



Earnings conference call

Q3 2014

Bo Annvik, CEO / Andreas Ekberg, CFO
5 November 2014



Agenda



- Business Highlights
- Market Update
- Sales
- Financials
- Restructuring
- Outlook



Business Highlights

Q3 2014



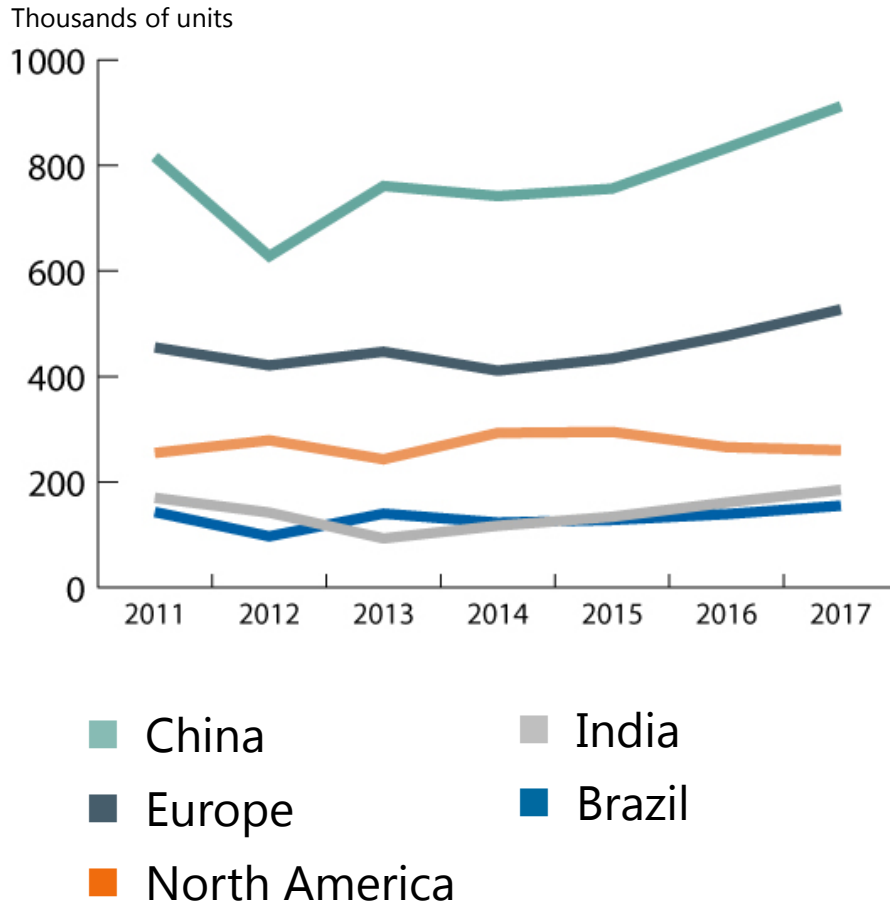
- Sales growth of 7% (currency adjusted) with net sales reaching SEK 1,123 (994) million.
- Operating margin of 10.1% (excluding one-off items)
- Operating income, excluding one-off items, increased to SEK 113 (84) million.
- Earnings per share, excluding one-off items increased to SEK 1.51 (1.03).
- Cash flow from operating activities amounted to SEK 112 (94) million.





