



# Trelleborg interim report

**Q3 Jul-Sep 2021**

Peter Nilsson, President & CEO

Fredrik Nilsson, CFO



# Agenda

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# Strong performance in the quarter

## Q3 2021 financial summary

- Sales at SEK 8 240 M, an increase of 15 percent
- Organic sales amounted to 16 percent, negative F/X of 1 percent
- EBIT<sup>1</sup> increased by 25 percent to SEK 1 203 M, corresponding to a margin of 14.6 percent
- Best third quarterly sales and EBIT to date
- Items affecting comparability at SEK -32 M, of which SEK -65 M restructuring and SEK 33 M capital gain on real estate
- Operating cash flow at SEK 1 117 M
- Rolling-12M cash conversion at 102 percent

Note:

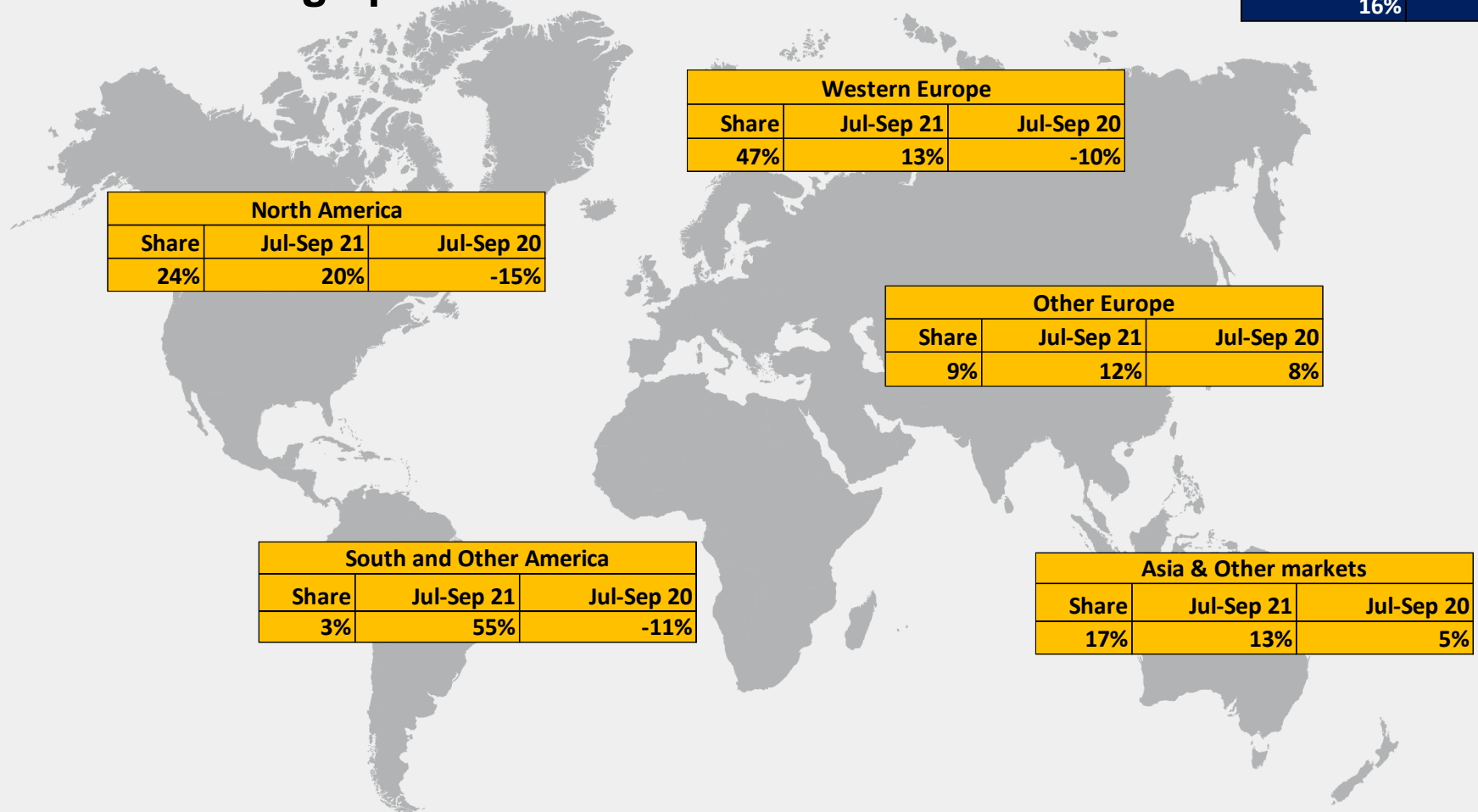
<sup>1</sup>Excl. items affecting comparability, continuing operations



# Organic sales development by geography

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

Continuing operations total	
Jul-Sep 21	Jul-Sep 20
16%	-7%



Share = Continuing operations full-year 2020

<sup>1</sup> Excluding discontinuing business



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# Stronger margins on widespread growth

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

- Organic sales: +9%
- Sales to most market segments increased, construction and industry segments particularly strong
- Deliveries to aerospace and train segments increased
- Sales to automotive customers declined
- EBIT and margin improved on higher volumes and good cost control

SEK M	Q3 2021	Q3 2020	Change, %
Net sales	2 732	2 505	9
Organic, %	9	-8	
Structural, %	1	0	
Exchange rate, %	-1	-4	
EBIT	326	274	19
EBIT, %	12.0	10.9	1.1 p.p.

