

## Q4 Interim report and Year-end report 2013

# Solid end to record year

## Continuing operations, fourth quarter

- Net sales for the fourth quarter of 2013 increased by 4 percent (decrease: 3) and totaled SEK 5,145 M (4,966). Organic sales increased by nearly 2 percent (0). Effects of structural changes represented positive growth of 3 percent (0) while the effects of exchange-rates movement were a negative 1 percent (neg: 3).
- Operating profit, excluding items affecting comparability and the participation in TrelleborgVibracoustic, rose by 26 percent to SEK 563 M (446), equivalent to an operating margin of 11.0 percent (9.0); the Group's highest ever for a fourth quarter.
- Items affecting comparability amounted to an expense of SEK 68 M (expense: 129), which was fully attributable to restructuring programs announced earlier.
- Operating cash flow declined as a result of higher market activity and amounted to SEK 867 M (1,101).
- Fourth-quarter operating profit for TrelleborgVibracoustic, excluding items affecting comparability, rose 46 percent to EUR 35 M (24), corresponding to an operating margin of 8.2 percent (5.9).
- Trelleborg's participation in TrelleborgVibracoustic, including negative items affecting comparability of SEK 4 M, amounted to SEK 123 M before tax (37).

Continuing operations excl items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	5,145	4,966	4	21,473	21,262	1
Operating profit excl participation in TrelleborgVibracoustic	563	446	26	2,613	2,342	12
Operating margin, %	11.0	9.0		12.2	11.0	
Operating profit incl participation in TrelleborgVibracoustic <sup>1)</sup>	686	483	42	2,968	2,451	21
Operating margin, %	13.3	9.7		13.8	11.5	
Operating cash flow	867	1,101	-21	2,162	2,248	-4
Earnings per share, SEK	1.71	1.22	40	7.40	6.31	17

<sup>1)</sup> TrelleborgVibracoustic is consolidated in Trelleborg according to equity method as from July 2012.

## Continuing operations, full year

- Net sales for full-year 2013 rose 1 percent (1) and amounted to SEK 21,473 M (21,262). Organic sales increased 1 percent (1). Effects of structural changes represented positive growth of approximately 4 percent (1) while the effects of exchange-rate movements were a negative 4 percent (neg: 1).
- Operating profit, excluding items affecting comparability and the participation in TrelleborgVibracoustic, increased to SEK 2,613 M (2,342), equivalent to an operating margin of 12.2 percent (11.0).
- Items affecting comparability amounted to an expense of SEK 410 M (income: 11), of which restructuring costs accounted for SEK 255 M (expense: 192). In 2013, this item also included costs related to processes and disputes totaling SEK 155 M, while the figure in 2012 included a capital gain of SEK 203 M from the sale of a property in Stockholm.
- Operating cash flow was SEK 2,162 M (2,248).
- Operating profit for TrelleborgVibracoustic, excluding items affecting comparability, totaled EUR 125 M (pro forma: 99), corresponding to an operating margin of 7.3 percent (pro forma: 6.0).
- Trelleborg's participation in TrelleborgVibracoustic, including negative items affecting comparability of SEK 134 M, amounted to SEK 355 M before tax (SEK 109 M; note that TrelleborgVibracoustic was formed in July 2012 and is thus only included for six months in 2012).

## Group in total

- Fourth-quarter net sales for the Group increased to SEK 5,145 M (4,966). For full-year 2013, sales declined, mainly impacted by the formation of TrelleborgVibracoustic, and totaled SEK 21,473 M (25,237).
- Operating profit for the quarter increased to SEK 579 M (365). On a full-year basis, operating profit declined to SEK 2,519 M (2,815), influenced by the earnings of discontinued operations and items affecting comparability.
- Earnings per share for the quarter were SEK 1.31 (0.94). For full-year 2013, earnings per share declined to SEK 5.93 (7.53), impacted by effects from discontinued operations and items affecting comparability.

Key ratios Group, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	5,145	4,966	4	21,473	25,237	-15
Operating profit	579	365	59	2,519	2,815	-11
Profit before tax	537	329	63	2,322	2,626	-12
Net profit	359	257	40	1,617	2,057	-21
Earnings per share, SEK	1.31	0.94	39	5.93	7.53	-21

## "Solid end to record year"

*"2013 was the most profitable year ever for the Trelleborg Group, despite the fact that the anticipated economic recovery did not materialize. We further strengthened our market positions and closed in on the long-term targets we have set for our profitability. Our cost and capital efficiency programs continued to deliver favorable results. These successes strengthen the Group and provide a platform that motivates an intensified emphasis on growth and innovation moving forward."*

*"The sales performance reported by the Group in the fourth quarter was satisfactory, considering the lower level of project invoicing that was just for this period. The operating margin for all business areas improved in relation to the year-earlier period and both operating profit and operating margin were the highest ever recorded by the Group in a fourth quarter. Acquired operations made a positive contribution to earnings."*

*"Compared with the situation at the beginning of 2013, we now find ourselves on more stable ground. While some signs of economic recovery are visible, it is too early to talk about a broad-based upturn. We are continuously monitoring developments and are maintaining preparedness to adjust our various businesses to fluctuating demand."*

Peter Nilsson,  
President and CEO

## Market outlook for the first quarter of 2014

Demand is expected to be on a par with the fourth quarter of 2013, adjusted for seasonal variations.

### Market outlook from the interim report published on October 23, 2013, relating to the fourth quarter of 2013

Demand for the fourth quarter of 2013 is expected to be on a par with the third quarter of 2013, adjusted for seasonal variations.

## Proposed dividend

**Proposed dividend.** The Board of Directors and President propose a cash dividend of SEK 3.25 per share (3.00).

# Continuing operations fourth quarter 2013

## Net sales

SEK M, growth, %	Q4 2013	Q4 2012	12M 2013	12M 2012
Net sales	5,145	4,966	21,473	21,262
Change total, %	4	-3	1	1
Organic sales, %	2	0	1	1
Structural change, %	3	0	4	1
Currency effects, %	-1	-3	-4	-1

Net sales for the fourth quarter of 2013 rose 4 percent (decline: 3) compared with the year-earlier period and amounted to SEK 5,145 M (4,966).

The business areas Trelleborg Coated Systems, Trelleborg Sealing Solutions and Trelleborg Wheel Systems reported positive organic sales growth, while Trelleborg Industrial Solutions and Trelleborg Offshore & Construction noted a negative trend due mainly to lower project invoicing. The organic sales trend in Europe was up 1 percent and the development in northern and southern Europe was on par with the preceding year, while eastern Europe posted growth of

almost 14 percent, albeit from a lower base. In North America, organic sales rose about 4 percent, while in South America the trend was negative and declined 14 percent. In Asia, organic sales increased by nearly 15 percent due to robust growth in several geographic markets including China, South Korea and India.

In addition to organic growth, acquired operations contributed growth of 3 percent.

## Operating profit

SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Operating profit excl. items affecting comparability and participation in TrelleborgVibracoustic	563	446	26	2,613	2,342	12
Operating margin, %	11.0	9.0		12.2	11.0	
Items affecting comparability	-68	-129		-410	11	
Profit share in TrelleborgVibracoustic <sup>1)</sup>	123	37		355	109	
Operating profit	618	354	75	2,558	2,462	4
Operating margin, %	12.0	7.1		11.9	11.6	

<sup>1)</sup> TrelleborgVibracoustic is consolidated in Trelleborg according to equity method as from July 2012.

Operating profit excluding items affecting comparability and participations in TrelleborgVibracoustic amounted to SEK 563 M (446), representing a year-on-year increase of 26 percent. Continued improved cost efficiency and higher sales yielded a positive impact on profit. Acquired operations made a positive contribution to the earnings trend, including the anticipated synergy effects. The operating margin was strengthened and amounted to 11.0 percent (9.0), which is the best margin on record for the Group for a fourth quarter. All business areas noted improved operating margins compared with the preceding year.

Exchange-rate effects upon the translation of foreign subsidiaries had a negative impact of SEK 10 M (neg: 16) on earnings compared with the year-earlier period. Central costs

for the quarter were impacted by a provision of SEK 20 M attributable to a revaluation of an operating receivable.

The quarter was charged with items affecting comparability of SEK 68 M (129), which is in line with the information previously communicated.

Trelleborg's participation in TrelleborgVibracoustic is included in operating profit in accordance with the equity method. The participation including items affecting comparability was SEK 123 M before tax (37).

Operating profit for the quarter, including the participation in TrelleborgVibracoustic and items affecting comparability, amounted to SEK 618 M (354), representing an increase of 75 percent.

## Operating cash flow

SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
EBITDA, operating profit before depreciation	748	615	22	3,297	3,017	9
Capital expenditure	-361	-299	-21	-922	-910	-1
Sold non-current assets	5	48	-90	13	59	-78
Change in working capital	475	735	-35	-224	96	-333
Non cash-flow affecting items	0	2	-100	-2	-14	86
<b>Operating cash flow</b>	<b>867</b>	<b>1,101</b>	<b>-21</b>	<b>2,162</b>	<b>2,248</b>	<b>-4</b>

Operating cash flow for the quarter amounted to SEK 867 M (1,101). The improved operating result had a positive impact on cash flow. The level of investment exceeded the total in the preceding year. Working capital was higher than in the year-earlier period mainly on account of inventory levels returning to

a more normal operating range. Inventory levels in the corresponding quarter in 2012 reflected the economic uncertainty prevailing at that time. All business areas reported satisfactory cash flows for the quarter. The rolling twelve-months cash conversion ratio amounted to 83 percent (96).

