



1<sup>st</sup> Half 2009

Joakim Olsson  
CEO and President  
July 17, 2009

# Summary 1st half 2009

- **Sales of SEK 2,971m (4,473)**
  - Adjusted for currency exchange rates, sales declined 43%
  
- **Operating Income of SEK 181m (222)**
  
- **Operating Income from continued operations of SEK -93m (163)**
  - Operating margin -3.4% (4.2)
  - From continued operations, excluding one-off items and amortization of acquisition related surplus values
  
- **Earnings after tax of SEK 142m (115)**
  - Earnings per share of SEK 6.70 (5.20)
  
- **Cash Flow amounted to SEK 675m**
  - Reduced net debt to SEK 1,848m
  - Cash Flow from operating activities was positive SEK 110m during the second quarter

# Summary 1st half 2009

- **Divestment of Garphyttan Wire was completed on June 1, 2009**
  - Purchase price SEK 827m on cash debt free basis
  - Capital gain of SEK 411m
- **The Cost Reduction Program successfully completed**
  - A reduction of 2.300 employees (FTE's) since mid 2008 (last target 1.900), i.e. a reduction of 38%.
  - Cost savings expected to be more than SEK 650m on an annual basis for the continued operations.
  - A restructuring charge of SEK 69m has been booked in the first quarter of 2009, which is the last part of the total cost of SEK 150m communicated earlier.
- **VW award Haldex largest single order ever**
  - All Wheel Drive system
  - Order value appr. SEK 4.5 billion over a 7 year period
- **Haldex strategic focus on meeting and exceeding increasingly strict environmental demands has been successful**
  - Several major contracts have been secured for Haldex products and technologies for next-generation diesel engines that meet stricter environmental requirements

# Business Events 2009

- **The reduction of demand seen in the 2nd half of 2008, continued during first half of 2009**
  - Many customers continued with temporary plant closures
  - Continued inventory adjustments in the industry
  - All divisions/segments were affected
  - It now appears that the North American Market has stabilized somewhat in recent months
- **Haldex won Cummins XPI Fuel Transfer Pump for Heavy Duty Engines from Cummins and Scania**
  - Order value is SEK 200m for five years
  - Start of production in 2009
- **Haldex received a grant of SEK 9.4m for delivering an electrical hybrid rear axle**
  - 20-30% fuel reduction compared to conventional all wheel drive vehicles
  - From the Swedish Energy Agency

# Business Events 2009

- **Agreements with CNHTC (largest heavy truck company in China) and Italian IVECO's JV in China concerning water pumps for diesel engines**
  - Combined order value amounts to approx. SEK 150m over five years
  - Start of production in 2009
  
- **Nomination for Perkin's new engines for oil and water pumps**
  - Order value amounts to approx. SEK 575m over five years
  
- **Agreement with NA truck maker Navistar for Haldex actuators as standard equipment in Navistar's trucks**
  - Order value amounts to approx. SEK 200m over five years
  - Start of production August, 2009

## Business Events 2009

VW selected Haldex's AWD system for new platform – SEK 4.5 billion

The Haldex logo consists of the word "Haldex" in a white, sans-serif font, centered within a dark blue rectangular background.

- Order value: 4.5 billion over 7 years
  - Targets single order ever
- The platform concept, MQB, will more than double today's volumes to Haldex with stable growth
- MQB – The new platform concept of VW is modular and will be applicable for other platforms and vehicles
- Start of production in 2012
- Secures R&D competence short and medium term

***"Leadership in terms of function, performance, and competitiveness in the AWD market that match the strong demand for safety, low energy consumption and cost"***

## Divestment of Garphyttan Wire completed

- The divestment of Garphyttan Wire to Suzuki Metal was completed June 1, 2009
- The purchase price of SEK 827m on a cash and debt free basis has been received
- The divestment decreases Haldex net debt to SEK 1.848m as per June, 2009
- The transaction resulted in a capital gain of SEK 411m
- Focus on segments where the Group can achieve intra-group synergies and sustainable market position based on innovative and leading products, providing a foundation for long-term growth and good profitability
- A more optimized and focused Group structure

