



# Haldex Interim report Q3 Report 2011

October 20<sup>th</sup> , 2011



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CEO and President

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CFO

# Agenda



- Overview Q3 2011
- Market
- Sales and Margin Development
- Cash Flow & Balance Sheet
- Outlook



- *Sales performance in the third quarter reflected continued strength in OE production, especially in North America, and a stable aftermarket. Operating margins were sustained at the levels achieved during the second quarter.*
- *The focus on emerging markets was confirmed by sales growth, new ABS customers in China and the new Brazil site.*
- *Cash flow improved during the quarter, the company will continue to focus on reduction of working capital. Earnings development will be supported by operational performance an improved cost structure.*

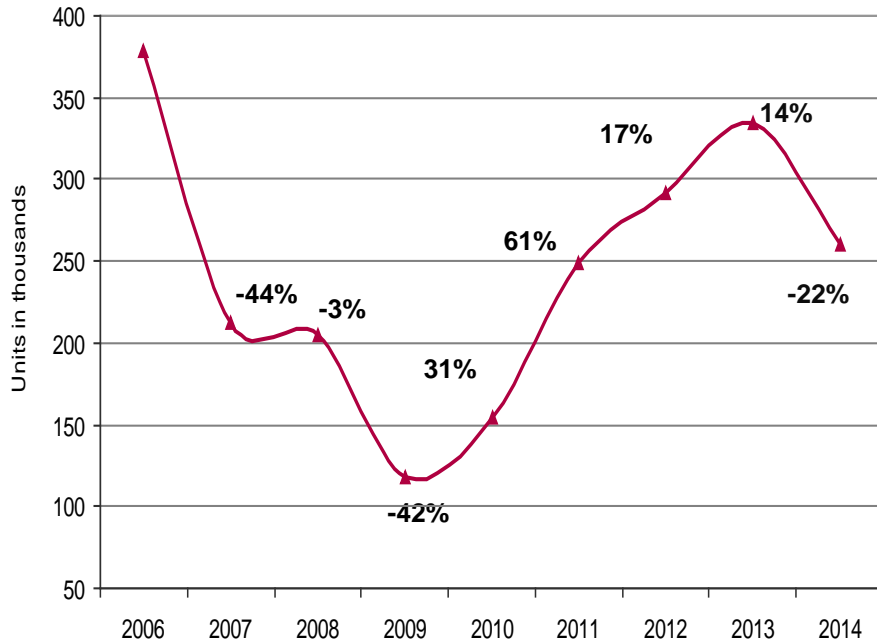


**Market**

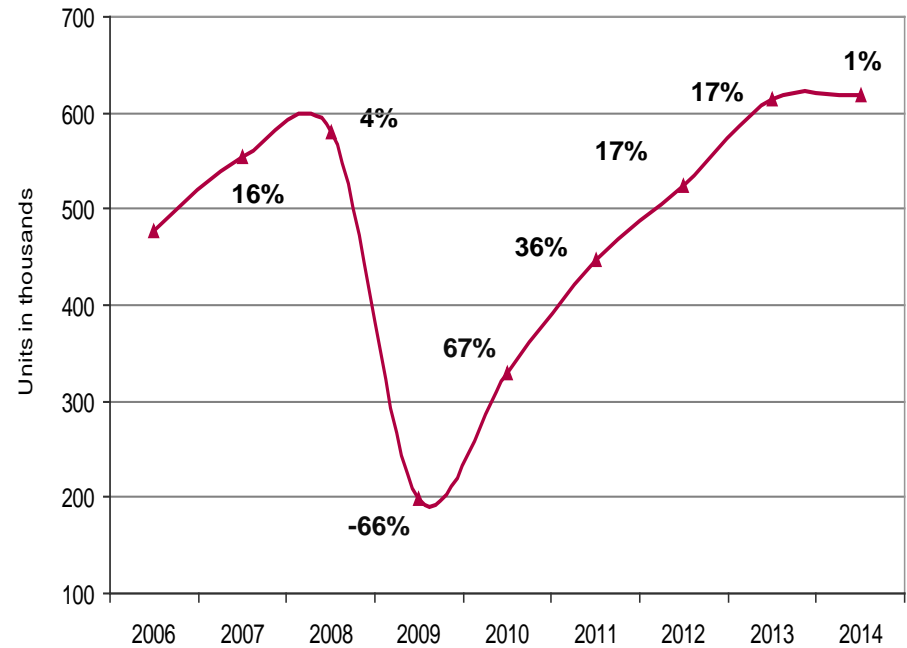
# Heavy Truck Build Rates



## Heavy Truck build rates NA, >15t



## Heavy Truck build rates EU, >15t



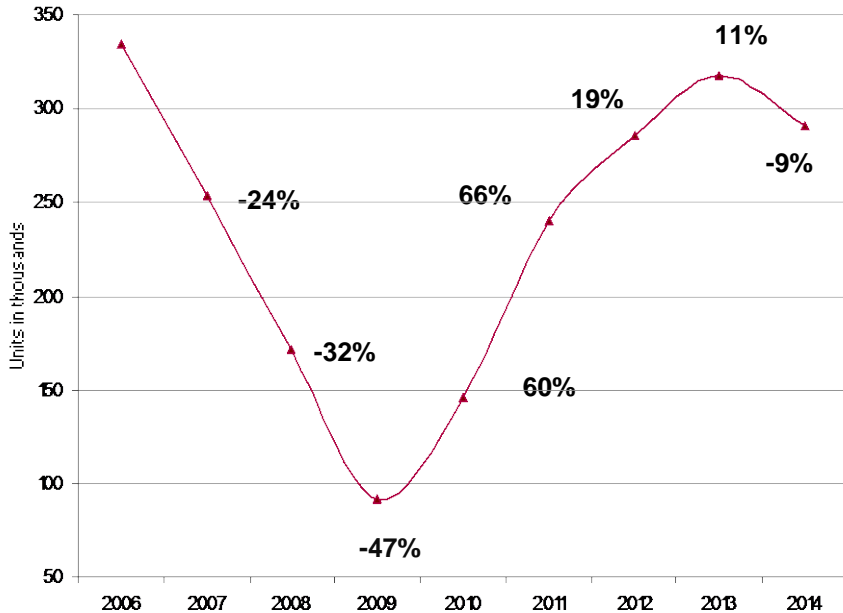
- North America third quarter build rates are up 62% versus Q3 2010 and up 8% when comparing versus Q2 2011
- September freight activity and vehicle order rates support outlook
- Europe third quarter build rates are up 29% versus Q3 2010 and flat compared with Q2 2011
- Forward outlook supported by most manufacturers, but there is not a consensus

