Trelleborg interim report

April – June 2015

Peter Nilsson, President & CEO
Ulf Berghult, CFO

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- **Highlights**
- Business areas
- TrelleborgVibracoustic (50% ownership)
- Financials
- Summary & Q3 2015 outlook
- Q&A

Record earnings despite muted market growth

Q2 2015 highlights

- Muted organic sales Y/Y, but structural growth and positive FX-movements yield robust sales growth
- Good market positions, cost control and currency improved the results to highest level to date
- Trelleborg’s EBIT-margin at 13.5% - robust considering exposure to weaker agri and oil/gas markets
- TrelleborgVibracoustic’s EBIT-margin at 9.6% - best so far
- Uncertainty regarding market direction prevails
- Agri segment still under pressure, but easier comps in H2 2015

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Organic growth initiatives and acquisitions

Recap of Q2 2015 events

- Acquisition of Armstrong Tyres, an Australian service and distribution company of agricultural tires
- Frank Müller, new CEO of the joint venture TrelleborgVibracoustic, assumed his position on June 1, 2015

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Yet another robust quarter

Group financial highlights, Q2 2015

Net sales

- Sales: +14%; Organic: -1%; Structure: +4%; Currency +11%

Earnings

- Highest quarterly EBIT to date
- Positive FX impact

Cash flow

- Cash flow impacted by higher capex
- R12M cash conversion at 78%

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	6 531	5 726	14
Organic	-1	-1	
Structural	4	0	
Exchange rate	11	3	
Operating profit excl. items affecting comparability excl. part in TrelleborgVibracoustic	883	802	10
Operating margin, %	13.5	14.0	0.5pp
Items affecting comparability[1]	-23	-99	
Profit share in TrelleborgVibracoustic[2]	137	29	372
Reported operating profit	997	732	36
Operating cash flow	603	539	12

[1] Consists of restructuring charges of SEK -23 M (-99) and one-off items of SEK 0 M (0)
[2] Profit share in TrelleborgVibracoustic after tax, includes total items affecting comparability of EUR 3 .0 (14.1) (50% of total-5,9 M (-28.1), of which restructuring costs of EUR -1.0 M (-12.1) (50% of -2.0 M (-24.2))

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Good impact from acquisitions and efficiency

Trelleborg Coated Systems[1]

- Organic sales: 0%
- Structural growth: +24%
- Engineered fabrics stronger in North America, weaker in Europe
- Printing blankets weaker in Europe but growth in Americas
- Acquisitions and efficiency measures impact EBIT positively
- Agreement signed to acquire a smaller Austrian distributor

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	672	475	41
Organic, %	0	-2	
Structural, %	24	-	
Exchange rate, %	17	2	
Operating profit	87	60	45
Operating margin, %	12.9	12.5	0.4pp

Note:
[1] Excl. items affecting comparability

Strong profits despite muted general industry

Trelleborg Industrial Solutions[1]

- Organic sales: -4%
- Structural growth: +7%
- Mixed geographical and market segment sales development
- Fewer oil/gas deliveries
- Benefiting from strong market positions and positive mix

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	1 358	1 226	11
Organic, %	-4	-2	
Structural, %	7	2	
Exchange rate, %	8	3	
Operating profit	154	135	14
Operating margin, %	11.4	11.0	0.4pp

Note:
[1] Excl. items affecting comparability

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Good recovery from first quarter

Trelleborg Offshore & Construction[1]

- Organic sales: +6%
- Positive organic sales in oil/gas but challenges remain
- Fewer infrastructure projects in the quarter
- EBIT impacted by mix
- Good recovery from first quarter
- Alignment to current market situation continues

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	1 174	967	21
Organic, %	6	-4	
Structural, %	-	-	
Exchange rate, %	15	3	
Operating profit	68	93	-27
Operating margin, %	5.8	9.7	-3.9pp

Note:
[1] Excl. items affecting comparability

Solid results yet again

Trelleborg Sealing Solutions[1]

- Organic sales: -3%
- Mixed geographical and market segment development
- Aerospace and automotive strong, general industry still lacklustre
- Solid development due to market positioning and operational control
- Favourable translation F/X
- New facility dedicated to aerospace inaugurated

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	2 129	1 957	9
Organic, %	-3	4	
Structural, %	-	-	
Exchange rate, %	12	3	
Operating profit	496	454	9
Operating margin, %	23.3	23.2	0.1pp

Note:
[1] Excl. items affecting comparability

Organic sales closing on previous year

Trelleborg Wheel Systems[1]

- Organic sales: -4%
- Agri segment still depressed
- Robust industrial tires growth
- Market positions protect margins
- EBIT impacted by US investments
- Agri market outlook still muted, but easier comps in second-half
- Australian acquisition finalized

SEK M	Q2 2015	Q2 2014	Change, %
Net sales	1 136	1 057	7
Organic, %	-4	-8	
Structural, %	2	-	
Exchange rate, %	9	3	
Operating profit	125	147	-15
Operating margin, %	11.0	13.9	-2.9pp

Note:
[1] Excl. items affecting comparability

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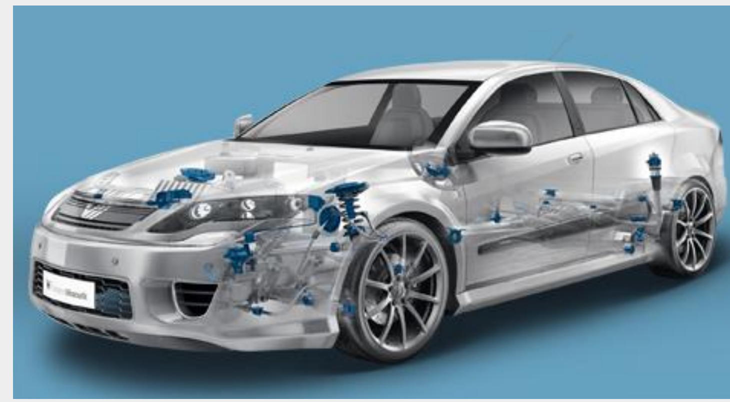
A solid development

Global leader in automotive antivibration solutions

- **Stand-alone** company
- **Global** organization established
- **Successful** integration
- Stand-alone **financing**
- **Solid** performance



Best results and margin in a single quarter

TrelleborgVibracoustic[1]

- Organic sales: +4%
- Positive sales in all geo markets but South America
- Higher volumes and effective cost control yield best results to date
- New CEO Frank Müller at the helm
- Making the JV ready for a potential stock market exchange listing

EUR M	Q2 2015	Q2 2014	Change, %
Net sales	491.9	444.0	11
Organic, %	4	8	
Structural, %	-	1	
Exchange rate, %	7	-5	
Operating profit excl. items affecting comparability	47.3	39.5	20
Operating margin, %	9.6	8.9	0.7pp

*Please visit TrelleborgVibracoustic's homepage: www.tbvc.com

Note:
[1] Excl. items affecting comparability

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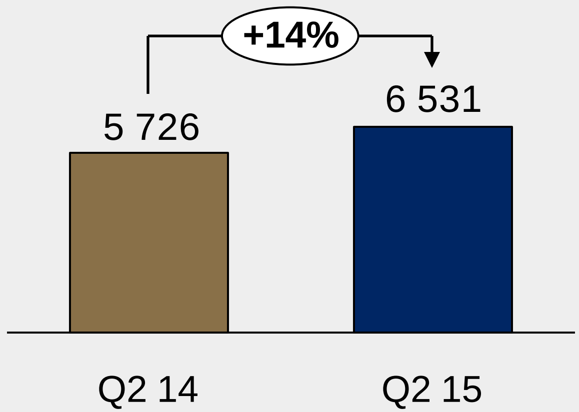
Sales increase through FX and acquisitions