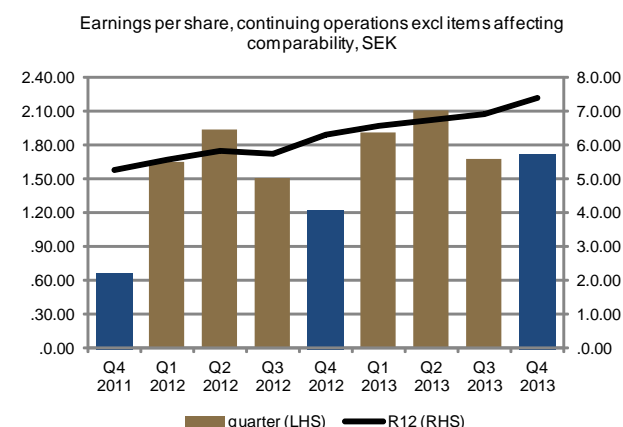
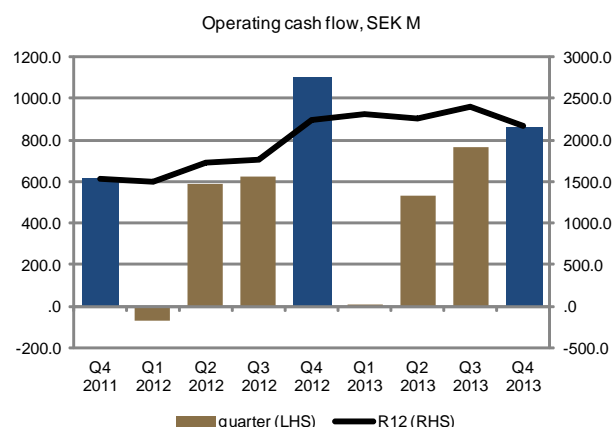
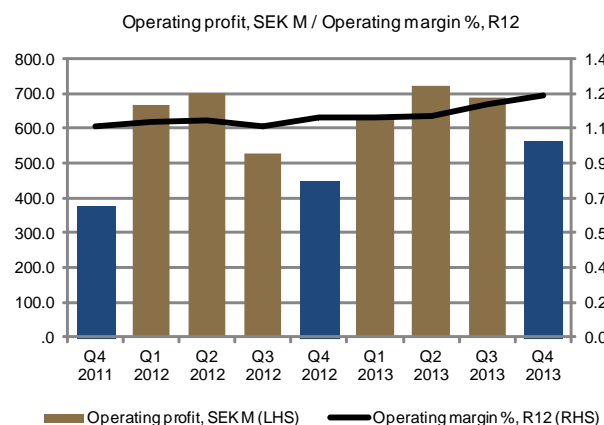
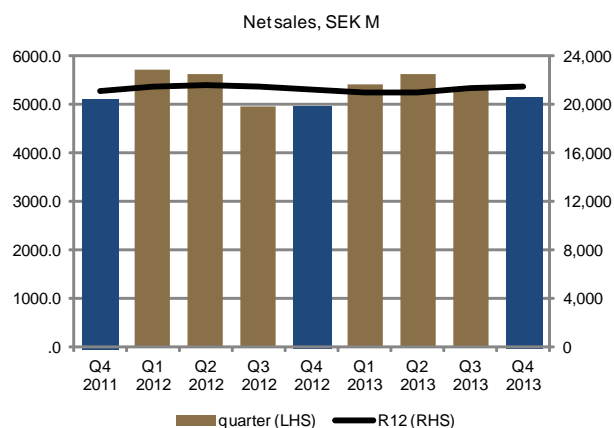
## Return on capital employed

%	R12 2013	R12 2012
Return on capital employed excl items affecting comparability <sup>1)</sup>	15.2	13.9
Return on capital employed incl items affecting comparability <sup>1)</sup>	12.9	14.0

<sup>1)</sup> Excluding shares in TrelleborgVibracoustic

Capital employed increased year-on-year, totaling SEK 17,150 M (16,372), excluding participations in TrelleborgVibracoustic. The positive result impacted the return on capital employed

excluding items affecting comparability, which increased to 15.2 percent (13.9); the highest return to date for the Group.



# The Group in total fourth quarter 2013

## Key figures

SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	5,145	4,966	4	21,473	25,237	-15
Operating profit	579	365	59	2,519	2,815	-11
Profit before tax	537	329	63	2,322	2,626	-12
Net profit	359	257	40	1,617	2,057	-21
Earnings per share						
Continuing operations, excl items affecting comparability, SEK	1.71	1.22		7.40	6.31	
Continuing operations, incl items affecting comparability, SEK	1.46	0.89		6.08	6.56	
Total Group, SEK	1.31	0.94		5.93	7.53	

Consolidated net sales for the fourth quarter amounted to SEK 5,145 M (4,966).

Operating profit was SEK 579 M (365), including an operating loss from discontinued operations of SEK 39 M (profit: 11). The figure includes costs connected to the final settlement of a purchase consideration relating to the earlier divestment of a unit and a final adjustment to a pension liability connected to another previously implemented divestment.

The net financial expense was SEK 42 M (expense: 37). The net financial result corresponds to an average rate of

interest of 2.9 percent (2.7). Profit before tax amounted to SEK 537 M (329), while net profit totaled SEK 359 M (257). The tax rate was 33 percent (22). This was impacted by the impairment of deferred tax assets. The underlying tax rate for the quarter was 27 percent. The tax rate in the corresponding quarter in 2012 was positively impacted by a non-recurring effect associated with the adjustment made to the Swedish corporate tax rate at that time. Earnings per share for the Group totaled SEK 1.31 (0.94).

## Net cash flow

SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
<b>Operating cash flow</b>	<b>867</b>	<b>1,101</b>	-21	<b>2,162</b>	<b>2,248</b>	-4
Cash impact from items affecting comparability/sale of property	-58	-38		-352	81	
Dividend - non-controlling interest	0	0		0	-5	
Financial items	-73	-17		-258	-150	
Paid tax	-206	-156		-587	-460	
<b>Free cash flow</b>	<b>530</b>	<b>890</b>	-40	<b>965</b>	<b>1,714</b>	-44
Acquisitions	-29	-526		-234	-744	
Discontinued operations	-33	-18		-19	448	
Dividend - equity holders of the parent company	-	-		-813	-678	
<b>Sum net cash flow</b>	<b>468</b>	<b>346</b>	35	<b>-101</b>	<b>740</b>	-114

Free cash flow for the quarter was lower than in the year-earlier period, primarily due to reduced operating cash flow. Financial items were negatively impacted by payments of a non-recurring nature in conjunction with the finalization of the agreement covering the extension of the syndicated credit facility. In terms of earnings, payments will be periodized

during the tenor of the loan. The higher income tax payments during the quarter were the result of improved earnings. During the fourth quarter of 2012, an industrial tire operation was acquired with facilities in China and the U.S., thus impacting the Group's net cash flow in that period.

## Net debt

Change in net debt, SEK M	12M 2013	12M 2012
Net debt, opening balance	-5,360	-6,425
Net cash flow for the period	-101	740
Exchange rate differences	-176	325
Net debt, closing balance	<b>-5,637</b>	<b>-5,360</b>
Debt/equity ratio, %	38	38
Net Debt/EBITDA continuing operations excl items affecting comparability	1.5	1.7
Net Debt/EBITDA continuing operations incl items affecting comparability	1.7	1.7
Net Debt/EBITDA Total Group	1.7	1.4

Compared with the preceding quarter, net debt decreased SEK 352 M to SEK 5,637 M. Net debt was impacted by positive free cash flow, acquisitions and negative exchange-rate differences on account of the weakened SEK compared with the corresponding period in 2012. Compared with the opening balance for the Group, net debt increased SEK 277 M. During 2013, the Group completed acquisitions for SEK 234 M (744)

and issued dividends to shareholders totaling SEK 813 M (678).

The debt/equity ratio was 38 percent (38). Net debt in relation to EBITDA for continuing operations, excluding items affecting comparability, was 1.5 (1.7). Net debt in relation to EBITDA for the Group in total was 1.7 (1.4).

## Return on equity

%	R12 2013	R12 2012
Continuing operations, excl items affecting comparability	13.9	12.5
Continuing operations, incl items affecting comparability	11.4	13.0
Total Group	11.2	15.0

Shareholders' equity for the Group at the close of the period amounted to SEK 14,833 M (13,977), excluding non-controlling interests. Equity per share amounted to SEK 55 (52).

The equity/asset ratio was 54 percent (51). Consolidated return on shareholders' equity for 2013 was 11.2 percent (15.0).

## Continuing operations, full-year 2013

Net sales in 2013 for continuing operations totaled SEK 21,473 M (21,262). Organic sales increased 1 percent (increase: 1). Structural changes represented a positive impact of 4 percent (increase: 1) while currency effects had a negative impact of 4 percent (neg: 1).

Operating profit rose to SEK 2,558 M (2,462). The share of earnings from TrelleborgVibracoustic amounted to SEK 355 M (SEK 109 M for the July-December 2012 period). During the year, items affecting comparability amounted to an expense of SEK 410 M (income: 11), of which restructuring costs were SEK 255 M (192). In 2007, a subsidiary of Trelleborg was subject to investigation regarding involvement in a marine hose

cartel. During the year, items affecting comparability totaling SEK 155 M relating to process and dispute costs were reported in connection with the European Commission's ruling in this case. In 2012, a capital gain totaling SEK 203 M was reported for the sale of a property in Stockholm.

Profit before tax totaled SEK 2,361 M (2,308). Net profit was SEK 1,656 M (1,788). Earnings per share were SEK 6.08 (6.56). Operating cash flow for 2013 was SEK 2,162 M (2,248).

At the end of the period, capital employed excluding participations in TrelleborgVibracoustic totaled SEK 17,150 M (16,372). The shares in TrelleborgVibracoustic amounted to SEK 3,114 M (2,860).

## The Group in total, full-year 2013

Consolidated net sales for full-year 2013 declined to SEK 21,473 M (25,237). The decline in sales is mainly attributable to the formation of TrelleborgVibracoustic. Operating profit decreased to SEK 2,519 M (2,815). In addition to the effects between the years described under continuing operations, discontinued operations – which reported positive results in 2012 – impacted the comparison.

