

# Year-end report 2008

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## Agenda

- **Highlights**
- Business areas
- Financials
- Outlook Q1 2009

# Lower volume and earnings due to sharp decline in demand and nonrecurring costs

## Group financial highlights Q4 2008

### Net sales

- Lower volume

### Earnings

- Under-absorption of costs
- Capacity adjustments, personnel reductions and production disruptions
- Nonrecurring costs

### Good cash flow

- Despite high capex level

### Dividend

- No dividend for 2008 proposed

SEK M	Q4		
	2008	2007	Change
Net sales	7,343	7,799	-5.8%
EBITDA <sup>1</sup>	289	793	-64%
Margin, %	3.9	10.1	-620bp
Operating profit <sup>1</sup>	-8	524	n.a.
Margin, %	neg.	6.7	n.a.
Items affecting comparability	-792	-178	-
Operating cash flow	602	811	-26%
Cash conversion <sup>2</sup> , %	-	155	-

# Global economic downturn

## Group business highlights Q4 2008

### Business environment

- Global economic downturn
- Lower demand and capex in industrial segments
- Unprecedented decline in automotive market

### Raw material prices

- Continued decline in Q4 2008

### Competition investigations

### Impairment loss in Trelleborg Automotive Fluid Solutions

# SEK 416 M charged to Q4 2008 results

## Competition investigations

- Two of Trelleborg's subsidiaries in France and the US are subject to investigations by competition authorities in the US, EU and some smaller countries related to certain types of marine oil hoses and certain types of marine fenders (US only)
- The European Commission has set the fine for Trelleborg at EUR 24.5 M (communicated in press release January 28, 2009)
- Trelleborg is analyzing the decision before taking a position on whether to appeal the matter
- Trelleborg has continuously assisted the US authorities and await their decision
- SEK 416 M was charged in Q4 to cover EU fines, fines and expenses in the US and other affected countries, and damages and legal expenses
- Assessment is still subject to uncertainties relating to length and outcome of ongoing process

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# Substantially reduced demand in many segments

## Trelleborg Engineered Systems

### Q4 2008

- Organic sales: -4%
- Highly variable demand
  - Substantial decline in many segments
  - Project-related operations remained favorable
- Production disruptions in offshore oil/gas
- Capacity and personnel reductions
- Strong cash conversion

### Near term actions

- Align capacity
- Solve offshore oil/gas issue

SEK M	Q4		
	2008	2007	Change
Net sales	3,275	3,011	+8.8%
EBITDA <sup>1</sup>	293	388	-24.5%
Margin, %	8.7	12.8	-410bp
Operating profit <sup>1</sup>	191	308	-38.0%
Margin, %	5.6	10.1	-450bp
Items affecting comparability	-45	-22	-
Operating cash flow	326	482	-32.4%
Cash conversion <sup>2</sup> , %	171	156	-

# Sharp decline in car production in North America and Western Europe

## Trelleborg Automotive

### Q4 2008

- Organic sales: -32%
- Unprecedented market environment
- Capacity reductions and personnel cutbacks related costs of approx. SEK 150 M
- Positioning in AVS
- *Impairment loss in Fluid Solutions of SEK 223 M*

### Near term actions

- Align capacity
- Monitor market dynamics
- Secure benefits from restructuring programs

SEK M	Q4		
	2008	2007	Change
Net sales	1,869	2,562	-27.1%
EBITDA <sup>1</sup>	-232	154	n.a.
Margin, %	neg.	5.9	-18.3%
Operating profit <sup>1</sup>	-348	34	n.a.
Margin, %	neg.	1.2	-
Items affecting comparability	-319	-151	-
Operating cash flow	108	98	+10.2%
Cash conversion <sup>2</sup> , %	neg.	288	-

# Substantially weaker demand

## Trelleborg Sealing Solutions

### Q4 2008

- Organic sales: -16%
- Capital goods, e.g. hydraulic and pneumatic, as well as automotive drastically down
- Extensive capacity adjustments implemented – mainly personnel cutbacks
- Strong cash conversion
- Solid market share

