Earnings conference call
Q1 2019
Äke Bengtsson, President & CEO
Andreas Larsson, CFO
April 25, 2019
Agenda

- Business Summary
- Market Update
- Sales & Operations
- Financials
- Way forward
Business Summary
Q1 2019

Improved margins on a weaker market

- Improved profitability. Operating margin of 7.2%.
- Cash flow from operations declined but earnings per share increased.
- “Scalable Brake System” added as a third product line.
- Long-term objective of an operating margin of 10% to be reached in 2022, excluding investments in new technology. Margin of 7.5% in Q1.
Market update
North America official build rates increased with 20% in Q1. The North American market is expected to grow with 6% in 2019.

European build rates increased with 3% in Q1. The European market is expected to increase with 2% in 2019.

China and India are expected to decline, and Brazil to grow in 2019.

Source: 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.
North America official build rates increased with 10% in Q1. The North American market is expected to decline with 1% in 2019.

European build rates decreased with 15% in Q1. The European market is expected to decline with 11% in 2019.

China and India are expected to decline and Brazil to grow in 2019.

Source: 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.
Sales & Operations
Sales, Haldex Group

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1/19</th>
<th>Q1/18</th>
<th>change¹</th>
<th>2018</th>
<th>2017</th>
<th>change¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truck</td>
<td>336</td>
<td>317</td>
<td>-3%</td>
<td>1,295</td>
<td>1,029</td>
<td>24%</td>
</tr>
<tr>
<td>Trailer</td>
<td>430</td>
<td>427</td>
<td>-5%</td>
<td>1,593</td>
<td>1,400</td>
<td>11%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>573</td>
<td>508</td>
<td>4%</td>
<td>2,231</td>
<td>2,033</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>1,339</td>
<td>1,252</td>
<td>-1%</td>
<td>5,119</td>
<td>4,462</td>
<td>12%</td>
</tr>
</tbody>
</table>

¹ currency adjusted
Sales per product line

**Foundation Brake:** Disc brake and actuator sales continued to increase. Sales of automatic brake adjusters decreased in China.

**Air Controls:** Air treatment products and valves were growing within Air Controls. Air suspension products have declined.

**Scalable Brake System:** New product line added for technology for self-driving and electrical heavy vehicles. No revenue yet.

<table>
<thead>
<tr>
<th></th>
<th>Q1/19</th>
<th>Q1/18</th>
<th>change¹</th>
<th>2018</th>
<th>2017</th>
<th>change¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Brake</td>
<td>768</td>
<td>739</td>
<td>-3%</td>
<td>3,008</td>
<td>2,529</td>
<td>17%</td>
</tr>
<tr>
<td>Air Controls</td>
<td>571</td>
<td>513</td>
<td>3%</td>
<td>2,111</td>
<td>1,933</td>
<td>6%</td>
</tr>
<tr>
<td>Scalable Brake System</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

¹ currency adjusted
Scalable Brake System

- Third winter test of Fast Acting Brake Valve (FABV) in Arjeplog.
- Continued tests of the Electromechanical disc brake (EMB) in China.
- Customers requiring two winter tests, resulting in start of sales beginning of 2021.
Technology shift in China and North America

- All new heavy vehicles in China must have automatic brake adjusters as of 2018. Many manufacturers are not compliant with the law.
- Large decline on brake adjusters in China compared to Q1 last year.
- The shift to disc brakes in North America started on buses and trucks, but is now also happening on trailers.
- Haldex is targeting the fleets.
- Haldex truck disc brake to be launched by end of the year. Production capacity to be in use next year.
Sales per region

**Europe:** Sales of disc brakes have increased while brake adjusters and actuators have declined.

**North America:** Increase of brake adjuster, actuator and ABS sales. Disc brake sales is growing, but from low levels.

**Asia:** Decrease of brake adjusters in China due to low compliance to the new law. Actuator sales have increased.

**South America:** In Brazil, revenue increased due to increased sales of brake adjusters.

<table>
<thead>
<tr>
<th>Region</th>
<th>SEK million</th>
<th>Q1/19</th>
<th>Q1/18</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>480</td>
<td>467</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>671</td>
<td>559</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Asia &amp; Middle East</td>
<td>143</td>
<td>188</td>
<td>-28%</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>45</td>
<td>38</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

1 currency adjusted
Driving efficiency
Operating profit Q1/18 to Q1/19

MSEK

Q1/18

Products
Aftermarket
Supply Chain
New technology

Q1/19

86
97
Towards 10% operating margin excluding investments in new technology
Financials
Earnings