The financial net expense was SEK 197 M (expense: 189), corresponding to an average interest rate of 3.3 percent (3.0). Excluding interest charges connected to the EU Commission's ruling, the interest rate was 2.7 percent.

Profit before tax totaled SEK 2,322 M (2,626).

Net profit amounted to SEK 1,617 M (2,057).

Earnings per share were SEK 5.93 (7.53).

## Significant events during the quarter

### Press releases

**Acquisition of industrial tire distributor.** Trelleborg Wheel Systems signed an agreement to acquire the industrial tire business of the Italian company Pircher Alfred s.a.s. The business specializes in the distribution and service of industrial tires, such as those fitted on forklift trucks. The acquisition further strengthens and enlarges Trelleborg's European industrial tire distribution network. The acquired business has distribution and service centers located in Milan and Bologna, Italy. Sales in 2012 amounted to approximately SEK 75 M. The acquisition was finalized after the close of the period.

**Long-term financing.** Trelleborg concluded an agreement regarding an extension of the existing syndicated credit facilities established in 2011. The extended credit facilities totaling EUR 750 M and USD 625 M, equivalent to approximately SEK 11,000 M, have a tenor of five years and will mature in December 2018, with an option of extension thereafter for a maximum of two further years.

### Other

**Nomination Committee's proposals ahead of the 2014 AGM.** The Nomination Committee comprising representatives of the major owners, representing approximately 62 percent of the votes in Trelleborg AB, and the Chairman of the Board, has resolved to propose to the AGM the reelection of the Board members:

- Hans Biörck
- Jan Carlson
- Claes Lindqvist
- Peter Nilsson
- Bo Risberg
- Nina Udnes Tronstad
- Heléne Vibbleus
- Sören Mellstig, as the Chairman of the Board.

Furthermore, the Nomination Committee has resolved to propose to the Annual General Meeting the re-election of PricewaterhouseCoopers AB as the company's auditor for 2014.

The following people have served as members of the Nomination Committee:

- Rolf Kjellman, Henry and Gerda Dunkers Foundation
- Henrik Didner, Didner & Gerge Funds
- Peter Rönström, Lannebo Funds
- Åsa Nisell, Swedbank Robur Funds
- Johan Strandberg, SEB Investment Management

The Annual General Meeting will be held in Trelleborg, Sweden, on April 23, 2014, at 17:00 CET.

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## Significant events after the close of the period

**Finalized acquisition of industrial tire distributor.** The acquisition of the industrial tire distributor was finalized after the close of the period (refer to above). The operation was consolidated as of January 1, 2014.

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## Risk management

Trelleborg focuses continuously on identifying, evaluating and managing risks arising in the Group's companies, business areas, business units and processes. Trelleborg has an Enterprise Risk Management process (ERM process) that aims to provide a Group-wide overview of Trelleborg's risks and as well as a basis for decisions of how to handle and follow up the risk management. The principal risks and

uncertainties currently faced by the Group relate to the economy's effect on demand, supply and price movements of raw materials and components, structural programs and financial business environment risks.

For further information regarding the Group's risks, risk exposure and risk management, refer to the Trelleborg Annual Report and [www.trelleborg.com](http://www.trelleborg.com).



*This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Reports. The accounting policies applied by the Group and Parent Company correspond to the accounting policies applied in the preparation of the most recent annual report, with the exception of that stated below.*

**New and amended standards applied from January 1, 2013**

*The Group applies the new and amended standards described below as of January 1, 2013.*

*IFRS 13 Fair Value Measurement aims to reduce complexity by providing a more precise definition of fair value and more uniform disclosure requirements. The Group's assessment is that the only effect of this new standard is the expanded supplementary disclosures.*

*IAS 1 Presentation of Financial Statements has been amended in relation to Other comprehensive income. The main change is the requirement of categorizing the items recognized in Other comprehensive income on the basis of whether or not such items will be reclassified to profit or loss in later periods. This has resulted in the addition of new headings under the statement of comprehensive income.*

*IAS 19 Employee Benefits has been amended. The amendment implies the discontinuation of the corridor approach, and that all actuarial gains and losses are now to be recognized in Other comprehensive income as they arise and that costs for services rendered in previous periods will be recognized on an ongoing basis. According to the new standard, instead of interest expenses and expected return on plan assets, income/expense will be recognized net by applying a discounting rate equivalent to that used to discount the pension liability, to the Group's pension debt. Costs for the year's pension vesting and income/expenses are recognized in operating profit. The amended standard came into force on January 1, 2013 with retroactive application.*

*The transition effects on the balance sheet, shareholders' equity, income statement and other comprehensive income for the 2012 comparative year are as follows:*

- *Shareholders' equity at January 1, 2012 was negatively impacted by SEK 173 M net after tax as a result of the recognition of unrealized actuarial losses and taking into account special employer's contributions and an increase in deferred tax assets. Accordingly, this entailed an increase of SEK 248 M in pension provisions and an increase in deferred tax assets of SEK 75 M.*
- *The impact on profit for the 2012 fiscal year has been estimated as marginal and the comparative figures have not, therefore, been restated. Other comprehensive income for 2012 was impacted by a revaluation of SEK 16 M.*
- *The total negative effect on shareholders' equity at December 31, 2012 amounted to SEK 157 M. Accordingly, the new policy resulted, at the end of 2012, in an increase of SEK 231 M in pension provisions and of SEK 74 M in deferred tax assets, compared with earlier policies.*

*This report has not been subject to special review by the company's auditors.*

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Trelleborg, February 13, 2014  
Board of Directors of Trelleborg AB (publ)

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# Trelleborg

## BUSINESS AREA Coated Systems

**Trelleborg Coated Systems is a leading global supplier of unique customer solutions for polymer-coated fabrics deployed in several industrial applications.**

Excluding items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	464	406	14	1,839	1,738	6
Change total, %	14	-7		6	-4	
Organic sales, %	7	-9		-2	-6	
Structural change, %	9	5		12	1	
Currency effects, %	-2	-3		-4	1	
Operating profit	55	37	49	197	177	11
Operating margin, %	11.8	9.1		10.7	10.2	

Additional key ratios on pages 19 - 20

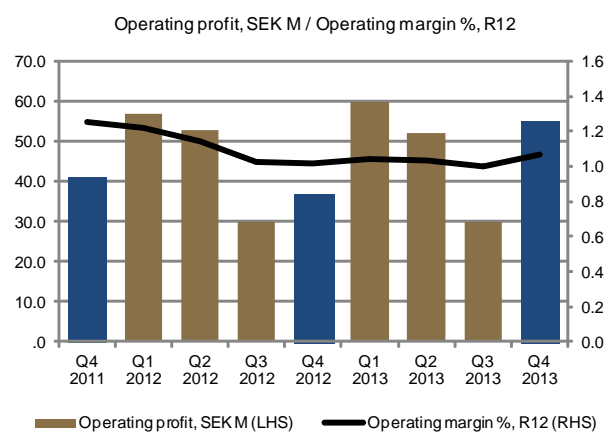
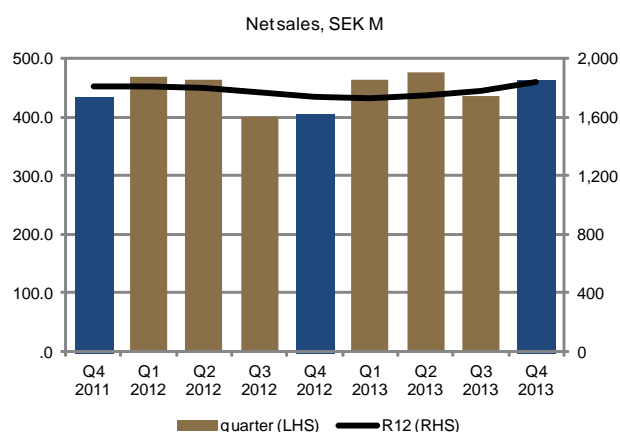
**Fourth quarter 2013.** Organic sales for the quarter increased 7 percent year-on-year. Coated fabrics reported positive organic sales in North America and Europe. Printing blankets noted positive organic sales predominantly in Asia. The effects of structural changes of 9 percent were attributable to the autumn 2012 acquisition of the Brazilian manufacturer of printing blankets.

The operating profit during the quarter was positively impacted by accrued items of approximately SEK 15 M. These items include a revaluation of fixed assets and a change of pension plan and are attributable to the full year 2013. While the underlying operating profit increased as a result of higher sales, it was negatively affected by exchange-rate movements.

After the close of the period, the business area initiated actions to streamline its Italian operations, with the aim of further enhancing competitiveness.

**Full-year 2013.** Organic sales for the full year declined 2 percent compared with 2012. Negative organic sales were reported for both coated fabrics and printing blankets while Asia made a positive contribution in terms of organic sales for the full year. The effects of structural changes of 12 percent were attributable to the autumn 2012 acquisition of the Brazilian manufacturer of printing blankets.

Operating profit increased year-on-year, primarily due to the Brazilian manufacturer of printing blankets acquired in autumn 2012 and the related synergies. The underlying operating profit was negatively affected by unfavorable exchange-rate differences, which were partly offset by enhanced cost management. Actions were initiated to improve profitability. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 8 M on operating profit compared with 2012.





