



Trelleborg Interim report January – March 2013

Trelleborg

Peter Nilsson, President & CEO

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Agenda

Highlights

Business areas

TrelleborgVibracoustic

Financials

Summary & Q2 2013 outlook

Q&A



Margin improves despite weaker markets

Q1 2013 highlights

- Lower sales in most segments, but in line with or better than the underlying markets
- Organic sales fell the most in North America with 11%, Western Europe down 4% and Asia Pacific down 4%. China grew organically by 12%
- Good cost control and improved efficiency holds up results despite currency headwinds and generally weaker markets
- Margin improvement despite tougher market conditions
- Continued efficient working capital management and low capex

Organic growth initiatives and acquisitions

Recap of Q1 2013 events

- Integration of Maine Industrial Tire, a U.S. and China-based business specialized in solid tires for vehicles such as forklifts (acquired at YE12)
- Inauguration of manufacturing facility in Wuxi, China; high-performance automotive boots
- Two bolt-on acquisitions; marine docking and mooring solutions and industrial tire distribution
- Third bolt-on acquisition after Q1 period; buoyancy and insulation solutions used primarily in deep-sea environments and ROVs

Higher margins despite lower volumes

Group financial highlights Q1 2013¹

Net sales

- Organic sales down 5%; tough Y/Y comparison
- Most segments and regions weaker than a year ago

Earnings

- Margins slightly up
- Strong contribution from TrelleborgVibracoustic

Cash flow

- Seasonal effect
- Well managed working capital
- Low capex

SEK M	Q1 2013	Q1 2012	Change, %
Net sales	5 394	5 723	-5.7
Organic	-5	6	
Structural	4	2	
Exchange rate	-5	2	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	639	666	-4.1
Operating margin, %	11.8	11.6	0.2pp
Items affecting comparability ¹⁾	-37	-19	n.a.
Profit share in TrelleborgVibracoustic ²⁾	110	-	
Operating profit	712	647	10.0
Operating margin, %	13.2	11.3	1.9pp
Operating cashflow	1	-68	n.a.

¹⁾ Consists of one-off items of 0 SEK M (0) and restructuring charges of -37 SEK M (-19).

²⁾ TrelleborgVibracoustic is consolidated in Trelleborg according to the equity method as from July 2012.



Agenda

Highlights

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Financials

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Q&A



Strong margin in challenging markets

Trelleborg Coated Systems¹

- Organic sales: -6%
- Weaker in Europe and more stable in N.A. & S.A.
- Profit and margin increased due to improved efficiency
- Stable cash flow
- Integration of Printec continues

SEK M ^{1,2}	Q1 2013	Q1 2012	Change, %
Net sales	463	469	-1.3
Organic, %	-6	-2	
Structural, %	9	-	
Exchange rate, %	-4	2	
Operating profit	60	57	5.3
Operating margin, %	13.0	12.2	0.8pp
Operating cash flow	23	23	-

Gradually improving profitability

Trelleborg Industrial Solutions¹

- Organic sales: -6%
- General industry, construction weaker
- Transport, offshore oil/gas stable
- Profit and margin increased due to improved cost efficiency
- Structural efforts continue
- Inauguration of new plant in China

SEK M ^{1,2}	Q1 2013	Q1 2012	Change, %
Net sales	1 094	1 202	-9.0
Organic, %	-6	4	
Structural, %	-	1	
Exchange rate, %	-3	1	
Operating profit	96	89	7.9
Operating margin, %	8.8	7.4	1.4pp
Operating cash flow	45	44	2.3

Good performance and healthy demand

Trelleborg Offshore & Construction¹

- Organic sales: -5%, mainly due to project cycles
- Activity remains high in most market segments
- Earnings flat, margin improved slightly
- Cash flow impacted by increased working capital
- Acquisition of Sea Systems Technology
- Acquisition of Ambler in Q2 2013

SEK M ^{1,2}	Q1 2013	Q1 2012	Change, %
Net sales	877	919	-4.6
Organic, %	-5	10	
Structural, %	5	-	
Exchange rate, %	-5	4	
Operating profit	49	49	-
Operating margin, %	5.6	5.3	0.3pp
Operating cash flow	-201	-129	-55.8

Effective cost management

Trelleborg Sealing Solutions¹

- Organic sales: -7%
- General industry and light vehicle segments weaker
- Stable aerospace demand
- Weaker in Europe and N.A., more stable in Asia
- Effective cost management
- Several innovative sealing systems launched
- Well managed working capital

SEK M ^{1,2}	Q1 2013	Q1 2012	Change, %
Net sales	1 750	1 973	-11.3
Organic, %	-7	4	
Structural, %	-	3	
Exchange rate, %	-4	2	
Operating profit	352	429	-17.9
Operating margin, %	20.1	21.7	-1.6pp
Operating cash flow	224	264	-15.2

Margins resilient despite weaker demand

Trelleborg Wheel Systems¹

- Organic sales: -7%
- Agriculture tires dropped in line with weaker market
- Weaker demand for industrial tires, especially in Europe
- Earnings impacted by lower sales, balanced by good cost control
- Integration of Maine Industrial Tire
- Acquisition of distribution and service business for industrial tires

SEK M ^{1,2}	Q1 2013	Q1 2012	Change, %
Net sales	1 109	1 128	-1.7
Organic, %	-7	17	
Structural, %	10	1	
Exchange rate, %	-5	1	
Operating profit	144	156	-7.7
Operating margin, %	13.0	13.8	-0.8pp
Operating cash flow	-64	-125	48.8



Agenda

Highlights

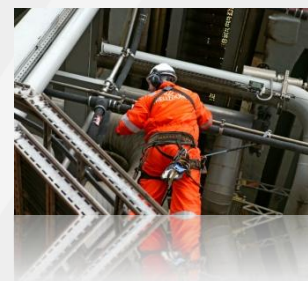
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TrelleborgVibracoustic

Financials

Summary & Q2 2013 outlook

Q&A



The strengths of both organizations are perfectly blended



Global leader in automotive antivibration solutions

- TrelleborgVibracoustic was formed in July 2012, in a 50/50 joint venture between Trelleborg and Freudenberg
- A favorable match between two industry leaders
- Complementary in:
 - manufacturing footprint
 - R&D footprint
 - product portfolio
 - customer footprint
- Global presence



Will create shareholder value

Global leader in automotive antivibration solutions

- Revenue and cost synergies
- Sustainable growth above market 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



VibracousticBlacktech



A global leader in commercial vehicle air springs

- TrelleborgVibracoustic and HSS Otomotiv – joint venture in commercial vehicle air springs
- Combination creates a broader product- and customer portfolio in both OEM and aftermarket
- TrelleborgVibracoustic will own 50.1% and consolidate the accounts
- Operations and tech centers in Germany, Turkey, Hungary, USA and China with about 600 employees worldwide
- Contract signed - subject to approval of antitrust authorities



Organic growth despite lower car production

TrelleborgVibracoustic

- Organic sales: +1%
- Strong sales in North America
- Overall favorable product and platform mix
- Earnings and margin flat (proforma)
- Ongoing integration costs and negative currency effects
- Synergy extraction continues, small synergy impact captured
- Strengthening of position in commercial air springs

SEK M ^{1,2}	Q1 2013	Proforma Q1 2012	Change, %
Net sales	3 602	3 703	-2.7
Organic, %	1		
Structural, %	0		
Exchange rate, %	-4		
Operating profit	238	244	-2.5
Operating margin, %	6.6	6.6	-
Operating cash flow	-178		

Effective the third quarter of 2012, the Trelleborg Automotive business area is no longer part of the Trelleborg Group's business area structure since the operation is included in the joint venture. Trelleborg's 50% participation in TrelleborgVibracoustic is recognized according to the equity method.

