



Trelleborg interim report

Q1 January-March 2019

Peter Nilsson, President & CEO
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Q&A

A decent start to the year

Q1 2019 financial summary

- Sales at SEK 9 381 M, an increase of 9 percent
- Organic sales up 1 percent. Excluding project deliveries, the organic sales increase was 1 percent
- EBIT¹ at SEK 1 295 M, corresponding to a margin of 13.8 percent
- Items affecting comparability at SEK -20 M
- Operating cash flow at SEK 179 M, impacted by a higher capex and higher seasonal working capital
- Cash conversion at 70 percent on R12M
- Acquisition of Sil-Pro completed – global platform for Medical & Healthcare established

Organic sales development by geography

Organic sales excl. project-related business¹

Total Group	
Jan-Mar 19	Jan-Mar 18
1%	5%

North America		
Share	Jan-Mar 19	Jan-Mar 18
22%	3%	6%

Western Europe		
Share	Jan-Mar 19	Jan-Mar 18
48%	3%	6%

Other Europe		
Share	Jan-Mar 19	Jan-Mar 18
10%	-3%	-5%

South and Other America		
Share	Jan-Mar 19	Jan-Mar 18
4%	-2%	8%

Asia & Other markets		
Share	Jan-Mar 19	Jan-Mar 18
16%	-2%	9%

Share = Actual 2018²

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

²Share represents sales including project-related business



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EBIT growth despite weaker organic sales

Trelleborg Coated Systems¹

- Organic sales: -3%
- Structural growth: +7%
- Coated fabrics; unchanged – North America flattish, Europe weaker while Asia stronger
- Printing blankets; weaker in most major markets
- EBIT improved due to earlier acquisitions, margin negatively impacted by sales mix

SEK M	Q1 2019	Q1 2018	Change, %
Net sales	986	890	11
Organic, %	-3	-4	
Structural, %	7	3	
Exchange rate, %	7	-1	
EBIT	119	113	5
EBIT, %	12.0	12.7	-0.7 p.p.

Good organic growth but weaker margin

Trelleborg Industrial Solutions¹

- Organic sales: +4%
- Construction-related segments slightly positive; general industry mixed
- Organic sales positive in Europe and Asia; slightly weaker in North America
- EBIT and margin still negatively impacted by inefficiencies in Czech plant
- Two new productions facilities established – US and India

SEK M	Q1 2019	Q1 2018	Change, %
Net sales	2 069	1 923	8
Organic, %	4	8	
Structural, %	-	-	
Exchange rate, %	4	2	
EBIT	204	212	-4
EBIT, %	9.8	11.0	-1.2 p.p.

¹Excl. items affecting comparability

Weak quarter, but recovery on the horizon

Trelleborg Offshore & Construction¹

- Organic sales: -8%
- Weaker sales in particularly offshore and to a lesser degree in infrastructure segments
- Fewer project deliveries impacted EBIT and margin
- Growing order book for both offshore and infrastructure segments
- Recovery on the horizon, particularly in H2 2019

SEK M	Q1 2019	Q1 2018	Change, %
Net sales	562	576	-2
Organic, %	-8	-18	
Structural, %	-	-	
Exchange rate, %	6	-2	
EBIT	-42	-34	-24
EBIT, %	-7.5	-5.9	-1.6 p.p.

Margins impacted by acquisitions and projects

Trelleborg Sealing Solutions¹

- Organic sales: +0%; structural growth: +4%
- North America positive; Europe and Asia slightly softer
- General industry flattish, Automotive weaker; Aerospace strong
- EBIT benefited from acquisitions
- Margin declined due to acquisitions and costs for market activities
- Sil-Pro acquisition completed – global platform for Medical & Healthcare established

SEK M	Q1 2019	Q1 2018	Change, %
Net sales	3 118	2 800	11
Organic, %	0	8	
Structural, %	4	1	
Exchange rate, %	7	-2	
EBIT	724	684	6
EBIT, %	23.2	24.4	-1.2 p.p.

¹Excl. items affecting comparability

Sales growth but lower margin

Trelleborg Wheel Systems¹

- Organic sales: +3%; structural growth: +2%
- Positive agri sales in Europe and North America; softer in Asia
- Industrial and construction tire sales stable and growing
- Margin impacted by timing of price increases

SEK M	Q1 2019	Q1 2018	Change, %
Net sales	2 773	2 505	11
Organic, %	3	4	
Structural, %	2	1	
Exchange rate, %	6	3	
EBIT	351	368	-5
EBIT, %	12.7	14.7	-2.0 p.p.



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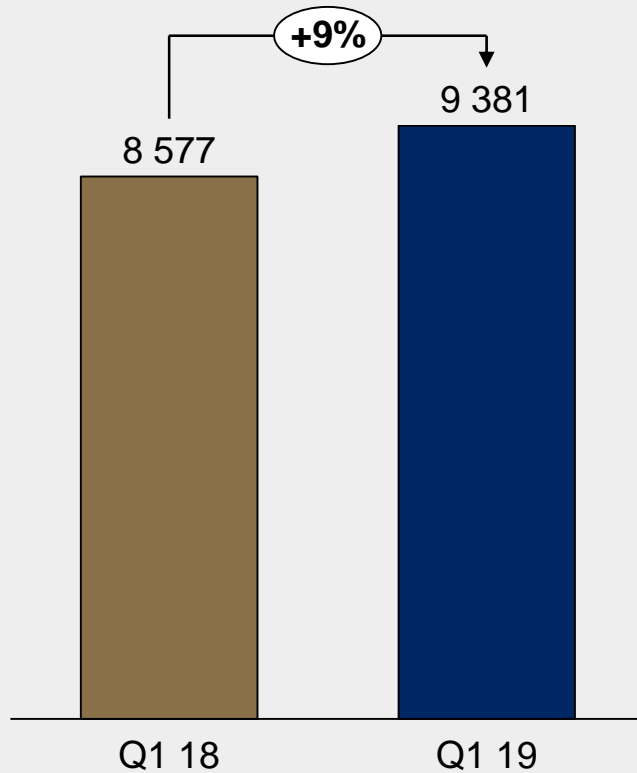
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Sales growth of nine percent

