



Trelleborg Year-end report

October – December 2015

Peter Nilsson, President & CEO

Ulf Berghult, CFO



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q1 2016 outlook

Q&A

Stable end to the year

Q4 2015 highlights

- Flat organic sales Y/Y, but structural growth and positive FX-movements yield 6 percent sales growth
- Good market positions, cost control and currency improved the results to the highest fourth quarter profit to date
- Trelleborg's EBIT-margin at 11.9% - marginally down from a year ago despite challenging oil/gas and agri markets
- TrelleborgVibracoustic's EBIT-margin at 8.8% - best fourth quarter so far
- Uncertainty regarding market direction prevails - oil/gas segment very much under pressure – will affect sales and margins

Organic growth initiatives and acquisitions

Recap of Q4 2015 events

- Acquisition of Maritime International, a US-based marine fender systems company
- Acquisition of Marimatech, a Danish marine docking and mooring solutions company
- Acquisition of Standard Tyres Group, a Brazil-based industrial tire manufacturer
- Agreement to acquire CGS Holding, a Czech-based company with leading positions in agricultural and specialty tires, as well as engineered polymer solutions – deal expected to close in H1 2016

Acquisition of CGS

A strategically attractive and value-enhancing acquisition

- Reinforcing Trelleborg as a world leader in engineered polymer solutions
- **Wheel Systems:**
 - Doubling sales and creating a global leader in agricultural tires
 - Enhancing global leading position in industrial tires
 - Adding supplementing specialty tires niches
- Enhancing positions in **Coated Systems, Industrial Solutions** and **Sealing Solutions**
- Broadening geographical reach
- Complementary manufacturing footprint with well-invested and cost-efficient facilities

CGS transaction summary

- CGS generated sales of SEK 5.6 bn and EBIT of SEK 0.9 bn (16% EBIT margin)¹
- Cost synergies estimated to exceed SEK 300 M on an annual basis
- Cross-selling opportunities
- Trelleborg has agreed to pay SEK 10.9 bn on a cash and debt-free basis
- The transaction will be financed through committed bank financing
- Expected closing in first half 2016, subject to approval by relevant authorities

Stable end to the year

Group financial highlights, Q4 2015

Net sales

- Sales: +6%; Organic: 0%;
Structure: +2%; Currency +4%

Earnings

- Highest fourth quarter EBIT to date – margin slightly down
- Positive FX impact

Cash flow

- Cash flow includes JV dividend of SEK 1,357 M
- R12M cash conversion at 71%

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	5 927	5 592	6
Organic	0	-2	
Structural	2	3	
Exchange rate	4	8	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	705	690	2
Operating margin, %	11.9	12.3	-0.4pp
Items affecting comparability ¹	-90	-68	
Profit share in TrelleborgVibracoustic ²	104	72	44
Reported operating profit	719	694	4
Operating cash flow excluding JV dividend	854	1031	-17
Operating cash flow including JV dividend	2 211	1 031	114

¹ Consists of restructuring charges of SEK -90 M (-68) and one-off items of SEK 0 M (0).

² Profit share in TrelleborgVibracoustic after tax, includes total items affecting comparability of EUR -3.1 M (-1.2) (50% of total -6.2 M (-2.4), of which restructuring costs of EUR -1.1 M (-1.3) (50% of -2.1 M (-2.5)).



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q1 2016 outlook

Q&A

Good profit impact from efficiency measures

Trelleborg Coated Systems¹

- Organic sales: 0%
- Structural growth: +5%
- Engineered fabrics increased in aerospace and transportation industries, while lower deliveries to general industry
- Printing blankets weaker in North America but growth in Europe
- Restructuring and efficiency measures impact EBIT positively
- Measures to further improve profitability are continuing

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	602	542	11
Organic, %	0	-5	
Structural, %	5	13	
Exchange rate, %	6	9	
Operating profit	74	63	17
Operating margin, %	12.3	11.8	0.5 pp

Higher margins in tough environment

Trelleborg Industrial Solutions¹

- Organic sales: -9%
- Mixed organic sales trend in Europe, lower in North America
- Fewer oil/gas deliveries
- Results on par with last year, despite weak general industry
- Higher operating margin due to cost and price discipline

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	1 204	1 280	-6
Organic, %	-9	-2	
Structural, %	-	10	
Exchange rate, %	3	6	
Operating profit	141	141	0
Operating margin, %	11.7	11.0	0.7 pp

Good performance, but tougher times ahead

Trelleborg Offshore & Construction¹

- Organic sales: +9%
- Good organic sales in oil/gas
- Mixed development in infrastructure projects
- Volume, efficiency and cost control had positive impact on results
- Weak order intake in oil/gas leads to lower sales and margin onwards
- Alignment to tougher markets ongoing

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	1 149	954	20
Organic, %	9	4	
Structural, %	4	-	
Exchange rate, %	7	10	
Operating profit	77	53	45
Operating margin, %	6.6	5.5	1.1 pp

Solid finish to the year, tough Y/Y comparison

Trelleborg Sealing Solutions¹

- Organic sales: -2%
- Mixed geographical and market segment development
- Aerospace and automotive strong, general industry still muted
- Solid development due to market positioning and operational control
- Good operating margin, but tough Y/Y comparison

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	1 909	1 845	3
Organic, %	-2	-1	
Structural, %	0	-	
Exchange rate, %	5	8	
Operating profit	401	407	-1
Operating margin, %	21.0	22.1	-1.1 pp

Start-up in U.S. and focus on inventories

Trelleborg Wheel Systems¹

- Organic sales: -2%
- Flat organic agri development
- Industrial tires weaker despite organic growth in Europe
- Customer driven inventory trimming causing under-absorption
- US site inaugurated – cost impact in quarter
- Acquisition of Brazilian industrial tires manufacturer

SEK M	Q4 2015	Q4 2014	Change, %
Net sales	1 020	976	5
Organic, %	-2	-5	
Structural, %	3	-	
Exchange rate, %	4	7	
Operating profit	95	103	-8
Operating margin, %	9.3	10.5	-1.2 pp



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q1 2016 outlook

Q&A

A solid development

Global leader in automotive antivibration solutions

TrelleborgVibracoustic

- ▶ **Stand-alone** company
- ▶ **Global** organization established
- ▶ **Successful** integration
- ▶ Stand-alone **financing**
- ▶ **Solid** performance



Good sales and continued improvement

TrelleborgVibracoustic¹

- Organic sales: +8%
- Significantly exceeds underlying market growth
- Sales growth except in South America
- Higher volumes and cost control yield best Q4 to date
- Preparing the JV for a potential stock market exchange listing
- Dividend of EUR 290 M to shareholders (of which EUR 145 M to Trelleborg)

EUR M	Q4 2015	Q4 2014	Change, %
Net sales	493.6	450.7	10
Organic, %	8	3	
Structural, %	-	1	
Exchange rate, %	2	3	
Operating profit excl. items affecting comparability	43.5	34.4	26
Operating margin, %	8.8	7.6	1.2 pp