# Cost Reduction Program

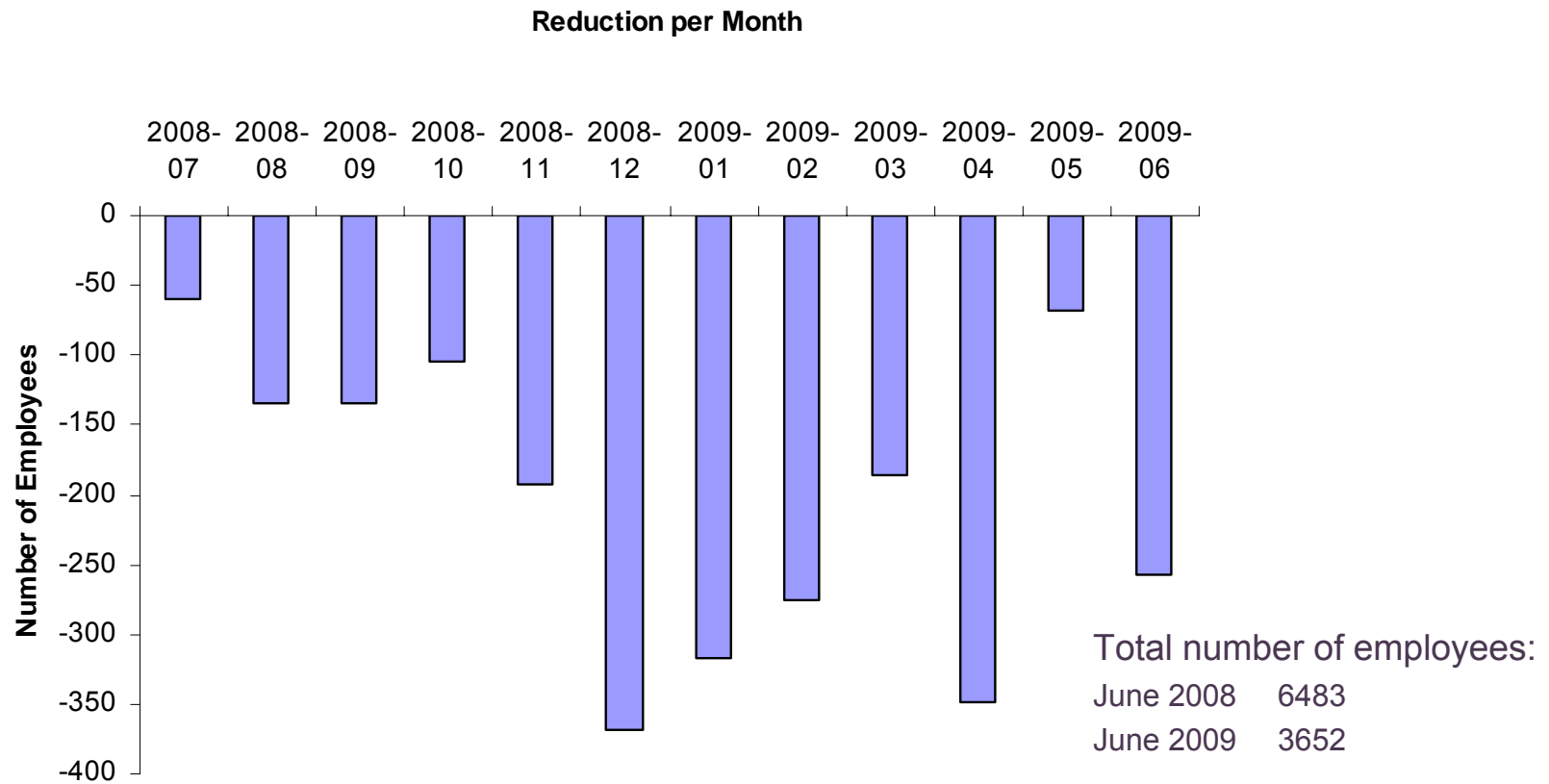
## Personnel Reduction

- Successfully implemented
- Adjust the cost structure to current demand
- Increase the efficiency in the production
- Actual head count reduction with more than 2300 employees (FTE's)
  - -38% reduction
  - Last target 1900 employees
- Structural changes, e.g. consolidation of European distribution centers and closure of production in UK
- Total restructuring cost appr. SEK 150m
- Additional actions to reduce cost
- Personnel cost reduction so far almost SEK 550m (annualized run rate at end of Q2 2009)
- Further adjustments are considered depending on market development

**SEK 650m in Annualised Cost Reduction**



# Headcount reduction



In addition substantial cut-back in workforce supplied by agency and consultants during July - November

