Contents

TRELLEBORG

We seal, damp and protect critical applications in demanding environments

2014 Annual Report

With assured CR disclosures

Contents

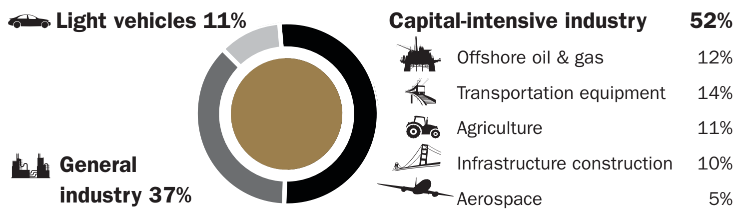
Audited Board of Directors' Report, pages 1-24 and 55-113.
Reviewed Corporate Responsibility pages: 6-7, 43-54 and disclosures that refer to the GRI index overview on page 54.

2014 – a good year for the Trelleborg Group

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

- Founded: 1905
- Sales in 2014: SEK 22,515 M
- Number of employees at year-end: 16,552
- Operations in 44 countries
- Listed on the stock exchange since 1964, Nasdaq Stockholm, Large Cap
- Head office in Trelleborg

Share of the Trelleborg Group's sales in 2014



Key figures, continuing operations, SEK M	2014	2013
Net sales	22,515	21,473
Organic sales, %	–1	1
Operating profit, excluding participations in TrelleborgVibracoustic and items affecting comparability	3,001	2,613
Operating margin, %	13.3	12.2
Participations in TrelleborgVibracoustic	298	237
Items affecting comparability	–226	–410
Operating profit	3,073	2,440
Operating cash flow	2,836	2,162
Cash conversion ratio, % [1]	90	83
Return on shareholders' equity, %	13.7	11.4
Average number of employees	15,425	14,827

[1] *Excluding dividend from TrelleborgVibracoustic.*

Trelleborg AB is a public limited liability company. Corporate Registration Number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden. This is a translation of the company's definitive Annual Report for 2014 in Swedish. All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the preceding fiscal year, 2013. All figures in the section "The Group in brief" and "Business areas" relate to continuing operations, unless otherwise stated.

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.

Index with reference to Global Reporting Initiative (GRI): An indicator with an asterix* signifies an indicator with comments regarding aspects that have been omitted (these can be found in the GRI index in the 2014 Trelleborg Corporate Responsibility Report. Indicator categories: EC=Economic, EN=Environmental, LA=Labor Practices and Decent Work, HR=Human Rights, SO=Society.

The Swedish-language version of the Annual Report is binding.

This Annual Report was produced in collaboration with RHR/CC in Malmö, Sweden, carries the Nordic Ecolabel and was printed by Holmbergs in Malmö using printing blankets from the Trelleborg Group and vegetable-based inks. Translation by The Bugli Company.

An organization that achieves results

12-24

In 2014, Trelleborg's five business areas encountered a diverse range of cyclical challenges. All five reported higher operating profit and operating margins that exceeded or were in line with the preceding year. The TrelleborgVibracoustic joint venture performed well and in line with plans.

26-42

Leading positions in selected segments

The Group strengthened its market positions during the year. An unrelenting and consistent focus on the strategy of securing leading positions in selected segments underpin these successes. Several acquisitions were carried out during the year that contributed positively to results.

Focusing on the material aspects

44-53

During the year, the platform for Corporate Responsibility was further developed. It highlights the long-term value creation and the responsibility that the Group has toward its stakeholders and builds on the company's Code of Conduct.

62-73

Governance and responsibility an integral part of operations

During 2014, the Board dedicated time and effort to long-term strategic and structural issues. The year was distinguished by uncertain market prospects and the Board carefully monitored this trend. The work of the Board was changed to more effectively address challenges and opportunities faced by the Group.

PRESIDENT AND CEO PETER NILSSON

"More focus on market development"

Trelleborg has evolved into a focused polymer Group that is now a world leader in engineered polymer solutions.

Peter Nilsson is the President and CEO of Trelleborg.

> "Trelleborg has steadily increased its operating margin, which has now surpassed the long-term target."

You have worked hard to improve the Group's structure and strengthen margins. Now a stronger focus on growth is being indicated. What is your aim?
Let me give you a little bit of background first. In a sluggish recovery from one of the worst economic crises since World War II, Trelleborg has steadily increased its operating margin from 9.3 percent in 2010 to 13.3 percent in 2014. That is even slightly better than our target, and the result of a long-term effort to create a robust structure. The purpose of this is to ensure a stable and profitable business, in which we have prioritized margin and profit growth. The geographic balance is better, with a significantly stronger market presence and more manufacturing in high-growth countries. The business portfolio's customer and industry focus has moved toward fast-growing segments with higher value content, while exposure to the automotive industry has fallen sharply. We are now a global leader in most of our segments, with strong customer relationships. We are a driving force in product development. Finally, we have introduced small, everyday operational improvements through our excellence programs in manufacturing, purchasing, capital management and sales. Our processes have become more efficient, while both capital and organizational structures have improved.

Overall, that means that we feel ready to focus more on sales and growth, without – for that matter – sacrificing our margin targets. We aim to become even more market-driven – an organization that leads and creates market trends, and grows faster while maintaining profitability and financial stability.

How will Trelleborg "charge" its strategy to secure leading positions in selected segments, and to create driving forces and incentives for faster growth?
In general, the answer is that sales and market development will play a larger role in the strategic management of the Group. The strategy remains firm, as do the strategic cornerstones. When it comes to our geographic presence, our investments will be focused on growing faster in high-growth countries. In addition to prioritizing manufacturing and sales, we aim to build up and develop well-functioning structures and functions in the areas where we want to grow. We have to ask ourselves – *WHERE* can we create the most value? And that is

GRI: G4-1

where we will recruit, invest in people and new technology, take responsibility and have the best employees geared toward local customer value and competitiveness. As a result, there will be many building blocks in an increasingly global Group, where the resources will be shifted to the areas where they can efficiently generate the most value. In essence, it will mean expansion in markets outside Western Europe and North America for many years to come.

> **“We are focusing on market and sales development in digital services.”**

The geographic balance is closely aligned with the portfolio optimization and market exposure in segments, technological niches and product areas. Where does Trelleborg see future growth potential?

First and foremost, we are aiming for risk diversification and profitability. We now have a reasonable balance between profitable operations that are growing early, or late, in their business cycles. However, this emphasis on growth means that we must identify new areas of expansion in addition to our seven existing attractive market segments, and a large number of market niches within them. Other major demand sectors that we have begun to penetrate with our solutions and products include the extensive healthcare sector with, for example, the medical technology and pharmaceutical industries, and the food industry, to name a few. The business portfolio will change over time, and prioritizing growth investments is a complex strategic task. We are speaking about a multidimensional world of growth, in which we have to choose positioning in global, regional and local geographies, segments, subsegments, product groups, customers and applications, from a perspective of mature and growing markets. There are lots of small profitable niches, and we want to be first on the scene when new business opportunities arise.

More acquisitions?

We emphasize the organic, meaning our “own” growth initiatives. We cannot plan acquisitions to the same extent. However, our acquisition strategy is a key catalyst for growth. We will continue to make profitable acquisitions to strengthen our market-leading positions, and to become established in new markets, new segments and in related technology and technological fields.

Product development is a classic growth factor and customers have a clear image of Trelleborg as an innovative company. How will you nurture that?

We tend to speak less about innovation these days, and more about two forces that drive growth at customer level, namely our applications expertise and our collaboration with customers in order to accelerate their development. This means that we must develop products and services in close collaboration that make the customer’s business grow. We must be one step ahead of our customers in knowing what technical developments can mean in terms of business potential and be able to understand how our customers can add more value for their customers, and sell more. But to an ever-increasing degree, it’s about being innovative in customer interaction and relationships, a type of innovative process to improve sales and customer satisfaction.

> **“It should be easy to do business with Trelleborg.”**

Can you give a specific example?

Digital technology is giving us enormous growth potential and we are investing heavily in the development of our digital offering to make life easier for our customers. For example, we offer customers a tracking system that indicates when their seals, tires or equipment require service or should be replaced. This presents opportunities for an aftermarket with very high margins, where we work directly with the customer – without intermediaries. Strong relationships make us part of their business. Our growth in business-critical applications increases, with strong margins. They might not look like much, but our seals could bring excavators, aircraft or entire factories to a standstill if they don’t work properly. And customers are prepared to pay to avoid that happening. Another example is that we offer customers increasingly sophisticated solutions in 3D CAD/CAM for applications of our products in their drawings and designs of proprietary products and solutions. A third example is a series of apps for critical information and sharply growing online retail, making it easier to be our customer. Applications and interaction lead to growth.

The image painted is a future with Trelleborg as an integral partner in the customer’s value chain. How do you teach an organization of just over 16,000 employees to identify with, and become part of, the customer?

It is a long-term process that requires raised awareness and training. If every employee, including me, could be a few percent better each year, that would be an enormous contribution to increased growth. We launched our T*relleborg Group University* two years ago, and are now focusing more on training than ever before. We have a very broad offering, from basic training to advanced management courses, and nearly one-third of our personnel have taken part so far. We are also trying to create insights and inspiration by spreading best practices through increased interaction between our various units. The managers are important attitude-shapers. If they start meetings by asking questions about sales and growth instead of reporting production and delivery figures, that will eventually lead to a culture. And the truly major growth potential for Trelleborg lies with our employees, who are growing as individuals and professional working women and men.

Trelleborg in February 2015

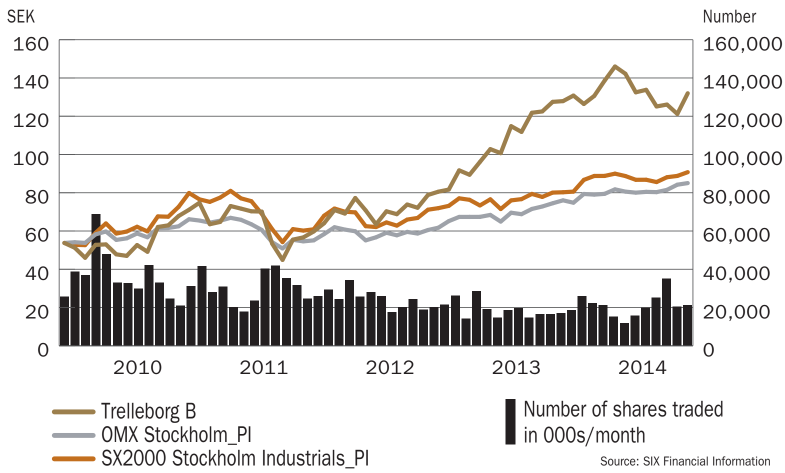
GRI: G4-1

Stock market year for the Trelleborg share

Trelleborg's share price displayed a relatively weak trend during the year. On average, the share's total yield has been favorable in recent years.

Share performance. The price of Trelleborg's Series B share rose 3 percent (59) in 2014 while the index of comparable industrial companies, SX2000 Stockholm Industrials, rose 12 percent (12). Nasdaq Stockholm, in its entirety, rose 11 percent (23).

Price trend and trading volume Jan 1, 2010 – Jan 1, 2015



Share price and turnover. As well as Nasdaq Stockholm, the Trelleborg share is traded on such marketplaces as Burgundy, Chi-X, Turquoise and BATS Europe. Nasdaq Stockholm is the largest, with 71 percent (68) of the share trading.

In 2014, a total of 359 million Trelleborg shares (337) were traded, corresponding to a turnover rate of 132 percent (124). The turnover of the Trelleborg share on Nasdaq Stockholm was 253 million (228), corresponding to a turnover rate of 93 percent (84).

The total share turnover for the Series B share[1] was SEK 46,388 M (34,936). The average daily turnover[1] on all marketplaces was 1,442,618 shares (1,348,401), or SEK 186.3 M (139.7).

During the year, the highest closing price was SEK 147.50 on June 9, and the lowest closing price was SEK 111.30 on October 13.

Market capitalization at year-end amounted to SEK 35,781 M (34,670).

Total yield. The total yield for Trelleborg's Series B share was 6 percent, compared with 16 percent for the SIXRX index[2]. Over the past five years, Trelleborg's Series B share has averaged a total yield of 26 percent per year. The corresponding figure for SIXRX is 15 percent.

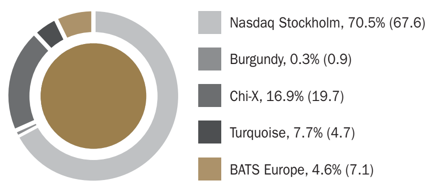
Shareholders. Trelleborg's Series B share has been listed on the stock exchange since 1964. The share is currently quoted on the Nasdaq Stockholm Large Cap. The share capital in Trelleborg amounts to SEK 2,620 M, represented by 271,071,783 shares, each with a par value of SEK 9.67. Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Each Series A share entitles the holder to one vote and each Series B share to one-tenth of a vote.

All of the Series A shares are owned by the Dunker Interests, comprising a number of foundations, funds and asset-management companies created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber production plants, Henry Dunker, who died in 1962. For further information about the Dunker Interests and its holding in Trelleborg AB, *visit www.trelleborg.com*.

Dividend. Trelleborg's dividend policy is that, over the long term, the dividend should amount to between 30 and 50 percent of net profit for the year. The dividend is adjusted to such factors as the Group's earnings level, financial position and future development potential. For 2014, the Board and President propose a dividend of SEK 3.75 (3.25), which corresponds to about 46 percent of net profit for the year. Over the past five years, the average dividend ratio has been about 44 percent. In the most recent five-year period, the Trelleborg share has averaged a dividend yield of 3.1 percent per year.

Analysts. For a current list of the analysts who continuously monitor Trelleborg, *visit www.trelleborg.com.*

Trading platforms for the Trelleborg share, % of total trading



Source: Fidessa

[1] *Including shares traded after hours.*

[2] *SIXRX, Six Return Index, the average trend on Nasdaq Stockholm including dividends.*

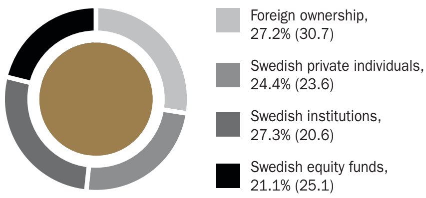
GRI: G4-7, G4-9

Trelleborg AB's ten largest shareholders as of December 30, 2014

No.	Shareholder	Percentage of capital, %	Percentage of voting rights, %
1	Dunker Interests	10.5	54.0
2	AMF Insurance & Funds	7.6	3.9
3	Didner & Gerge Equity Fund	4.7	2.4
4	Lannebo funds	2.9	1.5
5	Swedbank Robur funds	2.9	1.5
6	SHB funds	2.7	1.4
7	DFA funds (U.S.)	2.0	1.0
8	Norges Bank Investment Management	2.0	1.0
9	AFA Insurance Companies	1.9	1.0
10	SEB funds	1.5	0.8
Total		**38.7**	**68.5**

Source: SIS Ägarservice

Ownership structure December 30, 2014, holding, %



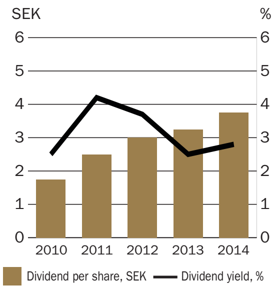
Key data per share

SEK	2014	2013	2012	2011	2010
Continuing operations					
Earnings	8.23	6.08	6.56	4.88	3.99
Earnings excl. items affecting comparability	8.88	7.40	6.31	5.26	4.49
Total					
Earnings [1]	8.20	5.93	7.53	6.71	4.29
Shareholders' equity per share [1]	65.54	54.72	51.56	49.20	44.56
Dividend per share [2]	3.75	3.25	3.00	2.50	1.75
Dividend as a % of earnings per share	46	55	40	37	41
Yield, %	2.8	2.5	3.7	4.2	2.5
Market price, Series B share, Dec. 31, last paid price, SEK	132.00	127.90	80.55	59.75	71.10
P/E ratio	16	22	11	9	17
At December 31	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
Average	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783

[1] There were no dilutive effects.

[2] According to the Board of Directors' and President's proposal.

Dividend per share, yield



Distribution of shares as of December 30, 2014

No. of shares	No. of shareholders	Percentage of total no. of shares, %	Change from Dec 30, 2013, percentage points
1 – 1,000	42,343	79.9	0.5
1,001 – 5,000	8,621	16.3	–0.5
5,001 – 20,000	1,463	2.7	0.0
20,001 –	592	1.1	0.0
Total	**53,019**	**100.0**	

Number of shares, voting rights and share class

Class of share	Capital, %	Shares	Voting rights, %
Series A	10.5	28,500,000	54.0
Series B	89.5	242,571,783	46.0
Total	**100.0**	**271,071,783**	**100.0**

Source: Euroclear

Sustainability indexes

Trelleborg was included in the following sustainability indexes in 2014:

- OMX GES Sustainability Sweden
- OMX GES Ethical Nordic
- OMX GES Ethical Sweden
- OMX GES Sustainability Sweden Ethical
- SEB Ethical Cap GI

GRI: G4-7, G4-9

Targets and outcomes for the Trelleborg Group

Toward continued stable profitability and sustainable growth

Trelleborg's financial targets reflect the Group's ambition to increase value generation and be a world leader in selected market segments and geographic markets, in addition to an assessment of global growth and adequate financial security.

The Trelleborg Group strengthened its positions and operating margins during the year, despite a challenging market situation in several geographic markets and segments. Net sales rose and the operating profit and margin were the highest to date for the Group. The operating margin surpassed the long-term profitability targets.

Trelleborg's Corporate Responsibility initiatives focus on responding to the expectations of customers, shareholders, employees and other stakeholders for long-term value creation with clear accountability. These initiatives reflect the desire to comply with legislation and regulations, to provide a safe and secure workplace with resource-efficient production and to make Trelleborg an attractive employer characterized by diversity and local community engagement.

Organic growth [1)]

Operating margin [1)]

Return on shareholders' equity [2)]

Regulatory Compliance

Anti-corruption and human rights

Target: Zero tolerance applies to:

- Bribery, corruption or cartel behavior
- Child labor
- The occurrence of discrimination cases, reported and reviewed

Outcome: No cases of child labor, or significant fines due to breaches of laws or permits, were reported. One case of discrimination was reported and is under investigation.

Suppliers

Target: To only work with suppliers who adhere to all applicable sections of Trelleborg's Code of Conduct. Audit in the form of self-assessment to be completed with suppliers corresponding to 80 percent of the relevant global purchasing value in the production units, as defined by Trelleborg.

Outcome: In 2014, Trelleborg met the target level. Suppliers corresponding to 84 percent (81.4) of the value defined by Trelleborg were audited.

Diversity

Focus: Trelleborg is of the opinion that diversity is positive, and works actively to raise awareness of this.

Outcome: In addition to the basic rules against inequality and discrimination, Trelleborg aims to achieve a balanced mix in terms of ethnicity and gender, especially at management levels, and to attract, develop and retain talented young people.

[1)] *Continuing operations, excluding participation in the TrelleborgVibracoustic joint venture and items affecting comparability.*
[2)] *Continuing operations, including participation in the TrelleborgVibracoustic joint venture and items affecting comparability.*

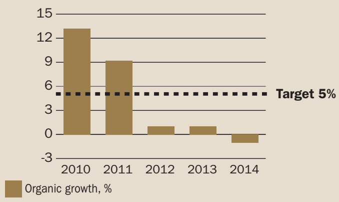
GRI: G4-9, G4-56, HR3, SO8

≥5%

Target: Average annual organic growth over an economic cycle should be at least 5 percent. In addition, further growth will occur through bolt-on acquisitions.

Outcome: In 2014, organic sales growth was -1 percent (1), reflecting the sluggish nature of the global economic recovery, particularly in Europe. At the same time, the Group strengthened its positions during the year, despite a challenging market situation in several geographic markets and segments.

Organic growth, %

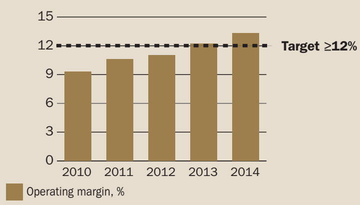


≥12%

Target: The operating margin should be at least 12 percent.

Outcome: In 2014, the operating margin rose to 13.3 percent (12.2), mainly resulting from continued high efficiency and cost control.

Operating margin, %

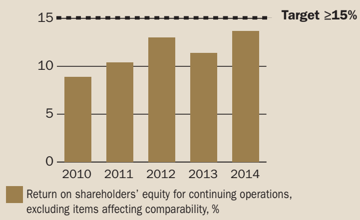


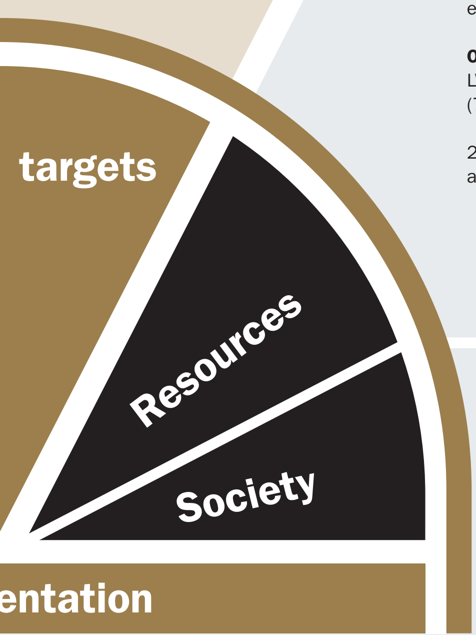
≥15%

Target: The long-term return on equity should be at least 15 percent.

Outcome: In 2014, return on equity was 13.7 percent (11.4), a result of Trelleborg's long-term efforts to streamline and rationalize production, sales and capital utilization.

Return on shareholders' equity, %





Resources

Health and safety

Target: At each individual production site, occupational injuries and illnesses, defined as Lost Work Cases (LWC) per 100 full-time employees per year, should be less than 3.0. The average number of working days lost due to occupational injuries and illnesses should be less than 50 per 100 full-time employees per year at each individual site.

Outcome: In 2014, the average outcome was 2.0 LWCs (2.0) per 100 employees. Some 78 percent (75) of the sites had a value of less than 3.0.

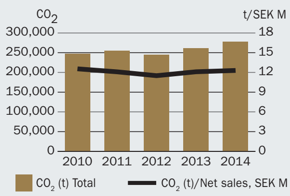
The average number of days lost per injury was 29.3 (29). Some 72 percent (75) of the sites had a value of less than 50.

Climate

Target: To reduce direct and indirect CO_2 emissions (Scope 1 and 2) by at least 15 percent relative to sales by 2015 (base year 2008).

Outcome: In 2008, the base value was 14.1 metric tons/SEK M. In 2014, the value was 12.3 metric tons/ SEK M (12.1), an improvement of 13 percent compared with 2008, but a deterioration of about 1 percent year-on-year due to an increased footprint in countries with higher CO_2 emissions per unit of energy used.

Climate impact



Society

Focus: Trelleborg supports the local communities in which it operates by participating in a variety of social activities, and at selected locations, by providing support for teaching and educational activities for young people.

Outcome: In many of the places where Trelleborg operates, the company has partnerships with, for example, schools, universities and interest groups. With regard to sports sponsorship, youth activities are prioritized, while the company is also involved in a number of special programs that support child and youth development in such countries as Sri Lanka and Brazil.

Significant events during the year

A number of activities took place during the year, aimed at strengthening the Group.

JANUARY

A unique Star for Life program supported by Trelleborg officially starts at Kelani College (Kelani Maha Vidyalaya), in Colombo, Sri Lanka.

MARCH

Acquisition finalized of 51-percent stake in a North American company that develops and manufactures polymer-based sealing systems for various types of pipes deployed in water and wastewater systems.

Decision to relocate one of the U.S. manufacturing facilities for precision seals to boost production efficiency and ensure that the requirements of future growth can be met.

APRIL

A new marine systems sales and business development office is opened in the U.S. specialized in the global oil and gas industry.

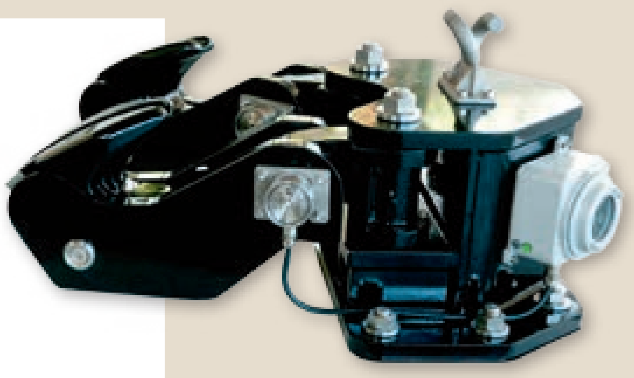
Trelleborg's offshore operation in Brazil obtains a manufacturing license, Licença Municipal de Operação (LMO), for its Vikotherm thermal insulation technology.

The pace of innovation in the Group is high and several new products were launched during the year.

Examples of product launches in 2014

MARCH

Launch of the Quick Release Hooks Compact Series designed to facilitate the release of vessel mooring lines.



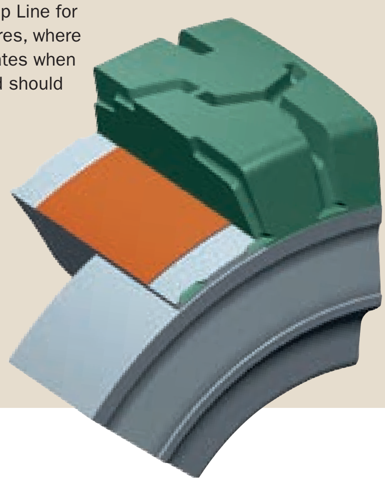
APRIL

Launch of the first nationwide industrial tire fitting network in the U.S. through the Interfit service concept.

MAY

Launch of new variants of spring-energized seals, specially designed for deeper well conditions.

Launch of Pit Stop Line for solid industrial tires, where technology indicates when a tire is worn and should be replaced.



GRI: G4-13

MAY

Announcement to build a new agricultural tire production facility in the U.S. to strengthen presence in North America and to establish a presence closer to existing global customers and a potentially expanded customer base.

Decision to invest in a new facility in the U.S. for the production of marine fenders and buoys. The facility replaces an older plant, in order to further strengthen the market position.

JUNE

A European facility for aerospace seals is the first supplier in Europe to achieve Nadcap accreditation for its manufacturing process.

JULY

Completion of the acquisition of a Turkish company that develops and manufactures industrial hoses for a range of industries, such as construction and civil engineering, processing, industrial cleaning and tanker transportation.

SEPTEMBER

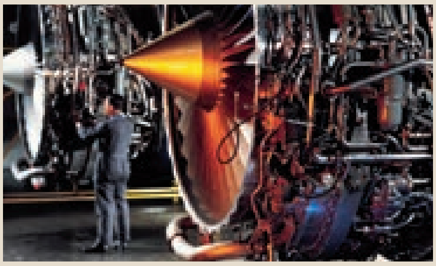
Divestment completed of a Spanish facility that produces rubber boots for light vehicles. The Group continues to produce boots made of thermoplastic elastomer (TPE).

NOVEMBER

Finalization of the acquisition of North American coated-fabrics operations that develop and manufacture polyurethane-coated fabrics and rubber-coated fabrics respectively. Their products and solutions are used across multiple segments, such as the aerospace industry, healthcare, outdoor recreation, government and defense.

JULY

Launch of a new generation of seals for extremely low temperatures in aero engines.

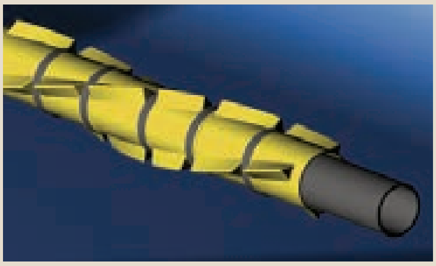


Launch of a new generation of hoses, specially engineered for food processing.

Launch of a new coating plate range that broadens the company's offering of offset printing solutions.

SEPTEMBER

Launch of a new vortex induced vibration (VIV) system for offshore pipelines.



Presentation of research results on the correlation between the footprint of a tractor's tire and farming productivity.

OCTOBER

API 17L1 Design Review Certification for bend stiffeners obtained. These protect bends in riser pipes and cables in locations affected by large waves or strong currents.

Apps and other digital tools

A number of new apps were launched during the year. The purpose of the apps is to make it easy to do business with Trelleborg and to enable the Group's customers to save time, reduce their workloads and solve problems.

The most popular app, Trelleborg Converter App, has been downloaded more than one million times and offers engineers and other users a simple way to switch between a broad range of technical units, currencies and other useful measurement and numerical units.

Selection of new apps in 2014

- Trelleborg Material Compatibility App for life sciences
- Trelleborg Hydraulic Cylinder Calculator App for hydraulic seals
- Updates and new features in Trelleborg Converter App
- Trelleborg Tire Efficiency App for agricultural tires

All of Trelleborg's press releases and information about products and solutions are available at *www.trelleborg.com*

GRI: G4-13

Trelleborg's most profitable year

The Group continued to strengthen its positions during the year despite a challenging market situation in several geographic markets and segments.

The Trelleborg Group continued to strengthen its positions during the year, despite a challenging market situation in several markets and segments. Net sales increased by 5 percent, operating profit improved by 15 percent and was, like the operating margin of 13.3 percent, the highest to date for the Group.

Acquired operations contributed positively to the year-on-year increase in net sales, as did the substantial strengthening of the USD in the second half of the year. However, in operational terms, the impact of currency effects on the Group is relatively neutral. In 2014, the organic sales development was -1 percent, reflecting the sluggish nature of the global economic recovery, particularly in Europe, with less favorable market conditions in the OEM market for agricultural tires.

The TrelleborgVibracoustic joint venture performed well and according to plan, continuing to outperform the underlying market in terms of growth.

> "Trelleborg is continuing to strive for stronger organic growth."

The Group is continuing to strive for stronger organic growth, primarily by way of investments to achieve effective market positioning and continuous improvements to the offering and services, as well as innovations in products and solutions for our customers.

The Group's long-term strategic work has created a balanced risk spread and stability in earnings development.

Trelleborg's participation in TrelleborgVibracoustic contributed SEK 298 M to consolidated earnings, mainly derived from increased organic sales and continued effective cost control.

The earnings improvement contributed to the strong operating cash flow. The trend demonstrates that the Group has good control over its tied-up working capital and the resources to continue increasing investments for structural growth.

Trelleborg's value-generating capability has been gradually strengthened over the course of a number of years, measured in terms of return on capital employed and shareholders' equity. This is a consequence of the Group's long-term efforts to streamline and optimize production, sales and capital utilization, and the work done to realize continued sales growth.

Trelleborg's financial strength remains adequate, providing us with the scope to continue to robustly advance our positions in the years ahead.

Trelleborg, February 12, 2015

Peter Nilsson, President and CEO

Trend in the Group's market segments

Trelleborg's exposure between early and late cyclical industry – or general and capital-intensive industry – as well as light vehicles, remained relatively unchanged compared with 2013. However, market conditions varied between the Group's market segments, since sales in the capital-intensive industries related to agriculture were impacted by OE manufacturers' considerably lower production levels of agricultural machinery. Similarly, sales growth in offshore oil & gas was negatively impacted by the sharp fall in oil prices. At the same time, both organic sales to the aerospace industry and sales related to infrastructure rose compared with 2013. The organic sales trend for light vehicles was favorable.

Net sales

Sales for the Group's continuing operations increased 5 percent. Organic sales declined 1 percent. The effects of structural changes amounted to 2 percent, or about SEK 320 M, while exchange rate effects were 4 percent, corresponding to about SEK 900 M. Acquisitions carried out during the year add about 5 percent in structural growth on a rolling annual basis. For comparable units, excluding exchange rate effects, sales during the first two quarters of the year were slightly higher than in the second half of the year.

Organic sales in Western Europe declined 8 percent compared with 2013, partly impacted by fewer project deliveries. The decline in sales was relatively evenly distributed among countries in the region. Stable growth was noted in such countries as Turkey, Poland and the Czech Republic, albeit from relatively low levels. For North America, a positive performance was reported in both the U.S. and Canada, with sales increasing by 7 percent. Sales in South America, primarily Brazil, increased by 20 percent during the year, mainly as a result of more project deliveries. In Asia and other markets, organic sales rose 7

Key figures, continuing operations, SEK M	2014	2013	Change, %
Net sales	22,515	21,473	5
Organic sales, %	–1	1	
Structural changes, %	2	4	
Exchange rate effects, %	4	–4	
Operating profit, excluding participations in TrelleborgVibracoustic and items affecting comparability	3,001	2,613	15
Operating margin, %	13.3	12.2	
Participations in TrelleborgVibracoustic	298	237	26
Items affecting comparability	–226	–410	
Operating profit	3,073	2,440	26
Profit before tax	2,939	2,243	31
Earnings after tax	2,236	1,656	35
Earnings per share, SEK	8.23	6.08	35
Earnings per share, Group total, SEK	8.20	5.93	38
Operating cash flow	2,836	2,162	31

percent due to strong growth, especially in China and Japan, while organic sales in India fell slightly.

In addition to changes in organic sales, the net of acquired and divested operations contributed to growth of approximately 2 percent.

Refer to pages 75-77.

Earnings

Consolidated operating profit, excluding items affecting comparability and participations in TrelleborgVibracoustic, rose 15 percent.

Despite generally weak sales, operating profit increased due to continued high efficiency and cost control, and was the best to date for the Group. Companies acquired during the year made a positive contribution to the earnings trend. Exchange rate effects from the translation of foreign subsidiaries had a positive impact, primarily during the second half of the year, with a full-year effect of SEK 135 M (neg: 106).

The operating margin was 13.3 percent (12.2), the best margin to date for the Group on a full-year basis. In general terms in the Group, both implemented and ongoing restructuring programs continued to generate positive effects in the form of more efficient structures and lower costs. Trelleborg's efforts in recent years to actively and systematically further improve its core processes of production, purchasing, capital management and sales have also had a positive effect on earnings.

Refer to pages 77-78.

Cash flow

Consolidated operating cash flow was SEK 2,836 M (2,162). The cash conversion ratio, excluding the dividend from TrelleborgVibracoustic, was 90 percent (83). The improvement in earnings compared with the preceding year had a positive impact on cash flow. The change in working capital amounted to a gain of SEK 8 M (neg: 224). A positive change in operating receivables offset a negative impact from inventories and operating liabilities. The rate of investment increased by 11 percent compared with 2013 and totaled SEK 1,025 M (922), comprising 4.6 percent (4.3) of sales.

Operating cash flow also includes a dividend of SEK 131 M (–) from TrelleborgVibracoustic, and a dividend of SEK 1 M (1) from other associated companies.

For complete income statements, balance sheets and cash-flow statements, *refer to page 75-85.*

Continuing operations

Continuing operations pertains to the Group's five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. It also includes central staff functions and two operations, one of which is Group-wide while the other is in the build-up and integration phase.

Organic sales

Organic sales is the sales rate that Trelleborg achieves on its own by, for example, increasing sales.

Structural change

Structural change is either sales growth that Trelleborg creates through acquisitions or a reduction that occurs as a result of a divestment. For further information concerning acquisitions in 2014, *refer to page 29*.

Exchange rate fluctuation

Trelleborg's earnings are largely generated outside Sweden. Exchange rate fluctuations therefore impact the Group's sales and earnings when translating sales of the foreign operations.

Items affecting comparability

Items affecting comparability refer to an item in the income statement that is not part of the normal operations, such as costs for restructuring programs, and that may lead to a misleading comparison between previous years, and should therefore be subtracted to provide a more accurate indication of how the operations are performing.

Trelleborg Coated Systems

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

Sales and earnings

Organic sales 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.

Selection of events in 2014

- Continued efficiency-enhancement measures in both Europe and North America.
- Restructured the North American distribution model for printing blankets.
- Launched new products, including a new coating plate range.
- Acquired North American operations that manufacture polyurethane-coated and rubber-coated fabrics (*refer to page* 9).

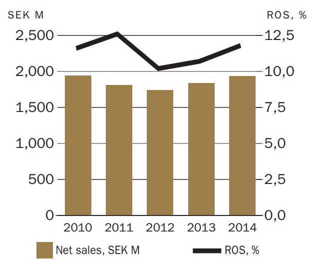
Current priorities

- Strengthen the product portfolio through investments in new technologies such as the Solventless Roller Head Line and product range extension.
- Expand collaboration with customers in existing and new market channels through, for example, digital services.
- Optimize existing manufacturing and logistics in Europe and South and North America, and expand the manufacturing presence in Asia.
- Focus on product and process innovations, for example, new printing blanket products for packaging, new materials and substrates for coated fabrics, and new processes for calendaring.
- Seek selected bolt-on acquisitions.

Key figures, excluding items affecting comparability, SEK M	2014	2013
Net sales	1,932	1,839
Share of consolidated net sales, %	9	9
Operating profit	227	197
Operating margin (ROS), %	11.8	10.7
Capital employed	3,655	2,132
Return on capital employed (ROCE), %	8.9	9.4
Capital expenditures	65	59
Operating cash flow	238	161
Operating cash flow/operating profit, %	105	82
Number of employees at year-end, including insourced staff and temporary employees	1,337	1,204

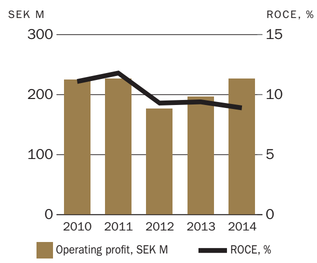
Market position, no. 1-3	EU	NAFTA	Globally
Engineered fabrics	■	■	■
Printing blankets	■	■	■

Net sales and ROS*



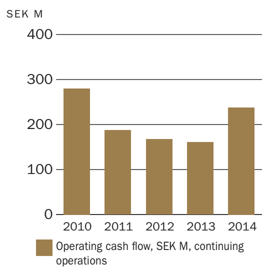
* Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



GRI: G4-9, G4-13

Market segments

General industry: Printing and coating plate solutions for all types of offset printing, as well as flexo and digital printing. Carrier sleeve product line for packaging flexo printing. Coated fabrics and calendared materials for multiple industrial applications.

Transportation equipment, Aerospace, Light vehicles: Coated fabrics in the form of rubber and polyurethane-coated substrates for a wide range of applications, including rubber flooring and train bellows, aircraft evacuation slides and rubber material for brake shims.

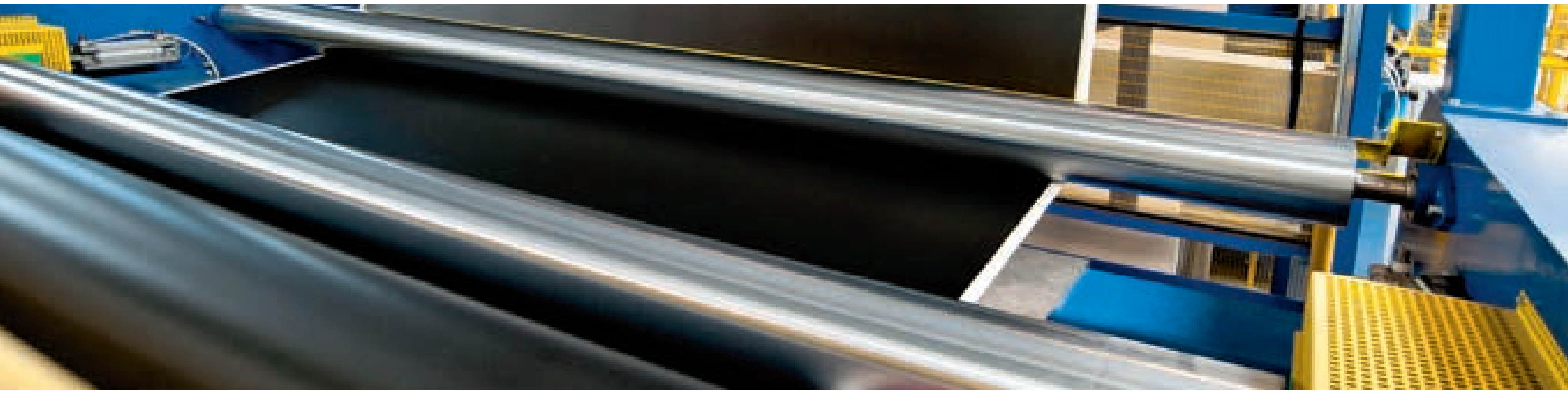
Production units: Brazil, China, France, Italy, Sweden, the U.K. and the U.S.

Market offices: Brazil, China, France, Italy, Japan, Sweden, the U.K. and the U.S.

Examples of brands/product names: Axcyl®, Printec, Rollin® and Vulcan®.

Key customers: Companies mainly active in the general industry segment including the graphic industry, and aerospace industry.

Principal competitors: Continental, Flint Group, Kinyo, Meiji and Pennel & Flipo.



Three questions

Dario Porta,
Business Area President.

Name a strength that is critical to your business area.
The root of everything we do is polymer engineering, so this is crucial for our engineered fabrics. We do not manufacture any end products in the area of polymer-coated fabrics, we only supply materials. This is also linked to our applications expertise, since the materials must be adapted to specific market needs. That is how we gain market advantages in the printing industry.

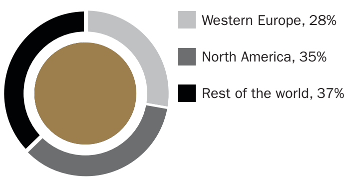
How are you developing polymer engineering in your business?
Our knowledge of polymer engineering goes back more than half a century. This legacy gives us the capacity to make best use of innovations, and create more effective products.

We have made bolt-on acquisitions to strengthen our market position. One example is the U.S. acquisition of Uretek Archer Group, which manufactures coated fabrics. This acquisition will allow us to accelerate and build on significant innovations and to broaden our materials research, applications and products.

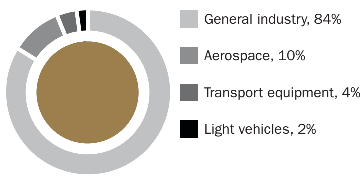
How does your applications expertise contribute to business growth?
All industries are changing, but few so rapidly as the printing industry. Our application expertise enables us to support customers in new and more demanding market environments, providing them with, for example, blankets for the latest metal decorative print.

A high level of expertise is also required to create quality and long-lasting products for standard-driven aerospace and life-dependent medical engineered materials. One of our engineered fabrics products, HANK®, is setting a new standard in the protection material market, since it allows laser cutting and assembly, instead of time-consuming sewing, for a multitude of rapid design options.

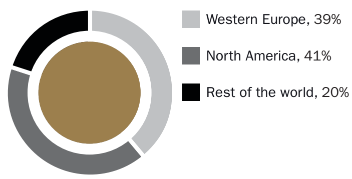
Net sales per geographic market



Net sales per segment



Employees per geographic market



GRI: G4-4, G4-8, G4-9

Trelleborg Industrial Solutions

Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in such industrial application areas as hose systems, industrial anti-vibration solutions and selected industrial sealing systems.

Sales and earnings

Organic sales 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 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.

Selection of events in 2014

- Acquired a 51-percent stake in a North American company specializing in pipe seals (*refer to page 29*).
- Acquired a Turkish company that produces industrial hoses (*refer to page 29*).
- Implemented efficiency measures in the business area's various operations.
- Divested a Spanish facility that produces rubber boots for light vehicles.

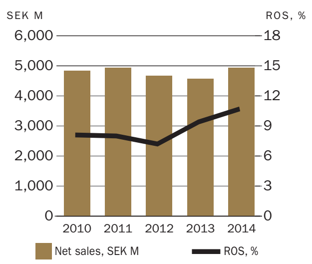
Current priorities

- Create added value and closer collaboration with customers through, for example, product innovations and extended offerings.
- Focus on profitable growth by expanding in such niches as infrastructure in North America, marine oil hoses in South America and transportation equipment in Asia, and reinforce positions in profitable segments in Western Europe.
- Optimize the production structure by, for example, relocating and/or upgrading production facilities.
- Manage the product portfolio by, for example, successfully integrating acquired operations and implementing further selected acquisitions.

Key figures, excluding items affecting comparability, SEK M	2014	2013
Net sales	4,940	4,578
Share of consolidated net sales, %	22	21
Operating profit	529	432
Operating margin (ROS), %	10.7	9.4
Capital employed	3,322	2,626
Return on capital employed (ROCE), %	17.6	16.6
Capital expenditures	180	173
Operating cash flow	501	493
Operating cash flow/operating profit, %	95	114
Number of employees at year-end, including insourced staff and temporary employees	3,929	3,439

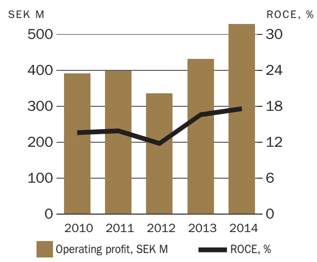
Market position, no. 1-3	EU	NAFTA	Globally
Industrial hoses	■		■
Marine hoses for oil & gas	■		■
Industrial vibration damping	■	■	■
Sealing profiles	■	■	
Pipe seals	■	■	
Polymer boots	■	■	■

Net sales and ROS*



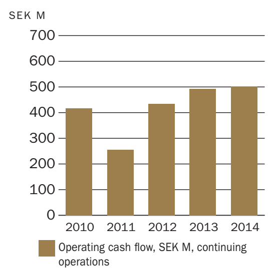
* Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



Market segments

General industry: Fluid-handling solutions, such as hoses, expansion joints and elastomer materials. Antivibration solutions, such as vibration dampers and precision components.

Offshore oil & gas: Marine hoses for handling oil and gas.

Infrastructure construction: Pipe seals and repair of drinking water and wastewater systems, sealing profiles for facades, windows and doors.

Transportation equipment: Vibration-damping and acoustic solutions for track-bound vehicles and marine applications as well as off-highway vehicles. Sealing systems for trains and trucks.

Light vehicles: Polymer boots for drive shafts and steering applications.

Production units: Brazil, China, the Czech Republic, Estonia, Finland, France, Germany, India, Lithuania, Mexico Poland, Spain, Sweden, Turkey, the U.K. and the U.S.

Market offices: Austria, Brazil, China, Finland, France, Germany, Hungary, India, Mexico, the Netherlands, Norway, Poland, Russia, Spain, Sweden, Turkey, the U.K. and the U.S.

Examples of brands/product names: CRYOLINE®, Epros®, Forsheda®, KLEINE®, METALASTIK®, NOVIBRA®, Power-lock™, SEALINE®, Sewer-lock™, TRELLINE® and TRELLVAC.

Key customers: Companies active in general industry, infrastructure and construction, the transportation industry and offshore oil & gas.

Principal competitors: Continental, Freudenberg, GMT, Hultec, Hutchinson, IVG, Lord, Parker Hannifin, Semperit, Stomil Sanok and Tyman.

Three questions

Mikael Fryklund, Business Area President.

Name a strength that is critical to your business area.
The products in my business area are varied, but the golden thread is our applications expertise. Every solution is driven by our in-depth knowledge of a specific, and often niche, application. Customer integration is therefore a critical factor in initiating and developing each solution.

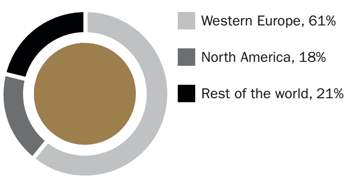
How does your applications expertise contribute to improving the effectiveness of solutions?
Everything stems from a market need and, with our specialist knowledge, we can develop applications in a unique manner. One such innovative solution is our marine hoses that enable the offloading of liquefied natural gas (LNG) safely and more efficiently.

Another totally different application, where we are playing a significant role, is in water infrastructure. Our trenchless pipe sealing solutions mean that pipe repairs can be undertaken without digging, which minimizes disruption to traffic and residents.

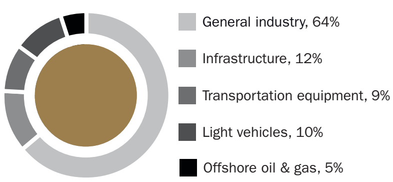
In what ways are you actively practicing customer integration?
Customer integration is not just about understanding how our customers do business, listening to the new challenges they face and responding to them, but also about making it easier for customers to do business with us.

One way we do this is through our mobile apps. For instance, we offer an app that helps workers calculate the amount of resin needed for a pipe repair on-site, and another that recommends the correct anti-vibration mounts for different environments.

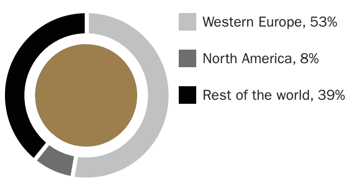
Net sales per geographic market



Net sales per segment



Employees per geographic market



GRI: G4-4, G4-8, G4-9

BUSINESS AREAS

Trelleborg 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.

Sales and earnings

Organic sales 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 cancelations may occur. This more challenging market climate mainly affects about half of the business area's sales.

Selection of events in 2014

- Opened new marine systems sales and business development office in the U.S. specializing in the global oil & gas industry.
- Decided to relocate and invest in a new facility in the U.S. for the production of marine fenders and buoys.
- Awarded a large number of supply contracts in both the offshore oil & gas and infrastructure construction segments.
- Launched a number of products such as Compact Quick Release Hooks designed to facilitate the release of vessel mooring lines, as well as a new vortex-induced, vibration-damping (VIV) system for offshore pipelines (*refer to page 9*).

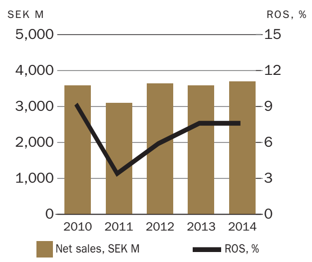
Current priorities

- Consolidate the already leading position in the field of polymer solutions for subsea installations.
- Grow in technology areas, segments and markets, for example, solutions for buoyancy modules for deep-sea environments, in the liquefied natural gas (LNG) segment and in markets in Southeast Asia.
- Develop and leverage the business in Brazil, and utilize an integrated offering in drilling: clamps, riser protection, buoyancy modules and repairs.
- Facilitate collaboration with customers in existing and new market channels.