Sales development

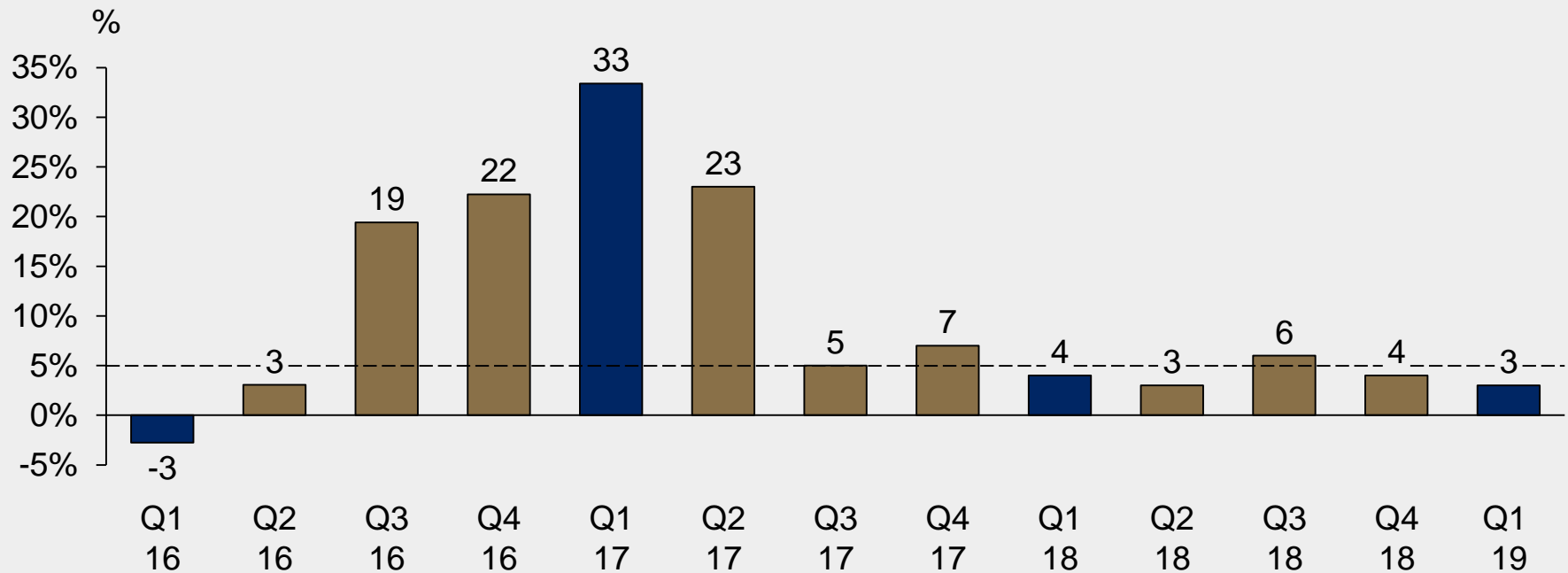


January - March [%]

Organic	1
Structural	2
Currency	6
Total	9

12 quarters of positive sales development¹

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

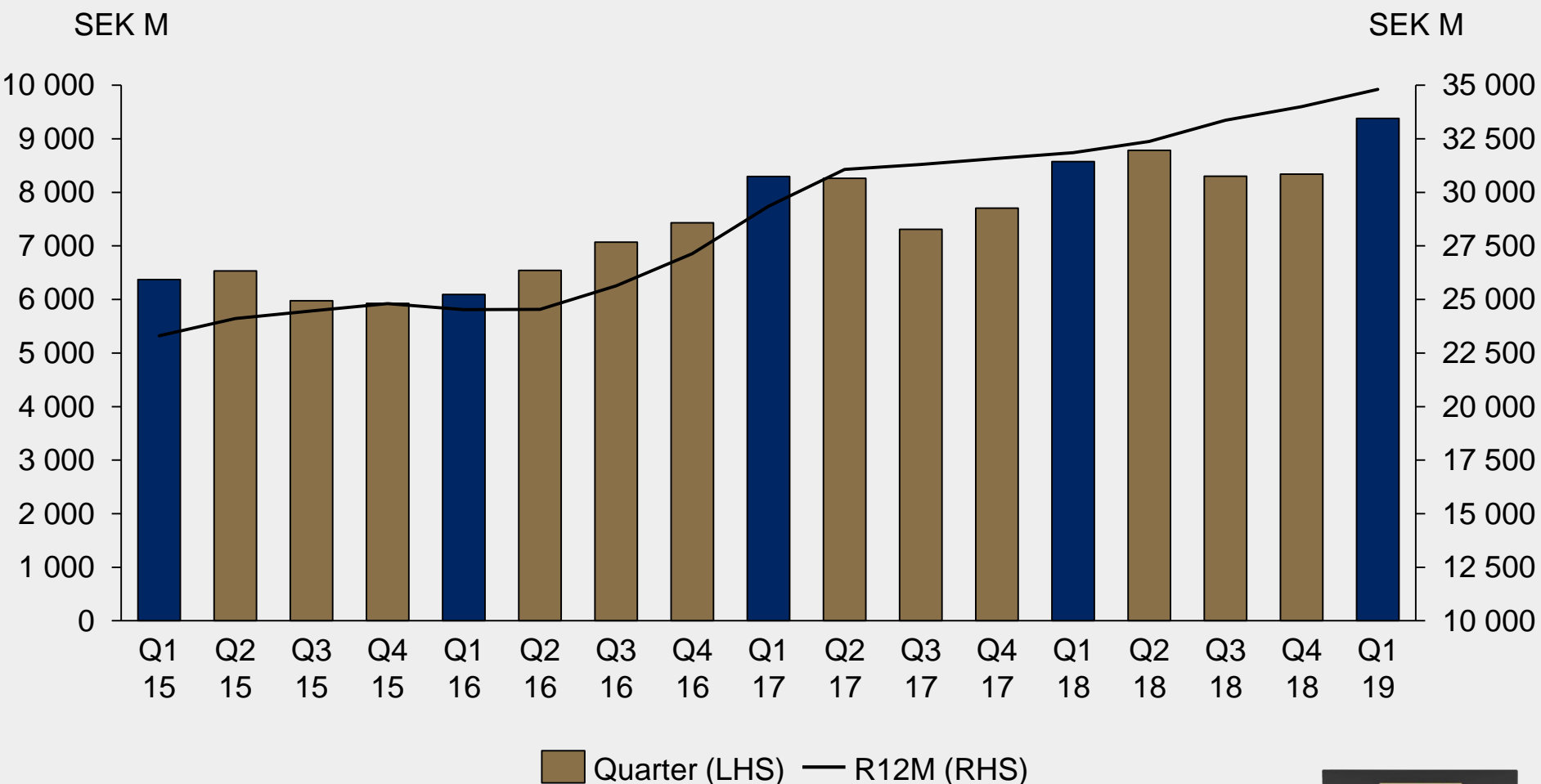


Of which organic growth, %:

-4 -6 -5 -4 -3 3 3 7 4 2 4 2 1

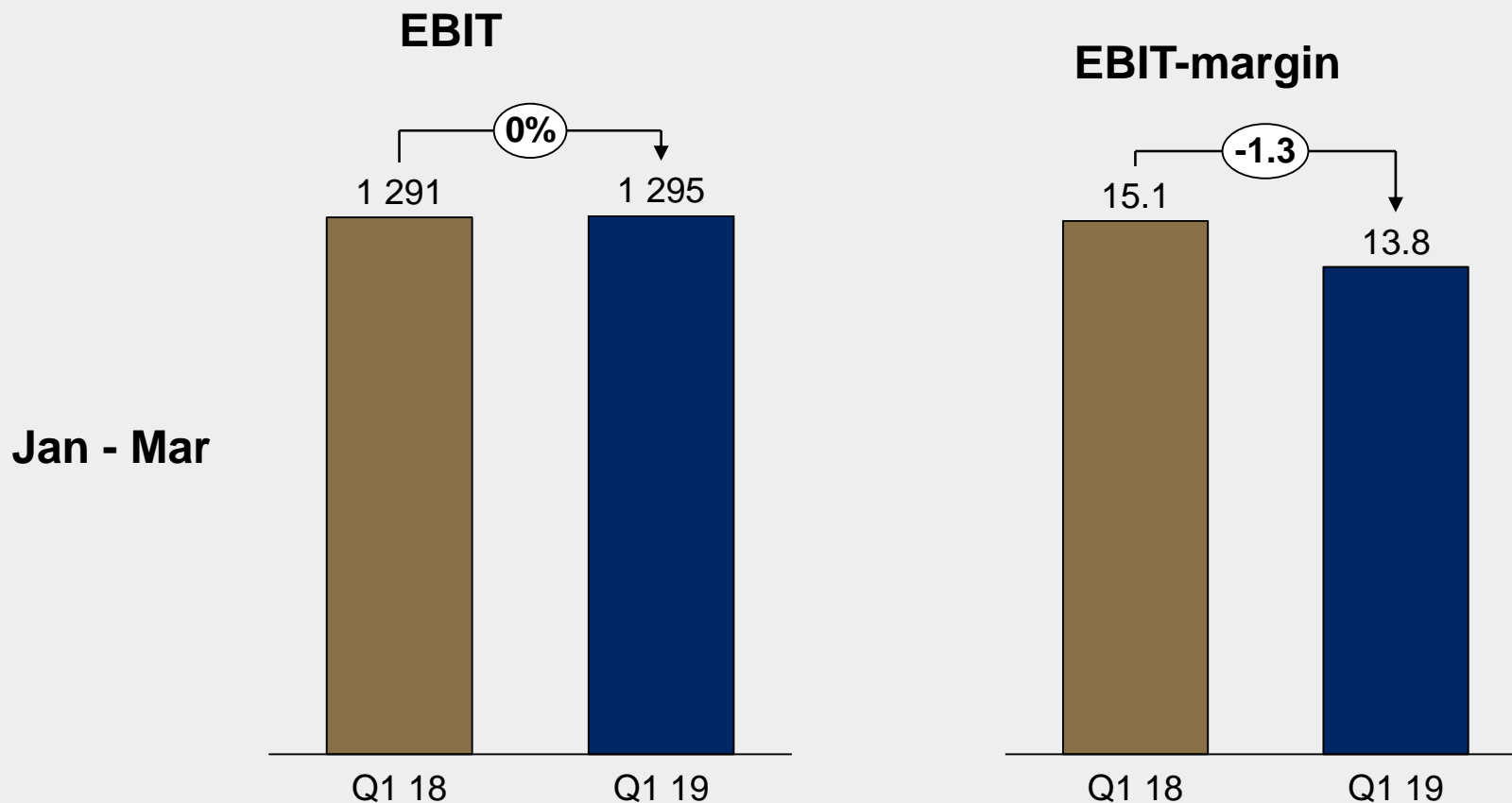
Highest first quarter sales to date

Sales development, R12M



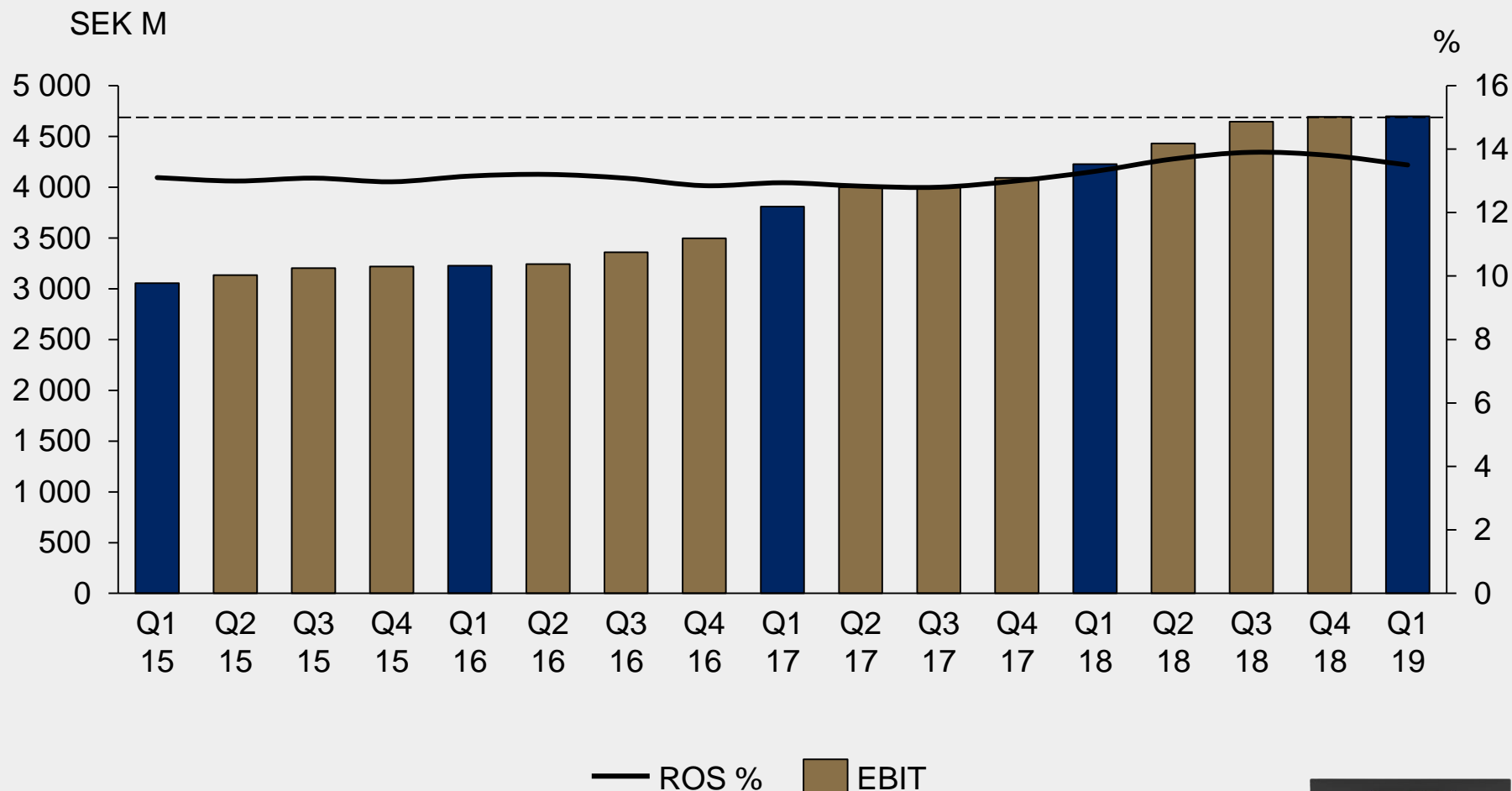
Highest first quarter EBIT to date

EBIT development¹



24 consecutive quarters of improved EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

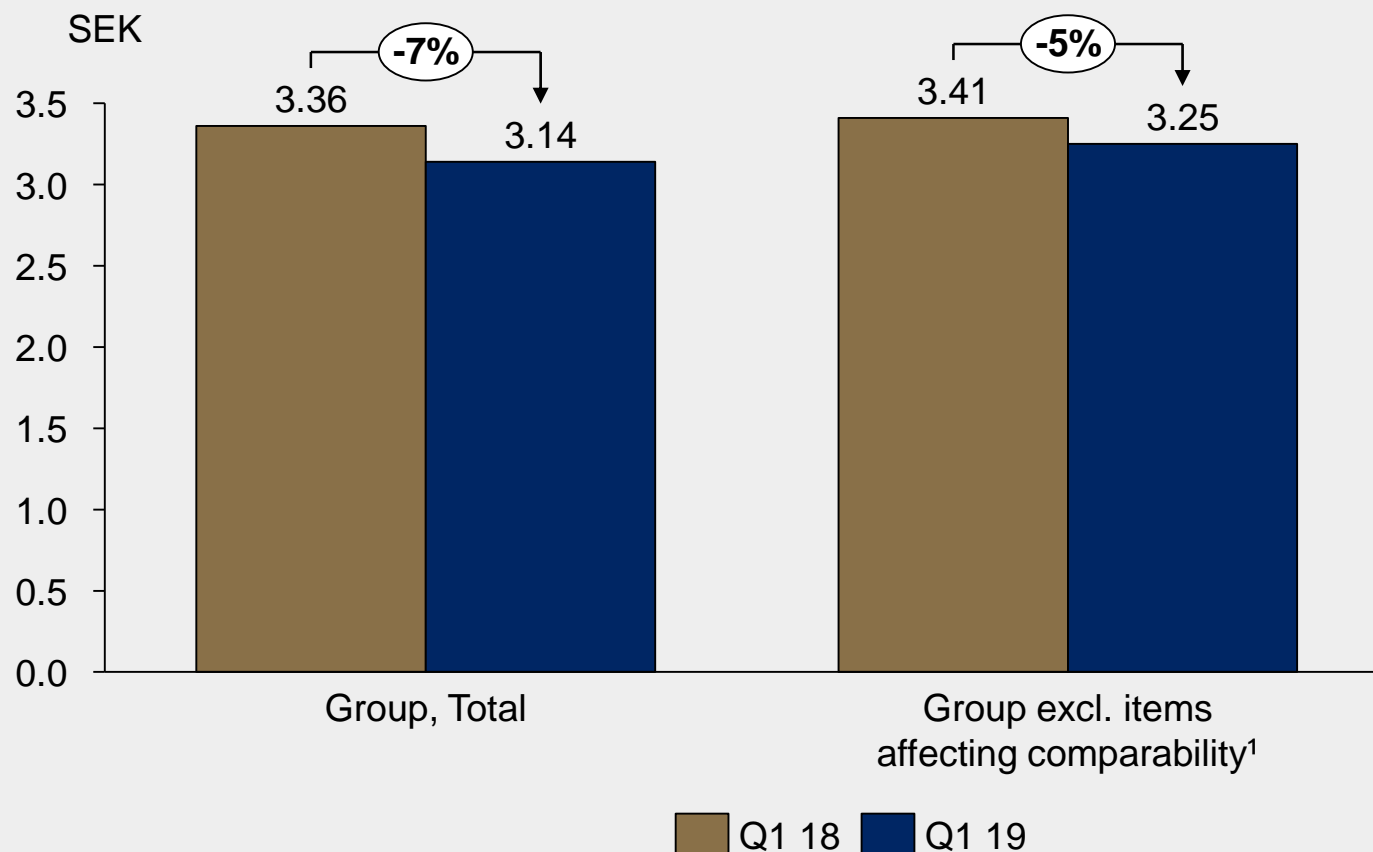
Total Group

Profit & loss statement

SEK M	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018	Change, %
EBIT, excl. items affecting comparability	1 295	1 291	0	4 698	4 694	0
EBIT margin, %	13,8	15,1	-1.3 p.p.	13,5	13,8	-0.3 p.p.
Items affecting comparability	-20	-18		-178	-176	
EBIT	1 275	1 273	0	4 520	4 518	0
Financial income and expenses	-120	-62	-94	-340	-282	-21
Profit before tax	1 155	1 211	-5	4 180	4 236	-1
Taxes	-303	-301	-1	-1 048	-1 046	0
Net profit, Group	852	910	-6	3 132	3 190	-2

