



Trelleborg interim report

January – March 2016

Peter Nilsson, President & CEO

Ulf Berghult, CFO



Agenda

Highlights

Business areas

Financials

Summary & Q2 2016 outlook

Q&A

Satisfactory start of the year

Q1 2016 highlights

- Organic Y/Y sales decline, driven by lower project-related deliveries, muted general industry development and FX headwind
- Good market positions and cost control improved the EBIT to highest first quarter level to date
- Trelleborg's EBIT-margin at 13.8% - solid level despite exposure to tough agri and oil/gas markets
- Final agreement to sell 50% share in Vibracoustic to Freudenberg – transaction expected to close in Q2
- New US agri tire plant officially inaugurated – first tires produced
- CGS last filing in late March – EU decision expected in Q2

Organic growth initiatives and acquisitions

Recap of Q1 2016 events

- Acquisition of Loggers Rubbertechneik B.V., a Netherlands-based engineering company that provides specially engineered anti-vibration solutions, principally within marine applications
- Decision to build a new business area office in Stuttgart, Germany, which as of mid-2018 will house a significantly expanded Innovation Center

CGS acquisition update

Recap of Q1 2016 events

- CGS acquisition has been filed to relevant authorities in six jurisdictions, approval received from five jurisdictions so far
- The EU Commission's final clearance decision expected in Q2 2016

Vibracoustic exit – transaction summary

Post Q1 2016 events

- Trelleborg has signed a final agreement to sell its 50 percent share in Vibracoustic to Freudenberg
- Clean and quick execution vs. an IPO in a turbulent market
- Deal expected to be finalized in Q2 2016, subject to the approval from relevant authorities. Transaction effective as from January 1, 2016
- From Q1 2016, Vibracoustic will be reported as Asset Held for Sale
- In the Income Statement for previous periods, the associate income from Vibracoustic will be restated as Discontinuing Operations

Vibracoustic exit – financial details

Post Q1 2016 events

- The transaction is based on an enterprise value of EUR 1.8 billion for Vibracoustic
- Trelleborg will receive SEK ~6.8 billion, in addition to the dividend of SEK ~1.4 billion received in December 2015 = SEK ~8.2 billion
- Approximately 10 percent of the purchase consideration is subject to Vibracoustic's sales performance in 2016 and 2017
- Consequently, the final consideration may be somewhat higher or lower than the above equity value of SEK ~6.8 billion
- Capital gain of SEK ~4 billion, of which the full amount will increase Trelleborg's equity

Trelleborg in transition

Post Q1 2016 events

- The divestment of Trelleborg's 50 percent share in Vibracoustic, as well as the acquisition of CGS, are both expected to be finalized in Q2 2016
- Both deals will have a significant impact on Trelleborg's key financial items, both separately and combined, and with some time lag as respective transaction is completed
- Trelleborg will, subject to the timing of both transaction closures, provide updated key financial information ahead of next quarterly report

Satisfactory start of the year

Group financial highlights, Q1 2016

Net sales

- Sales: -4%; Organic: -4%;
Structure: +2%; Currency -2%

Earnings

- Highest first quarter EBIT to date
- Negative FX impact
- Restructuring timing effect

Cash flow

- Operating cash flow improved in a seasonally weaker period
- R12M cash conversion at 76%

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	6 095	6 370	-4
Organic	-4	-4	
Structural	2	4	
Exchange rate	-2	14	
Operating profit excl. items affecting comparability	841	833	1
Operating margin, %	13.8	13.1	0.7 p.p.
Items affecting comparability ¹	-115	-35	
Reported operating profit	726	798	-9
Operating cash flow	228	59	286

¹ Consists of restructuring charges of SEK -115 M (-35) and one-off items of SEK 0 M (0).



Agenda

Highlights

Business areas

Financials

Summary & Q2 2016 outlook

Q&A

Tough market conditions in general industry

Trelleborg Coated Systems¹

- Organic sales: -7%
- Engineered fabrics weaker linked to specific market segments
- Printing blankets weaker in Europe, growth in North America
- EBIT and margin lower due to lower sales
- Several structural initiatives in final phases

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	631	683	-8
Organic, %	-7	-1	
Structural, %	-	24	
Exchange rate, %	-1	21	
Operating profit	76	90	-16
Operating margin, %	12.1	13.2	-1.1 p.p.

Muted general industry in most geographies

Trelleborg Industrial Solutions¹

- Organic sales: -2%
- Mixed geographical and market segment sales development
- Fewer oil/gas deliveries
- Lower profits as a result of weak general industry development
- Margin reflecting cost discipline and good market positions
- Dutch bolt-on acquisition

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	1 283	1 340	-4
Organic, %	-2	-6	
Structural, %	-	9	
Exchange rate, %	-2	10	
Operating profit	123	141	-13
Operating margin, %	9.6	10.5	-0.9 p.p.

Mixed development, tough oil/gas conditions

Trelleborg Offshore & Construction¹

- Organic sales: -13%
- Weak organic sales in oil/gas and challenges remain
- Mixed development in infrastructure projects
- EBIT and margin increase due to easy comp's and cost control
- Alignment to current market situation continues

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	902	989	-9
Organic, %	-13	-2	
Structural, %	7	-	
Exchange rate, %	-3	17	
Operating profit	23	8	188
Operating margin, %	2.6	0.8	1.8 p.p.

Solid performance despite lackluster markets

Trelleborg Sealing Solutions¹

- Organic sales: -2%
- Mixed geographical and market segment development
- Aerospace and automotive strong, general industry still muted
- Solid development due to market positioning and operational control
- Decision to build a new business area office including significantly expanded Innovation Center

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	2 127	2 204	-3
Organic, %	-2	1	
Structural, %	-	-	
Exchange rate, %	-1	14	
Operating profit	496	525	-6
Operating margin, %	23.3	23.8	-0.5 p.p.

Production of agri tires in the US has started

Trelleborg Wheel Systems¹

- Organic sales: 1%
- Agri sales increase in all channels, mostly due to easy comp's
- Industrial tires somewhat weaker
- Good cost control
- Sales mix had positive margin impact
- New US agri tire plant officially inaugurated – first tires produced

SEK M	Q1 2016	Q1 2015	Change, %
Net sales	1 144	1 122	2
Organic, %	1	-11	
Structural, %	3	1	
Exchange rate, %	-2	10	
Operating profit	156	116	34
Operating margin, %	13.6	10.3	3.3 p.p.