# Vehicle Production \* – 2009 vs. 2008

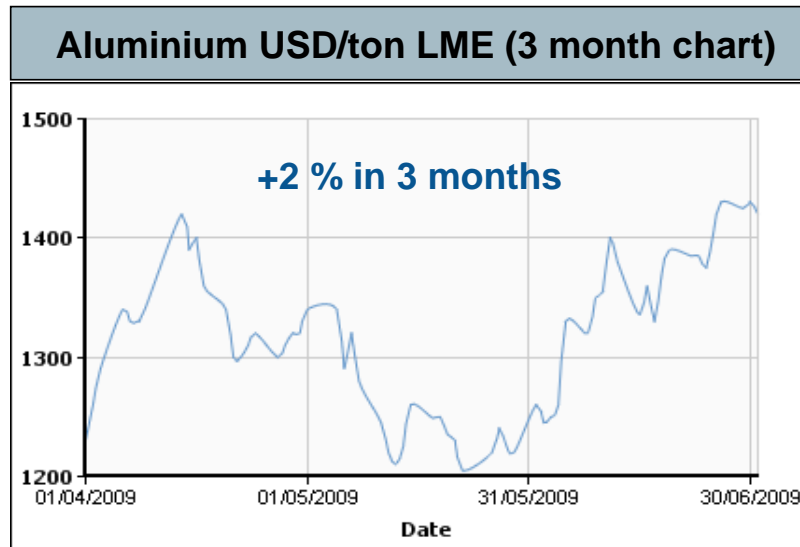
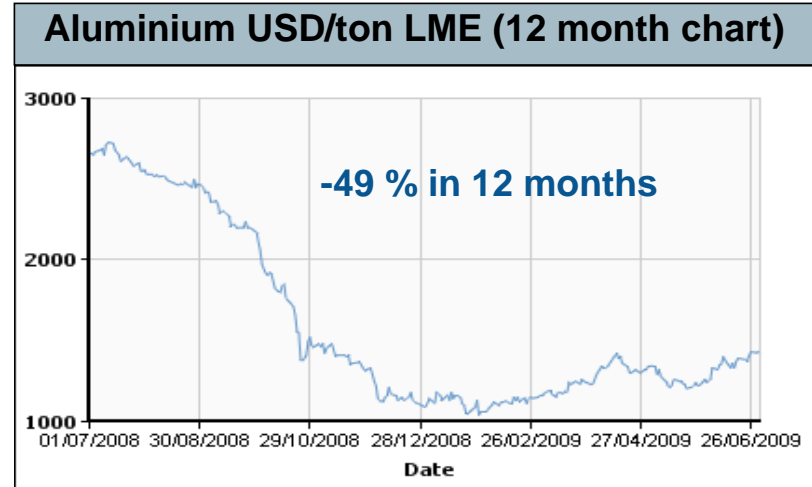
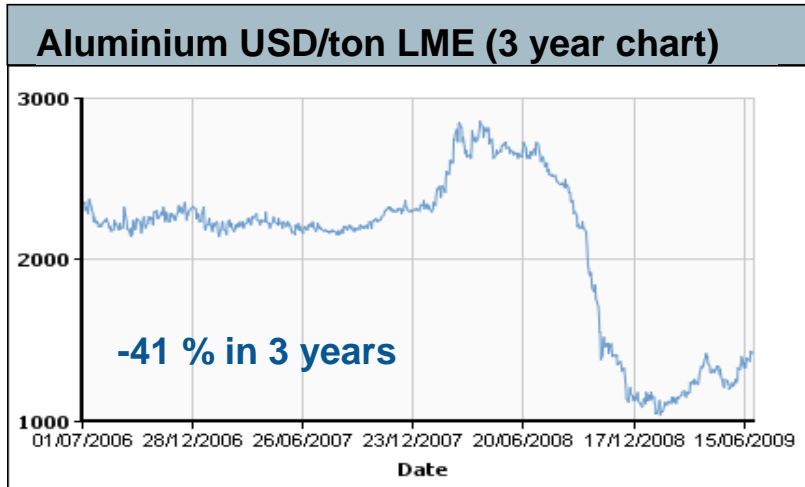


	1st half-year		2nd quarter	
	<i>North America</i>	<i>Europe</i>	<i>North America</i>	<i>Europe</i>
Heavy trucks	-51%	-66%	-59%	-70%
Heavy trailers	-50%	-65%	-48%	-62%
Light vehicles	-51%	-32%	-50%	-24%
Forklifts	-52%	-53%	-51%	-54%
Construction equipment	-33%	-35%	-35%	-35%

