

# Strong finish to the year

## Continuing operations, fourth quarter

- Net sales for the fourth quarter of 2014 increased by 8 percent (4) and totaled SEK 5,582 M (5,145). Organic sales declined by 2 percent (increase: 2). Effects of structural changes made a positive contribution of 3 percent (pos: 3), while the effects of exchange-rate movements were a positive 7 percent (neg: 1).
- Operating profit, excluding the participation in TrelleborgVibracoustic and items affecting comparability, rose 23 percent to SEK 690 M (563), equivalent to an operating margin of 12.4 percent (11.0). Both operating profit and operating margin were the highest to date for a fourth quarter.
- Items affecting comparability for the quarter amounted to an expense of SEK 68 M (expense: 68), which was fully attributable to previously announced restructuring programs.
- Operating profit in the quarter for TrelleborgVibracoustic, excluding items affecting comparability, was in line with the year-earlier period and amounted to EUR 34 M (35). This corresponded to an operating margin of 7.6 percent (8.2).
- Trelleborg's participation in TrelleborgVibracoustic amounted to SEK 72 M after tax (81). The participation includes items affecting comparability amounting to an expense of SEK 11 M (expense: 3) and is in line with communicated full-year levels.
- Earnings per share rose 26 percent to SEK 1.84 (1.46).
- Operating cash flow increased 19 percent to SEK 1,031 M (867).

SEK M	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	5,582	5,145	8	22,515	21,473	5
Organic sales, %	-2	2		-1	1	
Operating profit excl. participation in TrelleborgVibracoustic and items affecting comparability	690	563	23	3,001	2,613	15
Operating margin, %	12.4	11.0		13.3	12.2	
Share in TrelleborgVibracoustic <sup>1)</sup>	72	81	-11	298	237	26
Items affecting comparability	-68	-68		-226	-410	
Operating profit	694	576	20	3,073	2,440	26
Profit before tax	661	534	24	2,939	2,243	31
Net profit	500	398	26	2,236	1,656	35
Earnings per share, SEK	1.84	1.46	26	8.23	6.08	35
Operating cash flow	1,031	867	19	2,836	2,162	31

<sup>1)</sup>The share in TrelleborgVibracoustic is accounted as net after tax.

## Continuing operations, full-year

- Net sales for the full-year increased by 5 (pos: 1) percent and totaled SEK 22,515 M (21,473). Organic sales declined by 1 percent (increase: 1). Effects of structural changes made a positive contribution of 2 percent (pos: 4), while the effects of exchange-rate movements were a positive 4 percent (neg: 4).
- Operating profit, excluding the participation in TrelleborgVibracoustic and items affecting comparability, rose 15 percent to SEK 3,001 M (2,613), equivalent to an operating margin of 13.3 percent (12.2). Both operating profit and operating margin were the highest to date for a full year.
- Operating profit for the full year for TrelleborgVibracoustic, excluding items affecting comparability, rose 21 percent to EUR 151 M (125), corresponding to an operating margin of 8.5 percent (7.3). Trelleborg's participation in TrelleborgVibracoustic amounted to SEK 298 M (237) after tax.
- Earnings per share rose 35 percent to SEK 8.23 (6.08).
- Operating cash flow increased 31 percent to SEK 2,836 M (2,162). The cash conversion ratio was 90 percent (83), excluding dividends from TrelleborgVibracoustic.

## “Strong finish to the year”

*“Trelleborg posted strong earnings for the fourth quarter of 2014 considering the market situation. The organic sales trend remained below our level of ambition, mainly due to a strong decline in the OEM market for agricultural tires and weaker market conditions in certain niches in Europe. Our ambition of maintaining strict margin control partially affected volumes negatively and, as a consequence, also organic growth. Despite the organic sales trend, the operating profit and margin were the highest to date for the Group in a fourth quarter. Acquired operations had a positive impact on earnings.*

*During the year, Trelleborg continued to strengthen its positions, in spite of a challenging market situation in several markets and segments. Net sales 2014 rose and the operating profit and margin were the highest to date for the Group. The organic sales trend was marginally negative for the full year, thereby reflecting the sluggish nature of the global economic recovery, primarily in Europe. Acquisitions implemented during the year will contribute approximately 5 percent to structural growth on rolling twelve months. TrelleborgVibracoustic performed well and according to plan, continuing to outperform the underlying market in terms of growth.*

*As we enter 2015, there are signs of an improvement in the market in certain geographies, while the situation for parts of our business is substantially more challenging than it was one year ago. The sharp fall in oil prices has increased uncertainty and is impacting the profitability of primarily our project deliveries in the offshore oil/gas segment, which hopefully can be offset by the positive effects that lower oil prices create in other parts of the Group. Our agricultural tire operation continues to be affected by the difficult climate for agricultural machinery manufacturers, a factor that will negatively impact our sales in the segment.*

*Our overall assessment is that demand in the first quarter of 2015 will be on a par with the fourth quarter of 2014. 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 2015

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

### **Market outlook from the interim report published on October 22, 2014, relating to the fourth quarter of 2014**

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

## Dividend 2014

**Proposed dividend.** The Board of Directors and President propose a cash dividend of SEK 3.75 per share (3.25).

# Fourth quarter 2014

## Net sales

SEK M, growth, %	Q4 2014	Q4 2013	12M 2014	12M 2013
Net sales	5,582	5,145	22,515	21,473
Change total, %	8	4	5	1
Organic sales, %	-2	2	-1	1
Structural change, %	3	3	2	4
Currency effects, %	7	-1	4	-4

Net sales for the fourth quarter of 2014 rose 8 percent (pos: 4) year-on-year and amounted to SEK 5,582 M (5,145). Organic sales declined by 2 percent during the quarter. Effects from structural changes contributed a positive 3 percent, while exchange-rate effects accounted for a positive 7 percent compared with the year-earlier period.

Trelleborg Offshore & Construction reported a positive organic sales trend, while other business areas posted a negative trend. Organic sales in Western Europe declined by 7

percent, generally impacted by softer market conditions and a continued sluggish OEM market for agricultural tires.

The organic sales trend in the rest of Europe was slightly negative at minus 2 percent. Organic sales increased in North America by about 6 percent, while South America noted a positive trend and rose 12 percent, driven by project deliveries. In Asia and other markets, organic sales increased by 1 percent, with a continued very favorable trend in China.

## Result

SEK M	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Operating profit excl. participation in TrelleborgVibracoustic and items affecting comparability	690	563	23	3,001	2,613	15
Operating margin, %	12.4	11.0		13.3	12.2	
Share in TrelleborgVibracoustic <sup>1)</sup>	72	81	-11	298	237	26
Items affecting comparability	-68	-68		-226	-255	
One off items	-	-		-	-155	
Total items affecting comparability	-68	-68		-226	-410	
Operating profit	694	576	20	3,073	2,440	26
Financial income and expenses	-33	-42	21	-134	-197	32
Profit before tax	661	534	24	2,939	2,243	31
Taxes	-161	-136		-703	-587	
Net profit	500	398	26	2,236	1,656	35

<sup>1)</sup> The share in TrelleborgVibracoustic is accounted as net after tax.

Operating profit, excluding the participation in TrelleborgVibracoustic and items affecting comparability, amounted to SEK 690 M (563), representing a year-on-year increase of 23 percent. Exchange-rate effects on the translation of foreign subsidiaries had a positive impact of SEK 51 M (neg: 11) on earnings compared with the year-earlier period. Continued improved cost efficiency offset lower volumes. Acquired operations had a positive impact on the earnings trend. The operating margin increased to 12.4 percent (11.0) compared with the year-earlier period. All business areas, with the exception of Trelleborg Offshore & Construction, reported improved or unchanged operating margins compared with the corresponding period in 2013.

The quarter was charged with items affecting comparability amounting to an expense of SEK 68 M (expense: 68), which was entirely attributable to previously communicated restructuring programs.

Trelleborg's participation in TrelleborgVibracoustic is included in operating profit in accordance with the equity method. The participation, including items affecting comparability amounting to an expense of SEK 11 M (expense: 3), totaled SEK 72 M after tax (81). The items affecting comparability were attributable to 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 694 M (576), representing an increase of 20 percent.

The net financial expense was SEK 33 M (expense: 42). The average rate of interest amounted to 1.9 percent (2.9).

Net profit was SEK 500 M (398). Excluding TrelleborgVibracoustic, the tax rate was 27 percent (30).