### Near term actions

- Align capacity
- Continued focus on Global Growth Initiatives

SEK M	Q4		
	2008	2007	Change
Net sales	1,359	1,440	-5.6%
EBITDA <sup>1</sup>	189	239	-20.1%
Margin, %	13.9	16.7	-280bp
Operating profit <sup>1</sup>	138	194	-28.9%
Margin, %	10.1	13.5	-340bp
Items affecting comparability	-7	-	-
Operating cash flow	274	246	+11.4%
Cash conversion <sup>2</sup> , %	199	127	-

# Positive trend for large agricultural tires

## Trelleborg Wheel Systems

### Q4 2008

- Organic sales: 0%
- Positive development within larger agricultural tires
- Industrial tires demand significantly down due to global economy
- Market share gains

### Near term actions

- Align capacity
- Secure benefits from restructuring programs

SEK M	Q4		
	2008	2007	Change
Net sales	903	825	+9.5%
EBITDA <sup>1</sup>	84	82	+2.4%
Margin, %	9.4	9.9	-50bp
Operating profit <sup>1</sup>	60	60	-
Margin, %	6.7	7.4	-70bp
Items affecting comparability	-5	-5	-
Operating cash flow	6	70	-91.4%
Cash conversion <sup>2</sup> , %	10	117	-

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# Lower volumes and results due to significantly lower demand in Q4 2008

## Group financials

SEK M	Q4			Jan-Dec		
	2008	2007	Change	2008	2007	Change
<b>Net sales</b>	<b>7,343</b>	7,799	<b>-5.8%</b>	<b>31,263</b>	30,971	<b>+0.9%</b>
<b>Operating profit</b>	<b>-800</b>	342	<b>n.a.</b>	<b>374</b>	1,707	<b>-78.1%</b>
<b>Items affecting comparability</b>	<b>-792</b>	-178	<b>-</b>	<b>-1,424</b>	-558	<b>-</b>
<b><u>Operating figures<sup>1</sup></u></b>						
<b>EBITDA</b>	<b>289</b>	793	<b>-63.6%</b>	<b>2,868</b>	3,276	<b>-12.5%</b>
<b>Margin, %</b>	<b>3.9</b>	10.1	<b>-620bp</b>	<b>9.1</b>	10.6	<b>-150bp</b>
<b>Operating profit</b>	<b>-8</b>	524	<b>n.a.</b>	<b>1,798</b>	2,274	<b>-20.9%</b>
<b>Margin, %</b>	<b>neg.</b>	6.7	<b>-9.4</b>	<b>5.7</b>	7.3	<b>-160bp</b>
<b>Operating cash flow</b>	<b>602</b>	811	<b>-25.8%</b>	<b>1,594</b>	1,718	<b>-7.2%</b>
<b>Cash conversion<sup>2</sup>, %</b>	<b>neg.</b>	155	<b>-</b>	<b>89</b>	76	<b>-</b>

