



Trelleborg interim report

July – September 2015

Peter Nilsson, President & CEO

Ulf Berghult, CFO



Agenda

Highlights

Business areas

TrelleborgVibracoustic (50% ownership)

Financials

Summary & Q4 2015 outlook

Q&A

Earnings growth despite tougher markets

Q3 2015 highlights

- Muted organic sales Y/Y, but structural growth and positive FX-movements yield sales growth
- Good market positions, cost control and currency improved the results to highest third quarter level to date
- Trelleborg's EBIT-margin at 13.4% - best third quarter level despite exposure to weak agri and oil/gas markets
- TrelleborgVibracoustic's EBIT-margin at 9.8% - best so far
- Uncertainty regarding market direction prevails
- Agri and oil/gas segments still under pressure, but easier Agri comps in Q4

Organic growth initiatives and acquisitions

Recap of Q3 2015 events

- Acquisition of remaining 40 percent outstanding shares in Mexican industrial tires distributor – previously consolidated
- Acquisition of smaller Austrian printing blanket convertor/distributor
- Expansion plans announced in advanced liquid silicone rubber (LSR) injection molding in Bulgaria; allows future growth in small- to medium-sized technical silicon products

Post-Q3:

- Acquisition of Maritime International, a U.S. based privately owned marine fender systems company, announced in Q3, closed in Q4

Earnings growth despite tougher markets

Group financial highlights, Q3 2015

Net sales

- Sales: +6%; Organic: -3%;
Structure: +1%; Currency +8%

Earnings

- Highest third quarter EBIT and margin to date
- Positive FX impact

Cash flow

- Underlying cash flow in line (last year included dividend from JV of SEK 131 M)
- R12M cash conversion at 77%

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	5 975	5 618	6
Organic	-3	-2	
Structural	1	2	
Exchange rate	8	6	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	798	730	9
Operating margin, %	13.4	13.0	0.4pp
Items affecting comparability ¹	-109	-41	
Profit share in TrelleborgVibracoustic ²	131	110	19
Reported operating profit	820	799	3
Operating cash flow	766	899	-15

¹ Consists of restructuring charges of SEK -109 M (-41) and one-off items of SEK 0 M (0)

² Profit share in TrelleborgVibracoustic after tax, i.e. 50 percent of total net profit, includes items affecting comparability of EUR -1.5 (-2.1), of which restructuring costs of EUR -0.6 M (-1.0)



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Good impact from acquisitions and efficiency

Trelleborg Coated Systems¹

- Organic sales: +4%
- Structural growth: +19%
- Engineered fabrics stronger in North America, weaker in Europe
- Printing blankets weaker in Europe but growth in Americas
- Previous acquisitions and efficiency measures impact EBIT positively
- Acquisition of a smaller Austrian convertor/distributor

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	602	442	36
Organic, %	4	-3	
Structural, %	19	-	
Exchange rate, %	13	5	
Operating profit	66	43	53
Operating margin, %	11.0	9.7	1.3 pp

Muted general industry in most geographies

Trelleborg Industrial Solutions¹

- Organic sales: -7%
- Structural growth: -3%
- Mixed geographical and market segment sales development
- Fewer oil/gas deliveries
- Lower results as a result of weak general industry development
- Customers' inventory alignment
- Operating margin holding up well due to disciplined cost control

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	1 215	1 267	-4
Organic, %	-7	-4	
Structural, %	-3	11	
Exchange rate, %	6	5	
Operating profit	124	136	-9
Operating margin, %	10.2	10.8	-0.6 pp

Weaker markets impact sales and profit

Trelleborg Offshore & Construction¹

- Organic sales: +1%
- Good organic sales in oil/gas but challenges remain
- Mixed development in infrastructure projects
- EBIT and margin impacted by mix
- Alignment to current market situation continues

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	1 019	917	11
Organic, %	1	-7	
Structural, %	-	-	
Exchange rate, %	10	7	
Operating profit	46	71	-35
Operating margin, %	4.6	7.7	-3.1 pp

Solid results yet again

Trelleborg Sealing Solutions¹

- Organic sales: -2%
- Mixed geographical and market segment development
- Aerospace and automotive strong, general industry muted
- Customers' inventory alignment
- Solid development due to market positioning and operational control
- Expansion in Bulgaria ongoing

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	2 060	1 929	7
Organic, %	-2	2	
Structural, %	0	-	
Exchange rate, %	9	6	
Operating profit	463	433	7
Operating margin, %	22.4	22.4	0

Organic sales closing on previous year

Trelleborg Wheel Systems¹

- Organic sales: -6%
- Agri segment still depressed
- Industrial tires growth in Europe, but weaker in North America and Asia
- Market positions protect margins
- EBIT slightly impacted by US investments
- Agri market outlook still muted, but easier comps in Q4
- Acquisition of remaining 40% in Mexican industrial tires distributor

SEK M	Q3 2015	Q3 2014	Change, %
Net sales	1 037	1 008	3
Organic, %	-6	-6	
Structural, %	3	-	
Exchange rate, %	6	6	
Operating profit	132	106	25
Operating margin, %	12.7	10.6	2.1 pp



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A solid development

Global leader in automotive antivibration solutions

TrelleborgVibracoustic

- ▶ **Stand-alone** company
- ▶ **Global** organization established
- ▶ **Successful** integration
- ▶ Stand-alone **financing**
- ▶ **Solid** performance



Best results and margin in a single quarter

TrelleborgVibracoustic¹

- Organic sales: +5%
- Sales growth in Europe and North America, softer in Asia
- Brazil still depressed
- Higher volumes and effective cost control yield best results to date
- Highest operating margin to date, strong cash flow improvement
- Preparing the JV for a potential stock market exchange listing

EUR M	Q3 2015	Q3 2014	Change, %
Net sales	470.5	437.3	8
Organic, %	5	1	
Structural, %	-	1	
Exchange rate, %	3	1	
Operating profit excl. items affecting comparability	45.9	38.4	20
Operating margin, %	9.8	8.8	1.0 pp

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



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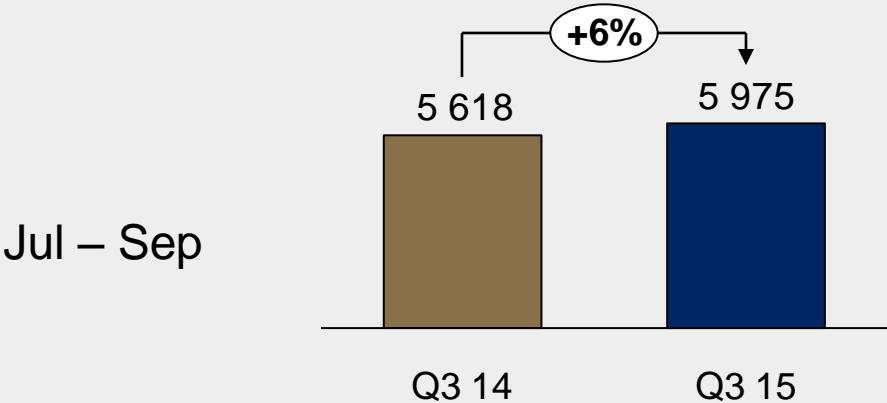
Financials