Note: JDP data – official statistics per September 2011

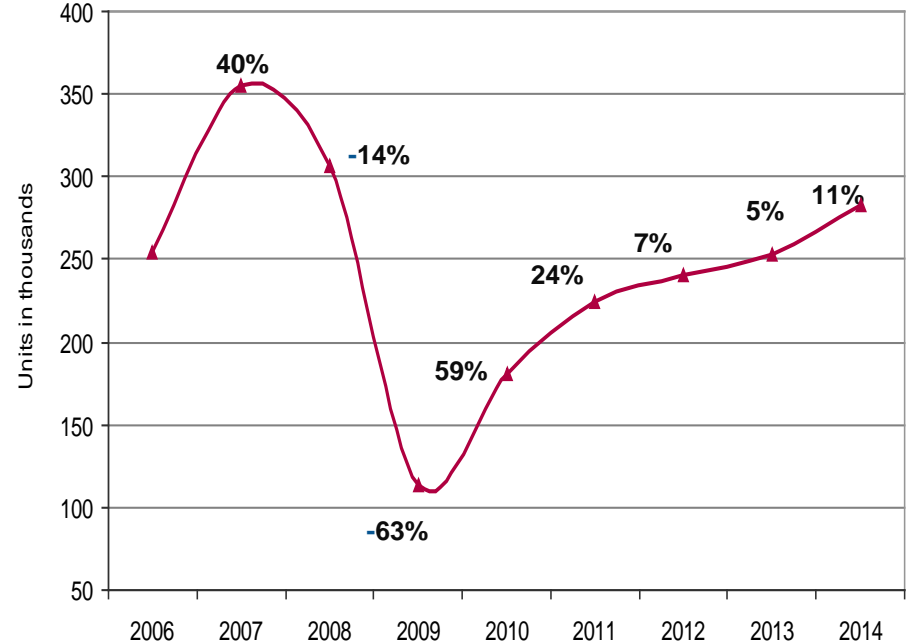
# Heavy Trailer Build Rates



**Heavy Trailer build rates NA**



**Heavy Trailer build rates EU**



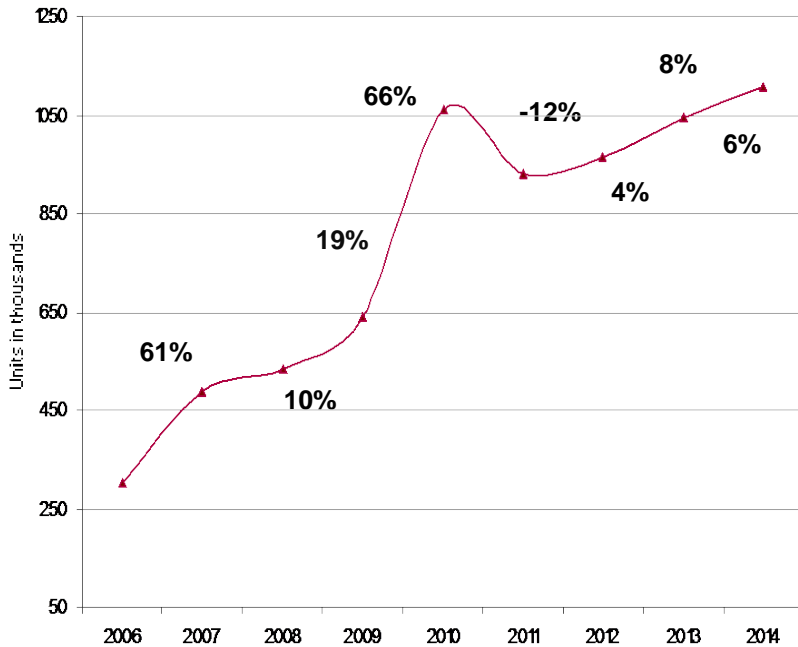
- North America third quarter build rates are up 54% versus Q3 2010 and up 4% when comparing versus Q2 2011
- Europe third quarter build rates are up 15% versus Q3 2010 and down 9% when comparing versus Q2 2011
- North America 2012 outlook is reduced slightly from prior forecast