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



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

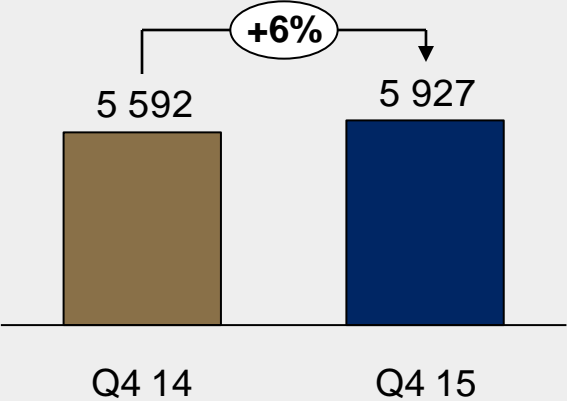
Financials

Summary & Q1 2016 outlook

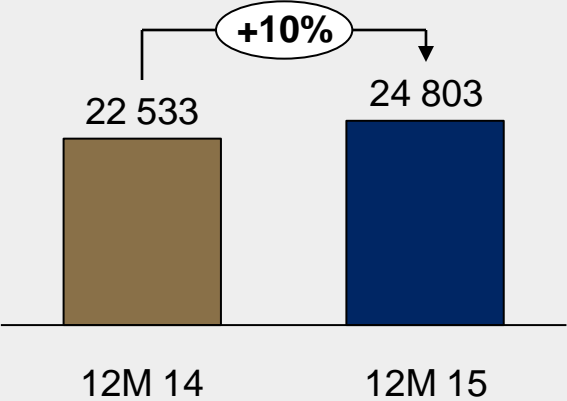
Q&A

Sales driven by acquisitions and FX

Sales development



Oct - Dec [%]	
Organic	0
Structural	2
Currency	4
Total	6

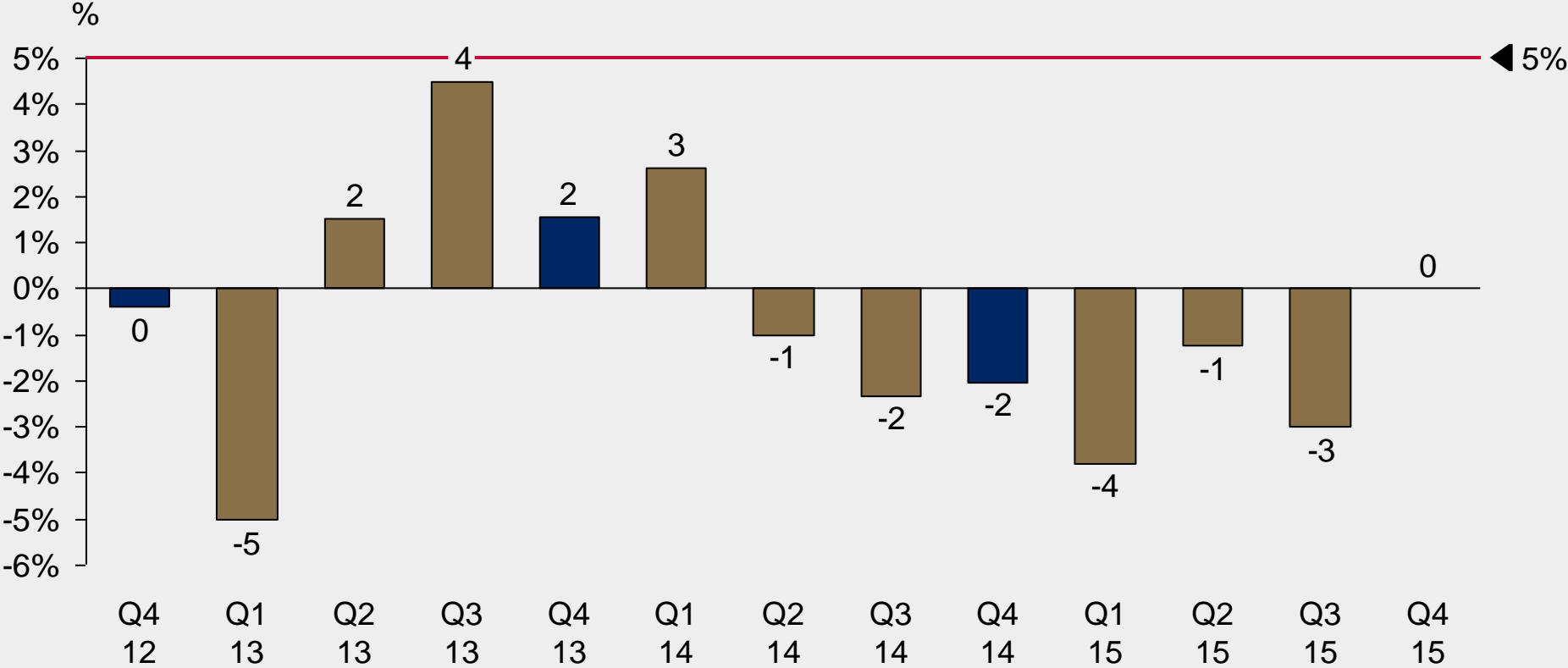


Jan - Dec [%]	
Organic	-2
Structural	2
Currency	10
Total	10



Flat organic sales growth

Organic sales development



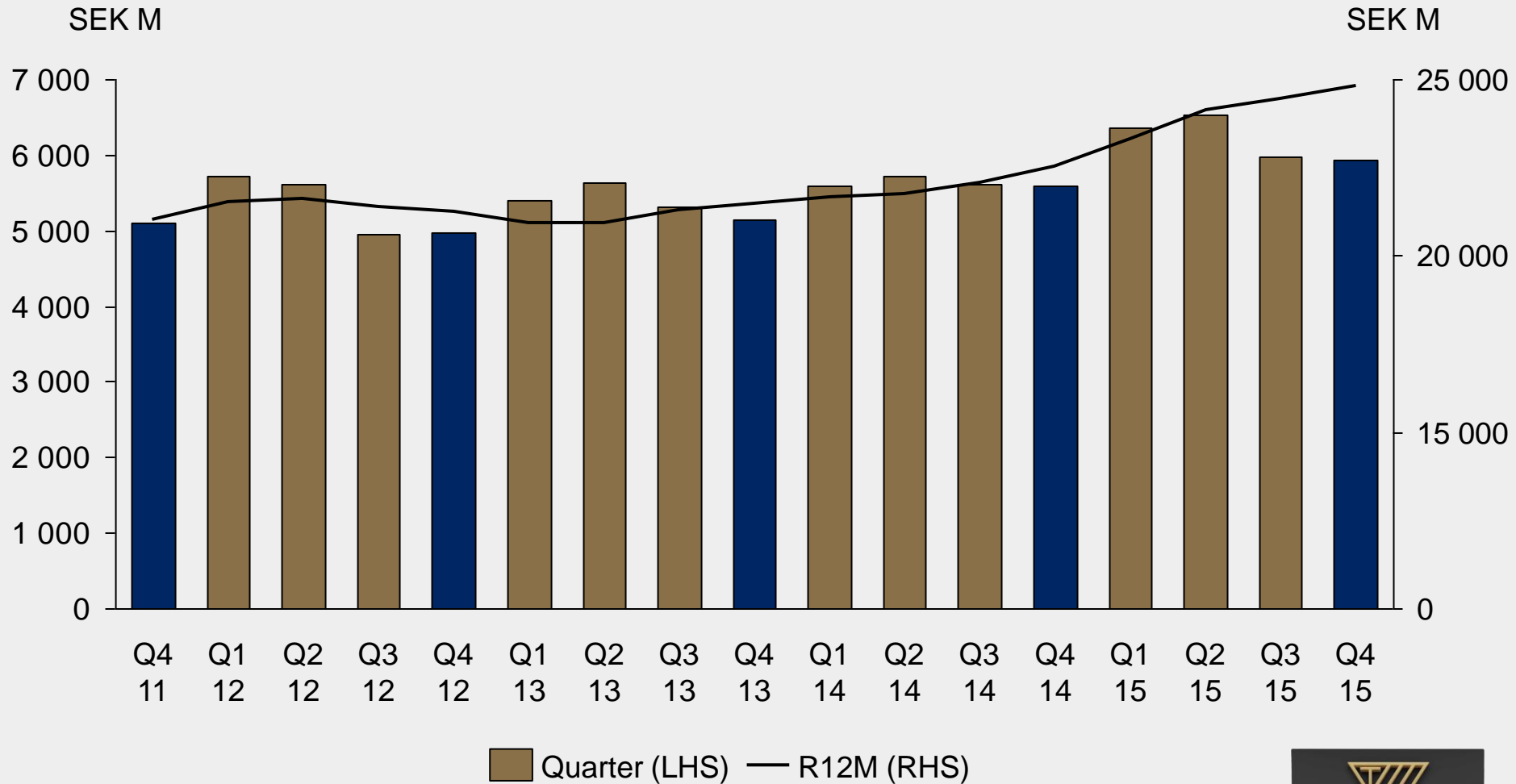
Strong Offshore & Construction sales