Summary & Q4 2015 outlook

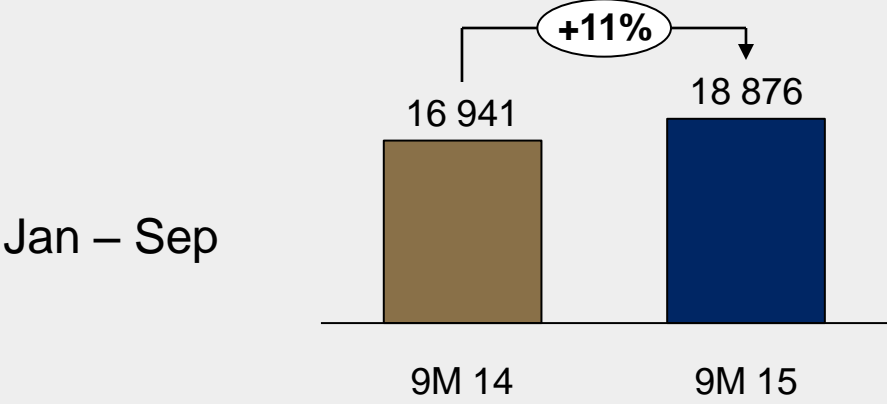
Q&A

Sales driven by acquisitions and FX

Sales development



Jul - Sep [%]	
Organic	-3
Structural	1
Currency	8
Total	6

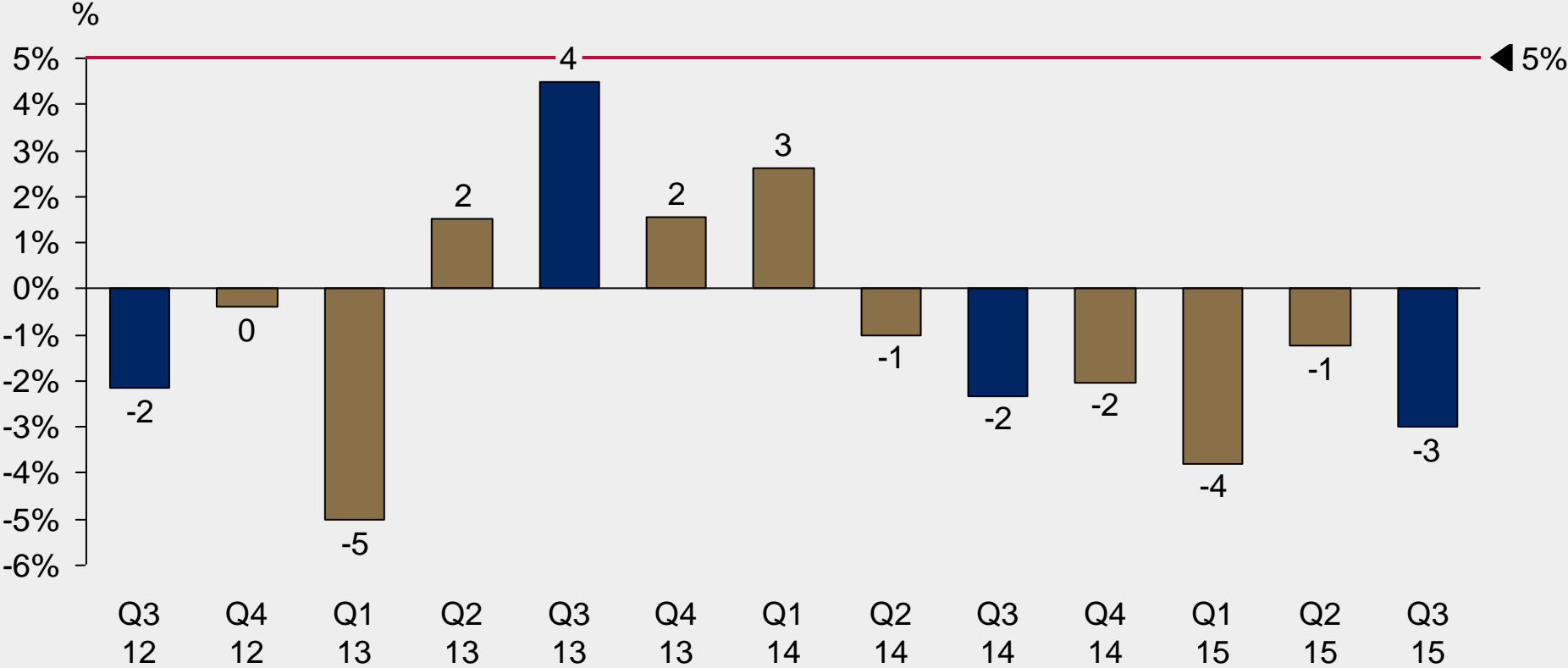


Jan - Sep [%]	
Organic	-2
Structural	3
Currency	10
Total	11



Market conditions remain challenging

Organic sales development



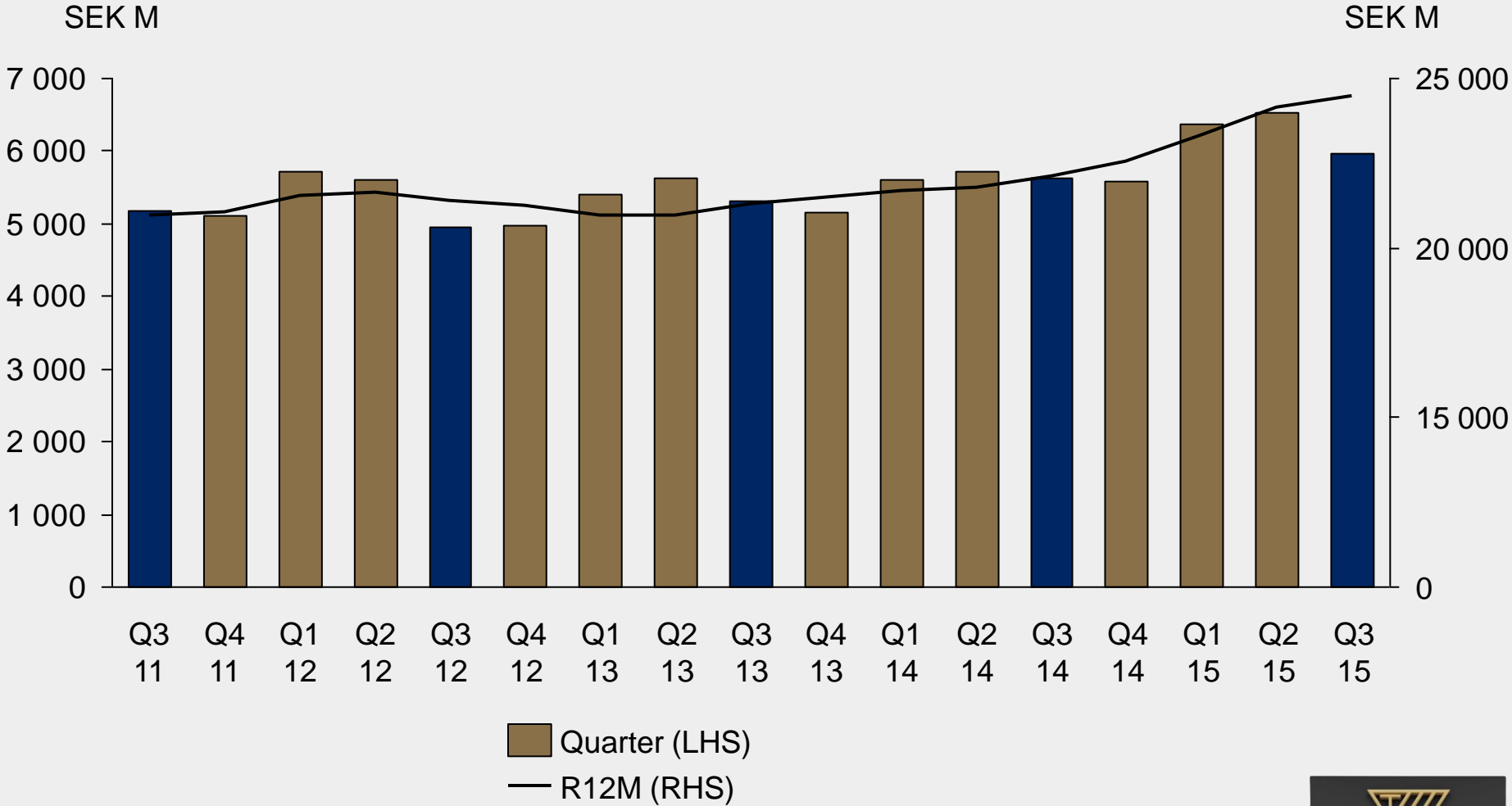
Increased sales despite negative organic growth