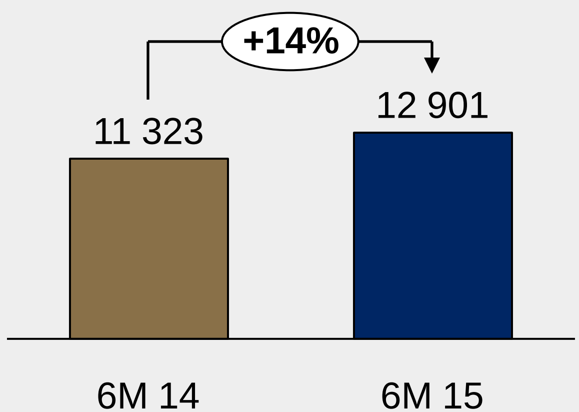
Sales development

Apr – Jun



Apr - Jun %	
Organic	-1
Structural	4
Currency	11
Total	**14**

Jan – Jun



Jan - Jun %	
Organic	-2
Structural	4
Currency	12
Total	**14**

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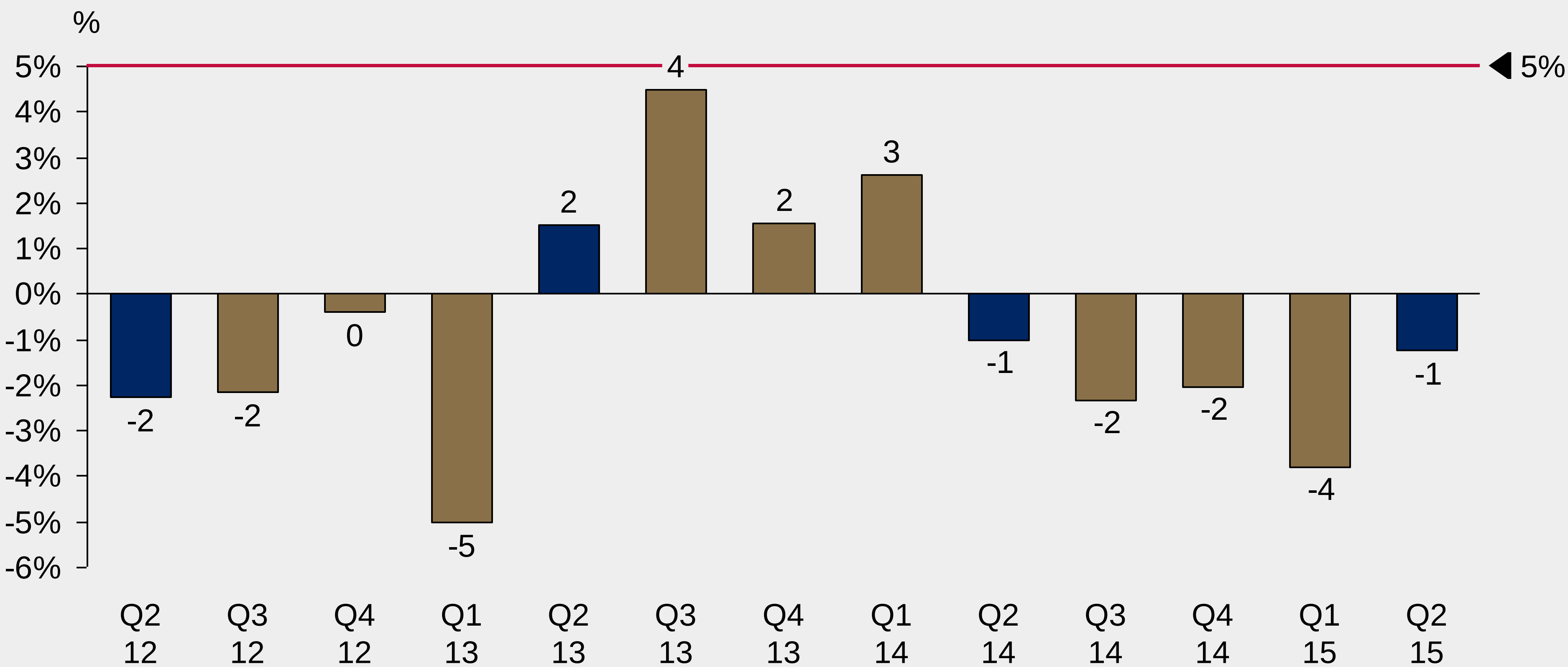
Tough market conditions in agri segment

Organic sales development



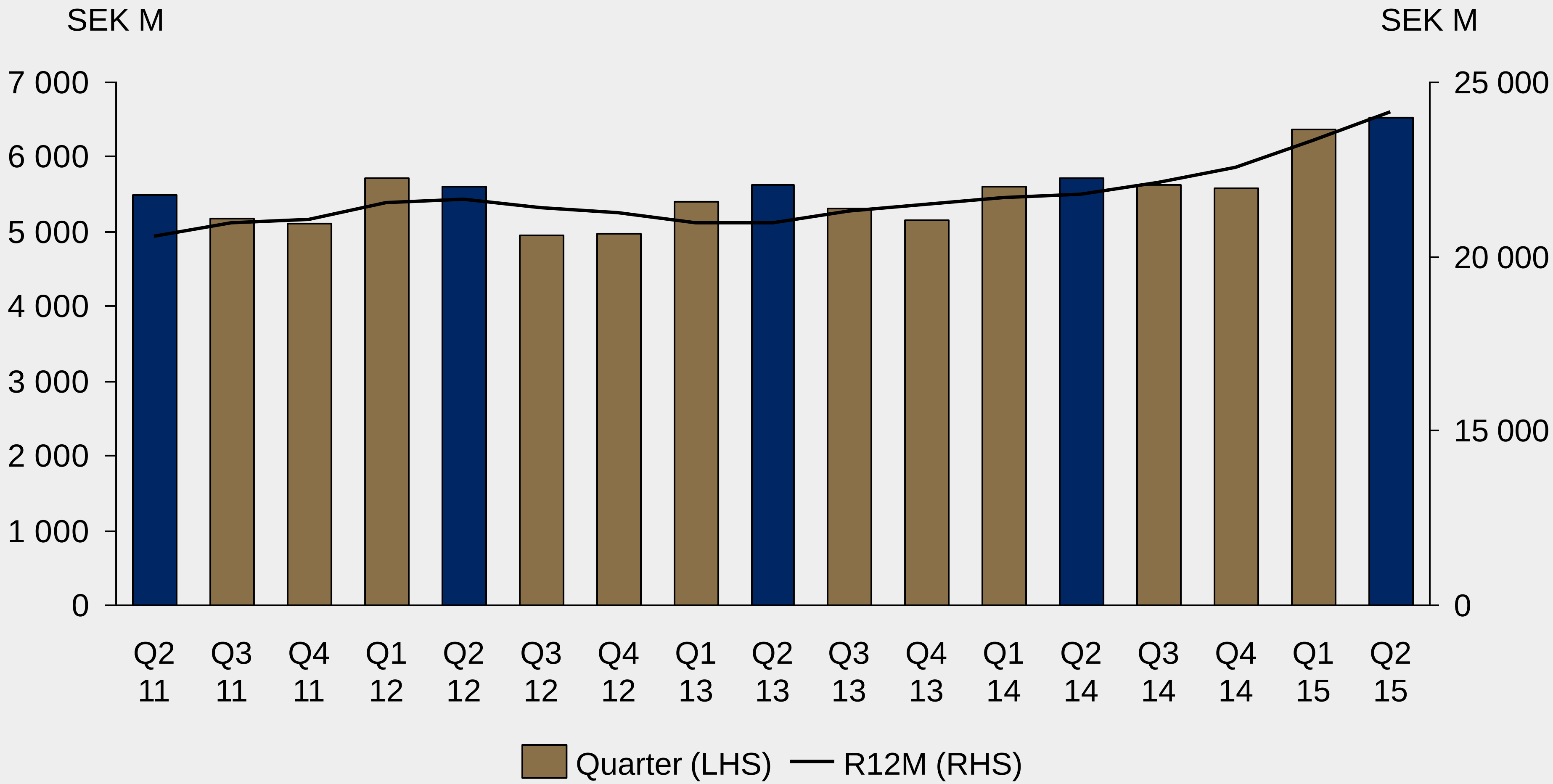
Negative organic growth but improvement on Q1

