



Trelleborg interim report

Q1 January- March 2020

Peter Nilsson, President & CEO

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Highlights

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Summary & Q2 2020 outlook

Q&A

Stable quarter - growing challenges ahead

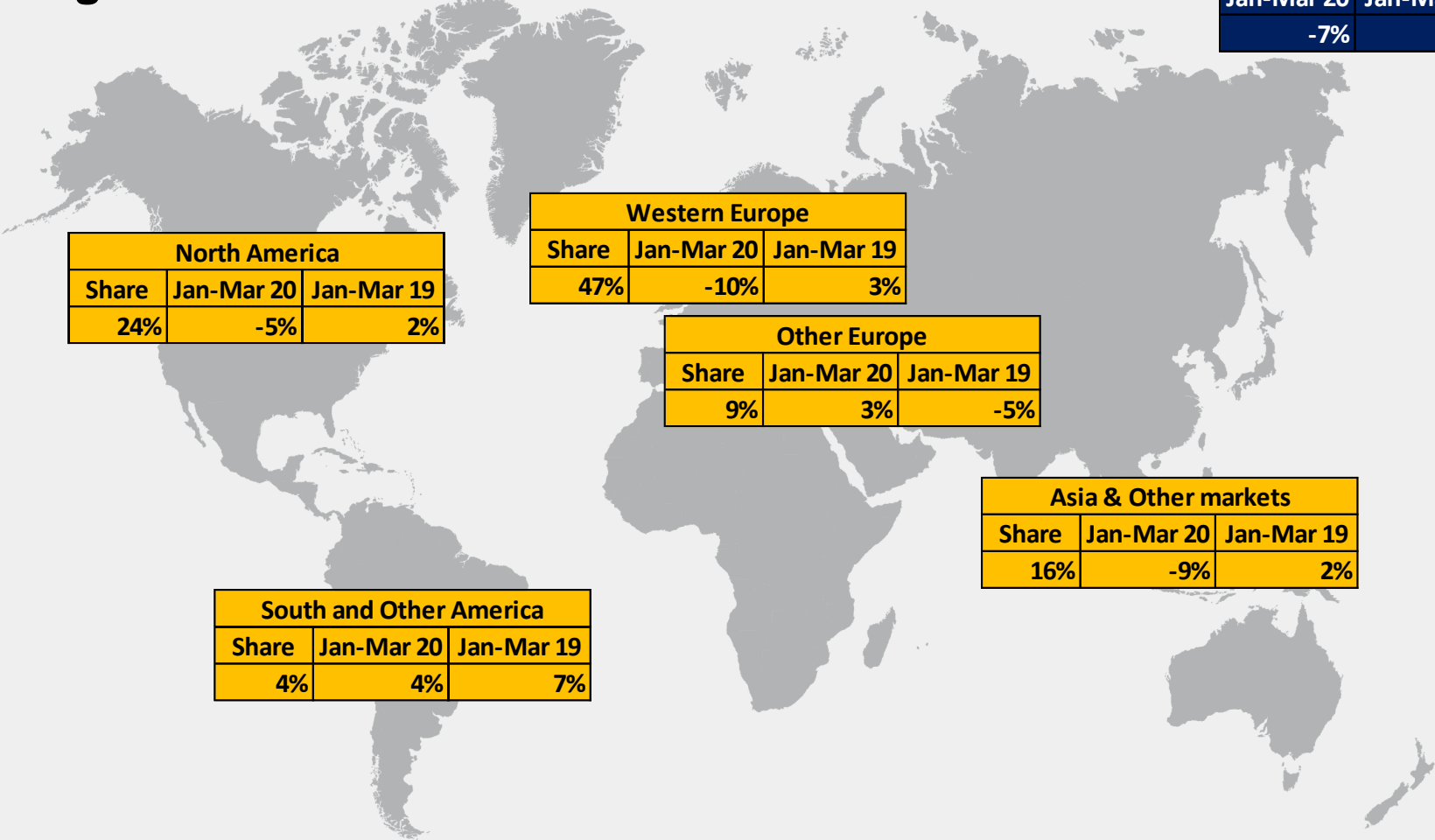
Q1 2020 financial summary

- Sales at SEK 9 286 M, a decrease of 1 percent
- Organic sales decreased by 5 percent
- EBIT¹ at SEK 1 235 M, corresponding to a margin of 13.3 percent
- Items affecting comparability at SEK -46 M related to restructuring
- Operating cash flow at SEK 705 M
- Cash conversion at 102 percent
- Post-Q1: Divestiture of Baltic moulded component business
- Considerable negative impact on demand expected in the next quarters

Organic sales development by geography

Organic sales core business¹

Core business Total	
Jan-Mar 20	Jan-Mar 19
-7%	2%



Share = Actual 2019²

¹ Excluding business under development
² Share represents sales including business under development





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Impacted by Covid-19 and strikes

Trelleborg Industrial Solutions¹

- Organic sales: -8%; structural growth: 4%
- Negative impact from Covid-19 and strikes in Turkey and France
- Lower sales to most market segments
- Organic sales negative in Europe and Asia, more stable in North America
- EBIT and margin impacted by softer markets and strikes

SEK M	Q1 2020	Q1 2019	Change, %
Net sales	2 595	2 628	-1
Organic, %	-8	2	
Structural, %	4	3	
Exchange rate, %	3	5	
EBIT	209	284	-26
EBIT, %	8.1	10.8	-2.7 p.p.

Solid performance

Trelleborg Sealing Solutions¹

- Organic sales: -3%; structural growth: +2%
- Organic trend was downward in most regions, primarily in Asia
- General industry and Automotive weaker in most regions
- Aerospace continued to grow, but a noticeable decline at end of quarter
- EBIT and margin declined slightly

SEK M	Q1 2020	Q1 2019	Change, %
Net sales	3 209	3 118	3
Organic, %	-3	0	
Structural, %	2	4	
Exchange rate, %	4	7	
EBIT	706	724	-2
EBIT, %	22.0	23.2	-1.2 p.p.

