

# Trelleborg interim report

**Q3, July-September 2023**

Peter Nilsson, President & CEO  
Fredrik Nilsson, CFO

# Agenda

Highlights

Business areas

Financials

Summary & Outlook Q4 2023

Q&A

# Continued strong earnings growth

## Q3 2023 financial summary<sup>1</sup>

- Sales at SEK 8 458 M, an increase of 12 percent
- Organic sales -1 percent, M&A +9 percent, currency +4 percent
- EBITA grew by 11 percent to SEK 1 487 M, corresponding to a margin of 17.6 percent
- Items affecting comparability at SEK -111 M
- Operating cash flow at SEK 1 608 M, an increase of 73 percent
- Post Q3: Signed agreement to divest non-core Czech operation

# Organic sales development by geography

## Organic sales continuing operations

Total	
Jul - Sep 23	Jul - Sep 22
-1%	15%

Europe		
Share of sales <sup>1</sup>	Jul - Sep 23	Jul - Sep 22
46%	3%	7%

North- and South America		
Share of sales <sup>1</sup>	Jul - Sep 23	Jul - Sep 22
33%	0%	24%

Asia and rest of the world		
Share of sales <sup>1</sup>	Jul - Sep 23	Jul - Sep 22
21%	-10%	20%

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# Highest margin to date

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

- Organic sales: -1%, M&A +2%
- Weaker sales for residential construction and certain industrial segments
- Strong sales within marine segment
- Automotive and railway developed favorably
- EBITA improved on price adjustments, positive mix and improved efficiency
- Highest EBITA margin to date

SEK M	Q3 2023	Q3 2022	Change, %
Net sales	3 663	3 472	6
Organic, %	-1	17	
Structural, %	2	1	
Exchange rate, %	5	10	
EBITA	594	507	17
EBITA %	16.2	14.6	1.6 p.p.

# Investing in fast-growing market segments

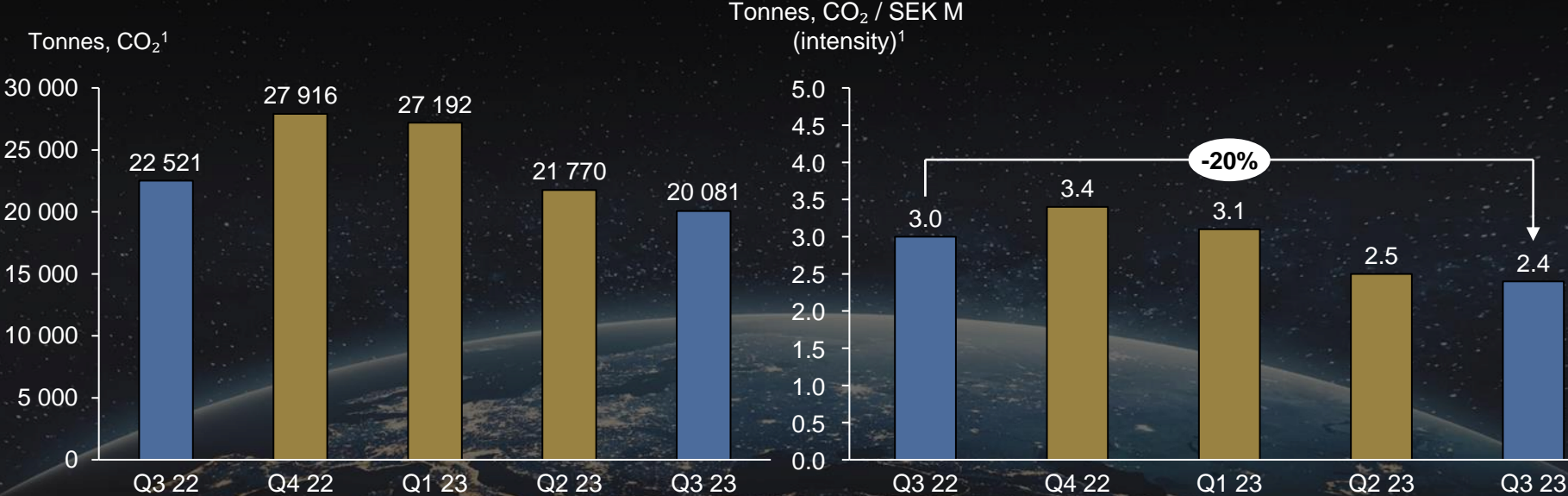
## Trelleborg Sealing Solutions<sup>1</sup>

- Organic sales: -1%, M&A +15%
- Sales to aerospace and healthcare & medical remained favorable
- Sales to automotive increased while industrial demand declined
- EBITA improved while the EBITA margin declined, mainly due to acquisitions with initially lower margins
- Investments in several fast-growing market segments also impacted the margin

SEK M	Q3 2023	Q3 2022	Change, %
Net sales	4 688	3 970	18
Organic, %	-1	13	
Structural, %	15	3	
Exchange rate, %	4	13	
EBITA	936	907	3
EBITA %	20.0	22.9	-2.9 p.p.