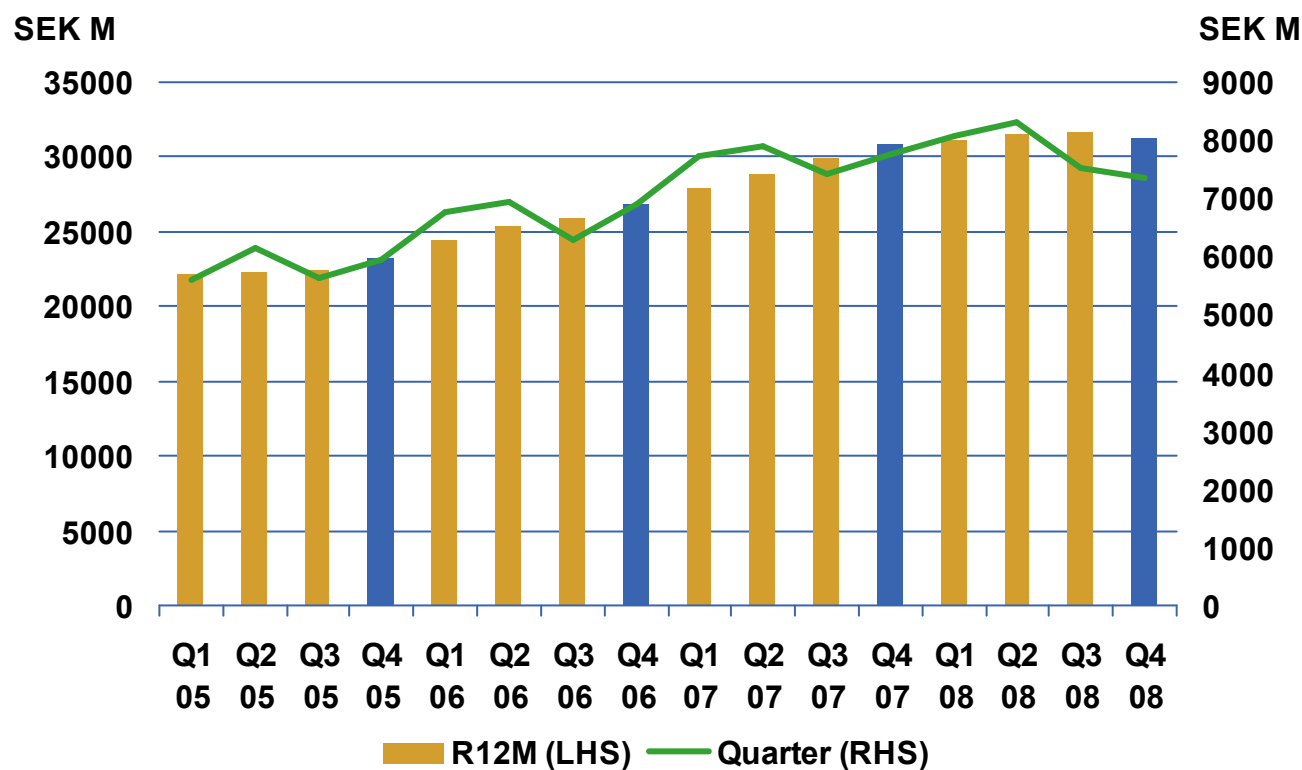
# Organic sales: -15%; Currency effect on net sales: +7% in Q4 2008

## Net sales bridge

	Q4		Jan-Dec	
%	2008	2007	2008	2007
<b>Organic growth</b>	<b>-15</b>	+10	<b>-1</b>	+10
<b>Structural changes</b>	<b>+2</b>	+3	<b>+2</b>	+6
