



Trelleborg interim report

April – June 2017

Peter Nilsson, President & CEO

Ulf Berghult, CFO



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Q&A

Continued good market trend

Q2 2017 financial summary

- Sales at SEK 8 265 M, increase of 26 percent
- Organic sales up 3 percent. Excluding project deliveries, the organic sales increase was 5 percent
- Acquired sales growth contributed with 20 percentage points (seven acquisitions in the past 12 months)
- EBIT¹ up 21 percent, corresponding to a margin of 13.2 percent
- Items affecting comparability at SEK -76 M
- Operating cash flow at SEK 1,096, increase of 31 percent
- R12M cash conversion at 98 percent

Organic sales development by geography

Organic sales excl. project-related business¹

North America		
Share	Apr-Jun 17	Apr-Jun 16
24%	5%	-5%

Western Europe		
Share	Apr-Jun 17	Apr-Jun 16
48%	3%	-1%

Other Europe		
Share	Apr-Jun 17	Apr-Jun 16
11%	6%	9%

Asia & Other markets		
Share	Apr-Jun 17	Apr-Jun 16
14%	11%	9%

South and Other America		
Share	Apr-Jun 17	Apr-Jun 16
3%	6%	-1%

Total Group	
Apr-Jun 17	Apr-Jun 16
5%	0%

Share = Actual 2016

¹Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions' operations

M&A activities

Q2 2017 events

- Agreement to acquire the U.S.-based privately-owned Automated Dynamics
 - To be integrated in Trelleborg Sealing Solutions
 - Specializes in the manufacturing of advanced composite components
 - Acquisition expected to be finalized in the third quarter of 2017



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Organic decline – margins still hampered

Trelleborg Coated Systems¹

- Organic sales: -3%
- Coated fabrics declined, impacted by individual market segments
- Printing blankets; growth in Asia, offset by lower sales in Europe and N.A.
- EBIT and EBIT-margin primarily impacted by production disturbances in one unit

SEK M	Q2 2017	Q2 2016	Change, %
Net sales	644	628	3
Organic, %	-3	-5	
Structural, %	-	-	
Exchange rate, %	6	-2	
EBIT	69	86	-20
EBIT, %	10.7	13.7	-3.0 p.p.

Market conditions continue to improve

Trelleborg Industrial Solutions¹

- Organic sales: +2%
- Improved markets in general
- Low activity in oil/gas
- Most geographical regions improved
- EBIT improved on growth and acquisitions
- Focus on integration and strengthening AVS platform

SEK M	Q2 2017	Q2 2016	Change, %
Net sales	1 468	1 250	17
Organic, %	2	-5	
Structural, %	12	2	
Exchange rate, %	3	-3	
EBIT	168	143	17
EBIT, %	11.4	11.4	0 p.p.

Offshore oil & gas segment remains challenging

Trelleborg Offshore & Construction¹

- Organic sales: -9%
- Market situation remains challenging in offshore oil/gas
- Mixed development in infrastructure projects
- Proactive alignment to current market situation continues
- Earlier guidance of FY17 organic sales drop of ~10-20% still valid
- Q3 conditions expected to be similar to Q2

SEK M	Q2 2017	Q2 2016	Change, %
Net sales	775	835	-7
Organic, %	-9	-30	
Structural, %	-	5	
Exchange rate, %	2	-4	
EBIT	-19	26	-173
EBIT, %	-2.5	3.1	-5.6 p.p.

Global growth momentum continues

Trelleborg Sealing Solutions¹

- Organic sales: +6%
- All geographical and market segment developed favorably
- Asian sales especially strong
- Solid development due to volumes and market positioning
- Margin impact from acquisitions with initially lower margins

SEK M	Q2 2017	Q2 2016	Change, %
Net sales	2 596	2 176	19
Organic, %	6	1	
Structural, %	9	0	
Exchange rate, %	4	-2	
EBIT	611	512	19
EBIT, %	23.5	23.5	0 p.p.

Solid organic growth in all tire segments

Trelleborg Wheel Systems¹

- Organic sales: +8%
- Higher volumes and CGS boosting sales and profits
- Agri OE and aftermarket sales increased in all regions
- Industrial & construction tires sales increased in most regions
- EBIT-margin impacted by higher raw material prices, efforts to compensate ongoing
- New market-oriented organization

SEK M	Q2 2017	Q2 2016	Change, %
Net sales	2 360	1 472	60
Organic, %	8	1	
Structural, %	48	32	
Exchange rate, %	4	-3	
EBIT	278	186	49
EBIT, %	11.8	12.6	-0.8 p.p.

Preparing structure for integration by year-end

Rubena Savatech¹

- Operations will be integrated into existing business areas from year-end
- EBIT and margin adversely impacted by sharp movements in raw material prices and integration
- Ongoing investments to increase capabilities and capacity

SEK M	Q2 2017	Q2 2016 ²	Change, %
Net sales	520	166	213
Organic, %	-	-	
Structural, %	208	-	
Exchange rate, %	5	-	
EBIT	48	26	85
EBIT, %	9.3	15.6	-6.3 p.p.



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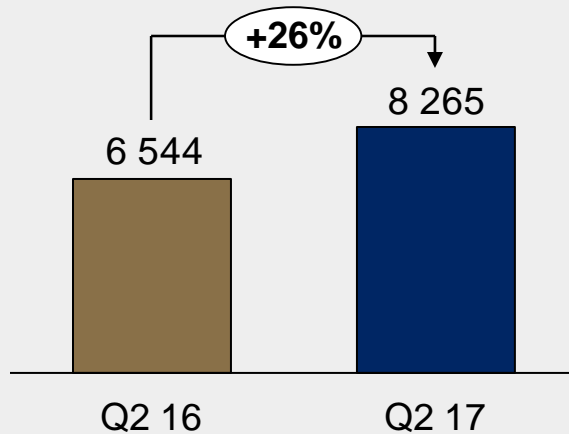
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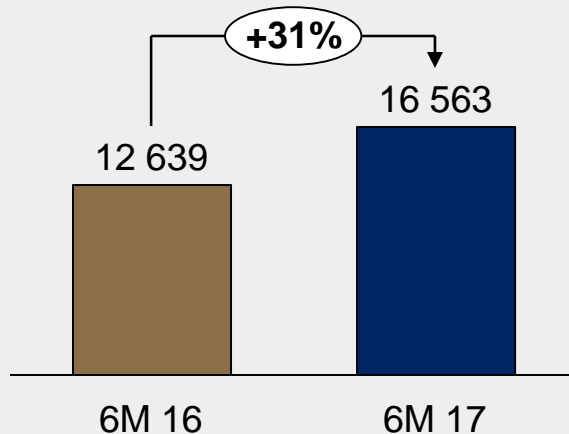
Organic growth complements structural effects