Agenda

Highlights

Business areas

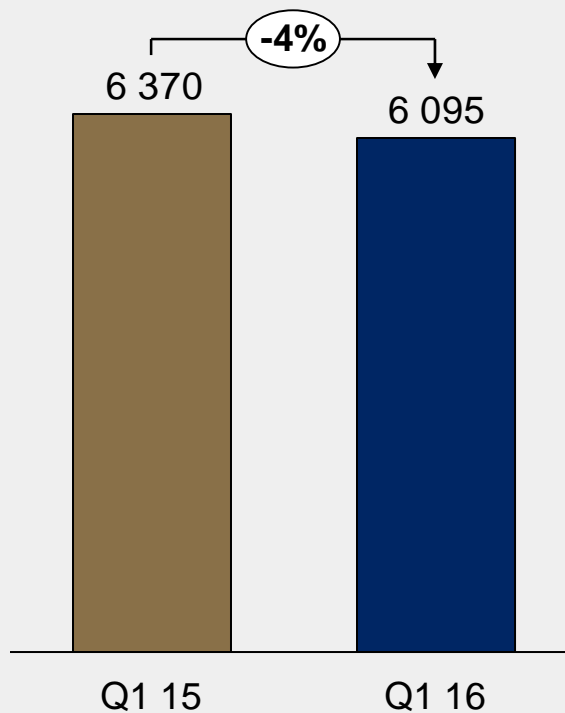
Financials

Summary & Q2 2016 outlook

Q&A

Lower sales driven by organic decline and FX

Sales development

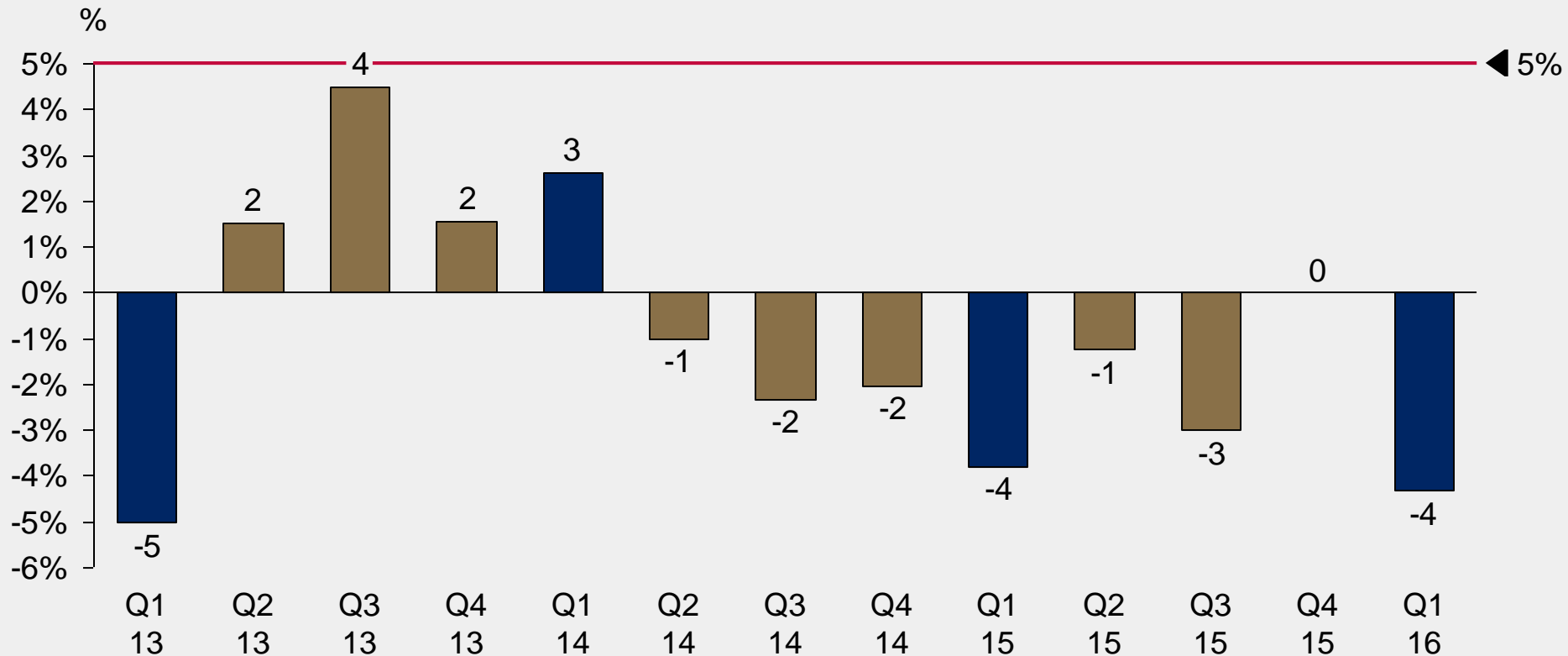


January - March, %

Organic	-4
Structural	2
Currency	-2
Total	-4

Market conditions remain challenging

Organic sales development



Lower sales in line with organic decline

Sales per business area

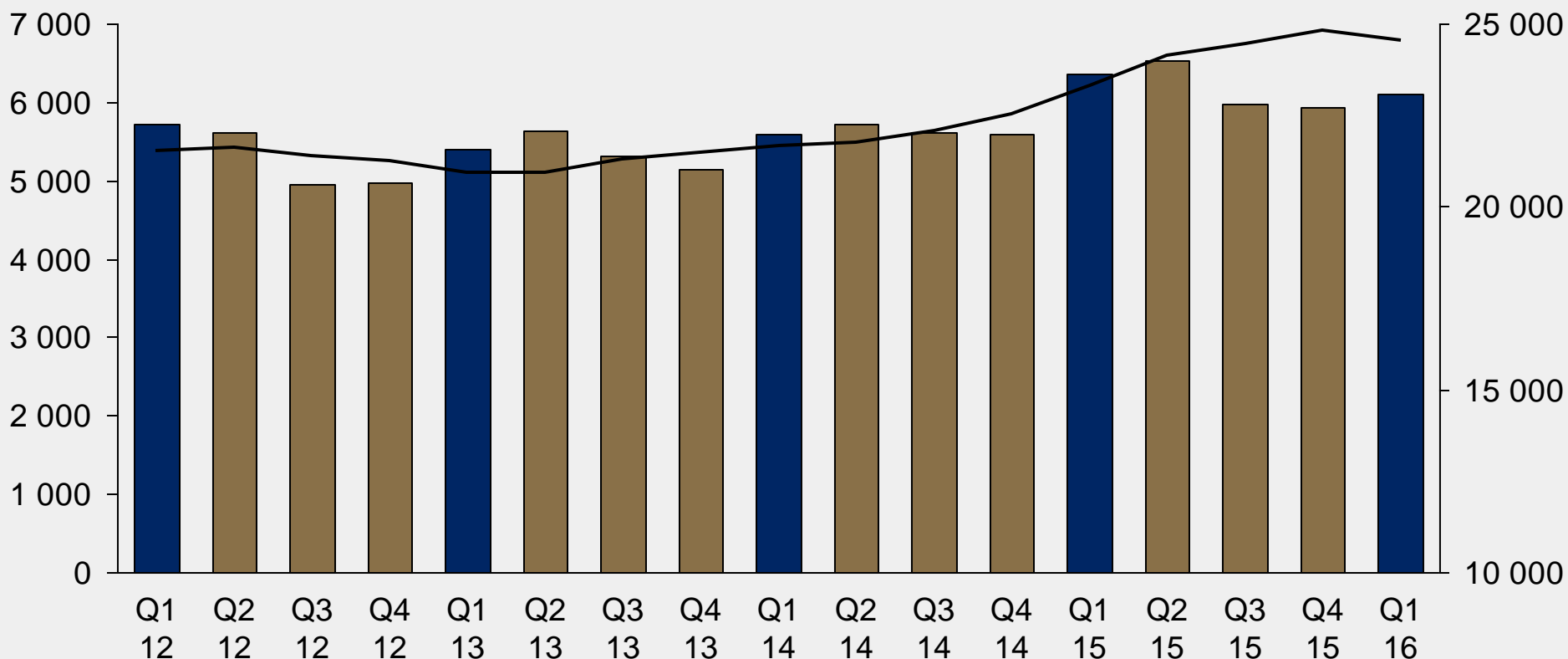
SEK M	January - March			
	2016	2015	Change %	Organic %
Coated Systems	631	683	-8	-7
Industrial Solutions	1 283	1 340	-4	-2
Offshore & Construction	902	989	-9	-13
Sealing Solutions	2 127	2 204	-3	-2
Wheel Systems	1 144	1 122	2	1
Other items	107	127		
Eliminations	-99	-95		
Continuing operations	6 095	6 370	-4	-4

Lower sales driven by organic decline and FX

Sales development, R12M

SEK M