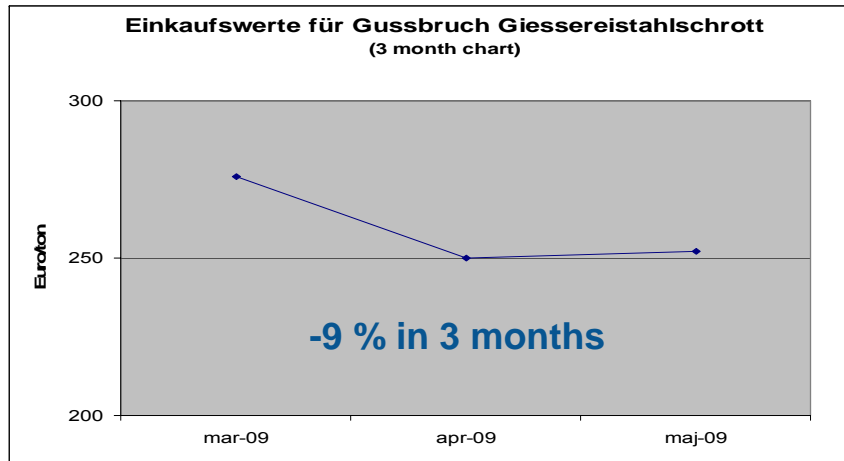
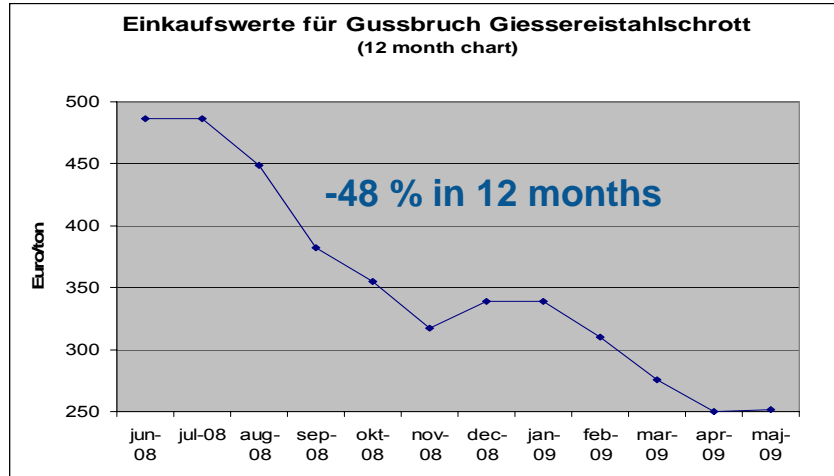
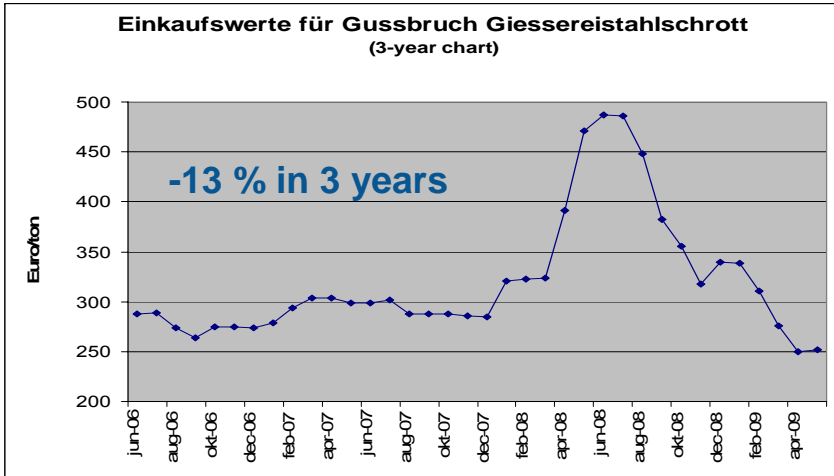
- Most markets have deteriorated further in the second quarter. There are some indications towards the end of the period that the North American market has stabilized.
- In 2009, the North American heavy truck market is still expected to improve slightly in second half and end 48% down y-o-y. European production is expected to remain on low level and end 64% down from 2008 level.
- 2009 trailer production in North America is expected to end appr. 50% below 2008, while European production is expected to regain some ground and end appr. 55% down compared to 2008.
- Light vehicle production in North America is believed to end the year 35% down compared to 2008 and European production is expected to be 19% below the 2008 level.
- For the construction and forklift segments the weak market demand is expected to continue. However, most inventory adjustments should already have been done. and global production is expected to shrink by 19% and 41% respectively.

\* Based on JD Powers statistics from Q2 2009, and ACT statistics and customer input in Q2 2009.

