

The Haldex logo is a blue rounded rectangle with the word "Haldex" in white, bold, sans-serif font. The background of the slide features a grey technical drawing of a mechanical engine with various components like pistons, valves, and a spring. A horizontal band of blurred light in shades of blue, red, and teal runs across the middle of the slide.

Haldex

Full-year Report 2010

Joakim Olsson
CEO and President
February 22, 2011

2011-02-22

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
- **ModulT – 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**



2011-02-22



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

Number of facilities	2006	2011
Production units	21	18
Out of which in HCC	16	9
Out of which in LCC	5	9
Distribution centre	7	4

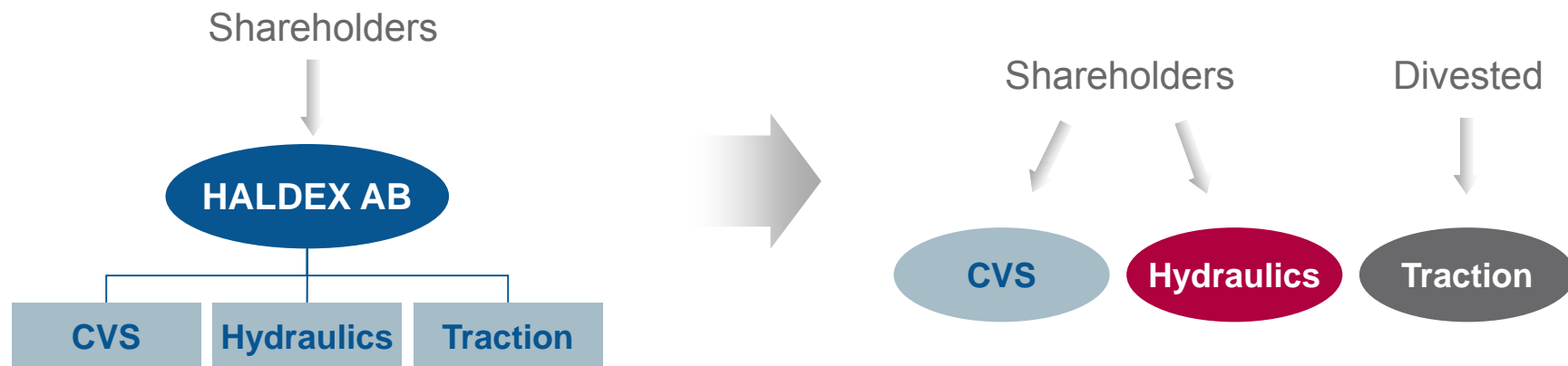
Reorganisation of Divisions into two Separate Listed Entities



- 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



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

- 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 half year 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

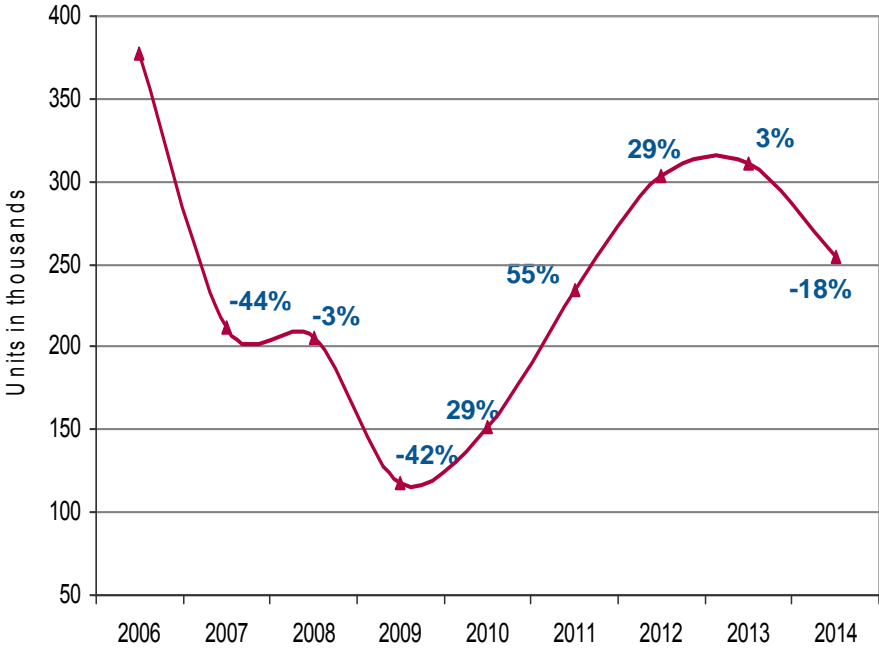
* Based on statistics from JD Powers, ACT, Clear, Power System s Research, Off-highway Research and International Truck Association Q4 2010 update



