



Welcome to the World of Trelleborg



Trelleborg Financials

Capital Markets Day 2014

Ulf Berghult, Chief Financial Officer





Agenda

Financial targets

Continuing operations

Excellence programs

Financial position

Financial targets and guidelines



Financial targets

Continuing operations (excl. TrelleborgVibracoustic)¹

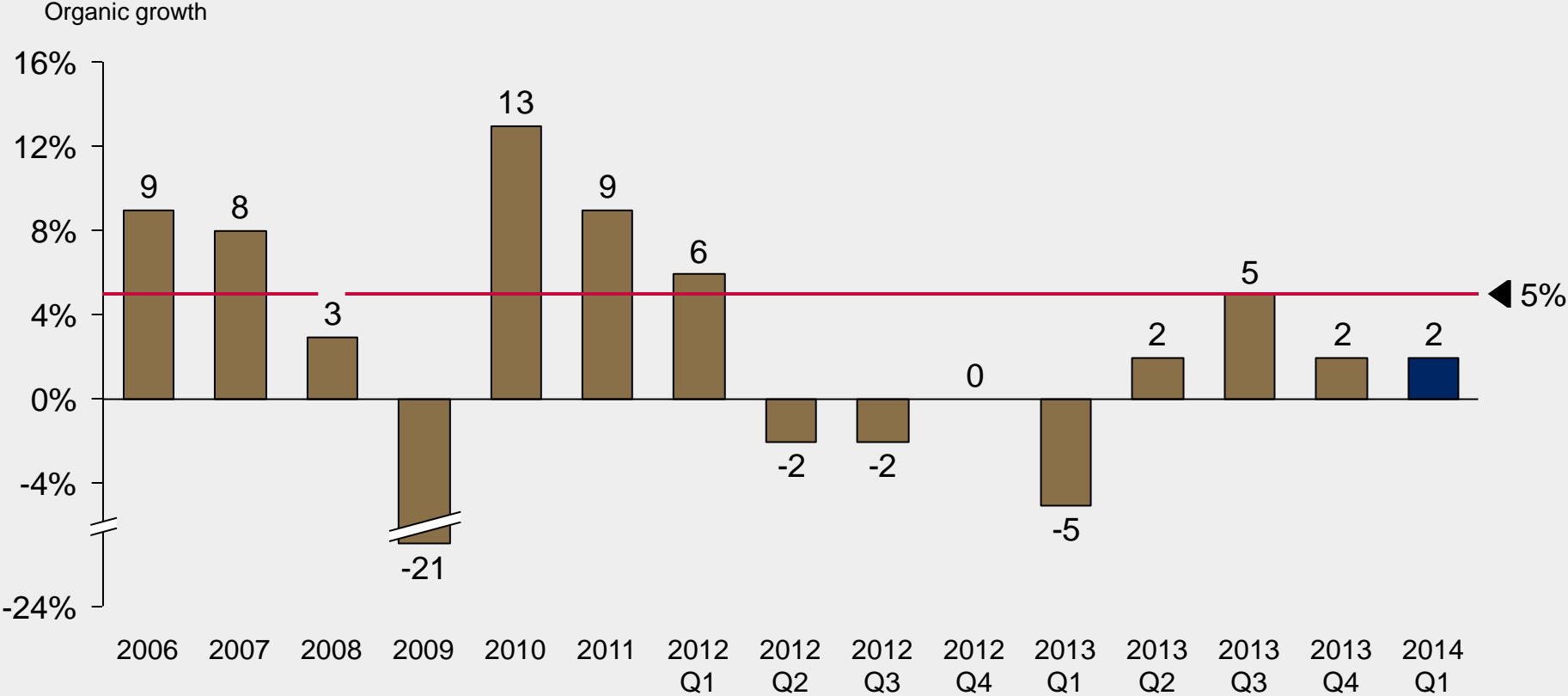
- Organic growth: $\geq 5\%$
- EBIT margin²: $\geq 12\%$

Trelleborg Group (continuing operations incl. TrelleborgVibracoustic)¹

- Return on Equity (RoE): $\geq 15\%$

Organic sales development still some way to go

Organic growth target: $\geq 5\%$ average¹

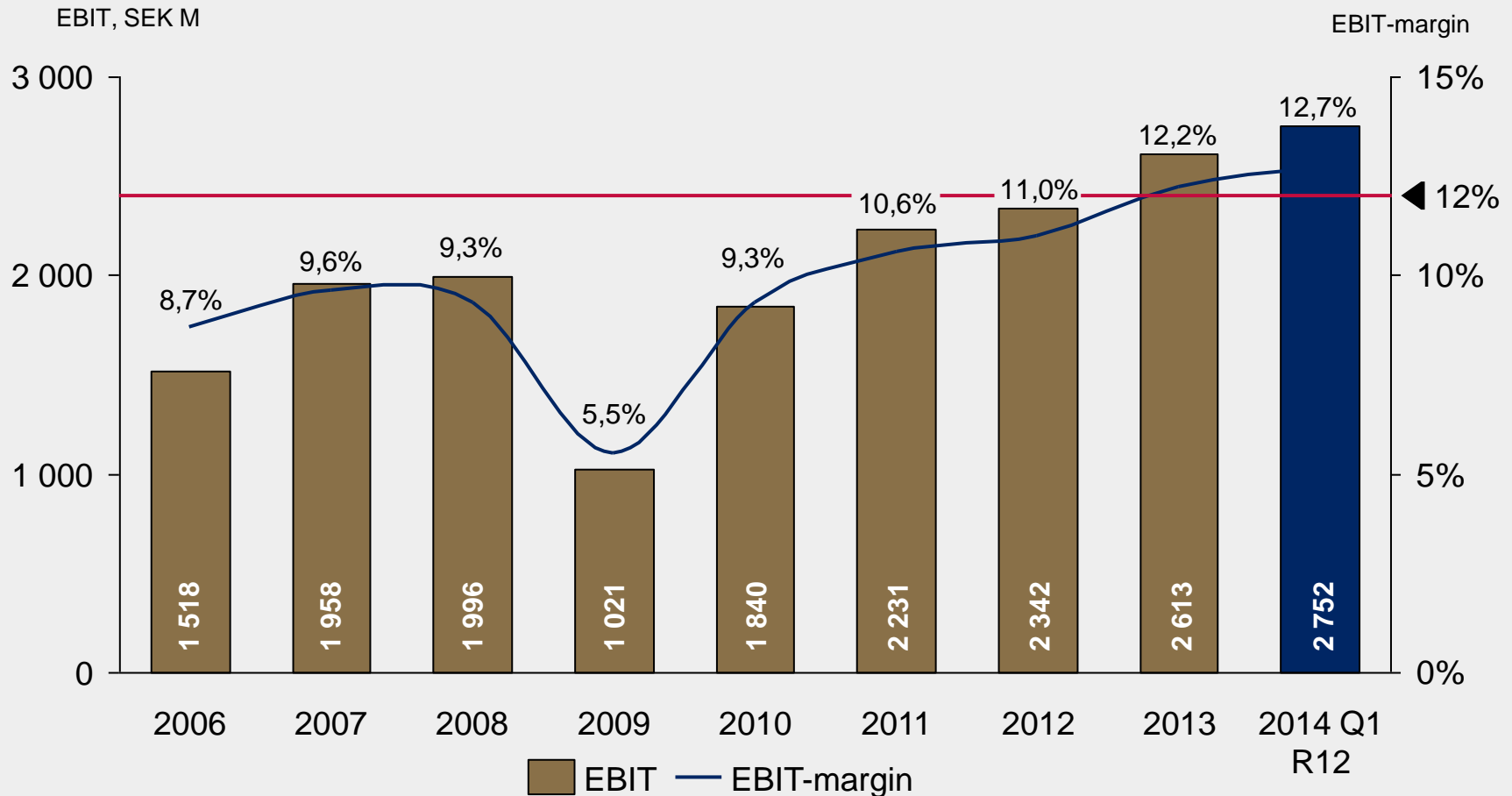


¹ Continuing operations



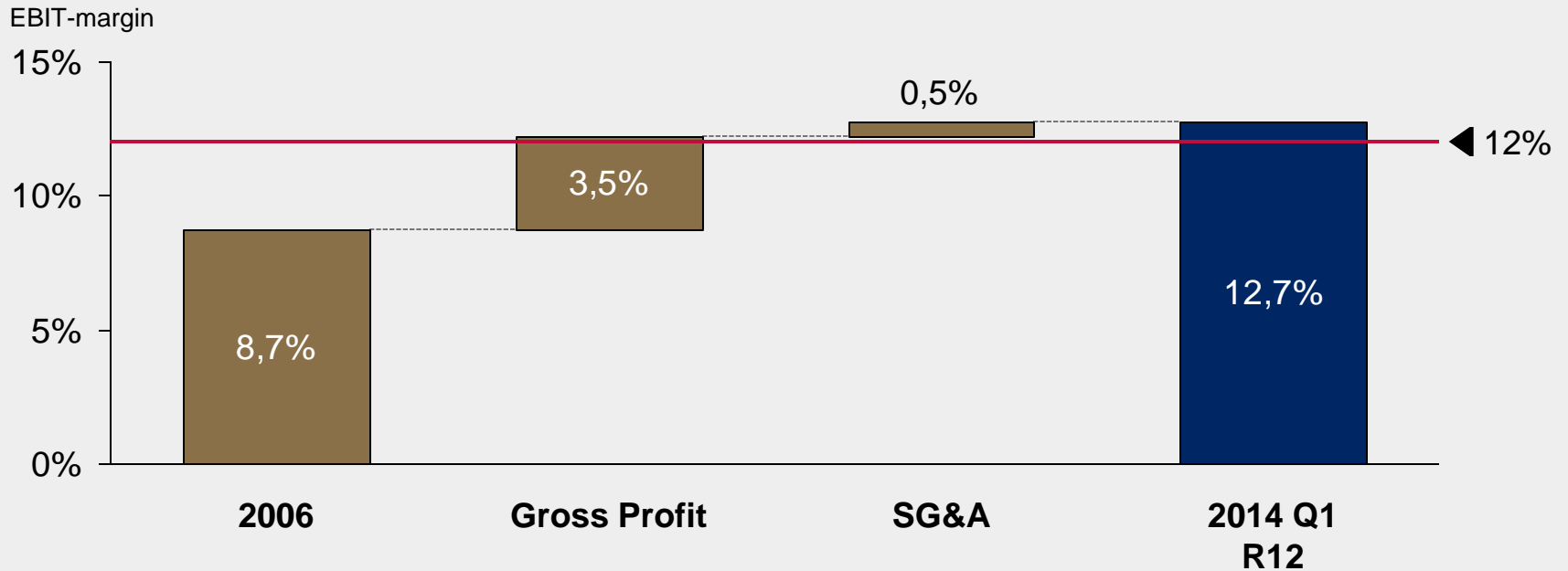
Above margin target in last two quarters (R12M)

EBIT-margin target: $\geq 12\%$ ¹



Drivers behind EBIT-margin improvement

EBIT-margin bridge¹



Gross Profit

Sales:

- Branding
- Positioning
- Pricing

Cost:

- Restructuring
- Excellence programs
- Increased flexibility

SG&A

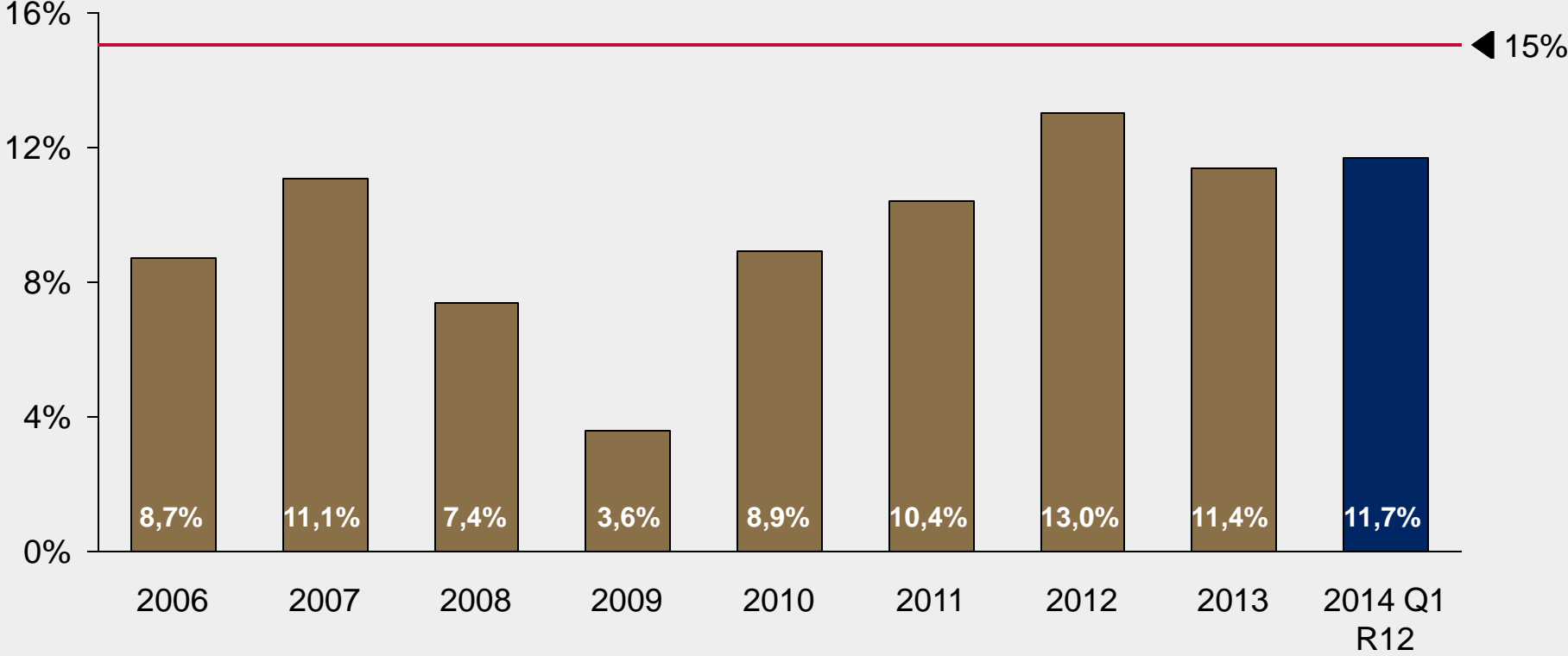
- Restructuring
- Efficiency
- Increased flexibility

