

# Proposed rights issue

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*March 23, 2009*



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## Agenda

- **Overview of proposed rights issue**
- Q&A
- Appendix – Trelleborg in brief

# SEK 2.2 billion fully committed underwritten rights issue

## Summary

- Board of Directors proposing a rights issue of SEK 2.2 billion<sup>1</sup>
- Fully committed and underwritten
- Strengthens financial position and increases ability to further improve market positions
- Final terms will be announced on April 21, 2009
- Subject to approval by the AGM on April 23, 2009

# 60% guaranteed by existing shareholders

## Remainder underwritten by banks

### Commitments and underwriters

- Largest shareholders have agreed to subscribe pro-rata, in total c. 35% of the rights issue
  - Incl. Dunker interests, AFA Försäkring, Alecta, Rune Andersson<sup>1</sup> and Sten K Johnson<sup>1</sup>
- Rune Andersson<sup>1</sup>, Donald Johansson and family<sup>1</sup> and Sten K Johnson<sup>1</sup> have agreed to subscribe for additional shares, bringing total guaranteed amount to c. 60% of the rights issue
- Remainder underwritten by DnB NOR Markets, Handelsbanken Capital Markets, Nordea and SEB, subject to certain conditions
- Additionally, a group of institutional shareholders representing c. 11% of capital have expressed support for the rights issue

# Strengthens financial position and increases ability to further improve market positions

## Rationale for rights issue

- Actively worked on repositioning towards attractive customer segments and improved footprint
- Action programs in Trelleborg Automotive
- Measures taken early to align capacity to lower demand
- Uncertain macro economic environment 2009 and 2010
- Main objective to strengthen balance sheet
  - Provides additional headroom to capital structure target and consequently covenants
  - Strengthens financial position and increases ability to further improve market positions
- Well positioned when economy improves

# Continued weak demand beginning of 2009

## Update on current trading

- Continued weak demand in the beginning of 2009
  - Sales down c. 20% in the first months of 2009, despite positive effect from weakened SEK
  - Similar development expected for remaining part of Q1
  - Continuing inventory reductions among customers creates uncertainty about underlying demand
- Estimates Q1 operating result, excluding items affecting comparability, to be slightly negative due to continued significant decline in volumes within the automotive and industrial capital goods segments as well as costs related to capacity alignments within all business areas

# Pro forma net debt / equity: 84%

## Pro forma financial effects

Key balance sheet ratios per Dec 31, 2008			Balance sheet and effects per Dec 31, 2008			
	Pre issue	Pro forma post issue	SEK M	Pre issue	Adjustments <sup>2</sup>	Pro forma post issue
Net debt / equity	124%	84%	Fixed assets	20,556		20,556
Net debt / EBITDA <sup>1</sup>	4.4x	3.7x	Current assets excl. cash and cash equivalents	12,458		12,458
Net debt / EBITDA	6.9x	5.7x	Cash and cash equivalents	749	+2,200	2,949
			<b>Total assets</b>	<b>33,763</b>		<b>35,963</b>
			Shareholders' equity	10,238	+2,200	12,438
			Interest-bearing liabilities	13,639		13,639
			Other non-interest-bearing liabilities	9,886		9,886
			<b>Total equity and liabilities</b>	<b>33,763</b>		<b>35,963</b>
			<b>Net debt</b>	<b>12,706</b>	<b>-2,200</b>	<b>10,506</b>

Note:

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

<sup>2</sup> Before transaction costs

# Rights issue terms: April 21

## AGM: April 23

### Indicative timetable

Date	Event
Latest March 25:	AGM notice published
April 17:	Q1 report published
April 21:	Announcement of rights issue terms
April 23:	AGM votes on the Board's proposal for rights issue
April 24:	First day of trading excl. subscription rights to participate in rights issue
April 28:	Record date for rights issue Prospectus published
April 30-May 14:	Trading in subscription rights
April 30-May 19:	Subscription period

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- **Q&A**

- Appendix – Trelleborg in brief

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- **Appendix – Trelleborg in brief**