Market update

Build rates – Heavy truck

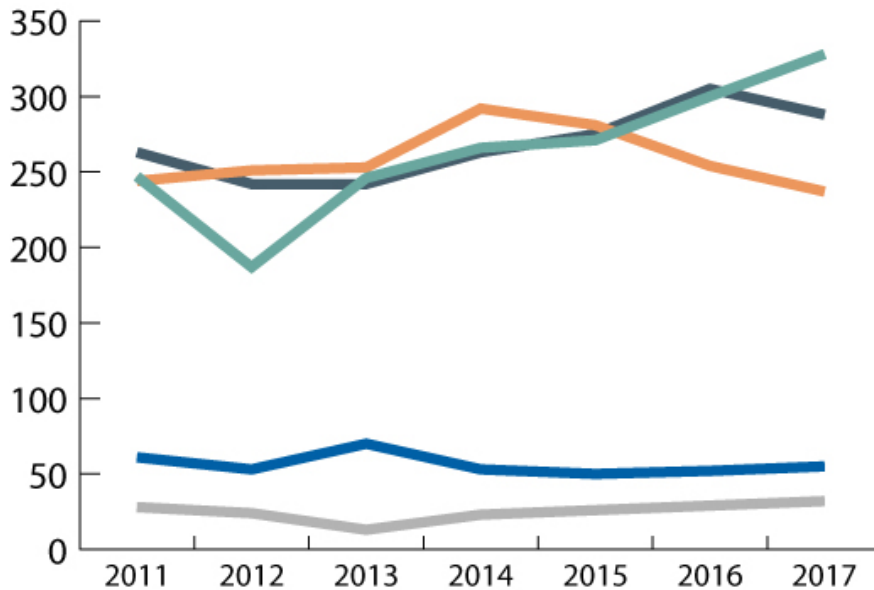


- North America official build rates increased 21% Q3 2014 compared to Q3 2013. The North American market is expected to increase 20% 2014 compared to 2013.
- Europe official build rates decreased 5% Q3 2014 compared to Q3 2013. The European market is expected to decrease with 7% 2014 compared to 2013.

Build rates - Trailer



Thousands of units



- China
- Europe
- North America
- India
- Brazil

- North America official build rates indicating a increase of 23% Q3 2014 compared to Q3 2013. The North American market is expected to increase 15% 2014 compared to 2013.
- European build rates are 11% higher in Q3 2014 compared to Q3 2013. The European market is expected to grow 9% 2014 compared to 2013.

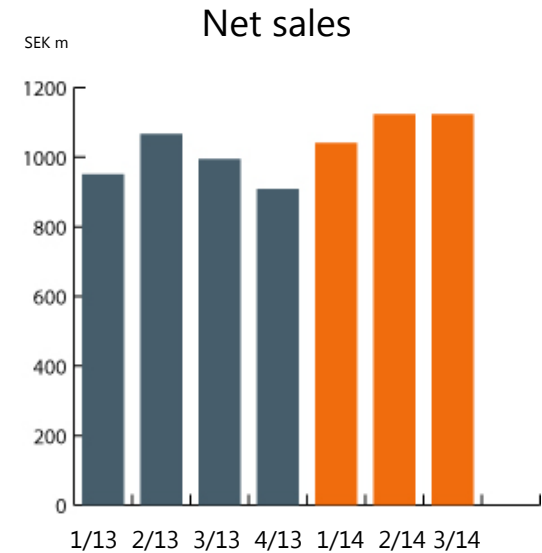


Sales

Sales, Haldex Group



Currency adjusted growth of 7% in Q3 and growth of 7% in the first 9 months.

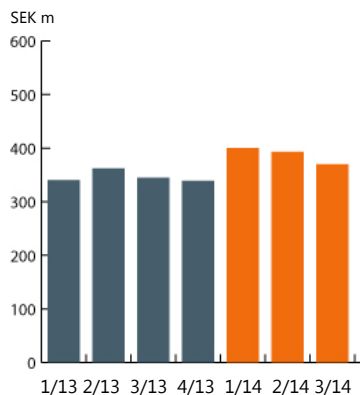


	Q3/14	Q3/13	9M/14	9M/13	2013
Net sales, SEK million	1,123	994	3,288	3,012	3,920
Growth	13%	7%	9%	-2%	0%