Sales per business area

2015	Oct - Dec			SEK M	2015	Jan - Dec		
	2014	Change %	Organic %			2014	Change %	Organic %
602	542	11	0	Coated Systems	2 559	1 932	32	1
1 204	1 280	-6	-9	Industrial Solutions	5 117	4 956	3	-5
1 149	954	20	9	Offshore & Construction	4 331	3 697	17	4
1 909	1 845	3	-2	Sealing Solutions	8 302	7 648	9	-1
1 020	976	5	-2	Wheel Systems	4 315	4 167	4	-6
111	70			Other items	505	480		
-68	-75			Eliminations	-326	-347		
5 927	5 592	6	0	Continuing operations	24 803	22 533	10	-2

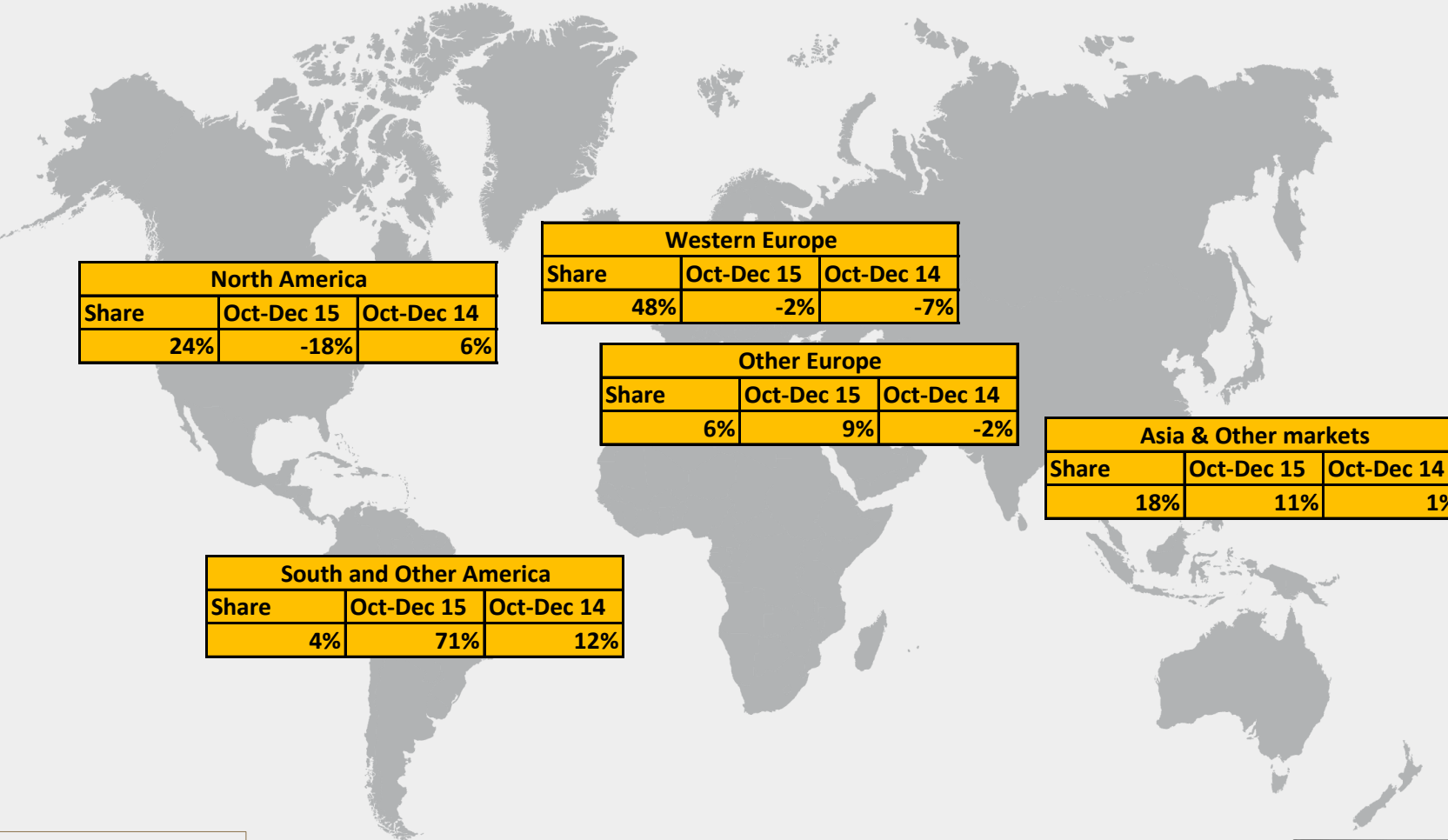
Sales driven by FX and structural growth