SEK M



Quarter (LHS)
R12M (RHS)

Organic sales development by geography

Picture distorted by project-related business

North America		
Share	Jan-Mar 16	Jan-Mar 15
24%	-12%	-2%

Western Europe		
Share	Jan-Mar 16	Jan-Mar 15
48%	-4%	-5%

Other Europe		
Share	Jan-Mar 16	Jan-Mar 15
6%	5%	-8%

Asia & Other markets		
Share	Jan-Mar 16	Jan-Mar 15
18%	1%	-3%

South and Other America		
Share	Jan-Mar 16	Jan-Mar 15
4%	13%	20%

Share = Actual 2015

Organic sales development by geography

Organic sales excl. project-related business¹

North America		
Share	Jan-Mar 16	Jan-Mar 15
26%	-4%	-3%

Western Europe		
Share	Jan-Mar 16	Jan-Mar 15
50%	-3%	-6%

Other Europe		
Share	Jan-Mar 16	Jan-Mar 15
7%	6%	3%

Asia & Other markets		
Share	Jan-Mar 16	Jan-Mar 15
14%	0%	10%

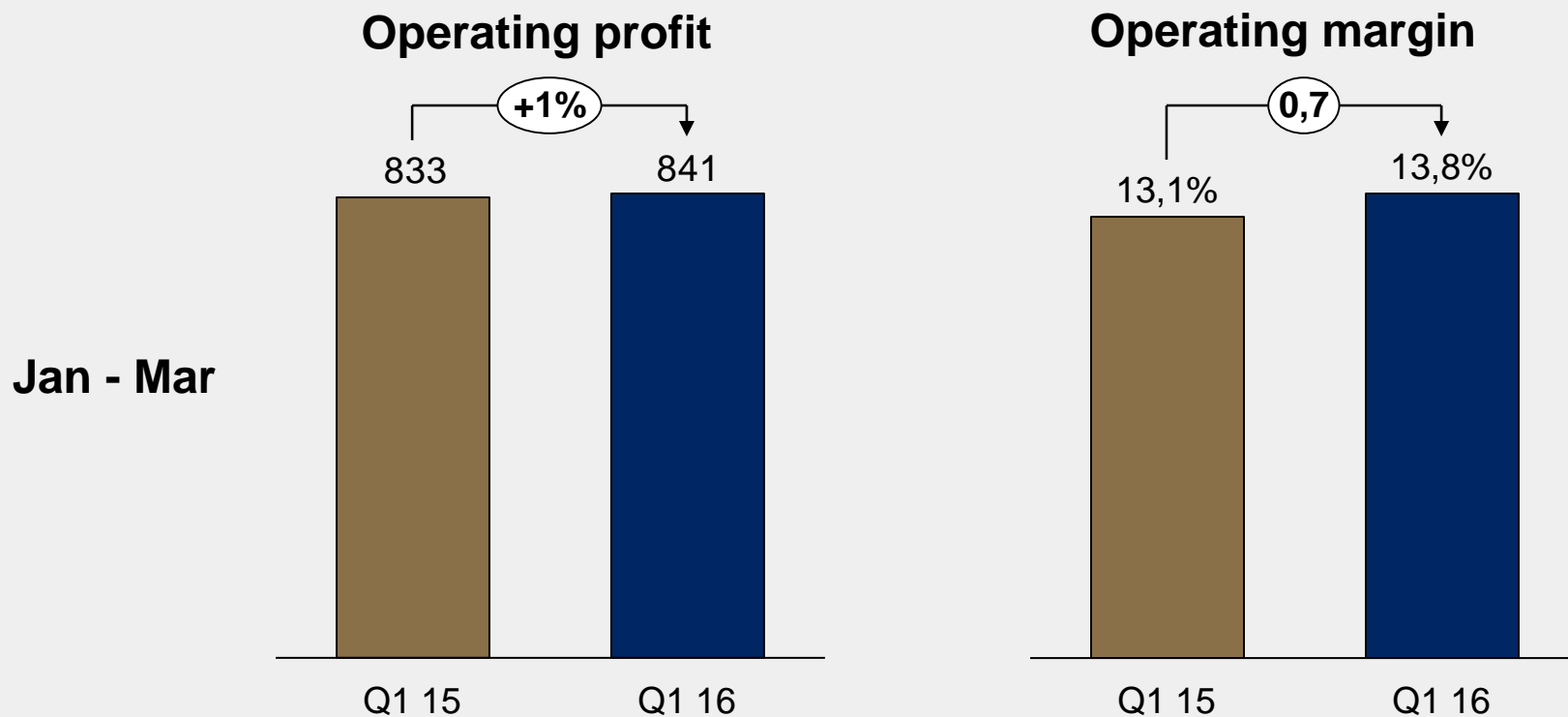
South and Other America		
Share	Jan-Mar 16	Jan-Mar 15
3%	2%	-13%

