



# Acquisition of ČGS

**November 9, 2015**

# Cautionary note in relation to forward-looking statement

This presentation may contain forward-looking statements. These statements are not guarantees of future performance and are subject to inherent risks and uncertainties. Forward-looking statements may be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “intends,” “estimates,” “projects,” “targets,” “forecasts,” “seeks,” “could,” or the negative of such terms, and other variations on such terms or comparable terminology. Forward-looking statements include, but are not limited to, statements about the expected future business of ČGS and Trelleborg resulting from and following the transaction. These statements reflect Trelleborg’s current expectations based upon information currently available to it and are subject to various assumptions, as well as risks and uncertainties that may be outside of its control, including but not limited to the effect of changes in general economic conditions, the level of interest rates, fluctuations in product demand, competition, technological change, employee relations, planning and property regulations, natural disasters and the potential need for increased capital expenditure (such as resulting from increased demand, new business opportunities and deployment of new technologies). Actual results could differ materially from those expressed or implied in such forward-looking statements. Trelleborg does not guarantee that the assumptions underlying the forward-looking statements in this presentation are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or any obligation to update or revise the statements in this presentation to reflect subsequent events. You should not place undue reliance on the forward-looking statements in this presentation.

Any such forward-looking statements speak only as of the date on which they are made and Trelleborg has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations.

# Acquisition of ČGS

## A strategically attractive and value enhancing acquisition

- Reinforcing Trelleborg as a world leader in engineered polymer solutions
- Trelleborg 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 Trelleborg Coated Systems, Trelleborg Industrial Solutions and Trelleborg Sealing Solutions
- Broadening geographical reach
- Complementary manufacturing footprint with well-invested and cost-efficient facilities

# Transaction summary

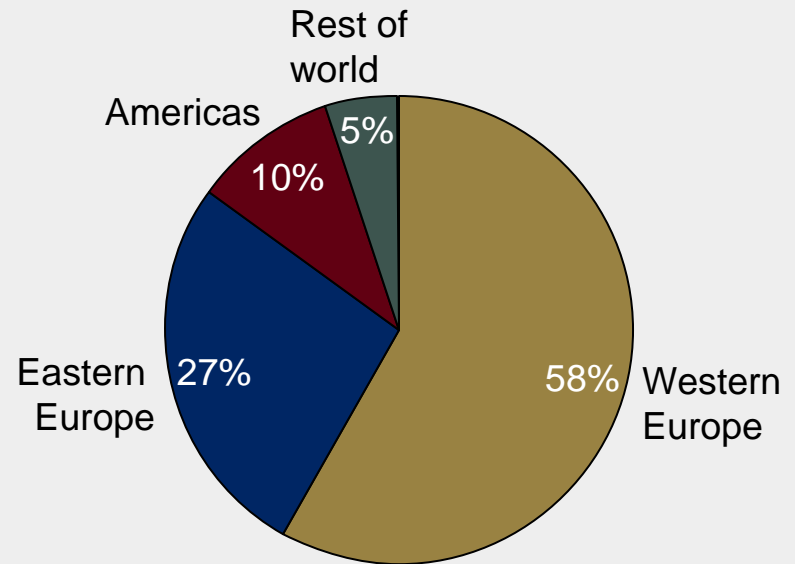
- ČGS generated sales of SEK 5.6 bn and EBIT of SEK 0.9 bn (16% EBIT margin)<sup>1</sup>
- Cost synergies estimated to exceed SEK 300 M on an annual basis
- Cross-selling opportunities
- Trelleborg has agreed to pay SEK 10.9 bn on a cash and debt-free basis
- The transaction will be financed through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

# Introduction to ČGS



- Leading businesses in agricultural, industrial and specialty tires as well as other engineered polymer solutions
- Strong mid-market tire brand (Mitas) supplemented by niche engineered polymer businesses (Rubena and Savatech)
- Headquartered in the Czech Republic
- ČGS includes 13 production sites located in Central and Eastern Europe, the U.S. and Mexico
- ČGS employs approx. 6,300 people

## ČGS geographical sales split (2014)



# A portfolio of well performing businesses



Total sales  
SEK ~5.6 bn

SEK ~2.6 bn

Agricultural and forestry tires



SEK ~1.2 bn

Industrial and specialty tires



SEK ~1.8 bn

Engineered polymer solutions

<p>Printing blankets</p>	<p>Seals</p>	<p>Sealing profiles</p>
<p>Engineered fabrics</p>		<p>Membranes</p>
<p>Belting</p>		<p>Specialty mouldings</p>

