



Trelleborg interim report

Q4 October-December 2019

Peter Nilsson, President & CEO

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Q&A

Stable despite continued challenges

Q4 2019 financial summary

- Sales at SEK 9 018 M, an increase of 8 percent
- Flat organic sales growth compared with the preceding year
- EBIT¹ at SEK 1 006 M, corresponding to a margin of 11.2 percent
- Items affecting comparability at SEK -3 431 M, of which SEK -3 198 M related to impairment of capital employed in Businesses Under Development
- Operating cash flow at SEK 1 530 M
- Cash conversion at 90 percent
- New organizational structure – from 5 to 3 business areas

Organic sales development by geography

Organic sales core business¹

Total Group	
Oct-Dec 19	Oct-Dec 18
-2%	2%

North America		
Share	Oct-Dec 19	Oct-Dec 18
24%	-2%	8%

Western Europe		
Share	Oct-Dec 19	Oct-Dec 18
47%	-4%	2%

Other Europe		
Share	Oct-Dec 19	Oct-Dec 18
9%	1%	-9%

South and Other America		
Share	Oct-Dec 19	Oct-Dec 18
4%	20%	4%

Asia & Other markets		
Share	Oct-Dec 19	Oct-Dec 18
16%	2%	2%

Share = Actual 2019²

¹ Excluding business under development

² Share represents sales including business under development



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Higher margins and organic growth

Trelleborg Industrial Solutions¹

- Organic sales: +1%; structural growth: +6%
- Strong marine and port solutions
- Lower sales to general industry and automotive stable
- Organic sales negative in Europe, flat in North America, positive in Asia
- EBIT and margin improved due to higher marine infrastructure activity and recent acquisitions

SEK M	Q4 2019	Q4 2018	Change, %
Net sales	2 795	2 524	11
Organic, %	1	2	
Structural, %	6	4	
Exchange rate, %	4	4	
EBIT	315	252	25
EBIT, %	11.3	10.0	1.3 p.p.

Solid performance on all fronts

Trelleborg Sealing Solutions¹

- Organic sales: +3%; structural growth: +5%
- General industry softer in Europe, but positive in N.A. and Asia
- Automotive stronger in all regions, mainly due to aftermarket sales
- Aerospace continued healthy growth
- EBIT and margin increased due to acquisitions and cost control
- Acquisition of US-based Tritec Seal

SEK M	Q4 2019	Q4 2018	Change, %
Net sales	2 952	2 622	13
Organic, %	3	6	
Structural, %	5	0	
Exchange rate, %	5	6	
EBIT	626	535	17
EBIT, %	21.2	20.4	0.8 p.p.

Tough market conditions and inventory cuts

Trelleborg Wheel Systems¹

- Organic sales: -9%; structural growth: +1%
- Declining organic sales in both agri and material handling & construction
- Extended production stops among several major OE customers
- EBIT and margin declined due to market headwinds and under-production to reduce inventory

SEK M	Q4 2019	Q4 2018	Change, %
Net sales	2 181	2 271	-4
Organic, %	-9	-2	
Structural,%	1	2	
Exchange rate, %	4	5	
EBIT	97	247	-61
EBIT, %	4.4	10.9	-6.5 p.p.

Volume recovery brings profitability

Businesses Under Development¹

- Organic sales: +11%; structural growth: +1%
- Strong performance in offshore oil & gas
- EBIT improved mainly due to higher sales volumes in offshore oil & gas
- Post Q4: small French operation divested

SEK M	Q4 2019	Q4 2018	Change, %
Net sales	1 171	1 012	16
Organic, %	11	-3	
Structural, %	1	0	
Exchange rate, %	4	4	
EBIT	30	-38	179
EBIT, %	2.6	-3.8	6.4 p.p.



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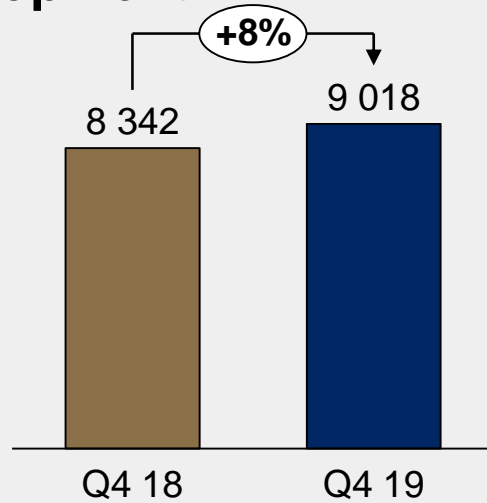
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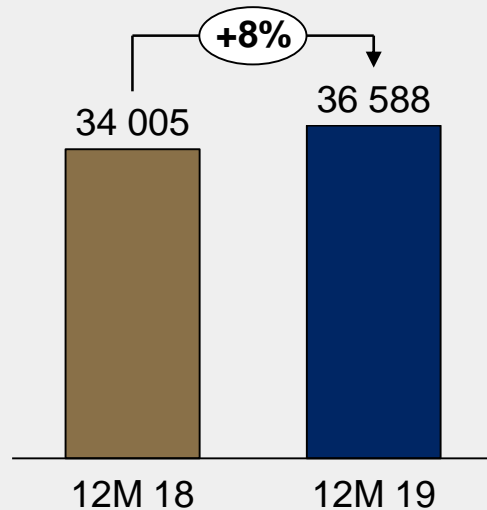
Sales growth despite flat organic sales

Sales development



October - December [%]