Market data – Q4 update

-Heavy truck build rates

Heavy Truck build rates NA, >15t



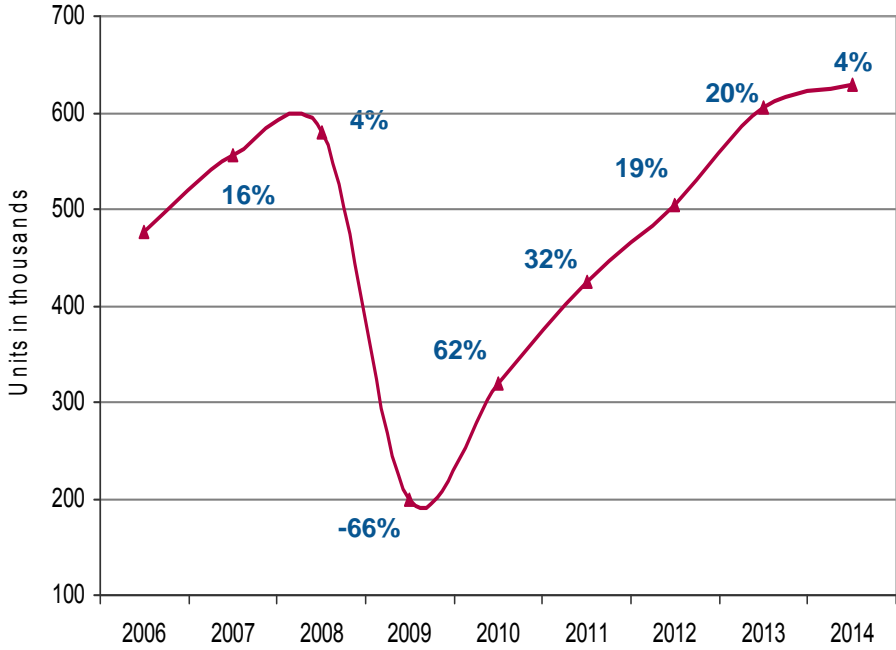
Truck NA, JDP

CAGR 2009-2014E

NA, JDP

16.6%

Heavy Truck build rates EU, >15t



Truck EU, JDP

CAGR 2009-2014E

EU, JDP

26.1%

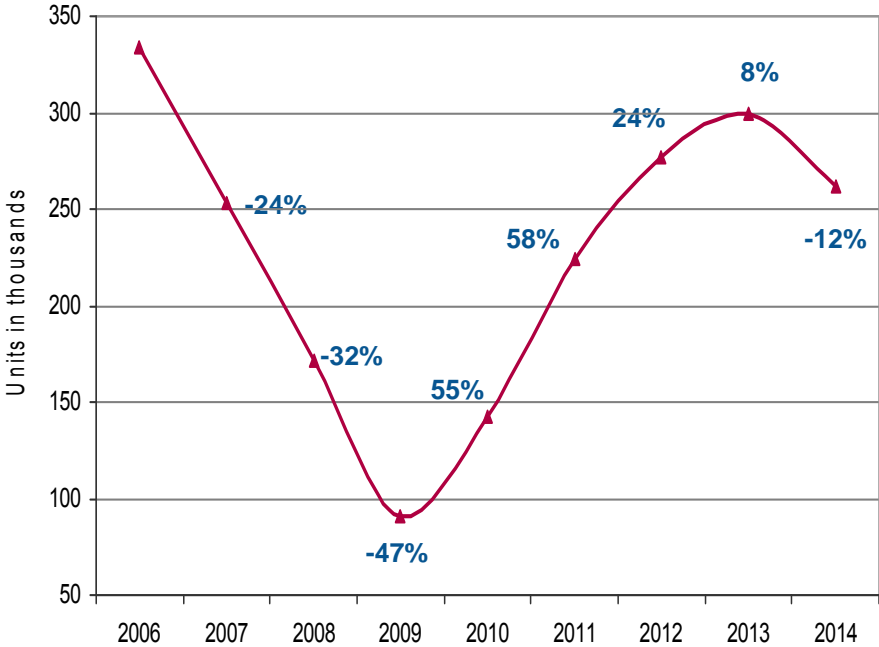
Note: JDP data – official statistics per December 2010



