



Trelleborg interim report

Q2 April-June 2019

Peter Nilsson, President & CEO
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Overall a solid quarter

Q2 2019 financial summary

- Sales at SEK 9 361 M, an increase of 7 percent
- Organic sales in line with last year. Excluding project deliveries, the organic sales decreased with 1 percent
- EBIT¹ at SEK 1 321 M, corresponding to a margin of 14.1 percent
- Increased efforts to address the cost base – mainly through headcount reduction and efficiency measures
- Items affecting comparability at SEK -118 M
- Operating cash flow at SEK 1 052 M
- Cash conversion at 69 percent impacted by higher capex spending

Organic sales development by geography

Organic sales excl. project-related business¹

Total Group	
Apr-Jun 19	Apr-Jun 18
-1%	4%

North America		
Share	Apr-Jun 19	Apr-Jun 18
22%	4%	5%

Western Europe		
Share	Apr-Jun 19	Apr-Jun 18
48%	-2%	4%

Other Europe		
Share	Apr-Jun 19	Apr-Jun 18
10%	-5%	-2%

South and Other America		
Share	Apr-Jun 19	Apr-Jun 18
4%	3%	19%

Asia & Other markets		
Share	Apr-Jun 19	Apr-Jun 18
16%	-3%	5%

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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Growing with improved profitability

Trelleborg Coated Systems¹

- Organic sales: +4%
- Structural growth: +8%
- Coated fabrics; growth in most market segments
- Printing blankets; flat Y/Y, but with regional differences
- EBIT and margin improved due to improved productivity and sales mix

SEK M	Q2 2019	Q2 2018	Change, %
Net sales	1 039	889	17
Organic, %	4	-6	
Structural, %	8	4	
Exchange rate, %	5	3	
EBIT	137	104	32
EBIT, %	13.3	11.7	1.6 p.p.

Organic growth but muted profitability

Trelleborg Industrial Solutions¹

- Organic sales: +3%
- Oil & gas favorable, general industry mixed, automotive declined
- Organic sales positive in most geographical markets
- EBIT and margin negatively impacted by inefficiencies in Czech Rep.
- Extended measures to improve operations in Czech Republic
- Post Q2: Acquisition of Signum finalized

SEK M	Q2 2019	Q2 2018	Change, %
Net sales	2 092	1 982	6
Organic, %	3	6	
Structural, %	-	-	
Exchange rate, %	3	3	
EBIT	208	223	-7
EBIT, %	10.0	11.3	-1.3 p.p.

¹Excl. items affecting comparability

A step towards profitability

Trelleborg Offshore & Construction¹

- Organic sales: 7%
- Good organic growth sales in both oil/gas and infrastructure segments
- Increased sales improved EBIT and margin
- Growing order book for both oil/gas and infrastructure segments
- Significant organic growth in H2 2019, positive results in Q4

SEK M	Q2 2019	Q2 2018	Change, %
Net sales	671	603	11
Organic, %	7	-19	
Structural, %	-	-	
Exchange rate, %	4	1	
EBIT	-8	-25	68
EBIT, %	-1.2	-4.2	3.0 p.p.

Mixed market development

Trelleborg Sealing Solutions¹

- Organic sales: +0%; structural growth: +4%
- North America positive, Europe and Asia slightly softer
- General industry slightly weaker, Automotive down, Aerospace strong
- EBIT increased due to sales growth stemming from acquisitions
- Margin mainly declined due to acquisitions and underabsorption in certain auto-related plants

SEK M	Q2 2019	Q2 2018	Change, %
Net sales	3 090	2 840	9
Organic, %	0	6	
Structural, %	4	0	
Exchange rate, %	5	3	
EBIT	711	693	3
EBIT, %	23.0	24.4	-1.4 p.p.

Weak aftermarket results in margin drop

Trelleborg Wheel Systems¹

- Organic sales: -5%; structural growth: +2%
- Positive agri sales in N. America but softer in Europe and in Asia
- Positive organic sales to OE-manufacturers in both agri and material handling & construction
- Significant decline in aftermarket for both segments
- EBIT and margin declined due to lower volumes and sales mix
- Addressing cost base – mainly through headcount reduction

SEK M	Q2 2019	Q2 2018	Change, %
Net sales	2 591	2 583	0
Organic, %	-5	4	
Structural,%	2	1	
Exchange rate, %	3	4	
EBIT	321	373	-14
EBIT, %	12.4	14.5	-2.1 p.p.

¹Excl. items affecting comparability



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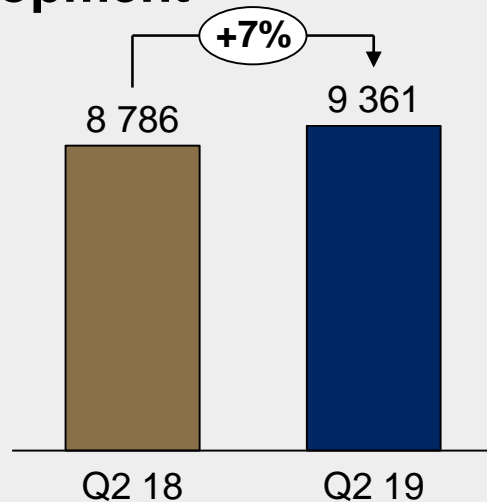
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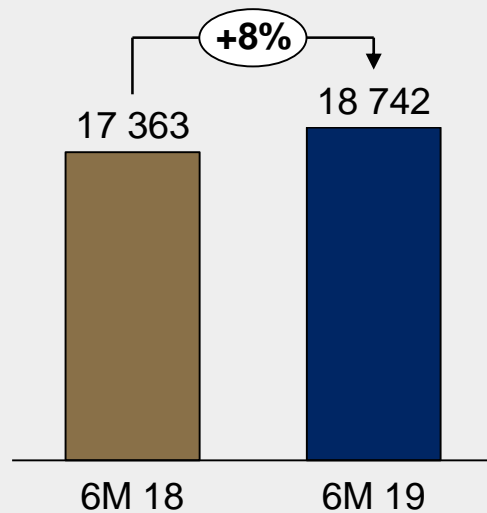
Flat organic growth, while M&A boost sales

