

An aerial night view of a city, likely San Francisco, with the Golden Gate Bridge visible in the background. The city is illuminated with blue light trails that sweep across the skyline, creating a sense of motion and technology.

# Trelleborg interim report

**Q1, January-March 2022**

Peter Nilsson, CEO  
Fredrik Nilsson, CFO

# Agenda

Highlights

Business areas

Financials

Summary & Outlook Q2 2022

Q&A

# Strong growth and profitability

## Q1 2022 financial summary<sup>1</sup>

- Sales at SEK 7 095 M, an increase of 22 percent
- Organic sales +13 percent, currency +7 percent, M&A +2 percent
- EBIT grew by 25 percent to SEK 1 230 M, corresponding to a margin of 17.3 percent
- Highest quarterly sales, EBIT and margin to date
- Items affecting comparability at SEK -25 M
- Operating cash flow at SEK 328 M
- Agreement to divest Trelleborg Wheel Systems to Yokohama Rubber Company
- Post Q1: Acquisition of EirMed (TSS Healthcare & Medical)



# Organic sales development by geography

## Organic sales continuing operations

Total	
Jan - Mar 22	Jan - Mar 21
13%	5%

Europe		
Share	Jan - Mar 22	Jan - Mar 21
51%	12%	4%

Americas		
Share	Jan - Mar 22	Jan - Mar 21
28%	21%	-9%

Asia & Other markets		
Share	Jan - Mar 22	Jan - Mar 21
21%	8%	32%

Share = Continuing operations full-year 2021

# Agenda

Highlights

Business areas

Financials

Summary & Outlook Q2 2022

Q&A

# Strong growth and record profitability

## Trelleborg Industrial Solutions<sup>1</sup>

- Organic sales: +21%
- Sales grew significantly in all geographic markets
- Sales to all market segments increased
- Cost increases offset by efficiency and pricing
- EBIT and margin increased to new records

SEK M	Q1 2022	Q1 2021	Change, %
Net sales	3 323	2 577	29
Organic, %	21	3	
Structural, %	2	0	
Exchange rate, %	6	-8	
EBIT	441	308	43
EBIT, %	13.3	11.9	1.4 p.p.



# Good growth and increased margins

## Trelleborg Sealing Solutions<sup>1</sup>

- Organic sales: +8%
- Organic sales grew in Americas and Europe
- Lower sales in Asia as a result of new restrictions and measures in China due to Covid-19
- Sales to general industry, healthcare & medical and aerospace increased significantly
- Deliveries to automotive grew slightly, due to increased market shares in certain subsegments
- EBIT and margin improved on higher volumes and price adjustments

SEK M	Q1 2022	Q1 2021	Change, %
Net sales	3 664	3 133	17
Organic, %	8	6	
Structural, %	1	-	
Exchange rate, %	8	-8	
EBIT	878	734	20
EBIT, %	24.0	23.4	0.6 p.p.

An aerial photograph of a city skyline at dusk, with a large body of water and a suspension bridge in the background. The scene is overlaid with several bright blue light trails that sweep across the city from the right side. The text is overlaid on the left side of the image.

# Divestment of Trelleborg Wheel Systems

**Trelleborg Wheel Systems reported as Assets held for sale**



# Accelerating our journey

## Strategic rationale for deal

- More profitable, less cyclical and improved sustainability profile
- More coherent portfolio with similar business models and drivers
- Strengthen our capacity to accelerate growth
- Attractive valuation



# Attractive valuation

- Buyer: Yokohama
- Offer acknowledges Trelleborg Wheel Systems' leading position and journey towards 15% EBIT-margin
- Attractive valuation when compared to historical transactions in this industry
  - EV 13x 2021 EBITDA
  - EV 17.5x 2021 EBIT

Purchase price (EV)

**EUR 2,100 M**

**SEK ~22,000 M**

- Cash and debt free basis
- Included in the purchase price (EV) is an earnout of ~3 percent linked to 2022 performance
- Closing subject to approvals by relevant authorities

Capital gain

**SEK ~6,000 M**



# Exceptional growth and high margins

## Trelleborg Wheel Systems<sup>1</sup>

- Organic sales: +33%
- Strong demand for agri tires and material handling & construction tires in all regions
- Sales in the Americas particularly strong
- Significantly increased costs for raw materials, energy and transport
- EBIT and the EBIT margin increased due to efficiencies, volumes and pricing

SEK M	Q1 2022	Q1 2021	Change, %
Net sales	3 365	2 397	40
Organic, %	33	6	
Structural, %	-	-	
Exchange rate, %	7	-9	
EBIT	525	359	46
EBIT, %	15.6	15.0	0.6 p.p.