## Cash flow

SEK M	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
EBITDA, operating profit before depreciation	884	747	18	3,708	3,297	12
Capital expenditure	-435	-361	-20	-1,025	-922	-11
Sold non-current assets	14	5	180	21	13	62
Change in working capital	572	475	20	8	-224	104
Dividend from joint venture / associated companies	-	-	-	132	1	-
Non cash-flow affecting items	-4	1	-	-8	-3	-
<b>Operating cash flow</b>	<b>1,031</b>	<b>867</b>	<b>19</b>	<b>2,836</b>	<b>2,162</b>	<b>31</b>
Cash impact from items affecting comparability	-76	-58	-	-215	-352	-
Dividend - non-controlling interest	-	0	-	-2	0	-
Financial items	-21	-73	-	-110	-258	-
Paid tax	-197	-206	-	-627	-587	-
<b>Free cash flow</b>	<b>737</b>	<b>530</b>	<b>39</b>	<b>1,882</b>	<b>965</b>	<b>95</b>
Acquisitions	-1,296	-29	-	-1,912	-234	-
Discontinued operations	-	-33	-	21	-19	-
Dividend - equity holders of the parent company	-	-	-	-881	-813	-
<b>Sum net cash flow</b>	<b>-559</b>	<b>468</b>	<b>-219</b>	<b>-890</b>	<b>-101</b>	<b>-781</b>

The operating cash flow rose by 19 percent year-on-year and amounted to SEK 1,031 M (867). The higher operating profit and the improvement in the working capital trend offset the slightly higher investment level during the period. At the end of the period, working capital in relation to net sales amounted to 14.0 percent (13.7), impacted by the weaker Swedish krona.

All business areas reported satisfactory cash flows for the quarter. The cash conversion ratio for the full year was 90 percent (83).

Free cash flow for the quarter was higher year-on-year and amounted to SEK 737 M (530), primarily impacted by the improved operating cash flow. The net cash flow was impacted by the acquisition of the coated fabrics business during the quarter; refer to page 6.

## Net debt

Change in net debt, SEK M	12M 2014	12M 2013
Net debt, opening balance	-5,637	-5,360
Net cash flow for the period	-890	-101
Exchange rate differences	-668	-176
Net debt, closing balance	<b>-7,195</b>	<b>-5,637</b>
Debt/equity ratio, %	40	38
Net Debt/EBITDA excl items affecting comparability	1.8	1.6
Net Debt/EBITDA, Total Group	1.9	1.8

Net debt rose SEK 1,558 M during the year. In the fourth quarter, net debt increased by SEK 931 M, primarily due to implemented acquisitions, and exchange-rate differences. The debt/equity ratio was 40 percent (38) at year-end.

Net debt in relation to EBITDA, excluding items affecting comparability, was 1.8 (1.6). Net debt in relation to EBITDA for the Group in total was 1.9 (1.8).

## Return on capital employed

%	12M 2014	12M 2013
Return on capital employed excl items affecting comparability <sup>1)</sup>	15.9	15.2
Return on capital employed incl items affecting comparability <sup>1)</sup>	14.8	12.9

<sup>1)</sup> Excluding participation in TrelleborgVibracoustic.

Capital employed, excluding the participation in TrelleborgVibracoustic, increased year-on-year to SEK 20,978 M (17,150), partly affected by the weaker Swedish krona. The

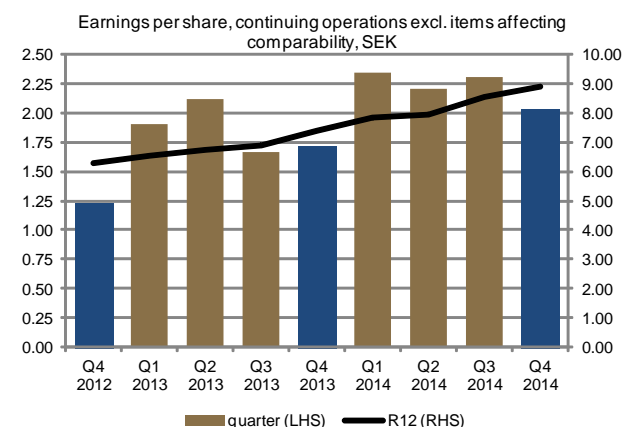
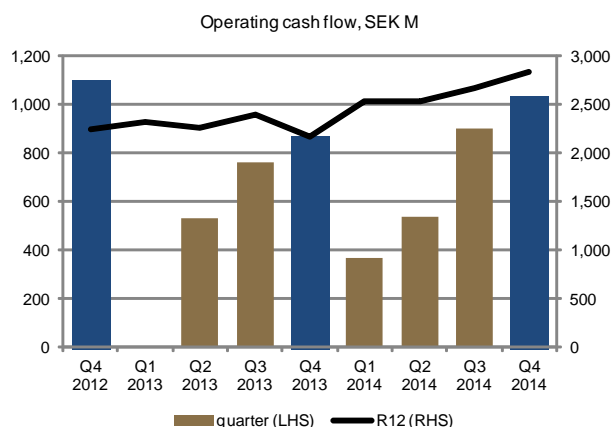
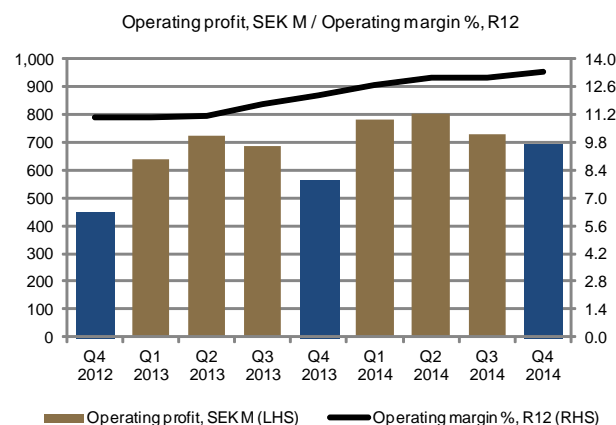
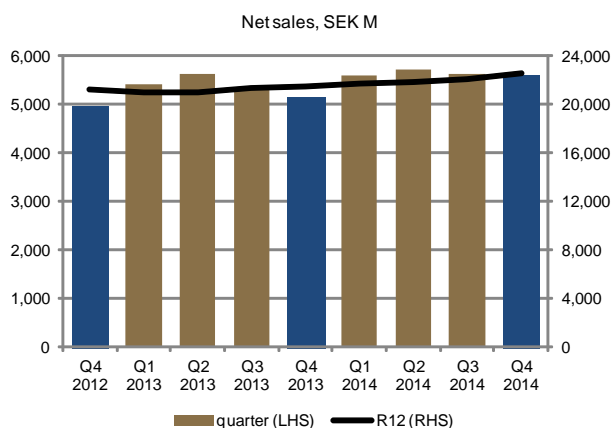
positive earnings had an impact on return on capital employed, excluding items affecting comparability, which increased to 15.9 percent (15.2).

## Return on equity

%	12M 2014	12M 2013
Return on equity excl items affecting comparability	14.8	13.9
Return on equity incl items affecting comparability	13.7	11.4
Total Group	13.6	11.2

Shareholders' equity for the Group at the close of the period amounted to SEK 17,767 M (14,833), excluding non-controlling interests. Equity per share amounted to SEK 66 (55).

The equity/asset ratio was 54 percent (55). The return on shareholders' equity was 13.6 percent (11.2).



## Full-year 2014

Net sales for 2014 totaled SEK 22,515 M (21,473), up 5 percent year-on-year.

Operating profit for 2014 amounted to SEK 3,073 M (2,440). Earnings in the preceding year included non-recurring items totaling an expense of SEK 155 M, pertaining to process and dispute costs related to a former cartel matter.

The net financial expense was SEK 134 M (expense: 197), corresponding to an average interest rate of 2.1 percent (3.3). The financial expense in the preceding year was impacted by interest charges totaling SEK 36 M connected to a cartel ruling. Excluding these interest charges, the average

interest rate in the preceding year was 2.7. Profit before tax totaled SEK 2,939 M (2,243).

Net profit amounted to SEK 2,236 M (1,656). The net loss from discontinued operations was SEK 9 M (loss: 39).

Total earnings per share for the Group were SEK 8.20 (5.93).