Sales development



April - June [%]

Organic	0
Structural	3
Currency	4
Total	7

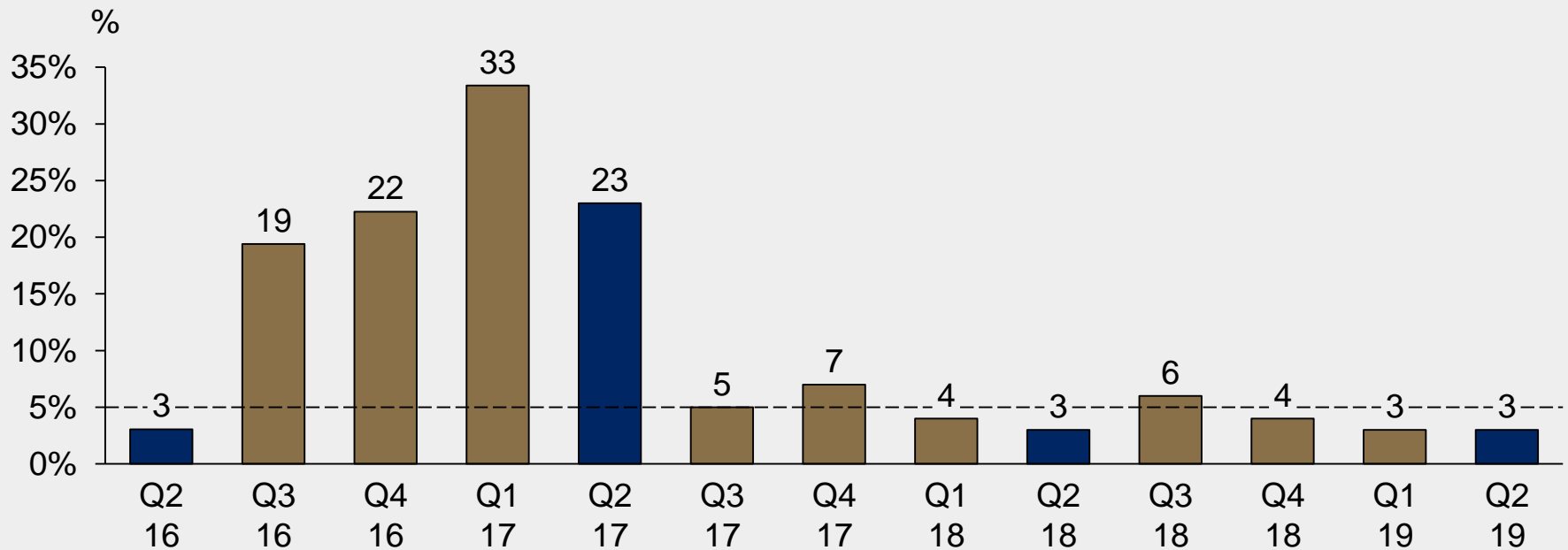


January - June [%]

Organic	0
Structural	3
Currency	5
Total	8

13 quarters of positive sales development¹

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



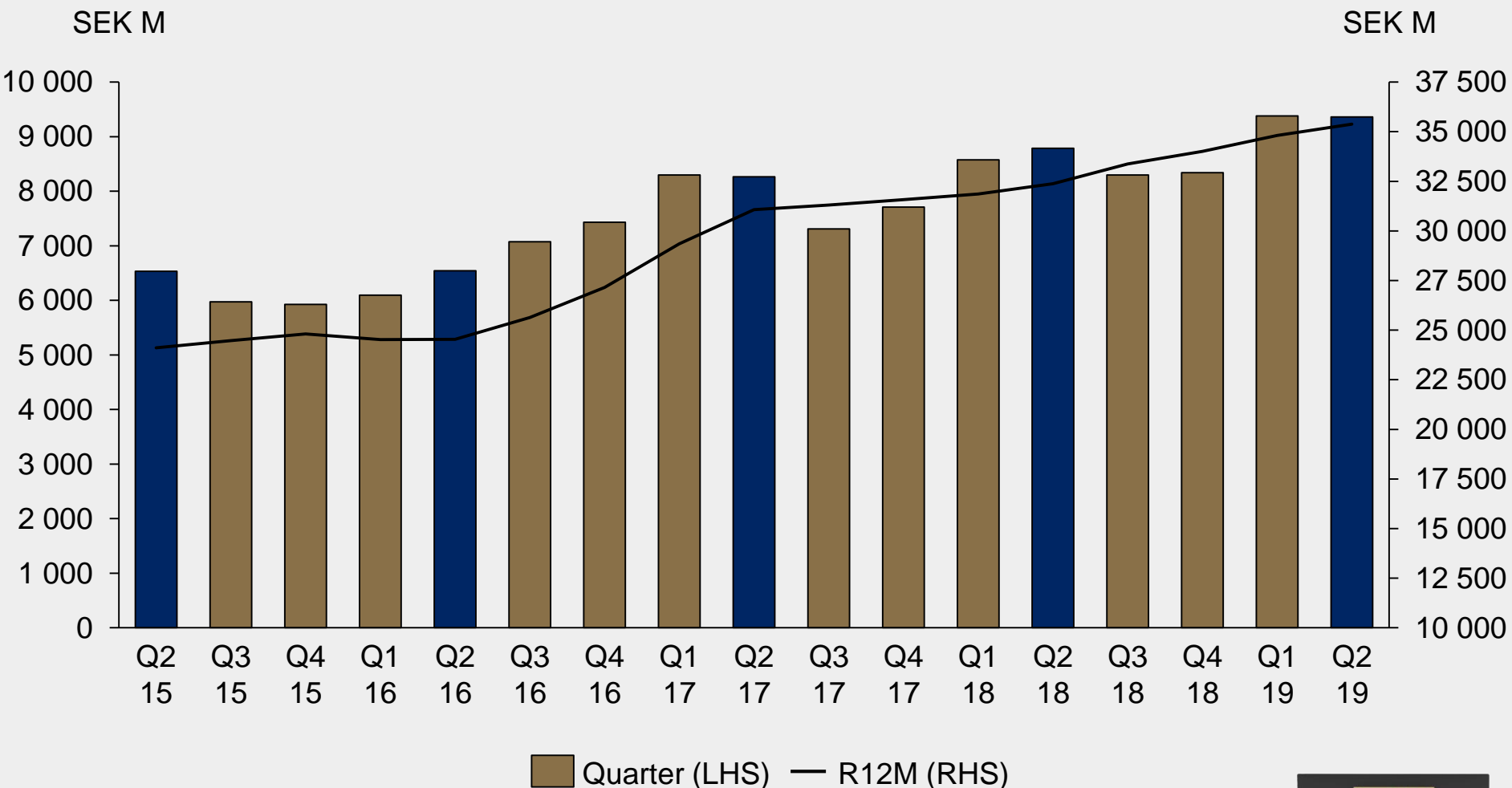
Of which organic growth, %:

-6 -5 -4 -3 3 3 7 4 2 4 2 1 0

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

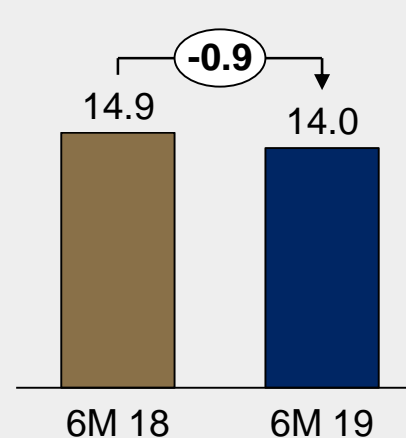
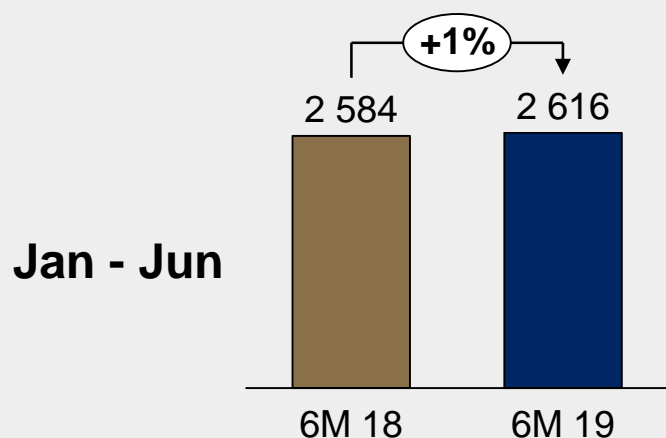
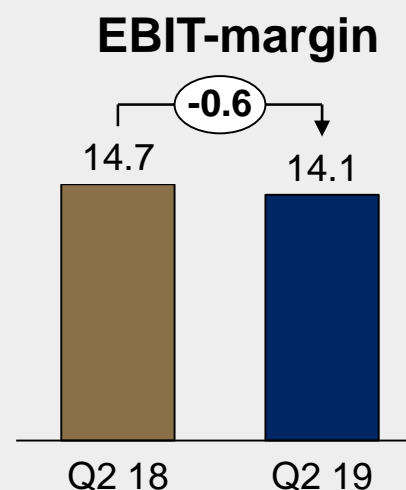
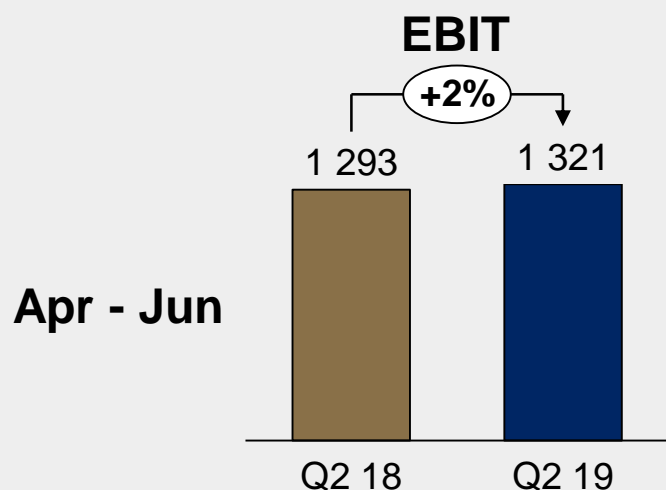
Highest second quarter sales to date

