



Trelleborg interim report

Q3 July- Sep 2020

Peter Nilsson, President & CEO
Ulf Berghult, CFO



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Earnings and cashflow level with previous year

Q3 2020 financial summary

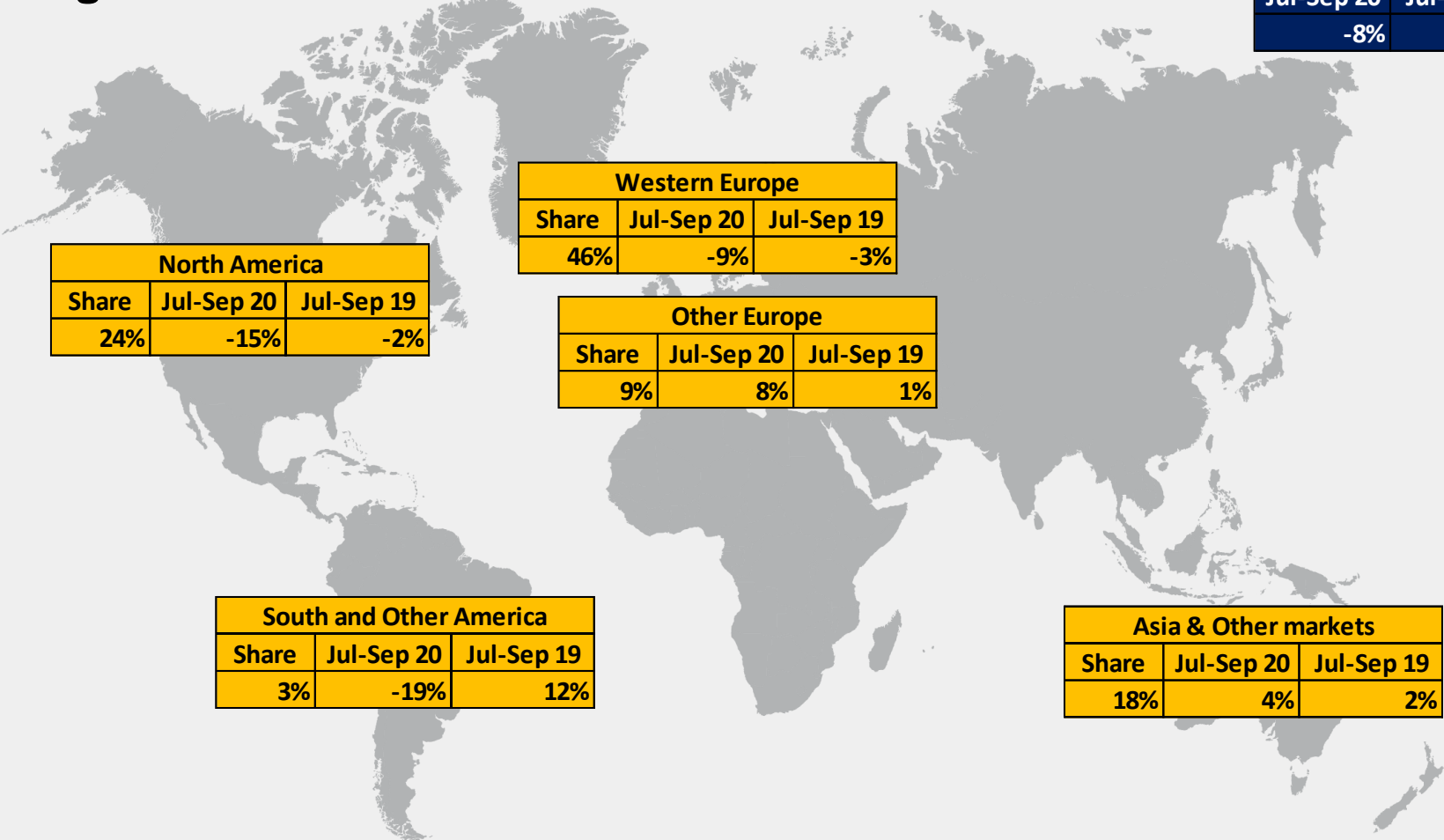
- Sales at SEK 7 743 M, a decrease of 12 percent
- Organic sales decreased by 7 percent
- EBIT¹ at SEK 999 M, corresponding to a margin of 12.9 percent
- Items affecting comparability at SEK -80 M related to restructuring
- Operating cash flow at SEK 1 391 M
- Cash conversion at 121 percent
- No dividend in 2020

Note:
¹Excl. items affecting comparability

Organic sales development by geography

Organic sales core business¹

Core business Total	
Jul-Sep 20	Jul-Sep 19
-8%	-1%



Share = Core business Q3 2020

¹ Excluding business under development





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Margin improvement from strict cost control

Trelleborg Industrial Solutions¹

- Organic sales: -9%
- Negative impact from Covid-19 in most regions
- Construction-related segments still down
- Strong recovery in light vehicles, fueled by China demand
- EBIT impacted by lower volumes
- Strict cost control and measures to offset the effects of COVID-19

SEK M	Q3 2020	Q3 2019	Change, %
Net sales	2 354	2 722	-14
Organic, %	-9	6	
Structural, %	-	4	
Exchange rate, %	-5	4	
EBIT	262	289	-9
EBIT, %	11.1	10.6	0.5 p.p.