Sluggish markets and temporary shutdowns

Trelleborg Wheel Systems¹

- Organic sales: -12%; structural growth: 0%
- Declining organic sales in both agri and material handling & construction
- Temporary shutdowns at major OE customers at end of quarter
- Continued focus on cash flow
- EBIT and margin declined on lower volumes, partially offset by positive sales mix

SEK M	Q1 2020	Q1 2019	Change, %
Net sales	2 459	2 723	-10
Organic, %	-12	4	
Structural, %	0	2	
Exchange rate, %	2	5	
EBIT	297	349	-15
EBIT, %	12.1	12.8	-0.7 p.p.

All businesses improving

Businesses Under Development¹

- Organic sales: +10%; structural growth: -1%
- Strong performance in offshore oil & gas
- EBIT improved on higher sales and focused cost control
- Oil price drop will impact business climate going forward
- Post- Q1: Divestiture of Baltic moulded component business

SEK M	Q1 2020	Q1 2019	Change, %
Net sales	1 114	1 007	11
Organic, %	10	-7	
Structural, %	-1	0	
Exchange rate, %	2	4	
EBIT	79	-2	4 050
EBIT, %	7.1	-0.3	7.4 p.p.

¹Excl. items affecting comparability



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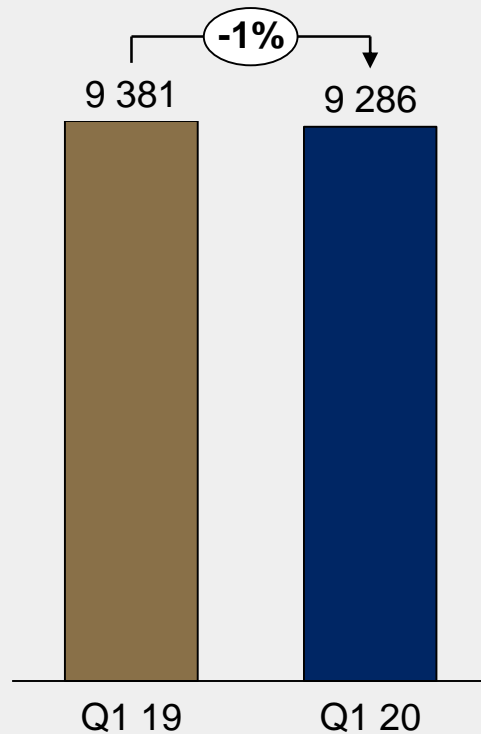
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A slight sales decline

Sales development

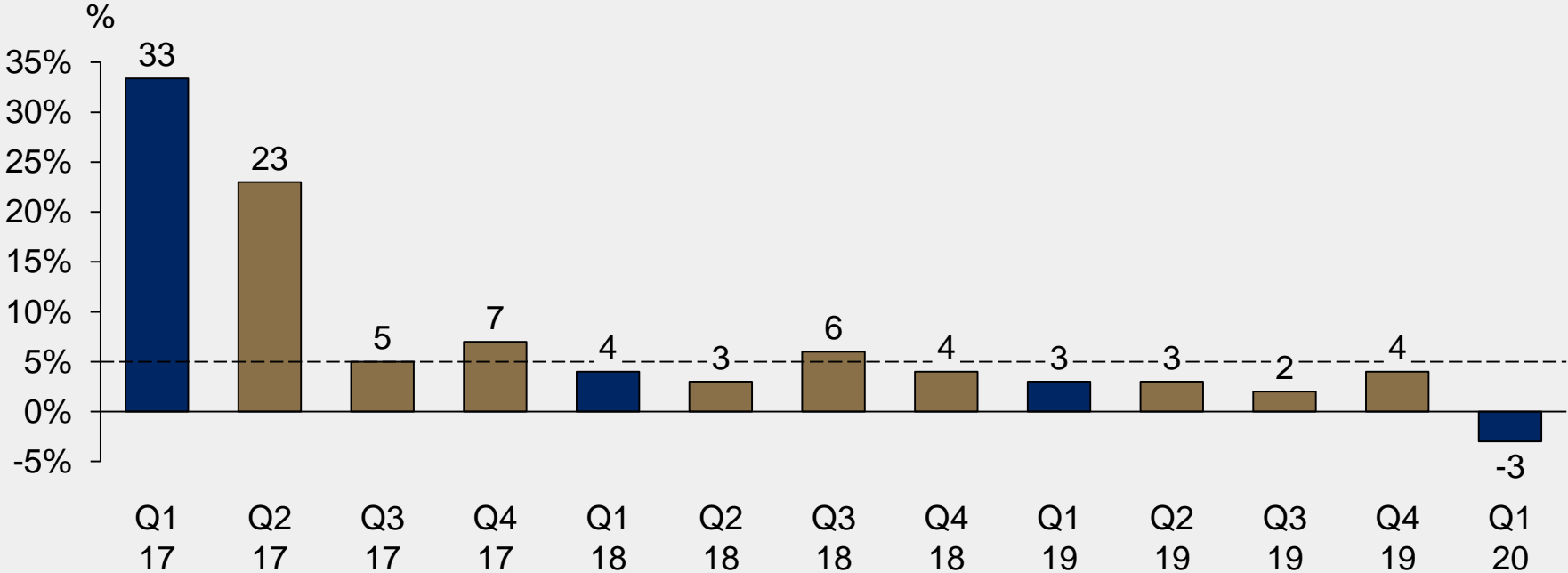


January - March [%]

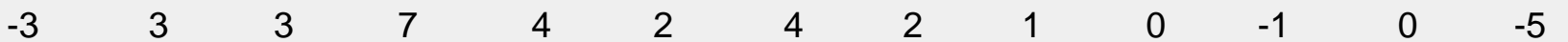
Organic	-5
Structural	2
Currency	2
Total	-1

Covid-19 broke a long positive sales trend¹

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



Of which organic growth, %:

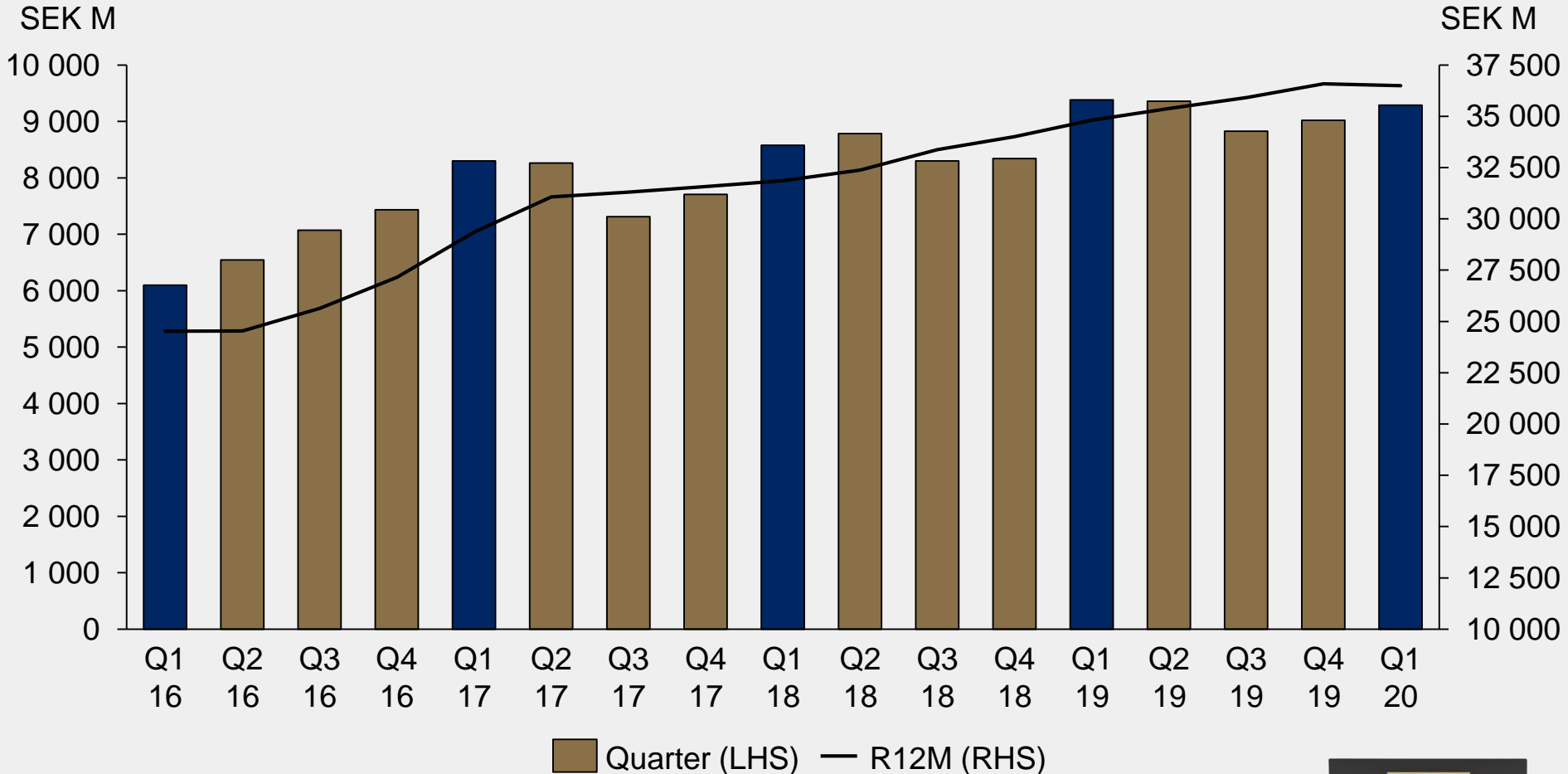


¹Structural growth + organic growth **excluding** currency effects



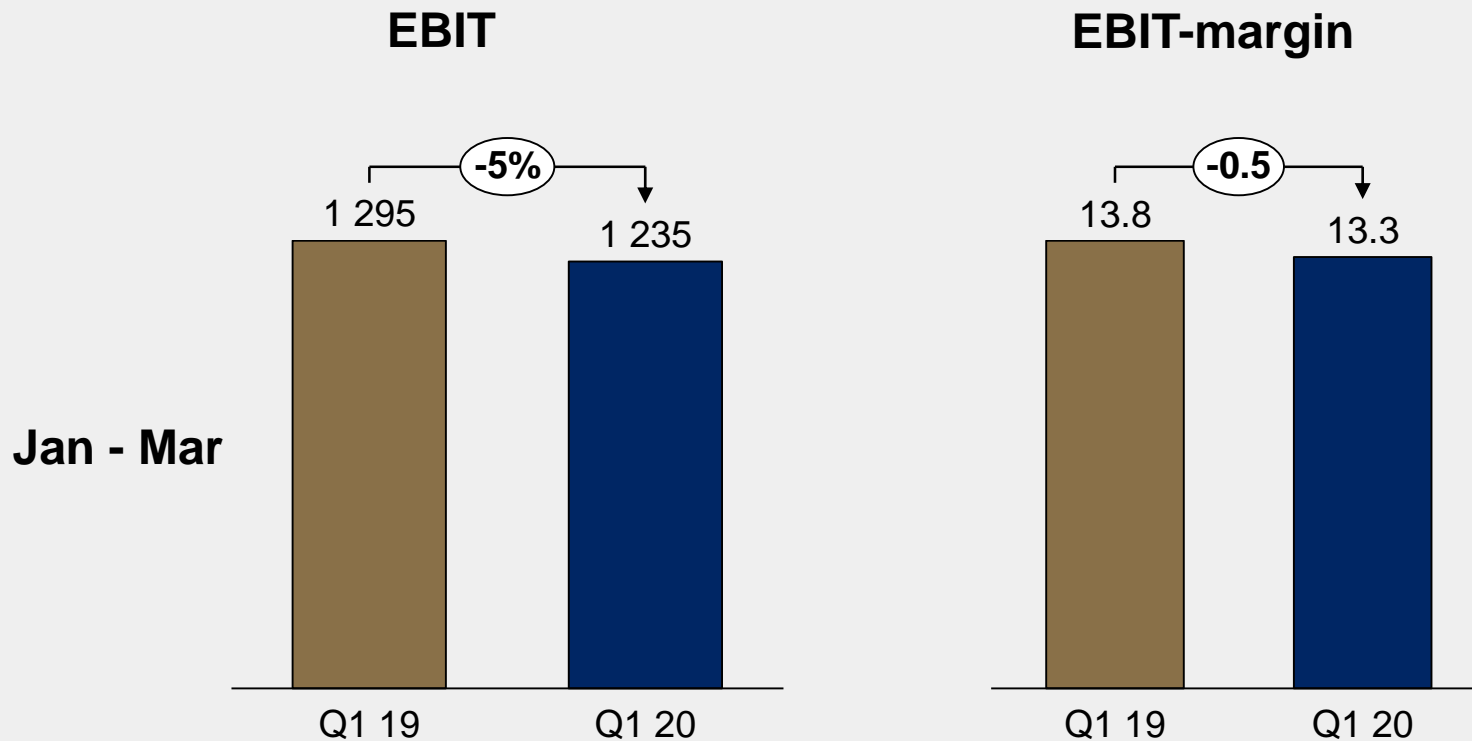
R12M sales development flattening out