**Supported by
Portfolio optimization**

Long-term ROE target of 15 percent

Incl. items affecting comparability and incl. TrelleborgVibracoustic

Return on Equity¹

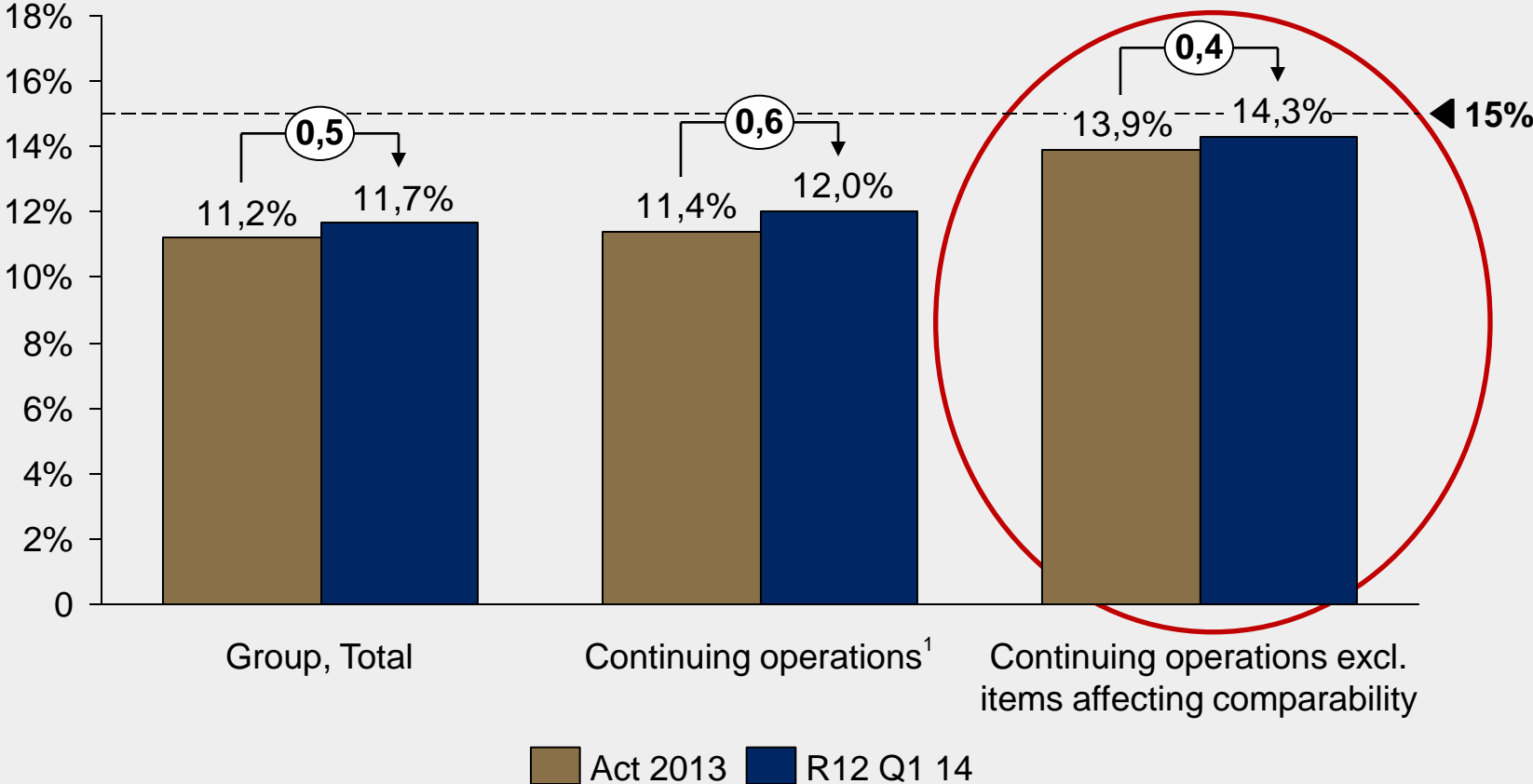


¹ Continuing operations



Closing in on ROE target

Return on Equity, R12M



¹ Continuing operations incl. items affecting comparability and incl. TrelleborgVibracoustic





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Continuing operations

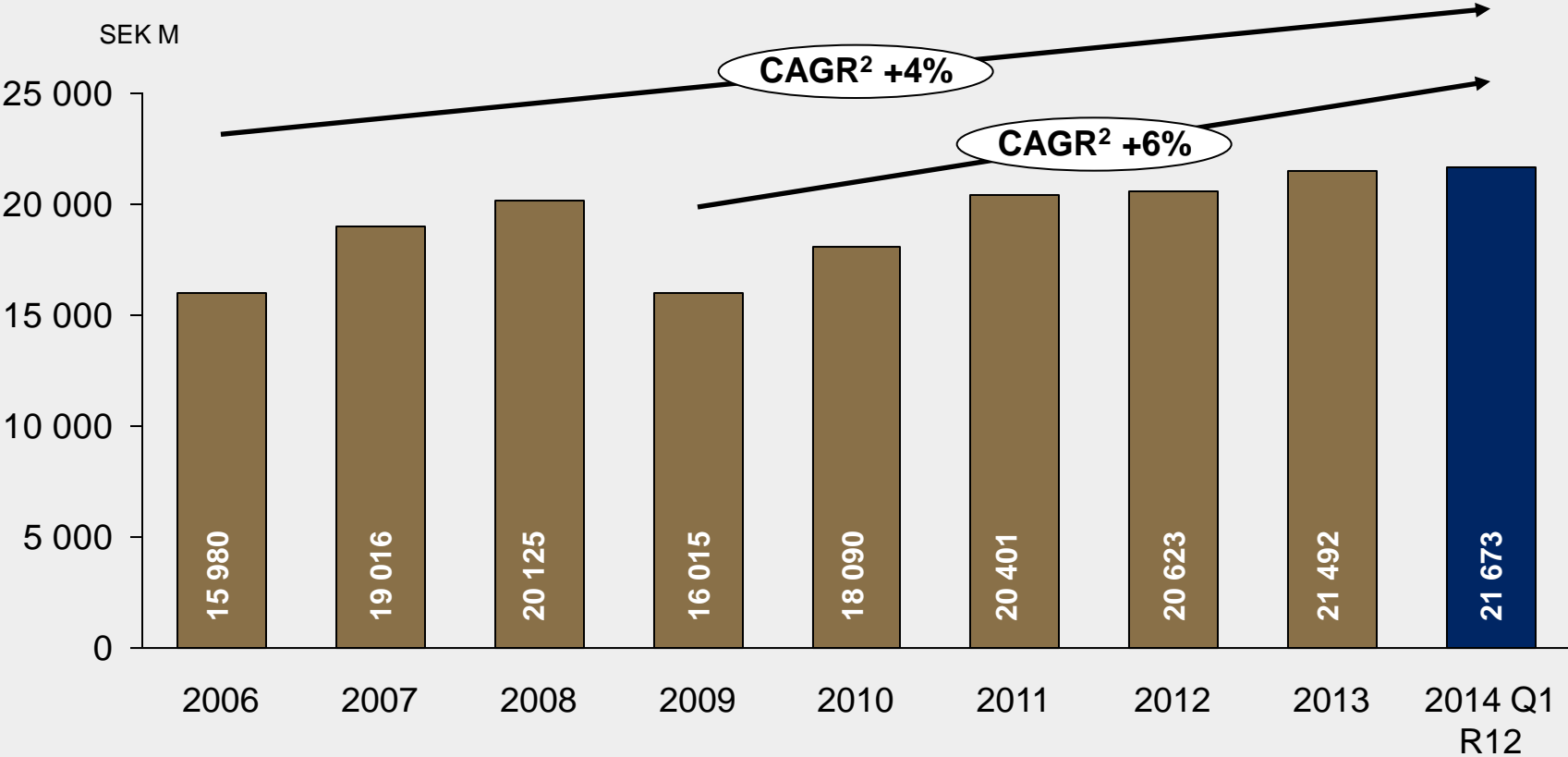
Excellence programs

Financial position

Financial targets and guidelines

Compounded annual sales growth rate

Sales in constant currency¹



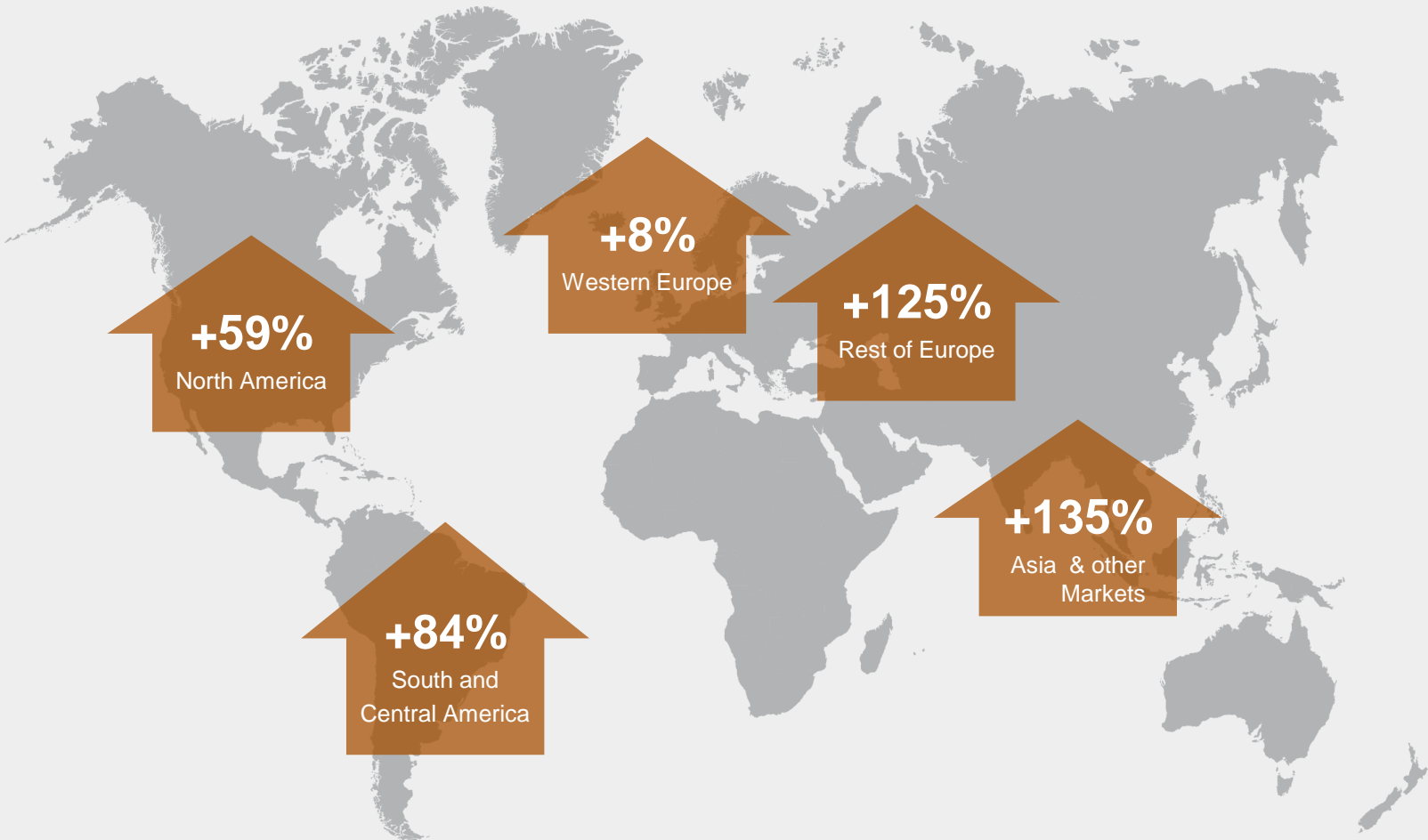
¹ Continuing operations, average currency rate 2013

