



Trelleborg interim report

April – June 2014

Peter Nilsson, President & CEO

Ulf Berghult, CFO



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q3 2014 outlook

Q&A

Record profit despite timid growth

Q2 2014 highlights

- Sales grew by 2%; organic sales decreased by 1%
- 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 14.0% - highest so far. Margin Y/Y improvement in all business areas
- TrelleborgVibracoustic's EBIT-margin at 8.9% - highest so far
- Stable operating cash flow – R12M cash conversion at 90%

Organic growth initiatives and acquisitions

Recap of Q2 2014 events

- Acquisition of Superlas Group, a Turkish industrial hose manufacturer
- Decision to invest in the US to create global position for agricultural tires
- Trelleborg's 2014 Capital Markets Day in Stockholm, Sweden

Record profit despite timid growth

Group financial highlights

Net sales

- Organic sales: -1%
- Mixed markets and segments development

Earnings

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

Cash flow

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

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	5 725	5 628	2
Organic	-1	2	
Structural	0	4	
Exchange rate	3	-6	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	802	723	11
Operating margin, %	14.0	12.8	1.2pp
Items affecting comparability ¹	-99	-204	
Profit share in TrelleborgVibracoustic ²	42	97	-57
Reported operating profit	745	616	21
Operating margin, %	13.0	10.9	2.1pp
Operating cashflow	539	531	

¹ Consists of restructuring charges of -99 SEK M (-49) and one-off items of 0 SEK M (-155)

² Profit share in TrelleborgVibracoustic includes restructuring charges of -109 SEK M (0).



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q3 2014 outlook

Q&A

Still challenging markets

Trelleborg Coated Systems¹

- Organic sales: -2%
- Weaker printing blankets in Europe and Americas
- Sales hampered by a shift in N.A. distribution model
- Engineered fabrics good growth, especially in Europe and Asia
- Ongoing efficiency measures in both Europe and North America
- Solvent-free production line

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	475	477	0
Organic, %	-2	-6	
Structural, %	-	14	
Exchange rate, %	2	-5	
Operating profit	60	52	15
Operating margin, %	12.5	11.0	1.5pp

Record high operating margin

Trelleborg Industrial Solutions¹

- Organic sales: -2%
- Mixed geographical and segment sales development
- Ongoing repositioning towards more value-added niches
- Good cost control
- Better market positions
- Record-high operating margin
- Acquisition of Turkish industrial hose manufacturer consolidated from Q3

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	1 222	1 189	3
Organic, %	-2	2	
Structural, %	2	-	
Exchange rate, %	3	-4	
Operating profit	135	111	22
Operating margin, %	11.0	9.3	1.7pp

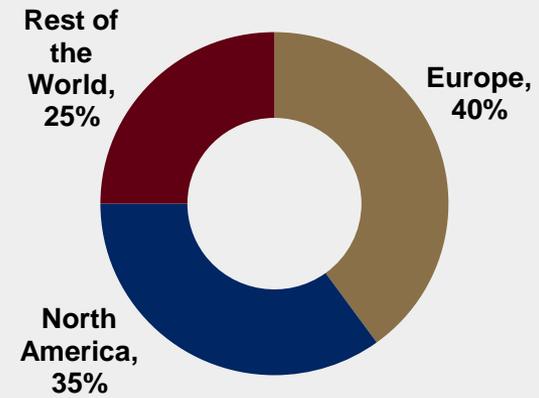
Acquisition of Superlas Group finalized

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
- Consolidated from Q3 2014



Sales split, 2013



Closing in on margin target

Trelleborg Offshore & Construction¹

- Organic sales: -4%
- Some project deliveries deferred
- Market activity in the business area remains good
- Improved mix and better cost efficiency
- Margin at its highest level since 2010 for a single quarter
- Decision to invest in a new U.S. plant for marine fenders and buoys

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	967	978	-1
Organic, %	-4	9	
Structural, %	-	3	
Exchange rate, %	3	-7	
Operating profit	93	81	15
Operating margin, %	9.7	8.2	1.5pp

Strong quarter in terms of volume and profits

Trelleborg Sealing Solutions¹

- Organic sales: +4%
- Most geographic markets reported positive organic growth
- Good sales to most market segments
- Profit improved on the back of higher volumes and good cost control
- Favourable currency F/X
- Second-highest margin level for a single quarter
- Numerous ongoing capacity expansion initiatives

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	1 961	1 833	7
Organic, %	4	-1	
Structural, %	-	-	
Exchange rate, %	3	-5	
Operating profit	454	416	9
Operating margin, %	23.2	22.7	0.5pp

Improved profits despite clearly weaker markets

Trelleborg Wheel Systems¹

- Organic sales: -9%
- Agri OE market significantly weaker partly offset by stable aftermarket
- Soft demand for industrial tires, but signs of improvement at quarter-end
- Strong market positions yield solid margin despite falling volumes
- Decision to invest in a U.S. production facility for agri tires

SEK M	Q2 2014	Q2 2013	Change, %
Net sales	1 057	1 111	-5
Organic, %	-9	-1	
Structural, %	2	13	
Exchange rate, %	2	-6	
Operating profit	147	137	7
Operating margin, %	13.9	12.4	1.5pp



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q3 2014 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



Profitability continues to improve

TrelleborgVibracoustic¹

- Organic sales: +3%
- Favourable sales development in all geo markets but South America
- Higher volumes and improved efficiency raise profitability
- Highest EBIT-margin in a single quarter
- Restructuring measures initiated in Europe in line with guidance

EUR M	Q2 2014	Q2 2013	Change, %
Net sales	444	445	0
Organic, %	3	7	
Structural, %	0	1	
Exchange rate, %	-3	0	
Operating profit	39	31	26
Operating margin, %	8.9	6.9	2.0pp

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

Associated income bridge

TrelleborgVibracoustic

- Associated income of SEK 42 M (*after* financial net and items affecting comparability)
- High restructuring charges in the quarter - in line with FY 2014 guidance of ~EUR 30 M
- Reported tax rate includes some one-offs – underlying at 29%

SEK M	Q2 2014	Q2 2013	Change, %
Operating profit excl. items affecting comparability	357	263	36
Acquisition-related costs	-21	-13	
Amortization of intangible assets ¹	-13	-9	
Restructuring items	-218	-	
Operating profit	105	241	-56
Financial net	-23	-47	
Profit before tax	82	194	-58
Of which Trelleborg's share (50%)	42	97	
<i>Trelleborg's share (50%) excl. items affecting comparability</i>	179	132	36