Sales development



April - June [%]

Organic	3
Structural	20
Currency	3
Total	26

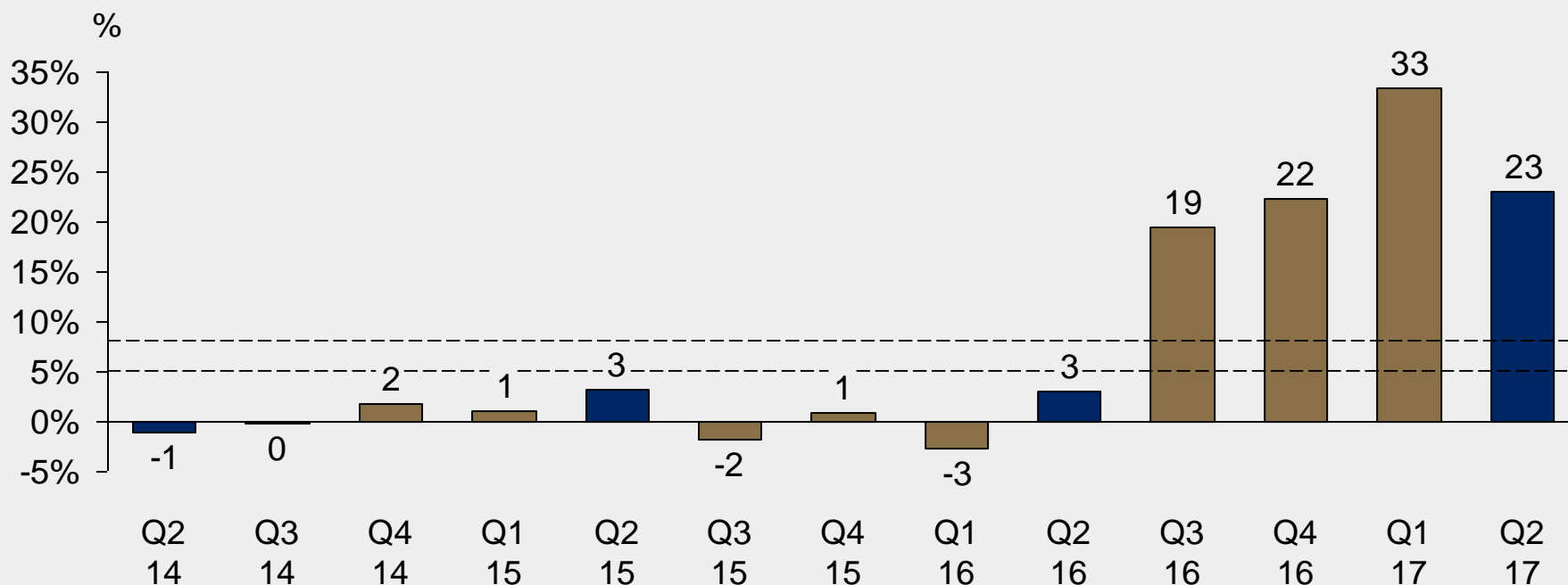


January - June [%]