# Agenda

Highlights

Business areas

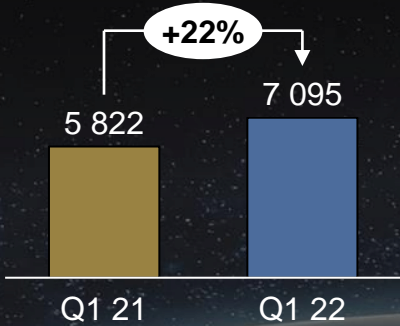
Financials

Summary & Outlook Q2 2022

Q&A

# Strong organic sales trend

Sales development continuing operations

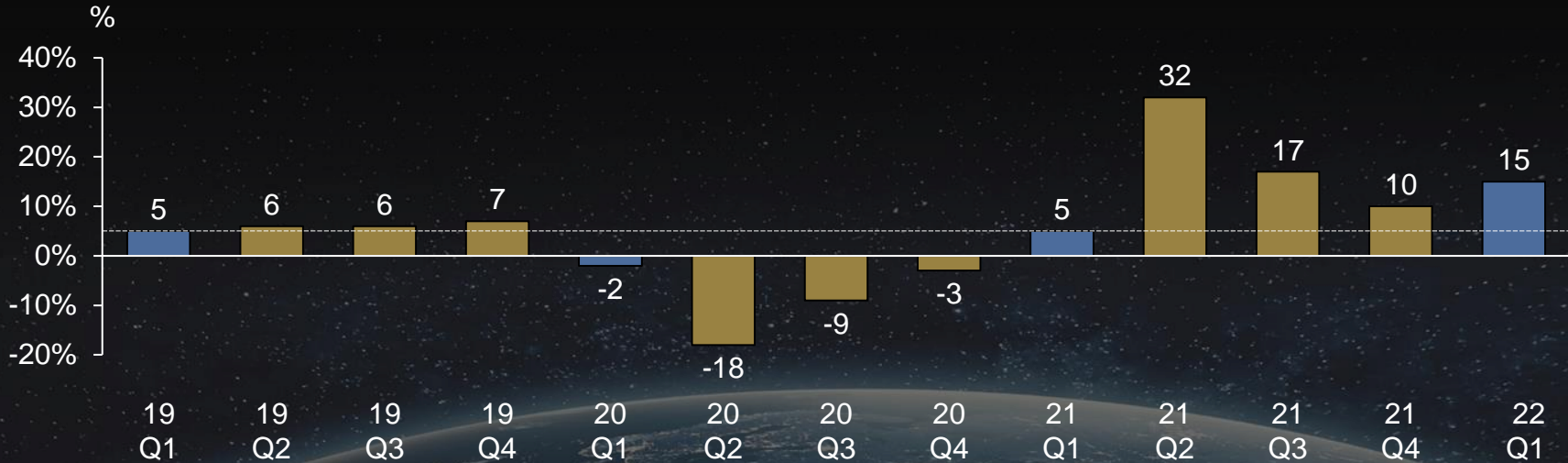


### January – March (%)

Organic	13
Structural	2
Currency	7
<b>Total</b>	<b>22</b>

# Strong sales trend continues

Target: 5-8% annual sales growth with constant currencies over a business cycle<sup>1</sup>