Organic	0
Structural	4
Currency	4
Total	8

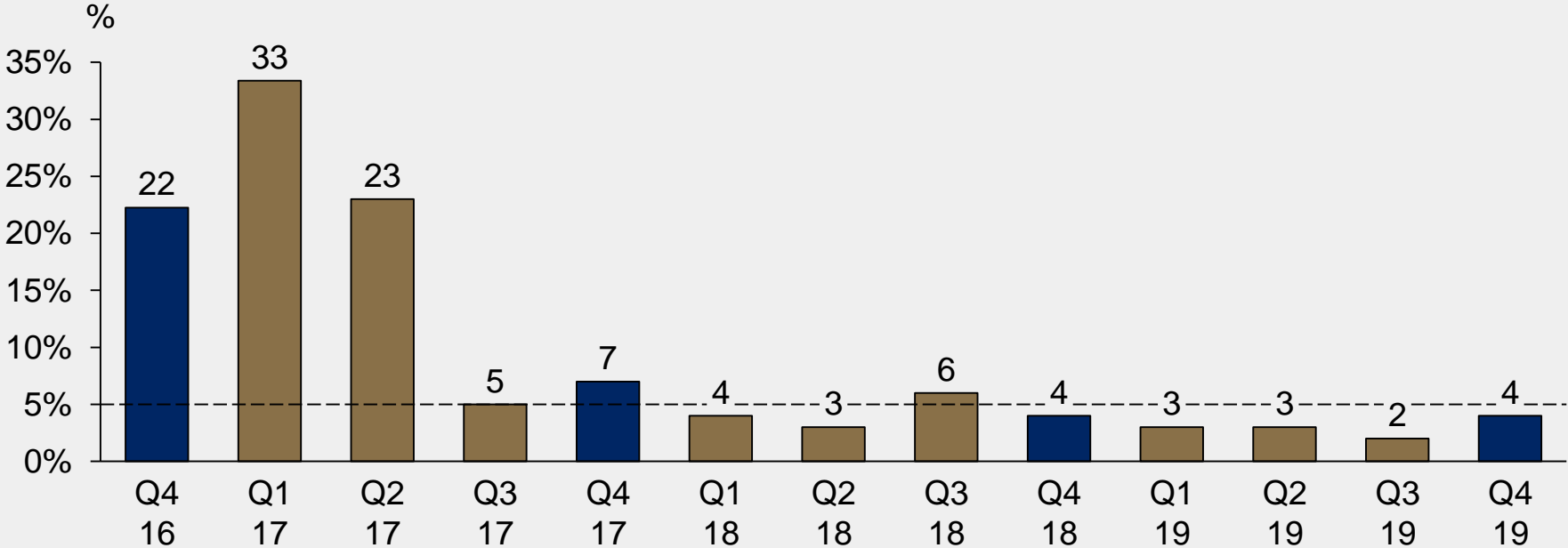


January - December [%]

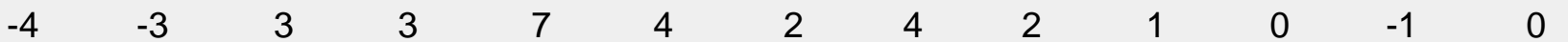
Organic	0
Structural	3
Currency	5
Total	8

15 quarters of positive sales development¹

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



Of which organic growth, %:



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

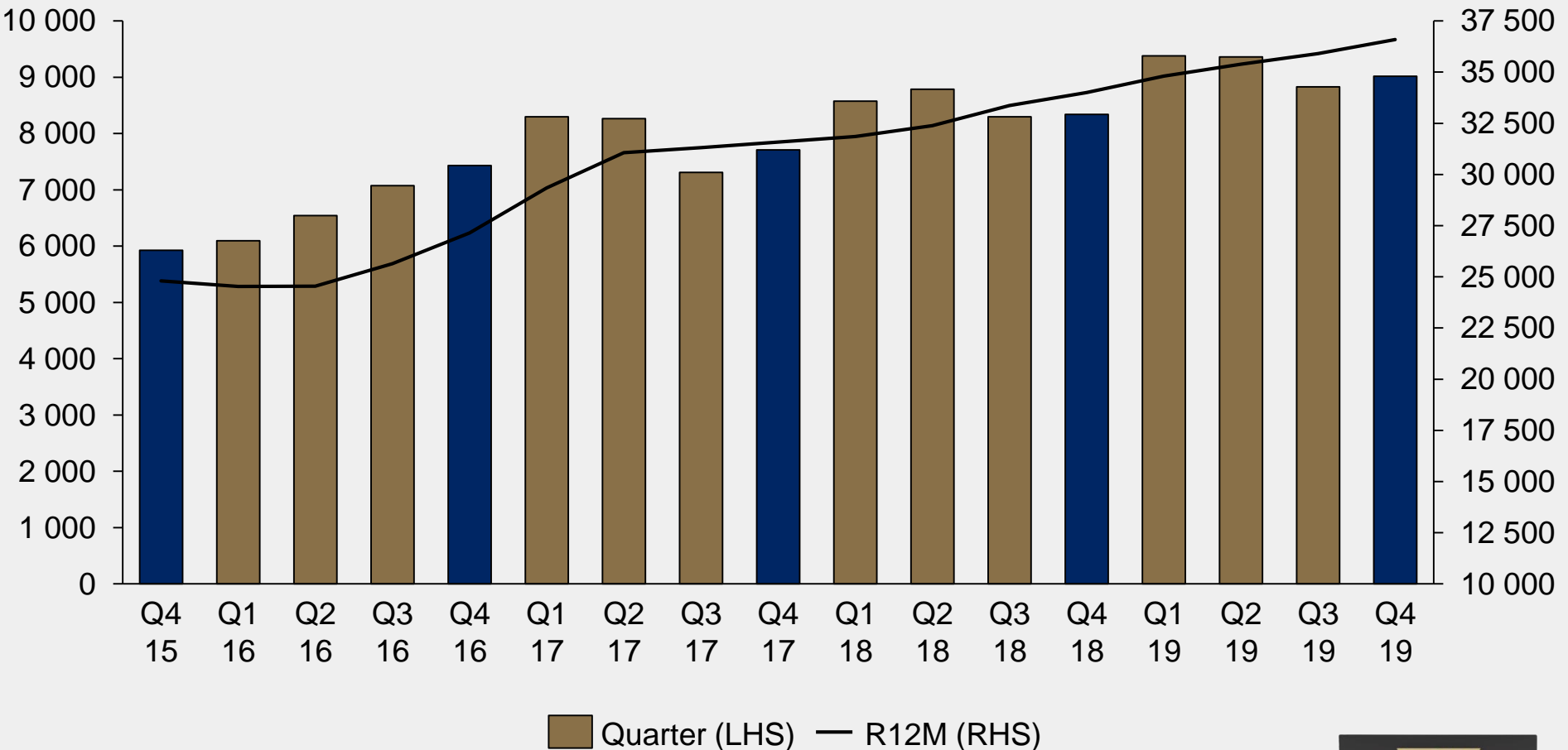


Highest fourth quarter sales to date

Sales development, R12M

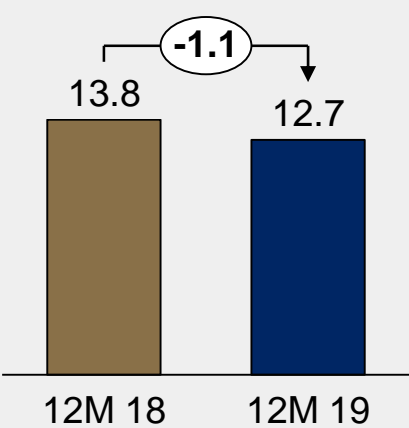
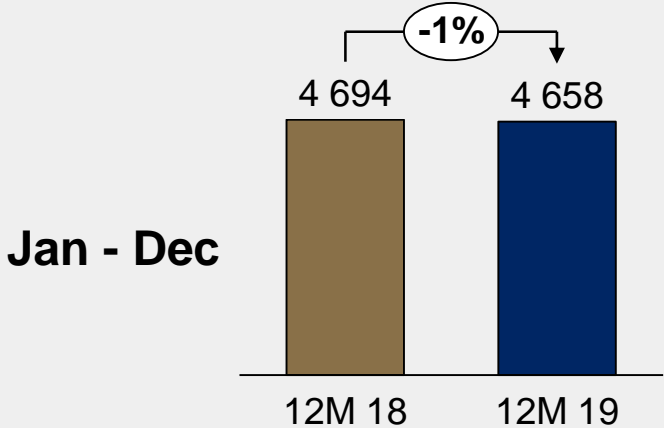
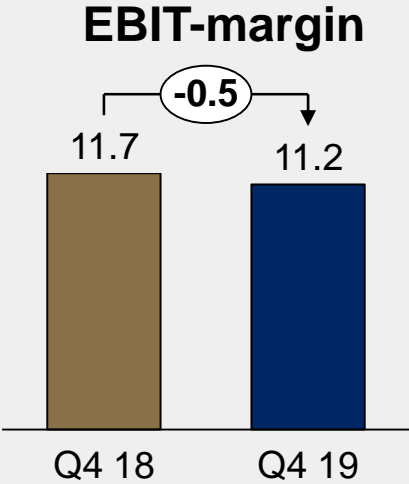
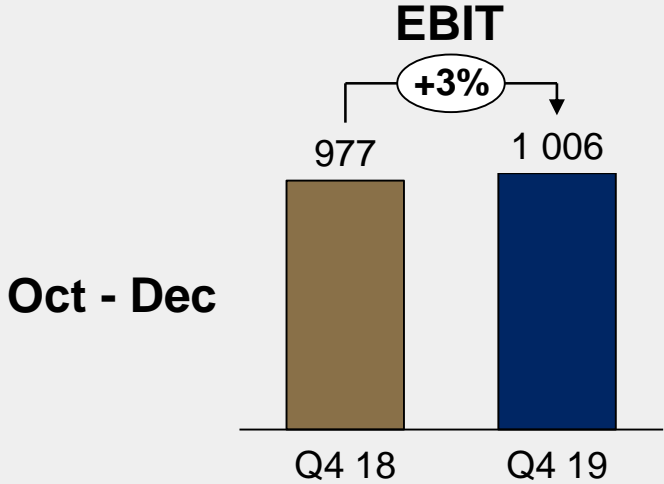
SEK M