Sales development, R12M



Highest second quarter EBIT to date

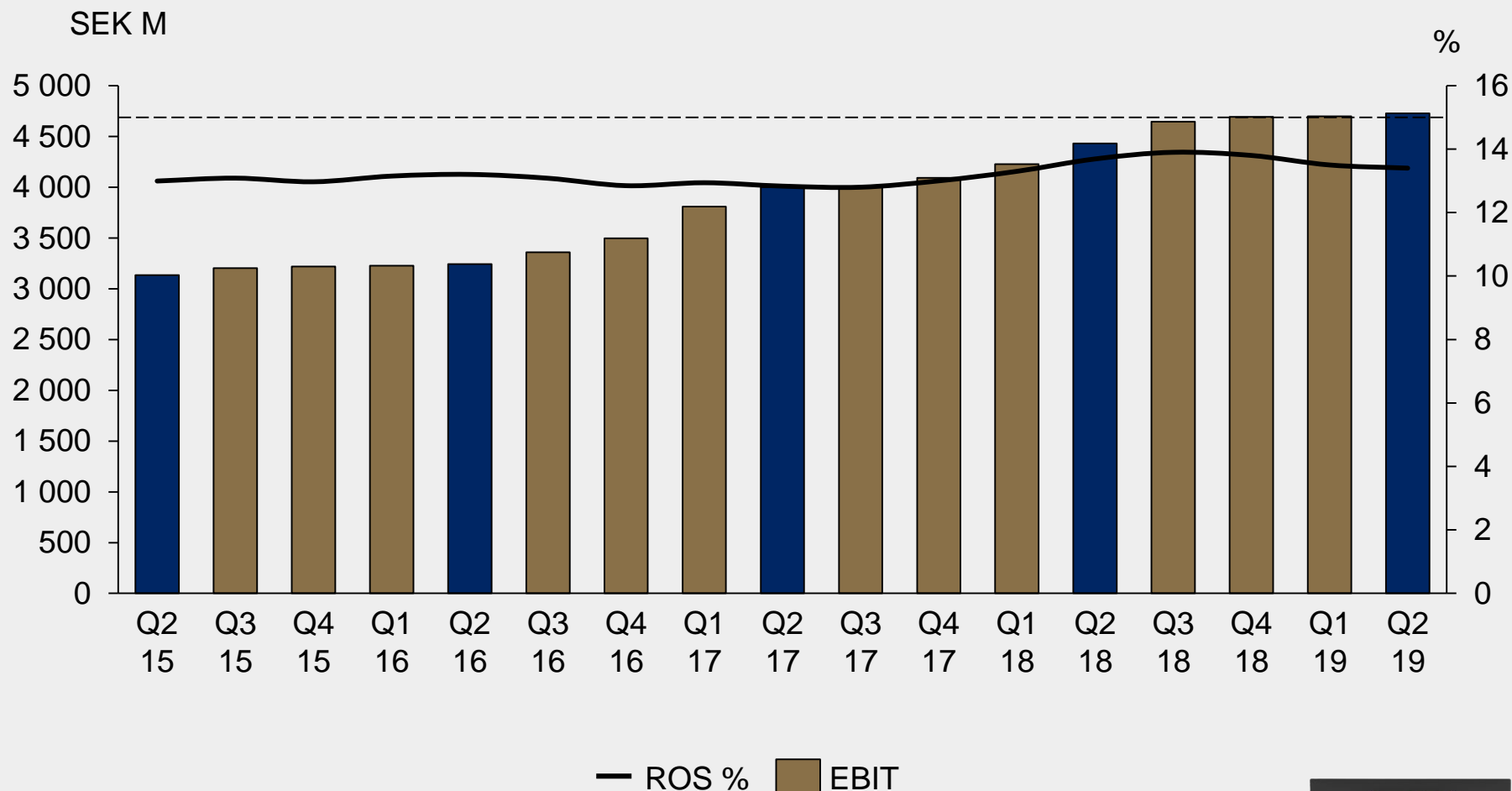
EBIT development¹



¹Excluding items affecting comparability

25 consecutive quarters of improved EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