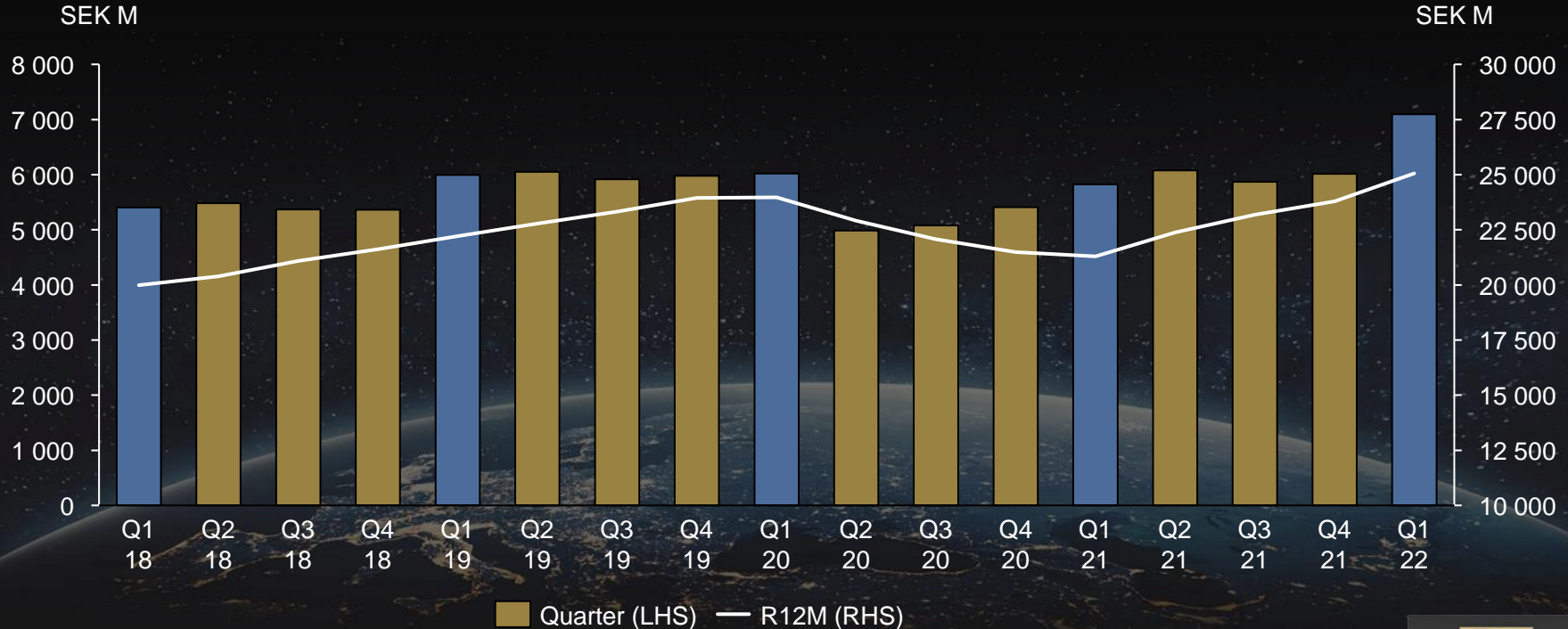
*Of which organic growth, %:*

2	3	2	1	-5	-21	-10	-4	5	31	17	9	13
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# Sales development

