



# Welcome to the World of Trelleborg



# Trelleborg Wheel Systems

**Capital Markets Day 2014**

Maurizio Vischi, Business Area President



# Leading positions in selected tire segments

Trelleborg Wheel Systems profile 2013, SEK M

**4,189**  
Sales

**20%**  
of Group Sales

**490**  
EBIT

**11.7%**  
Margin

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- Headquarters in Rome, Italy
- ~ 3,000 employees
- 8 manufacturing sites, 25 sales companies
- Leading market positions
  - European leader Agricultural & Forestry tires
  - Chinese leader Western Grade Agricultural tires
  - Global leader Industrial tires
- Extensive product range

# Sales split 2013 and main manufacturing sites

Western Europe

61%

North America

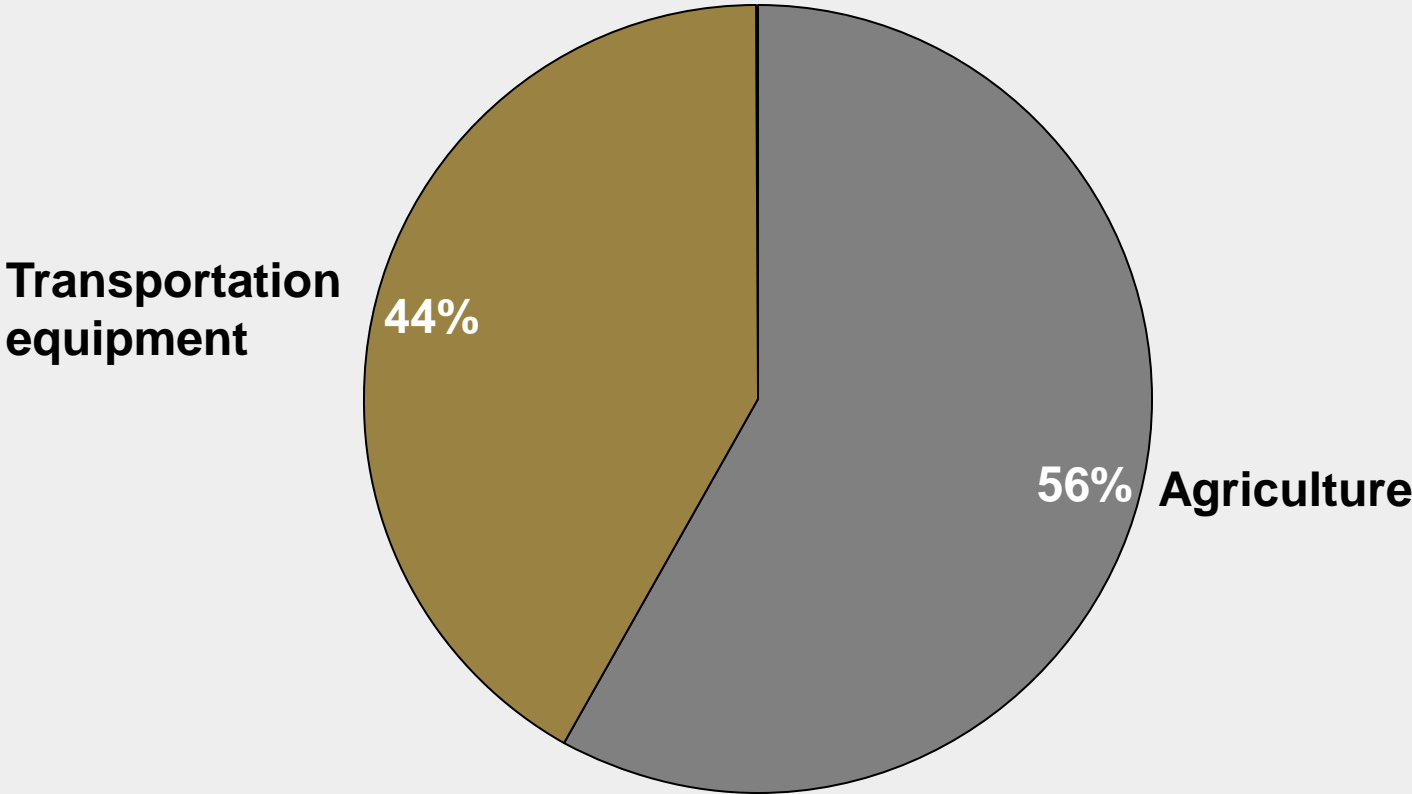
23%

Rest of the world

16%



# Sales 2013 per market segment



# Leading Agriculture and Industrial tire business

**Agricultural & Forestry tires**  
**56%**

**Industrial tires**  
**44%**

**Original equipment  
manufacturers**  
~ 50%

**Aftermarket/  
replacement**  
~ 50%



# Agricultural tires



# Agricultural tires





# Forestry tires



# Agroindustrial tires



# Material handling tires



# Material handling tires



# Special applications – passenger board bridges tires



# Special applications – industrial trailer tires



# Special applications – heavy duty solid tires



# Leading specialty tires position



## Premium positioning

strong brand supported by strategic marketing

## Innovative service concept

Interfit Industrial tires

## Niche within a niche

focus on selected applications



## Blue dimension

sustainable farming



## Focus on performance

lifecycle cost

## First Western manufacturer in China

Agricultural & industrial tires



## The right footprint

manufacturing in the right locations



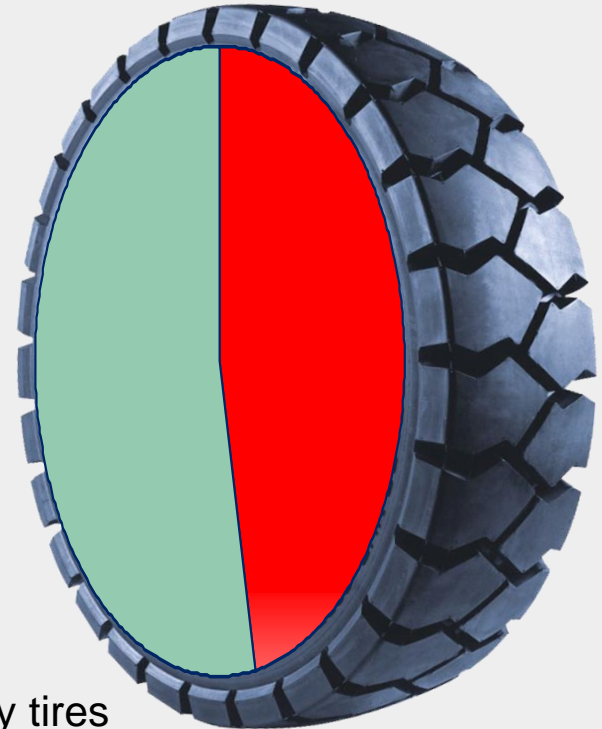
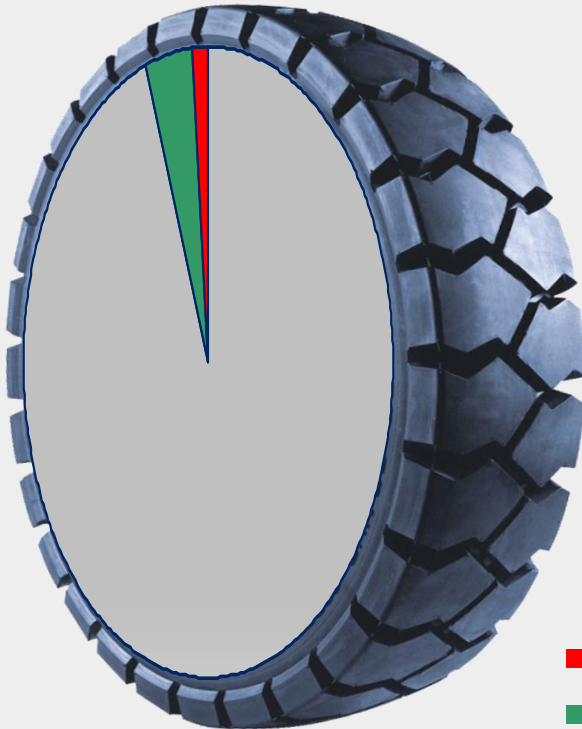


