

# “AN INDUSTRIAL PLATFORM FOR THE FUTURE”

CAPITAL MARKETS DAY 2004





**BUSINESS REVIEW**

**TRELLEBORG GROUP**

FREDRIK ARP, PRESIDENT AND CEO

# Agenda

GROUP

- ▼ An industrial platform for the future
- ▼ Follow up on Capital Markets Day 2003
- ▼ One year in a new, well balanced structure
- ▼ New opportunities and challenges





**AN INDUSTRIAL PLATFORM  
FOR THE FUTURE**

# Protect, Dampen and Seal

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Trelleborg develop solutions based on polymer technology and application knowledge to protect, dampen and seal in harsh environments

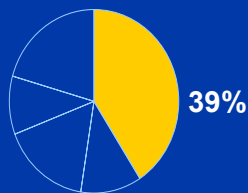


# Trelleborg's Industrial Platform

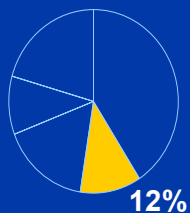
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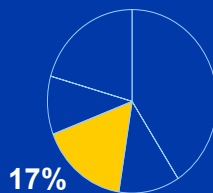
Trelleborg Automotive



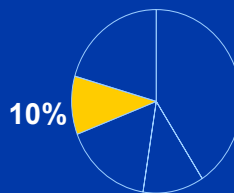
Trelleborg Wheel Systems



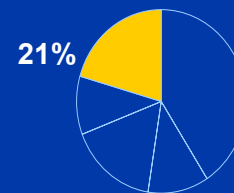
Trelleborg Engineered Systems



Trelleborg Building Systems



Trelleborg Sealing Solutions



Polymer technology

Mixing

Purchase

# Seven Major Markets

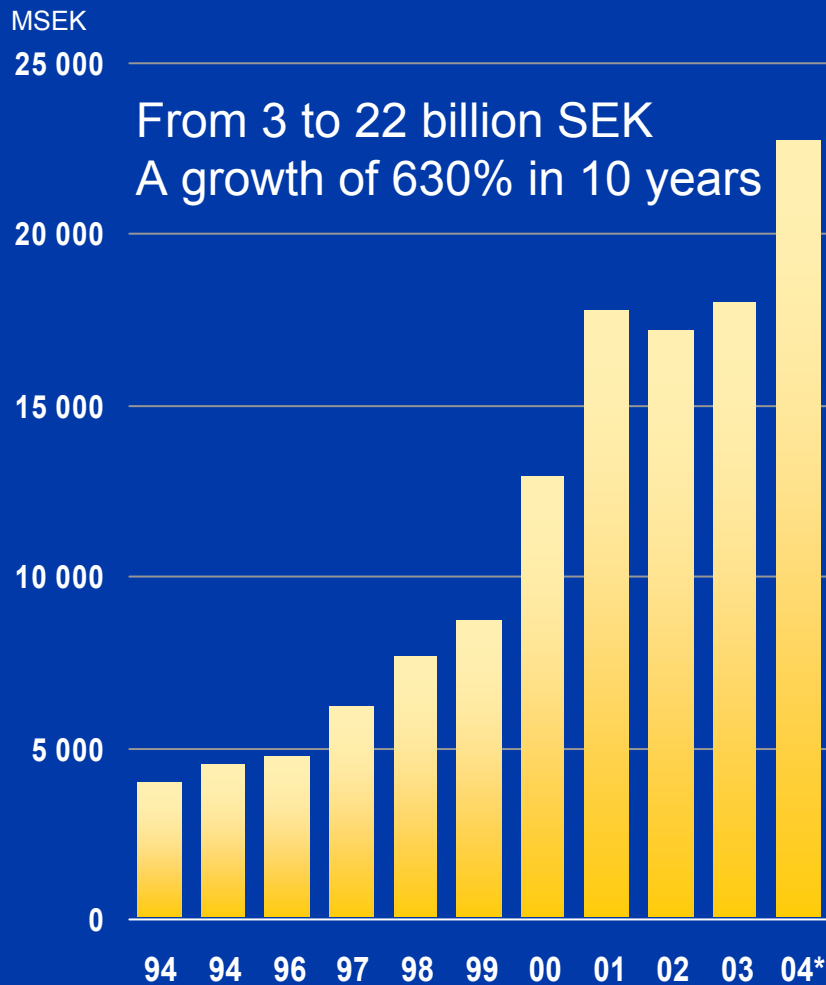
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# Growing Into a Success

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## Industrial Operations Net Sales, MSEK

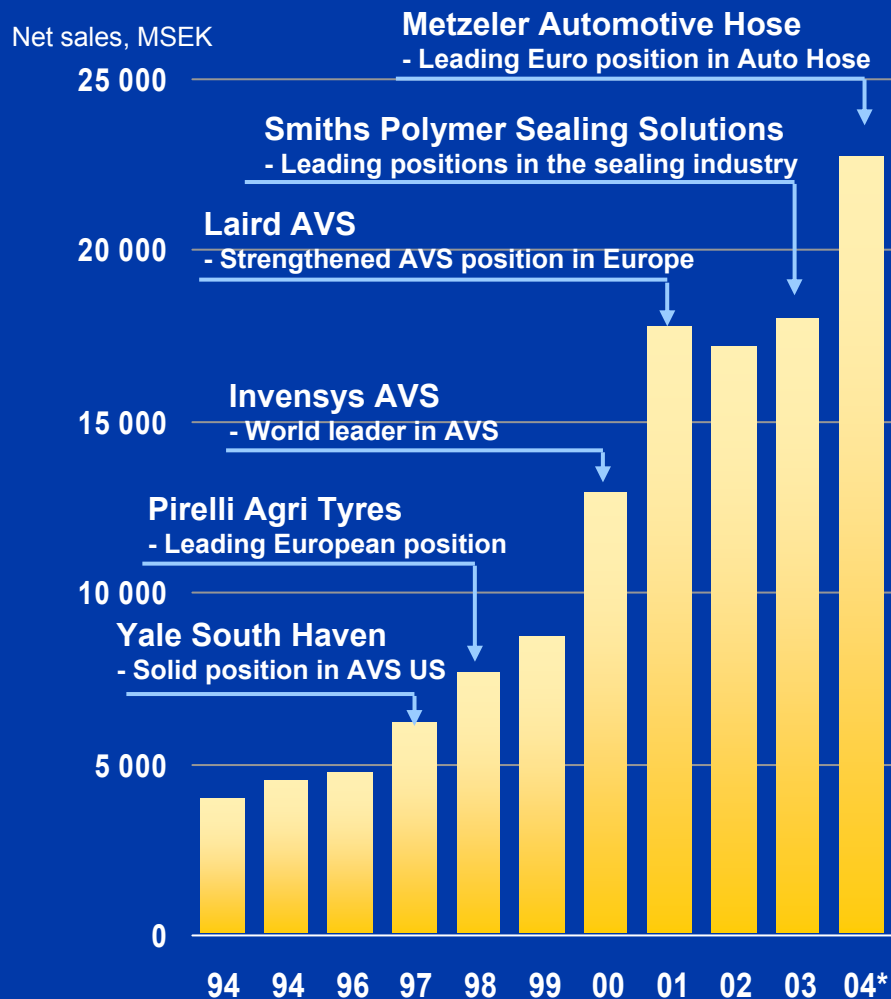


\*) R12, Sept 2004

# Sustainable Growth Through Organic Growth and Acquisitions

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Average Growth Per Annum, 1994-2004\* +18%