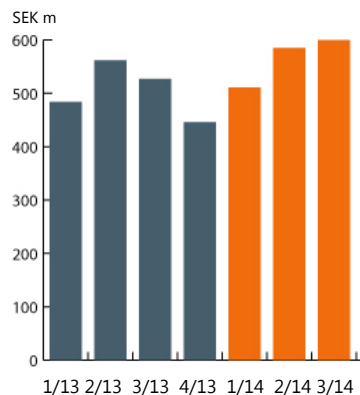
Sales per region



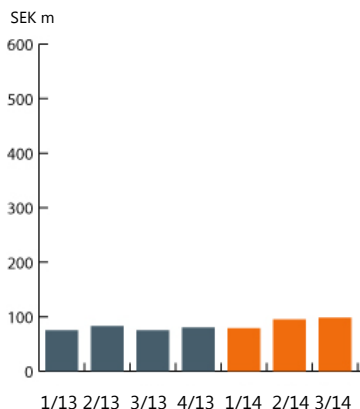
Europe



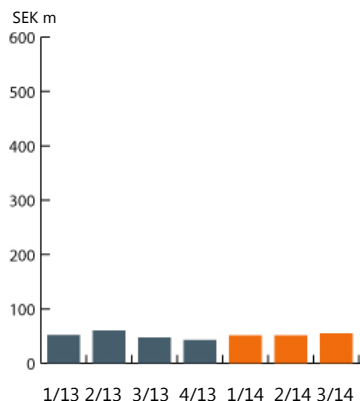
North America



Asia & Middle East



South America



SEK million

Europe
North America
Asia & Middle East
South America

	Q3/14	Q3/13	change ¹
Europe	370	345	3%
North America	600	527	7%
Asia & Middle East	98	75	22%
South America	55	47	9%

SEK million

Europe
North America
Asia & Middle East
South America

	9M/14	9M/13	change ¹
Europe	1,162	1,047	7%
North America	1,696	1,573	6%
Asia & Middle East	272	233	14%
South America	158	159	5%

¹ currency adjusted

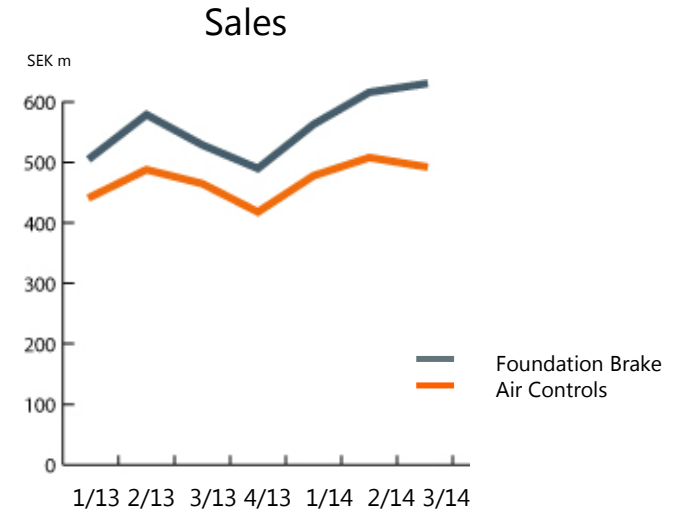
Sales per product line



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	Q3/14	Q3/13	change ¹
Foundation Brake	630	529	13%
Air Controls	493	465	0%

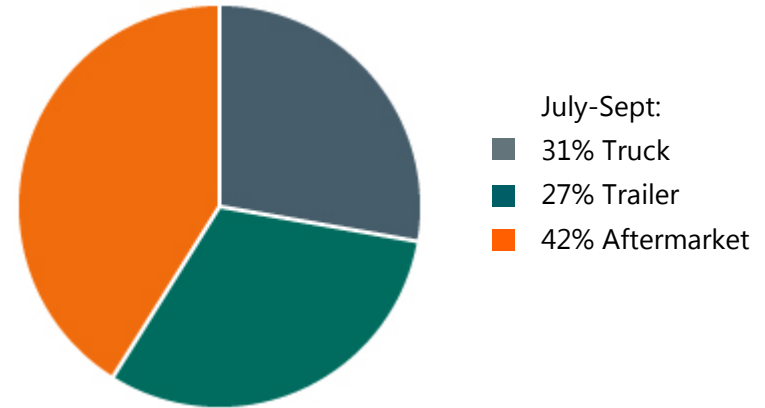
9M/14	9M/13	change ¹
1,809	1,617	10%
1,479	1,395	3%

¹ currency adjusted

Sales per customer group



Largest growth in the trailer group, mainly driven by good sales growth in North America and increased disc brake revenue in Europe.