# A global industrial group

## Overview

- Founded in 1905
- 2008 sales of ~SEK 31,300 M
- 2008 EBITDA of ~SEK 2,900 M
- 23,202 employees (24,347 avg.)
- Presence in 44 countries
- 139 manufacturing sites / workshops in 28 countries
- Listed on the Stockholm Stock Exchange since 1964



# Four business areas

## Organization

### Trelleborg Group

#### Trelleborg Engineered Systems



Net sales: 12,378  
 EBITDA margin: 11.3%  
 ROCE: 15.5%

**40%<sup>1</sup>**

#### Trelleborg Automotive



Net sales: 9,461  
 EBITDA margin: 0.7%  
 ROCE: neg.

**30%**

#### Trelleborg Sealing Solutions



Net sales: 6,022  
 EBITDA margin: 17.9%  
 ROCE: 12.3%

**19%**

#### Trelleborg Wheel Systems



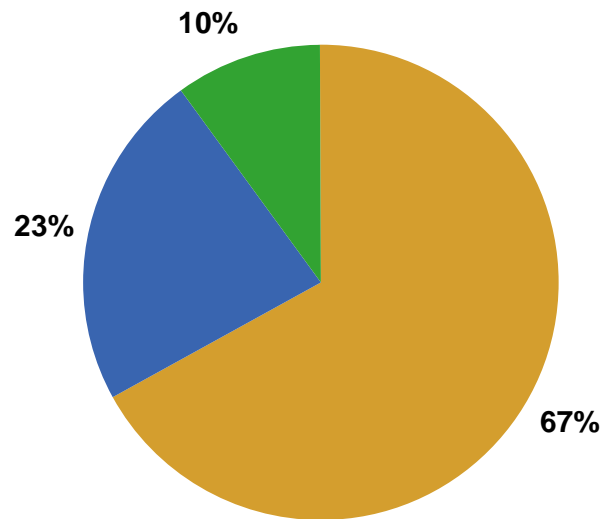
Net sales: 3,708  
 EBITDA margin: 12.2%  
 ROCE: 19.5%