## Acquisitions since 1996

- ▼ Metzeler Automotive Hose Systems
- ▼ Dynaflex
- ▼ Smiths Polymer Sealing Solutions
- ▼ DJ Profiles
- ▼ ETU GmbH
- ▼ AK Plast
- ▼ Unifluid Technologies
- ▼ Kunhwa Co Ltd
- ▼ Seaward International Inc
- ▼ Hercules Rubber & Chemicals
- ▼ Queensland Rubber
- ▼ Fentek Marine Systems
- ▼ Phønix Tag, Invensys AVS
- ▼ Park Rubber
- ▼ CMPP
- ▼ Horda
- ▼ Prelasti
- ▼ Snowden-Anderson
- ▼ Hadsten Wheels
- ▼ Rubore
- ▼ Monarch Tires
- ▼ Laird Automotive Components
- ▼ DiPro
- ▼ Invensys' antivibration operations joint venture agreement with Pirelli
- ▼ SRG Bevco
- ▼ ETM, Trebolit
- ▼ DBV, Joule
- ▼ Yale-South Haven
- ▼ PAV, Ibercaucho
- ▼ Vorwerk, Wheelbond

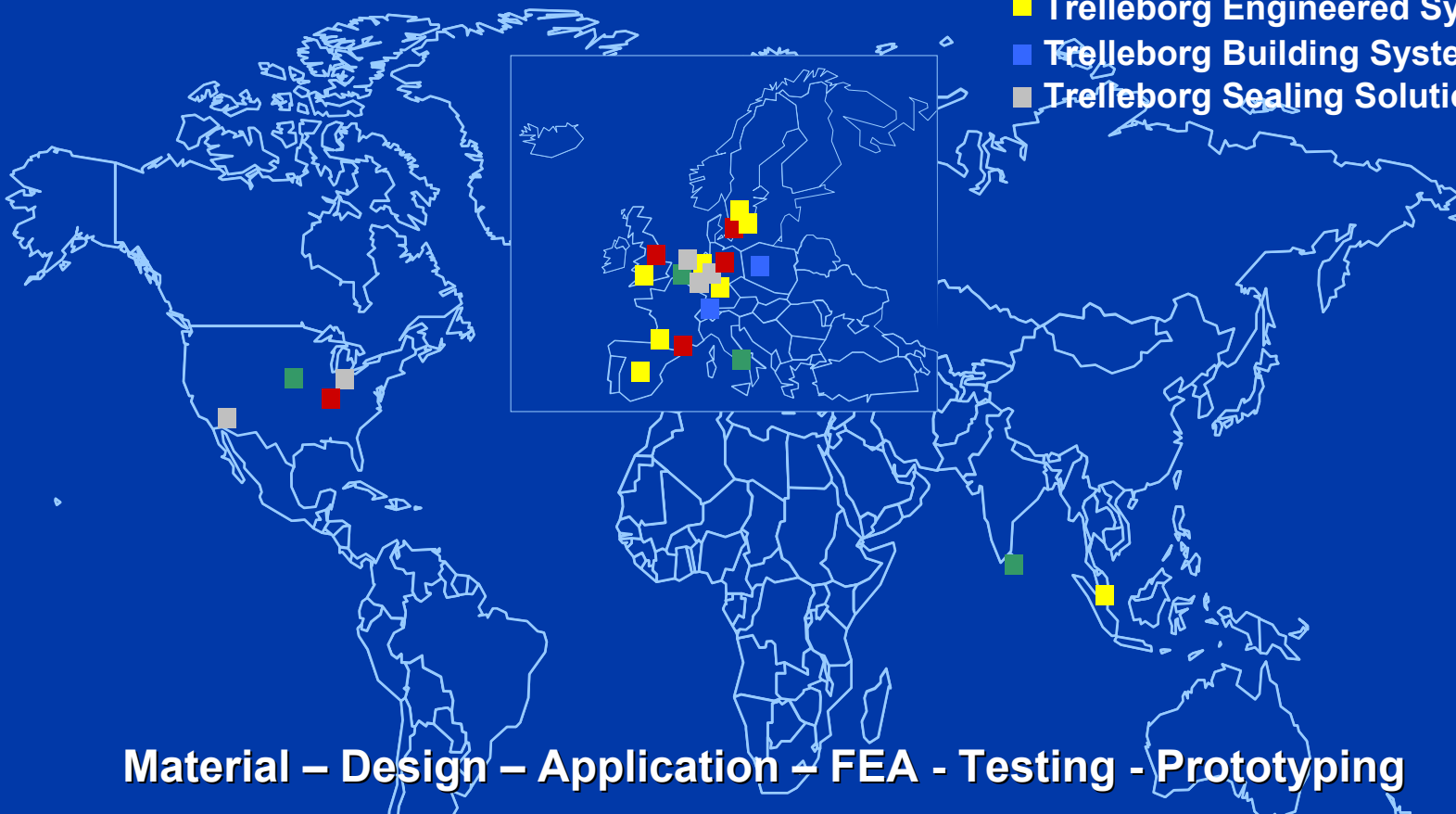
\*) R12, Sept 2004

# Capabilities for Research & Development

GROUP

## 25 Development Centers/Units Worldwide

- Trelleborg Automotive
- Trelleborg Wheel Systems
- Trelleborg Engineered Systems
- Trelleborg Building Systems
- Trelleborg Sealing Solutions



