

Haldex Interim report Q2 Report 2011



Jay C. Longbottom
CEO and President

Pramod Mistry
CFO

July 21st, 2011



“Haldex continued to deliver strong results during the second quarter of 2011 with an operating margin of 6.4%. The recovery in our served markets continued during the quarter, especially in North America, updated industry forecasts maintain an optimistic outlook.

Increased sales volume, strong factory productivity and the new leaner cost structure, boosted earnings.

Our focused strategy will drive growth in revenues and in operating margins.”

Summary 1st half 2011

Haldex (Continued Operations)

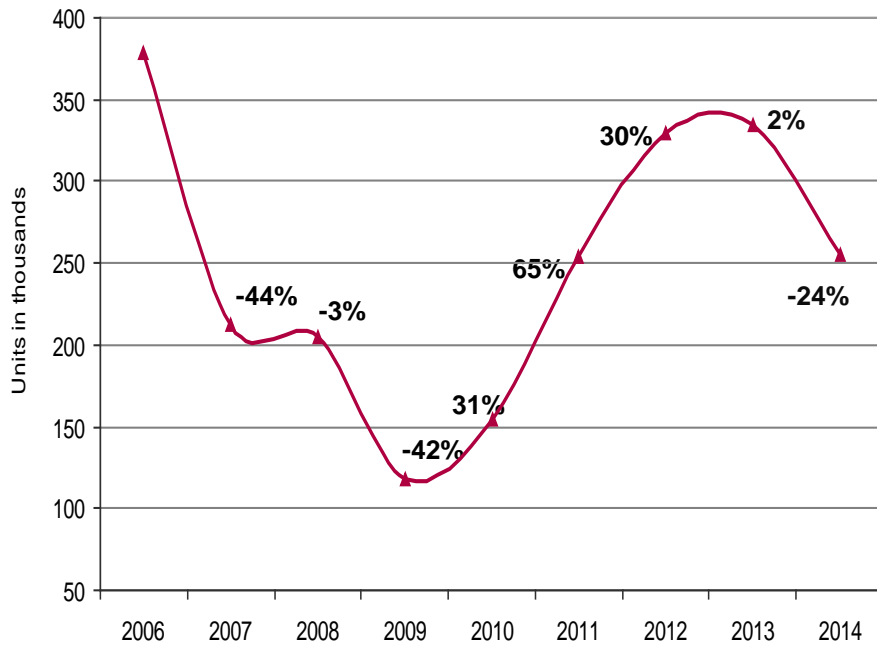


- **Sales of SEK 1,978 m (1,858)**
 - Sales increased by 19%, constant currency
 - Sales in Q2 of SEK 1,026 m (977), +19%
- **Operating Income of SEK 121m (73) with an operating margin of 6.1% (3.9)**
 - Margin continued to improve due to higher volumes and new lower cost structure.
 - Operating margin of 6.4% in Q2
- **Earnings after tax of SEK 83m (24)**
 - Earnings per share of SEK 1:77 (0:55)

