



Innovative Vehicle Solutions

## **PRESS RELEASE**

Landskrona, Sweden, February 12, 2015

# **Haldex annual statement 2014**

## **A year with solid growth and improved profitability**

Net sales for 2014 totaled SEK 4,380 (3,920) m, equivalent to growth of 12% compared with the same period of the previous year. After currency adjustments, net sales increased by 8%. Net sales for Q4 amounted to SEK 1,092 (908) m, equivalent to growth of 10% after currency adjustments.

Operating income for 2014 excluding one-off items amounted to SEK 408 (281) m, which is equivalent to an operating margin of 9.3 (7.2)%. Including one-off items, operating income was SEK 233 (153) m and the operating margin was 5.3 (3.9)%. Operating income for Q4 excluding one-off items amounted to SEK 101 (66) m, corresponding to an operating margin of 9.3 (7.3)%.

Net income was impacted by one-off items in the amount of SEK 175 (128) m for the full year, and in the amount of SEK 69 (13) m for Q4. SEK 112 (128) m of the total amount of one-off items are attributable to the restructuring program.

In November, Haldex launched a field inspection campaign of one of its actuator models in the North American market. Based on a thorough analysis of the field inspection results, an additional root cause, that can occur during special conditions, has been identified. Haldex has therefore decided to extend the campaign to include product replacements. The cost is estimated at SEK 65 m. This amount replaces the previous estimate of SEK 35 m, which was announced in the Q3 interim report. The entire amount had a negative impact on earnings in Q4 as a one-off item.

Net income after tax for 2014 totaled SEK 107 (38) m and the earnings per share for 2014 totaled SEK 2.32 (0.80). The corresponding figures for Q4 are SEK 17 (12) m for net income after tax and SEK 0.38 (0.26) for earnings per share.

Cash flow from operating activities amounted to SEK 435 (282) m for the full year and SEK 204 (76) m for Q4.

The Board of Directors of Haldex proposes to the Annual General Meeting that a dividend of SEK 3.00 (2.00) per share shall be distributed.

#### **Key figures for October – December 2014**

(same period previous year in brackets)

- Net sales, SEK m 1,092 (908)
- Operating income, excl. one-off items, SEK m 101 (66)
- Operating income, SEK m 32 (53)
- Operating margin, excl. one-off items, % 9.3 (7.3)
- Operating margin, % 3.0 (5.9)
- Return on capital employed, excl. one-off items, %<sup>1</sup> 21.4 (14.6)
- Return on capital employed, %<sup>1</sup> 12.2 (7.8)
- Net income, SEK m 17 (12)
- Earnings per share, SEK 0.38 (0.26)
- Cash flow, operating activities, SEK m 204 (76)

#### **Key figures for full year 2014**

(same period previous year in brackets)

- Net sales, SEK m 4,380 (3,920)
- Operating income, excl. one-off items, SEK m 408 (281)
- Operating income, SEK m 233 (153)
- Operating margin, excl. one-off items, % 9.3 (7.2)
- Operating margin, % 5.3 (3.9)
- Return on capital employed, excl. one-off items, %<sup>1</sup> 21.4 (14.6)
- Return on capital employed, %<sup>1</sup> 12.2 (7.8)
- Net income, SEK m 107 (38)
- Earnings per share, SEK 2.32 (0.80)
- Cash flow, operating activities, SEK m 435 (282)

<sup>1)</sup> *Rolling twelve months*

#### **Comment from Bo Annvik, President and CEO:**

"It is not without a certain sense of pride that I look back on the past year. We grew faster than the market in 2014 and also improved our profitability to a level Haldex has not seen in many years. We have worked on streamlining and concentrating our business over the past two years and we are now seeing the results of these efforts.

The extensive customer agreements involving disc brakes we signed with customers such as Daimler serve as a foundation for us to continue to expand in this important product group. We have taken market shares in Europe and are well equipped when disc brake sales take off. Now that the German union negotiations are complete, we are seeing the end of the restructuring program that had been in progress since 2013. We can then focus more on investment projects instead of restructuring projects. The new R&D center in Pune, India has been established at the right time on a market that has begun to recover after several poor years. Our development engineers in the UK have just moved into the new R&D and testing center, which is part of the MIRA test track. With the new building in place, engineering and testing will be co-located, leading to shorter development cycles and greater customer orientation.

Our long-term vision is for Haldex products to have zero errors. We are working very hard to constantly improve our operations and are already operating at a high level. In spite of this, we have a warranty case in North America requiring much attention in the form of a field inspection and product replacements. The failure rate is extremely low, 0.03%, but we of course take responsibility for our products and we want to be a good long-term partner to our customers. We are looking to consistently achieve a 10% operating margin, and this requires that our business be firing on all cylinders.

In the latter half of 2014, we were able to put in place the last part of our strategy and we presented updated long-term financial targets. 2014 was a testament to our ability to profitably grow faster than the market and we will tirelessly continue onward in this direction in 2015. In addition to organic growth, we are also interested in complementary acquisitions. The future market situation does not look as positive as in 2014. We estimate an increase of produced trucks and trailers, but since they have already reached a high level, the relative growth rates on the market are expected to be lower than in 2014. However, it is still a positive market to operate on, which gives us good prospects for a solid year in 2015.”

#### **Full interim report**

The full interim report is available at <http://www.haldex.com/financialreports> or at <http://news.cision.com/haldex>

#### **Press and analyst meeting**

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

**Date & Time:** Thursday February 12 at 10.00 CET

**The press conference is broadcasted at:** <http://edge.media-server.com/m/p/eergta9r>

#### **To join the telephone conference:**

Sweden: +46 8 505 564 74

UK: +44 203 364 5374

Denmark: +45 354 455 79

USA: +1 855 753 2230

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>

For further information, visit [www.haldex.com](http://www.haldex.com) or contact:

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### **About Haldex**

With more than 100 years of intensely focused innovation, Haldex holds unrivaled expertise in brake systems and air suspension systems for heavy trucks, trailers and buses. We live and breathe our business delivering robust, technically superior solutions born from deep insight into our customers' reality. By concentrating on our core competencies and following our strengths and passions, we combine both the operating speed and flexibility required by the market. Collaborative innovation is not only the essence of our products – it is also our philosophy. Our 2,235 employees, spread on four continents, are constantly challenging the conventional and strive to ensure that the products we deliver create unique value for our customers and all end-users. We are listed on the Nasdaq OMX Stockholm Stock Exchange and have net sales of approximately 4 billion SEK.

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