**Material – Design – Application – FEA - Testing - Prototyping**

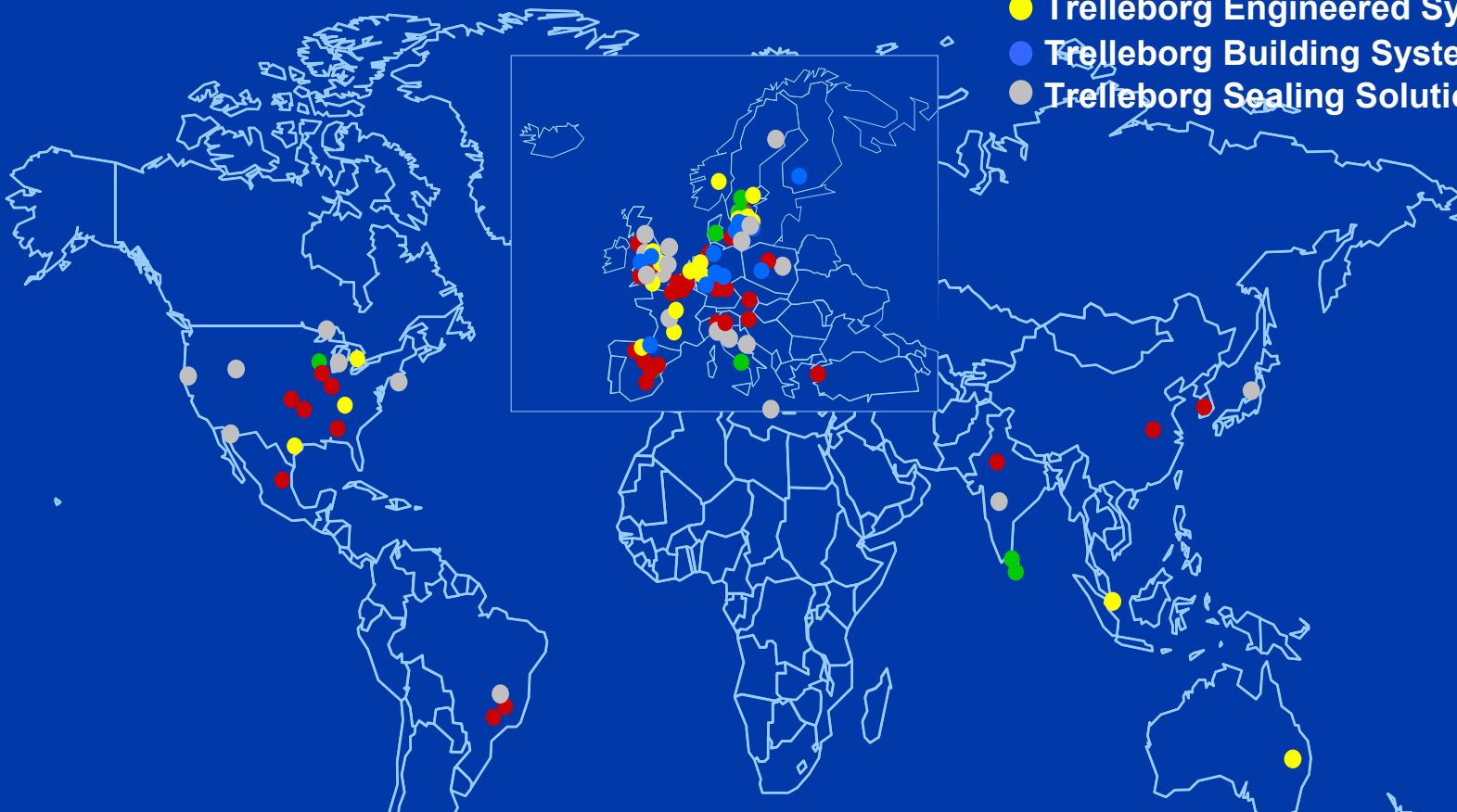


# An Excellent Global Footprint

GROUP

Approximately 100 Production Facilities

- Trelleborg Automotive
- Trelleborg Wheel Systems
- Trelleborg Engineered Systems
- Trelleborg Building Systems
- Trelleborg Sealing Solutions