## Significant events during the quarter

### Press releases

**[Acquisition of coated fabrics businesses.](#)** Trelleborg Coated Systems finalized the acquisition of Uretek Archer LLC Group comprising Uretek LLC and Archer Rubber Company LLC. Uretek and Archer develop and manufacture polyurethane-coated fabrics and rubber-coated fabrics, respectively. Their products and solutions are used across multiple segments, such as aerospace, healthcare, outdoor recreation, government and defense.

The businesses have manufacturing facilities in New Haven, Connecticut and in Milford, Massachusetts, U.S., respectively. Sales mainly take place in North America and amounted to about SEK 480 M in 2013.

The transaction was consolidated as of October 31, 2014.

The press release was published on November 3, 2014.

### Other

#### **Acquisition of the outstanding 40 percent of Bloch S.A.**

Trelleborg Industrial Solutions utilized an option from 2011 to acquire the outstanding approximately 40 percent of the shares in the French company Bloch S.A., which specializes in high-performance industrial hoses. The business was already fully consolidated.

A press release regarding the acquisition was published on July 15, 2011.

## Significant events after the close of the period

### Press releases

**New CEO of TrelleborgVibracoustic.** Frank Müller was appointed new CEO of the joint venture TrelleborgVibracoustic. He will assume his position on June 1, 2015. He succeeds Hans-Jürgen Goslar, who is retiring.

The press release was published on January 22, 2015.

**Nomination Committee's proposals ahead of the 2015 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 the following to the AGM:

- The re-election of the Board members: Hans Biörck, Jan Carlson, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad and Heléne Vibbleus.
- The re-election of Sören Mellstig as the Chairman of the Board.
- The election of Anne Mette Olesen as new member of the Board. Anne Mette Olsen has been employed by AAK AB since 2010 and currently serves as Chief Marketing Officer, Business Development and Marketing. She previously held various positions at Coloplast A/S, Chr. Hansen A/S and Danisco Ing. A/S. Anne Mette Olesen is a Board member of Acoplastic and of the Process Industry, which is part of the Confederation of Danish Industry.

The press release was published on February 4, 2015.

The following people have served as members of the Nomination Committee: Rolf Kjellman, the Dunker Interests, Tomas Risbecker, AMF Insurance and Funds, Henrik Didner, Didner & Gerge Funds, Peter Rönström, Lannebo Funds and Johan Strandberg, SEB Funds.

The Annual General Meeting will be held in Trelleborg, Sweden, on April 23, 2015, at 17:00 CET.

**Acquisition of industrial tire distributor.** Trelleborg Wheel Systems signed an agreement and finalized the acquisition of the French industrial tire distributor D.G. Manutention Services SAS (DGMS). The business specializes in the distribution and service of industrial tires, such as those fitted on forklift trucks, to customers in southern France. The acquisition further strengthens and enlarges Trelleborg's European industrial tire distribution network.

The acquired business has its head office in Marseille, France. Sales in 2014 amounted to approximately SEK 50 M. This bolt-on acquisition is part of Trelleborg's strategy to strengthen its positions in attractive market segments.

The business was consolidated as of February 4, 2015.

The press release was published on February 6, 2015.

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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 as well as a basis for decisions on how to handle and follow up risk management. The principal risks and uncertainties currently faced by the Group relate to the economy's effect on

demand, supply and price movements for raw materials and components, structural programs and financial risks in the business environment.

For further information regarding the Group's risks, risk exposure and risk management, refer to the Trelleborg Annual Report, [www.trelleborg.com](http://www.trelleborg.com) and information released in this Interim and Year-end report.

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*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 have had materially impact the Group's or Parent Company's earnings or financial position.*

*This report was not subject to special review by the company's auditor.*

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Trelleborg, February 12, 2015  
Board of Directors of Trelleborg AB (publ)



# 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 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	542	464	17	1,932	1,839	5
Change total, %	17	14		5	6	
Organic sales, %	-5	6		-2	-3	
Structural change, %	13	10		3	12	
Currency effects, %	9	-2		4	-3	
Operating profit	63	55	15	227	197	15
Operating margin, %	11.8	11.8		11.8	10.7	

Additional key ratios on pages 18 - 19

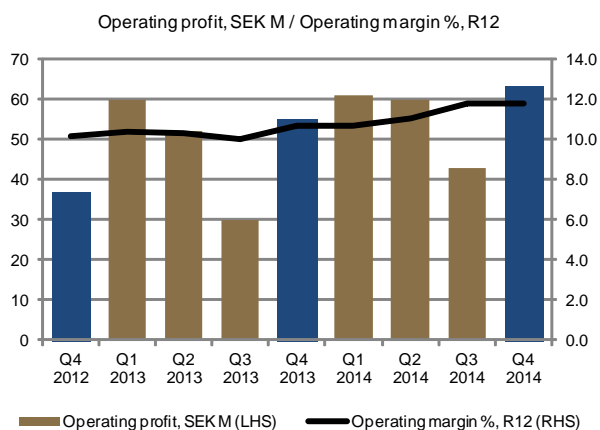
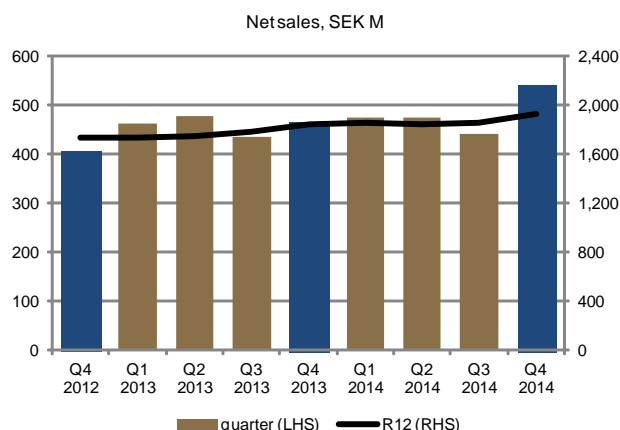
**Fourth quarter of 2014.** Organic sales for the quarter declined 5 percent year-on-year. Both engineered fabrics and printing blankets reported negative organic sales compared with a relatively strong fourth quarter of 2013.

Engineered fabrics noted weaker organic sales in North America and Europe, which was partly offset by a positive sales trend in Asia. Sales of printing blankets declined primarily in Europe, but also slightly in North America. Sales increased to the South American market. Structural changes totaling 13 percent were attributable to the coated fabrics businesses that were acquired in the U.S., refer to page 6.

Operating profit was positively impacted by previously implemented restructuring programs, as well as by the streamlining of production. Integration costs related to the implemented U.S. acquisition had an impact on operating profit. The efficiency-enhancement measures in both Europe and North America are continuing. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 4 M on earnings.

**Full-year 2014.** Organic sales for the full year declined 2 percent compared with 2013. Negative organic sales were noted for printing blankets, while sales of engineered fabrics remained unchanged. Asia contributed with positive organic sales for the full year. Structural changes totaling 3 percent are attributable to the North American coated fabrics businesses acquired in autumn 2014.

Operating profit rose compared with the year-earlier period, primarily due to previously implemented restructuring programs, as well as streamlining of production and exchange-rate changes. The acquired businesses in the fourth quarter had a positive impact on operating profit, despite non-recurring integration costs. Measures to improve profitability are continuing according to plan. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 8 M on operating profit compared with 2013.







**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	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	1,275	1,120	14	4,940	4,578	8
Change total, %	14	-2		8	-2	
Organic sales, %	-2	-3		-2	0	
Structural change, %	10	-		6	-	
Currency effects, %	6	1		4	-2	
Operating profit	141	96	47	529	432	22
Operating margin, %	11.0	8.5		10.7	9.4	

Additional key ratios on pages 18 - 19

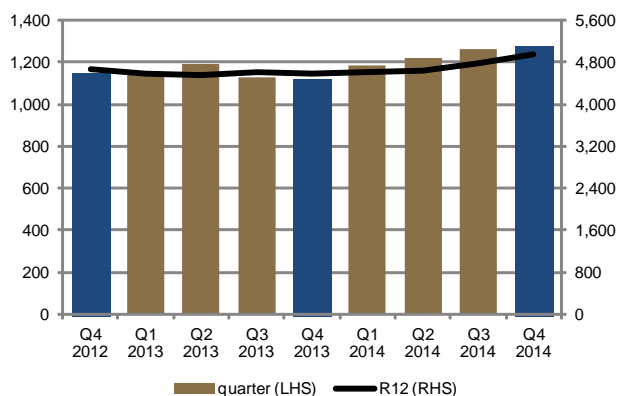
**Fourth quarter of 2014.** Organic sales for the quarter declined 2 percent year-on-year. Sales were negatively impacted by fewer oil/gas-related project deliveries – an area where the market conditions remain challenging. A negative organic trend was noted for European sales, while North America reported a positive organic sales trend. Structural growth was attributable to the acquisition of a Turkish industrial hose business and a North American pipe seal business but was also impacted by the divestment of a Spanish facility.

