

# Trelleborg interim report April – June 2009

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*July 24, 2009*



# Agenda

## ■ Highlights

- Business areas
- Financials
- Outlook Q3 2009

# Second quarter 2009

## Key messages

- Sequentially improved operating margins in challenging market environment
- Continued strong cash flow and improved financial position
- Focus on long-term positioning and short-term adjustments in continued uncertain environment

# Capacity adjustments yielding effects. Strong cash flow

## Group financial highlights Q2 2009

### Net sales

- Organic sales: -29%
- Currency effect: +10%

### Earnings

- Under absorption of fixed cost
- Capacity adjustments yielding effects

### Cash flow

- Release of working capital and adjusted capex

SEK M	Q2 2009	Q2 2008	Change
Net sales	6,867	8,326	-18%
EBITDA <sup>1</sup>	547	989	-45%
Margin, %	8.0	11.8	-380bp
Operating profit <sup>1</sup>	262	734	-64%
Margin, %	3.8	8.7	-490bp
Items affecting comparability	-103	-397	-
Operating cash flow	967	746	-
Cash conversion <sup>2</sup> , %	369	102	-

# Q2 demand in line with Q1 2009

## Group business highlights Q2 2009

### Demand

- Investment-related industrial capital goods continued down
- Decline in consumable part of industrial capital goods leveling off
- Improved sentiment in Automotive industry

### Financing

- Rights issue of SEK 2,169 M successfully completed

### Raw material prices

- Daily monitoring

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# Varying demand in main segments

## Trelleborg Engineered Systems

### Q2 2009

- Organic sales: -23%
- Varying demand within industrial segment
- Project-related business stable
- Strong cash flow
- Improved market positions

### Near term actions

- Secure benefits from action programs
- Continued focus on improving structure

SEK M	Q2 2009	Q2 2008	Change
Net sales	2,868	3,171	-10%
EBITDA <sup>1</sup>	280	443	-37%
Margin, %	9.8	13.7	-390bp
Operating profit <sup>1</sup>	187	365	-49%
Margin, %	6.5	11.2	-470bp
Items affecting comparability	-1	-	-
Operating cash flow	502	262	-
Cash conversion <sup>2</sup> , %	268	72	-

# Continued sharp decline in vehicle production

## Trelleborg Automotive

### Q2 2009

- Organic sales: -29%
- Sales affected by government incentives
- Action programs and capacity adjustments yield effect
- Strong cash flow
- Improved market positions
- “Aligned Business Framework” award from Ford

### Near term actions

- Finalize action programs
- Monitor market dynamics

SEK M	Q2 2009	Q2 2008	Change
Net sales	2,122	2,640	-20%
EBITDA <sup>1</sup>	104	125	-17%
Margin, %	4.9	4.8	+10bp
Operating profit <sup>1</sup>	-6	20	-
Margin, %	neg	0.8	-
Items affecting comparability	-15	-361	-
Operating cash flow	144	204	-
Cash conversion <sup>2</sup> , %	neg	1,020	-

# Significant decline in industrial business

## Trelleborg Sealing Solutions

### Q2 2009

- Organic sales: -39%
- Under absorption of fixed costs
- Under production to adjust inventory
- Strong cash flow
- Improved market positions

### Near term actions

- Secure benefits from action programs
- Continued focus on improving structure

SEK M	Q2 2009	Q2 2008	Change
Net sales	1,129	1,606	-30%
EBITDA <sup>1</sup>	76	330	-77%
Margin, %	6.8	20.5	-1,370bp
Operating profit <sup>1</sup>	22	282	-92%
Margin, %	1.9	17.5	-1,560bp
Items affecting comparability	-85	-25	-
Operating cash flow	163	233	-
Cash conversion <sup>2</sup> , %	741	83	-

# Lower demand in agriculture

## Trelleborg Wheel Systems

### Q2 2009

- Organic sales: -30%
- Positive price/mix effect
- Strong cash flow
- Industrial tire transfer from USA to Sri Lanka completed
- Improved market positions

### Near term actions

- Monitoring of raw material prices
- Secure benefits from improved cost structure