Market data – Q4 update

-Heavy trailer build rates

Heavy Trailer build rates NA



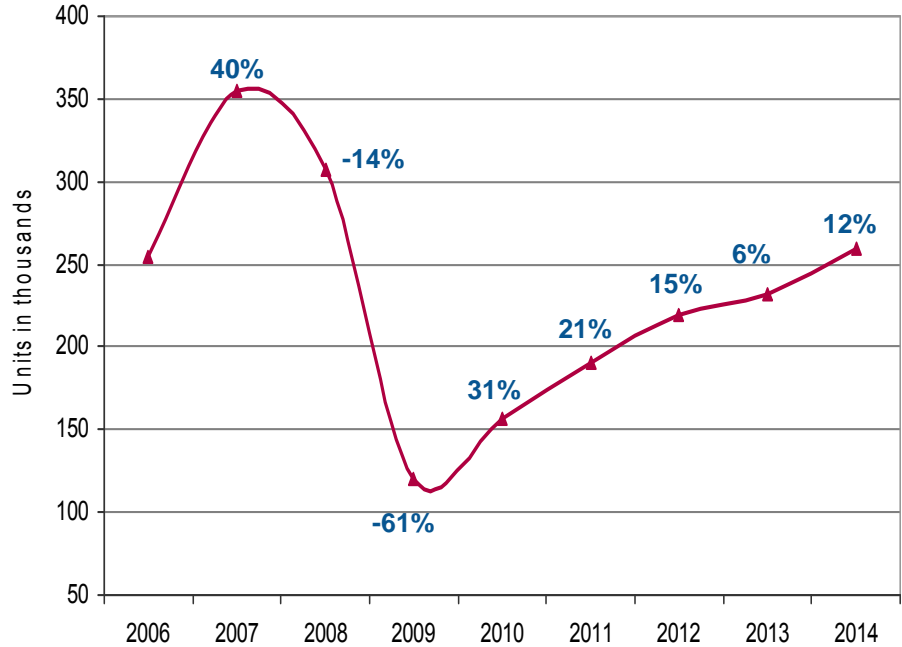
Trailer NA, JDP

CAGR 2009-2014E

NA, JDP

23.5%