Sales per business area

				SEK M				
		Jul - Sep					Jan - Sep	
2015	2014	Change %	Organic %		2015	2014	Change %	Organic %
602	442	36	4	Coated Systems	1 957	1 390	41	1
1 215	1 267	-4	-7	Industrial Solutions	3 913	3 676	6	-5
1 019	917	11	1	Offshore & Construction	3 182	2 743	16	2
2 060	1 929	7	-2	Sealing Solutions	6 393	5 803	10	-1
1 037	1 008	3	-6	Wheel Systems	3 295	3 191	3	-7
118	134			Other items	394	410		
-76	-79			Eliminations	-258	-272		
5 975	5 618	6	-3	Continuing operations	18 876	16 941	11	-2

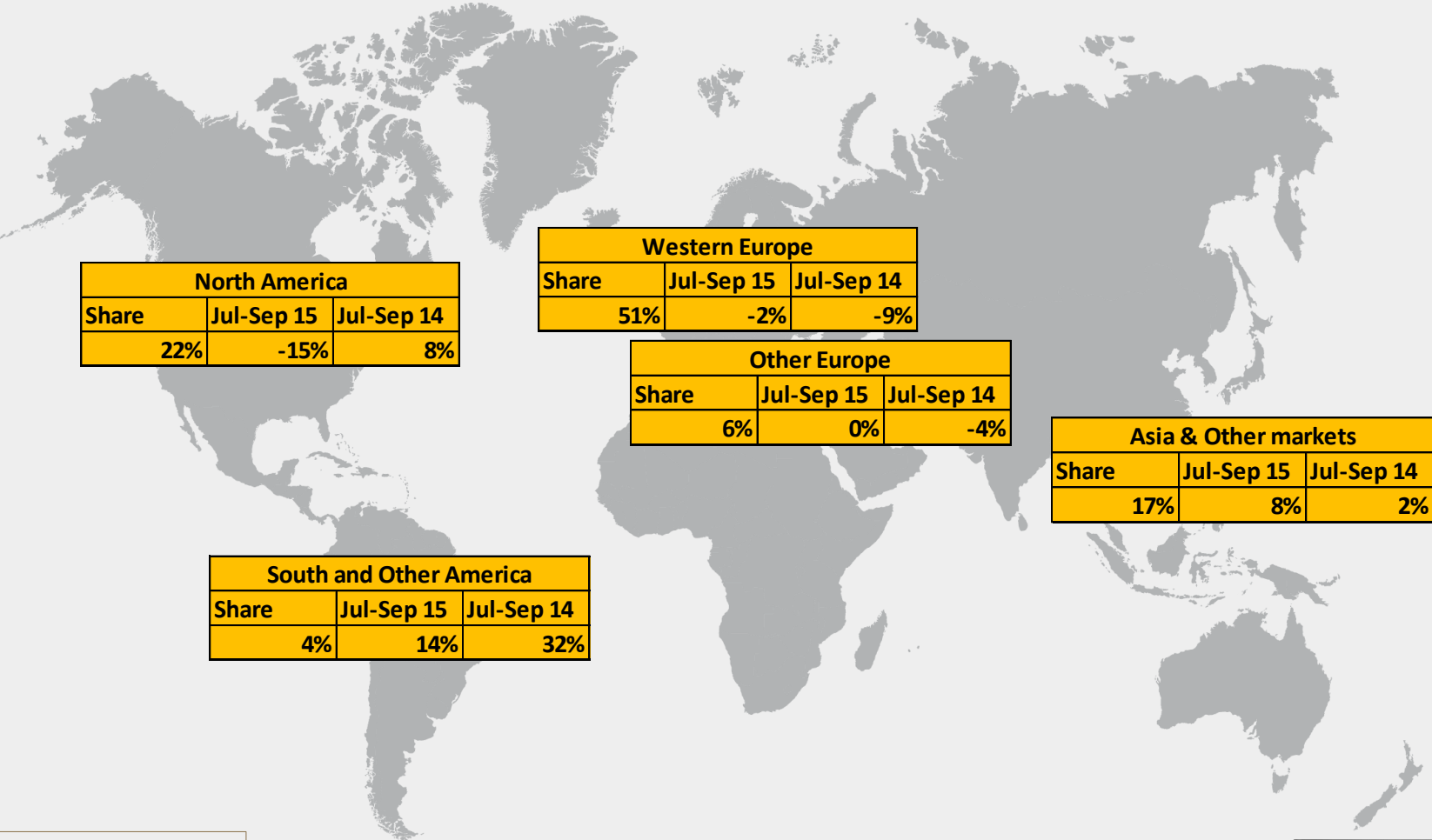
Growing sales supported by F/X movements

Sales development, R12M



Organic sales growth by geography

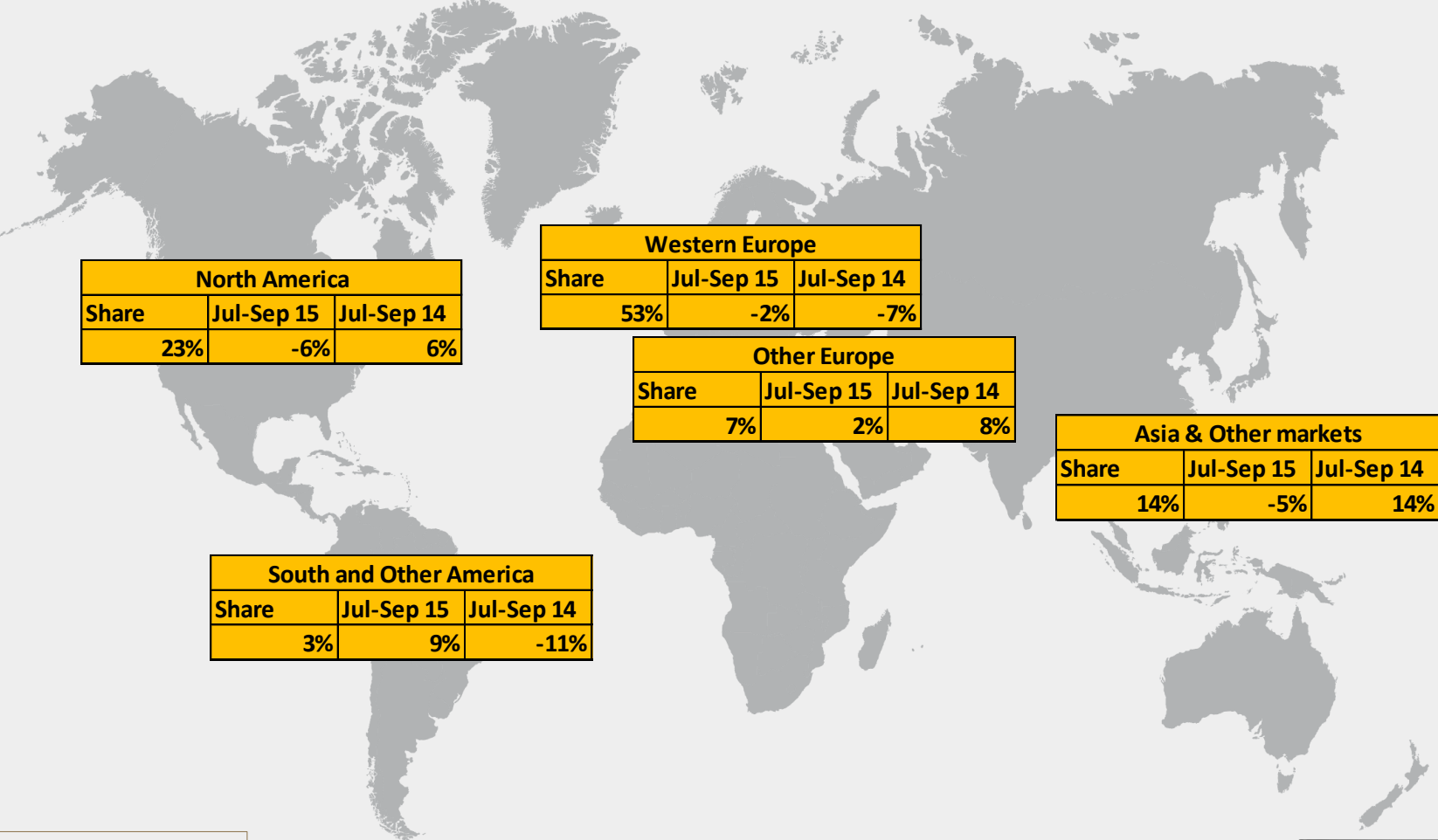
Picture distorted by project-related business