SEK M	Q2 2009	Q2 2008	Change
Net sales	782	977	-20%
EBITDA <sup>1</sup>	108	131	-18%
Margin, %	13.8	13.4	+40bp
Operating profit <sup>1</sup>	83	110	-25%
Margin, %	10.6	11.2	-60bp
Items affecting comparability	-2	-	-
Operating cash flow	203	87	-
Cash conversion <sup>2</sup> , %	245	79	-

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# Capacity adjustments yielding effects. Strong cash flow

## Group financials

SEK M	Q2 2009	Q2 2008	Change	Jul 2008- Jun 2009	Full year 2008	Change
Net sales	6,867	8,326	-18%	28,614	31,263	-8%
Operating profit	159	337	-53%	-332	374	-
Items affecting comparability	-103	-397	-	-1,099	-1,424	-
<b>Operating figures<sup>1</sup></b>						
EBITDA	547	989	-45%	1,904	2,868	-34%
Margin, %	8.0	11.8	-380bp	6.6	9.1	-250bp
Operating profit	262	734	-64%	767	1,798	-57%
Margin, %	3.8	8.7	-490bp	2.6	5.7	-310bp
Operating cash flow	967	746	-	2,681	1,594	-
Cash conversion <sup>2</sup> , %	369	102	-	350	89	-