## Continuing operations, R12M



# Highest quarterly EBIT and margin to date

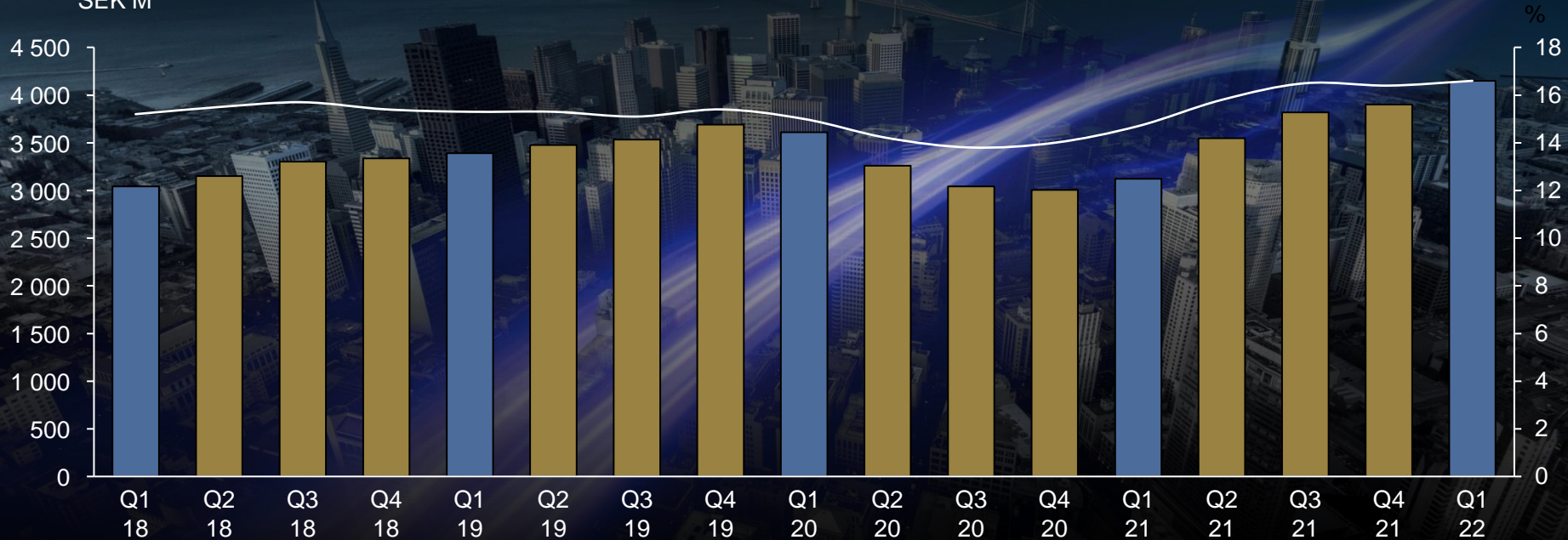
## EBIT and margin development<sup>1</sup>



# Highest R12M EBIT and margin to date

## EBIT and margin, R12M<sup>1</sup>

SEK M



— ROS % ■ EBIT



<sup>1</sup> Excl. items affecting comparability, continuing operations



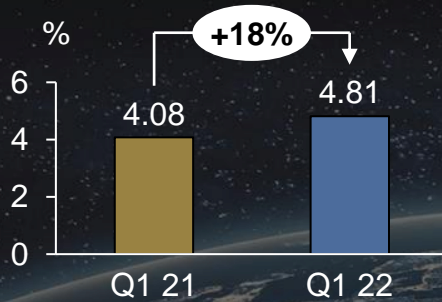
# Profit & loss statement

SEK M	Q1 2022	Q1 2021	Change, %
Net sales	7 095	5 822	22
<b>EBIT, excluding items affecting comparability</b>	<b>1 230</b>	<b>982</b>	<b>25</b>
EBIT- margin, %	17.3	16.9	
Items affecting comparability	-25	105	-23
<b>EBIT</b>	<b>1 205</b>	<b>1 087</b>	<b>11</b>
Financial income and expenses	-45	-35	-29
<b>Profit before tax</b>	<b>1 160</b>	<b>1 052</b>	<b>10</b>
Taxes	-300	-242	-24
<b>Net profit, continuing operations</b>	<b>860</b>	<b>810</b>	<b>6</b>
Net profit, discontinuing operations	443	294	51
<b>Net profit, Group</b>	<b>1 303</b>	<b>1 104</b>	<b>18</b>
Earnings per share, SEK, Group	4.81	4.08	18
Earnings per share, SEK Continuing operations, excluding items affecting comparability	3.25	2.68	21