<b>Currency</b>	<b>+7</b>	-1	<b>0</b>	-2
<b>Total</b>	<b>-6</b>	+12	<b>+1</b>	+14

# Net sales 2008: SEK 31,263 M (30,810)

## Group net sales development<sup>1</sup>



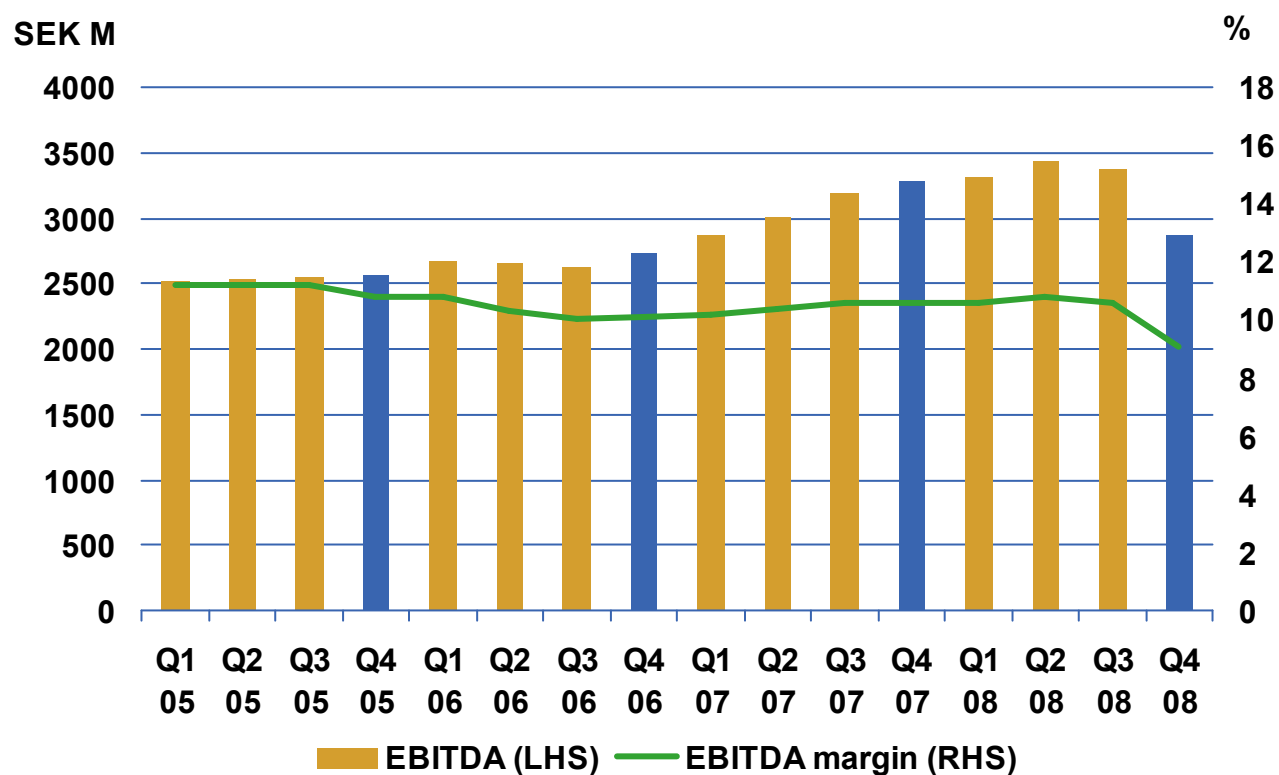
# Mainly related to competition investigations and Trelleborg Automotive

