



# Trelleborg interim report

**Q1 Jan-Mar 2021**

Peter Nilsson, President & CEO

Fredrik Nilsson, CFO



# Agenda

Highlights

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Summary & Q2 2021 outlook

Q&A

# Strong start to the year

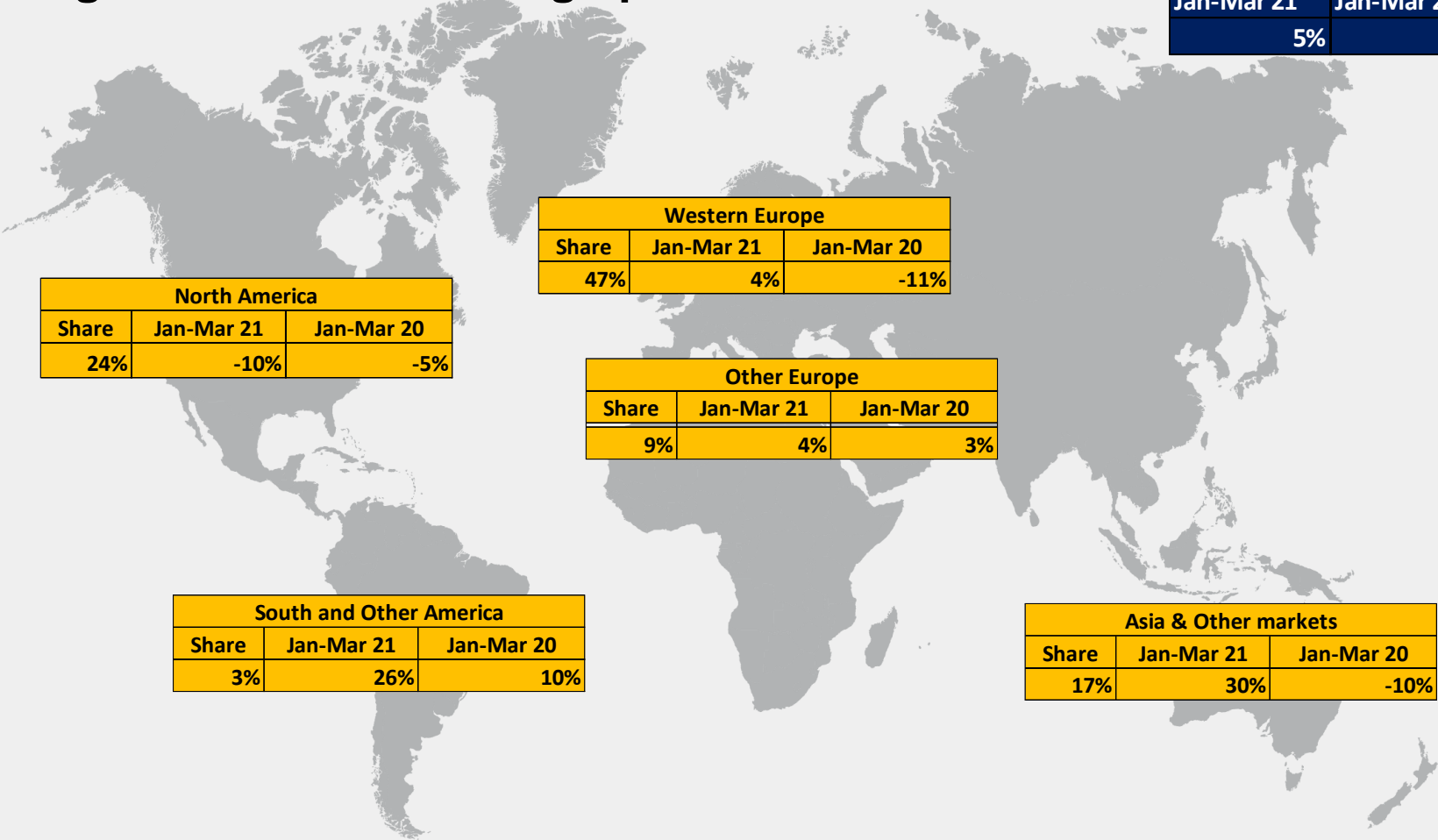
## Q1 2021 financial summary

- Sales at SEK 8 219 M, a decrease of 3 percent
- Organic sales increased by 5 percent, negative F/X of 8 percent
- EBIT<sup>1</sup> at SEK 1 350 M, corresponding to a margin of 16.4 percent
- Best quarter to date for both EBIT and the EBIT margin
- Items affecting comparability at SEK 99 M of which SEK -45 M is related to restructuring and SEK 144 M to real estate capital gain
- Operating cash flow at SEK 962 M
- Cash conversion at 128 percent