Key figures, excluding items affecting comparability, SEK M	2014	2013
Net sales	3,697	3,587
Share of consolidated net sales, %	16	17
Operating profit	281	274
Operating margin (ROS), %	7.6	7.6
Capital employed	2,432	2,171
Return on capital employed (ROCE), %	12.2	12.2
Capital expenditures	128	120
Operating cash flow	287	89
Operating cash flow/operating profit, %	102	33
Number of employees at year-end, including insourced staff and temporary employees	2,164	2,063

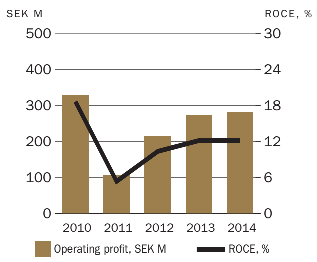
Market position, no. 1-3	EU	NAFTA	Globally
Polymer solutions for offshore oil & gas	■	■	■
Marine fender systems	■	■	■
Docking and mooring systems	■	■	■
Tunnel seals	■	■	■
Dredging hoses	■	■	■
Acoustic and vibration-damping solutions	■	■	■

Net sales and ROS*



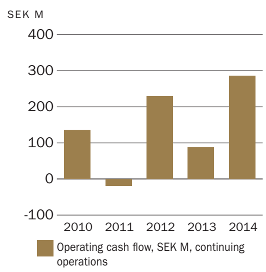
* Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



GRI: G4-9, G4-13

Market segments

Offshore oil & gas: Polymer-based solutions for deep-sea exploration and extraction of oil & gas.

Infrastructure construction: Sealing and vibration-damping solutions for tunnels, bridges and other large construction and civil engineering projects. Marine structures for mooring, docking and anchoring at ports and on vessels.

Production units: Australia, Brazil, China, the Netherlands, Norway, Singapore, the U.K. and the U.S.

Market offices: Australia, Brazil, China, France, India, Indonesia, Japan, Korea, the Netherlands, Norway, Singapore, Sweden, South Africa, Turkey, the United Arab Emirates, the U.K. and the U.S.

Examples of brands/product names: Andre, Elastopipe®, RiserGuard, SCN Supercone Fenders, SeaGuard, SeaTechnik, SmartDock, Ultra MIS Drill Riser Buoyancy, Uraduct and Vikotherm.

Key customers: Companies active in offshore oil and gas and companies that construct and manage tunnels, bridges, buildings, ports and wharves, including construction companies and engineering consultancies.

Principal competitors: AF Global, AIS, Balmoral, Bridgestone, Crux, Dätwyler, FenderCare, FenderTeam, Lankhorst, Marimatech, Matrix, Sumitomo Riko and Yokohama.

Three questions

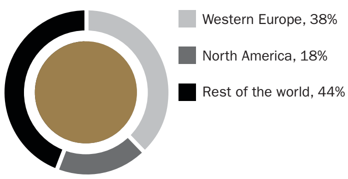
Fredrik Meuller, Business Area President.

Name a strength that is critical to your business area.
New markets are emerging in offshore oil & gas exploration, while expanding urbanization is driving major infrastructure projects. If we want to follow our customers into new territories and support developing nations, our local presence and global reach are critical. In our business, our applications expertise makes a real difference to how quickly and safely major projects take shape around the world.

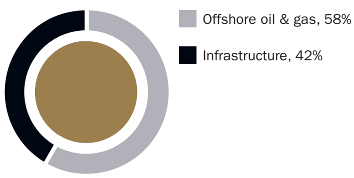
How does your local presence and global reach benefit customers?
Fundamentally, this means that customers receive the same high-quality solutions and service, no matter where they are in the world. Projects are becoming larger and more complex, with stakeholders from many different regions. Trelleborg's cross-functional and regional coordination ensures that our combined global expertise and experience is leveraged to optimize customer performance, while our local presence provides customers with a safe and secure foundation.

How does your applications expertise help to solve customer challenges?
Our solutions are performance-critical in the harshest environments – failure is not an option. Customers find comfort in the fact that Trelleborg has a substantial installed base of well-functioning solutions and an extensive project reference list in each of its niches. Often there are no industry standards, so customers must feel confident that Trelleborg can tailor effective solutions that meet project requirements without re-inventing the wheel at a high cost.

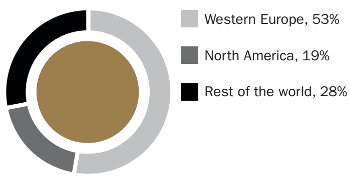
Net sales per geographic market



Net sales per segment



Employees per geographic market



GRI: G4-4, G4-8, G4-9

Trelleborg Sealing Solutions

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

Sales and earnings

Organic sales 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.

Selection of events in 2014

- Decided to relocate one of the U.S. manufacturing facilities for precision seals.
- Launched a number of products, such as new variants of spring-energized seals and a new generation of seals for extremely low temperatures in aero engines (*refer to page 9*).
- A European facility for aerospace seals is the first European supplier to achieve Nadcap accreditation for its manufacturing process.
- Continued the simplification program aimed at making it easy for customers to do business with Trelleborg.

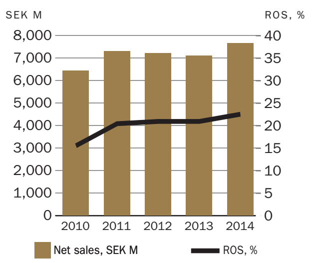
Current priorities

- Improve global reach by expanding the local presence in selected markets. Local development and contacts are supported by, for example, global manufacturing and R&D.
- Increase the pace of the simplification program – to become a partner with whom it is easy to do business in all aspects.
- Retain and evolve position as the leader in digital service tools for engineers.
- Create added value for customers through, for example, product innovations and development.
- Focus on growth in existing segments through such activities as investing in larger and/or new production facilities.
- Monitor potential acquisitions in new technologies and segments.

Key figures, excluding items affecting comparability, SEK M	2014	2013
Net sales	7,646	7,093
Share of consolidated net sales, %	34	33
Operating profit	1,730	1,486
Operating margin (ROS), %	22.6	21.0
Capital employed	7,838	7,102
Return on capital employed (ROCE), %	23.2	21.3
Capital expenditures	334	288
Operating cash flow	1,710	1,422
Operating cash flow/operating profit, %	99	96
Number of employees at year-end, including insourced staff and temporary employees	5,558	5,568

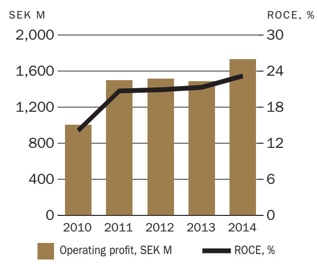
Market position, no. 1-3	EU	NAFTA	Globally
Precision seals for the aerospace industry	■	■	■
Precision seals for the light vehicles industry	■	■	■
Precision seals for general industry	■		■

Net sales and ROS*



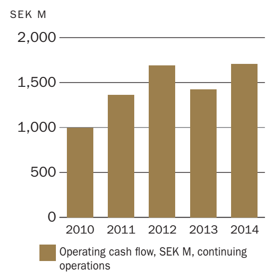
* Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



GRI: G4-9, G4-13

Market segments

General industry: Precision seals for a range of industrial applications with a focus on O-Rings, rotary seals and hydraulic seals.

Aerospace: Safety-critical aircraft seals used in such application areas as engines, flight control actuators, landing gear, wheels and brakes.

Light vehicles: Advanced and often safety-critical seals, mainly for fuel systems, steering, air conditioning and exhaust systems, as well as composite technology designed for damping and sealing.

Transportation equipment, Agriculture, Offshore oil & gas: Safety-critical precision seals for use in, for example, trains, construction and agricultural equipment, and offshore oil & gas.

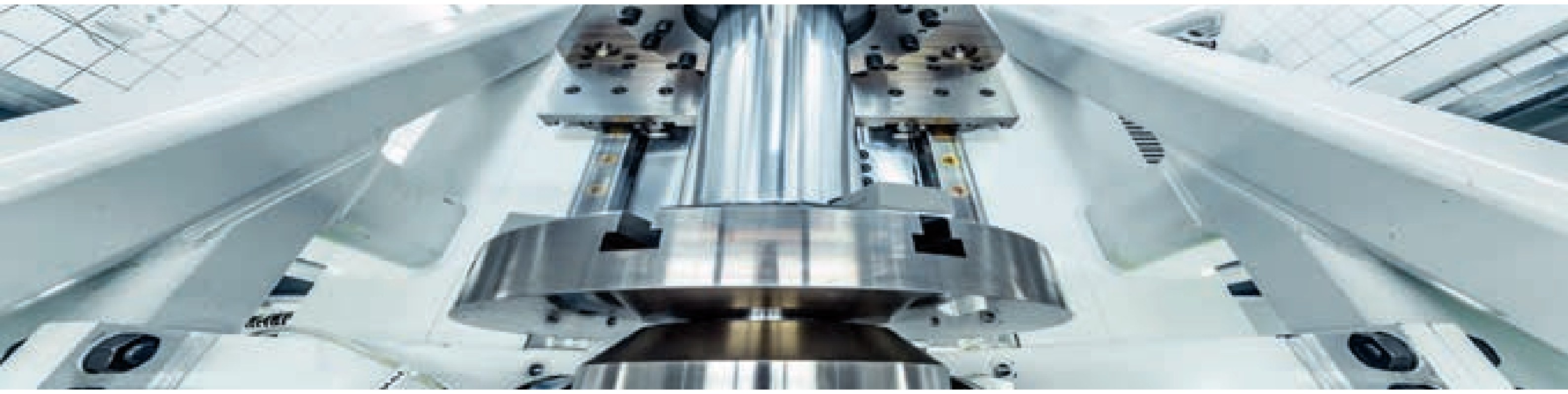
Production units: Brazil, Bulgaria, China, Denmark, France, India, Italy, Malta, Mexico, Poland, Switzerland, the U.K., Sweden and the U.S.

Market offices: Austria, Belgium, Brazil, Bulgaria, Canada, China, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Korea, Mexico, the Netherlands, Norway, Poland, Russia, Switzerland, Singapore, Spain, Sweden, Taiwan, Turkey, the U.K. and the U.S.

Examples of brands/product names: American Variseal®, Busak+Shamban, Forsheda®, GNL, Nordex, Orkot®, Palmer Chenard, Polypac®, Rubore®, SF Medical, Shamban®, Silcotech, Skega®, Stefa® and Wills Rings®.

Key customers: ABB, BOC Edwards, Bosch, Caterpillar, GEA Group, Honda, Husky, Liebherr, Rolls Royce, Scania, Siemens, Spirit Aero systems, Visteon, Volvo and ZF Group.

Principal competitors: Federal Mogul, Freudenberg, Green Tweed, Hutchinson, NOK, Parker Hannifin, Saint Gobain and SKF.



Three questions

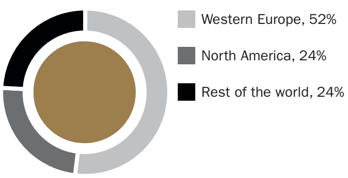
Claus Barsøe,
Business Area President.

Name a strength that is critical to your business area.
Finding the optimal solution for our customers' sealing challenges forms the basis for how we act as a business accelerator, from concept to delivery. Customer integration is the root of everything we do. It drives our strategy, and how we make it easy for customers to do business with us.

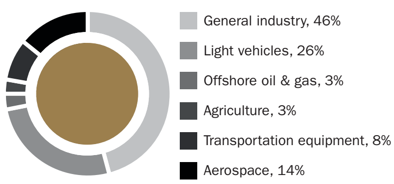
What does your role as a business accelerator involve?
Our expertise, presence and innovation influence the entire supply chain, making product development, production and delivery faster and more efficient. A tangible example of this is the new Turcon® Roto L rotary seal, which, in a unique manner, only seals when needed, produces lower friction and significantly reduces vehicle fuel consumption. These benefits were used by the seal's original customer to accelerate its business in terms of sales. Delivering seals in complete, ready-to-use assembly rather than individually also increases customer productivity.

In what areas is customer integration driving activities that make it easier to do business with you?
A key focus for us is advanced delivery solutions, such as Vendor-Managed Inventory (VMI) and C-class items management. A high degree of customer integration helps us to understand the customer's unique needs and develop customized delivery programs for streamlining procurement, inventory and stock replenishment processes. We are also at the forefront of new engineering apps and on-line tools that can make life easier for our customers and help them choose an optimal sealing solution at any time of the day, whether at their desk or on the move.

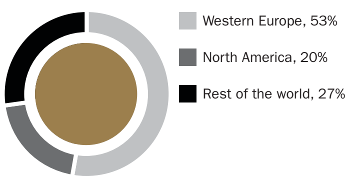
Net sales per geographic market



Net sales per segment



Employees per geographic market



GRI: G4-4, G4-8, G4-9

Trelleborg Wheel Systems

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.

Sales and earnings

Organic sales 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 materials 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 successful positioning in 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.

The year was distinguished by a gradual 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.

Selection of events in 2014

- Continued focus on innovative applications and solutions.
- Decided to invest in a production facility for agricultural tires in the U.S.
- Presented research results on the correlation between the size of agricultural tires and cropland productivity.
- Launched Interfit, the service concept for industrial tires, in several markets.

Current priorities

- Retain a leading market position through innovative products and solutions, such as Pit Stop Line for industrial tires (*refer to page 35*), and the Progressive Traction™ technology, agricultural tires designed to improve farming efficiency thanks to a double lug.
- Continue focus on digital services and marketing in collaboration with major tractor manufacturers.
- Expand the Interfit service concept into new geographies and new market channels.
- Establish the local production of agricultural tires in the U.S.
- Develop production and sales in China.
- Seek selected bolt-on acquisitions.

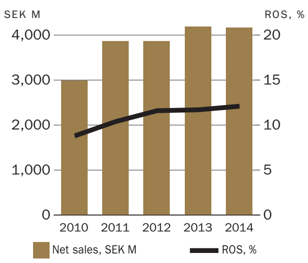
Events after year-end

- Acquisition of industrial tire distributor in France.

Key figures, excluding items affecting comparability, SEK M	2014	2013
Net sales	4,167	4,189
Share of consolidated net sales, %	19	20
Operating profit	504	490
Operating margin (ROS), %	12.1	11.7
Capital employed	3,453	2,842
Return on capital employed (ROCE), %	15.6	16.9
Capital expenditures	252	209
Operating cash flow	324	443
Operating cash flow/operating profit, %	64	90
Number of employees at year-end, including insourced staff and temporary employees	3,047	3,024

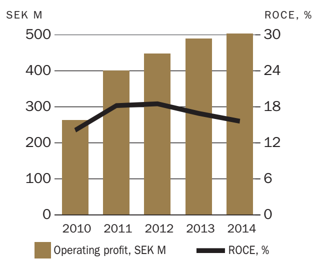
Market position, no. 1-3	EU	NAFTA	Globally
Agricultural tires	■		■
Forestry tires	■		■
Solid industrial tires	■	■	■

Net sales and ROS*



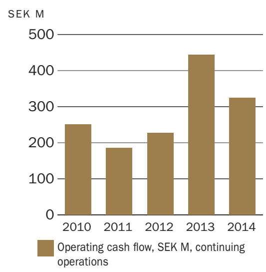
* Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



Market segments

Agriculture: Tires and complete wheels for tractors and other vehicles used in agriculture and forestry. The business area is a leader in the extra-large tires sub-segment.

Transportation equipment: Tires and complete wheels for materials handling vehicles, including forklifts and other highly utilized and high-load materials handling vehicles.

Production units: China, Italy, Latvia, Sri Lanka, Sweden and the U.S.

Market offices: Australia, Belgium, Brazil, China, the Czech Republic, Denmark, Finland, France, Germany, Indonesia, Italy, Latvia, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, South Africa, Spain, Sweden, United Arab Emirates, the U.K. and the U.S.

Examples of brands/product names: Brawler, Elite XP, Interfit, Mastersolid®, MIT, Monarch®, Orca, Premia, Rota®, Maximo and Trelleborg®.

Key customers: Manufacturers of agricultural and forestry machinery, tire and machinery distribution companies and end-customers. Manufacturers and distributors of forklifts, tire distributors and tire service companies for materials handling vehicles.

Principal competitors: Aichi, ATG, Camoplast-Solideal, Continental, Firestone/Bridgestone, Nokian, Goodyear/Titan, Michelin and Mitas.

Three questions

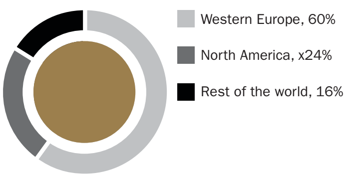
Maurizio Vischi, Business Area President.

Name a strength that is critical to your business area.
Our close customer integration is directing our global approach to the agricultural and industrialization shifts that are taking place around the world. Local presence and global reach have become key drivers in our business strategy. Both of these areas are inextricably linked for both agricultural and industrial tires.

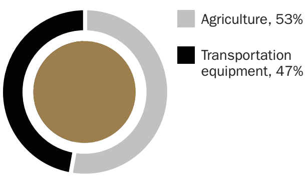
What are the most important aspects of customer integration?
There are two levels for agricultural tires. The first is professional farmers. Through training initiatives, they are able to experience our solutions and measure the benefits with our digital tools. The second level is major tractor manufacturers, where we are involved in extensive co-engineering and co-marketing programs. For industrial tires, Interfit is our service offering. Interfit has been designed to actively ensure that the tire business can grow for both our forklift and tire dealers.

How are you investing in your local presence and global reach?
Over the past few years, we have focused on broadening the global footprint of both agricultural and industrial tires. To support our agricultural original equipment customers worldwide, we have invested in manufacturing facilities in both China and the U.S., while also helping end-customers at local level to accelerate their development by meeting their needs for higher productivity and efficiency. For industrial tires, we have extended our local presence both organically and through acquisitions.

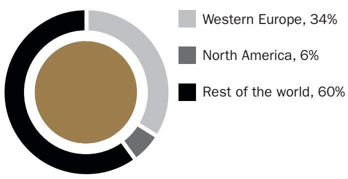
Net sales per geographic market



Net sales per segment



Employees per geographic market



GRI: G4-4, G4-8, G4-9

TrelleborgVibracoustic

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.

Sales and earnings

Net sales 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 earlier communication.

Note that TrelleborgVibracoustic's reporting currency is EUR

TrelleborgVibracoustic, EUR M	**2014**	**2013**
Net sales	1,779.3	1,712.7
Total change, %	4	5
Organic sales, %	4	6
Structural growth, %	1	1
Exchange rate effects, %	–1	–2
Operating profit excluding items affectig comparability	151.0	124.6
Operating margin, %	8.5	7.3
Acquisition-related costs	–0.4	–6.8
Amortization of intangible assets [1]	–7.2	–4.4
Restructuring items	–33.1	–19.8
Total items affecting comparability	–40.7	–31.0
Operating profit	110.3	93.6
Financial income and expenses	–12.4	–11.5
Profit before tax	97.9	82.1
Tax	–32.3	–27.2
Net profit	65.6	54.9
TrelleborgVibracoustic, SEK M		
Net profit	596	474
Trelleborg's share, 50%	298	237

[1] *Related to split of acquisition balance.*

GRI: G4-9

Selection of events in 2014

- Presented comfort mount for multi-link axles, particularly suitable for quiet drive systems, such as those found in hybrid and electric vehicles.
- Doubled the production capacity in Yantai, Shandong Province, China.
- Decided to invest in a new production facility in Rayong, Thailand.
- Presented an active vibration control for electric vehicles with range extender.
- Developed powerful hydrobush for heavy SUVs.
- Developed the first air spring for compact SUVs.

Events after the end of the year

- Frank Müller was appointed new CEO of TrelleborgVibracoustic in January 2015. He will assume his position on June 1, 2015. He succeeds Hans-Jürgen Goslar, who is retiring.

Integration and synergies

The integration of the two companies continued as planned during the year. TrelleborgVibracoustic is today a global leader in antivibration solutions for light and heavy vehicles, with a market share of 16 percent. The company has 39 production units, including 19 development sites spread across 19 countries. The company has approximately 10,000 employees.

Other key figures

TrelleborgVibracoustic, EUR M	2014	2013
EBITDA	210.2	180.3
Operating cash flow	159.8	96.7
Capital employed, closing balance	450.4	445.1
Net debt, closing balance	–1.2	–73.4
Equity, closing balance	433.4	363.7
Debt/equity ratio, %	0.3	20.2
Net debt/EBITDA	0.0	0.4

A number of restructuring projects aimed at boosting TrelleborgVibracoustic's competitiveness and future synergies were launched during the year in such countries as Germany, Spain and France, while the company is also establishing or upgrading production facilities in China, Thailand and Romania.

The company is focusing on operational activities, meaning boosting profitability and implementing the restructuring that has already begun.

Key customers: BMW, Daimler, Daimler Trucks, Fiat-Chrysler, Ford, GM, Hendrickson, Paccar, Renault-Nissan and VW.

Principal competitors: Bridgestone, Continental, Cooper Standard, Sumitomo Riko, Tokai, Toyo, Yamashita and ZF-Boge.

For further information about Trelleborg-Vibracoustic, visit www.tbvc.com.

GRI: G4-8, G4-9, G4-13

JOINT VENTURE

Trelleborg and TrelleborgVibracoustic

Part of a larger business. The formation and ownership of TrelleborgVibracoustic is aligned with Trelleborg's strategy to secure leading positions in selected segments, while significantly reducing the Group's direct exposure to the price-sensitive automotive industry and thereby obtaining a better balance in Group's exposure between the various market segments.

The TrelleborgVibracoustic joint venture provides Trelleborg, as a Group, with access to a business with higher growth and profitability potential than the automotive antivibration operation previously owned by Trelleborg.

The automotive industry is continuously undergoing structural changes, and consolidations are a natural part of market development.

The joint venture offers the market's best geographic reach and broadest product portfolio in antivibration solutions for light and heavy vehicles. It creates opportunities for an efficient structure in a fragmented market.

Focus on strengthened positions. Since the formation of the joint venture in 2012, Trelleborg has been focused on ensuring a successful integration of the two operations and achieving favorable profitability figures.

Following the appointment of Frank Müller as the new CEO of Trelleborg-Vibracoustic, 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.

Dividend to the shareholders. During the third quarter of 2014, a dividend of EUR 29 M was paid to shareholders, of which half to Trelleborg.

GRI: G4-9

Value-generating business development

Engineered fabrics
Quickly evacuating an aircraft can be the difference between life and death. Trelleborg's escape slides allow passengers to exit an aircraft safely.

Airframe seals
At an altitude of 11,000 meters, the temperature outside the window falls to below –30°C. At this height, a leak in cabin pressure would have catastrophic consequences. Seals from Trelleborg help make the aircraft airtight.

Precision seals
Another touchdown. With the landing gear bearing a load of 202,000 kg. The aerospace industry uses many of Trelleborg's innovative solutions to make sure that everything always works without any problems.

The material with many applications

The polymer market is both substantial, and undergoing a consolidation process.

Infinite number of applications. Polymer materials – rubber, composites and plastics as they are commonly known – are some of the toughest and most versatile materials available. But what are polymers precisely? The short and simple answer is that polymers are our most elastic materials, with unique properties that seal, damp and protect in a range of environments. But there is no uniform concept. There are many different types of polymer materials that, with various additives, can have very different properties. The chemical additives and combinations with other materials, such as metals and textiles, determine the end product's properties. It could be an aircraft seal that can withstand extreme temperature variations. Or why not a hose that can withstand corrosive chemicals? The fields of application for polymers in combination with other materials are endless.

Many players. There is no one definition, or estimation, of the total market for polymer solutions. There is no accepted classification, which makes it more relevant to speak about competition in specific niches rather than in the market at large. However, it is clear that the industrial polymer market largely comprises a very significant number of smaller companies that are regional specialists in one or more niche markets in various market segments or product categories. Trelleborg's broad-based operation, encompassing products and solutions for applications ranging from outer space to the ocean floor, means that the Group has no single matching competitor. There are, however, global players that compete in certain segments and niches. Such major competitors include Continental, Hutchinson and Freudenberg, as well as Sumitomo Riko, Bridgestone and NOK.

Information about competitors can be found on *pages 12-21.* These pages also show that where Trelleborg has chosen to establish a presence, the Group is ranked among the three largest players, both globally and regionally, which is aligned with the Group's strategy.

Trelleborg's strategy is to secure leading positions in selected segments. In a competitive environment under pressures of globalization, positioning in the most attractive segments, niches or product categories for Trelleborg becomes a key factor for success. In turn, this requires knowledge of global, regional and local markets, strength in innovation and development as well as resources to enable investments.

Seal

To seal is to fill a gap when joining two surfaces, thereby separating different media from each other. The gaps can be static or moving (dynamic). Examples includes seals in hydraulics, seals that ensure pressure in aircraft and seals that reduce energy use in buildings.

Precision seals for the chemical industry, seals for airframe windows and seals for facades.

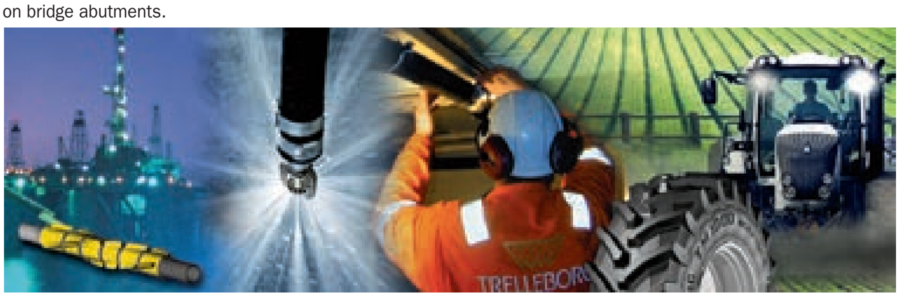
Damp

To damp is to absorb energy, thereby reducing vibration and noise.Examples include mounts and dampers that reduce noise and vibration in machines, cars, trains and other vehicles.

Suspension components and rail mounts for rolling stock, anti-vibration mechanical equipment and bearings on bridge abutments.

Protect

To protect is to manage the impact from natural and man-made forces. Examples include fire and chemical safety systems, tunnel seals and bearings to protect bridges and buildings, as well as agricultural tires that protect the soil.



Protection for offshore risers, fire extinguishing and sprinkler systems for jet fires and agricultural tires that minimize soil compression.

GRI: G4-4

VALUE-GENERATING BUSINESS DEVELOPMENT

Value generation at Trelleborg

Today, the Trelleborg Group is a world leader in engineered polymer solutions, whose innovative solutions accelerate performance for customers in a sustainable way.

BUSINESS CONCEPT

Business concept to seal, damp and protect. Trelleborg's business concept is to seal, damp and protect critical applications in demanding environments.

STRATEGY

Strategy for leading positions. Trelleborg's strategy is to secure leading positions in selected segments. This means that Trelleborg seeks segments, niches and product categories that – by virtue of the Group's market insights, core competencies and offering of advanced products and solutions – provide market leadership. In this manner, long-term shareholder value and added value are generated for customers.

Trelleborg works with the strategy, both Group-wide and in the business areas, supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are:

- geographic balance
- portfolio optimization
- structural improvements
- excellence

Read more on pages 28-31.

CORE COMPETENCIES

Value generation through core competencies. The polymer materials handled by Trelleborg, with their additives and combinations with other materials, do not differ dramatically from those in other companies' products and solutions. But in terms of value generation, there are significant aspects that set Trelleborg apart from its competitors and make the Group unique. These core competencies are the reason why industrial customers choose Trelleborg.

Trelleborg's business is built on five core competencies that enable the Group to deliver value, where polymer engineering and local presence, combined with global reach, gives a solid foundation. The value-driving factors of applications expertise and customer integration act as a business accelerator for Trelleborg's customers.

Trelleborg seeks segments, niches and product categories that – by virtue of the Group's applications expertise and offering of advanced products and solutions – provide market leadership. While leading positions are mainly attained through organic growth, bolt-on acquisitions are also implemented to strengthen market presence and product range.

Trelleborg is also moving up the value chain, toward increasingly sophisticated products and total solutions, based on close collaboration with customers in early development stages. Market leadership also supports price leadership, which is a key theme in the Group's excellence programs.

CORPORATE CULTURE

Trelleborg's internal culture. In addition, the Trelleborg Group is characterized by far-reaching delegation of responsibilities and authorities. The Group gives its employees extensive freedoms under responsibility and encourages rapid, proactive leadership. Trelleborg has built up a culture over many years that stimulates commitment, responsibility, good ethics in business relationships, and positive interaction with the community in which the Group operates.

Our five core competencies

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.

Applications expertise
We have cutting-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.

GRI: G4-4, G4-56

VALUE–GENERATING BUSINESS DEVELOPMENT

Strategy supported by four cornerstones

Trelleborg's strategy to secure leading positions in selected segments is supported by four strategic cornerstones. These are the cornerstones that Trelleborg works with Group-wide and in the business areas to optimize its respective operations and, thereby, capture market leadership. The cornerstones support the strategy individually and in combination.

Toward a focused polymer Group. Trelleborg's journey to become a world leader that Trelleborg is today started many years ago. In the 1980s and 1990s, Trelleborg was designated a conglomerate. Operations were dominated by mines and other metals, rather than rubber, composites and plastics.

At the end of the 1990s, the Group became wholly focused on polymer-based industrial operations.

In recent years, Trelleborg has worked intensively to structure, integrate and develop its acquired operations and secure efficiency in all functions – from development, purchasing and production to marketing. The aim is to achieve favorable profitability by gradually strengthening and developing the Group. The progression toward a focused polymer group has improved Trelleborg's earnings, at the same time as the Group's market value has developed positively.

Enhanced geographic balance

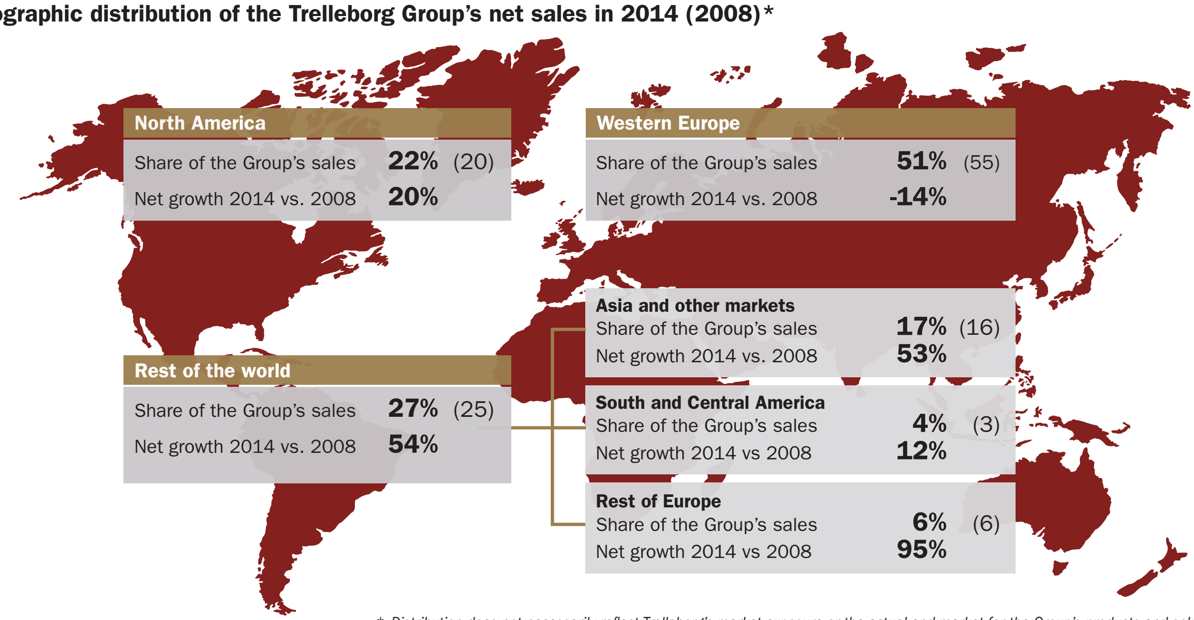
Trelleborg bases its offering on local knowledge and global experience.

Geographic balance. In recent years, Trelleborg has prioritized strengthening its market presence in selected markets outside Western Europe and North America to further improve the geographic balance. The principal drivers include proximity to customers in expanding and profitable segments, accompanying them in their globalization processes and developing local customer relationships, which may become global.

Since 2005, Trelleborg has divested, relocated or closed some 40 production units in Western Europe and North America. During the same period, the Group has established or substantially upgraded some 20 units outside these regions. Trelleborg's long-term ambition is to achieve a geographic balance, where Western Europe and the rest of the world each account for 40 percent of the Group's net sales, while the remaining share continues to be generated in North America.

Individual operations in the Group have a geographic balance that is optimal for their respective operations, and this may diverge from the Group's long-term objective.

Geographic distribution of the Trelleborg Group's net sales in 2014 (2008)*



* *Distribution does not necessarily reflect Trelleborg's market exposure or the actual end market for the Group's products and solutions.*

Continued portfolio optimization

Leading positions in selected segments are achieved through focused organic growth, supplemented by bolt-on acquisitions. Divestments also form part of the optimization of the portfolio.

Trelleborg's operations develop primarily organically through focused daily activities involving various growth initiatives at different levels and in different areas. However, to establish operations at a faster pace or to strengthen the positions in selected segments, niches or product segments, Trelleborg carries out bolt-on acquisitions.

The purpose of the acquisitions may be to strengthen positions in an existing market but also to reach new geographies or closely related segments or technologies.

Portfolio optimization via acquisitions. Trelleborg secures leading positions and a competitive offering by focusing on organic growth and bolt-on acquisitions. The Group invests in attractive niches where opportunities exist to achieve competitive advantages and a leading position. This is a central activity and Trelleborg focuses continuously on new acquisitions that can develop the Group. Since 2005, Trelleborg has acquired some 40 businesses that complement and reinforce the Group's market positions.

Within a segment

The 2014 acquisition of one of the world's largest companies in mandrel-built hoses consolidates Trelleborg's market-leading position in industrial hoses. The business develops and manufactures industrial hoses for a range of industries, such as construction and civil engineering, processing, industrial cleaning and tanker transportation.

Closely related segments

The 2011 acquisition of an operation specializing in precision seals and components in liquid silicone – primarily for the pharmaceutical industry and medical technology sector, but also used in certain critical electronic applications – strengthens Trelleborg's product portfolio and generates synergies in sales and manufacturing.

New geographies

The 2014 acquisition of the 51-percent stake in the Max Seal Group – which develops and manufactures polymer-based sealing systems for various types of pipes deployed in water and wastewater systems – complements Trelleborg's existing offering and presence in North America and provides access to rapidly growing markets in Latin America.

Closely related technologies

The 2013 acquisition of SeaTechnik – predominantly specialized in the development of software and manufacture of emergency shutdown systems and other communications systems used when carriers transporting liquefied natural gas (LNG) berth at terminals – enables Trelleborg to offer an attractive comprehensive solution for owners of both vessels and ports.

TrelleborgVibracoustic. In July 2012, significant optimization of the portfolio was carried out through the formation of the TrelleborgVibracoustic joint venture. The company's strong global positions in antivibration solutions for light and heavy vehicles enables Trelleborg to benefit from a more efficient operation with higher growth and profitability potential than the antivibration operation for vehicles that Trelleborg previously had access to.

Acquisitions 2014*	Net sales, SEK M	No. of employees
Operation from Pircher Alfred s.a.s (industrial tire distributor), Trelleborg Wheel Systems	75	20
51-percent stake in the Max Seal Group (pipe seals), Trelleborg Industrial Solutions	80	125
Superlas Group (industrial hoses), Trelleborg Industrial Solutions	400	590
Assets and operations from Uretek Archer LLC Group (coated fabrics), Trelleborg Coated Systems	480	230
After year-end: D.G. Manutention Services SAS (distributor of industrial tires), Trelleborg Wheel Systems	50	10
Total	**1,085**	**975**

Divestments 2014*		
Operation specializing in rubber boots for light vehicles, Trelleborg Industrial Solutions	150	150
Total	**150**	**150**

** A list of Trelleborg's acquisitions and divestments since 1999 can be viewed at www.trelleborg.com.*

Portfolio optimization through divestments. Trelleborg divests operations with products and solutions assessed as no longer having or being able to take leading positions in the way the Group desires. These are better developed by other owners.

Since 2005, Trelleborg has divested some 15 such operations or segments. This is particularly relevant to the automotive sector, where Trelleborg divested a number of businesses between 2007 and 2012, such as brake hoses, hoses for engine cooling and air and gas springs.

GRI: G4-8, G4-9, G4-13

Improved structure

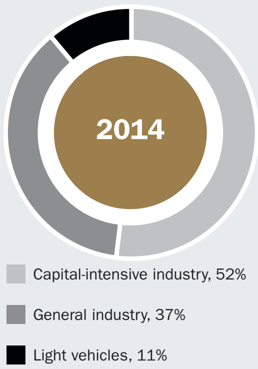
Trelleborg's continuous and consistent work yields leading positions.

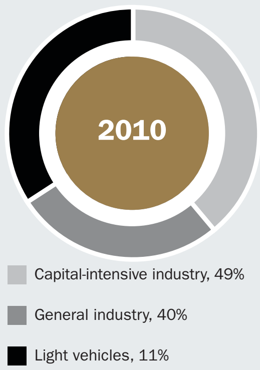
The globalization of Trelleborg's business involves being in the right place with the right operations. The focus is on developing operations and localizing them to areas where Trelleborg can grow, recruit the right talents and where the job can be done optimally.

In certain cases, this means that Trelleborg moves a unit to another geographic market, in other cases it means upgrading and developing the unit where it is.

Enhanced market exposure. Trelleborg endeavors to maintain an exposure in market segments with a favorable balance between early and late cyclical industry, meaning general and capital-intensive industry, the demand from which usually balances each other out. The Group's exposure to various market segments has thus changed over time. Compared with 2010, when light vehicles accounted for a significant share of Trelleborg's sales, the Group has now achieved a better balance in relation to its market exposure. Today, light vehicles account for a minor share of the Trelleborg Group's sales and are also concentrated to profitable global niches that correspond well with Trelleborg's strategy.

Segment distribution of net sales 2014 vs 2010





Shift forward to profitable segments. Trelleborg invests in attractive market segments and ensures optimal market presence as well as an effective and competitive business structure. Trelleborg invests in new technology and machinery, human capital, international management, local managers and development of local markets, all with the aim of improving and honing the structure.

Leading in attractive segments. Trelleborg seeks market niches that – by virtue of the Group's market insight, applications expertise and range of advanced products and solutions – provide market leadership. Thanks to continuous and consistent efforts and the results of the strategic cornerstones, Trelleborg secures leading positions in a number of attractive segments and niches at a continental or global level.

Within the sphere of capital-intensive industry, Trelleborg is active in five attractive market segments. Trelleborg's seven market segments have different underlying drivers that make them attractive for the Group. Read more about the market segments on *pages 33-39*.

GRI: G4-8, G4-13

Excellence in core processes

Trelleborg's core processes are continuously developed and improved to become simpler and more cost-efficient and to increase value generation for customers.

Excellence. Trelleborg works proactively and systematically to further optimize the core processes: production, purchasing, capital management and sales. The objective is excellence; to eliminate all types of waste, and to instead use these resources to continuously improve operations and profitability.

The long-term aim of the excellence programs is to generate value for Trelleborg's customers through systematic work with training, exchange of experience, checklists, etc.

Manufacturing Excellence. For the past number of years, Trelleborg has been implementing the Manufacturing Excellence program at all of its production sites, the purpose of which is to work systematically to ensure world-class manufacturing, thereby increasing cost efficiency and competitiveness.

The programs focus on the four objectives: Safety, Quality, Delivery and Efficiency with a vision of Zero errors and Zero waste. Each site has an action program linked to the objections with monthly follow-up.

To develop internal competence in Manufacturing Excellence, Trelleborg is driving an internal training program focused on individuals with responsibility for driving the development of the local production operations. The program is being implemented in Europe, Asia and the U.S.

The work environment and resource efficiency are integrated parts of Manufacturing Excellence, where the *Safety@Work* and *Energy Excellence* programs focus on reducing industrial accidents and energy consumption.

Fast and efficient capacity increase

Trelleborg's tire facility in Xingtai, China, was experiencing capacity problems. Retooling of machines was identified as the main problem. A SMED (Single Minute Exchange of Die) project resulted in a drastic reduction in setup times. Over the course of a number of years, the facility had expanded production and added new tire dimensions and was now working at 85-90 percent of the total production capacity. The aim of the project was to reduce setup times from four hours to one hour, which would generate a time saving of nearly 1,000 hours on an annual basis and increase the production volume by 2,500 tires. On completion of the project, the setup time was down to 40 minutes for all tire dimensions.

Two facilities become one

Two of Trelleborg's facilities in northeast France were to be merged into one. For reasons including the fact that one of the facilities was more that 150 years old and was not optimally adapted to modern operations. The Hoshin method could be used advantageously to create major savings and improvements in conjunction with the merger. The "new" facility has been given a new layout in which all machines are optimally positioned to yield the highest possible efficiency in terms of the production flow and organization, which provides flexibility and reduces costs. To date, the project has increased productivity by 17 percent and monthly energy use has been cut by 18,000 kWh.

Purchasing Excellence. Trelleborg works systematically to ensure increased competitiveness in all aspects of its purchasing function. All purchasing is to follow the same process – regardless of who implements a purchase – with a uniform set of objectives and deadlines for all potential suppliers.

Working Capital Excellence. The purpose of this program is to enhance the efficiency of the capital base and thereby unlock capital. A healthy business is a prerequisite for effective cash flow and, accordingly, the program focuses on developing the organisation so that Trelleborg can pursue operations with less working capital.

Sales Excellence. The aim of the Sales Excellence program is to contribute to increased sales and growth through Group-wide initiatives involving mobilization and coordination in selected geographic markets and segments. This is achieved through training initiatives, which fall within the framework of the *Trelleborg Group University,* in such areas as strategic marketing and positioning, digital market communication and pricing.

Trelleborg Excellence

We endeavor to be better in all that we do. We constantly raise the bar and hone our most important core processes to ensure efficiency and value for the customer.

Drivers for market presence

The long-term global trends are challenging, but at the same time they create business opportunities.

New business opportunities. By analyzing our business environment and trends, and maintaining a close dialog with customers, Trelleborg can leverage the drivers that exist in the medium to long term. There is also good potential to identify new business opportunities that could generate long-term and sustainable growth.

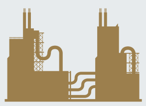
Global megatrends. Trelleborg evaluates aspects and relevant outcomes of global megatrends, such as the changed dynamic of the global economy, the interdependence between countries and markets, the increasing scarcity of natural resources and demographic changes. These and other factors influence how Trelleborg positions itself in the market.

For example, high population growth in primarily high-growth countries is contributing to a healthy trend for different printing blanket solutions and greater energy needs require increasingly advanced solutions for handling such items as oil & gas.

Read more about Trelleborg's drivers in selected market segments on *pages 33-39*.

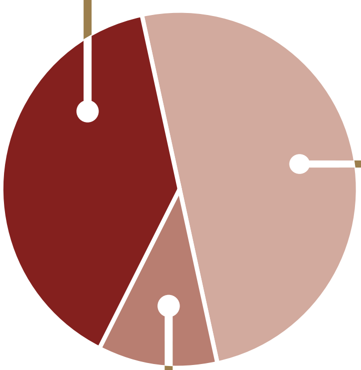
Trends in Trelleborg's market segments

General industry, 37%*



General industry

High-growth geographic markets demand an increasing number of products and more advanced solutions to satisfy their industrial expansion and development.

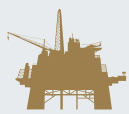


Light vehicles, 11%*

Light vehicles

Globalization and consolidation at the customer level calls for increased geographic presence by sub-suppliers which, in combination with more rigorous environmental stipulations, drives the development of alternative fuels and lighter/cheaper materials.

Capital-intensive industry, 52%*



Offshore oil & gas, 12%

Greater energy needs lead to major investments in more complex and new exploration projects in deep-sea environments (Brazil and Western Africa) as well as more stringent maintenance (Mexican Gulf and the North Sea), which requires more advanced solutions and investments in LNG transportation.

Transportation equipment, 14%

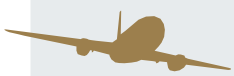
Increasing flows of people and goods require more efficient transportation by rail, air, bus and truck as well as improved inventory management and transportation equipment combined with ever stricter environmental requirements.

Agriculture, 11%

Large-scale farming requires increased investments in large tractors and tires, in parallel with higher demand that is catalyzed by a rapid mechanization of agriculture in high-growth countries. Demand for biofuels and more sustainable agriculture is driving demand for more advanced products and solutions.

Infrastructure construction, 10%

Under-investment, a strong urbanization trend and the economic development of high-growth countries are driving requirements for new and improved infrastructure for such transport systems as road, rail and air travel as well as ports, tunnels, etc.



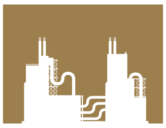
Aerospace, 5%

The upgrade of, and purchase of new, civil and commercial aircraft fleets due to increased traffic, particularly in high-growth countries, as well as more fuel-efficient technology and more stringent environmental requirements are leading to lighter aircraft with a greater technological content.

*) Share of the Trelleborg Group's sales in 2014.

GRI: G4-8

37%



of Trelleborg's sales

Breadth of opportunities in general industry

In an increasingly polarized world, the economic map is being redrawn and our global growth is becoming ever-more concentrated to certain markets and customers. This also has industrial implications. The capacity as a global partner to satisfy local needs through customized comprehensive solutions is becoming increasingly important in the pursuit of long-term value creation.

General industry. For Trelleborg, the *General industry* segment encompasses products and solutions for companies active in the processing and manufacturing industries as well as industrial machinery and equipment.

The segment is characterized by geographic growth markets and certain major customers demanding an increasing number of products and more advanced solutions to satisfy their industrial expansion and development, while more mature markets require even more advanced solutions and services.

A common feature of Trelleborg's products and solutions in the General industry segment is that they are customized and often form part of a comprehensive offering. They also represent a non-critical share of the cost of the end-product's total value.

Examples of products and applications

Antivibration systems	Systems developed to minimize noise and damp vibrations in generator sets, fans and separators, for instance.
Engineered fabrics	Specialty polymer-coated and calendared materials for custom-solutions for the majority of industrial applications.
Expansion joints	Solutions that absorb pressure surges, movements and vibrations in pipe systems, such as those found in the food, cooling, heating and processing industries.
Industrial hoses	Specialist hoses for various industrial applications in, for example, the manufacturing, food and processing industries.
Printing blankets	Printing blankets for advanced offset and digital printing applications, representing printing quality, ink transfer and dot control.
Seals and bearings	Seals – such as O-rings, rotary seals, hydraulic and various specialty seals – in many fields of application and niches for both static and dynamic applications.

Reliable flow for food producers

In the food and beverage industry, each hose must fulfill many criteria to suit the task.

"Trelleborg has been delivering hoses to the food industry for more than 25 years," says Christine Dhiersat, Product Manager. She is based in Trelleborg's facility in Clermont-Ferrand, France, where all of the development and production of hoses for food and beverages takes place.

"Development begins with the end-users. We start with their basic requirements – which could be resistance to high temperatures or fats, or increased flexibility. Then we decide what rubber solutions could be the best fit," says Christine Dhiersat.

The requirement specification for a hose can be long, and extend way beyond the hygiene area. For example, fats and oils can cause a rubber compound to detoriate, reducing the elasticity of the hose. The hoses must be able to withstand various cleaning processes, including the use of steam and chemicals, such as nitric acid. If the hose is used for handling dry material, such as grains or sugar, it must be abrasion-resistant on the inside, while abrasion-resistance on the outside is a requirement for outdoor applications. Lighter hoses make handling easier for workers and create a safer work environment.

GRI: G4-4, G4-8

VALUE-GENERATING BUSINESS DEVELOPMENT

Offshore oil & gas – deeper depths, new safety standards

12% of Trelleborg's sales

An expanding population is driving an increasing demand for energy. Offshore oil & gas exploration is taking place at ever greater depths and in more remote locations, thereby increasing the complexity of the extraction process. More advanced solutions are required to ensure safe and efficient energy production in these demanding environments. This has, for example, accelerated the development of technologies for efficient and safe transfer and transportation of liquid natural gas (LNG).

Offshore oil & gas. For Trelleborg, the *Offshore oil & gas* segment includes products and solutions for companies active in offshore exploration, extraction, production and transportation of oil & gas in deep-sea environments.

A consequence of demand for energy rising across the world is that energy producers need to explore areas that are increasingly difficult to access, thereby broadening complexity.

In the segment, Trelleborg focuses on solutions that increase the safety and efficiency of exploitation and extraction processes, whether surface installations or installations on the ocean floor. Trelleborg's solutions also entail a reduction in the need for maintenance, since down-time is minimized. This also maximizes the operator's return.

Examples of products and applications

Syntactic foam buoyancy	Risers for drill strings, distributed and ROV buoyancy modules that provide buoyancy and insulation properties in applications used primarily in deep-sea environments.
Seals	Specialist seals that provide resistance to aggressive media and high pressures in various offshore installations.
Thermal insulation	Polymer-based insulation for extended service life and higher efficiency in equipment used in deep-sea environments.
Fire protection/ Elastopipe	Rubber-based protection, suppression and containment systems for use in the event of a jet fire.
Systems for docking and mooring	Electronically controlled systems that facilitate safe vessel mooring and FPSO (floating production, storage and offloading) unloading.
Oil & marine hoses	Reinforced hoses in large dimensions for offshore oil offloading and hoses for LNG offloading.
Floatover technology	Elastomer elements that form part of the spring systems in LMUs (Leg Mating Units) for installation of topside structures on substructures at sea in a floatover process, which replaces conventional lifting technology.
Antivibration systems	Damping systems for equipment that minimize vibrations and movements on offshore installations.

An uplifting solution

Energy exploration in locations that are increasingly difficult to reach poses particular challenges – such as constructing facilities in extremely adverse environments.

Offshore oil rigs are a typical example. Conventionally, the jacket – the structure on which the oil rig stands – is secured to the seabed, and the deck, or topside, is lowered onto it by a heavy lifting crane. But with topside structures that can now weigh more than 30,000 tons, using cranes is often impossible.

This is where the floatover method comes in. The method involves a barge maneuvering the topside between the legs of a jacket. Then the barge takes on seawater as ballast, sinking slightly so the topside is installed in place on top of the jacket.

Trelleborg supplies the Leg Mating Units (LMUs) between the topside structure and its legs, and the deck support units (DSUs) that make this operation possible. The units absorb the static and dynamic loads of the topside, as well as the horizontal forces arising from wave conditions.

