



## Revenue growth in an improved market

Sales in all of Haldex's geographic regions increased in Q3, with Asia leading the way. The market has continued to develop positively, with the largest improvement in North America. Haldex strengthened its position in Europe during the quarter, but has not been able to grow to the same extent as in the North American market. A number of product areas have shown strong growth, including disc brakes. Sales of actuators have also posted growth for the first time since the product recall in 2014. Operating income excluding one-off items is still lower than last year. The quarter continued to be burdened by the takeover process, which has diverted focus and resources from the core operations.

- Net sales for Q3 totalled SEK 1,081 (1,076) m, which is in line with the same period of the previous year. After currency adjustments, net sales increased by 3%. Net sales for the first nine months of the year totalled SEK 3,413 (3,320) m, which is equivalent to a currency-adjusted increase of 0.4%.
- Operating income excluding one-off items totalled SEK 68 (80) m for Q3 and SEK 226 (244) m for the first nine months of the year, which is equivalent to an operating margin of 6.3 (7.4)% for Q3 and 6.6 (7.3)% for the first nine months of the year. The operating margin including one-off items totalled SEK 4.5 (6.3)% for Q3 and SEK 3.4 (6.9)% for the first nine months of the year. One-off items totalled net SEK 19 (12) m for Q3 and SEK 110 (12) m for the first nine months of the year.
- The net income after tax for Q3 totalled SEK 26 (37) m, and the earnings per share for Q3 totalled SEK 0.59 (0.82). The equivalent figures for the first nine months of the year are SEK 65 (147) m for net income before tax and SEK 1.45 (3.29) for earnings per share.
- Cash flow from operating activities totalled SEK 27 (65) m for Q3 and SEK 85 (168) m for the first nine months of the year.
- A takeover process for Haldex was initiated on 14 July 2016. On 29 June 2017, the Board announced that it no longer supported the bid from Knorr-Bremse due to the low probability of approval by the competition authorities. On 19 September 2017, Knorr-Bremse withdrew its bid.

Key figures	Jul-Sep			Jan-Sep		
	2017	2016	Change	2017	2016	Change
Net sales, SEK m	1,081	1,076	0%	3,413	3,320	3%
Operating income, excl. one-off items, SEK m	68	80	-15%	226	244	-8%
Operating income, SEK m	48	68	-29%	116	232	-50%
Operating margin, excl. one-off items, %	6.3	7.4	-1.1	6.6	7.3	-0.7
Operating margin, %	4.5	6.3	-1.8	3.4	6.9	-3.5
Return on capital employed, excl. one-off items, % <sup>1</sup>	12.6	14.6	-2.0	12.6	14.6	-2.0
Return on capital employed, % <sup>1</sup>	4.2	14.1	-9.9	4.2	14.1	-9.9
Net income, SEK m	26	37	-30%	65	147	-56%
Earnings per share, SEK	0.59	0.82	-28%	1.45	3.29	-56%
Cash flow, operating activities, SEK m	27	65	-38	85	168	-83

<sup>1</sup> Rolling twelve months

Haldex AB (publ) is required to publish the above information under the EU Market Abuse Regulation. The information was submitted for publication by the Haldex media contact stated in the release on Wednesday, October 25, 2017 at 7:20 CEST.

Haldex AB, Corporate Registration Number 556010-1155, info@haldex.com, www.haldex.com



Innovative Vehicle Solutions

## CEO Comment

Q3 2017 is the first quarter for me in the role as President and CEO. The appointment from acting CEO occurred in conjunction with Knorr-Bremse's withdrawal of its bid for Haldex, and it is an exciting time to step into the CEO role. We can already see positive effects of no longer being under a bid. During the quarter, for example, we signed a three-year contract with a U.S. truck manufacturer for both actuators and brake adjusters; the customer had been waiting the outcome of the bid process. We also won back a U.S. truck customer who had chosen to buy brake adjusters from a competitor during the turbulent period that we were undergoing at the time.

Haldex will now accelerate the implementation of the strategy we laid the basis for in 2016. Our strategic position has been clarified over the past year through the feedback and support our customers have given us during the competition investigation. We are appreciated for our tailored, open and flexible solutions; we understand our customers' problems and are prepared to resolve them together. It is a position on which we will continue to build. With product leadership as one of the five pillars of the strategy, it is rewarding to see that our development efforts together with customers in the area for self-driving vehicles have intensified in the past month. We also reached a new milestone in our joint venture on electromechanical brakes as we completed a first test phase with positive results.

### Future ownership

Haldex is demonstrably a sought-after company. Long-term and strategic owners are important in our industry, which is characterised by long life spans on each vehicle platform. Today we have a stable main owner and to create opportunities for a long-term owner base is important to us. The technology shift in the industry to autonomous driving and the position we have, will attract investments in Haldex' share.

### Improved market conditions

The market conditions have gradually improved during the year, and we have seen that the North American market has clearly taken a turn for the better. Haldex increased its net sales in all regions during the third quarter, but has still not been able to fully benefit from the upturn. We won market shares in Europe, but despite growth in North America we have not successfully matched the market improvement. As a whole, however, we exceeded expectations in terms of staying focused on the operations.

### Disc brake contracts in the USA

Some really good news is that our disc brakes were approved as an option for one of the market leading axle manufacturers in the USA. This is an important milestone for winning reference customers leading up to the approaching technology shift in the USA. Interest in switching from drum brakes to disc brakes is steadily increasing, and we are now laying the foundation for future expansion. Disc brake sales also continued to grow in Europe during the quarter.

### Trend reversal for actuators

Last quarter we could see that the downward trend in actuators had been broken, and this quarter sales of actuators posted double-digit growth. It is very positive that we successfully broke the trend that started with the product recall at the end of 2014. During the third quarter, we also relaunched an upgraded version of the actuator that was the cause of the recall. After very extensive testing, we are now ready to once again offer our customers actuators with an sealed design, able to



Åke Bengtsson, President and CEO

withstand extra tough road conditions. Haldex is since before the market leader in this product area with few competitors having sufficiently advanced technology to match our functionality.

### New law boosts demand for brake adjusters

Another large product group that grew sharply during the quarter is the brake adjuster. This world leading product is popular on the U.S. market, and the upswing in the number of manufactured vehicles has a positive effect on demand for brake adjusters. A change in the law in China will also boost demand for brake adjusters since it has now been decided that new manufacture of heavy vehicles must use automatic brake adjusters starting in January 2018. Brake adjusters will contribute positively to the profit margin going forward.

### Profitability and cost levels

As previously announced, Haldex's margin will not reach the level from previous years. The higher cost level is due to a number of factors. We believe that it is crucial for Haldex's future competitiveness to continue to carry out important development projects. Higher R&D expenditure is thus the right road forward. The launch of the actuator has result in a temporary increase in inventories, which is expected to fall once the product reaches the market. The upswing in demand during the third quarter, while positive, also resulted in higher costs. For example, we added more shifts in some factories and deliveries had to be rescheduled at a higher cost.

### Market outlook and forecast for 2017

The assessment of 2017 is that it will be a year during which production volumes could exceed last year's levels, but with the unexpected and rapid change in demand we are still in a situation where we cannot fully benefit from the situation. Our earnings forecast for 2017 has not changed. Our ambition is to continue to ensure good profitability, but due to higher costs from the takeover process, the operating margin for 2017 is forecast to be slightly lower than in 2016.

