

# Trelleborg interim report January – June 2011

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# Agenda

- **Highlights**

- Business areas

- Financials

- Outlook Q3 2011

- Q&A

# Favorable demand in most market segments

## Q2 2011 highlights

- Favorable demand in most market segments
- Margins in line with target
- Focus on long-term positioning

# Favorable demand in most market segments

## Group financial highlights Q2 2011<sup>1</sup>

### Net sales

- Organic sales: +13%
- Currency effects: -9%

### Earnings

- Improved earnings
- Volatile raw material prices

### Cash flow

- Seasonal effects
- Improved earnings
- Increased volumes

SEK M	Q2 2011	Q2 2010	Change
Net sales	7,583	7,187	6%
EBITDA <sup>2</sup>	973	955	2%
Margin, %	12.8	13.2	-40bp
Operating profit <sup>2</sup>	751	694	8%
Margin, %	9.9	9.6	30bp
Items affecting comparability	-45	-51	-
Operating cash flow	467	792	-

# Favorable demand in most market segments

## Demand in Q2 2011

- Favorable demand in General industry, Light vehicles, Agriculture, Transportation equipment and Aerospace
- Increasing activity level in Offshore oil/gas and Infrastructure construction

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# Favorable demand in general industry, improving order intake in project business

## Trelleborg Engineered Systems<sup>1</sup>

- Organic sales: +6%
- Favorable demand in general industry
- Improving order intake in project business
- Product mix changes
- Integration of acquired businesses

SEK M	Q2 2011	Q2 2010	Change
Net sales	2,596	2,629	-1%
EBITDA <sup>2</sup>	301	353	-15%
Margin, %	11.6	13.4	-180bp
Operating profit <sup>2</sup>	226	263	-14%
Margin, %	8.7	10.0	-130bp
Items affecting comparability	-20	-28	-
Operating cash flow	43	197	-

# Continued good light vehicle production levels

## Trelleborg Automotive<sup>1</sup>

- Organic sales: +13%
- Continued good light vehicle production levels
- Efforts to mitigate increasing raw material prices
- Asset correction
- Improved market position confirmed by new awards
- Joint venture discussions on-going

SEK M	Q2 2011	Q2 2010	Change
Net sales	2,295	2,268	1%
EBITDA <sup>2</sup>	183	270	-32%
Margin, %	7.9	11.7	-380bp
Operating profit <sup>2</sup>	108	175	-38%
Margin, %	4.6	7.5	-290bp
Items affecting comparability	-17	-20	-
Operating cash flow	130	328	-

# Continued favorable demand in all areas

## Trelleborg Sealing Solutions<sup>1</sup>

- Organic sales: +19%
- Continued favorable demand in all areas
- Positive mix changes
- Good capacity utilization
- Integration of acquired businesses
- Strong cash flow

SEK M	Q2 2011	Q2 2010	Change
Net sales	1,735	1,522	14%
EBITDA <sup>2</sup>	424	300	41%
Margin, %	24.4	19.7	470bp
Operating profit <sup>2</sup>	378	251	51%
Margin, %	21.8	16.5	530bp
Items affecting comparability	-7	-	-
Operating cash flow	330	237	-

# Improved demand in all areas

## Trelleborg Wheel Systems<sup>1</sup>

- Organic sales: +28%
- Improved demand all areas
- Increased volumes in improved structure
- Efforts to mitigate increasing raw material prices
- Integration of acquired businesses
- Strong cash flow

SEK M	Q2 2011	Q2 2010	Change
Net sales	1,006	795	27%
EBITDA <sup>2</sup>	132	82	61%
Margin, %	13.1	10.3	280bp
Operating profit <sup>2</sup>	108	59	83%
Margin, %	10.8	7.4	340bp
Items affecting comparability	-	-3	-
Operating cash flow	111	97	-

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# Favorable demand in most market segments

