



Trelleborg interim report

January – March 2014

Peter Nilsson, President & CEO

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Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q2 2014 outlook

Q&A

Record profitability but moderate growth

Q1 2014 highlights

- Organic sales increased by 2%
- Mixed picture in terms of geographic markets and market segments growth
- Good cost control, positive mix and better efficiency improved the results
- Continued benefits from improved market positions
- Trelleborg's EBIT-margin at 13.9% - highest so far
- TrelleborgVibracoustic's EBIT-margin at 8.6% - highest so far
- Improved operating cash flow – R12M cash conversion at 92%

Organic growth initiatives and acquisitions

Recap of Q1 2014 events

- Acquisition of Pircher Alfred, an Italian industrial tire distributor
- Acquisition of 51% of Max Seal, a North American pipe seal company
- Expansion of Wheel Systems' Chinese operations continues
- New production line for Coated Systems' US operations being installed
- Expansion of Industrial Solutions' industrial antivibration production in China

- **Post Q1:** Acquisition of Superlas Group, a Turkish industrial hose manufacturer

Solid start of the year

Group financial highlights

Net sales

- Organic sales up 2%
- Mixed markets and segments development

Earnings

- Positive sales mix
- All-time-high EBIT and margin
- All-time-high JV contribution

Cash flow

- Well managed working capital
- Capex on par with last year

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	5 594	5 394	4
Organic	2	-5	
Structural	1	4	
Exchange rate	1	-5	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	779	639	22
Operating margin, %	13.9	11.8	2.1pp
Items affecting comparability ¹	-18	-37	
Profit share in TrelleborgVibracoustic ²	133	110	21
Reported operating profit	894	712	26
Operating margin, %	16.0	13.2	2.8pp
Operating cashflow	367	1	

¹ Consists of one-off items of 0 SEK M (0) and restructuring charges of -18 SEK M (-37).

² Profit share in TrelleborgVibracoustic includes restructuring charges of -19 SEK M (-4).



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Margin comeback in challenging markets

Trelleborg Coated Systems¹

- Organic sales: -3%
- Mixed sales development
- Challenging markets in printing blankets in Europe; Asia good
- Sales and profit impacted by weak Japanese yen
- Ongoing efficiency measures in both Europe and North America
- Solvent-free production line

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	473	463	2
Organic, %	-3	-6	
Structural, %	4	9	
Exchange rate, %	1	-4	
Operating profit	61	60	2
Operating margin, %	13.0	13.0	-

Sales and profitability edged upwards

Trelleborg Industrial Solutions¹

- Organic sales: +1%
- Mixed geographical and segment sales development
- Fewer project deliveries
- Improved cost efficiency
- Better market positions
- Acquisition of 51% of North American pipe seal manufacturer
- Agreement to acquire Turkish industrial hose manufacturer

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	1 181	1 142	3
Organic, %	1	-5	
Structural, %	0	-	
Exchange rate, %	2	-4	
Operating profit	117	102	15
Operating margin, %	9.9	8.9	1.0pp

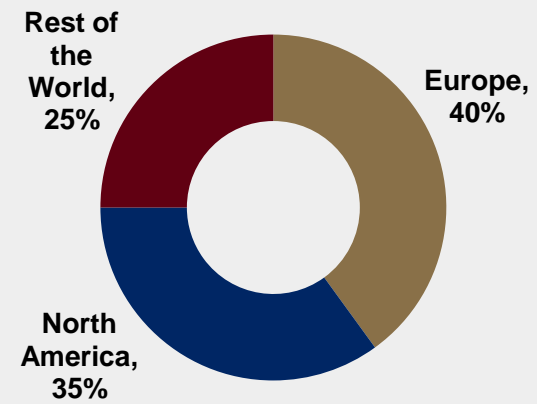
Acquisition of Superlas Group

Highly complementary in all aspects

- Privately-owned Turkish company
- Medium/low pressure industrial hoses for a wide range of industries
- Turnover above SEK 400 M (2013)
- EBIT-margin in line with business area level
- Consolidates Trelleborg's market leading position in industrial hoses
- Expands product offering
- Facilitates geographic expansion, particularly in N.A. and Asia
- Expected to be finalized in Q2



Sales split, 2013



Market activity remains on a high level

Trelleborg Offshore & Construction¹

- Organic sales: +3%
- Activity remains high in most market segments
- Improved mix and better cost efficiency
- Benefits from bolt-on acquisitions
- New contracts in the Infrastructure segments

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	859	856	0
Organic, %	3	-5	
Structural, %	-2	5	
Exchange rate, %	-1	-5	
Operating profit	64	47	36
Operating margin, %	7.4	5.5	1.9pp

Strong quarter in terms of volume and profits

Trelleborg Sealing Solutions¹

- Organic sales: +8%
- Most geographic markets reported positive organic growth
- Strong automotive segment sales
- Profit improved on the back of higher volumes and good cost control
- Expansion of UK clean room manufacturing capacity

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	1 915	1 750	9
Organic, %	8	-7	
Structural, %	-	-	
Exchange rate, %	1	-4	
Operating profit	436	352	24
Operating margin, %	22.8	20.1	2.7pp

Maintaining margins in weaker markets

Trelleborg Wheel Systems¹

- Organic sales: -2%
- Agriculture tires slightly lower sales
- Weaker OE partly offset by better aftermarket sales in Europe
- Still soft demand for industrial tires
- Strong market positions yield solid first quarter margin
- Focus on innovative applications and solutions

SEK M	Q1 2014	Q1 2013	Change, %
Net sales	1 126	1 109	2
Organic, %	-2	-7	
Structural, %	3	10	
Exchange rate, %	1	-5	
Operating profit	148	144	3
Operating margin, %	13.1	13.0	0.1pp



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Creating shareholder value

Global leader in automotive antivibration solutions

- Revenue and cost synergies
- Sustainable growth above market development
- Unrivalled global footprint - awards on back of global platform development
- EBIT-margin that exceeds industry average
- First operational years will be impacted by integration and costs of capturing synergies
- Synergy effects will be most evident in the second operational year and onwards

 TrelleborgVibracoustic



Continuous improvement in all dimensions

TrelleborgVibracoustic¹

- Organic sales: +9%
- Favourable sales development in most geographical markets
- Higher volumes and improved efficiency raise profitability
- Highest EBIT-margin in a single quarter
- Further restructuring measures in Europe initiated
- Improved cash flow

EUR M	Q1 2014	Q1 2013	Change, %
Net sales	447	424	5
Organic, %	9	1	
Structural, %	1	0	
Exchange rate, %	-5	-4	
Operating profit	39	28	38
Operating margin, %	8.6	6.6	2.0pp
Operating cash flow	21	-21	