Very tough aerospace markets

Trelleborg Sealing Solutions¹

- Organic sales: -13%; structural growth: +2%
- Downward organic trend in most regions – albeit some growth in Asia
- Aerospace significantly weaker in all regions
- General industry and light vehicles partly rebounded from previous quarter
- EBIT and margin declined due to lower volumes and under-utilization in parts of the business area

SEK M	Q3 2020	Q3 2019	Change, %
Net sales	2 512	2 982	-16
Organic, %	-13	-2	
Structural, %	2	5	
Exchange rate, %	-5	4	
EBIT	454	668	-32
EBIT, %	18.1	22.4	-4.3 p.p.

¹Excl. items affecting comparability

Agri drives strong profit improvement

Trelleborg Wheel Systems¹

- Organic sales: 1%; structural growth: -1%
- Organic sales growth in agri
- Deliveries to material handling & construction lower in all regions
- EBIT and margin increased due to both strict cost and price discipline
- Comparison period characterized by lower production to adjust inventory

SEK M	Q3 2020	Q3 2019	Change, %
Net sales	2 075	2 188	-5
Organic, %	1	-7	
Structural, %	-1	1	
Exchange rate, %	-5	4	
EBIT	272	148	84
EBIT, %	13.1	6.8	6.3 p.p.

Improved profitability due to offshore oil & gas

Businesses Under Development¹

- Organic sales: -3%; structural growth: -6%
- Good offshore oil & gas performance
- Lower deliveries of printing blankets and technical rubber
- EBIT and margin increased due to offshore oil & gas and good cost control in all operations
- Improvements in the Czech operations

SEK M	Q3 2020	Q3 2019	Change, %
Net sales	862	1 019	-15
Organic, %	-3	1	
Structural, %	-6	0	
Exchange rate, %	-6	3	
EBIT	57	-9	733
EBIT, %	6.6	-0.9	7.5 p.p.



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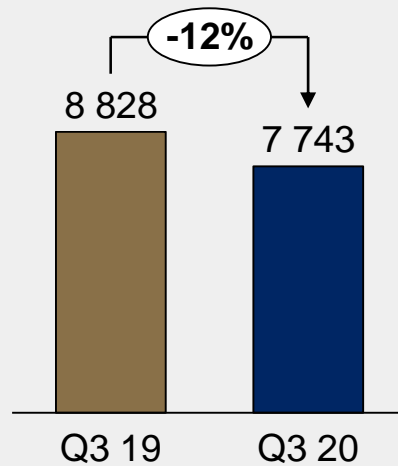
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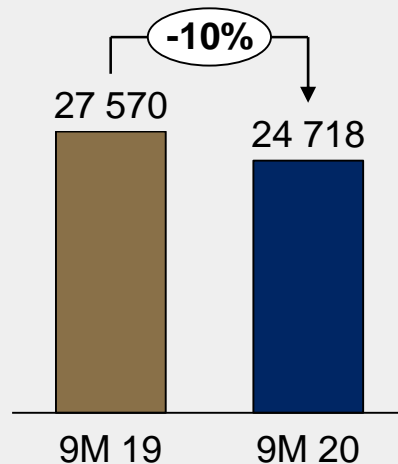
Partly recovering from preceeding quarter

Sales development



July - September [%]

Organic	-7
Structural	0
Currency	-5
Total	-12

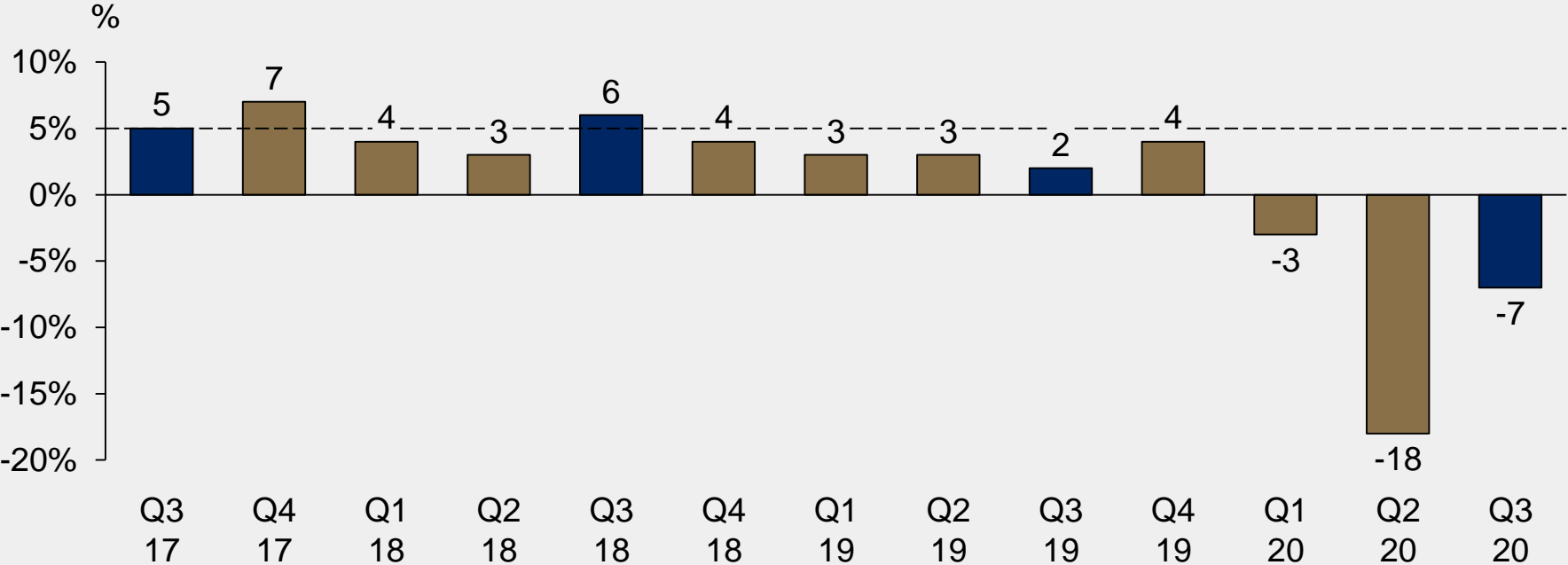


January - September [%]