¹ Related to split of acquisition balance

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



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

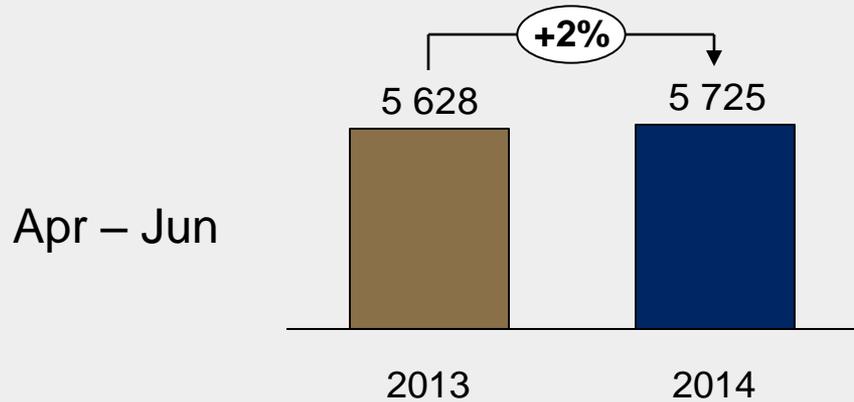
Financials

Summary & Q3 2014 outlook

Q&A

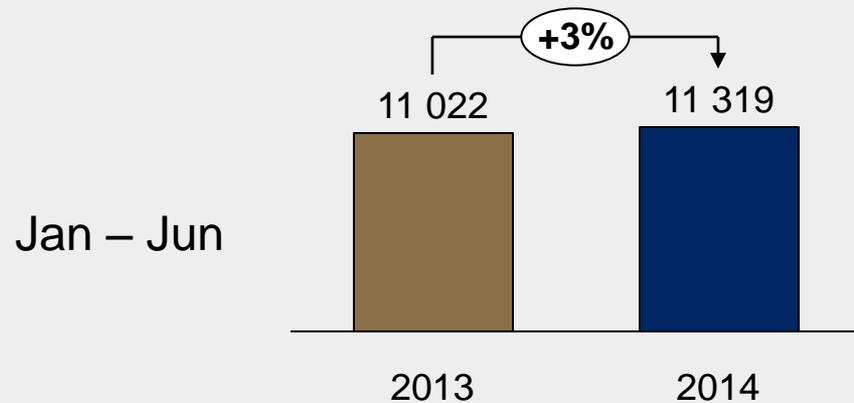
Modest sales growth

Q2 and 6M 2014 sales development, SEK M



Apr - Jun %

Organic	-1
Structural	0
Currency	3
Total	2

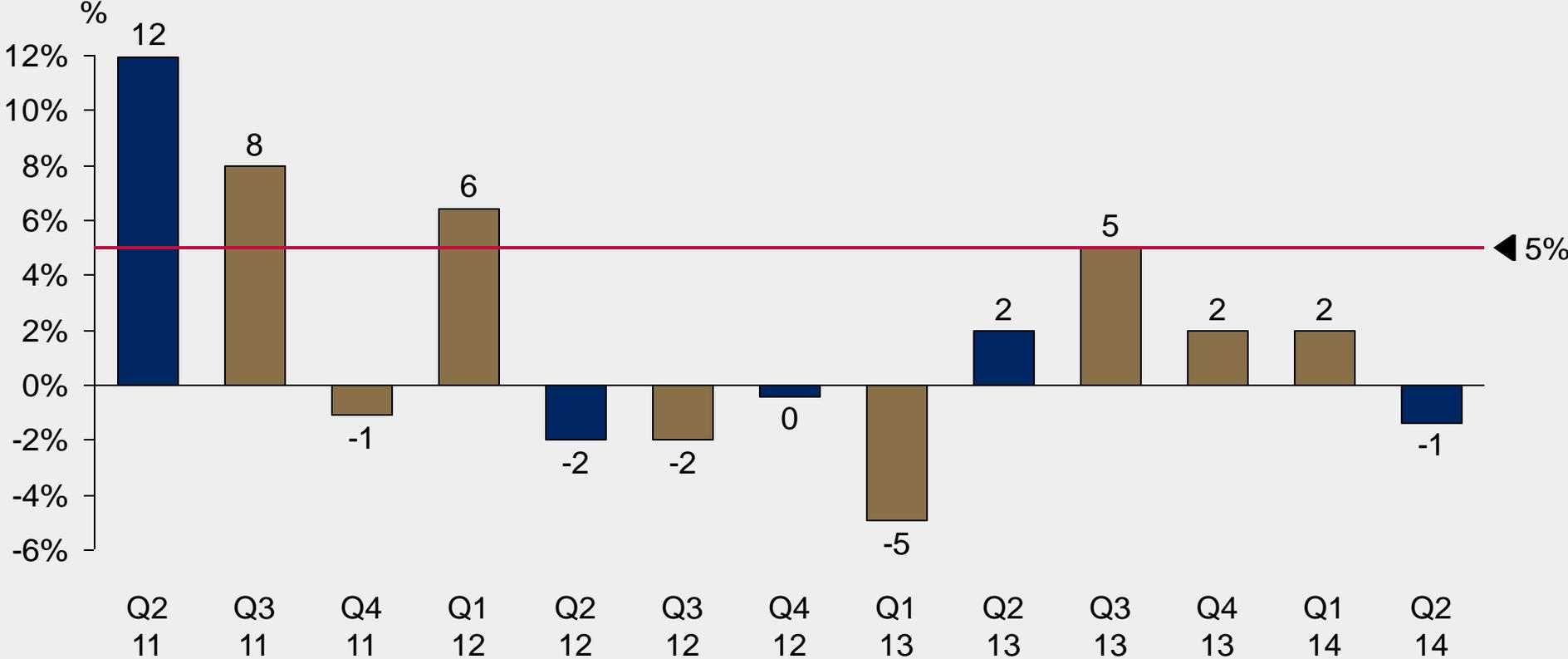


Jan - Jun %

Organic	0
Structural	1
Currency	2
Total	3

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

Organic sales development



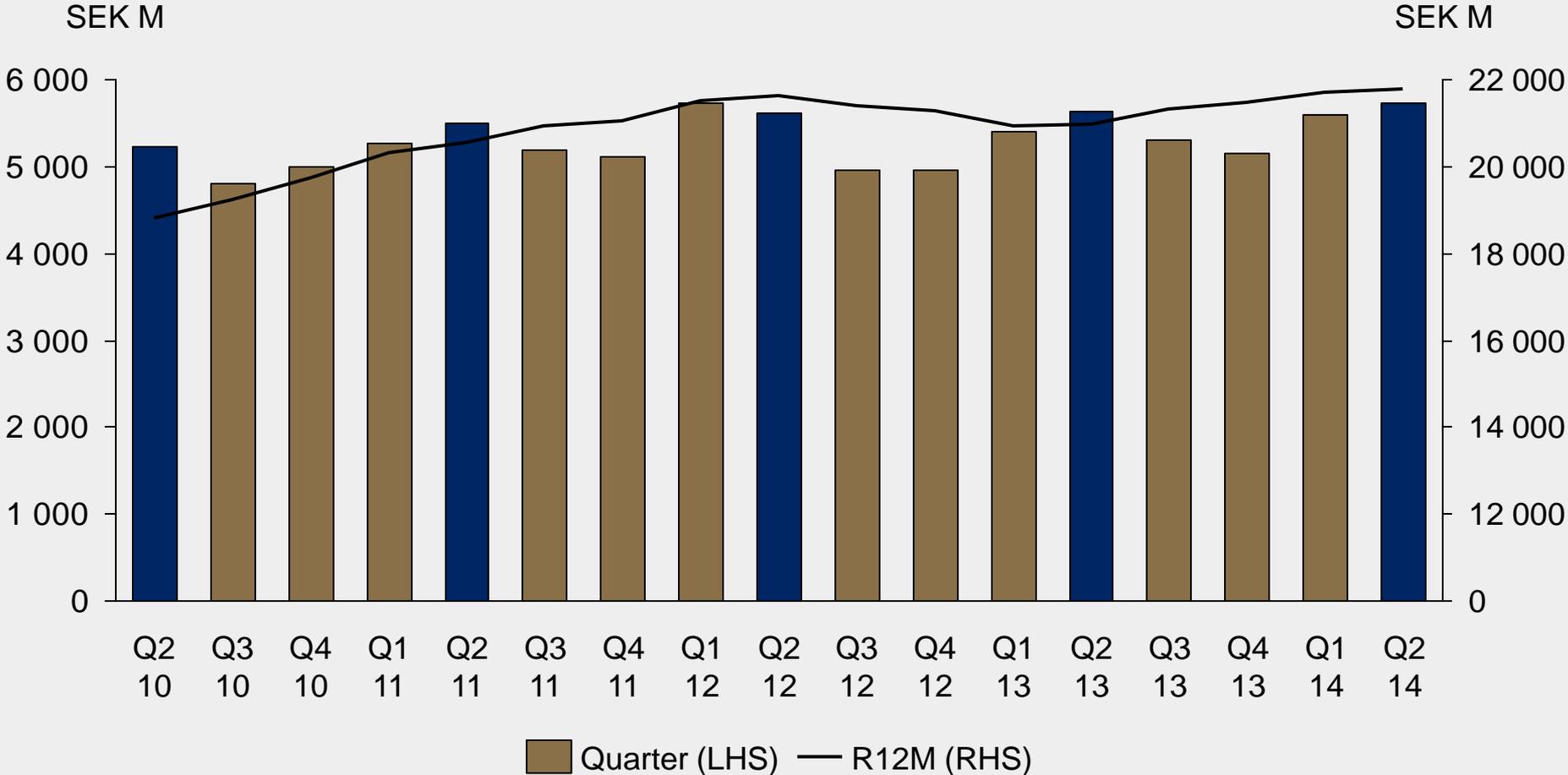
Mixed sales development

Sales per business area

				SEK M				
		Apr - Jun					Jan - Jun	
2014	2013	Change	% Organic		2014	2013	Change	% Organic
475	477	0	-2	Coated Systems	948	940	1	-2
1 222	1 189	3	-2	Industrial Solutions	2 403	2 331	3	-1
967	978	-1	-4	Offshore & Construction	1 826	1 834	0	-1
1 961	1 833	7	4	Sealing Solutions	3 876	3 583	8	6
1 057	1 111	-5	-9	Wheel Systems	2 183	2 220	-2	-6
135	162			Other items	276	349		
-92	-122			Eliminations	-193	-235		
5 725	5 628	2	-1	Continuing operations	11 319	11 022	3	0