Sales per business area

Apr - Jun 2015	Apr - Jun 2014	Apr - Jun Change %	Apr - Jun Organic %	SEK M	Jan - Jun 2015	Jan - Jun 2014	Jan - Jun Change %	Jan - Jun Organic %
672	475	41	0	Coated Systems	1 355	948	43	0
1 358	1 226	11	-4	Industrial Solutions	2 698	2 409	12	-5
1 174	967	21	6	Offshore & Construction	2 163	1 826	18	2
2 129	1 957	9	-3	Sealing Solutions	4 333	3 874	12	-1
1 136	1 057	7	-4	Wheel Systems	2 258	2 183	3	-8
149	135			Other items	276	276		
-87	-91			Eliminations	-182	-193		
6 531	**5 726**	14	**-1**	**Continuing operations**	**12 901**	**11 323**	14	**-2**

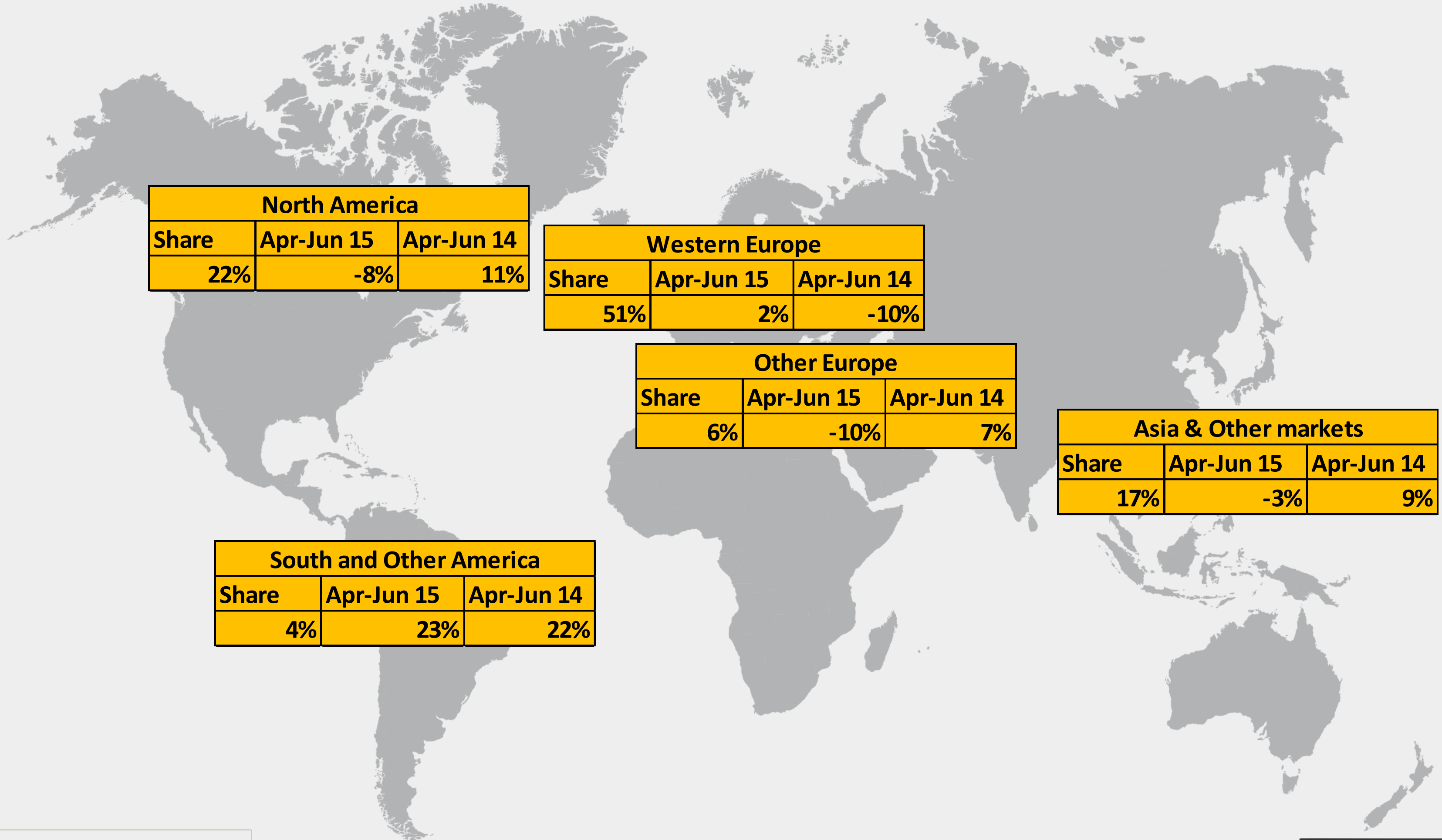
Growing sales trend continues

Sales development, R12M



Organic sales growth by geography

Picture distorted by project-related business



North America		
Share	Apr-Jun 15	Apr-Jun 14
22%	-8%	11%

Western Europe		
Share	Apr-Jun 15	Apr-Jun 14
51%	2%	-10%

Other Europe		
Share	Apr-Jun 15	Apr-Jun 14
6%	-10%	7%

Asia & Other markets		
Share	Apr-Jun 15	Apr-Jun 14
17%	-3%	9%

South and Other America		
Share	Apr-Jun 15	Apr-Jun 14
4%	23%	22%

Share = Actual 2014

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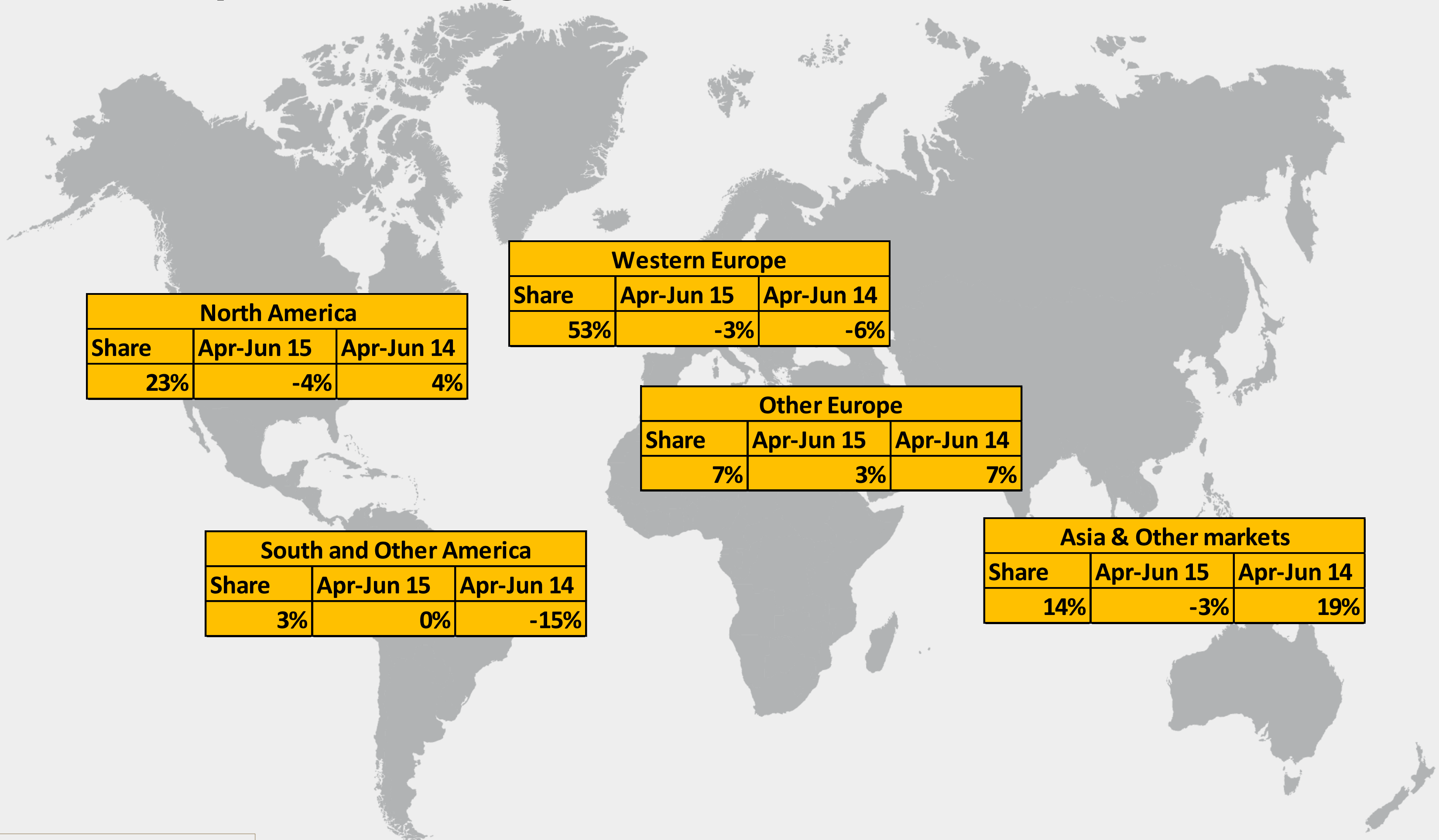
Organic sales excl. project-related business