Heavy Trailer build rates EU



Trailer EU, CLEAR

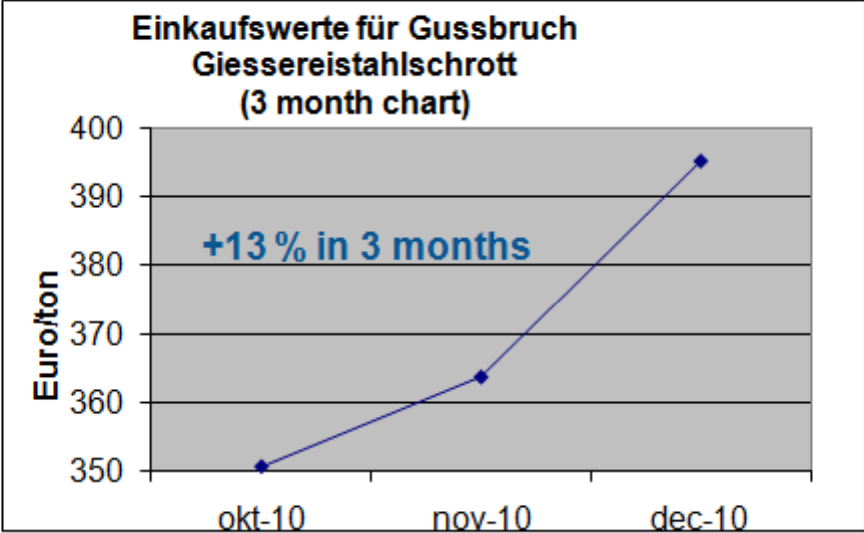
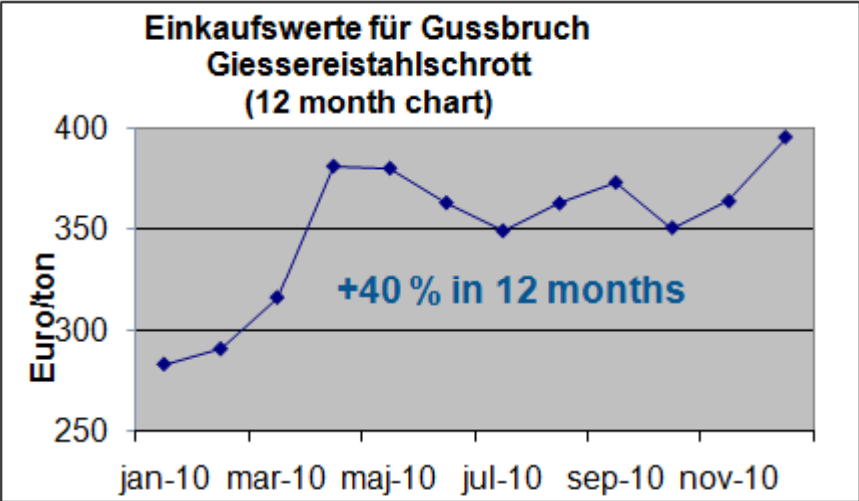
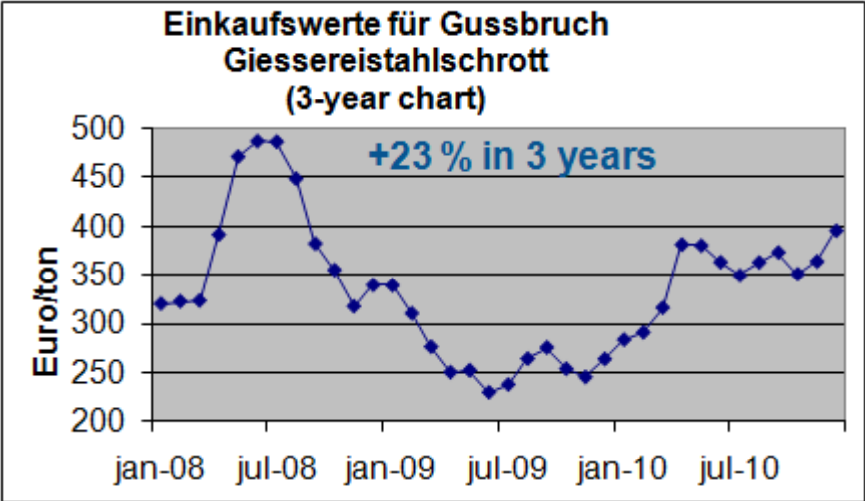
CAGR 2009-2014E