Organic	3
Structural	25
Currency	3
Total	31

Organic growth complements structural effects

Target: 5-8% over a business cycle

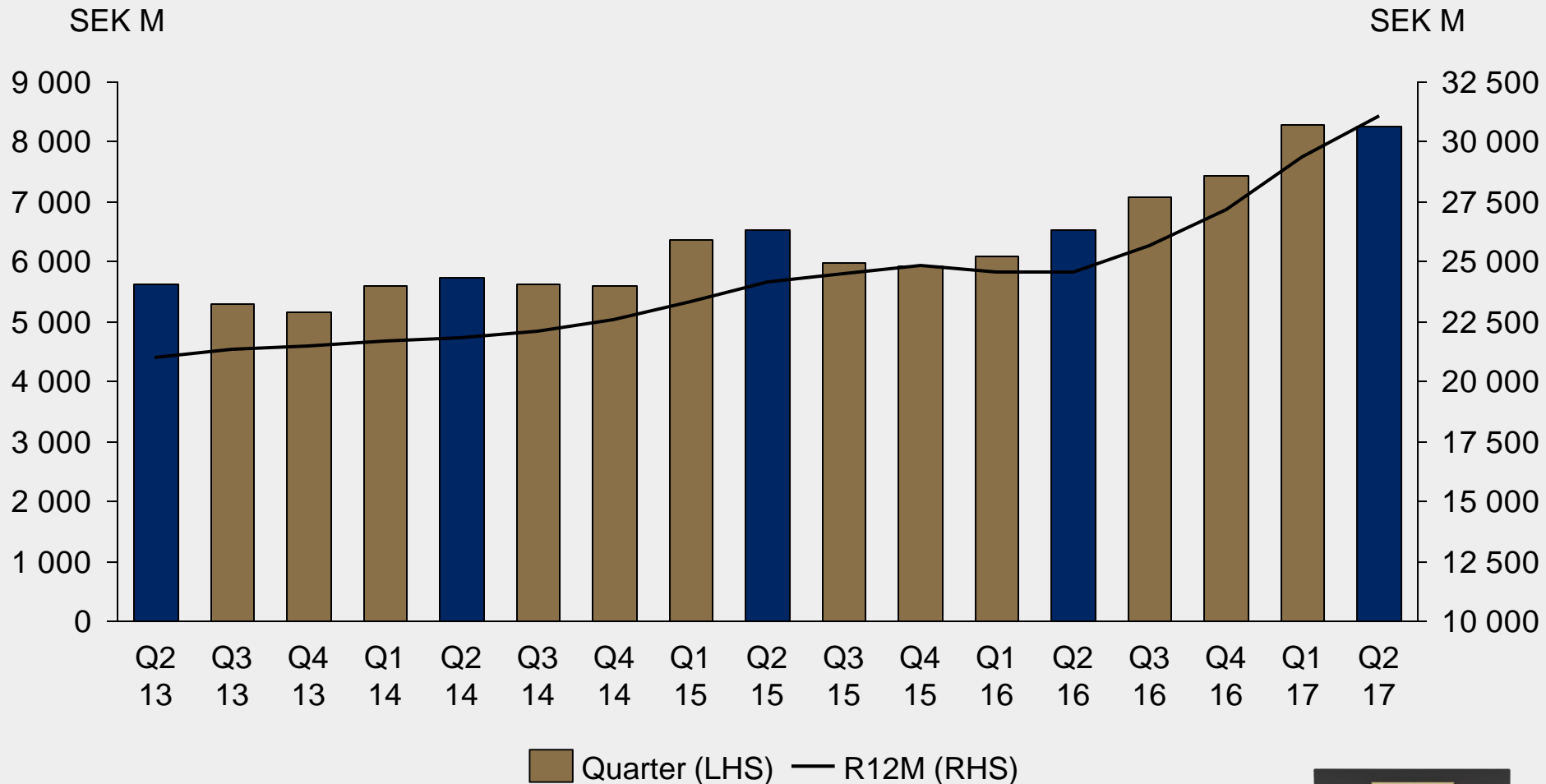


Of which organic growth, %:

-1 -3 -2 -4 -1 -3 -1 -4 -6 -5 -4 3 3

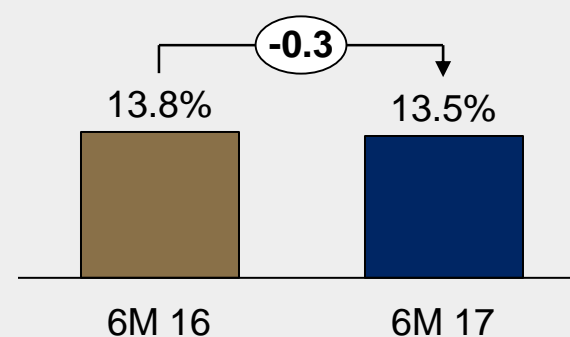
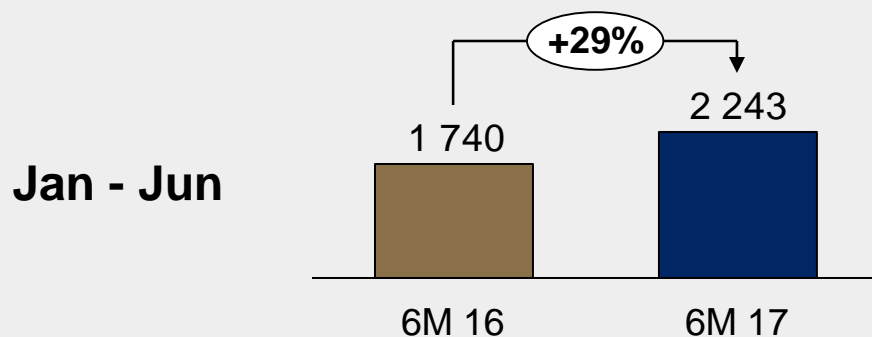
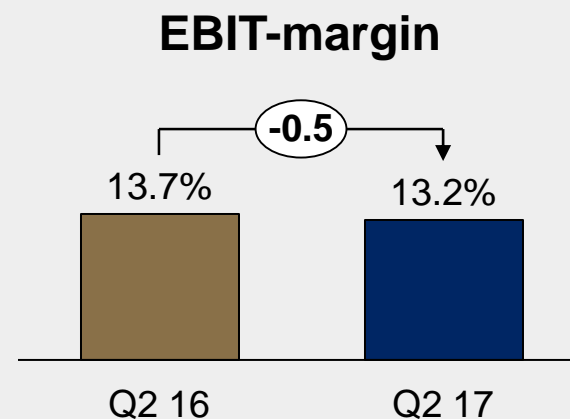
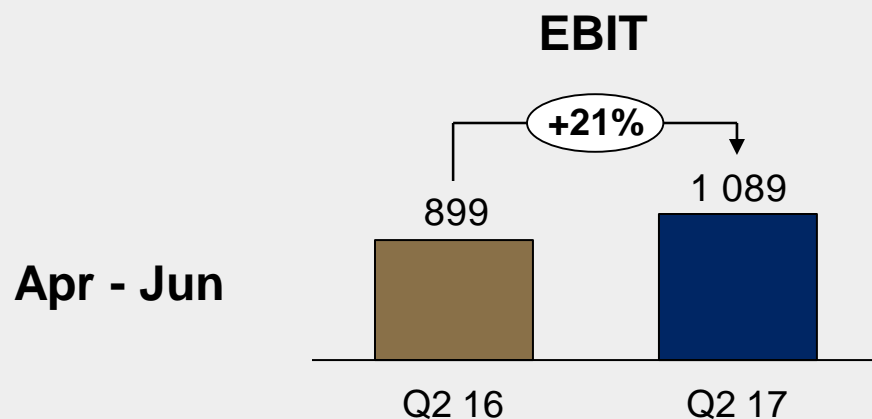
Record sales once again