Sales development, R12M



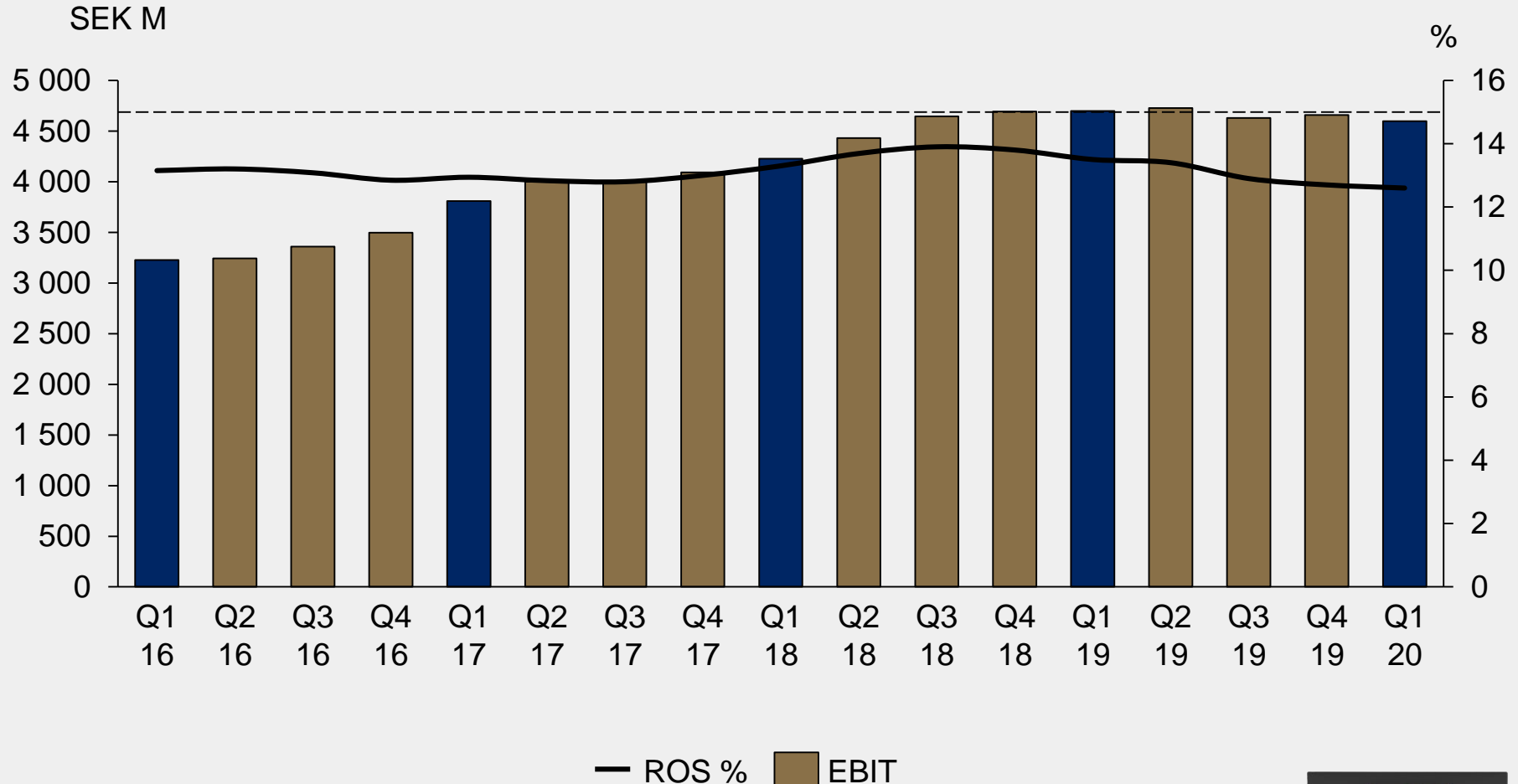
EBIT decline in line with sales drop

EBIT development¹



Tougher markets and Covid-19 impact EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