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

# High growth in all segments and regions

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

- Organic sales: +24%
- Uniform and high growth in all segments and geographies
- Component shortages impacted automotive sales at the end of the quarter
- Aerospace industry continued to recover, with double-digit growth
- Health & Medical sales increased
- EBIT and margin improved on higher volumes and cost control

SEK M	Q3 2021	Q3 2020	Change, %
Net sales	3 086	2 512	23
Organic, %	24	-13	
Structural, %	-	2	
Exchange rate, %	-1	-5	
EBIT	720	454	59
EBIT, %	23.3	18.1	5.2 p.p.

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

# Good demand for all tire categories

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

- Organic sales: +15%
- Strong demand for agri- and material handling & construction tires
- All regions performed well
- Continued prioritization of OE-customers for long-term benefits
- Raw materials, freight and energy prices continued to increase, dampening the EBIT and margin
- Price adjustments to customers will gradually improve profitability

SEK M	Q3 2021	Q3 2020	Change, %
Net sales	2 369	2 075	14
Organic, %	15	1	
Structural,%	-	-1	
Exchange rate, %	-1	-5	
EBIT	238	272	-13
EBIT, %	10.1	13.1	-3 p.p.





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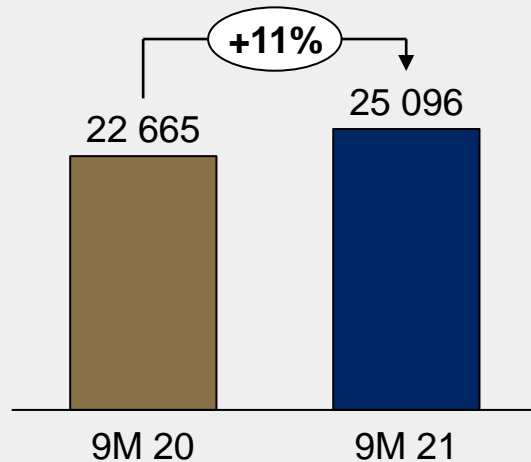
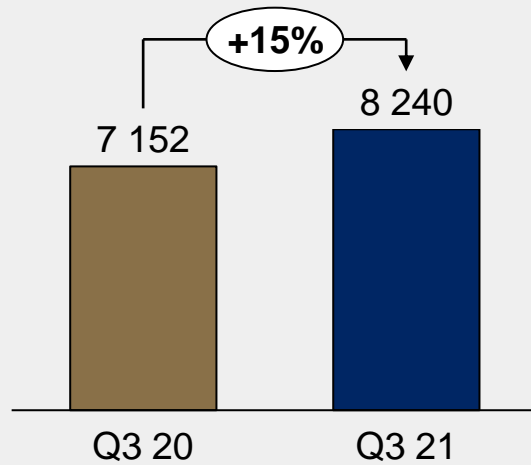
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# Strong organic sales trend

## Sales development continuing operations



### July - September [%]

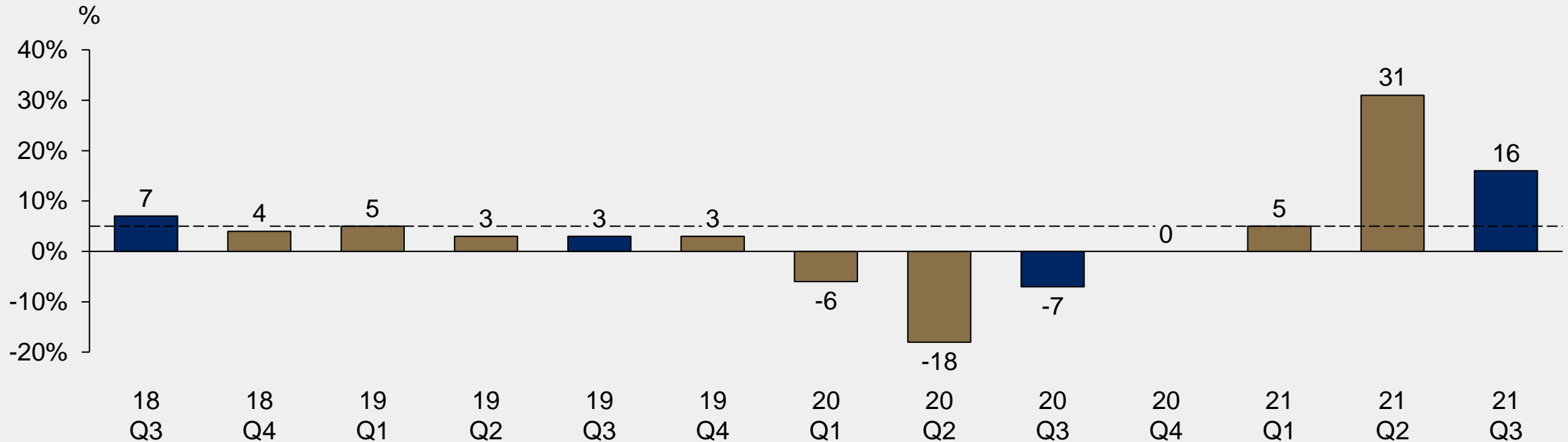
Organic	16
Structural	0
Currency	-1
<b>Total</b>	<b>15</b>