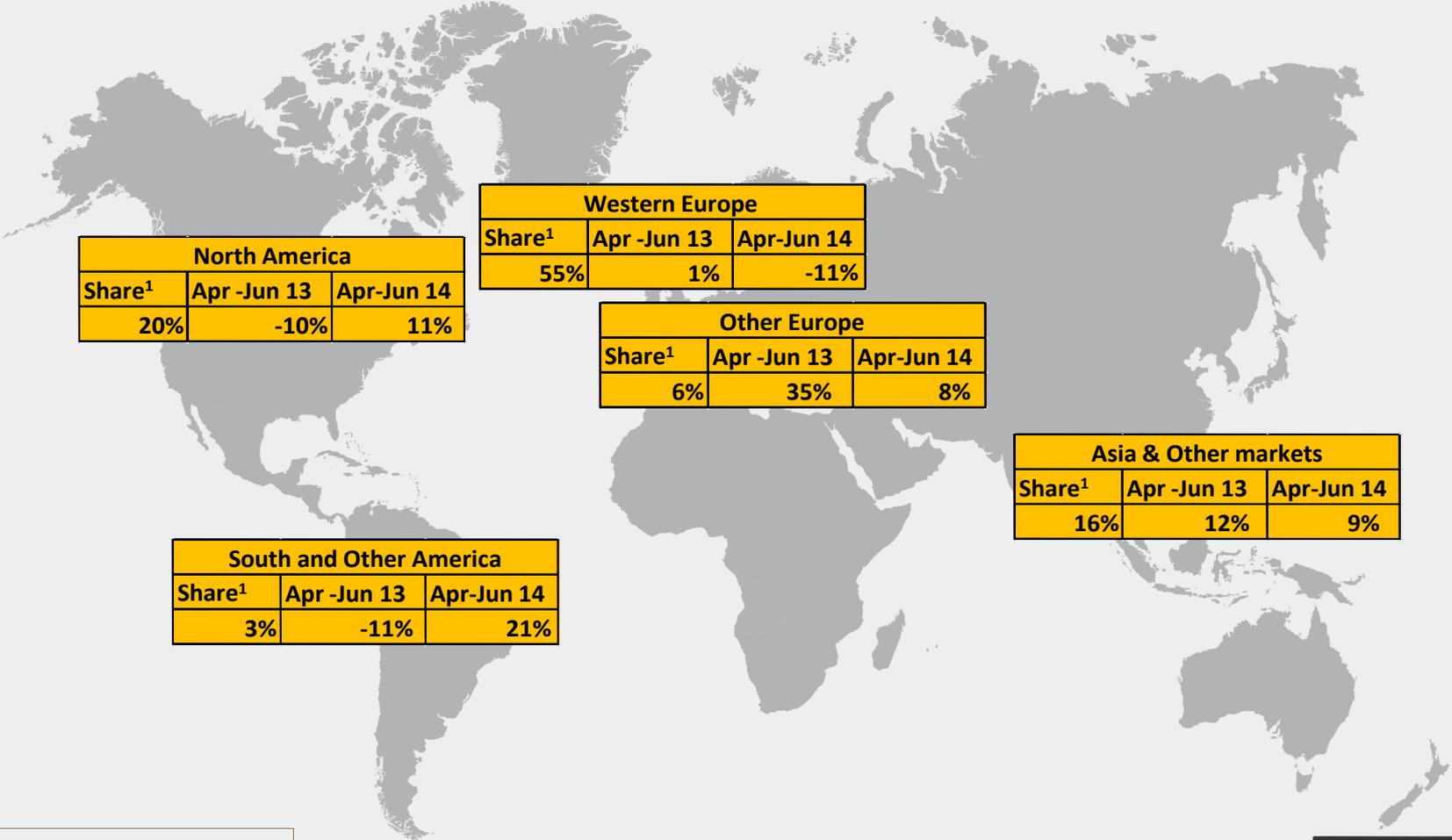
Sales up 2 percent on last year

Sales development, R12M



Good growth in Asia and Eastern Europe

Organic sales growth by geographic markets



¹Share = Full-year 2013

Good growth in Asia and Eastern Europe

Organic sales growth, excl. project-related business

North America		
Share ¹	Apr -Jun 13	Apr-Jun 14
22%	-2%	3%

Western Europe		
Share ¹	Apr -Jun 13	Apr-Jun 14
56%	0%	-7%

Other Europe		
Share ¹	Apr -Jun 13	Apr-Jun 14
7%	17%	7%

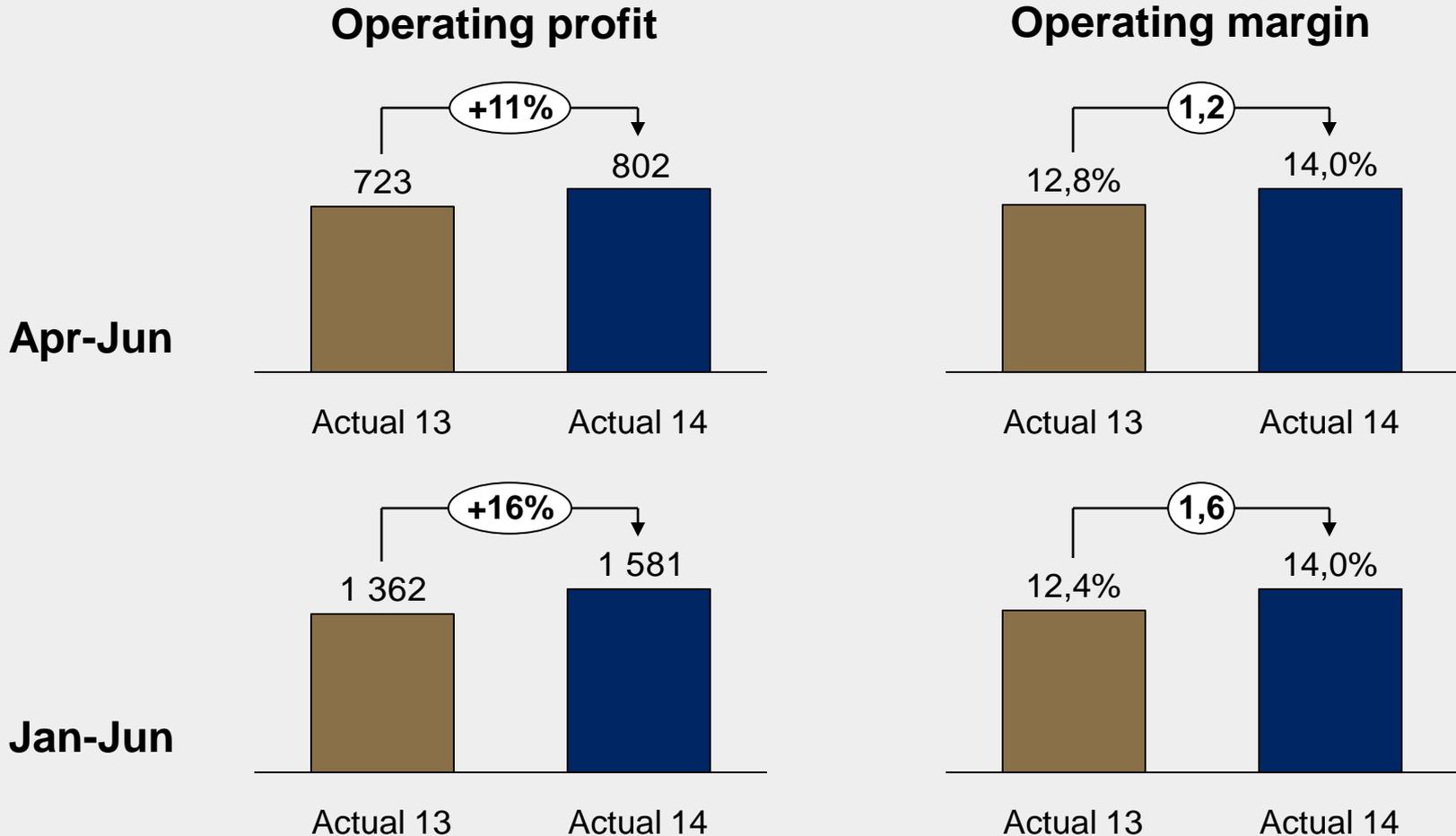
South and Other America		
Share ¹	Apr -Jun 13	Apr-Jun 14
3%	15%	-15%

Asia & Other markets		
