



Trelleborg interim report

Q4 Oct-Dec 2020

Peter Nilsson, President & CEO

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Highlights

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Summary & Q1 2021 outlook

Q&A

Strong end to the year - toward a better 2021

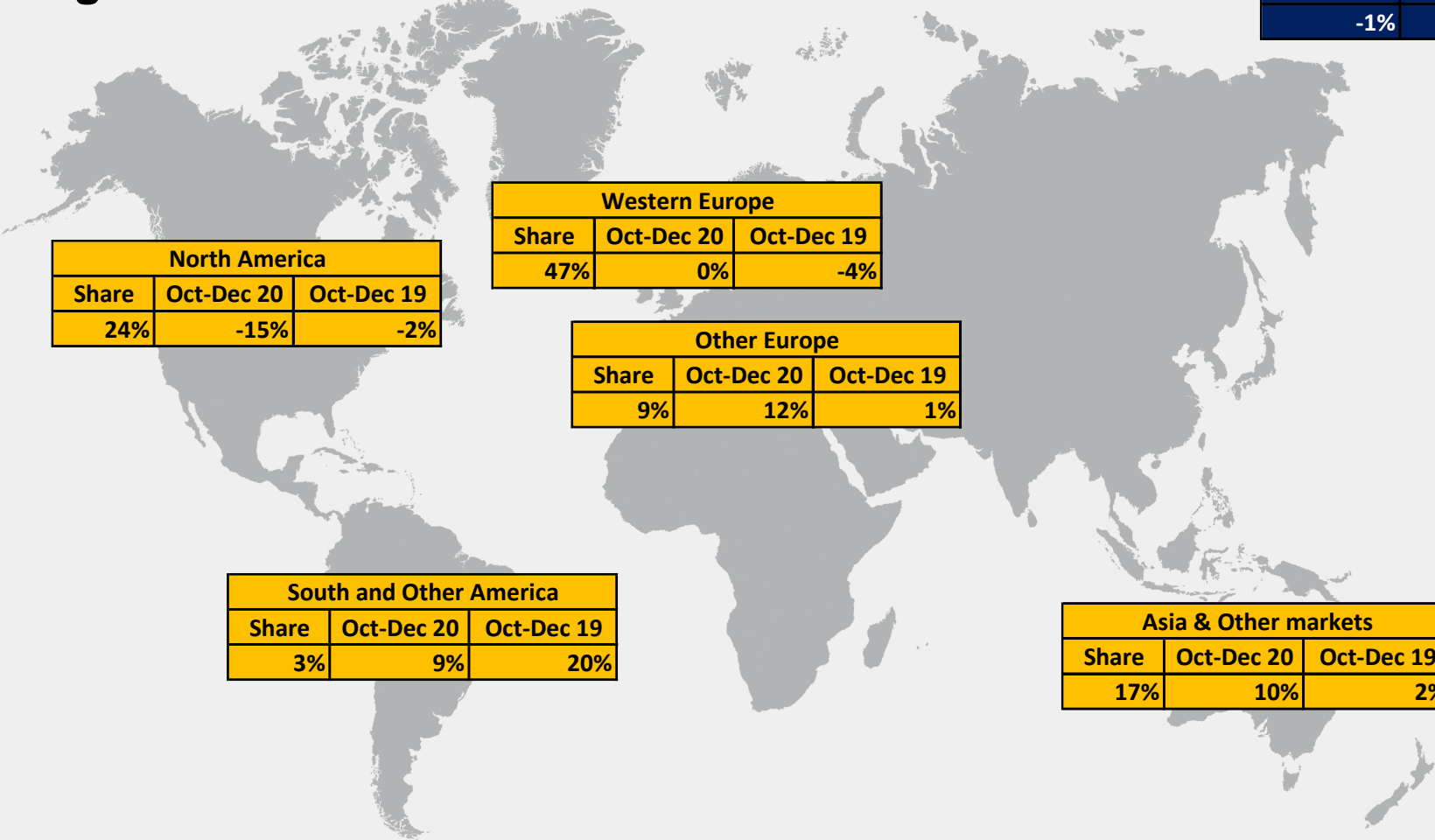
Q4 2020 financial summary

- Sales at SEK 8 118 M, a decrease of 10 percent
- Organic sales decreased by 3 percent, negative F/X of 7 percent
- EBIT¹ at SEK 1 106 M, corresponding to a margin of 13.6 percent
- Items affecting comparability at SEK -166 M related to restructuring
- Operating cash flow at SEK 1 813 M
- Cash conversion at 125 percent
- Proposed dividend of SEK 5.00 per share
- Post Q4: New climate target, “50 by 25”, meaning halved CO₂ emissions relative to sales by 2025. Carbon neutral by 2035

Organic sales development by geography

Organic sales core business¹

Core business Total	
Oct-Dec 20	Oct-Dec 19
-1%	-2%



Share = Core business 2020

¹ Excluding business under development





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Sales mix and cost adjustments bring results

Trelleborg Industrial Solutions¹

- Organic sales: -5%
- Aerospace still very negative due to the pandemic
- Construction-related segments growing slightly
- Strong recovery in light vehicles, growing in all markets
- EBIT and the EBIT margin increased due to cost optimization and sales mix

SEK M	Q4 2020	Q4 2019	Change, %
Net sales	2 469	2 795	-12
Organic, %	-5	1	
Structural, %	-	6	
Exchange rate, %	-7	4	
EBIT	369	315	17
EBIT, %	15.0	11.3	3.7 p.p.