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

Associate income bridge

TrelleborgVibracoustic

- Associated income from TBVC amounts to 110 MSEK
- Charged with -11 MSEK, i.e. half of the non-recurring costs in the joint venture
- Trelleborg AVS (now part of JV) had operating profit after non-recurring items of 82 MSEK in Q1 2012
- Amortization of intangible assets is now expected to amount to approx. 10 MSEK compared to previously announced 22 MSEK per quarter

SEK M	Q1 2013	Q1 2012 ²	Change, %
Operating profit excl items affecting comparability	238	-	-
Acquisition related costs	-5	-	-
Amortization of intangible assets ¹	-10	-	-
Restructuring items	-7	-	-
Operating profit	216	-	-
Profit before tax	220	-	-
Trelleborg's share (50%)	110	-	-

1) Related to split of acquisition balance

2) TrelleborgVibracoustic was formed in July 2012

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



Agenda

Highlights

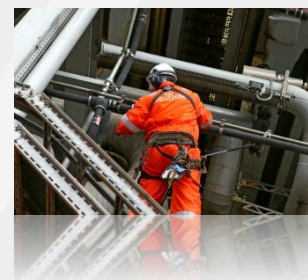
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TrelleborgVibracoustic

Financials

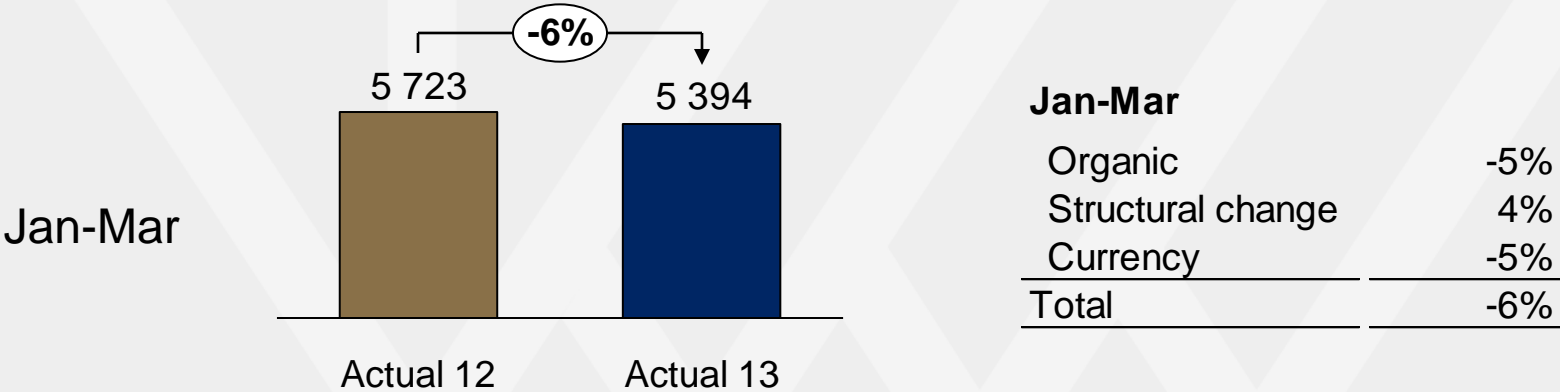
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Q&A