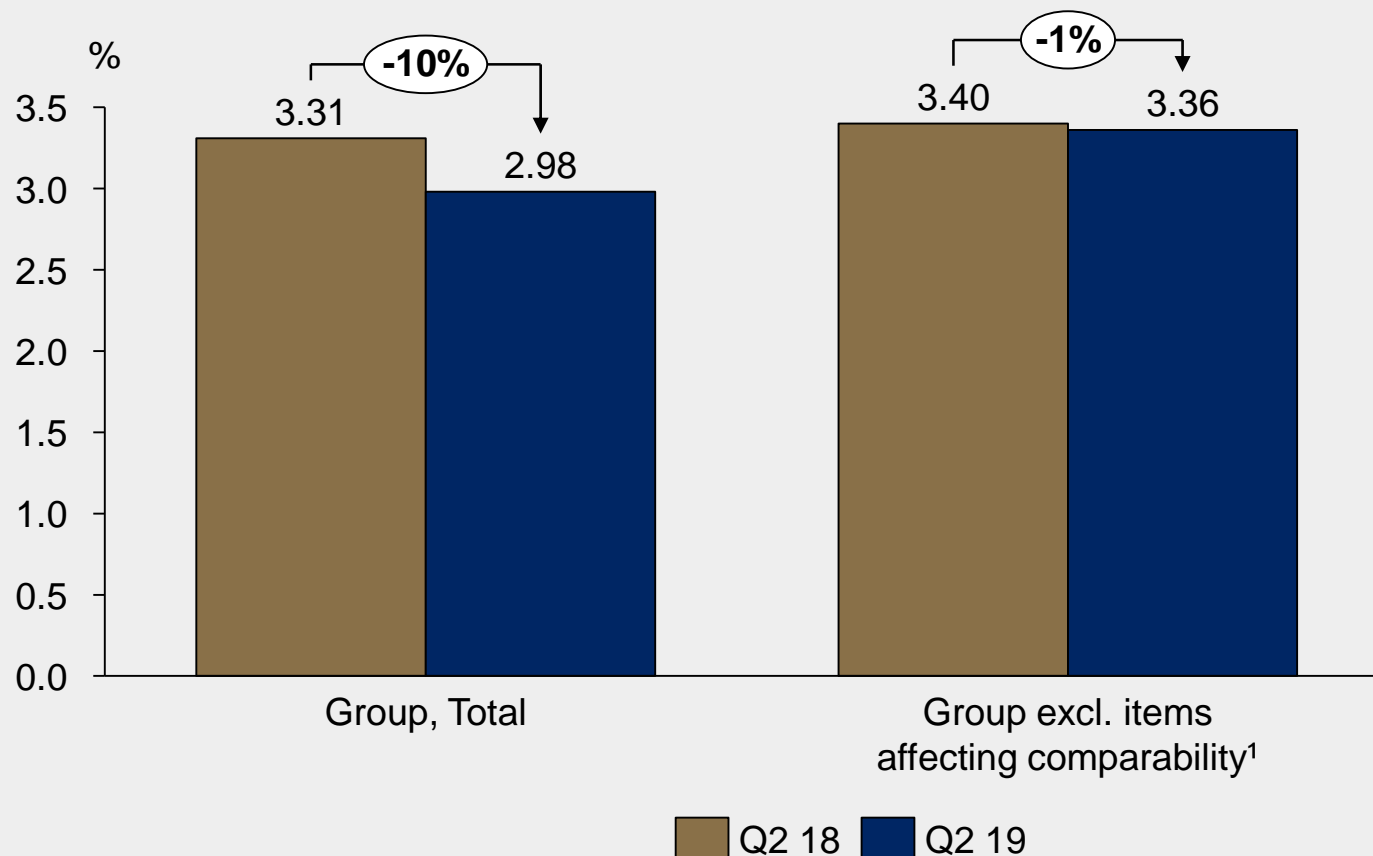
Total Group

Profit & loss statement

SEK M	Q2 2019	Q2 2018	Change, %	6M 2019	6M 2018	Change, %
EBIT, excl. items affecting comparability	1 321	1 293	2	2 616	2 584	1
EBIT margin, %	14.1	14.7	-0.6 p.p.	14.0	14.9	-0.9 p.p.
Items affecting comparability	-118	-32		-138	-50	
EBIT	1 203	1 261	-5	2 478	2 534	-2
Financial income and expenses	-111	-70	-59	-231	-132	-75
Profit before tax	1 092	1 191	-8	2 247	2 402	-6
Taxes	-286	-294	3	-589	-595	1
Net profit, Group	806	897	-10	1 658	1 807	-8

Slight decline in underlying earnings per share

Earnings per share



¹No dilution effects arose.

