



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

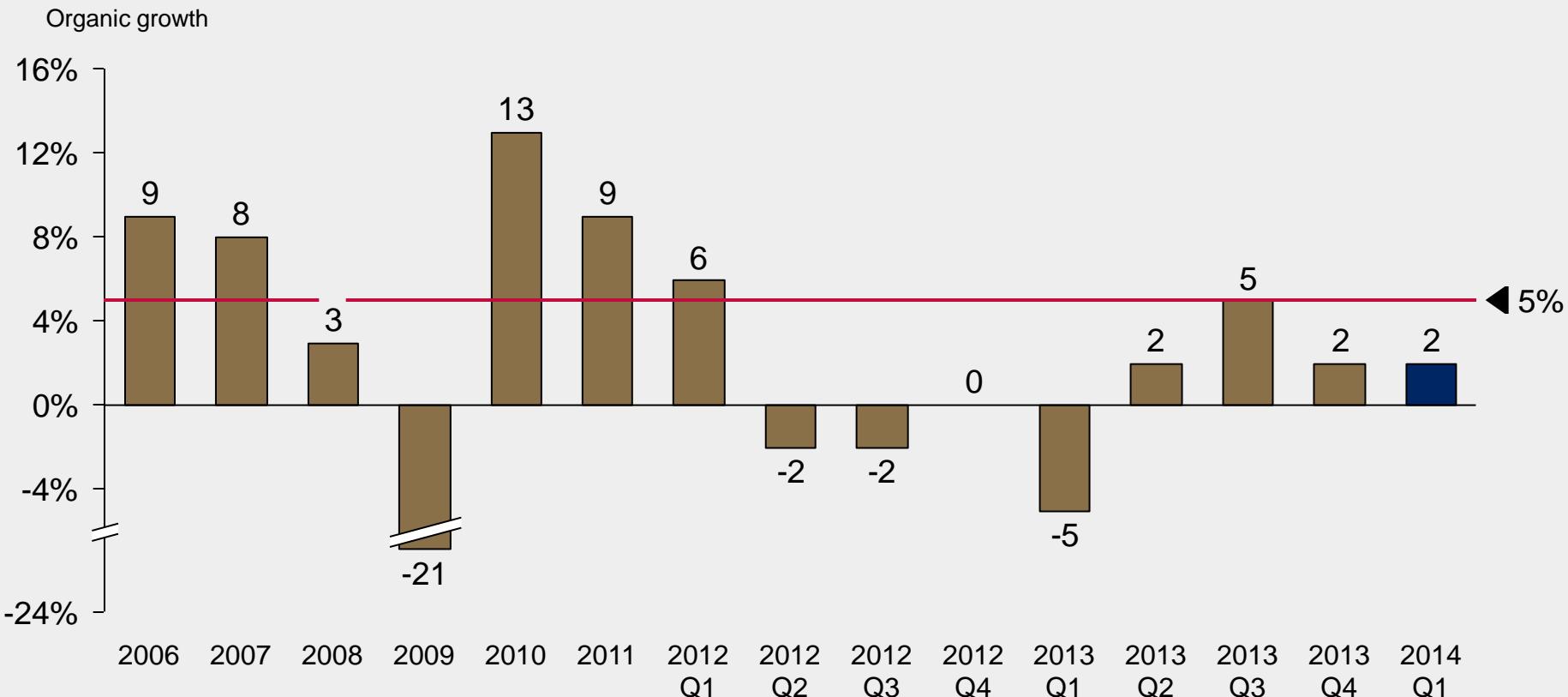
- Return on Equity (RoE): $\geq 15\%$

¹ Over a business cycle

² Excluding items affecting comparability

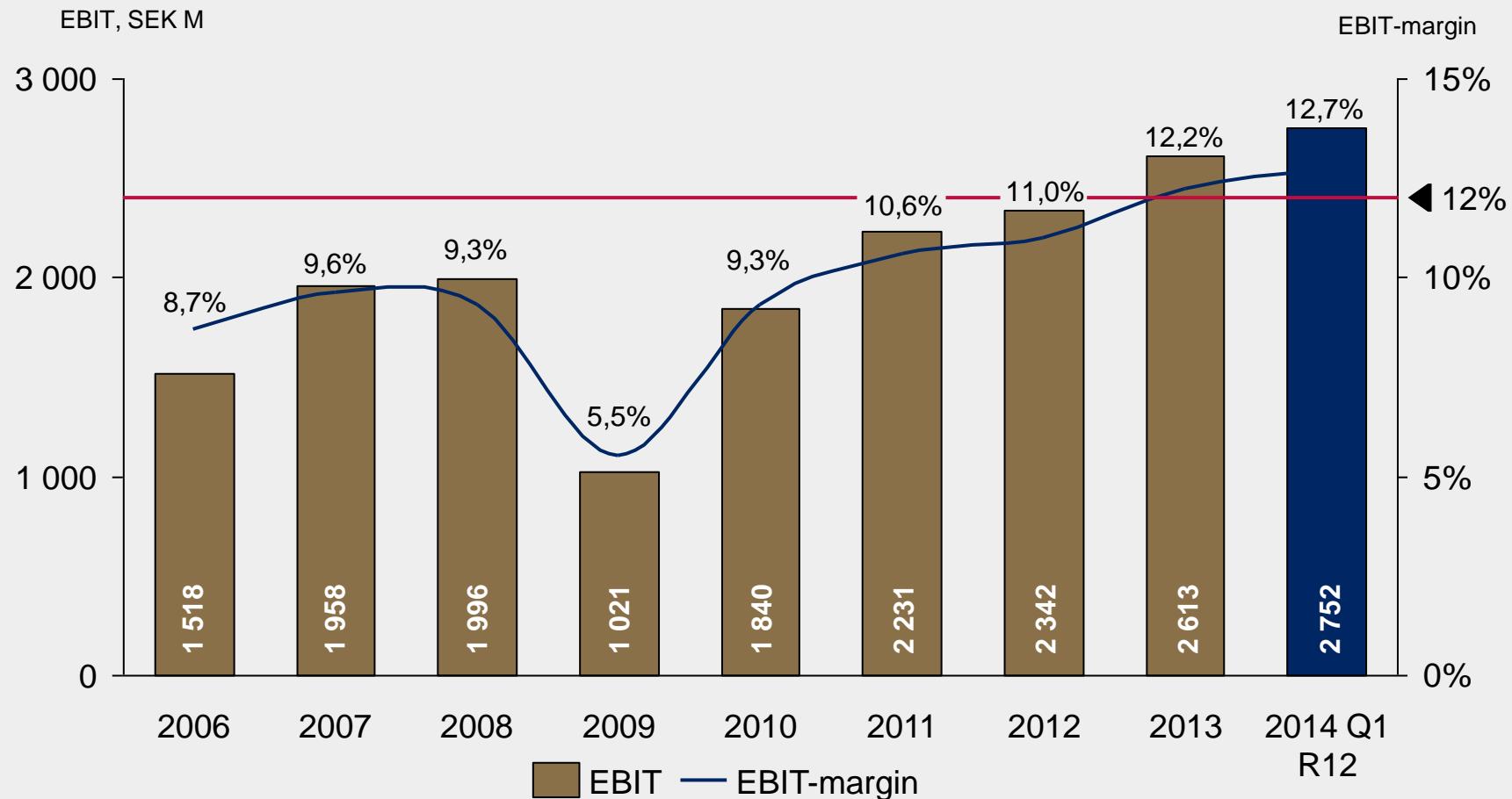
Organic sales development still some way to go

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



Above margin target in last two quarters (R12M)

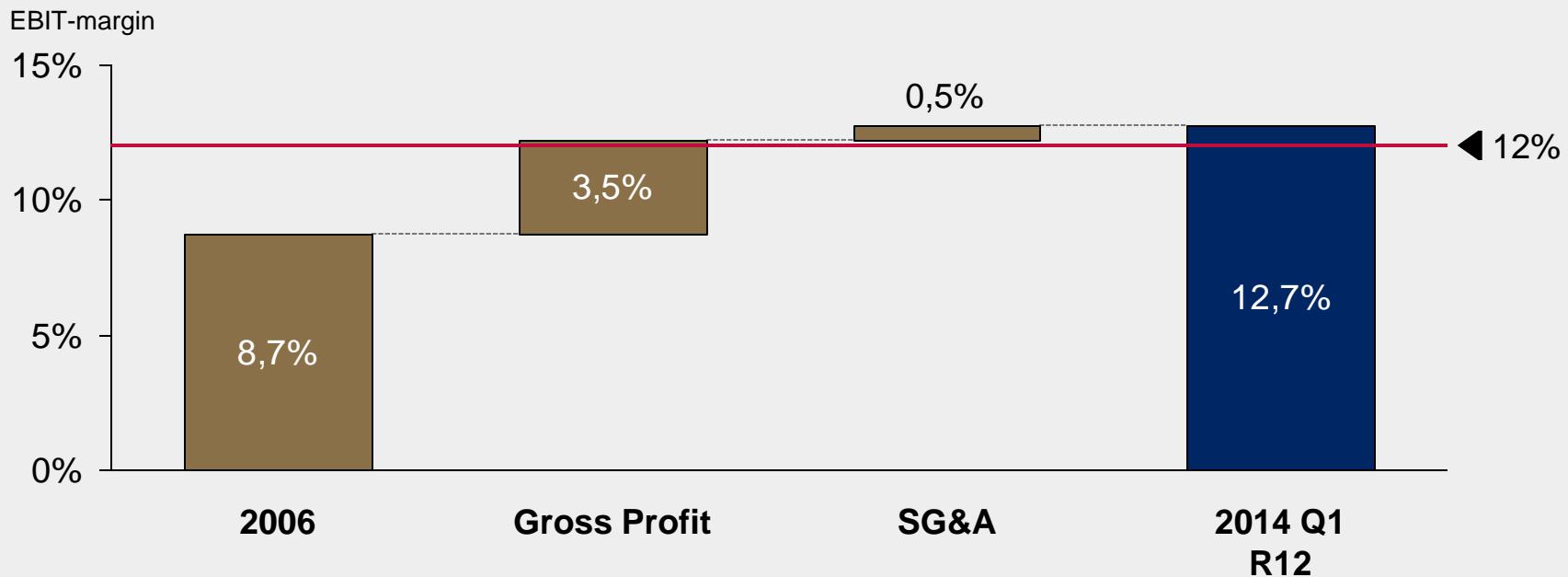
EBIT-margin target: $\geq 12\%^1$



¹ Continuing operations, excl. items affecting comparability and excl. TrelleborgVibracoustic

Drivers behind EBIT-margin improvement

EBIT-margin bridge¹



Gross Profit

Sales:

- Branding
- Positioning
- Pricing

Cost:

- Restructuring
- Excellence programs
- Increased flexibility

SG&A

- Restructuring

▪ Efficiency

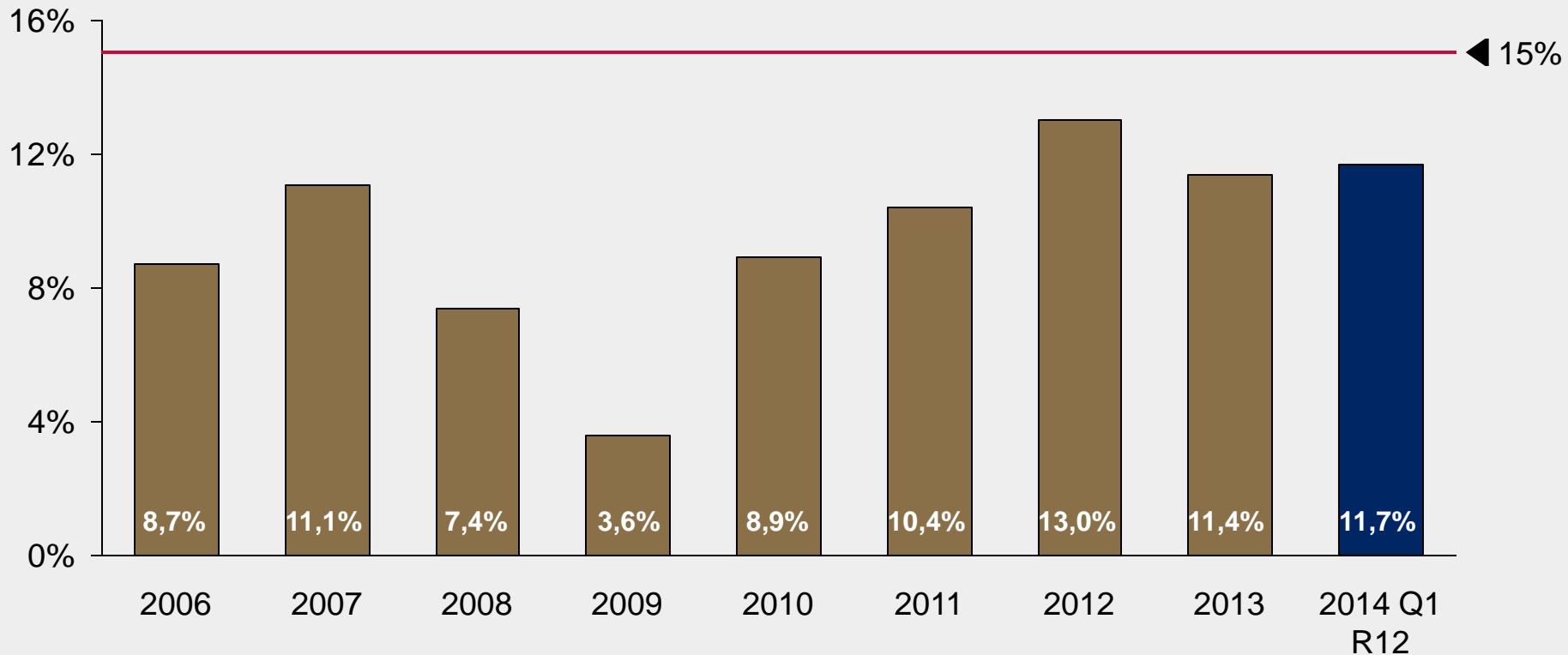
▪ Increased flexibility

**Supported by
Portfolio optimization**

Long-term ROE target of 15 percent

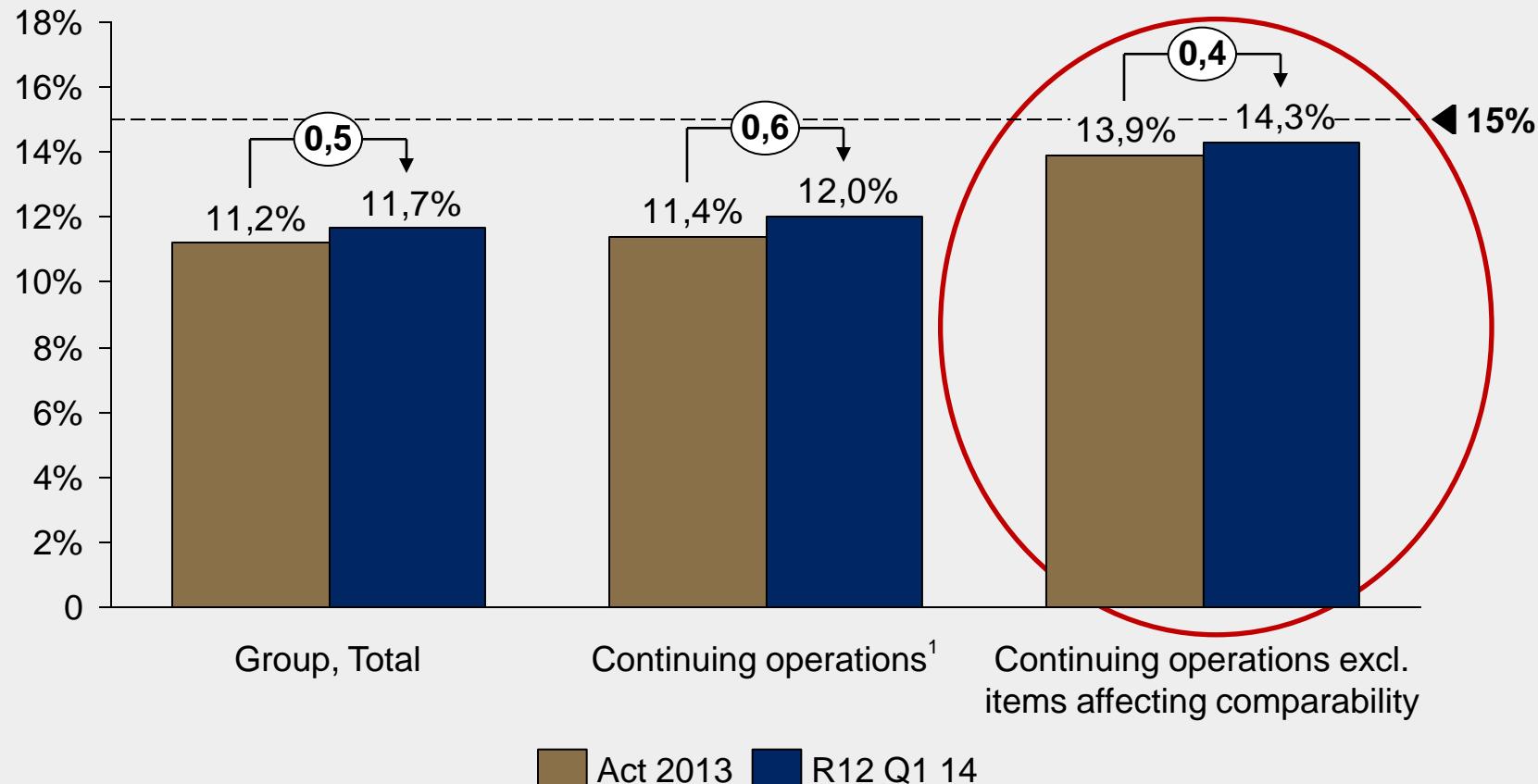
Incl. items affecting comparability and incl. TrelleborgVibracoustic

Return on Equity¹



Closing in on ROE target

Return on Equity, R12M





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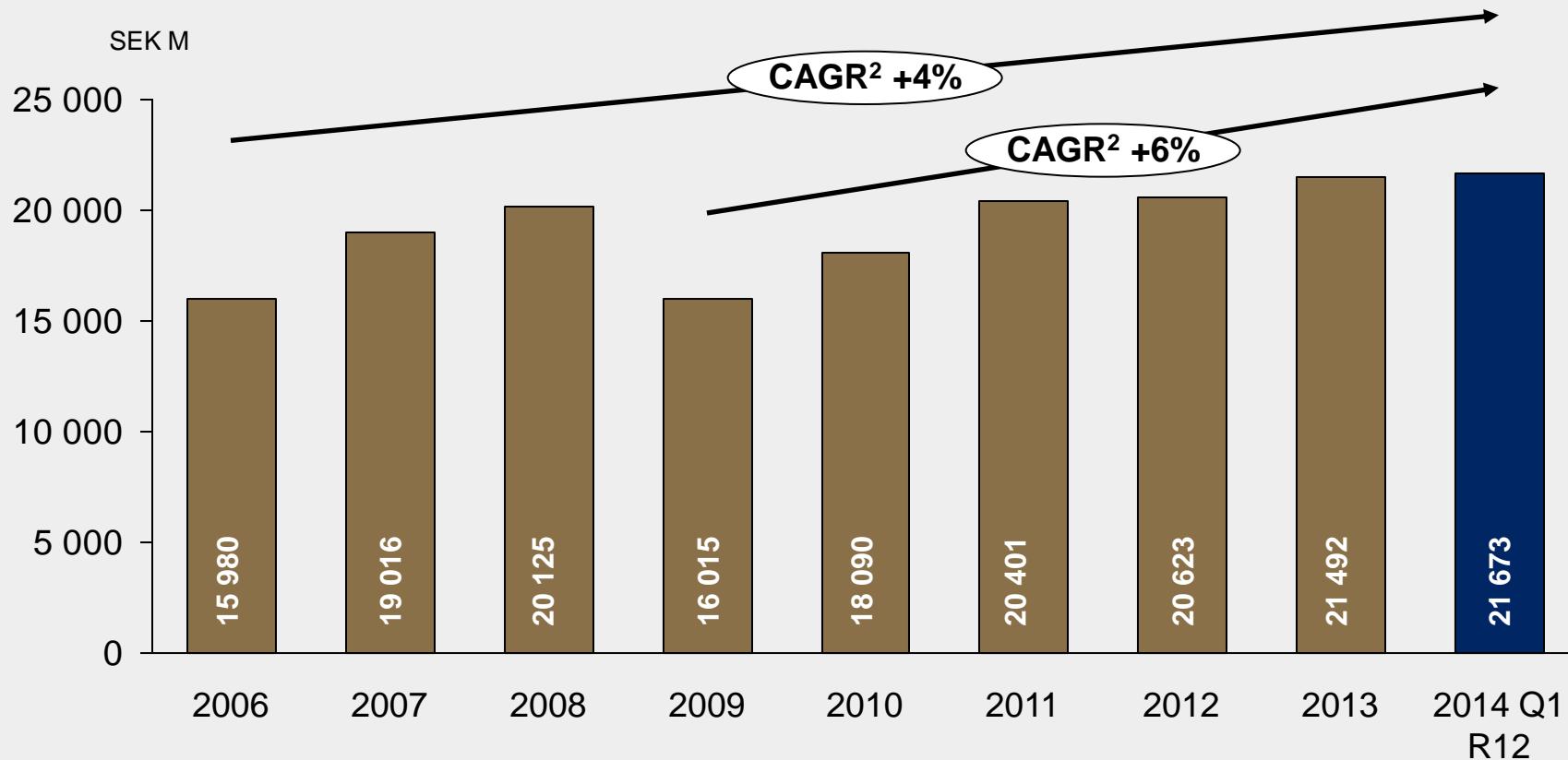
Excellence programs

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Financial targets and guidelines