The operating profit and margin improved compared with the year-earlier period, due primarily to enhanced market positions, effective price discipline and cost control, as well as the continued positive effect of previously communicated restructuring programs. Acquisitions implemented during the year contributed positively to the earnings trend. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 7 M on earnings.

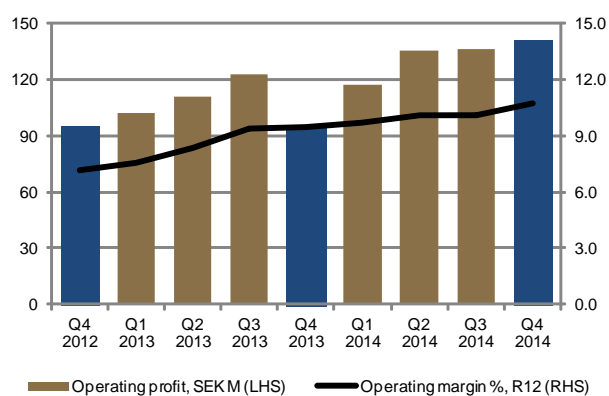
**Full-year 2014.** Organic sales for the full-year declined by 2 percent compared with 2013. Structural growth, meaning the acquisition of a Turkish industrial hose business and a North American pipe seal business as well as the divestment of a Spanish facility, contributed about 6 percent. Europe reported negative organic sales, while North America and Asia posted a positive organic sales trend.

Operating profit increased compared with the preceding year, due primarily to enhanced market positions, effective price discipline and cost control, as well as a positive impact from previously communicated restructuring programs. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 21 M on operating profit compared with the year-earlier period.

Netsales, SEK M



Operating profit, SEK M / Operating margin %, R12



# 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 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	954	840	14	3,697	3,587	3
Change total, %	14	-9		3	-2	
Organic sales, %	4	-8		-2	0	
Structural change, %	-	3		0	4	
Currency effects, %	10	-4		5	-6	
Operating profit	53	70	-24	281	274	3
Operating margin, %	5.5	8.4		7.6	7.6	

Additional key ratios on pages 18 - 19

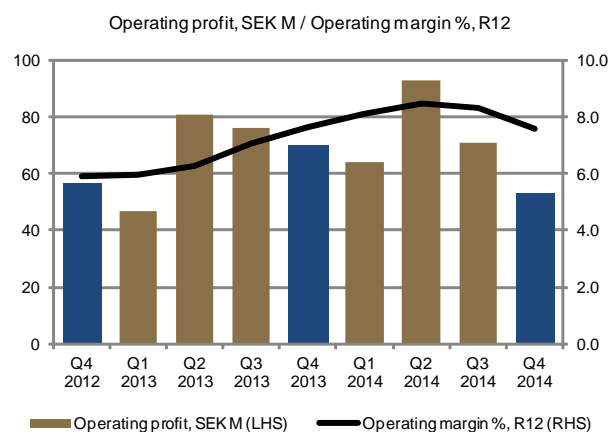
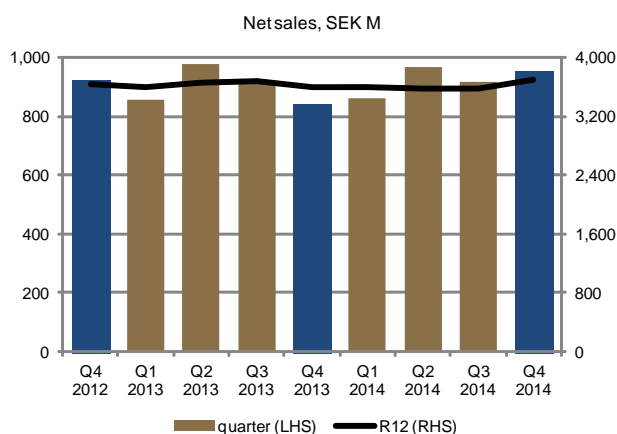
**Fourth quarter of 2014.** Organic sales for the quarter rose 4 percent year-on-year, primarily due to project deliveries in the offshore oil/gas market segment being postponed from the preceding quarter. Trelleborg's market-leading position was further strengthened by a number of strategic project orders, although uncertainty increased during the period as a result of the acceleration in the decline of oil prices. The level of orders received for the quarter was altogether satisfactory, albeit at lower margins, and with variations between different segments. Market activity in the infrastructure construction segment was mixed, with marine projects in particular reporting continued favorable growth.

Operating profit declined year-on-year mainly due to deliveries of major project orders with associated lower margins, but also due to costs attributable to the introduction of new production technology in the North American offshore operation. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 3 M on earnings.

**Full-year 2014.** Organic sales for the full year declined by 2 percent compared with 2013. The year was characterized by high market activity, mainly in the offshore oil/gas segment, where Trelleborg's market-leading position was strengthened. During the second half of the year, the global market price for oil fell sharply, resulting in greater uncertainty as regards the inflow of orders to offshore oil/gas.

Operating profit and operating margin were in line with the year-earlier period, despite the challenging market climate. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 17 M on operating profit compared with 2013.

At the end of the year, orders received reached a historically high level. However, the sharp fall in oil prices impact the volume to offshore oil/gas negatively and create at the same time a price pressure, which will lead to lower margins in the period ahead. The markedly lower oil price has also increased the level of uncertainty in the order book, and delays as well as order cancellations may occur. This more challenging market climate mainly affects about half of the business area's sales.





**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 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	1,840	1,723	7	7,646	7,093	8
Change total, %	7	8		8	-2	
Organic sales, %	-1	9		3	1	
Structural change, %	-	-		-	-	
Currency effects, %	8	-1		5	-3	
Operating profit	407	332	23	1,730	1,486	16
Operating margin, %	22.1	19.3		22.6	21.0	

Additional key ratios on pages 18 - 19

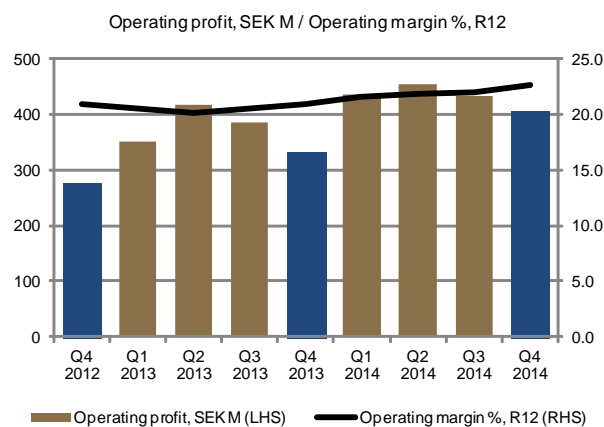
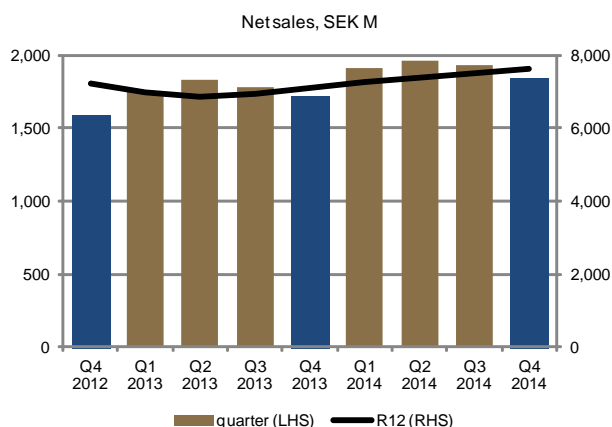
**Fourth quarter of 2014.** Organic sales for the quarter declined 1 percent year-on-year. Organic sales in Europe decreased slightly, while healthy sales growth was noted to other geographic markets in the majority of market segments. Organic sales were driven by a positive trend in primarily the aerospace industry, but were also affected by slightly declining sales to general industry in Europe.

The operating profit and corresponding margin increased compared with the year-earlier period, mainly due to effective cost control and focus on selected segments. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 26 M on operating profit compared with the year-earlier period.