Share = Actual 2014

Organic sales growth by geography

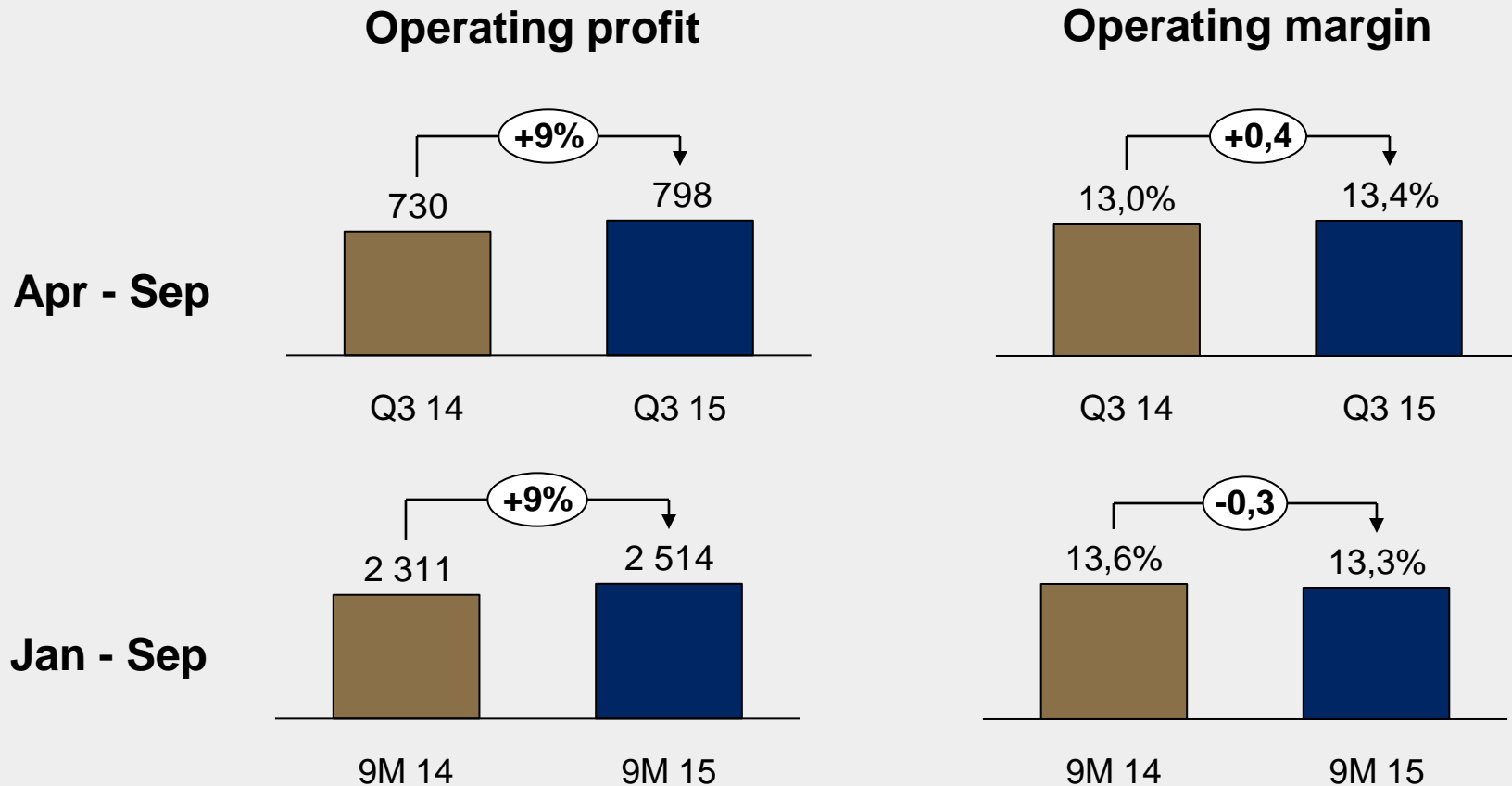
Organic sales excl. project-related business



Share = Actual 2014

Highest Q3 operating profit recorded

Operating profit development¹



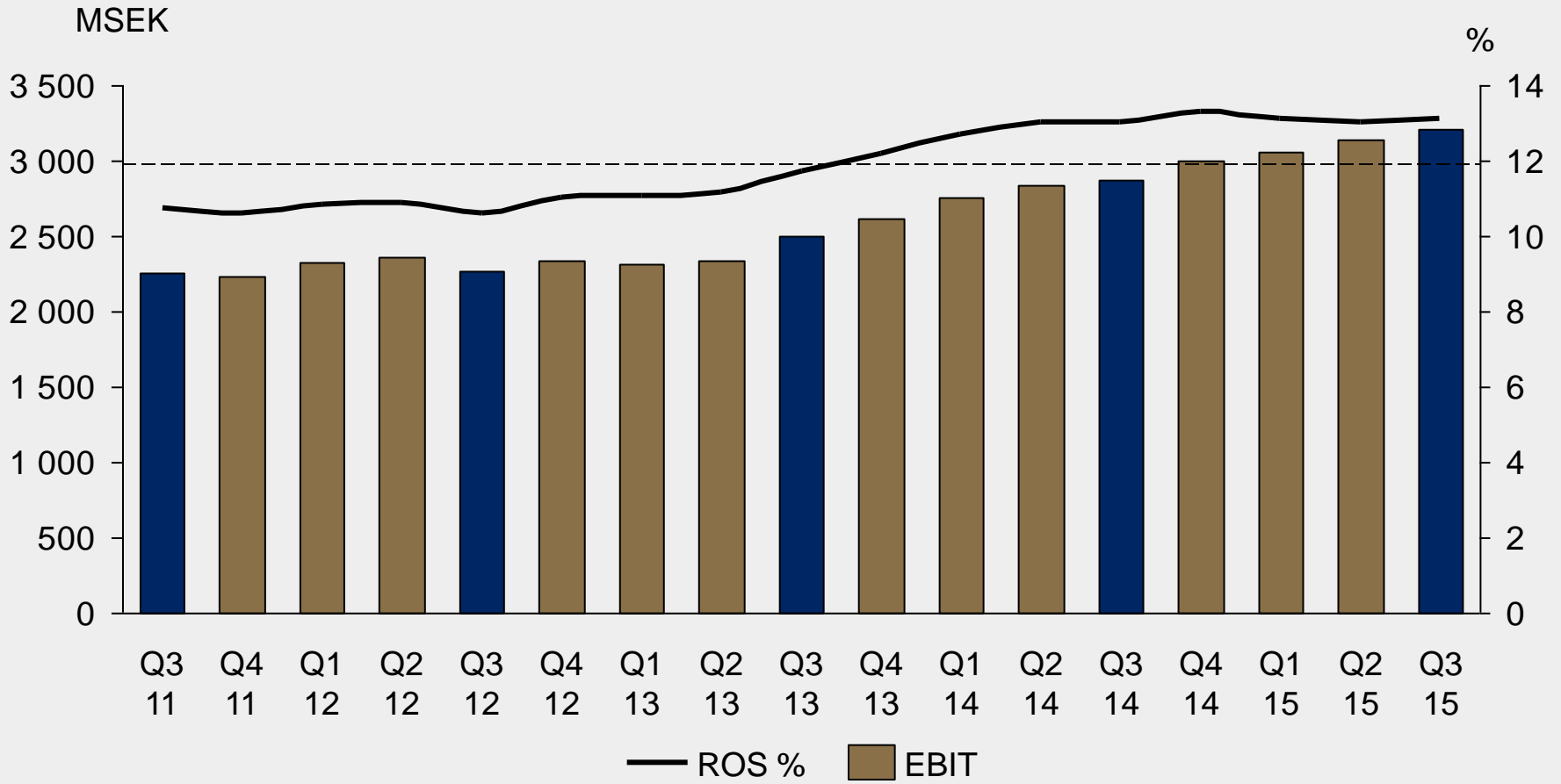
Best Q3 EBIT despite weak agri and oil/gas