Organic	-11
Structural	1
Currency	0
Total	-10

Covid-19 broke a long positive sales trend¹

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



Of which organic growth, %:



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

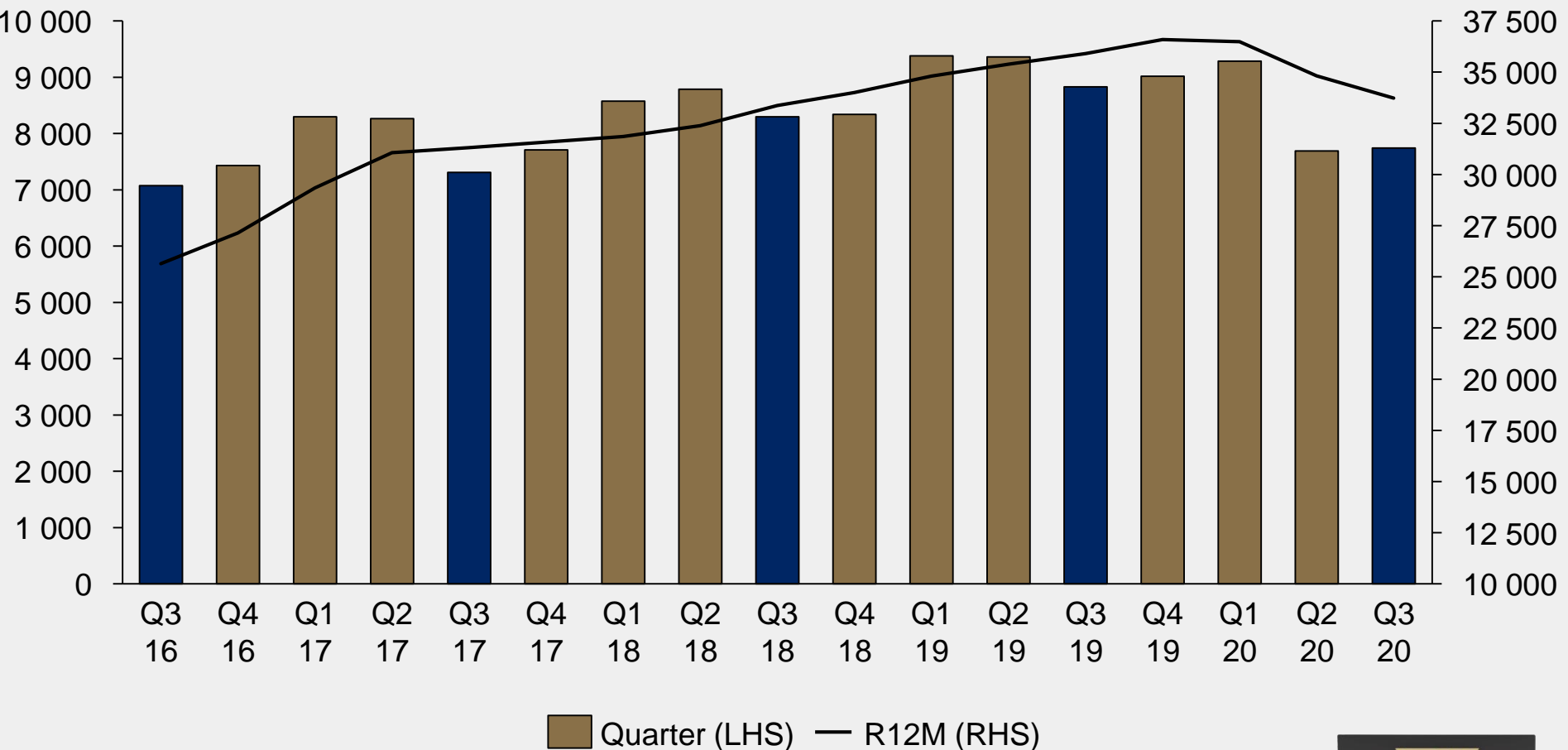


R12M sales development

Sales development, R12M

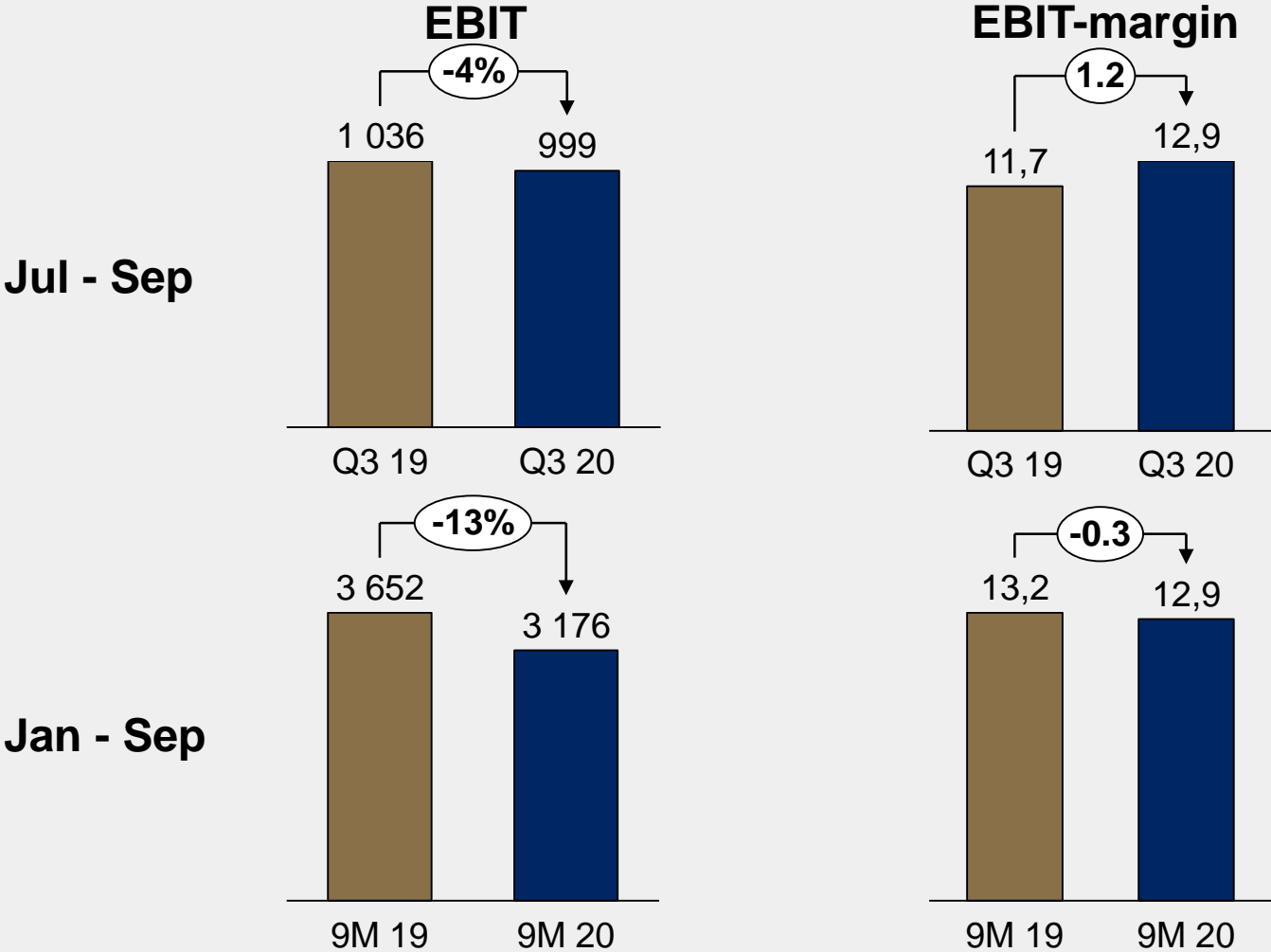
SEK M

SEK M