During the period, a new production unit was inaugurated in Denver, U.S., for manufacturing primarily to the aerospace and automotive industries, and for life sciences applications.

**Full-year 2014.** Organic sales for the full-year rose by 3 percent compared with 2013. Europe reported weak organic growth, where a decline in general industry was offset by higher sales to the automotive and aerospace industries. North America reported positive organic sales, mainly related to a sharp rise in sales to the aerospace industry. Organic growth in Asia was predominantly driven by healthy sales to the automotive industry and general industry.

Operating profit rose as a result of higher volumes and effective cost control. The operating margin was maintained at a high level throughout the year. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 71 M on operating profit compared with 2013.







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

Excluding items affecting comparability, SEK M	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	976	959	2	4,167	4,189	-1
Change total, %	2	15		-1	8	
Organic sales, %	-5	1		-5	-1	
Structural change, %	-	15		0	13	
Currency effects, %	7	-1		4	-4	
Operating profit	103	92	12	504	490	3
Operating margin, %	10.5	9.6		12.1	11.7	

Additional key ratios on pages 18 - 19

**Fourth quarter of 2014.** Organic sales for the quarter declined by 5 percent year-on-year. Sales of agricultural tires were impacted by OE manufacturers' considerably lower production levels of agricultural machinery. Aftermarket sales declined somewhat, but outperformed the underlying market. The business area continued to capture market shares in selected sub-segments of agricultural tire.

European sales of tires for material handling vehicles performed positively during the quarter. The North American market noted slightly lower organic sales.

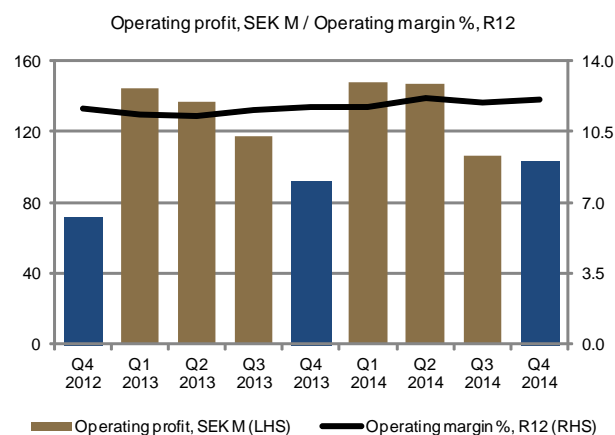
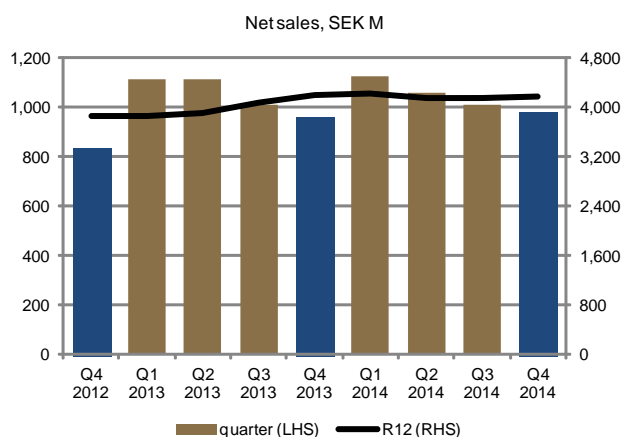
The operating profit and margin rose compared with the year-earlier period – despite weaker market conditions – due to effective cost management, sustained price discipline and successful integration of formerly made acquisitions. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 11 M on operating profit.

After the close of the period, the business area signed an agreement and finalized the acquisition of a French industrial tire distributor, refer to page 7.

**Full-year 2014.** Organic sales for the full-year declined by 5 percent compared with 2013. Agriculture-related sales reported a significant decline compared with 2013, impacted by OE manufacturers' considerably lower production levels of agricultural machinery. The organic sales trend for tires for material handling vehicles was slightly positive for the full year.

The operating profit and margin rose slightly year-on-year, mainly due to effective cost control, good price discipline and a successful positioning on the market. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of SEK 20 M on operating profit compared with 2013. During the year, a decision was made to commence production of agricultural tires locally in the U.S. It is estimated that the facility will commence deliveries in the latter part of 2015.

2014 was distinguished by gradually deterioration in market conditions for agricultural tires, resulting in sharp falls in the volumes of manufacturers of agricultural machinery. This more challenging market climate, which mainly affects about one-fourth of the business area's sales, is expected to persist during much of 2015.



# 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.**

Note that EUR is the reporting currency of TrelleborgVibracoustic.

MEUR	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net sales	450.7	419.4	7	1,779.3	1,712.7	4
Change total, %	7	4		4	5	
Organic sales, %	3	8		4	6	
Structural change, %	1	1		1	1	
Currency effects, %	3	-5		-1	-2	
Operating profit excl items affecting comparability	34.4	34.5	0	151.0	124.6	21
Operating, margin %	7.6	8.2		8.5	7.3	
Acquisition related costs	2.8	-3.0		-0.4	-6.8	
Amortization of intangible assets <sup>1)</sup>	-2.7	-1.1		-7.2	-4.4	
Restructuring items	-2.5	3.3		-33.1	-19.8	
Total items affecting comparability	-2.4	-0.8		-40.7	-31.0	
Operating profit	32.0	33.7	-5	110.3	93.6	18
Financial income and expenses	-7.2	-5.8		-12.4	-11.5	
Profit before tax	24.8	27.9	-11	97.9	82.1	19
Tax	-9.3	-9.6		-32.3	-27.2	
Net profit	15.5	18.3	-15	65.6	54.9	19
MSEK	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
Net profit	143	162	-12	596	474	26
Trelleborg share, 50%	72	81	-12	298	237	26

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

**Fourth quarter of 2014.** Organic sales for the quarter rose by 3 percent year-on-year. All geographic markets, except South America, contributed positively to the sales trend. As a comparison, global automotive production is estimated to have increased by about 1.5 percent during the quarter.

Operating profit was largely unchanged year-on-year, mainly on account of higher volumes and effective cost control, which offset the weaker market trend in Brazil. Although the underlying profitability demonstrated further improvement, the reported operating profit for the quarter was impacted by temporarily elevated start-up costs for production facilities in China and Thailand, and by intensified activities in the area of R&D. Exchange-rate effects from the translation of foreign subsidiaries had a positive impact of slightly more than EUR 1 M on operating profit compared with the year-earlier period.

The operating margin was 7.6 percent (8.2).

Cash flow developed positively, based on satisfactory earnings and effective management of working capital, despite a high investment rate during the quarter.

Restructuring costs totaling an expense of EUR 2,5 M

were in line with the communicated full-year levels.

Acquisition-related items totaling income of EUR 2,8 M (expense: 3,0) were attributable to adjustments of the acquisition balance sheets from implemented acquisitions and the impairment of certain assets related to tax loss carryforwards.

Amortization of intangible assets was higher than the preceding quarter due to the above-mentioned adjustments to the acquisition balance sheets.

The reported tax rate was just under 38 percent and was negatively impacted by non-recurring effects attributable to the creation of a more efficient legal structure the aim of which is to facilitate a better long-term dividend capacity to shareholders. The underlying tax rate for the quarter was 27 percent.

After the close of the period, Frank Müller was appointed the new CEO of TrelleborgVibracoustic, commencing June 1, 2015. He will succeed Hans-Jürgen Goslar, who will be retiring, refer to page 7.

**Full-year 2014.** Net sales for the full year rose by 4 percent compared with 2013. Satisfactory sales performance in mainly Europe and China contributed to organic sales growth of 4 percent. It is estimated that global automotive production increased by 2 percent.

Operating profit increased year-on-year mainly due to higher volumes and effective cost control, but also as a result of the effects yielded by the parts of the ongoing structural projects that have been implemented. Earnings during the year were negatively impacted by a softer market trend in Brazil. 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 preceding year.

The operating cash flow was strong during 2014, mainly due to favorable underlying profitability and effective management of working capital.

During the year, the company initiated additional steps in the restructuring project aimed at increasing competitiveness in Europe. The expansion of production capacity in China, Thailand and Romania is under way and is progressing according to plan.

During the year, TrelleborgVibracoustic paid a dividend of EUR 29 M to shareholders, the first since the joint venture started.