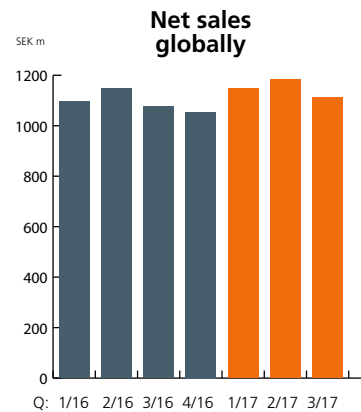
However, we are convinced that, as we approach 2018, Haldex will be able to benefit from the improved market conditions and current strategic partnerships will result in an even stronger position in the market. We can also close the door on an uncertain and very intense period. As a company, we are emerging from the process much stronger in many aspects, primarily thanks to the great support we received from customers around the world. Our dedicated employees have also created a strong sense of unity and forward drive in the company.

Åke Bengtsson  
President & CEO

## Net sales for the Group

Net sales for Q3 totalled SEK 1,081 (1,076) m, which is equivalent to a 0.5% increase in absolute terms compared with the same period of the previous year. After currency adjustments, net sales increased by 3%. Net sales for the first nine months of the year totalled SEK 3,413 (3,320) m, which is equivalent to a currency-adjusted increase of 0.4%.

Geographically, net sales in all regions grew in Q3, with the greatest growth in Asia and North America. In terms of products, sales of brake cylinders and brake adjusters increased the most. The product area in which net sales fell is primarily ABS.



## Net sales per product line

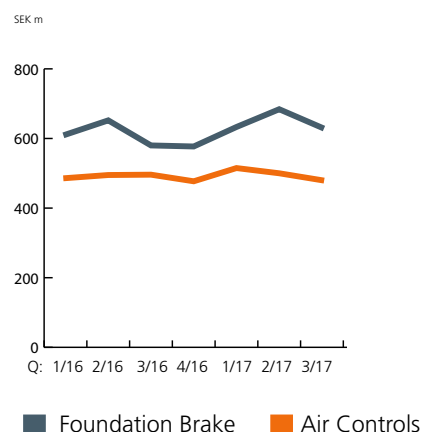
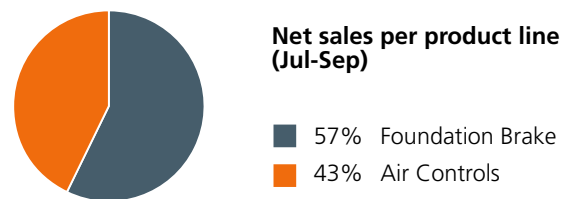
Net sales, SEK m	Jul-Sep 2017	Jul-Sep 2016	Change <sup>1</sup>	Jan-Sep 2017	Jan-Sep 2016	Change <sup>1</sup>
Foundation Brake	614	580	9%	1,931	1,843	3%
Air Controls	467	496	-3%	1,482	1,477	-2%
Total	1,081	1,076	3%	3,413	3,320	0%

<sup>1</sup> Currency adjusted

Haldex has two main product lines. Foundation Brake includes brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators. Air Controls comprises products to improve brake systems' safety and driving qualities, such as treatment and dehumidifying of compressed air, valves and ABS and EBS.

Net sales within Foundation Brake totalled SEK 614 (580) m in Q3. After currency adjustments, this is a 9% increase compared to the same period of the previous year. Net sales for the first nine months of the year totalled SEK 1,931 (1,843) m, which is equivalent to a currency-adjusted increase of 3% compared to the same period the previous year. In Q3, sales of the latest generation of disc brakes continued to increase while sales of an older generation of the disc brake fell. The greatest increase, however, comes from brake adjusters and actuators. Actuator sales had declined for a long time, but has gradually returned to growth again.

Net sales within Air Controls totalled SEK 467 (496) m for Q3. After currency adjustments, this is a 3% decrease compared to the same period of the previous year. Net sales for the first nine months of the year totalled SEK 1,482 (1,477) m, which is equivalent to a currency-adjusted decrease of 2%. Within Air Controls, the ABS product area reported the greatest decrease. The previous decrease from Reman (renovation of products) stabilised and only a small decrease was noted in the quarter.



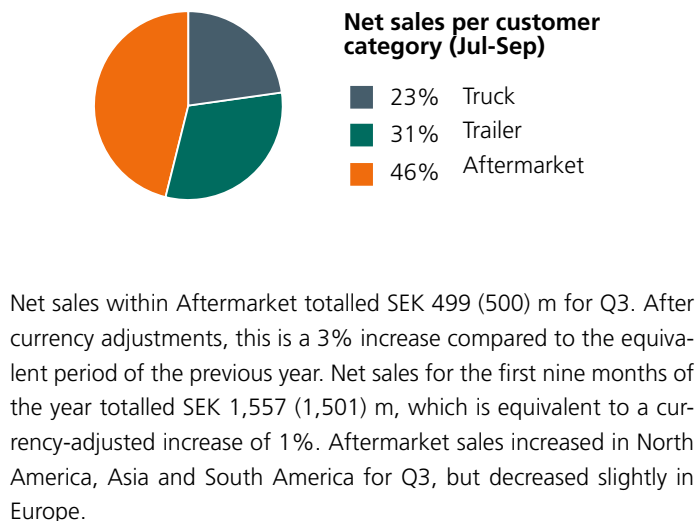
## Net sales per customer category

Net sales, SEK m	Jul-Sep 2017	Jul-Sep 2016	Change <sup>1</sup>	Jan-Sep 2017	Jan-Sep 2016	Change <sup>1</sup>
Truck (including buses)	247	233	9%	765	770	-3%
Trailer	335	343	0%	1,091	1,049	2%
Aftermarket	499	500	3%	1,557	1,501	1%
Total	1,081	1,076	3%	3,413	3,320	0%

<sup>1</sup> Currency adjusted

Haldex operates on the market via three customer categories: Truck, Trailer and Aftermarket. Net sales within Truck totalled SEK 247 (233) m for Q3. After currency adjustments, this is a 9% increase compared to the same period of the previous year. Net sales for the first nine months of the year totalled SEK 765 (770) m, which is equivalent to a currency-adjusted decrease of 3%. During Q3, Truck sales increased in all regions.

Net sales within Trailer totalled SEK 335 (343) m for Q3. After currency adjustments, there is no change compared to the equivalent period of the previous year. Net sales for the first nine months of the year totalled SEK 1,091 (1,049) m, which is equivalent to a currency-adjusted increase of 2%. The successes for disc brakes resulted in greater sales in Europe. Trailer also increased in Asia but decreased in North America.



## Industry production trends

New heavy trucks and trailers is a good indicator for the market Haldex operates on. It is important to remember that Haldex is affected depending on how large the proportion of sales is in each category.

Produced units Industry forecast <sup>1</sup>	Jul-Sep 2017	Change <sup>2</sup>	Full year 2017	Change <sup>2</sup>	Importance for Haldex sales
<b>Truck</b>					Within Truck, Haldex's sales to North America are impacting total sales much more than other regions. Truck sales in Europe and Asia are in turn slightly higher and as a result more decisive than sales in South America.
North America	69,953	33%	246,964	9%	
Europe	112,627	6%	468,839	5%	
China	271,059	84%	1,033,596	39%	
India	46,446	33%	176,197	-6%	
South America	13,878	39%	52,365	30%	
All regions	513,963	46%	1,977,961	21%	
<b>Trailer</b>					Within Trailer, sales in Europe is more significant than sales in North America. Other regions in Asia and South America have lower sales and, as a result, a lower impact on Haldex's total net sales.
North America	79,450	3%	308,310	0%	
Europe	73,785	-1%	302,399	0%	
China	135,000	99%	594,000	50%	
India	12,500	47%	41,851	3%	
South America	9,800	23%	34,067	13%	
All regions	310,535	32%	1,280,627	19%	

<sup>1</sup> The production statistics comprise a forecast from external sources. Historical figures also pertain to estimated production and not to the actual industrial outcome. Unless otherwise stated, the information pertaining to trucks is based on statistics from JD Powers. Information pertaining to the trailer market in Europe is based on statistics from CLEAR, the information pertaining to trucks and trailers in North America is based on statistics from FTR and the trailer information from South America and Asia is based on local sources.