# Organic sales development by geography

## Organic sales continuing operations<sup>1</sup>

Continuing operations Total	
Jan-Mar 21	Jan-Mar 20
5%	-8%



North America		
Share	Jan-Mar 21	Jan-Mar 20
24%	-10%	-5%

Western Europe		
Share	Jan-Mar 21	Jan-Mar 20
47%	4%	-11%

Other Europe		
Share	Jan-Mar 21	Jan-Mar 20
9%	4%	3%

South and Other America		
Share	Jan-Mar 21	Jan-Mar 20
3%	26%	10%

Asia & Other markets		
Share	Jan-Mar 21	Jan-Mar 20
17%	30%	-10%

Share = Continuing operations 2020

<sup>1</sup> Excluding discontinuing business





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# Organic growth and improved margins

## Trelleborg Industrial Solutions<sup>1</sup>

- Organic sales: +3%
- Sales grew in Europe and Asia, but declined in North America
- Deliveries to most market segments increased
- Sales to aerospace and train manufacturers remained negative
- EBIT and margin improved on higher volumes and cost control

SEK M	Q1 2021	Q1 2020	Change, %
Net sales	2 616	2 748	-5
Organic, %	3	-7	
Structural, %	-	4	
Exchange rate, %	-8	2	
EBIT	315	217	45
EBIT, %	12.1	7.9	4.2 p.p.

# Higher volumes and margin recovery

## Trelleborg Sealing Solutions<sup>1</sup>

- Organic sales: +6%
- General industry grew in Europe and Asia, but declined in N.A.
- Light vehicles and healthcare & medical grew in Europe and Asia
- Aerospace still negative due to pandemic; expected to improve
- EBIT and margin improved on higher volumes and cost control

SEK M	Q1 2021	Q1 2020	Change, %
Net sales	3 133	3 209	-2
Organic, %	6	-3	
Structural, %	-	2	
Exchange rate, %	-8	4	
EBIT	734	706	4
EBIT, %	23.4	22.0	1.4 p.p.

<sup>1</sup>Excl. items affecting comparability

# Strong increase in demand for agri tires

## Trelleborg Wheel Systems<sup>1</sup>

- Organic sales: +6%
- A marked and rapid increase in demand for agri tires
- Growth in agri dampened by high staff absenteeism and freight challenges
- Sales to material handling & construction improved Q/Q, but still down Y/Y
- EBIT and margin improved due to volume, cost control and price discipline

SEK M	Q1 2021	Q1 2020	Change, %
Net sales	2 397	2 459	-3
Organic, %	6	-12	
Structural, %	-	-	
Exchange rate, %	-9	2	
EBIT	359	297	21
EBIT, %	15.0	12.1	2.9 p.p.





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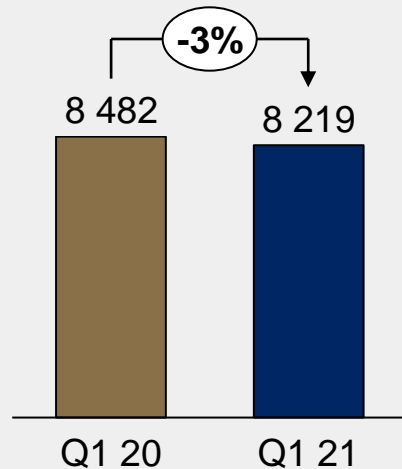
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# Positive organic trend hampered by negative F/X