Share ¹	Apr -Jun 13	Apr-Jun 14
12%	-3%	19%

¹Share = Full-year 2013

Best operating margin so far

Operating profit development¹



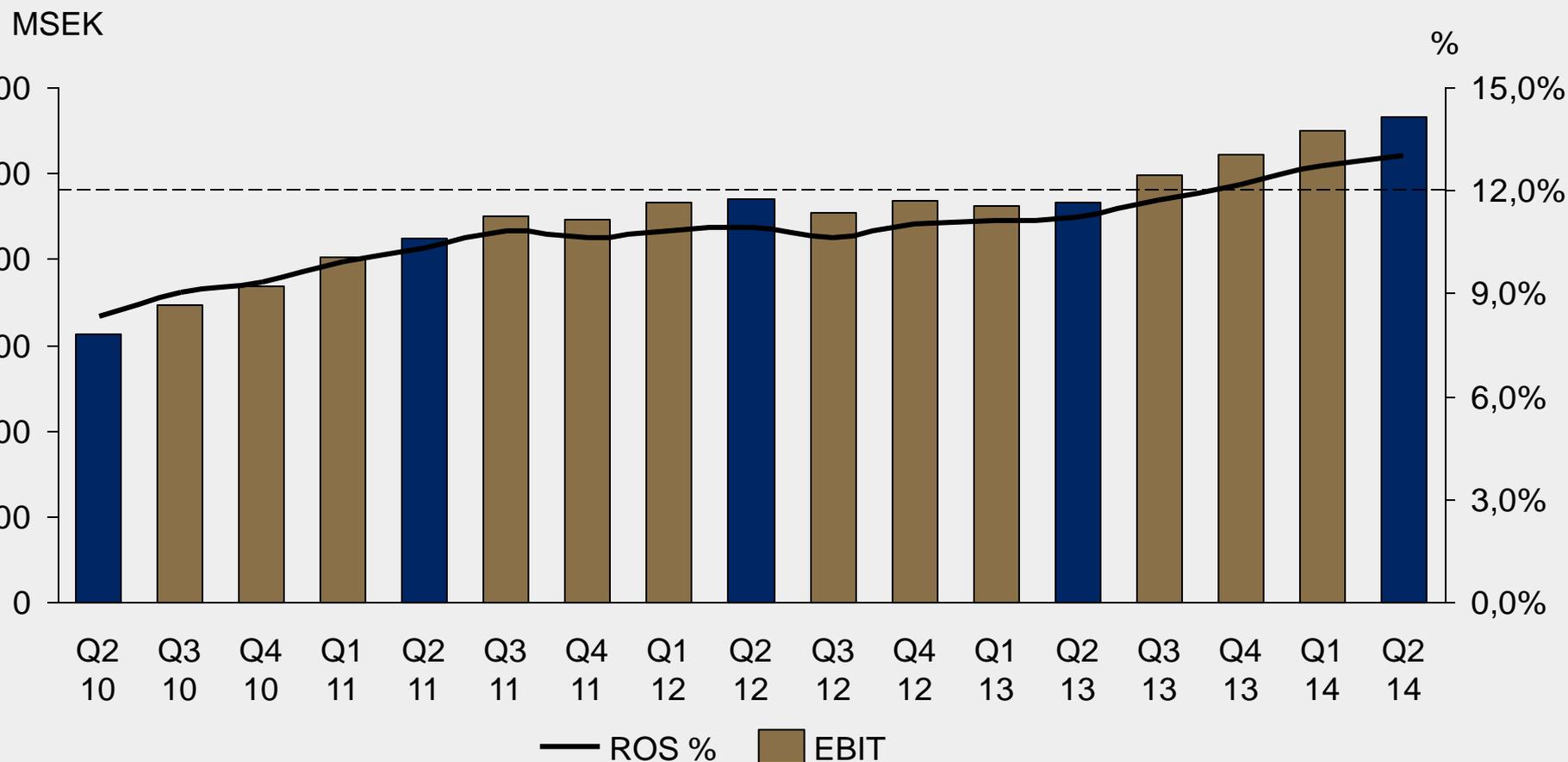
Improvement in all business areas

Group operating profit per business area¹

Apr - Jun			SEK M	Jan - Jun		
2014	2013	Change %		2014	2013	Change %
60	52	15	Coated Systems	121	112	8
135	111	22	Industrial Solutions	252	213	18
93	81	15	Offshore & Construction	157	128	23
454	416	9	Sealing Solutions	890	768	16
147	137	7	Wheel Systems	295	281	5
-87	-74		Other items	-134	-140	
802	723	11	Continuing operations	1 581	1 362	16