"Traditional methods cannot handle topside structures of the size and weight we are talking about here. We predict a similar development in offshore wind industry, since the floatover process is faster, and a more efficient, safe and cost-efficient method compared with traditional solutions," says J.P. Chia, Engineering Manager at Trelleborg's specialist product operations in Singapore.

GRI: G4-4, G4-8

Transportation equipment – a segment on a roll

14%

of Trelleborg's sales

A growing number of global transactions gives rise to greater movement of people, goods and services. At the same time as borders and restrictions in global trade are changing, a trend toward greater urbanization and increased travel is emerging. Satisfying all of these transport needs – while also distinctly reducing the environmental impact – requires new efficient technology and more advanced transport solutions.

Transportation equipment. For Trelleborg, the *Transportation Equipment* segment mainly comprises products and solutions for manufacturers of ships, trains, buses, trucks, forklifts and other materials handling equipment.

This segment is characterized by a number of countries undergoing economic development, in which both manufacturing and transportation volumes will eventually increase. Demand for materials handling equipment and vehicles is growing, while investments are being made in mass transportation solutions to reduce the impact of transportation on the environment.

Trelleborg's polymer-based solutions and applications expertise increase safety, improve driver comfort and contribute to more economical operation, which combined, lead to lower costs for vehicle users and manufacturers of materials handling equipment.

Examples of products and applications

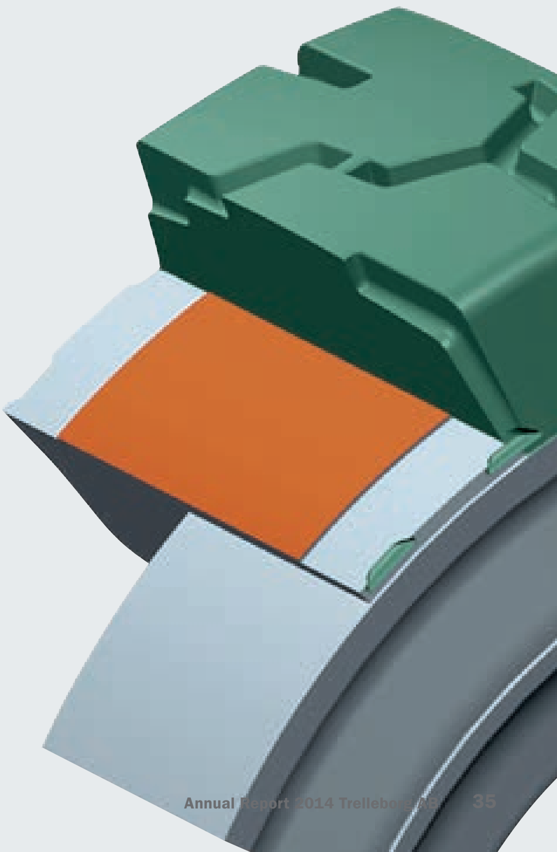
Antivibration systems	Systems developed to minimize noise and damp vibrations in ships as well as rail and rolling stock.
Speciality tires	Solid tires for high loads and long service life in demanding environments, such the construction and waste management industries.
Industrial tires	Specialty tires that offer long service life and high fuel efficiency for materials handling vehicles, such as forklift trucks.
Fire protection	Fire-retardant natural rubber coating for suspension components that delay the spread of fires in trains and underground trains.
Seals and bearings	Engineered solutions that operate at high pressures and within rotating applications at speed, such as those found in trains.
Engineered fabrics	Polymer-coated fabrics used in rubber flooring, for example, and in bellows on trains comprising multiple carriages.

The line at end of the road

At first glance, Pit Stop Line from Trelleborg is not very impressive – a thin orange band inside a solid rubber tire. But for the forklift truck industry, Pit Stop Line represents a new era in tire management. The aim is to maximize tire life, increase productivity, improve safety and reduce environmental impact. Pit Stop Line from Trelleborg has been developed to indicate clearly when a solid tire needs to be replaced, and it's done in the simplest possible manner: visually. The orange line appears on the tire when it wears down. Operators then know there is an estimated tire life of 80 to 100 hours remaining. This gives plenty of time to plan a tire replacement when its most convenient for the user.

"Being able to use a tire for its whole life has a direct effect on costs," says Gianluca Abbati, Research and Development Manager for Trelleborg's industrial tires.

"It minimizes downtime, provides longer maintenance intervals and reduces the cost of replacement tires and service costs. Pit Stop Line can reduce running costs in excess of 20 percent," says Gianluca Abbati.



GRI: G4-4, G4-8

Efficient agriculture – a survival factor

11%

of Trelleborg's sales

A rising population demands more efficient agriculture to ensure access to food. This requires industrialization of agriculture and, in certain areas, a much faster transition to mechanical solutions. Combined with an increase in alternative energy forms such as biofuel, these represent key drivers for sustainable development.

Agriculture. For Trelleborg, the *Agriculture* segment mainly comprises products and solutions for manufacturers and dealers of agricultural and forestry machinery, tire and machinery distribution companies, and end customers.

The segment is characterized by ever larger and ever more efficient agriculture, implying increased investments in bigger tractors and tires, which is catalyzed by a rapid mechanization trend. A growing demand for biofuels and more sustainable agriculture is also driving demand for increasingly sophisticated products and solutions.

Trelleborg's research and development is focused on maximizing the agricultural yield and increasing mechanical efficiency. Tires, wheel systems and sealing solutions are therefore adapted to new agricultural requirements, such as increased on-road tractor driving, longer maintenance intervals and growing demands for biofuels.

Examples of products and applications

Antivibration systems	Systems designed to minimize noise, damp vibrations and improve operator comfort in, for example, tractors.
Hoses	Specialist hoses for handling and processing food in milk and wine production, for example, and for cleaning equipment.
Seals and bearings	Sealing configurations for hydraulic equipment used on tractors, for instance.
Tires	Premium tires for tractors and other agricultural machinery that protect crops and reduce environmental impact by minimizing soil compression.

Better traction and a better environment

Trelleborg works to achieve more sustainable tire management across the entire chain, from tire design and production, to distribution and recycling.

The launch of the TM Blue™ tire concept, which helps farmers increase their productivity while reducing their environmental impact, was a real breakthrough.

"The actual cultivation accounts for more than 50 percent of the carbon footprint in the production of wheat and other cereals. With TM Blue farmers get a higher yield, while simultaneously reducing their CO_2 emissions," says Lorenzo Ciferri, Marketing Director for agricultural and forestry tires at Trelleborg.

The TM Blue agricultural tires till the soil through compaction. They allow soil to regain its original state, resulting in lower plant loss and a higher crop yields. This corresponds to a 6-percent reduction in the carbon footprint compared with other premium-brand tires.

The wide footprint area, up to 13 percent wider than the market average, gives better flotation characteristics by distributing the load evenly across the footprint. The high traction of TM Blue tires reduces slippage which, in turn, reduces loss in terms of working time and fuel. After just one week of tilling, the tires can achieve potential fuel savings of 45-75 liters. That has a rapid effect on the farm's bottom line.

GRI: G4-4, G4-8

10%

of Trelleborg's sales

Continued investments in infrastructure

Better infrastructure is required to nurture economic development in high-growth countries. Lack of basic structure and deferred maintenance is driving necessary investments in more modern solutions for the urban environment, as well as the connecting infrastructure that links high-growth regions with the rest of the world, such as roads, railways, ports and tunnels.

Infrastructure Construction. For Trelleborg, the *Infrastructure Construction* segment encompasses products and solutions for companies that construct and manage infrastructure, such as roads, railways, airports, ports, bridges, tunnels and large buildings.

This includes buildings as well as infrastructure for communication, transportation and water supply/sewage, where complex and innovative solutions are required to optimize land use in densely populated cities, and an increasingly clearer environmental focus.

Whether the structures are above or below ground, Trelleborg's experience in the field of global infrastructure and civil engineering projects provides support for customers when they are specifying requirements for products that often have to last a lifetime or longer. Customers choose Trelleborg for two important reasons: the proven products and comprehensive solutions the Group provides.

Examples of products and applications

Bearings	Laminated bearings that damp vibrations in, for example, bridges and buildings.
Dredging hoses	Hoses in large dimensions for dredging in ports and delta areas.
Expansion joints	Components that absorb movement between, for example, the decking and abutments on viaducts and bridges.
Fenders and mooring	Fender and monitoring systems for safe mooring in ports, which protects ships and structures.
Hydraulic seals	Sealing configurations for hydraulic equipment in construction vehicles, for example.
Pipe seals	Polymer-based sealing solutions for water, drainage and wastewater pipelines.
Tunnel seals	Large sealing systems that secure sections of tunnels, making them structurally sound and watertight.
Facade seals	Facade seals with high wind and rain resistance and high energy-saving potential.

Watertight relations

Water tightness is key for the Hong Kong-Zhuhai-Macau Bridge (HZMB) island and tunnel project. Trelleborg is responsible for ensuring that the 33 tunnel sections remain water resistant at depths of up to 40 meters.

HZMB, the 49.9-kilometer long combination of bridges, tunnels and artificial islands, will be a major artery between Hong Kong, Zhuhai and Macao. It includes the world's longest and most complex immersed tunnel construction.

An immersed tunnel comprises a number of concrete tunnel sections that are built on land. Seals are used in the joints between the sections to keep the water out of the tunnel. Each section of the tunnel is towed out to the installation site on barges, and lowered into position on the seabed.

The life expectancy of HZMB is 120 years, and the link is designed to withstand an 8.0-magnitude earthquake, which means that the tunnel sections must also remain watertight for at least 120 years. Water resistance is an obvious requirement for immersed tunnels and that, in turn, requires high-quality sealing products.

"We are very proud of the HZMB island and tunnel project," says Jackie Huang, Managing Director of Trelleborg's facility in Qingdao, China. Trelleborg is supplying a complete sealing system for the project, including Gina gaskets, Omega seals, waterstops and sealing accessories.

VALUE-GENERATING BUSINESS DEVELOPMENT

Aerospace – next generation of aircraft even more efficient

Increased travel is symptomatic of a more globalized world. With high-growth countries as the catalyst, increased investment in new, lighter aircraft fleets is forecast. In parallel, energy-saving advanced technology enables more efficient air travel, which in turn means that remote destinations are becoming more accessible.

Aerospace. For Trelleborg, the *Aerospace* segment mainly encompasses products and solutions for manufacturers of civilian and commercial aircraft, and other aerospace applications.

The segment is distinguished by the restructuring of aircraft fleets due to changes in air travel patterns and, not least, the need to reduce fuel consumption, leading to increasing demand for new-generation aircraft that are also lighter.

Trelleborg is using its applications expertise to accelerate innovations that ensure aircraft safety, improve passenger comfort and reduce operator costs. Trelleborg focuses on extending component life to maximize maintenance intervals by supplying reliable and unique solutions to meet the more demanding requirements of next-generation aircraft and a growing environmental awareness.

Examples of products and applications

Engine seals	Seals that can withstand the high temperatures of aircraft engines, including specialty fire seals.
Engineered fabrics	Polymer-coated low-friction fabrics for evacuation slides and inflatable boats.
Seals for windows and doors	Seals for airframe doors and windows with high technical and aesthetic requirements.
Hydraulic and actuator seals	Seals for control systems, wheels and brakes, suspension components, landing gear, etc. as well as actuator seals for wings, doors, hatches and cowlings.
Specialty tires	Tires for baggage-handling vehicles and passenger stairs, for example.

Proven for Airbus A350

The world's most powerful test bench for hydraulic rod seals has been used to qualify the seals in the landing gear for the Airbus A350 jet airliner. The sealing system passed 20,000 complete landing cycles plus additional tests for ice scraping and water spray.

The test bench is located in Trelleborg's research and development center in Stuttgart, Germany. Here, the company's customers can have their seals rigorously tested for critical applications. Installed in a specially constructed well, the 18-ton, 260-kilowatt floating-mount rod seal test bench is capable of simulating, as realistically as possible, the patterns of movements and stresses faced by hydraulic rods seals in extremely demanding applications.

"The task of the test bench is to simulate reality as closely as possible in the laboratory," says Eric Seeling, the engineer responsible for the design of the test bench.

GRI: G4-4, G4-8

11%
of Trelleborg's sales

Light vehicles – new platforms for all parts of the world

Global growth is becoming increasingly polarized, with high-growth countries and certain major customers serving as the catalysts. A growing middle class, and ever-increasing demand for passenger cars and more streamlined manufacturing represent future drivers for the automotive industry. The increasing dominance of global manufacturing platforms leads to consolidation, which is driving the need for specialization and a niche focus.

Light vehicles. For Trelleborg, the *Light vehicles* segment encompasses products and solutions for manufacturers of light vehicles, in all sizes and models.

The automotive industry was one of the first to become truly global, which is accentuated in that manufacturers now use the same platforms for their models in all regions of the world. The industry is continuously driving innovations that improve safety, reduce fuel consumption and make it possible to run vehicles on alternative fuels.

Trelleborg is an important partner to the major OE manufacturers, supporting them – through its global presence – with specialized applications expertise for various polymer-based niche solutions that seal, damp and protect.

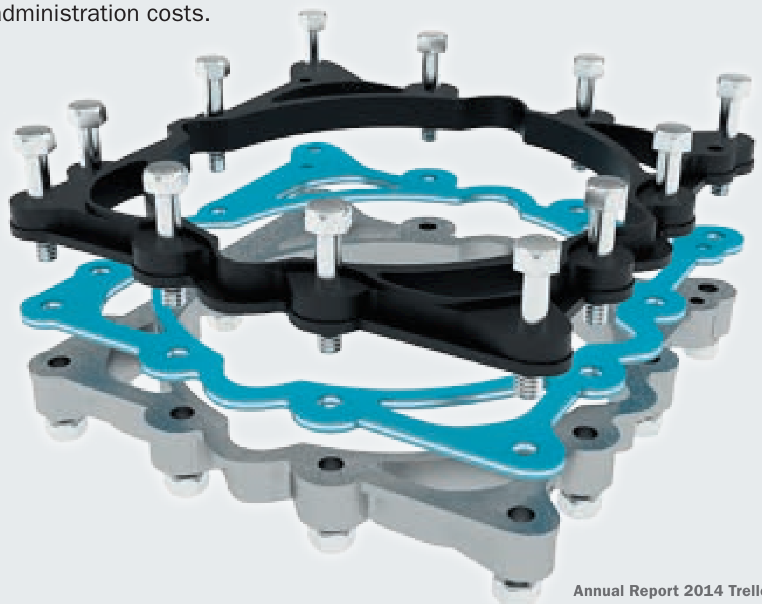
Examples of products and applications

Boots	Polymer-based boots that protect driveshafts and steering systems.
Brake shims	Noise-damping rubber and metal laminates for brakes, for safer and quieter braking.
Seals	Sealing solutions that are used throughout the vehicle, for example, in electronic control units and in the fuel system.

Layer-by-layer technology for automotive innovation

Unlike other suppliers to the automotive industry, who are cutting costs and reducing prices, Trelleborg is investing in innovation. Its unique Rubore technology offers an advanced method for manufacturing two to five-layer steel-rubber laminates, and is already a world leader in brake-shim applications. Moreover, the process can be expanded to encompass seals in general.

One area where the technology has yielded major advantages is the seal design for a car's electronic control unit (ECU). Trelleborg realized that the ECU needed to be firmly sealed, since a seal failure would result in a serious safety problem. The room available within an engine compartment is severely limited, so the design must optimize use of the available space. Trelleborg's solution replaces an earlier design that used a metal cover for the ECU. The result, Rubore Cover Seal, combines sealing and protection of electronics in a single integrated unit. The solution dispenses with costly manual installation and reduces the number of components, which in turn lowers logistics, assembly and administration costs.



GRI: G4-4, G4-8

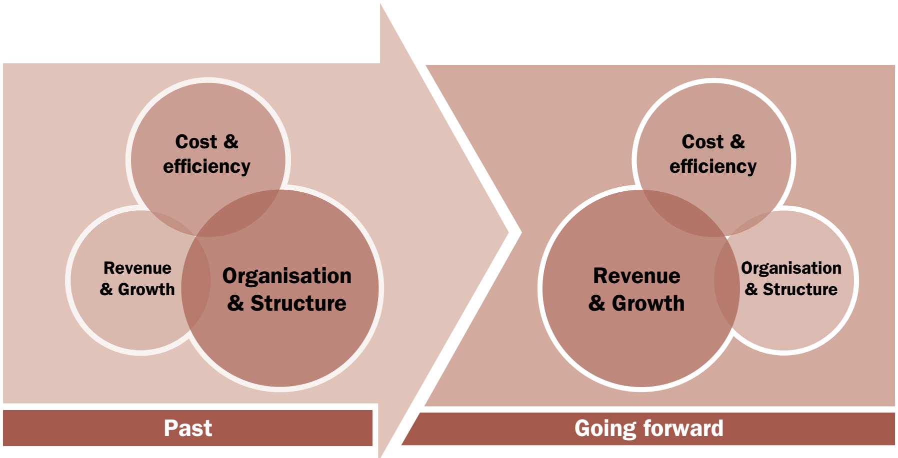
Outlook – focus on multi-dimensional growth

Trelleborg will focus even more on multi-dimensional growth.

Efficient organization. Trelleborg has maintained a strong operational focus and worked intensively to structure, integrate and develop acquired and existing operations, and to ensure efficiency in the organization that has been operational since 2012. This applies to all functions – from development, purchasing and production to marketing – and includes high cost efficiency and control. Work on the four strategic cornerstones – geographic balance, portfolio optimization, structural improvements and excellence – has generated results and will also remain a priority. Gradual everyday improvements, combined with structural changes, have led to results.

Focus on revenue and growth. However, the development and success of the Group to date has motivated greater emphasis on multi-dimensional growth and innovation. This also includes the Group's efforts with professional development, where Trelleborg is increasing its investment in training through the *Trelleborg Group University*.

Based on Trelleborg's existing position, the Group is focusing on multi-dimensional growth and innovation. This ranges from growth in geographies and segments, or through innovation, customer integration and differentiation.



The areas are the same, but the emphasis has shifted toward a greater focus on sales and growth.

Geography
New in India

In 2012, Trelleborg established two operations in India, co-located in one facility in Bengaluru. The facility develops and produces industrial antivibration systems and specialty molded components for various industrial segments. The operations provide Trelleborg's existing international customers with local support and deliveries to their facilities in India, in addition to offering deliveries and support to local Indian manufacturers.

Segment
Stronger in aerospace

In 2014, Trelleborg strengthened its position in the aerospace industry by becoming the first volume manufacturer of aircraft seals in Europe to obtain Nadcap accreditation. Trelleborg's facility in Tewkesbury in the U.K. has now received this important accreditation. Trelleborg's facility in Fort Wayne, Indiana, U.S., has also received accreditation.

Innovation
Solvent-free

In Trelleborg's printing blanket facility in Lodi Vecchio, Italy, the *Solventless Roller Head Line* has been installed – a revolutionary method to the rubber coating process for printing blankets. The double-coated rubber substrate is produced without needing solvents. At the same time, the total consumption of solvents in the facility decreased and consumption is expected to decline by 70 percent in 2015.

Customer integration
Easy to do business

Trelleborg is expanding and deepening collaboration with customers and is making it easy to do business with Trelleborg. For example, user-friendly programs and apps are offered that save time, reduce workloads and solve problems for the Group's customers. The Group now has more than 20 apps that range from finding the optimum tire pressure for a tractor, to calculating the most appropriate vibration-damping solution.

Differentiation
The big gets bigger

Trelleborg has long been the leading supplier of agricultural tires in the extra-large tires subsegment. This segment includes investments in product development, where a wider tire area gives better flotation characteristics by distributing the load evenly across the footprint and thus reducing slippage which, in turn, minimizes loss in terms of working time and fuel consumption.

Carefully selected market presence

The basis for Trelleborg's positioning is the innovative, high-tech features of its products.

Investments in future growth. Trelleborg has chosen to concentrate on high-growth segments where the Group has the best conditions for achieving favorable profitability. In this segment, Trelleborg is continuously striving for leading positions in global, regional and local markets. The strategy is to be among the top three players in terms of market share.

The basis for Trelleborg's positioning is partly the innovative and high-tech features of its products that provide value-added solutions for customers, but also Trelleborg's level of service and customer knowledge that gives customers a sense of security in their choice of supplier. The Group works actively on being ahead of customers in terms of knowledge of the business potential of technical advances and to understand how the customer can better satisfy its end-customers and make more sales.

Several dimensions must be taken into consideration when prioritizing future growth investments. These may be segments, niches and product categories combined with geographies, regional and local presence, customers and applications that impact ventures, from the perspective of mature and growing markets.

Examples of attractive areas are niches in the mining sector, the broad health sector involving the medical technology and pharmaceutical industries, as well as markets outside Western Europe and North America.

Trelleborg's growth strategy also entails that the Group's five business areas are able to operate in the same segment or niche, which provides opportunities for synergies in terms of knowledge, product development, purchasing, production, distribution and marketing.

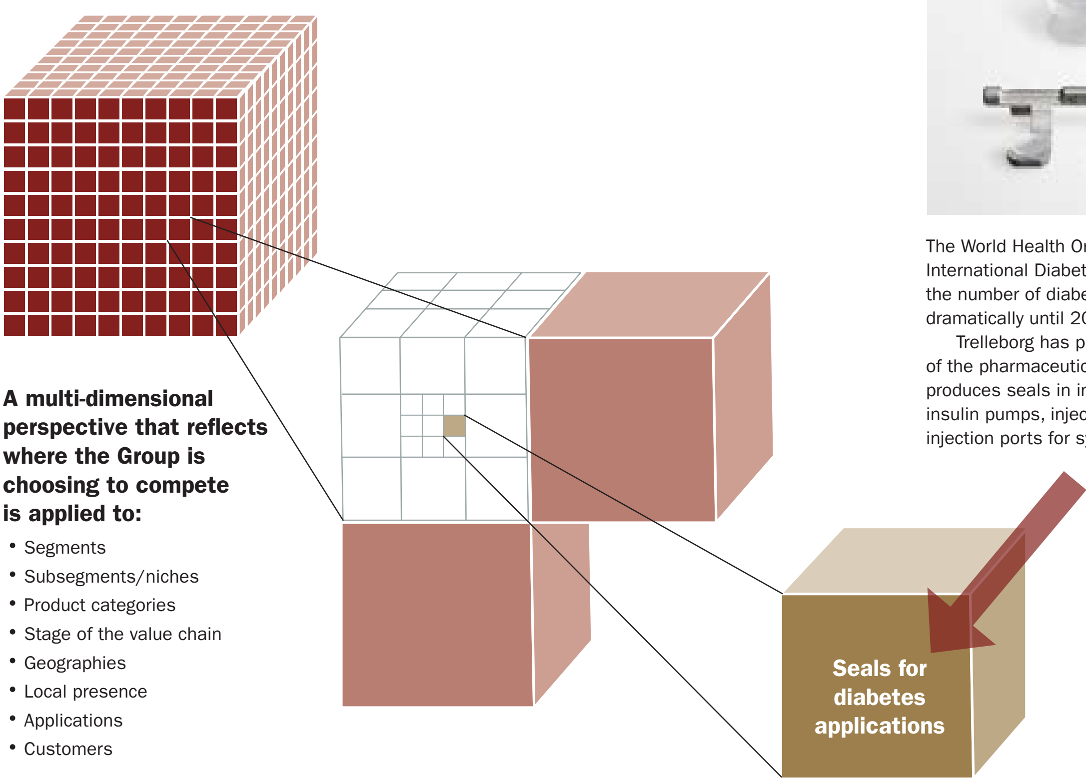
Market segments that Trelleborg operates in

Market segment	Total Group	Trelleborg Coated Systems	Trelleborg Industrial Solutions	Trelleborg Offshore & Construction	Trelleborg Sealing Solutions	Trelleborg Wheel Systems
General industry	37%	84%	64%		46%	
Capital-intensive industry	52%					
– *Offshore oil & gas*	*12%*		5%	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 and business area, 2014.

The World Health Organization (WHO) and the International Diabetes Federation (IDF) predict that the number of diabetes cases in Asia will rise dramatically until 2030.

Trelleborg has prioritized investments in this part of the pharmaceutical industry, and develops and produces seals in infusion sets, cartridges for insulin pumps, injection port septums, vials, injection ports for syringes and insulin pens.



A multi-dimensional perspective that reflects where the Group is choosing to compete is applied to:

- Segments
- Subsegments/niches
- Product categories
- Stage of the value chain
- Geographies
- Local presence
- Applications
- Customers

Innovation for better function, business and sustainability

Innovation at Trelleborg encompasses both better functionality and the provision of knowledge that leads to better business, which in turn improves such factors as customers' productivity, costs, sales and profitability. It should be easy to do business with Trelleborg.

Customized polymers. The core of Trelleborg's product and innovation development is the Group's engineered polymer solutions that meet customer-specific requirements for such functional properties as elasticity, hardness and resilience. However, the majority of Trelleborg's innovation work consists of applied development that takes place in close collaboration with customers.

Greater focus on customer integration. The shape of business relationships will change in the future. Customers will expect a different type of support compared with today and other means of interaction.

Digital technology also has substantial growth potential. Trelleborg invests in different types of digital services to simplify our customers' work which, in turn, improves their productivity, costs, sales and profitability.

Trelleborg's business is increasingly shifting from simply supplying products to delivering service and solutions. For example, with digital, solution-oriented systems that interact with the customer's, Trelleborg becomes part of the customer's business. Accordingly, Trelleborg will move up the value chain and become increasingly solution-oriented and able to offer complete solutions.

Another example of digital service is Trelleborg's increasingly advanced logistics solutions and solutions in three-dimensional CAD/CAM. Customers can design their own products and solutions in these systems.

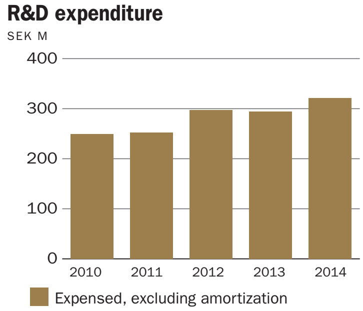
Trelleborg is expanding and deepening collaboration with customers and making it easy to do business with the Group through other user-friendly programs and apps that save time, reduce workloads and solve problems for the Group's customers.

Trelleborg's products often have a critical function in the customer's solution, while representing a minor portion of the total manufacturing cost. The tendency to replace them with cheaper competing products will thus be minimal. Although seals for an excavator can be purchased cheaper, the risk of failure due to inferior quality is not worth the effort, since the seals represent such a small proportion of the total cost.

Research and development. Trelleborg's research and development process comprises three levels. The first level comprises basic knowledge of the physical and chemical properties of polymers and other material. The second is knowledge of applications in the Group's market segments. The third level is the actual design of products and solutions.

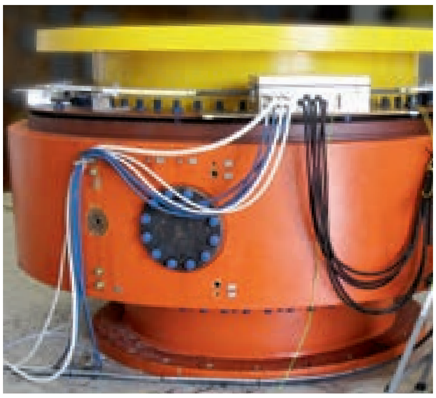
The number of research and development units is steadily increasing. These are strategic investments that consolidate and develop the leading positions. In 2014, Trelleborg had some 40 research and development units in approximately 20 countries. In 2014, Trelleborg's research and development expenditure amounted to SEK 321 M (294), corresponding to about 1.4 percent (1.4) of sales.

R&D expenditure



Good for customers, good for society. Although the purely technological process and production aspects of Trelleborg's solutions provide the primary benefits, other dimensions can be highly significant, such as solutions that also contribute to sustainable development. Trelleborg's products and solutions save energy, eliminate noise and vibrations, and protect society's infrastructure. This what Trelleborg calls Blue Dimension™.

Trelleborg's industrial antivibration operation has developed a solution that not only eliminates vibration in excavators, but also secures the cab in the event of accidents, which saves money and improves functionality for customers.



Trelleborg has developed a method for seal welding that reduces downtime, and thus costs, for the oil & gas industry, since it allows swivel stack seals to be welded in-situ on a FPSO platform, eliminating the need for it to be disconnected and returned to shore.

GRI: G4-4

Corporate Responsibility

Solutions for forestry and agricultural machinery
Lower fuel consumption. Lower CO_2 emissions. And larger harvests. Using Trelleborg's smart TM Blue tire concept, farmers can both protect natural assets and harvest more.

A clear platform of responsibility

In 2014, I and the other members of Group Management devoted our time and energy to prioritizing and planning our current and future activities in the field of corporate responsibility. The aim was to further develop our shared platform for long-term value creation. This platform focuses on the responsibility that Trelleborg assumes toward its stakeholders, the most important of which include customers, employees and shareholders.

Trelleborg and the Global Compact

Since 2007, Trelleborg has been affiliated with the UN Global Compact network, an initiative that promotes responsible corporate practices in the areas of the environment, labor, human rights and anti-corruption.

GRI G4 guidelines and external audit

Trelleborg reports CR for 2014 in accordance with the most recent version of the Global Reporting Initiative guidelines for sustainability reporting: GRI G4. The reporting is in accordance with the Core option.

PricewaterhouseCoopers conducted a review and assured this application level, with a focus on the most significant CR issues. See the assurance report *on page 114*. An overview of the GRI index can be found on *page 54*.

More information and a detailed GRI index are provided in the more comprehensive 2014 CR report that can be downloaded at www.trelleborg.com/en/The-Group/Corporate-Governance/.

The preparation of our expanded CR platform is based on our long-term value creation, core values and Code of Conduct, and is intended to provide clear guidance on the direction in which we want to develop. I have summarized the fundamental elements below:

1 **First and foremost, the basis of our CR work must be that we continue to be a good corporate citizen that follows rules,** meaning that we meet the requirements laid down in law and ordinances wherever we conduct operations, and those adopted in international agreements, for example, on human rights. Consequently, we have decided that our highest priority is to continue to further develop our work on training and information in these areas. Preventing corruption and violations of competition laws and environmental legislation is entirely fundamental. During the year, we also prioritized special measures to prevent child labor in our supply chain, which is something we will continue to focus on.

2 **Another key area for us is ensuring safe and efficient resource management.** Our employees and their expertise are the core of our daily achievements, and their health and safety are naturally high priorities for us. Of course, it is also a matter of economizing on material and energy resources. We want to minimize all forms of waste and wastefulness, and continuously raise the bar of our efficiency so that instead we can use these resources to shape our common future. This focus area also includes responsible handling of chemicals and plans for phasing out those that are considered to be hazardous.

3 **A third area that I would particularly like to highlight is diversity.** It is an honor for us to be a global company that values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. We always recruit locally since the composition of our managers and employees should reflect what our markets are like. Besides this ethnicity factor, diversity for us is having a balanced mix of ages and genders for our operation, and we will continue to work decisively and systematically with this issue.

4 **The fourth area is our local community involvement.** The basis of this area is that we want to nurture good local relationships in all locations in the world in which we conduct business. This is expressed in different ways, for example, in different projects in which we support local development, sometimes focusing on children and young people – our ongoing projects in Sri Lanka and Brazil are excellent examples here – and sometimes focusing on other issues, such as diversity. We will present our commitments and involvement on our websites and via social media.

In conclusion, we will remain open about where we stand with regard to sustainability. This means that Trelleborg's CR communication, with the clear focus areas that I have outlined here, will remain transparent. Our stakeholders must be able to assess how well we meet and fulfill the responsibilities that we have. We promise to do our very best to respond to all types of questions about this important work. We are confident that we have a clear overview of our operations and that we pursue systematic work processes for continuously raising the bar in everything that we do.

Peter Nilsson, President and CEO

GRI: G4-1, G4-15, G4-16, G4-19, G4-24, G4-33, G4-56

Focusing on the material aspects

Trelleborg's 2014 CR reporting is the first prepared in accordance with the Global Reporting Initiative's new G4 guidelines. The focus of the reporting remains targeted to the sustainability aspects deemed most essential by both external and internal stakeholders.

Due to the reciprocity in the relationship, the most important stakeholder groups for Trelleborg are *Customers*, *Employees* and *Shareholders*, which also encompasses investors. Other stakeholder groups include *Suppliers* and *Society*, including, for instance, neighbors, the media, students and researchers, representing the social groups with which Trelleborg maintains the closest dialog.

Trelleborg performed materiality analyses back in 2007, 2009 and 2012 to ensure that the content of the company's CR work and CR communication created long-term value and lived up to the expectations of the most important stakeholders.

A number of central environmental aspects for industry were deemed by both external and internal participants in these analyses to be the most essential elements, for example, *Use of hazardous chemicals*, *Energy consumption* and *Emissions to air and water*.

The surveys also highlighted *Open communication* and *Community relations* as central aspects. In February 2014, the previous analyses were supplemented with an evaluation performed by Trelleborg's management and guided by the company's strategy and future plans, including an analysis of the external business environment.

This time, the sustainability approach was broader than before, highlighting the company's value chain and the manner in which human rights are respected in the chain (*see page 44* and the example on *page 46*).

The material aspects in the overall analysis were converted into four focus areas during the year. Organization, action plans and key performance indicators were then established for each area. The analysis will be re-evaluated by the stakeholder groups in 2015-2016.

Materiality analysis 2014

Significance to stakeholders' perceptions and decisions	IMPORTANT	VERY IMPORTANT	
VERY IMPORTANT	• Open and honest communication • Corporate governance and transparency • Environmental performance of products	• Compliance with legislation and human rights • Corruption and bribery • Anti-competitive behavior • Use of hazardous chemicals	• Supplier practices • Energy and climate • Emissions • Waste • Occupational health and safety
IMPORTANT	• Labor/Management relations • Investment and divestment practices • Risk and crisis management • Public policy and lobbying • Talent attraction and retention • Training and development	• Diversity • Community relations	

Significance of financial, environmental and social impact

GRI: G4-15, G4-18, G4-19, G4-23, G4-24, G4-25, G4-26, G4-27

Four focus areas

The compiled results of the systematic analyses described on *page 45* highlight a number of essential strategic CR areas for Trelleborg that can be summarized as follows:

- **Compliance with laws and codes**
  - Compliance with legislation and human rights
  - Supplier reviews
- **Safe and efficient use of resources**
  - Health and safety
  - Chemicals
  - Energy/climate
  - Emissions to air (mainly VOCs)
  - Waste

In addition to these high priority areas, the 2014 materiality analysis revealed that the following aspects are important to the company:

- Diversity
- Community involvement

The structure and content of the 2014 reporting was formed according to these priorities and values.

Focus areas for Corporate Responsibility

1

Compliance with laws and codes

Correct is correct – wherever Trelleborg conducts operations, we respect laws, rules and human rights, and stand for a high level of business ethics. This is expressly stated in our Code of Conduct, which we strongly encourage our suppliers to follow in these areas.

2

Safe and efficient use of resources

Raising the bar – At Trelleborg, we work systematically with our core processes to ensure efficiency and value for the customer. We strive to minimize all wastefulness and to provide a safe and secure workplace. Responsibility for monitoring and improving central resource indicators, such as safety, energy, climate, waste, emissions and water, falls under the framework of the *Manufacturing Excellence program.*

3

Diversity

Your difference makes the difference – Trelleborg believes that diversity is positive. We work actively on manifesting this belief and three of the distinct dimensions are *ethnicity*, *age* and *gender*.

4

Community involvement

We contribute to a better society – Trelleborg supports local communities where we conduct operations by participating in a variety of social activities, and at selected locations we provide support for teaching and educational activities for young people.




Examples of stakeholder dialogs in 2014

January 2014:
Start of the Star for Life project at Kelani College, Colombo, Sri Lanka, financed by Trelleborg. Refer to *page 53*.

Workshop organized by LUSIC (Lund University's Social Innovation Center), CSES (the Center for Social Entrepreneurship Sweden) and Malmö University on the theme of "Developing a Social Innovation Infrastructure in Sweden."

April 2014:
World Values Day, a full day for students and professionals on the theme of "How can increased awareness of values contribute to a more meaningful work and private life?"

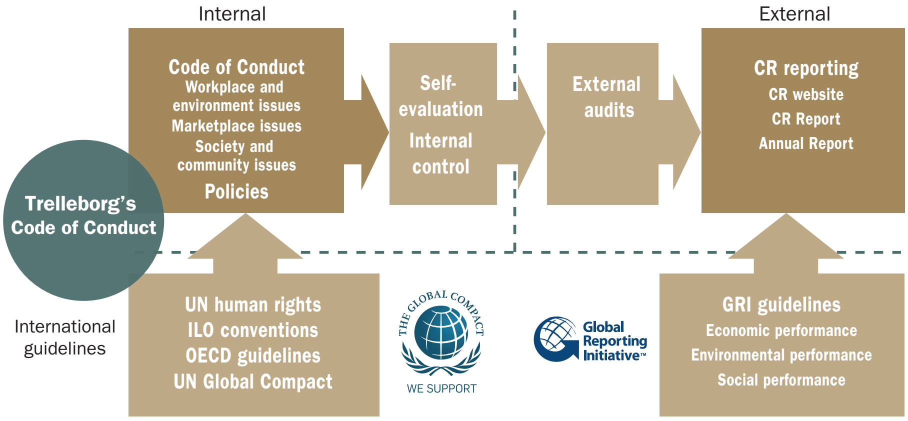
July-September 2014:
Trelleborg suppliers of natural rubber in Sri Lanka, a total of more than 1,000 people, came together at a series of meetings where information was provided about the company's Code of Conduct, particularly regarding harmful child labor. All participants received a copy of Trelleborg's Code of Conduct in Sinhalese. Read more on *page 48*.

October 2014:
Students from the two Master's Program at the International Institute for Industrial Environmental Economics (IIIEE) at Lund University in Sweden once again reviewed Trelleborg's Corporate Responsibility work in a workshop form from a stakeholder standpoint, focusing this time on the materiality analysis and sustainability products/solutions.

Corporate Responsibility framework

The framework for the governance of Corporate Responsibility at Trelleborg is as follows:

- A basic pillar of the internal CR work is Trelleborg's Code of Conduct (*see page 49*) in the areas of the environment, health and safety and ethics, that applies to all employees, without exception. The Code is based on internationally recognized conventions and guidelines, such as UN Human Rights conventions, ILO conventions, OECD guidelines and the UN Global Compact. Training in the Code of Conduct is mandatory for all employees.
- As support for its framework, Trelleborg has a whistleblower policy that allows all employees, without repercussions, to report suspicions of legal or regulatory violations. The process for this policy is based on maintaining high requirements for integrity and safety. Reports can be made either by telephone or online in the employee's own language.
- The internal monitoring of key performance indicators takes place within the framework of both Trelleborg Excellence (*see page 31*) and specific CR follow-ups and reporting. Self-assessments and internal audits also take place, for instance, within the scope of Safety@Work. CR governance is also supported by external audits, such as local ISO 14001 audits (environmental management), and specific efforts in monitoring compliance with the Code of Conduct. Such a follow-up was performed by PwC at two Trelleborg units in China in December 2014.
- The external reporting of Corporate Responsibility issues found in the Trelleborg Annual Report complies with version G4 of the Global Reporting Initiative (GRI) guidelines. In addition, CR pages can be found under the *About us* section of the Trelleborg website (www.trelleborg.com), where you can also download the more detailed annual Corporate Responsibility Report. This is also the report for the UN Global Compact, signed by Trelleborg in 2007. This report contains detailed descriptions of the sustainability governance and an index illustrating exactly how CR reporting complies with GRI guidelines.



How Trelleborg's CR work is governed

At Board level, the Audit Committee has been assigned to monitor the Group's work with CR issues. The work in the operating organization is led by a steering committee comprising the managers of the Legal Department, Group Corporate Communications and HR staff functions.

The daily activities take place, in part, in the Corporate Responsibility Forum, which is a group comprising representatives from the Group Corporate Communications, Legal Department, Environment, HR, Purchasing and Group Finance/Treasury staff functions, and from the Manufacturing Excellence Program and, in part, out in all of the operational units.

The direct responsibility for environmental and health and safety issues is delegated locally – each production plant has an environmental coordinator and a health and safety officer.

GRI: G4-15, G4-16, G4-34, G4-56

Compliance with laws and codes

Trelleborg's extensive regulatory compliance activities include prevention of corruption, restrictive practices and breaches of human rights and environmental legislation.

Anti-corruption and competition law. Trelleborg's Group-wide *Compliance Program* was launched in 2008 and originally focused on competition law. The program is continuously developed and now includes issues related to anti-corruption, export control, professional conduct and ethics, managing bonuses and discounts and handling distribution and agent issues.

The program also includes extensive activities related to relevant applicable legislation, for example, U.K. and U.S. anti-corruption legislation, and specific legislation in the U.S., such as the Dodd–Frank Wall Street Reform and Consumer Protection Act (conflict minerals) and legislation pertaining to the regulation of technology transfer.

Trelleborg's *Compliance Program* is a continuous and long-term effort. All individuals who represent Trelleborg as a global leader in engineered polymer solutions must understand that the Trelleborg brand is affected by the actions of the Group's employees.

Trelleborg takes a zero-tolerance approach to all forms of corruption, which encompasses zero tolerance of all types of bribery, blackmail, nepotism, protection rackets and embezzlement. The Group's Compliance Program is intended to provide greater detail on the content and implications of the Group-wide Code of Conduct (see box on the next page) and thereby clarify exactly what is required. The program applies to the highest level of management and middle managers, as well as employees working in the field and on the shop floor.

All employees are obligated to comply with applicable policies and internal steering documents, which is strengthened by all employees in the upper management levels in the company signing letters of acceptance every year. The Group's whistleblower policy also entitles each employee, without repercussions, to report suspicions of any legal or regulatory violations.

Compliance with laws and permits. No significant breaches of laws or permits in general were reported in 2014.

Human rights comprises fundamental rights defined by various conventions and declarations in respect of child labor, forced labor, freedom of association and collective agreements, discrimination/diversity issues and gender equality. All of these areas are addressed in Trelleborg's Code of Conduct.

Within the scope of Trelleborg's ERM process for risk identification and evaluation, none of the Group's units have deemed the risk of human rights violations to be significant. Various conceivable risks were evaluated in connection with the 2014 review of the supply chain. The only one of these resulting in action being taken was the risk of child labor at rubber plantation level, see the box below.

Child and forced labor. Trelleborg has collaborated with Save the Children for a number of years – a project that is consistent with the company's support for activities for children and young people all over the world and also strengthens expertise in the area of child labor. In 2014, zero child or forced labor violations (0) were reported.

Freedom of association. Trelleborg's policy is to acknowledge trade unions and the right to collective agreements. No units are deemed to be exposed to any significant risk of violations in this area. A total of 48.1 percent (51.5) of Trelleborg's employees at the Group's production units are represented by a trade union through collective agreements.

Diversity and gender equality. No discrimination of employees on the grounds of gender, religion, age, disability, sexual orientation, nationality, political views, social background or ethnicity is permitted. In 2014, 1 case (1) of discrimination was reported and reviewed. The case is under investigation.

Read more about Trelleborg's diversity work on *page 49*.

The environmental area in terms of regulatory compliance comprises local environmental laws and permits, and certified environmental management systems according to the ISO 14001 environmental management standard.

Sri Lanka 2014: More than 1,000 suppliers met to discuss Trelleborg's Code of Conduct

Both direct and indirect suppliers of natural rubber to Trelleborg in Sri Lanka met in 2014 for a series of information and training meetings aimed at strengthening knowledge of Trelleborg's Code of Conduct in general and child labor in particular. These meetings will continue in 2015.

The first information meeting was held on May 7 for direct suppliers of Trelleborg i Sri Lanka. Focus was directed to child labor and ways in which suppliers can best support Trelleborg's Code of Conduct. Child labor that is psychologically, physically or in another way harmful or that disrupts school attendance of younger children is strictly prohibited under Sri Lankan law.

Trelleborg arranged meetings with more than 1,000 representatives from natural rubber producers at about ten different locations. The largest meeting had more than 400 representatives and was held in Kegalle on September 9, 2014. In addition to presentations and discussions, each participant received their own copy of Trelleborg's Code of Conduct in Sinhalese.

GRI: G4-11, G4-15, G4-27, G4-56, HR3, HR4, HR5, HR11, SO4*, SO7, SO8

Contents

Code of Conduct – basis for regulatory compliance and CR

Trelleborg's Code of Conduct in the areas of the environment, health and safety and ethics applies to all employees, without exception. The Code of Conduct is based on internationally recognized conventions and guidelines, such as UN Human Rights conventions, ILO conventions, OECD guidelines and the UN Global Compact. Trelleborg's whistleblower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations.

Environmental laws and codes. 3 cases (1) involving fines or sanctions for non-compliance with environmental or health and salefty-related legislation or regulations were reported for 2014. The total amount was SEK 174,000.

Environmental management. A cornerstone of the Group's major production facilities, according to the Group policy, is that they must be ISO 14001 certified. Facilities that are added as a result of acquisitions are given a certain amount of time to become certified.

At the end of 2014, approximately 80 percent (82) of all facilities were certified. Ongoing efforts have shown significant advantages in having joint certification.

Unforeseen emissions. A total of 3 cases (1) of unforeseen emissions were reported in 2014, corresponding to 25 m^3 (1.3). The entire volume comprised ethyl acetate, a solvent that is at the lower end of the risk spectrum.

Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination. Remediation of contaminated soil is currently under way at 8 plants (11). Another 12 facilities (10) are expected to require remediation, although the extent of the remediation has not yet been determined. In addition, Trelleborg is participating as one of several formal parties in another 6 cases (5) of remediation (3 in Sweden and 3 in the U.S.), although with a marginal cost responsibility. The Group's provisions for environmental commitments amounted to SEK 62 M (61) at year-end.

Environmental studies. When conducting acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities.

In 2014, studies were performed at 17 sites in conjunction with acquisitions or divestments.

Suppliers. Trelleborg's objective is to work solely with suppliers who adopt its business principles. The evaluation of suppliers primarily takes place through Group-wide questionnaires containing questions relating to health and safety, environmental management and social responsibility. Unsatisfactory responses will be investigated and underperforming suppliers are given a deadline for taking corrective measures. Each production unit is to complete an evaluation of its suppliers at a level corresponding to at least 80 percent of the relevant purchasing value as defined by Trelleborg.

At year-end 2014, suppliers corresponding to about 84 percent (81.4) of the relative purchasing value in production units had been reviewed. In 2014, 1 supplier relationship (0) in Germany was terminated for reasons related to the Code of Conduct. Investigations and dialogs are ongoing with a total of 2 suppliers (4)

Diversity – a natural part of international operations

A significant factor of Trelleborg's value generation is the employees' competence and diversity. Alongside the fundamental rules on special treatment and discrimination (*see page 48*), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. Trelleborg works to achieve a balanced mix of ethnicities, ages and genders for its operations.

Ethnicity. A basic rule is that the company's management and managers are to have local representation, which in a company that operates in more than 40 countries, leads to natural ethnic diversity in company management. This diversity can be clearly seen in the business operations. At year-end 2014, management levels 1–4 in the company comprised a total of 36 different nationalities.

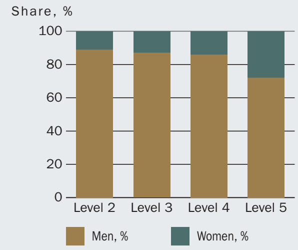
Age. A core issue for all knowledge-based companies, including Trelleborg, is the ability to recruit young talent. Attracting younger people to salaried-employee positions is also relevant due to expected retirement levels over the next ten years.

As a result, Trelleborg is focusing on Generation Y, employees born in the 1980s, starting with a survey completed by 79 percent of employees in this age group. The subsequent workshops looked at issues highlighted by this age group: feedback on work performed, knowledge sharing, personal development, new technology, community involvement and social events. Trelleborg has started to arrange training courses for managers on leading employees from different generations.

Gender. In an engineering-dominated company like Trelleborg, efforts to bring about a more balanced gender distribution for the operation present challenges that require work at all levels. More senior business area and Group levels remain dominated by men, but gender distribution is decidedly more even in the business operations.

Work on achieving a more balanced gender distribution for the operation is manifested in, for example, efforts to actively seek out women candidates for all executive and managerial positions, and for all of the Group's training and development programs, particularly its manager programs.

Gender distribution of senior management



This diagram shows the gender distribution of middle managers at management levels 2–5 in Trelleborg's units. Level 3 corresponds to employees who report to the business area president.

The proportion of women is highest at level 5.

The proportion of women in executive management positions is 28 percent (0) and the proportion of women on the Board of Directors is 29 percent (29).

GRI: G4-12, G4-56, EN24, EN29, LA12*

Safe and efficient use of resources

Manufacturing Excellence, which develops Trelleborg's core processes, and Safety@Work, the Group's program for a shared health and safety culture, comprise two pillars of the company's work to ensure safe and efficient resource management.

It was decided during the year that, in the future, resource efficiency would comprise one of the sub-areas in *Manufacturing Excellence*, thereby generating coordination, proximity and reporting advantages.

Manufacturing Excellence encompasses the areas of safety, quality, delivery and efficiency, and is based on systematic change efforts.

Read more about these different Excellence programs at Trelleborg on *page 31*.

Work environment – health and safety. Trelleborg's *Safety@Work* program aims to create a shared safety culture by implementing improvement programs with preventive and corrective measures at all production units. The program is monitored by performing annual audits and by using selected indicators to measure the number of work-related injuries, illnesses and absenteeism.

Trelleborg's facilities continue to demonstrate a long-term positive trend in cases of work-related injuries/illnesses.

In 2014, 223 cases (209) resulting in at least one day's absence (Lost Work Cases, LWC) were reported. The number of LWC per 100 employees per year was 2.0 (2.0), while the average number of working days lost per injury was 29.3 (29).

Work-related injuries and illnesses defined as LWC per 100 full-time employees per year should be lower than 3.0 at each individual production site. In 2014, about 78 percent (75) of Trelleborg's facilities met this target.

The average number of working days lost due to work-related illnesses and diseases should be lower than 50 per 100 full-time employees per year at each individual site. The outcome for 2014 was that about 72 percent (75) of the sites met this target.

The goal is for all of Trelleborg's facilities to have a well-functioning safety committee. In 2014, such committees – with representation from plant management – were in place at 87 percent (93) of the facilities.

Absenteeism in Sweden. In 2014, total absenteeism at the Group's units in Sweden amounted to 4.6 percent (3.5) of normal working hours.