Different picture emerges



Western Europe		
Share	Apr-Jun 15	Apr-Jun 14
53%	-3%	-6%

North America		
Share	Apr-Jun 15	Apr-Jun 14
23%	-4%	4%

Other Europe		
Share	Apr-Jun 15	Apr-Jun 14
7%	3%	7%

Asia & Other markets		
Share	Apr-Jun 15	Apr-Jun 14
14%	-3%	19%

South and Other America		
Share	Apr-Jun 15	Apr-Jun 14
3%	0%	-15%

Share = Actual 2014

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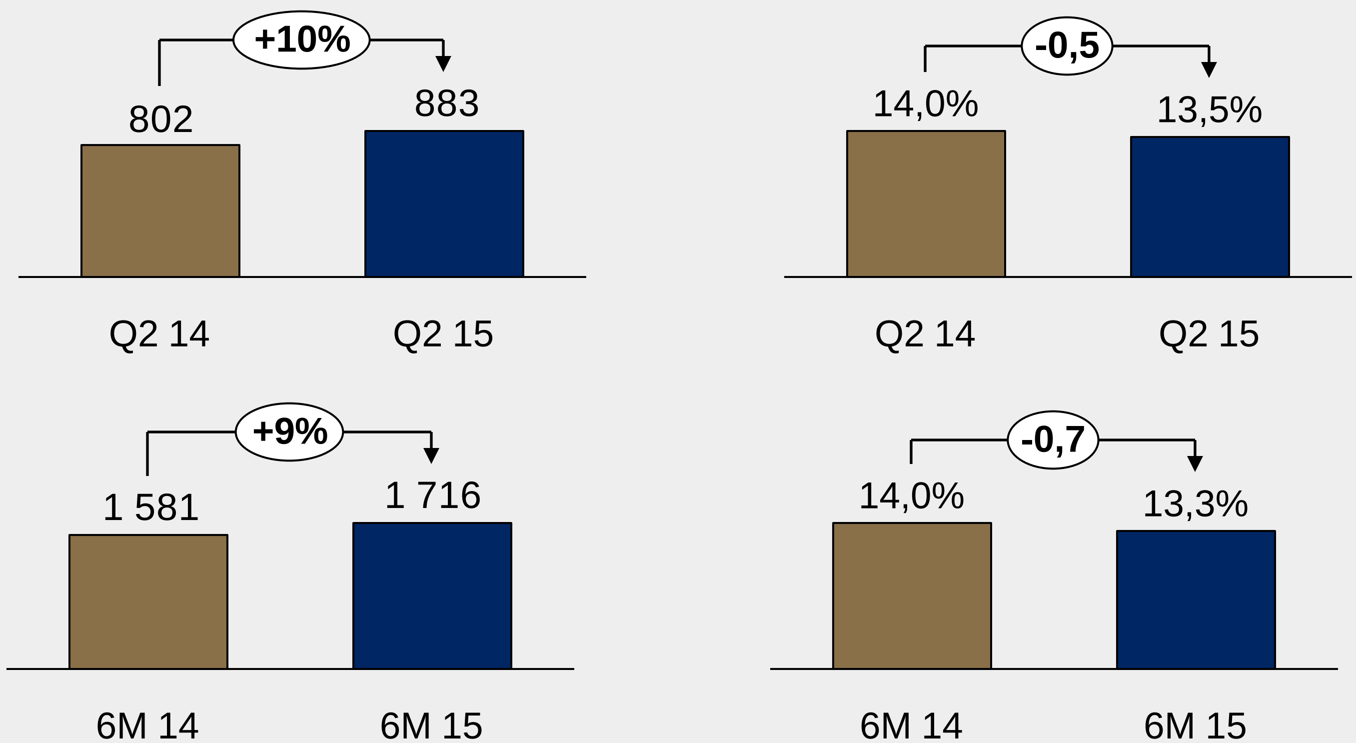
Highest operating profit recorded

Operating profit development[1]

Operating profit | Operating margin

Apr - Jun

Jan - Jun



[1] Excluding items affecting comparability and TrelleborgVibracoustic

Best EBIT despite weak agri and oil & gas

Group operating profit per business area[1]

Apr - Jun 2015	Apr - Jun 2014	Apr - Jun Change %	SEK M	Jan - Jun 2015	Jan - Jun 2014	Jan - Jun Change %
87	60	45	Coated Systems	177	121	46
154	135	14	Industrial Solutions	295	252	17
68	93	-27	Offshore & Construction	76	157	-52
496	454	9	Sealing Solutions	1 021	890	15
125	147	-15	Wheel Systems	241	295	-18
-47	-87		Other items	-94	-134	
883	**802**	**10**	**Continuing operations**	**1 716**	**1 581**	9