# Aluminum prices



# Cast Iron Scrap, DGV Price trend in Europe

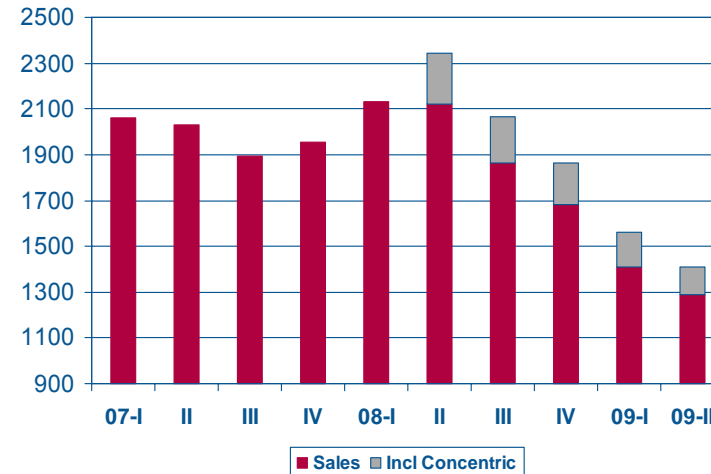
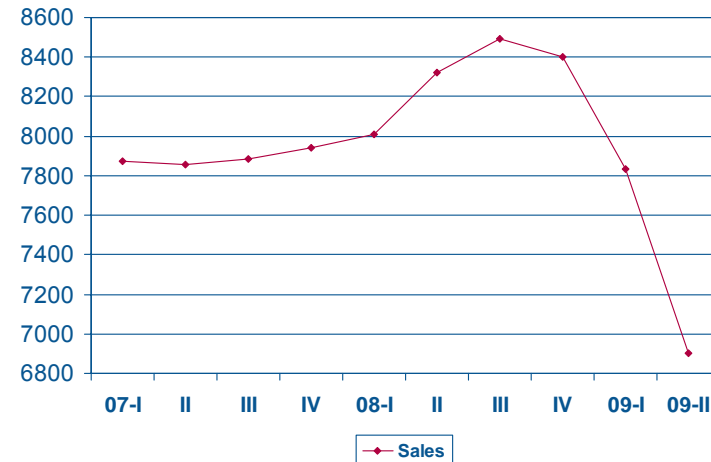


# Actual YTD 2009

SEKm

			Nom	Xadj
<b>Sales</b>	<b>2,739</b>	<b>(3,853)</b>	<b>-29%</b>	<b>-40%</b>
<i>Adjusted for Acquisitions</i>			<i>-33%</i>	<i>-43%</i>
<b>Sales<sup>1)</sup></b>	<b>2,971</b>	<b>(4,473)</b>	<b>-34%</b>	<b>-43%</b>
<b>Sales</b>				
• Commercial Vehicle Systems	1,610		-30%	-42%
• Traction Systems	410		-23%	-24%
• Hydraulic Systems	719		-29%	-41%
<i>Adjusted for Acquisitions</i>			<i>-44%</i>	<i>-54%</i>
• Garphyttan Wire	232		-63%	-67%
• NA	1,314		-9%	-31%
• EU	1,205		-41%	-44%
• Asia & ME	154		-36%	-49%
• SA	66		-43%	-44%
Continued Operations	2,739		-29%	-40%

1) Sales including Discontinued Operations.

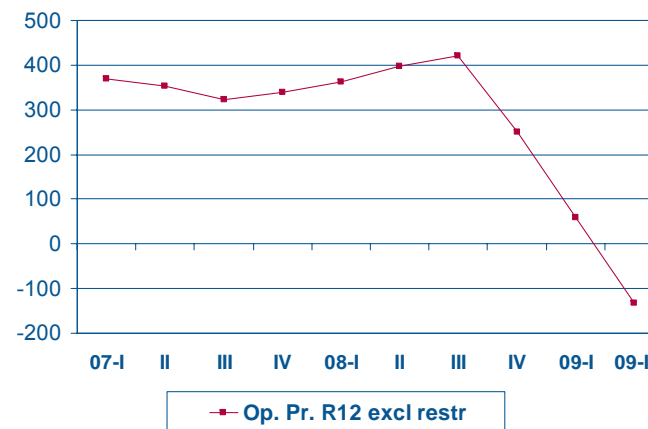


# Actual YTD 2009

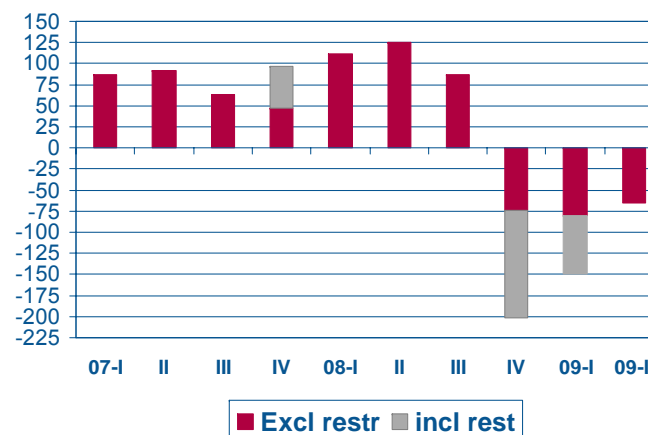


SEKm

<b>OPERATING PROFIT</b>	<b>-93</b>	<b>(163)</b>
Discontinued Operations	-52	(74)
Capital Gain	411	
Restructuring & One-off Items	-69	(0)
Amortization PPA	-16	(-15)
<b>OPERATING INCOME</b>	<b>181</b>	<b>(222)</b>