² Compounded annual growth



Growing rapidly in emerging economies

Sales growth per geography from 2006 to 2013¹

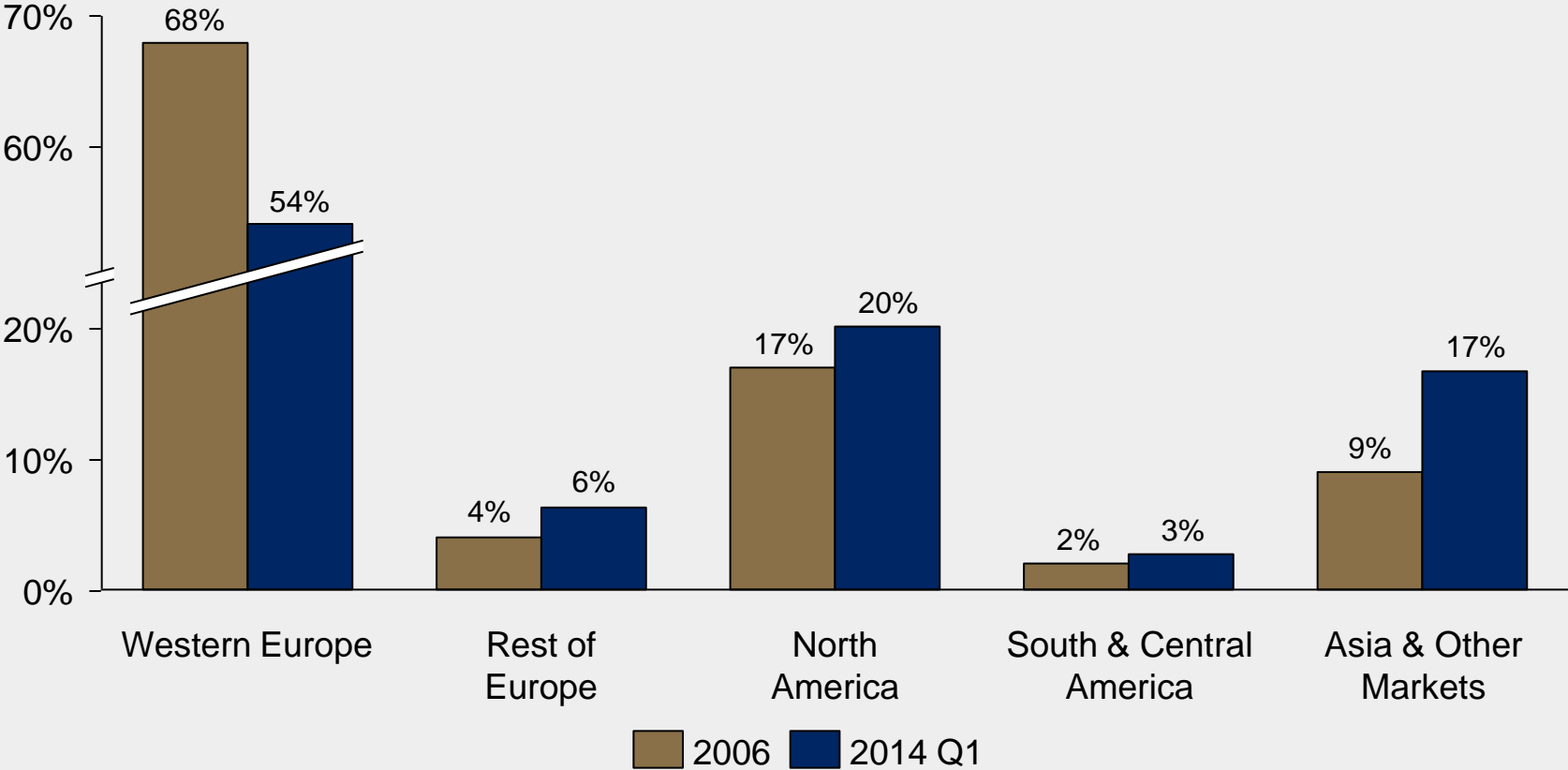


¹ Relates to a combination of organic growth and M&A activities (SEK M)