*Please visit TrelleborgVibracoustic's homepage: www.tbvc.com

Associated income bridge

TrelleborgVibracoustic

- Associated income of SEK 133 M (*after* financial net and items affecting comparability)
- Additional P.P.A. adjustments related to the JV formation
- Negative impact by unrealized foreign exchange differences
- Reported tax rate includes some one-offs – underlying at 29%

SEK M	Q1 2014	Q1 2013	Change, %
Operating profit excl. items affecting comparability	342	238	44
Acquisition-related costs	-2	-5	
Amortization of intangible assets ¹	-14	-10	
Restructuring items	-38	-7	
Operating profit	288	216	33
Financial net	-21	4	
Profit before tax	267	220	21
<i>Of which Trelleborg's share (50%)</i>	133	110	21
<i>Trelleborg's share (50%) excl. items affecting comparability</i>	160	121	32

¹ Related to split of acquisition balance

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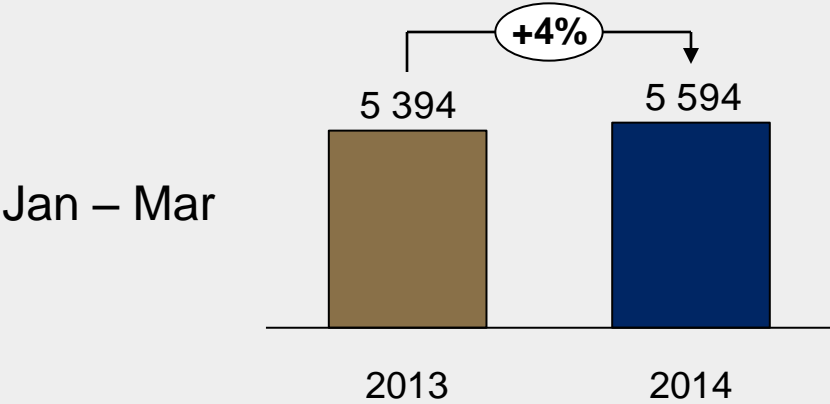
Financials