# Organic sales: -29%

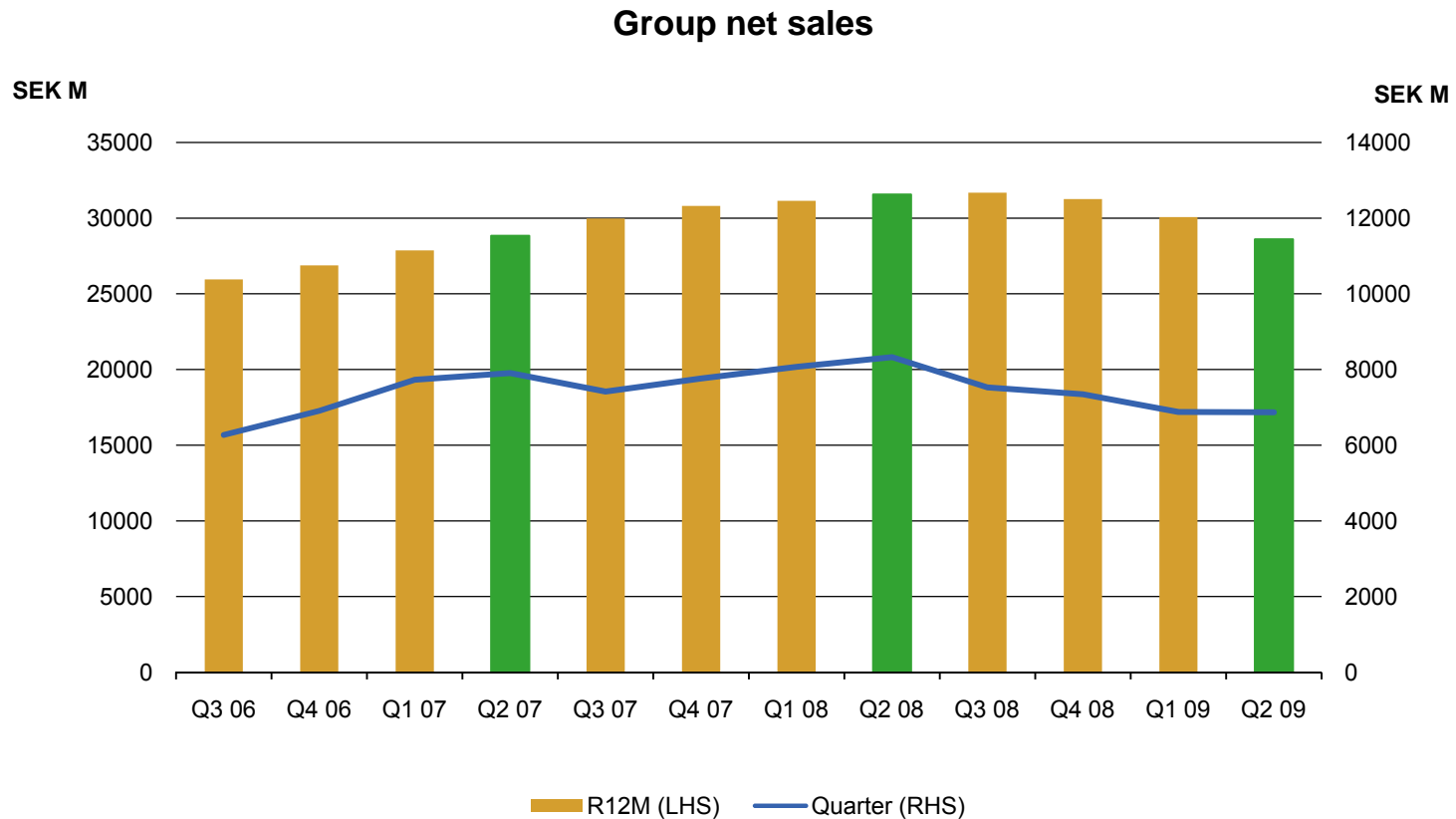
## Currency effect: +10%

### Net sales bridge

%	Q2 2009	Q2 2008
Organic growth	-29	+7
Structural changes	+1	+1
Currency	+10	-3
<b>Total</b>	<b>-18</b>	<b>+5</b>