<sup>2</sup> Change compared with same period previous year in percentage.

# Net sales per region

Net sales, SEK m	Jul-Sep 2017	Jul-Sep 2016	Change <sup>1</sup>	Jan-Sep 2017	Jan-Sep 2016	Change <sup>1</sup>
Europe	377	372	1%	1,260	1,180	5%
North America	552	573	1%	1,728	1,732	-3%
Asia & Middle East	115	96	24%	323	313	2%
South America	37	35	7%	102	95	-6%
Total	1,081	1,076	3%	3,413	3,320	0%

<sup>1</sup> Currency adjusted

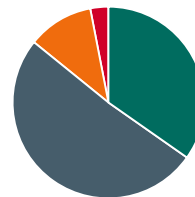
In Europe, Haldex has higher sales for Trailer than for Truck. In addition, the aftermarket accounts for a significant proportion of sales. In Europe, net sales totalled SEK 377 (372) m for Q3. After currency adjustments, this is a 1% increase compared to the same period of the previous year. Net sales for the first nine months of the year totalled SEK 1,260 (1,180) m, which is equivalent to a currency-adjusted increase of 5%. In Europe, sales increased primarily in the disc brake and actuator product areas, while sales of EBS decreased.

In North America, the distribution between Truck and Trailer is more even than in Europe. The aftermarket accounts for a significant proportion of sales here as well. In North America, net sales totalled SEK 552 (573) m for Q3. After currency adjustments, this is a 1% increase compared to the same period of the previous year. Net sales for the first nine months of the year totalled SEK 1,728 (1,732) m, which is equivalent to a currency-adjusted decrease of 3%. Sales of actuators experienced a trend reversal during the quarter and contributed the largest increase in the region. ABS decreased in Q3. Disc brake sales in North America continue to grow, albeit from low levels.

In Asia, with China and India as key markets, trucks without trailers are still the most common type of vehicle combination. This means that Haldex's sales are more focused on Truck than on Trailer. The aftermarket accounts for a smaller proportion of sales. In Asia and the Middle East, net sales totalled SEK 115 (96) m for Q3. After currency adjustments, this is a 24% increase compared to the same period of the previous year. Net sales for the first nine months of the year

totalled SEK 323 (313) m, which is equivalent to a currency-adjusted increase of 2%. Both the Indian and Chinese operations increased their net sales for Q3. Brake adjuster and ABS sales increased, while an older generation of the disc brake decreased.

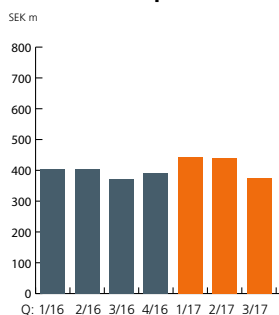
In South America, sales for Truck are more significant than sales for Trailer and the aftermarket. Net sales totalled SEK 37 (35) m for Q3, which is equivalent to a currency-adjusted increase of 7%. Net sales for the first nine months of the year totalled SEK 102 (95) m, which is equivalent to a currency-adjusted decrease of 6%. The market conditions in Brazil, which is the most important market in South America, continued to be weak but showed some positive signs. Aftermarket sales successfully resisted the downturn throughout all of 2017 and sales to this part of the market increased.



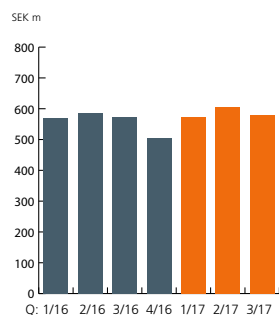
Net sales per region (Jul-Sep)

- 35% Europe
- 51% North America
- 11% Asia & Middle East
- 3% South America

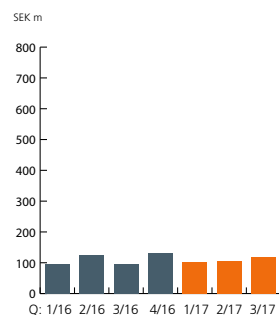
Net sales Europe



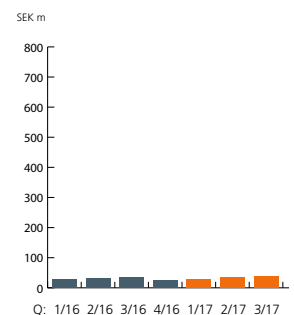
Net sales North America



Net sales Asia & Middle East



Net sales South America



# Earnings

Operating income excluding one-off items totalled SEK 68 (80) m for Q3, which is equivalent to an operating margin of 6.3 (7.4)%. The equivalent figures for the first nine months of the year are SEK 226 (244) m for operating income excluding one-off items and SEK 6.6 (7.3) for the operating margin. Higher R&D expenditure, temporary increases in inventories prior to a product launch and higher costs for rapid production increases are the primary reasons for the lower profitability.

Operating income and the operating margin including one-off items totalled SEK 48 (68) m and 4.5 (6.3)%, respectively, for Q3. Operating income for the first nine months of the year totalled SEK 116 (232) m and the operating margin was 3.4 (6.9)%. Operating income including one-off items was affected in part by legal expenses related to the ongoing takeover process and warranty provisions due to more extensive warranty commitments. The aim of these measures was to enhance goodwill towards customers in order to maintain strong customer relationships. The underlying cost structure and general cost control continued to be good.

Income before tax totalled SEK 45 (56) m for Q3 and SEK 103 (218) m for the first nine months of the year. Income after tax totalled SEK 26 (37) m for Q3 and SEK 65 (147) m for the first nine months of the year. This corresponded to earnings per share of SEK 0.59 (0.82) for Q3 and SEK 1.45 (3.29) for the first nine months of the year.

Exchange rate fluctuations, including the result of currency hedging and exchange rate translation effects, had a negative effect on the Group's operating income excluding one-off items of SEK -12 (-7) m for Q3. In addition, there was a positive currency effect in net financial income/expense of SEK 2 (1) m for Q3.

## One-offs

One-off items have incurred during the second half of 2016 and continued in 2017, in part due to uncertainty regarding the ownership situation and efforts to win deals, maintain good relationships and assist in the competition investigation:

- Haldex took a greater share of the risk in development projects instead of following the traditional structure of shared risk between Haldex and the customer. This was a result of customers rating the probability of non-fulfillment of the contracts as too high.

- Increased warranty provisions due to more extensive warranty commitments.
- Costs to retain and motivate staff. Difficulties in recruiting new staff.
- Significantly higher legal expense related to the competition investigation of the bid since the investigations in both the USA and Europe were requiring considerable resources.

### Costs related to the takeover process

During the quarter, costs related to the takeover process totalled SEK 12 m, which includes external costs in the form of legal services and internal costs to keep personnel. Since July 2016, when the takeover process was initiated, has costs related to the takeover process amounted to SEK 61m. Some minor costs for the takeover process is expected in Q4.