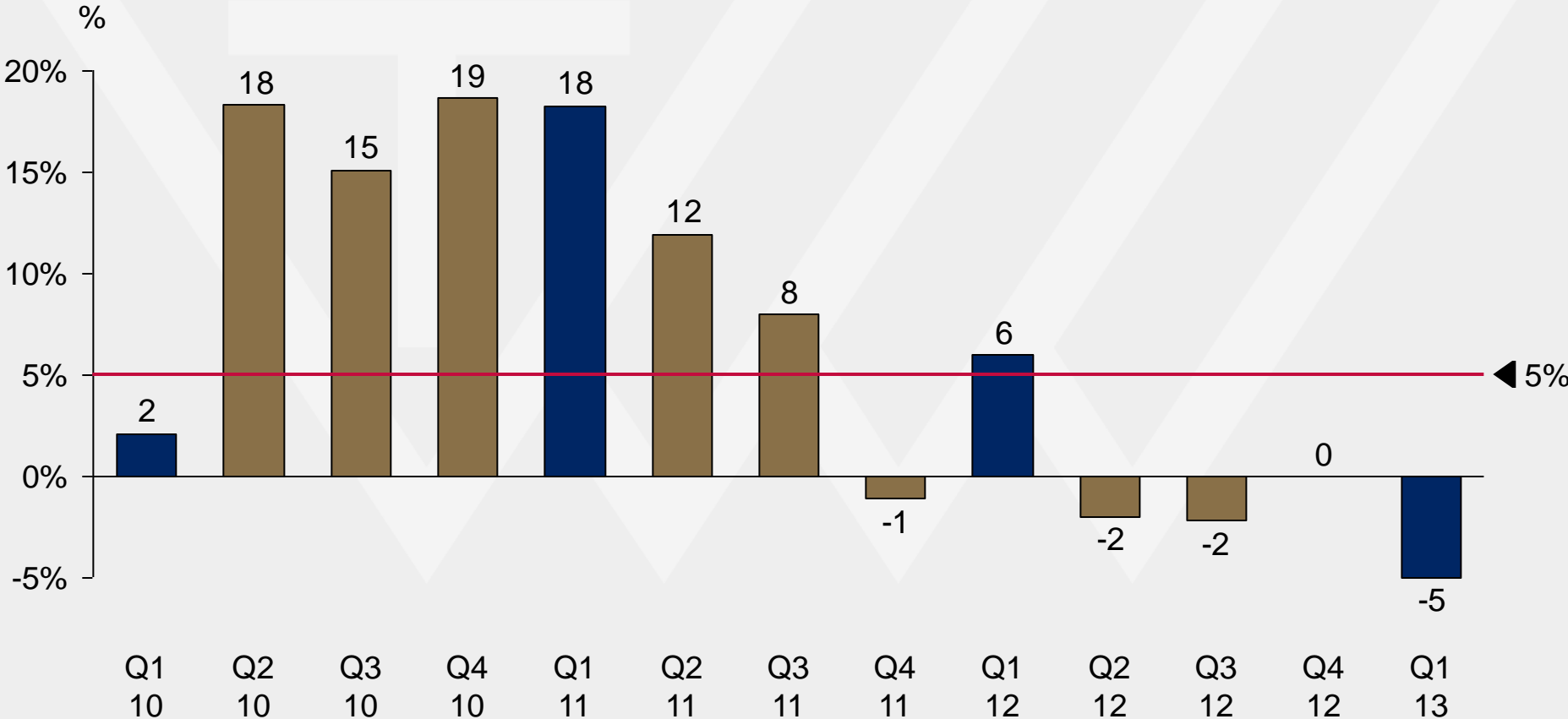
Currency headwind and weaker economy

Sales development



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

Organic sales development



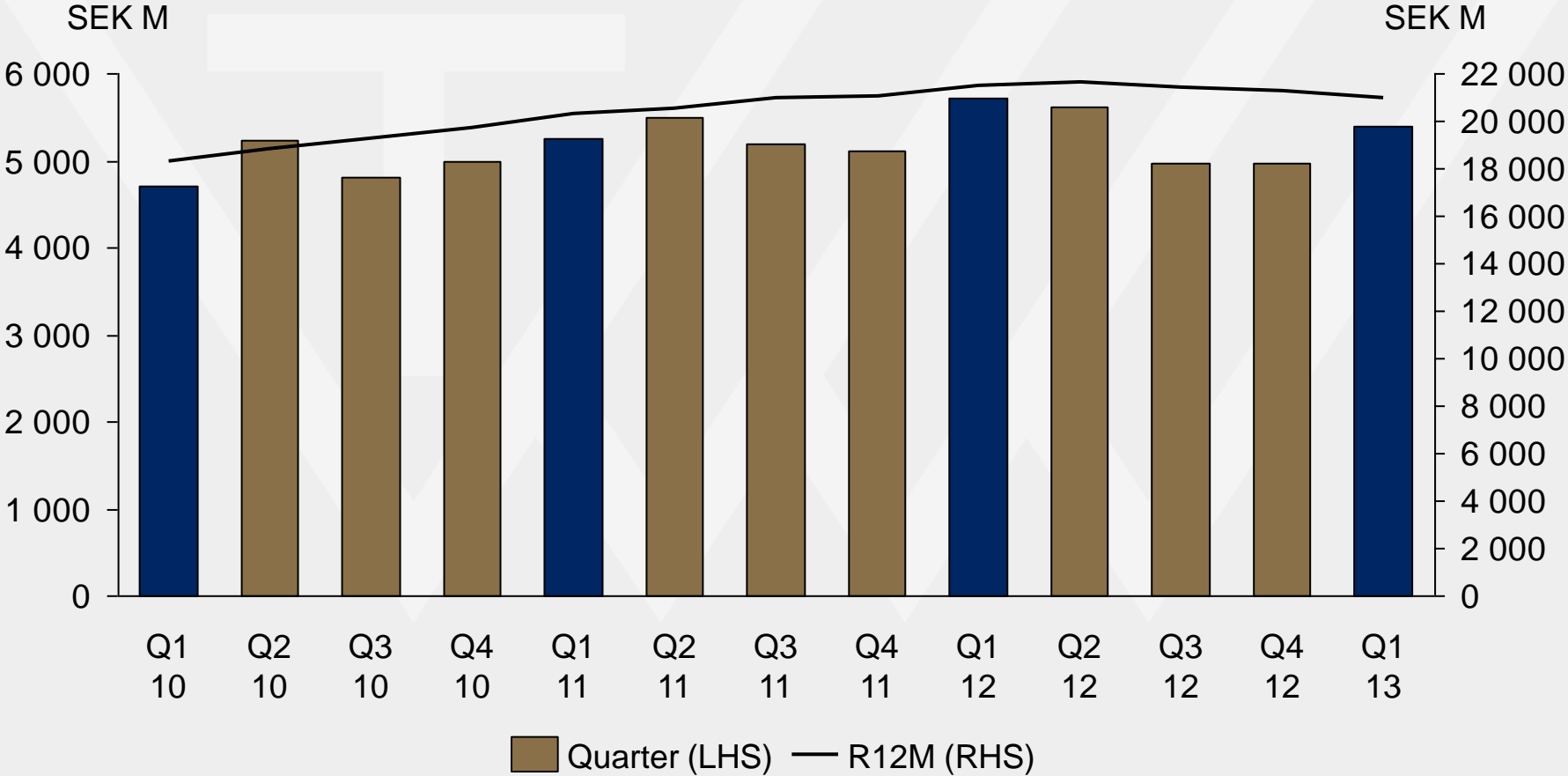
Sales in line or better than underlying market

Group sales per business area

SEK M	Jan-Mar			
	2013	2012	Change %	Organic %
Trelleborg Coated Systems	463	469	-1%	-6%
Trelleborg Industrial Solutions	1 094	1 202	-9%	-6%
Trelleborg Offshore & Construction	877	919	-5%	-5%
Trelleborg Sealing Solutions	1 750	1 973	-11%	-7%
Trelleborg Wheel Systems	1 109	1 128	-2%	-7%
Others	250	289		
Eliminations	-149	-257		
Continuing operations	5 394	5 723	-6%	-5%