## Items affecting comparability

SEK M	Q4			
	2008	2007	2008	2007
Trelleborg Engineered Systems	-45	-22	-79	-89
Trelleborg Automotive	-319	-151	-868	-382
Trelleborg Sealing Solutions	-7	-	-32	-
Trelleborg Wheel Systems	-5	-5	-15	-27
Real estate	-	-	-	26
Legal costs	-416	-	-430	-86
<b>Total</b>	<b>-792</b>	<b>-178</b>	<b>-1,424</b>	<b>-558</b>

# EBITDA<sup>1</sup> 2008: SEK 2,868 M (3,276)

## Group EBITDA and margin development R12M<sup>1</sup>



# Returns negatively affected by lower profits

## Debt / Equity ratio: 124%

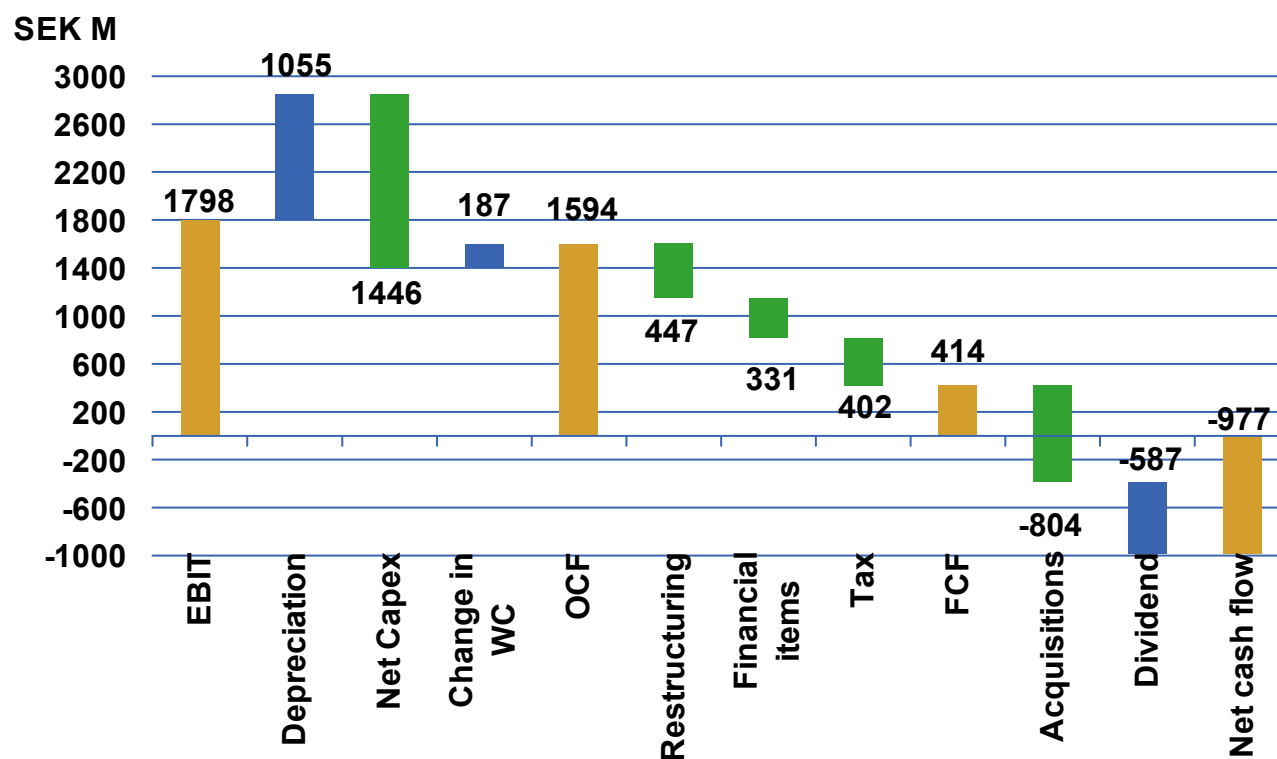
### Operating key figures<sup>1</sup>

%	2008	2007
Return on capital employed	8.4	11.5
Return on equity	8.8	13.0
Debt / Equity ratio	124	100

%	Q4		Jan-Dec	
	2008	2007	2008	2007
Financial net in % of avg. net debt	5.00	4.85	4.75	4.40
Tax rate	-21	31	29	30