Restructuring costs amounted to EUR 33 M, which is on par with levels previously communicated. The reported tax rate was 33 percent. The underlying tax rate amounted to 29 percent, which is in line with previous communication.

Following the appointment of Frank Müller as the new CEO of TrelleborgVibracoustic, a position he will assume on June 1, 2015, the process of developing the joint venture continues. It entails making the company ready for a potential stock market exchange listing. This process is expected to be finalized by the end of 2015.

#### Other key figures

MEUR	Q4 2014	Q4 2013	Change, %	12M 2014	12M 2013	Change, %
EBITDA	49.3	50.1	-2	210.2	180.3	17
Operating cashflow	75.5	36.9	105	159.8	96.7	65
Capital employed				450.4	445.1	
Net debt				-1.2	-73.4	
Equity				433.4	363.7	
Debt/equity ratio, %				-0.3	-20.2	
Net Debt/EBITDA				0.0	-0.4	



## Financial statements

### Income Statements

SEK M	Q4 2014	Q4 2013	12M 2014	12M 2013
Net sales	5,582	5,145	22,515	21,473
Cost of goods sold	-3,641	-3,358	-14,515	-14,167
<b>Gross profit</b>	<b>1,941</b>	<b>1,787</b>	<b>8,000</b>	<b>7,306</b>
Selling expenses	-574	-534	-2,267	-2,112
Administrative expenses	-659	-617	-2,547	-2,355
Research and development costs	-83	-84	-331	-309
Other operating income/expenses	66	10	145	81
Profit from TrelleborgVibracoustic	115	123	445	355
Tax related to TrelleborgVibracoustic	-43	-42	-147	-118
Share in TrelleborgVibracoustic	72	81	298	237
Profit from associated companies	-1	1	1	2
Items affecting comparability	-68	-68	-226	-410
<b>Operating profit</b>	<b>694</b>	<b>576</b>	<b>3,073</b>	<b>2,440</b>
Financial income and expenses	-33	-42	-134	-197
<b>Profit before tax</b>	<b>661</b>	<b>534</b>	<b>2,939</b>	<b>2,243</b>
Tax	-161	-136	-703	-587
<b>Net profit in continuing operations</b>	<b>500</b>	<b>398</b>	<b>2,236</b>	<b>1,656</b>
Net profit in discontinuing operations	1	-39	-9	-39
<b>Total net profit</b>	<b>501</b>	<b>359</b>	<b>2,227</b>	<b>1,617</b>
- equity holders of the parent company	501	356	2,221	1,609
- non-controlling interest	0	3	6	8
<b>Earnings per share, SEK</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
Continuing operations	1.84	1.46	8.23	6.08
Discontinuing operations	0.01	-0.15	-0.03	-0.15
<b>Group, total</b>	<b>1.85</b>	<b>1.31</b>	<b>8.20</b>	<b>5.93</b>
Continuing operations, excluding items affecting comparability	2.03	1.71	8.88	7.40
<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

### Statements of comprehensive income

SEK M	Q4 2014	Q4 2013	12M 2014	12M 2013
<b>Total net profit</b>	<b>501</b>	<b>359</b>	<b>2,227</b>	<b>1,617</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to the income statement</b>				
Reassessment of net pension obligation	-47	-19	-70	19
	-47	-19	-70	19
<b>Items that may be reclassified to the income statement</b>				
Cash flow hedges	-40	10	-108	65
Hedging of net investment	-426	-248	-1,021	-193
Translation difference	890	442	2,242	121
Income tax relating to components of other comprehensive income	106	55	242	49
Other comprehensive income relating to TrelleborgVibracoustic	189	-	316	-
	719	259	1,671	42
<b>Other comprehensive income, net of tax</b>	<b>672</b>	<b>240</b>	<b>1,601</b>	<b>61</b>
<b>Total comprehensive income</b>	<b>1,173</b>	<b>599</b>	<b>3,828</b>	<b>1,678</b>

**Balance Sheets**

<b>Group</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2014</b>	<b>2013</b>
Property, plant and equipment	6,088	5,141
Intangible assets	11,801	9,173
Shares in TrelleborgVibracoustic and associated companies	3,605	3,122
Other financial assets	1,036	869
<b>Total non-current assets</b>	<b>22,530</b>	<b>18,305</b>
Inventories	3,733	3,188
Current operating receivables	5,423	4,658
Current interest-bearing receivables	240	244
Cash and cash equivalents	1,141	893
<b>Total current assets</b>	<b>10,537</b>	<b>8,983</b>
<b>Total assets</b>	<b>33,067</b>	<b>27,288</b>
Equity holders of the parent company	17,767	14,833
Non-controlling interest	9	44
<b>Total equity</b>	<b>17,776</b>	<b>14,877</b>
Non-current interest-bearing liabilities	4,223	4,874
Other non-current liabilities	1,089	935
<b>Total non-current liabilities</b>	<b>5,312</b>	<b>5,809</b>
Interest-bearing current liabilities	4,493	2,023
Other current liabilities	5,486	4,579
<b>Total current liabilities</b>	<b>9,979</b>	<b>6,602</b>
<b>Total equity and liabilities</b>	<b>33,067</b>	<b>27,288</b>

<b>Specification of changes in equity</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2014</b>	<b>2013</b>
<i>Attributable to equity holders of the parent company</i>		
Opening balance, January 1	14,833	13,977
Total comprehensive income	3,819	1,669
Acquisitions	-4	-
Dividend	-881	-813
<b>Closing balance</b>	<b>17,767</b>	<b>14,833</b>
<i>Attributable to non-controlling interest</i>		
Opening balance, January 1	44	35
Total comprehensive income	9	9
Acquisitions	-42	-
Dividend	-2	0
<b>Closing balance</b>	<b>9</b>	<b>44</b>
<b>Sum total equity, closing balance</b>	<b>17,776</b>	<b>14,877</b>

**Cash flow statements**

<b>Group, SEK M</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
<b>Operating activities</b>				
Operating profit incl part in joint venture/associated companies	694	576	3,073	2,440
Adjustments for items not included in cash flow:				
Depreciation, property, plant and equipment	167	149	634	611
Amortization, intangible assets	23	35	64	71
Impairment losses, property, plant and equipment	9	-	42	31
Impairment losses, intangible assets	-	-	-	0
Dividend from joint venture/associated companies	-	0	132	1
Part in joint venture/associated companies and other non cash-flow affecting items	-74	-80	-306	-240
Cash-flow effects from items affecting comparability	7	1	13	29
Operating activities in discontinuing operations	0	-	-8	-
Interest received and other financial items	11	13	35	32
Interest paid and other financial items	-32	-86	-145	-290
Taxes paid	-197	-206	-627	-587
<b>Cash flow from operating activities before changes in working capital</b>	<b>608</b>	<b>402</b>	<b>2,907</b>	<b>2,098</b>
Cash flow from changes in working capital:				
Change in inventories	25	39	-88	100
Change in operating receivables	557	540	338	-351
Change in operating liabilities	-10	-104	-242	27
Change in working capital in discontinuing operations	0	-	8	-
Change in items affecting comparability	-20	9	-35	0
<b>Cash flow from operating activities</b>	<b>1,160</b>	<b>886</b>	<b>2,888</b>	<b>1,874</b>
<b>Investing activities</b>				
Acquisitions	-1,296	-29	-1,912	-234
Discontinued operations	-	-33	21	-19
Capital expenditure, property, plant and equipment	-406	-338	-962	-852
Capital expenditure in intangible assets	-29	-23	-63	-70
Sale of non-current assets	14	5	21	13
<b>Cash flow from investing activities</b>	<b>-1,717</b>	<b>-418</b>	<b>-2,895</b>	<b>-1,162</b>
<b>Financing activities</b>				
Change in interest-bearing investments	-278	124	-520	818
Change in interest-bearing liabilities	790	-526	1,534	-448
Dividend - equity holders of the parent company	-	-	-881	-813
Dividend - non-controlling interest	0	-	-2	0
<b>Cash flow from financing activities</b>	<b>512</b>	<b>-402</b>	<b>131</b>	<b>-443</b>
<b>Cash flow for the period</b>	<b>-45</b>	<b>66</b>	<b>124</b>	<b>269</b>
Cash and cash equivalents:				
At beginning of the period	1,144	824	893	660
Exchange rate differences	42	3	124	-36
<b>Cash and cash equivalents at end of period</b>	<b>1,141</b>	<b>893</b>	<b>1,141</b>	<b>893</b>

