



Trelleborg interim report

April - June 2018

Peter Nilsson, President & CEO
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Summary & Q3 2018 outlook

Q&A

Continued earnings improvement

Q2 2018 financial summary

- Sales at SEK 8 786 M, increase of 6 percent.
- Organic sales up 2 percent. Excluding project deliveries, the organic sales increase was 4 percent
- Positive momentum going into Q3
- EBIT¹ at SEK 1 293 M, increase of 19 percent, corresponding to a margin of 14.7 percent
- Items affecting comparability at SEK -32 M
- Operating cash flow at SEK 1 069 M, decrease of 2 percent
- Post Q2: two bolt-on acquisitions

Organic sales development by geography

Organic sales excl. project-related business¹

Total Group	
Apr-Jun 18	Apr-Jun 17
4%	5%

North America		
Share	Apr-Jun 18	Apr-Jun 17
22%	5%	6%

Western Europe		
Share	Apr-Jun 18	Apr-Jun 17
47%	4%	3%

Other Europe		
Share	Apr-Jun 18	Apr-Jun 17
11%	-2%	5%

South and Other America		
Share	Apr-Jun 18	Apr-Jun 17
4%	19%	6%

Asia & Other markets		
Share	Apr-Jun 18	Apr-Jun 17
16%	5%	11%

Share = Actual 2017²

¹Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions' operations

²Share represents sales including project-related business



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Improved productivity yields higher earnings

Trelleborg Coated Systems¹

- Organic sales: -6%
- Alignment of mixing operation impact organic sales adversely
- Coated fabrics; general industry and automotive stronger, aerospace temporarily lower
- Printing blankets; lower sales in Europe and Americas, up in Asia
- EBIT and EBIT-margin increased as a result of improved productivity
- Post Q2: acquisition of Lamcotech

SEK M	Q2 2018	Q2 2017	Change, %
Net sales	889	885	1
Organic, %	-6	-3	
Structural, %	4	22	
Exchange rate, %	3	6	
EBIT	104	93	12
EBIT, %	11,7	10,5	+1.2 p.p.

EBIT improvement continues

Trelleborg Industrial Solutions¹

- Organic sales: +6%
- Deliveries of industry-related products developed well
- Flat sales to infrastructure and building-related segments
- Most geographical regions improved
- Tight availability of qualified labor in Czech Republic
- EBIT improved on higher volumes and good cost control

SEK M	Q2 2018	Q2 2017	Change, %
Net sales	1 982	1 813	9
Organic, %	6	2	
Structural, %	-	26	
Exchange rate, %	3	3	
EBIT	223	191	17
EBIT, %	11,3	10,5	+0.8 p.p.

¹Excl. items affecting comparability

Light at the end of the tunnel

Trelleborg Offshore & Construction¹

- Organic sales: -19%
- Market situation challenging in oil & gas during the quarter
- Increased market activity in oil & gas suggests sales improvement medium term
- Mixed development in infrastructure, but order situation improved
- Closure of US plant according to plan

SEK M	Q2 2018	Q2 2017	Change, %
Net sales	603	735	-18
Organic, %	-19	-9	
Structural, %	-	-	
Exchange rate, %	1	2	
EBIT	-25	-21	-19
EBIT, %	-4,2	-2,8	-1.4 p.p.

Solid development continues

Trelleborg Sealing Solutions¹

- Organic sales: +6%
- All geographical and market segment developed favorably
- Asian sales particularly strong
- Supply chain getting tighter
- EBIT and margin improved on higher sales

SEK M	Q2 2018	Q2 2017	Change, %
Net sales	2 840	2 596	9
Organic, %	6	6	
Structural, %	0	9	
Exchange rate, %	3	4	
EBIT	693	611	13
EBIT, %	24,4	23,5	+0.9 p.p.

Another strong quarter

Trelleborg Wheel Systems¹

- Organic sales: +4%
- Strong sales to Agri OE customers
- Aftermarket sales flat despite negative underlying market
- Some adverse impact from dry weather in Northern Europe
- Industrial & construction tires sales increased in most regions
- EBIT and margin improved on higher sales and synergies
- Post Q2: acquisition of TRS

SEK M	Q2 2018	Q2 2017	Change, %
Net sales	2 583	2 360	9
Organic, %	4	7	
Structural, %	1	49	
Exchange rate, %	4	4	
EBIT	373	278	34
EBIT, %	14,5	11,8	+2.7 p.p.



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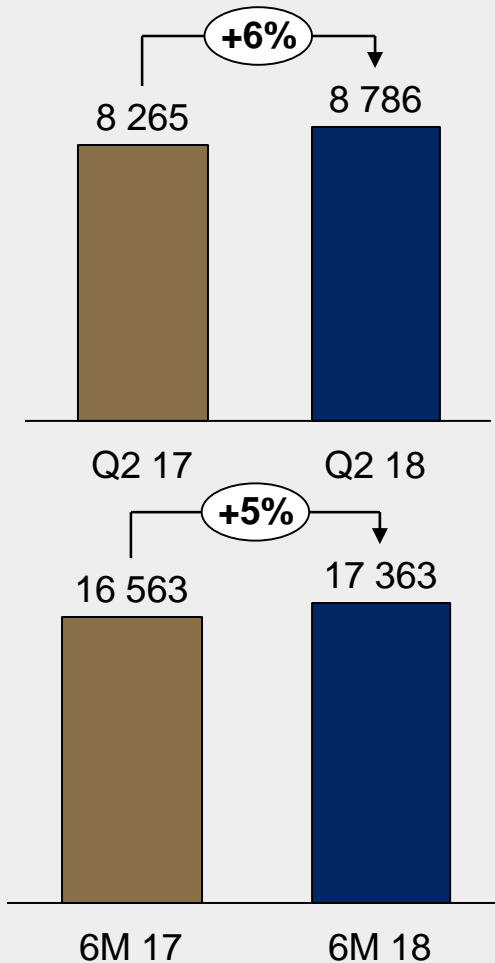
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Sales growth in line with target

Sales development



April - June [%]

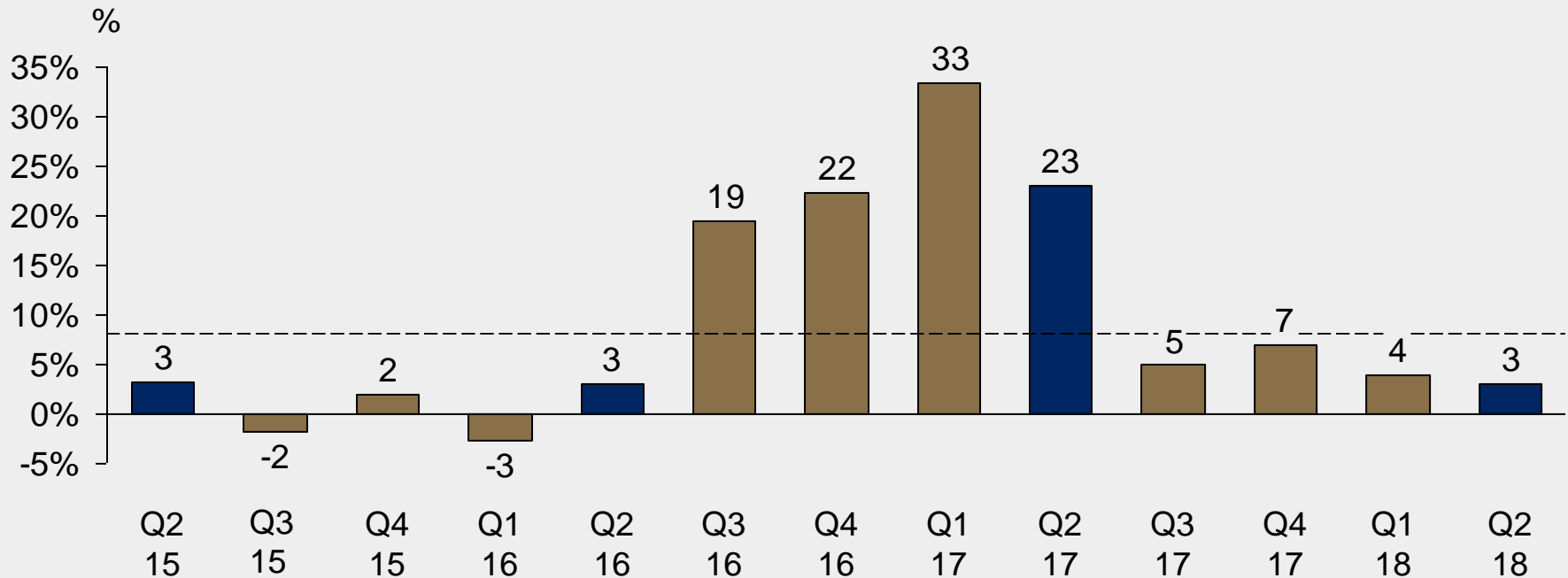
Organic	2
Structural	1
Currency	3
Total	6

January - June [%]

Organic	3
Structural	0
Currency	2
Total	5

Nine quarters of positive sales development¹

Target: 5-8% annual sales growth over a business cycle



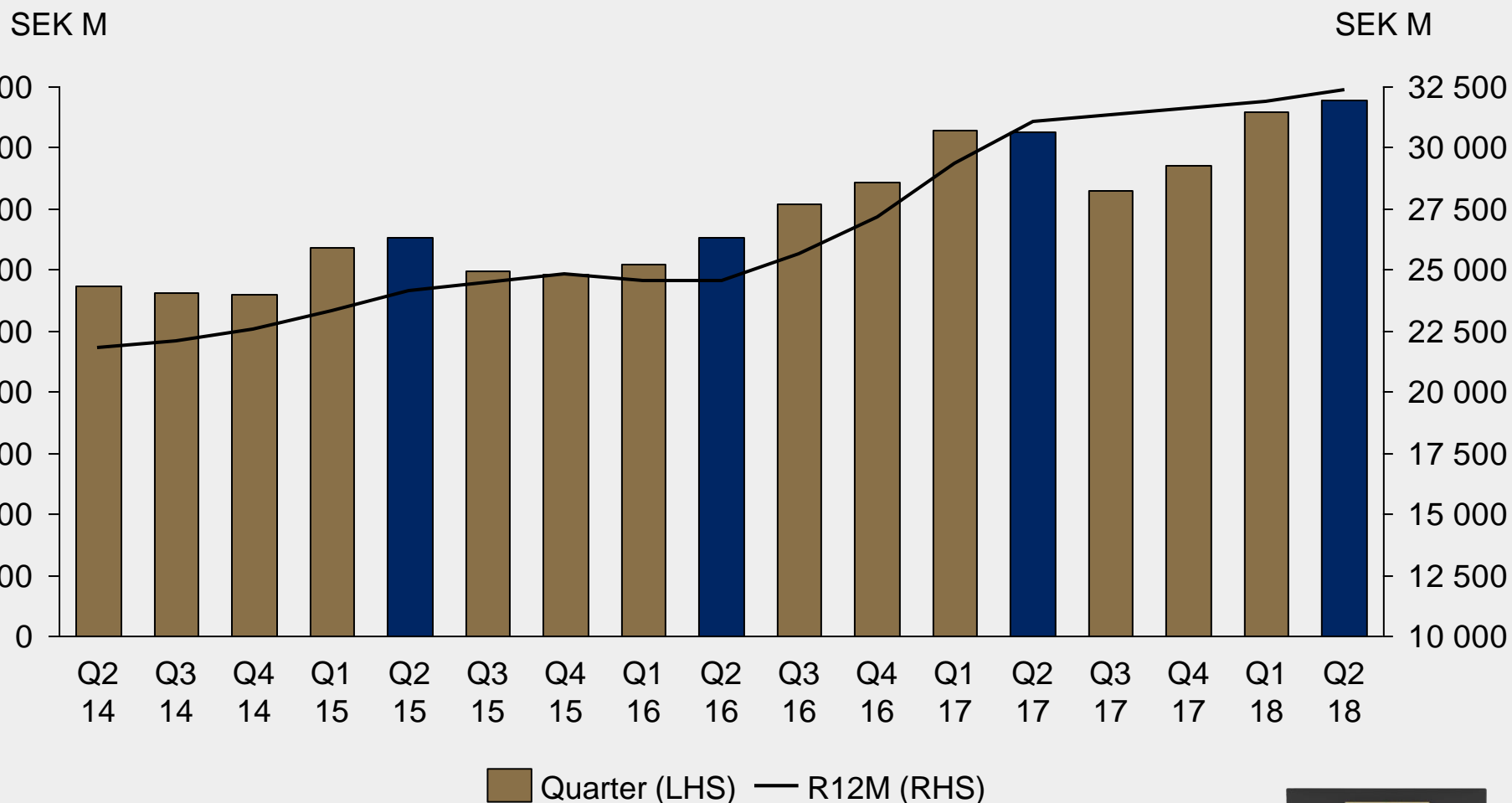
Of which organic growth, %:

-1 -3 0 -4 -6 -5 -4 3 3 3 7 4 2

¹Structural growth + organic growth excluding currency effects

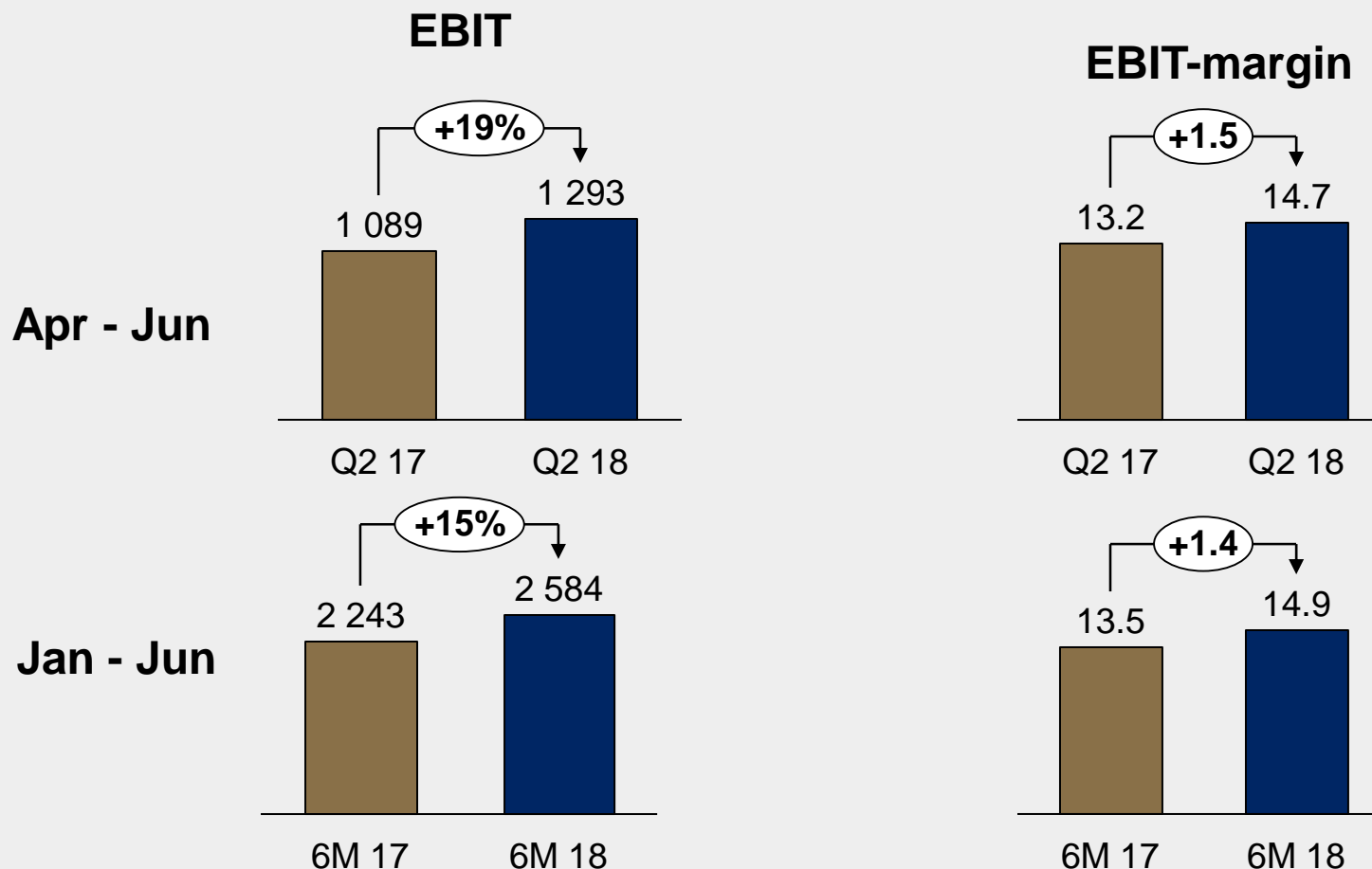
Highest quarterly sales to date

Sales development, R12M



Highest quarterly EBIT to date

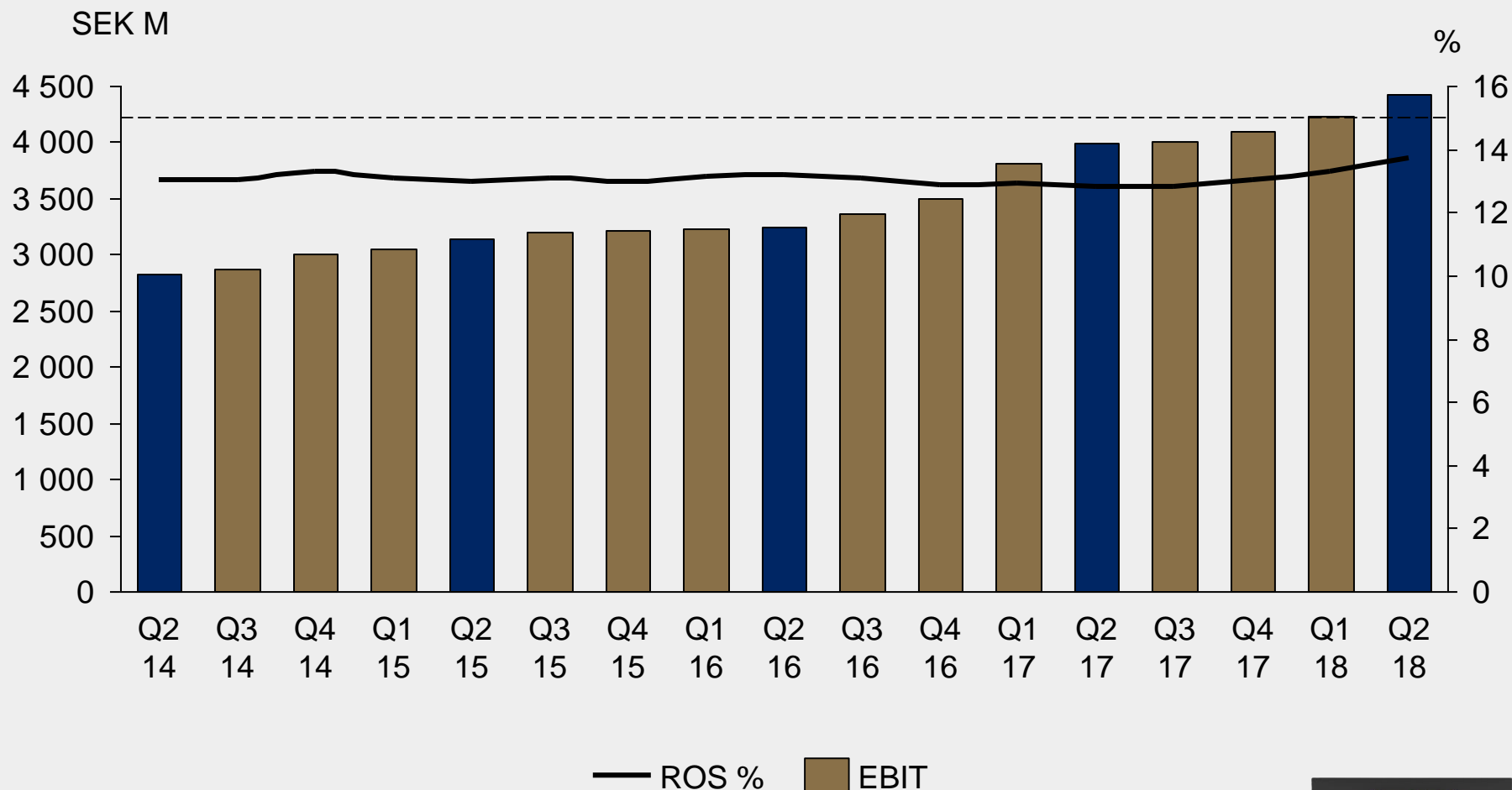
EBIT development¹



¹Excluding items affecting comparability

21 consecutive quarters of improved EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

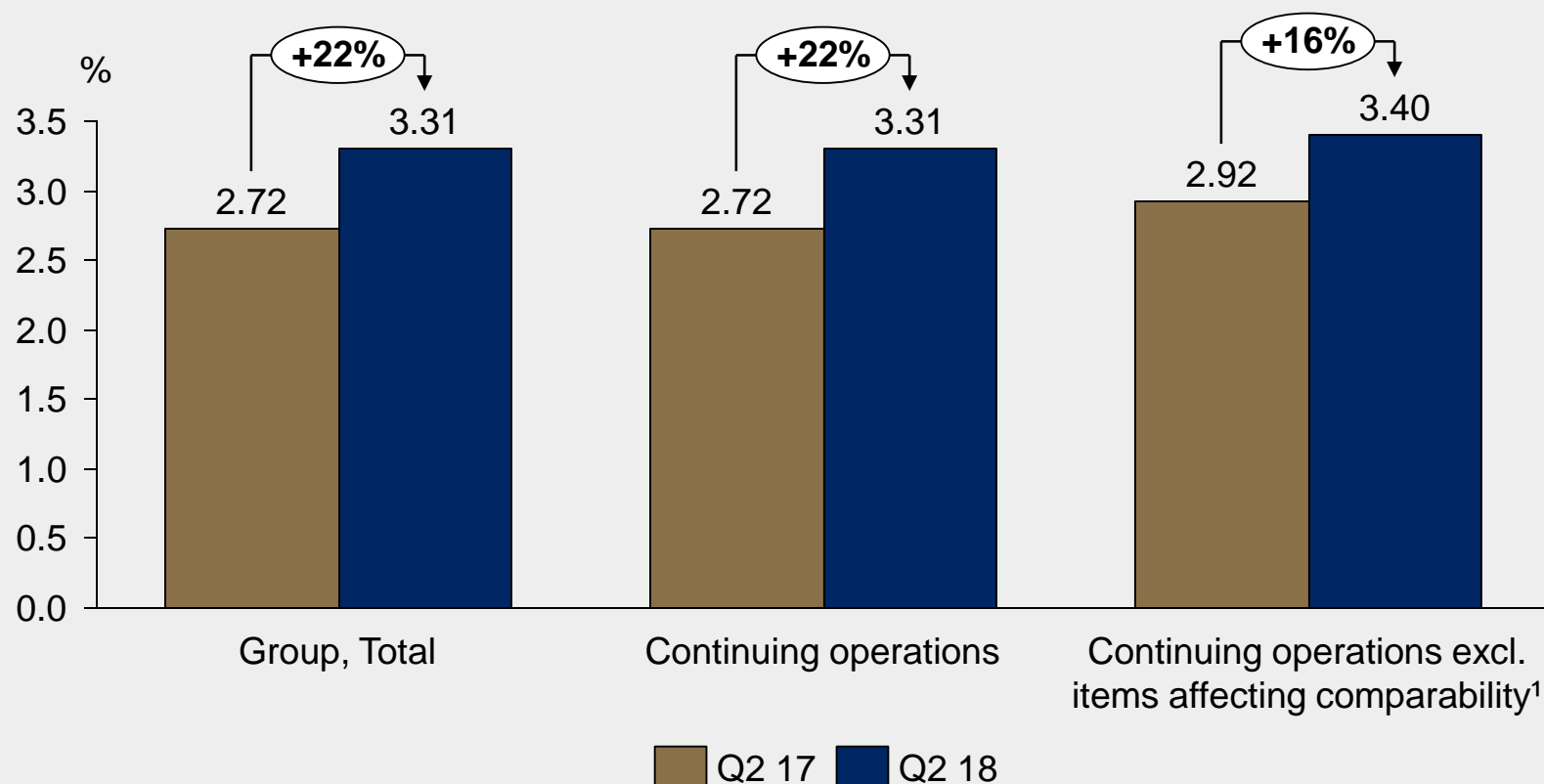
Total Group

Profit & loss statement

SEK M	Q2 2018	Q2 2017	Change, %	6 M 2018	6 M 2017	Change, %
EBIT, excl. items affecting comparability	1 293	1 089	19	2 584	2 243	15
EBIT margin, %	14,7	13,2	1.5 p.p.	14,9	13,5	1.4 p.p.
<i>Restructuring costs</i>	-32	-76		-50	-182	
<i>Capital gain divestment of compounding operation</i>	-	-		-	472	
Items affecting comparability	-32	-76		-50	290	
EBIT	1 261	1 013	24	2 534	2 533	0
Financial income and expenses	-70	-56	-25	-132	-107	-23
Profit before tax	1 191	957	24	2 402	2 426	-1
Taxes	-294	-220	-34	-595	-460	-29
Net profit, Group	897	737	22	1 807	1 966	-8

Strong underlying EPS improvement

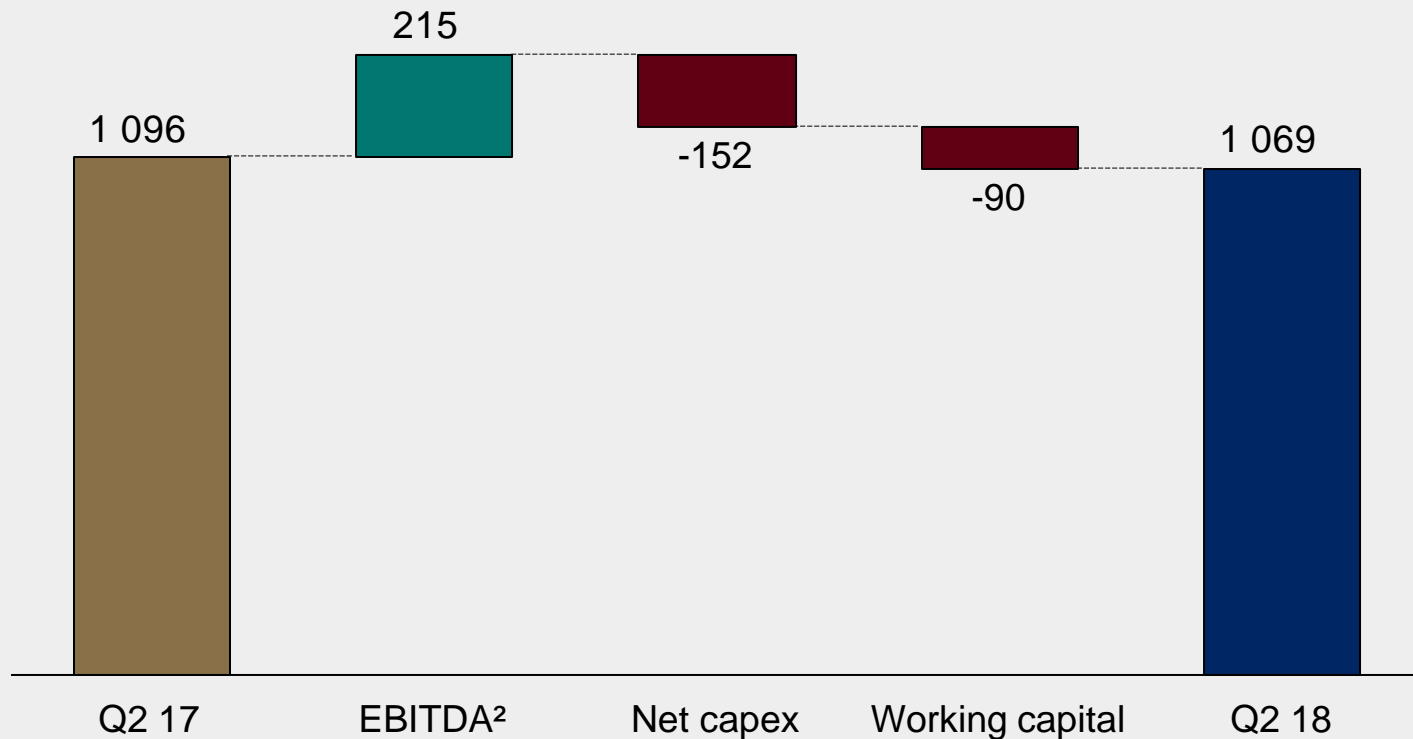
Earnings per share



¹No dilution effects arose.

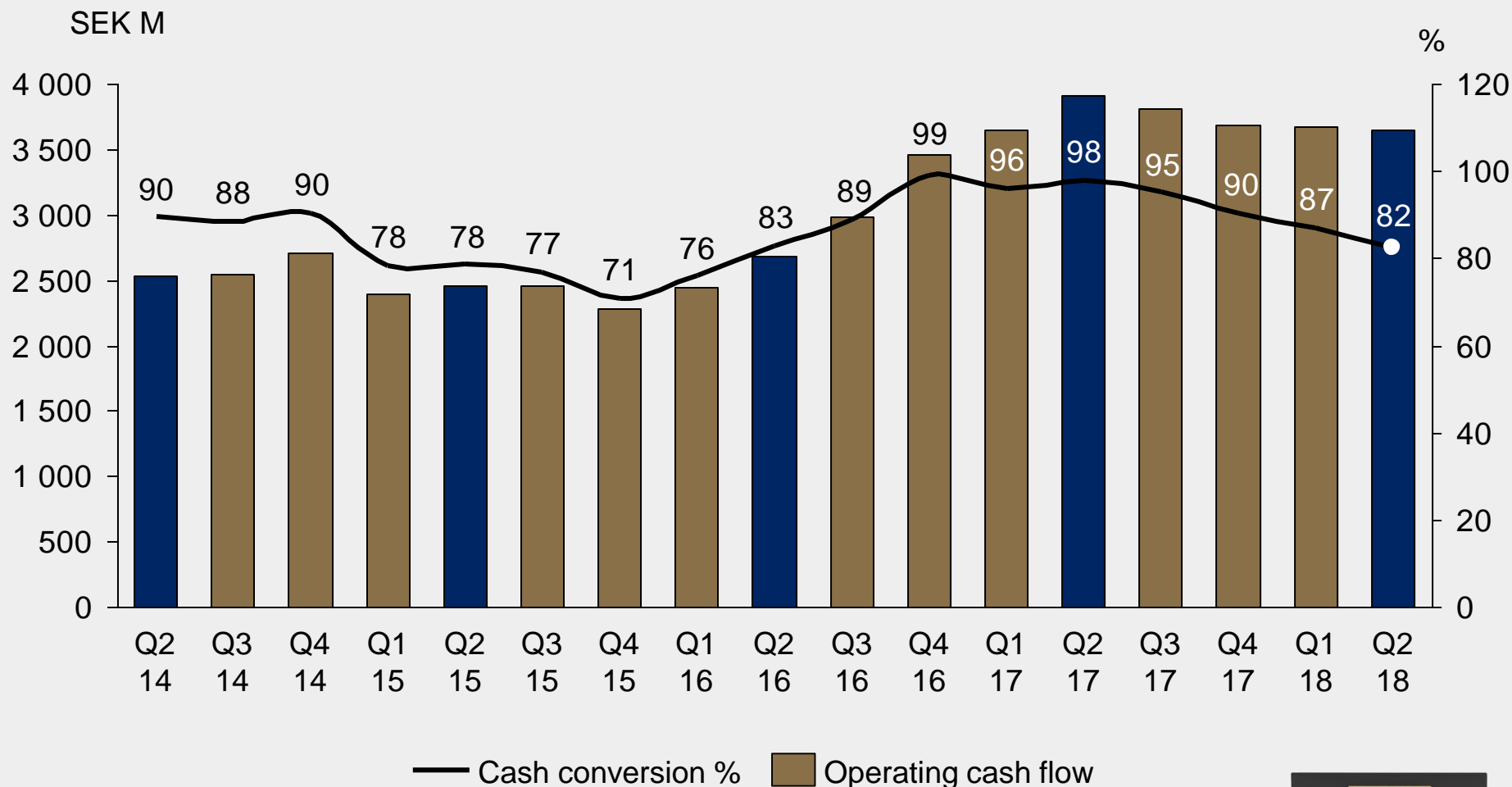
Stable cash flow despite higher capex

Operating cash flow¹



Cash conversion impacted by higher capex

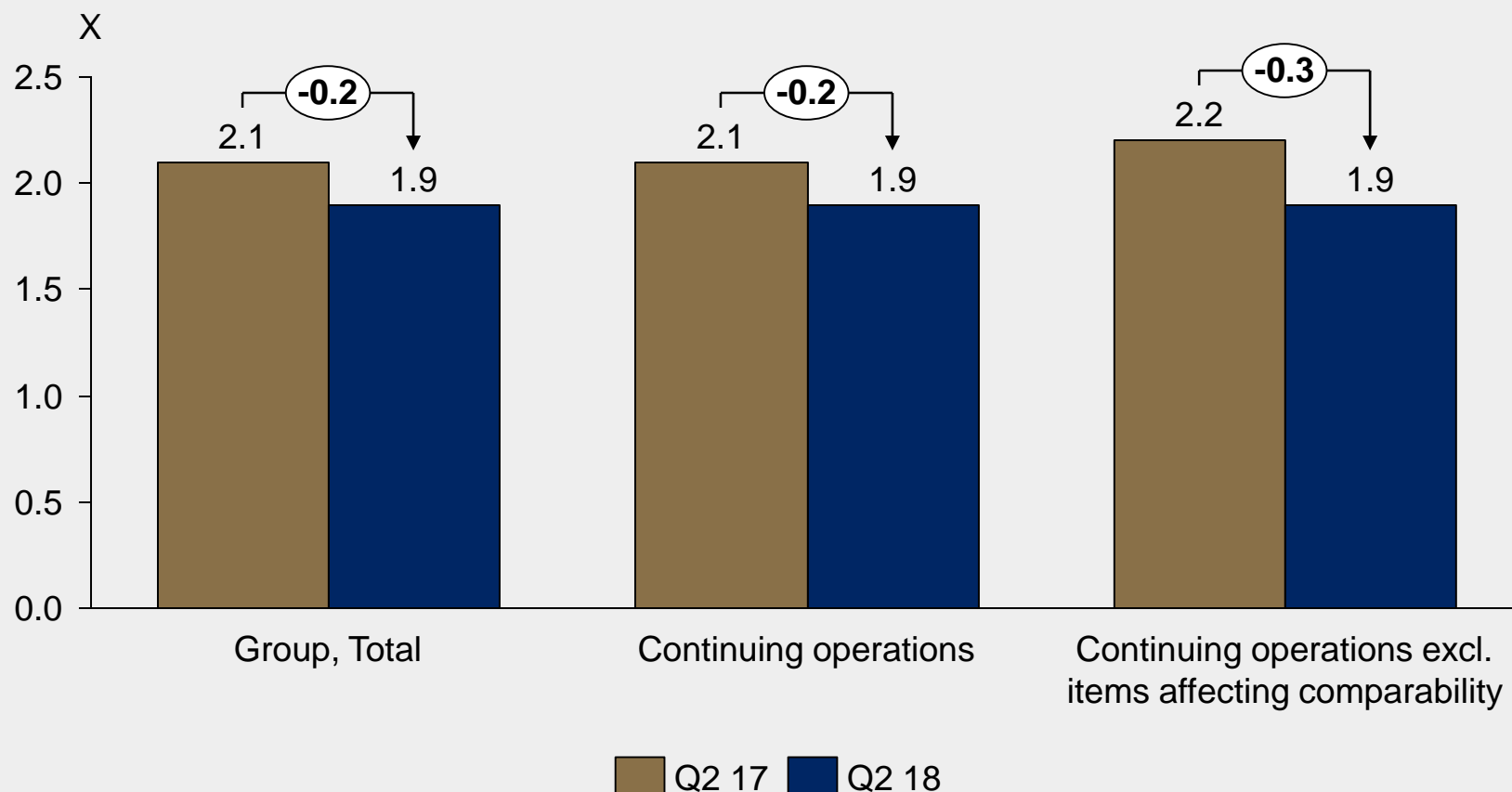
Operating cash flow, R12M¹



¹Excluding items affecting comparability

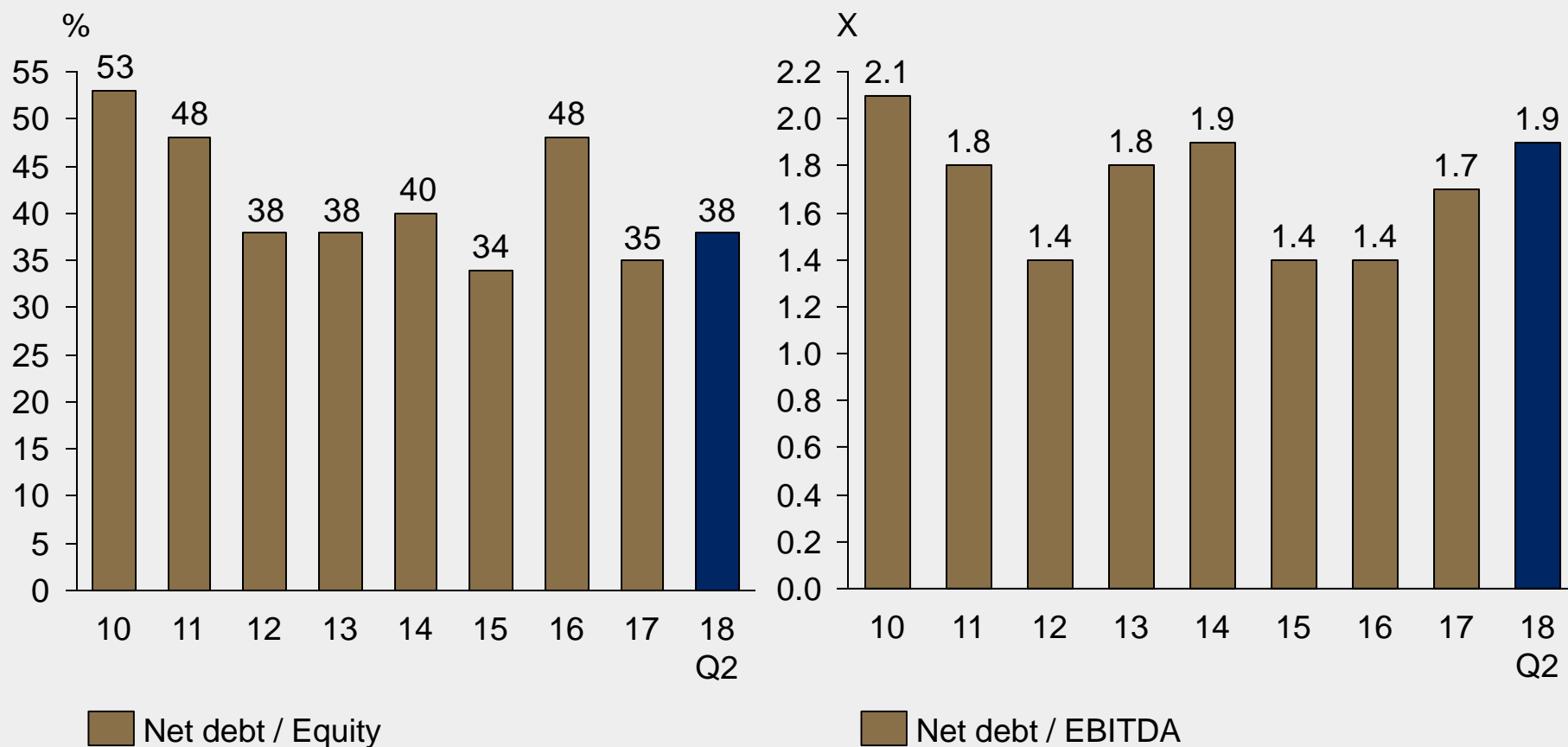
Steadily decreasing underlying leverage

Net debt / EBITDA, R12M



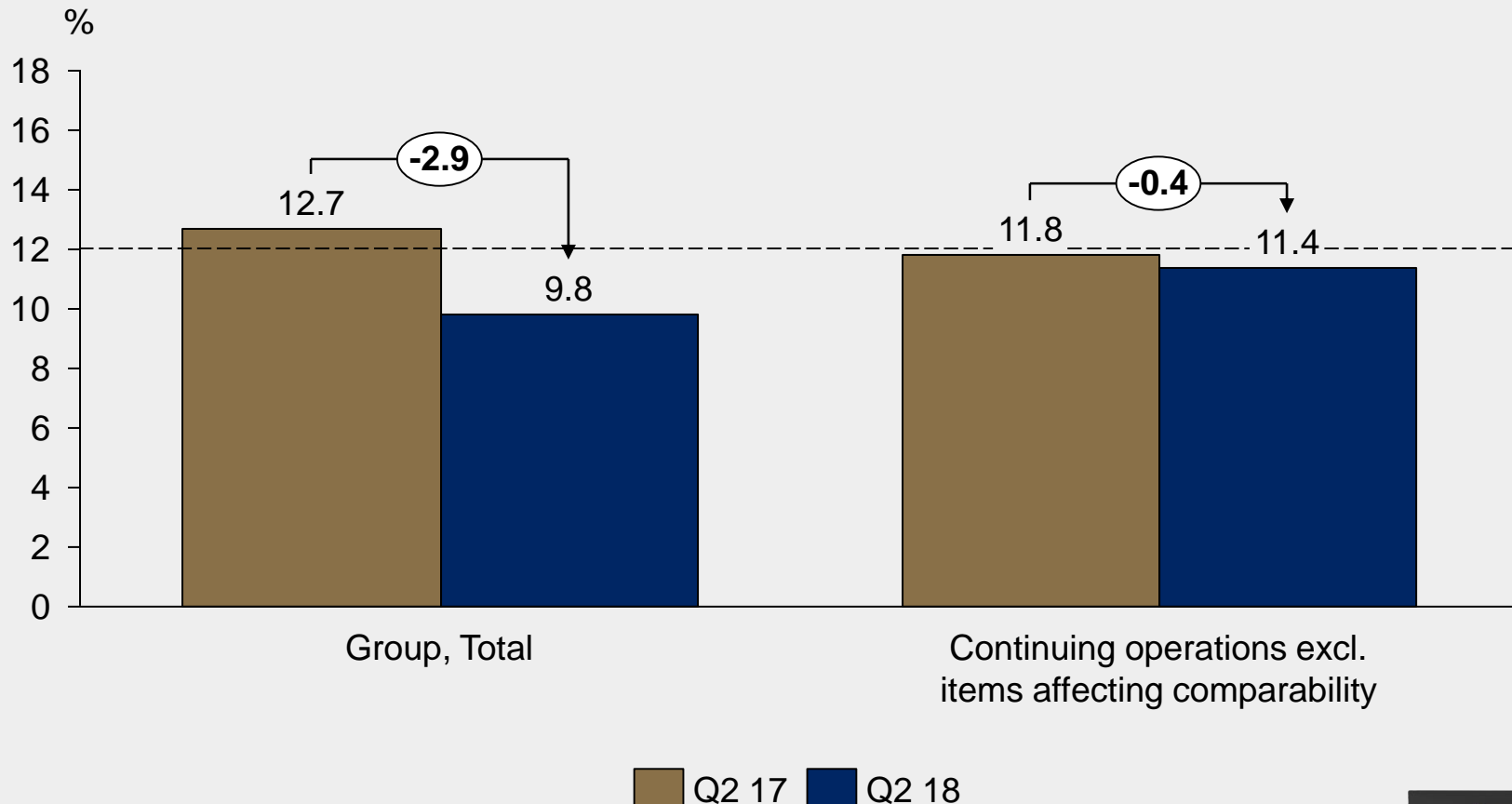
Leverage and gearing at stable levels

Gearing and leverage development, R12M¹



ROE impacted by higher equity and E.O. items

Return on equity, R12M





Financial guidelines for full-year 2018

- Capex: SEK ~1,8 - 2 Bn
- Restructuring costs: SEK ~250 M
- Underlying tax rate: ~26%
- Amortization of intangible assets¹: SEK ~300 M



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Continued focus on growth and excellence

2018 priorities

- Manage market conditions
- Manage sales and margin development through market positioning, operational excellence and improved customer integration
- Continued portfolio management to improve leading positions
- Manage constraints in supply chains
- Continued focus on innovations and smart use of new technology
- Integration of recent acquisitions

Outlook Q3 2018

- Demand is expected to be on a par with the second quarter of 2018, adjusted for seasonal variations



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