# The world of tires

**BRIDGESTONE**



**GOODYEAR**  
Among others



- Industrial tires
- Agricultural & Forestry tires
- Other tires



# Tire manufacturers change focus

## Acquisitions within Industrial Tires



# Tire manufacturers change focus

## Acquisitions within Agricultural & Forestry Tires



# Tire manufacturers change focus

## Acquisitions within Agricultural & Forestry Tires



**Too small and complicated business**

**Fierce car/truck tire competition calls for focus**

# Agricultural & Forestry Tires – competitors

## Tier 1: Original equipment & aftermarket



## Tier 2: Original equipment & aftermarket



## Tier 3: Aftermarket



# Industrial Tires – competitors

## Tier 1: Original equipment & aftermarket



## Tier 2: Original equipment & aftermarket



## Tier 3: Aftermarket



... and many more



# Long term agriculture tires business drivers

## Agriculture

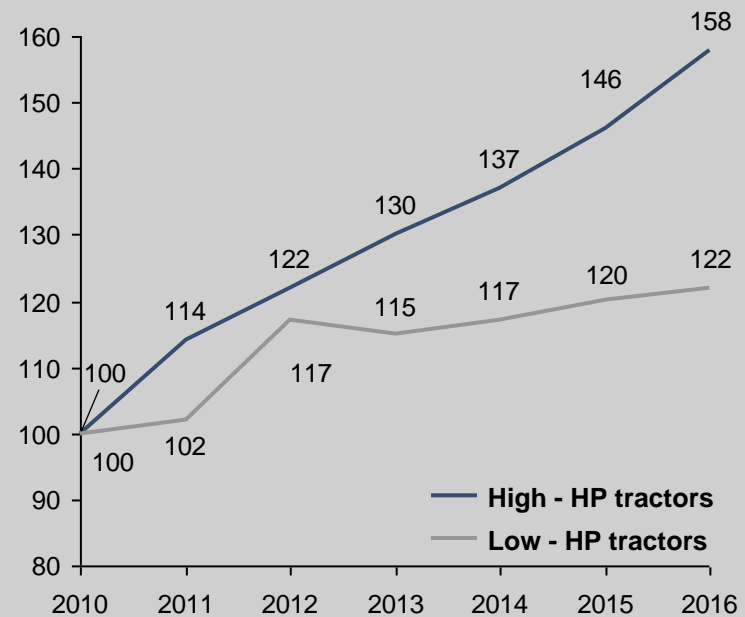
- Mechanization – increased use of equipment
- Industrialization – increased focus on efficiency

...further boosted by biofuels growth



**Drives demand for more sophisticated tires**

Total tractor registrations, 2010-2016\*\*



# Long term industrial tires business drivers

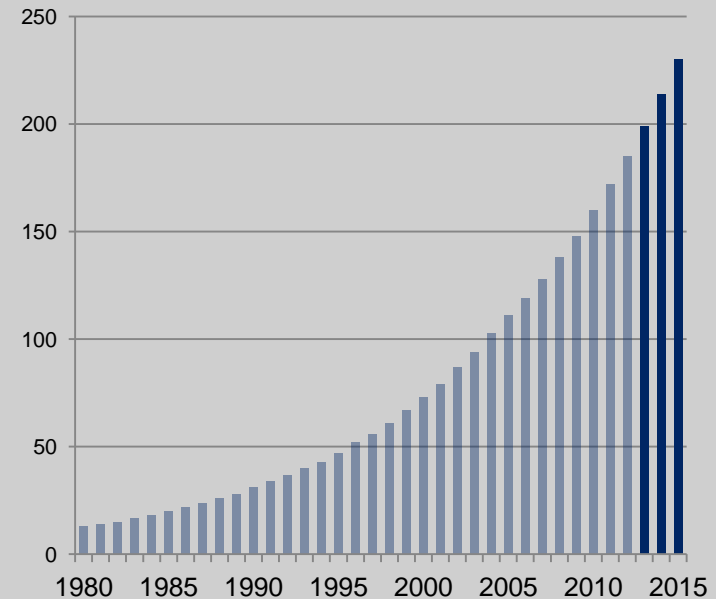
## Industrial tires

- Increasing global trade
- General growth of logistic services
- Increasing share of lease sales
- More focus on lifecycle cost

**Drives demand for more sophisticated tires**

## Global container shipping volume, 1980-2015\*

Million TEU (Twenty-foot Equivalent Unit)





# Strategic priorities

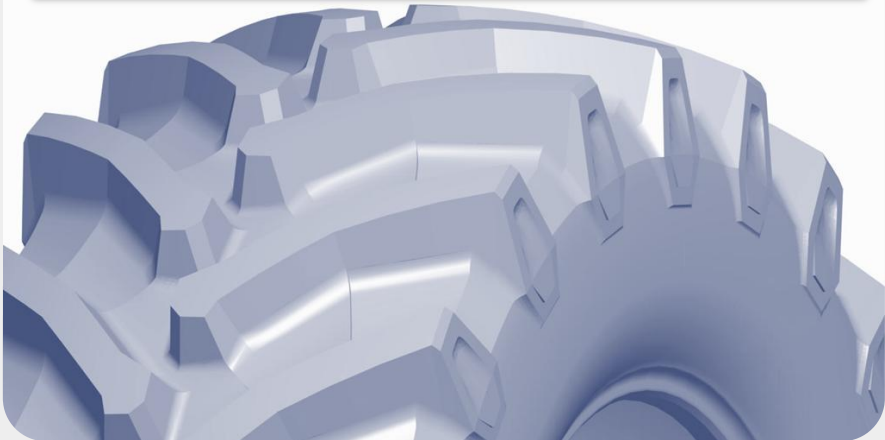
1. **Protect** margins through **innovative solutions** and products
2. **Marketing leadership** and **digital** services
3. **Interfit** – industrial tires service concept **expansion**
4. **Agricultural** tires **manufacturing** in the **United States**
5. Develop **Chinese** production and sales
6. Potential **acquisition** candidates in selected markets