Sales development continuing operations

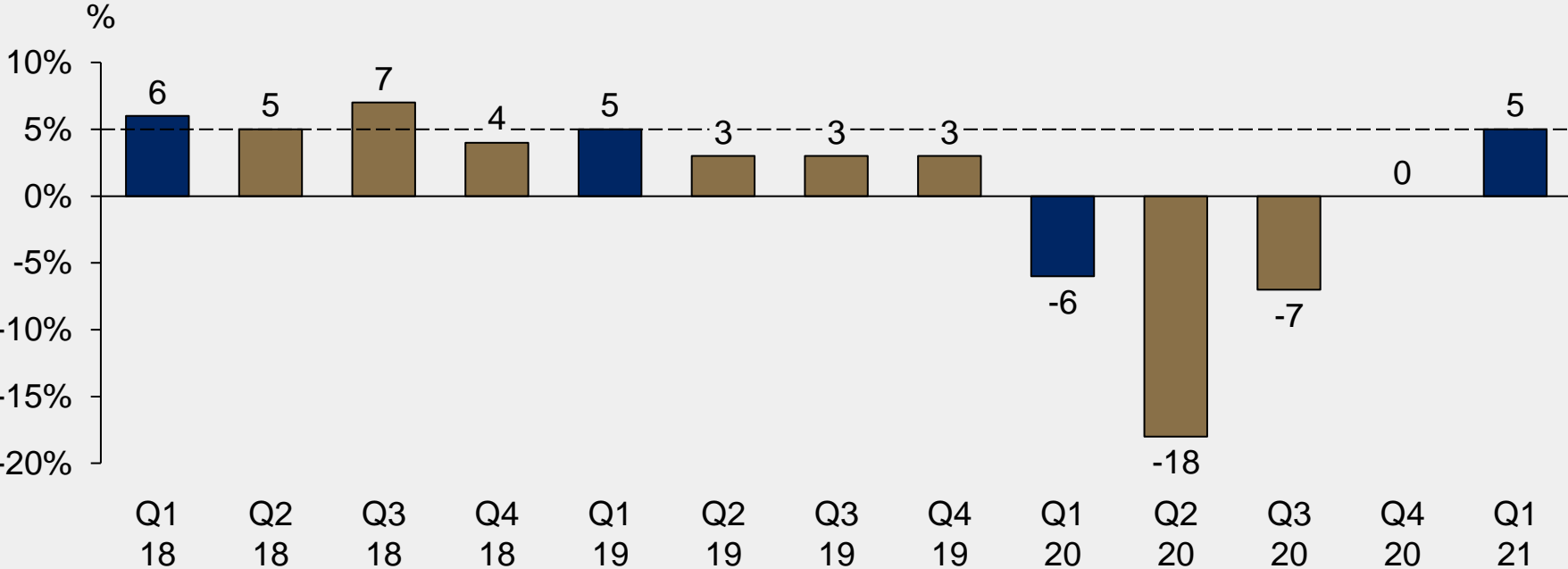


## January - March [%]

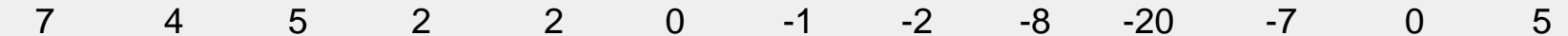
Organic	5
Structural	0
Currency	-8
<b>Total</b>	<b>-3</b>

# Sales trend on the rise<sup>1</sup>

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



*Of which organic growth, %:*



<sup>1</sup>Structural growth + organic growth **excluding** currency effects, continuing operations

