Full-year Report 2010

Joakim Olsson
CEO and President
February 22, 2011
Summary 2010

- **Sales of SEK 6,906m (5,622)**
  - Sales increased by 34%, adjusted for currency and divestments
  - Sales in Q4 of SEK 1,705m (1,385), an increase of 28% currency adjusted
    - Decreased by 2% compared to third quarter 2010 currency adjusted

- An increase in demand was noticed within all product segments and regions during 2010

- **Adjusted Operating Income of SEK 459m (-79)**
  - Operating margin 6.7% (-1.5)
  - Operating income in Q4 of SEK 129m (-24) and a margin of 7.5% (-1.8)
  - Second quarter in a row with a margin above Group target of 7%
  - Continued operations, excluding restructuring costs, one-off items and amortization of acquisition related surplus values

- **Operating Income of SEK 282m (155)**
  - Operating margin 4.1% (2.8)
Summary 2010

- Earnings after tax of SEK 131m (75)
  - Earnings per share of SEK 2:87 (1:86)*

- Cash Flow amounted to SEK 252m (847)
  - Reduced net debt to SEK 684m (985)
  - Cash Flow from operating activities was positive SEK 441m (189)

- The Board of Directors proposes a dividend of 33 SEK per share
  - Ordinary dividend of 3 SEK
  - Extraordinary transfer of 30 SEK per share by a redemption of shares
  - This corresponds to a total of SEK 1,447m

- Divestment of Traction Systems Division to BorgWarner
  - Completed on January 31st 2011
  - Purchase price of SEK 1,425m on cash debt free basis
  - Capital gain of approx. SEK 1,100m

- The reorganization of the Group into two separate listed companies, Commercial Vehicle Systems and Hydraulic Systems Division, is proceeding according to plan
  - Proposal will be submitted to the shareholders at the AGM on June 8th 2011

* Adjusted to the same amount of shares as in 2010
Business Event 2010

- Haldex secured an order for automatic brake adjusters to a leading European OEM
  - Order value approx. 300 MSEK
  - Contract valid until 2018

- Start of serial deliveries of the successful Alfdex oil-separator to three new customers
  - Paccar, Navistar and John Deere
  - SOP in Q4 2010

- Development tests for variable water- and oil pump for Euro 6 Engines successful
  - Fuel savings of 0.5-3%
  - Development contract with several European Truck manufacturer
  - SOP 2013
Business Event 2010
Order worth SEK 1,000m for air disc brakes to SAF Holland

- A major break through for Haldex’s air disc brake product line

- ModulIT – a new air disc brake platform for various applications within the truck, bus and trailer segments.
  - 22” version intended for 9t trailer axles the first product.
  - Significantly lighter than a conventional air disc brake – 15% weight saving and the lightest 22” trailer brake available

- SEK 1,000m over a five year period. In addition the order will generate aftermarket deliveries for many years to follow

- Deliveries will start in Q2 2011
Cost Reduction Program
Personnel Reduction

- The earlier launched (mid 2008) cost reduction program generated approx. SEK 700m until 2009

- The program continued and was ended in 2010
  - Initiated actions 2010 will generate approx. SEK 100m in annual cost reductions
  - Consolidation of two Hydraulics factories in the US and a personnel reduction in the Hydraulics factory in Germany
  - Further concentration of Haldex CVS’ North American manufacturing to the plant in Monterrey, Mexico

- Since 2006 a substantial consolidation and optimization of the Manufacturing Footprint has been done
  - Low cost country presence built
  - Substantially lowering the break even point

<table>
<thead>
<tr>
<th>Number of facilities</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production units</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Out of which in HCC</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>Out of which in LCC</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Distribution centre</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>
Reorganisation of Divisions into two Separate Listed Entities

- The Haldex Board of Directors will propose a distribution of the divisions of Haldex
- Haldex shareholders will subsequently own shares in two separate listed companies instead of a single company
- The intention is to submit this proposal to shareholders at the AGM 8th of June 2011
- The Haldex Board of Directors will propose a distribution in accordance with the so-called Lex Asea rules

