

Record profit despite timid growth

- Net sales for the second quarter of 2014 increased by 2 percent (0) and totaled SEK 5,725 M (5,628). Organic sales declined by 1 percent (increase: 2). Effects of structural changes contributed 0 percent (pos: 4) while the effects of exchange-rate movements were a positive 3 percent (neg: 6).
- Operating profit, excluding the participation in TrelleborgVibracoustic and items affecting comparability, rose by 11 percent to SEK 802 M (723), equivalent to an operating margin of 14.0 percent (12.8), the Group's highest ever for a single quarter.
- Items affecting comparability amounted to an expense of SEK 99 M (expense: 204), which was fully attributable to previously announced restructuring programs. The year-earlier period included an expense of SEK 155 M associated with process and dispute costs.
- Operating profit in the quarter for TrelleborgVibracoustic, excluding items affecting comparability, rose 26 percent to EUR 39 M (31). This corresponded to an operating margin of 8.9 percent (6.9), the highest to date for the company for a single quarter.
- Trelleborg's participation in TrelleborgVibracoustic amounted to SEK 42 M before tax (97). The participation includes items affecting comparability in the negative amount of SEK 126 M (neg: 11) that were mainly attributable to the previously communicated restructuring projects.
- Earnings per share rose 38 percent to SEK 1.95 (1.41).
- Operating cash flow amounted to SEK 539 M (531).

| SEK M | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 5,725 | 5,628 | 2 | 11,319 | 11,022 | 3 |
| Organic sales, % | -1 | 2 | | 0 | -2 | |
| Operating profit excl. participation in TrelleborgVibracoustic and items affecting comparability | 802 | 723 | 11 | 1,581 | 1,362 | 16 |
| Operating margin, % | 14.0 | 12.8 | | 14.0 | 12.4 | |
| Profit share in TrelleborgVibracoustic | 42 | 97 | -57 | 175 | 207 | -15 |
| Items affecting comparability | -99 | -204 | | -117 | -241 | |
| Operating profit | 745 | 616 | 21 | 1,639 | 1,328 | 23 |
| Profit before tax | 712 | 584 | 22 | 1,572 | 1,254 | 25 |
| Net profit | 530 | 385 | 38 | 1,153 | 876 | 32 |
| Earnings per share, SEK | 1.95 | 1.41 | 38 | 4.24 | 3.22 | 32 |
| Operating cash flow | 539 | 531 | | 906 | 532 | |

”Record profit despite timid growth”

“Trelleborg continued to improve earnings. Both operating profit and the operating margin are the highest levels ever for the Group for a single quarter. The Group also reported a stable cash flow.

“Net sales rose 2 percent while organic sales declined 1 percent. Sales performance was favorable in all geographic markets except for Europe. The negative trend in Europe was primarily due to a weaker OEM market for agricultural tires, delays of deliveries of projects and ongoing repositioning to more value-creating niches in certain product segments.

“We maintained our focus on value creation and generating growth via organic initiatives and bolt-on acquisitions. During the quarter, we decided on an investment in a production facility for agricultural tires in the U.S., which will provide us with local presence in North America and a global position in the market. Furthermore, Trelleborg acquired a company in Turkey, which consolidates our leading market position in industrial hoses.

“As yet, we have not received any indication of a general improvement in the demand situation, and we believe that third-quarter demand for the Group as a whole will be on par with the second quarter of the year. We are continuing to carefully monitor the economic developments and are maintaining high preparedness to address fluctuating market conditions.”

*Peter Nilsson,
President and CEO*

Market outlook for the third quarter of 2014

Demand is expected to be on a par with the second quarter of 2014, adjusted for seasonal variations.

Market outlook from the interim report published on April 23, 2014, relating to the second quarter of 2014

Demand is expected to be on a par with the first quarter of 2014, adjusted for seasonal variations.

Second quarter 2014

Net sales

| SEK M, growth, % | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 |
|----------------------|---------|---------|---------|---------|
| Net sales | 5,725 | 5,628 | 11,319 | 11,022 |
| Change total, % | 2 | 0 | 3 | -3 |
| Organic sales, % | -1 | 2 | 0 | -2 |
| Structural change, % | 0 | 4 | 1 | 4 |
| Currency effects, % | 3 | -6 | 2 | -5 |

Net sales for the second quarter of 2014 rose 2 percent (0) compared with the year-earlier period and amounted to SEK 5,725 M (5,628).

All business areas except Trelleborg Sealing Solutions reported negative organic sales. Organic sales were positive in all geographic markets except for Europe. Sales increased organically in North America by about 11 percent at the same

time as South America noted a strongly positive trend and rose 21 percent, driven by a healthy level of project deliveries. In Asia and the rest of the world, organic sales increased by 9 percent. Organic sales in Europe declined 9 percent, mainly impacted by a weaker OEM market for agricultural tires, delays of deliveries of projects and ongoing repositioning to more value-creating niches in certain product segments.

Result

| SEK M | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Operating profit excl. participation in TrelleborgVibracoustic and items affecting comparability | 802 | 723 | 11 | 1,581 | 1,362 | 16 |
| Operating margin, % | 14.0 | 12.8 | | 14.0 | 12.4 | |
| Items affecting comparability | -99 | -49 | | -117 | -86 | |
| One off items | - | -155 | | - | -155 | |
| Total items affecting comparability | -99 | -204 | | -117 | -241 | |
| Profit share in TrelleborgVibracoustic | 42 | 97 | -57 | 175 | 207 | -15 |
| Operating profit | 745 | 616 | 21 | 1,639 | 1,328 | 23 |
| Financial income and expenses | -33 | -32 | -3 | -67 | -74 | 9 |
| Profit before tax | 712 | 584 | 22 | 1,572 | 1,254 | 25 |
| Taxes | -182 | -199 | 9 | -419 | -378 | -11 |
| Net profit | 530 | 385 | 38 | 1,153 | 876 | 32 |

Operating profit excluding the participation in TrelleborgVibracoustic and items affecting comparability amounted to SEK 802 M (723), representing a year-on-year increase of 11 percent. Continued improved cost efficiency yielded a positive impact on profit. Acquired operations made a positive contribution to the earnings trend. The operating margin was strengthened and amounted to 14.0 percent (12.8), which is the highest margin on record for the Group for a single quarter. All business areas noted improved operating margins compared with the year-earlier period. During the quarter, Group-wide expenses were higher than normal, adversely impacted by business development activities.

Exchange-rate effects upon the translation of foreign subsidiaries had a positive impact of SEK 27 M (neg: 44) on earnings compared with the year-earlier period.

The quarter was charged with items affecting comparability of negative SEK 99 M (neg: 204), which is entirely attributable to the previously communicated restructuring programs. The second quarter of 2013 included a non-recurring expense totaling SEK 155 M associated with process and dispute costs.

Trelleborg's participation in TrelleborgVibracoustic is included in operating profit in accordance with the equity method. The participation, including items affecting comparability of negative SEK 126 M (neg: 11), totaled SEK 42 M before tax (97). The items affecting comparability were mainly attributable to the previously communicated restructuring projects and are in line with communicated full-year levels.

Operating profit for the quarter, including the participation in TrelleborgVibracoustic and items affecting comparability, amounted to SEK 745 M (616), representing an increase of 21 percent.

The net financial expense was SEK 33 M (expense: 32), corresponding to an average rate of interest of 2.1 percent (2.1).

Net profit was SEK 530 M (385). Excluding TrelleborgVibracoustic, the tax rate was 25 percent (34), impacted by a favorable country mix. The tax rate for the second quarter of 2013 was impacted by non-recurring items associated with process and dispute costs.

