

# Interim Report Q2, 2013

July 19, 2013

**Haldex**



**Bo Annvik**  
President and CEO

**Andreas Ekberg**  
CFO

*Innovative Vehicle Solutions*

# Agenda



**Business Highlights**

**Quality Awards**

**Market Update**

**Sales**

**Financials**

**Outlook**

**Q&A**



# Business Highlights

Q2 2013



- Sales in the quarter amounted to SEK 1,067 m (1,065). Stronger sales compared to Q2 2012 in all regions except for North America.
- Operating income and operating margin excluding one-off items amounted to SEK 76 m (60) and 7.1% (5.6), respectively.
- Cash-flow from operating activities amounted to SEK 88 (33). The cash flow was negatively impacted in the quarter by SEK 23 m due to ongoing restructuring programs.
- Haldex hosted a Capital Markets Day, May 22, in Stockholm where President and CEO, Bo Annvik, communicated the new strategy and that Haldex financial objectives remain unchanged.
- In May 2013 Haldex announced a global restructuring program including a transformation of the European footprint. Total expenses for the program is approximately SEK 250 m, with annual savings of SEK 100 m.
- One-off expenses in Q2 related to restructuring program amounted to SEK 120 m of which asset write-down SEK 98 m and restructuring SEK 22 m.
- Changes in Haldex Group Management, Staffan Olsson appointed as Senior Vice President, Global Operations. Effective latest January 1, 2014.
- Haldex takes a further step to strengthen and develop Haldex Corporate Social Responsibility (CSR) by creating a new Corporate function, Haldex CSR.

# Quality Awards

Q2 2013



- Haldex won 2012 Quality Achievement Award in Europe and North America from PACCAR - One of the World's Leading Manufacturers of Commercial Trucks.
- Haldex - Winner of the EUROPART "European collaboration & performance" Award Haldex has been awarded the Trade Star award in the category "European collaboration & performance" for excellent performance. EUROPART is an European company focused on commercial vehicle parts and workshop requirements and is one of the most important European customers to Haldex in the Aftermarket segment.



