



# HALDEX INTERIM REPORT

January - March 2016

## Q1 2016

### Solid operating margin in spite of weaker market conditions

Market conditions continued to weaken in Q1, resulting in lower sales, especially in North America. Lower actuator sales were the single biggest cause of the lower net sales figures. Solid cost controls, implemented cost savings and an improved gross margin partially offset the decrease in sales and had a positive impact on the operating margin. Cash flow improved compared with the same period of the previous year.

- Net sales for Q1 totaled SEK 1,097 (1,246) m, equivalent to a 12% decrease compared with the same period of the previous year. After currency adjustments, net sales decreased by 11% in Q1.
- Operating income for Q1 excluding one-off items amounted to SEK 77 (115) m, which is equivalent to an operating margin of 7.0 (9.3)%. No one-off items were recognized in Q1, which resulted in an operating margin of 7.0 (9.2) including one-off items as well.
- Net income after tax totaled SEK 48 (79) m and earnings per share totaled SEK 1.08 (1.78) for Q1.
- Cash flow from operating activities in Q1 totaled SEK 42 (2) m.
- The board of directors has proposed to the annual general meeting that a dividend of SEK 2.00 (3.00) per share be distributed. In addition, the board has proposed that shares be repurchased for use in acquisitions or to be cancelled, thus increasing shareholder value. Haldex will hold its annual general meeting on May 3, 2016.

Key figures	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net sales, SEK m	1,097	1,246	-12%	4,777
Operating income, excl. one-off items, SEK m	77	115	-33%	444
Operating income, SEK m	77	114	-33%	325
Operating margin, excl. one-off items, %	7.0	9.3	-2.3	9.3
Operating margin, %	7.0	9.2	-2.2	6.8
Return on capital employed, excl. one-off items,% <sup>1</sup>	19.6	22.4	-2.8	21.7
Return on capital employed,% <sup>1</sup>	13.9	13.5	0.4	15.9
Net income, SEK m	48	79	-39%	191
Earnings per share, SEK	1.08	1.78	-39%	4.28
Cash flow, operating activities, SEK m	42	2	40	220

<sup>1</sup> Rolling twelve months

Haldex discloses the information in this Interim Report according to the Swedish Securities Market Act and/or the Swedish Financial Trading Act. The information was provided for public release at 7:20 CEST on Friday, April 22, 2016.

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



Innovative Vehicle Solutions

## CEO comment

Net sales for Q1 were down substantially year-on-year. The decline in demand in North America combined with the effects of the product recall impacted our sales significantly. However, we saw some improvement in March which continued into April and I therefore see no signs that the situation for Haldex will further deteriorate.

We had solid cost controls in Q1 and raised our gross margin. The change in the operating margin is directly correlated with lower net sales and not higher expenses. Currency fluctuations also impacted the operating margin negatively by 0.7 percent, resulting in an operating margin of 7.7% after currency adjustments. A Haldex that can deliver high profitability even when net sales are down significantly remains one of our highest priorities and we are continuing to work toward the target of at least 10% operating margin we set for the long term.

### North America

The product recall of one type of our actuators on the US market is continuing to impact us. About half of the sales decline we experienced in Q1 is related to actuators. The improved version of the recalled actuator will be launched after the summer, but we will already initiate customer discussions in Q2, which will give us indications of how well we have succeeded in regaining the customer confidence.

In late February, we relaunched our disc brake in the US after several years of being unable to sell and market this product due to a patent dispute. The response from both customers and media has been very positive and several customers expressed interest in getting to know the product better straight away. Our goal is to secure a contract on the US market with a trailer customer before the end of the year, which would be of great strategic value.

We have everything we need to get back to previous net sales levels in North America. However, it will take time due to the generally weak market conditions. Visible effects cannot be expected until the end of the year.

### Products driving growth

Haldex has a strong product portfolio with the disc brake serving as its main growth driver. As previously announced, net sales from this product category are expected to increase by one-third this year and then gradually reach even higher volumes over the coming years. In Q1, one of our customers renewed a delivery agreement for 2016-2018, guaranteeing us a certain minimum volume. We are the primary supplier in this contract, which is a strong signal that we have succeeded in gaining the confidence of the customer in spite of our size relative to competitors. However, the delivery levels they have now confirmed were included in our previous forecasts, which means that this agreement does not change our expected net sales from this product group, but it does give us a stronger position with the customer and a better reputation on the market.

Other discussions with major truck manufacturers have proceeded according to plan. No customer has made a final decision on their choice of supplier yet in ongoing processes. A decision is not ex-



Bo Annvik  
President and CEO

pected until the fall. It is worth noting that the long planning times which are standard in our industry and revenue from these contracts is expected to start coming in 2020.

### Stable aftermarket

The aftermarket is usually relatively stable when new production decreases. There is a transitory period though where accumulated inventories are used first before there is a noticeable change on the aftermarket. However, the aftermarket has had a stabilizing effect in Q1, which is positive.

Haldex is aiming to broaden its range of products for the aftermarket, which is even more important now that new production is decreasing. In mid-April, we launched our two new brands on a broad front – Midland for North America and Grau for Europe. This is a part of our efforts to put out a broader range of products focused on third and fourth vehicle owners, which have shorter service life requirements and do not want to pay for a premium product. We also launched our new website which has a new addition: an e-commerce platform, which is mainly geared toward our aftermarket customers. Our North American customers are the first to get access to the e-commerce platform, followed closely by our European customers later this year. Haldex has never previously offered e-commerce to a major customer group and we are confidently looking forward to how this channel can supplement our current sales.