## Financial highlights Q2 2011<sup>1</sup>

Key ratios, SEK M	Q2 2011	Q2 2010	Change	Operating key ratios, SEK M	Q2 2011	Q2 2010	Change
Net sales	7,583	7,187	6%	Items affecting comparability	-45	-51	-
Operating profit	706	643	10%	Operating profit <sup>2</sup>	751	694	8%
Profit for the period	469	415	13%	Operating margin, % <sup>2</sup>	9.9	9.6	30bp
Earnings per share, SEK	1.70	1.50	13%	EBITDA margin, % <sup>2</sup>	12.8	13.2	-40bp
Free cash flow	230	561	-	Earnings per share, SEK <sup>2</sup>	1.85	1.65	12%
Debt / Equity ratio, %	55	64	-	Operating cash flow	467	792	-

# Organic sales: +13%

## Currency: -9%

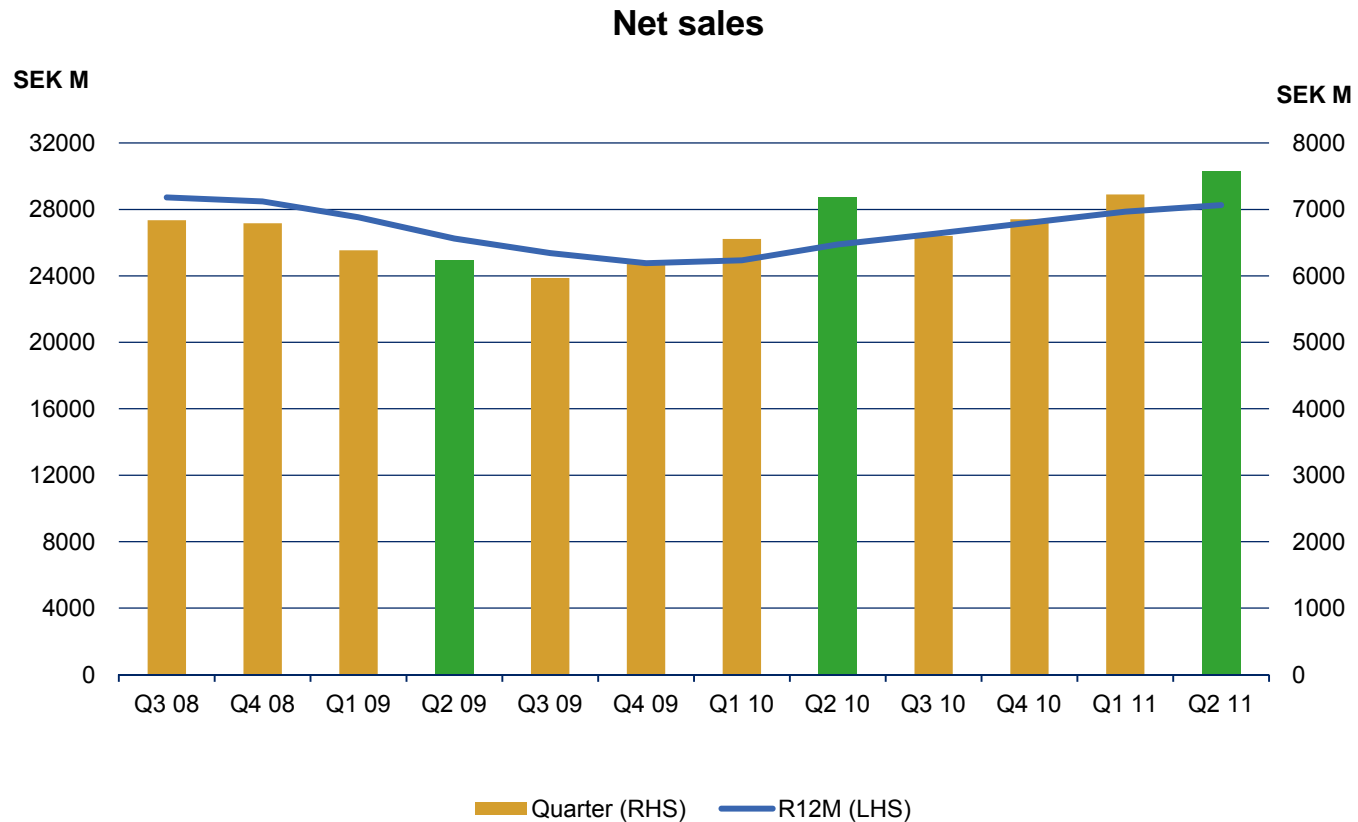
### Sales development<sup>1</sup>



%	Q2 2011	Q2 2010	Full year 2010
Organic sales	+13	+22	+17
Structural change	+2	0	0
Currency	-9	-7	-7
<b>Total</b>	<b>+6</b>	<b>+15</b>	<b>+10</b>