Compounded annual sales growth rate

Sales in constant currency¹

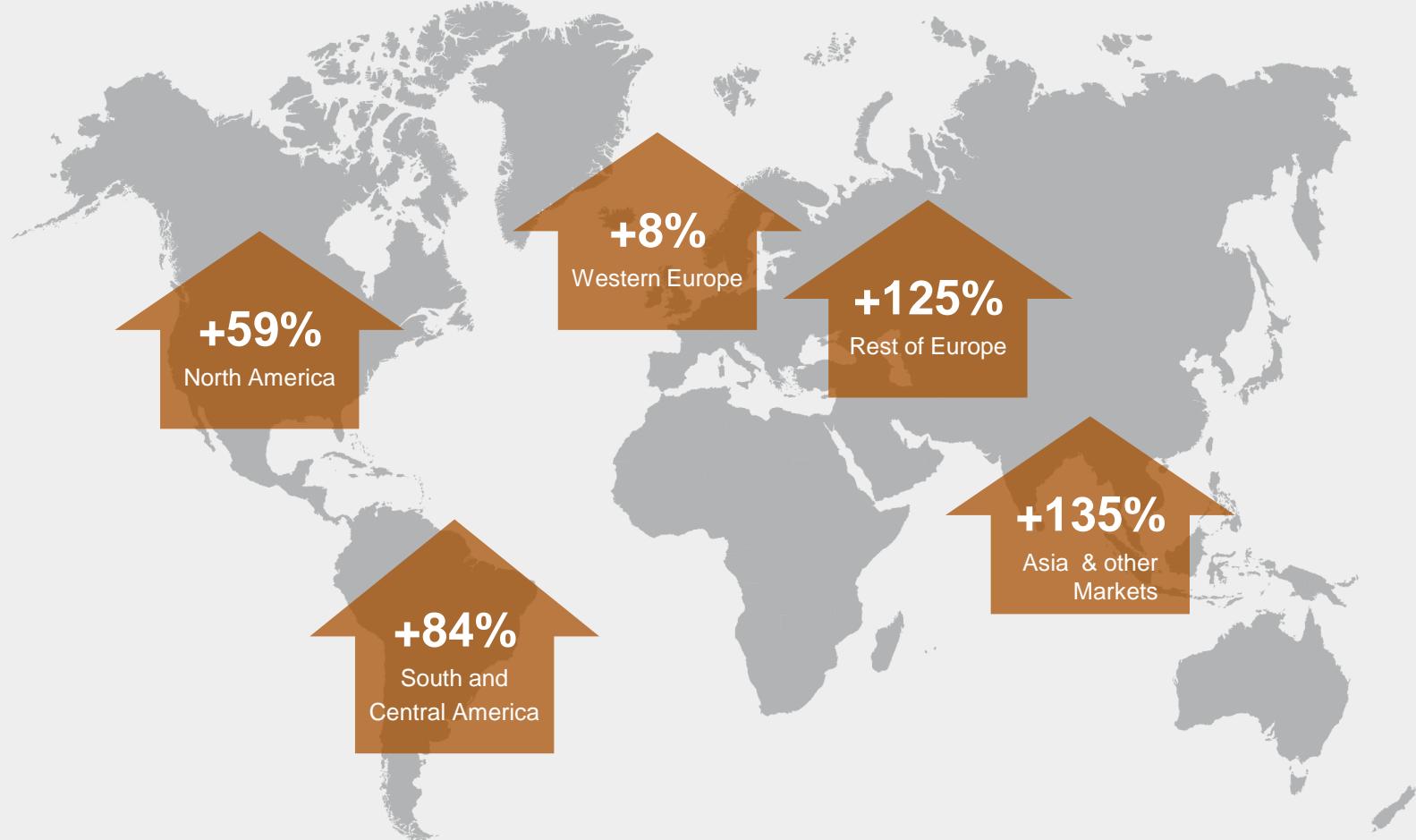


¹ Continuing operations, average currency rate 2013

² Compounded annual growth

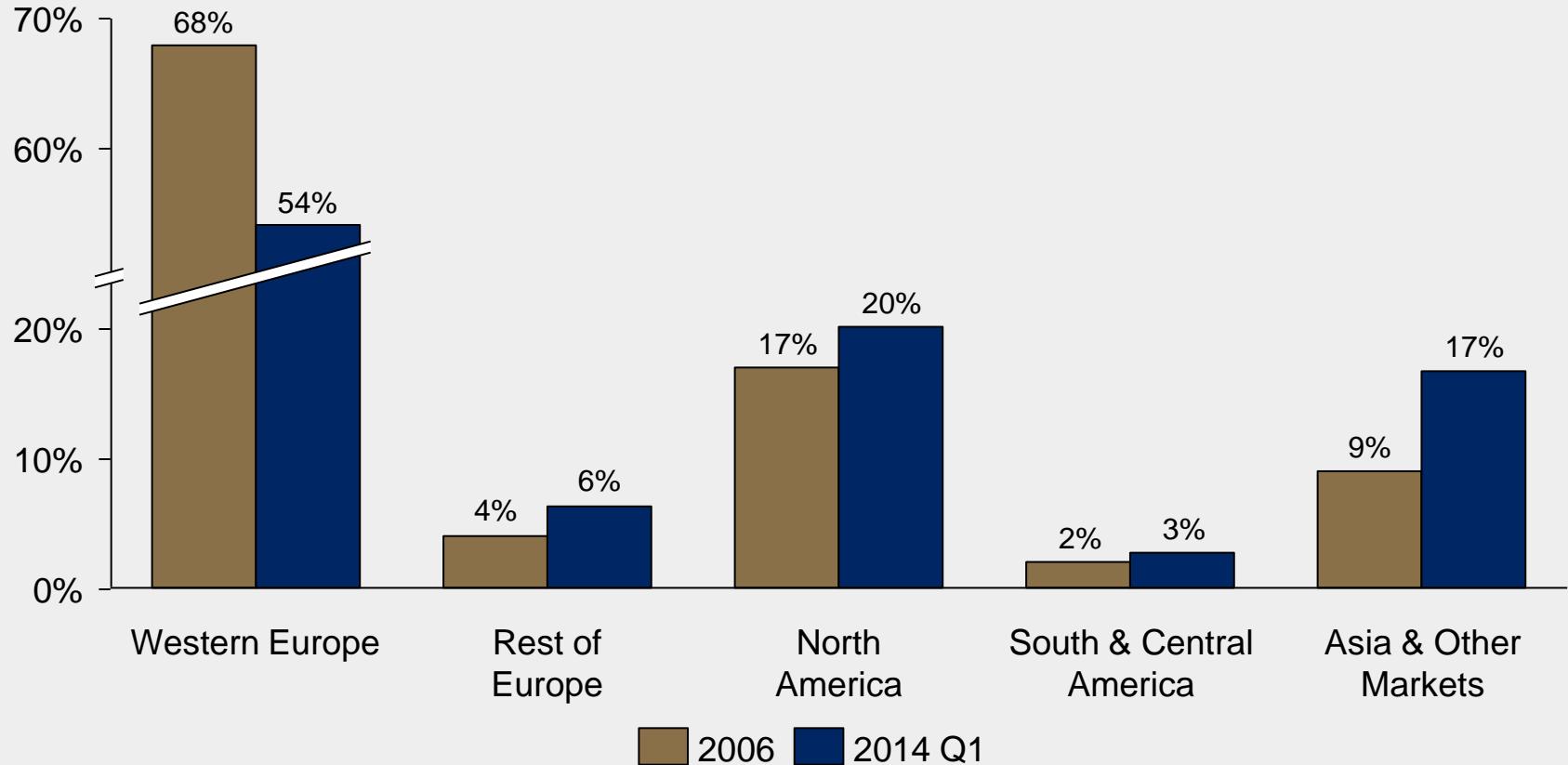
Growing rapidly in emerging economies

Sales growth per geography from 2006 to 2013¹



Improving geographical balance

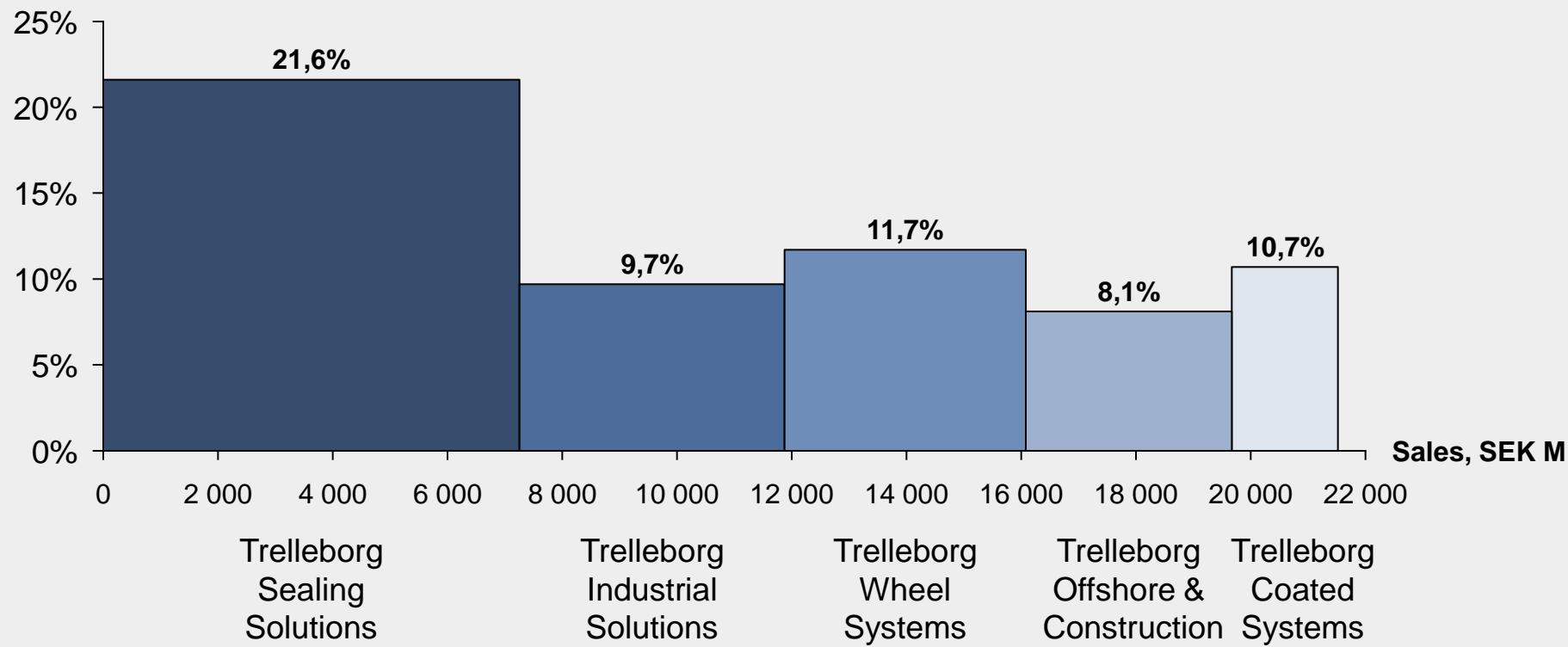
Sales split per geography (based on invoicing address)¹