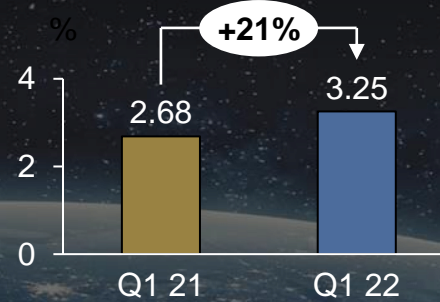
# Strong EPS improvement

Earnings per share<sup>1</sup>

Group, Total

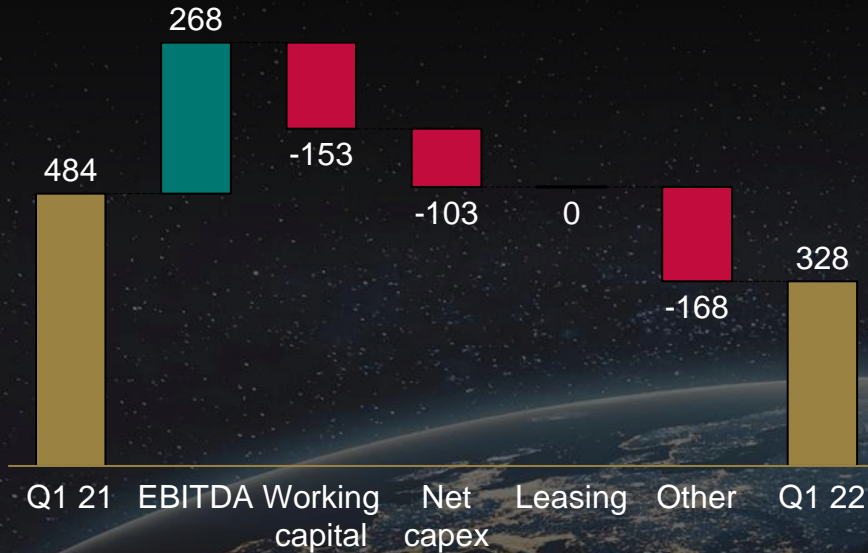


Continuing operations,  
excluding items affecting comparability



# Cash flow reflects higher business activities

## Operating cash flow<sup>1</sup>

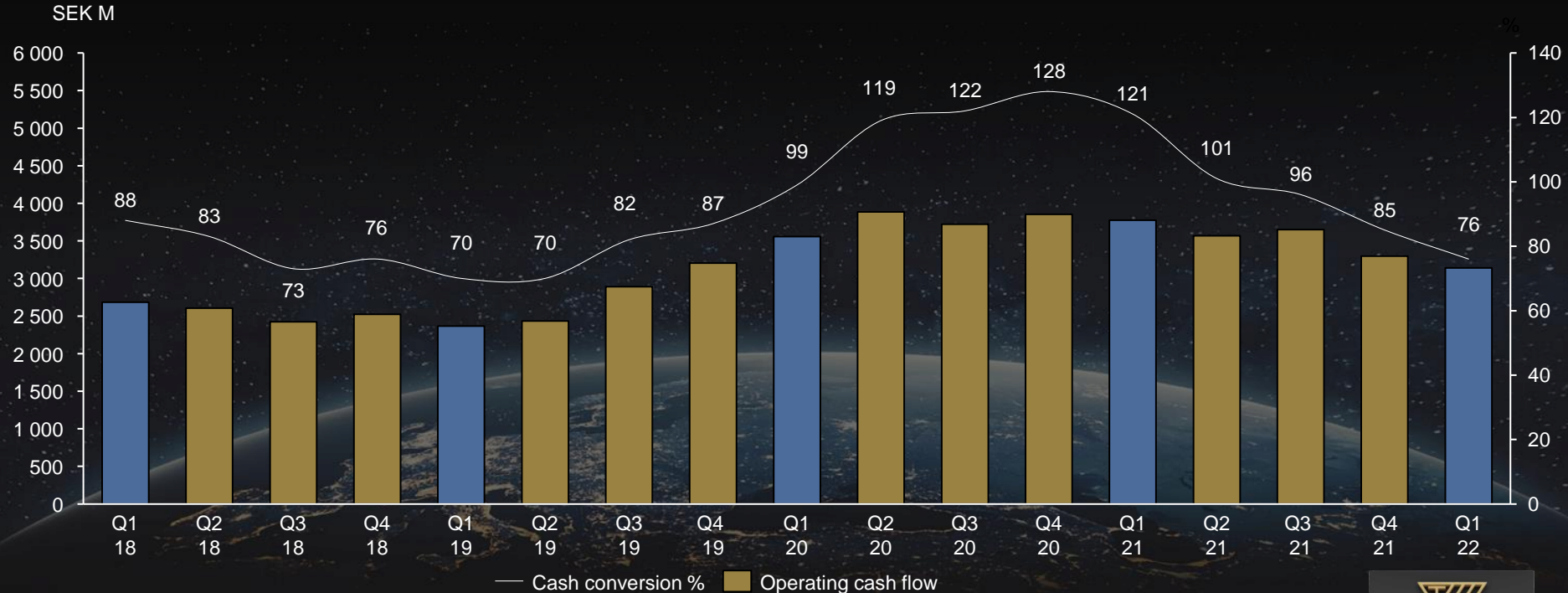