Sales development, R12M



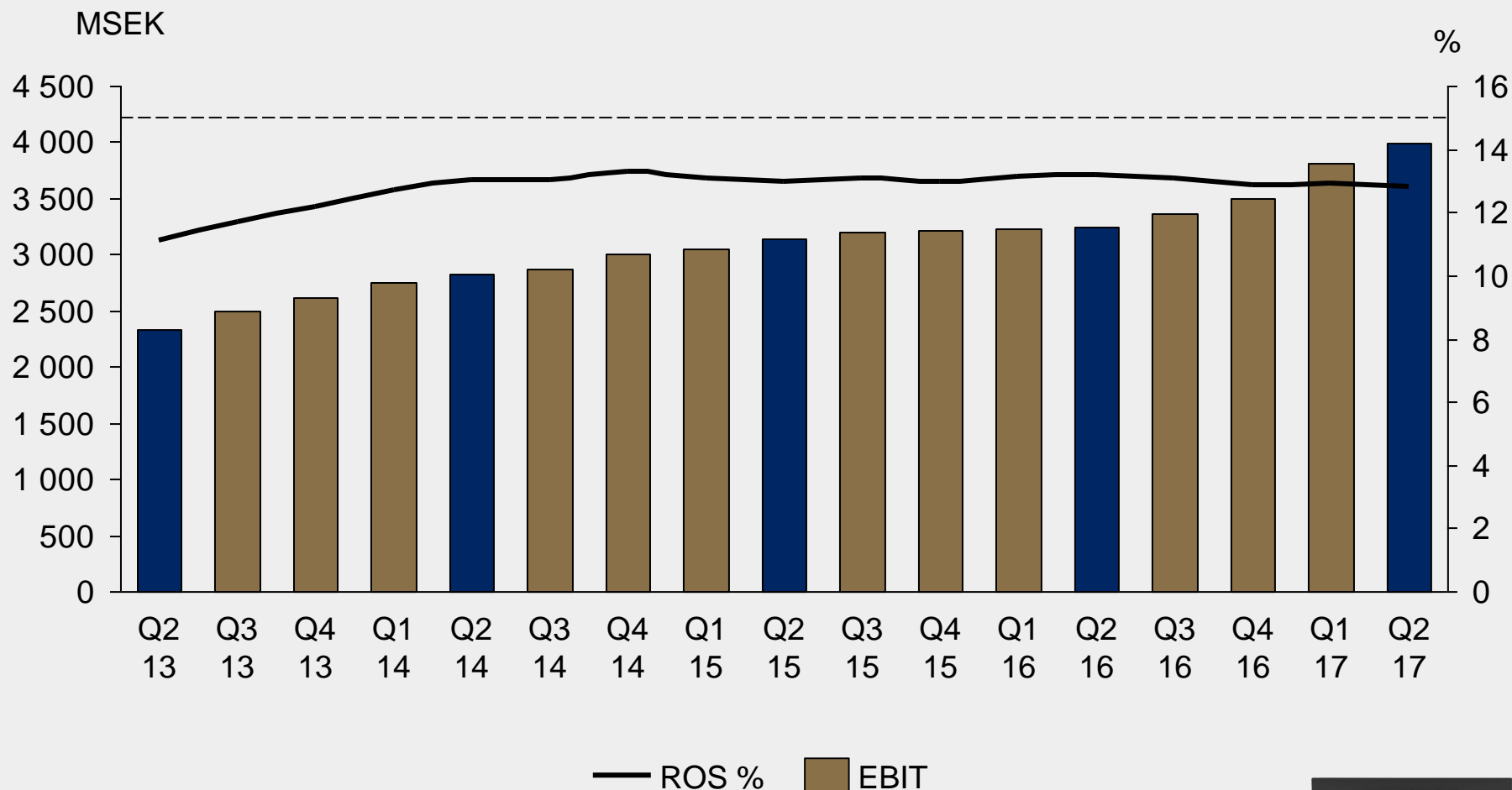
Highest Q2 EBIT to date

EBIT development¹



Seventeen quarters of improved profits

EBIT and margin, R12M¹



¹Excluding items affecting comparability

Total Group

Profit & loss statement

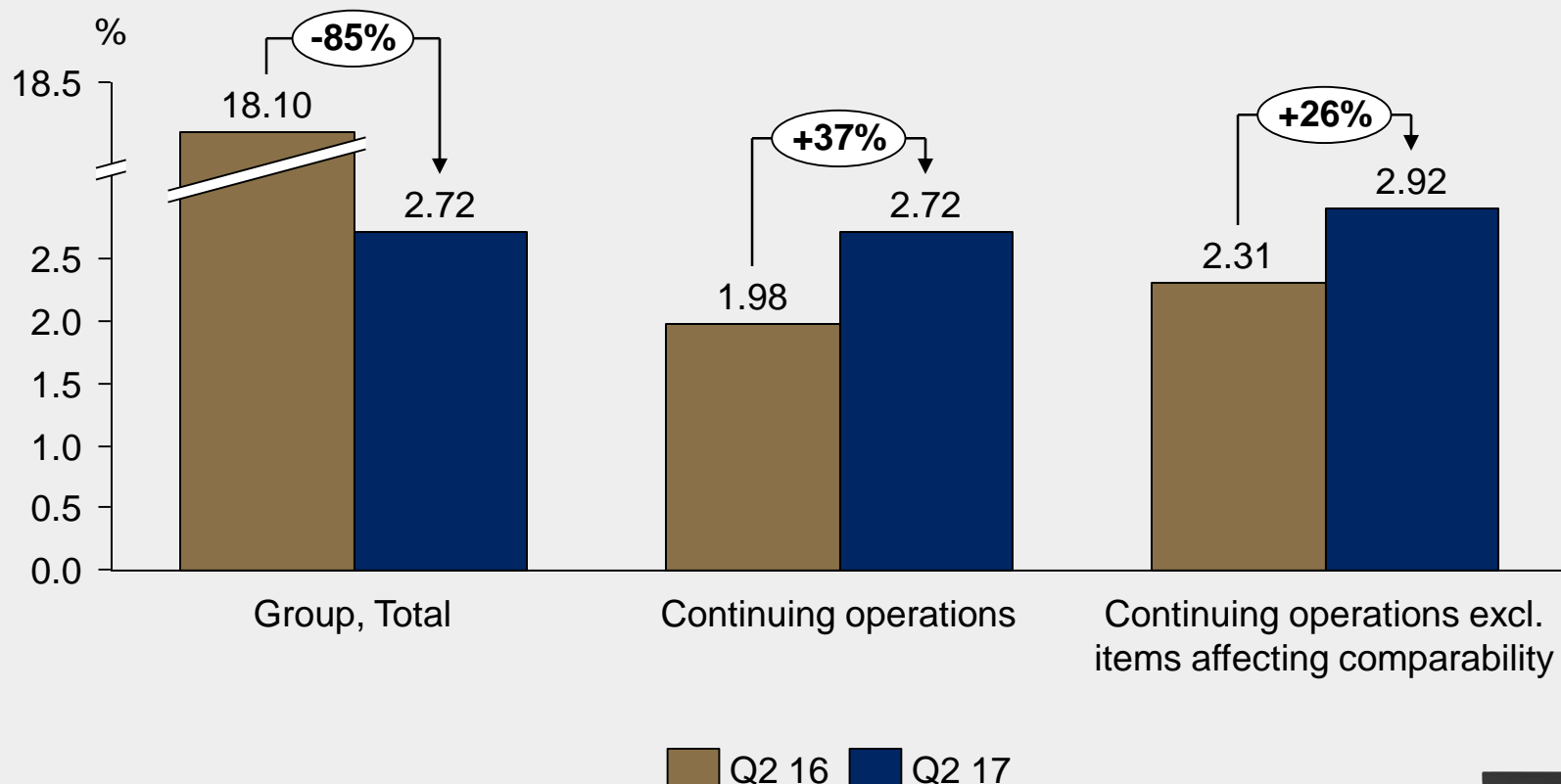
April - June			SEK M	January - June		
2017	2016	Change %		2017	2016	Change %
1 089	899	21	EBIT, excl. items affecting comparability	2 243	1 740	29
13,2%	13,7%	-0.5 p.p.	EBIT-margin	13,5%	13,8%	-0.3 p.p.
-76	-107		Items affecting comparability ¹	290	-222	
1 013	792	28	EBIT	2 533	1 518	67