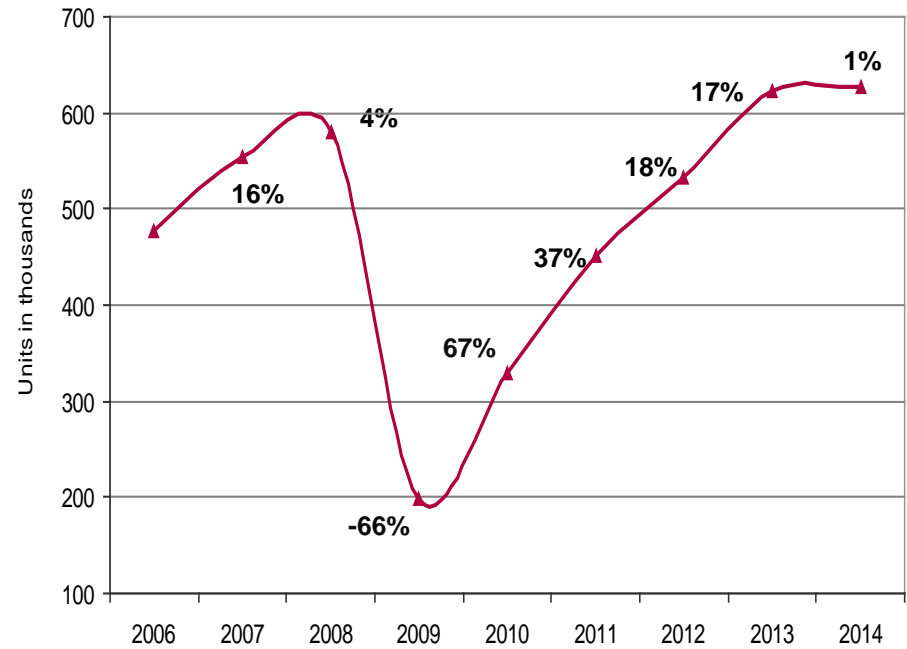
Heavy truck build rates



Heavy Truck build rates NA, >15t



Heavy Truck build rates EU, >15t



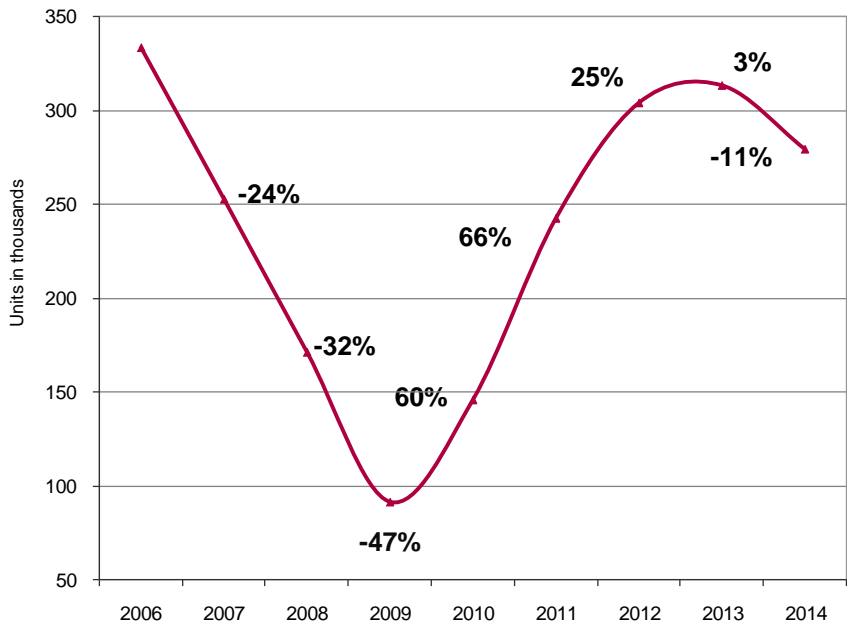
- North America second quarter build rates are up 77% versus Q2 2010 and up 19% when comparing versus Q1 2011
- Europe second quarter build rates are up 36% versus Q2 2010 and up 4% when comparing versus Q1 2011
- In 2011, heavy truck production is expected to increase by 65% in North America and by 37% in Europe compared to 2010