Our five business areas

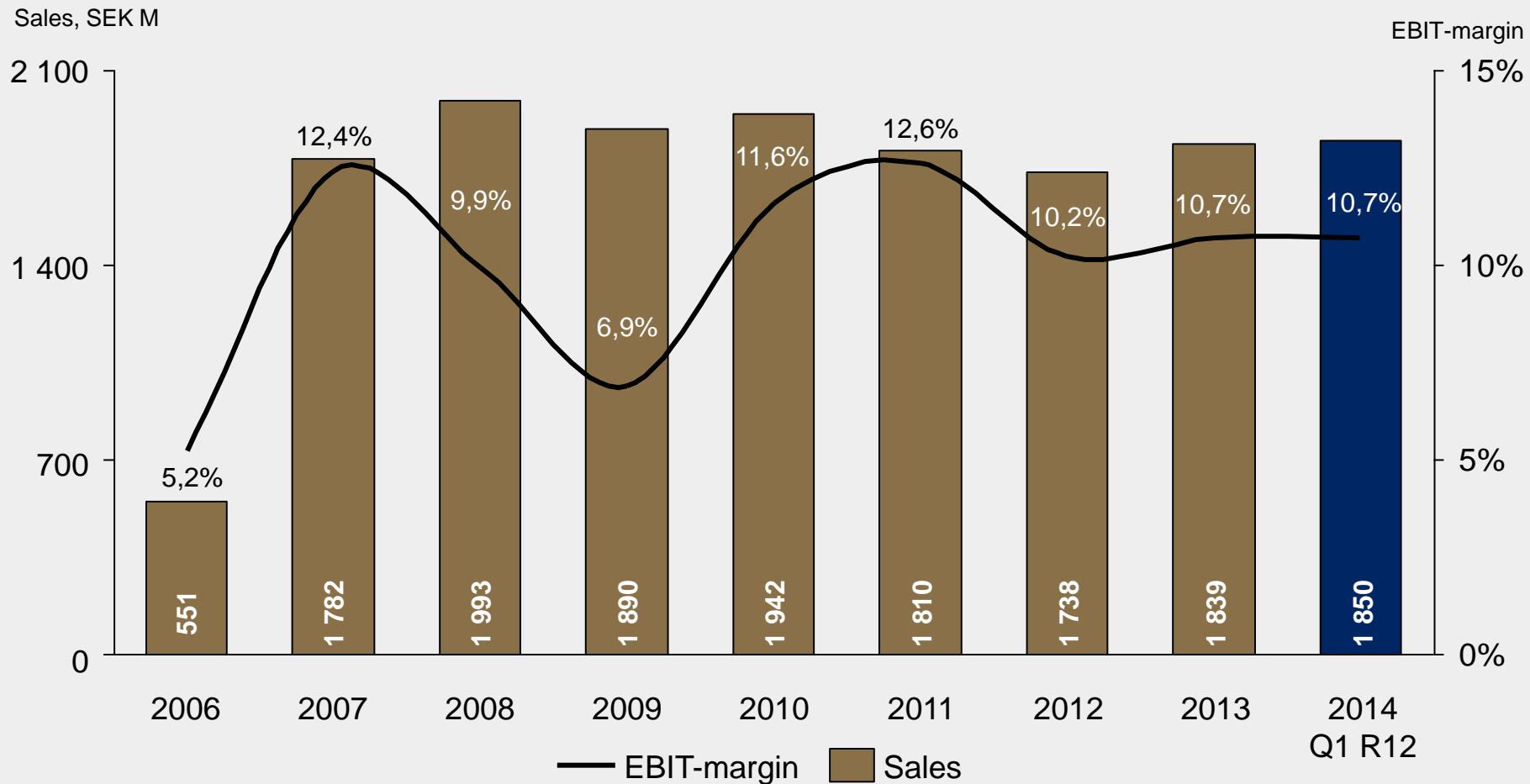
Sales and EBIT-margin; R12M Q1 2014

EBIT-margin



Trelleborg Coated Systems

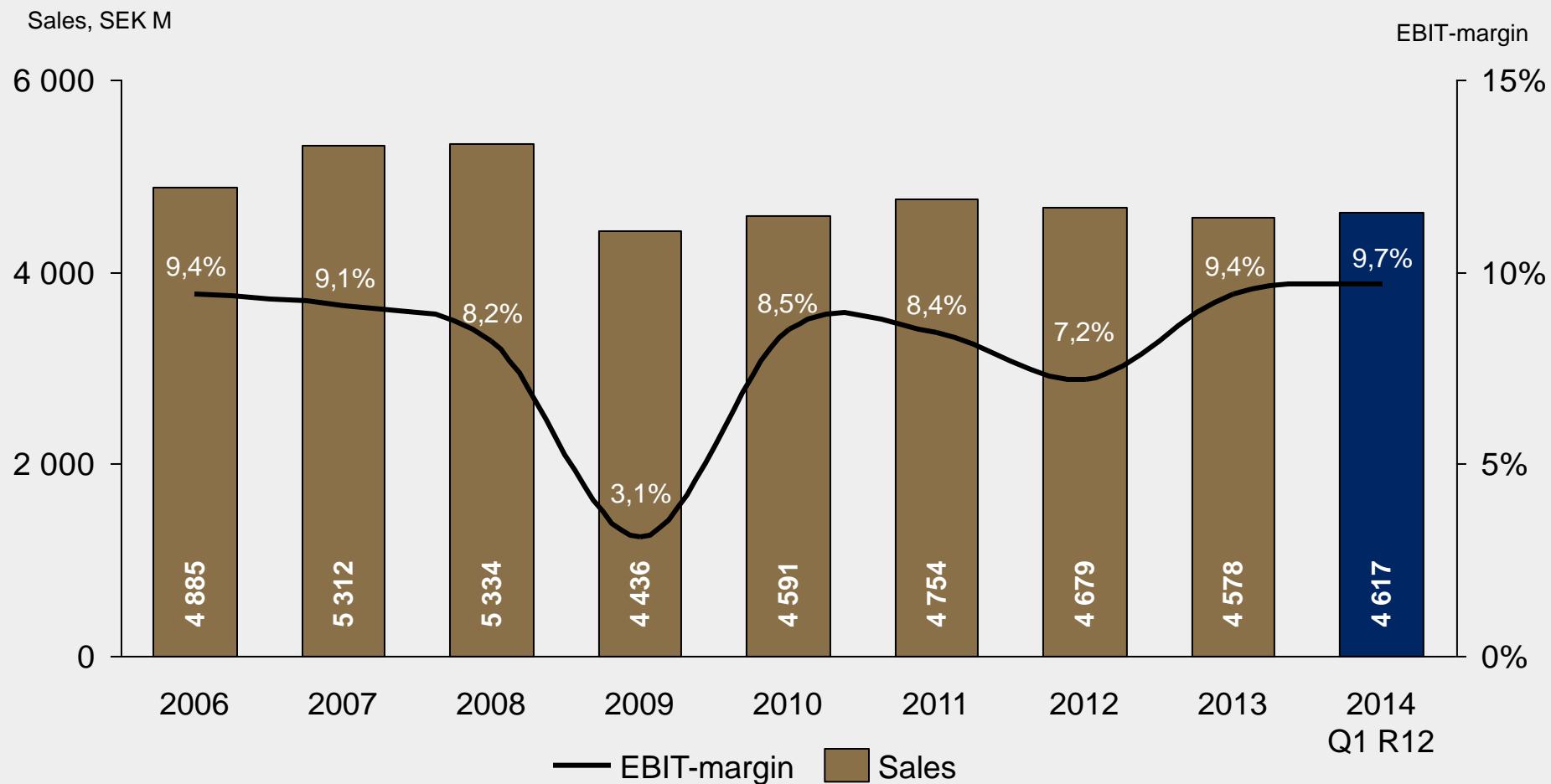
Sales and EBIT-margin¹



¹ Continuing operations excl. items affecting comparability

Trelleborg Industrial Solutions

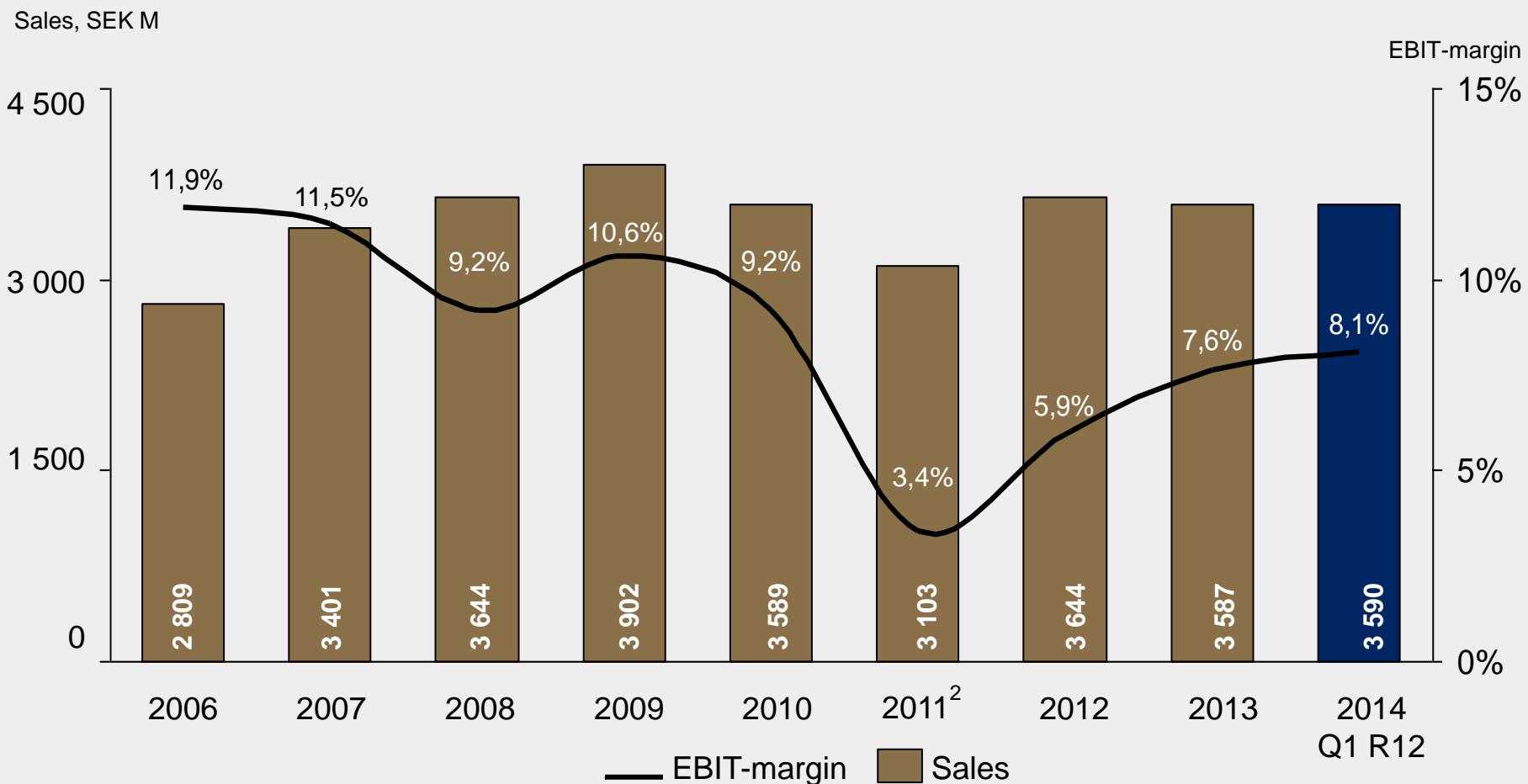
Sales and EBIT-margin¹



¹ Continuing operations excl. items affecting comparability

Trelleborg Offshore & Construction