SEK million	Q3/14	Q3/13	change ¹
Truck	344	312	5%
Trailer	309	249	18%
Aftermarket	470	433	3%

	9M/14	9M/13	change ¹
Truck	953	866	9%
Trailer	957	831	12%
Aftermarket	1,378	1,315	2%

¹ currency adjusted



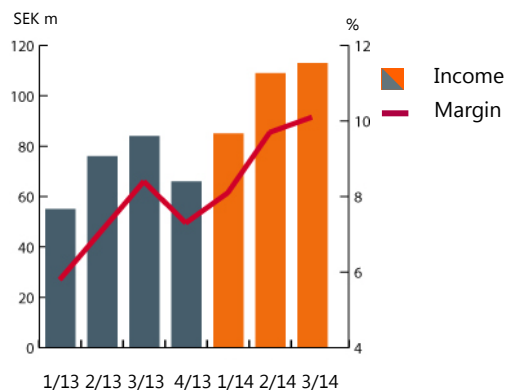
Financials

Earnings

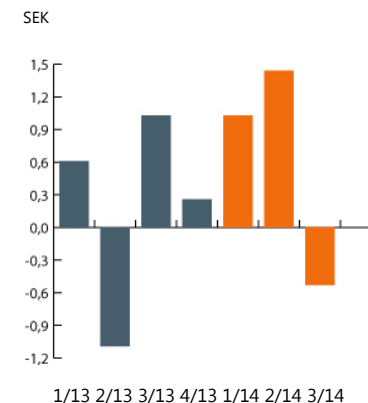


Operating margin excluding one-off items at record high 10.1% in Q3 and at 9.3% in the first nine months.

Operating income & margin



Earnings per share



Operating income (excl one-off items), SEK million	113	84	35%	307	215	43%
Operating income, SEK million	15	89	-83%	201	100	101%
Operating margin (excl. one-off items), %	10.1	8.4	1.7	9.3	7.1	2.2
Operating margin, %	1.3	9.0	-7.7	6.1	3.3	2.8
Net income, SEK million	-22	46	-	90	26	246%
Earnings per share, (excl one-off items), SEK	1.51	1.03	47%	4.14	2.55	62%
Earnings per share, SEK	-0.53	1.03	-	1.94	0.54	257%

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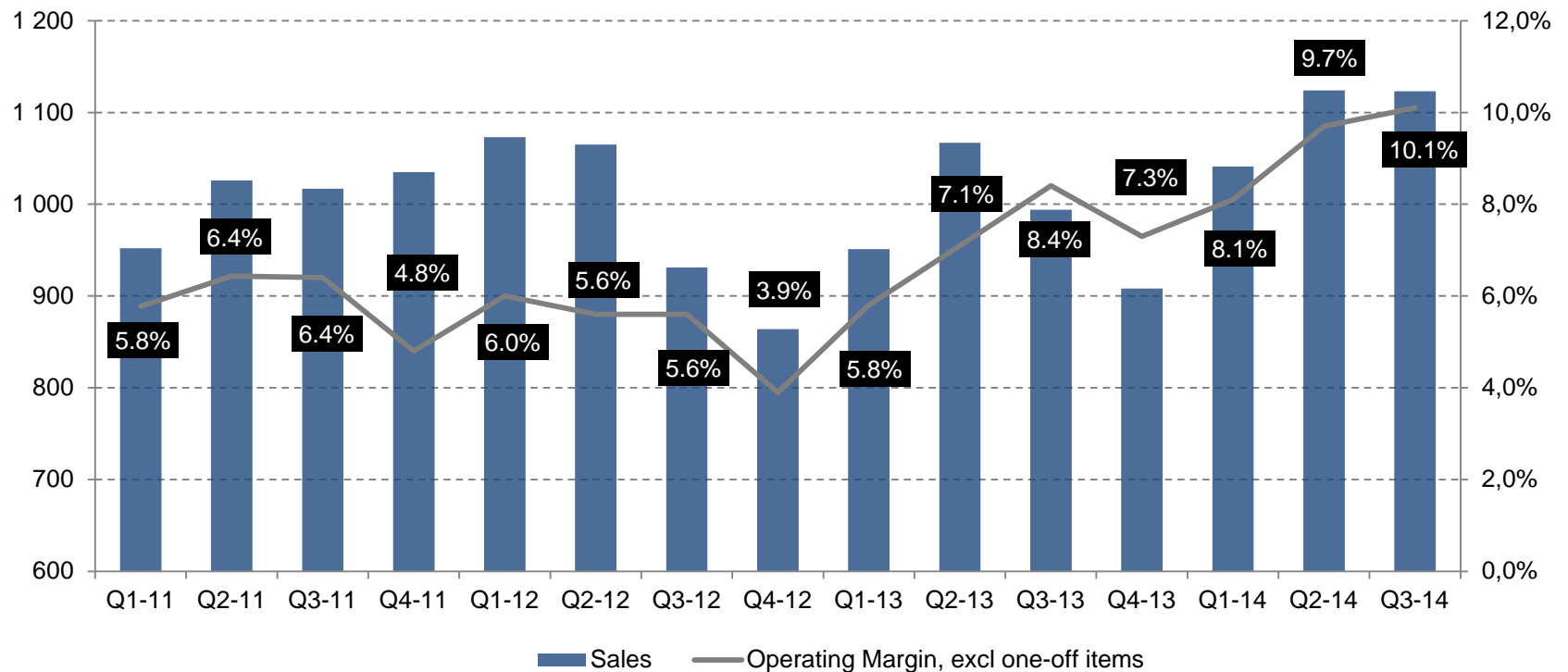
Sales & Operating Margin