EU, CLEAR

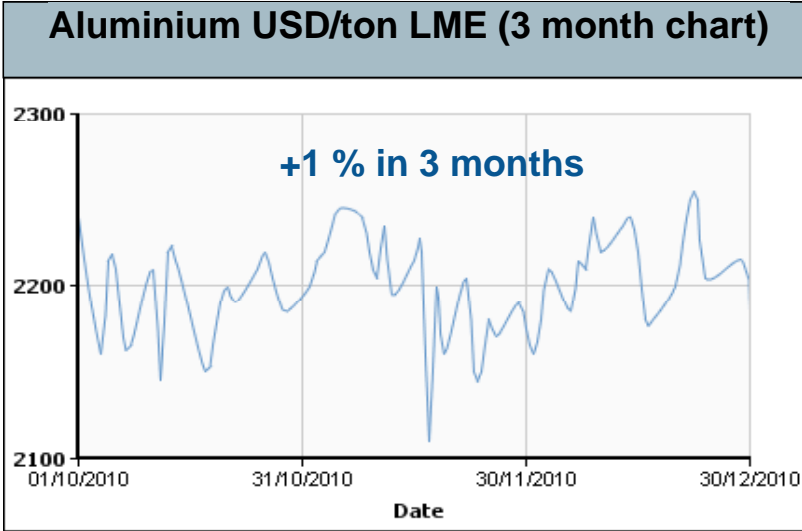
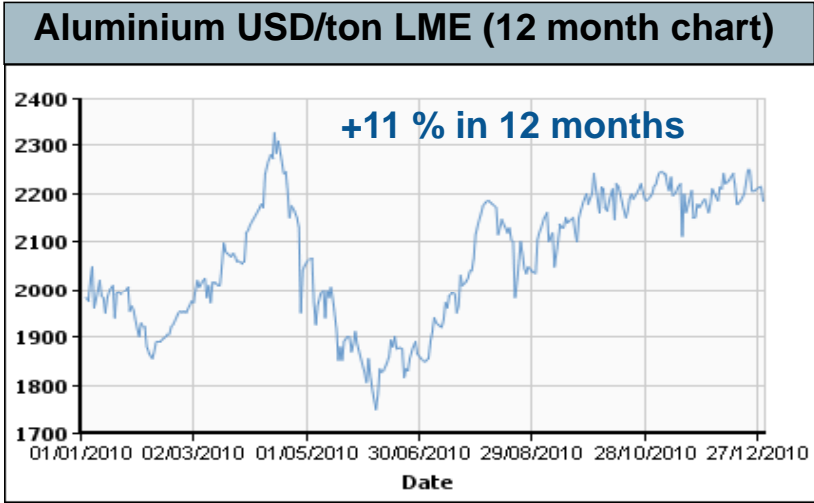
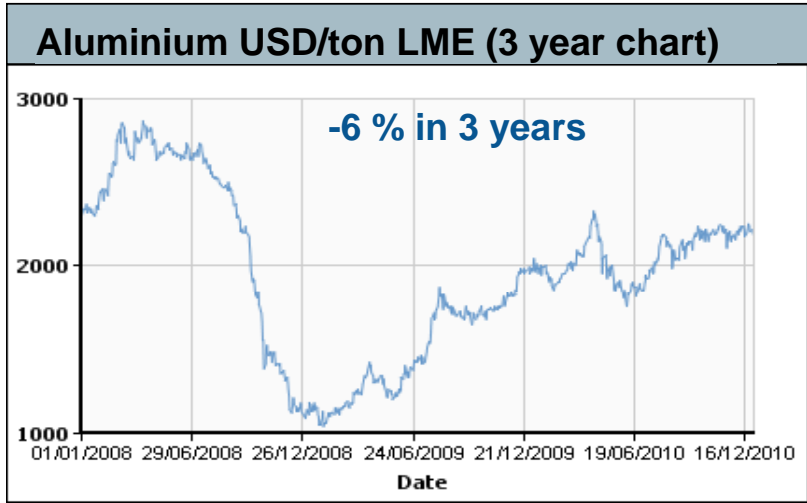
16.6%

Note: JDP data and CLEAR – official statistics per December 2010

Cast Iron Scrap, DGV Price trend in Europe



Aluminum price

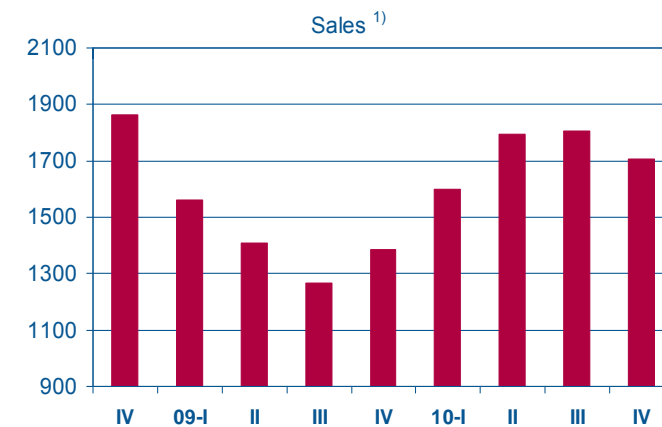
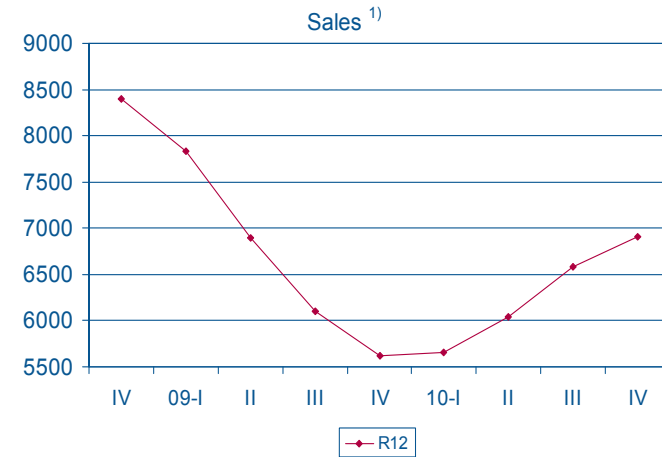