Improving sequentially, but aerospace still tough

Trelleborg Sealing Solutions¹

- Organic sales: -4%; structural: +1%
- General industry declined in N.A., but positive in Europe and Asia
- Light vehicles grew in Europe and Asia
- Aerospace continued to be strongly negatively affected by the pandemic
- EBIT and margin declined primarily due to under-utilization in aerospace

SEK M	Q4 2020	Q4 2019	Change, %
Net sales	2 673	2 952	-9
Organic, %	-4	3	
Structural, %	1	5	
Exchange rate, %	-6	5	
EBIT	512	626	-18
EBIT, %	19.1	21.2	-2.1 p.p.

Good agri, waiting for material handling recovery

Trelleborg Wheel Systems¹

- Organic sales: 8%
- Organic growth in agri in all regions, both to OE and after market
- Deliveries to material handling & construction lower in both channels
- EBIT and margin improved due to volume, cost & price discipline and impact from structural improvements
- Q4 2019 margin negatively impacted by significant inventory adjustments

SEK M	Q4 2020	Q4 2019	Change, %
Net sales	2 185	2 181	0
Organic, %	8	-9	
Structural, %	-	1	
Exchange rate, %	-8	4	
EBIT	225	97	132
EBIT, %	10.3	4.4	5.9 p.p.

Weak organic sales, but improved profits

Businesses Under Development¹

- Organic sales: -16%; structural: -6%
- Weak development in offshore oil & gas – postponed orders
- Lower deliveries of printing blankets and technical rubber
- EBIT and margin improved due to cost control in all operations and structural improvements in the Czech operations
- Advanced discussions with external stakeholders

SEK M	Q4 2020	Q4 2019	Change, %
Net sales	837	1 171	-29
Organic, %	-16	11	
Structural, %	-6	1	
Exchange rate, %	-7	4	
EBIT	49	30	63
EBIT, %	5.8	2.6	3.2p.p.



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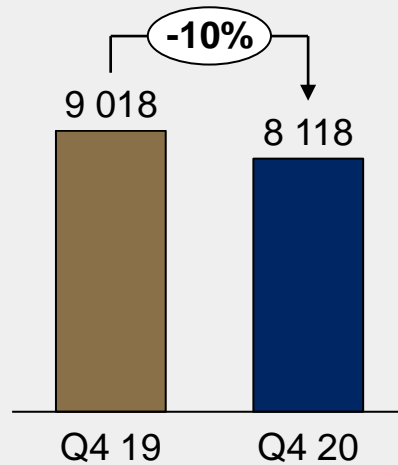
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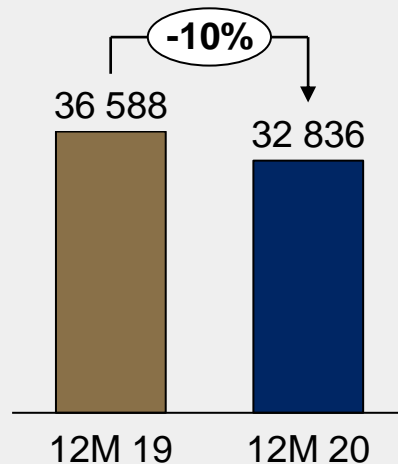
Sequential improvement continues

Sales development



October - December [%]

Organic	-3
Structural	0
Currency	-7
Total	-10

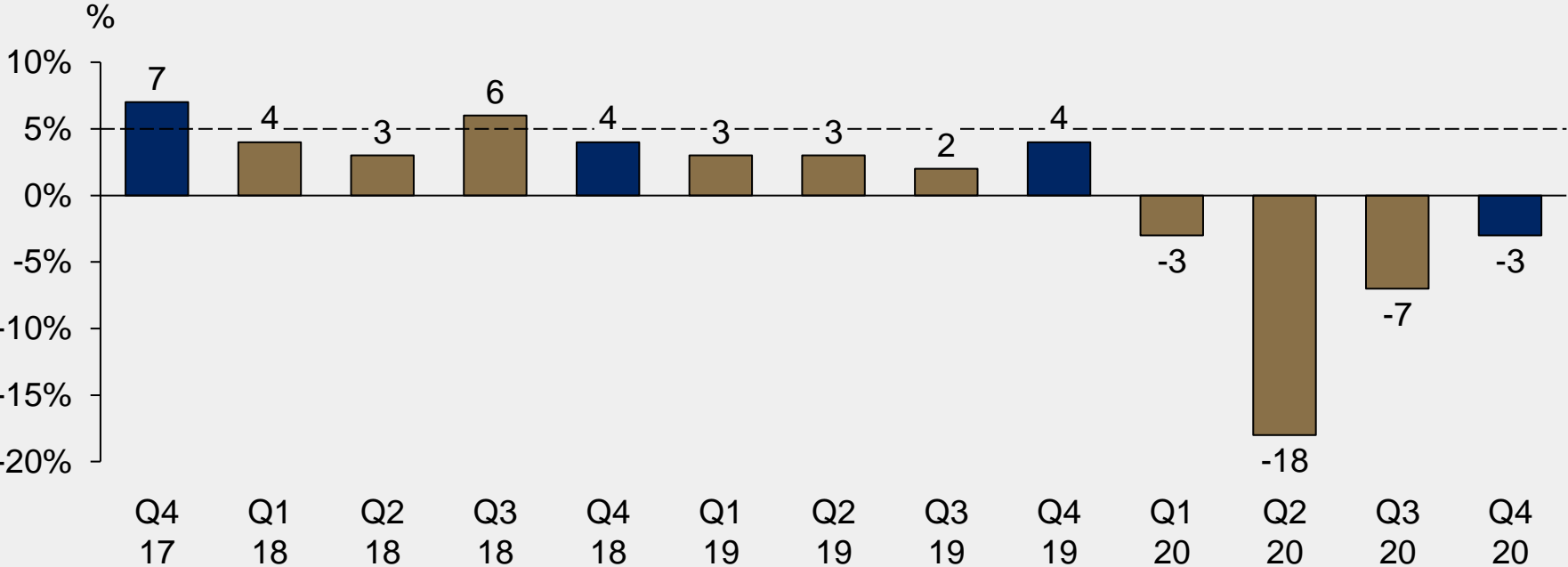


January - December [%]