Slight decline in earnings per share

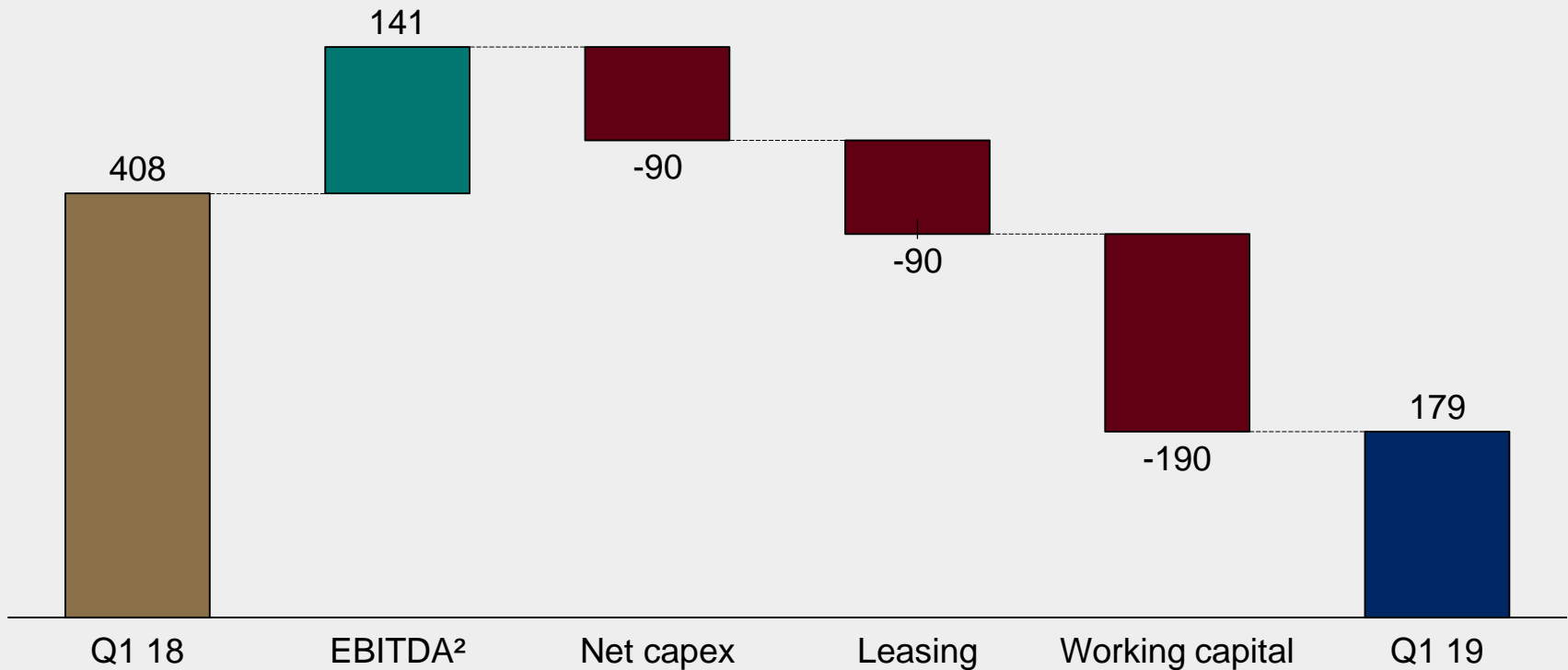
Earnings per share



¹No dilution effects arose.