Wheel  
Systems

Coated  
Systems

Sealing  
Solutions

Industrial  
Solutions



1

ČGS tire business

2

ČGS engineered polymer solutions

3

Transaction effects

# ČGS strengthens current tire positions and adds new supplementing niches

SEK  
~2.6 bn

Agricultural and forestry



SEK  
~0.7 bn

Industrial, construction and multi-purpose



Total sales  
SEK ~3.8 bn

Forklift and material handling



SEK  
~0.2 bn

Specialty



SEK  
~0.3 bn



# Excellent strategic fit with highly complementary portfolio in agricultural tires

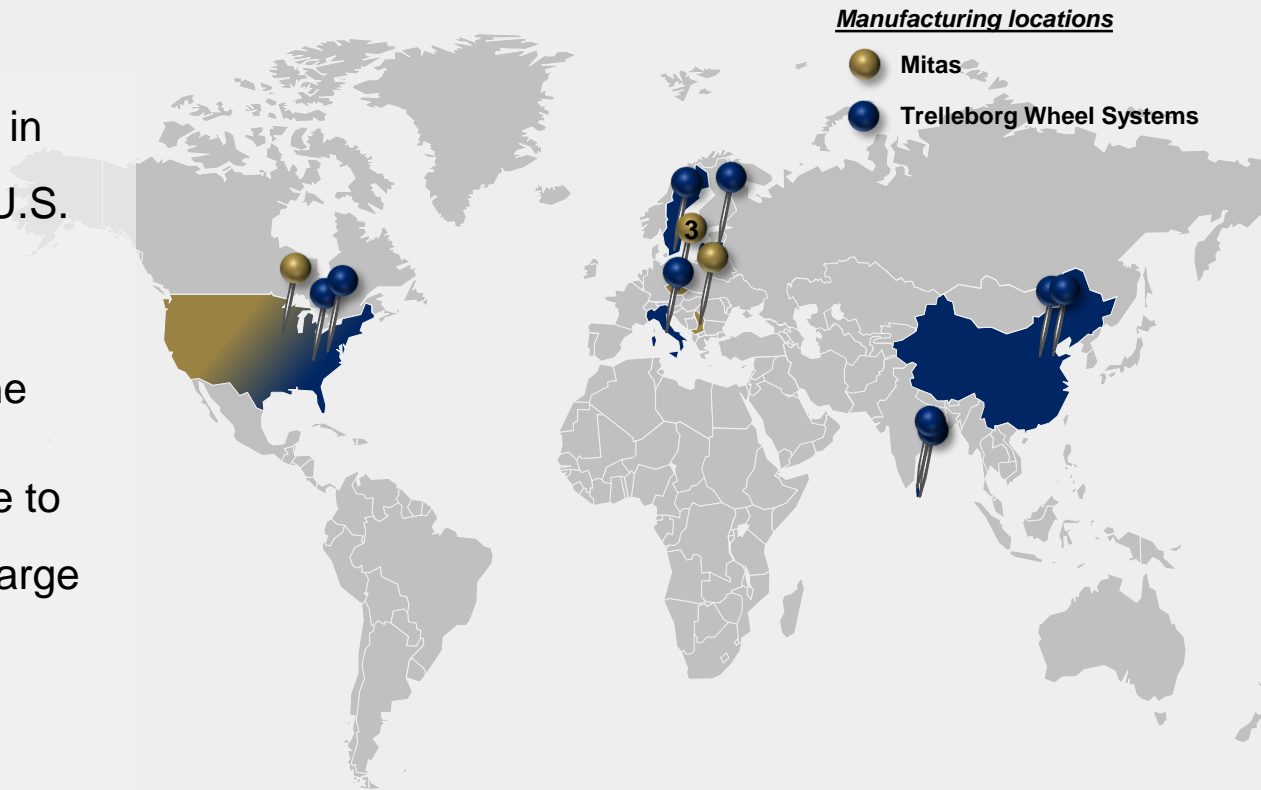
## Market positioning – agricultural tires<sup>1</sup>



# Well-invested and cost-efficient manufacturing

## Supplementary footprint to Trelleborg Wheel Systems

- Mitas manufacturing footprint in Czech Republic, Serbia and U.S.
- Access to large agricultural markets in Russia and Ukraine
- Proximity to buyers is key due to high transportation costs for large tires



# Well positioned to benefit from U.S. radial tire growth and market recovery

Charles City

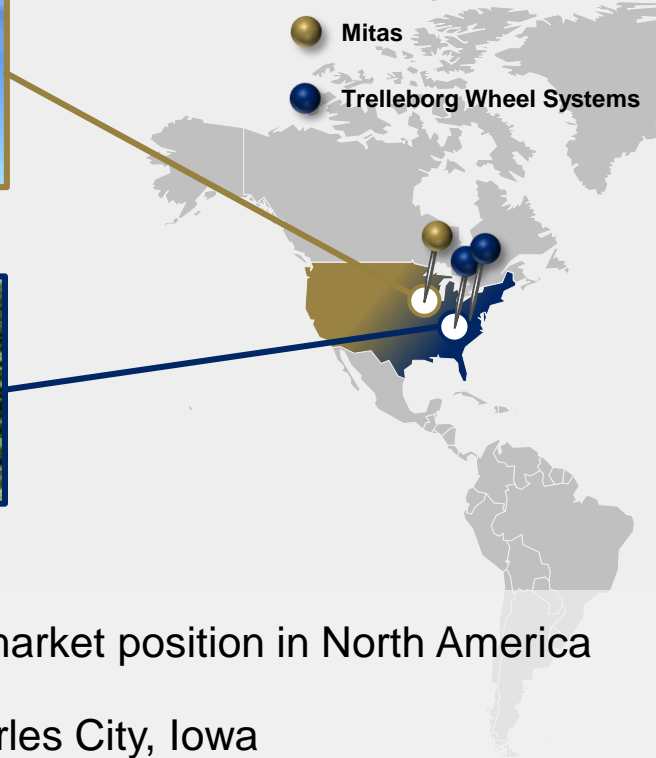


Spartanburg



Manufacturing locations

- Mitas
- Trelleborg Wheel Systems



- Solid platform to significantly grow market position in North America
- New Mitas production facility in Charles City, Iowa
- New Trelleborg Wheel Systems production facility in Spartanburg, South Carolina
- Complimentary geographical and market positions