All-time-high rolling 12-months margin

EBIT & margin, R12M¹



Total Group

Profit & Loss statement

Apr - Jun			SEK M	Jan - Jun		
2014	2013	Change %		2014	2013	Change %
802	723	11%	Operating Profit	1 581	1 362	16%
14,0%	12,8%	1.2 pp	Operating Margin	14,0%	12,4%	1.6 pp
-99	-49		Restructuring costs	-117	-86	
-	-155		One-off items		-155	
-99	-204		Items affecting comparability	-117	-241	
42	97		Associated income from Trelleborg Vibracoustic	175	207	
745	616	21%	Operating profit, Continuing Operations	1 639	1 328	23%
13,0%	10,9%	2.1 pp	Operating Margin	14,5%	12,0%	2.5 pp
745	616		Operating Profit, Group Total	1 639	1 328	
-33	-32		Financial income and expense	-67	-74	
712	584		Profit before tax	1 572	1 254	
-182	-199		Tax, Group total	-419	-378	
530	385		Net Profit, Group Total	1 153	876	

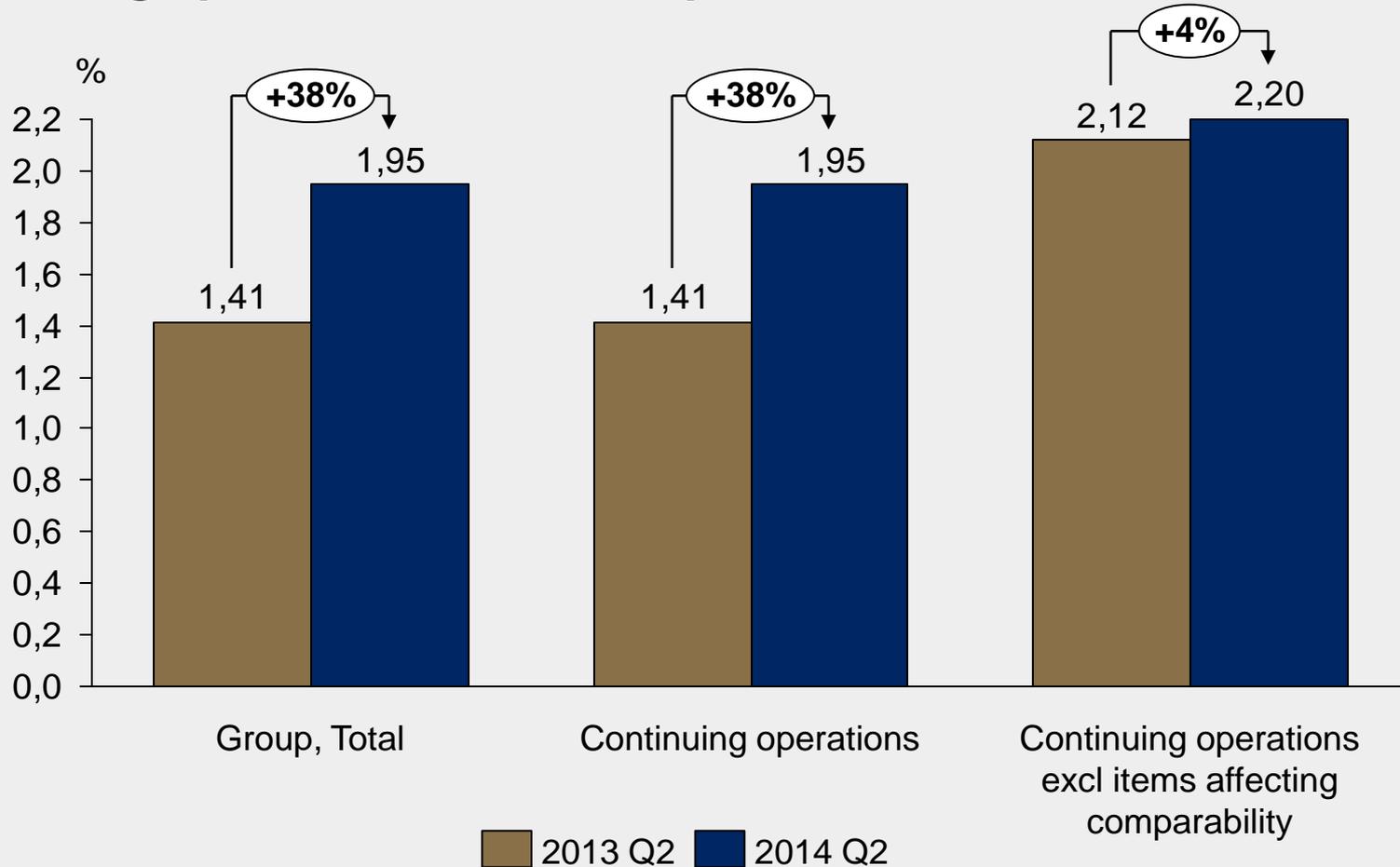
TrelleborgVibracoustic

Impact on Trelleborg's accounts

Apr - Jun 2014	Apr - Jun 2013	SEK M	Jan - Jun 2014	Jan - Jun 2013
39	31	Operating profit excl. items affecting comparability, MEUR	78	59
357	263	Operating profit excl. items affecting comparability	699	501
-21	-13	Acquisition related costs	-23	-18
-13	-9	Amortization on intangible assets	-27	-19
-218	-	Restructuring costs	-256	-7
105	241	Operating Profit	393	457
-23	-47	Financial net	-44	-43
82	194	Profit before tax	349	414
42	97	Trelleborg share	175	207
-26	-67	Tax	-118	-126
-13	-34	Trelleborg share	-59	-63
56	126	Net profit	231	288
29	63	Trelleborg share (net impact)	116	144

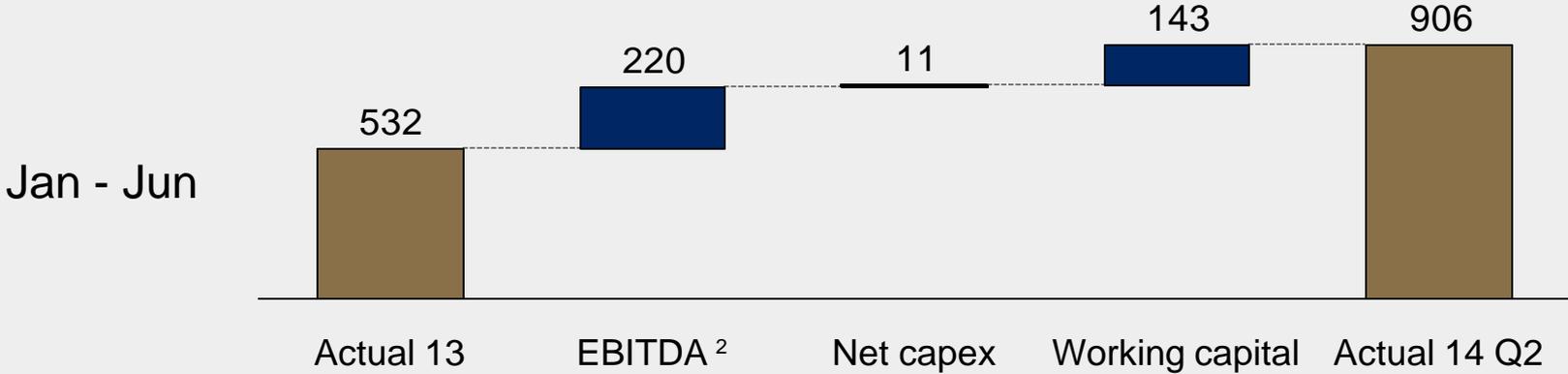
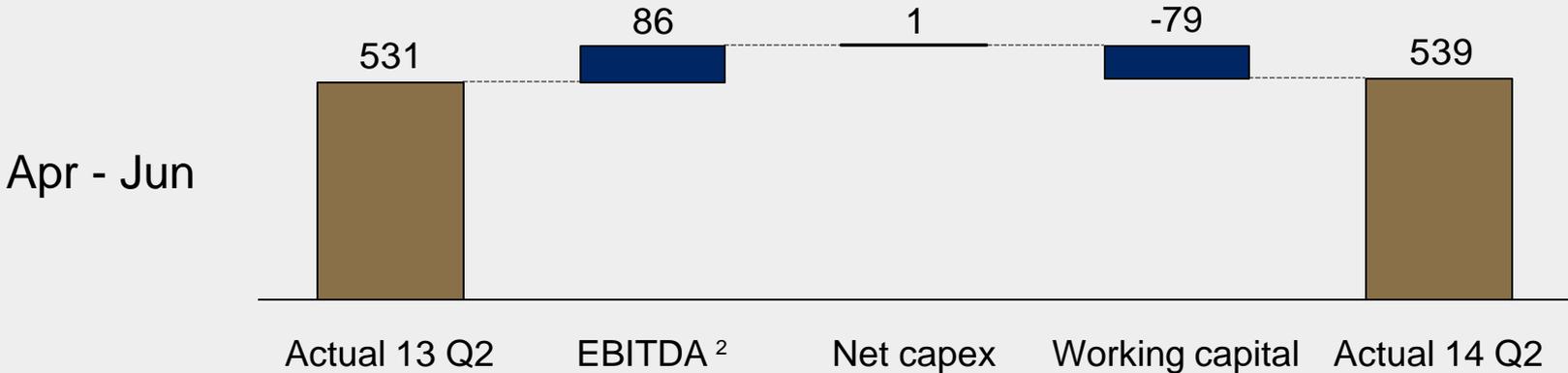
Underlying EPS increased slightly