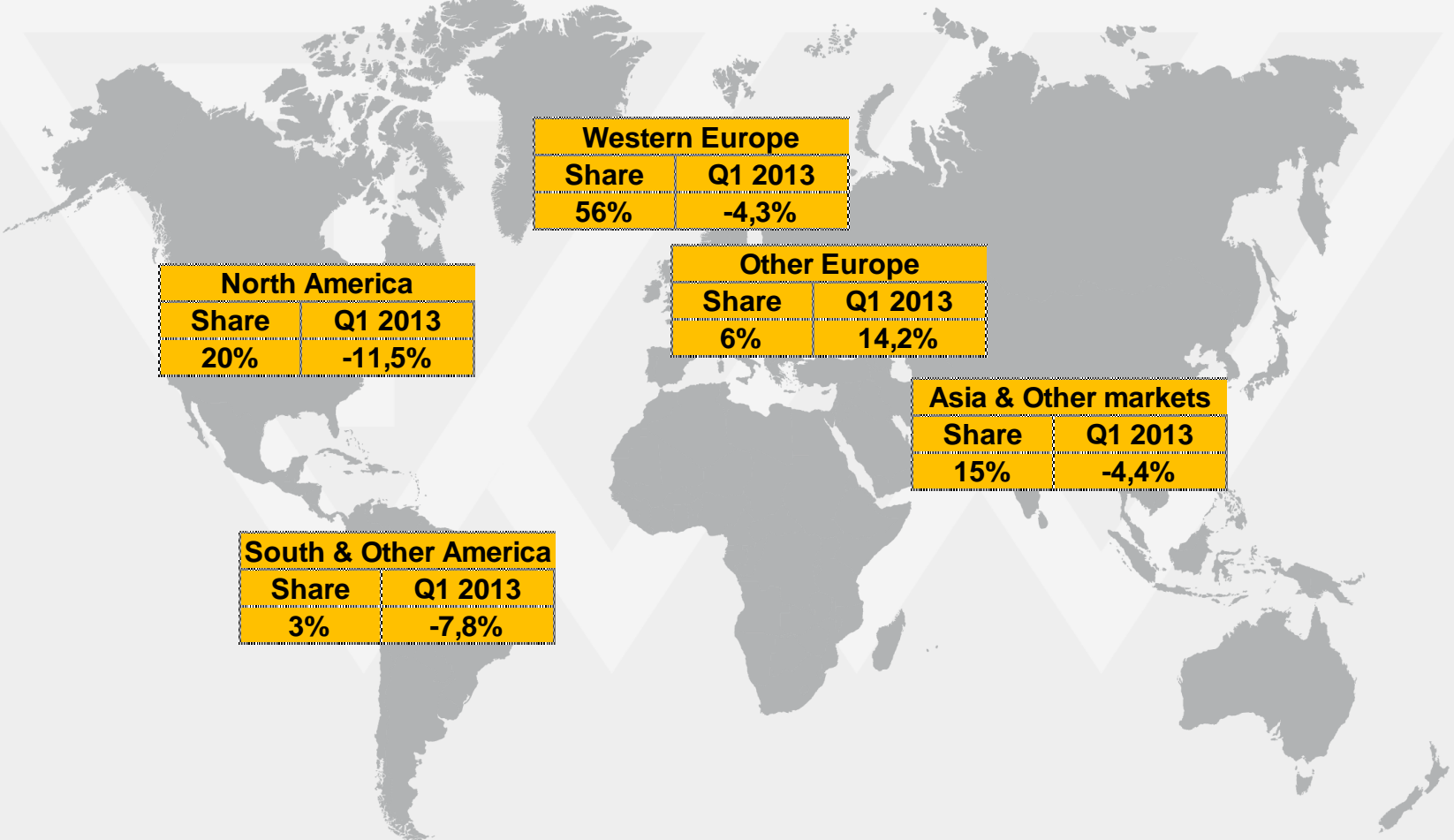
Currency headwind and weaker economy

Sales development R12M and by quarter



Eastern Europe stronger, N.A. weaker

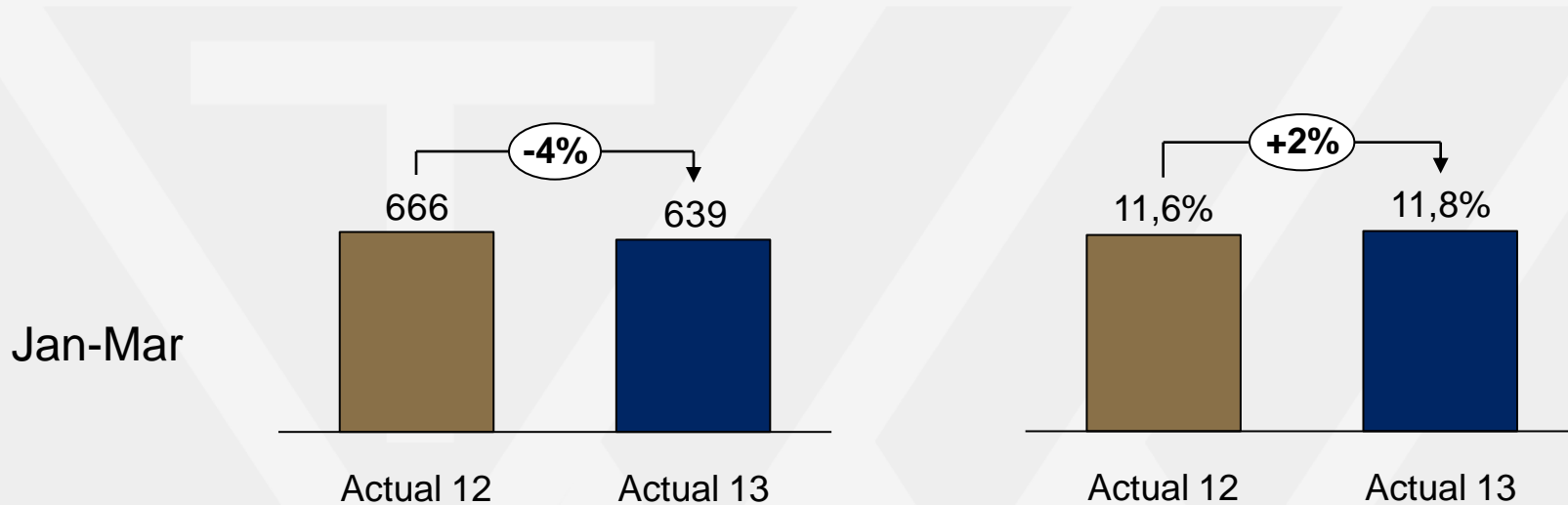
Organic sales by geography¹



1) Organic growth

Strong performance despite weaker markets

Operating profit development¹



Negative currency translation effect of -36 MSEK in Q1 2013

1) Excluding items affecting comparability & TrelleborgVibracoustic

Strong performance from new business areas

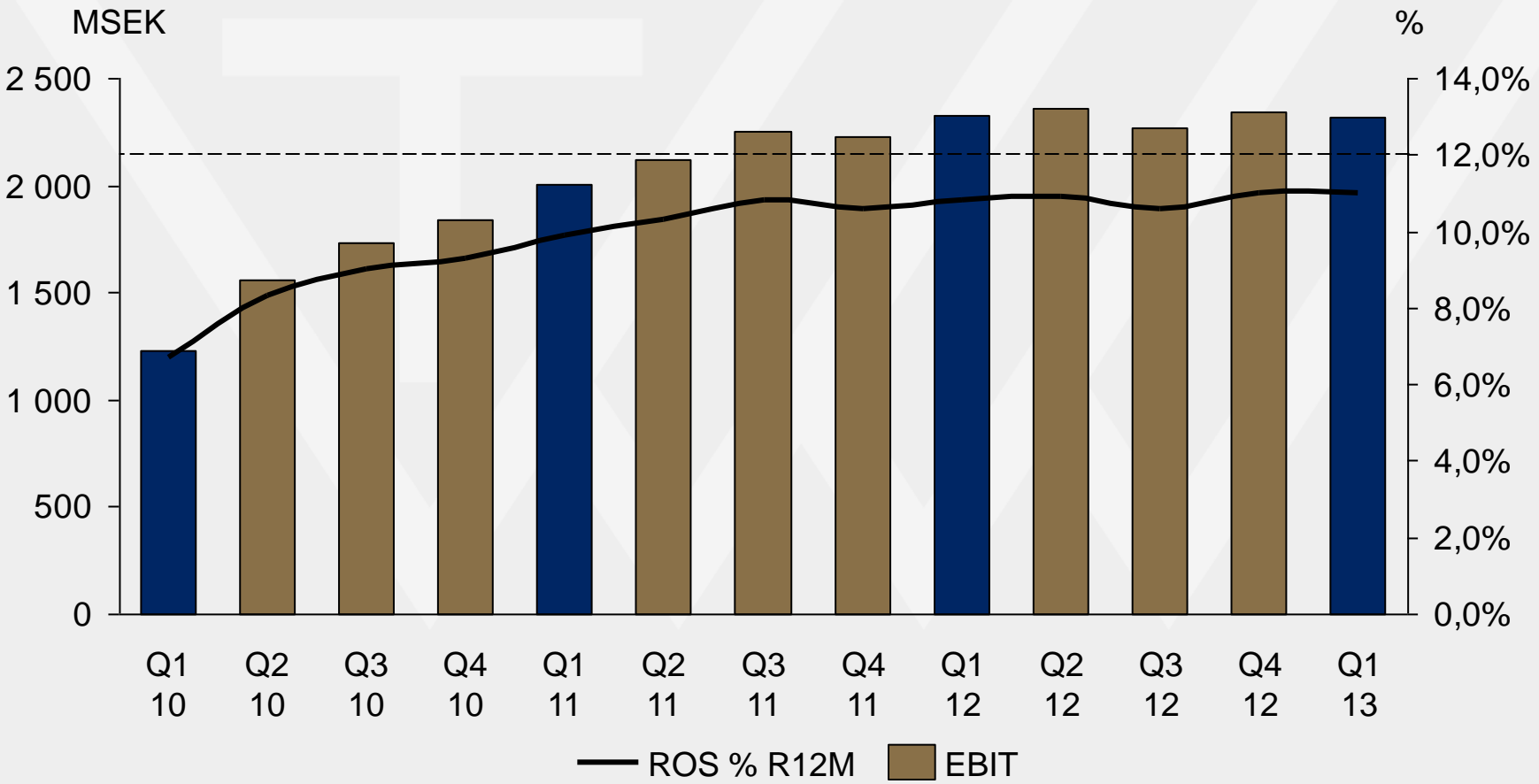
Group operating profit per business area¹