**Trelleborg Industrial Solutions is a market leader of polymer-based critical solutions in such industrial application areas as hose systems, industrial antivibration solutions and selected industrial sealing systems.**

Excluding items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	1,083	1,107	-2	4,407	4,502	-2
Change total, %	-2	-3		-2	-2	
Organic sales, %	-3	0		0	-2	
Structural change, %	-	-		-	1	
Currency effects, %	1	-3		-2	-1	
Operating profit	94	93	1	420	328	28
Operating margin, %	8.8	8.4		9.5	7.3	

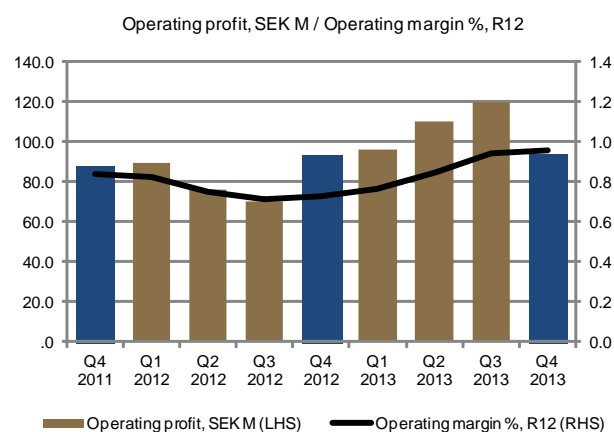
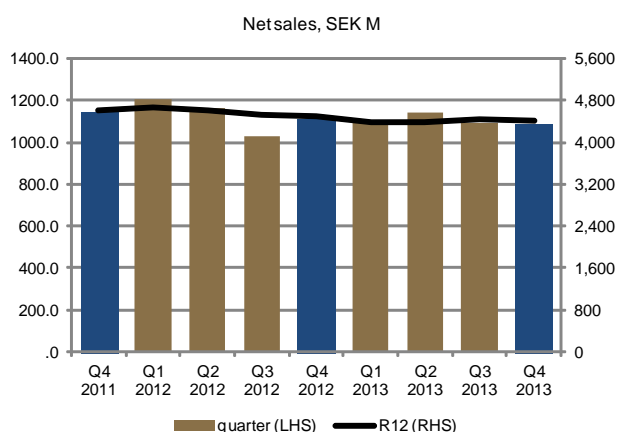
Additional key ratios on pages 19 - 20

**Fourth quarter 2013.** Organic sales for the quarter declined 3 percent year-on-year. Sales were negatively impacted by fewer project deliveries in the general industry market segment. The transportation equipment and light vehicles market segments reported positive organic sales. A slightly positive organic sales trend was noted in Europe.

Operating profit was on a par with the year-earlier period, while the operating margin improved, due primarily to enhanced market positions, effective cost control and the continued positive effect of previously communicated restructuring programs. Exchange-rate effects from the translation of foreign subsidiaries had only a marginal impact on earnings.

**Full-year 2013.** Organic sales for the full year were unchanged compared with 2012. The transportation equipment and light vehicles market segments reported positive organic sales during the year. A slightly positive organic sales trend was noted in Europe and North America.

Operating profit increased year-on-year, due primarily to improved market positions, favorable project deliveries and the positive effect of previously communicated restructuring programs. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 9 M on operating profit compared with 2012.



# Trelleborg

BUSINESS AREA

## Offshore & Construction

Trelleborg Offshore & Construction is a leading global project supplier of polymer-based critical solutions deployed in highly demanding offshore oil & gas and infrastructure construction environments.

Excluding items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	840	924	-9	3,587	3,644	-2
Change total, %	-9	19		-2	17	
Organic sales, %	-8	20		0	14	
Structural change, %	3	-		4	0	
Currency effects, %	-4	-1		-6	3	
Operating profit	70	57	23	274	216	27
Operating margin, %	8.4	6.1		7.6	5.9	

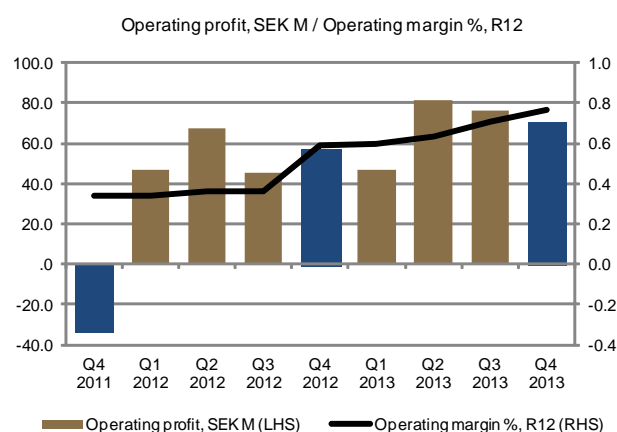
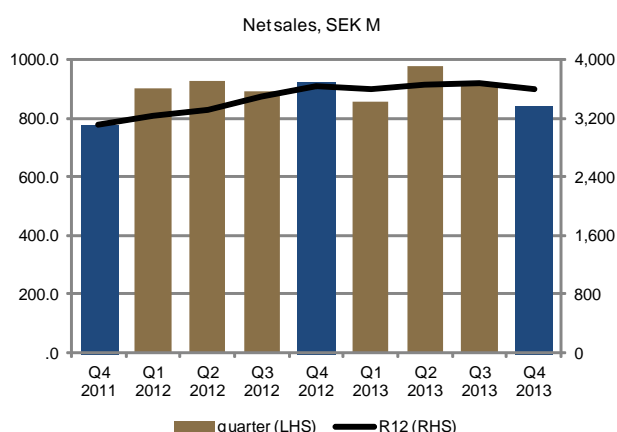
Additional key ratios on pages 19 - 20

**Fourth quarter 2013.** Organic sales for the quarter declined 8 percent year-on-year as a result of fewer project deliveries. High market activity, primarily in offshore oil/gas – where Trelleborg's market-leading position was further strengthened – continued to distinguish the quarter. The higher market activity was reflected in a growing order book. Continued favorable market activity was noted in the infrastructure segment.

Operating profit rose compared with the corresponding period in 2012, due mainly to an enhanced sales mix and cost efficiency. The two companies acquired during the first half of the year and active in marine systems and offshore oil/gas, respectively, contributed positively to operating profit. Exchange-rate effects from the translation of foreign subsidiaries only had a marginal impact on earnings.

**Full-year 2013.** Organic sales for the full year were unchanged compared with 2012. The year was distinguished by high market activity, primarily in offshore oil/gas, where Trelleborg's market-leading position was strengthened. The higher market activity was reflected in a growing order book. Continued favorable market activity was noted in the infrastructure segment.

Operating profit rose year-on-year, predominantly due to an enhanced sales mix and cost efficiency. The two companies acquired during the first half of the year and active in marine systems and offshore oil/gas, respectively, contributed positively to operating profit during 2013. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 14 M on operating profit compared with 2012.





# Trelleborg

## BUSINESS AREA Sealing Solutions

Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions deployed in demanding general industry, light vehicle and aerospace environments.

Excluding items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	1,723	1,592	8	7,093	7,215	-2
Change total, %	8	-7		-2	-1	
Organic sales, %	9	-4		1	-2	
Structural change, %	-	-		-	1	
Currency effects, %	-1	-3		-3	0	
Operating profit	332	277	20	1,486	1,513	-2
Operating margin, %	19.3	17.4		21.0	20.9	

Additional key ratios on pages 19 - 20

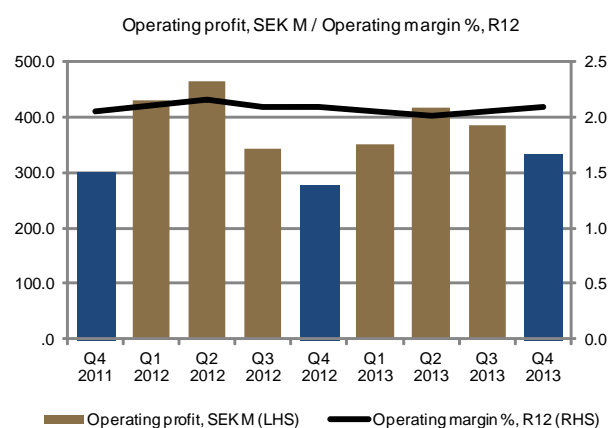
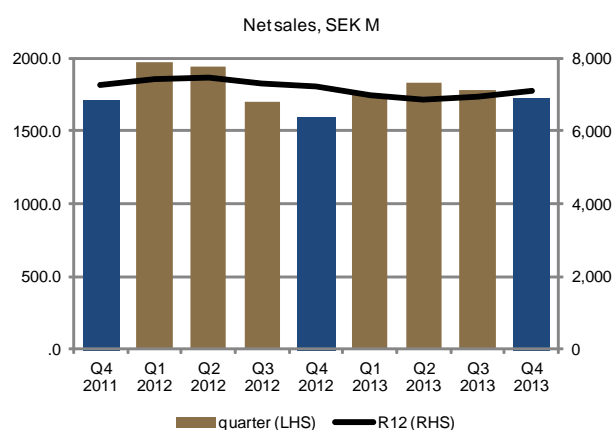
**Fourth quarter 2013.** Organic sales for the quarter increased 9 percent year-on-year. All geographic markets, except for South America, reported positive organic sales during the quarter. Development in Europe was positive, with a stronger recovery in southern Europe, albeit from low levels. Organic sales were mainly driven by deliveries to the automotive industry, but also by a satisfactory sales trend for general industry. Both North America and Asia noted growth in all market segments.

Operating profit increased compared with the corresponding period in 2012, mainly due to higher sales and effective cost control. The operating margin reached the highest level to date for a fourth quarter. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 8 M on operating profit compared with the year-earlier period.

A decision was taken to replace an older facility in North America with a new unit that will have better capacity and higher efficiency, thereby strengthening the business area's position in the market.

**Full-year 2013.** Organic sales for the full year increased 1 percent year-on-year. While negative organic sales were noted in the first six months of the year, the second half of the year contributed positively with healthy organic sales. Asia grew throughout the year and Europe reported a moderate level of positive growth in all market segments. Overall, North America posted slightly negative organic sales for the full year, which was mainly the result of an intentional reduced exposure to the light vehicles industry. However, the aerospace market segment reported positive organic sales.

Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 56 M on operating profit compared with 2012. Adjusted for exchange-rate effects, operating profit increased during the year. Healthy profitability was maintained during the year and the operating margin was on par with the preceding year at 21.0 percent (20.9).





**Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for agricultural and forestry machines, forklift trucks and other materials handling vehicles.**

Excluding items affecting comparability, SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	959	833	15	4,189	3,865	8
Change total, %	15	-13		8	0	
Organic sales, %	1	-9		-1	2	
Structural change, %	15	-		13	-1	
Currency effects, %	-1	-4		-4	-1	
Operating profit	92	72	28	490	449	9
Operating margin, %	9.6	8.6		11.7	11.6	

Additional key ratios on pages 19 - 20

**Fourth quarter 2013.** Organic sales for the quarter rose 1 percent year-on-year. An increase in agricultural tire sales was noted compared with the year-earlier period. Organic sales were driven by healthy OEM sales at the same time as North America generally contributed favorable growth.

The sales trend for tires for materials handling vehicles remained weak during the quarter, particularly in Europe. However, North America reported a modest level of positive organic sales. Nevertheless, overall sales within this segment increased as a result of previously completed acquisitions.

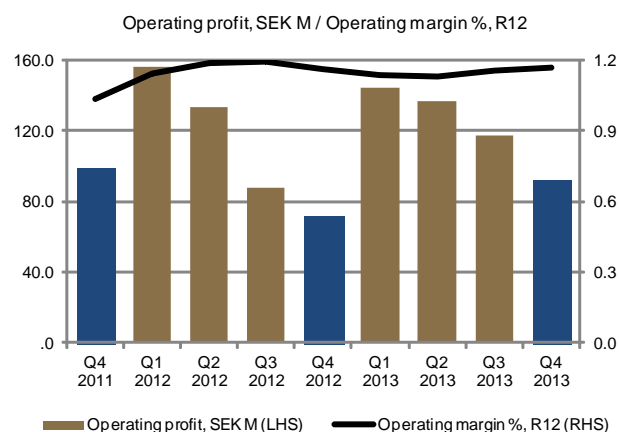
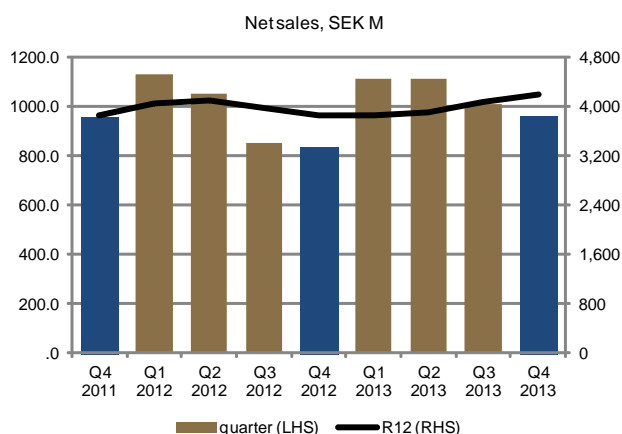
Operating profit increased compared with the year-earlier period, primarily on account of efficient cost management. Earnings were also positively impacted by the industrial tire operation acquired at year-end 2012, with facilities in China and the U.S. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 2 M on operating profit compared with the year-earlier period.

During the quarter, the business area signed an agreement to acquire an Italian industrial tire business; refer to

page 7.

**Full-year 2013.** Organic sales for the full year declined 1 percent year-on-year. While negative organic sales were noted in the first six months of the year, the second half of the year contributed positively. An increase in agricultural tire sales was noted compared with 2012. The full-year organic sales trend for tires for materials handling vehicles was negative. However, sales in this segment increased as a result of the industrial tire operation acquired at year-end 2012, with facilities in China and the U.S.

Operating profit increased compared with 2012, primarily on account of efficient cost management. The industrial tire operation acquired at year-end 2012 – with facilities in China and the U.S. – also positively impacted earnings. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of SEK 23 M on operating profit compared with the year-earlier period.



# Joint venture



## TrelleborgVibracoustic

**TrelleborgVibracoustic is a global leader within antivibration solutions for light and heavy vehicles. The company was formed in July 2012 and is owned in equal shares by Trelleborg and Freudenberg.**

Please note that EUR is the reporting currency of the joint venture.

Excluding items affecting comparability, EUR M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012	Change, %
Net sales	419	401	5	1,713	1,633 <sup>1)</sup>	5
Change total, %	5			5		
Organic sales, %	8			6		
Structural change, %	1			1		
Currency effects, %	-4			-2		
Operating profit	35	24	46	125	99 <sup>1)</sup>	26
Operating, margin %	8.2	5.9		7.3	6.0 <sup>1)</sup>	
Operating cashflow	37	52	-29	97		
EBITDA	50	38	32	180	151 <sup>1)</sup>	19
Capital employed, closing balance	445	451		445	451	
Net debt, closing balance	73	160		73	160	
Equity, closing balance	364	290		364	290	

<sup>1)</sup> TrelleborgVibracoustic was formed in July 2012. The proforma figures are based on a combination of previous consolidation of entities within Trelleborg Automotive and Vibracoustic.

**Fourth quarter 2013.** Net sales for the quarter rose 5 percent year-on-year. Healthy sales in primarily China, North America and Europe contributed to an 8-percent increase in organic sales.

Operating profit increased year-on-year, mainly on account of higher volumes, synergies from ongoing restructuring activities and continued improvements in production efficiency. The operating margin reached the highest level to date for the company.

Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of slightly less than EUR 1 M on operating profit compared with the year-earlier period.

Operating cash flow was satisfactory during the quarter. The cash flow in relation to the operating profit amounted to 106 percent.

During the quarter, TrelleborgVibracoustic acquired the remaining 50-percent stake in the Indian joint venture SVIL.

**Full-year 2013.** Net sales for the full year rose 5 percent year-on-year. Healthy sales in primarily China and North America contributed to organic sales growth of 6 percent.

Operating profit increased year-on-year, mainly on account of higher volumes, synergies from ongoing restructuring activities and continued improvements in production efficiency. Exchange-rate effects from the translation of foreign subsidiaries had a negative impact of slightly less than EUR 2 M on operating profit compared with the year-earlier period.

Operating cash flow was satisfactory during the year.

In 2013, TrelleborgVibracoustic initiated restructuring of its European business with the aim of realizing structural cost reductions.

During the first half of the year, the company completed the merger of its commercial vehicle airsprings operations with the corresponding activities of the Turkish company HSS Otomotive.

# Trelleborg's participation in



## TrelleborgVibracoustic

TrelleborgVibracoustic is reported as an associated company in Trelleborg's financial accounts and is recognized according to the equity method. Trelleborg's participation is recognized on two lines of Trelleborg's income statement: profit before tax and tax.

SEK M	Q4 2013	Q4 2012	Change, %	12M 2013	12M 2012 <sup>2)</sup>
<i>Operating profit EUR M, see page 14</i>	35	24		125	44
Operating profit excl items affecting comparability	305	205	49	1,078	377
Acquisition related costs	-21	-27		-54	-37
Amortization of intangible assets <sup>1)</sup>	-10	-44		-38	-44
Restructuring items	24	-27		-176	-32
Operating profit	298	106	181	810	264
Financial income and expenses	-52	-30		-101	-47
Profit before tax	247	76	225	710	217
<i>Trelleborg share</i>	123	37	234	355	109
Tax	-85	-28		-236	-64
<i>Trelleborg share</i>	-42	-14		-118	-32
Net profit	162	48	239	474	153
<i>Trelleborg share</i>	81	24	239	237	77

<sup>1)</sup> Related to split of acquisition balance.

<sup>2)</sup> TrelleborgVibracoustic was formed in July 2012.

**Fourth-quarter 2013.** The participation in profit including items affecting comparability amounted to SEK 123 M before tax (37). During the quarter, provisions for restructuring projects announced earlier were remeasured, leading to a positive effect of SEK 24 M. Financial income and expenses were negatively impacted by unrealized exchange-rate differences of approximately SEK 29 M. The tax expense for the quarter includes certain non-recurring items. The underlying tax rate during 2013 was 29 percent excluding non-recurring items.

**Full-year 2013.** Trelleborg's participation in TrelleborgVibracoustic, including items affecting comparability amounting to an expense of SEK 134 M, was SEK 355 M before tax. Since TrelleborgVibracoustic was formed in July 2012, the comparative figures relate only to the period July-December 2012.



# Financial statements

## Income Statements

SEK M	Q4 2013	Q4 2012	12M 2013	12M 2012
<b>Continuing operations</b>				
Net sales	5,145	4,966	21,473	21,262
Cost of goods sold	-3,358	-3,404	-14,167	-14,395
<b>Gross profit</b>	<b>1,787</b>	<b>1,562</b>	<b>7,306</b>	<b>6,867</b>
Selling expenses	-534	-501	-2,112	-2,028
Administrative expenses	-617	-597	-2,355	-2,336
Research and development costs	-84	-80	-309	-309
Other operating income/expenses	10	62	81	145
Profit from TrelleborgVibracoustic	123	37	355	109
Profit from associated companies	1	0	2	3
Items affecting comparability	-68	-129	-410	11
<b>Operating profit</b>	<b>618</b>	<b>354</b>	<b>2,558</b>	<b>2,462</b>
Financial income and expenses <sup>1)</sup>	-42	-37	-197	-154
<b>Profit before tax</b>	<b>576</b>	<b>317</b>	<b>2,361</b>	<b>2,308</b>
Tax	-136	-59	-587	-488
Tax related to TrelleborgVibracoustic	-42	-14	-118	-32
<b>Total tax</b>	<b>-178</b>	<b>-73</b>	<b>-705</b>	<b>-520</b>
<b>Net profit</b>	<b>398</b>	<b>244</b>	<b>1,656</b>	<b>1,788</b>
<b>Discontinued operations</b> <sup>2)</sup>				
Net sales	-	0	-	3,975
Operating profit	-39	11	-39	353
Profit before tax	-39	12	-39	318
Net profit	-39	13	-39	269
<b>Group</b>				
<b>Net sales</b>	<b>5,145</b>	<b>4,966</b>	<b>21,473</b>	<b>25,237</b>
<b>Operating profit</b>	<b>579</b>	<b>365</b>	<b>2,519</b>	<b>2,815</b>
<b>Profit before tax</b>	<b>537</b>	<b>329</b>	<b>2,322</b>	<b>2,626</b>
<b>Total net profit</b>	<b>359</b>	<b>257</b>	<b>1,617</b>	<b>2,057</b>
- equity holders of the parent company	356	256	1,609	2,042
- non-controlling interest	3	1	8	15
<b>Earnings per share, SEK</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
Continuing operations	1.46	0.89	6.08	6.56
Discontinued operations <sup>2)</sup>	-0.15	0.05	-0.15	0.97
<b>Group, total</b>	<b>1.31</b>	<b>0.94</b>	<b>5.93</b>	<b>7.53</b>
Continuing operations, excluding items affecting comparability	1.71	1.22	7.40	6.31
<b>Number of shares</b>				
End of period	271,071,783	271,071,783	271,071,783	271,071,783
Average number	271,071,783	271,071,783	271,071,783	271,071,783

<sup>1)</sup> 2013 figures include one-off interest costs of 36 MSEK related to the European Commission's judgment on the Trelleborg Group's participation in a cartel on marine oil hoses.