Note: JDP data – official statistics per July 2011

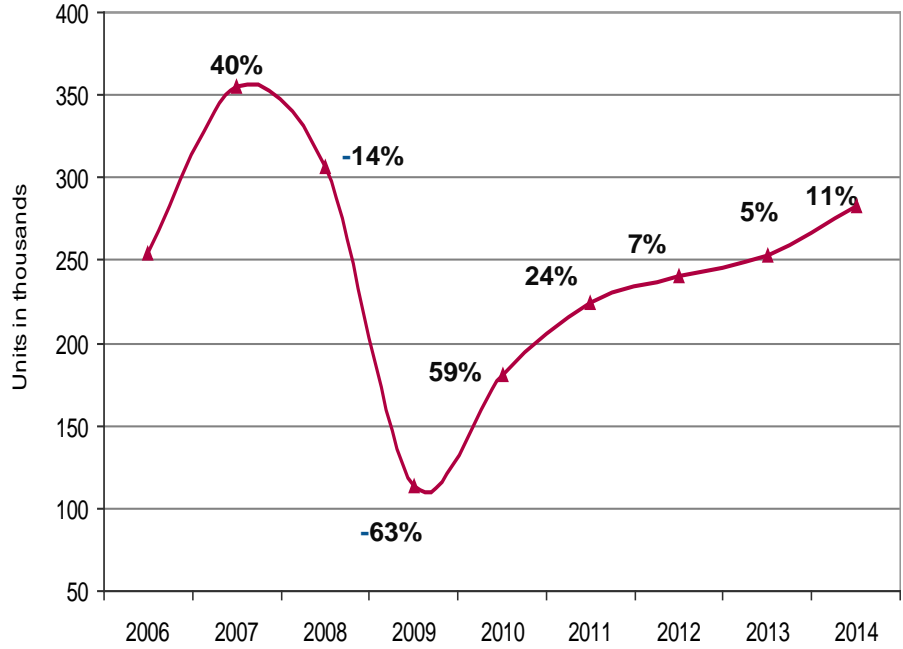
Heavy trailer build rates



Heavy Trailer build rates NA



Heavy Trailer build rates EU

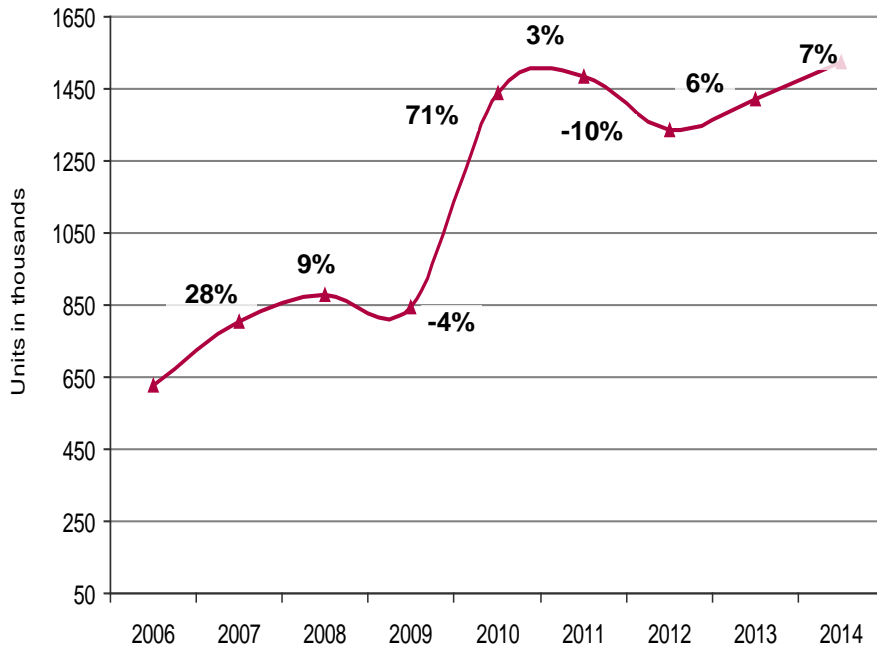


- North America second quarter build rates are up 88% versus Q2 2010 and up 18% when comparing versus Q1 2011
- Europe second quarter build rates are up 23% versus Q2 2010 and up 11% when comparing versus Q1 2011
- In 2011, heavy trailer production is expected to increase by 66% in North America and by 24% in Europe compared to 2010

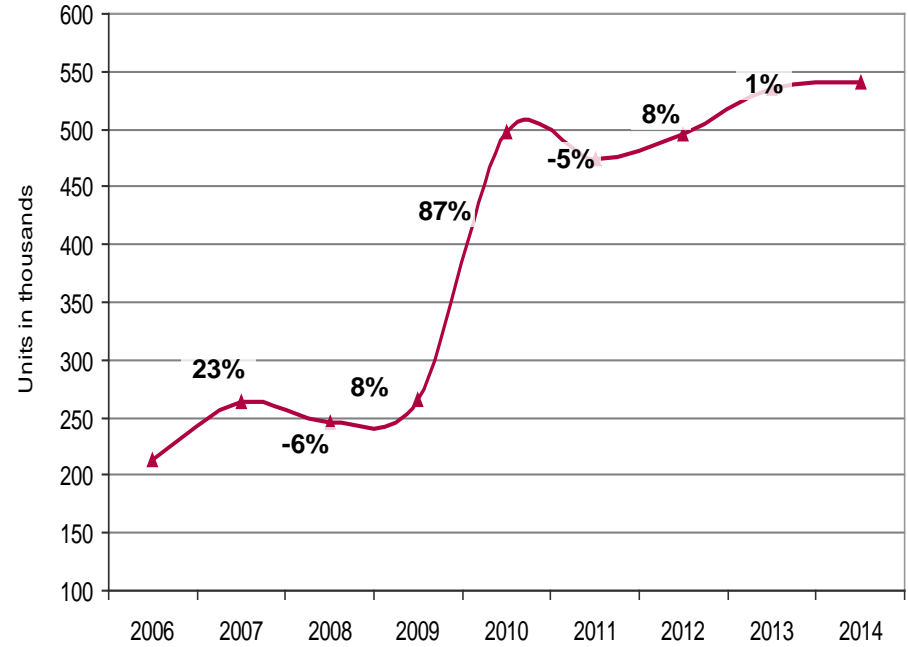
Emerging markets build rates



Heavy Truck build rates Emerging Markets



Trailer build rates Emerging Markets



- In 2011, Haldex continues to outperform the market with sales in Asia up 18% and South America 18%, currency adjusted.