### January - September [%]

Organic	17
Structural	0
Currency	-6
<b>Total</b>	<b>11</b>

# Strong sales trend

Target: 5-8% annual sales growth with constant currencies over a business cycle<sup>1</sup>

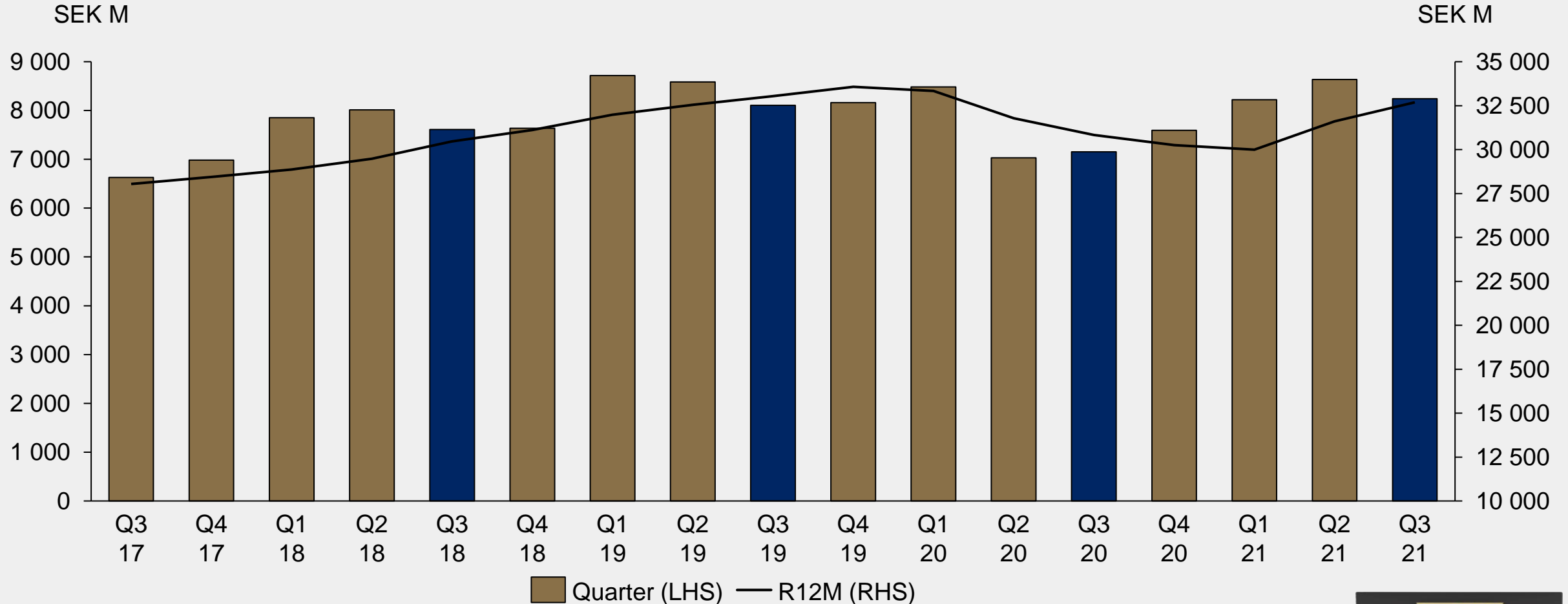


*Of which organic growth, %:*

5	2	2	0	-1	-2	-8	-20	-7	0	5	31	16
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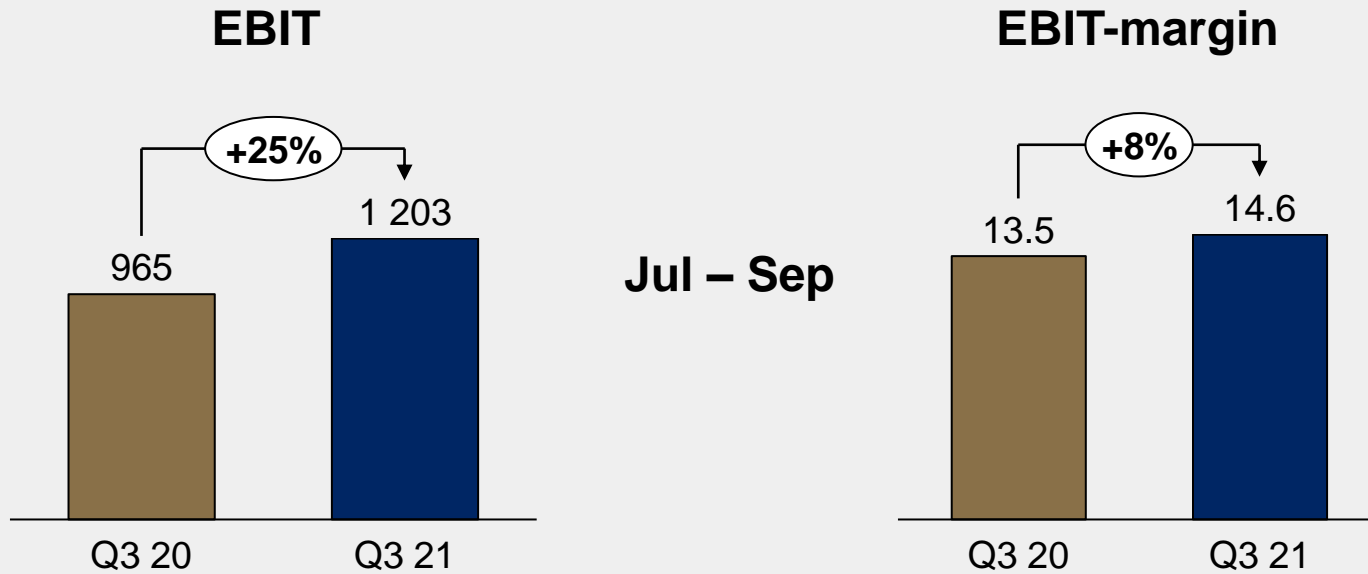
# Sales development