SEK M



Highest fourth quarter EBIT to date

EBIT development¹

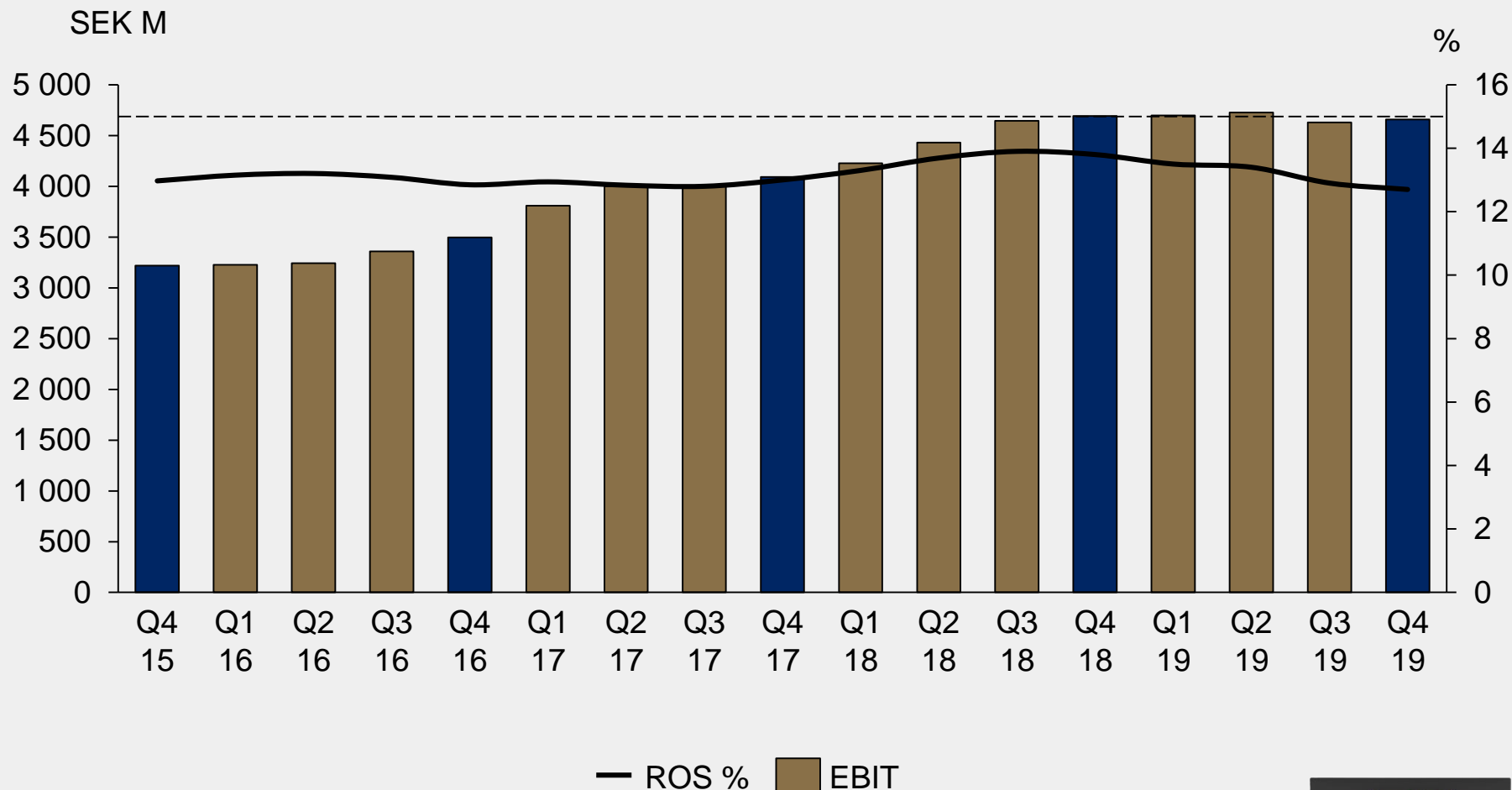


¹Excluding items affecting comparability



Slight R12M EBIT drop due to weak Wheel Systems

EBIT and margin, R12M¹



¹Excluding items affecting comparability

Total Group

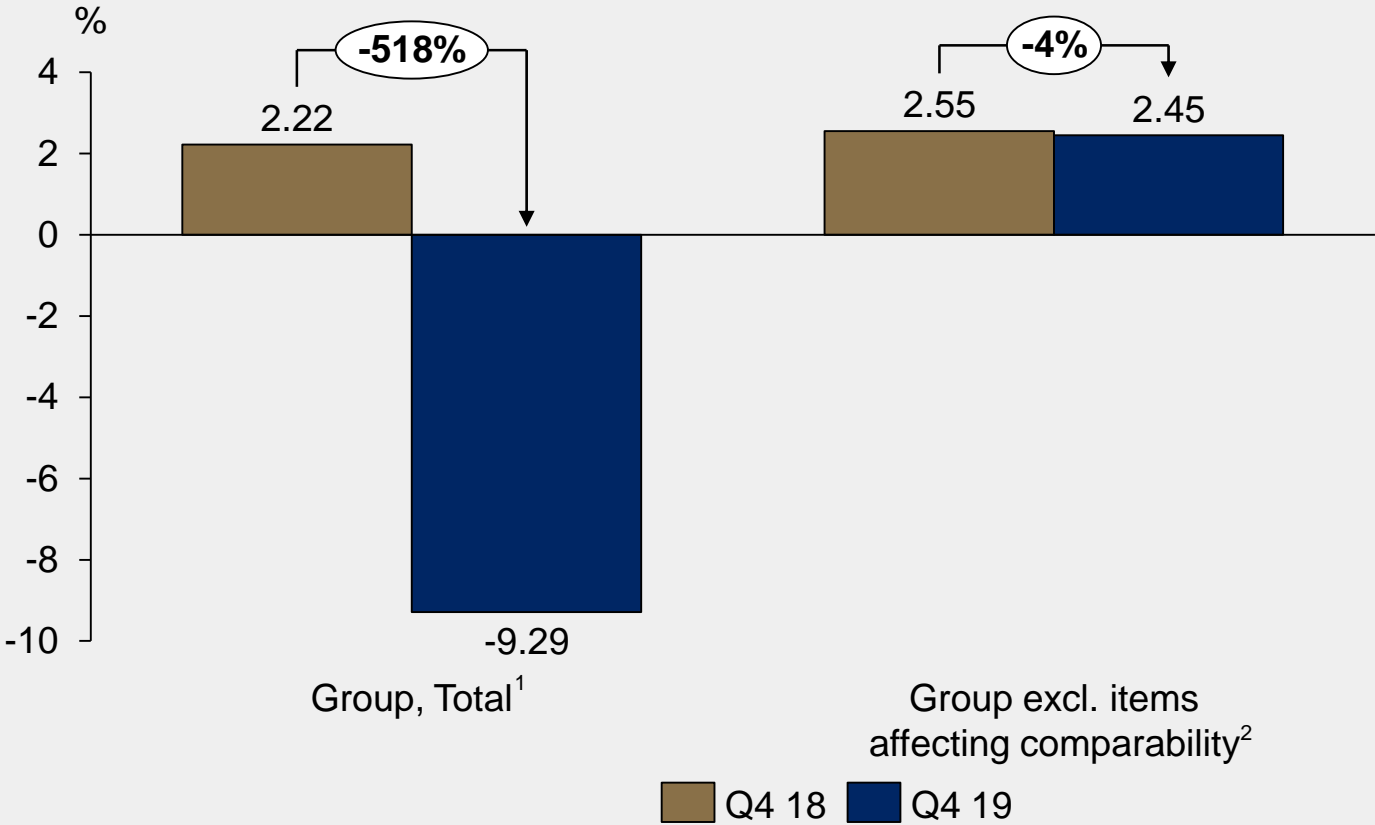
Profit & loss statement

SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
EBIT, excl. items affecting comparability	1 006	977	3	4 658	4 694	-1
EBIT margin, %	11.2	11.7	-0.5 p.p.	12.7	13.8	-1.1 p.p.
Restructuring	-233	-98		-498	-176	
Write-downs capetal employed ¹	-3 198	-		-3 198	-	
Items affecting comparability	-3 431	-98		-3 696	-176	
EBIT	-2 425	879	-376	962	4 518	-79
Financial income and expenses	-91	-78	-17	-381	-282	-35
Profit before tax	-2 516	801	-414	581	4 236	-86
Taxes	-3	-200	99	-780	-1 046	25
Net profit, Group	-2 519	601	-519	-199	3 190	-106