### Customer obligations and product warranties

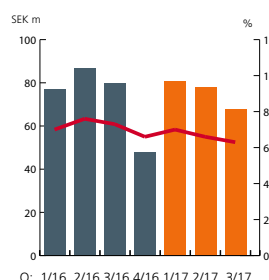
Since Q3 2016, costs have been recorded for customer commitment programs to exchange older product models to a new model with improved performance. Three expanded commitments are currently in effect, including the product recall of the actuator from 2014. No costs burdened income in Q3. Provisions for customer obligations and product warranties associated with significant uncertainty factors. The provisions amounted to SEK 99 m as of 30 September and the underlying assessment of future commitments is unchanged.

### Restructuring activities

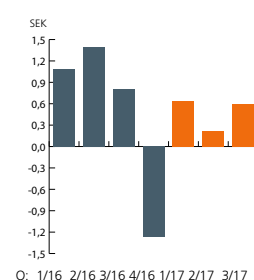
Minor costs are expected to burden income in 2017 in the form of one-off items for the move of production capacity from Sweden to Hungary. These costs totalled SEK 7 m for Q3.

The total costs for one-off items totalled SEK 19 m for Q3.

**Operating income & margin**  
(excl. one-off items)



**Earnings per share**



Earnings	Jul-Sep 2017			Jul-Sep 2016		
	Jul-Sep 2017	Jul-Sep 2016	Change	Jul-Sep 2017	Jul-Sep 2016	Change
Operating income, excl. one-off items, SEK m	68	80	-15%	226	244	-8%
Operating income, SEK m	48	68	-29%	116	232	-50%
Operating margin, excl. one-off items, %	6.3	7.4	-1.1	6.6	7.3	-0.7
Operating margin, %	4.5	6.3	-1.8	3.4	6.9	-3.5
Net income, SEK m	26	37	-30%	65	147	-56%
Earnings per share, SEK	0.59	0.82	-28%	1.45	3.29	-56%

## Financial position

As at September 30, the Group's net debt was SEK 572 (507) m, a net debt increase of SEK 82 m in comparison to the start of the year. The net debt increased by SEK 60 m in Q3. Financial items totalled SEK -3 (-12) m for Q3, including net interest income and expenses of SEK -14 (-24) m. Shareholders' equity amounted to SEK 1,361 (1,374) m, resulting in an equity/asset ratio of 44 (47)%.

Haldex's primary sources of loan financing comprise:

- A bond loan of SEK 270 m maturing in January 2020.
- A syndicated credit facility in the amount of EUR 90 m, maturing in April 2021. EUR 0 m of this facility had been used by the end of the quarter.

### Pledged assets and contingent liabilities

There were no changes to the Group's pledged assets or contingent liabilities in Q3.

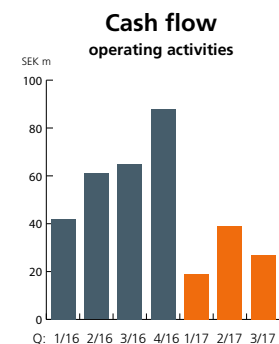
Net debt, SEK m	Sep 30 2017	Sep 30 2016	Change
<i>Assets as part of the net debt:</i>			
Cash and cash equivalents	255	272	-6%
<i>Liabilities as part of the net debt:</i>			
Interest-bearing liabilities including derivative instruments	-406	-311	31%
Pension liabilities <sup>1</sup>	-421	-468	-10%
Net debt in total	-572	-507	13%
Net of interest during the year	-14	-24	10

<sup>1</sup> The change of pension liabilities are primarily related to variations in actuarial assumptions (changes in market interest rates).

## Cash flow

Cash flow from operating activities totalled SEK 27 (65) m for Q3 and SEK 85 (168) m for the first nine months of the year. Cash flow from operating activities for Q3 was negatively affected by increased inventories to prepare for product launch. Cash flow for Q3 was negatively affected by one-off payments totalling SEK 33 (12) m.

Investments totalled SEK -59 (-50) m for Q3 and cash flow after investments totalled SEK -32 (15) m. The total cash flow totalled SEK 3 (15) m for Q3 and SEK -21 (-36) m for the first nine months of the year.



Cash flow and cash equivalents, SEK m	Jul-Sep 2017	Jul-Sep 2016	Change	Jan-Sep 2017	Jan-Sep 2016	Change
Cash flow, operating activities	27	65	-38	85	168	-83
Cash flow after investment activities	-32	15	-47	-90	27	-117
Cash and cash equivalents (at end of period)	255	272	-17	255	272	-17

## Employees

At the end of Q3, Haldex had 2,149 (2,051) employees, which is 1 person less than at the end of Q2 and 104 more than at the end of 2016.



## Parent Company

Haldex AB (publ), Corporate Registration Number 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. Haldex AB's shares are listed on the Nasdaq Stockholm, Mid Cap. The Parent Company performs corporate office functions, including the corporate finance function. The net sales of the Parent Company totalled SEK 9 (30) m for Q3, while the net income after tax was SEK 21 (-22) m. This net income includes dividends from Group companies totalling SEK 21 (0) m.

## Annual General Meeting

Haldex will hold its Annual General Meeting on May 3, 2018 at 16:00 at Haldex in Landskrona, Sweden. It is estimated that the annual report will be available on the Company's website no later than three weeks before the meeting.

## Management changes

Åke Bengtsson has been appointed permanent President & CEO as of September 27. Mr Bengtsson has been in an acting role since March 2017. Lena Nordin, SVP Human Resources, has resigned in Q3. Lena Nordin's last employment date is at the turn of the year. The recruitment of a replacement has been initiated.

## Takeover process

A takeover process for Haldex was initiated on 14 July 2016 with three bidders. Knorr-Bremse was eventually the only bidder left. After a drawn-out process to receive the relevant approval from the competition authorities, Haldex announced on 29 June 2017 that the Board of Directors no longer supported the bid from Knorr-Bremse due to the low probability of approval from the competition authorities. On 19 September 2017, Knorr-Bremse announced it had withdrawn its bid for Haldex. Haldex incurred high expenses and lost and delayed customer commitments due to the process. See page 19 for a summary of the bid process.

## Miscellaneous

### Significant risks and uncertainties

Haldex is exposed to risks of a financial and operational nature. The Group has a process for risk identification and risk management that is described in Haldex's 2016 Annual Report and Corporate Governance Report on pages 30-33 and 71-79. As described in the annual report, the consolidated report presents certain assessments and assumptions concerning the future that are based on both historical experience and future expectations. Goodwill, development projects, taxes and pensions are the areas representing considerable risk of future adjustments to recognized values. Guarantee reserves and customer obligations have been identified as the areas where the uncertainty for future adjustments to estimated values is the highest.

### Forward-looking information

This report includes forward-looking information with statements concerning the future outlook for Haldex's operations. This information is based on the current expectations, estimates and forecasts of Haldex's management. Actual future outcomes may vary significantly from the forward-looking information presented in this report. This may be due to changes in assumptions concerning economic factors, markets and competition.

### Seasonal effects

Haldex does not have any significant seasonal variations. However, sales are affected by the production schedules of Haldex's customers, which results in lower sales during vacation periods and when customers are closed for public holidays, such as at the end of the year.

### Transactions with related parties

There have been no transactions with a significant impact on the Group's financial position and results of operations between Haldex and related parties.

### Acquisitions and disposals

There were no acquisitions or disposals in 2017.

### Accounting principles

This interim report is presented in accordance with IAS 34 Interim Financial Reporting. The interim information on pages 1-20 form an integral part of this financial report. The consolidated financial state-



ments are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company's report is presented in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 "Financial Reporting for Legal Entities" and the Swedish Annual Accounts Act (Årsredovisningslagen). The accounting policies are thus unchanged from those presented in the 2016 Annual Report on pages 39-43.