<b>SEK M</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
<b>Net sales</b>				
Trelleborg Coated Systems	542	464	1,932	1,839
Trelleborg Industrial Solutions	1,275	1,120	4,940	4,578
Trelleborg Offshore & Construction	954	840	3,697	3,587
Trelleborg Sealing Solutions	1,840	1,723	7,646	7,093
Trelleborg Wheel Systems	976	959	4,167	4,189
Group items	70	133	480	611
Eliminations	-75	-94	-347	-424
<b>Total</b>	<b>5,582</b>	<b>5,145</b>	<b>22,515</b>	<b>21,473</b>

<b>Operating profit</b>				
Trelleborg Coated Systems	63	55	227	197
Trelleborg Industrial Solutions	141	96	529	432
Trelleborg Offshore & Construction	53	70	281	274
Trelleborg Sealing Solutions	407	332	1,730	1,486
Trelleborg Wheel Systems	103	92	504	490
Group items	-77	-82	-270	-266
<b>Total</b>	<b>690</b>	<b>563</b>	<b>3,001</b>	<b>2,613</b>

<b>Operating margin, %</b>				
Trelleborg Coated Systems	11.8	11.8	11.8	10.7
Trelleborg Industrial Solutions	11.0	8.5	10.7	9.4
Trelleborg Offshore & Construction	5.5	8.4	7.6	7.6
Trelleborg Sealing Solutions	22.1	19.3	22.6	21.0
Trelleborg Wheel Systems	10.5	9.6	12.1	11.7
<b>Total</b>	<b>12.4</b>	<b>11.0</b>	<b>13.3</b>	<b>12.2</b>

<b>Net sales per market, share and organic growth, %</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
Western Europe (51%)	-7	0	-8	0
Other Europe (6%)	-2	14	5	23
North America (22%)	6	4	7	-5
South and Central America (4%)	12	-14	20	-12
Asia and other markets (17%)	1	4	7	4
<b>Total (100% refer to share 2014)</b>	<b>-2</b>	<b>2</b>	<b>-1</b>	<b>1</b>

<b>Exchange rate differences impacting operating profit <sup>1)</sup>, SEK M</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
Trelleborg Coated Systems	4	-1	8	-8
Trelleborg Industrial Solutions	7	0	21	-9
Trelleborg Offshore & Construction	3	-2	17	-14
Trelleborg Sealing Solutions	26	-8	71	-56
Trelleborg Wheel Systems	11	-2	20	-23
Group items	0	2	-2	4
<b>Total</b>	<b>51</b>	<b>-11</b>	<b>135</b>	<b>-106</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 participation in TrelleborgVibracoustic.

TRELLEBORG AB – FOURTH QUARTER AND YEAR-END REPORT 2014

SEK M	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
<b>Net sales</b>									
Trelleborg Coated Systems	542	442	475	473	464	435	477	463	406
Trelleborg Industrial Solutions	1,275	1,262	1,222	1,181	1,120	1,127	1,189	1,142	1,147
Trelleborg Offshore & Construction	954	917	967	859	840	913	978	856	924
Trelleborg Sealing Solutions	1,840	1,930	1,961	1,915	1,723	1,787	1,833	1,750	1,592
Trelleborg Wheel Systems	976	1,008	1,057	1,126	959	1,010	1,111	1,109	833
Group items	70	134	135	141	133	129	162	187	176
Eliminations	-75	-79	-92	-101	-94	-95	-122	-113	-112
<b>Total</b>	<b>5,582</b>	<b>5,614</b>	<b>5,725</b>	<b>5,594</b>	<b>5,145</b>	<b>5,306</b>	<b>5,628</b>	<b>5,394</b>	<b>4,966</b>
<b>Operating profit</b>									
Trelleborg Coated Systems	63	43	60	61	55	30	52	60	37
Trelleborg Industrial Solutions	141	136	135	117	96	123	111	102	95
Trelleborg Offshore & Construction	53	71	93	64	70	76	81	47	57
Trelleborg Sealing Solutions	407	433	454	436	332	386	416	352	277
Trelleborg Wheel Systems	103	106	147	148	92	117	137	144	72
Group items	-77	-59	-87	-47	-82	-44	-74	-66	-92
<b>Total</b>	<b>690</b>	<b>730</b>	<b>802</b>	<b>779</b>	<b>563</b>	<b>688</b>	<b>723</b>	<b>639</b>	<b>446</b>
<b>Operating margin, %</b>									
Trelleborg Coated Systems	11.8	9.7	12.5	13.0	11.8	6.7	11.0	13.0	9.1
Trelleborg Industrial Solutions	11.0	10.8	11.0	9.9	8.5	10.9	9.3	8.9	8.3
Trelleborg Offshore & Construction	5.5	7.7	9.7	7.4	8.4	8.3	8.2	5.5	6.1
Trelleborg Sealing Solutions	22.1	22.4	23.2	22.8	19.3	21.6	22.7	20.1	17.4
Trelleborg Wheel Systems	10.5	10.6	13.9	13.1	9.6	11.5	12.4	13.0	8.6
<b>Total</b>	<b>12.4</b>	<b>13.0</b>	<b>14.0</b>	<b>13.9</b>	<b>11.0</b>	<b>13.0</b>	<b>12.8</b>	<b>11.8</b>	<b>9.0</b>
Items affecting comparability	-68	-41	-99	-18	-68	-101	-204	-37	-129
Profit from TrelleborgVibracoustic	115	155	42	133	123	25	97	110	37
Tax related to TrelleborgVibracoustic	-43	-45	-13	-46	-42	-13	-34	-29	-14
Share in TrelleborgVibracoustic	72	110	29	87	81	12	63	81	23
<b>Operating profit</b>	<b>694</b>	<b>799</b>	<b>732</b>	<b>848</b>	<b>576</b>	<b>599</b>	<b>582</b>	<b>683</b>	<b>340</b>

TRELLEBORG AB – FOURTH QUARTER AND YEAR-END REPORT 2014

<b>Income Statements, SEK M</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Q4 2012</b>
Net sales	5,582	5,614	5,725	5,594	5,145	5,306	5,628	5,394	4,966
Cost of goods sold	-3,641	-3,619	-3,649	-3,606	-3,358	-3,492	-3,702	-3,615	-3,404
<b>Gross profit</b>	<b>1,941</b>	<b>1,995</b>	<b>2,076</b>	<b>1,988</b>	<b>1,787</b>	<b>1,814</b>	<b>1,926</b>	<b>1,779</b>	<b>1,562</b>
Selling expenses	-574	-573	-570	-550	-534	-522	-538	-518	-501
Administrative expenses	-659	-640	-639	-609	-617	-559	-599	-580	-597
Research and development costs	-83	-80	-83	-85	-84	-75	-77	-73	-80
Other operating income/costs	66	27	17	35	10	30	10	31	62
Profit from TrelleborgVibracoustic	115	155	42	133	123	25	97	110	37
Tax related to TrelleborgVibracoustic	-43	-45	-13	-46	-42	-13	-34	-29	-14
Share in TrelleborgVibracoustic	72	110	29	87	81	12	63	81	23
Profit from associated companies	-1	1	1	0	1	0	1	0	0
Items affecting comparability	-68	-41	-99	-18	-68	-101	-204	-37	-129
<b>Operating profit</b>	<b>694</b>	<b>799</b>	<b>732</b>	<b>848</b>	<b>576</b>	<b>599</b>	<b>582</b>	<b>683</b>	<b>340</b>
Financial income and expenses	-33	-34	-33	-34	-42	-81	-32	-42	-37
<b>Profit before tax</b>	<b>661</b>	<b>765</b>	<b>699</b>	<b>814</b>	<b>534</b>	<b>518</b>	<b>550</b>	<b>641</b>	<b>303</b>
Tax	-161	-182	-169	-191	-136	-136	-165	-150	-59
<b>Net profit in continuing operations</b>	<b>500</b>	<b>583</b>	<b>530</b>	<b>623</b>	<b>398</b>	<b>382</b>	<b>385</b>	<b>491</b>	<b>244</b>
Net profit in discontinuing operations	1	-10	-	-	-39	-	-	-	13
<b>Total net profit</b>	<b>501</b>	<b>573</b>	<b>530</b>	<b>623</b>	<b>359</b>	<b>382</b>	<b>385</b>	<b>491</b>	<b>257</b>
- equity holders of the parent company	501	571	528	621	356	380	384	489	256
- non-controlling interest	0	2	2	2	3	2	1	2	1

<b>Earnings per share, SEK</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Q4 2012</b>
Continuing operations	1.84	2.15	1.95	2.29	1.46	1.40	1.41	1.81	0.89
Discontinued operations	0.01	-0.04	0.00	0.00	-0.15	0.00	0.00	0.00	0.05
<b>Group, total</b>	<b>1.85</b>	<b>2.11</b>	<b>1.95</b>	<b>2.29</b>	<b>1.31</b>	<b>1.40</b>	<b>1.41</b>	<b>1.81</b>	<b>0.94</b>
Continuing operations, excluding items affecting comparability	2.03	2.31	2.20	2.34	1.71	1.67	2.12	1.90	1.22



## Acquisitions 2014

### Industrial tire business

In January 2014, Trelleborg acquired the assets and operations of the Italian company Pircher Alfred s.a.s. The business specializes in the distribution and service of industrial tires, and is included in the Trelleborg Wheel Systems business area.