Cost flexibility yields higher margins

EBIT and margin development¹

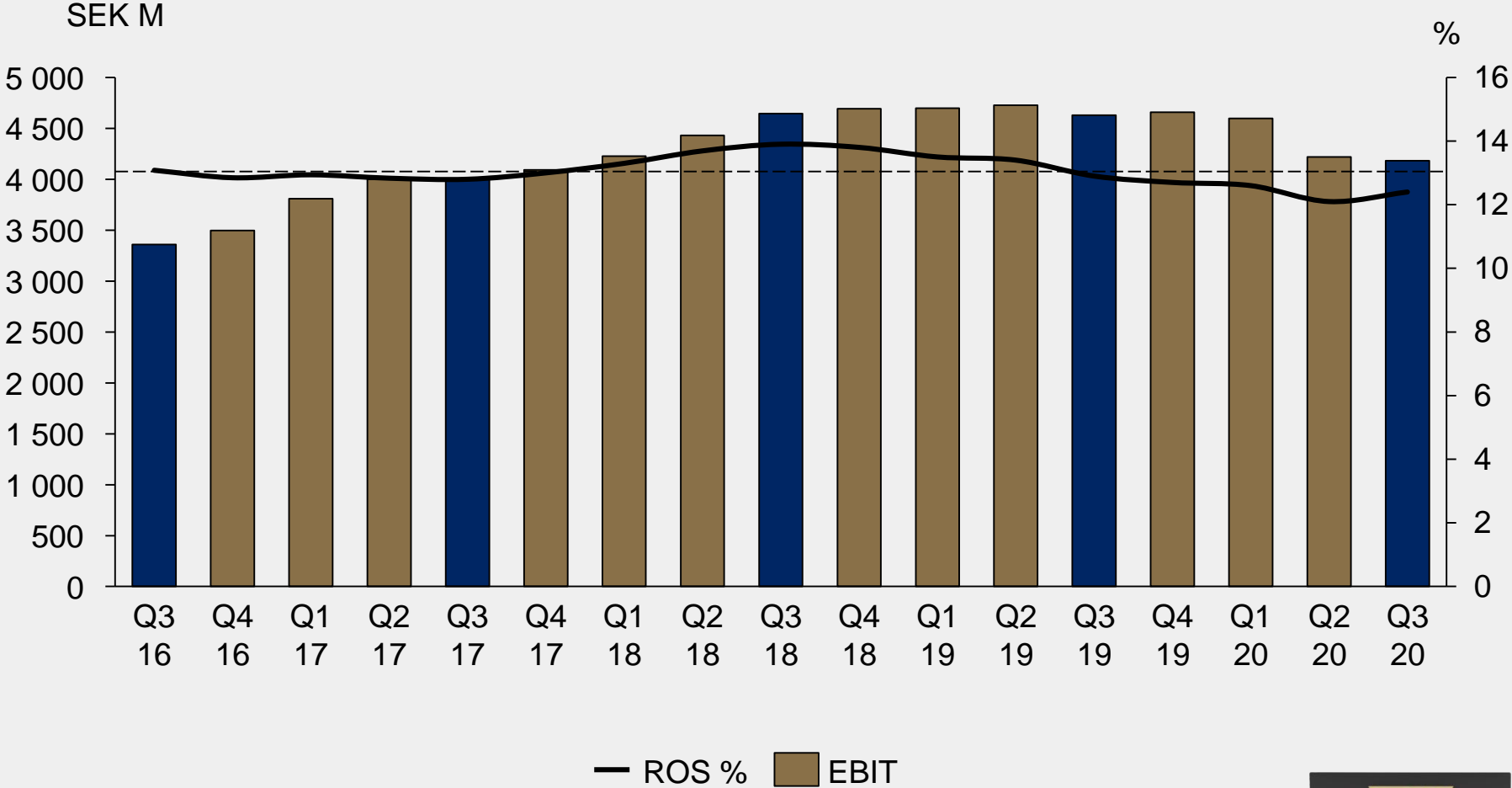


¹Excluding items affecting comparability



Still impacted by COVID-19

EBIT and margin, R12M¹



¹Excluding items affecting comparability



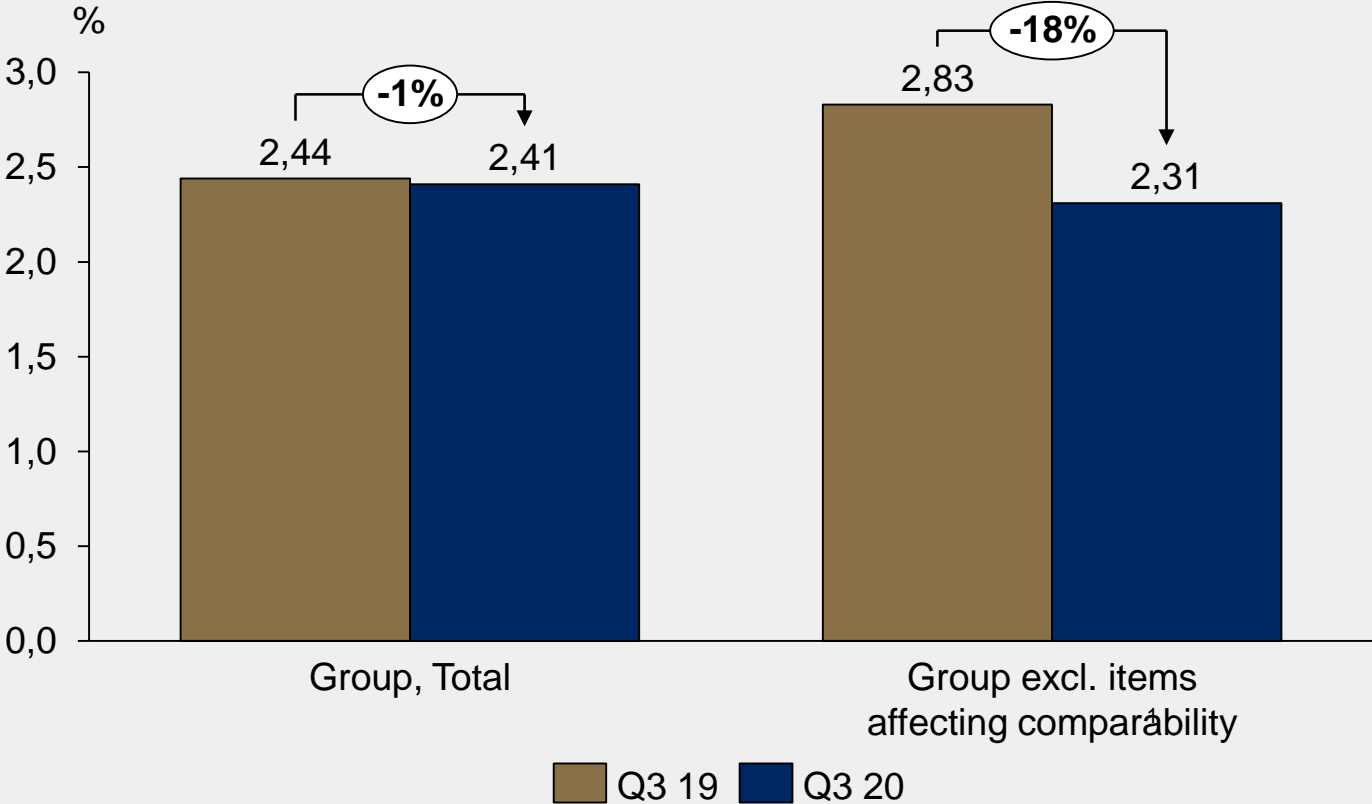
Total Group

Profit & loss statement

SEK M	Q3 2020	Q3 2019	Change, %	9M 2020	9M 2019	Change, %
EBIT, excl. items affecting comparability	999	1,036	-4	3,176	3,652	-13
EBIT margin, %	12.9	11.7	1.2 p.p.	12.9	13.2	-0.3 p.p.
Items affecting comparability	-80	-127		-231	-265	
EBIT	919	909	1	2,945	3,387	-13
Financial income and expenses	-70	-59	-19	-215	-290	26
Profit before tax	849	850	0	2,730	3,097	-12
Taxes	-197	-188	-5	-679	-777	13
Net profit, Group	652	662	-2	2,051	2,320	-12