Raw materials and chemicals. The Group's principal raw materials are polymers (rubber, composites and plastics) and metal components, as well as additives comprising softening agents (oils), fillers such as carbon black, and vulcanizing agents (sulfur, peroxides). Trelleborg's environmental policy stipulates that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes, and as a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the work on REACH compliance, central chemical activities carried out in 2014 primarily involved initiating a *Chemical Reference Forum*, a Group-level forum that assists the business units in phasing out substances that are deemed to be hazardous.

Energy and climate impact. A significant portion of the Group's energy consumption – and thus its climate impact – is connected to fossil fuel combustion (direct energy and emissions) and purchased electricity, steam and district heating (indirect energy and emissions).

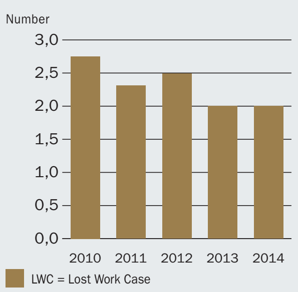
Trelleborg's initiative for systematic energy optimization is part of Manufacturing Excellence and has been introduced at all production units and resulted in lower energy consumption. Between 2010 and 2014, the Group's energy use has decreased relative to sales.

The energy initiative is based on a self-assessment tool linked to guiding documents specifying methods to gradually reduce energy consumption through optimization processes in various areas, such as buildings, heating/ventilation, compressed air, lighting and cooling systems. The initiative is gradually being built out by adding modules, most recently with motors, presses, autoclaves and furnaces.

The Group's total energy use in 2014 was 903 GWh (873), which reflects a higher level of production compared with 2013.

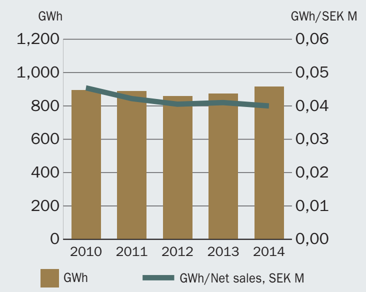
Despite higher total use, the relative energy consumption per SEK M was lower, 0.040 GWh (0.041).

Health and Safety



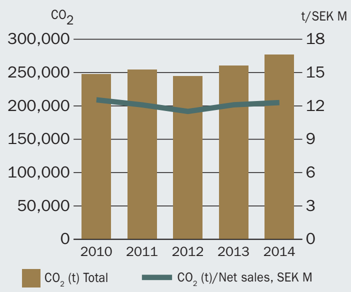
Number of work-related injuries/illnesses per 100 employees resulting in more than one day of absence is declining over time.

Energy



Over time, the *Energy Excellence* program has enhanced energy efficiency.

Climate impact



The relative climate impact has, over time, improved through higher energy efficiency. However, this higher energy efficiency is being neutralized by a growing share of production in countries with a less favorable national energy mix.

GRI: G4-14, G4-56, EN3, EN5, EN15, LA5, LA6*

Direct energy use was 407 GWh (383).

The Group's total energy costs for 2014 amounted to SEK 540 M (517).

Climate. Due to the higher production level compared with the preceding year, total CO_2 emissions in 2014 were 276,900 tons (260,800), of which direct CO_2 emissions amounted to 87,200 tons (81,800). Total CO_2 emissions per SEK M were 12.3 tons (12.1).

Trelleborg's climate targets (*see page 52*), adopted in 2009, address intensity, that is, the extent of emissions in relation to the size of the operation, as well as work to achieve an optimal CO_2 energy mix for the operation in the respective country.

It is worth noting that the relative CO_2 emissions are increasing despite the fact that the relative energy consumption has improved slightly. The positive effects in CO_2 emissions that have arisen as a result of Trelleborg's energy-saving measures are being neutralized over time by the company's shift toward countries where the national energy mix in this respect is less favorable. This is because calculations of CO_2 emissions from purchased electricity are based on national conversion factors from the IEA. These factors reflect the respective country's total energy mix: hydropower and nuclear power generate lower emissions, while coal and oil generate higher emissions.

Water. Water consumption is part of the new area under Manufacturing Excellence that aims to achieve resource efficiency. The focus of water consumption is directed to the site where water is scarce at a regional or local level.

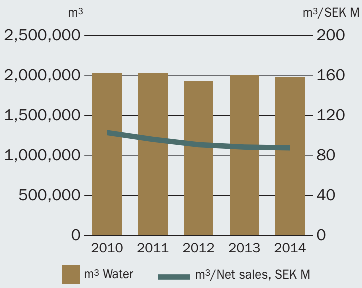
Water consumption in 2014 was 1.98 million m³ (2.0). In terms of the amount of water extracted per source, 44 percent was extracted from drinking water, 26 percent from the company's own wells and 29 percent from surface water. Water in production is mainly used for cooling and cleaning. Major savings have been made since 2008 by using, for example, recycling systems.

Emissions to water are limited but mainly comprise organic matter.

Waste. The total amount of waste in 2014 was 44,700 tons (45,350). The amount of waste per SEK M was 2.0 tons (2.1). Continuous efforts to identify waste disposal alternatives with a higher degree of recycling and lower cost are ongoing in the local operations. Recycling is carried out by external partners and internally. In 2014, the Group's total waste management cost amounted to SEK 39 M (34) and was distributed as follows: 3 percent to internal recycling, 48 percent to external recycling, 11

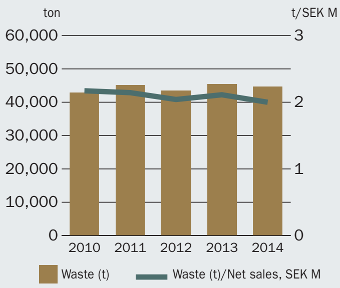
Indicators			Related to net sales, SEK M	
	2014	2013	2014	2013
Energy (GWh)	903	873	0.040	0.041
Climate impact (tons CO_2)	276,900	260,800	12.3	12.1
Water (m³)	1,975,500	2,000,000	87.7	88.5
Waste (ton)	44,700	45,350	2.0	2.1
Emissions to air (ton VOC)	1,195	1,049	0.053	0.049

Water



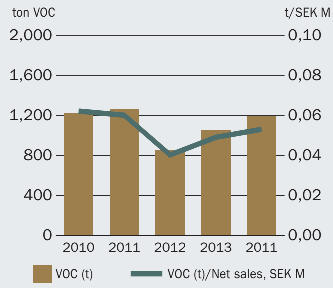
Total water consumption, water used in production and, for example, sanitary water, declined in 2014, both in absolute terms and relative to sales.

Waste



The amount of waste has declined in absolute terms and has continued this trend relative to sales.

Emissions to air



Total emissions of volatile organic compounds has increased in absolute terms and relative to sales due to the performance of units added.

GRI: EN3. EN5, EN8, EN15, EN16, EN18, EN21, EN23 percent to energy recovery, 30 percent to landfill and 8 percent to other waste management services. Of the total waste, rubber accounted for slightly more than 25 percent (27). The volume of environmentally-hazardous or health-endangering waste requiring special treatment amounted to 5,300 tons (5,500).

Emissions to air. In addition to energy-related emissions – such as carbon dioxide (*see pages 50-51*); sulfur dioxide, 216 tons (189); and nitrogen oxides, 41 tons (38) – the company's emissions to air primarily comprise volatile organic compounds (VOC). VOC emissions mainly originate from the use of adhesive agents containing solvents, which are critical for a small number of production units, depending on their production mix. The Group works continuously to reduce the use of solvents, which is exemplified in its deployment of the Solventless Roller Head Line for the production of printing blankets in Italy. *See page 40.*

VOC emissions in 2014 totaled 1,195 tons (1,049). Emissions per SEK M amounted to 0.053 tons (0.049). For units added, primarily for printing blankets in Brazil, structural measures including recycling have been initiated.

Trelleborg's global presence

Trelleborg has operations in 44 countries. Of the total number of employees, 92 percent work outside Sweden.

Number of employees at year-end*

Distributions by country	2014	2013	Change, number
U.S.	2,569	2,190	379
U.K.	1,681	1,659	22
China	1,606	1,577	29
Sweden	1,311	1,383	-72
Italy	1,243	1,343	-100
France	1,052	1,088	-36
Sri Lanka	871	845	26
Germany	731	728	3
Poland	554	508	46
Malta	502	561	-59
Total ten largest countries	**12,120**	**11,882**	**238**

*) Including insourced and temporary employees.

The number of employees in the Group at year-end, including insourced and temporary employees, was 16,552 (15,825), an increase of 4.6 percent. In 2014, the average number of employees in the Group's operations increased to 15,425 (14,827), of whom women accounted for 24 percent (25). Refer to *Note 3, pages 92-93*.

Salaries and other benefits for the average number of employees (excluding insourced employees) in the Group's operations amounted to SEK 5,171 M (4,842). Personnel turnover (not taking terminations and retirements into consideration) varies between countries and facilities, and usually reflects the local labor situation.

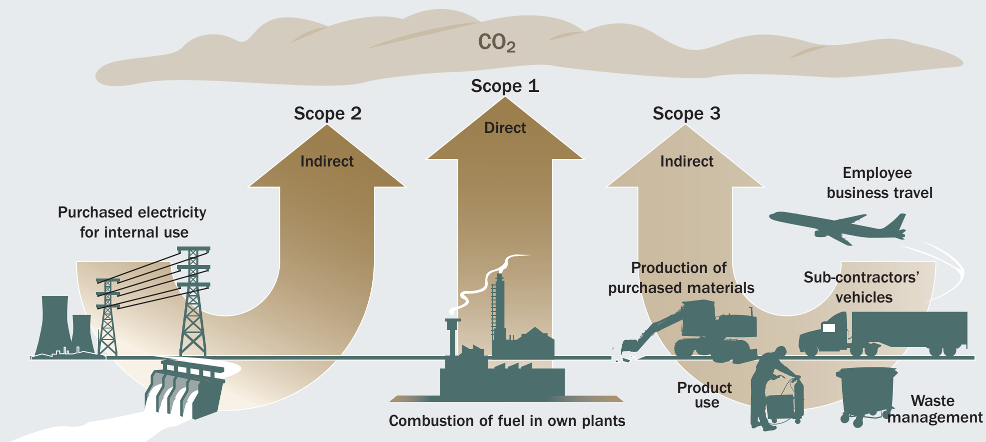
Climate reporting in accordance with the CDP

Since 2007, Trelleborg has participated in the voluntary reporting process of the CDP (formerly the Carbon Disclosure Project), where it openly reports all relevant performance indicators and data pertaining to greenhouse gas emissions, as well as the measures being taken to prevent a negative climate impact. In the CDP Annual Report for 2014, Trelleborg received a score of 71 C (75 B). The figure of 71 out of a maximum of 100 indicates the level of detail and comprehensiveness in the company's climate information. The letter C reflects the company's CO_2 performance score, with high-performing companies receiving a score of A or B.

Trelleborg's "15 by 15" climate-change strategy

Trelleborg's goal is to reduce its direct and indirect carbon dioxide emissions by at least 15 percent, relative to sales, by the end of 2015 – "15 by 15", based on 2008 as the reference year. The emissions in question are caused by energy produced internally and are included in **Scope 1** of the **Greenhouse Gas Protocol** (see diagram below), as well as those caused by energy purchased for internal use, which corresponds to **Scope 2**.

Ongoing Energy Excellence activities (*see pages 50-51*) have reduced energy consumption in Trelleborg's production since 2009, and simultaneously led to improvments in terms of carbon dioxide emissions, the extent of which differed in the various countries (*see page 51*). In total, there was a 13-percent improvement in emissions relative to sales compared with 2008. **Scope 3** includes indirect emissions primarily from purchased transport, but also, for example, travel, purchased materials, product use and waste management. Approximately 80 percent of Trelleborg's raw materials and finished products are transported by truck. Carbon emissions caused by transport activities will be analyzed more closely in 2015 in order to compare levels with other emissions from indirect energy sources and energy produced internally.



GRI: G4-6, G4-10, G4-15, G4-56, EN8, EN21, EN23

Community involvement

Trelleborg has a number of ongoing programs that support the development of children and young people, and local partnerships with sports clubs that prioritize activities with young people. In addition, Trelleborg has partnerships with, for example, schools, universities and interest groups.

In 2014, 20 percent of Trelleborg's reporting units indicated CR-related partnerships (support or sponsorship) with organizations working in the fields of environment, health or society. Some of the major initiatives are described here.

Sri Lanka. Since 2012, a school program has been conducted at Kelani College, Colombo, Sri Lanka, together with Star for Life to support and inspire young people to believe in their future and their dreams, *refer to page 46*. The three-year program is based on regular coaching and sports and music activities.

In Sri Lanka, Trelleborg has also run a preschool under the name Antonio Bianchi's House in partnership with Child Action Lanka since 2010. The school has daily activities for children with some form of functional disability. Both of the schools are close to Trelleborg's industrial and agricultural tire facilities in Kelaniya.

Brazil. Trelleborg supports more than 6,000 children in preschool operations in the São Paulo region of Brazil through Save the Children and its partner Fundação Abrinq, via a project that improves educational environments by training teachers and better equipping premises and playing areas.

Trelleborg promotes diversity in Swedish business. Rosengård Invest, based in Malmö, is an investment company that was founded in 2009 by Trelleborg AB in partnership with E.ON, Swedbank and Folksam. The company has successfully distributed venture capital to entrepreneurs who do not have a Swedish background in both new and existing companies in the Swedish market.

Created and distributed value. Trelleborg's operations generate a financial value that is largely distributed among various stakeholders, such as suppliers of goods and services, employees, shareholders, banks and other creditors, and to society in the form of taxes. The figures below relate to continuing operations for both 2014 and 2013.

In 2014, the Group generated SEK 22,979 M (21,868), of which SEK 20,808 M (20,211) was distributed among various groups of stakeholders, as shown in the diagram and specification below.

Distributed value 2014

Suppliers: *Payment for materials and services: SEK 12,432 M (12,386), Note 8.*

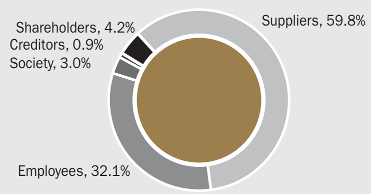
Employees: *Salaries and benefits: SEK 6,687 M (6,196), Note 8.*

Shareholders: *Dividend in 2014: SEK 881 M (813). Long-term dividend policy: 30-50 percent of net profit for the year, refer to page 4.*

Creditors: *Interest expenses: SEK 184 M (229), Note 11.*

Society: *Taxes paid: SEK 627 M (587), page 85.*

Distributed value, 2014



GRI G4 index overview

To make it easier to find information about Trelleborg's CR work in the Annual Report, material corporate responsibility issues have been grouped in areas that conform to GRI G4 international sustainability reporting guidelines.

Trelleborg's overarching CR profile and four focus areas are presented below. Material sustainability aspects according to GRI can be found under the respective focus areas. Material CR issues for Trelleborg that do not constitute separate GRI aspects are marked in italics. Indicators with omitted parts are marked with a *, and commented on in Trelleborg's separate CR report for 2014, see below.

The second column contains material GRI indicators for each sustainability aspect, with a page reference in the third column. The remaining columns contain references to the UN Global Compact, to which Trelleborg became a signatory already in 2007, and to the CDP (Carbon Disclosure Project). A complete GRI index with limitations, omitted parts and Disclosures on Management Approach (DMA) is provided in the more comprehensive 2014 CR report that can be downloaded at *www.trelleborg.com/en/The-Group/Corporate-Responsibility.*

	GRI G4 indicators	Pages in the Annual Report	Connection to principles in UN Global Compact	Connection to the CDP
Company's CR Profile				
CEO's comments	G4-1	2-3, 44		
Trelleborg's profile	G4-3–G4-11, G4-13–G4-14, G4-17, G4-34	cover, 4-30, 32-42, 47-48, 50, 52, 63-69, 92, 98	3, 6	1.1, 1.2, 3.1
Code of Conduct, core values and external initiatives	G4-15–G4-16, G4-56	6, 27, 31, 44-50, 52		
Suppliers	G4-12	49		
Stakeholder engagement	G4-24–G4-27	44-46, 48		
Report profile	G4-18–G4-19, G4-23, G4-28, G4-30–G4-33	cover, 44-46, 54, 112, 117		8.6
Focus areas 1-4 and sustainability aspects under GRI G4				
1 Compliance with laws and codes				
Anti-corruption	SO4*	48	10	
Competition issues	SO7	48		
Compliance (social)	SO8	6, 48		
Compliance (environmental)	EN24, EN29	49	7	
Non-discrimination	HR3	6, 48	1, 2, 6	
Freedom of association and collective bargaining	HR4	48	1, 2, 3	
Child labor	HR5	48	1, 2, 5	
Human rights in the supply chain	HR11	48	1, 2	
2 Resources				
Energy	EN3, EN5	50-51	7, 8, 9	12.2, 12.3
Climate	EN15, EN16, EN18	7, 50-51	7, 8, 9	3.3, 7.2, 7.3, 7.4, 8.2, 8.3, 8.5
Emissions	EN21	51-52	7, 8, 9	
Water	EN8	51-52	7, 8, 9	
Waste	EN23	51-52	7, 8, 9	
Chemicals	G4-14	50	3	
Health and safety	LA5, LA6*	7, 50	6	
3 Diversity				
Diversity: *Gender, age group and ethnicity*	LA12*	49	6	
4 Community involvement				
Community involvement *(Sri Lanka, Brazil, other countries)*	EC1, SO1	7, 53	1	

GRI: G4-32

Governance and responsibility

Components for industrial equipment
Maximizing output while minimizing cost is important for any company. Trelleborg's solutions are used by companies all over the world that want to increase their profits and improve their business.

Construction equipment
Six tons in the bucket. And eight hours to go. It takes a lot to keep the hydraulics going at tough construction sites. Trelleborg's seals keep the lubrication in place in hydraulic cylinders – and the dirt out.

Risks and risk management

All business activities involve risk. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not managed correctly could result in damage and losses.

The ability to identify, evaluate, manage and monitor risks plays a central role in the management and control of Trelleborg's business operations. The aim is to achieve the Group's targets while applying well-considered risk-taking within set parameters.

Trelleborg's operations are aimed at a broad range of customers in various market segments and niches. Sales (invoicing) are conducted in approximately 140 countries worldwide and the Group's manufacturing operations are carried out at about 90 production units in some 40 countries. While the business is diversified – providing Trelleborg with an effective underlying risk spread – a number of risks remain.

As one of the leading companies in the polymer industry, Trelleborg is subject to high expectations from all of its stakeholders. It is thus crucial that events and conduct that could have a negative impact on the company's brand and credibility are monitored and minimized.

It is also important to monitor and maintain readiness for events or decisions beyond Trelleborg's control that could lead to operational disruptions, damage or loss of substantial impact for the entire Group.

The Corporate Governance Report on *pages 63-73* contains a detailed description of the internal controls used to manage the risks pertaining to financial reporting.

Enterprise Risk Management. Trelleborg has established an Enterprise Risk Management process (ERM process) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks, to evaluate them, provide a basis for decision-making regarding the management of risks and to enable a follow-up of the risks and how they are managed. Within the scope of the ERM process, risks in the Group's companies, business areas and business units are identified, evaluated and monitored. The management of risks is performed through an appropriate balance between preventive and risk-reducing measures. The various risk processes and tools of the ERM process are continuously developed by integrating previously established risk management processes and systems into various parts of the Group and by strengthening risk management in areas with improvement potential.

Responsibility. Like the ERM Board, the ERM process and work pertaining to specifically selected risk focus areas are controlled centrally by the Group's Risk Management staff function led by the General Counsel, who assumes ultimate responsibility.

In addition to these individuals and the Internal Control staff function, the ERM Board comprises the Group's CFO and selected business area representatives tasked with coordinating and prioritizing the risks and risk processes and ensuring that there is clear ownership of prioritized risks.

All managers in Trelleborg's companies, business areas and business units are responsible for risk management in their own respective areas. This responsibility encompasses the day-to-day work pertaining to operational and other relevant risks, as well as leading and developing risk management activities. The managers are supported by central Group resources in the form of the Risk Management, Internal Control and Group Treasury staff functions, as well as Group-wide risk processes and tools. Moreover, since certain selected risk management activities are considered Group-wide, these central Group resources can be allocated to selected risk focus areas.

Group Treasury is responsible for financial risk management activities. The unit is in charge of Group companies' external bank relations, liquidity management, net financial items, interest-bearing liabilities and assets, Group-wide payment systems and netting of currency positions. Centralization of the Group's treasury management ensures substantial economies of scale, lower financing costs, strict management of the Group's financial risks and improved internal controls.

Trelleborg's Treasury Policy defines the financing operation's purpose, organization and distribution of responsibility, and also prescribes a framework for financial risk management activities.

Monitoring. Trelleborg's risk management is systematically monitored by Group management using such tools as monthly reports from the managers in charge in which they describe the status within their respective areas of responsibility, including the status of identified risks. The Group's General Counsel reports regularly to the Audit Committee on the Group's risk and risk management, and the Group's CFO reports regularly to the Audit Committee on the status of the financial risks. Furthermore, the President regularly provides the Board with reports on the development of the Group's risks.

The Group's companies, business areas and business units use a consolidation system for systematic identification, analysis, evaluation and monitoring of the management of reported risks.

ERM priorities in 2014. Within the framework of the ERM and strategy processes, the focus has remained on jumbo risks, meaning risks that may result in damage or loss with substantial impact on the entire Group and therefore justify management of the risk from a Group perspective. In 2014, risk management continued to focus primarily on selected risk focus areas and prioritized risks, such as protection of facilities of critical significance for the Group's operations and earnings, and quality in agreements for products and applications in environments with an elevated risk level.

Specific action plans to significantly raise the level of protection have been produced, and the actions will be implemented at 28 sites. In 2014, 1 of these was designated a Highly Protected Risk

Contents

(HPR) facility, which is the best protected class of industrial risks, bringing the Group's total number of HPR sites to 11. The aim is to bring an additional 4 sites to this level in the future.

The training program aimed at further strengthening the Group's risk processes and quality for managing contractual and other legal risks that may arise in connection with the supply of products and applications in environments with elevated risk levels was refined.

The ERM process was broadened in relation to corporate governance and monitoring of risks, leading to increased transparency of both the operational and legal risks.

Cooperation between the Legal Department and the Risk Management and Internal Control staff functions was further developed in 2014 and the number of touchpoints and joint processes increased.

Activities in focus in 2015. Examples of prioritized ERM activities in 2015:

- Broader and deeper risk assessments of products and applications in environments with an elevated risk level and to offer customized tools and solutions.
- Within the framework of Manufacturing Excellence, and in line with the materiality analysis conducted in 2014, establish processes around the handling and storage of chemicals at production units, ensure an adequate level of protection for fire and safety and work environment risks (Safety@Work).
- Continued implementation of the training program in order to further strengthen the Group's risk processes and quality for managing contractual and other legal risks that may arise in connection with the delivery of products and applications in environments with an elevated risk level.
- Continue enhancing structures for quantifying the cost of risk in the various stages of Trelleborg's value chain, and developing and providing tools for the Group's business units to support the management of both the risks and their associated costs.
- Continue to refine the cooperation between the Legal Department and the Risk Management and Internal Control staff functions.

Strategic and operational risks

Strategic risks include external factors that could impact Trelleborg's operations, and internal factors that could impede opportunities to achieve the operation's strategic goals.

Operational risks are risks that can be managed through Trelleborg's self-assessment process, and that largely pertain to processes, assets and people. Operational risks include financial risks, which are presented *on pages 60-61.*

Risk	Policy/Action	Risk level	
		Probability	Financial loss
Market risks Trelleborg's business and earnings are exposed to market risks in terms of the economy's impact on demand for the Group's own products and solutions.	Trelleborg's products and solutions are sold to a very broad spectrum of customers and sectors, with an emphasis on industry in Europe, North America and selected markets such as India, China and Brazil. Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Due to the diverse nature of its product range, customer base and geographic spread, Trelleborg has a slightly lower market risk than many of its competitors. Seasonal effects occur in the various market segments. For the Group as a whole, demand is usually higher in the first half of the year than in the second half of the year.		

Probability/Financial loss low medium high

Risk	Policy/Action	Risk level: Probability	Risk level: Financial loss
Cost risks The supply and price of input goods, in the form of raw materials and components, fluctuate over time and could impact Trelleborg's business and earnings.	Trelleborg does not work actively with various price-hedging instruments for input goods. It instead endeavors to establish sales agreements that allow price hikes to be passed on to the customer, immediately or with a certain delay. Trelleborg's strategy of working with several suppliers for critical input goods provides a certain degree of protection against large and sudden price hikes.	2 medium	2 medium
Natural disasters Natural disasters could cause damage to Trelleborg's sites and injure people, and result in a loss of production.	The risk of natural disasters at Trelleborg's sites is analyzed on a continuous basis in cooperation with the insurer FM Global. These analyses have resulted in such measures as improved physical site protection, raised awareness of the risks among local management and the introduction of contingency plans, including the identification of sensitive subcontractors.	1 low	2 medium
Site risks Sudden and unexpected incidents could cause damage to sites, result in a loss of production and damage goods in transport.	A Business Impact Analysis (BIA) and strategy plan are used to determine how critical the various plants are to the Group's operations and earnings, and a risk status is described for the critical sites. Trelleborg's policy is to insure its sites for the replacement cost against interruption and property damages. The insured risk varies between the different sites, but generally amounts to about SEK 2,000 M for any one claim, of which a portion comprises the Group's excess amounting to a maximum of approximately SEK 15 M.	1 low	2 medium
Customer-related credit risks There is the risk that Trelleborg's customers or counterparties in financial agreements may not be able to fulfill their payment commitments.	Trelleborg makes regular assessments of the credit rating of its customers and sets credit limits for each customer.	2 medium	1 low
IT risks Disruptions or errors in critical systems could have a negative impact on Trelleborg's production and financial reporting.	Trelleborg is working actively with an IT-optimization project. The objective is to improve the level of service in terms of IT infrastructure, implement upgrades in a structured Group-wide manner, ensure compliance with legal requirements in the various countries in which the Group operates and generally improve information security in and between systems.	1 low	2 medium
Work-related accidents Work-related accidents and incidents due to inadequate procedures, safety measures or protective equipment could, as well as causing personal injury, have a negative impact on production and on Trelleborg as an employer.	Trelleborg has taken a proactive injury-prevention approach to workplace accidents since 2006, as part of its Safety@Work program *(see page 50)*. In 2014, this was integrated with Manufacturing Excellence *(see page 31)*.	2 medium	1 low
Employee and skills supply In the event that key employees leave Trelleborg or Trelleborg is unable to attract qualified employees, this could have a negative impact on the Group's operations.	Trelleborg's work carried out under the Talent Management and Employer Branding programs addresses these risks.	1 low	1 low
Health-related risks Problems pertaining to preventive health care and sickness absence could impact the productivity and efficiency of the operations.	Work-related injuries and illnesses are monitored on a monthly basis, as part of the Safety@Work program and Manufacturing Excellence *(see page 31)*.	1 low	1 low
Supply agreements An inappropriate balance of responsibility in supply contracts could result in unexpected consequences for Trelleborg.	Trelleborg uses a Contract Risk Pack process as a tool for reviewing certain selected contracts, and agreements in certain selected risk areas. Initial assessments are conducted by the Group company entering into the contract. The process builds on responses to a large number of questions and these responses are graded according to a defined point system. The outcome determines the extent of the contractual risk. If risks are deemed to exceed a specific level, the Group company's contract must be approved higher up in the organization by the business area president or, in certain cases, by the CEO.	2 medium	2 medium
Products and solutions in environments with elevated risk levels The quality of Trelleborg's products and solutions may differ, which could harm investments, the environment and people.	An elevated risk level has been identified for products used in the areas of offshore oil & gas, marine oil and gas hoses, life sciences and aerospace. This elevated risk level has been determined based on such criteria as the degree of product exposure, the size of contracts and the launch of new products and technologies. The Contract Risk Pack process highlights the physical and technical risks of the product, solution and manufacturing process, and links these to the legal risk and the Group's insurance situation.	2 medium	2 medium
Environmental impact of site accidents Adverse environmental impact may occur due to accidents in plants, which could harm investments, the environment and people.	Sites with a potential risk of environmental impact have implemented action programs, mainly aimed at identifying any hazardous chemicals, and how they are used, stored and protected. Risk analyses are carried out in conjunction with the underwriting of property insurance, ISO 14000 certification processes, the collection and analysis of chemicals in connection with, for example, REACH activities *(see page 50)*, and evaluations performed by local authorities.	1 low	2 medium

Probability/Financial loss 1 low 2 medium 3 high

Regulatory compliance, including standards

Due to the global nature of Trelleborg's operations, the Group is subject to a large number of laws, regulations and rules pertaining to, for example, the environment, health and safety, trade restrictions, anti-competition regulations and currency regulations.

Risk	Policy/Action	Risk level	
		Probability	Financial loss
Competition law Application of legislation pertaining to competition law may be overridden, which could seriously damage Trelleborg.	The understanding and application of current competition law is ensured through such activities as comprehensive training seminars and e-learning initiatives, a thorough review and examination of distribution and agency agreements, and established procedures for approving membership in organizations. In the U.S., Trelleborg also carried out an Enhanced Compliance and Training Program to further strengthen knowledge regarding competition law among the Group's U.S. employees, particularly in respect of public procurement. *Refer to page 48 for further information.*	low	high
Corruption Corruption and fraud may occur at Trelleborg.	Trelleborg's main tools for counteracting corruption are its Code of Conduct and continuous training. The Group has also introduced a special training program due to the more stringent anticorruption law in the U.K. Application is ensured through the establishment of procedures involving Acceptance Letters issued by the Group's President, whereby relevant employees sign a letter each year confirming their knowledge of and compliance with the Group's internal policy instruments, including the Code of Conduct. This is supplemented by a process for whistleblowers. Trelleborg's whistleblower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. *Refer to page 48 for further information.*	low	low
Supplier risk There is a risk that suppliers do not meet the same high standard with regard to the environment, working conditions and human rights, which undermines trust in Trelleborg.	The process of investigating and eliminating the presence of conflict minerals and prohibited chemicals/materials in the value chain includes supplier audits and monitoring cases where suppliers do not meet expectations in their self-assessments. *Refer to page 49 for further information.*	medium	low
Trust Trelleborg's actions, or failure to live up to its defined promises and objectives, could damage long-term trust in the Group.	Trelleborg's reputation is a valuable asset and the Group works with a variety of issues to strengthen and build stakeholder trust, such as training in the Code of Conduct, a clear and well-known brand promise, stakeholder dialog, product safety and so forth.	low	medium
Human rights If the working conditions at Trelleborg were found to be in violation of international regulations, Trelleborg would be exposed to a risk of legal sanctions and loss of credibility.	Once again, Trelleborg's Code of Conduct is its most important tool in this area. The Code of Conduct is based on international regulations and is followed up through Acceptance Letters, training and spot checks of selected Trelleborg units. *Refer to page 49 for further information.*	low	low

Reporting risks

Reporting risks refer to the risk of incorrect reporting to authorities and the risk of misstatements in the Group's financial reporting to, for example, the stock market.

Risk	Policy/Action	Risk level	
		Probability	Financial loss
Reporting risks The is a risk that reporting does not provide a fair view of Trelleborg's financial earnings and position as well as sustainability efforts.	Trelleborg's companies report their financial earnings and position on a regular basis in accordance with International Financial Reporting Standards (IFRS). Based on these reports, the consolidated financial statements are prepared in accordance with IFRS and any appropriate sections of the Annual Accounts Act, as specified in RFR 1 Supplementary Accounting Rules for Corporate Groups. *For more information, refer to Internal control over financial reporting on pages 67-69.* Trelleborg reports its sustainability data in accordance with the GRI G4 guidelines. As a means of minimizing risk, Trelleborg provides training to help improve its reporting procedures.	low	low

Probability/Financial loss low medium high

Financial risks

Financial risks include interest rate and currency risks that adversely impact the Group's earnings, financing risks and liquidity risks resulting in difficulties in raising new loans or shareholders' equity and in financial credit risks.

Risk | **Policy and comments**

Financing risks and liquidity risks

Financing risk is the risk that the refinancing of maturing loans may become difficult or costly, thereby impairing the Group's ability to fulfill its payment obligations. Liquidity risks refer to the risk of not being able to fulfill payment obligations as they fall due.

Policy. Contracted credit facilities with a term of at least 12 months must be available in an amount equivalent to the Group's gross debt plus a liquidity reserve corresponding to at least 5 percent of consolidated net sales. Trelleborg's debt/equity ratio target interval is between 50 and 100 percent.

During the year, the amount by which the Group's contracted credit facilities exceeded gross debt was in line with the applicable policy.

The Group monitors the capital structure on the basis of several key figures, one of which is the debt/equity ratio which amounted to 40 percent (38) at year-end. Both the key figures related to the Group's capital structure and forecasts for the Group's liquidity reserve are continually monitored on a monthly basis.

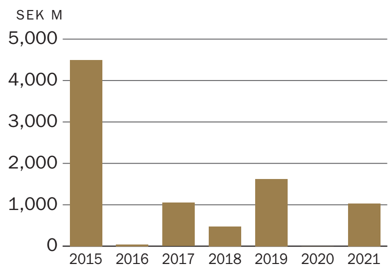
At December 31, 2014, Trelleborg's committed confirmed credit facilities totaled SEK 14,766 M (11,211), of which SEK 11,222 M (8,557) was unutilized. At year-end 2014, the Group's committed confirmed credit facilities principally comprised a syndicated loan. The loan allows revolving credit in multiple currencies and comprises two tranches of EUR 750 M (SEK 7,144 M) and USD 625 M (SEK 4,883 M), as well as a swingline facility. The loan was extended in 2014, has a five-year tenor and is scheduled to mature in December 2019. The tenor may be extended by a maximum of one additional year with an extension option, subject to lender consent. The loan is provided by a total of 17 financial institutions from Europe, Asia and the U.S. Based on the number of lead banks and their status, Trelleborg deems that the banking syndicate behind the loan is strong.

At year-end 2014, the Group's total interest-bearing liabilities amounted to SEK 8,716 M (6,897). The Group has good access to short-term borrowing in the money market, mainly through a Swedish commercial paper program of SEK 4,000 M. The program was used extensively throughout 2014, with an average outstanding volume of about SEK 1,800 M (2,300). In addition to this, the Group raised a number of short-term bilateral bank loans in 2014, totaling a maximum amount of SEK 2,286 M. This led to reduced need of funding under Trelleborg's syndicated loan and thereby lower interest expenses. Throughout 2014, the Group's total current liabilities were consistently covered by the Group's long-term, binding, confirmed credit facilities.

The Group has access to the capital market through a Medium Term Note (MTN) program with a program limit of SEK 3,000 M for issuance in the Swedish bond market. Private placements such as Schuldscheins, bilateral and syndicated loans are also utilized.

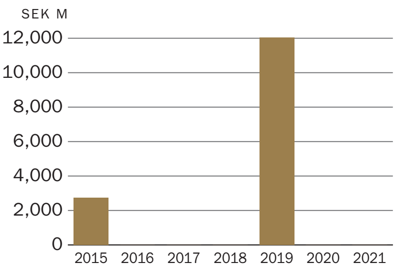
Following a debut transaction under the MTN program, which took place in 2011 through the issuance of a bond of EUR 110 M with a six-year term, Trelleborg has continued to establish an issuance track record. A bond of EUR 50 M with a seven-year term was issued under the MTN program in November 2012. In 2013, Trelleborg issued a first Schuldschein of EUR 55 M with a 5.5-year tenor. In the second half of 2014, Trelleborg conducted its first MTN issuances in the SEK market. In November 2014, Trelleborg issued two MTNs with tenors of 6 years and 2 months for a total of SEK 1,000 M. In the second half of 2014, Trelleborg contracted an additional MTN of SEK 300 M, with an issue date of January 9, 2015 and a tenor of seven years from the issue date.

Maturity term structure of the Group's interest-bearing liabilities per December 31, 2014



Total SEK 8,716 M

Maturity term structure of the Group's committed confirmed credit facilities per December 31, 2014



Total SEK 14,766 M

Current liabilities maturing in 2015 amounted to SEK 4,493 M (2,023) and mainly comprised short-term bilateral bank loans of SEK 2,400 M (560), a bond with the equivalent value of SEK 476 M, and a commercial paper of SEK 859 M (1,463).

Non-current liabilities amounted to SEK 4,223 M (4,874) and mainly comprised outstanding bonds of SEK 3,046 M (2,372), as well as utilization of the syndicated loan in the amount of SEK 1,102 M (2,565).

Interest rate risk

Since most of Trelleborg's net debt bears variable interest, the Group focuses on interest-related cash-flow risk, meaning the risk that movements in market interest rates could have an impact on the financial cash flow and earnings. The scope of the impact depends on the fixed interest term of the borrowing and investment.

Policy. The average fixed-interest term on the Group's gross borrowing, including the impact of derivative instruments, may not exceed four years. The average fixed-interest term on interest-bearing investments, including the effects of derivative instruments, may not exceed two years on a maximum amount of SEK 2,000 M, or the equivalent amount in other currencies.

At December 31, 2014, interest-bearing net debt amounted to SEK 7,195 M (5,637), with an average remaining fixed-interest term of about 20 months (25). Refer to Note 28 for further information.

Financial credit risks

Financial credit risk is the risk of losses if those counterparties with which the Group has invested in cash and cash equivalents, short-term bank deposits or entered into financial instruments with positive market values, do not fulfill their obligations.

Policy. Counterparties must possess a high creditworthiness and preferably participate in the Group's medium and long-term financing. The Group's Treasury Policy contains a specific counterparty regulation that stipulates the maximum level of credit risk exposure to various counterparties. Refer to Note 28 for further information.

Contents

Risk	Policy and comments

Foreign exchange risks

Foreign exchange risks relate to the risk of adverse impacts on the consolidated income statement, balance sheet and/or cash flow as a result of exchange rate fluctuations.
Foreign exchange risks exist in the form of transaction and translation risks.

Transaction risks

Currency flows arising primarily in connection with the acquisition or sale of goods and services in currencies other than the local currency of the relevant Group company give rise to transaction exposure. Trelleborg's global operations generate substantial cash flows in foreign currencies. Group Treasury works actively to match these flows to reduce the Group's foreign exchange risks and transaction costs. At Group level, the bulk of these flows is netted. A portion of the remaining net exposure is hedged by Group Treasury based on the business areas' hedging decisions to reduce the impact on earnings. Hedging is mainly conducted using currency forward contracts, supplemented by currency swaps. The current policy was adopted during the year.

Policy. Group companies must generally hedge between 50 and 100 percent of the 12-month forecast net flows on a rolling basis. Subsidiary hedges are to be conducted through Group Treasury.

The Group's net exposure is estimated at an annual value corresponding to approximately SEK 3,700 M (2,900). The currency pairs with the highest net flows, meaning those expected to exceed the equivalent of SEK 150 M over a period of 12 months from the fourth quarter of 2014, and the amounts hedged per currency pair at December 31, 2014 are shown in the table below. For the stated period, the currencies with the highest forecast net flows are EUR (SEK 1,440 M equivalent), USD (SEK 990 M equivalent) and LKR (negative SEK 640 M equivalent). *Refer to Note 28 for further information.*

Forecast annual exposure per currency pair with the highest 12-month net flow from the fourth quarter of 2014 (SEK M)

Currency pair	Net flow	Currency hedging
EUR/LKR	472	
EUR/DKK	398	–440
EUR/CNY	264	
USD/SEK	252	–263
USD/CNY	247	-68
EUR/TRY	197	
EUR/PLN	184	–149
GBP/USD	–161	111

Translation risks – Income statement

Exchange rate fluctuations impact the Group's earnings in connection with the translation of foreign subsidiaries' income statements to SEK.

Policy. The Group does not normally hedge this risk.

Trelleborg's earnings are largely generated outside Sweden. Accordingly, the impact of exchange rate fluctuations on the Group's sales and earnings can be significant. In 2014, operating profit for continuing operations was affected by a total of SEK 135 M (neg: 106) and profit after tax by about SEK 88 M (neg: 57), due to exchange rate fluctuations upon translation of the income statements of foreign subsidiaries compared with exchange rates in the preceding year. *Refer to Note 28 for further information.*

Translation effects: exchange rate effects on the income statement (SEK M)

Currency	Net sales	Operating profit/loss	Net profit/loss
EUR	376	44	35
GBP	223	36	27
USD	269	18	8
Other	29	37	18
Total 2014	**897**	**135**	**88**
Total 2013	**–710**	**–106**	**–57**

Translation risks – Balance sheet

When translating the Group's investments in foreign subsidiaries to SEK, there is a risk that the Group's balance sheet will be impacted by changes in exchange rates.

Policy. Investments in foreign subsidiaries and joint venture/associated companies may be hedged by between 0 and 100 percent of the investment value (which, because of the tax effect, implies a maximum hedge of approximately 78 percent of the investment value). Decisions on any hedging are made following a comprehensive assessment of exchange rate levels, the effects of costs, liquidity and tax, and impact on the Group's debt/equity ratio.

At year-end 2014, net investments in Trelleborg's foreign operations amounted to SEK 24,370 M (21,940). At December 31, 2014, 41 percent (50) of the net investments were hedged.
Refer to note 28.

Corporate governance promotes value creation

During 2014, the Board of Directors dedicated time and energy to long-term strategy and structural issues. The year was characterized by uncertain market prospects and the Board carefully monitored developments. The year was also marked by a number of major acquisitions for Trelleborg, yielding stronger positions for the Group. The Board's way of working was changed to more efficiently meet the challenges and opportunities faced by the Group.

Strong position in an uncertain market. The Trelleborg Group is continuing to deliver results and strengthen its position as a world leader in engineered polymer solutions. Despite uncertain market prospects in 2014 and economic/political turmoil in parts of the world, Trelleborg has once again demonstrated its ability to adapt the business to shifting market conditions. On the Board, a frequent topic of discussion is the balance between development of the Group's business opportunities and identification and management of the risks we face in an increasingly complex and dynamic world.

A financial base for growth initiatives. We believe that Trelleborg will maintain a strong financial base with a low level of net debt, a strong cash flow and margins that exceed the targets set by the Group. During the year, a number of strategic acquisitions were completed that have already left a positive imprint on the business and that will ultimately strengthen the Group.

These successes provide the Group with strength and stability that will motivate increased emphasis on multidimensional growth moving forward. This could take the form of growth in geographies and segments or through innovation, customer integration and bolt-on acquisitions. Acquisitions may vary in size, from large to small, but must always comply with Trelleborg's strategy to secure leading positions in selected segments. We will continue to build on our strong positions and to create sustainable values through a combination of profitability, growth and cash generation.

An approach to corporate governance that supports value generation. The Board of Directors must match the strong performances of management. My role as Chairman of the Board includes ensuring that the Board is able to comprehensively discuss issues of particular significance and gain an accurate picture of the Trelleborg Group. Against this background, the work method of the Board and the focus and allocation of the duties of committees has been modified. Today, we dedicate more time to strategy and structural issues at Board meetings. Aside from auditing issues alone, the Audit Committee focuses on risk management, while the Finance Committee directs its attention to access to funds and larger strategic acquisitions. In addition to compensation matters, the Remuneration Committee spends more time on issues relating to management succession and leadership development.

First-line risk management. Notwithstanding the processes for governance and risk management deployed by Trelleborg, including the Board's, auditors' and committees' work, it is the first line of employees that carry out the critical risk management work and governance. These are employees who each day interact with customers, offer them the best solutions, and who help accelerate the businesses of Trelleborg and our customers. It is also the employees who help to increase productivity and reduce waste and who drive projects and help the entire team develop in the best way. This is the first line of judgment and hard work that makes the Trelleborg Group competitive and I would like to extend my sincere gratitude to all of the employees for their efforts during the past year.

Sören Mellstig
Chairman of the Board

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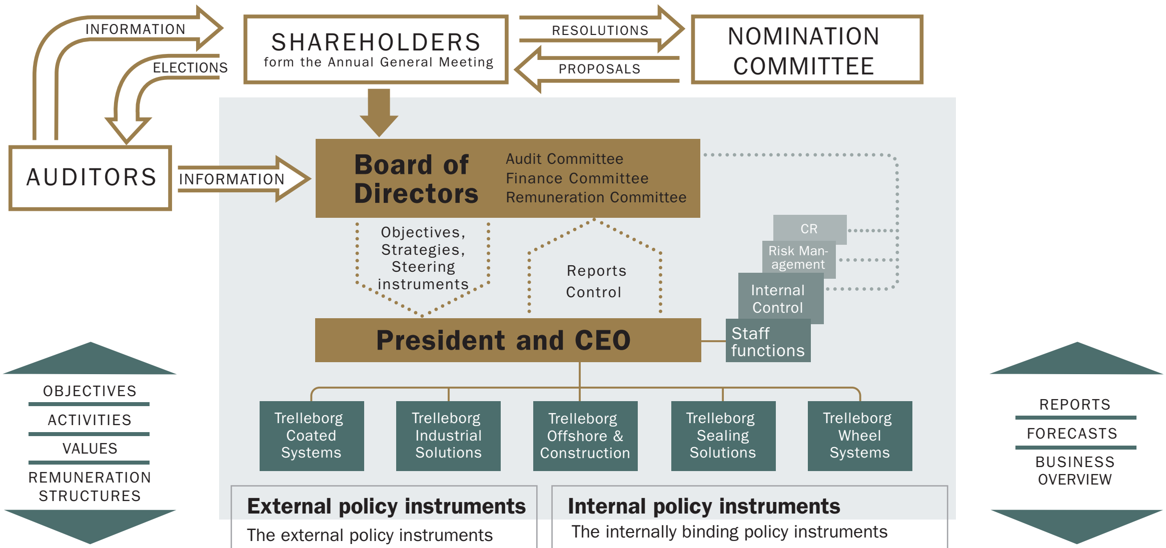
Corporate governance

Trelleborg is a publicly traded Swedish limited liability company listed on Nasdaq Stockholm Large Cap. Trelleborg applies the Swedish Corporate Governance Code and presents its 2014 Corporate Governance report in this section. Trelleborg has no deviations to report. The report has been examined by the company's auditor.



External policy instruments

The external policy instruments that constitute the framework of corporate governance at Trelleborg include:

- The Swedish Companies Act
- The Annual Accounts Act
- Nasdaq Stockholm's rules and regulations
- The Swedish Corporate Governance Code

Internal policy instruments

The internally binding policy instruments include:

- The Articles of Association
- The rules of procedure for the Board of Directors
- Instructions for the Audit Committee, Remuneration Committee, President and financial reporting to the Board of Directors
- Core values
- The Code of Conduct
- The Treasury Policy
- The Communication Policy
- Other instruments, policy documents, manuals and recommendations

In addition to the above, processes are in place for Enterprise Risk Management, Internal Control and CR

The basis for corporate governance at Trelleborg. A key feature of the Trelleborg Group's culture and core values is effective corporate governance with the purpose of supporting the Board of Directors and management in their efforts to increase customer benefits and achieve greater value and transparency for shareholders.

The responsibility for management and control of the Trelleborg Group is distributed between the shareholders, the Board of Directors, its elected committees and the President, as illustrated above.

Note that the joint venture Trelleborg-Vibracoustic is not included in Trelleborg's corporate governance.

Shareholders. Shareholders exercise their power at the Annual General Meeting, which is Trelleborg's highest decision-making body. The Meeting adopts the Articles of Association and, at the Annual General Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and makes decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability of the Board members and the President. The Annual General Meeting also makes resolutions regarding the appointment of the Nomination Committee and its work, and the principles for the remuneration and employment terms for the President and other senior executives. Trelleborg's Annual General Meeting is usually held in April.

Annual General Meeting 2014. The 2014 Annual General Meeting took place on April 23, 2014 in Trelleborg. At the meeting, 658 shareholders (699) were in attendance, personally or by

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proxy, representing about 71 percent (71) of the total number of votes. A single shareholder, Dunker Funds and Foundations, represented approximately 76 percent (76) of the votes at the meeting. The Chairman of the Board, Sören Mellstig, was elected Chairman of the Meeting. All Board members elected by the Annual General Meeting were present.

Resolutions. The complete minutes and information on the 2014 Annual General Meeting, including the President's speech, are available at *www.trelleborg.com.* The resolutions passed by the Meeting included the following:

- Dividends to be paid for the 2013 fiscal year as per the Board's and President's proposal in the amount of SEK 3.25 per share
- Re-election of all Board members
- Re-election of the Chairman of the Board
- Election of auditor
- Approval of remuneration for the Board members and the auditor
- Principles for remuneration and other employment terms for the President and other senior executives
- Procedures for the Nomination Committee's appointment and work

Annual General Meeting 2015. Trelleborg's 2015 Annual General Meeting will be held on April 23, 2015 in Trelleborg. For information on the Annual General Meeting, *refer to page 115.*

Shareholders and the share. For information on shareholders and the Trelleborg share, *refer to pages 4-5* and *www.trelleborg.com.*

Nomination Committee. The Nomination Committee represents the company's shareholders and nominates Board members and auditors, and proposes remuneration to be paid to these.

Nomination Committee for the 2015 Annual General Meeting. The 2014 Annual General Meeting passed a resolution regarding the Nomination Committee and assigned the Chairman of the Board the task of asking representatives of Trelleborg's five major shareholders not later than by the end of August to each appoint one member to the Nomination Committee. The composition of the Nomination Committee is presented in the table to the right. The Nomination Committee also included Chairman of the Board Sören Mellstig as a co-opted member. The Nomination Committee's guidelines for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Nomination Committee observes the rules regarding the independence of Board members, as stated in the Swedish Corporate Governance Code. The Nomination Committee for 2015 held 5 meetings (2) and a number of telephone conferences. As a basis for the Committee's work, the Chairman of the Board presented a report on the work of the Board, which included a Board evaluation performed by an external party, and a number of Board members were interviewed. Furthermore, the President was interviewed on the performance of the business.