	<b>2009</b>	<b>2008</b>
• CVS	-52	74
• Hydraulic Systems	-44	77
• Traction	3	24



# Development per division - CVS

<i>SEKm</i>	<i>2009</i>	<i>2008</i>	<i>Change</i>
Net sales	1,610	2,311	-30%
Operating income <sup>1</sup>	-52	74	N.A
Operating income	-104	74	N.A
Operating margin <sup>1</sup>	-3,2%	3.2%	-6.4
Operating margin	-6.5%	3.2%	-9.7
Return on capital employed <sup>2</sup>	-12,3%	4.0%	-16.3

<sup>1</sup> Excluding restructuring costs.

<sup>2</sup> Rolling 12 months

- **Sales declined with 40% in the 1st half currency adjusted**
  - The decline was most severe in the European market. Sales to the truck and trailer segments decreased approx. 70%, compared to the same period 2008
  - Sales continued to be weak in North America, with some signs of improvement
  - Aftermarket: sales declined by 21%
  
- **Large decline in demand had a negative impact on the operating income**
  
- **Despite lower sales in the second quarter, compared to the first quarter, operating profit continued to improve by SEK 8 m in the second quarter.**
  
- **Cost Reduction Program**
  - Head count reduction, 950 employees (32% compared to June 2008)
  - Structural changes, e.g. closure of production in Redditch, consolidation of the European sales and logistic structure
  - Reduction of labor cost follows the fall in sales volume.
  
- **Pricing activities and several cost reductions (personnel reduction and material cost) have positive effect.**

# Development by division - Hydraulics

<i>SEKm</i>	<i>2009</i>	<i>2008</i>	<i>Change</i>
Net sales	719	1,009	-29%
Operating income <sup>1</sup>	-44	77	N.A
Operating income	-72	62	N.A
Operating margin <sup>1</sup>	-6.1%	7.6%	-13.7
Operating margin	-10.1%	6.1%	-16.2
Return on capital employed <sup>2</sup>	-1.5%	13.7%	-15.2
Return on capital employed <sup>2,3</sup>	-1.4%	20.3%	-21.7

<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.

- **Sales declined with 53% in the 1st half adjusted for currency and acquisition effects**
  - Sales were down 18% in the second quarter compared to the first quarter.
  - Customers continued to adjust their delivery schedules, resulting in a continued inventory adjustment, even though the largest part of the inventory adjustments seems to be finalized.
  
- **Strong actions taken to reduce cost**
  - Head count reduction (FTEs), 1.328 employees (-50% compared to June 2008).
  - Further actions are being taken.
  
- **The integration of Concentric is continuing according to plan**



# Development by division - Traction

<i>SEKm</i>	<i>2009</i>	<i>2008</i>	<i>Change</i>
Net sales	410	533	-23%
Operating income <sup>1</sup>	3	24	-88%
Operating income	1	24	-96%
Operating margin <sup>1</sup>	0.7%	4.5%	-3.8
Operating margin	0.2%	4.5%	-4.3
Return on capital employed <sup>2</sup>	7.0%	22.9%	-15.9

<sup>1</sup> Excluding restructuring costs

<sup>2</sup> Rolling 12 months

- **Sales declined with 24% in the 1st half adjusted for currency effects**
  - In the second quarter, sales increased 15 % compared to the first quarter of 2009 due to increased demand from VW and Volvo.