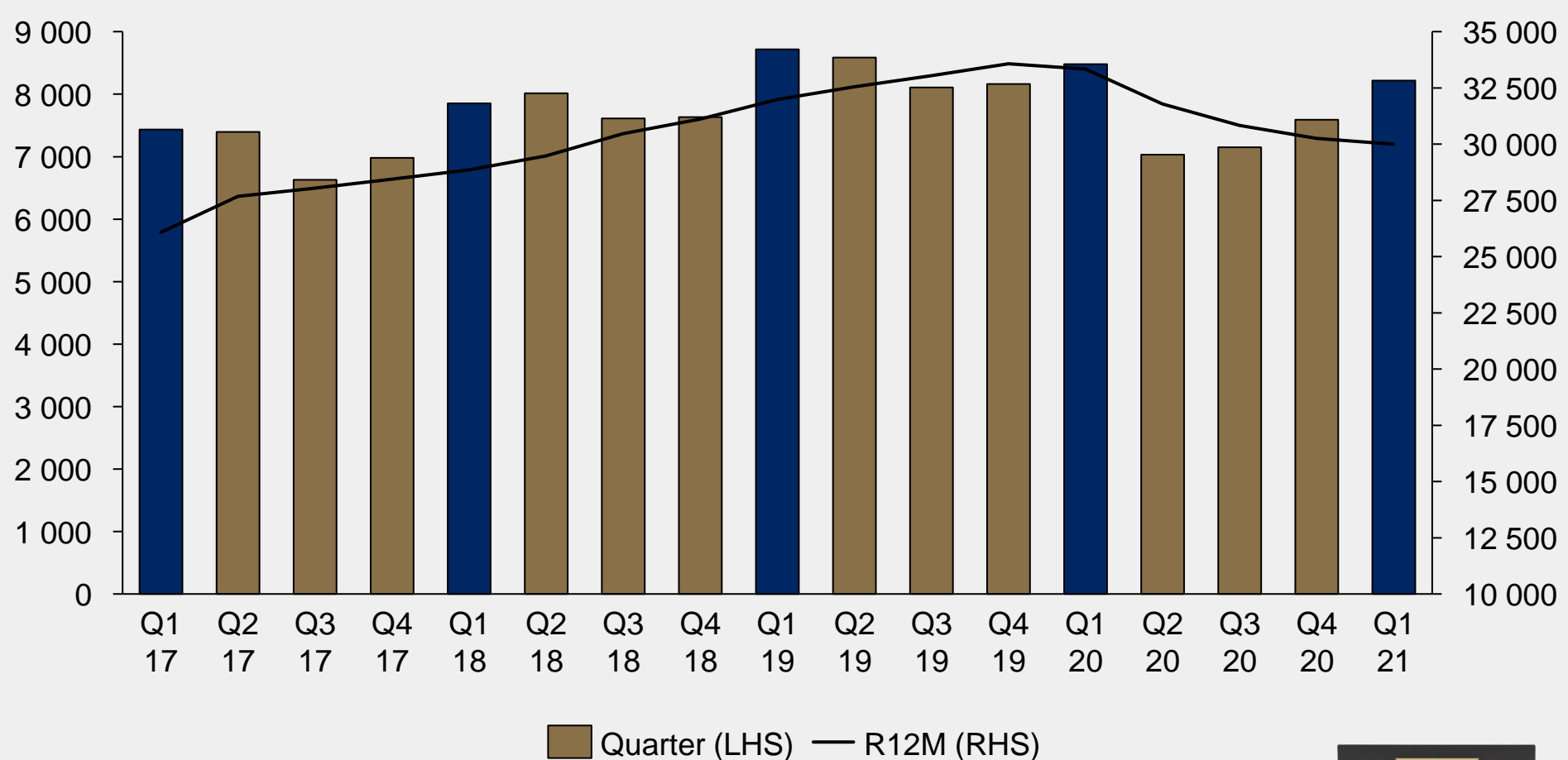


# R12M sales development

## Sales development continuing operations, R12M

SEK M

SEK M

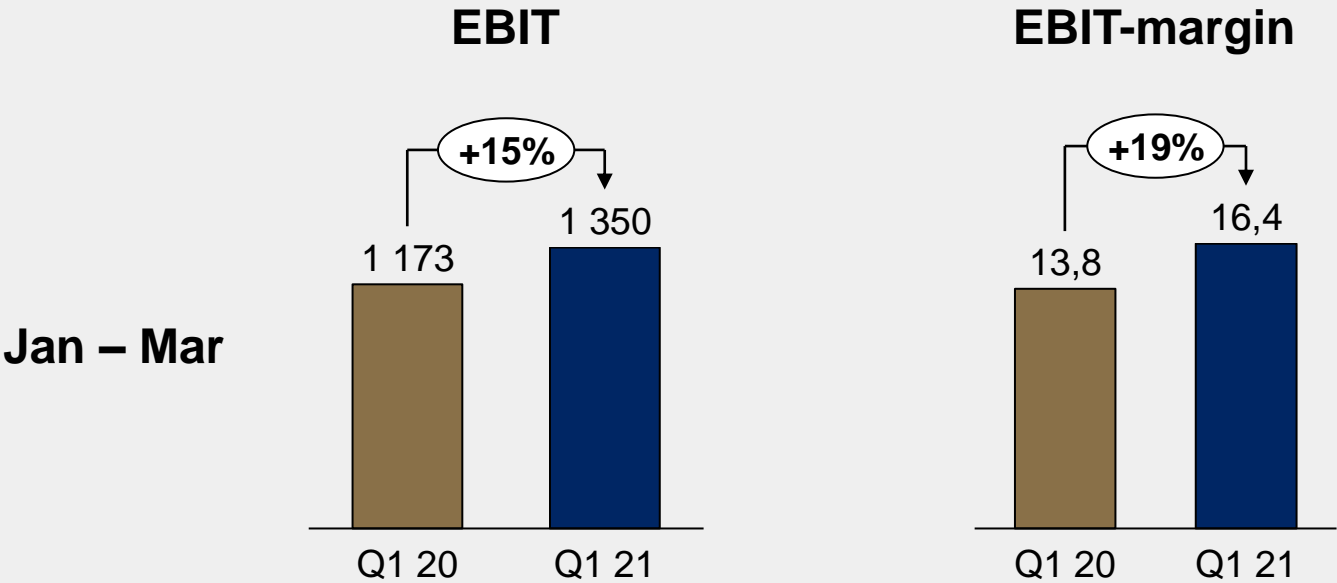


Quarter (LHS) — R12M (RHS)