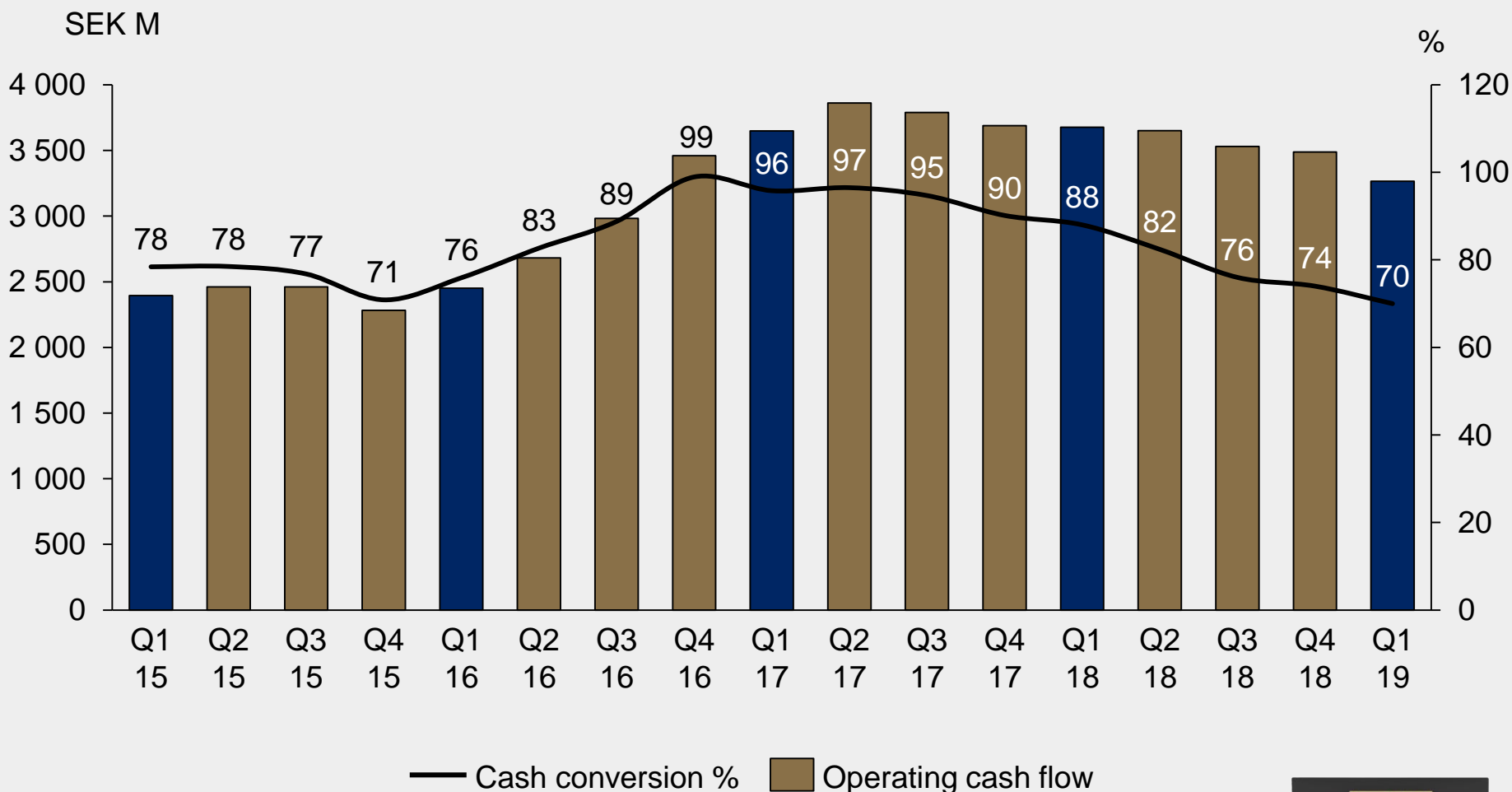
Cash flow impacted by capex, receivables and IFRS 16 accounting