### Market outlook

Our outlook for 2016 remains unchanged in comparison to the previous quarterly report. The European market is looking promising in 2016 with an increase in order intake, while North America is forecast to see a decline from a strong year in 2015. However, 2016 is forecast to be a year of above-average volumes in North America from a historical perspective. The positive trend will continue in India, but we expect no significant improvement in Brazil and China in 2016.

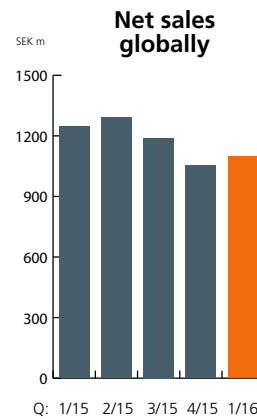
We are sticking with our forecast that 2016 will be a year where we will still be feeling the effects of the events in North America and struggle to generate growth. However, our goal is to continue ensuring solid profitability, and the operating margin for Q1 can be considered realistic under current market conditions.

Bo Annvik  
President and CEO

## Net sales for the Group

Net sales for Q1 totaled SEK 1,097 (1,246) m, equivalent to a 12% decrease in absolute terms compared with the same period of the previous year. After currency adjustments, net sales decreased by 11%.

The main factor that impacted net sales positively in Q1 is continuing disc brake growth. The decrease in sales mainly stems from North America and the actuator product group.



## Net sales per product line

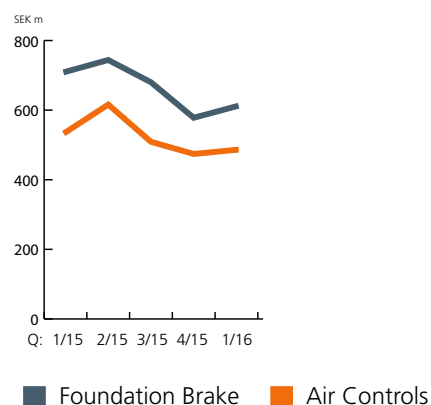
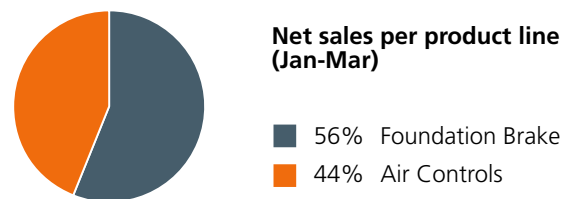
Net sales, SEK m	Jan-Mar 2016	Jan-Mar 2015	Change <sup>1</sup>	Full year 2015
Foundation Brake	611	710	-13%	2,712
Air Controls	486	536	-8%	2,065
Total	1,097	1,246	-11%	4,777

<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 amounted to SEK 611 (710) m in Q1. After currency adjustments, this is a 13% decrease compared to the same period of the previous year. Disc brake sales continued to increase in Q1. Actuator sales have however fallen, mainly due to the product recall ongoing throughout the past year in North America. Brake adjuster sales have also fallen due to the increased penetration of disc brakes.

Net sales within Air Controls amounted to SEK 486 (536) m in Q1. After currency adjustments, this is an 8% decrease compared to the same period of the previous year. In Air Controls, ABS and valve sales proved resistant to the general decline brought about by the weaker market conditions. The largest decline in sales was in Reman. The decrease is mainly attributable to one customer with financial problems who has chosen to manage product remanufacturing in-house. An older product in Air Controls is being phased out as part of the transition in Germany, which also had a negative impact on sales.



## Net sales per customer category

Net sales, SEK m	Jan-Mar 2016	Jan-Mar 2015	Change <sup>1</sup>	Full year 2015
Truck (including buses)	259	339	-22%	1,276
Trailer	344	379	-9%	1,380
Aftermarket	494	528	-6%	2,121
Total	1,097	1,246	-11%	4,777

<sup>1</sup> Currency adjusted

Haldex operates on the market via three customer categories: Truck, Trailer and Aftermarket. Net sales within Truck amounted to SEK 259 (339) m in Q1. After currency adjustments, this is a 22% decrease compared to the same period of the previous year. Truck sales mainly decreased in North America and Europe during the quarter, while increasing in Asia. A decrease in actuator sales and the phasing out of an older version of an Air Controls product had a negative impact from a product perspective. In addition, actuator sales decreased as a result of the increased penetration of disc brakes.

Net sales within Trailer amounted to SEK 344 (379) m in Q1. After currency adjustments, this is a 9% decrease compared to the same period of the previous year. The successes of our disc brakes have been counterbalanced by a decrease in actuator sales.

Net sales in the Aftermarket amounted to SEK 494 (528) m in Q1. After currency adjustments, this is a 6% decrease. Aftermarket sales in Europe and Asia have been stable, but fell in North America and South America during the quarter.