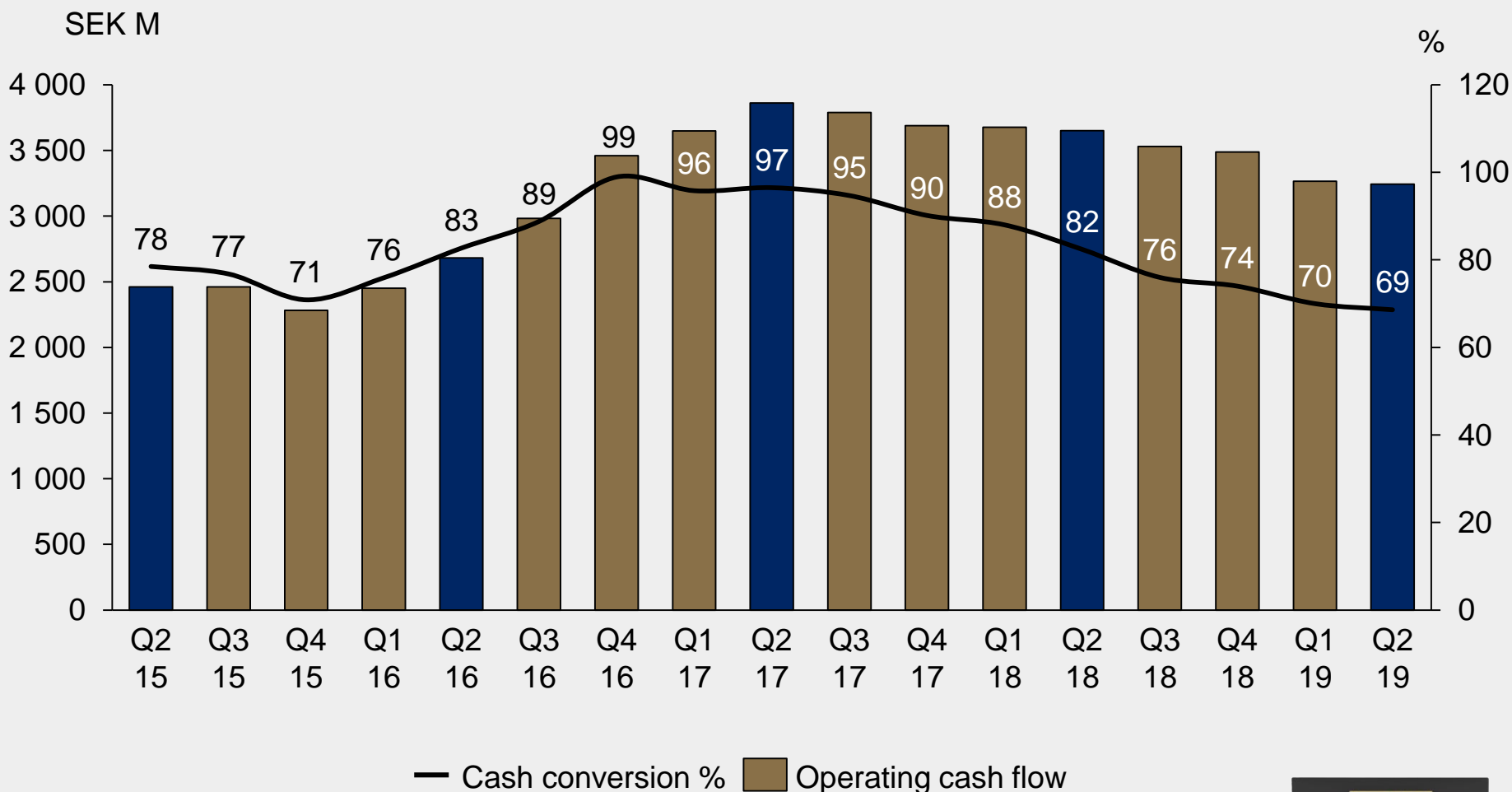
Cash flow in line with last year

Operating cash flow¹



Cash conversion impacted by high capex

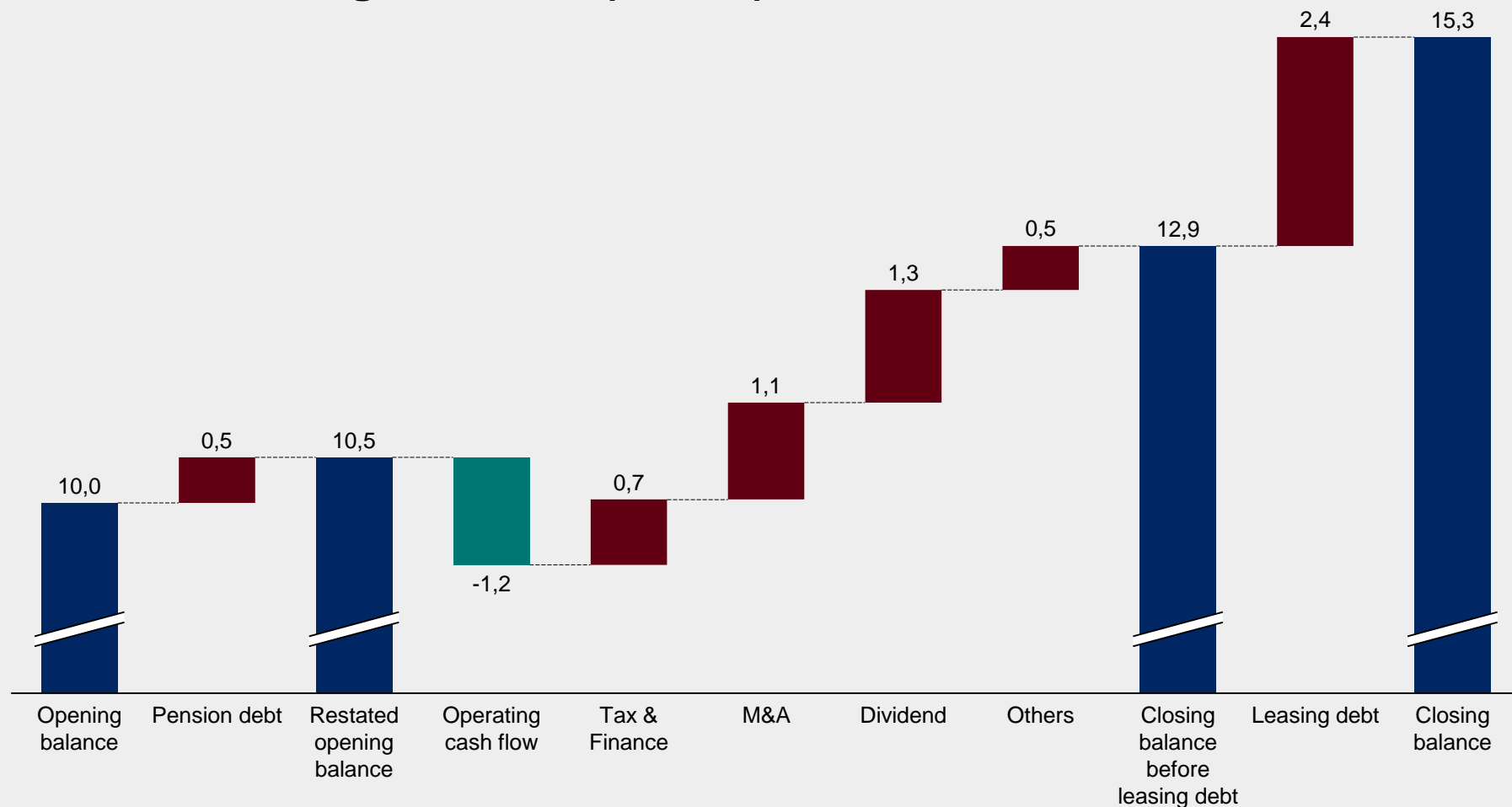
Operating cash flow, R12M¹