SEK M	Jan-Mar		Change
	2013	2012	
Trelleborg Coated Systems	60	57	3
Trelleborg Industrial Solutions	96	89	7
Trelleborg Offshore & Construction	49	49	0
Trelleborg Sealing Solutions	352	429	-77
Trelleborg Wheel Systems	144	156	-12
Others	-62	-114	52
Continuing operations	639	666	-27

1) Excluding items affecting comparability & TrelleborgVibracoustic

Group operating margin target of 12%

Rolling EBIT and margin R12M¹



1) Excluding items affecting comparability & TrelleborgVibracoustic



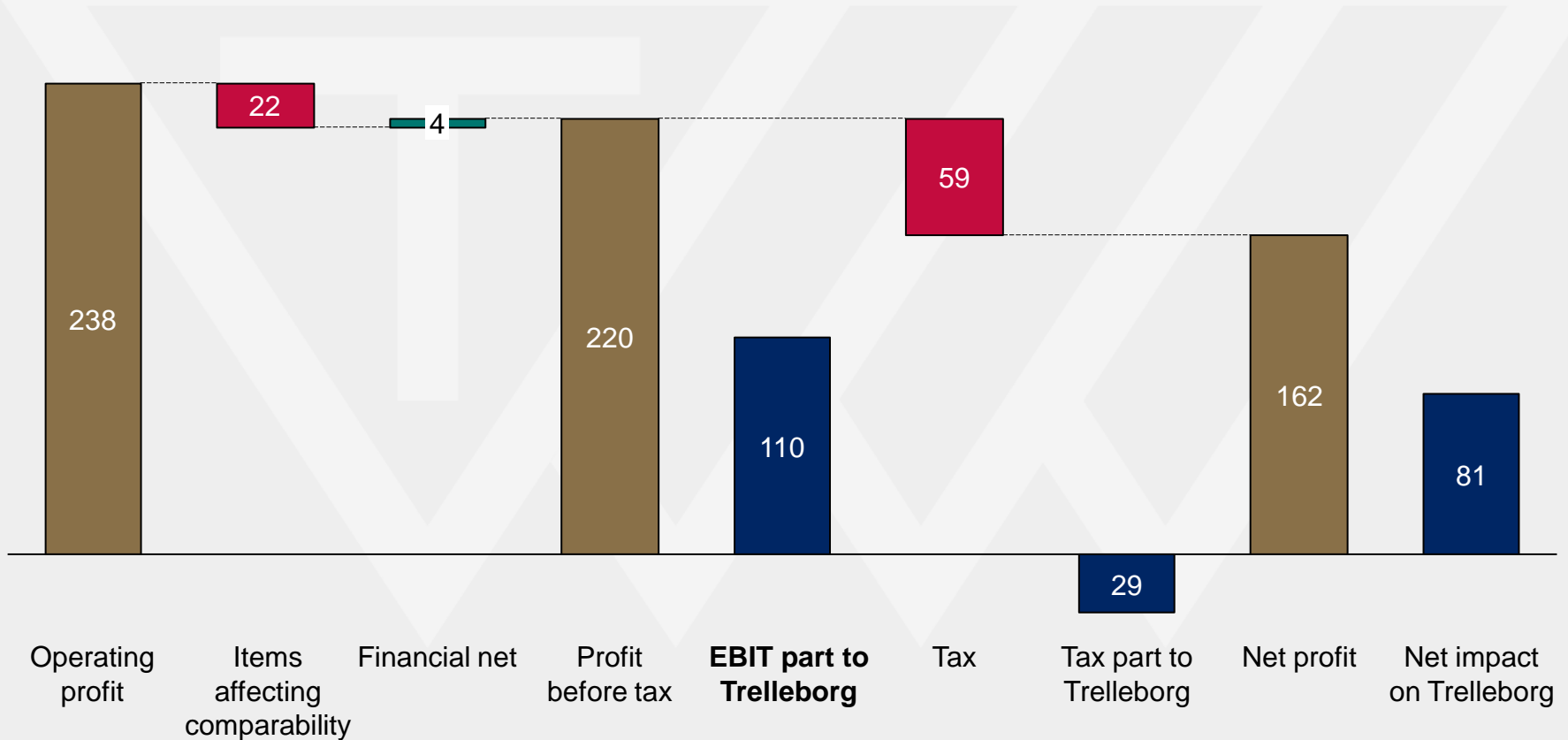
Total Group including discontinued business

Profit & Loss statement

SEK M	Jan-Mar		
	2013	2012	Change, %
Operating profit, Continuing operations	639	666	-4
<i>Before associated income TrelleborgVibracoustic and items affecting comparability</i>			
Operating margin	11,8%	11,6%	0,2pp
Items affecting comparability	-37	-19	
Associated income from TrelleborgVibracoustic	110	-	
Operating profit, Continuing operations	712	647	10
Operating margin	13,2%	11,3%	1,9pp
Operating profit, Discontinued operations	0	97	
Operating profit, Group total	712	744	
Financial income and expenses	-42	-55	
Profit before tax	670	689	
Tax, Group total	-179	-188	
Net profit, Group total	491	501	