Summary & Q2 2014 outlook

Q&A

Moderate growth topped by small acquisitions

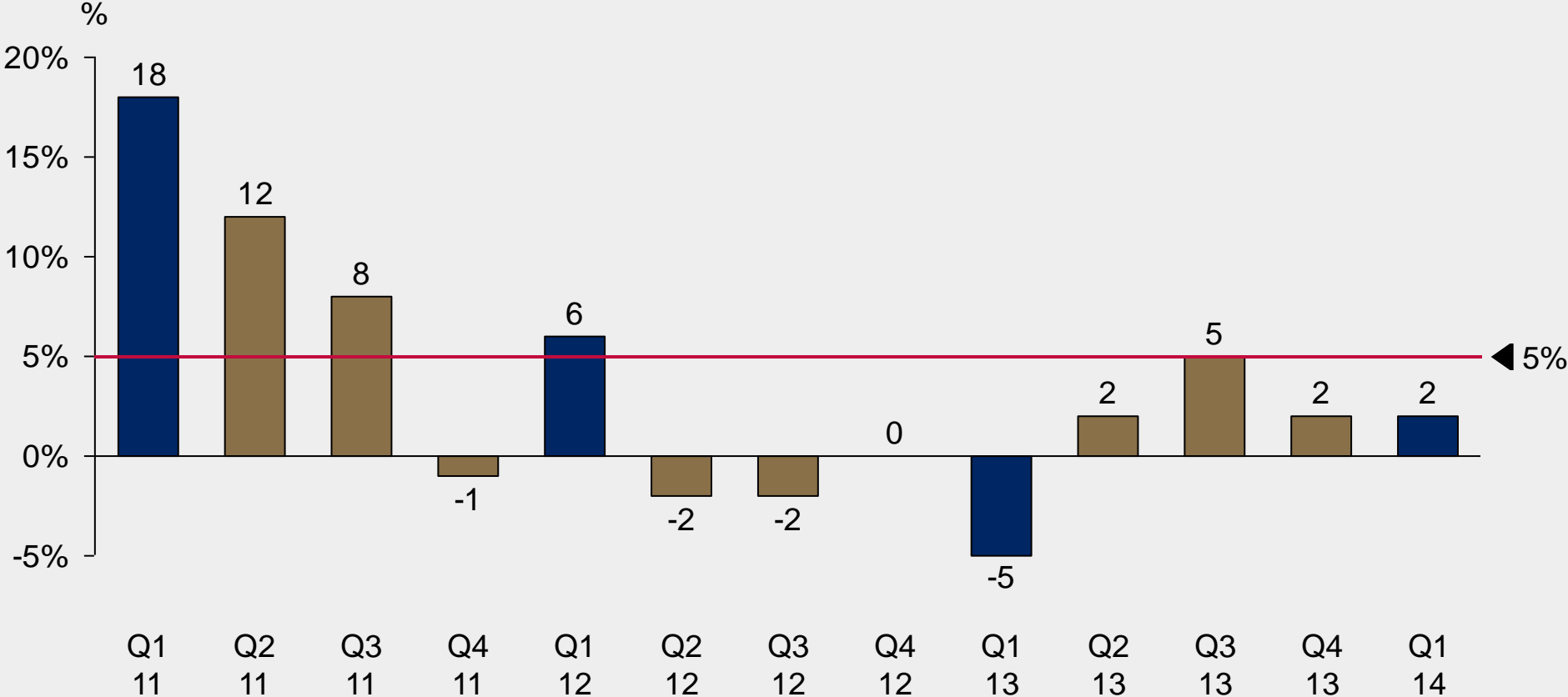
First quarter sales development, SEK M



Jan - Mar	
Organic	2%
Structural	1%
Currency	1%
Total	4%

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

Organic sales development



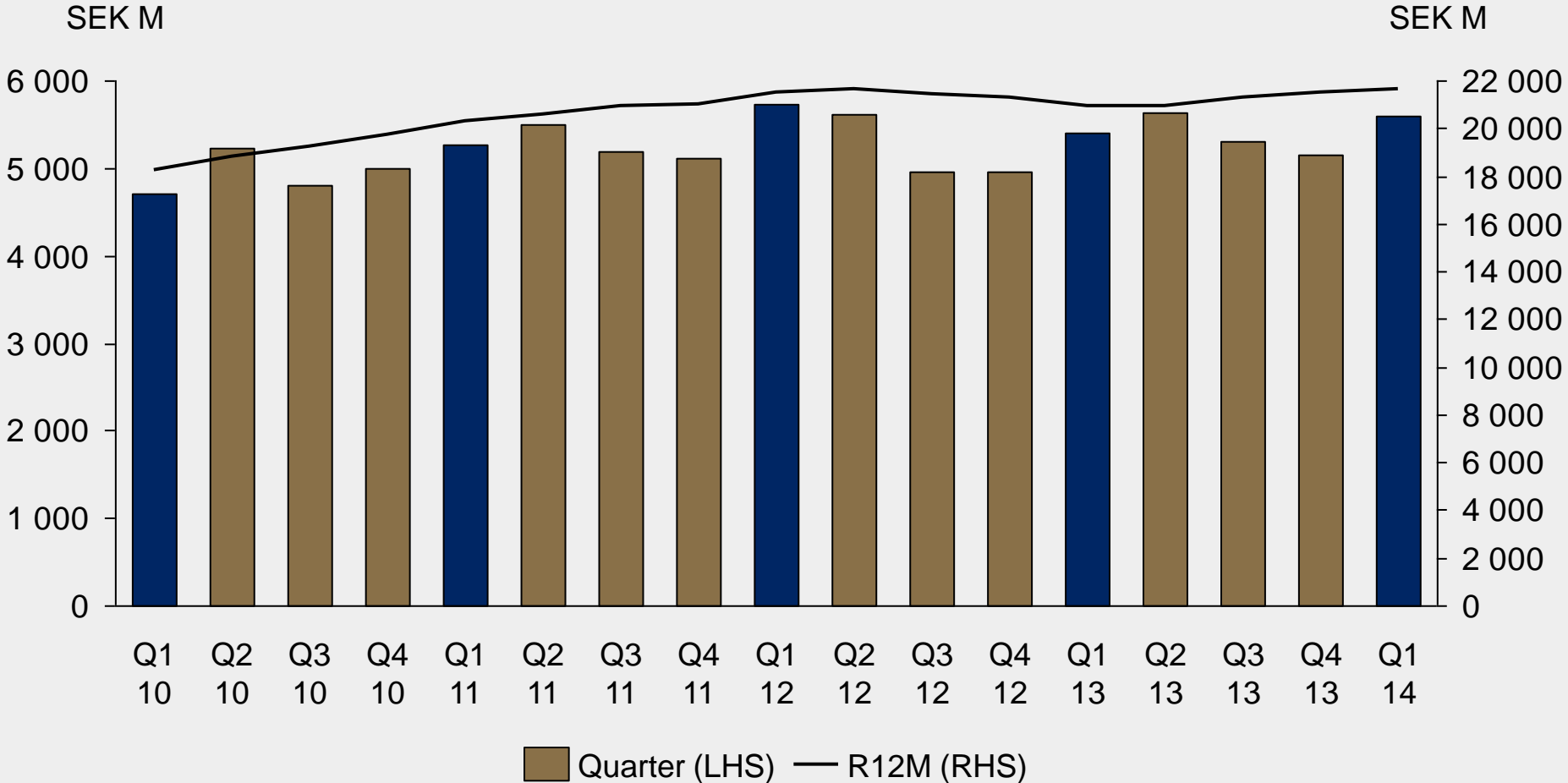
Mixed sales development

Sales per business area

SEK M	Jan - Mar			
	2014	2013	Change %	Organic %
Coated Systems	473	463	2	-3
Industrial Solutions	1 181	1 142	3	1
Offshore & Construction	859	856	0	3
Sealing Solutions	1 915	1 750	9	8
Wheel Systems	1 126	1 109	2	-2
Other items	141	187		
Eliminations	-101	-113		
Continuing operations	5 594	5 394	4	2