# Sustainability KPIs – continuing operations

## Carbon dioxide emissions



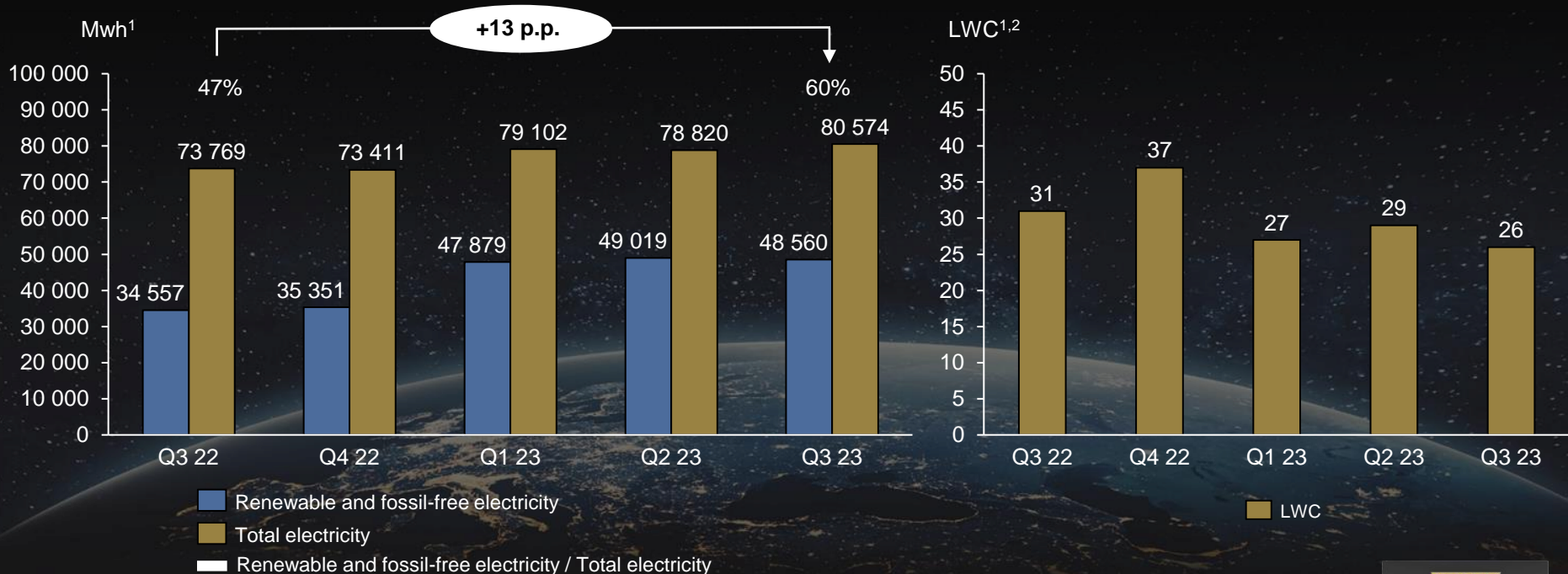
<sup>1</sup> During Q3 2023, electricity certificates were purchased primarily in the US, covering consumption for the whole of 2023. The previously reported outcome for Q1 and Q2 2023 has therefore been adjusted, which affects both graphs.





# Sustainability KPIs – continuing operations

## Share of renewable and fossil-free electricity & LWC rate



<sup>1</sup> During Q3 2023, electricity certificates were purchased primarily in the US, covering consumption for the whole of 2023. The previously reported outcome for Q1 and Q2 2023 has therefore been adjusted, which affects both graphs.

<sup>2</sup> LWC (Lost Working Cases) is measured as the number of work-related injuries which have caused at least one day of absence. LWC rate is the number of cases per 100 employees.

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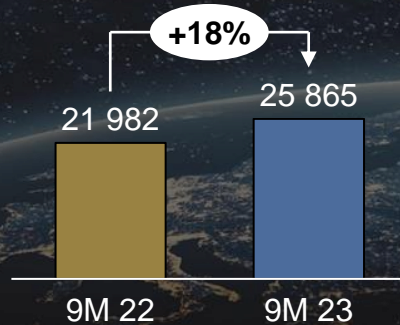
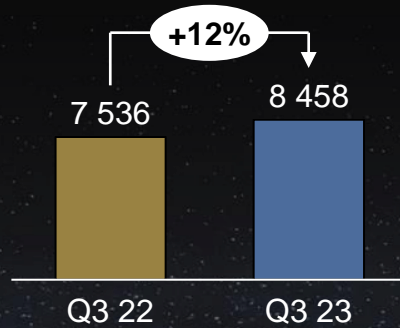
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# Solid sales increase