Actual 2010



SEKm

			Nom	Xadj
Sales	6,906	(5,390)	28%	34%
Sales¹⁾	6,906	(5,622)	23%	29%
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%



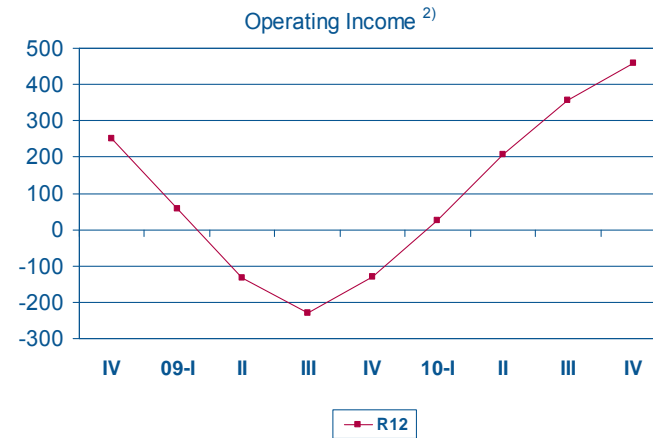
1) Sales including Discontinued Operations
(Traction Systems treated as continued operations).

Actual 2010

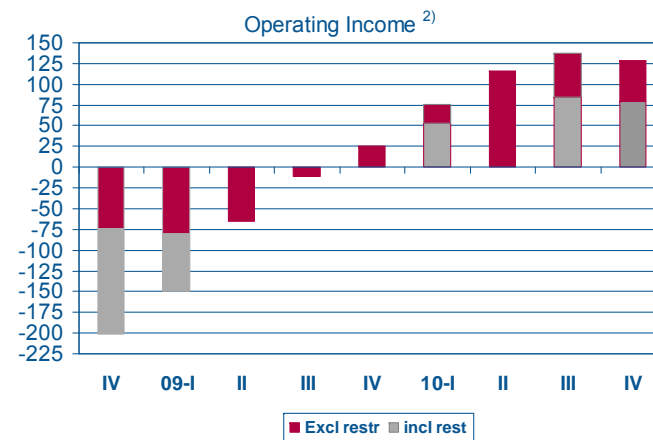


SEKm

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



<i>SEKm</i>	<i>2010</i>	<i>2009</i>	<i>Change</i>
Net sales	3 710	3 134	18%
Operating income ¹	162	-60	N.A
Operating income	110	-112	N.A
Operating margin ¹	4.4%	-1.9%	6.3
Operating margin	3.0%	-3.6%	6.6
Return on capital employed ²	5.9%	5.1%	0.8

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



<i>SEKm</i>	<i>2010</i>	<i>2009</i>	<i>Change</i>
Net sales	1 977	1 406	41%
Operating income ¹	179	-47	N.A
Operating income	109	-91	N.A
Operating margin ¹	9.1%	-3.4%	12.5
Operating margin	5.5%	-6.5%	12.0
Return on capital employed ²	7.2%	-5.0%	12.2
Return on capital employed ^{2,3}	15.0%	-7.6%	22.6

¹ Excluding restructuring costs and amortization of acquisition-related surplus values.

² Rolling 12 months.

³ 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 income¹ of SEK 179m (-47) with an operating margin¹ of 9.1% (-3.4)**
 - Operating income¹ of SEK 60m (10) in Q4, an operating margin¹ of 11.5% (2.7)
 - The operating income continued to improve due to increased sales volumes and a maintained cost structure

Development by division - Traction

<i>SEKm</i>	<i>2010</i>	<i>2009</i>	<i>Change</i>
Net sales	1 219	850	43%
Operating income ¹	118	29	N.A
Operating income	118	26	N.A
Operating margin ¹	9.7%	3.4%	6.3
Operating margin	9.7%	3.1%	6.6
Return on capital employed ²	56.8%	12.7%	44.1