¹Pertains to the impairment of capital employed in the reporting segment Businesses Under Development

Non-cash impairment of capital employed in Q4

Earnings per share

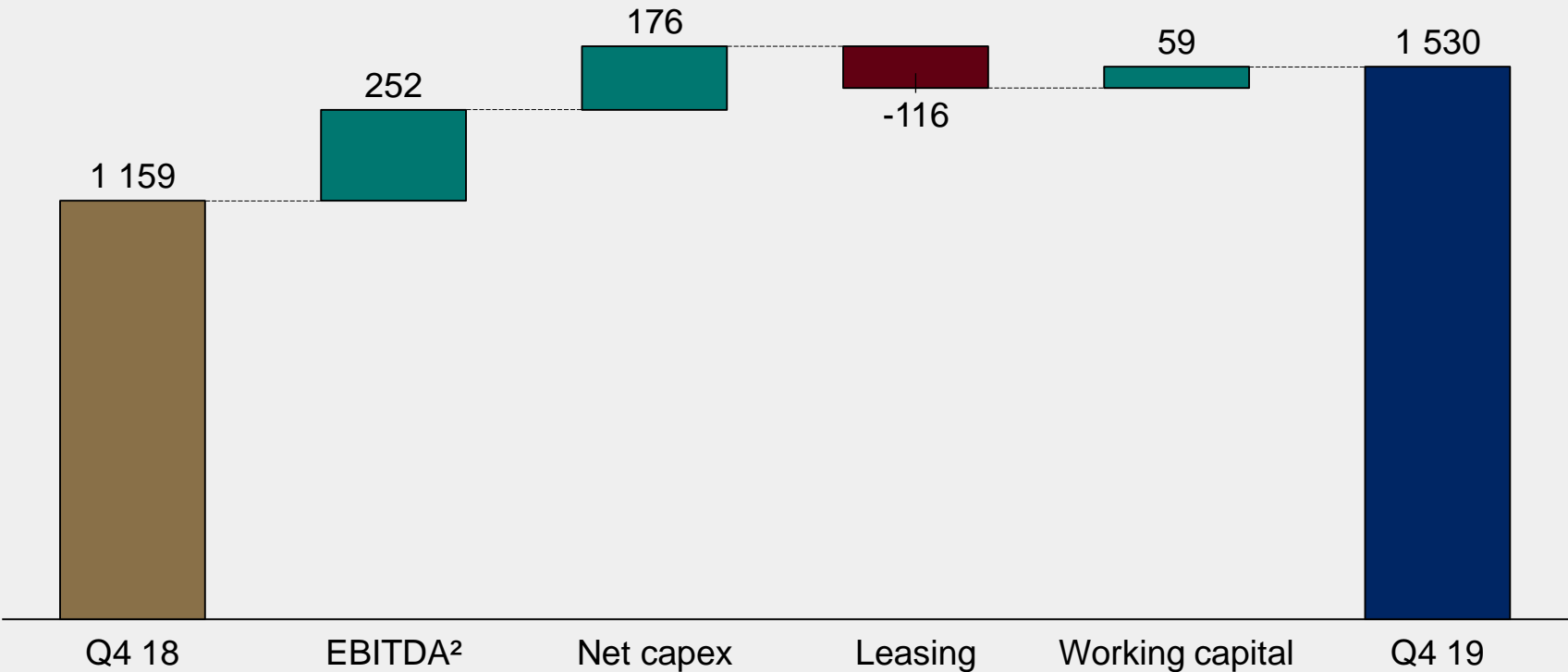


¹Earnings per share have been adjusted referring to items affecting comparability after tax. Figures have also been adjusted for costs attributable to a US Tax Reform.
²No dilution effects arose.



Highest operating cash flow to date

Operating cash flow¹



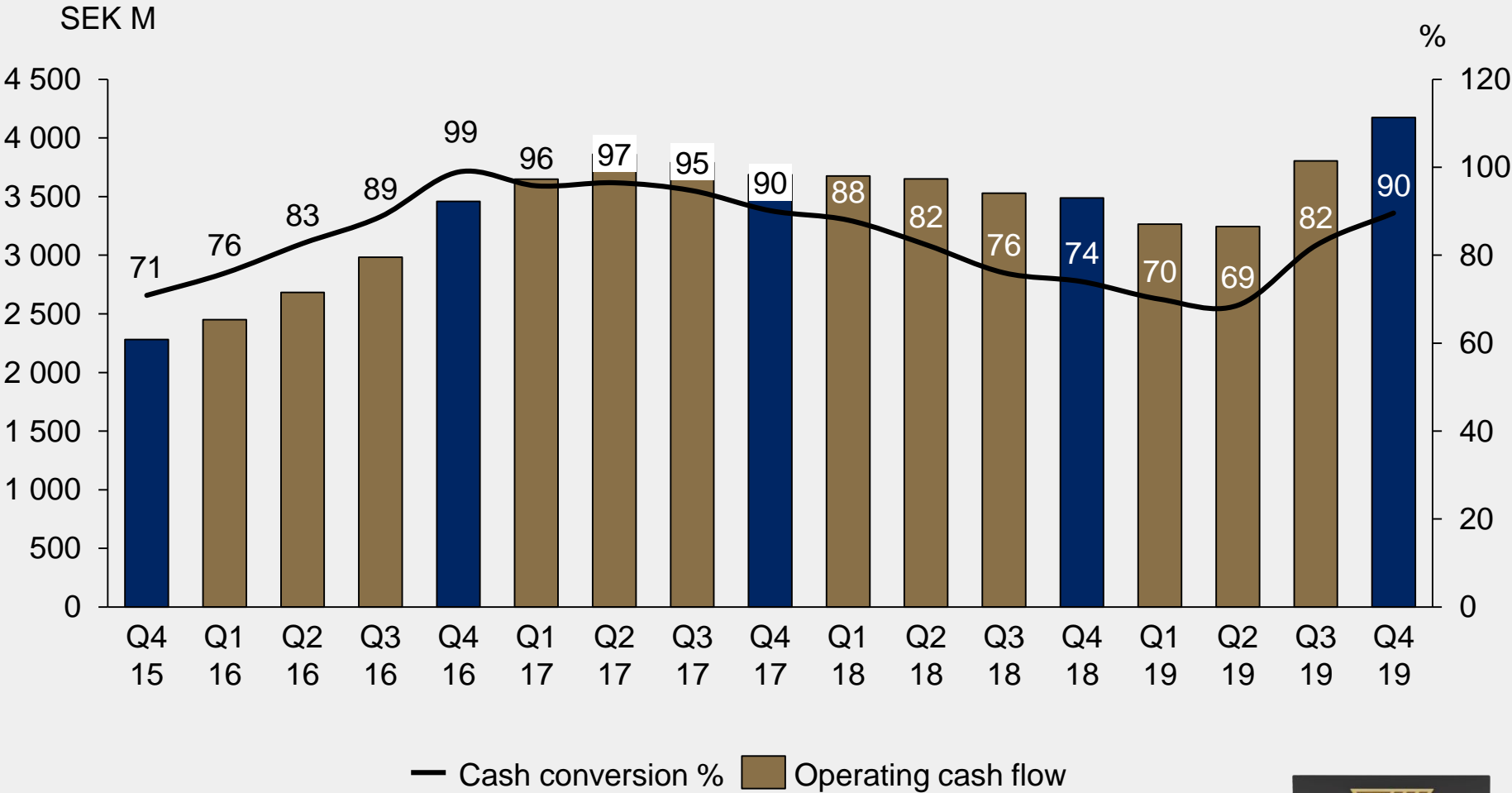
¹Excluding items affecting comparability