<sup>2)</sup> Mainly including operations divested to the joint venture TrelleborgVibracoustic in July 2012.

## Statements of comprehensive income

SEK M	Q4 2013	Q4 2012	12M 2013	12M 2012
<b>Total net profit</b>	<b>359</b>	<b>257</b>	<b>1,617</b>	<b>2,057</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to the income statement</b>				
Actuarial gains and losses	-19	4	19	16
	-19	4	19	16
<b>Items that may be reclassified to the income statement</b>				
Cash flow hedges	10	6	65	10
Hedging of net investment	-248	-78	-193	536
Translation difference	442	140	121	-972
Income tax relating to components of other comprehensive income	55	17	49	-142
	259	85	42	-568
<b>Other comprehensive income, net of tax</b>	<b>240</b>	<b>89</b>	<b>61</b>	<b>-552</b>
<b>Total comprehensive income</b>	<b>599</b>	<b>346</b>	<b>1,678</b>	<b>1,505</b>

**Balance Sheets**

<b>Group</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2013</b>	<b>2012</b>
Property, plant and equipment	5,141	4,909
Intangible assets	9,173	8,824
Shares in TrelleborgVibracoustic and associated companies	3,122	2,867
Other financial assets	869	1,126
<b>Total non-current assets</b>	<b>18,305</b>	<b>17,726</b>
Inventories	3,188	3,275
Current operating receivables	4,658	4,420
Current interest-bearing receivables	244	1,143
Cash and cash equivalents	893	660
<b>Total current assets</b>	<b>8,983</b>	<b>9,498</b>
<b>Total assets</b>	<b>27,288</b>	<b>27,224</b>
Equity holders of the parent company	14,833	13,977
Non-controlling interest	44	35
<b>Total equity</b>	<b>14,877</b>	<b>14,012</b>
Non-current interest-bearing liabilities	4,874	4,942
Other non-current liabilities	935	1,119
<b>Total non-current liabilities</b>	<b>5,809</b>	<b>6,061</b>
Interest-bearing current liabilities	2,023	2,433
Other current liabilities	4,579	4,718
<b>Total current liabilities</b>	<b>6,602</b>	<b>7,151</b>
<b>Total equity and liabilities</b>	<b>27,288</b>	<b>27,224</b>

<b>Specification of changes in equity</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2013</b>	<b>2012</b>
<i>Attributable to equity holders of the parent company</i>		
Opening balance, January 1	13,977	13,338
Effect from change in accounting principles	-	-173
Adjusted opening balance, January 1	13,977	13,165
Total comprehensive income	1,669	1,490
Dividend	-813	-678
<b>Closing balance</b>	<b>14,833</b>	<b>13,977</b>
<i>Attributable to non-controlling interest</i>		
Opening balance, January 1	35	166
Total comprehensive income	9	15
Acquisition	-	-14
Divested operations	-	-127
Dividend	0	-5
<b>Closing balance</b>	<b>44</b>	<b>35</b>
<b>Sum total equity, closing balance</b>	<b>14,877</b>	<b>14,012</b>

Average number of employees within continuing operations, of whom:	14,827	13,905
- women	3,652	3,598
- men	11,175	10,307

**Cash flow statements**

<b>Group, SEK M</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
<i>Operating activities</i>				
Operating profit incl part in associated companies	618	354	2,558	2,462
Adjustments for items not included in cash flow:				
Depreciation, property, plant and equipment	149	162	611	628
Amortization, intangible assets	35	14	71	48
Impairment losses, property, plant and equipment	-	17	31	22
Impairment losses, intangible assets	-	-1	0	0
Part in associated companies and other non cash-flow affecting items	-123	-34	-357	-122
Cash-flow effects from items affecting comparability	1	0	29	0
Operating activities in discontinued operations	-39	-6	-39	310
	<b>641</b>	<b>506</b>	<b>2,904</b>	<b>3,348</b>
Interest received and other financial items	13	14	32	40
Interest paid and other financial items	-86	-31	-290	-190
Interest and other financial items in discontinued operations	-	1	-	-35
Taxes paid	-206	-156	-587	-460
Taxes paid in discontinued operations	-	1	-	-34
<b>Cash flow from operating activities before changes in working capital</b>	<b>362</b>	<b>335</b>	<b>2,059</b>	<b>2,669</b>
Cash flow from changes in working capital:				
Change in inventories	39	311	100	322
Change in operating receivables	540	514	-351	-488
Change in operating liabilities	-104	-90	27	262
Change in working capital in discontinued operations	10	4	10	-400
Change in items affecting comparability	10	67	0	46
<b>Cash flow from operating activities</b>	<b>857</b>	<b>1,141</b>	<b>1,845</b>	<b>2,411</b>
<i>Investing activities</i>				
Acquisitions	-29	-526	-234	-744
Discontinued operations	-4	18	10	328
Capital expenditure, property, plant and equipment	-338	-264	-852	-847
Capital expenditure in intangible assets	-23	-35	-70	-63
Capital expenditure in non-current assets in discontinued operations	-	-8	-	-134
Sale of non-current assets	5	48	13	59
Sale of non-current assets in discontinued operations	-	-	-	24
<b>Cash flow from investing activities</b>	<b>-389</b>	<b>-767</b>	<b>-1,133</b>	<b>-1,377</b>
<i>Financing activities</i>				
Change in interest-bearing investments	124	-7	818	-125
Change in interest-bearing liabilities	-526	-333	-448	-273
Dividend - equity holders of the parent company	-	-	-813	-678
Dividend - non-controlling interest	-	-	0	-5
<b>Cash flow from financing activities</b>	<b>-402</b>	<b>-340</b>	<b>-443</b>	<b>-1,081</b>
<b>Cash flow for the period</b>	<b>66</b>	<b>34</b>	<b>269</b>	<b>-47</b>
Cash and cash equivalents:				
At beginning of the period	824	629	660	753
Exchange rate differences	3	-3	-36	-46
<b>Cash and cash equivalents at end of period</b>	<b>893</b>	<b>660</b>	<b>893</b>	<b>660</b>

## Continuing operations (unless otherwise stated)

SEK M	Q4 2013	Q4 2012	12M 2013	12M 2012
<b>Net sales</b>				
Trelleborg Coated Systems	464	406	1,839	1,738
Trelleborg Industrial Solutions	1,083	1,107	4,407	4,502
Trelleborg Offshore & Construction	840	924	3,587	3,644
Trelleborg Sealing Solutions	1,723	1,592	7,093	7,215
Trelleborg Wheel Systems	959	833	4,189	3,865
Group items	205	246	921	1,076
Eliminations	-129	-142	-563	-778
<b>Total</b>	<b>5,145</b>	<b>4,966</b>	<b>21,473</b>	<b>21,262</b>

<b>Operating profit <sup>1)</sup></b>				
Trelleborg Coated Systems	55	37	197	177
Trelleborg Industrial Solutions	94	93	420	328
Trelleborg Offshore & Construction	70	57	274	216
Trelleborg Sealing Solutions	332	277	1,486	1,513
Trelleborg Wheel Systems	92	72	490	449
Group items	-80	-90	-254	-341
<b>Total</b>	<b>563</b>	<b>446</b>	<b>2,613</b>	<b>2,342</b>

<b>Operating margin, % <sup>1)</sup></b>				
Trelleborg Coated Systems	11.8	9.1	10.7	10.2
Trelleborg Industrial Solutions	8.8	8.4	9.5	7.3
Trelleborg Offshore & Construction	8.4	6.1	7.6	5.9
Trelleborg Sealing Solutions	19.3	17.4	21.0	20.9
Trelleborg Wheel Systems	9.6	8.6	11.7	11.6
<b>Total</b>	<b>11.0</b>	<b>9.0</b>	<b>12.2</b>	<b>11.0</b>

<sup>1)</sup> Excluding items affecting comparability and participations in TrelleborgVibracoustic.

<b>Net sales per market, share and organic growth, %</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
Western Europe (55%)	0	-4	0	-4
Other Europe (6%)	14	3	22	-3
North America (20%)	4	10	-5	15
South and Central America (3%)	-14	3	-12	0
Asia and other markets (16%)	5	1	4	2
<b>Total (100% refer to share 2013)</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>

<b>Exchange rate differences impacting operating profit <sup>1)</sup>, SEK M</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
Trelleborg Coated Systems	0	-2	-8	2
Trelleborg Industrial Solutions	0	-2	-9	-1
Trelleborg Offshore & Construction	-1	-1	-14	9
Trelleborg Sealing Solutions	-8	-5	-56	2
Trelleborg Wheel Systems	-2	-10	-23	-23
Group items	1	4	4	9
<b>Total</b>	<b>-10</b>	<b>-16</b>	<b>-106</b>	<b>-2</b>

<sup>1)</sup> Impact on operating result in translation of foreign subsidiaries. The comparison is done using exchange rates from the year-earlier period. Excluding items affecting comparability and participations in TrelleborgVibracoustic.