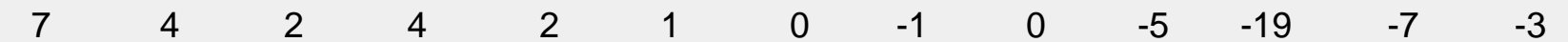
Organic	-9
Structural	1
Currency	-2
Total	-10

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, %:

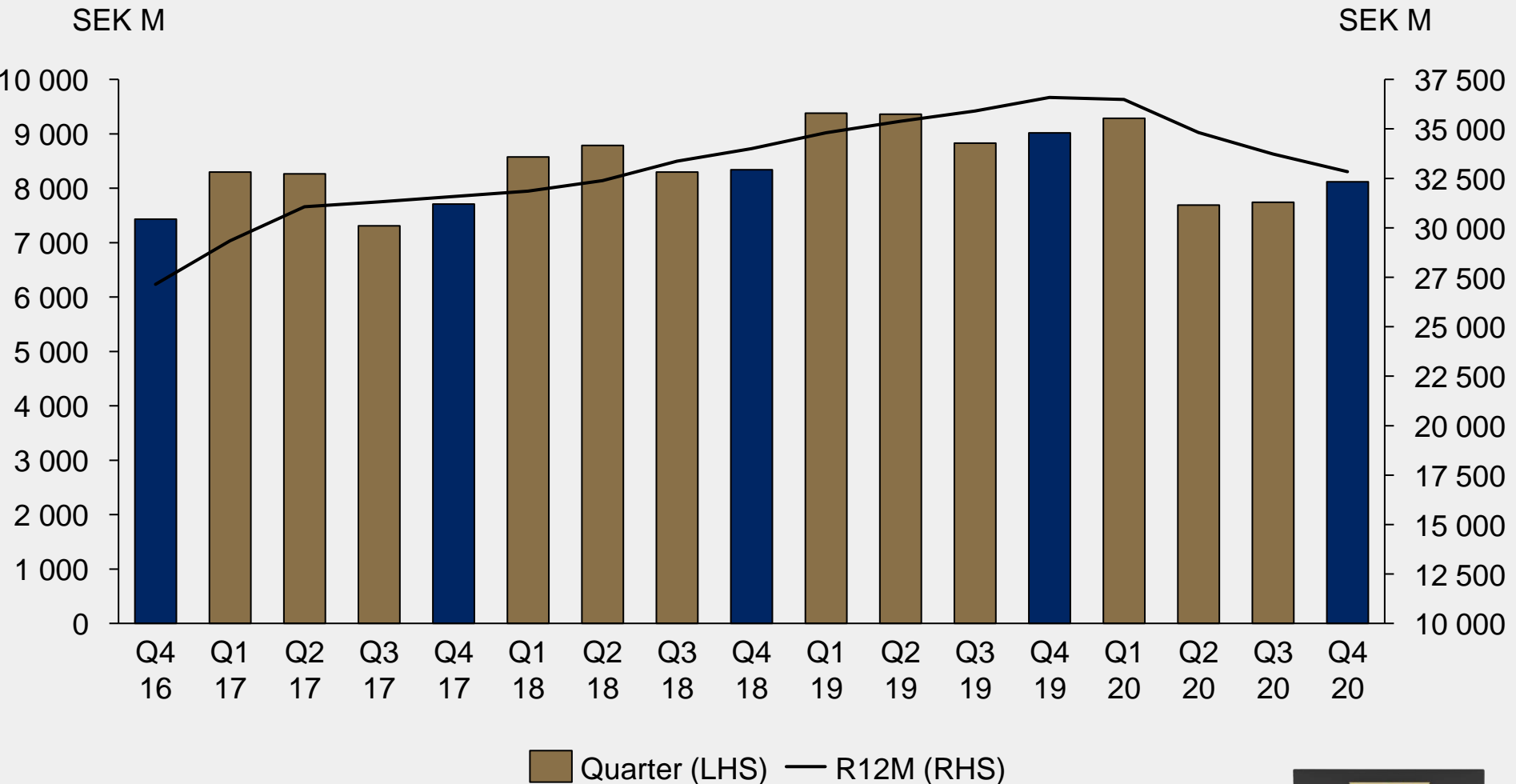


¹Structural growth + organic growth **excluding** currency effects



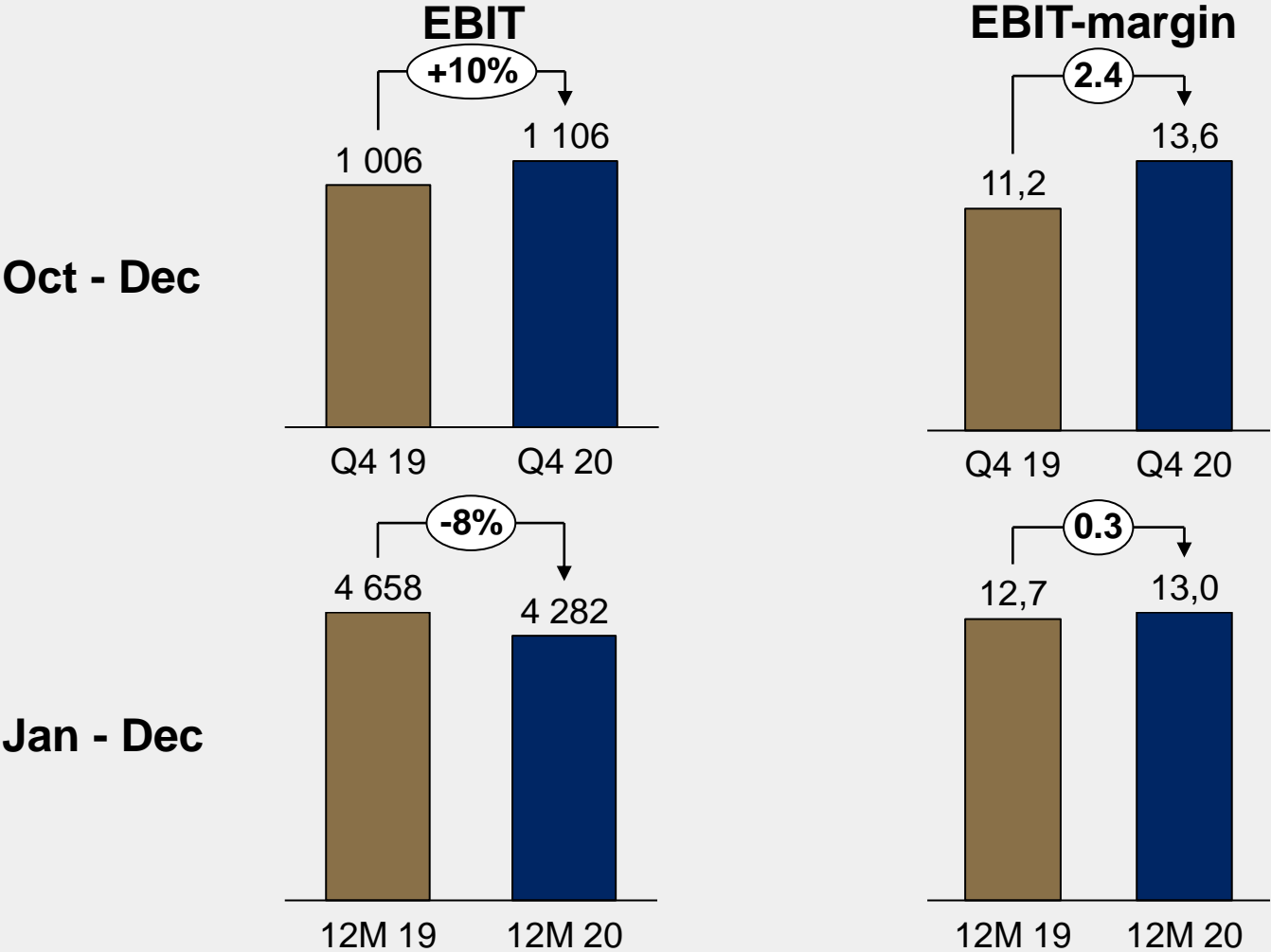
R12M sales development

Sales development, R12M



Cost adjustments yield higher margins

EBIT and margin development¹