Improving geographical balance

Sales split per geography (based on invoicing address)¹



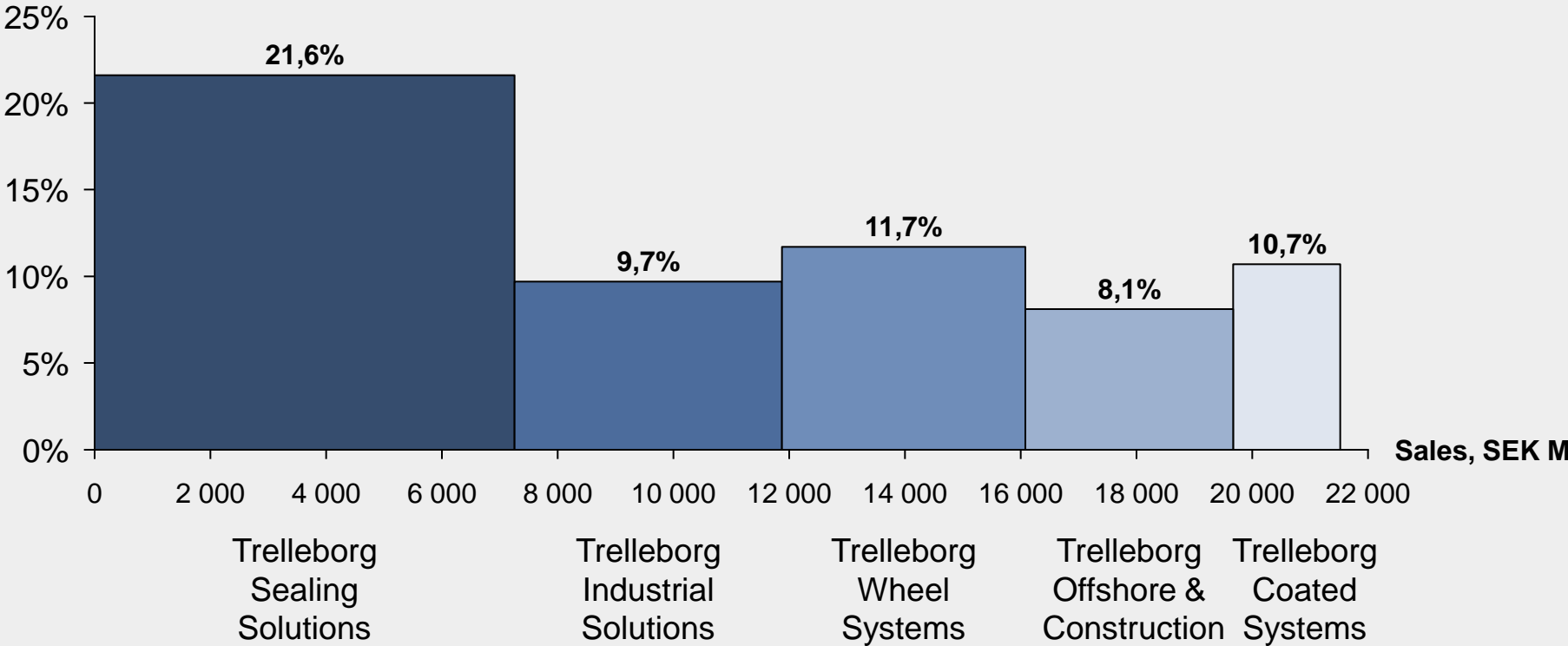
¹ Continuing operations



Our five business areas

Sales and EBIT-margin; R12M Q1 2014

EBIT-margin

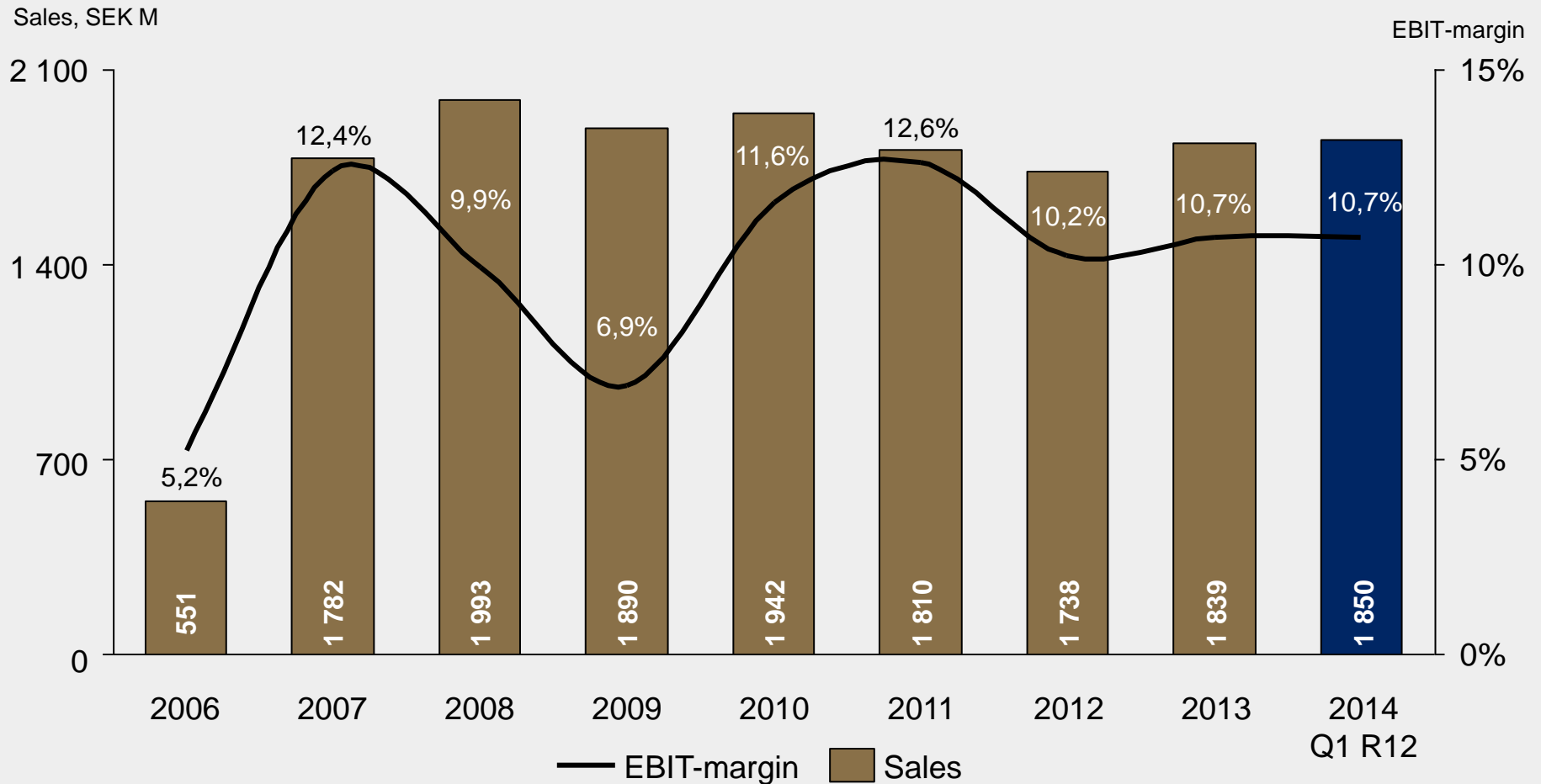


¹ Continuing operations, excl. items affecting comparability



Trelleborg Coated Systems

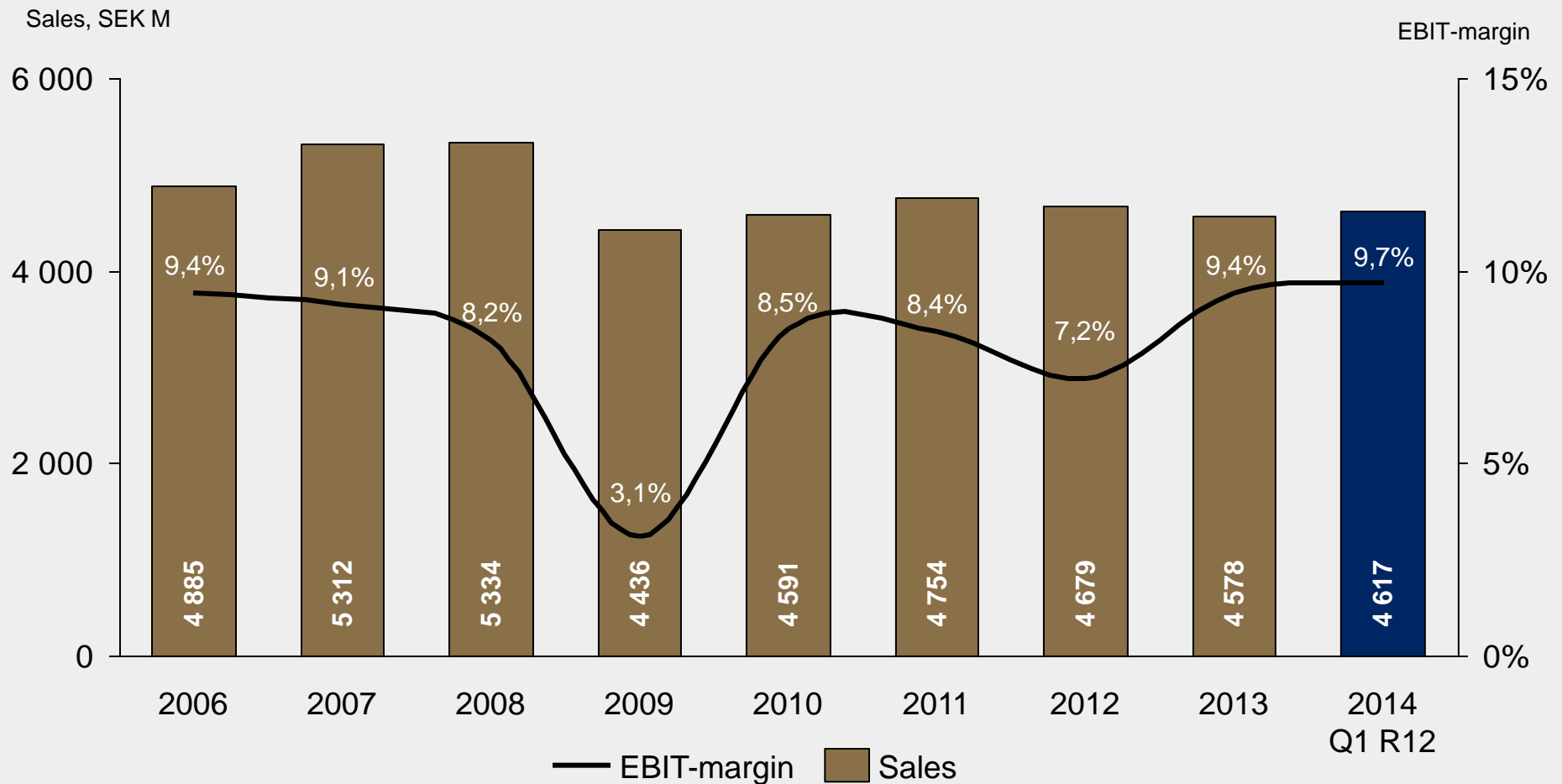
Sales and EBIT-margin¹



¹ Continuing operations excl. items affecting comparability

Trelleborg Industrial Solutions

Sales and EBIT-margin¹

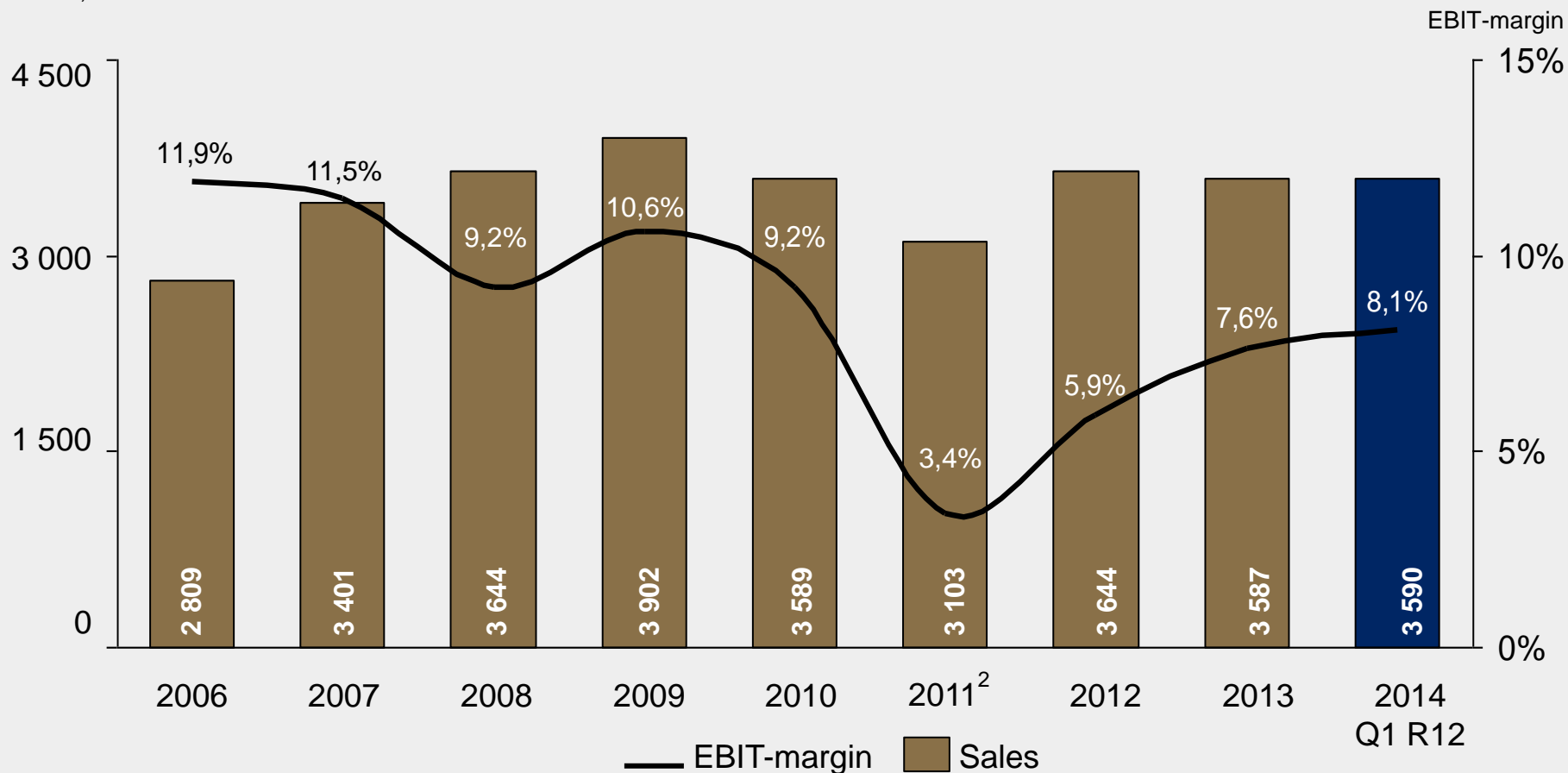


¹ Continuing operations excl. items affecting comparability

Trelleborg Offshore & Construction