# Net sales R12: SEK 28,614 M (31,263<sup>1</sup>)

## Group net sales development R12M and per quarter



# -SEK 103 M in items affecting comparability

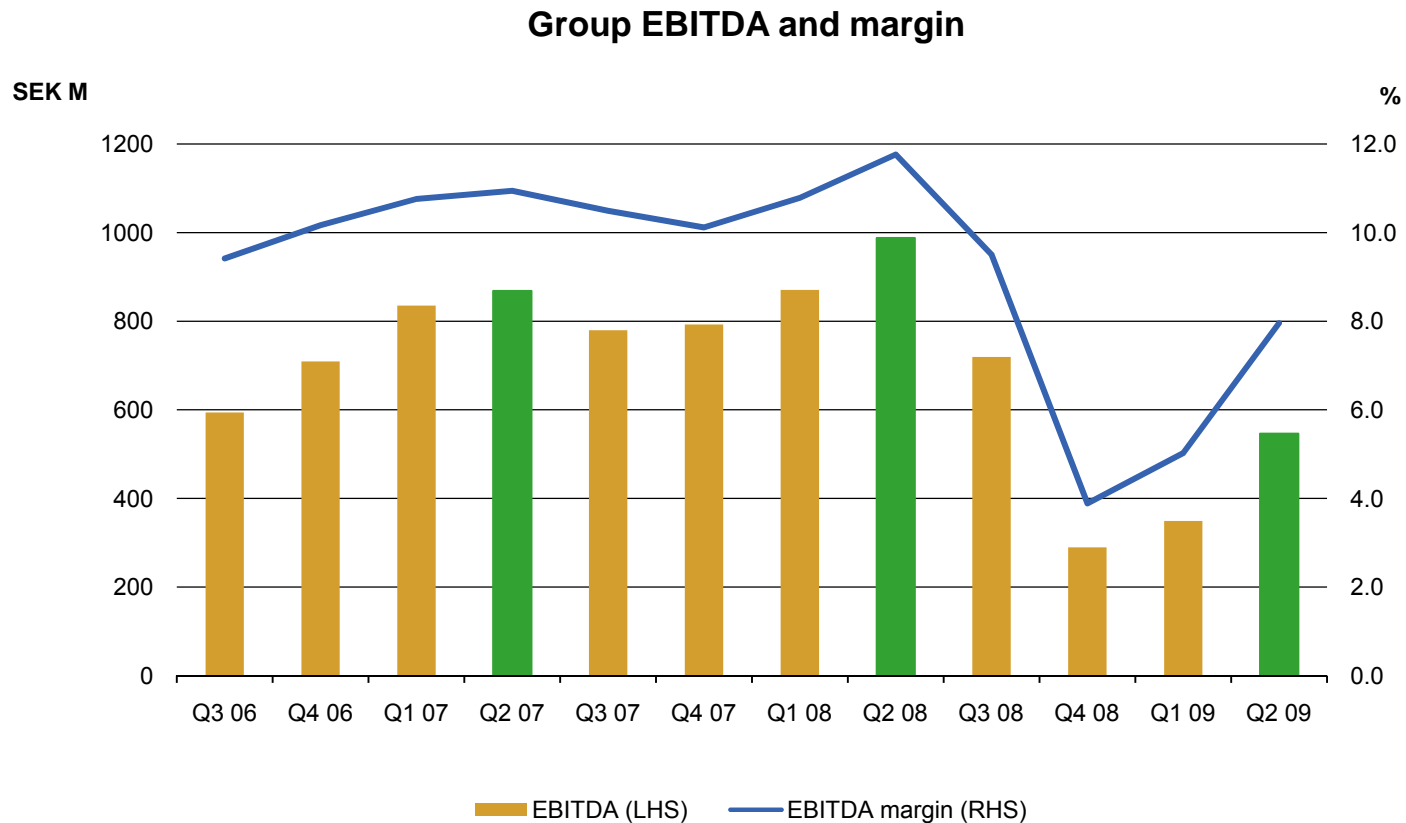
## Items affecting comparability

SEK M	Q2 2009	Q2 2008	Jul 2008-Jun 2009	2008
Trelleborg Engineered Systems	-1	-	-63	-79
Trelleborg Automotive	-15	-361	-505	-868
Trelleborg Sealing Solutions	-85	-25	-94	-32