Operating cash flow

| SEK M | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|---|-------------|-------------|------------|-------------|-------------|------------|
| EBITDA, operating profit before depreciation | 974 | 888 | 10 | 1,917 | 1,697 | 13 |
| Capital expenditure | -204 | -208 | 2 | -344 | -357 | 4 |
| Sold non-current assets | - | 3 | | 2 | 4 | |
| Change in working capital | -233 | -153 | -52 | -670 | -811 | 17 |
| Non cash-flow affecting items | 2 | 1 | | 1 | -1 | |
| Operating cash flow | 539 | 531 | 2 | 906 | 532 | 70 |
| Cash impact from items affecting comparability | -49 | -44 | | -83 | -71 | |
| Dividend - non-controlling interest | 0 | 0 | | 0 | 0 | |
| Financial items | -4 | -15 | | -68 | -117 | |
| Paid tax | -123 | -140 | | -247 | -271 | |
| Free cash flow | 363 | 332 | 9 | 508 | 73 | 596 |
| Acquisitions | -82 | -42 | | -235 | -173 | |
| Dividend - equity holders of the parent company | -881 | -813 | | -881 | -813 | |
| Sum net cash flow | -600 | -523 | -15 | -608 | -913 | 33 |

The operating cash flow was on a par with the year-earlier period and amounted to SEK 539 M (531). The improved operating result offset the slightly higher change in working capital for the period. At the end of the period, working capital in relation to net sales amounted to 17.2 percent (17.2), despite the effects of a weaker Swedish currency.

All business areas reported satisfactory cash flows for the quarter. The rolling 12-month cash conversion ratio was 90 percent (97).

Free cash flow for the quarter was on a par with the year-earlier period. Dividends to shareholders were paid during the quarter and amounted to SEK 881 M (813).

Net debt

| Change in net debt, SEK M | 6M 2014 | 6M 2013 | 12M 2013 |
|--|---------------|---------------|---------------|
| Net debt, opening balance | -5,637 | -5,360 | -5,360 |
| Net cash flow for the period | -608 | -913 | -101 |
| Exchange rate differences | -182 | -167 | -176 |
| Net debt, closing balance | -6,427 | -6,440 | -5,637 |
| Debt/equity ratio, % | 41 | 46 | 38 |
| Net Debt/EBITDA excl items affecting comparability | 1.7 | 1.9 | 1.5 |
| Net Debt/EBITDA, Total Group | 1.8 | 2.2 | 1.7 |

Net debt increased by SEK 778 M during the quarter, primarily due to the dividend paid, and amounted to SEK 6,427 M at the end of the period. Translation differences in the six-month period had a negative impact of SEK 182 M (neg: 167). The debt/equity ratio was 41 percent (46). Net debt in relation to

EBITDA, excluding items affecting comparability, was 1.7 (1.9). Net debt in relation to EBITDA for the Group in total was 1.8 (2.2).

Return on capital employed

| % | R12 2014 | R12 2013 | 12M 2013 |
|---|----------|----------|----------|
| Return on capital employed excl items affecting comparability ¹⁾ | 16.0 | 13.9 | 15.2 |
| Return on capital employed incl items affecting comparability ¹⁾ | 14.5 | 11.7 | 12.9 |

¹⁾ Excluding participation in TrelleborgVibracoustic.

Capital employed increased year-on-year to SEK 18,650 M (17,362), excluding the participation in TrelleborgVibracoustic. The positive result impacted the return on capital employed

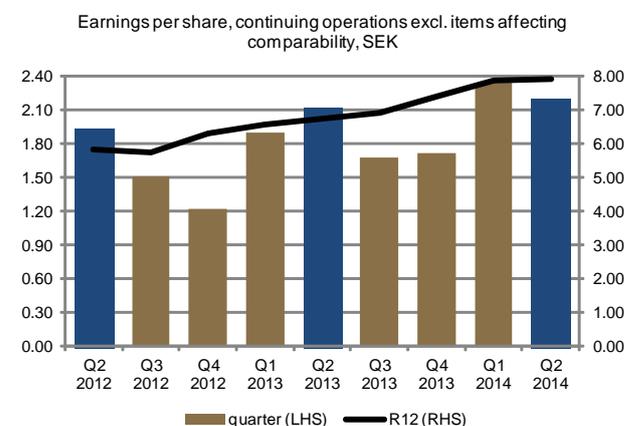
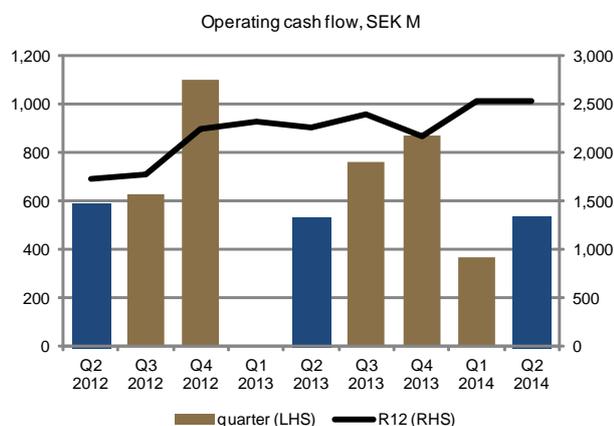
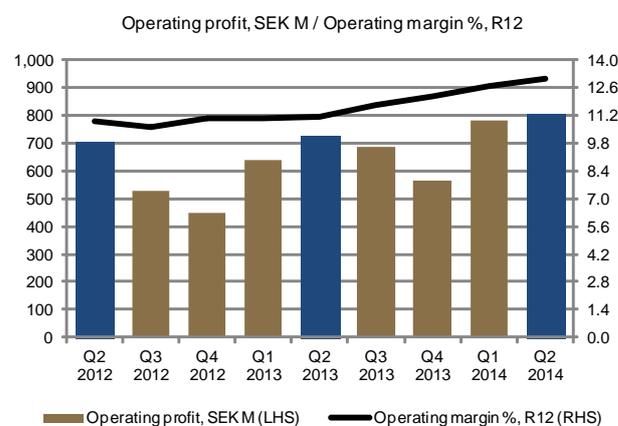
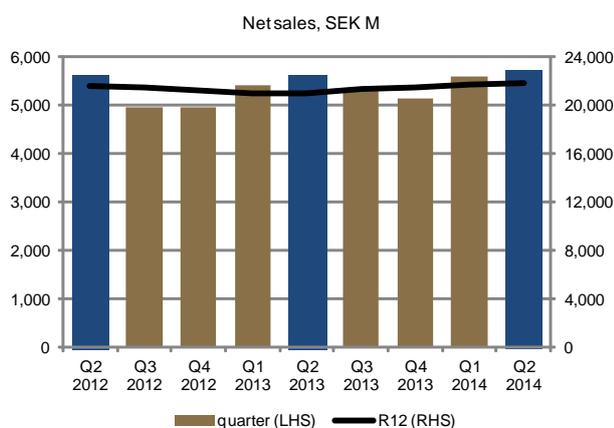
excluding items affecting comparability, which increased to 16.0 percent (13.9), the highest rate of return to date for the Group.

Return on equity

| % | R12 2014 | R12 2013 | 12M 2013 |
|---|----------|----------|----------|
| Return on equity excl items affecting comparability | 14.4 | 13.2 | 13.9 |
| Return on equity incl items affecting comparability | 12.9 | 10.9 | 11.4 |
| Total Group | 12.7 | 11.0 | 11.2 |

Shareholders' equity for the Group at the close of the period amounted to SEK 15,692 M (14,095), excluding non-controlling interests. Equity per share amounted to SEK 58 (52).

The equity/asset ratio was 53 percent (50). The return on shareholders' equity was 12.7 percent (11.0).



January-June 2014

Net sales for the first six months of 2014 totaled SEK 11,319 M (11,022), up 3 percent year-on-year.

Operating profit for the first six months of 2014 amounted to SEK 1,639 M (1,328).

The financial net expense was SEK 67 M (expense: 74),

corresponding to an average interest rate of 2.2 percent (2.5).

Profit before tax totaled SEK 1,572 M (1,254).

Net profit amounted to SEK 1,153 M (876).

Total earnings per share for the Group were SEK 4.24 (3.22).

Significant events during the quarter

Acquisition of industrial hose company. Trelleborg Industrial Solutions signed an agreement to acquire the privately owned Superlas Group. The company develops and manufactures industrial hoses for a range of industries, such as construction and civil engineering, processing, industrial cleaning and tanker transportation. The acquisition consolidates Trelleborg's market-leading position in industrial hoses. The business has manufacturing facilities in Turkey and sales offices in Austria and the U.K. Sales are global and amounted to approximately SEK 400 M in 2013. The transaction forms part of Trelleborg's strategy to strengthen its positions in selected attractive market segments.