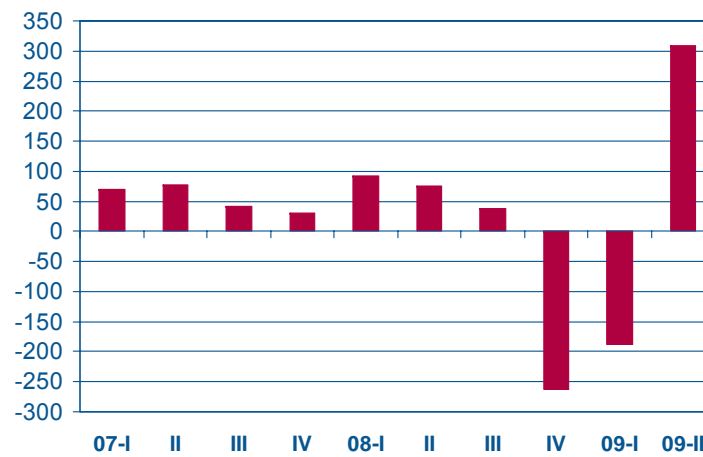
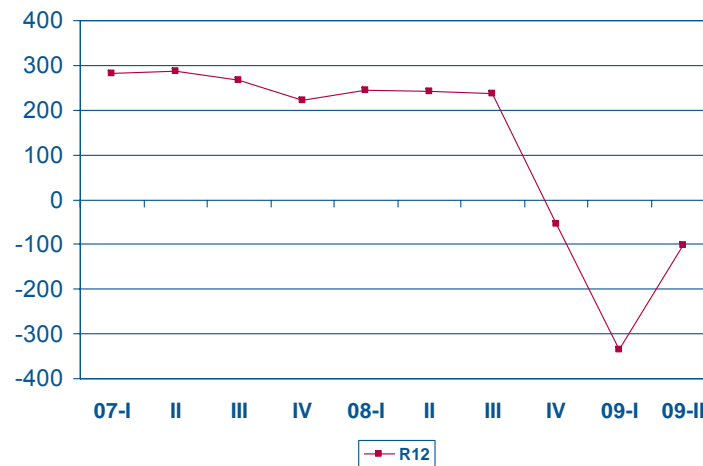
# Actual YTD 2009



SEKm

**INCOME  
BEF TAXES**                      **122    (169)    -28%**

- Operating margin %                      6.1    (5.0)
- Operating margin %<sup>1</sup>                      -4.9    (5.3)
- Capital turnover rate                      0.7    (2.3)
- Return on capital employed %           4.0    (11.7)
- Return on equity %                      15.9    (12.5)
- Interest coverage, times                   4.0    (3.8)



1) Excluding Restructuring costs, one-off items, Capital Gain and amortization of acquisition-related surplus values.

# Taxes

SEKm	Tax
Tax income/expense at average tax rate	74 (26 %)
Non valued tax losses Carry forward	-15
Tax Income excl Capital Gain	59
Tax on Capital Gain (411 m)	-39
Tax Income	20

# Actual YTD 2009



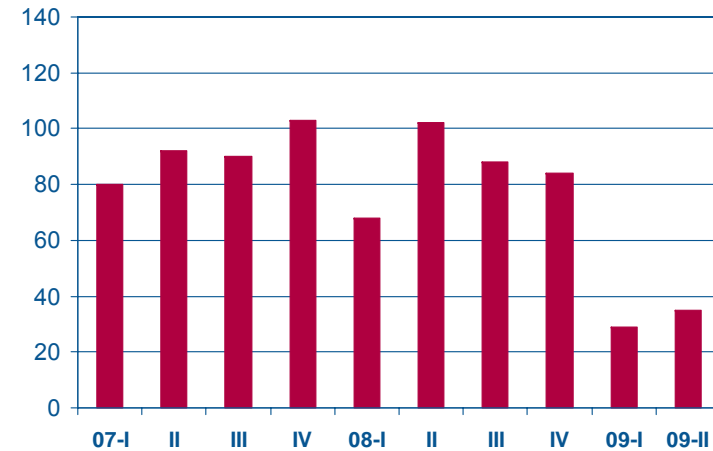
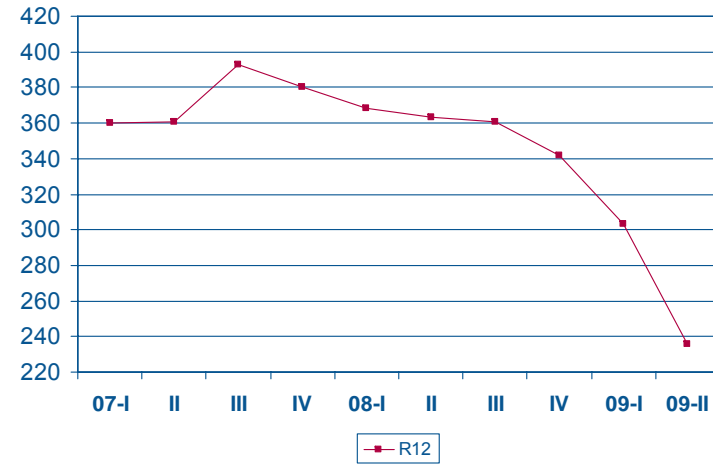
SEKm