Trelleborg Wheel Systems	-2	-	-18	-15
Legal costs	-	-11	-419	-430
<b>Total</b>	<b>-103</b>	<b>-397</b>	<b>-1,099</b>	<b>-1,424</b>

- SEK 115 M in remaining P&L effect 2009 from announced programs
- Existing provisions of SEK 677 M
  - Majority of cash flow effect in 2009-10
  - Incl. legal costs related to competition investigations

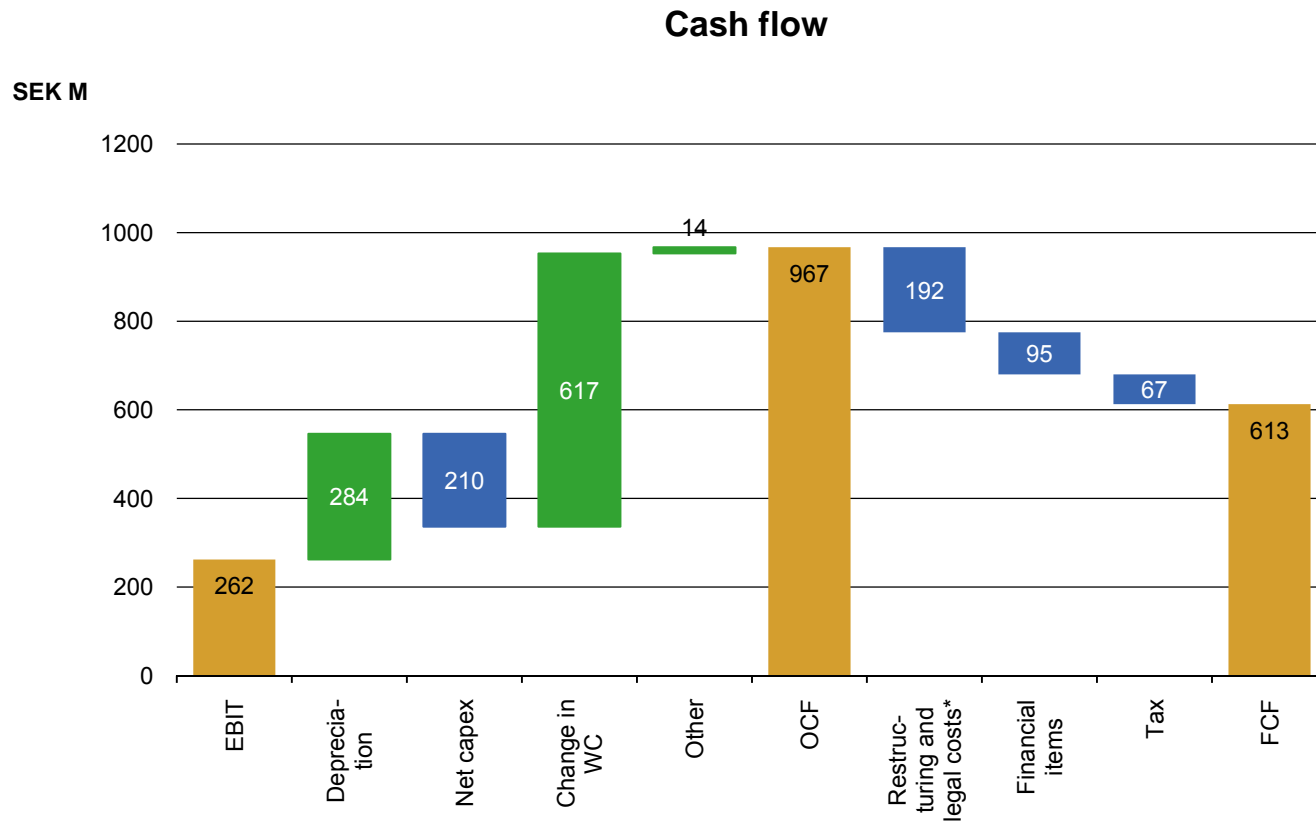
# Sequential improvement in EBITDA and margin