Net sales per customer category (Jan-Mar)

- 24% Truck
- 31% Trailer
- 45% Aftermarket

## Industry production trends

New 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>	Jan-Mar 2016	Change <sup>2</sup>	Full year 2016	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	62,560	-20%	235,560	-26%	
Europe	103,740	8%	450,838	7%	
China	145,857	-6%	561,081	5%	
India	58,597	30%	190,363	5%	
South America	10,057	-42%	51,000	-1%	
All regions	380,811	-3%	1,488,842	-1%	
<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	80,600	-2%	305,900	-7%	
Europe	77,181	11%	309,961	9%	
China	63,000	-2%	258,000	7%	
India	12,500	57%	39,500	14%	
South America	7,700	0%	36,500	6%	
All regions	240,981	4%	949,861	3%	

<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

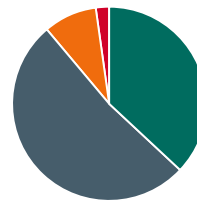
Net sales, SEK m	Jan-Mar 2016	Jan-Mar 2015	Change <sup>1</sup>	Full year 2015
Europe	403	427	-5%	1,573
North America	569	673	-16%	2,641
Asia & Middle East	97	102	-1%	430
South America	28	44	-14%	133
Total	1,097	1,246	-11%	4,777

<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 amounted to SEK 403 (427) m in Q1. After currency adjustments, this is a 5% decrease compared to the same period of the previous year. In Europe, disc brake sales to Trailer customers increased in Q1. An older type of an Air Controls product, which was gradually phased out, and a decrease in brake adjuster sales resulting from the increased penetration of disc brakes have had a negative impact on sales.

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 amounted to SEK 569 (673) m in Q1. After currency adjustments, net sales decreased by 16% compared with the same period of the previous year. Sales were mainly impacted negatively in Q1 by the product recall of one of Haldex's actuator models. Reman has continued to decline at pace with the previous year. In addition, brake adjuster sales fell in Q1 as a result of customers continuing to adjust their inventory levels to expectations of lower demand.

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 amounted to SEK 97 (102) m in Q1. After



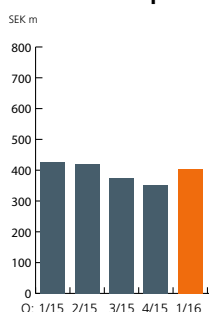
Net sales per region (Jan-Mar)

37%	Europe
52%	North America
9%	Asia & Middle East
2%	South America

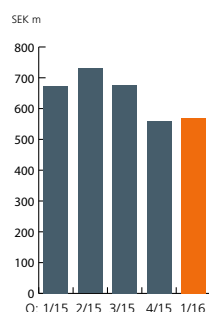
currency adjustments, net sales decreased by 1% compared with the same period of the previous year. Growth has been solid on the Indian market, while the Chinese market remained weak during the quarter.

In South America, sales for Truck are more significant than sales for Trailer and the aftermarket. Net sales in Q1 totaled SEK 28 (44) m, which, after currency adjustments, is a 14% decrease. In Brazil, which is the most important market in South America, truck manufacturers cut down on production significantly, while Haldex's net sales in Trailer have grown.

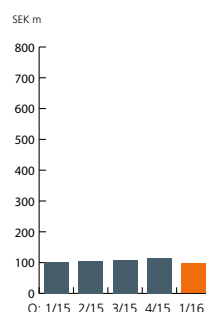
Net sales Europe



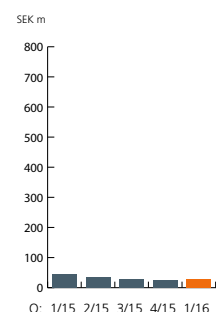
Net sales North America



Net sales Asia & Middle East



Net sales South America



# Earnings

Operating income excluding one-off items amounted to SEK 77 (115) m for Q1. This corresponds to an operating margin of 7.0 (9.3)%. Given that no one-off items were recognized in Q1 2016, the operating income and operating margin including one-off items came in at corresponding amounts, i.e. SEK 77 (114) m and 7.0 (9.2)% respectively. Continuing solid cost controls, implemented savings from the restructuring program and an improved gross margin have partially offset the decrease in net sales.

Income before tax totaled SEK 72 (101) m for Q1. Net income after tax for Q1 came in at SEK 48 (79) m, which was equal to earnings per share of SEK 1.08 (1.78).

Currency fluctuations, including the result of currency hedging and currency translation effects, had a negative impact on the Group's operating income excluding one-off items, which came in at SEK 9 m in Q1.

## Product recall

In late 2014, Haldex began a field inspection followed by a product recall of one type of the Company's actuators on the North American market. The recall is estimated to span a total of 159,000 brake cylinders. The expected total cost is estimated to be USD 20 m (SEK ~170 m), which impacted 2014 and 2015. No further costs are expected to impact 2016 as a part of the product recall. However, the product recall impacts sales negatively due to lower customer confidence and the lack of a replacement product.

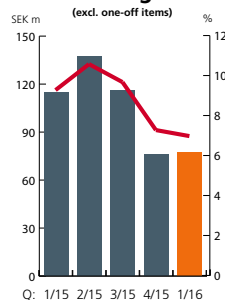
## Restructuring activities

Haldex announced a restructuring program in 2013 which was completed in 2015. Of the program's estimated savings of SEK 85 m, the remaining SEK 30 m on an annual basis will be realized in 2016. The program's cash effects were estimated to SEK 100 m and of these one third has not been paid out. Remaining payments will gradually be made during 2016 and 2017.

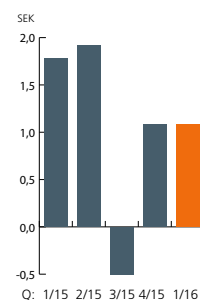


Assembly of the disc brake.