Sales slightly up on previous year

Sales development, R12M



Good growth in Asia and East Europe

Organic sales growth by geographic markets

North America		
Share	Jan-Mar 13	Jan-Mar 14
20%	-11%	2%

Western Europe		
Share	Jan-Mar 13	Jan-Mar 14
55%	-4%	-4%

Other Europe		
Share	Jan-Mar 13	Jan-Mar 14
6%	13%	21%

South and Other America		
Share	Jan-Mar 13	Jan-Mar 14
3%	-8%	-2%

Asia & Other markets		
Share	Jan-Mar 13	Jan-Mar 14
16%	-4%	18%

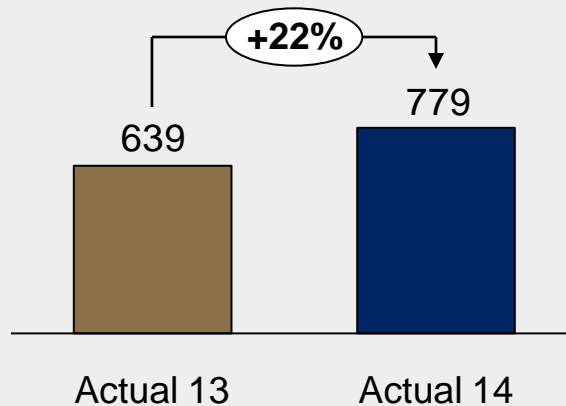
Share = Actual 2013

Best operating margin so far

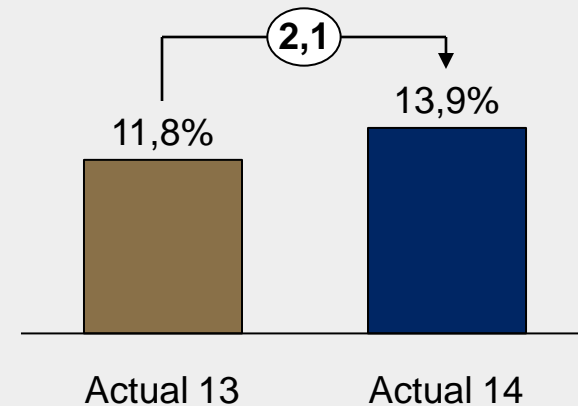
Operating profit development¹, SEK M

Jan-Mar

Operating profit



Operating margin



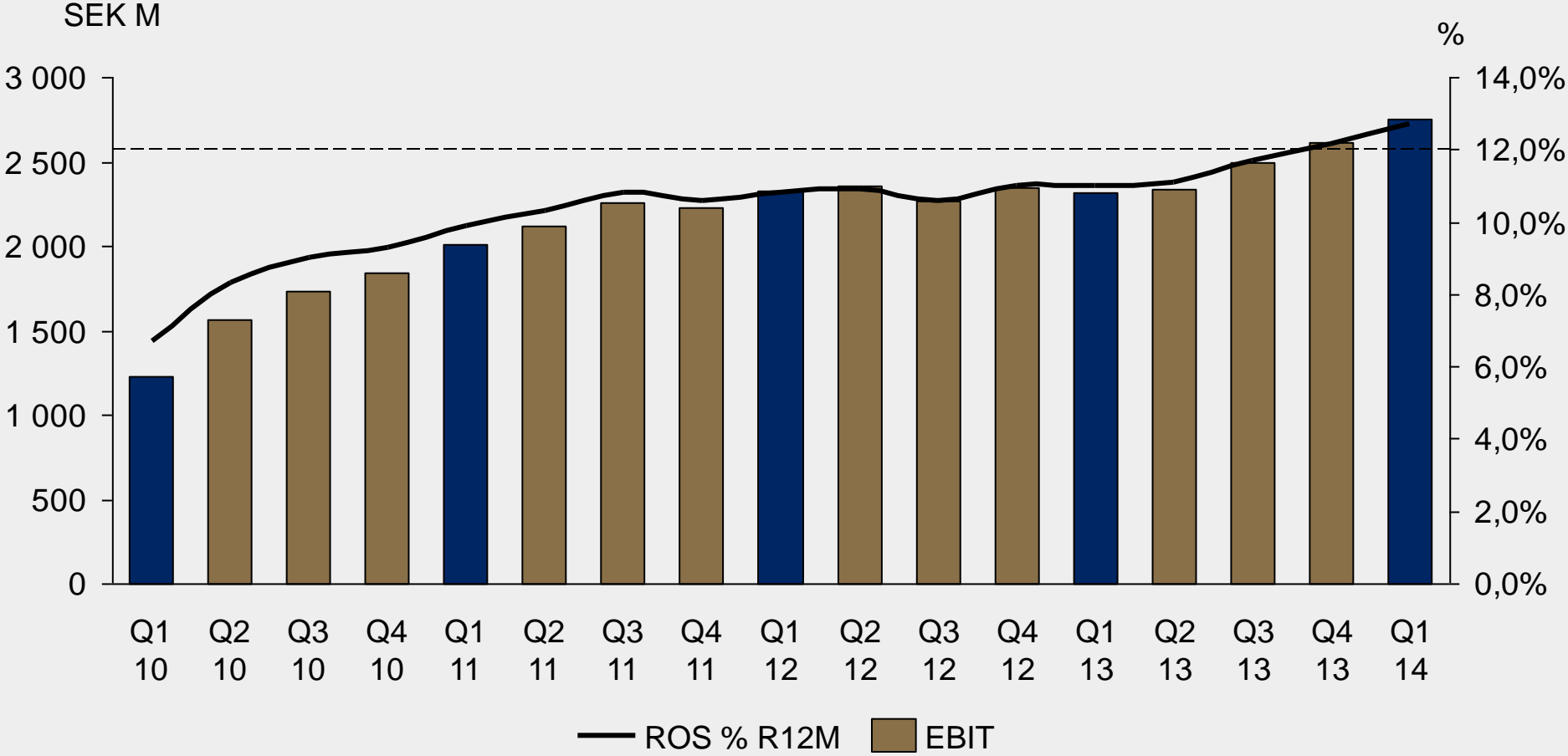
Improvement in all business areas

Group operating profit per business area¹

SEK M	Jan - Mar		
	2014	2013	Change %
Coated Systems	61	60	2
Industrial Solutions	117	102	15
Offshore & Construction	64	47	36
Sealing Solutions	436	352	24
Wheel Systems	148	144	3
Other items	-47	-66	-29
Continuing operations	779	639	22

All-time-high rolling 12-months margin

EBIT and margin, R12M¹



Total Group - including discontinued business

Profit & Loss statement

SEK M	Jan - Mar		
	2014	2013	Change %
Operating Profit, excluding e.o. items & assoc. income	779	639	22%
Operating Margin, excluding e.o. items & assoc. income	13.9%	11.8%	2.1 pp
Restructuring costs	-18	-37	
One-off items	-	-	
Total items affecting comparability	-18	-37	
Associated income from Trelleborg Vibracoustic	133	110	
Operating profit	894	712	26%
Operating Margin	16.0%	13.2%	2.8 pp
Financial income and expense	-34	-42	
Profit before tax	860	670	
Tax, Group total	-237	-179	
Profit after tax in discontinued operations	-	-	
Net Profit, Group Total	623	491	