## Sales development continuing operations



### July – September (%)

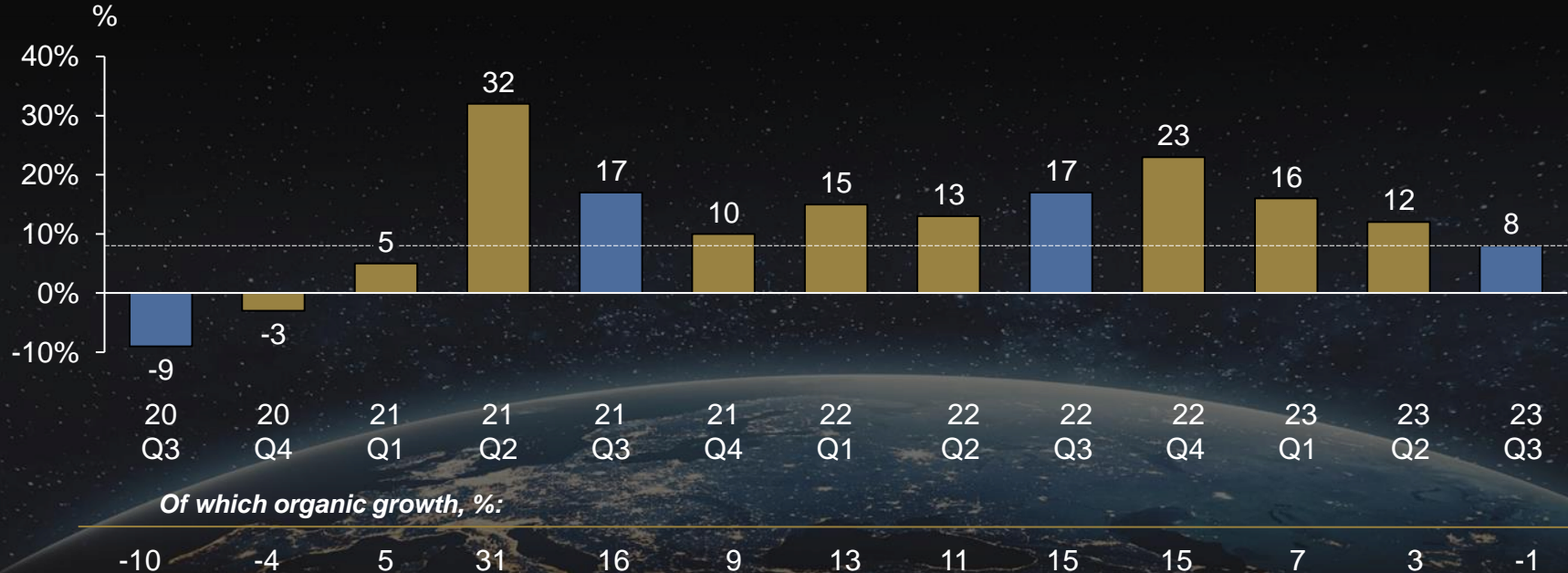
Organic	-1
Structural	9
Currency	4
<b>Total</b>	<b>12</b>