Earnings per share – second quarter 2014



Quarterly cash flow on par with last year

Operating cash flow¹



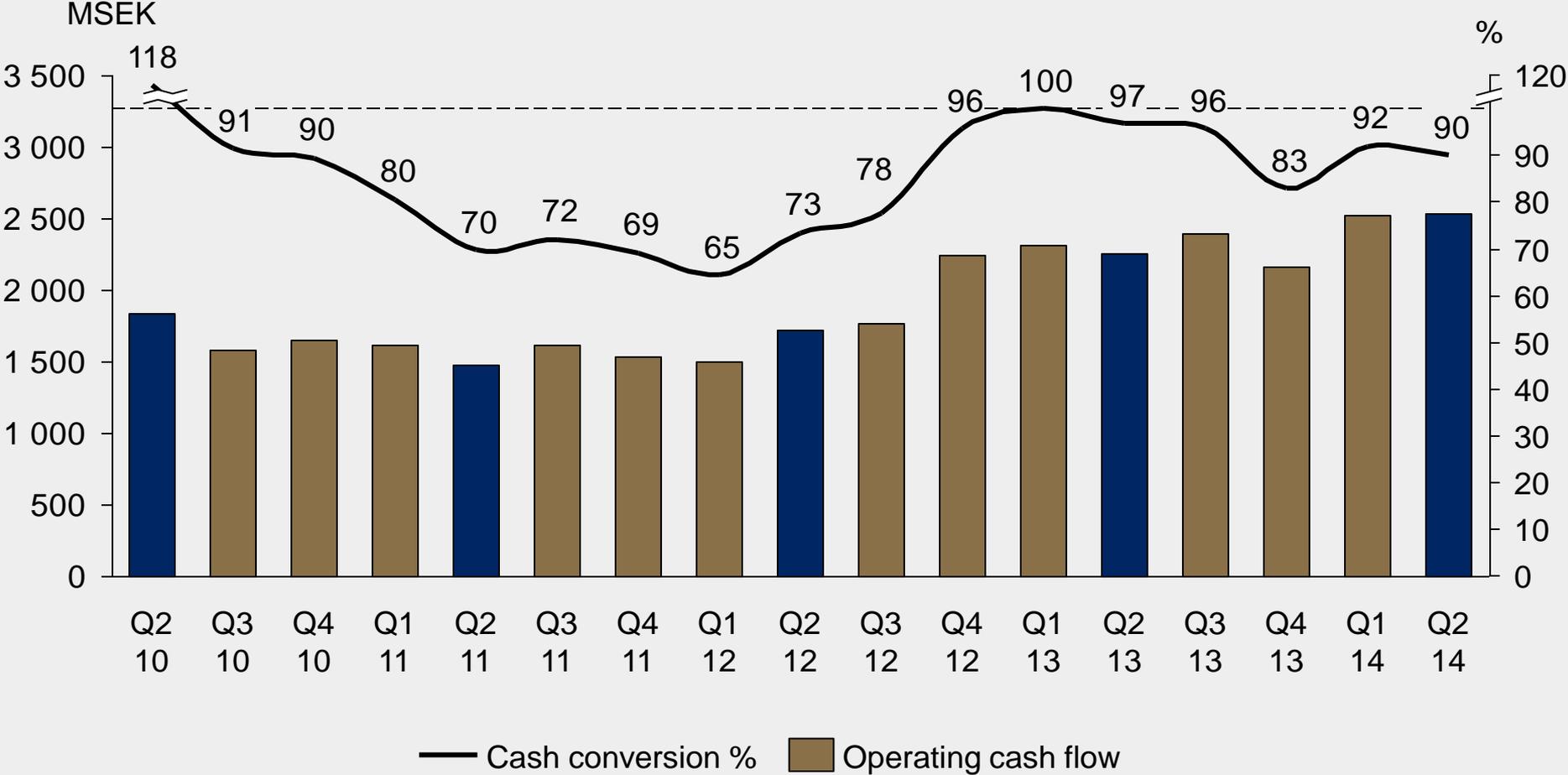
¹ Excluding items affecting comparability and TrelleborgVibracoustic.

² Excluding other non cash flow affecting items.