Sales and EBIT-margin¹

Sales, SEK M

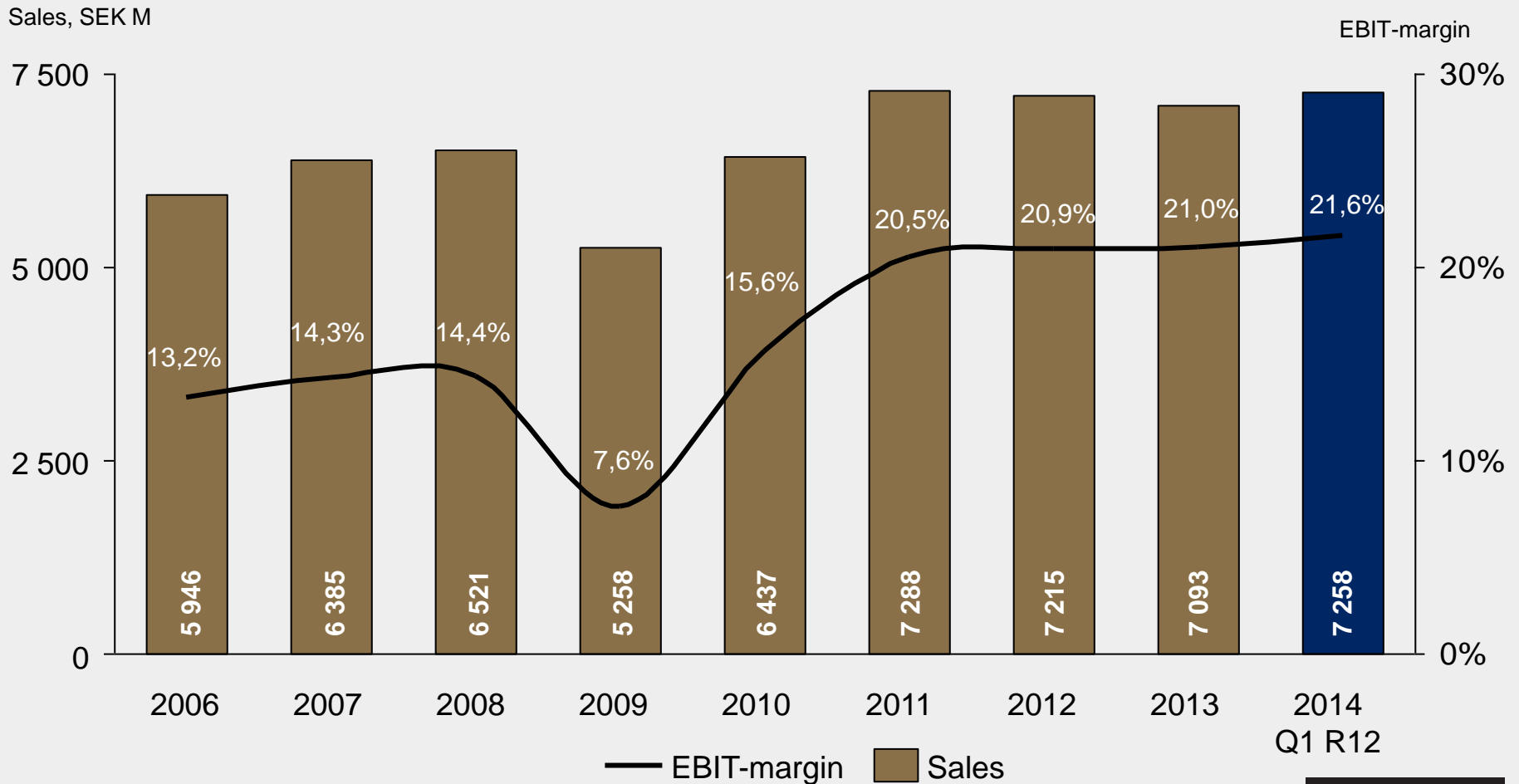


¹ Continuing operations excl. items affecting comparability

² Please note that Q4 2011 was impacted by substantial one-off costs

Trelleborg Sealing Solutions

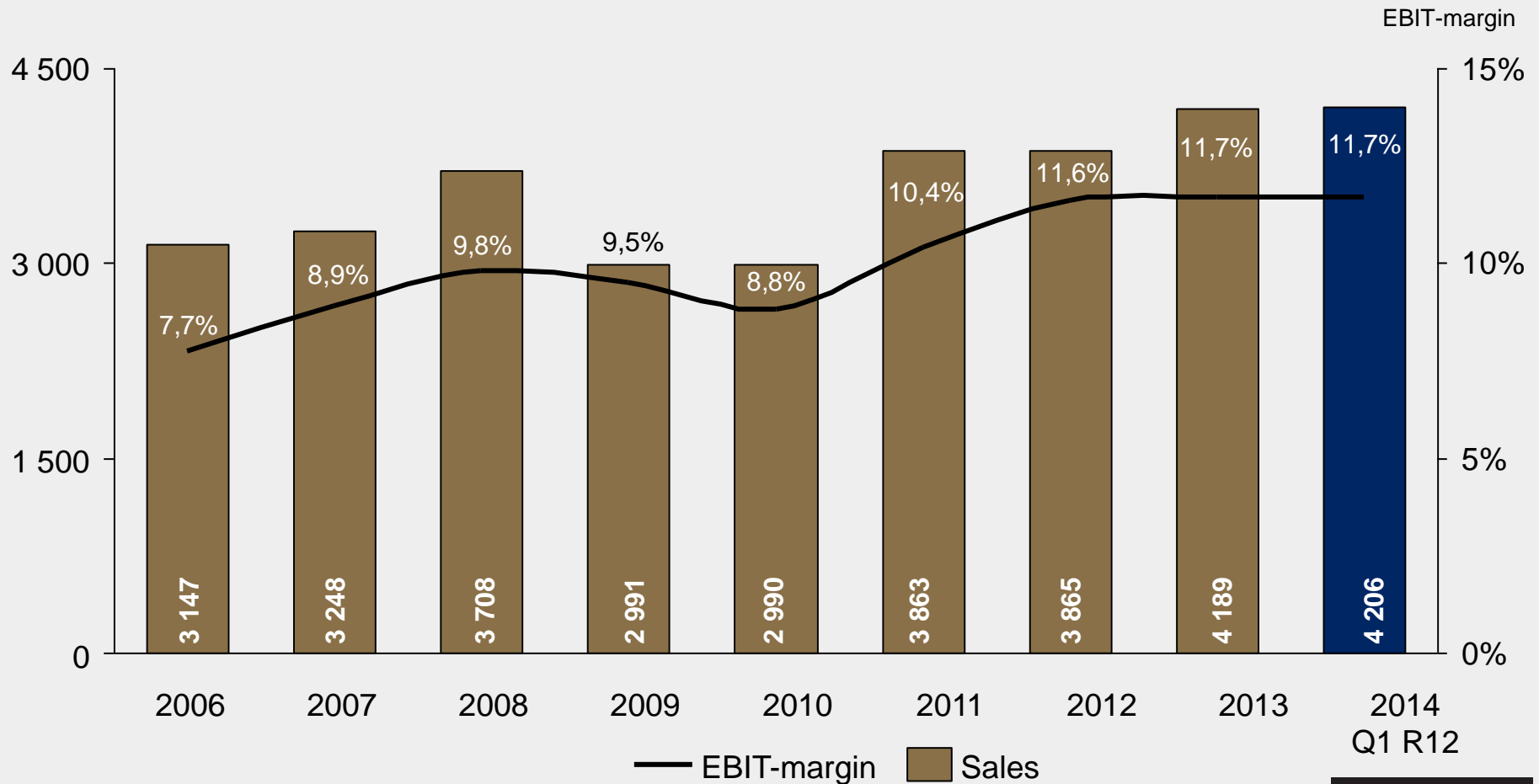
Sales and EBIT-margin¹



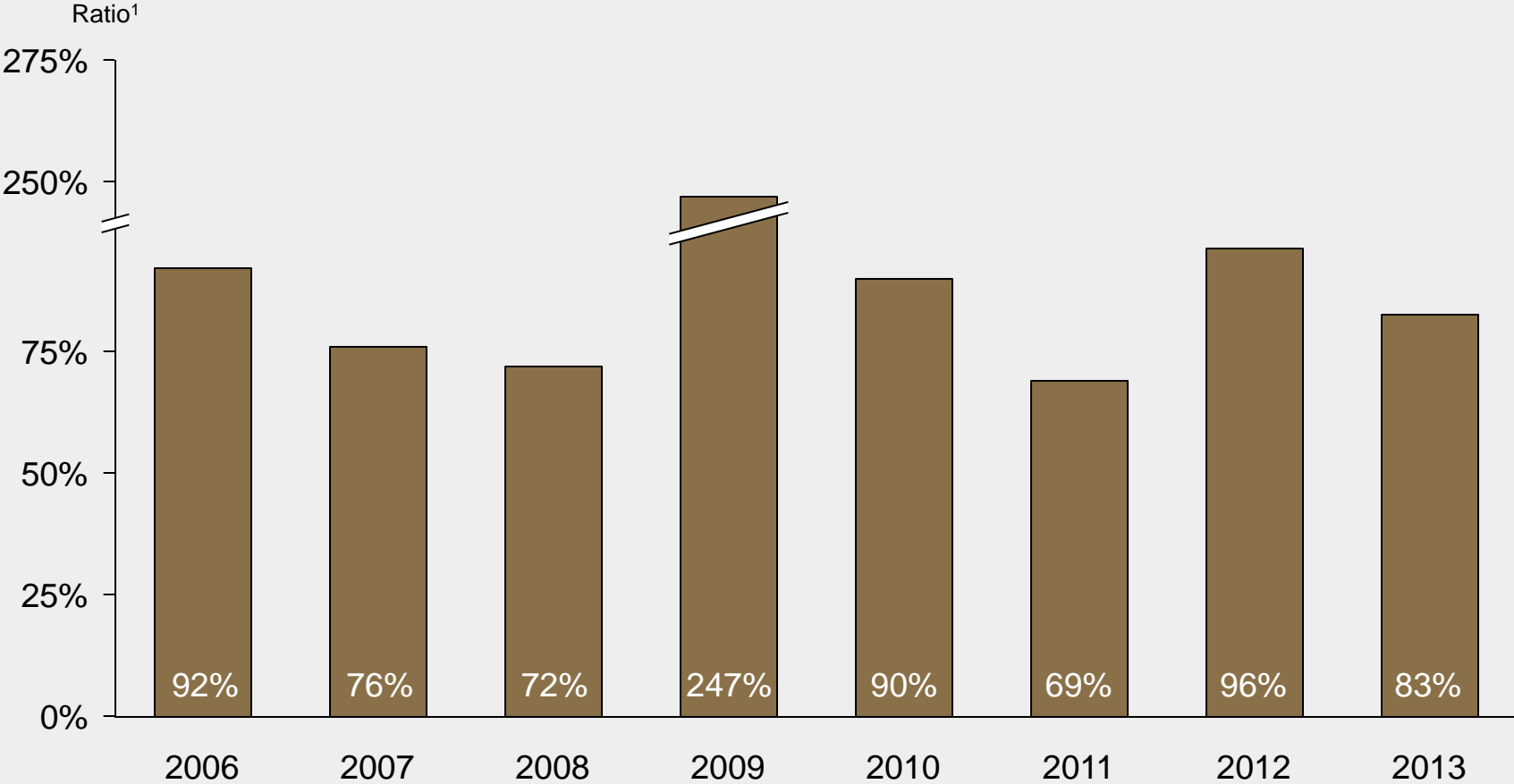
¹ Continuing operations excl. items affecting comparability

Trelleborg Wheel Systems

Sales and EBIT-margin¹



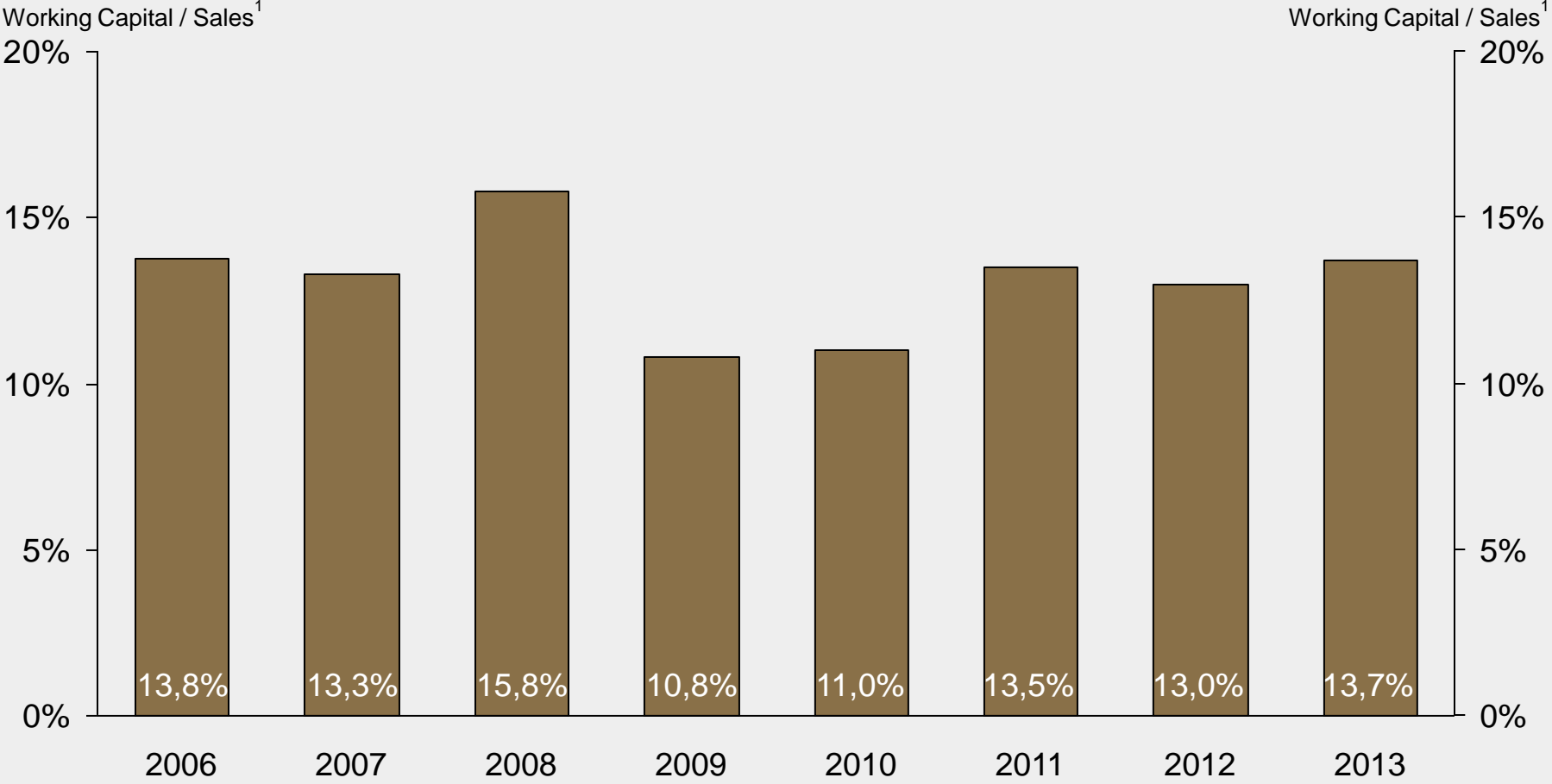
Solid cash conversion



¹ Continuing operations excl. items affecting comparability and excl. TrelleborgVibracoustic.
Cash conversion = Operating cash flow / EBIT