# Gaining access to attractive markets within industrial tires

Adding new capabilities through complementary positions



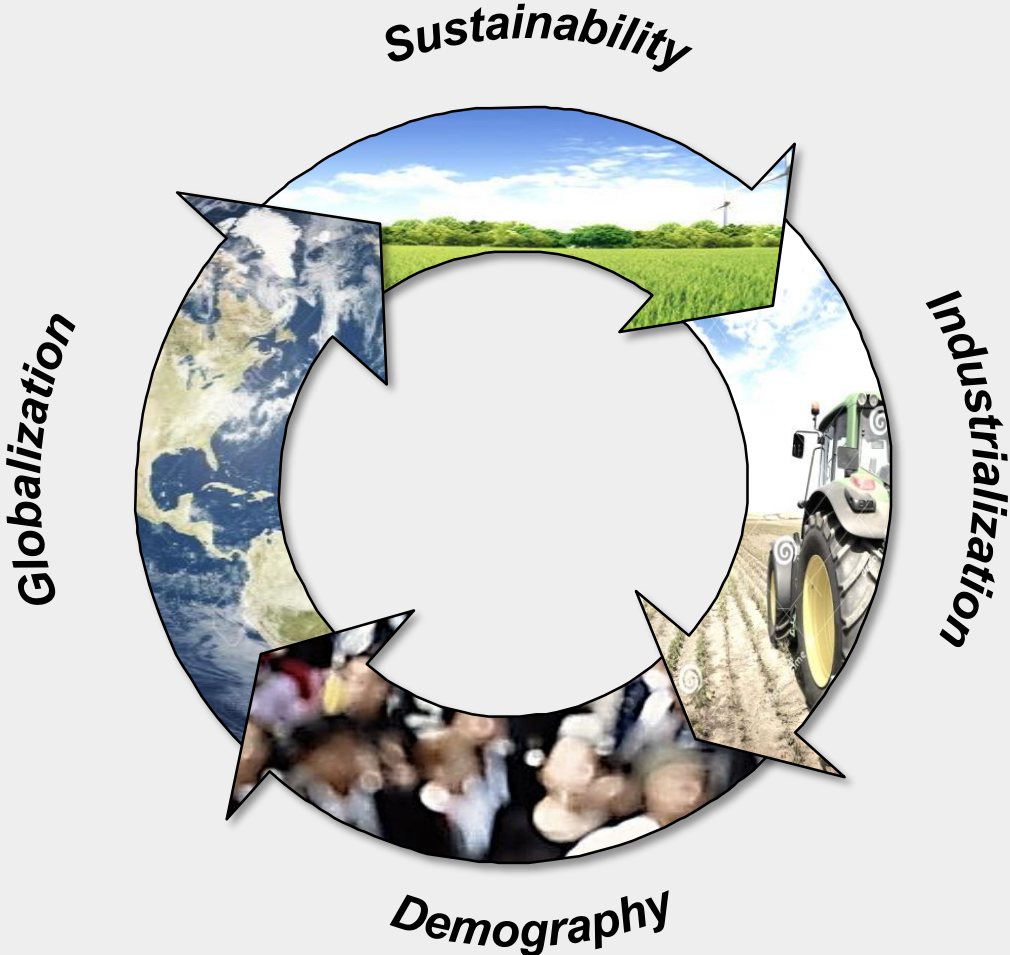
**Solid tires – focus on material handling, port handling and selected niches within construction**



**Pneumatic tires – focus on industrial, construction and material handling**



# Global mega trends supporting agricultural and industrial tires businesses

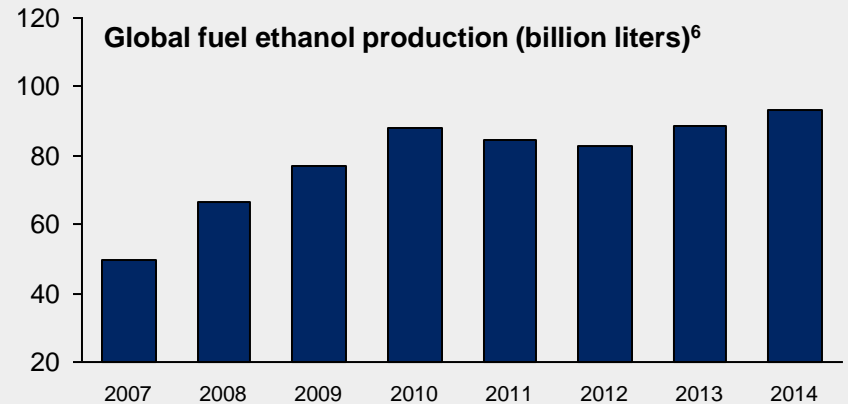
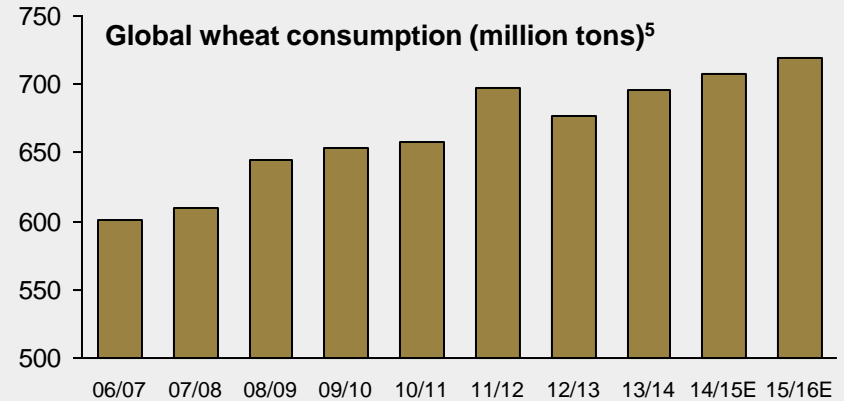
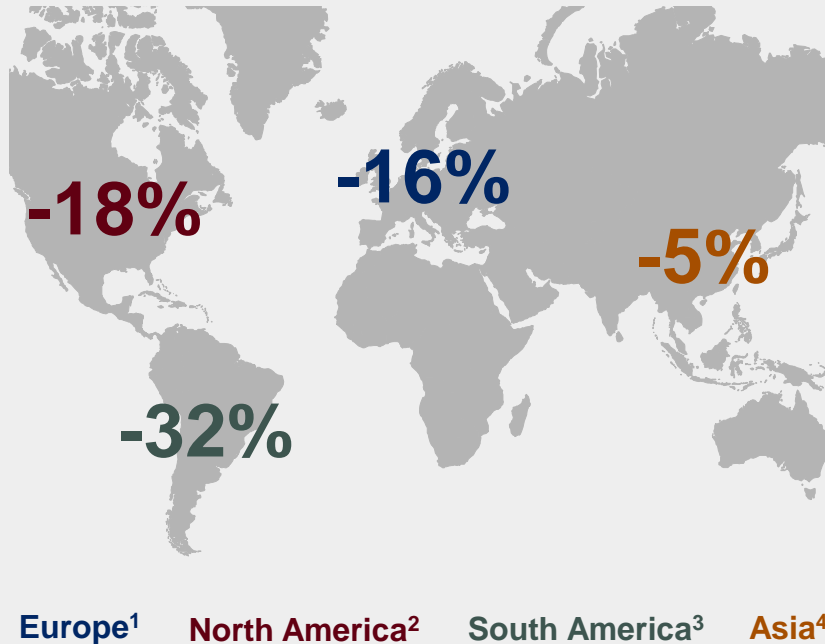