Share = Actual 2015

¹ Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions' operations

Highest Q1 operating profit recorded

Operating profit development¹



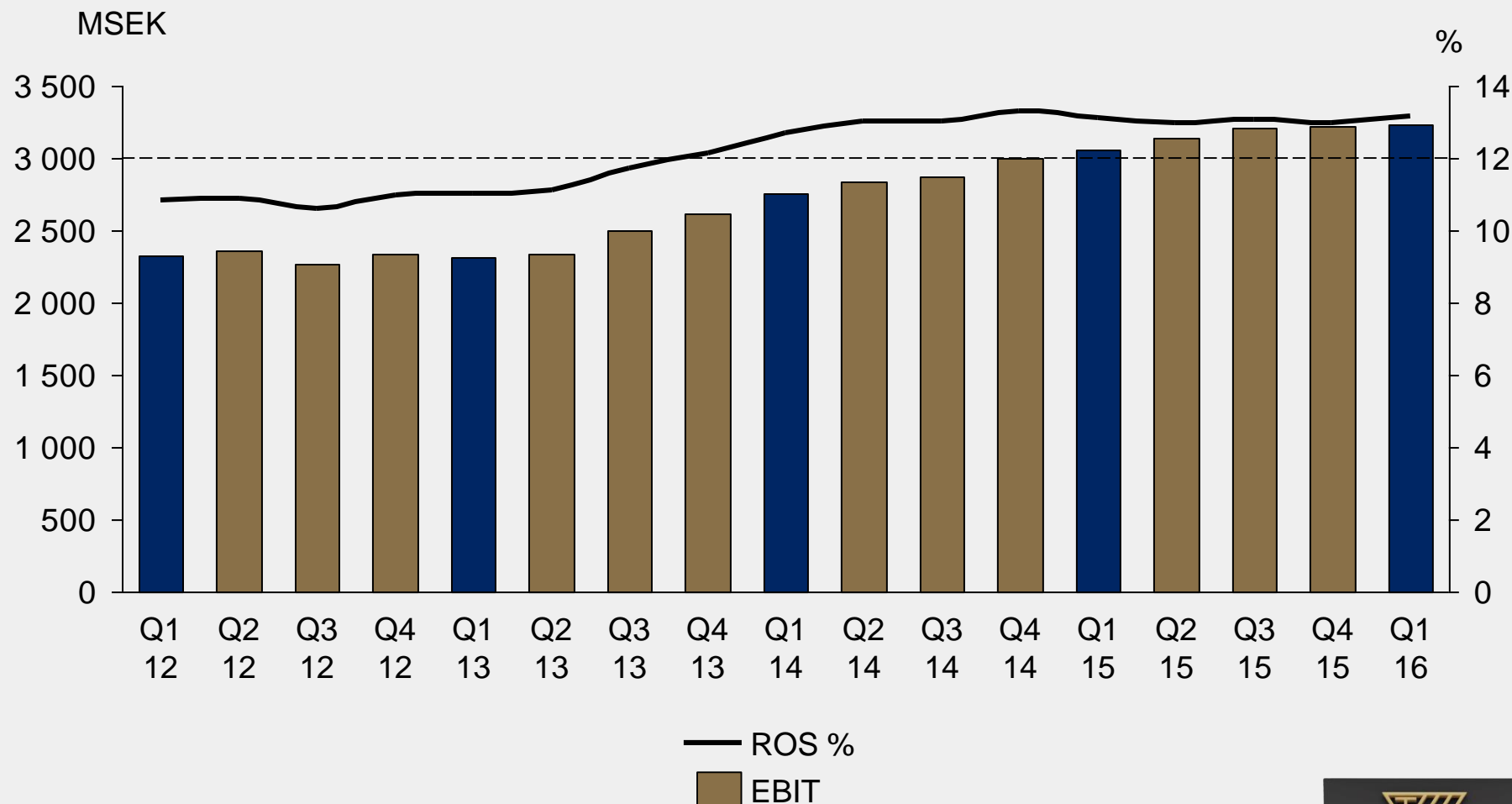
Best Q1 EBIT, despite soft market conditions

Group operating profit per business area¹

SEK M	January - March		
	2016	2015	Change %
Coated Systems	76	90	-16
Industrial Solutions	123	141	-13
Offshore & Construction	23	8	188
Sealing Solutions	496	525	-6
Wheel Systems	156	116	34
Other items	-33	-47	
Continuing operations	841	833	1