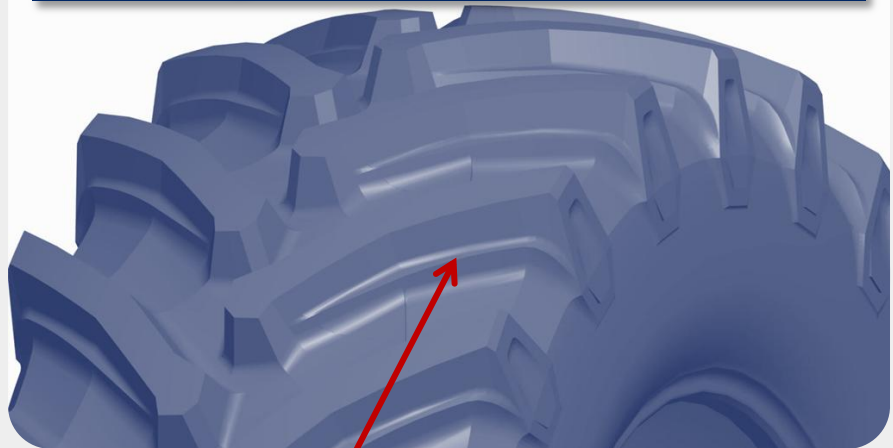


# Progressive Traction

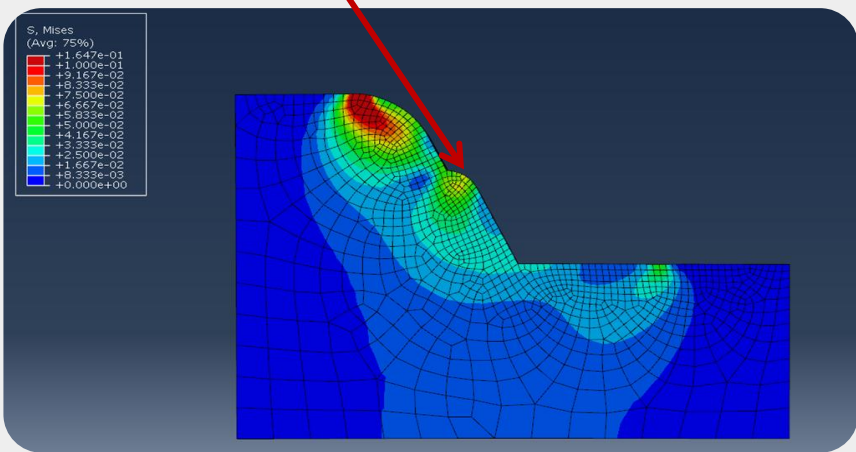
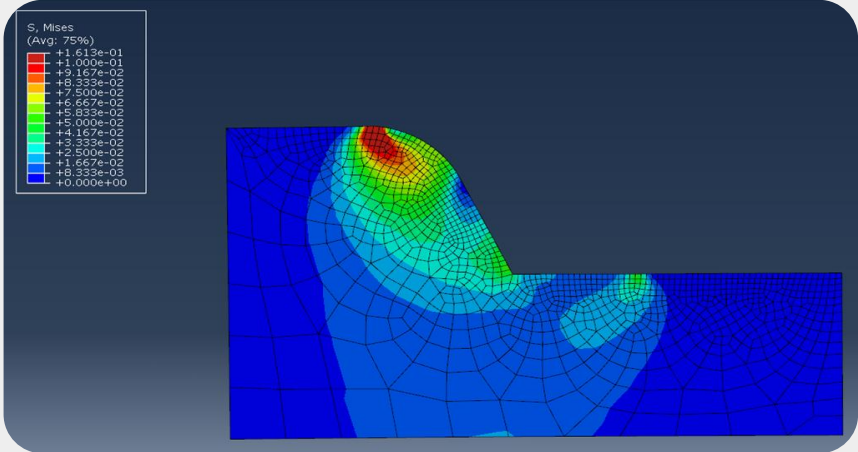
# STANDARD



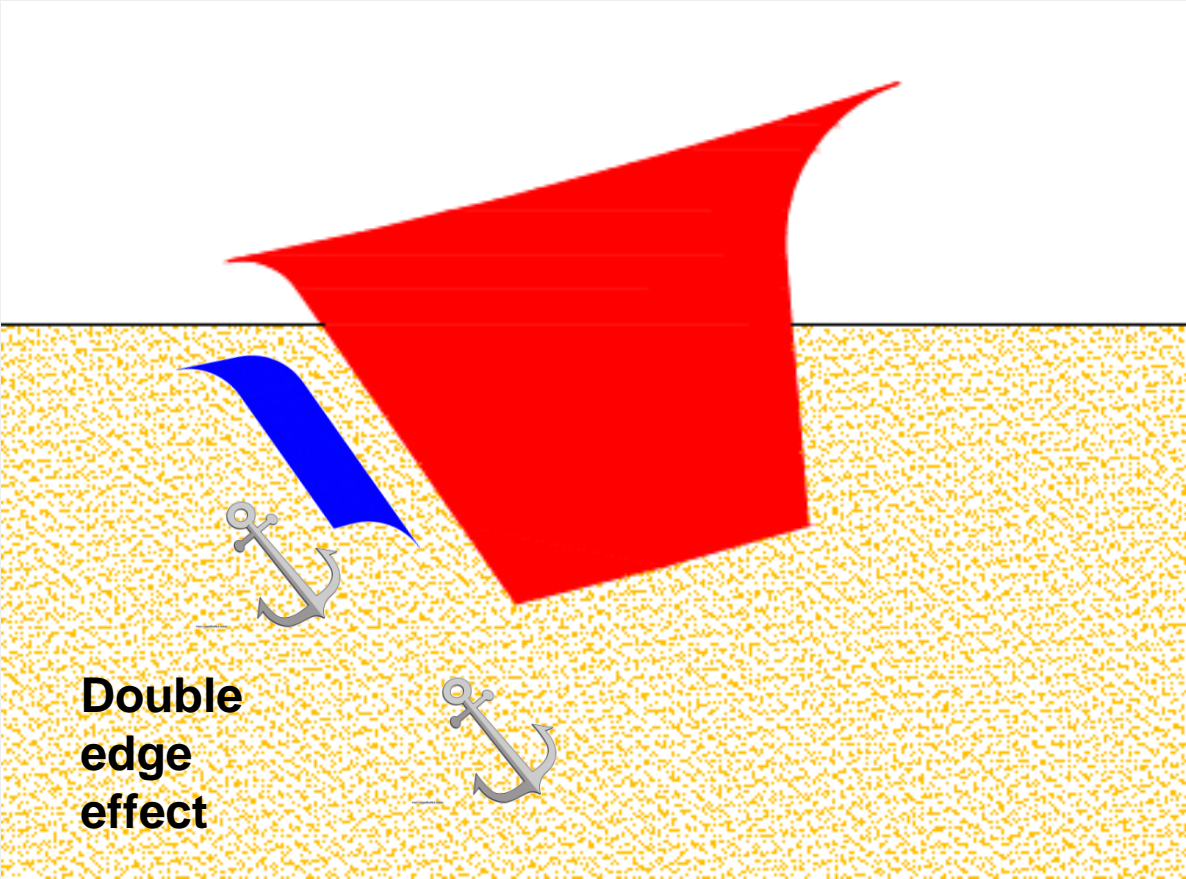
# ProgressiveTraction™



The "Double Edge"