¹Excluding items affecting comparability

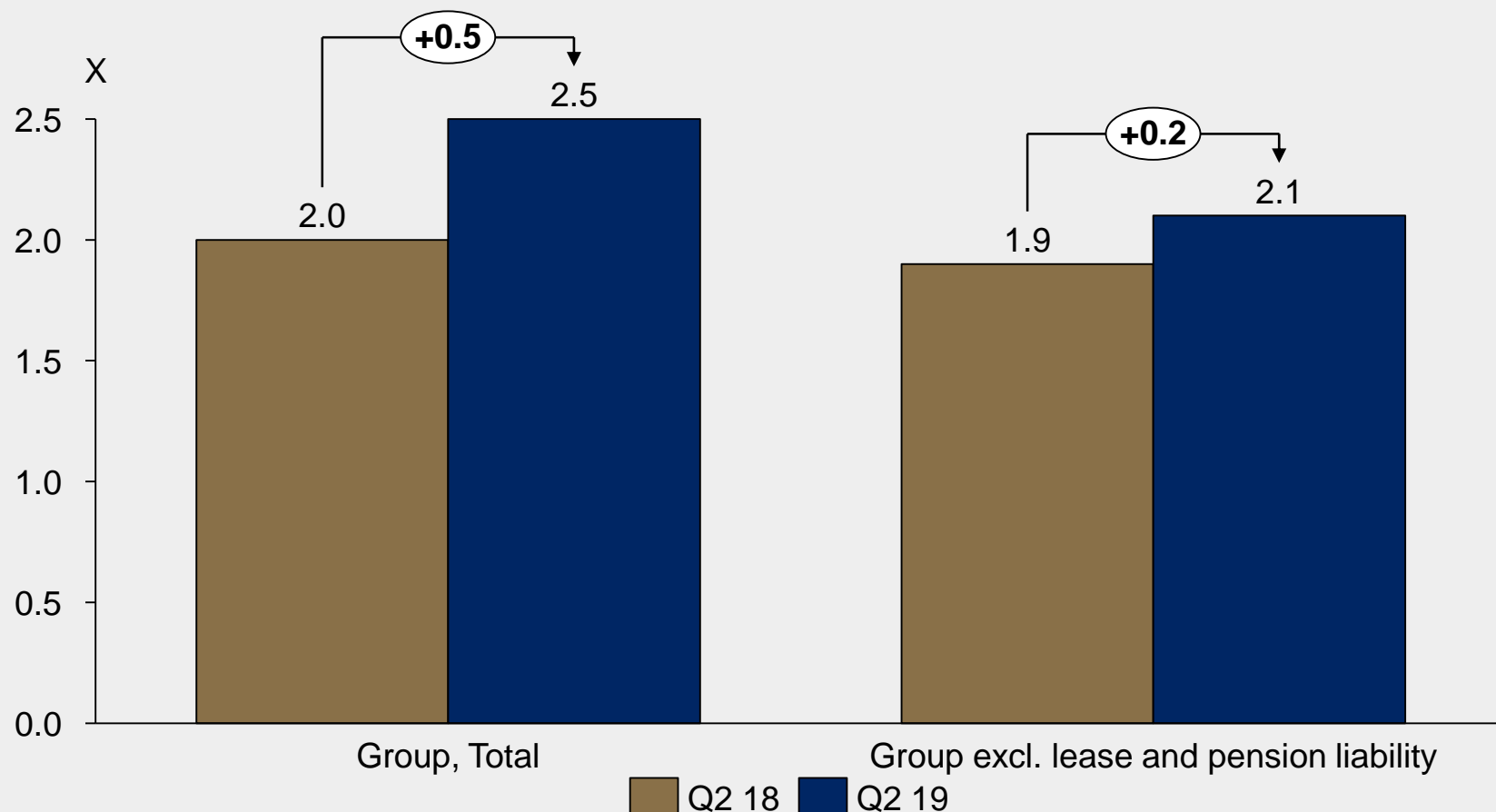
IFRS 16 impact on net debt

Net debt bridge 6M 2019 (SEK B)



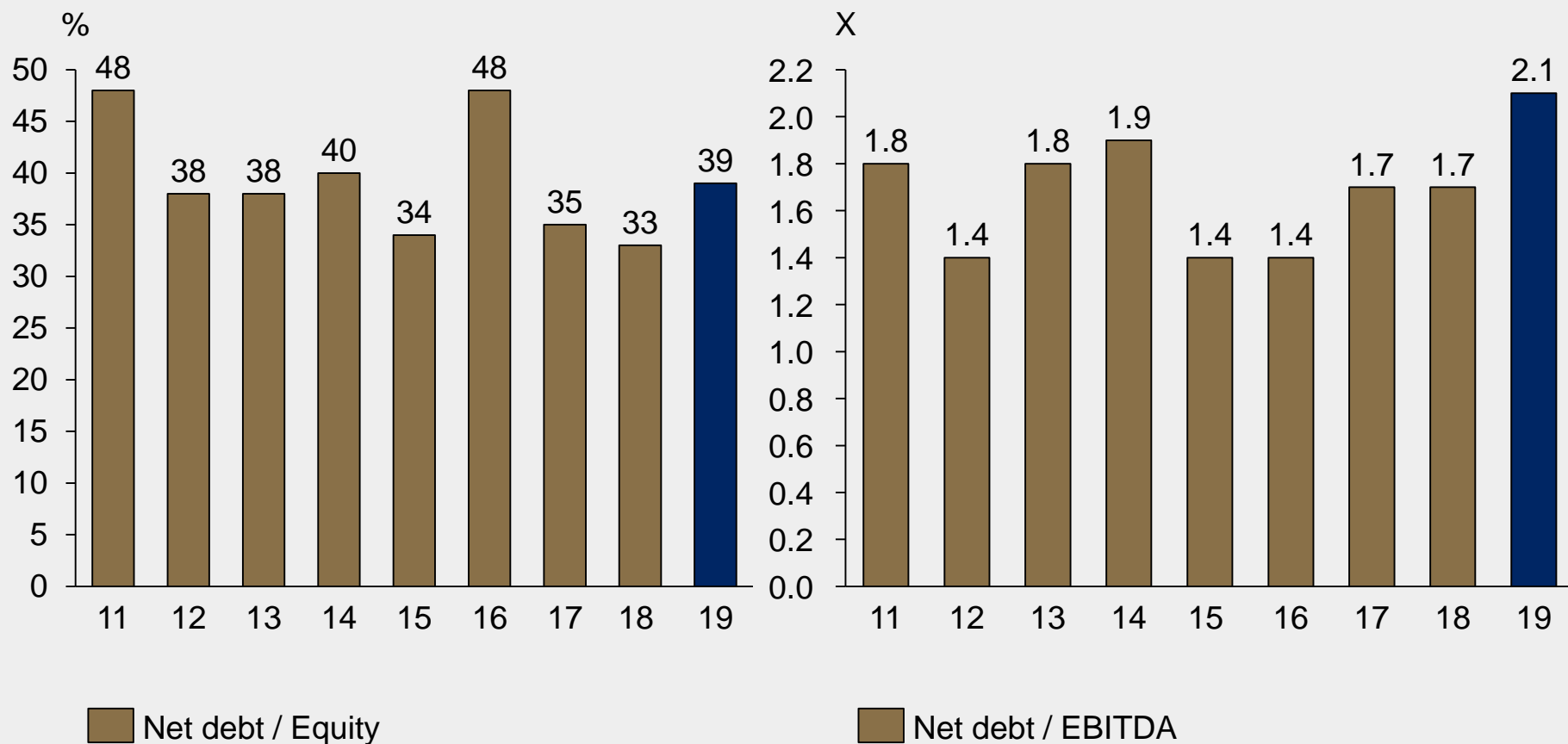
Leverage impacted by net debt (IFRS 16)