Operating cash flow¹, SEK M



Lower cash conversion due to OCF

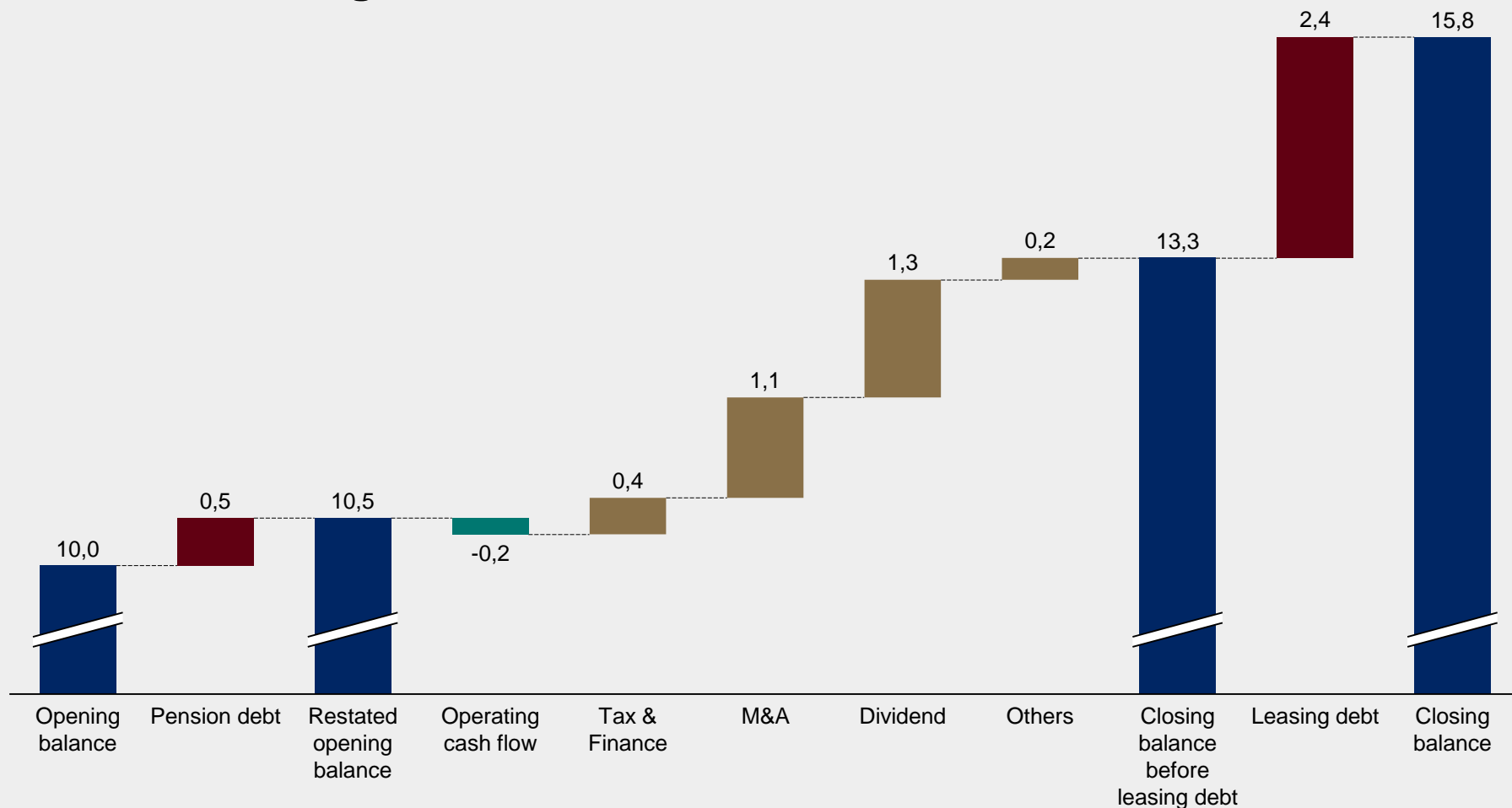
Operating cash flow, R12M¹



¹Excluding items affecting comparability

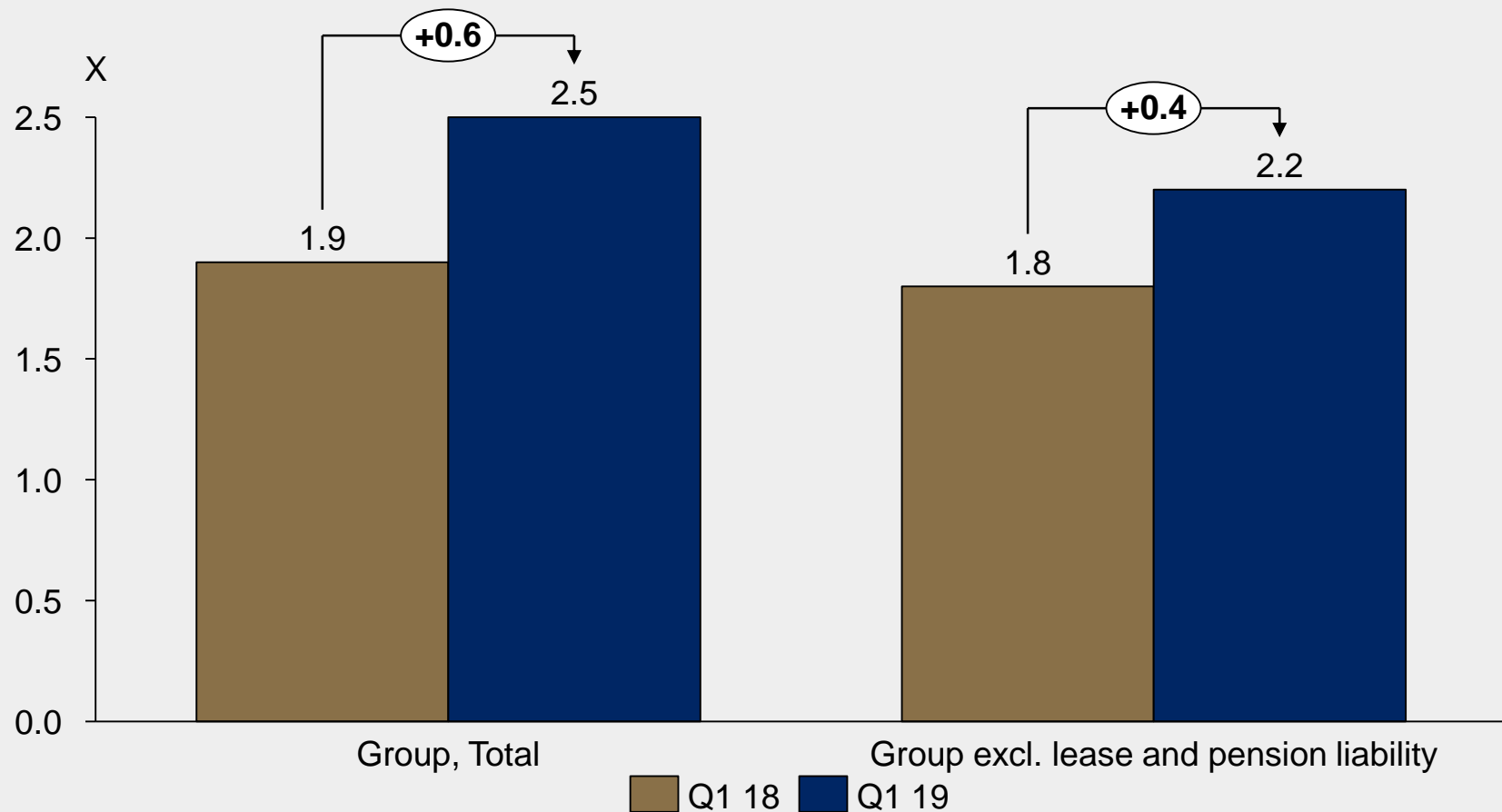
IFRS 16 impact on Net debt

Net debt bridge Q1 2019, SEK B



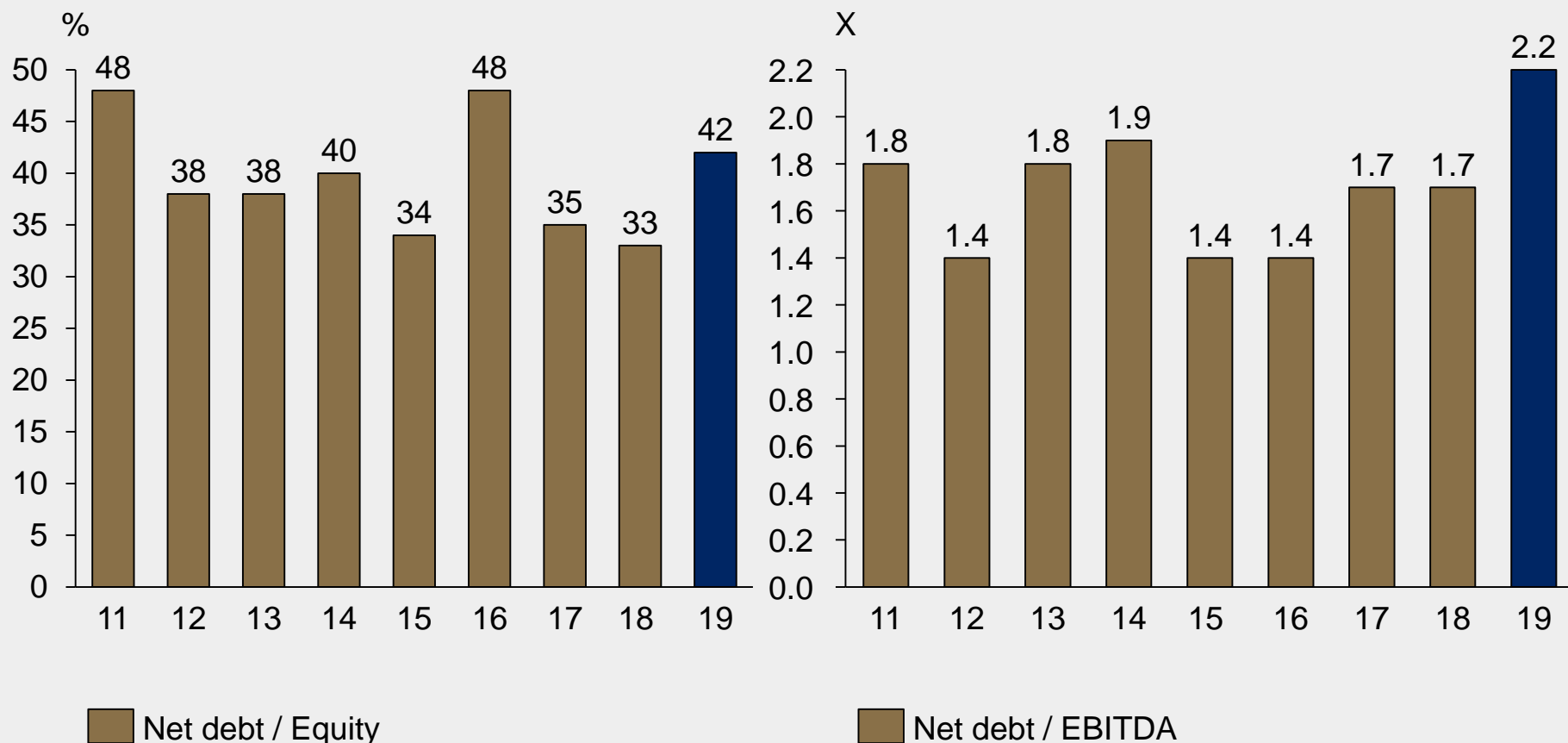
Leverage impacted by net debt (IFRS 16), M&A and timing of dividend pay-out