### January – September (%)

Organic	3
Structural	9
Currency	6
<b>Total</b>	<b>18</b>

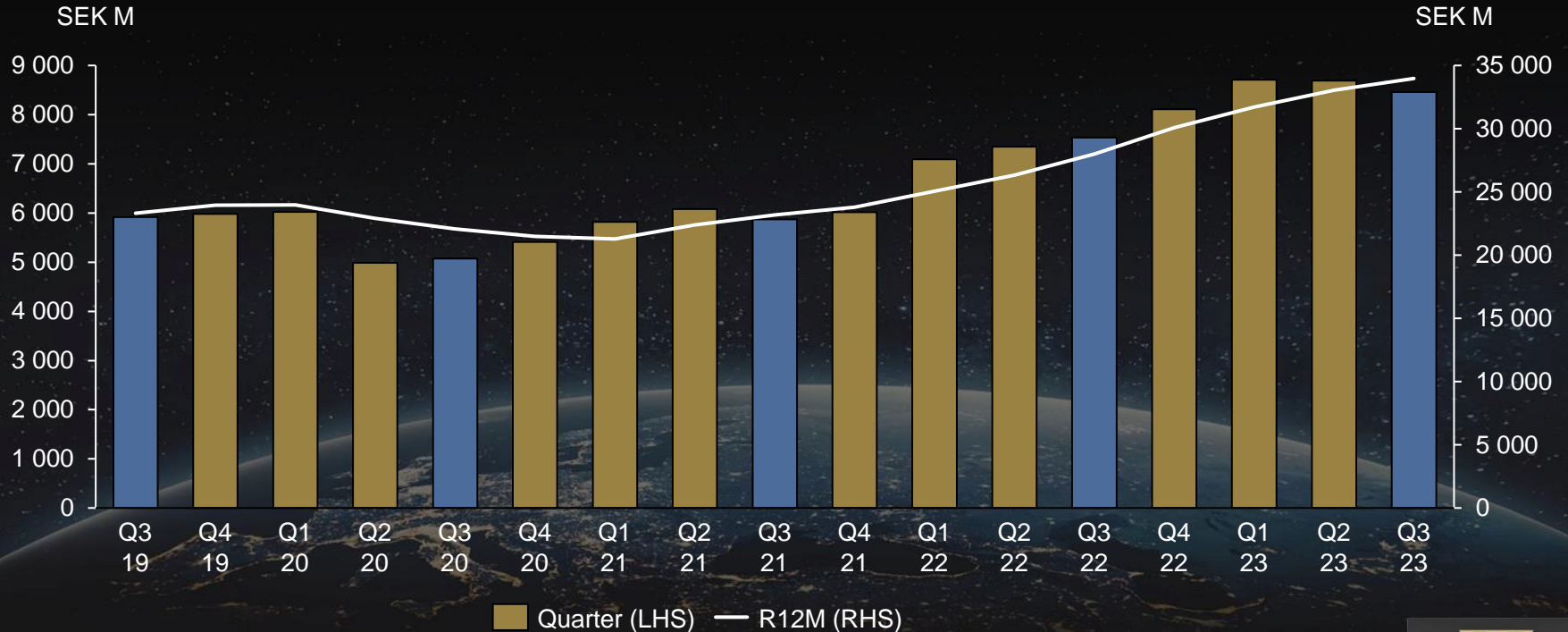
# Ten quarters above our sales target

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



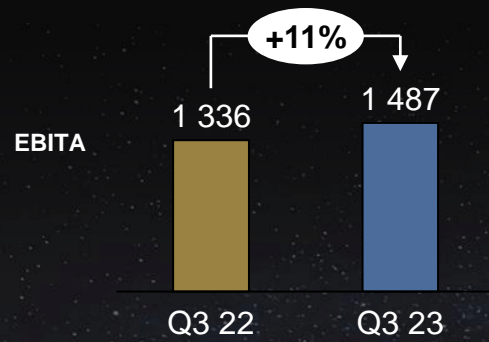
# Sales development

## Continuing operations, R12M

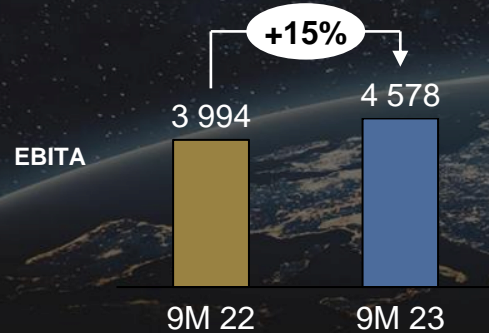
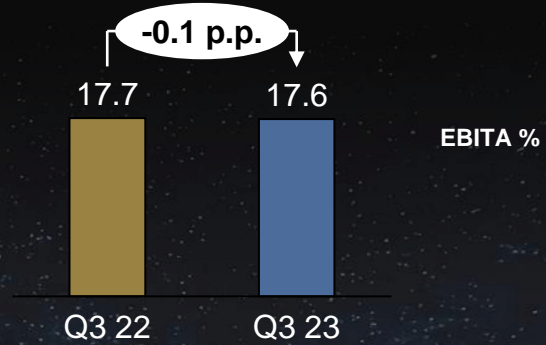


# Double-digit EBITA growth

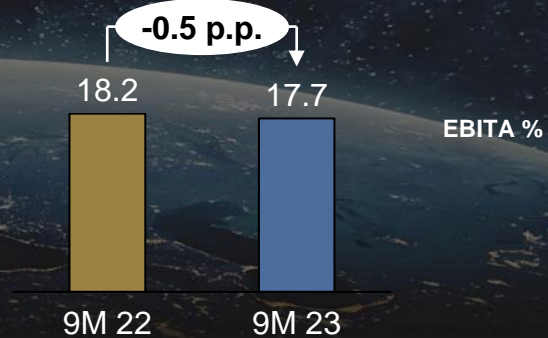
## EBITA and margin development<sup>1</sup>