## Continuing operations, R12M



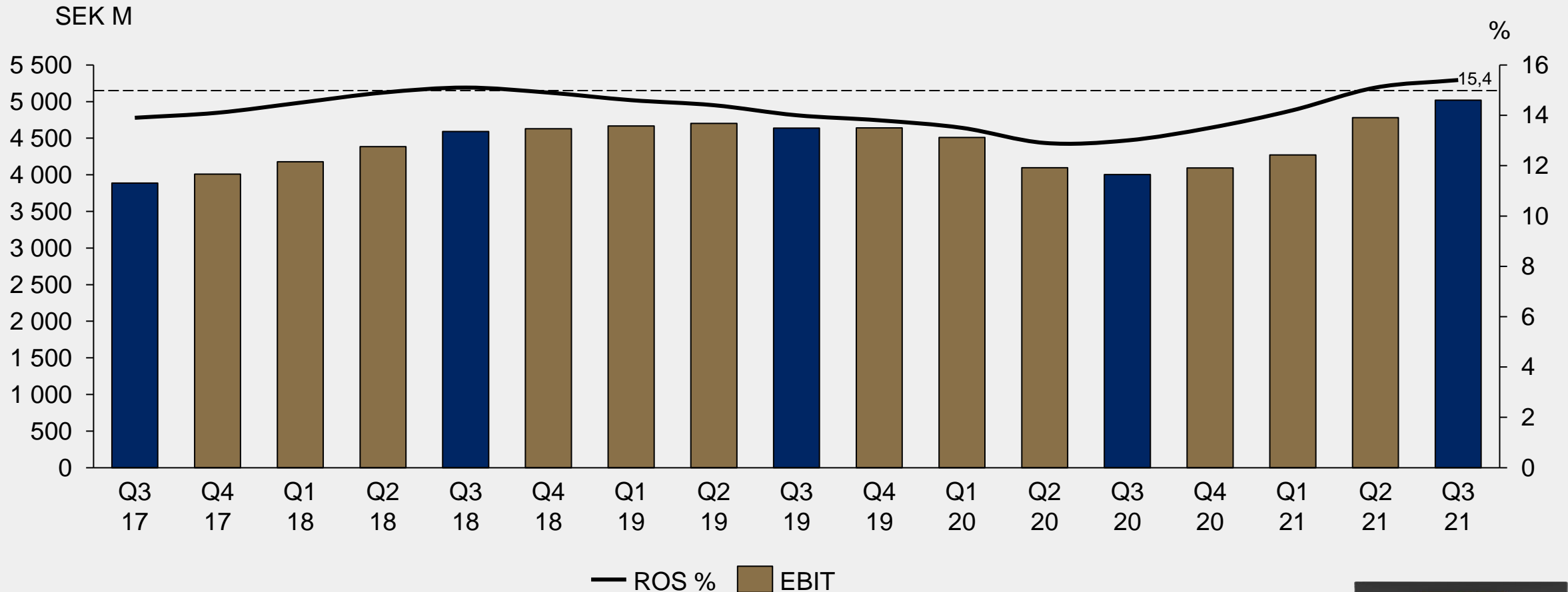
# Strong EBIT improvement

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



# Highest R12M EBIT and margin to date

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



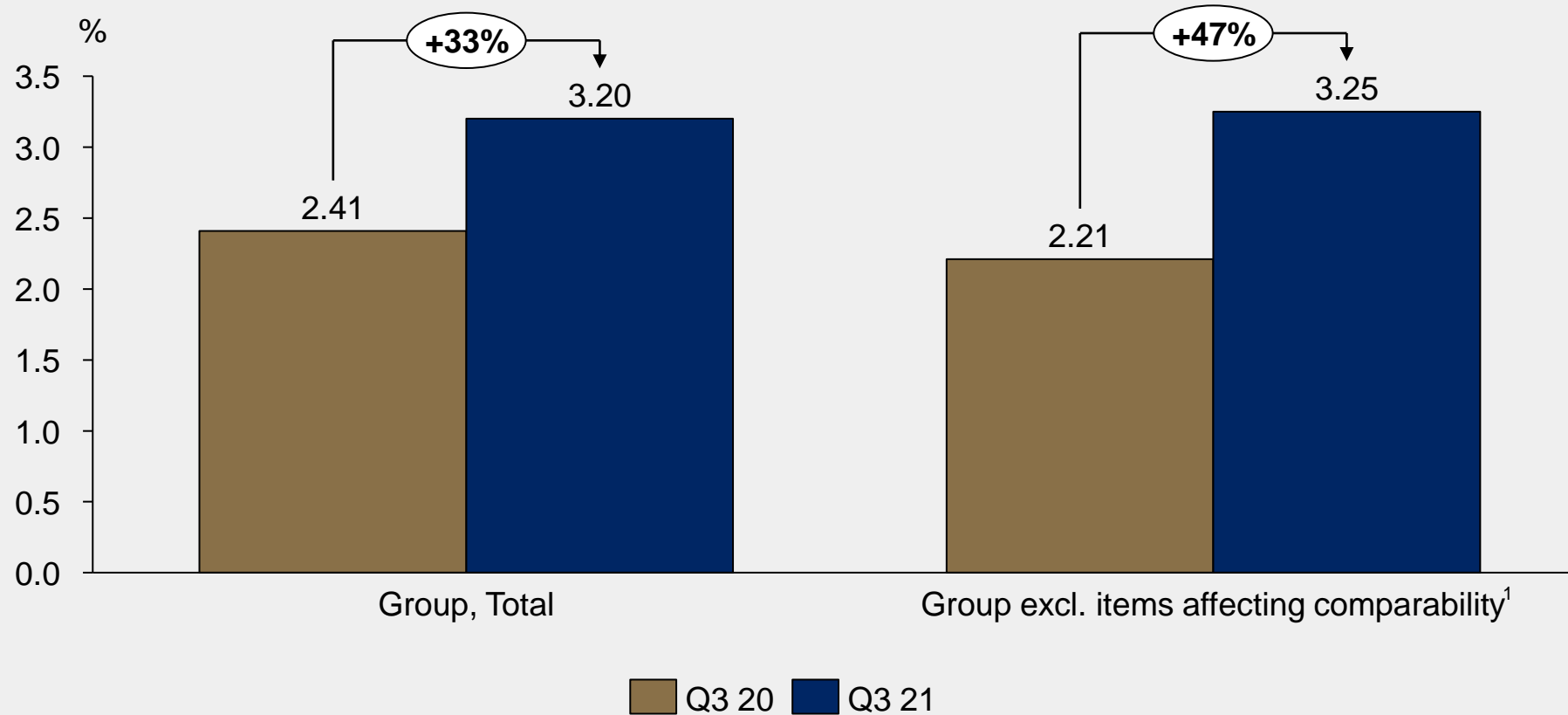
<sup>1</sup> Continuing operations, Excluding items affecting comparability

