

# Q1 Report, 2014

April 29, 2014



Innovative Vehicle Solutions



**Bo Annvik**  
President and CEO

**Andreas Ekberg**  
CFO

# Agenda



- Business Highlights
- Market Update
- Sales
- Financials
- Outlook
- Q&A



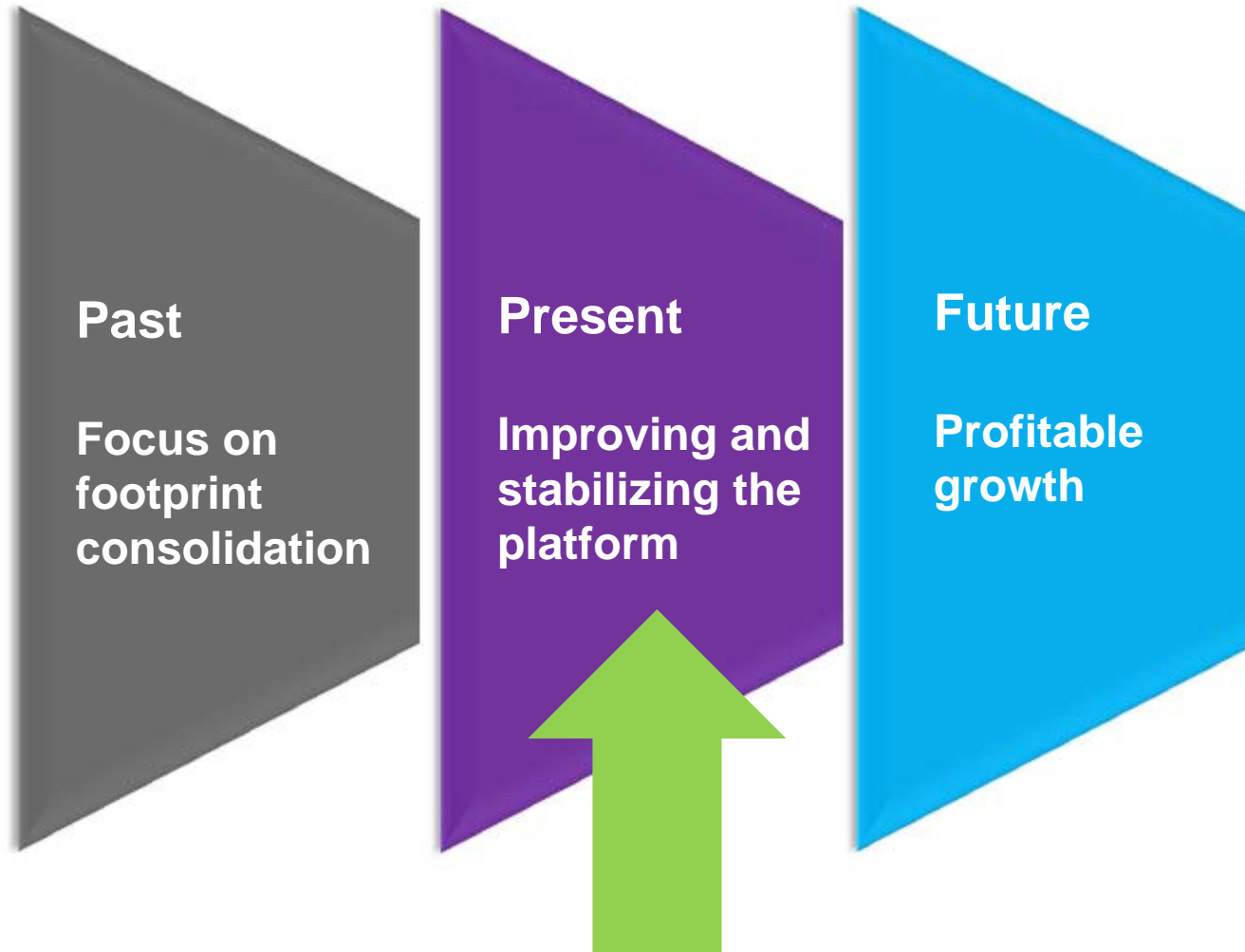
# Business Highlights

Q1 2014



- Sales growth of 9% (currency adjusted) with net sales reaching SEK 1,041 (951) million.
- Operating margin of 8.1% (excluding one-off items), thus exceeding the long term objective of 7%.
- Operating income increased to SEK 84 (55) million.
- Earnings per share increased to SEK 1.03 (0.61).
- Cash-flow from operating activities amounted to SEK 3 (29) million. Higher sales and production volumes resulted in increased working capital.