Sales and EBIT-margin¹

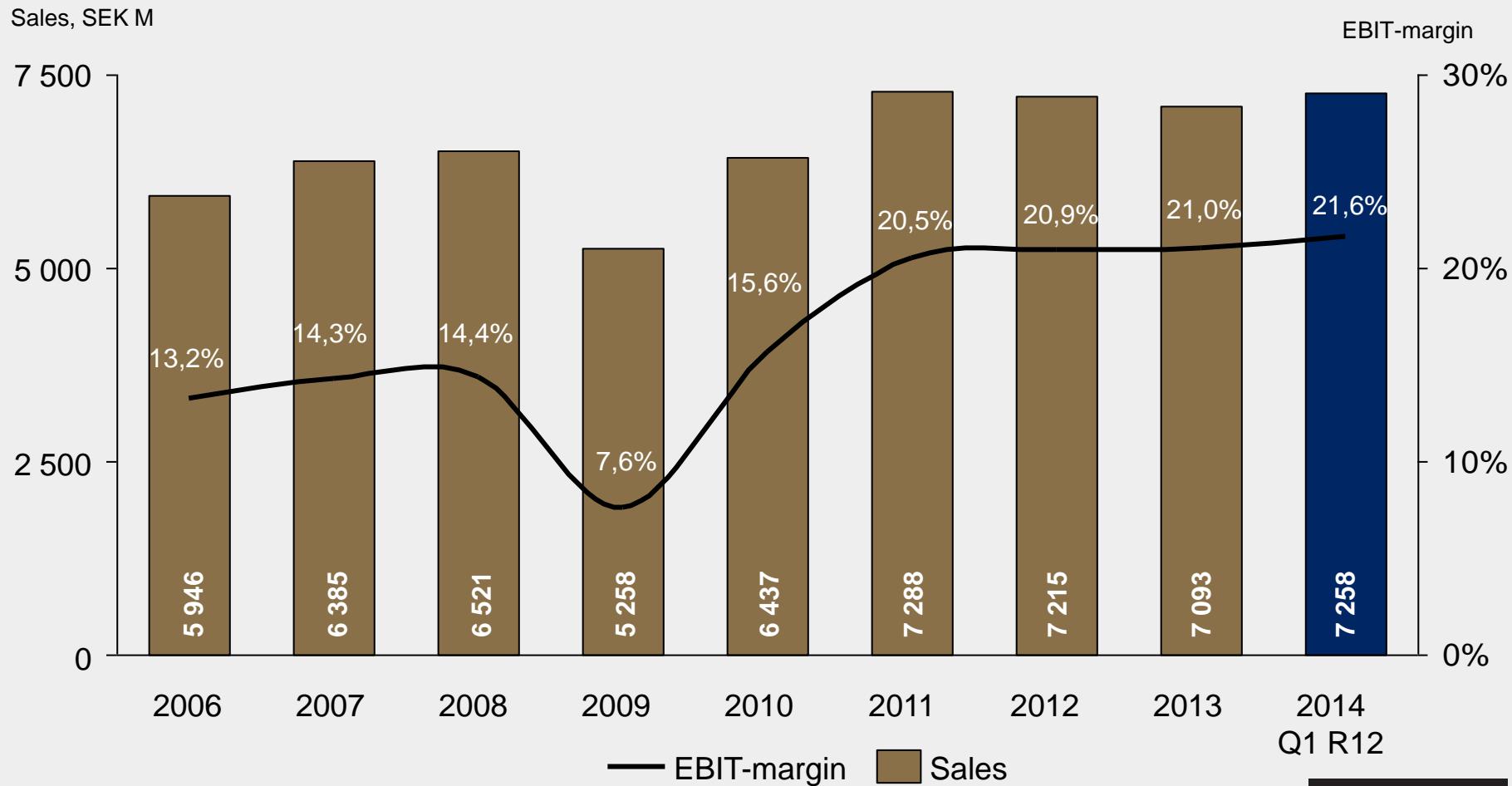


¹ Continuing operations excl. items affecting comparability

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

Trelleborg Sealing Solutions

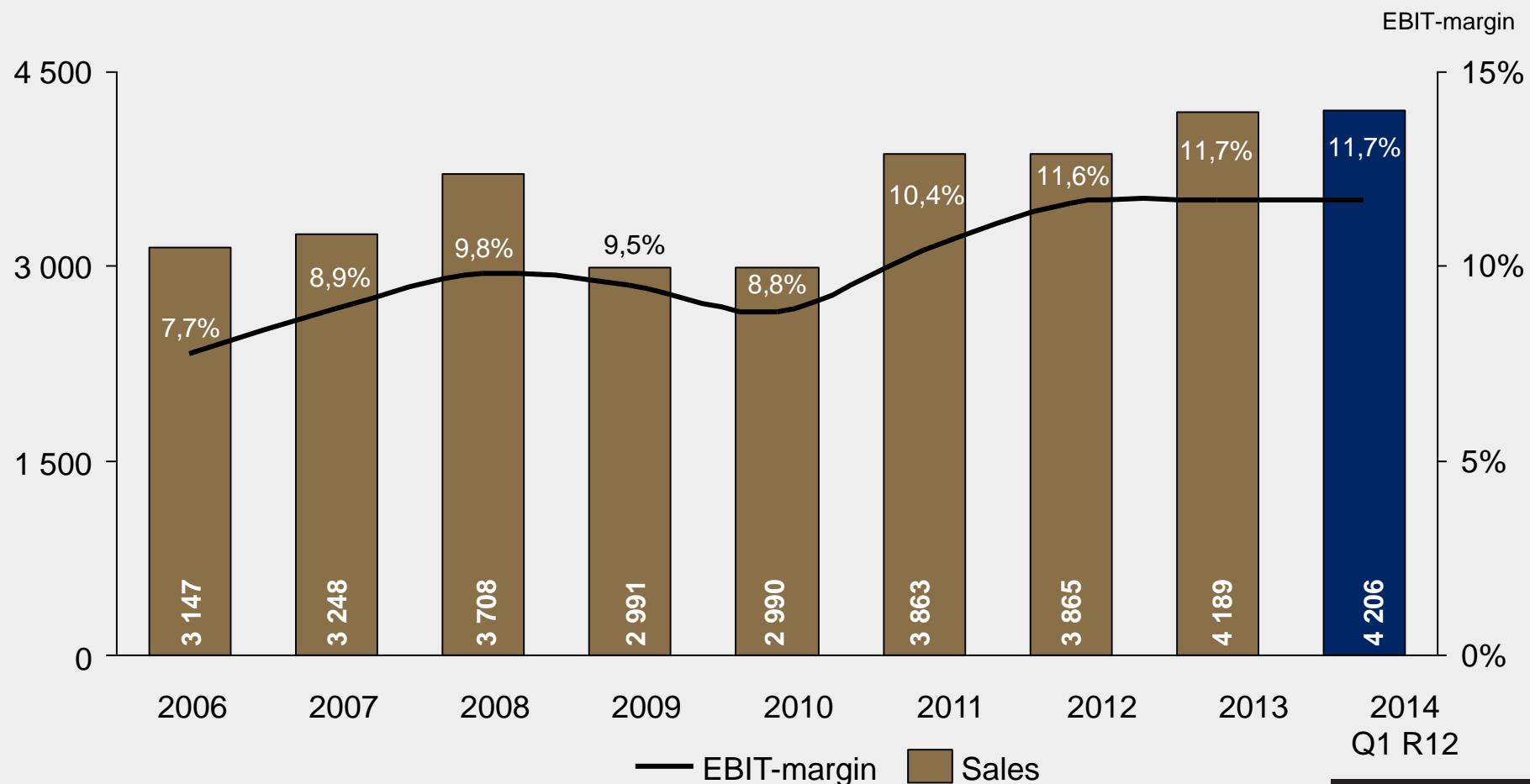
Sales and EBIT-margin¹



¹ Continuing operations excl. items affecting comparability

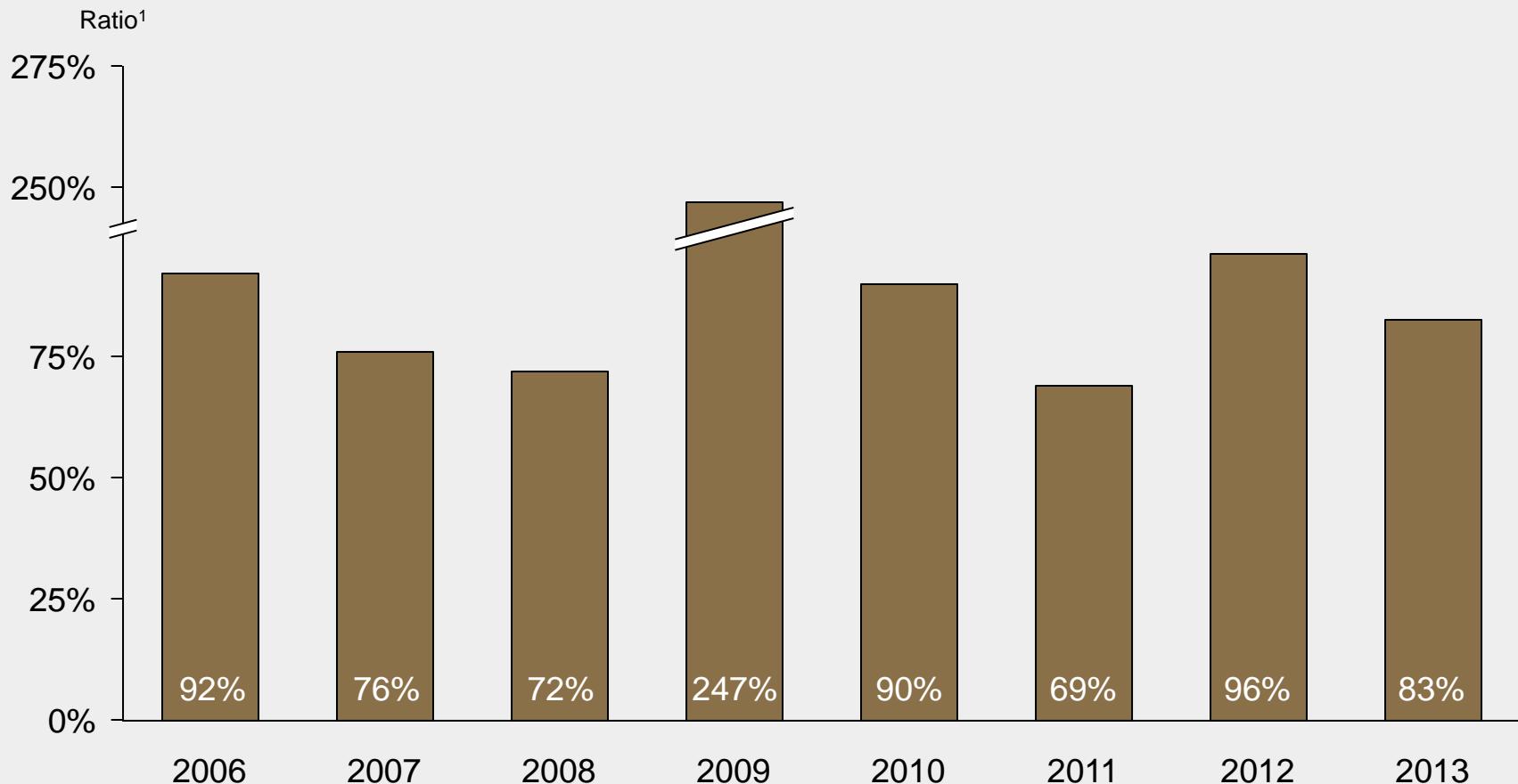
Trelleborg Wheel Systems

Sales and EBIT-margin¹

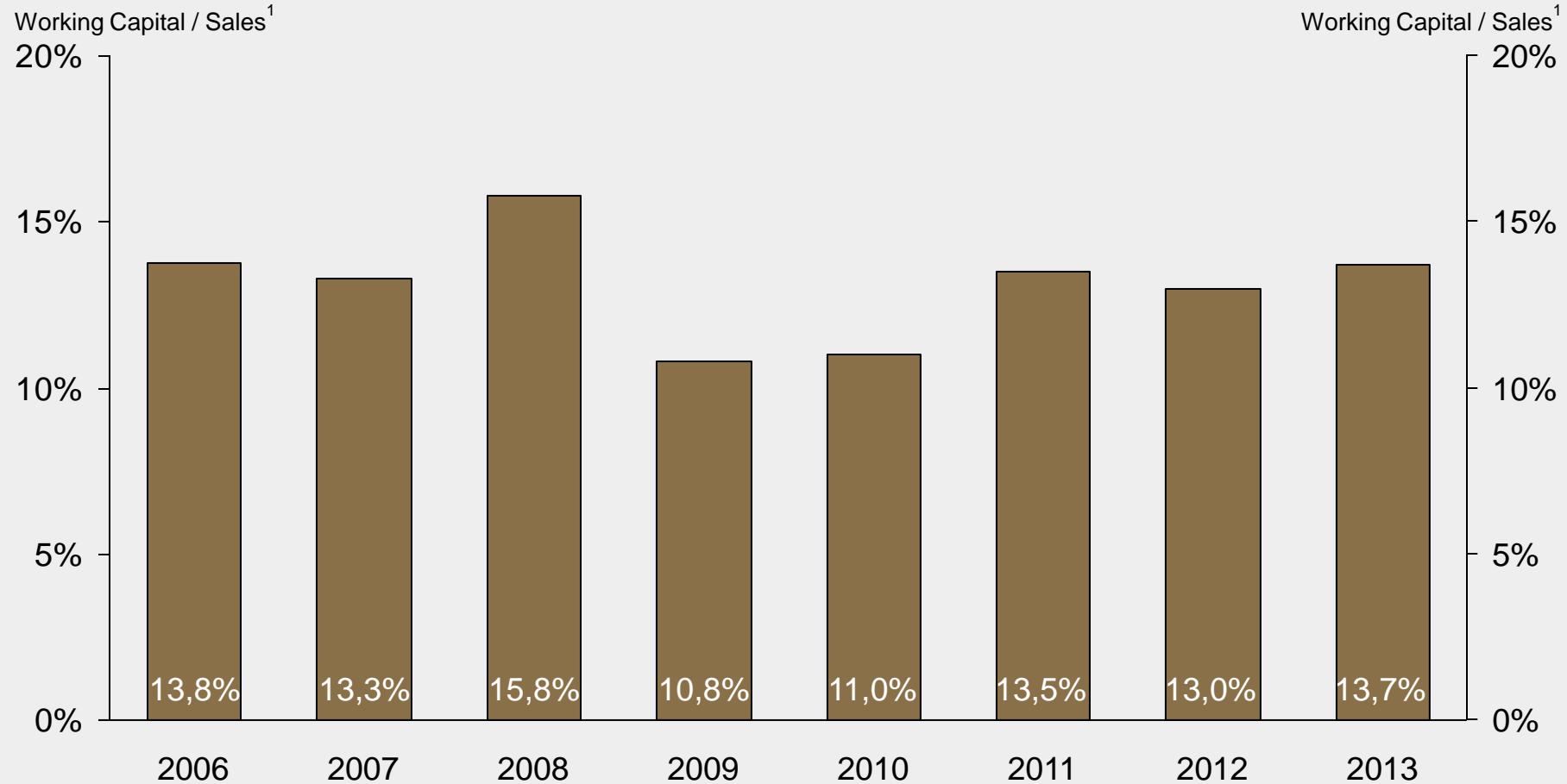