**11%**

# Diversified geographically and by market segment

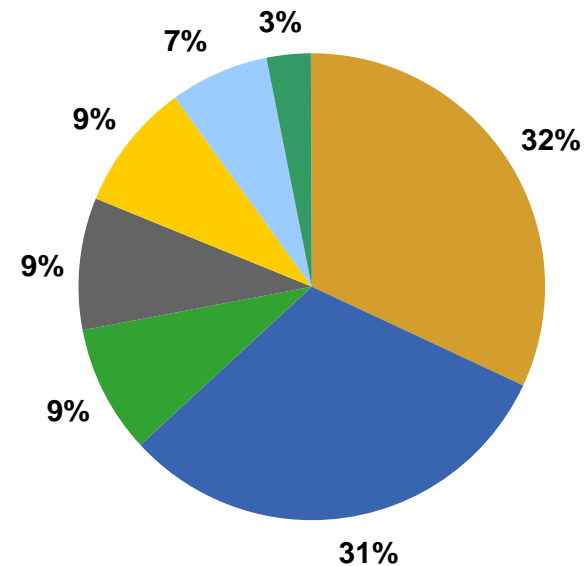
## Sales split 2008

### Sales per geography



- Europe
- North and South America
- Asia and other markets

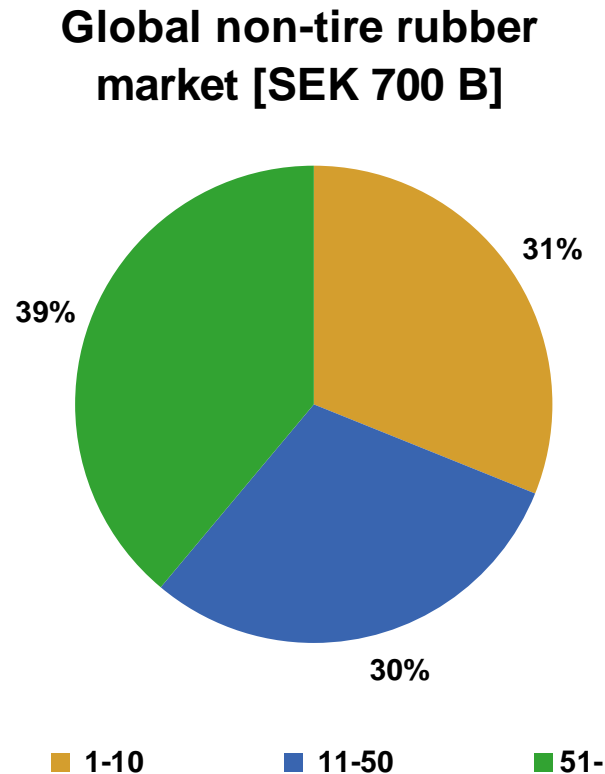
### Sales per market segment



- General industry
- Automotive
- Offshore oil/gas
- Agriculture
- Infrastructure construction
- Transportation equipment
- Aerospace