Group operating profit per business area¹

Jul - Sep			SEK M	Jan - Sep		
2015	2014	Change %		2015	2014	Change %
66	43	53	Coated Systems	243	164	48
124	136	-9	Industrial Solutions	419	388	8
46	71	-35	Offshore & Construction	122	228	-46
463	433	7	Sealing Solutions	1 484	1 323	12
132	106	25	Wheel Systems	373	401	-7
-33	-59		Other items	-127	-193	
798	730	9	Continuing operations	2 514	2 311	9

Ten quarters of improved profits

EBIT and margin, R12M¹



Total Group

Profit & Loss statement

Jul - Sep			SEK M	Jan - Sep		
2015	2014	Change %		2015	2014	Change %
798	730	9	Operating Profit	2 514	2 311	9
13,4%	13,0%	0,4 pp	Operating Margin	13,3%	13,6%	-0,3 pp
-109	-41		Restructuring costs	-167	-158	
131	110	19	Associated income from Trelleborg Vibracoustic	405	226	79
820	799	3	Operating profit	2 752	2 379	16
-34	-34	0	Financial income and expense	-110	-101	-9
786	765	3	Profit before tax	2 642	2 278	16
-170	-182		Tax, Group total	-581	-542	
616	583	6	Net Profit, continuing operations	2 061	1 736	19
-	-10		Net Profit, discontinuing operations	-	-10	
616	573	8	Net Profit, Total Group	2 061	1 726	19

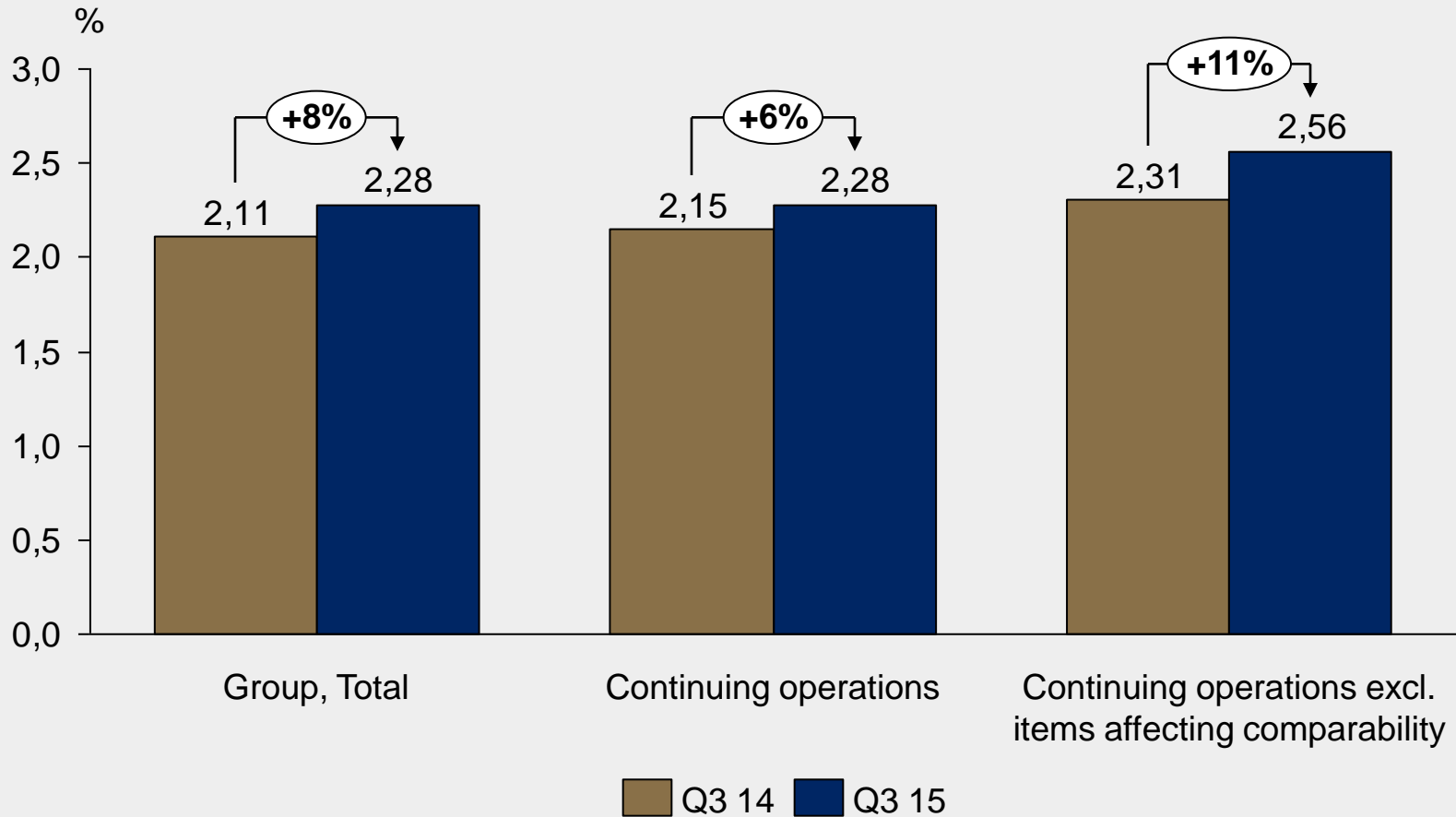
TrelleborgVibracoustic

Impact on Trelleborg's accounts

Jul - Sep 2015	Jul - Sep 2014	EUR M	Jan - Sep 2015	Jan - Sep 2014
45.9	38.4	Operating profit excl. items affecting comparability	139.4	116.5
-0.5	-0.6	Acquisition related costs	-3.4	-3.2
-1.3	-1.5	Amortization on intangible assets	-3.9	-4.6
-1.2	-2.1	Restructuring costs	-7.5	-30.5
42.9	34.2	Operating Profit	124.6	78.2
-3.0	-0.2	Financial net	-1.7	-5.1
39.9	34.0	Profit before tax	122.9	73.1
-11.9	-9.8	Tax	-36.4	-23.0
28.0	24.2	Net profit	86.5	50.1
262	220	Net profit SEK	810	452
14.0	12.1	Trelleborg share (net impact)	43.3	25.1
131	110	Trelleborg share (net impact) SEK	405	226