# Long-term favorable agricultural fundamentals

Currently a broad downturn in agricultural markets with a significant impact on demand for tires

Agricultural trends supporting demand going forward – selected examples

Tractor registration 2015E vs 2013 (%)

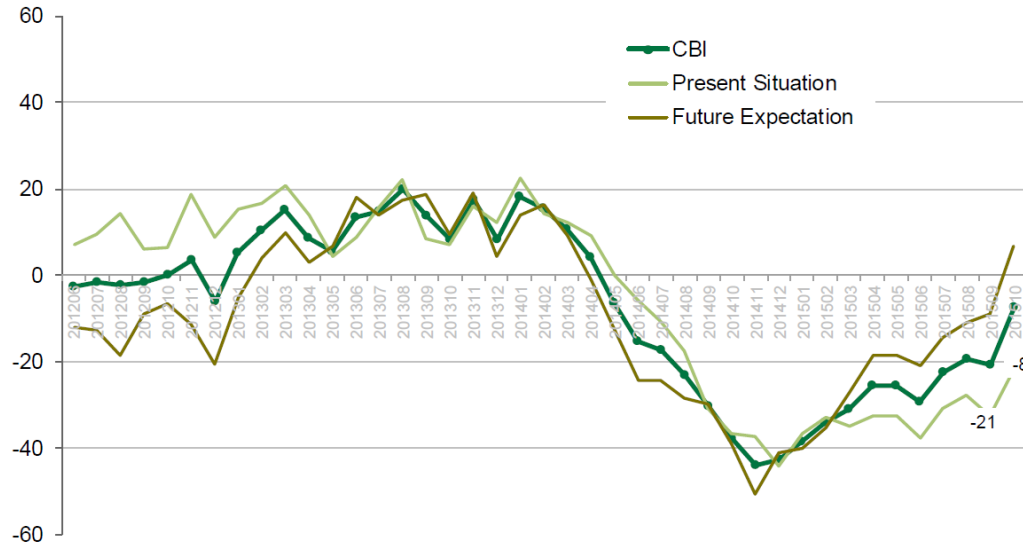


# CEMA Business Barometer – “Signs of recovery & a positive outlook for 2016”<sup>1</sup>

## European Agricultural Machinery

### Business Climate Index Development

CEMA Business Climate Index (CBI)



Source: CEMA Business Barometer

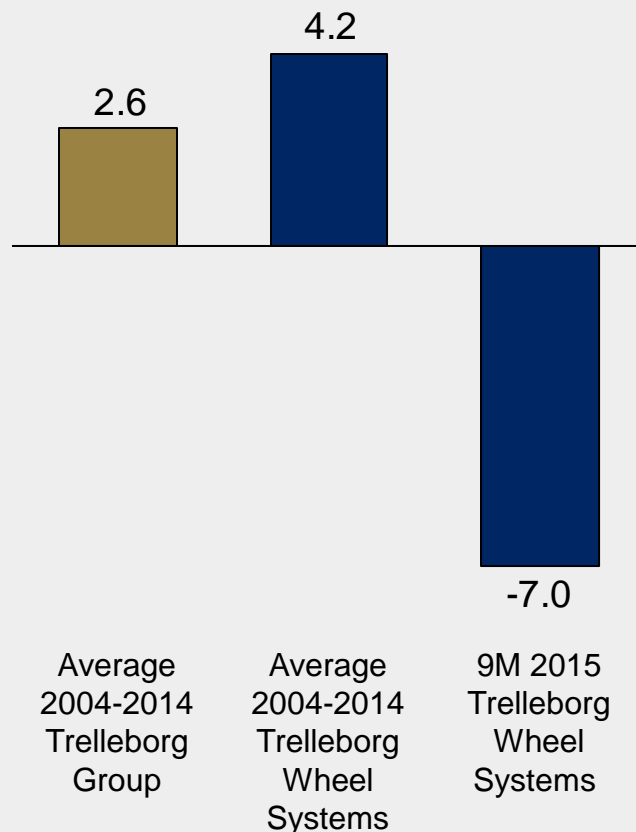
Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