# Presence Close to the Customers

GROUP

Extensive Own Market Resources in 40 Countries on Five Continents



# A Well-Proven Organization

GROUP

## Group Organization



Target oriented

- ▼ Delegation
- ▼ Reporting
- ▼ Compensation structure

Good business processes

- ▼ Forecast
- ▼ Strategy plans
- ▼ Screening and execution of acquisitions

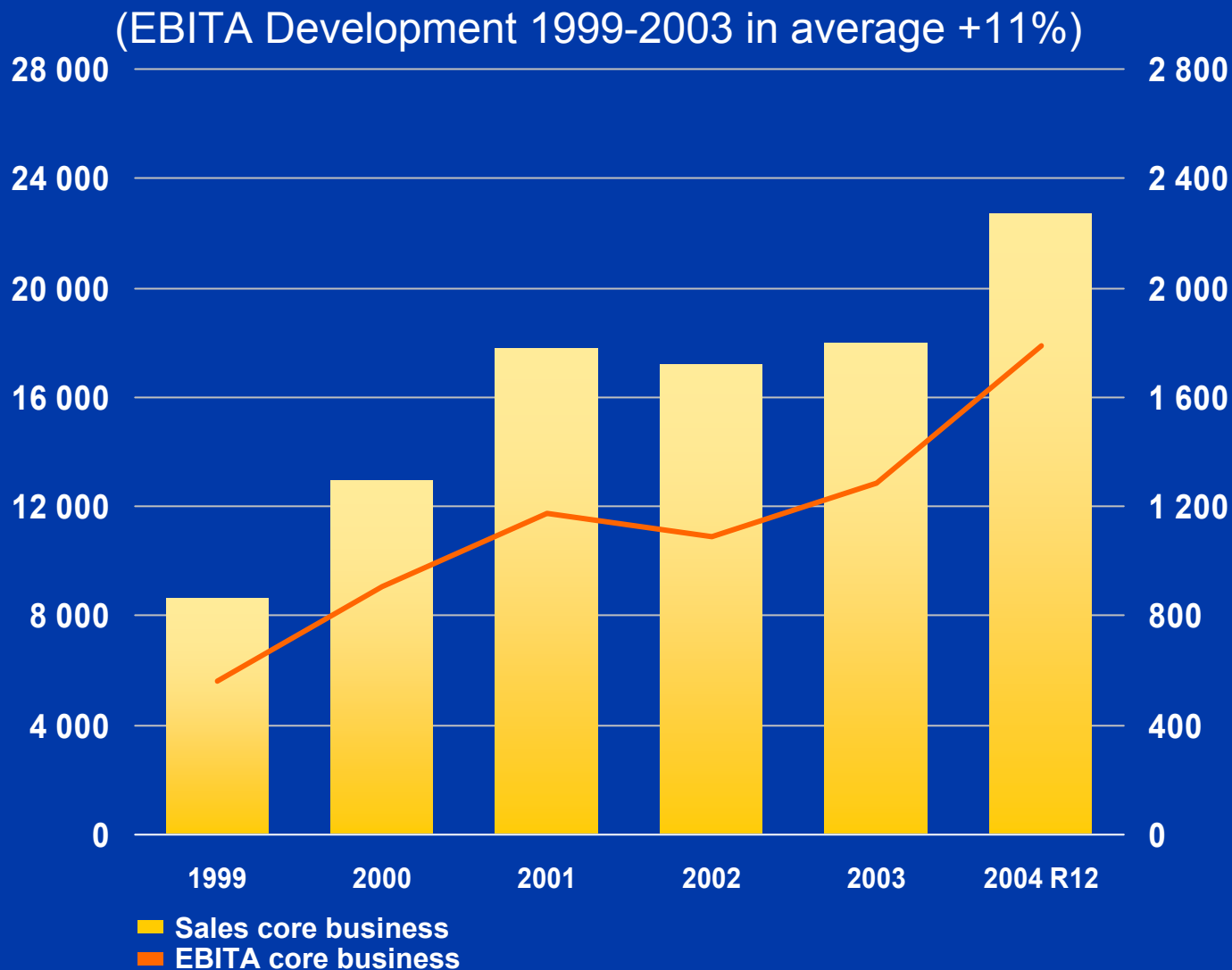
Experienced Group staff

- ▼ Supporting development

# An Expansive Group

GROUP

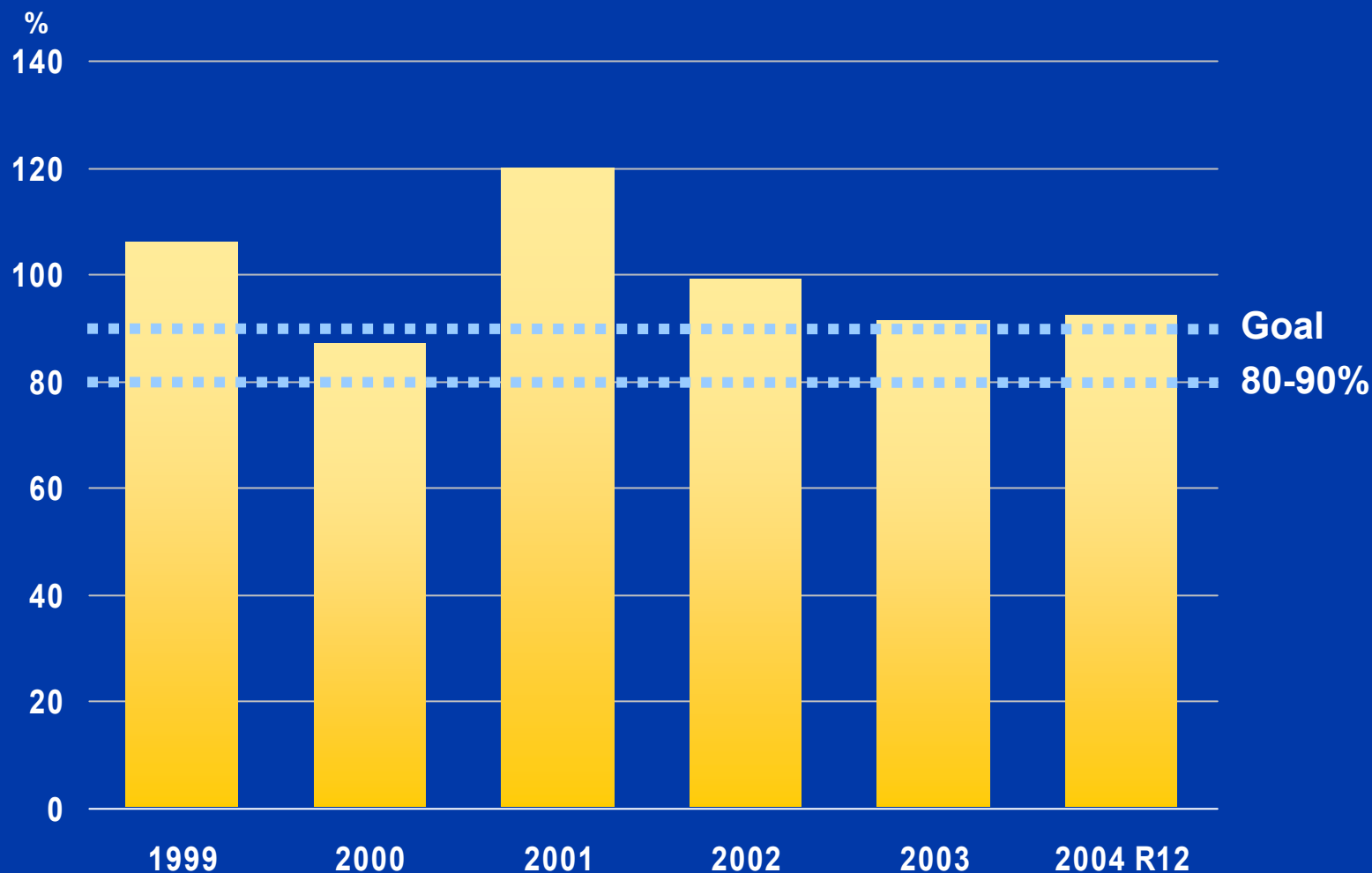
## Sales and EBITA MSEK



# Operating Cash-Flow

## Cash-Flow/EBITA

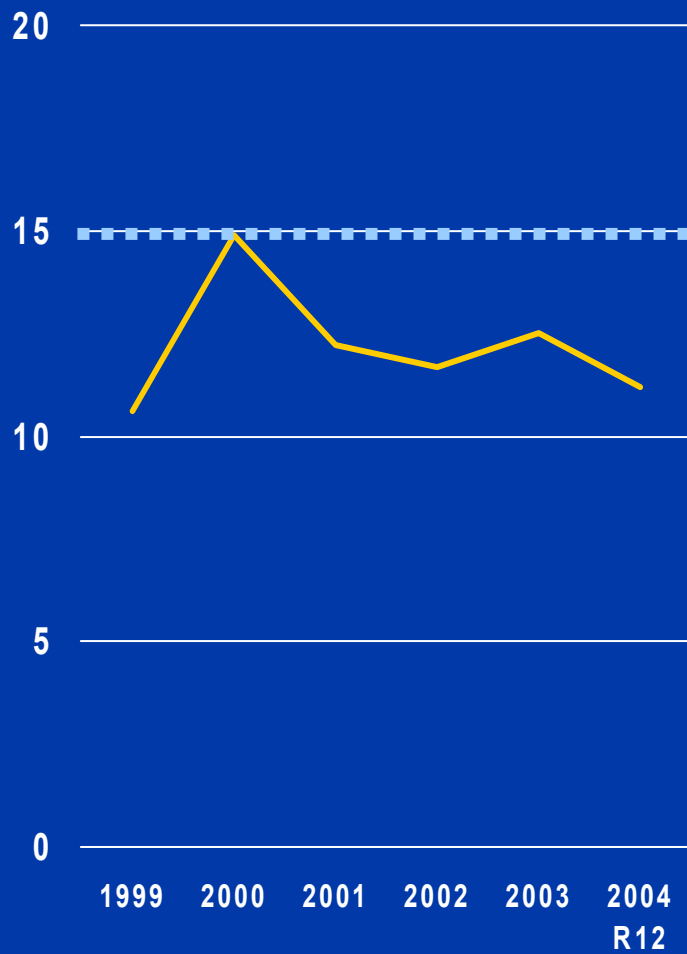
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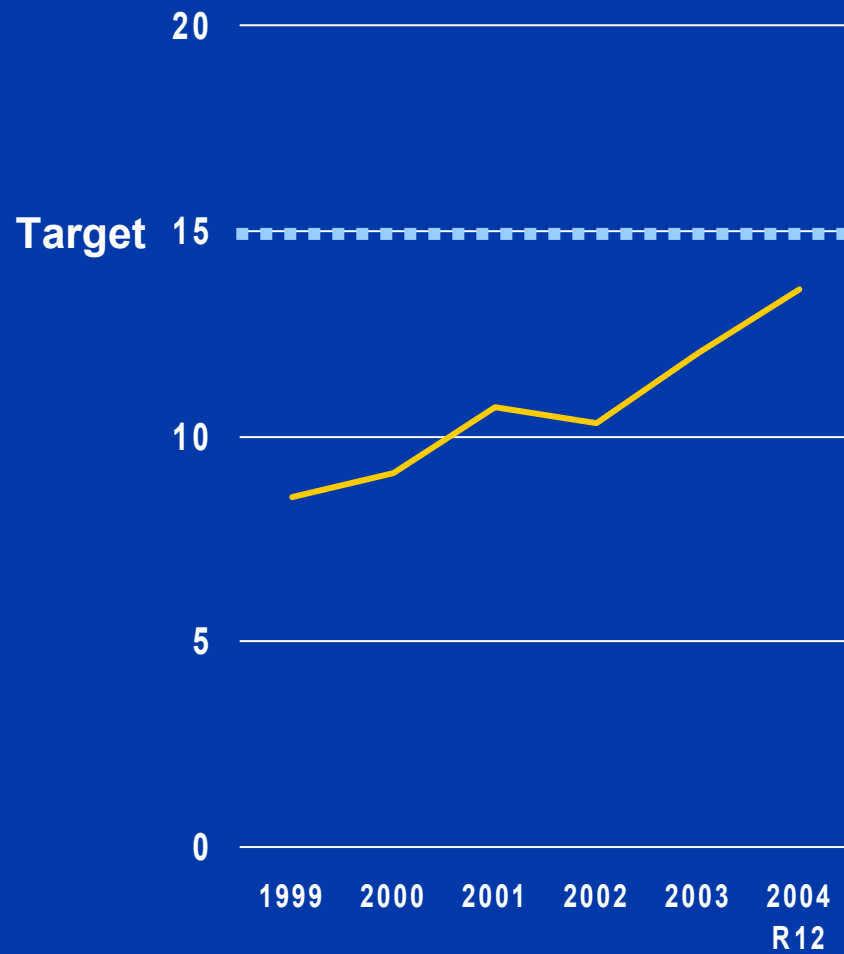
# Profitability