Working capital as percent of sales

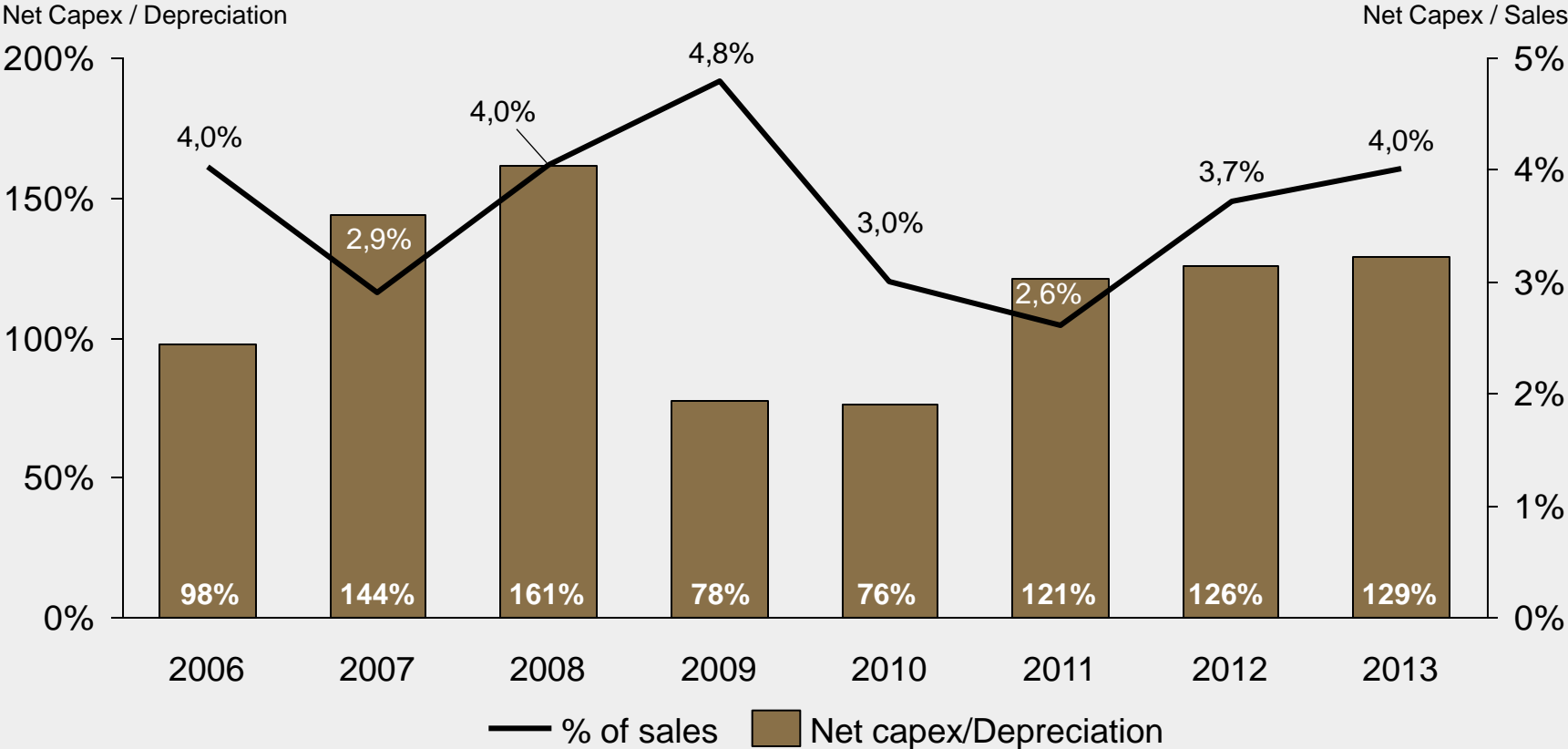


¹ Continuing operations



Capex in line with historical levels

Net capex vs. depreciation; net capex as percent of sales¹

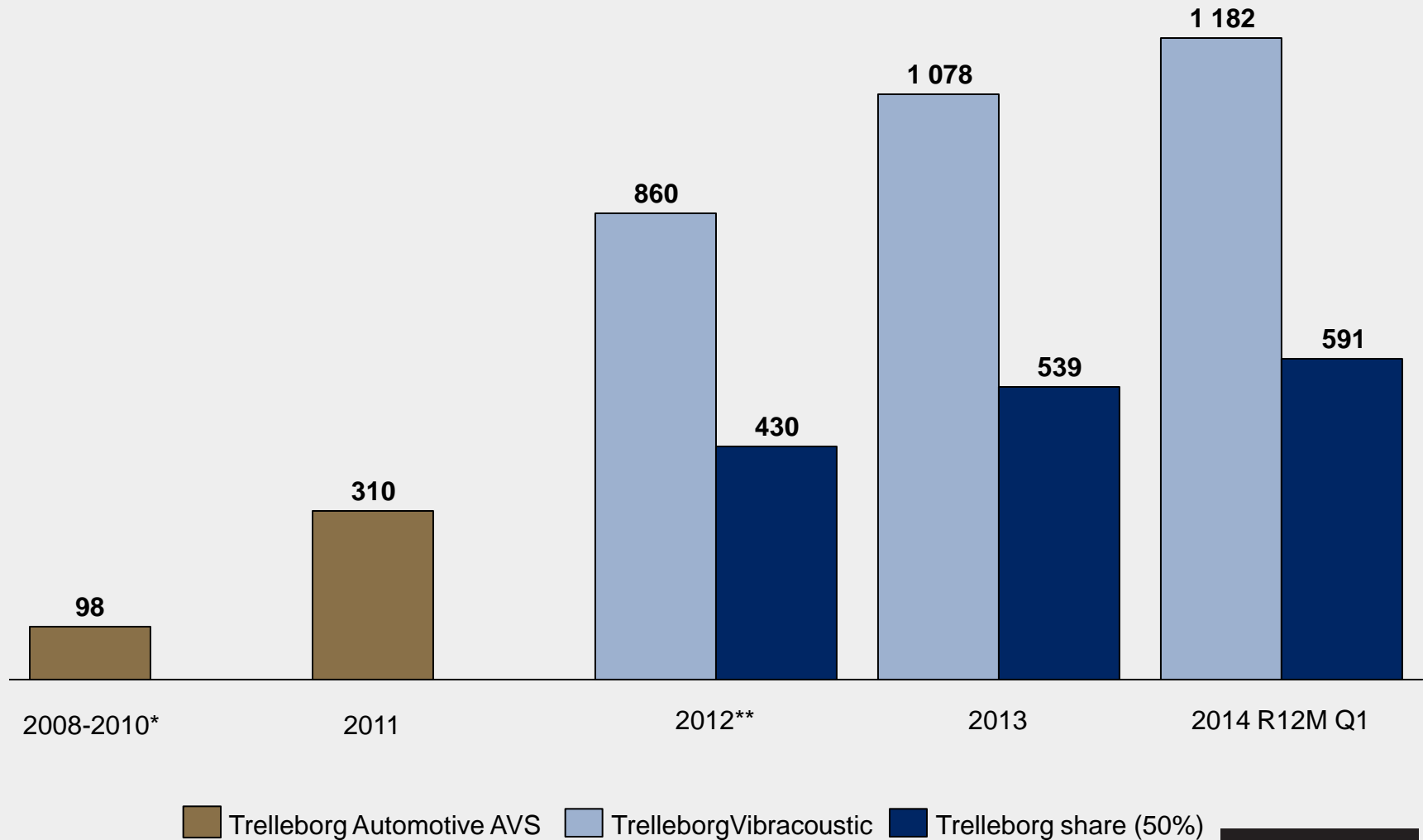


¹ Continuing operations



TrelleborgVibracoustic

EBIT development, SEK M

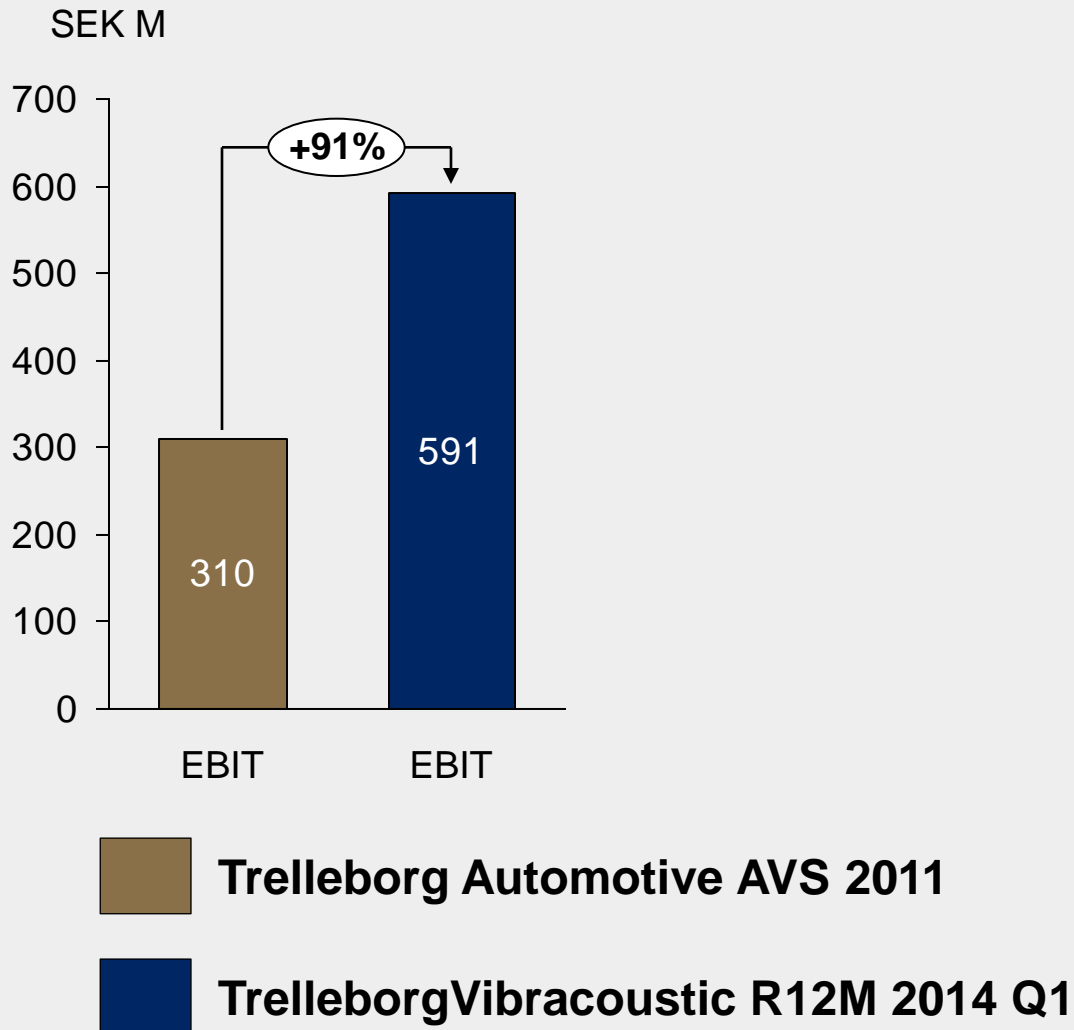


* Average

** Adjusted proforma

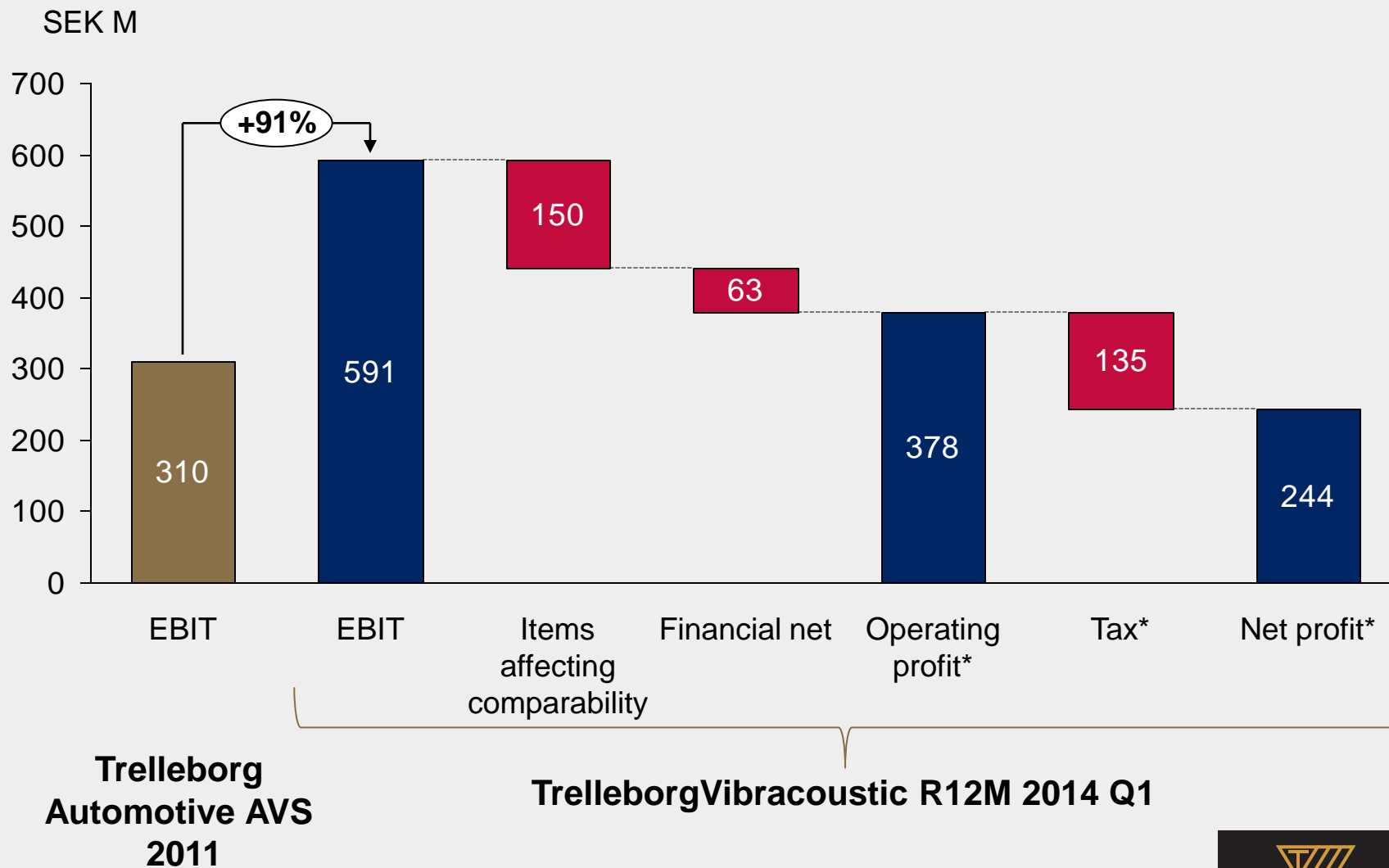
TrelleborgVibracoustic

Financial impact on Trelleborg Group



TrelleborgVibracoustic

Financial impact on Trelleborg Group

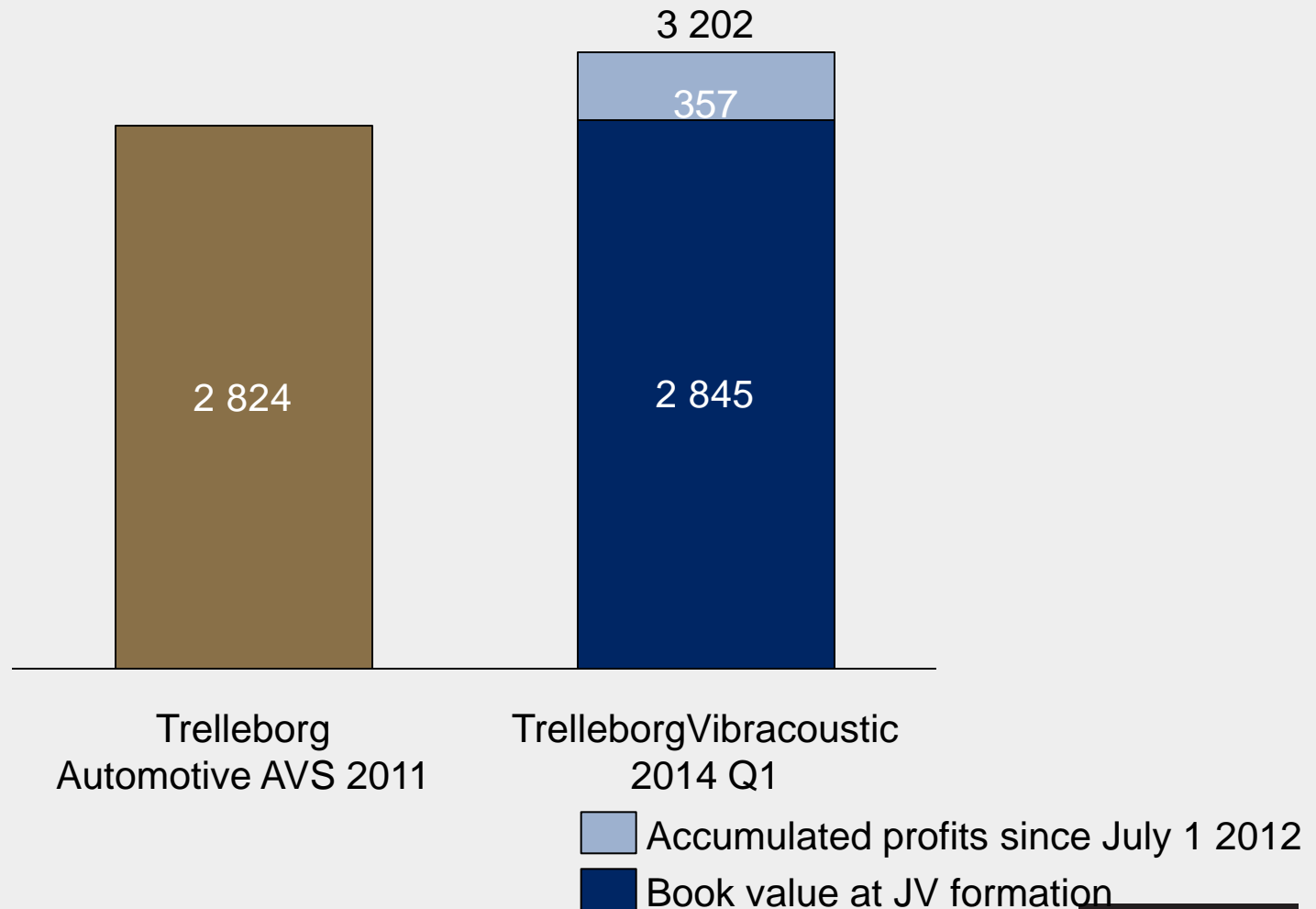


* Consolidated into Trelleborg accounts according to the equity method



TrelleborgVibracoustic

Financial impact on Trelleborg Group, SEK M





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Our four Excellence programs