The acquisition is not considered to have a material impact on the Group's sales and earnings.

Investment in a production facility for agricultural tires.

Trelleborg Wheel Systems decided to invest in a production facility for agricultural tires in the U.S., thereby creating a platform for local presence and growth in North America, and a global position in the market. The investment forms part of Trelleborg's strategy to strengthen positions in attractive and profitable market segments. The production will be located in an existing Trelleborg facility in Spartanburg, South Carolina, U.S. Trelleborg will invest a total of approximately SEK 325 M during 2014-2018, mainly in production equipment. The investment for this year is within the previously announced framework for capital expenditures for 2014. It is estimated that production will be able to gradually commence as of the second half of 2015.

Significant events after the close of the period

At the start of July, Trelleborg Industrial Solutions finalized the acquisition of the industrial hose company. The business was consolidated as of July 1, 2014, see above.

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.

Board of Directors' assurance

This interim report provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

*Trelleborg, July 22, 2014
Board of Directors of Trelleborg AB (publ)*

| | | |
|--|---|--|
| <i>Sören Mellstig Chairman of the Board</i> | <i>Hans Björck Board Member</i> | <i>Jan Carlson Board Member</i> |
| <i>Claes Lindqvist Board Member</i> | <i>Peter Nilsson Board Member and President/CEO</i> | <i>Bo Risberg Board Member</i> |
| <i>Nina Udnes Tronstad Board Member</i> | <i>Heléne Vibbleus Board Member</i> | <i>Göran Andersson Employee representative</i> |
| <i>Peter Larsson Employee representative</i> | <i>Mikael Nilsson Employee representative</i> | <i>Ingemar Thörn Employee representative</i> |

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, 2014

New and amended standards are not expected to materially impact the Group's or Parent Company's earnings or financial position.

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

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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 475 | 477 | 0 | 948 | 940 | 1 |
| Change total, % | 0 | 3 | | 1 | 1 | |
| Organic sales, % | -2 | -6 | | -2 | -6 | |
| Structural change, % | - | 14 | | 1 | 11 | |
| Currency effects, % | 2 | -5 | | 2 | -4 | |
| Operating profit | 60 | 52 | 15 | 121 | 112 | 8 |
| Operating margin, % | 12.5 | 11.0 | | 12.7 | 12.0 | |

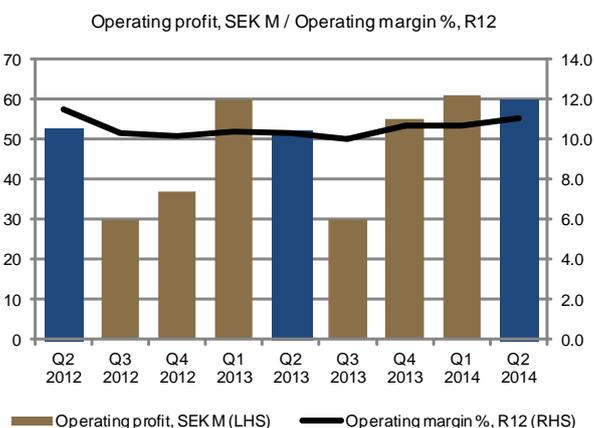
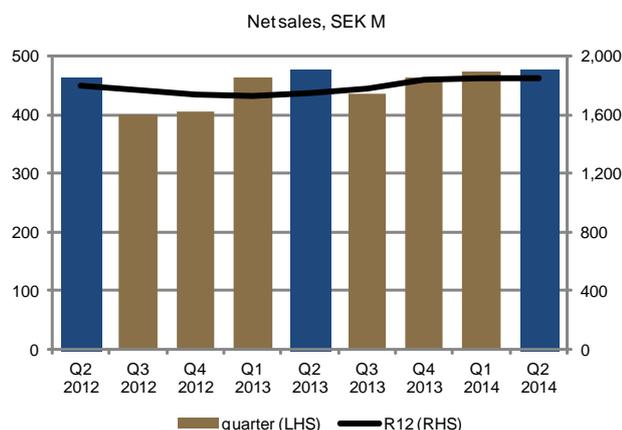
Additional key ratios on pages 18 - 19

Organic sales for the quarter declined 2 percent year-on-year. The trend for coated fabrics was positive, with strong organic growth registered in both Europe and Asia, but where development in North America was slightly weaker. Growth was primarily driven by deliveries to general industry and the automotive and transportation industries.

Printing blankets continued to report weak market conditions in North and South America as well as Europe. The business area is implementing changes to the North American distribution model to improve its long-term market positioning. However, these measures temporarily lower sales.

The ongoing efficiency-enhancement measures in both Europe and North America positively impacted operating profit. More stable production from the solventless roller head line for printing blankets in Italy also contributed to the improvement of the operating margin. Exchange-rate effects from the translation of foreign subsidiaries had only a marginal impact on operating profit.

The business area launched a new [coating plate](#) range during the quarter that broadens its printing solutions offering for offset printing.





Trelleborg Industrial Solutions is a leading supplier 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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 1,222 | 1,189 | 3 | 2,403 | 2,331 | 3 |
| Change total, % | 3 | -2 | | 3 | -5 | |
| Organic sales, % | -2 | 2 | | -1 | -2 | |
| Structural change, % | 2 | - | | 1 | - | |
| Currency effects, % | 3 | -4 | | 3 | -3 | |
| Operating profit | 135 | 111 | 22 | 252 | 213 | 18 |
| Operating margin, % | 11.0 | 9.3 | | 10.5 | 9.2 | |

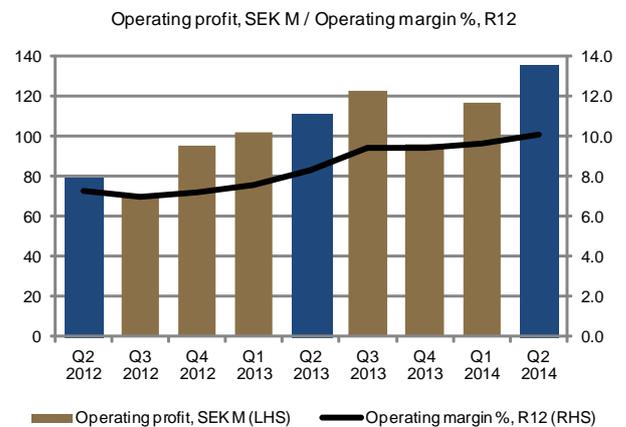
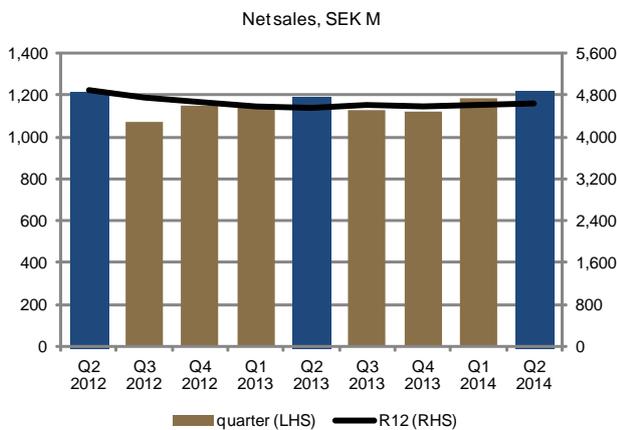
Additional key ratios on pages 18 - 19

Organic sales for the quarter declined 2 percent year-on-year. The sales trend for the quarter was mixed, where the light vehicles market segment reported positive organic development, while the general industry segment was slightly weaker. Europe noted lower organic growth, although this was partly offset by improved sales in North America and the rest of the world.

Operating profit improved compared with the year-earlier period, 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 positive impact on operating profit. The operating margin achieved its highest ever level for a single quarter.

During the quarter, the business area signed an agreement to acquire an industrial hose company. The acquisition was finalized at the start of July; refer to page 6.