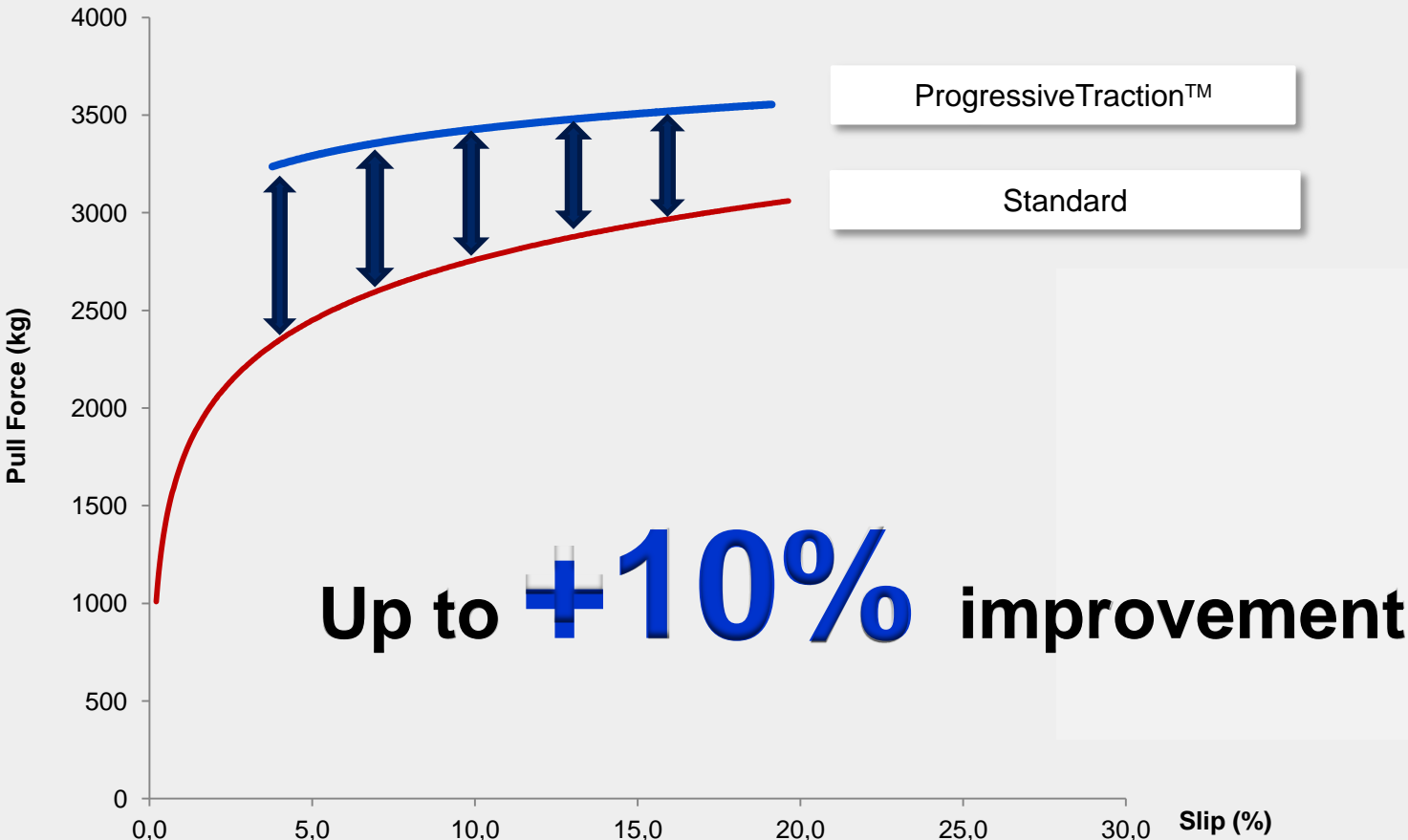


# Why “Progressive”?



# ProgressiveTraction™ – traction in the field

p= 1,2bar



Up to **+10%** improvement

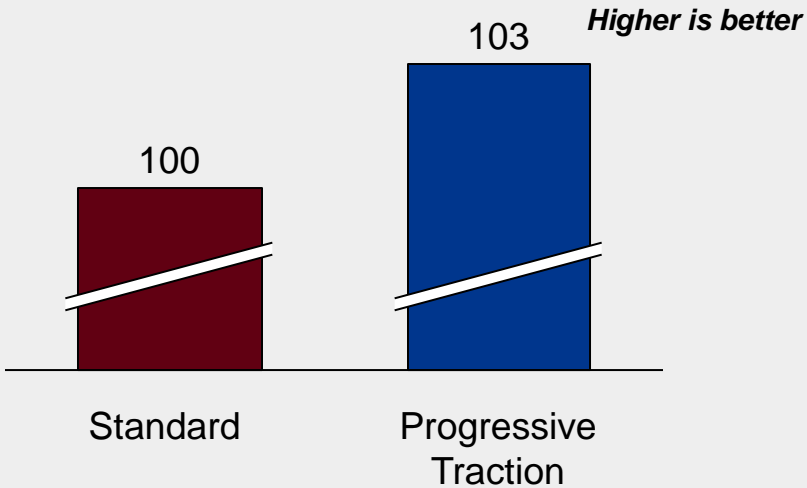


# ProgressiveTraction™

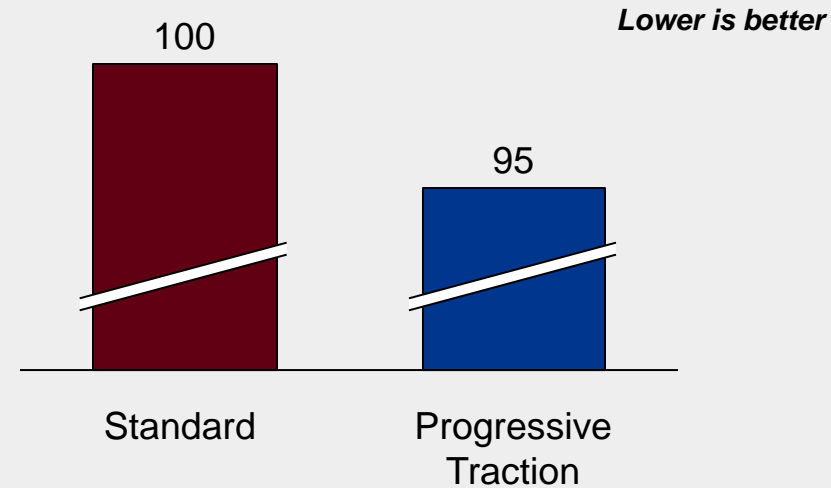


1.

**+3%** Total footprint



**- 5%** Fuel consumption



**- 3%** Working time





# Pit Stop Line

# Solid industrial tires usually replaced too early

Sample analysis of 200.000 tires returned to disposal centres in 2013

**25%**  
**WASTED TIRE LIFE**



# The reason behind a huge waste of tire life

Rules for passenger car tires are incorrectly applied to forklift tires



**Tread wear limit is  
given by tread depth**



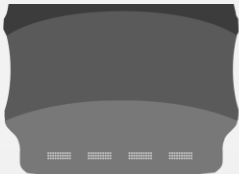
**Tread depth has nothing  
to do with tread wear limit**

# Pit Stop Line by Trelleborg

Innovation that delivers customer value

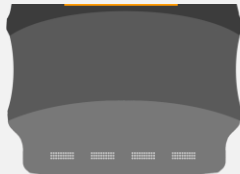
## Standard Solid Tire

c. 80 hrs left



## Trelleborg Pit Stop Line

c. 80 hrs left

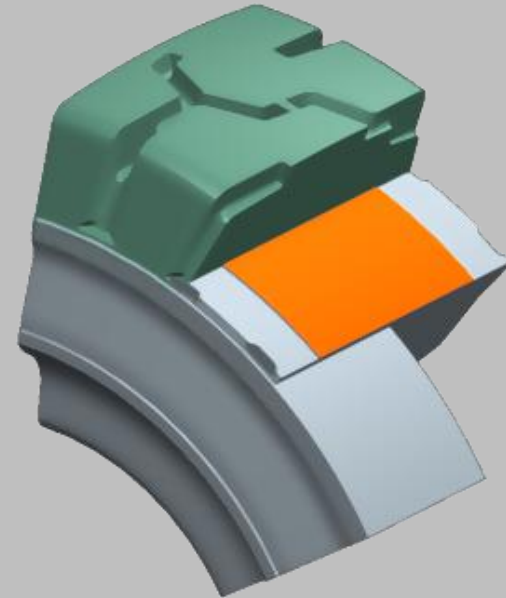
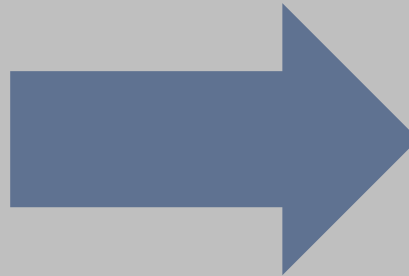


# Pit Stop Line by Trelleborg

Innovation that delivers customer value



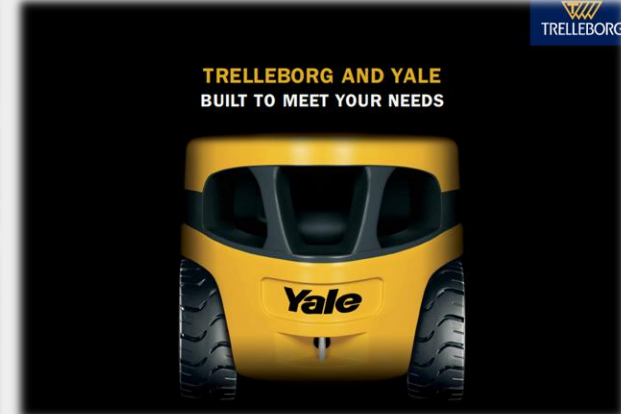
1.