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ROCE\*, %



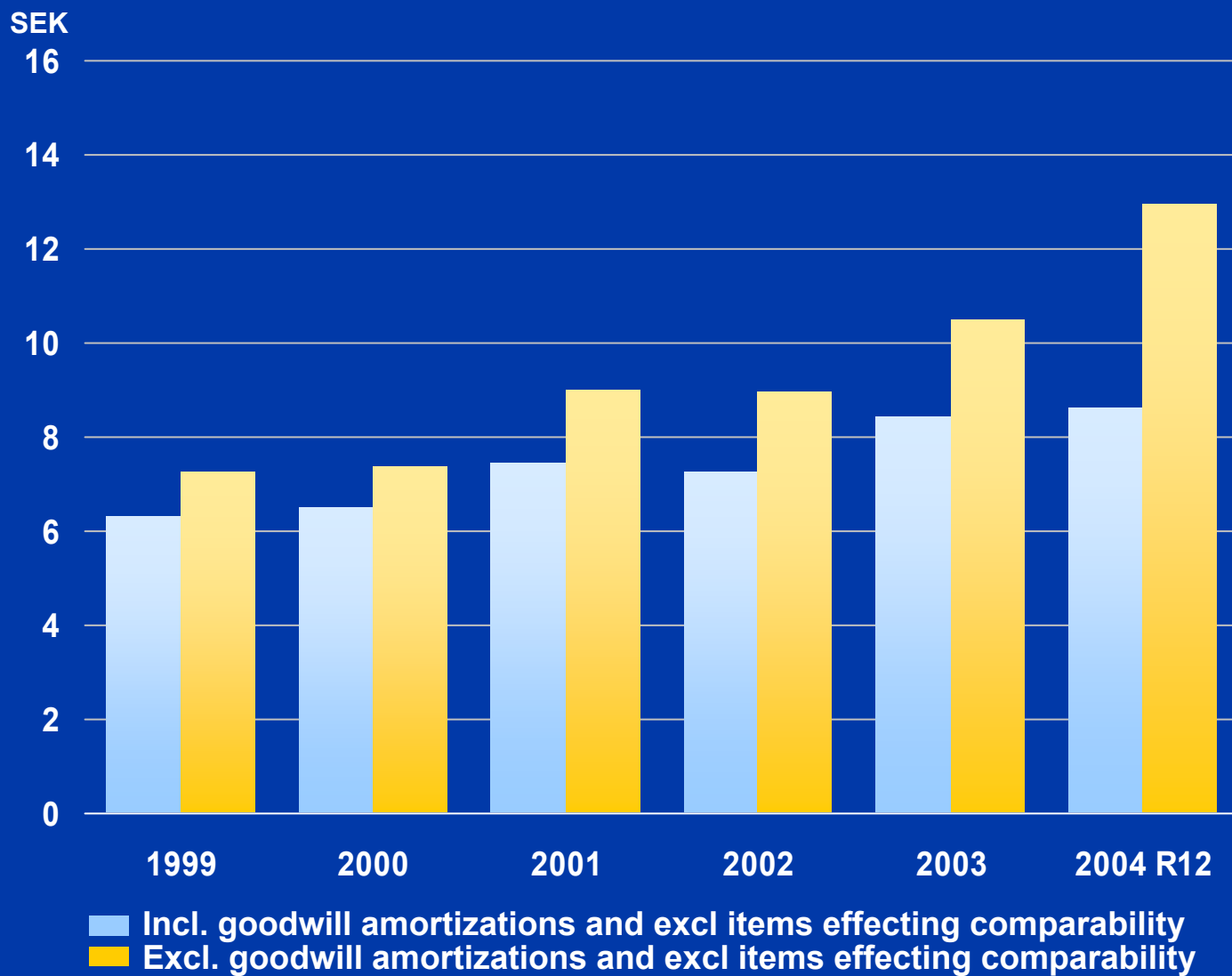
ROE\*, %



\*2004 R12, only continuous operations

# Earnings Per Share

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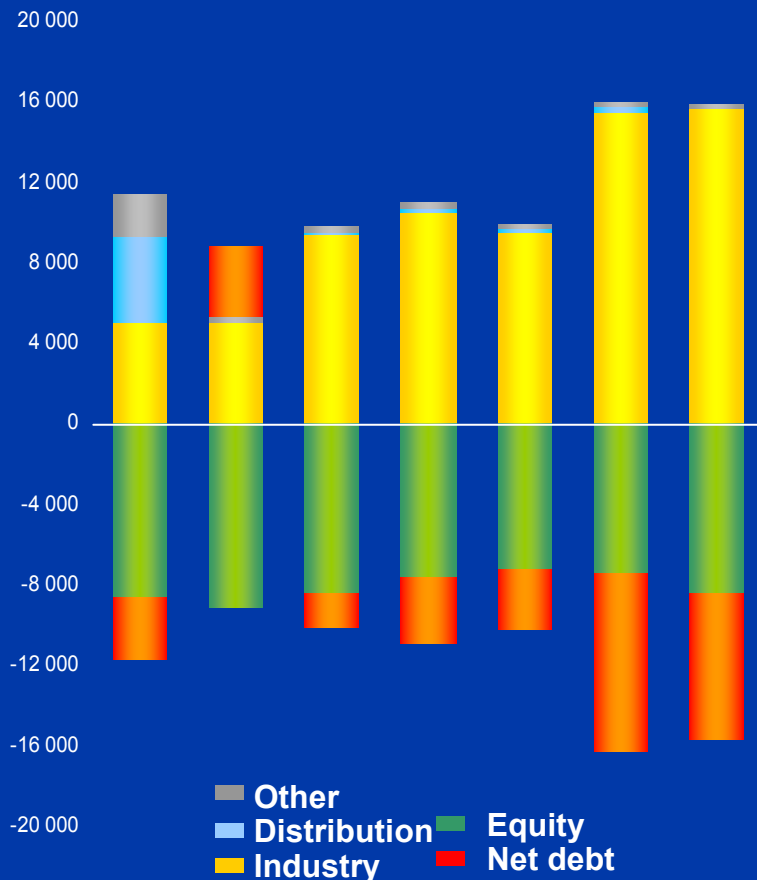
# Capital Employed and Gearing