#### *Changed estimates and judgements*

Actuarial assumptions for the measurement of the Group's pension liability are assessed on an ongoing basis and resulted in a net change in the pension liability of SEK -1 (100) m in 2017. The change in the pension liability is primarily related to lower discount rates than before in countries where the Group has large pension provisions.

## Outlook for 2017

The official production forecasts provide insight into how the market is expected to perform. However, Haldex does not have an even distribution of income between the Truck and Trailer categories and does not necessarily share the view of the future espoused by the forecasters. Therefore, Haldex will provide its own overall view of how the Company sees each market performing.

**North America** has recovered and is expected to reach a higher level than the previous year.

**Europe** is considered to be stable with slightly higher order intake in 2017.

**China** has a strong market in 2017, but we are having difficulty maintaining our market share.

**India** is expected to show negative growth in 2017, on market segments that are relevant for Haldex.

**Brazil** is showing some signs of recovery from very low levels.

The assessment of 2017 is that it will be a year during which production volumes could exceed last year's levels, but with the unexpected and rapid change in demand we are still in a situation where we cannot fully benefit from the situation. Our earnings forecast for 2017 has not changed. Our ambition is to continue to ensure good profitability, but due to higher costs from the takeover process, the operating margin for 2017 is forecast to be slightly lower than in 2016.

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Landskrona October 25, 2017

The Board of Directors

## Report of Review of Interim Financial Information in accordance with IAS 34 and the Swedish Annual Accounts Act

### Introduction

We have reviewed the condensed interim financial information (interim report) of Haldex AB (publ), 556010-1155, as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Landskrona October 25, 2017

Öhrlings PricewaterhouseCoopers AB

**Bror Frid**

Authorized Public Accountant

**Carl Fogelberg**

Authorized Public Accountant

## Consolidated income statement

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net sales	1,081	1,076	3,413	3,320	4,374
Cost of goods sold	-786	-768	-2,463	-2,381	-3,155
Gross income	295	308	950	939	1,219
<i>Gross margin</i>	27.3%	28.6%	27.8%	28.3%	27.9%
Selling, admin. and product development costs	-229	-217	-737	-694	-950
Other operating income and expenses <sup>1</sup>	-18	-23	-97	-13	-65
Operating income <sup>1</sup>	48	68	116	232	204
Financial income and expenses	-3	-12	-13	-14	-39
Income before tax	45	56	103	218	165
Tax	-19	-19	-38	-71	-74
Net income	26	37	65	147	91
<i>attributable to non-controlling interests</i>	1	1	3	3	3
Earnings per share, before and after dilution, SEK	0.59	0.82	1.45	3.29	2.00
Average No. of shares, thousands	44,204	44,204	44,204	44,204	44,204

## Operating income, by nature of expenses

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net sales	1,081	1,076	3,413	3,320	4,374
Direct material costs	-592	-577	-1,849	-1,794	-2,370
Personnel costs	-230	-239	-731	-699	-894
Depreciation and amortization	-33	-34	-100	-102	-136
Other operating income and expenses	-178	-158	-617	-493	-770
Operating income <sup>1</sup>	48	68	116	232	204

### 1) One-off items included in the operating income

SEK m	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Operating income, including one-off items	48	68	116	232	204
Restructuring costs	-7	-	-8	-	-13
Product related warranty	-	-	-56	-	-59
Costs related to the bidding process	-12	-12	-46	-12	-15
Other	68	80	226	244	291
Operating income, excluding one-off items					

## Consolidated statement of comprehensive income

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net income	26	37	65	147	91
<b>Other comprehensive income/loss</b>					
<i>Items not to be reclassified to the income statement:</i>					
Remeasurement of pension obligation, after tax	18	-26	-6	-105	-62
Total	18	-26	-6	-105	-62
<i>Items that may be reclassified subsequently to the income statement:</i>					
Currency translation differences	-22	9	-70	7	26
Changes in financial instruments at fair value, after tax	0	14	-2	7	1
Total	-22	23	-72	14	27
Total other comprehensive income/loss	-4	-3	-78	-91	-35
Total comprehensive income	22	34	-13	56	56
<i>attributable to non-controlling interests</i>	1	1	2	1	1

## Consolidated statement of financial position

SEK m	Sep 30 2017	Sep 30 2016	Dec 31 2016
Goodwill	392	409	422
Other intangible assets	132	38	90
Tangible assets	538	544	557
Financial assets	44	66	71
Deferred tax assets	153	138	166
Total non-current assets	1,259	1,195	1,306
Inventories	587	559	524
Current receivables	979	859	909
Derivative instruments	40	19	21
Cash and cash equivalents	255	272	297
Total current assets	1,861	1,709	1,751
Total assets	3,120	2,904	3,057
Equity	1,361	1,374	1,374
Pension and similar obligations	421	468	422
Deferred tax liabilities	23	14	30
Non-current interest-bearing liabilities	270	270	270
Other non-current liabilities	35	34	35
Total non-current liabilities	749	786	757
Derivative instruments	23	24	32
Current interest-bearing liabilities	155	9	79
Current liabilities	832	711	815
Total current liabilities	1,010	744	926
Total equity and liabilities	3,120	2,904	3,057

## Statement of changes in equity

SEK m	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Opening balance	1,374	1,407	1,407
Net income	65	147	91
Other comprehensive income/loss	-78	-91	-35
Total comprehensive income	-13	56	56
<b>Transactions with shareholders:</b>			
Dividend to Haldex' shareholders	-	-88	-88
Dividend to non-controlling interests	-1	-1	-1
Value of employee services/incentive programs	0	0	0
Total transactions with shareholders	-1	-89	-89
Closing balance	1,361	1,374	1,374
<i>attributable to non-controlling interests</i>	<i>23</i>	<i>23</i>	<i>23</i>

## Consolidated statement of cash flow

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Operating income	48	68	116	232	204
Reversal of non-cash items	44	34	137	102	136
Interest paid	-5	-13	-14	-24	-40
Tax paid	-12	-23	-30	-43	-62
Cash flow from operating activities before change in working capital	75	66	209	267	238
Change in working capital	-48	-1	-124	-99	18
Cash flow from operating activities	27	65	85	168	256
Investments	-59	-50	-175	-141	-222
Cash flow from investment activities	-59	-50	-175	-141	-222
Dividend to Haldex' shareholders	-	-	-	-88	-88
Dividend to non-controlling interests	-1	-	-1	-1	-1
Change of interest-bearing liabilities	36	-	70	26	37
Cash flow from financing activities	35	-	69	-63	-52
Net cash flow	3	15	-21	-36	-18
Cash and cash equivalents, opening balance	261	256	297	304	304
Currency translation diff. in cash and cash equivalents	-9	1	-21	4	11
Cash and cash equivalents, closing balance	255	272	255	272	297

## Key figures

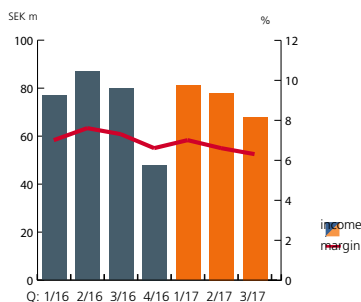
	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Operating margin, excl. one-off items, %	6.6	7.3	6.6
Operating margin, %	3.4	6.9	4.7
Cash flow, operating activities, SEK m	85	168	256
Cash flow after investment activities, SEK m	-90	27	34
Return on capital employed, excl. one-off items, % <sup>1</sup>	12.6	14.6	13.8
Return on capital employed, % <sup>1</sup>	4.2	14.1	9.7
Investments, SEK m	175	141	222
R&D, %	3.9	3.5	3.5
Number of employees	2,149	2,051	2,045
Return on shareholders' equity, % <sup>2</sup>	4.7	14.2	13.1
Interest coverage ratio	9.9	9.6	6.5
Equity ratio, %	44	47	45
Net debt/equity ratio, %	42	37	36
<b>Share data:</b>			
Earnings per share, before dilution, SEK	1.45	3.29	2.00
Earnings per share, after dilution, SEK	1.45	3.29	2.00
Equity per share, SEK	30.30	31.08	30.63
Cash flow, operating activities, SEK	1.92	3.80	5.80
Share price, SEK	100.75	120.50	116.50
Average No. of shares (excl treasury shares), thousands	44,204	44,204	44,204
Total No. of shares at end of period, thousands	44,216	44,216	44,216
<i>of which is treasury shares, thousands</i>	<i>72</i>	<i>102</i>	<i>102</i>