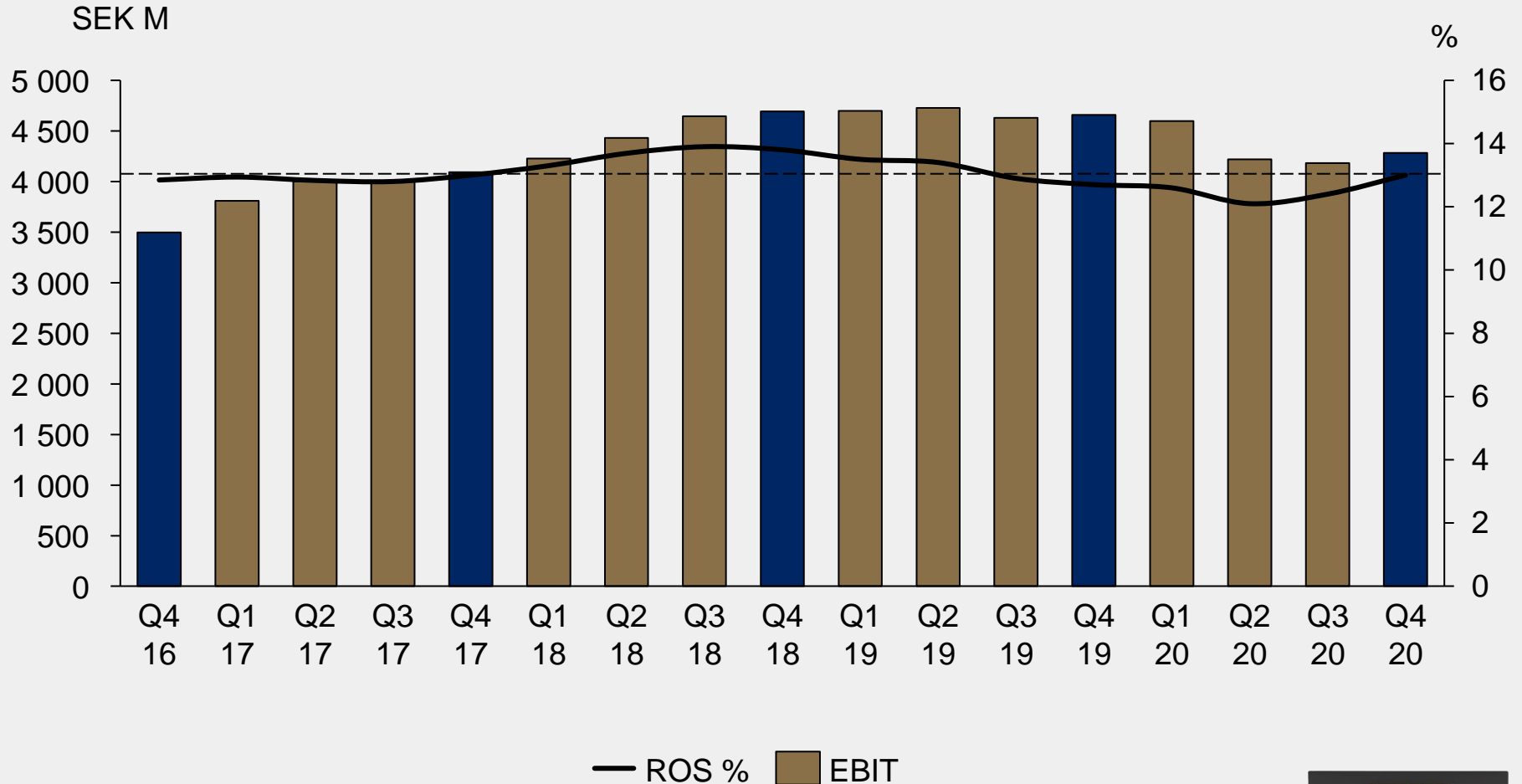


¹Excluding items affecting comparability



Trend is on the mend

EBIT and margin, R12M¹



¹Excluding items affecting comparability

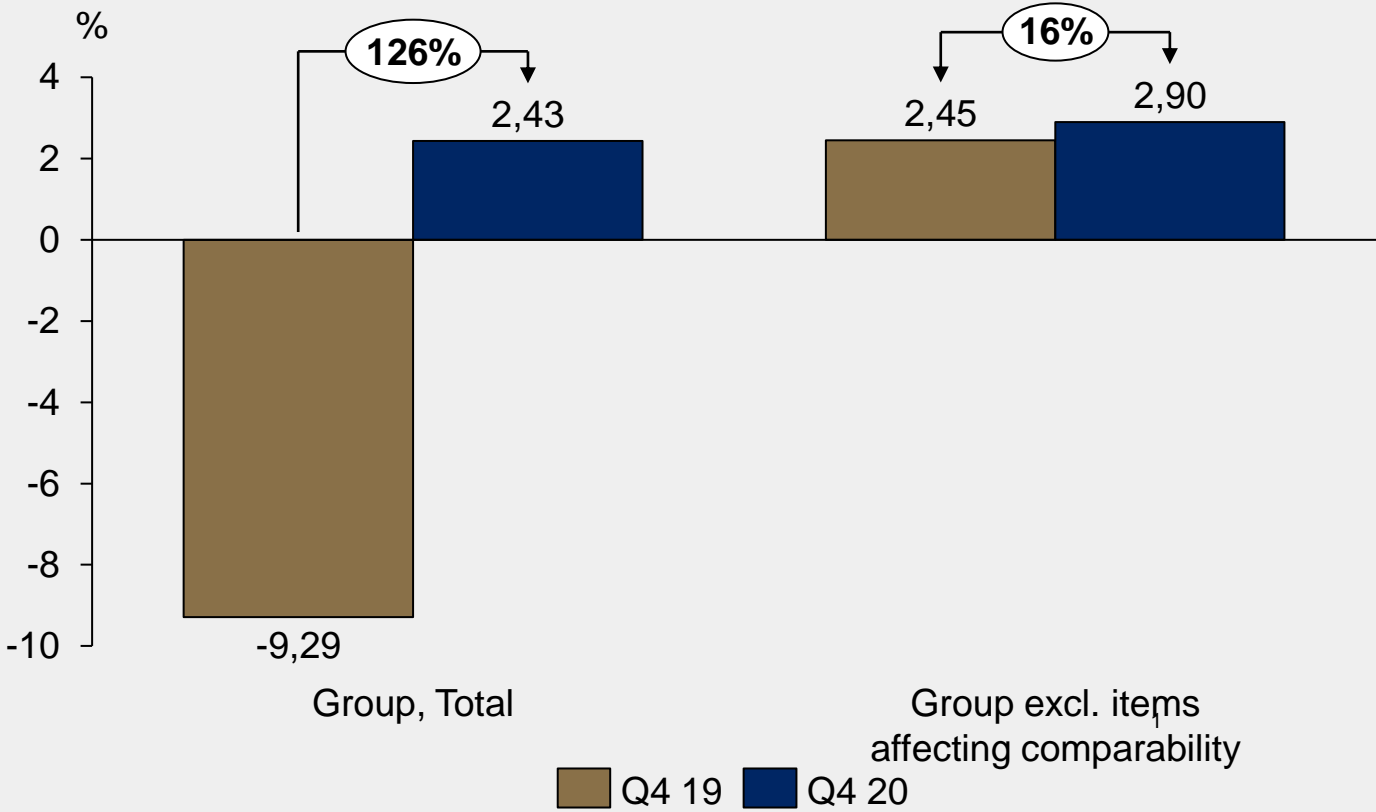
Total Group

Profit & loss statement

SEK M	Q4 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
EBIT, excl. items affecting comparability	1,106	1,006	10	4,282	4,658	-8
EBIT margin, %	13.6	11.2	2.4 p.p.	13.0	12.7	0.3 p.p.
Restructuring costs	-166	-233		-397	-498	
Impairment of capital employed	-	-3,198		-	-3,198	
Items affecting comparability	-166	-3,431		-397	-3,696	
EBIT	940	-2,425	139	3,885	962	304
Financial income and expenses	-74	-91	19	-289	-381	24
Profit before tax	866	-2,516	134	3,596	581	519
Taxes	-206	-3	-6767	-885	-780	-13
Net profit, Group	660	-2,519	126	2,711	-199	1,462