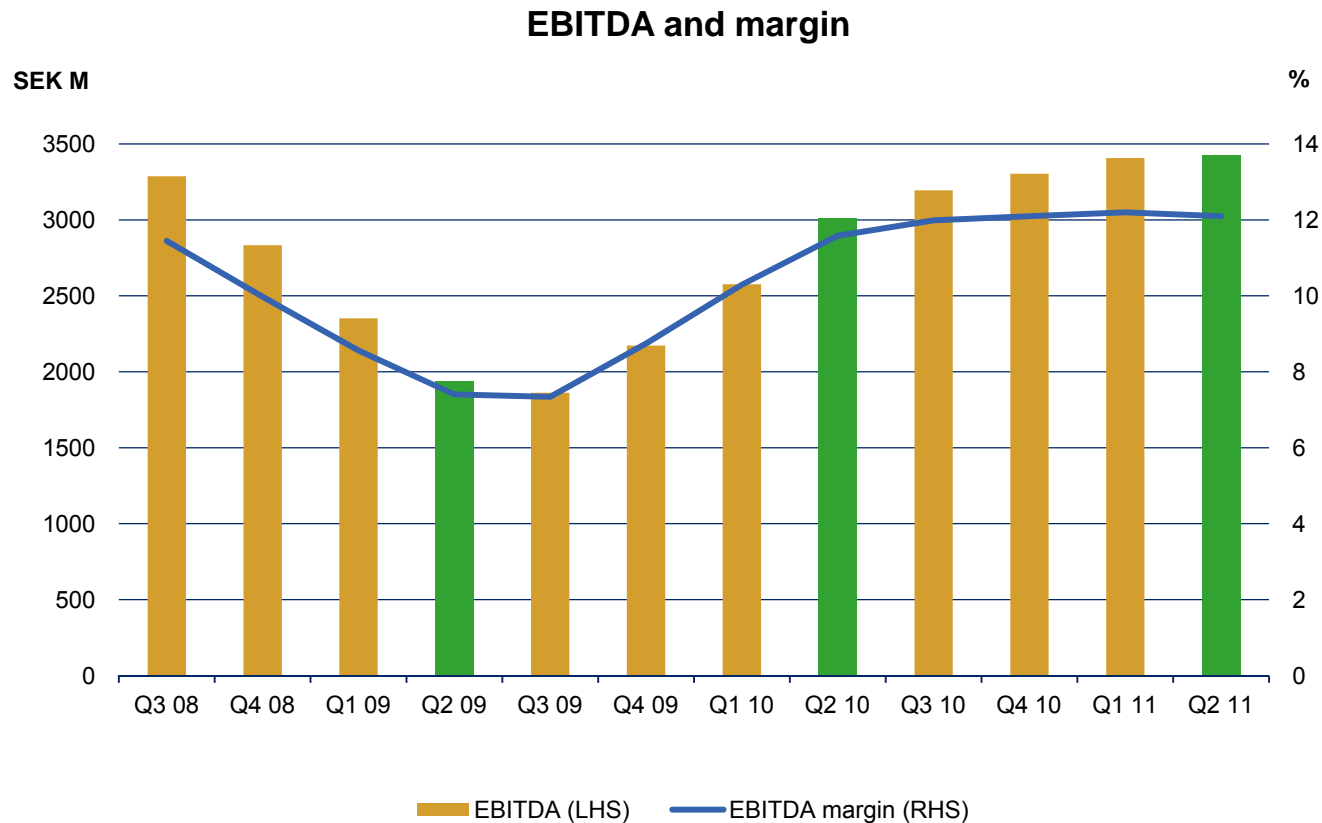
# Continued increase in sales

## Group net sales R12M and by quarter<sup>1</sup>