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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 967 | 978 | -1 | 1,826 | 1,834 | 0 |
| Change total, % | -1 | 5 | | 0 | 0 | |
| Organic sales, % | -4 | 9 | | -1 | 2 | |
| Structural change, % | - | 3 | | 0 | 4 | |
| Currency effects, % | 3 | -7 | | 1 | -6 | |
| Operating profit | 93 | 81 | 15 | 157 | 128 | 23 |
| Operating margin, % | 9.7 | 8.2 | | 8.6 | 7.0 | |

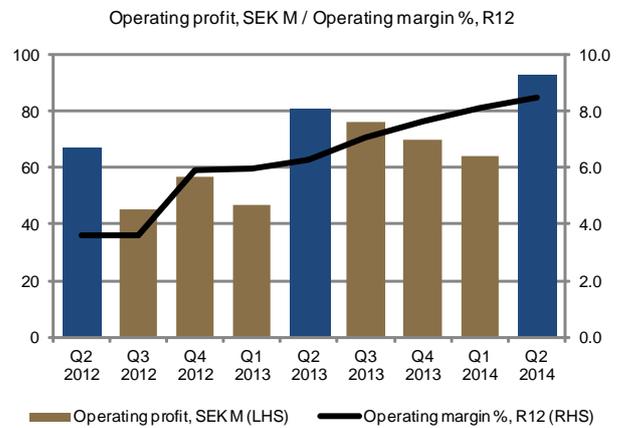
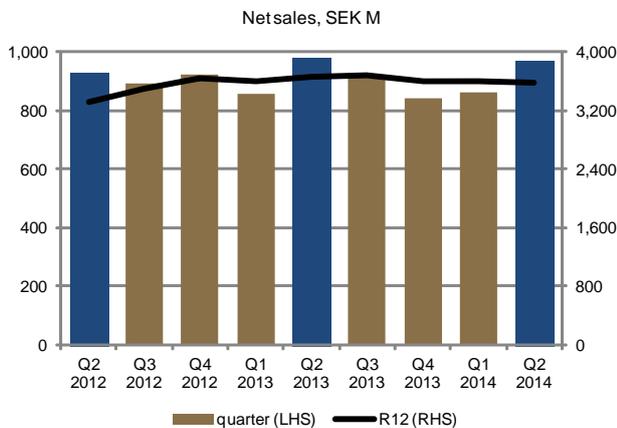
Additional key ratios on pages 18 - 19

Organic sales for the quarter fell 4 percent year-on-year. Sales were impacted by fewer projects deliveries in offshore oil/gas during the quarter. Infrastructure-related sales reported favorable organic performance, particularly in marine projects. Market activity in the business area generally remained favorable.

Operating profit rose compared with the year-earlier period, due mainly to an enhanced sales mix, cost efficiency

and positive exchange-rate effects of SEK 5 M from the translation of foreign subsidiaries. The operating margin achieved its highest level since 2010 for a single quarter.

A decision was made to invest in a [new facility in the U.S.](#) for the manufacturing of marine fenders and buoys. The facility replaces an older plant in a bid to further strengthen the business area's position in the market.





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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 1,961 | 1,833 | 7 | 3,876 | 3,583 | 8 |
| Change total, % | 7 | -6 | | 8 | -9 | |
| Organic sales, % | 4 | -1 | | 6 | -4 | |
| Structural change, % | - | - | | - | - | |
| Currency effects, % | 3 | -5 | | 2 | -5 | |
| Operating profit | 454 | 416 | 9 | 890 | 768 | 16 |
| Operating margin, % | 23.2 | 22.7 | | 23.0 | 21.4 | |

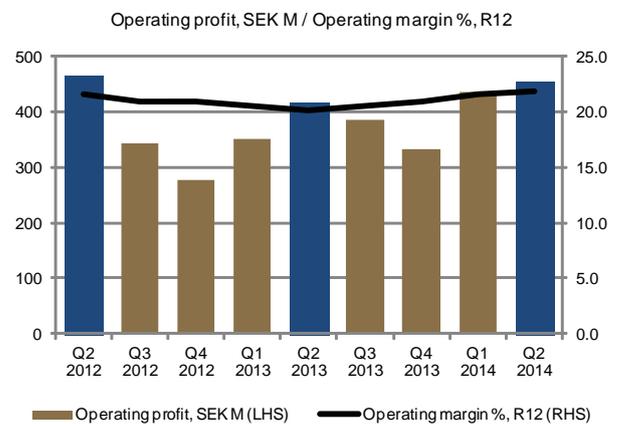
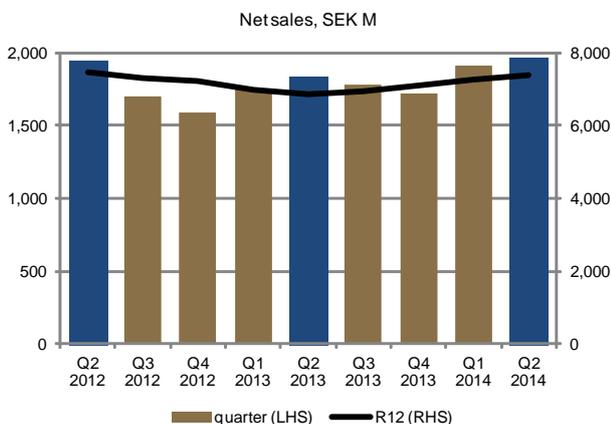
Additional key ratios on pages 18 - 19

Organic sales for the quarter increased 4 percent year-on-year. All geographic markets reported maintained or positive demand levels. Organic sales in Europe remained unchanged compared with the year-earlier period. The trend in Western Europe was slightly weaker, which, however, was offset by a healthy improvement in the rest of Europe. North America and Asia noted healthy growth in the majority of market segments. Organic sales were mainly driven by a satisfactory sales trend in general industry, but also deliveries to the automotive and aerospace industries.

Operating profit increased compared with the

corresponding period in 2013, mainly due to higher sales and effective cost control. The operating margin reached the second highest level ever for a single quarter. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 14 M on operating profit compared with the year-earlier period.

The business area's European aerospace seals manufacturing Center of Excellence became the first European supplier to secure [Nadcap certification](#) for its manufacturing process.





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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 1,057 | 1,111 | -5 | 2,183 | 2,220 | -2 |
| Change total, % | -5 | 6 | | -2 | 2 | |
| Organic sales, % | -9 | -1 | | -6 | -4 | |
| Structural change, % | 2 | 13 | | 2 | 11 | |
| Currency effects, % | 2 | -6 | | 2 | -5 | |
| Operating profit | 147 | 137 | 7 | 295 | 281 | 5 |
| Operating margin, % | 13.9 | 12.4 | | 13.5 | 12.7 | |

Additional key ratios on pages 18 - 19

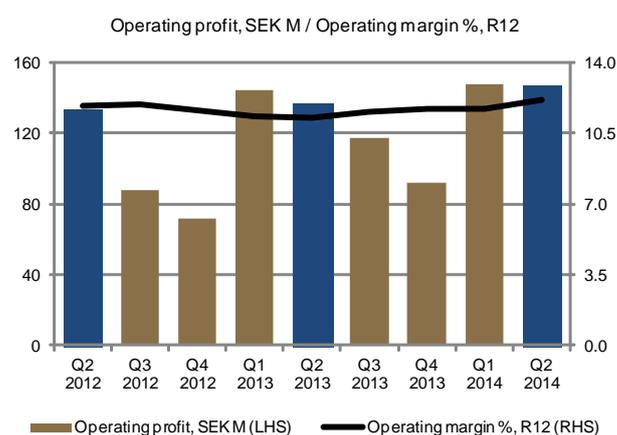
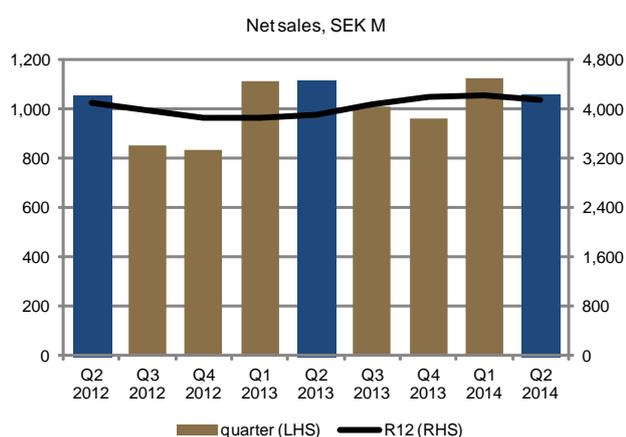
Organic sales for the quarter declined 9 percent year-on-year. Following a number of years in which there has been a high level of investment, the European agricultural market has reached a temporary point of saturation in relation to investments in tractors. This, combined with lower market prices for crops – which in turn is the result of predicted healthy crop yields – has led to a lower willingness to invest in new agricultural machinery. As a result of falling sales volumes, leading tractor manufacturers made inventory adjustments during the quarter and the production of tractors in Europe declined approximately 15 percent compared with the year-earlier period. Agricultural tire sales to the OEM segment thus declined during the quarter. However, aftermarket sales remained stable. The business area continued to capture market shares in the extra-large agricultural tire segment.