Sales
Excellence

Purchasing
Excellence

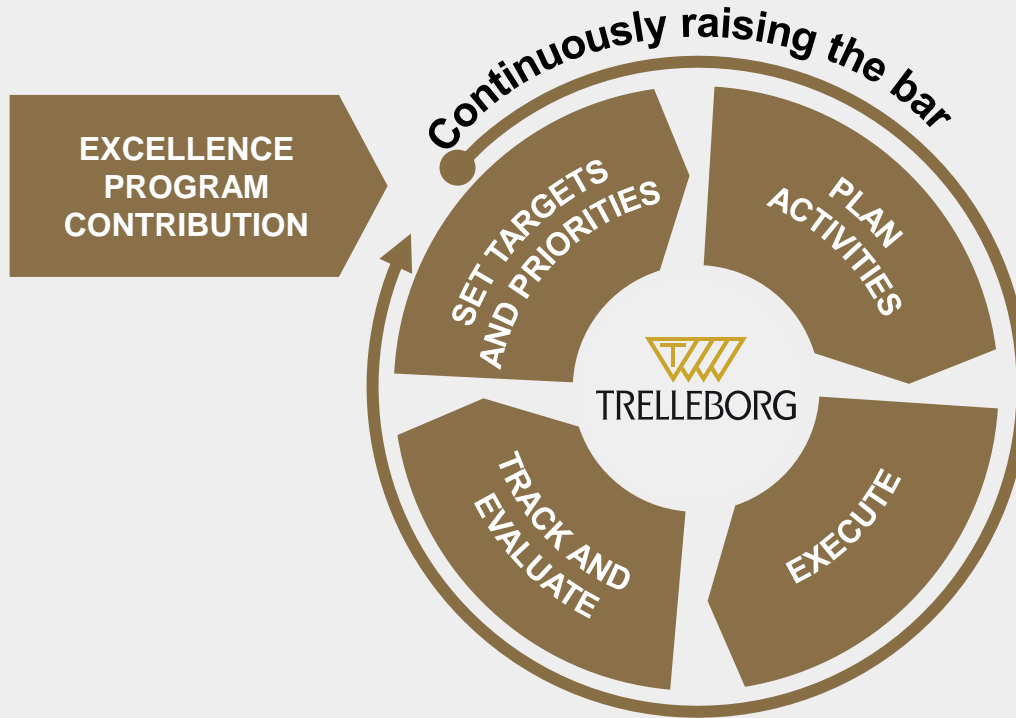
Working Capital
Excellence

Manufacturing
Excellence

Three monomers creating the Excellence polymer

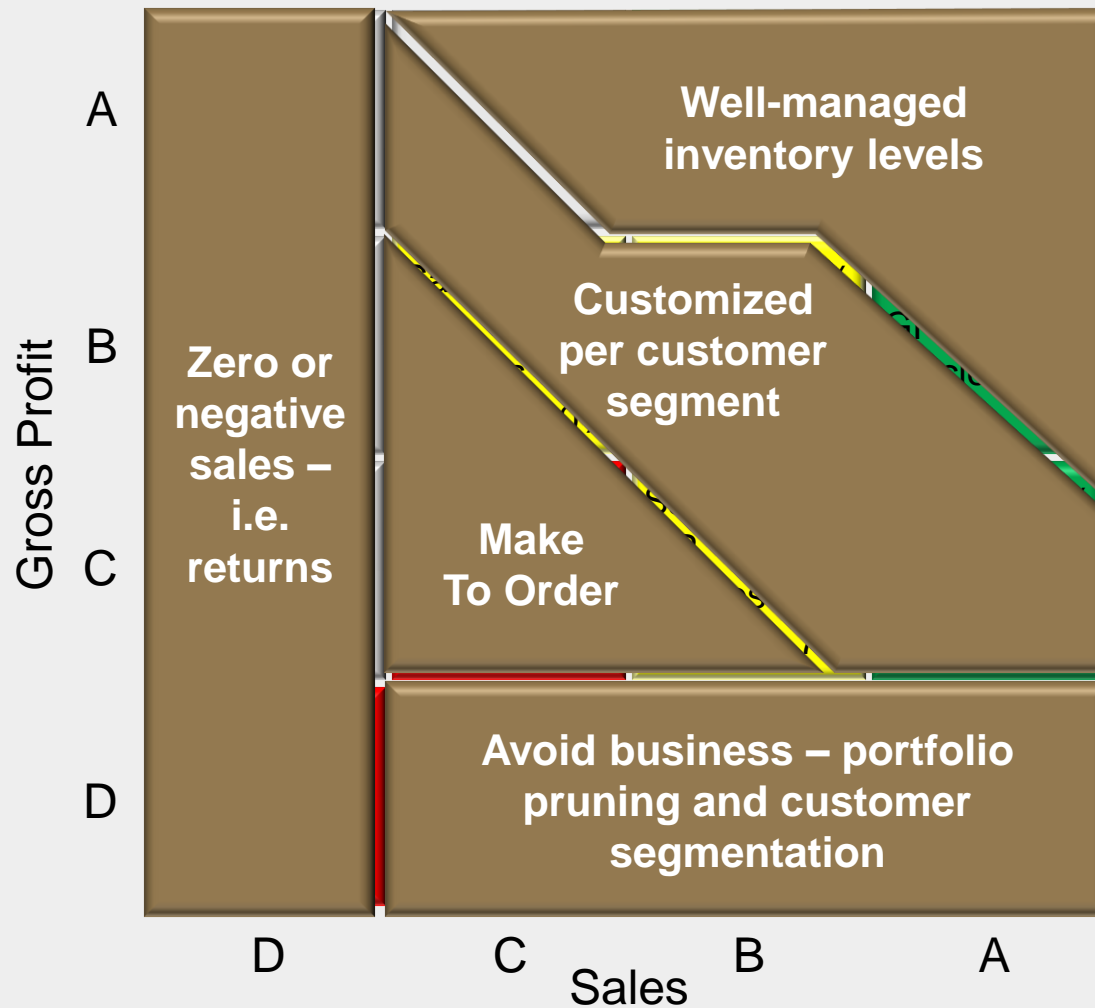


Raising the bar via a structured approach



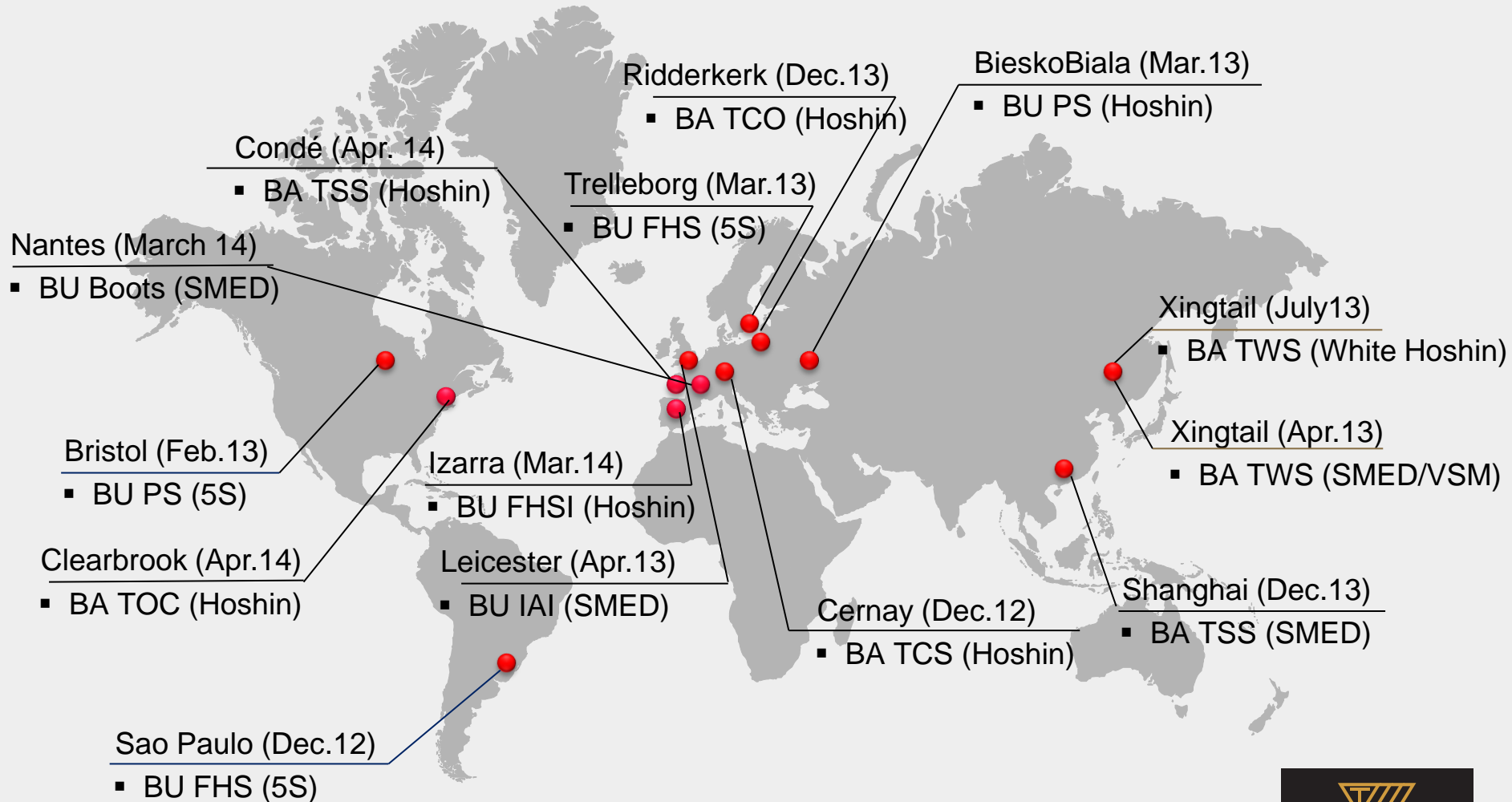
Sales and profit define the inventory strategy

Example: Working Capital Excellence



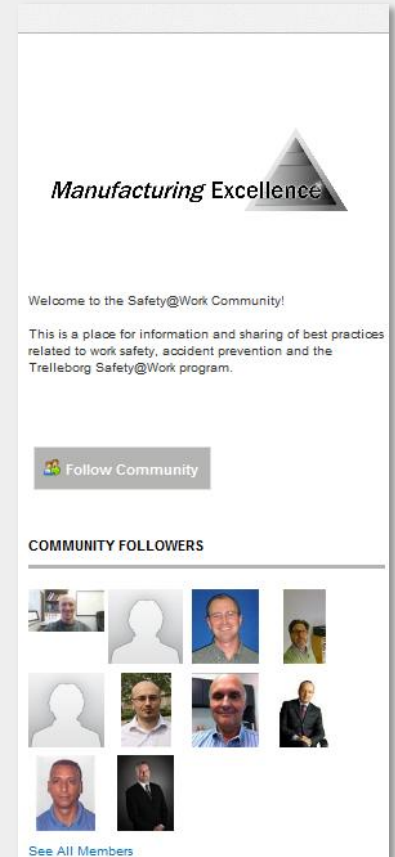
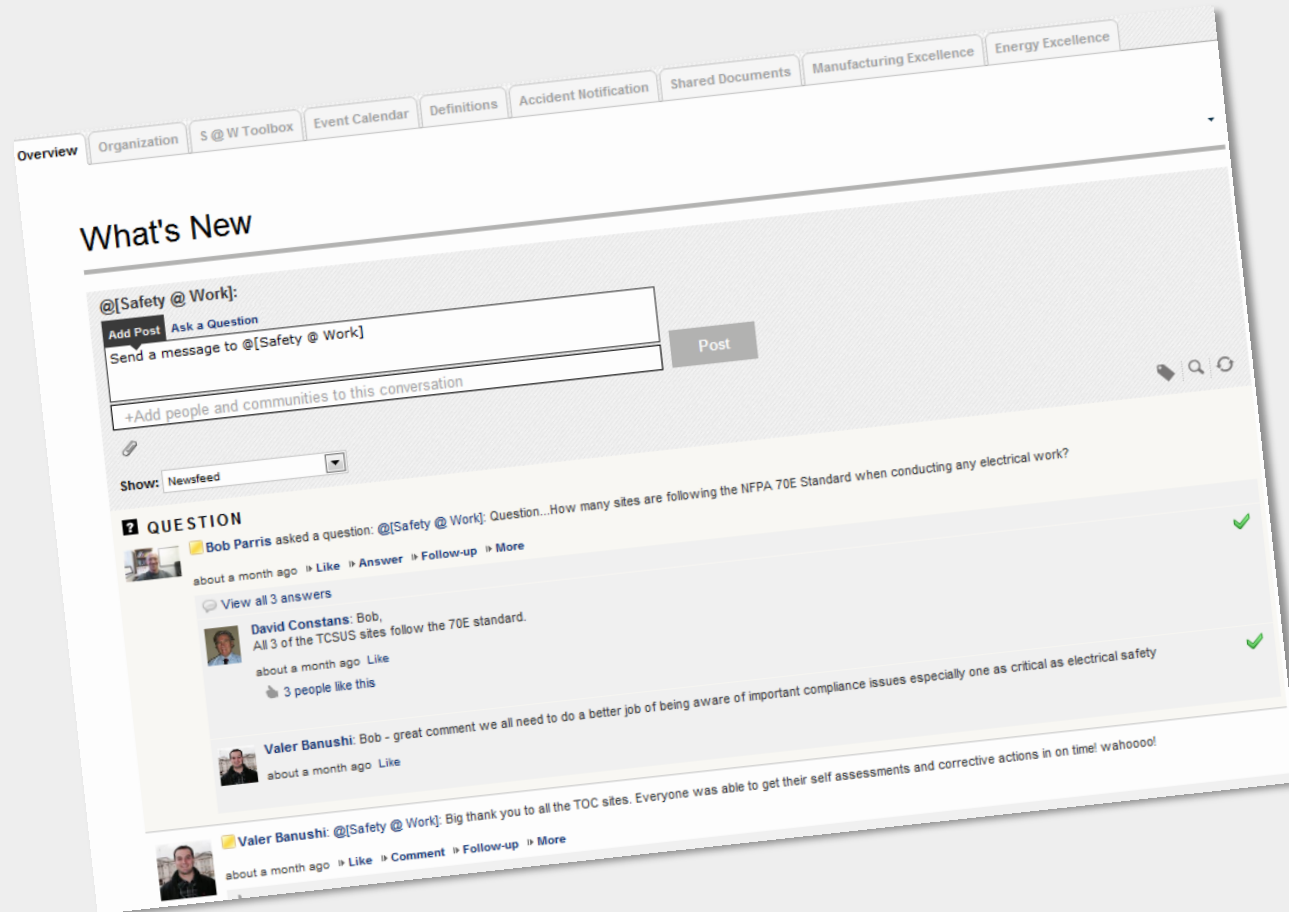
Continuous improvements and training events