EPS decline due to Covid-19

Earnings per share

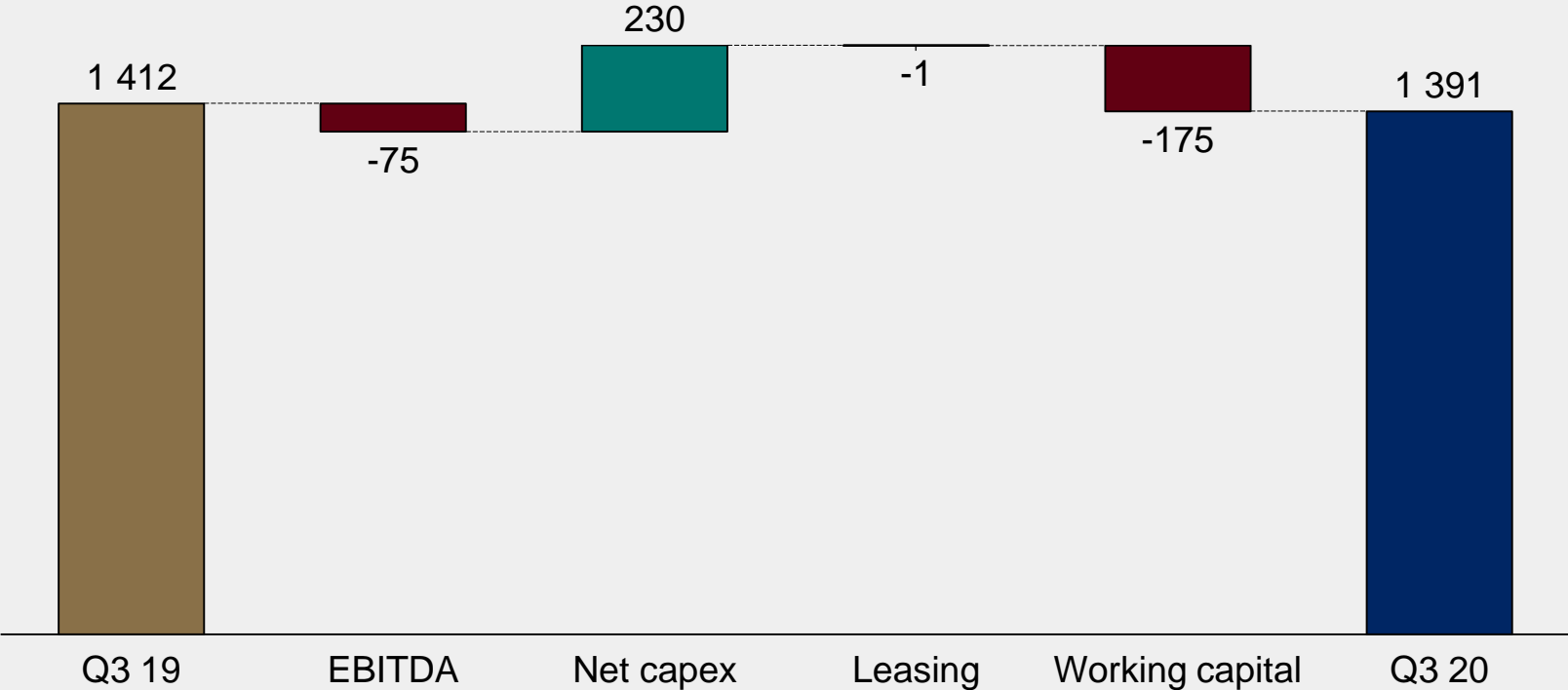


¹No dilution effects arose.