## TRELLEBORG AB - FOURTH QUARTER AND YEAR-END REPORT 2013

SEK M	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
<b>Net sales</b>									
Trelleborg Coated Systems	464	435	477	463	406	399	464	469	434
Trelleborg Industrial Solutions	1,083	1,090	1,140	1,094	1,107	1,031	1,162	1,202	1,140
Trelleborg Offshore & Construction	840	913	978	856	924	892	929	899	777
Trelleborg Sealing Solutions	1,723	1,787	1,833	1,750	1,592	1,706	1,944	1,973	1,707
Trelleborg Wheel Systems	959	1,010	1,111	1,109	833	852	1,052	1,128	954
Group items	205	199	246	271	246	231	290	309	305
Eliminations	-129	-128	-157	-149	-142	-150	-229	-257	-213
<b>Total</b>	<b>5,145</b>	<b>5,306</b>	<b>5,628</b>	<b>5,394</b>	<b>4,966</b>	<b>4,961</b>	<b>5,612</b>	<b>5,723</b>	<b>5,104</b>
<b>Operating profit<sup>1)</sup></b>									
Trelleborg Coated Systems	55	30	52	60	37	30	53	57	41
Trelleborg Industrial Solutions	94	120	110	96	93	70	76	89	88
Trelleborg Offshore & Construction	70	76	81	47	57	45	67	47	-33
Trelleborg Sealing Solutions	332	386	416	352	277	343	464	429	301
Trelleborg Wheel Systems	92	117	137	144	72	88	133	156	99
Group items	-80	-41	-73	-60	-90	-48	-91	-112	-120
<b>Total</b>	<b>563</b>	<b>688</b>	<b>723</b>	<b>639</b>	<b>446</b>	<b>528</b>	<b>702</b>	<b>666</b>	<b>376</b>
<b>Operating margin, %<sup>1)</sup></b>									
Trelleborg Coated Systems	11.8	6.7	11.0	13.0	9.1	7.7	11.3	12.2	9.5
Trelleborg Industrial Solutions	8.8	11.0	9.6	8.8	8.4	6.7	6.6	7.4	7.8
Trelleborg Offshore & Construction	8.4	8.3	8.2	5.5	6.1	5.1	7.1	5.3	neg
Trelleborg Sealing Solutions	19.3	21.6	22.7	20.1	17.4	20.1	23.9	21.7	17.7
Trelleborg Wheel Systems	9.6	11.5	12.4	13.0	8.6	10.4	12.6	13.8	10.4
<b>Total</b>	<b>11.0</b>	<b>13.0</b>	<b>12.8</b>	<b>11.8</b>	<b>9.0</b>	<b>10.7</b>	<b>12.5</b>	<b>11.6</b>	<b>7.4</b>
Items aff. comparability in operating profit	-68	-101	-204	-37	-129	-12	171	-19	-63
Profit from part in TrelleborgVibracoustic	123	25	97	110	37	72	-	-	-
<b>Operating profit</b>	<b>618</b>	<b>612</b>	<b>616</b>	<b>712</b>	<b>354</b>	<b>588</b>	<b>873</b>	<b>647</b>	<b>313</b>

<sup>1)</sup> Excluding items affecting comparability and participations in TrelleborgVibracoustic.

## TRELLEBORG AB - FOURTH QUARTER AND YEAR-END REPORT 2013

Income Statements, SEK M	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
<b>Continuing operations</b>									
Net sales	5,145	5,306	5,628	5,394	4,966	4,961	5,612	5,723	5,104
Cost of goods sold	-3,358	-3,492	-3,702	-3,615	-3,404	-3,402	-3,720	-3,869	-3,570
<b>Gross profit</b>	<b>1,787</b>	<b>1,814</b>	<b>1,926</b>	<b>1,779</b>	<b>1,562</b>	<b>1,559</b>	<b>1,892</b>	<b>1,854</b>	<b>1,534</b>
Selling expenses	-534	-522	-538	-518	-501	-468	-542	-517	-506
Administrative expenses	-617	-559	-599	-580	-597	-545	-605	-589	-654
Research and development costs	-84	-75	-77	-73	-80	-74	-79	-76	-72
Other operating income/costs	10	30	10	31	62	54	35	-6	74
Profit from TrelleborgVibracoustic	123	25	97	110	37	72	-	-	-
Profit from associated companies	1	0	1	0	0	2	1	0	0
Items affecting comparability	-68	-101	-204	-37	-129	-12	171	-19	-63
<b>Operating profit</b>	<b>618</b>	<b>612</b>	<b>616</b>	<b>712</b>	<b>354</b>	<b>588</b>	<b>873</b>	<b>647</b>	<b>313</b>
Financial income and expenses	-42	-81	-32	-42	-37	-39	-34	-44	-70
<b>Profit before tax</b>	<b>576</b>	<b>531</b>	<b>584</b>	<b>670</b>	<b>317</b>	<b>549</b>	<b>839</b>	<b>603</b>	<b>243</b>
Tax	-136	-136	-165	-150	-59	-133	-130	-166	-110
Tax related to TrelleborgVibracoustic	-42	-13	-34	-29	-14	-18	-	-	-
<b>Total tax</b>	<b>-178</b>	<b>-149</b>	<b>-199</b>	<b>-179</b>	<b>-73</b>	<b>-151</b>	<b>-130</b>	<b>-166</b>	<b>-110</b>
<b>Net profit</b>	<b>398</b>	<b>382</b>	<b>385</b>	<b>491</b>	<b>244</b>	<b>398</b>	<b>709</b>	<b>437</b>	<b>133</b>
<b>Discontinued operations <sup>1)</sup></b>									
Net sales	-	-	-	-	0	4	1,921	2,050	2,002
Operating profit	-39	-	-	-	11	3	242	97	146
Profit before tax	-39	-	-	-	12	3	217	86	153
Net profit	-39	-	-	-	13	0	192	64	133
<b>Group</b>									
<b>Net sales</b>	<b>5,145</b>	<b>5,306</b>	<b>5,628</b>	<b>5,394</b>	<b>4,966</b>	<b>4,965</b>	<b>7,533</b>	<b>7,773</b>	<b>7,106</b>
<b>Operating profit</b>	<b>579</b>	<b>612</b>	<b>616</b>	<b>712</b>	<b>365</b>	<b>591</b>	<b>1,115</b>	<b>744</b>	<b>459</b>
<b>Profit before tax</b>	<b>537</b>	<b>531</b>	<b>584</b>	<b>670</b>	<b>329</b>	<b>552</b>	<b>1,056</b>	<b>689</b>	<b>396</b>
<b>Total net profit</b>	<b>359</b>	<b>382</b>	<b>385</b>	<b>491</b>	<b>257</b>	<b>398</b>	<b>901</b>	<b>501</b>	<b>266</b>
- equity holders of the parent company	356	380	384	489	256	396	896	494	262
- non-controlling interest	3	2	1	2	1	2	5	7	4
<b>Earnings per share, SEK</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Q4 2012</b>	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>	<b>Q4 2011</b>
Continuing operations	1.46	1.40	1.41	1.81	0.89	1.46	2.61	1.60	0.48
Discontinued operations <sup>1)</sup>	-0.15	0.00	0.00	0.00	0.05	0.00	0.70	0.22	0.49
<b>Group, total</b>	<b>1.31</b>	<b>1.40</b>	<b>1.41</b>	<b>1.81</b>	<b>0.94</b>	<b>1.46</b>	<b>3.31</b>	<b>1.82</b>	<b>0.97</b>
Continuing operations, excluding items affecting comparability	1.71	1.67	2.12	1.90	1.22	1.50	1.94	1.65	0.66

<sup>1)</sup> Mainly including operations divested to the joint venture TrelleborgVibracoustic in July 2012.

**The Group's financial assets and liabilities measured at fair value**

At December 31, 2013	Derivatives valued at fair value in profit and loss		Derivatives used for hedging purposes		Total
	Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>SEK M</b>					
Other financial non-current assets	-		18	2	<b>18</b>
Accounts receivable and other receivables	-3	2	16	2	<b>13</b>
Current interest-bearing receivables	24	2	37	2	<b>61</b>
<b>Total assets</b>	<b>21</b>		<b>71</b>		<b>92</b>
Interest-bearing non-current liabilities	-		59	2	<b>59</b>
Interest-bearing current liabilities	41	2	37	2	<b>78</b>
Accounts payable and other liabilities	2	2	50	2	<b>52</b>
<b>Total liabilities</b>	<b>43</b>		<b>146</b>		<b>189</b>

At December 31, 2012	Derivatives valued at fair value in profit and loss		Derivatives used for hedging purposes		Total
	Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>SEK M</b>					
Other financial non-current assets	-		-		-
Accounts receivable and other receivables	-		19	2	<b>19</b>
Current interest-bearing receivables	40	2	105	2	<b>145</b>
<b>Total assets</b>	<b>40</b>		<b>124</b>		<b>164</b>
Interest-bearing non-current liabilities	-		110	2	<b>110</b>
Interest-bearing current liabilities	72	2	10	2	<b>82</b>
Accounts payable and other liabilities	8	2	67	2	<b>75</b>
<b>Total liabilities</b>	<b>80</b>		<b>187</b>		<b>267</b>

**Valuation techniques used to derive Level 2 fair values**

Level 2 derivatives comprise forward foreign contracts and interest rate swaps and are used mainly for hedging purposes but also for proprietary trading. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

**Disclosure of fair value for debt and other financial instruments**

All debt bears variable interest and the recognized amounts for interest-bearing liabilities are deemed to correspond to their fair value. For other financial instruments the recognized amounts are also deemed to correspond to their fair value.