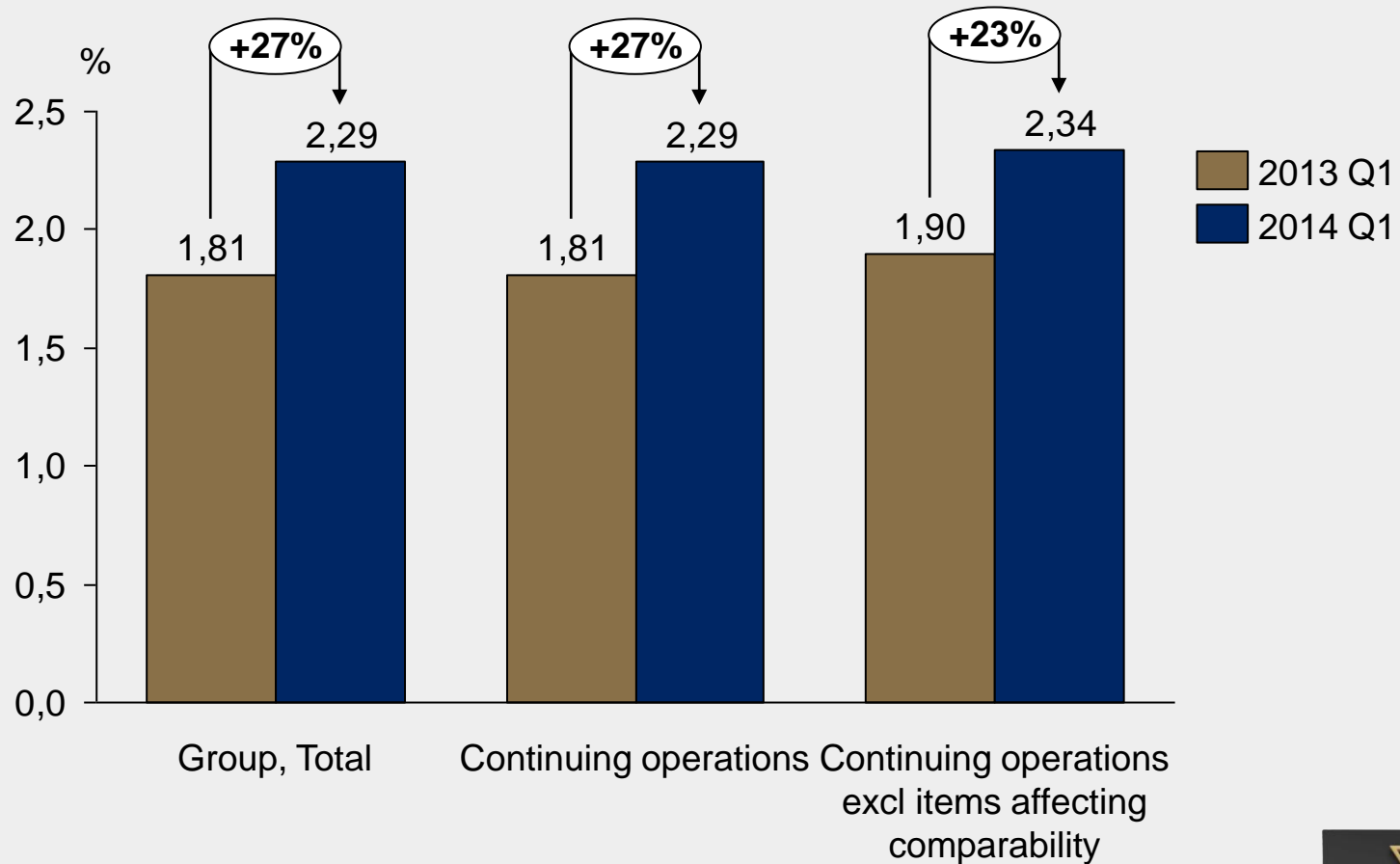
TrelleborgVibracoustic

Impact on Trelleborg's accounts

SEK M	Jan - Mar 2014	Jan - Mar 2013
Operating profit excl. items affecting comparability, MEUR	39	28
Operating profit excl. items affecting comparability	342	238
Acquisition related costs	-2	-5
Amortization intangible assets	-14	-10
Restructuring costs	-38	-7
Operating Profit	288	216
Financial net	-21	4
Profit before tax	267	220
Trelleborg share	133	110
Tax	-92	-59
Trelleborg share	-46	-29
Net profit	175	162
Trelleborg share (net impact)	87	81