# Material Handling Hannover Fair, CEMAT 2014



# Innovative marketing





## Trelleborg. Five hundred kilograms of lightness.

Strong and light at the same time? That's why we've created the TM1000 High Power tyre. It provides an extra-wide footprint, reducing ground pressure, protecting soil from compaction and ensuring high crop yields. Moreover, its reduced rolling resistance results in low fuel consumption and emissions, helping you to produce more in a sustainable way.  
[www.trelleborg.com/wheelsystems](http://www.trelleborg.com/wheelsystems)



# Social network platform

Targeting 200,000 customers in 2014



New animation  
launched at  
Agritechnica  
2013

6 Languages  
available

More than

**118,000 Views on Youtube**



# Interfit development

Interfit has two strands of development

GEOGRAPHIC

EXPAND INTO  
NEW  
TERRITORIES

TECHNICAL

EXPAND INTO  
NEW  
CHANNELS



# 2013 - 2014: Developing Interfit geographically

Service concept expansion in USA and Europe

EUROPE  
INTERFIT NL & IT\*



USA

INTERFIT USA LAUNCH



# 2013 - 2014: Developing Interfit technically

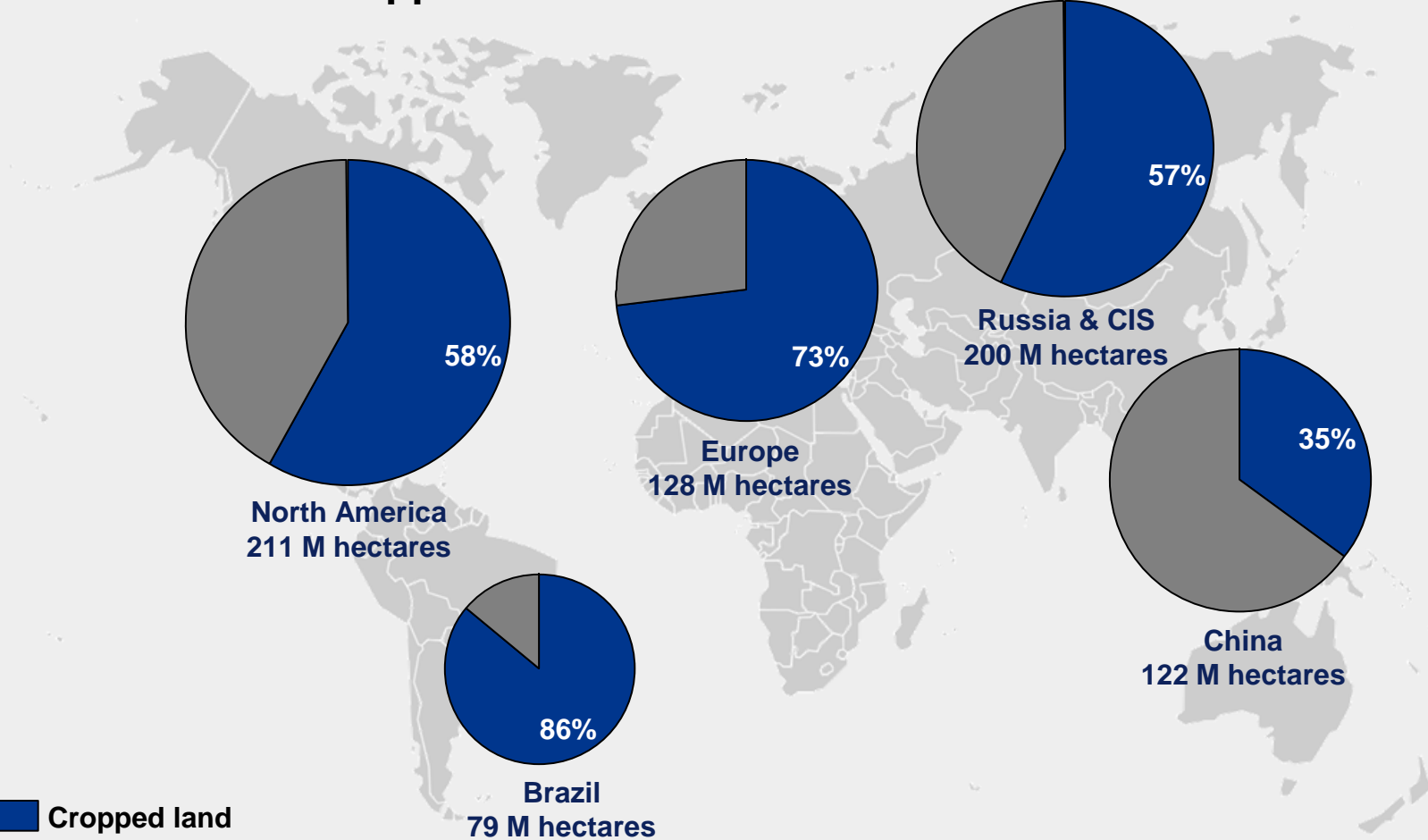
Development of IT platform for competitive advantage





# North America – the largest agricultural market

## Arable land vs. cropped land



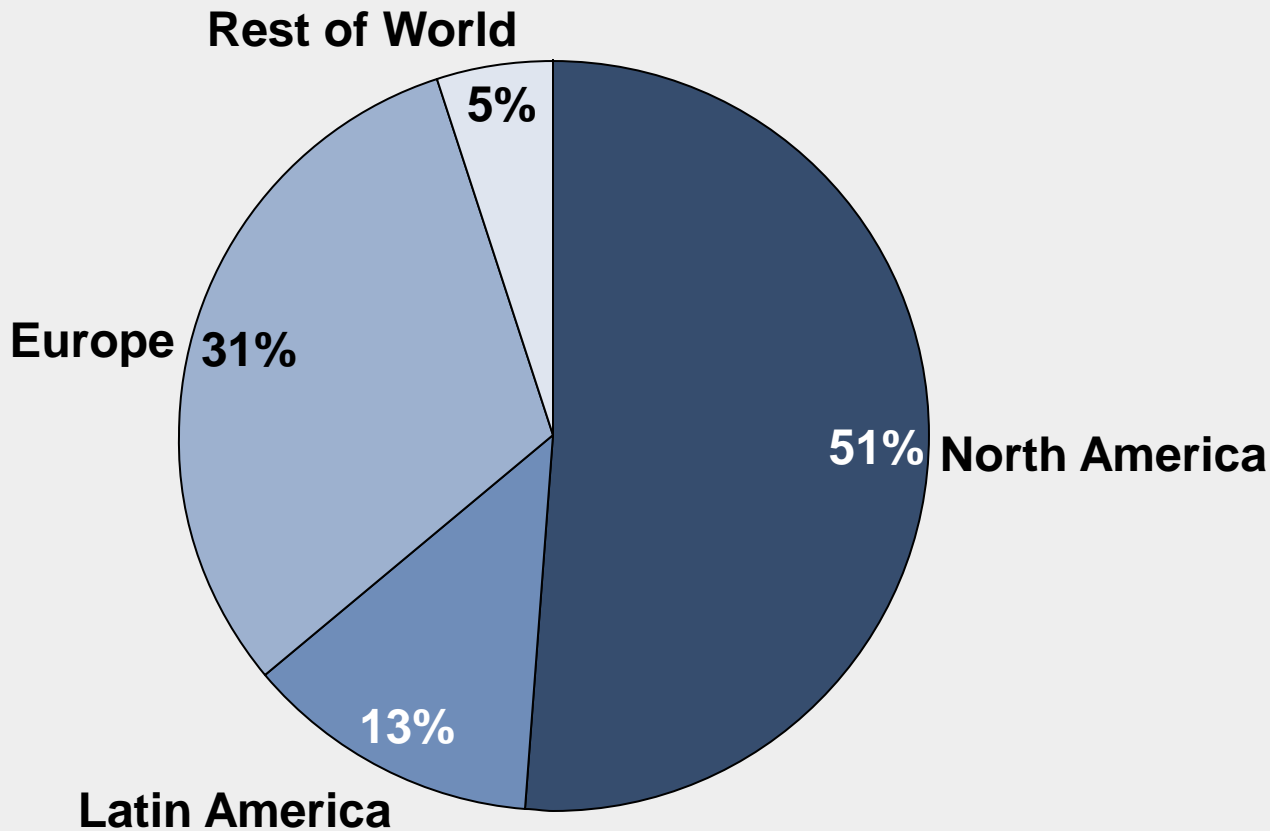
Source: FAO, National Bureau of Statistics of China