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



### Earnings per share



## Earnings

Operating income, excl. one-off items, SEK m	77	115	-33%	444
Operating income, SEK m	77	114	-33%	325
Operating margin, excl. one-off items, %	7.0	9.3	-2.3	9.3
Operating margin, %	7.0	9.2	-2.2	6.8
Net income, SEK m	48	79	-39%	191
Earnings per share, SEK	1.08	1.78	-39%	4.28

	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Operating income, excl. one-off items, SEK m	77	115	-33%	444
Operating income, SEK m	77	114	-33%	325
Operating margin, excl. one-off items, %	7.0	9.3	-2.3	9.3
Operating margin, %	7.0	9.2	-2.2	6.8
Net income, SEK m	48	79	-39%	191
Earnings per share, SEK	1.08	1.78	-39%	4.28

## Financial position

As of March 31, 2016, the Group's net debt was SEK 377 m, an increase of SEK 42 m in comparison to the start of the year. This change is mainly related to a decrease in cash and cash equivalents and an increase in pension liabilities. Financial items amounted to SEK -5 (-13) m, including net interest income and expenses of SEK -5 (-5) m. Shareholders' equity amounted to SEK 1,389 (1,416) m, resulting in an equity/asset ratio of 48 (43)%.

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 that was renegotiated during the quarter. The new credit facility is maturing in 2021.

### Pledged assets and contingent liabilities

There were no changes to the Group's pledged assets or contingent liabilities in Q1.

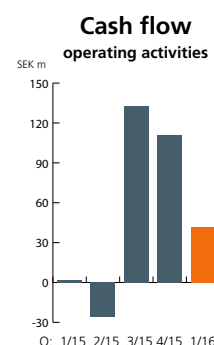
Net debt, SEK m	Mar 31 2016	Mar 31 2015	Change	Dec 31 2015
<i>Assets as part of the net debt:</i>				
Cash and cash equivalents	277	418	-34%	304
<i>Liabilities as part of the net debt:</i>				
Interest-bearing liabilities including derivative instruments	-257	-309	-17%	-271
Pension liabilities <sup>1</sup>	-397	-456	-13%	-368
Net debt in total	-377	-347	8%	-335
Net of interest during the year	-5	-5	0%	-26

<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 in Q1 totaled SEK 42 (2) m. Operating cash was negatively impacted by the lower net income and payments of a one-time nature in the amount of SEK 27 (3) m. However, we are seeing a stronger cash flow in Q1 of this year driven by lower working capital commitments.

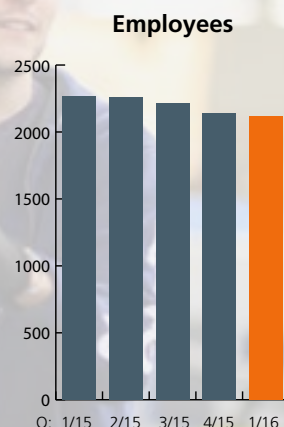
Investments totaled SEK -47 (-32) m in Q1 and cash flow after investments amounted to SEK -5 (-30) m. Total cash flow was SEK -22 (-37) m for Q1.



Cash flow and cash equivalents, SEK m	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Cash flow, operating activities	42	2	40	220
Cash flow after investment activities	-5	-30	25	46
Cash and cash equivalents (at end of period)	277	418	-141	304

## Employees

At the end of Q1, the number of employees was 2,114 (2,265), which is 26 less than at the end of 2015. The largest staff changes occurred in Mexico, Germany and Hungary.



## 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 in Q1 amounted to SEK 25 (27) m, while the net income after tax was SEK 22 (513) m. This net income includes dividends from Group companies amounting to SEK 0 (496) m.

## Annual general meeting

Haldex will hold its annual general meeting on May 3, 2016 at 4:00 p.m. at Haldex in Landskrona, Sweden. At 3 p.m. shareholders are also invited to attend a brief presentation of some of Haldex's areas of activity or a guided tour of the factory.

Notice of the annual general meeting was given on March 29 and the notice is published on Haldex's website along with the complete documentation for the meeting, including the annual report.

## The nomination committee's proposed board members

Göran Carlson (through his company), Elisabet Jamal Bergström (Handelsbanken Fonder), Anders Algotsson (AFA Försäkring) and Nils Bolmstrand (Nordea fonder) will be serving on the nomination committee for the 2016 Haldex Annual General Meeting.

The committee proposes that the number of board members remain at six, with zero deputies. The nomination committee pro-

poses that the following members be re-elected: Göran Carlson, Magnus Johansson, Staffan Jufors, Carina Olson and Annika Sten Pärson. In addition, the committee proposes that Anders Nielsen be elected as a new board member. The committee further proposes that Göran Carlson be re-elected as chairman of the board. Arne Karlsson has declined to run for re-election.

Anders Nielsen, born in 1962, is currently Head of Business development at Volkswagen Truck & Bus including brands such as MAN and SCANIA. After studies in Industrial Engineering and Management at Linköpings Tekniska Högskola, Anders was employed at Scania in 1987. He has previously held positions such as Production manager for transmissions and cabins as well as Technical director for Latin America. In recent years, Anders has been globally responsible for operations and logistics within Scania before he in 2012 was appointed President for MAN Truck & Bus.

## Dividend and share buy-back

The board of directors proposes to the annual general meeting that a dividend of SEK 2.00 (3.00) per share be distributed, which corresponds to a total distribution to shareholders of SEK 88 (133) m. In addition, the board proposes that the annual general meeting repurchase shares for use in acquisitions or to be cancelled, thus increasing shareholder value.

## 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 annual report and corporate governance report for 2015 on pages 27-30 and 69-77. As described in the annual report, the consolidated financial statements present certain judgments and assumptions about the future that are based on both historical experience and future expectations. Goodwill, development projects, taxes, guarantee reserves, pensions and the impact of restructuring programs are the areas representing the highest risk of future adjustments to recognized values.