Jul - Sep

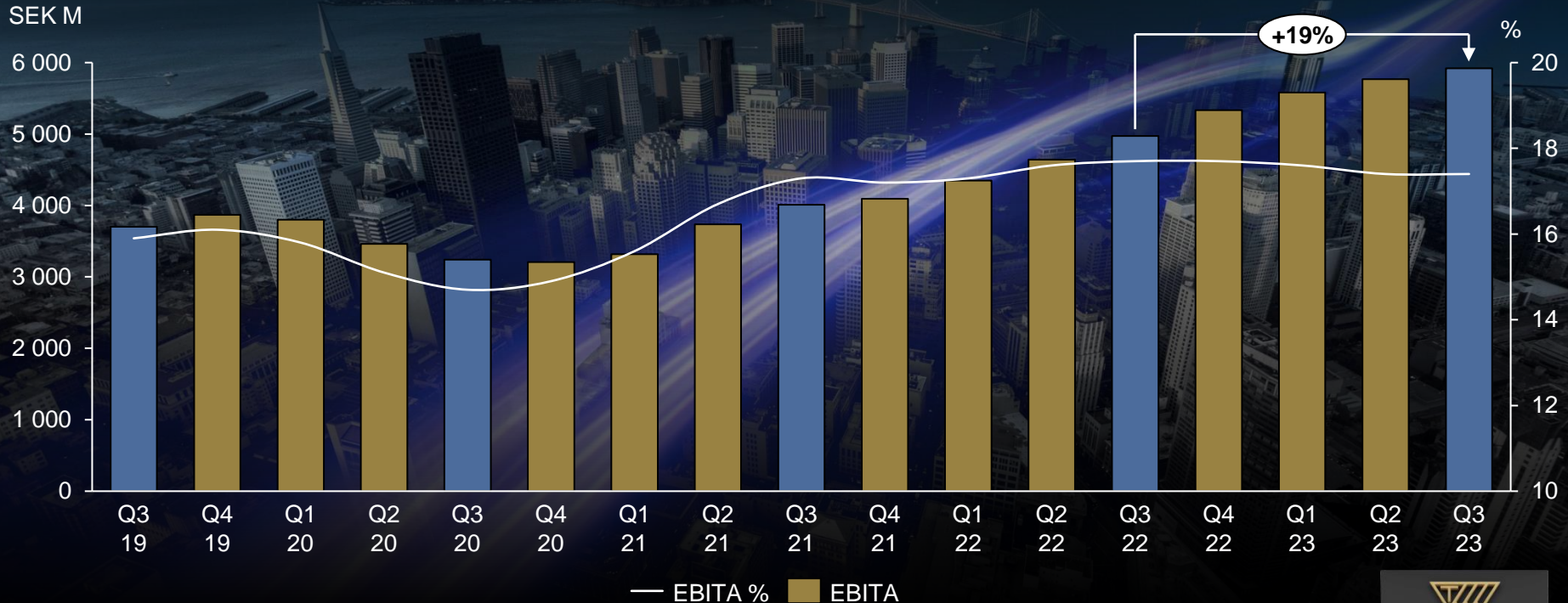


Jan - Sep



# Highest R12M EBITA to date

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



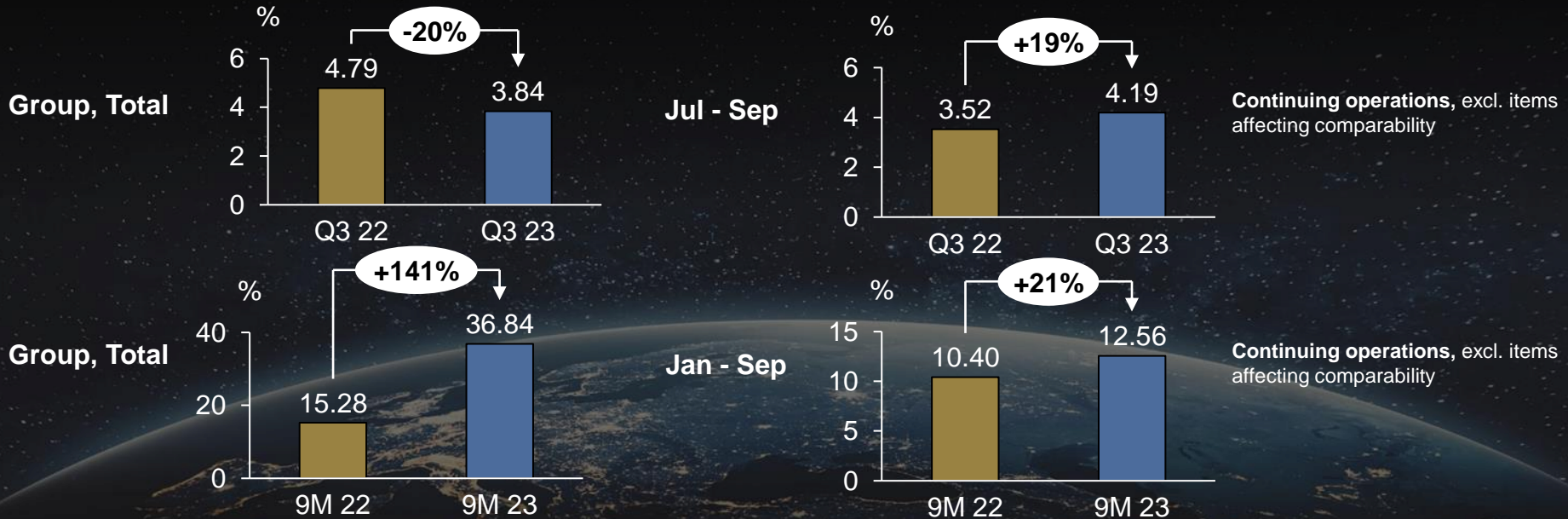
# Profit & loss statement

SEK M	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
Net sales	8 458	7 536	12	25 865	21 982	18
<b>EBITA, excluding items affecting comparability</b>	<b>1 487</b>	<b>1 336</b>	<b>11</b>	<b>4 578</b>	<b>3 994</b>	<b>15</b>
EBITA-margin, %	17.6	17.7		17.7	18.2	
<b>EBIT, excluding items affecting comparability</b>	<b>1 361</b>	<b>1 278</b>	<b>6</b>	<b>4 214</b>	<b>3 827</b>	<b>10</b>
EBIT-margin, %	16.1	17.0		16.3	17.4	
Items affecting comparability	-111	-68		-354	-126	
<b>EBIT</b>	<b>1 250</b>	<b>1 210</b>	<b>3</b>	<b>3 860</b>	<b>3 701</b>	<b>4</b>