Nomination Committee for the 2015 Annual General Meeting

Name/Representing	Share of votes, Aug 29, 2014	Share of votes, Dec 30, 2014
Rolf Kjellman, Dunker Interests	54.0%	54.0%
Tomas Risbecker, AMF Insurance & Funds	3.0%	3.9%
Henrik Didner, Didner & Gerge Funds	2.2%	2.4%
Peter Rönström, Lannebo Funds	2.0%	1.5%
Johan Strandberg, SEB Funds	1.5%	0.8%
Total	**62.7%**	**62.6%**

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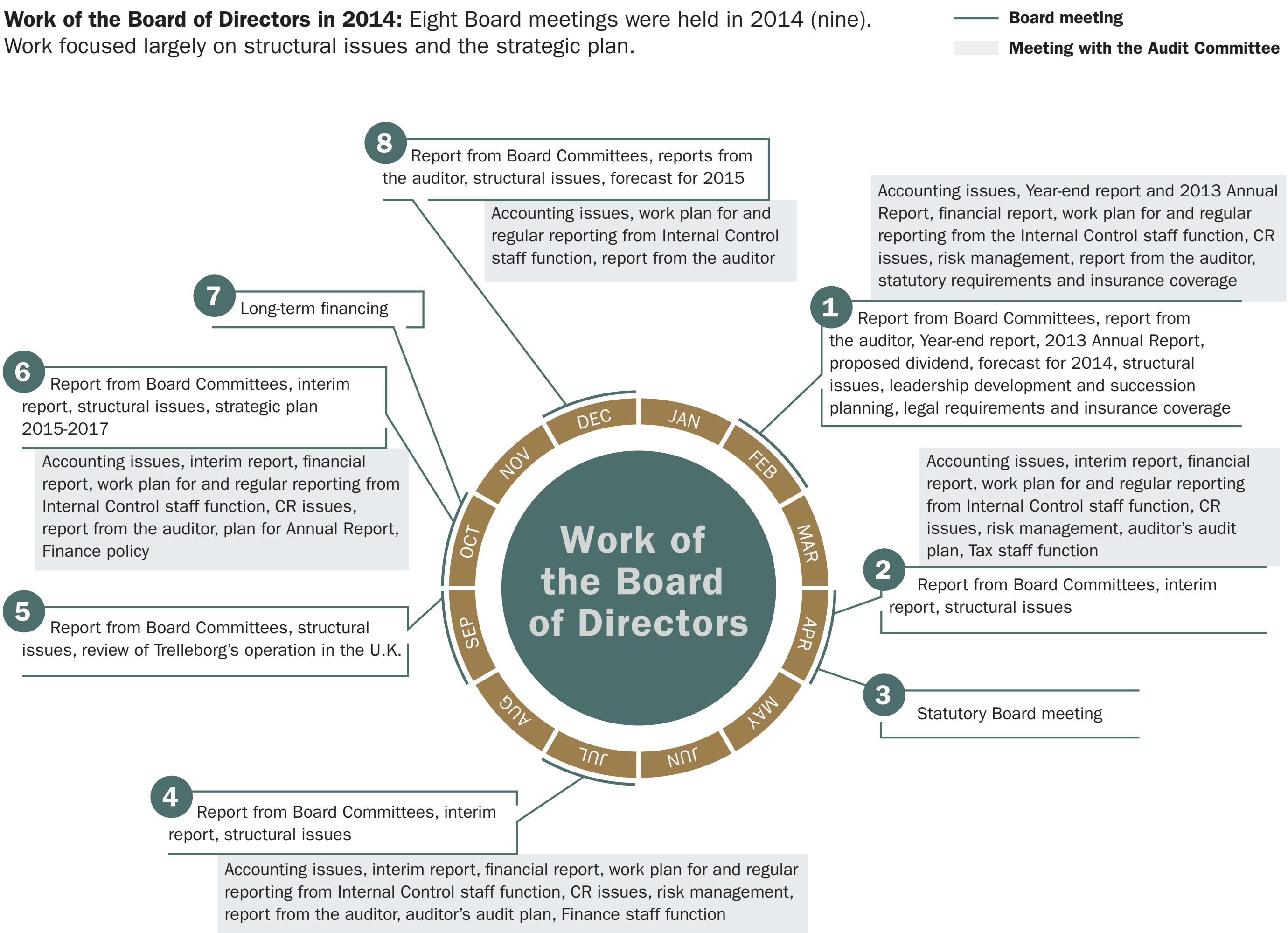
Work of the Board of Directors in 2014: Eight Board meetings were held in 2014 (nine). Work focused largely on structural issues and the strategic plan.



The President presents a report on the operations' performance at scheduled Board meetings. All business areas are usually given an opportunity to make an in-depth presentation of their operations at a Board meeting at least once per year. The Board conducts reviews with the auditor when audit reports are to be considered.

Proposals to the 2015 Annual General Meeting. The Nomination Committee has decided to submit the following proposals to the 2015 Annual General Meeting for resolution:

- Re-election of Board members: Hans Biörck, Jan Carlson, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad and Heléne Vibbleus
- Re-election of Sören Mellstig and Chairman of the Board
- Election of Anne Mette Olesen as new Board member

Board of Directors. The Board of Directors is responsible for the organization and management of Trelleborg's affairs. In accordance with the Articles of Association, the Board of Directors is to consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until close of the next Annual General Meeting.

Composition of the Board of Directors in 2014. In 2014, Trelleborg's Board of Directors comprised eight members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors. The Group's CFO, Ulf Berghult, attends the Board meetings as does the General Counsel, Charlotta Grähs, who succeeded Ulf Gradén during the year, who serves as the Board's secretary. Other salaried employees of the Group participate in the Board meetings to make presentations on specific matters when necessary.

For further information on Board members, *refer to pages 70-71* and *Note 3 on pages 92-93*.

Chairman of the Board. The responsibility of the Chairman of the Board is to lead and guide the work of the Board and ensure that the work is well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialog with the President. He is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and for ensuring that the Board's decisions are executed.

Independence of the Board. The Board's assessment, which is shared by the Nomination Committee, of the Board members' independence in relation to Trelleborg and the shareholders is presented in the table on *pages 70-71*. As evident from the table, Trelleborg complies with the Swedish Corporate Governance Code's requirements stipulating that the majority of the Board members elected by the General Meeting must be independent in relation to Trelleborg and company management, and that at least two of these are also to be independent in relation to Trelleborg's major shareholders.

Evaluation of Board members 2014. The Chairman of the Board is responsible for evaluating the Board's work. In 2014, an external consultant distributed questionnaires to and carried out individual interviews with members. The results were presented and discussed by the Board and Nomination Committee.

The evaluation focused on the Board activities in general and on the contributions made by individual Board members, including the Chairman and President.

"In 2014, the Finance Committee devoted time to discussing financing issues in conjunction with major acquisitions. In the Remuneration Committee, leadership development was in focus and the Group is now investing more than ever in training."

Sören Mellstig, President of the Finance and Remuneration Committees

Board Committees. The Board has established three committees from within its ranks without this otherwise impacting the Board's responsibilities and duties. These are the Audit, Finance and Remuneration Committees.

Audit Committee. In 2014, the Audit Committee comprised Heléne Vibbleus, who also chairs the Committee, Hans Biörck, Claes Lindqvist and Bo Risberg. The Group's CFO, Ulf Berghult, the Group's General Counsel and Secretary of the Audit Committee, Charlotta Grähs, who succeeded Ulf Gradén during the year, the Head of the Internal Control staff function, the Head of Group Finance and the Head of Group Treasury participate in the Committee meetings, as does the company's auditor, when necessary. In 2014, the Audit Committee held 5 meetings (5). The matters addressed are presented in the illustration on *page 65*.

Finance Committee. In 2014, the Finance Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Bo Risberg. Others who participate in Finance Committee meetings include the President and CEO Peter Nilsson, Group CFO Ulf Berghult and the VP Strategic Development & Group Projects and the Finance Committee Secretary. In 2014, the Finance Committee held 3 meetings (4). The Finance Committee acts on behalf of the Board, preparing the strategic issues in relation to financing, evaluating the Group's existing and required financing scope and the impact of major acquisitions on the Group's financial situation.

Remuneration Committee. In 2014, the Remuneration Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Jan Carlson. Senior Vice President, Human Resources, Sören Andersson, also Secretary of the Remuneration Committee, participates in Committee meetings. In 2014, the Remuneration Committee held 5 meetings (5). It represents the Board in such matters as remuneration and employment conditions for senior executives, management succession and succession planning, and leadership development.

Auditor. The Annual General Meeting appoints an auditor that examines the annual report and accounts, the consolidated financial statements, the administration of the Board of Directors and President and the annual report and accounts of subsidiaries, and submits an audit report.

Auditor 2014. Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including Authorized Public Accountants Mikael Eriksson and Eric Salander. Mikael Eriksson is the Auditor in Charge. The 2014 Annual General Meeting appointed

"Aside from the usual work related to interim reports and internal control, we continued to focus on risk management issues in 2014. We place particular importance on risks that may result in damages or losses that could potentially have a significant impact on the entire Group. We refer to these as jumbo risks."

Heléne Vibbleus, Chairman of the Audit Committee

GRI: G4-7

PricewaterhouseCoopers AB as Trelleborg's auditor for a period of one year.

President and Group Management. The President and CEO manages the day-to-day administration of Trelleborg. The President is assisted by Group Management comprising presidents of business areas and managers of corporate staff functions.

Group Management 2014. At the end of 2014, Group Management comprised 11 individuals. In 2014, Group Management held 5 meetings (5). These meetings focused on the Group's strategic and operational performance and budget follow-up. Trelleborg's operations are organized into five business areas. These consist of about 20 business units, which in turn comprise approximately 40 product areas.

For additional information about Group Management, *refer to pages 72-73.*

Internal Control. The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control over financial reporting is included as a part of the overall internal control at Trelleborg, and constitutes a central component of Trelleborg's corporate governance.

Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following: effective and efficient business activities, reliable reporting and compliance with applicable legislation and regulations. The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the regulatory framework for internal control updated in 2013 and issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is based on 17 fundamental principles linked to the five components.

Internal control over financial reporting. Internal control of the financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Control environment. The Board of Directors bears overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg and instructions for its Audit and Remuneration Committees that define the Board's responsibilities and regulate the internal distribution of work between itself and its committees. The Board has established an Audit Committee from within its ranks to represent the Board in matters concerning the monitoring of Trelleborg's financial reporting and, in relation to financial reporting, to monitor the efficiency of Trelleborg's internal control, internal audit and risk management activities. The Audit Committee is to also represent the Board by keeping itself informed in matters relating to the audit of the annual report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Audit Committee is also to represent the Board by monitoring the Group's work in relation to CR and ERM issues and day-to-day financing operations and annually reviews and makes proposals for changes to the Treasury Policy. The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work involving internal control is delegated to the President.

The Group's Internal Control staff

Auditor's remuneration 2014

SEK M	2014	2013
PricewaterhouseCoopers		
Audit assignment	23	22
Audit activities other than audit assignment	1	1
Tax consultancy services	4	5
Other services	6	19
Other auditors		
Audit assignment	1	0
Tax consultancy services	0	0
Other services	0	0
Total	**35**	**47**

MIKAEL ERIKSSON
Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989.

Qualifications: Graduate in business administration, Authorized Public Accountant since 1984.

Assignments: Eniro, Meda, EcoLean and Elverket.

Born: 1955

ERIC SALANDER
Authorized Public Accountant

Auditor of the Trelleborg Group since 2010. Partner of PricewaterhouseCoopers AB since 2005.

Qualifications: Graduate in business administration, Authorized Public Accountant since 2000.

Assignments: Sony Mobile Communications, Gambro, Hilding Anders, Getinge and Bong.

Born: 1967.

GRI: G4-7

function serves as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control over the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal policy instruments for financial reporting primarily comprise the Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

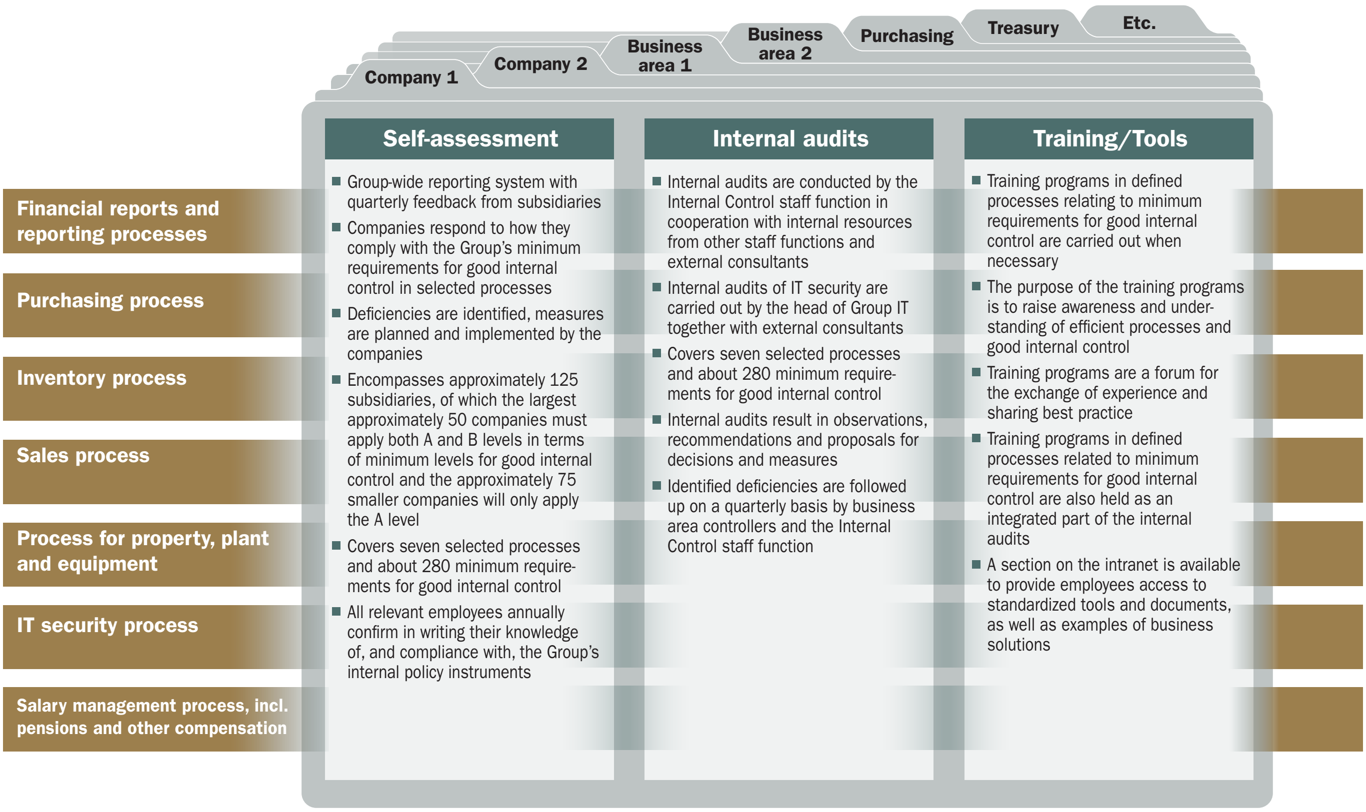
Risk assessment. Trelleborg's risk assessment of financial reporting aims to identify and evaluate the most significant risks that affect internal control over financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Risk assessment in relation to financial reporting is conducted as part of the Enterprise Risk Management process, which is described on *pages 56-57*.

Control structures. The most significant risks identified in terms of financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram below. The minimum requirements encompass about 125 subsidiaries of which the largest approximately 50 companies must apply both A and B levels in respect of minimum requirements for good internal control and the approximately 75 smaller companies only the A level. The control structures in the accounting and reporting process, which are significant for ensuring the reliability of financial reporting, contain 50 of the approximately 280 minimum requirements for good internal control.

Information and Communication. Information and communication regarding internal policy instruments for financial reporting are available to all relevant employees on Trelleborg's intranet. Information and communication relating to financial reporting is also provided through training. The Group has a process in which all relevant employees confirm awareness of and compliance with the Group's internal policy instruments. The Group's CFO and the Head of the Internal Control staff function report

Internal control structure of the Trelleborg Group



GRI: G4-7

the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board. External financial reporting is performed in accordance with relevant external and internal policy instruments. The process for the Group's whistle-blower policy has been gradually improved.

Monitoring. Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Finance and Group Treasury and the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by the company's auditor. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets.

Activities in 2014. In 2014, the Internal Control staff function conducted 44 internal audits (37) in 19 countries (16), of which 17 were IT security audits (13). Emphasis was on Europe, Asia and the U.S. Most of the internal audits were conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT security were carried out by the head of the IT Group staff function together with external consultants. In 2014, the Internal Control staff function worked on a broad front with reviews of all processes. A new focus area for 2014 was monitoring the introduction of the new Enterprise Resource Planning system (ERP system).

Activities in focus in 2015. The number of internal audits will generally increase in 2015 and, geographically speaking, the Internal Control staff function will have a greater focus on high-growth markets. Slightly less than half of internal audits will take place in Europe. In 2015, the Internal Control staff function will continue to work broadly with reviews of all processes, with an additional focus on holding companies. Attention in 2015 will also be directed to expanding the follow-up of the implementation of new ERP systems.

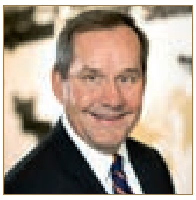
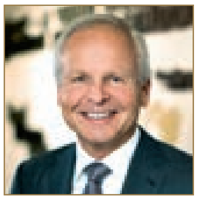
Further information on corporate governance

The following information is available at *www.trelleborg.com*:

- Corporate Governance Reports from 2004 and onward.
- Information regarding Trelleborg's Annual General Meetings from 2004 and onward:
  – Notifications
  – Minutes
  – President's speeches
  – Press releases

GRI: G4-7

THE BOARD OF DIRECTORS

Name	Sören Mellstig	Hans Biörck	Jan Carlson	Claes Lindqvist	Peter Nilsson	Bo Risberg
Position		Advisor to Skanska AB	President and Chairman of Autoliv Inc.	President of Henry Dunkers Förvaltnings AB	President and CEO	
Qualifications	Graduate in business administration	Graduate in business administration	M.Sc. Eng.	Graduate in business administration and M.Sc. Eng.	M.Sc. Eng.	MBA and B.Sc. Eng.
Year elected	2008	2009	2013	2004	2006	2010
Born	1951	1951	1960	1950	1966	1956
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of Apotek Hjärtat, Textilia and Ferrosan MD A/S. Board member of Merivaara Oy	Chairman of Crescit Asset Management AB. Board member of the Dunker Funds and Foundations, LKAB and Bure Equity AB	Board member of BorgWarner Inc. and The Association of Swedish Engineering Industries	Executive Director of Henry and Gerda Dunkers' Foundation and Foundation No. 2. Board member of Dunker Foundations, Svenska Handelsbanken South Region, Novotek AB (publ), among others	Board member of Beijer Alma AB (publ), Trioplast Industrier AB, The Chamber of Commerce and Industry of Southern Sweden and The Association of Swedish Engineering Industries	Chairman of Piab Group Holding AB, Deputy Chairman of Grundfors Holding A/S and the IMD Supervisory Board. Board member of Nordstjernan AB and Poul due Jensen Foundation
Dependence	No	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Interests	No	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Interests	Yes. Dependent in relation to the company as a result of his position as Trelleborg's President	No
Previous experience includes	President and CEO of Gambro and CFO and Vice President of Incentive	CFO of Skanska AB, Autoliv Inc. and Esselte AB	President of Saab Combitech	A variety of senior positions at ASEA and Åkerlund & Rausing as well as President and CEO of Höganäs AB and Öresundskraft AB	Business Area President at Trelleborg and positions within the Trelleborg Group, as well as management consultant at BSI	President and CEO of Hilti Corporation, various management positions at A.T. Kearney Inc. and with ABB in Sweden and Canada
Own and related-party holdings 2014	117,809 shares	5,000 shares	–	30,404 shares	90,572 shares	9,011 shares
Own and related-party holdings 2013	*115,809 shares*	*5,000 shares*	–	*30,404 shares*	*90,572 shares*	*9,011 shares*
Shares in related companies	–	–	–	–	–	–
Audit Committee attendance	–	Member 5 of 5	–	Member 5 of 5	–	Member 5 of 5
Finance Committee attendance	Chairman 3 of 3	Member 3 of 3	–	–	–	Member 3 of 3
Remuneration Committee attendance	Chairman 5 of 5	Member 5 of 5	Member 4 of 5 2)	–	–	–
Board meeting attendance	Chairman 8 of 8	Member 8 of 8	Member 7 of 8 2)	Member 8 of 8	Member 8 of 8	Member 8 of 8
Remuneration 2014 1)						
Board, SEK 000s	1,150	435	435	435	–	435
Committee, SEK 000s	100	200	50	100	–	150
Total 2014, SEK 000s	**1,250**	**635**	**485**	**535**	**–**	**585**
Remuneration 2013 1)						
Board, SEK 000s	*1,100*	*420*	*420*	*420*	–	*420*
Committee, SEK 000s	*150*	*150*	–	*150*	–	*100*
Total 2013, SEK 000s	***1,250***	***570***	***420***	***570***	**–**	***520***

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2014.

1) *Remuneration paid to the Board of Directors for the period May 2014 – April 2015. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2014 calender year, remuneration was paid as per Note 3. No consulting fees were paid to Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.*

2) *Not present at meeting number one.*






Name	Nina Udnes Tronstad	Heléne Vibbleus	Göran Andersson	Peter Larsson	Mikael Nilsson	Ingemar Thörn
Position	Senior Vice President Kværner ASA	Chief Audit Executive Elekta AB	Mechanic, appointed by the Unions of the Trelleborg Group (LO)	Plant manager, appointed by the Unions of the Trelleborg Group (PTK)	Industrial worker, appointed by the Unions of the Trelleborg Group (LO)	Customer service, appointed by the Unions of the Trelleborg Group (PTK)
Qualifications	M.Sc. Eng.	Graduate in business administration	Mechanic, training in negotiation skills and labor law	Engineer	Training in labor law, economics and personnel policy	Engineer, training in purchasing and logistics
Year elected	2010	2004	2014	2011	2009	2014
Born	1959	1958	1959	1965	1967	1972
Nationality	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Board member of Norwegian University of Science and Technology (NTNU), Peab AB and Nordox	Board member of Marine Harvest ASA, Nordic Growth Market NGM AB, Orio AB, Scandi Standard AB, Swedbank Sjuhärad AB and Tyréns AB	Member of Unions of the Trelleborg Group (LO) and member of IF Metall club at Trelleborg Industri AB	Chairman of Unionen Trelleborg AB, member of Trelleborg European Works Council and Trelleborg Swedish Works Council (PTK)	Chairman of Trelleborg Swedish Works Council (LO) and Chairman of Trelleborg European Works Council. Board member of Avdelning 52 Hus AB	Deputy Chairman of Unionen Trelleborg AB and member of Trelleborg Swedish Works Council (PTK)
Dependence	No	No	–	–	–	–
Previous experience includes	Group Executive of Kvæner ASA, President of Kvæner Verdal AS, Group Executive of Statoil ASA and various management positions at Statoil in Norway, Sweden and Denmark	Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden				
Own and related-party holdings 2014	8,600 shares	4,550 shares	–	3,000 shares	–	100 shares
Own and related-party holdings 2013	–	*4,550 shares*	–	*2,300 shares*	–	–
Shares in related companies	–	–	–	–	–	–
Audit Committee attendance	–	Chairman 5 of 5	–	–	–	–
Finance Committee attendance	–	–	–	–	–	–
Remuneration Committee attendance	–	–	–	–	–	–
Board meeting attendance	Member 8 of 8	Member 8 of 8	Employee representative (LO). 8 of 8	Employee representative (PTK). 8 of 8	Employee representative (LO). 8 of 8	Deputy employee representative (PTK). 5 of 8 [3]
Remuneration 2014 [1]						
Board, SEK 000s	435	435	–	–	–	–
Committee, SEK 000s	–	150	–	–	–	–
Total 2014, SEK 000s	**435**	**585**	**–**	**–**	**–**	**–**
Remuneration 2013 [1]						
Board, SEK 000s	*420*	*420*	–	–	–	–
Committee, SEK 000s	–	*150*	–	–	–	–
Total 2013, SEK 000s	***420***	***570***	**–**	**–**	**–**	**–**

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2014.

1) *Remuneration paid to the Board of Directors for the period May 2014 – April 2015. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2014 calender year, remuneration was paid as per Note 3. No consulting fees were paid to Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.*

3) *Ingemar Thörn succeeded Birgitta Håkansson as employee representative (deputy) as of meeting number four.*

GROUP MANAGEMENT

Name	Peter Nilsson	Ulf Berghult	Dario Porta	Mikael Fryklund	Fredrik Meuller	Claus Barsøe
Position	President and CEO Other assignments: Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB, The Chamber of Commerce and Industry of Southern Sweden and The Association of Swedish Engineering Industries	Chief Financial Officer (CFO)	Business Area President, Trelleborg Coated Systems	Business Area President, Trelleborg Industrial Solutions	Business Area President, Trelleborg Offshore & Construction	Business Area President, Trelleborg Sealing Solutions
Qualifications	M.Sc. Eng.	Graduate in business administration	M.Sc. Eng.	M.Sc. Eng., B.Sc. in Business Administration	M.Sc. in Finance	Graduate in business administration
Born	1966	1962	1959	1963	1970	1949
Nationality	Swedish	Swedish	Italian	Swedish	Swedish	Danish
Previous experience includes	Business Area President at Trelleborg and positions within the Trelleborg Group, as well as management consultant at BSI	CFO of Dometic Group, Thule Group, Rolls Royce Marine Systems and controller at the Trelleborg Group	Business Unit President at the Trelleborg Group and President of Reeves	Business Unit President at Trelleborg and other management positions at the Trelleborg Group and Bosch	VP Strategic Development & Group Projects Trelleborg and Business Unit President at the Trelleborg Group. Various positions at McKinsey & Co and JP Morgan	Market Director of Alfa Laval, various positions at Busak+Shamban and Polymer Sealing Solutions
Own and related-party holdings 2014	90,572 shares	15,000 shares	1,000 shares	7,000 shares	500 shares	3,500 shares
Own and related-party holdings 2013	*90,572 shares*	*15,000 shares*	–	*7,000 shares*	–	–
Shares in related companies	–	–	–	–	–	–
Employed	1995	2012	2006	2002	2002	2003
In current position since	2005	2012	2012	2012	2012	2003

Remuneration of Group Management 2014

SEK 000s		Fixed salary	① Annual variable salary	② Long-term incentive program [1]	③ Other benefits	Total	④ Pension	Total including pension
President	**2014**	**9,712** [2]	**5,655**	**4,453**	**161**	**19,981**	**3,718**	**23,699**
	2013	9,177	5,655	4,390	158	19,380	3,538	22,918
Group Management, others (10 persons)	**2014**	**32,035**	**12,390**	**11,127**	**1,365**	**56,917**	**17,013**	**73,930**
	2013	30,172	13,301	11,040	1,310	55,823	13,070	68,893
Total	**2014**	**41,747**	**18,045**	**15,580**	**1,526**	**76,898**	**20,731**	**97,629**
Total	2013	39,349	18,956	15,430	1,468	75,203	16,608	91,811

[1] Expensed 2014. [2] Of this amount, fixed salary represented SEK 9,135,000 with the remainder mainly consisting of a change in vacation pay liability.

Principles for remuneration

The following are the principles for remuneration of senior executives adopted by the Annual General Meeting:

- Trelleborg will offer market-based terms of employment that enable the company to recruit, develop and retain senior executives.
- The remuneration structure shall comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package.
- Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets.
- Principles for remuneration may vary depending on local conditions.
- The remuneration structure will be based on such factors as position, expertise, experience and performance.

Senior executives comprise the President and other members of Group Management. The principles are supplemented by a policy for benefits for senior executives as well as a global Remuneration Policy covering all managers and senior salaried employees. In 2014, total remuneration of Group Management amounted to SEK 76,898,000 (75,203,000), excluding pension premiums, and SEK 97,629,000 (91,811,000), including pension premiums.

❶ Annual variable salary

Variable salary is dependent on the achievement of certain performance indicators. The 2014 targets pertained to the Group's profit before tax and the Group's operating cash flow, both excluding the effect of structural changes approved by the Board and the profit effect from TrelleborgVibracoustic. In addition, a minor portion of the annual variable salary of the President and a few senior executives was based on the operating profit in TrelleborgVibracoustic. For the business areas, other operating key figures also served as targets for annual variable salary. Annual variable salary does not constitute pensionable income and does not form the basis of vacation pay. The President's annual variable salary can be a maximum of 65 percent of fixed salary and for other senior executives a maximum of 30-60 percent of fixed salary.

Name	Maurizio Vischi	Sören Andersson	Claes Jörwall	Charlotta Grähs	Patrik Romberg
Position	Business Area President, Trelleborg Wheel Systems	Senior Vice President, Human Resources	Senior Vice President, Mergers & Acquisitions	Senior Vice President, General Counsel and Secretary	Senior Vice President, Corporate Communications
Qualifications	MBA	University studies in economics, sociology and education	Graduate in business administration	Master of Law.	MBA and university studies in behavioral science and education
Born	1955	1956	1953	1971	1966
Nationality	Italian	Swedish	Swedish	Swedish	Swedish
Previous experience includes	Various management positions at Pirelli	Various HR positions at SCA	Senior Vice President, Taxes and Group Structures at Trelleborg, department manager at the Swedish National Tax Board	Group General Counsel at Dometic Group and Senior Corporate Counsel at Husqvarna Group	Various positions at the Trelleborg Group and Unilever
Own and related-party holdings 2014	–	6,080 shares	10,231 shares	–	901 shares
Own and related-party holdings 2013	–	*6,080 shares*	*10,231 shares*	–	*901 shares*
Shares in related companies	–	–	–	–	–
Employed	1999	1998	1988	2014	2006
In current position since	2001	1998	2013	2014	2011

❷ Long-term incentive program

Since 2005, the Board of Directors has annually resolved on a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are a cash-based supplement to the annual variable salaries, provided that the executive has not terminated his employment as per December 31 in the year in which the program ends.

Purpose

The incentive programs are directional and have long-term content. The aim is to increase value for the Group's shareholders by promoting and retaining the commitment of senior executives to the Group's development.

Target figure

The target value for the incentive programs is an annual improvement of 10 percent in the Trelleborg Group's earnings per share. This target excludes the items affecting comparability attributable to the Trelleborg Group and TrelleborgVibracoustic and the impact of any share buyback programs. The outcome for 2014 was earnings per share of SEK 9.23. For the current programs, the Board has established a target of SEK 6.02 in earnings per share for 2012 and a target of SEK 6.08 for 2013, with the upper cap for payments for all programs set at 25 percent of the maximum annual variable salary per program per year. For 2014, the target figure used the total for 2013 as a base, that is, SEK 7.56. For this program, the upper cap for payment is 33.3 percent of the maximum annual variable salary.

Outcome and payment

The result is calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. A payment was made in the first quarter of 2014 for the program approved in 2011. For the program approved for 2012, payment will be made in the first quarter of 2015, for the program approved for 2013, payment will be made in the first quarter of 2016, and for the program approved for 2014, payment will be made in the first quarter of 2017. The outcome does not constitute pensionable income and does not form the basis of vacation pay. In 2014, the Group's earnings were charged with SEK 34,924,000 (27,012,000) and additional payroll overheads of SEK 8,172,000 (6,370,000).

Other incentive programs

The Group has no ongoing convertible debenture or warrant programs at the present time.

❸ Other benefits

The President and other senior executives have the possibility of having, primarily, a company car and medical expenses insurance.

❹ Pension

The pension agreements comprise defined-contribution schemes. For the President and other senior executives, the premium can vary between 20 and 45 percent of the fixed salary, where this is legally possible. For the President, the premium is computed as 40 percent of the fixed salary. Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid. Some of the senior executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation amounting to 60 percent of fixed annual salary is paid until the age of 65, after which the regular retirement pension payments become effective.

Severance pay

For the President, a period of notice of 24 months applies when termination of employment is initiated by the company. The period of notice when termination of employment is initiated by the President is six months. Fixed salary is payable during the period of notice. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months. The period of notice from the senior executive is six months.

For additional information concerning remuneration, *see Note 3, pages 92-93.*

Financial information

Specialist solutions for infrastructure projects
Six kilometers long. 40 meters below the surface. The connection between Hong Kong–Zhuai-Macau is the longest immersed tunnel construction in the world. Trelleborg's seals are used since they guarantee that the tunnel is watertight – even in the event of an earthquake.

Components for the automotive industry
Brake pads that squeal are annoying. Leading car manufacturers use Trelleborg's innovative brake shims to silence the problem. Trelleborg's seals and boots help make car journeys quieter and safer.

Pipelines and drill risers for underwater use
Crude oil and liquid natural gas. The world will depend on these energy sources for many years to come. The oil and gas industry uses Trelleborg's solutions to enhance efficiency and safety.

Comments on the consolidated income statements

The Trelleborg Group strengthened its market positions during the year, despite a challenging situation in several markets and market segments. Net sales increased, and the operating profit and operating margin were the highest to date for the Group. The organic sales development was weakly negative, reflecting the sluggish nature of the global economic recovery, particularly in Europe. The TrelleborgVibracoustic joint venture performed well and according to plan. Work aimed at focusing the operations and increasing presence in attractive and profitable market segments is continuing, primarily on the basis of organic initiatives, but the contribution from acquired units is also important. Four bolt-on acquisitions were conducted during the year, further strengthening Trelleborg's position in selected segments. The acquisitions are expected to add annual structural growth of about 5 percent on a rolling annual basis.

Net sales, continuing operations

In 2014, sales for the Group's continuing operations increased to SEK 22,515 M (21,473), an increase of 5 percent. Organic sales declined 1 percent. The effects of structural changes amounted to 2 percent, or about SEK 320 M, while exchange rate effects were 4 percent, corresponding to about SEK 900 M. For comparable units, excluding exchange rate effects, sales in the first two quarters of the year were slightly higher than in the second half of the year. The organic sales trend for the year was negative for all business areas except for Trelleborg Sealing Solutions.

Trelleborg's exposure between early and late cyclical industry – or general and capital-intensive industry – as well as light vehicles, remains relatively unchanged compared with 2013. However, market conditions varied between the Group's market segments, since sales in the capital-intensive industries related to agriculture were impacted by OE manufacturers' significantly lower production levels of agricultural machinery. Similarly, sales growth in offshore oil & gas was negatively impacted by the sharp fall in oil prices. At the same time, both organic sales to the aerospace industry and sales related to infrastructure rose compared with 2013. The organic sales trend for light vehicles was favorable.

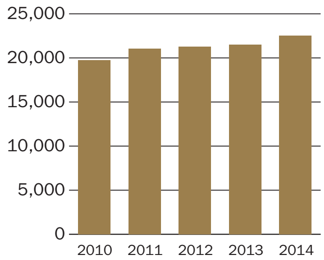
For Trelleborg Coated Systems, organic sales declined by 2 percent compared with 2013. Sales for coated fabrics maintained the same level as in the preceding year, while printing blankets reported a negative organic sales trend. Sales in Asia contributed to the positive full-year performance, while other markets reported a slightly negative trend. The effects of structural changes of 3 percent were attributable to the acquisition of operations in coated fabrics that took place in the fourth quarter.

The Trelleborg Industrial Solutions business area conducts operations in several of the Group's market segments. Organic sales for the full year declined 2 percent compared with 2013. The performance in Western Europe was negative, while both North America and Asia posted a positive trend. The effects of structural changes of 6 percent were attributable to the acquisition of the pipe seal and industrial hose businesses.

Organic sales for the Trelleborg Offshore & Construction business area, with a heavy emphasis on project-based business, fell 2 percent compared with 2013. The year was characterized by greater uncertainty in the offshore oil & gas segment, while market activity remained high and the order book for this segment was at a historically high level. In the infrastructure construction segment, the organic sales trend was positive, particularly in marine projects.

Net sales

SEK M



Net sales by business area

SEK M	2014	2013	Organic sales, %	Structural changes, %	Currency effects, %	Total change, %
Trelleborg Coated Systems	1,932	1,839	–2	3	4	5
Trelleborg Industrial Solutions	4,940	4,578	–2	6	4	8
Trelleborg Offshore & Construction	3,697	3,587	–2	0	5	3
Trelleborg Sealing Solutions	7,646	7,093	3	0	5	8
Trelleborg Wheel Systems	4,167	4,189	–5	0	4	–1
Group items	480	611				
Eliminations	–347	–424				
Total	**22,515**	**21,473**	**–1**	**2**	**4**	**5**

Consolidated income statements

SEK M	Note	2014	2013
Continuing operations:			
Net sales	2	22,515	21,473
Cost of goods sold		–14,515	–14,167
Gross profit		**8,000**	**7,306**
Selling expenses		–2,267	–2,112
Administration expenses		–2,547	–2,355
Research & development costs		–331	–309
Other operating income	6	263	238
Other operating expenses	6	–118	–157
Participations in TrelleborgVibracoustic	7	445	355
Tax attributable to TrelleborgVibracoustic		–147	–118
Share of profit or loss in associated companies	7	1	2
Items affecting comparability	5	–226	–410
Operating profit	3,4,8,9,10	**3,073**	**2,440**
Financial income	11	50	32
Financial expenses	11	–184	–229
Profit before tax for continuing operations		**2,939**	**2,243**
Tax	12	–703	–587
Net profit for continuing operations		**2,236**	**1,656**
Net profit for discontinuing operations	25	–9	–39
Net profit		**2,227**	**1,617**
– shareholders of the Parent Company		2,221	1,609
– non-controlling interests	13	6	8

Earnings per share [1], SEK			
Continuing operations:			
Earnings		8.23	6.08
Earnings, excluding items affecting comparability [2]		8.88	7.40
Total:			
Earnings		8.20	5.93
Dividend [3]		3.75	3.25
Number of shares			
Average		271,071,783	271,071,783
[1] No dilution effects arose			
[2] Net earnings have been adjusted for items affecting comparability, SEK M		*–178*	*–358*
[3] According to the Board of Directors' and President's proposal			

Statements of comprehensive income

SEK M	2014	2013
Net profit	**2,227**	**1,617**
Other comprehensive income		
Items that will not be reclassified to the income statement		
Reassessment of net pension obligation	–94	43
Translation differences	–9	–8
Income tax relating to components of other comprehensive income	33	–16
	–70	19
Items that may be reclassified to the income statement		
Cash-flow hedges	–108	65
Hedging of net investment	–1,021	–193
Translation differences	2,242	121
Income tax relating to components of other comprehensive income	242	49
Other comprehensive income attributable to TrelleborgVibracoustic	316	–
	1,671	42
Other comprehensive income, net of tax	**1,601**	**61**
Total comprehensive income	**3,828**	**1,678**
Total comprehensive income attributable to:		
Shareholders of the Parent Company	3,819	1,669
Non-controlling interests	9	9

For the Trelleborg Sealing Solutions business area, organic sales rose by 3 percent compared with 2013, predominantly due to the favorable performance in both the automotive and aerospace industries, although the largest segment – general industry – also reported positive growth. Organic sales to countries in Western Europe fell slightly during the year. In most other markets, particularly in Asia, sales increased compared with the preceding year.

For the Trelleborg Wheel Systems business area, organic sales declined by 5 percent compared with 2013. Agriculture-related sales reported a significant decline compared with 2013, impacted by considerably lower production levels of agricultural tires intended for OE manufacturers. The business area continued to capture market shares in the extra-large agricultural tires sub-segment. Organic sales of tires for materials handling vehicles displayed a slightly positive trend during the year. Sales in Asia increased during the year, while sales declined in most other markets.

Sales reported under Group items largely relate to the Group's joint compound mixing units.

Net sales per market

Organic sales in Western Europe declined 8 percent compared with 2013, partly impacted by fewer project deliveries. The decline in sales was relatively evenly distributed between countries in the region. Stable growth was noted in such countries as Turkey, Poland and the Czech Republic, albeit from relatively low levels. For North America, a positive performance was reported in both the U.S. and Canada, where sales rose by a total of 7 percent. Sales in South America, primarily Brazil, increased by 20 percent during the year, mainly attributable to more project deliveries. In Asia and other markets, organic sales rose 7 percent due to strong growth, especially in China and Japan, while organic sales in India fell slightly.

Western Europe remains the most important market for Trelleborg, accounting for a 51-percent (55) share of sales. Rest of Europe accounted for a 6-percent (6) share, North America for 22 percent (20) and South and Central America for 4 percent (3), while the combined share for the markets in Asia and the Rest of the world accounted for 17 percent (16).

Net sales per geographic market

SEK M	2014	2013
Western Europe	11,423	11,704
Rest of Europe	1,406	1,293
North America	5,037	4,352
South and Central America	771	619
Asia and Rest of the world	3,878	3,505
Total	**22,515**	**21,473**

	Organic sales 2014, %	Share of total sales, %
Western Europe	–8	51
Rest of Europe	+5	6
North America	+7	22
South and Central America	+20	4
Asia and other markets	+7	17
Total	**–1**	**100**

Acquisitions and major investments

During the fourth quarter, the Trelleborg Coated Systems business area completed the acquisition of the North American operations that manufacture polyurethane-coated and rubber-coated fabrics.

During the year, Trelleborg Industrial Solutions acquired a North American company specializing in pipe seals and a Turkish industrial hose business. At the same time, a Spanish facility that produces rubber boots for light vehicles was divested in 2014.

The Trelleborg Offshore & Construction business area began relocating and investing in a new facility in the U.S. for the production of marine fenders and buoys during the year.

The Trelleborg Sealing Solutions business area relocated the U.S. manufacturing facilities for precision seals in 2014.

Trelleborg Wheel Systems commenced investments in a production facility for agricultural tires in the U.S. The acquisition of an industrial tire distributor in Italy was completed at the start of the year.

Operating profit continuing operations, excluding items affecting comparability and participations in TrelleborgVibracoustic

Consolidated operating profit excluding items affecting comparability and participations in TrelleborgVibracoustic amounted to SEK 3,001 M (2,613), an increase of 15 percent. Despite generally weak sales, operating profit increased due to continued high efficiency and cost control. Companies acquired during the year made a positive contribution to the earnings trend. Exchange rate effects from the translation of foreign subsidiaries had a positive impact, primarily during the second half of the year, with a full-year effect of SEK 135 M (neg: 106).

The operating margin was 13.3 percent (12.2), the best margin to date for the Group on a full-year basis. In general terms in the Group, both implemented and ongoing action programs continued to generate positive effects in the form of more efficient structures and lower costs. Trelleborg's efforts in recent years to actively and systematically further improve the core processes of production, purchasing, capital management and sales have also had a positive effect on earnings.

Operating profit and the operating margin increased 15 percent year-on-year in the Trelleborg Coated Systems business area. The ongoing efficiency-enhancement measures in both Europe and North America had a positive impact on operating profit. More stable production from the Solventless Roller Head Line in Italy also contributed to an improved operating margin. The acquisition of operations in coated fabrics that took place in the fourth quarter had a positive effect on the operating margin. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 8 M on operating profit. The operating margin rose to 11.8 percent (10.7).

Operating profit for Trelleborg Industrial Solutions increased 22 percent year-on-year, due primarily to improved market positions, effective price discipline and cost control and the positive effect of previously announced restructuring programs. The operating margin was also positively impacted and amounted to 10.7 percent (9.4). 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.

Operating profit in the Trelleborg Offshore & Construction business area increased marginally by 3 percent. The operating margin was on par with the preceding year at 7.6 percent (7.6). In an environment characterized by greater uncertainty, particularly in the offshore oil & gas market segment, the margin succeeded in remaining on par with the preceding year as a result of an improved sales mix and enhanced cost efficiency. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 17 M on operating profit compared with 2013.

Operating profit for Trelleborg Sealing Solutions rose 16 percent year-on-year as a result of higher volumes and effective cost control. The operating margin remained at a high level throughout the year, totaling 22.6 percent (21.0) for the full year. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 71 M on operating profit compared with the year-earlier period.

Operating profit in Trelleborg Wheel Systems also increased marginally by 3 percent. The operating margin improved slightly to 12.1 percent (11.7). In a declining market, particularly for agricultural tires, the business area succeeded in improving results compared with the year-earlier period, due mainly to effective cost control and price discipline. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 20 M on operating profit compared with 2013.

Operating profit

Consolidated operating profit excluding items affecting comparability and participations in TrelleborgVibracoustic amounted to SEK 3,001 M (2,613).

SEK M	2014	2013
Trelleborg Coated Systems	227	197
Trelleborg Industrial Solutions	529	432
Trelleborg Offshore & Construction	281	274
Trelleborg Sealing Solutions	1,730	1,486
Trelleborg Wheel Systems	504	490
Group items	–270	–266
Total	**3,001**	**2,613**

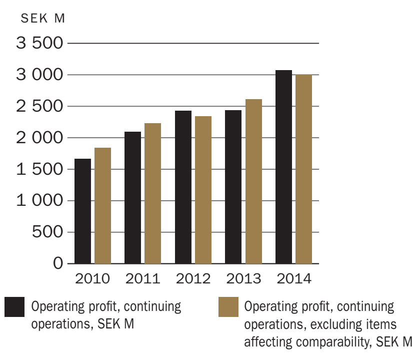
TrelleborgVibracoustic

Trelleborg and the German company Freudenberg completed the formation of the joint venture in antivibration solutions for light and heavy vehicles, TrelleborgVibracoustic, in 2012. The company consists of Trelleborg's former antivibration operation in the Trelleborg Automotive business area and Freudenberg's corresponding activities, Vibracoustic. The company is a global market leader in antivibration solutions for the automotive industry.

The Trelleborg Group reports the company as a joint venture in its financial statements and it is recognized in line with the equity method.

The company continued to performed well in 2014. Sales rose 4 percent compared with 2013, as a comparison global automotive production is estimated to have increased by

Operating profit



2 percent. Satisfactory sales performance in mainly Europe and China contributed to organic sales growth of 4 percent. Structural changes contributed 1% to the sales increase. Exchange rate fluctuations for translation to EUR corresponded to growth of 1 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 program that have been implemented. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of slightly more than EUR 1 M on operating profit compared with the year-earlier period.

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

Restructuring costs amounted to EUR 33 M, which is on par with levels previously communicated. The Group's reported tax rate was 33 percent. The underlying tax rate was 29 percent.

Participations in TrelleborgVibracoustic are included in operating profit of the Trelleborg Group in line with the equity method in the amount of SEK 298 M after tax (237).

TrelleborgVibracoustic

EUR M	2014	2013
Net sales	1,779.3	1,712.7
Total change, %	4	5
Organic sales, %	4	6
Structural changes, %	1	1
Currency effects, %	–1	–2
Operating profit excluding items affecting comparability	151.0	124.6
Operating margin, %	8.5	7.3
Acquisition-related costs	–0.4	–6.8
Amortization of intangible assets [1]	–7.2	–4.4
Restructuring costs	–33.1	–19.8
Total items affecting comparability	–40.7	–31.0
Operating profit	110.3	93.6
Financial income and expenses	–12.4	–11.5
Profit before tax	97.9	82.1
Tax	–32.3	–27.2
Net profit	65.6	54.9
SEK M		
Net profit	596	474
Trelleborg's participation, 50%	298	237

[1] *Related to split of the acquisition balance.*

Items affecting comparability

Work relating to restructuring measures is continuing in the Group and related costs were charged to consolidated operating profit in the amount of SEK 226 M (neg: 255). 2013 also included process and dispute costs of SEK 155 M as part of items affecting comparability. Accordingly, items affecting comparability amounted to negative SEK 410 M in 2013.

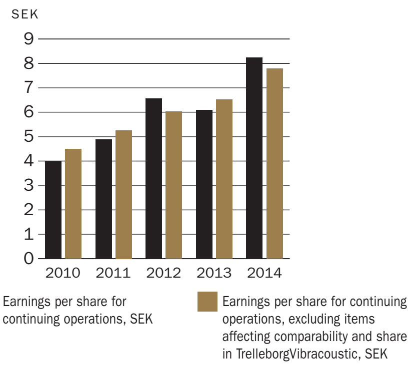
Costs for action programs

SEK M	2014	2013
Continuing operations		
Trelleborg Coated Systems	–115	–36
Trelleborg Industrial Solutions	–34	–71
Trelleborg Offshore & Construction	–19	–6
Trelleborg Sealing Solutions	–16	–57
Trelleborg Wheel Systems	–7	–17
Other	–35	–68
Total before tax	**–226**	**–255**
Total after tax	**–178**	**–203**

Earnings

SEK M	2014	2013
Operating profit, excluding items affecting comparability and participations in TrelleborgVibracoustic	3,001	2,613
Operating margin, %	13.3	12.2
Items affecting comparability	–226	–410
Participations in TrelleborgVibracoustic	298	237
Operating profit	3,073	2,440
Financial income and expenses	–134	–197
Profit before tax	2,939	2,243
Tax	–703	–587
Net profit for continuing operations	**2,236**	**1,656**
Net profit for discontinuing operations	–9	–39
Net profit, Group	**2,227**	**1,617**

Earnings per share



Key figures per quarter

Net sales per quarter, continuing operations

	Jan–Mar		Apr–Jun		Jul–Sep		Oct–Dec	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
Trelleborg Coated Systems	473	463	475	477	442	435	542	464
Trelleborg Industrial Solutions	1,181	1,142	1,222	1,189	1,262	1,127	1,275	1,120
Trelleborg Offshore & Construction	859	856	967	978	917	913	954	840
Trelleborg Sealing Solutions	1,915	1,750	1,961	1,833	1,930	1,787	1,840	1,723
Trelleborg Wheel Systems	1,126	1,109	1,057	1,111	1,008	1,010	976	959
Group items	141	187	135	162	134	129	70	133
Eliminations	–101	–113	–92	–122	–79	–95	–75	–94
Total	**5,594**	**5,394**	**5,725**	**5,628**	**5,614**	**5,306**	**5,582**	**5,145**

Operating profit excluding items affecting comparability per quarter, continuing operations

	Jan–Mar		Apr–Jun		Jul–Sep		Oct–Dec	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
Trelleborg Coated Systems	61	60	60	52	43	30	63	55
Trelleborg Industrial Solutions	117	102	135	111	136	123	141	96
Trelleborg Offshore & Construction	64	47	93	81	71	76	53	70
Trelleborg Sealing Solutions	436	352	454	416	433	386	407	332
Trelleborg Wheel Systems	148	144	147	137	106	117	103	92
Group items	–47	–66	–87	–74	–59	–44	–77	–82
Total	**779**	**639**	**802**	**723**	**730**	**688**	**690**	**563**

Consolidated earnings

Consolidated operating profit including participations in TrelleborgVibracoustic and items affecting comparability amounted to SEK 3,073 M (2,440), an increase of 26 percent. The Group's financial income and expenses amounted to a net expense of SEK 134 M (expense: 197), corresponding to a rate of interest of 2.1 percent (3.3). The financial expense in the preceding year was impacted by interest charges totaling SEK 36 M connected to the cartel ruling, refer also to Note 11. Excluding this non-recurring item, the interest rate for 2013 was 2.7 percent. Profit before tax totaled SEK 2,939 M (2,243). The tax cost for the year totaled SEK 703 M (cost: 587). The tax rate excluding the effect of participations in TrelleborgVibracoustic was 27 percent (29). Profit after tax for continuing operations amounted to SEK 2,236 M (1,656). Earnings per share were SEK 8.23 (6.08).