### Pipe seal business

Trelleborg acquired a 51-percent stake in Max Seal in March 2014.

Trelleborg is entitled and has the intention to acquire the outstanding stake in the company subject to special conditions in the agreement. The acquisition was consolidated in accordance with the full goodwill method. Max Seal develops and manufactures polymer-based sealing systems for various types of pipes deployed in water and wastewater systems. It is included in the Trelleborg Industrial Solutions business area.

### Industrial hose company

In July 2014, Trelleborg acquired 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 business is included in the Trelleborg Industrial Solutions business area.

### Coated fabrics business

At the turn of the month October/November 2014, Trelleborg acquired the assets and operations of Uretek Archer LLC Group. Uretek and Archer develop and manufacture urethane-coated fabrics and rubber-coated fabrics, respectively, used in such areas as aerospace, healthcare, outdoor recreation, government and defense. The business is included in the Trelleborg Coated Systems business area.

### Acquired assets and liabilities at fair value

SEK M	12M 2014
Intangible assets	637
Property, plant and equipment	199
Deferred tax assets	7
Inventories	127
Operating receivables	260
Current tax asset	9
Cash and cash equivalents	25
Non-controlling interests	46
Deferred tax liabilities	-34
Interest-bearing liabilities	-78
Post employment benefits	-61
Provisions	-11
Current tax liability	-17
Operating liabilities	-281
<b>Net assets</b>	<b>828</b>
Goodwill	1,031
<b>Purchase price</b>	<b>1,859</b>
Cash and other net debt in acquired entities	53
<b>Impact shown in cash-flow statement</b>	<b>1,912</b>

## Acquisitions 2013

The acquisitions carried out in 2013 were not of a material nature, neither individually nor collectively.

- Marine docking and mooring solutions business, Sea Systems Technology Ltd.
- Industrial tire distributor, operation acquired from Industriebanden Beheer B.V.
- Marine docking and mooring solutions business, Ambler Technologies Ltd
- Cryogenic hose system technology, from SBM Offshore.

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

<b>At December 31, 2014</b>	<b>Derivatives valued at fair value in profit and loss</b>		<b>Derivatives used for hedging purposes</b>		
<b>SEK M</b>	<b>Carrying amount</b>	<b>Measurement level</b>	<b>Carrying amount</b>	<b>Measurement level</b>	<b>Total</b>
Other financial non-current assets	-		3	2	<b>3</b>
Accounts receivable and other receivables	28	2	1	2	<b>29</b>
Current interest-bearing receivables	239	2	-105	2	<b>134</b>
<b>Total assets</b>	<b>267</b>		<b>-101</b>		<b>166</b>
Other non-current liabilities	-		109	2	<b>109</b>
Interest-bearing non-current liabilities	29	2	0	2	<b>29</b>
Interest-bearing current liabilities	87	2	163	2	<b>250</b>
Accounts payable and other liabilities	5	2	127	2	<b>132</b>
<b>Total liabilities</b>	<b>121</b>		<b>399</b>		<b>520</b>

<b>At December 31, 2013</b>	<b>Derivatives valued at fair value in profit and loss</b>		<b>Derivatives used for hedging purposes</b>		
<b>SEK M</b>	<b>Carrying amount</b>	<b>Measurement level</b>	<b>Carrying amount</b>	<b>Measurement level</b>	<b>Total</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>

**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 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
Administrative expenses	-123	-85	-301	-240
Other operating income	87	27	380	220
Other operating expenses	-169	-71	-201	-71
<b>Operating profit</b>	<b>-205</b>	<b>-129</b>	<b>-122</b>	<b>-91</b>
Financial income and expenses	-53	-297	-382	-721
<b>Profit before tax</b>	<b>-258</b>	<b>-426</b>	<b>-504</b>	<b>-812</b>
Appropriations	152	842	152	842
Tax	45	-120	135	18
<b>Net profit</b>	<b>-61</b>	<b>296</b>	<b>-217</b>	<b>48</b>

<b>Statements of comprehensive income, SEK M</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>12M 2014</b>	<b>12M 2013</b>
<b>Net profit</b>	<b>-61</b>	<b>296</b>	<b>-217</b>	<b>48</b>
<b>Total comprehensive income</b>	<b>-61</b>	<b>296</b>	<b>-217</b>	<b>48</b>

<b>Balance sheets</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>SEK M</b>	<b>2014</b>	<b>2013</b>
Property, plant and equipment	22	24
Intangible assets	4	1
Financial assets	35,719	36,044
<b>Total non-current assets</b>	<b>35,745</b>	<b>36,069</b>
Current receivables	64	72
Current tax asset	67	17
Interest-bearing receivables	297	894
Cash and cash equivalents	0	0
<b>Total current assets</b>	<b>428</b>	<b>983</b>
<b>Total assets</b>	<b>36,173</b>	<b>37,052</b>
Shareholders' equity	11,476	12,574
<b>Total equity</b>	<b>11,476</b>	<b>12,574</b>
Untaxed reserves	-	19
Interest-bearing non-current liabilities	4,379	33
Other non-current liabilities	16	18
<b>Total non-current liabilities</b>	<b>4,395</b>	<b>51</b>
Interest-bearing current liabilities	20,125	24,247
Other current liabilities	177	161
<b>Total current liabilities</b>	<b>20,302</b>	<b>24,408</b>
<b>Total equity and liabilities</b>	<b>36,173</b>	<b>37,052</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 and impairment of PPE and amortization of intangible assets.

**Free cash flow** Operating cash flow reduced by 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.

**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. In the key figure, cash flow from restructuring is excluded.

**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
General industry	39%	84%	69%		46%	
Capital-intensive industry	50%					
- Offshore oil & gas	10%			58%	3%	
- Transportation equipment	14%	4%	9%		8%	47%
- Agriculture	11%				3%	53%
- Infrastructure construction	10%		12%	42%		
- Aerospace	5%	10%			14%	
Light vehicles	11%	2%	10%		26%	

Net sales per market segment 2014

## 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

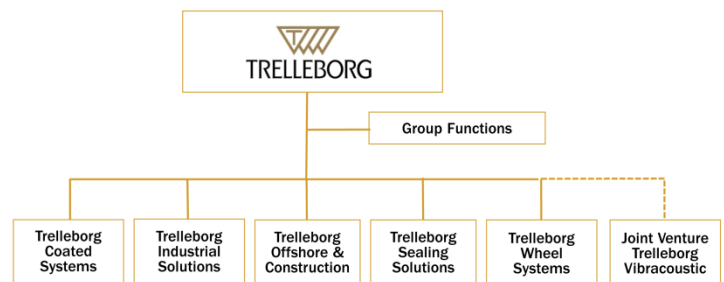
In July 2012, Trelleborg and Freudenberg formed a 50/50 joint venture in antivibration solutions for light and heavy vehicles, TrelleborgVibracoustic. The company is reported as a joint venture in the financial accounts and recognized in accordance with the equity method.

### Discontinued operations

Refers generally to operations that have been discontinued or are in the process of being divested.

### Group in total

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



## Invitation to a 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 (0)8 5664 2696 (Sweden), +44 20 3428 1415 (U.K.) or +1 85 5753 2236 (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.

## Financial calendar 2015

Annual Report 2014	Week starting March 16, 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
Interim report July-September 2015	October 22, 2015
Year-end report 2015	February 11, 2016

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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](http://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 Friday, February 13, 2014, at 07:45 a.m. CET.**

This is a translation of the company's Interim Report in Swedish.