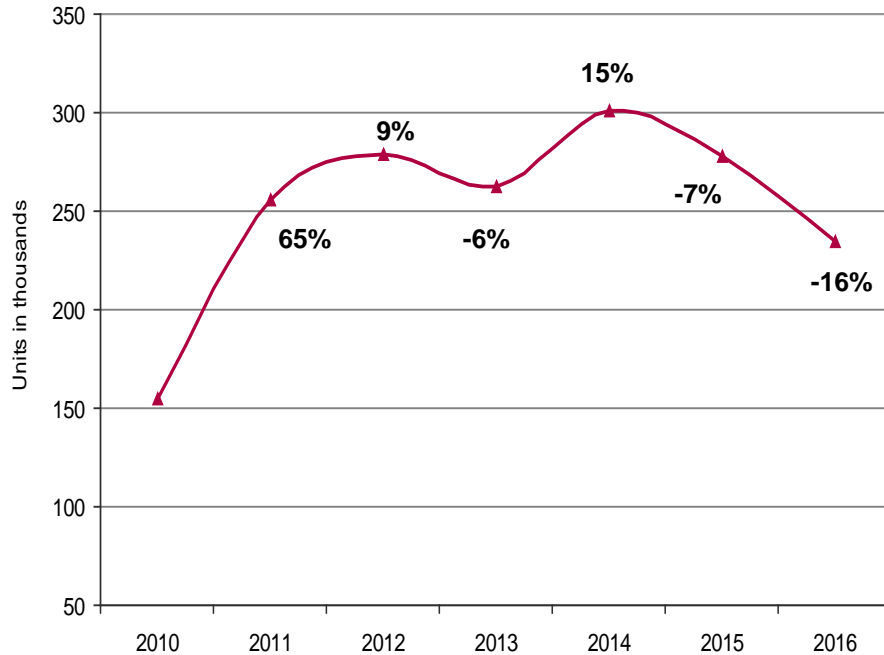
## Market Update

# Build Rates Heavy Truck

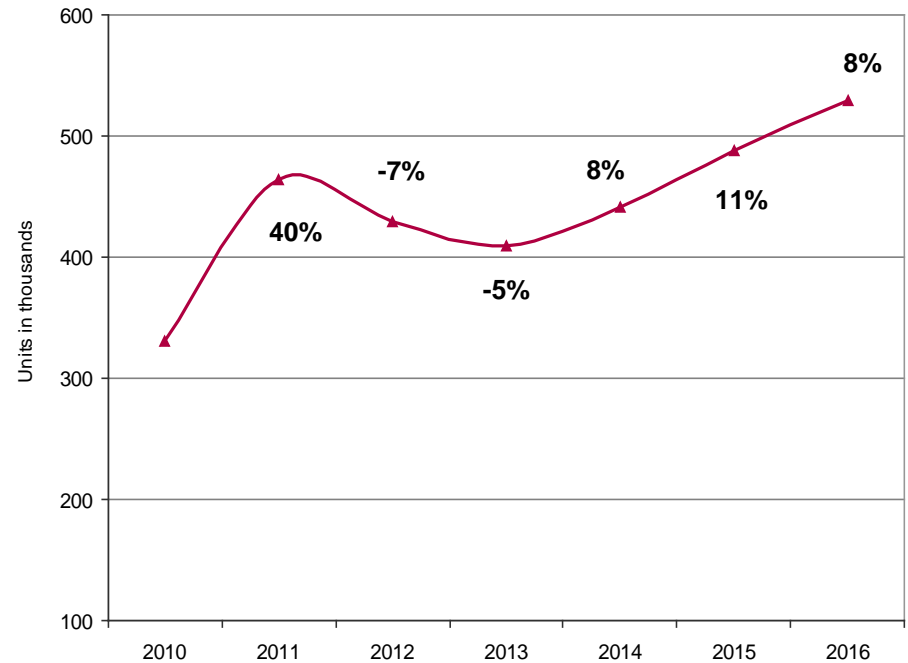
## North America & Europe



### North America



### Europe



- North America official build rates decreased 15% Q2 2013 compared to Q2 2012. Official build rates are indicating 6% reduction 2013 compared to 2012.
- Europe official build rates decreased 9% Q2 2013 compared to Q2 2012. Official build rates are indicating 5% reduction 2013 compared to 2012.

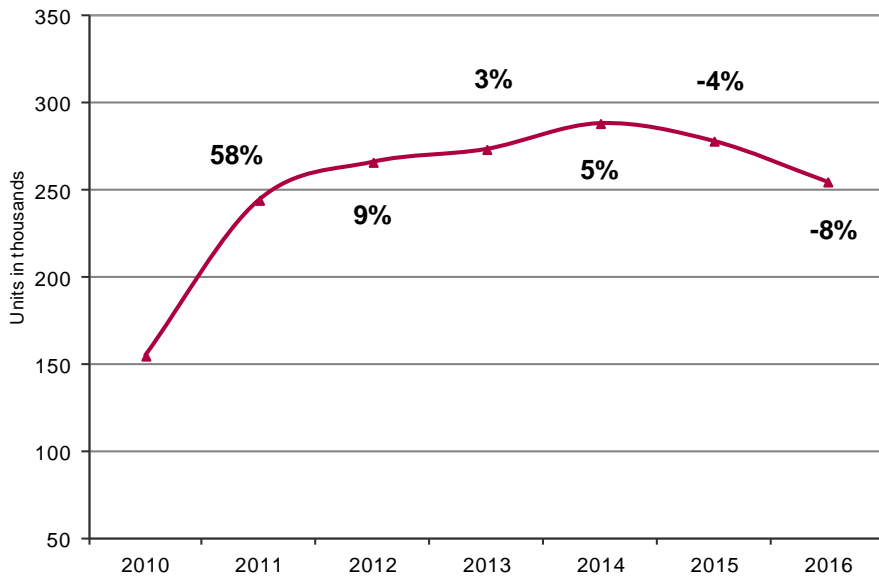
Note: JDP data – official statistics per June 2013