[1] Excluding items affecting comparability and TrelleborgVibracoustic

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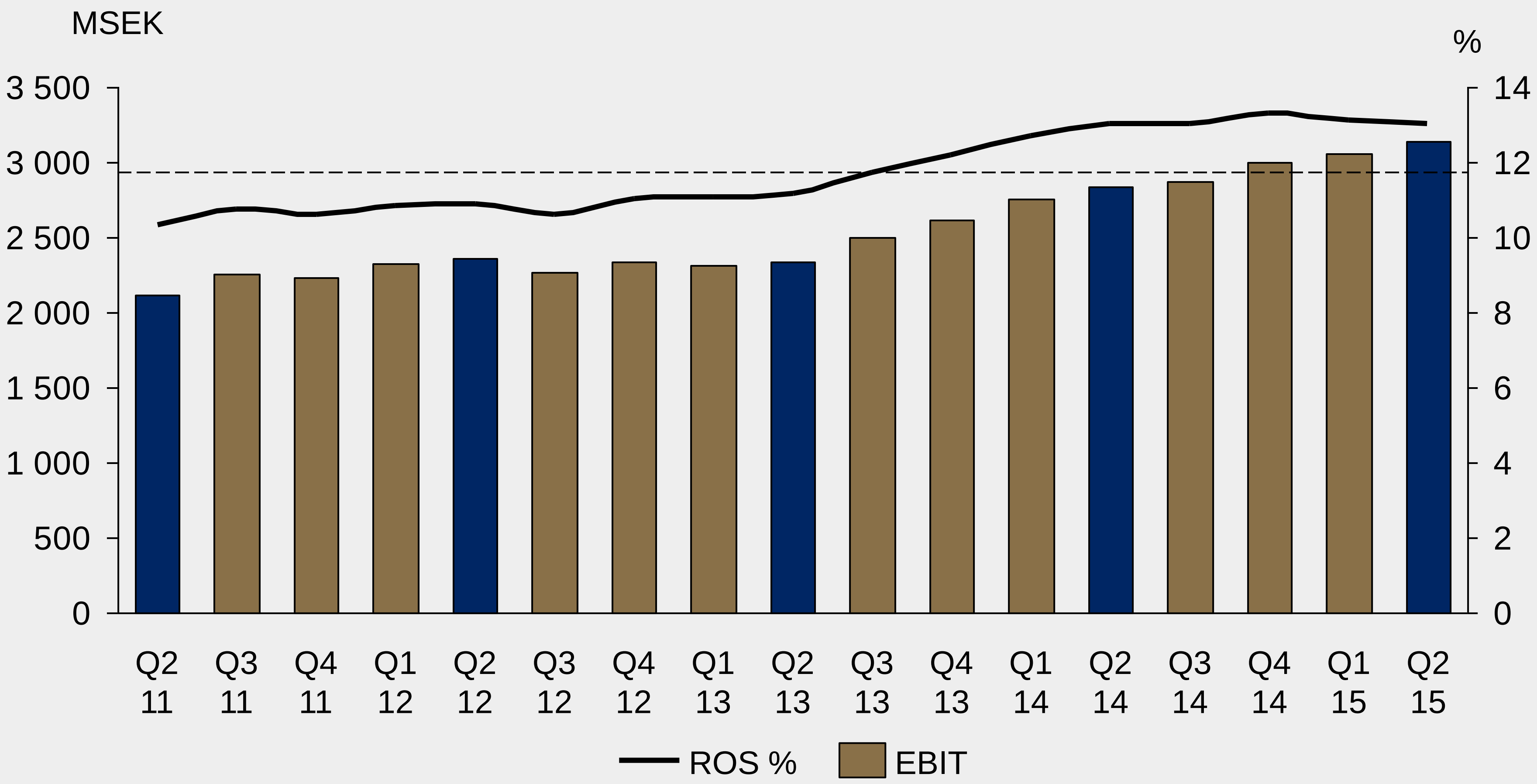
Nine quarters of improved profits

EBIT and margin, R12M[1]



[1] Excluding items affecting comparability and TrelleborgVibracoustic

Total Group

Profit & Loss statement

Apr - Jun 2015	Apr - Jun 2014	Change %	SEK M	Jan - Jun 2015	Jan - Jun 2014	Change %
883	**802**	**10**	**Operating Profit**	**1 716**	**1 581**	**9**
13,5%	**14,0%**	**-0,5 pp**	**Operating Margin**	**13,3%**	**14,0%**	**-0,7 pp**
-23	-99		Restructuring costs	-58	-117	
137	29	**372**	Associated income from Trelleborg Vibracoustic	274	116	**136**
997	**732**	**36**	**Operating profit**	**1 932**	**1 580**	**22**
-41	-33	**-24**	Financial income and expense	-76	-67	**-13**
956	**699**	**37**	**Profit before tax**	**1 856**	**1 513**	**23**
-200	-169		Tax, Group total	-411	-360	
756	**530**	**43**	**Net Profit, Group Total**	**1 445**	**1 153**	**25**

TrelleborgVibracoustic

Impact on Trelleborg's accounts

Apr - Jun 2015	Apr - Jun 2014	EUR M	Jan - Jun 2015	Jan - Jun 2014
47,3	39,5	Operating profit excl. items affecting comparability	93,5	78,1
-2,7	-2,3	Acquisition related costs	-2,9	-2,6
-1,2	-1,6	Amortization on intangible assets	-2,6	-3,1
-2,0	-24,2	Restructuring costs	-6,3	-28,4
41,4	11,4	Operating Profit	81,7	44,0
-0,4	-2,4	Financial net	1,3	-4,9
41,0	9,0	Profit before tax	83,0	39,1
-11,8	-2,8	Tax	-24,5	-13,2
29,2	6,2	Net profit	58,5	25,9
274	58	Net profit SEK	548	232
14,6	**3,1**	**Trelleborg share (net impact)**	**29,3**	**13,0**
137	**29**	**Trelleborg share (net impact) SEK**	**274**	**116**

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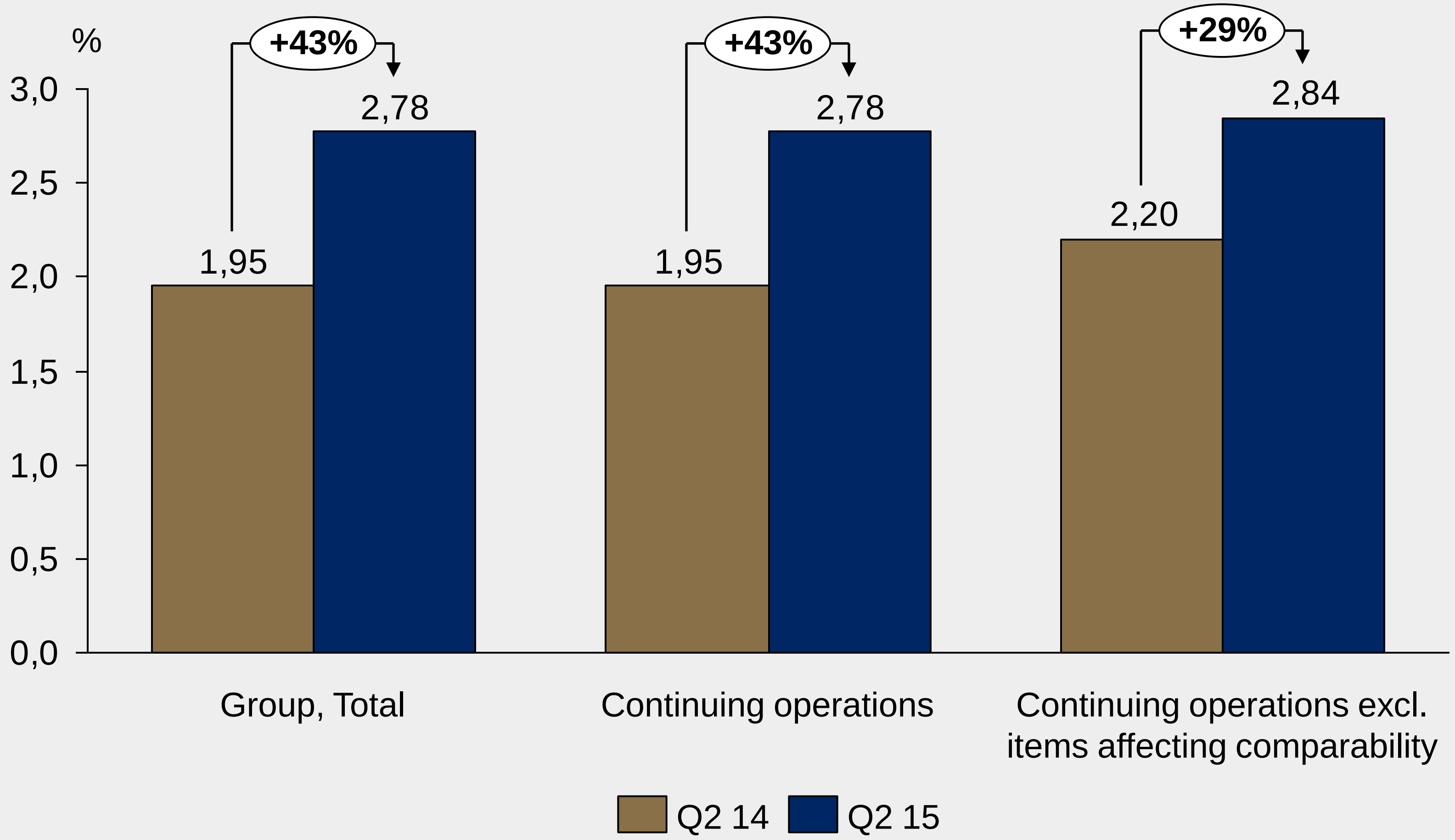
Underlying EPS increased by 29 percent