# Global leader in fragmented market

## Competitive environment

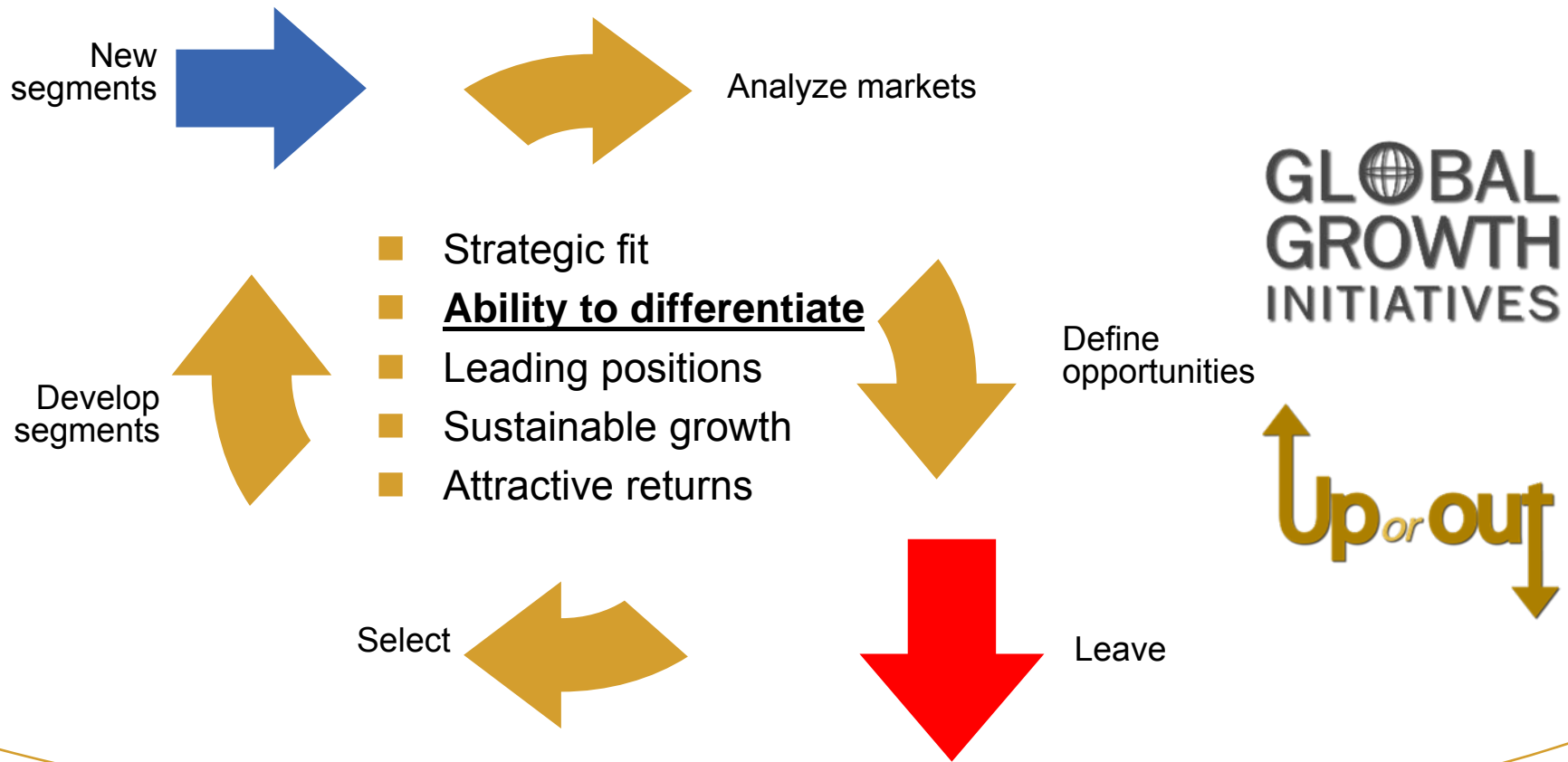


### Top 10 non-tire rubber companies

Rank	Company	Country	% of total sales
1	Trelleborg	SE	90
2	Continental	GE	16
3	Hutchinson	FR	90
4	Bridgestone	JP	12
5	Freudenberg	GE	46
6	Cooper-Standard Automotive	US	100
7	Tomkins	UK	43
8	Tokai Rubber	JP	95
9	Parker-Hannifin	US	21
10	NOK	JP	50