# Creating a stable platform for profitable growth





# Current phase

## - Improving and Stabilizing the Platform



- Haldex Way – Lean operations
- CSR
- New Quality organization
- New Sourcing structure – Global category teams
- Product management
- Restructuring program



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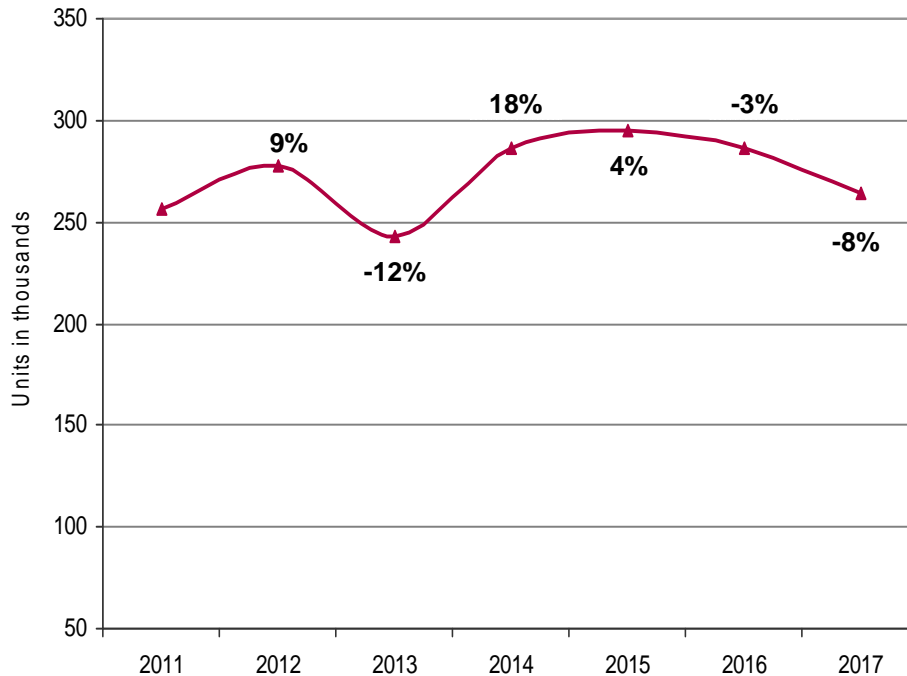
## **Market Update**