<sup>1</sup> Rolling twelve months

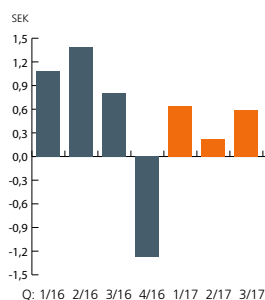
<sup>2</sup> Twelve months

### Operating income & margin

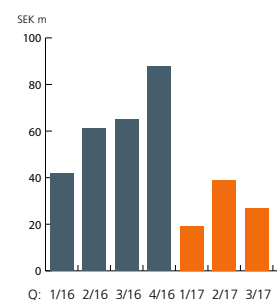
(excl. one-off items)



### Earnings per share



### Cash flow operating activities



**Parent company's income statement**

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net sales	9	30	72	76	91
Administrative costs	-17	-11	-104	-56	-84
Operating income	-8	19	-32	20	7
Dividend from Group companies	21	-	21	2	3
Financial income and expenses	8	-32	1	12	-66
Income after financial items	21	-13	-10	34	-56
Group contribution	0	-6	-	-6	-84
Income before tax	21	-19	-10	28	-140
Tax	0	-3	0	-14	1
Net income	21	-22	-10	14	-139

**Parent company's statement of comprehensive income**

SEK m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net income	21	-22	-10	14	-139
Other comprehensive income	-	-	-	-	-
Total comprehensive income	21	-22	-10	14	-139

**Parent company's statement of financial position**

SEK m	Sep 30 2017	Sep 30 2016	Dec 31 2016
Non-current assets	2,752	2,886	2,887
Current assets	419	744	421
Total assets	3,171	3,630	3,308
Shareholders' equity	1,222	1,424	1,232
Provisions	49	45	54
Interest-bearing liabilities, external	270	302	270
Other liabilities	1,630	1,859	1,752
Total equity and liabilities	3,171	3,630	3,308

**Financial instruments by category - Group**

SEK m	Sep 30, 2017		Sep 30, 2016		Dec 31, 2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	1	4	7	5	5	3
Forward exchange contracts- at fair value through profit or loss	1	3	2	3	3	3
Currency swaps - at fair value through profit or loss	38	16	10	16	13	26
Financial assets available for sale	-	-	31	-	20	-
Total	40	23	50	24	41	32

Financial instruments categorized as financial assets available for sale are recognized at fair value in the statement of financial position according to Tier 1 in the fair value hierarchy, i.e. to a price quoted in an active market. Other financial instruments are recognized at fair value in the statement of financial position according to Tier 2 in the fair value hierarchy, meaning that the fair value is determinable, directly or indirectly, from observable market data. No transit has taken place between the different Tier levels during the year. Haldex multicurrency revolving credit facility and bond loan are subject to a variable interest term of 1-6 months, thus the fair values correspond to the carrying amounts. In regard of other financial assets and liabilities such as accounts receivables, other current receivables, cash and cash equivalents and debt to suppliers, the fair values are considered to correspond to the carrying amounts.

## Quarterly data

SEK m, if not otherwise stated	2017			2016				2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Income statement:</b>									
Net sales	1,081	1,184	1,148	1,054	1,076	1,147	1,097	1,052	1,189
Cost of good sold	-786	-853	-824	-774	-768	-824	-789	-772	-835
Gross income	295	331	324	280	308	323	308	280	354
Selling, admin. and product development costs	-229	-257	-251	-253	-217	-241	-236	-216	-243
Other operating income and expenses	-18	-43	-36	-52	-23	5	5	5	-103
Operating income	48	31	37	-25	68	87	77	69	8
<i>Operating income, excl. one-off items</i>	<i>68</i>	<i>78</i>	<i>81</i>	<i>48</i>	<i>80</i>	<i>87</i>	<i>77</i>	<i>76</i>	<i>116</i>
Financial income and expenses	-3	-17	7	-27	-12	3	-5	-7	-28
Income before tax	45	14	44	-52	56	90	72	62	-20
Tax	-19	-4	-15	-4	-19	-28	-24	-14	-2
Net income/loss	26	10	29	-56	37	62	48	48	-22
<b>Statement of financial position:</b>									
Non-current assets	1,259	1,274	1,291	1,306	1,195	1,178	1,162	1,177	1,145
Current assets	1,861	1,881	1,813	1,751	1,709	1,744	1,723	1,678	1,807
Total assets	3,120	3,155	3,104	3,057	2,904	2,922	2,885	2,855	2,952
Equity	1,361	1,339	1,386	1,374	1,374	1,340	1,389	1,407	1,325
Non-current liabilities	749	797	774	757	786	761	717	692	737
Current liabilities	1,010	1,019	944	926	744	821	779	756	890
Total equity and liabilities	3,120	3,155	3,104	3,057	2,904	2,922	2,885	2,855	2,952
<b>Statement of cash flow:</b>									
Cash flow from operating activities before change in working capital	75	85	49	7	66	102	99	57	26
Cash flow from operating activities	27	39	19	88	65	61	42	111	133
Cash flow from investment activities	-59	-69	-47	-81	-50	-44	-47	-52	-47
Cash flow from financing activities	35	27	7	11	0	-46	-17	-29	-8
Net cash flow	3	-3	-21	18	15	-29	-22	30	78
<b>Key figures:</b>									
Operating margin, excl. one-off items, %	6.3	6.6	7.0	4.6	7.4	7.6	7.0	7.3	9.7
Operating margin, %	4.5	2.6	3.2	-2.4	6.3	7.6	7.0	6.6	0.7
Earnings per share, before and after dilution, SEK	0.59	0.22	0.64	-1.27	0.82	1.39	1.08	1.08	-0.50
Equity per share, SEK	30.30	29.83	30.85	30.63	31.08	29.94	31.07	31.46	29.58
Cash flow, operating activities, per share, SEK	0.62	0.88	0.43	1.99	1.47	1.38	0.95	2.52	3.01
Share price, SEK	100.75	106.00	119.25	116.50	120.00	80.25	71.50	79.50	88.00
Return on capital employed excl. one-off items, % <sup>1</sup>	12.6	12.2	13.8	13.8	14.6	17.3	19.6	21.7	23.3
Return on capital employed, % <sup>1</sup>	4.2	4.6	7.7	9.7	14.1	11.7	13.9	15.9	14.3
Return on equity, %	2.1	0.7	2.1	-4.7	2.7	4.5	3.5	3.6	-1.7
Equity ratio, %	44	42	45	45	47	46	48	49	45
Net debt/equity ratio, %	42	38	39	36	37	38	27	24	33
Investments	59	69	47	81	50	44	47	52	47
R&D, %	3.7	3.4	4.0	3.6	3.4	3.6	3.5	3.9	3.5
Number of employees	2,149	2,150	2,033	2,045	2,051	2,140	2,114	2,140	2,215