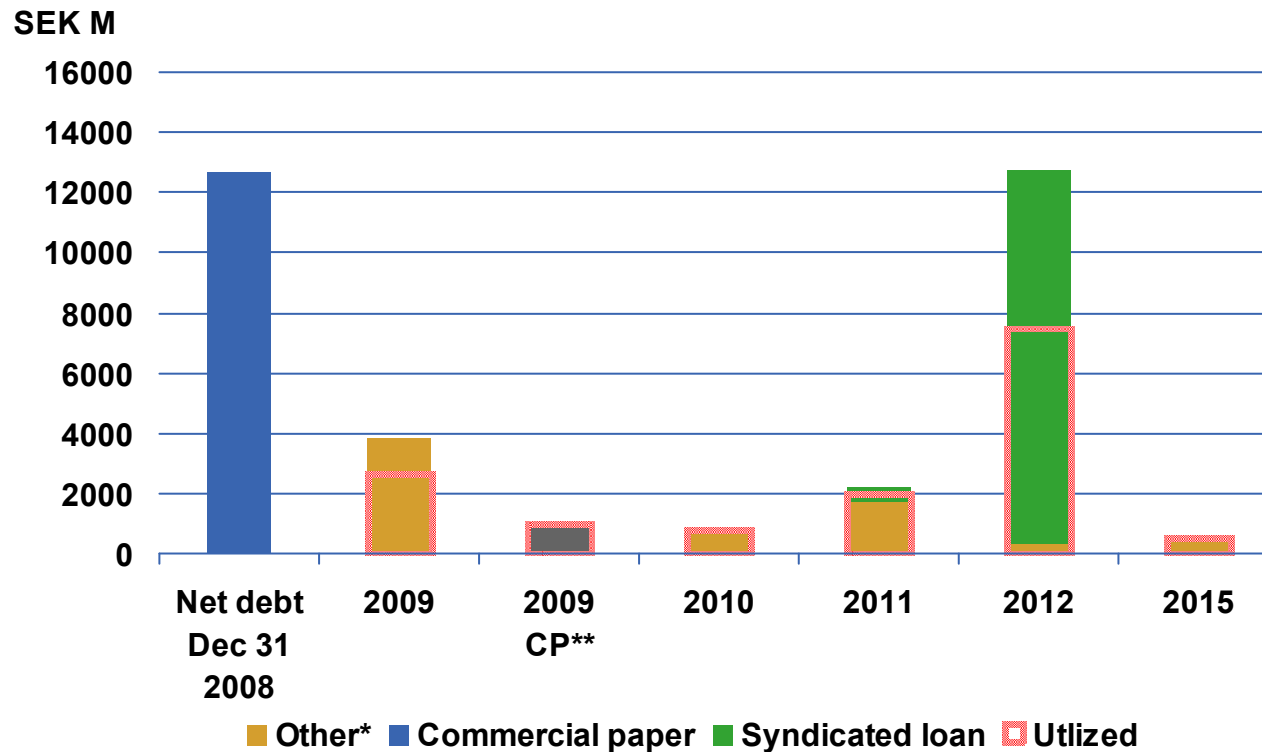
# Strong focus on cash flow

## Cash flow 2008



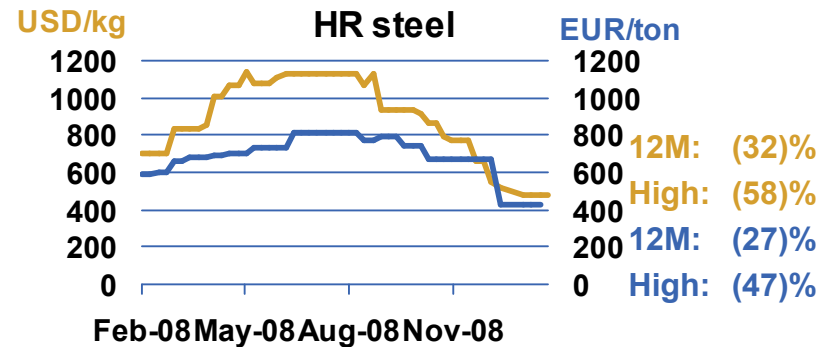
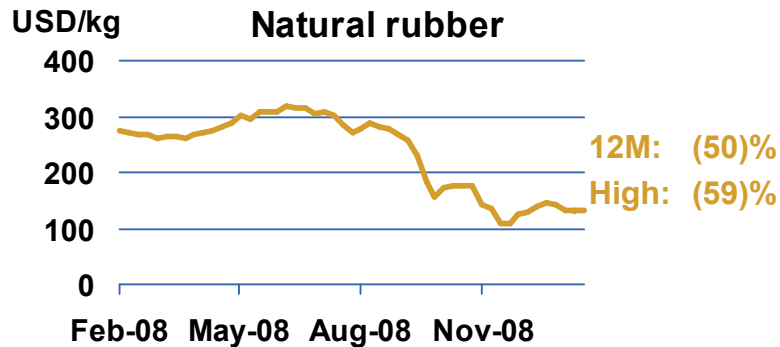
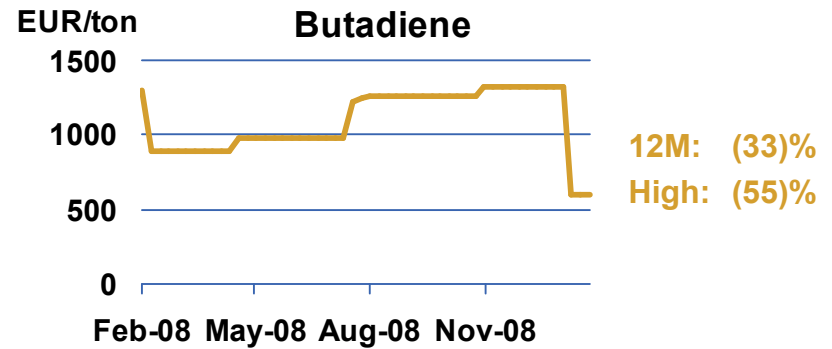
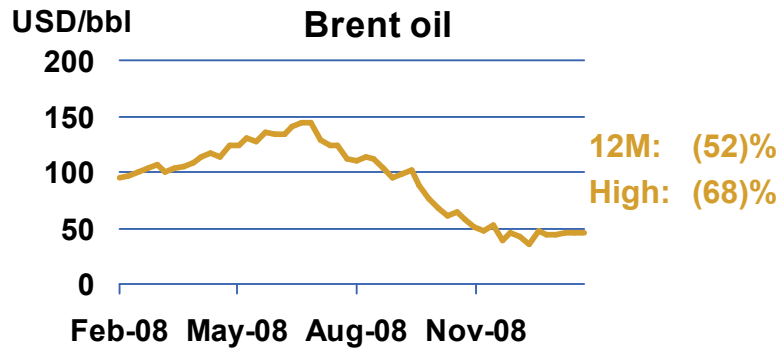
# SEK 5,500 M in unutilized portion of long-term financing facilities