Twelve quarters of improved profits

EBIT and margin, R12M¹



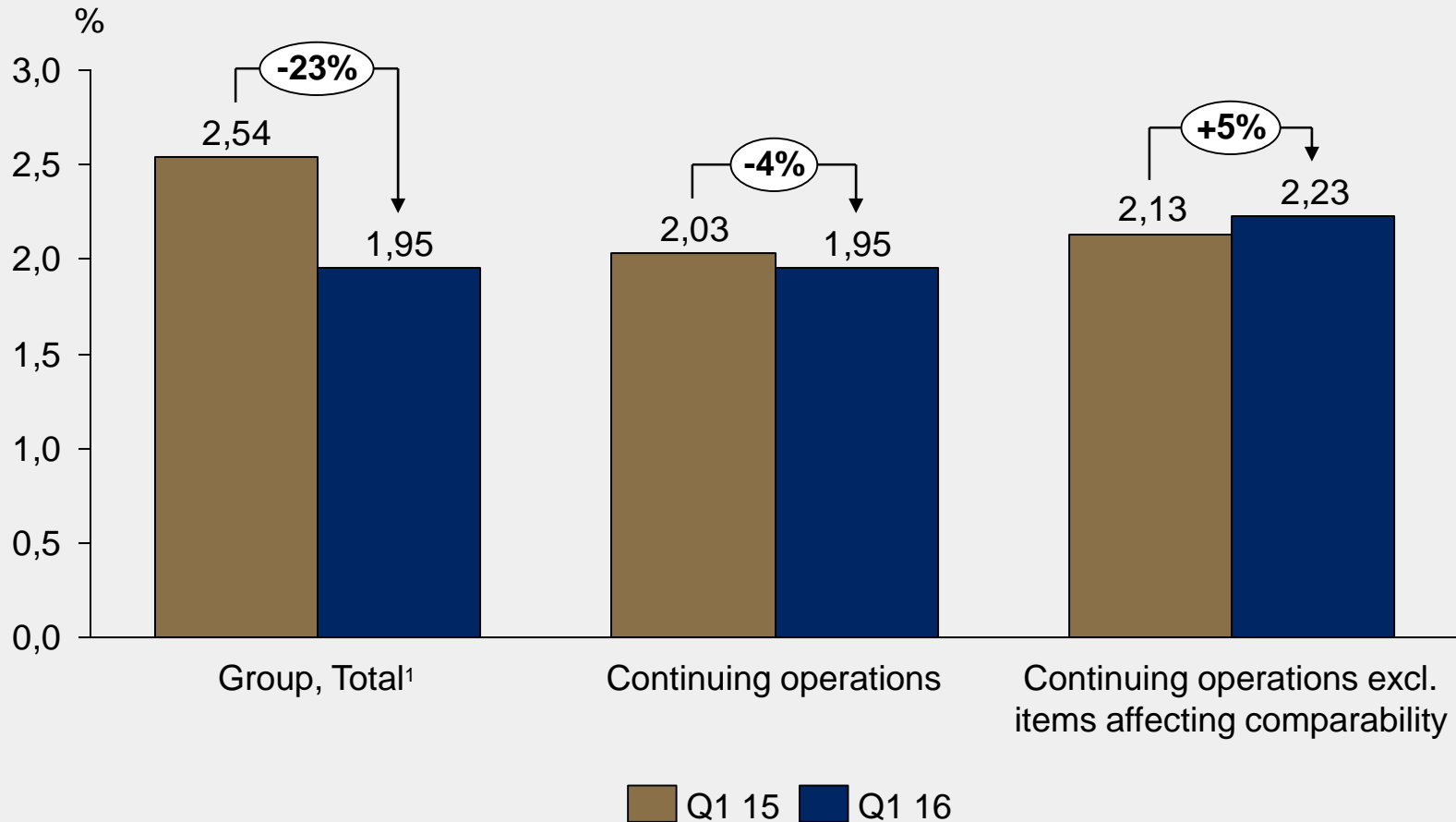
Total Group

Profit & Loss statement

SEK M	January - March		
	2016	2015	Change %
Operating Profit	841	833	1
Operating Margin	13,8%	13,1%	0,7 pp
Restructuring costs	-115	-35	
Operating profit	726	798	-9
Financial income and expenses	-47	-35	-34
Profit before tax	679	763	-11
Tax, Group total	-150	-211	
Net Profit, continuing operations	529	552	-4
Net Profit, discontinuing operations ¹	-	137	
Net Profit, Total Group	529	689	-23