Earnings from the divestment of a rubber boots operation in Spain were recognized under discontinuing operations. Earnings in 2013 pertained to the final settlement of a purchase consideration relating to the earlier divestment of a unit and a final adjustment to a pension liability connected to another previously implemented divestment. The loss after tax for discontinuing operations amounted to SEK 9 M (loss: 39). Including discontinuing operations, profit after tax amounted to SEK 2,227 M (1,617). Earnings per share were SEK 8.20 (5.93).

Events after year-end

After the close of the year, 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 2015.

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.

Comments on the consolidated balance sheets

The Group's total capital employed rose to SEK 24,575 M (20,263), representing an increase of SEK 4,312 M attributable to:

SEK M	2014
Company acquisitions	1,901
Discontinuing operations	–74
Change in working capital according to cash-flow statement including effects of items affecting comparability	27
Net change in non-current assets	254
Change in participations in joint ventures/associated companies	483
Exchange rate effects upon translation of foreign subsidiaries	1,721
Total change in capital employed	**4,312**

During the year, acquired operations accounted for an increase in capital employed of SEK 1,901 M, of which SEK 1,031 M comprised goodwill. The discontinued rubber boots operation in Spain reduced capital employed by SEK 74 M. The net increase in working capital of SEK 27 M was attributable to a rise in inventories of SEK 75 M, a decline in operating receivables of SEK 343 M and a reduction in operating liabilities of SEK 295 M. Non-current assets reported a net increase of SEK 254 M. Gross capital expenditure totaled SEK 1,025 M (922). Investments for the year are distributed as follows: SEK 962 M in property, plant and equipment and SEK 63 M in intangible assets. Depreciation and amortization for the year amounted to SEK 698 M (682). Impairment losses, net after reversals, totaled SEK 42 M (31). Participations in joint ventures and associated companies increased by SEK 483 M including translation differences and were reduced by the dividend of SEK 131 M from holdings in TrelleborgVibracoustic. Exchange rate effects increased capital employed by SEK 1,721 M during the year.

Return on capital employed was 15.9 percent (15.2) for continuing operations excluding items affecting comparability and participations in TrelleborgVibracoustic. The improved earnings generation for the year and continued favorable efficiency of the management of working capital had a positive impact on return.

Equity

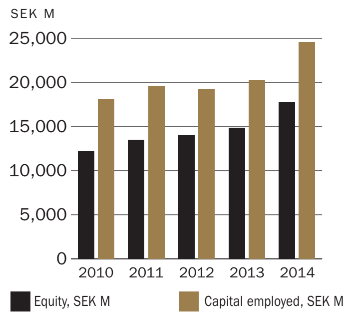
Total equity increased during the year by SEK 2,899 M to SEK 17,776 M (14,877). Translation differences increased total equity by a net amount of SEK 1,488 M (reduction: 10), including exchange rate differences (net after tax) on hedging instruments.

Total dividends amounted to SEK 883 M (813), of which SEK 2 M (0) was distributed to non-controlling interests.

Effects of the restatement of the net pension obligation under IAS 19 Employee Benefits amounted to an expense of SEK 70 M after tax. The Group's share of other comprehensive income in TrelleborgVibracoustic amounted to SEK 316 M, which impacted recognized equity.

The equity/assets ratio was 54 percent (55). At the end of the year, equity per share (271.1 million shares) totaled SEK 65.54 (54.72). Return on equity for continuing operations including TrelleborgVibracoustic and items affecting comparability amounted to 13.7 percent (11.4).

Capital structure



Trelleborg Group, change in total equity

Equity	Attributable to shareholders of the Parent Company								Non-controlling interests		Total	
	Share capital		Other capital contributions		Other reserves		Profit brought forward					
SEK M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Opening balance, January 1	2,620	2,620	226	226	–1,173	–1,214	13,160	12,345	44	35	14,877	14,012
Total comprehensive income					1,404	41	2,415	1,628	9	9	3,828	1,678
Dividend							–881	–813	–2	0	–883	–813
Acquisitions							–4		–42	–	–46	–
Closing balance, December 31	**2,620**	**2,620**	**226**	**226**	**231**	**–1,173**	**14,690**	**13,160**	**9**	**44**	**17,776**	**14,877**

For other reserves, see also Note 26.

The Board of Directors and President propose a dividend of SEK 3.75 (3.25) per share, a total of SEK 1,017 M (881).

Consolidated balance sheets

December 31, SEK M	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	14	6,088	5,141
Goodwill	15	10,485	8,576
Other intangible assets	15	1,316	597
Participations in joint ventures/associated companies	7	3,605	3,122
Financial non-current assets	16-17, 29	213	241
Deferred tax assets	18	823	628
Total non-current assets		**22,530**	**18,305**
Current assets			
Inventories	19	3,733	3,188
Current operating receivables	20-21	4,801	4,292
Current tax assets		622	366
Interest-bearing receivables	22	240	244
Cash and cash equivalents	24	1,141	893
Total current assets		**10,537**	**8,983**
TOTAL ASSETS		**33,067**	**27,288**
EQUITY AND LIABILITIES			
Shareholders' equity	26		
Share capital		2,620	2,620
Other capital contributions		226	226
Other reserves		231	–1,173
Profit brought forward		12,469	11,551
Net profit for the year		2,221	1,609
Total		**17,767**	**14,833**
Non-controlling interests	13	9	44
Total equity		**17,776**	**14,877**
Non-current liabilities			
Interest-bearing non-current liabilities	27	4,223	4,874
Other non-current liabilities	30	131	77
Pension obligations	31	605	494
Other provisions	32	89	101
Deferred tax liabilities	18	264	263
Total non-current liabilities		**5,312**	**5,809**
Current liabilities			
Interest-bearing current liabilities	27	4,493	2,023
Current tax liability		634	406
Other current liabilities	30,33	4,614	3,869
Other provisions	32	238	304
Total current liabilities		**9,979**	**6,602**
TOTAL EQUITY AND LIABILITIES		**33,067**	**27,288**
Contingent liabilities	34	43	37
Pledged assets	34	0	0

Net debt

SEK M	2014	2013
Non-current interest-bearing investments and receivables	140	123
Current interest-bearing receivables	240	244
Cash and cash equivalents	1,141	893
Total interest-bearing assets	**1,521**	**1,260**
Interest-bearing non-current liabilities	–4,223	–4,874
Interest-bearing current liabilities	–4,493	–2,023
Total interest-bearing liabilities	**–8,716**	**–6,897**
Net debt	**–7,195**	**–5,637**
Change in net debt:		
Net debt at January 1	–5,637	–5,360
Net cash flow for the year	–890	–101
Exchange rate differences	–668	–176
Net debt at year-end	**–7,195**	**–5,637**

	2014	2013
Group		
Debt/equity ratio, %	40	38
Net debt/EBITDA, multiples	1.9	1.8
EBITDA/net interest income, multiples [1)]	24.4	22.5
Continuing operations, including items affecting comparability		
Net debt/EBITDA, multiples	1.9	1.8
EBITDA/net interest income, multiples	24.8	22.8

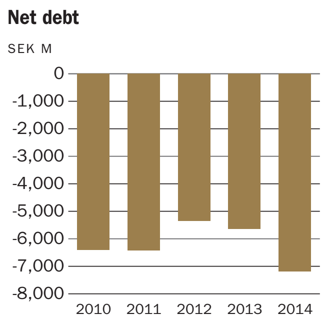
[1)] *For 2013, interest expenses was recognized excluding a negative item totaling SEK 36 M related to the European Commission's ruling relating to the Group's participation in a marine hose cartel. See also Note 11.*

Net debt and financing

Net debt for the year rose to SEK 7,195 M (5,637), up SEK 1,558 M. Net debt was impacted by a negative net cash flow and negative exchange rate differences totaling SEK 668 M. The debt/equity ratio at year-end was 40 percent (38). The net debt/EBITDA ratio for continuing operations including items affecting comparability was 1.9 (1.8).

Trelleborg's credit facilities

The EUR 750 M and USD 625 M syndicated loan facilities that Trelleborg contracted in 2011 were adjusted in 2013. The facility was extended by one year in 2014 when Trelleborg chose to exercise an extension option. Pursuant to this extension, the scheduled maturities of the loan facility are now in December 2019. The facility can be extended by an additional year at the request of Trelleborg subject to the consent of the lending banks. The issuance of Medium Term Notes totaling SEK 1,000 M in November 2014 with scheduled maturity in 2021 also significantly extended Trelleborg's debt maturity term.



Comments on the consolidated cash-flow statements

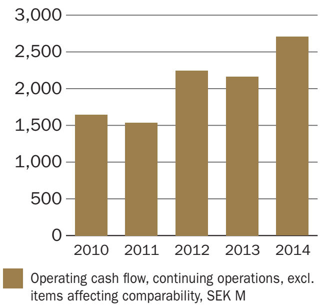
The Group's operating cash flow amounted to SEK 2,836 M (2,162), including a dividend of SEK 131 M (–) from the Trelleborg-Vibracoustic joint venture, and a dividend of SEK 1 M (1) from other associated companies.

The earnings improvement compared with 2013 had a positive impact on cash flow. The change in working capital amounted to a gain of SEK 8 M (loss: 224). A positive change in operating receivables offset a negative impact from inventories and operating liabilities. The rate of investment increased 11 percent compared with 2013 and amounted to SEK 1,025 M (922), comprising 4.6 percent (4.3) of sales. Compared with 2013, the Group's free cash flow was affected by lower payments related to items affecting comparability. After deduction of payments pertaining to financial items and taxes paid, free cash flow amounted to SEK 1,882 M (965), corresponding to SEK 6.94 per share (3.56).

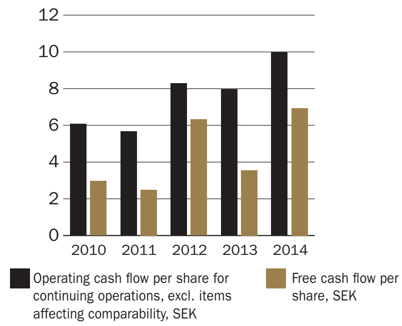
Acquisitions for the year totaled SEK 1,912 M (234). Four acquisitions took place during the year. The acquisition of an industrial tire distributor in Italy was completed at the start of the year. A pipe seal business, MaxSeal, which develops and manufactures polymer-based sealing systems for various types of pipes deployed in water and wastewater systems, was acquired during the first quarter of the year. A Turkish company, Superlas, was acquired in July. The company develops and manufactures industrial hoses for a range of industries, such as construction and civil engineering, processing, industrial cleaning and tanker transportation. During the fourth quarter, an operation and assets were acquired from Uretek Archer LLC Group in the U.S., which develops and manufactures polyurethane-coated fabrics and rubber-coated fabrics that are used across multiple segments, such as the aerospace industry, healthcare, outdoor recreation, government and defense.

The dividend for the year to shareholders of the Parent Company amounted to SEK 881 M (813). Net cash flow amounted to an expense of SEK 890 M (expense: 101).

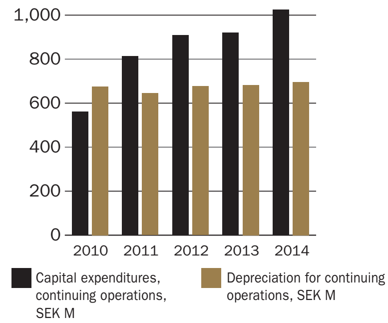
Operating cash flow



Cash flow per share



Capital expenditures and depreciation



Cash-flow report

	EBITDA		Capital expenditures		Sold non-current assets		Change in working capital		Dividend from joint ventures/ associated companies		Other non-cash items		Total cash flow	
SEK M	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Trelleborg Coated Systems	285	252	–65	–59	0	2	10	–42	–	–	8	8	238	161
Trelleborg Industrial Solutions	696	580	–180	–173	7	3	–39	67	–	–	17	16	501	493
Trelleborg Offshore & Construction	365	358	–128	–120	2	1	32	–165	–	–	16	15	287	89
Trelleborg Sealing Solutions	1,964	1,720	–334	–288	2	3	47	–39	1	1	30	25	1,710	1,422
Trelleborg Wheel Systems	626	608	–252	–209	4	4	–71	26	–	–	17	14	324	443
Group items	–228	–221	–66	–73	6	0	29	–71	131	–	–96	–81	–224	–446
Operating cash flow	**3,708**	**3,297**	**–1,025**	**–922**	**21**	**13**	**8**	**–224**	**132**	**1**	**–8**	**–3**	**2,836**	**2,162**
Cash-flow effect of items affecting comparability													–215	–352
Dividend – non-controlling interests													–2	0
Financial items													–110	–258
Tax paid													–627	–587
Free cash flow													**1,882**	**965**
Acquisitions													–1,912	–234
Discontinuing operations													21	–19
Dividend – shareholders of the Parent Company													–881	–813
Total net cash flow													**–890**	**–101**

Consolidated cash-flow statements

SEK M	Note	2014	2013
Operating activities			
Operating profit including participations in joint ventures/associated companies		3,073	2,440
Adjustment for items not included in cash flow:			
Depreciation of property, plant and equipment	14	634	611
Amortization of intangible assets	15	64	71
Impairment of property, plant and equipment	14	42	31
Dividend from joint ventures/associated companies		132	1
Participations in joint ventures/associated companies and other non-cash items		–306	–240
Cash-flow effect of items affecting comparability		13	29
Operating activities in discontinuing operations		–8	–
Interest received and other financial items		35	32
Interest paid and other financial items		–145	–290
Tax paid		–627	–587
Cash flow from operating activities before changes in working capital		**2,907**	**2,098**
Cash flow from changes in working capital:			
Change in inventories		–88	100
Change in operating receivables		338	–351
Change in operating liabilities		–242	27
Change in working capital in discontinuing operations		8	–
Change in items affecting comparability		–35	0
Cash flow from operating activities		**2,888**	**1,874**
Investing activities			
Acquisitions	35	–1,912	–234
Discontinuing operations		21	–19
Gross capital expenditures for property, plant and equipment	14	–962	–852
Gross capital expenditures for intangible assets	15	–63	–70
Sale of non-current assets		21	13
Cash flow from investing activities		**–2,895**	**–1,162**
Financing activities			
Change in interest-bearing investments		–520	818
Change in interest-bearing liabilities		–285	30
New loans raised		3,780	596
Amortized loans		–1,961	–1,074
Dividend – shareholders of the Parent Company		–881	–813
Dividend – non-controlling interests		–2	0
Cash flow from financing activities		**131**	**–443**
Cash flow for the year		**124**	**269**
Cash and cash equivalents:			
Opening balance, January 1		893	660
Exchange rate differences		124	–36
Cash and cash equivalents, December 31		**1,141**	**893**

1 General information

The Parent Company, Trelleborg AB (publ) is a limited liability company with its registered office in Trelleborg, Sweden. The Parent Company is listed on Nasdaq Stockholm. The Board of Directors resolved to adopt these consolidated financial statements for publication on February 12, 2015.

Summary of important accounting policies

The most important accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

Basis of preparation

The Trelleborg Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups and the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as approved by the EU. The Group's financial statements have been prepared in accordance with the cost method, with the exception of certain financial instruments that were measured at fair value.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below under "Parent Company's accounting policies." The differences arising between the Parent Company and the Group's accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

New and amended standards applied by the Group

The following standards were applied by the Group for the first time to fiscal years beginning on or after January 1, 2014 and have a material impact on the consolidated financial statements:

IFRS 10 Consolidated Financial Statements is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated financial statements. The standard provides further guidance that can be of assistance when it is difficult to determine control.

IFRS 11 Joint Arrangements focuses on the rights and obligations of parties in a joint arrangement, rather than the joint arrangement's legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise when a joint operator has direct rights to the assets and obligations for the liabilities in a joint arrangement. In such an arrangement, the recognition of assets, liabilities, revenue and expenses is based on the owner's share of these. A joint venture is a joint arrangement whereby the parties that exercise a joint controlling influence over an arrangement have rights to the net assets in the arrangement. Joint ventures are recognized in accordance with the equity method. The proportional method is no longer permitted.

IFRS 12 Disclosures of Interests in Other Entities covers the disclosure requirements for all forms of holdings in other companies, such as subsidiaries, joint arrangements, associated companies and unconsolidated structured entities.

Other standards, amendments or interpretations that come into effect for fiscal year beginning on January 1, 2014 have no material impact on the consolidated financial statements:

New standards and interpretations that have not yet been applied by the Group

A number of new standards, amendments and interpretations of existing standards that apply to the fiscal year commencing after January 1, 2014 were not applied by the Group in the preparation of these consolidated financial statements. However, none of these standards, amendments or interpretations of existing standards are expected to have any material effect on the Group apart from those presented below.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that address classification and measurement of financial instruments. While IFRS 9 retains a mixed-measurement model, it simplifies this method in some regards. There will be three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The manner in which an instrument will be classified depends on the company's business model and the instrument's characteristics. Investments in equity instruments are to be recognized at fair value through profit and loss, but there is also the possibility upon initial recognition to recognize the instrument at fair value through other comprehensive income. The instrument will not subsequently be reclassified to profit and loss upon divestment. IFRS 9 also introduces a new model for calculating the credit loss reserve that is based on expected credit losses. The classification and measurement of financial liabilities have not been changed except for when a liability is measured at fair value through profit and loss on the basis of the fair value alternative. In such a case, changes in value attributable to changes in credit risk are to be recognized in other comprehensive income. IFRS 9 reduces the requirements for application of hedge accounting by replacing the 80-125 criteria with requirements for the establishment of a financial relationship between the hedging instrument and the hedged item and by stipulating that the hedging ratio should be the same as the figure applied in connection with risk management. Changes were also made to hedging documentation compared with the requirements in IAS 39. The standard is to apply to fiscal years beginning on or after January 1, 2018. Prospective application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15 Revenue from Contracts with Customers regulates the manner in which revenue is recognized. The principles on which IFRS 15 is based aim to provide users of financial reports with more useful information on the company's revenues. The expanded disclosure obligation entails that information must be submitted concerning the category of revenue, settlement date, uncertainty linked to revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS 15, revenue must be recognized when the customer gains control of the sold goods or services and has the opportunity to use or gain benefit from the goods or services. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC guidance. IFRS 15 comes into effect on January 1, 2017. Early adoption is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

No other IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

Consolidated financial statements

Group

The consolidated financial statements include the Parent Company and all subsidiaries and joint venture/associated companies.

Subsidiaries

Subsidiaries are all companies (including special purpose entities, SPEs) in which the Group has the right to formulate financial and operating strategies in a manner commonly accompanying participations amounting to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently available to utilize or convert are taken into account in the assessment of whether the Group exercises controlling influence over another company. The Group also determines that control exists despite not having a participation exceeding half of the voting rights but for which it nonetheless is able to govern financial and operating strategies in the company.

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases.

The purchase method is used to recognize the Group's business combinations. The consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that result from an agreement covering a contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, that is, on an acquisition- by-acquisition basis, the Group determines whether non-controlling interests in the acquired company is to be measured at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as they arise.

If the business combination is completed in several steps, the previous equity interests in the acquired company are measured at fair value at the date of acquisition. Any gain or loss arising is recognized in profit and loss.

Each contingent consideration to be transferred by the Group is measured at fair value at the date of acquisition. Subsequent changes to the fair value of a contingent consideration classed as an asset or liability are recognized in line with IAS 39, either in profit and loss or in other comprehensive income. Contingent considerations classed as equity are not remeasured and the subsequent settlement is recognized in equity.

Goodwill is initially measured as the amount by which the total purchase consideration and fair value of non-controlling interests exceeds the value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognized in assets are also eliminated. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

When the Group no longer holds a controlling influence, each remaining holding is measured at fair value at the date on which the Group ceased to hold the controlling influence. The change in the carrying amount is recognized in profit and loss. The fair value is used as the initial carrying amount and comprises the basis for the future recognition of the remaining holdings as an associated company, joint venture or financial asset. All amounts pertaining to the divested unit that were previously recognized in other comprehensive income are recognized as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit and loss.

Associated companies
Associated companies are companies in which the Parent Company directly or indirectly has a significant, but not controlling, influence, generally corresponding to between 20 and 50 percent of the voting rights. Investments in associated companies are recognized in accordance with the equity method and are initially recognized at cost. The Group's recognized value of the holdings in associated companies includes the goodwill identified in conjunction with the acquisition, net after any recognition of impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, the share of profit in these companies is recognized in operating profit.

The Group's share in the post-acquisition results of an associated company is recognized in profit and loss in the item "Share of profit and loss in associated companies," and is included in operating profit. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amount to, or exceed, the Group's investment in the associated company, including any unsecured receivables, the Group does not recognize further losses unless obligations have been incurred or payments made on behalf of the associated company. Unrealized gains on transactions between the Group and its associated companies are eliminated in proportion to the Group's participation in the associated company. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Joint ventures
The Group applies IFRS 11 Joint Arrangements from January 1, 2014. Under IFRS 11, a holding in a joint arrangement is classified as either a joint operation or a joint venture depending on the contractual rights and obligations each investor has. Trelleborg has assessed its joint arrangements and determined them to be joint ventures. Joint ventures are recognized in accordance with the equity method. The Group's participation in TrelleborgVibracoustic is reported as a joint venture and the participation in profit is recognized is the income statement in the lines "Participations in TrelleborgVibracoustic" and "Tax attributable to TrelleborgVibracoustic" and is included in operating profit.

The equity method entails that holdings in joint ventures are to be initially recognized in the consolidated statement of financial position at cost. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of profit is included in consolidated earnings, and the Group's share of other comprehensive income is included in other comprehensive income in the Group. When the Group's share of the losses in a joint venture is the same amount or exceeds the holdings in this joint venture (including all long-term receivables that in reality comprise part of the Group's net investment in the joint venture), the Group does not recognize any additional losses, unless the Group has undertaken commitments or has made payments on behalf of the joint venture.

Transactions with non-controlling interests
Transactions with non-controlling interests are treated as transactions with the Group's shareholders. This means that, in connection with an acquisition from a non-controlling interest, the difference between the purchase consideration paid and the actual share acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

Discontinuing or divested operations
Discontinuing or divested operations comprise significant parts of operations and assets that the Group has determined to fully, or almost fully, discontinue or divest through disposal or distribution. These assets are recognized at the lower of the carrying amount and fair value, less selling expenses. These non-current assets are not depreciated from the date of reclassification.

Items affecting comparability
Non-recurring expenses related to the action programs aimed at enhancing the Group's efficiency and structure are recognized as items affecting comparability. A project is classified as affecting comparability only when it amounts to an equivalent of at least SEK 20 M and it has been approved by the Board. In addition to the action programs, costs and income can, in exceptional cases, also be classified as items affecting comparability. Exceptional items refers to material income or expense items recognized separately due to the significance of their nature or amount.

Translation of foreign currencies
Functional currency and reporting currency
Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency, is utilized in the consolidated financial statements.

Transactions and balance-sheet items
Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange rate gains and losses resulting from settlement of such transactions and from the translation at the closing rate of monetary assets and liabilities in foreign currency are recognized in profit and loss. An exception is made when hedging transactions meet the requirements for cash-flow hedging or net-investments hedging whereby gains and losses are recognized directly against other comprehensive income after adjustment for deferred taxes. Reversal to profit and loss takes place at the same time as the hedged transaction impacts profit and loss.

Subsidiaries
The earnings and financial position of the Group subsidiaries, joint ventures and associated companies (none of which use a high-inflation currency) are prepared in the functional currency of each company. In the consolidated financial statements, the earnings and financial position of foreign subsidiaries are translated into Swedish kronor (SEK) in accordance with the following:

Income and expenses in the income statements of subsidiaries are translated at the average exchange rate for the applicable year, while assets and liabilities in the balance sheets are translated at the closing rate. Exchange rate differences arising from translation are recognized as a separate item in other comprehensive income.

Translation differences arising on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item in other comprehensive income. On divestment, the accumulated translation differences attributable to the divested unit, previously recognized in other comprehensive income, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments of fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities of these operations, and are translated at the closing rate.

Income tax
Income tax in the income statement includes both current tax and deferred tax. Income tax is recognized in profit and loss except when an underlying transaction is recognized directly against equity or comprehensive income, in which case the related tax effect is also recognized in equity or comprehensive income. Current tax is tax payable or recoverable for the current year. This also includes adjustment for current tax attributable to prior periods. Deferred tax is recognized in its entirety and calculated using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is measured at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the closing date. Temporary differences arise in business combinations on the differences between the consolidated value of assets and liabilities and their tax bases.

Temporary differences that arise on initial recognition of an asset or liability, and which are not attributable to a business combination and have not affected recognized or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized for participations in subsidiaries and joint ventures/associated companies, as the Group can control the date when these temporary differences are reversed and when it is unlikely that they will be reversed in the foreseeable future.

Deferred tax assets are recognized insofar as it is probable that tax surpluses will be available in the future against which temporary differences can be utilized.

Segment reporting
Operating segments are reported in a manner consistent with the internal reports presented to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the operating segments' earnings. For the Group, this function has been identified as the President. The division of operating segments corresponds to the Group's business areas. For a description of the various segments, *see pages 12-21.*

The Group is divided into 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 build-up and integration phase.

Segment reporting for the business areas comprises operating revenues and expenses and capital employed. Capital employed encompasses all property, plant and equipment, intangible assets and participations in associated companies, plan assets, inventories and operating receivables, less operating liabilities including pension liabilities.

The business areas are charged with Group-wide expenses amounting to 0.4 percent of external sales, which does not affect recognized cash flows.

In the presentation of the Group's geographical markets, the operations have been subdivided into the Group's key geographical markets, which are Western Europe, North America and Rest of the World.

Net sales are recognized according to customer location, while assets and capital expenditures are recognized according to the actual physical location of these assets.

Other accounting and valuation policies
Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid more than 12 months from the closing date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the closing date. Assets and liabilities are measured at cost, unless otherwise indicated.

Revenue recognition
Revenue comprises the fair value of the amount that has been received, or will be received, for goods and services sold in the Group's operating activities, less VAT and discounts, and after elimination of intra-Group sales. Revenue is recognized as follows:

Sales of goods
Revenue from sale of goods is recognized during the period in which the product is delivered and when all significant risks and rewards related to ownership have been transferred to the buyer. Accordingly, the Group no longer has any involvement in the goods that is ownership-related, nor does it exercise any real control. Net sales are recognized after deduction of VAT and are adjusted for any discounts, as well as exchange rate differences in connection with sales conducted in foreign currencies.

Contract and service assignments
Revenue recognition is conducted using the percentage-of-completion method. Revenue is recognized on the basis of the stage of completion whereby it is probable that the Group will obtain the financial benefits related to the assignment, and when a reliable calculation can be made. The stage of completion is determined on the basis of costs incurred in relation to total calculated costs. Anticipated losses are expensed immediately.

Royalty revenue
Royalty revenue is recognized on an accruals basis in accordance with the financial conditions of the relevant agreements.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income
Dividend income is recognized when the right to receive payment has been determined.

Other operating income and expenses
Other operating income and expenses include external rental revenue, capital gains from the sale and scrapping of property, plant, equipment and tools, and also gains or losses on divestments of associated companies and subsidiaries.

Borrowing costs
The Group capitalizes borrowing costs that are directly attributable to acquisitions, construction or the production of a qualifying asset requiring a substantial period of time to complete for use or sale, as a portion of the cost of that asset. Other borrowing costs are expensed in the period in which they occur. No borrowing costs were capitalized in 2014.

Transaction costs for loans raised are recognized over the duration of the loan applying the effective interest method.

Intangible assets
Goodwill
The amount by which the transferred consideration, any non-controlling interests and the fair value of previous shareholdings on the date of transfer exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill on acquisition of joint ventures/associated companies is included in the value of the investment in the associated company and is tested, taking into account possible impairment losses, as a portion of the value of the total investment. Goodwill that is recognized separately is tested annually to identify possible impairment losses and is measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the disposed unit. In the impairment tests, goodwill is allocated to cash-generating units. The allocation is made between the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item. These cash-generating units comprise the Group's investments in each primary segment.

Research and development
Expenditure for development and research is expensed when it arises. Expenditure for development and testing of new or significantly improved materials, products, processes or systems is capitalized once the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset such that it can be utilized or sold,
- management intends to complete the intangible asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the intangible asset,
- it can be demonstrated that the intangible asset will generate probable, future economic benefits,
- adequate technical, economic and other resources are available to complete the development and to utilize or sell the intangible asset, and
- the expenditure associated with the intangible asset during its development can be calculated in a reliable manner.

Other development expenditure is expensed as incurred. Development expenditure previously expensed is not capitalized in subsequent periods. Capitalized development expenditure is recognized as intangible assets. Capitalized development expenditure has a finite useful life and is amortized straight-line from the point at which commercial production of the product commences. Amortization is based on the anticipated useful life, normally a period of five years.

Other intangible assets
Other intangible assets include externally acquired assets, such as capitalized expenditure for IT, patents, brands and licenses. Assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure for an intangible asset is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred. Other intangible assets are amortized straight line over their useful life, normally five to 15 years.

Property, Plant and Equipment (PPE)
PPE primarily encompasses plants and buildings. PPE is measured at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Cost may also include transfers from equity of gains and losses from cash-flow hedges relating to purchases in foreign currency, if these meet the requirements for hedge accounting.

Depreciation is applied until the estimated residual value is reached. The residual value and useful life of the assets are assessed on each closing date, and, if necessary, are adjusted.

The carrying amount of an asset is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. See the section relating to impairment losses.

Depreciation is based on the asset's cost and is allocated on a straight-line basis over its estimated useful life.

The following depreciation rates apply:

Land	Not depreciated
Buildings	1.5–6 percent
Machinery	5–33 percent
Tools and molds	33 percent
Office equipment	10—20 percent

Subsequent expenditure for a PPE is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of the replaced portion is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed as incurred.

Gains and losses on disposals are determined by comparing the sales proceeds and the carrying amount, and are recognized in profit and loss as other operating income and other operating expenses, respectively.

Leasing
Lease contracts for non-current assets are classified as either finance leases or operating leases. Finance leases apply when the financial risks and rewards related to ownership are, for all practical purposes, transferred to the Group. At the inception of the lease period, financial leases are recognized on the basis of the leased asset's fair value, or at the present value of the lease payments, whichever is lower. The leased asset is recognized as a non-current asset. Each lease payment is divided into amortization of the liability and financial costs to achieve a fixed interest rate for the recognized liability. The equivalent payment undertaking, less financial costs, is included as an interest-bearing liability. The interest portion of the financial costs is recognized in profit and loss over the lease term, so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognized for each period. Non-current assets held under finance lease agreements are depreciated in accordance with the same principles applicable to other assets of the same type, according to plan, or over the leasing period if it is shorter and the right of ownership is not expected to be transferred at the end of the leasing period. Lease agreements not classified as finance leases represent operating leases. Lease payments for operating leases are expensed as operating costs straight-line over the term of the lease.

Impairment losses on non-financial assets
Assets with an indefinite useful life, for example goodwill, are not amortized but are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the highest of fair value less selling expenses and value in use. Value in use refers to the total present value of the estimated future cash flows and the calculated residual value at the end of the useful life. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset, known as WACC (Weighted Average Cost of Capital). The Group bases the calculation on achieved earnings, forecasts, business plans, financial forecasts and market data. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units comprise the Group's operating segments. Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

Fixed assets held for sale
Fixed assets (or disposal groups) are classified as held for sale when their carrying amounts will primarily be recovered on the basis of a sales transaction, and when a sale is deemed to be highly probable. These assets are recognized at the lower of carrying amount or fair value, less selling expenses, if their carrying amounts will primarily be recovered on the basis of a sales transaction, and not through continuous use.

Financial instruments
Financial instruments recognized in the balance sheet include the following assets and liabilities: cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and derivatives.

A financial asset or liability is initially recognized in the balance sheet when the company becomes a party to the contractual conditions of the instrument.

A financial asset is derecognized from the balance sheet when all benefits and risks associated with ownership have been transferred. A financial liability is derecognized from the balance sheet when the obligations of the contract have been met, or otherwise extinguished.

Financial instruments are initially measured at fair value and, subsequently, at fair value or accumulated amortized cost, depending on their classification. All financial derivatives are continuously measured at fair value. The purchase and sale of financial assets is recognized on the transaction date, which is the date the Group undertakes to purchase or sell the asset. On each closing date, the Group tests whether any financial asset or group of financial assets has been impaired.

Classification of financial instruments
The Group classifies its financial instruments into the following categories: financial assets or liabilities at fair value through profit and loss, loan receivables and accounts receivable and financial liabilities measured at amortized cost.

The classification depends on the purpose for which the instrument was acquired. The classification is determined on the initial recognition of the instrument and is reassessed on each subsequent reporting occasion.

Calculation of fair value
The fair value of listed financial instruments is based on the appropriate market quotation on the closing date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying recognized measurement techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the closing date. Market rates form the basis for the calculation of fair value of long-term loans. For other financial instruments with no specified market value, the fair value is deemed to correspond to the carrying amount.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are measured at the exchange rate prevailing on the closing date. Exchange rate differences on operating receivables and operating liabilities are included in operating profit and loss, while exchange rate differences on financial receivables and liabilities are classified as financial items.

Financial assets at fair value through profit and loss
This category comprises both financial assets held for trading and assets designated in this category from the date of the investment that is to be measured at fair value through profit and loss. The Group's assets in this category comprise non-current and current securities investments and financial derivatives not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be realized within 12 months from the closing date. Financial assets at fair value through profit and loss are measured at fair value, both initially and subsequent to the date of acquisition, while associated transaction costs are recognized in profit and loss. Gains and losses attributable to changes in fair value are recognized in profit and loss as a financial item in the period in which they occur.

Financial liabilities at fair value through profit and loss
This category comprises derivatives with a negative fair value that are not used for hedge accounting and financial liabilities held for trading. The liabilities are measured continuously at fair value and the change in value is recognized in profit and loss as a financial item. Only derivatives were recognized in this category during the year.

Loan receivables and accounts receivable
Loan receivables and accounts receivable are financial assets that are not derivatives with fixed or determinable payments, and which are not quoted in an active market.

Loan receivables and accounts receivable are initially measured at fair value and, subsequently, at amortized cost by applying the effective interest method, less any provisions for impairment.

A bad debt provision is established when there is objective evidence that the Group will not be able to secure all amounts maturing in accordance with the original conditions of the receivable. Significant financial difficulties experienced by a debtor, the probability of the debtor entering into bankruptcy or undergoing financial reconstruction and payments not being made or being made late (fallen due by more than 30 days) are all considered to be indications that a bad debt provision may be required.

The size of the provision comprises the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted by the receivable's effective interest rate. The carrying amount of the asset is reduced by using a value depletion account and the loss is recognized under the item "Selling expenses." When a receivable cannot be collected, it is eliminated against the value depletion account for receivables. The reversal of amounts that were previously eliminated is credited under the item "Selling expenses" in the income statement.

Cash and cash equivalents
Cash and cash equivalents consist of cash balances and balances with banks and other institutes maturing within three months from the date of acquisition, as well as short-term liquid investments with a maturity, from the date of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value.

Borrowings
Borrowings are initially measured at fair value, net, after transaction costs and, subsequently, at amortized cost. Any difference between the amount received and the amount to be repaid is recognized in profit and loss over the loan period by applying the effective interest method. Borrowings are classified as interest-bearing non-current or current liabilities in the balance sheet.

Accounts payable
Accounts payable are initially recognized at fair value and, thereafter, at amortized cost using the effective interest method.

Offsetting of financial instruments
Financial assets and liabilities are offset and recognized at net amount in the balance sheet only when a legal right exists to offset the recognized amount and there is an intention to settle the amount net, or simultaneously realize the asset and settle the liability. This legal right may not be dependent on future events and it must be legally binding for the company and the counterparty in the normal business operations and also in the event of payment cancellation, insolvency or bankruptcy.

Impairment of financial assets
Assets carried at amortized cost: At the end of each reporting period, the Group tests whether there is objective evidence to recognize impairment losses on a financial asset or group of financial assets. Impairment losses will be recognized on a financial asset or group of financial assets only if there is objective evidence of an impairment requirement resulting from the occurrence of one or more events after the asset was initially recognized (a "loss event") and if this event (or events) has (have) an impact on estimated future cash flows for the financial assets or group of financial assets that can be estimated reliably.

Financial derivatives
The Group utilizes derivatives to cover the risk for exchange rate fluctuations and to hedge its exposure to interest rate risks. The Group also uses derivatives for commercial trade within the framework of the mandates determined by the Board. Holdings of financial derivatives include interest rate and currency swaps, FRAs and foreign-exchange forwards, and interest rate and currency options.

Derivatives are recognized in the balance sheet from the contract date and are measured at fair value, both initially and in subsequent remeasurements. The method for recognizing the gains or losses arising in connection with remeasurement depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities measured at fair value through profit and loss. Gains and losses resulting from changes in fair value are recognized as financial items in profit and loss in the period in which they occur.

Hedge accounting
The Group applies hedge accounting for financial instruments intended to hedge the following financial risks: future commercial cash flows – internal and external – in foreign currency, cash flows in future interest payments on the Group's borrowing and net investments in foreign operations.

When entering into the transaction, the relationship between the hedging instrument and the hedged item or transaction is documented, as is the objective of risk management and the strategy according to which various hedging measures are implemented. Both at the inception of the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are efficient in terms of offsetting changes in the fair value of the hedged items or in terms of the cash flows pertaining to them.

Hedges are designed so that they can be expected to be effective. Changes in the fair value of such derivatives not meeting the requirements for hedge accounting are recognized directly in profit and loss.

Hedging of future commercial cash flows in foreign currencies
To hedge future forecast and contracted commercial cash flows, both within the Group and externally, the Group secures foreign-exchange forward contracts and currency option contracts. The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income.

The gain or loss attributable to any ineffective portion is recognized directly in operating profit in profit and loss. Accumulated amounts in equity are transferred back to profit and loss in the periods in which the hedged item affects profit, such as when a forecast external sale takes place.

When a hedging instrument expires or is sold, or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity and are recognized as income/loss at the same time as the forecast transaction is finally recognized in profit and loss. If a forecast transaction is no longer expected to take place, the accumulated gain or loss recognized in equity is immediately transferred to profit and loss.

Hedging of cash flows in future interest payments on Group borrowing
The Group secures interest rate derivatives to ensure the required interest rate on the Group's net borrowings. Amounts to be paid or received in relation to interest rate derivatives are recognized on an ongoing basis as interest income or interest expense. Changes in the fair value of hedging instruments are recognized in equity until the maturity date. Any ineffective portion is recognized directly in profit and loss. If the loan, and consequently, future interest payments, cease to exist, the accumulated gain or loss recognized in equity is transferred immediately to profit and loss.

Hedging of net investments in foreign subsidiaries
The Group has borrowings or foreign-exchange forward contracts in foreign currencies to hedge investments in foreign subsidiaries. These borrowings and contracts are measured at the closing rate. In the consolidated balance sheet, the borrowings are measured at the closing rate and exchange rate differences are recognized directly against equity, after adjustment for the tax portion.

The Group has borrowings in foreign currency with certain subsidiaries where the loans represent a permanent part of the Parent Company's financing of the subsidiary. These loans are hedged for foreign-exchange risks in the same way as investments in foreign subsidiaries are hedged. Loans and hedges are recognized at the closing rate, with exchange rate differences on these loans and hedging instruments recognized directly in equity. Any ineffective portion of the exchange rate difference is recognized directly in profit and loss as a financial item.

Accumulated gains and losses in equity are recognized in profit and loss when the foreign operations are disposed of.

Realized exchange rate differences on borrowings and forward contracts are recognized in the cash-flow statement under "Financing activities."

Inventories
Inventories are measured at the lower of cost and net realizable value on the closing date. Cost is calculated according to the first-in/first-out (FIFO) principle. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilization is used in the measurement of inventories. Borrowing costs are not included. The net realizable value is calculated as the estimated selling price less applicable variable selling expenses. Deductions are made for internal gains generated through intra-Group sales.

Equity
Costs arising in connection with new share issues and the repurchase of equity instruments are recognized directly in equity.

The redemption of convertibles and the exercise of share warrants entail new shares being issued while the exercise of call options may entail the utilization of treasury shares.

The proceeds from the sale of treasury shares are recognized directly in equity. Holdings of treasury shares reduce profit brought forward. When treasury shares are canceled, the share capital is reduced by an amount corresponding to the par value of the shares and profit brought forward is increased by the corresponding amount.

Provisions
Provisions are recognized when the Group has a legal or constructive obligation resulting from past events and it is probable that payment will be required to meet the obligation, and that the amount can be calculated in a reliable manner. The provision for restructuring primarily covers costs relating to severance pay and other costs affecting cash flow arising in conjunction with restructuring the Group's operations.

Provisions are established when a detailed, formal plan for measures to be undertaken has been established and valid expectations have been raised by those who will be affected by such measures. No provisions are made for future operating losses. Provisions are made for environmental activities related to earlier operations when it is probable that a payment liability will arise and when the amount can be estimated with reasonable precision. Provisions are divided into non-current and current provisions.

Government grants
Government grants are measured at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to the acquisition of assets reduces the cost of the assets. Government grants providing compensation for expenses are recognized systematically over the same period as the expenses to be offset.

Employee benefits
Pension obligations
Within the Group, there are a number of defined contribution pension plans and defined benefit pension plans, of which a small number have plan assets in foundations or similar.

A defined contribution pension plan is a plan in which the Group pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. In a defined benefit pension plan, the amount of the pension benefit an employee will receive after retirement is based on factors such as age, period of service and salary.

Pension plans are normally financed through contributions to a separate legal entity from each Group company and from the employees.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the closing date, less the fair value of plan assets.

For defined benefit plans, the liability is calculated using the Projected Unit Credit Method, which allocates the cost over the employee's working life. The calculations are undertaken by actuaries, who also annually reassess the value of the pension obligations. These assumptions are based on the present value of expected future pension payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity largely matching that of the current pension obligations. For funded pension plans, the fair value of plan assets reduces the calculated pension obligation. Funded plans with net assets, i.e. where the assets exceed the obligations, are recognized as plan assets.

Actuarial gains and losses as a result of experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Costs for services rendered in previous years are recognized directly in profit and loss.

Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta. This is a defined benefit plan and encompasses several employers. As Trelleborg did not have access to information to enable it to recognize this plan as a defined benefit plan, it was, consequently, recognized as a defined contribution plan.

The Group's pension payments for defined contribution plans are expensed in all functions in profit and loss in the period in which the employees carried out the service to which the contribution refers. Prepaid contributions are recognized as an asset insofar as cash repayments or reductions of future payments can benefit the Group.

Other post-employment benefits
Certain Group companies, primarily in the U.S., provide post-retirement medical care benefits for their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anticipated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined benefit pension plans. Actuarial gains and losses are recognized over the expected average remaining working life of the employees concerned. These obligations are assessed by qualified actuaries.

Variable salaries
Provisions for variable salaries are expensed on an ongoing basis in accordance with the financial implications of the agreement.

Remuneration on termination
Remuneration is normally payable if employment is terminated prior to normal retirement age, or when an employee accepts voluntary termination in exchange for remuneration. The Group recognizes severance pay when a detailed formal plan has been presented.

Related-party transactions
The Group's transactions with related parties pertain to purchases and sales to joint ventures/associated companies. All transactions are priced in accordance with market terms and prices; refer to Note 7 for further information. In addition, compensation is paid to the Board of Directors and senior executives; refer to Note 3 for further information.

Critical accounting estimates and judgments
Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions impact recognized assets and liabilities, as well as revenue and expenses and other disclosures, including contingent liabilities. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of assets and liabilities where these cannot be determined by means of other information. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. Areas involving estimates and assumptions that may have a significant effect on the Group's earnings and financial position include:

- Impairment testing of goodwill and other assets: The impairment requirement for goodwill implies that goodwill is tested annually in conjunction with the year-end financial statements, or as soon as changes indicate that a risk of impairment exists, such as when the business climate changes or a decision is made on the divestment or closure of an operation. Impairment losses are recognized if the carrying amount exceeds the estimated value in use. See also Note 15. Goodwill represents approximately 59 percent of the Group's equity.
- Other PPE and intangible assets are recognized at cost, less accumulated depreciation, amortization and any impairments. The Group has no intangible assets, other than goodwill and certain brands, with a non-finite useful life. Amortization and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the Group's non-current assets is tested as soon as changed conditions show that a need for impairment has arisen. Value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs, but in specific cases, also in relation to individual assets. Testing of the carrying amount of an asset also becomes necessary when a decision is taken to sell the asset. The asset is measured at the lower of the carrying amount and the fair value, less selling expenses. Not including goodwill, PPE and intangible assets amount to approximately 42 percent of the Group's equity.
- Calculation of deferred tax assets and liabilities: Assessments are made to determine current and deferred tax assets and liabilities, particularly with regard to deferred tax assets. In this manner, an assessment is made of the probability that the deferred tax assets will be utilized for settlement against future taxable gains. The fair value of these future taxable gains may deviate, owing to the future business climate and earnings potential, or to changes in tax regulations. For further information, *see Note 18*.
- Calculation of remuneration to employees: The value of pension obligations for defined benefit pension plans is derived from actuarial calculations based on assumptions concerning discount rates, expected yield from plan assets, future salary increases, inflation and the demographic conditions. At year-end, the Group's defined benefit obligations amounted to SEK 583 M.
- Calculations regarding legal disputes and contingent liabilities: The Group is involved in a number of disputes and legal proceedings within the framework of its operating activities. Management engages both external and internal legal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that could entail any major negative effect on the operations or on the financial position. For further information, refer the Risk management section on *pages 56-61*.
- Calculations of provisions for restructuring measures, other provisions and accrued expenses: The amount of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the amount of severance payments or other obligations in connection with termination of employment. Calculations of this type of cost are based on the particular situation in the negotiations with the parties concerned.

Cash-flow statements
Cash-flow statements are prepared in accordance with the indirect method.

Parent Company's accounting policies
The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

In its financial reporting, the Parent Company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This entails the following differences between accounting in the Parent Company and the Group:

- The Parent Company recognizes its pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments in accordance with IFRS are made at the Group level.
- Group contributions are recognized as appropriations.
- Shareholders' contributions to subsidiaries are added to the value of shares and participations in the balance sheet, after which, impairment testing is conducted.
- Liabilities in foreign currencies that represent effective hedging instruments for the Parent Company's investments in subsidiaries were measured at the historical rate of exchange. Gains or losses on liabilities that are replaced are recognized as other assets or liabilities until such time the net investment has been divested.

2 Segment reporting

A description of the Group's operating segments is presented on *pages 12-21*.