# Significant margin improvement

## EBIT and margin development<sup>1</sup>

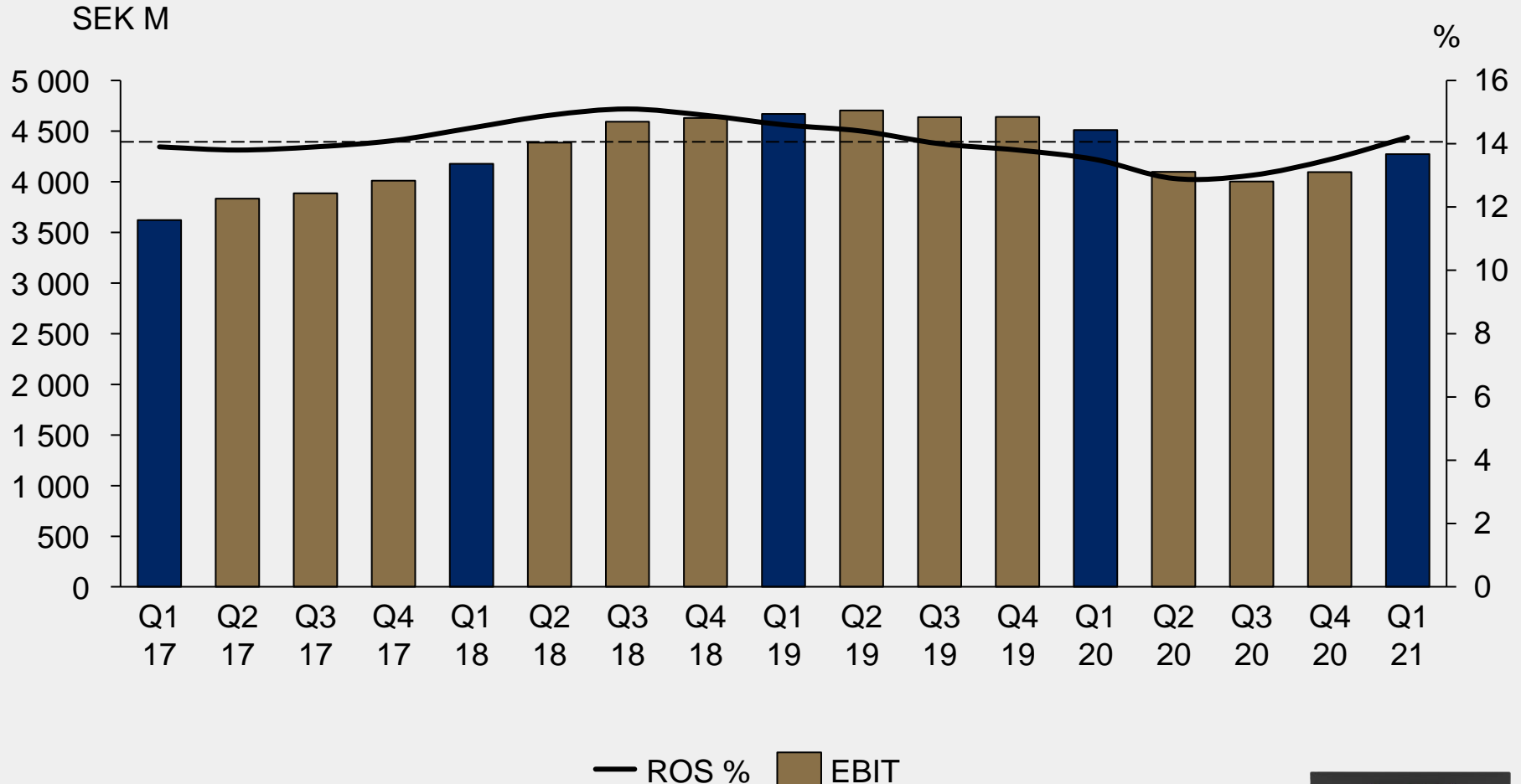


<sup>1</sup>Continuing operations, Excluding items affecting comparability



# EBIT and margin on a positive path

## EBIT and margin, R12M<sup>1</sup>



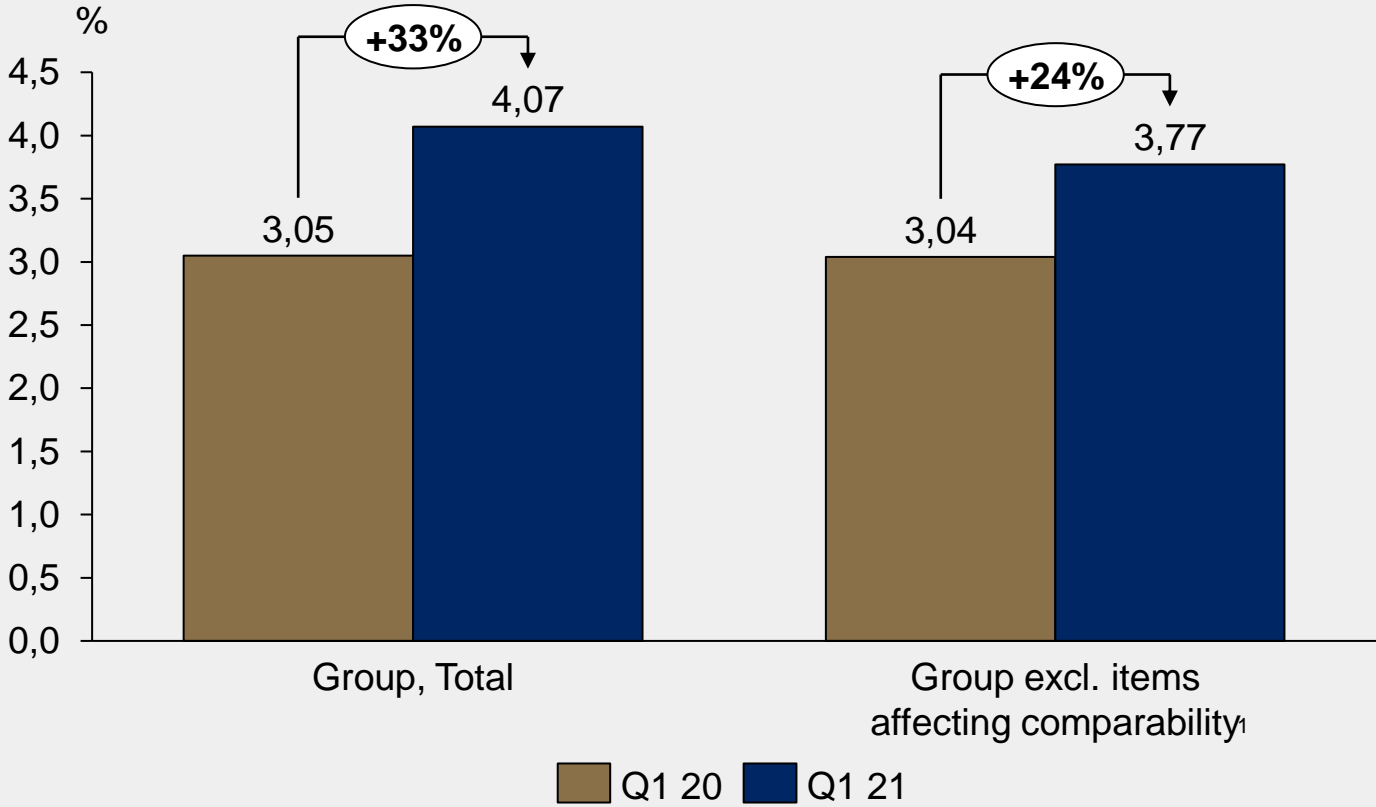
<sup>1</sup> Continuing operations, Excluding items affecting comparability