14 October 2015

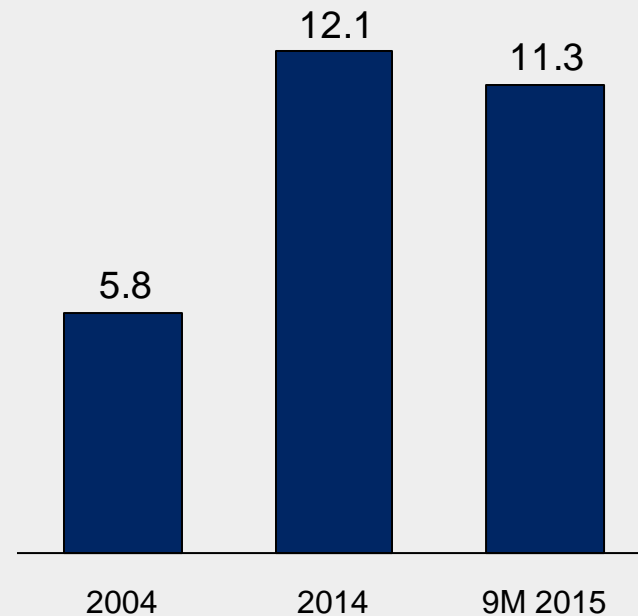


# Wheel Systems supported by mega trends - strong growth and margin track-record

Organic growth (%)



Operating margin (%) – Trelleborg Wheel Systems





# Creating market leading positions in agricultural and specialty tires



- Creating market leader in agricultural and industrial tires
- Increasing market presence in several geographies
- Step-change towards a strong position for agricultural tires in the U.S.
- Strengthening manufacturing footprint
- Adding scale with complementary market positions and product range