#### 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.

#### 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 2015.

#### Seasonal effects

Haldex does not have any significant seasonal variations. Sales are however affected by the production schedules of Haldex's customers, which result in lower sales during vacation periods and when customers are closed for public holidays, such as for New Year.

#### Accounting policies

This interim report is presented in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements 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 2015 Annual Report on pages 39-43.

#### *Changed estimates and judgments*

Actuarial assumptions for the measurement of the Group's pension liability are assessed on an ongoing basis, which resulted in a net increase in the pension liability by SEK 39 (60) m in Q1. This change is primarily related to lower discount rates than previously in countries where the Group has larger provisions for pensions.

## Objectives and market outlook

### Long-term financial targets

- Grow organically faster than the market (weighted volume per segment).
- Consistently achieve an operating margin of 10% or more.
- Net debt/equity ratio below 1.
- Distribute 1/3 of the net profit for the year over an economic cycle to shareholders.

### Outlook for 2016

The official production forecasts provide insight into how the market is expected to perform. However, Haldex does not have an even distribution of revenues between the different categories of Truck and Trailer 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** is forecast to continue with high volumes in 2016, but with a significantly lower volume than in the strong year of 2015.

**Europe** has gradually improved and 2016 is expected to be a year with growth of a couple percentage points.

**China** has gradually weakened and its outlook for 2016 remains negative.

**India** has recovered after a long period of negative growth. Haldex estimates that market conditions will be very positive in 2016.

**Brazil** is not expected to recover in 2016.

As a result of the weaker market conditions and the effects of the product recall, Haldex's overall forecast is that net sales for 2016 will be lower than the net sales for 2015.

Our goal is however to continue ensuring solid profitability, and the operating margin for Q1 can be considered realistic under current market conditions.

---

Landskrona, April 22, 2016

Bo Annvik

President and CEO

*This report has not been audited by the Company's auditors.*

## Consolidated income statement

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Net sales	1,097	1,246	4,777
Cost of goods sold	-789	-899	-3,418
Gross income	308	347	1,359
<i>Gross margin</i>	<i>28,1%</i>	<i>27,9%</i>	<i>28,4%</i>
Selling, admin. and product development costs	-236	-238	-942
Other operating income and expenses <sup>1</sup>	5	5	-92
Operating income <sup>1</sup>	77	114	325
Financial income and expenses	-5	-13	-54
Income before tax	72	101	271
Tax	-24	-22	-80
Net income	48	79	191
<i>attributable to non-controlling interests</i>	<i>0</i>	<i>1</i>	<i>2</i>
Earnings per share, before and after dilution, SEK	1.08	1.78	4.28
Average No. of shares, thousands	44,204	44,204	44,204

## Operating income, by nature of expenses

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Net sales	1,097	1,246	4,777
Direct material costs	-589	-690	-2,596
Personnel costs	-227	-249	-935
Depreciation and amortization	-34	-35	-139
Other operating income and expenses	-170	-158	-782
Operating income <sup>1</sup>	77	114	325

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

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating income, including one-off items	77	114	325
Restructuring costs	-	-1	-23
Product related warranty	-	-	-96
Operating income, excluding one-off items	77	115	444

## Consolidated statement of comprehensive income

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Net income	48	79	191
<b>Other comprehensive income/loss</b>			
<i>Items not to be reclassified to the income statement:</i>			
Remeasurement of pension obligation, after tax	-34	-51	22
Total	-34	-51	22
<i>Items that may be reclassified subsequently to the income statement:</i>			
Currency translation differences	-23	105	49
Changes in financial instruments at fair value, after tax	-9	4	2
Total	-32	109	51
Total other comprehensive income/loss	-66	58	73
Total comprehensive income	-18	137	264
<i>attributable to non-controlling interests</i>	0	4	3

## Consolidated statement of financial position

SEK m	Mar 31 2016	Mar 31 2015	Dec 31 2015
Goodwill	403	435	418
Other intangible assets	71	56	64
Tangible assets	478	471	479
Financial assets	57	70	63
Deferred tax assets	153	180	153
Total non-current assets	1,162	1,212	1,177
Inventories	579	619	571
Current receivables	818	986	763
Derivative instruments	49	38	40
Cash and cash equivalents	277	418	304
Total current assets	1,723	2,061	1,678
Total assets	2,885	3,273	2,855
Equity	1,389	1,416	1,407
Pension and similar obligations	397	456	368
Deferred tax liabilities	14	22	16
Non-current interest-bearing liabilities	270	270	270
Other non-current liabilities	36	38	38
Total non-current liabilities	717	786	692
Derivative instruments	30	57	29
Current interest-bearing liabilities	5	11	3
Current liabilities	744	1,003	724
Total current liabilities	779	1,071	756
Total equity and liabilities	2,885	3,273	2,855

## Statement of changes in equity

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Opening balance	1,407	1,278	1,278
Net income	48	79	191
Other comprehensive income/loss	-66	58	73
Total comprehensive income	-18	137	264
<b>Transactions with shareholders:</b>			
Dividend to Haldex' shareholders	-	-	-133
Dividend to non-controlling interests	-	-	-3
Value of employee services/incentive programs	-	1	1
Total transactions with shareholders	0	1	-135
Closing balance	1,389	1,416	1,407
<i>attributable to non-controlling interests</i>	<i>19</i>	<i>23</i>	<i>19</i>