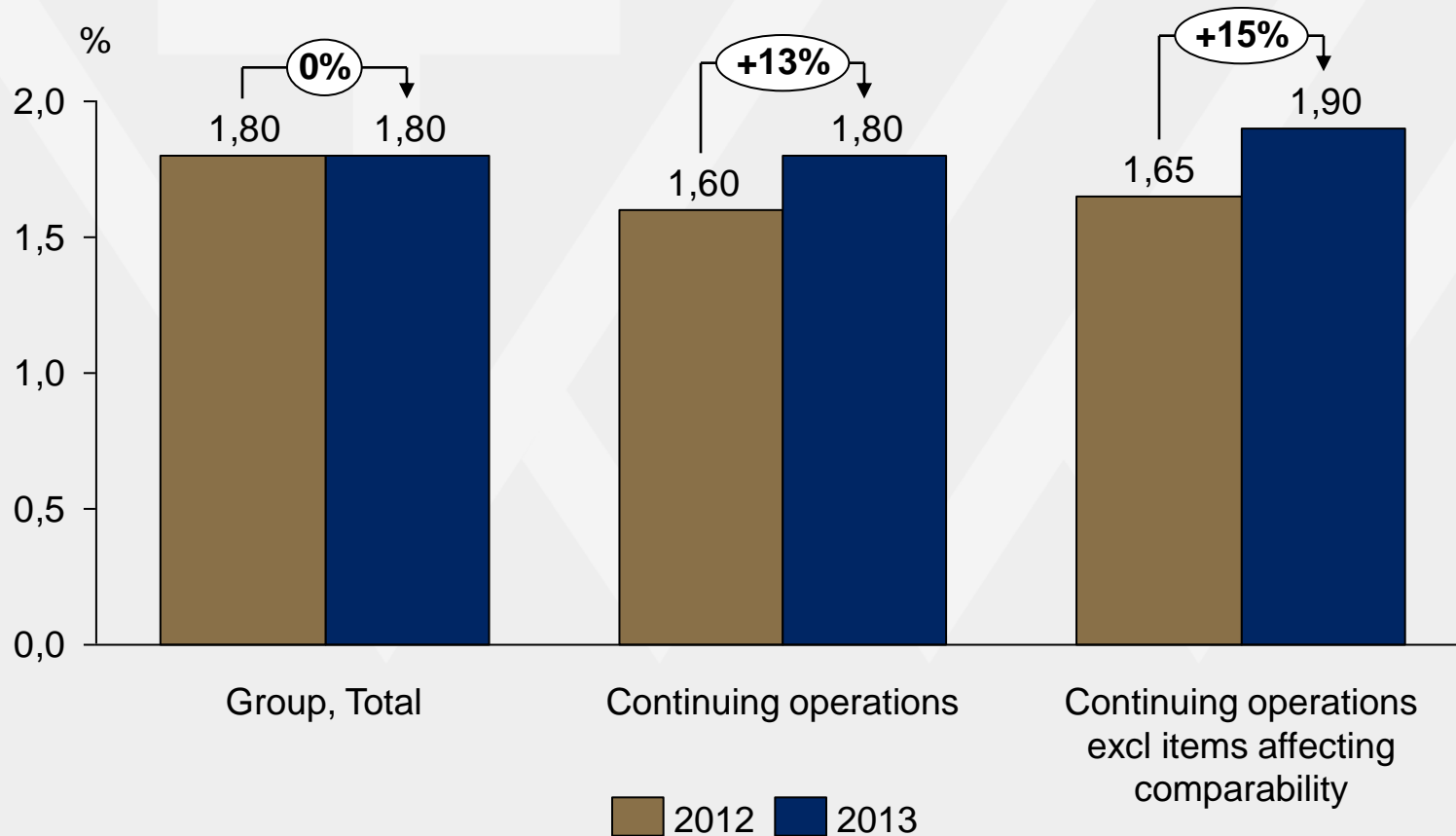
TrelleborgVibracoustic Q1 2013

Impact on Trelleborg accounts



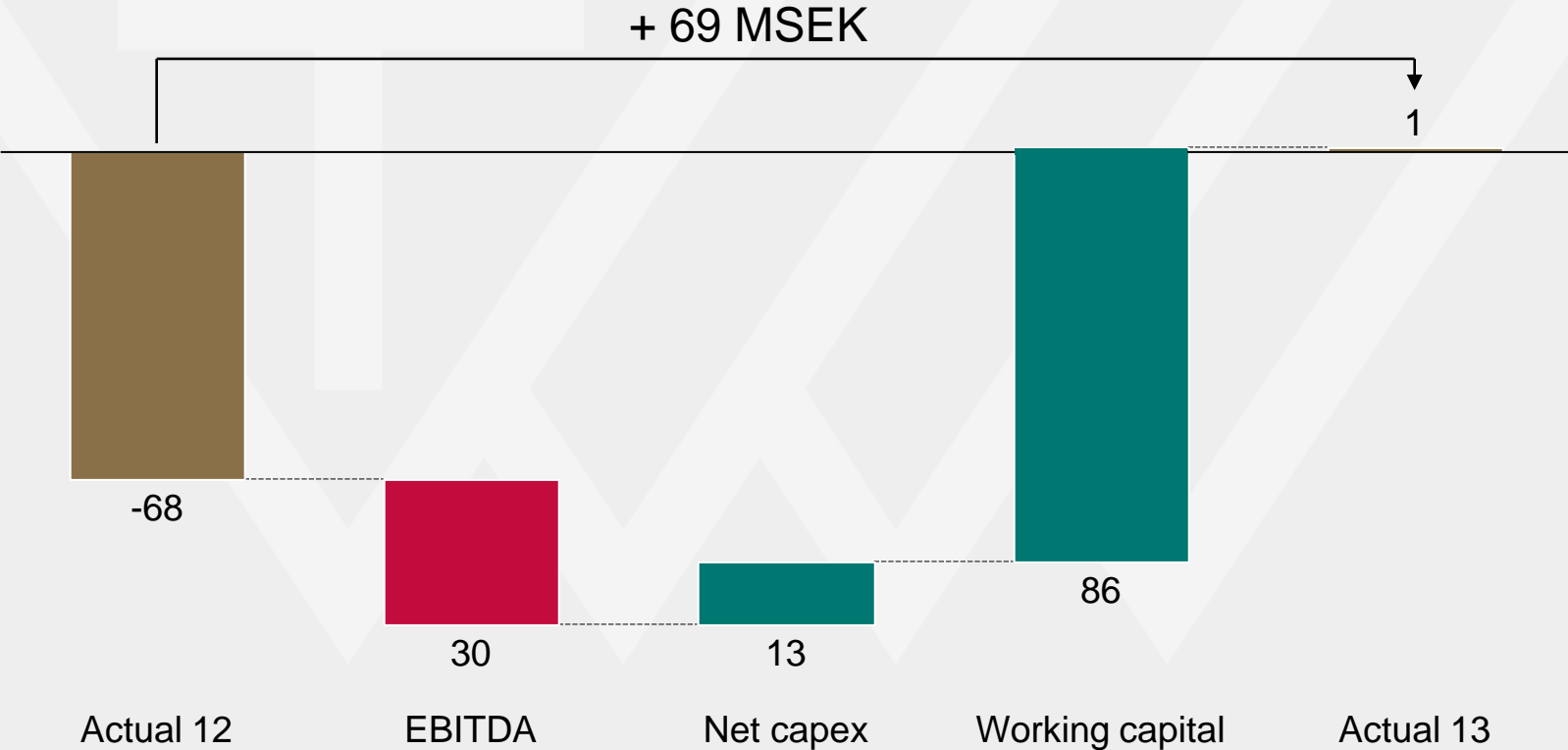
Double digit growth on continuing operations