# Profit & loss statement

SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
<u>Continuing operations</u>						
Net sales	8 240	7 152	15	25 096	22 665	11
Change total, %	15	-12		11	-11	
Organic sales, %	16	-7		17	-12	
Structural change, %	0	0		0	2	
Currency effects, %	-1	-5		-6	-1	
EBIT, excluding items affecting comparability	1 203	965	25	3 940	3 016	33
EBIT-margin, %	14,6	13,5		15,7	13,3	
Restructuring costs	-65	-81		-153	-178	
Capital gain on real estates	33	-		177	-	
Items affecting comparability	-32	-81		24	-178	
EBIT	1 171	884	32	3 964	2 838	40
Financial income and expenses	-43	-66	35	-133	-198	33
Profit before tax	1 128	818	38	3 831	2 640	45
Taxes	-274	-193	-42	-897	-665	-35
Net profit, continuing operations	854	625	37	2 934	1 975	49
Net profit, discontinuing operations	14	27	-48	30	76	-61
Net profit, Group	868	652	33	2 964	2 051	45
Earnings per share, SEK						
Continuing operations	3,15	2,31	36	10,82	7,29	48
Discontinuing operations	0,05	0,10	-50	0,11	0,28	-61
Group	3,20	2,41	33	10,93	7,57	44
Excluding items affecting comparability	3,25	2,21	47	10,76	7,53	43