Financial income and expenses	-44	-69	36	-69	-154	55
<b>Profit before tax</b>	<b>1 206</b>	<b>1 141</b>	<b>6</b>	<b>3 791</b>	<b>3 547</b>	<b>7</b>
Taxes	-301	-279	-8	-1 090	-883	-23
<b>Net profit, continuing operations</b>	<b>905</b>	<b>862</b>	<b>5</b>	<b>2 701</b>	<b>2 664</b>	<b>1</b>
Net profit, discontinuing operations	-	380	-100	6 593	1 397	372
<b>Net profit, Group</b>	<b>905</b>	<b>1 242</b>	<b>-27</b>	<b>9 294</b>	<b>4 061</b>	<b>129</b>
Earnings per share, SEK, Group	3.84	4.79	-20	36.84	15.28	141
Earnings per share, SEK Continuing operations, excluding items affecting comparability	4.19	3.52	19	12.56	10.40	21



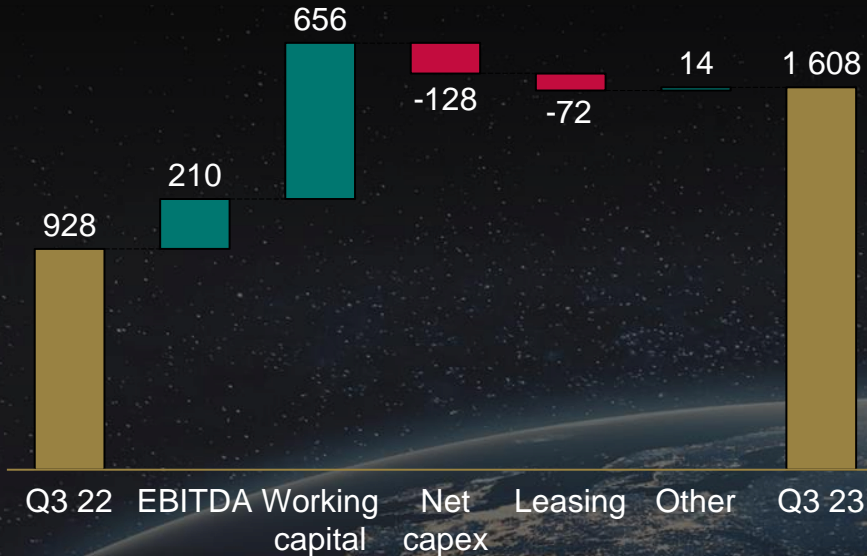
# EPS improvement in continuing operations