EPS declined by 4 percent, due to higher restructuring costs

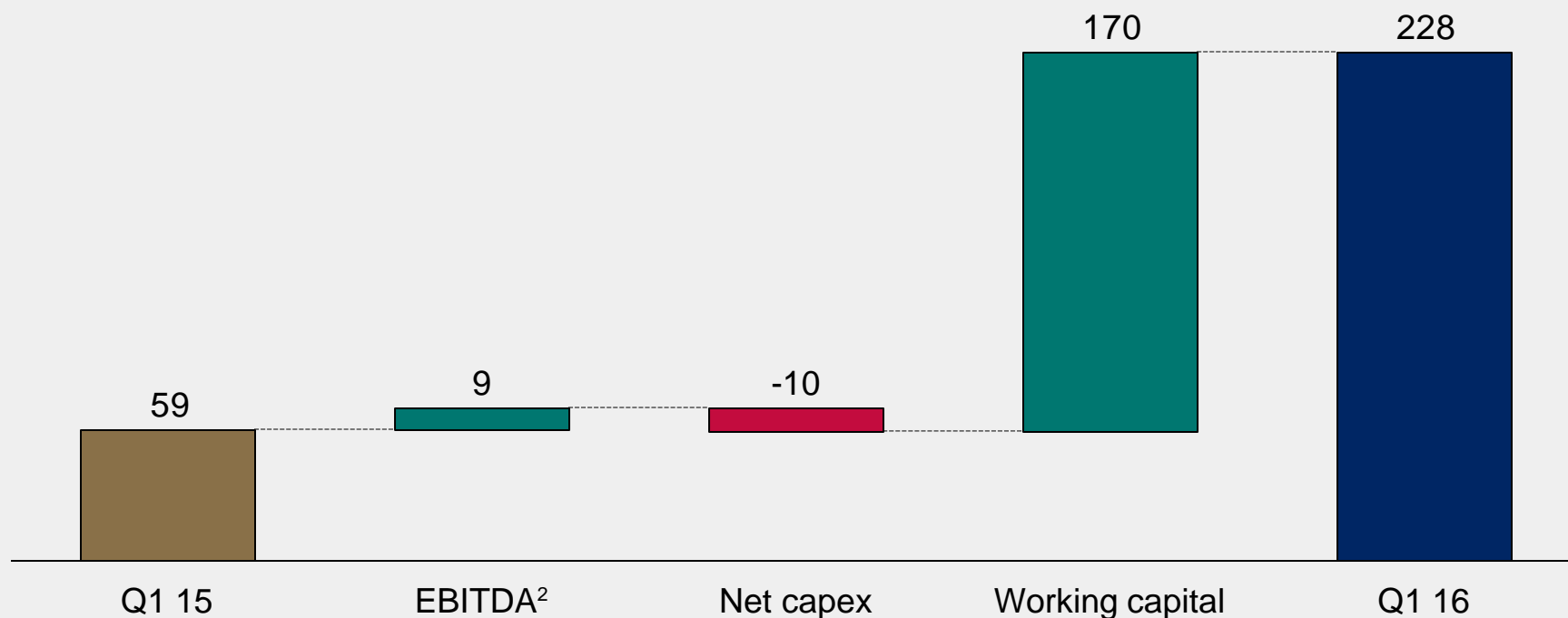
Earnings per share – first quarter



¹ Vibracoustic included in Q1 15, but not in Q1 16

Cash flow driven by WC improvements

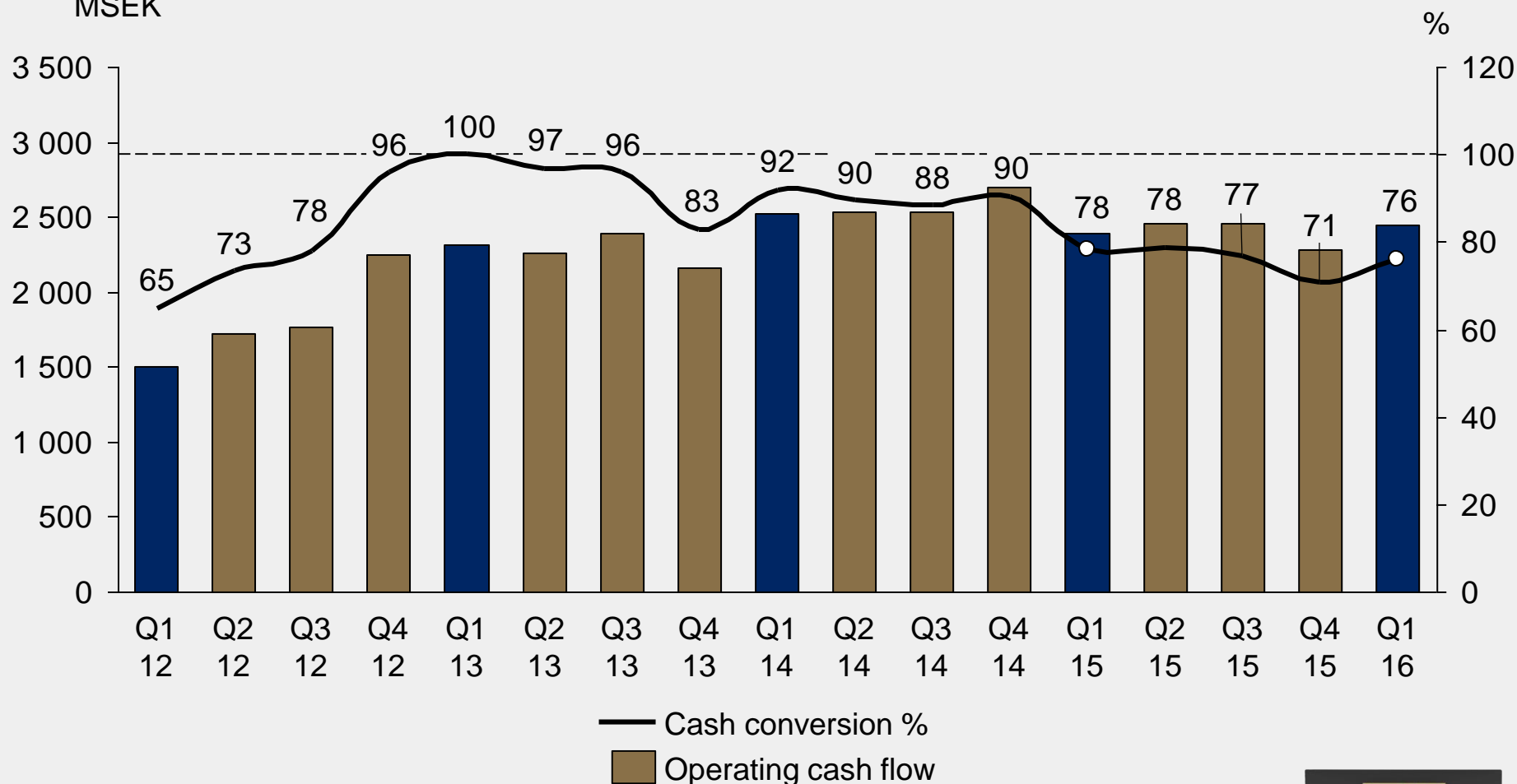