# Profit & loss statement

SEK M	3M 2021	3M 2020	Change, %	R12 2021	12M 2020
<u>Continuing operations</u>					
Net sales	8 219	8 482	-3	29 995	30 258
Change total, %	-3	-3			-10
Organic sales, %	5	-8			-9
Structural change, %	0	2			1
Currency effects, %	-8	3			-2
EBIT, excluding items affecting comparability	1 350	1 173	15	4 272	4 095
EBIT-margin, %	16,4	13,8		14,2	13,5
Restructuring costs	-45	-36		-327	-318
Capital gain on real estates	144	-		144	-
Items affecting comparability	99	-36		-183	-318
EBIT	1 449	1 137	27	4 089	3 777
Financial income and expenses	-32	-56	43	-242	-266
Profit before tax	1 417	1 081	31	3 847	3 511
Taxes	-317	-291	-9	-876	-850
Net profit, continuing operations	1 100	790	39	2 971	2 661
Net profit, discontinuing operations	4	37	-89	17	50
Net profit, Group	1 104	827	33	2 988	2 711
Earnings per share, SEK					
Continuing operations	4,06	2,91	40	10,96	9,81
Discontinuing operations	0,01	0,14	-93	0,06	0,19
Group	4,07	3,05	33	11,02	10,00
Excluding items affecting comparability	3,77	3,04	24	11,18	10,45

# Solid EPS improvement

Earnings per share,



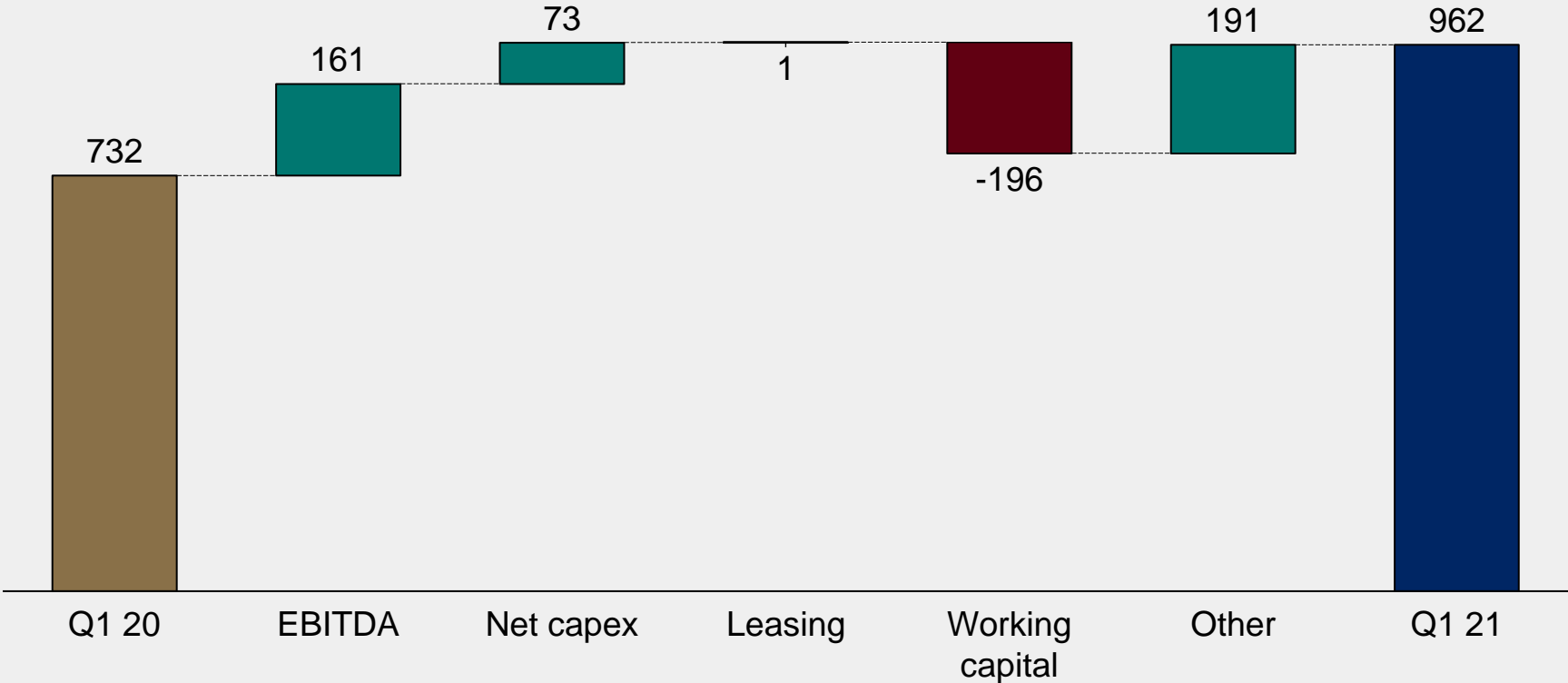
<sup>1</sup>No dilution effects arose.