Cashflow on a par with last year

Operating cash flow¹

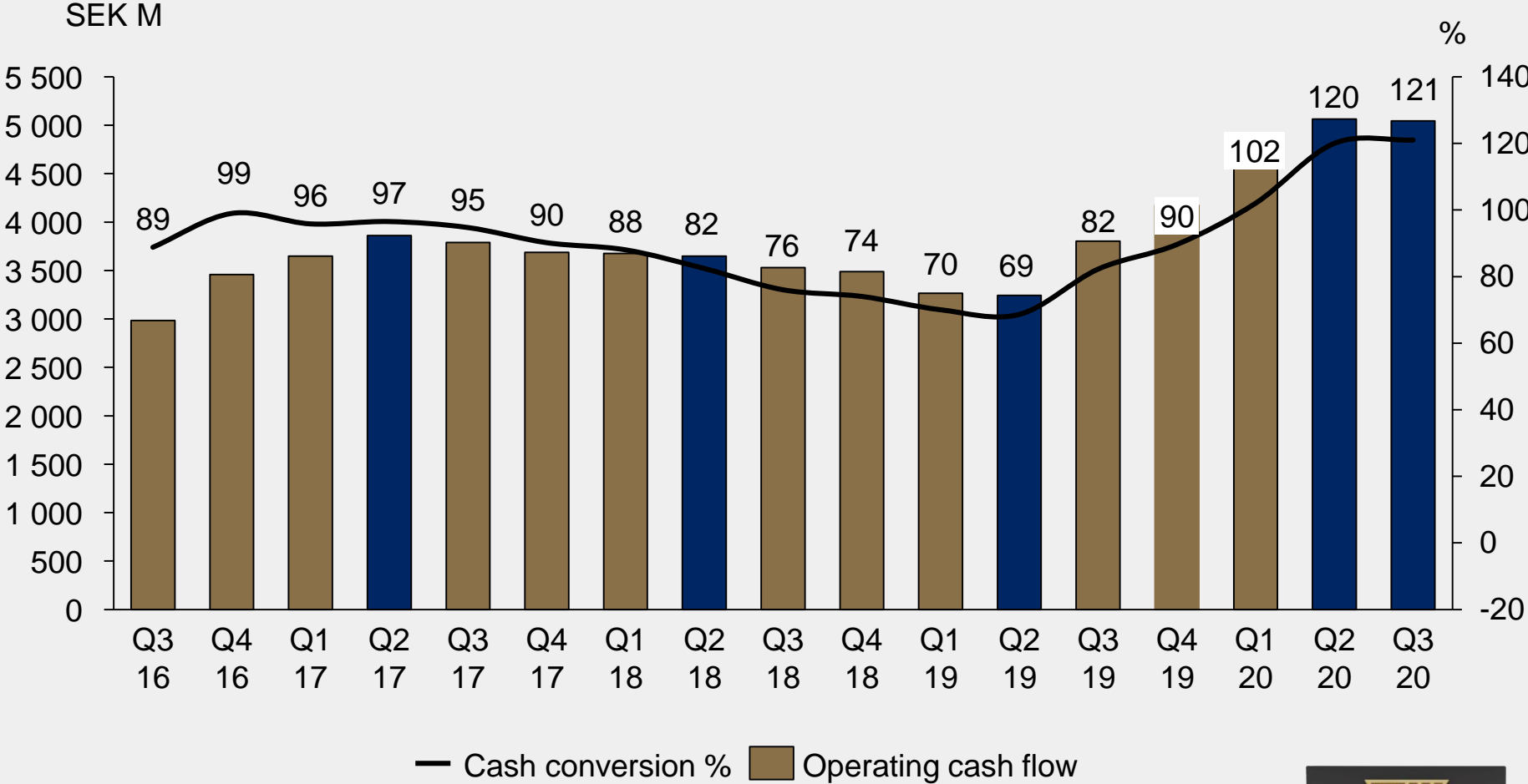


¹Excluding items affecting comparability



Strong cash generation and conversion

Operating cash flow, R12M¹

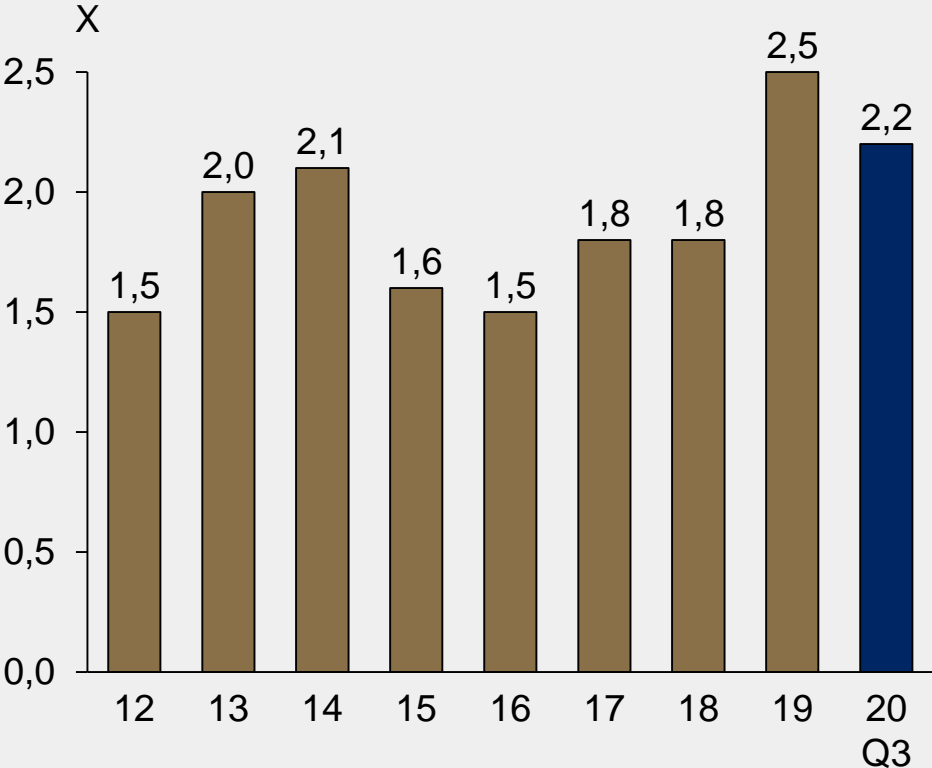
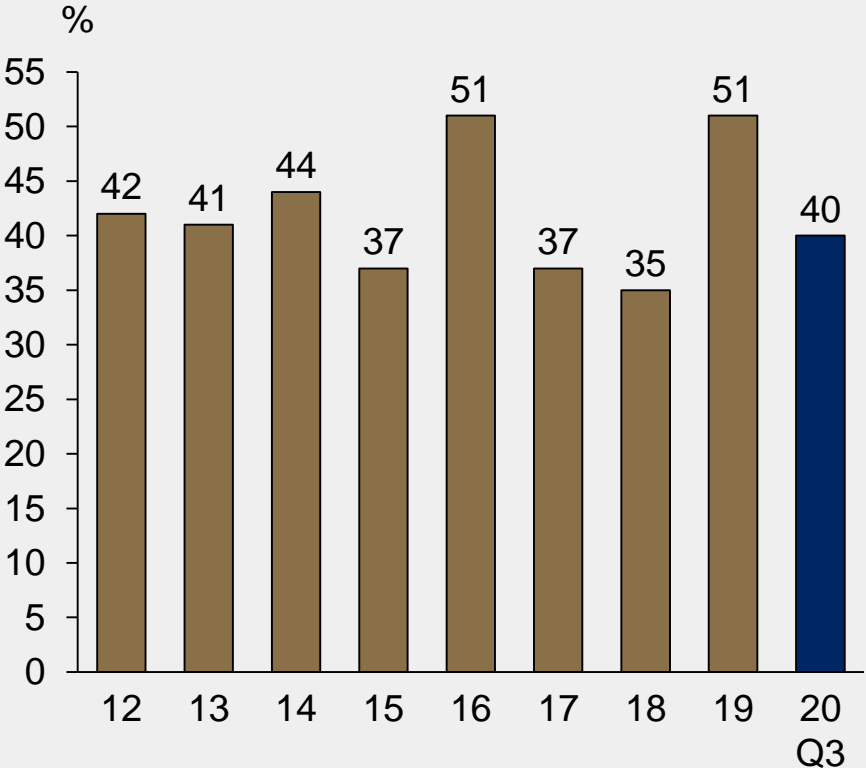