Net debt / EBITDA, R12M



M&A and timing of dividend pay-out impact ratios

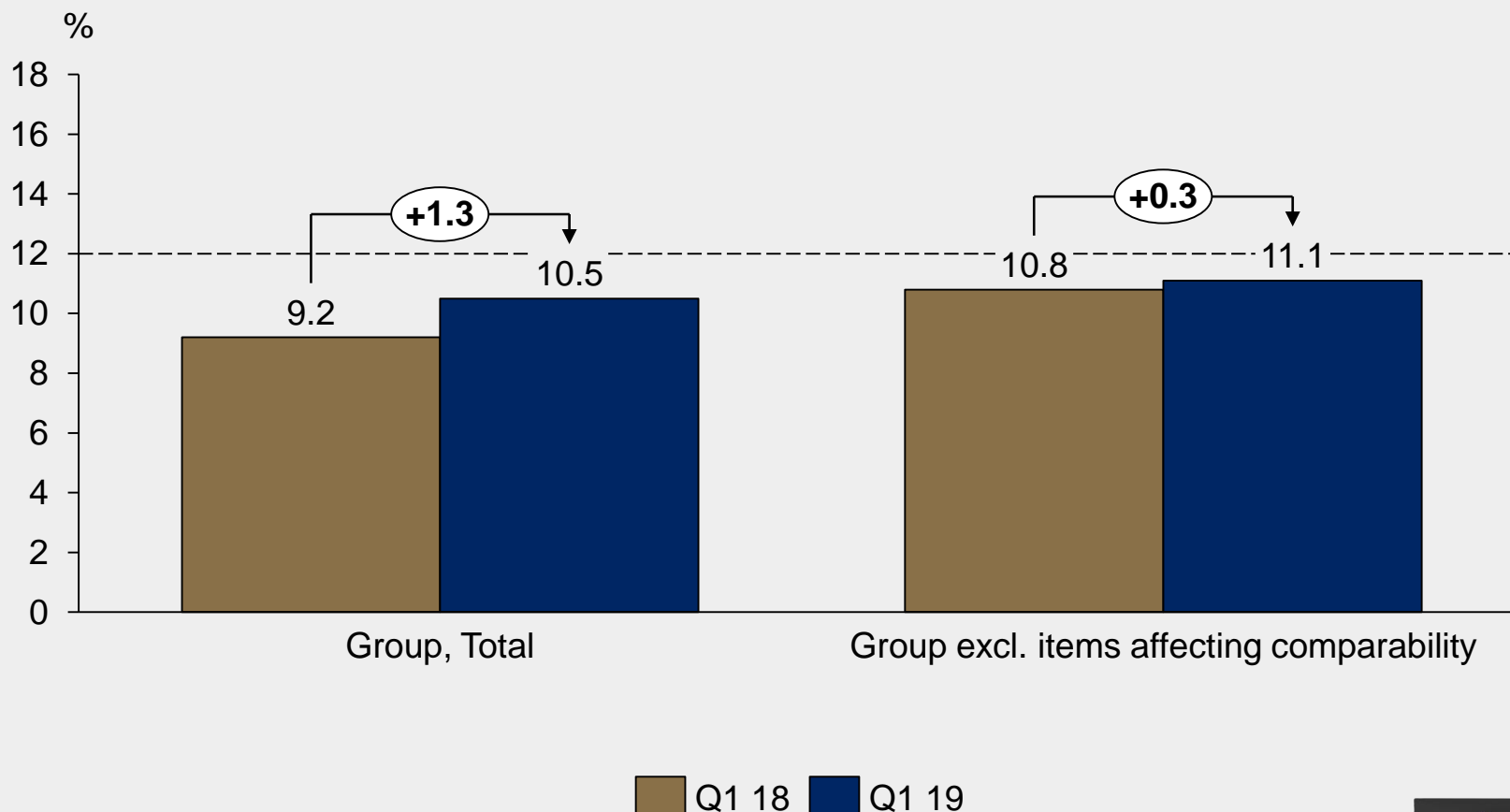
Gearing and leverage development, R12M¹



¹Total Group, excluding lease and pension liability

Slight ROE improvement

Return on equity, R12M





Financial guidelines for full-year 2019

- Capex: SEK ~1,8-2 Bn
- Restructuring costs: SEK ~250 M
- Underlying tax rate: ~26%
- Amortization of intangible assets¹: SEK ~350 M



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Continued focus on growth and excellence

2019 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
- Manage constraints in supply chains
- Continued focus on innovations and smart use of new technology
- Integration of recent acquisitions

Outlook Q2 2019

- Demand is expected to be on a par with the first quarter of 2019, adjusted for seasonal variations



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Questions & Answers