Sales development, R12M



Organic sales growth by geography

Picture distorted by project-related business

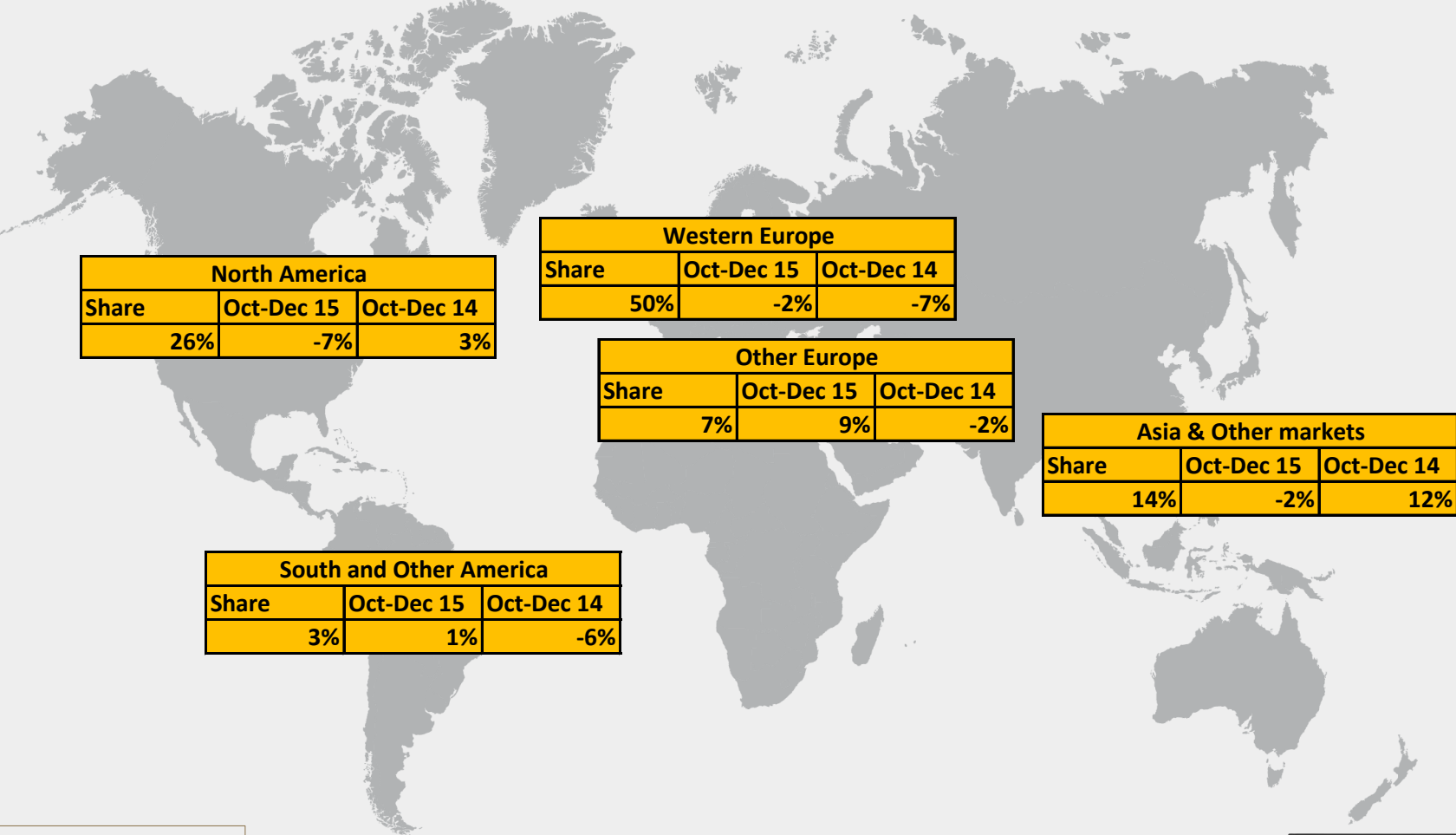


Share = Actual 2015



Organic sales growth by geography

Organic sales excl. project-related business¹



Share = Actual 2015

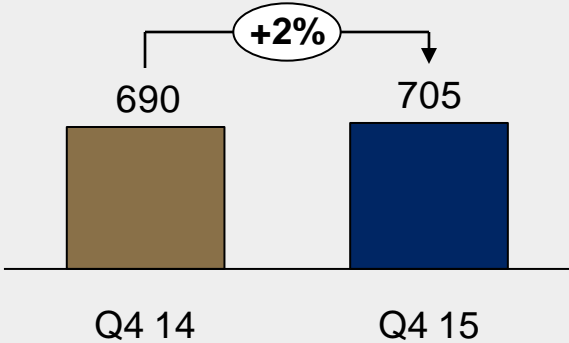
¹ Project deliveries refer to the whole of Trelleborg Offshore & Construction and Trelleborg Industrial Solutions' operations of marine hoses to oil/gas applications.



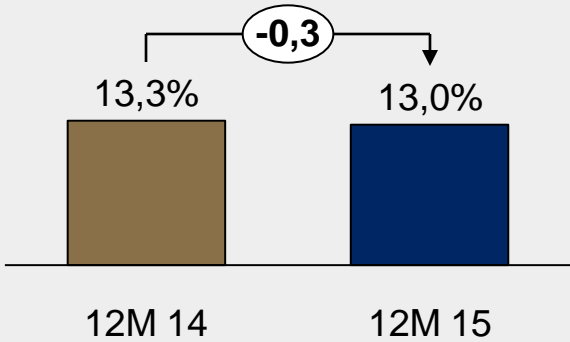
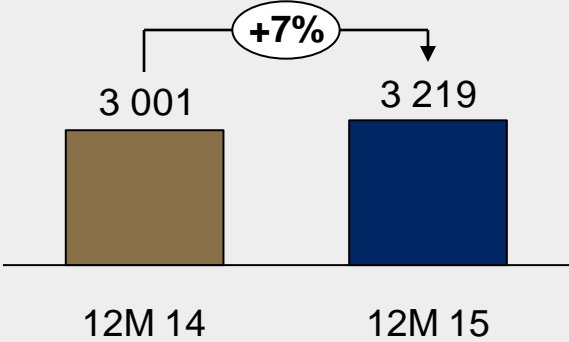
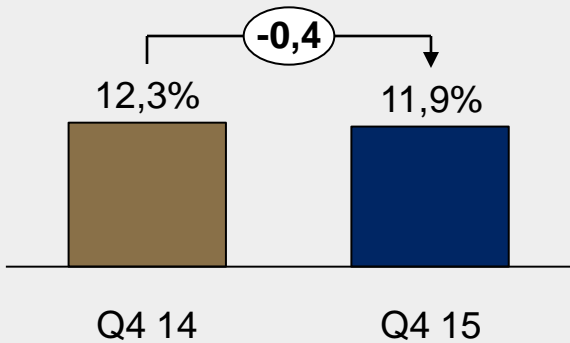
Highest Q4 operating profit recorded

Operating profit development¹

Operating profit



Operating margin



¹ Excluding items affecting comparability and TrelleborgVibracoustic



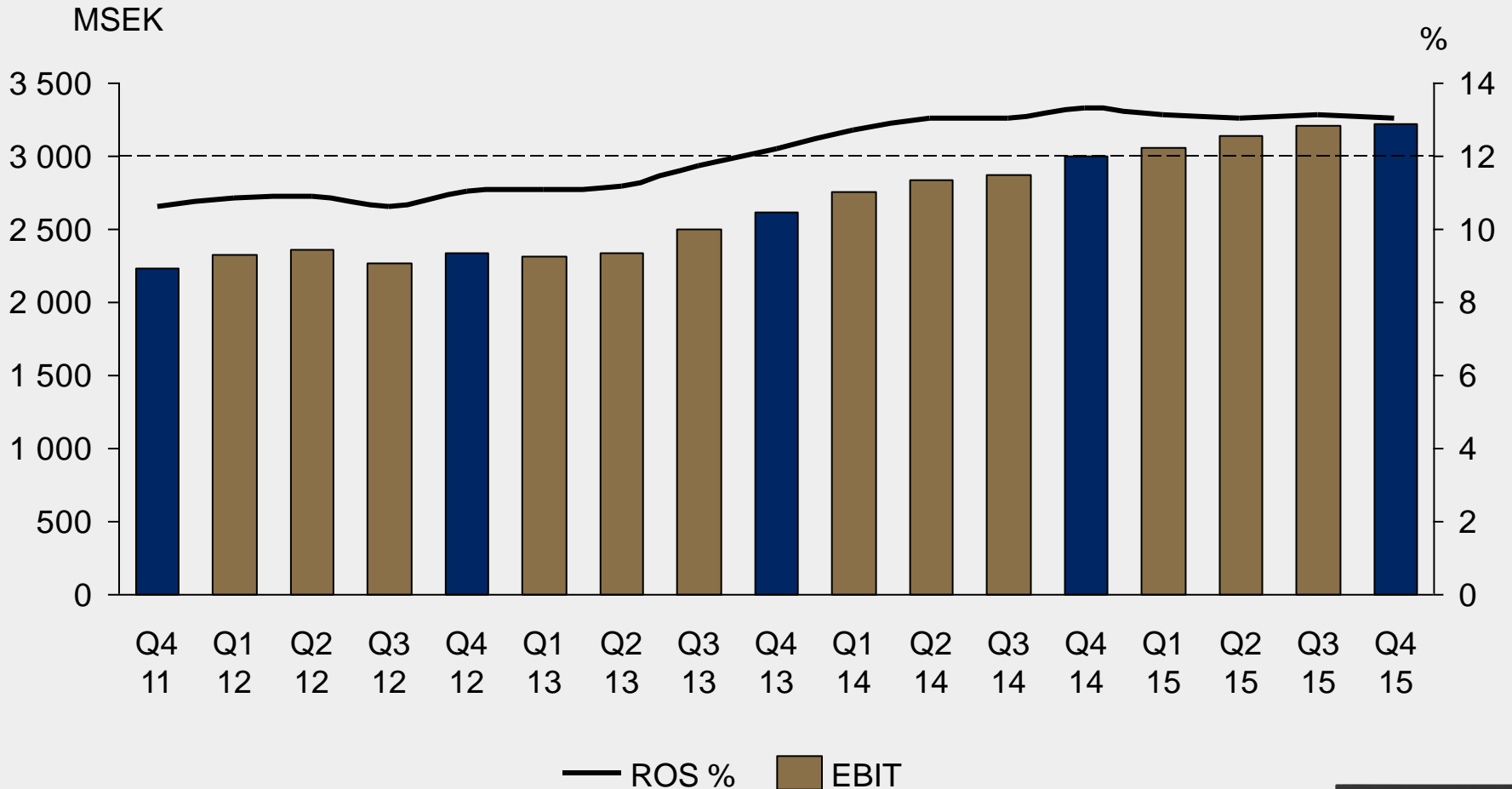
Best Q4 EBIT, despite soft market conditions