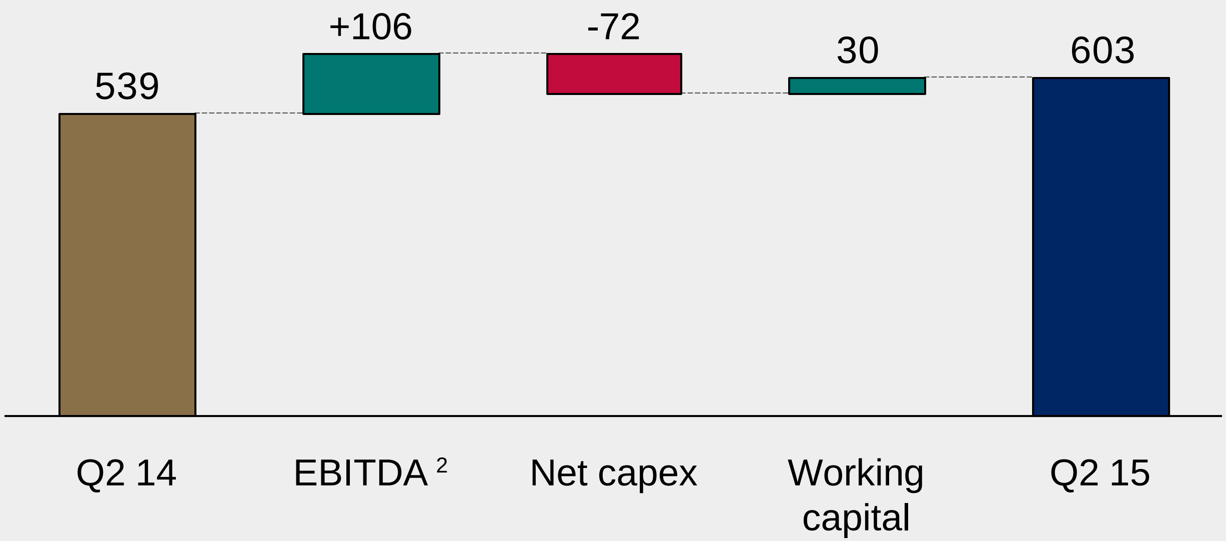
Earnings per share – second quarter



Improved cash flow due to stronger profits

Operating cash flow[1]

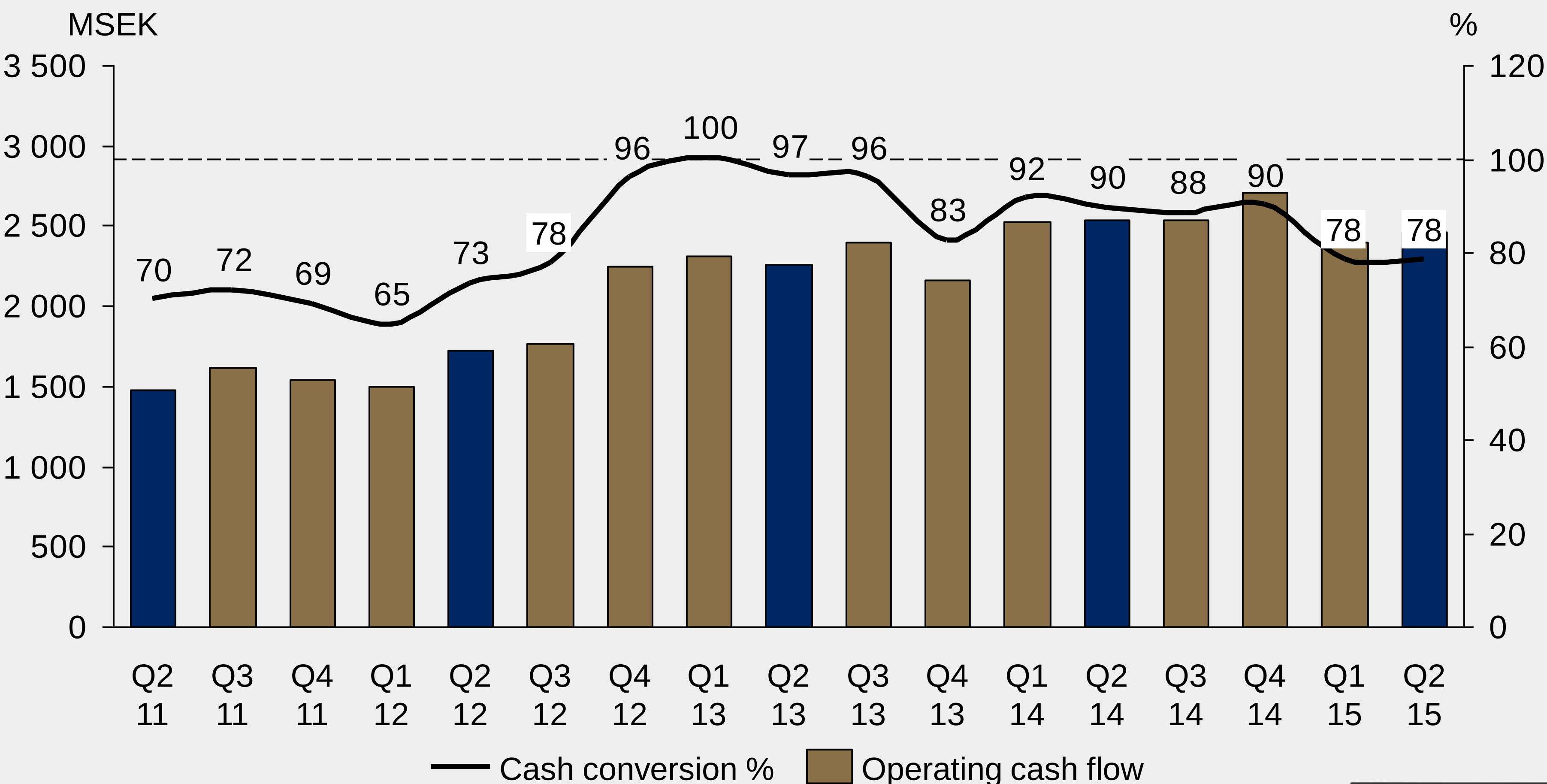
Apr - Jun



[1] Excluding items affecting comparability and TrelleborgVibracoustic.
[2] Including other non cash flow affecting items.

More capex reflects on conversion

Operating cash flow, R12M[1]