Update

- The reorganisation of the Group is proceeding according to plan
- The process for a separate stock exchange listing started at the beginning of 2011 and is planned for June 2011
- The cost of the reorganisation is estimated to approx. 100 MSEK
  - Cost in 2010 was 54 MSEK
  - Traction Systems Division divested to BorgWarner Inc. January 31st 2011
Vehicle Production* – 2010 vs. 2009

<table>
<thead>
<tr>
<th></th>
<th>12 months</th>
<th></th>
<th>4th quarter</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>North America</strong></td>
<td><strong>Europe</strong></td>
<td><strong>North America</strong></td>
<td><strong>Europe</strong></td>
</tr>
<tr>
<td>Heavy trucks</td>
<td>+29%</td>
<td>+62%</td>
<td>+18%</td>
<td>+85%</td>
</tr>
<tr>
<td>Heavy trailers</td>
<td>+55%</td>
<td>+31%</td>
<td>+88%</td>
<td>+57%</td>
</tr>
<tr>
<td>Light vehicles</td>
<td>+38%</td>
<td>+14%</td>
<td>+5%</td>
<td>+3%</td>
</tr>
<tr>
<td>Forklifts</td>
<td>+24%</td>
<td>+11%</td>
<td>-%</td>
<td>+13%</td>
</tr>
<tr>
<td>Engine</td>
<td>+41%</td>
<td>+21%</td>
<td>+52%</td>
<td>+16%</td>
</tr>
</tbody>
</table>

- An increase in demand was noticed within all product segments and regions during 2010
  - Production effect in 3rd quarter due to new emission regulation for Tier 4 engines and some customer inventory build up
- In 2011, heavy truck production is expected to increase by 55% in North America and by 32% in Europe compared to 2010.
  - The official outlook indicates the second half 2011 to be stronger than the first.
  - Europe expected to remain on a similar level as second half 2010
  - North America expected to continue to increase from second half 2010 levels
- In 2011, trailer production in North America is expected to increase by 58%, while European production is predicted to increase by approx. 20% compared to 2010.
  - The official outlook indicates evenly spread production rates between the first and the second half 2011
  - Second hal 2010 was much stronger than the first half year in North America
- Construction equipment indicate an increased production rate for both North America and Europe in 2011 compared to 2010. Engine is expected to grow by 19% in North America and 14% in Europe in 2011 compared to prior year. The outlook for Forklifts indicates growth in both the North American and European markets y-o-y 2011.
  - Indicating a small growth from current run-rates

* Based on statistics from JD Powers, ACT, Clear, Power System s Research, Off-highway Research and International Truck Association Q4 2010 update
Market data – Q4 update

Heavy truck build rates

Heavy Truck build rates NA, >15t

Heavy Truck build rates EU, >15t

CAGR 2009-2014E

NA, JDP
16.6%

EU, JDP
26.1%

Note: JDP data – official statistics per December 2010
Market data – Q4 update

-Heavy trailer build rates

Heavy Trailer build rates NA

Heavy Trailer build rates EU

CAGR 2009-2014E

NA, JDP
23.5%

EU, CLEAR
16.6%

Note: JDP data and CLEAR – official statistics per December 2010
Cast Iron Scrap, DGV
Price trend in Europe

- +23% in 3 years
- +40% in 12 months
- +13% in 3 months
Aluminum price

Aluminium USD/ton LME (3 year chart)

-6 % in 3 years

Aluminium USD/ton LME (12 month chart)

+11 % in 12 months

Aluminium USD/ton LME (3 month chart)

+1 % in 3 months
Actual 2010

SEKm

<table>
<thead>
<tr>
<th>Nom</th>
<th>Xadj</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,906 (5,390) 28% 34%</td>
</tr>
<tr>
<td>Sales(^1)</td>
<td>6,906 (5,622) 23% 29%</td>
</tr>
</tbody>
</table>

Sales
- Commercial Vehicle Systems 3,710 18% 25%
- Hydraulic Systems 1,977 41% 49%
- Traction Systems 1,219 43% 44%
- NA 3,190 25% 32%
- EU 3,040 30% 37%
- Asia & ME 454 26% 31%
- SA 222 48% 40%