Sales & Margins*

<table>
<thead>
<tr>
<th>Month</th>
<th>Q1/19</th>
<th>Q1/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR Margin, %</td>
<td>24.9</td>
<td>26.0</td>
<td>-1.1</td>
</tr>
<tr>
<td>Operating income, SEK million</td>
<td>97</td>
<td>86</td>
<td>13%</td>
</tr>
<tr>
<td>Operating income (excl one-off items), SEK million</td>
<td>97</td>
<td>86</td>
<td>13%</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>7.2</td>
<td>6.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Operating margin (excl one-off items), %</td>
<td>7.2</td>
<td>6.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Operating margin (excl new technology), %</td>
<td>7.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income, SEK million</td>
<td>68</td>
<td>58</td>
<td>18%</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>1.54</td>
<td>1.30</td>
<td>18%</td>
</tr>
</tbody>
</table>

0 (0) MSEK in one-off items during 2019.
Cash Flow

Working Capital & Cash Conversion Days

Cash flow from operating activities

Cash flow after net investments*

<table>
<thead>
<tr>
<th></th>
<th>Q1/19</th>
<th>Q4/18</th>
<th>Q3/18</th>
<th>Q2/18</th>
<th>Q1/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK m</td>
<td>-84</td>
<td>199</td>
<td>74</td>
<td>65</td>
<td>-64</td>
</tr>
<tr>
<td></td>
<td>-127</td>
<td>78</td>
<td>-8</td>
<td>-12</td>
<td>-135</td>
</tr>
</tbody>
</table>

* excluding one-off items
# Financial Key Figures

Q1 2019 vs. Q4 2018

<table>
<thead>
<tr>
<th></th>
<th>Mar 31 2019</th>
<th>Dec 31 2018</th>
<th>Quarterly change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital</td>
<td>1,029</td>
<td>796</td>
<td>+29%</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>712</td>
<td>664</td>
<td>+7%</td>
</tr>
<tr>
<td>Capital employed</td>
<td>3,334</td>
<td>2,648</td>
<td>+26%</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,377</td>
<td>3,689</td>
<td>+19%</td>
</tr>
<tr>
<td>Equity</td>
<td>1,708</td>
<td>1,611</td>
<td>+6%</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,356</td>
<td>732</td>
<td>+29%</td>
</tr>
<tr>
<td>Return on capital employed (excl. one-off items), %</td>
<td>11.5</td>
<td>11.8</td>
<td>-0.3</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>9.7</td>
<td>9.8</td>
<td>-0.1</td>
</tr>
<tr>
<td>Equity ratio, % (excl IFRS16)</td>
<td>43</td>
<td>44</td>
<td>-1</td>
</tr>
<tr>
<td>Net debt/Equity ratio, % (excl IFRS16)</td>
<td>55</td>
<td>45</td>
<td>+10</td>
</tr>
</tbody>
</table>

1) IFRS 16 impact on Q1-19 of +412 MSEK.
2) Rolling twelve months, excluding IFRS 16.
Way forward
How Haldex creates value

CURRENT CORE BUSINESS

10% OPERATING MARGIN
GROWING FASTER THAN THE MARKET

INVESTMENTS IN NEW TECHNOLOGY
Scalable Brake System
- Electromechanical disc brake
- Fast Acting Brake Valve
- ...

MARKET TRENDS
- Connectivity
- Electrification
- Autonomous driving

Higher share of value per vehicle
= HIGER REVENUES

More advanced products
= HIGER MARGINS
Market outlook 2019

- **North America**
is expected to continue to increase its production levels in 2019. However, the North American market can fluctuate rapidly, and it is difficult to assess whether the growth will last the entire year.

- **Europe**
is estimated to decline slightly compared to 2018.

- **China**
will have a weaker market in 2019. Haldex can partly withstand a downturn given that automatic adjusters are currently required by law on heavy vehicles.

- **India**
is expected to have a weak year with lower production levels.

- **Brazil**
will experience cautiously optimistic market growth, although from low levels.
Haldex in 2019

Sales will increase in North America in 2019, but this will be offset by unchanged or lower sales in other regions. As a whole, this will lead to sales in 2019 that are expected to be in line with 2018. Haldex’s assessment is that the operating margin in 2019, including increasing investments in new technology, will be in line with or higher than the operating margin excluding one-off items in 2018.
Questions?

Thank You!