¹ Continuing operations excl. items affecting comparability

Solid cash conversion

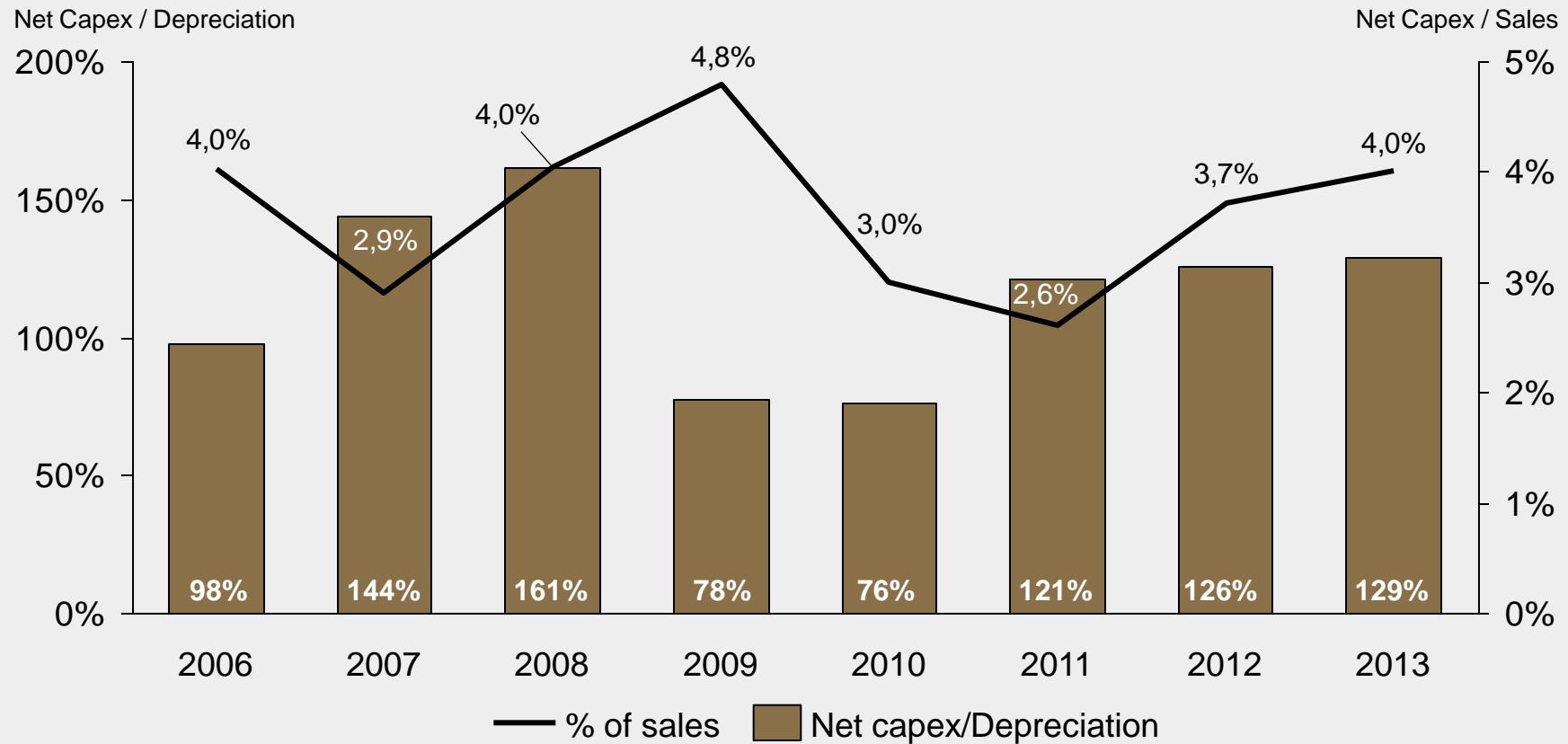


Working capital as percent of sales



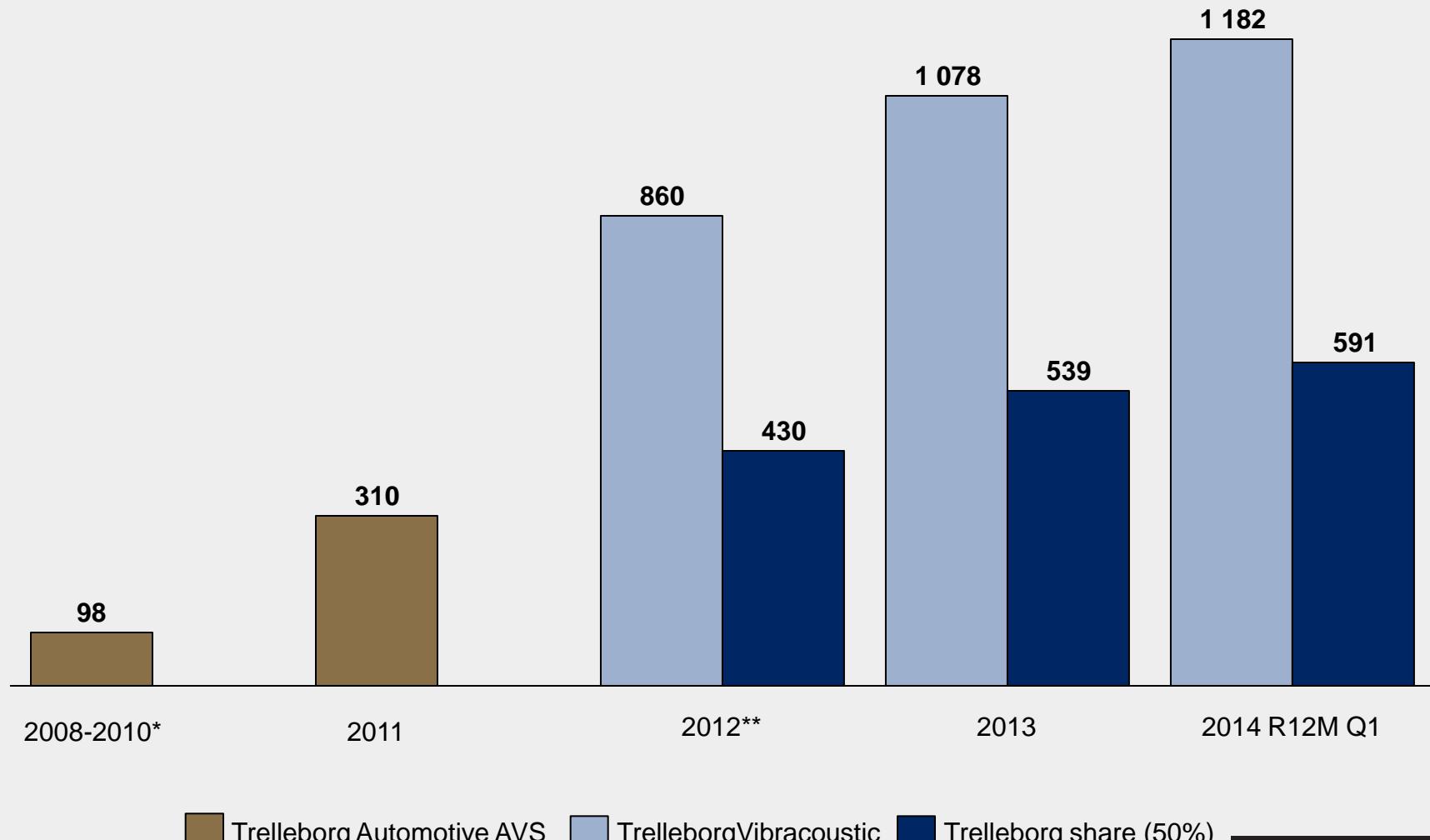
Capex in line with historical levels

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



TrelleborgVibracoustic

EBIT development, SEK M



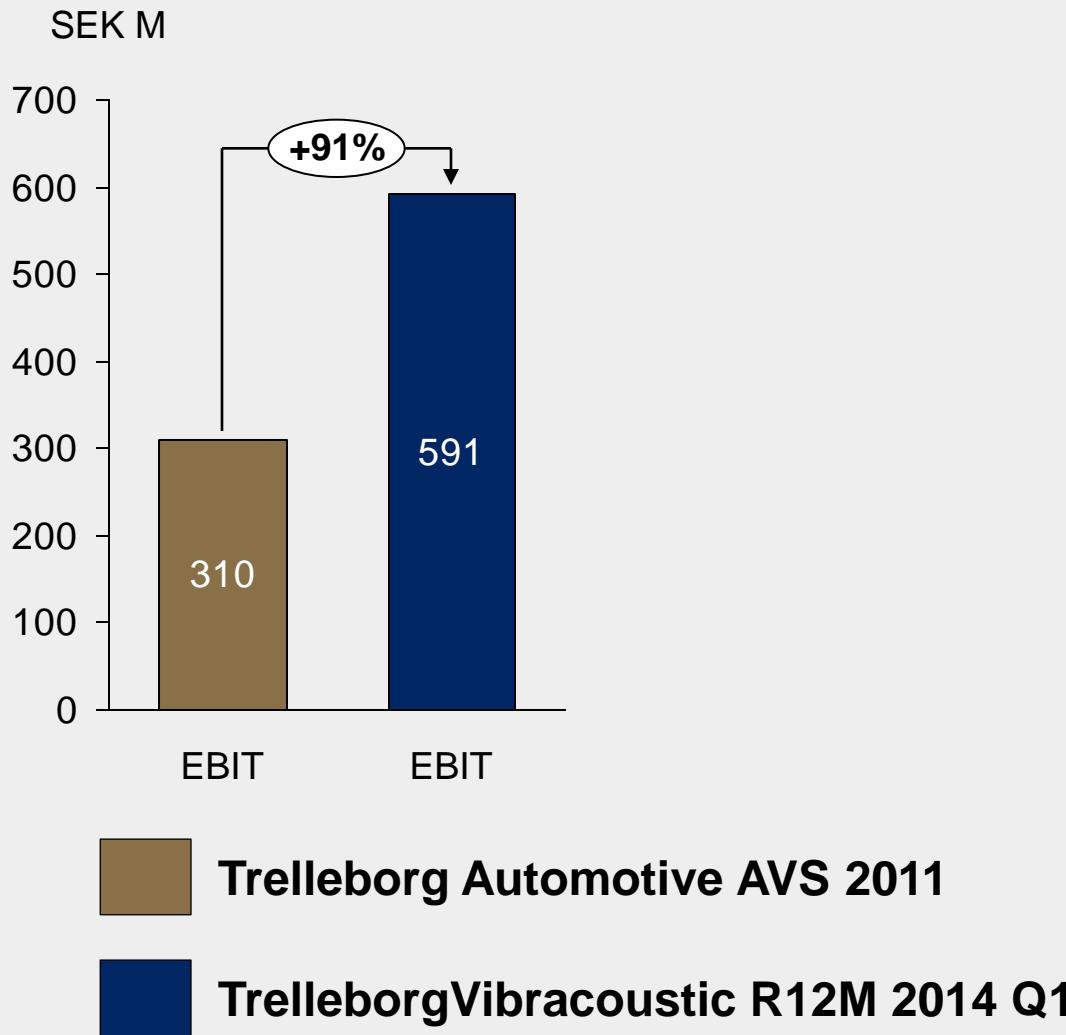
Trelleborg Automotive AVS TrelleborgVibracoustic Trelleborg share (50%)