Group EBITDA and margin development per quarter<sup>1</sup>



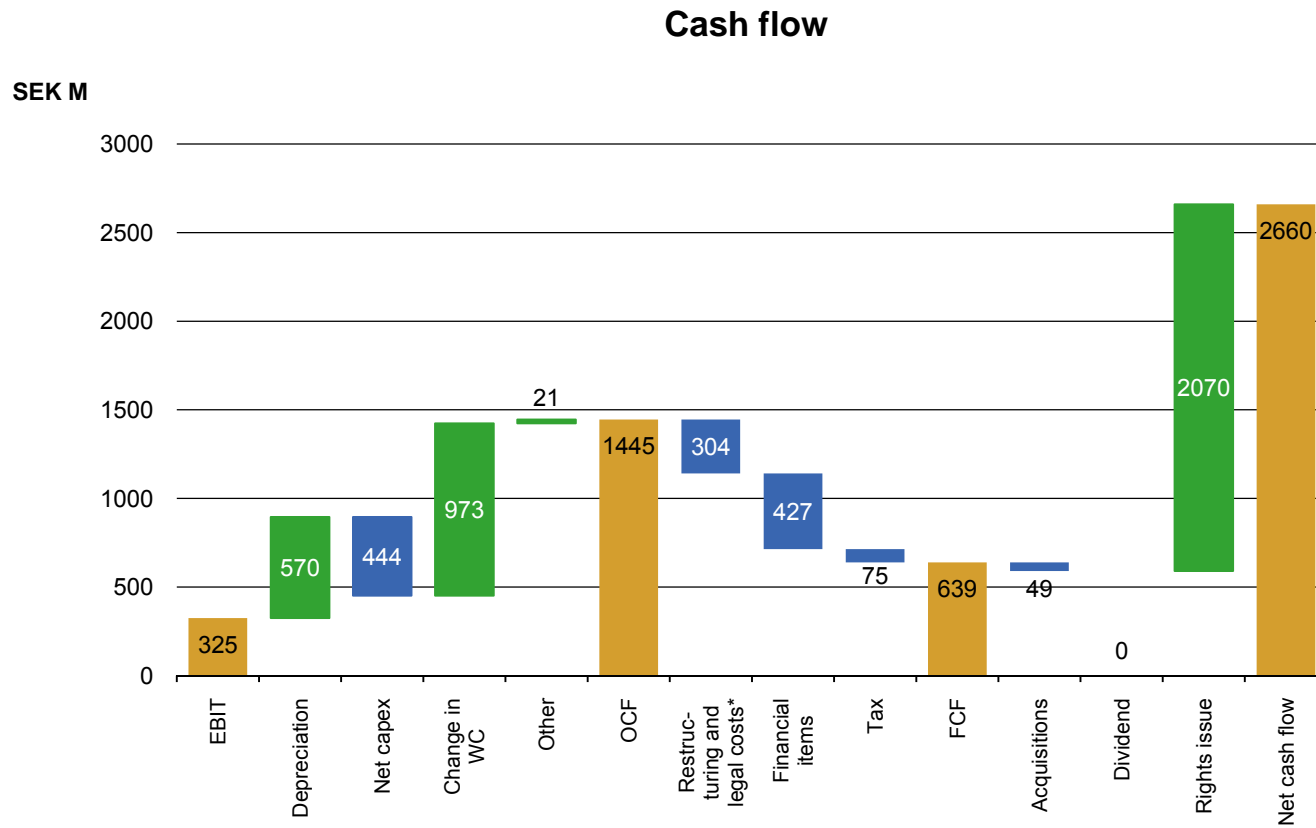
# Strong cash flow

## Cash flow Q2 2009



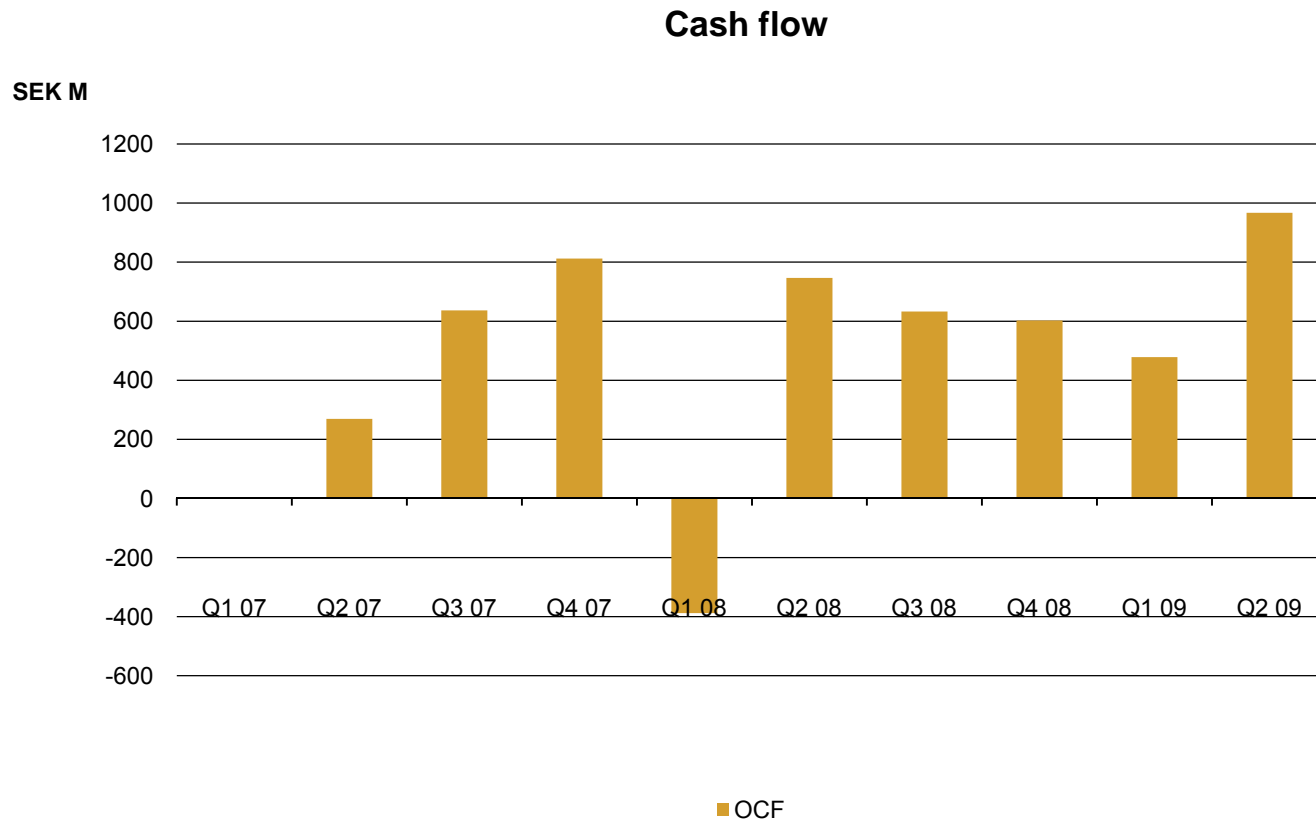
# Strong cash flow

## Cash flow H1 2009



# Strong cash flow last five quarters

## Operating cash flow development per quarter



# Debt / equity ratio at 79%

## Key figures

<b>%<sup>1</sup></b>	<b>Jul 2008-Jun 2009</b>	<b>2008</b>
Return on capital employed	3.4	8.4
Return on equity	2.6	8.8
Tax rate	17% <sup>2</sup>	27% <sup>3</sup>