# Build Rates Trailer

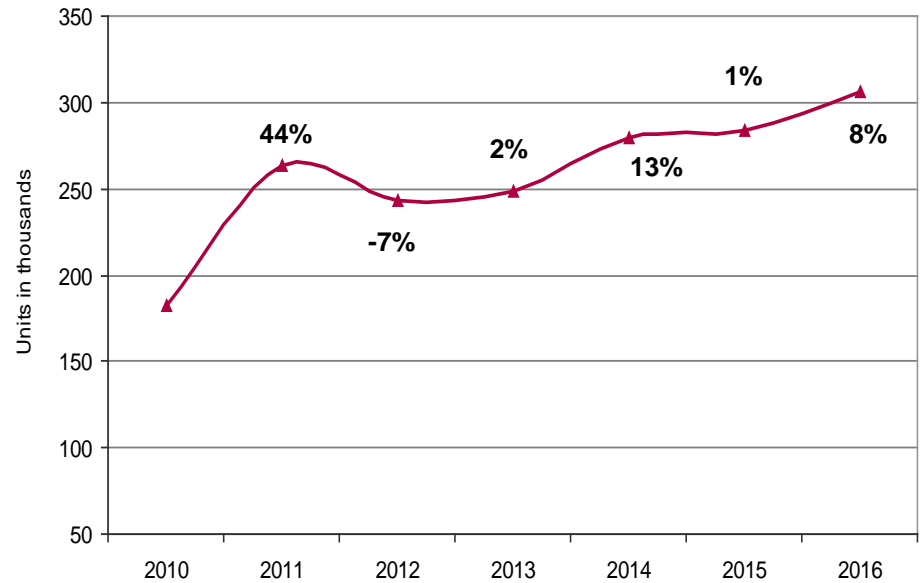
## North America & Europe



### North America



### Europe



- North America trailer official build rates are flat Q2 2013 compared to Q2 2012. The market is expected to grow 3% for the full year 2013.
- In Europe the official build rates 2013 indicate a growth of 2% compared to 2012. European build rates are 2% higher in Q2 2013 compared to Q2 2012.