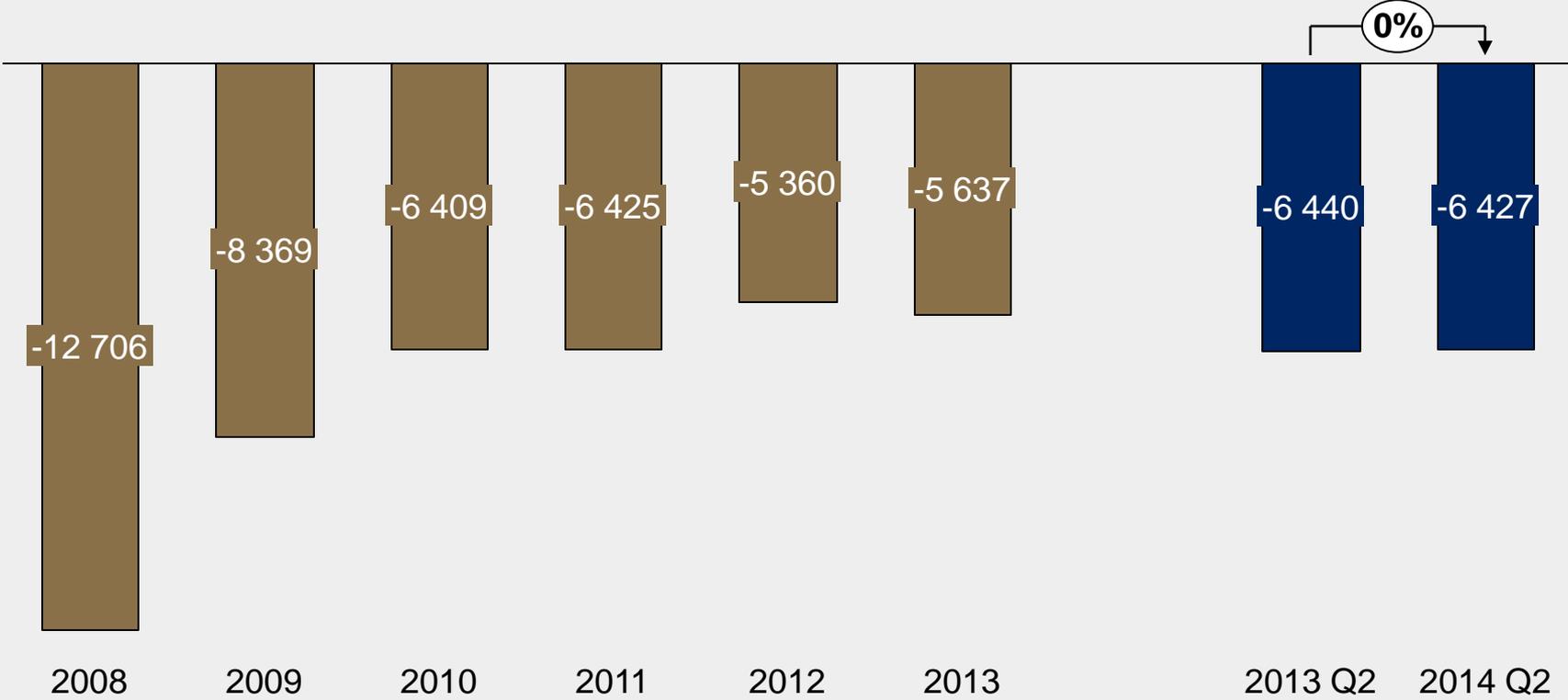
Solid cash flow and cash conversion

Operating cash flow, R12M¹



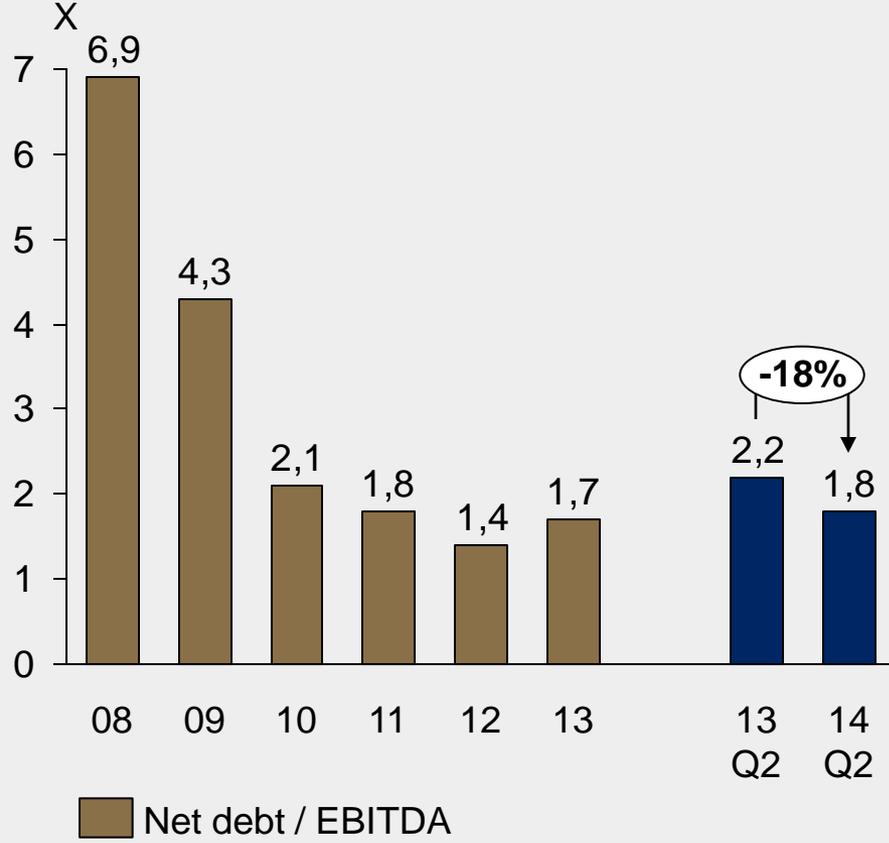
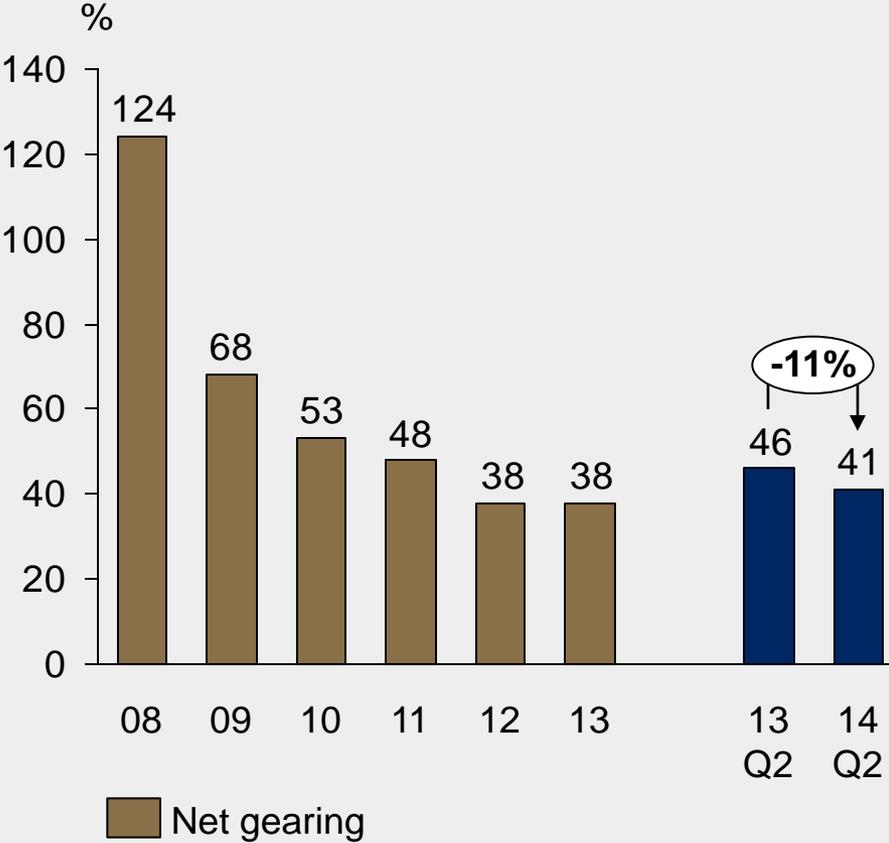
Stable net debt despite higher dividend payout