Group operating profit per business area¹

Oct - Dec			SEK M	Jan - Dec		
2015	2014	Change %		2015	2014	Change %
74	63	17	Coated Systems	317	227	40
141	141	0	Industrial Solutions	560	529	6
77	53	45	Offshore & Construction	199	281	-29
401	407	-1	Sealing Solutions	1 885	1 730	9
95	103	-8	Wheel Systems	468	504	-7
-83	-77		Other items	-210	-270	
705	690	2	Continuing operations	3 219	3 001	7

Eleven quarters of improved profits

EBIT and margin, R12M¹



Total Group

Profit & Loss statement

Oct - Dec			SEK M	Jan - Dec		
2015	2014	Change %		2015	2014	Change %
705	690	2	Operating Profit	3 219	3 001	7
11,9%	12,3%	-0,4 pp	Operating Margin	13,0%	13,3%	-0,3 pp
-90	-68		Restructuring costs	-257	-226	
104	72	44	Associated income from Trelleborg Vibracoustic	509	298	71
1	-1		Other associated income	2	1	
719	694	4	Operating profit	3 471	3 073	13
-43	-33	-30	Financial income and expense	-153	-134	-14
676	661	2	Profit before tax	3 318	2 939	13
-132	-161		Tax, Group total	-713	-703	
544	500	9	Net Profit, continuing operations	2 605	2 236	17
-	1		Net Profit, discontinuing operations	-	-9	
544	501	9	Net Profit, Total Group	2 605	2 227	17

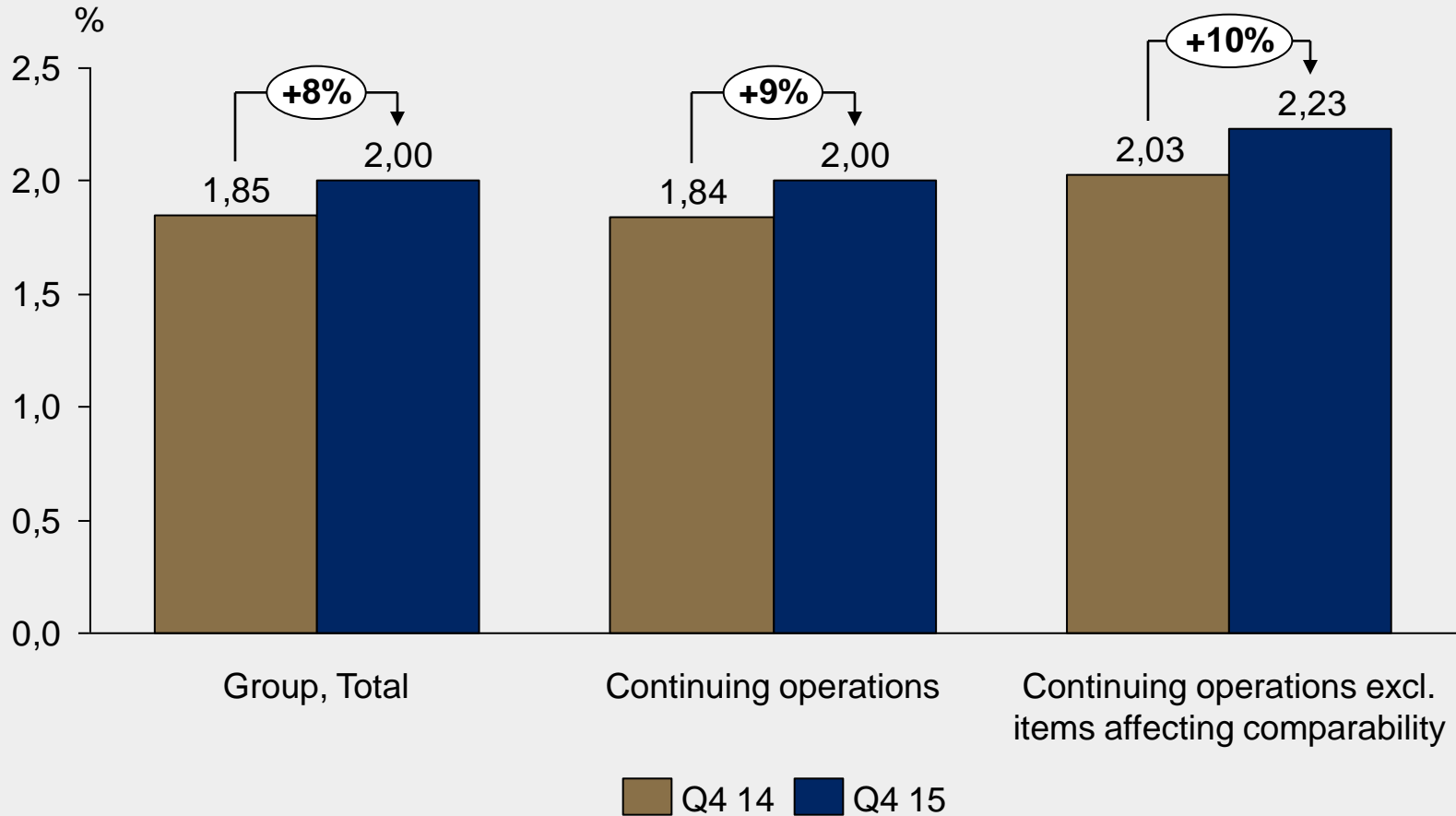
TrelleborgVibracoustic

Impact on Trelleborg's accounts

Oct - Dec 2015	Oct - Dec 2014	EUR M	Jan - Dec 2015	Jan - Dec 2014
43,5	34,4	Operating profit excl, items affecting comparability	182,9	151,0
-2,2	2,8	Acquisition related costs	-5,7	-0,4
-1,9	-2,7	Amortization on intangible assets	-5,8	-7,2
-2,1	-2,5	Restructuring costs	-9,5	-33,1
37,3	32,0	Operating Profit	161,9	110,3
-2,3	-7,2	Financial net	-4,0	-12,4
35,0	24,8	Profit before tax	157,9	97,9
-12,7	-9,3	Tax	-49,1	-32,3
22,3	15,5	Net profit	108,8	65,6
208	144	Net profit MSEK	1 018	596
11,2	7,8	Trelleborg share (net impact) MEUR	54,4	32,8
104	72	Trelleborg share (net impact) MSEK	509	298