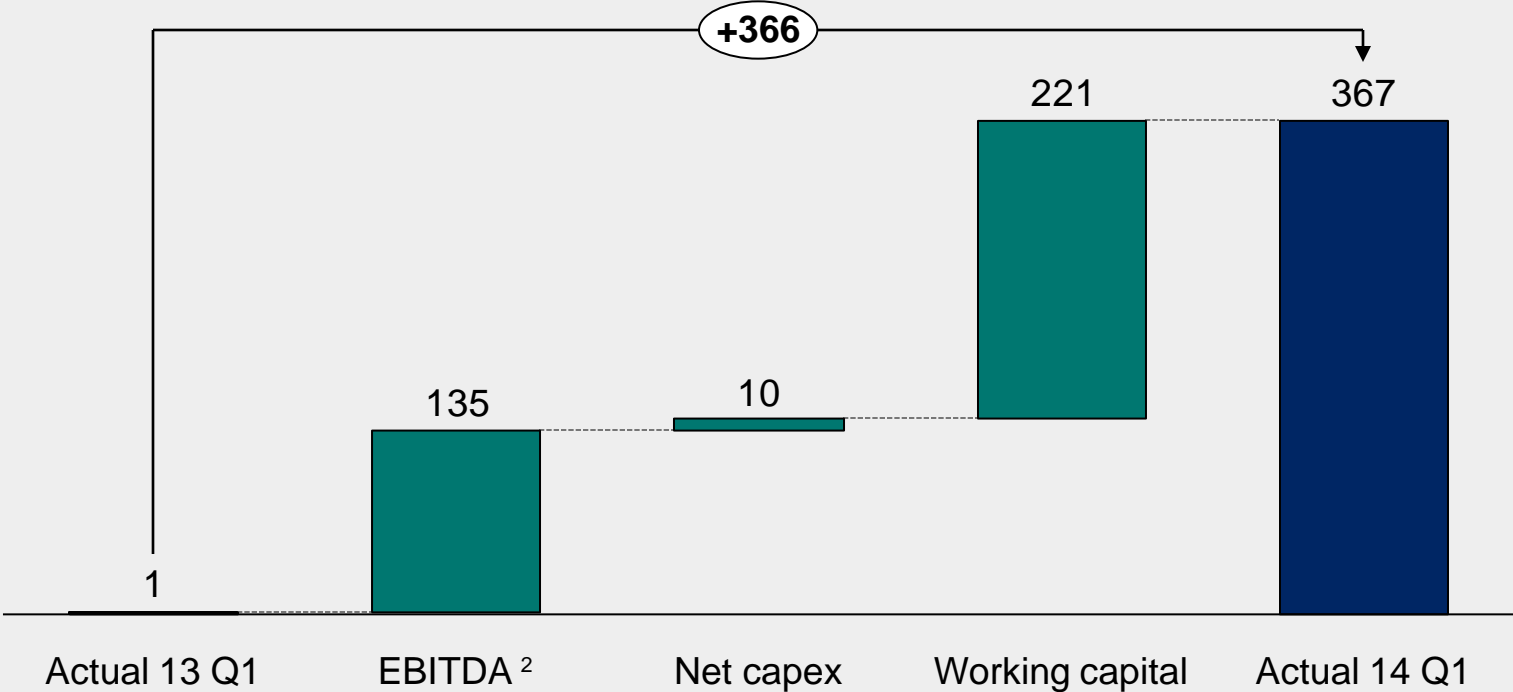
Underlying EPS increased by 23 percent

Earnings per share – first quarter 2014



Well-managed working capital

Operating cash flow bridge¹, SEK M



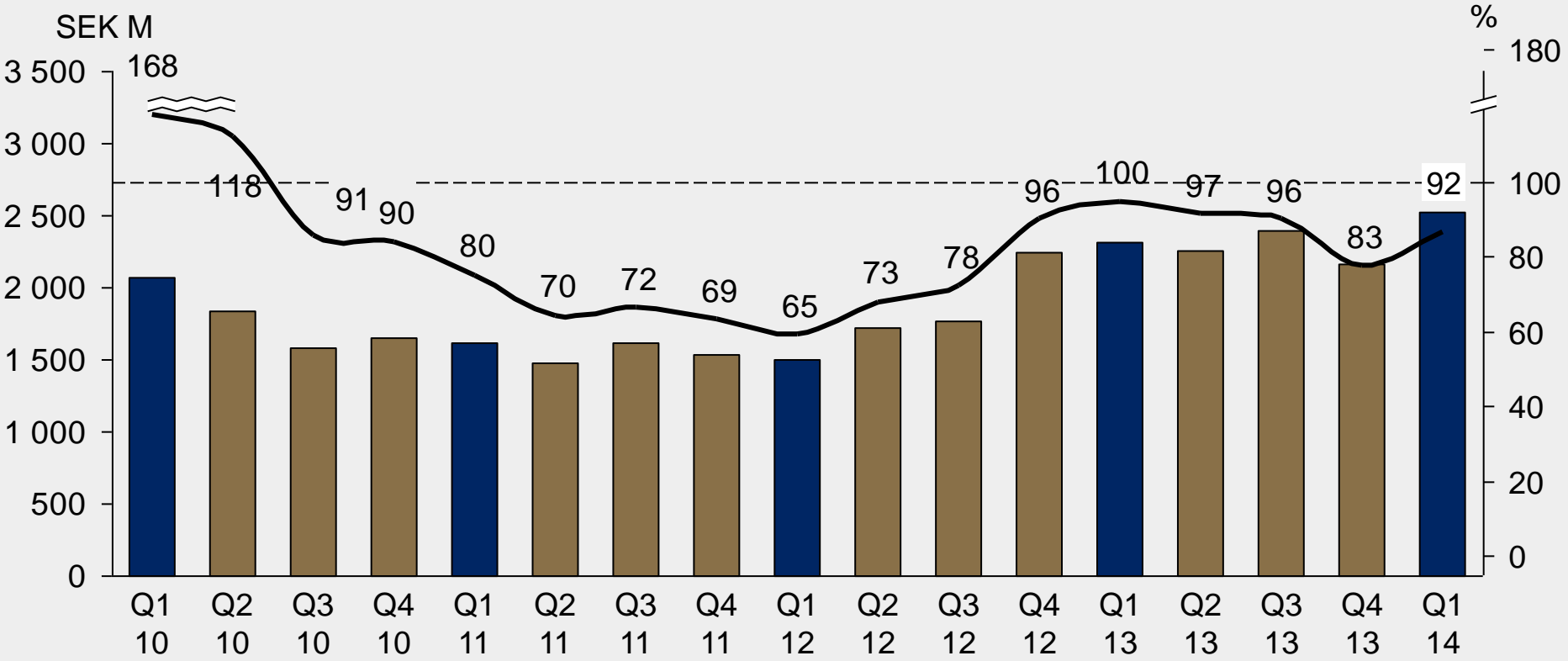
¹ Excluding items affecting comparability and TrelleborgVibracoustic.

² Excluding other non cash flow affecting items.