<b>%</b>	<b>Q2 2009</b>	<b>Q2 2008</b>
Financial net in % of avg. net debt	3.9	4.6
Debt / equity ratio	79	124

Note:

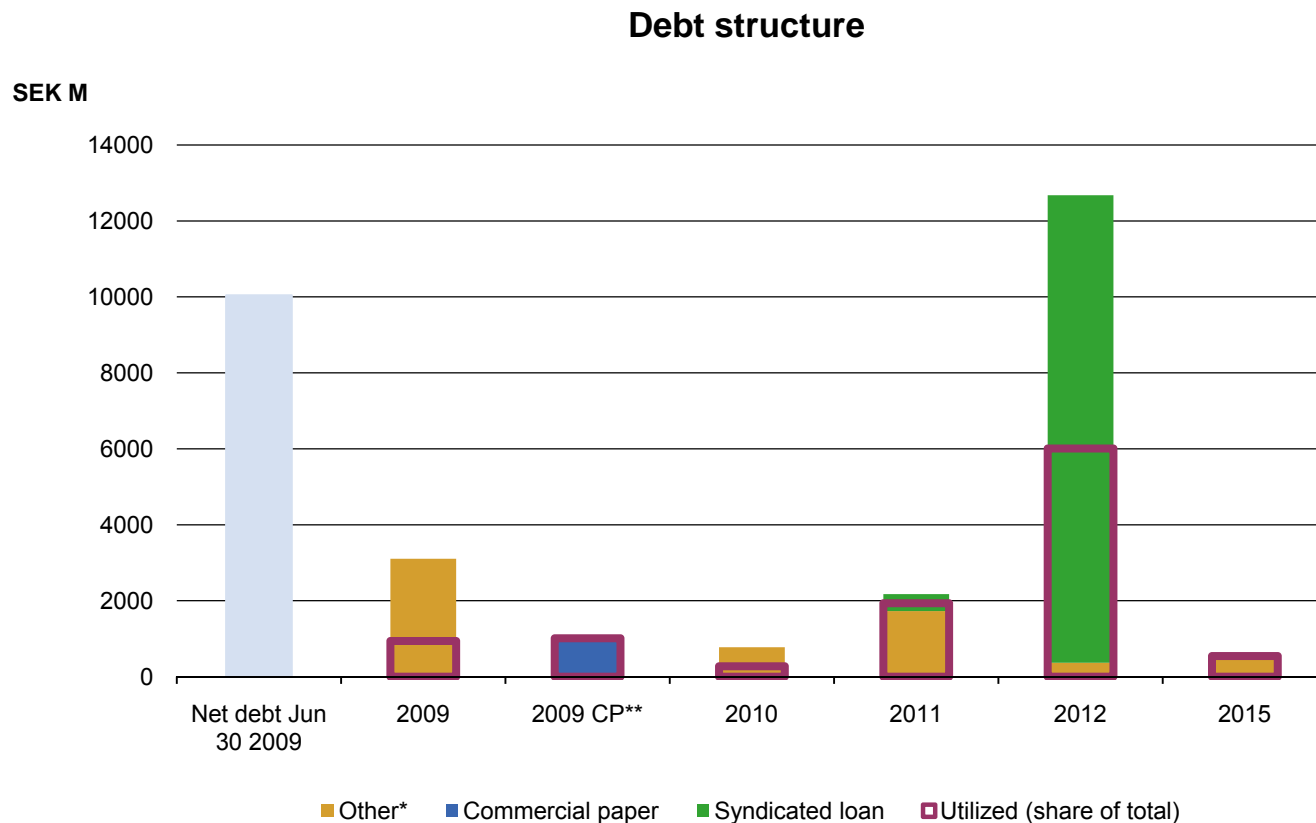
<sup>1</sup> Continuing operations excl. items affecting comparability