²EBITDA for 2019 was impacted by the add back of depreciation on right-of-use assets in accordance with IFRS 16 (Q4 2019: SEK 119 M; full-year 2019: SEK 425 M)



Cash conversion improvement

Operating cash flow, R12M¹

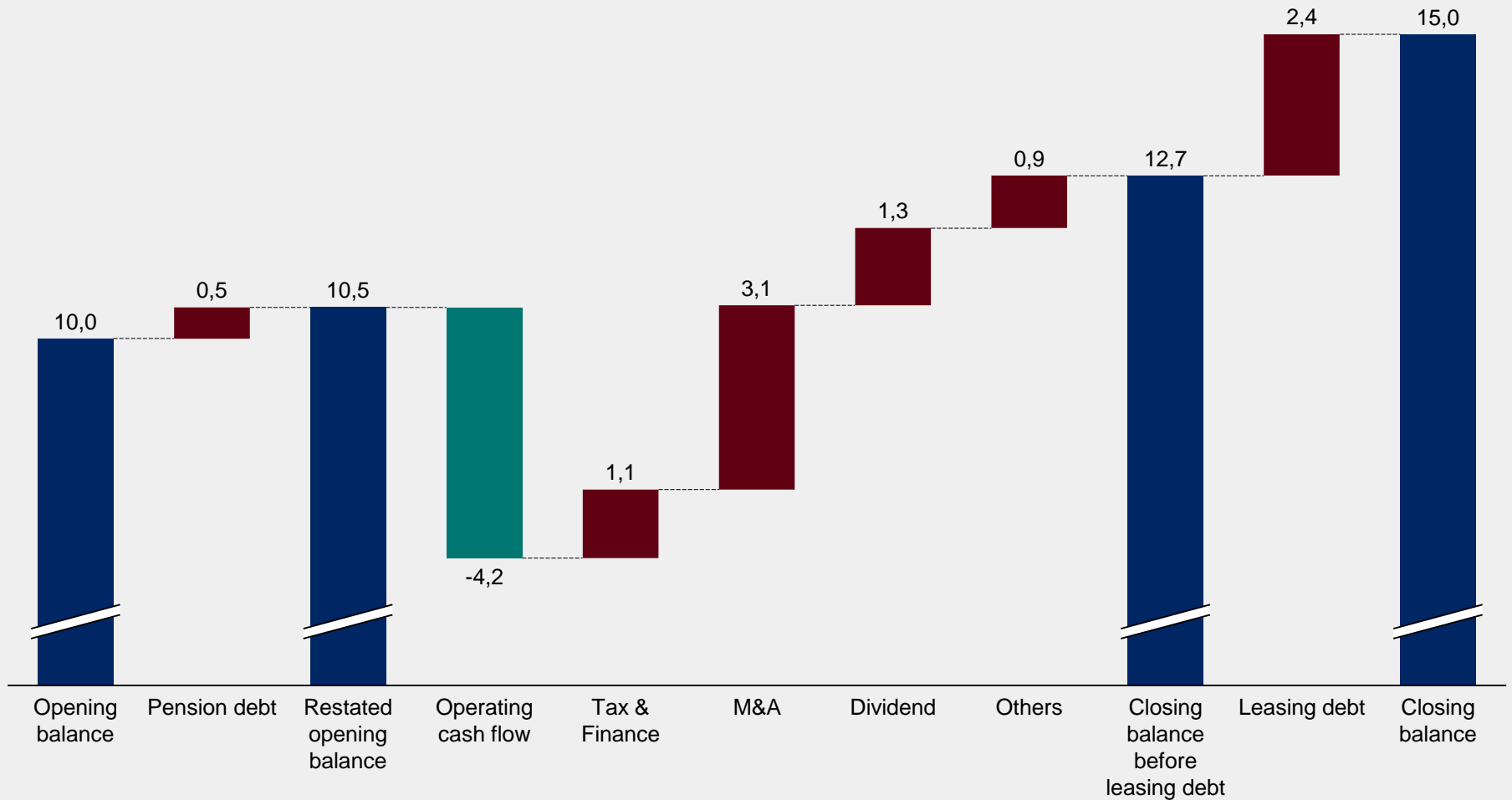