The sales trend for tires for materials handling vehicles remained weak during the quarter, particularly in Europe, but

also North America reported lower sales compared with the corresponding period last year. Nevertheless, during the latter part of the period some signs became visible which points to improved market conditions in this segment.

Operating profit increased compared with the year-earlier period, primarily on account of efficient cost management, high productivity and sustained price discipline. Operating profit was also positively impacted by previously implemented acquisitions. In total, the operating margin achieved its highest ever level for a single quarter. Exchange-rate effects from the translation of foreign subsidiaries had only a marginal positive impact on earnings.

During the quarter, the business area decided to invest in a production facility for agricultural tires in the U.S.; refer to page 6.



Joint venture



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.

Note that EUR is the reporting currency of the joint venture.

| Excluding items affecting comparability, EUR M | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 444 | 445 | 0 | 891 | 869 | 3 |
| Change total, % | 0 | 8 | | 3 | 5 | |
| Organic sales, % | 3 | 7 | | 6 | 4 | |
| Structural change, % | 0 | 1 | | 0 | 0 | |
| Currency effects, % | -3 | 0 | | -3 | 1 | |
| Operating profit | 39 | 31 | 26 | 78 | 59 | 32 |
| Operating, margin % | 8.9 | 6.9 | | 8.8 | 6.8 | |

Organic sales for the quarter rose 3 percent year-on-year. While all geographic regions, except for South America, contributed to the global sales trend, it was once again Asia that stood out with its strong growth figures. As a comparison, global automotive production is estimated to have increased by about 2 percent during the quarter.

Operating profit increased year-on-year, mainly due to higher volumes and efficient cost control. The operating margin was 8.9 percent, the highest ever level for a single quarter.

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

During the quarter, additional restructuring projects were initiated in Europe aimed at enhancing the competitiveness of the company. These are within the framework of restructuring programs announced earlier and are in line with communicated full-year levels. The expansion of manufacturing capacity in China and Thailand continued.

| MEUR | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|-----------------------------------|---------|---------|----------|----------|
| EBITDA | 107 | 86 | 201 | 180 |
| Operating cashflow | 61 | 34 | 124 | 97 |
| Capital employed, closing balance | 451 | 483 | | 445 |
| Net debt, closing balance | 49 | 146 | | 73 |
| Equity, closing balance | 397 | 324 | | 364 |
| Debt/equity ratio, % | 12 | 45 | | 20 |
| Net Debt/EBITDA | 0.2 | 0.9 | | 0.4 |

Trelleborg's participation in TrelleborgVibracoustic

TrelleborgVibracoustic is reported as a joint venture 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 | Q2 2014 | Q2 2013 | Change, % | 6M 2014 | 6M 2013 | Change, % |
|---|---------|---------|-----------|---------|---------|-----------|
| <i>Operating profit EUR M, see page 13</i> | 39 | 31 | 26 | 78 | 59 | 32 |
| Operating profit excl items affecting comparability | 357 | 263 | 36 | 699 | 501 | 40 |
| Acquisition related costs | -21 | -13 | | -23 | -18 | |
| Amortization of intangible assets ¹⁾ | -13 | -9 | | -27 | -19 | |
| Restructuring items | -218 | - | | -256 | -7 | |
| Total items affecting comparability | -252 | -22 | | -306 | -44 | |
| Operating profit | 105 | 241 | -56 | 393 | 457 | -14 |
| Financial income and expenses | -23 | -47 | | -44 | -43 | |
| Profit before tax | 82 | 194 | -58 | 349 | 414 | -16 |
| <i>Trelleborg share</i> | 42 | 97 | | 175 | 207 | |
| Tax | -26 | -67 | -61 | -118 | -126 | -6 |
| <i>Trelleborg share</i> | -13 | -34 | | -59 | -63 | |
| Net profit | 56 | 126 | -56 | 231 | 288 | -20 |
| <i>Trelleborg share</i> | 29 | 63 | | 116 | 144 | |

¹⁾ Related to split of acquisition balance.

The participation in profit before tax and including items affecting comparability amounted to SEK 42 M (97). During the quarter, the company recognized expenses related to restructuring projects in Europe aimed at enhancing the competitiveness of the company. Of the total amount of items affecting comparability, negative SEK 126 M, meaning half, impacted the participation in profit. Items affecting comparability were mainly attributable to the previously communicated restructuring projects and are in line with communicated full-year levels.

Financial income and expenses were negatively impacted by unrealized exchange-rate differences of approximately SEK 14 M, while the preceding year was

affected by negative unrealized exchange-rate differences of approximately SEK 36 M.

The tax expense for the quarter includes certain minor non-recurring items. The reported tax rate was just under 32 percent. The underlying tax rate for the quarter, excluding non-recurring items, was 29 percent and is expected to remain at approximately this level for the current year.

Financial statements

Income Statements

| SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net sales | 5,725 | 5,628 | 11,319 | 11,022 | 21,770 | 21,473 |
| Cost of goods sold | -3,649 | -3,702 | -7,255 | -7,317 | -14,105 | -14,167 |
| Gross profit | 2,076 | 1,926 | 4,064 | 3,705 | 7,665 | 7,306 |
| Selling expenses | -570 | -538 | -1,120 | -1,056 | -2,176 | -2,112 |
| Administrative expenses | -639 | -599 | -1,248 | -1,179 | -2,424 | -2,355 |
| Research and development costs | -83 | -77 | -168 | -150 | -327 | -309 |
| Other operating income/expenses | 17 | 10 | 52 | 41 | 92 | 81 |
| Profit from TrelleborgVibracoustic | 42 | 97 | 175 | 207 | 323 | 355 |
| Profit from associated companies | 1 | 1 | 1 | 1 | 2 | 2 |
| Items affecting comparability | -99 | -204 | -117 | -241 | -286 | -410 |
| Operating profit | 745 | 616 | 1,639 | 1,328 | 2,869 | 2,558 |
| Financial income and expenses | -33 | -32 | -67 | -74 | -190 | -197 |
| Profit before tax | 712 | 584 | 1,572 | 1,254 | 2,679 | 2,361 |
| Tax | -169 | -165 | -360 | -315 | -632 | -587 |
| Tax related to TrelleborgVibracoustic | -13 | -34 | -59 | -63 | -114 | -118 |
| Total tax | -182 | -199 | -419 | -378 | -746 | -705 |
| Net profit in continuing operations | 530 | 385 | 1,153 | 876 | 1,933 | 1,656 |
| Net profit from discontinuing operations | - | - | - | - | -39 | -39 |
| Total net profit | 530 | 385 | 1,153 | 876 | 1,894 | 1,617 |
| - equity holders of the parent company | 528 | 384 | 1,149 | 873 | 1,885 | 1,609 |
| - non-controlling interest | 2 | 1 | 4 | 3 | 9 | 8 |
| Earnings per share, SEK | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
| Continuing operations | 1.95 | 1.41 | 4.24 | 3.22 | 7.10 | 6.08 |
| Discontinued operations | 0.00 | 0.00 | 0.00 | 0.00 | -0.15 | -0.15 |
| Group, total | 1.95 | 1.41 | 4.24 | 3.22 | 6.95 | 5.93 |
| Continuing operations, excluding items affecting comparability | 2.20 | 2.12 | 4.54 | 4.02 | 7.92 | 7.40 |
| Number of shares | | | | | | |
| End of period | 271,071,783 | 271,071,783 | 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 | 271,071,783 | 271,071,783 |