# Half of agro sales of “Big Three” are generated in North America

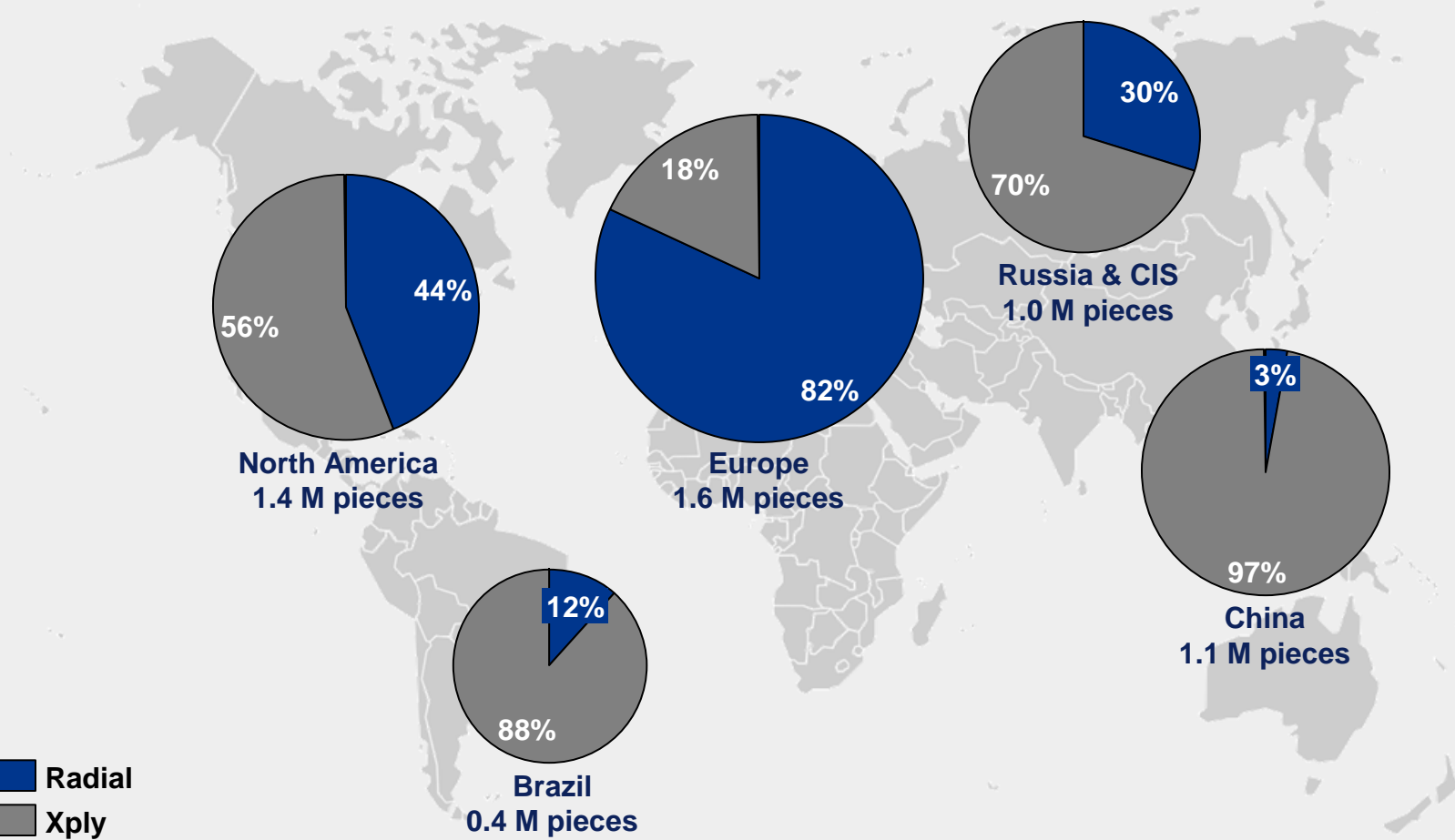
4.

Total sales: ~40 \$Billion



# Radial tires business growing fast...

Tractor > 40 hp



# Distribution costs vs. “Made In USA” brand



**Logistic Costs**  
**+13%**

# Decision to start agri tires in the U.S.

**AREA DEVELOPMENT**  
**MANUFACTURING IN AMERICA:**

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Site Selection/Facility Planning  
Taxes/Incentives  
**Special Presentations**

## Trelleborg Wheel Systems Invests \$50 Million To Establish Spartanburg, South Carolina, Facility

Area Development Online News Desk (05/06/2014)

Leading global supplier of off-road tires, Trelleborg Wheel Systems, selected Spartanburg, South Carolina, for the company's North American manufacturing facility that will

**EDITORS PICKS**  
Closing the Gap Between Manufacturing Employers' Needs and Workers' Skills

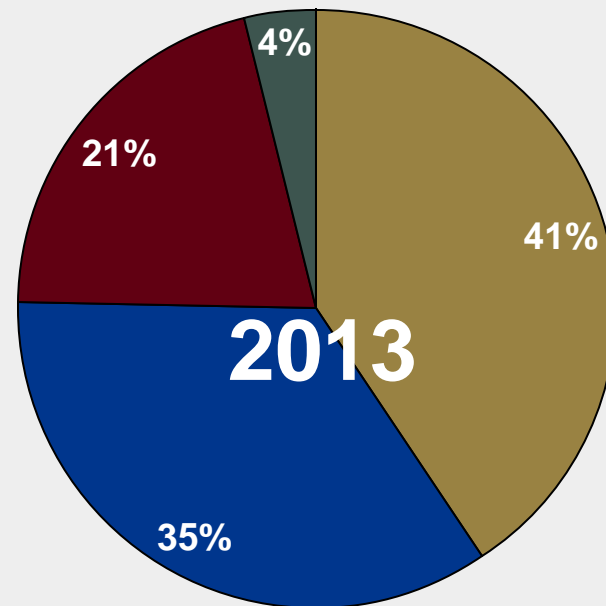
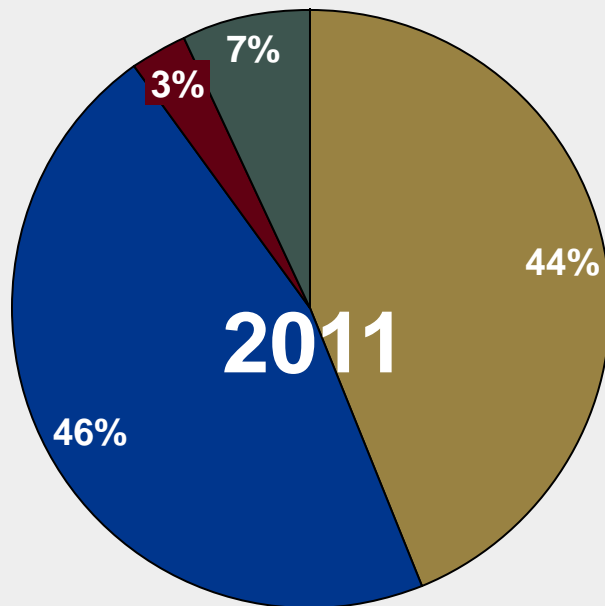






# Our Chinese production grows rapidly

Share of produced tons: 2011 - 2013



Italy Sri Lanka China Other

# China market overview

Global OEM brands have moved production to China

The logo for KION Group, with "KION" in white on a black background and "GROUP" in red below it.