Example: Manufacturing Excellence



Ensuring constant monitoring and best practice sharing

Example: Manufacturing Excellence





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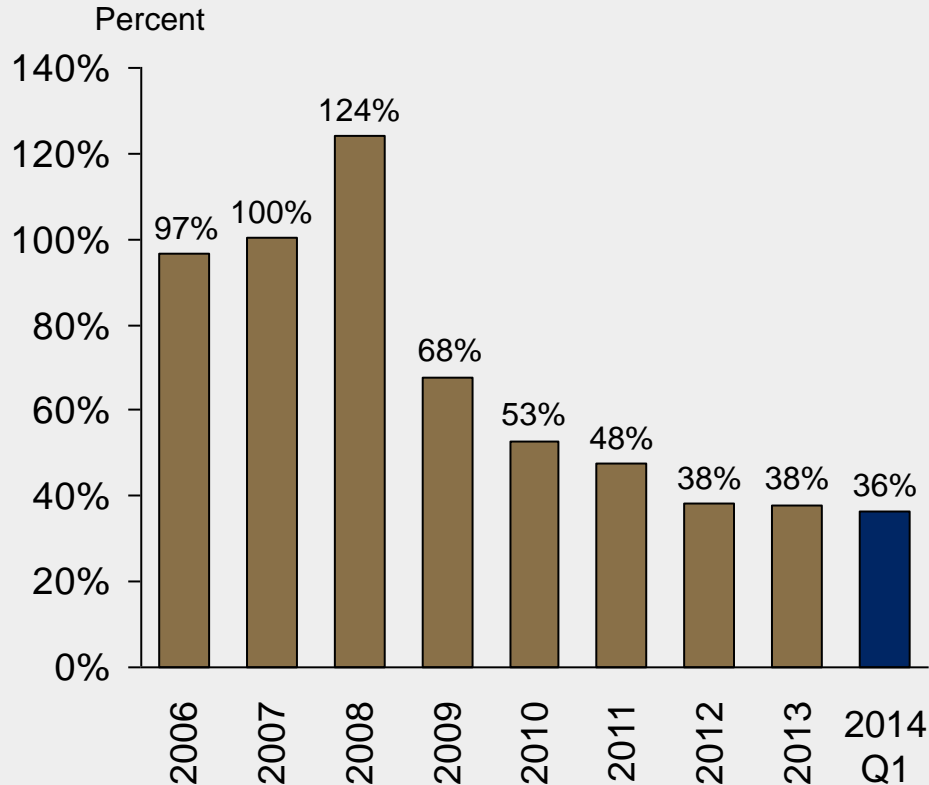
Excellence programs

Financial position

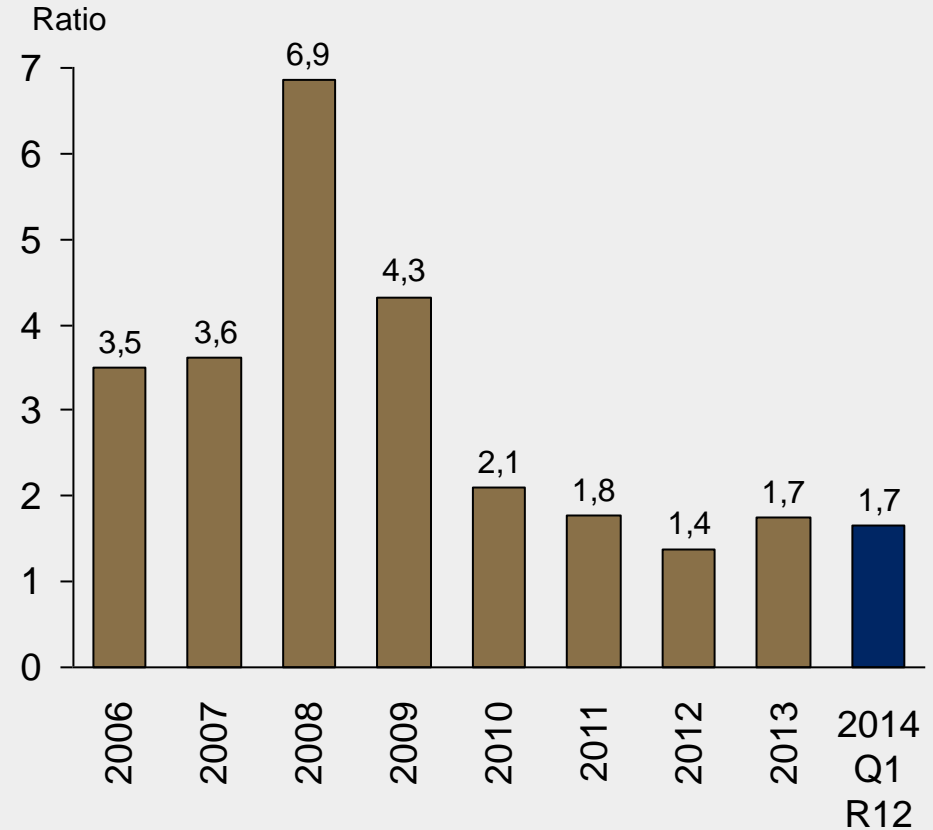
Financial targets and guidelines

Financial stability creates opportunities

Net debt / Equity



Net debt / EBITDA¹ ratio





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Financial targets

Continuing operations (excl. TrelleborgVibracoustic)¹

- Organic growth: $\geq 5\%$
- EBIT-margin²: $\geq 12\%$

Trelleborg Group (continuing operations incl. TrelleborgVibracoustic)¹

- Return on Equity (RoE): $\geq 15\%$

Organisation from an accounting perspective

Financial targets and reporting structure

BA Coated Systems
BA Industrial Solutions
BA Offshore & Construction
BA Sealing Solutions
BA Wheel Systems
Group items

Organic growth: $\geq 5\%$

Net sales – Continuing operations

EBIT-margin: $\geq 12\%$

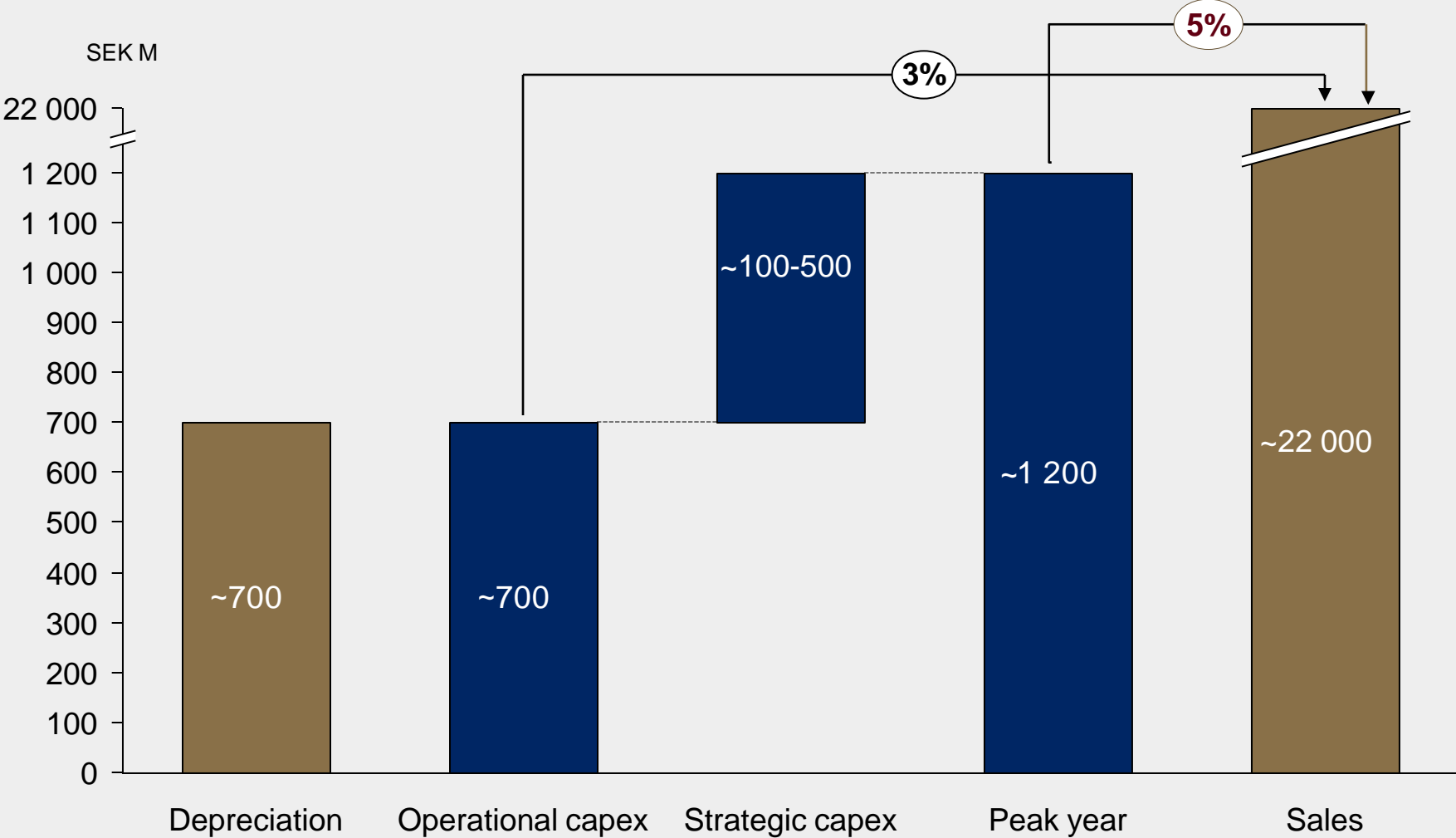
EBIT – Continuing operations

Profit from associated companies
Items affecting comparability

Return on Equity: $\geq 15\%$

Net profit

Capex framework



Recent and current strategic capex projects

Examples

- **Trelleborg Industrial Solutions**
 - New manufacturing sites in China, India, Brazil
- **Trelleborg Coated Systems**
 - New solventless line in Italy
 - New urethane line in U.S.
- **Trelleborg Offshore & Construction**
 - New manufacturing site in Brazil
 - Expansion and new technology in the U.S.
- **Trelleborg Sealing Solutions**
 - New manufacturing site in U.S.
 - Several expansion projects
- **Trelleborg Wheel Systems**
 - New and expanded manufacturing in China
 - Planned manufacturing site in U.S.





Financial guidelines¹

- Net debt / Equity ratio: 50% - 100%
- Restructuring costs 2014: ~SEK 250 M
- Capex 2014: ~SEK 1,100 - 1,200 M (peak year)
- Tax rate: ~28%
- Dividend policy: 30-50% of net profit²

TrelleborgVibracoustic (50% ownership)

- Restructuring costs 2014: ~EUR 30 M
- Annual impact from purchase price allocation (PPA): ~EUR 6 M
- Tax rate: ~29%

¹ Related to continuing operations

² Definition: The Group's dividend policy is that, over the long term, the dividend should amount to between 30 and 50 percent of net profit for the year, considering the Group's result, financial position, one-off items and future development possibilities.



Welcome to the World of Trelleborg