1

ČGS tire business

2

ČGS engineered polymer solutions

3

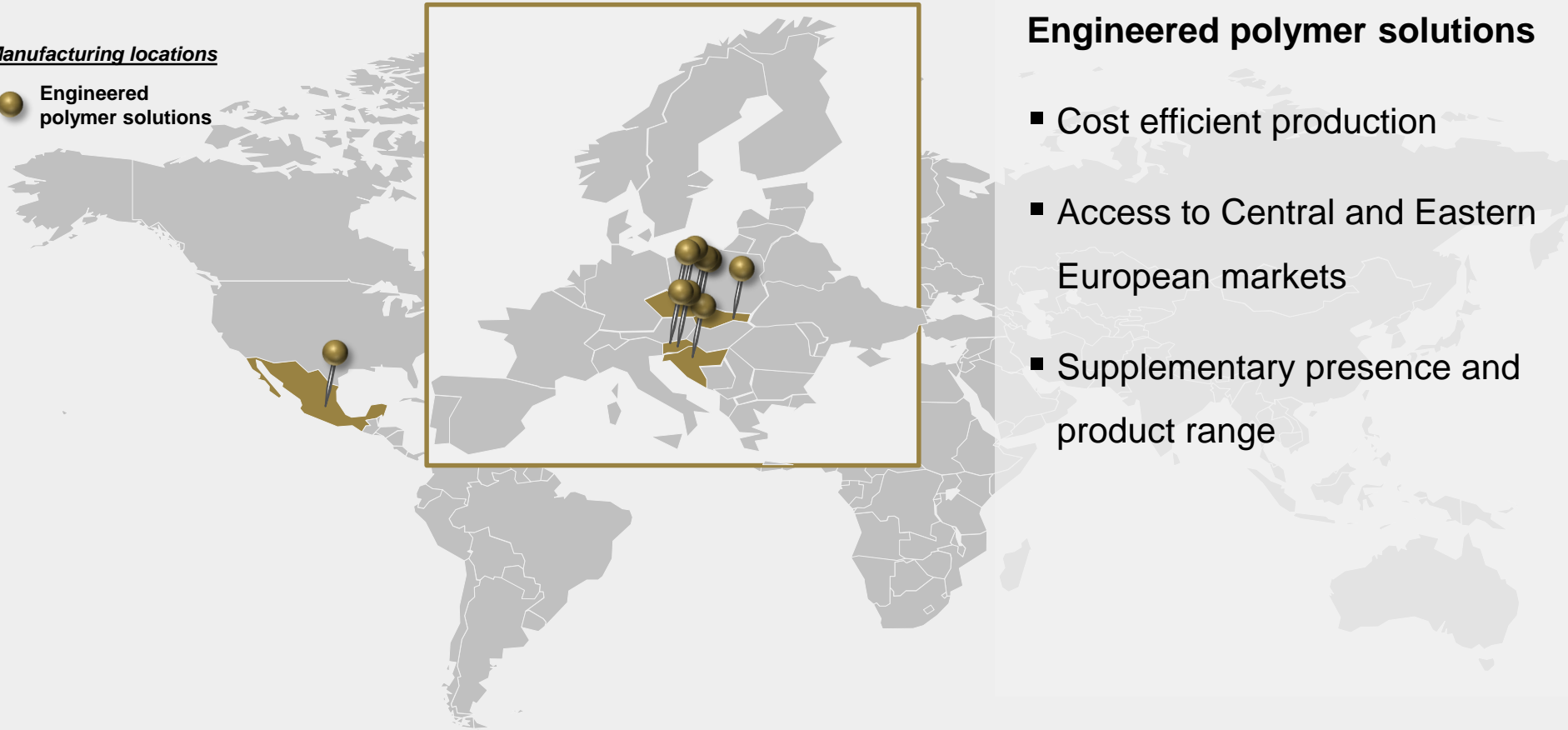
Transaction effects

# Efficient manufacturing footprint for engineered polymer solutions

## Manufacturing in Czech Republic, Slovenia and Mexico

### Manufacturing locations

● Engineered polymer solutions



### Engineered polymer solutions

- Cost efficient production
- Access to Central and Eastern European markets
- Supplementary presence and product range

# Enhancing Trelleborg's offering of engineered polymer solutions

- Broadened offering of Trelleborg's existing engineered polymer business
- Capitalize on Trelleborg's global presence to further grow acquired businesses
- Cost synergies and cross-selling opportunities

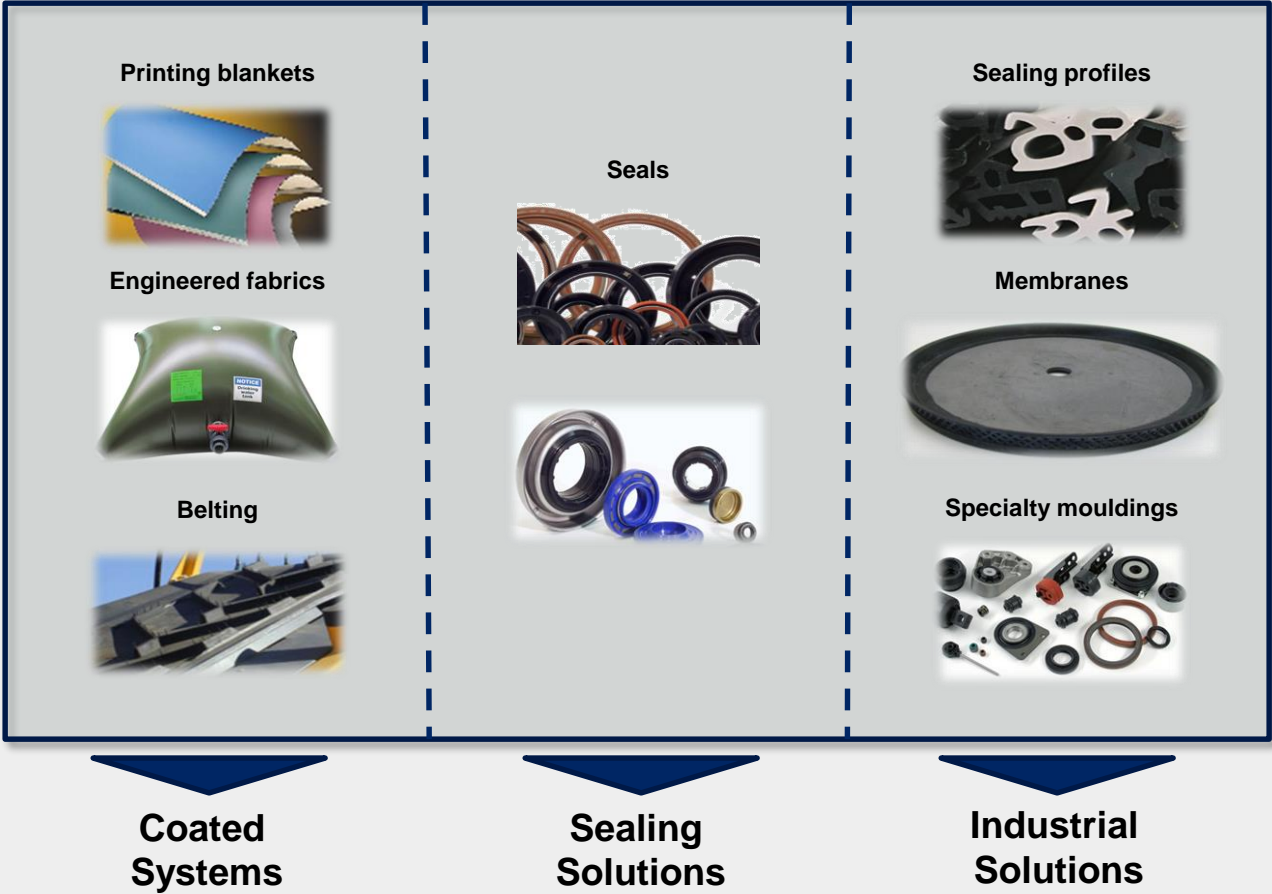
**Engineered polymer solutions  
under three brands**

