter. Haldex Europe therefore outperformed the market, which contracted by 20%. Haldex's net sales on the aftermarket fell by 15%, which was 5 percentage points

### New production: trucks including buses



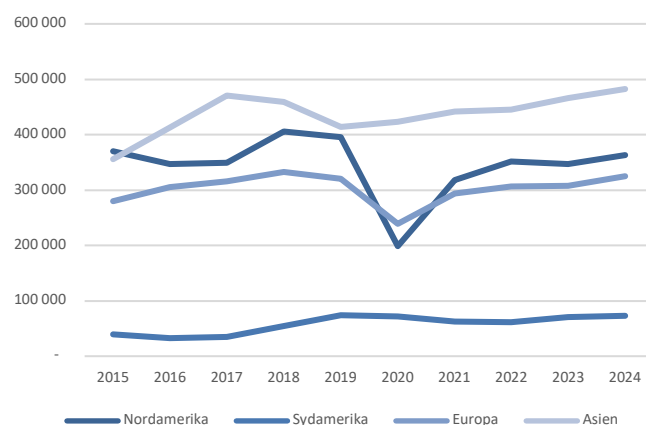
Source: LMC automotive, Q3 2020

### New production: trailers

better than in the second quarter. Sales developed strongly toward the end of the quarter, and the aftermarket in September was almost in line with the previous year.

Net sales for Asia decreased by 5% during the quarter, mostly due to temporarily lower demand in China attributable to the introduction of a new regulatory framework for trucks and reduced bus transportation in the country.

Total currency-adjusted sales for the period January to September decreased by 24% compared with the corresponding period of 2019. COVID-19 has had by far the greatest effect on the downturn, but weaker underlying demand in North America and the loss of a major customer have also had an impact. Total OEM business declined by 34% compared to 2019, while aftermarket declined by only 11%.



Source: LMC automotive, Q3 2020

SALES PER REGION	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Europe	351	413	-13%	1,070	1,341	-20%	1,426	1,698
North America	464	686	-26%	1,506	2,088	-28%	2,077	2,659
Asia and Middle East	113	127	-5%	346	422	-16%	509	586
South America	36	57	-12%	97	159	-22%	146	208
<b>Total</b>	<b>964</b>	<b>1,283</b>	<b>-19%</b>	<b>3,019</b>	<b>4,010</b>	<b>-24%</b>	<b>4,159</b>	<b>5,151</b>

<sup>1</sup>)Currency-adjusted

SALES PER PRODUCT LINE	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Foundation Brake	517	735	-24%	1,651	2,329	-28%	2,287	2,966
Air Controls	447	548	-12%	1,368	1,681	-18%	1,872	2,185
Scalable Brake System	-	-	-	-	-	-	-	-
<b>Total</b>	<b>964</b>	<b>1,283</b>	<b>-19%</b>	<b>3,019</b>	<b>4,010</b>	<b>-24%</b>	<b>4,159</b>	<b>5,151</b>

<sup>1</sup>)Currency-adjusted

SALES PER CUSTOMER CATEGORY	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Truck - heavy goods vehicles	155	296	-42%	523	987	-45%	787	1,252
Trailer - trailers	289	367	-18%	886	1,199	-25%	1,189	1,502
Aftermarket	520	620	-9%	1,610	1,824	-11%	2,182	2,397
<b>Total</b>	<b>964</b>	<b>1,283</b>	<b>-19%</b>	<b>3,019</b>	<b>4,010</b>	<b>-24%</b>	<b>4,159</b>	<b>5,151</b>

<sup>1</sup>)Currency-adjusted

## OPERATING INCOME

Adjusted operating profit for the third quarter fell to SEK 58m (85), equivalent to an adjusted operating margin of 6.0% (6.6). Our fixed costs decreased in currency-adjusted terms by SEK 49m, with the long-term structural savings programs contributing SEK 26m, while the short-term program accounted for SEK 21m. The long-term programs will take full effect during the first half of 2021.

Reported operating income totaled SEK -23m (68) in the third quarter, equivalent to an operating margin of -2.4% (5.3). Non-recurring items of SEK 81m have been charged against operating income, consisting of non-recurring costs of SEK 70 m attributable to the write down of immaterial assets related to the development of FABV, SEK 8m attributable to Haldex's structural savings programs and SEK 3m relating to legal expenses. The write down of FABV is motivated by the fact that the project has been postponed due to customers refocusing on electrification and that we in an updated impairment test came to the conclusion to write down capitalized investments linked to the FABV.

The lower adjusted operating margin is mainly explained by lower net sales. Currency-adjusted sales fell by 19%. We had a counteracting effect in a positive product mix toward a larger proportion of aftermarket sales due to the large loss of sales on the OEM market. The aftermarket accounted for 54% of sales in the third quarter compared to 48% in the same quarter of 2019, which had a positive impact on gross margin. Gross margin was also positively affected by lower fixed production costs. Gross margin improved from 27.6% in the third quarter of 2019 to 27.9% in the third quarter of 2020.

Changes in exchange rates, including the outcome of currency hedging and currency translation effects, had a negative impact on the Group's operating income of SEK -1m (4) in the third quarter. The currency effect in net financial income/expense during the third quarter totaled SEK 13m (-6).

Adjusted operating profit for the first three quarters of the year totaled SEK 96m (273), equivalent to 3.2% (6.8). The single greatest explanation for the downturn 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 expenditure). Costs of maintenance of existing products and research on development of new products are continuously recognized in profit or loss. Haldex estimates that these, based on historic average, normally account for 3–4% of sales. Development expenses cannot be capitalized, i.e. recognized as an asset, until a number of conditions have been met, see accounting policies in the 2019 Annual Report. Haldex at present has a number of ongoing development projects, in particular projects in progress in new technology, which do not yet fulfil the requirements for capitalization and are therefore recognized as R&D expenses. In addition to expenditure recognized as expenses in the income statement, SEK 28m (19) was

capitalized as an asset in the balance sheet during the quarter. Total R&D expenditure, including development expenses, was SEK 50m (53) during the quarter, equivalent to 5.2% (4.1) of sales.

The company's Chinese joint venture, Haldex VIE, is continuing to develop, and we are preparing for launch in 2021. Development work on the electromechanical braking system for electric buses and other uses on the Chinese market has continued during the year, and expenses totaled SEK 7m (7) for the third quarter.

During the first three quarters of the year we have capitalized SEK 87m (76) as an asset in the balance sheet, and total R&D expenditure was SEK 167m (169), equivalent to 5.5% (4.2) of sales.

## TAXES

Tax expense for the third quarter totaled SEK 75m (15), equivalent to a tax rate of +257% (28). The reason for the high tax rate is that loss carryforwards have been impaired by SEK 55m, as their future utilization cannot be assessed with sufficient certainty due to the Group currently having activities in countries other than those in which the deficit arose.

Tax expense for the first three quarters of the year totaled SEK 52m (52), equivalent to a tax rate of +28% (-25).

## NET INCOME FOR THE PERIOD AND EARNINGS PER SHARE

Income after tax for the third quarter totaled SEK -104m (37). Basic and diluted earnings per share were SEK -2.15 (0.83).

Income after tax for the first three quarters of the year totaled SEK -239m (+154). Basic and diluted earnings per share were SEK -5.19 (3.48).