[1] Excluding items affecting comparability and TrelleborgVibracoustic

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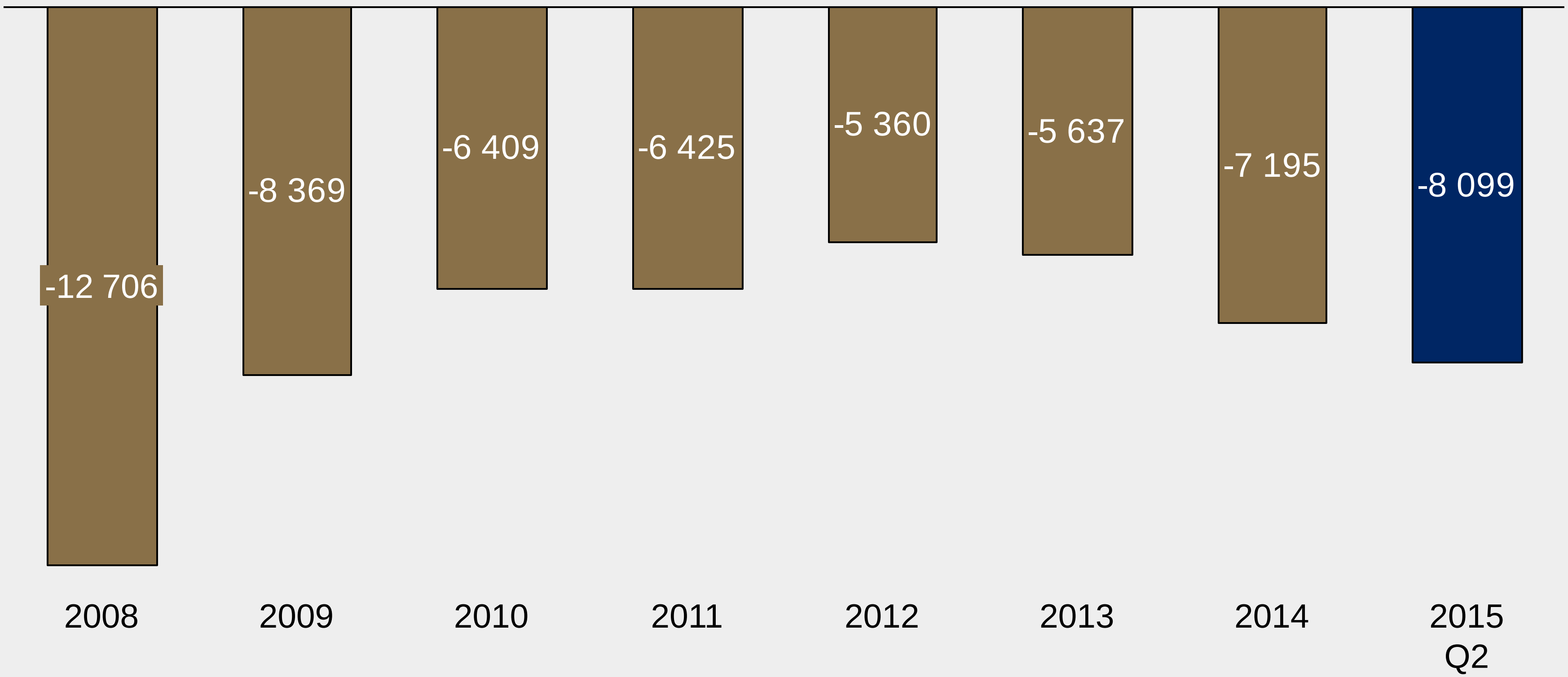
Net debt impacted by currency effects

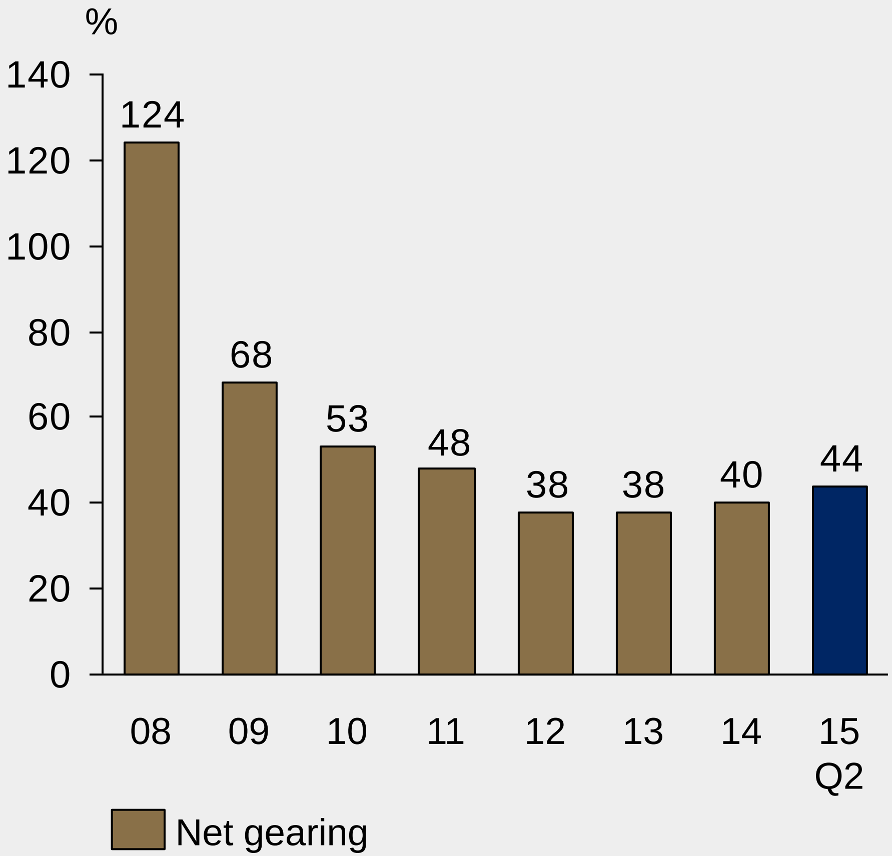
Net debt development[1]

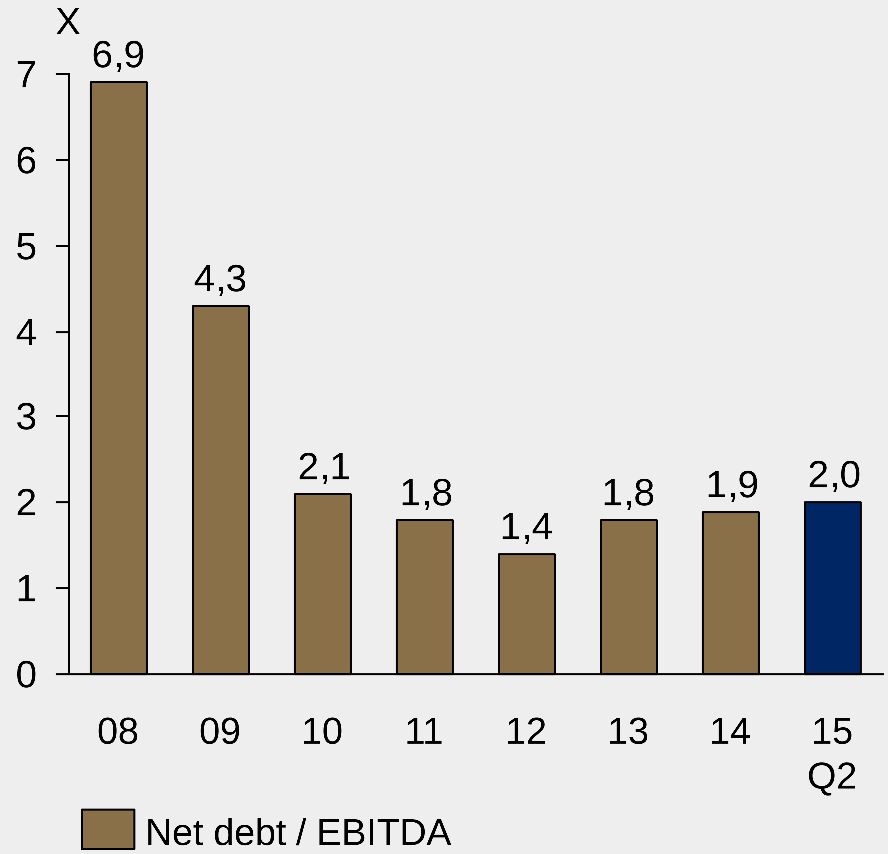


[1] Total Group

Slight net gearing increase from last year

Net debt / EBITDA R12M and net gearing development[1]