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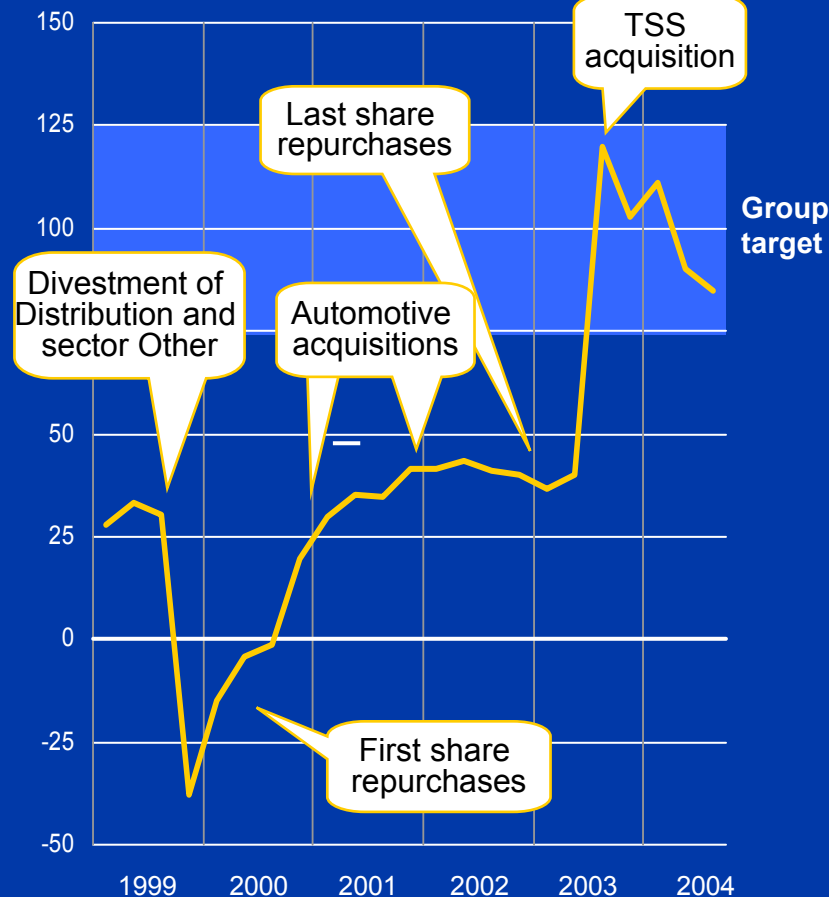
## Capital employed

April 1999  
excl. Boliden

Dec 1999    Dec 2000    Dec 2001    Dec 2002    Dec 2003    R12 2004



## Debt equity ratio



Group Debt/Equity 1999-2004 (Sept)  
Quarterly Data



**ONE YEAR IN A NEW, WELL  
BALANCED STRUCTURE**

# Net Operating Assets, Trelleborg Group

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TSS



39 %

(6 000)

TAU



33 %

(5 100)

TWS/TES/TBS



28 %

(4 300)

Capital employed:  
(approx)

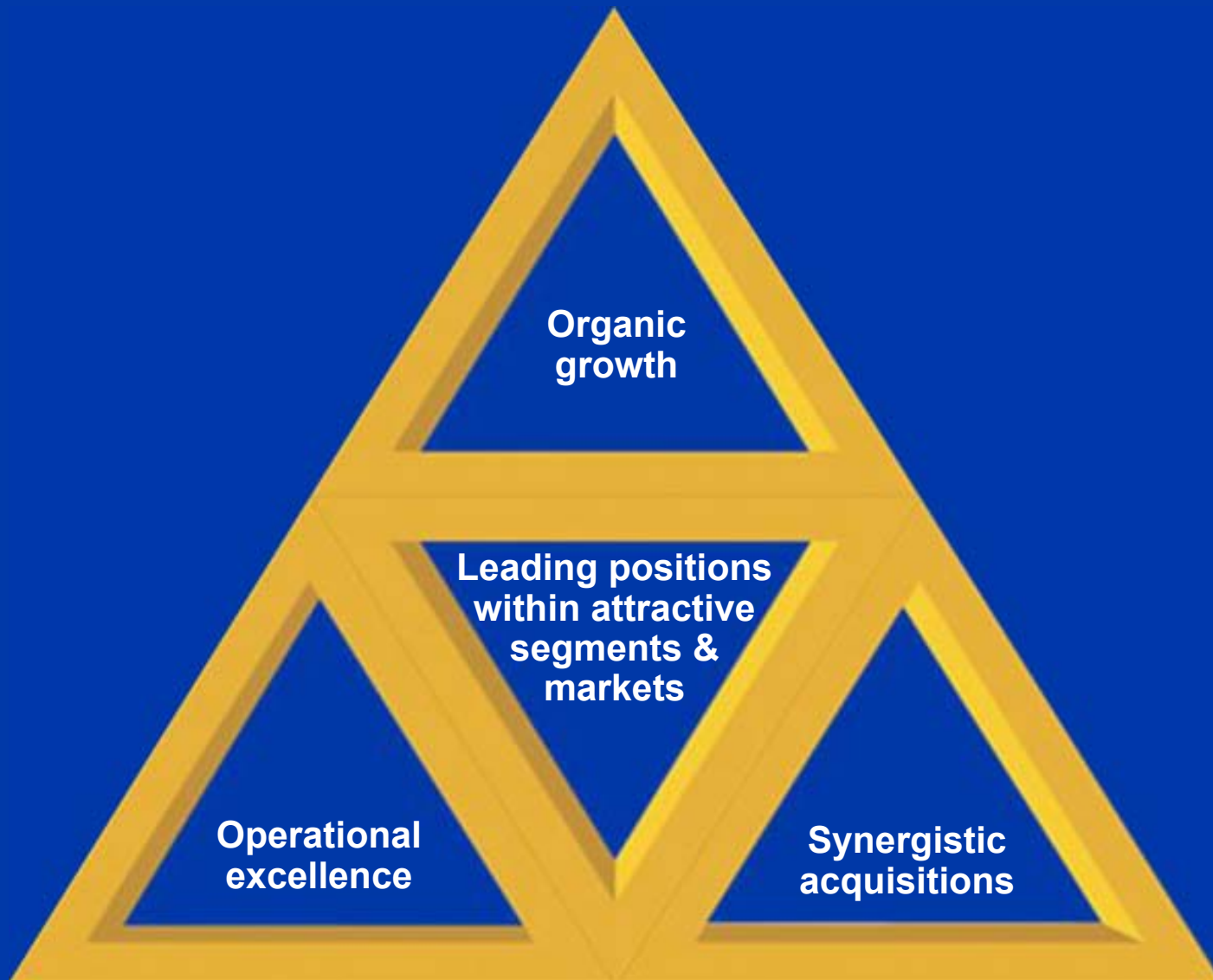
2003

FOLLOW-UP ON  
CAPITAL MARKETS DAY 2003

# Four Cornerstones Forming the Group's Agenda

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Group Direction and Priorities During Planned Period



# Our Financial Targets

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	Target	R12 Sept 30 2003	R12 Sept 30 2004
Growth	8-10%	-4%	36%
Return on capital employed <sup>1)</sup>	15%	11.5%	11.2%
Return on equity <sup>1)</sup>	15%	13%	13.6%
Operating cash-flow/EBITA	80-90%	92%	89%