¹Excluding items affecting comparability



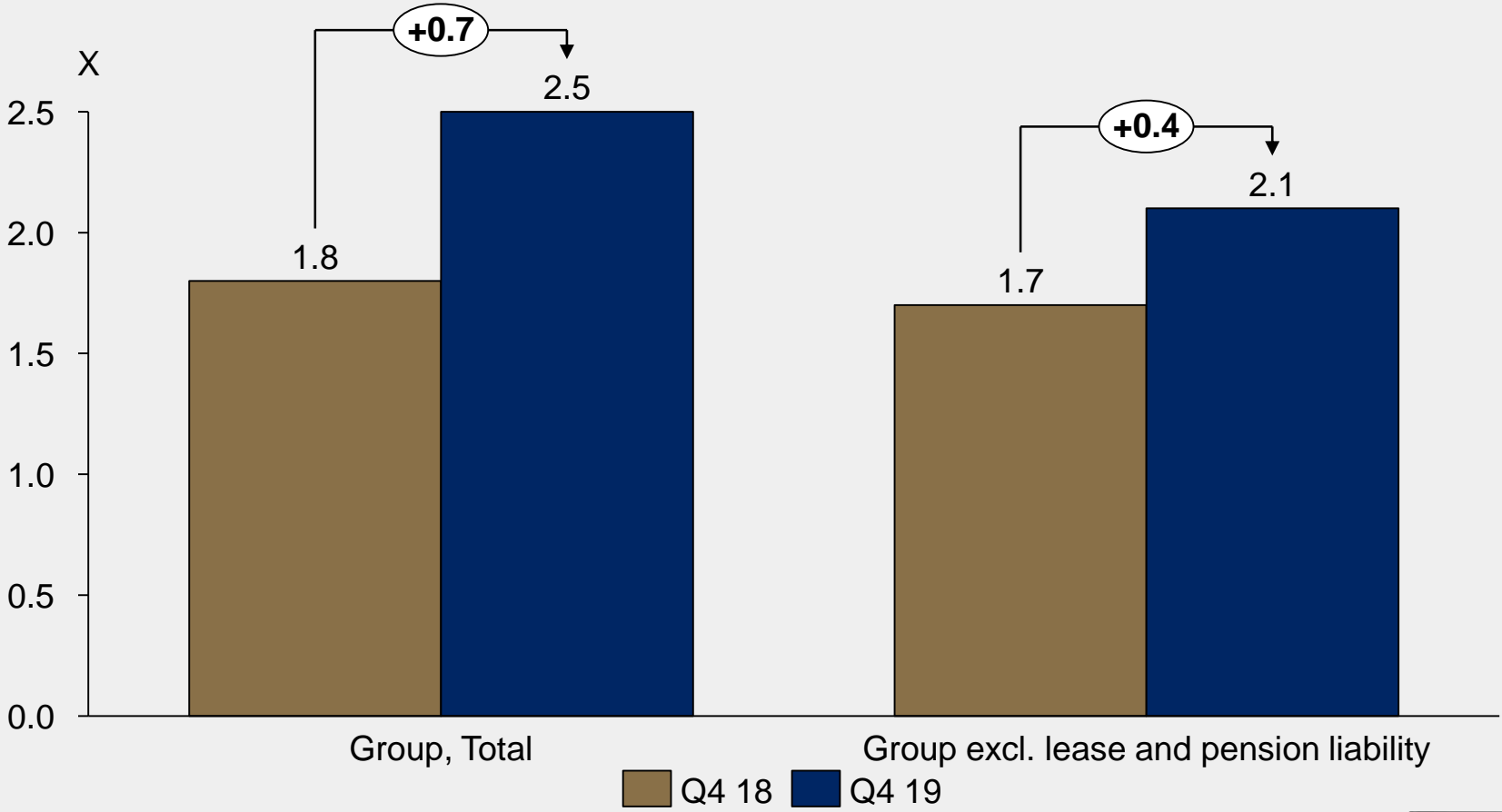
IFRS 16 impact on net debt

Net debt bridge 12M 2019 (SEK B)



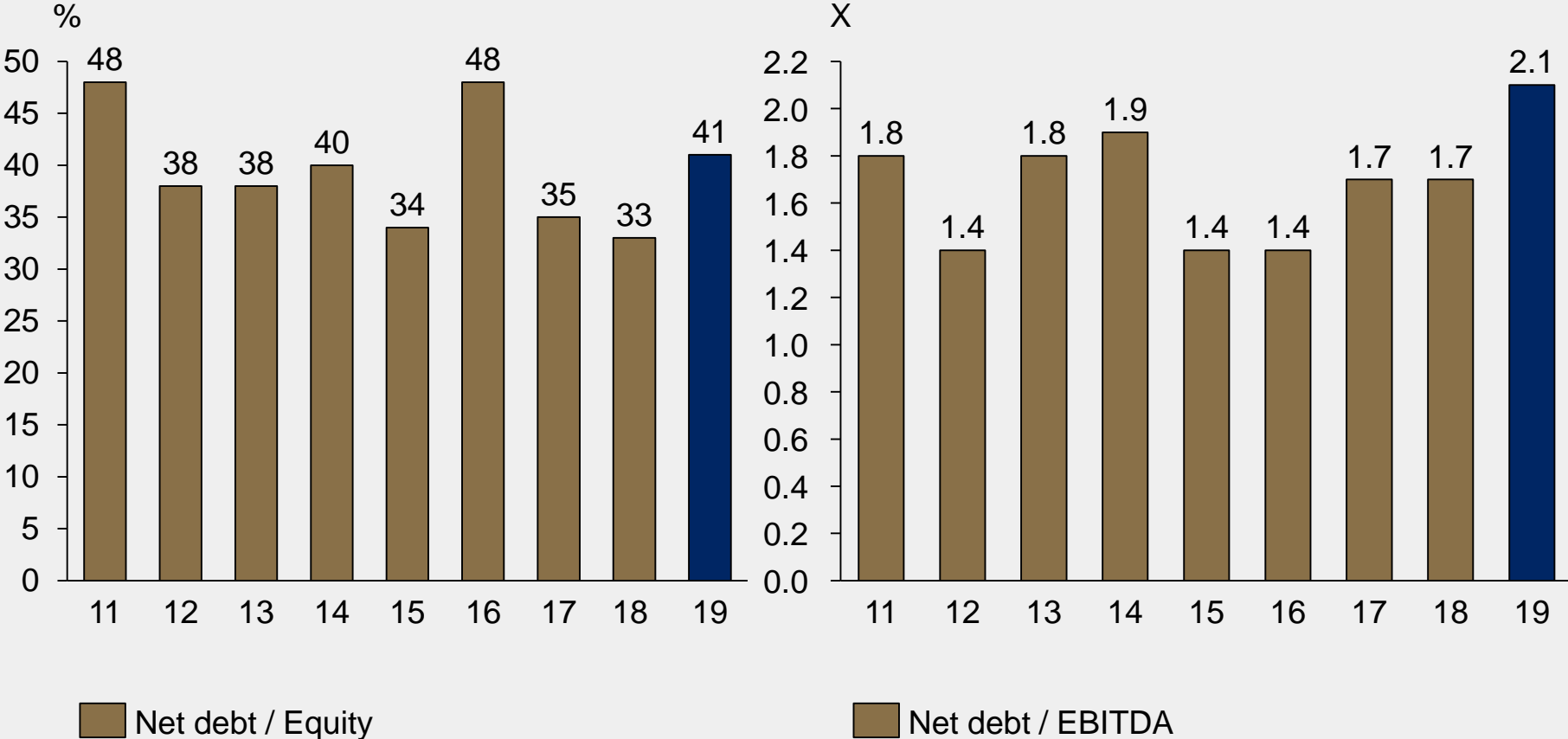
Leverage impacted by net debt (IFRS 16)