## Consolidated statement of cash flow

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating income	77	114	325
Reversal of non-cash items	34	35	139
Interest paid	-6	-6	-28
Tax paid	-6	-9	-87
Cash flow from operating activities before change in working capital	99	134	349
Change in working capital	-57	-132	-129
Cash flow from operating activities	42	2	220
Investments	-47	-32	-174
Cash flow from investment activities	-47	-32	-174
Dividend to Haldex' shareholders	-	-	-133
Dividend to non-controlling interests	-	-	-3
Change of interest-bearing liabilities	-17	-7	-43
Cash flow from financing activities	-17	-7	-179
Net cash flow	-22	-37	-133
Cash and cash equivalents, opening balance	304	437	437
Currency translation diff. in cash and cash equivalents	-5	18	0
Cash and cash equivalents, closing balance	277	418	304

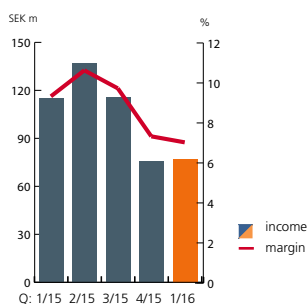
## Key figures

	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating margin, excl. one-off items, %	7.0	9.3	9.3
Operating margin, %	7.0	9.2	6.8
Cash flow, operating activities, SEK m	42	2	220
Cash flow after investment activities, SEK m	-5	-30	46
Return on capital employed, excl. one-off items, % <sup>1</sup>	19.6	22.4	21.7
Return on capital employed, % <sup>1</sup>	13.9	13.5	15.9
Investments, SEK m	47	32	174
R&D, %	3.5	3.6	3.6
Number of employees	2,114	2,265	2,140
Return on shareholders' equity, % <sup>2</sup>	14.1	25.5	14.1
Interest coverage ratio	11.6	17.0	14.8
Equity ratio, %	48	43	49
Net debt/equity ratio, %	27	25	24
<b>Share data:</b>			
Earnings per share, before dilution, SEK	1.08	1.78	4.28
Earnings per share, after dilution, SEK	1.08	1.78	4.28
Equity per share, SEK	31.07	31.57	31.46
Cash flow, operating activities, SEK	0.95	0.05	4.99
Share price, SEK	71.50	130.25	79.50
Average No. of 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>102</i>	<i>102</i>	<i>102</i>

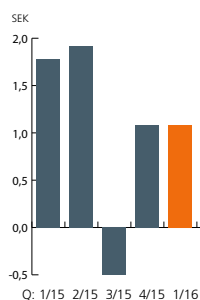
<sup>1</sup> Rolling twelve months

<sup>2</sup> Twelve months

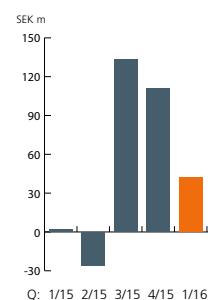
### Operating income & margin (excl. one-off items)



### Earnings per share



### Cash flow operating activities



**Parent company's income statement**

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Net sales	25	27	101
Administrative costs	-15	-14	-89
Operating income	10	13	12
Dividend from Group companies	-	496	525
Financial income and expenses	12	9	-73
Income after financial items	22	518	464
Group contribution	-	-	-60
Income before tax	22	518	404
Tax	0	-5	2
Net income	22	513	406

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

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Net income	22	513	406
Other comprehensive income	-	-	-
Total comprehensive income	22	513	406

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

SEK m	Mar 31 2016	Mar 31 2015	Dec 31 2015
Non-current assets	2,828	2,953	2,852
Current assets	617	666	553
Total assets	3,445	3,619	3,405
Shareholders' equity	1,482	1,700	1,460
Provisions	48	42	48
Interest-bearing liabilities, external	270	270	270
Other liabilities	1,645	1,607	1,627
Total equity and liabilities	3,445	3,619	3,405

**Financial instruments by category - Group**

SEK m	Mar 31, 2016		Mar 31, 2015		Dec 31, 2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts - cash flow hedges	8	4	9	3	10	1
Forward exchange contracts- at fair value through profit or loss	0	5	6	3	2	3
Currency swaps - at fair value through profit or loss	41	21	23	51	28	25
Financial assets available for sale	14	-	27	-	19	-
Total	63	30	65	57	59	29