* Average

** Adjusted proforma

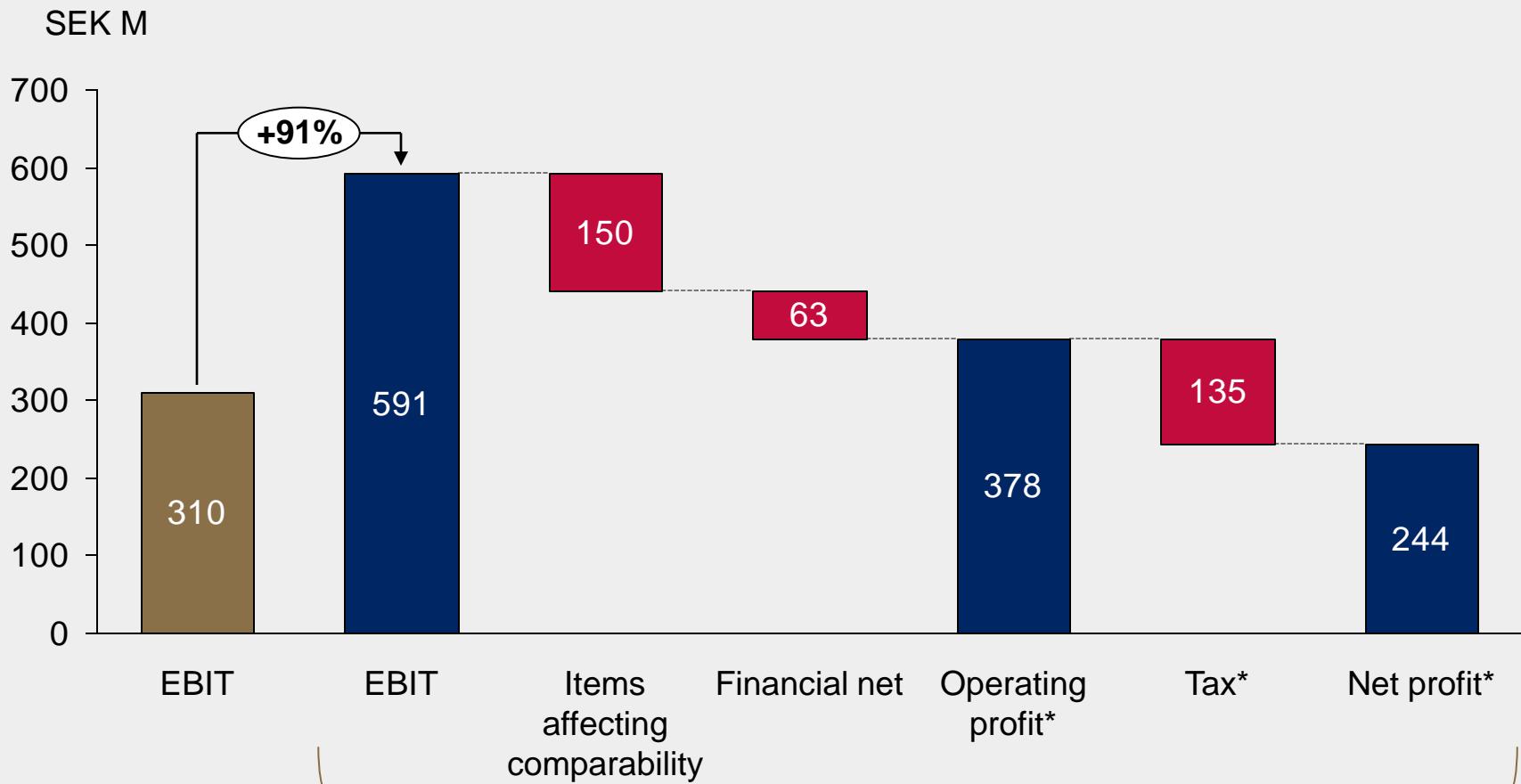
TrelleborgVibracoustic

Financial impact on Trelleborg Group



TrelleborgVibracoustic

Financial impact on Trelleborg Group



Trelleborg
Automotive AVS
2011

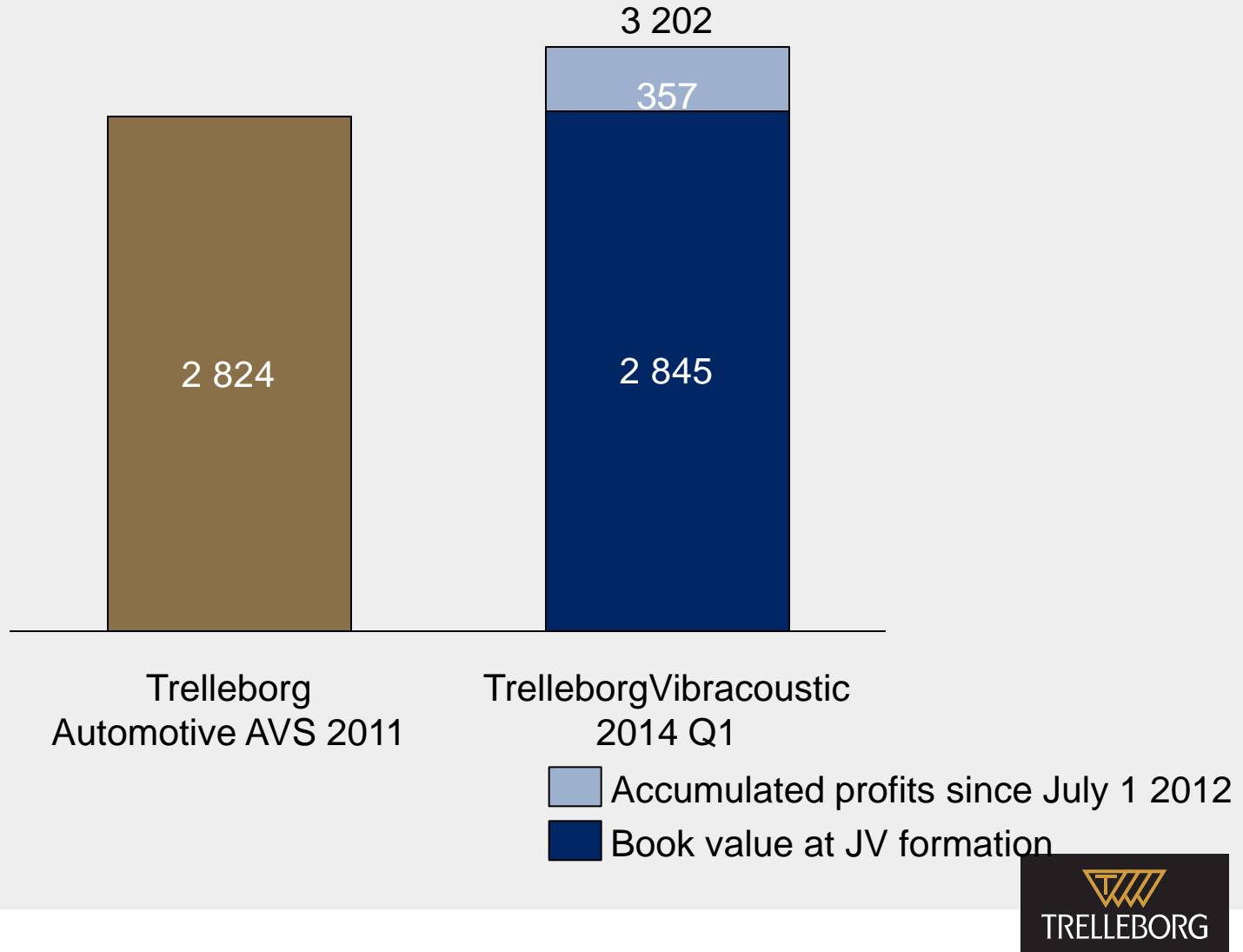
TrelleborgVibracoustic R12M 2014 Q1

* Consolidated into Trelleborg accounts according to the equity method



TrelleborgVibracoustic

Financial impact on Trelleborg Group, SEK M





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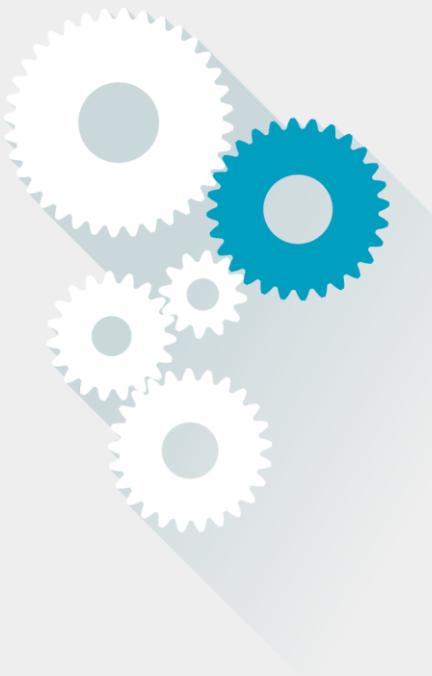
Continuing operations