Total Group

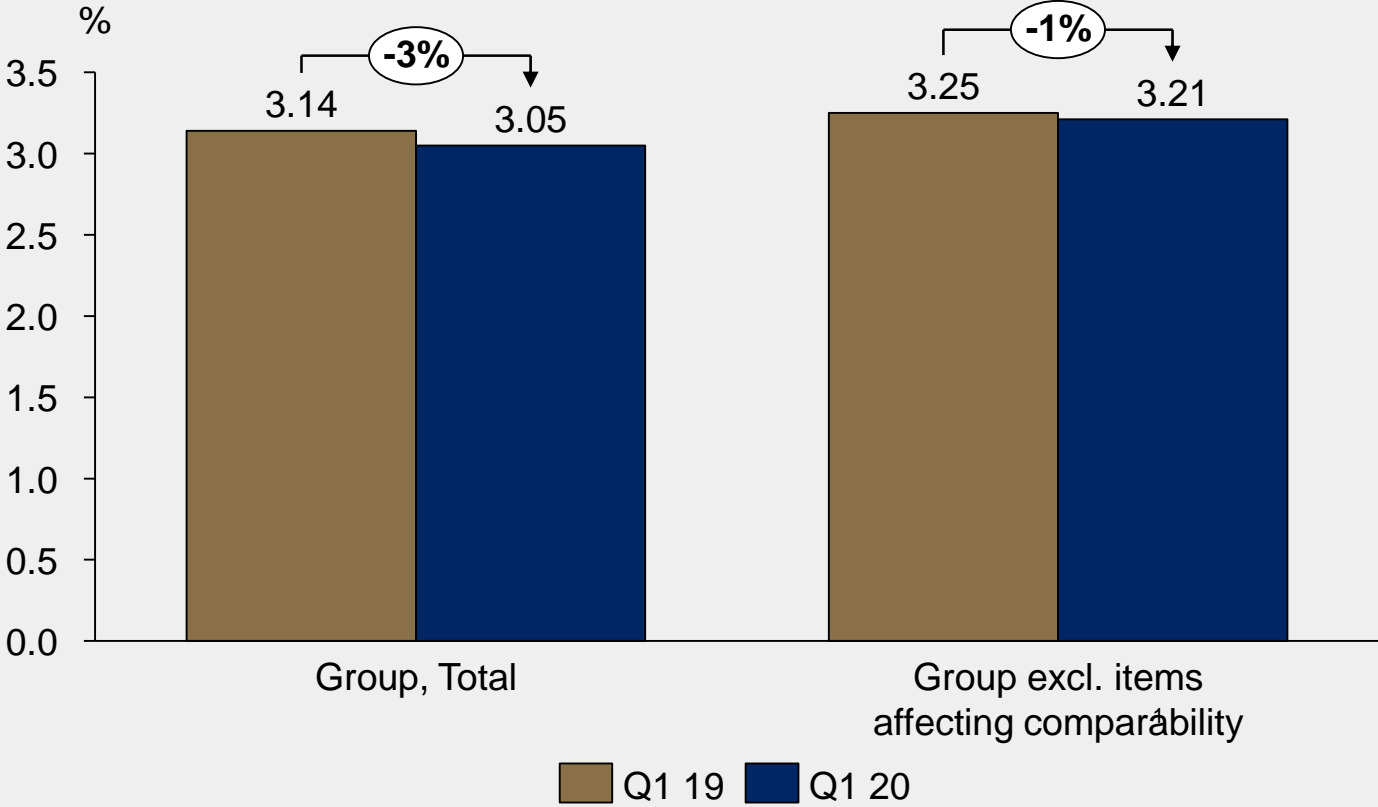
Profit & loss statement

SEK M	Q1 2020	Q1 2019	Change, %	R12 2020	R12 2019	Change, %
EBIT, excl. items affecting comparability	1 235	1 295	-5	4 598	4 658	-1
EBIT margin, %	13.3	13.8	-0.5 p.p.	12.6	12.7	-0.1 p.p.
Restructuring	-46	-20		-524	-498	
Write-downs capital employed ¹	-	-		-3 198	-3 198	
Items affecting comparability	-46	-20		-3 722	-3 696	
EBIT	1 189	1 275	-7	876	962	-9
Financial income and expenses	-61	-120	49	-322	-381	15
Profit before tax	1 128	1 155	-2	554	581	-5
Taxes	-301	-303	1	-778	-780	0
Net profit, Group	827	852	-3	-224	-199	-13

¹Pertains to the impairment of capital employed in the reporting segment Businesses Under Development