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	2016	2015				2014			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement:</b>									
Net sales	1,097	1,052	1,189	1,290	1,246	1,092	1,123	1,124	1,041
Cost of good sold	-789	-772	-835	-912	-899	-789	-797	-806	-750
Gross income	308	280	354	378	347	303	326	318	291
Selling, admin. and product development costs	-236	-216	-243	-245	-238	-207	-224	-214	-212
Other operating income and expenses	5	5	-103	1	5	-64	-87	-1	4
Operating income	77	69	8	134	114	32	15	103	83
<i>Operating income, excl. one-off items</i>	<i>77</i>	<i>76</i>	<i>116</i>	<i>137</i>	<i>115</i>	<i>101</i>	<i>113</i>	<i>110</i>	<i>84</i>
Financial income and expenses	-5	-7	-28	-6	-13	-8	-7	-5	-8
Income before tax	72	62	-20	128	101	24	8	98	75
Tax	-24	-14	-2	-42	-22	-7	-30	-34	-27
Net income/loss	48	48	-22	86	79	17	-22	64	48
<b>Statement of financial position:</b>									
Non-current assets	1,162	1,177	1,145	1,183	1,212	1,148	1,079	1,051	1,023
Current assets	1,723	1,678	1,807	1,836	2,061	1,788	1,668	1,632	1,583
Total assets	2,885	2,855	2,952	3,019	3,273	2,936	2,747	2,683	2,606
Equity	1,389	1,407	1,325	1,368	1,416	1,278	1,199	1,183	1,177
Non-current liabilities	717	692	737	721	786	718	732	736	741
Current liabilities	779	756	890	930	1,071	940	816	764	688
Total equity and liabilities	2,885	2,855	2,952	3,019	3,273	2,936	2,747	2,683	2,606
<b>Statement of cash flow:</b>									
Cash flow from operating activities before change in working capital	81	57	26	132	134	82	60	116	98
Cash flow from operating activities	42	111	133	-26	2	204	112	116	3
Cash flow from investment activities	-47	-52	-47	-43	-32	-61	-53	-32	-5
Cash flow from financing activities	-17	-29	-8	-135	-7	-24	-70	-121	-1
Net cash flow	-22	30	78	-204	-37	119	-11	-37	-3
<b>Key figures:</b>									
Operating margin, excl. one-off items, %	7.0	7.3	9.7	10.6	9.3	9.3	10.1	9.7	8.1
Operating margin, %	7.0	6.6	0.7	10.4	9.2	3.0	1.3	9.2	7.9
Earnings per share, before and after dilution, SEK	1.08	1.08	-0.50	1.92	1.78	0.38	-0.53	1.44	1.03
Equity per share, SEK	31.07	31.46	29.58	30.52	31.57	28.48	27.13	26.76	26.63
Cash flow, operating activities, per share, SEK	0.95	2.52	3.01	-0.59	0.05	4.61	2.53	2.62	0.07
Share price, SEK	71.50	79.50	88.00	109.50	130.25	101.75	83.75	82.50	75.75
Return on capital employed excl. one-off items, % <sup>1</sup>	19.6	21.7	23.3	23.4	22.4	21.4	19.6	18.1	16.1
Return on capital employed, % <sup>1</sup>	13.9	15.9	14.3	14.8	13.5	12.2	13.5	17.3	9.4
Return on equity, %	3.5	3.6	-1.7	6.7	6.4	1.4	-2.0	5.6	4.0
Equity ratio, %	48	49	45	45	43	44	44	44	45
Net debt/equity ratio, %	27	24	33	36	25	21	34	37	35
Investments	47	52	47	43	32	48	40	32	27
R&D, %	3.5	3.9	3.5	3.5	3.6	3.6	3.3	3.2	3.5
Number of employees	2,114	2,140	2,215	2,257	2,265	2,235	2,217	2,232	2,199

<sup>1</sup> Rolling twelve months

## 5 year in summary

SEK m, if not otherwise stated	2015	2014	2013	2012	2011 <sup>1</sup>
<b>Income statement:</b>					
Net sales	4,777	4,380	3,920	3,933	4,030
Cost of good sold	-3,418	-3,142	-2,827	-2,904	-2,967
Gross income	1,359	1,238	1,093	1,029	1,063
Selling, admin. and product development costs	-942	-857	-839	-836	-829
Other operating income and expenses	-92	-148	-101	-43	1
Operating income	325	233	153	150	235
<i>Operating income, excl. one-off items</i>	<i>444</i>	<i>408</i>	<i>281</i>	<i>210</i>	<i>235</i>
Financial income and expenses	-54	-28	-43	-36	-18
Income before tax	271	205	110	114	217
Tax	-80	-98	-72	-60	-75
Net income	191	107	38	54	142
<b>Statement of financial position:</b>					
Non-current assets	1,177	1,148	1,047	1,186	1,276
Current assets	1,678	1,788	1,439	1,414	1,582
Total assets	2,855	2,936	2,486	2,600	2,858
Equity	1,407	1,278	1,152	1,129	1,336
Non-current liabilities	692	718	728	967	924
Current liabilities	756	940	606	504	598
Total equity and liabilities	2,855	2,936	2,486	2,600	2,858
<b>Statement of cash flow:</b>					
Cash flow from operating activities before change in working capital	349	356	249	243	439
Cash flow from operating activities	220	435	282	238	114
Cash flow from investment activities	-174	-151	-71	-118	1,301
Cash flow from financing activities	-179	-216	-230	-164	-1,519
Net cash flow	-133	68	-19	-44	-104
<b>Key figures:</b>					
Operating margin, excl. one-off items, %	9.3	9.3	7.2	5.3	5.8
Operating margin, %	6.8	5.3	3.9	3.8	5.8
Earnings per share, before and after dilution, SEK	4.28	2.32	0.80	1.12	3.08
Equity per share, SEK	31.46	28.48	26.06	25.53	30.20
Cash flow, operating activities, per share, SEK	4.99	9.84	6.38	5.38	2.58
Dividend, SEK	2.00, <sup>3</sup>	3.00	2.00	1.00	2.00
Share price, SEK	79.50	101.75	60.00	33.50	25.20
Return on capital employed excl. one-off items, % <sup>2</sup>	21.7	21.4	14.6	9.8	10.1
Return on capital employed, % <sup>2</sup>	15.9	12.2	7.8	7.0	10.1
Return on equity, %	14.1	8.7	3.1	3.4	-
Equity ratio, %	49	44	46	43	47
Net debt/equity ratio, %	24	21	33	51	37
Investments	174	147	94	118	100
R&D, %	3.6	3.4	3.5	3.4	3.3
Number of employees	2,140	2,235	2,135	2,200	2,365

<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 Göran Carlson through companies, AFA Försäkring, Didner & Gerge Fonder and Carnegie Fonder.