Net sales and operating profit by operating segment

	2014						2013					
	Net sales						Net sales					
SEK M	External	Internal	Total	Profit/loss	Of which, items affecting comparability	Of which, profit/loss in joint ventures/ associated companies	External	Internal	Total	Profit/loss	Of which, items affecting comparability	Of which, profit/loss in joint ventures/ associated companies
Trelleborg Coated Systems	1,794	138	1,932	112	–115	–	1,700	139	1,839	161	–36	–
Trelleborg Industrial Solutions	4,889	51	4,940	495	–34	–	4,500	78	4,578	361	–71	–
Trelleborg Offshore & Construction	3,692	5	3,697	262	–19	–	3,575	12	3,587	268	–6	–
Trelleborg Sealing Solutions	7,582	64	7,646	1,714	–16	1	7,034	59	7,093	1,429	–57	2
Trelleborg Wheel Systems	4,167	0	4,167	497	–7	0	4,189	0	4,189	473	–17	0
Group items	391	89	480	–305	–35	–	475	136	611	–489	–223	–
Elimination of inter-company sales		–347	–347					–424	–424			
TrelleborgVibracoustic	–	–	–	298	–	298	–	–	–	237	–	237
Operating profit	**22,515**	**0**	**22,515**	**3,073**	**–226**	**299**	**21,473**	**0**	**21,473**	**2,440**	**–410**	**239**
Financial income				47						32		
Financial expenses				–181						–229		
Income tax				–703						–587		
Profit for the year, continuing operations				**2,236**						**1,656**		
Profit for the year, discontinuing operations				–9						–39		
Net profit				**2,227**						**1,617**		

2 3

Assets and liabilities by operating segment

SEK M	2014 Operating assets	2014 Operating liabilities	2014 Capital employed	2014 Of which participations in joint venture/associated companies	2014 Capital expenditures	2014 Depreciation/amortization	2014 Impairment losses	2014 Operating cash flow [1)]	2013 Operating assets	2013 Operating liabilities	2013 Capital employed	2013 Of which participations in joint venture/associated companies	2013 Capital expenditures	2013 Depreciation/amortization	2013 Impairment losses	2013 Operating cash flow [1)]
Trelleborg Coated Systems	4,183	528	3,655	–	65	58	29	238	2,524	392	2,132	–	59	55	–	161
Trelleborg Industrial Solutions	4,401	1,079	3,322	2	180	166	1	501	3,519	893	2,626	3	173	148	0	493
Trelleborg Offshore & Construction	3,618	1,186	2,432	–	128	84	0	287	3,089	918	2,171	–	120	84	0	89
Trelleborg Sealing Solutions	9,206	1,368	7,838	3	334	225	12	1,710	8,326	1,224	7,102	2	288	232	2	1,422
Trelleborg Wheel Systems	4,136	683	3,453	1	252	122	0	324	3,525	683	2,842	1	209	118	0	443
Group items	928	576	352	2	66	43	0	–355	891	493	398	3	73	45	29	–446
Provisions for items affecting comparability		74	–74							121	–121					
TrelleborgVibracoustic	3,597	–	3,597	3,597	–	–	–	131	3,113	–	3,113	3,113	–	–	–	–
Total	**30,069**	**5,494**	**24,575**	**3,605**	**1,025**	**698**	**42**	**2,836**	**24,987**	**4,724**	**20,263**	**3,122**	**922**	**682**	**31**	**2,162**

1) *Operating cash flow pertains to the Group's operations excluding items affecting comparability.*

Net sales

By geographic market/country

SEK M	2014	2013
Germany	2,921	2,944
U.K.	1,578	1,515
France	1,518	1,523
Sweden	1,199	1,292
Italy	958	953
Norway	651	697
Netherlands	546	476
Spain	532	532
Belgium	348	369
Switzerland	287	465
Denmark	286	356
Finland	265	262
Other Western Europe	334	320
Total Western Europe	**11,423**	**11,704**
Turkey	318	251
Poland	317	282
Czech Republic	240	203
Romania	138	141
Rest of Europe	393	416
Total rest of Europe	**1,406**	**1,293**
USA	4,689	4,049
Canada	348	303
Total North America	**5,037**	**4,352**
Brazil	495	390
Mexico	162	146
Other South and Central America	114	83
Total South and Central America	**771**	**619**
China	1,076	855
Australia	516	479
South Korea	479	452
Japan	412	360
India	219	217
Other markets	1,176	1,142
Total Asia and other markets	**3,878**	**3,505**
Total rest of the world	**6,055**	**5,417**
Total	**22,515**	**21,473**

In the translation of foreign subsidiaries, changes in exchange rates compared with 2013 had a positive impact on sales of 4 percent (neg: 4)

Trends in key currencies against the SEK were as follows:

	2014 Average rate	2014 Closing day rate	2013 Average rate	2013 Closing day rate
EUR	9.0958	9.5248	8.6504	8.9523
USD	6.8551	7.8130	6.5146	6.5097
GBP	11.2875	12.1451	10.1878	10.7392

Assets by geographic market, excluding TrelleborgVibracoustic

SEK M	Operating assets 2014	Operating assets 2013	Capital expenditures 2014	Capital expenditures 2013
Italy	2,835	2,542	120	178
U.K.	2,639	2,254	87	82
Sweden	1,837	1,625	91	87
France	1,399	1,363	85	50
Germany	1,385	1,366	34	50
Other Western Europe	5,739	5,588	138	114
Total Western Europe	**15,834**	**14,738**	**555**	**561**
North America	**6,101**	**3,608**	**245**	**118**
China	1,504	1,199	102	110
Brazil	758	755	12	23
Turkey	576	2	3	–
Sri Lanka	377	337	24	15
Australia	443	417	15	7
Czech Republic	241	203	13	24
Japan	241	222	1	1
Rest of the world	985	884	55	63
Total rest of the world	**5,125**	**4,019**	**225**	**243**
Eliminations	–588	–491	–	–
Total	**26,472**	**21,874**	**1,025**	**922**

3 Employees and employee benefits

Average number of employees

	2014 Women	2014 Men	2014 Total	2013 Women	2013 Men	2013 Total
U.K.	275	1,331	1,606	283	1,287	1,570
Sweden	401	828	1,229	413	851	1,264
Italy	180	987	1,167	183	951	1,134
France	189	824	1,013	190	816	1,006
Germany	229	436	665	217	439	656
Malta	152	368	520	157	405	562
Spain	40	296	336	44	370	414
Other Western Europe	287	885	1,172	314	897	1,211
Total Western Europe	**1,753**	**5,955**	**7,708**	**1,801**	**6,016**	**7,817**
Poland	247	254	501	228	236	464
Turkey	13	283	296	–	2	2
Rest of Europe	247	325	572	226	337	563
Total rest of Europe	**507**	**862**	**1,369**	**454**	**575**	**1,029**
USA	614	1,668	2,282	607	1,525	2,132
Canada	6	22	28	6	22	28
Total North America	**620**	**1,690**	**2,310**	**613**	**1,547**	**2,160**
Brazil	74	341	415	87	324	411
Other South and Central America	88	210	298	84	105	189
Total South and Central America	**162**	**551**	**713**	**171**	**429**	**600**
China	472	1,071	1,543	402	1,142	1,544
Sri Lanka	33	691	724	29	701	730
India	50	365	415	49	274	323
Other markets	134	509	643	133	491	624
Total Asia and other markets	**689**	**2,636**	**3,325**	**613**	**2,608**	**3,221**
Total	**3,731**	**11,694**	**15,425**	**3,652**	**11,175**	**14,827**

The proportion of women is 9 percent (0) in executive management positions and 29 percent (29) on the Board of Directors.

Cont.

Note 3 cont.

Employee benefits, other remuneration and payroll overheads

Salaries and other remuneration, SEK M	2014	2013
U.K.	612	521
Sweden	608	628
Italy	455	467
France	350	344
Germany	397	371
Malta	96	97
Spain	108	131
Other Western Europe	680	652
Total Western Europe	**3,306**	**3,211**
Poland	54	48
Turkey	35	1
Rest of Europe	78	76
Total rest of Europe	**167**	**125**
USA	1,064	941
Canada	17	16
Total North America	**1,081**	**957**
Brazil	94	81
Other South and Central America	29	22
Total South and Central America	**123**	**103**
China	150	130
Sri Lanka	33	30
India	31	21
Other markets	280	265
Total Asia and other markets	**494**	**446**
Salaries and other remuneration	**5,171**	**4,842**
Payroll overheads	1,071	976
Pension costs – defined-contribution plans	178	140
Pension costs – defined-benefit plans	28	38
Payroll overheads	**1,277**	**1,154**
Total	**6,448**	**5,996**
Salaries and other remuneration for continuing operations include:		
to Board members and presidents, including variable salaries	182	164
to other senior executive officers	33	31

Remuneration of the Board of Directors and senior executives
Principles
The following principles governing remuneration of senior executives in the Trelleborg Group were adopted by the 2014 Annual General Meeting. The Board's proposal to the 2015 Annual General Meeting regarding principles for remuneration is the same as the proposal adopted by the 2014 Annual General Meeting. Trelleborg's principles for remuneration of senior executives state that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. The remuneration structure shall comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package. Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets. Principles for remuneration may vary depending on local conditions. The remuneration structure will be based on such factors as position, expertise, experience and performance. Refer also to www.trelleborg.com, Corporate Governance, Annual General Meeting: "Principles for remuneration and other conditions of employment for senior executives".

Remuneration of management 2014
President
During 2014, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining an annual variable salary. The annual variable salary has an established ceiling for full-year 2014, corresponding to a maximum of 65 percent of fixed salary. During 2014, the annual variable salary was based on the Trelleborg Group's profit before tax and the Group's operating cash flow, excluding both the effect of structural changes approved by the Board and the earnings effect from TrelleborgVibracoustic. The President also had a minor share of the annual variable salary based on operating profit in TrelleborgVibracoustic. The annual variable salary does not constitute pensionable income and does not form the basis of calculation of vacation pay. For 2014, an annual variable salary of SEK 5,655,000 (5,655,000) was payable to the President.

Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid. The pension agreement is a defined-contribution scheme, and the premium comprises 40 percent of the fixed salary. Pension premiums were expensed in 2014 as shown in the table to the right.

For the President, a period of notice of 24 months applies when termination of employment is initiated by the company. The period of notice when termination of employment is initiated by the President is six months.

Other senior executives
The principles for remuneration of other senior executives are based on both a fixed and annual variable salary. The annual variable part has an established ceiling and accounts for a maximum of 30-60 percent of fixed annual salary. In 2014, the annual variable salary was based on, among other factors, the earnings trend and operating cash flow. In addition, a minor portion of the annual variable salary of a few senior executives was based on the operating profit in TrelleborgVibracoustic. For the business areas, other operating key figures also served as targets for annual variable salary. For other senior executives, pension agreements are defined-contribution schemes, whereby the pension premium can vary between 20 and 45 percent of the fixed salary. Some of the senior executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation amounting to 60 percent of fixed annual salary is paid until the age of 65, after which the regular retirement pension payments become effective. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months. The period of notice from the senior executive is six months. The President and other senior executives have the possibility of having other benefits, primarily a company car and medical expenses insurances.

Long-term incentive program
Since 2005, the Board of Directors has annually resolved on a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are a cash-based supplement to the annual variable salaries, provided that the executive has not terminated his employment as per December 31 in the year in which the program ends.

Purpose
The incentive programs are directional and have long-term content. The aim is to increase value for the Group's shareholders by promoting and retaining the commitment of senior executives to the Group's development.

Target figures
The target value for the incentive programs is an annual improvement of 10 percent in the Trelleborg Group's earnings per share. This target excludes the items affecting comparability attributable to the Trelleborg Group and TrelleborgVibracoustic and the impact of any share buyback programs. The outcome for 2014 was earnings per share of SEK 9.23. For the current programs, the Board has established a target of SEK 6.02 in earnings per share for 2012 and a target of SEK 6.08 for 2013, with the upper cap for payments for all programs set at 25 percent of the maximum annual variable salary per program per year. For 2014, the target figure used the total for 2013 as a base, that is, SEK 7.56 in earnings per share. For this program, the upper cap for payment is 33.3 percent of the maximum annual variable salary.

Outcome and payment
The outcome of the programs are calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. A payment was made in the first quarter of 2014 for the program approved in 2011. For the program approved for 2012, payment will be made in the first quarter of 2015, for the program approved for 2013, payment will be made in the first quarter of 2016, and for the program approved for 2014, payment will be made in the first quarter of 2017. In 2014, earnings were charged with SEK 34,924,000 (27,012,000) and additional payroll overheads of SEK 8,172,000 (6,370,000).

Other incentive programs
The Group has no ongoing convertible debenture or warrant programs at the present time.

Remuneration to the Board 2014
The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2014, remuneration was paid as per the table below. No consulting fees were paid to the Board members. Remuneration is not paid to executive Board members.

Specification of remuneration to Board members, salaries to the President and other senior executive officers

2014 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program[1)]	Other benefits	Pension costs	Total
Sören Mellstig, Chairman of the Board	1,217					1,217
Hans Biörck, Board member	613					613
Jan Carlson, Board member	480					480
Claes Lindqvist, Board member	530					530
Bo Risberg, Board member	563					563
Nina Udnes Tronstad, Board member	430					430
Heléne Vibbleus, Board member	580					580
President	9,712	5,655	4,453	161	3,718	23,699
Other senior executives,						
employees of Trelleborg AB, 4 persons	9,287	3,998	3,035	429	3,539	20,288
employees of other Group companies, 6 persons	22,748	8,392	8,092	936	13,474	53,642
Total	**46,160**	**18,045**	**15,580**	**1,526**	**20,731**	**102,042**

1) *Expensed in 2014. Payment is made in the first quarter, 2015 to 2017, on condition that the individual is employed in the Group on December 31 of the preceding year.*

2013 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program	Other benefits	Pension costs	Total
Sören Mellstig, Chairman of the Board	933					933
Anders Narvinger, Chairman of the Board up to and including 2013 AGM	400					400
Hans Biörck, Board member	530					530
Jan Carlson, Board member	313					313
Claes Lindqvist, Board member	530					530
Bo Risberg, Board member	480					480
Nina Udnes Tronstad, Board member	413					413
Heléne Vibbleus, Board member	563					563
President	9,177	5,655	4,390	158	3,538	22,918
Other senior executives,						
employees of Trelleborg AB, 4 persons	9,257	4,056	2,712	420	4,143	20,588
employees of other Group companies, 6 persons	20,915	9,245	8,328	890	8,927	48,305
Total	**43,511**	**18,956**	**15,430**	**1,468**	**16,608**	**95,973**

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4 Auditor's remuneration

SEK M	2014	2013
PricewaterhouseCoopers		
Audit assignment	23	22
Audit activities other than audit assignment	1	1
Tax consultancy services	4	5
Other services	6	19
Other auditors		
Audit assignment	1	0
Tax consultancy services	0	0
Other services	0	0
Total	**35**	**47**

5 Items affecting comparability

Breakdown by business area

SEK M	2014	2013
Trelleborg Coated Systems	–115	–36
Trelleborg Industrial Solutions	–34	–71
Trelleborg Offshore & Construction	–19	–6
Trelleborg Sealing Solutions	–16	–57
Trelleborg Wheel Systems	–7	–17
Group items	–35	–68
Total restructuring programs	**–226**	**–255**
Legal non-recurring costs	–	–155
Total items affecting comparability	**–226**	**–410**

Breakdown by function

SEK M	2014	2013
Cost of goods sold	–94	–105
Selling expenses	–11	–10
Administrative expenses	–42	–32
Research & development costs	–2	0
Other operating income	1	4
Other operating expenses	–78	–267
Total	**–226**	**–410**

Of which impairment losses/restructuring costs

	Impairment losses		Restructuring costs	
SEK M	2014	2013	2014	2013
Trelleborg Coated Systems	–29	–	–86	–36
Trelleborg Industrial Solutions	0	–	–34	–71
Trelleborg Offshore & Construction	–	–	–19	–6
Trelleborg Sealing Solutions	–4	–	–12	–57
Trelleborg Wheel Systems	–	–	–7	–17
Group items	–	–29	–35	–39
Total	**–33**	**–29**	**–193**	**–226**

Impairment of non-current assets was conducted to the calculated value in use.

6 Other operating income and expenses

SEK M	2014	2013
Compensation from insurance company	2	1
Rental revenue	54	59
Exchange rate differences	83	83
Royalties	14	15
Government grants	6	6
Customer-/supplier-related revenues	18	17
Sale of non-current assets	2	1
Sale of tools, prototypes, etc.	6	10
Sale of services	5	15
Other	73	31
Total other operating income	**263**	**238**
Rental costs	–3	–9
Exchange rate differences	–88	–67
Customer-/supplier-related expenses	–4	–4
Sale/disposal of non-current assets	–7	–3
Other	–16	–74
Total other operating expenses	**–118**	**–157**
Total	**145**	**81**

7 Participations in joint venture/associated companies

The Trelleborg Group includes a major joint venture, TrelleborgVibracoustic GmbH, with its registered office in Germany. For further information, refer to *pages 22-24*.

Other associated companies account for a minor amount.

	Profit before tax		Income tax		Net profit		Dividend received	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
TrelleborgVibracoustic	445	355	–147	–118	298	237	131	–
Other, associated companies	1	2	0	0	1	2	1	1
Total	**446**	**357**	**–147**	**–118**	**299**	**239**	**132**	**1**

	Receivables from companies		Liabilities to companies		Sales to companies		Operating income from companies [2]	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
TrelleborgVibracoustic [1]	20	79	4	51	128	121	51	60
Other, associated companies	3	4	0	0	14	12	0	0
Total	**23**	**83**	**4**	**51**	**142**	**133**	**51**	**60**

[1] *The Group has outstanding contingent liabilities connected to TrelleborgVibracoustic, refer also to Note 34.*

[2] *Of which rental revenue SEK 38 M (38).*

Balance sheets TrelleborgVibracoustic

SEK M	2014	2013
Ownership participation, %	50	50
Consolidated participation, %	50	50
Non-current assets	5,591	4,610
Current assets	3,905	3,545
Cash and cash equivalents	1,848	1,549
Non-current financial liabilities	19	45
Other non-current liabilities	1,448	1,110
Current financial liabilities	1,838	2,167
Other current liabilities	3,915	3,133
Net assets (100 percent)	4,124	3,249
Non-controlling interests	–333	–358
Net assets after deduction for non-controlling interests	3,791	2,891
Group's theoretical participation, 50%	1,895	1,441
Difference in initial carrying amount/fair value	1,686	1,611
Translation differences	16	62
Carrying amount, TrelleborgVibracoustic	**3,597**	**3,114**

Statements of comprehensive income, TrelleborgVibracoustic

SEK M	2014	2013
Net sales	16,180	14,809
Operating profit	1,372	1,078
Profit before tax	890	710
Net profit	596	474
Other comprehensive income	632	–
Comprehensive income (100 percent)	1,228	474
Comprehensive income, (Trelleborg's participation, 50%)	**614**	**237**

Change in carrying amounts, joint ventures/associated companies

SEK M	2014	2013
Balance, January 1, joint venture	3,114	2,860
Other comprehensive income	316	–
Dividend	–131	–
Net profit for the year	298	237
Other	–	17
Carrying amount, TrelleborgVibracoustic	**3,597**	**3,114**
Other, associated companies	8	8
Carrying amount, December 31	**3,605**	**3,122**

8 Expenses by nature

SEK M	2014	2013
Costs for raw materials, components, goods for resale and packaging material as well as energy and transport costs	–10,402	–10,276
Remuneration to employees	–6,687	–6,196
Depreciation/amortization and impairment losses	–740	–713
Other external costs related to sales, administration and R&D	–2,030	–1,923
Other operating income/expenses	118	–164
Participations in joint venture/associated companies	299	239
Total	**–19,442**	**–19,033**

The above amounts include items affecting comparability.

9 Exchange rate differences impacting operating profit

SEK M	2014	2013
Net sales	8	27
Cost of goods sold	–7	–22
Sales, administration and R&D costs	–5	–2
Other operating income/expenses	–5	12
Total	**–9**	**15**

10 Government grants

SEK M	2014	2013
Grants received	7	7
Total	**7**	**7**

11 Financial income and expenses

Financial income

SEK M	2014	2013
Interest income from interest-bearing receivables	30	32
Exchange rate gains, net	20	0
Total financial income	**50**	**32**
Financial expenses		
Interest expenses on interest-bearing liabilities	–184	–175
Interest expenses related to EU ruling [1)]	–	–36
Exchange rate losses, net	–	–18
Total financial expenses	**–184**	**–229**
Total financial income and expenses	**–134**	**–197**

[1)] *Pertains to interest expenses of SEK 36 M related to the European Commission's ruling relating to the Group's participation in a marine hose cartel. The interest expense is attributable to the appeal period (2009-2013).*

12 Income tax

SEK M	2014	2013
Current tax expenses		
Tax expenses for the period	–570	–434
Adjustment of tax attributable to prior years	–8	11
Total	**–578**	**–423**
Deferred tax expenses		
Utilization/revaluation of losses carried forward	–85	–92
Deferred tax expenses/income on changes in temporary differences	–39	–70
Total	**–124**	**–162**
Other tax	–1	–2
Total recognized tax expenses for continuing operations	**–703**	**–587**
Discontinuing operations		
Deferred tax expenses		
Utilization/revaluation of losses carried forward	50	–
Total recognized tax expenses for the Group	**–653**	**–587**
Reconciliation of tax in the Group, continuing operations		
Profit before tax, excluding participations in TrelleborgVibracoustic	2,641	2,006
Calculated Swedish income tax, 22% (22%)	–581	–441
Impact of other tax rates on foreign subsidiaries	–81	–52
Non-deductible expenses/non-taxable revenue	–9	–59
Amortization of goodwill upon divestment	–1	5
Impact of changed tax rates and tax regulations	–2	3
Remeasurement of losses carried forward/temporary differences	–26	–56
Tax attributable to prior years	–2	15
Total	**–702**	**–585**
Other tax	–1	–2
Recognized tax for continuing operations	**–703**	**–587**
Tax items recognized in other comprehensive income		
Deferred tax on cash-flow hedges	24	–14
Deferred tax on hedging of net investments	224	42
Deferred tax in translation differences	–6	21
Deferred tax on pension obligations	33	–16
Total	**275**	**33**

At year-end 2014, the Group had losses carried forward in continuing operations of approximately SEK 3,357 M (2,429), of which about SEK 2,333 M (1,543) was taken into account when calculating deferred tax. Losses carried forward not taken into account include cases where uncertainty exists regarding the tax value.

Of losses carried forward, SEK 0 M (–) falls due within the next 12-month period and SEK 31 M (68) falls due within the next five-year period.

13 Non-controlling interests – profit and equity

	Non-controlling interest			
	Share of profit for the year		Equity	
SEK M	2014	2013	2014	2013
Investissement et Financiere de Bloch SAS [1)]	5	4	–	24
Etablissements Bloch SAS [1)]	–2	1	–	13
Other companies	3	3	9	7
Total	**6**	**8**	**9**	**44**

[1)] *The companies became wholly owned subsidiaries in 2014.*

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14 Property, plant and equipment

SEK M	2014	2013
Buildings	1,588	1,248
Land and land improvements	498	470
Plant and machinery	2,875	2,467
Equipment, tools, fixtures and fittings	425	377
New construction in progress and advance payments relating to PPE	702	579
Total	**6,088**	**5,141**

Depreciation of PPE by function

SEK M	2014	2013
Cost of goods sold	–542	–527
Selling expenses	–17	–18
Administrative expenses	–54	–48
Research & development costs	–13	–11
Other operating expenses	–8	–7
Total	**–634**	**–611**

Impairment of PPE by function

SEK M	2014	2013
Cost of goods sold	–12	–21
Administrative expenses	0	0
Other operating expenses	–30	–10
Total	**–42**	**–31**

Leasing agreements

The Group has entered into financial and operating lease agreements. Non-current assets held under financial lease agreements are recorded as property, plant and equipment and future payment obligations are recognized as a financial liability.

Leasing costs for assets held through financial lease agreements amounted to SEK 1 M (0). Future lease payments for financial lease agreements fall due as follows:

SEK M	2014	2013
Year 1	2	2
Years 2–5	2	3
Later than 5 years	–	–

Leasing costs for assets held through operating lease agreements are classified as operating expenses, and amounted to SEK 157 M (138). Future payment commitments for non-cancelable lease agreements amounted to SEK 653 M (537) and fall due as follows:

SEK M	2014	2013
Year 1	154	121
Years 2–5	343	269
Later than 5 years	156	147

	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments		Total PPE	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost	3,306	2,804	535	483	9,262	7,978	1,752	1,508	727	602	15,582	13,375
Accumulated depreciation according to plan	–1,390	–1,233	–34	–28	–6,243	–5,408	–1,305	–1,115	–23	–22	–8,995	–7,806
Accumulated revaluations	14	13	13	30	2	2	0	0	0	0	29	45
Accumulated impairment losses	–342	–336	–16	–15	–146	–105	–22	–16	–2	–1	–528	–473
Carrying amount	**1,588**	**1,248**	**498**	**470**	**2,875**	**2,467**	**425**	**377**	**702**	**579**	**6,088**	**5,141**
Balance, January 1	1,248	1,209	470	454	2,467	2,320	377	395	579	531	5,141	4,909
Acquisitions	91	6	3	0	98	28	6	4	1	0	199	38
Divested operations	–1	–	–20	–	–4	0	0	–	0	–	–25	0
Capital expenditures	40	76	5	14	279	219	76	72	562	471	962	852
Capital expenditures, financial leasing	–	–	–	–	–	–	1	1	0	–	1	1
Divestments and disposals	–7	–27	–1	–4	–17	–7	–4	–3	–1	0	–30	–41
Depreciation according to plan for the year	–99	–91	–4	–3	–419	–410	–112	–106	0	–1	–634	–611
Impairment losses for the year	–4	–10	0	–	–32	–21	–5	–	–1	–	–42	–31
Reclassifications	185	76	4	3	247	313	54	12	–500	–414	–10	–10
Translation difference for the year	135	9	41	6	256	25	32	2	62	–8	526	34
Carrying amount	**1,588**	**1,248**	**498**	**470**	**2,875**	**2,467**	**425**	**377**	**702**	**579**	**6,088**	**5,141**

Contents

15 Intangible assets

SEK M	2014	2013
Capitalized expenditure for development work	138	56
Capitalized expenditure for IT	122	100
Concessions, patents, licenses, trademarks and similar rights	405	351
Goodwill	10,485	8,576
Market and customer-related intangible assets	581	32
Advance payments related to intangible assets	70	58
Total	**11,801**	**9,173**

Impairment testing of goodwill and other assets

Goodwill and other assets are tested for impairment annually or more frequently if there are indications of a decline in value. This testing is based on defined cash-generating units matching the business areas applied in segment reporting. For a more detailed presentation of the Group's business areas, *see pages 12-21*.

The recoverable amount has been determined on the basis of calculations of value in use. These calculations are based on internal budgets and forecasts of the next five years. The most important assessments relate to sales growth during the forecast period and the operating margin trend. The assessments of management are based on both historical experience and current information relating to the market trend. Following the forecast period, the cash flows were extrapolated using an assumed sustainable rate of growth of 2 percent (2), which is in line with the assessed sustainable growth rate in the respective market. Changes in working capital and in capital expenditure requirements have also been taken into account. The projected future cash flows according to these assessments thus form the basis for the calculation. When calculating the present value of future cash flows, a weighted average cost of capital (WACC) of 8.0 percent (8.2) after tax was applied to all business areas. Since all of the segments have a similar risk profile and operate in the same markets, the risk in the cash flows is similar, which justifies use of the same return requirement. Reconciliation was also conducted against an external assessment of a reasonable cost of capital. The debt/equity ratio was assumed to be 75 percent (75).

The calculations indicated no need for impairment in any of the business areas. A sensitivity analysis shows that, with a rate of growth reduced by 50 percent beyond the forecast period (next five years) and an increase in the cost of capital of 1 percentage point to 9.0 percent after tax, there would still be no need for impairment for any of the business areas. A 1-percent reduction in estimated sales growth during the forecast period would also not lead to the need for any impairment.

Goodwill by segment

SEK M	2014	2013
Trelleborg Coated Systems	1,893	989
Trelleborg Industrial Solutions	1,347	996
Trelleborg Offshore & Construction	1,210	1,077
Trelleborg Sealing Solutions	5,454	4,986
Trelleborg Wheel Systems	582	506
Group items	–1	22
Total	**10,485**	**8,576**

In addition to goodwill, the Group has trademarks totaling SEK 344 M with a non-finite useful life.

	Capitalized expenditure for development work		Capitalized expenditure for IT		Concessions, patents, licenses and trademarks		Goodwill		Market and customer-related intangible assets		Advance payments related to intangible assets		Total intangible assets	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost	171	81	489	421	730	641	11,058	9,148	631	62	70	58	13,149	10,411
Accumulated amortization according to plan	–33	–25	–369	–322	–321	–286	–192	–206	–50	–30	0	–	–965	–869
Accumulated impairment losses	0	0	2	1	–4	–4	–381	–366	–	–	–	–	–383	–369
Carrying amount	**138**	**56**	**122**	**100**	**405**	**351**	**10,485**	**8,576**	**581**	**32**	**70**	**58**	**11,801**	**9,173**
Balance, January 1	56	8	100	79	351	337	8,576	8,329	32	15	58	56	9,173	8,824
Acquisitions	72	45	0	–	25	15	1,031	138	540	20	0	–	1,668	218
Divested operations	–	–	–	–	–	–	–39	–	–	–	–	–	–39	–
Capital expenditures	7	1	20	14	6	1	–	0	1	0	29	54	63	70
Divestments and disposals	–	–	–1	0	–	–	–	–	–	–	–	–	–1	0
Amortization according to plan for the year	–5	–4	–31	–50	–13	–13	–	–	–15	–4	–	–	–64	–71
Impairment losses for the year	0	–	–	–	0	0	0	0	–	–	–	–	0	0
Reclassifications	–	4	27	57	4	3	–	0	–	–	–21	–54	10	10
Translation difference for the year	8	2	7	0	32	8	917	109	23	1	4	2	991	122
Carrying amount	**138**	**56**	**122**	**100**	**405**	**351**	**10,485**	**8,576**	**581**	**32**	**70**	**58**	**11,801**	**9,173**
Amortization for the year, by function														
Cost of goods sold	–1	0	–8	–7	–2	–3	–	–	–1	–1	–	–	–12	–11
Selling expenses	–2	–2	–3	–2	0	0	–	–	–4	–2	–	–	–9	–6
Administrative expenses	–	–	–19	–40	–7	–7	–	–	0	–1	–	–	–26	–48
Research & development costs	–1	–2	–1	–1	–3	–2	–	–	–	–	–	–	–5	–5
Other operating expenses	–1	–	0	–	–1	–1	–	–	–10	–	–	–	–12	–1
Total amortization	**–5**	**–4**	**–31**	**–50**	**–13**	**–13**	**–**	**–**	**–15**	**–4**	**–**	**–**	**–64**	**–71**

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17

16 Financial non-current assets

SEK M	2014	2013
Plan assets	18	40
Loan receivables	140	123
Derivative instruments (Note 23)	3	18
Other non-current receivables	52	60
Total	**213**	**241**

Carrying amount corresponds to fair value.

17 Parent Company and Group holdings of shares in Group companies [1)]

Company	Registration number	Domicile/ country	No. of shares	Owner-ship percent	Carrying amount, SEK M
Trelleborg Coated Systems China Holding AB	556728-8716	Trelleborg	1,000	100	56
Dormvilelva AB	556853-1593	Trelleborg	1,000	100	0
Dormviltolv AB	556853-1619	Trelleborg	1,000	100	0
Dormviltretton AB	556853-1627	Trelleborg	1,000	100	0
Dormvilfjorton AB	556853-1486	Trelleborg	1,000	100	0
Dormvilfemton AB	556853-1635	Trelleborg	1,000	100	0
Trelleborg Sealing Solutions Belgium SA		Belgium	100	100	114
Trelleborg do Brasil Solucões em Vedacão Ltda		Brazil	17,992,221	100	11
Trelleborg Sealing Solutions Bulgaria EOOD		Bulgaria	10,000	100	16
Trelleborg Sealing Solutions Silcotech Bulgaria OOD		Bulgaria	1,500	50	2
Trelleborg Sealing Solutions Sizdirmazlik Ürünleri Ithalat Ihracat Üretim ve Ticaret Limited Sirketi		Turkey	42,200	100	4
Trelleborg Sealing Solutions Czech s.r.o		Czech Republic	0	100	48
Trelleborg Sealing Solutions Hong Kong Ltd		China	484,675	100	1
Trelleborg Sealing Solutions Hungary Kft		Hungary	0	100	1
Trelleborg Sealing Solutions Russia OOO		Russia	0	100	2
Trelleborg Sealing Solutions Korea Ltd		South Korea	77,000	100	17
Trelleborg Sealing Solutions Japan KK		Japan	333	100	99
Trelleborg Sealing Solutions Polska Sp.z o.o.		Poland	12,800	100	6
Trelleborg Sealing Solutions Finland Oy		Finland	15	100	75
Trelleborg Sealing Solutions Switzerland SA		Switzerland	1,000	100	47
Trelleborg Sealing Solutions Stein am Rhein AG		Switzerland	26	26	82
Trelleborg Sealing Solutions Sweden AB	556204-8370	Jönköping	2,500	100	167
Lebela Förvaltnings AB	556054-1533	Trelleborg	60,000	100	35
Trelleborg Tigveni SRL		Romania	700	100	8
Trelleborg Tyres Lanka (Private) Ltd		Sri Lanka	16,272,537	100	91
Trelleborg Wheel Systems Liepaja LSEZ SIA		Latvia	8,502,000	100	106
Trelleborg Wheel Systems Argentina S.A		Argentina	1,850,000	100	0
Chemtrading Alpha Holding AG		Switzerland	100	100	3
Trelleborg Holdings Switzerland AG		Switzerland	100	100	201
Trelleborg Sealing Solutions Stein am Rhein AG		Switzerland	74	74	
Trelleborg Wheel Systems China Holdings AB	556739-6998	Trelleborg	1,000	100	64
Maine Industrial Tire LLC		U.S.	1	100	
Trelleborg Automotive Shanghai Holdings AB	556742-8742	Trelleborg	1,000	100	10
Trelleborg Industrial Products Finland Oy		Finland	0	100	137
MHT Takentreprenören i Malmö AB	556170-2340	Malmö	1,000	100	0
Trelleborg Automotive Czech Republic s.r.o		Czech Republic	0	100	19
Trelleborg Sealing Profiles Lithuania UAB		Lithuania	2,021,040	100	5
Trelleborg Corporation		U.S.	2,592	100	3,211
Trelleborg Coated Systems US Inc		U.S.	1,000	100	
Trelleborg Coated Systems Italy SpA		Italy	25,600,000	100	
Trelleborg Sealing Solutions US, Inc		U.S.	7,500	100	
Trelleborg Offshore US Inc		U.S.	1,000	100	
Trelleborg Wheel Systems Americas Inc		U.S.	1,000	100	
Trelleborg Sealing Profiles US Inc		U.S.	1,000	100	
Trelleborg Sealing Solutions Detroit Inc		U.S.	100	100	
Trelleborg Croatia D.O.O		Croatia	0	100	0
Trelleborg Engineered Systems China Holding AB	556223-5910	Trelleborg	1,000	100	11
Trelleborg Offshore & Construction AB	556055-7711	Trelleborg	1,250	100	11
Trelleborg Engineered Systems Qingdao Holding AB	556715-4991	Trelleborg	1,000	100	96
Trelleborg Holding AB	556212-8255	Trelleborg	1,000	100	2,310
Trelleborg Sealing Profiles Sweden AB	556026-2148	Trelleborg	12,000	100	
Trelleborg International AB	556033-0754	Trelleborg	1,500	100	3,152
Trelleborg Sealing Solutions Germany GmbH		Germany	0	100	
Trelleborg Wheel Systems Germany GmbH		Germany	0	100	
Trelleborg Holding Danmark A/S		Denmark	21,000	100	631
Trelleborg Holding France SAS		France	736,779	100	1,437
Trelleborg Industrie SAS		France	682,800	100	
Trelleborg Sealing Solutions France SAS		France	8,727	100	
Trelleborg Wheel Systems France SAS		France	9,060	100	
Trelleborg Holdings Italia S.r.l		Italy	0	100	671
Trelleborg Holding Norge AS		Norway	10,000	100	
Trelleborg Offshore Norway AS		Norway	27,000	100	
Trelleborg Holdings UK Ltd		U.K.	253,472,474	100	2,987
Trelleborg Sealing Solutions UK Ltd		U.K.	10,050,000	100	
Trelleborg Industrial Products UK Ltd		U.K.	1	100	
Trelleborg Offshore UK Ltd		U.K.	41,590	100	
Trelleborg Industri AB	556129-7267	Trelleborg	725,000	100	197
Trelleborg Insurance Ltd		Bermuda	50,000	100	119
Trelleborg International BV		Netherlands	41	100	3,150
Trelleborg Pipe Seals Lelystad BV		Netherlands	30,000	100	
Trelleborg Wheel Systems Italia SpA		Italy	11,000	100	
Trelleborg Marine Systems Japan KK		Japan	20	100	2
Trelleborg Material & Mixing Lesina s.r.o.		Czech Republic	0	100	12
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	29
Trelleborg Treasury AB (publ)	556064-2646	Stockholm	5,000	100	15,001
Trelleborg Wheel Systems Nordic AB	556056-2620	Sävsjö	40,000	100	10
Trelleborg Sealing Solutions Kalmar AB	556325-7442	Kalmar	60,000	100	245
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
Trelleborg Sealing Solutions (China) Co. Ltd		China	0	100	
TSS Silcotech Hong Kong Holding AB	556742-8775	Trelleborg	1,000	100	3
Trelleborg Forsheda AB	556052-2996	Värnamo	8,640,000	100	343
Trelleborg Ersmark AB	556039-7852	Ersmark	1,270,000	100	
Total Parent Company					**35,098**

1) *The table shows directly owned subsidiaries and indirectly owned companies with annual external sales exceeding SEK 250 M.*

A complete list of companies is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

18 Deferred tax assets/tax liabilities

	2014			2013		
SEK M	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	10	379	–369	8	273	–265
Land and buildings	45	112	–67	46	103	–57
Machinery and equipment	50	121	–71	44	130	–86
Financial non-current assets	1	9	–8	2	21	–19
Inventories	105	21	84	92	9	83
Current receivables	12	2	10	9	3	6
Pension provisions	124	1	123	105	1	104
Other provisions	54	4	50	57	3	54
Non-current liabilities	58	6	52	7	8	–1
Current liabilities	124	1	123	93	3	90
Losses carried forward	632	–	632	456	–	456
Total	**1,215**	**656**	**559**	**919**	**554**	**365**
Offsetting of assets/liabilities	–392	–392		–291	–291	
Total	**823**	**264**	**559**	**628**	**263**	**365**

Deferred tax assets and liabilities are offset when the deferred tax pertains to the same tax authority.

Change in deferred tax on temporary differences and losses carried forward

	Balance, January 1		Recognized in profit and loss		Recognized in other comprehensive income/ directly against equity		Acquired/divested tax assets/liabilities		Translation differences		Reclassifications		Balance, December 31, continuing operations	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Intangible assets	–265	–240	–31	–8	–	–	–36	–15	–37	–2	–	–	–369	–265
Land and buildings	–57	–48	–5	–4	–	–	5	–3	–10	–2	–	–	–67	–57
Machinery and equipment	–86	–71	20	–15	–	–	–1	–	–4	0	–	–	–71	–86
Financial non-current assets	–19	–17	8	–65	–3	63	–	–	0	0	6	–	–8	–19
Inventories	83	83	–9	–3	–	–	0	1	10	2	–	–	84	83
Current receivables	6	12	3	–6	–	–	0	0	1	0	–	–	10	6
Pension provisions	104	132	–23	–12	33	–16	7	–	8	0	–6	–	123	104
Other provisions	54	59	–8	–8	–	–	0	3	4	0	–	–	50	54
Non-current liabilities	–1	–26	–3	25	56	–	–	–	0	0	–	–	52	–1
Current liabilities	90	78	9	26	10	–14	1	2	13	–2	–	–	123	90
Losses carried forward	456	540	–35	–92	179	–	–4	8	36	0	–	–	632	456
Total	**365**	**502**	**–74**	**–162**	**275**	**33**	**–28**	**–4**	**21**	**–4**	**0**	**–**	**559**	**365**
Of which discontinuing operations			50	–										
Continuing operations			**–124**	**–162**										

19 Inventories

SEK M	2014	2013
Raw materials and consumables	946	834
Work in progress	442	372
Finished products and goods for resale	2,333	1,978
Contracted work in progress	0	–
Advances to suppliers	12	4
Total	**3,733**	**3,188**

Impairment of obsolete inventories amounted to SEK 339 M (329).

20 Current operating receivables

SEK M	2014	2013
Accounts receivable	3,800	3,420
Provision for bad debts	–68	–70
Bills receivable	89	52
Operating receivables, joint venture/associated companies	23	33
Other current receivables	455	393
Derivative instruments (Note 23)	7	1
Prepaid expenses and accrued income (Note 21)	495	463
Total	**4,801**	**4,292**

Age analysis of accounts receivable

SEK M	2014	2013
Receivable not yet due	3,157	2,793
Due, but not impaired:		
<30 days	412	367
31–60 days	112	131
61–90 days	43	19
>90 days	76	110
Total	**3,800**	**3,420**
Provision for bad debts	–68	–70
Total	**3,732**	**3,350**

Provision for bad debts

SEK M	2014	2013
Opening balance	70	81
New provisions recognized in profit and loss	15	22
Utilization of reserve attributable to identified bad debt loss	–14	–24
Reversals recognized in profit and loss	–7	–12
Acquisitions/divestments	–2	2
Translation difference	6	1
Closing balance	**68**	**70**

21 Prepaid expenses and accrued income

SEK M	2014	2013
Interest	1	5
Pension costs	6	5
Tools	18	18
Derivative instruments (Note 23)	22	12
Accrued income	240	219
Prepaid insurance	22	32
Rents	25	18
Other	161	154
Total	**495**	**463**

22 Interest-bearing receivables

SEK M	2014	2013
Loan receivables	6	60
Derivative instruments (Note 23)	134	61
Receivables from joint venture/associated companies	–	50
Current bank investments	100	73
Total	**240**	**244**

The recognized amounts represent an accurate estimation of their fair value.

23 Financial derivative instruments

Derivative instruments are used mainly to hedge the Group's exposure to fluctuations in exchange rates and interest rates. The Group also uses derivative instruments for proprietary trading within the framework of mandates set by the Board. In cases where available forms of borrowing do not meet the desired structure of the loan portfolio with regard to interest rate and foreign-exchange considerations, various derivative instruments are used.

Currency and basis swaps are used to secure the desired financing adapted to the subsidiaries' currencies. Interest rate swaps, basis swaps, FRAs or other comparable instruments are used to obtain the desired fixed-interest terms.

Foreign-exchange forwards and currency options are financial derivative instruments used to hedge currency exposure in both fixed commercial undertakings and calculated future commercial flows.

Investments in foreign subsidiaries and joint ventures/associated companies may be hedged. Hedging is effected mainly through corresponding borrowing in the same currency, but may also be secured through forward contracts.

The table below shows where the Group's financial derivative instruments are recognized in the balance sheet.

Specification of derivatives in the balance sheet, SEK M	2014	2013
Financial non-current assets	3	18
Prepaid expenses and accrued income	22	12
Other current receivables	7	1
Interest-bearing receivables	134	61
Total receivables, financial derivatives	**166**	**92**
Other non-current liabilities	109	59
Non-current interest-bearing liabilities	29	–
Accrued expenses and prepaid income	73	6
Other current liabilities	59	46
Interest-bearing liabilities	250	78
Total liabilities, financial derivatives	**520**	**189**

For credit exposure in derivatives, see Note 28.

SEK M	2014		2013	
Type and purpose of Group's financial derivative instruments	**Assets Fair value**	**Liabilities Fair value**	**Assets Fair value**	**Liabilities Fair value**
Interest rate swaps – cash-flow hedging	3	163	18	112
Foreign-exchange forwards – cash-flow hedging	22	73	12	6
Foreign-exchange forwards – net investment hedging	–104 [1]	163	41	28
Basis swap contracts – financing of subsidiaries	3	33	–	–
Foreign-exchange forwards – financing of subsidiaries	242	88	21	43
Total	**166**	**520**	**92**	**189**

[1] *Of which a negative SEK 108 M relates to netted contracts.*

The nominal amount of interest rate swaps outstanding totaled SEK 7,303 M (6,439).

Derivatives with hedge accounting

Cash-flow hedging – Interest rate swaps

In the closing balance of the hedging reserve in equity, a negative SEK 109 M (neg: 42) before tax relates to the fair value of interest rate swaps.

At unchanged interest and exchange rates, this value will negatively impact earnings by SEK 3 M in 2015, by SEK 15 M in 2016, by SEK 17 M in 2017, by SEK 24 M in 2018, by SEK 4 M in 2019, by SEK 21 M in 2020, by SEK 11 M in 2021 and by SEK 14 M in 2022.

Cash-flow hedges – forward currency contracts and currency options

The fair-value closing balance of cash-flow hedges relating to forward currency contracts and recognized in the hedging reserve amounted to a negative net of SEK 37 M (pos: 5).

At unchanged exchange rates, this value will have a negative impact on operating profit by SEK 37 M in 2015.

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest rate risks and translation exposure are presented in the section "Financial risk management" on *pages 60–61 and in Note 28.*

If cash-flow hedges related to transaction exposure were valued using exchange rates applicable on December 31, 2013, the fair value would amount to SEK 23 M (0), of which SEK 22 M (1) would be included in the hedging reserve.

If closing balances relating to accounts receivable and accounts payable, taking into consideration implemented hedging measures, were valued using exchange rates applicable on December 31, 2013, net debt would decrease by SEK 10 M (0).

Taking into account implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

24 Cash and cash equivalents

SEK M	2014	2013
Current bank investments	41	13
Cash and bank balances	1,100	880
Total	**1,141**	**893**

For credit exposure in cash and cash equivalents, see Note 28.

25 Discontinuing operations

The amounts in 2014 pertain to result from the divestment of a rubber boots operation in Spain. The amounts in 2013 represent non-recurring expenses related to the final settlement of previously divested units.

Analysis of results from discontinuing operations

SEK M	2014	2013
Other operating expenses	–59	–39
Operating loss	**–59**	**–39**
Loss before tax	**–59**	**–39**
Income tax	50	–
Net loss	**–9**	**–39**

26 Equity

Specification of other reserves

	Hedging reserve		Translation reserve		Total	
SEK M	2014	2013	2014	2013	2014	2013
Opening balance, translation differences	–24	–75	–1,149	–1,139	–1,173	–1,214
Cash-flow hedging						
Fair value	–104	72			–104	72
Tax on fair value	23	–16			23	–16
Transfers to profit and loss	–4	–7			–4	–7
Tax on transfers to profit and loss	1	2			1	2
Changes for the year attributable to translation of companies after tax			2,284	141	2,284	141
Hedging of net investment after tax			–796	–151	–796	–151
Closing balance	**–108**	**–24**	**339**	**–1,149**	**231**	**–1,173**

Accumulated translation differences are recorded from January 1, 2004.

Of transfers from the hedging reserve to profit and loss during 2014, SEK 1 M (neg: 2) caused a deterioration in the Group's financial interest expenses and SEK 5 M (9) caused an improvement in operating profit.

The Board of Directors and President propose that a dividend of SEK 3.75 (3.25) per share to be paid for 2014, totaling SEK 1,017 M (881).

Trelleborg AB's share capital at December 31, 2014 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	**271,071,783**	**100,00**	**527,571,783**	**100,00**

Change in total number of shares	2014	2013
January 1	271,071,783	271,071,783
Change during the year	–	–
December 31	**271,071,783**	**271,071,783**

No treasury shares are held.

22
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27 Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2014	2013
Liabilities to credit institutions	4,160	4,871
Other interest-bearing liabilities	34	3
Derivative instruments (Note 23)	29	–
Total	**4,223**	**4,874**

Interest-bearing current liabilities

SEK M	2014	2013
Liabilities to credit institutions	3,734	1,560
Bank overdraft facilities	477	330
Liabilities to joint ventures/associated companies	0	41
Other interest-bearing liabilities	32	14
Derivative instruments (Note 23)	250	78
Total	**4,493**	**2,023**
Total interest-bearing liabilities	**8,716**	**6,897**

Since borrowing essentially only takes place at variable interest, the fair value is deemed to correspond to the carrying amount.

The Group's outstanding interest-bearing liabilities at year-end 2014, adjusted for any derivative financial instruments, have the following currency distribution, effective interest rates and fixed-interest terms

	Amount SEK M		Effective interest rate, %		Fixed-interest term adjusted for any derivatives. No. of days	
	2014	2013	2014	2013	2014	2013
SEK	959	254	1.3	2.1	132	861
USD	3,271	1,888	1.8	2.1	498	676
EUR	3,838	3,954	2.7	2.0	617	651
GBP	306	470	2.9	2.6	1,517	751
Other	342	331	2.6	1.0	26	21
Total	**8,716**	**6,897**	**2.2**	**2.0**	**527**	**642**

The Group's interest-bearing liabilities (utilized amounts at closing date)

	2014		2013	
	SEK M	Expiry, year	SEK M	Expiry, year
Non-current				
Syndicated loan, EUR tranche EUR 750 M	0	2019	627	2018
Syndicated loan, USD tranche USD 625 M	1,102	2019	1,938	2018
Medium Term Note SEK 550 M	549	2021	–	–
Medium Term Note SEK 450 M	449	2021	–	–
Medium Term Note EUR 50 M	476	2018	448	2018
Medium Term Note EUR 110 M	1,048	2017	985	2017
Schuldscheindarlehen EUR 41 M + EUR 14 M	524	2019	492	2019
Bond, EUR 50 M	–	–	448	2015
Other non-current loans	–67	2016–2021	–67	2015–2018
Other interest-bearing liabilities	113	2016	3	2015
Derivative instruments	29	2021	–	–
Total non-current	**4,223**		**4,874**	
Current				
Commercial paper program	859	2015	1,463	2014
Bank overdraft facilities	477	2015	330	2014
Bond, EUR 50 M	476	2015	–	–
Other current loans	2,399	2015	97	2014
Interest-bearing liabilities to joint ventures/associated companies	–	–	41	2014
Other interest-bearing liabilities	32	2015	14	2014
Derivative instruments	250	2015	78	2014
Total current	**4,493**		**2,023**	
Total	**8,716**		**6,897**	

Committed confirmed and uncommitted confirmed credit facilities

SEK M	2014			2013		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
Committed confirmed credit facilities						
Syndicated loan EUR 750 M + USD 625 M (expires 2019)	12,027	1,102	10,925	10,783	2,565	8,218
Bilateral credit facilities	2,286	2,286	0	–	–	–
Overdraft facilities (expire 2015)	453	156	297	428	89	339
Total	**14,766**	**3,544**	**11,222**	**11,211**	**2,654**	**8,557**
Uncommitted confirmed credit facilities						
Bank overdraft facilities	1,372	322	1,050	1,266	241	1,025

In addition to the above credit facilities, the Group also commanded unconfirmed credit facilities amounting to approximately SEK 1,600 M at year-end 2014.

In the second half of 2014, Trelleborg contracted an additional Medium Term Note (MTN) of SEK 300 M, with an issue date of January 9, 2015 and a tenor of seven years from the issue date.

The EUR 750 M and USD 625 M syndicated loan maturing in 2019 is subject to one financial covenant that stipulates a maximum debt/equity ratio. Per the end of 2014, there was ample headroom in relation to this covenant.

28 Financial risk management

For a description of the Group's financial risks and policies regarding financial risks, see the "Risk management" section on *pages 60–61*.

Translation risks – Balance sheet

When translating the balance sheets of the Group's foreign subsidiaries to SEK, there is a risk that the Group's balance sheet will be impacted by changes in exchange rates. The Group has significant net investments in foreign subsidiaries and joint ventures/associated companies.

If SEK appreciates by 1 percentage point in relation to all currencies in which the Trelleborg Group has foreign net investments, there would be a negative change in shareholders' equity of SEK 165 M (neg: 133).

Currency distributions, degree of hedging and sensitivity analysis are presented in the table below.

Currency	Net investment, SEK M	Currency hedging, %	Effect on equity, if SEK 1% stronger, SEK M
EUR	11,695	50	–72
GBP	2,299	27	–18
USD	3,622	64	–18
Other	6,754	18	–57
Total 2014	**24,370**	**41**	**–165**
Total 2013	**21,940**	**50**	**–133**

Interest rate risk

The Group seeks a balance between a reasonable current cost of borrowing and the risk of having a significantly negative impact on earnings in the event of a sudden major movement in interest rates. Trelleborg employs interest rate hedging where appropriate.

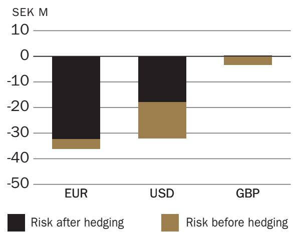
The Group's average interest-bearing net debt amounted to SEK 6,418 M (5,890) during the year. Net financial items corresponded to 2.1 percent (2.7) of the average interest-bearing net debt. Net interest income excluding borrowing costs corresponded to 1.7 percent (1.8).

At year-end, gross loans, including derivative instruments, had an average fixed-interest term of 18 months (21 months) and interest-bearing investments 8 months (7). The average remaining period of fixed interest on net debt at year-end was about 20 months (25).