Statements of comprehensive income

| SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|--|--------------|------------|--------------|------------|--------------|--------------|
| Total net profit | 530 | 385 | 1,153 | 876 | 1,894 | 1,617 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to the income statement | | | | | | |
| Actuarial gains and losses | -23 | 28 | -23 | 24 | -28 | 19 |
| | -23 | 28 | -23 | 24 | -28 | 19 |
| Items that may be reclassified to the income statement | | | | | | |
| Cash flow hedges | -37 | 35 | -47 | 40 | -22 | 65 |
| Hedging of net investment | -374 | -436 | -397 | -117 | -473 | -193 |
| Translation difference | 834 | 649 | 911 | 87 | 945 | 121 |
| Income tax relating to components of other comprehensive income | 84 | 94 | 88 | 24 | 113 | 49 |
| Other comprehensive income relating to TrelleborgVibracoustic | 60 | - | 60 | - | 60 | - |
| | 567 | 342 | 615 | 34 | 623 | 42 |
| Other comprehensive income, net of tax | 544 | 370 | 592 | 58 | 595 | 61 |
| Total comprehensive income | 1,074 | 755 | 1,745 | 934 | 2,489 | 1,678 |

Balance Sheets

| Group | Jun 30 | Jun 30 | Dec 31 |
|---|---------------|---------------|---------------|
| SEK M | 2014 | 2013 | 2013 |
| Property, plant and equipment | 5,406 | 4,975 | 5,141 |
| Intangible assets | 9,614 | 9,067 | 9,173 |
| Shares in TrelleborgVibracoustic and associated companies | 3,310 | 3,016 | 3,122 |
| Other financial assets | 872 | 973 | 869 |
| Total non-current assets | 19,202 | 18,031 | 18,305 |
| Inventories | 3,531 | 3,390 | 3,188 |
| Current operating receivables | 5,768 | 5,581 | 4,658 |
| Current interest-bearing receivables | 252 | 485 | 244 |
| Cash and cash equivalents | 1,083 | 666 | 893 |
| Total current assets | 10,634 | 10,122 | 8,983 |
| Total assets | 29,836 | 28,153 | 27,288 |
| Equity holders of the parent company | 15,692 | 14,095 | 14,833 |
| Non-controlling interest | 49 | 38 | 44 |
| Total equity | 15,741 | 14,133 | 14,877 |
| Non-current interest-bearing liabilities | 3,354 | 4,678 | 4,874 |
| Other non-current liabilities | 954 | 960 | 935 |
| Total non-current liabilities | 4,308 | 5,638 | 5,809 |
| Interest-bearing current liabilities | 4,538 | 3,125 | 2,023 |
| Other current liabilities | 5,249 | 5,257 | 4,579 |
| Total current liabilities | 9,787 | 8,382 | 6,602 |
| Total equity and liabilities | 29,836 | 28,153 | 27,288 |

| Specification of changes in equity | Jun 30 | Jun 30 | Dec 31 |
|---|---------------|---------------|---------------|
| SEK M | 2014 | 2013 | 2013 |
| <i>Attributable to equity holders of the parent company</i> | | | |
| Opening balance, January 1 | 14,833 | 13,977 | 13,977 |
| Total comprehensive income | 1,740 | 931 | 1,669 |
| Dividend | -881 | -813 | -813 |
| Closing balance | 15,692 | 14,095 | 14,833 |
| <i>Attributable to non-controlling interest</i> | | | |
| Opening balance, January 1 | 44 | 35 | 35 |
| Total comprehensive income | 5 | 3 | 9 |
| Dividend | 0 | 0 | 0 |
| Closing balance | 49 | 38 | 44 |
| Sum total equity, closing balance | 15,741 | 14,133 | 14,877 |

Cash flow statements

| Group, SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Operating activities | | | | | | |
| Operating profit incl part in associated companies | 745 | 616 | 1,639 | 1,328 | 2,869 | 2,558 |
| Adjustments for items not included in cash flow: | | | | | | |
| Depreciation, property, plant and equipment | 159 | 153 | 311 | 308 | 614 | 611 |
| Amortization, intangible assets | 13 | 12 | 25 | 25 | 71 | 71 |
| Impairment losses, property, plant and equipment | 27 | - | 28 | 2 | 57 | 31 |
| Impairment losses, intangible assets | - | - | - | 0 | 0 | 0 |
| Part in associated companies and other non cash-flow affecting items | -40 | -96 | -175 | -208 | -324 | -357 |
| Cash-flow effects from items affecting comparability | 0 | 0 | 0 | 0 | 29 | 29 |
| Interest received and other financial items | 9 | 5 | 16 | 15 | 33 | 32 |
| Interest paid and other financial items | -13 | -20 | -84 | -132 | -242 | -290 |
| Taxes paid | -123 | -140 | -247 | -271 | -563 | -587 |
| Cash flow from operating activities before changes in working capital | 777 | 530 | 1,513 | 1,067 | 2,544 | 2,098 |
| Cash flow from changes in working capital: | | | | | | |
| Change in inventories | -105 | 62 | -209 | -37 | -72 | 100 |
| Change in operating receivables | 7 | -257 | -608 | -1,126 | 167 | -351 |
| Change in operating liabilities | -135 | 42 | 147 | 352 | -178 | 27 |
| Change in items affecting comparability | 23 | 160 | 7 | 170 | -163 | 0 |
| Cash flow from operating activities | 567 | 537 | 850 | 426 | 2,298 | 1,874 |
| Investing activities | | | | | | |
| Acquisitions | -82 | -42 | -235 | -173 | -296 | -234 |
| Discontinued operations | - | - | - | - | -19 | -19 |
| Capital expenditure, property, plant and equipment | -194 | -189 | -324 | -323 | -853 | -852 |
| Capital expenditure in intangible assets | -10 | -19 | -20 | -34 | -56 | -70 |
| Sale of non-current assets | 0 | 3 | 2 | 4 | 11 | 13 |
| Cash flow from investing activities | -286 | -247 | -577 | -526 | -1,213 | -1,162 |
| Financing activities | | | | | | |
| Change in interest-bearing investments | -260 | -340 | -229 | 515 | 74 | 818 |
| Change in interest-bearing liabilities | 903 | 878 | 983 | 417 | 118 | -448 |
| Dividend - equity holders of the parent company | -881 | -813 | -881 | -813 | -881 | -813 |
| Dividend - non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing activities | -238 | -275 | -127 | 119 | -689 | -443 |
| Cash flow for the period | 43 | 15 | 146 | 19 | 396 | 269 |
| Cash and cash equivalents: | | | | | | |
| At beginning of the period | 1,000 | 652 | 893 | 660 | 666 | 660 |
| Exchange rate differences | 40 | -1 | 44 | -13 | 21 | -36 |
| Cash and cash equivalents at end of period | 1,083 | 666 | 1,083 | 666 | 1,083 | 893 |