Note: ACT data and CLEAR – official statistics per September 2011

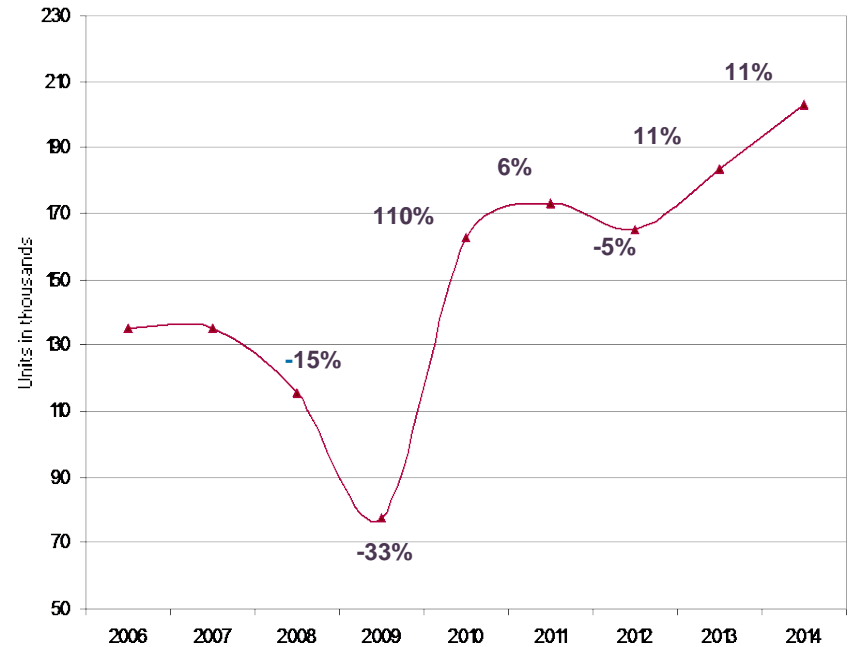
# Emerging Markets Build Rates Truck



## Heavy Truck Build Rates China



## Heavy Truck Build Rates India



- Asian markets are experiencing some reduction in the 2011 build rates vs 2010
- Market recovery is expected in 2012

Note: JDP data – official statistics per September 2011



## Sales and Margin Development



# Summary Jan – Sept 2011

(Haldex Continued Operations)



Key Ratios (SEK m)	Jan-Sept 2011	Jan-Sept 2010	July-Sept 2011	July-Sept 2010
Net sales	2,995	2,835	1,017	977
Operating income	186	125	65	52
Operating margin	6.2	4.4	6.4	5.3
Earnings after tax	118	12	35	-12
Earnings per share	2.57	0.16	0.80	-0.27

- **Sales YTD of SEK 2,995 m (2,835), +16% in constant currencies**
  - Sales in Q3 of SEK 1,017 m (977), +12% in constant currencies
  - Sales performance in Q3 reflected continued strength in OE production, especially in North America, and a stable aftermarket
- **Operating Income of SEK 186 m (125) with an operating margin of 6.2% (4.4)**
  - Operating margin of 6.4% in Q3
- **Earnings after tax of SEK 118 m (12)**
  - Earnings per share of SEK 2.57 (0.16)

# Sales Jan – Sept 2011



Business Areas (SEK m)	2011	Nominal	Currency Adjusted
Air Controls	1,218	-1%	9%
Foundation Brake	1,777	11%	22%
<b>Total</b>	<b>2,995</b>	<b>6%</b>	<b>16%</b>

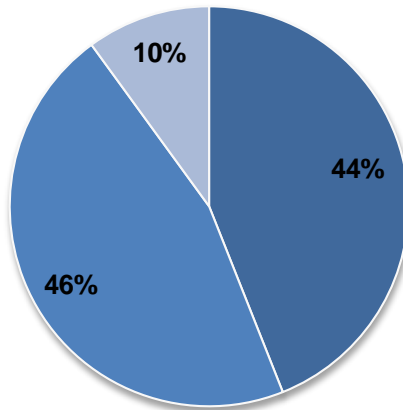


Regional Sales (SEK m)	2011	Nominal	Currency Adjusted
North America	1,532	10%	15%
Europe	1,016	6%	11%
Asia	265	32%	45%
South America	182	17%	22%

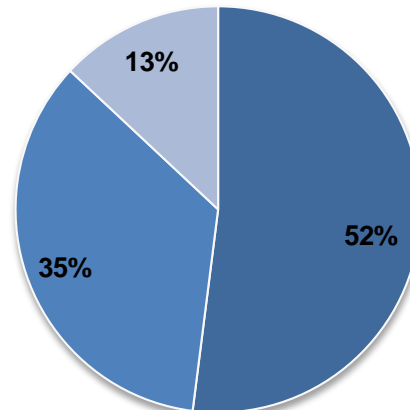
# Global sales presence



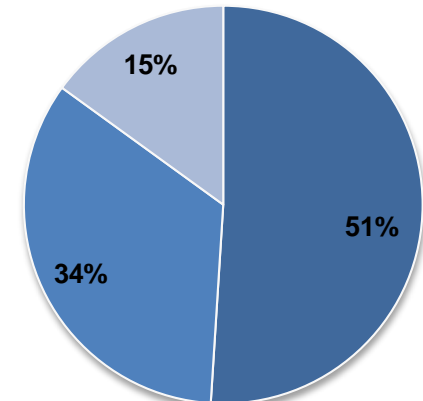
2008



2010



2011 YTD



■ North America ■ Europe ■ Emerging Markets

- **North America** - Strong and stable sales with large presence in aftermarket
- **Emerging Markets** - Continued focus on emerging markets
- **Europe** – Lower dependency on European market