# Build Rates Heavy Truck

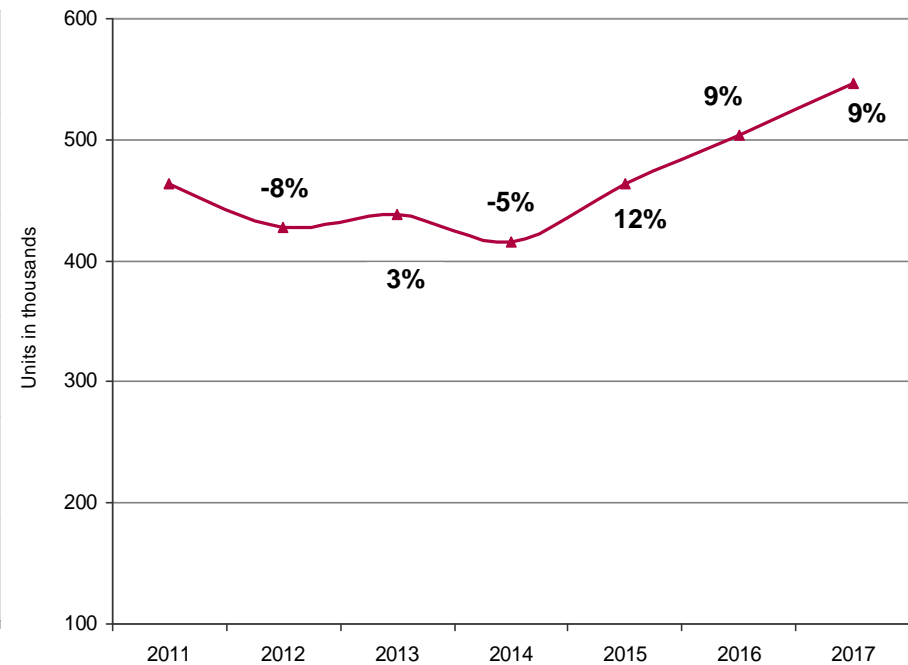
## North America & Europe



### North America



### Europe



- **North America official build rates increased 20% Q1 2014 compared to Q1 2013. Official build rates are indicating 18% increase 2014 compared to 2013.**
- **Europe official build rates increased 4% Q1 2014 compared to Q1 2013. Official build rates are indicating 5% decrease 2014 compared to 2013.**

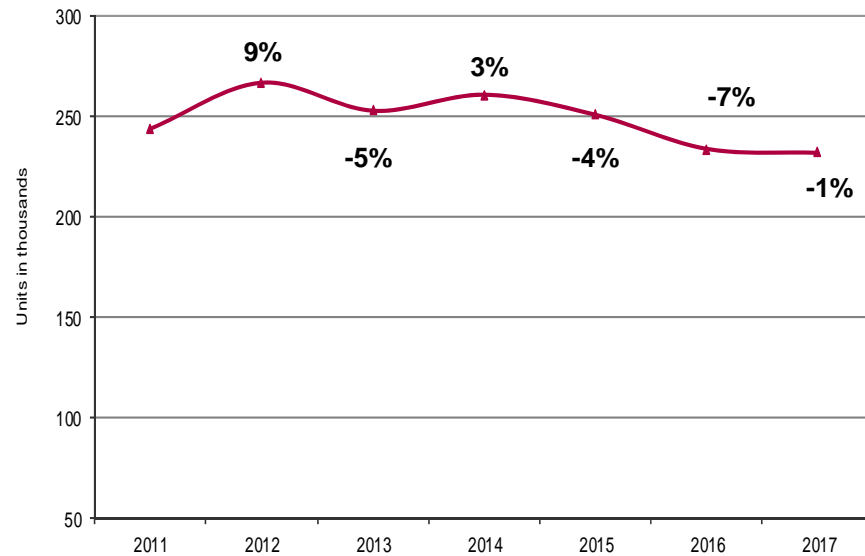
Note: JDP data – official forecast per March 2014