Slight EPS decline

Earnings per share

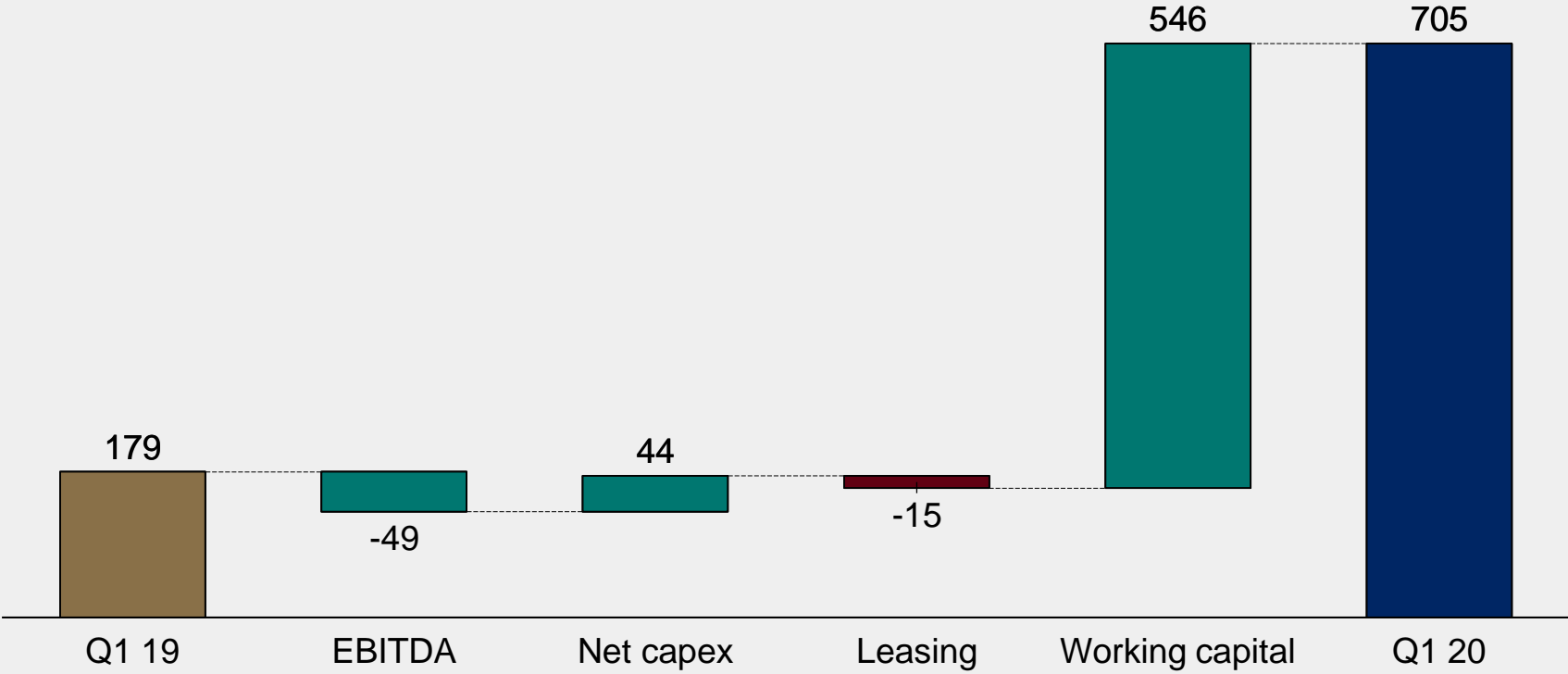


¹No dilution effects arose.