## Cash Flow & Balance Sheet

# Haldex Cash Flow

(Continued operations)



<i>(SEKm)</i>	<b>2011</b>
OIBD	292
Working capital change	-339
Capital expenditure	-74
<b>Operating cash flow</b>	<b>-121</b>
Financials	-16
Taxes	-6
<b>Cash flow</b>	<b>-143</b>

- Operating Cash Flow after net investments YTD was a negative SEK 143 m
- Discontinuation of the invoice factoring program impacted by SEK 100 m in 2011
- Operating Cash Flow after net investments in Q3 was SEK 40 m positive

# Balance Sheet

Balance Sheet September 2011 (SEK m)	September, 2011	June, 2011	Curr. adjusted change
Working Capital	786	836	-4%
Intangible assets	568	552	-2%
Capital employed	1,931	1,741	10%
Total assets	2,892	3,802	-26%
Equity	1,313	1,244	3%
Net debt	618	-676	n.a.
Equity ratio	45%	33%	
Debt/equity ratio	47%	52%	



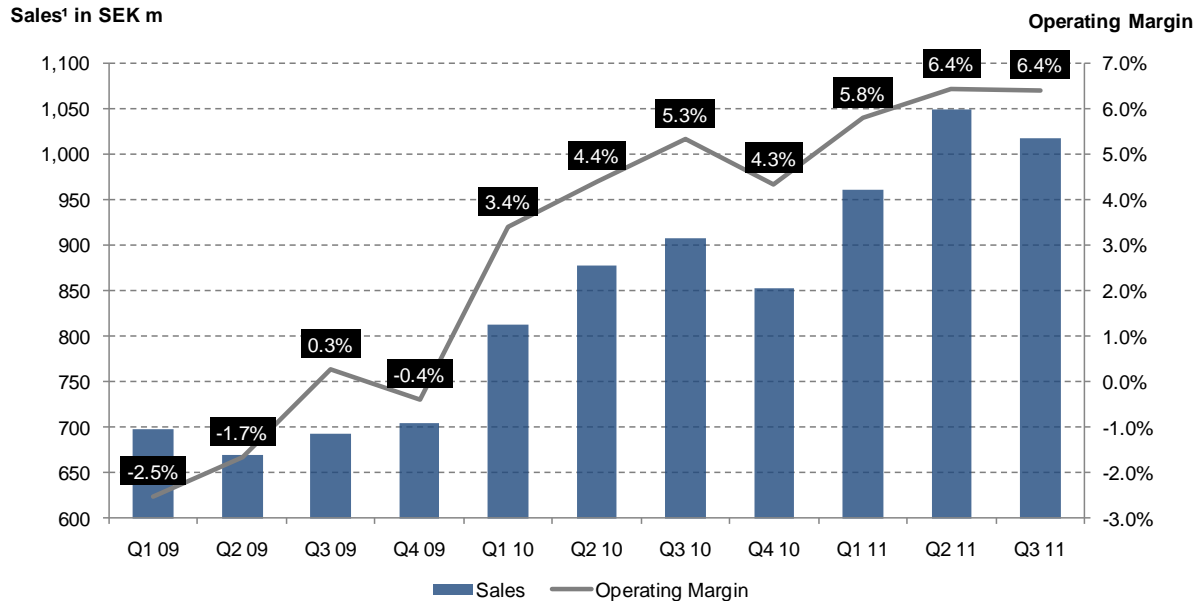
## Outlook

# Sales Growth & Operating Margin

(Haldex Continued Operations)