-56	-63		Financial income and expense	-107	-110	
957	729	31	Profit before tax	2 426	1 408	72
-220	-192		Taxes	-460	-342	
737	537	37	Net Profit, continuing operations	1 966	1 066	84
-	4 369		Net Profit, discontinuing operations ²	-	4 369	
737	4 906	-85	Net Profit, Total Group	1 966	5 435	-64

¹6M 2017 includes capital gain from the divestment of the compounding operation in Lesina, Czech Republic, with SEK 472 M, and restructuring expenses of SEK -182 M

²Relates to Vibracoustic

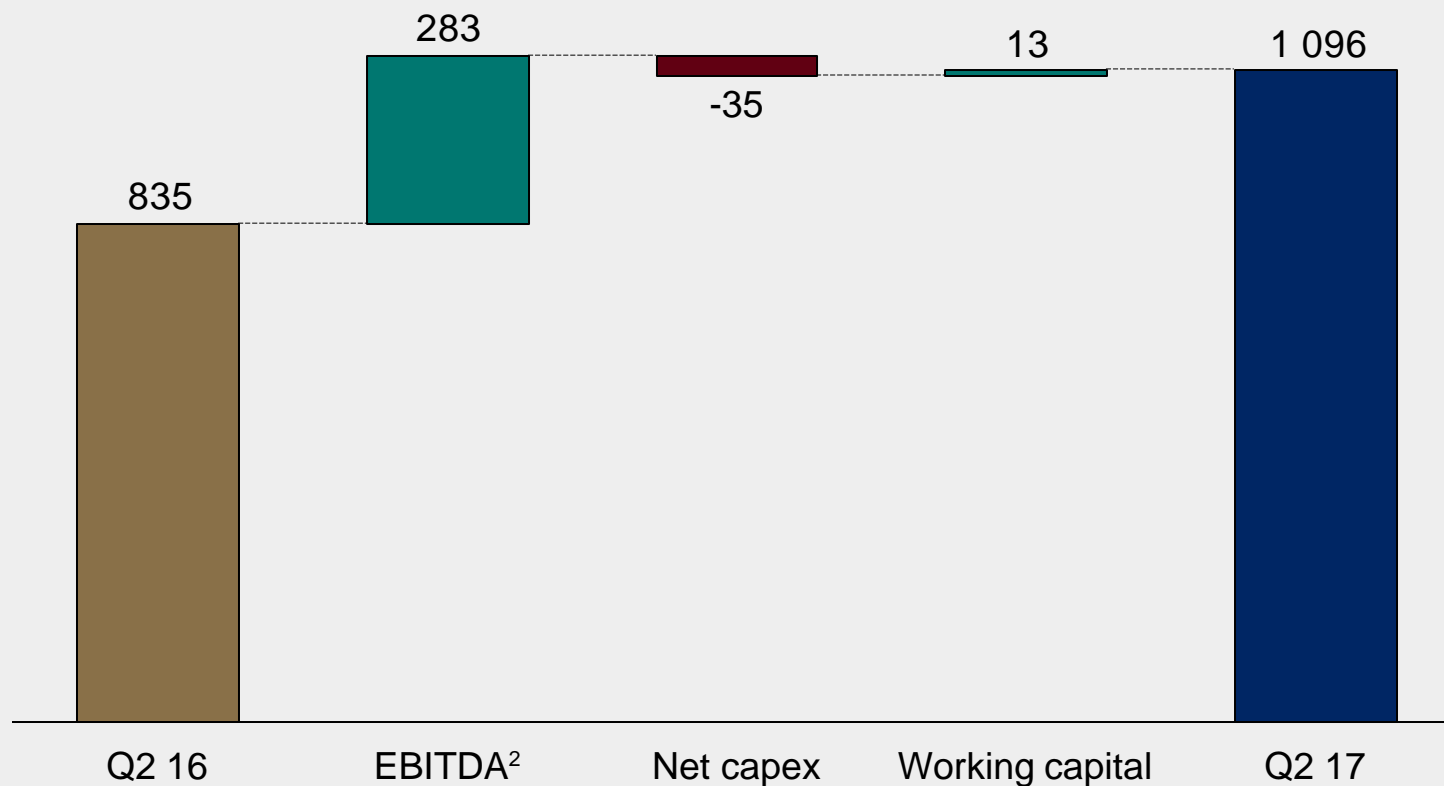
EPS increased by 37%, due to acquisitions and restructuring measures