**KION**  
GROUP

The logo for Jungheinrich, featuring a red upward-pointing arrow above the text "JUNGHEINRICH" in black.

**JUNGHEINRICH**



# Strong growth in Chinese materials handling market

5.

## Sales of fork-lift machines (units)

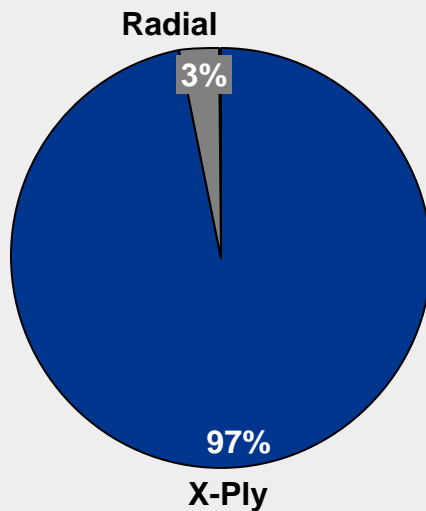


# Chinese market developing fast

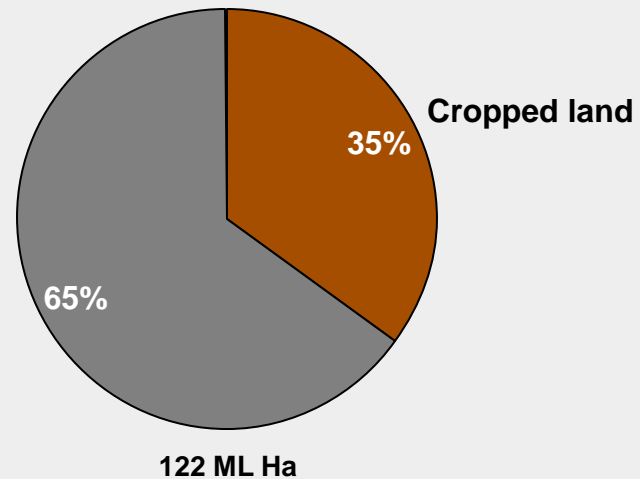
**Massive government support to agriculture**