Underlying EPS increased by 10 percent

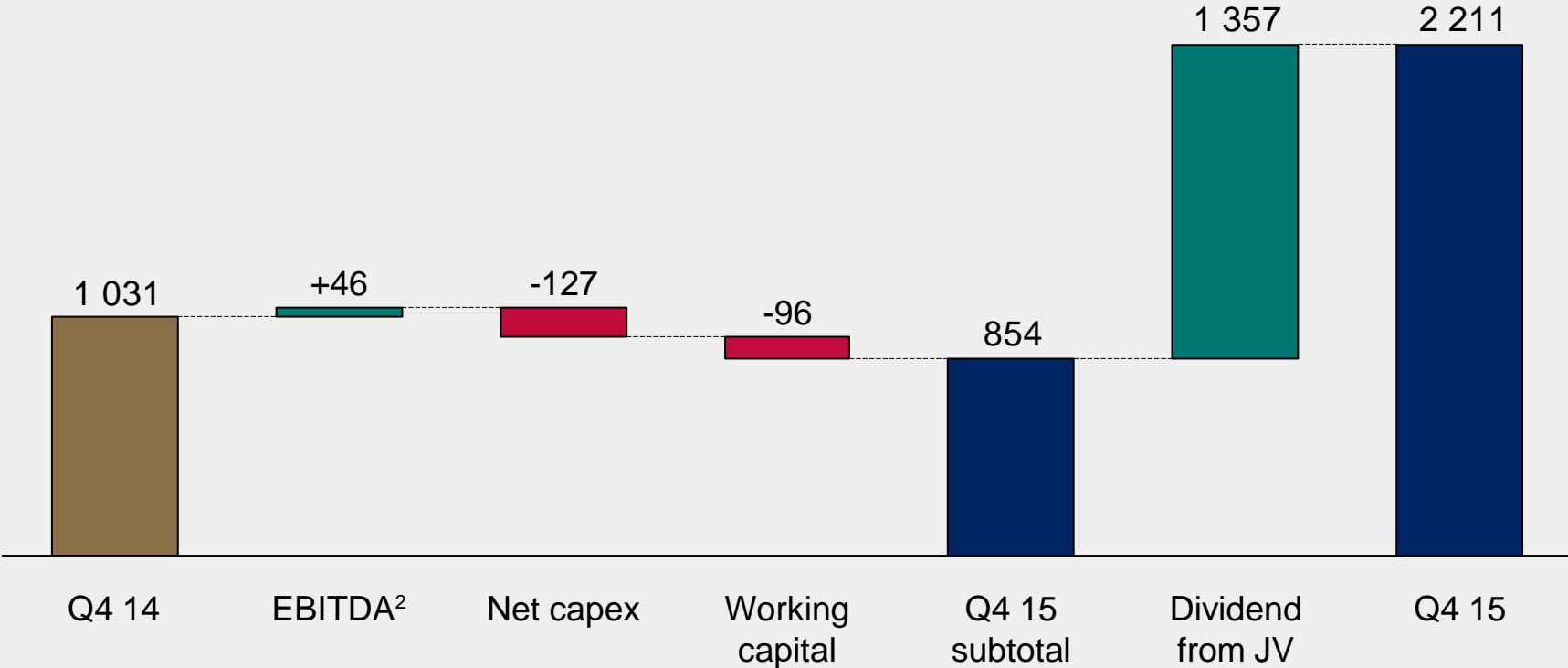
Earnings per share – fourth quarter



Sizeable dividend from TrelleborgVibracoustic

Operating cash flow¹

Oct - Dec

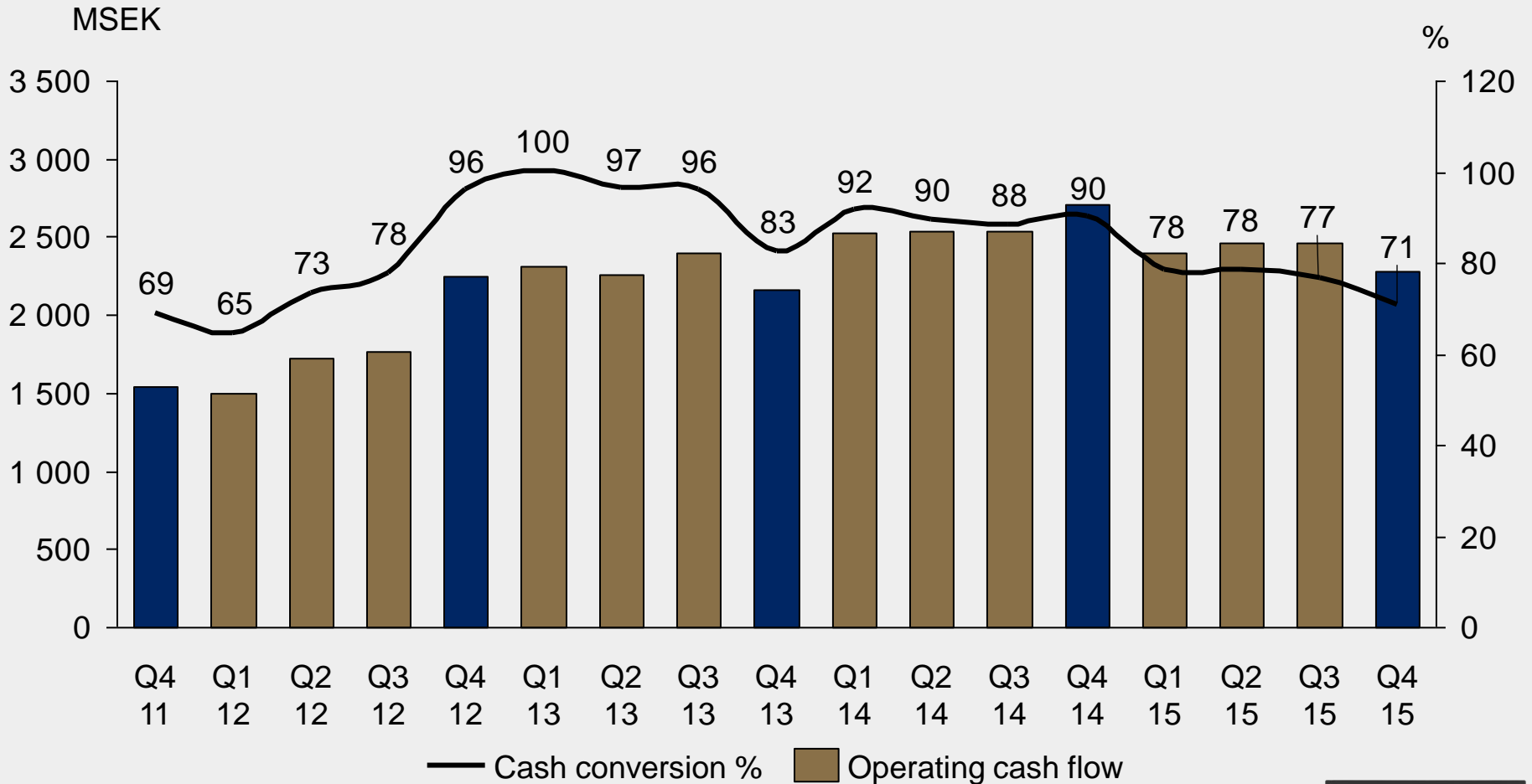


¹ Excluding items affecting comparability
² Including other non cash flow affecting items