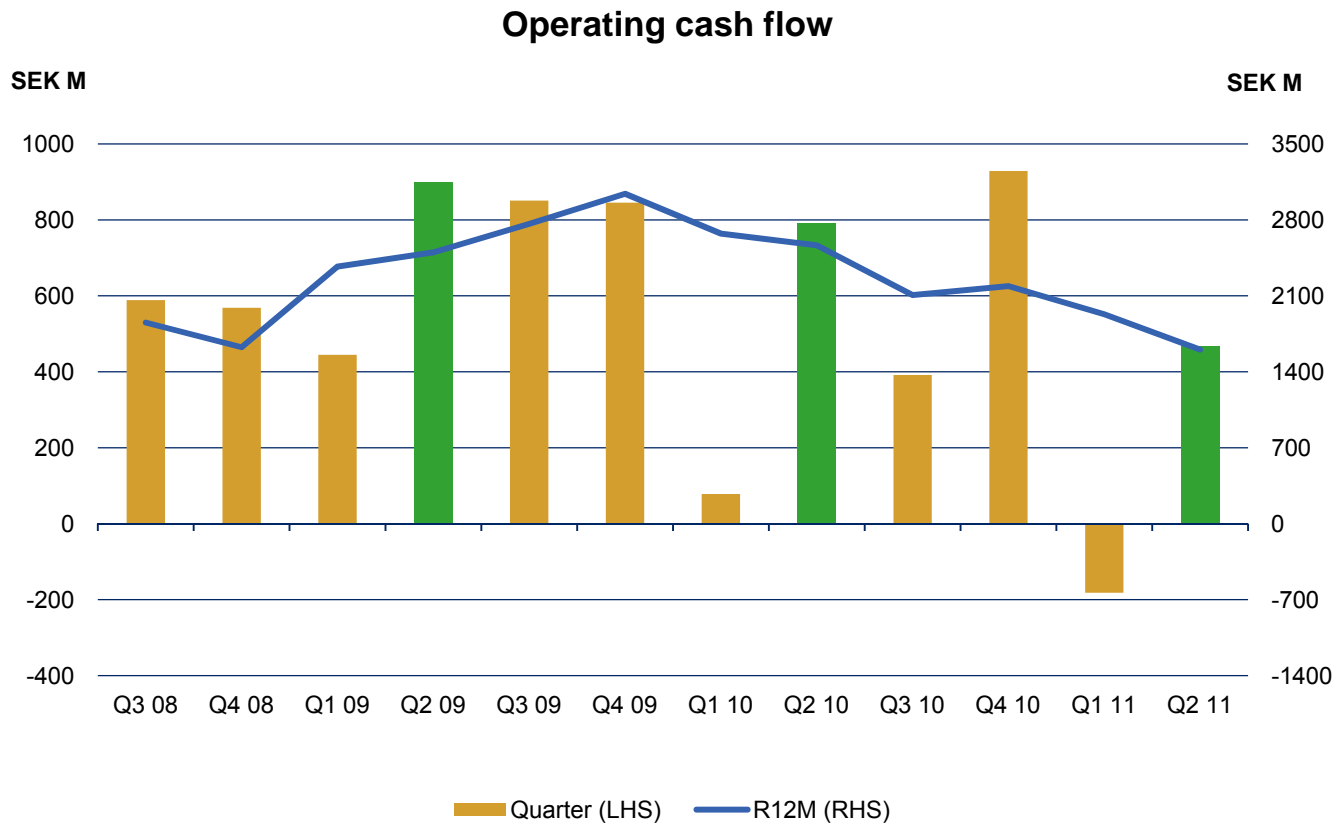
# EBITDA margin in line with target

## Group EBITDA and margin R12M<sup>1,2</sup>