## Earnings per share<sup>1</sup>



# Strong cash flow improvement

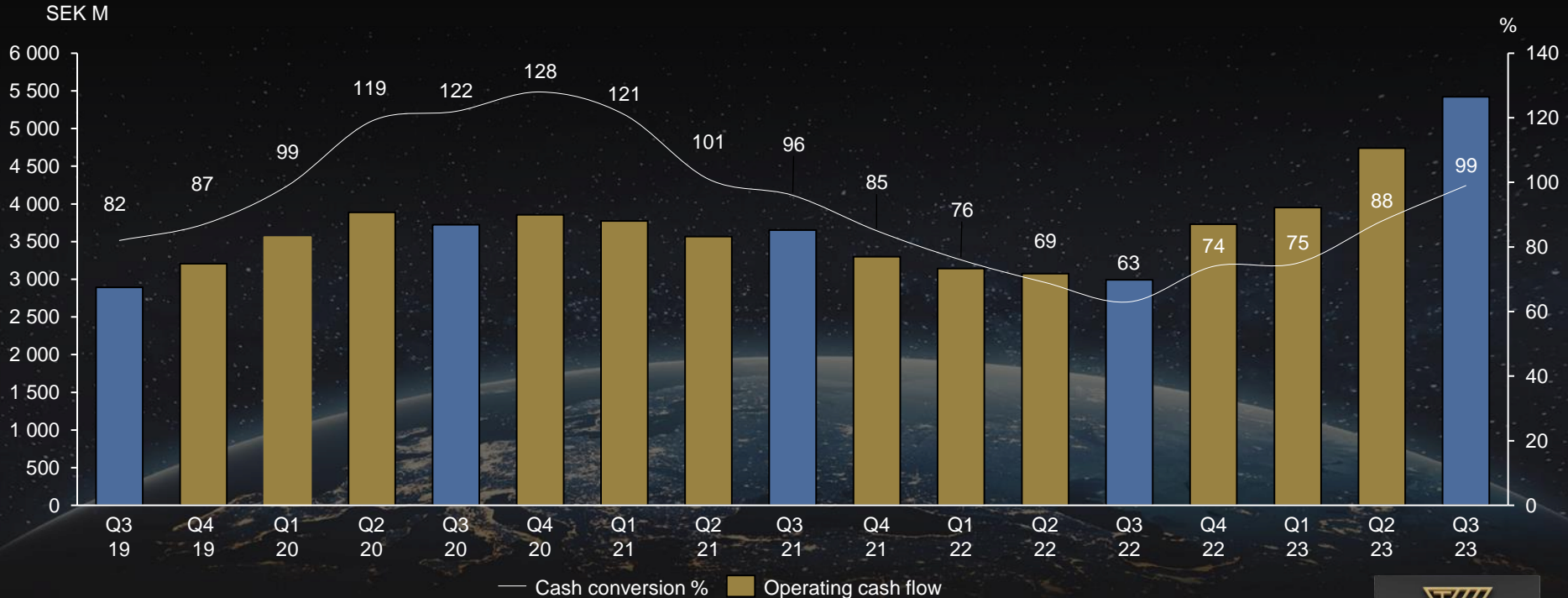
## Operating cash flow<sup>1</sup>



SEK M	Q3 2023	Q3 2022	Change
EBITDA	1 831	1 621	210
Working capital	320	-336	656
Net capex	-393	-265	-128
Leasing	-153	-81	-72
Other	3	-11	14
<b>Operating cash flow</b>	<b>1 608</b>	<b>928</b>	<b>680</b>