## Parent Company

<b>Income statements, SEK M</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
Administrative expenses	-156	-155	-311	-313
Other operating income	27	30	220	221
<b>Operating profit</b>	<b>-129</b>	<b>-125</b>	<b>-91</b>	<b>-92</b>
Financial income and expenses	-297	-285	-721	-652
<b>Profit before tax</b>	<b>-426</b>	<b>-410</b>	<b>-812</b>	<b>-744</b>
Appropriations	842	1,372	842	1,372
Tax	-120	-272	18	-88
<b>Net profit</b>	<b>296</b>	<b>690</b>	<b>48</b>	<b>540</b>

<b>Statements of comprehensive income, SEK M</b>	<b>Q4 2013</b>	<b>Q4 2012</b>	<b>12M 2013</b>	<b>12M 2012</b>
<b>Net profit</b>	<b>296</b>	<b>690</b>	<b>48</b>	<b>540</b>
<b>Total comprehensive income</b>	<b>296</b>	<b>690</b>	<b>48</b>	<b>540</b>

<b>Balance sheets</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2013</b>	<b>2012</b>
Property, plant and equipment	24	24
Intangible assets	1	2
Financial assets	36,044	35,744
<b>Total non-current assets</b>	<b>36,069</b>	<b>35,770</b>
Current receivables	72	85
Current tax asset	17	-
Interest-bearing receivables	894	2,102
Cash and cash equivalents	0	0
<b>Total current assets</b>	<b>983</b>	<b>2,187</b>
<b>Total assets</b>	<b>37,052</b>	<b>37,957</b>
Shareholders' equity	12,574	13,339
<b>Total equity</b>	<b>12,574</b>	<b>13,339</b>
Untaxed reserves	19	105
Interest-bearing non-current liabilities	33	33
Other non-current liabilities	18	18
<b>Total non-current liabilities</b>	<b>51</b>	<b>51</b>
Interest-bearing current liabilities	24,247	24,210
Other current liabilities	161	252
<b>Total current liabilities</b>	<b>24,408</b>	<b>24,462</b>
<b>Total equity and liabilities</b>	<b>37,052</b>	<b>37,957</b>

## Financial definitions

**Return on shareholders' equity, %** Profit for the period, attributable to shareholders of the Parent Company as a percentage of average shareholders' equity, excluding non-controlling interests.

**Return on capital employed, %** Operating profit divided by the average capital employed.

**EBITDA** Operating profit excluding depreciation of PPE and amortization of intangible assets.

**Free cash flow** Operating cash flow, cash flow from financial items, taxes and the effect of restructuring measures on cash flow.

**Equity method** Shares in associated companies and joint ventures are accounted for according to the equity method, in which the initial participation in the associated company/joint venture is adjusted to reflect the Group's participation in the profit of the company and any dividends. As regards the Group's largest joint venture, TrelleborgVibracoustic, the share in profit is reported on two lines in the income statement; profit before tax and tax.

**Net debt** Interest-bearing liabilities less interest-bearing assets

and cash and cash equivalents.

**Net debt/EBITDA** Net debt divided by EBITDA.

**Operating cash flow** EBITDA excluding other non-cash items, investments, sold non-current assets and changes in working capital but excluding cash flow pertaining to restructuring.

**Earnings per share** Net profit for the period, attributable to shareholders of the Parent Company, divided by the average number of shares outstanding.

**Operating margin, %** Operating profit as a percentage of net sales.

**Operating profit** Operating profit as stated in the income statement.

**Debt/equity ratio, %** Net debt divided by total equity.

**Equity/assets ratio, %** Total equity divided by total assets.

**Capital employed** Total assets less interest-bearing financial assets and noninterest-bearing operating liabilities (including pension liabilities) and excluding tax assets and tax liabilities.

## Glossary

**OEM** Original Equipment Manufacturer, the end producer of, for example, a tractor.

**Plastics** can be divided into two main groups: **Thermoplastics** are non-cross-linked plastics that are solid at room temperature but become soft and moldable when heated, and **Hard plastics** are cross-linked plastics that disintegrate upon heating and do not regain their properties.

**Polymer** The word is derived from the Greek "poly," meaning

"many" and "meros" meaning "parts." Polymers are made up of many small molecules – monomers – that are linked in long chains. Examples of polymers are plastics and rubber.

**Polymer technology** The technology relating to manufacturing processes for polymers in combination with their unique properties.

## Seasonal effects

The various market segments are subject to seasonal effects. Demand for the Group is normally higher in the first six months of the year than in the last six months.

## About Trelleborg

Trelleborg is a world leader in engineered polymer solutions. We seal, damp and protect critical applications in demanding environments. Our innovative solutions accelerate performance for customers in a sustainable way.

### Business concept

We seal, damp and protect in demanding industrial environments throughout the world. Our customers can rely on engineered solutions based on leading polymer technology and unique applications know-how.

### Core strategy

Trelleborg's strategy is to command leading positions in selected market segments. This means that we seek niches that – by virtue of our applications know-how and range of advanced products and solutions – provide market leadership. While leading positions are attained mainly through organic growth, bolt-on acquisitions are also implemented to strengthen market presence and the product range. We are also moving downstream in the value chain, toward more advanced products and total solutions, based on close collaboration with customers in early stages of development.

Trelleborg has defined four strategic cornerstones that support the strategy: Geographic balance, Portfolio optimization, Improved structure and Excellence.

### Value drivers

**Polymer engineering.** For more than a century, and into the future, we pioneer applied polymer engineering and materials technology in our chosen sectors.

**Local presence, global reach.** Our local teams leverage our global strength and capabilities when needed, acting as a local partner wherever we conduct business.

**Application expertise.** We have leading-edge technology and in-depth understanding of the challenges our customers must overcome to seal, damp and protect critical applications.

**Customer integration.** Having close integration with markets and customers through multiple channels and excellence across touchpoints, we make it easy to do business with us.

**Business accelerator.** Working as a proactive and long-term business partner, we deliver solutions based on market foresight to contribute to better business.

### Trelleborg's market segments:

Market segment	Group total	Trelleborg Coated Systems	Trelleborg Industrial Solutions	Trelleborg Offshore & Construction	Trelleborg Sealing Solutions	Trelleborg Wheel Systems
Capital-intensive industry	49%					
- Offshore oil & gas	11%			59%	3%	
- Transportation equipment	13%		10%		9%	42%
- Agriculture	12%				3%	58%
- Infrastructure construction	9%		11%	41%		
- Aerospace	4%				12%	
General industry	40%	100%	68%		47%	
Light vehicles	11%		11%		26%	

Net sales per market segment 2013

## The Trelleborg Group's operations

### Continuing operations

Refers to operations within Trelleborg's five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. It also includes Group items defined as central staff functions and two operations, the first of which is Group-wide and the second of which is in the build-up and integration phase.

### TrelleborgVibracoustic

In July 2012, Trelleborg and Freudenberg formed a 50/50 joint venture in antivibration solutions for light and heavy vehicles, TrelleborgVibracoustic. The company is reported as a joint venture in the financial accounts and recognized in accordance with the equity method.

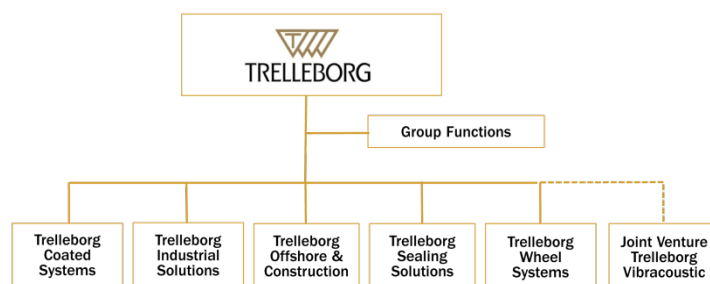
### Discontinued operations

Refer generally to operations that are discontinuing or will be discontinued. For 2012, discontinued operations primarily relate to

operations within Trelleborg Automotive, now part of TrelleborgVibracoustic, a protective products operation and a French light-vehicle component operation.

### Group in total

The above three parts consolidated sum up to the Trelleborg Group in total.



## Invitation to presentation and telephone conference on February 13 at 10:30 a.m. CET

A presentation and telephone conference will be held on February 13 at 10:30 a.m. CET. To participate in the telephone conference, call +46 8 50 55 6481 (Sweden), +44 20 76 60 2078 (U.K.) or +1 85 57 16 1592 (U.S.). Code: "Trelleborg". The conference will also be broadcast on the Internet in real time. Visit our website at: [www.trelleborg.com/en/Investors/Presentations](http://www.trelleborg.com/en/Investors/Presentations) for the Internet link and presentation materials.

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## Financial calendar 2014

Interim report January-March 2014	April 23
Annual General Meeting 2014 (Trelleborg)	April 23
Capital Markets Day (Stockholm)	June 4
Interim report April-June 2014	July 22
Interim report July-September 2014	October 22

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## For further information

### Investors/analysts

Christofer Sjögren, VP Investor Relations  
Phone: +46 (0)410 - 670 68  
Mobile: +46 (0)708 - 66 51 40  
E-mail: [christofer.sjogren@trelleborg.com](mailto:christofer.sjogren@trelleborg.com)

### Media

Karin Larsson, VP Media Relations  
Phone: +46 (0)410 - 670 15  
Mobile: +46 (0)733 - 74 70 15  
E-mail: [karin.larsson@trelleborg.com](mailto:karin.larsson@trelleborg.com)

For information about the Trelleborg Group, Annual Reports, the stakeholder magazine *T-TIME* and other information, please visit the Group's website: [www.trelleborg.com](http://www.trelleborg.com) or download "Trelleborg IR" from the App Store or Google Play.



Trelleborg AB (publ) Corp. Reg. No. 556006-3421  
PO Box 153, SE-231 22 Trelleborg, Sweden. Phone: +46 (0)410-670 00 [www.trelleborg.com](http://www.trelleborg.com)

This report 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.

**This is information of the type that Trelleborg AB (publ) is obligated to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was issued for publication on Thursday, February 13, 2014, at 07:45 a.m. CET.**