Net debt development¹



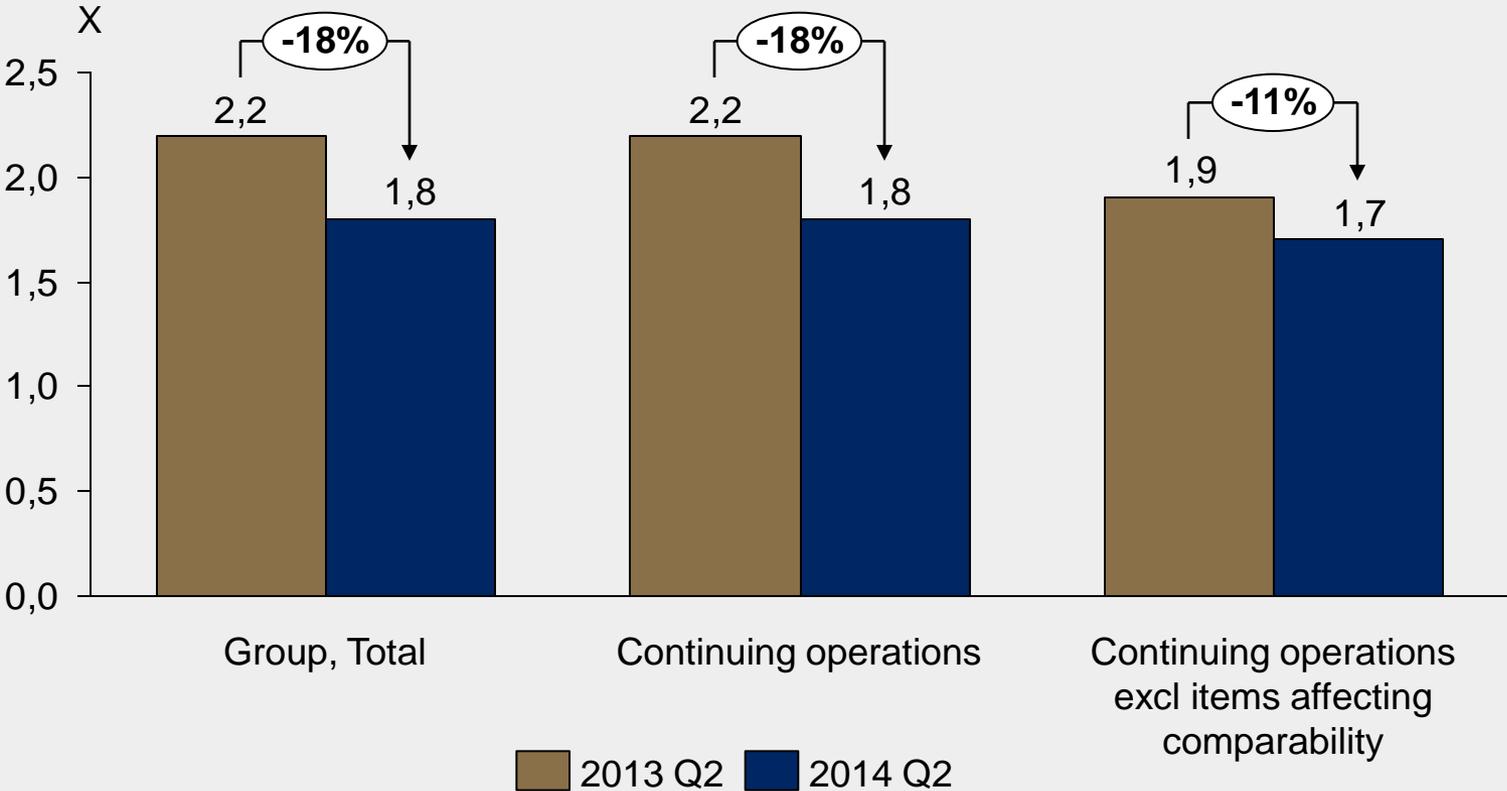
Solid capital structure

Net debt / EBITDA R12M and net gearing development¹



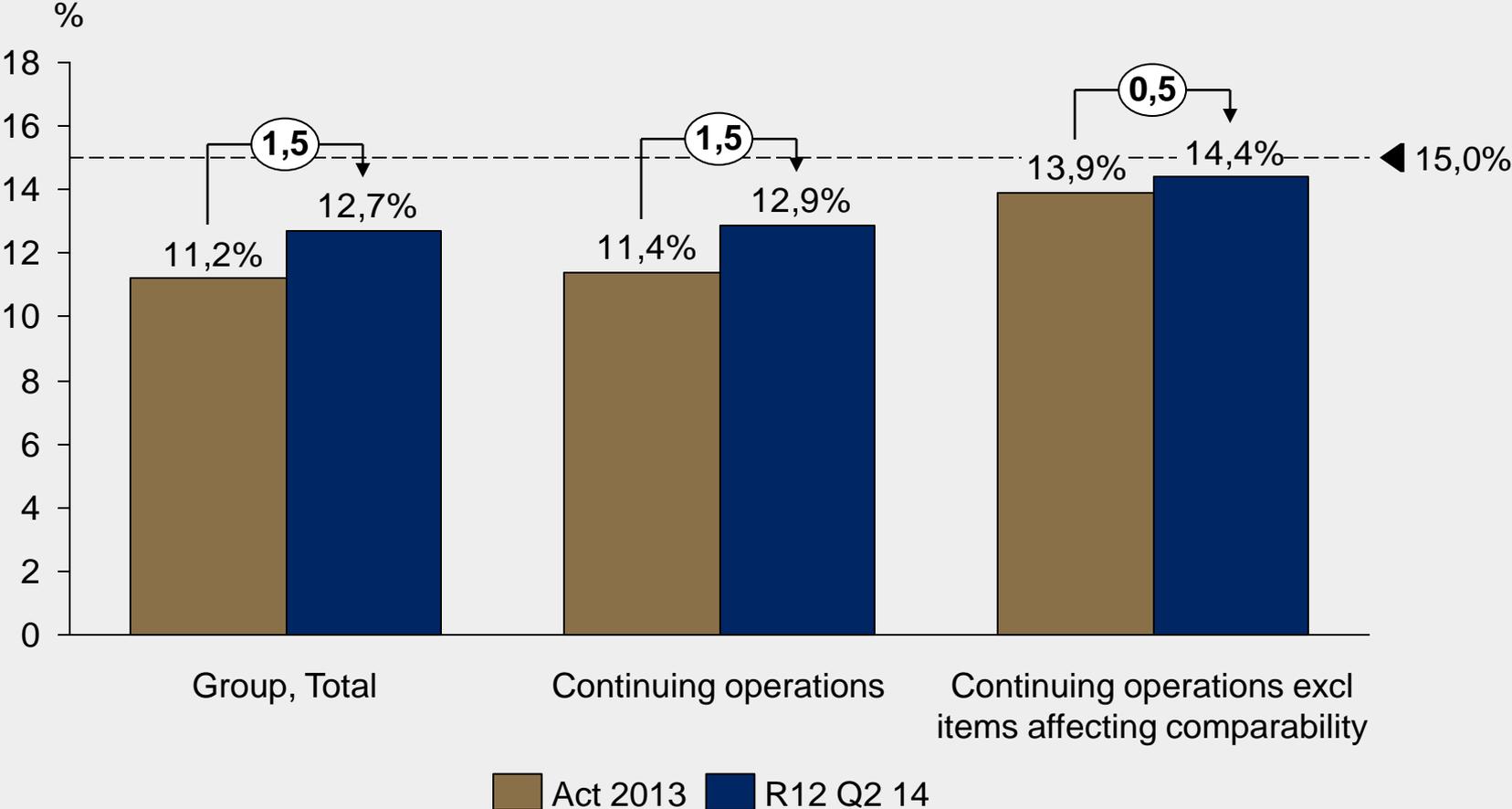
Net debt ratios continue to trend south

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 rate¹: ~28%

TrelleborgVibracoustic (50% ownership):

- Restructuring costs: ~EUR 30 M
- Annual impact from purchase price allocation (PPA): ~EUR 6 M
- Tax rate¹: ~29%



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q3 2014 outlook

Q&A

Record profit despite timid growth

Q2 2014 highlights

- Sales grew by 2%; organic sales decreased by 1%
- 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 14.0% - highest so far. Margin Y/Y improvement in all business areas
- TrelleborgVibracoustic's EBIT-margin at 8.9% - highest so far
- Stable operating cash flow – R12M cash conversion at 90%

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 Q3 2014

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



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q3 2014 outlook

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