<sup>2</sup> Q2 2009

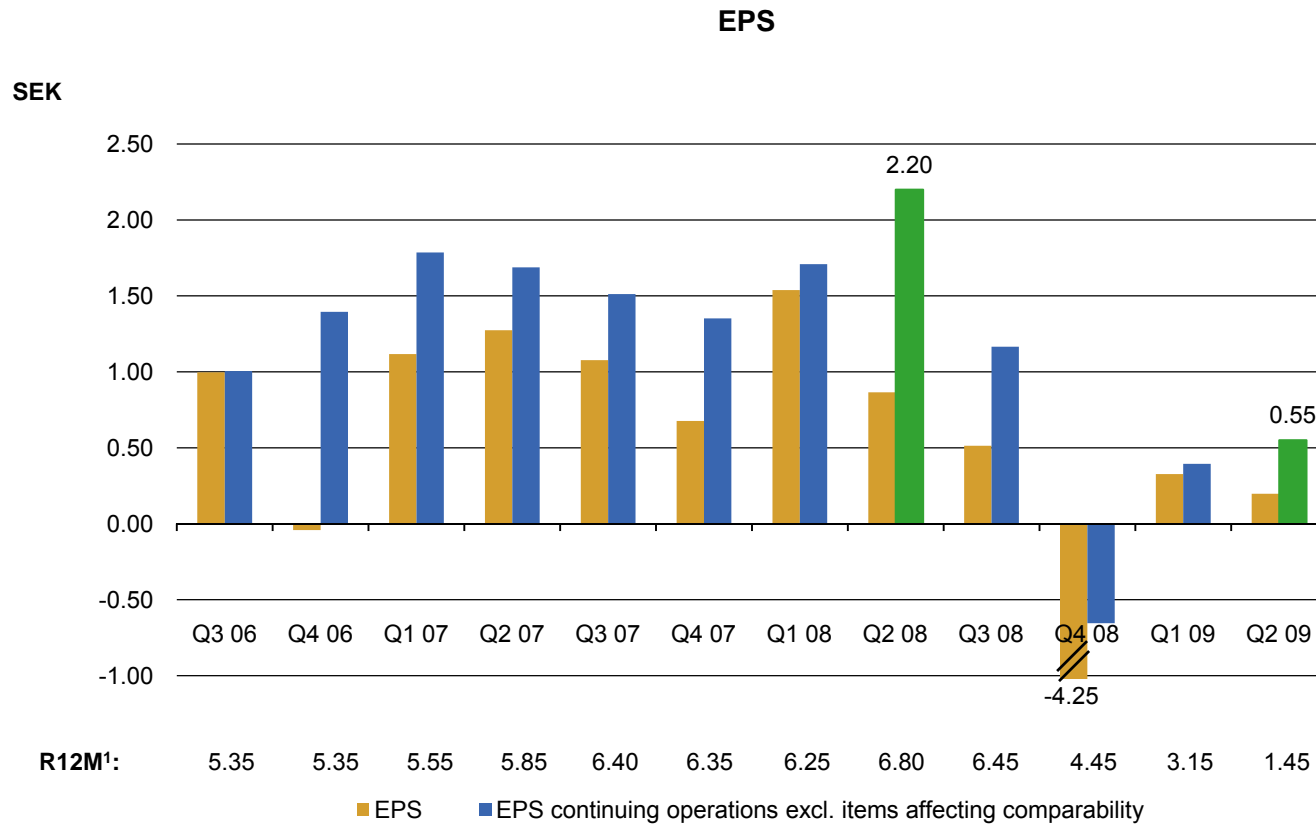
<sup>3</sup> Q2 2008

# SEK 7,000 M in unutilized portion of long-term financing facilities

## Debt structure Jun 30, 2009



# Earnings per share



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## Outlook Q3 2009

- Overall, demand is expected to remain in line with the second quarter of 2009

# Second quarter 2009

## Key messages

- Sequentially improved operating margins in challenging market environment
- Continued strong cash flow and improved financial position
- Focus on long-term positioning and short-term adjustments in continued uncertain environment



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[www.trelleborg.com](http://www.trelleborg.com)

## Forward looking statement

- 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