EPS improvement due to cost adjustments

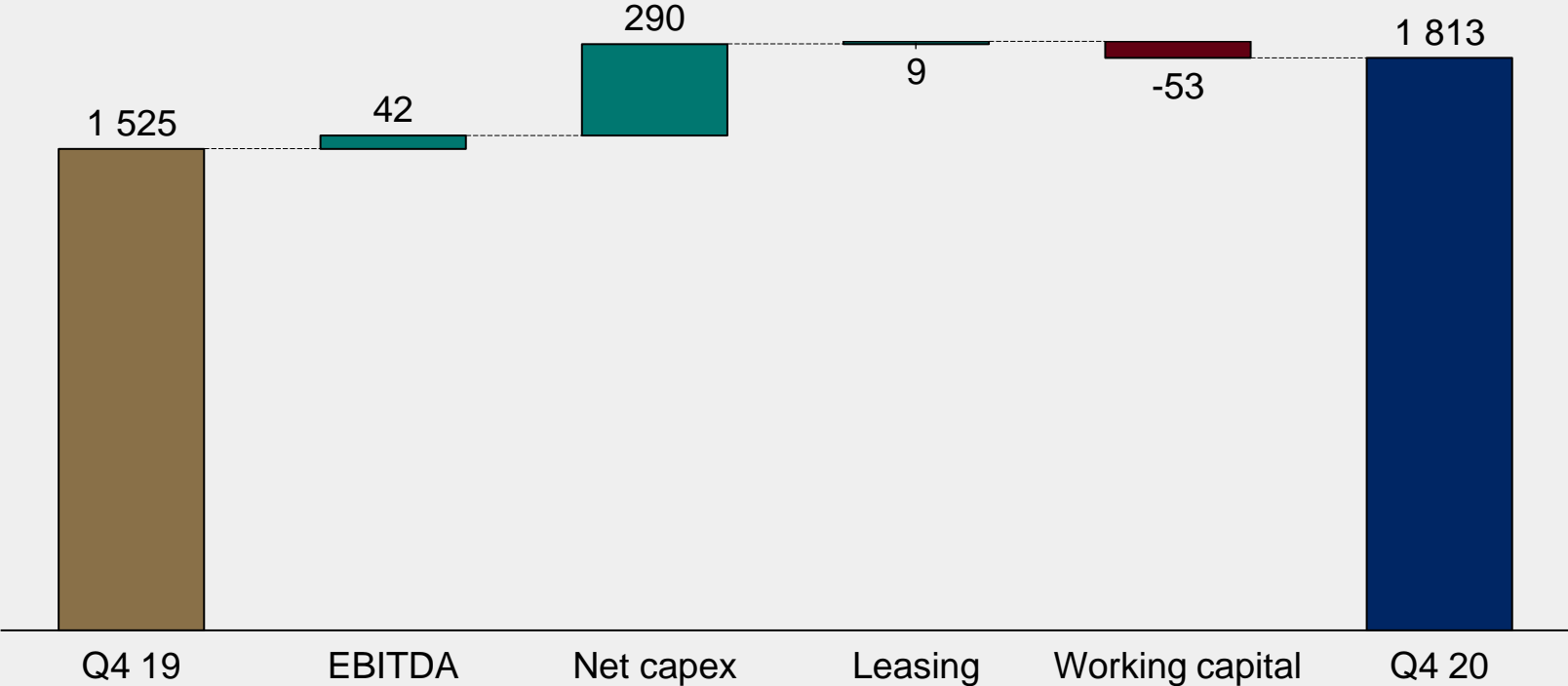
Earnings per share



¹No dilution effects arose.