Earnings per share



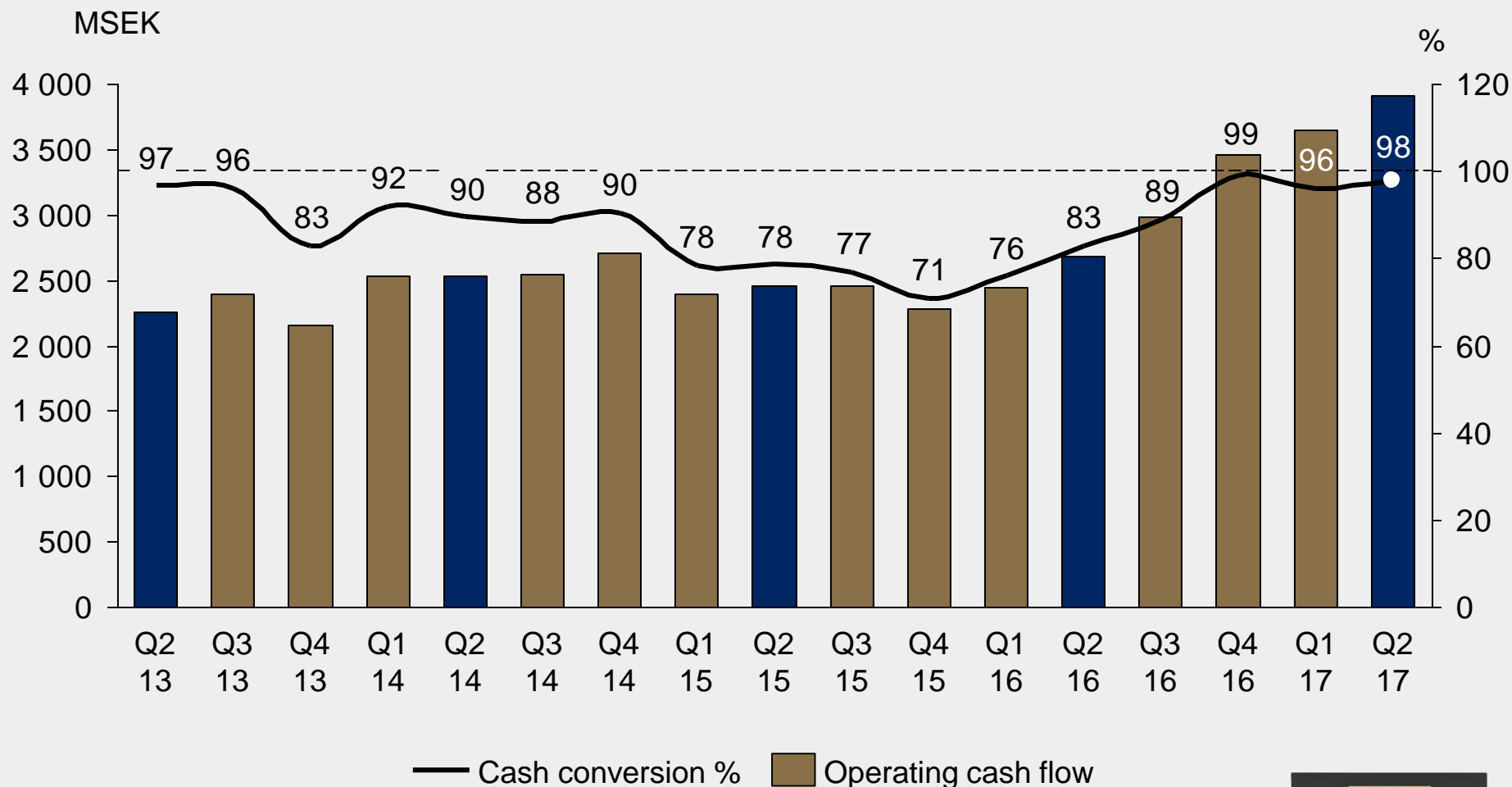
Cash flow driven by higher earnings

Operating cash flow¹