TRELLEBORG AB - SECOND QUARTER 2014

| SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Net sales | | | | | | |
| Trelleborg Coated Systems | 475 | 477 | 948 | 940 | 1,847 | 1,839 |
| Trelleborg Industrial Solutions | 1,222 | 1,189 | 2,403 | 2,331 | 4,650 | 4,578 |
| Trelleborg Offshore & Construction | 967 | 978 | 1,826 | 1,834 | 3,579 | 3,587 |
| Trelleborg Sealing Solutions | 1,961 | 1,833 | 3,876 | 3,583 | 7,386 | 7,093 |
| Trelleborg Wheel Systems | 1,057 | 1,111 | 2,183 | 2,220 | 4,152 | 4,189 |
| Group items | 135 | 162 | 276 | 349 | 538 | 611 |
| Eliminations | -92 | -122 | -193 | -235 | -382 | -424 |
| Total | 5,725 | 5,628 | 11,319 | 11,022 | 21,770 | 21,473 |

| | | | | | | |
|---------------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| Operating profit ¹⁾ | | | | | | |
| Trelleborg Coated Systems | 60 | 52 | 121 | 112 | 206 | 197 |
| Trelleborg Industrial Solutions | 135 | 111 | 252 | 213 | 471 | 432 |
| Trelleborg Offshore & Construction | 93 | 81 | 157 | 128 | 303 | 274 |
| Trelleborg Sealing Solutions | 454 | 416 | 890 | 768 | 1,608 | 1,486 |
| Trelleborg Wheel Systems | 147 | 137 | 295 | 281 | 504 | 490 |
| Group items | -87 | -74 | -134 | -140 | -260 | -266 |
| Total | 802 | 723 | 1,581 | 1,362 | 2,832 | 2,613 |

| | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating margin, % ¹⁾ | | | | | | |
| Trelleborg Coated Systems | 12.5 | 11.0 | 12.7 | 12.0 | 11.1 | 10.7 |
| Trelleborg Industrial Solutions | 11.0 | 9.3 | 10.5 | 9.2 | 10.1 | 9.4 |
| Trelleborg Offshore & Construction | 9.7 | 8.2 | 8.6 | 7.0 | 8.5 | 7.6 |
| Trelleborg Sealing Solutions | 23.2 | 22.7 | 23.0 | 21.4 | 21.8 | 21.0 |
| Trelleborg Wheel Systems | 13.9 | 12.4 | 13.5 | 12.7 | 12.1 | 11.7 |
| Total | 14.0 | 12.8 | 14.0 | 12.4 | 13.0 | 12.2 |

¹⁾ Excluding items affecting comparability and participation in TrelleborgVibracoustic.

| Net sales per market, share and organic growth, % | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 |
|---|-----------|----------|----------|-----------|
| Western Europe (55%) | -11 | 1 | -7 | -2 |
| Other Europe (6%) | 8 | 35 | 14 | 24 |
| North America (20%) | 11 | -10 | 7 | -11 |
| South and Central America (3%) | 21 | -11 | 12 | -9 |
| Asia and other markets (16%) | 9 | 12 | 13 | 4 |
| Total (100% refer to share 2013) | -1 | 2 | 0 | -2 |

| Exchange rate differences impacting operating profit ¹⁾ , SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|--|-----------|------------|-----------|------------|-----------|-------------|
| Trelleborg Coated Systems | 1 | -3 | 1 | -6 | -1 | -8 |
| Trelleborg Industrial Solutions | 4 | -5 | 7 | -9 | 7 | -9 |
| Trelleborg Offshore & Construction | 5 | -6 | 7 | -9 | 2 | -14 |
| Trelleborg Sealing Solutions | 14 | -23 | 21 | -41 | 6 | -56 |
| Trelleborg Wheel Systems | 2 | -6 | 3 | -17 | -3 | -23 |
| Group items | 1 | -1 | 0 | 2 | 2 | 4 |
| Total | 27 | -44 | 39 | -80 | 13 | -106 |

¹⁾ 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 participation in TrelleborgVibracoustic.

TRELLEBORG AB - SECOND QUARTER 2014

| SEK M | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | | | | | | | | | |
| Trelleborg Coated Systems | 475 | 473 | 464 | 435 | 477 | 463 | 406 | 399 | 464 |
| Trelleborg Industrial Solutions | 1,222 | 1,181 | 1,120 | 1,127 | 1,189 | 1,142 | 1,147 | 1,070 | 1,213 |
| Trelleborg Offshore & Construction | 967 | 859 | 840 | 913 | 978 | 856 | 924 | 892 | 929 |
| Trelleborg Sealing Solutions | 1,961 | 1,915 | 1,723 | 1,787 | 1,833 | 1,750 | 1,592 | 1,706 | 1,944 |
| Trelleborg Wheel Systems | 1,057 | 1,126 | 959 | 1,010 | 1,111 | 1,109 | 833 | 852 | 1,052 |
| Group items | 135 | 141 | 133 | 129 | 162 | 187 | 176 | 163 | 197 |
| Eliminations | -92 | -101 | -94 | -95 | -122 | -113 | -112 | -121 | -187 |
| Total | 5,725 | 5,594 | 5,145 | 5,306 | 5,628 | 5,394 | 4,966 | 4,961 | 5,612 |
| Operating profit¹⁾ | | | | | | | | | |
| Trelleborg Coated Systems | 60 | 61 | 55 | 30 | 52 | 60 | 37 | 30 | 53 |
| Trelleborg Industrial Solutions | 135 | 117 | 96 | 123 | 111 | 102 | 95 | 70 | 79 |
| Trelleborg Offshore & Construction | 93 | 64 | 70 | 76 | 81 | 47 | 57 | 45 | 67 |
| Trelleborg Sealing Solutions | 454 | 436 | 332 | 386 | 416 | 352 | 277 | 343 | 464 |
| Trelleborg Wheel Systems | 147 | 148 | 92 | 117 | 137 | 144 | 72 | 88 | 133 |
| Group items | -87 | -47 | -82 | -44 | -74 | -66 | -92 | -48 | -94 |
| Total | 802 | 779 | 563 | 688 | 723 | 639 | 446 | 528 | 702 |
| Operating margin, %¹⁾ | | | | | | | | | |
| Trelleborg Coated Systems | 12.5 | 13.0 | 11.8 | 6.7 | 11.0 | 13.0 | 9.1 | 7.7 | 11.3 |
| Trelleborg Industrial Solutions | 11.0 | 9.9 | 8.5 | 10.9 | 9.3 | 8.9 | 8.3 | 6.5 | 6.5 |
| Trelleborg Offshore & Construction | 9.7 | 7.4 | 8.4 | 8.3 | 8.2 | 5.5 | 6.1 | 5.1 | 7.1 |
| Trelleborg Sealing Solutions | 23.2 | 22.8 | 19.3 | 21.6 | 22.7 | 20.1 | 17.4 | 20.1 | 23.9 |
| Trelleborg Wheel Systems | 13.9 | 13.1 | 9.6 | 11.5 | 12.4 | 13.0 | 8.6 | 10.4 | 12.6 |
| Total | 14.0 | 13.9 | 11.0 | 13.0 | 12.8 | 11.8 | 9.0 | 10.7 | 12.5 |
| Items aff. comparability in operating profit | -99 | -18 | -68 | -101 | -204 | -37 | -129 | -12 | 171 |
| Profit from part in TrelleborgVibracoustic | 42 | 133 | 123 | 25 | 97 | 110 | 37 | 72 | - |
| Operating profit | 745 | 894 | 618 | 612 | 616 | 712 | 354 | 588 | 873 |

¹⁾ Excluding items affecting comparability and participation in TrelleborgVibracoustic.