# Portfolio management for long term leading positions

## Portfolio management process



# Long term focus on selected market segments

**Aerospace**



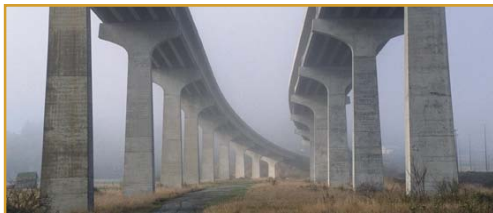
**Agriculture**



**Energy and environment**



**Infrastructure construction**



**Selected automotive**



**Demanding industrial applications**



**Life science**



**Mining and minerals**



# Unchanged financial targets

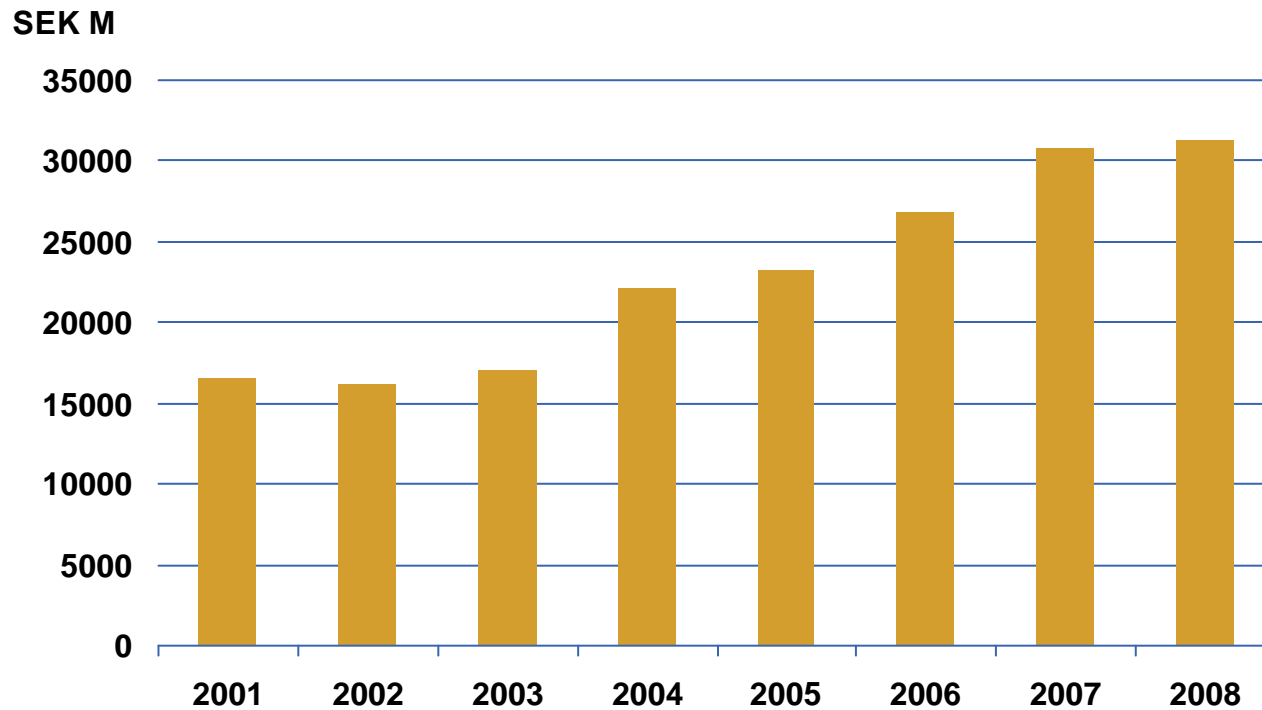
## Financial targets<sup>1</sup>

<b>Financial target</b>	<b>Target</b>
Net sales growth	8-10% pa over an economic cycle
EBITDA margin	≥12% medium term
Return on capital employed	15% long term before tax
Return on shareholders' equity	15% after tax
Debt / equity ratio	75-125%
Operating cash flow	80-90% of EBIT

Dividend policy 30-50% of net profit

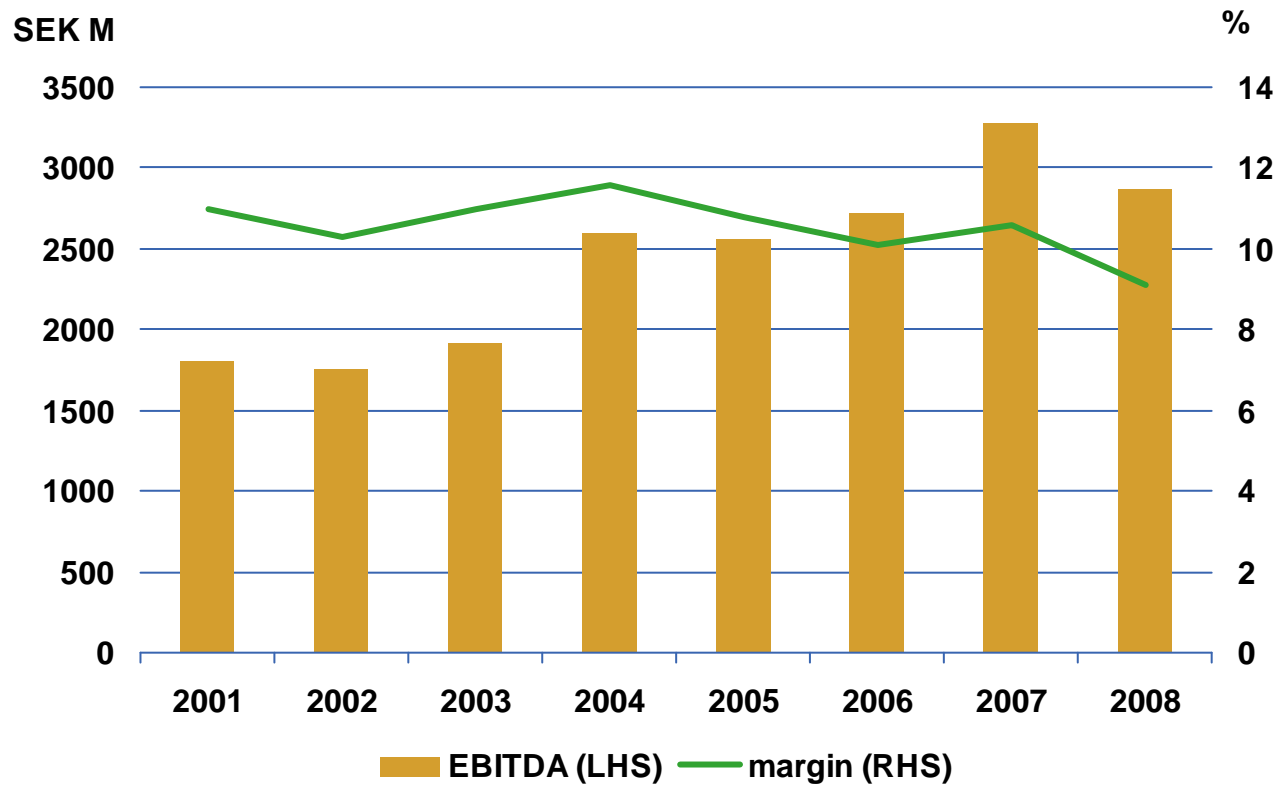
# Historic sales driven by both organic and acquired growth