## CASH FLOW

Cash flow from operating activities totaled SEK 231m (76) in the third quarter. Cash flow from operating activities was negatively affected by the deterioration in operating income compared to the corresponding period of the previous year, but positively by reduced tie-up of operating capital. The change in operating capital is principally driven by increased focus on inventories, but also by increased accounts payable.

Investments, including capitalized development expenses and disposals, totaled SEK 53m (82). The greater part of the investments relates to machinery and equipment needed in operating activities, as well as capitalized development expenses of SEK 28m (19), principally consisting of expenses relating to the development of the new-generation EBS and continued development of new technology. Cash flow from investing activities was positively affected by the completed disposal of the property in Germany, which brought in SEK 54m.

Cash flow from operating activities for the first three quarters of the year totaled SEK 92m (89), and cash flow from financing activities totaled SEK -205m (-245).



## NET DEBT AND NET INTEREST INCOME/EXPENSE

SEKm	Sep. 30, 2020	Sep. 30, 2019	Dec. 31, 2019
Asset items in net debt:			
Cash and cash equivalents	466	217	315
Liability items in net debt:			
Interest-bearing liabilities including derivative instruments	-904	-761	-768
Pension liabilities	-658	-540	-562
<b>Total net debt, excl. IFRS16 - Finance Leases</b>	<b>-1,096</b>	<b>-1,084</b>	<b>-1,015</b>
Debt attributable to IFRS16	-334	-387	-423
<b>Total net debt, incl. IFRS16 - Finance Leases</b>	<b>1,430</b>	<b>1,471</b>	<b>1,438</b>
<b>Net interest income/expense for current year</b>	<b>-27</b>	<b>-25</b>	<b>-36</b>

Group net debt at September 30 totaled SEK 1,430m (1,471) of which SEK 904m (761) is attributable to interest-bearing liabilities in banks. Net debt decreased by SEK 41m compared with the equivalent period of the previous year. SEK 106m of the decrease is attributable to investing activities, which consist of both capitalized product development and investments in machines and other equipment with lower profitability in the quarter. An increase of SEK 118m can be attributed to the remeasurement of pension liability, principally due to lower interest, while lease commitments through IFRS 16 reduce net debt by SEK 53m.

Of Haldex's net debt of SEK 1,430m, SEK 334m can be attributed to lease commitments in accordance with IFRS 16 and SEK 658m to pension liabilities.

Financial items totaled to SEK -6m (-16) in the third quarter, of which net interest income and expense, excluding IFRS 16, totaled SEK -16m (-10). The equity/assets ratio was 30% (39) at the end of the third quarter.

Haldex loan financing consists primarily of:

- A long-term loan maturing in April 2022 of SEK 270m, which has replaced a previous bond loan of SEK 270m that matured in January 2020.
- A syndicated credit facility of EUR 90m, maturing in April 2022. EUR 62m of this facility had been used at the end of the quarter.

### PLEGGED 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 product warranties and customer commitments which cannot be reliably estimated. For more information, see 'Significant risks and uncertainties'.

## REGION NORTH AMERICA

Sales, SEKm	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Truck	54	162	-63%	209	541	-61%	325	657
Trailer	81	132	-34%	250	393	-36%	344	487
Aftermarket	329	392	-9%	1,047	1,154	-9%	1,408	1,515
<b>Total</b>	<b>464</b>	<b>686</b>	<b>-26%</b>	<b>1,506</b>	<b>2,088</b>	<b>-28%</b>	<b>2,077</b>	<b>2,659</b>

<sup>1</sup>Currency-adjusted

### SIGNIFICANT EVENTS

- Cautious recovery after COVID-19 when OEM customers increased their production in the quarter
- The aftermarket was stable, and volumes are at about 90% of pre-COVID-19 levels. Haldex developed about 7% better than similar companies in the sector (MacKay index)
- Political uncertainty ahead of the presidential election in November

### MARKET TREND

North America accounted for 48% of Haldex sales in the third quarter. New production of trucks for 2020 was predicted to decline after many years of strong growth. The downturn was amplified by the COVID-19 outbreak, and the need of logistics companies for new trucks fell sharply, declining by more than 80% in the second quarter. The downturn diminished in the third quarter but still ended at -39%. The market for new production of trailers was also hit hard, and the downturn was -46% in the third quarter.

All truck and trailer manufacturers who implemented production shutdowns in the second quarter are now back in production. Total production volumes continue to be weak, but the outlook is steadily improving. The industry's current forecast for the full year suggests OEM production volumes in North America ending down by about -27% for the full year. This forecast is based partly on the sector's order log for class 8 vehicles, which has increased for four months in a row. The log tends to be a leading indicator (6-9 months) for the region.

The aftermarket was far less affected by COVID-19 and showed a clear recovery from the previous quarter.

### BUSINESS DURING THE QUARTER

Region North America's sales fell in currency-adjusted terms by -26%, which in spite of everything represented an improvement compared to the previous quarter. Sales were

principally impacted by COVID-19 effects such as production shutdowns and extended vacation periods implemented by most truck manufacturers, as well as the loss of a major customer contract.

The truck segment, which accounts for 10% of the region's sales, declined by as much as -63% in the third quarter. Sales to the trailer segment, accounting for 17%, declined by 34% in currency-adjusted terms.

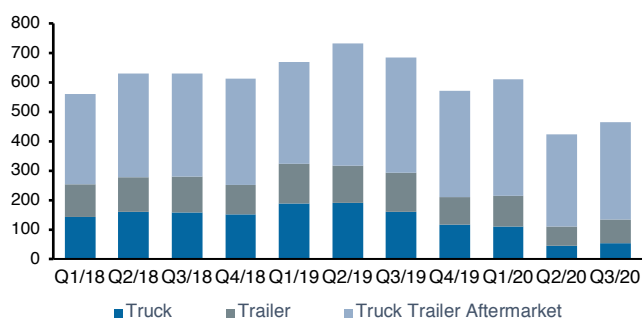
The aftermarket was affected by COVID-19, but to a lesser degree than OEM. Region North America additionally gained more business than its competitors, and sales decreased by only 9%. According to available market statistics, Haldex's development is about 7% better than the market.

The closure of the plant in Blue Springs has concluded, and the sale process is expected to be completed in the fourth quarter. The planned consolidation work relating to several renovation workshops has been addressed, and we have identified sub-lessees for all three closed plants to minimize the region's costs during the third quarter. Finally, measures were taken to conclude the closure of a distribution facility in the United States, which is being done at the start of the fourth quarter of 2020.

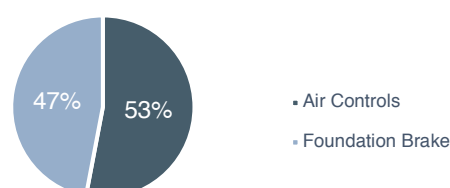
### FUTURE OUTLOOK

Region North America is continuing to drive sales toward the aftermarket and to improve efficiency in manufacturing. Efforts to strengthen Haldex's market presence and position in the region are continuing. It became clear during the quarter that the largest supplier of suspension products for trailers in North America will be offering the Haldex Air Disc Brake from January 2021. Work is in progress to ensure a smooth launch and transition for the joint customer base. Finally, we will continue to work on developing cost-effective and competitive products that can contribute to sustainable and profitable growth.

SALES PER CUSTOMER CATEGORY, SEKm



SALES PER PRODUCT LINE



## REGION EUROPE

Sales, SEKm	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Truck	34	40	-9%	101	140	-26%	138	177
Trailer	160	184	-11%	495	650	-23%	648	803
Aftermarket	157	189	-15%	474	552	-14%	640	718
<b>Total</b>	<b>351</b>	<b>413</b>	<b>-13%</b>	<b>1,070</b>	<b>1,341</b>	<b>-20%</b>	<b>1,426</b>	<b>1,698</b>

<sup>1</sup>Currency-adjusted

### SIGNIFICANT EVENTS

- Some recovery in the market and Haldex sales
- Expanded framework contract with the trailer axle manufacturer Gigant for disc brakes
- New strategically important contract with Alliance Automotive for automatic brake adjusters strengthens our position on the aftermarket
- Increased focus on the aftermarket

### MARKET TREND

Europe accounted for 36% of Haldex sales in the third quarter. A complete shutdown of production at most OEM manufacturers, particularly truck manufacturers, caused by COVID-19, was followed by the start of a recovery in June, which has continued with small increases in recent months. Customers' order books and production volumes are showing strong recovery, and we anticipate that some customers will already reach normal production levels by the end of 2020. There is, however, still a high degree of uncertainty due to the rapid rise in COVID-19 cases recently recorded in Europe.

The aftermarket has been affected to a somewhat lesser degree due to goods transportation by road having remained quite stable despite the pandemic. European truck manufacturers are continuing to lead the development of the vehicles of the future.

We have noticed an increased focus on the electrification of heavy vehicles in the wake of COVID-19. This in turn has led to increased interest in Haldex's electromechanical braking systems.

### BUSINESS DURING THE QUARTER

Region Europe sales decreased in currency-adjusted terms by -13%, representing a substantial improvement on the previous

quarter. The decrease in sales is principally explained by production shutdowns and extended vacation closures implemented by most truck manufacturers.

Sales to the truck segment, which account for 10% of the region's sales, recovered a downturn of -46% in the second quarter and declined by -9% in the third quarter.

The trailer segment, which is the region's largest customer segment and accounts for 46% of the region's sales, recovered in the quarter, and currency-adjusted sales fell by -11% compared to the third quarter of the previous year.

Investments in the trailer segment developed positively, and during the quarter Haldex Europe signed a contract with Gigant for disc brakes for trailers.

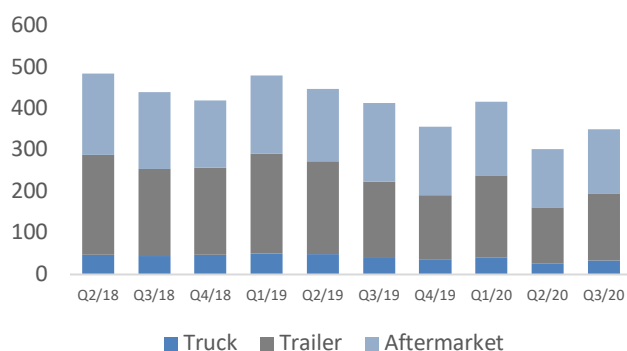
Aftermarket sales increased their share of the region's total sales, accounting for 54% of revenues, but were 15% down on the third quarter of the previous year.

The relocation of the production of EBS and air suspension to Hungary was concluded during the quarter, and first deliveries from Hungary have already been sent to customers.

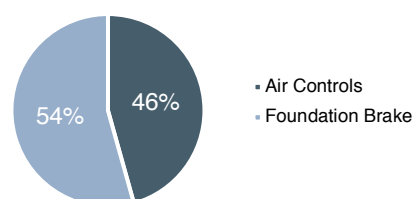
### FUTURE OUTLOOK

Haldex Europe is continuing efforts to strengthen its position as an innovative disc brake specialist and supplier of complete systems. The marketing campaign for EB+4.0, the fourth generation of our innovative electronic brake platform for trailers, began at the start of September. The order books have already started to fill, and the first systems will be delivered at the beginning of 2021. The launch is expected to strengthen Haldex's market position in the trailer segment in Europe. In addition to this, Haldex is continuing to drive aftermarket growth and focus on improvements to efficiency and margin. Our efforts include delivering more cost-effective products and making the organization more efficient.

SALES PER CUSTOMER CATEGORY, SEKm



SALES PER PRODUCT LINE





## REGION ASIA AND MIDDLE EAST

Sales, SEKm	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Truck	53	64	-11%	174	220	-19%	264	310
Trailer	45	46	0%	131	146	-9%	184	199
Aftermarket	16	17	0%	41	56	-25%	62	77
<b>Total</b>	<b>113</b>	<b>127</b>	<b>-5%</b>	<b>346</b>	<b>422</b>	<b>-16%</b>	<b>510</b>	<b>586</b>

<sup>1</sup>Currency-adjusted

### SIGNIFICANT EVENTS

- Third quarter weaker than the second quarter
- New regulatory framework led to purchases of drum brake products being brought forward in the second quarter
- Manufacturing of buses in China decreased

### MARKET TREND

The Chinese market showed a minor decline in the new production of trucks, including buses, and trailers in the third quarter. However, production volumes are at higher levels than in the third quarter of 2019. The market is being driven by powerful stimulus packages in infrastructure, which is increasing demand for construction vehicles and dump trucks.

A new regulatory framework for certain advanced applications regarding the disc brakes and suspension of trailers was introduced on 1 September. In the long term this will affect 30% of the total trailer market. In the short term, the regulatory change led to a pre-buy effect with higher sales of drum brake axles than normal during the second quarter, which had an adverse impact on sales in the third quarter. The bus market continued to develop less well than in 2019; fewer domestic journeys due to COVID-19 and an expanded railway system for high-speed trains have led to reduced demand for intercity buses.

There continued to be great uncertainty regarding the trend in the export market for trailer sales to the United States. We are monitoring developments after CACM (Coalition of American Chassis Manufacturers) has filed an antidumping petition against Chinese companies including CIMC and Fuwa.

The trend for the region's other markets, that is to say India, Japan, etc. is mixed. Some showed positive signs toward the end of the quarter, while others faced a challenging trend with few signs of improvement in the near term. Overall, however, new production volumes remain at low levels. Capacity utilization in the existing vehicle fleet has increased, and we expect this to lead to increased demand on the aftermarket and pent-up demand for new vehicles.

### BUSINESS DURING THE QUARTER

Sales decreased by 5% during the third quarter compared to the same period last year. The downturn is mainly explained by reduced market shares for certain Chinese truck customers, which chose low-cost products. Sales were also temporarily affected by the ADB implementation, as well as lower new production of buses.

The requirements in the new regulatory framework for disc brakes and EBS regarding trailers have led to Haldex having secured its first orders from key customers for EB+, an established EBS product on the EU market.

Regarding other markets in the region, it can be mentioned that Haldex India strengthened its market share in the ABA segment from about 19% in 2019 to 30% in 2020. Haldex is maintaining its position in the OEM market in both Korea and Japan, but was adversely affected by substantially lower production volumes.

### FUTURE OUTLOOK

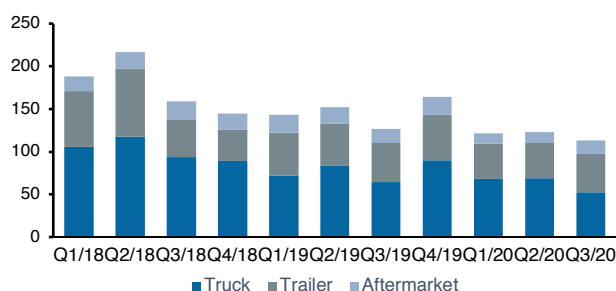
We anticipate that production volumes in China will remain at the same level in the fourth quarter as in the third quarter. The new production of buses will increase as an effect of normal seasonal variations.

The dispute between the United States and China, which affects export business in the trailer and axle segment, is expected to contribute to greater uncertainty, which may have a negative impact on sales.

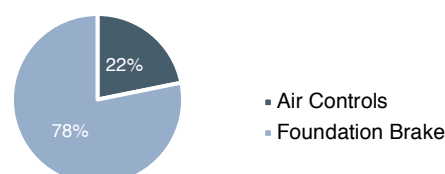
China's ongoing technological shift toward disc brakes in general and EBS for trucks in particular means that Haldex is continuing with the strategy it has embarked upon with a strong focus on sales of these products and systems.

For other markets in the region we do not anticipate any significant changes in the current situation, and COVID-19 will probably curb development on these markets for the rest of the year.

SALES PER CUSTOMER CATEGORY, SEKm



SALES PER PRODUCT LINE



## REGION: SOUTH AMERICA

Sales, SEKm	Third quarter			Accumulated			Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Δ <sup>1</sup>	Jan-Sep 2020	Jan-Sep 2019	Δ <sup>1</sup>	Oct 2019-Sep 2020	2019
Truck	14	32	-38%	39	87	-42%	60	108
Trailer	3	4	29%	10	10	27%	13	13
Aftermarket	19	22	19%	47	61	-2%	72	86
<b>Total</b>	<b>36</b>	<b>57</b>	<b>-12%</b>	<b>97</b>	<b>159</b>	<b>-22%</b>	<b>146</b>	<b>208</b>

<sup>1</sup>Currency-adjusted

### SIGNIFICANT EVENTS

- New production volumes recover
- Aftermarket returns to normal levels
- Exports to Argentina and Chile lead to influx of new customers
- Change in USD exchange rate weighs on income

### MARKET TREND

Haldex South America accounts for about 4% of total Haldex sales and mainly consists of the Brazilian OEM market. The region continues to be greatly impacted by COVID-19. The truck segment was particularly affected, while the aftermarket and the trailer market grew.

Haldex's business in Sao Jose Dos Campos is located in one of the least affected areas of Brazil, but despite this was heavily impacted as the whole South American economy was very severely affected. Unemployment reached a new record in the third quarter.

All OEM manufacturers had production in progress, but volumes in the third quarter reached about 50% of pre-COVID-19 levels. September was the first month to show more normal volumes, in line with 2018. OEM manufacturers confirmed that their sales increased in August and their stocks of trucks and buses were at their lowest level in 2020.

The aftermarket was also adversely affected when the government introduced tight restrictions on mass transit. Mass transit has now returned to full capacity, and our sales volumes in the aftermarket are increasing month on month. Sales of brake adjusters decreased principally because certain OEMs did not pay their distributors and logistics companies delayed servicing and maintenance. The trailer market is showing promising results, but price competition is tough.

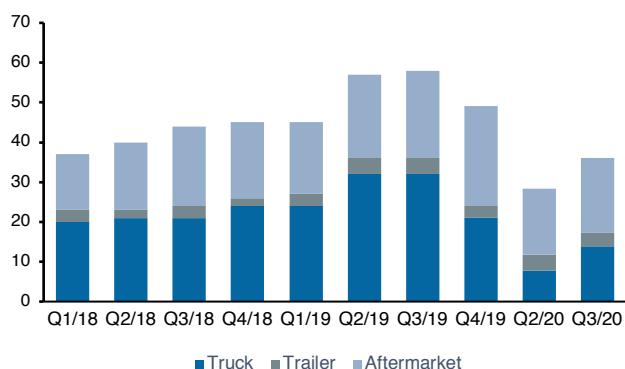
### BUSINESS DURING THE QUARTER

As a consequence of the great impact of COVID-19, margins decreased in the third quarter. Increased sales to Argentina were able to offset the downturn in demand in Brazil. Business was also affected by an unfavorable product mix (our most profitable products at low levels) and the negative impact of the USD exchange rate. However, the current trend indicates rising prices for the fourth quarter.

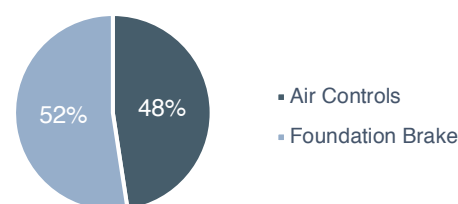
### FUTURE OUTLOOK

Recovery in the OEM segment in September will contribute to improved margins. In the segment for small trailer manufacturers we experienced positive development and gained several new ones. We continue to be focused on ensuring profitable sales. We are working to increase our sales of brake adjusters on the aftermarket.

SALES PER CUSTOMER CATEGORY, SEKm



SALES PER PRODUCT LINE



## EMPLOYEES

The number of employees at the end of the quarter was 1,962 (2,212), which is 250 fewer than in the third quarter of 2019. The decrease in the number of employees is principally due to the closure of production in Heidelberg in Germany and Blue Springs in the United States. In addition, we are seeing effects from the cost saving programs in the number of white-collar employees in high-cost countries such as Sweden, the United States and France.

Jeanna Tällberg took over as the new EVP HR during the quarter.

## 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 totaled SEK 34m (33) in the third quarter. Income after tax was SEK -165m (59).

## 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 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 (capitalized loss carryforwards) and pensions are the areas presenting a significant risk of future adjustments to recognized 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 greater uncertainty than normal. It is still difficult to predict the short- and long-term impacts of COVID19 on Haldex's earnings and value. In the short term, it is clear that Haldex has already been affected by decreased consumption and a general slowdown in the global economy. It is still unclear what impact this will have on the need for goods and passenger transportation, i.e. the use of heavy vehicles, both trucks and trailers and buses.

## SHARES AND SHARE DATA

Earnings per share for the third quarter were SEK -2.15 (0.83), and for the first three quarters of the year earnings per share were SEK -5.19 (3.48). On the balance sheet date, equity per share was SEK 26.08 (39.48). Haldex had 48,637,567 shares at the beginning and at the end of the period. The share price at July 1, 2020 was SEK 36.80. The share price last paid at September 30, 2020 was SEK 41.80.

## 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 outperform the market in organic growth.

### INDEBTEDNESS

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

## OUTLOOK FOR 2020

Because of the great uncertainty that the COVID-19 pandemic is continuing to cause in the market, Haldex is not presenting a financial forecast. However, we anticipate tracking the rate of growth in demand in terms of sales for newly produced heavy vehicles and trucks in each market.

Market data show that the OEM market is expected to recover gradually during the second half of 2020 to then approach pre-COVID-19 levels during 2022.

Market data is lacking regarding the aftermarket, but Haldex's judgment is that the aftermarket is tracking the general financial trend in each market, and we see capacity utilization for heavy road transport having increased in the third quarter.

## FUTURE-ORIENTED INFORMATION

This report includes future-oriented information with statements regarding 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 sharply 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 with related parties occurred in the third quarter.

## SEASONAL EFFECTS

Haldex does not have any significant seasonal variations. However, sales are affected by the production schedules of Haldex's customers, which results in lower sales during vacation periods and when customers are closed for public holidays.

## ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the third 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 therefore unchanged from those presented in the 2019 Annual Report on pages 56-60. Holdings in associated companies are recognized 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 recognizes as a minority item and where the Group share of profit or loss is recognized as a financial item. Since 2018 the research has become development work, and the Group's share of profit or loss from this associated company is now charged against Group operating profit.

LANDSKRONA, OCTOBER 22, 2020

HALDEX AB

Helene Svahn

President and CEO

## THE AUDITOR'S REVIEW REPORT

Haldex AB (publ), corp. ID no.556010-1155

### Introduction

We have performed a review of the summary financial interim information (interim report) for Haldex AB as at September 30, 2020 and the nine-month period ending on that date. The Board of Directors and the Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Emphasis and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (ISRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion that is expressed on the basis of a review does not give the same level of assurance as a conclusion based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report does not, in all material respects, accord with IAS 34 and the Annual Accounts Act and, for the parent company, with the Annual Accounts Act.

Landskrona, October 22, 2020

Öhrlings PricewaterhouseCoopers AB

Magnus Willfors

Authorized public accountant, auditor in charge

Carl Fogelberg

Authorized public accountant

## INCOME STATEMENT

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019-Sep 2020	2019
<b>SEKm</b>						
Net sales	964	1,283	3,019	4,010	4,159	5,151
Cost of goods sold	-695	-928	-2,209	-2,963	-3,057	-3,812
<b>Gross income</b>	<b>269</b>	<b>355</b>	<b>810</b>	<b>1,047</b>	<b>1,102</b>	<b>1,339</b>
<i>Gross margin</i>	<i>27.9%</i>	<i>27.6%</i>	<i>26.8%</i>	<i>26.1%</i>	<i>26.5%</i>	<i>26.0%</i>
Product development expenses	-28	-43	-100	-115	-143	-158
Selling and administrative expenses	-185	-227	-617	-679	-831	-894
Share of income from joint venture	-7	-7	-21	-14	-28	-21
Other operating income and expenses <sup>1</sup>	-73	-10	-216	-1	-376	-161
<b>Operating income<sup>1 2</sup></b>	<b>-23</b>	<b>68</b>	<b>-145</b>	<b>238</b>	<b>-277</b>	<b>105</b>
Financial items	-6	-16	-43	-32	-55	-44
<b>Income before tax</b>	<b>-29</b>	<b>52</b>	<b>-187</b>	<b>206</b>	<b>-332</b>	<b>61</b>
Tax	-75	-15	-52	-52	-56	-56
<b>Profit/loss for the period</b>	<b>-104</b>	<b>37</b>	<b>-239</b>	<b>154</b>	<b>-388</b>	<b>5</b>
<i>of which attributable to non-controlling interests</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>4</i>	<i>3</i>	<i>4</i>
Earnings per share, basic and diluted, SEK	-2.15	0.83	-5.19	3.48	-8.70	0.12
Average number of shares, thousands	48,626	44,204	46,661	44,204	44,941	44,204

## OPERATING INCOME BY NATURE OF EXPENSE

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019-Sep 2020	2019
<b>SEKm</b>						
Net sales	964	1,283	3,019	4,010	4,159	5,151
Direct material expenses	-544	-707	-1,634	-2,256	-2,249	-2,871
Employee benefit expenses	-199	-282	-733	-875	-1,012	-1,155
Depreciation, amortization and impairments	-128	-60	-346	-176	-407	-237
Other operating income and expenses	-116	-166	-450	-465	-768	-783
<b>Operating income<sup>1)</sup></b>	<b>-23</b>	<b>68</b>	<b>-145</b>	<b>238</b>	<b>-277</b>	<b>105</b>

### <sup>1)</sup> NON-RECURRING ITEMS INCLUDED IN OPERATING INCOME

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019-Sep 2020	2019
<b>SEKm</b>						
Operating profit, including non-recurring items	-23	68	-145	238	-277	105
Restructuring expenses	-8	-12	-61	-29	-236	-204
Impairment of asset	-70	0	-171	0	-171	0
Other	-1	0	-1	0	-1	0
External services related to the ownership situation	-2	-5	-8	-6	-10	-8
<b>Operating income, excluding non-recurring items</b>	<b>58</b>	<b>85</b>	<b>96</b>	<b>273</b>	<b>140</b>	<b>317</b>

### <sup>2)</sup> OPERATING INCOME, EXCLUDING NEW TECHNOLOGY AND NON-RECURRING ITEMS

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019-Sep 2020	2019
<b>SEKm</b>						
Operating income, excluding non-recurring items	58	85	96	273	140	317
Scalable Brake Systems	1	-2	-1	-12	-5	-17
Joint venture, Haldex VIE China	-7	-7	-21	-14	-28	-21
<b>Operating income, excluding new technology</b>	<b>64</b>	<b>94</b>	<b>119</b>	<b>299</b>	<b>174</b>	<b>355</b>



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019-Sep 2020	2019
<b>Profit/loss for the period</b>	<b>-104</b>	<b>37</b>	<b>-239</b>	<b>154</b>	<b>-388</b>	<b>5</b>
<b>Other comprehensive income</b>						
<i>Items not to be reclassified to the income statement</i>						
Remeasurement of pension obligation, after tax	-6	-22	-89	-73	-63	-47
<b>Total</b>	<b>-6</b>	<b>-22</b>	<b>-89</b>	<b>-73</b>	<b>-63</b>	<b>-47</b>
<i>Items that may be reclassified to the income statement:</i>						
Translation difference	-27	56	-67	108	-151	24
Change in financial instruments measured at fair value, after tax	-1	1	0	-2	-1	-3
<b>Total</b>	<b>-28</b>	<b>57</b>	<b>-67</b>	<b>106</b>	<b>-152</b>	<b>21</b>
<b>Total other comprehensive income</b>	<b>-34</b>	<b>35</b>	<b>-155</b>	<b>33</b>	<b>-215</b>	<b>-26</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-138</b>	<b>72</b>	<b>-395</b>	<b>187</b>	<b>-602</b>	<b>-21</b>
<i>of which attributable to non-controlling interests</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>4</i>	<i>3</i>	<i>4</i>

## CONSOLIDATED BALANCE SHEET

SEKm	Sep. 30, 2020	Sep. 30, 2019	Dec. 31, 2019
Goodwill	411	451	436
Other intangible assets	279	306	364
Property, plant and equipment	1,140	1,227	1,273
Financial assets	25	29	23
Deferred tax assets	110	165	131
<b>Total non-current assets</b>	<b>1,964</b>	<b>2,178</b>	<b>2,227</b>
Inventories	747	753	815
Current receivables	1,056	1,274	1,009
Derivative instruments	57	39	47
Cash and cash equivalents	466	217	315
<b>Total current assets</b>	<b>2,326</b>	<b>2,283</b>	<b>2,186</b>
<b>TOTAL ASSETS</b>	<b>4,290</b>	<b>4,461</b>	<b>4,413</b>
<b>Equity</b>	<b>1,300</b>	<b>1,745</b>	<b>1,537</b>
Pensions and similar obligations	658	540	562
Deferred tax liabilities	0	16	12
Non-current interest-bearing liabilities	1,194	766	749
Other non-current liabilities	19	36	23
<b>Total non-current liabilities</b>	<b>1,870</b>	<b>1,358</b>	<b>1,346</b>
Derivative instruments	40	51	34
Current interest-bearing liabilities	61	362	449
Current liabilities	1,019	945	1,047
<b>Total current liabilities</b>	<b>1,119</b>	<b>1,358</b>	<b>1,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,290</b>	<b>4,461</b>	<b>4,413</b>

## CHANGE IN GROUP EQUITY

SEKm	Sep. 30, 2020	Sep. 30, 2019	Dec. 31, 2019
<b>Opening balance</b>	<b>1,537</b>	<b>1,611</b>	<b>1,611</b>
Profit/loss for the period	-239	154	5
Other comprehensive income	-155	33	-26
<b>Total comprehensive income</b>	<b>-395</b>	<b>187</b>	<b>-21</b>
<b>Transactions with shareholders:</b>			
Dividend to Haldex shareholders	-	-51	-51
New share issue Haldex AB	157	-	-
Dividend to non-controlling interests	-	-2	-2
<b>Total transactions with shareholders</b>	<b>157</b>	<b>-53</b>	<b>-53</b>
<b>Closing balance</b>	<b>1,300</b>	<b>1,745</b>	<b>1,537</b>
<i>of which attributable to non-controlling interests</i>	<i>31</i>	<i>33</i>	<i>32</i>

## CONSOLIDATED STATEMENT OF CASH FLOW

SEKm	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	2019
Operating income	-23	68	-145	238	-278	105
Reversal of non-cash items	88	74	367	213	581	427
Interest paid	-18	-11	-32	-30	-44	-42
Tax paid	-15	-28	-18	-68	9	-41
<b>Cash flow from operating activities before changes in working capital</b>	<b>32</b>	<b>103</b>	<b>172</b>	<b>353</b>	<b>268</b>	<b>449</b>
Change in working capital	199	-27	-80	-264	63	-121
<b>Cash flow from operating activities</b>	<b>231</b>	<b>76</b>	<b>92</b>	<b>89</b>	<b>331</b>	<b>328</b>
Investments, incl. capitalization of R&D expenses	-53	-82	-259	-245	-395	-381
Disposals of property, plant and equipment	54	-	54	-	54	-
<b>Cash flow from investing activities</b>	<b>1</b>	<b>-82</b>	<b>-205</b>	<b>-245</b>	<b>-341</b>	<b>-381</b>
Dividend to Haldex shareholders	-	-	-	-51	-	-51
Dividend to non-controlling interests	-	-2	-	-2	-	-2
New share issue Haldex AB	-	-	157	-	157	-
Interest-bearing liabilities	-21	23	119	111	120	112
<b>Cash flow from financing activities</b>	<b>-21</b>	<b>21</b>	<b>276</b>	<b>58</b>	<b>277</b>	<b>59</b>
<b>Cash flow for the period</b>	<b>211</b>	<b>15</b>	<b>163</b>	<b>-98</b>	<b>267</b>	<b>6</b>
Cash and cash equivalents, opening balance	260	196	315	305	217	305
Translation difference on cash and cash equivalents	-5	6	-12	10	-18	4
Cash and cash equivalents, closing balance	466	217	466	217	466	315

## FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Sep. 30, 2020		Sep. 30, 2019	
	Assets	Liabilities	Assets	Liabilities
Currency futures - cash flow hedges	2	3	2	1
Currency futures – measured at fair value through profit or loss	0	2	1	2
Currency swaps - measured at fair value through profit	55	35	38	48
<b>Total</b>	<b>57</b>	<b>40</b>	<b>41</b>	<b>51</b>

## PARENT COMPANY INCOME STATEMENT

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	2019
<b>SEKm</b>						
Net sales	34	33	94	94	125	125
Administrative expenses	-32	-33	-94	-84	-117	-107
<b>Operating income</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>8</b>	<b>18</b>
Dividends from Group companies	-	46	17	46	26	55
Impairment	-200	-	-200	-	-200	-
Financial items	33	13	53	36	61	44
<b>Income after financial items</b>	<b>-165</b>	<b>59</b>	<b>-130</b>	<b>92</b>	<b>-105</b>	<b>117</b>
Group contributions	-	-	-	-	-67	-67
<b>Income before tax</b>	<b>-165</b>	<b>59</b>	<b>-130</b>	<b>92</b>	<b>-172</b>	<b>50</b>
Tax	-	-	1	1	-	-
<b>Profit/loss for the period</b>	<b>-165</b>	<b>59</b>	<b>-129</b>	<b>93</b>	<b>-172</b>	<b>50</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Third quarter		Accumulated		Rolling 12	Full year
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	2019
<b>SEKm</b>						
Profit/loss for the period	-165	59	-129	93	-172	50
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-165</b>	<b>59</b>	<b>-129</b>	<b>93</b>	<b>-172</b>	<b>50</b>

## PARENT COMPANY BALANCE SHEET

	Sep. 30, 2020	Sep. 30, 2019	Dec. 31, 2019
<b>SEKm</b>			
Non-current assets	2,874	2,993	2,930
Current assets	1,362	1,257	1,160
<b>Total assets</b>	<b>4,236</b>	<b>4,250</b>	<b>4,090</b>
Equity	1,172	1,189	1,144
Provisions	50	54	53
Interest-bearing liabilities, external	920	115	112
Other liabilities	2,094	2,892	2,781
<b>Total equity and liabilities</b>	<b>4,236</b>	<b>4,250</b>	<b>4,090</b>

## FIVE-YEAR SUMMARY, GROUP

SEKm, 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 expenses	-158	-162	-158	-177	-193
Selling and administrative expenses	-894	-863	-797	-773	-749
Share of income 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 excl. 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 income 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
Net income for the year	<b>5</b>	<b>153</b>	<b>79</b>	<b>91</b>	<b>191</b>
<b>Balance sheet</b>					
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
<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>Cash flow</b>					
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>Cash flow for the year</b>	<b>6</b>	<b>104</b>	<b>-93</b>	<b>-18</b>	<b>-133</b>
<b>Key ratios</b>					
Operating margin, %	2.0	5.0	3.3	4.7	6.8
Operating margin excluding 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 % <sup>1,2</sup>	3.1	9.8	6.8	9.7	15.9
Return on capital employed excl. non-recurring items, % <sup>1,2</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/assets ratio, %	35	44	45	45	49
Net debt/equity ratio, % <sup>2</sup>	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

<sup>1)</sup> Rolling twelve months. <sup>2)</sup> The effect of IFRS16 Finance Leases has been excluded.

## QUARTERLY DATA

SEKm, unless otherwise stated	2020			2019			2018 <sup>3</sup>		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Income statement</b>									
Net sales	964	875	1,180	1,141	1,283	1,389	1,339	1,225	1,270
Cost of goods sold	-695	-647	-867	-849	-928	-1,031	-1,005	-938	-934
Gross income	269	228	313	292	355	358	334	287	336
Product development expenses	-28	-35	-37	-43	-43	-39	-33	-37	-44
Selling and administrative expenses	-185	-195	-237	-215	-227	-229	-223	-231	-216
Share of income from joint venture	-7	-8	-7	-7	-7	-7	-	-	-
Other operating income and expenses	-73	-142	-1	-160	-10	-10	19	-31	3
<b>Operating income</b>	<b>-23</b>	<b>-151</b>	<b>30</b>	<b>-133</b>	<b>68</b>	<b>73</b>	<b>97</b>	<b>-12</b>	<b>79</b>
<i>Operating income excl. non-recurring items</i>	<i>58</i>	<i>-4</i>	<i>43</i>	<i>44</i>	<i>85</i>	<i>91</i>	<i>97</i>	<i>38</i>	<i>79</i>
Financial items	-6	-12	-26	-12	-16	-8	-7	-10	-11
Income before tax	-29	-163	4	-145	52	65	90	-22	68
Tax	-75	24	-1	-4	-15	-16	-22	-2	-10
<b>Profit/loss for the period</b>	<b>-104</b>	<b>-139</b>	<b>3</b>	<b>-149</b>	<b>37</b>	<b>49</b>	<b>68</b>	<b>-24</b>	<b>58</b>
<b>Balance sheet</b>									
Non-current assets	1,964	2,158	2,319	2,227	2,178	2,131	2,086	1,585	1,526
Current assets	2,326	2,142	2,401	2,186	2,283	2,243	2,291	2,104	2,207
<b>Total assets</b>	<b>4,290</b>	<b>4,300</b>	<b>4,720</b>	<b>4,413</b>	<b>4,461</b>	<b>4,374</b>	<b>4,377</b>	<b>3,689</b>	<b>3,733</b>
Equity	1,300	1,437	1,602	1,537	1,745	1,675	1,708	1,611	1,617
Non-current liabilities	1,870	1,873	1,458	1,346	1,358	1,356	1,566	1,072	974
Current liabilities	1,119	990	1,661	1,530	1,358	1,343	1,103	1,006	1,142
<b>Total equity and liabilities</b>	<b>4,290</b>	<b>4,300</b>	<b>4,720</b>	<b>4,413</b>	<b>4,461</b>	<b>4,374</b>	<b>4,377</b>	<b>3,689</b>	<b>3,733</b>
<b>Cash flow</b>									
Cash flow from operating activities	231	-96	-43	239	76	97	-84	199	74
Cash flow from investing activities	1	-76	-130	-136	-82	-97	-66	-126	-85
Cash flow from financing activities	-21	165	132	1	21	-77	114	13	14
<b>Cash flow for the period</b>	<b>211</b>	<b>-7</b>	<b>-41</b>	<b>104</b>	<b>15</b>	<b>-77</b>	<b>-36</b>	<b>86</b>	<b>3</b>
<b>Key ratios</b>									
Operating margin, %	-2.4	-17.2	2.5	-11.6	5.3	5.3	7.2	-1.0	6.3
Operating margin excluding non-recurring items, %	6.0	-0.4	3.6	3.8	6.6	6.5	7.2	3.1	6.3
Adjusted operating margin excl. investment in new technology, %	6.6	0.7	4.4	4.9	7.4	7.4	7.5		
Earnings per share, basic and diluted, SEK	-2.15	-2.95	0.04	-3.36	0.83	1.11	1.54	-0.49	1.26
Equity per share, SEK	26.08	28.93	36.24	34.78	39.48	37.89	38.64	35.80	36.57
Cash flow, operating activities, per share, SEK	4.75	-2.04	-0.97	5.41	1.72	2.19	-1.90	3.20	1.67
Share price, SEK	41.80	37.50	25.55	51.00	50.20	57.00	62.00	69.00	87.20
Return on capital employed % <sup>1 2</sup>	-9.5	-6.4	1.2	3.1	7.5	8.2	9.7	9.8	12.5
Return on capital employed excl. non-recurring items, % <sup>1,2</sup>	4.3	5.2	8.6	9.4	10.5	10.6	11.5	11.8	13.8
Return on equity, %	-7.8	-9.3	0.1	-9.3	2.1	2.9	4.1	-1.7	3.7
Equity/assets ratio, %	30	33	34	35	39	38	39	44	43
Net debt/equity ratio, % <sup>2</sup>	84	91	76	66	62	62	55	45	50
External investments, SEKm	26	49	97	103	64	69	37	99	74
R&D, %	5.1	6.3	5.3	5.9	4.1	4.3	4.2	4.9	3.9
Number of employees	1,962	2,055	2,183	2,172	2,212	2,283	2,315	2,309	2,313

<sup>1)</sup>Rolling twelve months. <sup>2)</sup>The effect of IFRS16 Finance Leases has been excluded. <sup>3)</sup>Not adjusted in accordance with IFRS16.



## KEY RATIOS

	Sep. 30, 2020	Sep. 30, 2019	Dec. 31, 2019
Operating margin excluding non-recurring items, %	3.2%	6.8%	6.1%
Operating margin, %	-4.8%	5.9%	2.0%
Operating margin excluding investment in new technology, %	3.9%	7.5%	6.9%
Cash flow, operating activities, SEKm	92	89	328
Cash flow after investments, SEKm	-113	-156	-53
Return on capital employed, % <sup>1 2</sup>	-9.5%	7.5%	3.1%
Return on capital employed excl. non-recurring items, % <sup>1,2</sup>	4.3%	10.5%	9.4%
Investments, SEKm	172	170	273
R&D, %	5.5%	4.2%	4.6%
Number of employees	1,962	2,212	2,172
Return on equity, % <sup>1</sup>	-26.2%	7.5%	0.1%
Interest coverage ratio, multiple	3.3	10.7	7.5
Equity/assets ratio, %	30	39	35
Net debt/equity ratio, % <sup>2</sup>	84	62	66
<b>Per share:</b>			
Earnings after tax, basic, SEK	-5.19	3.48	0.12
Earnings after tax, diluted, SEK	-5.19	3.48	0.12
Equity per share, SEK	26.08	39.48	34.78
Cash flow, operating activities, per share, SEK	1.97	2.01	7.42
Share price, SEK	41.80	50.20	51.00
Average total number of shares, thousands	46,673	44,216	44,216
Total number of shares at end of period, thousands	48,638	44,216	44,216
of which number of shares in own custody, thousands	12	12	12

<sup>1</sup>Rolling twelve months. <sup>2</sup>The 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, October 22, 1.00 pm.

Link to event for telephone number and link to webcast

<https://financialhearings.com/event/12391>

The webcast will be available afterwards, and both the interim report and the presentation can be downloaded from the Haldex website:

<http://www.haldex.com/sv/corporate/investerare/finanssiella-rapporter/>

### FINANCIAL CALENDAR 2021

Year-end report, Jan - Dec 2020	February 11, 2021
Interim report, Jan - Mar	April 22, 2021
Interim report, Apr - Jun	July 16, 2021
Interim report, Jul - Sep	October 21, 2021
Year-end report, Jan - Dec 2021	February 10, 2022
Annual Report 2020	Week 12, 2021
Annual General Meeting 2021	May 26, 2021

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## FINANCIAL DEFINITIONS

### General

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 performance measures 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 with the preceding 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>

Net profit for the year attributable to the shareholders in the parent company in % of average equity attributable to the shareholders in the parent company.

### Return on capital employed<sup>1</sup>

Operating income plus interest income in % of average capital employed.

### Gross margin

Gross profit, i.e. net sales less cost of goods sold, divided by net sales.

### Equity per share

Equity attributable 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 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 excl. 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>

Interest-bearing liabilities and provisions less cash and cash equivalents and interest-bearing receivables.

### 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>

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>

Difference in absolute terms between recognized interest income for financial assets and interest expenses for interest-bearing liabilities and provisions. For numerical data, see Annex 1.

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

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

### Operating margin

Operating profit in % of net sales for the period.

### Adjusted operating margin

Operating profit excluding non-recurring items in % of net sales for the period.

### Adjusted operating margin excluding investment in new technology

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

### Operating profit<sup>1</sup>

Profit from operations before financial items and tax.

### Adjusted operating profit

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 in % of total capital.

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

Total assets 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.

<sup>1</sup>) Supplementary financial information is presented in Annex 1(1).

## GLOSSARY

### **ABA**

Haldex's automatic brake adjuster, which is used in drum brakes in heavy vehicles.

### **ABS**

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

### **ADB**

Compressed 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 brakes. These are part of an electronic braking system, i.e. the pneumatic brake system is replaced by an electronic brake system. Electromechanical brakes 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 the Scalable Brake System, which includes EMB and FABV. These are developed partly in-house 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 (goods vehicle).

## ANNEX 1

### NUMERICAL BASIS FOR ALTERNATIVE PERFORMANCE INDICATORS

#### Sales

	Recognized sales Jul-Sep 2020	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales Jul-Sep 2020	Δ	Recognized sales full year 2019	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales full year 2019	Δ
<b>SEKm</b>								
Group	964	73	1,037	8%	5,151	-270	4,881	-5%
<b>Total</b>	<b>964</b>	<b>73</b>	<b>1,037</b>	<b>8%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Sales per region

	Recognized sales Jul-Sep 2020	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales Jul-Sep 2020	Δ	Recognized sales full year 2019	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales full year 2019	Δ
<b>SEKm</b>								
Europe	350	10	360	3%	1,698	-36	1,662	-2%
North America	464	42	506	9%	2,659	-211	2,448	-8%
Asia and Middle East	113	7	120	6%	586	-22	564	-4%
South America	36	14	50	39%	208	-1	207	0%
<b>Total</b>	<b>964</b>	<b>73</b>	<b>1,037</b>	<b>8%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Sales per product line

	Recognized sales Jul-Sep 2020	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales Jul-Sep 2020	Δ	Recognized sales full year 2019	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales full year 2019	Δ
<b>SEKm</b>								
Foundation Brake	517	39	556	8%	2,966	-145	2,821	-5%
Air Controls	447	33	480	7%	2,185	-125	2,060	-6%
<b>Total</b>	<b>964</b>	<b>73</b>	<b>1,037</b>	<b>8%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

#### Sales per customer category

	Recognized sales Jul-Sep 2020	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales Jul-Sep 2020	Δ	Recognized sales full year 2019	Currency-adjustment to exchange rates of previous year	Currency-adjusted sales full year 2019	Δ
<b>SEKm</b>								
Truck - heavy goods vehicles	155	18	173	12%	1,252	-71	1,181	-6%
Trailer - trailers	289	13	302	5%	1,502	-56	1,446	-4%
Aftermarket	520	42	561	8%	2,397	-143	2,254	-6%
<b>Total</b>	<b>964</b>	<b>73</b>	<b>1,037</b>	<b>8%</b>	<b>5,151</b>	<b>-270</b>	<b>4,881</b>	<b>-5%</b>

**NUMERICAL BASIS FOR ALTERNATIVE PERFORMANCE INDICATORS, QUARTERLY DATA**

SEKm, unless otherwise stated	2020			2019			2018		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Non-recurring items</b>									
- Restructuring expenses	-8	-46	-7	-175	-12	-17	0	-1	0
- Impairment of asset	70	-101	-	-	-	-	-	-	-
- Dispute India	-1	-	-	-	-	-	-	-	-
- Expenses related to the acquisition process	-2	-1	-6	-2	-5	-1	0	0	0
- Product-related warranty costs	-	-	0	0	0	0	0	-49	0
<b>Total non-recurring items</b>	<b>-81</b>	<b>-148</b>	<b>-13</b>	<b>-177</b>	<b>-17</b>	<b>-18</b>	<b>0</b>	<b>-50</b>	<b>0</b>
<b>Research and development expenses excl. depreciation</b>	<b>-49</b>	<b>-55</b>	<b>-63</b>	<b>-67</b>	<b>-54</b>	<b>-59</b>	<b>-56</b>	<b>-60</b>	<b>-51</b>
<b>Product development expenses for new technology</b>	<b>-10</b>	<b>-12</b>	<b>-12</b>	<b>-14</b>	<b>-10</b>	<b>-12</b>	<b>-11</b>	<b>-</b>	<b>-</b>
Joint venture EMB	-7	-8	-7	-7	-7	-7	-	-	-
Scalable brake systems	1	-2	-2	-5	-2	-6	-4	-	-
<b>Total operating expenses for new technology</b>	<b>-6</b>	<b>-10</b>	<b>-9</b>	<b>-12</b>	<b>-9</b>	<b>-13</b>	<b>-4</b>	<b>-</b>	<b>-</b>
<b>Net interest income and financial items</b>									
Interest income	1	0	1	2	4	4	3	5	0
Interest expenses	-17	-6	-6	-13	-14	-13	-9	-7	-2
<b>Total net interest income/expense</b>	<b>-16</b>	<b>-6</b>	<b>-5</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-6</b>	<b>-2</b>	<b>-2</b>
Financial exchange rate effect	13	-4	-19	0	-6	4	0	-7	-7
Other financial items	-3	-2	-1	-1	-1	-3	-1	4	-2
<b>Total financial items</b>	<b>-6</b>	<b>-12</b>	<b>-25</b>	<b>-12</b>	<b>-17</b>	<b>-8</b>	<b>-7</b>	<b>-5</b>	<b>-11</b>
<b>Net debt</b>									
- Interest-bearing assets	466	260	294	315	217	196	280	305	214
Interest-bearing liabilities, including derivative instruments	-904	-920	-949	-768	-761	-731	-724	-582	-572
- Pension liabilities	-658	-651	-571	-562	-540	-511	-498	-455	-458
<b>Total net debt<sup>1)</sup></b>	<b>-1,096</b>	<b>-1,311</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>Capital employed</b>									
Total assets	4,290	4,300	4,720	4,413	4,461	4,374	4,377	3,689	3,733
Non-interest-bearing liabilities and provisions	-1,070	-965	-1,235	-1,116	-1,048	-1,062	-1,043	-1,041	-1,124
<b>Total capital employed</b>	<b>3,220</b>	<b>3,335</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>Average capital employed</b>	<b>3,381</b>	<b>3,417</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>Net income attributable to the shareholders in the Parent Company</b>									
Profit/loss for the period	-104	-139	3	-149	37	49	68	-24	58
Profit attributable to non-controlling interests	1	0	1	0	1	2	1	3	1
<b>Total net income attributable to shareholders in the Parent Company</b>	<b>-105</b>	<b>-139</b>	<b>2</b>	<b>-149</b>	<b>36</b>	<b>47</b>	<b>67</b>	<b>-27</b>	<b>57</b>
<b>Equity attributable to shareholders in the Parent Company</b>									
Equity	1,300	1,437	1,602	1,537	1,745	1,675	1,708	1,611	1,617
Equity attributable to non-controlling interests	31	30	34	32	33	33	31	28	24
<b>Total equity attributable to shareholders in the Parent Company</b>	<b>1,269</b>	<b>1,407</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>Average equity attributable to shareholders in the Parent Company</b>	<b>1,492</b>	<b>1,567</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>Average number of shares</b>	<b>48,638</b>	<b>47,164</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> The effect of IFRS16 Finance Leases has been excluded.