Best cash flow in a single quarter

Operating cash flow¹

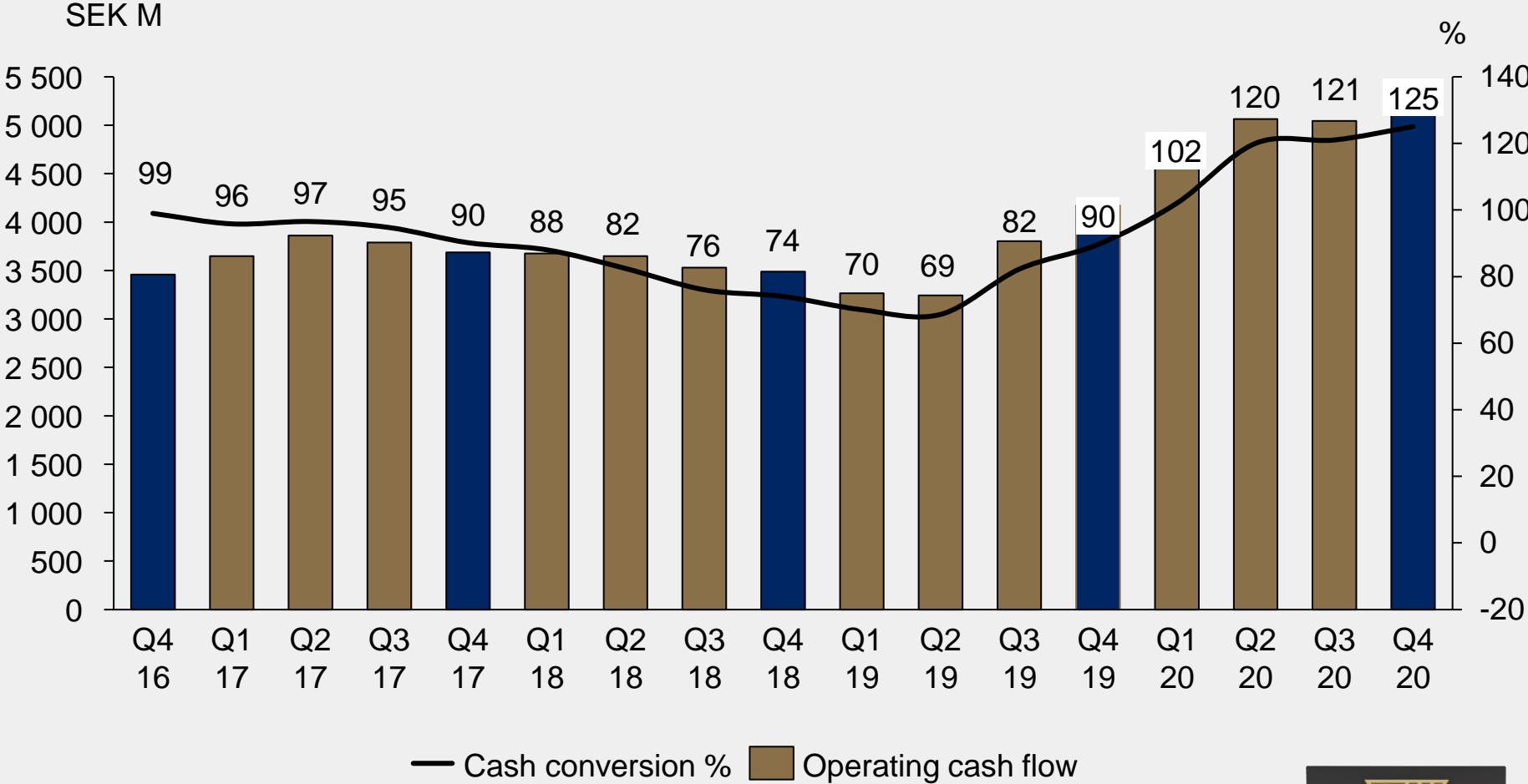


¹Excluding items affecting comparability



Strong cash generation and conversion

Operating cash flow, R12M¹

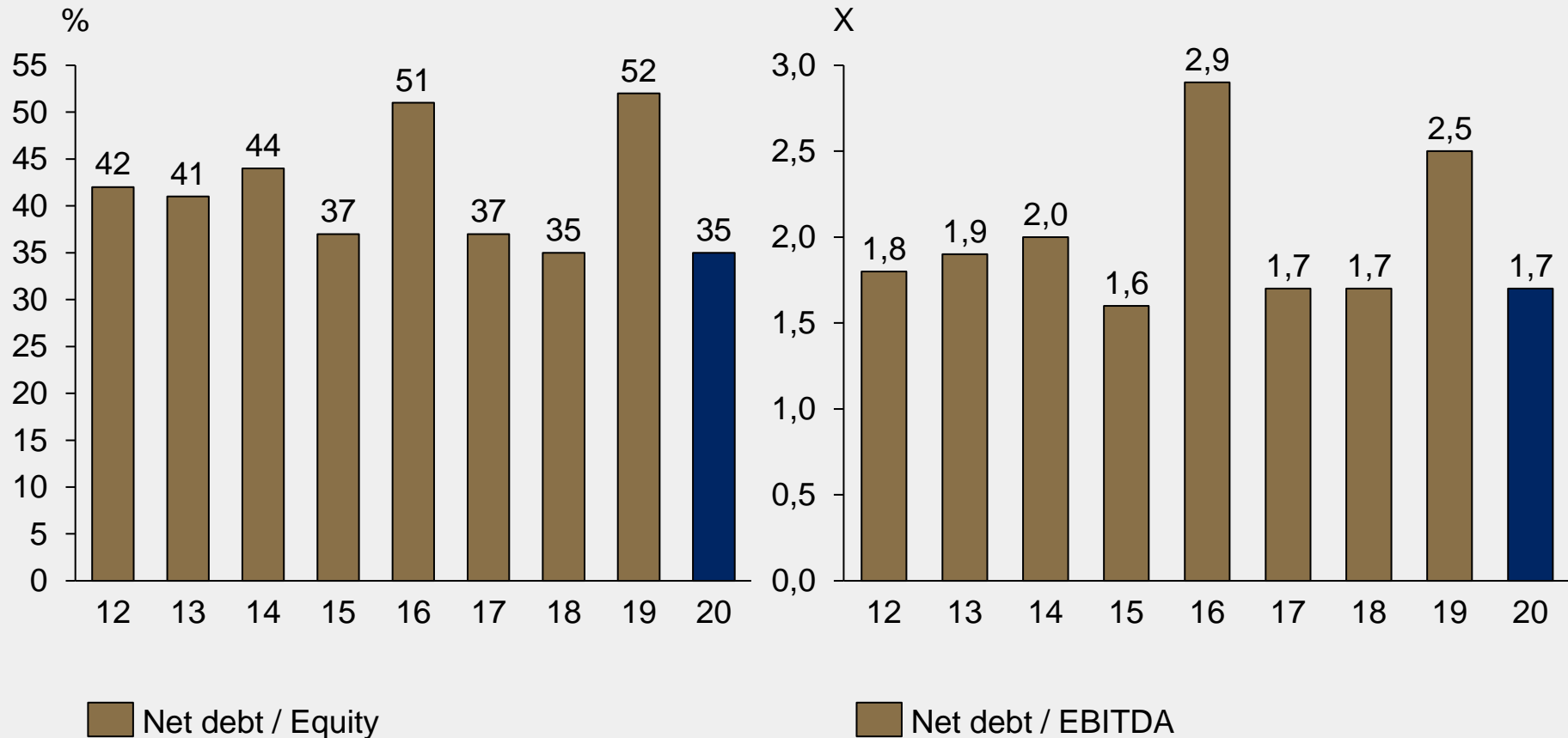


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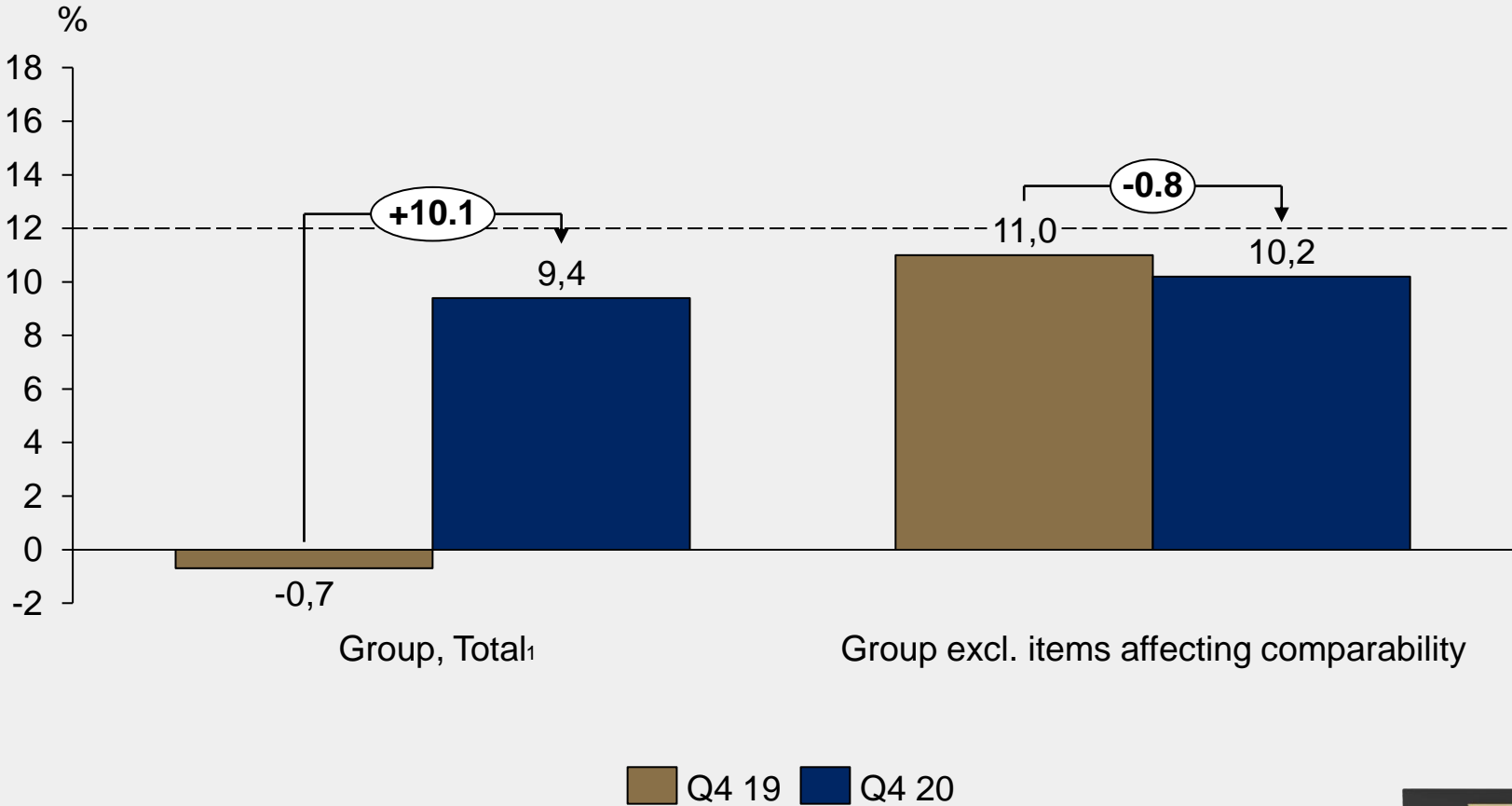
Gearing and leverage development¹

R12M, total Group



Limited 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 2021

- Capex: SEK ~1.4 Bn
- Restructuring costs: SEK ~500 M (incl. ~300 M spill-over from 2020)
- Real estate capital gain of SEK 140-150 M will be recognized in Q1 2021
- Underlying tax rate: ~25%
- Amortization of intangible assets ~400 M



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Strong focus on managing Covid-19 impact

2021 priorities

- Manage market conditions in the wake of Covid-19
- Strategic review of Businesses under development
- 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 Q1 2021

- Demand is expected to be slightly better compared with the fourth quarter of 2020, adjusted for seasonal variations. Uncertainty regarding the pandemic's impact on the next quarter remains considerable.



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Questions & Answers