Note: ACT data and CLEAR – official statistics per June 2013

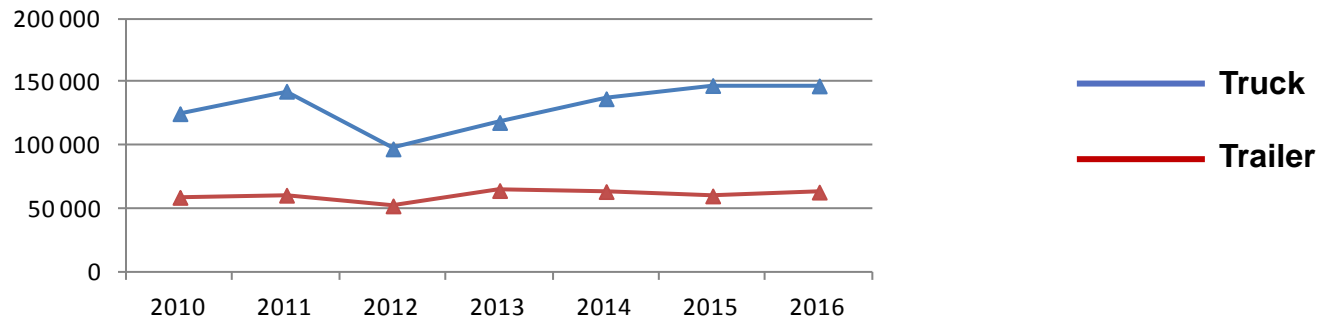
# Build Rates Heavy Truck & Trailer

## Emerging Markets

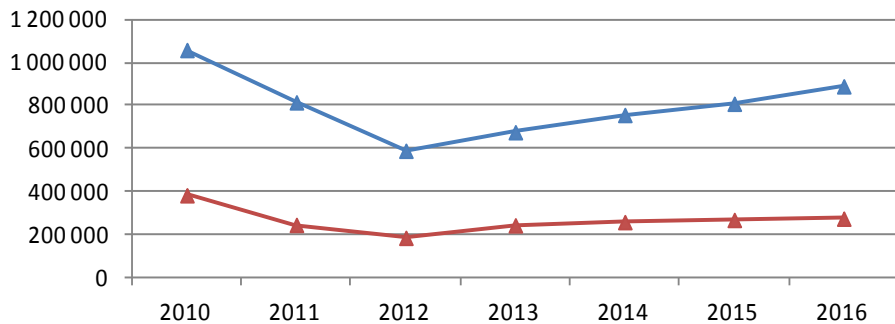


### Brazil, China & India

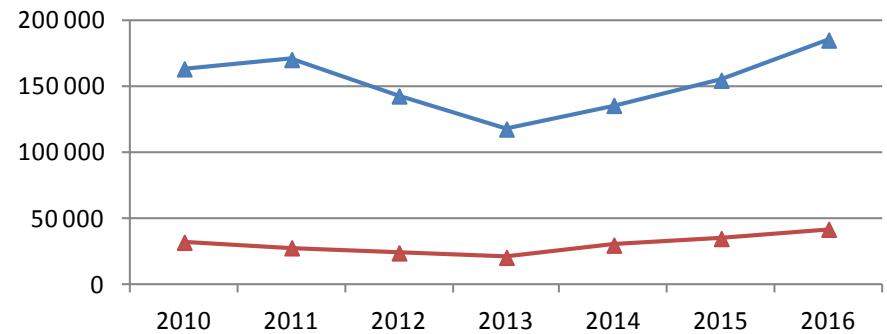
#### Brazil



#### China



#### India



Note: JDP and Haldex data – official statistics per June 2013





**Sales**

# Regional Demand

Q2 2013



Share of sales 2012	Regions	Trend vs. Last Q*	Trend y-o-y**
55%	North America	↔↔	+/-
33%	Europe	⇒	+
8%	Asia and the Middle East	↑	+
4%	South America	↑	+++

## Explanation

Relatively unchanged	⇒	+/-
Slightly lower	⇩	-
Lower	⇩⇩	--
Significantly lower	↓	---
Slightly Higher	⇨	+
Higher	⇨⇨	++
Significantly higher	↑	+++

\* Trend vs. Last Q = Q2/Q1


\*\* Trend y-o-y = Q2 2013/2012

# Sales January – June 2013

## Product line and Region



Product line, SEK m	Jan - June 2013	Jan - June 2012	Change, currency adj	April - June 2013	April - June 2012	Change, currency adj
Air Controls	931	949	3%	488	471	9%
Foundation Brake	1,087	1,189	-4%	579	594	2%
<b>Total</b>	<b>2,018</b>	<b>2,138</b>	<b>-1%</b>	<b>1,067</b>	<b>1,065</b>	<b>5%</b>

Region, SEK m 	Jan - June 2013	Jan - June 2012	Change, currency adj	April - June 2013	April - June 2012	Change, currency adj
North America	1,046	1,200	-8%	562	607	-2%
Europe	702	703	3%	362	345	8%
Asia and the Middle East	158	164	1%	83	80	9%
South America	112	71	80%	60	33	103%



# Financials

# Financial Summary

January – June 2013



<i>Amounts in SEK m</i>	<b>Jan - June 2013</b>	<b>Jan - June 2012</b>	<b>April - June 2013</b>	<b>April - June 2012</b>
Net sales	2,018	2,138	1,067	1,065
Operating income *	130	124	76	60
Operating margin, %*	6.5	5.8	7.1	5.6
Earnings after tax	-20	43	-48	8
Earnings per share	-0.49	0.91	-1.09	0.16

- **Sales YTD of SEK 2,018 m (2,138), -1% adjusted for exchange rate movements.**
  - Sales in Q2 amounted to SEK 1,067 m (1,065), up 5% currency adjusted.
- **Operating income YTD of SEK 130 m (124) with an operating margin of 6.5% (5.8).**
  - Operating income in Q2 of SEK 76 m (60) with an operating margin of 7.1% (5.6).
- **Earnings after tax YTD of SEK -20 m (43).**
  - Earnings after tax in Q2 of SEK -48 m (8).
- **Earnings per share YTD of SEK -0.49 (0.91).**
  - Earnings per share in Q2 of SEK -1.09 (0.16).

\* Excluding one-off items.