¹ Excluding restructuring costs

² Rolling 12 months

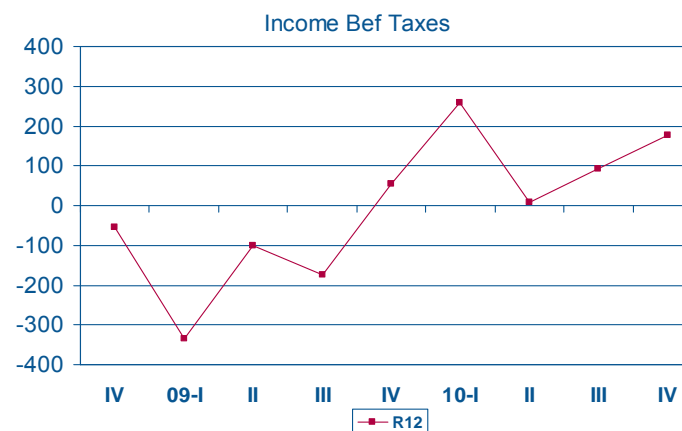
- **2010 sales increased with 44% compared to 2009 adjusted for currency**
 - Sales in Q4 increased by 6% compared to Q3 2010 currency adjusted
- **Operating income¹ amounted to SEK 118m (29), an operating margin¹ of 9.7% (3.4)**
 - Operating income in Q4 of SEK 31m (17), an operating margin of 10.0% (6.9)

Actual 2010

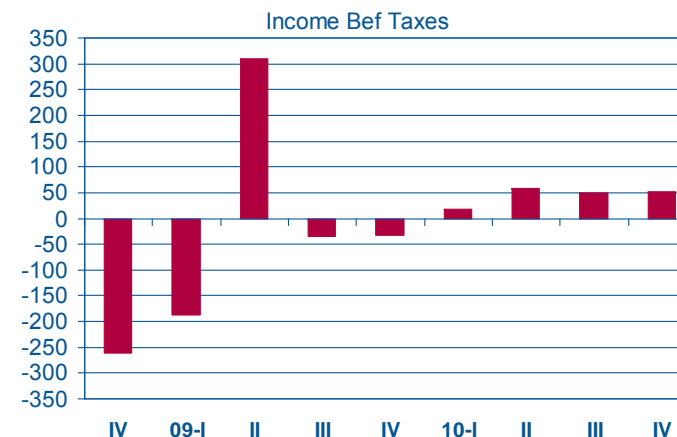


SEKm

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

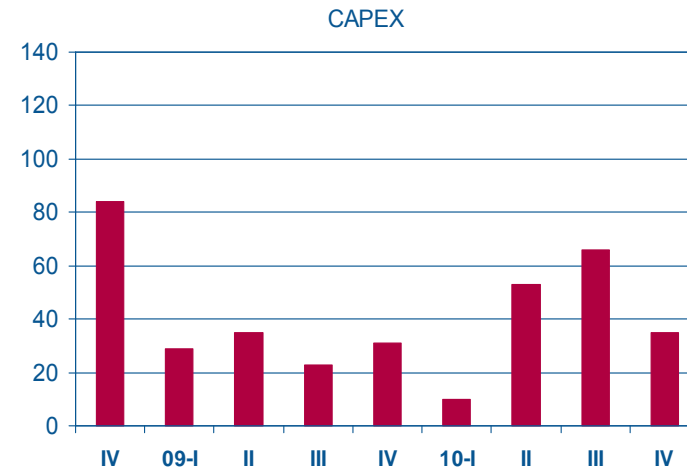
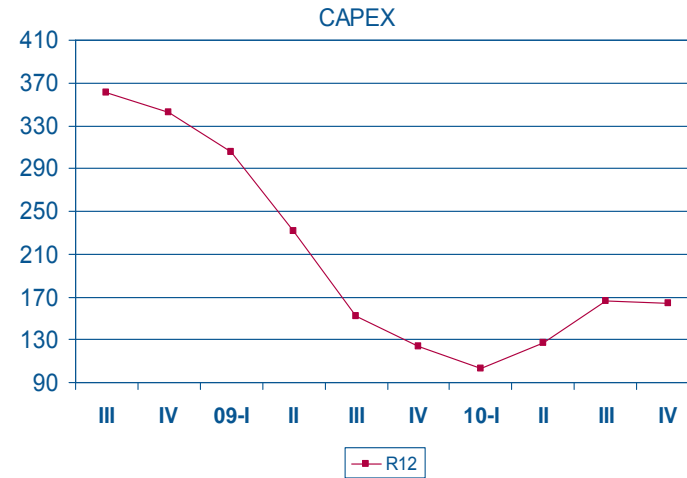