 **Rubena**

**Savatech**

 **Sico Rubena**<sup>1</sup>

# Complementary positions in engineered polymer solutions with a good strategic fit



1

ČGS tire business

2

ČGS engineered polymer solutions

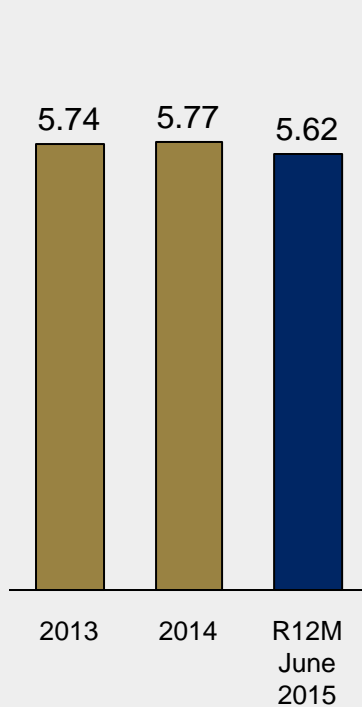
3

Transaction effects

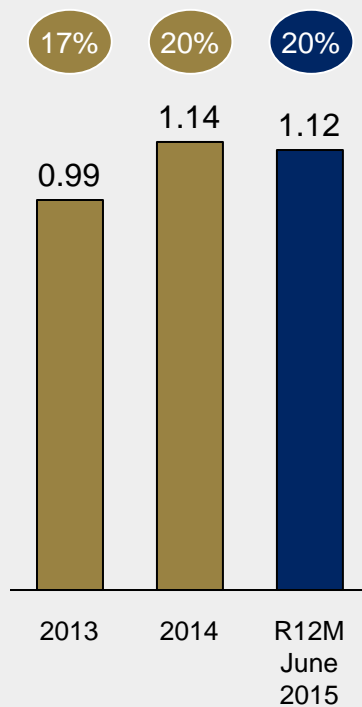
# Attractive stand alone financial profile

ČGS delivers strong financials, despite current agricultural market weakness<sup>1</sup>

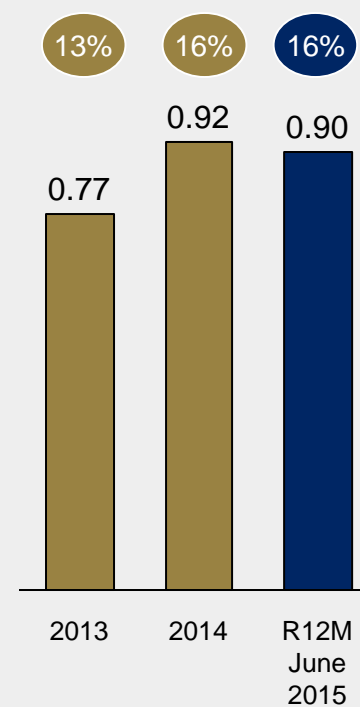
Revenue (SEK bn)



EBITDA (SEK bn, %)



EBIT (SEK bn, %)



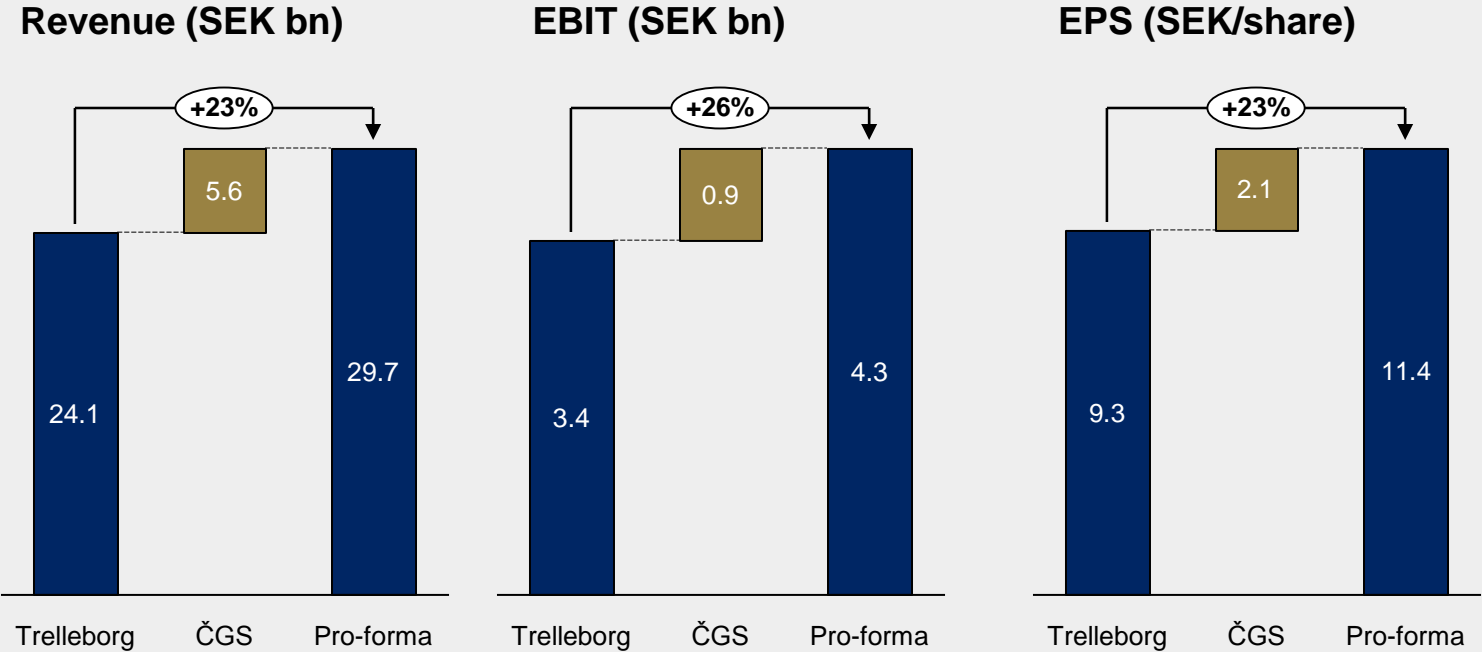
# Significant synergies expected

- Identified cost synergies in excess of SEK ~300 M annually, gradually realized over three years
- Cross-selling opportunities
- Combined platform allows for longer-term footprint optimization