Net debt / EBITDA, R12M



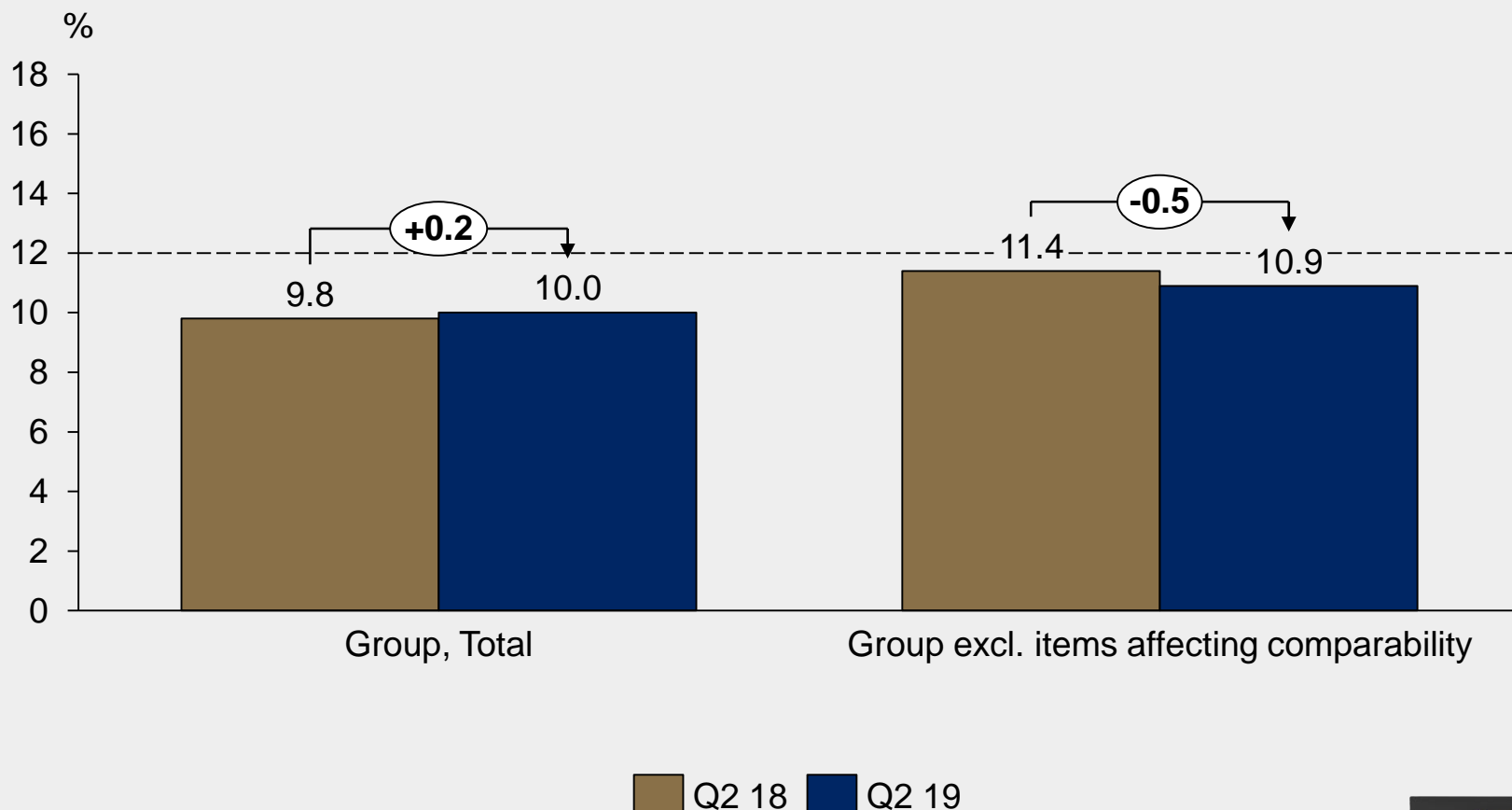
Gearing and leverage development

R12M, total Group, excluding lease and pension liability



Slight underlying ROE decline

Return on equity, R12M





Financial guidelines for full-year 2019

- Capex: SEK ~1,8-2 Bn
- Restructuring costs: SEK ~500 M (earlier guidance SEK ~250 M)
- Underlying tax rate: ~26%



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Continued focus on growth and excellence

2019 priorities

- Manage market conditions
- Continued portfolio management to improve leading positions
- Continued focus on operational excellence and footprint optimization
- Continued focus on innovation, improved customer integration and smart use of new technology
- Integration of acquisitions

Outlook Q3 2019

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



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Questions & Answers