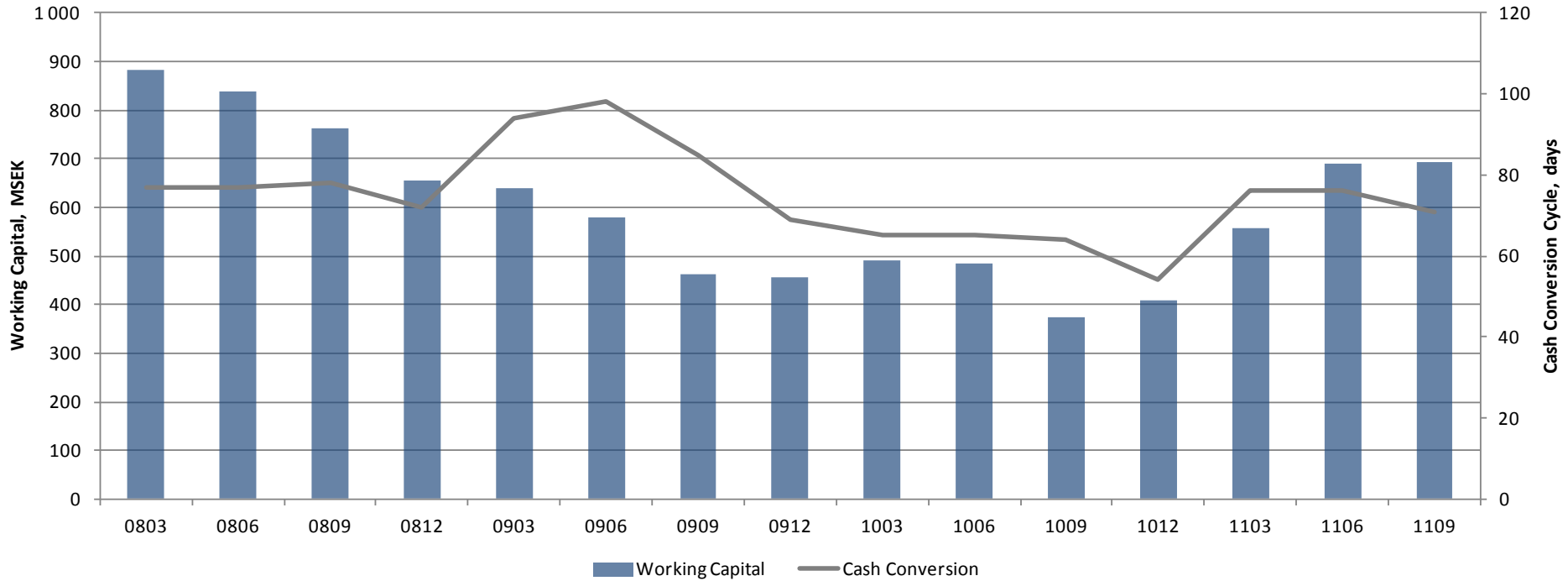
<sup>1</sup> Sales fx adjusted to Q3 2011 rates



- Haldex has carried out substantial changes to its operational structure with regard to headcount and production footprint.
- Lower breakeven position
- Savings from restructuring have favorably impacted our earnings.
- Much more flexible company
- Improved factory performance and measures



# Net Working Capital and Cash Conversion Cycle



# Financial Targets



Financial targets (over a business cycle)	Targets	Comment
<b>Organic Growth</b>	7%	<ul style="list-style-type: none"> <li>• Stable market recovery in Truck and Trailer segments</li> <li>• Focus on Emerging Markets</li> <li>• New Product development</li> </ul>
<b>Operating Income</b>	7%	<ul style="list-style-type: none"> <li>• Leaner operational organization going forward</li> <li>• Stable and established aftermarket</li> <li>• Operational excellence to drive productivity and quality</li> </ul>
<b>Net Debt v Equity</b>	Not to exceed 1x	<ul style="list-style-type: none"> <li>• Sufficient headroom to meet our financial objectives</li> <li>• Focus on improving capital turnover</li> <li>• Understand future growth opportunities and investment needs</li> </ul>
<b>Dividend</b>	Distribution of dividend – 1/3 group's net income	<ul style="list-style-type: none"> <li>• Strengthen the financial position</li> </ul>

- Build rates expected to be stable for remainder of year
- Emerging markets revenues will continue to have a positive growth trend.
- Haldex will benefit from the improved cost structure and factory performance.
- These factors will drive continued improvements in operating margins.