Excellence programs

Financial position

Financial targets and guidelines

Our four Excellence programs



**Sales
Excellence**

**Purchasing
Excellence**

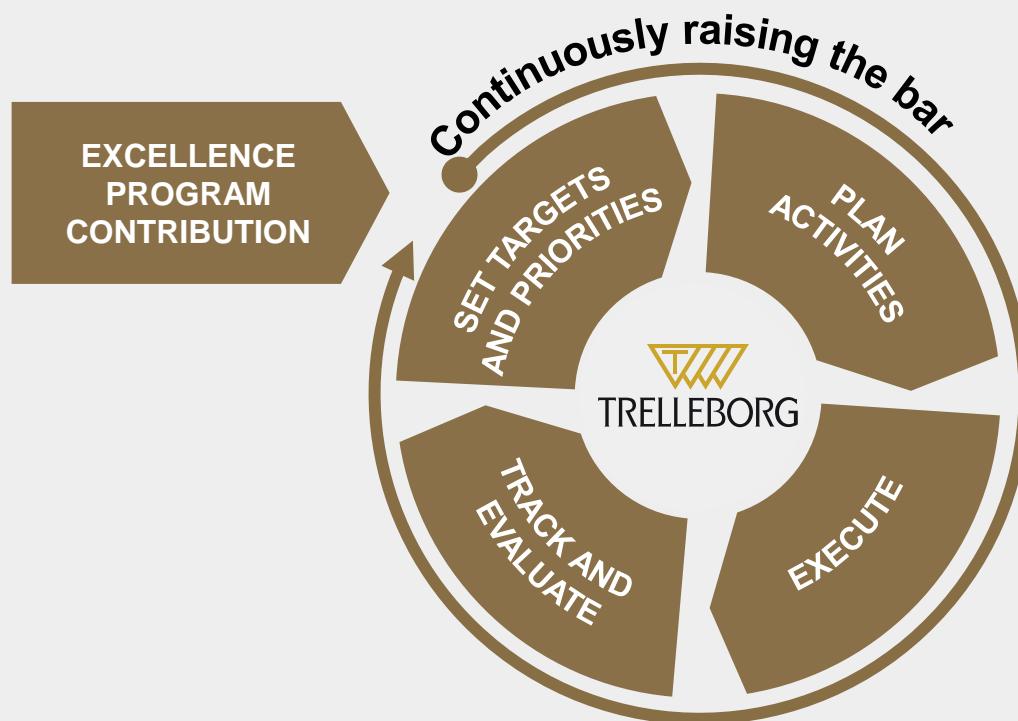
**Working Capital
Excellence**

**Manufacturing
Excellence**

Three monomers creating the Excellence polymer

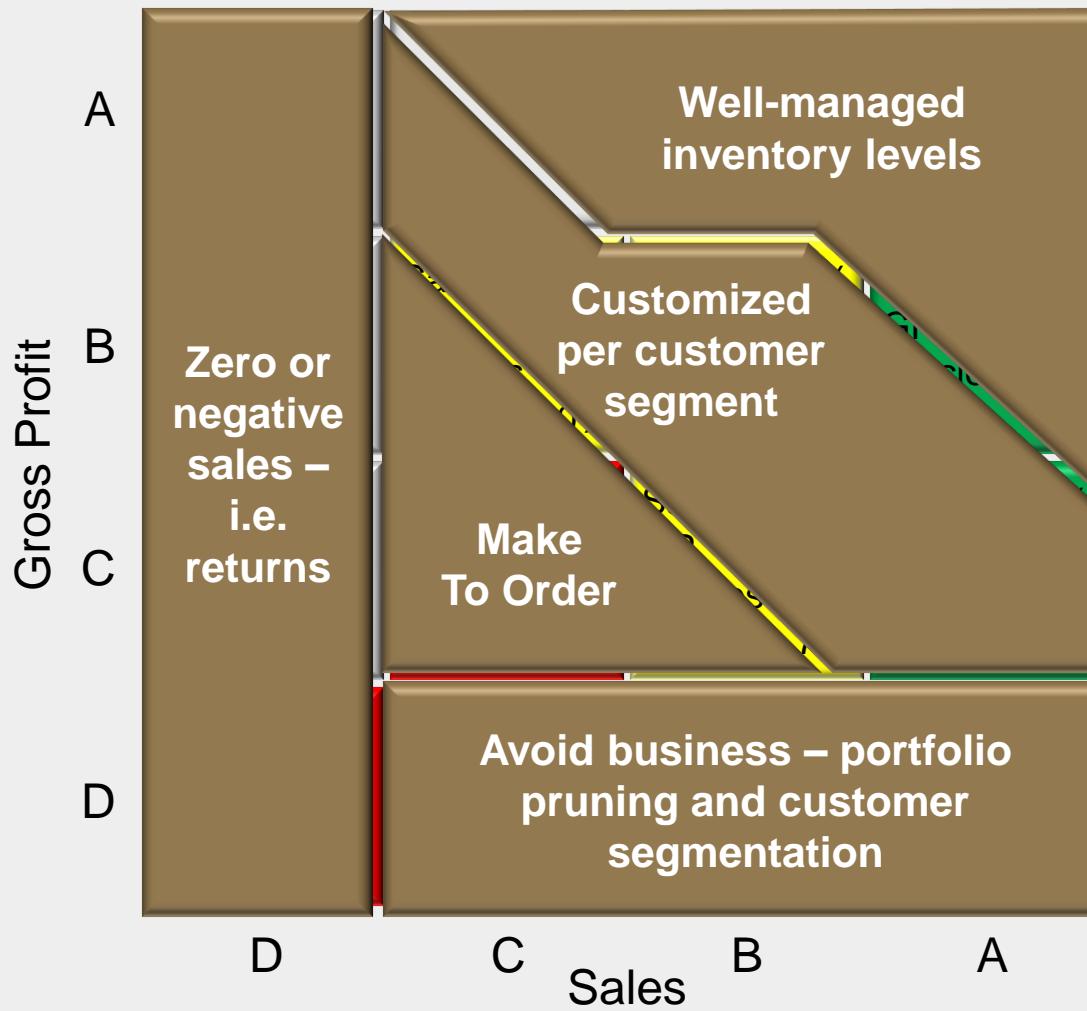


Raising the bar via a structured approach



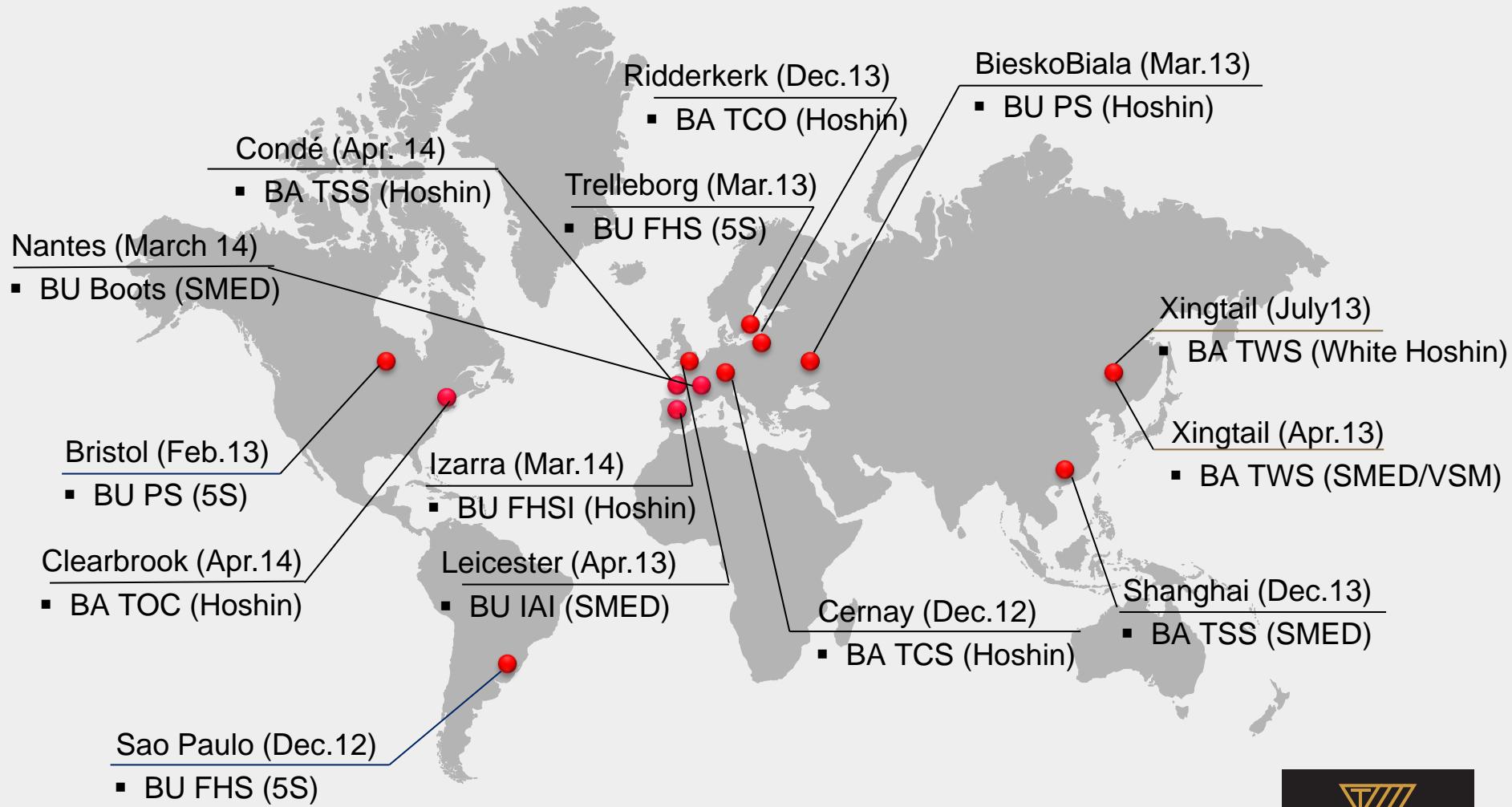
Sales and profit define the inventory strategy

Example: Working Capital Excellence



Continuous improvements and training events

Example: Manufacturing Excellence



Ensuring constant monitoring and best practice sharing

Example: Manufacturing Excellence

The screenshot shows a "What's New" feed on a platform. At the top, there's a search bar and a navigation bar with tabs: Overview, Organization, S @ W Toolbox, Event Calendar, Definitions, Accident Notification, Shared Documents, Manufacturing Excellence (which is selected), and Energy Excellence.

A message box at the top says "@[Safety @ Work]:". It has buttons for "Add Post" and "Ask a Question". Below it is a text input field: "Send a message to @[Safety @ Work]" and a "Post" button.

The main feed displays a question from Bob Parris: "How many sites are following the NFPA 70E Standard when conducting any electrical work?". This post has three answers:

- David Constan: "All 3 of the TCSUS sites follow the 70E standard." (about a month ago)
- Valer Banushi: "Bob - great comment we all need to do a better job of being aware of important compliance issues especially one as critical as electrical safety" (about a month ago)
- Valer Banushi: "Big thank you to all the TOC sites. Everyone was able to get their self assessments and corrective actions in on time! wahoooo!" (about a month ago)

The screenshot shows the "Manufacturing Excellence" community page. At the top, there's a header with the community name and a triangle icon.

The page includes a welcome message: "Welcome to the Safety@Work Community! This is a place for information and sharing of best practices related to work safety, accident prevention and the Trelleborg Safety@Work program."

Below the welcome message, there's a "Follow Community" button and a "COMMUNITY FOLLOWERS" section displaying profile pictures of several users.

At the bottom, there's a link: "See All Members".



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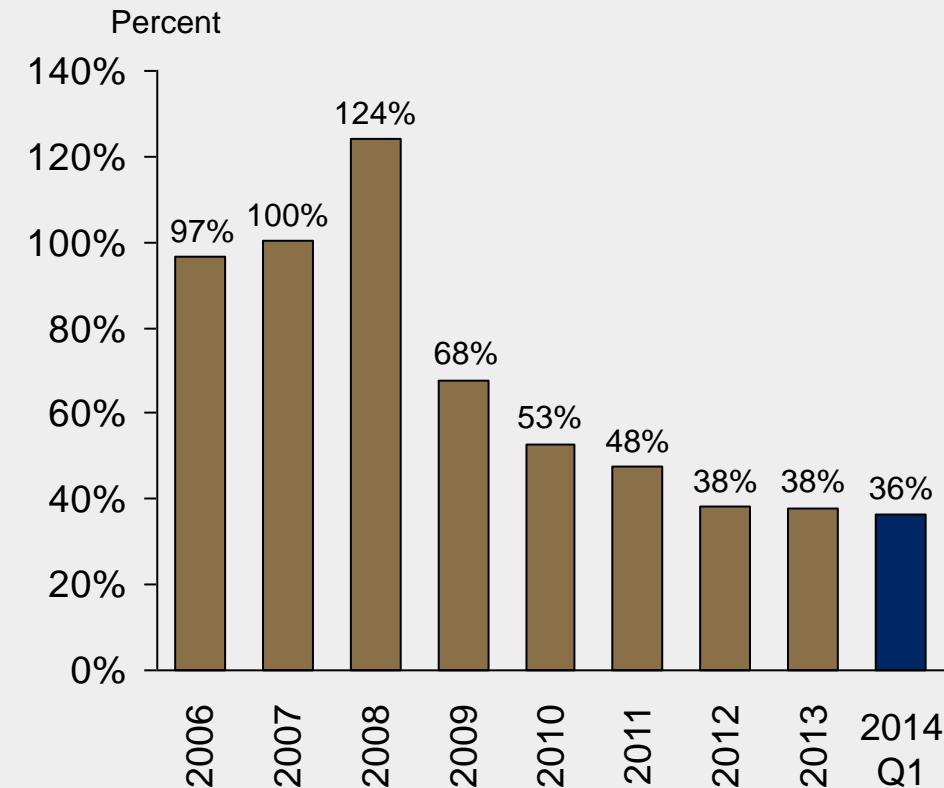
Excellence programs

Financial position

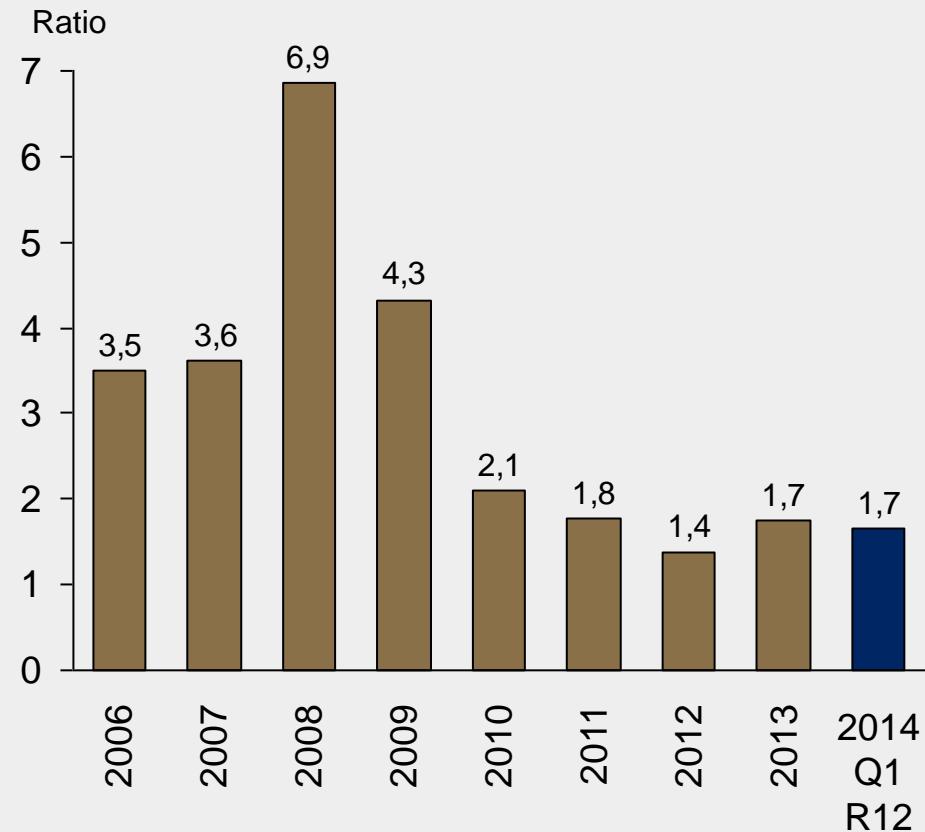
Financial targets and guidelines

Financial stability creates opportunities

Net debt / Equity



Net debt / EBITDA¹ ratio





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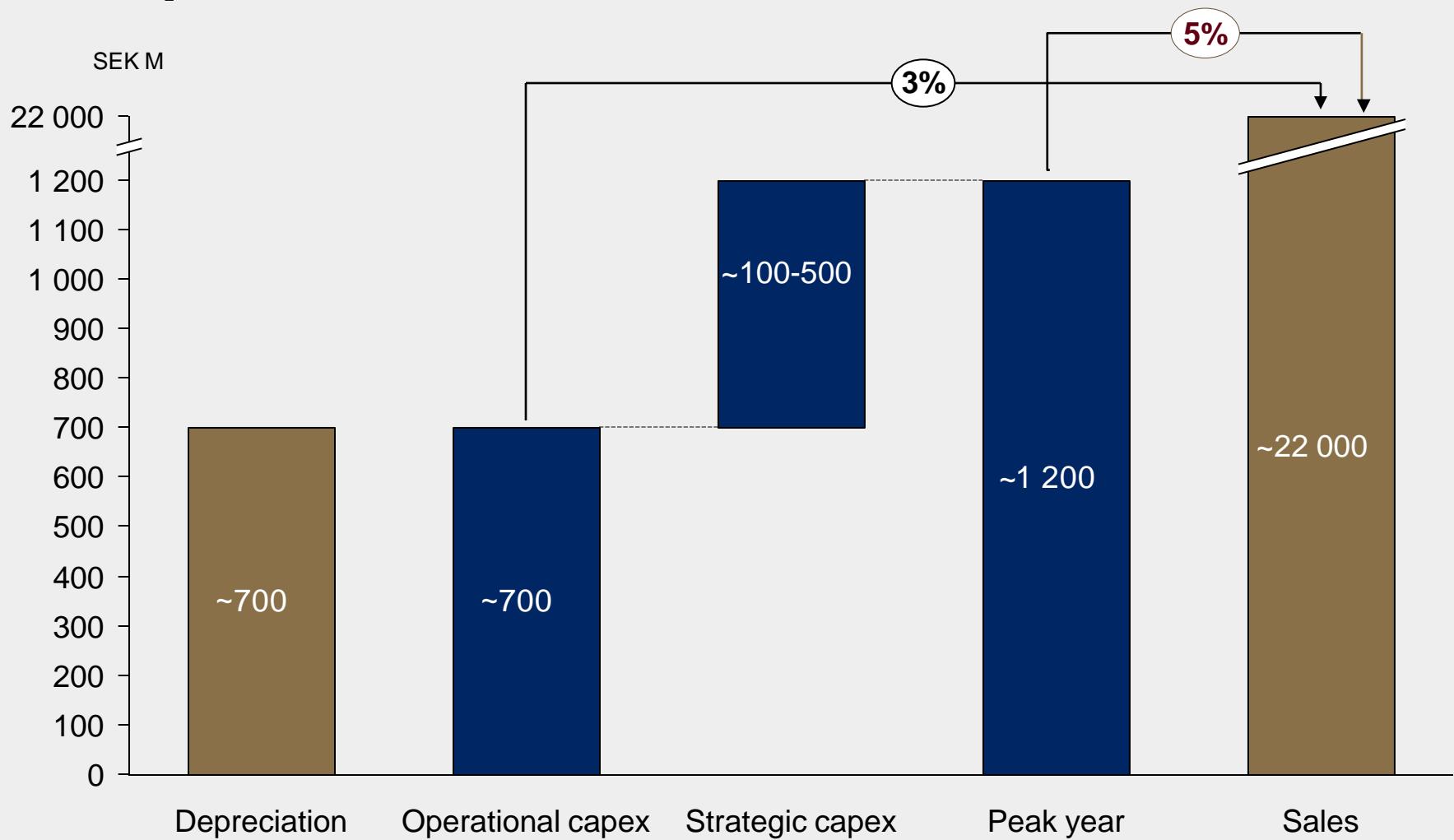
- Return on Equity (RoE): $\geq 15\%$

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: ≥ 5%	Net sales – Continuing operations
EBIT-margin: ≥ 12%	EBIT – Continuing operations
	Profit from associated companies
	Items affecting comparability
Return on Equity: ≥ 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