Actual 2010



SEKm

CAPITAL EXPENDITURES (Tangible assets)	164	(120)	+37%
	2010	2009	
Commercial Vehicle Systems	119	79	
Hydraulics Division	16	28	
Traction Systems	29	13	
Discontinued operations	-	6	
<i>Depreciation</i>	<i>-233</i>	<i>-257</i>	

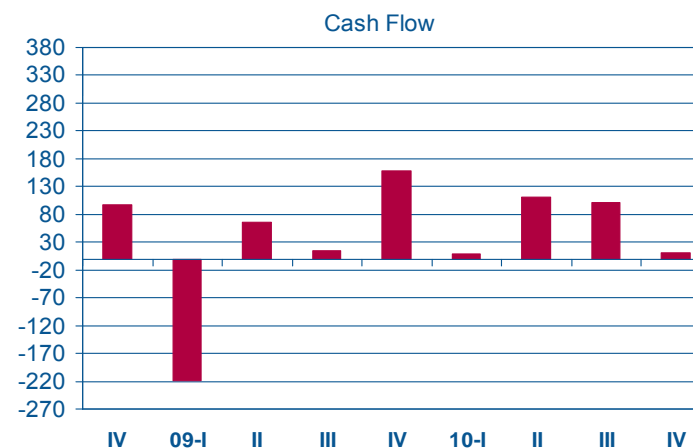
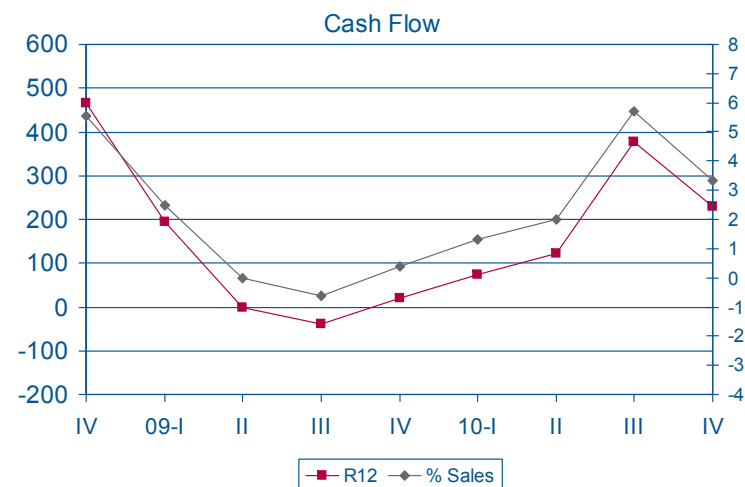


Actual 2010



SEKm

	2010	2009
OIBD*	608	87
Working capital change	-27	203
Capital expenditure	-212	-169
Operating Cash Flow**	369	121
Financials	-108	-108
Taxes	-32	7
Cash Flow	229	20



* 2010 including restructuring costs of SEK 129m (69)

** Cash Flow from operating activities, continued operations SEK 372m (188).

Actual 2010

BALANCE SHEET, SEKm

	<i>2010</i>	<i>2009</i>	<i>Nom</i>
• Working Capital	467	572	-18%
• Intangible assets	1,552	1,715	-10%
• Capital Employed	3,553	3,794	-6%
• Total Assets	5,053	5,039	-%
• Net Indebtedness	684	985	-31%
• Equity	2,351	2,373	-1%
• Equity/assets ratio	47%	47%	
• Net indebtedness	28%	42%	



Funding as of Dec, 2010

Source	Currency	Nominal amount	Unutilized	Maturity
Syndicated loan facility	USD	125.000.000	107.132.000	2012
Bond Loans	SEK	650.000.000		2015
Short terms facilities	Local	SEK eqv. 100.000.000	100.000.000	
Accounts receivable Sell	USD	35.000.000	13.630.000	2012
Funding as per Dec 31, 2010	SEK	1.796.000.000	1.117.000.000	

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



Innovative Vehicle Technology