Underlying EPS increased by 11 percent

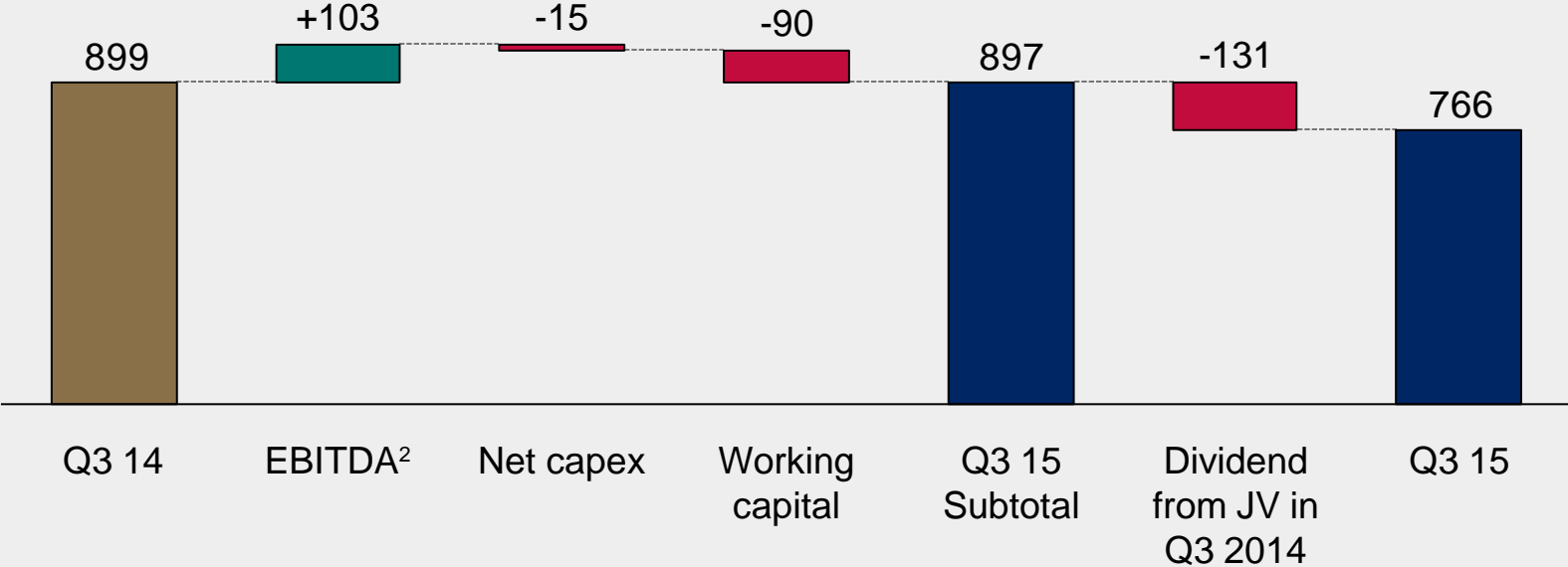
Earnings per share – third quarter



Underlying cash flow in line with last year

Operating cash flow¹

Jul - Sep



¹ Excluding items affecting comparability and TrelleborgVibracoustic

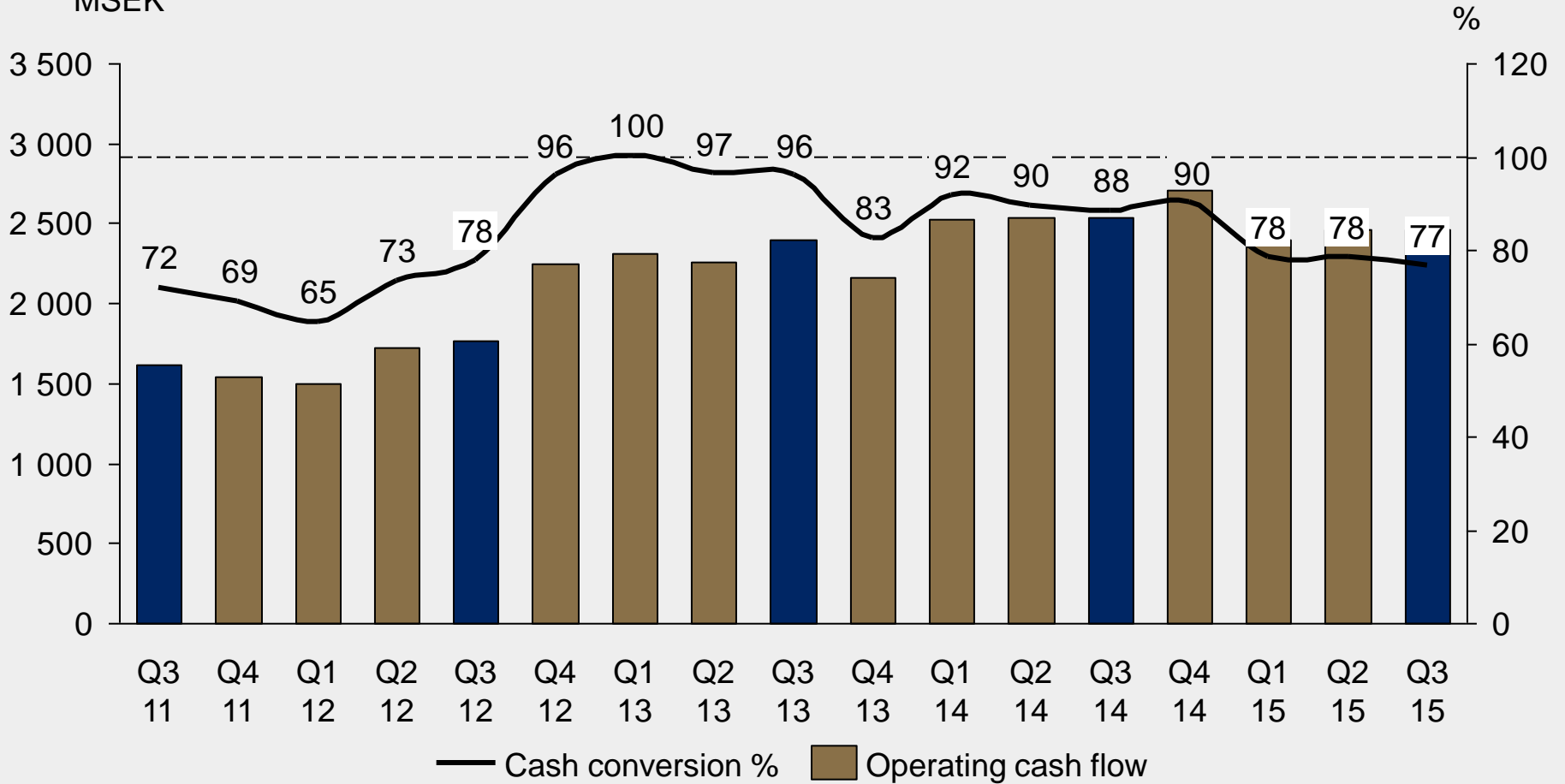
² Including other non cash flow affecting items