Operating cash flow¹
January - March



Higher capex reflects on cash conversion

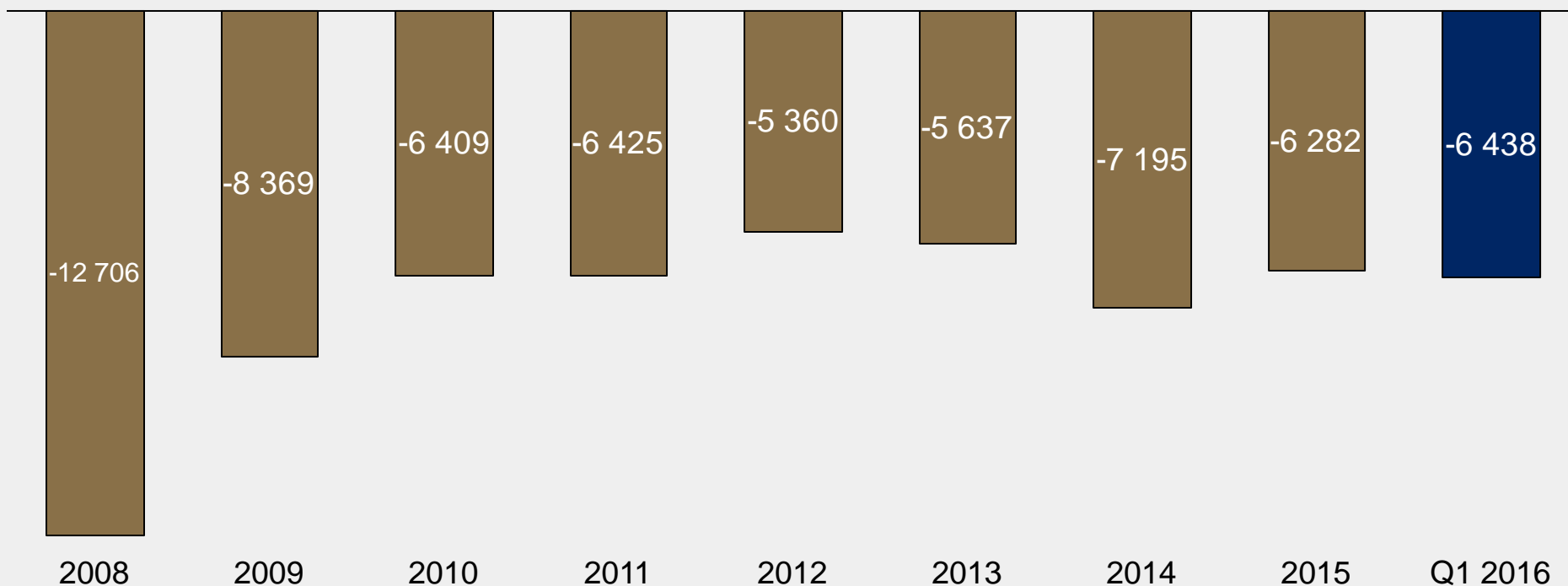
Operating cash flow, R12M¹

MSEK



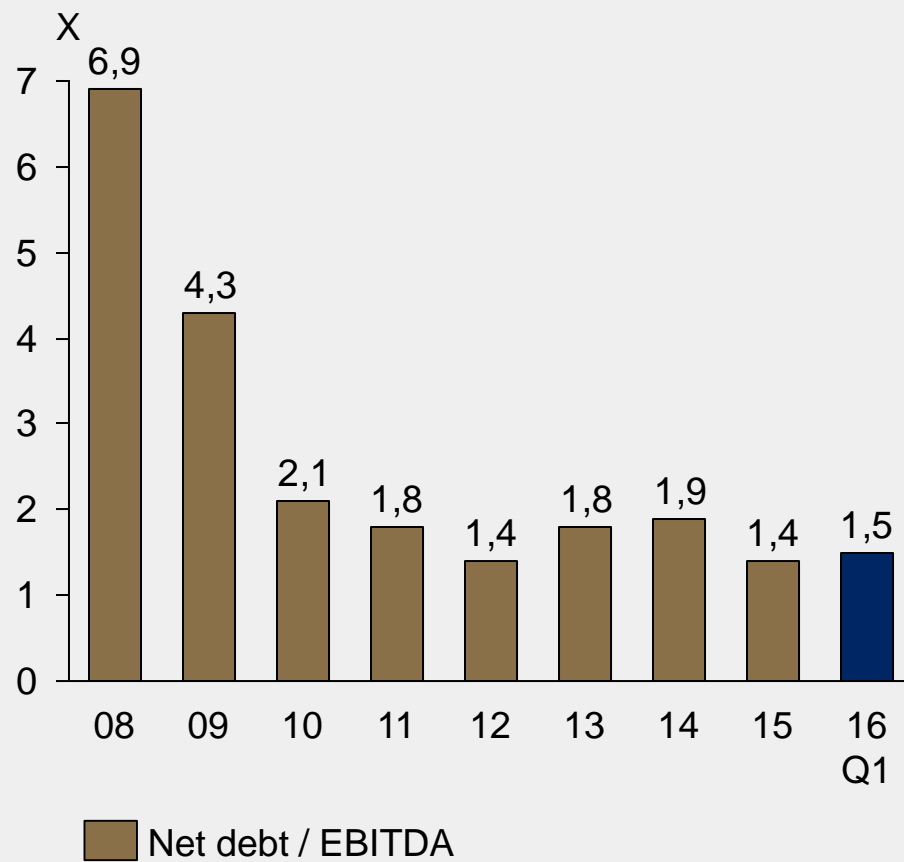
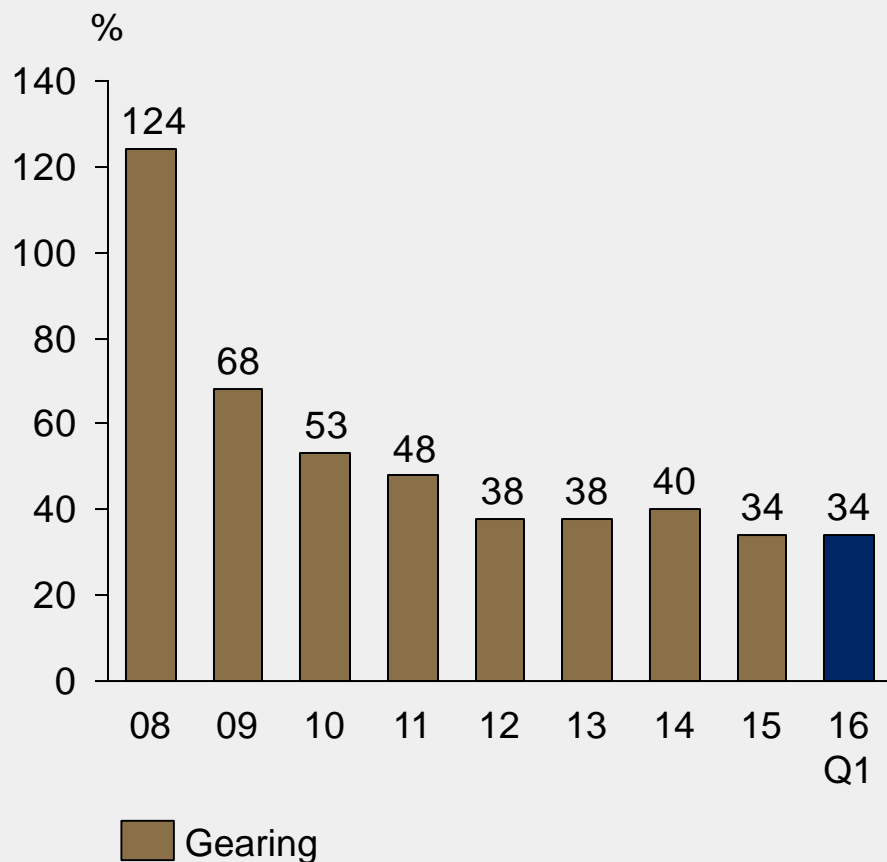
Net debt basically on par with last year