Earnings Per Share



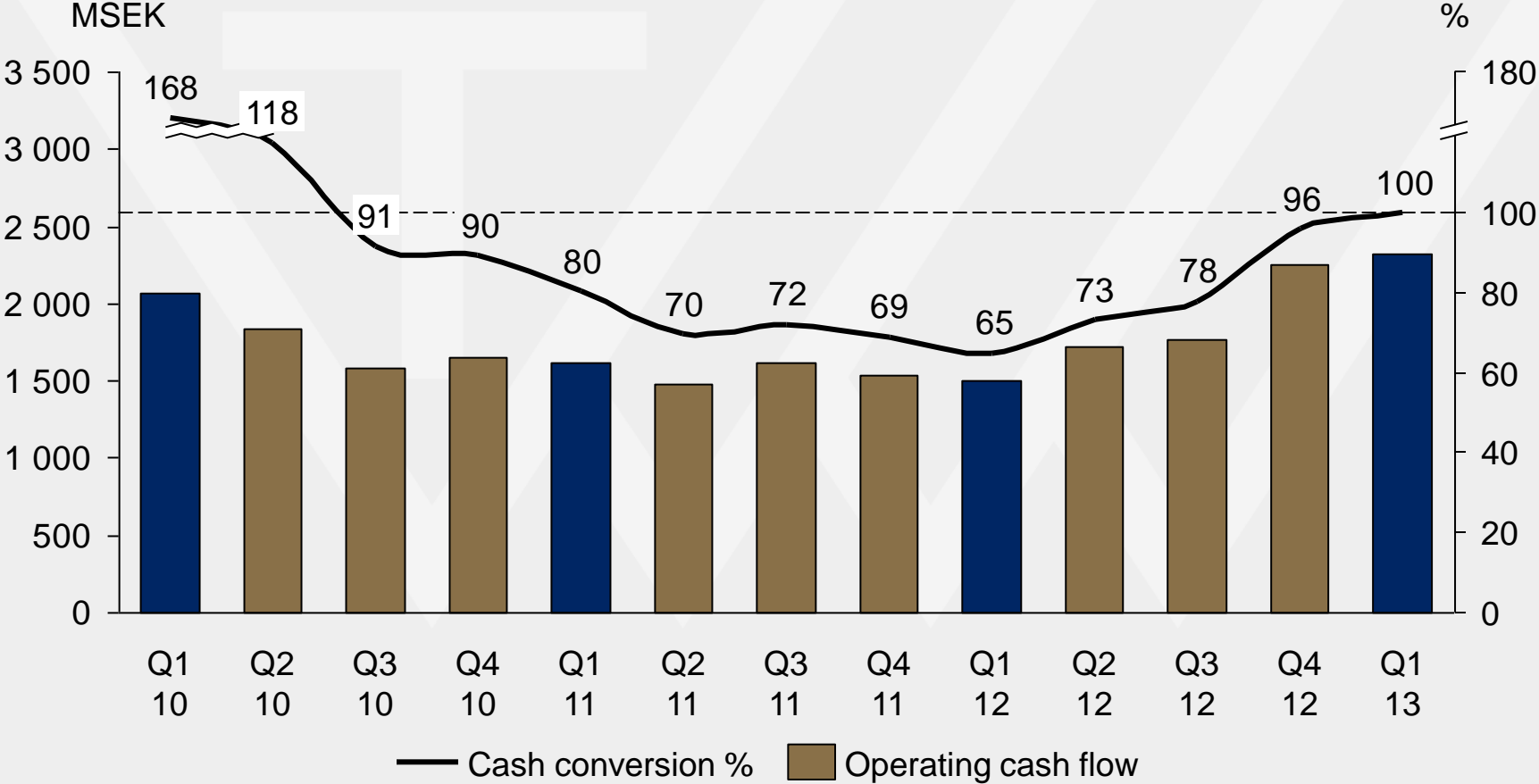
Efficient working capital management

Operating cash flow – Continuing Operations



Strong cash conversion

Operating cash flow R12M¹

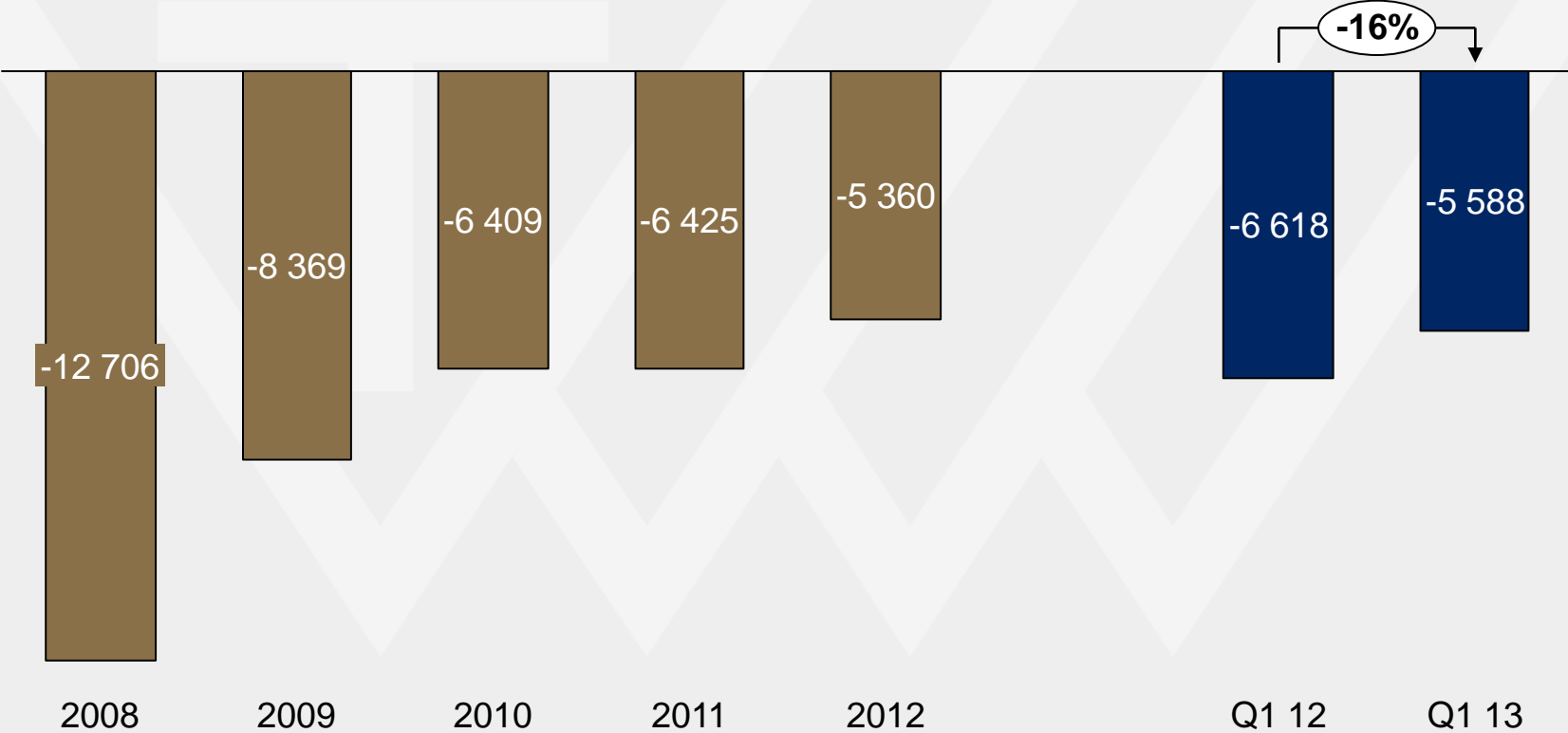


1) Excluding items affecting comparability & TrelleborgVibracoustic



Solid capital structure

Net debt development¹

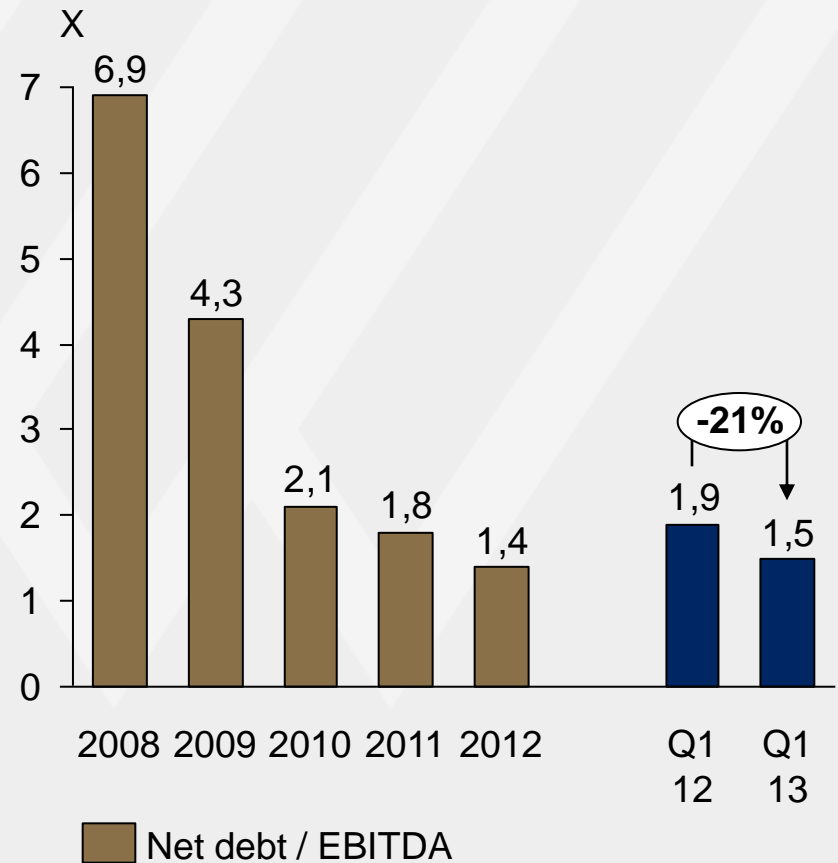
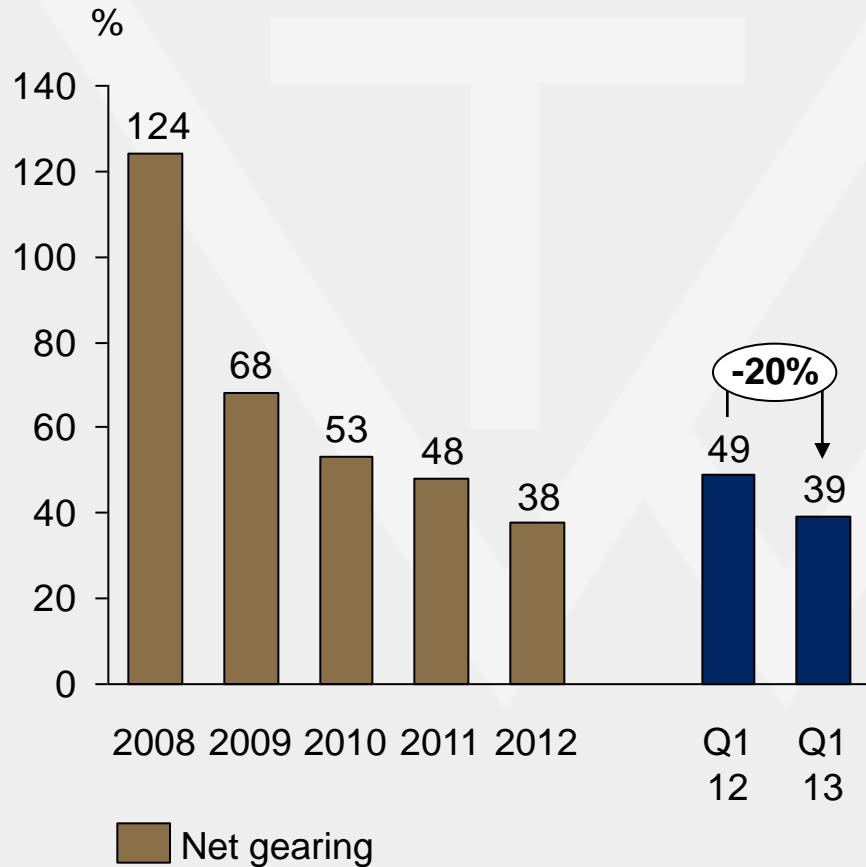


1) Total Group



Solid capital structure

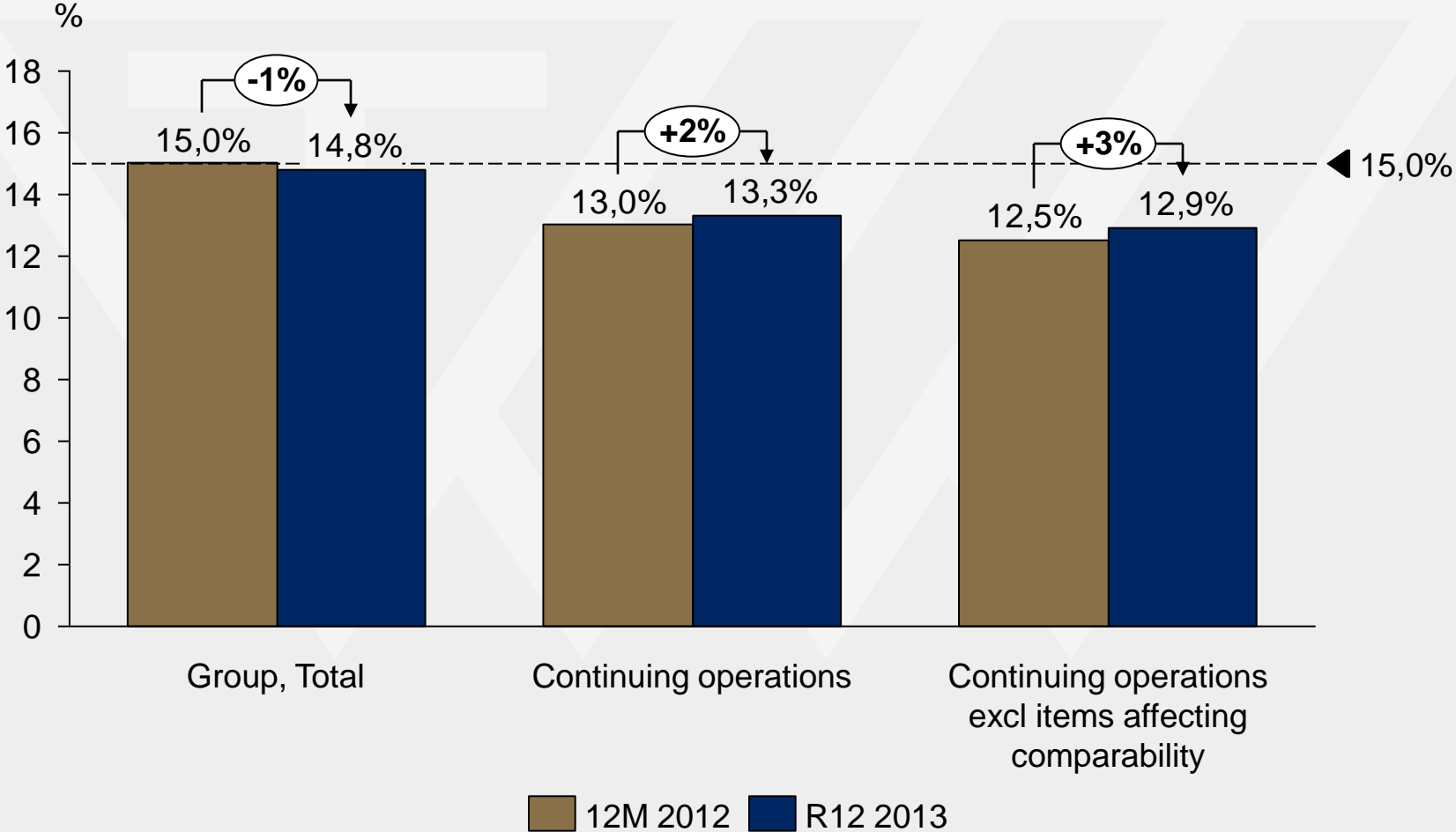
Net debt / EBITDA and net gearing development¹



1) Total Group

Long-term ROE target of 15%

Return on equity





Agenda

Highlights

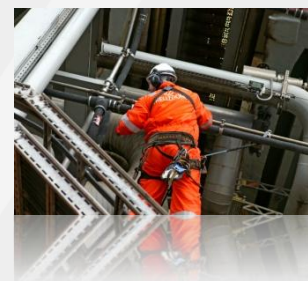
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TrelleborgVibracoustic

Financials

Summary & Q2 2013 outlook

Q&A



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Continued focus on growth and excellence

2013 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 2013

- Demand in the second quarter is expected to be on par with the first quarter of 2013, adjusted for seasonal variations



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Highlights

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Financials

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Q&A





Questions & Answers

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