Stable cash conversion

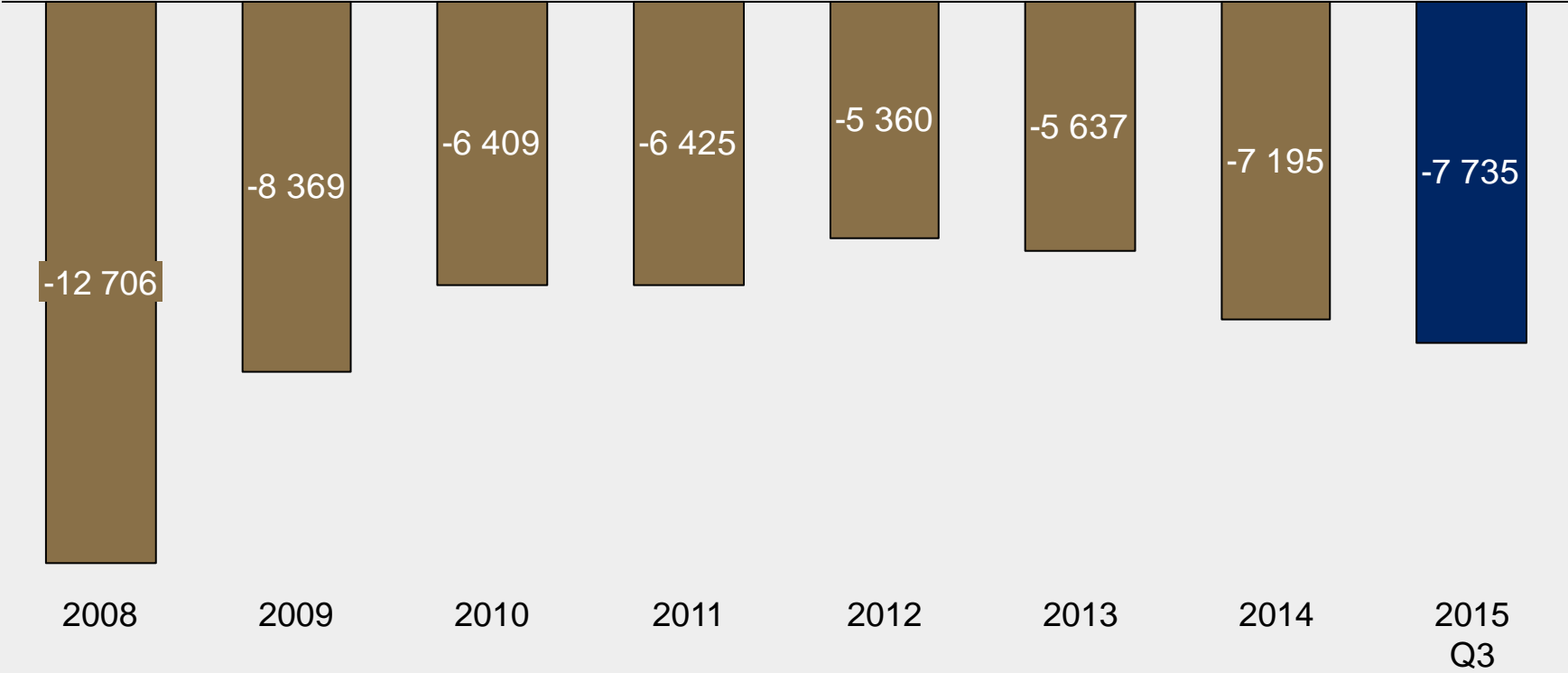
Operating cash flow, R12M¹

MSEK



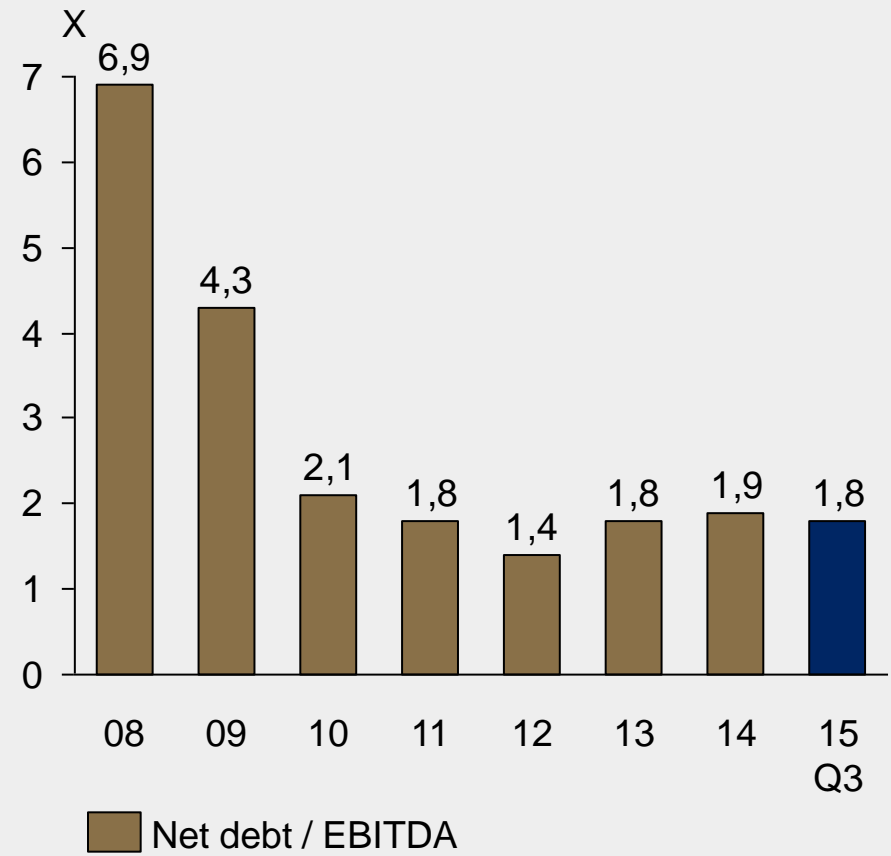
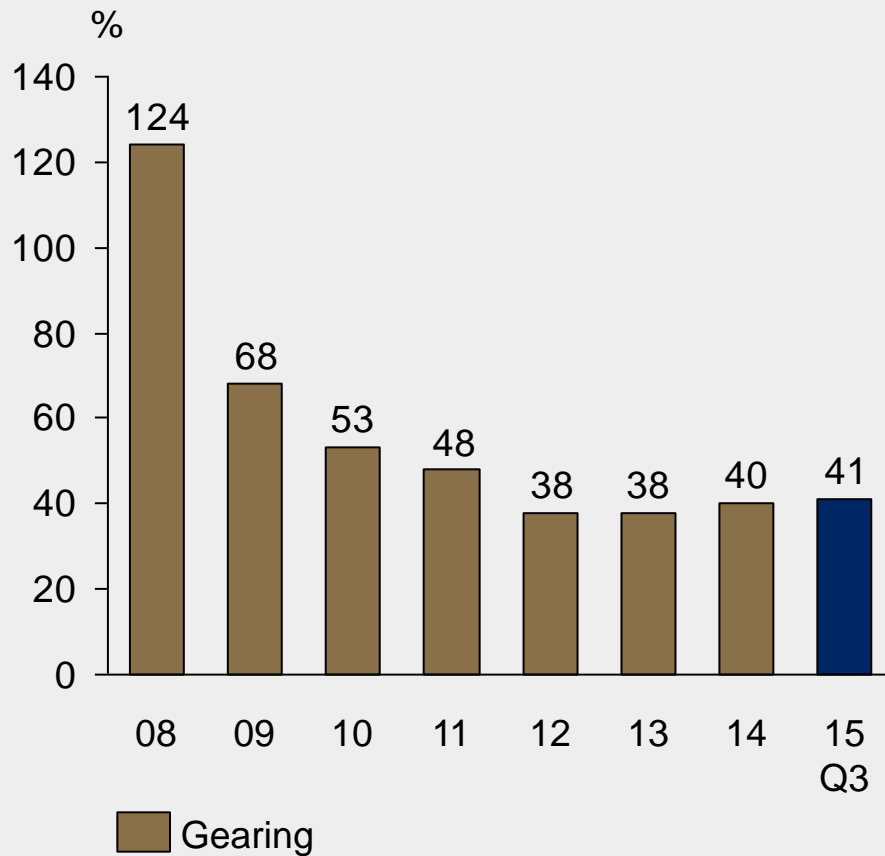
Net debt impacted by currency effects