Sales Jan – June 2011

Haldex (Continued Operations)



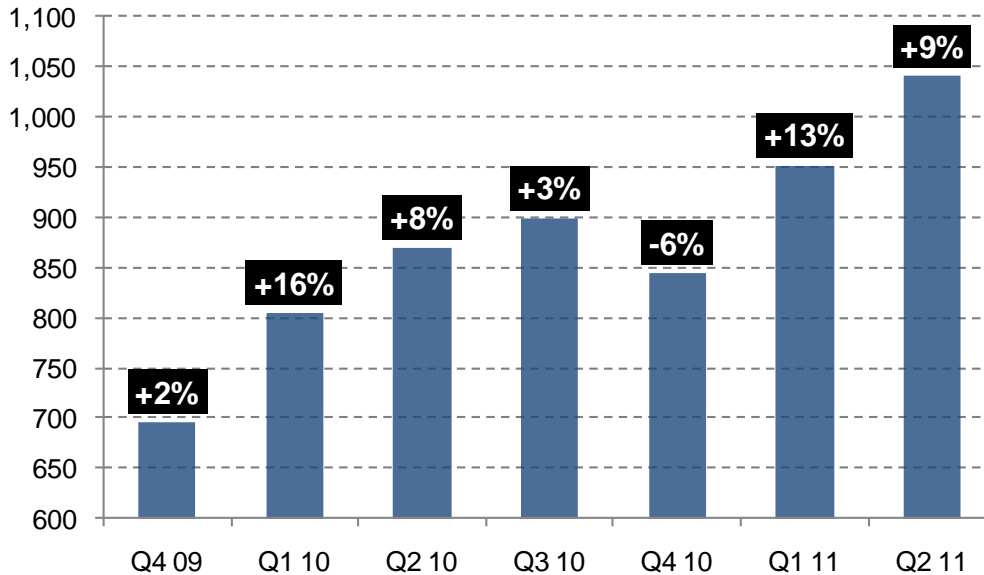
<u>SEK m</u>	<u>2011</u>	<u>Nominal</u>	<u>Currency</u> <u>Adjusted</u>
Haldex Sales	1,978	6%	19%
Air Controls	813	16%	14%
Foundation Brake	1,165	10%	22%
 <u>Regional Sales</u>			
North America	993	15%	17%
Europe	692	13%	21%
Asia	179	6%	18%
South America	114	13%	18%

Sales growth driven by market recovery



Haldex (Continued Operations)

Sales¹ in SEKm

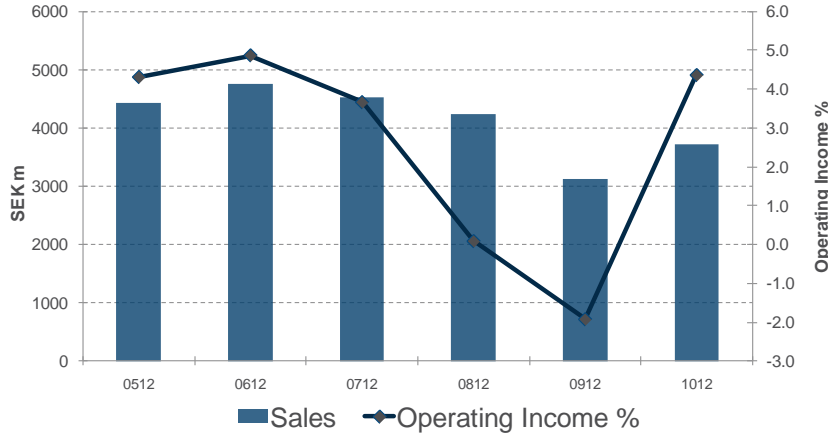


- Strong demand continues in our served markets increasing our OE share
- Emerging markets penetration
- Sales increased 9% compared to Q1 at constant rates