\(^1\) Sales including Discontinued Operations

(Traction Systems treated as continued operations).
Actual 2010

SEKm

OPERATING INCOME 1)  459  (-79)
Discontinued Operations  -  (-52)
Restructuring costs  -129  (-69)
One-off items  -19  (386)
Amortization PPA  -29  (-31)

OPERATING INCOME  282  (155)

2010  2009

- CVS  162  -60
- Hydraulic Systems  179  -47
- Traction  118  29

1) Adjusted Operating Income (Traction Systems treated as continued operations)
2) Adjusted Operating Income incl. Discontinued Operations
Development per division - CVS

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2010</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,710</td>
<td>3,134</td>
<td>18%</td>
</tr>
<tr>
<td>Operating income¹</td>
<td>162</td>
<td>-60</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating income</td>
<td>110</td>
<td>-112</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating margin¹</td>
<td>4.4%</td>
<td>-1.9%</td>
<td>6.3</td>
</tr>
<tr>
<td>Operating margin</td>
<td>3.0%</td>
<td>-3.6%</td>
<td>6.6</td>
</tr>
<tr>
<td>Return on capital employed²</td>
<td>5.9%</td>
<td>5.1%</td>
<td>0.8</td>
</tr>
</tbody>
</table>

¹ Excluding restructuring costs.
² Rolling 12 months

- **2010 sales increased with 25% compared to 2009 currency adjusted**
  - The increase was noticed within all segments and regions.
  - Sales in the Q4 were slightly down on Q3 2010 due to currency effects, less shipping days and customer inventory adjustments during the third quarter

- **Operating income¹ SEK 162m, an improvement of SEK 222m compared to last year**
  - An operating margin¹ of 4.4% (-1.9)
  - Improved operating income through stronger volumes and the lower cost level
  - The operating margin in Q4 of 4.3% (-0.4) was lower than in Q3 due to lower sales
Development by division - Hydraulics

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2010</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,977</td>
<td>1,406</td>
<td>41%</td>
</tr>
<tr>
<td>Operating income&lt;sup&gt;1&lt;/sup&gt;</td>
<td>179</td>
<td>-47</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating income</td>
<td>109</td>
<td>-91</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating margin&lt;sup&gt;1&lt;/sup&gt;</td>
<td>9.1%</td>
<td>-3.4%</td>
<td>12.5</td>
</tr>
<tr>
<td>Operating margin</td>
<td>5.5%</td>
<td>-6.5%</td>
<td>12.0</td>
</tr>
<tr>
<td>Return on capital employed&lt;sup&gt;2&lt;/sup&gt;</td>
<td>7.2%</td>
<td>-5.0%</td>
<td>12.2</td>
</tr>
<tr>
<td>Return on capital employed&lt;sup&gt;2,3&lt;/sup&gt;</td>
<td>15.0%</td>
<td>-7.6%</td>
<td>22.6</td>
</tr>
</tbody>
</table>

<sup>1</sup> Excluding restructuring costs and amortization of acquisition-related surplus values.
<sup>2</sup> Rolling 12 months.
<sup>3</sup> Adjusted for acquisition-related surplus values.

- **2010 sales increased with 49% compared to 2009 currency adjusted**
  - Sales increased by 2% in Q4 compared to Q3 2010 currency adjusted, despite less shipping days and the inventory adjustment and pre-buy effect that was noticed during the third quarter
  - Sales volumes remained steady within all segments

- **Operating income<sup>1</sup> of SEK 179m (-47) with an operating margin<sup>1</sup> of 9.1% (-3.4)**
  - Operating income<sup>1</sup> of SEK 60m (10) in Q4, an operating margin<sup>1</sup> of 11.5% (2.7)
  - The operating income continued to improve due to increased sales volumes and a maintained cost structure
Developed by division - Traction

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2010</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,219</td>
<td>850</td>
<td>43%</td>
</tr>
<tr>
<td>Operating income¹</td>
<td>118</td>
<td>29</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating income</td>
<td>118</td>
<td>26</td>
<td>N.A</td>
</tr>
<tr>
<td>Operating margin¹</td>
<td>9.7%</td>
<td>3.4%</td>
<td>6.3</td>
</tr>
<tr>
<td>Operating margin</td>
<td>9.7%</td>
<td>3.1%</td>
<td>6.6</td>
</tr>
<tr>
<td>Return on capital employed²</td>
<td>56.8%</td>
<td>12.7%</td>
<td>44.1</td>
</tr>
</tbody>
</table>