Strong focus on cash conversion

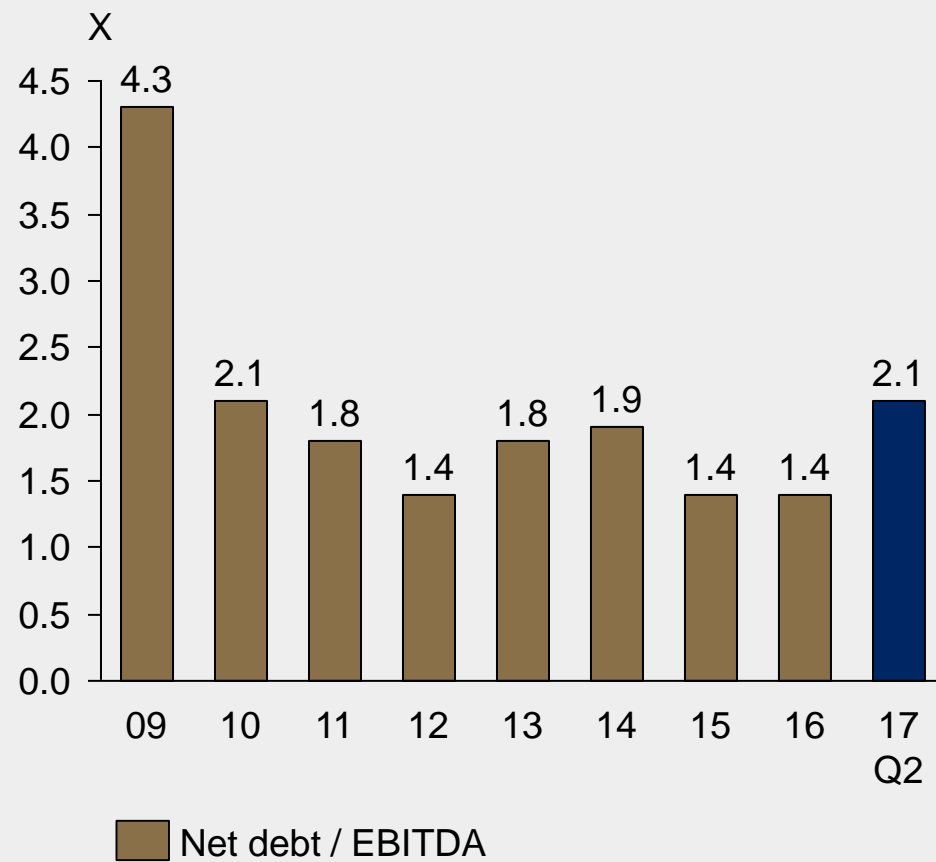
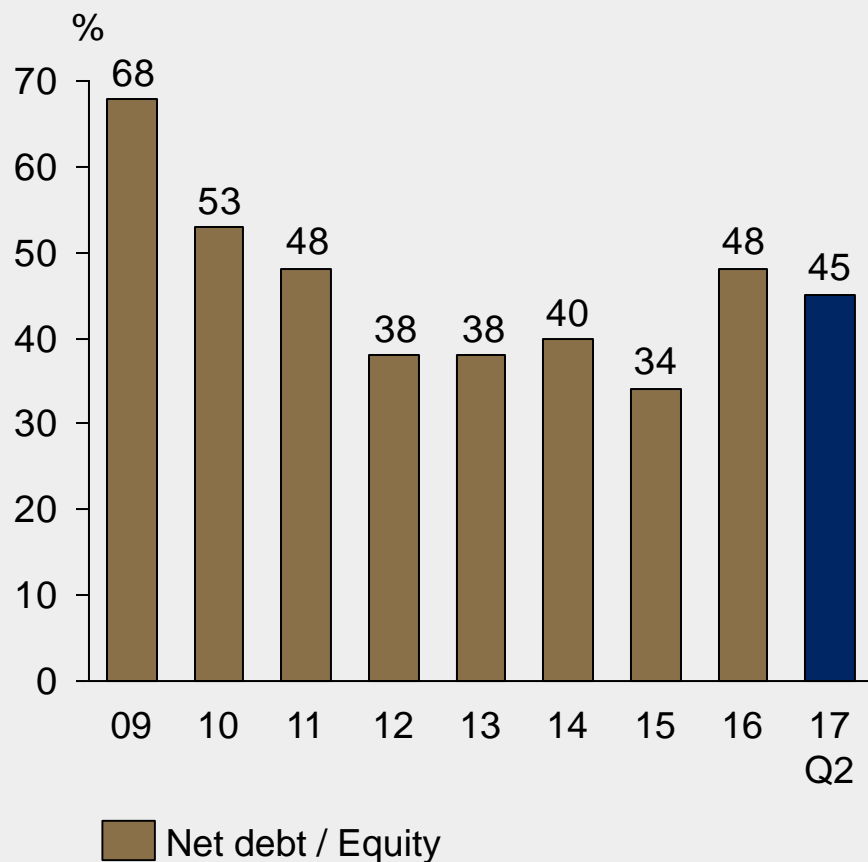
Operating cash flow, R12M¹