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



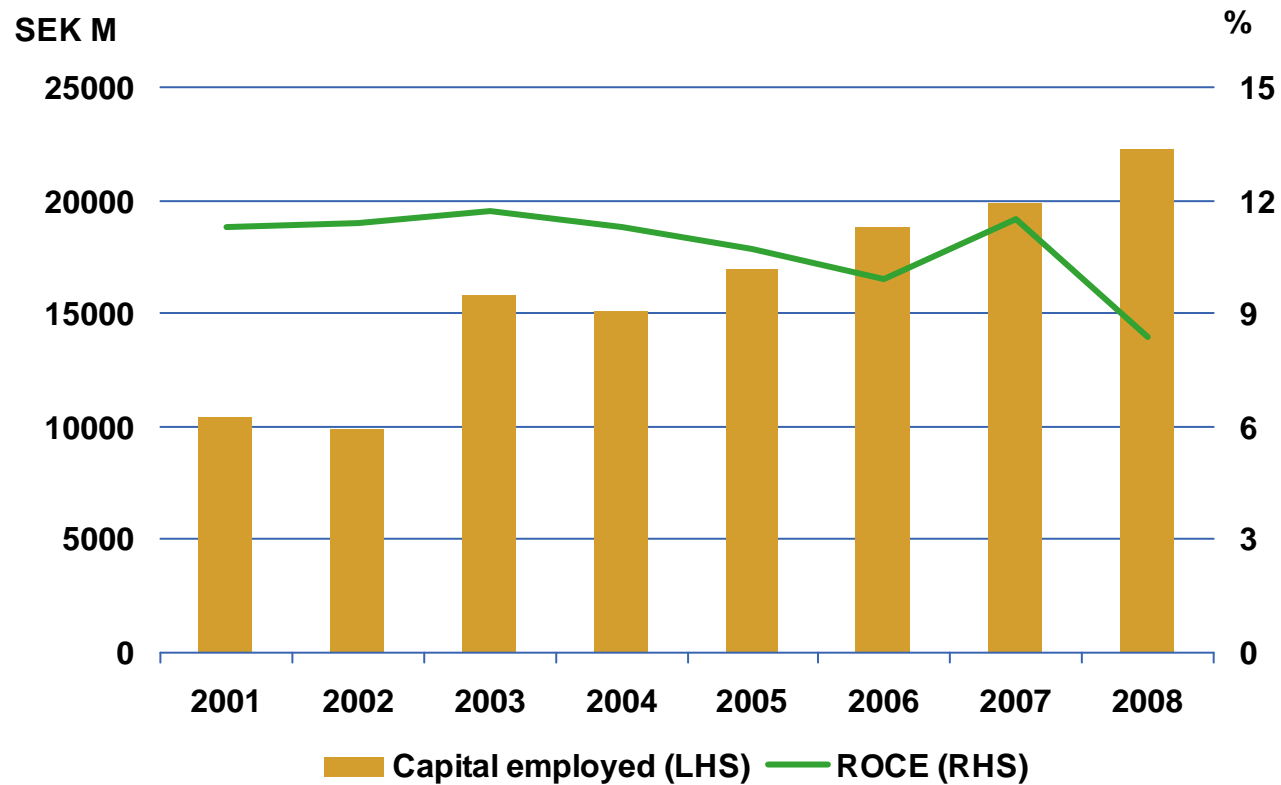
# Performance of Trelleborg Automotive has hampered profits...