<sup>1</sup> Rolling twelve months

## 5 year in summary

SEK m, if not otherwise stated	2016	2015	2014	2013	2012
<b>Income statement:</b>					
Net sales	4,374	4,777	4,380	3,920	3,933
Cost of good sold	-3,155	-3,418	-3,142	-2,827	-2,904
Gross income	1,219	1,359	1,238	1,093	1,029
Selling, admin. and product development costs	-950	-942	-857	-839	-836
Other operating income and expenses	-65	-92	-148	-101	-43
Operating income	204	325	233	153	150
<i>Operating income, excl. one-off items</i>	291	444	408	281	210
Financial income and expenses	-39	-54	-28	-43	-36
Income before tax	165	271	205	110	114
Tax	-74	-80	-98	-72	-60
Net income	91	191	107	38	54
<b>Statement of financial position:</b>					
Non-current assets	1,306	1,177	1,148	1,047	1,186
Current assets	1,751	1,678	1,788	1,439	1,414
Total assets	3,057	2,855	2,936	2,486	2,600
Equity	1,374	1,407	1,278	1,152	1,129
Non-current liabilities	757	692	718	728	967
Current liabilities	926	756	940	606	504
Total equity and liabilities	3,057	2,855	2,936	2,486	2,600
<b>Statement of cash flow:</b>					
Cash flow from operating activities before change in working capital	238	349	356	249	243
Cash flow from operating activities	256	220	435	282	238
Cash flow from investment activities	-222	-174	-151	-71	-118
Cash flow from financing activities	-52	-179	-216	-230	-164
Net cash flow	-18	-133	68	-19	-44
<b>Key figures:</b>					
Operating margin, excl. one-off items, %	6.6	9.3	9.3	7.2	5.3
Operating margin, %	4.7	6.8	5.3	3.9	3.8
Earnings per share, before and after dilution, SEK	2.00	4.28	2.32	0.80	1.12
Equity per share, SEK	30.63	31.46	28.48	26.06	25.53
Cash flow, operating activities, per share, SEK	5.8	4.99	9.84	6.38	5.38
Dividend, SEK	0.00	2.00	3.00	2.00	1.00
Share price, SEK	116.50	79.50	101.75	60.00	33.50
Return on capital employed excl. one-off items, % <sup>2</sup>	13.8	21.7	21.4	14.6	9.8
Return on capital employed, % <sup>2</sup>	9.7	15.9	12.2	7.8	7.0
Return on equity, %	6.5	14.1	8.7	3.1	3.4
Equity ratio, %	45	49	44	46	43
Net debt/equity ratio, %	36	24	21	33	51
Investments	222	174	147	94	118
R&D, %	3.5	3.6	3.4	3.5	3.4
Number of employees	2,045	2,140	2,235	2,135	2,200

<sup>1</sup> Remaining business <sup>2</sup> Rolling twelve months <sup>3</sup> Proposed dividend



## Haldex in short

Haldex develops, manufactures and distributes products for brake and suspension systems for commercial vehicles. Our customers include manufacturers of heavy trucks, buses and trailers, and axle manufacturers for these types of vehicles as well as workshops serving the aftermarket. Other applications as agriculture and special vehicles are also served. The product portfolio comprises all of the main components and sub-systems included in a complete brake or suspension system. Haldex has a global presence in terms of sales, research, development, technical service and production. Manufacturing takes place in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the USA.

Haldex is listed on the Nasdaq Stockholm Mid Cap list. The main owners are ZF (20%), and Knorr-Bremse (15%).

### Vision

A world of safer vehicles.

### Mission

We develop and provide reliable and innovative brake solutions that improve safety, vehicle dynamics and environmental sustainability in the global, commercial vehicle industry.

### Business model

Our business model is based on strong sales to the OEMs that then serves as a volume

engine; an increased installed base of Haldex products on trucks, busses and trailers results in a great potential for aftermarket sales of service and spare parts.

### Strategy

Haldex will offer a world-class, focused product range for OEM customers. Products within the portfolio should have market leading potential with features standing out among the competition. For the aftermarket, the product offering, service level, pricing and channel distribution will be adapted over the vehicles lifecycle, with the ambition to offer support during the vehicle's main lifetime. Products within the Foundation Brake product family will continue to serve as the base complemented with selected product investments in the Air Controls product family.

### Financial targets

- Organically grow faster than the market (weighted segment volume).
- Sustainable operating margin of 10% or above.
- Net debt/equity ratio less than 1.
- 1/3 of the yearly net income over a business cycle in dividend.

### Value drivers

- Number of heavy vehicles being produced.
- Development of a competitive product offering.

## Financial definitions and glossary

### FINANCIAL DEFINITIONS

Following the European Securities and Markets Authority's new guidelines for alternative key figures, the list of financial definitions have been expanded. The purpose of the added terms is to create an enhanced understanding and promote the usefulness of the financial information and provide the reader with a more nuanced and deeper picture of the business. No new key figures has been added in the period relative to the previous quarter. If the base for the calculations of alternative key figures are not stated in the report, please refer to the appendix for additional information.

**Return on equity<sup>1</sup>:** The proportion of net income for the year attributable to owners of the parent Company as a percentage of the proportion of average equity attributable to owners of the parent Company.

**Return on capital employed<sup>1</sup>:** Operating income plus interest income as a percentage of average capital employed.

**Gross margin:** Gross profit i.e net sales minus cost of goods sold, divided by net sales.

**Equity per share<sup>1</sup>:** Total equity attributable to the owners of the parent Company, divided by the average No of shares.

**One-off items<sup>1</sup>:** Income statement items, which are of non-recurring nature in normal operations. One-off items may for example include restructuring costs, impairment and product related warranties related to a specific customer obligations. The purpose of specifying this is to demonstrate the underlying business performance. For numerical data, see page 10 and the appendix.

**R&D, %<sup>1</sup>:** Research and development cost excluding depreciations divided by net sales.

**Cash flow per share:** Cash flow from operating activities divided by the average number of shares.

**Net debt<sup>1</sup>:** Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions. For numerical data, see page 7 and the appendix.

**Net debt/equity ratio<sup>1</sup>:** Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

**Earnings per share<sup>1</sup>:** Proportion of net income for the year attributable to the owners of the parent Company divided by weighted average number of shares.

**Net of interest<sup>1</sup>:** The economical difference in absolute terms between the reported interest income for financial assets and interest expense on interest-bearing liabilities and provisions.

**Interest coverage ratio<sup>1</sup>:** Operating income excluding one-off items plus interest income divided by interest expenses.

**Operating margin:** Operating income as a percentage of net sales for the year.

**Operating income:<sup>1</sup>** Operating income before financial items and tax. For numerical data, see page 10 and the appendix.

**Operating income excluding one-off items:** Operating income before financial items and tax, adjusted for one-off items. For numerical data, see page 10.

**Equity ratio:** Equity including non-controlling interests as a percentage of total assets.

**Capital employed<sup>1</sup>:** Total assets less non-interest bearing liabilities and non-interest bearing provisions.

**Currency adjusted information<sup>1</sup>:** Financial figures converted to the same exchange rate as in the comparative period. The aim is to show how the business has developed without the impact of currency fluctuations.

### GLOSSARY

**Air Controls:** Haldex's product line for products to improve brake systems' safety and driving qualities, such as treatment and dehumidifying of compressed air, valves and ABS & EBS.

**Aftermarket:** Spare parts sold to, and training and services provided to the workshops that repair and service vehicles.

**Foundation Brake:** Haldex's product line for brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and brake cylinders.