Net debt / EBITDA, R12M



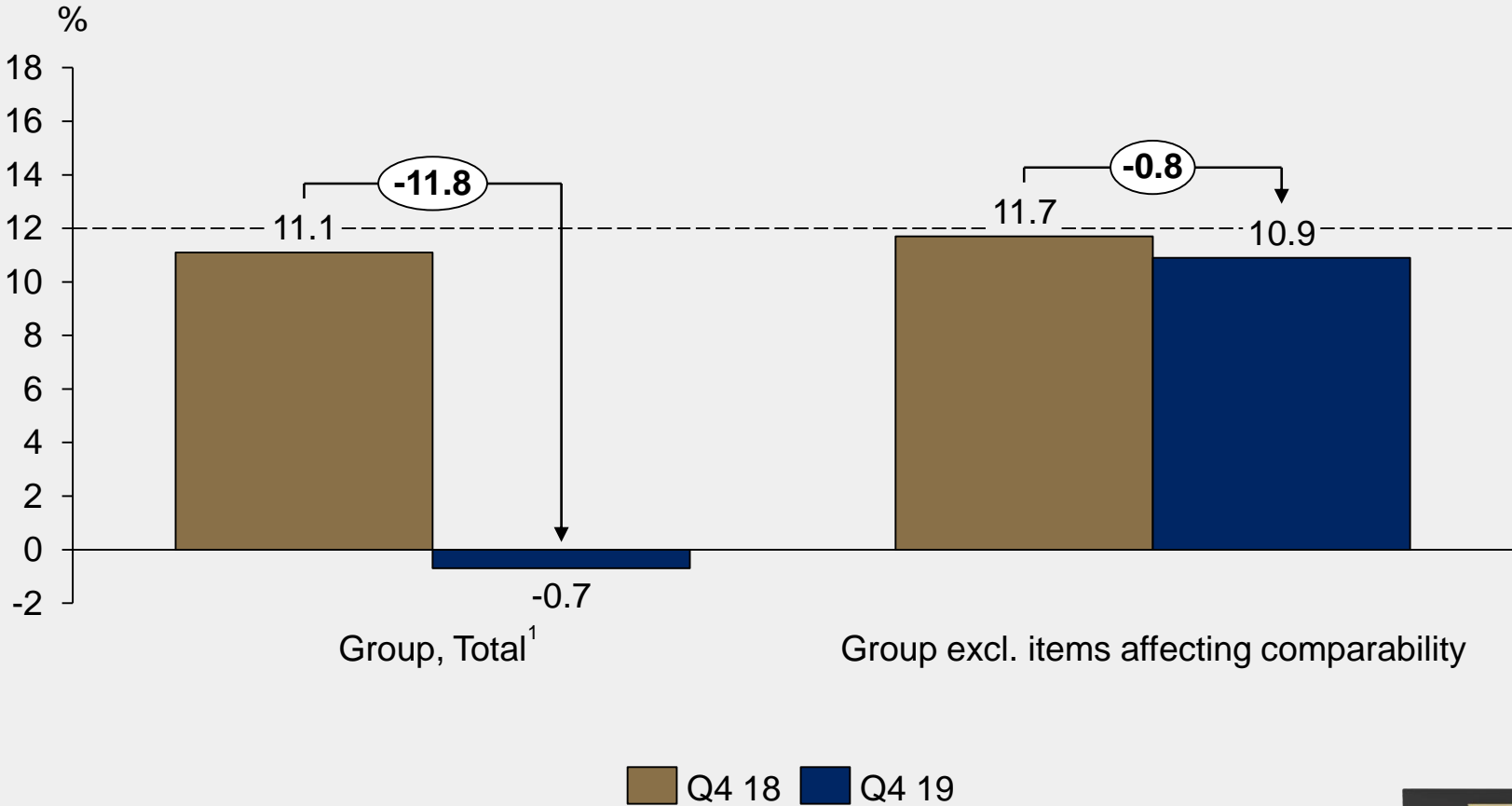
Gearing and leverage development

R12M, total Group, excluding lease and pension liability



Slight underlying ROE decline

Return on equity, R12M



¹ Equity for 2019 was affected by a nonrecurring item attributable to IFRS 16





Financial guidelines for full-year 2020

- Capex: SEK ~1.6 – 1.8 Bn
- Restructuring costs: SEK ~300 M
- Underlying tax rate: ~25%
- Amortization of intangible assets ~400 M



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Continued focus on growth and excellence

2020 priorities

- Strategic review of Businesses under development, including continuous evaluations of various structural alternatives
- Manage market conditions
- 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 acquisitions

Outlook Q1 2020

- Demand is expected to be somewhat lower than in the fourth quarter of 2019, adjusted for seasonal variations



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Questions & Answers