TRELLEBORG AB - SECOND QUARTER 2014

| Income Statements, SEK M | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales | 5,725 | 5,594 | 5,145 | 5,306 | 5,628 | 5,394 | 4,966 | 4,961 | 5,612 |
| Cost of goods sold | -3,649 | -3,606 | -3,358 | -3,492 | -3,702 | -3,615 | -3,404 | -3,402 | -3,720 |
| Gross profit | 2,076 | 1,988 | 1,787 | 1,814 | 1,926 | 1,779 | 1,562 | 1,559 | 1,892 |
| Selling expenses | -570 | -550 | -534 | -522 | -538 | -518 | -501 | -468 | -542 |
| Administrative expenses | -639 | -609 | -617 | -559 | -599 | -580 | -597 | -545 | -605 |
| Research and development costs | -83 | -85 | -84 | -75 | -77 | -73 | -80 | -74 | -79 |
| Other operating income/costs | 17 | 35 | 10 | 30 | 10 | 31 | 62 | 54 | 35 |
| Profit from TrelleborgVibracoustic | 42 | 133 | 123 | 25 | 97 | 110 | 37 | 72 | - |
| Profit from associated companies | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 2 | 1 |
| Items affecting comparability | -99 | -18 | -68 | -101 | -204 | -37 | -129 | -12 | 171 |
| Operating profit | 745 | 894 | 618 | 612 | 616 | 712 | 354 | 588 | 873 |
| Financial income and expenses | -33 | -34 | -42 | -81 | -32 | -42 | -37 | -39 | -34 |
| Profit before tax | 712 | 860 | 576 | 531 | 584 | 670 | 317 | 549 | 839 |
| Tax | -169 | -191 | -136 | -136 | -165 | -150 | -59 | -133 | -130 |
| Tax related to TrelleborgVibracoustic | -13 | -46 | -42 | -13 | -34 | -29 | -14 | -18 | - |
| Total tax | -182 | -237 | -178 | -149 | -199 | -179 | -73 | -151 | -130 |
| Net profit in continuing operations | 530 | 623 | 398 | 382 | 385 | 491 | 244 | 398 | 709 |
| Net profit from discontinuing operations | - | - | -39 | - | - | - | 13 | 0 | 192 |
| Total net profit | 530 | 623 | 359 | 382 | 385 | 491 | 257 | 398 | 901 |
| - equity holders of the parent company | 528 | 621 | 356 | 380 | 384 | 489 | 256 | 396 | 896 |
| - non-controlling interest | 2 | 2 | 3 | 2 | 1 | 2 | 1 | 2 | 5 |

| Earnings per share, SEK | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Continuing operations | 1.95 | 2.29 | 1.46 | 1.40 | 1.41 | 1.81 | 0.89 | 1.46 | 2.61 |
| Discontinued operations ¹⁾ | 0.00 | 0.00 | -0.15 | 0.00 | 0.00 | 0.00 | 0.05 | 0.00 | 0.70 |
| Group, total | 1.95 | 2.29 | 1.31 | 1.40 | 1.41 | 1.81 | 0.94 | 1.46 | 3.31 |
| Continuing operations, excluding items affecting comparability | 2.20 | 2.34 | 1.71 | 1.67 | 2.12 | 1.90 | 1.22 | 1.50 | 1.94 |

¹⁾ Mainly including operations divested to the joint venture TrelleborgVibracoustic in July 2012.

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

| At June 30, 2014 | Derivatives valued at fair value in profit and loss | | Derivatives used for hedging purposes | | |
|---|--|--------------------------|--|--------------------------|--------------|
| SEK M | Carrying amount | Measurement level | Carrying amount | Measurement level | Total |
| Other financial non-current assets | - | | 7 | 2 | 7 |
| Accounts receivable and other receivables | -2 | 2 | 16 | 2 | 14 |
| Current interest-bearing receivables | 154 | 2 | 1 | 2 | 155 |
| Total assets | 152 | | 24 | | 176 |
| Interest-bearing non-current liabilities | - | | 68 | 2 | 68 |
| Interest-bearing current liabilities | 3 | 2 | 187 | 2 | 190 |
| Accounts payable and other liabilities | 1 | 2 | 58 | 2 | 59 |
| Total liabilities | 4 | | 313 | | 317 |

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

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

| Income statements, SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|---------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Administrative expenses | -75 | -62 | -146 | -112 | -345 | -311 |
| Other operating income | 227 | 190 | 260 | 192 | 288 | 220 |
| Operating profit | 152 | 128 | 114 | 80 | -57 | -91 |
| Financial income and expenses | -66 | -41 | -188 | -226 | -683 | -721 |
| Profit before tax | 86 | 87 | -74 | -146 | -740 | -812 |
| Appropriations | - | - | - | - | 842 | 842 |
| Tax | 3 | 12 | 48 | 86 | -20 | 18 |
| Net profit | 89 | 99 | -26 | -60 | 82 | 48 |

| Statements of comprehensive income, SEK M | Q2 2014 | Q2 2013 | 6M 2014 | 6M 2013 | R12 2014 | 12M 2013 |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net profit | 89 | 99 | -26 | -60 | 82 | 48 |
| Total comprehensive income | 89 | 99 | -26 | -60 | 82 | 48 |

| Balance sheets | Jun 30 | Jun 30 | Dec 31 |
|--|---------------|---------------|---------------|
| SEK M | 2014 | 2013 | 2013 |
| Property, plant and equipment | 23 | 23 | 24 |
| Intangible assets | 5 | 2 | 1 |
| Financial assets | 36,052 | 35,772 | 36,044 |
| Total non-current assets | 36,080 | 35,797 | 36,069 |
| Current receivables | 84 | 76 | 72 |
| Current tax asset | 113 | 3 | 17 |
| Interest-bearing receivables | - | 334 | 894 |
| Cash and cash equivalents | 0 | 0 | 0 |
| Total current assets | 197 | 413 | 983 |
| Total assets | 36,277 | 36,210 | 37,052 |
| Shareholders' equity | 11,668 | 12,466 | 12,574 |
| Total equity | 11,668 | 12,466 | 12,574 |
| Untaxed reserves | 19 | 105 | 19 |
| Interest-bearing non-current liabilities | 33 | 33 | 33 |
| Other non-current liabilities | 16 | 23 | 18 |
| Total non-current liabilities | 49 | 56 | 51 |
| Interest-bearing current liabilities | 24,393 | 23,526 | 24,247 |
| Other current liabilities | 148 | 57 | 161 |
| Total current liabilities | 24,541 | 23,583 | 24,408 |
| Total equity and liabilities | 36,277 | 36,210 | 37,052 |

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 recognized 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.

Cash conversion ratio Operating cash flow as a percentage of operating profit.

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 non interest-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. A list of different rubber types is found on the webpage of Trelleborg's [Polymer School](#).

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 knowledge.

Core strategy

Trelleborg's strategy is to secure leading positions in selected 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: Improved structure, Portfolio optimization, Geographic balance and Excellence.

Value drivers

Polymer engineering. Within our selected segments, we have pioneered applied polymer-engineering and materials technology for more than a century.

Local presence, global reach. Wherever we conduct business, our teams act both as a local partner and leverage our global strength and capabilities.

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

Customer integration. We always make it easy to do business with us, by integrating closely with markets and customers through multiple channels.

Business accelerator. We work as a proactive and long-term business partner, delivering solutions based on market foresight, contributing to better business for our customers.

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

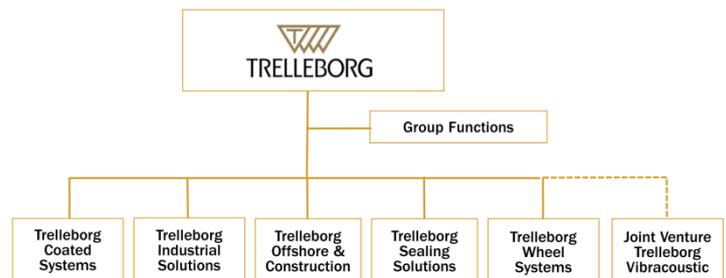
In July 2012, Trelleborg and Freudenberg formed a 50/50 joint venture in antivibration solutions for light and heavy vehicles, TrelleborgVibracoustic. The company is reported as a joint venture in the financial accounts and recognized in accordance with the equity method.

Discontinued operations

Refer generally to operations that are discontinuing or will be discontinued.

Group in total

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



Invitation to a telephone conference on July 22 at 10:30 a.m. CET

A telephone conference will be held on July 22 at 10:30 a.m. CET. To participate in the telephone conference, call +46 8 505 564 84 (Sweden), +44 203 1940 554 (U.K.) or +1 855 2692 607 (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 for the Internet link and presentation materials.

Financial calendar

| | |
|--|-------------------|
| Interim report July-September 2014 | October 22, 2014 |
| Year-end report 2014 | February 13, 2015 |
| Interim report January-March 2015 | April 23, 2015 |
| Annual General Meeting 2015 (Trelleborg) | April 23, 2015 |
| Interim report April-June 2015 | July 21, 2015 |

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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 or download "Trelleborg IR" from the App Store or Google Play.



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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 Tuesday, July 22, 2014, at 07:45 a.m. CET.