¹ Excluding restructuring costs  
² Rolling 12 months

- **2010 sales increased with 44% compared to 2009 adjusted for currency**  
  - Sales in Q4 increased by 6% compared to Q3 2010 currency adjusted

- **Operating income¹ amounted to SEK 118m (29), an operating margin¹ of 9.7% (3.4)**  
  - Operating income in Q4 of SEK 31m (17), an operating margin of 10.0% (6.9)
Actual 2010

SEKm

INCOME BEF TAXES  178  (54)  N.A
  • Financial costs -104  -101  +3%

NET INCOME  131  (75)  75%
  • Taxes -47  (21)  N.A
  • Tax rate % 26  (39)  N.A
Actual 2010

SEKm

CAPITAL EXPENDITURES  164 (120) +37%
(Tangible assets)

2010 2009
Commercial Vehicle Systems  119  79
Hydraulics Division  16  28
Traction Systems  29  13
Discontinued operations  -  6

Depreciation  -233 -257
**Actual 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIBD*</td>
<td>608</td>
<td>87</td>
</tr>
<tr>
<td>Working capital change</td>
<td>-27</td>
<td>203</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>-212</td>
<td>-169</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td><strong>369</strong></td>
<td><strong>121</strong></td>
</tr>
<tr>
<td>Financials</td>
<td>-108</td>
<td>-108</td>
</tr>
<tr>
<td>Taxes</td>
<td>-32</td>
<td>7</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td><strong>229</strong></td>
<td>20</td>
</tr>
</tbody>
</table>

* 2010 including restructuring costs of SEK 129m (69)
** Cash Flow from operating activities, continued operations SEK 372m (188).
# Actual 2010

## BALANCE SHEET, SEKm

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>Nom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>467</td>
<td>572</td>
<td>-18%</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,552</td>
<td>1,715</td>
<td>-10%</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>3,553</td>
<td>3,794</td>
<td>-6%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>5,053</td>
<td>5,039</td>
<td>-%</td>
</tr>
<tr>
<td>Net Indebtedness</td>
<td>684</td>
<td>985</td>
<td>-31%</td>
</tr>
<tr>
<td>Equity</td>
<td>2,351</td>
<td>2,373</td>
<td>-1%</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>47%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Net indebtedness</td>
<td>28%</td>
<td>42%</td>
<td></td>
</tr>
</tbody>
</table>
# Funding as of Dec, 2010

<table>
<thead>
<tr>
<th>Source</th>
<th>Currency</th>
<th>Nominal amount</th>
<th>Unutilized</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicated loan facility</td>
<td>USD</td>
<td>125,000,000</td>
<td>107,132,000</td>
<td>2012</td>
</tr>
<tr>
<td>Bond Loans</td>
<td>SEK</td>
<td>650,000,000</td>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Short terms facilities</td>
<td>Local SEK</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable Sell</td>
<td>USD</td>
<td>35,000,000</td>
<td>13,630,000</td>
<td>2012</td>
</tr>
</tbody>
</table>

**Funding as per Dec 31, 2010**

<table>
<thead>
<tr>
<th>Source</th>
<th>Currency</th>
<th>Nominal amount</th>
<th>Unutilized</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK</td>
<td>1,796,000,000</td>
<td>1,117,000,000</td>
<td></td>
</tr>
</tbody>
</table>
Outlook

- 2011 Market Outlook indicates expected growth in most markets

- The Cost Reduction Program has had a positive impact and focus will remain on maintaining the improved cost level
  - The Cost Reduction Program ended with the last announced activities

- Higher raw material cost expected

- The strengthening of the SEK will continue to have an impact

- Two well positioned divisions that can continue their successful development as stand-alone companies
  - Good trend towards the Group Financial Targets
  - A certain increase in costs during the first half year 2011 due to additional corporate costs in the Divisions