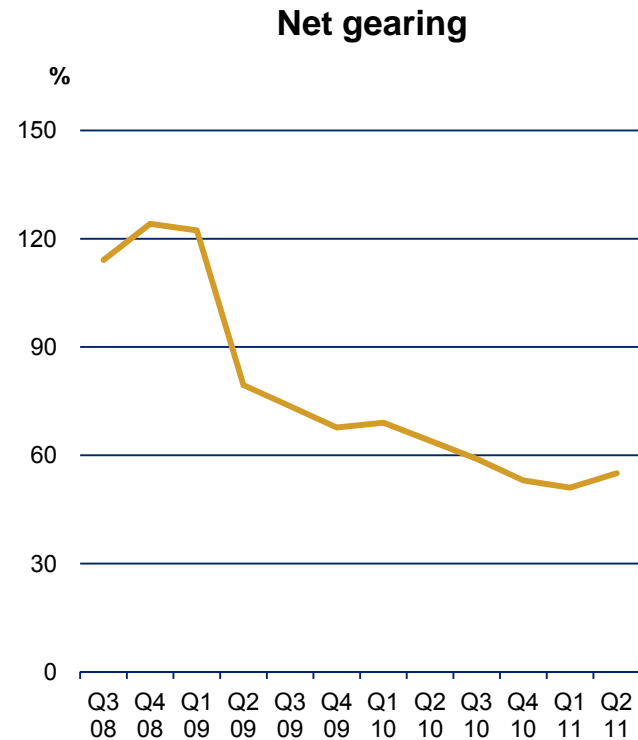
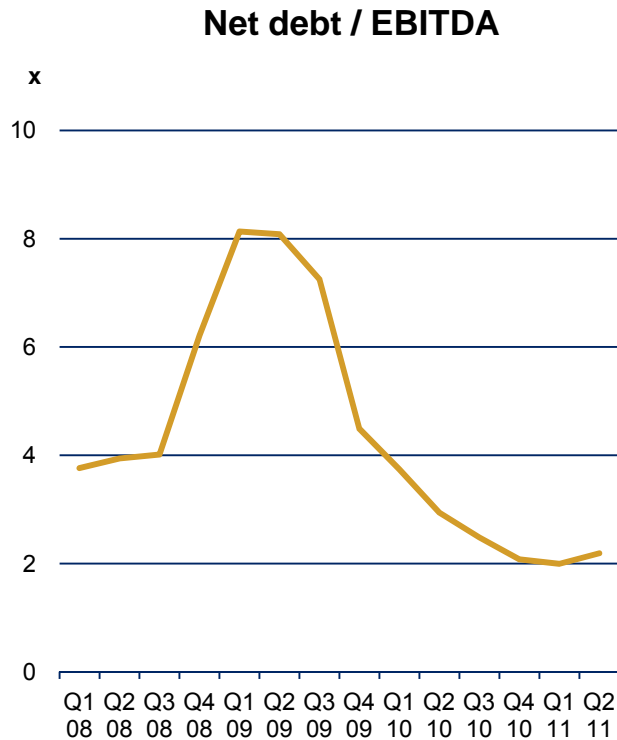
# Sequential improvement in cash flow

