

Capital Markets Day 2018



TRELLEBORG

Ulf
Berghult



Group Strategic Update

12:45

Business Area
Priorities

Lunch

12:00

Concluding
remarks

15:30



Trelleborg Group financial update

Financial
overview

CGS
synergies

Financial
targets



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Trelleborg Group financial update

R12M Q1 2018, SEK M

31,860

Sales

4,228

EBIT

13.3%

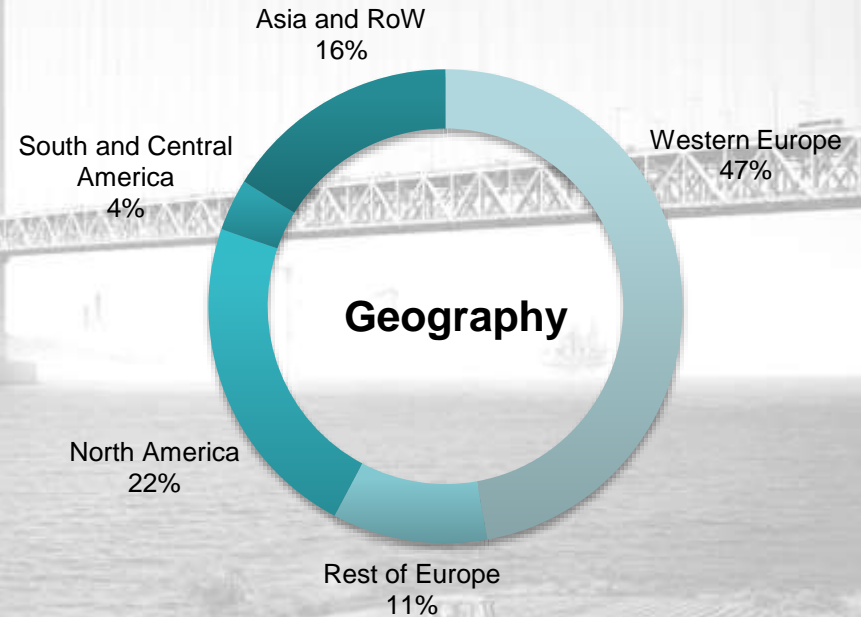
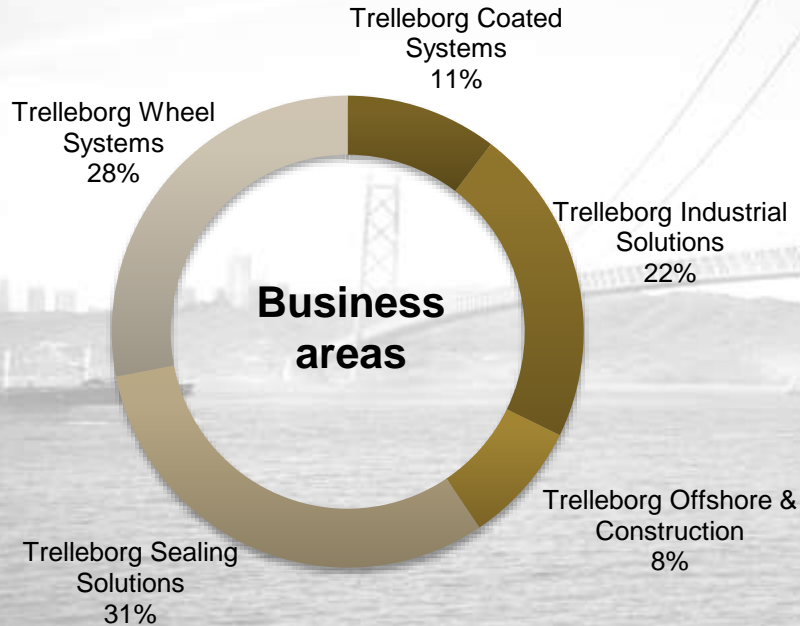
ROS

HQ – Trelleborg, Sweden
~23,000 employees

- All-time-high EBIT
- 20 consecutive quarters of improved R12M EBIT
- Leverage back to pre-CGS acquisition levels
- Increasing dividend since 2009

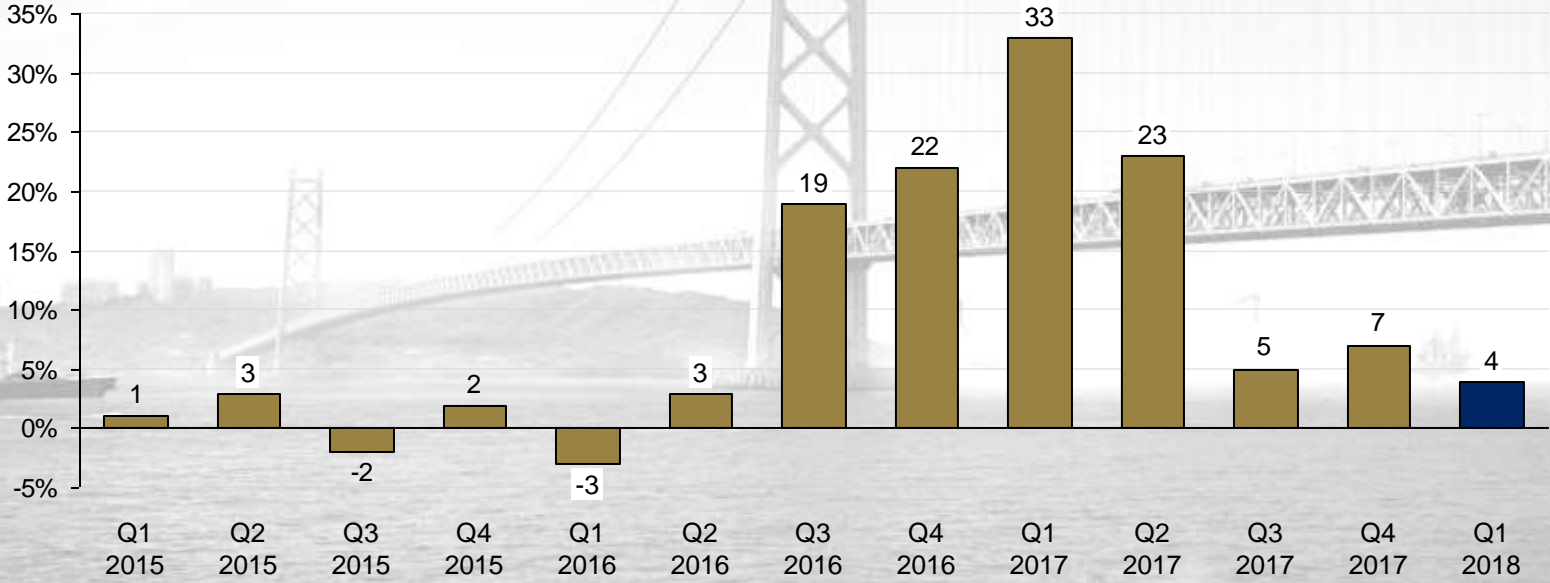
Trelleborg Group – sales split

R12M Q1 2018



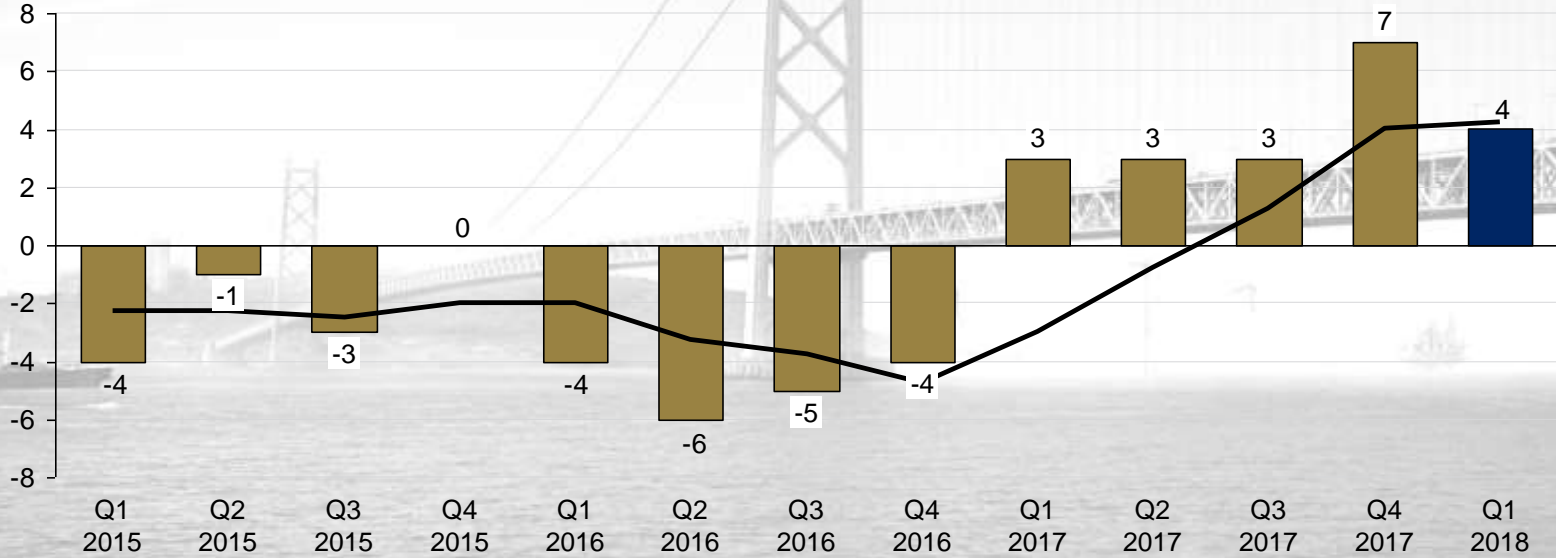
Strong sales growth – boosted by M&A

Reported sales growth, % YoY¹



Organic sales increasing

Reported organic sales growth, % YoY¹

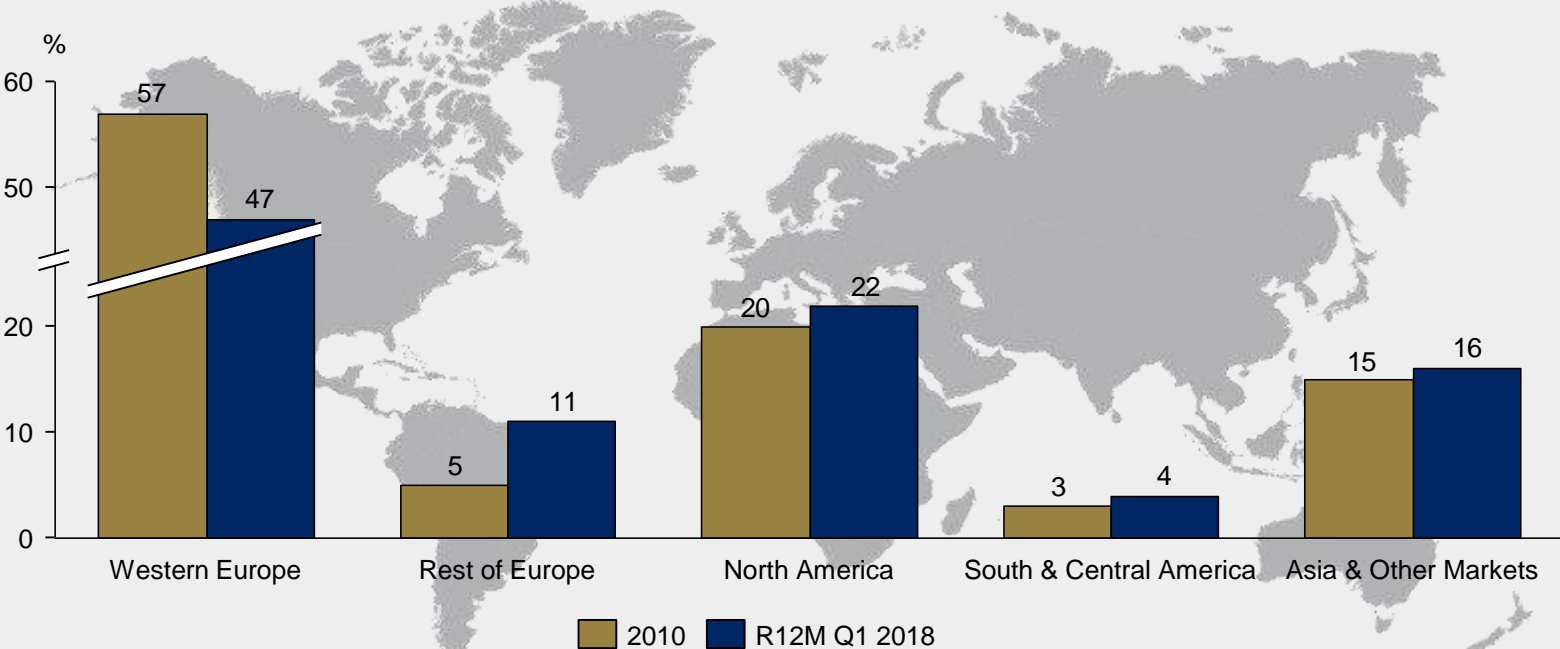


— Organic growth, R12 ■ Organic growth



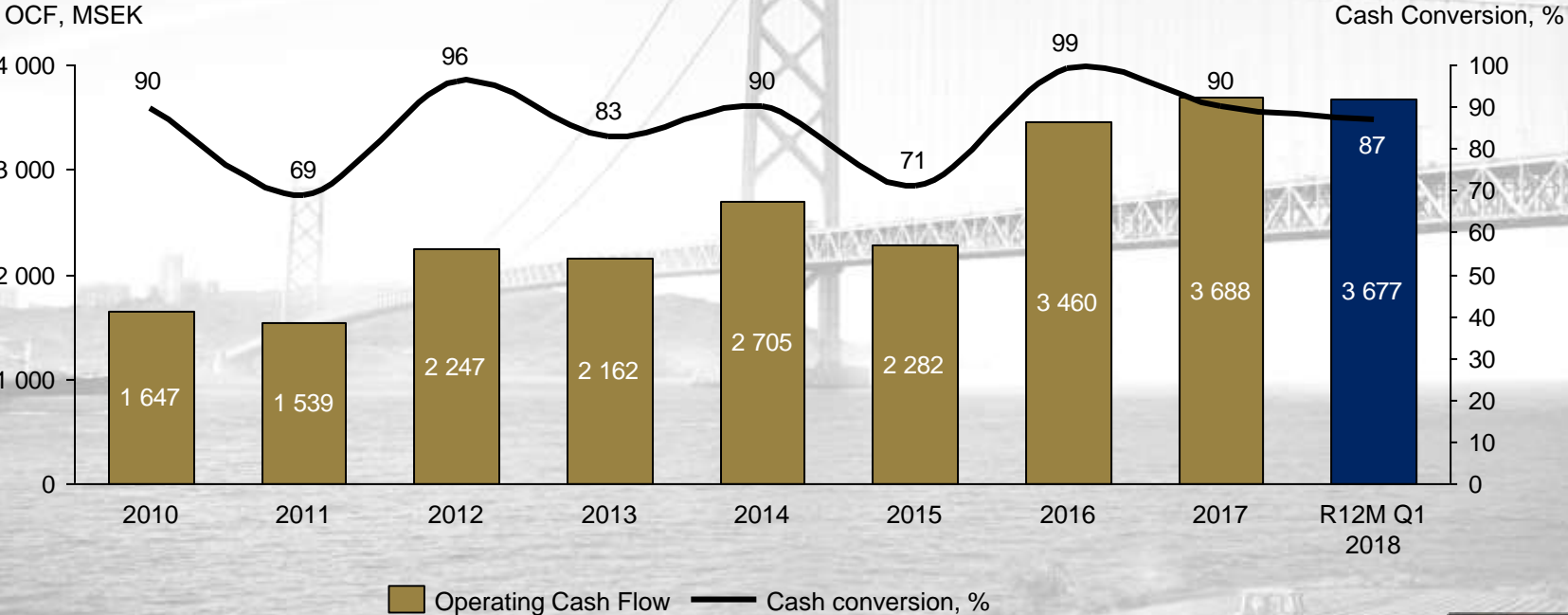
Improving geographical balance

Sales split per geography¹



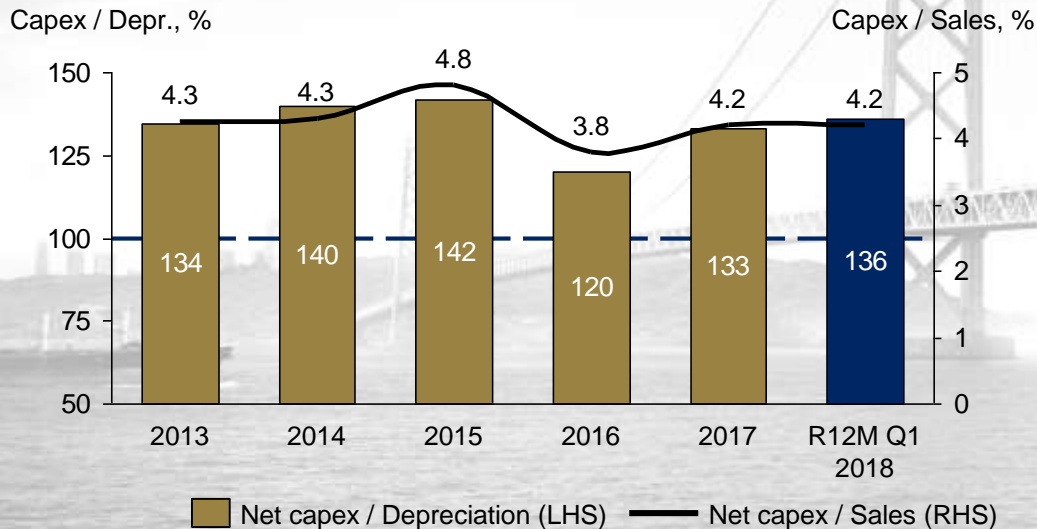
Solid cash conversion despite higher capex

Operating cash flow and cash conversion¹



Capital expenditure reflects growth ambitions

Net capex vs. depreciation and sales¹

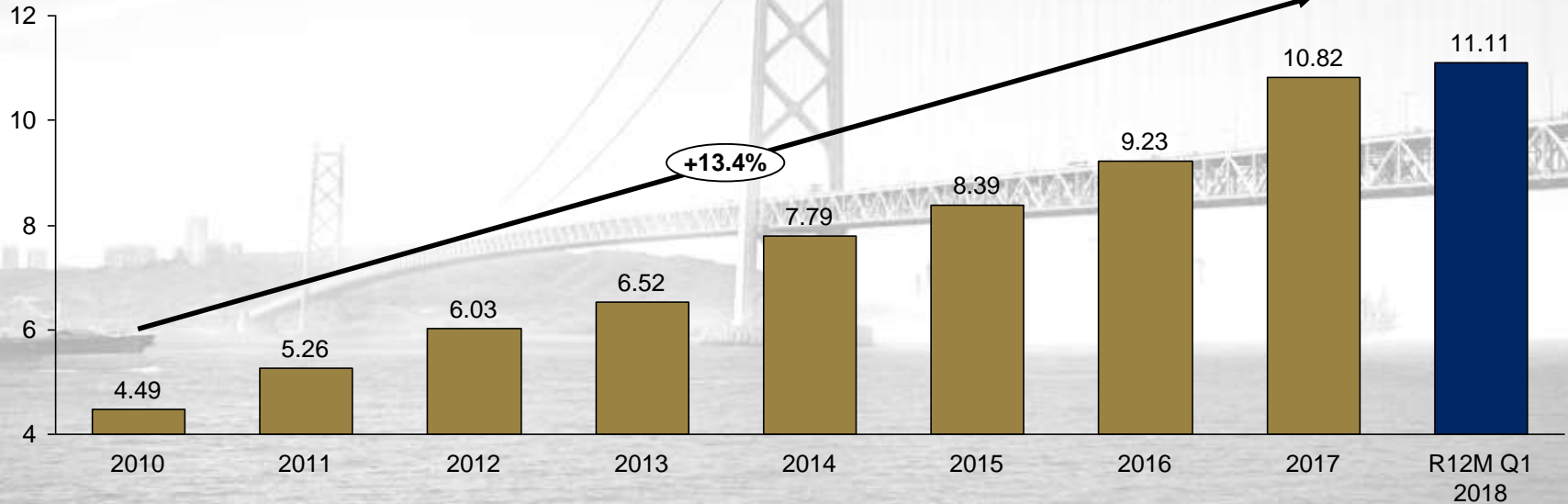


- Normalized capex SEK ~1.1-1.2 B
- Current year: SEK 1.8-2.0 B with several important investments

Value creation for our shareholders

Earnings per share¹

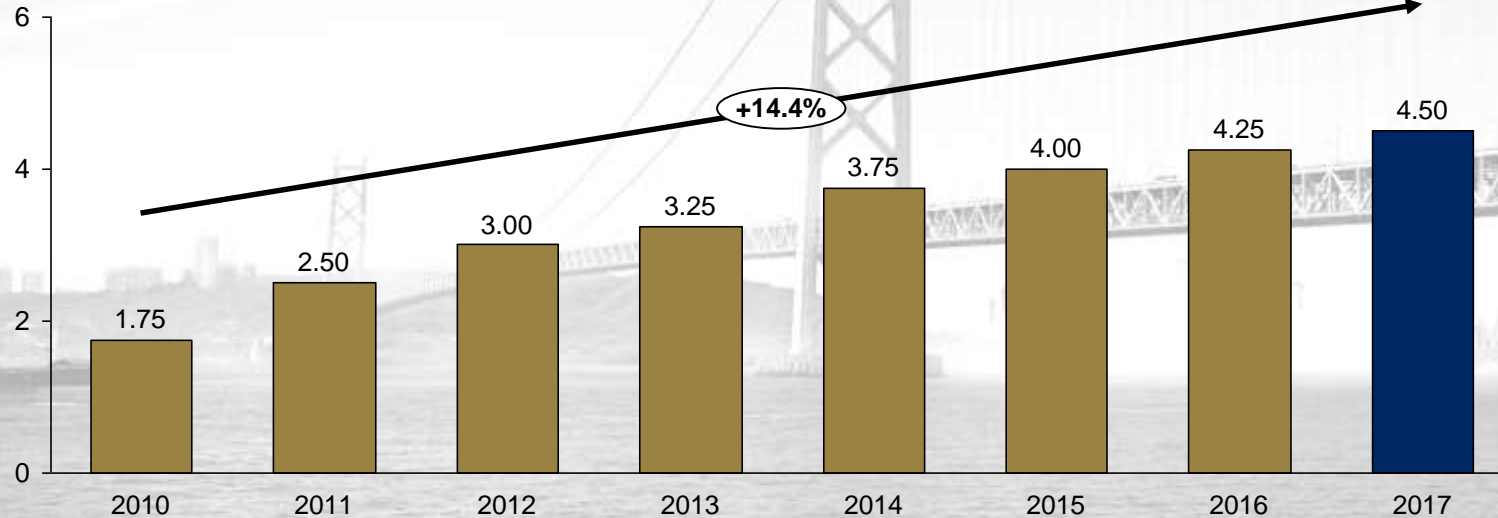
SEK / Share



Value creation for our shareholders

Dividend per share¹

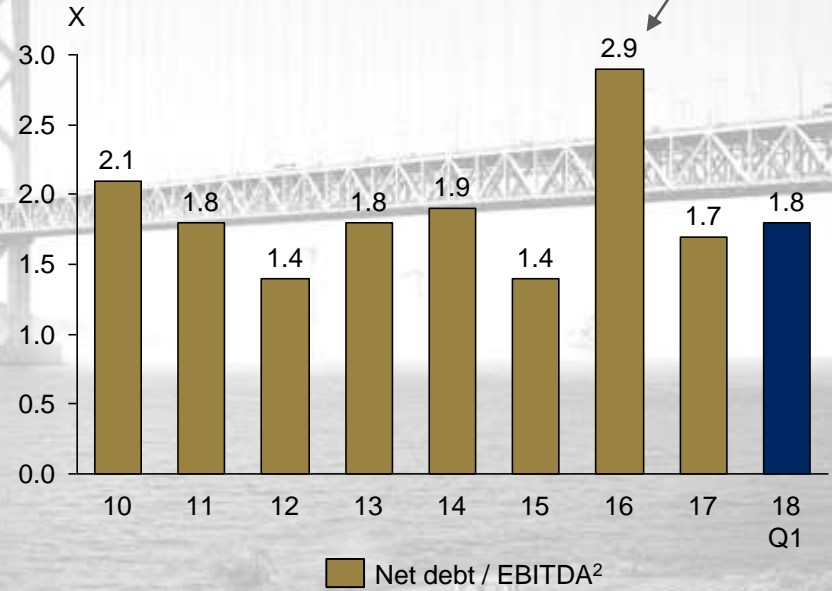
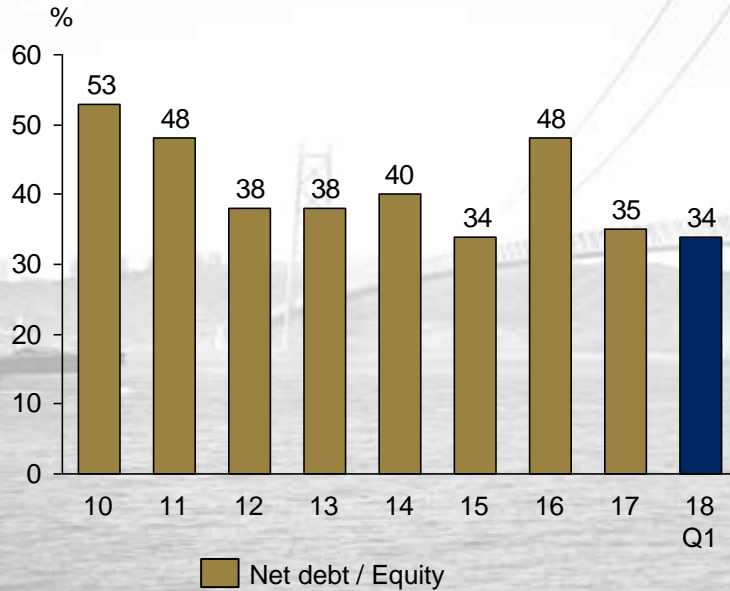
SEK / Share



Steady gearing and leverage

Net debt / EBITDA R12M and gearing development¹

Acquisition of
CGS

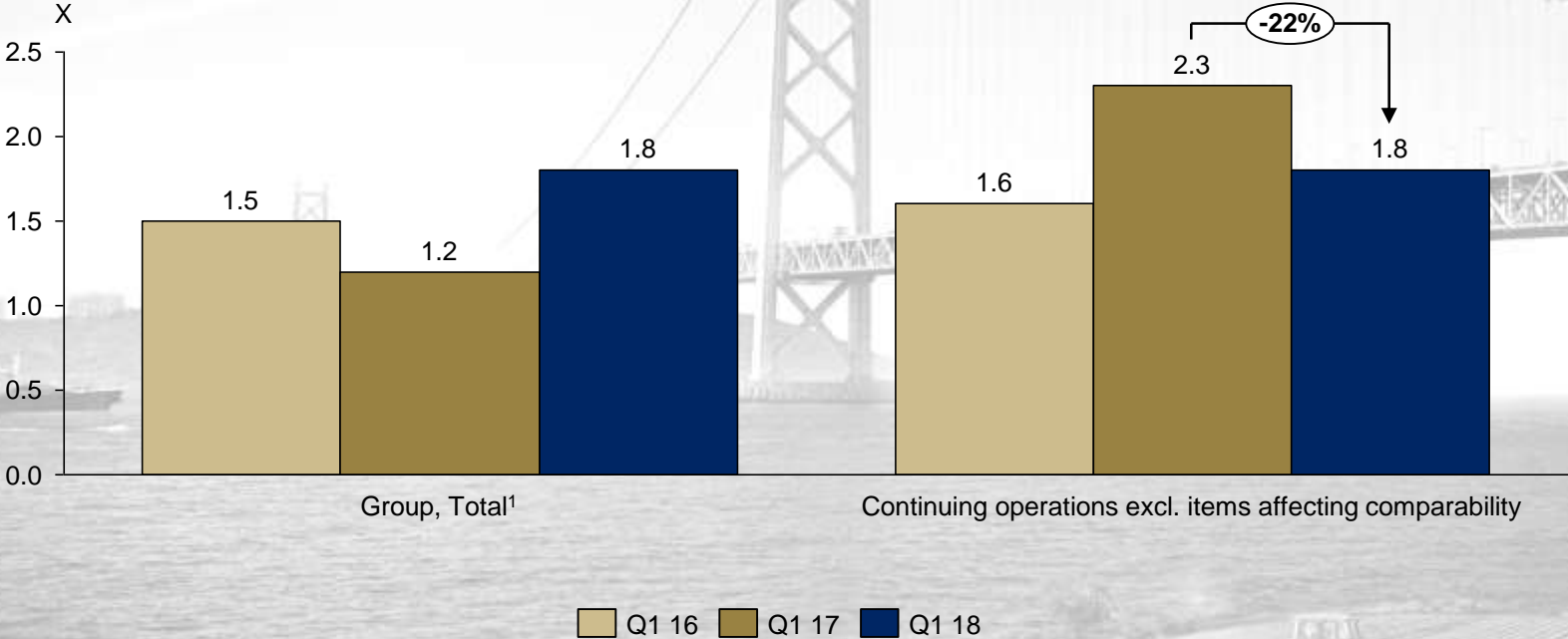


¹Total Group

²2016 includes capital gain from Vibracoustic divestment

Leverage back to normal after CGS transaction

Net debt / EBITDA, R12M



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overview

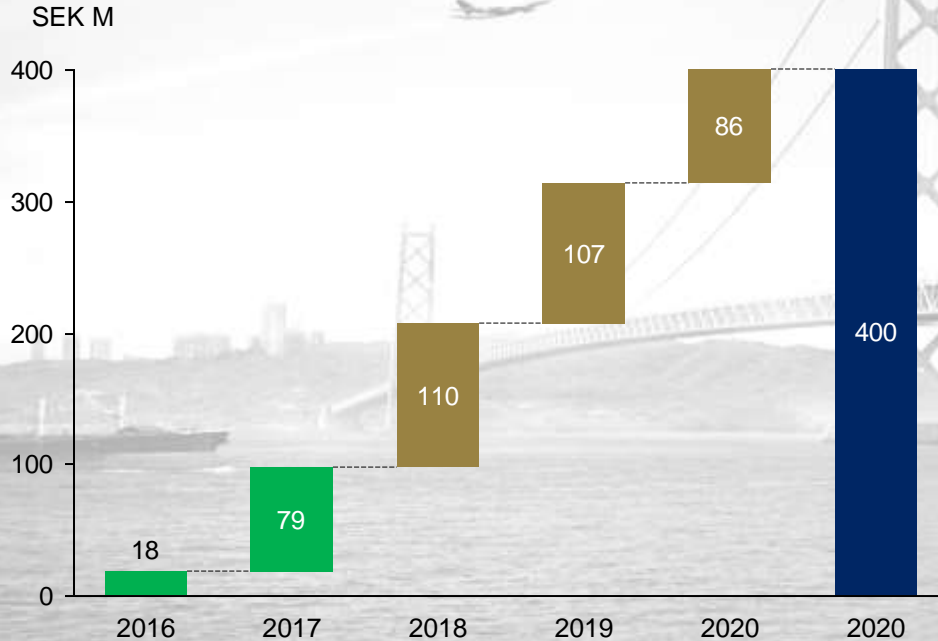
CGS
synergies

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targets



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CGS synergies according to plan



- SEK ~300 M relating to Wheel Systems
 - Cost synergies SEK ~200 M
 - Sales synergies SEK ~100 M (EBIT impact)
- SEK ~100 M relating to Industrial Solutions and Coated Systems
 - Cost synergies SEK ~100 M
 - Sales synergies limited

Factors impacting synergy phasing

- Demand stronger than anticipated
- Focus on satisfying customer demands
- Slight delay in implementation of structural changes
- Original synergy estimate for 2020 remains

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Financial targets unchanged

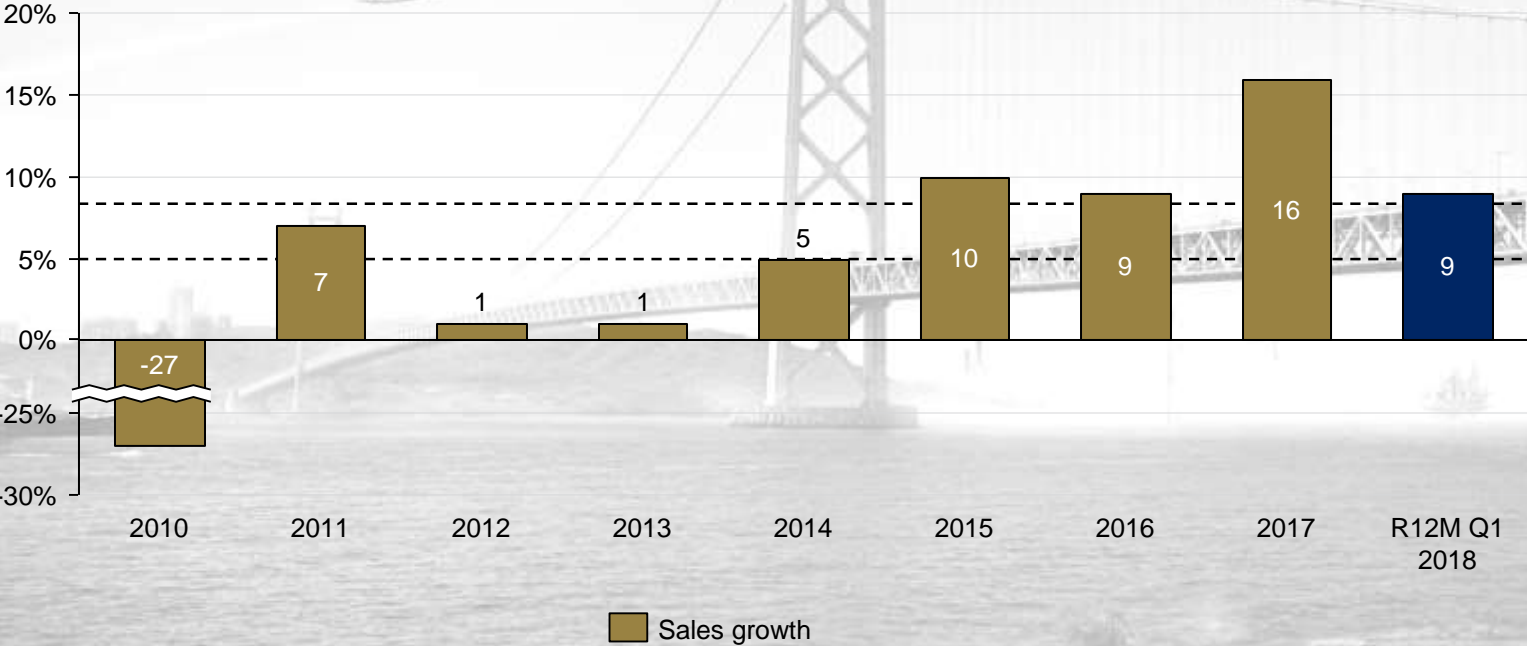
- Sales growth: 5-8%
 - Continuing operations
 - Organic growth > underlying market growth
 - Underlying market growth = Global Industrial Production (weighted in accordance with our geographical sales split)
 - Over a business cycle

- EBIT-margin: $\geq 15\%$
 - Continuing operations
 - Excluding items affecting comparability
 - Over a business cycle

- Return on equity: $\geq 12\%$
 - Continuing operations
 - Including items affecting comparability
 - Over a business cycle

Sales growth

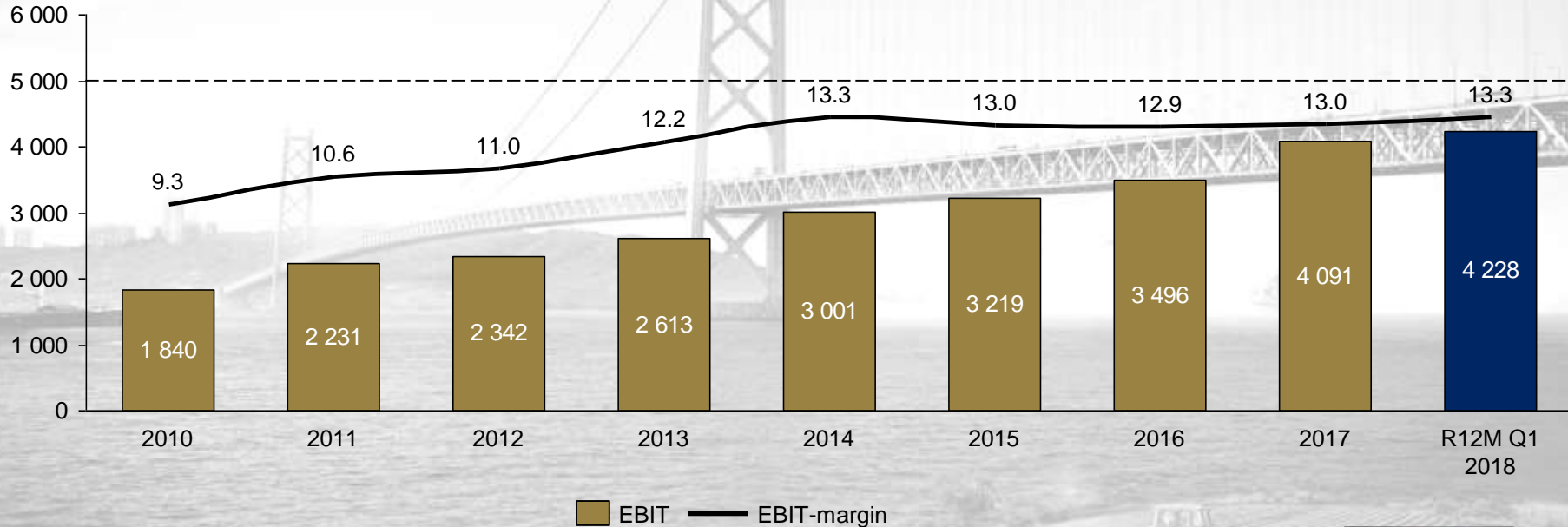
Sales growth target: 5-8%



EBIT-margin development

EBIT-margin target: $\geq 15\%$ ¹

EBIT, SEK M



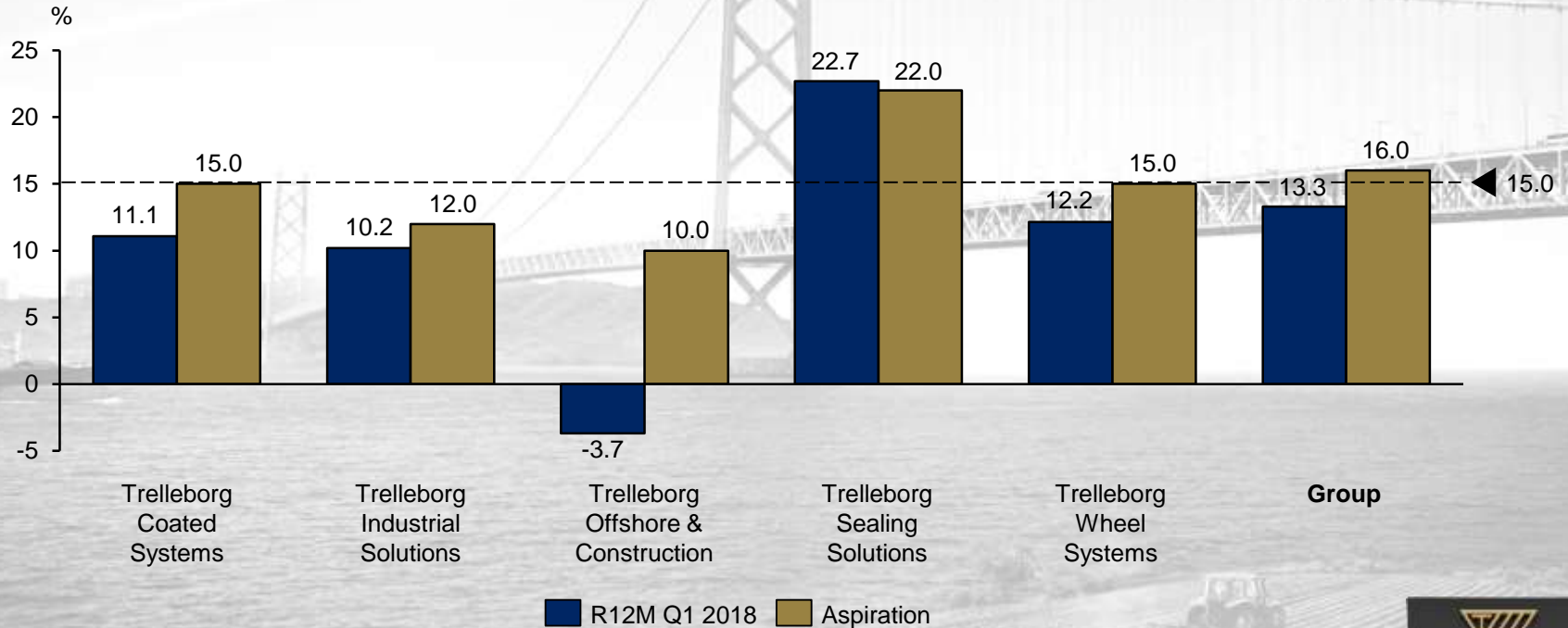
Contributors to Group EBIT-margin improvement

2010 – R12M Q1 2018



EBIT-margin aspirations

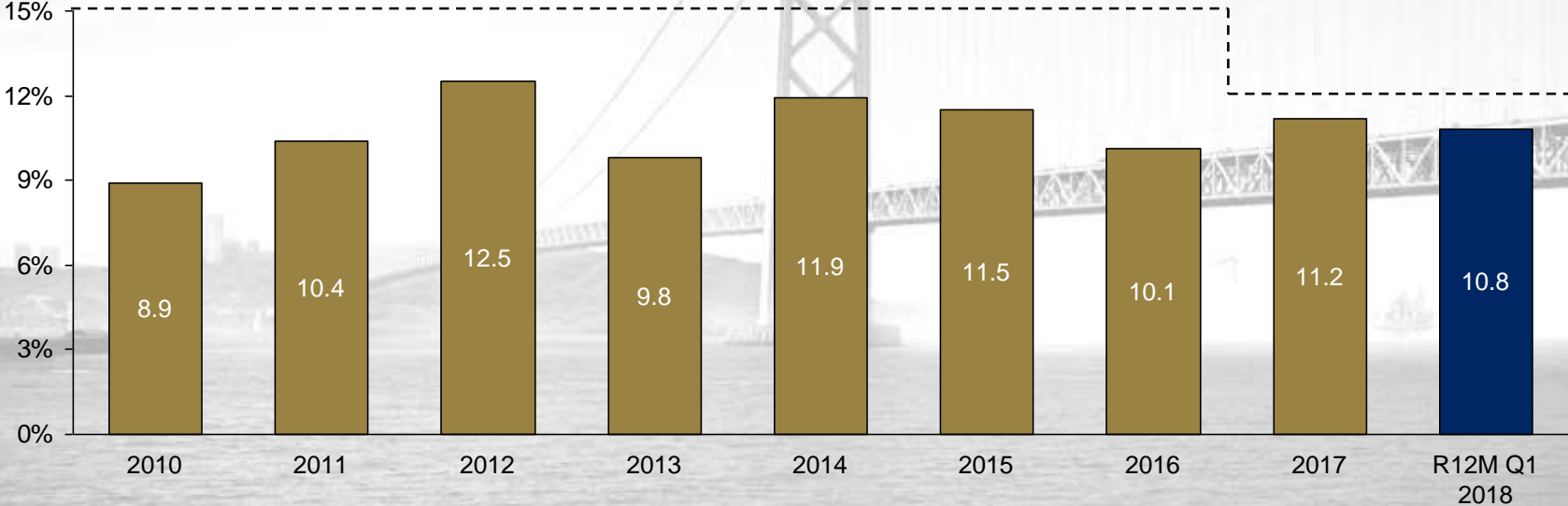
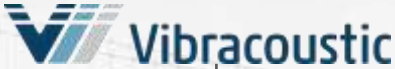
EBIT-margin



ROE target

ROE target: $\geq 12\%$ ¹

Profit from divestment increased equity base



Long-term financial guidelines

Dividend: 30-50%

The dividend should amount to between 30 and 50 percent of net profit for the year. The dividend is adjusted to the Group's earnings level, financial position and future development potential.

Capex: ~4-5% in relation to sales

Net debt/Equity: 50-100%

Financial guidelines 2018

Capex: SEK 1,800 – 2,000 M

Restructuring charges: SEK ~250 M

Underlying tax rate: ~26%

Amortization of intangible assets¹: SEK ~300 M

Take-aways

Leveraging improved structure

Financial targets remain

Development towards financial targets

Leverage back to pre-CGS levels



Q&A



Lunch break

Back at 12:45