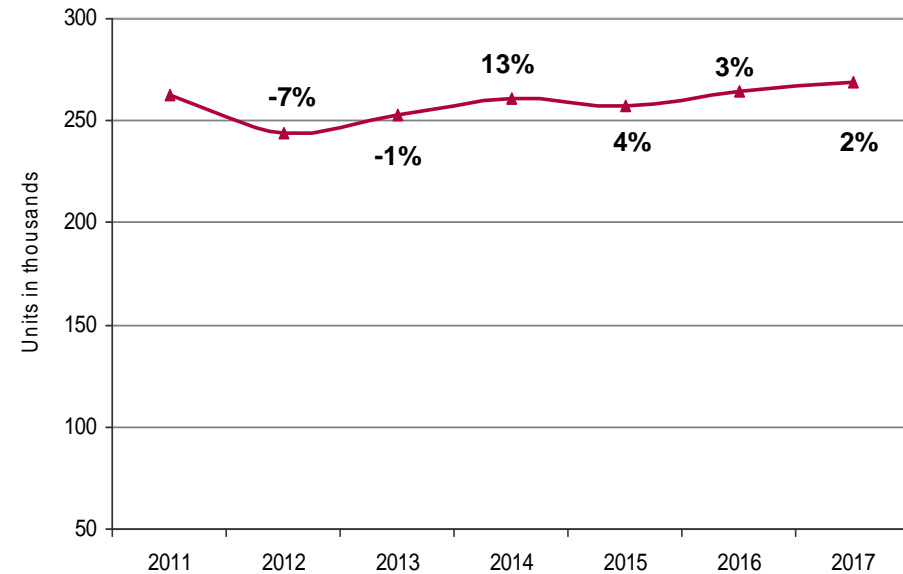
# Build Rates Trailer

## North America & Europe

### North America



### Europe



- **North America official build rates indicating a decrease of 2% Q1 2014 compared to Q1 2013. The market is expected to increase 3% for the full year 2014.**
- **European build rates are 24% higher in Q1 2014 compared to Q1 2013. The official build rates 2014 indicate 13% growth compared to 2013.**