Based on the level of interest-bearing net debt on December 31, 2014, a 1 percentage point rise in market interest rates in all currencies in which the Group has loans or investments would have a negative impact on financial net of approximately SEK 50 M (neg: 28) for 2015. The currencies with the greatest impact are EUR and USD. Taking into account the interest rate hedges in place at year-end 2014, to which hedge accounting has been applied, an increase of 1 percentage point in the market interest rates in currencies that have been hedged would have a positive impact on comprehensive income of SEK 74 M (84) after tax effects.

For further analysis of the accounting of the Group's borrowing, see Note 27. Outstanding interest-bearing investments are recognized in Notes 16, 22 and 24.

Impact in 2015 on consolidated interest expenditure of a one percent point increase in market interest rates



Financial credit risk exposure

The Group's Treasury Policy contains a special counterparty regulation specifying the maximum credit risk exposure to various counterparties. A follow-up in relation to credit limits is conducted on an ongoing basis.

Counterparties have been subdivided into three categories: A, B and C.

Category A contains counterparties and their fully guaranteed subsidiaries that hold Issuer Ratings from two of the following three rating institutes with a minimum of the following ratings or better: Moody´s (Aa3/stab/P–1), Standard & Poor´s (AA–/stab/A–1), Fitch (AA–/stab/F1).

Loans from the Trelleborg Group to institutions in category A may not exceed SEK 1,000 M or equivalent, including the value of unrealized gains in derivative instruments.

Category B comprises counterparties and their fully guaranteed subsidiaries that cannot be included in category A and that hold an Issuer Rating from two of the following three rating institutes with a minimum of the following rating or better: Moody´s (A3/stab/P–1), Standard & Poor´s (A–/stab/A–1), Fitch (A–/stab/F1). Counterparties in category B may borrow a maximum of SEK 500 M or equivalent, including the value of unrealized gains in derivative instruments, from the Trelleborg Group.

Category C encompasses counterparties outside categories A and B that the Group requires to fulfill its operational needs.

Exposure to counterparties in category C may not exceed SEK 50 M per counterparty.

The table below presents the Group's credit risk exposure for interest-bearing receivables, cash and cash equivalents and derivative instruments at December 31, 2014 subdivided by category:

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments – unrealized gains, gross		Total	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
A	0	19	135	143	23	21	158	183
B	100	54	728	460	129	68	957	582
C	0	0	278	290	4	0	282	290
Total	**100**	**73**	**1,141**	**893**	**156**	**89**	**1,397**	**1,055**

Exposure in categories A and B was in line with the Treasury Policy. The total credit exposure in category C at year-end 2014 was divided among more than 35 counterparties. All credit exposures in category C amounted to less than SEK 50 M with one exception: SEK 54 M with Citibank (China) Co Ltd.

Credit risk exposure associated with derivative instruments is determined as the fair value on the closing date. On December 31, 2014, the total counterparty risk associated with derivative instruments (calculated as net receivable per counterparty) was SEK 1 M (6), taking into account ISDA agreements.

In addition to the amounts presented in the table above, the Group also has interest-bearing loan receivables of SEK 147 M (183) due from third parties.

With the exception of what was described above, no credit limits were exceeded in 2014 or 2013 and management does not anticipate any losses due to non-payment by these counterparties.

Liquidity analysis for financial instruments

The table below shows the Group's financial liabilities and the net settlement of derivative instruments comprising financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

Cont.

At December 31, 2014

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–4,353	–3,617	–999	–8,969
Interest rate swaps with negative fair value	–54	–85	–24	–163
Accounts payable	–2,299	–	–	–2,299
Total	**–6,706**	**–3,702**	**–1,023**	**–11,431**
Accounts receivable	3,732	–	–	3,732
Interest rate swaps with positive fair value	–	3	–	3
Net flow	**–2,974**	**–3,699**	**–1,023**	**–7,696**

At December 31, 2013

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–2,059	–5,479	–	–7,538
Interest rate swaps with negative fair value	–53	–60	–	–113
Accounts payable	–1,986	–	–	–1,986
Total	**–4,098**	**–5,539**	**–**	**–9,637**
Accounts receivable	3,350	–	–	3,350
Interest rate swaps with positive fair value	–	17	1	18
Net flow	**–748**	**–5,522**	**1**	**–6,269**

The table below shows the Group's financial derivative instruments that will be settled gross, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2014

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Foreign-exchange contracts				
–outflow	–23,828	–	–	–23,828
–inflow	23,666	–	–	23,666
Basis swap contracts				
–outflow	–10	–1,049	–	–1,059
–inflow	16	1,033	–	1,049
Total	**–156**	**–16**	–	**–172**

At December 31, 2013

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Foreign-exchange contracts				
–outflow	–14,769	–	–	–14,769
–inflow	14,708	–	–	14,708
Total	**–61**	**–**	**–**	**–61**

29 Financial instruments by category and measurement level

A description of each category and the calculation of fair value are presented in the section "Accounting policies" and in the table below.

At December 31, 2014		Assets at fair value in profit and loss		Derivatives used for hedging purposes		
SEK M	Loan receivable and accounts receivable	Carrying amount	*Measurement level*	Carrying amount	*Measurement level*	Total SEK M
Assets in the balance sheet						
Derivative instruments	–	245	2	–79 1)	2	166
Financial non-current assets	141	–		–		141
Accounts receivable	3,732	–		–		3,732
Interest-bearing receivables	106	–		–		106
Cash and cash equivalents	1,141	–		–		1,141
Total	**5,120**	**245**		**–79**		**5,286**

		Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		
SEK M	Other financial liabilities	Carrying amount	*Measurement level*	Carrying amount	*Measurement level*	Total SEK M
Liabilities in the balance sheet						
Derivative instruments	–	121	2	399	2	520
Interest-bearing non-current liabilities	4,194	–		–		4,194
Interest-bearing current liabilities	4,243	–		–		4,243
Accounts payable	2,299	–		–		2,299
Total	**10,736**	**121**		**399**		**11,256**

1) *Of which a negative SEK 108 M relates to netted contracts.*

The measurement of all financial assets and liabilities at fair value on the closing date was based on observable data (Level 2 in accordance with the fair-value hierarchy).

Measurement techniques used to measure fair values in Level 2
Derivatives in Level 2 comprise foreign-exchange forwards and interest rate swaps, and are primarily used for hedging purposes, but also for trading. Fair-value measurement for foreign-exchange forwards is based on published forward rates in an active market. Measurement of interest rate swaps is based on forward interest rates based on observable Swedish yield curves. Discounting has no significant impact on the measurement of derivatives in Level 2.

Disclosures on fair value of borrowing and other financial instruments
Essentially all loans have variable interest rates and thus their fair value is largely deemed to correspond to their carrying amounts. The fair value of other financial instruments is also deemed to correspond to their carrying amounts.

At December 31, 2013		Assets at fair value in profit and loss		Derivatives used for hedging purposes		
SEK M	Loan receivable and accounts receivable	Carrying amount	*Measurement level*	Carrying amount	*Measurement level*	Total
Assets in the balance sheet						
Derivative instruments	–	21	2	71	2	92
Financial non-current assets	123	–		–		123
Accounts receivable	3,350	–		–		3,350
Interest-bearing receivables	183	–		–		183
Cash and cash equivalents	893	–		–		893
Total	**4,549**	**21**		**71**		**4,641**

		Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		
SEK M	Other financial liabilities	Carrying amount	*Measurement level*	Carrying amount	*Measurement level*	Total
Liabilities in the balance sheet						
Derivative instruments	–	43	2	146	2	189
Interest-bearing non-current liabilities	4,874	–		–		4,874
Interest-bearing current liabilities	2,023	–		–		2,023
Accounts payable	1,986	–		–		1,986
Total	**8,883**	**43**		**146**		**9,072**

Offsetting of financial derivative instruments

To limit credit risks in receivables from banks related to derivative instruments, Trelleborg has entered into netting agreements, under ISDA agreements, with most of its counterparties.

The disclosures in the table below include financial assets and liabilities that are subject to legally binding framework agreements on netting or similar agreements that cover financial instruments.

	At December 31, 2014			At December 31, 2013		
SEK M	Financial assets	Financial liabilities	Total	Financial assets	Financial liabilities	Total
Gross amount	322	–676	–354	92	–189	–97
Amount offset	–156	156	0	0	0	0
Recognized in balance sheet	**166**	**–520**	**–354**	**92**	**–189**	**–97**
Amounts encompassed by netting agreements	–165	165	0	–83	83	0
Net amount after netting agreements	**1**	**–355**	**–354**	**9**	**–106**	**–97**

30 Non-interest-bearing liabilities

Other non-current liabilities

SEK M	2014	2013
Other non-interest-bearing liabilities	22	18
Derivative instruments (Note 23)	109	59
Total	**131**	**77**

Other current liabilities

SEK M	2014	2013
Advance payment from customers	282	148
Accounts payable	2,299	1,986
Bills payable	33	5
Liabilities to joint ventures/associated companies	4	10
Other non-interest-bearing liabilities	319	324
Derivative instruments (Note 23)	59	46
Accrued expenses and prepaid income (Note 33)	1,618	1,350
Total	**4,614**	**3,869**
Total non-interest-bearing liabilities	**4,745**	**3,946**

Liabilities are recognized at amounts that correspond to fair value.

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31 Provisions for pensions and similar items

Specification of costs

SEK M	2014	2013
Costs for services during current year [1]	28	37
Interest on the obligation	43	43
Anticipated return on plan assets [2]	–27	–26
Actuarial gains and losses recognized for the year	0	0
Curtailment and settlement	–14	–3
Past service cost	5	–13
Total cost of defined benefit plans	**35**	**38**
Cost of defined contribution plans	178	140
Total pension costs	**213**	**178**

[1] *Includes administration expenses, taxes and risk premiums.*

[2] *Adjusted for limitation of defined-benefit asset and IFRIC 14.*

Specification of pension liability in the balance sheet

SEK M	2014	2013
Present value of funded obligations	840	806
Fair value of plan assets	–725	–736
Surplus/deficit in funded plans	**115**	**70**
Present value of unfunded obligations	468	380
Total defined benefit plans	**583**	**450**
Defined contribution plans	**4**	**4**
Net pension liability	**587**	**454**
of which, recognized as plan assets	18	40
Closing balance, pension liability	**605**	**494**

Change in defined benefit obligations

SEK M	Present value of obligation	Fair value of plan assets	Total
On January 1, 2013	**1,208**	**–684**	**524**
Costs for services during current year [3]	33	4	37
Interest expenses/(income) [4]	43	–26	17
Past service cost	–13	0	–13
Gains and losses from settlements	–3	0	–3
	60	**–22**	**38**
Revaluations:			
Return on plan assets excluding amounts included in interest expenses/(income)	0	–30	–30
(Gain)/loss due to changed demographic assumptions	9	0	9
(Gain)/loss due to changed financial assumptions	–31	0	–31
Experience-based (gains)/losses	9	0	9
	–13	**–30**	**–43**
Exchange rate differences	2	1	3
Contributions:			
Employer	0	–71	–71
Employees encompassed by the plan	3	–3	0
Payments:			
Payments made from plans	–45	45	0
Payments made directly from companies	–29	29	0
Assumed through business combinations	0	–1	–1
At December 31, 2013	**1,186**	**–736**	**450**
On January 1, 2014	**1,186**	**–736**	**450**
Costs for services during current year [3]	22	6	28
Interest expenses/(income) [4]	43	–26	17
Past service cost	5	0	5
Gains and losses from settlements	–116	102	–14
	–46	**82**	**36**
Revaluations:			
Return on plan assets excluding amounts included in interest expenses/(income)	0	–24	–24
(Gain)/loss due to changed demographic assumptions	31	0	31
(Gain)/loss due to changed financial assumptions	100	0	100
Experience-based (gains)/losses	–13	0	–13
	118	**–24**	**94**
Exchange rate differences	136	–96	40
Contributions:			
Employer	0	–94	–94
Employees encompassed by the plan	3	–3	0
Payments:			
Payments made from plans	–119	119	0
Payments made directly from companies	–51	51	0
Assumed through business combinations	81	–24	57
At December 31, 2014	**1,308**	**–725**	**583**

[3] *Including administrative expenses.*

[4] *Adjusted for limitation of defined-benefit asset and IFRIC 14.*

The defined benefit liability from business combinations is attributable to the benefits that were transferred as part of the acquisition of Uretek Archer LLC Group in the U.S. on October 31, 2014, and the acquisition of the Superlas Group in Turkey on July 1, 2014. The employees at Uretek LLC are entitled to a defined benefit plan, and the employees in the Superlas Group are entitled to obligatory retirement benefits.

Defined benefit pension obligation and composition of plan assets per country

	2014				
SEK M	U.S.	France	U.K.	Other	Total
Present value of funded obligations	520	0	132	188	840
Fair value of plan assets	–412	0	–138	–175	–725
Total	**108**	**0**	**–6**	**13**	**115**
Present value of unfunded obligations	12	168	–	288	468
Total defined benefit plans	**120**	**168**	**–6**	**301**	**583**

	2013				
SEK M	U.S.	France	U.K.	Other	Total
Present value of funded obligations	342	0	170	294	806
Fair value of plan assets	–299	0	–204	–233	–736
Total	**43**	**0**	**–34**	**61**	**70**
Present value of unfunded obligations	7	140	1	232	380
Total defined benefit plans	**50**	**140**	**–33**	**293**	**450**

	2014				
Key actuarial assumptions, %	U.S.	France	U.K.	Other	Group average
Discount rate	4.4	2.0	3.8	2.8	3.5
Inflation	3.5	2.0	2.3	2.2	2.7
Salary increases	0.5	2.4	0.0	3.2	3.2

	2013				
Key actuarial assumptions, %	U.S.	France	U.K.	Other	Group average
Discount rate	4.9	3.0	4.3	3.3	4.0
Inflation	3.5	2.0	2.2	1.9	2.4
Salary increases	3.5	2.5	0.0	2.7	3.1

	2014				
Life expectancy	U.S.	France	U.K.	Other	Average
Life expectancy for a 45-year-old man at the age of 65	24.0	18.3	23.0	20.8	21.7
Life expectancy for a 65-year-old man at the age of 65	21.6	18.3	21.2	20.1	20.3
Life expectancy for a 45-year-old woman at the age of 65	27.2	22.5	25.6	24.0	24.9
Life expectancy for a 65-year-old woman at the age of 65	23.8	22.5	23.6	23.3	23.1

	2013				
Life expectancy	U.S.	France	U.K.	Other	Average
Life expectancy for a 45-year-old man at the age of 65	20.5	17.8	24.0	20.8	21.4
Life expectancy for a 65-year-old man at the age of 65	19.1	17.8	23.0	20.3	20.6
Life expectancy for a 45-year-old woman at the age of 65	22.4	22.2	26.2	24.0	24.1
Life expectancy for a 65-year-old woman at the age of 65	20.9	22.2	25.1	23.5	23.3

Sensitivity in the defined benefit obligation to changes in the key weighted assumptions

Impact on the defined benefit obligation	Increase of +0.25% in assumptions [3]				
SEK M	U.S.	France	U.K.	Other	Total
Discount rate	–16.9	–4.5	–4.2	–16.9	–42.5
Inflation	0.1	4.6	0.9	7.1	12.7
Salary increases	1.2	4.6	0.0	2.7	8.5
	Increase of 1 year in assumption				
Life expectancy	14.3	0.1	4.8	7.0	26.2

Impact on the defined benefit obligation	Decrease of –0.25% in assumptions [3]				
SEK M	U.S.	France	U.K.	Other	Total
Discount rate	18.1	4.7	4.4	18.2	45.4
Inflation	0.1	–4.5	–0.9	–6.7	–12.0
Salary increases	–1.0	–4.5	0.0	–2.6	–8.1
	Decrease of 1 year in assumption [4]				
Life expectancy					

[3] *The increase in the defined benefit obligation is shown as positive and the decrease as negative.*

[4] *Not applicable.*

The sensitivity analyses above are based on a change in one assumption, with all other assumptions remaining constant. In practice, it is unlikely that this will occur and some of the changes in the assumptions may be correlated. The calculation of sensitivity in the defined benefit obligation for key actuarial assumptions uses the same method (the present value of the defined benefit obligation applying the projected unit credit method at the end of the reporting period) as used in the calculation of pension liabilities recognized in the balance sheet.

Composition of plan assets

SEK M	2014 Listed	Unlisted	Total	%
Equity instruments	305	0	305	42.1
Debt instruments (government bonds and corporate bonds)	232	0	232	32.0
Properties	20	0	20	2.8
Other (including cash and cash equivalents and insurance)	48	120	168	23.1
Total	**605**	**120**	**725**	**100.0**

SEK M	2013 Listed	Unlisted	Total	%
Equity instruments	233	0	233	31.7
Debt instruments (government bonds and corporate bonds)	228	0	228	31.0
Properties	15	0	15	2.0
Other (including cash and cash equivalents and insurance)	73	187	260	35.3
Total	**549**	**187**	**736**	**100.0**

Plan assets attributable to pension and healthcare plans include the company's common shares at a fair value of SEK 0 M (0) and properties owned by the Group at a fair value of SEK 0 M (0).

Contributions to plans for post-employment benefits for the 2015 fiscal year are expected to amount to SEK 70 M. The weighted average term of the pension obligation is 13.5 years.

Pension insurance with Alecta

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 3, this constitutes a multi-employer defined benefit plan. For the 2014 fiscal year, the Group did not have access to such information that would enable the Group to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The premium for the defined benefit retirement pension is individual and is determined by such factors as the insured's age, salary and previously earned pension. Expected contributions for pension insurance in the next reporting period taken out with Alecta total SEK 10 M. The Group pays an insignificant amount of this plan.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. Collective consolidation, in the form of collective consolidation ratio, is normally permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation ratio falls below 125 percent or exceeds 155 percent, measures are taken to create conditions to return the collective consolidation ratio to the normal interval.

Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155 percent. However, Alecta applies premium reductions to avoid a surplus from arising. At December 31, 2014, Alecta's surplus corresponded to a collective consolidation ratio of 143 percent (148).

Trade-union members working at Archer Rubber Company LLC, which is included in the Uretek Archer LLC Group, acquired on October 31, 2014, are part of the National Retirement Fund (NRF), a U.S. multi-employer pension plan. For the 2014 fiscal year, the company did not have access to the information eeded for Trelleborg to recognize this plan as a defined benefit plan and, consequently, it was recognized as a defined contribution plan. Provisions to the pension plan were determined based on the total salary for the NRF participants and a fixed amount per participant. The Group's shares of the pension plan comprises approximately 0.06 percent of the total contribution to the plan.

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32 Other provisions

SEK M	Restructuring programs 2014	2013	Other provisions 2014	2013	Total 2014	2013
Opening balance	122	83	283	339	405	422
Reclassification	0	–2	–8	–8	–8	–10
Reversals	–2	0	–43	–29	–45	–29
Provisions for the year	28	108	105	173	133	281
Acquisitions for the year	0	0	0	0	0	0
Divestments	0	0	–2	0	–2	0
Utilized during the year	–80	–69	–101	–194	–181	–263
Translation difference	6	2	18	2	25	4
Closing balance	**74**	**122**	**252**	**283**	**327**	**405**
Of which, non-current provisions					89	101
Of which, current provisions					238	304
Of which, provisions for environmental commitments					62	61

Closing balances for provisions for restructuring programs relate primarily to reorganizations and the focusing of operations in Trelleborg Offshore & Construction and Trelleborg Sealing Solutions, and projects recognized under other operations.

Other provisions relate to:
Provisions of varying sizes in a number of units, primarily for environmental commitments, guarantee provisions and personnel-related obligations.

33 Accrued expenses and prepaid income

SEK M	2014	2013
Interest	16	14
Wages and salaries	670	613
Payroll overheads	138	135
Pension expenses	17	12
Tools	8	7
Derivative instruments (Note 23)	73	6
Other	696	563
Total	**1,618**	**1,350**

34 Contingent liabilities and pledged assets

SEK M	2014	2013
Contingent liabilities		
Pension obligations	8	6
Guarantees and other contingent liabilities [1]	35	31
Total	**43**	**37**
Pledged assets		
Plant and machinery	0	0
Total	**0**	**0**

[1] *Of which SEK 30 M (31) pertains to TrelleborgVibracoustic.*

Liabilities are recognized at amounts corresponding to fair value.

35 Acquisitions

2014

Industrial tire business

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. Included in the Trelleborg Wheel Systems business area.

Pipe seal business

Trelleborg acquired a 51-percent stake in Max Seal.
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. Included in the Trelleborg Industrial Solutions business area.

Industrial hose business

Trelleborg acquired the Superlas Group. The Superlas Group develops and manufactures industrial hoses for a range of industries, such as construction and civil engineering, processing, industrial cleaning and tanker transportation. Included in the Trelleborg Industrial Solutions business area.

Coated fabrics business

Trelleborg acquired assets and operations from Uretek Archer LLC Group. Uretek and Archer develops and manufactures urethane-coated fabrics and rubber-coated fabrics that are used across multiple segments, such as the aerospace industry, healthcare, outdoor recreation, government and defense. The operations are included in the Trelleborg Coated Systems business area.

For more information about these acquisitions, refer to *page 29*.

Carrying amounts of identifiable acquired assets and assumed liabilities

SEK M	2014
Intangible assets	637
Property, plant and equipment	199
Deferred tax assets	7
Inventories	127
Operating receivables	260
Current tax assets	9
Cash and cash equivalents	25
Non-controlling interests	46
Deferred tax liabilities	–34
Interest-bearing liabilities	–78
Pension obligations	–61
Other provisions	–11
Current tax liabilities	–17
Operating liabilities	–281
Net assets	**828**
Goodwill	1,031
Total purchase price	**1,859**
Cash and cash equivalents and other net debt in acquired operations	53
Impact shown in cash flow statement	**1,912**

Business combinations for the year contributed SEK 378 M to net sales. For 2014, it is not practically possible to specify the contribution made by the acquisitions at the operating profit level, since a comprehensive integration process was carried out.

Goodwill of SEK 1,031 M that arose on the basis of acquisitions for the year was attributable to non-separable customer relationships and synergy effects expected after the acquisition. The fair value of acquired, identifiable, intangible assets are provisional pending final measurement of these assets.

Acquisition-related costs of SEK 17 M are included in the consolidated income statement for 2014.

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.

36 Events after year-end

After the close of the year, 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 1, 2015

Parent Company, Trelleborg AB

Income statements

SEK M	Note	2014	2013
Administrative expenses	37-38,42	–301	–240
Other operating income	39	380	220
Other operating expenses	39	–201	–71
Operating loss	40-41	**–122**	**–91**
Financial income and expenses	43	–382	–721
Loss after financial items		**–504**	**–812**
Appropriations	44	152	842
Tax	45	135	18
Net profit/loss		**–217**	**48**

Statements of comprehensive income

Net profit/loss	**–217**	**48**
Total comprehensive income	**–217**	**48**

Cash-flow statements

Operating activities		
Operating loss	–122	–91
Adjustment for items not included in cash flow:		
Depreciation of property, plant and equipment	2	3
Amortization of intangible assets	1	1
Divestments and disposals	0	0
Other items not included in cash flow	29	22
	–90	**–65**
Cash dividend received	831	372
Interest received and other financial items	0	15
Interest paid and other financial items	–605	–736
Tax paid	–49	–83
Cash flow from operating activities before changes in working capital	**87**	**–497**
Cash flow from changes in working capital		
Change in operating receivables	–2	13
Change in operating liabilities	–3	–29
Cash flow from operating activities	**82**	**–513**
Investing activities		
Acquisition of subsidiaries/capital contribution	–138	–635
Divestment of subsidiaries	55	–
Gross capital expenditures for property, plant and equipment	0	–3
Gross capital expenditures for intangible assets	–4	–
Cash flow from investing activities	**–87**	**–638**
Financing activities		
Change in interest-bearing investments	893	2,057
Change in interest-bearing liabilities	–7	–93
Dividend – shareholders of the Parent Company	–881	–813
Cash flow from financing activities	**5**	**1,151**
Cash flow for the year	**0**	**0**
Cash and cash equivalents:		
At January 1	0	0
Cash and cash equivalents, December 31	**0**	**0**

Parent Company, Trelleborg AB

Balance sheets

December 31, SEK M	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	46	22	24
Intangible assets	47	4	1
Financial non-current assets	48-49	35,585	36,044
Deferred tax assets	50	134	–
Total non-current assets		**35,745**	**36,069**
Current assets			
Current operating receivables	51	64	72
Current tax assets		67	17
Interest-bearing receivables	52	297	894
Cash and cash equivalents		0	0
Total current assets		**428**	**983**
TOTAL ASSETS		**36,173**	**37,052**
EQUITY AND LIABILITIES			
Equity	53		
Restricted equity			
Share capital		2,620	2,620
Statutory reserve		1,130	1,130
Total restricted equity		**3,750**	**3,750**
Non-restricted equity			
Profit brought forward		7,943	8,776
Net profit/loss for the year		–217	48
Total non-restricted equity		**7,726**	**8,824**
Total equity		**11,476**	**12,574**
Untaxed reserves	44	**–**	**19**
Non-current liabilities			
Interest-bearing non-current liabilities	56	4,379	33
Pension obligations	54	5	6
Deferred tax liabilities	50	–	2
Other provisions	55	11	10
Total non-current liabilities		**4,395**	**51**
Current liabilities			
Interest-bearing current liabilities	56	20,125	24,247
Tax liabilities		–	–
Other current liabilities	57-58	177	161
Total current liabilities		**20,302**	**24,408**
TOTAL EQUITY AND LIABILITIES		**36,173**	**37,052**
Contingent liabilities	59	9,600	7,649
Pledged assets	59	–	–

Change in equity

Shareholders' equity	Restricted equity		Non-restricted equity		Total	
SEK M	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Opening balance, January 1	3,750	3,750	8,824	9,589	12,574	13,339
Changes for the year:						
Dividend			–881	–813	–881	–813
Net profit/loss for the year			–217	48	–217	48
Closing balance, December 31	**3,750**	**3,750**	**7,726**	**8,824**	**11,476**	**12,574**

See also Note 53.

37 Employees and employee benefits

Average number of employees

	2014			2013		
	Women	Men	Total	Women	Men	Total
Sweden	19	38	57	15	25	40

Gender distribution in executive management positions, %	2014	2013
Percentage of women in		
– executive positions	0	0
– on Board of Directors	29	29

Employee benefits, other remuneration and payroll overheads

2014 SEK M	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
Sweden	24	16	42	82	43	15

See also Note 3

2013 SEK M	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
Sweden	23	16	31	70	40	14

See also Note 3

38 Auditor's remuneration

SEK M	2014	2013
PricewaterhouseCoopers		
Audit assignment	4	4
Audit activities other than audit assignment	1	1
Tax consultancy services	2	2
Other services	2	2
Total	**9**	**9**

39 Other operating income and expenses

SEK M	2014	2013
Sales of services to other Group companies	377	216
Sales of external services	1	2
Other	2	2
Total other operating income	**380**	**220**
Purchase of services from other Group companies	–155	–71
Other	–46	–
Total other operating expenses	**–201**	**–71**
Total	**179**	**149**

40 Expenses by nature

SEK M	2014	2013
Employee benefits	–125	–110
Depreciation/amortization	–3	–4
Other external costs	–173	–126
Other operating income/expenses	179	149
Total	**–122**	**–91**

41 Exchange rate differences that impact operating profit/loss

SEK M	2014	2013
Administrative expenses	0	–1
Other operating income/expenses	–2	1
Total	**–2**	**0**

42 Depreciation of PPE and amortization of intangible assets

SEK M	2014	2013
Improvement expenses on buildings owned by others	–1	–2
Equipment, tools, fixtures and fittings	–1	–1
Capitalized expenditure for R&D and similiar	–1	–1
Total	**–3**	**–4**

43 Financial income and expenses

SEK M	2014	2013
Income from participations in Group companies		
Dividend	831	372
Impairment losses on shares in subsidiaries	–618	–350
Gain/loss from divestment/winding-up of subsidiary	50	–
Total	**263**	**22**
Other interest income and similar profit items		
Interest income, Group companies	0	10
Interest income, other	9	13
Exchange rate differences	8	4
Total	**17**	**27**
Interest expenses and similar loss items		
Impairment of other non-current securities holdings	0	–1
Interest expenses, Group companies	–661	–731
Interest expenses, other	0	–5
Exchange rate differences	–1	–33
Total	**–662**	**–770**
Total financial income and expenses	**–382**	**–721**

44 Appropriations and untaxed reserves

SEK M	2014	2013
Appropriations		
Change in tax allocation reserve	19	86
Group contributions received	307	853
Group contributions paid	–174	–97
Total appropriations	**152**	**842**
Untaxed reserves		
Tax allocation reserve, 2013 tax assessment	19	105
Reversal, tax allocation reserve	–19	–86
Total untaxed reserves	**–**	**19**

45 Income tax

SEK M	2014	2013
Current tax expenses		
Tax expenses/revenue for the period	–	–
Adjustment of tax attributable to prior years	1	20
Other tax	–1	–3
Total	**0**	**17**
Deferred tax expenses (-)/revenue (+)		
Change in losses carried forward	135	1
Total	**135**	**1**
Total recognized tax expenses/revenue	**135**	**18**
Reconciliation of tax		
Loss after financial items	–504	–812
Calculated Swedish income tax, 22%	111	179
Non-taxable dividends/income from shares in subsidiaries	194	82
Non-deductible impairment losses	–136	–77
Other non-deductible expenses/non-taxable revenue	0	–2
Change in tax allocation reserve	–4	–15
Group contributions received	–68	–187
Group contributions paid	38	21
Tax attributable to prior years	1	20
Other tax	–1	–3
Total recognized tax expenses/revenue	**135**	**18**

The applicable tax rate is 22 percent (22).

46 Property, plant and equipment

SEK M	2014	2013
Improvement expenses on buildings owned by others	16	17
Equipment, tools, fixtures and fittings	6	7
Total	**22**	**24**

	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total	
SEK M	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Accumulated cost						
Balance, January 1	25	25	15	13	40	38
Capital expenditures	–	–	0	3	0	3
Divestments and disposals	–	–	–2	–1	–2	–1
Accumulated cost, December 31	**25**	**25**	**13**	**15**	**38**	**40**
Accumulated amortization according to plan						
Balance, January 1	–8	–6	–8	–8	–16	–14
Divestments and disposals	–	–	2	1	2	1
Depreciation according to plan for the year	–1	–2	–1	–1	–2	–3
Accumulated depreciation, December 31	**–9**	**–8**	**–7**	**–8**	**–16**	**–16**
Carrying amount	**16**	**17**	**6**	**7**	**22**	**24**

Trelleborg AB has entered into operating lease agreements. Leasing costs for assets held via operating lease agreements are recognized as operating costs and amounted to SEK 2 M (2). Future payment for non-cancellable lease commitments amount to SEK 2 M (2) and fall due as follows:

SEK M	2014	2013
Year 1	1	1
Years 2–5	1	1
Total	**2**	**2**

47 Intangible assets

SEK M	2014	2013
Capitalized expenditure for development work and the equivalent	4	1
Total	**4**	**1**

	Capitalized expenditure for development work and the equivalent	
SEK M	**2014**	**2013**
Accumulated cost		
Balance, January 1	16	16
Capital expenditures	4	–
Accumulated cost, December 31	**20**	**16**
Accumulated depreciation according to plan		
Balance, January 1	–15	–14
Amortization according to plan for the year	–1	–1
Accumulated amortization, December 31	**–16**	**–15**
Carrying amount	**4**	**1**

48 Financial non-current assets

SEK M	2014	2013
Participations in Group companies (Note 17 and Note 49)	35,098	35,573
Receivables in Group companies	337	337
Loan receivables	137	120
Other non-current securities holdings	9	10
Other non-current receivables	4	4
Total	**35,585**	**36,044**

49 Participations in Group companies

SEK M	2014	2013
Balance, January 1	35,573	35,288
Add:		
Capital contributions	148	635
Less:		
Reduction of share capital	–	–350
Divestment/winding-up	–5	–
Impairment losses	–618	–
Carrying amount	**35,098**	**35,573**

See also Note 17.

50 Change in deferred tax on temporary differences and losses carried forward

	Temporary differences:					
	Losses carried forward		Non-current assets		Total deferred tax asset/ liability	
SEK M	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Balance, January 1	1	0	–3	–3	–2	–3
Recognized in profit and loss:						
– Change in losses carried forward	135	1	–	–	135	1
– Temporary differences	–	–	1	0	1	0
Total	**136**	**1**	**–2**	**–3**	**134**	**–2**

See also Note 45.

51 Current operating receivables

SEK M	2014	2013
Operating receivables, Group companies	5	38
Operating receivables, joint venture/associated companies	1	1
Other current receivables	41	25
Prepaid expenses and accrued income	17	8
Total	**64**	**72**

52 Interest-bearing receivables

SEK M	2014	2013
Financial receivables, Group companies	297	853
Financial receivables, joint venture/associated companies	–	41
Total interest-bearing receivables	**297**	**894**

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53 Shareholders' equity

	Restricted equity		Non-restricted equity		Total	
SEK M	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Opening balance, January 1	3,750	3,750	8,824	9,589	12,574	13,339
Changes for the year:						
Dividend			–881	–813	–881	–813
Net profit/loss for the year			–217	48	–217	48
Closing balance, December 31	**3,750**	**3,750**	**7,726**	**8,824**	**11,476**	**12,574**

Trelleborg AB's share capital at December 31, 2014 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No. of votes	% of total
Series A	28 500 000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	**271,071,783**	**100.00**	**527,571,783**	**100.00**

See also Note 26.

54 Provisions for pensions and similar

SEK M	2014	2013
Provisions for pensions	5	6
Total	**5**	**6**

Pensions and similar costs amounted to SEK 15 M (14).

55 Other provisions

SEK M	2014	2013
Provision for long-term incentive program	10	9
Other provisions	1	1
Total	**11**	**10**

For further information, refer to Note 3.

56 Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2014	2013
Other interest-bearing liabilities, Group companies	4,379	33
Total interest-bearing non-current liabilities [1]	**4,379**	**33**

Interest-bearing current liabilities

SEK M	2014	2013
Other interest-bearing liabilities, Group companies	20,125	24,206
Other interest-bearing liabilities, joint ventures/associated companies	–	41
Total interest-bearing current liabilities	**20,125**	**24,247**
Total interest-bearing liabilities	**24,504**	**24,280**

[1] For the portion comprising effective hedging instruments, the carrying amount is SEK 4,346 M and the fair value is SEK 4,601 M.

57 Other current liabilities

SEK M	2014	2013
Accounts payable	32	28
Operating liabilities, Group companies	80	79
Other non-interest-bearing liabilities	5	3
Accrued expenses and prepaid income (Note 58)	60	51
Total	**177**	**161**

Liabilities are recognized at amounts corresponding to fair value.

58 Accrued expenses and prepaid income

SEK M	2014	2013
Wages and salaries	36	32
Payroll overheads	12	10
Other	12	9
Total	**60**	**51**

59 Contingent liabilities and pledged assets

SEK M	2014	2013
Contingent liabilities		
Pension obligations	1	1
Guarantees and other contingent liabilities	9,599	7,648
Total	**9,600**	**7,649**
Of which, on behalf of Trelleborg Treasury AB	8,810	6,944
Of which, on behalf of other subsidiaries	760	674
Pledged assets	–	–

The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. Of the obligations under these guarantees, direct loans accounted for SEK 8,257 M (6,739), the fair value of derivative instruments for SEK 510 M (184) and other contingent liabilities for SEK 43 M (21) on the closing date.

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Proposed treatment of unappropriated earnings

The Board of Directors and the President propose that the profit brought forward from	
the preceding year, SEK 000s	7 943 028
and net profit for the year, SEK 000s	–217 026
Total, SEK 000s	**7 726 002**

be distributed in the following manner:

Dividend to shareholders of SEK 3.75 per share, SEK 000s	**1 016 519**
balance to be carried forward, SEK 000s	6 709 483
Total, SEK 000s	**7 726 002**

The proposed record date for the right to a dividend is April 27, 2015.

The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on the Group's equity imposed by the type, scope and risks of the business and with regard to the Group's consolidation requirements, liquidity and overall position. The proposed dividend reduces the Group's equity/assets ratio from 53.8 percent to 52.3 percent and the Parent Company's equity/assets ratio from 31.7 percent to 29.8 percent, calculated on December 31, 2014.

The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory Board of Directors' Report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Trelleborg, February 12, 2015

Sören Mellstig
Chairman

Hans Biörck
Board member

Jan Carlson
Board member

Claes Lindqvist
Board member

Bo Risberg
Board member

Nina Udnes Tronstad
Board member

Heléne Vibbleus
Board member

Göran Andersson
Employee Representative

Peter Larsson
Employee Representative

Mikael Nilsson
Employee Representative

Ingemar Thörn
Employee Representative

Peter Nilsson
President

Audit report submitted February 12, 2015
PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

Eric Salander
Authorized Public Accountant

Auditor's Report for Trelleborg AB

Corporate Registration number 556006-3421

To the annual meeting of the shareholders of Trelleborg AB (publ)

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Trelleborg AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 1–24 and 55-113.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Trelleborg AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financ

Trelleborg, February 12, 2015
PricewaterhouseCoopers AB

Mikael Eriksson	Eric Salander
Authorized Public Accountant	*Authorized Public Accounta*
Auditor in charge	

Assurance Report

Auditor's Limited Assurance Report on Trelleborg's Sustainability Report

To Trelleborg AB (publ)

Introduction

We have been engaged by the management of Trelleborg AB (publ) ("Trelleborg") to undertake an examination of Trelleborg's Corporate Responsibility (CR) Report ("Sustainability Report") for the year 2014.

Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on *page 44* in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Trelleborg, 12th February 2015
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant

Fredrik Ljungdahl
Expert Member of FAR

Ten-year overview

Trelleborg Group (SEK M unless otherwise stated)	2014	2013	2012 1)	2011	2010	2009	2008	2007	2006	2005
Continuing operations										
Net sales	22,515	21,473	21,262	21,043	19,735	18,605	21,502	20,346	17,437	14,332
Operating profit	3,073	2,440	2,430	2,093	1,667	704	1,394	1,732	1,326	1,272
Profit before tax	2,939	2,243	2,276	1,929	1,501	393	1,017	1,469	1,182	1,154
Net profit	2,236	1,656	1,788	1,333	1,089	409	749	1,082	845	762
Net profit, discontinuing operations	–9	–39	269	505	94	10	–1,007	–244	–79	415
Total net profit/loss	**2,217**	**1,617**	**2,057**	**1,838**	**1,183**	**419**	**–258**	**838**	**766**	**1,177**
– shareholders of the Parent Company	2,211	1,609	2,042	1,819	1,162	409	–267	821	751	1,161
– non-controlling interests	6	8	15	19	21	10	9	17	15	16
Shareholders' equity	17,776	14,877	14,012	13,504	12,196	12,361	10,238	10,052	9,687	10,113
Capital employed, closing balance	24,575	20,263	19,233	19,574	18,091	19,755	22,238	19,853	18,818	16,922
Net debt	7,195	5,637	5,360	6,425	6,409	8,369	12,706	10,093	9,350	7,236
Total assets	33,067	27,288	27,224	28,691	27,314	29,539	33,763	29,334	27,557	24,960
Equity/assets ratio, %	54	55	51	47	45	42	30	34	35	41
Debt/equity ratio, %	40	38	38	48	53	68	124	100	96	72
Capital turnover rate, multiple	1.0	1.1	1.3	1.5	1.5	1.3	1.5	1.6	1.5	1.5
Investments in property, plant and equipment	962	852	967	1,075	792	754	1,367	1,215	980	689
Investments in intangible assets	63	70	76	61	47	72	159	121	132	184
Cash flow attributable to acquisitions	–1,912	–234	–744	–746	–165	–63	–802	–616	–3,095	–368
Cash flow attributable to discontinuing operations	21	–19	448	478	445	377	–276	–67	162	374
Free cash flow	1,882	965	1,714	675	806	1,366	656	711	926	576
Free cash flow per share, SEK 2)	6.94	3.56	6.32	2.49	2.97	5.68	3.31	3.59	4.67	2.91
Return on shareholders' equity, %	13.6	11.2	15.0	14.3	9.5	3.6	neg	8.4	7.6	12.5
Earnings per share, SEK 2)	8.20	5.93	7.53	6.71	4.29	1.70	–1.35	4.14	3.81	5.86
Dividend to shareholders in the Parent Company 3)	1,017	881	813	678	474	136	–	587	542	497
Dividend per share, SEK 3)	3.75	3.25	3.00	2.50	1.75	0.50	–	2.95	2.75	2.50
Shareholders' equity per share, SEK 2)	65.54	54.72	51.56	49.20	44.56	45.25	51.23	50.12	48.34	50.67
Average number of employees	15,425	14,827	16,702	20,274	20,042	20,073	24,347	25,158	22,506	21,694
– of which, outside Sweden	14,196	13,563	15,220	18,502	18,230	18,342	22,104	22,836	20,268	19,243

Continuing operations excluding items affecting comparability and participations in TrelleborgVibracoustic 4)										
Operating profit	3,001	2,613	2,342	2,231	1,840	1,021	1,996	1,958	1,518	1,270
Profit before tax	2,867	2,416	2,188	2,067	1,675	710	1,617	1,695	1,375	1,153
Net profit	2,116	1,777	1,643	1,436	1,225	632	1,289	1,260	1,033	759
Operating margin, %	13.3	12.2	11.0	10.6	9.3	5.5	9.3	9.6	8.7	8.8
Return on capital employed, %	15.9	15.2	13.9	13.6	11.5	5.8	12.3	13.3	11.3	11.6
Return on shareholders' equity, %	12.9	12.3	12.0	11.2	10.0	5.6	12.8	12.9	10.5	8.2
Earnings per share, SEK	7.79	6.52	6.03	5.26	4.49	2.62	6.50	6.35	5.20	3.82
Operating cash flow	2,705	2,162	2,248	1,539	1,647	2,526	1,436	1,496	1,430	1,259
Operating cash flow per share, SEK	9.98	7.97	8.29	5.68	6.08	10.50	7.25	7.55	7.22	6.37
Operating cash flow/operating profit, %	90	83	96	69	90	247	72	76	94	99
Average number of employees	15,425	14,827	13,905	14,306	13,327	13,136	15,736	16,171	15,058	15,487

Continuing operations including items affecting comparability and participations in TrelleborgVibracoustic 4)										
Return on shareholders' equity, %	13.7	11.4	13.0	10.4	8.9	3.6	7.4	11.1	8.7	8.2
Earnings per share, SEK	8.23	6.08	6.56	4.88	3.99	1.69	3.77	5.45	4.28	3.82

1) Figures for 2012 have been adjusted for the transition effects of the amendment to IAS 19.

2) The average number of shares was adjusted in accordance with IAS 33. This calculation was applied to all key figures that include the number of shares. No dilutive effects occurred.

3) Dividend in accordance with the proposed treatment of unappropriated earnings.

4) For comparability, historical values have been adjusted for discontinuing operations.

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Financial calendar 2015

Interim report, January-March	April 23
Annual General Meeting (Trelleborg)	April 23, 5:00 p.m.
Interim report, April-June	July 21
Interim report, July-September	October 22
Year-end report	See www.trelleborg.com for more information

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Notice of the 2015 Annual General Meeting

The Annual General Meeting of Trelleborg AB (publ) will be held on Thursday, April 23, 2015, at 5:00 p.m. in Söderslättshallen in Trelleborg, Sweden.

Program

3:00 p.m. Registration and light refreshments

3:30 p.m. Meeting hall opens

4:10 p.m. Entertainment commences

5:00 p.m. Annual General Meeting commences

Notification. Shareholders who wish to participate and vote in the Meeting must be entered in the share register maintained by Euroclear Sweden AB by Friday, April 17, 2015 and notify the company of their intention to participate – with any advisers – not later than on the same date.

Shareholders whose shares have been registered in the name of a trustee, must have temporarily re-registered the shares in their own name by Friday, April 17, 2015. Such registration should be requested of the trustee a couple of working days in advance of this date.

Notification of attendance via:

- the Group's website: *www.trelleborg.com*
- e-mail to: anmalan.stamma@trelleborg.com
- post to Trelleborg AB, Legal Department, PO Box 153, SE-231 22 Trelleborg, Sweden
- telephone to +46 410 670 04 or 670 00

The notification should state the shareholder's full name, personal identity number and telephone number. If participation is supported by power of attorney, the power of attorney and – assuming the issuer of the power of attorney is a legal entity – documents proving the signatory's authorization must be sent to the company prior to the Meeting. The details provided will only be used in connection with the Meeting and for preparing the voting list.

Proposals to the 2015 Annual General Meeting.

Proposed dividend: The Board of Directors and the President propose a cash dividend of SEK 3.75 (3.25) per share to be paid to the shareholders. Monday, April 27, 2015 is proposed as the date of record. If the Meeting approves the proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Thursday, April 30, 2015.

Board members: The Nomination Committee, consisting of representatives of major shareholders who together control just over 62 percent of the votes in Trelleborg AB, and the Chairman of the Board have decided to submit the following proposals to the Annual General Meeting for resolution:

- Re-election of Board members: Hans-Biörck, Jan Carlson, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad and Heléne Vibbleus
- Re-election of Sören Mellstig and Chairman of the Board
- Election of Anne Mette Olesen as new Board member

For more information about the Annual General Meeting, visit *www.trelleborg. com*

Financial definitions

Financial key figures

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.*

Yield *Dividend as a percentage of the market price.*

Net debt *Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.*

Free cash flow *Operating cash flow reduced by cash flow from financial items and tax and the effect of restructuring measures on cash flow.*

Free cash flow per share *Free cash flow divided by the average number of shares outstanding.*

P/E ratio *Market price divided by earnings per share.*

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

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

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

Earnings per share after dilution *Profit for the period, attributable to shareholders of the Parent Company, divided by the average number of shares outstanding plus the average number of shares added through the conversion of outstanding debentures and warrants.*

Operating key figures*

Number of employees at year-end *Including insourced staff and temporary employees.*

Return on shareholders' equity *Profit for the period, attributable to shareholders of the Parent Company, excluding items affecting comparability, net after tax, divided by average equity, excluding non-controlling interests.*

Return on capital employed (ROCE) *Operating profit divided by the average capital employed.*

EBITDA *Operating profit excluding depreciation/amortization and impairment of PPE and intangible assets, excluding items affecting comparability.*

EBITDA/Net interest income/expense *EBITDA divided by net interest income/expense (interest income less interest expenses).*

EBITDA margin *EBITDA excluding profit from participations in joint ventures/associated companies as a percentage of net sales.*

Rate of capital turnover *Net sales as a percentage of average capital employed.*

Cash conversion ratio *Operating cash flow as a percentage of operating profit, excluding items affecting comparability.*

Average number of employees *Average number of employees during the year based on hours worked. Excluding insourced staff.*

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

Operating cash flow *EBITDA excluding non-cash items, capital expenditures, divested PPE and changes in working capital. The key figure excludes cash flow from restructuring.*

Operating cash flow per share *Operating cash flow divided by the average number of shares outstanding.*

Earnings per share *Profit for the period, attributable to shareholders of the Parent Company, excluding items affecting comparability net after tax, divided by the average number of shares outstanding.*

Operating profit *Operating profit as stated in the income statement excluding items affecting comparability.*

Operating margin (ROS – Return On Sales) *Operating profit as a percentage of net sales.*

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

Western Europe *Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Sweden, Switzerland, Spain, the U.K.*

Equity method *Associated companies and joint ventures in the Group are recognized in line with the equity method, implying that the initial participation is changed to reflect the Group's share in the company's profit or loss and for any dividends.*

**) for continuing operations.*

Glossary

CDP *(Carbon Disclosure Project), an independent organization with the world's largest database of climate information. On behalf of global investors, the CDP gathers information regarding emissions of greenhouse gases by companies and organizations as well as the measures being taken by them to prevent a negative climate impact.*

CR *(Corporate responsibility), refers to the responsibilities of companies towards their key stakeholders, such as employees, shareholders, customers, suppliers, the local community and the environment. Often relates to the same areas encompassed by the term sustainability or Corporate Social Responsibility (CSR).*

Mandrel-built hose *A mandrel-built hose is manufactured on a steel pipe (referred to as a mandrel), resulting in a hose with close tolerances and a smooth inner surface.*

Global Compact *UN initiative that unites companies and social institutions around ten universally applicable principles for environment and society. The aim is for companies to become members of society that are involved in developing solutions for challenges arising from increasing globalization.*

GRI *(Global Reporting Initiative), a global network in which community representatives, industries, investors and others cooperate to create and improve the approaches to sustainability reporting, on a consensus basis.*

Hoshin *A method and way of working that facilitates on-time manufacturing and delivery by improving the layout of a production facility.*

Integrated reporting *A method that, more clearly than conventional financial reporting, captures the overall extent of an operation's competitiveness by also reflecting non-financial strategic key figures or indicators, including sustainability-related factors.*

ISO *(International Organization for Standardization), an international standardization body that works with industrial and commercial standards. The following standards are applied at Trelleborg; ISO 9000 which provides guidelines for quality assurance systems, ISO 14001 that sets requirements and provides guidance regarding environmental management systems and ISO 26000 which forms a practical set of guidelines and standards for increasing responsibility in the process of achieving sustainability.*

LNG *Liquefied Natural Gas.*

NAFTA *(North American Free Trade Agreement), a free-trade agreement between Mexico, Canada and the U.S.*

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

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

Polymer *The word is derived from the Greek "poly," meaning "many" and "meros" meaning "parts." Polymers are made up of many small molecules – monomers – that are linked in long chains. Examples of polymers are plastics and rubber.*

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

REACH *(Registration, Evaluation and Authorization of Chemicals) The aim of the EU's REACH chemicals ordinance is to only permit the use of substances in the EU and EEA that are registered with the European Chemicals Agency.*

Safety@Work *A program of preventative measures to forestall injuries and illness at all of Trelleborg's workplaces. The program supports an organizational change to create a culture of safety and strengthens the Group's ability to attract, develop and retain employees in all its units.*

SMED *(Single Minute Exchange of Dies) A method used to reduce setup times.*

Addresses

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TRELLEBORG

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Our innovative solutions accelerate performance for customers in a sustainable way. The Trelleborg Group has annual sales of just over SEK 22 billion in over 40 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. In addition, Trelleborg owns 50 percent of TrelleborgVibracoustic, a global leader in antivibration solutions for light and heavy vehicles, with annual sales of approximately SEK 16 billion in about 20 countries. The Trelleborg share has been quoted on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.
www.trelleborg.com

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