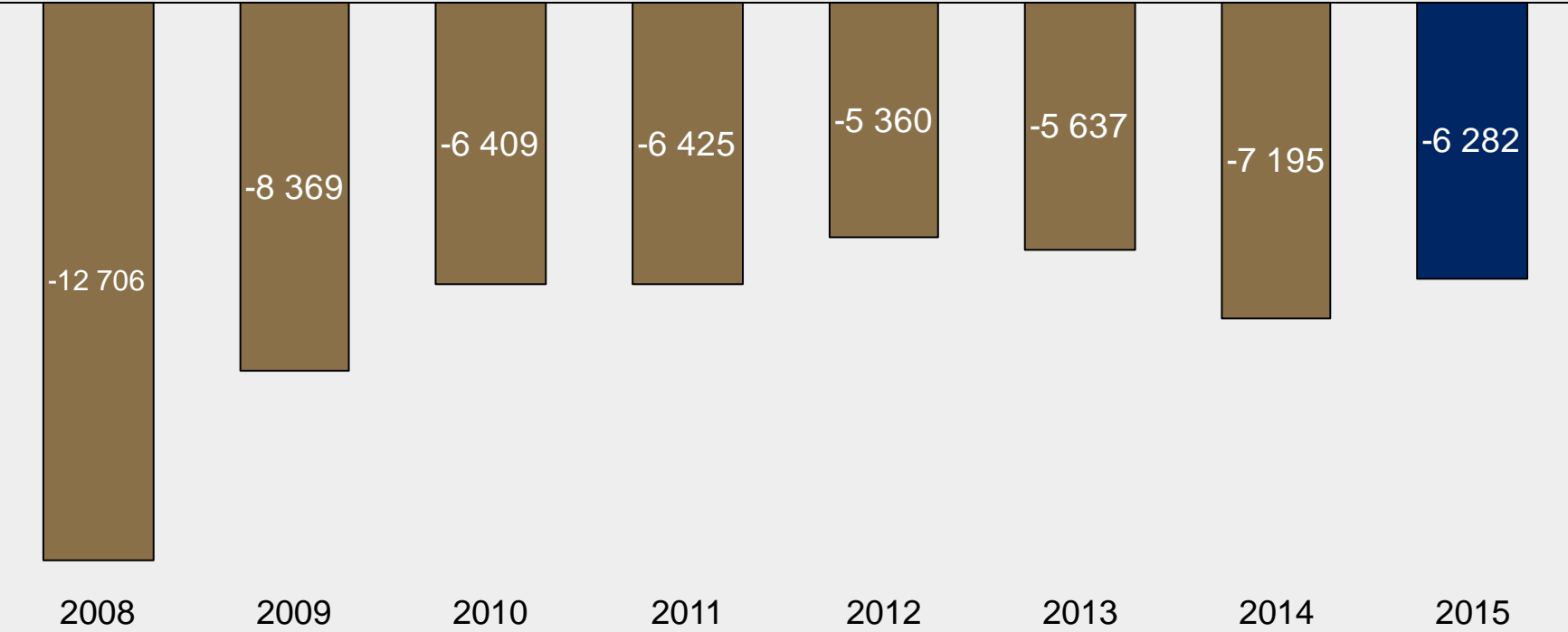
Higher capex reflects on cash conversion

Operating cash flow, R12M¹



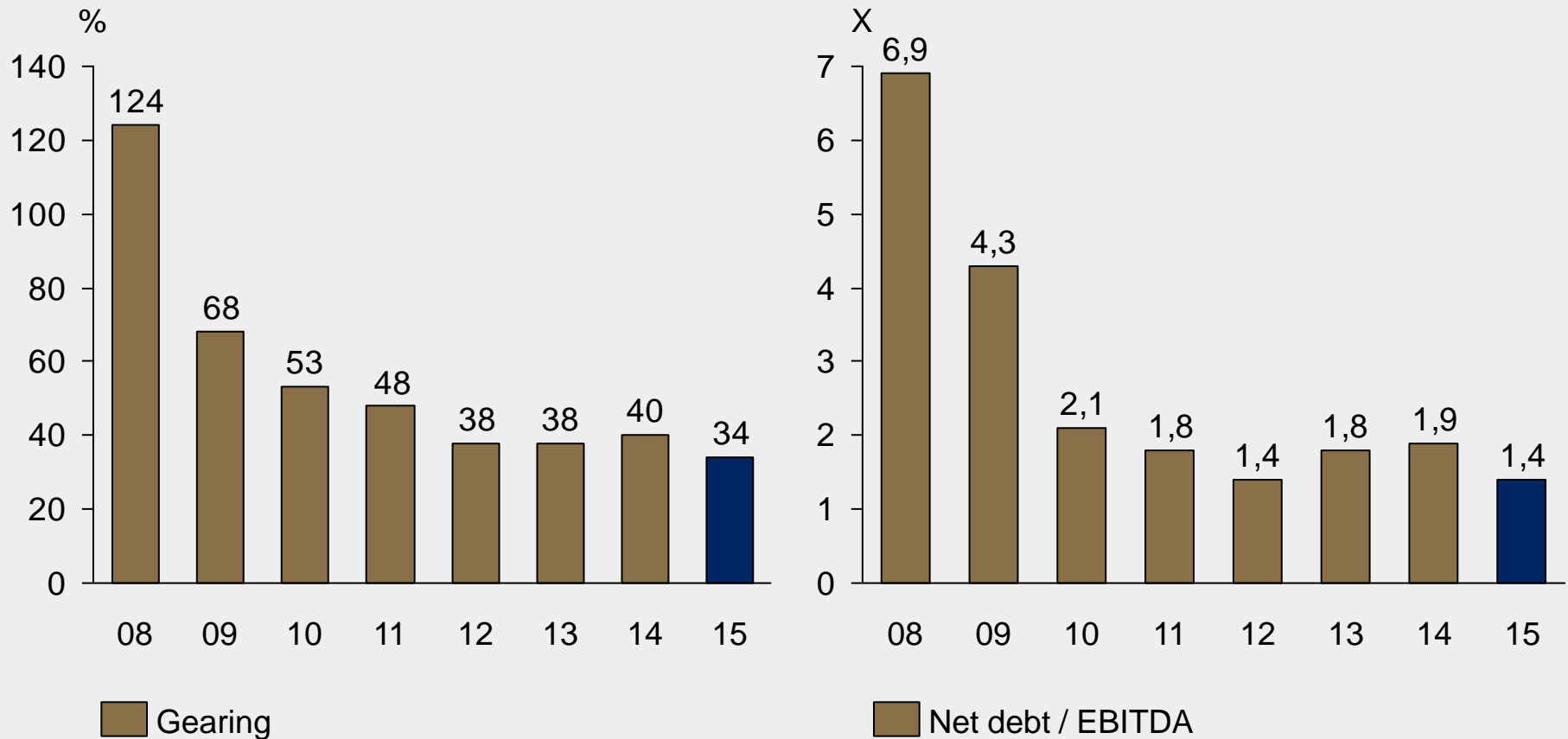
Net debt decreased by substantial cash flow