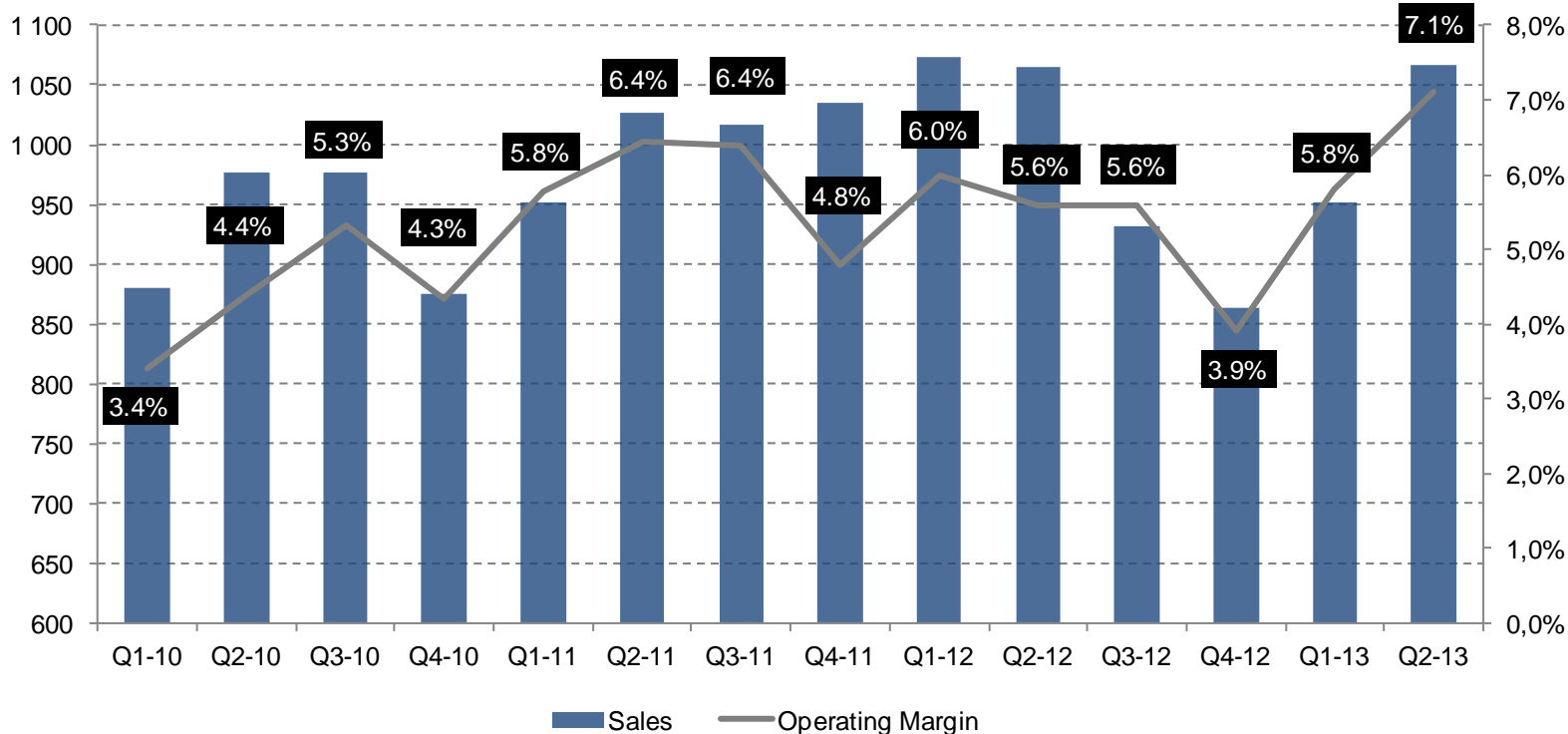
# Sales & Operating Margin

2010 - 2013



Sales, SEK m

Operating Margin



# Balance Sheet

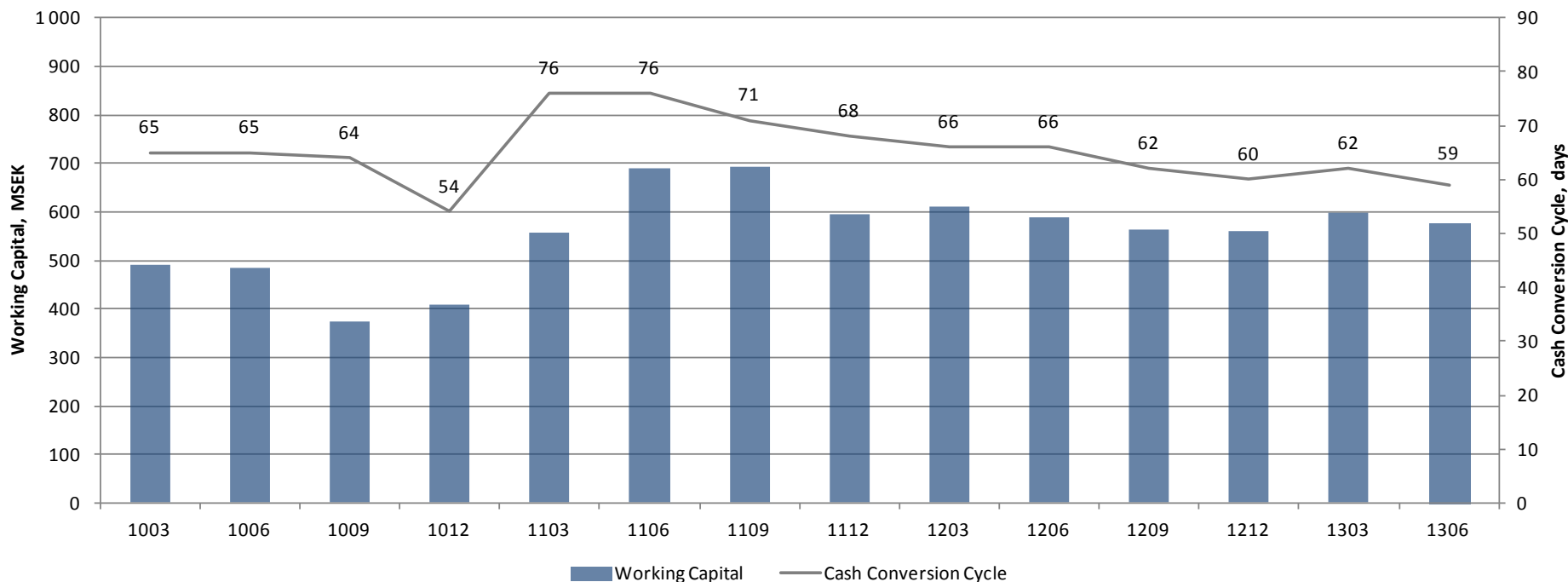
2013-06-30 vs. 2013-03-31



<i>Amounts in SEK m</i>	June 30, 2013	March 31, 2013	Quarterly change
<b>Working Capital</b>	576	597	-4%
<b>Intangible assets</b>	451	518	-13%
<b>Capital employed</b>	1,983	2,073	-4%
<b>Total assets</b>	2,665	2,669	0%
<b>Equity</b>	1,078	1,149	-6%
<b>Net debt</b>	530	566	-6%
<b>Equity ratio, %</b>	40	43	
<b>Debt/Equity ratio, %</b>	49	49	

# Cash Flow

## Working Capital & Cash Conversion days



	Q1 2013	Q2 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
<i>Amounts in SEK m</i>						
Operating Cash Flow *	40	111	65	49	55	108
Cash Flow after net investments*	20	109	42	22	23	72

\* Excluding restructuring





**Outlook**

- We still experience some cautiousness in the market place in North America and in Europe. Sales is stable, no clear indications of increased demand in the 2<sup>nd</sup> half year.
- The market development in Asia, particularly in China, has improved and we expect the demand to continue on the same level.  
In India, the market is still cautious, and currently we see no significant signs of improvement, due to the economic situation.
- In Brazil, we expect the strong development from the first half year to continue into the second half, due to the government funding incentives, safety legislation and the collaboration agreement signed during 2012 with Master.