Net debt development¹



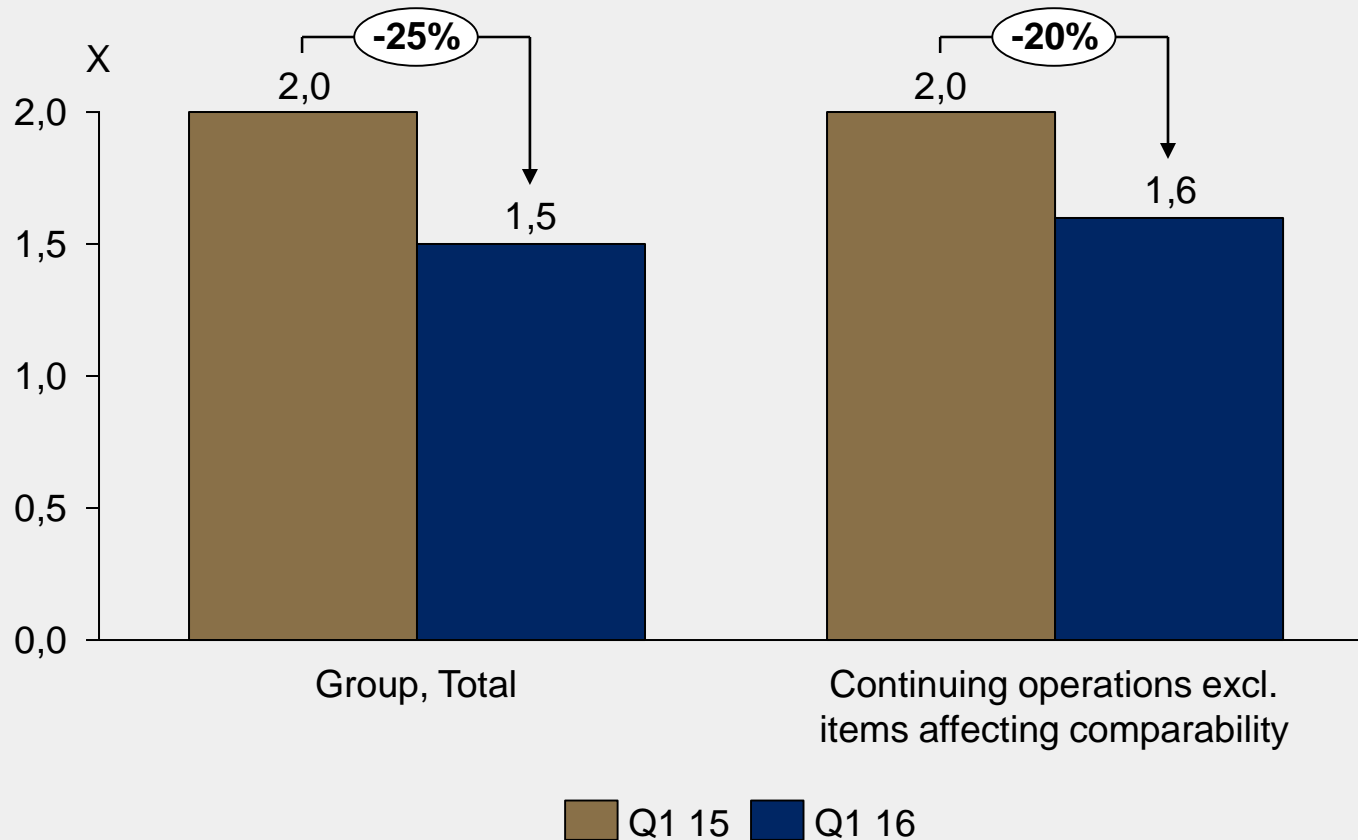
Gearing remains on solid levels

Net debt / EBITDA R12M and gearing development¹



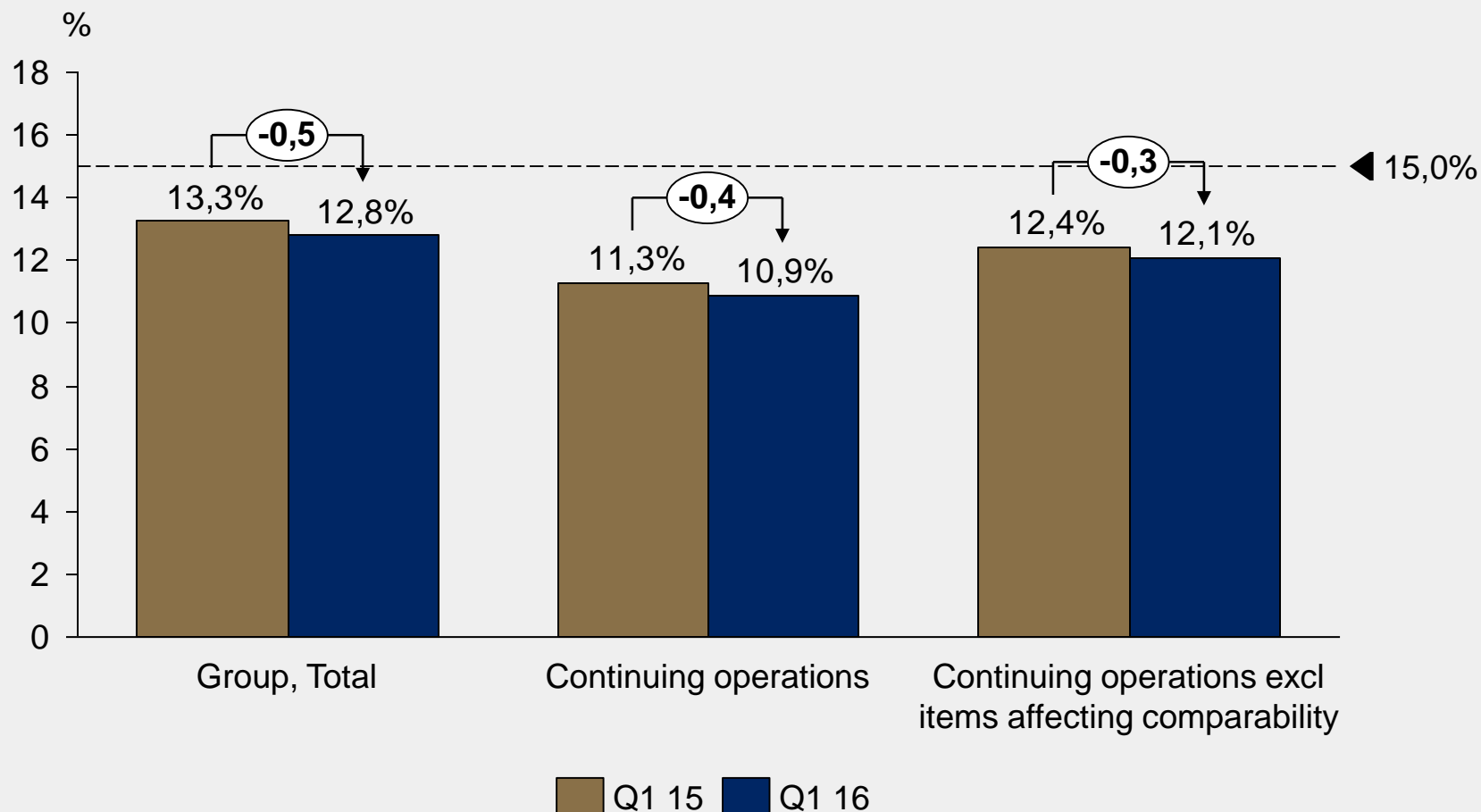
Lower net debt reduces leverage

Net debt / EBITDA, R12M



ROE below long-term target

Return On Equity, R12M





Financial guidelines for full-year 2016

Trelleborg Group:

- Restructuring costs: ~SEK 250 M
- Capex: ~SEK 1,100-1,200 M
- Tax rate¹: ~27%



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Continued focus on growth and excellence

2016 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
- CGS

Outlook Q2 2016

- Demand is expected to be on a par with, or slightly weaker, than the first quarter of 2016, adjusted for seasonal variations



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Questions & Answers