Solid cash conversion

Operating cash flow, R12M¹

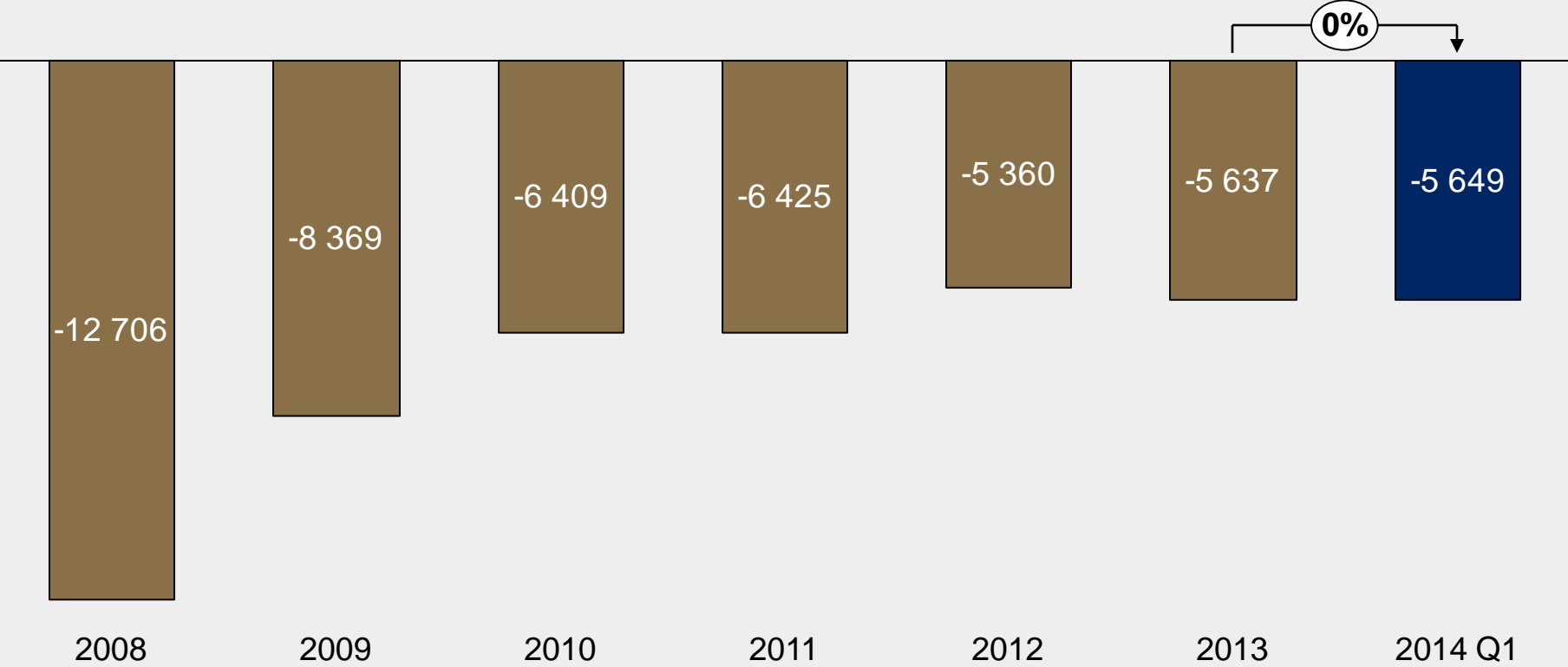


— Cash conversion % ■ Operating cash flow



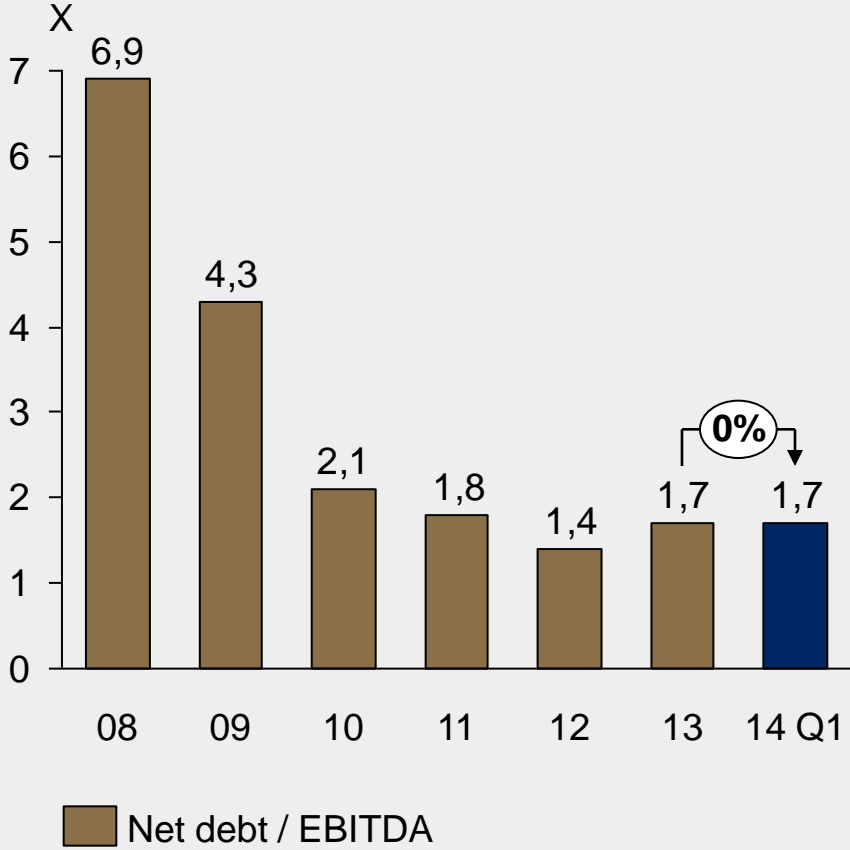
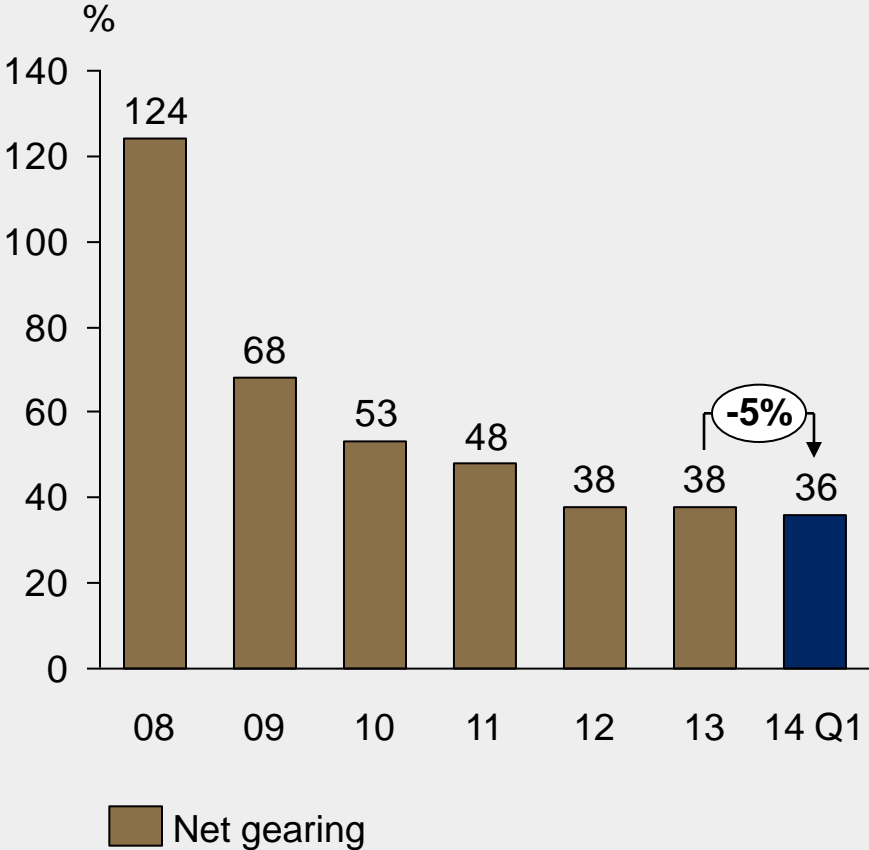
Solid capital structure