SEK M	Q1 2022	Q1 2021	Change
EBITDA	1 548	1 280	268
Working capital	-912	-759	-153
Net capex	-227	-124	-103
Leasing	-76	-76	0
Other	-5	163	-168
Operating cash flow	328	484	-156



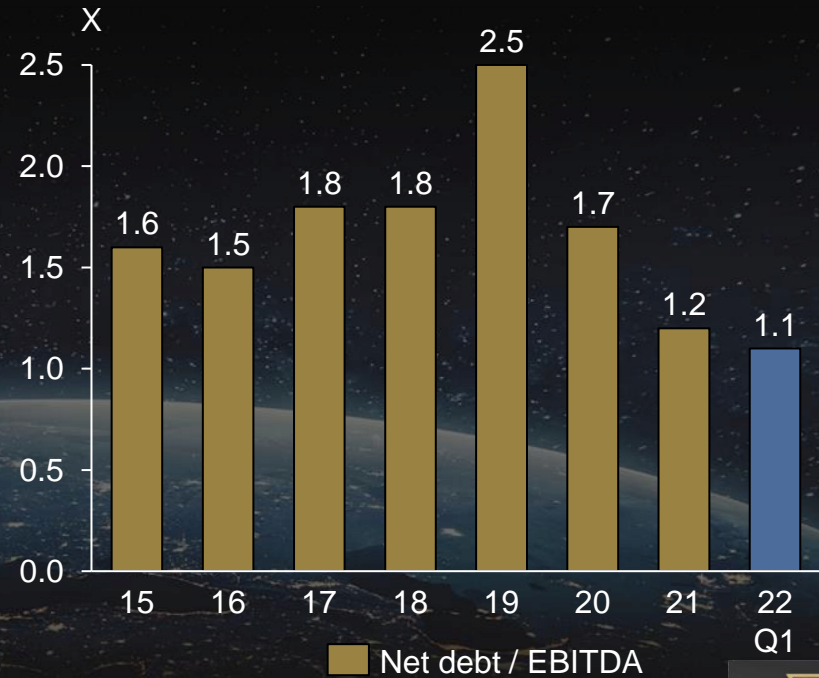
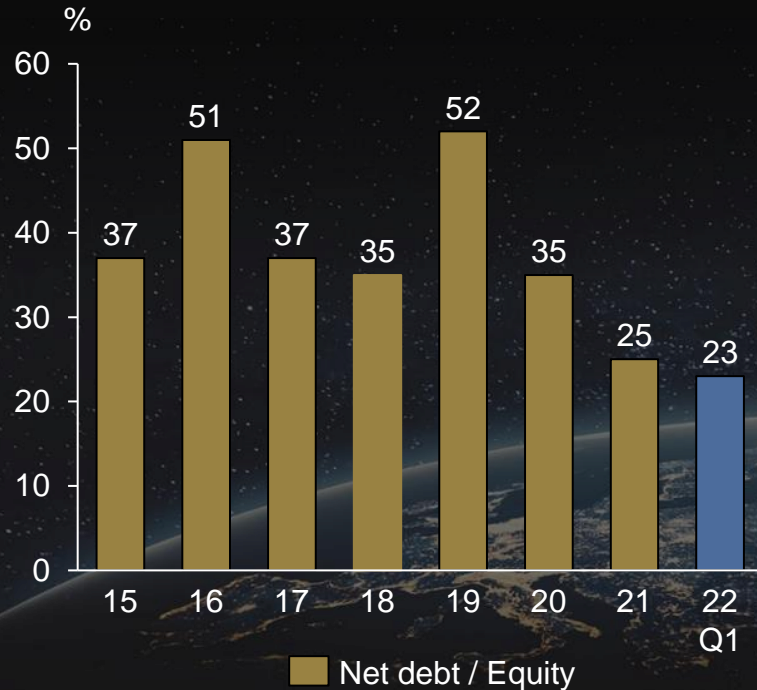
# Cash conversion impacted by higher sales