## Operating cash flow by quarter and R12M<sup>1</sup>



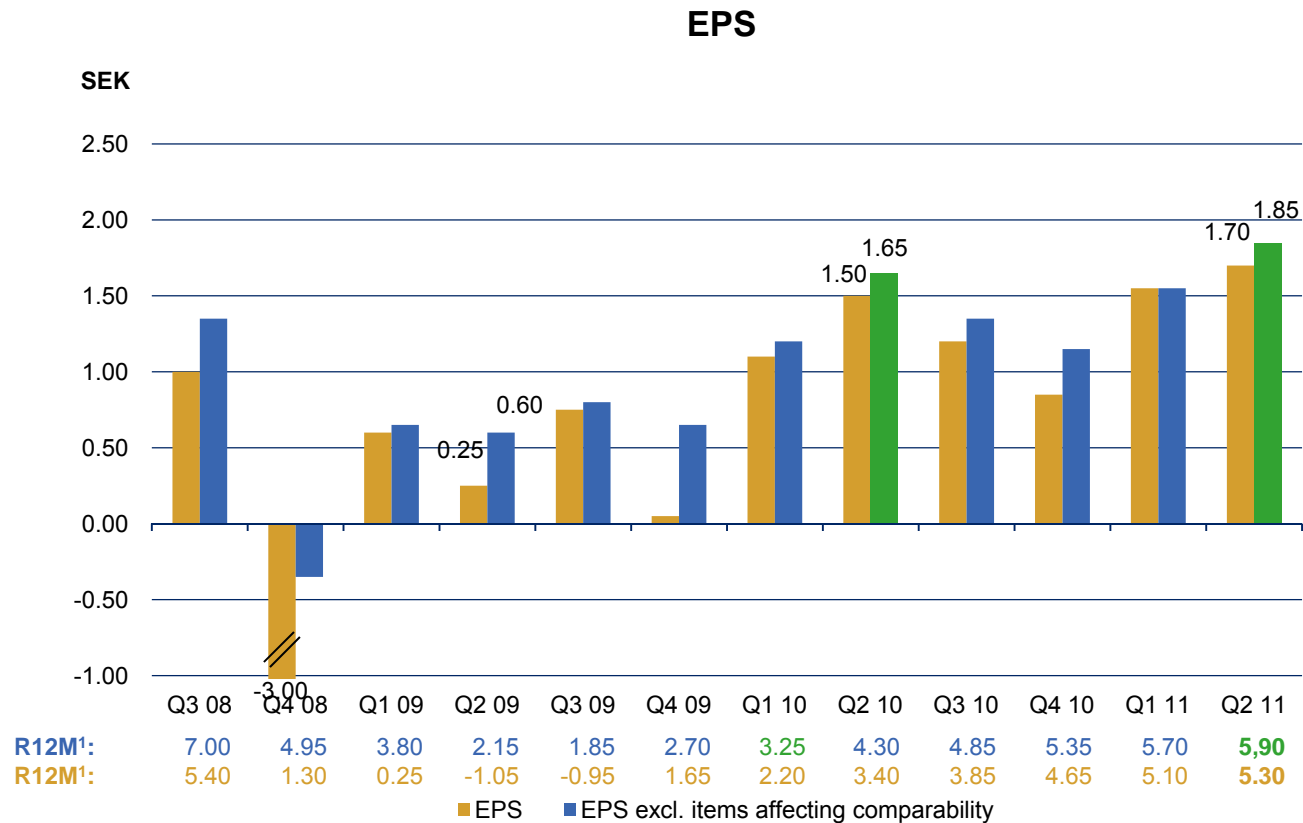
# Investment grade credit metrics

## Net debt / EBITDA and net gearing development



# Continued improvement in EPS

## Earnings per share<sup>1,2</sup>



Note:

<sup>1</sup> Continuing operations

<sup>2</sup> Share of net profit for the period attributable to the Parent divided by the average number of shares.

Following the rights issue, the average number of shares was adjusted according to guidelines in IAS 33

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## Outlook Q3 2011

- In total, demand is expected to remain in line with the second quarter of 2011, adjusted for seasonal variations

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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