Net debt development¹, SEK M



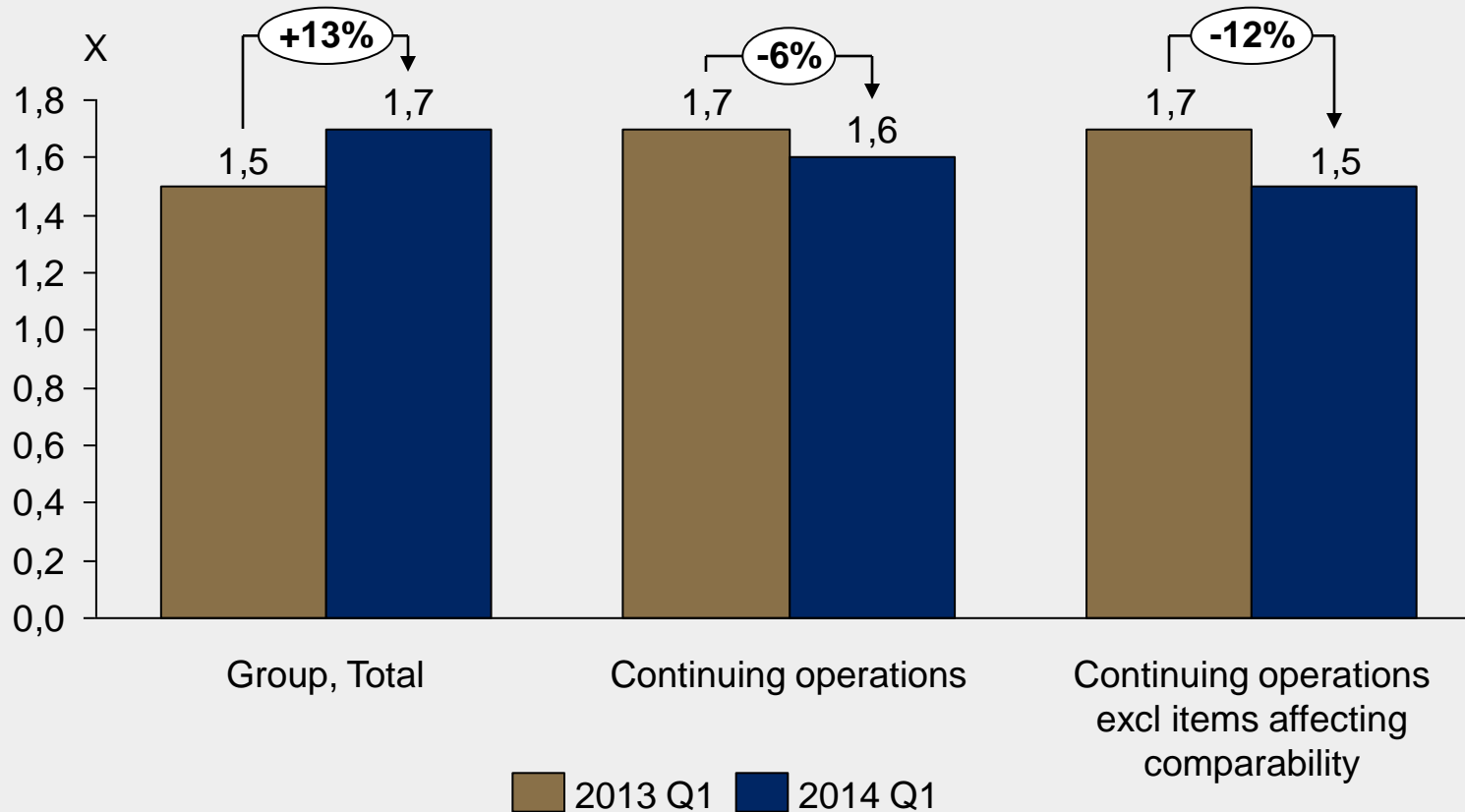
Solid capital structure

Net debt / EBITDA and net gearing development¹



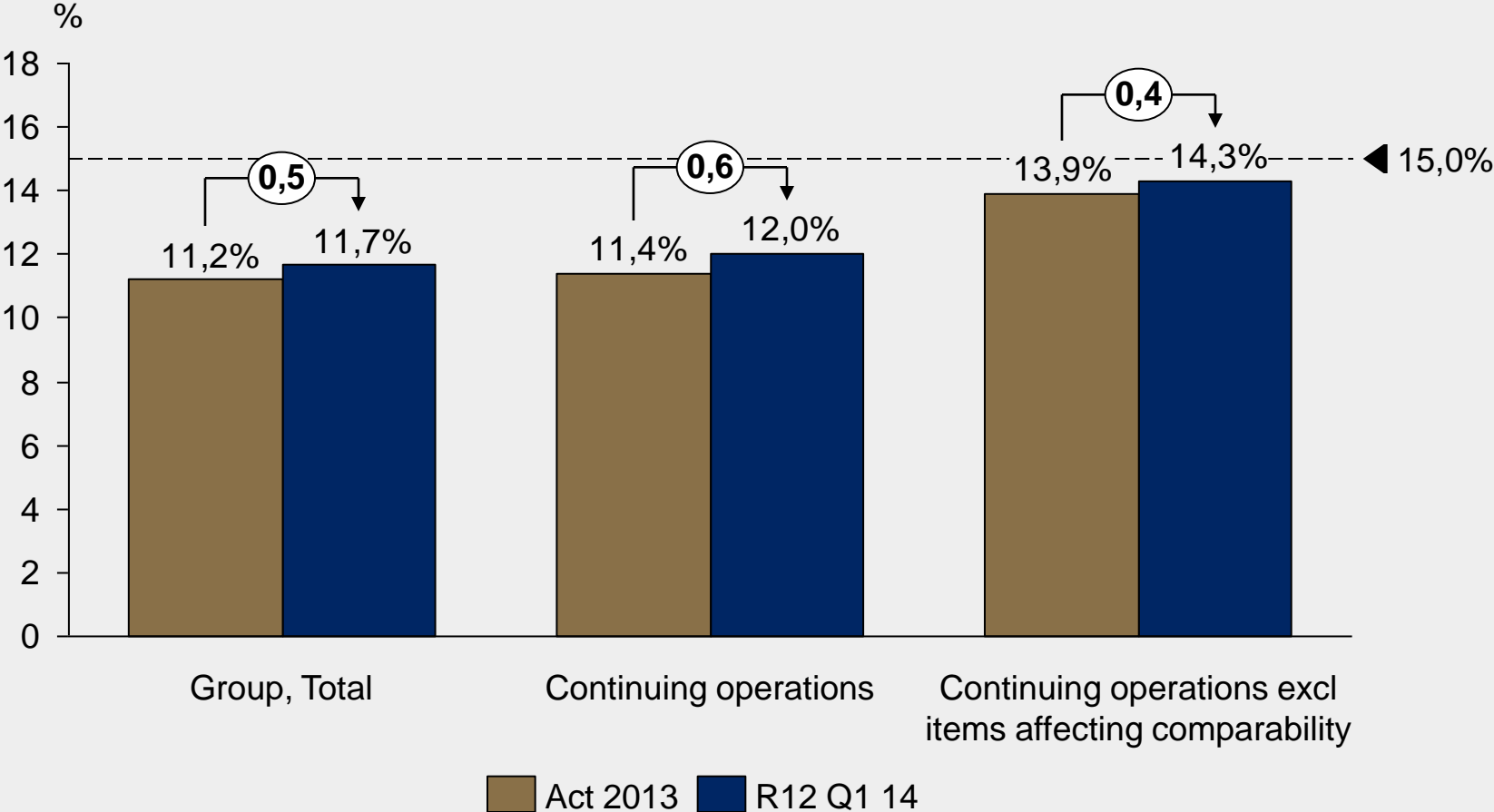
Underlying debt ratios continue to go down

Net debt / EBITDA, R12M



Long-term ROE target of 15 percent

Return on equity, R12M





Financial guidelines for full-year 2014

Trelleborg Group:

- Restructuring costs: ~SEK 250 M
- Capex: ~SEK 1,100-1,200 M (peak year)
- Tax rate: ~28%

TrelleborgVibracoustic (50% ownership):

- Restructuring costs: ~EUR 20-30 M
- Annual impact from purchase price allocation (PPA): ~EUR 6 M
- Tax rate: ~29%



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Continued focus on growth and excellence

2014 priorities

- Manage uncertain market conditions
- Continued focus on profitable growth, selected segments and geographies
- Manage margin development through operational excellence
- Continued portfolio management to improve leading positions
- TrelleborgVibracoustic

Outlook Q2 2014

- Demand in the second quarter is expected to be on par with the first quarter of 2014, adjusted for seasonal variations



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Forward-looking statements

This presentation contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct.

Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors