



Trelleborg interim report

July - September 2018

Peter Nilsson, President & CEO

Ulf Berghult, CFO



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Highlights

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Summary & Q4 2018 outlook

Q&A

A solid quarter

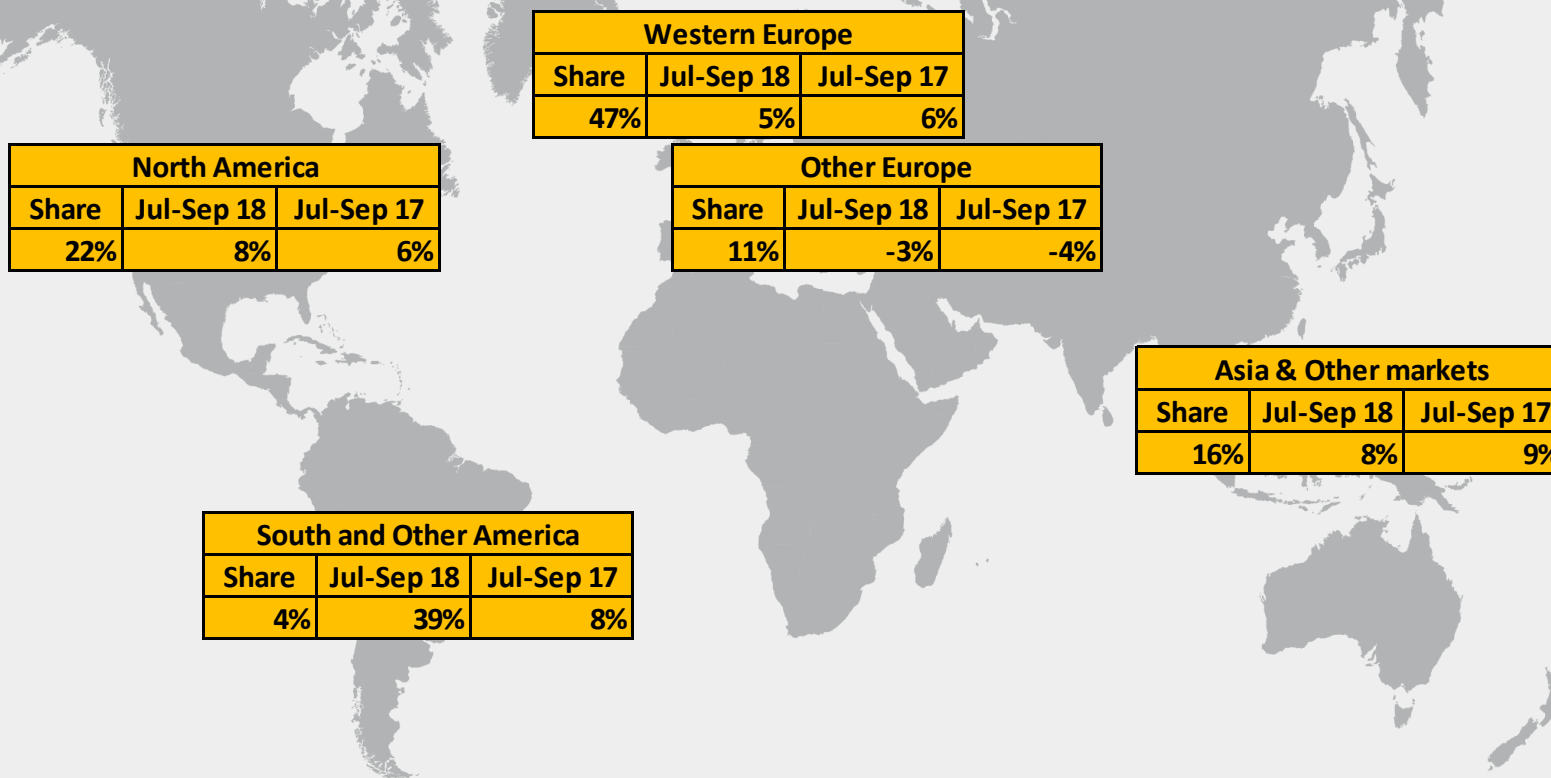
Q3 2018 financial summary

- Sales at SEK 8 300 M, increase of 14 percent.
- Organic sales up 4 percent. Excluding project deliveries, the organic sales increase was 6 percent
- EBIT¹ at SEK 1 133 M, an increase of 23 percent, corresponding to a margin of 13.6 percent
- Items affecting comparability at SEK -28 M
- Operating cash flow at SEK 847 M, decrease of 12 percent
- Three bolt-on acquisitions signed

Organic sales development by geography

Organic sales excl. project-related business¹

Total Group	
Jul-Sep 18	Jul-Sep 17
6%	5%



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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Structural growth and slightly higher margins

Trelleborg Coated Systems¹

- Organic sales: unchanged
- Structural growth: +11%
- Alignment of mixing operation impacted organic sales adversely by 1%-point
- Coated fabrics; aerospace, general industry and automotive stable, transport segment subdued
- Printing blankets; weaker in Europe, up in Americas and Asia
- EBIT improved due to acquisitions and cost control
- Acquisition of Lamcotech

SEK M	Q3 2018	Q3 2017	Change, %
Net sales	913	768	19
Organic, %	0	-4	
Structural, %	11	0	
Exchange rate, %	8	-2	
EBIT	92	77	19
EBIT, %	10.1	9.9	+0.2 p.p.

Solid organic growth in all major regions

Trelleborg Industrial Solutions¹

- Organic sales: +9%
- Deliveries to general industry developed well
- Building-related segments slightly weaker
- All geographical regions improved
- Bottlenecks of qualified operators in some countries
- EBIT improved on higher volumes and cost control
- Manufacturing plant in Mexico inaugurated

SEK M	Q3 2018	Q3 2017	Change, %
Net sales	1 870	1 609	16
Organic, %	9	5	
Structural, %	-	9	
Exchange rate, %	7	-1	
EBIT	174	146	19
EBIT, %	9.3	9.1	+0.2 p.p.

¹Excl. items affecting comparability

Order intake growing, recovery pushed to 2019

Trelleborg Offshore & Construction¹

- Organic sales: -19%
- Sales development created under-absorption, impacted earnings
- Some projects pushed into 2019
- Growing order book for both oil & gas and infrastructure segments
- Transfer of operations from US to UK proceeding according to plan
- Q4 still in the red, but next year will see improvements, particularly in H2 2019

SEK M	Q3 2018	Q3 2017	Change, %
Net sales	558	647	-14
Organic, %	-19	-17	
Structural, %	-	-	
Exchange rate, %	5	-3	
EBIT	-45	-33	-36
EBIT, %	-8.0	-5.2	-2.8 p.p.

Performing well in all aspects

Trelleborg Sealing Solutions¹

- Organic sales: +8%
- All geographical and market segments developed favorably
- Asian sales particularly strong
- EBIT and margin improved on higher sales and cost control
- Innovation center in Germany inaugurated
- Agreement to acquire Sil-Pro, expanding platform in Healthcare & Medical

SEK M	Q3 2018	Q3 2017	Change, %
Net sales	2 787	2 388	17
Organic, %	8	8	
Structural, %	1	3	
Exchange rate, %	8	-2	
EBIT	647	533	21
EBIT, %	23.2	22.3	+0.9 p.p.

Growing in a seasonally weak quarter

Trelleborg Wheel Systems¹

- Organic sales: +3%
- Positive agri sales in N.A., flat in Europe, somewhat weaker in Asia
- Agri tire OE developing well, aftermarket subdued
- Industrial & construction tire sales stable and growing
- EBIT and margin improved on higher sales and synergies
- Acquisition of TRS in New Zealand

SEK M	Q3 2018	Q3 2017	Change, %
Net sales	2 280	1 992	14
Organic, %	3	7	
Structural, %	3	0	
Exchange rate, %	8	0	
EBIT	268	215	25
EBIT, %	11.8	10.8	+1.0 p.p.



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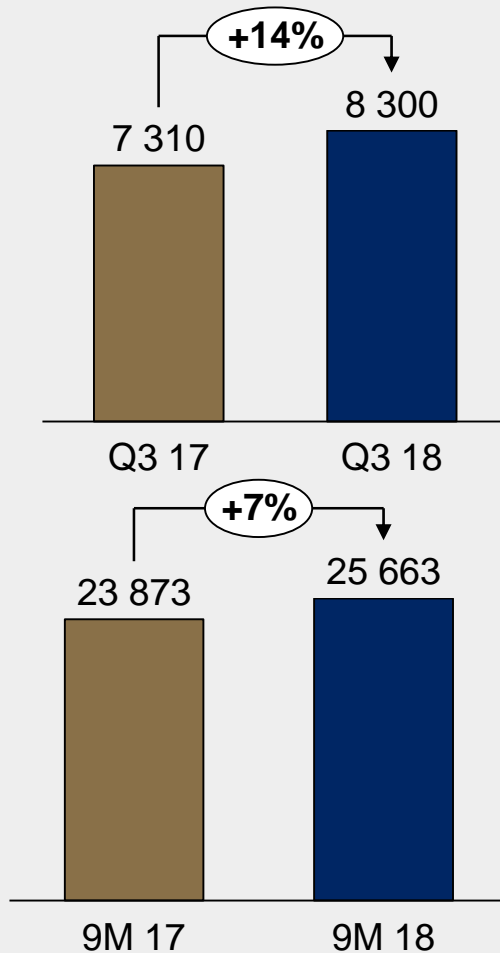
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Solid sales growth continues

Sales development



July - September [%]

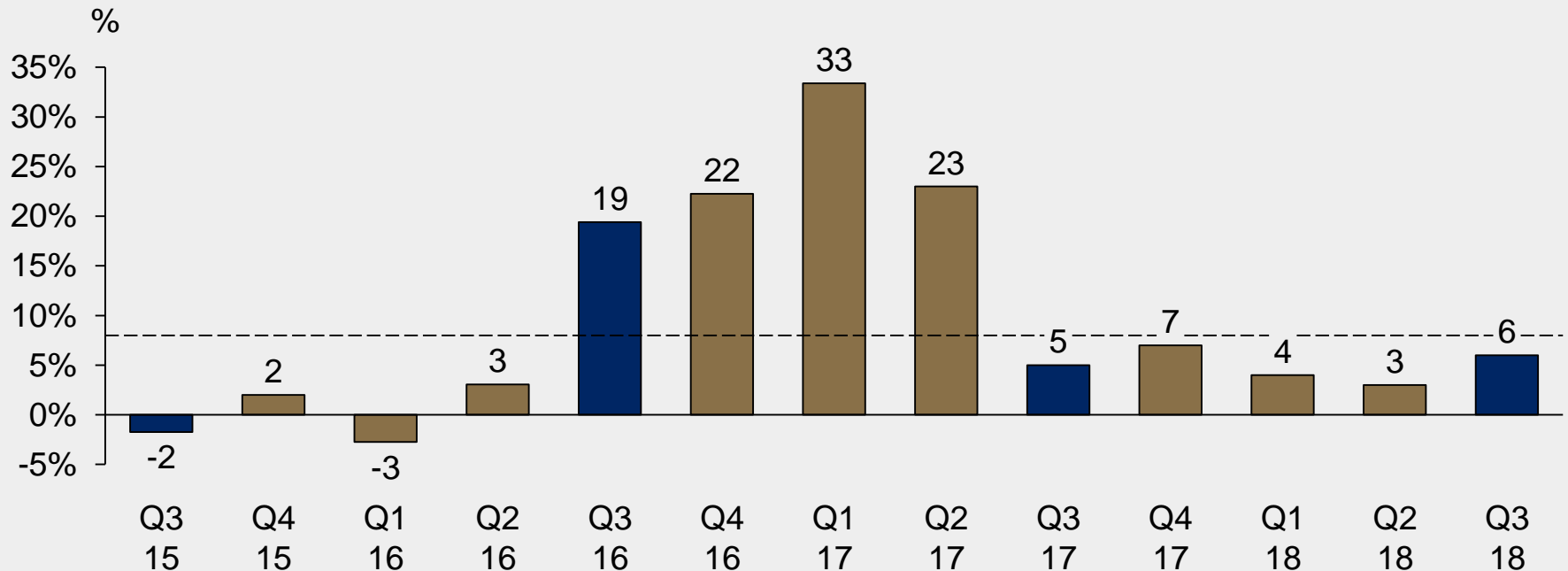
Organic	4
Structural	2
Currency	8
Total	14

January - September [%]

Organic	3
Structural	1
Currency	3
Total	7

Ten quarters of positive sales development¹

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

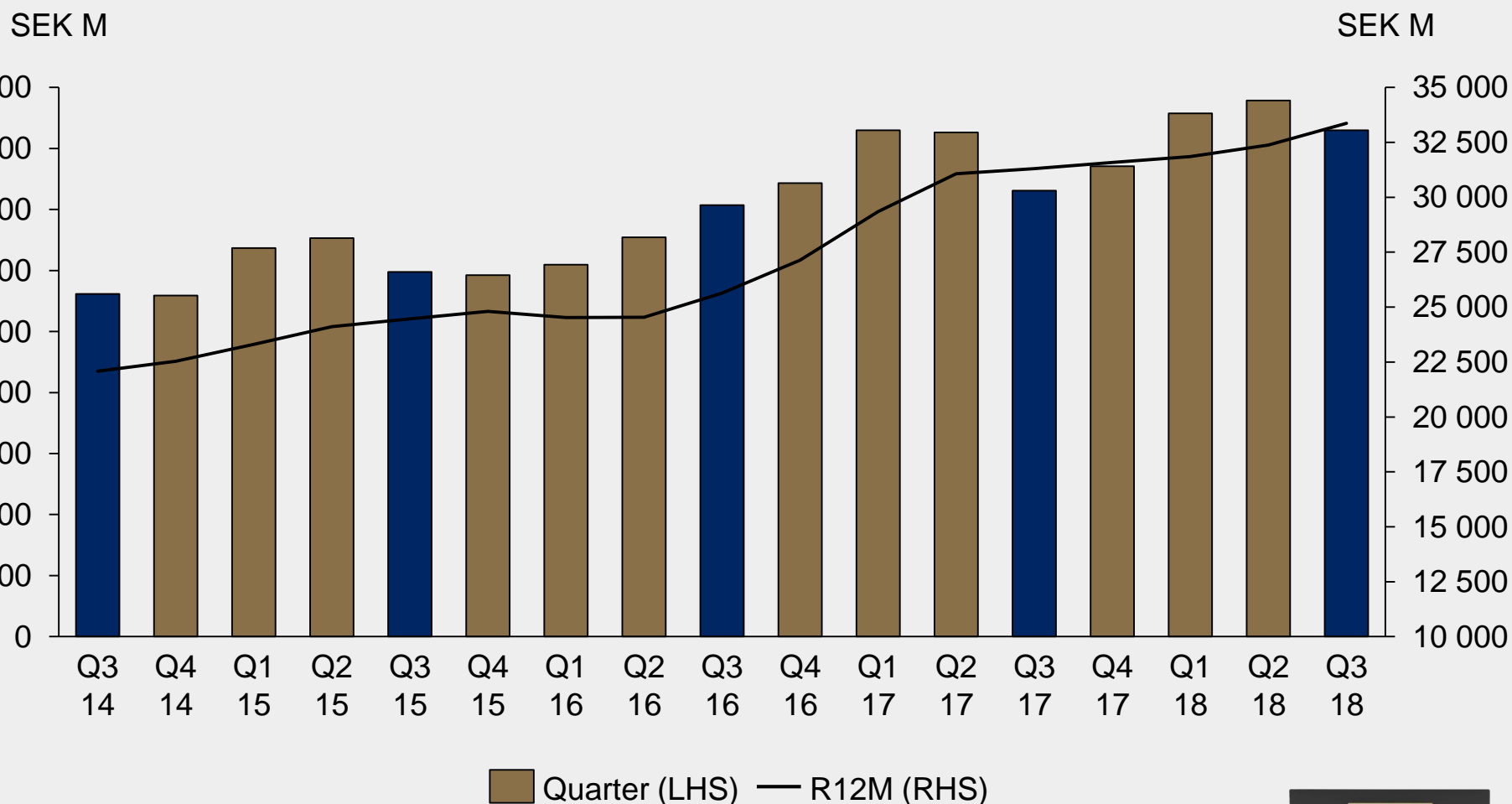


Of which organic growth, %:



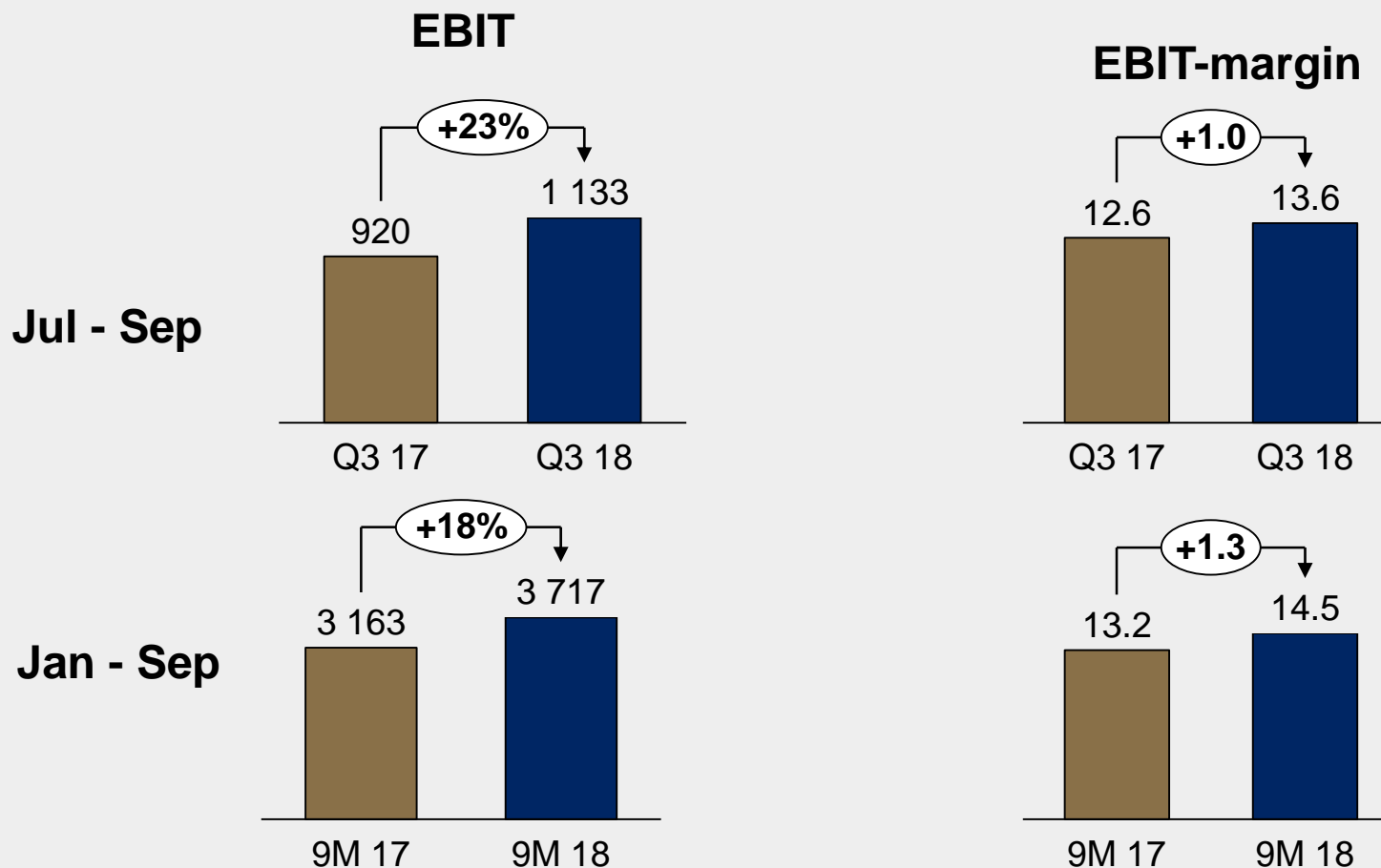
Highest third-quarter sales to date

Sales development, R12M



Highest third-quarter EBIT to date

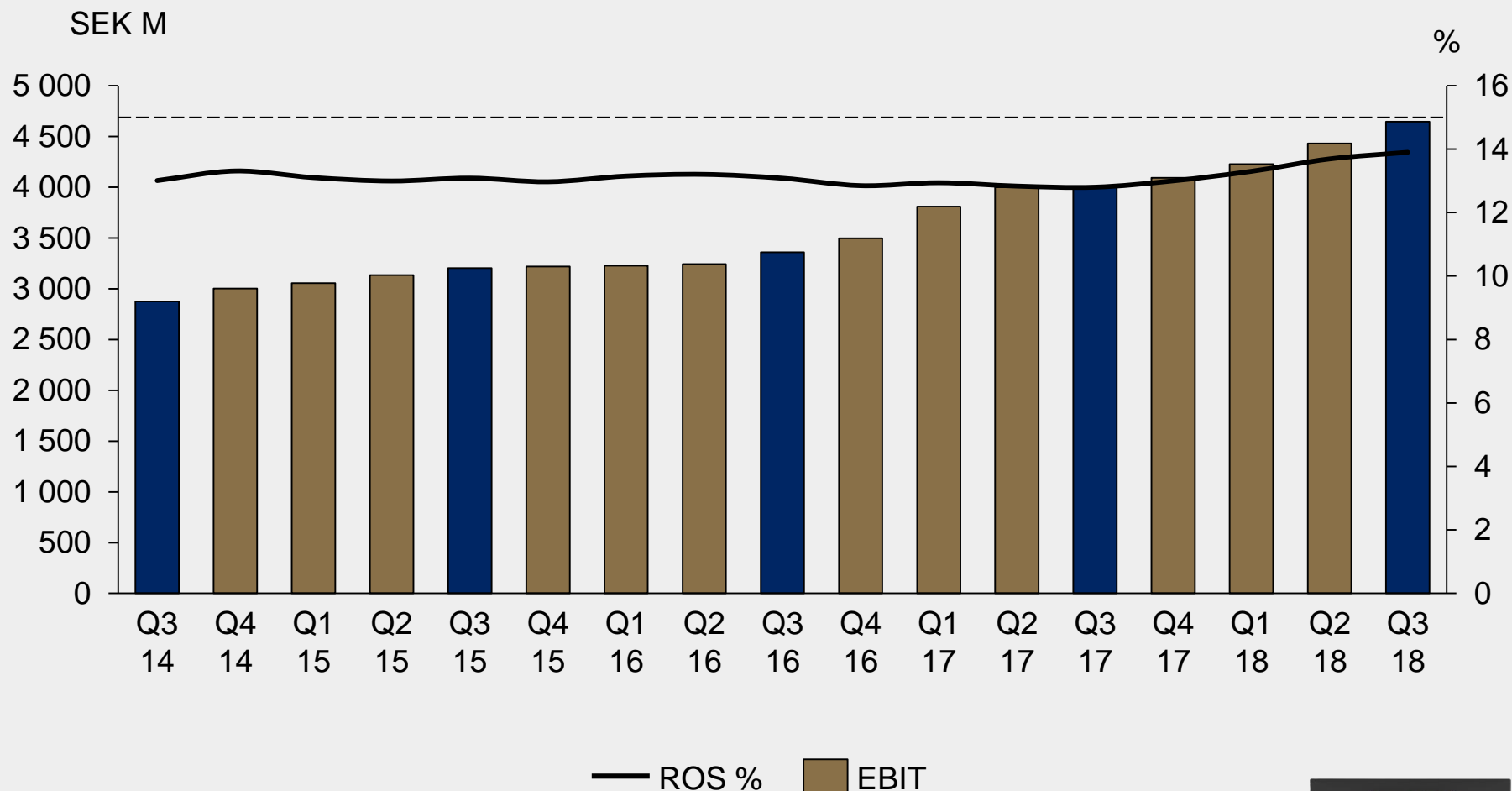
EBIT development¹



¹Excluding items affecting comparability

22 consecutive quarters of improved EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

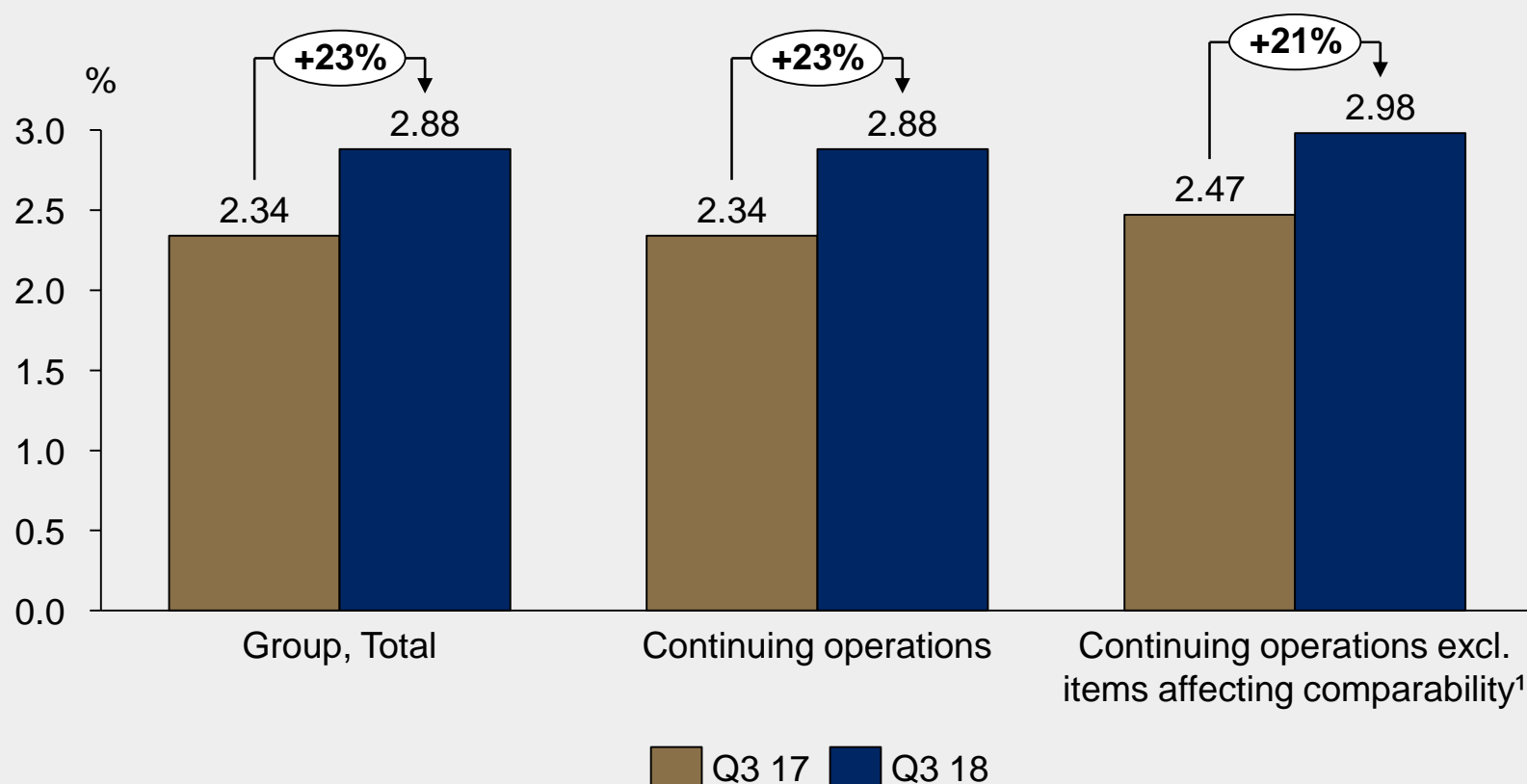
Total Group

Profit & loss statement

SEK M	Q3 2018	Q3 2017	Change, %	9 M 2018	9 M 2017	Change, %
EBIT, excl. items affecting comparability	1 133	920	23	3 717	3 163	18
EBIT margin, %	13,6	12,6	1.0 p.p.	14,5	13,2	1.3 p.p.
<i>Restructuring costs</i>	-28	-45		-78	-227	
<i>Capital gain divestment of compounding operation</i>	-	-		-	472	
Items affecting comparability	-28	-45		-78	245	
EBIT	1 105	875	26	3 639	3 408	7
Financial income and expenses	-72	-66	-9	-204	-173	-18
Profit before tax	1 033	809	28	3 435	3 235	6
Taxes	-251	-174	-44	-846	-634	-33
Net profit, Group	782	635	23	2 589	2 601	0

Strong underlying EPS improvement

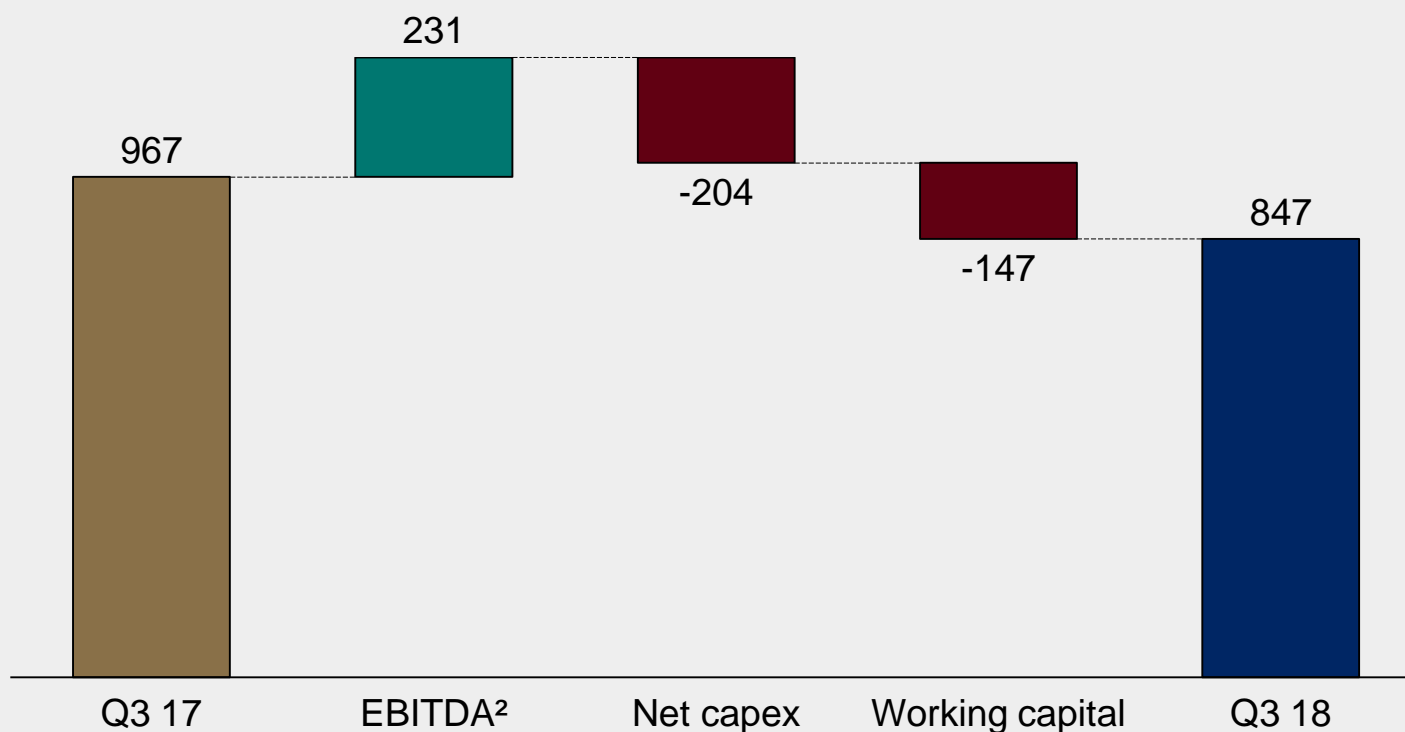
Earnings per share



¹No dilution effects arose.

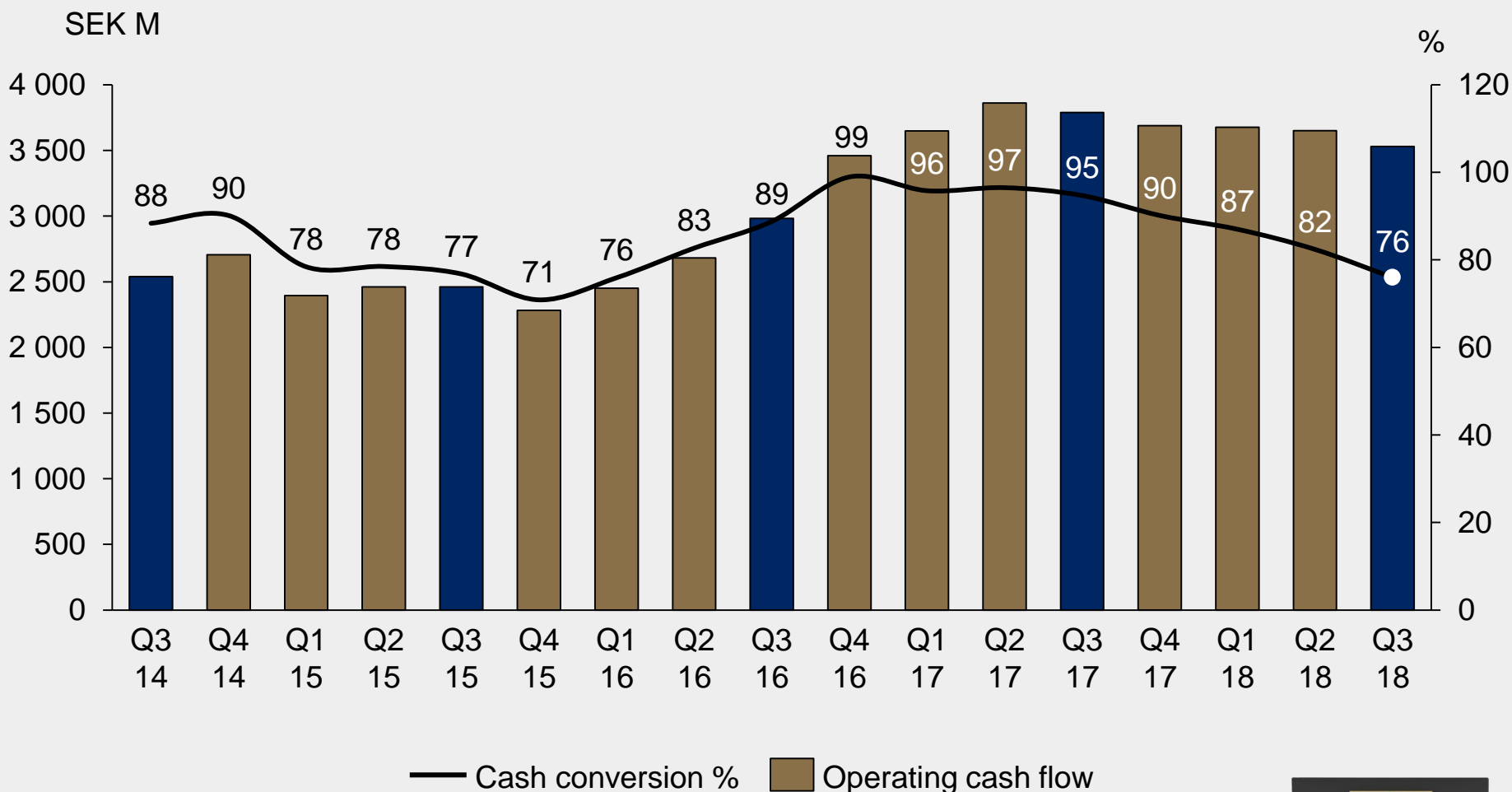
Cash flow impacted by higher capex and sales

Operating cash flow¹



Cash conversion impacted by higher capex

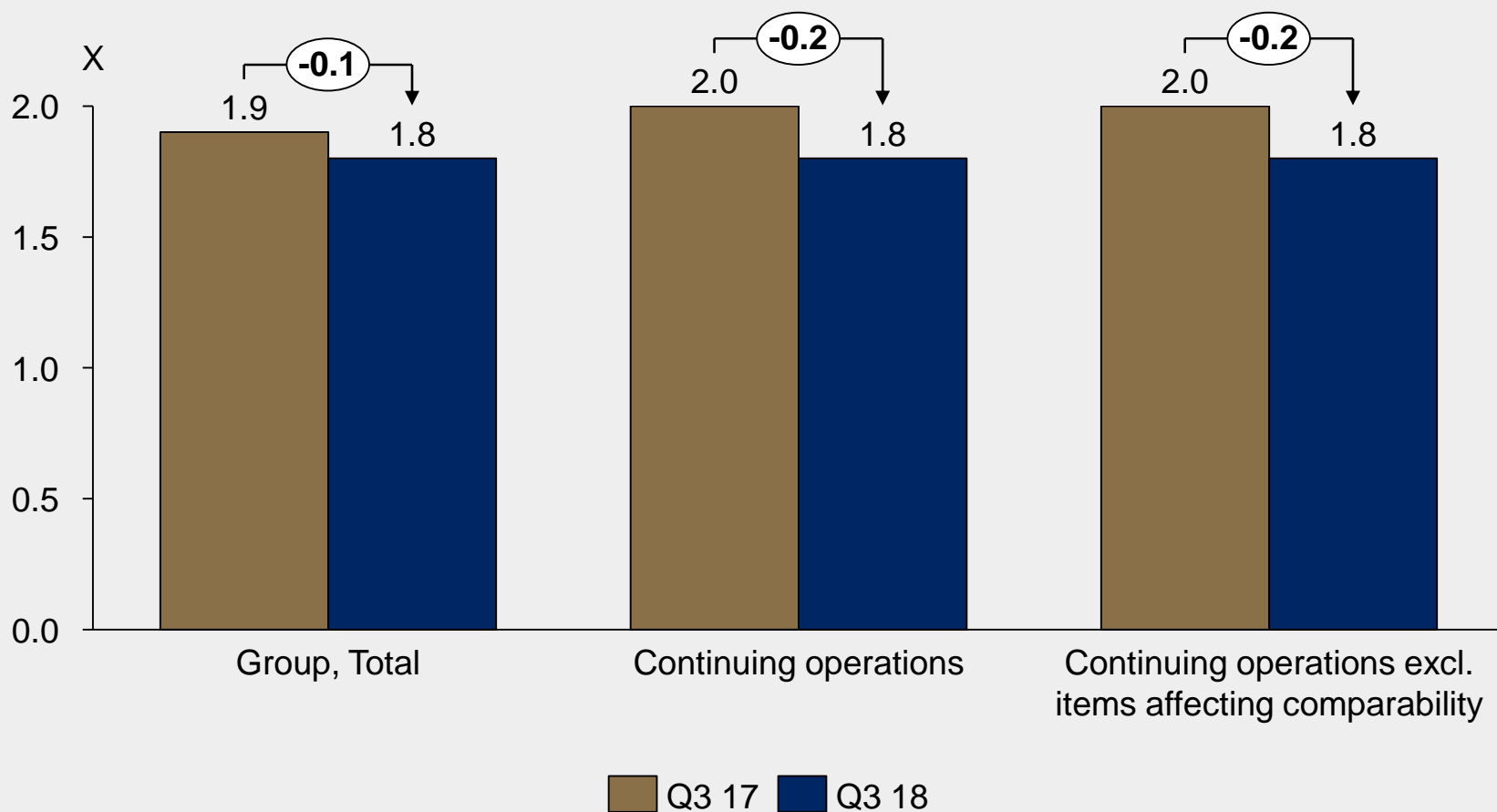
Operating cash flow, R12M¹



¹Excluding items affecting comparability

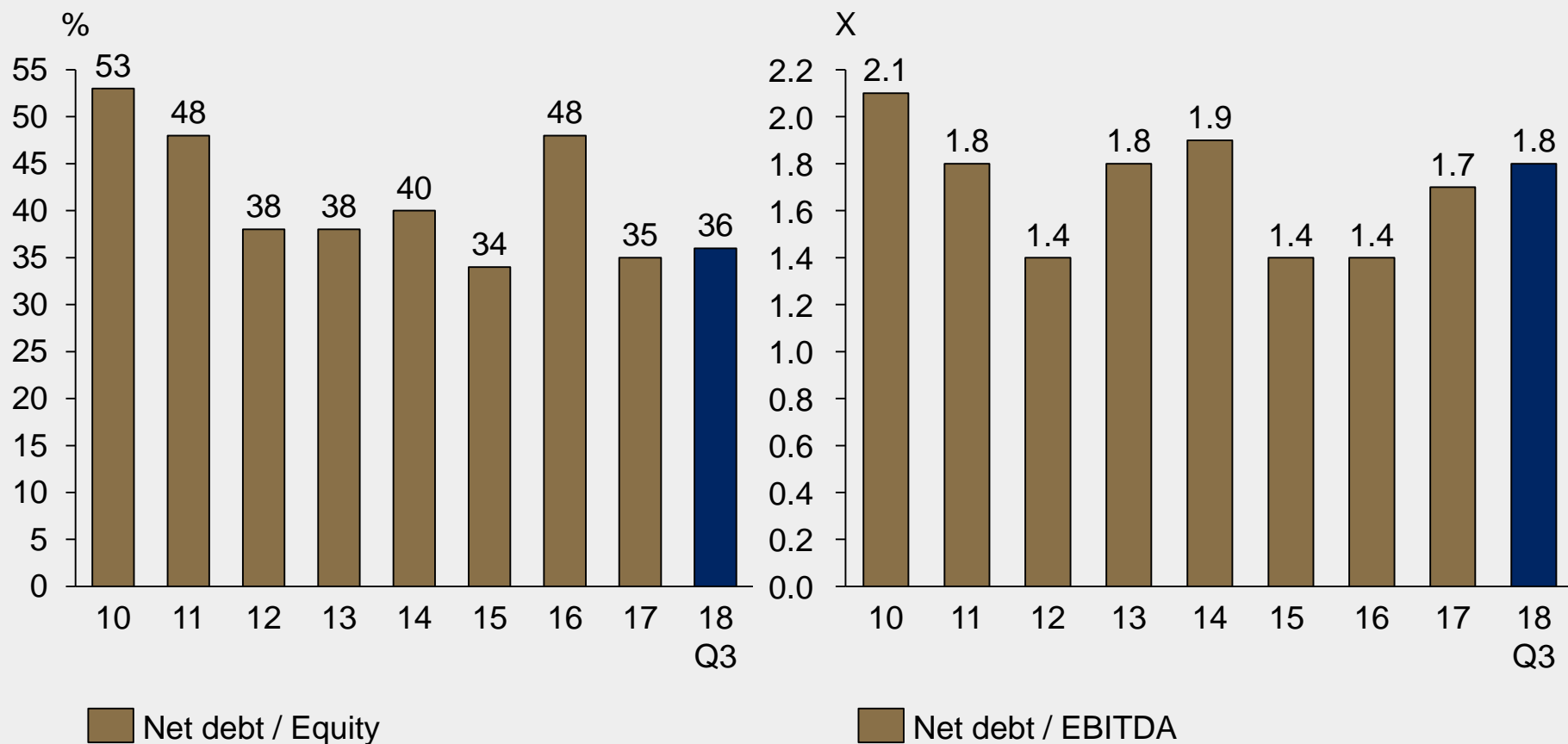
Steadily decreasing underlying leverage

Net debt / EBITDA, R12M



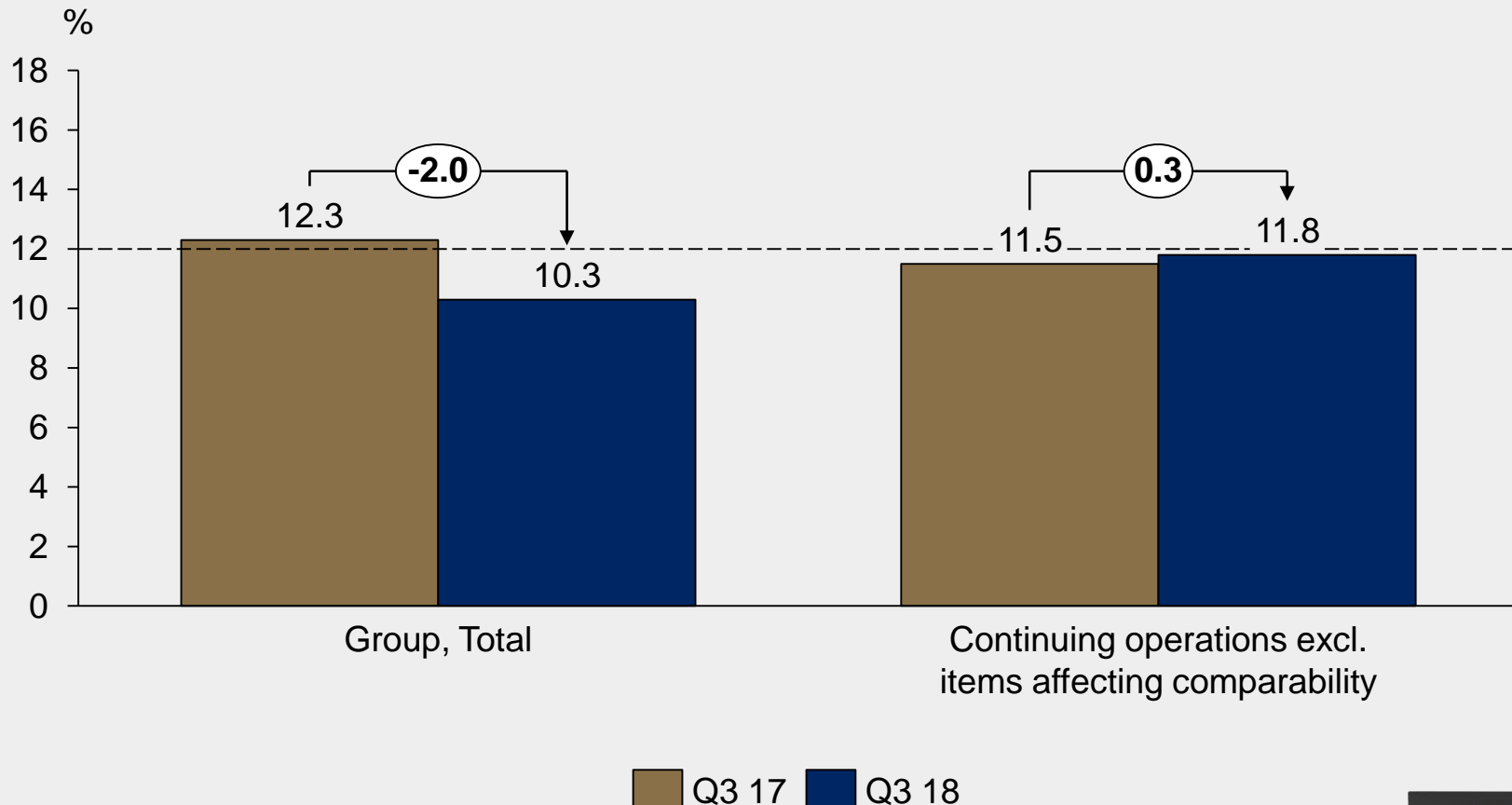
Leverage and gearing at stable levels

Gearing and leverage development, R12M¹



Slight underlying ROE improvement

Return on equity, R12M





Financial guidelines for full-year 2018

- Capex: SEK ~1,8 - 2 Bn
- Restructuring costs: SEK ~150-200 M (previous: 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 Q4 2018

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



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Questions & Answers