Solid working capital management

Operating cash flow¹

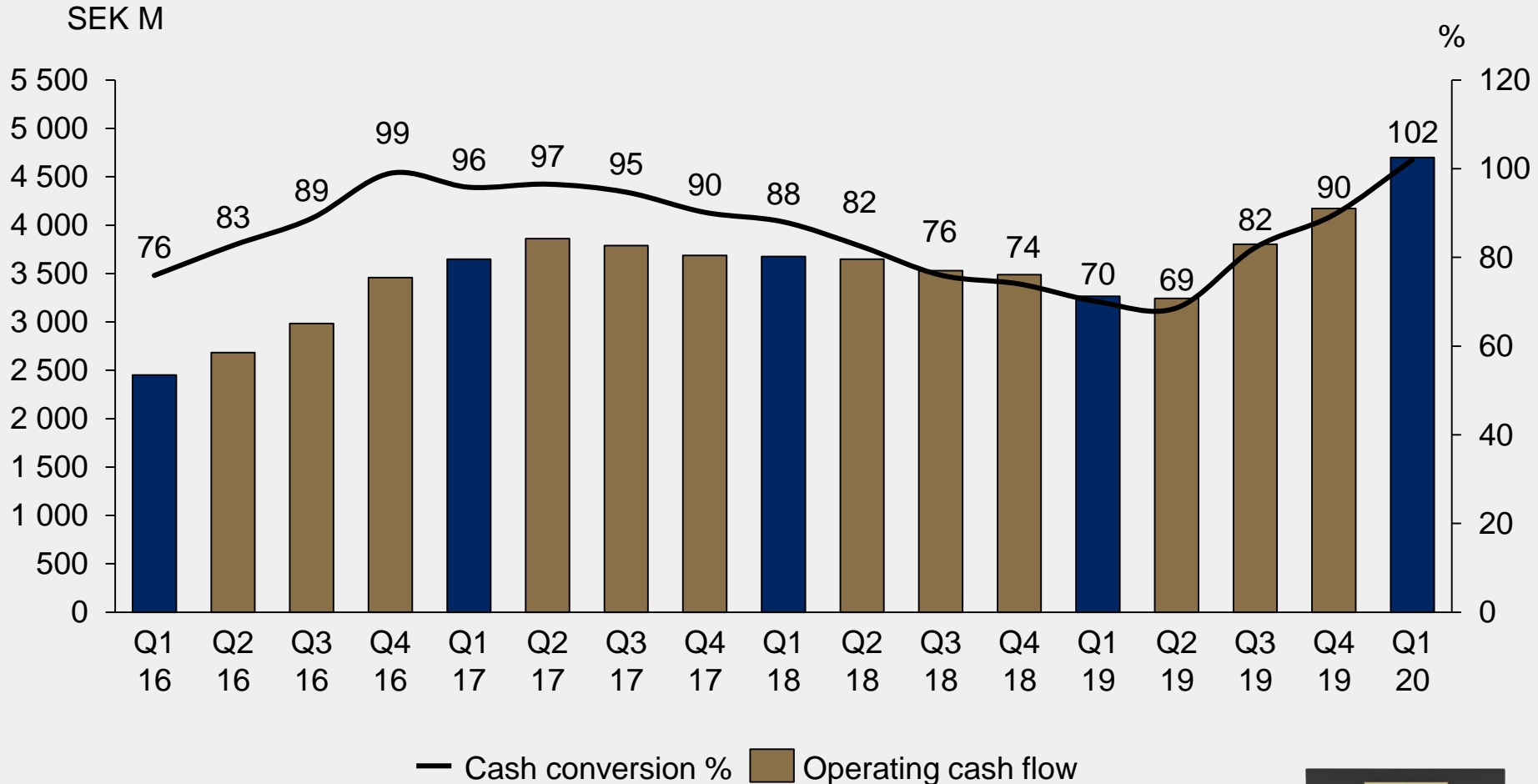


¹Excluding items affecting comparability



Focus on cash generation and conversion

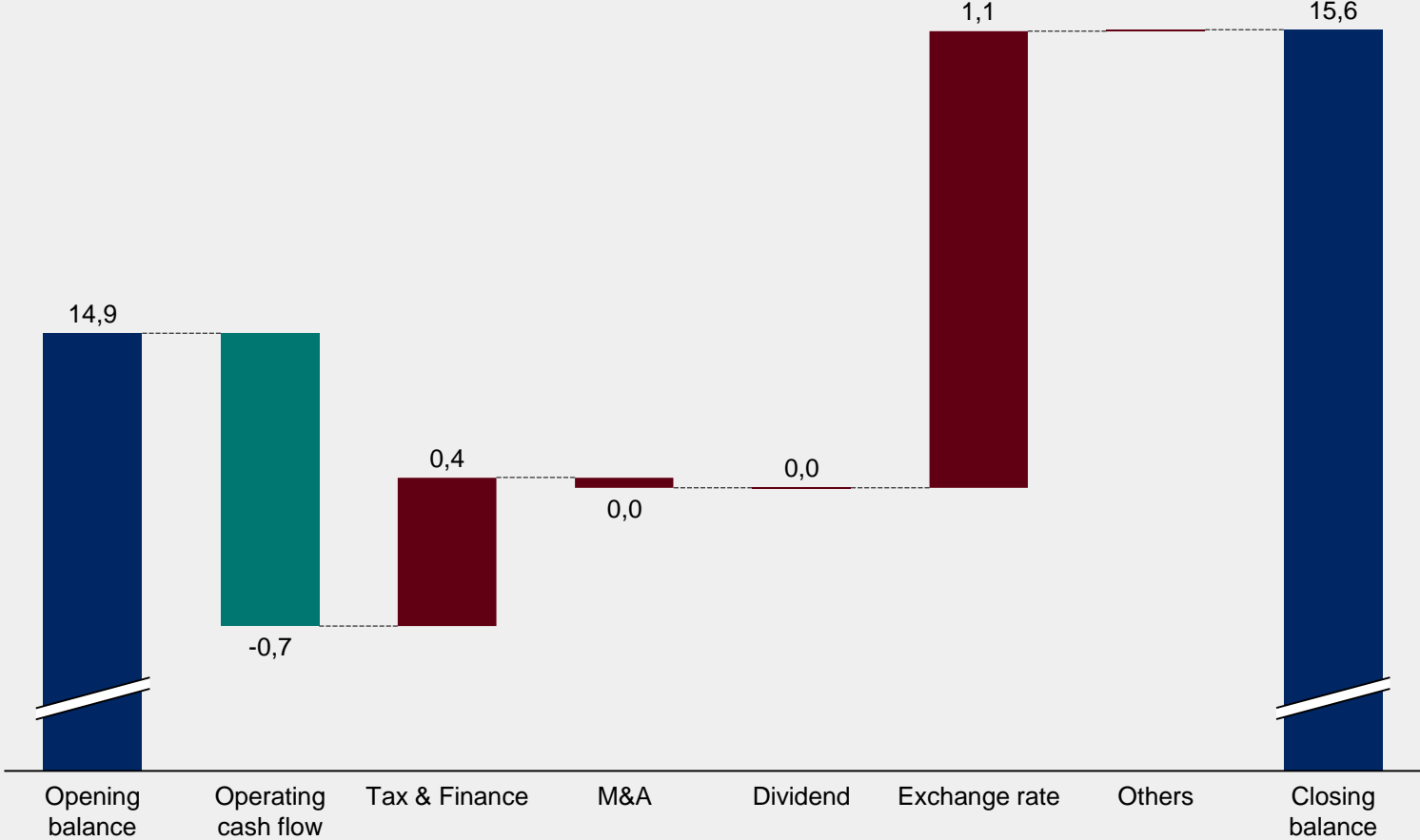
Operating cash flow, R12M¹



¹Excluding items affecting comparability

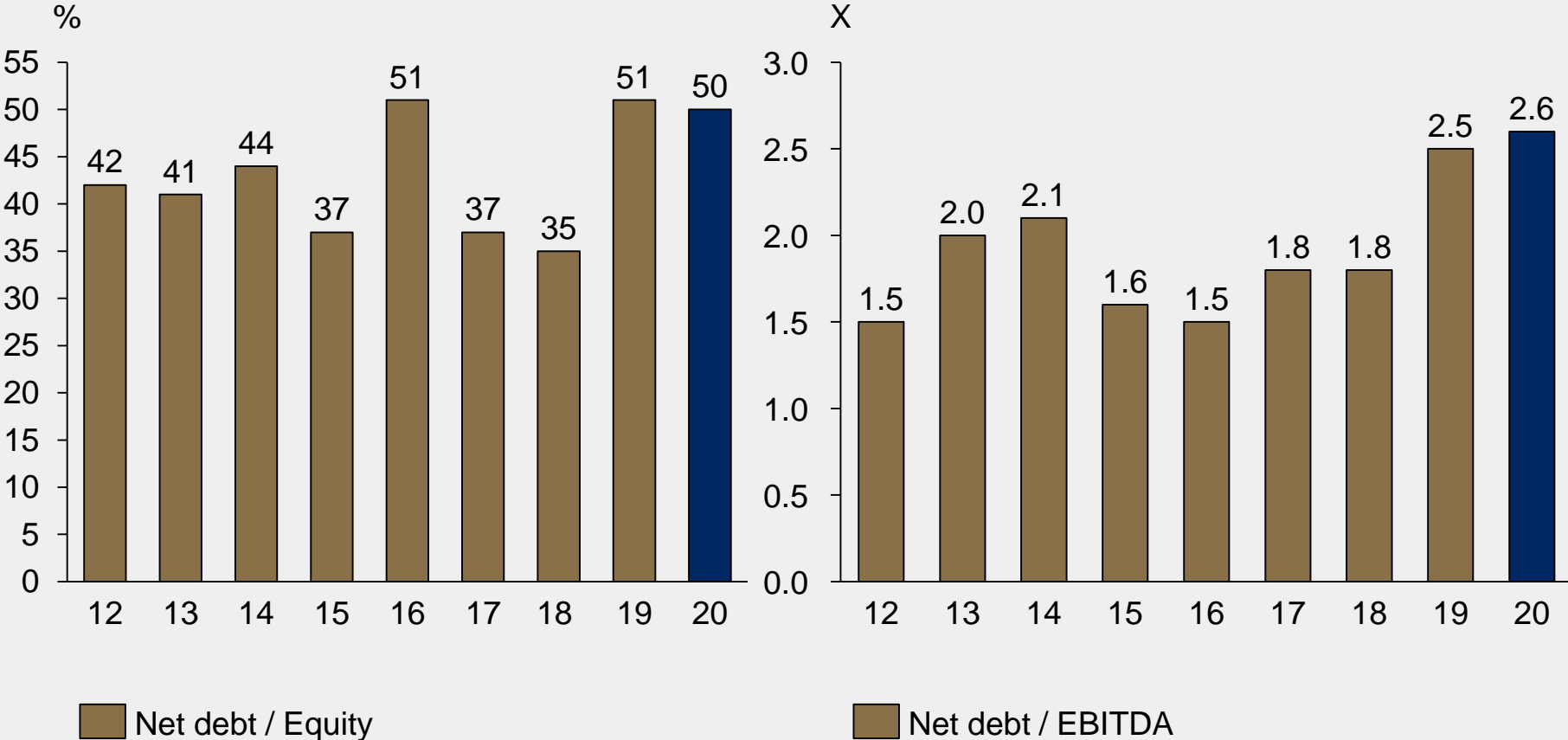
Forex impacts net debt

Net debt bridge Q1 2020 (SEK B)



Gearing and leverage development¹

R12M, total Group

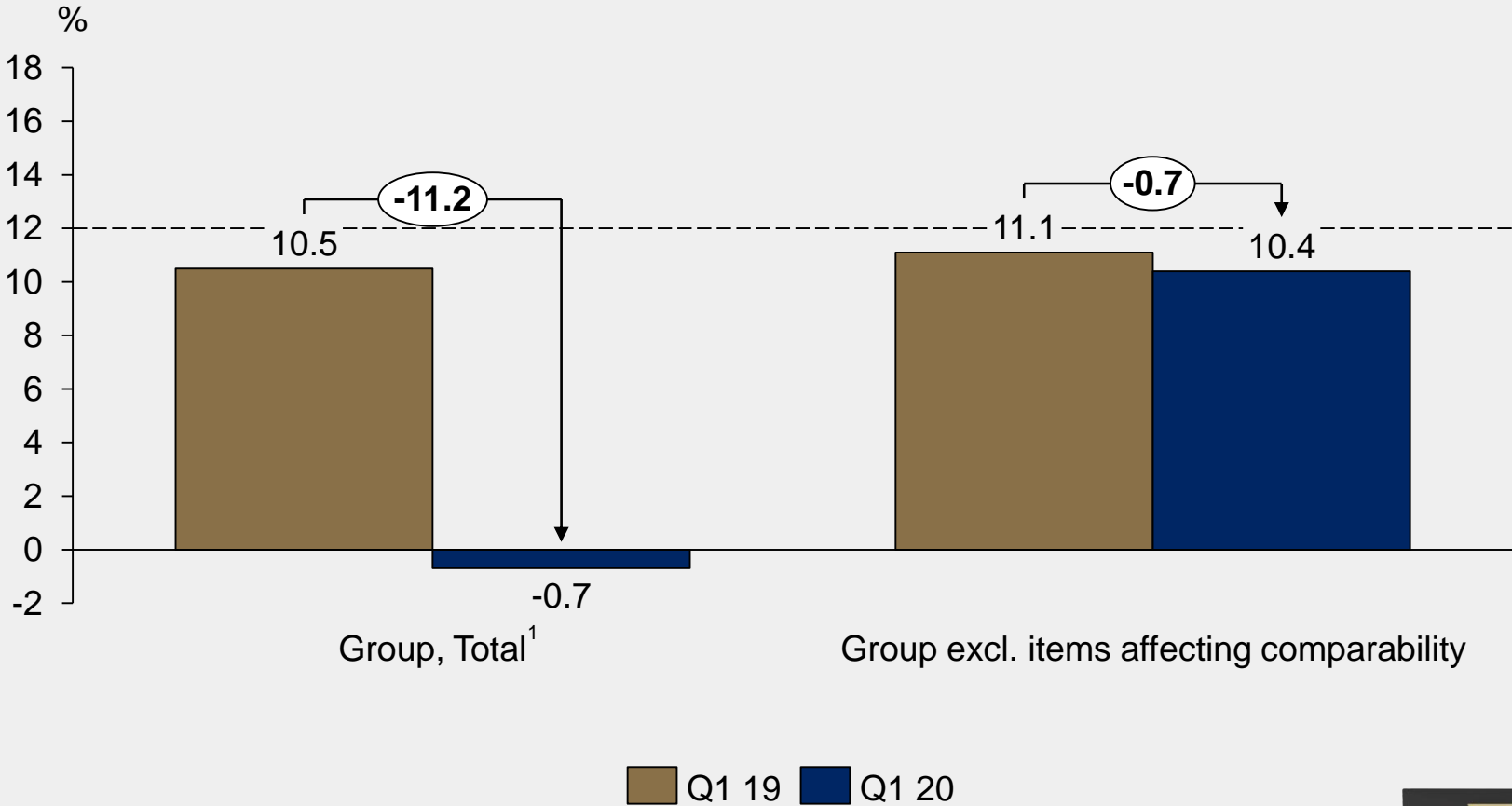


¹From 2019 and forward gearing and leverage is impacted by lease liability for IFRS 16



Slight underlying ROE decline

Return on equity, R12M



¹ 2019 was impacted by impairment of capital employed in the reporting segment Businesses Under Development





Financial guidelines for full-year 2020

- Capex: SEK ~1.2 Bn
- Restructuring costs: SEK ~300 M
- Underlying tax rate: ~25%
- Amortization of intangible assets ~400 M



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Strong focus on managing Covid-19 impact

2020 priorities

- Manage market conditions in the wake of Covid-19
- Strategic review of Businesses under development, including continuous evaluations of various structural alternatives
- Continued portfolio management to improve leading positions
- Continued focus on operational excellence, efficiency measures and footprint optimization
- Continued focus on innovation, improved customer integration and smart use of new technology
- Integration of acquisitions

Outlook Q2 2020

- Demand is expected to be significantly lower than in the first quarter of 2020, adjusted for seasonal variations



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Questions & Answers

