

PRESS RELEASE

Haldex signs two new Letter of Intent regarding 4WD systems - plans enlarged production facility

Haldex has signed two new Letters of Intent concerning 4WD systems. As a consequence, a decision has been made to start studying alternatives for enlarged production facilities for 4WD systems.

Finalized installation studies and initial testing of Haldex 4WD system has now resulted in two new Letters of Intent received from European car manufacturers regarding both sedan models and more sporty vehicles. The development work for these vehicles has started and prototype installations and testing will be carried out during the first half of 1999.

The 4WD system developed and patented by Haldex Traction AB, the so called "Haldex coupling" has – as previously informed – been selected by the VW Group as the first customer to be used on their A4 platform. The Haldex coupling has already been launched on VW Golf 4 Motion, Audi A3 Quattro and Audi TT Quattro. It will also be introduced on Skoda 4x4.

During the 2nd half of 1998, the production of the Haldex coupling started in existing facilities in Landskrona, Sweden, as well as preparation for higher production rates in 1999. During the next few years, the volumes to the VW Group are expected to increase substantially. Assuming that the final test results with the new vehicles pertaining to the Letters of Intent are successful, the production volumes may have to increase several times compared to present volumes in the first years of the 2000's. This possible development has caused the decision to start planning for a larger production facility.

Haldex is a global supplier of proprietary products for trucks, cars and industrial vehicles, with special emphasis on performance & safety. The Group is listed on the Stockholm Stock Exchange and has yearly sales of 5 BSEK with 4,400 employees. The Group has sales companies in Europe, North & South America and Asia. Production takes place at 9 factories in Europe and 9 in the U.S. as well as in a joint-venture in India.

For further information contact Claes Warnander or Lennart Hammargren, phone +46 8 678 72 70.

19 januari 1999