



Press Release

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Strong growth platform and focus on profitability targets

“Concerted strategic development has resulted in a well-positioned global industrial group with favorable opportunities for growth. Following vigorous concentration and expansion, we are now entering a third phase that is more clearly focused on profitability targets,” said Group CEO Fredrik Arp, during Trelleborg’s Capital Market Day in Stuttgart, where he had the opportunity to provide in-depth information about the Group while also presenting more details about the new Trelleborg Sealing Solutions business area.

“With the acquisition of PSS, the repositioning of Trelleborg has largely been completed,” Fredrik Arp affirmed. “The concentration phase begun in 1999 with the divestment of non-core operations and simultaneous strong expansion through strategic acquisitions has resulted in a first-class industrial platform. For 90 percent of our sales, we have established leading positions in attractive market segments and have achieved a number of economies of scale. We have well-developed research and development, a well-structured production organization and global coverage. These provide competitive advantages and a solid foundation. Our focus now is on organic growth and complementary acquisitions in profitable market segments. We are now entering a third phase more clearly focused on profitability targets with potential margin improvements in all business areas.”

CFO Bo Jacobsson described the profitability targets, which at EBITA levels are set individually for each business area. For the Group, the targets for return on capital employed and return on shareholders’ equity are set at 15 percent, calculated before goodwill amortization. At EBITA level, the cash-flow target is adjusted to 80-90 percent. Following the current year’s considerable expansion, the growth target is now being revised to 8-10 percent annually, for which both financial and organizational capacity exists, as Bo Jacobsson indicated.

The new business area, Trelleborg Sealing Solutions, was presented by Business Area President Claus Barsøe, who also affirmed that the integration process is progressing beyond expectations. The business area is a leading supplier of precision seals for industrial, automotive and aerospace applications. Through customer-tailored solutions, cost-efficient production and global market coverage, Trelleborg Sealing Solutions has also become the world leader in terms of earnings.

Trelleborg Automotive, which in recent years has integrated two major acquisitions, is preparing for further growth in sales and earnings, according to Business Area President George Caplea. Order bookings are favorable and operations are well positioned following a solid restructuring process. In addition to organic growth based on aspects such as innovations and the transfer of technology between Europe and North America, Caplea expects further complementary strategic acquisitions like that of KunHwa during the spring of 2003.

Trelleborg Engineered Systems shows a positive profitability trend. According to Business Area President Peter Nilsson, this is due to measures that include rationalization of the product range. Such measures will continue and will be complemented by production in areas with cost advantages. Increased focus on product and application development in profitable segments and increased market presence are intended to result in a gradual improvement in margins.

The President of Trelleborg Wheel Systems, Maurizio Vischi, explained that the business area is currently experiencing a difficult market situation, with reduced demand for tractor tires due to weaker conditions in the agricultural sector. However, it has been possible to maintain earnings through the restructuring program now implemented and a number of market activities.

Peter Suter, President of the Trelleborg Building Systems business area explained that return ratio had been maintained at a high level through a number of rationalization measures, successful innovations and increased market presence, and were strengthened during the past year with two complementary acquisitions in Germany and the UK.

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Trelleborg is a global industrial group. Operations are based on spearhead competence within polymer materials and a high level of industrial know-how, combined with functional solutions and systems designed to meet the needs of our customers. The Trelleborg Group has annual sales of approximately SEK 22.5 billion, with about 21,000 employees in 40 countries. Trelleborg consists of five business areas: Trelleborg Automotive, Trelleborg Wheel Systems, Trelleborg Engineered Systems, Trelleborg Building Systems and Trelleborg Sealing Solutions. The Trelleborg share has been quoted on the A list of Stockholmsbörsen since 1964.

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