Net debt development¹



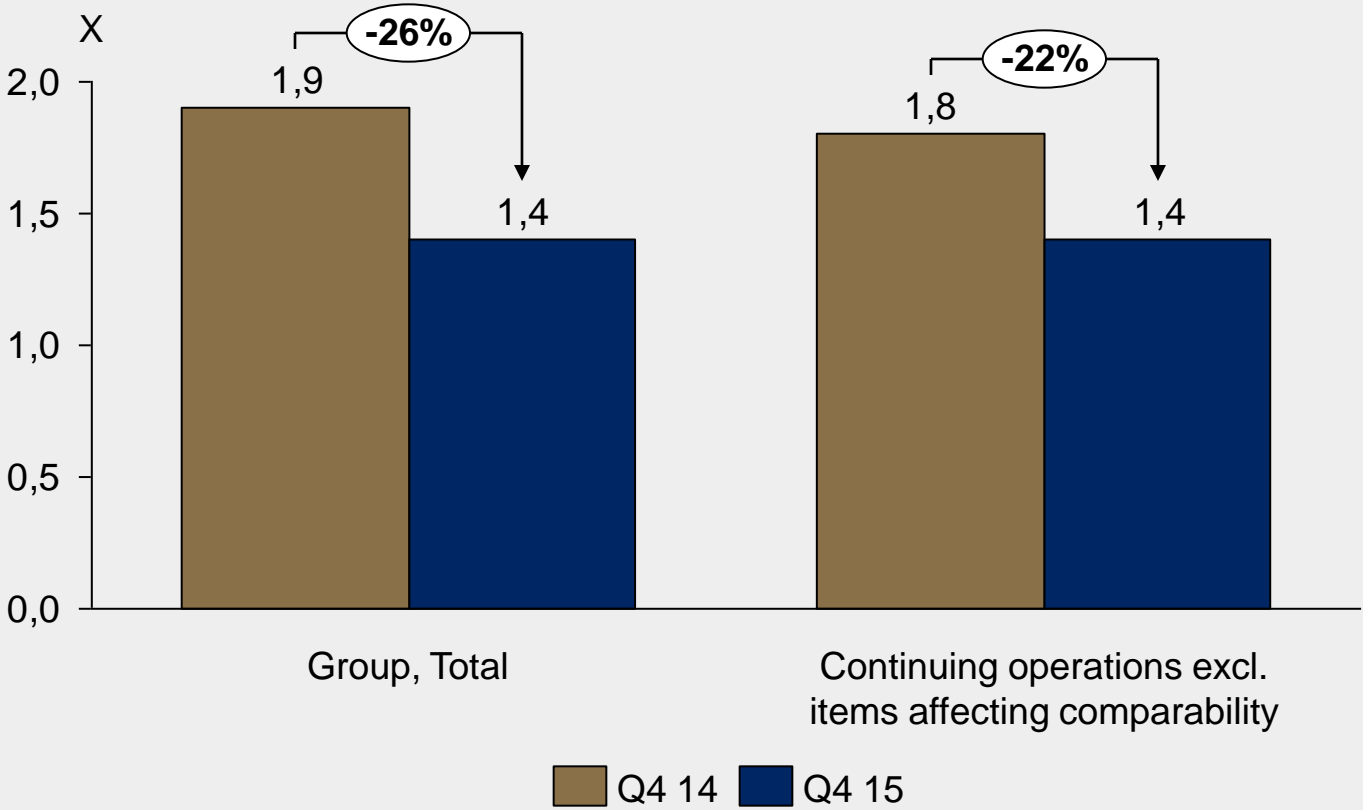
Lower net debt reduced gearing

Net debt / EBITDA R12M and gearing development¹



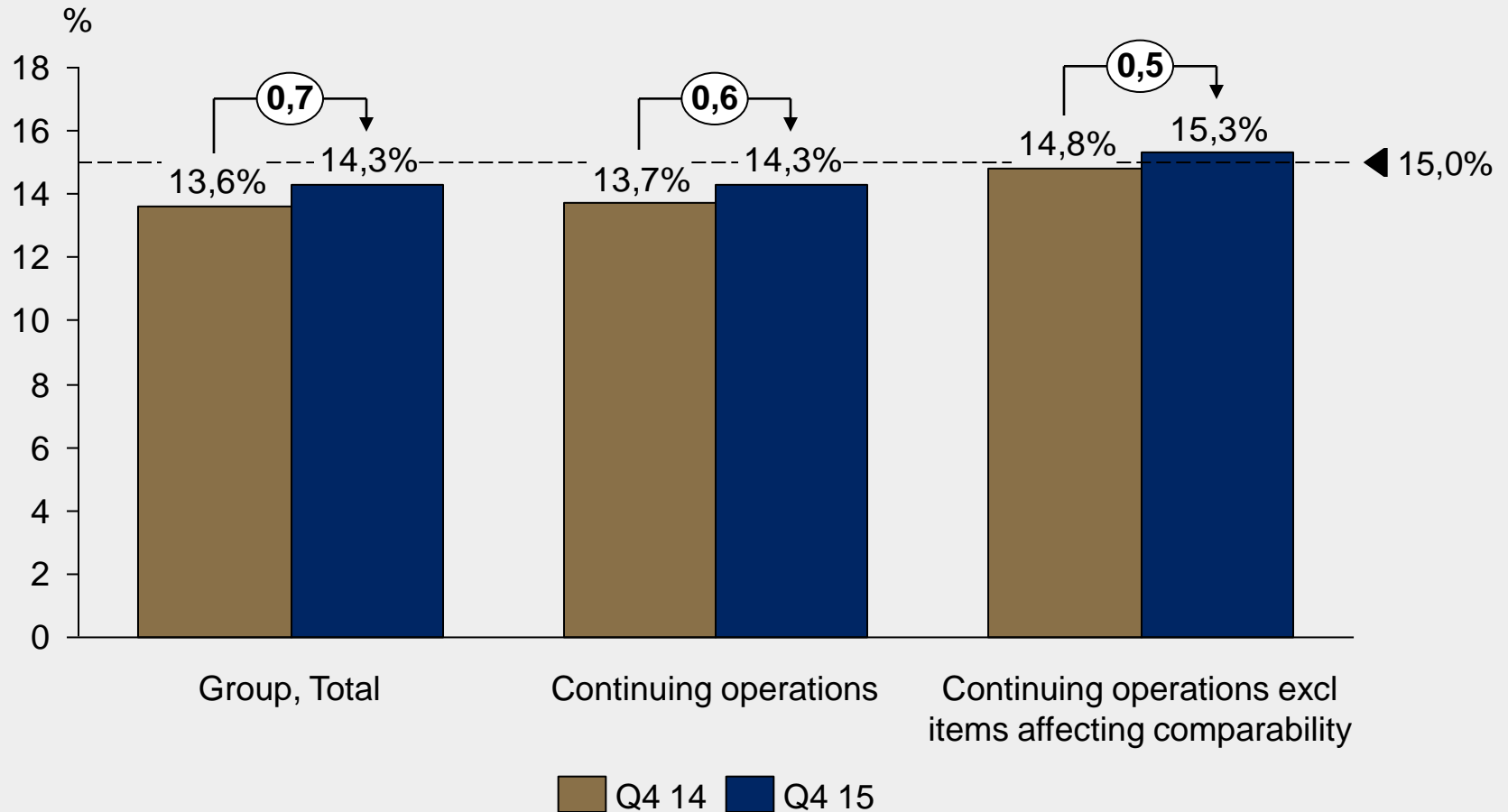
Lower net debt reduced gearing

Net debt / EBITDA, R12M



ROE on long term target

Return On Equity, R12M





Financial guidelines for full-year 2016

- Restructuring costs: ~SEK 250 M
- Capex: ~SEK 1,100-1,200 M
- Underlying tax rate¹: ~27% (previous guidance: ~28%)

Due to the ongoing preparation of a potential IPO of TrelleborgVibracoustic, we refrain to give any guidance at this stage on the company



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q1 2016 outlook

Q&A

Stable end to the year

Q4 2015 highlights

- Flat organic sales Y/Y, but structural growth and positive FX-movements yield 6 percent sales growth
- Good market positions, cost control and currency improved the results to the highest fourth quarter profit to date
- Trelleborg's EBIT-margin at 11.9% - marginally down from a year ago despite challenging oil/gas and agri markets
- TrelleborgVibracoustic's EBIT-margin at 8.8% - best fourth quarter so far
- Uncertainty regarding market direction prevails - oil/gas segment very much under pressure – will affect sales and margins

Continued focus on growth and excellence

2016 priorities

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

Outlook Q1 2016

- Demand is expected to be on a par with, or slightly weaker, than the fourth quarter of 2015, adjusted for seasonal variations



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q1 2016 outlook

Q&A

Questions & Answers