Note: ACT data and CLEAR – official forecast per March 2014



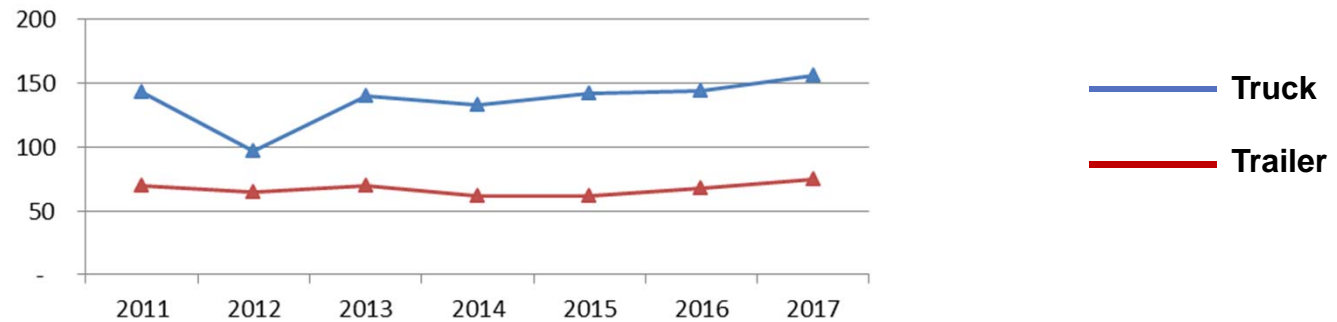
# Build Rates Heavy Truck & Trailer

## Emerging Markets

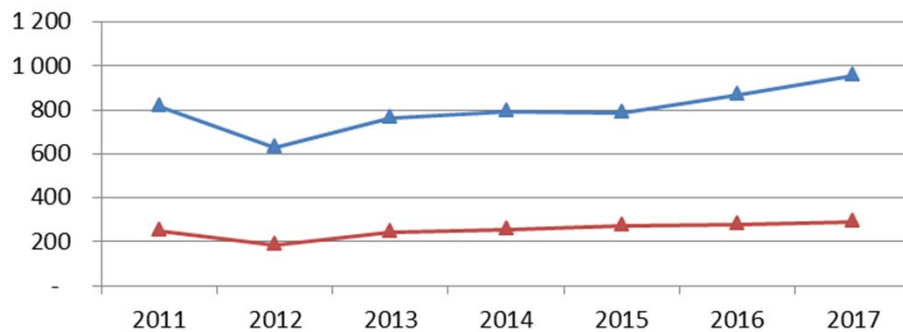


### Brazil, China & India

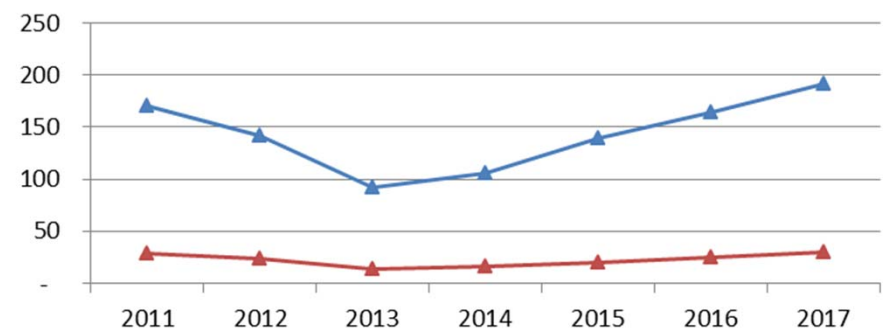
#### Brazil



#### China



#### India



Note: JDP and Haldex data – official forecast per March 2014



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**Sales**

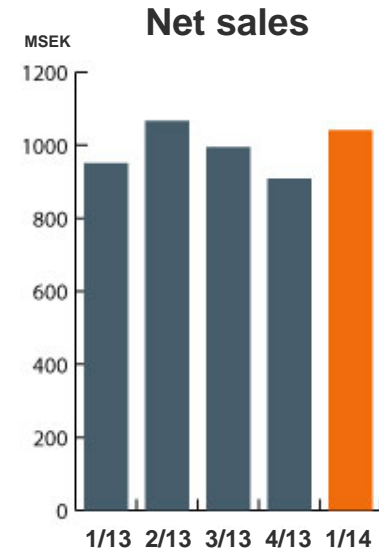
# Sales, Haldex Group

Q1 2014



Good growth, partly due to a weak Q1 last year.

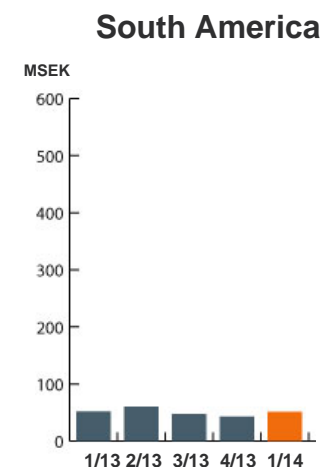
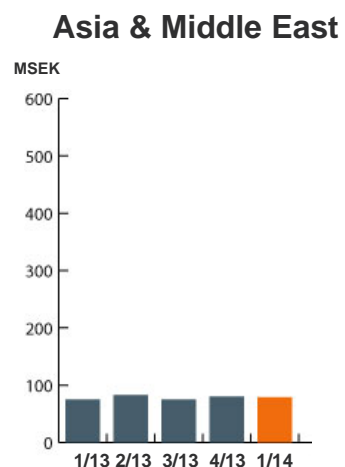
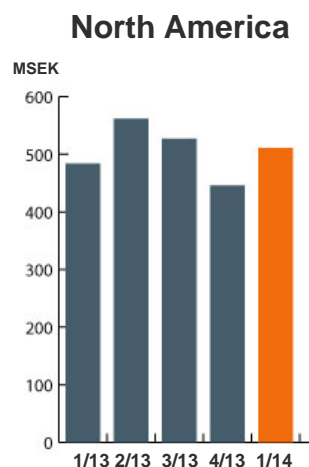
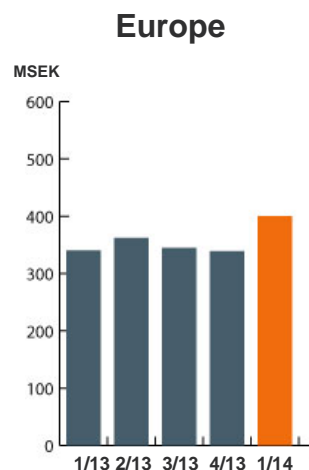
Currency adjusted growth of 9%



	Q1/14	Q1/13	2013	2012
Net sales, SEK million	1,041	951	3,920	3,933
Growth	9%	-11%	+/-0%	-2%

# Sales per region

Q1 2014



SEK million	Q1/14	Q1/13	change <sup>1</sup>	2013
Europe	400	340	14%	1,386
North America	511	484	6%	2,019
Asia & Middle East	79	75	6%	313
South America	51	52	16%	202

<sup>1</sup> currency adjusted

# Sales per product line

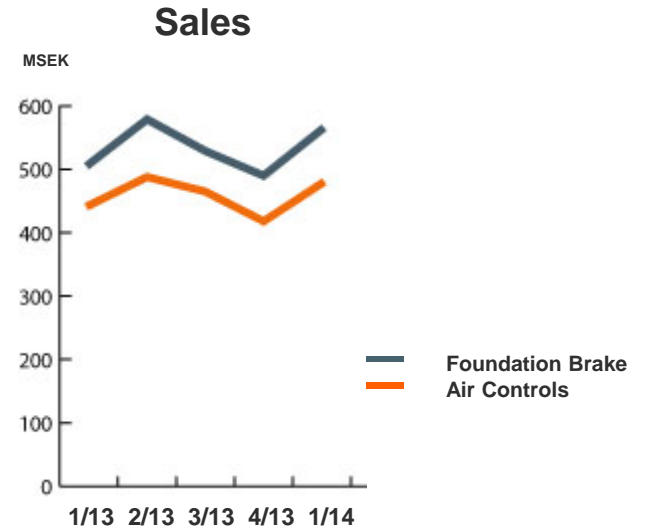
Q1 2014



Foundation Brake: Wheel-end products for brake actuation and lining wear adjustment



Air Controls: Products to dehumidify, clean and control compressed air in the brake system



SEK million	Q1/14	Q1/13	change <sup>1</sup>	2013
Foundation Brake	563	508	11%	2,106
Air Controls	478	443	7%	1,814

<sup>1</sup> currency adjusted

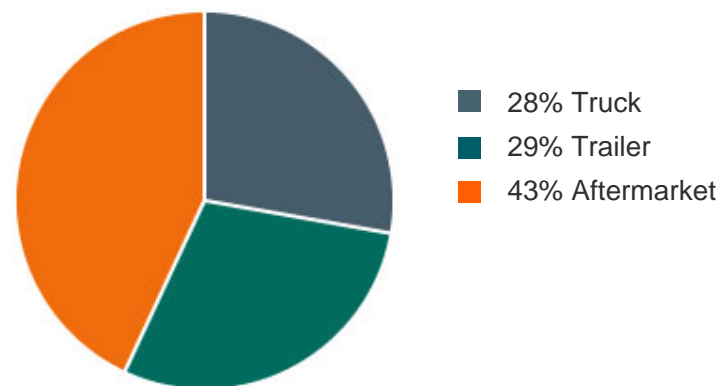
# Sales per customer group

Q1 2014



Total growth numbers better than official production forecast.

Euro6 effect on trucks in Europe less noticeable than expected.



SEK million	Q1/14	Q1/13	change <sup>1</sup>	2013
Truck	296	265	13%	1,117
Trailer	303	260	15%	1,087
Aftermarket	442	426	3%	1,716

<sup>1</sup> currency adjusted



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# Financials

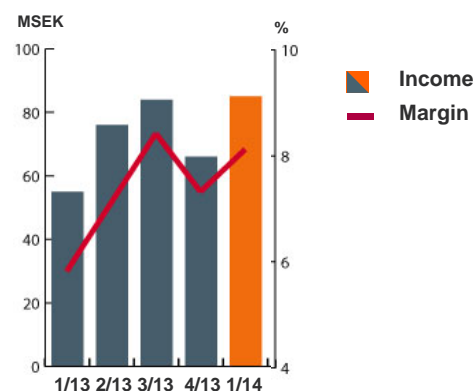
# Earnings

Q1 2014

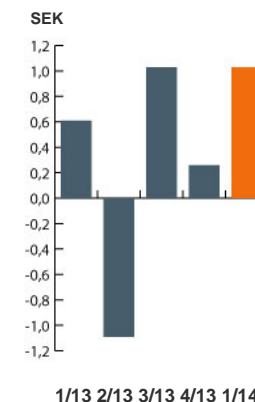


Operating margin excluding one-off items at 8.1%, thus exceeding the long term objective of 7%.

Operating income & margin



Earnings per share

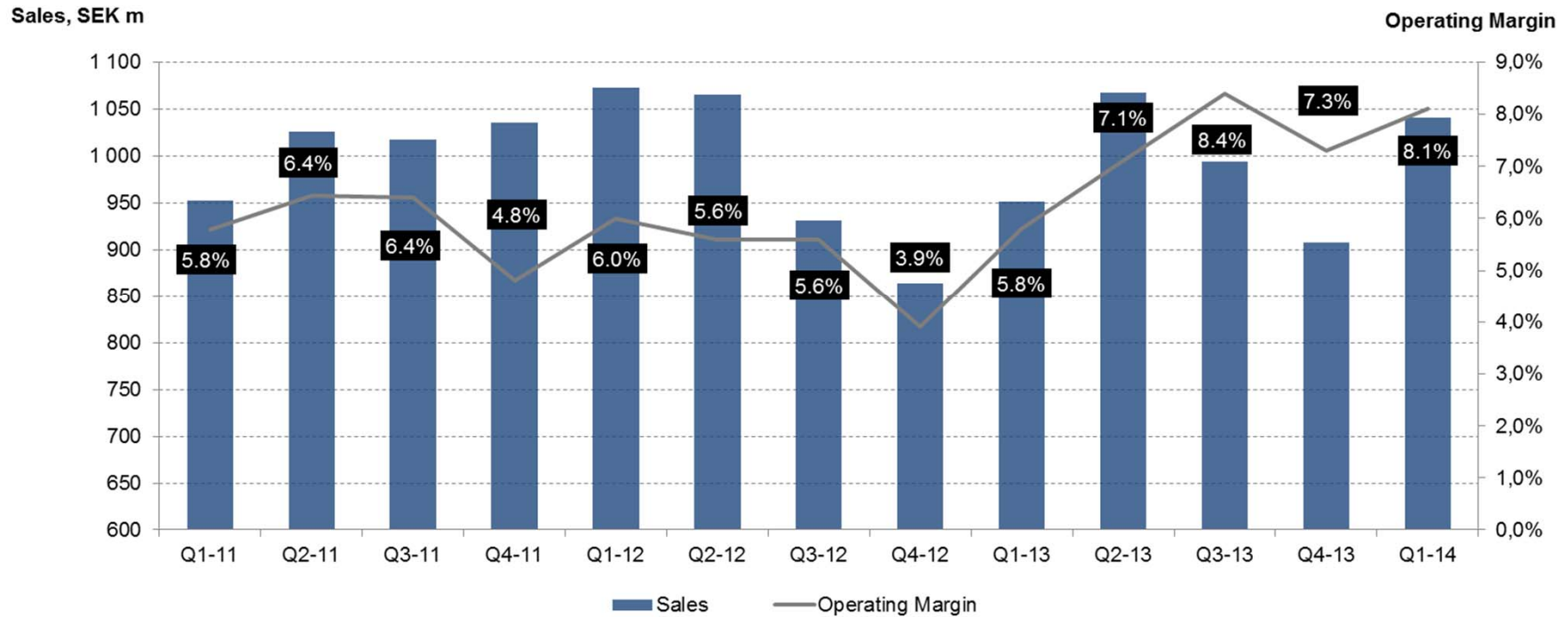


	Q1/14	Q1/13	change	2013
Operating income (excl one-off items), SEK million	84	55	53%	281
Operating income, SEK million	83	55	51%	153
Operating margin (excl. one-off items), %	8.1	5.8	2.3	7.2
Operating margin, %	7.9	5.8	2.1	3.9
Net income, SEK million	48	28	71%	38
Earnings per share, SEK	1.03	0.61	0.42	0.80



# Sales & Operating Margin

2011 - 2014



# Balance Sheet

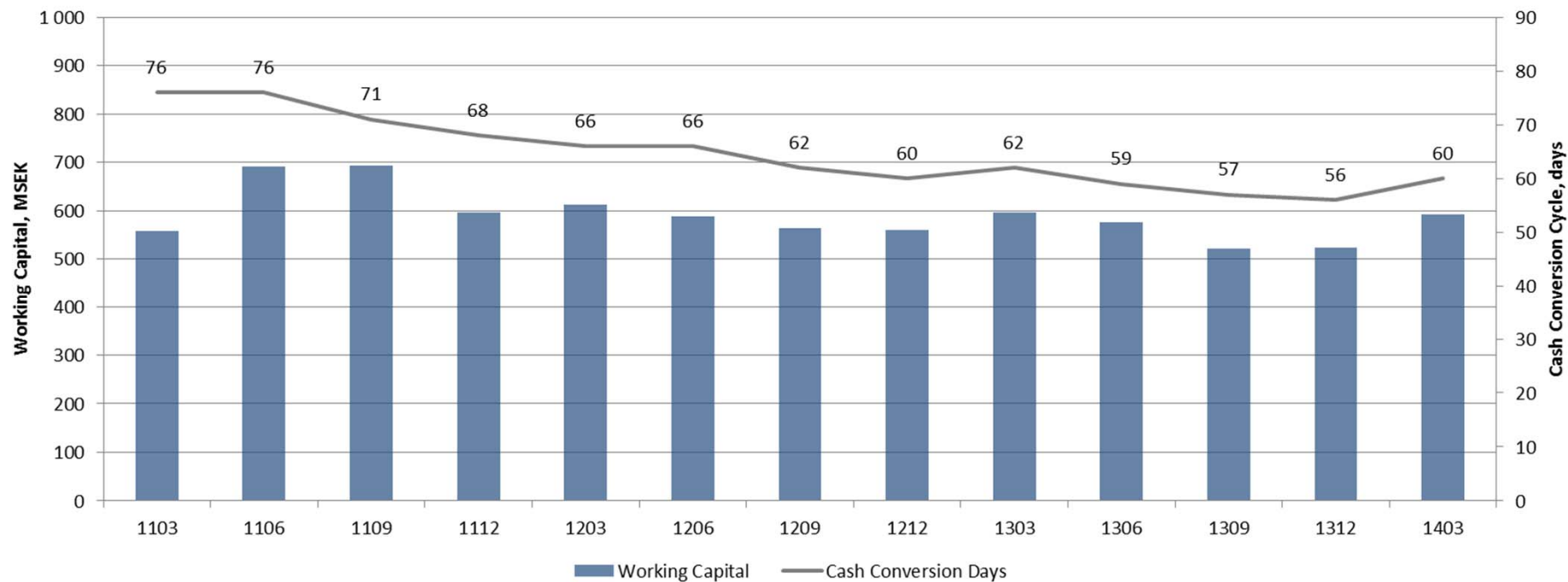
March vs. Dec



SEK million	March 31 2014	Dec 31 2013	quarterly change
Working capital	591	523	+13%
Intangible assets	448	450	0%
Capital employed	1,901	1,855	+2%
Total assets	2,606	2,486	+5%
Equity	1,177	1,152	+2%
Net debt	408	378	+8%
Equity ratio, %	45	46	
Net debt/Equity ratio, %	35	33	

# Cash Flow

## Working Capital & Cash Conversion days



SEK million	Q1/14	Q1/13	Q2/13	Q3/13	Q4/13
Operating cash flow <sup>1</sup>	6	40	111	96	83
Cash flow after net investments <sup>1</sup>	1	20	109	81	49

<sup>1</sup> excluding restructuring



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Outlook

# Outlook

2014



- The North American truck and trailer market in 2014 is expected to grow by approximately 5-10%.
- In 2014, the European market will most likely strengthen as the year progresses, and we believe it will finish a couple of percentage points up compared with 2013.
- In 2014 China appears rather flat compared to last year. Haldex in China is continuing to localize new products and we are striving at providing a better growth rate than the market in general.

The market in India was at its lowest level for 25 years and remains very hard to predict for 2014. We see no significant signs of improvement short term. We believe in India for the longer term though.

- The truck market in Brazil will most likely suffer from less subsidies in 2014 and be weaker than the previous year.