Prior to 2011, Haldex consisted of several business areas. BorgWarner took over the all-wheel drive coupling for passenger cars, while Concentric took over the hydraulic pump operations. Haldex retained brake products and air control systems.

### 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 produced heavy vehicles.
- Development of a competitive product offering.

## Financial definitions and glossary

### FINANCIAL DEFINITIONS

**Return on equity:** 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:** Operating income plus interest income as a percentage of average capital employed.

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

**Net debt:** Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions.

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

**Earnings per share:** Proportion of net income for the year attributable to the owners of the parent company divided by weighted average number of shares.

**Interest coverage ratio:** 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.

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

**Capital employed:** Total assets less non-interest bearing liabilities and non-interest bearing provisions.

### 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).

## 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 AFTERMARKET STRATEGY:**

**New brands broaden aftermarket product range**

Haldex is expanding its product portfolio by adding new brands to attract price-conscious customers who appreciate Haldex's quality, but have lower product service life requirements. The demand for this type of product is on the rise as the number of older vehicles on our roads increases. The brands, Grau for Europe and Midland for North America, represent robust products that are carefully tested to meet Haldex's quality standards. A full warranty is always included.

Grau and Midland already have an extensive range of products with everything from air tanks to valves and clutches. Haldex recently launched an actuator in North America under the Mid-



land name in collaboration with a supplier in Asia. Actuators and disc brake pads will be launched in Europe shortly.

Haldex has also been offering remanufactured products in

North America for a long time under the Like Nu brand. Europe is taking the first step in this segment with renovated compressors under the Reman brand.

The advantage for distributors that are customers of Haldex is that they get a supplier which can provide an all-in-one solution for vehicle owners with various needs. By purchasing everything from Haldex, the distributor not only gets high-quality products, but also a reliable partner with a coordinated process for delivery and service.

**Midland**  
**Reman**  
**Grau**



**CUSTOMER CASE:**

**Full speed ahead with Inter Cars**

Poland's Inter Cars started small in 1990 but has grown rapidly. Eastern Europe has plenty of old vehicles: It's a huge market. And it's one that Inter Cars based in Czosnow, near Warsaw, has specialized in. "Most of our turnover comes from components for vehicles more than five-years old", says Sławomir Rybarczyk, Commercial Director of Commercial Vehicles at Inter Cars. "We're number one in eastern Europe, sixth in Europe as a whole and tenth worldwide".

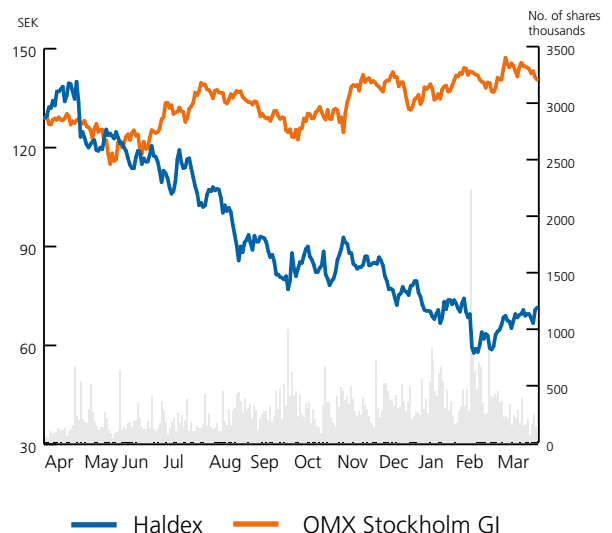
Particular attention is being paid at Inter Cars to the commercial vehicle parts trade. "That's the sector with the most vigorous growth", says Sławomir Rybarczyk. Haldex has been at Inter Cars' side from the start of its commercial vehicle activity: "As far back as 1997, we were selling automatic brake adjusters", recalls Adam Golas, who is in charge of pneumatics at Inter Cars. "Just one year later we had practically the whole Haldex program in our product range". Adam Golas remains appreciative of the Haldex partnership. "The great flexibility and speed with which Haldex makes decisions and with which I receive feedback".

Inter Cars strives not only to maintain good contact with suppliers but to fully develop its relationship with customers. How else was the company able to welcome more than 100,000 guests to its three-day festival at a large football stadium in Warsaw?

# Haldex share

January-March 2016

Change in share price	-6%
Share price (Mar 31)	71.50 SEK
Market capital (Mar 31)	3,161 MSEK
Highest share price	76.00 SEK
Lowest share price	57.75 SEK
Average No. of traded shares/day	403,857
Total No. of shares (Mar 31)	44,215,970
Proposed dividend 2016	2.00 SEK



## 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 Åke Bengtsson, CFO. The presentation will also be webcasted live and you can participate with questions by telephone.

Date & Time: Friday, April 22 at 11.00 CEST

The press conference is broadcasted at:  
<http://financialhearings.nu/?160422/haldex>

To join the telephone conference:

Sweden: +46 8 56 64 26 98

UK: +44 20 3008 9809

US: +1 646 5025 116

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

Annual General Meeting	3 May
Interim report, Apr-Jul	15 July
Interim report, Jul-Sep	25 October

### Contacts

Catharina Paulcén, SVP Corporate Communications  
Phone: +46 418 47 61 57  
E-mail: [catharina.paulcen@haldex.com](mailto:catharina.paulcen@haldex.com)

Åke Bengtsson, Chief Financial Officer  
Phone: +46 418 47 60 00

Bo Annvik, President & CEO  
Phone: +46 418 47 60 00



A WORLD OF  
**SAFER VEHICLES**

**Haldex**