# Substantially growing Trelleborg

Trelleborg pro-forma financials R12M June 30, 2015

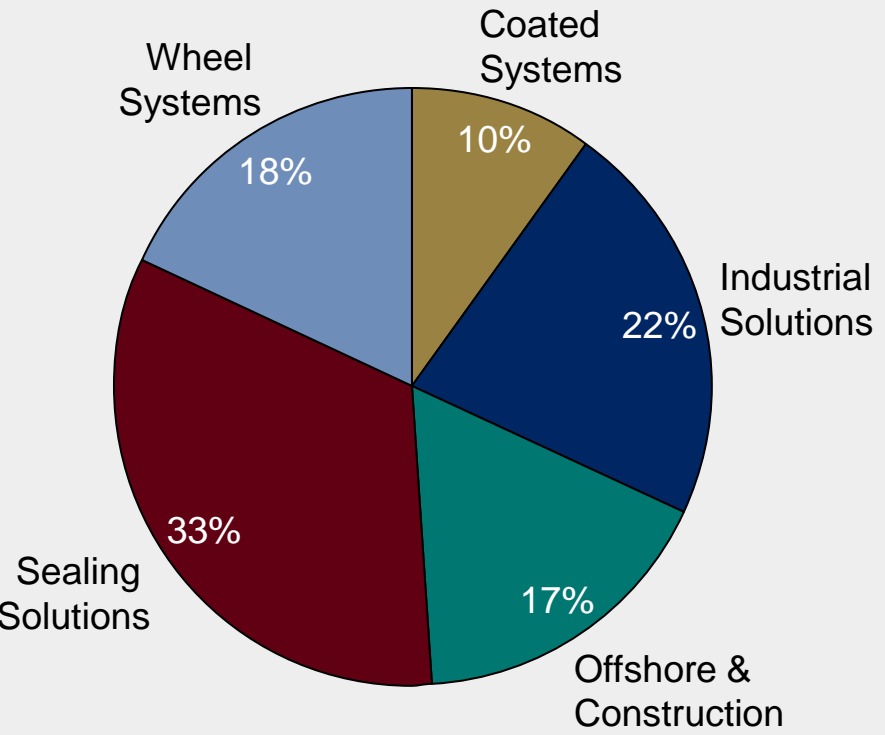


Illustrative pro-forma excluding synergies and PPA effects

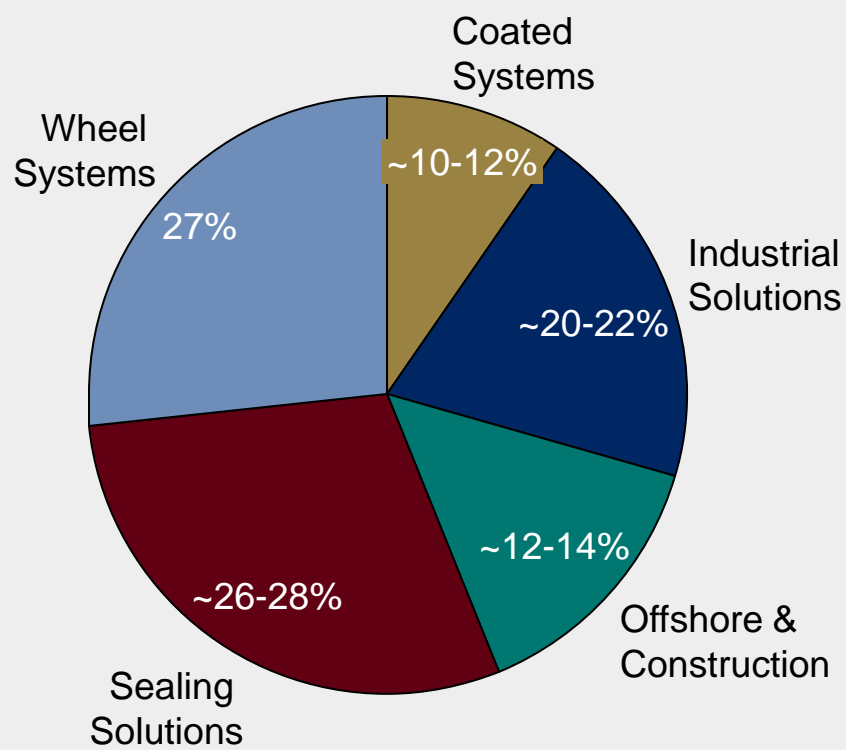


# A well-balanced portfolio

**Trelleborg sales**  
SEK ~24 bn<sup>1</sup>



**Preliminary pro-forma sales**  
SEK ~30 bn<sup>1</sup>



# Bank financing secured

## Intention to deleverage to levels prior to transaction

- Transaction financed through committed bank financing
- Initial leverage slightly above 3x Net Debt/EBITDA on a pro-forma basis
- Commitment to deleverage to levels prior to the acquisition within 12-18 months

# A strategically attractive and value enhancing acquisition

Reinforcing Trelleborg as a world leader in engineered polymer solutions

- 1 Favorably performing businesses
- 2 Strategic fit with complementary product portfolio
- 3 Strong and supplementary positions in attractive markets
- 4 Well-invested and cost-efficient manufacturing footprint
- 5 Significant cost synergies and cross-selling opportunities



**TRELLEBORG**