## Operating cash flow, R12M<sup>1</sup>



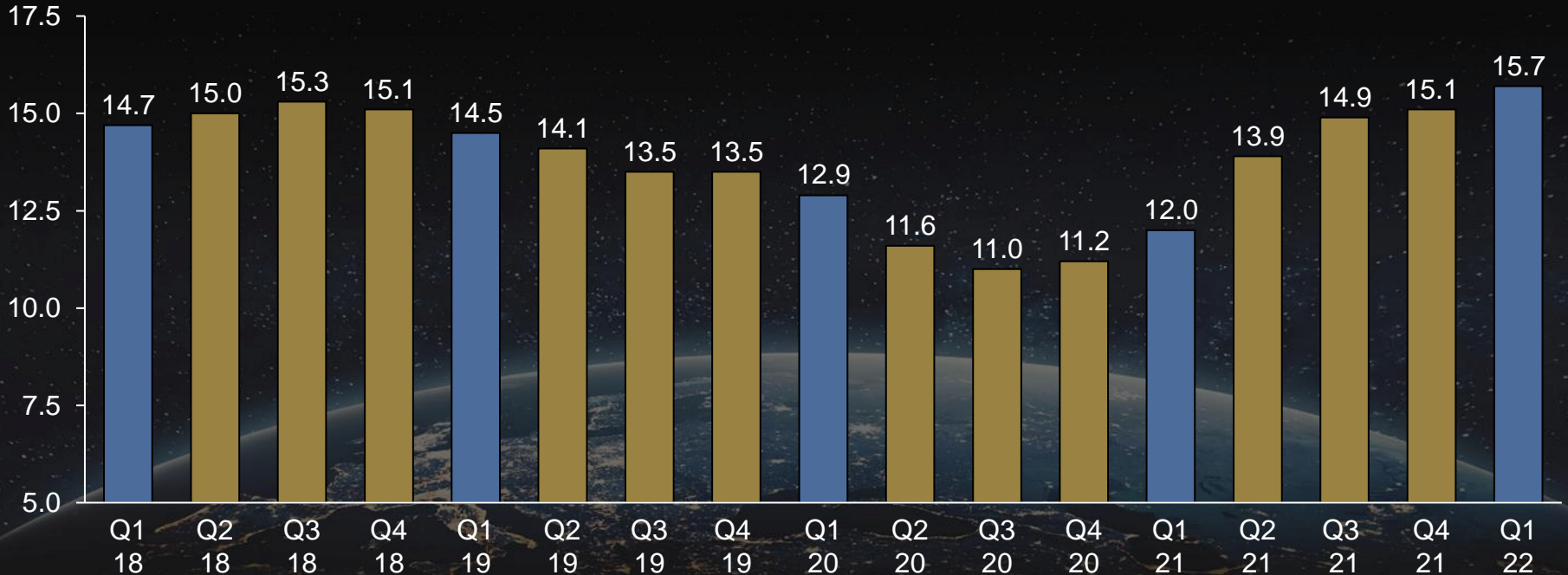
# Gearing and leverage development

R12M, Group<sup>1</sup>



# Positive ROCE development continues

Return on capital employed, R12M, %





# Financial guidelines for full-year 2022

## Total group (including Assets held for sale)

- Capex: SEK ~1.4 Bn
- Restructuring costs: SEK ~300 M
- Amortization of intangible assets SEK ~300 M
- Underlying tax rate: ~25 percent

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# Outlook Q2 2022

- Demand is expected to be on a par with the first quarter of 2022, adjusted for seasonal variations
- The geopolitical situation entails a heightened degree of uncertainty

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Highlights

Business areas

Financials

Summary & Outlook Q2 2022

Q&A

# Questions & answers

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