# Significant EPS improvement

## Earnings per share

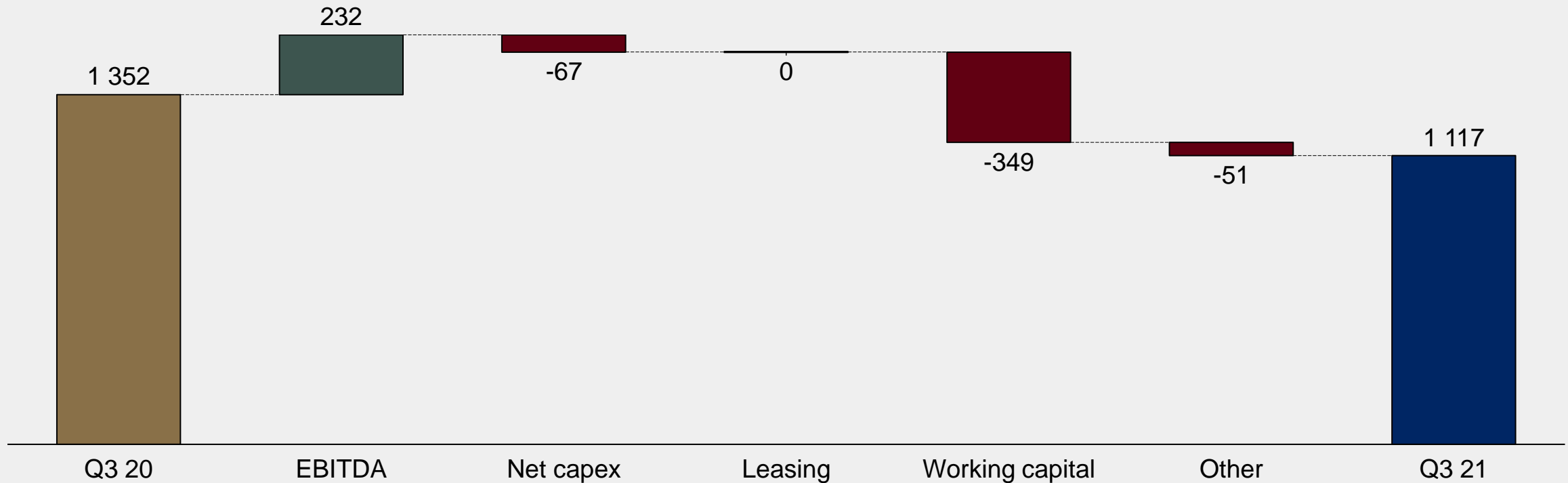


<sup>1</sup>No dilution effects



# Solid cash flow generation despite WC build-up

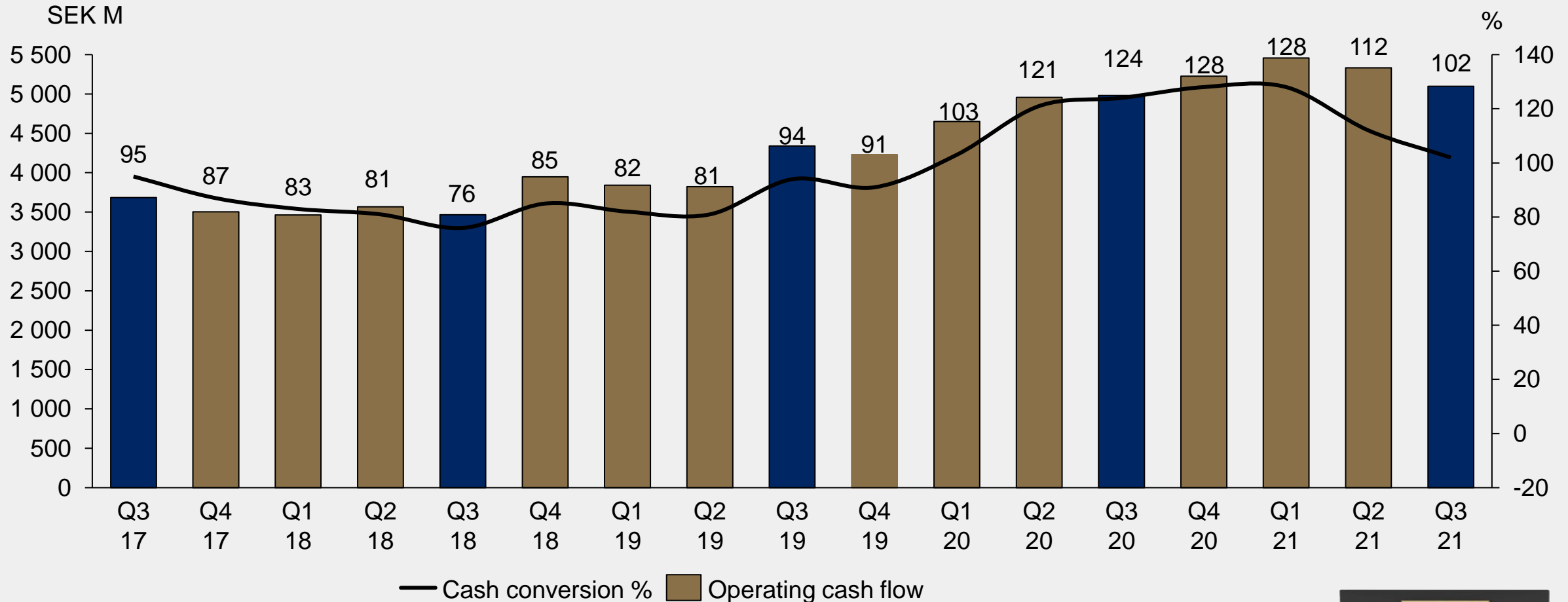
## Operating cash flow<sup>1</sup>



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

# Cash conversion above 100 percent

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