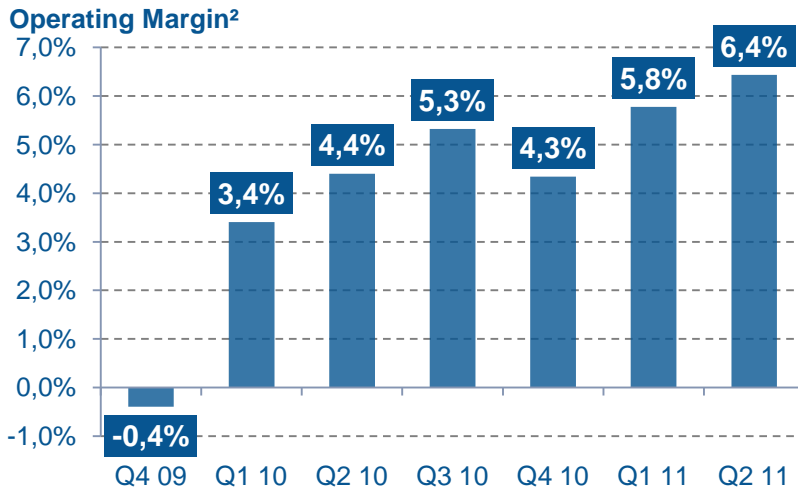
¹ Sales fx adjusted to Q2 2011 rates

Continued operating margin growth

Haldex (Continued Operations)



- Q2 2011 Operating income SEK 66m (43).
- An operating margin of 6.4% (4.4%).
- The operating income continued to improve due to increased sales volumes, strong factory productivity and the new leaner cost structure.



Haldex Cashflow

(Continued operations)



(SEKm)

	2011
OIBD	286
Working capital change	-377
Restructuring reserve change	-15
Capital expenditure	-77
Operating cash flow	-183
Financials	-8
Taxes	-7
Cash flow	-198

- Jan – June 2011 Operating cashflow after net investments was a negative SEK 183 m (Negative: 4)
- Cash flow after net investments in the 2nd quarter was negative SEK 40 m

Reorgansation of Haldex



- The Haldex Board proposed a demerger of the company whereby Haldex's divisions would become independent listed companies.
- The demerger process was finalized in June 2011. After the divestment of Traction Systems Division (January 31, 2011) and Hydraulic Systems Division being listed as a separate company under the name Concentric (June 16, 2011), Haldex is the former Commercial Vehicle Systems Division.
- Consequently, values have been transferred from Haldex Group, to the shareholders as described below :
 - A shareholder in Haldex that held shares as per June 8, 2011, has received an equivalent number of shares in Concentric AB.
 - A shareholder in Haldex that held shares as per June 29, 2011, has received an equivalent number of redemption shares, that automatically will be redeemed for SEK 30 as per July 28, 2011.
- The demerger has in total cost SEK 105 m of which SEK 51 m was expensed in 2011. The costs consist mainly of legal expenses, expenses incurred in conjunction with tax advisory services and accounting, expenses in relation to modification of the IS/IT system, listing costs and restructuring costs (including severance pay).

Balance Sheet



Balance Sheet June 2011, SEKm

	<i>2011</i>	<i>2010</i>	
● Working Capital	666	598	11%
● Intangible assets	552	1,735	-68%
● Capital employed	1,741	3,723	-53%
● Total assets	3,802	5,221	-27%
● Equity	1,244	2,477	-50%
● Net debt/receivable	-676	873	
● Net debt adj for share redemption	650	873	
● Equity/assets ratio	33%	47%	
● Debt/equity ratio	n.a	35%	
● Adj debt/equity ratio	52%	35%	

A Focused Strategy



- Take full advantage of strong Truck and Trailer market growth, promoting benefits of premium products.
- Continue to drive expansion in China, India and Brazil:
 - Adaptation of higher quality technology
 - Leverage established position
- Product development, particularly in Air Controls, to drive growth and profitability.
- Drive volume growth on new lighter weight disc brake platform, ModulT.
- Build on strong position in aftermarket:
 - Promote product benefits
 - Provide technical support
 - Strong customer service
- Focus on supply chain performance to meet demand growth due to market recovery.
- Drive for continuous improvements in quality, productivity and cost efficiency.

Financial Targets



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

- Build rates of heavy Trucks and Trailers in Europe and North America are forecast to increase more than 40%.
- Emerging markets revenues will continue to have a positive growth trend.
- Haldex will benefit from this recovery, having adjusted the cost structure, improved product quality, increased productivity and further developed supply chain flexibility and reliability.
- Pricing actions in 2nd half of year will minimise the impact of material cost pressure's
- These factors will drive continued improvements in operating margins.