¹Excluding items affecting comparability



Gearing and leverage development¹

R12M, total Group



Net debt / Equity

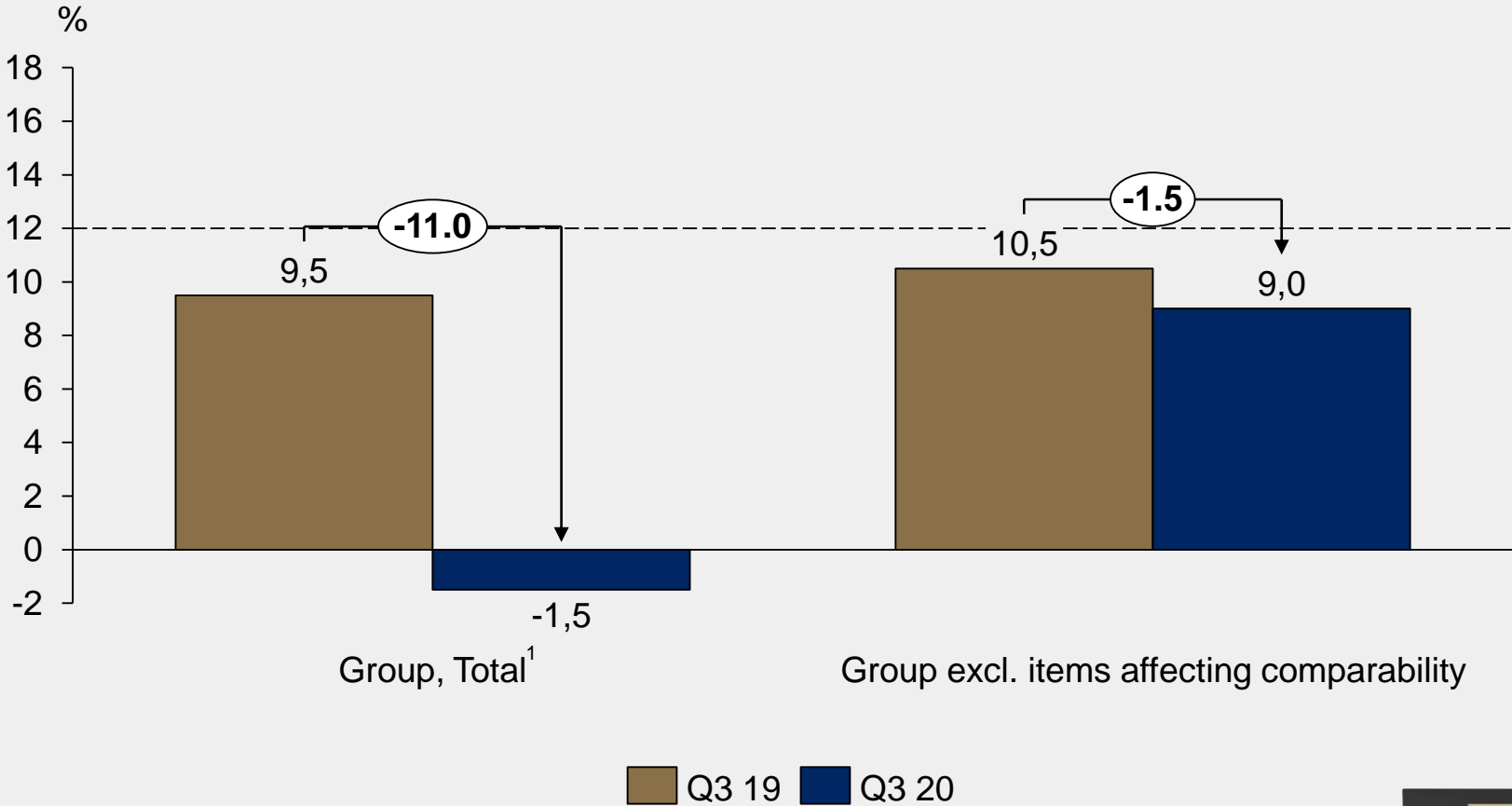
Net debt / EBITDA

¹From 2019 and forward gearing and leverage is impacted by lease liability for IFRS 16



Limited underlying ROE decline

Return on equity, R12M



¹ 2019 was impacted by impairment of capital employed in the reporting segment Businesses Under Development





Financial guidelines for full-year 2020

- Capex: SEK ~1.2 Bn
- Restructuring costs: SEK ~700 M
- Underlying tax rate: ~25%
- Amortization of intangible assets ~400 M



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Strong focus on managing Covid-19 impact

2020 priorities

- Manage market conditions in the wake of Covid-19
- Strategic review of Businesses under development, including continuous evaluations of various structural alternatives
- 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 Q4 2020

- Demand is expected to be on a par with the third quarter of 2020, adjusted for seasonal variations. Uncertainty regarding demand for the coming quarters remains considerable.



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Questions & Answers