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



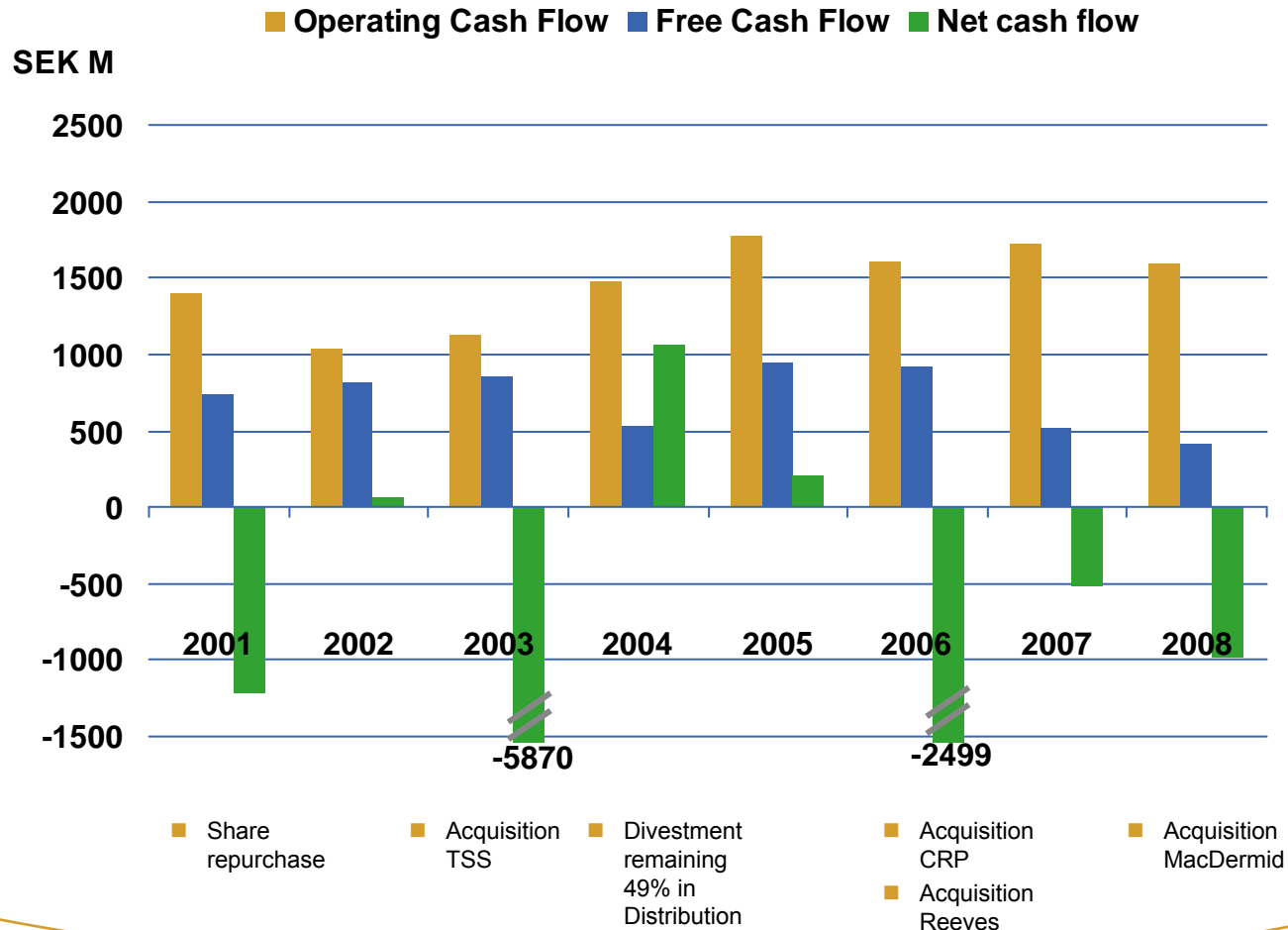
# ... and returns

## Capital employed and ROCE<sup>1</sup>



# Strong historic operating cash flow generation

## Cash flow 2001-2008



## 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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