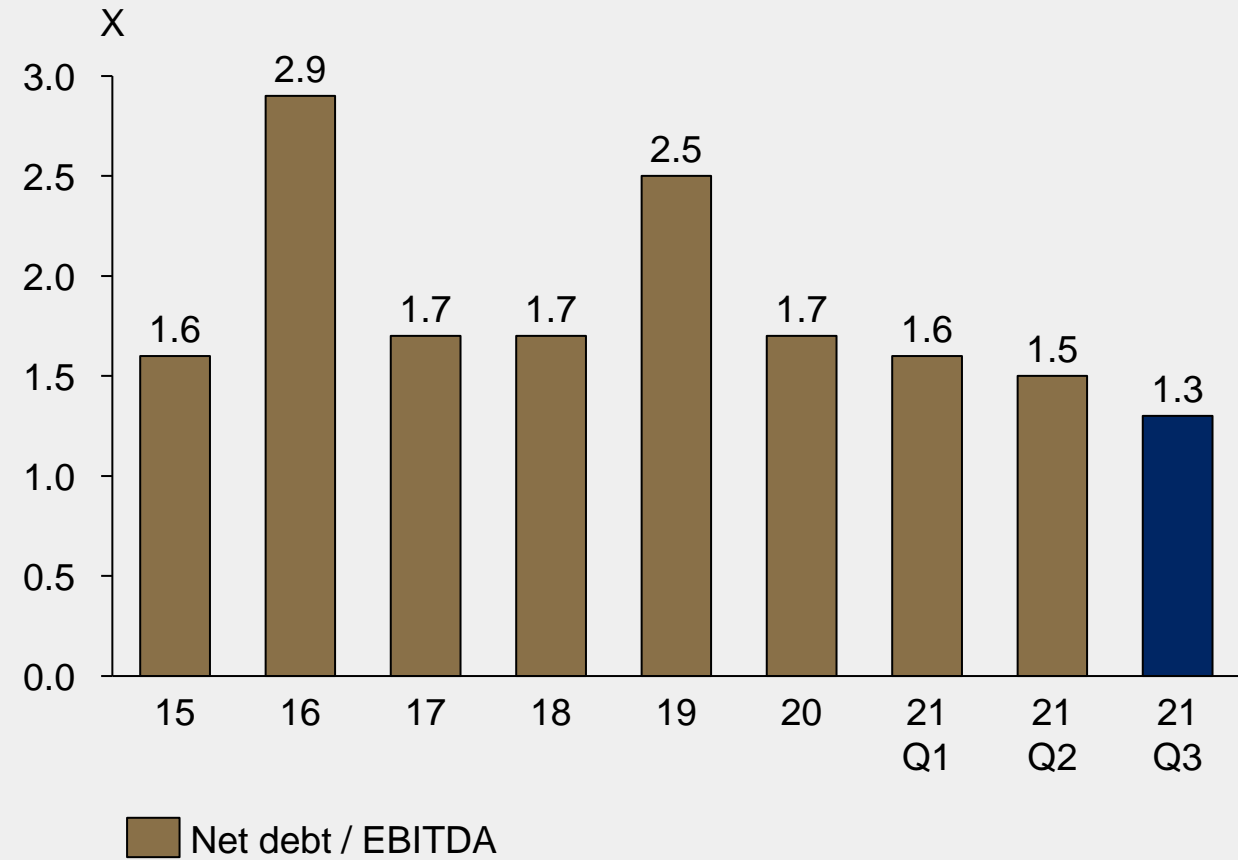
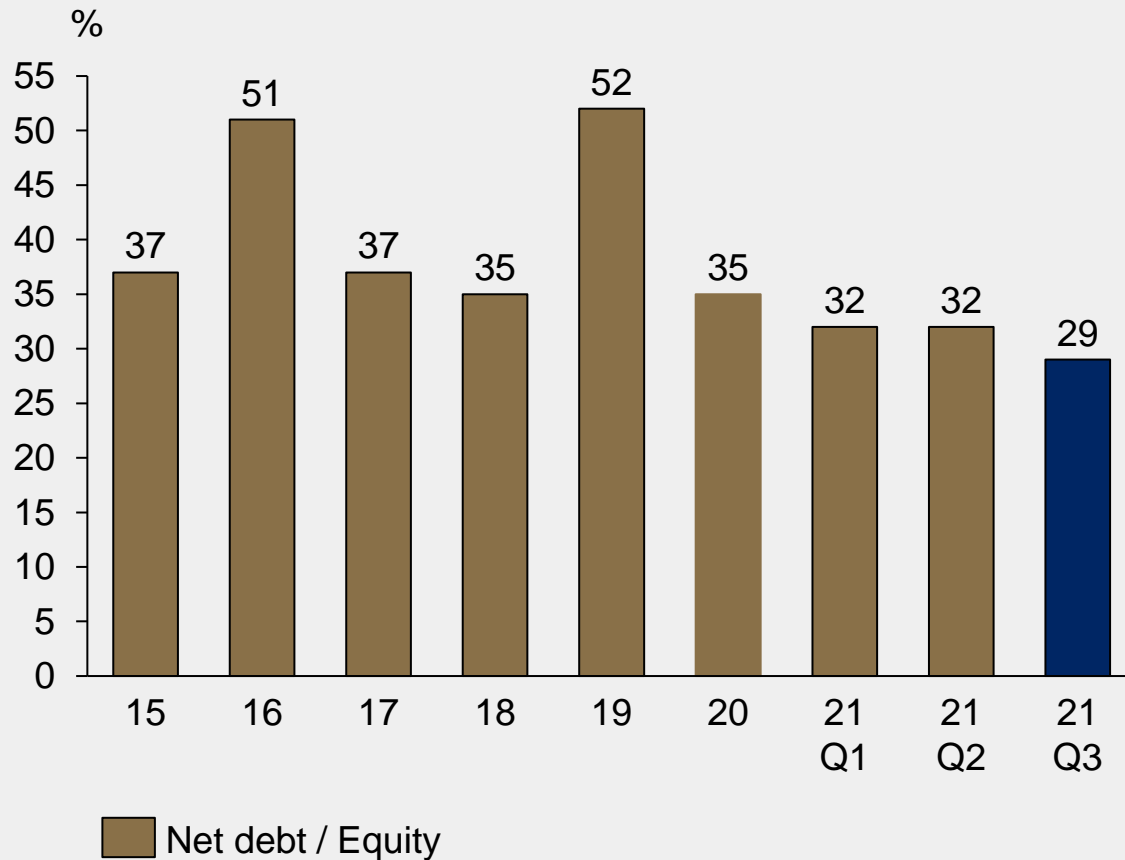


<sup>1</sup>Continuing operations, excluding items affecting comparability



# Gearing and leverage development

R12M, Group<sup>1</sup>



<sup>1</sup>From 2019 gearing and leverage are impacted by IFRS 16 (lease liability)



## Financial guidelines for full-year 2021

- Capex: SEK ~1.4 Bn
- Restructuring costs: SEK ~400 M
- Underlying tax rate: ~25%
- Amortization of intangible assets SEK ~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 Q4 2021

- Demand is expected to be on a par with the third quarter of 2021, adjusted for seasonal variations
- Uncertainty regarding the pandemic's impact on the coming quarters remains





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# Questions & Answers