¹Excluding items affecting comparability

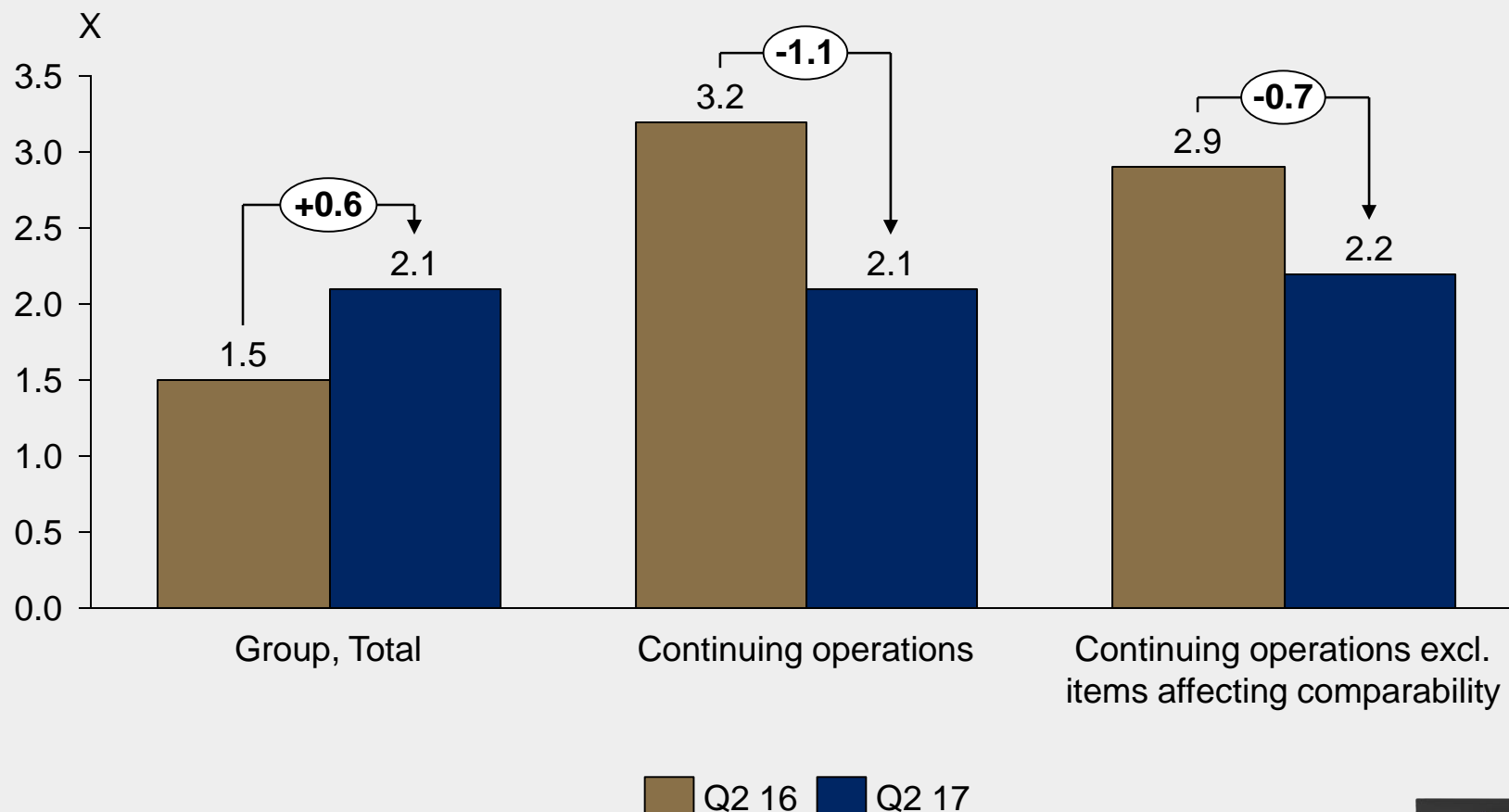
Leverage down to target level

Gearing and leverage development, R12M¹



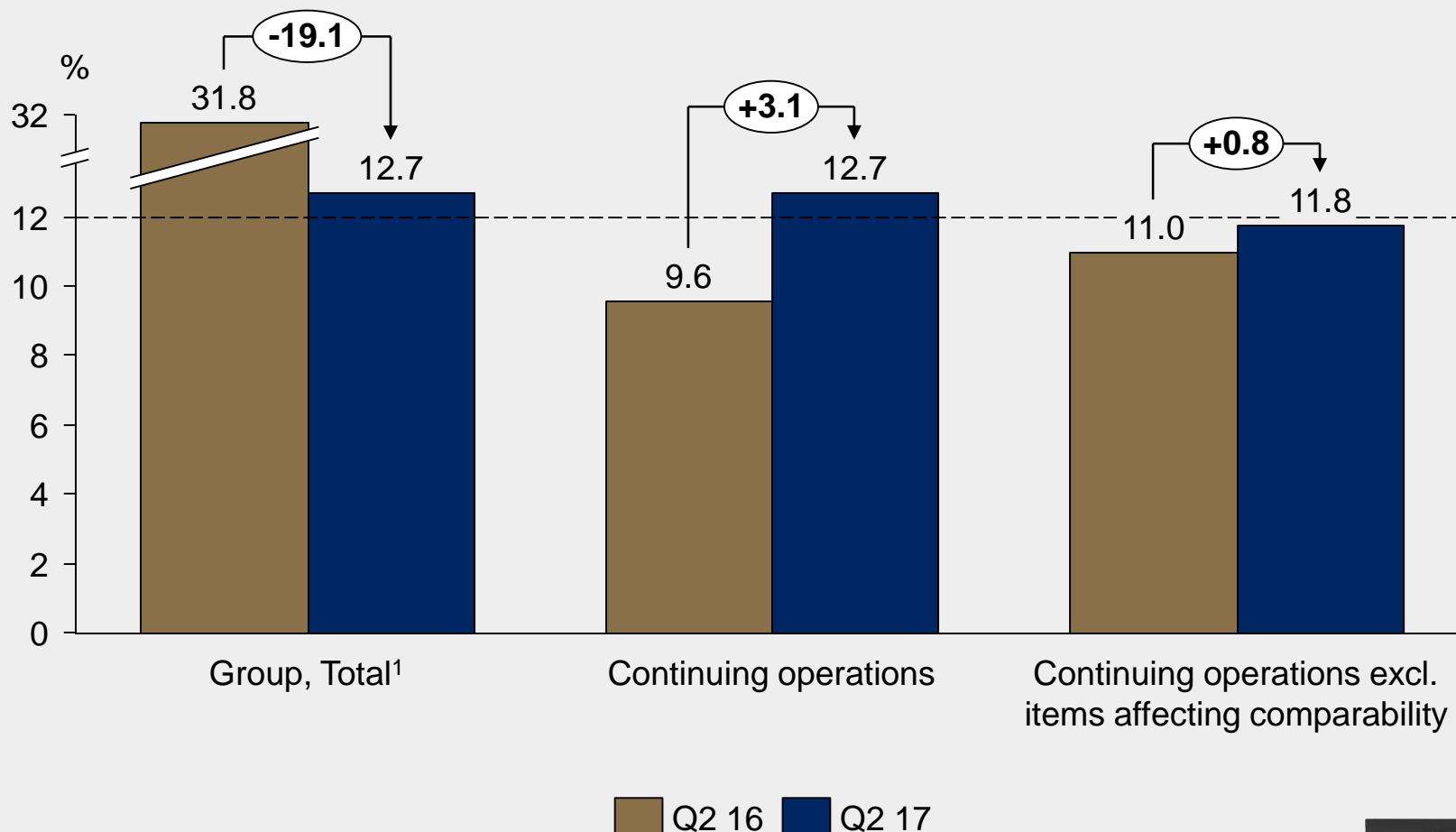
Leverage down to target level

Net debt / EBITDA, R12M



Underlying ROE closing in on target

Return on equity, R12M



¹2016 key figure includes the capital gain from the disposal of Vibracoustic



Financial guidelines for full-year 2017

- Capex: SEK ~1,500 – 1,700 M
- Restructuring costs: SEK ~350 – 450 M
- Underlying tax rate: ~26%
- Amortization of intangible assets¹: SEK ~300 M



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Continued focus on growth and excellence

2017 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
- Continued focus on innovations and smart use of new technology
- Integration of CGS and other recent acquisitions

Outlook Q3 2017

- Demand is expected to be in line with the second quarter of 2017, adjusted for seasonal variations



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Questions & Answers