Net debt development¹



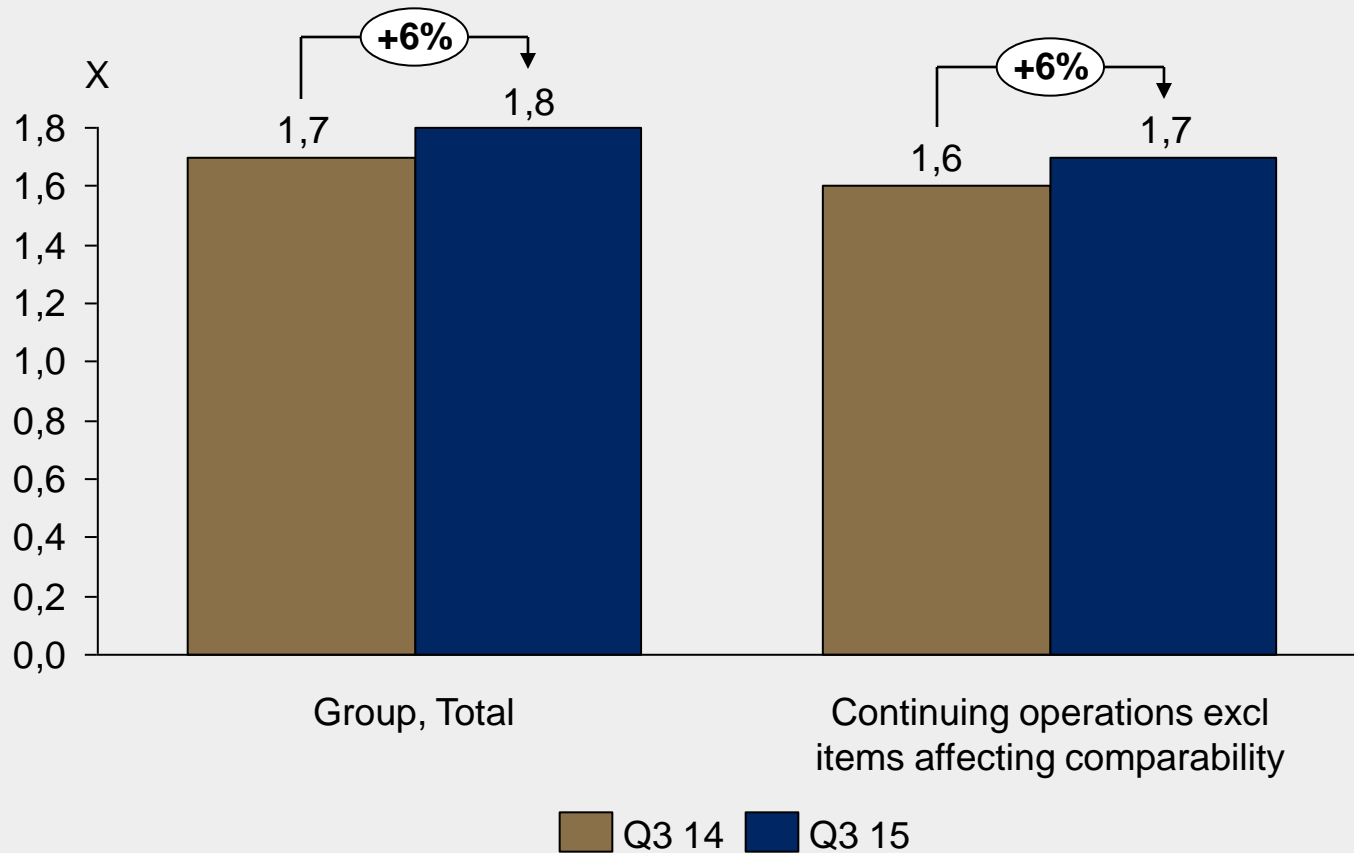
Gearing on par with last year

Net debt / EBITDA R12M and gearing development¹



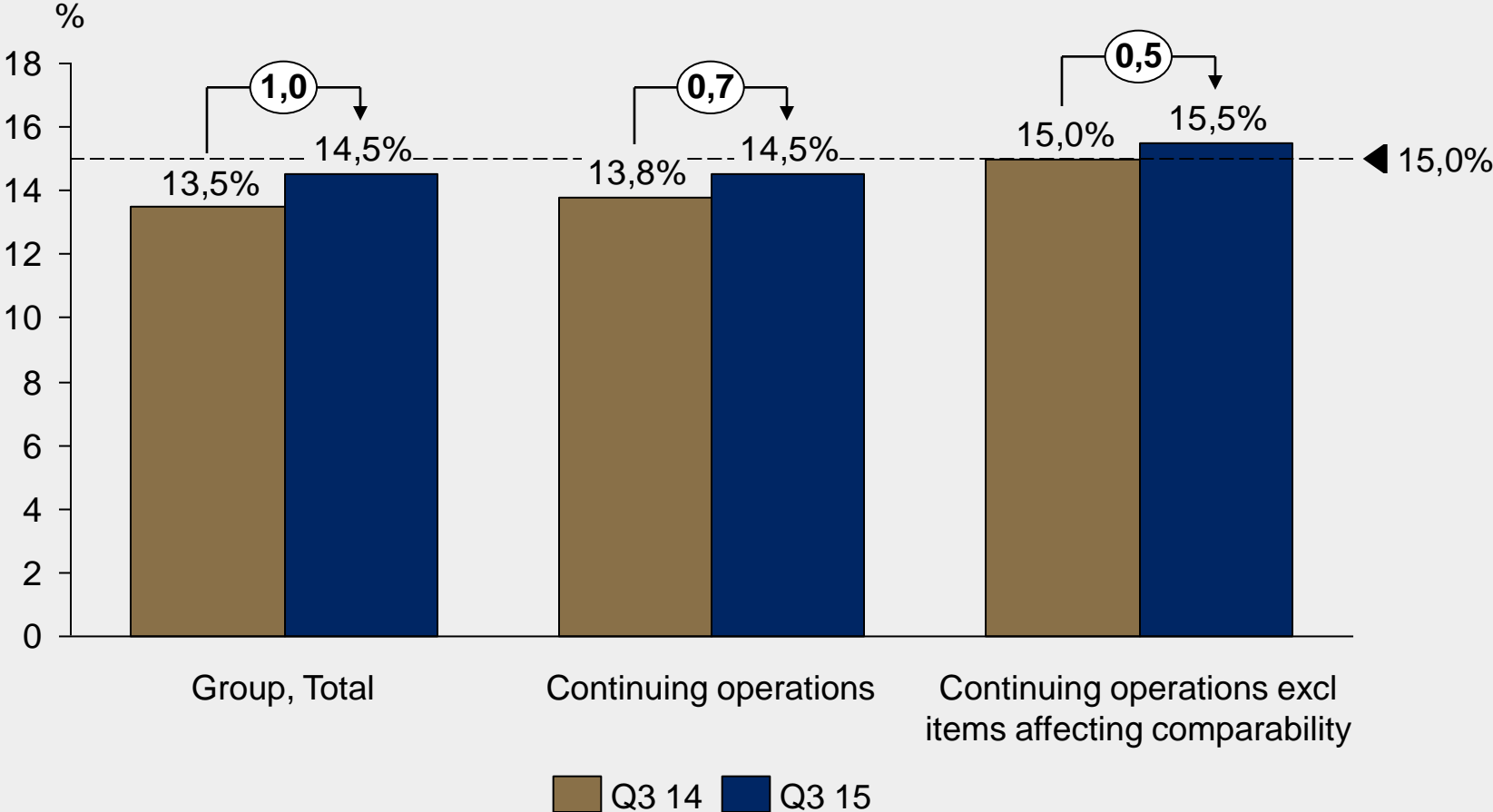
Debt ratios remain on stable levels

Net debt / EBITDA, R12M



ROE on long term target

Return On Equity, R12M





Financial guidelines for full-year 2015

Trelleborg Group:

- Restructuring costs: ~SEK 250 M
- Capex: ~SEK 1,100-1,200 M
- Tax rate¹: ~28%

TrelleborgVibracoustic (50% ownership):

- Restructuring costs: ~EUR 20 M
- Annual impact from purchase price allocation (PPA): ~EUR 6 M
- Tax rate¹: ~29%



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- Uncertainty regarding market direction prevails
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Continued focus on growth and excellence

2015 priorities

- Manage uncertain market conditions
- Continued focus on innovation, profitable growth, selected segments and geographies
- Manage margin development through operational excellence and improved customer integration
- Continued portfolio management to improve leading positions
- TrelleborgVibracoustic

Outlook Q4 2015

- Demand is expected to be on a par with, or slightly weaker, than the third quarter of 2015, adjusted for seasonal variations



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Questions & Answers