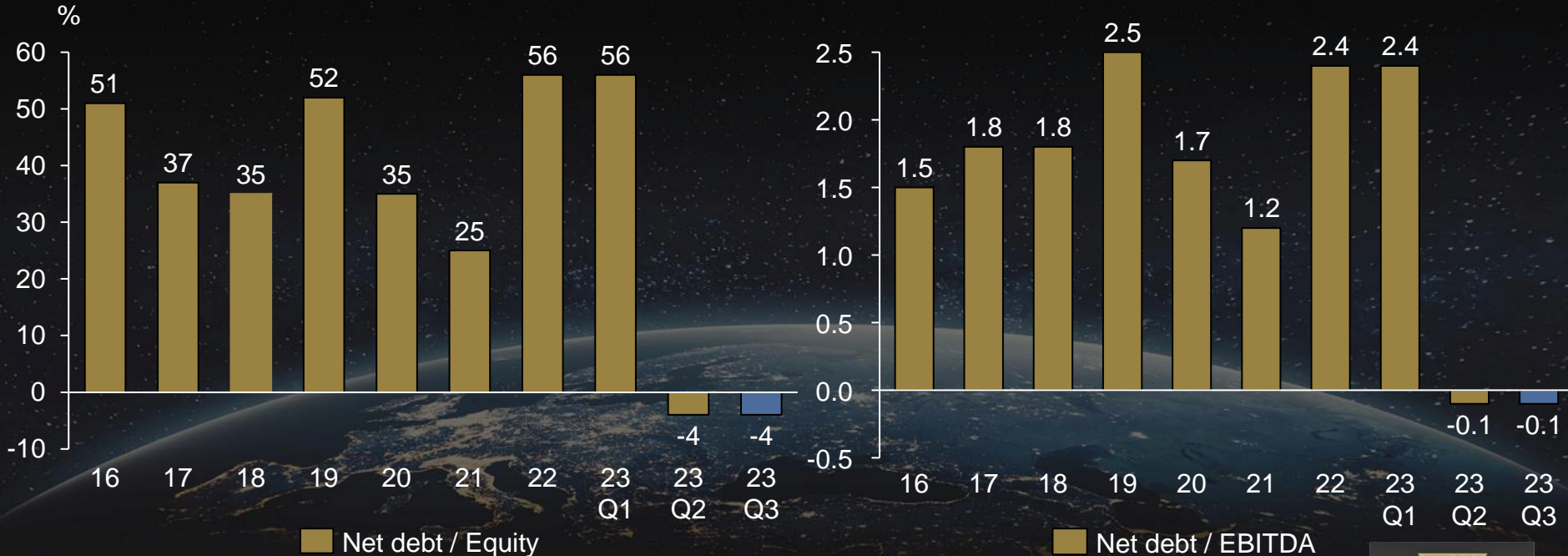
# Cash conversion trending higher

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



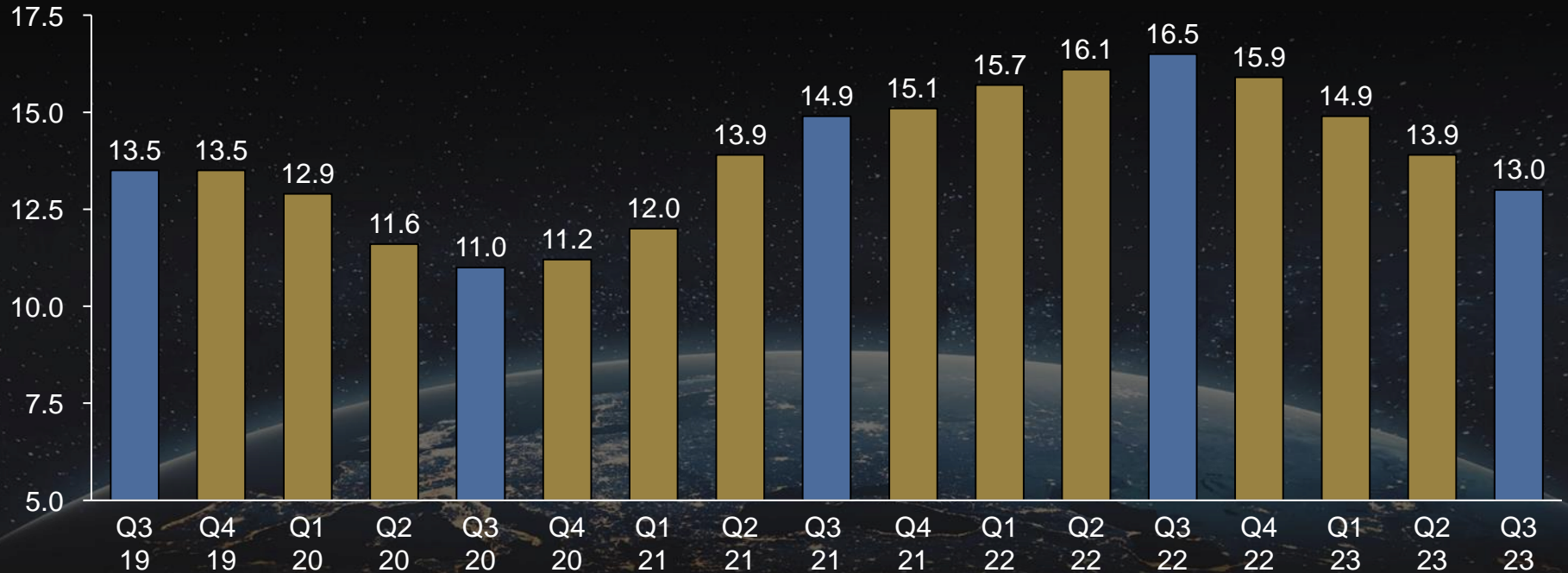
# Net cash position remains – continued buy-backs

## Gearing and leverage, R12M, Group<sup>1</sup>



# ROCE impacted by acquisitions

Return on capital employed, R12M, %



# Financial guidelines for full-year 2023

## Continuing operations

- Capex: SEK ~1.6 Bn
- Restructuring costs: SEK ~500 M (integration of acquisitions and measures to address anticipated lower demand in H2 2023)
- Amortization of intangible assets SEK ~500 M
- Underlying tax rate: ~26 percent

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# Outlook Q4 2023

- Demand is expected to be in line with the third quarter of 2023, adjusted for seasonal variations
- The geopolitical situation entails a heightened degree of uncertainty

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# Questions & answers

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.