## Debt structure Dec 31, 2008



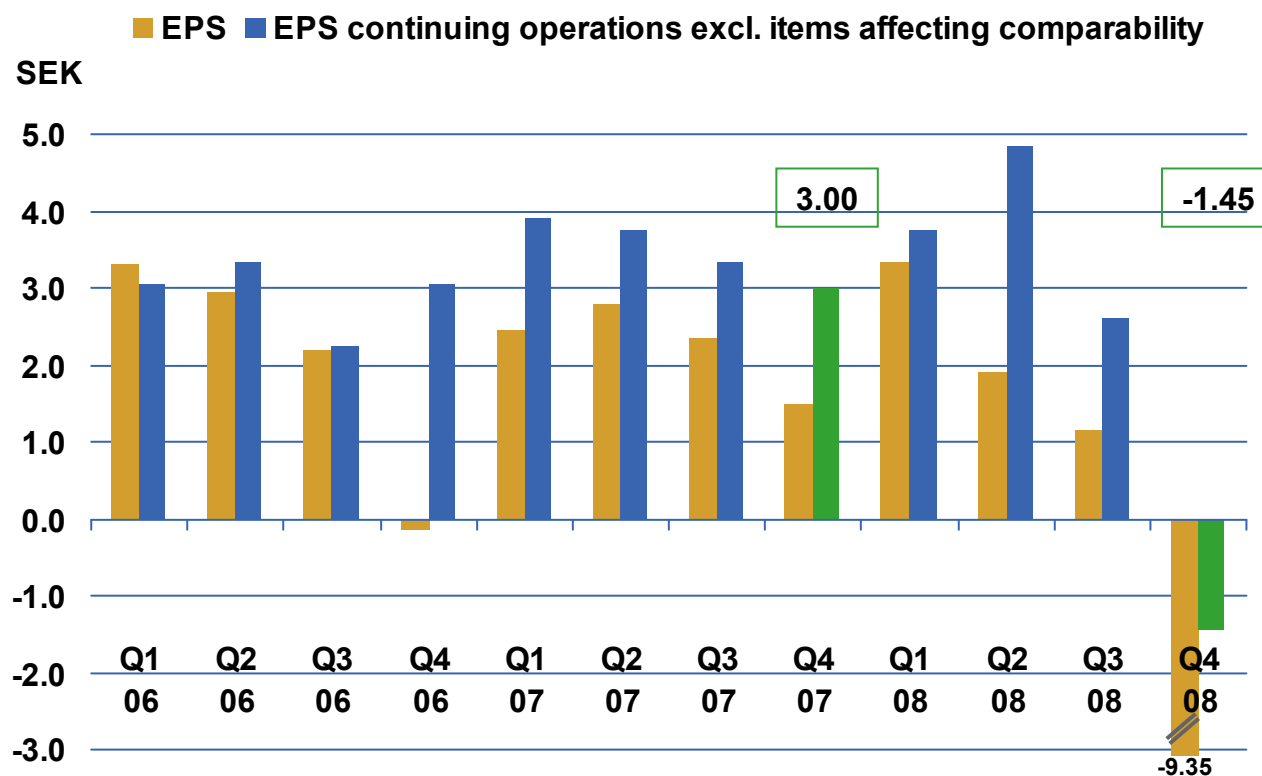
# 3-6 months lag on raw material price effect

## Raw material prices development



# R12M<sup>1</sup> EPS: SEK 9.75

## Earnings per share



R12M<sup>1</sup>: 12.90 12.45 11.70 11.70 12.55 12.95 14.05 14.00 13.85 14.95 14.20 9.75

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## Outlook Q1 2009

- Overall, lower demand is expected compared with the fourth quarter 2008

# Trelleborg continues to adapt to business environment

## Near term actions

- Operational portfolio management
- Align capacity
- Manage raw material costs
- Solve issue in offshore oil/gas
- Secure benefits from ongoing restructuring programs
- Strong focus on cash flow

## 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



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