1) Continuous operations excl. goodwill amortizations

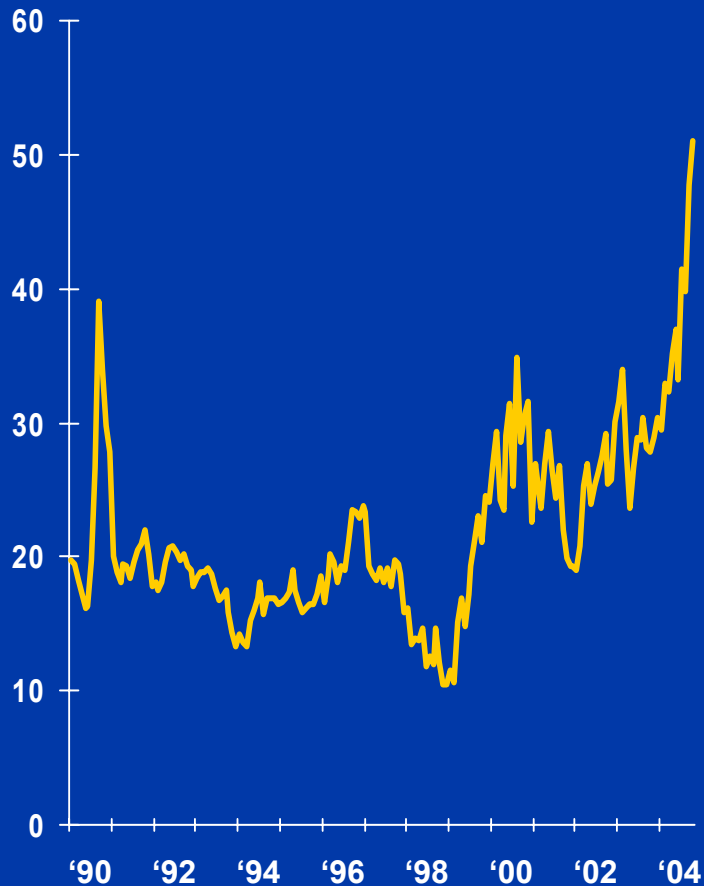


**NEW CHALLENGES  
AND OPPORTUNITIES**

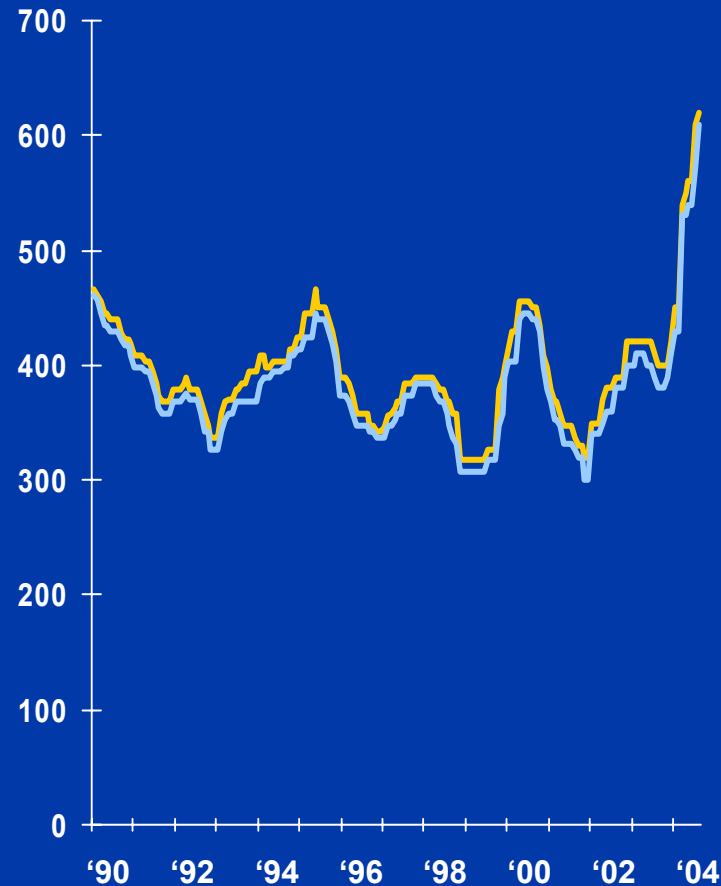
# Rising Oil and Steel Prices in 2004

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**Brent oil, 1990-2004 YTD**  
USD/barrel