**High power tractors to grow by 70% in 4 years**

**Agricultural Tire Market**



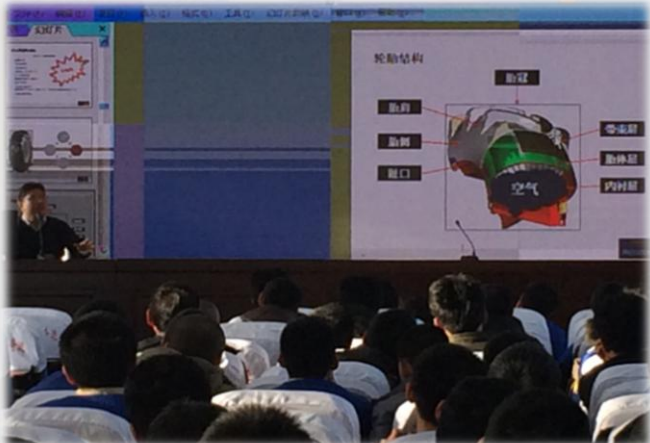
**Arable Land**



# Not only traditional communication channels



# Also customer educational initiatives...

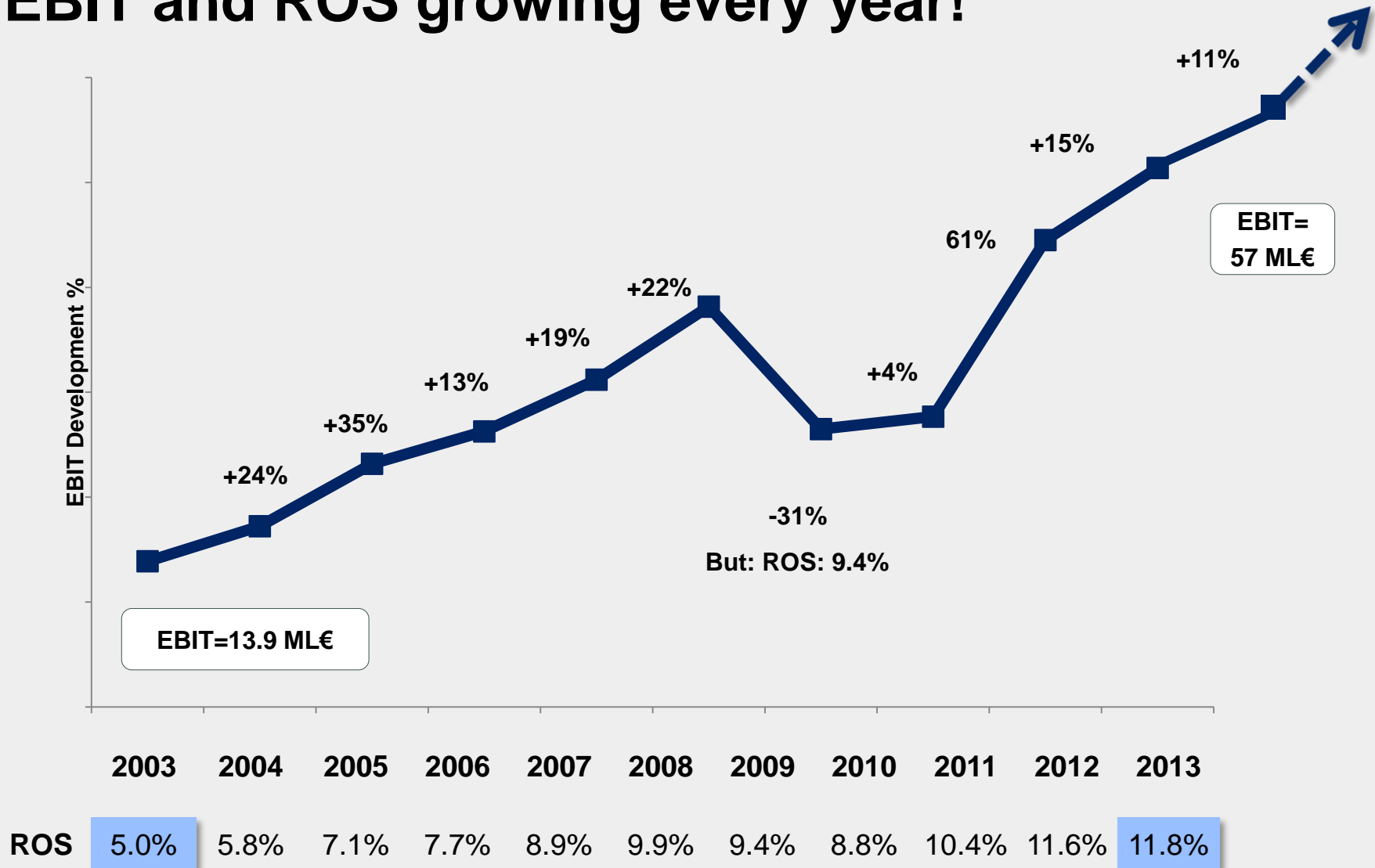


## ...and improving some basic operations



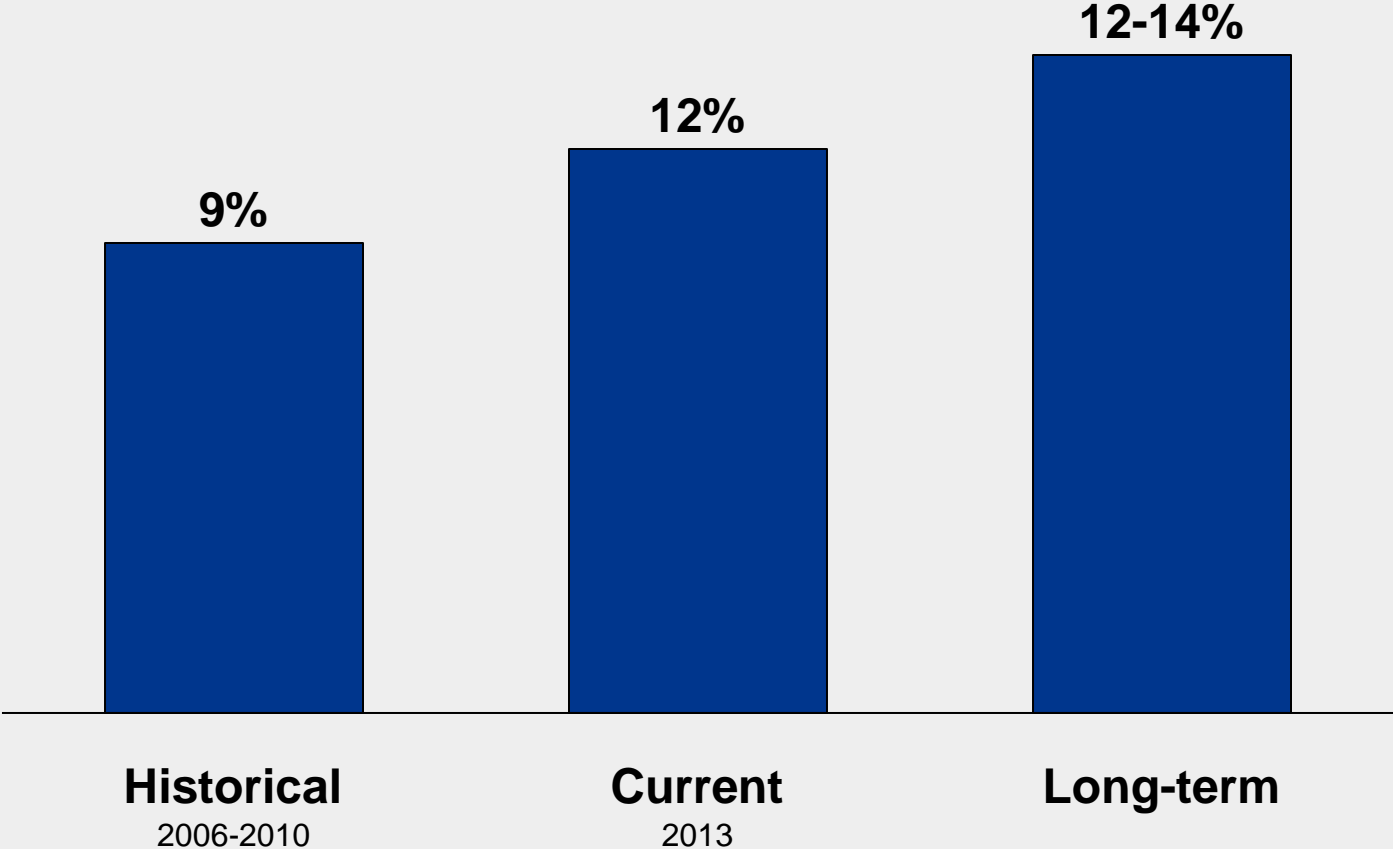


# EBIT and ROS growing every year!



# EBIT-margin growing every year

EBIT-margin



# Strategic priorities

**Protect margins  
through innovation**

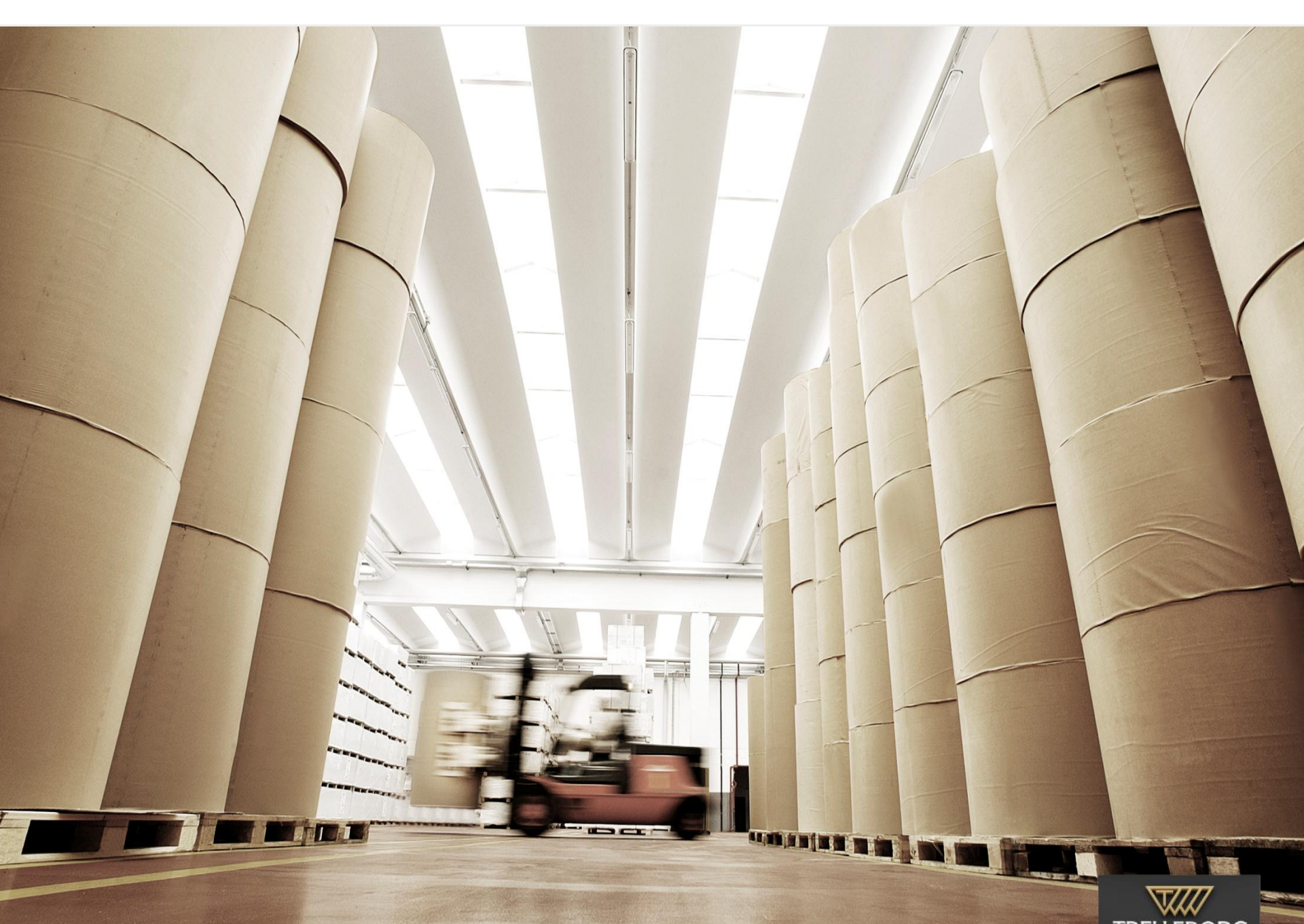
**Interfit concept  
expansion**

**Develop Chinese  
production & sales**

**Marketing leadership  
& digital services**

**Agri tires  
manufacturing in US**

**Potential acquisitions  
in selected markets**





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