**CAPITAL EXPENDITURES**                    **58 (161)    -64%**

Discontinued Op.                            6    (11)

**CAPITAL EXPENDITURES (Tangible assets)**                    **64 (172)    -63%**

	2009	2008
Commercial Vehicle Systems	41	96
Hydraulics Division	10	34
Traction Systems	7	31
<i>Depreciation</i>	-137	-142

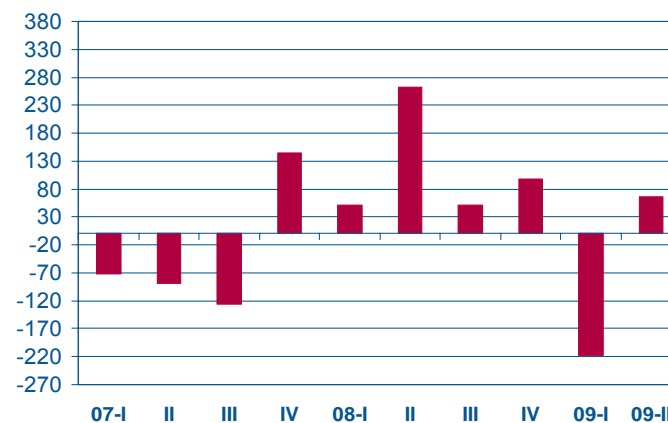
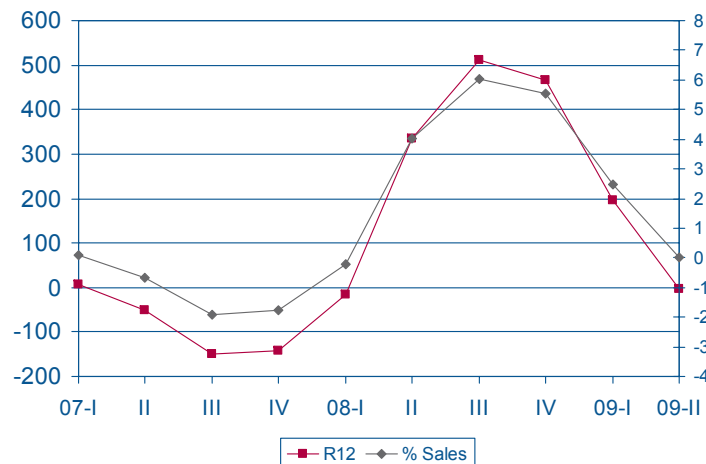


# Actual YTD 2009



SEKm

	2009	2008
<b>NET CASH FLOW</b>	<b>675</b>	<b>(315)</b>
OIBD*	-65	397
Working capital change	58	231
Capital expenditure	-78	-197
<b>Operating cash flow</b>	<b>-85</b>	<b>431</b>
Financials	-59	-60
Taxes	-8	-56
<b>Cash flow</b>	<b>-152</b>	<b>315</b>
Divestments	827	
<b>Net Cash Flow</b>	<b>675</b>	



\* Including Restructuring Costs of SEK 69m.

# Actual YTD 2008

## BALANCE SHEET, SEKm

	2009	2008	Nom	Xadj
• Working Capital	752	(981)	-23%	-36%
• Intangible assets	1,871	(1,760)	+6%	-6%
• Capital Employed	4,207	(4,573)	-8%	-19%
• Total Assets	5,488	(6,455)	-15%	-25%
• Net Indebtedness	1,848	(2,352)	-21%	-31%
• Equity	2,016	(1,820)	+11%	-9%
• Equity/assets ratio	37%	(28%)		
• Net indebtedness	92%	(129%)		

# Funding as of June 30, 2009

Source	Currency	Nominal amount	Unutilized	Maturity
Syndicated loan facility	USD	250,000,000	~77.000.000	July 2012
Bond loans	SEK	150,000,000		April 2010
	SEK	200,000,000		December 2011
Short term facilities	Local	SEK 121,000,000		

## Outlook 2009

- **Difficult market conditions**
- **Cost reduction program (personnel reductions) has had a positive impact and will give further improvements going forward**
- **Raw material prices should give a positive impact**
- **The Cost Reduction Program and further improvements on working capital levels will contribute positively to the cash flow going forward**
- **A more focused and lean company that will be in a better position to generate better results when the market recovers.**



The Haldex logo is a dark blue rounded rectangle with the word "Haldex" in white, bold, sans-serif font.The background is an abstract composition of horizontal, wavy bands of varying shades of blue, ranging from light sky blue at the top to deep navy blue at the bottom, creating a sense of motion and depth.

# Innovative Vehicle Technology