# Solid cash flow improvement

## Operating cash flow<sup>1</sup>

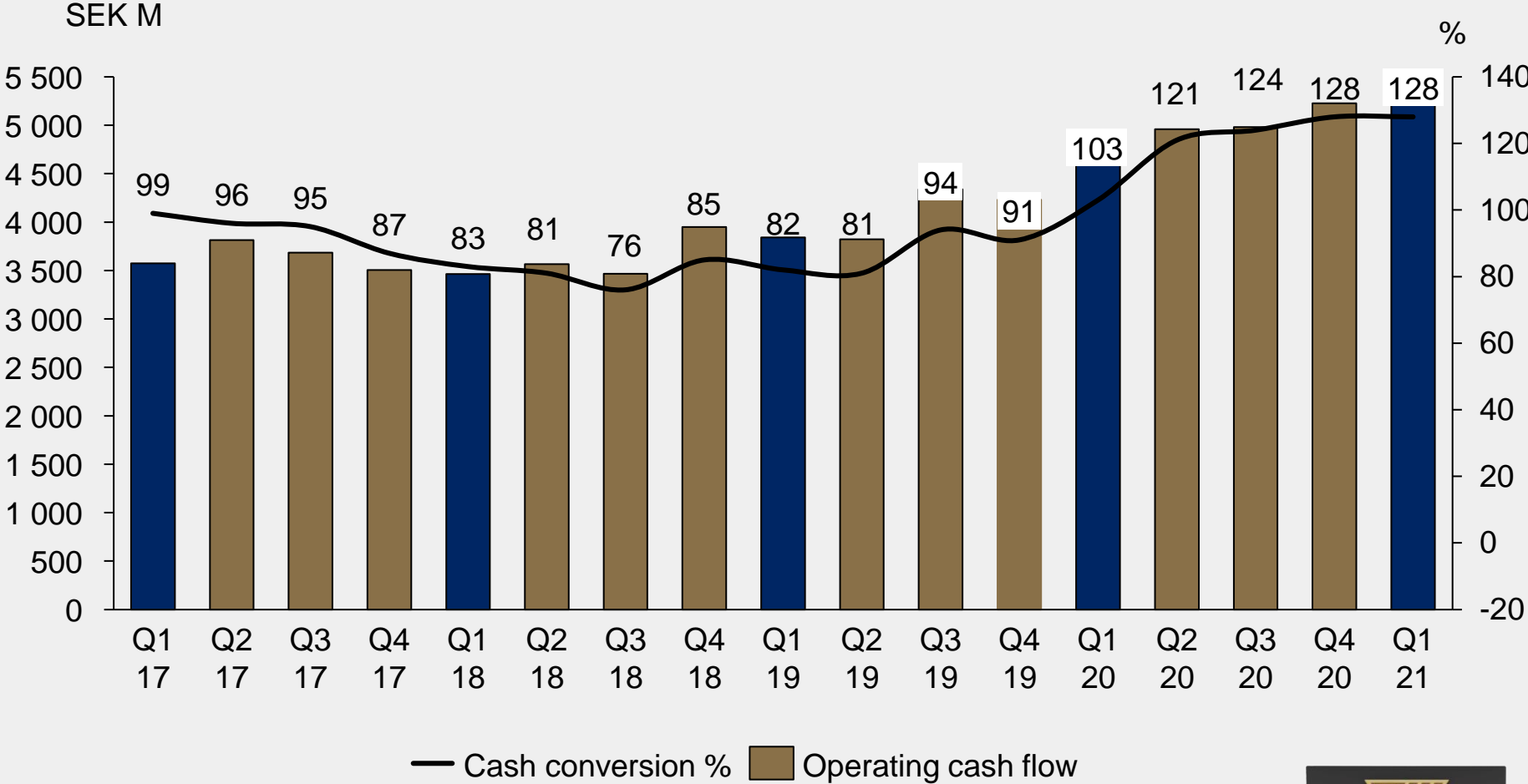


<sup>1</sup> Continuing operations, excluding items affecting comparability



# Strong cash generation and conversion

## Operating cash flow, R12M<sup>1</sup>

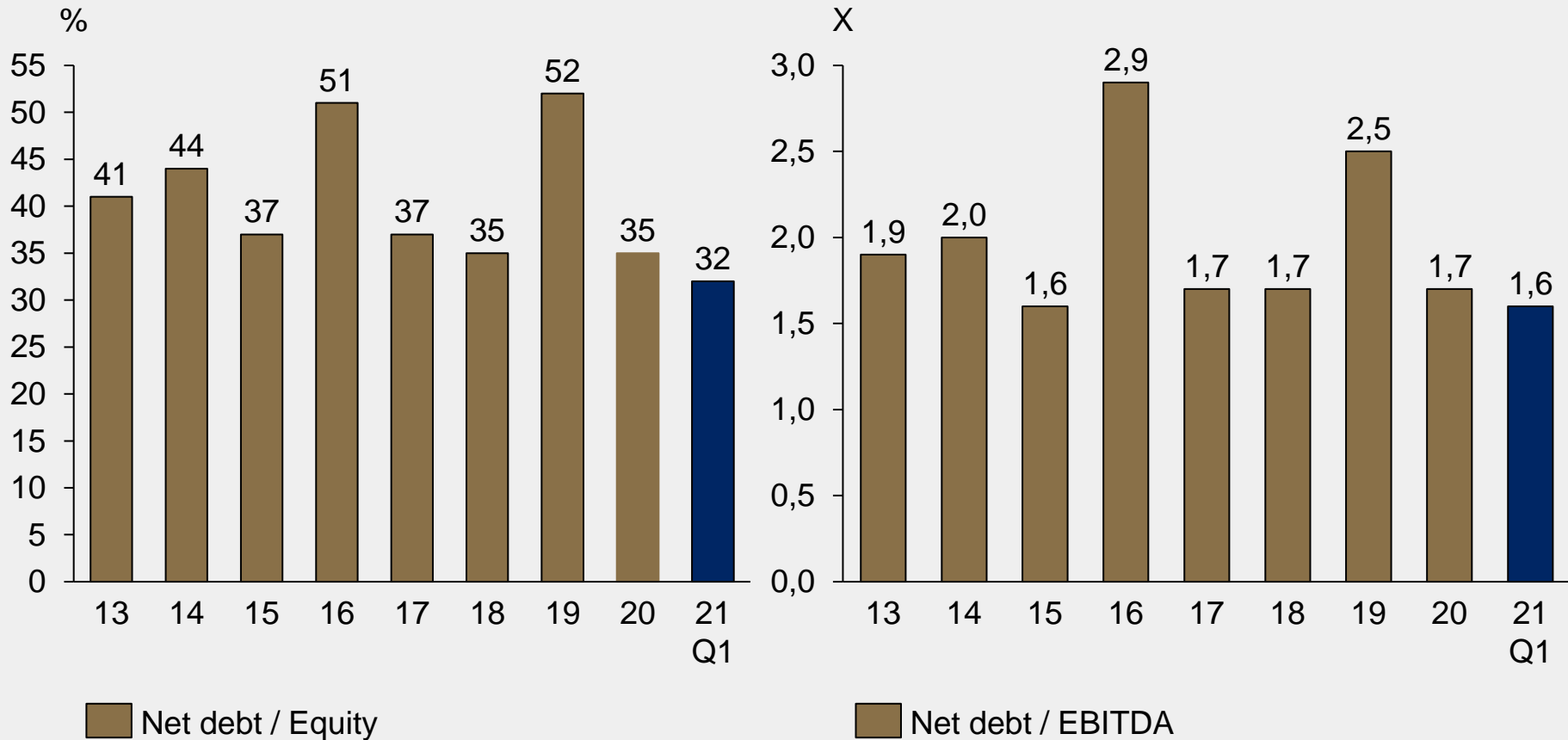


<sup>1</sup> Continuing operations, excluding items affecting comparability



# Gearing and leverage development<sup>1</sup>

## R12M, Group Total



<sup>1</sup>From 2019 and forward gearing and leverage is impacted by lease liability for IFRS 16



# 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 144 M was recognized in Q1 2021
- Underlying tax rate: ~25%
- Amortization of intangible assets ~400 M



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# Balancing challenges and opportunities

## 2021 priorities

- Manage supply chain, logistic challenges and inflation
- Manage market conditions in the wake of Covid-19
- 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 and scouting for acquisitions

# Outlook Q2 2021

- Demand is expected to be better than in the first quarter of 2021, adjusted for seasonal variations. Uncertainty regarding the pandemic's impact on the coming quarters remains.





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# Questions & Answers