**OEM:** Original equipment manufacturer.

**Truck:** Heavy trucks and busses.

**Trailer:** Trailers attached to a semi-tractor (truck).

<sup>1</sup> Additional financial information is presented in an appendix.

## Haldex' product range

The Foundation Brake product line includes brake products for wheel ends such as disc brakes, brake adjusters and actuators. Air Controls comprises products to improve brake systems' safety and driving qualities, such as treatment of compressed air, valves and ABS and EBS.

A selection of our products in each product group:

### FOUNDATION BRAKE



**BRAKE ADJUSTERS** are the central part of a drum brake and automatically control the distance between the brake lining and the brake drum.



**DISC BRAKES** have higher braking performance. As opposed to brake adjusters, which are a part of a drum brake, Haldex manufactures complete air disc brakes.



**ACTUATORS** and brake chambers are available for both drum brakes and disc brakes. Haldex offers several versions both with and without parking brakes.

### AIR CONTROLS



**EBS** controls the braking system electronically. The system ensures that the brake power is always optimal for all brakes on a trailer including stability control.



The **SEPERATOR** Consep separates dirt, water and oil before compressed air is passed on to the air dryer, which reduces the need for maintenance in the air system.



**PARKING BRAKE CONTROL** for trailers ensures that the trailer can be manoeuvred and safely parked.



**RAISING AND LOWERING** of vehicles with the help of the vehicles suspension system. A simple handle allows the driver to raise or lower the vehicle to the correct height at the loading bay.



**AIR DRYERS** are a key part of the braking system. Clean and dry air is correctly distributed to the vehicles air sub systems.



The **LIFT AXLE CONTROL** ensures that the lift axle of a trailer is automatically raised and lowered to adapt to the load situation.

**HALDEX PUBLIC OFFER PROCESS:****The bidding fight for Haldex in chronological order****2016****JULY 14**

SAF-HOLLAND announces a bid of SEK 94.42 per share. The Board of Directors of Haldex communicates that the board is unsolicited.

**AUGUST 4**

ZF announces a bid of SEK 100 per share. The Board of Directors of Haldex recommends ZF's bid on the same date and chooses not to recommend SAF-HOLLAND's bid.

**AUGUST 11**

SAF-HOLLAND announces it will not raise its bid.

**AUGUST 19**

The acceptance period for ZF's bid begins and lasts until October 3 after an extension of a couple days.

**AUGUST 25**

SAF-HOLLAND withdraws its bid.

**SEPTEMBER 5**

Knorr-Bremse announces a bid of SEK 110 per share.

**SEPTEMBER 14**

ZF raises its bid to SEK 110 per share. The Board of Directors of Haldex recommends ZF's bid and chooses not to recommend Knorr-Bremse's bid. ZF also announces that it has received full antitrust clearance for their offer.

**SEPTEMBER 16**

Knorr-Bremse raises its bid to SEK 125 per share and ZF raises its bid to SEK 120 per share.

**SEPTEMBER 19**

The Board of Directors of Haldex recommends ZF's bid again.

**SEPTEMBER 26**

The Swedish Shareholders' Association announces that it prefers ZF's bid over Knorr-Bremse's bid. The acceptance period for Knorr-Bremse's bid begins, lasting until December 5.

**OCTOBER 5**

ZF announces that the company only reached an acceptance rate of around 30% from shareholders and therefore withdraws its bid. Knorr-Bremse's bid is thus the only valid bid remaining on the market.

**NOVEMBER 8**

Haldex board of directors announce that they recommend the offer if and when Knorr-Bremse receives clearance from relevant competition authorities. The board underlines that the process could be drawn-out.

**NOVEMBER 28**

The Swedish Shareholders' Association recommends Knorr-Bremse's offer.

**NOVEMBER 30**

ZF announce that their intention is to accept Knorr-Bremse's bid.

**DECEMBER 7**

Knorr-Bremse announce that 86.1% of the shareholders accepted the bid. The acceptance period is extended until February 28.

**DECEMBER 14**

A second request for information from the US anti-trust authorities is received.

**DECEMBER 20**

Haldex announces increased extra ordinary costs related to the competitive investigations and to remain good customer relations.

**2017****FEBRUARY 9**

Knorr-Bremse extends the acceptance period until June 16.

**APRIL 25**

The Swedish Securities Council grant the extension of the acceptance period until September 26.

**JUNE 28**

Knorr-Bremse announces that the Competition Authority in the EU is likely to initiate a Phase II of the investigation and, if so, they will apply at the Swedish Securities Council for an extension of the acceptance period until 9 February 2018.

**JUNE 29**

Haldex withdraws its support for Knorr-Bremse's bid based on feedback from the European Competition Authority, as the likelihood of the bid being approved, despite remedies, is very low.

**JUNE 30**

Knorr-Bremse announces that they continue the process without Haldex' support and that they request an extraordinary general meeting to force the board to cooperate.

**JULY 7**

Haldex is strengthened in its conclusion that the likelihood of the bid being approved is still very low after feedback from the US Competition Authority.

**AUGUST 17**

The extraordinary general meeting is held on request from Knorr-Bremse. The Board announce that they will not follow the resolution from the meeting as it's in conflict with the Company's Act.

**SEPTEMBER 7**

The Swedish Securities Council is not granting an extension of Knorr-Bremse's public offer.

**SEPTEMBER 19**

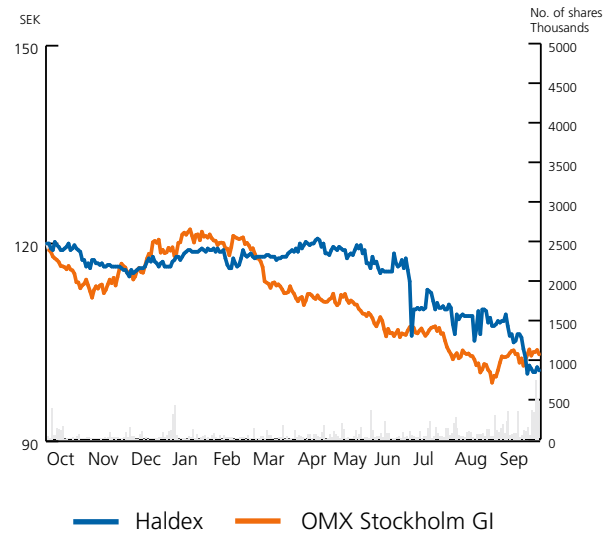
Knorr-Bremse withdraws its offer.

*This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.*

## Haldex share

Jul-Sep

Change in share price	-5%
Share price (Sep 30)	100.75 SEK
Market capital (Sep 30)	4,455 MSEK
Highest share price	113.00 SEK
Lowest share price	100.25 SEK
Average No. of traded shares/day	121,238
Total No. of shares (Sep 30)	44,215,970



## Press and analyst meeting

Media and analysts are invited to a telephone conference at which the report will be presented with comments by Åke Bengtsson, Acting President and CEO. The presentation will also be webcasted live and you can participate with questions by telephone.

Date & Time: Wednesday, October 25 at 11.00 CET

The press conference is broadcasted at:  
<https://tv.streamfabriken.com/haldex-q3-2017>

To join the telephone conference:

SE: +46 8 519 99 364  
UK: +44 203 00 898 03  
US: +1 855 831 59 44

The webcast will also be available afterwards and you can download the Interim report and the presentation from Haldex website:  
<http://www.haldex.com/financialreports>

### Financial calendar 2018

Annual statement	14 February
Interim report, Jan-Mar	25 April
Annual general meeting	3 May
Interim report, Apr-Jun	18 July
Interim report, Jul-Sep	25 October

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