**Steel cold rolled coils, 1990-2004 YTD**  
EUR, high/low trading



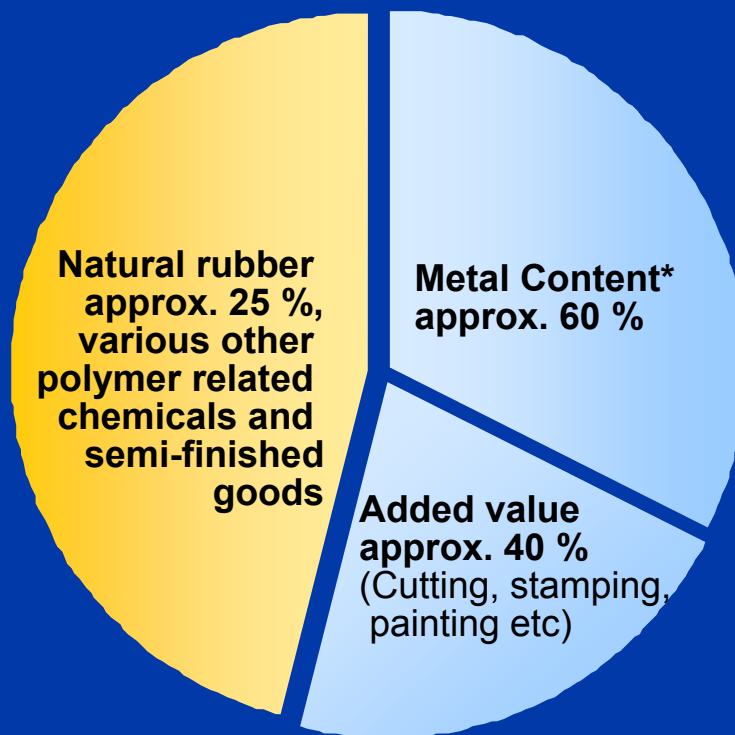
Source: EcoWin; Trelleborg analysis

# Raw Material – A Major Cost

Total Raw Materials approx. 5,000 MSEK

**Polymers 46 %  
2,300 MSEK**

**Metal Components 54 %  
2,700 MSEK**



\* Approx. 25 % Aluminum and 75 % Steel

# Restructuring Activities

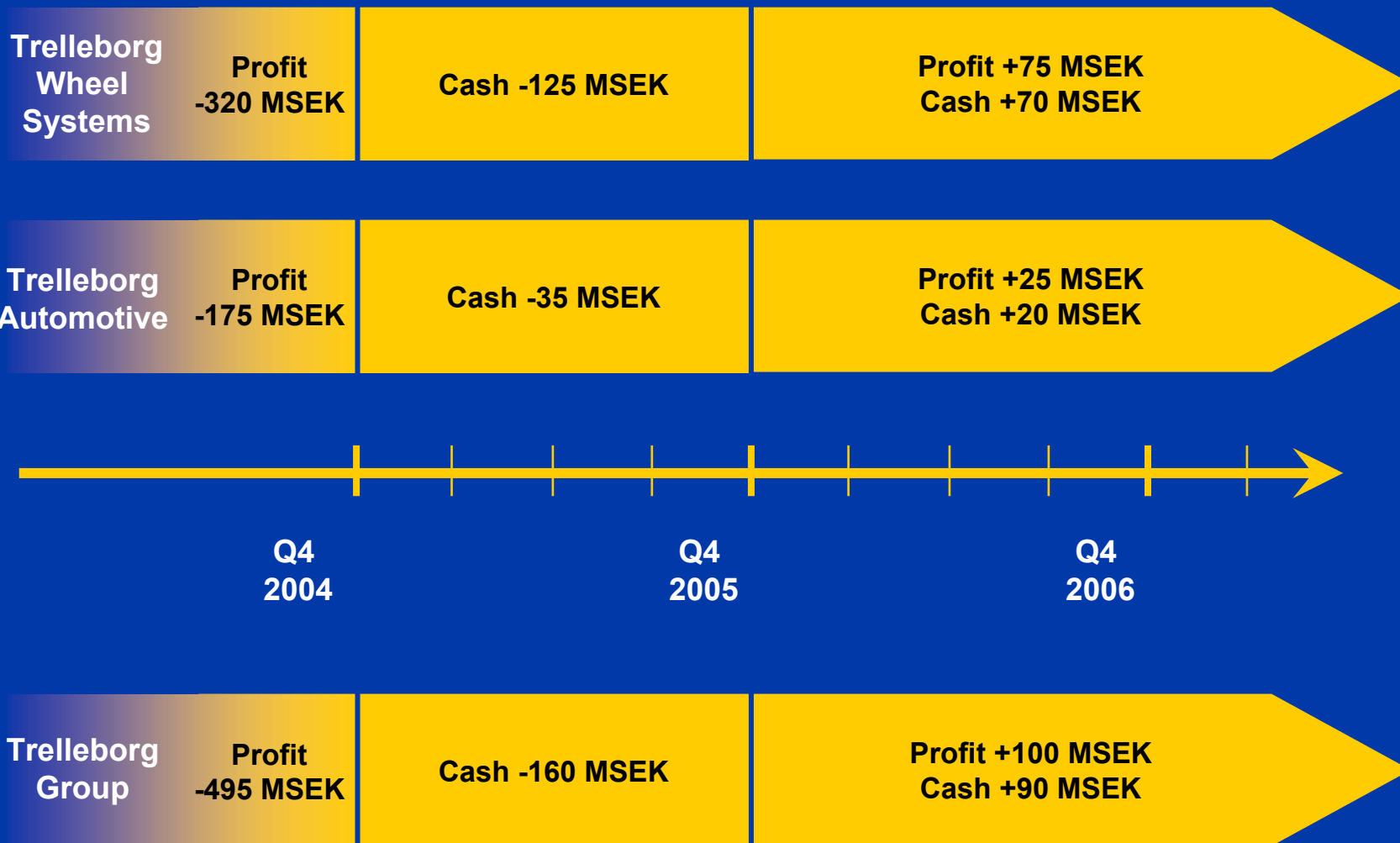
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- ▼ Transferring production of cross-ply tires to Tivoli and third party
  - ▼ Close down Trelleborg plant
- ▼ Properties in Breuberg written down



# Financial Effects of Restructuring

GROUP



# Successful Development in Emerging Markets Continues

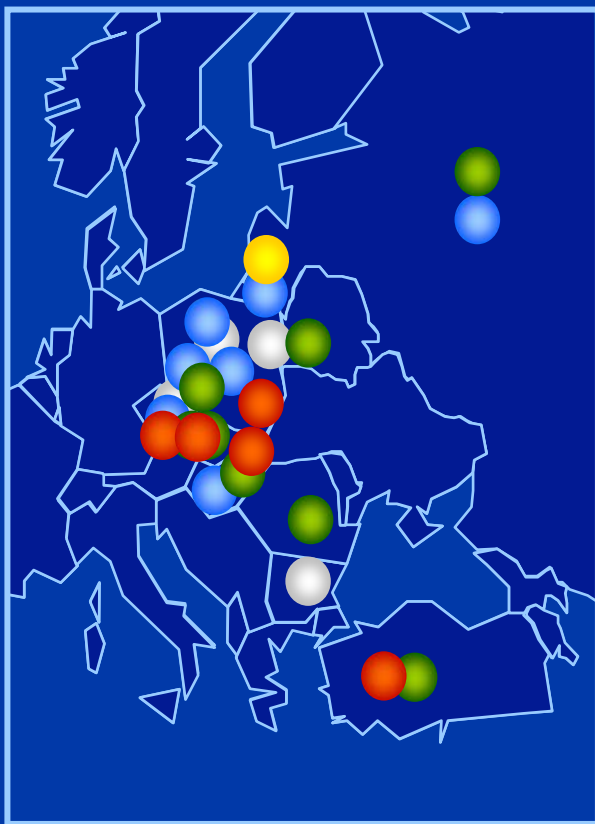
GROUP



# Eastern Europe Operations

GROUP

## Trelleborg Group



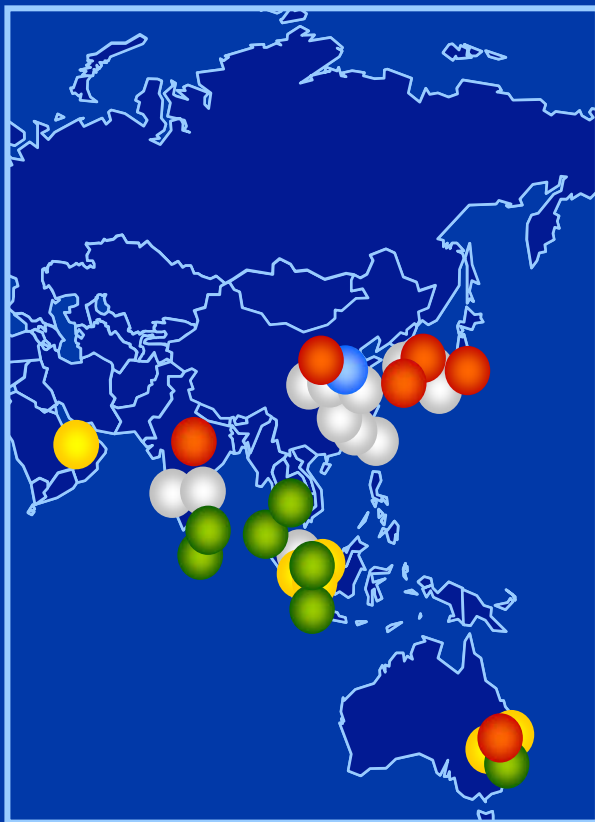
- Trelleborg Automotive
- Trelleborg Wheel Systems
- Trelleborg Engineered Systems
- Trelleborg Building Systems
- Trelleborg Sealing Solutions

- ▼ 8 plants
- ▼ 5 out-sourcing partners
- ▼ 11 sales offices
- ▼ 1 406 employees



# Asian/Pacific Operations

## Trelleborg Group



- Trelleborg Automotive
- Trelleborg Wheel Systems
- Trelleborg Engineered Systems
- Trelleborg Building Systems
- Trelleborg Sealing Solutions

- ▼ 2 161 employees
- ▼ 10 production plants
- ▼ 23 sales offices





# SUMMARY

# Summary

GROUP

- ▼ A global industrial platform achieved
  - ▼ Growing and performing
- ▼ A new and well balanced structure
- ▼ Follow-up on cap day 2003
  - ▼ In line with our directions and priorities for the planning period
- ▼ New Challenges and Opportunities
  - ▼ Raw material
  - ▼ Restructuring activities launched with short cash pay-back
  - ▼ Continuous development in emerging markets