2011 - 2014



Sales, SEK m

Operating Margin



Statement of Financial Position

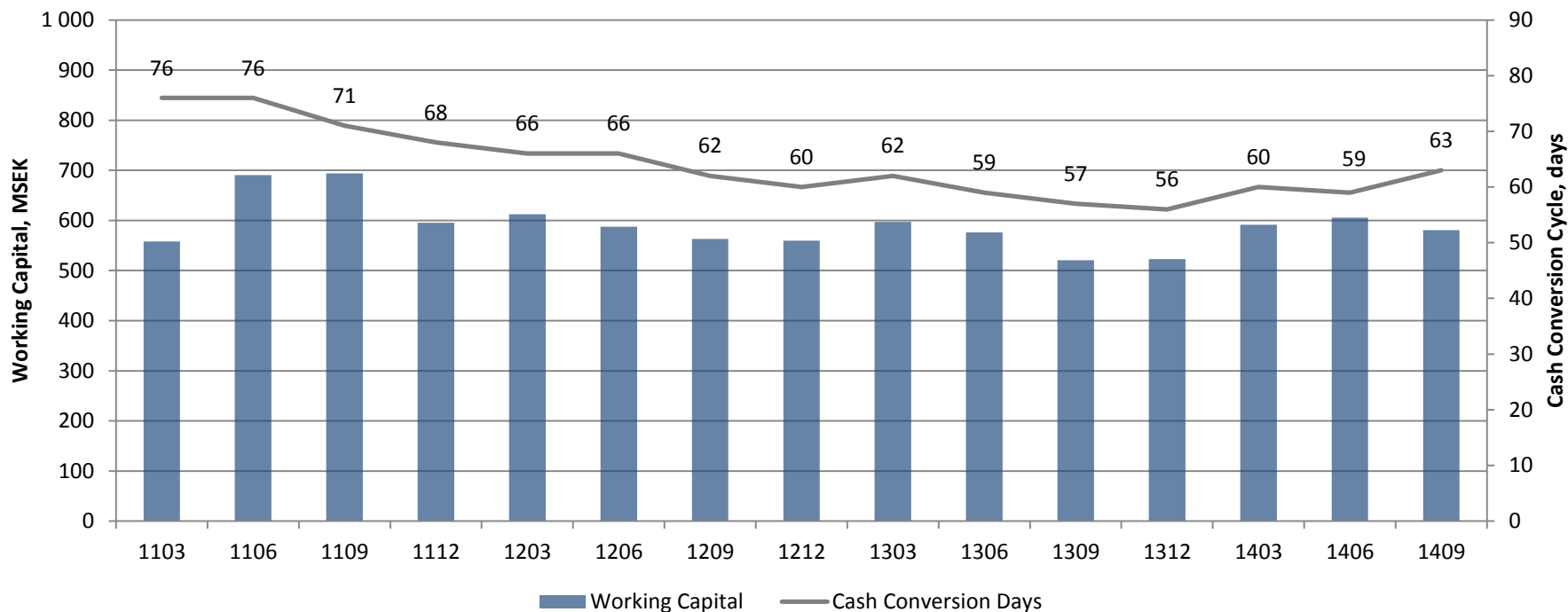
Sept vs. June



SEK million	Sept 30 2014	June 30 2014	quarterly change
Working capital	581	605	-4%
Intangible assets	448	464	-3%
Capital employed	1,892	1,908	-1%
Total assets	2,747	2,683	+2%
Equity	1,199	1,183	+1%
Net debt	413	442	-7%
Equity ratio, %	44	44	
Net debt/Equity ratio, %	34	37	
Contingent liabilities	35	0	

Cash Flow

Working Capital & Cash Conversion days



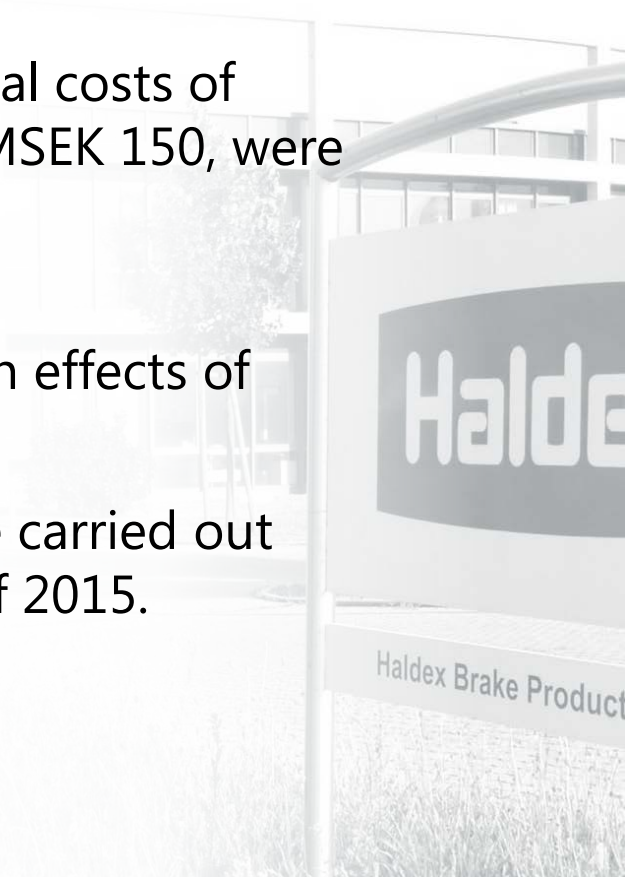
SEK million	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13
Operating cash flow ¹	116	124	6	83	96	111	40
Cash flow after net investments ¹	63	92	1	49	81	109	20

¹ excluding one-off items

Restructuring program



- Negotiations with the German unions completed. 104 of 184 employees will remain in total.
- Previously, annual savings of MSEK 100 and total costs of MSEK 250, with cash effects of approximately MSEK 150, were expected.
- New estimates of annual savings of MSEK 85 and total costs of MSEK 250, with cash effects of approximately MSEK 100.
- The German/Hungary relocation project will be carried out during 2015 and completed latest at the end of 2015.





Outlook

Market outlook 2014



- **North America**
+10%
- **Europe**
A couple of percentage points up
- **China**
Slightly negative, 0% to -5%
- **India**
Signs of improvement
- **Brazil**
Weaker than the previous year



Objectives



Financials

- Organically grow faster than the market (weighted segment volume)
- Sustainable operating margin of 10% or above
- Net debt/equity ratio less than 1
- 1/3 of the yearly net income over a business cycle in dividend

People & Environment

- Safe Haldex – vision zero
- Ethical Haldex – vision zero
- Green Haldex – global mapping on-going

Thank You!



Questions?