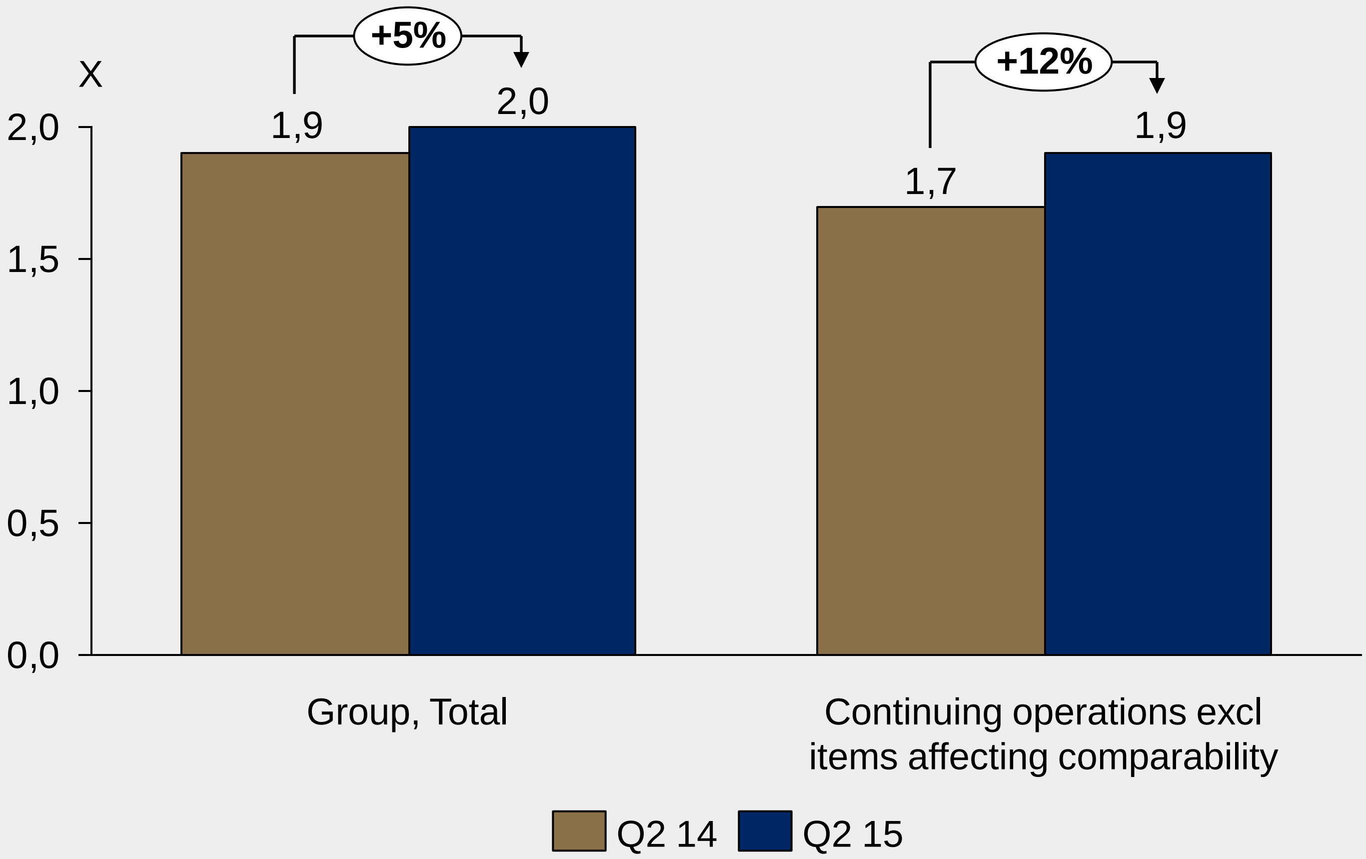




[1] Total Group

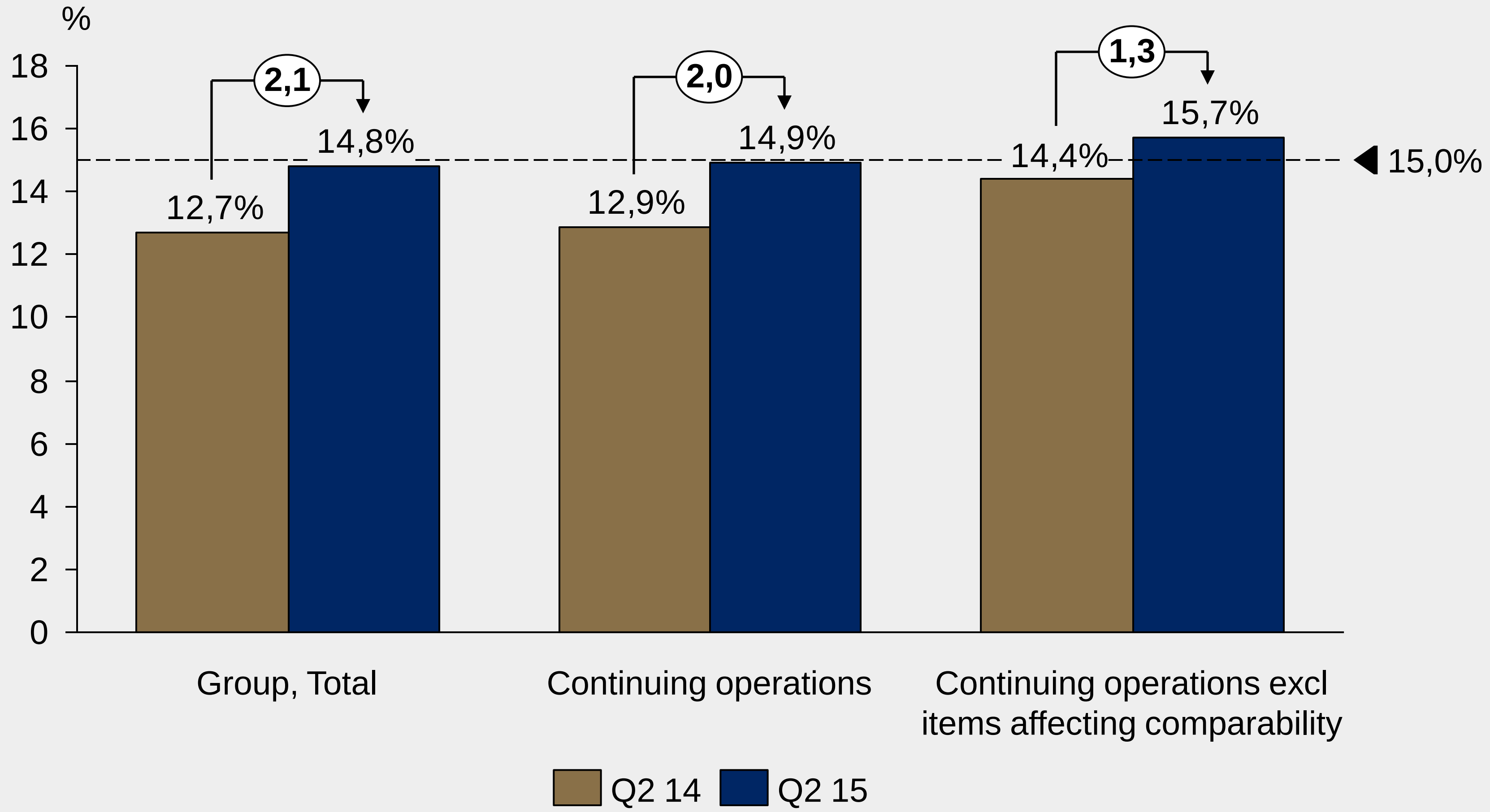
Higher ratio as a result of increased net debt

Net debt / EBITDA, R12M



ROE on long term target

Return On Equity, R12M



Financial guidelines for full-year 2015

Trelleborg Group:

- Restructuring costs: ~SEK 250 M
- Capex: ~SEK 1,100-1,200 M
- Tax rate[1]: ~28%

TrelleborgVibracoustic (50% ownership):

- Restructuring costs: ~EUR 20 M
- Annual impact from purchase price allocation (PPA): ~EUR 6 M
- Tax rate[1]: ~29%

Note:
[1] Excl. items affecting comparability

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Continued focus on growth and excellence

2015 priorities

- Manage uncertain market conditions
- Continued focus on innovation, profitable growth, selected segments and geographies
- Manage margin development through operational excellence and improved customer integration
- Continued portfolio management to improve leading positions
- TrelleborgVibracoustic

Outlook Q3 2015

- Demand in the third quarter of 2015 is expected to be on a par with the second quarter of 2015, adjusted for seasonal variations

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Questions & Answers